

# MOVE

Special Feature

## Resetting Responsibilities

Rethinking the meaning of responsibility

### Review: Challenges & Opportunities

Discovering new opportunities and responsibilities amidst global challenges

### Reduce, Reuse, Recycle

Minimizing use, maximizing reuse

### Renovating for Energy Efficiency

Technological advances for enhanced efficiency

### Reshaping the Future

Automotive evolution toward zero emissions

### Reinventing Ourselves

Casting new light on possibilities and competencies

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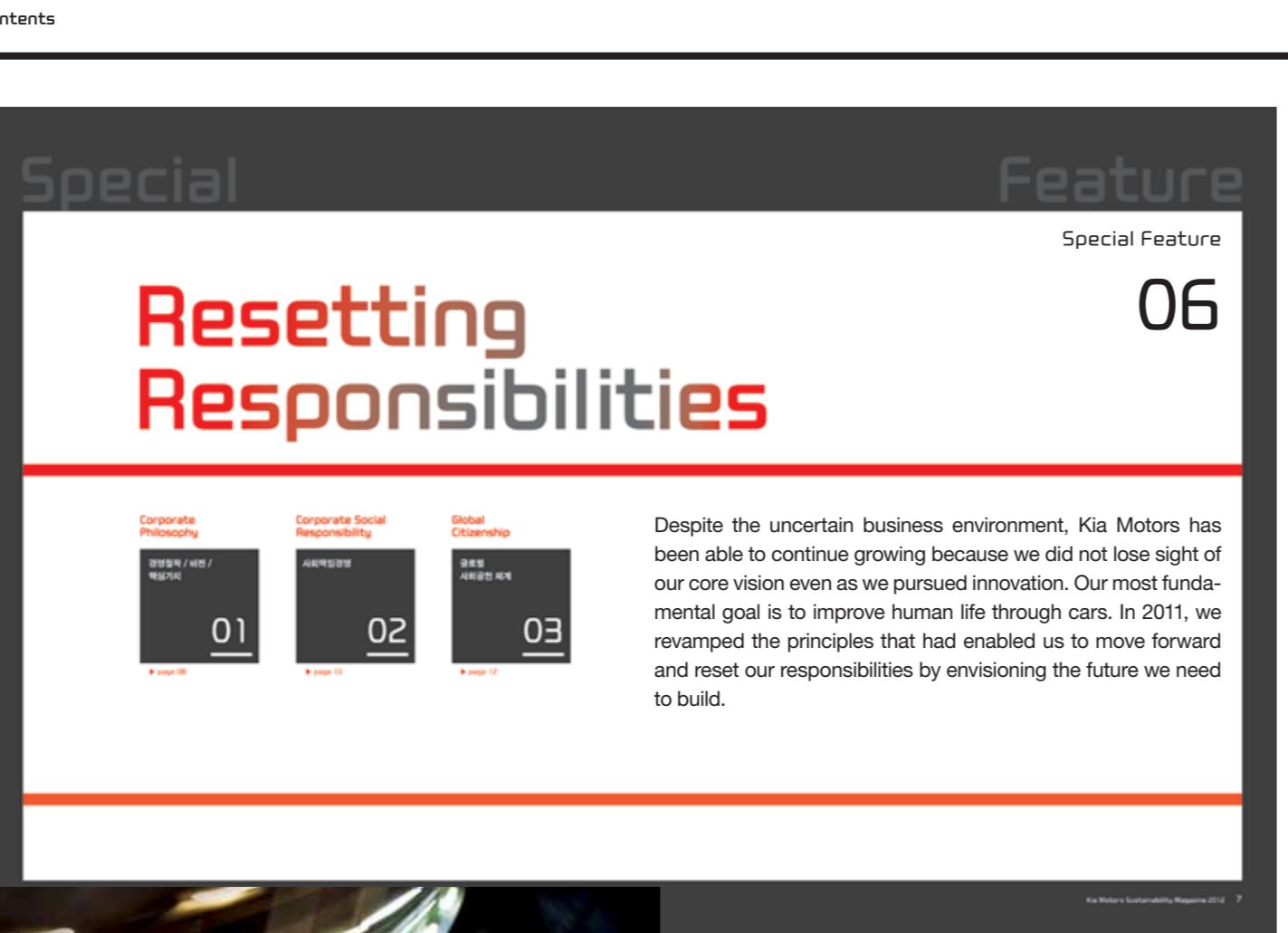
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**Special Feature**  
**06** Resetting Responsibilities

Despite the uncertain business environment, Kia Motors has been able to continue growing because we did not lose sight of our core vision even as we pursued innovation. Our most fundamental goal is to improve human life through cars. In 2011, we revamped the principles that had enabled us to move forward and reset our responsibilities by envisioning the future we need to build.

Corporate Philosophy  
Corporate Social Responsibility  
Global Citizenship

01  
02  
03

Kia Motors Sustainability Magazine 2012

**24**  
**Reinventing Ourselves**

In 2011, Kia Motors sold around 2.54 million vehicles worldwide, which represents 19% year-on-year growth, while posting sales revenue of 43 trillion won and operating profit of 3.5 trillion won. Thus, 2011 was the third year in a row that we surpassed our own record-shattering performance of the previous year.

**36**  
**Renovating for Energy Efficiency**

A car's fuel efficiency and CO<sub>2</sub> emissions are inversely proportional. That is, the higher the fuel efficiency is, the lower the CO<sub>2</sub> emissions. Using technologies to raise fuel efficiency, Kia Motors makes affordable and green cars to provide our customers with a wider choice and to contribute to sustainable development.

**18**  
**Review: Challenges & Opportunities**

In 2012 MOVE, Kia Motors' 2011 activities and achievements are organized by key global challenges and issues. 'Review: Challenges & Opportunities' outlines our commitment to corporate citizenship and our plans and efforts aimed at being a responsible auto manufacturer.



**54**  
**Rethinking Customers**

With customer needs as our utmost priority, Kia Motors continues to enhance the safety of our cars and the quality of our services.

**58**  
**Fostering Diversity**

The driving force behind Kia Motors' growth is creative thinking that challenges conventions and leads to innovation. With corporate institutions and culture that recognize diversity, we strengthen the foundation for growth and share the value created with our employees.

**Reader's Guide**

Icons are used to mark those sections for which additional information is available.

This report (2012 MOVE) Website Terminology or additional information

# Kia around the World

Since our founding in 1944, Kia Motors has grown at a stellar pace into a leading global automaker boasting 19 overseas subsidiaries and a distribution network comprised of 4,485 dealerships in 149 countries with annual worldwide sales volume of over 2.5 million vehicles. Through continuous R&D and investment, we have come to possess a full lineup of vehicles spanning all segments and types, including passenger cars, RVs, commercial vehicles, and buses. With production facilities and R&D and design centers around the world, we have solidified our foundation as a competitive player in the global market. Kia Motors will fulfill our corporate social responsibility through continued exchanges and engagement with society. We will strive to safeguard a sustainable future by protecting the environment and realize sustained growth by creating greater value for all of our stakeholders.

No. 10

149 Countries

No. 10: global sales volume  
No. 5: Hyundai Motor Group's combined global sales volume

Global operations

2.7 Billion Dollars

Brand value (Interbrand, 2011)

## Business Domain

**Passenger Car** Morning (Picanto), Ray, Venga, cee'd, Pride (Rio), Forte (Cerato), Forte Koup (Cerato Koup), K5 (Optima), K7 (Cadenza), Optirus (Amanti)  
**RV** Soul, Carens (Rondo), Carnival R (Sedona), Sportage R (Sportage), Sorento R (Sorento), Mohave  
**Commercial Vehicle** Bongo III (K-Series) truck, New Granbird commercial bus  
**Hybrid Vehicle** Forte LPI Hybrid, K5 (Optima) Hybrid  
**Electric Vehicle** Ray EV  
**CKD (Complete Knock Down)** Automobile components (engines, etc.)

## Global Network

## Sales &amp; Services

**Korea** Sales 20 regional headquarters, 341 regional sales offices, 399 dealerships, 9 shipping offices  
**Services** 20 regional service centers, 247 comprehensive service providers, 563 partial service providers  
**Overseas** Sales 149 countries, 150 distributors, 4,485 dealers (services & sales)  
 Kia Motors America ① | Kia Canada Inc. ② | Kia Motors UK ③ | Kia Motors Belgium ④ | Motors France ⑤ | Kia Motors Deutschland ⑥ | Kia Motors Polska ⑦ | Kia Motors Czech ⑧ | Kia Motors Central Europe ⑨ | Kia Motors Iberia ⑩ | Kia Motors China ⑪ | Kia Motors Australia ⑫ | Kia Motors New Zealand ⑬ | Kia Motors Russia ⑭ | Kia Motors Netherlands ⑮ | Kia Motors Italy ⑯

## Production

**Korea** Sohari plant (350,000 units), Hwaseong plant (600,000 units), Gwangju plant (460,000 units), Original equipment manufacturing (250,000 units)  
**Overseas** China plant (430,000 units), Slovakia plant (300,000 units), Georgia (USA) plant (300,000 units)  
 Kia Motors Manufacturing Georgia (2,781 employees) ⑯ | Slovakia plant/Kia Motors Slovakia, Žilina (3,057 employees) ⑯ | China plants 1 & 2, Yancheng Yancheng (4,952 employees) ⑯ | Corporate Headquarters, Seoul (Korea: 3 plants, 3 R&D centers, 19 regional service centers, 341 dealerships, 32,411 employees) ⑰



No. of vehicles produced based on annual production volume

43 Trillion Won

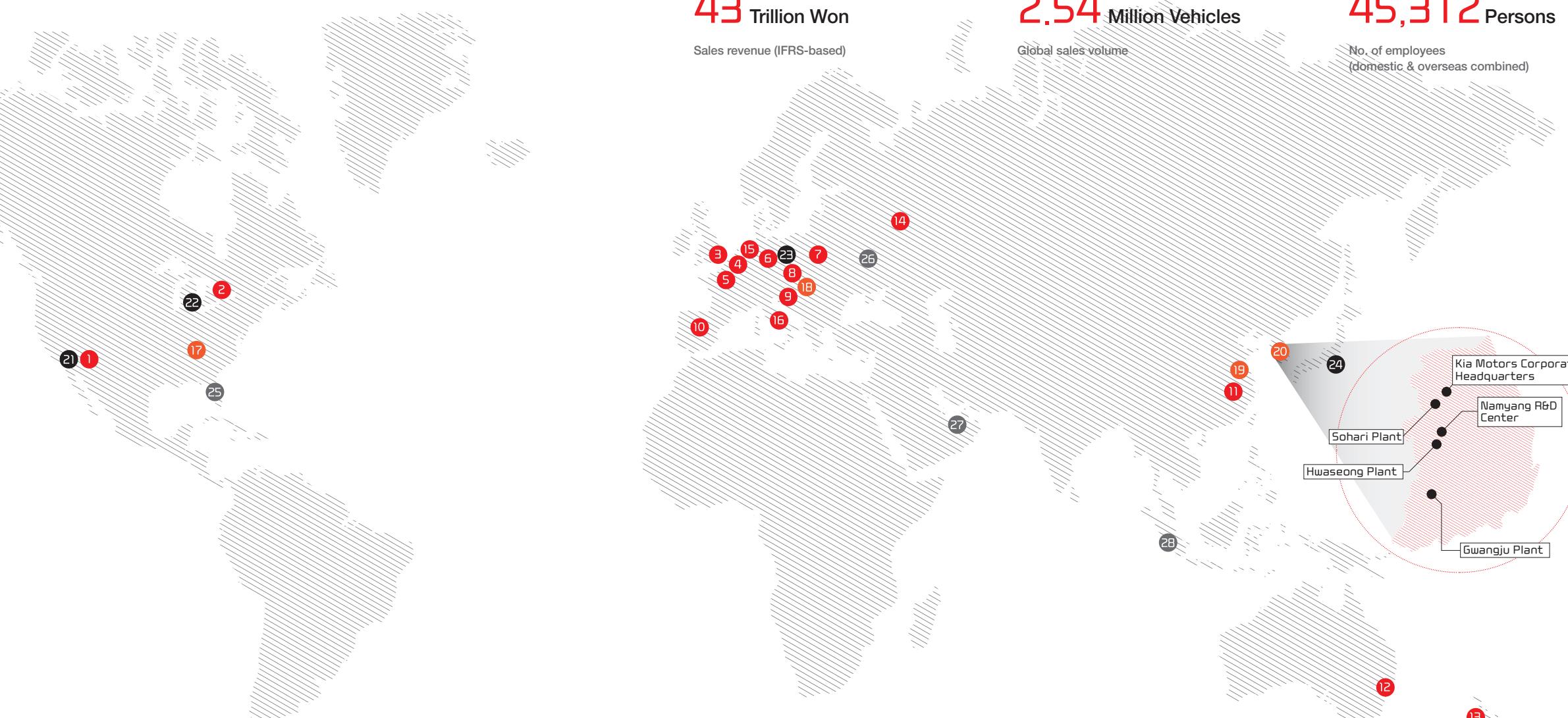
Sales revenue (IFRS-based)

2.54 Million Vehicles

Global sales volume

45,312 Persons

No. of employees (domestic &amp; overseas combined)



27 Trillion Won

Market capitalization (as of Dec. 31, 2011)

21.2 Billion Won

Social investment (domestic worksites)

85 g/km

CO<sub>2</sub> emissions of European 1.1 diesel version of Rio (Pride)

# CEO Message

Kia Motors' full-fledged turnaround, which had started gaining momentum in 2009, led to yet another year of record-shattering business performance in 2011. We released a wide range of affordable and eco-friendly vehicles. We also contributed to enhancing the sustainability of humankind by securing a clean production environment at all our worksites. We also set up a global social outreach scheme to more effectively implement sustainability management, thereby strengthening the foundation for shared growth with all stakeholders around the world.



## Record-breaking Performance Three Years Running

The business environment in 2011 was fraught with uncertainties brought on by sluggish domestic demand, the European sovereign debt crisis, and political instability in North Korea and the Middle East. Despite these challenges, Kia Motors once again toppled our previous year's best-ever highs in terms of sales volume and operating profit.

In Korea, our market share remained at over 30% for the second consecutive year with the release of the leading-edge Ray CUV. We exported 1.12 million vehicles thanks to the high demand for Optima, Soul, and Sportage, bringing our accumulated export volume to over 10 million vehicles. We thus managed to double the export volume in just six years after hitting the 5-million mark in 2005. Our 2011 global sales volume of around 2.54 million vehicles, our best ever annual total, has enabled us to solidify our position as one of the world's top 10 automakers.

These feats were made possible by Kia employees' painstaking efforts over the years to launch products with innovative designs, enhance quality, raise brand value, build a future-oriented organizational culture, and maintain sensible labor-management relations (a strike-free collective wage bargaining agreement has been reached two years in a row). By sharing the expanded value created by our stellar business performance with all stakeholders, Kia Motors is fulfilling our primary responsibility as a business enterprise.

## Sustainable Environmental Protection

Even as we charged forward full speed on the business performance front, we have not slackened the pace of our environmental protection efforts. We have established and implemented various environmental policies. To do our part in the fight against climate change, we are zeroing in on developing technologies to enhance energy efficiency in order to curb CO<sub>2</sub> emissions across the entire R&D and manufacturing processes as well as from our vehicles on the road.

We monitor our progress by receiving an annual third-party assurance on CO<sub>2</sub> emissions at all our domestic

and overseas worksites and by making improvements based on the findings. We also continue to release new vehicles that are greener and more affordable by enhancing their fuel economy. Moreover, we are speeding up our efforts to develop next-generation vehicles to realize zero emissions. In 2011, we laid down the groundwork to expand the next-generation vehicle market with the release of K5 (Optima) Hybrid and Ray EV for public organizations.

## Working Together Toward a Better World

With heightened demand for businesses to fulfill their social responsibilities, the importance of the role businesses play in society has come to the fore. We declared our commitment to socially responsible management in 2008, and in 2011 we established a global social outreach scheme to give back to our customers and the society at large. The social outreach programs we will launch this year will move beyond simple giving and tackle the very root causes of social challenges. The programs will be undertaken in all corners of the world with voluntary employee participation and involvement.

With customer satisfaction as our foremost priority, Kia Motors always strives to think from the customers' point of view and provide products and services that are responsible and reliable. We also continue to expand the scope of our support for and cooperation with partner companies to realize shared growth.

Drawing on an innovative and creative organizational culture, Kia Motors will continue to raise individual and enterprise-level competencies to enhance our sustainability. We also pledge to fulfill our role and responsibility as a corporate citizen and effectively meet the needs and expectations of all stakeholders.

**Hyoung-Keun (Hank) Lee**  
Vice Chairman & CEO  
March 2012

# Resetting Responsibilities

We live in a time of rapid and unpredictable change. Despite the ever-growing uncertainties in the business environment, Kia Motors emerged from our difficulties and has maintained impressive growth above and beyond the global average. This has been possible because we stayed true to our core vision while pursuing innovation. Our essential goal is to improve human life through cars. That is, we strive to do more than just make better cars; we want to contribute to enhancing the quality of life for humankind at large. This fundamental drive has led to innovations embodied by the new generation of Kia vehicles. In 2011, we revamped the principles that had propelled us forward and reset our responsibilities in line with the future we envision. With strengthened corporate institutions and philosophies, we will apply consistent standards to all decision-making and implementation processes to move forward with a heightened sense of purpose and direction.

## Corporate Philosophy

Management Philosophy / Vision / Core Values

01

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## Corporate Social Responsibility

CSR Management

02

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## Global Citizenship

Global Social Outreach Scheme

03

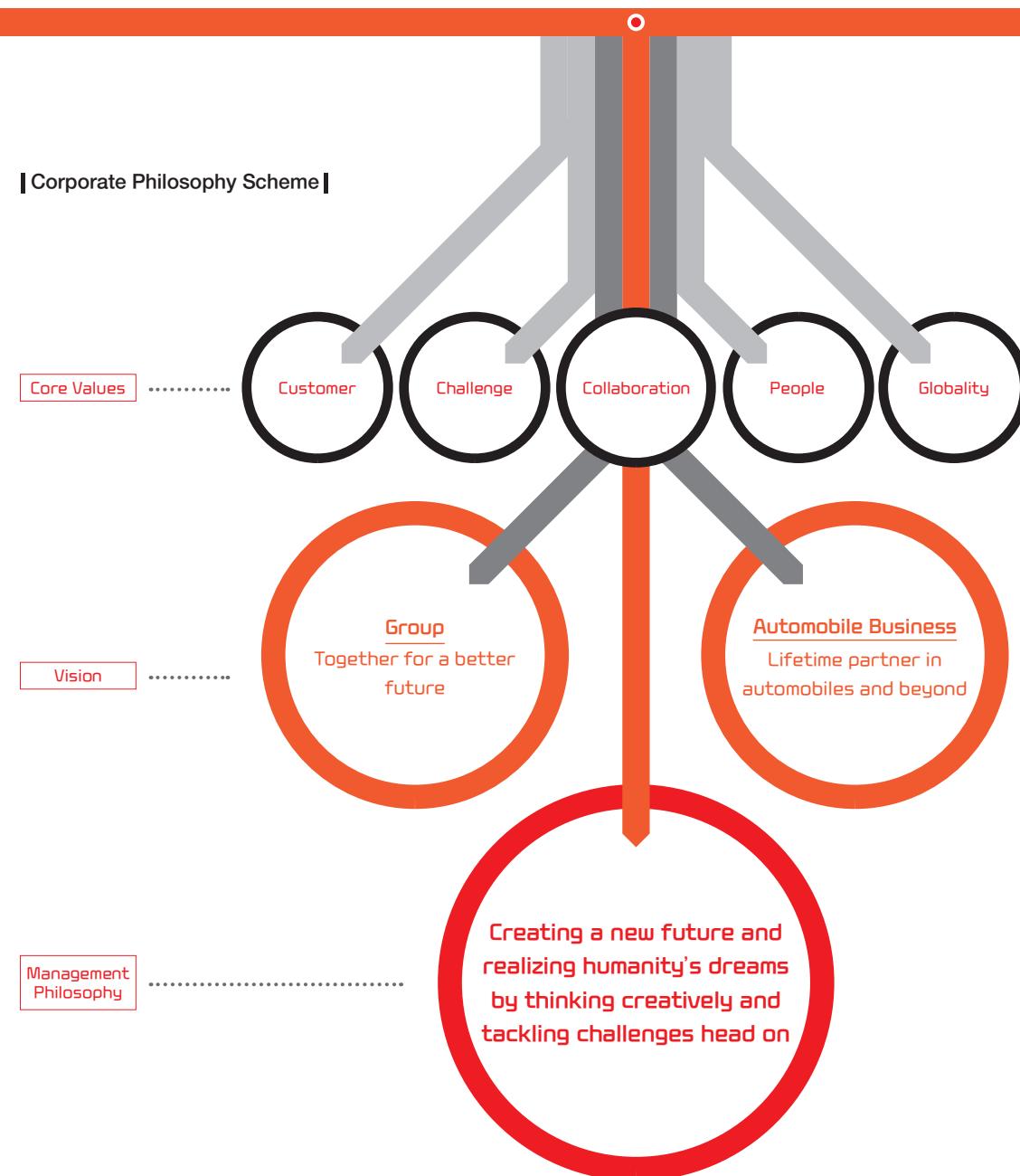
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# Resetting

# Responsibilities

01

## Corporate Philosophy



Along with the Hyundai Motor Group, Kia Motors refurbished our corporate philosophy comprised of management philosophy, vision, and core values in early 2011. The revamped corporate philosophy delineates the values and standards we have long upheld and details the organizational culture and goals toward which we strive. Even as times and circumstances change, everyone at Kia Motors will share the same ideals and values and work toward the same goals.

### Management Philosophy

Creating a new future and realizing humanity's dreams by thinking creatively and tackling challenges head on

A business' management philosophy outlines its *raison d'être*, serving as a fundamental guideline that shapes employees' mindset and behavior. The following three keywords sum up Kia's management philosophy: full accountability, realizing potential, and practicing humanity. These key values are encapsulated in a single sentence: 'Creating a new future and realizing humanity's dreams by thinking creatively and tackling challenges head on.'

### Vision

Together for a better future

In 2011, Hyundai Motor Group established a new corporate vision: 'Respecting people and practicing environmental management to maximize value creation and pursue balanced and shared growth with stakeholders.' All subsidiaries will cooperate to fulfill this vision and turn Hyundai Motor Group into a top-tier global automotive group that provides customers with new value. With the greater value we create by pooling our competencies, we will strengthen the soundness of partner firms and local communities and while contributing to the sustainability of humankind.

### Lifetime partner in automobiles and beyond

Under the Group-level corporate vision are detailed vision statements by key business area. For the automobile business, the vision statement is 'Providing a new space that makes life more convenient and enjoyable by realizing superlative mobility based on innovative people-oriented, eco-friendly technologies and comprehensive services.' Kia Motors will offer products and services that befit this vision of turning cars from mere modes of transport into new lifestyle spaces.

### Core Values

Customer / Challenge / Collaboration / People / Globality

The core values comprise the code of conduct for employees and the organization at large. They also represent the corporate culture we strive for and the promise we make to ourselves and stakeholders. We become one by sharing the same values and applying them consistently in our decision-making processes. Kia Motors will tackle challenges head on through mutual cooperation and respect while fulfilling our pledges and embracing talent and diversity to build a distinct corporate culture.

# Resetting

02

## Corporate Social Responsibility

# Responsibilities

Kia Motors' commitment to corporate social responsibility (CSR) is an overriding principle that shapes our business activities and decision making. After officially declaring our commitment to CSR in 2008, we spent three years organizing and fine-tuning our CSR scheme. It was in 2011 that our CSR scheme went into full-fledged operation. We devised a roadmap with the goal of becoming a global CSR leader by 2014 and set detailed implementation measures toward fulfilling our objectives by 2016. CSR is a key tool for putting our management philosophy into practice. By remaining committed to CSR, we will realize our corporate vision of turning cars into new lifestyle spaces that create more shared value for all stakeholders.

### CSR System and Goals

Upon officially declaring our commitment to CSR in 2008, Kia Motors has been concentrating our efforts on the dissemination and full adoption of our key CSR goals of trust management, environmental management, and social outreach. We also unified the management paradigm that had been separated into business management and sustainability management. In addition, we integrated and reorganized the CSR task categories of trust management, on-site management, transparent management, ethical management, and social outreach into three key task areas of trust management (practicing transparent and ethical business management), environmental management (spearheading efforts to respond to global environmental challenges), and social outreach (contributing to social development as a corporate citizen). We have in place an enterprise-level CSR Committee chaired by the chief executive officer. The CSR Committee is comprised of the CSR Environmental Management Team—the overseeing body—and CSR teams for human resources, procurement, accounting, and auditing (trust management); R&D, production, and services (environmental management); and administration and sales (social outreach), thus encompassing all aspects of our business undertakings. Until 2010, we laid the groundwork by putting the organizational structure in place and enacting the 'CSR Charter.' Upon the full-fledged implementation of CSR management in 2011, we developed our own CSR indicator to monitor our observance of ISO 26000 and included social outreach in our key performance indicator scheme. The goal in 2011 was to strengthen the CSR blueprint. In 2012 and 2013, we will reinforce the CSR schemes at our overseas worksites and regional offices and launch diverse global CSR projects and initiatives.

### Vision 2016

In 2012, Kia Motors established Kia Vision 2016 to meet mid- to long-term business goals and secure future growth engines. The overarching goals of Vision 2016 are to build a distinct Kia identity and to realize value innovation—i.e., providing customers with palpably new and innovative Kia value and experience. We have been setting objectives and detailed tasks while also harnessing employee competencies to meet the goals of Kia Vision 2016. The three main objectives are as follows: 1) Reinforcing customer-oriented management to provide exceptional customer value, thereby securing a unique competitive advantage 2) Reinforcing our global business structure to strengthen our business portfolio through new market creation 3) Fortifying the foundation for sustainable growth by building a basis to become a cutting-edge industry leader through competency innovation. These objectives are broken down into eight key tasks: 1) Becoming a global tier-1 brand 2) Revolutionizing domestic customer experience 3) Boosting overseas sales competency 4) Intensifying penetration into emerging markets 5) Continuing quality of experience (QoE) innovation 6) Reinforcing CSR management 7) Carrying out organizational culture innovation 8) Fostering talented workers. In 2012, we plan to focus on enterprise-wide internalization of Vision 2016 so that it can function as a driving force for change and innovation. We pledge to meet the goals of Vision 2016 through active engagement and cooperation.

### CSR Road Map

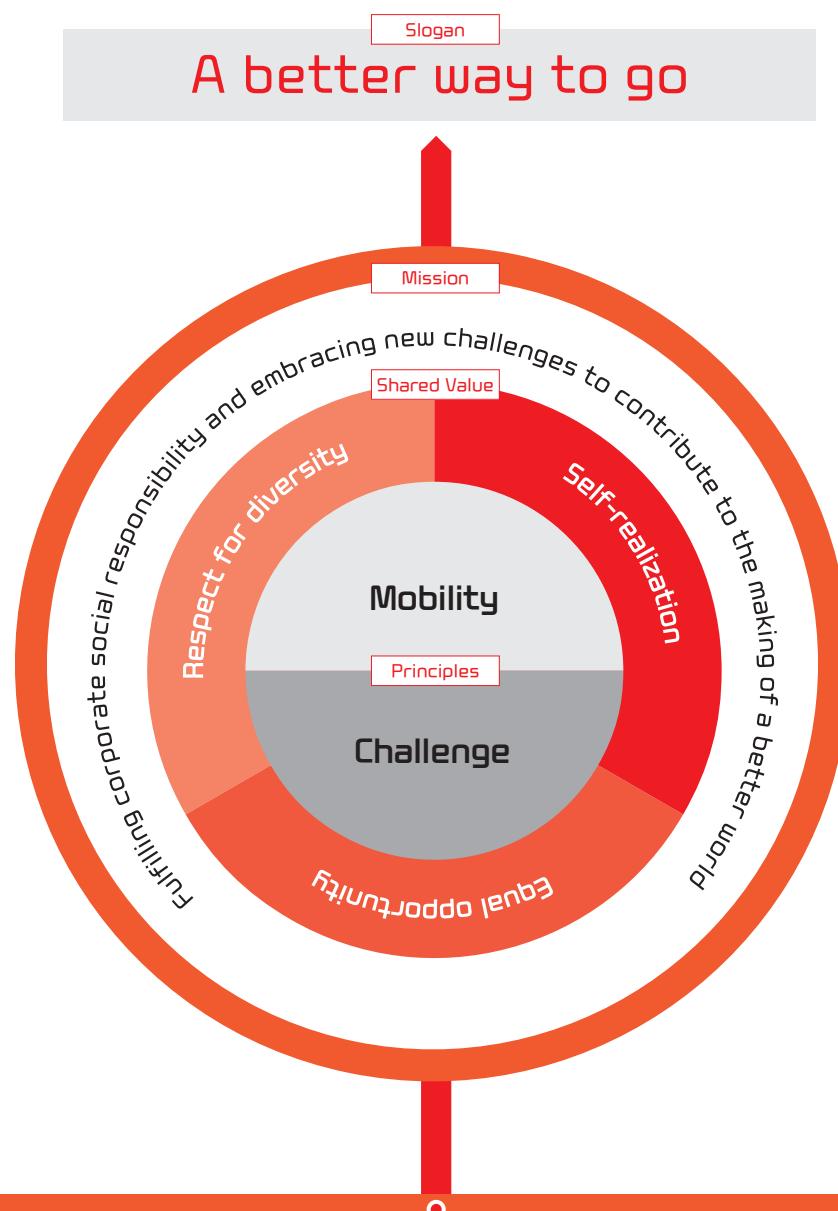


# Resetting

03

## Global Citizenship

[Social Outreach Value System]



# Responsibilities

A business' social outreach activities should not be about mere giving; they should be planned and executed as a means for a business to give back to and share with society the value society has enabled it to create. In 2011, Kia Motors established a global social outreach value system and organized an enterprise-wide organizational scheme that integrates domestic and overseas social outreach programs. Kia's global social outreach programs, which will go into full swing in 2012, will focus on those areas in which we excel and make a real difference. We hope the Kia logo will come to be associated not only with our vehicles but with the social outreach activities our employees, volunteers, and partner NGOs carry out in all corners of the globe.

### Global Social Outreach Scheme

Social outreach activities, which had been carried out separately by corporate headquarters and by individual domestic and overseas regional offices and worksites, were brought together under a single name—Kia—through the establishment of a global social outreach value system in 2011. In order to accomplish the mission of 'fulfilling corporate social responsibility and embracing new challenges to contribute to the making of a better world,' we designated mobility and challenge as the key principles and diversity, self-realization, and equal opportunity as the values we must share. The principle of 'mobility' stands for our desire as a car manufacturer to realize universal mobility, while the principle of 'challenge' represents our corporate identity that is characterized by a can-do attitude toward challenges. We will also reinforce the enterprise-wide organizational scheme for the execution of social outreach programs and activities. In phase 1 (2012), we will designate social outreach officers at domestic and overseas regional offices. Then in phase 2 (starting in 2015), we will set up principal social outreach bodies at overseas regional offices. We also plan to expand the operations of the Social Outreach Council to overseas worksites and turn the Council into an executive body that will be responsible for all decision-making pertaining to our social outreach efforts.

### Global Social Outreach Blueprint

Kia Motor's social outreach scheme is comprised of flagship programs aimed at realizing universal mobility, local programs designed to resolve specific local issues, and a set number of annual programs. All social outreach programs will be founded on employee participation, moving beyond mere giving to embodying genuine engagement. The global flagship programs will be aimed at enhancing the mobility of those individuals and communities that are transportation-disadvantaged. In 2012, pilot programs will be launched in Korea and Africa by corporate headquarters. Starting in 2013, the five main overseas subsidiaries (Kia Motors America, Kia Motors Europe Headquarters, Kia Motors Manufacturing Georgia, Slovakia plant, China plants 1,2) will join this global undertaking, and by 2015, all regional offices and main dealerships will be involved in Kia's global flagship programs. Local programs will be designed to meet particular local needs in key areas in Korea, Europe, China, and North America. They will thus enable us to contribute to resolving local challenges and winning stakeholder trust. In Korea, we will undertake programs that reflect the 'Design KIA' identity, which enjoys a high level of recognition from both internal and external stakeholders. We are working on setting up a global employee volunteer corps and planning auxiliary programs to encourage involvement. We also plan to disseminate employee guidelines on the social outreach value system and programs; found the Social Outreach Awards; and run programs in connection with 'New KIA,' a corporate culture campaign. M

# Coordination & Regulation

**Kia Motors strives for transparency and soundness in all our business operations. To this end, we have in place an institutional framework for evenhanded coordination and regulation of manager, shareholder, and employee interests. Our corporate governance system consists of the Board of Directors and its three committees. The Audit Committee and Board Nominating Committee convey outside stakeholder feedback and monitor the company's business activities. The Ethics Committee reviews the transparency of internal transactions and the progress in ethical management.**

## Board of Directors

The Board of Directors is at the center of Kia Motors' efforts to enhance accountability management and management transparency. Appointed through the General Shareholders' Meeting, the Board of Directors is the company's top decision-making body. It promotes shareholder and stakeholder interests while also supervising and voting on key business issues with Kia's long-term growth in mind. As of the end of 2011, the Board was comprised of four standing directors and five non-standing directors.

The Board holds regular meetings to vote on key issues and makes management policy decisions in consideration of shareholder and employee feedback gathered at the General Shareholders' Meeting and via investor relations activities. Special meetings are convened as needed. To enhance professionalism and efficiency, there are three Board committees. The Audit Committee, Board Nominating Committee, and Ethics Committee are each run by expert advisers, supporting the operations of the Board. The Board convened 12 times and voted on 41 items in 2011. They were briefed on the status of the internal accounting management system and voluntary compliance with fair trade regulations and voted on the authorization of the 2011 business and investment plans as well as on the convening of the 67th General Shareholders' Meeting (2010) and the submitted agenda. The non-standing directors' attendance rate in 2011 was 95%.

Fast decision-making is crucial for automakers given the short product cycle and the need for large investments. Moreover, the business environment is subject to rapid changes. Accordingly, the CEO serves as the chairperson of the Board at Kia Motors. To ensure the independence of the Board, the directors are given a thorough pre-meeting briefing of the agenda at hand. Standing and non-standing board members receive annual base salaries by respective position levels and performance-based bonuses within set wage ceilings authorized by the General Shareholders' Meeting. Not only financial but also social and environmental indicators are used to evaluate the Board members' performances. In 2011, the compensation cap was set at 10 billion won. The actual payout was 3.4 billion won.

