

MOVE





We Connect....

...People, Life, World, and the Future



China On!

Commemorating the Launch of the Third China Plant

The global auto market is walking, but the Chinese auto market is running. With the launch of our third plant in China in 2004, Kia Motors is ready to add further momentum to some 10 years of our breakneck growth in China.

Special Feature: Product Responsibility

Cars can be started and located with the smart phone. Cars detect drowsy driving and take over the wheel. Fuel economy is rising while CO₂ and other emissions are falling. The ceaseless advances of the automobile are driven by human needs. As the automobile continues its evolution toward perfect autonomy and zero emissions, its ultimate objective is thus: sharing the present and future with people.



Smart Balance



Striking a Work-Life Balance

Kia Motors makes adjustments to existing systems and implements new ones to streamline work processes for greater efficiency and to help resolve life issues that may weigh down employees.

A Better Way to Go



Our Take on Social Responsibility

How can we move beyond one-time charity and realize sustainable self-reliance? How can we go beyond one-time giving and nurture potential? Kia Motors reflects on the essence of social responsibility and puts our conclusion to action as detailed in this report.

Appendices

Reader's guide

Icons are indicating additional information. An interactive PDF version of 2014 MOVE is including videos, links to websites, and shortcuts to related pages that could not be included in the print version. Try Clicking the orange-icons and black-play buttons in the pages. Home button on the upper right corner of the page leads to the table of contents.



Kia around the World



Schools and centers built through Green Light Project
(cumulative)

2014 (expected)

8

Employee training (hrs)

2012

40

CO₂ emissions per vehicle produced (kg)

2012

630

2012

2

2011

42

2011

599

2012

9

Ninth largest global automaker
(by sales volume)

2.83 million

No. of vehicles sold
(3.4% global market share)

47.6 trillion

Sales revenue in Korean won
(K-IFRS)

48,089

No. of employees

37

37th Best Global Green Brand
(Interbrand)

Business Domain

Passenger Cars Morning (Picanto), cee'd, Pride (Rio), K2, K3 (Forte/Cerato), K3 (Forte/Cerato) Koup, K5 (Optima), K7 (Cadenza), K9 (Kia Quoris/K900)
RVs Ray, Venga, Soul, Carens (Rondo), Sportage R (Sportage), Sorento R (Sorento), Mohave, Carnival R (Carnival/Sedona)
Commercial Vehicles Bongo III (K-Series Trucks), Granbird commercial bus
Hybrid Vehicles K5 (Optima) Hybrid, K7 (Cadenza) Hybrid
Electric Vehicles Ray EV, Soul EV
CKD (Complete Knock Down) Automobile components (engines, etc.)

Global Network

Sales & Service

Korea Sales: 20 regional headquarters, 337 regional sales offices, 393 dealerships, 7 shipping offices
Service: 19 regional service centers, 246 comprehensive service providers, 567 partial service providers
Overseas Sales: 18 sales offices, 153 distributors, 4,716 dealers (service & sales)
Sales offices: Kia Motors America **1** | Kia Canada Inc. **2** | Kia Motors Deutschland **3** | Kia Motors UK **4** | Kia Motors Iberia **5** | Kia Motors France **6** | Kia Motors Italy **7** | Kia Motors Austria **8** | Kia Motors Hungary **9** | Kia Motors Czech **10** | Kia Motors Slovakia **11** | Kia Motors Polska **12** | Kia Motors Belgium **13** | Kia Motors Sweden **14** | Kia Motors Netherlands **15** | Kia Motors Russia **16** | Kia Motors Australia **17** | Kia Motors New Zealand **18**

Production

Korea Soha plant (340,000 units), Hwaseong plant (600,000 units), Gwangju plant (500,000 units), Seosan plant (250,000 units)
Overseas China plants (740,000 units), Slovakia plant (300,000 units), Georgia (USA) plant (340,000 units)
Kia Motors Manufacturing Georgia (2,602 employees) **19** | Kia Motors Slovakia (3,572 employees) **20** | China plant 1, 2, 3 (6,209 employees) **21** | Corporate headquarters in Korea (3 plants, 2 R&D centers, 19 regional service centers, 337 dealerships, 33,536 employees) **22**

