

MOVE

Kia Sustainability Report 2023



Movement that inspires



Contents



READER'S GUIDE

'MOVE' is the name of the Kia Sustainability Report, which refers to a movement that makes a positive change in the world through mobility. You can check more details by clicking the icon.

Introduction

CEO Message	03
About Kia	05
Major Achievements in 2022	07

Sustainable Story

Kia ESG Strategy	11
Sustainable Value Story	14

Environmental

Green / Circular Economy for the Planet	14
Achieving RE100	15
Carbon Reduction from the use of products	16
Life Cycle Assessment(LCA)	17
Tidal Flat restoration	18
Recycling of waste products	19
Design for Sustainability	21
Expanding use of Recycled Plastic	22
Ocean Cleanup, Recycling marine waste into products	23
Focus The Future of Sustainable Electric Vehicles, EV9	25

Social

Safety and Satisfaction for All	27
Corporate Culture	28
Employee Safety and Health	29
Sustainable Supply Chain	31
Maximizing Customer Satisfaction	32
Customer-oriented Products and Services	34
Shareholder-friendly Management	38
Coexistence with Local Community	39
Focus Green Light Project, 10 Years of Records in Africa	40

Governance

Transparent and Credible Governance	43
Integrating ESG into Business Decisions	44
Board-centered management	45

Sustainable Future Story	46
--------------------------------	----

ESG Fact Book

Environmental	52
Social	72
Governance	103

Appendix

Summary of Financial Performance in 2022	115
Materiality Assessment	116
Stakeholder Engagement	119
GRI Standards Index	120
SASB Index	123
WEF Contents Index	125
GHG Assurance Statement	127
Third-party Assurance Statement	131
About MOVE	133

CEO Message



“We will remain committed to moving toward a future that inspires everyone.”

Dear esteemed stakeholders,

In 2022, the lingering COVID-19 pandemic, parts supply disruptions, and numerous geopolitical risks created persistent uncertainty in the business landscape, which fueled some skepticism about Kia's progress in terms of its ESG agenda. Despite these challenges, we have remained committed to Kia's corporate vision of becoming a 'Sustainable Mobility Solutions Provider,' while never losing sight of the importance of sustainable growth across all areas of the business.

When it comes to the environment, we not only joined RE100, a global eco-friendly initiative for the transition to sustainable energy, but also developed a mid-to long-term roadmap to achieve carbon neutrality by 2045. Further elaborating on our carbon reduction plans in all phases of supply, production, logistics, disposal, and use, we have also become actively involved in marine preservation efforts and recycling of collected plastic waste through our partnership with the global environmental NGO, The Ocean Cleanup. We also signed a business memorandum of understanding with the Ministry of Maritime Affairs and Fisheries to restore tidal flat vegetation on the Korean peninsula.

When it comes to societal well-being, we have been placing the utmost priority on customer safety and satisfaction by concentrating our capabilities on enhancing product quality. As a result, Kia ranked 1st place in J.D. Power's Vehicle Dependability Study in the mass market segment for three consecutive years. In ALG's Residual Value Awards, Kia exhibited the largest improvement among mass market brands while taking home five individual model awards (the most by any brand). These recent distinctions are a resounding confirmation of the outstanding strides Kia has made in terms of product quality. Moreover, we continue to carry out a diverse array of social contribution activities to address challenging social issues and pursue win-

win growth with local communities. Some of our ongoing efforts, including Green Travel, a travel assistance project for the disabled in Korea, and Green Light Project (GLP), a support program for low-income countries, have already marked their 10th anniversaries.

And when it comes to corporate governance, we have implemented a transparent decision-making system, while the Board of Directors' Sustainability Management Committee has expanded discussions on ESG agenda items and evaluated the Board's operation to effectively improve its operation. Additionally, we have established an ESG data platform to provide transparent and accurate ESG information. We are also proud that our efforts have been recognized externally, as seen by Kia's inclusion in the Dow Jones Sustainability Index (DJSI) 'World Index' and winning the grand prize at the K-ESG Management Awards in Korea.

Meanwhile, we have delivered remarkable business performance over the last year that serves as the foundation for continuous enhancement of our corporate management activities. The Kia EV6, our first dedicated electric vehicle, won the Car of the Year awards in both North America and Europe. We also increased our market share in major regions thanks to the successful launch of the new Niro and its EV taxi variant, Niro Plus, along with continued strong sales of key models, such as Telluride, Sportage, Sorento, and Carnival. Moreover, we achieved a healthy operating margin of 8.4% thanks to efforts aimed at stabilizing our profit structure, including reducing dealer incentives and taking advantage of favorable exchange rates.

We at Kia know that these remarkable achievements in 2022 could not have been possible without your profound trust and support. On behalf of everyone at Kia, I would like to convey our heartfelt appreciation to the various stakeholders who have offered generous support and encouragement for Kia's sustainability efforts over the past year.

Sustainable movement for an inspiring future

In 2023, we are still experiencing external uncertainties including a looming global economic recession, interest rate hikes, and supply instability. In addition, trade protectionism policies by various countries are becoming ever more prevalent. Kia will respond to these challenges in a flexible manner while taking a proactive approach to tackling the climate crisis. We will pursue sustainable growth alongside our stakeholders, including shareholders, employees, customers, partner companies, and local communities, while developing a new mid- to long-term ESG strategy for execution in earnest in 2023.

Along our journey of transformation into a sustainable mobility solution provider, we will remain committed to moving toward a future that inspires everyone.

Cleaner & Circular

Playing a leading role in shaping a green and circular economy for our planet

Our efforts to minimize negative impact on the environment and create a sustainable manufacturing environment are being realized through the establishment of a virtuous resource circulation system. To reach our goals of achieving carbon neutrality by 2045 and RE100 by 2040, we will establish a robust renewable energy portfolio and encourage energy self-generation through solar panel installations. Moreover, we will develop a concrete strategy to increase the proportion of recycled plastic parts in our vehicles by 2030 and are already expanding the use of eco-friendly materials in all new vehicles, including the EV9. Through these efforts, we will be at the industry forefront when it comes to producing eco-friendly products and establishing an efficient resource circulation system.

Safe & Satisfying

Create a safe and satisfying society for all

We are committed to creating a safe and happy society for all employees, customers, suppliers, and local communities. We work tirelessly to identify and address potential hazards that could put workplace safety and the human rights of our employees at risk so that they can focus on their duties without any worries or concerns.

By using data to strengthen our customer management system, we will improve customer experiences with our products and brand. In addition, we will continue to expand our social contributions at home and abroad while growing in tandem with our partner companies during the ongoing paradigm shift taking place in the automotive industry.

Transparent & Trustworthy

Ensuring transparent and reliable governance

Kia will disclose its sustainability efforts and progress in an open and transparent manner, thereby enhancing our decision-making system grounded in ESG principles. To this end, we will establish a company-wide ESG data management process while giving the Board of Directors greater responsibility and authority in addressing critical business matters for timely deliberation. We will also strengthen our compliance support system and promote fair trade through proactive self-compliance activities. Above all, we will maintain our commitment to fair and transparent management practices.

Esteemed stakeholders!

Following our brand relaunch in 2021 when we changed our corporate name from 'Kia Motors' to just 'Kia', we have been committed to total business transformation through the pursuit of electrification, establishment of Kia's own unique corporate culture, and concentration on ESG-focused social responsibility initiatives. As a global corporate citizen, we will continue to take earnest steps to secure the sustainability of humanity and nature. And we look forward to your constant interest and support on our journey of dynamic transformation.

Thank you.

July 2023
President and CEO Kia Corporation
Ho-Sung Song



Cleaner & Circular



Safe & Satisfying



Transparent & Trustworthy

About Kia

Since its foundation in 1944, Kia has evolved into a global automobile brand over the past 78 years. In 2021, we changed our company name and logo from 'Kia Motors' to 'Kia' and announced a new brand direction and vision, transforming from an automobile manufacturer to a mobility brand. Accordingly, Kia will lead the popularization of eco-friendly vehicles by establishing a full lineup of EVs by 2027 and provide sustainable mobility solutions through the expansion of purpose built vehicles (PBV) and mobility service businesses. Kia aims to position itself as a 'sustainable mobility solution provider' based on the implementation of 'Plan S,' a mid- to long-term strategy centered on the three pillars of Planet, People, and Profit as well as sustainable management activities.

Brand Purpose

Movement inspires ideas.

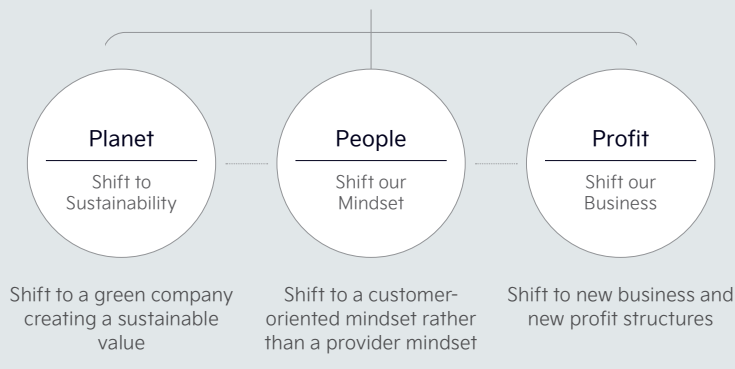
We create space and time inspiring new ideas.

Company Vision

Sustainable Mobility Solution Provider

Corporate Strategy

Plan S



Line-up of Kia

2023 CEO Investor Day

Sedan

Morning | Ray | Rio | Pegas | K3
Ceed | K5 | Stinger | K8 | K9



RV (Recreational Vehicle)

KX1 | Sonet | Stonic | Soul | KX3
Seltos | Sportage | Xceed | Carens
Sorento | Mohave | Carnival | Telluride

Eco-friendly Vehicle

[HEV] K5 | K8 | Niro | Sorento | Sportage | Niro Plus
[PHV] K3 | Ceed | Niro
Xceed | Sportage | Sorento | Niro Plus
[EV] K3 | Soul | Niro | EV6 | Bongo3 | EV9 | Niro Plus



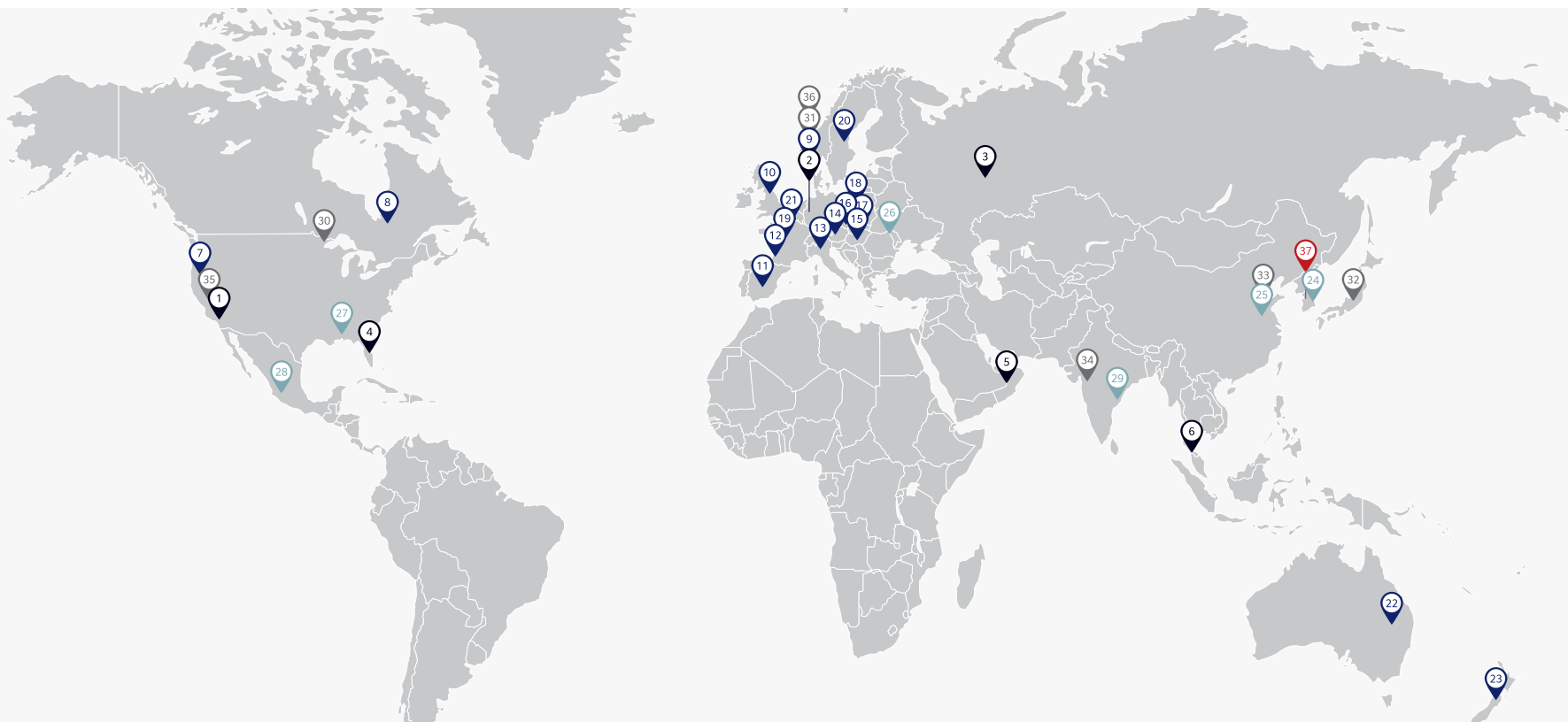
Commercial Vehicle

Bongo3 (K2500 / K2700) | Granbird

CKD (Complete Knock Down)

Automobile parts (engine, etc.)

Global Network



Regional Headquarters

North America (Irvine, USA) ①
Europe (Frankfurt, Germany) ②
Russia (Moscow) ③
Latin America (Miami, USA) ④
Middle East & Africa (Dubai, UAE) ⑤
Asia Pacific (Kuala Lumpur, Malaysia) ⑥

Sales and Services

Korea

Sales sector 15 headquarters, 301 direct sales branches, 360 agencies, 8 delivery centers
Service sector 18 direct service centers, 230 comprehensive services, 541 specialized services

Overseas

Sales sector 22 sales corporations, 151 agencies, 4,642 dealerships

Sales Corporation

USA ⑦ / Canada ⑧ / Germany ⑨ / UK ⑩
 / Spain ⑪ / France ⑫ / Italy ⑬ / Austria ⑭ /
 Hungary ⑮ / Czech Republic ⑯ / Slovakia
 ⑰ / Poland ⑱ / Belgium ⑲ / Sweden ⑳ /
 Netherlands ㉑ / Australia ㉒ / New Zealand ㉓

Production

(annual production scale)

Korea

Autoland Gwangmyeong (320,000 units)
 Autoland Hwaseong (540,000 units)
 Autoland Gwangju (490,000 units)
 Consignment agency (230,000 units) ㉔

Overseas

China Yeomseong Plant (Yancheng, 750,000 units) ㉕
 Slovakia (Zilina, 330,000 units) ㉖
 Georgia, USA (Georgia, 340,000 units) ㉗
 Mexico (Pesqueria, 400,000 units) ㉘
 India (Andhra Pradesh, 350,000 units) ㉙

R&D

Korea

Hyundai Motor Group Technology Research Center (Hwaseong, Gyeonggi-do)
 Environmental Technology Research Center (Yongin, Gyeonggi-do)
 Uiwang Technology Research Center (Uiwang, Gyeonggi-do)

Overseas

R&D Center and Design Center
 R&D Center USA Detroit, Chino, Irvine, CPG ㉚
 Europe Ruesselsheim, Nurburgring ㉛
 Japan Yokohama ㉜ / China Yantai ㉝
 India Hyderabad ㉞

Design Center

USA Irvine ㉟ / Europe Frankfurt ㊱

Head office

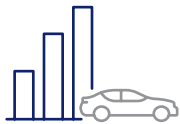
12, Heolleung-ro, Seocho-gu, Seoul ㊲

(as of Dec. 31, 2022)

Major Achievements in 2022

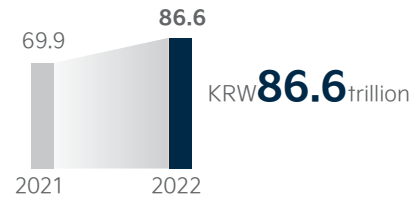
Financial Performance

No. of vehicles sold(in retail)

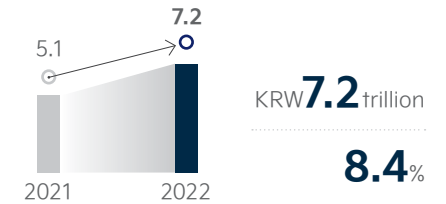


2,897 thousand units

Revenue



Operating profit & operating margin

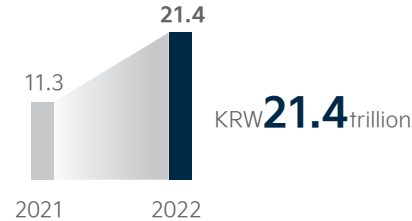


No. of eco-friendly vehicles¹ sold (in retail)

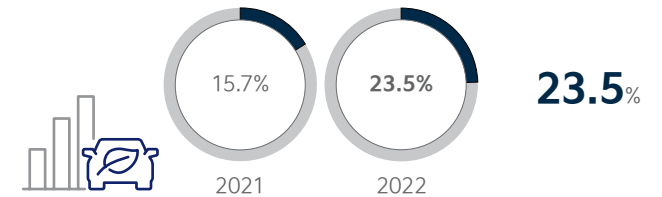


487,159 units
EV 157,846 HEV 252,868 PHEV 76,445

Revenue from eco-friendly vehicles²



Ratio of eco-friendly vehicles in sales²



1. Eco-friendly vehicles are defined as vehicles that emit fewer air pollutants than the permissible exhaust standards of manufactured automobiles according to Article 46 of the 'Clean Air Conservation Act,' pursuant to the criteria for low-emission vehicles of the Ministry of Environment, which the Presidential Decree prescribes. The class 1 and 2 low-emission vehicles include EVs, PHEVs, and HEVs.

2. Based on the management accounting standards

Major Awards



J.D. Power 2022 Vehicle
Dependability Study
'Most Awarded Brand'



2022 Red Dot Design Award
'Best of the Best' in Product Design EV6
'Best of the Best' in Interior Architecture and Interior Design EV6 unplugged ground



2022 TopGear.com Awards
'Manufacturer of the Year'



2022 GOOD DESIGN Awards
Transportation category
Niro, Concept EV9, EV Infotainment System
and Magenta Design Infotainment System

Major Achievements in 2022

Major ESG Achievements

S&P Dow Jones Sustainability Indices Newly listed in 'World' Index

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Hosted by the Ministry of Trade, Industry and Energy 2022 K-ESG Management Award



E Environmental	Joined RE100 and established 2040 implementation plan A goal to achieve RE100 by 2030 overseas, by 2040 in Korea	Won Carbon Management Sector Honors Award in climate change category at the 2022 CDP Korea Awards Maintained the highest level of 'leadership' for 4 consecutive years	Made a partnership with The Ocean Cleanup Efforts to eliminate and recycle marine plastic debris	Signed an MOU on a blue carbon cooperation project with the Ministry of Oceans and Fisheries Protected marine ecological resources and strengthened the carbon absorption capacity of tidal flats
S Social	Reinforced safety and health at workplace Secured ISO 45001 certification at all business sites and zero serious accidents for 5 consecutive years	Strengthened ESG evaluation / support for suppliers Offered ESG evaluation and customized ESG consulting for 1,704 domestic and overseas suppliers	Acquired health-friendly company certification by the Ministry of Health and Welfare Received the commendation from the Minister of Health and Welfare at the 2022 Health-Friendly Company Certification System Performance Contest	Marked 10th anniversary of Kia's representative social contribution activities 10th anniversary of the operation of Green Light Project and Green Travel
G Governance	Expanded diversity of the Board of Directors (BOD) Expanding Gender and Nationality Diversity	Conducted evaluation of the BOD Operated an anonymous evaluation system for BOD composition, roles, responsibilities, independence, etc.	Enhanced shareholder-friendly policies Decided on KRW 3,500 dividend for shareholders and KRW 250 billion stock retirement per year for the next 5 years	Expanded ESG agenda at the BOD Reported to the BOD on ESG strategy system, safety and health plans, etc.

Major Achievements in 2022

2022-2023 Global Recognition

Kia is dedicated to promoting their line of EV products that are both environmentally friendly and high-quality. And its achievements are evidenced every year through recognition from reputable global media and organizations.



Niro EV / HEV / PHEV

2023 Best Car of 2023 by Cars.com



EV6

- 2022 Best Electric Vehicle by US News
- 2022 Best EV of 2022 at The Drive Awards
- 2022 Best Electric Car at Autocar Awards
- 2023 Green Car Award winner at Indian Car of the Year
- 2023 Hispanic Motor Press Awards
- 2023 World Performance Car at World Car Awards



Sportage HEV

- 2022 Best HEV by US News
- 2023 Best PHEV at Kelley Blue Book Best Buy Award
- 2023 Winner in HEV SUV category at Vincentric Best Certified Pre-Owned (CPO) Value in America Award



Sustainable Story

11 Kia ESG Strategy

14 Sustainable Value Story

Environmental

Cleaner & Circular
Leading Green / Circular Economy for the
Earth

Social

Safe & Satisfying
Safety and Satisfaction for All

Governance

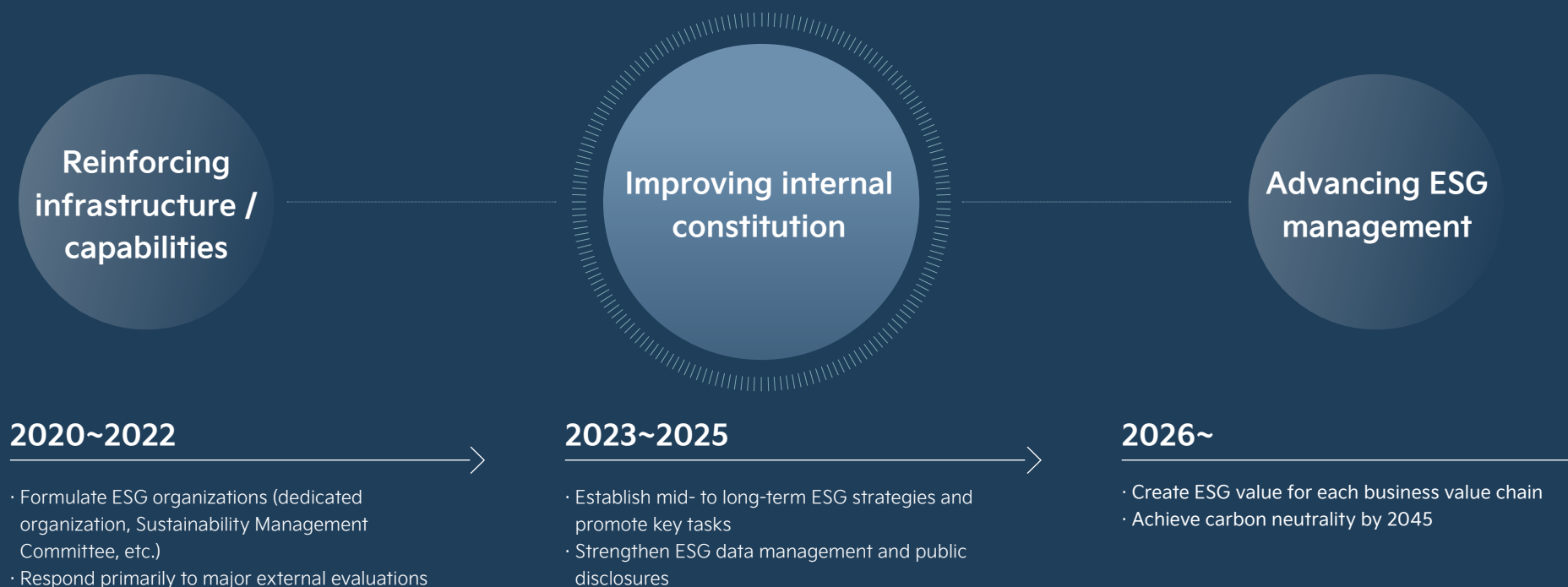
Transparent & Trustworthy
Transparent and Credible Governance

46 Sustainable Future Story

Kia ESG Strategy

ESG Roadmap

Under the vision of 'Sustainable Mobility Solution Provider,' Kia seeks to contribute to minimizing adverse impacts on the earth and enabling humanity to lead a more sustainable life. We are exploring ways to advance together with various stakeholders from a mid- to long-term perspective for healthy sustainability where everyone can benefit together while striving to continue our earnest steps for the sustainability of humanity and nature amidst innovation and transformation.



Kia ESG Strategy

ESG Vision

Kia has made sustainable ESG management its top priority for 2021. We have established a management strategy called 'Plan S' and declared our firm will to transition to green, customer-centered, and future-oriented new businesses. In 2023, we set up a new ESG management system to further promote sustainability, which has been a consistent focus throughout our corporate vision, management system, and brand strategy. The new system defines Kia's sustainable direction and value.

Our new ESG vision, 'Sustainable Movement for an Inspiring Future,' encapsulates the goals and objectives of our ESG strategy system. This signifies that Kia, which is transforming into a sustainable mobility solution provider, will continue to advance toward a future that inspires together with various stakeholders, such as customers, shareholders, suppliers, local communities, and the natural environment. Through 'sustainable movement,' we aspire not only to minimize negative impacts that may arise from corporate activities, but also to enhance inspiration, that is, positive impacts.

ESG Vision

Sustainable Movement for an Inspiring Future

3 Key Values



**Cleaner
& Circular**



**Safe
& Satisfying**

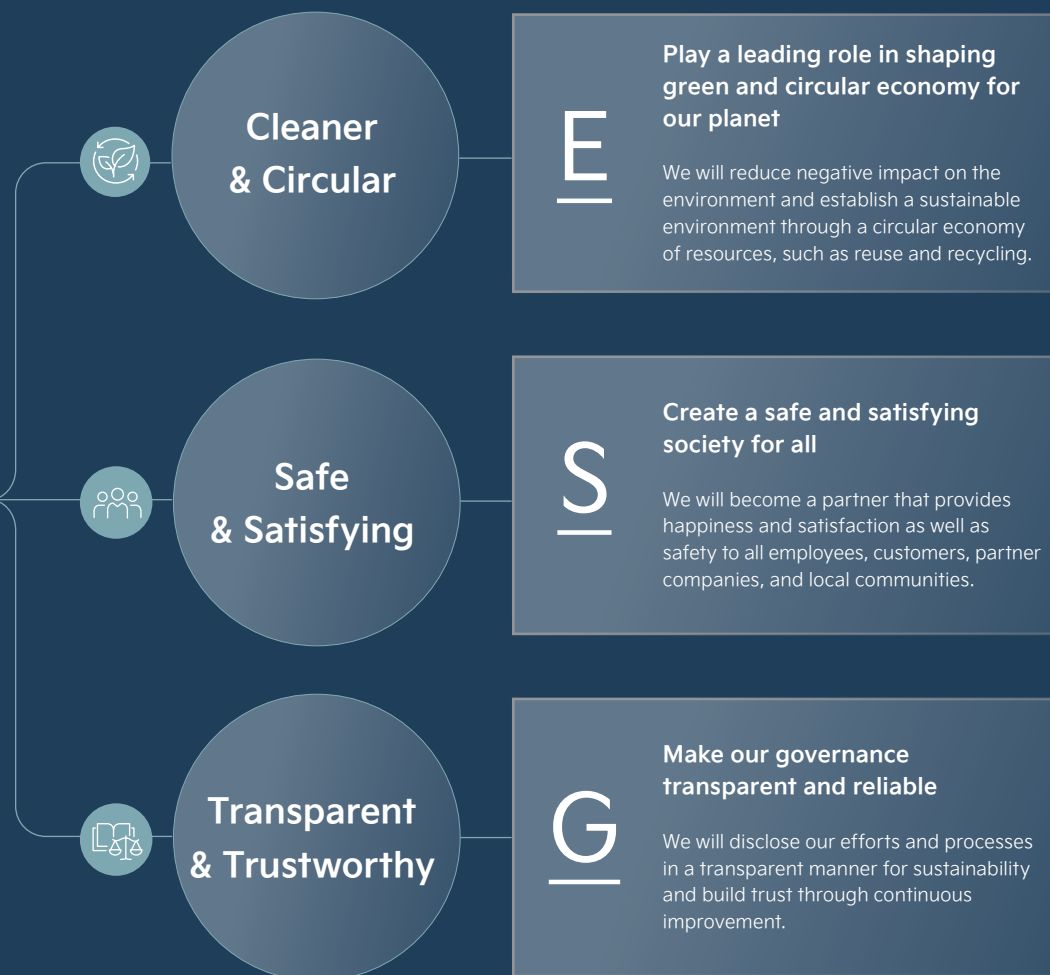


**Transparent
& Trustworthy**

Kia ESG Strategy

ESG Core Values

Achieving an inspiring future with our diverse stakeholders will require significant changes and actions. We selected three key values, Cleaner & Circular, Safe & Satisfying, and Transparent & Trustworthy, to reflect our commitment to become a sustainable company. To achieve these values, we set our strategic directions, including green, resource circulation, safety, stakeholder satisfaction, sound governance, and ethical management. Now, we will continue our sustainable movement by spearheading a green circular economy for the benefit of the planet while prioritizing the safety and satisfaction of our stakeholders and aiming to establish transparent and reliable governance practices.



Environmental

Cleaner & Circular Green / Circular Economy for the Planet

As a global manufacturing company, Kia has a strong sense of responsibility and commitment to responding to the climate crisis. In particular, in 2021, we declared '2045 Carbon Neutrality,' meaning that we will cut down net carbon emissions in all stages of our products to '0' by 2045. To achieve this goal, we undertake efforts to mitigate carbon emissions, such as realizing RE100, accelerating electrification, and conducting LCA. Moreover, we will carry out various activities to establish a resource circulation system across the entire value chain, including scrapping vehicles and batteries, thereby contributing to making a cleaner and healthier earth.

- 15 Achieving RE100
- 16 Carbon Reduction from the use of products
- 17 Life Cycle Assessment (LCA)
- 18 Tidal flat restoration
- 19 Recycling of waste products
- 21 Design for Sustainability
- 22 Expanding use of Recycled Plastic
- 23 Ocean Cleanup, Recycling marine waste into products
- 25 **Focus** The Future of Sustainable Electric Vehicles, EV9

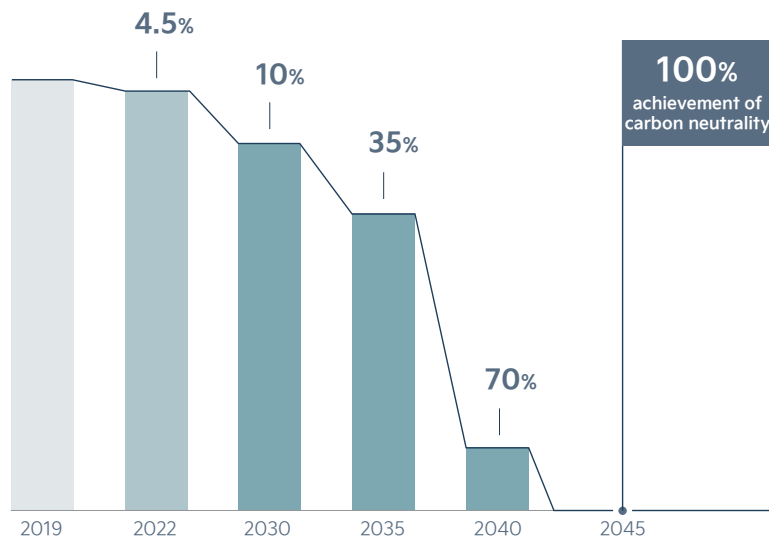
Achieving RE100

Our Declaration of '2045 Carbon Neutrality'

In 2021, Kia declared '2045 Carbon Neutrality' to contribute to the development of customers, communities and global society. It targets to curtail carbon emissions by 97% compared to the level of 2019 by 2045, and ultimately eliminate carbon emissions at all stages of the value chain, encompassing supply, production, use, logistics, and disposal, by securing carbon offset measures. As an automobile manufacturer, we acknowledge our significant responsibility for emissions during the 'production' and 'use' stages, which currently account for more than 80% of our total emissions. Accordingly, we plan to tackle this issue by swiftly transitioning to electrification and implementing eco-friendly practices in our production environment.

Annual Goals to Achieve Carbon Neutrality by 2045

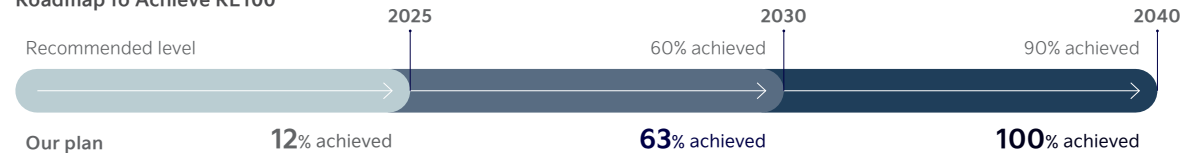
Our Declaration
of 2045 Carbon
Neutrality



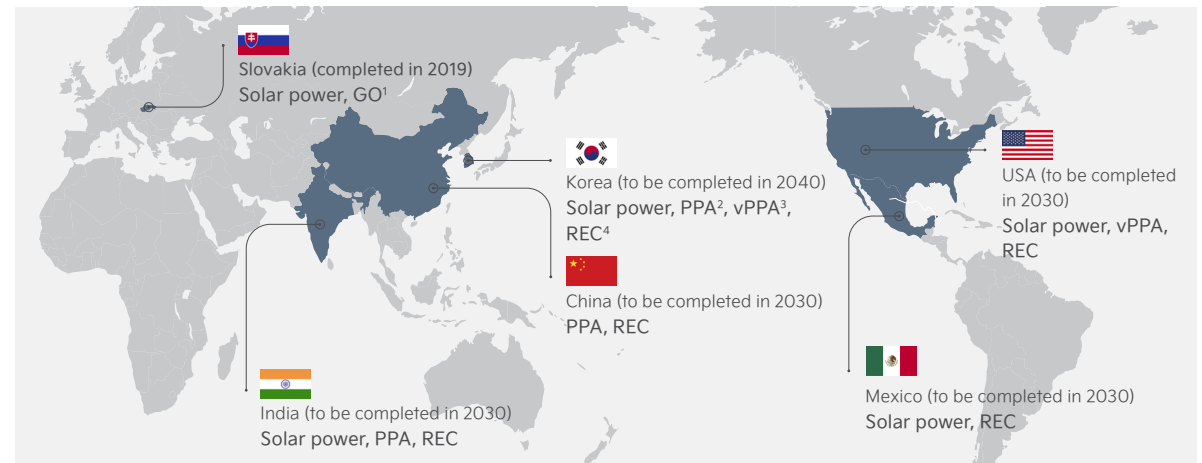
Replacing 100% of Production Base Electricity with Renewable Energy by 2040

As an automaker, we are transforming our manufacturing environment to be eco-friendly in order to gradually reduce our carbon emissions. In particular, in April 2022, we joined RE100, a global initiative to cover 100% of the electricity used by companies with renewable energy. With an objective to achieve RE100, we have set a goal of replacing all electricity in our production bases with renewable energy by 63% by 2030 and 100% by 2040. Kia has been already making concrete steps to reach its RE100. Autoland Slovakia, one of our overseas production corporations, has been running entirely on renewable energy electricity since 2019. Autoland India completed the installation of 1.6MW solar power generation facility in June 2023. Moreover, the installation of a 4.2MW solar power generation facility at Autoland Hwaseong is underway since March 2023 and is expected to be completed by the end of this year. It will facilitate us to raise the percentage of renewable energy consumption, notably solar power. Furthermore, we are developing and promoting a customized renewable energy conversion plan that takes into account the unique conditions of each country, such as the United States, India, China, and Mexico.

Roadmap to Achieve RE100



RE100 Portfolio of All Business Sites



1. Guarantee of Origin Certification
2. Power Purchase Agreement
3. Virtual Power Purchase Agreement
4. Renewable Energy Certificates

Carbon Reduction from the use of products

Launching Outstanding EV Models Conducive to Carbon Mitigation

Kia strives to be a leader in environmental sustainability, not only by minimizing carbon emissions from its manufacturing plants, but also by offering high-quality electrified products that lower carbon emissions during the product use stage. This is demonstrated by our excellent range of EVs, which have helped shape both local and global EV markets. In the coming years, we aim to increase sales and the proportion of EVs, which emit far less carbon. We will also continue to make multifaceted efforts, such as enhancing our lineup and upgrading technology, to raise our EV market share to 52% in key markets by 2030.

Brand Strategy for EV Tier 1

Enhanced lineup



- Roll out 15 vehicle models by 2027 (PBV excluded)

Battery



- Advance technologies (4th, 5th battery)
- Secure stable supply

Volume scale-up



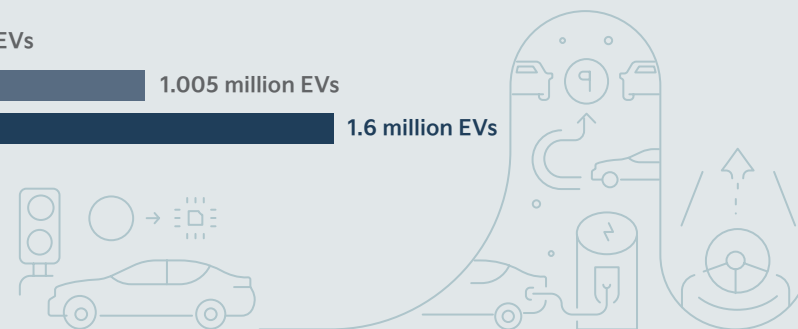
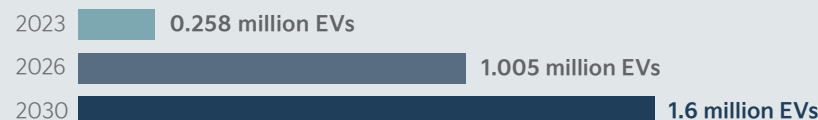
- Sell 1.6 million units by 2030
- Establish a global EV supply chain

Infrastructure for EV charging



- Domestic: Install 3,500 ultra-fast EV chargers (2025)
- Overseas: Build strategic partnerships with 'local champions'

Global EV Sales Plan



EV Sales Plan in Major Countries

Unit: Thousands, %

Country	Unit	2023	2026	2030
Korea 	Thousands %	85 15%	155 28%	233 44%
North America 	Thousands %	55 6%	308 32%	475 47%
Europe 	Thousands %	93 17%	347 51%	515 74%
China 	Thousands %	6 3%	90 27%	180 40%
Total of Major Countries	Thousands %	239 11%	900 36%	1,403 52%

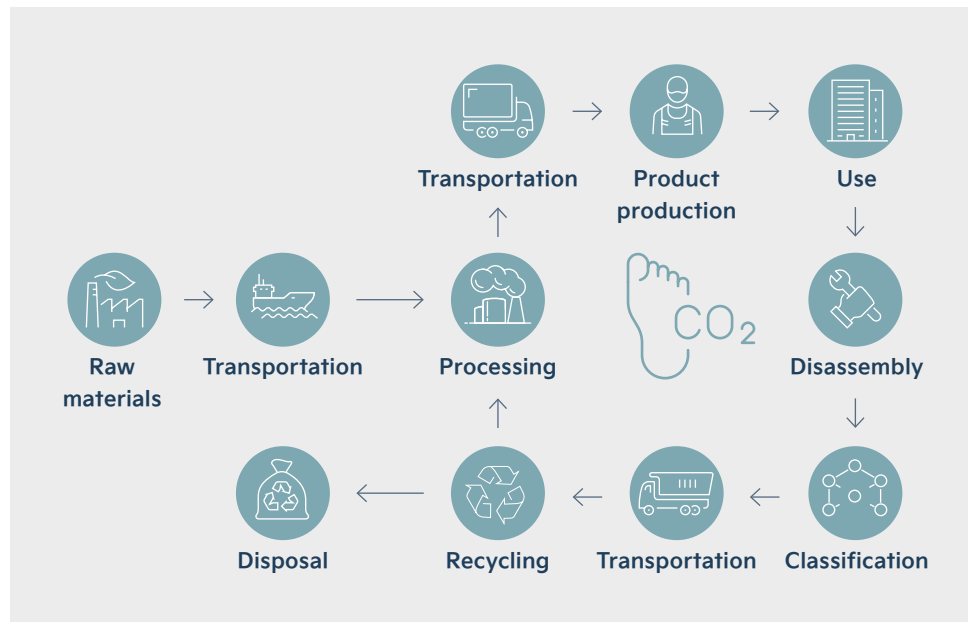
Life Cycle Assessment (LCA)

LCA for Carbon Emission Analysis and Reduction in Entire Vehicle Process

Kia strives to achieve zero carbon emissions during the vehicle operation stage through the introduction of EVs. However, the carbon emissions of automobiles should take into account not only the direct emissions that arise during the operation stage, but also the indirect emissions that emerge throughout the entire process, from raw material extraction, component fabrication, vehicle assembly, energy source production, maintenance, disposal, and transportation between each stage.

We are performing a life cycle assessment (LCA) to appraise and measure the environmental impact in a holistic manner. Through the outcomes of the life cycle assessment, we examine the influence of each stage, determine the enhancement priorities, and devise a carbon reduction strategy. Starting with the EV9, we are conducting assessments for all new models from 2023.

Range of Carbon Emission Calculation Based on Product Lifecycle



LCA Results of EV9, First Large SUV to Apply e-GMP

EV9, launched in April 2023, is the first large SUV to adopt e-GMP, which is the Hyundai Motor Group's electric vehicle platform. Therefore, its life cycle assessment (LCA) was even more meaningful. According to the life cycle assessment (LCA), we observed that carbon emissions increased during the raw material extraction stage due to the installation of high-capacity (99.8 kWh) and high-voltage batteries in our products. However, owing to the characteristics of EVs, direct carbon emissions while in operation stage were zero. Moreover, when accounting for the production process of energy sources (electricity), we verified that carbon emissions throughout the entire process were reduced by 23% compared to internal combustion engine vehicles of the same class. Indirect emissions from the power generation process are projected to decline steadily in line with Korea's Basic Plan of Long-Term Electricity Supply and Demand and RE100 strategy. We anticipate that the indirect emissions from the raw material extraction stage will be progressively mitigated by setting and attaining systematic carbon reduction goals.

Carbon Footprint of EV9

- Driving 32.5
- Raw material extraction 14.5
- Manufacturing 0.7
- Disposal 0.7
- Maintenance 0.2
- Distribution 0.04
- Parts transportation 0.03



23% ↓
carbon emissions compared to
vehicles with internal combustion
engines in the same class



Major specifications

Battery: lithium-ion
(advanced type)
Body type: Wagon 5DR 6P

Battery capacity: 99.8kWh
Layout: AWD

Motor: 160kW+160kW
Tire: 19inch

Electricity consumption:
3.7km/kWh
Curb vehicle weight:
2,545kg

Tidal flat restoration

Importance of Tidal Flat as Carbon Absorbers

Korea's tidal flat boast their epic scale, which is evidenced by being selected among the top five in the world. Research has revealed that they are home to a total of 1,000 marine species, making them incredibly valuable in terms of marine biodiversity. Additionally, our tidal flat, which cover an area of approximately 2,480 km², can absorb up to 490,000 tons of CO₂ annually. This is equivalent to the amount of CO₂ emitted by about 200,000 internal combustion engine vehicles. In 2013, the IPCC (Intergovernmental Panel on Climate Change) officially recognized blue carbon as a means of mitigating GHG emissions. As a result, many overseas countries have redoubled their efforts with more intensive investments to gain approval for their blue carbon.



What is blue carbon?

Blue carbon refers to the ability of marine ecosystems, such as salt marshes and seagrass beds, to absorb carbon.