## Major Shareholders

(as of Dec. 31, 2011)

Shareholder	No. of Shares	Shareholding Percentage
Hyundai Motor	137,318,251	33.99%
Employee stock ownership	1,410,335	0.35%
Private investors (excluding employee stock ownership)	85,813,574	21.24%
Foreign investors	107,452,609	26.60%
Others (financial institutions, etc.)	71,995,687	17.89%
Total	403,990,456	100.00%

## Committees

**Audit Committee** The Audit Committee is comprised of three non-standing directors. To ensure transparency and independence, it is stipulated that the Audit Committee be chaired by and composed entirely of non-standing directors. The Audit Committee monitors the transparency and fairness of Kia Motors' accounting and business practices. It has the authority to demand sales-related reports from the Board of Directors and examine the company's financial standing. Kia Motors has an internal system in place that provides the Audit Committee members easy access to information pertaining to the company's business operations. The Audit Committee convened four times in 2011 to be briefed and deliberate on the 2010 settlement of accounts, progress on the accounting management system, and three other matters.

**Board Nominating Committee** The Board Nominating Committee consists of two standing directors and two non-standing directors as per the stipulation that at least one-half of this four-member committee be comprised of non-standing directors. The Board Nominating Committee has the authority to recommend candidates for non-standing directors to the General Shareholders' Meeting, and in 2011, it exercised this authority upon fair and careful deliberation.

**Ethics Committee** The Ethics Committee evaluates the transparency of internal transactions and the progress on ethical management. As such, it is stipulated that the Ethics Committee consist entirely of non-standing directors. It is currently composed of five non-standing directors. The Ethics Committee monitors the transactions between affiliated persons in accordance with the Monopoly Regulations and Fair Trade Law and the Capital Market and Financial Investment Business Act. It also reviews the company's program for voluntary compliance with fair trade regulations; executes major policies related to ethical management and social outreach efforts; and enacts, revises, and implements ethics codes and regulations. Kia Motors' actively incorporates the committee's recommendations on social outreach and ethical management policies and activities. The Ethics Committee convened four times in 2011 to be briefed and deliberate on the revision to the 'Regulation of Workplace Ethics,' social outreach programs and donations, and employee compliance with the 'Regulation of Workplace Ethics.' M

## Board of Directors & Its Committees



## Board of Directors

(as of Dec. 31, 2011)

	Name	Position(s)	Background
Standing directors	Euisun Chung Hyoung-Keun Lee	Member of the Board Nominating Committee CEO, Chair of the Board of Directors, Chair of the Board Nominating Committee	- -
Non-standing directors	Sam-Ung Lee Jae-Rok Lee Hyeon-Guk Hong Dong-Sung Cho	CEO Head of the Finance Division Chair of the Audit Committee, Member of the Ethics Committee Member of the Audit Committee, Member of the Board Nominating Committee	- - Vice President, Gaduk Tax Consulting Associates (current); Auditor, National Tax Service (former) Professor of Business, Seoul National University (current); Director, Hope Institute (current); Chairman, Korean Academic Society of Business Administration (former)
	Gun-Soo Shin	Member of the Ethics Committee	Corporate Attorney, Kim, Choi, & Lim (current); Chief Prosecutor, Supreme Prosecutors' Office (former)
	Doo-Hee Lee	Member of the Board Nominating Committee, Chair of the Ethics Committee	Professor of Business, Korea University (current); President, Korea Advertising Society (former)
	Won-Jun Kim	Member of the Audit Committee, Member of the Ethics Committee	Corporate Attorney, Kim & Chang (current); Director of Competition Policy Bureau, Fair Trade Commission (former)

# Responsible Communication

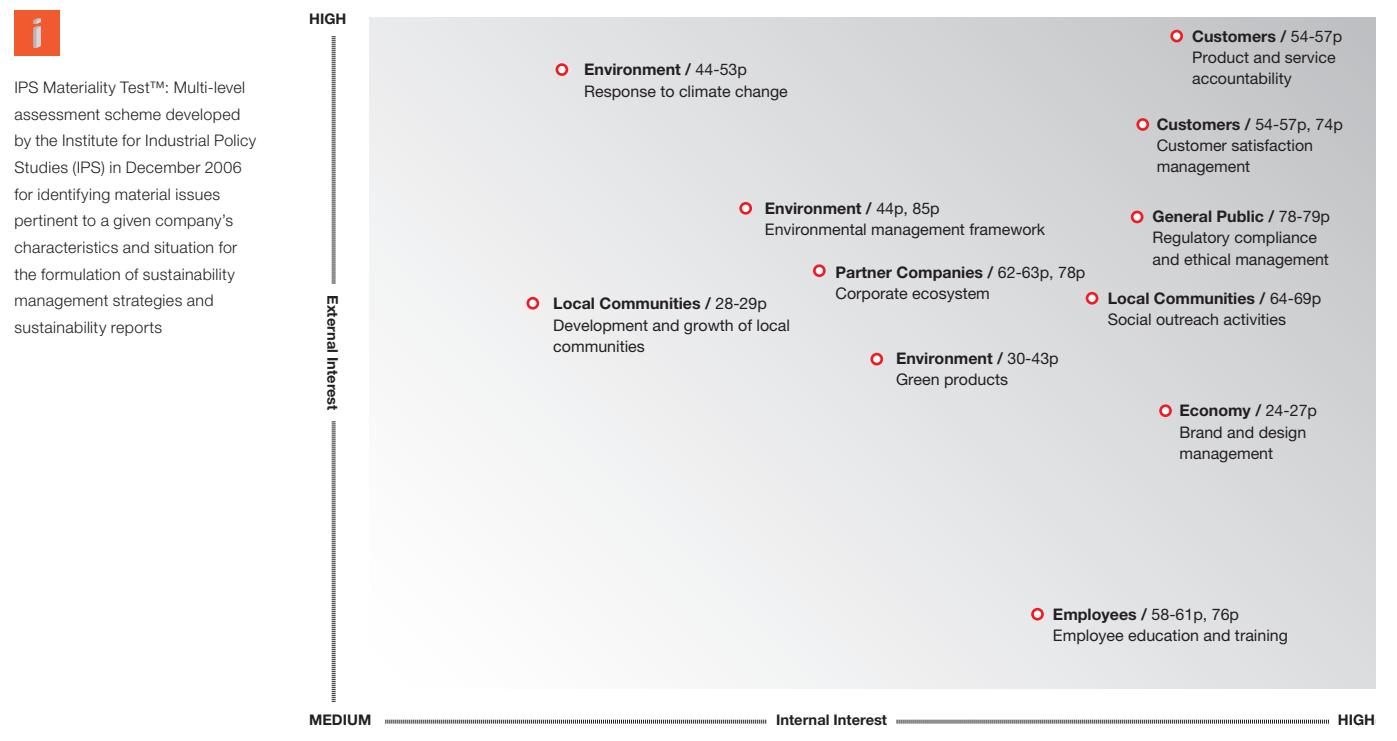
**Responsibility** is made up of ‘response’ and ‘ability.’ In the context of corporate social responsibility, ‘responsibility’ would thus mean a business’ efforts to listen to what stakeholders have to say and respond to their needs and wants. Kia Motors runs diverse communication channels for internal and external stakeholders, incorporating their feedback in our business strategies and improving our products and services to do our part in tackling social challenges.

To ensure harmonious co-existence with stakeholders, Kia Motors pledges to continually expand communication channels, reinforcing our ability to respond to stakeholder feedback.

## Materiality Test

In preparing the 2012 sustainability report, Kia Motors carried out a materiality test to identify and provide thorough coverage of the issues of the utmost importance to stakeholders. The test was conducted as per the following six assessment categories comprising the IPS Materiality Test™: company policies, direct and indirect economic impact, regulations and laws, stakeholder survey, performance and issues of the respective industry, and media reports. The following are the 11 material issues thus identified: product and service accountability, customer satisfaction management, regulatory compliance and ethical management, social outreach activities, environmental management framework, development and growth of local communities, soundness of the corporate ecosystem, green products, response to climate change, employee education and training, and brand and design management. Kia Motors will take these material issues into consideration in our business decisions and activities and continue to strengthen our efforts at meeting stakeholder expectations.

## Materiality Test Result

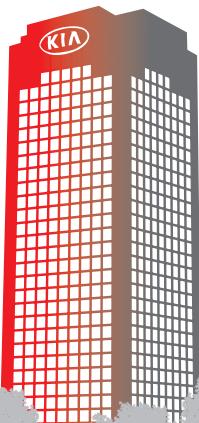


## Stakeholder Communication Channels

### Employees

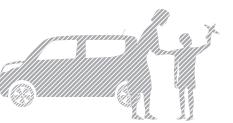


Labor-Management Council, Employment Stability Committee, Next Generation Committee, company magazine, newsletter, online communication channels (intranet, knowledge community, New KIA in), Employee Counseling Center, reports



### Customers

Motor shows and new model launch events, test drives, sport sponsorships, customer service, customer satisfaction surveys, clubs, corporate website, online communication channels (Kia BUZZ, Funkia, SNS, mobile apps), reports (annual report/sustainability report/community relations white paper)



### Partner Companies

Dealer programs (seminars, contests, invitational events), dealerships contests, seminars and training programs, procurement web portal (VAATZ), procurement headquarters' suggestion box, reports

### Local Communities

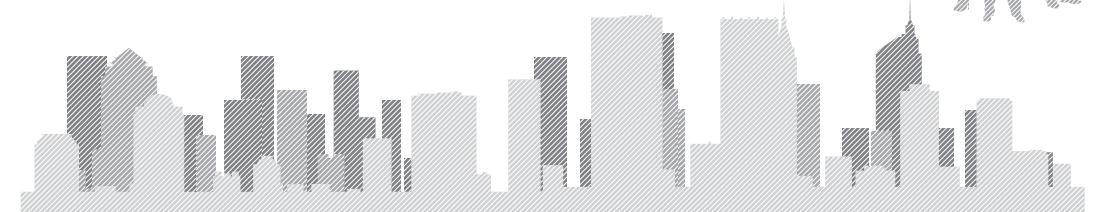


Social outreach activities, corporate website, exchanges with local communities (regular meetings, public access to Kia plants), corporate information channels (website, reports)



### Shareholders and Investors

General Shareholder's Meeting, investment road shows, website, reports



## Channels for Stakeholder Feedback

To effectively gather wide-ranging feedback from stakeholders whose points of view vary, Kia Motors runs separate communication channels for internal and external stakeholders. We operate online and offline channels for every stakeholder group. In 2011, we expanded our communication channels to SNS and the mobile platform for enhanced accessibility. We engage online users via our official blog, Facebook (around 1.6 million ‘Likes’), Twitter (around 11,000 followers), and YouTube (around 1,400 subscribers). We have also developed and operate applications for smart devices: KIA Launcher, Mobile KIA, and KIA Ecodrive Tumble. Of note, KIA Ecodrive Tumble is based on the winning entry of the 2nd Kia Motors’ Brand Application Contest for college students. The app sets off a warning when there is sudden acceleration or deceleration and provides a driving report card to encourage economical and eco-friendly driving habits. **M**

Review:

# Challenges &

With one third of the global population connected via the internet, national and regional borders are losing their significance, and humankind faces numerous challenges as the repercussions of our actions reverberate more widely. That is why Kia Motors does not limit the scope of sustainability to our company but rather looks for ways to harness our competencies to find solutions to global challenges. In 2012 MOVE, Kia Motors' 2011 activities and achievements are organized by key global challenges. The next few pages outline the challenges on which we are focusing, followed by an in-depth look at our efforts to resolve them. We see responsibilities and opportunities in challenges that require innovative solutions. It is our belief that we can work toward meeting today's global needs to contribute to engendering positive changes and building a sustainable future for all.

opportunities

# Energy Use & Climate Change

# Technologies for Sustainable Mobility

**CO<sub>2</sub> emissions that can be cut by 2050 through automotive improvements and innovation (base year: 2005)**

International Energy Agency, Transport, Energy and CO<sub>2</sub>: Moving Toward Sustainability

+45%



-30%

Global CO<sub>2</sub> emissions in 2010  
33 billion M/T, 45% increase from 1990  
European Commission,  
Long-term Trend in Global CO<sub>2</sub> Emissions



Refer to pp. 44-53, 80-89 for more on Kia Motors' efforts to cut energy consumption and combat climate change.

In the UN report 2011 *State of the Future*, climate change and sustainability was named the foremost of 15 global challenges. In May 2011, the CO<sub>2</sub> concentration in the atmosphere was the highest ever in 2 million years. Global CO<sub>2</sub> emissions in 2011 rose 5.8% from 2010, the highest year-on-year increase in 20 years. Energy consumption accounts for 84% of CO<sub>2</sub> emissions, the culprit of climate change. The transportation sector is responsible for 23% of the total CO<sub>2</sub> emissions and for some 20% of the direct emissions from industrial sectors. The International Energy Agency (IEA) projects that global CO<sub>2</sub> emissions must be reduced to 50% of 2007 levels by 2050 and that without innovative policies, CO<sub>2</sub> emissions will be double from current levels (IEA, *Energy Technology Perspectives 2010*). 'Green & Clean' is what Kia Motors aspires to achieve across the entire automotive manufacturing process and life cycle. It is at the vehicle design phase that we begin our efforts to cut resource and energy consumption as well as CO<sub>2</sub> emissions, environmental load, and waste. We have in place green agreements with our parts suppliers, are raising the efficiency of the production process to minimize resource consumption, and are continually updating our facilities and equipment to effectively recycle resources and waste. We are also revamping our logistics system to raise cost- and CO<sub>2</sub>-efficiency for ourselves and our partners while recovering useful resources in the vehicle disposal phase.



Refer to pp. 30-43 for more on Kia Motors' innovative technologies, process innovation, and future plans to curb vehicle CO<sub>2</sub> emissions, over 80% of which occurs during the vehicle usage phase.

The number of cars in the world is expected to triple to 2 billion by 2050. Truck and plane transport volumes are projected to grow twofold and fourfold, respectively, and the resultant energy consumption and CO<sub>2</sub> emissions are forecasted to increase by 80%. However, if cars' fuel economy is enhanced and the share of subcompacts, electric vehicles, and fuel cell vehicles grows, CO<sub>2</sub> emissions are expected to drop by 30% from 2005 levels. Kia Motors continues to raise the fuel economy of our vehicles and invest in innovative technologies to dramatically transform the automotive paradigm and realize our goal of zero emissions. According to the *Summary of Fuel Economy Performance* issued by the National Highway Traffic Safety Administration (USA) in October 2011, Kia Motors came in first place with a fuel economy of 34.9 mpg (14.8 km/l), a 13% improvement from the previous year. We reinforced our subcompact fleet with the release of the next-generation Morning (Picanto) and Pride (Rio) as well as the new Ray CUV. We also contributed to expanding the green car market by adding the K5 (Optima) Hybrid and Ray EV to our lineup. We are also running a 52-vehicle pilot fleet of Mohave FCEVs, developed in 2009 with the world's most powerful fuel cell stack (115 kW).

## Expanding Shared Value & Communication



Refer to (pp. 16-17, 24-29, 54-63, 71-79) for more on Kia Motors' compliance with international standards and our commitment to value sharing and communication with stakeholders.

In 2010, ISO 26000, an international standard of social responsibility, was enacted with 93% of the 77 voting nations in favor. ISO 26000, which includes international guidelines such as the Universal Declaration of Human Rights, ILO conventions, UN Framework Convention on Climate Change, and UN Global Compact (UNGC), provides guidelines and recommendations on the following seven core subjects: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. At the World Economic Forum in 2012, businesses were asked to engage in active job creation and accommodate diverse stakeholder needs. In the meantime, in a report on the top ten domestic and overseas trends issued by the Samsung Economic Research Institute, 'communication' was proposed as a keyword for 2012.

In 2008, Kia Motors declared our commitment to CSR management as a comprehensive strategy for the realization of our management philosophy and vision. Kia Motors joined the UNGC in 2008 and is committed to upholding UNGC's 10 principles in carrying out our business activities. We developed our own CSR indicator in 2011 to track progress and make improvements. We will continue to create more value, which we will share with stakeholders. We will also continue to look for new and more effective ways to realize balanced growth for all stakeholders through active communication and engagement.

## Encouraging Equality & Ability

Percentage of world population in abject poverty  
The Millennium Development Goals Report 2011



Refer to pp. 12-13 for more on Kia Motors' social outreach scheme and to pp. 64-69 for more on our social outreach activities in 2011.

According to the UN *MDGs Report 2011*, 17% of the world's population is in abject poverty—i.e., living on \$1.25 or less a day, 8.1 million infants under age five are dying every year, and an estimated 67 million children are being deprived of access to education (based on 2009 estimates). While significant improvements have been made since the MDGs went into effect ten years ago, the numbers show there is still a long way to go. Corporate citizenship was set as the main item on the agenda at the World Economic Forum in 2008 to encourage greater involvement by businesses in tackling global challenges. In 2011, Professor Michael Porter at Harvard proposed the concept of creating shared value (CSV), the idea that a business does not exist merely to create profit but also to create economic and social value.

In 2011, Kia Motors set up a global social outreach value system and an enterprise-wide organizational structure encompassing our domestic and overseas operations. The goals we aspire to with this revamped social outreach scheme are universal mobility and embracing challenges. Starting in 2012, we will be phasing in social outreach programs founded on active employee involvement at our worksites in all corners of the globe, including programs designed to expand access to educational and cultural opportunities and to potable water to safeguard the right to life through the use of transport vehicles.



# Reinventing Ourselves

The year 2011 marks the second consecutive year wherein Kia Motors was included in the Dow Jones Sustainability Index (DJSI) Asia Pacific, an international standard on corporate sustainability. We were also included in East Asia 30 (Hankyoreh Economic Research Institute), which ranks the level of CSR management of Korean, Chinese, and Japanese businesses. In a labor/CSR index developed jointly by the People's Solidarity for Participatory Democracy and Economic Research Institute for Sustainable Society (ERISS of *The Kyunghyang Shinmun*), Kia Motors received high marks in the categories of social progress, income distribution, and labor-management relations and came in first place among Korea's top 100 businesses. According to the annual brand value evaluation by Interbrand, a leading global brand consultancy, Kia Motors' brand value in 2011 grew 56% from the previous year to 2.7 billion dollars, the highest year-on-year growth among car manufacturers around the world. From quality and safety to customer satisfaction and design, Kia Motors was hailed in every automotive assessment. In 2011, Kia Motors sold 2.54 million vehicles worldwide, a 19% year-on-year growth, and posted sales revenue of 43 trillion won and operating profit of 3.5 trillion won. We again surpassed our best-ever high set the year before, a trend of awe-inspiring growth we have been able to maintain since 2009.

## Creating Value

Kia Motors' 2011 sales revenue of 43 trillion won marks a 21% growth from the year before, and our operating profit of 3.5 trillion won is a 42% year-on-year increase. Our net profit was 3.5 trillion won, a 30% growth from the previous year. Our accumulated export volume surpassed 10 million vehicles, a twofold increase in just six years. A strike-free collective wage bargaining agreement was reached for the second consecutive year, and our domestic and overseas plants have maintained an operating rate of 98%. Our overseas and domestic market shares have expanded to 3.4% and 33.5%, respectively. Our performance, significantly better than the industry average, owes itself to the diversification of the car market and of our product portfolio, strengthened communication, and enhanced productivity and quality. By prioritizing sustainable growth and active cooperation, we are turning an uncertain tomorrow into a today of realized possibilities.



Information on corporate sustainability indexes and quality, brand value, and design assessments is available in this section. Refer to pp. 54-57 for more on safety and customer satisfaction assessments.

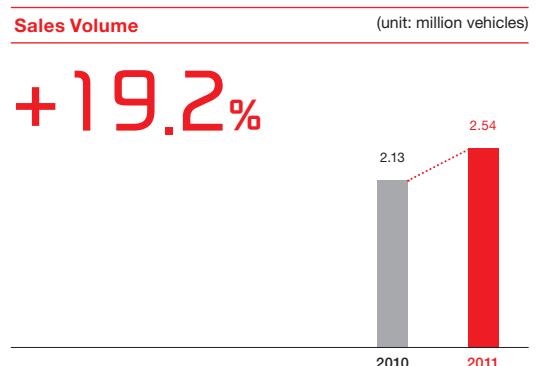
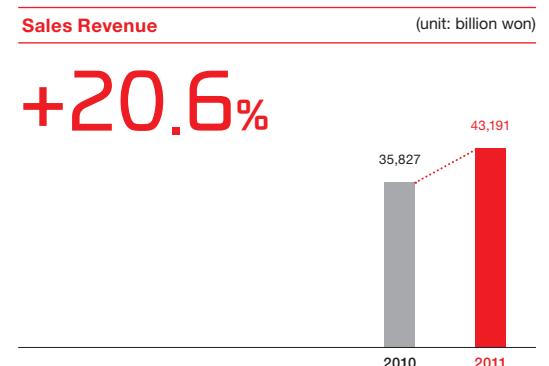
### Key Factor 1. Diversified Portfolio

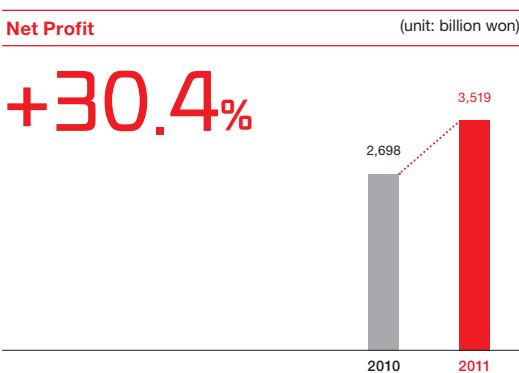
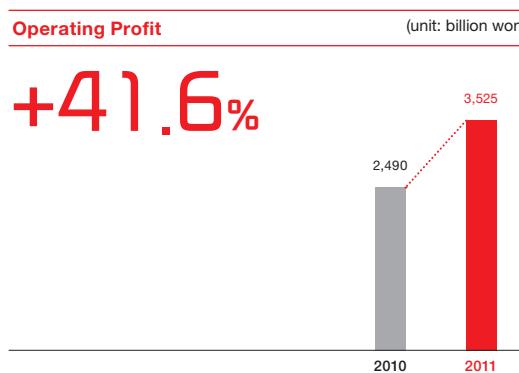
The year 2011 was fraught with political and economic crises and natural disasters. The slowdown of the world economy is expected to continue into 2012. Climate change is also accelerating and growing unemployment and wealth disparity are intensifying social imbalance. All of these challenges are increasing future uncertainties. Kia Motors analyzed those factors that enabled our sustained growth in 2011 and formulated strategies to capture the opportunities that lie in the mounting uncertainties. Our first point of focus is market and product portfolio diversification. Due the sluggishness of advanced economies and the slowdown of the growth momentum of emerging economies, the global automobile market only grew by 4.2% in 2011. Nevertheless, Kia Motors posted high growth in all our strategic markets, including the United States (36%), Europe (22%), Central and South America (34%), and China (29%), the world's single largest market. Sales

were evenly distributed, with each region accounting for around 20% of the total sales. We reinforced our subcompact lineup with Ray, a unique boxcar CUV for the domestic market, and the next-generation Morning (Picanto) and Pride (Rio). According to the market research consultancy IHS Global Insight, compacts and subcompacts accounted for nearly half (44.8%) of the cars sold worldwide in 2010. Given soaring oil prices, economic recession, and the green trend, the car market is expected to realign around the compact and subcompact segments. This development is expected to further elevate Kia's standing as our compacts and subcompacts—Morning (Picanto), Ray, Pride (Rio), Forte (Cerato), cee'd, and Venga—account for over 50% of our sales. Localized models that meet the special needs and preferences of a given market also contribute to raising a car manufacturer's competitive advantage. K2, a localized version of the Rio for the Chinese market, became the best-selling model of the Kia lineup in just three months after its



As of the 2011 fiscal year, consolidated financial statements for corporate headquarters and overseas subsidiaries were drafted as per the International Financial Reporting Standards (IFRS). For easy comparison, 2010 figures were recalculated according to IFRS.





release in 2011. Moreover, it was named CCTV's 2011 Car of the Year—considered the most prestigious automotive award in China—in the subcompact segment. In 2012, we plan to expand our market share in Europe with the localized version of Pride (Rio) for the Russian market and the all-new cee'd. In Brazil, we will be launching a localized flexible-fuel (ethanol+gasoline) vehicle. In the U.S. market, K5 (Optima), Pride (Rio), and Sportage R (Sportage) were declared winners in their respective vehicle segments, and Kia Motors was honored as the 'Best of the Best' in the Brand Design category. We also continued our winning streak at the world's top three design awards. Following on the heels of Soul in 2009, Venga in 2010, and K5 (Optima) and Sportage R (Sportage) in 2011, Morning (Picanto) and Pride (Rio) were honored with red dot awards in 2012. Morning (Picanto) was also recognized at the 2011 iF design awards, following in the footsteps of Venga in 2009 and K5 (Optima) and Sportage R (Sportage) in 2010.

#### Key Factor 2. Strengthened Communication

Kia Motors is working to spread our design-based brand identity to all aspects of our business operations and to raise the quality of customer experience. We launched a global brand campaign in 2011, and since 2010, we have been expanding the number of customer contact points that present our new space identity, which we have named 'Red Cube.' According



Refer to pp. 72-73 for more on Kia Motors' 2011 business performance, financial standing, sales, and production volume.

to a J.D. Power survey, Kia Motors' customer repurchase rate rose to seventh place (moving up 14 spots from 2009) in 2010 and another three spots to fourth place in 2011. Kia Motors came in first place in an automobile design satisfaction survey of Korean consumers conducted by Marketing Insight. At the German Design Council's 2011 Automotive Brand Contest, K5 (Optima), Pride (Rio), and Sportage R (Sportage) were declared winners in their respective vehicle segments, and Kia Motors was honored as the 'Best of the Best' in the Brand Design category. We also continued our winning streak at the world's top three design awards. Following on the heels of Soul in 2009, Venga in 2010, and K5 (Optima) and Sportage R (Sportage) in 2011, Morning (Picanto) and Pride (Rio) were honored with red dot awards in 2012. Morning (Picanto) was also recognized at the 2011 iF design awards, following in the footsteps of Venga in 2009 and K5 (Optima) and Sportage R (Sportage) in 2010.

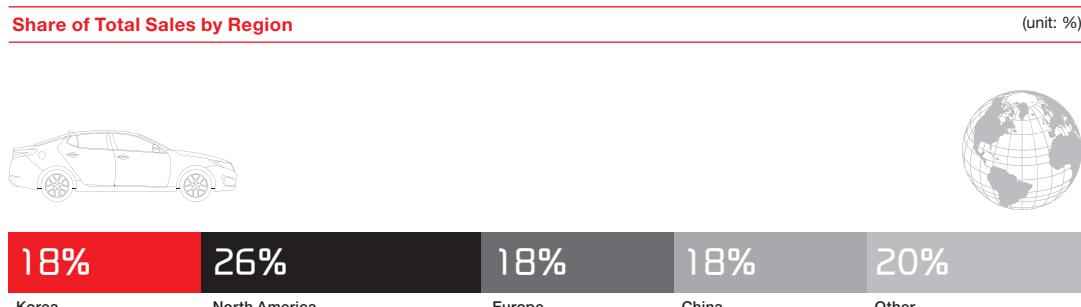
#### Key Factor 3. Enhanced Productivity and Quality

For sustained growth, a business must expand its presence into the global market and provide affordable

products tailored to local needs and preferences. A car manufacturer must also minimize the delivery distance of assembled cars to cut not only time and cost but curb CO<sub>2</sub> emissions generated during the distribution process. Kia Motors produces localized models made possible by our global design and R&D network and has a global system of local sales and production bases.

The operating rate of Kia Motors' domestic and overseas plants was over 98% in 2011. The China plant, of note, operated at full capacity. Kia Motors, number 18 among the global automobile brands in China in 2007, started making our way up the ranks when our second China plant went into operation in 2008, reaching the number eight spot in 2011. When our third China plant (annual production capacity of 300,000 units) is completed in 2014, our total production capacity in China will be 730,000 units. Our combined global annual production capacity currently stands at 2.69 million units. We plan to attain our 2012 sales goal of 2.71 million units by maintaining stable operations of our domestic and overseas plants while fostering close inter-plant cooperation.

Our sustained efforts aimed at quality improvement came to bear fruit in a number of ways in 2011. The durability and quality of Kia vehicles was recognized in February 2012 when Kia was named the best mainstream automotive brand in Kelly Blue Book's 2012 assessment of 5-year total cost of ownership. In the 2011 residual value assessment by ALG, Kia Motors ranked seventh out of 18 mainstream automotive brands, recording the highest rate of residual value growth (15%) since 2008. At Kia Motors, a quality review meeting, presided by the CEO, is held twice a month for quality-related issues to be shared and resolved through inter-departmental cooperation. Production workers take part in prototype development so that potential problems in the production phase can be identified early and resolved. We also set up development quality centers at our R&D centers to identify and resolve problems that may result in the application of new technologies. Quality-related problems are reported to the Global Quality Situation Room, which operates around the clock. The causes of the reported problems and the solutions rendered are shared throughout our global network.



## Sharing Value

Growth is a prerequisite to corporate sustainability because the more value a company creates, the more it can share with stakeholders. With the profit generated, a business pays its employees, buys the products and services of partner companies, makes dividend and interest payments to shareholders and creditors, and pays taxes to the government. A business also helps create a virtuous cycle for the society at large through investments and job creation and to sustainability through its products that feature advanced technologies made possible by R&D investments.

### Investing in the Future

Kia Motors continues to create new jobs, build or refurbish production facilities, and expand R&D investment. Under the Hyundai Motor Group R&D Division is a workforce of around 9,800 specialists; R&D specialists make up some 30% of the new employees recruited over the past three years. At the design and technical centers in the United States, Germany, and Japan, some 1,000 local and dispatched employees work together to develop technologies that will shape the future. In 2011, Kia Motors set 6% of our sales revenue (2.5 trillion won) as our investment budget, some 76% (1.9 trillion won) of which was allocated to R&D. For 2012, we raised our R&D budget from 2011 by 12% to 2.8 trillion won, allocating 1.5 trillion won to R&D and 1.3 trillion won to improving production facilities and equipment in order to enhance production capabilities and productivity. Kia Motors also continues to expand investment in employees, the fundamental source

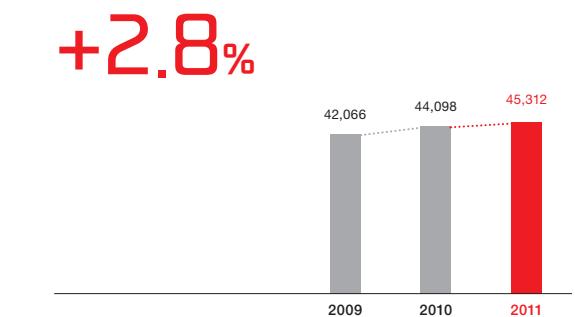
of a business' competitiveness. As of 2011, 45,000 employees (32,000 in Korea and 13,000 outside Korea) comprised the Kia workforce. In 2012, we plan to hire around 800 new employees in Korea, a 140% year-on-year increase, and invest 17 billion won in employee training and education. Kia Motors strives for balance between our company's economic growth and win-win advancement with society in setting and implementing our plans. We will continue to generate greater value to share with all our stakeholders.

### Striving for Far-reaching Changes

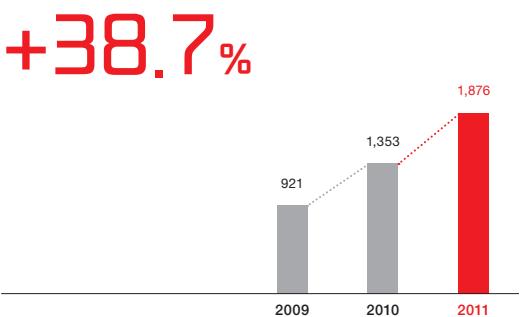
Kia Motors made direct investments amounting to around 3.5 billion dollars in our U.S., China, and Slovakia plants, which are responsible for some 40% of our total production volume. In order to effectively respond to growing demand in 2011, we hired around 1,000 new workers at our U.S. and Slovakia plants, raising the total number of jobs created in the United States and Slovakia to some 11,000. We invested



**Job Creation (domestic & overseas)** (unit: persons)



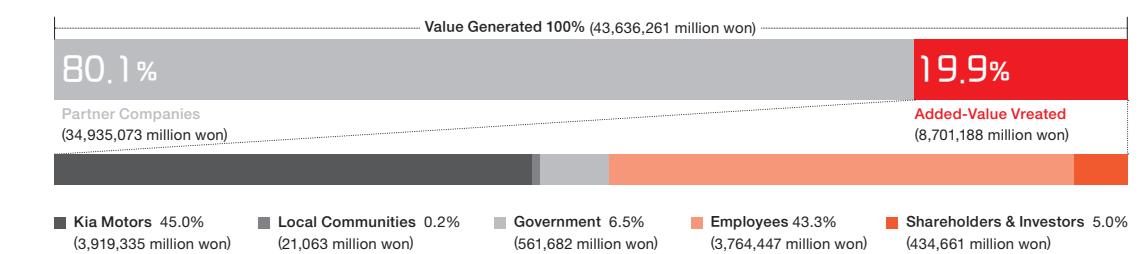
**R&D Investment** (unit: billion won)



around 1.1 billion dollars in the Slovakia plant, which went into full-fledged operation in 2006. If our partner firms and local businesses are also taken into consideration, our Slovakia operation is estimated to have created some 10,000 new jobs. Around 20% of our production workers in Slovakia are females, so we have also contributed to promoting women's entry into the workforce. In the meantime, Kia Motors Manufacturing Georgia (KMMG) in the United States, which went into operation in 2009, is said to have created around 20,000 direct and indirect jobs and generated an economic impact amounting to 6.5 billion dollars according to the Enterprise Innovation Institute at the Georgia Institute of Technology. The China plant, the first of our global production facilities, helped to more than double the population of the city of Yencheng from 300,000 in the early 2000s to 750,000 by 2011. In early 2011, Hyundai Motor Group was named the most socially responsible

business at the 2010 China CSR International Forum, co-hosted by the Chinese media and government. Along with Hyundai Motor Company, Kia Motors has been carrying out a campaign in China since 2008 to promote an advanced motor culture and prevent child motoring accidents. We are also planting trees to combat the desertification of Inner Mongolia, providing support for disaster relief and reconstruction, and running a college scholarship program for students from areas stricken by natural disasters in China. Each Kia plant in Korea and overseas runs social outreach programs to tackle local social challenges. Furthermore, Kia Motors donates testing equipment to universities in Korea for the academic and technological advancement of the automotive field. In 2011, we donated testing equipment worth around 1.4 billion won to six universities. We also hold idea contests and provide test vehicles, research funds, and technical advice and guidance. ■

**Economic Value Generated & Distributed (EVG&D)**



# Reshaping the Future



J.D. Power projected that the annual demand for hybrid vehicles will jump from 850,000 units in 2011 to 2.19 million by 2015. Even though the Korean car market did not do as well as the global market in 2011, hybrid vehicle sales more than doubled from the previous year. Hybrid vehicles are no longer the future; they are our everyday reality. In addition to the growing demand for hybrids, electric vehicles, which mark a complete departure from existing internal combustion engines, are being incorporated into mass-production lineups. The commercialization of fuel cell electric vehicles (FCEV) is also expected to gain steam as the world's top 11 automakers agreed to standardize the supply system earlier this year. With the era of internal combustion engines behind us, it is now time to contemplate and prepare for all possible alternatives for the future. As the future soon becomes the present, we must work to leave behind a sustainable planet for future generations.