R&D

Korea Hyundai Motor Group Technology Research Institute (Hwaseong, Gyeonggi-do), Eco-Technology Research Institute (Yongin, Gyeonggi-do), Uiwang Technology Research Institute (Uiwang, Gyeonggi-do)
Overseas Technology and design centers (United States, Europe, Japan, China, India)
Technology research centers: United States (Ann Arbor, Irvine, Chino, Mojave Desert) **23** | Europe (Rüsselsheim, Nürburgring PG) **24** | Japan (Yokohama) **25** | China (Yantai) **26** | India (Hyderabad) **27** | Design centers: United States (Irvine) **28** | Europe (Frankfurt) **29** | Japan (Yokohama) **30** | China (Shanghai) **31**

Other

Regional headquarters: Central & South America (Miami, USA) **32** | Eastern Europe/CIS (Kiev, Ukraine) **33** | Middle East & Africa (Dubai, UAE) **34** | Asia (Kuala Lumpur, Malaysia) **35** | M



No. of vehicles produced based on annual production volume



CEO Message



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Sustainable Growth

Despite the ongoing global economic crisis, Kia Motors' 2013 performance in term of sales volume, production volume, and sales revenue was stellar. With the successful launch of the all-new Carens (Rondo), K5 (Optima), and all-new Soul, Kia Motors sold 2.83 million vehicles for year-on-year growth of 4%, thereby solidifying our footing among the ranks of world's top ten automakers. The construction of our third plant in China with an annual production capacity of 300,000 vehicles was completed in 2014, providing the foundation for an annual global production output of 3 million vehicles. Meanwhile, Kia Motors' brand value jumped 17% from the previous year to USD 4.7 billion in 2013, moving us up to the 83rd position on Interbrand's 100 Best Global Brands list. We were also ranked 37rd on Interbrand's Best Global Green Brands 2013. These achievements can be attributed to our efforts aimed at building a better future through customer value innovation.

Green Efforts

Kia Motors is concentrating our efforts on developing green technologies and vehicles to minimize environmental impact. To address climate change, we are strengthening R&D competencies and making steadfast investments to attain the goal of zero emissions motoring. The successful launch of K5 (Optima) Hybrid 500h and K7 (Cadenza) Hybrid 700h in 2013 has ushered in an era of premium hybrids. We plan to launch the Soul EV in 2014 to diversify our green lineup and shape the future of automotive technology. We also set up a new organizational unit to oversee environmental, safety, and health issues at the enterprise-wide level. We will strive to run a world-class environmental, safety, and health management system in order to win the confidence of local communities.

CSR & Value Sharing

Corporate social responsibility for Kia Motors is based on mutual respect, trust, and growth with stakeholders through value sharing. We regard our business partners as equals and carry out management activities aimed at win-win growth. We have in place a system for mutual growth, assisting partners with their ethical management and CSR management policies and activities.

Kia Motors made great strides in our efforts aimed at addressing social challenges in 2013. Kia's first global employee volunteer corps brought hope to a local community in Tanzania. Employee volunteers did renovation and repair work on the Maendeleo Secondary School which was built through our Green Light Project, and shared their educational and cultural expertise with local residents.

We believe CSR efforts should not be comprised of simple donations but of voluntary employee involvement. Based on our commitment to genuine sharing, Kia Motors' Green Light Project aims to realize the basic human right of universal mobility.

Using our performance and achievements thus far as a springboard, we will strive to secure future growth engines as well as a foundation for sustainable growth. We vow to go above and beyond profit generation, the raison d'être of a business, and expand the scope of sustainable management through considerations for the society and environment at large. M

Hyoung-Keun (Hank) Lee

Vice Chairman & CEO

March 2014



Corporate Governance

Kia Motors has in place an institutional framework for evenhanded coordination of management, shareholder, and employee interests while overseeing decision-making and work processes to ensure regulatory compliance. To this end, we guarantee the independence of the Board of Directors, under which there are three specialized committees. The Audit Committee conveys outside stakeholder feedback and monitors business activities while the Board Nominating Committee nominates candidates for non-standing board members. The Ethics Committee reviews the soundness of internal transactions and the company's progress in ethical management.

Board of Directors

Appointed through the General Shareholders' Meeting, the Board of Directors, our top decision-making body, promotes shareholder and stakeholder interests while overseeing and voting on key business issues with Kia's long-term growth in mind. As of the end of 2013, the Board was comprised of three standing directors, one special non-standing director, and five non-standing directors.