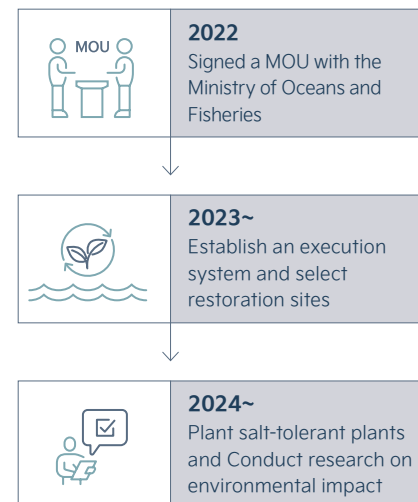
Collaborative project to restore tidal flats vegetation as part of protecting natural capital



Only Private Corporate Partner in tidal flat Vegetation Restoration Project

The Ministry of Oceans and Fisheries is leading a project to restore tidal flat vegetation in order to enhance its carbon-absorbing capacity and protect marine ecological resources. Kia plans to join this initiative, making it the only private sector company to do so. In November 2022, we signed a MOU with the Ministry to cooperate on this tidal flat vegetation restoration project. Based on this, we have identified areas in need of restoration and established basic guidelines for the project. We plan to conduct a thorough, science-based analysis to design a restoration plan that will make a tangible contribution to the recovery of the tidal flat ecosystem and its ability to absorb carbon, followed by planting salt-tolerant plants. However, our efforts will not stop there. After the restoration, we will closely monitor changes in the marine ecosystem and measure the impact of carbon absorption using scientific frameworks. We will share our research findings with the global community to showcase the value and potential of our tidal flats in combating climate change. Our employees will also participate in efforts to clean up the tidal flats and plant vegetation alongside local communities, playing their part in making our planet more sustainable.

Roadmap for Tidal Flat Vegetation Restoration



Business agreement ceremony for blue carbon cooperation project



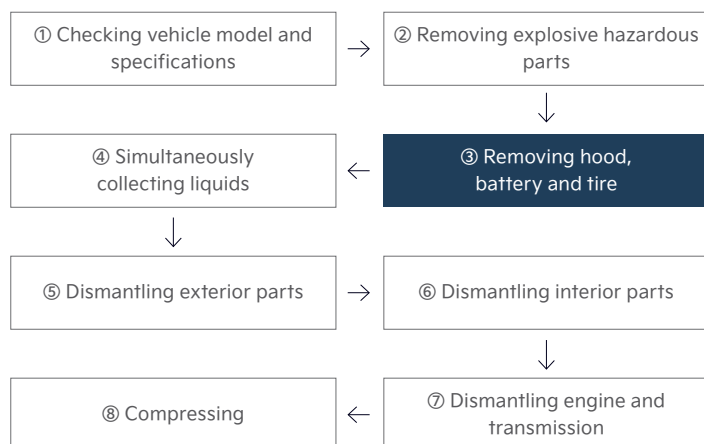
Recycling of waste products

Laying the Foundation for Circular Economy of Scrap EVs and Waste Batteries

At Kia, efforts are being in full swing to improve the green value of EVs. To achieve this, we have established a recycling system for end-of-life EVs and waste batteries. We provide vehicle dismantling manuals to scrap car companies and offer subsidies for recycling, with the goal of achieving a 95% recycling rate for scrap cars, in line with legal standards. We are also focused on battery reuse and recycling, tailored to the battery life cycle.

In 2022, we officially launched a TFT to work with our group companies to develop a sustainable and eco-friendly battery circulation system. This includes reviewing the upstream and downstream aspects of the battery business and developing prior technologies.

Scrap Vehicle Dismantling Process



Circular Economy System for Waste Battery



Collaboration for Expanded Use of Waste Batteries

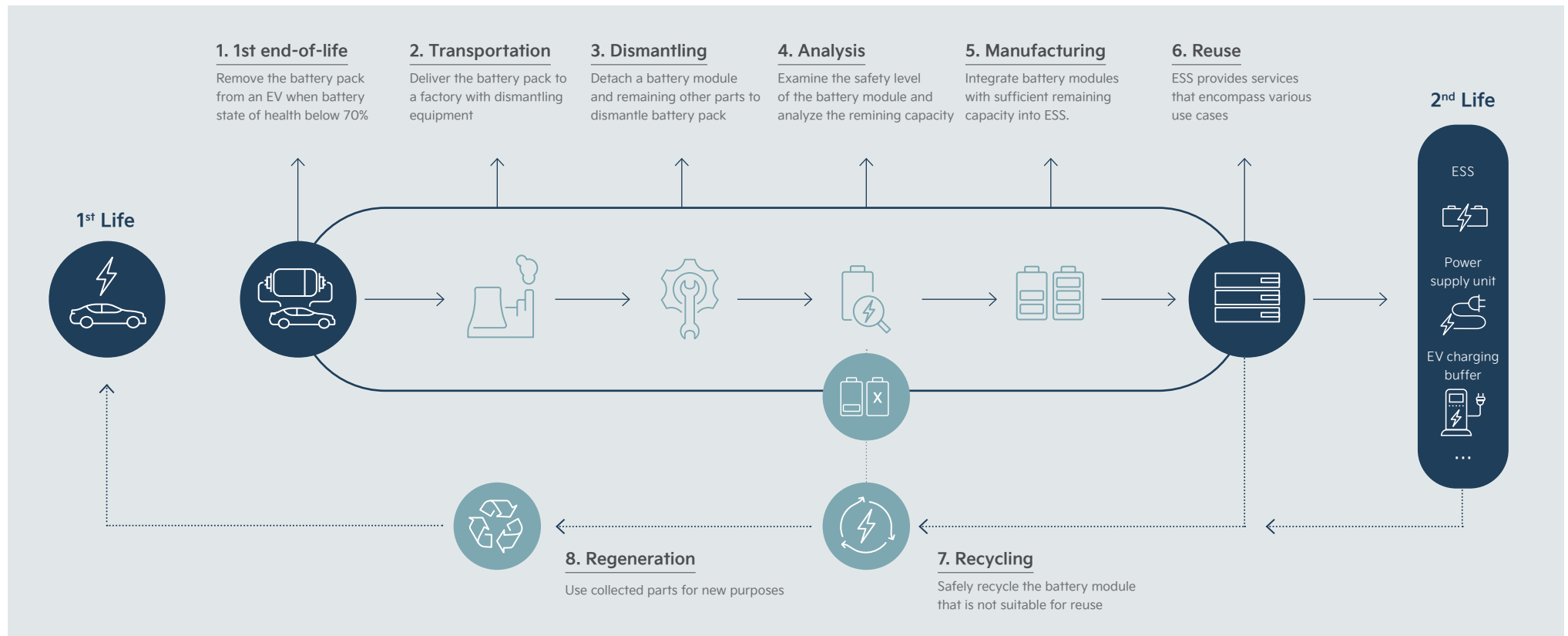
As the global automobile market transitions to an EV-centric structure, the establishment of a waste battery circulation system is becoming increasingly important. SNE Research, a market survey agency, forecasts that the waste battery market will reach KRW 3 trillion in 2025, KRW 21 trillion in 2030, and KRW 600 trillion in 2050 in its scale. In June 2022, Kia made significant progress by signing a contract to supply used batteries to Encore, a startup specializing in reusing

waste batteries and a subsidiary of the German rail logistics company Deutsche Bahn. Under this contract, we will supply used Soul EV (PS) batteries to Encore for battery pack testing and recycling or use as components for energy storage systems (ESS). As of April 2023, a total of 104 batteries have been collected and supplied to energy solution providers in Europe such as DB Energy and 360 Energie, where they have been repurposed as components for ESS.

Kia- Encore Collaboration for Waste Battery Business



Kia- Encore EV Waste Battery Recycling Conceptual Map



Design for Sustainability

Most of the Kia's models are developed and manufactured in consideration of the overall vehicle cycle. In particular, we are applying 'sustainable design' with the impact to Earth environment in mind and are having an in-depth research on how color, material, and finish will effect the environment. Under the Design Sustainability Strategy, Kia have set 3 actions for sustainability in all types of new products. These actions will be widely applied from eco-friendly materials for interior and exterior to new development of natural materials.

Action 1 Leather-free



Kia will gradually stop the use of leather for vehicle interior. 2023 launched EV9 is the first model. Our ultimate goal is to completely stop using leather and replace it with Bio PU(Bio Polyurethane) added with bio materials such as corn or eucalyptus. Bio PU has similar feeling as leather, highly durable, and can reduce carbon emission as well as toxic chemical.



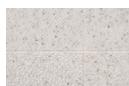
Action 2 10 Must have items



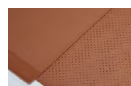
'10 Must have items' refer to 10 sustainable items that will be applied to all Kia new models such as Bio PU, recycled PET fabric and BTX-free paint that will contribute to achieve sustainability at scale.



PP+Bio PE plastic



PCM plastic



Bio PU



Bio PU Foam



Bio paint



BTX free paint



Recycled PET fabric



Recycled PET fishing net carpet



Recycled PET yarns

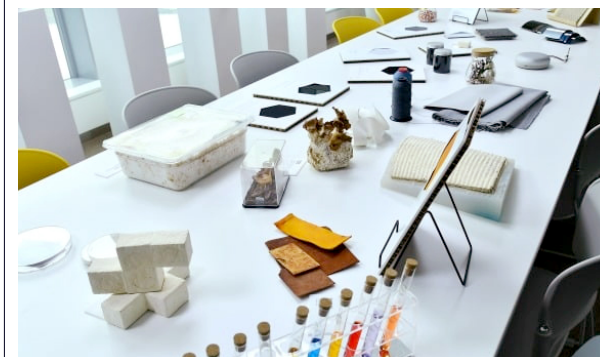


Recycled PET felt

Action 3 BIO Fabrication



As an advanced ongoing study Kia aims to bio fabricate it's own materials. Developments such as the mycelium leather replacement, which is created from the mushrooms roots are key future oriented projects done with great partners for a better future. Kia believes that technology should be an enabler to get us closer to nature.



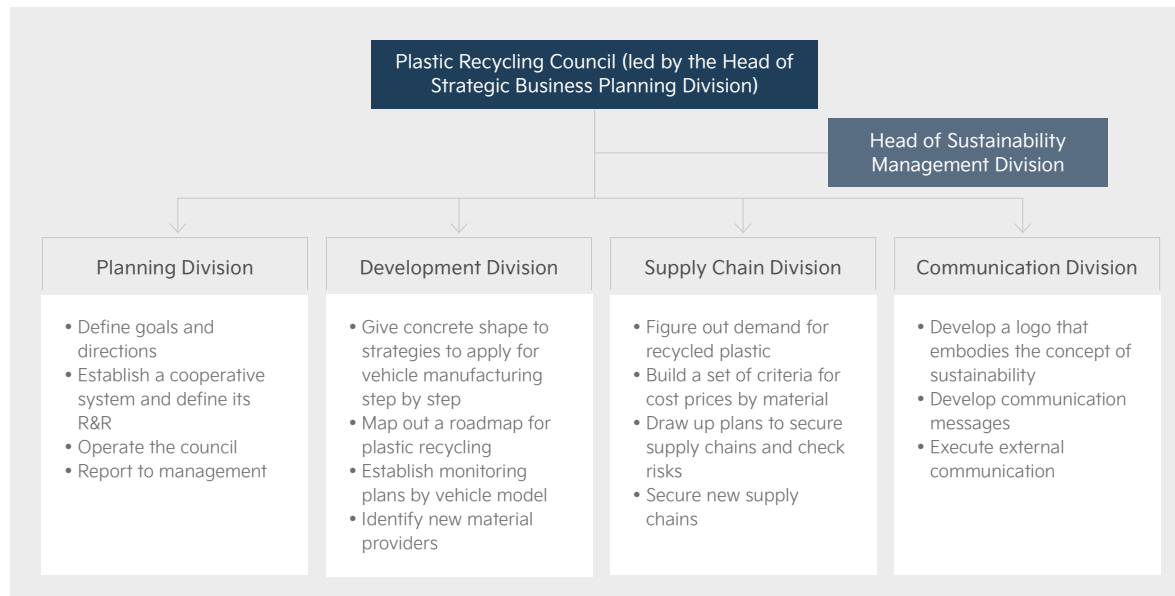
Expanding use of Recycled Plastic

System for Recycled Plastic Utilization Established

In light of the growing plastic consumption and plastic waste generated by automobiles, Kia is working to expand the recycling of plastic materials currently utilized in vehicles. Our goal is to increase the use of recycled plastic in finished vehicles from the current rate of 2% to 20% by 2030. To achieve this, we operate a TFT focused on expanding the use of recycled plastic and conduct R&D on technologies such as collecting plastic and components from scrap vehicles through a scrap car network trial project. We have also launched the 'Plastic Recycling Council', a company-wide cooperative body responsible for producing action plans in accordance with our roadmap for expanding the use of recycled plastic and working with relevant departments.

The Planning Division of the Plastic Recycling Council oversees domestic and international regulations and trends on recycling plastic, determines the direction for promotion and evaluates the progress of each division through the company-wide Plastic Council, while fostering collaboration. The Development Division devises and updates plans to develop parts that can be applied with recycled materials, undertaking design work to incorporate them in our vehicles. Furthermore, the Supply Chain Division conducts work to secure the supply chain, such as identifying material companies that are competitive in recycled plastic.

Company-wide Cooperative System for Plastic Recycling



Business Agreement Signed to Promote Green Plastic Recycling

The Materials Research & Engineering Center under the CTO of Kia and Hyundai Motor Group is working on developing technologies to recycle waste fishing nets into new components. In Korea, it is estimated that 44,000 tons of fishing nets are generated. Through active R&D efforts, Kia has taken the lead in recycling plastic. In November 2022, we signed a business agreement with Dongwon Industries to recycle waste tuna fishing nets into auto parts. Under this agreement, Dongwon Industries supplies approximately 100 tons of nylon extracted from the nets to Kia and Hyundai Motor Company, where the materials are then transformed into vehicle engine covers and plastic components. Our efforts will carry on to utilize waste fishing nets, and constantly discover waste materials and transform them into automobile parts.

Business agreement signed with Dongwon Industries on an eco-friendly project for plastic recycling



Ocean Cleanup, Recycling marine waste into products

Partnership Established with The Ocean Cleanup

Plastic pollution is devastating the world's oceans and the marine environment with the largest accumulations gathering into vast and ever-growing garbage patches. The largest of these, termed the Great Pacific Garbage Patch (or GPGP), lies between Hawaii and California. The Ocean Cleanup, an international non-profit project that develops and scales technologies to rid the oceans of plastic, has been removing plastic debris from the GPGP since 2021. So far, The Ocean Cleanup has removed over 200,000 kg of plastic from the GPGP using its most recent cleaning technology, System 002.

As a company committed to a sustainable planet and the wellbeing of future generations, in April 2022, we established a partnership with The Ocean Cleanup to contribute to directly collecting and removing marine plastic from the ocean. The Ocean Cleanup has a dual strategy for cleaning up the oceans: preventing plastic from entering the ocean from rivers, and removing 'legacy' plastic that has already accumulated. In rivers around the world, The Ocean Cleanup's Interceptor solutions have already prevented millions of kilograms of waste reaching our oceans. These technologies were developed through donations and crowdfunding from individuals, philanthropists and partners, and supported by research and data gathered by field-leading scientists. The Ocean Cleanup aims to clean up that 90% of floating marine plastic by 2040.

Kia-The Ocean Cleanup Partnership established



Kia-The Ocean Cleanup, Co-Mission and Co-Vision

Kia-The Ocean Cleanup Partnership



Co-Mission

Together, we are on the journey towards a plastic-free ocean as part of a sustainable planet.

Co-Vision

Whilst striving for a circular value chain, we find ways to provide each other with resources ensuring the plastic catch never re-enters the natural environment.

Co-Code of conduct



Learn
and inspire others



Lead
and pursue
innovative
technologies

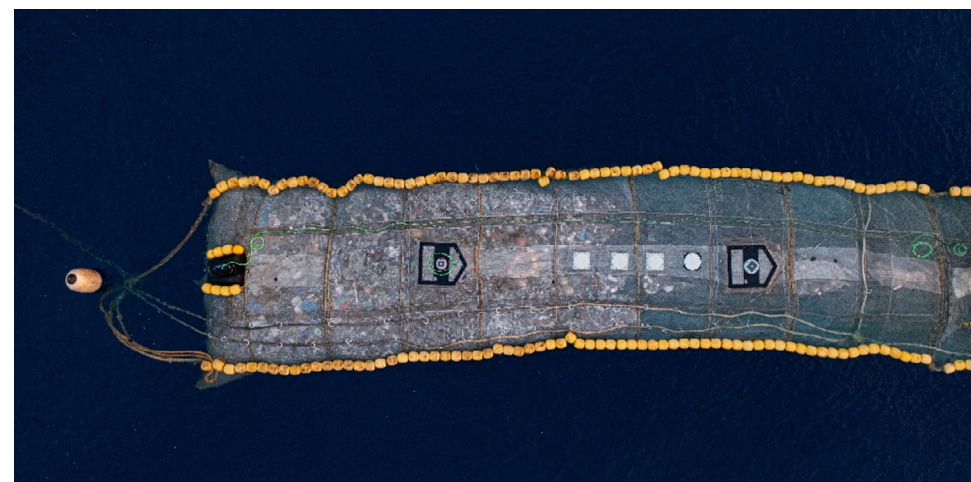


Make **viable**
and tangible
progress



Be **flexible**
on this 7-year
journey

The Ocean Cleanup's plastic collection system - System 002 Retention Zone



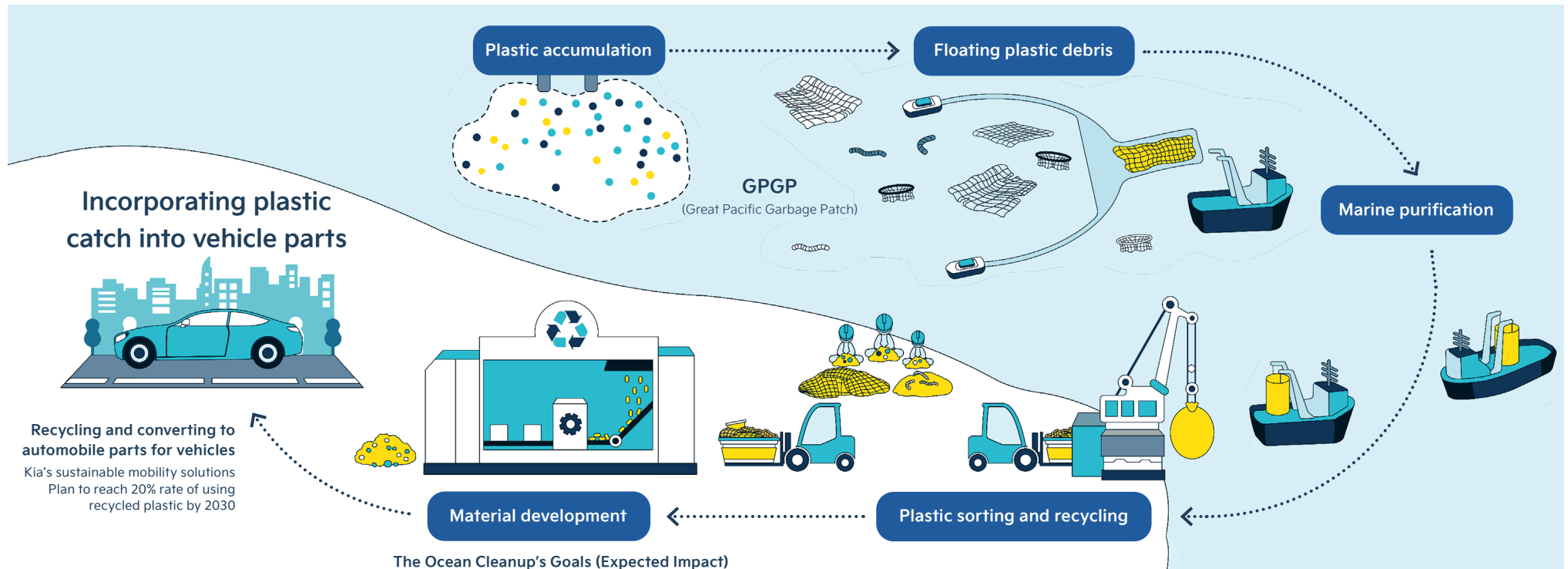
Repurposing Plastic into Materials for a Cleaner Planet

Kia and The Ocean Cleanup have established a plan to recycle plastic collected from the ocean under a value system co-defined by both parties. Guided by the six principles of plastic recycling - customer-oriented, sustainability, practicality, inspiring, future experience, and storytelling - this plan will see The Ocean Cleanup collect plastic through its cleanup operations, while Kia transforms this plastic into auto accessories and parts. To achieve this, we have set long-term goals and roadmaps that include the development of vehicle accessories in 2024 and auto parts in 2026. The plastic waste collected by The Ocean Cleanup varies in type and quality, which means hard work is required throughout - from research to the actual recycling procedure - to stabilize the entire material circulation process. This partnership is unique in that it covers all stages of plastic recycling, from waste plastic collection through sorting and on to material and product development.. Starting in 2023, we will focus our R&D efforts on development, with the resulting vehicle accessories and parts being provided to EV customers.

Kia-The Ocean Cleanup Plastic Waste Collection from the ocean - System 002



Kia-The Ocean Cleanup Collaboration for Establishment of Resource Circulation Value Chain



The Ocean Cleanup's Goals (Expected Impact)
(As of November 2022) Continuing to extract increasing quantities of plastic from the GPG
Collect more than 90% of marine plastic by 2040

* This content is intended to provide a better understanding of the recycling process used by The Ocean Cleanup. Please note that the details regarding vehicle models, auto parts, and procedures may differ from the actual process.

Focus

The Future of Sustainable Electric Vehicles, EV9

EV9 World Premiere

New standard for SUV EV design

The design of the EV9 embodies sophistication, calmness, and strength, making it well-suited for an SUV.

Innovative e-GMP and 4th generation technologies

The interior of the EV9 is designed using the e-GMP EV platform, allowing for more efficient use of space. It also features a large-capacity 99.8 kWh battery.

Highway Driving Pilot (HDP)

With its new autonomous driving system for highways, the EV9 is capable of achieving Level 3 automated driving on highways.

Update MY EV9 anytime, anywhere

Kia Connect Store enables drivers to conveniently purchase additional digital products and specifications without visiting a branch or dealership.

Top-quality protection equipment for both passengers and batteries among its peers

The EV9 features a new B-pillar connection structure technology, for which we have applied for a patent, and a specially designed body frame. These features give the model top-notch stability among its peers.

EV9 Marking the Beginning of the Era of SUV EV

In 2023, Kia unveiled the EV9, a new model that represents another evolution in electric vehicles, following the launch of the EV6, the first one of its kind, in 2022. Ushering in a new era of SUV EVs, EV9 tops the list as the flagship model in Kia's lineup. This model features various innovative technologies that provide drivers with a free and safe driving experience.

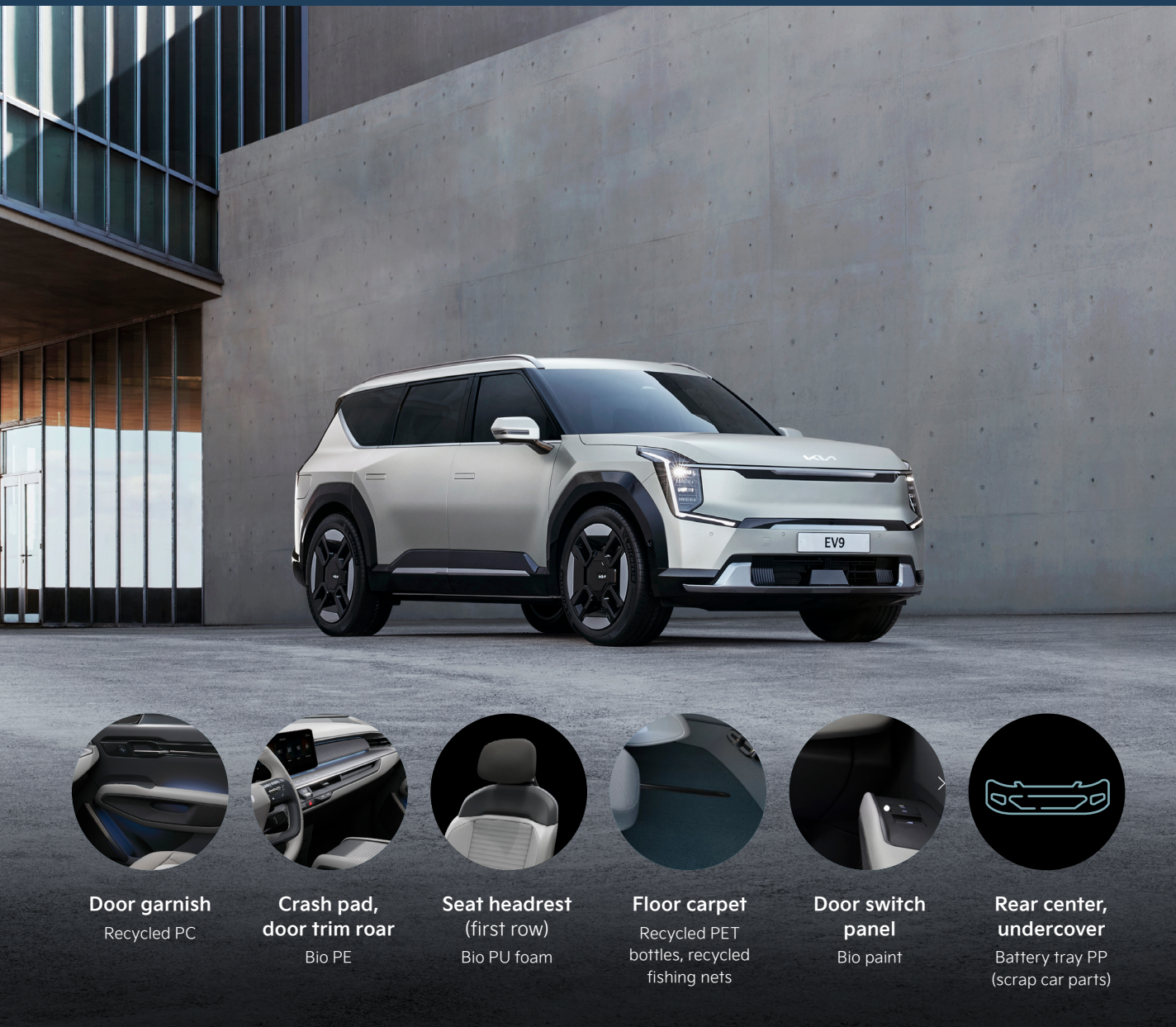
4WD Model Equipped with 21-inch Tires

Driving range on a single charge	Large-capacity battery	Maximum output	Maximum torque
454 km	99.8 kWh	283 kW	600~700 Nm * 700Nm when a boost option is chosen, and 600Nm when the option is not applied

2WD Model Equipped with 19-inch Tires

Driving range on a single charge	Large-capacity battery	Maximum output	Maximum torque
501 km	99.8 kWh	150 kW	350 Nm





Upcycled Materials Applied for EV9

The EV9 distinguishes itself through its use of sustainable materials and parts. As part of our effort to contribute to a virtuous cycle of recycling through the EV9, we used upcycled waste, such as fishing nets collected from the ocean, and vegan leather in the manufacturing of the concept car. In keeping with our design philosophy, 'sustainable design strategy,' we used various eco-friendly materials to produce the EV9. The auto components of this model, made with recycled plastic and bio-based eco-friendly materials, weigh approximately 34kg.

Auto parts made with recycled plastic and bio-based, eco-friendly materials weigh

About **34** kg

Social



Safe & Satisfying Safety and Satisfaction for All

Kia firmly believes that the safety of all, including employees, business sites, and other stakeholders, should come first to provide reliable products and services. As a global leading player in the mobility industry, Kia is committed to safeguarding the safety and wellness of all with proactive efforts across various aspects including policies and technologies. We also strive for sustainable shared growth by offering products, services, and programs that satisfy all stakeholders, including employees, suppliers, customers, shareholders, and local communities.

28	Corporate Culture
29	Employee Safety and Health
31	Sustainable Supply Chain
32	Maximizing Customer Satisfaction
34	Customer-oriented Products and Services
38	Shareholder-friendly Management
39	Coexistence with Local Community
40	Focus Green Light Project, 10 Years of Records in Africa

Corporate Culture

At Kia, we are committed to providing our stakeholders with safety and a better experience. To achieve this, we are bringing change to our corporate culture by embedding our brand values into it. We believe this will ultimately be reflected in our products and services, leading to substantial changes in experiences we provide. With customers and people at the heart of our culture, we have established 'Kia Values & Behaviors,' consisting of five values and three behaviors to unlock each value. These will guide our employees towards a customer-oriented and people-oriented culture, resulting in increased employee satisfaction with the company.

Kia Values and Behaviors

Care for People



- ✓ We enable everyone to be themselves at work, regardless of background, culture or identity.
- ✓ We make decisions to create better outcomes for our colleagues, customers and the planet, not for individual or temporary success.
- ✓ We set clear and achievable goals that positively impact our colleagues, customers and the planet.

Move Further, Together



- ✓ We work together across teams and regions to achieve shared goals.
- ✓ We actively seek feedback and listen to different perspectives, constructively challenging each others' ideas.
- ✓ We celebrate and recognize our progress, not only the end result.

Empower People to Act



- ✓ We agree on outcomes at the beginning of each task and trust each other to make it happen.
- ✓ We are transparent with each other, sharing information openly.
- ✓ We hold ourselves accountable for our commitments.

Dare to Push Boundaries



- ✓ We stay curious; we learn and grow each day.
- ✓ We take calculated risks and see failure as an opportunity to learn.
- ✓ We boldly and purposefully challenge the status quo to find new solutions.

Chase Excellence, Every Day



- ✓ We continually seek to understand our customers, to deliver on their needs and remove pain points.
- ✓ We prioritize our tasks and simplify how we work to improve quality and productivity.
- ✓ We make decisions and act quickly, balancing data and our best judgement.

Employee Safety and Health

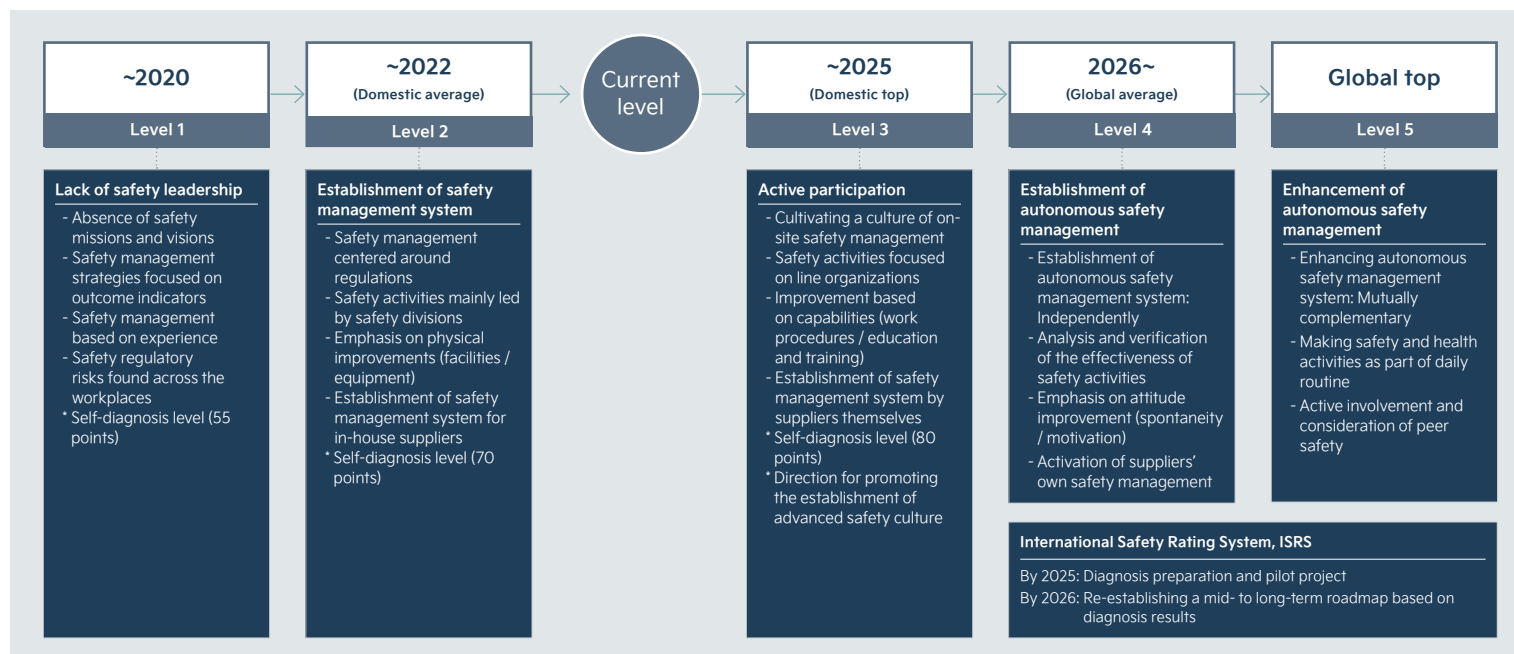
Enhancing Workplace Safety through Safety and Environmental Policy, Roadmap, and Activities

The primary values that a company should prioritize are the safety and health of its employees. Under the mission of 'making safety culture a part of our daily lives by putting people and the environment first,' we have established and adhered to a vision and fundamental principles of safety environment policies. With the goal of integrating safety and environment systems across all global workplaces and achieving Safety Level 4 by 2025, we strive for compliance with safety-related regulations, minimizing safety and environmental risks, reducing the discharge of environmentally hazardous substances, and building an organizational culture where safety is inherent. Additionally, we aim to establish a safety environment system by 2025, where all employees can autonomously manage safety. The Safety and Environment Vision 2025 Roadmap focuses on enhancing safety culture maturity and reducing incidents and regulatory risks. Through gradual efforts following the established roadmap, we aim to

evolve into a workplace where autonomous safety management is firmly established after 2026.

As part of efforts to enhance the safety and environment management system, we conduct regular and ad hoc inspections of our production bases by the safety department and hold regular meetings of the company-wide safety organization. We also organize declaration ceremonies to raise safety consciousness among employees. Following the safety and environment management declaration ceremony in 2020, we held a joint labor-management safety and health declaration ceremony in 2023 to prevent major accidents. Through this ceremony, we publicly shared the '2023 Labor-Management Joint Safety and Health Declaration' and distributed explanatory materials on the 'Kia's Top 10 Safety Rules.' We plan to continue organizing declaration ceremonies at various locations, including service centers, in addition to Autoland, and will make ongoing efforts to ensure the prominent implementation of the safety and environment management system within the workplace through joint on-site inspections and activities.

Safety and Environment Vision 2025 Roadmap



Kia's Top 10 Safety Rules

- ① Provision and wearing of protective equipment
- ② Prohibition of tampering with or bypassing safety devices
- ③ Wearing seat belts and adhering to speed regulations
- ④ Prohibition of unauthorized access to unmanned areas and compliance with operating procedures when entering
- ⑤ Prohibition of entry beneath loads during lifting operations
- ⑥ Measurement and approval of gas concentration in confined spaces before entry
- ⑦ Power shutdown when dealing with electricity
- ⑧ No smoking outside designated areas
- ⑨ Pre-inspection and adherence to permit requirements before work
- ⑩ Immediate reporting after taking preliminary actions upon identifying hazardous conditions

Zoom In



Selected as a Health-Friendly Certified Company

The health and happiness of employees are key factors that determine a company's competitiveness. Kia has been recognized for its competitiveness by obtaining certification as a health-friendly company, provided by the Ministry of Health and Welfare and the Korea Health Promotion Institute, in 2022. The health-friendly company certification system is a system that selects exemplary companies that create a health-friendly culture and environment within the workplace and actively support employee health management, based on the National Health Promotion Act. The evaluation is conducted in four main categories: health-friendly management, health-friendly culture, health-friendly activities, and employee satisfaction. We received excellent evaluations in all four categories. Particularly, Kia was highly evaluated for considering employee health and safety as core values of the company and making efforts to establish a sustainable health management system. In December 2022, an event showcasing achievements of the Health-Friendly Company Certification System was held, and Kia received the Minister of Health and Welfare Award for the excellent evaluation in the main project in 2022, following its participation in the pilot project in 2021. Our certification as a health-friendly company will be valid from December 7, 2022, to December 6, 2025, for a total of three years.

Selected as a Health-Friendly Certified Company and Awarded by the Minister of Health and Welfare



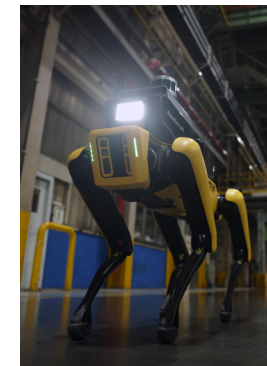
Utilizing Smart Safety Technology

Kia employs robots equipped with cutting-edge smart safety technology to ensure that employees are not exposed to dangerous situations during their work. Patrol robot Spot and humanoid robot Atlas are utilized to perform hazardous tasks in hard-to-reach areas, where human intervention may be challenging.

Patrol robot, Spot

'Spot,' developed by Boston Dynamics, is an industrial inspection robot capable of operating in extreme environments such as high temperatures, extreme cold, accident-prone areas, and radioactive contamination zones. It can collect data and perform tasks safely in hazardous work sites instead of humans. Additionally, it is nicknamed 'Data Keeper' and 'Moving IoT,' and various application technologies are being developed to further utilize it in diverse environments.

 Introduction video for patrol robot, Spot



Humanoid robot, Atlas

Atlas is a multipurpose humanoid robot and a culmination of Hyundai Motor Group's cutting-edge robotics technology. It can move through hydraulic power joints, achieving human-like movements, and maintain its posture on various terrains through sensing sensors. Currently, it is still under development for preliminary research purposes, but as we advance, it is expected to be further advanced in gripper technology, posture control, and problem-solving abilities, enabling it to perform various tasks alongside humans.

 Introduction video for Atlas

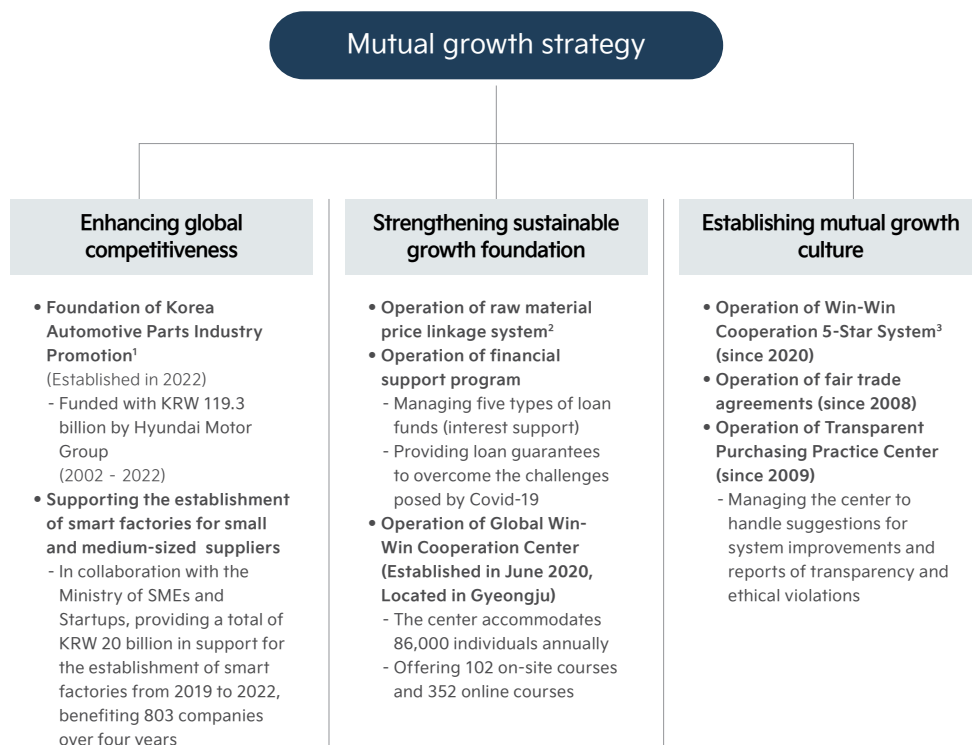


Sustainable Supply Chain

Enhancing a Healthy Supply Chain Ecosystem through Support for Mutual Growth

Kia is dedicated to fostering mutual growth with its suppliers. In particular, we have implemented a three-pronged mutual growth strategy to establish a stable supply chain ecosystem.

Our 3 Key Strategies for Mutual Growth and Major Activities



1. A public foundation established in 2002 by Hyundai Motor Group to foster the quality, technology, and management development of the automotive parts industry
 2. A system that reflects changes in raw material costs in component prices on a quarterly basis
 3. A system that grants incentives to selected companies after evaluating the level of mutual cooperation between 1st-tier suppliers and 2nd-tier suppliers

ESG Support and Assessment for Partner Companies' Supply Chain Risk Management

Kia considers the ESG practices of its suppliers as a crucial element of ESG management. Therefore, we not only incorporate ESG factors into our supplier purchasing policies but also conduct regular ESG assessments and monitoring to manage the ESG performance of our suppliers. In 2022, We assessed 404 domestic and 1,300 overseas companies after expanding the ESG evaluation targets to include overseas companies. After the assessment, we are implementing improvement activities for identified deficiencies. Moreover, from 2023, we are operating an ESG consulting support program for small and medium-sized suppliers to enhance their ESG capabilities. We also intend to provide systematic government support programs through the 'ESG management support agreement for small and medium-sized suppliers' with the Ministry of Environment.

Supply Chain Roadmap for ESG Management

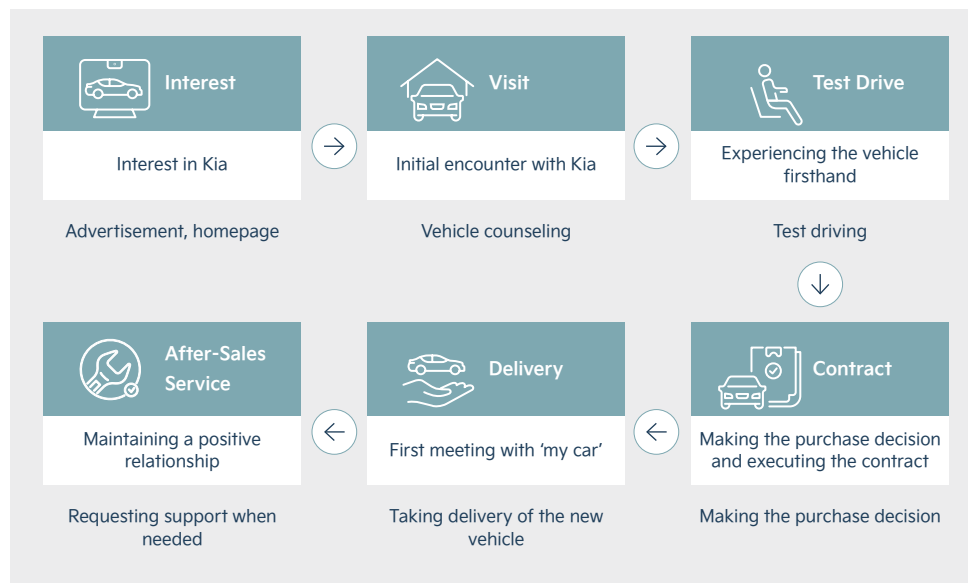


Maximizing Customer Satisfaction

Enhancing Customer Touchpoint Services

Customers who purchase finished products from Kia are essential stakeholders and represent the very reason for Kia's existence as a company. Recognizing their importance, we continuously strive to provide exceptional customer experiences. As part of the efforts, we are disseminating the customer journey map that illustrates the process of customer experiences with Kia in a holistic way to all customer touchpoints, pinpointing areas that require improvement in each process. By detecting negative experiences through regular customer experience (CX) diagnosis, we continuously improve the CX with Kia. In addition, we also conduct proactive customer support campaigns, empathetic customer service training, and one-on-one image consulting, targeting frontline employees. These efforts aim to foster a customer-centric mindset among employees. We are disseminating the customer journey map that illustrates the process of customer experiences with Kia in a holistic way to all customer touchpoints, pinpointing areas that require improvement in each process. By detecting negative experiences through regular customer experience (CX) diagnosis, we continuously improve the CX with Kia.

Kia's Customer Journey Map



Practices and Outcomes of Customer-Centric Management

Kia considers customer inconveniences and inquiries valuable feedback and actively practices customer-centric management activities. Customer opinions received through the customer center and Kia Connect Center are forwarded to the relevant departments. Particularly, by selecting and swiftly handling 9 areas of priority management among customer complaints, we are responding systematically, inhibiting the dissemination of complaints and preventing their recurrence. These company-wide customer-centric management activities yield visible results, as evidenced by various customer satisfaction surveys and rankings.