## Technologies for Sustainable Mobility

We are living in a brand new age. The world is better connected than ever with the advances in IT and transportation technologies. The phenomena of resource depletion, climate change, population growth, and urbanization are affecting and accelerating one another. Our everyday lives are impacted by the high oil prices stemming from the supply-demand imbalance and strengthened fuel economy regulations to curb CO<sub>2</sub> emissions. For the car industry, this means we have to produce cars with enhanced fuel economy and lower CO<sub>2</sub> emissions.

Raising the fuel economy of cars curbs CO<sub>2</sub> emissions, the culprit of climate change. Accordingly, there is a direct correlation between the economy of cars and eco-friendliness. Kia Motors invests in technologies to boost energy efficiency and applies them to our entire vehicle lineup. The technologies applied to our mass-produced cars and the resulting improvements are covered in the following page. This section focuses on vehicles of a brand new automotive paradigm that features zero emissions as its ultimate goal.

## Brand New Paradigm: Three Trends

The automotive paradigm shift toward fossil fuel-free, zero-emissions vehicles is currently focused on the following three alternatives: hybrid electric vehicles (HEVs), powered by both an engine and an electric motor; electric vehicles (EVs), powered only by an electric motor; and hydrogen fuel cell electric vehicles (FCEVs), which run on hydrogen and oxygen.

As of 2011, around 850,000 HEVs have been sold worldwide. HEVs are accessible given their affordability as well their compatibility with gas stations and other existing infrastructure. As for EVs, the travel distance per charge is relatively limited. They also come with a high price tag, and infrastructure is lacking. Nevertheless, governments are providing policy support and incentives, and active discussions are underway among businesses and between the private and public sectors on technological improvements and infrastructure building. Kia Motors has released the Ray EV, and other global automakers have also begun mass-producing or plan to mass-produce EV models. EVs are expected to first target the niche market for short-distance commuting and work-related errands and appointments. The timeframe for the commercialization of FCEVs is still fluid given its dependence on when and how hydrogen charging stations and other infrastructural and social requisites can be met. Be that as it may, major automakers are engaged in active R&D to expedite FCEV commercialization, and early efforts to standardize charging standards and build relevant infrastructure are also underway.

The prevailing automotive technology of the future has yet to be determined. Each of the three alternatives currently being explored comes with technological, social, and environmental challenges. Nevertheless, like the internal combustion engine over the past century, green automotive technologies will also undergo innovation and evolution to shape our future. Global cooperation and competition will intensify the pace of this innovation and evolution, and Kia Motors will stand at the heart of this change, contributing our technologies and ideas to realizing sustainable mobility.

## EcoDynamics' Dynamic Developments

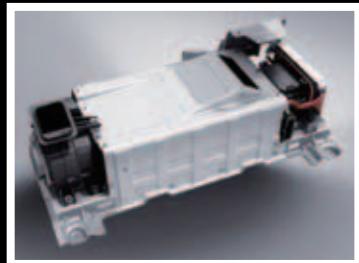
Kia Motors launched EcoDynamics in 2009 and released the Forte LPi Hybrid under this green sub-brand. 'EcoDynamics' is a blend-word consisting of 'eco' from 'ecology' (nature and environment), 'economy' (efficiency), and 'dynamics' (energy and vitality). It embodies our commitment to raising the existing value of cars while also creating a new value of sustainability by curbing fuel consumption and emissions. The K5 (Optima) Hybrid and Ray EV, both released in 2011, are following in the footsteps of the Forte (Cerato) LPi Hybrid, and we have been running a Mohave hydrogen FCEV pilot program since 2008.

## HEV: Hybrid Electric Vehicle



HEVs are powered by an internal combustion engine and an electric motor. Compared to existing cars powered only by an internal combustion engine, HEVs are more powerful and also boast higher fuel economy and lower CO<sub>2</sub> emissions. The electric motor supplies the power (EV mode) when the vehicle starts or is traveling at low speeds. The electric motor assists the engine during acceleration, and either the engine or motor powers the vehicle when it is traveling at a constant speed. Electricity consumed at starts and during acceleration is recharged by the braking energy generated during deceleration. When HEVs come to a stop, the engine

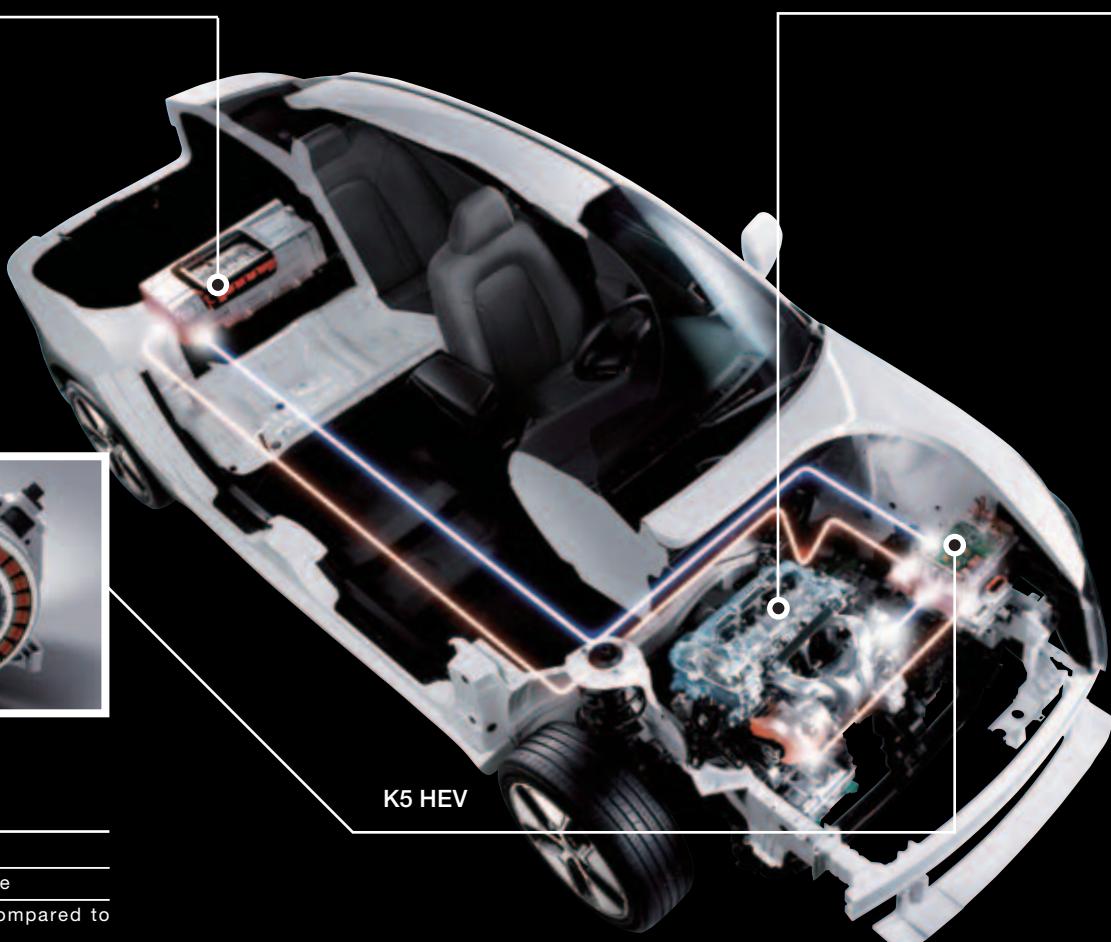
is shut off to cut unnecessary fuel consumption. HEVs thus raise the fuel economy and cuts CO<sub>2</sub> emissions of stop-and-go city driving. However, unless an alternative fuel source free of CO<sub>2</sub> emissions is commercialized, HEVs will never realize zero emissions because they still rely on the internal combustion engine for power.



**270 V**

Lithium-ion Polymer Battery

30%	Weight reduction compared to Ni-MH battery
63%	Output density increase
13%	Energy density increase
59%	Internal resistance reduction

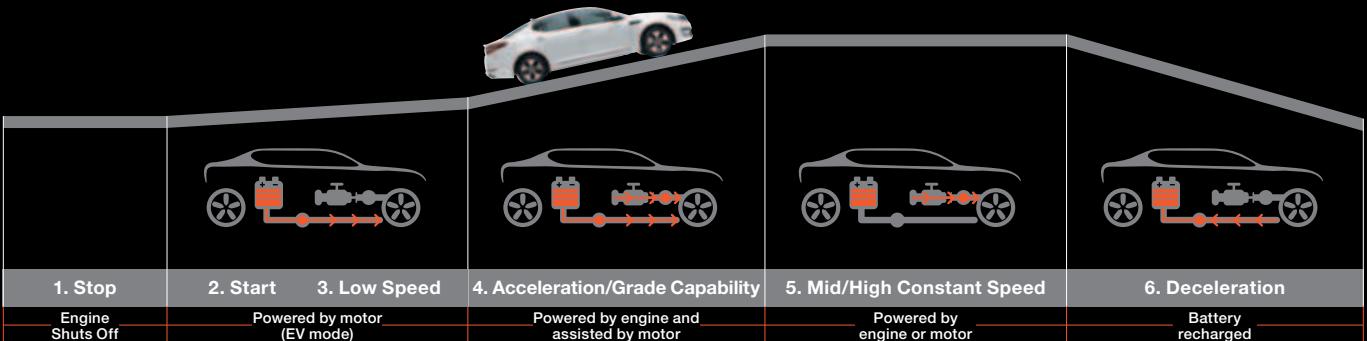


**30 kW**

Electric Motor

95%	Average efficiency
205	Nm Maximum torque
18%	Size reduction compared to competitors
30%	Weight reduction

### Hybrid System



**21.0 km/l**

Nu 2.0 HEV Engine

111 g/km	CO <sub>2</sub> emissions
150 PS	Maximum output
18.3 kgf·m	Maximum torque
0.26 Cd	Optimized drag coefficient

**K5 (Optima) Hybrid** Harnessing the technologies secured through the Pride (Rio) pilot fleet program we launched in collaboration with the Ministry of Environment in 2005, Kia Motors released the Forte (Cerato) LPi Hybrid in 2009. Forte (Cerato) LPi Hybrid boasts the lowest level of CO<sub>2</sub> emissions (99 g/km) among Korean cars. Then in March 2011, we unveiled the K5 (Optima) HEV, which features Kia's proprietary hybrid system. The parallel hybrid system in the K5 (Optima) HEV is equipped with a 30 kW motor, which is significantly more efficient and powerful than those of our competitors. The K5 (Optima) HEV has a higher fuel economy (21 km/l) and delivers more powerful performance (maximum output of 150 horsepower and maximum torque of 18.3 kgf·m [domestic model with Nu 2.0 HEV Engine]) than the other vehicles of its class. It also provides a more comfortable driving experience and higher fuel economy with its HEV-specific six-speed transmission. On the heels of the Forte (Cerato) LPi Hybrid, the K5 (Optima) HEV is the world's first hard-type hybrid to be equipped with a lithium-ion polymer battery, which is 30% lighter than nickel-metal hydride (Ni-MH) batteries but has high output density (63%) and energy density (13%). The battery system features a quadripartite safety feature that extends from the battery cell itself to the vehicle body. We have succeeded in producing all the electric power components in Korea, thereby laying the foundation for sustained advances in hybrid technology and enhancing the competitiveness of our partner companies.

At the K5 Hybrid EcoDriver Contest held in Korea in July 2011, the 20 contestants recorded an average fuel economy of 25.9 km/l, higher than the official fuel economy listed for the model. At Kia's U.S. plant in Georgia, a ceremony was held in September to celebrate a new Guinness World Record in fuel economy set by the K5 (Optima) HEV. In August 2011, the K5 (Optima) HEV (North American model [Theta 2.4 HEV Engine]) set out to become the first HEV to tour the 48 states of the contiguous United States and set a Guinness World Record for fuel economy. The K5 (Optima) HEV proved its eco-friendliness and efficiency by recording an average fuel economy of 64.6 mpg (27.5 km/l) during the 16-day expedition covering 7,899 miles (around 12,710 km). The fuel economy record set by the K5 (Optima) HEV is 61.5% higher than K5 (Optima)'s official fuel economy of 40.0 mpg (17.0 km/l; based on U.S. expressway driving).

## EV: Electric Vehicle

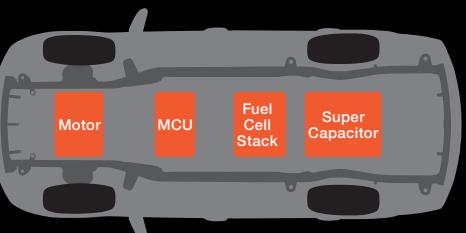


EVs run solely on electric energy. The electric energy stored in a high-voltage battery powers the motor for starts and accelerations. It takes around 6 hours to charge the battery using a general charging system and 25 minutes at a high-speed charging station. As they run only on electric power, EVs do not generate any direct CO<sub>2</sub> emissions and are thus zero-emission vehicles. However, given that most electric power is currently generated through fossil-fuel-based systems, EVs are responsible for indirect CO<sub>2</sub> emissions. The other drawbacks include the lack of charging stations and the long charging times.



Ray EV GPS navigation system indicating charging-related information

**Ray EV** Since the release of the Besta EV in 1986, Kia Motors has spent over 20 years researching and developing EVs and EV batteries. Drawing on this accumulated knowledge and know-how, we launched the Ray Electric Vehicle (EV) in December 2011. The Ray EV is a multi-purpose compact CUV well-suited for urban driving as well as transporting cargo. With its high-efficiency motor featuring maximum output of 50 kW and a high-performance 16.4 kWh lithium-ion polymer battery, the Ray EV has a top speed of 130 km/h and can travel 139 km per charge. The Ray EV comes with a built-in GPS navigation system that indicates nearby charging stations and the remaining distance the vehicle can cover as well as the status of energy flow and usage. The Ray EV features wheels with low rolling resistance tires for minimized air resistance when the vehicle is on the road. A sophisticated safety system minimizes risks posed by high-voltage components. By producing all the key parts in Korea, Kia Motors has laid the basis for the advancement of Korean EV technologies. With the goal of mass-producing a compact EV model for the general public by 2014, we will supply government agencies with a pilot fleet of 2,500 Ray EVs by 2013. Working hand in hand with the government and pertinent organizations, Kia Motors plans to engage in continued R&D and build EV infrastructure for convenient access to charging stations.



Mohave FCEV Layout

**Mohave's Fuel Cell Technologies** Kia Motors started R&D on fuel cell technologies in 1988. With the successful certification of our low-temperature (-20°C) startup technology, we managed to overcome what was considered a major hurdle in developing FCEVs. We are now concentrating our efforts on improving the durability of fuel cells while reducing cost. In 1999, we developed a fuel cell stack with maximum output of 2 kW and output density of 0.2 kW/l. Then in 2009, we succeeded in developing the Mohave FCEV, featuring a 115 kW fuel cell stack and a supercapacitor, a next-generation energy storage unit. The fuel cell stack is built into the underfloor for even weight distribution, enabling more dynamic driving performance and more stable maneuverability. With its 700-bar hydrogen storage system, the Mohave FCEV can travel up to 758 km on a single charge and has a maximum speed of 160 km/h. It is designed to minimize damage to the hydrogen tank and pipes in the event of rear-end collisions. Equipped with a sensor to detect hydrogen leaks caused by impact, the Mohave FCEV fulfills U.S. collision safety requirements.

**Mohave FCEV** Since 2004, Kia Motors has been part a FCEV pilot program overseen by the U.S. Department of Energy. We have also been providing the Blue House, government ministries, and local governments in Korea with Mohave FCEV pilot fleets to verify our FCEV technologies and prepare for commercialization. The Mohave FCEV's durability and technological superiority were proven with the successful completion of the U.S. Hydrogen Road Tour 2009, a 2,655 km rally from San Diego (USA) to Vancouver (Canada). Since 2009, we have been running a six-month test-driving program for the general public. We are currently operating a pilot fleet of 52 Mohave FCEVs.

Kia Motors has been working on securing proprietary design technologies and producing major fuel cell components domestically. As a result, we now produce 99% of the key parts in Korea. Working with some 120 partner companies, we are focusing on reducing the size of the fuel stack by half to enable startup at -30° and to raise the system efficiency by 60%. Kia Motors pledges to continue our R&D activities to pave the way for a future wherein everyone can enjoy the benefits, convenience, and safety of FCEVs.



Stack: Fuel cells stacked on top of one another to obtain the desired power output

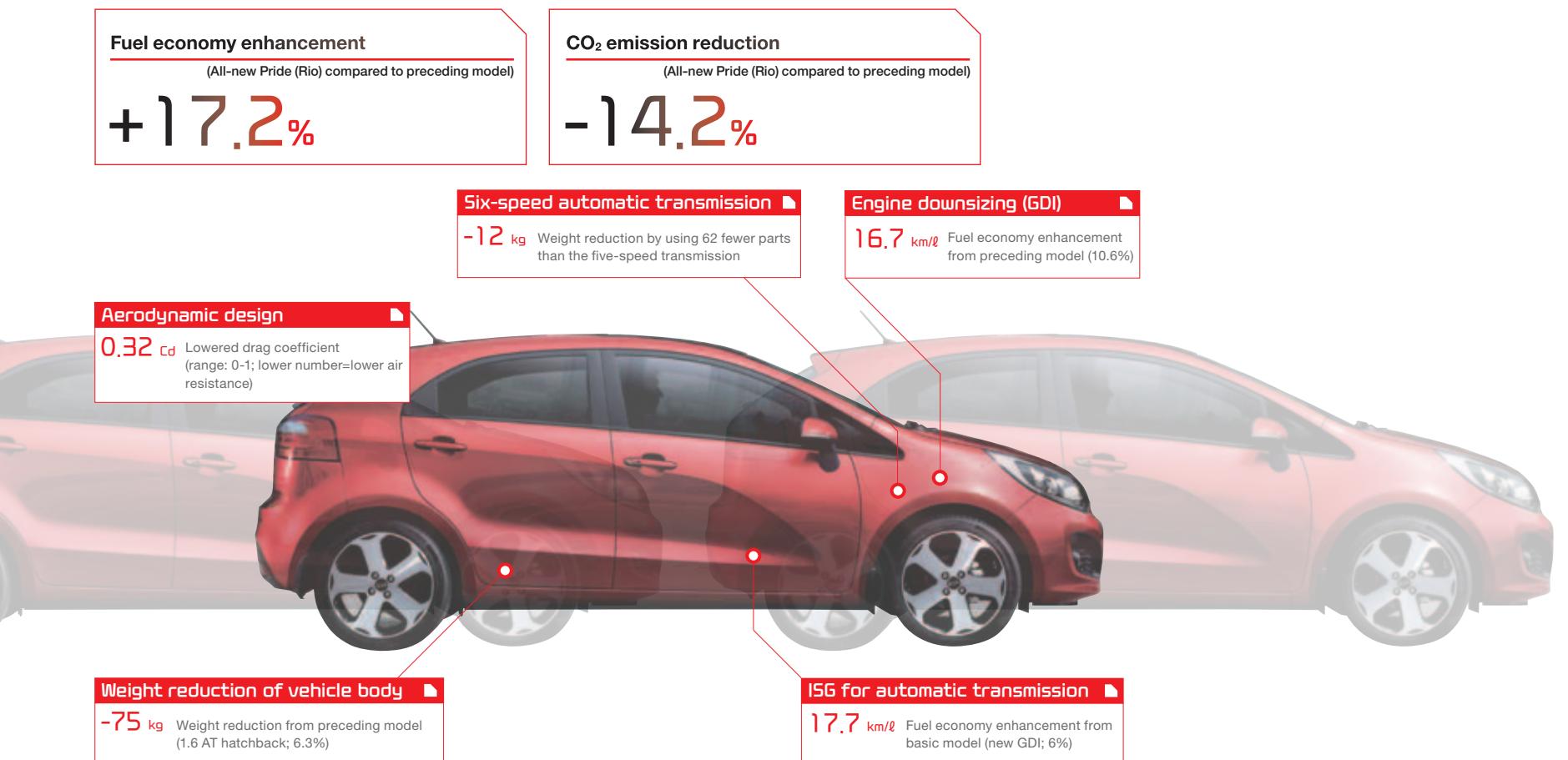
## FCEV: Fuel Cell Electric Vehicle



and Japan. Furthermore, wind power is being discussed as a means of cutting costs and making the hydrogen production process more environmentally-friendly.

Hydrogen FCEVs run on the electricity generated by a chemical reaction between hydrogen and oxygen triggered in fuel cells. Since the only by-product is water, FCEVs can tackle the twin challenges of environmental degradation and energy depletion. Moreover, the FCEV system is twice as efficient than the existing internal combustion engine. For the commercialization of hydrogen FCEVs, however, the manufacturing process has to become more energy-efficient and an infrastructure of hydrogen fueling stations must be set up. In early 2012, Kia Motors and 11 American, European, and Japanese automakers agreed to standardize the size of charging equipment and make it an ISO standard by the end of 2012. With the goal of commercializing hydrogen FCEVs by 2015, hydrogen charging stations are being set up around the world, including in Korea, the United States, Europe,

# Renovating for Energy Efficiency



**Situation Analysis and Response Measures**  
Strengthened government regulations on fuel economy go into effect in 2012 in many parts of the world. In Korea, 30% of the cars sold this year must meet an average fuel economy or CO<sub>2</sub> emissions requirement of 17 km/l or 140 g/km, respectively. By 2015, this requirement will be expanded to all of the cars sold in Korea. In Europe, 65% of the cars sold in 2012 must have average CO<sub>2</sub> emissions of 130 g/km (18.4 km/l for gasoline cars) or less. By 2015, this regulation will be applied to 100% of cars sold in the region. The Japanese and Chinese governments have set the target average fuel economy for 2015 at 17.0 km/l and 16.9 km/l, respectively. The United States, in the meantime, set the Corporate Average Fuel Economy (CAFE) at 34.1 mpg (14.5 km/l) for 2016 and will be raising the current minimum by 5% annually. Government regulations worldwide will be gradually

strengthened as per respective roadmaps that extend out as far as 2025. For continued fuel economy enhancements, the efficiency of the powertrain must be raised and the vehicle weight and air resistance must be lowered. According to the 'Summary of Fuel Economy Performance' issued in October 2011 by the U.S. National Highway Traffic Safety Administration (NHTSA), Kia Motors came in first place, surpassing not only the 2016 CAFE standard but also recording a 13% year-on-year improvement with average fuel economy of 34.9 mpg (14.8 km/l). Kia Motors continues to release new models that boast higher fuel economy than their predecessors through multipronged efforts that include engine downsizing, transmission enhancement, application of ISG (Idle Stop & Go), vehicle weight reduction, aerodynamic design, and low rolling resistance tires.

Kia Motors is shaping both the present and future with sustained R&D aimed at improvements and innovation. The world has come to a consensus that CO<sub>2</sub> emissions must be curbed to combat climate change, and consumers are demanding enhanced fuel economy as a feasible means of alleviating the burden of high oil prices. Fuel economy and CO<sub>2</sub> emissions are inversely proportional. That is, the higher the fuel economy is, the lower the CO<sub>2</sub> emissions are. Kia Motors proposes an automotive paradigm shift away from internal combustion engines by developing innovative technologies for a sustainable future while also working to raise the efficiency of internal combustion engines to improve the present.

## Engine Downsizing

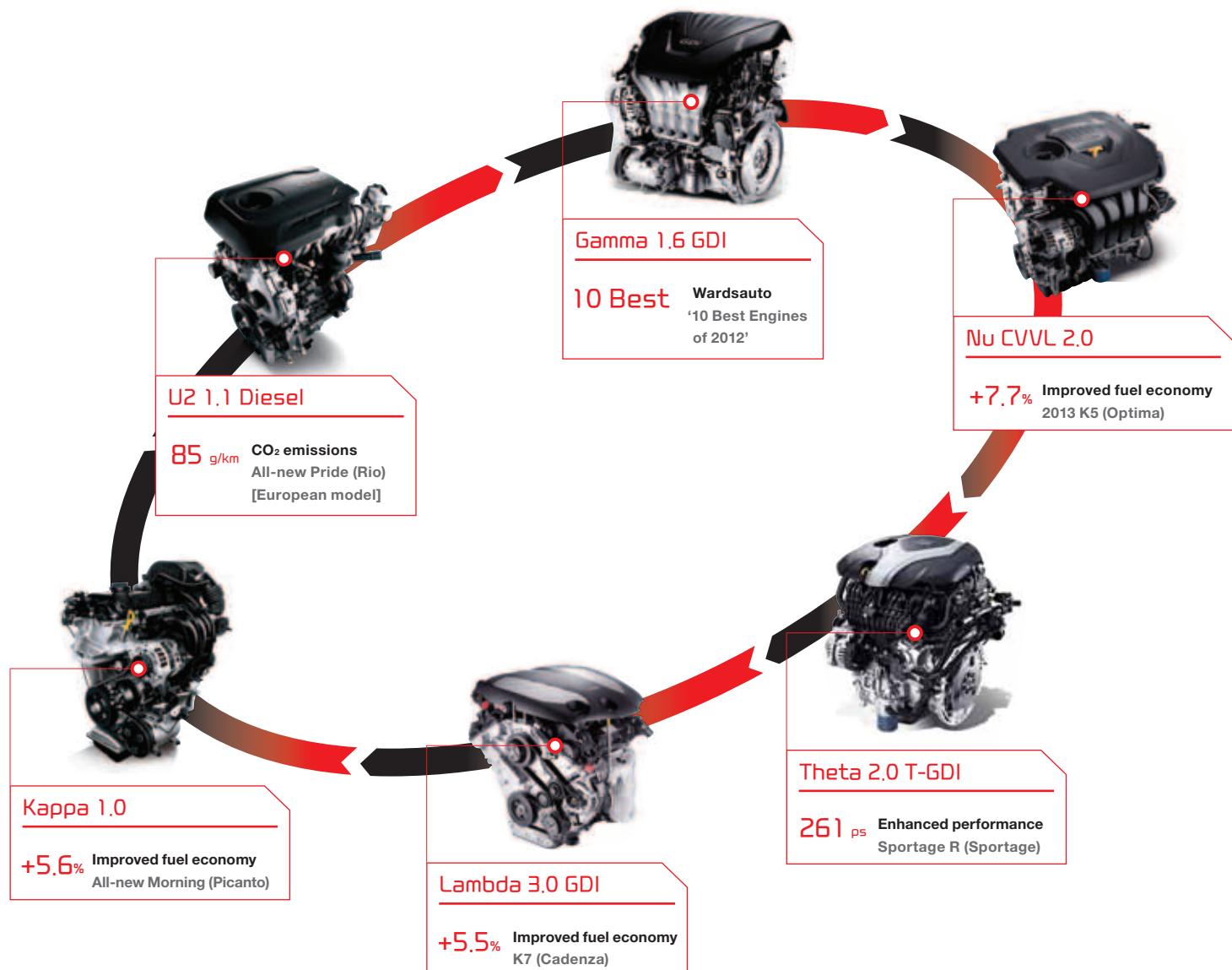
Engine downsizing either means decreasing the engine's size (engine displacement or number of cylinders) or maintaining the size but raising fuel economy and performance while cutting emissions. A 30% reduction in displacement raises fuel economy by 15%. However, lowered displacement also decreases acceleration performance—e.g., engine output and torque, while reducing the number of cylinders increases noise, vibration, and harshness (NVH). To make up for these drawbacks, Kia Motors applies diverse technologies to raise performance and minimize NVH. In 2012, we developed proprietary CVVL technology, which significantly enhances engine efficiency while maintaining the size of displacement. The newly released K5 (Optima) features the Nu CCVL engine.

**Cylinder Downsizing for Subcompacts** The gasoline Kappa engine in the 2011 Morning (Picanto) and Ray is a three-cylinder engine. Compared to the existing four-cylinder Epsilon engine, we managed to raise fuel economy by 5% by increasing the combustion chamber capacity in each cylinder and reducing engine friction to improve heat efficiency. Another 3% fuel economy improvement was made by applying Dual-CVVT (Continuously Variable Valve Timing) technology, which optimizes the timing of the opening and closing of the intake and exhaust valves. To produce the same horsepower, a three-cylinder engine has to work harder than a four-cylinder engine. This means more noise, vibration, and harshness (NVH). Kia Motors thus works to make our engines structurally more robust and its components more lightweight. The next-generation Morning (Picanto), which is equipped with the Kappa engine, has 5.6% greater fuel economy and 5.4% lower CO<sub>2</sub> emissions but greater engine output performance than the preceding model. European diesel model of Pride (Rio) features the three-cylinder U2 1.1 engine. Compared to the previous model featuring a four-cylinder 1.5l engine, the next-generation diesel Pride (Rio) is 41% more fuel-efficient

(22.1 km/l → 31.2 km/l), and has CO<sub>2</sub> emissions of only 85 g/km, one of the world's lowest. To cut NVH, we used sound-absorbing and sound-insulating materials in the engine cover and applied sound-insulating materials on the interior and exterior of the vehicle while also strengthening key components.

**GDI and Turbocharger Technologies** In 2011, Kia Motors expanded the number of GDI models in our vehicle lineup to six. In a gasoline direct injection (GDI) engine, fuel is directly injected into the cylinders, enhancing fuel economy and reducing exhaust emissions. Kia Motors has developed a full lineup of GDI engines for all vehicle classes ranging from the Lamda engine for full-sized vehicles (K7 [Cadenza]) and the Theta engine for mid-size vehicles (K5 [Optima], Sportage R [Sportage]) to the Gamma engine for compacts and subcompacts (Pride [Rio], Forte [Cerato], Soul), and we are continuing to expand the application of GDI engines. The Gamma GDI engine made it onto the 10 Best Engines of 2012 list issued by WardsAuto, a U.S. automotive news company. The Theta II T-GDI engine in the 2011 K5 (Optima) and Sportage R (Sportage) is a GDI engine featuring a twin-scroll turbcharger technology whereby the heat and energy that would otherwise be released from the vehicle is compressed and injected back into the engine to raise acceleration performance and efficiency. As for the Sportage R (Sportage) T-GDI model, its inline-four mid-size engine delivers superior performance (maximum output: 261 PS, maximum torque: 37.2 kgf·m) than the V6 engine and has excellent fuel economy of 11.2 km/l (2WD).

**Next-generation CVVL Engine** A car is powered by the force of the explosion generated when fuel and air meet. Therefore, there has been continuous R&D on technologies to more effectively control the fuel and air to boost performance and efficiency. Direct injection and decreasing the number of cylinders are means of enhancing the efficiency of fuel injection while continuous variable valve lift (CVVL) is a means



of raising the efficiency of air injection into the combustion chambers. With the existing system of air injection, the amount of air injected at low speeds and high speeds was the same, leading to unnecessary energy loss even if less fuel is injected at low speeds. With CVVL technology, the valve, which opens to take in air when the vehicle is traveling and closes when the vehicle comes to a halt, is linked to and controlled by the vehicle speed. The Nu engine, which features CVVL technology, always keeps the amount of air in the cylinder at an optimal level by controlling the intake valve in line with driving conditions. CVVL raises the air intake when the vehicle is traveling at high speeds, and when the vehicle slows down, it optimizes fuel combustion by preventing unnecessary air intake. CVVL thus enhances engine performance and fuel economy and enables smooth acceleration. CVVL also minimizes the air intake when a car is first started to

cut back on uncombusted gas. The 2013 K5 (Optima), equipped with the Nu engine, has 7.7% greater fuel economy (14.0 km/l) and 7.2% lower CO<sub>2</sub> emissions (167 g/km) than its predecessor, which features the Theta II 2.0-DVVT engine.

#### Multi-step Transmission

The transmission, which delivers the force generated by the engine to the wheels, plays an important role in determining fuel economy. The more gears there are, the better optimized a vehicle becomes for more specific driving conditions. This, in turn, raises not only fuel economy but also enhances acceleration performance and driving experience. The drawback, however, is that such a transmission is more complex, and thus, heavier. Therefore, the central objective in transmission development is reducing the size while also increasing the number of gears.

The six-speed transmission that has been installed in the new 1.5l-plus models since 2010 is lightweight and minimizes engine rotations, thereby enhancing fuel economy. The Mohave has been equipped with a proprietary eight-speed rear-wheel-drive transmission we developed in 2011, and the same transmission will be applied to the full-size K9 premium sedan set to be released in May 2012. The eight-speed rear-wheel-drive transmission, featuring 127 patented technologies, is designed to effectively control the engine's power to curb unnecessary fuel consumption. We also reduced the weight by using reinforced aluminum and plastics. The 2012 Mohave, which comes with the eight-speed transmission, has 18.5% higher fuel economy and 14.9% lower CO<sub>2</sub> emissions than the 2011 model.

#### Idle Stop & Go (ISG)

ISG is an idle-revolution control system that automatically shuts down the engine when the car comes to a stop and restarts the engine when the car begins to move. Tests show that ISG is especially effective in cutting unnecessary fuel consumption and CO<sub>2</sub> emissions on city roads, which demand stop-and-go driving. Kia Motors has been applying ISG for manual transmissions in cee'd, Venga, Morning (Picanto), and Sportage R (Sportage), which are volume models for the European market. However, to meet consumer preferences in Korea and other regions, we developed an ISG system for automatic transmissions. We reinforced the starter and battery whose service life may be shortened by repeated ignition. We also added a controller system to enhance safety. The automatic-transmission ISG has been applied to the 2012 Forte (Cerato), Pride (Rio), Soul, and K5 (Optima). Compared to their non-ISG versions, Forte (Cerato) and Pride (Rio) show a 6% enhancement in fuel economy; Soul, a 7.6% improvement; and K5 (Optima), a 5.7% boost.

#### Going Lightweight

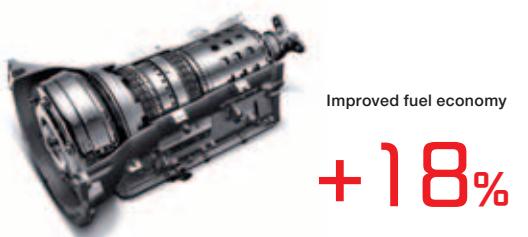
With the same amount of power, a lighter car can travel farther than a heavier one. That is, the lighter the vehicle body is, the greater the fuel economy becomes. To make a vehicle lighter, improvements must be made to the vehicle body itself as well as to the automotive components. Light yet durable materials need to be applied, new fabrication methods must be developed, and structural optimization of the components have to be realized. Kia Motors and relevant partner firms are undertaking active R&D to attain the goal of reducing

the weight of all our vehicles by 10% (from 2010 vehicle weights) by 2015. A 10% reduction in weight results in a 3% fuel economy enhancement, 8.5% acceleration performance boost, 1.6-times increase in the service life of the chassis, and 3% decrease in CO<sub>2</sub> emissions. We also improved the safety of the New Pride (Rio) by applying ultra-high-strength steel. This did away with the need for stiffeners, thereby reducing the vehicle's weight. We used a plastic oil filter in the engine, reduced the thickness of the panels, and optimized the wheel design. This comprehensive effort spanning materials, methods, and designs, resulted in a weight reduction of 6.3% (around 75 kg, 1.6 AT hatchback) from the previous Pride (Rio) model.