Regular meetings are held to vote on key issues in consideration of shareholder and employee feedback gathered at the General Shareholders' Meeting and via investor relations activities. The feedback is conveyed to management for policymaking considerations. The Q&A section on the investor relations website serves as a channel of communication with shareholders and employees.

Special meetings are convened when issues for deliberation arise. The Audit Committee, Board Nominating Committee, and Ethics Committee support the operations of the Board for enhanced professionalism and efficiency. The Board convened six times in 2013 with the non-standing directors' attendance rate at 100%. The directors were briefed on the status of the internal accounting management system and voluntary compliance with fair trade regulations, and voted on the 2013 business and investment plans as well as the convening of the 69th General Shareholders' Meeting (2012) and its agenda. The Board reviewed and voted on 26 items.

The CEO chairs the Board at Kia Motors as fast decision-making is crucial for an automaker given the short product cycle, need for large investments, and fast-changing business environment. To ensure the Board's independence, directors are briefed before board meetings so that non-standing directors can voice their respective opinions with a full understanding of the issues at hand after a thorough review.

Standing and non-standing board directors receive performance-based bonuses as well as annual base salaries within the set wage ceilings by position level authorized by the General Shareholders' Meeting. Not only financial but also social and environmental indicators are used to evaluate the Board members' performance. In 2013, the compensation cap was set at KRW 10 billion. The actual payout was KRW 3.9 billion.

Board of Directors & Its Committees



Committees

Audit Committee Three non-standing directors comprise the Audit Committee. It is stipulated that the Audit Committee be chaired by and composed entirely of non-standing directors to ensure transparency and independence. 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 to provide the Audit Committee with easy access to pertinent information on the company's business operations. The Audit Committee convened four times in 2013 to deliberate on six items, including the 2012 settlement of accounts and the status of the accounting management system.

Board Nominating Committee Two standing directors and three non-standing directors make up the Board Nominating Committee as per the stipulation that "the majority of this 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 2013, it exercised this authority upon fair and careful deliberation.

Ethics Committee Composed of five non-standing directors, the Ethics Committee monitors transactions between affiliated persons as per 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 ethical management and CSR policies; and enacts, revises, and monitors the implementation of ethics codes and regulations. Kia Motors actively incorporates the committee's recommendations in our CSR and ethical management policies and activities. The Ethics Committee convened five times in 2013 to be briefed and deliberate on 20 items, including CSR programs and donations as well as employee compliance with the Regulation of Workplace Ethics. **M**

Major Shareholders

as of Dec. 31, 2013

Shareholder	No. of Shares	Holdings (%)
Hyundai Motor	137,318,251	33.88
Employee stock ownership	6,541,856	1.61
Private investors (excluding employees)	64,505,345	15.91
Foreign investors	137,745,057	33.98
Other (e.g., financial institutions)	59,252,838	14.62
Total	405,363,347	100.00

Board of Directors

as of Dec. 31, 2013

	Name	Position	Background
Standing directors (3 persons)	Hyoung-Keun Lee Sam-Ung Lee Han-Woo Park	CEO, Chairman of the Board of Directors, Chairman of the Board Nominating Committee CEO -	- - -
Special non-standing director (1 person)	Euisun Chung	Member of the Board Nominating Committee	-
Non-standing directors (5 persons)	Sang-Gu Nam Hyeon-Guk Hong Keon-Su Shin Doo-Hee Lee Won-Joon Kim	Member of the Audit Committee, Member of the Board Nominating Committee, Member of the Ethics Committee Chair of the Audit Committee, Member of the Ethics Committee Member of the Board Nominating Committee, Chair of the Ethics Committee Member of the Audit Committee, Member of the Ethics Committee Member of the Board Nominating Committee, Member of the Ethics Committee	(current) Professor Emeritus of Business, Gachon University (former) Private Sector Chairperson, Public Fund Oversight Committee (current) Vice Chairman, Gaduk Tax Consulting Associates (former) Auditor, National Tax Services (current) Of Counsel, KCL (Kim, Choi & Lim) (former) Chief Prosecutor, Supreme Prosecutors' Office (current) Professor of Business, Korea University (former) President, Korea Advertising Society (current) Of Counsel, Kim & Chang (former) Director of Competition Policy Bureau, Fair Trade Commission



Corporate Social Responsibility

Corporate social responsibility (CSR) is as an overarching principle guiding all Kia Motors' business activities and strategic decisions. Upon the adoption of CSR management in 2008, we set goals for environmental management, social outreach, and ethical management—the three main domains of our CSR framework—and worked to build company-wide understanding and consensus. We strive to find solutions to global environmental challenges, contribute to social progress, and do business in an ethical manner. To this end, we have formulated phase-by-phase strategies for each domain and encourage voluntary and active employee involvement. CSR is an essential tool for bringing our corporate philosophy and vision to life. Kia Motors will offer new value through the automobile, which has evolved into a lifestyle space, and share greater and more innovative value with stakeholders through socially responsible management.