Major Customer Satisfaction Survey Results in 2022

 National Customer Satisfaction Index (NCSI) Customer satisfaction levels with a company's products and services measured, surveyed, quantified and announced 1st place in the compact category (8 consecutive years), mid-size category (3 consecutive years), RV category (7 consecutive years)	 Korean Service Quality Index (KSQI) Customer perception of service quality based on the characteristics of Korean industries and customers evaluated, quantified and announced Selected as an excellent call center (19 consecutive years), 1st place in the automotive after-sales service category (9 consecutive years)	 Korean Standard - Service Quality Index (KS-SQI) Service quality level evaluated, quantified and announce, Areas for improvement identified for companies to engage in continuous service quality management 1st place in the automotive sales and service category (3 consecutive years)
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Renewed Kia Store as an Eco-friendly Experience Space

Kia is reconstructing 'Kia Store' to provide customers with a more sophisticated environment to encounter their products. Following the release of Kia Store design standards in 2021, starting from December 2022, Kia has implemented the 'Kia Store Sustainability Guidelines' to allow customers who purchase Kia vehicles to experience Kia's sustainability and eco-friendliness at the store.

The sustainability guidelines consist of eight key areas and 42 sub-items, covering a wide range of aspects from architectural elements to waste management and customer participation events. Based on these guidelines, Kia Store strives to showcase eco-friendly changes at customer touchpoints. The evolution of Kia Store does not stop here. Following the

opening of the Kia Gangseo Flagship Store in 2021, the Kia Incheon Flagship Store opened its doors in 2023. The flagship stores provide customers with an evolved form of customer touchpoint services compared to Kia Store. At the flagship stores, customers can not only test drive and receive purchase consultations but also experience various digital contents in the exhibition hall, all in one place. The flagship store in Incheon is approximately 1.5 times larger than the flagship store in Gangseo. Moreover, exclusive digital consultation reservations, the experience zone for Kia's mobility subscription service 'Kia Flex,' and a dedicated space for new car delivery are provided exclusively at the Kia Incheon Flagship Store, offering customers a differentiated purchasing experience. Kia plans to expand such digital-based flagship stores in the coming years, allowing more customers to enjoy unique brand experiences.

Enhancement of Maintenance Services for Customers

To enhance customer trust and satisfaction, we have been providing more systematic and advanced customer-centric maintenance services since October 2022. In addition to existing maintenance services, three new services are introduced: transportation support service covering commuting expenses for customers whose means of transportation disappears during emergency towing, weekday night pre-reception service allowing customers to leave their vehicles the night before the reservation, and K-Delivery service, which picks up the vehicle from the customer's desired location and delivers it back after the maintenance is completed, in cases where visiting the service center is difficult for the customer.

Eight Key Areas of Kia Store Sustainability Guidelines

- ① **Sustainability Design & Build:** Incorporating eco-friendly architectural elements such as green walls
- ② **Energy:** Reducing energy consumption and increasing the use of renewable energy
- ③ **Water:** Managing and reducing water usage through eco-friendly car washing services and high-efficiency facilities
- ④ **Waste:** Establishing waste disposal monitoring systems and improving waste management processes
- ⑤ **Air:** Introducing air quality management systems, minimizing air pollution
- ⑥ **Carbon Emission:** Replacing company vehicles with EVs, installing charging facilities in Kia Store, and reducing carbon emissions
- ⑦ **Sustainable Processing:** Implementing paperless systems and adopting eco-friendly business processes
- ⑧ **Sustainable Engagement:** Operating customer engagement events such as eco-friendly driving events, promoting customer participation in sustainable initiatives

Kia Incheon Flagship Store, opened in 2023

Kia Incheon Flagship Store



Customer-oriented Products and Services

EV Strategy for a Pleasant Driving Experience

Kia has developed a specialized strategy to upgrade EVs, aiming to provide increased safety and convenience for EV customers and achieve the highest level of satisfaction. According to the specialized strategies in the four areas of Connectivity, Autonomous, Performance, and Design, we aim to continuously and concretely implement our EV product strategy to emerge as a leading brand in electrification.

Connectivity



Enhanced Vehicle Operation Efficiency through Data Analysis Utilizing Connected Car Cloud Technology

Improving usability through data analysis

Keeping vehicle management up-to-date through Over-The-Air (OTA)¹ updates

Developing various Future-oriented Features (FoD)² items

Performance



Performance for Differentiated EV Experience

Applying high-performance GT trims to new EV models

Optimizing interior and exterior designs for SUVs

Utilizing high-performance motors for sedans and compact utility vehicles (CUVs)³ to provide stable driving experiences

Enhancing power and acceleration for city cars



Autonomous



Safer and More Convenient Autonomous Driving

Enhanced Auto mode in EV9 compared to previous models

Conditional autonomous driving support on highways and dedicated lanes

Continuous updates for advanced Auto mode functionality

Design



User-friendly Design

Future-oriented design reflecting Kia's design philosophy of 'Opposites United'

Application of sustainable materials

New large displays and infotainment systems for enhanced driving convenience

1. Over The Air (OTA) is a technology that enables wireless communication for software updates.
2. Feature on Demand is a wireless communication-based option subscription service that allows car owners to selectively purchase additional features for their vehicles.
3. Crossover Utility Vehicle (CUV) is a vehicle category that combines various elements of sedans and SUVs.

Future-oriented Mobility: Purpose Built Vehicles (PBV)

Diversification of Mobility Market Needs

Kia is proactively preparing for the evolving needs of future car users and the diversification of the mobility market through Purpose-Built Vehicles (PBV). PBVs are customizable mobility solutions that can adapt their interior space according to users' specific purposes, such as passenger transportation, logistics, and leisure activities. If conventional vehicles can be compared to ready-to-wear clothing, PBVs can be likened to custom-made outfits.

Particularly with the growth of e-commerce, the B2B market, including transportation and delivery services, is expected to experience rapid expansion, leading to an increasing demand for electrification among B2B companies. In response to this rapidly changing market, we plan to supply PBVs optimized for the business purposes of B2B customers. Our PBV products aim to improve the challenges faced by B2B customers during their vehicle operations, thereby enhancing their business efficiency and contributing to the environmental value of B2B companies.

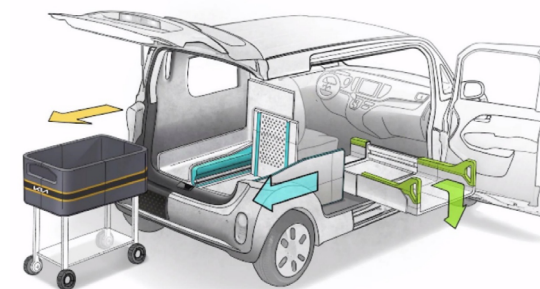
Implementing a Dedicated Skateboard-Type PBV Platform that Reflects Diverse Needs

Kia's PBVs are designed to involve customers in the product configuration process, allowing them to propose specifications and have them reflected in the development process. To effectively accommodate the diverse needs of customers, a scalable skateboard-type PBV platform is designed and applied, providing high interior space utilization to customers. The use of interchangeable Upper Body Modules maximizes the versatility of customers' vehicles. Additionally, we plan to offer optimized options for body types, interior and exterior layouts, door types, batteries, and more, tailored to customers' needs and purposes. We are also preparing PBV-specific software solutions to maximize convenience for

customers utilizing vehicles for business purposes. In the short term, Over-the-Air (OTA) technology enables system upgrades wirelessly, while in the medium to long term, next-generation autonomous driving technologies will be applied to innovate customers' existing businesses. Moreover, we aim to establish our own PBV-specific ecosystem by securing capabilities and infrastructure in terms of various financial programs that align with different stages of vehicle purchase, usage, and disposal, as well as charging and specialized after sales support.

Customized and optimized configuration of PBVs

Idea contest winner for PBV using Ray EV



Flexibly configurable PBV with specifications and layouts desired by customers



Upgrading Production System for PBVs

Kia has been actively producing PBVs that match the changing mobility needs of customers, using existing vehicles such as Niro and Ray, as a proactive measure to meet those needs. In April 2023, we held a groundbreaking ceremony for the construction of a dedicated PBV factory within Autoland Hwaseong. This factory is designed to shorten lead times and minimize inventory to meet the demand for optimized PBVs tailored to individual customers. It implements a hybrid production system that combines the advantages of mass production for small varieties with a cell-based production method suitable for the concept of PBVs, departing from the conventional conveyor-based approach. This enables the production and supply of a wide range of vehicles that cater to customer needs.

In addition, we have entered into an MOU with Kakao Mobility, a major domestic ride-hailing company, to successfully launch and penetrate the market with the first dedicated PBV, Mid PBV, in 2025. We continue to foster collaborative relationships with key domestic and international logistics companies such as Coupang and CJ Logistics to develop PBV models optimized for their business operations. We will further expand collaborations with companies aiming to provide diverse services through specialized mobility.

Kakao Mobility-Kia PBV Business Agreement Ceremony



Our PBV-Dedicated Model Lineup Plan



Mid PBV

Scheduled for release in 2025, a medium-sized PBV designed to accommodate various business needs and scalability, including car-hailing delivery Planning to develop and commercialize a future autonomous driving-enabled robo-taxi model based on this model

Large PBV

Building upon the expanded space compared to the Mid PBV, designed to further expand business use cases such as logistics and shuttles

Small PBV

A PBV model optimized for urban driving based on low TCO¹, catering to the needs of small-scale logistics delivery and car-sharing customers

1. Total Cost of Ownership

Innovative and Flexible Production System of Autoland Hwaseong's PBV Factory

BTO² System



Reducing lead time in responding to customer demands and minimizing inventory by starting production after receiving orders

Automated Inspection



Ensuring quality completeness

Cell-based Flexible Production



Automating logistics and assembly processes.

2. Build to Order, a production methods that start production after receiving orders

Kia's EV Sharing Service, 'Wible Biz'



Wible Biz is Kia's mobility service aimed at corporate or institutional customers, offering total solutions related to EVs, web / application services, and vehicle maintenance. Wible Biz vehicles can be used by businesses or organizations for work purposes during business hours and can be rented by individuals for commuting or weekend leisure outside of business hours.

In 2021, we signed the MOU for Eco-friendly Future Vehicles with Hwaseong City, establishing the first Wible Biz service for government officials in Hwaseong City to promote eco-friendly future cars. Since then, we have actively expanded the service to areas such as Dongtan, Pangyo, Gwangmyeong, and Gyeongnam. Moreover, we have opened the service to the general public during non-working hours, maximizing its social benefits. We aim to take the lead in the shared mobility market through continued expansion of Wible Biz services.

Types of Service Packages Offered by 'Wible Biz'

Vehicle Subscription Package

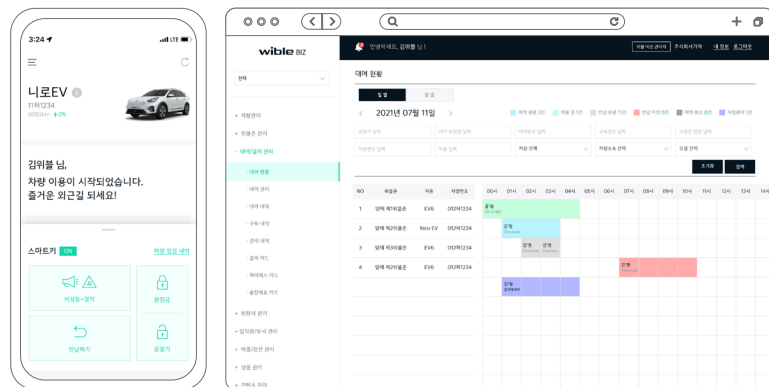
Eco-friendly new vehicles (EVs), vehicle management, administrator web portal, user app, customer support center, insurance and accident handling support

Solution Subscription Package

Usage of existing company-owned vehicles, access to administrator web portal, user app, and customer support center services

Hybrid Package

Combined usage of company-owned vehicles and eco-friendly new vehicles (EVs) from Wible Biz, access to vehicle management, administrator web portal, user app, customer support center, insurance and accident handling services



Wible Biz' application and manager's web screen



'Wible Biz' QR code(iOS)

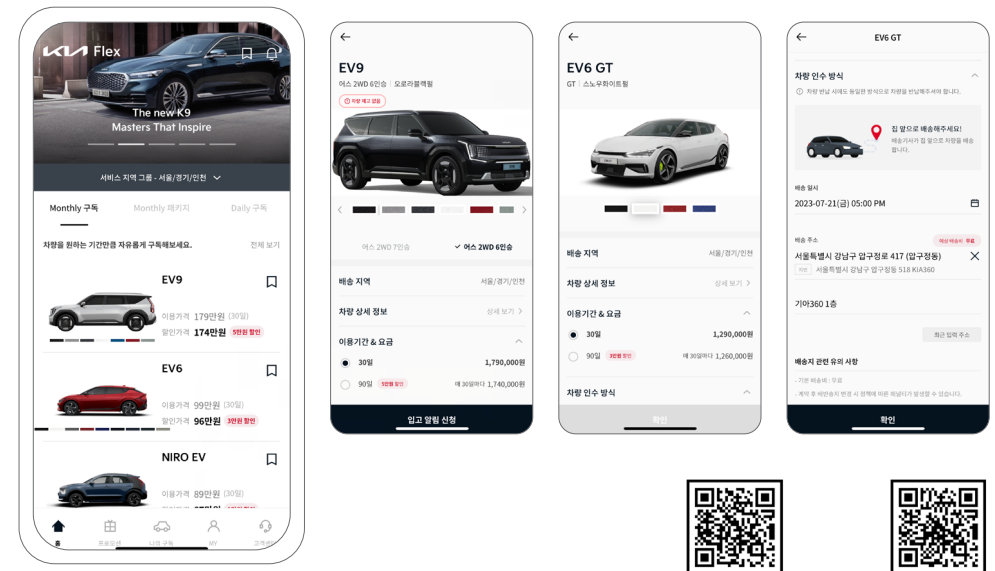


'Wible Biz' QR code(AOS)

Our Premium Car Subscription Service, Kia Flex

'Kia Flex' is Kia's premium car subscription service, allowing customers to experience fully-loaded premium lineup vehicles of Kia through a subscription model. Currently available in Seoul, Incheon, Gyeonggi, Busan, and Daejeon regions, the service also provides a delivery and pick-up service, delivering the vehicle to the customer's desired time and location.

With 'Kia Flex,' customers can sign up and make payments through the app, enabling immediate access to the service. Unlike traditional long-term car rentals, there are no fixed contracts, and customers can freely extend, renew, or terminate their subscription based on a 30-day period. As of July 2023, there are more than 20,000 registered members, with about 3,000 members having experienced the subscription service. We're expanding our operations by launching popular models like the EV9 and EV6 GT, and extending our services to more regions. Additionally, we're adding the 'Kia Flex' models that fall under the old types to the used car subscription service, giving our customers even more options.



Application screen of Kia Flex



Kia Flex QR code (iOS)



Kia Flex QR code (AOS)

Shareholder-friendly Management

Efforts to Support Shareholders' Rights

Kia recognizes shareholders as key stakeholders and partners in the company's operations, and implements various policies for them. Ensuring shareholders have opportunities to participate in corporate management and exercise their voting rights is fundamental to our shareholder policies. In 2020, we introduced electronic voting to increase direct shareholder participation and implemented a recommendation system for independent directors, reflecting the opinions of minority shareholders during director appointments.

Additionally, while the Korea Exchange made it mandatory to submit reports on corporate governance in 2019, we have voluntarily disclosed our governance reports even before 2019. In the 'Shareholders' section, which demonstrates how well a company ensures shareholders' participation in management and how promptly and transparently information is disclosed, we have consistently achieved a compliance rate of 100% for four consecutive years. We continue to make ongoing efforts to collaborate with shareholders in shaping the future of the company.

Compliance Status of Key Indicator 'Shareholders' in Corporate Governance

Key Indicators	2019	2020	2021	2022
Four weeks' notice of shareholders' meeting	●	●	●	●
Adoption of electronic voting	●	●	●	●
Holding shareholders' meeting on a date that avoids concentration with other companies' shareholders' meetings	●	●	●	●
Notifying shareholders of dividend policy and dividend implementation plan at least once a year	●	●	●	●

Enhancement of Shareholder-Friendly Policies

In 2023, Kia has set the dividend per share at KRW 3,500, representing a 16.7% increase compared to the previous year. We acknowledge the role of shareholders in achieving the company's record-high performance in 2022 and distribute profits to shareholders. Our dividend policy ranges from 20% to 35% based on net income. Furthermore, to enhance shareholder trust and value, we have decided to retire treasury shares in 2023. Following a medium- to long-term treasury stock repurchase program worth KRW 500 billion annually and up to a maximum of KRW 2.5 trillion over five years, we plan to retire 50% of the repurchased treasury shares. We aim to continuously contribute to enhancing shareholder value through the expansion of dividends based on improved profitability and the introduction of a medium- to long-term treasury stock repurchase and retirement program.

Key Policies for Shareholder Returns and Trends in Cash Returns

Continued expansion of dividends based on improved profitability
Introduction of long-term treasury stock repurchase and retirement program

Dividend
payout ratio

20~35%

Based on net income

Treasury
stock
repurchase

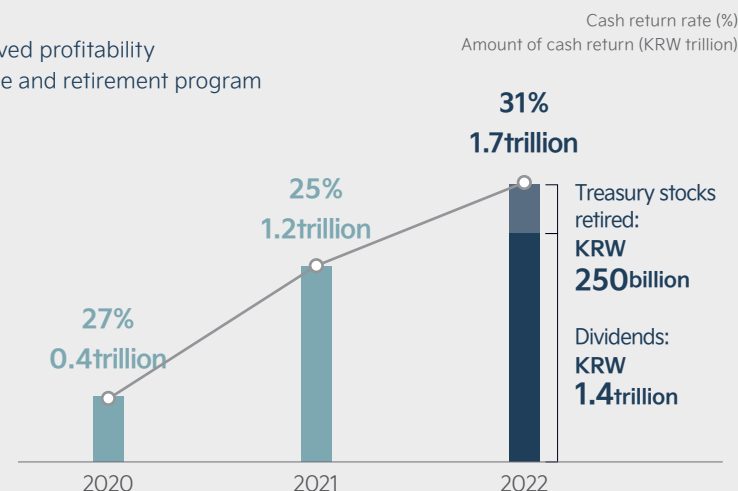
Long-term plan over **5 years**

Annual repurchase size:

KRW 500 billion

Minimum retirement ratio:

50%



Coexistence with Local Community

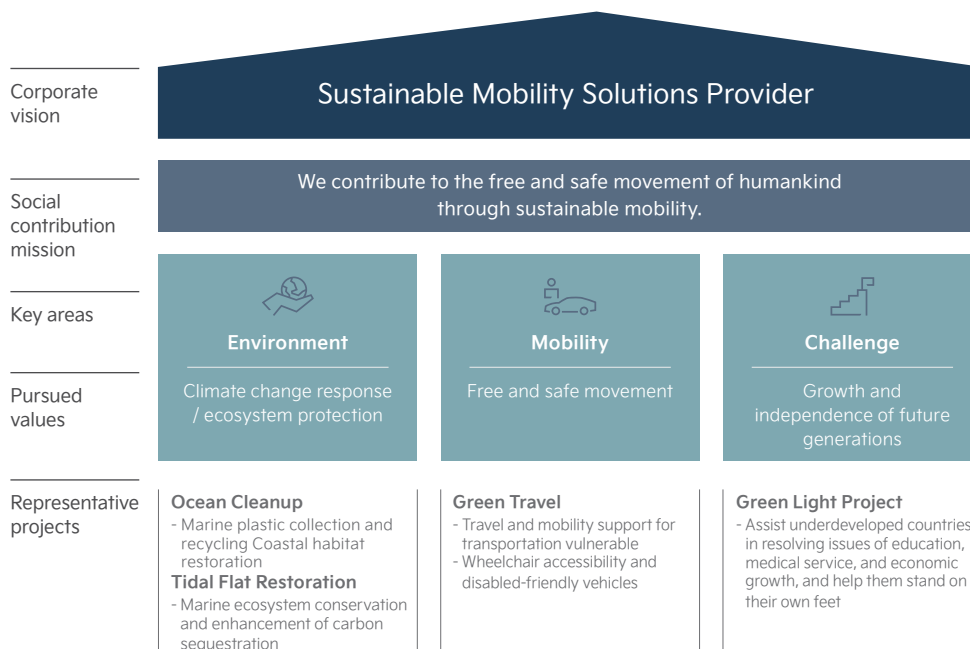
Establishing a Value System of Social Contribution to Enhance Sustainable Human Life

In addition to efforts to satisfy various stakeholders, Kia actively responds to social issues that affect humanity as a whole and strives to create a better society. Under the vision of being a 'Sustainable Mobility Solutions Provider,' we aim to contribute to a safer, freer, and more sustainable life for humanity through social contribution activities. We have established a value system of social contributions with a focus on three areas: 'Environment' for climate change response and ecosystem protection, 'Mobility' for free and safe movement, and 'Challenge' for the sustainable growth and independence of future generations. By minimizing negative impacts on the environment, mobility rights, and the sustainable growth of future generations, we fulfill our social responsibility as a global corporate citizen.

Our Value System of Social Contributions

Introduction Video for Kia Social Contribution

Social Contribution



Green Travel, Movement for Freedom of Travel for People with Disabilities

We all seek moments of inspiration to take a break from our tiresome routines and embark on journeys towards a better tomorrow. However, for individuals with physical disabilities or mobility challenges, traveling itself can be an additional hurdle. Believing that everyone has the right to move freely and safely, Kia has been supporting the travel of people with disabilities through its flagship social contribution program, 'Green Travel,' since 2012. As of December 2022, 'Green Travel' has provided assistance for disabled individuals to travel on 15,561 occasions, benefiting 75,264 people. When converted into travel days and vehicle kilometers, this amounts to 35,213 days and 4,693,037 kilometers, respectively. We offer specially modified Carnival vehicles that are disability-friendly, allowing individuals with disabilities to drive themselves and even accommodate wheelchairs. Additionally, the program provides drivers, traveling cost, and fuel support when needed.

Our program, 'Green Travel,' not only provides accessible transportation for individuals with disabilities, but also encourages them to share their travel stories and feedback. This way, we can foster a more inclusive and enjoyable travel culture for everyone. As we mark our 10th anniversary in 2022, we have a vision to make 'Green Travel' more than just a service, but a part of our customers' daily lives. We will offer customized short-distance trips for various occasions, such as weddings, childbirths, and job interviews, to help our customers achieve their goals and dreams. We will also continue to improve our service quality and safety. For example, we will replace the lift system with a slope system in our Carnival vehicles, making it easier and more comfortable for our customers to board and exit. We will also launch a mobile app that will streamline the booking and payment process, as well as provide useful information and tips for traveling with disabilities. Through these initiatives, we hope to create social value by enabling everyone to enjoy mobility without barriers.

Carnival with Easy Move System Used in the Green Travel

(as of December 2022)

Cumulative usage count

15,561 times

No. of users

75,264 individuals

Cumulative usage days

35,213 days

Cumulative vehicle distance traveled

4,693,037 km



Focus

Green Light Project, 10 Years of Records in Africa

Kia's social contribution mission is to contribute to a safe, free, and sustainable life for humanity. To fulfill this mission, Kia has been actively operating the Green Light Project (GLP), which supports the challenges, growth, and self-reliance of residents in underdeveloped countries. For 10 years, the GLP has provided long-term support for at least five years to 12 bases in nine countries worldwide, and ultimately transferred them to the respective governments to foster self-reliance.

We have focused on supporting opportunities for growth and community self-reliance among individuals facing limitations in the most marginalized and challenging regions of Africa. Since 2012, we have established 14 GLP centers, including primary, middle, and high schools, clinics, and vocational training schools, in eight African countries. These centers have formed parent and village committees, which operate the facilities and programs through

education and knowledge transfer. Through the GLP, a total of 925,654 individuals have gained opportunities for growth and self-reliance. Moreover, we have supported 25 mobile vehicles, including mobile clinics, mobile schools, and school buses. Through these initiatives, we have provided essential healthcare, education, and vocational training solutions to 763,321 residents in various underserved areas across Africa.

1. The data was compiled as of the fifth year per center (excluding additional support funds of KRW 507 million for Salima, Malawi; Lilongwe, Malawi; and Lideta, Ethiopia). It includes the support of collaborating NGOs and KOICA funding.
2. The total includes users and participants in education and training programs of GLP centers (hospitals, schools, vocational training, agricultural training, self-reliance centers) and mobility service (mobile schools, school buses, mobile repair service and crop transport vehicles). The data may vary between centers depending on the availability of data.

Operation of GLP Centers in Africa



Change in Africa: Spreading Driving Forces of Challenges, Growth, and Self-Reliance

Through the GLP, we have provided various opportunities and driving forces for a better life in regions of Africa where essential healthcare and education accessibility is significantly low, and self-reliance is limited. From December in 2022 to May in 2023, we conducted on-site surveys and interviews with 2,800 residents in Africa, in collaboration with an impact measurement specialist for the Lean Data and monetization. The findings revealed positive changes in the residents and local communities where GLP centers are operated, including improved health, dreams for the future, successful employment, and increased income.

The estimated social value created through the GLP project amounts to KRW 37.16 billion. This figure represents the increased social benefits and cost savings for the residents and local communities resulting from the establishment and operation of hospitals and schools and the provision of employment training in the respective regions of Africa. The impact creation multiplier (3.3 times) measured at each representative center by theme was applied to all projects to estimate the monetized value. It signifies that for every KRW 100 million invested in GLP projects in Africa, approximately KRW 330 million worth of social value was generated.

Highlights of Green Light Project in Africa over 10 years

Total fund for GLP for 10 years¹

KRW 14.35 billion

Beneficiary countries of GLP in Africa

11 project locations in 8 countries

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

No. of essential healthcare, education, and vocational training facilities established and operated by GLP

14

People benefited from GLP (beneficiaries and users)

925,654 persons²

Highlights of GLP Mobility Impact

Mobility solutions provided by GLP

25 units

(mobile schools, mobile clinics, school buses, mobile libraries, etc.)

Reduced travel time thanks to Kia's mobility solutions for medical treatment and school attendance

795,255 hours

(approximately 91 years)

People who received education, treatment, training, and support for self-reliance through Kia's mobility solutions

763,321 persons

Cost savings in transportation for medical treatment and school attendance

KRW 604.36 million

Equivalent to the amount of providing school meals for 9,625 African children for one year

GLP Social Impact Highlights

Input

Contributions

Project investment cost KRW **14.35** billion



※ Kia KRW 11.1 billion, KOICA / NGO KRW 3.25 billion

Human Resources

Kia Employees Together with GLP

Green Light Global Volunteer Group

No. of participated employees:
164 people

Total volunteer hours:
1,454 hours



Partnership

People who created GLP

7 organizations including KOICA and global NGOs



Green Light Project



Achievement

Region

8 countries and **11** villages in Africa



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

Infrastructure

No. of facilities established by GLP such as education, medical, and vocational

training centers: **14**

No. of vehicles supported by GLP: **25**



Beneficiaries

No. of people supported by GLP:

925,654

The most vulnerable local communities, children, and youth



Achievement

Social impact created over 10 Years

approx. KRW **37.16** billion

The Impact Multiple of Money metric was used to assess the monetary value of Kia GLP's 5 representative African facilities. This methodology was then applied to the total invested project cost (excluding indirect costs) to estimate the amount of social impact.

$$\text{KRW } 11.26 \text{ billion} \times 3.3 = \text{KRW } 37.16 \text{ billion}$$

Total project investment cost
(excluding indirect costs)

Kia GLP's Impact Multiple
of Money

Estimated amount of social
impact

GLP Performance Highlights by Theme

				
Purpose	Providing opportunities for learning and self-realization to children in challenging environments.	Saving the lives of local residents and supporting the to lead a healthy life	Empowering youth in impoverished and vulnerable area for their self-reliance	Increasing household income and reducing poverty rate of farming villages
Support hubs	Nakasangwe, Tanzania / Bagamoyo, Tanzania / Lilongwe, Malawi / Zavala, Mozambique / Gondar, Ethiopia	Salima, Malawi Mayuge, Uganda Fanteakwa, Ghana	Lideta, Ethiopia Dandora, Kenya	Gahengeri, Rwanda
Representative hubs	Lilongwe, Malawi	Mayuge, Uganda	Lideta, Ethiopia	Gahengeri, Rwanda
Created value	Injected amount KRW 1.1 billion Establishing the GLP Hope Secondary School in Lilongwe, Malawi Operating mobile school (library) program Building a grain mill for milling business Social impact KRW 7.39 billion 6.7times ↑ ☑ Increase in expected income for secondary school graduates: KRW 5.71 billion ☑ Increase in Income for teachers / staff: KRW 180 million ☑ Saved school fees of GLP school students: KRW 170 million	Injected amount KRW 830 million Establishing the GLP Health Center IV in Mayuge, Uganda Operating mobile clinic and library Supporting businesses for passionfruit, poultry, and hog farms, as well as Village Savings and Loan Association (VSLA) program. Social impact KRW 2.25 billion 2.7times ↑ ☑ Savings in medical expenses: KRW 155 million ☑ Cost savings in hospital visits: KRW 400 million ☑ Time saved in hospital visits: 305,772 hours	Injected amount KRW 1.87 billion Establishing a Technical and Vocation Education Training (TVET) School in Lideta, Ethiopia Operating mobile clinic and library Social impact KRW 5.68 billion 3.1times ↑ ☑ 97.4% rate of automobile maintenance certification acquisition ☑ 83% employment rate for graduates ☑ Estimated and expected income related to employment and start-ups: KRW 2.09 billion	Injected amount KRW 940 million Establishing an agricultural training center in Gahengeri, Rwanda Operating Mobile Farming School (MFS) program Supporting the corn distribution business of CODAEGA cooperative to increase income Social impact KRW 1.19 billion 1.3times ↑ ☑ Increase in the volume of agricultural products by 200% ☑ Decrease in corn processing loss rate by 27.8% ☑ Cultivation of 20 local agricultural experts
Changes brought by GLP	GLP schools have achieved a remarkable graduation rate of 97%, and 91% of the children have expressed their aspirations for the future. The local community has also shown a high level of involvement in GLP school operations, with 90% of the parents participating actively. This contributes to a sustainable educational environment that benefits not only the students but also the society at large.	A safe and clean healthcare infrastructure has enhanced the quality of medical services, according to 96% of the residents surveyed. Moreover, 95% of the users responded that GLP has enabled their children to enjoy a healthy lifestyle and access educational opportunities.	The acquisition rate for automobile maintenance technical certification among vocational training center graduates reaches 100%. Additionally, 9 out of 10 graduates responded that they gained confidence to 'achieve anything they wish,' indicating a notable improvement in the sense of self-reliance among young individuals through GLP initiatives.	GLP agricultural training centers have improved the living conditions of all the participants, as 100% of them reported a substantial rise in their income and quality of life. Moreover, 88% of the graduates from GLP agricultural training centers indicated that they have gained the knowledge and skills required for self-reliance, showing increased capacity of disadvantaged communities for self-sufficiency.

Governance

Transparent & Trustworthy Transparent and Credible Governance

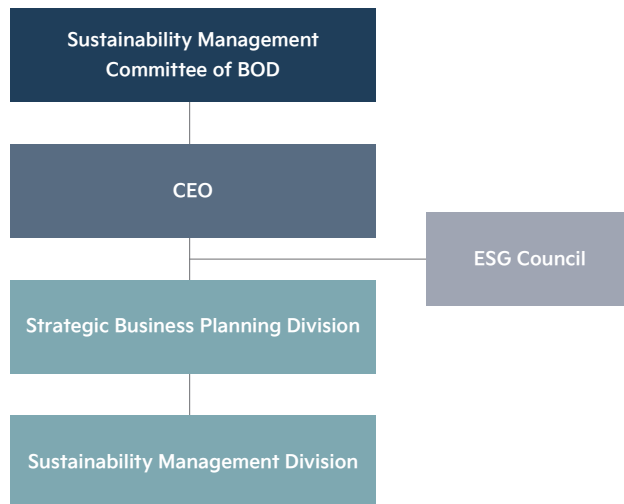
To maintain a robust and trustworthy relationship with all stakeholders requires sound governance built upon ESG-oriented decision-making and proper board operations. In this regard, Kia has established a dedicated organization with an aim of enhancing ESG governance, incorporated ESG indicators within the Key Performance Indicators (KPIs), and built an ESG data platform to consistently strengthen decision-making process focusing on ESG factors. We are also leading the way in advancing the board-driven governance with its Sustainability Management Committee included.

Integrating ESG into Business Decisions

ESG Governance

To ensure effective ESG management, a strong ESG perspective should be ingrained from the decision-making stage. Kia is reinforcing ESG integration in the decision-making process, overseen by the Sustainability Management Committee, which is an integral part of the Board, while closely monitoring ESG issues. Additionally, a dedicated sustainability management organization has been elevated to a division from a team, aiming to implement improvement tasks across all business sectors based on the newly established medium- to long-term ESG strategy. The progress is monitored through discussions within the council.

Kia ESG Governance



Utilizing KPIs for Enhanced ESG-driven Decision-Making

We are integrating ESG factors into the performance evaluation of top management, and each division and business unit to drive business operations and decision-making from a sustainable management perspective. Specifically, in 2023, we have included 'Establishment of ESG Framework' as part of the KPI objectives and expanded its application to the overseas sector for the first time, encouraging the promotion of ESG-oriented business initiatives throughout the entire organization.

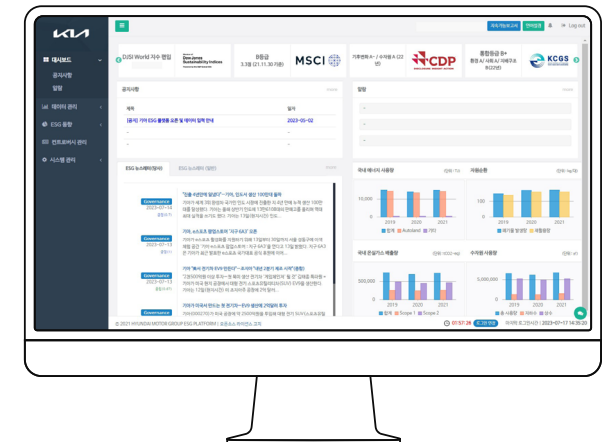
Achievements in Utilizing KPIs for Enhanced ESG-oriented Decision-Making



Establishment of ESG Data Platform

Systematic data management is crucial to make decisions in consideration of ESG factors. In response to the increasing demand for ESG information disclosure and the growing need to manage non-financial information across various business sites in compliance with global standards, we have developed a data platform to effectively manage company-wide ESG data. Leveraging this platform, we integrate diverse ESG performance metrics, enabling accurate information disclosure and comprehensive responses to global regulations and external evaluations. Additionally, real-time monitoring of ESG status in each division allows for proactive risk prevention. We will continue to enhance the ESG data platform to provide accurate information to stakeholders. Furthermore, this versatile platform will be utilized across various aspects of our business in the future.

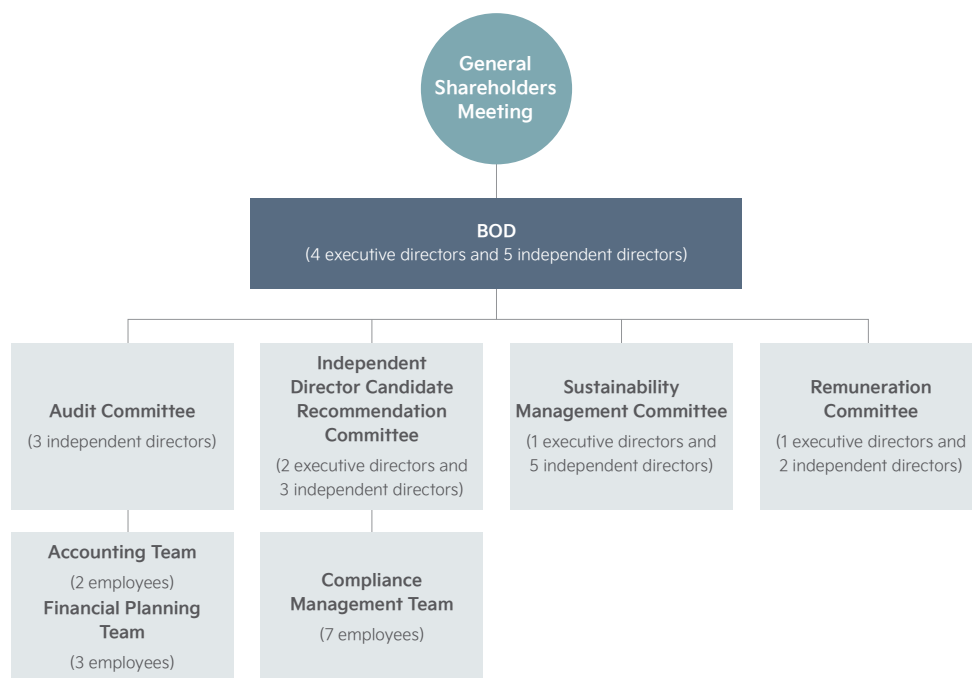
Kia ESG data platform



Board-centered Management

At Kia, the BOD serves as the highest decision-making body, representing a wide range of stakeholders, including shareholders, customers, employees, and suppliers. The BOD is responsible for overseeing and approving critical management issues within the company. Given its crucial role in decision-making, we place great emphasis on ensuring that the BOD consists of independent and highly qualified members with diverse perspectives. More than half of the BOD members are independent directors, and we strictly prohibit directors from concurrent positions without prior approval. Additionally, in cases of conflicts of interest, affected parties' voting rights are restricted. The BOD is composed of experts from various fields, covering areas such as fair trade, future governance, and business strategy. We conduct annual evaluations of directors. Furthermore, we are dedicated to promoting diversity on Board in terms of gender, race, nationality, religion etc.

Organizational Chart of the Board



Commitment to Secure Independence, Expertise and Diversity of the Board

Independence	Expertise	Diversity
Independent directors account for more than half of the board	Covering areas such as fair trade, future governance, business strategy, accounting and mechanical engineering	Promoting board diversity by taking into account various aspects of background such as gender, race, and nationality
Prohibition of concurrent positions without prior approval	Conducting annual evaluations of independent directors	
Restricting voting rights of affected parties in cases of conflicts of interest		

Agenda Items of Sustainability Management Committee in 2022

Social	Anti-corruption	Implementation status of Employee Code of Ethics, operation of compliance program, and legal compliance support activities
	Safety and health	Safety and health plans
	Local community	Annual, semi-annual, and quarterly social contribution activities and donation status related to business
General / governance (economy)	ESG management plans	Appointing the chair of Sustainability Management Committee, and 2022 ESG management plans
	Non-financial risks	Approving transactions between directors and the company
	Shareholder rights	Appointing a member in charge of the protection of shareholder rights

Sustainable Future Story

Kia envisions a sustainable future with enhanced technologies and expedited diversification and innovation of its businesses. We are reinforcing our future growth engines by establishing concrete new business plans in multifarious ways. Our plans include technology development and corporate investment acquisition, with an emphasis on major future-oriented businesses, including autonomous driving, purpose-based mobility (PBV), advanced air mobility (AAM), and robotics.

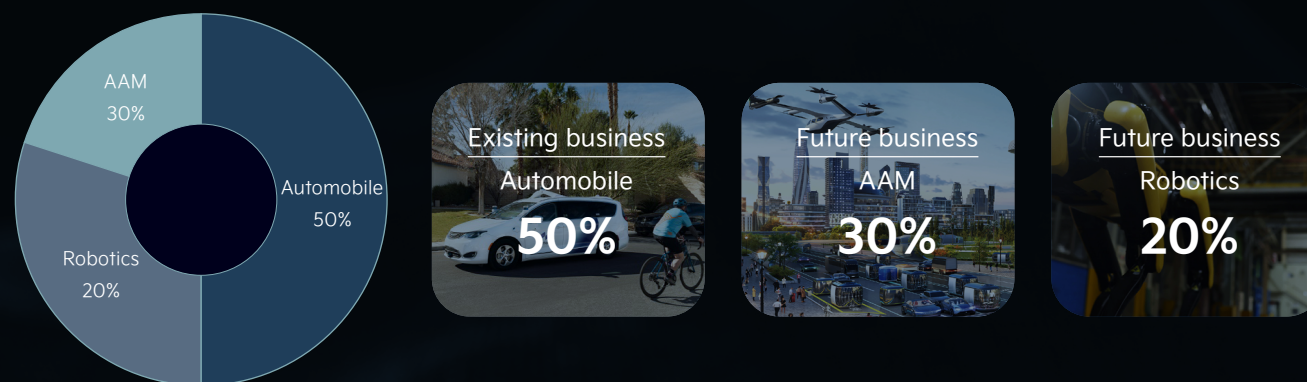
- 47 Future Mobility Technology Innovation for Sustainable Kia
- 48 Robotics, Key to Unlock Infinite Possibilities of Future Mobility
- 49 Advanced Air Mobility Connecting Cities and All Regions, AAM
- 50 Autonomous Driving Technology Conducive to Convenience and Safe Driving

Future Mobility Technology Innovation

In 2022, we set our objective to achieve a 50% share of sales from existing and future businesses, respectively, through the '2040 core business' that we designated as the future business engine. The '2040 core business' encompasses robotics and advanced air mobility (AAM), and we plan to invest approximately KRW 28 trillion in related fields by 2026 to achieve the target.

More specifically, we are striving to achieve business innovation by increasing the proportion of robotics and AAM to 20% and 30%, respectively. For this purpose, we are cooperating with specialized companies, such as Boston Dynamics and Supernal. We are also persistently endeavoring to develop technologies in the field of autonomous driving and PBV that can enhance the future sustainability of our existing businesses.

2040 Hyundai Motor Group (HMG)'s 3 Core Businesses and Sales Ratio¹



Major Strategic Investment in Companies and Share Ratio for HMG's 3 Core Businesses

Companies We Invested / Business Area		HMG	Kia
	Boston Dynamics / robotics	83%	16% ²
	Supernal / AAM	100%	22%
	Motional / autonomous driving	50%	14%

1. Mix of sales with 50% existing business and 50% future business

2. HMG Global LLC indirect investment ratio

Robotics

Robots are becoming more widely used in all parts of society, and the demand is projected to grow steadily. Especially, industrial robots, which are applied in various fields, have limitless potential and scope, from creating safer workplaces to innovative smart logistics. In 2021, Hyundai Motor Group acquired Boston Dynamics, a company specializing in robot, thereby securing a growth engine for the robotics business for innovation in the mobility industry.

After securing a supply contract worth KRW 18 billion with DHL in 2022, we delivered the commercialized version of the logistics robot 'Stretch' for the first time in February 2023. We also facilitated the use of our factory safety service robot, 'Spot' in industrial sites domestically and internationally. We plan to explore new business opportunities, such as robotics logistics packages and last-mile unmanned delivery services by connecting PBV, manufacturing, and production capabilities acquired through the existing automobile business.

Boston Dynamics Key Achievements in 2022

- **Concluded a supply contract worth KRW 18 billion with DHL** (January 2022)
 - Became the first to supply the commercialized version of the logistics robot 'Stretch' to DHL (February 2023)
- **Spot, its use is now being expanded to a wider range of industrial settings in various countries**
 - Vehicle manufacturing sites in Korea, archaeological excavation sites in Italy, and fire scenes in the United States, etc.

Kia x BostonDynamics



Four-legged robot application
diversified

2022

Factory safety service robot, 'Spot'

Logistics robot mass produced

2023

Logistics robot, Stretch

Advanced Air Mobility(AAM)

AAM¹ is a concept that combines UAM² and RAM³ to make air travel a universal mode of transportation for people . In 2021, we began working with Supernal, a corporation established by Hyundai Motor Group, to develop airframes and establish an AAM ecosystem with a top-tier expert group. This led to the signing of an MOU with the city of Miami in the United States in 2022 to develop policies. We also unveiled a prototype of a vertiport, an infrastructure for taking off and landing, and participated in the Farnborough International Airshow. In 2024, we plan to conduct test flights of our Tech Demo⁴ to assess its technological feasibility and begin mass production of airframes for our eVTOL⁵, one of our main products, in 2028. In the years to come, Kia will continue to explore new business opportunities such as multi-modal services connecting ground transportation to cities and vertiport-connected mobility hub businesses.