#### Technologies to Minimize Resistance

Air resistance and surface friction also raise a vehicle's fuel consumption. Kia Motors applies aerodynamic designs, controls the amount and direction of air inflow, and uses tires with low rolling resistance. The K5 (Optima) Hybrid features an active air flap system, which controls air inflow to keep the engine cool. The active air flap system results in a 4% enhancement in aerodynamic performance and a 2% improvement in fuel economy (when the vehicle is traveling at a constant speed). In the case of the next-generation Pride, the very body of the vehicle was designed with aerodynamic performance in mind. Moreover, undercovers were added to the engine room and the rear to reduce air resistance along the bottom of the vehicle body while deflectors were applied to the front and rear wheels to decrease air resistance of the tires. The low rolling resistance tires on Sportage R (Sportage) are made of a cutting-edge material that reduces the friction between the tires and the road surface, thereby raising the efficiency of the power delivered by the tires to the road surface. The tires improve fuel economy by around 1.5% compared to existing silica tires.

#### Mohave Eight-speed Transmission



# Green Lineup

Kia Motors boasts a full lineup of passenger cars, RVs, and commercial vehicles. Every year, we release all-new as well as facelift (partially-modified) models with enhanced eco-friendliness, safety, and affordability. In 2011, Kia Motors managed to further raise the fuel economy of our vehicles while reducing CO<sub>2</sub> emissions with smaller but more powerful engines, more efficient powertrains, and safer but lighter cutting-edge materials.

## ◦ Pride (Rio)

**16.7 km/l-140 g/km (1.6 GDI A/T)**

**1.7 t** Per-unit CO<sub>2</sub> emissions reduction in the manufacturing process by applying green materials to the car seats

**85 g/km** European diesel (1.1 M/T) model boasts superb fuel economy (31.2 km/l) and ultralow CO<sub>2</sub> emissions



## ◦ K5 (Optima) Hybrid

**21.0 km/l-111 g/km (2.0 HEV)**

**27.5 km/l** Average fuel economy recorded (North American model with Theta II 2.4 engine) on the 48-state challenge (12,710 km); a Guinness World Record for fuel economy  
**3.5 times** (North American model) satisfies advanced technology partial zero emissions vehicle (AT-PZEV) standard on nitrogen oxide emissions, which is 3.5 times tougher than the low emissions vehicle (LEV) standard



## ◦ Ray

**17.0 km/l-137 g/km (1.0 A/T)**

**Grade 1** Comprehensive rating from Korean New Car Assessment Program, a vehicle safety rating scheme

**6 airbags** Driver seat, passenger seat, side, and curtain airbags included as standard features





### Forte (Cerato)

**17.5 km/l-134 g/km (1.6 GDI ISG A/T)**

**6%** Fuel economy improvement of Eco Plus model featuring ISG—which automatically shuts off the engine when vehicle comes to a stop—compared to the 1.6 GDI model

**Top Safety** IIHS 'Top Safety Pick' based on four safety tests: front, side, rollover, and roof

### K5 (Optima)

**14.0 km/l-167 g/km (Nu 2.0 A/T)**

**14.8 km/l** Fuel economy with ISG  
**7.7%** Fuel economy improvement of Nu engine model featuring CVVL technology—which maximizes engine performance and efficiency—compared to the Theta II engine model



### Morning

**19.0 km/l-123 g/km (1.0 A/T)**

**2.6 t** CO<sub>2</sub> emissions reduction from previous model (life cycle CO<sub>2</sub> emissions assessment [carbon footprint labeling]); 5.6% fuel economy improvement

**80 km** Additional distance the bi-fuel (gasoline + LPG) model can travel (total distance: 744 km) compared to the gasoline-only model



### K7 (Cadenza)

**11.6 km/l-201 g/km (3.0 GDI A/T)**

**5.5%** Fuel economy improvement compared to preceding 2.7l model (11.0 → 11.6 km/l)

**1.2 t** CO<sub>2</sub> emissions reduction (amount absorbed in a year by 100 30-year-old pine trees) compared to vehicles of the same class as per carbon footprint labeling



### Venga

**16.1 km/l-147 g/km (1.4 M/T)**

**-€8,626** No. 1 in MPV segment of Auto Bild's 2012 Residual Value Assessment (based on lowest residual value loss)

**85%** Child occupant protection rate as per the 2010 Euro New Car Assessment Programme (NCAP); adult occupant protection rate of 89%; highest comprehensive rating



### cee'd

**17.5 km/l-110 g/km (1.4 ISG)**

**20%** Fuel economy improvement with ISG  
**6%** 137-143g of CO<sub>2</sub> emissions reduction from preceding model



### Forte (Cerato) Hybrid LPi

**17.8 km/l-99 g/km (1.6 LPi)**

**26%** CO<sub>2</sub> emissions reduction compared to Forte (Cerato) sedan (1.6 GDI ISG) model (134 g/km → 99 g/km)  
**8%** Fuel economy improvement with hybrid-specific continuous variable transmission (CVT) compared to automatic transmission for passenger cars



### Sportage R (Sportage)

**15.6 km/l-173 g/km (R2.0 Diesel 2WD A/T)**

**11.4%** Fuel economy improvement compared to gasoline vehicle of the same class (2.0 engine)  
**66%** Residual value after 3 years of ownership; No. 1 among all vehicle segments in the 2010 residual value rating by ALG (American automotive data provider)



### Sorento R

**15.0 km/l-179 g/km (R2.0 Diesel 2WD A/T)**

**3** Equipped with advanced safety features: three-point safety belt in every seat, six airbags, active headrest, emergency stop signal (ESS), vehicle dynamic control (VDC), hill-assist control (HAC), dynamic brake control (DBC)  
**Top Safety** IIHS 'Top Safety Pick' based on 4 safety tests: front, side, rollover, and roof



### Carnival (Sedona)

**12.8 km/l-209 g/km (R2.2 Diesel A/T)**

**DPF** Diesel particulate filter installed to remove heavy metal compounds and particulate matters in exhaust gas; satisfies Euro-V standard



### Soul

**16.9 km/l-138 g/km (1.6 GDI ISG A/T)**

**7.6%** Fuel economy improvement of Eco Plus model featuring ISG compared to GDI model; 9.3% CO<sub>2</sub> emissions reduction

**18 km/l** Fuel economy of the diesel model marks a 6.5% improvement from the Eco Plus model



### Forte (Cerato) Koup

**15.7 km/l-149 g/km (1.6 GDI A/T)**

**4.7%** Fuel economy improvement with GDI engine  
**4.5%** CO<sub>2</sub> emissions reduction with GDI engine



### Carens

**8.6 km/l-205 g/km (2.0 LPi A/T)**

**2.0** LPi Certified Special Act on Metropolitan Air Quality Improvement



### Mohave

**12.8 km/l-211 g/km (3.0 Diesel 2WD A/T)**

**18.5%** Fuel economy improvement from preceding (2010) model with eight-speed transmission featuring maximized efficiency and minimized weight

**14.9%** CO<sub>2</sub> emission reduction from preceding model (248 g/km → 211 g/km); satisfies Euro-standard



### Bongo (K Series Truck)

**12.3 km/l-218 g/km (2.5 M/T 2WD)**

**10%** Fuel economy improvement from preceding model (2.9 l) through engine downsizing (low-displacement engine)

**NVH** Minimized noise, vibration, harshness through reinforced sound-insulating materials



### New Granbird

**12.8 km/l-211 g/km (3.0 Diesel 2WD A/T)**

**Euro-V** Satisfies Euro-V standards through exhaust reduction with more efficient catalytic converter

# Reduce, Reuse, Recycle

In the automotive life cycle, 12% of total CO<sub>2</sub> emissions are generated in the parts manufacturing phase; around 2% in the manufacturing phase; 80-90% when the vehicle is on the road; and around 0.4% in the disposal phase. Because the vehicle operation phase accounts for a whopping 80% of the total CO<sub>2</sub> emissions of a vehicle's life cycle, R&D on raising fuel economy and emissions reduction must take center stage. Be that as it may, if we remind ourselves that over 70 million cars are sold annually around the world, even the 0.4% of the total CO<sub>2</sub> emissions generated during the vehicle disposal phase is certainly not negligible. As a matter of fact, it is estimated that if the 700,000 or so vehicles that are disposed of annually in Korea were recycled to the fullest possible extent, the economic value generated would amount to some 11.5 trillion won.

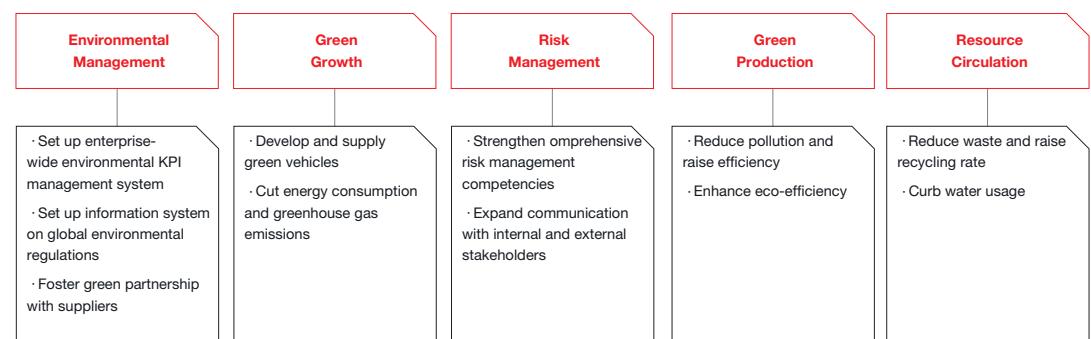
Kia Motors develops designs that facilitate the use of recyclable and eco-friendly materials and engages in R&D to recover more resources in the disposal phase. We build clean production environments that minimize resource input, cut waste, and increase recycling. Kia Motors strives to make every phase of the automotive life cycle green and clean.



## Green & Clean

Since declaring our commitment to building a global environmental management framework in 2003, environment has been Kia Motors' foremost consideration in the formulation and implementation of all our business strategies. We are in partnership agreements with our suppliers to ensure the greenness of the production processes of the materials we use to build our cars. We also strive for eco-friendliness in the vehicle design and manufacturing processes while raising the efficiency of the transport of raw materials and manufactured vehicles. We disclose information on the environmental impact of our products and work towards enhancing the eco-friendliness of our marketing and customer service activities. We set environmental management objectives and assess our progress against key performance indicators (KPI). Using the environmental management action plan as our guideline, Kia Motors draws on enterprise-wide competencies to continue improving our environmental performance.

## Environmental Management Action Plan



Visit the Kia Motors website (<http://www.kiamotors.com/about-kia/sustainability-management/environment-strategy.aspx>) for more on our environmental management philosophy, policies, and implementation system. Refer to p. 80 for more on 2011 objectives and performance concerning energy consumption, greenhouse gas emissions, environmental load, and resource circulation. Refer to p. 85 for more on the environmental management system at our worksites.

## Design Phase

The programs applied to the design phase affect the rest of the vehicle's life cycle. We limit the use of hazardous chemicals and use green substitutes. We create designs that minimize resource input and optimize the disposal process. Kia vehicles, which are the products of rigorous green design considerations, continue to receive recognition for their impressive environmental performance.



## Green Design System

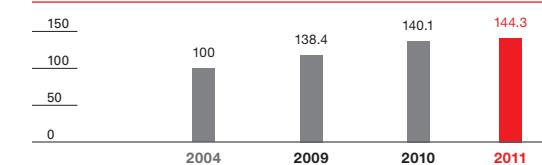
Kia Motors applies Design for Environment (DfE) standards to develop vehicles that are eco-friendly and easy to recycle. We have green design guidelines that vehicle designers and developers can use to determine the environmental impact of raw materials and make green design choices. We use digital blueprints to assess recyclability. Components with low recyclability are enhanced or replaced. We subject vehicle prototypes to the actual dismantling process for a final assessment of the vehicles' recyclability. The findings are put into a database accessible to all designers and developers.

## Chemical Management System

Kia Motors runs e-CMS, a self-developed chemical management system. The e-CMS database is comprised of information on chemical substances collected from the International Material Data System

(IMDS)\*. Kia Motors uses e-CMS for information on the chemical and hazardous substances used in vehicle components. Since 2005, we have been replacing hazardous substances with eco-friendly materials in the design phase of our mass-produced vehicles. In 2010, we developed ProdTect, which makes use of IMDS data for the assessment of the recyclability of a vehicle in the design phase through an analysis of the composition and weight of the raw materials. The next-generation Morning (Picanto) and Pride (Rio), K5 (Optima) Hybrid, Ray, and Ray EV, which were designed using this system, have received regional certifications. All newly released models meet recyclability and reusability certification standards and relevant regulations in Korea, Europe, and China. The data managed via ProdTect is not only used to satisfy regulatory requirements but also serves as a standard on basic materials in various environmental assessments.

## Kia Motors' Eco-efficiency



## ISO 14040s (LCA)-certified Models

Certification Year	Vehicle Model
2007	cee'd
2010	Soul, Venga, Spotage R (Sportage)
2011	K5 (Optima), Pride (Rio), Morning (Picanto)

# Green Partnership

## Eco-efficiency

Since 2007, Kia Motors has been tabulating the eco-efficiency of our company at large by comparing the economic value (sales revenue) generated against resource consumption and CO<sub>2</sub> emissions. Eco-efficiency is an umbrella concept encompassing both economic efficiency and ecological efficiency. It measures sales revenue against environmental load and assesses whether a business has created more value while reducing environmental impact. With the eco-efficiency of the base year 2004 set at 100%, our eco-efficiency in 2005 came in at 103%. Dramatic progress has been made over the past three years. In 2011, our eco-efficiency posted a 44.3% improvement from 2004 and a 4.2 percentage point advance from 2010 (40.1%). In the 2011 carbon-efficiency index issued jointly by FnGuide and the Korean social responsibility investment (SRI) rating agency Sustainvest, Kia Motors made the top 30 list. The carbon-efficiency index measures businesses' sales revenue against their respective carbon emissions. Among the 230 businesses comprising the KOSPI 200 Index and the KOSDAQ 30 Index, the top three were named for every industrial sector. Kia Motors was included in the index as a business with high carbon-efficiency in the automobile and automotive parts industry.

In addition to the enterprise-wide eco-efficiency assessment, Kia Motors discloses certified information on the environmental impact of each of our products

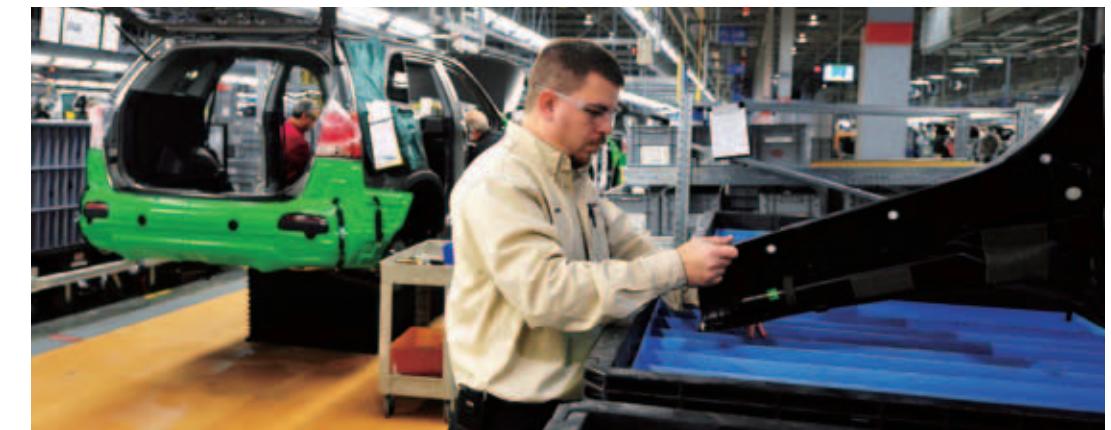
to help consumers make green and smart choices. In Korea, we are actively committed to the Carbon Footprint Labeling certification program overseen by the Ministry of Environment. Starting with K7 (Cadenza) in 2009, all new Kia models have received carbon footprint labels. Participation in the program is voluntary. The total amount of CO<sub>2</sub> emissions generated directly and indirectly throughout a participating product's life cycle—from manufacturing and transport to usage and disposal—is measured and affixed on the product in the form of a certified label. In 2011, Morning (Picanto), K5 (Optima) Hybrid, Pride (Rio), and Ray received carbon labels. As for the K5 (Optima) Hybrid, whose CO<sub>2</sub> emissions is around 27% less than its gasoline counterpart, we plan to apply for a Low-carbon Product certification, a program launched in November 2011. Overseas, Kia vehicles are ISO14040s (life cycle assessment)-certified. Given the high interest in the environment in Europe, our overseas certification efforts have been focused on our European lineup. In 2011, the eco-friendliness of K5 (Optima), Pride (Rio), and Morning (Picanto) were recognized by TÜV NORD, the official ISO 14040s certification service provider in Europe. We plan to further expand the scope of environmental certification to a wider portion of our vehicle lineup in 2012 and share our efforts to minimize the environmental impact of automobiles with consumers around the world.

## Ministry of Environment's Carbon Labeling-certified Models

Certification Year	Model	CO <sub>2</sub> Emissions (ton CO <sub>2</sub> )	Notes
2009	K7 (Cadenza)	29.5	2.4 Gasoline AT
2010	K5 (Optima)	24.6	2.0 Gasoline MT
	Sportage	22.9	2.0 Diesel MT
2011	Morning (Picanto)	15.4	1.0 Gasoline MT
	K5 Hybrid	18.0	2.0 Hybrid
	Pride (Rio)	18.8	1.4 Gasoline MT
	Ray	19.6	1.0 Gasoline AT

## Parts Procurement Process

The parts (materials) procurement phase generates the most CO<sub>2</sub> emissions after the usage phase in the automotive life cycle. The manufacturing and processing of parts plays a major role in the environmental impact of the car manufacturing process. Kia Motors is in partnership agreements with our suppliers to ensure the greenness of the production processes of the materials we use to build our cars. We regularly monitor the level of compliance at our partner companies and provide support for the establishment of environmental management systems at our partner suppliers that need assistance keeping up with the green trends in the automotive industry.



Hyundai Motor Group's environmental standards specify environmental requirements and relevant regulations pertaining to parts manufacturing. Refer to the VAATZ website (<http://www.vaatz.com/supplier/>) for the full text of the Hyundai Motor Group Environmental Standards and the Agreement on the Supply of Eco-Friendly Automotive Parts.



- SCEM: Supply Chain Environmental Management
  - SCEP: Supply Chain Eco Partnership
  - e-CMS: e-Chemical Management System
- The parts (materials) procurement phase generates the most CO<sub>2</sub> emissions after the usage phase in the automotive life cycle. The manufacturing and processing of parts plays a major role in the environmental impact of the car manufacturing process. Kia Motors is in partnership agreements with our suppliers to ensure the greenness of the production processes of the materials we use to build our cars. We regularly monitor the level of compliance at our partner companies and provide support for the establishment of environmental management systems at our partner suppliers that need assistance keeping up with the green trends in the automotive industry.

## Support for Environmental Management

Through SCEM\*, launched in 2003, Kia Motors provides support to our partner companies in building environmental management systems. Since the launch of SCEP\* in 2006, Kia Motors and our primary partners have been working together to share know-how with our secondary and tertiary partners and help them set up environmental management frameworks. In phase 1 (2008-2009), we expanded the scope of our support to our partner firms to building greenhouse gas inventories, which are used to tabulate and manage energy consumption and greenhouse gas emissions at worksites. In phase 2 (2009-2010), we assisted our partner firms in building integrated environmental management systems through which our partner companies can determine the carbon footprint of their products and manage greenhouse gas emissions across the entire manufacturing process. Moreover, we also advised our partner firms for ISO 14001 certification for the sustained maintenance of their environmental management systems. As of the end of 2011, all our primary partners are ISO 14001-certified.

## Support for Regulatory Compliance

Through IMDS and the self-developed e-CMS, Kia Motors shares information on controlled chemicals with our partners. We regularly organize educational and training programs on the latest environmental regulations and industry trends. We undertake random inspections of our partners' production facilities and inform our partners if controlled substances exceeding permissible levels are detected. We assist with the analysis of substances controlled around the world, and we cooperate with our partners on banning the use of hazardous substances or using substitutes. We signed the Agreement on the Supply of Eco-Friendly Automotive Parts in 2007 with our primary partners, setting forth environmental and ethical management standards in parts production and encouraging CSR practices. We regularly update and distribute the 'Hyundai Motor Group Environmental Standards. For our overseas partners, Kia Motors runs environmental education and training programs, provide support for environmental certifications, and build environmental monitoring systems.

# Clean Production

## Production Phase

Although the CO<sub>2</sub> emissions generated during the production phase accounts for only 1-2% of the total CO<sub>2</sub> emissions of the entire automotive life cycle, green practices at worksites hold meaning that goes beyond mere numbers. Kia Motors manufactures over 2.5 million vehicles annually. The combined force of the efforts to curb resource input and raise the recycling rate at Kia worksites can make significant contributions to tackling the global challenge of resource depletion, while our efforts to decrease the use of hazardous substances and reduce waste directly impact local communities and the environment. Kia Motors understands the importance of putting green ideas into practice and we continue to make progress on making green improvements.

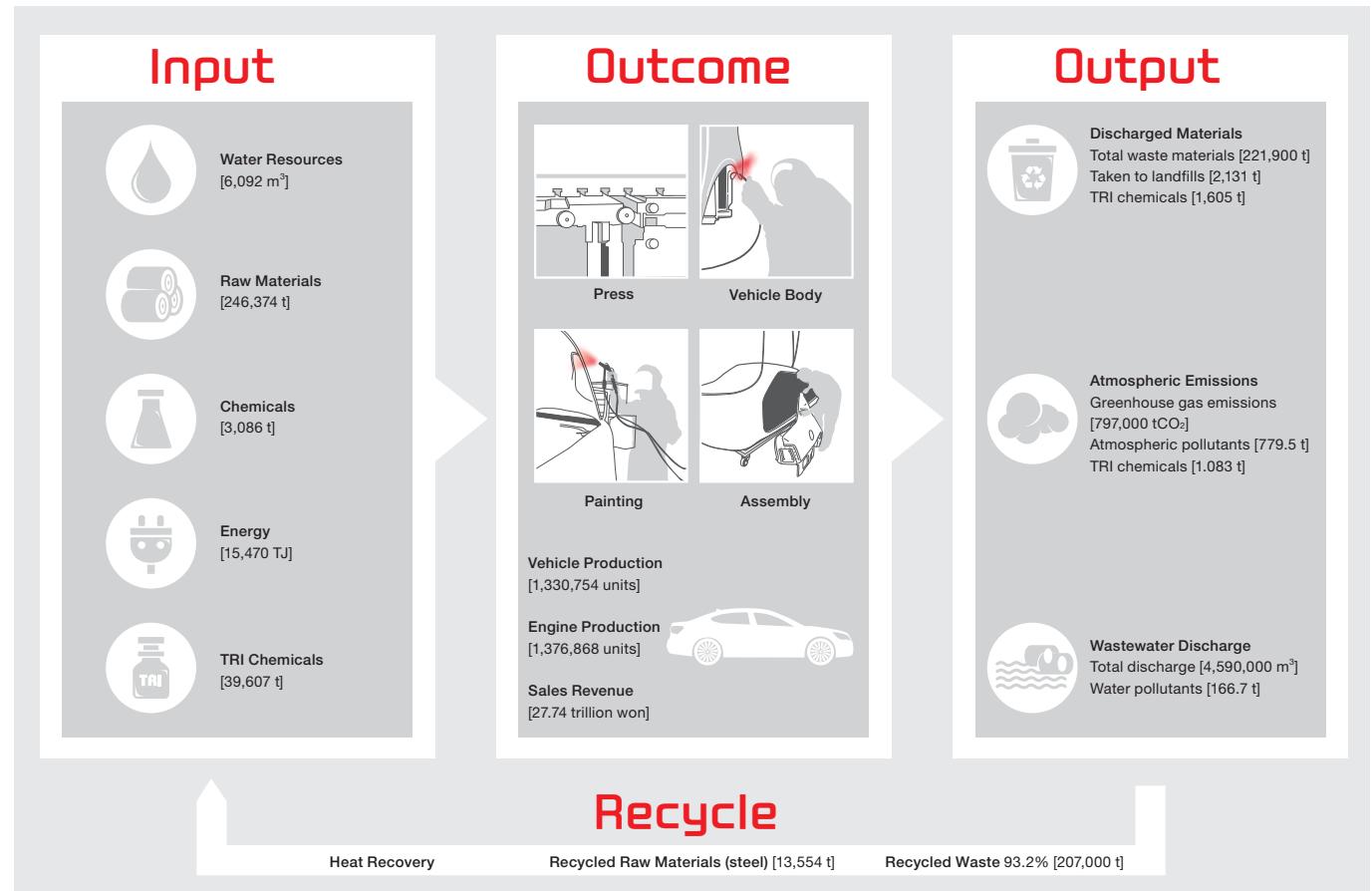
### Material Balance of the Automotive Manufacturing Process

With the goal of raising our production volume and building an efficient production system, Kia Motors strives to reduce the amount of inputted materials, including energy and natural resources, while curbing

the output of waste materials, greenhouse gases, and environmental pollutants. We tabulate our yearly resource input and output to monitor our performance and make improvements. The diagram below provides an overview of the resource input and output in 2011.

### Environmental Flow

Emission figures based on Scope 1 (direct) and Scope 2 (indirect) emissions of three Korean worksites (Sohari, Gwangju, and Hwaseong plants)



Increase in Steel Recycling from 2010 Level



Waste Reduction from 2003 Level



Per-unit CO<sub>2</sub> Emissions Reduction from 2010 level

### Raw Materials

Raw materials that go into manufacturing a car include steel, paint, thinner, and plastics. Raw materials consumption grows with the increase in production operations and production volume. Kia Motors focuses on cutting per-unit resource input to raise the number of products manufactured for the resource input. We also make improvements to our production processes to cut resource consumption or the rate of increase in resource consumption in order to minimize waste. We tabulate our resource consumption and track our progress annually, focusing on steel, paint, and thinners. In 2011, our steel recycling rate shot up 33% from the previous year. We will continue our efforts to raise the recycling rates of all resources that go into our production process.

### Waste and Recycling

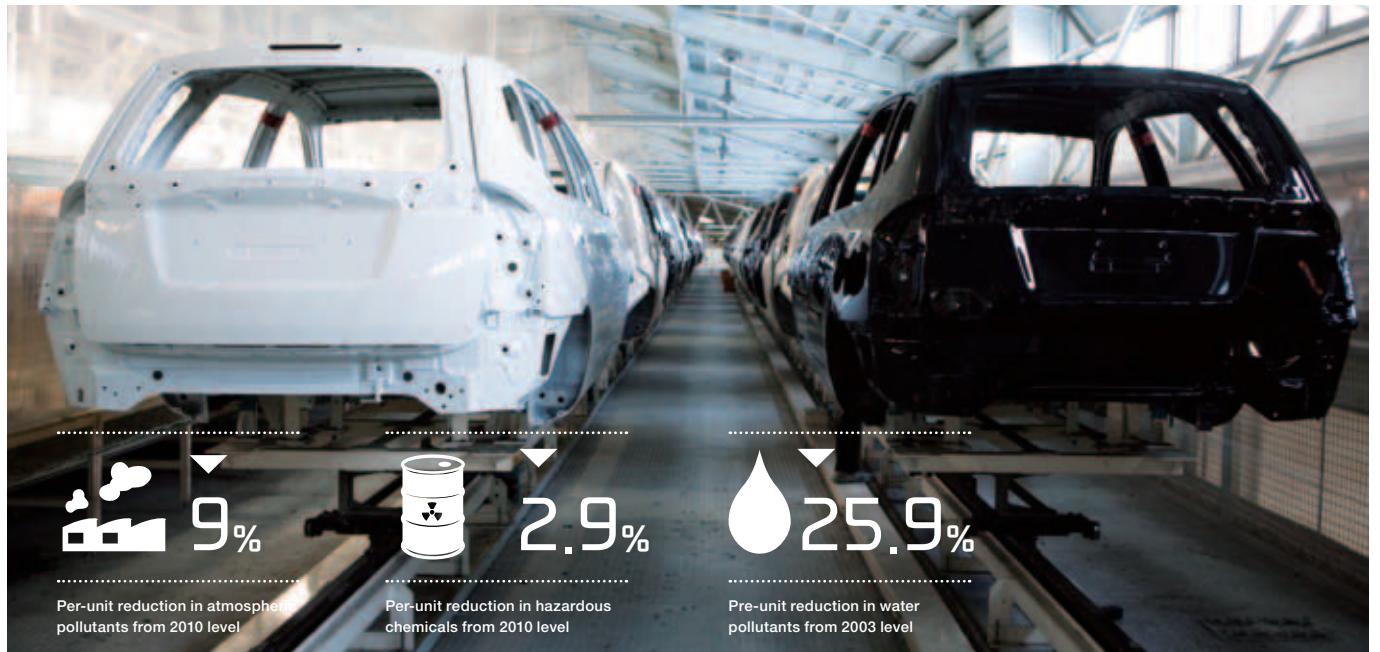
Waste materials that are not reused or recycled are buried or incinerated, so they have a direct impact on the environment. In order to minimize waste generated in the automotive production process, Kia Motors has in place a streamlined system to manage the sources of waste. We continue to make improvements to the manufacturing process to raise the recycling rate of the generated waste while also working to curb per-unit waste generation. In 2011, 93.2% of the 221,864 t of waste generated at our three Korean plants was recycled. The waste generated per unit was 167 kg, a 28% reduction from 2003 levels. The waste materials from our Korean plants taken to landfills or incineration facilities in 2011 stood at below 1% of the total waste generated. Of note, the Sohari Plant generated absolutely no landfill waste in 2011 as in the three previous years. The Hwaseong Plant did generate 0.27 t of landfill waste with the demolition of a building, but it has not generated any landfill waste thereafter. By 2016, we aim to lower the share of incinerated waste, which currently stands at 5.8%, to less than 3% of the total waste generated through recycling, improved packing methods, and heat recovery.

### Water Resources

Although 70% of the earth's surface is covered by water, only 0.0086% is accessible for consumption. The UN warns that 1 billion people worldwide are already suffering from water shortages and that the lack of water will affect three billion people by 2025. With an annual per-person precipitation that is only 1/10 of the global average, Korea is classified as a country with potential water shortage problems. Kia Motors strives to protect water resources by encouraging employees to make water conservation a part of the Kia lifestyle and by making ongoing capital investments and upgrades. Such efforts led to a 32% and 6% reduction in per-unit usage compared to 2003 (base year) and 2010, respectively.

### Energy Consumption and Greenhouse Gas Emissions

Sustainability was cited as a key global challenge in the UN's '2011 State of the Future Report', at the World Economic Forum in Davos in 2012, and by Korean and overseas economic research institutes worldwide. There have been calls for global cooperation in the fight against climate change from all corners of the world. Energy consumption is responsible for 84% of atmospheric CO<sub>2</sub>, the culprit of climate change. Kia Motors is making multipronged efforts to curb CO<sub>2</sub> emissions in the automotive manufacturing process. We are fully committed to the target framework for greenhouse gas emissions and energy consumption issued by the Korean government in March 2011. We re-tabulated our 2007-2011 greenhouse gas emissions as per the framework guidelines. Kia Motors will work on diverse fronts to meet the agreed target for 2012. In 2011, our domestic worksites generated 797,000 t of CO<sub>2</sub> emissions, which marks a 16 kg per-unit reduction (615 kg → 599 kg) from 2010. The per-unit reduction is equivalent to the annual carbon intake of three 30-year-old pine trees, and the total CO<sub>2</sub> emissions reduction for 2011 amounts to the annual carbon intake of four million pine trees.



## Smart System

### Distribution Phase

Over the course of 2011, 1.33 million cars produced in Korea were transported to reach our customers in Korea and abroad. The parts used to make these cars—tens of thousands per car—were also transported from our several hundred partner companies to our plants. The automotive distribution system is made of three distribution processes: 1) Procurement distribution (transport of parts from partner suppliers to plants), 2) Production distribution (timely transport of parts from plant warehouses to assembly lines), 3) Sales distribution (transport and storage of assembled vehicles at plants and local warehouses before delivery to customers). Kia Motors set up a special team to make ongoing improvements to our distribution system. We met our 2011 target of cutting distribution expenditure by 14 billion won (actual reduction: 14.1 billion won), and we set our 2012 reduction target at 14.5 billion won. The distribution system we build and operate does not only affect us and our efforts at cost-cutting but also the hundreds of partner firms we work with as well as the society at large in terms of energy consumption and CO<sub>2</sub> emissions. It is thus vital that our distribution system is efficient and smart.

### Environmental Pollutants



Refer to pp. 83-84 for more on environmental pollutant emissions over the last three years.

Kia Motors manages atmospheric and water pollutants generated in the automotive manufacturing process via an internal emission monitoring system whose standards are stricter than government standards. We use raw materials with low toxicity, optimize work processes, recycle and reuse by-products, and efficiently process waste materials that can burden the environment. We are steadfast in our efforts to curb per-unit emissions and minimize impact on local communities.

**Atmospheric Pollutants** Atmospheric pollutants generated during the automotive production process include paint particles and volatile organic compounds (VOC) from painting and coating, dust particles from materials processing, and gases from combustion. Kia Motors continues to reduce the emission of atmospheric pollutants by replacing existing raw materials with those of lower toxicity, installing equipment that blocks the emission of pollutants, improving work processes, and adopting clean production technologies. In 2011, our Korean worksites generated 778.1 t of atmospheric pollutants, a 9% per-unit year-on-year decline. As for VOCs, the total amount generated at our domestic plants was 7,796 t, while the recovery rate was 59%.

**Water Pollutants** Kia Motors minimizes the discharge of water pollutants by treating our

wastewater and applying rigorous self-developed standards for wastewater management. To maintain an optimized wastewater treatment process, we undertake ongoing repairs, maintenance, and upgrades. The concentration of pollutants in the discharged water is monitored around the clock to prevent environmental accidents. In 2011, the per-unit biological oxygen demand (BOD), suspended solids (SS), and chemical oxygen demand (COD) declined by 18.9% to 30% from 2003 levels.

**Hazardous Chemicals** Hazardous chemicals require careful management as they damage the environment and human health. Registration, Evaluation and Authorization of Chemicals (REACH), launched by the EU in 2007, aims to minimize the impact of chemicals and strengthen accountability over their management. In Korea, hazardous chemicals are controlled by the Toxic Chemicals Control Act. Kia Motors has identified the REACH-controlled chemicals and completed the early registration process. We are also actively participating in the Ministry of Environment's Toxic Release Inventory (TRI), a voluntary reporting scheme for the volume and types of controlled chemicals used. In 2011, Korean worksites used 3,086 t of chemicals, a 2.9% per-unit decline, and handled 39,607 t of TRI-controlled substances.