Refer to

for more details on
domain-specific progress.

CSR Progress & Plans by Domain

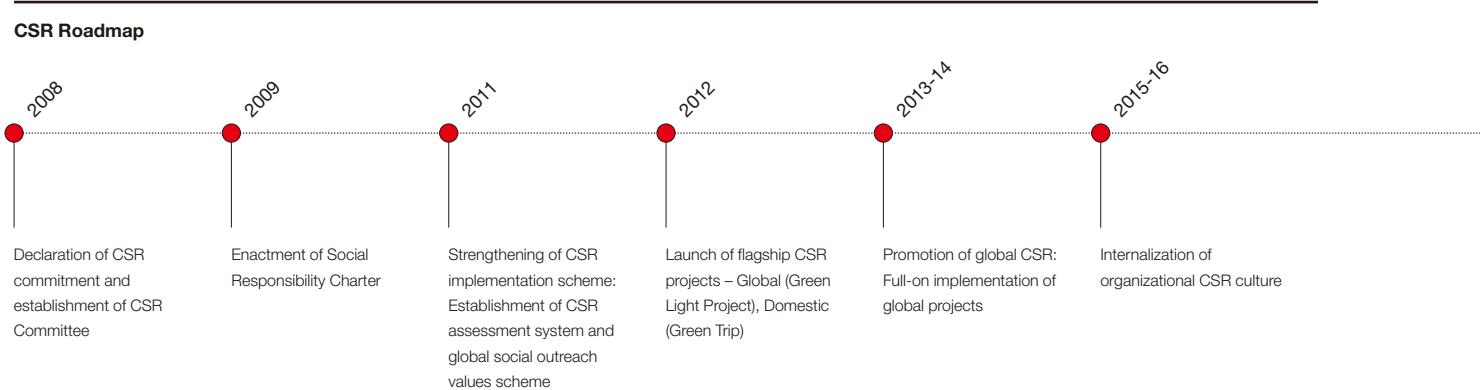
The goal for the social outreach domain is to internalize Kia Motors' mid-term vision of customer value innovation to realize a virtuous cycle of social and economic value creation. We continue to expand the size and scope of the Green Light Project and Green Trip, our global and domestic flagship CSR projects, respectively, to encourage internal and external commitment and voluntary employee involvement. In 2014, we will lay the springboard for Kia's next takeoff by stabilizing and improving the CSR program structure and raising employee participation.

In the ethical management domain, Kia Motors is fine-tuning the implementation scheme and formulating annual plans. In 2013, we strengthened employee ethical management education while expanding communication with residents of communities near Kia worksites to address grievances and make improvements to the surrounding areas based on the operational framework set up in 2012.