1. Advanced Air Mobility

2. Urban Air Mobility

3. Regional Air Mobility

4. Airframe to be tested to assess technological feasibility

5. Electric Vertical Take-Off and Landing

Supernal Key Achievements in 2022

- Signed an MOU with the city of Miami in the United States to develop policies (March 2022)
- Unveiled a prototype of a vertiport in partnership with UAP (April 2022)
- Announced our partnership with Supernal and its vision in the Farnborough International Airshow (July 2022)

Kia x Supernal



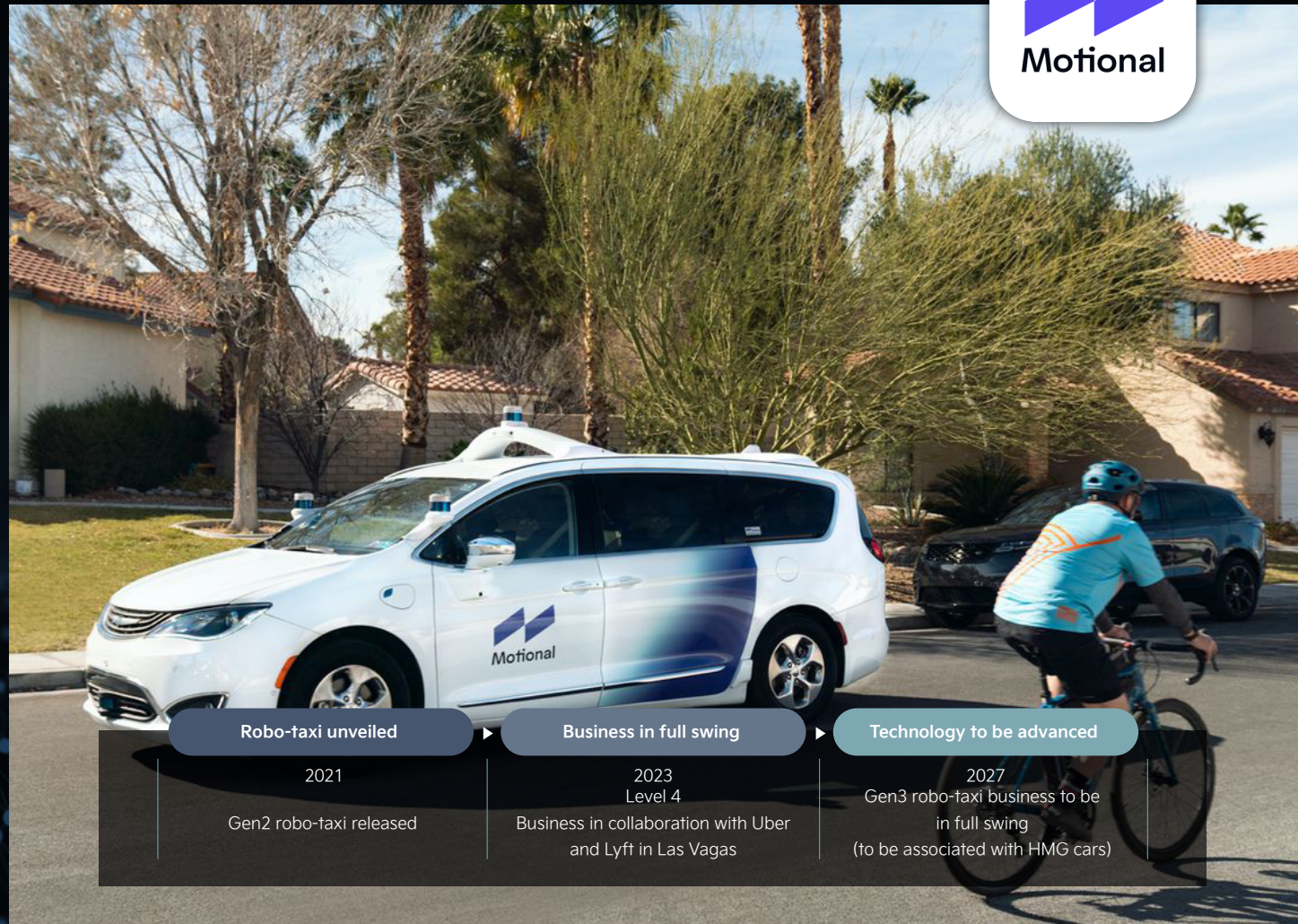
Autonomous Driving Technology

The automobile industry serves as a foundation for companies, and Kia is committed to shaping the future of mobility through intensive investment and technology development. Starting in 2026, we plan to apply automated driving technologies to all our new vehicles. To accelerate our autonomous driving technology business, a key component of future mobility, we have been working with Motional, a joint venture co-founded by Hyundai Motor Company and Aptiv, a US-based company specializing in self-driving. Together, we are developing self-driving vehicles and related business models. In 2021, Motional announced its second-generation robo-taxi and launched its business in major cities in the United States. In 2023, it aims to launch its level 4 autonomous driving business in Las Vegas. In November 2022, it operated a self-driving car-hailing trial service called 'RoboRide' in Gangnam, Seoul, in partnership with Kakao Mobility.

Motional Key Achievements in 2022

- Cooperated with Uber Eats, PoC in Santa Monica, California (May 2022)
- Launched robo-taxi services in Las Vegas (August 2022) and Los Angeles (November 2022) in partnership with Lyft
- Entered into a 10-year partnership with Uber on self-driving robo-taxis (October 2022)

Kia x Motional



Robo-taxi unveiled

2021

Gen2 robo-taxi released

Business in full swing

2023
Level 4

Business in collaboration with Uber and Lyft in Las Vegas

Technology to be advanced

2027

Gen3 robo-taxi business to be in full swing (to be associated with HMG cars)

ESG Fact Book

52 Environmental

72 Social

103 Governance

Environmental

53	Environmental Management
55	Action on Climate Change
64	Resource Consumption and Circulation
67	Eco-friendly Business Sites
71	Natural Capital Protection

Environmental Management

Strategic Direction

Environmental Management

Environmental Management Policy

With the goal of achieving environmentally friendly management that meets global standards, we have established our environmental policy based on ISO 14001 (environmental management system). We regularly revise this policy to reflect global initiatives and regulations.

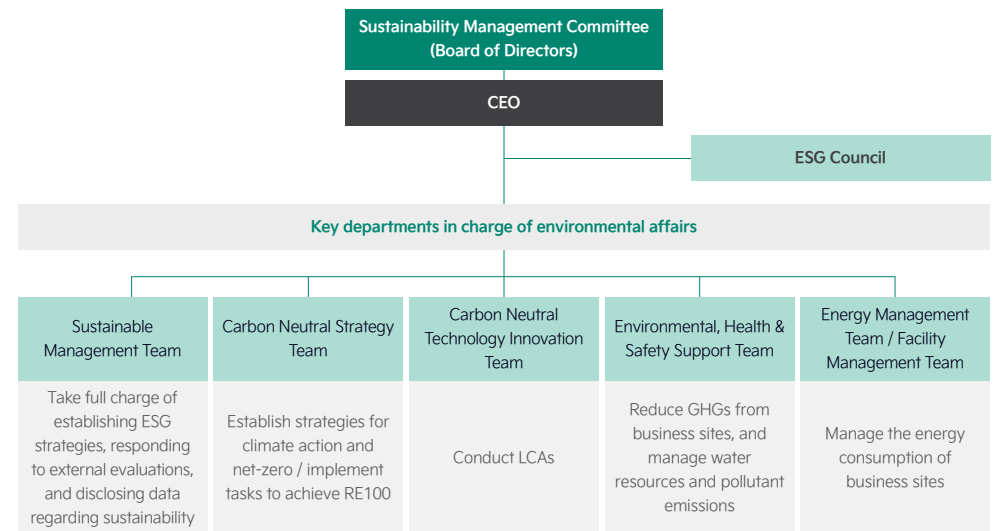
Environmental Management Policy

Kia Environmental Management Policy					
Environmental management guidelines	① It shall recognize the environment as key to corporate success, creates corporate values through proactive eco-friendly management, and fulfills its corporate social responsibility. ② It shall set out implementable targets to respond to climate change and evaluate their implementation performance. ③ It shall make efforts to use resources and energy sustainably and reduce pollutants throughout the lifecycle of the development, production, sale, and discarding. ④ It shall actively support suppliers' environmental management activities and establish and implement criteria necessary for an eco-friendly supply chain policy. ⑤ It shall comply with domestic and international environmental laws and conventions and establish and implement necessary policies to promote environmental management. ⑥ It shall protect bio-diversity and draft a policy to preserve the natural environment. ⑦ It shall disclose its environmental management performance to corporate members and stakeholders per reasonable and objective criteria.				
Main principles by environmental element	Raw and subsidiary materials	Efficiency use of raw and subsidiary materials Re-use of production waste Inspection on raw and subsidiary material production site	Waste	Tracking waste disposal Improving waste recycling Waste recycling	
	Energy	Energy conservation Introduction of renewable energy Operation of an Energy Management System	Waste product	Provision of waste product recovery information Collection of waste products Recycling of waste products	
	Water	Water recycling Water Storage Inspection of potable water	Pollutants	Air pollutants Water pollutants Soil contaminants	
	GHGs	Reduction of business sites The Supply chain reduction Reduction of products and services	Hazardous Materials	Hazardous Materials	
			The local community	The local community	
Scope	This environmental management policy applies to all Kia operations across the world, and companies and business units under its control.				
	Supply chain	Production and Business sites	Distribution network	Products and services	Sales and marketing
	Recovery and Recycling		M&A	Others (new businesses and project investments, etc.)	

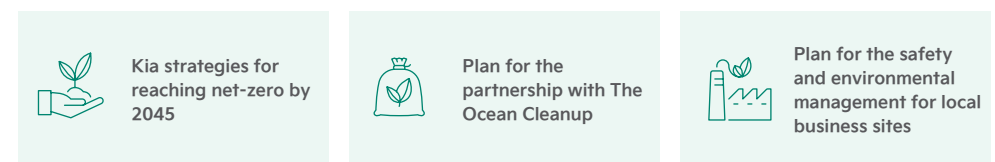
Governance

Our Environmental, Health & Safety Support Team is responsible for managing all local and overseas business sites, while our Carbon Neutral Strategy Team focuses on addressing climate change and implementing carbon-neutral strategies. These teams play a central role in our environmental management efforts. The Sustainability Management Committee, which reports to the board, oversees risk management and performance improvement activities related to environmental management. Additionally, our ESG Council, made up of both working-level employees and executives, monitors progress and manages performance.

Organizational Structure



Environmental Agenda Items Reported to the Board



Environmental Management

Assessment

Environmental Management System Certification

Kia has developed and implemented an environmental management system in accordance with ISO standards. As of 2023, all of our domestic and overseas business sites have achieved ISO 14001 certification for their environmental management systems.

Category	Production business site	Certified
Domestic	Autoland Gwangmyeong, Autoland Hwaseong, Autoland Gwangju	✓
Overseas	KaGA (USA), KaSK (Slovakia), KMX (Mexico), KCN (China), KIN(India)	✓

GHG Emission Assurance

All of our domestic and overseas business sites undergo third-party verification of their Scope 1 and 2 emissions. Following the declaration of our goal of reaching carbon neutrality by 2045, we have enhanced our management system for Scope 3 emissions. We have completed verification by specialized verifiers of emissions from 10 key categories, including supply, use, and disposal. In the future, we will strengthen our management of areas that have not yet been verified.

Category	Verified
Scope 1	✓
Scope 2	✓
Scope 3	
Purchased Goods and Services	✓
Capital goods investment and purchase	✓
Fuel- and energy-related activities not included in Scope 1 & 2	✓
Waste generated in operations	✓
Business travel	✓
Employee commuting	✓
Transportation and distribution	✓
Use of sold products	✓
Processing of sold products	✓
Investment	✓

Performance

Environmental Investment

Kia develops annual plans to prevent environmental issues and address climate risks, as well as plans for environmental investment.

Category	Unit	Amount
Electrification R&D (BEV/FCEV)	KRW 100 million	9,484
Hydrogen energy	KRW 100 million	224
Investments in environmental facilities of business sites	KRW 100 million	79
Total	KRW 100 million	9,787

Environmental Education

Kia offers a range of job-specific environmental education programs for all of its employees.

Education course	Subject to education	No. of employees educated	Date	Purpose
Basic course for safety environment	New hires in the safety environment division	41	Nov. 2022	Help employees responsible for ensuring safety environment do their job smoothly
Regular safety and health education	All employees	26,944	Apr. 2022 / Oct. 2022	Educate on the safe management of chemical substances (hazardous chemicals, MSDS), and raise safe awareness among employees in charge
Smart factory	Safety environment	20	Oct. 2022	Train on safety environment affairs and risk management, and provide key trends of technologies regarding safety environment
	Energy (1st round)	21	Jul. 2022	Help employees better understand carbon neutrality, RE100, ESG concept, Kia's goals and directions, energy data usage and analysis, and measures to efficiently use process energy
	Energy (2nd round)	16	Jul. 2022	Help employees better understand carbon neutrality, RE100, ESG concept, Kia's goals and directions, energy data usage and analysis, and measures to efficiently use process energy

Action on Climate Change

Carbon Neutrality

Strategic Direction

Kia 2045 Carbon Neutrality Declaration

Our goal is to mitigate our carbon emissions by 97% compared to the level of 2019 by 2045. As for the remaining amount, we will come up with offset measures, thereby reaching net-zero emissions in all stages from supply and manufacturing to logistics, use, and disposal.

Sustainable Energy

Higher energy efficiency,
conversion to renewable energy

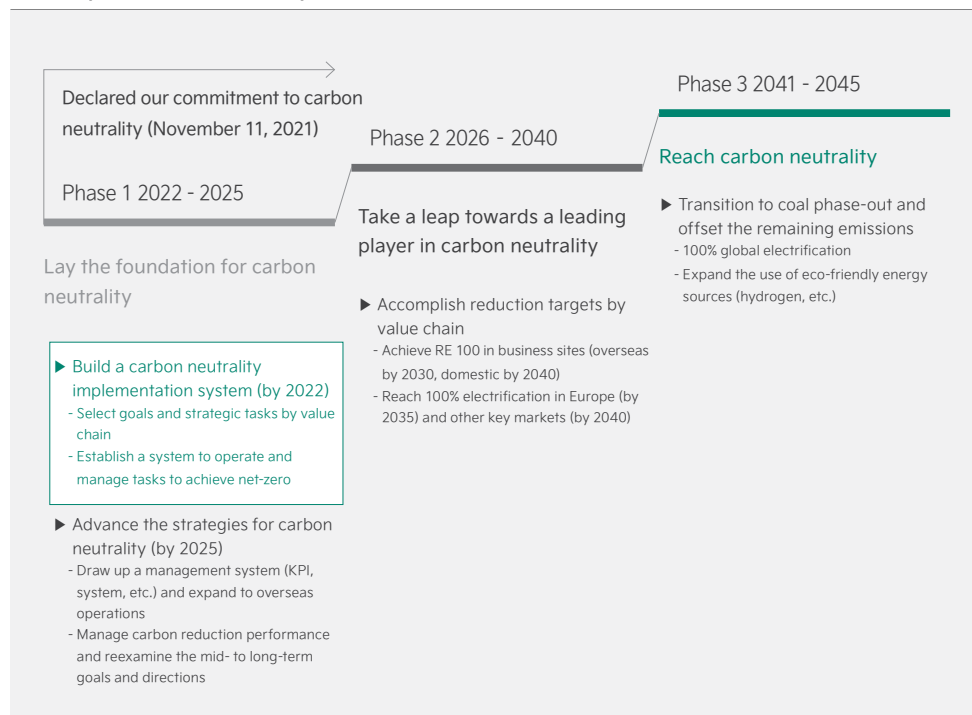
Sustainable Mobility

Development of green products and
wider distribution of them, encouraging
carbon mitigation within supply chain

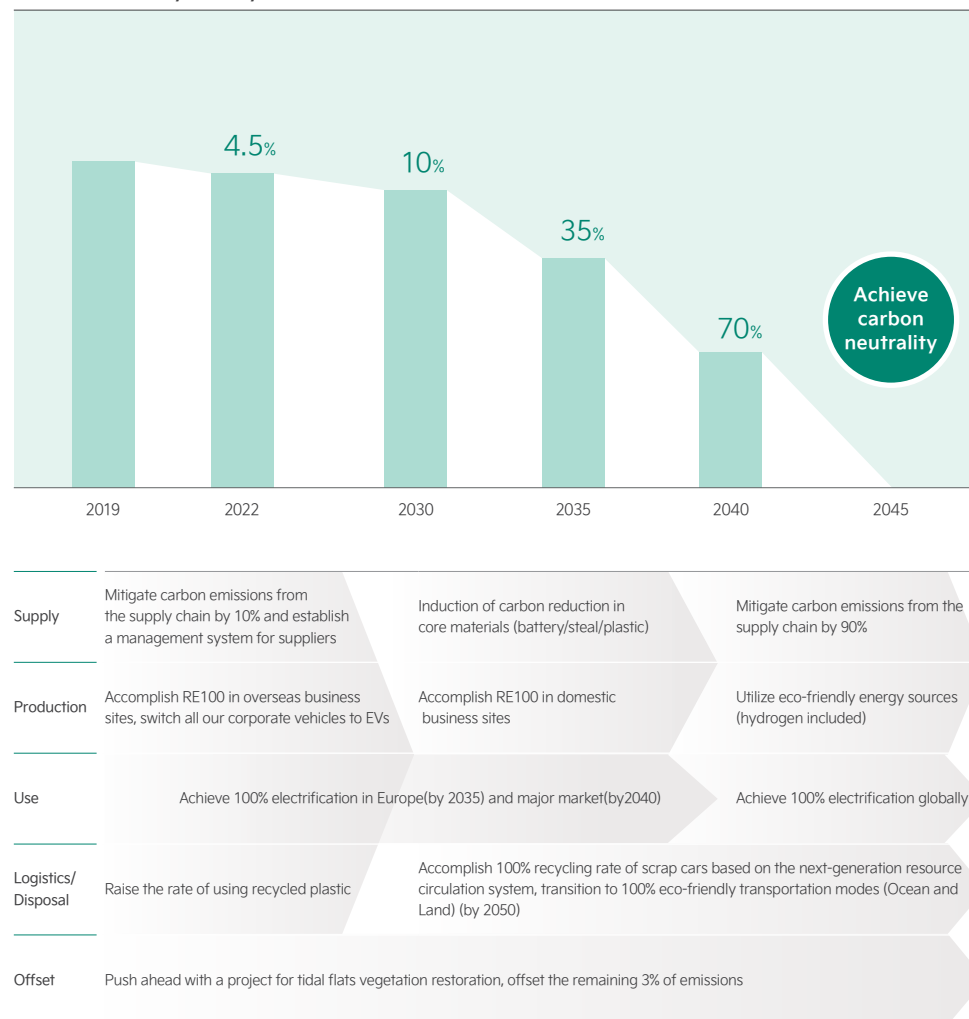
Sustainable Planet

Establishment of a recycling
virtuous circulation system

Roadmap for Carbon Neutrality



Carbon Neutrality Plan by Value Chain



Action on Climate Change

Carbon Neutrality

Target

Phased Targets for Achieving Carbon Neutrality by 2045



GHG Emission Targets (Scope 1 & 2)

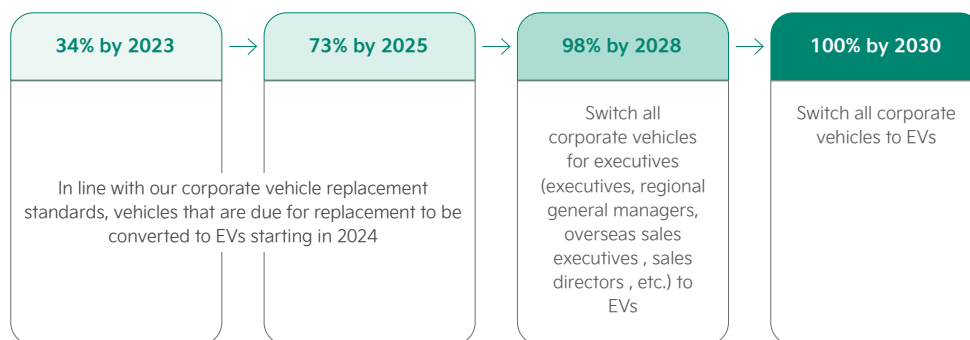
Kia has set a target to reduce its GHG emissions by 1% compared to the average emission intensity of the past three years.

	Unit	Target (2022)	Performance (2022)	Target (2023)
GHG emission intensity ¹	tCO ₂ eq/KRW 100 million	2.00	1.58	1.77

1. Data Coverage: Domestic, GHG emission intensity of base year (2020): 2.03

Goal to Transition All Corporate Vehicles to EVs

Starting with the vehicles that need to be replaced, we will gradually transition to 100% EVs by 2030.



Performance

GHG Emissions (Scope 1 & 2)

	Unit	2020	2021	2022
Total emissions (Scope 1 & 2)	Thousand tCO ₂ eq	1,144.8	1,139.1	1,166.8
Direct emissions (Scope 1)	Thousand tCO ₂ eq	359.0	365.2	379.9
- Domestic	Thousand tCO ₂ eq	245.4	260.5	266.0
- Overseas	Thousand tCO ₂ eq	113.6	104.7	113.9
Indirect emissions (Scope 2)	Thousand tCO ₂ eq	785.8	774.0	786.9
- Domestic	Thousand tCO ₂ eq	452.5	470.2	467.3
- Overseas	Thousand tCO ₂ eq	333.3	303.8	319.6

GHG Emissions (Scope 3)²

	Unit	2022
Total emissions (Scope 3)	tCO ₂ eq	72,975,453
- Purchased Goods and Services	tCO ₂ eq	13,736,281
- Capital goods investment and purchase	tCO ₂ eq	2,545
- Fuel- and energy-related activities not included in Scope 1 & 2	tCO ₂ eq	99,271
- Waste generated in operations	tCO ₂ eq	30,796
- Business travel	tCO ₂ eq	5,135
- Employee commuting	tCO ₂ eq	277,552
- Transportation and distribution	tCO ₂ eq	1,153,600
- Use of sold products	tCO ₂ eq	57,389,971
- Processing of sold products	tCO ₂ eq	188,991
- Investment	tCO ₂ eq	91,313

2. Based on CDP(Carbon Disclosure Project) submission

Action on Climate Change

RE100 Implementation

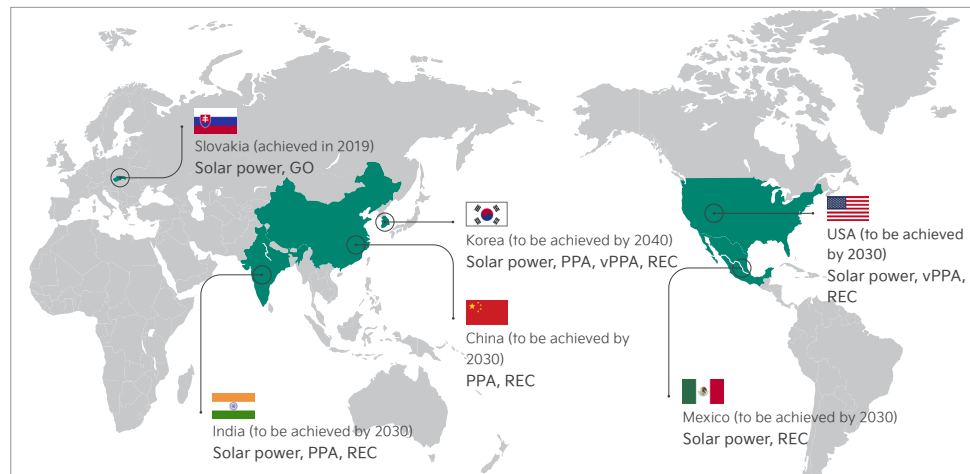
Strategic Direction

Joining RE100 (Renewable Energy 100) in April 2022

To meet our RE100 target, Kia aims to power all of its production facilities with renewable energy sources by 2040. To achieve this goal, we are implementing a range of strategies, including energy efficiency, self-power generation using solar energy sources, and renewable energy power purchase agreements (PPAs).



RE100 Portfolio Covering All Business Sites



* PPA: Power Purchase Agreement

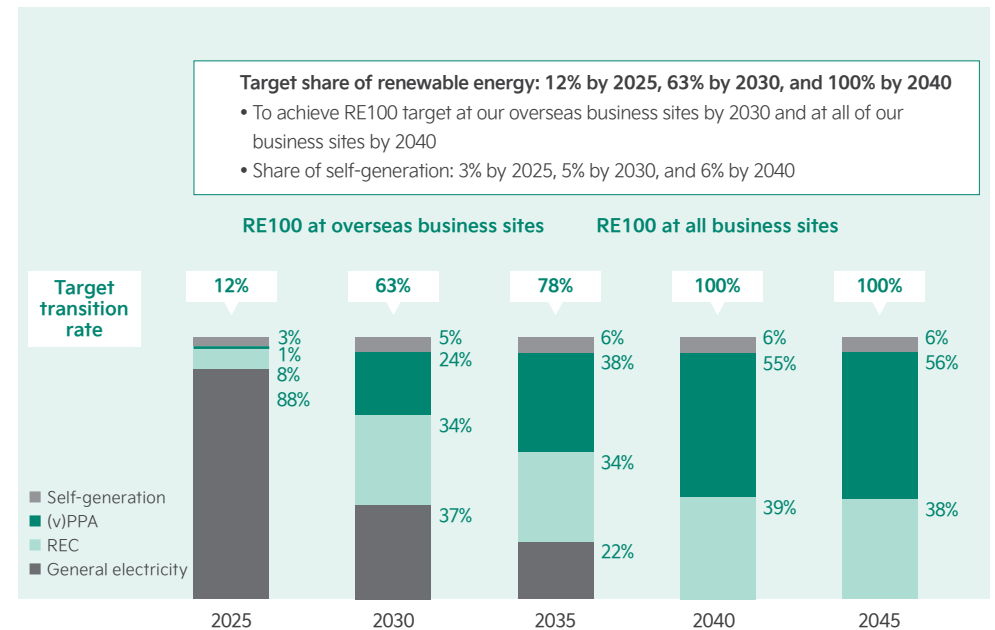
vPPA: Virtual Power Purchase Agreement

REC: Renewable Energy Certificate that verifies that a company generates electricity using renewable energy sources

GO: Guarantee of Origin

Target

Measures to Achieve Our RE100 Target



Target Energy Consumption

Kia has set a goal of mitigating its energy use by 1% compared to the average energy consumption intensity of the past three years.

	Unit	Target (2022)	Performance (2022)	Target (2023)
Energy consumption intensity ¹	MWh / KRW 100 million	6.61	5.32	5.90

1. Data Coverage : Domestic

Action on Climate Change

RE100 Implementation

Performance

GHG / Energy Monitoring System

Kia has implemented a Global Energy - Greenhouse gas Management System (GEMS) that monitors energy consumption in real-time across its entire organization, including local and overseas Autolands and headquarters. This is the first of its kind in the auto industry. Additionally, Kia has established a K-CUBE¹ system that enables all departments to introduce high-efficiency energy equipment, optimize production, and register and manage energy-saving initiatives we discovered.

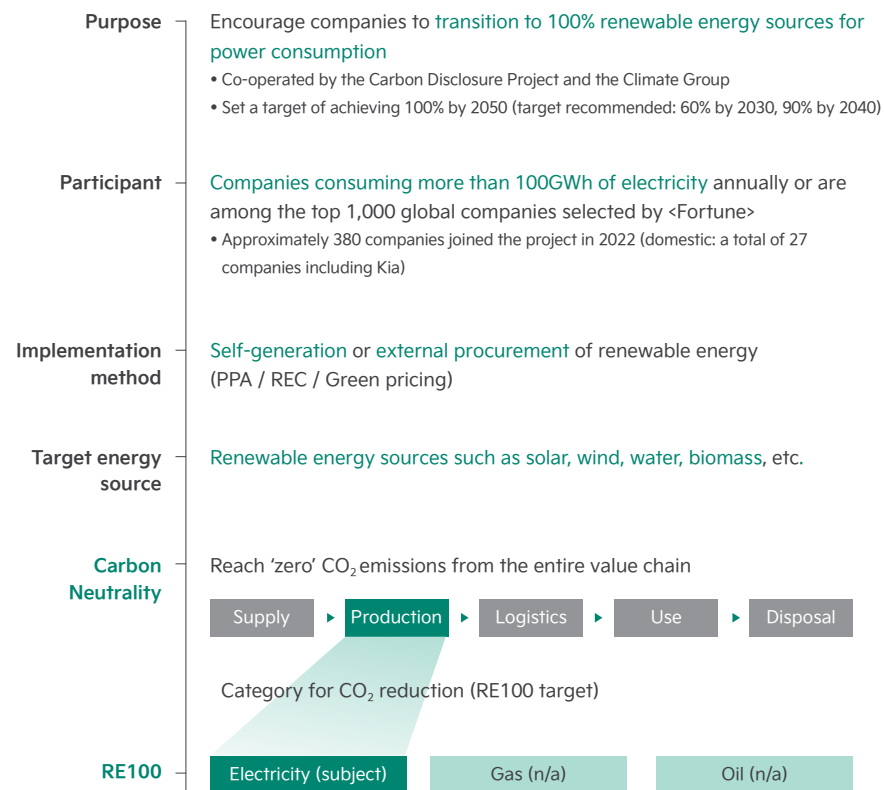
Energy

		Unit	2020	2021	2022
Total energy consumption (general + renewable)	Total	MWh	3,535,198	3,725,562	3,794,321
	- Domestic	MWh	2,297,398	2,443,496	2,467,621
	- Overseas	MWh	1,237,800	1,282,066	1,326,700
	Total	TJ	18,550	19,552	19,763
	- Domestic	TJ	14,093	14,936	14,987
	- Overseas	TJ	4,457	4,616	4,776
General energy consumption (Nonrenewable energy consumption)	Total consumption	MWh	3,418,669	3,585,908	3,652,972
	Total consumption	TJ	18,130	19,049	19,254
	Domestic	TJ	14,093	14,936	14,987
	- Fuel	TJ	4,777	5,112	5,221
	- Electricity	TJ	9,316	9,824	9,766
	Overseas	TJ	4,037	4,113	4,267
	- Fuel	TJ	2,106	2,120	2,130
	- Electricity	TJ	1,931	1,993	2,137
Renewable energy consumption	Total consumption	MWh	116,529	139,654	141,349
	Total consumption	TJ	420	503	509

1. System to suggest tasks for improvement within the organization and put them into action

RE100 at A Glance

RE100

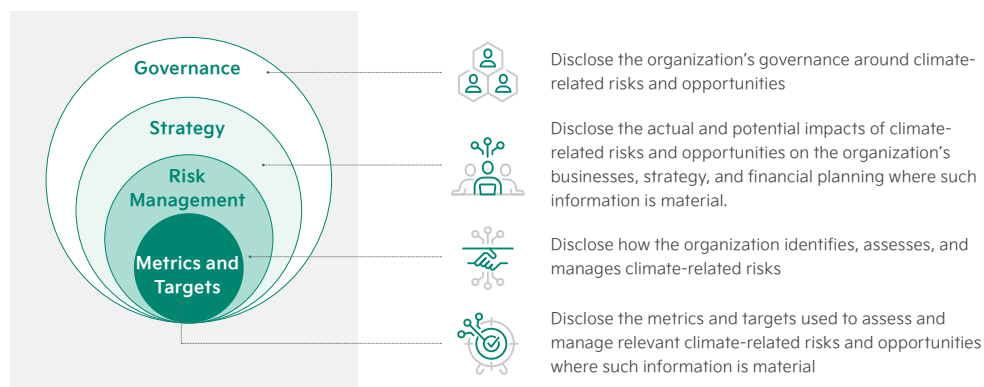


Action on Climate Change

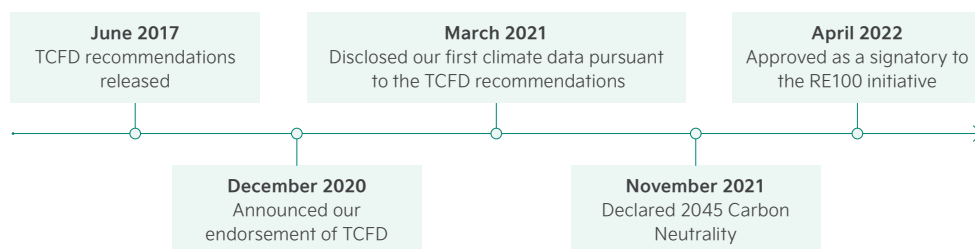
TCFD Report

The Task Force on Climate-Related Financial Disclosures (TCFD) provides a set of recommendations for data disclosure, encouraging companies to use standardized criteria to communicate their climate data. These recommendations include four thematic areas which are governance, strategy, risk management, and metrics, and targets. In our first sustainability report published in 2021, we followed the TCFD recommendations to disclose our climate data.

Core Elements of TCFD Recommendations



Key Milestones

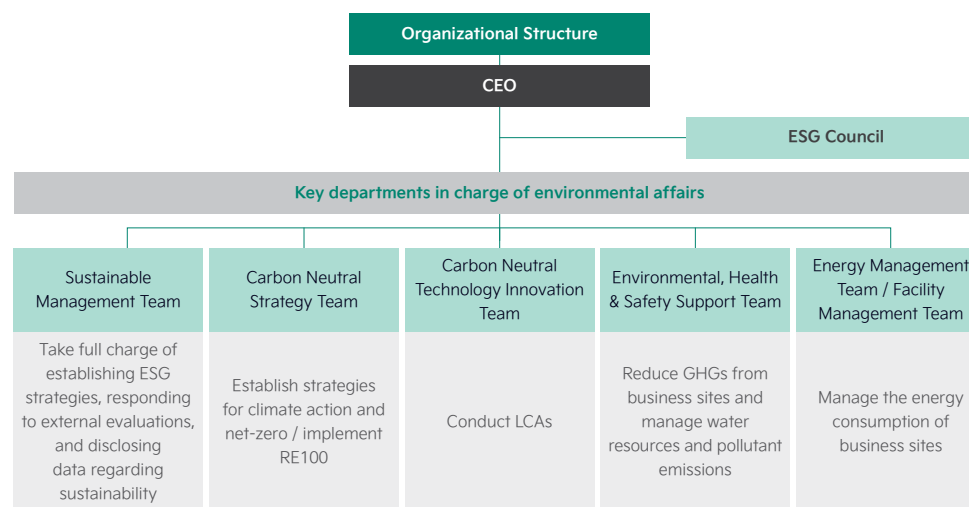


Governance

Climate-related Risks and Opportunities under the Boards' Supervision

The Sustainability Management Committee, which operates under the Board of Directors (BOD), is responsible for managing ESG risks. The committee regularly convenes to report on the progress of relevant tasks and ongoing plans. Management performance, including climate change and carbon neutrality, as well as related plans, are reported to our board. The board, as the top decision-making body, has the final responsibility for these matters and makes decisions on key issues that are reported. These reports are made under the responsibility of the CEO.

Organizational Structure



Management Roles of Assessing and Managing Climate-related Risks and Opportunities

As part of the efforts to reach net-zero, we created a dedicated team for carbon neutrality in 2022 to analyze risks posed by climate change, and manage strategic tasks for net-zero. And the Head of Strategic Business Planning Division is authorized to oversee and also take responsibility. And the issues regarded as key ones are reported to the BOD and CEO. And the performance on this matter is tied to the KPIs of the CEO and general managers in Korea to ensure ESG-based decision-making.

Action on Climate Change

TCFD Report

Strategy

Short-, Medium-, and Long-Term Climate-Related Risks and Opportunities

Kia has established countermeasures to mitigate each risk by identifying risks and opportunities caused by climate change and comprehensively analyzing risk factors and their impact on business.

① Transition Risk

Type	Key issue	Period	Key potential financial impact	Our response
Policy risk	Rising carbon credit prices in Korea	Short-term	Rising operational costs	In proactive response to more tightened regulations on carbon emission trading and growing financial burdens arising from an increment in carbon credit prices, we have operated the Global Energy-Greenhouse gas Management System (GEMS) to predict carbon emissions by energy source and define target emissions. This system is in place at our Autolands in Korea. Along with this, we have phased in various reducing measures, such as developing and adopting energy-saving technologies, switching to renewable energy sources, and generating our own power using solar energy, to minimize our financial burden.
Legal risk	More stringent regulations on the emissions from internal combustion engine vehicles in Europe	Short-term	Fines and litigation risk	The European Union plans to reduce carbon emissions from vehicles by 100% by 2035 and will ban the sale of internal combustion engine vehicles (ICEVs) starting from 2023. Stricter regulations on ICEV emissions could increase the risk of fines and litigation. In response, we aim to increase our global share of EVs from 30% to 37%, and the share of EVs in Europe from 63% to 74%. This will allow us to proactively respond to the restrictions on ICEVs in 2035.
Technology risk	Unstable supply of raw materials for EV batteries	Short-term	Decreasing sales	As major automakers accelerate their transition to EVs, the supply for batteries is expected to increase more than 21 times, from the current level of 12GWh to 143GWh. As a result, the stable supply of raw materials for batteries will become increasingly important. In response, Kia has been focusing on sourcing parts for existing vehicle models and increasing the share of joint ventures to ensure a stable supply.
Reputational risk	Growing demand for climate data disclosure	Short- to mid-term	Undermining corporate value and increasing response costs	In this era, global corporations are expected to transparently disclose their policies and responses to climate change to various stakeholders. As a result, data disclosure has become an integral part of corporate reputation. Key global sustainability indicators, such as the CDP and DJSI, are widely used to assess corporations. Along with this, we are seeing many corporations scale up their socially responsible investments. In response, Kia considers both financial and non-financial factors, including ESG aspects, that affect its sustainability. This highlights the need for long-term and proactive management activities. In 2018, we joined the CDP initiative to disclose our data. Going forward, we will ensure transparency in our climate data disclosure to meet the growing needs of our stakeholders.

Action on Climate Change

TCFD Report

Strategy

② Physical Risk

Type	Key issue	Period	Key potential financial impact	Our response
Risk	Acute Damage to business sites due to abnormal weather events	Short-term	Rising operational costs	Kia has established a system to prepare for physical risks from weather events such as floods and typhoons. In 2020, heavy rains forced Autoland Gwangju to halt production, resulting in flood damage to 1,189 vehicles. Physical risk is considered a key risk and is likely to occur in the future. To address this, Kia has created an emergency response manual, regularly checks and maintains facilities, and ensures seamless safety management, thereby identifying and managing potential risks posed by disasters. In the second half of 2023, we will closely look into physical risk factors that could affect our business sites, and draw up plans to mitigate physical risks by situation that will be applied to both existing and new business sites within the five years. And the progress of these efforts will be publicly disclosed.
	Chronic Disruption to business operations arising from changes in average precipitation	Long-term	Rising operational costs and decreasing sales	To address the decline in average precipitation, we are considering the implementation of a zero-wastewater discharge system, the development of water recycling technologies, and the installation of related equipment. Changes in average precipitation can disrupt water supply and increase water prices, leading to higher operational costs. Water quality degradation can also negatively impact production quality and decrease sales. Although damage varies depending on causes and scale, assuming that the damage accounts for about 1% of our sales, the estimated cost would be around KRW 581 billion. In response, we have installed a third reverse osmosis (RO) system to recycle effluent from the RO system. Our Autoland Gwangju has adopted an RO system in Plant 2, while our Autoland Gwangmyeong, Hwaseong, Gwangju Plant 1, and Plant 3 facilities completed construction between 2017 and 2018, enabling them to maximize recycling. We have also reviewed and ameliorated our industrial water infrastructure to reduce water consumption and monitor water quality 24/7 to ensure quality management.

③ Opportunity

Type	Key issue	Period	Key potential financial impact	Our response
Opportunity	Eco-friendly business creation	Mid- to long-term	Increasing sales	Our global goal is to sell 4.3 million vehicles by 2030, with eco-friendly vehicles accounting for 55% of our sales, including a 37% share for electric vehicles. This target is ahead of our original schedule. To hold a title of EV Tier 1 Brand, Kia will respond to the rapidly evolving EV market based on the following four pillars. ① A full lineup of 15 EVs to be established by 2027 ② In line with the reinforced lineup, 1.6 million EVs to be sold by 2030 ③ Advancement of battery technology to the 5th generation and establishment of a plan for a stable supply ④ Installation of 3,500 ultra-fast EV charging stations including E-pit by 2025 in Korea, and expansion of strategic partnerships with local companies in overseas markets

Action on Climate Change

TCFD Report

Strategy

Impacts of Climate-related Risks and Opportunities on Our Businesses, Strategies, and Finance

Kia is considering the establishment of a manufacturing process designed to lessen GHG emissions at all stages, from design to disposal, through an eco-friendly lifestyle management system. Especially, the efforts towards RE100 require green energy expansion more than ever. To achieve this, we have established a review process to take concrete steps and are currently conducting a financial analysis of RE100 portfolios.

RE100 Review Process

	Phase 1	Phase 2	Phase 3	Phase 4
Classification	Predict power consumption over the mid- to long-term	Analyze the required amount of renewable energy	Draw up a goal and plan for self-generation	Establish plans for PPAs / RECs
Key activities	Forecast and analyze power consumption associated with the mid- to long-term business plans for all business sites	Calculate the amount of renewable energy needed for power generation through energy efficiency	Analyze the sites for installation by business site, amount of electricity generated, and economic feasibility	Forecast the prices of PPAs / RECs over the mid- to long-term, review of the point of transition along with the development of plans for implementation

Advantages and Disadvantages of RE100 Portfolio Options

Category	Carbon mitigation	Advantage	Disadvantage
Self-power generation (power)	Direct reduction (Efficient methods)	Savings on electricity bills	Initial investments and maintenance costs required
PPA		Savings on electricity bills	Need to identify electricity providers over the long-term
REC	Indirect reduction	Changes in total energy use, easy to respond to risks	Additional costs incurred due to rising prices of electricity and RECs

Need for Management Strategies Incorporating Diverse Climate Scenarios Including One limiting Global Warming to 2°C

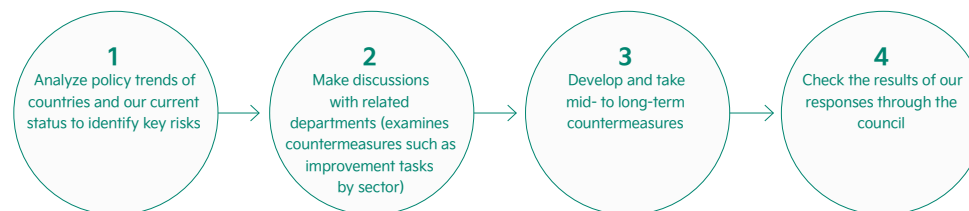
Kia has set a goal of achieving net-zero emissions by 2045 in line with the 1.5°C scenario and has incorporated this goal into all of its management strategies. To account for industry and regional characteristics, we are also reviewing the Korea Nationally Determined Contribution (NDC). We calculate our carbon emissions using a Life Cycle Assessment (LCA) to more accurately determine our Scope 1, 2, and 3 emissions. We are also preparing to join the Science Based Targets initiative (SBTi).

Risk Management

Process to Identify and Assess Risks Posed by Climate Change

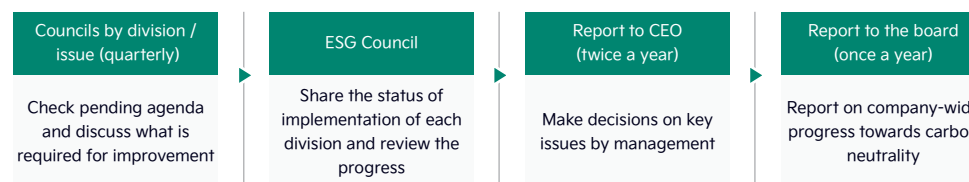
Kia regularly monitors climate-related opportunities and risks across its entire value chain. Key risks and opportunities are identified and managed by the ESG Council, the company-wide cooperative body.

Risk Identification and Assessment Process



Procedures to Manage Climate-related Risks

The procedures for risk management and decision-making are as follows.



Action on Climate Change

TCFD Report

Metrics and Targets

Metrics and Targets Used by the Company to Manage Climate-related Risks and Opportunities and Performance against Targets

In 2021, we announced our commitment, 2045 Carbon Neutrality, in order to actively combat climate risks. Our plan is to reduce our emissions by 10% by 2030, 35% by 2035, 40% by 2040, and ultimately reach net-zero emissions by 2045.

Incorporating Related Performance into KPIs and Providing Incentives

Aiming to facilitate the efforts toward the achievement of climate goals, we offer incentives. Our CEO's KPIs include the achievement rate of EV sales and ESG evaluation ratings, which determine the assessment and incentives. The same KPIs apply to our Strategic Business Planning Division. For our domestic business division, the goal of transitioning its corporate vehicles to EVs accounts for 10% of its KPIs. For our sales corporations in Europe, the goal of selling eco-friendly vehicles accounts for 5% of their KPIs. Our sales force is incentivized based on their success in selling all EV models and EV taxis.