### Cooperating to Streamline Procurement Distribution

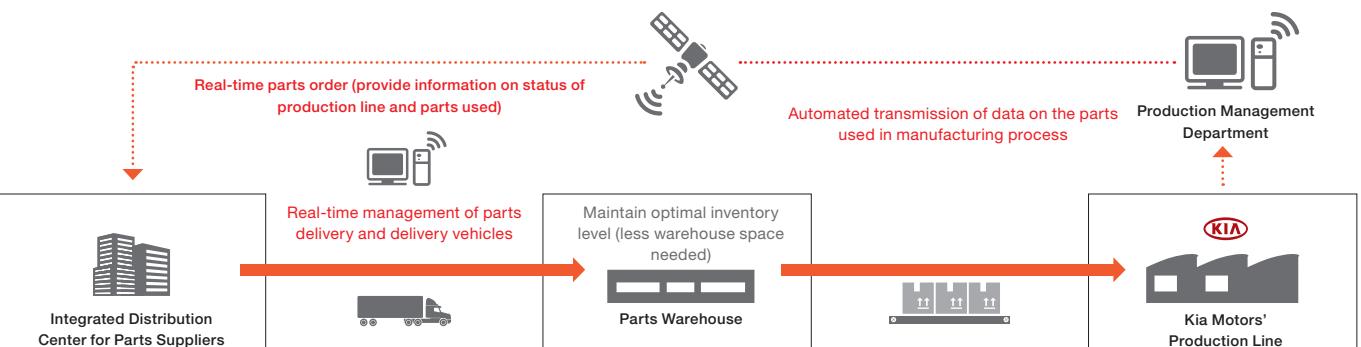
The existing procurement distribution scheme required individual suppliers to deliver parts on an as-needed basis. Each plant thus received 1,500-3,000 deliveries a day, leading to traffic congestion in the nearby areas and disorder at loading docks. To tackle these problems, Kia Motors set up integrated distribution centers, whose construction was completed in 2011, near our production facilities. The joint delivery of parts from our partners via the integrated distribution centers is raising the per-delivery-vehicle cargo capacity and lowering delivery frequency. Kia Motors is enhancing work efficiency with the timely and accurate delivery of parts via the e-Just in Time (e-JIT) system set up at all our domestic vehicle manufacturing plants. The RFID-based

e-JIT system will be expanded to all our engine and transmission plants by 2013.

The Win-Win Collaboration Portal System, which was completed in 2010 with government support, went into operation at 346 partner companies in 2011, raising the efficiency and expediency of our partners' workflow. We also secured the quality of delivered parts by improving the management systems for parts containers.

In order to enhance the efficiency of the troubleshooting process when there are quality issues with the delivered parts, we set up a pilot parts tracking system at Gwangju Plant 2. The tracking system links our vehicle manufacturing data with our partners' parts manufacturing data. We are planning to expand the application of the parts tracking system to all production facilities by 2014.

### Distribution Collaboration System



### Enhancing Productivity and Product Quality through Automated Delivery

Kia Motor adopted a flexible production system to effectively respond to changing demands and manage inventory levels. With the growing lineup, however, storage space has grown insufficient and workers are prone to making mistakes due to the increasingly diversifying inventory of components. To resolve these issues, we introduced the One-Kit Feeding System and completed setup at the ABS unit sub-line of Hwaseong Plant 1 in January 2012. This automated system is comprised of the Digital Picking System (DPS), which places the necessary parts for a vehicle in a single box (kit). The kit is then automatically fed to the relevant assembly line via a guide rail system. The automated selection and loading of component parts enabled by the One-Kit Feeding System is expected to improve the work environment, raise productivity by cutting the distance covered by workers, and enhance product quality by preventing the installment of wrong parts. The One-Kit Feeding System will be set up at select production lines in Sohari Plant 1 and Gwangju Plant 2 by the end of 2012. We plan to start gradually expanding the system to all plants in 2013. In 2011, we completed the setup of the parts input command system, which is linked to the enterprise resource planning system, at all our production facilities. Parts

used to be brought in large bulks to production lines by distribution workers. The parts input command system, in contrast, will enable the precise and timely input of necessary parts. The parts input command system is thus expected to raise production efficiency by minimizing inventory levels at parts warehouses and production lines.

### Raising Transport Efficiency by Increasing Cargo Capacity

Aiming to cut costs and curb CO<sub>2</sub> emissions of the sales distribution process—i.e., transport of assembled vehicles to domestic shipping points and export ports, Kia Motors is replacing existing transporters with those that have 20% greater cargo capacity. From 2009 to 2011, we replaced 183 16.7 m transporters to 19 m models. This year, we plan to replace the remaining 97 16.7 m transporters in our delivery fleet. We also shortened the travel distance by rerouting some of our inbound and outbound cargo to export ports closer to our production facilities. We will continue to redirect more cargo to nearby ports.



## Disposal Phase

# Resource Regeneration

In 2005, Kia Motors opened the Automobile Resource Regeneration Center with an annual production capacity of 4,000 units. The center provides support for designing recyclable vehicles and develops recycling technologies to reduce waste by improving the disposal process. In January 2012, we signed an agreement with the Ministry of Environment to upgrade the resource circulation system for end-of-life vehicles.

### End-of-life Vehicle Processing System

Kia Motors has developed a variety of dismantling technologies for the efficient recycling of end-of-life vehicles. With these technologies as the foundation, Kia Motors operates the Automobile Resource Regeneration Center at our Namyang R&D Center. The Automobile Resource Regeneration Center features eight continuous-flow processes that enable the efficient dismantling and recycling of end-of-life vehicles. The dismantling system is linked to various R&D efforts on vehicle recycling, and the technologies developed are offered to automotive recycling service providers. We are working on developing an affordable dismantling system to support the automotive dismantling and recycling industry wherein developing proprietary technologies is difficult. As per requests from the government and academia, we organize more than 10 guided tours and information sessions on the Automobile Resource Regeneration Center annually to share end-of-life-vehicle recycling technologies and pursue collaboration in pertinent areas.

### Diverse Recycling Technologies

At the Kia Motors' Automobile Resource Regeneration Center, we are currently working on developing technologies for recycling pre-dismantled parts and for the clean gasification of end-of-life-vehicle residue in order to raise the recycling rate from around 80% to 85%. We are also conducting research on

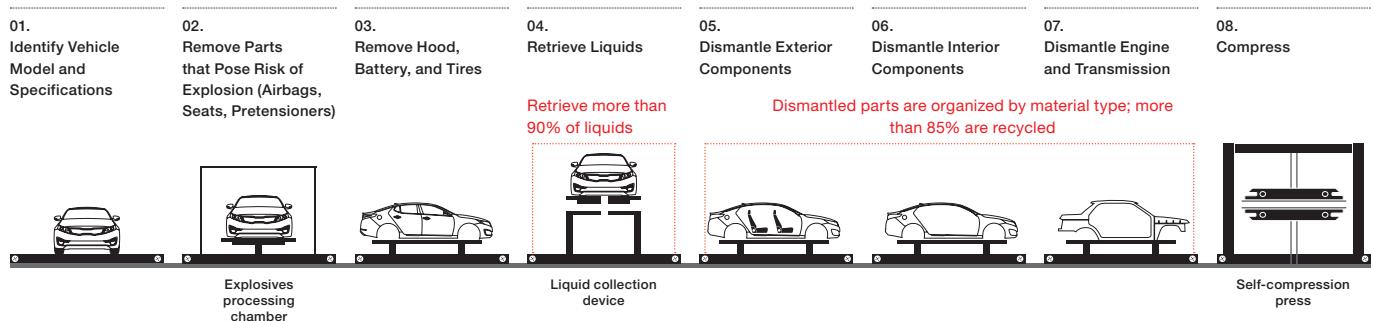
technologies for the safe recovery and eco-friendly treatment of air-conditioner coolants and other hazardous substances.

Around 19% of a mid-size end-of-life vehicle is left over as waste material after it is processed at a junkyard. Kia Motors recycles this waste material into automotive components. We are also developing recycling technologies for plastic, rubber, and glass parts. Based on the current progress on these research activities, more than 85% of automotive components and building materials are expected to be recyclable by 2015, bringing the disposal waste generated per unit to under 13%. Our ultimate goal is to raise the recycling rate for end-of-life vehicles to 95% by using automobile shredder residue (ASR) or clean gasification melting technology to recover heat and steam energy.

### Recycling Eco-friendly Vehicles

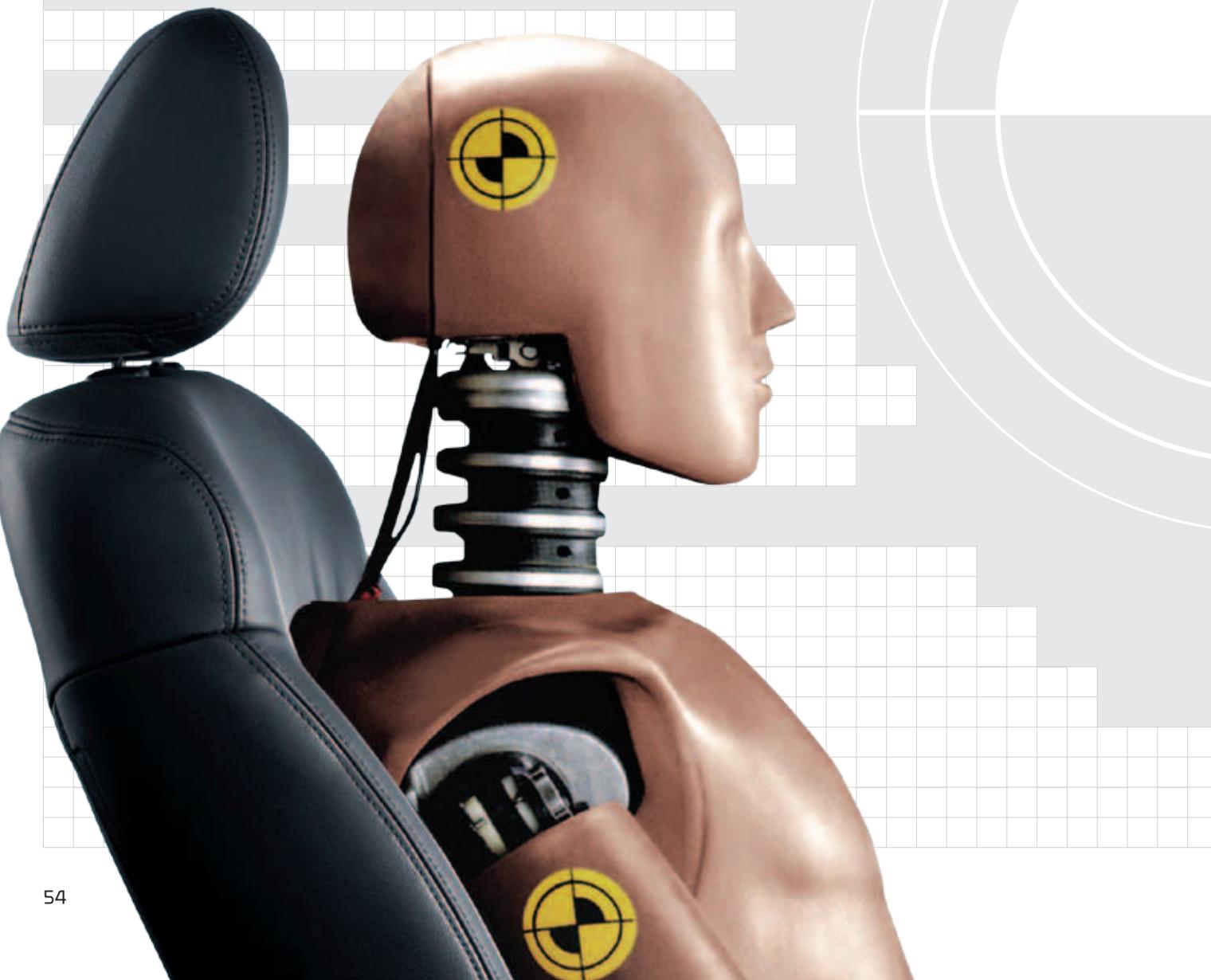
To facilitate the recycling of hybrid vehicles, which require different recycling methods from those used for existing combustion engine vehicles, we developed and distributed throughout the automotive dismantling and recycling industry a manual on the safe disposal of high-voltage lithium-polymer batteries in our hybrid vehicles. We will continue developing technologies that will ensure the safe and efficient recycling of hybrid and electric vehicles.

### End-of-life Vehicle Processing Sequence



# Rethinking Customers

Getting customer feedback is the first thing we do at Kia Motors when we develop a new model. We do not simply want to add another vehicle to our lineup; we want to make a car that the market wants and customers need. When we were developing Ray to accommodate rapidly changing consumer lifestyles, we started out by incorporating customer feedback and domestic and overseas market research findings to our planning considerations. With a growing number of families taking weekend trips, there was a call for an economical and practical family car with ample storage space for luggage and knickknacks and a spacious interior for the children. Ray was thus designed with sliding doors and a high roof so that a seven-year-old child can get in and out without having to stoop. There are multiple storage units in the interior, and the divided folding seats allow diverse spatial arrangements optimized for the given number of passengers and purpose. Kia Motors develops new cars with affordability, safety, and convenience in mind. We add new safety and convenience features when we release new versions of a given model. By improving quality and innovating service, we raise the value of all aspects of the automotive experience.



# Rethinking Safety

Forte (Cerato; sedan), Soul, K5 (Optima), Sportage R (Sportage), and Sorento R (Sorento) were named 2011 Top Safety Picks by the U.S. Insurance Institute for Highway Safety (IIHS). Kia cars received high marks from Korean and overseas New Car Assessment Programs (NCAP). Morning (Picanto) received the highest rating from K-NCAP (Korea). K5 (Optima) was rated 5★+ while Forte (Cerato) and Sportage R (Sportage) received 5★ from C-NCAP (China). In Europe, Pride (Rio) received the highest rating from Euro NCAP.



## Crash Tests

Crash tests constitute the most essential aspect of the engineering process for automotive safety. At the crash test laboratories of Kia Motors' Hwaseong Plant and Namyang R&D Center, we undertake tests for a wide range of motor accident scenarios. From the early phase of development, we create computer simulations to predict a vehicle's safety and raise passenger and pedestrian safety in collision situations. Around 100 crash tests of the actual vehicle are performed prior to its release as a new model. In a crash test, a vehicle with a test dummy inside is crashed into a wall. After the impact, researchers check for the extent of the damage, including whether or not the doors can open and close as well as the state of the dummy and the fuel tank. The entire process is captured by high speed cameras attached to either ends of the wall. The 80 sensors on the dummy record various data from the impact, including acceleration and weight. The crash tests are not limited to enhancing vehicle safety. They take into consideration occupants' possible responses upon impact as well their weight, height, and other physical traits. We focus especially on women and children as they are more susceptible to severe injuries than men. As a result of our efforts, Soul, Sorento R (Sorento), Sportage R (Sportage), Venga, and Pride (Rio) received

the highest rating from Euro NCAP, which has been giving additional weight to features for occupant and pedestrian protection and safety since 2009.

## Airbag

The airbag is one of the most basic and essential automotive safety features. Front airbags protect the driver and front-seat passenger in head-on collisions while the side and curtain airbags minimize injuries in side-impact collisions. The curtain airbags wrap over the sides of the windows, protecting the occupants' heads in side-impact collisions and rollovers. Occupant safety in collisions is higher when there is a greater distance between the occupant and the body of the car, so airbags are especially important in smaller cars. Kia Motors understands that maximizing driver and passenger safety in collision situations is an important responsibility of an automaker. All new Kia releases since 2011 have six or more airbags as a standard feature. Currently, the following 12 Kia models are equipped with six-plus airbags: Morning (Picanto), Ray, Pride (Rio), Forte (Cerato), Forte (Cerato) Hybrid, Soul, K5 (Optima), K5 (Optima) Hybrid, K7 (Cadenza), Sportage R (Sportage), Sorento R (Sorento), and Mohave.

**Three-point Seatbelt**

All newly released passenger cars and RVs in 2011 and onward must be equipped with three-point seatbelts, while the deadline is 2013 for existing passenger car and RV models. Currently, Pride (Rio), Ray, K5 (Optima) Hybrid, K7 (Cadenza), Sportage R (Sportage), and Sorento R (Sorento) feature three-point seatbelts on all seats. As for Morning (Picanto), K5 (Optima), and Soul, we will replace the two-point seatbelt in the middle seat with a three-point seatbelt before the legally mandated deadline in order to provide our customers with safer vehicles.

**Seat Belt Pretensioner**

Kia Motors developed a wrap-belt pretensioner, which works with the seatbelt to protect the occupant in collisions. Newly-released Kia models are equipped with this safety device. The seatbelt keeps an occupant from being ejected from the vehicle when the vehicle suddenly brakes or crashes. However, if the seatbelt is not fastened tightly, the occupant will jerk forward. The wrap-belt pretensioner instantaneously tightens the seatbelt upon impact, keeping the occupant from jerking forward, and it quickly rereleases the tightened seatbelt to minimize injury by alleviating the pressure on the occupant's torso. Morning (Picanto) is currently equipped with wrap-belt pretensioners, and K9, set to be released in the first half of 2012, as well as new releases thereafter will also feature wrap-belt pretensioners.

**Smart Cornering Lamp**

The Smart Cornering Lamp prevents accidents that may be caused by blind spot hazards by raising visibility and safety when a vehicle is traveling on a winding road or passing through an intersection at night. The Smart Cornering Lamp is found in K5 (Optima); Sportage R (Sportage); and the all-new Pride (Rio), the first subcompact to be equipped with this safety feature. The Smart Cornering Lamp is turned on and off by the Brake Corner Module (BCM), which calculates the operating signal for headlamps, angle of the steering wheel, and vehicle speed. The Smart Cornering Lamp helps reduce the risk of nighttime motor accidents.

**Next-generation Safety Features**

In January 2012, Kia Motors showcased IT-based next-generation automotive safety features at the 2012 Consumer Electronics Show in Las Vegas. UVO2, developed as a North American telematics service, is linked to the driver's mobile phone for emergency services (automatic transmission of accident

notification, request for emergency help or rescue, etc.) and automotive diagnostic services (oil check, battery check, etc.). UVO2 also allows the driver to check where the vehicle is parked, can be linked to the vehicle's GPS navigation system, and provides text-to-speech service for mobile phone text messages. The application of UVO2 will commence at the end of 2012. User-Centered Driving (UCD) display is a virtual driving system comprised of the drowsy-driver detection and warning function and the night vision function, which uses an infrared camera to detect pedestrians and provide video images of the road ahead. We also introduced our head-up display (HUD), which provides dashboard information on the front windshield so that the driver can always keep his/her eyes on the road.

**Ray: A New Take on Safety**

Kia Ray, a box-type mini CUV released in late 2011, embodies a wide range of innovations we realized in our quest to build a convenient and practical family car. We did away with the B-pillar on the passenger side to connect the front passenger side door with the rear sliding door. We raised the roof and secured enough space for a seven-year-old with an open umbrella to get on and off the vehicle standing upright. To make up for the compromised safety with the removal of the B-pillar, we redesigned the door's vertical beam into a curved shape so that it extends vertically and horizontally across the door without segmentation. There is a lock on both the upper side and the lower side of the door. We used a newly-developed drain-shaped seal to firmly secure the front passenger door with the rear sliding door.

We applied reinforcing agents in key areas to enhance the sturdiness of the vehicle body. To ensure driving safety even with the raised roof, we included the Vehicle Dynamic Control (VDC) system—which stabilizes the vehicle when it makes a sudden turn—and curtain airbags as standard features. Ray's safety performance satisfied the requirements for K-NCAP's highest rating level in crash tests conducted at our laboratory, and we plan to apply for an official K-NCAP safety rating for Ray from the Ministry of Land, Transport and Maritime Affairs.

## Rethinking Satisfaction

In early 2012, Kia Motors established Vision 2016 with the goal of realizing customer value innovation. We want the customer value we provide to stem from a corporate culture wherein all employees, regardless of their respective specializations and job responsibilities, think from the customers' perspective and translate that thinking into customer satisfaction. In the 2011 Customer Satisfaction Survey conducted by the China Quality Association, Forte (Cerato) and Sportage R (Sportage) topped their respective vehicle segments for the second year running. At the annual AutoPacific VSA, Sportage R (Sportage) received the Customer Satisfaction Award. Our customer call center was selected as an Excellent Call Center for the eighth consecutive year in the Call Center KSQI.

**Designing Service**

In March 2011, Kia Motors signed a service agreement with the Ritz-Carlton. The Ritz-Carlton, a global chain of 81 hotels, is the only American hotel brand to have won the Malcolm Baldrige National Quality Award twice and is hailed as an exemplar of quality service. The Ritz-Carlton Seoul evaluated and certified Kia Motors' customer service, developed service training and educational contents, and worked with Kia Motors on developing a customer service manual tailored to Kia customer needs. Based on mystery shopping evaluation and customer surveys on 100 Kia sales offices in the Seoul Metropolitan Area, 43 offices became Kia Motors-Ritz Carlton-certified Customer Contact Points of Excellence. We plan to expand this certification program to sales offices nationwide. In 2011, we organize a special program wherein the management, including the chief executive officer, visited customer service centers to experience firsthand how customer complaints are processed. The program was later expanded to accommodate 660 employees. Kia Motors always strives to understand the customers' point-of-view and build a corporate culture that pursues true customer satisfaction.

**One-stop Service**

After a trial run in 2010, Kia Motors' One-stop Service went into full-fledged operation in 2011. One-stop Service is a customer service scheme wherein a certified specialist greets the customer, provides consultation, and explains the pertinent repair or maintenance service and service results, thereby enhancing customer convenience and service quality. When a vehicle enters a Kia service center, the vehicle detection system goes into operation and an expert customer service representative comes to greet the customer and provide consultation. While the repair or maintenance work is in progress, customers can relax in the customer waiting area and track the real-

time status of their vehicles. According to a survey we carried out, 80% of the customers who visited our service centers said they were happy with the overall improvement in the service process. Respondents were most satisfied with the specialized service provided by the expert customer service representatives (38%) followed by convenience facilities (23%) and the service status display board (23%). M



# Fostering Diversity

Kia Motors' continues to grow on the strength of some 45,000 employees around the world, and we share the value generated by this growth with society. As we create products tailored to local needs and cultural characteristics, we strive to accommodate the diversity of our employees who come from all corners of the globe. A business' global competitiveness stems from an understanding of local cultures and customers, and the force that drives Kia's growth stems from our employees and their ideas that challenge conventions and their creativity that realizes innovation. We respect the differences in gender, age, and personal dispositions, and we embrace and draw on the varying perspective these differences engender to hone our competitive edge and fulfill our responsibilities.

## System for Equality

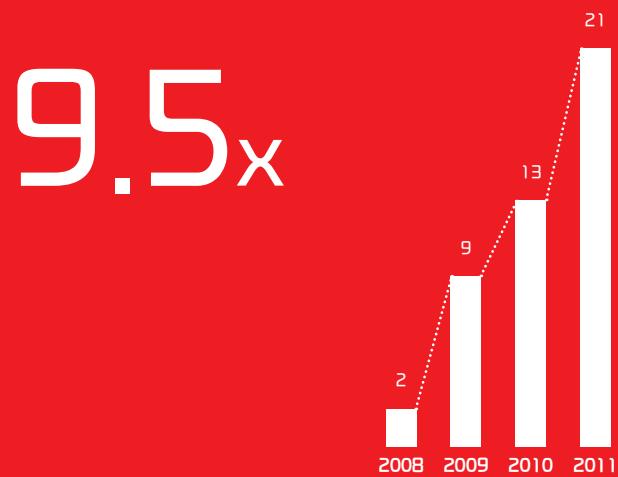
Kia Motors strives to provide employees with equal opportunities and an environment free of discrimination while also building a corporate culture that embraces individual differences. Employees are recruited through open job announcements, and we do not discriminate on the basis of gender, nationality, religion, or social status. In evaluating a job application, we focus on the cover letter and undertake a comprehensive review of the applicant's passion and competencies rather than on the standardized qualifications listed on the application form. To ensure impartiality and fairness, we carry out blind interviews: that is, the interviewers do not know the applicants' educational backgrounds or standardized foreign language test scores. In 2011, we hired 328 new employees, 82% more than the previous year. The total number of employees decreased slightly to 32,556 persons (Korean worksites) from 2010 given the rise in the number of employees who met the extended retirement age that went into effect in 2008. Union members eligible for collective bargaining make up 85.3% of the Kia workforce (27,769 persons). Kia Motors upholds the three labor rights stipulated in the Constitution of the Republic of Korea and guarantees the right to fair and free union activities as per the Collective Agreement. The Labor-Management Council meets quarterly to discuss and resolve pertinent issues.

Kia Motors provides employees with equal opportunities and fair compensation regardless of nationality or gender in accordance with company regulations (Collective Agreement Article 25, Employment Regulation Article 4). Persons with disabilities account for around 3.2% of our workforce. The same wage rate applies equally to both genders, and wages are determined as per a standardized

compensation scheme based on the duration of service. Employee evaluations and promotions follow an impartial performance assessment process.

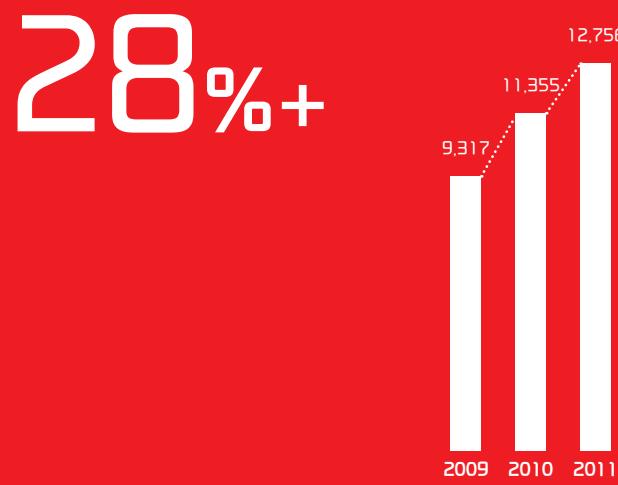
## Supporting Diversity

As a company with business operations in some 150 nations, Kia Motors has the duty to contribute to bettering local economies and societies. With our preference for localized recruitment and operations, Kia Motors is not only contributing to the growth of local communities but also reinforcing our global competitiveness. Accounting for 28.2% of Kia Motors' total workforce (domestic and overseas combined), 12,756 local employees are at our overseas plants in the United States, China, and Slovakia and our sales offices comprising a global network that extends from the Middle and Africa to the Asia-Pacific. The 927 local employees in managerial positions make up 7.3% of the total local overseas workforce. To boost corporate unity and identity, we run a 2-month exchange program every year for high-performing staffers from our overseas subsidiaries. In 2011, six qualifying employees were given the opportunity to work at Corporate Headquarters and a domestic production facility and experience Korean culture over the weekends. We also run global specialist and short-term regional specialist programs wherein employees in Korea get to experience working at our overseas subsidiaries. In 2012, we plan to add an invitational program for junior-level (period of service: 1-2 years) personnel working at our overseas subsidiaries as well as a program aimed at retaining high-performing executives. We will also hold an annual regional HR workshop to strengthen our global HR policies. In 2011, domestic and overseas HR managers revised the Global HR Standard, reviewed the implementation



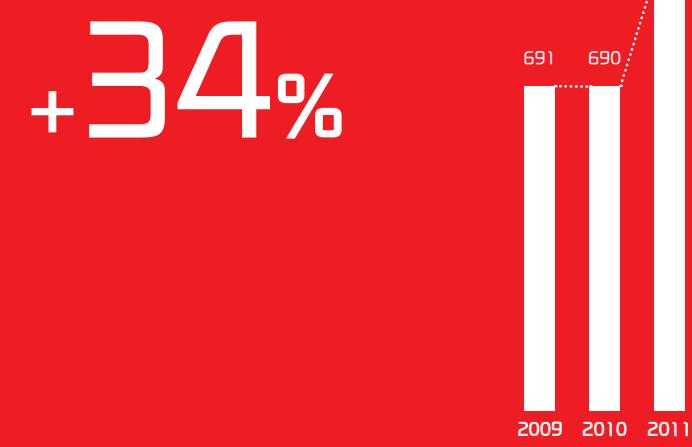
Growth rate of women in managerial positions (manager and higher) over the past four years

The number of women managers and their percentage against the total number of managerial positions are still small. Nevertheless, women managers have grown rapidly in number (two persons 21 persons). With the long-term goal of expanding the woman workforce and managerial staff, Kia Motors encourages the hiring and advancement of women employees.



International hires' percentage of total workforce

The number of international hires and their share of the total workforce have been rising over the past three years (22.1% in 2009, 25.7% in 2010, 28.2% in 2011). Our human resource policy gives preference to local job applicants. As for our overseas subsidiaries, 100% of the workers they hired are local. As of 2011, local workers accounted for 97% of the workforce at overseas worksites, with the remaining 3% comprised of personnel dispatched from Corporate Headquarters.



Year-on-year growth rate of local employees in managerial positions

The percentage of local managers at Kia Motors' overseas worksites is continuing to grow. A thorough understanding of local needs and cultures raises our market competitiveness and enables us to make significant contributions to local communities. That is why we give preference to local job applicants and provide localized education training programs.



status of our HR policies, and discussed measures for improvements.

The economist Tom Peters set forth ‘female economy’ as the next big economic trend, citing a research finding that women already influence 80% of all purchasing decisions. In fact, direct purchases made by women consumers account for over 40% of Soul, Morning (Picanto), and Pride (Rio) sales, and 25%, across the entire Kia lineup. In the automotive industry, a traditional machinery-based manufacturing industry, women’s labor force participation and job opportunities had been limited. Focusing on women’s growing purchasing power and their work competencies, Kia Motors is working on expanding the percentage of women in our workforce and their participation in management activities and decision-making. With the majority of our workforce comprised of production workers (65%), women employees only accounted for 2.6% (853 persons) of our total workforce in Korea in 2011. However, the number of women employees is slowly growing (3% increase from 828 persons in 2008). As for women managers, the number has grown from 2 in 2008 to 21 in 2011. For the first time in Kia’s history, a woman was appointed as the Senior Vice President of Marketing in 2010. While we still have a long way to go, Kia Motors is striving to offer women greater opportunities and to build a comfortable work environment in which employees of diverse capabilities and backgrounds can work together to realize their individual potentials and contribute to Kia’s growth.

#### Strengthening Competencies

Retaining and fostering talented employees is just as important as recruiting them. We run a mentoring program to familiarize new recruits with the Kia

identity and workflow. Entry-level workers are assigned mentors in their respective departments for monthly consultations during the first six months of employment. In 2011, we established our philosophy for human resource development as follows: developing human resources that spearhead business performance and create future value and building a corporate culture of open communication. Based on this philosophy, we developed a new HR development system. Employee education and training is comprised of a common global program as per the Global Human Resource Development Standards (GHRDS) and self-operated programs at each subsidiary. With the goal of furthering employee understanding of Kia’s vision and core values while assisting with personal and professional growth, the common global program consists of courses in leadership, expert competency, and global outlook development. Global e-Campus, Hyundai Motor Group’s standardized education and training system, allows domestic and overseas employees to assess the level of their individual competencies, set education and training goals, study customized contents, and engages in knowledge sharing. Since 2004, we have been providing life planning consultation services for retiring employees and support services for employees seeking new jobs or careers. We also have in place a website for former Kia Motors’ employees to receive necessary administrative assistance. In 2011, 70 retirees took advantage of our life planning program. The turnover rate in 2011 was around 0.4%.

#### Campaign to Build a Distinctive Kia Culture

Kia Motors launched the New Kia campaign in 2008 to build a distinctive and unique corporate culture. With

the goal of building a creative organizational culture that designs newness, a wide range of programs are being carried out under the New Kia campaign with steadfast support from the management and active participation from employees. The New Kia campaign is aimed at encouraging communication (Design Our Communication; DOC), raising employee pride in the company and the work they do (Design Our Feeling; DOF), creating synergy through effective teamwork (Design Our Team; DOT), and enhancing work competencies (Design Our Work; DOW). Examples of DOC programs include meetings and events for the free and open exchange of ideas among employees, irrespective of department or specialization. DOF extends our efforts at building company pride beyond our employees to their family as well. Kia Tigers Day and My Dad Works at Kia event are especially popular DOF activities. For Kia Tigers Day, employees and their family are invited to attend a Kia Tigers (Kia-sponsored professional baseball team) game. My Dad Works at Kia involves Kia employees visiting their children’s schools as teachers for the day to talk about Kia Motors and provide snacks. In 2012, we are planning to launch a wide range of domestic and overseas programs for our employees’ children in middle school or high school. DOT consists of projects for team heads and members to raise their respective teams’ competitiveness, while DOW involves each department’s identification of areas for improvement and efforts to make the necessary improvements. In 2012, we will be building an integrated system to share DOW efforts and experiences and encourage a culture of steadfast progress.



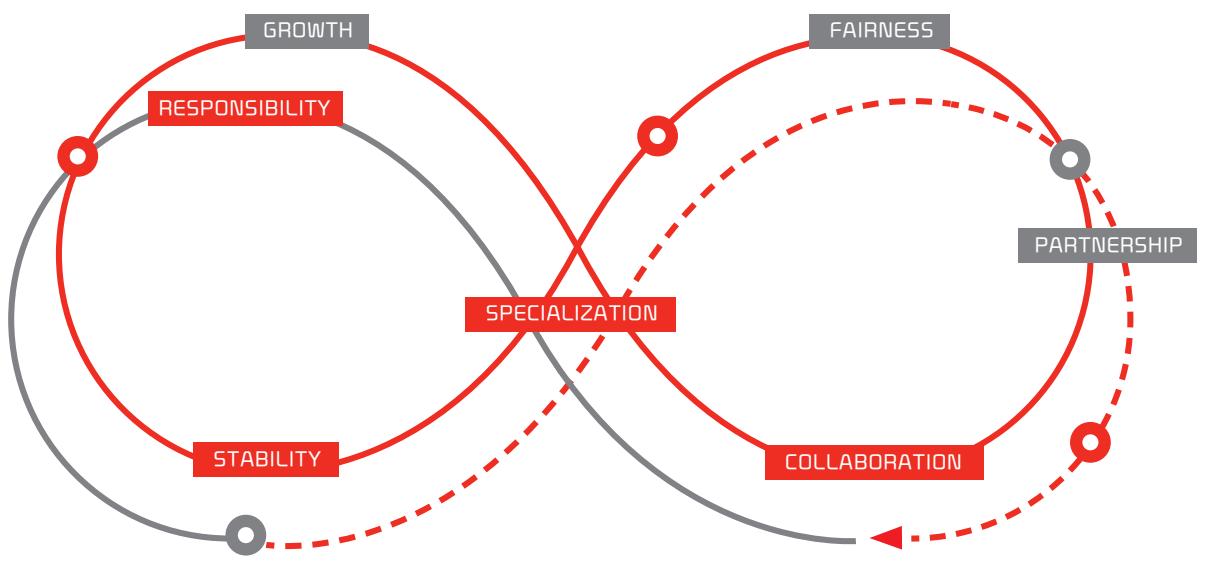
Refer to pp. 75-77 for more on the composition of the workforce as well as data and figures on wages, education and training expenditure, and workplace injuries and accidents.