Key Indicators of Climate-related Risk Management

Category		Unit	2020	2021	2022
GHG direct emissions (Scope 1)	Total emissions	Thousand tCO ₂ eq	359.0	365.2	379.9
	Emission intensity	Thousand tCO ₂ eq/KRW trillion	6.1	5.2	4.4
GHG indirect emissions (Scope 2)	Total emissions	Thousand tCO ₂ eq	785.8	774.0	786.9
	Emission intensity	Thousand tCO ₂ eq/KRW trillion	13.3	11.1	9.1
Renewable energy	Total consumption	MWh	116,529	139,654	141,349
Nonrenewable energy	Total consumption	MWh	3,418,669	3,585,908	3,652,972

Resource Consumption and Circulation

Management of Raw and Subsidiary Materials

Strategic Direction

Kia is dedicated to using raw and subsidiary materials efficiently in our products and services to minimize waste and unnecessary use of natural resources. We also monitor our operations closely to prevent any damage to the environment through illegal practices. Additionally, we check to ensure that the raw and subsidiary materials we use are not causing environmental pollution during their production.

Basic Principles for Raw and Subsidiary Material Management

① Efficient use of raw and subsidiary materials

Kia shall continuously improve the production process for products and services to optimize raw and subsidiary materials input. And it shall control raw and subsidiary materials according to the production plan, comprehensively considering business strategy, production schedule, and inventory management.

② Re-use of production waste

Hyundai Steel shall re-use metal waste, such as iron and aluminum, the byproduct of raw and subsidiary materials, and other debris, such as scrap timber and scrap paper and their byproducts, into the production process or transfer and sell to other industries or external facilities.

③ Inspection of raw and subsidiary materials production site

Hyundai Steel shall encourage the use of raw and subsidiary materials produced in an eco-friendly way or certified for eco-friendliness. Furthermore, it shall track down the production of raw and subsidiary materials that damages the natural capital and try to reduce a significant risk.

④ Biodiversity protection

Kia shall establish and implement principles for biodiversity protection throughout the procurement/procurement of raw materials and business.

⑤ Prevention of deforestation

Kia shall recognize the problems of deforestation that may occur throughout the project, including the purchase/procurement of raw and subsidiary materials, and shall prepare and implement a deforestation prevention principle that can minimize the negative impact in the project process.

Performance

Kia's primary raw materials for automobiles are steel sheets (iron), paints and thinners, and plastics. We are reducing the amount of raw material used per product by improving the production process.

Raw Materials¹

		Unit	2020	2021	2022
Main raw materials	Total usage	Tons	195,477.0	214,901.9	218,345.9
	Intensity of use	kg/unit	171.0	175.7	172.4
- Iron	Total usage	Tons	175,981.7	193,865.8	195,570.7
	Intensity of use	kg/unit	154.0	158.5	154.4
- Paint	Total usage	Tons	14,751.5	16,036.5	17,806.4
	Intensity of use	kg/unit	12.9	13.1	14.1
- Thinner	Total usage	Tons	4,743.9	4,999.6	4,968.8
	Intensity of use	kg/unit	4.2	4.1	3.9

1. Data coverage: Domestic

Resource Consumption and Circulation

Waste Management

Strategic Direction

In accordance with the Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles, Kia actively works to reduce environmental pollution caused by waste. We have implemented and operated a waste management and recycling policy to effectively dispose of waste.

Waste Basic Principles

① Tracking waste disposal

It shall follow procedures defined under the relevant laws and regulations to track the proper disposal of waste generated from business sites.

② Improving waste recycling

It shall determine the optimal treatment method according to the type and amount of waste generated throughout business operation. Through this, the ratio of waste to be landfilled/incinerated is minimized, and the recycling rate of waste is improved.

③ Waste recycling

It shall create an upcycling ecosystem that creates value by discovering wastes with a high rate of landfill/incineration during production process and by reinventing them into new products and services.

Target

Kia evaluates the performance of waste generation and recycling rate against the objectives, managing the achievements in connection with the KPI of the organizations dedicated to the environment.

	Unit	Target (2022)	Performance (2022)	Target (2023)
Waste disposal intensity ¹	Tons/KRW trillion	5,397.6	4,308.0	4,722.8
Waste recycling rate	%	90.0	93.8	95.0

1. Data coverage: Domestic

Performance

Waste Discharge Management and Reduction Activities

Kia carries out various activities to reduce total waste disposals and raise recycling rates. Domestic business sites have been implementing the resource circulation performance management system since 2019, preemptively responding to resource circulation policies by maintaining a recycling rate of over 90% since 2007. For landfill and incineration wastes that are unavoidably generated due to technical and economic constraints, we strictly separate and discharge waste. We have continually improved the treatment method by identifying recycling companies.

Waste²

		Unit	2020	2021	2022
Generation	Total waste generated	Tons	194,247	210,532	199,934
	- General waste generated	Tons	186,023	202,107	191,796
	- Designated waste generated	Tons	8,224	8,425	8,138
	- Waste generation intensity	Tons/KRW trillion	5,563	5,138	4,308
Recycling	Total waste recycled	Tons	184,190	197,548	187,594
	- General waste recycled	Tons	180,039	193,775	183,853
	- Designated waste recycled	Tons	4,151	3,773	3,741
	Total recycling ratio ³	%	95	94	94
Treatment	Total waste treated ⁴	Tons	10,058	12,985	12,340
	General waste	Tons	5,984	8,333	7,943
	- Incineration (energy recovery excluded)	Tons	5,984	7,097	7,308
	- Landfill	Tons	0	1,236	635
	Designated waste	Tons	4,074	4,652	4,397
	- Incineration (energy recovery excluded)	Tons	4,063	4,556	4,376
	- Landfill	Tons	11	96	21

2. Data coverage: Domestic

3. Total recycling rate target for 2023: 95%

4. Total waste treatment amount target for 2023: 12,662.42 tons

Resource Consumption and Circulation

Waste Product Management

Strategic Direction

Kia improves recyclability by considering it from the design stage of products, and operates waste product recovery and recycling services in cooperation with waste product processing companies. Furthermore, we provide information on the waste product collection system for customers in order to motivate them to properly dispose of waste products.

Waste Product Basic Principles

① Provision of waste product recovery information

It shall provide enough information to enable customers to dispose of waste products legally and reasonably, and operate systems and procedures that support waste products in an environmentally friendly way.

② Collection of waste products

It shall cooperate with waste product treatment companies to expand waste product recovery and recycling, and continue to improve resource reuse and recycling rates after collecting waste products.

③ Recycling of waste products

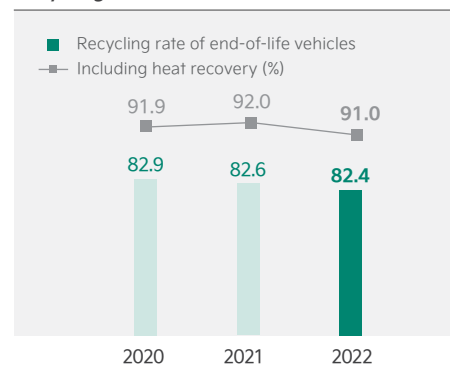
Recycled materials recovered from waste products are applied to products. To this end, it shall promote the localization of recycled materials and the development of parts centering on major production/sales bases.

Performance

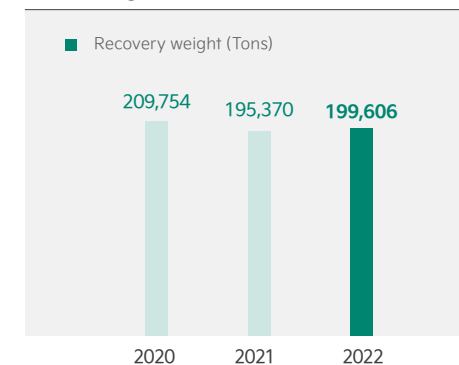
Kia aims to recycle 95% of end-of-life vehicles in the medium to long term, and is proactively helping companies across the country that desire to advance their recycling system of end-of-life vehicles (scrap yards, shredding companies, heat recovery incineration companies). To avoid the wastage of recyclable resources by mere incineration or landfilling due to the logic of the market, we provide subsidies for labor costs, heat recovery treatment costs, transportation costs, and others of scrap car recycling companies. We have also set up a cooperative system with specialized organizations such as the Korea Environment Corporation.

End-of-Life Vehicle Management¹

Recycling of End-of-Life Vehicles



Amount of Resources Recovered When Dismantling Cars



1. Data coverage: Domestic

Conducting Life Cycle Assessment (LCA)

Kia conducts Life Cycle Assessment (LCA) to evaluate the environmental impact of the product life cycle in a comprehensive way. We apply the CML methodology in conducting life cycle assessments on various environmental impact categories; global warming (GWP), abiotic depletion (ADP), acidification (AP), eutrophication (EP), ozone depletion (ODP), and photochemical oxidant creation (POCP). In 2022, we performed complete LCAs on Kia models that constituted 5.75% of all Kia models in comparison with the sales volume.

Eco-friendly Business Sites

Water Resource Management

Strategic Direction

Kia recognizes the significance of conserving water resources in a sustainable manner, and endeavors to reduce water usage and recycle water. We actively consider establishing water storage facilities to enhance water storage capacity in areas with severe water scarcity. Furthermore, we carry out internal and external activities to evaluate and alleviate water depletion risks in water supply areas other than industrial water.

Water Resource Basic Principles

① Water recycling

It shall minimize wastewater generation through recycling and water purification facilities for wastewater and continue the 3Rs (Reduce, Reuse, Recycle) for the sustainability of water resources.

② Water storage

It shall install and operate rainwater catchment and drainage to store and manage rainwater and to store water in a reservoir on a business site.

③ Inspection of potable water

It shall regularly monitor to see if there is a business site in areas of water shortage and depletion and implement measures to protect areas with water shortage and depletion, which may significantly impact the operation of a business site.

Target

Kia has set up a reduction target of 1.5% or more, comparing to the average consumption intensity over the past three years.

Category	Unit	Target (2022)	Performance (2022)	Target (2023)
Water consumption intensity ¹	Tons/KRW trillion	51,097.3	48,884.8	46,567.6

1. Data coverage: Domestic

Performance

Kia is spearheading the reduction of the water supplied to its business sites through multifaceted processes. In 2022, Autoland Hwaseong constructed a facility that can recycle wastewater generated from reverse osmosis (RO) facilities, thereby significantly reducing industrial water usage. In the case of Autoland India, a zero wastewater discharge system was adopted from the design stage of the plant, and all of the wastewater from the plant (458,411 tons) has been reused from 2020.

Water²

		Unit	2020	2021	2022
Water intake	Total water intake	m ³ (ton)	6,168,016	6,755,826	7,006,517
	- Waterworks	m ³ (ton)	4,881,975	5,261,166	5,627,986
	- Underground water	m ³ (ton)	1,286,041	1,494,660	1,378,531
	Water intake from high water stress areas	m ³ (ton)	1,368,645	1,498,253	1,633,092
	- Waterworks	m ³ (ton)	823,564	885,268	1,000,485
	- Underground water	m ³ (ton)	545,081	612,985	632,607
Water withdrawal	Total water withdrawal	m ³ (ton)	4,535,347	4,894,039	4,737,786
	Water withdrawal to high water stress areas	m ³ (ton)	1,250,442	1,384,872	1,409,389
Water consumption	Total consumption	m ³ (ton)	1,632,669	1,861,787	2,268,731
	Water consumption in high water stress areas	m ³ (ton)	118,203	113,381	223,703
Water reuse	Amount of reuse ³	m ³ (ton)	-	324,138	516,424

2. Data coverage: Domestic High water stress area in Korea*: Autoland Gwangmyeong

3. Data Coverage: Autoland Hwaseong in Korea, data is reported from 2021

* Water stress refers to the ratio of water demand to available water resources. A higher value indicates a more acute water scarcity region. It is a representative tool to identify water stress areas with reference to the Water Risk Atlas of the World Resources Institute (WRI).

Eco-friendly Business Sites

Water Resource Management

Performance

Water Consumption by Business Site¹

	Category	Unit	2022
Autoland Gwangmyeong	Total water intake	m ³ (ton)	1,633,092
	- Waterworks	m ³ (ton)	1,000,485
	- Underground water	m ³ (ton)	632,607
	- Others (rainwater, surface water)	m ³ (ton)	0
	Water withdrawal	m ³ (ton)	1,409,389
	Water consumption	m ³ (ton)	223,703
Autoland Hwaseong	Total water intake	m ³ (ton)	3,525,286
	- Waterworks	m ³ (ton)	3,525,286
	- Underground water	m ³ (ton)	0
	- Others (rainwater, surface water)	m ³ (ton)	0
	Water withdrawal	m ³ (ton)	2,284,497
	Water consumption	m ³ (ton)	1,240,789
Autoland Gwangju	Total water intake	m ³ (ton)	1,848,139
	- Waterworks	m ³ (ton)	1,102,215
	- Underground water	m ³ (ton)	745,924
	- Others (rainwater, surface water)	m ³ (ton)	0
	Water withdrawal	m ³ (ton)	1,043,900
	Water consumption	m ³ (ton)	804,239

1. Data coverage: Domestic

Eco-friendly Business Sites

Lowering Environmental Pollution at Business Sites

Strategic Direction

Kia strives to safeguard the safety and health of customers and our employees while mitigating adverse impacts on the natural environment by lowering emissions of air pollutants and water pollutants.

Environmental Pollutants Basic Principles

① Air pollutants

It shall monitor the emission level of air pollutants such as NOx, SOx, and TSP, invest in pollution mitigation facilities, and introduce new technologies to control air pollutants below the legal limit.

② Water pollutants

It shall monitor the emission level of water pollutants produced from each process, including SS, TOC, and BOD, and install and operate necessary facilities to control the level below the legal limit.

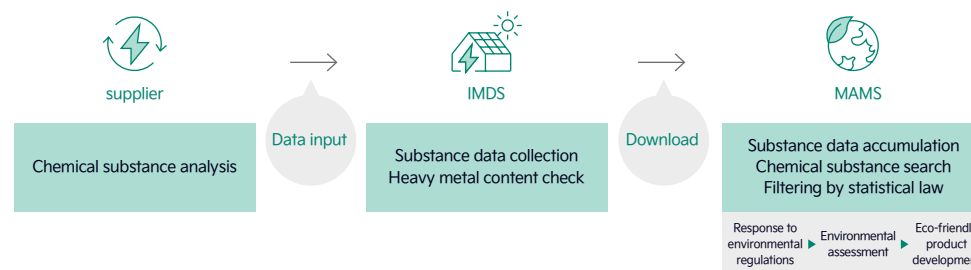
③ Soil pollutants

It shall monitor soil contamination caused by soil pollutants, such as cadmium, fluorine, and TPH, and implement necessary measures such as periodic inspection and facility and process improvement to prevent soil contamination.

④ Hazardous Materials

Kia shall identify the status of (harmful) chemicals used during the business process or contained in the product and provide the necessary information to stakeholders. Also, it shall establish and implement policies for hazardous materials management, including reducing the use of hazardous materials and managing the risk.

Hazardous Substance Management System



Eco-friendly Business Sites

Lowering Environmental Pollution at Business Sites

Target

Kia manages water pollutant, air pollutant, and chemical substance intensity targets.

	Category	Unit	Target (2022)	Performance (2022)	Target (2023)
Water quality ¹	BOD withdrawal intensity	g/KRW million	0.60	0.49	0.53
	COD withdrawal intensity	g/KRW million	1.98	1.77	1.93
	TOC withdrawal intensity	g/KRW million	1.24	1.11	1.20
	SS withdrawal intensity	g/KRW million	0.22	0.17	0.21
Water quality ¹	Dust emission intensity	g/KRW million	2.87	1.56	2.03
	Sulfur oxide emission intensity	g/KRW million	0.07	0.08	0.07
	Nitrogen oxide emission intensity	g/KRW million	3.48	3.38	3.63
Chemical substance ¹	Chemical substance disposal intensity	kg/KRW million	1.39	1.15	1.28
	Hazardous chemical substance disposal intensity	kg/unit	0	0	0

1. Data coverage: Domestic

* BOD: Biochemical Oxygen Demand

COD: Chemical Oxygen Demand

TOC: Total Organic Carbon

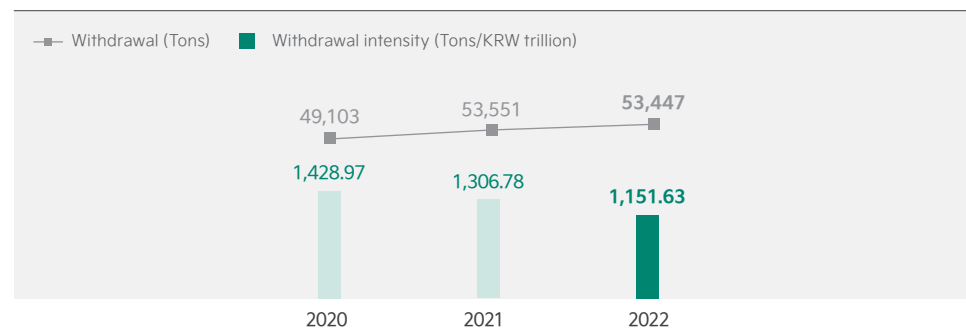
SS: Suspended Solids

Performance

Hazardous Chemicals

In 2020, Kia established a zero hazardous chemical substance target for each domestic plant where major Autolands are located. Since then, we have continuously maintained zero withdrawals of hazardous substances. Regarding the designation of new hazardous chemicals, we take measures, such as substituting with non-hazardous chemical substances within the grace period, process improvement, or cessation of the product use. We also augment the amount of our investment in the conversion to eco-friendly facilities aiming to reduce hazardous substances. Through these efforts, we have achieved zero emissions of hazardous chemicals over the previous three years.

Chemical Substances²



2. Data coverage: Domestic

Air Pollutants

Kia sets its own emission standards that are up to 30% higher than the legal emission standards. We reduce emissions of air pollutants that may occur in the process of production, such as nitrogen oxides (NOx) and volatile organic chemicals (VOCs).

Air Pollutants³

		Unit	2020	2021	2022
NOx	Emissions	Tons	141.4	145.9	156.9
	Emission intensity	Tons/KRW trillion	4.12	3.56	3.38
SOx	Emissions	Tons	3.0	1.4	3.5
	Emission intensity	Tons/KRW trillion	0.09	0.03	0.08
VOCs	Emissions	Tons	5,967.1	6,628.2	6,413.3
	Emission intensity	Tons/KRW trillion	173.65	161.74	73.55
Dust	Emissions	Tons	101.6	68.1	72.5
	Emission intensity	Tons/KRW trillion	2.96	1.66	1.56

3. Data coverage: Domestic

Eco-friendly Business Sites

Lowering Environmental Pollution at Business Sites

Performance

Water Pollutants

Kia has a policy to maintain rigorous water management, keeping 30% or less level compared to the legally permissible standard. To stabilize water quality, we upgrade old facilities and regularly measure the concentration of discharged water to prevent unforeseen leakage accidents.

Water Pollutants¹

		Unit	2020	2021	2022
COD	Emissions	Tons	80.8	71.6	82.2
	Emission intensity	Tons/KRW trillion	2.35	1.75	1.77
TOC	Emissions	Tons	50.5	44.7	51.4
	Emission intensity	Tons/KRW trillion	1.47	1.09	1.11
BOD	Emissions	Tons	22.3	19.5	22.8
	Emission intensity	Tons/KRW trillion	0.65	0.47	0.49
SS	Emissions	Tons	8.9	8.7	7.7
	Emission intensity	Tons/KRW trillion	0.26	0.21	0.17
Others (n-H, T-P, T-N)	Emissions	Tons	47.4	39.8	37.8
	Emission intensity	Tons/KRW trillion	1.39	0.97	0.81

1. Data coverage: Domestic

Environmental Investment and Management Costs at Business Sites

Environmental Investment at Business Sites²

Category	Unit	Amount
Plan	KRW thousand	5,663,000
Performance	KRW thousand	7,886,400
Execution rate	%	139.3

2. Investments in environmental facilities at business sites, such as air pollution prevention facilities and wastewater treatment facilities (based on domestic sites)

Environmental Management Cost³

	Unit	2020	2021	2022
Total cost	KRW thousand	19,348,877	16,628,136	19,209,250
- Direct cost to reduce environmental loads	KRW thousand	11,780,841	8,125,271	10,778,863
- Indirect costs to reduce environmental loads	KRW thousand	2,044,529	2,256,565	2,158,881
- Waste treatment and recycling	KRW thousand	5,521,720	6,238,141	6,219,872
- Environmental risk management	KRW thousand	1,787	8,160	51,634

3. Data coverage: Domestic

Compliance with Environmental Laws

Violation of Environmental Laws⁴

	Unit	2020	2021	2022
Violation of laws	Cases	0	0	0
Penalty and fines	KRW thousand	0	0	0

4. Significant environmental violations over \$10,000

Natural Capital Protection

Biodiversity / Protection of deforestation

Strategic Direction

Kia has set a biodiversity policy for 2023 to preserve, restore, and enhance the biodiversity of local communities while identifying risks of biodiversity deterioration and disappearance that may occur throughout its business operations. In line with this policy, we endeavor to create a value chain that does not impede or lose biodiversity by avoiding operating business in biodiversity protected areas and increasing investment to safeguard biodiversity. Furthermore, we have established a deforestation prevention policy to prevent deforestation and protect the forests of local communities. Based on this deforestation prevention policy, we will establish procedures to assess the current status of deforestation and potential risks of deforestation, focusing on areas near business sites and protected areas.

Biodiversity and Protection of deforestation Policy Overview

	Biodiversity	Protection of deforestation
Overview	Identification of risks of biodiversity degradation and loss throughout business operations, conservation-restore-expansion of biodiversity in local communities	Prevention of deforestation and protection of forests in local communities
Direction	We do our best to protect biodiversity throughout our business operations, such as the purchase / procurement of raw materials, our business sites, the distribution / sale of products, and the collection / recycling of waste products, etc.	We contribute to preventing deforestation in the community, forest conservation, and improvement of forest carbon absorption as well as maintaining / protecting the green area inside the business site and surrounding areas.
Management plan	The Sustainability Management Committee approves the revision, and the management meeting joined by the top decision-maker or key decision-makers oversees and controls the biodiversity / deforestation risks.	

Performance

Activity	Content
Happy Move the Green	Activities for preserving the ecological environment of national parks - Eradicating invasive plants - Covering tree roots - Conserving wildlife - Cleaning trail environment
Plogging volunteer activity	Green participatory walking donation + Plogging volunteer campaign - Participation of 610 domestic employees - Total of 108 million steps and 130 plogging certificates
Contribution to the ecological environment creation	Sowing 3,500 seedlings near business sites with employee donations
Collaborative project on domestic tidal flat vegetation restoration	Enhancing marine biodiversity and increasing carbon sequestration function by planting salt-tolerant plants in tidal flats
Kia Park	Providing assistance for environmental conservation on the Galápagos Islands, a UNESCO World Heritage Site

Social

73	Securing and Nurturing Talent
78	Labor and Management
80	Welfare Benefits
82	Human Rights Management
85	Workplace Safety and Health
90	Product Safety and Customer Satisfaction
92	Supply Chain Management
98	Community Engagement
101	Ensuring Information Security and Protecting Personal Information

Securing and Nurturing Talent

Strategic Direction

Recruitment of Outstanding Talent

Kia sets up mid- to long-term human resource management plans based on the changes in the internal and external environment, business strategies, and knowledge and skills of employees. With an aim to take the lead in the future mobility industry, we are constantly hiring talent in new technologies and new business fields, and selecting employees in an impartial and clear way through methodical personnel and recruitment management regulations and a systematized selection process.

- ▶ Elimination of photos and gender information fields in the document screening for fair recruitment
- ▶ Recruitment screening conducted by field departments to improve job-oriented recruitment expertise
- ▶ Adoption of an internal interviewer qualification certification system (in 2023) for impartial and reliable recruitment

Education System

Kia runs a corporate-wide training system that enables all employees, from executives to new hires, to develop their required competencies for each position and sector.

	Development direction	Major programs
Leadership	Nurturing brand / customer-oriented entrepreneurial leaders (Customer-oriented innovation, organizational change, and future business leading)	- Team leader performance management program - Inspiring coaching program - New leader on-boarding program
Job	- Fostering 'consilience' talents who can create new customer-oriented value and businesses built on job expertise	- Mobility, DT¹ AI Academy - Professional Job Academy - External education (subscription service), curation - Onboarding program for new hires
Change management / organizational development	Customer-oriented change of the whole organization, encompassing mindset, conduct, and work methods	- Kia Values & Behaviors (brand internalization) - Leader Support Board
Common throughout the company	Operation of mandatory company-wide training courses such as legally mandatory education	- Enhancing awareness of gender sensitivity, disability, and other issues - Education for prospective retirees (future design process)
Common throughout the Group	Self-directed learning through voluntary gatherings, improving language capabilities	- Learning Lab - Language course
Field	Reinforcement of job expertise required in the field	- Production, sales, service, global (dealer / service) - Introduction course for each field

1. DT: Digital Transformation

Career Development Support

We operate 'Career Move,' a career development platform, that allows people, who are ready, to progress their careers and become consilient talents through movement. Furthermore, we implement a 'Veteran' system that enables senior employees with proficient skills and experience to persistently apply their expertise, assisting them to enhance organizational competitiveness and contribute to the growth of the industry.



Diversity and Inclusion Policy

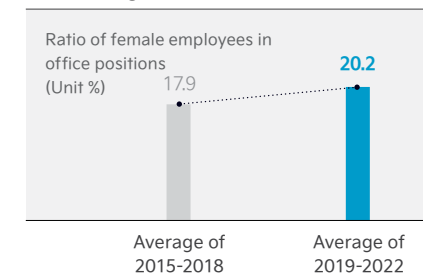
Kia has established a diversity and inclusion policy to enhance its business competitive edge on the foundation of the creativity and potential of its employees, which is incorporated into human resource planning, training, and mentoring.

Target

Plan to Achieve 20% or Higher Female Employment Rate by 2030

To foster employee diversity, we have set a female employment rate goal based on the office worker group at domestic business sites.

Goal Management Metrics



Diversity and Inclusion Policy

Securing and Nurturing Talent

Assessment

Evaluation of Educational Effectiveness

Kia monitors indicators such as overall satisfaction, recommendation level, understanding improvement level, and field application level according to learning objectives for each course. Especially, in the case of the Mobility Academy, it was found that enhancing empathy for management strategies through education had a considerable impact on our strategic alignment and customer orientation.

	Unit	2020	2021	2022
Education satisfaction ¹	Points	-	4.4	4.6

1. Based on a 5-point scale and data is reported from 2021

Employee Performance Evaluation

We are conducting evaluations from the perspective of development and cultivation of our employees to maximize sharing and collaboration rather than competition. For this purpose, we operate an evaluation process and coaching system that enable us to grow through suitable feedback based on goals designed for each individual.

- ▶ Equitable performance evaluation process through diverse feedback
- [Leader evaluation + peer evaluation, feedback at any time](#)
- ▶ Personal goal design, performance-based evaluation (Management By Objectives)
- ▶ Implementation of an 'inspirational coaching' system for the exchange of opinions between evaluators and evaluatees and performance management of team members

	Evaluation criteria	Evaluation frequency
Management by Objects (MBO) assessment	100% implementation for team senior level	Once a year
Multifaceted performance evaluation	100% implementation for team leader level	Once a year

Performance

No. of Employees (Korea)²

	Unit	2020	2021	2022
Total no. of employees	Persons	35,424	35,501	35,847
By employment type	Regular worker	Persons (%)	34,980(98.7)	34,562(97.4)
	Non-regular worker	Persons (%)	444(1.3)	939(2.6)
By gender	Male	Persons (%)	34,068(96.2)	34,082(96.0)
	Female	Persons (%)	1,356(3.8)	1,419(4.0)
By age	Under 30	Persons (%)	1,282(3.6)	1,017(2.9)
	31-49	Persons (%)	16,535(46.7)	12,976(36.6)
	50 and above	Persons (%)	17,607(49.7)	21,508(60.6)
By nationality ³	Korean	Persons (%)	-	35,483(99.949)
	American	Persons (%)	-	5(0.014)
	Canadian	Persons (%)	-	4(0.011)
	New Zealander	Persons (%)	-	2(0.006)
	Australian	Persons (%)	-	0(0.000)
	French	Persons (%)	-	1(0.003)
	Swiss	Persons (%)	-	1(0.003)
	Belgian	Persons (%)	-	1(0.003)
	Spanish	Persons (%)	-	1(0.003)
	Portuguese	Persons (%)	-	1(0.003)
	Japanese	Persons (%)	-	1(0.003)
	Taiwanese	Persons (%)	-	1(0.003)

2. 2020-2021 data was modified in accordance with business report standards

3. Data is reported from 2021

No. of Employees (Overseas)

	Unit	2020	2021	2022
By country	USA	Persons	3,169	3,288
	Mexico	Persons	2,362	2,243
	Europe	Persons	4,861	4,881
	China	Persons	4,613	4,317
	Others	Persons	1,779	1,793

Securing and Nurturing Talent

Performance

Gender Diversity¹

		Unit	2020	2021	2022	2023(Target)
Gender balance	Total female employees	Persons (%)	1,356	1,419(4.0)	1,512(4.22)	4.3%
	Female managers	Persons (%)	-	198(4.0)	242(4.78)	4.8%
	Female low-level managers	Persons (%)	-	144(7.69)	173(9.07)	9.1%
	Executive female employees	Persons (%)	-	3(2.07)	2(1.45)	1.5%
	Female managers in sales generating departments	Persons (%)	-	139(3.24)	179(4.08)	4.1%
	Female new hires	Persons (%)	-	109(1.9)	158(9.52)	9.6%
	Female employees in STEM ² departments	Persons (%)	-	533(2.02)	541(2.29)	2.3%

1. Data is reported from 2021

Data coverage: Domestic

2. STEM: Science, Technology, Engineering, Mathematics

Workforce Diversity³

	Unit	2020	2021	2022
Employment of the disabled	Total no. of the disabled Persons (%)	1,199(3.59)	1,163(3.53)	1,200(3.51)
Employment of veterans	Total no. of veterans Persons (%)	940(2.65)	889(2.50)	827(2.31)
Employment by nationality (manager level) ⁴	Total no. of managers Persons (%)	-	4,956(100)	5,058(100)
	- Korean Persons (%)	-	4,941(99.70)	5,044(99.72)
	- American Persons (%)	-	4(0.08)	5(0.10)
	- Canadian Persons (%)	-	3(0.06)	2(0.04)
	- New Zealander Persons (%)	-	2(0.04)	1(0.02)
	- French Persons (%)	-	0(0.00)	0(0.00)
	- Swiss Persons (%)	-	1(0.02)	1(0.02)
	- Belgian Persons (%)	-	1(0.02)	1(0.02)
	- Spanish Persons (%)	-	1(0.02)	1(0.02)
	- Portuguese Persons (%)	-	1(0.02)	1(0.02)
	- Japanese Persons (%)	-	1(0.02)	1(0.02)
	- Taiwanese Persons (%)	-	1(0.02)	1(0.02)

3. Data coverage: Domestic

4. 2021 data changed due to change in calculation method and data is reported from 2021

Position by Age⁵

	Unit	2020	2021	2022
Age under 30	Persons	1,282	1,017	2,160
- Non manager level (G1, G2)	Persons	1,282	1,017	2,160
- Manager level (G3 or higher)	Persons	0	0	0
- Executive level	Persons	0	0	0
Age 30-49	Persons	16,535	12,976	14,077
- Non manager level (G1, G2)	Persons	14,130	10,871	11,600
- Manager level (G3 or higher)	Persons	2,405	2,105	2,477
- Executive level	Persons	11	6	10
Age 50 or above	Persons	17,607	21,508	19,610
- Non manager level (G1, G2)	Persons	15,166	18,657	17,029
- Manager level (G3 or higher)	Persons	2,441	2,851	2,581
- Executive level	Persons	136	139	128

5. Data coverage: Domestic

Securing and Nurturing Talent

Performance

Position by Age¹

		Unit	2020	2021	2022
Total newly hired employees	New hires	Persons	300	600	901
By gender	Male employees	Persons	247	491	743
	Female employees	Persons	53	109	158
By age	Under 30	Persons	168	374	545
	31-49	Persons	109	210	305
	50 and above	Persons	23	16	51
By region	Headquarters	Persons	121	240	270
	Gwangmyeong	Persons	24	71	160
	Hwaseong	Persons	43	118	228
	Gwangju	Persons	27	53	127
	Namyang Research Lab	Persons	3	5	10
	Others	Persons	82	113	106
By nationality	Korea	Persons	297	595	900
	USA	Persons	1	2	0
	China	Persons	0	0	0
	India	Persons	0	0	0
	Others	Persons	2	3	1

1. Data coverage: Domestic

Internal Recruitment²

		Unit	2020	2021	2022
Total employees internally hired	Internal recruitment ²	Persons	610	607	543
	Internal recruitment	%	67.0	50.3	37.6

2. No. of recruits through in-house open recruitment, in-house FA, etc.
Data coverage: Domestic

Recruitment Cost³

	Unit	2020	2021	2022
Average recruitment cost per employee	KRW	1,664,836	1,051,625	1,439,457

3. Data coverage: Domestic

Turnover⁴

		Unit	2020	2021	2022
Total employee turnover	Turnover	Persons	1,012	1,047	1,517
	Turnover rate	%	2.9	3.0	4.2
By gender	Male employees	Persons	974	1,005	1,461
	Female employees	Persons	38	42	56
By age	20s	Persons	49	38	84
	30s	Persons	49	64	84
	40s	Persons	54	41	35
	50s	Persons	832	66	172
	60s or above	Persons	28	838	1,142

4. Data coverage: Domestic

Voluntary Turnover⁵

		Unit	2020	2021	2022
Total voluntary turnover	Voluntary turnover	Persons	123	107	270
	Voluntary turnover rate	%	0.3	0.3	0.8
By gender	Male employees	Persons	108	98	240
	Female employees	Persons	15	9	30
By age	20s	Persons	24	13	63
	30s	Persons	29	36	63
	40s	Persons	25	17	23
	50s	Persons	26	27	117
	60s or above	Persons	19	14	4

5. 2020-2021 data changed due the change in calculation method for all turnover except regular retirement or layoffs
Data coverage: Domestic

Retention⁶

	Unit	2020	2021	2022
Average retention period	Years	22.1	22.4	22.4
- Male employees	Years	22.4	22.7	22.7
- Female employees	Years	15.4	15.2	15.2

6. Data coverage: Domestic

Securing and Nurturing Talent

Performance

Sharpening Capabilities for Future Businesses

Since 2021, Kia has been running Mobility Academy as part of its Plan S strategy, which aims to enhance the organizational capabilities and transform the company into a Sustainable Mobility Solution Provider. The academy offers a range of educational programs that cover the latest trends in mobility, data science, digital marketing, and smart factory.

Kia also operates DT / AI Academy with the goal of becoming a data-driven and customer-focused organization. It provides various structured educational programs by level, which are tailored to each area, such as DT-related trend sensing and coding that are relevant to jobs and fields.

Major Training Programs¹

Category	Details	No. of courses	No. of sessions	No. of Participants
Mobility Academy	Changing trends in the mobility industry (new business, marketing, data science, etc.)	22	64	1,405
DT ² / AI Academy	Data analysis / planning, coding basics and analysis techniques, etc.	10	13	276
EV Class	Education on electrification technology, changes in the automobile industry, etc.	3	340	7,891

1. Data coverage: Domestic

2. Digital Transformation

Training Status³

	Unit	2020	2021	2022
Employee training	Training target employees	Persons	34,980	34,562
	Total no. of training provided	Numbers	102,327	109,382
	Total training investment budget	KRW 100 million	78	105
	Training hours per employee	Hours	27	33
	Training cost per employee	KRW thousand	224	305
Training hours per capita for each job / position ⁴	Office job	Hours	-	25
	- Top manager level (executive)	Hours	-	13
	- Middle manager level (team leader)	Hours	-	34
	- Non-manager level (team member)	Hours	-	24
	Field workers	Hours	-	35
By training program ⁵	Job	Hours	-	24
	Leadership	Hours	-	27

3. Data coverage: Domestic

4. Data is reported from 2021, Calculation method: training hours / training participants

5. Data is reported from 2021

Human Capital Return on Investment (ROI)

	Unit	2020	2021	2022
Total return from human capital investment	KRW million	59,168,096	69,862,366	86,559,029
Human capital investment operating expenses	KRW million	7,897,075	7,859,516	10,789,899
Total employee-related expenditure (salary + welfare cost)	KRW million	1,155,077	1,210,013	1,340,843
Human capital ROI ⁶	-	45	52	58

6. Total revenue - (total operating expenses - total employee-related expenses) / total employee-related expenses

Labor and Management

Strategic Direction

At Kia, our work environment and labor-management relations are guided towards the direction that each employee's value can contribute to our growth. As a company that values and respects individuals, regardless of their cultural background, age, or gender, we foster a corporate culture that encourages employees to confidently express their ideas and fearlessly attempt bold tries.

Guarantee of Labor-Management Consultation

To enhance workers' rights and promote labor-management communication, Kia ensures free union activities based on the three fundamental labor rights specified in the Constitution and collective agreements.

- ▶ Making discussions with the labor union on critical issues through collective bargaining, regular labor-management consultations, and organizations like the Employment Stability Committee
- ▶ Regularly disclosing management performance to the labor union in accordance with the principle of transparent disclosure of management
- ▶ Effective communication and distribution of documents related to operational changes, including amendments and opening or closing of regulations, and decisions made by the Board of Directors, which can affect the personal situation of union members

2022 Key Agenda for Consultation



Agreement to establish Hwaseong PBV Plant and Gwangmyeong EV Plant for Future Business Transition



Strengthening various welfare programs, such as expanding recreational facilities and increasing housing subsidies

Anti-discrimination and Anti-harassment Policy

In order to prevent and eradicate issues related to discrimination, workplace bully, and sexual harassment, we are clarifying relevant definitions based on our anti-discrimination and anti-harassment policies, and transparently disclosing reporting procedures.

- ▶ Raising employee awareness and promoting a corporate culture of mutual respect through anti-discrimination and anti-harassment training
- ▶ Introducing a zero-tolerance policy towards discrimination and harassment
- ▶ Putting in place the guidance on the operation and handling procedures of reporting channels (both online and offline)

Equal and Fair Compensation System

We operate an equal and fair compensation system regardless of nationality or gender to enhance their motivation for work.

- ▶ Through a compensation system integrated with absolute evaluations, operating our personnel system so that individual performance improvement is reflected in compensation
- ▶ Through labor-management agreement, distributing excess profits from business activities to employees as a reasonable level of performance-based bonuses
- ▶ Providing non-monetary compensation, including severance pay, to all employees.

Operation of Employee Stock Ownership Association

Our employee stock ownership association serves several purposes, including helping workers build wealth, strengthening cooperation between labor and management, and improving overall corporate productivity.

- ▶ Membership requirements: Under Article 34 of the Framework Act on Labor Welfare, all workers in the direct employment relationship with Kia, except for registered executives

Risk Management

Kia is proactively addressing major labor-related risks and opportunities that could impact our business activities, while taking into account relevant laws and current trends.

- ▶ Regularly convening the Future Car Committee to share updates on business performance and discuss labor-management issues.
- ▶ Prioritizing identified risk factors and devising / implementing risk mitigation strategies.

Responses to Major Risks in 2022



Potential for labor practice changes with the implementation of electric vehicle conversion



Labor-Management Discussion



Building a labor-management consensus between labor and management and reinforcing partnerships to adapt to future changes.

Labor and Management

Assessment

Culture Survey and Organizational Culture Assessment

Kia conducts regular culture surveys to examine employee work engagement and derive company-wide action plans for improvement activities. Moreover, we offer various customized consulting support to identify organizational issues and address underlying causes by conducting team-specific organizational culture assessments. These assessment questions focus on happiness and stress levels within the organization, external and internal job satisfaction, and purpose (internal motivation).

Survey on Employee Work Engagement

		Unit	2020	2021	2022
Double engagement ¹	Total (domestic / overseas)	%	57	56	66
	- Head of Division or Above	%	75	77	85
	- Head of Department	%	76	77	83
	- Section Chief / Department Manager / Operations Manager	%	57	60	68
	- Team Member	%	51	50	62
Participation rate	Total survey targets	Persons	10,535	10,526	10,748
	No. of survey respondents	Persons	7,576	7,732	7,553
	Participant rate	%	72	74	70

1. Methods for measuring employee double engagement: The percentage of employees who scored 4 or higher on the following two questions: 1) Organizational Engagement (2022 question on eagerness for continuous service: I hope to continue working at our company) and 2) Job Satisfaction (I am satisfied with my current job) (1 point: Strongly Disagree, 5 points: Strongly Agree)

* Assessment questionnaires changed compared to the previous year

Performance

Labor Union Membership Rate²

	Unit	2020	2021	2022
Union membership rate	%	84	81	83

2. Data coverage: Domestic

Remuneration³

		Unit	2022
Pay	Average salary for male executives	KRW thousand	382,086
	Average salary for female executives	Basic salary ⁴ KRW thousand	390,500
	Average salary for male executives	Basic salary+ other performance-based incentives KRW thousand	514,658
	Average salary for female executives	KRW thousand	458,500
	Average salary for male managers	Basic salary KRW thousand	96,089
	Average salary for female managers	KRW thousand	81,887
	Average salary for male managers	Basic salary + other performance - based incentives KRW thousand	129,344
	Average salary for female managers	KRW thousand	111,184
	Average salary for male employees in non-managerial positions	KRW thousand	76,004
	Average salary for female employees in non-managerial positions	Basic salary KRW thousand	57,255
Equal pay ⁵	All employees	%	77.2
	Managerial positions	%	102.2
	Non-managerial positions	%	85.2
	Executives	%	75.3

3. Domestic payment Criteria (excluding the overseas payment personnel including expatriates and salaries)

4. The basic salary of executives means the annual salary of the contract

5. Average salary for women/men X 100, based on basic salary

Welfare Benefits

Strategic Direction

Kia understands the significance of work-life balance in fostering employee development and enhancing company performance, and endeavors to achieve it.

Flexible Work System

We implement work systems aimed at boosting productivity through innovative work methods.

Work system	Flexible work system	Enables employees to work autonomously within the 52 working hours per month on average (provided that employees shall work for 5 hours on Monday to Thursday and for 4 hours on Wednesday to Friday, which are core working hours)
	Part-time working	Operate only for specific job roles, such as the driving manager for 7 hours per day, and the multinational translator for the service manual for 4 hours per day.

Work-Family Balance System

We are dedicated to creating a work environment that enables work-life balance by implementing diverse childbirth and childcare support programs for our employees and their families.

Work system	Parental leave	Provide parental leave of up to 2 years per child (for parent of children under 8 years old or below 2nd grade of elementary school)
	Maternity leave	Offer maternity leave: 90 days (120 days for multiple births) / paternity leave: 10 days of paid leave
	Shorter working hours during childcare years	Parents of each child (under 8 years old, under 2nd grade of elementary school) choose to work shorter hours for a maximum combined period of 2 years for childbirth and childcare leave (5-25 hours per week).
	Allotted breastfeeding time	Breastfeeding facility assistance and allocation of breastfeeding breaks during work hours
	Supporting workplace daycare facilities	Operating a total of 4 workplace childcare centers at Autoland centers in Gwangmyeong, Hwaseong, Gwangju, and at the headquarters in Yangjae.
Family care	Family care leave	Up to 90 days per year of leave can be utilized for family care reasons, such as attending to a family member's illness, accident, or old age

Healthcare Support Program

With the aim of promoting the well-being of our employees, we operate various support systems to take care of their physical and mental health.

Healthcare support	Healthy food	Offering dining options such as healthy salads, vegetarian meals, and take-out menus
	General health check-up	Annual mandatory general health check-up for all employees, with additional check-ups and attendance recognition. Employees aged 40 or above are offered additional medical examinations, such as electrocardiograms, thyroid ultrasounds, blood cancer tests, and more.
	Comprehensive check-up	Every 10 years of service (or every 3 years for employees aged 40 or older), we cover 50% of the subsidy to one family member of the employee each year.
	Fitness facility	Operating fitness facilities at Autoland centers in Gwangmyeong, Hwaseong, Gwangju, and at the headquarters in Yangjae
	On / Offline Counseling Center	Providing 1:1 counseling service for stress management in both work and interpersonal relationships, along with offering complimentary psychological testing

Leave Support System

To enhance the quality of sustainable life through proper rest, we have implemented diverse leave systems customized for each position.

Leave support	Summer leave	Five days paid leave per year
	'Pro Dream' leave	Upon promotion, employees receive 5 days of personal annual leave, and senior managers are entitled to an additional 10 days of paid leave.
	Long-service leave	Employees with 20 years of service are entitled to use 5 days of paid leave in their 21st year of service.
	Sabbatical leave	After 20 years of service, employees are eligible for 30 days of paid leave that can be used as annual leave upon retirement.
	Year-round support for the recreation area.	A total of 33 resorts offer accommodation benefits at membership price.

Welfare Benefits

Performance

Status of Employee Welfare Benefits¹

	Unit	2020	2021	2022
Welfare benefit expenses	KRW 100 million	6,191	6,217	6,974
Welfare benefits per employee	KRW million	18	18	21

1. Data coverage: Domestic

Childbirth and Childcare²

		Unit	2020	2021	2022
Employees who used parental leave	Total	Persons	90	95	128
	Male	Persons	67	67	93
	Female	Persons	23	28	35
Employees returning to work after parental leave	Total	Persons	79	82	118
	Male	Persons	60	61	85
	Female	Persons	19	21	33
Employees working for at least 12 months after returning to work	Total	Persons	57	79	82
	Male	Persons	37	60	61
	Female	Persons	20	19	21

2. Data coverage: Domestic

Data modification due to change in management standards

Human Rights Management

Strategic Direction

Kia respects and supports international human rights standards and practices of human rights management to protect and promote the human rights of all stakeholders, including employees, suppliers, and customers.

System Establishment through Enactment of Human Rights Charter

The 'Human Rights Charter' was established in accordance with international standards and guidelines on human rights and labor, including the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights (UNGPs), and OECD Due Diligence Guidance. Based on this 'Human Rights Charter, Kia has established an organizational structure and operating system to promote human rights management, and in particular, strives to prevent human rights violations and mitigate associated risks in our business operations. Kia's Human Rights Charter is reviewed annually, taking into account changes in the internal and external environment, and necessary updates and revisions are made accordingly.

Basic Principles of Kia's Human Rights Charter

Human Rights Charter

Article 1 Non-discrimination 	Article 2 Compliance with working conditions 	Article 3 Humane treatment 	Article 4 Guarantee of freedom of association and collective bargaining 
Article 5 Prohibition of forced and child labor 	Article 6 Guarantee of industrial safety 	Article 7 Protection of human rights of local residents 	Article 8 Protection of human rights of customers 

Human Rights Risk Management System



Corporate Governance

The Sustainability Management Committee under the Board of Directors conducts regular management of human rights-related risks. Kia conducts frequent audits of investigations into complaints, accusations, and suggestions regarding employee unreasonable practices and system improvement to monitor the implementation of employee human rights. The status of human rights implementation is effectively managed and supervised through working-level meetings hosted by the department responsible for human rights management and decision-makers

Strengthening Monitoring of Human Rights Risk

- ▶ Conducting annual human rights impact assessment: regular monitoring is conducted to assess human rights risks and verify the implementation status of the Human Rights Charter at each business site
- ▶ Strengthening global human rights risk monitoring to address potential risks (2023)

Grievance Reporting System

Kia has implemented an online / offline grievance reporting system to proactively prevent human rights risks for employees and stakeholders at all times.

- ▶ Online: The grievance reporting system 'One-Click HR' banner is always displayed on the intranet main screen.
- ▶ Offline: Reports of sexual harassment and workplace harassment can be received through the operation of sector-specific Grievance Handling Counseling Centers.
- ▶ Free support services, including 1:1 counseling and psychological tests, to alleviate work-related and interpersonal stress.

Human Rights Management

Target

Establishment of a Voluntary Human Rights Management System

Kia has strengthened human rights management through the establishment of a roadmap for a voluntary human rights management system.

	~2023	~2025	Ultimate goal
Goal	Risk assessment : strengthening human rights impact assessment and enhancing employee awareness	Risk mitigation : intensive management of human rights risk areas and expansion of grievance handling support	Establishment of a voluntary human rights management system : fostering a culture of human rights respect across all business sites
Specific goal	- Assessment of risks at all domestic and international business sites, identifying risks based on their severity levels (low risk, potential risk, high risk) - Strengthening employee education and programs on human rights and diversity and inclusion (D&I)	- Implementation of on-site assessments and follow-up actions upon identification of potential/ high risks - Expansion of employee grievance reporting channels and processes	- Achievement and maintenance of low-risk (excellent) level in all areas of human rights impact assessment - Promotion and dissemination of a mature human rights protection culture both internally and externally

Assessment

Human Rights Impact Assessment

Kia conducts annual human rights impact assessments to check human rights risks and the implementation status of the Human Rights Charter at each business site. In 2022, Kia conducted internal inspections in addition to regular human rights impact assessments to identify child labor-related risks within our suppliers. Furthermore, in accordance with the group-wide Diversity & Inclusion Policy established in August 2022, we have introduced diversity and inclusion-related questions to raise awareness among all members of Kia about the significance of human rights and diversity, aiming to internalize the Human Rights Charter.

- ▶ Subjects for human rights risk assessment: A total of 16 business sites (5 domestic, 11 overseas)
- ▶ Pre-assessment briefing session (September) -> assessment of all business sites (October) -> result analysis (November)

Human Rights Risk Management System



Results of Human Rights Impact Assessment in 2022

The human rights impact assessment conducted in 2022 did not identify any significant risks. For the two items at the potential risk level, we developed a risk mitigation plan, taking into account the current situation and country-specific factors. We have developed a program to provide sexual harassment prevention education for three overseas regions and established a plan to expand facilities for pregnant women.

Human Rights Risk Assessment Areas in 2022

No discrimination 	Nondiscrimination in Employment	Non-discrimination against men and women	Compliance with working conditions 	Compliance with statutory working hours	Compliance with wage laws
	Non-discrimination against non-regular workers	Non-discrimination against foreigners		Guarantee of right to rest	Guarantee of work environment
Humane treatment 	Violence / harassment prevention	No privacy intervention	Freedom of association and collective bargaining 	Freedom of association / collective bargaining	Prohibition of disadvantages in union activities
	Work-life balance	Privacy		Negotiation guarantee and implementation	Alternative actions in absence of union
	No coercion				
Prohibition of forced and child labor 	Prohibition of forced labor	Prevention of forced labor by suppliers	Occupational Safety Guarantee 	Workplace Safety	Protection of pregnant women / the disabled
	Prohibition of hiring children	Prohibition of hiring minors		Equipment/ educational facilities	Support for industrial accident victims
Protection of human rights of local residents 	Respect for human rights of local residents	Protection of residents' intellectual property rights	Protection of customer human rights 	Support for industrial accident victims	Measures in case of product defect
				Consumer Privacy	

Risk level	Low risk (excellent Level)	Potential risk (typical level)	High risk (needs for improvement)
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Human Rights Management

Performance

Potential Risk Mitigation

With the enhanced company-wide ESG management and the implementation of internal improvement activities in the overseas sectors, potential risk items were reduced by 78% compared to 2021.

- Reduction from 9 potential risk items (typical level) in 2021 to 2 potential risk items in 2022, a decrease of 7 items.
- Average human rights impact assessment score increased from 2.55 points (out of 3) in 2021 to 2.69 points in 2022, a rise of 0.14 points.

Areas assessed for human rights risks in		Results		Improvements
		2021	2022	
No discrimination	① Nondiscrimination in Employment	Potential risk (2.49)	Low risk (2.68)	
	② Non-discrimination against non-regular workers	Potential risk (2.47)	Low risk (2.67)	
Compliance with working conditions	③ Work environment	Potential risk (2.44)	Low risk (2.53)	
	④ Violence/Harassment Prevention	Potential risk (2.23)	Potential risk (2.43)	Come up with measures to support sexual harassment education.
Humane treatment	⑤ Work-life balance	Potential risk (2.17)	Potential risk (2.25)	Some of overseas business sites lack amenities for female employees, improvement plans are under review in consideration of each country's circumstances and employee composition
	⑥ Privacy	Potential risk (2.38)	Low risk (2.80)	
Guarantee of freedom of association and collective bargaining	⑦ Alternative actions in the absence of a union	Potential risk (2.40)	Low risk (2.70)	
Guarantee of industrial safety	⑧ Protection of pregnant women/the disabled	Potential risk (2.46)	Low risk (2.65)	
Protection of human rights of customers	⑨ Measures in case of product defect	Potential risk (2.47)	Low risk (2.51)	

Human Rights Education

Kia provides mandatory training on sexual harassment prevention and disability awareness improvement to all employees, as required by law.

- Encouraging the application of human rights management principles and guidelines in business operations through online human rights education
- Themes covered in online human rights education: workplace harassment prevention, sexual harassment prevention, and enhancing disability awareness.
- Distribution of human rights education materials (e-book): creating an environment where employees can continually empathize with and understand human rights management following the completion of online education.

Grievance Management

In 2022, a total of 17 grievances were received, and the grievance handling team promptly provided feedback on all of the received cases. With our zero-tolerance policy towards workplace bullying and sexual harassment, we took strong disciplinary action against 12 individuals found to have engaged in such misconduct.

	Unit	2020	2021	2022
Grievances handled ¹	Cases	9	13	17

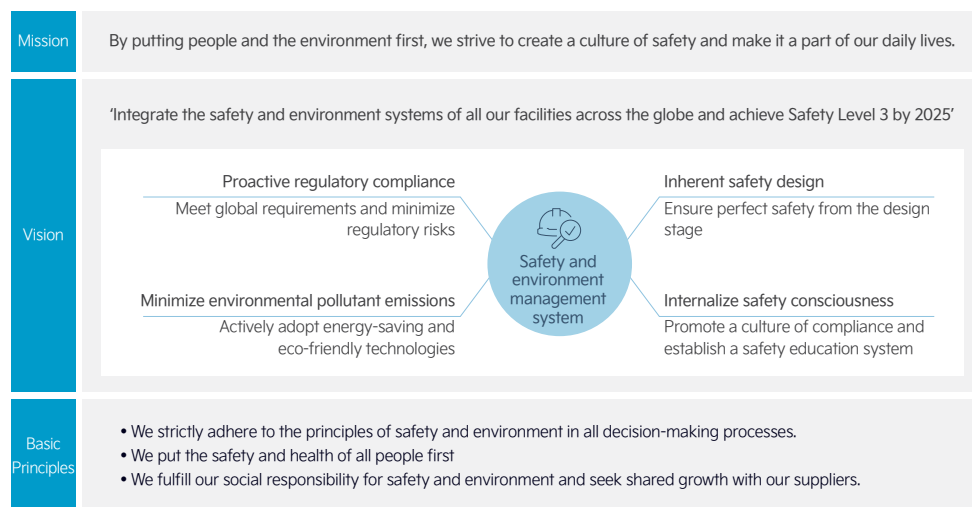
1. Data coverage: Domestic

Workplace Safety and Health

Strategic Direction

Establishment of Safety Management System

Kia is building a safety management system based on ISO 45001, using the principles and policies of safety and environment as its foundation. With the goal of establishing autonomous safety management, we have set the Safety and Environment Vision 2025 Roadmap to achieve a safety and environment system at the level of 'voluntary participation.' Accordingly, we are promoting improvement activities.



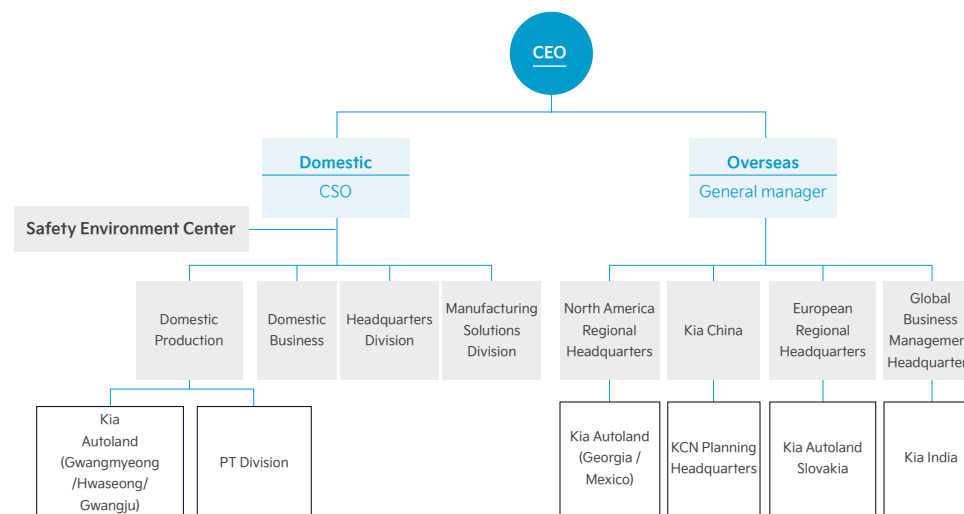
Safety and Environment Vision 2025 Roadmap

Safety and Health Policy

Target Year	~ 2022	~ 2025	2026 ~	Ultimate Goal
Target	Establishment of safety management system	Establishment of safety management system	Establishment of safety management system	Establishment of safety management system
Activities	- Safety management pursuant to related laws - Establishment of safety management system with in-house suppliers	- Cultivation of a culture where employees voluntarily conduct safety practices - Establishment of safety management system at each supplier	- Analysis and validation of the effectiveness of safety activities - Activation of safety management at each supplier	- Integration of safety and health activities into daily routines - Safety supervision activities among field workers

Health and Safety Governance

Kia has established a dedicated organization called the Safety Environment Center, which is responsible for overseeing and managing safety and environment-related tasks under the direct supervision of the Chief Safety Officer (CSO). The BOD reviews and approves the 'plan on occupational health and safety' annually and supervises the management of major occupational health and safety risks.



Reporting Process for Health and Safety Issues

When an occupational health and safety issue arises, it is reported to the management level, and subsequent actions are promptly taken based on agreed-upon decision-making processes.



Health and Safety-related Items Reviewed by the Board in 2022

Minimization of safety and environmental risks, compliance with safety and environmental regulations, safety culture

Workplace Safety and Health

Strategic Direction

Overseas Business Site Safety Management Council

To achieve long-term goals for company-wide occupational health and safety, we operate the Overseas Business Site Safety Management Council on a quarterly basis.

- ▶ Through the sharing of safety and health policies and objectives, as well as presentations on exemplary cases and accidents, benchmarking among workplaces conducted
- ▶ Active communication established, including support for issue resolution at the corporate level and the adoption of new safety technologies

Occupational Safety and Health Committee

Kia operates the Occupational Safety and Health Committees with participation from both labor and management to listen to opinions regarding safety and health matters from employees and promote improvement activities.

	Department OSHC (Monthly)	Division OSHC (Quarterly)	Integrated OSHC (As needed)
Role	Deliberation and decision-making on safety and health matters within the department	Deliberation and decision-making on safety and health matters within the division ¹	Decision-making on company-wide safety and health matters.
Key Agenda	Safety and health issues arising within each department	Matters related to legal obligations, budget investments, and other relevant issues	Matters requiring labor-management agreement (safety and health policies, industrial accident prevention and management activities, etc.)

1. Division: Autoland Gwangmyeong / Hwaseong / Gwangju, Sales, Service

Safety and Health Performance Management

Kia establishes and evaluates performance in occupational health and safety management through Key Performance Indicators (KPIs) from top management to executives, department heads, and team leaders. The occupational health and safety KPIs include both outcome indicators and process indicators.

Health and Safety KPIs Management

Category	Item	Specific goals
Outcome indicator	Industrial accident rate	• Reduction in the rate of occupational accidents (compared to the 3-year average and the previous year) • Reduction in the integrated accident rate (compared to the 3-year average)
	Integrated absence rate	• Reduction in the integrated absence rate (compared to the 3-year average)
Process indicator	KIA SEMS ² (Safety and Environment Management System)	• Objective assessment of the level in the areas of safety / environment / health / fire management • Application of global integrated management indicators and systematic improvement management

2. KIA SEMS: KIA International Assessment for Safety & Environment Management System

Risk Management in Health and Safety

Kia conducts regular and ad-hoc risk assessments to manage occupational health and safety risks and has established a system for swift response in the event of safety incidents.

- ▶ Through the operation of regular and ad-hoc risk assessment processes, identification of risk factors, and development and implementation of measures for their elimination and reduction carried out
- ▶ In the event of industrial accidents, prompt response and accurate cause investigation conducted in accordance with the 'Workplace Accident Investigation and Follow-up Measures Standard'
- ▶ Real-time sharing of information and swift response ensured in the event of new risks
- ▶ Manuals for emergency preparedness, including disasters and emergencies, developed, and biannual emergency response training involving field workers conducted
- ▶ Trend analysis of accidents reflected in occupational health and safety business plans and implementation strategies to prevent similar incidents

Proactive Response to Serious Accidents

Kia has also established systems to proactively respond to serious accidents. Following the 'policy and roadmap for prevention of serious accidents' by the Ministry of Employment and Labor, efforts to prevent serious accidents and occupational disasters are strengthened, and activities involving direct participation of workers in occupational health and safety are expanded.

Establishment of System for Prevention of Serious Accidents³

High-risk field management through safety map

"Safety Inspection Day," hosted for the whole sector
(4th of every month, TBM, safety checks, etc.)

Company-wide safety check regular meetings driven by CSO (once a week, safety issues shared, and support for related tasks)

Meetings and inspections conducted by the Safety Division (once a month, company-wide safety team leader meeting / check the compliance with the Serious Accidents Punishment Act)

3. Review actions taken based on the manual at least twice a year.

Workplace Safety and Health

Strategic Direction

Enhancing Occupational Health and Safety in suppliers

Kia operates various supporting systems and communication channels to establish a self-managed occupational health and safety management system among partner companies.

- ▶ Implementation of a safety rating system for 53 suppliers, providing incentives for excellent companies and applying penalties for inadequate ones
- ▶ Conducting safety inspections for high-risk in-house suppliers, identifying risk factors, and providing support for the prevention of serious accidents
- ▶ Developing guidelines and providing training on legal compliance for subcontractors to enhance subcontracted work safety management compliance

Operation of Channels for Addressing Occupational Health and Safety Concerns in suppliers

Kia continuously collects opinions on occupational health and safety from employees of partner suppliers and, when deemed necessary for accident prevention, the responsible safety department prepares improvement measures and implements them.

	No. of cases received	No. of cases handled	Handling rate
Complaint handling	45	45	100

Target

90+ KIA SEMS Score

Kia aims to reach level 4 in terms of safety environment starting from 2026 as part of its commitment to establishing a self-managed safety system in line with the Safety and Environment Vision 2025 Roadmap. This goal represents a shift in focus from a regulation-centric safety management system to fostering a culture of on-site safety management. It is closely tied to the KPIs for occupational health and safety management and will be a key factor in reducing the industrial accident rate and integrated accident rate.

KIA SEMS (Safety and Environment Management System)	Target year	2026 and beyond
	Target score	Level 4(80 or above)

Assessment

Evaluation of Health and Safety Management Level

Kia quantifies its safety and health management status through its KIA SEMS, the internal review program

- ▶ Comprised of 137 items in five areas (management system, safety, health, firefighting, and environment)
- ▶ Select internal appraisers and pay a visit to a total of eight domestic and overseas business sites
- ▶ Utilize assessment results as company-wide KPIs for safety and health and key indicators for goals and progress

Certification

Kia operates its integrated safety and environment management system based on the International Occupational Health and Safety Management System (ISO 45001). Each year, external audits and certifications are conducted by certification bodies to ensure the effectiveness of our system.

	Unit	2020	2021	2022	Target (2023)
For domestic operations (3 locations) ISO 45001 application rate	%	100	100	100	100
For overseas operations (5 locations) ISO 45001 application rate	%	80	80	80	100

Workplace Safety and Health

Performance

Joint Declaration on Occupational Health and Safety by Labor and Management

Kia, through a joint declaration on occupational health and safety, strengthens activities to ensure the safety and health of employees and personnel from suppliers, focusing on identifying and improving risk factors.

- ▶ In February 2023, a joint declaration event held with the goal of creating a safe and healthy workplace
- ▶ Establishment of a self-managed safety management system, formation of an advanced safety culture, and a commitment to strengthening compliance with Kia's top 10 safety rules included

In-house Supervisor System

Kia operates an internal supervisor system to regularly and ad-hoc manage workplaces, aiming to reduce accidents, prevent workplace accidents, and enhance the operation of the safety and health management system.

- ▶ Regular supervision: Analyzing and devising measures for recurring accident types among lower-ranked facilities based on the results of KIA SEMS assessments
- ▶ Ad-hoc supervision: On-site inspections and management plans for processes and tasks with a high potential for serious accidents in departments with recurring accidents

Strengthening Activities to Identify Potential Near-Miss Accidents

Kia strengthens activities to identify potential near-miss accidents to reduce accidents in the workplace starting from 2023.

- ▶ Development of an in-house computer system linked to QR codes to allow continuous reporting of near-miss accidents underway
- ▶ Rewards planned for excellent employees involved in risk assessments and the discovery of near-miss accidents

Industrial Accidents¹

		Unit	2020	2021	2022
Employees	No. of regular employees	Persons	50,127	49,260	50,213
	Lost Time Injury (LTI) cases	Cases	146	158	172
	Lost Time Injury Frequency Rate (LTIFR)	1 million working hours	1.00	1.10	1.17
	No. of fatalities	Persons	0	0	0
	No. of industrial accidents	Cases	313	415	388
	Industrial accident rate	%	0.89	1.20	1.13
	No. of occupational disease cases	Cases	166	257	216
	Occupational Injury Frequency Rate (OIFR)	1 million working hours	1.11	1.76	1.56
suppliers' employees ²	No. of partner companies' employees	Persons	7,144	7,185	7,790
	No. of fatalities	Persons	0	0	0
	Lost Time Injury (LTI) cases	Cases	63	57	70
	Lost Time Injury Frequency Rate (LTIFR)	1 million working hours	3.02	2.72	3.08

1. Due to a change in calculation method, the data for 2020-2021 has been revised.

2. In-house suppliers

Serious Incident

	Unit	2020	2021	2022	Target (2023)
No. of serious incidents	Cases	0	0	0	0

Workplace Safety and Health

Performance

Employee Health Management Activities

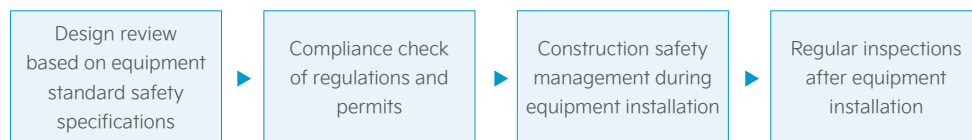
Kia has been recognized for its excellent health management activities and received the health-friendly company certification in December 2022. Additionally, Kia was awarded commendation from the Minister of Health and Welfare.

Category	Item
Medical check-up programs	General health check-ups, comprehensive health examinations, and specialized health assessments provided
In-house health promotion facilities	- Occupational health center: Modern / traditional oriental medicine clinic, physical therapy room, psychological counseling room, X-ray room - Sports center: Swimming pool, fitness center, GX studio
Health management programs	- Presence of specialized medical professionals and experts - Provision of high-quality physical and mental health programs to prevent occupational and general diseases

Equipment Inspection and Monitoring

Kia ensures its compliance with legal equipment standards by implementing a safety management process for facilities and equipment within the workplace. This process covers the entire lifecycle of equipment, from initial design to ongoing maintenance, to ensure its safety.

Equipment Safety Management Process



Safety and Health Education and Campaign

Kia provides various types of education for employees to internalize safety and health awareness.

- ▶ In addition to statutory safety and health education required by regulations, annual job-specific training provided to personnel in each safety and health department
- ▶ Training programs conducted to enhance the competencies of department coordinators for the advanced management of autonomous safety and health in collaborative departments
- ▶ Annual emergency response training provided to all employees
- ▶ Safety animations containing comprehensive safety and health standards, including necessary guidelines for the shop floor, produced and broadcasted

Safety and Health Education¹

		Unit	2020	2021	2022
Employee	Participation	Persons	34,069	33,714	33,970
	Employee participation rate	%	100	100	100
	Training hours	Hours	917,656	809,136	815,280
	Training hours per employee	Hours	24	24	24
Employees from suppliers	Health and safety education for employees from in-house suppliers	Hours	64,224	65,208	64,824

1. Data coverage: Domestic

Product Safety and Customer Satisfaction

Strategic Direction

Customer-oriented Safety Promotion Strategy

Kia is strengthening customer safety and product responsibility through three key strategies aimed at enhancing product safety and quality.

Ramping up the system to respond to customer safety & market quality issues

- Strengthen the fundamental roles in field support (in addition to the establishment of a global customer VoC sensing system)
- Reinforce the management of safety issues by region
- Carry out comprehensive activities to prevent relapse

Putting customers at ease

- Secure safety UX / UI at touchpoints with customers
- Upgrade customer ownership
- Establish a customer-oriented / field-focused customer care process

Internalizing sustainable safety culture

- Embed customer safety-first culture into every corner of the company
- Enhance our core group companies' and suppliers' safety response capabilities

Product Safety Risk Management

Kia continuously monitors customer complaints and quality issues. If a risk is identified as a safety problem, voluntary recalls are conducted to ensure customer protection.

Voluntary Recall Process

Reporting recall decisions to relevant national authorities (e.g., Ministry of Land, Infrastructure and Transport, NHTSA)

Notifying customers of the defect, corrective measures, and related compensation criteria before implementing the recall



Monitoring the effectiveness and feasibility of initial recall measures



Regularly managing the progress of corrective measures and providing customers with additional notifications if the progress rate is low

Customer-oriented Maintenance Services

Compensation program for excessive maintenance

Kia implements various consumer protection measures to provide customer-oriented maintenance services.

- ▶ Development of a system to record agreements with customers during the maintenance service process
- ▶ Improving procedures to ensure prompt and accurate compensation in cases of suspected excessive maintenance

Target

Medium and long-Term Goals for Consumer Rights

	Unit	2023	2024	2025	2026	2027
No. of cases requiring further assistance ¹	Cases	8,698	8,458	8,218	7,978	7,798

1. The number of cases requiring further assistance due to unresolved issues at the customer center

Assessment

ISO 9001 Certification (Quality Management System)

Kia has been producing products with the highest quality based on the ISO 9001 (Quality Management System). Since 1993, we have obtained ISO 9001 certification and undergone annual surveillance audits after certification. The certification is renewed every three years. As of the first half of 2023, we maintain the certification, and a routine surveillance audit is scheduled for the second half of the year.

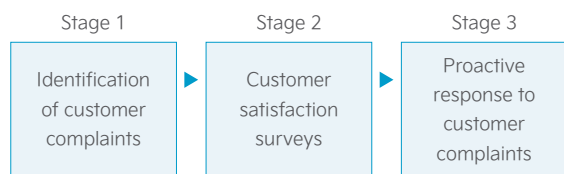
Product Safety and Customer Satisfaction

Assessment

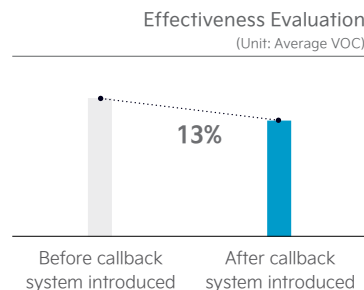
Measuring Effectiveness of Customer Care Services

We identified an increase in the number of complaints related to limited customer care services targeting certain customers. To address this issue, service improvements were implemented in 2022. As a result of these improvements, there was a 13% decrease in the number of complaint cases, demonstrating the effectiveness of the enhanced services.

Customer Care System



- ▶ After monitoring customer service interactions, promptly providing feedback and response to customer complaints and requests
- ▶ Proactively identifying and addressing situations where customer rights or interests may be compromised



Proactive Consumer Feedback Collection

Kia has established a dedicated team for Voice of the Customer (VOC), and actively collected and addressed consumer feedback through various channels.

Consumer Feedback

	Unit	2020	2021	2022	Target (2023)
No. of consumer feedback and complaint cases addressed	Cases	12,126	11,562	8,818	8,698

Performance

Product Safety

		Unit	2020	2021	2022
Recalls	Total no. of vehicles recalled	10 thousand vehicles	200	329	422
	- Mandatory (non-voluntary) recalls	10 thousand vehicles	0	0	0
	- Voluntary recalls	10 thousand vehicles	200	329	422
	Cost incurred due to total recalls	KRW 100 million	1,281	2,018	2,842
Training	Employee training hours per person on product quality-related topics ¹	Hours	24	6.8 credits	6.2 credits

1. 2023 target: Less than 15% of the total members were marginalized in training

The counting method of training hours was changed from 2021 by conducting non-face-to-face e-learning courses : training hours per person → credit completion system (1 credit is awarded for completing 1 course)

Customer Satisfaction Survey

We conduct customer satisfaction surveys through external organizations to diagnose and improve the issues at sales and service sites from the customer's perspective.

	Unit	2020	2021	2022	Target (2023)
Customer satisfaction evaluation	Points	65.5	68.7	69.7	70

* NPS (Net Promoter Score): It refers to an indicator that measures customer satisfaction and loyalty

[Formula] NPS = Rate of customers who recommend (%) - rate of customers who do not recommend (%)

Activities for Improving Customer Satisfaction

- ▶ Conducting on-site visit education called 'Empathy CS' that incorporates customer-centered cases and participatory programs
- ▶ Providing annual customer service and sales training for overseas dealer sales / service personnel to enhance customer interaction skills and job expertise
- ▶ Introducing specialized training programs for product experts to ensure customer-oriented sales professionalism

Supply Chain Management

Strategic Direction

Establishing Sustainable Supply Chain

We have set the goal of achieving sustainable supply chain management for mutual growth. To accomplish this, three key strategies have been formulated: enhancing the global competitiveness of suppliers, strengthening the foundation for sustainable growth, and fostering a culture of mutual growth.

- ▶ Prioritizing the supply chain management strategy and ensuring its systematic execution
- ▶ Providing a supplier code of conduct for all suppliers involved in our business and evaluating the compliance through supply chain ESG evaluations

Strategies for Mutual Growth



Priority in Supply Chain Management

Quality competitiveness	Technological competitiveness	Supply stability	Ethics / human rights	Green production system
· Defect rate · Claim resolution rate · Quality management · Evaluation of manufacturing sites · Outsourcing management	· Fundamental competencies · Performance capabilities · Future capabilities · Reliability testing capabilities · Software verification capabilities	· Smooth parts supply (Prevention of production line disruptions) · Delivery rate for repair parts · KD parts delivery rate	· Payment conditions · Fairness of contracts · Compliance with laws · Mutual growth activities · Labor / human rights · Safety / health of suppliers	· Environmental management system · Energy usage management · Air pollutant management · Waste management · Hazardous chemical substance management

Supplier Code of Conduct

[Supplier Code of Conduct](#)

Kia requires its suppliers to comply with laws and regulations, as well as establish the best operating systems in the 6 areas of ethics, environment, labor / human rights, safety / health, management systems, and supply chain inspections.

- ▶ ‘Compliance with the Supplier Code of Conduct’ explicitly stated as an obligatory condition in contracts, and regular reviews of the code conducted to enhance effectiveness
- ▶ Purchase practices reviewed considering unfair trading and corruption factors specified in the Supplier Code of Conduct, and mitigation measures taken upon the discovery of ESG risk factors
- ▶ Supplier Code of Conduct revised in 2023 to establish guidelines for addressing domestic and international legislation related to human rights and conduct substantive inspections
- ▶ Child labor and forced labor emphasized as the top priorities under the ‘Labor / human rights’ section of the code
- ▶ Principle of zero tolerance for child labor established and efforts to prevent human rights violations within the supply chain strengthened

Key Content of Supplier Code of Conduct

Ethics	Environment	Labor and human rights	Safety and health	Management system
· Transparent management and anti-corruption · Prevention of conflict of interests and unfair trading, etc. · Responsible material sourcing	· Establishment of an environmental management system · Management of energy, GHG, water resource, air pollutants, etc. · Protection of biodiversity and prevention of deforestation	· Prohibition of discrimination · Prohibition of child and forced labor · Guarantee of collective bargaining, etc.	· Establishment of a safety and health management system · Response to emergency situations and accident control · Safety diagnosis and health management, etc.	· Risk analysis · Training and communication · Operation of a grievance handling system, etc.

Supply Chain Management Governance

Kia's Sustainability Management Committee, under the BOD, oversees and manages supply chain ESG risks through reporting and deliberation on supply chain sustainability.



Supply Chain Management Issues Discussed by BOD

Approval of liquidity support for suppliers (2022), plans for the implementation of a new supplier co-prosperity program, and programs to enhance supplier ESG competitiveness (2023)

Supply Chain Management

Strategic Direction

Responsible Mineral Management System

[Conflict Minerals \(Responsible Minerals\) Policy](#)[Conflict Minerals \(Responsible Minerals\) Report](#)

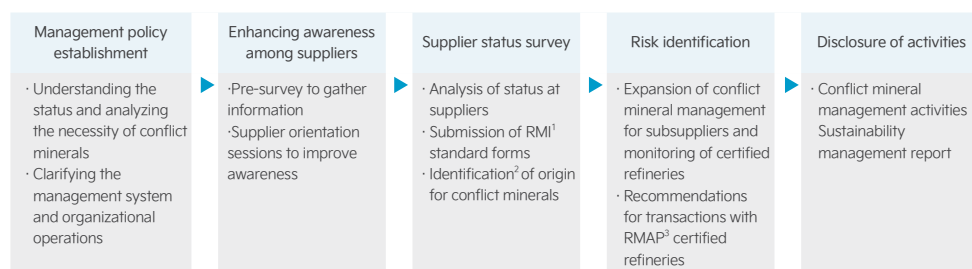
Kia has established a policy on conflict minerals to prohibit the use of minerals that are unethically sourced from conflict areas and continues to ensure ethical and responsible management of conflict minerals and cobalt.

- ▶ Annual surveys conducted to assess the status and necessity of conflict minerals used in products, and conflict minerals reported as minerals under management
- ▶ The 'Responsible Mineral Purchasing' policy applied when conflict minerals (tin, tungsten, tantalum, gold) are used in supplied components
 - Cobalt, a major responsible mineral closely related to conflict minerals, also included as a mineral under management
- ▶ Risk identification and improvement activities conducted according to the conflict mineral management process
 - Recommendations made to engage in transactions with refineries certified through the Responsible Minerals Assurance Process (RMAP) and to expand conflict mineral management
- ▶ An annual conflict mineral management report published to transparently disclose the management details

Selection of High-risk (risk management) Areas

- Selecting 10 African countries (Democratic Republic of Congo, Rwanda, Burundi, Sudan, Angola, Uganda, Zambia, Central African Republic, Congo, Tanzania) and other conflict areas as the Conflict Affected and High Risk Areas (CAHRAs)
- Continuously monitoring the use of conflict minerals and cobalt that are illegally or unethically mined and distributed in CAHRAs

Conflict Mineral Management Process



1. RMI (Responsible Mineral Initiative): An alliance for responsible mineral sourcing and supply chain management

2. Submission of RMI standard forms (CMRT / EMRT*) to verify the origin of conflict minerals

* CMRT/EMRT (Conflict Minerals Reporting Template / Extended Minerals Reporting Template): Templates for reporting conflict minerals and extended minerals

3. RMAP (Responsible Minerals Assurance Process): A process for assuring responsible minerals

Conflict Minerals Management Organization

Kia operates a comprehensive organization for responsible mineral purchasing in collaboration with Hyundai Motor Company to prevent environmental pollution, human casualties, labor exploitation, and human rights violations in conflict-affected areas. The Supplier Cooperation Team of the Purchasing Headquarters, which oversees conflict minerals management for Kia Motors Corporation and Hyundai Motor Company, is in charge of managing the conflict minerals management process and conducting regular monitoring and inspection of the responsible mineral risks of each purchasing business unit and suppliers.

Supply Chain Risk Management

Kia identifies and independently manages supplier groups that require focused management, considering various risks such as ESG factors, suppliers' adherence to national regulations, and environmental impacts of products.

- ▶ Core suppliers selected based on the importance of their parts and transaction volume
- ▶ Companies with ESG assessment scores below the standard or with concerns about safety, information security, labor, and human rights managed as high-risk suppliers
- ▶ On-site inspections conducted for companies with unsatisfactory evaluation results to demand improvements
- ▶ The progress of improvements monitored based on improvement plans submitted by suppliers

Target

ESG Evaluation of Key Suppliers

Key suppliers	Achieved 100% ESG evaluation
High-risk suppliers	Achieved 100% on-site ESG assessments

Supply Chain Management

Assessment

ESG Evaluation of Supply Chain

Kia incorporates ESG criteria in the selection process of suppliers and conducts an annual ESG evaluation for all suppliers engaged in business transactions. The evaluation results are utilized to enhance supply chain risk management and support strengthening ESG implementation. Moreover, we advise suppliers to establish systematic safety and health management and environmental management systems by obtaining relevant certifications such as ISO 45001 and ISO 14001. We also manage the ISO certification acquisition rate among primary suppliers.

Evaluation by	A third-party external evaluation agency to ensure fairness and expertise in the assessment process
Initiatives and frameworks utilized	• Drive Sustainability • Responsible Business Alliance • UN Sustainable Development Goals • UN Global Compact • Carbon Disclosure Project
Criteria	• General, ethical, environmental, labor / human rights, and safety/health aspects • Consisting of over 20 detailed questions with specific targets
Evaluation process	Document evaluation → on-site inspections → risk determination → improve-ment monitoring
Benefits / penalties to suppliers based on evaluation results	• Additional points and benefits provided to ESG excellent companies, known as 'Win-win Cooperation 5-Star' • Suppliers with unresolved risks identified through the supply chain ESG evaluation or those involved in significant ESG-related issues may face bidding restrictions. • In cases of safety issues, ethical violations, hindrances to co-prosperity, etc., penalties can be imposed through internal review committees to encourage compliance from suppliers. • When selecting new trading partners, ESG evaluations are conducted, and companies that do not meet the criteria's minimum score are ineligible for trading.

Results of Supply Chain ESG Evaluation in 2022

	Unit	2022
Total number of evaluated suppliers	Numbers	1,704
- No. and ratio of evaluated 1st-tier suppliers ¹	Numbers (%)	380(100)
- Ratio of evaluated key suppliers	%	100
No. and ratio of high-risk ² suppliers(1st-tier suppliers and 2nd-tier key suppliers are included)	Numbers	14
- Ratio of high-risk suppliers who agreed to take corrective actions and improvements	%	100

1. Based on domestic suppliers

2. Suppliers with significant actual / potential negative impact classified as high-risk suppliers

Monitoring and Corrective Actions for Key Suppliers

		Unit	2022
Monitoring of key suppliers	No. and ratio of key 1st-tier suppliers	Numbers (%)	47(100)
	No. and ratio of key 2nd-tier suppliers	Numbers (%)	24(100)
High-risk Suppliers ³ corrective actions	No. of Suppliers identified to have high risks	Numbers	14
	No. and Ratio of high-risk suppliers who developed and implemented plans for corrective measures	Numbers(%)	14(100)
	No. and ratio of high-risk suppliers ⁴ that participated in capacity building programs	Numbers(%)	3(21)

3. Suppliers with significant actual / potential negative impact classified as high-risk suppliers

4. Including one of 1st-tier and 2nd-tier key suppliers

Support for ESG in Partner Companies

Kia offers information on its ESG programs for partner companies, such as the programs' procedures and requirements with the objective of enabling small and medium-sized or medium-sized partner companies to enhance their capacity to cope with the global ESG environment and regulations. We also provide consulting for them to establish ESG management systems.

In addition, we provide training for Kia's internal staff who are responsible for this matter on the significance of ESG programs for partner companies, such as CDP Supply Chain as well as support items.

- In 2022, benchmarking support for ESG to 180 suppliers who did not meet the ESG evaluation score provided, including customized document or on-site consulting to address vulnerabilities and align with business strategies

Program Support Achievement

		Unit	2022
Global Partnership Center (GPC) ESG education performance	No. of suppliers	Numbers	303
	No. of participants	Persons	1,123

Supply Chain Management

Performance

Supply Chain Status

Kia selects key suppliers based on the importance of parts and transaction volume and manages the proportion of purchase amounts.

Identification of Suppliers

		Unit	2022
Total number of suppliers		Numbers	1,704
No. of 1st-tier suppliers	Total number of 1st-tier suppliers	Numbers	1,680
	Domestic	Numbers	380
	Overseas	Numbers	1,300
	No. of key suppliers	Numbers	47
No. of 2nd-tier suppliers	No. of key suppliers	Numbers	24

Proportion of Purchasing Amounts from Suppliers

		Unit	2022
Proportion of 1st-tier suppliers	Total number of 1st-tier suppliers	%	100
	Key suppliers	%	65

Responsible Mineral Management

In 2022, Kia conducted an investigation on conflict minerals for 43 suppliers involved in the supply of components containing 3TG minerals (gold, tin, tungsten, tantalum).

- ▶ For suppliers who did not submit the required data, their feedback on the challenges faced in data submission gathered, emphasizing the need for active cooperation in the conflict mineral management process to ensure that all targeted suppliers submit the necessary data
- ▶ Based on the CMRT/EMRT data submitted by suppliers, verification of transactions with refineries that have obtained with the certification of the Responsible Minerals Assurance Program (RMAP) conducted
- ▶ Implementation of a mineral procurement policy that emphasizes suppliers' social responsibility and requests for transactions with refineries that have obtained with the RMAP certification as alternatives

Green Procurement Implementation

We practice green procurement across all our suppliers and strive to establish an eco-friendly manufacturing environment by entering into eco-friendly parts supply agreements with all component suppliers.

- ▶ Voluntarily participated as a primary company in the green procurement voluntary agreement initiated by the Ministry of Environment in September 2005
 - Prioritizing the purchase of eco-friendly products such as environmentally certified products, excellent recycling mark products, and products with reduced hazardous substances, in accordance with the guidelines for green procurement
- ▶ Since 2007, 'Eco-friendly Parts Supply Agreements' with all component suppliers in the supply chain concluded
 - Making efforts to ensure that harmful substances that are detrimental to human health and the environment are not used or included in the development and production processes of the components

Green Procurement Performance and Ratio

	Total procurement amount (in KRW million)	Green procurement amount (in KRW million)	Ratio (%)
2021	32,932,500	991	0.003
2022	39,830,700	2,233	0.006

Supply Chain Management

Performance

Enhancing Supply Chain Sustainability

To enhance the sustainability of the supply chain, we are operating capacity-building and financial support programs to enhance global competitiveness, improve vehicle quality, technology, and productivity.

Capacity-Building Program for Suppliers

Category	Support
Smart factory support	Support for process data digitalization, lead time reduction, defect rate reduction, waste disposal cost reduction, on-time delivery improvement, and revenue enhancement through consulting and equipment investment at supplier facilities
Export marketing support	- Support for participation in domestic and international automotive parts industry exhibitions - Assistance in matching with overseas buyers
Talent acquisition support	- Supplier recruitment fairs (Participated by 320 suppliers including the 2nd and 3rd-tier suppliers in 2022) - Operation of a dedicated online recruitment support system for suppliers throughout the year
Competency enhancement training support	- Provision of training programs targeting 1st and 2nd-tier suppliers to enhance their competencies and improve competitiveness of the overall automotive industry - Support for training facilities and instructors if suppliers require their own training
Quality improvement and technical support	Improving vehicle quality, technology, and productivity through suppliers' capacity building, and providing automotive-related technical expertise and know-how to enhance global competitiveness, particularly for small and medium-sized enterprises by dispatching the Quality Technology Support Group and the Supplier Support Group (Support for on-site visits of partner companies)

Support Program Performance

		Unit	2022
Technical guidance (Quality Technology Support Group)	No. of 1st -tier suppliers	Numbers	16
	No. of 2nd-tier suppliers	Numbers	86
Management consulting (Supplier Support Group)	No. of 1st-tier suppliers	Numbers	17
	No. of 2nd-tier suppliers	Numbers	24
Achievement in training by Global Win-Win Cooperation Center (Job training, etc.)	No. of training programs	Numbers	510
	No. of participants	Persons	63,082
Smart factory establishment support program	No. of 1st and 2nd-tier suppliers	KRW 100 million	19
Export marketing support program	No. of 1st and 2nd-tier suppliers	KRW 100 million	4

Financial Support Programs for Partner Companies' Growth

We operate support programs to enhance the financial stability of our suppliers.