**Institutions to Ensure Health and Safety**  
Kia Motors strives to create a healthy, safe, and pleasant work environment. To safeguard employee health, our worksites feature gyms and health centers as well as industrial clinics with in-house physicians. In addition to basic medical care, the industrial clinics are also equipped with physical therapy facilities for musculoskeletal disorders. They are free of charge and open to the employees of Kia Motors and our partner firms. We provide extensive health screening support to ensure that employees receive regular checkup and stay healthy. In addition to the legally stipulated basic health checkup categories, we also subsidize screening at oriental medicine clinics and screening for adult diseases. We also subsidize full physicals available at some 100 medical healthcare centers nationwide for employees who have provided 10 or more years of continued service as well as one family member each. The comprehensive physicals can be tailored to focus on specific areas of concern. We also subsidize 50% of the cost associated with additional physician-recommended tests after a general physical. In 2011, we provided around 2.6 billion won to 15,706 persons (10,112 employees, 5,594 family members) who took advantage of the subsidization program for full physicals. As per the collective bargaining agreement, we subsidize one dental implant and up to three cosmetic surgery procedures for work-related injuries. We subsidize medical fees through a group accident insurance policy. We provide our employees’ immediate family members with various healthcare support, contribute to their National Health Insurance premium, and offer discounts and other benefits at select healthcare providers. Related expenditure amounted to around 17.9 billion won in 2011. ■



# Greater Collaboration

The average growth figures over the past nine years (2001-2010) for Kia Motors and Hyundai Motor Company's primary partners are as follows: sales revenue has grown 2.4 times; export volume, 4.5 times; and total market capitalization, 10.9 times. The percentage of large-sized partners with annual sales revenue of 100 billion won or more has grown from 21% (62 companies) to 45% (131 companies), while the percentage of small-sized partner with annual sales revenue of 20 billion won or less has dropped from 21% to 4%. Over the same period, Korea's industrial growth rate was 80%, and Hyundai Motor Company and Kia Motors grew 78%. As the value of the products we create through collaboration grows, Kia Motors acts on our belief that we must share a greater portion of the value generated. Over the last ten years, we made forays into foreign markets with our partners and provided them with support to enhance their competitiveness and stabilize their business operations. We now have our eyes set on expanding the scope of our efforts for mutual growth to include an even larger number of partners and translating the stellar growth figures into a firm foundation for sustained and even greater collaboration.



## Cooperation for Mutual Growth

Kia Motors' Value Engineering (VE) System is designed to cut costs without comprising product value or quality. Through this system, we work with our partners for the domestic production of imported parts to lower costs and enhance the competitiveness of our partners. We also help our partners set up shop near our overseas production facilities. As of 2011, around 237 partner companies have expanded their operations to overseas locations, including in China, USA, and Europe. We provide support to ensure that our partners make a smooth transition to overseas markets. In return, our overseas production facilities receive a stable supply of high-quality parts from our

partners. We also work with our partners to contribute to the local community. Kia Motors Manufacturing Georgia (KMMG) went into operation in 2009, and 29 partners expanded their operations to the U.S. state of Georgia. These 29 firms directly and indirectly created some 7,000 jobs, which is over twice that of Kia's direct hires (around 3,000 persons). Slovakia Plant, which began its operations in December 2006, and the China Plant, which went into operation in 2002, have also provided opportunities for our Korean partners' overseas expansion. We are also working with local partners, selected through a fair and transparent assessment process, to build a relationship of mutual trust and cooperation.



Refer to p. 78 for more on our support programs, status of payments, subsidies for bulk purchasing, and education and training programs for our partners.



VAATZ (Value Advanced Automotive Trade Zone): Open bidding e-procurement system



Refer to the Cyber Audit Office website (<http://audit.hyundai.com/Eng/>) regarding the Procurement Headquarters' Code of Ethics and Kia Motors' ethical management. Refer to the VAATZ website (<http://www.vaatz.com/supplier/>) for more on our handling of partner company grievances. Refer to pp. 78-79 for more on voluntary compliance with fair trade regulations and principles and anti-corruption efforts.

## Support for Enhanced Expertise

To support our partners, Kia Motors set up the internal Committee for Promoting Win-Win Cooperation as well as the external Foundation of Korea Automotive Parts Industry Promotion (KAP), regulated by the Consultative Meeting for Mutual Growth. KAP, co-founded in 2002 by Kia Motors and 165 partner companies to promote the advancement of the automotive parts industry, operates on an annual budget of some 5 billion won provided by the Hyundai Motor Group. KAP offers technology, training, and management support to Kia partners. The relevant committees of the Consultative Meeting for Mutual Growth convene every month to set mutual-growth policies and develop new programs.

Kia Motors is also working to extend our support to our smaller secondary and tertiary partners. We run quality and technical schools that provide partner SMEs with management, quality, and technical training. The Quality Academy, which opened its doors in 2005, offers an introductory course on quality, a course on developing parts for new vehicle models, and a course on the SQ Mark Certification Program, which Kia Motors is operating for secondary partners.

At the Technical Academy, founded in 2008, trainees can take courses on welding, injection molding, and other automotive techniques.

To support our partners' quality and technical advancement, we run the Five Star Scheme for primary partners and the SQ Mark Certification Program for secondary partners. The Five Star Program is a standardized quantitative rating system to assess our partners' competencies. Partners that receive the highest rating level are given various incentives. The evaluation categories of the Five Star Program are included below in the section on VAATZ.

The Five Star Scheme includes a training program for the employees of our domestic and overseas partners to raise the expert competencies of our partners. In 2011, 2,645 secondary partners became SQ-certified. We also hold job training consortiums and seminars for the employees of our secondary partners.

Kia Motors has been holding the R&D Partnership Tech Day every year since 2006 to provide our partners with a venue to market and share new technologies. In 2009, 26 of our partners participated, and the number rose to 28 and 29 in 2010 and 2011, respectively.

We also run the Guest Engineer Programs to nurture technical professionals at our partner firms and minimize the risk of failure in the product development and design phases. The average monthly participation in 2011 was 308 engineers from 56 partner companies.

## Support for Business Stability

Kia Motors makes cash payments for the goods and service provided by our small and medium partners and organizes bulk purchases to help our partners cut procurement costs. We also run a wide range of direct funding programs, including the 80-billion-won Win-Win Loan Program for small and medium partners and the 40-billion-won Win-Win Cooperation Fund for quality and productivity enhancement. The Family Network Loan Program is designed to help primary partners make cash payments to secondary and tertiary partners, while through the Green Facilities Loan Bridge Program, we provide our partners with loans for raw materials and outsourcing. We also operate the Green Win-Win Die Tool Investment Loan Program. We plan to continually expand and improve our financial support network for partner firms.

## System for Fair and Responsible Practices

In March 2011, Kia Motors, along with other Hyundai Motor Group subsidiaries, signed the third Agreement on Mutual Growth and Fair Trade. With some 230 partners, Kia Motors reaffirmed our commitment to mutual growth with SME partners.

In addition to the aforementioned support programs for business stability, Kia Motors also runs indirect support programs to benefit secondary and tertiary partner companies, which are usually in need of more assistance but for whom the means of direct assistance is relatively limited. We reward and provide incentives for best practice cases of win-win cooperation between primary and secondary partners. We also run joint task force teams with primary partners to extend quality and technical support to secondary partners.

We established the Procurement Headquarters' Code of Ethics to ensure ethical work processing at departments that work with partner firms. We also have in place a system for resolving grievances from partner company employees. To ensure the efficiency and transparency of the procurement process, we set up the Value Advanced Automotive Trade Zone, an open online bidding system for domestic and overseas partners. Bids are objectively assessed in terms of the bidders' price, quality, supply, and technologies as per the Five Star Scheme. The scheme also evaluates the bidding companies' level of environmental management (goals and implementation), protection of employee's human rights (work environment and worksite safety), and ethical management (upper management's ethical integrity and sense of duty), thereby inducing our partners to meet a set level of work environment standards. ■

# Fulfilling Responsibility

Capitalism faces new responsibilities with recurring economic crises and recession and with growing unemployment and wealth gap. As a corporate citizen whose growth stems from society and whose decisions impact society, Kia Motors has the duty to maintain and strengthen society's sustainability. We prioritize policies that provide opportunities to the younger generation and benefit the local communities in which our production facilities are located. In tackling inequality and poverty, we look beyond one-time donations to promote sustainable self-sufficiency, and as an automaker, we also invest in building a safe automotive culture.



## Citizenship at a Glance

### Social Outreach Expenditure

**21.2** billion won

### No. of Participants in Social Outreach Activities

**27,459** persons



Refer to p. 79 for more on our social outreach expenditure and participating employees (number of volunteers and service hours) over the past three years.

### No. of Social Outreach Programs

**158** programs  
(1,233 activities and events)

### No. of participants in Happy Move Global Youth Expedition

**4,655** persons  
(Hyundai Motor Group accumulated total)



#### Citizenship Milestones



Established Hyundai Motor Group's social outreach framework 'Moving the World Together'

Launched S.L.O.W. (School-Zone Safety) campaign

Founded Lhotse Youth Expedition

Launched Mali Project

Established Happy Move Global Youth Expedition

Opened Kids Auto Park

Founded Kia Village

Changed the name of Lhotse Youth Expedition to EcoDynamics Expedition and expanded the program

Expanded S.L.O.W. campaign into a motor safety campaign for children

Reorganized Kia Motors' social outreach scheme and devised a roadmap

### Happy Move Global Youth Expedition

Happy Move Global Youth Expedition is Korea's largest private collegiate volunteer group that undertakes overseas projects. It was founded to cultivate future global leaders. Composed of 1,000 college students (annually), Happy Move Global Youth Expedition provides practical assistance in construction, medical care, education, and environmental protection around the world. By doing volunteer work and engaging in cultural exchanges, Happy Movers develop a more profound interest in global challenges and become aware of the duties and responsibilities they must fulfill as global citizens. Upon returning to Korea after the overseas expedition, Happy Movers take part in support programs for multicultural families to apply and strengthen what they have learned about cultural diversity and global citizenship. To help college students whose opportunities for overseas experiences are limited, extra points are given to applicants who receive basic living allowance assistance from the government, who are breadwinners of parentless households, or whose parents were killed in motor accidents. The selected applicants are given allowances for domestic transportation and passport issuance. In 2011, Happy Movers were dispatched to seven countries: China, India, Thailand, Laos, Indonesia, Brazil, and Ethiopia. In China, the Happy Move Global Youth Expedition is continuing the Kia Village construction project that was launched in the aftermath of the 2008 Sichuan earthquake.



### KIA Band of Dreams



In August 2011, we held the Kia Band of Dreams event as part of our efforts to promote the arts and culture. A total of 168 teams (756 persons) took part in Kia Band of Dreams, which was organized to support teens with musical dreams and passion. Winners were given prize money to carry on their musical activities, and the two teams that won the top honor were also given the opportunity to perform at the Gwangmyeong Festival of Life and Peace. For teens with musical dreams, this event—one of Sohari plant's flagship social outreach projects—was an opportunity for them to get one step closer to making their dreams come true, and for the city of Gwangmyeong, it was an enjoyable family cultural event. Kia Motors set up social outreach centers at our three domestic production facilities in 2010. The social outreach centers work with the local government and NGOs to carry out social outreach projects tailored to local needs. Under the banner of environmental protection, the Sohari plant hosts the Festival of Life and Peace, and the Hwaseong plant runs the Kia Environment Class for students in the area. The Gwangju plant extends scholarships to students from low-income households, runs the Santa Love Expedition program, and hosts the Together Cultural Festival.



### EcoDynamics Expedition



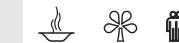
The Lhotse Youth Expedition, designed to cultivate young talent for the betterment of society and humanity at large, was renamed the EcoDynamics Expedition in 2010. In the following year, we dramatically expanded the size of the expedition from 20 to 120 participants (100 teens aged 15-19 and 20 college students). EcoDynamics, Kia's green sub-brand, stands for the force that can build a new world wherein nature and humankind can coexist in harmony. We added environmental and ecological programs to provide the younger generation with an even wider array of volunteer, cultural, and environmental experiences. In 2011, participating students received environmental education, explored the natural environment, and engaged in environmental cleanup activities. In February 2012, the five teams of 30 students chosen for the expedition attended a global eco camp.



### Mali Project



The Sahara Desert covers most of Mali, located in northwestern Africa. With desertification only intensifying, most people in Mali are suffering from poverty. In 2007, Kia Motors joined forces with the Trees for Travel Foundation (TfT), a German non-profit organization, and launched a jatropha tree planting program with the goal of tackling Mali's environmental challenge and poverty. The jatropha tree prevents soil erosion and protects other plants and crops. Jatropha oil can be used as a source of biodiesel and soap. Jatropha trees can thus contribute not only to environmental protection but also serve as a source of income for the local community. When a customer buys a vehicle from Kia Motors Netherlands or Kia Motors Sweden, a donation corresponding to the amount of CO<sub>2</sub> emissions generated when the vehicle is on the road based on the distance traveled is made to the Mali Project. Over the past five years, 3.5 million jatropha trees were planted through the project. We introduced a GPS-based farm management system in 2009, and we have been running jatropha cultivation classes for farmers ever since. In 2010, we refurbished the system and expanded the number of jatropha farms to three. We are planning to expand the program to all Kia subsidiaries in Europe and make donations based on the total sales volume in Europe. Six jatropha trees will be planted for every Kia vehicle sold. With the expansion of the Mali Project, we also plan to expand the relevant management and training programs.



### S.L.O.W. Campaign



Kia Motors has been carrying out the School Zone Safety Campaign (S.L.O.W.) since 2005. In 2010, we expanded the campaign into a motor safety campaign for children, who are more susceptible to motor accidents and severe injuries given their lack of awareness and experience. As part of the campaign, we visit kindergartens and primary schools to present motor safety classes, organize poster design contests, sponsor public service ads, and fund motor safety guidebooks. In 2011, we provided 140 motor safety classes in Seoul and Gyeonggi Province. The six winners of the fifth annual motor safety poster design contest and their parents or adult guardians were given a chance to visit Singapore for a firsthand experience of overseas motor safety practices. Kia Motors and the Kia Motors Labor Union agreed to extend 5 billion won in scholarships over the next ten years (500 million won per year starting in 2012) to help children who have lost their parents in motor accidents. Scholarships will be extended to 200 elementary, middle school, high school, and college students every year. The scholarship will cover school meals, books, and other school expenses in addition to tuition.



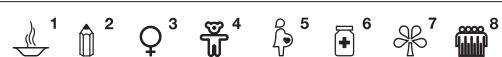
### Kids Auto Park



Kids Auto Park, which opened its doors in 2009, is an experiential motor safety learning center for children aged six to ten. It offers driving and pedestrian safety classes, a puppet show on everyday safety, and other programs for children to experience being both drivers and pedestrians. Children are issued the Kids Motor Safety License upon completing the traffic safety course and passing the license test. For the test, children get to drive specially designed motorcars and maneuver the vehicles to handle unexpected road hazards. The puppet show, designed for kindergarten and lower-level primary school students, takes a fun and effective approach to not only motor safety but also other everyday safety issues. Among the 16,046 children who visited Kids Auto Park in 2011, 2,764 of them watched the puppet show and 195 were issued the Kids Motor Safety License.



Kia Motors supports the Millennium Development Goals (MDGs) of the United Nations Development Programme (UNDP). The eight MDGs and corresponding icons are listed below. We have marked our social outreach activities with the relevant icons to indicate which MDGs they are helping to realize.



1 Eradicate abject poverty and hunger   2 Achieve universal primary education   3 Promote gender equality and empower women   4 Reduce child mortality   5 Improve maternal health   6 Combat HIV/AIDS, malaria, and other diseases   7 Ensure environmental stability   8 Build global partnership for development



Upon reorganizing our social outreach scheme in 2011, Kia Motors is working to support and realize the newly set principles of mobility and challenge. Refer to pp. 12-13 for the reorganized social outreach scheme.

# Appendices

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## Sustainability Management

### UN Global Compact

Kia Motors is committed to upholding the principles of human rights, labor, environment, and anti-corruption of the UN Global Compact (UNGCG), which we joined in July 2008. We also designated CSR management as a core management strategy and set specific tasks based on the ten UNGC principles. The details of our progress and commitment are listed in the table below.

#### UNGCG Index

Areas	Ten Principles	Relevant page(s)
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; Principle 2: and make sure they are not complicit in human rights abuses.	58-63, 75-79 58-63, 75-79
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour;	58-61, 75-77 77
	Principle 5: the effective abolition of child labour;	77
	Principle 6: the elimination of discrimination in respect of employment and occupation.	58-61
Environment	Principle 7: Businesses are asked to support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility;	20-21, 44-46, 85 47-52, 80-89
	Principle 9: and encourage the development and diffusion of environmentally friendly technologies.	30-43, 53
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	78-79

#### Membership to Association and Organizations

Association/Organization	Purpose of Membership
Federation of Korean Industries (FKI)	Exchange information on management activities; cooperate on social outreach activities
Korea Automobile Manufacturers Association (KAMA)	Promote the auto industry; pursue intersectoral joint projects (serve as the president of the association)
Korea Chamber of Commerce & Industry (Seoul, Gwangmyeong, Hwaseong, Gwangju)	Mandatory membership as per the Chamber of Commerce & Industry Act
Korea Auto Industries Coop. Association (KAICA)	Cooperate with relevant businesses to advance the auto industry
Korea Management Association (KMA)	Acquire business information
Fair Competition Federation (KFCF)	Engage in information and opinion sharing with the government and businesses to observe fair trade regulations
The Institute for Industrial Policy Studies (IPS)	Conduct exchanges related to ethical management and CSR
Global Compact Network Korea	Uphold the ten UNGC principles
Emergency Planning Network, Ministry of Knowledge Economy	Research, undertake education/training programs, and cooperate on security-related matters
Defense Industry and Security Association of Gwangju, Jeollanam-do	Cooperate and share information on security-related matters
The Korean Association for Industrial Security (kaitS)	Promote projects and programs aimed at protecting industrial technologies
Korea Economic Research Institute (KERI)	Conduct comprehensive research on long- and short-term development issues pertaining to Korean businesses and the Korean economy

#### CSR Indicator and CSR Management

Active international discussions are underway as regards the scope and target of corporate social responsibility, and the consensus is building toward the idea that given the extensive impact businesses have on society, the scope of corporate social responsibility must be expanded to include society in its entirety. ISO 26000, which encapsulates the global consensus on CSR, was issued in November 2010 by the International Organization for Standardization (ISO). ISO 26000 is a guideline for voluntary compliance on social responsibility. ISO 26000 defines social responsibility as the "responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour." In 2011, Kia Motors, along with the rest of Hyundai Motor Group, developed our own CSR indicator based on the seven core subjects of ISO 26000 and are encouraging employees' voluntary involvement in CSR management. The CSR indicator consists of strategic goals and tasks of relevance to the company, serving as a guideline and a standard for measuring CSR progress in everyday business operations. In 2011, social outreach involvement was made a key performance indicator in order to raise awareness concerning the importance of social outreach activities and promote active participation.

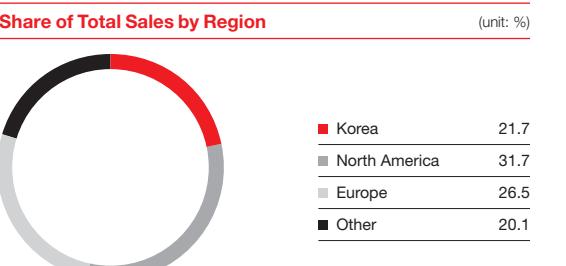
## Economy

As of the 2011 fiscal year, consolidated financial statements for corporate headquarters and overseas subsidiaries were drafted as per the International Financial Reporting Standards (IFRS). For easy comparison, 2010 figures were recalculated according to IFRS.

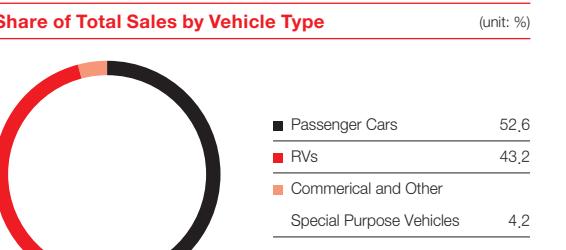
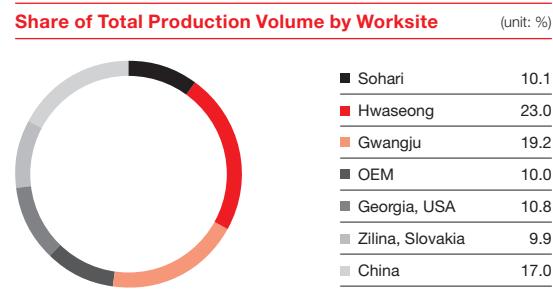
Business Performance		(units: vehicles, million won)	
	2010	2011	
Production volume (vehicles)	2,138,802	2,542,181	
Sales volume (vehicles)	2,129,948	2,538,020	
Sales revenue	35,826,955	43,190,942	
Operating profit	2,490,028	3,525,146	
Cash flow	5,272,537	4,745,189	
Ordinary income	3,323,047	4,721,650	
Net income	2,698,330	3,519,236	

Financial Status		(unit: million won)	
	2010	2011	
Assets	26,275,144	30,255,179	
Current assets	9,763,671	11,075,187	
Fixed assets	16,511,473	19,179,992	
Liabilities	16,027,027	16,745,469	
Current liabilities	11,627,539	11,421,924	
Fixed liabilities	4,399,488	5,323,545	
Equity	10,248,117	13,509,710	
Equity ratio (capital/assets)	39.00%	44.65%	
Debt ratio (liabilities/capital)	156.39%	123.95%	

Sales by Region		(units: million won)	
	2010	2011	
Sales revenue	35,826,955	43,190,942	
Korea	9,143,864	9,363,030	
Non-Korean regions	26,683,091	33,827,912	
North America	9,848,574	13,695,781	
Europe	9,728,780	11,433,786	
Other	7,105,737	8,698,345	



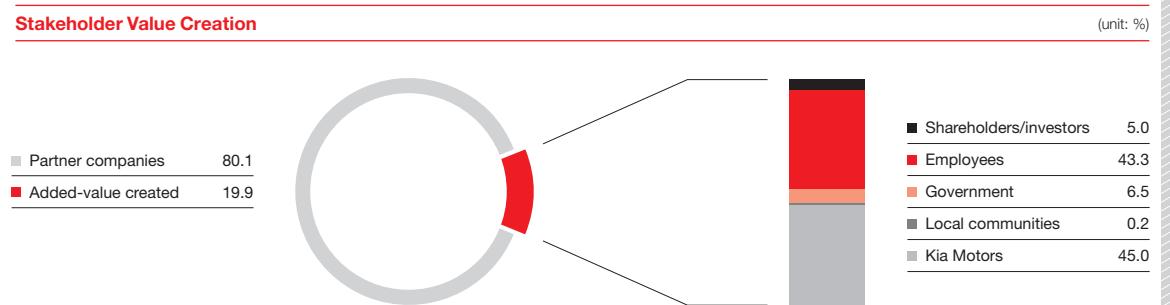
Production Volume by Production Facility			
	(unit: vehicles)		
	2009	2010	2011
Sohari	220,184	247,659	258,087
Hwaseong	386,557	547,894	584,407
Gwangju	322,975	411,285	488,032
OEM	207,475	209,928	253,136
Georgia, USA	15,005	153,665	273,751
Zilina, Slovakia	150,021	229,505	252,252
China	243,618	338,866	432,516
Total	1,545,835	2,138,802	2,542,181



## Economy

Economic Value Generated and Distributed (EVG&D)		(unit: million won)	
		2010	2011
Value generated		36,154,980	43,636,261
Sales revenue		35,826,955	43,190,942
Other income		328,025	445,319
Value distributed		36,154,980	43,636,261
Partner companies (payments for products & services)		29,184,591	34,935,073
Shareholders/investors (dividends & interest)		488,490	434,661
Employees (wages & benefits)		3,335,577	3,764,447
Government (corporation tax & other taxes and dues)		296,639	561,682
Local communities (donations)		13,485	21,063
Kia Motors (reservation value)		2,836,198	3,919,335

• Other income=(Other operating income+return on investments in affiliated companies+financial income)-(other operating costs & financial costs)-depreciation (depreciation & depreciation of intangible assets)



• Added-value created=Sales revenue-other income-raw materials cost (value distributed to partner companies)



## Society / Customers

### Customer Satisfaction Assessments

Named KSQI Excellent Call Center Eight Years Running Call Center KSQI, overseen by the Korea Management Association, rates 203 domestic call centers in 33 industries in 16 categories, including accessibility, attitude, and professionalism. Kia Motors Customer Service Center, the largest customer contact point, continues to provide diverse and useful information (50,867 items per month on average). We have in place a 3-step follow system for the expedited handling of customer grievances as well as a one-stop customer grievance processing system for superior quality of experience from the moment of contact to follow-up measures.

**Internal and External Customer Satisfaction Surveys** Kia Motors reviews our progress on customer service through annual customer service index (CSI) surveys commissioned to an outside agency. Internally, we analyze and share voice-of-customer (VOC) data collected from customer surveys (3,130 samples per month on average) and phone monitoring (12,155 calls per month on average) to identify customer needs and make ongoing improvements. In 2012, we plan to further diversify customer communication channels with a smart customer center that will

manage customer service applications and customer panels for smart phones and other mobile devices.

**China Association for Quality's 2011 Customer Satisfaction Survey** CAQ customer satisfaction survey is conducted across a wide range of business sectors. As for the auto industry, customers in 40 major cities of China were surveyed on their level of satisfaction in fuel economy, quality, and service of 120 vehicle models of 32 auto brands. Forte (Cerato) and Sportage R (Sportage) came in first place in their respective vehicle segments for the second consecutive year.

**U.S. AutoPacific Vehicle Satisfaction Award** AutoPacific, an automotive marketing research and product-consulting firm founded in 1986, carries out a customer satisfaction survey every year and announces the winners by vehicle segment. For the 2011 Vehicle Satisfaction Awards (VSAs), some 68,000 owners of new cars were surveyed on 48 categories, including vehicle performance, quality, safety, and convenience. Sportage R (Sportage) was named the winner of the compact crossover SUV segment.

### Customer Privacy Protection

In 2011, an objection was raised regarding a past customer privacy protection matter and appropriate corrective action was taken. Kia Motors is taking diverse measures as regards the Personal Information Protection Act (PIPA), which went into effect in September 2011. We appointed a chief officer for personal information protection and established the Personal Information Protection Council to lay the necessary management foundation for customer privacy protection. We set pertinent work standards and have started distributing training and information materials. National identification numbers in our customer information database were encrypted while those of our registered website users were deleted. We are evaluating our personal information protection systems and practices to identify and resolve any shortcomings. We set up a guideline for operating and managing CCTVs and posted notices at 292 Kia offices and facilities nationwide. On the strength of such efforts, Kia Motors did not receive any complaints/grievances for violating the duty to protect our customers' personal information in 2011.

### Product Labeling

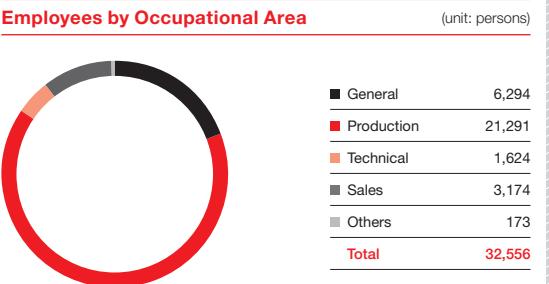
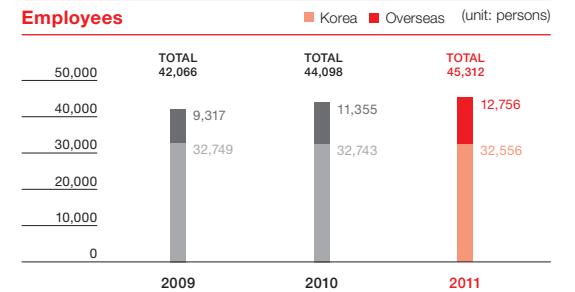
CO<sub>2</sub> emissions labeling, in addition to fuel economy labeling, is required for vehicles released after August 2008 as per government regulations. All Kia Motors vehicles come with fuel economy and CO<sub>2</sub> emissions labels.

### Customer Marketing Communication

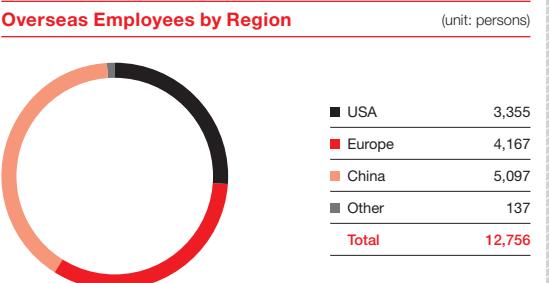
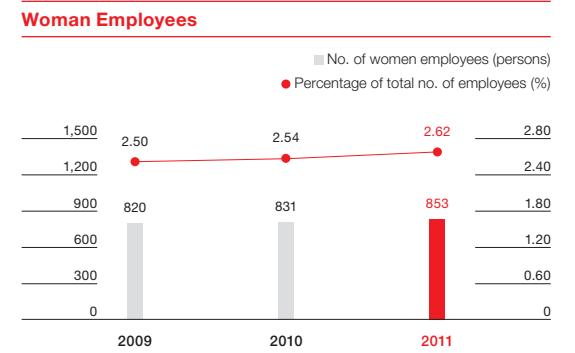
In carrying out diverse marketing events and other marketing communication activities, Kia Motors strives not to infringe upon customer privacy, apply double standards, or exercise undue influence on children. We also work to conform to generally-accepted cultural and ethical norms. Kia Motors undertakes prior research and canvasses local opinions so that our marketing activities overseas conform to local sensibilities. Despite our efforts, there was one regulatory violation in Korea in 2011. We investigated the matter to identify the cause and prevent its recurrence. The employee responsible for the matter has been subjected to disciplinary action and the victim has been compensated.

## Society / Employees

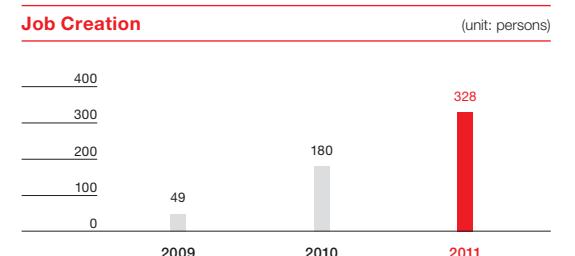
With the exception of the total number of employees and data specific to overseas employees, all data pertain to Korean worksites (corporate headquarters/Namyang, Mabuk R&D centers/Sohari, Hwaseong, Gwangju plants/service centers) as of December 31, 2011.



R&D centers and activities are run and managed collectively with the rest of Hyundai Motor Group, so most R&D employees are classified as Hyundai Motor Group employees. R&D employees classified as Kia Motors employees are included in the 'General' category.



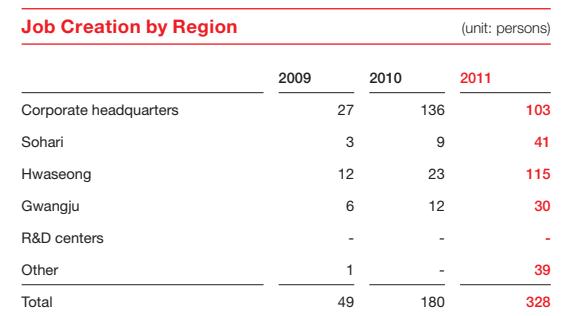
Other: Asia-Pacific (excluding China), Middle East, Africa



**Wages**

	2009	2010	2011
Average period of continuous service (years)	15.6	16.5	17.3
Total annual wage	2,422,458	2,846,650	2,971,414
Per-person wage	74.3	87.3	91.3
Entry-level employees wage	47.2	54.0	57.8

Total annual wage includes retirement allowance. The average per-person wage for entry-level employees is 3.78 times that of the legal minimum wage.



**Retirement and Resignation**

	2009	2010	2011
Corporate headquarters	25	126	38
Sohari	51	48	87
Hwaseong	37	27	318
Gwangju	30	39	54
R&D centers	-	-	16
Other	39	-	70
Total	182	240	583

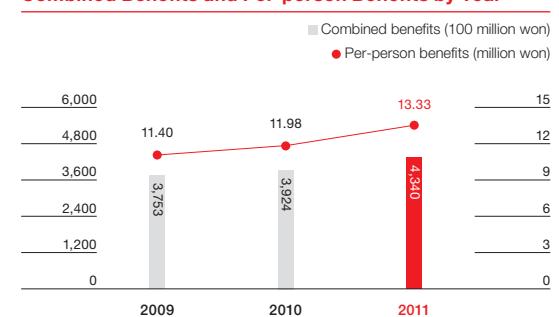
The number of retirees grew as many employees met the retirement age extended in 2008.

## Society / Employees

### Benefits

Kia Motors provides the same benefits package to full time and temporary (or part-time) employees. In addition to the legally mandated welfare benefits, we offer a wide range of benefits in order to raise the quality and security of employees' lives and boost morale for labor-management trust building. In 2011, 72 employees took maternity leave, a legally stipulated benefit. We offer a midterm severance payout program to assist with living costs and provide greater convenience. In 2011, 9,845 employees took advantage of the program, and the combined total payout was 409.2 billion won. We also extended holiday transportation and holiday allowances of 51.8 billion won and 9.7 billion won, respectively.

#### Combined Benefits and Per-person Benefits by Year



• Per-person benefit figures were adjusted with the changes to the total number of employees (executives included) for 2009 and 2010.

### 2011 Education and Training

With our mid-term talent development strategy as the basis, Kia Motors developed and implemented a new talent development system in 2011. The system is comprised of the Leadership Curriculum for cultivating able leaders, Professional Curriculum for raising job expertise, Value Curriculum for internalizing the company's refurbished core values and strengthening their implementation, and Global Curriculum for enhancing the global competencies of employees in Korea and overseas. The Leadership Curriculum is made up of a program to enhance leadership skills at each position level and a program for candidates for leadership positions to adequately prepare themselves for their new position and responsibilities. The Professional Curriculum is comprised of a program to enhance work expertise by job area and the InnoBiz School program for head of teams to hone problem-solving skills. The Value Curriculum is designed for employees who have just received promotions to reinforce executive competencies as regards the company's core values. With the goal of cultivating the global competencies of Korean and overseas employees, the Global Curriculum is made up of programs for the internalization of the company's core values, developing global leaders, embracing cultural diversity, and boosting global communication skills. To effectively assist overseas subsidiaries in their efforts to develop local talent, we have developed and operate part of the common global education and training program online. We have also expanded foreign language programs for domestic employees. Kia Motors strives to provide systematic and effective human resource development programs tailored to the varying needs of individual employees.