- ▶ Cash payments to small and medium-sized suppliers
 - Since 2016, cash payments for deliveries expanded to cover 'medium-sized companies with sales of less than KRW 500 billion' rather than 'medium-sized companies with sales of less than KRW 300 billion' as defined in the Subcontracting Act
- ▶ Early payment of supplier payments during national holiday periods
 - To ensure that 2nd and 3rd-tier suppliers also receive early payment for their deliveries, the evaluation criteria for 1st tier suppliers include consideration of whether they support early payment of supplier payments.
- ▶ Operation of various financial support programs including Future Growth Partnership Fund and Exclusive Loan Funds for 2nd and 3rd-tier Suppliers

		Unit	2022
Financial support program	Total scale of financial support programs	KRW 100 million	6,288
	Mutual Growth Cooperation Loan	KRW 100 million	2,380
	Future Growth Win-Win Fund	KRW 100 million	935
	Future Growth Mutual Fund	KRW 100 million	1,500
	Win-Win Mold Equipment Fund	KRW 100 million	750
	Loan fund exclusively for 2nd and 3rd-tier suppliers	KRW 100 million	723

Payment Conditions

Category		Payment condition	Payment frequency
Domestic supply parts	Small and medium-sized enterprises	Cash	Once a week
	Medium-sized enterprises (Annual revenue below KRW 50 billion)	Cash	Once a week
	Medium-sized enterprises (Annual revenue KRW 50 billion or above)	Promissory note (60 days)	Once a week
	Large enterprises	Promissory note (60 days)	Once a week
Export supply parts		Cash	Once a month

Supply Chain Management

Performance

Enhancing Cooperative Growth Culture

We have achieved the highest rating of 'Excellent' in the Win-Win Index for 9 consecutive years, and we are transparently sharing our performance in implementing support programs for the financial and non-financial growth of our suppliers with the public.

Category	Item
Fair Trade Agreement (14th term)	Addressing raw material price increases, financial support programs, operation of the four major subcontracting practices, strengthening cooperative growth of 2nd and 3rd-tier suppliers
Performance evaluation and recognition for cooperative growth between 1st and 2nd-tier suppliers	- Performance evaluation and recognition for cooperative growth between 1st and 2nd-tier suppliers conducted since 2009 40 recognized as outstanding cooperative growth companies until 2022
Partner fair evaluations, Partner System	Fair evaluation and transparent trade with suppliers through Hyundai Motor Group's Partner System
Operation of Transparent Purchasing Practice Center	- Supplier Code of Conduct, four major subcontracting practices, guidelines for prohibiting retaliation posted - Channels for transparent and ethical practices suggestions established to gather feedback and opinions from suppliers on improvement of systems and addressing issues - Opinion for improving procurement policies, violation of persons in charge of purchasing, violation of Supplier Code of Conduct can be reported - A dedicated channel operated for 2nd and 3rd-tier suppliers to report grievances and unfair trade practices

[Four major subcontracting practices]

- Practice of desirable contract establishment
- Practice of new registration and operation of suppliers
- Practice of internal review committee for subcontracting
- Practice of issuing and preserving appropriate documents

[Suggestion box for transparent / ethical practices]

- Purpose of operating the suggestion / complaint box
- Methods for making suggestions and complaints
- Operating procedures (allowing anonymity and non-disclosure principle)
- Accessing the results of actions taken

Handling Complaints from Partner Companies

We receive complaints from our suppliers through the transparent and ethical practice suggestion box for suppliers. In 2022, we received one complaint, and we provided feedback for the received case.

	Unit	2022
Complaint resolution rate	%	100

Achievement in Mutual Growth¹

suppliers' average revenue scale	Overseas expansion	Average trade duration with suppliers
Increase by 4.4 times compared to 2021	Overseas expansion together with 749 suppliers	34 years (Average for manufacturing industry: 12 years)

1. Analysis target: 1st-tier part suppliers (Excluding subsidiaries and non-specialized component suppliers with less than 10% dependency)

Community Engagement (Social Contribution and Value Creation)

Strategic Direction

Community Support Strategy

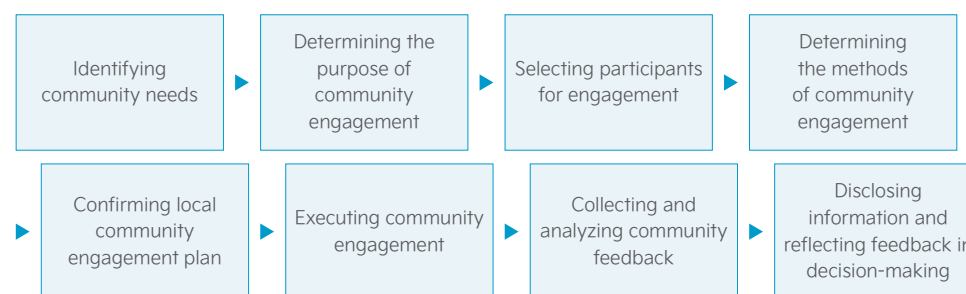
Kia aims to contribute to a safe, free, and sustainable life for humanity through its social contribution activities under the vision of 'Sustainable Mobility Solutions Provider'.

- ▶ Reorganizing and advancing our social contribution system with a focus on three areas: eco-friendliness, mobility, and challenge.
- ▶ Sharpening company-wide social contribution capabilities and effectiveness through the establishment of Kia social contribution work standards.
- ▶ Establishing detailed guidelines for social contribution activities for each process.
 - Planning and executing social contribution programs, including post-management, performance indicator establishment, and donation management.
 - Starting in 2023 with the headquarters and domestic business sites, we are planning to gradually embed social contribution practices into the operations of global business sites.

Social Contribution System

Corporate vision	Sustainable Mobility Solutions Provider		
Mission for social contribution	To contribute to the safe, free and sustainable life of humanity		
Key areas	Eco-friendliness	Mobility	Challenge
Value in pursuit	Climate change response and ecological conservation	Free and safe movement	Growth and self-reliance of future generations
Main projects	• The Ocean Cleanup: Marine plastic collection and recycling • Tidal flats vegetation restoration: Boosting marine ecosystem preservation and promoting carbon sequestration capacity.	• Green Travel: Travel and mobility support for transportation vulnerable, provision of driving services for the disabled, and offering wheel chair-accessible vehicles	• Green Light Project: Support for education, medical care, and self-reliance in underdeveloped countries

Community Engagement Process



Community Risk Management

Kia has identified the unpleasant smell in the vicinity of the Autoland Gwangju as a major risk factor that affects the local community, and has taken appropriate measures in response.

- ▶ Annual operation of the Kia-Gwangju Metropolitan City collaborative body for odor prevention
- ▶ Continuous monitoring and addressing identified negative impacts on local communities
- ▶ Through the analysis of workplace odors, 14 significant areas that need improvement were identified, including the replacement of chemical tanks, outlet amelioration, and the installation of a new RTO (Regenerative Thermal Oxidizer), with a total investment of KRW 11 billion for implementation.

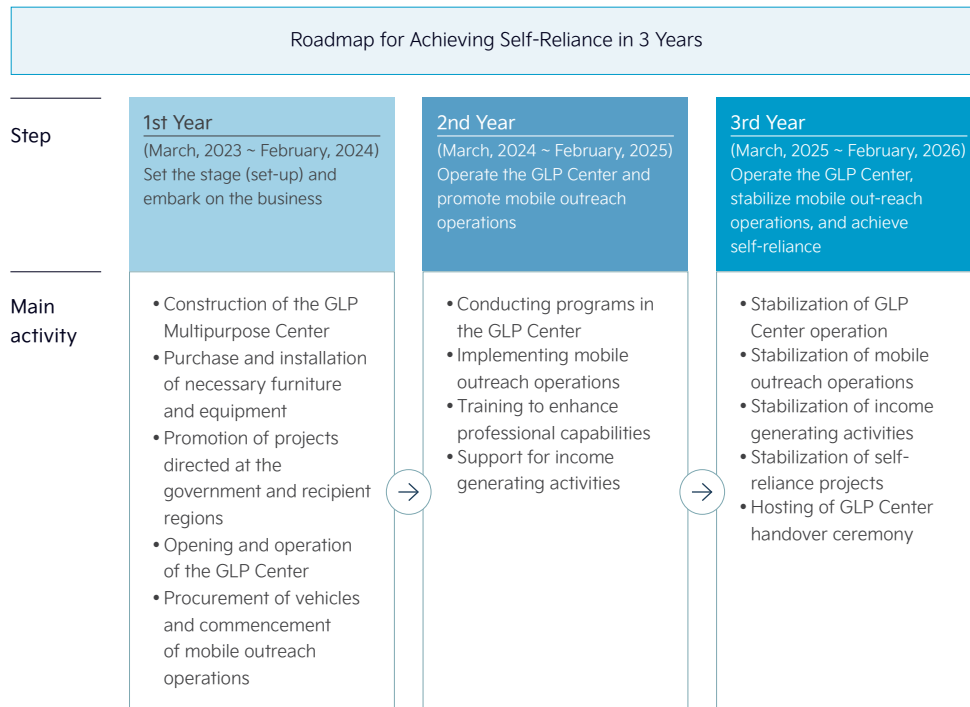
Community Engagement (Social Contribution and Value Creation)

Target

Promoting Community Self-reliance

Kia has established and is working towards achieving mid- to long-term goals for each major program within our flagship social contribution project, the Green Light Project.

2023 Kia Albania GLP Roadmap



Performance

Social Contribution Activities by Domestic and Overseas Business Site

Under the social contribution system that values eco-friendliness, mobility, and challenge as core principles, we are conducting contribution activities for each business site.

Domestic Business Sites	Yangjae (Headquarters)	Kia Frentoring: Career / employment mentoring for youths outside of education and other related activities
	Domestic Business Headquarters	- Good Mobility Campaign: Support for portable wheelchair ramps installation - K-Mobility Care: Support for maintenance of old vehicles for social welfare centers and low- income families
	Autoland Hwaseong	- Kia Challenge ECO Project: Environmental education and practice programs for elementary and college students in Hwaseong-si by age - Local community: Youth support / culture support / support for people of national merit
	Autoland Gwangmyeong	- Kia Challenge Key Academy: Support for low-income youth education - Local community: Support for local NGOs / Kimchi sharing for low-income families / support for the socially disadvantaged
	Autoland Gwangju	- Kia Challenge Dream Concert / Culture and Art Education: Gwangju City Youth Cultural Education and Experience Program - Local community: Support for local NGOs / support for the socially disadvantaged / environmental complaint settlement
Overseas Business Sites	Kia China (KCN)	- Project: Renovation of start-up support facilities, and support for start-up competitions and other related operations - Local community: Traffic safety camp for children
	Kia India (KIN)	- Project: Plastic waste collection - Local community: Cultivation of automotive maintenance work-force
	Kia USA (KUS)	- Project: Safe driving education for youth - Local community: Scholarship support for the underprivileged
	Kia Autoland Georgia (Ka-GA)	- Project: Support for low-income people and diverse ethnic groups - Community: EV hands-on education for local students
	Kia EU	Project: Vehicle support for medical institutions, support for cancer patients and other related activities
	Kia Autoland Slovakia (KaSK)	- Project: Establishment of eco-friendly bicycle paths, operation of bicycle rental systems - Local community: Science and technology education for youth

Community Engagement (Social Contribution and Value Creation)

Performance

Donations¹

	Unit	2020	2021	2022
Cash donation	KRW million	24,648	18,442	24,365
- Social welfare	KRW million	9,595	9,586	10,707
- Education, school and academic research	KRW million	2,562	2,095	4,452
- Culture arts and physical education	KRW million	1,152	2,305	1,138
- Environment	KRW million	343	2,006	1,045
- Emergency aid and disaster relief	KRW million	1,707	211	2,099
- International activities	KRW million	1,014	400	400
- Others	KRW million	8,275	1,839	4,524
In-kind donation	KRW million	N/A	N/A	N/A

1. Data Coverage: Domestic

Social Contributions Expenditure

A total of KRW 55.18 billion was executed for social contribution expenditure.

Donations (KRW 24.37 billion)			Social contribution expenditure (KRW 30.81 billion)	
Headquarters (representative business),	Domestic business sites	Contribution by group	Ocean Cleanup	Overseas business sites
KRW 2.57 billion	KRW 5.23 billion	KRW 16.57 billion	KRW 5.42 billion	KRW 25.39 billion

Volunteer Work

	Unit	2020	2021	2022
Annual no. of participants	Persons	9,037	3,946	2,428
Total hours of volunteer works	Hours	27,702	17,608	10,561
Hours of volunteer works per employee	Hours	0.79	0.50	0.30

Political Contributions and Association Fees

Kia complies with Chapter 6, Article 31 of the Political Fund Act of South Korea, which prohibits corporations or groups from making political donations.

Social Investment

		Unit	2020	2021	2022
Policy contributions	Political contributions	KRW million	0	0	0
	Lobby and other contributions	KRW million	0	0	0
Association fees and contributions	Total	KRW million	3,325	3,645	6,313
Major association fees and contributions	Foundation of Korea Automotive Parts Industry Promotion	KRW million	1,500	1,500	1,500
	Korea Automobile Research Institute	KRW million	243	243	259
	Korea Traffic Disabled Association	KRW million	60	70	70

Ensuring Information Security and Protecting Personal Information

Strategic Direction

Information Security and Personal Data Protection System

Kia implements a security system to prevent the leakage of assets, such as company confidential information and intellectual property. We also strive to safely manage customers' personal information.

- ▶ Operating an information security management system in accordance with the International Organization for Standardization (ISO) guidelines
- ▶ Updating security work standards and privacy policies at least once a year based on the latest legal and information security technology developments
- ▶ Scope of personal information protection policy: Kia employees and dispatched workers, and employees of related companies handling Kia customer information
- ▶ Preparing a 'user-friendly personal information processing policy' from the customer's point of view and making it publicly available on the website.
- ▶ Developing and implementing the information security incident response policy

Information Security Governance

Kia has established a specialized organization for information security and personal information protection, and created the Kia Information Protection Center to oversee its operations.

Enhancement of Competency and Efficiency in Decision-making

- ▶ Having leadership experience within the Information Security Team, a requirement for being appointed as the Chief Information Security Officer (CISO) or Chief Privacy Officer (CPO)
- ▶ Establishment of a company-wide information security organization composed of security officers for each division and department
- ▶ Establishment of a Personal Information Protection Committee for departments handling personal information and conducting education on issues and trends related to personal information

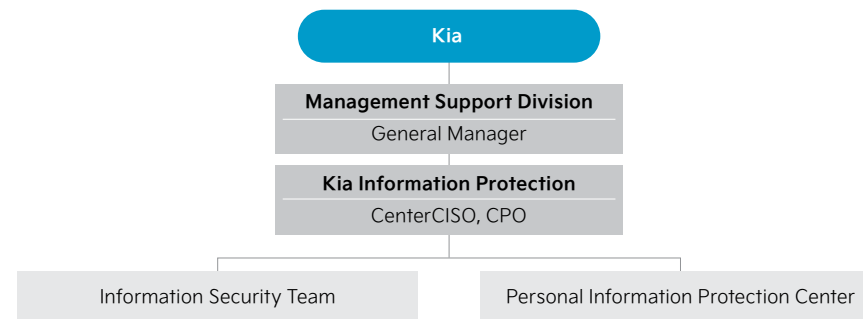
Verifying Compliance with Information Security Policies

- ▶ Conducting inspections of information systems (including personal information processing systems), team departments, and suppliers at least once a year
- ▶ Implementing disciplinary procedures considering the type of violation and the level of negligence in the event of regulatory violations

Data Breach Prevention and Response

- ▶ 24/7/365 security monitoring to prevent potential data breaches
- ▶ Implementing incident response procedures for security and personal information breaches to ensure prompt action in case of incidents

Information Security Organization



Risk Management for Newly Implemented Systems

- ▶ Conducting security checks and personal information impact assessments during the establishment of new systems to ensure the application of security requirements and pre-check compliance with laws related to personal data
- ▶ Preventing information breaches and leaks by taking immediate action upon finding any deficiencies

Assessment

Information System Risk Assessment

Kia conducts an annual information system risk assessment, taking into account new threats and the latest legal developments.

- ▶ Defining risk levels considering asset criticality, the extent of identified threats and vulnerabilities, and other factors
- ▶ Developing and implementing risk management measures according to risk level

Certification of Information Security Management System

- ▶ Maintaining ISO 27001 (Information Security Management System) certification since its initial acquisition in 2006 for 17 years
- ▶ Preparing to obtain the domestic Information Security Management System (ISMS) certification by 2024

Ensuring Information Security and Protecting Personal Information

Performance

Information Security and Protection Activities

Kia is actively promoting to raise employees' awareness of information security in response to the non-face-to-face work environment and security threats that emerged after the COVID-19.

Education and Training Programs

- ▶ Kia is engaged in various programs, such as developing online security education content, hosting monthly information management events, distributing security newsletters, and conducting malware simulation phishing training

Raising Information Security Awareness

- ▶ Guidelines on handling malicious code emails and infection as well as security precautions for remote work are shared through Kia's official PR channels and newsletters.
- ▶ Frequent / regular training on the importance of customer information protection for all employees

Conducting Inspection on Personal Information Protection

- ▶ Conducting regular training and inspection for all departments and suppliers handling customer data
- ▶ Periodic self-assessments of the personal information processing system and inspection of technical protection measures at least once a year

Information Security Training

	Unit	2020	2021	2022
No. of training sessions	Times	37	46	55
No. of participants	Persons	146,648	172,225	246,431

Governance

104	Board of Directors
107	Shareholder Rights
108	Ethical Management and Compliance
111	Tax and Accounting
112	Enterprise Risk Management

Board of Directors

Strategic Direction

Building a Transparent and Sound Governance System

Corporate Governance Charter

Kia's highest decision-making body, the Board of Directors (BOD), is comprised of directors appointed at the general shareholders' meetings. It serves to represent the interests of shareholders and stakeholders, oversees the execution of duties by directors and management, and makes decisions on significant matters with the objective of achieving Kia's continuous growth. The board resolves crucial matters concerning fundamental policies and the progress of work, and oversees the performance of duties by directors and management.

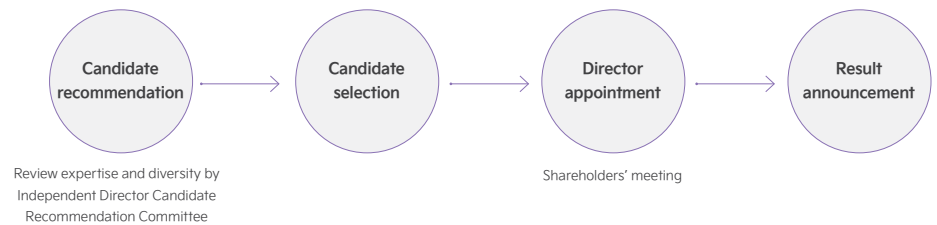
Board Composition

(As of April, 2023)

Classification	Name	Gender	Appointment background	Major career	Tenure
Executive Director	Eui-Sun Chung	Male	As the Chief Executive Officer (CEO) of the group, possessing the capabilities to effectively coordinate internal and external factors	Chairman of Hyundai Motor Company	By March 2025
	Ho-Sung Song	Male	Capable of overseeing overall business operations and performing external tasks stably	Kia CEO	By March 2025
	Joon-Young Choi	Male	Having the capacity to operate and manage the entire business stably as the Chief Safety Officer (CSO) and the person in charge of domestic production	Kia CEO / Chief Safety Officer (CSO) and responsible for domestic production	By March 2024
	Woo-Jeong Joo	Male	As the Head of Finance Division, possessing the capabilities to stably operate and manage the overall business	Head of Finance Division, Kia	By March 2026
Independent Director	Choi-Soo Han	Male	As a fair-trade expert, being expected to make a valuable contribution to the operation and development of the BOD based on his extensive experience and knowledge in the relevant field	Current) Advisor to Yoon&Yang Law Firm Former) Secretary General of the Fair-Trade Commission	By March 2024
	Wha-Sun Jho	Female	As a future governance expert, being expected to make a valuable contribution to the operation and development of the BOD based on her extensive experience and knowledge in related fields	Current) Professor of Political Science and International Relations at Yonsei University; Full member, Faculty of Policy Studies, Korea Academy of Science and Technology	By March 2024
	Chan-Hyuk Jeon	Male	As a management strategy expert, being expected to make a valuable contribution to the operation and development of the BOD based on his extensive experience and knowledge in related fields.	Current) CESCO CEO	By March 2026
	Jae-Yong Shin	Male	As an accounting expert, being expected to make valuable a contribution to the operation and development of the BOD based on his extensive experience and knowledge in related fields.	Current) Professor, College of Business School, Seoul National University	By March 2026
	JENNIFER HYUNJONG SHIN (US national)	Female	As a mechanical engineering expert, being expected to make a valuable contribution to the operation and development of the BOD based on her extensive experience and knowledge in related fields.	Current) Professor, Department of Mechanical Engineering, KAIST, Advisory Committee Member of National Science and Technology Advisory Council	By March 2025

Independent Director Appointment Process

The Independent Director Candidate Recommendation Committee, which is responsible for appointing independent directors with expertise and independence, conducts a pre-deliberation on their expertise, job fairness, ethics, and diversity before making the appointments. The appointment items are presented individually for each director (one director per appointment).



Board Independence

Our board consists of a majority of independent directors (55.6%). Their appointment follows the independence guidelines, involving a review of any potential conflicts of interest with our company and a meticulous assessment of their expertise in respective fields and individual qualifications. Furthermore, we enforce a range of policies and systems to ensure that independent directors fulfill their duties faithfully. These measures include prohibiting independent directors from holding concurrent positions outside our company without prior approval from the board.

- ▶ Submitting the 'Certificate of Qualifications for Independent Director Qualifications' to the Korea Exchange
- ▶ Prohibition of holding concurrent positions other than our company without the prior approval of the BOD, and ban on the sales activities for the same kind of business without the approval of the BOD
- ▶ Restriction on directors from exercising their voting rights when deciding on agenda items in which they have a special interest
- ▶ Those who are not eligible to be candidates: Individuals who are currently executive directors, major shareholders, or have significant affiliations with the company, as well as those who have worked for the company within the last 2 years

		Unit	2020	2021	2022
BOD Independence	Percentage of independent directors in BOD	%	55.6	55.6	55.6
	Whether an independent director serves as the chairman	✓	-	-	-
	Implementation of the shareholder recommendation system for independent directors	✓	✓	✓	✓
	Operation of Independent Director Candidate Recommendation Committee	✓	✓	✓	✓

Board of Directors

Strategic Direction

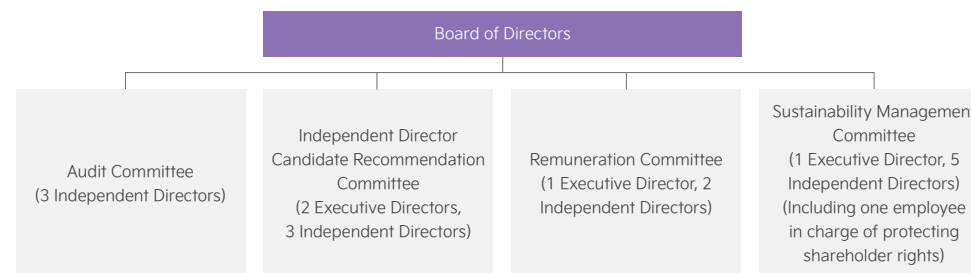
Board Diversity and Expertise

Kia prohibits discrimination on the grounds of gender, age, race, ethnicity, nationality, political and cultural background, and experience when appointing directors for the board. Furthermore, we aim to appoint independent directors with expertise in various fields, including fair trade, future governance, business strategy, accounting, and future technology to enhance their expertise and reinforce the function of checking management.

		Unit	2020	2021	2022
BOD diversity	BOD Diversity Policy	✓	✓	✓	✓
	Female registered executives who are not controlling shareholder or a family member	Persons	0	1	2
BOD expertise	Director with industry experience	✓	✓	✓	✓
	- Percentage of directors with industrial experience out of total directors	%	44	44	44
	- Percentage of directors with industrial experience out of independent directors	%	-	-	-
	Risk Experts	Persons	0	0	0
	Financial Experts	Persons	2	2	1
	ESG Experts	Persons	-	1	1

Committees under the Board

Kia has established committees within its BOD, the highest decision-making body, to effectively carry out management and supervisory functions over the management. These committees include the Audit Committee, the Independent Director Candidate Recommendation Committee, the Remuneration Committee, and the Sustainability Management Committee. The main provisions of each committee's regulations are disclosed in our annual corporate governance report every May.



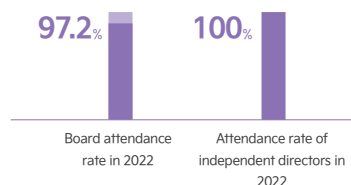
		Unit	2020	2021	2022
Audit Committee	Percentage of independent directors	%	100	100	100
	Chairman's financial expertise	✓	✓	✓	✓
	No. of financial experts	Persons	2	2	1
	No. of committee meetings convened	Times	6	6	5
	Independence director attendance rate	%	100	100	100
	No. of agenda resolutions and reports	Cases	11	11	13
Independent Director Candidate Recommendation Committee	Percentage of independent directors	%	60	60	60
	CEO participation status	✓	✓	✓	✓
	No. of committee meetings convened	Times	2	1	1
	Independence director attendance rate	%	100	100	100
Remuneration Committee	No. of agenda resolutions and reports	Cases	2	1	1
	Percentage of independent directors	%	66.7	66.7	66.7
	No. of committee meetings convened	Times	2	2	1
	Independence director attendance rate	%	100	100	100
Sustainability Management Committee	No. of agenda resolutions and reports	Cases	3	2	2
	Percentage of independent directors	%	100	83.3	83.3
	No. of committee meetings convened	Times	5	6	9
	Independence director attendance rate	%	96.6	100	100
	No. of agenda resolutions and reports	Cases	27	35	28

Board of Directors

Strategic Direction

Board Operation

Pursuant to Article 32 of the Articles of Incorporation, the chairman calls for a board meeting, provides advance notice of the meeting date, location, and agenda to each director seven days before the meeting, and arranges a separate pre-meeting briefing session for independent directors. The BOD is briefed on ESG strategies and plans, evaluates the importance of ESG factors, and manages and supervises non-financial risks and management performance.



	Unit	2020	2021	2022
No. of meetings convened	Times	8	7	8
No. of resolutions and reports	Cases	25	31	28
No. of resolutions by agenda	Cases	25	31	28
No. of ESG agenda items reported	Cases	2	2	1

Board Efficiency

To enhance the board of directors' performance and efficiency, Kia reviews the reappointment of current directors or the appointment of new directors before their terms expire, and separately presents each director's appointment as an individual agenda item, ensuring the protection of shareholders' rights.

	Unit	2020	2021	2022
Average term	Years	4.9	4.9	4.5
Limited no. of concurrent positions	Positions	2	2	2
Attendance rate ¹	%	97.2	90.5	97.2

1. Minimum attendance rate for the board managed separately: 80%

Board Training

Kia offers a variety of educational programs to assist independent directors in gaining industry understanding and enhancing their expertise. Additionally, we organize exclusive independent board meetings, held separately from the regular board meetings, aiming to provide them with the information and resources needed for their job performance. In 2022, there were a total of six independent director meetings

- ▶ Key topics covered in the independent director training in 2022: Boston Dynamics' operational status, an overview of the US IRA Act (external specialists may be invited if required)

Assessment

Board Evaluation

Since 2021, we have implemented a periodic evaluation system for the BOD and committees. To maintain objectivity in the evaluation process and obtain fair and honest feedback, only independent directors are involved as evaluators, and their assessments and suggestions are collected anonymously. We are continuously enhancing the functioning of the BOD by reflecting the opinions of independent directors.

Board Evaluation Results in 2022

Overall average (out of 5)	BOD roles	Responsibilities and obligations	BOD composition	BOD independence	BOD operation	Collection of information	Operation of committees
4.9	4.9	5.0	4.9	4.8	4.9	4.6	4.8

Board Remuneration

Within the authorized limits established by the general shareholders' meeting, Kia pays executive and independent directors' remuneration by comprehensively reflecting internal standards for executive salaries and their contributions in our company. In 2022, the maximum director remuneration allowed is KRW 10 billion, and the actual payout amounts to KRW 5.03 billion.

	Unit	2022
Remuneration system	Including ESG Performance in CEO Performance Indicators	✓
	Existence of non-executive director remuneration system	✓
	Disclosure of individual remuneration amount	✓
Remuneration	Total CEO annual remuneration	KRW million 2,541
	Average remuneration per registered director	KRW million 1,153
	Average remuneration per independent director	KRW million 84
	Average remuneration per Audit Committee member	KRW million 84
	Average (or median) remuneration of all employees	KRW million 112
	CEO-employee remuneration ratio	Times 22.7

Regulatory Violation

There were no instances of legal or regulatory violations related to corporate governance at Kia in 2022. Moreover, no executives have received conclusive judgments for embezzlement, breach of trust, or unfair trading under the Capital Markets Act, and we have established control mechanisms to safeguard against transactions pursued for the personal interests of the management or controlling shareholders

Shareholder Rights

Strategic Direction

Strengthening Shareholder Rights

In order to enhance shareholder value, Kia stipulates regulations in the Corporate Governance Charter to ensure equitable treatment of shareholders and is reinforcing systems and infrastructure to protect shareholder rights.

- ▶ Establishing a one-share-one-vote principle for all issued stocks, allowing every shareholder to exercise equal voting rights
- ▶ Disclosing our management status and strategy, financial goals, shareholder return policy, and more through annual CEO Investor Day and corporate management performance presentations.
- ▶ Publicly announcing the voting rights exercise status during regular shareholders' meetings and provide 5-year dividend information on our website
- ▶ Introducing an electronic voting system to ensure equitable voting rights for shareholders.

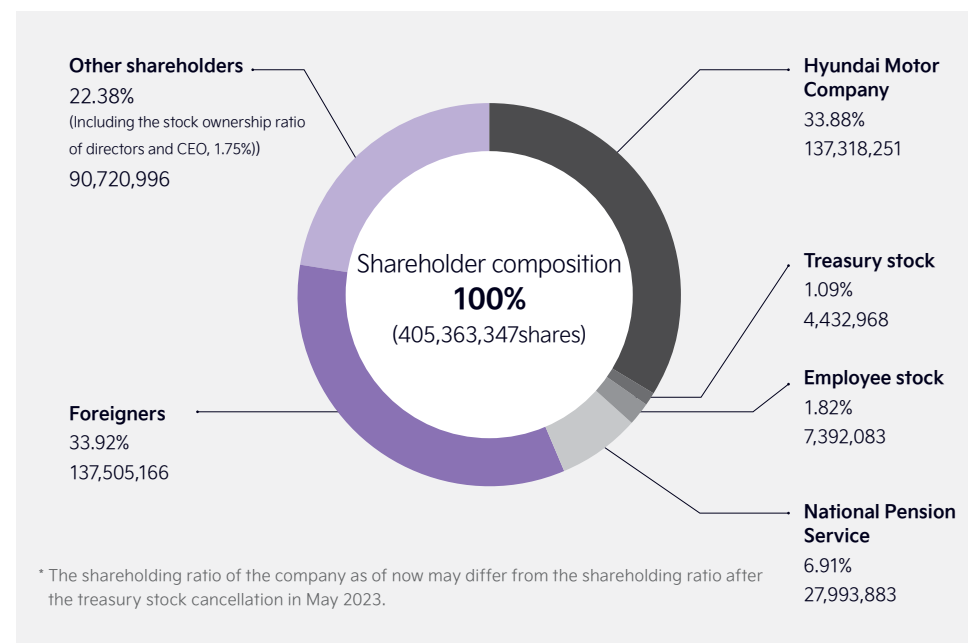
Strengthening Shareholder Rights

		Unit	2020	2021	2022
Stimulating voting rights exercise	Introduction of voting in writing	✓	-	-	-
	Introduction of electronic voting	✓	✓	✓	✓
	Recommending proxy voting for all shareholders	✓	✓	✓	✓
Protection of shareholder rights	Introduction of the concentrated vote system	✓	-	-	-
	Disclosure of dividend policy	✓	✓	✓	✓
	Prior notification of agenda items for the general meeting	✓	✓	✓	✓

Shareholding Status

		Unit	2022
Shareholding	Shareholding ratio of directors and CEO	%	1.75
	Percentage of stock-based incentives in CEO remuneration	%	-
	National Pension Service shareholding ratio	%	6.91
	Founding family shareholding ratio	%	1.74

Composition of Major Shareholders



Shareholding Status of the Largest Shareholder and Management¹

(Unit: Shares, %)

	2020	2021	2022
Hyundai Motor Company	137,318,251 (33.88)	137,318,251 (33.88)	137,318,251 (33.88)
Eui-Sun Chung Chairman of Hyundai Motor Company	7,061,331 (1.74)	7,061,331 (1.74)	7,061,331 (1.74)
Shareholding by the CEO and management	27,758 (0.01)	27,758 (0.01)	29,758 (0.01)

1. Percentage of shares compared to the total number of issued shares

Ethical Management and Compliance

Strategic DirectionStrategic Direction

Ethics Charter and Practice Guidelines

Based on the Universal Declaration of Human Rights, the Paris Agreement, and the OECD Guidelines for Multinational Enterprises, Kia has enacted the Ethics Charter and practice guidelines to encourage our members to practice ethical management.

Ethics Charter



Ethics Charter and Practice Guidelines



Kia's Ethics Charter: Five Guiding Principles

1. We shall perform our duties based on clear and transparent standards, and do our utmost to fulfill our responsibilities with integrity.
2. We shall compete fairly in the market and conduct business ethically with parties that engage in contractual relationships with us.
3. We shall provide safe products, exceptional services and accurate information, and we rigorously protect personal information to increase customer value.
4. We shall respect our members as independent individuals, and to this end, we provide fair working conditions and safe working environments.
5. We shall contribute to sustainable development by fulfilling our social & environmental responsibilities as a member of society, so that diverse stakeholders may prosper together in harmony.

Applicable scope: both domestic and foreign production and sales corporations, subsidiaries, sub-subsidiaries and joint ventures

Compliance Management

In accordance with the Commercial Act, Kia established a compliance officer system in 2012, appointing a compliance officer and setting up a compliance support organization. Our compliance control standards, which are revised by the board of directors, outline the criteria and procedures that all employees must follow to ensure compliance in their work. Based on these standards, Kia carries out various compliance activities such as monitoring, providing data for compliance management, promoting a culture of compliance, and evaluating the effectiveness of our compliance control system.

Compliance with Fair Trade

Kia conducts the Fair-Trade Compliance Program (CP) annually to enhance the compliance level of our employees in the fair-trade sector.

- ▶ CEO's declaration of willingness to comply with fair trade voluntarily.
- ▶ Establishment of Voluntary Compliance Council
- ▶ Distributing guidelines on voluntary compliance with fair trade practices , conducting fair trade training, and sending regular newsletters
- ▶ Semi-annual report to the BOD on performance for voluntary compliance with fair trade practices and plans
- ▶ Publication about 40 types of compliance guidelines domestically and internationally, and distribution of guidelines on voluntary compliance with fair trade practices

Risk Management for Unfair Trade and Unfair Competition

We categorize potential risks, proactively disseminate critical matters in advance, and when risks are uncovered during compliance assessments and risk inspections, we investigate the causes and take necessary measures through internal reporting and Voluntary Compliance Council.

Fair Trade Voluntary Compliance Council	Mutual sharing and feedback of key issues and internal status regarding unfair trade and unfair competition risks
Voluntary inspection of the 8 main compliance areas	Self-assessment for legal risk diagnosis and prevention - Trade secrets, fair trade, personal information (domestic - Personal Information Protection Act, overseas - GDPR), intellectual property of Korean contents, safety (Serious Accidents Punishment Act), Improper Solicitation and Graft Act, Conflict of Interest Prevention Act, and other regulations
Inspection by Compliance officer	Inspection of compliance violations and risks through written investigations, interviews, and on-site inspections
Risk management targets, including personnel transfers and newly established / changed departments	Conducting on-site visits and fair-trade training, providing checklists, and sending emails for cooperation

Ethical Management and Compliance

Strategic Direction

Operation of Whistleblowing System

Through Kia's Cyber Audit Office, One Click HR, and Compliance Support Consulting Center, employees can freely report workplace grievances, including unethical behavior, sexual harassment, or abuse of power within the organization. Following the principle of protecting whistleblowers, anonymous reporting is possible, and there have been no cases of secondary harm arising from violations of whistleblower anonymity and confidentiality within the organization

Whistleblower Protection Measures



Major Reporting Channels

Cyber Audit Office audit_hyundai.com	Report by phone +82-2-3464-3500	Fax number +82-3464-8813	Report by letter Hyundai Motor Group, Audit Office
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Target

Strengthening Competence of Compliance Support Officer

With strengthening compliance support as an improvement task for 2023, Kia intends to improve the awareness of Compliance support officers and strengthen their capabilities by expanding communication channels for compliance activities and developing educational contents. Furthermore, we plan to offer diverse support to the Compliance support officers, enabling them to provide practical assistance in the compliance control tasks of their respective department.

Assessment

Self-assessment for Compliance

Kia conducts departmental self-assessment for compliance in various legal areas, including anti-corruption and personal information, intellectual property, safety (the Serious Accidents Punishment Act), the Improper Solicitation and Graft Act, and the Act on the Prevention of Conflict of Interest, enabling each department to self-assess work-related legal risks. Furthermore, we provide support by notifying each department of identified risks so that they can improve themselves. In 2022, we implemented individual compliance self-assessments and broadened the inspection coverage to encompass all employees in general, research, and legal positions at a managerial level or above.

Status of Teams Undergoing Assessment of Compliance Regarding Anti-corruption

	Unit	2020	2021	2022
Anti-bribery	Teams	45	44	49

Anti-corruption Self-assessment Status (newly created in 2022)

Area	Employees subject to assessment	No. of appraisees
Fair business conduct (prevention of accepting and providing bribes, etc.)	Executives	121
Fair business conduct (prevention of accepting and providing bribes, etc.)	General employees / researchers / legal staff Employees in managerial position or above	4,194

Ethical Management and Compliance

Performance

Data Provision for Compliance Management

Kia has provided regular and ad hoc compliance education for new hires, employees who are assigned new roles or promote, and expatriates. In particular, we offered education on the Serious Accidents Punishment Act to employees, researchers and legal employees while training new team leaders and managers on the necessity of compliance management and key legal risks. By doing so, we have made multifaceted efforts to nip various legal risks in the bud.

Kia provides regular and on-demand compliance training for new hires, employees who are promoted or given new roles, and expatriates. In 2022, we offered specific online training on the Serious Accidents Punishment Act for employees, researchers, and legal staff, and educated new team leaders and managers on the importance of compliance management and key legal risks. Through these efforts, we aim to proactively prevent various legal risk

Dissemination of a Culture of Legal Compliance

KIA is dedicated to promoting a culture of legal compliance through various methods and content. We offer legal advice, contract reviews, and compliance consultations through our online system, as well as providing standard contracts in both Korean (30 contracts) and English (20 contracts) to help our employees follow the law. To increase awareness and promote a culture of legal compliance, we encourage our employees to pledge to practice ethical and legal compliance management, and we reward those who demonstrate exemplary compliance.

Evaluation of the Effectiveness of the Compliance Control System

We carry out an annual evaluation to ensure that our compliance control standards and systems are effectively designed and implemented to prevent legal risks in a timely manner. Based on the results, we actively undertake improvement activities.

Fair Trade Training Performance by Job Position

Training	Target for training	Target team for training	No. of participants in training
Fair trade in general	Voluntary Compliance Council	All team members from related departments	378
Prevention of collusion	Domestic Business Headquarters and others	Related departments	43
Insider trading	Voluntary Compliance Council	key employees for each department in the council	32
Subcontracting / technology utilization	Factory-related departments	General Affairs Team and Cooperation Planning Team in Gwangmyeong and Hwaseong	9

Measures against Ethics Code and Compliance Violations

Kia enforces disciplinary action without exception in cases of non-compliance with legal obligations. In case of non-compliance with legal obligations, any fraudulent elements are considered during appointments. Additionally, in case of significant violations of compliance obligations, such as assault, misappropriation of public funds, embezzlement, bribery, and sexual harassment, the violator is excluded from appointment in principle.

Violation Cases

		Unit	2020	2021	2022
Breaches of the Code of Ethics	No. of cases	Cases	60	81	52
	No. of violators	Persons	235	153	105
Code of Conduct	Corruption and bribery	Cases	1	0	2
	Discrimination and harassment	Cases	3	0	6
	Conflict of interest	Cases	1	1	0
	Money laundering or insider trading	Cases	0	2	2
	Other violations	Cases	55	78	42
	Fire	Cases	3	8	1
Actions taken for violations of the Code of Ethics	Suspension	Cases	43	62	42
	Wage cut	Cases	141	32	31
	Reprimand	Cases	7	27	7
	Warning	Cases	32	19	14
	Others (recommended resignation, etc.)	Cases	9	5	10

Tax and Accounting

Strategic Direction

Tax Policy

Kia does not engage in transactions or contracts that exploit differences in tax laws between countries or loopholes in the international tax system, and faithfully complies with national tax laws and tax treaties by ensuring accurate tax reporting and fulfilling tax payment obligations, thereby maintaining a cooperative and trustworthy relationship with tax authorities. We provide transparent disclosure of our financial status and the feasibility of transactions to investors and stakeholders, making efforts to enhance accounting transparency and reliability.

- ▶ We develop tax policies to comply with tax regulations and mitigate tax-related risks.
- ▶ We adhere to the arm's length transaction principles in transfer price transactions with parties with a special relationship, in accordance with the laws and regulations of each country.

Governance

Kia has clearly defined responsibilities and tasks related to tax reporting and payment, and strictly complies with tax laws through the operation of a specialized organization. We manage tax risks in all business-related sectors and make final decisions on important tax issues by seeking advice from external experts and referencing tax authority inquiries or authoritative interpretations.

- ▶ Regular approval / review of financial status, financial performance, and internal accounting management system by the BOD and Audit Committee.
- ▶ Monitoring the impact of tax-related policies on our company, such as the promulgation of amended tax laws, new rules, and creation of precedents

Assessment

Audit Report

In accordance with the Act on External Audit of Stock Companies, Kia conducts a review of capabilities and suitability every three years to select independent external auditors. The company also discloses consolidated audit reports and individual audit reports, which contain evaluations and opinions on financial status and financial performance.

[Audit Report](#)

Performance

Tax Report by Country

South Korea	Corporate name	Kia Corporation	India	Corporate name	Kia India Private Limited
	Major roles	Production and sales of complete vehicles		Major roles	Production and sales of complete vehicles
	Total No. of employees	35,847 employees		Total No. of employees	2,027 employees
	Sales	KRW46,409,721 million		Sales	KRW 5,883,610 million
	Profit before tax	KRW 2,639,369 million		Profit before tax	KRW 428,776 million
United States	Corporate name	Kia Georgia, Inc.	Slovakia	Corporate name	Kia Slovakia s.r.o
	Major roles	Production and sales of complete vehicles		Major roles	Production and sales of complete vehicles
	Total No. of employees	2,866 employees		Total No. of employees	3,562 employees
	Sales	KRW 11,798,125 million		Sales	KRW 9,174,254 million
	Profit before tax	KRW -933,869 million		Profit before tax	KRW 302,206 million
Mexico	Corporate name	Kia America, Inc.		Corporate name	Kia Sales Slovensko s.r.o.
	Major roles	Sales of complete vehicles and parts		Major roles	Sales of complete vehicles and parts
	Total No. of employees	597 employees		Total No. of employees	39 employees
	Sales	KRW 28,487,935 million		Sales	KRW 242,677 million
	Profit before tax	KRW 3,329,964 million		Profit before tax	KRW 8,766 million

Enterprise Risk Management

Enterprise Risk Management

sustainability, thereby building trust with investors and stakeholders.

Review of significant ESG risks identified through the company-wide risk management process, based on the results of materiality assessment.