### Protection of Employee Human Rights

Kia Motors strives to protect employees' basic human rights. We run a grievance processing system via the company intranet for convenient tracking of a filed grievance and the outcome. We hold a semi-annual sexual harassment class for the entire workforce on relevant laws and company regulations and policies in order to protect the human rights of women employees. The Sexual Harassment Counseling Center within the Employee Counseling Center works to prevent sexual harassment at the workplace. The Committee for Women Employee Counseling is also dedicated to resolving problems and challenges women employees may face at the workplace.

## Society / Employees

### Ban on Child Labor and Forced Labor

Kia Motors only hire employees aged 18 and above as stipulated in the company's employment regulations. As per Article 65 of the Collective Agreement, Kia Motors does not force employees to take holidays or work overtime nor do we unfairly treat our employees for not taking holidays or not working overtime.

### Announcement of Management Changes

Article 17 of Collective Agreement provides that Kia Motors must announce management changes. Changes requiring disclosure include changes to the company name or the articles of association; revisions, enactment, or termination of employment, human resource, and other company regulations that affect the conditions and status of employees; the appointment, dismissal, or change in position or status of executives; business performance; and the decisions of the Board of Directors. Such changes are announced in writing. We also disclose our business performance (monthly/quarterly/every two quarters) to the labor union to strengthen mutual trust and cooperation.

### Industrial Accident Prevention and Response

Kia Motors' foremost priority is the prevention of industrial accidents to protect employee safety and health and welfare as stipulated in Article 78 of the Collective Agreement. Every plant has an Industrial Safety and Health Committee composed of seven representatives each from labor and management to promote a safe and pleasant work environment. In the meantime, the Comprehensive Industrial Safety and Health Committee, comprised of one labor-management representative from each plant, decides on major health and safety issues based on labor-management consultation. Kia Motors also has in place industrial health and safety systems at our worksites (Sohari & Gwangju plants: KOSHA18001-certified; Hwaseong plant OHSAS18001- & KOSHA18001-certified) for systematic and effective prevention of industrial accidents. Production managers and musculoskeletal specialists in charge of employee safety and health receive regular training. Every three years, worksite inspections are undertaken to identify and improve work processes that may cause musculoskeletal disorders. We consult with medical specialists to rearrange and improve the work environment. We also operate programs to prevent hearing loss from worksite noises and respiratory damage from hazardous airborne substances. In accordance with the Industrial Health and safety Act, we require regular, special, random, and pre-employment health checkups. We also provide customized rehabilitation care for employees returning to the workplace after receiving treatment for injuries sustained in industrial accidents.

### Industrial Accidents and Leave

At Kia Motors' domestic worksites (all domestic worksites including corporate headquarters, sales offices, and service center), there were 462 industrial accidents in 2011, 85 fewer than in 2010. A total of 84,537 days of leave resulted from industrial accidents in 2011, 7,824 days fewer than in 2010. Kia Motors is on a group insurance plan that provides employees with medical expenses for injuries suffered from accidents in non-working situations. We have in place a system to manage follow-up measures based on health examination results. When we reorganize production lines, we install equipment and machinery designed to minimize musculoskeletal disorders.

• There was a mistake in the tabulation of the number of industrial accidents and resulting days of leave for 2010 in the 2010 report. The corrected figures are as follows: 547 industrial accidents and 92,361 days of leave.

### System for Environment, Safety, and Health

Kia Motors developed the Integrated System on the Environment, Safety, and Health (i-ESH) for the systematic management of information related to the environment, safety, and health at our worksites. On-site work processes and inspection are managed and authorized through i-EHS. The system also provides employees with convenient access to information and educational materials on environment, safety, and health, which they can apply to everyday work processes and situations. The Kia Safety Academy (KSA) offers courses on the legal aspects of worksite health and safety as well as a program designed to develop internal safety and health inspectors.

## Society / Partner Companies

### Support and Assistance through the Foundation for Korea Automotive Parts Industry Promotion

	Beneficiaries
Technological and technical support (Quality Technology Volunteer Team)	123 companies
Business management instruction (Partner Companies Support Team)	36 companies
Level-up education for secondary partners	374 companies
Academic seminar	22 times

### Bulk Buying by Year

Large Partners			(unit: 100 million won)		
	2009	2010	2011		
Amount	254	721	906		

Small and Medium Partners			(unit: 100 million won)		
	2009	2010	2011		
Amount	800	1,036	1,246		

### Payments for Goods and Services Received

	Parts for domestic use	Small and medium partners	Payment Type	Payment Cycle
			Large partners	
			Cash	1 time/week
			Electronic promissory note (60 days)	1 time/week
	Parts for export		Cash	1 time/month

### Key Education Programs for Partner Companies (131,622 partner company employees)

		Program Details	
		60 courses / 7,863 persons	- CEO seminar and trade-specific forums, CEO seminar for secondary partners, etc.
Manager/staff programs	Quality education	Quality seminar and education on enhancing the quality of parts	- 104 courses / 90,665 persons
	Job training	Job performance enhancement and support education	- 61 courses / 19,317 persons
	Values and vision education	Transparency/ethics education for partner companies	- 18 courses / 13,777 persons

### Anti-corruption Programs and Ethical Management System

Kia Motors announced the Code of Ethics and Regulation of Workplace Ethics in 2001 and has been working to promote employee compliance. We conduct cyber education classes to raise enterprise-wide awareness of ethical management. We adopted the fair trade Compliance Program (CP) in 2002 for the proper implementation and oversight of ethical management practices. CP is a Kia Motors' internal regulatory system designed to ensure voluntary compliance with fair trade laws and regulations. Kia Motors regularly conducts internal inspections with enthusiastic support from upper management, holds voluntary compliance consultative meetings attended by the executives of the Cyber Audit Office and key department heads, and regularly reports progress on CP to the Board of Directors.

In 2011, Kia Motors carried out a wide range of activities to eradicate unfair trade practices and foster a culture of fair trade as a core competitive advantage by drawing on the positive changes in the corporate outlook and culture we have achieved over the past ten years. The CEO's message of commitment to voluntary compliance relayed via the company groupware at least once a quarter was delivered 10 times in 2011. We also focused on disseminating news on fair trade through the voluntary compliance bulletin board on the intranet. We carried out an extensive revision of the CP Manual, an internal voluntary compliance guideline, and distributed the revised manual. CP operating procedures were devised and registered as a work standard, and we strengthened employee education and training and internal oversight schemes for 29 departments to which fair trade and voluntary compliance are especially relevant. We also expanded the company fair trade education program for the employees of sales and procurement departments and provided a wide range of outside education and training opportunities concerning latest fair trade trends that can be applied to everyday business operations. Based on these efforts, Kia Motors' CP received an A-rating from the Korea Fair Trade Commission (KFTC) in 2011 as in

2009. The A-rating not only served as an opportunity for external recognition of our progress on voluntary compliance but also came

## Society / Partner Companies·Local Communities

### with the benefit of a 10% reduction in fines and a one-year waiver on misfeasance investigations.

In 2011, Kia Motors received one warning from the KFTC after an onsite investigation, and Kia Motors was cleared of the two cases of complaints filed against Kia Motors. We undertook an internal audit of the relevant department following the KFTC investigation, and eight employees were subjected to disciplinary actions, including advised resignation. Appropriate disciplinary actions were taken against two employees discovered to be involved in corruption cases through the Cyber Audit Office and other anti-corruption programs. Seven employees involved in an accident related to company funds and eight employees involved in the acceptance of money and entertainment from partner firms were subjected to suspensions, advised to resign, or dismissed. Kia Motors will continue to undertake thorough preemptive and preventive measures to reinforce the internal oversight system, promote fair competition, and ensure transparent work processes and business transactions.

### Education on Fair Trade and Voluntary Compliance

	Education on Fair Trade Act	Program Details	
		In-house (3,298 hours)	<ul style="list-style-type: none"> <li>- Jan.-Mar., May, Sep.-Nov.: Executives in charge of CP (7 sessions)</li> <li>- Mar.: Employees of Hyundai Motor Group</li> <li>- Mar.: Managers and team heads of procurement department and executives (219 persons)</li> <li>- May: Members of the VP Consultative Meeting and employees of key departments (200 persons)</li> <li>- May, Sep.: Cyber education for new recruits with college diplomas (232 persons)</li> <li>- Jul.: Team heads of key departments (46 persons)</li> <li>- Oct.: Employees of procurement department (200 persons)</li> <li>- Nov.: Employees of domestic sales department (201 persons)</li> </ul>
		External (109 hours)	<ul style="list-style-type: none"> <li>- Korea Chamber of Commerce and Industry</li> <li>Mar.: Executives in charge of CP (2 persons)</li> <li>- Fair Competition Federation</li> <li>Feb., Mar., Oct., Nov.: CP officers and staffers</li> <li>- Fair Trade Commission</li> <li>May: Employees of Kia Motors UK (4 persons)</li> <li>Aug., Sep., Dec.: CP officers</li> </ul>

### Social Outreach Expenditure

	(unit: won)			
	2009	2010	2011	Subtotal
Social welfare	4,786,108,975	4,899,769,073	10,309,212,172	19,995,090,220
Health and medical care	16,860,000	228,700,000	164,665,814	410,225,814
Education, schools, and academic research	1,102,180,554	4,195,156,046	2,838,311,290	8,135,647,890
Arts, culture, and sports	2,385,713,000	3,220,006,000	3,019,797,600	8,625,516,600
Environment	291,493,000	146,523,092	281,460,930	719,477,022
Emergency and disaster relief	-	859,000,000	1,142,000,000	2,001,000,000
International Activities	1,108,631,203	1,834,761,346	2,217,676,599	5,161,069,148
Other	1,389,121,210	739,383,250	1,247,238,306	3,375,742,766
Total	11,080,107,942	16,123,298,807	21,220,362,711	48,423,769,460

· Only expenditures qualifying as donations as per tax laws and regulations and expenditures for public campaigns and sponsorships of academic, arts and culture, and sports events were tabulated (domestic worksites)

### Social Outreach Participation and Hours

	2009	2010	2011
Total no. of participants (persons)	9,998	16,088	27,459
Total no. of service hours (hours)	52,466	59,942	62,361
Per-person service hours (hours)	1.6	1.8	1.9

· Per-person service hours are the total number service hours divided by the total number of employees for the respective years.

## Environment

With the exception of afforestation status, all data pertain to Korean worksites (Sohari, Hwaseong, and Gwangju plants). Refer to pp. 86-89 for detailed environmental data on individual Korean and overseas worksites.

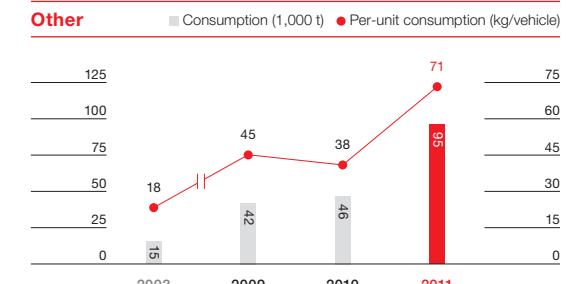
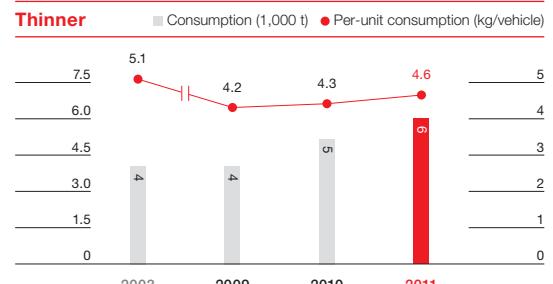
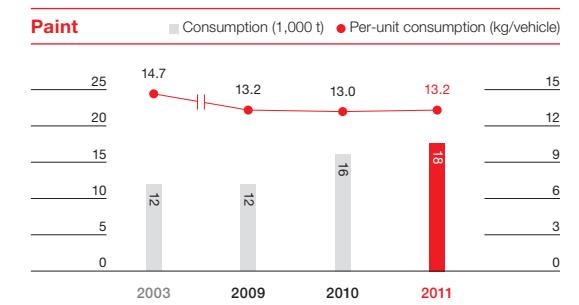
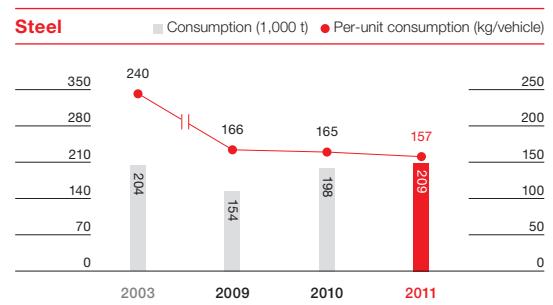
Kia Motors manages key environmental indicators based on the core tasks of environmental management as below:

Environmental Targets and Progress		Per-unit reduction compared to base year	2011		2012	
Category	Subcategory		Target	Performance	Result	Target
Green growth Green production Resource regeneration	Energy (greenhouse gases)	tCO <sub>2</sub> eq	2008	Change in tabulation method	20.5%	- 20.0%
	Air	Particulate matter	2003	52.0% or higher	69.8%	60.0%
	SOx			19.0% or higher	21.5%	20.0%
	NOx			20.0% or higher	21.7%	20.0%
	Water	BOD		25.0% or higher	18.9%	25.0%
		COD		25.0% or higher	30.0%	25.0%
		SS	2005	30.0% or higher	23.2%	30.0%
	Controlled chemicals	Usage	2003	14.0% or higher	18.5%	15.0%
	Waste	Recycled	Percentage of total waste	94.0% or higher	93.2%	94.0%
		Landfill		0.8% or lower	1.0%	0.8%
VOC	Incineration			5.2% or lower	5.8%	5.2%
	Emissions		2005	3.0% or higher	46.0%	40.0%
		Thinner recovery	Against 2005 recovery rate	25.0% or higher	19.1%	25.0%

Unit and method of tabulation for greenhouse gas emissions and energy consumption have changed with revisions to the management guidelines for greenhouse gas and energy targets.

### Raw Materials

In 2011, Kia Motors used 209,000 t of steel (not including steel supplied to partner companies), which is a 2.4% increase and a 34.5% per-unit (based on the number of units produced; same conditions apply to the figures that follow) decrease from the base year of 2003. While paint and thinner consumption grew by 40.3% and 41.3%, respectively compared to 2003, the per-unit consumption dropped by 10.1% and 9.5%, respectively. We track the usage of aluminum, sealer, deadener, and Wrap-Guard film under 'Other.' The dramatic increase in the figure for the 'Other' category is attributable to the significant spike in aluminum consumption with the construction of a light alloy plant in the Hwaseong plant complex in 2011. Leftover zinc-coated steel is sent to iron manufacturers while uncoated steel is recycled at the foundry in Gwangju. In 2011, 14,000 t of steel was recycled, a 33% year-on-year increase. As for thinners, they are recovered and then taken to recycling service providers.

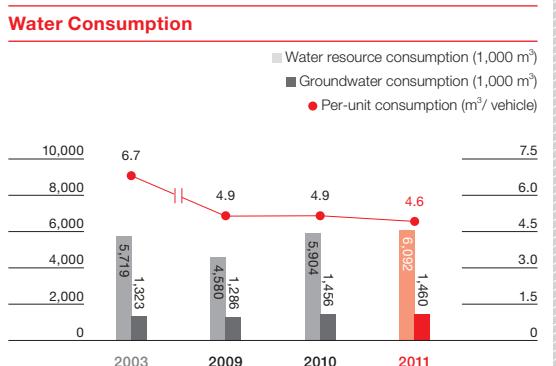
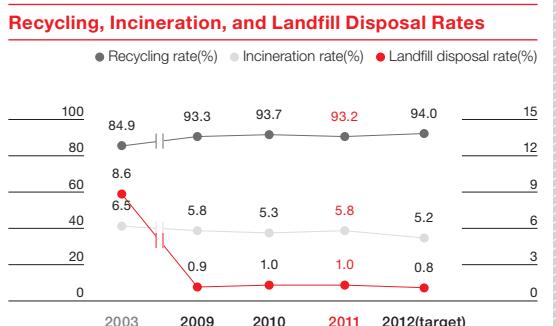


Other: Aluminum, sealer (adhesive), deadener (soundproofing laminate), Wrap-Guard film, etc.

## Environment

### Waste Reduction and Recycling

The total amount of waste generated at the three domestic worksites (Sohari, Hwaseong, and Gwangju plants) in 2011 was 22,200 t, 93.2% (207,000 t) of which was recycled to make cement while 5.8% (13,000 t) was incinerated. While the total amount of recycled waste increased by 13,000 t given the increase in the amount of waste generated, the recycling rate dropped by 0.5% from the previous year because of the limited processing capacity of the recycling centers. The amount of waste generated per vehicle decreased by 28% (167 kg) from the base year of 2003.



### Water Resources

Kia Motors receives water from Paldang Dam (Sohari and Hwaseong plants) and Juam Dam (Gwangju Dam). The two dams hold more than 200 million tons of water each. Since 2000, Kia Motors has carried out campaigns and made facilities investments to improve cooling tower overflow, increase the water recovery rate from condensed steam, and conserve water in lavatories. As a result, we cut our per-unit water consumption by 31.8% from 2003.

### Energy and Greenhouse Gases

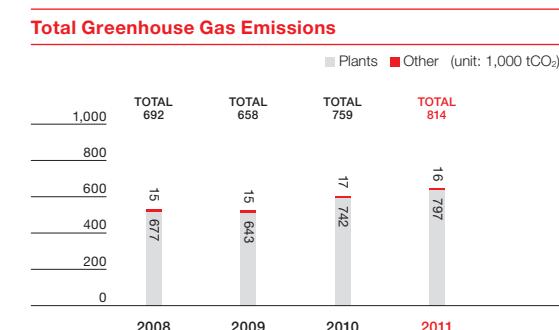
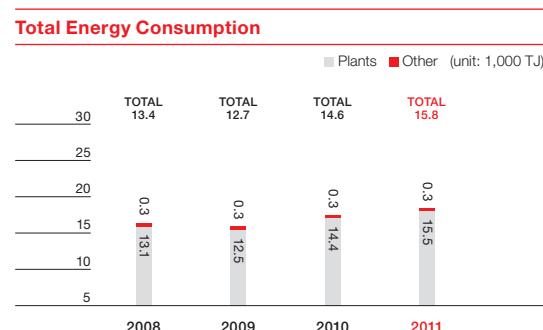
In 2006, Kia Motors became the first Korean business to undertake a third-party assurance of greenhouse gas emissions of our service and production facilities and set up a greenhouse gas inventory, which we have been using for emissions management. In accordance with the Basic Law on Low Carbon Green Growth, which went into effect in 2011, we re-tabulated our greenhouse gas emissions and energy consumption since 2007 as per regulatory standards and reported them to the government. The total greenhouse gas emissions in 2011 from all domestic plants, service centers, sales offices, shipping offices, and training centers amounted to 813,793 t. Sohari, Hwaseong, and Gwangju plants were responsible for 797,416 t of the total greenhouse emissions.

**Curbing Energy Consumption and Greenhouse Gas Emissions** Upon signing a voluntary agreement (VA) for energy conservation in 2000, Kia Motors has been steadfast in our efforts to cut energy consumption and greenhouse emissions, regularly reporting our progress to the Korea Energy Management Corporation (KEMCO). We joined the greenhouse gas and energy target initiative in 2011, agreeing to report our annual greenhouse gas emissions and energy consumption to the government and negotiated the targets for the following year. As a result of the negotiations, we strengthened the annual CO<sub>2</sub> emissions target for 2012 by 1.02% from the original target to 871,366 tCO<sub>2</sub>. The government set the energy-related target for the automotive industry at a 7.8% reduction from BAU levels by 2020. Kia Motors has raised our own target and will be aiming to cut our per-unit greenhouse gas emissions by 30% from 2008 levels by 2020. Kia Motors will continue with our reduction efforts to meet both the government and self-set targets. In 2011, we cut 1,000 t of greenhouse gas emissions by adopting an operation management system that enables real-time temperature control for the manual-control air conditioning system at the Hwaseong paint shop. With the early introduction of low-temperature paint we use in the winter, we saved on the fuel needed to adjust the temperature for the paint. This measure resulted in a greenhouse

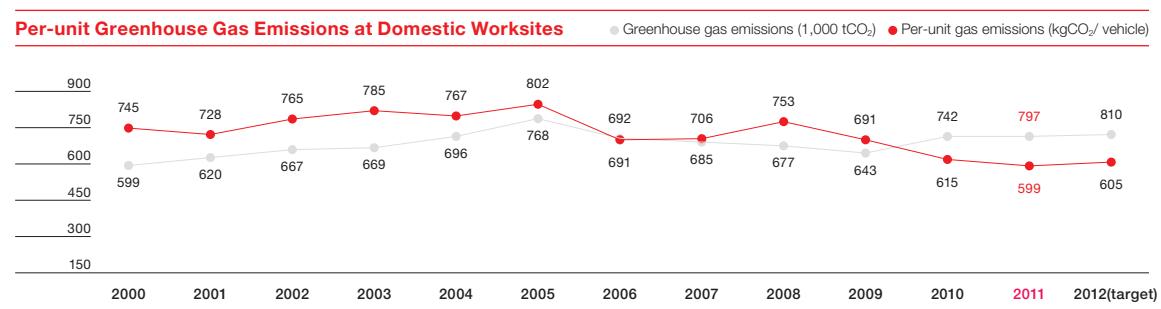
## Environment

gas reduction of around 500 t. We are curbing fuel consumption by replacing old light fixtures with induction lamps, turning on only alternating interior and outside lights, minimizing the unnecessary operation of equipment and machinery, and making facility improvements. We operate shuttle buses, restrict parking pass issuance, and run a rotating parking system to minimize greenhouse gas emissions from employee commutes and business trips.

Electric power (61%) and LNG (38%) account for 99% of Kia Motors' total energy consumption, and most of our greenhouse emissions are attributable to these fuel sources. While the total greenhouse emissions (tabulated according to regulatory standards) have increased with the steady increase in production volume since 2008, the per-unit emissions have been on a decline. This is the result of the precision monitoring of our emissions trends, rigorous analysis of reducible emissions, development of the greenhouse inventory, and consistent and effective reduction efforts. Since 2007, the Slovakia and China I-II plants have been receiving third-party assurance of their greenhouse gas emissions statements. The Georgia plant (USA) completed the third-party assurance in 2010; we have thereby expanded the scope of third-party assurance to all our worksites. We plan to become ISO 50001-certified (energy management standard) in 2012 to bolster our energy and greenhouse gas management systems and efforts.



- BAU (Business as Usual): Expected increase in greenhouse emissions, energy consumption, and per-unit trends if no reduction measures are taken
- Plants: Sohari, Hwaseong, and Gwangju plants
- Other: Corporate headquarters, service centers, sales offices, shipping offices, Osan Training Center, Pyeongtaek Port
- Greenhouse gas emissions and energy consumption were re-tabulated as per regulatory standards.

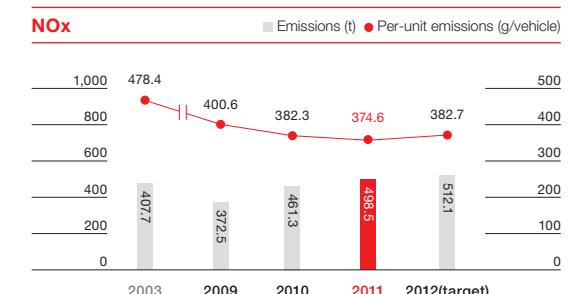
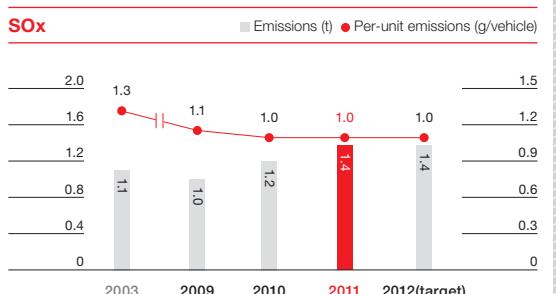
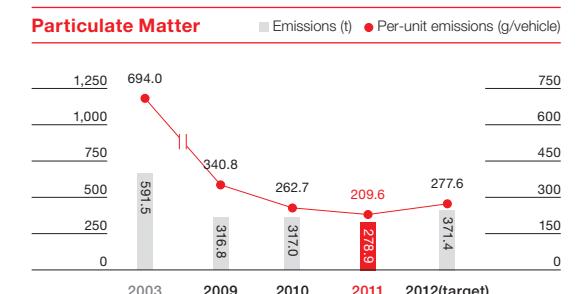


- Scope: Domestic worksite (Sohari, Hwaseong, Gwangju plants)
- Greenhouse gas emissions for 2000-2006 were re-tabulated as per the revised scope of tabulation.
- Greenhouse gas emissions and energy consumption for 2007-2010 were re-tabulated as per regulatory standards.
- Emissions tabulation standard: Scope 1, 2 emissions based on lower heating value (2000-2006) / Operating Guidelines on Greenhouse Gas, Energy Target Management System (Notification No.2011-29 of the Ministry of Environment) (2007-)

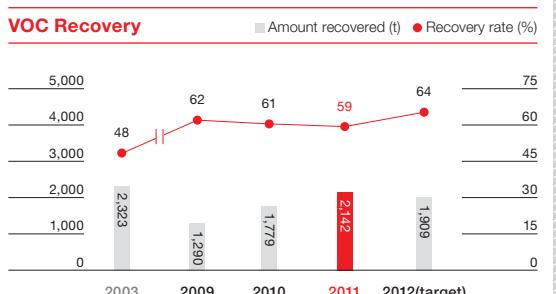
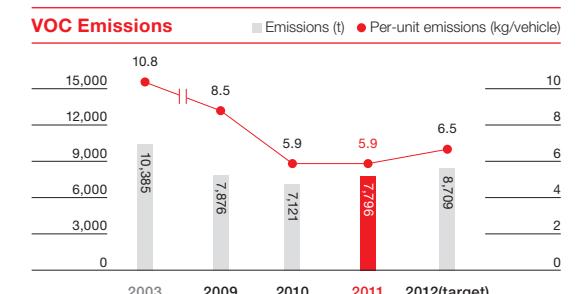
## Environment

### Environmental Pollutants

**Atmospheric Pollutants** Kia Motors is working to efficiently eliminate particulate matters (PM) generated from our manufacturing processes. At the Sohari and Hwaseong plants, we installed tele-monitoring systems (TMS) for round-the-clock monitoring of boilers and other high-polluting systems to meet the total atmospheric emissions cap of the Seoul Metropolitan Area. In 2011, the total amount of atmospheric pollutants emitted was 778.7 t, similar to the previous year. However, the per-unit emissions stood at 0.59 kg, a 9% year-on-year decline. SOX, NOX, and PM emissions in 2011 recorded a year-on-year per-unit decrease of 1.1%, 2.0%, and 20.2%, respectively. In 2011, we reduced PM emissions at the Hwaseong plant by doing away with unnecessary processes at Hwaseong Plant's powertrain factory.

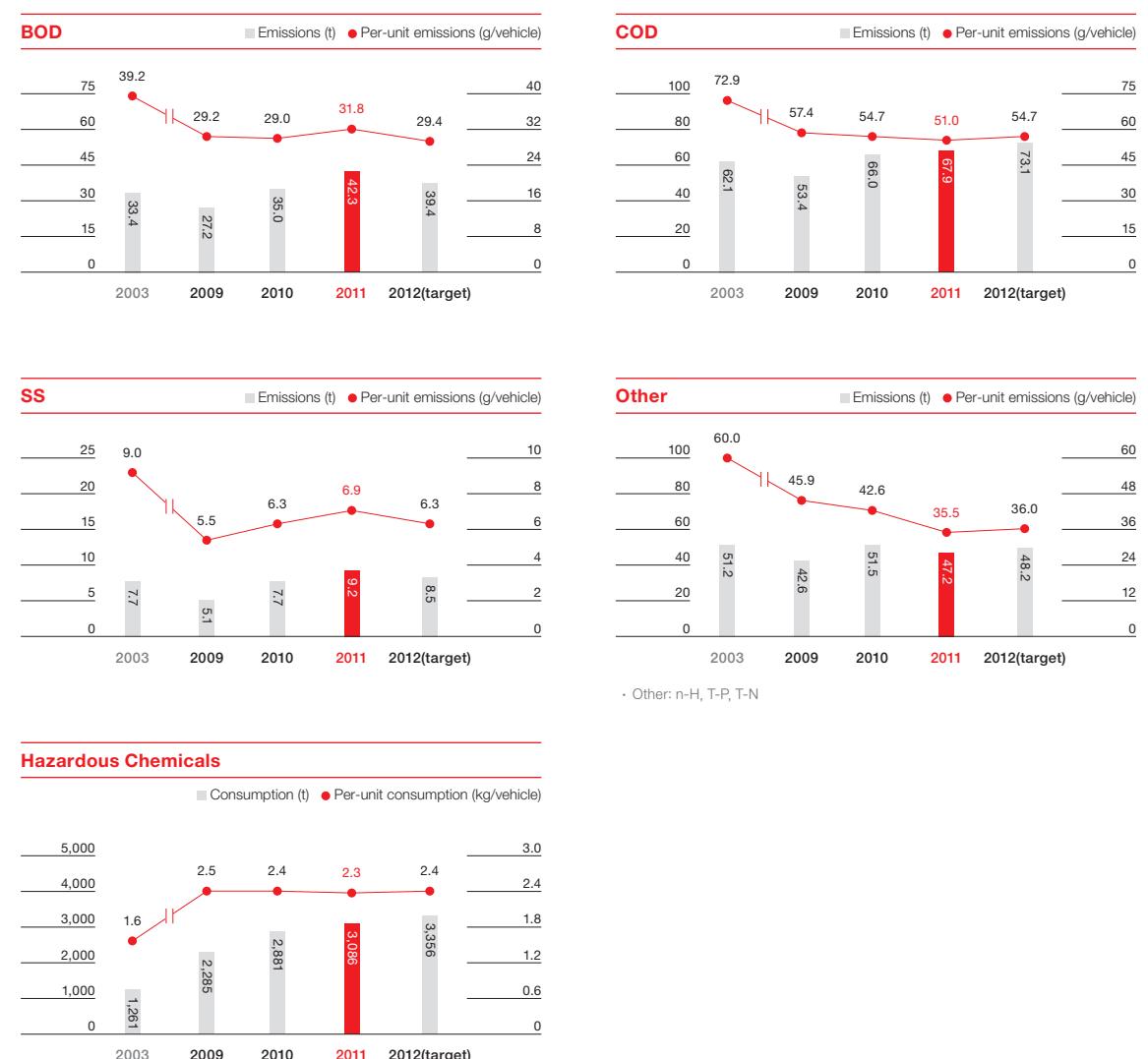


**Volatile Organic Compounds (VOCs)** Kia Motors strives to minimize VOC emissions in our manufacturing processes as VOCs contribute to global warming, destroy the stratospheric ozone layer, and emit foul odors. With the increase in production volume, our VOC emissions grew by 9% from 2010 to 7,796 t, but we surpassed the 2011 target of 23% set in 2010. We also surpassed our 2011 per-unit emissions target of 7.6 g set in 2010. While the amount of total emissions grew, our per-unit emissions came in at 5.9 g, maintaining the 2010 emissions level. However, the recovery rate for organic solvents (59%) was lower than that of 2010 due to the capacity limitations of recovery facilities. Kia Motors will continue to work toward curbing per-unit emissions and raising the recovery rate.



## Environment

**Water Pollutants and Hazardous Chemicals** At our domestic worksites (Sohari, Hwaseong, and Gwangju plants) in 2011, the per-unit emissions of BOD (biological oxygen demand), SS (suspended solids), COD (chemical oxygen demand) relative to the total number of vehicles produced dropped by 18.9%, 30.0%, and 23.2%, respectively from 2003 levels. However, emissions grew from the previous year due to the rise in production volume and the construction of a light alloy plant. The total amount of chemicals used at Korean worksites in 2011 was 3,086 t, which marks an increase from 2010, but per-unit emissions decreased by 2.9%. The consumption, atmospheric emissions, and generated waste of TRI (Toxic Release Inventory) chemicals stood at 39,607 t, 1,083 t, and 1,605 t, respectively, in 2011.



## Environment

### Environmental Management System

With the adoption of the environmental management system at Kia Motors Manufacturing Georgia (KMMG) in March 2011, all Kia Motors domestic and overseas worksites became ISO 14001 (environmental management standard)-certified. Every year, we undertake an internal evaluation and an environmental audit to assess our progress on environmental management, identify problems, and make improvements. In 2012, we plan to start the step-by-step implementation of an IT-based environmental system that will enable us to set global environmental targets and manage our progress in a more effective manner. As in 2010, the Sohari plant was given an enforcement order to curb noise pollution in 2011. We built additional noise barriers and adjusted the direction of the ducts. We will continue to devise new noise-reduction measures and make steadfast improvements.

### Environmental Expenditure

Every year, Kia Motors organizes our environmental expenditure into five categories for the effective management and enhancement of our environmental efforts. Through a streamlined investment evaluation system adopted in 2004, we evaluate the cost-saving benefits and returns on our environmental investments by category. The data and information thus gathered are used to draw up environmental investment plans for the following year. In 2011, the total environmental expenditure for our three domestic plants and the Slovakia plant was around 29.9 billion won, 40% year-on-year increase. The sharp increase is attributable to the rise in environmental facilities investment—i.e., replacement of old equipment and the introduction of new equipment at paint shops to curb paint usage.

### Environmental Expenditure

Categories		2009	2010	2011
Environmental load reduction (direct)	(Investment and maintenance of environmental equipment and facilities)	10,221,248	15,515,210	22,615,421
Environmental load reduction (indirect)	(Employee environmental education and environmental assessments)	1,716,979	787,750	919,966
Environmental risk management	(Environmental regulation compliance and accident prevention)	2,601,346	3,708,919	4,223,260
Waste processing and recycling	(Waste processing outsourcing)	82,528	31,511	116,900
Environmental protection and preservation	(Social outreach activities and afforestation)	226,756	127,854	751,717
Total		14,848,857	20,171,244	28,054,217

• Investment expenditure: Exclusive of research centers

• With the revision of the scope of the data to domestic worksites, 2009 and 2010 figures were revised accordingly.

### Afforestation

In line with the expansion of the building areas, Kia Motors is also working to expand green areas to raise the eco-friendliness of our production facilities. Thanks to our stringent management of soil-polluting facilities since 2000, there has not been a single case of soil contamination for over 10 years. We will continue to strengthen our inspection and management standards.