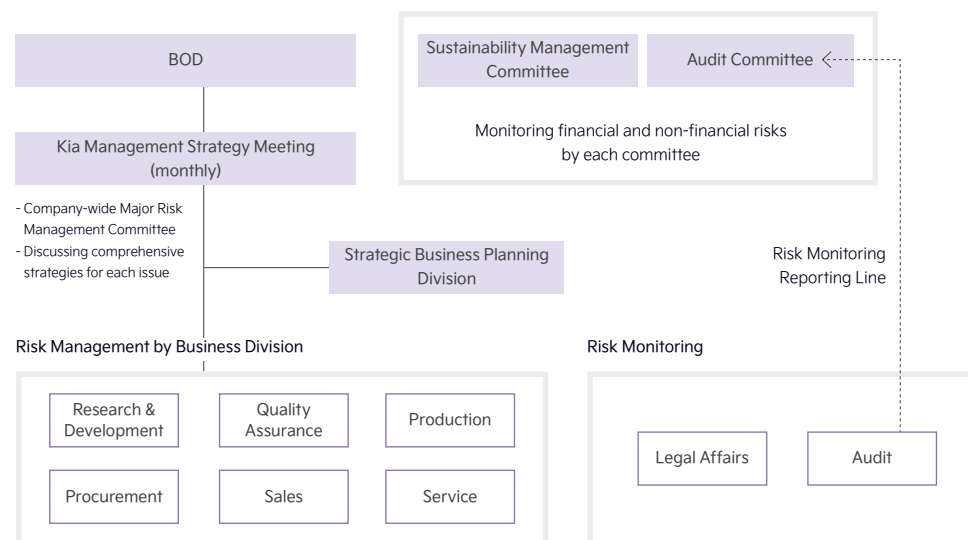
- ▶ Segmented management of financial risks, including market risk, currency risk, credit risk, and liquidity risk, as well as management / supervision by the Audit Committee.
- ▶ Operating an internal accounting management system to mitigate risks of financial reporting irregularities and ensure robust internal accounting practices.
- ▶ Establishing an enterprise-wide ESG risk management system centered around the Sustainability Management Committee
 - Discussion of key sustainability management issues and reporting on the current status/progress of ESG task implementation and plans
 - Deliberation and resolution of major policies related to ethical management and social contribution
- ▶ Reflection of ESG factors in KPI for each division
- ▶ Independent directors responsible for risk management: 3 members on the Audit Committee

Risk Management Policy

Kia aims to proactively prevent significant management risks that may arise directly or indirectly from our business activities in accordance with our risk management policy and promote sustainable growth.

Goal	Risk identification and response in the course of business activities		
Policy	1. Implementing integrated management of financial and non-financial risks ① Financial risk pertains to risks that may arise from financial issues, while non-financial risk refers to risks that may arise from factors such as the environment, society, and governance ② Conducting various activities to comprehensively identify and efficiently manage risks across the organization by consistently measuring and managing both financial and non-financial risks	1. Operation of Systematic risk management governance ① The BOD, the highest governing body, is responsible for managing and overseeing corporate risks. ② Through regular management consultative bodies, major issues related to financial and non-financial risks, permissible scope, and response strategies are discussed. ③ Through regular working-level council, practically reviewing deliberation items from the BOD and management strategy meetings and efficiently handling tasks for smooth implementation of overall tasks.	3. Transparently disclosing risk management activities and response status through public disclosure ① Business Report ② Corporate Governance Report ③ Sustainability Report

Risk Management System



Risk Management Areas

Kia identifies risks affecting business performance and manages them by categorizing them into different segments to establish a mid- to long-term response system. Response strategies are established for identified risks in accordance with the risk management process, and they are managed and integrated across the entire organization. Furthermore, we execute stress testing to enhance risk management and operate a risk assessment model which identifies risks early in collaboration with related business departments.

Environmental risk	Financial risk	Business risk	Operational risk
- Climate change - Domestic and international regulations - Disasters	- Market economy - Exchange rate changes - Credit rating volatility - Liquidity fluctuations	- Strategy establishment - Investors - Competitors - Technological change	- Process - Workforce - Partner companies - Infrastructure

Enterprise Risk Management

Strategic Direction

Potential Risk Management

Category	Definition / explanation of risks	Potential business impact	Risk response activities
Regulatory risks arising from mandatory ESG disclosure and due diligence	With the growing impact of ESG on businesses and society, there is an increasing need for transparent disclosure of ESG performance and strategies. In particular, there has been a vigorous effort to establish and mandate globally standardized disclosure guidelines for comparing ESG performance among companies.	The ISSB (International Sustainability Standards Board) under the International Financial Reporting Standards (IFRS) and the CSRD (Corporate Sustainability Reporting Directive) of the EU demand companies to enhance their scope and level of ESG information management, with a possible effective date of 2026. Expanding the information management scope to encompass consolidated standards, failure to conduct information management at the business report level may lead to legal violations and lower ESG levels.	Kia aims to enhance our ESG data management system by establishing an ESG data platform and launching a dedicated website for disclosure. Through both domestic and international company-wide ESG councils, Kia aims to improve the efficiency of discussing and responding to ESG issues. Additionally, we plan to strengthen ESG agenda deliberations and reviews by establishing a robust ESG-based decision-making system.
Regulatory risks related to the implementation of a circular economy for plastics	According to the strategy for building a circular economy for plastics announced in 2018 by the European Commission, the EU prohibited the use of significant single-use plastics in 2021. Recently, this has been followed by an increase in regulations on the use of vehicle plastics, in addition to household/disposable plastics. In particular, we are promoting the implementation of regulations that require the use of waste plastics in new vehicles. In addition, in Korea, the government has identified the establishment of a circular economy for plastics as a major national priority, and similar to Europe, the introduction of regulations mandating the use of waste plastic in new vehicles is expected.	It is anticipated that there will be a shortage of high-quality waste plastics that meet the current safety and quality requirements for new vehicles when regulations mandating the use of recycled plastic materials in new vehicles are enforced. This can lead to higher prices of recycled plastic materials, risk of production disruption due to supply shortages, and regulatory risks. Moreover, if the European End-of-Life-Vehicles (ELV) regulations are introduced in Korea, it is anticipated that there will be risks associated with limitations in handling and recycling large quantities of scrapped vehicles	We plan to expand the utilization of recycled plastics in complete vehicles from the current 2% to over 20% by 2030. To achieve this, we are actively engaged in R&D and implementation of relevant technologies, including the operation of a Task Force Team (TFT) to expand the use of recycled plastic materials and the implementation of a pilot project on a scrapped car network for collecting plastic from scrapped car parts.
Risk of automotive tax reform	In line with the Paris Agreement at the end of 2020, the government announced a target of reducing national greenhouse gas emissions by 24.4% by 2030 compared to 2017 levels. As a result, it is expected that the current automotive tax, which is imposed based on vehicle price and engine displacement, will be replaced with an eco-friendly tax that will be levied based on carbon emissions.	For mid- and large-sized SUV models with internal combustion engines, their carbon emissions are relatively high. Therefore, the imposition of a carbon emission-based tax is anticipated to have a substantial impact on car sales.	To respond to the risk of changing market demand resulting from tax policy changes, Kia plans to focus on enhancing the fuel efficiency of vehicle models with high carbon emissions and mid-to-large SUV models with an internal combustion engine. In addition, we plan to gradually expand our electric vehicle lineup to respond to changes in demand in the electric vehicle market.

Appendix

- 115 Summary of Financial Performance in 2022
- 116 Materiality Assessment
- 119 Stakeholder Engagement
- 120 GRI Standards Index
- 123 SASB Index
- 125 WEF Contents Index
- 127 Third-party Assurance Statement
- 131 Third-party Assurance Statement
- 133 About MOVE

Summary of Financial Performance in 2022

Summary of Consolidated Statement of Financial Position and Key Ratios (Unit: KRW million)

	2020	2021	2022
Assets			
I . Current assets	26,093,382	29,205,483	34,147,147
II . Non-current assets	34,397,061	37,644,514	39,563,818
Total assets	60,490,443	66,849,997	73,710,965
Liabilities			
I . Current liabilities	21,097,589	21,562,636	25,377,803
II .Non-current liabilities	9,501,182	10,374,805	8,990,081
Total liabilities	30,598,771	31,937,441	34,367,884
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	27,173,417	31,682,932	36,320,754
IV. Accumulated other comprehensive income	-920,638	-406,392	-610,514
V. Other capital items	-61,074	-66,078	-72,269
VI. Non-controlling interests	-	2,127	5,143
Total capital	29,891,672	34,912,556	39,343,081
Total liabilities and equity	60,490,443	66,849,997	73,710,965
Shareholders' equity ratio(equity/asset)	49.42%	52.23%	53.37%
Debt to equity ratio(debt/equity)	102.37%	91.48%	87.35%

Summary of Consolidated Income Statement (Unit: KRW million)

	2020	2021	2022
Sales	59,168,096	69,862,366	86,559,029
Cost of sales	49,222,564	56,937,165	68,536,010
Gross profit	9,945,532	12,925,201	18,023,019
Operating profit	2,066,457	5,065,685	7,233,120
Earnings before income taxes	1,841,358	6,393,781	7,501,993
Income tax expenses	353,773	1,633,470	2,093,017
Net income	1,487,585	4,760,311	5,408,976

Consolidated Cash Flow Statement(2022) (Unit: KRW million)

	2020	2021	2022
Cash flows from operation activities	5,423,896	7,359,670	9,333,186
Cash flows from investing activities	-2,864,853	-4,423,910	-5,671,268
Cash flows from financial activities	3,517,283	-1,620,519	-3,454,447
Effect of exchange rate changes in foreign currency denominated cash	-184,345	57,772	-187,209
Net increase or decrease in cash and cash equivalents	5,891,981	1,373,013	20,262
Net increase or decrease in cash and cash equivalents at the beginning of the term	4,268,716	10,160,697	11,533,710
Net increase or decrease in cash and cash equivalents at the end of the term	10,160,697	11,533,710	11,553,972

Sales Performance Results

	Unit	2020	2021	2022	Rate of change
Sales volume ¹	1,000 vehicles	2,662	2,961	2,897	4.6%
Sales	KRW trillion	59.2	69.9	86.6	23.9%
Operating profit	KRW trillion	2.1	5.1	7.2	41.2%

1. The number of vehicles sold is based on local retail sales (CKD sales are included)

No. of Eco-Friendly Vehicles Sold (In retail) (Unit: Vehicles)

	2020	2021	2022
HEV	117,162	142,089	252,868
PHEV	39,208	66,457	76,445
EV	54,093	106,218	157,846
Total	210,463	314,764	487,159

Materiality Assessment

Kia conducts an annual materiality assessment to identify key sustainability issues. We adopted a double materiality assessment that takes into account both the impact on the environment and financial considerations. We have linked these material issues to our ESG strategies and integrated them into our business operations. We report on our progress transparently through our sustainability report.

Materiality Assessment Process ¹

Step 01. Select material topics



- Analyze internal and external business environments
- Conduct benchmarking analysis (local and overseas key peer groups)
- Review GRI, MSCI, and SASB topics
- Examine material topics of the previous year

Step 02. Identify their impacts



- Domestic and overseas regulations and guidelines
- Check controversial issues over the recent three years in the industry
- Look into the awareness of risks and opportunities among investor groups
- Identify the scope and point of impact

Step 03. Assess their impacts



Environmental and Social Impact (Impact Materiality)

- ① Possibility of occurrence
- ② Severity of impact (scale, range, and resilience included)
 - Scale: Impact scale
 - Range: Scope of areas affected
 - Resilience: Resilience level when affected

* Survey questions (impact assessment on a scale of 0 to 5), date of survey: April 3, 2023 ~ April 6, 2023

* Survey questions (impact assessment on a scale of 0 to 5), date of survey: April 3, 2023 ~ April 6

Financial Impact (Financial Materiality)

- ① Financial impact and risk
- ② Regulations and policies
- ③ Same industry and related businesses
- ④ Stakeholders and social reputation
- ⑤ Opportunities for innovation

Step 04. Prioritize the topics



- Comprehensive analysis of impact assessment results
- Third-party verification
- Approval from top management

1. Double materiality assessment guidelines followed of GRI Standard, SASB, CSRD (Corporate Sustainability Reporting Directive)

Materiality Assessment Results

We conducted an assessment of both our impact on the environment and our financial materiality. The results showed that the most important issue was our response to rapidly changing regulations in the auto industry. We also identified seven other topics, including innovation for smart mobility, addressing climate change, and improving product quality and consumer safety, that have a significant impact on both the environment and society, as well as our finances.

● High-level impact ○ Mid-level impact ○ Low-level impact

Topic	Impact materiality	Financial materiality	Page	GRI Index
① Responding to rapidly-changing regulations in the auto industry	●	●	90-91	GRI 416
② Reinforcing innovation for smart mobility	●	●	113	Non GRI
③ Addressing climate change through low-carbon mobility	●	●	48-50	Non GRI
④ Improving product quality and consumer safety	●	●	16-17	GRI 302, 305
⑤ Taking steps towards carbon neutrality	○	●	55-63	GRI 302, 305
⑥ Creating pleasant and safe business sites	○	●	85-89	GRI 403
⑦ Transitioning to eco-friendly materials and promoting resource circulation through waste recycling	○	●	64-66	GRI 306
⑧ Advancing supply chain ESG risk management	○	●	92-97	GRI 308, 414
⑨ Ensuring fair recruitment and nurturing innovative talents	●	○	73-76	GRI 401
⑩ Ensuring ethical and compliance management	○	○	108-110	GRI 205
⑪ Contributing to local communities and managing our adverse impacts	○	○	98-100	GRI 413
⑫ Realizing the values of diversity and inclusion	○	○	73-76	GRI 405
⑬ Strengthening the board's roles in managing and supervising ESG issues	○	○	104-106	GRI 2
⑭ Preserving biodiversity	○	○	71	GRI 304

Materiality Assessment

Addressing Material Issues to Create Business Value

With the purpose of creating sustainable business value, we have analyzed key ESG issues and trends in the auto industry, based on which our business strategies have been formulated. This year, our salient issues include 'addressing climate change through low-carbon mobility,' in the environmental sector, 'reinforcing innovation for smart mobility,' in the economic sector, and 'creating pleasant and safe business sites,' in the social sector.

	Addressing climate change through low-carbon mobility	Reinforcing innovation for smart mobility	Creating pleasant and safe business sites
Materiality	Growing emergence of regulations and initiatives to combat climate change makes it a necessity to establish climate strategies across the entire value chain to sustainably run businesses. Especially, the auto industry has a greater impact on climate change, which requires automakers to play their part in addressing this issue. Against this backdrop, Kia has pursued electrification in our auto business, thereby turning the crisis into an opportunity.	Ensuring the safe and free movement of our customers is a core part of our business. As the industry undergoes a major shift, providing customers with more options and transitioning to EVs has become increasingly significant. In response, Kia has focused on securing sustainable mobility as a leading player in the future mobility sector through Purpose Built Vehicles (PBV).	The conventional manufacturing business is labor-intensive, which makes it even more crucial for companies to prioritize safety and health in their operations. In Korea, with the Serious Accidents Punishment Act tightened, companies are required to address this safety and health as a business risk.
Response strategy	Our 2045 Carbon Neutrality plan outlines our strategies for promoting low-carbon mobility. In 2022, we launched the EV6, our first electric vehicle model, followed by the EV9, an electric SUV, in 2023. This flagship electric SUV features optimal electric power and is built on the e-GMP platform. Over the next few years, we plan to offer 15 EV models by 2027, providing more options for customers looking to switch from internal combustion engine vehicles to EVs in all segments.	In 2025, we plan to launch our line of Purpose Built Vehicles (PBVs). To achieve this, we have developed strategies for customers, vehicles, production, ecosystem, and service solutions. We have also established a customer care organization and created a PBV development process that involves customer participation and is distinct from traditional OEM processes. This process is optimized for PBVs and allows us to provide products and services that meet the specific needs of our customers' businesses. We will also incorporate software-based solutions to offer tailored services. Additionally, we are building a specialized PBV plant within Autoland Hwaseong to ensure high product quality and flexibility.	As part of our Safety and Environment Vision 2025 Roadmap, we have implemented an internal review program for our safety environment management system, KIA SEMS, and have carried out annual improvement activities. These efforts have resulted in an enhanced safety culture and reduced risks related to laws and disasters in 2022. In 2023, we plan to develop policies to prevent potential disasters across all our business operations, including our supply chain and business sites, and to promote the safety and health of our employees.
Goal and progress	- To sell 4.3 million EVs globally by 2030 (raise the share of eco-friendly vehicles to 78% in key regions) → As of 2023, we are at about 29% level - To achieve RE100 target by 2040 (12% by 2025, 63% by 2030) → As of 2022, we reached about 4.5% (baseline year: 2019)	To launch a PBV model in 2025 → PBV-specialized plant to be constructed, and MOU to be signed regarding the project	- Reduction in occupational accident rate compared to both the previous year and the average rate over the past three years - Decline in integrated accident rate compared to the average rate over the past three years - Obtained safety environment management system certification, and scored 80 ~ 90 points in KIA SEMS in 2025 → Scored 70 points in 2022
Management's KPIs	We associate climate action with the KPIs and incentives for management. And the target retail sales of eco-friendly vehicles and transition to EVs account for more than 5% of the KPIs for domestic and overseas business divisions and sales corporations.	PBV sales is one of elements of the KPIs for management.	Through the KIA SEMS, we check the status of safety and health management, and the final assessment results are reflected in the KPIs for executives and departments as well as incentives, thereby encouraging each division to facilitate their responsible safety management.

Materiality Assessment

Critical Environmental Impact Management

Kia is committed to minimizing our adverse impact while embedding our positive impact into every corner of society. To this end, we assess the environmental impact of our operations on external stakeholders. Breaking the stereotype that automobiles are a main culprit of environmental pollution, we are working at full capacity to transition to electrification and the use of eco-friendly materials. With these efforts combined, Kia will take the initiative in addressing the issue of plastic waste.

Key material issues	Addressing climate change through low-carbon mobility	Transitioning to eco-friendly materials and promoting resource circulation through waste recycling
Main impact	The automotive sector accounts for 45% of carbon dioxide emissions from the transportation sector. Failure to reduce GHG emissions will continue to cause social and environmental damage due to abnormal weather events such as heat waves caused by climate change. In response, demand for low-carbon mobility is growing around the world. In particular, electric vehicles produce zero CO₂ emissions while in operation, making it a key contributor to reducing GHG emissions. This advantage has made electric vehicles a popular choice as a solution to address climate change.	With global plastic production increasing by 42% over the past decade and 72% of it being disposed of as waste, the need for a circular economy has become increasingly important. The automotive industry is being asked to minimize environmental pollution caused by plastic and expand resource circulation by using recycled materials in products. Accordingly, Kia is committed to minimize plastic pollution by using recycled materials in products. As part of this effort, we will expand our use of 10 eco-friendly materials, including water bottles, PET bottles, waste bumpers, waste fabric, and waste felt. These principles for using green materials will be applied to all new vehicles we produce.
Social cost measurement ¹	Output Metric: We use reductions in carbon emissions as an indicator to quantify the impact of our low-carbon mobility business on the environment. Impact Valuation: When comparing the carbon emissions produced by the EV6 and the Sportage, an internal combustion engine vehicle model of the same grade as EV6, over a distance of 200,000km, the EV6 produces zero emissions while the Sportage emits 27.8tCO₂eq. This means that for every EV6 on the road, carbon emissions are reduced by 27.8tCO₂eq compared to Sportage. Reducing carbon emissions also allows us to save on the social costs associated with CO₂. According to a government-led study in 2022, the social cost of carbon was calculated to be KRW 55,400 per ton, representing the cost to society from the environmental and health damage caused by each additional ton of CO₂ emitted. In 2022, we sold 24,852 EV6 vehicles, reducing carbon emissions by 690,886tCO₂eq. This translates to a savings of KRW 38,275,062,240 (approximately KRW 38.3 billion) in social costs.	Output Metric: To measure the success of our efforts to minimize our environmental impact through recycling, we use the amount of plastic we recycled as an indicator. Impact Valuation: Kia is using plastic, which accounts for about 2% of the total auto parts. Given that we sold 2,903,619 vehicles in 2022 and around 5.8kg of plastic is used per unit, the total reduction is calculated at about 16,840,990kg (approximately 16,841 tons). According to the WWF, the disposal of 200 million tons of plastic generated during one year costs KRW 3.07 trillion in social cost, which means USD 1,850 (approximately KRW 2.41 million) per ton. By translating Kia's waste plastic reduction to social cost, we achieved a savings of approximately KRW 40,586,786,382 (about KRW 40.6 billion) in social cost. It is important to note that this is an estimated figure.

1. Calculated using estimates to assess the environmental impact of Kia, it may differ from the actual figure.

Stakeholder Engagement

Stakeholder	Major interest	Communication channel	Stakeholder	Major interest	Communication channel
Shareholders and investors 	• Economic performance • ESG risk management • BOD transparency • Protection of shareholders' rights	• General shareholders' meeting • Company briefing • IR meeting • Disclosure and homepage • Sustainability Management Committee	Suppliers 	• ESG risk management within supply chain • Carbon neutrality / expansion of renewable energy • Application of eco-friendly materials & technology in products	• Mutual growth portal site • HMG Partner System • Transparent Purchasing Practice Center website • Global Win-Win Cooperation Center (GPC portal) • Seminars and training
Customers and dealership 	• Expansion of EV lineups • Investment and development of technologies for improving fuel efficiency of internal combustion engine (ICE) vehicles • Product safety / quality control • Client satisfaction • Brand image	• Motor shows and new car launch events • Test drive service • Customer satisfaction survey • Homepage and social media • Sports sponsorship • Dealership-related events	Local communities 	• Strategic social contribution • Job creation and retention • Improving the environmental efficiency of business sites • Biodiversity assessment and protection related to business activities	• Community contribution program • Communication with local communities nearby business sites • Recruiting program • Sustainability Report
Employees 	• Organizational culture and evaluation / compensation • Respect for human rights and diversity of employees • Employee competency enhancement • Labor-management relations • Sharing of corporate management situation • Workplace safety and health	• Grievance handling system • Future Vehicle Committee • Labor union • Occupational Safety and Health Committee	Government / NGO 	• Business ethics • Building infrastructure • Response to fuel economy regulations • Environmental investment	• Public hearing on policy establishment • Policy meetings and briefings • Press release

GRI Standards Index

Universal Standards

Category	No.	Indicators	page
GRI 2 : General Disclosures 2021			
The organization and its reporting practices	2-1	Organizational details	5~8
	2-2	Entities included in the organization's sustainability reporting	133
	2-3	Reporting period, frequency and contact point	133
	2-4	Restatements of information	Revised data is annotated separately.
	2-5	External assurance	131~132
Activities and workers	2-6	Activities, value chain and other business relationships	5~8, Annual Report
	2-7	Employees	74
	2-8	Workers who are not employees	74
Governance	2-9	Governance structure and composition	104
	2-10	Nomination and selection of the highest governance body	104
	2-11	Chair of the highest governance body	104
	2-12	Role of the highest governance body in overseeing the management of impacts	104~106
	2-13	Delegation of responsibility for managing impacts	104~106
	2-14	Role of the highest governance body in sustainability reporting	104~106
	2-15	Conflicts of interest	104
	2-16	Communication of critical concerns	106
	2-17	Collective knowledge of the highest governance body	105
	2-18	Evaluation of the performance of the highest governance body	106
	2-19	Remuneration policies	106
	2-20	Process to determine remuneration	106
Strategy, policies and practices	2-21	Annual total compensation ratio	106
	2-22	Statement on sustainable development strategy	4~5
	2-23	Policy commitments	82
	2-24	Embedding policy commitments	82
	2-25	Processes to remediate negative impacts	82~83
	2-26	Mechanisms for seeking advice and raising concerns	82
	2-27	Compliance with laws and regulations	108~110
	2-28	Membership associations	100

Universal Standards

Category	No.	Indicators	page
GRI 2 : General Disclosures 2021			
Stakeholder engagement	2-29	Approach to stakeholder engagement	119
	2-30	Collective bargaining agreements	79
GRI 2 : General Disclosures 2021			
Disclosures on material topics	3-1	Process to determine material topics	116
	3-2	List of material topics	116
	3-3	Management of material topics	117~118

Topic Standards (GRI 200)

Category	No.	Indicators	page
GRI 201 : Economic Performance 2016			
Economic performance	201-1	Direct economic value generated and distributed	115
	201-2	Financial implications and other risks and opportunities due to climate change	59~63
GRI 205 : Anti-corruption 2016			
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	109~110
	205-3	Confirmed incidents of corruption and actions taken	110
GRI 206 : Anti-competitive Behavior 2016			
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	110
GRI 207 : Tax 2019			
Tax	207-1	Approach to tax	111
	207-2	Tax governance, control, and risk management	111
	207-4	Country-by-country reporting	111

GRI Standards Index

Topic Standards (GRI 300)

Category	No.	Indicators	page
GRI 301 : Materials 2016			
Materials	301-1	Materials used by weight or volume	64
GRI 302 : Energy 2016			
Energy	3-1,2,3	Disclosures on material topics	116-118
	302-1	Energy consumption within the organization	58
	302-2	Energy consumption outside of the organization	57
	302-3	Energy intensity	57
	302-4	Reduction of energy consumption	57-58
	302-5	Reductions in energy requirements of products and services	57
GRI 303 : Water and Effluents 2018			
Water and effluents	303-2	Management of water discharge-related impacts	67
	303-3	Water withdrawal	67
	303-4	Water discharge	67
	303-5	Water consumption	67
GRI 304 : Biodiversity 2016			
Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	71
GRI 305 : Emissions 2016			
Emissions	3-1,2,3	Disclosures on material topics	116-118
	305-1	Direct (Scope 1) GHG emissions	56
	305-2	Energy indirect (Scope 2) GHG emissions	56
	305-3	Other indirect (Scope 3) GHG emissions	56
	305-4	GHG emissions intensity	56
	305-5	Reduction of GHG emissions	55
	305-6	Emissions of ozone-depleting substances (ODS)	69
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	69
GRI 306 : Waste 2020			
Waste	3-1,2,3	Disclosures on material topics	116-118
	306-1	Waste generation and significant waste-related impacts	65
	306-2	Management of significant waste-related impacts	65
	306-3	Waste generated	65
	306-4	Waste diverted from disposal	65
GRI 308 : Supplier Environmental Assessment 2016			
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	94
	308-2	Negative environmental impacts in the supply chain and actions taken	94

Topic Standards (GRI 400)

Category	No.	Indicators	page
GRI 401: Employment 2016			
Employment	401-1	New employee hires and employee turnover	76
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	80
	401-3	Parental leave	81
GRI 403: Occupational Health and Safety 2018			
Labor/management relations	3-1,2,3	Disclosure on material topics	116-118
	403-1	Occupational health and safety management system	85
	403-2	Hazard identification, risk assessment, and incident investigation	86
	403-3	Occupational health services	88
	403-4	Worker participation, consultation, and communication on occupational health and safety	86
	403-5	Worker training on occupational health and safety	89
	403-6	Promotion of worker health	89
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	87
	403-8	Workers covered by an occupational health and safety management system	88
	403-9	Work-related injuries	88
	403-10	Work-related ill health	88
GRI 404: Training and Education 2016			
Training and education	404-1	Average hours of training per year per employee	77
	404-2	Programs for upgrading employee skills and transition assistance programs	73, 77
	404-3	Percentage of employees receiving regular performance and career development reviews	77
GRI 405: Diversity and Equal Opportunity 2016			
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	105
	405-2	Ratio of basic salary and remuneration of women to men	79
GRI 406: Non-discrimination 2016			
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	110

GRI Standards Index

Topic Standards (GRI 400)

Category	No.	Indicators	page
GRI 407: Freedom of Association and Collective Bargaining 2016			
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	83
GRI 408: Child Labor 2016			
Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	83
GRI 409: Forced or Compulsory Labor 2016			
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	83
GRI 411: Rights of Indigenous Peoples 2016			
Rights of indigenous peoples	411-1	Incidents of violations involving rights of indigenous peoples	83
GRI 413: Local Communities 2016			
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	99
GRI 414: Supplier Social Assessment 2016			
Supplier social assessment	414-1	New suppliers that were screened using social criteria	94
	414-2	Negative social impacts in the supply chain and actions taken	94
GRI 415: Public Policy 2016			
Public policy	415-1	Political contributions	100
GRI 416: Customer Health and Safety 2016			
Customer health and safety	3-1,2,3	Disclosure on material topics	116-118
	416-1	Assessment of the health and safety impacts of product and service categories	91
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	91
GRI 418: Customer Privacy 2016			
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	102

SASB Index

Sustainability Accounting Standards Board

Topic	Code	Accounting metric	Our response									
Product Safety	TR-AU-250a.1	Percentage of vehicle models rated by NCAP programs with an overall 5-star safety rating, by region	The following vehicle models have an overall safety rating of 5 stars in the NCAP program. Percentage of vehicle models with an overall safety rating of 5 stars: Korea (100%), U.S. (100%)									
			<table><tr><th>Region</th><th>Rating</th><th>Vehicle model</th></tr><tr><td>Korea</td><td>1st grade</td><td>Niro EV</td></tr><tr><td>U.S.</td><td>5★</td><td>Niro EV</td></tr></table>	Region	Rating	Vehicle model	Korea	1st grade	Niro EV	U.S.	5★	Niro EV
			Region	Rating	Vehicle model							
			Korea	1st grade	Niro EV							
	U.S.	5★	Niro EV									
TR-AU-250a.2	Number of safety- related defect complaints, percentage investigated	A total of 3,255 complaints about Kia were filed to NHTSA VOQ ¹ in 2022. We conduct full investigations on all complaints related to safety. 1. NHTSA VOQ : National Highway Traffic Safety Administration Vehicle Owners Questionnaire										
TR-AU-250a.3	Number of vehicles recalled	The total number of vehicles recalled in 2022 was 4.22 million, all of which were voluntary recalls.										
Labor Practices	TR-AU-310a.1	Percentage of active workforce covered under collective bargaining agreements	The proportion of employees who participated in collective bargaining agreements in 2022 was 82.6% according to domestic data.									
	TR-AU-310a.2	(1) Number of work stoppages and (2) total days idle	In 2022, both (1) work stoppages and (2) total days idle were zero.									
Fuel Economy & Usephase Emissions	TR-AU-410a.1	Sales-weighted average passenger fleet fuel economy, by region	U.S.: 109.55 Grams of CO ₂ / Kilometer Europe: 43.0 MPG									
	TR-AU-410a.2	Number of (1) zero-emission vehicles (ZEV), (2) hybrid vehicles and (3) plug-in hybrid vehicles sold	In 2022, we sold 157,846 EVs, 252,868 HEVs, and 76,445 PHEVs.									
	TR-AU-410a.3	Discussion of strategy for managing fleet fuel economy, and emissions risks and opportunities	We expanded EV sales and promoted the improvement of ICE fuel efficiency.									

SASB Index

Sustainability Accounting Standards Board

Topic	Code	Accounting metric	Our response
Materials Sourcing	TR-AU-440a.1	Description of the management of risks associated with the use of critical materials	Kia has established a 'Conflict Minerals (Responsible Minerals) Policy' that follows the OECD Guidelines on Conflict Minerals, the US Securities and Exchange Commission's (SEC) rules for companies under the US Dodd-Frank Regulatory Reform Act, and the EU's Conflict Minerals Regulations, striving to manage conflict minerals and cobalt ethically and responsibly. In line with its 'Conflict Minerals (Responsible Minerals) Policy,' Kia conducts regular assessments on social and environmental issues, such as human rights abuses, ethical breaches, and negative environmental impacts, when raw materials containing conflict minerals (tin, tungsten, tantalum, gold) are used in Kia's parts. On top of that, Kia issues a 'Conflict Minerals (Responsible Minerals) Report' annually to demonstrate its commitment to responsible mineral management. Furthermore, Kia utilized environmentally friendly materials that can be reused for the storage space and leather seats of its first EV-only model, EV6. Kia intends to completely eliminate the use of leather for all future products, beginning with New EV9. By substituting leather and PVC with BIO PU enriched with bio-materials such as corn and eucalyptus, Kia aims to lower CO ₂ emissions and harmful chemicals as well as offer high-quality products.
Materials Efficiency & Recycling	TR-AU-440b.1	Total amount of waste from manufacturing, percentage recycled	The total volume of waste produced from manufacturing in 2022 was 199,933 tons. We recycle 93.8% of the waste, which amounts to 187,593 tons.
	TR-AU-440b.2	Weight of end- of-life material recovered, percentage recycled	The weight of the recovered / recycled material varies depending on the infrastructure available for recycling in the area. About 95% of end-of-life materials in Kia's key markets have been recycled or reused at end-of-life.
	TR-AU-440b.3	Average recyclability of vehicles sold	Average recyclability of vehicles sold in 2022 is 91% including heat recovery.
Activity Metrics	TR-AU-000.A	Number of vehicles manufactured	We produced a total of 2,731,560 units in 2022.
	TR-AU-000.B	Number of vehicles sold	A total of 2,897,255 units were sold based on wholesale data in 2022 (538,822 units in Korea, 2,358,433 units overseas).

WEF Contents Index

World Economic Forum

Theme	Metrics	Disclosure		Page
Corporate Purpose	Definition of Purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.		4~5, 11
Quality of governing body	Governance body composition	Composition of the highest governance body and its committees by	Competencies relating to economic, environmental and social topics	105
			Number of Executive or Independent directors	104
			Independence	104
			Tenure on the governance body	104
			Number of each individual's other significant positions and commitments, and the nature of the commitments	104
			Gender	104
			Stakeholder representation (ex. employee, government, community, Industry, etc.)	104
Stakeholder engagement	Material issues impacting stakeholders	A list of the topics that are material to key stakeholders and the company,		116~117
		How the topics were identified and how the stakeholders were engaged		119
Ethical behaviors	Anti-corruption	Disclosure of Anti-corruption and compliance inspection status	Number of anti-corruption and compliance inspection departments	109
	Protected ethics advice and reporting mechanisms	A description of internal mechanisms for	Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	109
Risk and Opportunity Oversight	Integrating risk and opportunity into business process	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks)	The company appetite in respect of these risks	113
			How these risks and opportunities have moved over time and the response to those changes	113
Climate change	Greenhouse gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions		56
		Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate		56
	TCFD implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)		59~63
		Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C - and to achieve net-zero emissions before 2050		63
Nature loss	Land use and ecological sensitivity	Report the number of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas		-
Freshwater availability	Water consumption and withdrawal in water-stressed areas	Estimate and report the same information for the full value chain (upstream and down-stream) where appropriate		67~68

WEF Contents Index

World Economic Forum

Theme	Metrics	Disclosure		Page
Dignity and equality	Diversity and Inclusion (%)	Percentage of employees per employee category	By age group	74~75
			By gender	74~75
			By other indicators of diversity	74~75
	Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality	Women to men	79
	Wage level (%)	Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO		106
Health and Well-being	Health and safety (%)	An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services		89
		The scope of access provided for employees and workers		89
Skills for the future	Training Provided	Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees)		77
Employment and wealth generation	Absolute number and rate of employment	Total number and rate of new employee hires during the reporting period	By age group	76
			By gender	76
			By other indicators of diversity	76
			By region	76
		Total number and rate of employee turnover during the reporting period	By age group	76
			By gender	76
	Economic contribution	Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by :	Revenues	115
			Operating Cost	115
			Employee wages and benefits	79, 81
			Payments to shareholder and investor	107
			Payments to government (tax payment)	111
			Community investment	100
Innovation of better products and services	Total R&D expenses	Total costs related to research and development		54

Third-party Assurance Statement (Scope 1 & 2)

This Assurance Statement has been prepared for KIA MOTORS CORPORATION.

Terms of Engagement

LRQA was commissioned by KIA MOTORS CORPORATION (KIA Co.) to provide independent assurance on its Greenhouse Gas (GHG) Inventory Report for the calendar year 2022 (the report) against “the guidelines on emission reporting and certification under the GHG emissions trading system” and the monitoring plan for the calendar year 2022 using “the verification guidelines for GHG emissions trading system”.

The report relates to direct GHG emissions and energy indirect GHG emissions.

Management Responsibility

LRQA's responsibility is only to KIA Co. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The management of KIA Co. is responsible for preparing the report and for maintaining effective internal controls over all the data and information within the report. Ultimately, the report has been approved by, and remains the responsibility of KIA Co.

LRQA's Approach

LRQA's assurance engagement has been carried out in accordance with our verification procedure using “the verification guidelines for GHG emissions trading system” to reasonable level of assurance.

The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Visiting sites and auditing management system to control the data and records regarding GHG emissions and energy uses
- Interviewing the relevant persons responsible for managing and maintaining data and associated records
- Reviewing the historical data and information back to source for the calendar year 2022.

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a reasonable level of assurance, and at the materiality of the professional judgement of the verifier and at the materiality level of 2.5%.

LRQA's Opinion

Based on LRQA's approach, we believe that the report is prepared in accordance with “the guidelines on emission reporting and certification under the GHG emissions trading system” and the monitoring plan for the calendar year 2022 using “the verification guidelines for GHG emissions trading system” and the GHG emissions data in the Table 1 is materially correct.

Dated: 24 March 2023

Il-Hyoung Lee



Table1. Summary of GHG emissions

Unit: tCO₂eq/tCO₂eq

Scope of GHG emissions	Year 2022
Direct GHG Emissions	266,045.897
Energy Indirect GHG Emissions	467,348.220
Total GHG Emissions	733,394.117

Third-party Assurance Statement (Scope 1 & 2)

This Assurance Statement has been prepared for Kia Corporation in accordance with our contract.

Terms of engagement

LRQA was commissioned by Kia Corporation to provide independent assurance on its GHG emissions inventory for the calendar year 2022 (here after referred to as “the report”) against the assurance criteria below to a limited level of assurance and materiality of professional judgement using LRQA’s verification procedure, which is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered Kia Corporation’s operations and activities of overseas factories located in USA, Slovakia, China, Mexico and India, and specifically the following requirements:

- Evaluating conformance with World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition¹
- Evaluating the accuracy and reliability of data and information for direct GHG emissions (Scope 1) and energy indirect GHG emissions (Scope 2).

LRQA’s responsibility is only to Kia Corporation. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Kia Corporation’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Kia Corporation.

LRQA’s Opinion

Based on LRQA’s approach nothing has come to our attention that would cause us to believe that Kia Corporation has not, in all material respects:

- Met the requirements above; and
- Disclosed accurate and reliable data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA’s approach

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- interviewing key people of the organization responsible for managing GHG emissions data and records;
- sampling specific facilities and reviewing processes related to the control of GHG emissions data and records;
- reviewing whether GHG emissions have been calculated with parameters from recognized sources;
- checking whether direct GHG emissions of Slovakia Plant were transposed correctly from the GHG inventory which was verified by the third-party assurance provider other than LRQA; and
- verifying historical GHG emissions data and records at an aggregated level for the calendar year 2022.

Third-party Assurance Statement (Scope 1 & 2)

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment - Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Kia Corporation's certification body for ISO 14001 and ISO 50001, and verification body for its greenhouse gas emissions. We also provide Kia Corporation with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for Kia Corporation and as such does not compromise our independence or impartiality.

Dated: 2 May 2023
Tae-Kyoung Kim LRQA Lead Verifier

Table 1. Summary of Kia, GHG Emissions Inventory 2022

Scope of GHG emissions	tCO ₂ e				
	USA	Slovakia	China	Mexico	India
Direct GHG emissions (Scope 1)	25,869	29,791	23,372	21,305	13,562
Energy indirect GHG emissions (Scope 2, Location-based)	52,320	30,601	94,631	60,254	109,240
Energy indirect GHG emissions (Scope 2, Market-based)	52,320	3,194	94,631	60,254	109,240

Note 1: Scope 2, Location-based and market-based are defined in the GHG Protocol Scope 2 Guidance, 2015



Third-party Assurance Statement (Scope 3)

Verification Objective

Kia corporation's 2022 Scope3 GHG emissions

- Scope 3 GHG emissions for Purchased goods and services, Capital Goods, Fuel-and Energy-related activities not included in Scope1 or Scope2, Waste generated in Operations, Business Travel, Employee Commuting, Downstream Transportation and Distribution, Use of sold products, End of Life treatment of sold products, Investments.

Verification Scope

The scope of verification is Scope 3 GHG emissions for 2022 by Kia corporation, and we verified Scope 3 GHG emissions based on activity data on production and sales at domestic and overseas business sites provided by Kia corporation.

Verification level

Limited Level of Assurance

Data Verified

Kia corporation's annual Scope 3 GHG emissions related to domestic and overseas business sites in 2022 are as follows.

Unit: ton CO₂-e/yr

Category	Emissions in 2022
1. Purchased Goods and Services	13,736,281
2. Capital Goods	2,545
3. Fuel and Energy related Activities not included in Scope1,2	99,271
5. Waste generated in Operations	30,796
6. Business Travel	5,135
7. Employee Commuting	277,552
9. Downstream Transportation and Distribution	1,153,600
11. Use of Sold Products	57,389,971
12. End of Life Treatment of Sold Products	188,991
15. Investments	91,313
Total	72,975,453

Verification Criteria and Protocol

The verification was performed at the request of Kia corporation using the following verification standards.

- The GHG Protocol of the WBCSD/WRI WBCSD/WRI Technical Guidance for Calculating Scope 3 Emissions (version 1.0)
- BSI Greenhouse Gas Emission Verification Scheme (KM007, R18)

Verification Opinion

As a result of the verification in accordance with the standards listed above, it is the opinion of BSI that:

- In conducting this verification, no visits to the verification target business site or verification of the authenticity of the data provided by Kia corporation were carried out.
- This verification may be affected by limited factors such as the limitation of provided data, non-execution of on-site verification, and sampling. Due to the limitation of this verification, there is an unavoidable risk that important errors may not be found and exist.
- No material misstatement in the GHG emission calculations was detected, related records were maintained appropriately.
- The data quality was considered corresponding to the international key principles for GHG emissions verification.

07/07/2023

Managing Director Korea, SeongHwan Lim

Third-party Assurance Statement

To readers of Kia Sustainability Magazine 2023

Introduction

Korea Management Registrar (KMR) was commissioned by Kia to conduct an independent assurance of its Sustainability Magazine 2023 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of Kia. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with Kia and issue an assurance statement.

Scope and Standards

Kia described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level, limited assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

GRI Sustainability Reporting Standards 2021

Universal standards

Topic specific standards

- GRI 302 : Energy
- GRI 303 : Water and Effluents
- GRI 305 : Emissions
- GRI 306 : Waste
- GRI 308 : Supplier Environmental Assessment
- GRI 401 : Employment
- GRI 403 : Occupational Health and Safety

- GRI 405 : Diversity and Equal Opportunity
- GRI 414 : Supplier Social Assessment
- GRI 416 : Customer Health and Safety
- GRI 418 : Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of Kia's partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by Kia to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Third-party Assurance Statement

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Kia on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

Kia has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

Kia has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

Kia prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Kia's actions.

Impact

Kia identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Kia and did not provide any services to Kia that could compromise the independence of our work.

June 2023 Seoul, Korea
CEO Eun Ju Hwang

E. J. Hwang

About MOVE

Report Overview

Kia publishes the annual sustainability report, 'MOVE' for transparent communication with various stakeholders. This report is the 21st Sustainability Report, and it includes our efforts and achievements for sustainable development. We will persist in actively gathering our stakeholders' opinions through sustainability reports, incorporating them in management.

Reporting Principle

This report complies with the requirements in accordance with the Global Reporting Initiative (GRI) Standards, the international reporting guidelines for sustainability reports. Aiming to reflect issues suitable to the characteristics of the industry, we also adhere to the disclosure recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and the standards of the Sustainability Accounting Financial Board (SASB). The 10 principles of the UN Sustainable Development Goals (UN SDGs) are also incorporated. The financial information included in this report conforms to Korean International Financial Reporting Standards (K-IFRS).

Reporting Period

The report covers our activities from January to December 2022. For key quantitative data, we included 4 years of data from 2019 to 2022 for trend comparison. Some of the significant information that may influence stakeholders, we also put relevant data of the first half of 2023.

Reporting Scope

The reporting scope of this report covers Kia and its subsidiaries, and overseas joint ventures that are overseas subsidiaries. Headquarters and domestic business sites (Autoland Gwangmyeong, Hwaseong, Gwangju, R&D Center, service centers, sales branches, shipping offices, Pyeongtaek Port, Vision Square), overseas subsidiaries (China Yeomseong Plant, Kia Autoland Georgia, Kia Autoland Slovakia, Kia Autoland India, Kia Autoland Mexico, etc.) fall into this category. However, some social and environmental indicators of overseas business sites with physical limitations on data collection were excluded from the reporting scope. If the reporting boundary is restricted to domestic business sites or encompasses only a portion of overseas business sites, we indicated separately in the text or footnotes.

Report Assurance

All information in this report was composed based on data collected by relevant departments and was included after fact-checking. Financial and non-financial data were verified by a third party to ensure the accuracy and objectivity of the report. The third-party assurance report is included on pages 131-132 in this report.

Additional Information

Visit our website for more details about Kia's sustainability management practices.

Management and Product Information

Kia official website

Business Reports

Financial Supervisory Service DART (Data Analysis, Retrieval and Transfer System)

Contact Point

Sustainability Management Team, Strategic Business Planning Division (contact information on the back cover)



Movement that inspires