### Afforestation Status

	Sohari	Hwaseong	Gwangju	Slovakia (KMS)	China plant I (DYK1)	China plant II (DYK2)	US plant (KMMG)
Site area (m <sup>2</sup> )	498,908	3,251,923	1,014,877	1,886,732	405,256	1,449,752	2,596,130
Building area (m <sup>2</sup> )	216,214	1,056,000	438,325	254,163	89,464	272,496	211,554
Green area (m <sup>2</sup> )	24,374	637,000	90,137	1,222,600	36,752	310,437	793,187
Green rate (%)	8.6	29	15.6	75	10.4	26	33.3
Afforestation (trees)	22,002	240,792	114,950	721	3,599	2,234,841	1,418

## Environment

### Environmental Management by Worksite



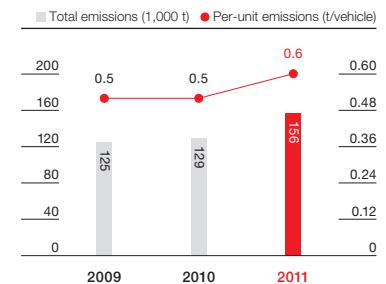
#### Sohari Plant

<b>Location</b>	781-1, Soha-dong, Gwangmyeong, Gyeonggi-do
<b>Employees</b>	5,587 persons
<b>Establishment</b>	July 1973
<b>Flagship Products</b>	Grand Carnival (Carnival/Sedona), Optirus, Pride (Rio)
<b>Site Area</b>	498,908 m <sup>2</sup>
<b>Building Area</b>	216,214 m <sup>2</sup>
<b>ISO 14001</b>	December 2003

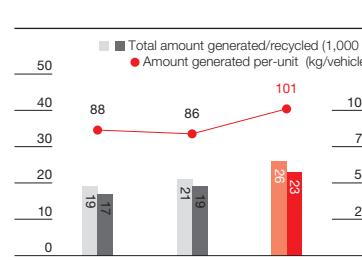


Environmental Director &  
Plant Superintendent  
Vice President  
Kwang-sik Park

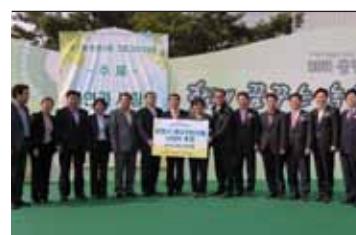
#### CO<sub>2</sub> (Energy) Reduction



#### Waste Reduction



#### Community Outreach



**Community engagement:** The Sohari plant hosted the 2011 Festival of Life and Peace, the plant's flagship social outreach program. Working with local government and non-governmental organizations, the Sohari plant contributed to enriching the local arts and culture and spreading environmental awareness through the Festival of Life and Peace. Furthermore, SNS marketing and voluntary employee participation have elevated the Kia brand value and reinforced social outreach efforts.

**Environmental Accidents or Lawsuits:** None  
**Enforcement or Correction Orders:** 1 instance of administrative order on noise violation



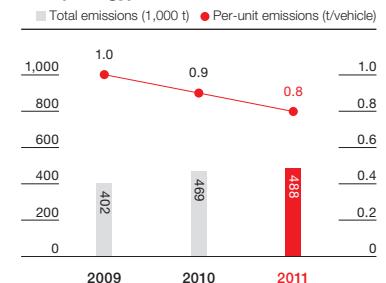
#### Hwaseong Plant

<b>Location</b>	1714 Ihwa-ri, Ujeong-eup, Hwaseong, Gyeonggi-do
<b>Employees</b>	11,901 persons
<b>Establishment</b>	April 1989
<b>Flagship Products</b>	K5 (Optima), K7 (Cadenza), Sorento R (Sorento), Forte (Cerato), Mohave
<b>Site Area</b>	3,251,922 m <sup>2</sup>
<b>Building Area</b>	1,056,000 m <sup>2</sup>
<b>ISO 14001</b>	April 2003

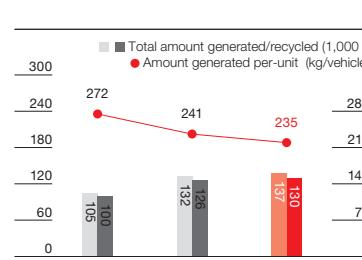


Environmental Director &  
Plant Superintendent  
Senior Vice President  
Cheon-Gwon Song

#### CO<sub>2</sub> (Energy) Reduction



#### Waste Reduction



#### Community Outreach



**Community engagement:** The Hwaseong plant organizes kimchi- and rice-sharing events for low-income residents and senior citizens who live alone. The plant is also actively involved in local environmental cleanup activities in collaboration with Hwaseong City (adopt-a-highway) and Pyeongtaek Regional Maritime Affairs and Port Office (beach cleanup).

**Environmental Accidents or Lawsuits:** None  
**Enforcement or Correction Orders:** None

• Hwaseong plant's per-unit energy consumption and waste generation figures are higher than those of other worksites because the plant complex includes a casting plant, light alloy production plant, and engine manufacturing plant.

## Environment

### Environmental Management by Worksite



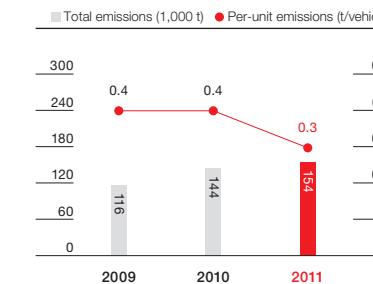
#### Gwangju Plant

<b>Location</b>	700 Naebang-dong, Seo-gu, Gwangju
<b>Employees</b>	6,556 persons
<b>Establishment</b>	July 1965
<b>Flagship Products</b>	Soul, New Carens (Rondo), Sportage R (Sportage), Bongo III (K-Series) trucks, buses, military vehicles, engine blocks, heads
<b>Site Area</b>	1,014,877 m <sup>2</sup>
<b>Building Area</b>	438,325 m <sup>2</sup>
<b>ISO 14001</b>	November 2003

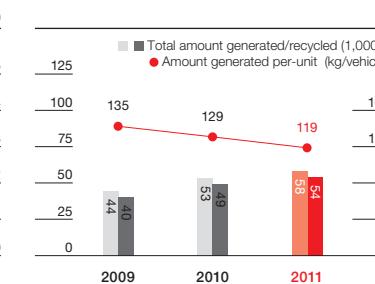


Environmental Director &  
Plant Superintendent  
Senior Vice President  
Jong-Woong Kim

#### CO<sub>2</sub> (Energy) Reduction



#### Waste Reduction



#### Community Outreach



**Environmental Accidents or Lawsuits:** None  
**Enforcement or Correction Orders:** None



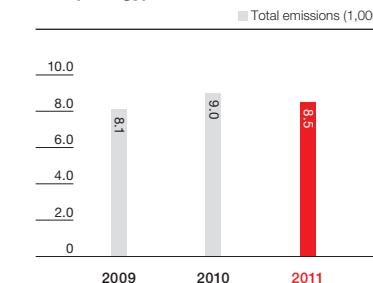
#### Service Centers

<b>Location</b>	996-3 Siheung-dong, Geumcheon-gu, Seoul & 19 other locations
<b>Employees</b>	1,909 persons
<b>Establishment</b>	1958
<b>Key Services</b>	Kia vehicle warranty and repair/maintenance services
<b>Site Area</b>	210,067 m <sup>2</sup>
<b>Building Area</b>	168,470 m <sup>2</sup>
<b>ISO 14001</b>	December 2003



Environmental Director &  
Plant Superintendent  
Vice President  
Myung-Seob Lim

#### CO<sub>2</sub> (Energy) Reduction



#### Adoption of New and Renewable Energy Systems



#### Community Outreach



**Environmental Accidents or Lawsuits:** None  
**Enforcement or Correction Orders:** None

## Environment

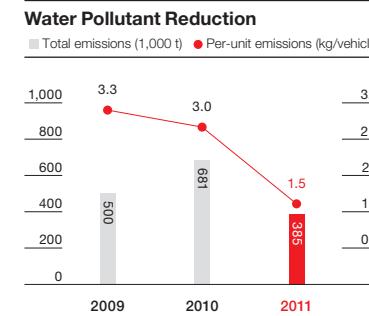
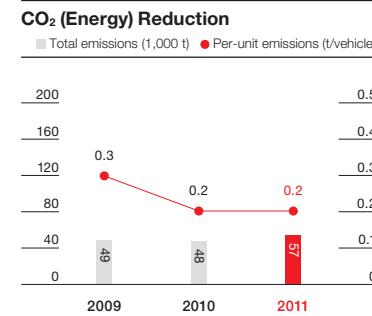


### Slovakia Plant

**Location** Teplicka n/Vahom, Slovakia  
**Employees** 4,000 persons  
**Establishment** March 2004  
**Flagship Products** Sportage, cee'd, Venga  
**Site Area** 1,886,732 m<sup>2</sup>  
**Building Area** 254,163 m<sup>2</sup>  
**ISO 14001** March 2011



Environmental Director &  
Plant Superintendent  
Senior Vice President  
Eek-hee Lee



**Community engagement** The Slovakia plant carried out diverse activities to strengthen ties with the local community. The plant organized invitational events and plant tours for local residents and held regular meetings to receive local feedback and share issues and concerns. A children's summer camp was organized at the plant's training facility. The Slovakia plant also participated in local traditional events and provided funding for the repair and maintenance of community facilities.

Environmental Accidents or Lawsuits: None  
Enforcement or Correction Orders: None

## Environment

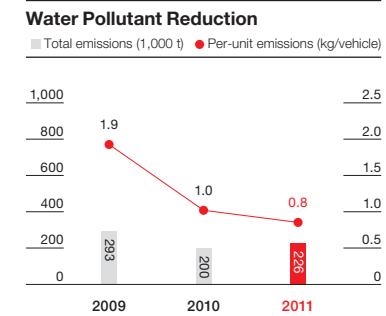
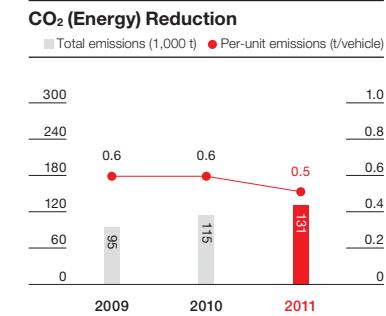


### China (Yancheng) Plant 2

**Location** Yancheng, Jiangsu Province, China  
**Employees** 4,797 persons (combined total of China plants 1 & 2)  
**Establishment** December 2007  
**Flagship Products** Cerato, Forte, K5 (Optima), K2  
**Site Area** 1,467,752 m<sup>2</sup>  
**Building Area** 272,496 m<sup>2</sup>  
**ISO 14001** December 2009



Environmental Director &  
CEO  
Nam-young So



Environmental Accidents or Lawsuits: None  
Enforcement or Correction Orders: None

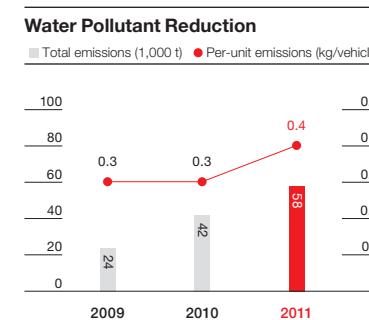
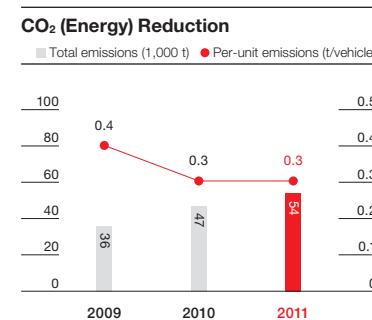


### China (Yancheng) Plant 1

**Location** Yancheng, Jiangsu Province, China  
**Employees** 4,797 persons (combined total of China plants 1 & 2)  
**Establishment** July 2002  
**Flagship Products** Sportage R, Sportage, Soul, Rio, Optima  
**Site Area** 405,256 m<sup>2</sup>  
**Building Area** 89,464 m<sup>2</sup>  
**ISO 14001** June 2007



Environmental Director &  
CEO  
Nam-young So



**Community engagement** China plants 1 & 2 organized plant tours for local students and carried out a wide range of community outreach activities. The plants also sponsored cultural and sport events and have remained committed to Hope School and the Kia Village project, initiated in the aftermath of the 2008 Sichuan earthquake.

Environmental Accidents or Lawsuits: None  
Enforcement or Correction Orders: None

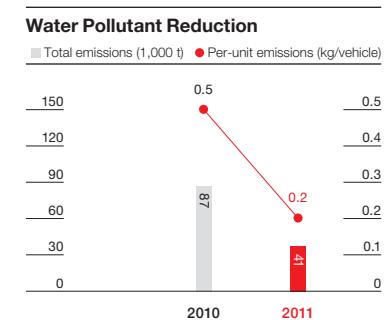
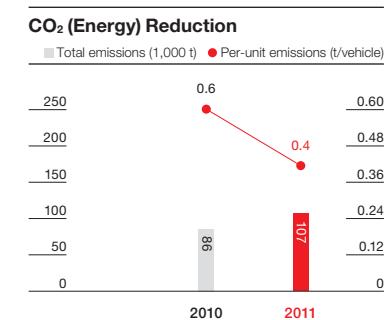


### Georgia Plant

**Location** West Point, GA, USA  
**Employees** 2,781 persons  
**Establishment** October 2006  
**Flagship Products** Sorento, K5 (Optima), Santa Fe  
**Site Area** 2,596,129 m<sup>2</sup>  
**Building Area** 211,554 m<sup>2</sup>  
**ISO 14001** March 2011



Environmental Director &  
Plant Superintendent  
Keun-sik Kim



Environmental Accidents or Lawsuits: None  
Enforcement or Correction Orders: None

## Environment

No.: AS\_PRJC-368475-2012-CCS-KOR\_E



### Assurance Statement Kia Motors Corp. Greenhouse Gas Emissions from the Year 2011

**< Introduction >**  
DNV Certification, Ltd. ("DNV") was commissioned by Kia Motors Corp. ("Kia Motors") to verify the Kia Motors' Greenhouse Gas Inventory Report for the calendar year 2011 ("the report") based upon a limited level of assurance for the international plants and a reasonable level of assurance for the domestic plants. Kia Motors is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol: 2004, the principles set out in ISO 14064-1:2006 and the guideline for Korean GHG target Management(Ministry of Environment No. 2011-29). Our responsibility in performing this work is to the management of Kia Motors Corp. only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

**< Scope of Assurance >**  
The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions), Energy indirect emissions (Scope 2 emissions):  

- Reporting period under verification: Calendar Year 2011
- Organizational boundary for reporting:

Name of site	Address / Remark	Verification activity
SLOVAKIA PLANT	P.O.BOX 2, 013 01 Teplicka n/Vahom Slovakia	Site visit, Process & data verification
CHINA PLANT 1	No. 1, Kaifang Rd, Yancheng, Jiangsu, China	Site visit, Process & data verification
CHINA PLANT 2	No. 1, Xiwanda Rd, Yancheng, Jiangsu, China	Site visit, Process & data verification
USA GEORGIA PLANT	7777 Kia Parkway WestPoint, GA 31383	Site visit, Process & data verification
SOHARI PLNAT	28-1 soha-dong, Gwangmyung-eil, Gyeonggi-do, 423-701, Korea	Site visit, Process & data verification
HWASUNG PLNAT	1714 Ihsan-ri, Weoung-eup Hwasung-eil, Gyeonggi-do, Korea	Site visit, Process & data verification
GWANGJU PLNAT	700 Naehang-dong, Seo-ku, Gwangju-si, Korea	Site visit, Process & data verification
Headquarter and offices in korea	Headquarter: Hyundai-KIA Motors Bldg., Yangjae 2-dong, Seocho-gu, Seoul, Korea	Site visit, Process & data verification

**< Verification Approach >**  
The verification has been conducted by DNV from 3<sup>rd</sup> February through 5<sup>th</sup> March 2012 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2006 and the guideline for Korean GHG target Management(Ministry of Environment No. 2011-29). We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a limited verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process:  

- We have reviewed and verified the information and data disclosed in the report;
- We have reviewed the GHG Emissions accounting tool and VATTZ(Value Advanced Automotive Trade Zone) system used to generate, collect, report the data.

**< Conclusions >**  
As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions data set out in Kia motors' report are not fairly stated except the qualification given below. The GHG Emissions of Kia Motors for the year 2011 were confirmed as below:

**Greenhouse Gas Emissions of Kia Motors from Yr 2011**

Unit: ton-CO<sub>2</sub> equivalent

Operational boundary	SLOVAKIA PLANT	CHINA PLANT 1	CHINA PLANT 2	USA GEORGIA PLANT	SOHARI PLNAT	HWASUNG PLNAT	GWANGJU PLNAT	Headquarter and other offices	Total
Direct Emissions	28,640	11,169	35,364	28,466	62,956	183,832	63,772	4,421	418,620
Energy Indirect Emissions	28,350	42,592	95,545	78,128	92,926	303,873	90,060	11,980	743,454
Total	56,990	53,761	130,909	106,594	155,882	487,705	153,832	16,401	1,162,074

\* Recommendation: It was found that the applied emission factors for the purchased steam were not referred to the steam suppliers' data in China plant 1 & 2, since the emission factors were not available from the steam suppliers. Instead, the emission factor developed by a steam producer within automotive manufacturing site in Korea is applied. Specific emission factor for the purchased steam should be developed and applied for the emissions calculations.

7<sup>th</sup> March 2012

  
Byoung-Wook Park  
Tae-Ho Kim  
Lead Verifier

  
In-Kyoon Ahn  
Country Manager  
DNV Certification, Ltd.

This Assurance Statement is valid as of the date of the issuance (7<sup>th</sup> March 2012). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of Kia Motors Corp. is subsequently brought to our attention.  
In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

## About This Report

Since 2003, Kia Motors has been publishing an annual sustainability report (MOVE) to inform our stakeholders of the company's efforts and progress on sustainable growth and demonstrate our ongoing commitment to practicing and advancing sustainability management. MOVE details Kia Motors' perspective and approach to global issues. We hope MOVE serves as a vehicle through which we can develop a shared awareness of global issues with stakeholders and receive diverse feedback on how to tackle these challenges. Despite the importance of the issues they cover, sustainability reports tend to be stuffy and difficult to understand. To make our report more accessible, Kia Motors adopted a sleek magazine-style layout in 2009. Every year, we provide in-depth coverage of a specific sustainability topic as a special feature to enhance reader accessibility to Kia Motors' progress on sustainable growth. The 2012 report looks back at 2011 with a special focus on our drive to maintain sustainable growth and our efforts to put our sense of responsibility and duty into action. We hope this report serves to inform stakeholders not only of our efforts and progress but also the importance of sustainability.

### Reporting Standards

Kia Motors' 2012 sustainability magazine MOVE follows the 'GRI Sustainability Reporting Guidelines 2006 (G3).' Item-for-item coverage ratings and relevant pages can be found in the GRI Index in the 'Appendices.'

• GRI: Global Reporting Initiative ([www.globalreporting.org](http://www.globalreporting.org))

### Reporting and Assurance

All information contained in this report is based on materials gathered by Kia Motors' Sustainability Reporting Committee, which was established to monitor the company's sustainability management activities and record relevant progress in an impartial and fair manner. For enhanced reliability, this report has been verified by the Institute for Industrial Policy Studies (IPS), a third-party assurance agency. The assurance statement can be found in the 'Appendices.'

### Reporting Scope and Period

The report covers the period from 2009 to 2011. It contains quantitative performance data from the past three years to provide a convenient overview of the positive and/or negative progress. The base year is listed for systems whose year of implementation or adoption is clear. As for qualitative performance, this report focuses on 2011 activities and efforts. The reporting period corresponds to Kia Motors' fiscal year, which is January 1 to December 31 of every year. There were no significant changes during the reporting period of Kia Motors' 2012 sustainability report.

### Accounting Standards

The tabulation of environmental and social investments and expenditure meet the accounting standards assured by the Board of Directors, Audit Committee, and external auditors and follow

the investment assessment system standards adopted in 2004. Details on environmental and social outreach expenditures can be found in the main body of the report as well as the 'Data Sheet' in the 'Appendices.'

### Reporting Targets

This report covers Kia Motors, subsidiaries that are joint stock companies in which Kia Motors owns 50% or more shares, and overseas joint-venture corporations. Reporting targets that fall under these categories are Kia Motors' domestic worksites (including corporate headquarters; Sohari, Hwaseong, and Gwangju plants; Namyang R&D Center; and service centers) as well as Dongfeng Yueda Kia, Georgia plant (USA), Slovakia plant, overseas technical centers, and the overseas worksites of overseas subsidiaries. The data collection scheme was first introduced to Korean worksites and is being expanded to overseas worksites, so some of the coverage in this report is limited to domestic worksites. We used footnotes to indicate those sections in which the coverage is limited to domestic worksites.

### Publication Schedule

The Korean version of this report (issue no. 10) was published on March 23, 2012 and distributed at the General Shareholders' Meeting. The English version is scheduled to be published on May 8. Kia Motors' sustainability magazine MOVE is an annual publication.

### Additional Information

Please refer to the following resources for additional information:

Kia Motors website: [www.kiamotors.com](http://www.kiamotors.com) / [www.kmcir.com](http://www.kmcir.com)

Kia Motors business report: [dart.fss.or.kr](http://dart.fss.or.kr) (Repository of Korea's Corporate Filing of the Financial Supervisory Service) or [www.kmcir.com](http://www.kmcir.com)

Department in charge: CSR Environmental Management Team, Planning Division of Kia Motors (Refer to 'Contact Us' for contact information)

## Independent Assurance Statement

### To the Management of Kia Motors

The Institute for Industrial Policy Studies (hereafter "Auditor") was engaged by Kia Motors to review information specified in its 2012 Sustainability Management Report (hereafter "Report") to provide an independent third-party assurance on the reported content. On the basis of the above, the Auditor presents the following independent statement of assurance.

### Responsibility and Objective

Kia Motors is responsible for all information and claims contained in the Report regarding the establishment of its sustainability management goals, performance management etc. The responsibility of the Auditor is to deliver the findings from its assurance undertaking to the management of Kia Motors. The key objective of the assurance is to check whether there are any material bias or errors present in the Report; assess whether the underlying data collection system is in proper working order; while undertaking in an overall review of the Company's process for identifying issues of material importance to sustainability management as well as the produced results so that the Auditor may deliver recommendations that can help improve the quality of future reporting.

### Assurance Type and Scope\*

For the purpose of this assurance, the Report was reviewed against the following reporting criteria.

1) AA1000 Assurance Standard (2008)<sup>1</sup>

2) BEST Reporting Guidelines<sup>2</sup>

3) GRI G3.1 Sustainability Management Reporting Guidelines<sup>3</sup>

### Scope of Assurance

Compliance with the three core AA1000S (2008) principles of Inclusivity, Materiality, and Responsiveness

Self-declared GRI reporting level/BEST Guideline reporting level

### Assurance Type/ Level

Type I/ Moderate

Moderate

### Assurance Criteria

- The three AA1000AS (2008) principles and IPS Assurance

Manual standards

- IPS Performance Indicators Assurance Criteria™

GRI G3.0 Sustainability Management Reporting Guidelines

### Work Undertaken

- Evaluating the sources of publicly disclosed information and internal parties involved

- Verifying the performance data collection systems and processes for each function
- Assessing response process to material issues
- Conducting interviews with each functional manager
- Completing on-site due diligence focusing on the head office(Seoul) and Hwaseong Plant (Hwaseong), Korea from Feb 27, 2012 to Feb 28, 2011
- Ensuring the financial data in the Report and Kia Motors's audited financial reports correspond
- Evaluating the Report for the extent of adherence to the GRI/ BEST Guidelines
- A review of the completeness and accuracy of the reported information by sample testing key issues
  - Social investment-related expenditure
  - Greenhouse gas emissions
  - anti-corruption related training and communication

### Limitations

For the purpose of this assurance, among the range of local and global workplaces that the Company manages, the Auditor chose to carry out an on-site review of the Company's Headquarters in Seoul and plant in Hwaseong. The review was based on available and disclosed data for the relevant reporting period and did not include online data. Financial information validated by a third party auditor and greenhouse gas-related data was not included within the scope of this assurance.

### Assurance Findings

Based on the assurance scope and criteria outlined above, we provide the following conclusions. The Auditor did not find the Report to contain any material misstatements or bias. The reported performance data was also found to be adequately derived and reported upon without distortion based on the Company's underlying system for data collection and reporting. The material findings from the Auditor are included herein, and a detailed account of the results and follow-up recommendations has been submitted to Kia Motors.

## Independent Assurance Statement

### [Inclusivity] Does Kia Motors adhere to the principle of stakeholder engagement to ensure a responsible and strategic response toward sustainability management?

The Auditor found Kia Motors to recognize the importance of stakeholder engagement in achieving sustainability management, and noted stakeholder-specific systems put in place for stakeholder participation. It is the Auditor's view that Kia Motors has used findings from its communication channels specific to different stakeholder groups to assess issues that are key to sustainability management, while working to reflect them in its business management activities.

The following points were found to be particularly commendable.

- Efforts to diversify its online communication channel to broaden stakeholder participation and enhance user convenience;
- Strengthening communication efforts with customers via VOC, customer surveys, the Smart Customer Center etc., to better collect customer feedback and reflect them in actual business; and
- Implementing ideas identified through stakeholder channels and verifying actual execution (ex. Kia Eco Drive).

Going forward, the Auditor suggests providing detailed information showing how key findings collected through the stakeholder channels were actually reflected in Kia Motor's core strategies, processes, and performance management.

### [Materiality] Does the Report contain information of the highest material importance to Kia Motor stakeholders across the economic, social, and environmental dimensions?

It is the Auditor's view that the Report does not omit or exclude issues of material importance to the stakeholders of Kia Motors. We verified that the Company has worked to identify and report on issues material to its stakeholder base by analyzing internal corporate policies, laws and regulations, while carrying out direct and indirect economic impact studies, stakeholder surveys, peer benchmarking, and media research etc. to deliver important performance data requested by the Company's stakeholders to guide well-informed decisions and actions. The following points were found to be particularly commendable.

- Efforts to identify and report on various assessment factors (internal policies, direct and indirect economic impact, laws and regulations, stakeholder surveys, peer benchmarking, media research);
- Efforts to assess sustainability management trends concerning Kia Motors through continuous media research and customer surveys; and
- Indicating the degree of importance placed by respective internal/ external stakeholder groups on key materiality assessment findings within a systematic structure, without omitting any key issues.

Going forward, the Auditor recommends analyzing the key materiality findings to assess changing trends based on a time-series point of view, while formulating an adequate system for the diagnosis and treatment of any newly emerging issues.

### [Responsiveness] Does the Report provide an adequate response to stakeholder demands and interests?

The Auditor confirmed efforts by Kia Motors to respond to various stakeholder-specific concerns by operating various channels of communication dedicated to different stakeholder groups, in the interest of being more responsive to the demands and interests of Kia Motor stakeholders and to reflect them in its sustainability reporting. The following points were found to be particularly commendable.

- Providing a balanced account of any negative performance - outlining the Company's position, countermeasures, and future plans for improvement etc.;
- Responding to stakeholder demands and interests by providing further information on any underreported contents via the Company's website;



President, The Institute for Industrial Policy Studies

March 16, 2012  
Jae-Eun, Kim

## GRI(G3) Index

		● Fully Reported	○ Partially Reported	○ Not Reported	● Not Applicable
	Number	Indicator	Remark	Page(s)	BEST
<b>Profile</b>					
<b>Strategy and analysis</b>	1.1	Statement from the most senior decision-maker/ of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	●	4,5	A_1
	1.2	Description of key impacts, risks, and opportunities.	●	20,21,31	A_2
<b>Organizational profile</b>	2.1	Name of the organization.	●	2,91	A_3
	2.2	Primary brands, products, and/or services.	●	2-3	A_4
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	2-3	A_5
	2.4	Location of organization's headquarters.	●	2-3	A_7
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	2-3	A_7
	2.6	Nature of ownership and legal form.	●	14	A_8
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	●	2-3	A_9
	2.8	Scale of the reporting organization.	●	3	A_10
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	14,91	B_8
	2.10	Awards received in the reporting period.	●	24-25	CO8
<b>Report parameters</b>	3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	●	91	B_3
	3.2	Date of most recent previous report (if any).	●	91	B_8
	3.3	Reporting cycle (annual, biennial, etc.)	●	91	B_6
	3.4	Contact point for questions regarding the report or its contents.	●	91	B_9
	3.5	Process for defining report content	●	16-17	B_4
	3.6	Boundary of the report	●	91	B-1
	3.7	State any specific limitations on the scope or boundary of the report.	●	91	B-2
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/ or between organizations.	●		A_6
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	●	46,79, 81~82	-
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	●	91	-
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	91	B_5
	3.12	Table identifying the location of the Standard Disclosures in the report.	●	94~96	B_10
	3.13	Policy and current practice with regard to seeking external assurance for the report.	●	92-93	B_7
<b>Governance, commitments, and engagement</b>	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	14-15	GR1
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	14	GR1, GR3
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/ or non-executive members.	●	15	GR2
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	14~15	GR12
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	●	14~15	GR7
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	14~15	GR13
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	●	15	GR4
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	10-13, www. kia.co.kr	-
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	15	GR5
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	14~15	GR6
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	www.kmcir.com	GR11
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	71	GR10
	4.13	Memberships in associations and/ or national/ international advocacy organizations.	●	71	A_11
	4.14	List of stakeholder groups engaged by the organization.	●	16-17	C_1, C_2
	4.15	Basis for identification and selection of stakeholders with whom to engage.	●	16-17	C_1
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	16-17	C_2
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	16	C_3

## GRI(G3) Index

		● Fully Reported	○ Partially Reported	○ Not Reported	● Not Applicable
	Number	Indicator	Remark	Page(s)	BEST
<b>Economic Performance</b>					
<b>Economic performance</b>	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	29,64~65,72	EC1
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	20-21,31	EC2
	EC3	Coverage of the organization's defined benefit plan obligations.	●	76	EC3
	EC4	Significant financial assistance received from government.	○		EC5
<b>Market presence</b>	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	●	75	EM4
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	59,75	EC4
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	59,75	EC4
<b>Indirect economic impacts</b>	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	●	28~29,64~65	EC6
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	28~29	EC7
<b>Environment Performance</b>					
<b>Materials</b>	EN1	Materials used by weight or volume.	●	48~49,50,80	EV10
	EN2	Percentage of materials used that are recycled input materials.	●	49,81	EV11
<b>Energy</b>	EN3	Direct energy consumption by primary energy source.	●	82	EV7
	EN4	Indirect energy consumption by primary source.	●	82	EV8
	EN5	Energy saved due to conservation and efficiency improvements.	●	82	EV5
	EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	●	31~36	EV5
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	82	EV25
<b>Water</b>	EN8	Total water withdrawal by source.	●	48,81	EV9
	EN9	Water sources significantly affected by withdrawal of water.	●	81	EV20
	EN10	Percentage and total volume of water recycled and reused.	○		EV18
<b>Biodiversity</b>	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	85	EV22
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	○		EV22, EV26
	EN13	Habitats protected or restored.	●		EV27
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○		EV6, EV26
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	●		EV28
<b>Emissions, effluents, and waste</b>	EN16	Total direct and indirect greenhouse gas emissions by weight.	●	82	EV12
	EN17	Other relevant indirect greenhouse gas emissions by weight.	●	82	EV13
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	31~36,46,80	EV4
	EN19	Emissions of ozone-depleting substances by weight.	●	83	EV14
	EN20	NOx, SOx, and other significant air emissions by type and weight.	●	83	EV15
	EN21	Total water discharge by quality and destination.	●	48,84	EV17
	EN22	Total weight of waste by type and disposal method.	●	81	EV16
	EN23	Total number and volume of significant spills.	●	85	EV21
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	●		EV29
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	○		EV19
<b>Products and services</b>	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	31,46	EV23
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	●	53	EV24
<b>Compliance</b>	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	85	EV31
<b>Transport</b>	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	●	51	EV30
<b>Overall</b>	EN30	Total environmental protection expenditures and investments by type.	●	85	EV1
<b>Labor Practices &amp; Decent Work Performance</b>					
<b>Employment</b>	LA1	Total workforce by employment type, employment contract, and region.	●	75	EM1
	LA2	Total number and rate of employee turnover by age group, gender, and region.	●	58~59,60,75	EM5
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	59,76	EM20
<b>Labor/management relations</b>	LA4	Percentage of employees covered by collective bargaining agreements.	●	59	EM12
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	77	EM13

## GRI(G3) Index

		● Fully Reported	○ Partially Reported	○ Not Reported	● Not Applicable
<b>Occupational health and safety</b>	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	77	EM14
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	●	77	EM19
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	61	EM18
	LA9	Health and safety topics covered in formal agreements with trade unions.	●	77	EM15
<b>Training and education</b>	LA10	Average hours of training per year per employee by employee category.	●	76	EM27
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	60,76	EM28
	LA12	Percentage of employees receiving regular performance and career development reviews.	●	60	EM29
<b>Diversity and equal opportunity</b>	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	58~59,75	EM2
	LA14	Ratio of basic salary of men to women by employee category.	●	59, www.kmcir.com	EM17
<b>Human Rights Performance</b>					
<b>Investment and procurement practices</b>	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	○		PN2
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	●	63	PN3
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	78~79	EM30
	HR4	Total number of incidents of discrimination and actions taken.	●	59	EM7
<b>Freedom of association and collective bargaining</b>	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	●	59	EM8
<b>Child labor</b>	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	77	EM9
<b>Forced and compulsory labor</b>	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	●	77	EM10
<b>Security practices</b>	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	○		EM31
<b>Indigenous rights</b>	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●		CO2
<b>Society Performance</b>					
<b>Community</b>	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	●	68~69	CO1
	SO2	Percentage and total number of business units analyzed for risks related to corruption.	●	79	CO5
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	79	CO5
	SO4	Actions taken in response to incidents of corruption.	●	78~79	CO5
<b>Corruption</b>	SO5	Public policy positions and participation in public policy development and lobbying.	●	71	CO6
<b>Public policy</b>	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●		CO7
<b>Anti-competitive behavior</b>	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	78	CS3
<b>Compliance</b>	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	78	CO9
<b>Product Responsibility Performance</b>					
<b>Customer health and safety</b>	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	55~56	CS4
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	○		CS11
<b>Product and service labeling</b>	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	●	40~43	CS5
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	74	CS12
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	74	CS9
<b>Marketing communications</b>	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	74	CS13
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	●	74	CS14
<b>Customer privacy</b>	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	74	CS15
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	74	CS15

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Report on: 1.1 2.1~2.10 3.1~3.8, 3.10~3.12 4.1~4.4, 4.14~4.15	Not Required	Management Approach Disclosures for each Indicator Category	Management Approach Disclosures for each Indicator Category	Same as requirement for Level B	GRI Application Level
					Kia Motors' 2012 sustainability report was prepared in accordance with the 'GRI G3 Guidelines.' Kia Motors' self-rating was A+ as per the 'GRI Application Level Table.' The A+ rating received third-party assurance by the Institute for Industrial Policy Studies (IPS).

### Publication Information

Publication date May 8, 2012 (annual) | Publisher Kia Motors +82-2-3464-1114 | Publications director Hyoung-Keun (Hank) Lee | Planning & design Intonation +82-2-3144-0133 | Printer Young-Eun Printing +82-2-2274-9250

Kia Motors  
Sustainability Magazine 2012

# MOVE

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