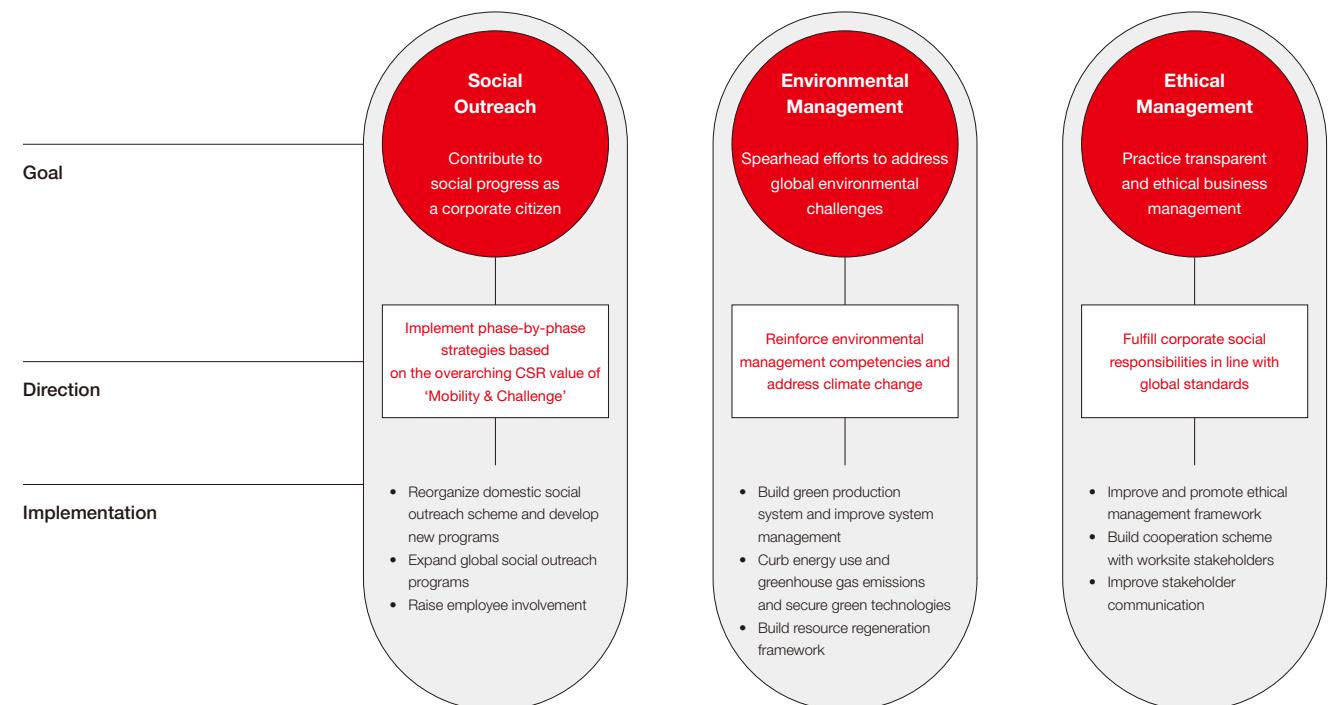
Steadfast progress is being made to reduce environmental impact across the entire automotive life cycle. As of 2012, we have been focused on improving the environmental management systems of our overseas worksites and partner firms. The Global IT System, aimed at enhancing environmental target selection and management, was completed in 2013 and has been in pilot operation at the Slovakia and Georgia plants. As part of our partner assistance project, we helped implement the Energy Management System (EnMS) at 10 partner businesses in 2013. We are working toward a 30% reduction in the per-vehicle CO₂ emissions by 2020 (base year: 2008) while also undertaking specific measures to eliminate all landfill waste. **M**

CSR Framework

Kia Motors' CSR Committee, headed by the CEO, is composed of the CSR Environmental Management Team and domain-specific teams spanning the full range of our business operations—human resources/procurement, accounting, and auditing (ethical management); R&D, production, and service (environmental management); and administrative affairs and sales (social outreach). Until 2012, the groundwork for CSR consensus-building and activities was laid at corporate headquarters and at Kia offices around the world. We are now in the second phase of our CSR efforts from 2013 to 2014, focusing on the full-fledged implementation of CSR initiatives and programs. In the final phase of our mid-term plan (2015–2016), we aim to fully integrate CSR into our corporate culture and turn Kia Motors into a leading global enterprise.



Goals & Strategies by Domain





Communication Channels & Issues

Kia Motors believes that CSR management should be used as a tool for stakeholder communication and engagement. That is why we have in place diverse channels to which we make constant improvements. We use our communication channels to inform stakeholders of our viewpoints and activities and gather feedback. This sustainability report is yet another means of stakeholder engagement. In MOVE 2014, we identify the issues of interest to internal and external stakeholders and present our perspectives and activities. We hope that this report is not just a means of letting people know who we are but rather an agent for inducing positive feedback to create a virtuous cycle of growth.



Channels for Stakeholder Feedback

Kia Motors has in place multiple communication channels to identify and respond to increasingly diverse stakeholder needs. We have been concentrating our efforts on making better use of social media, which has grown dramatically over the past few years. We have also launched a new website to more effectively inform stakeholders of our progress and plans as well as gather honest stakeholder feedback. We continue expanding opportunities for online stakeholder engagement via our , , and . In

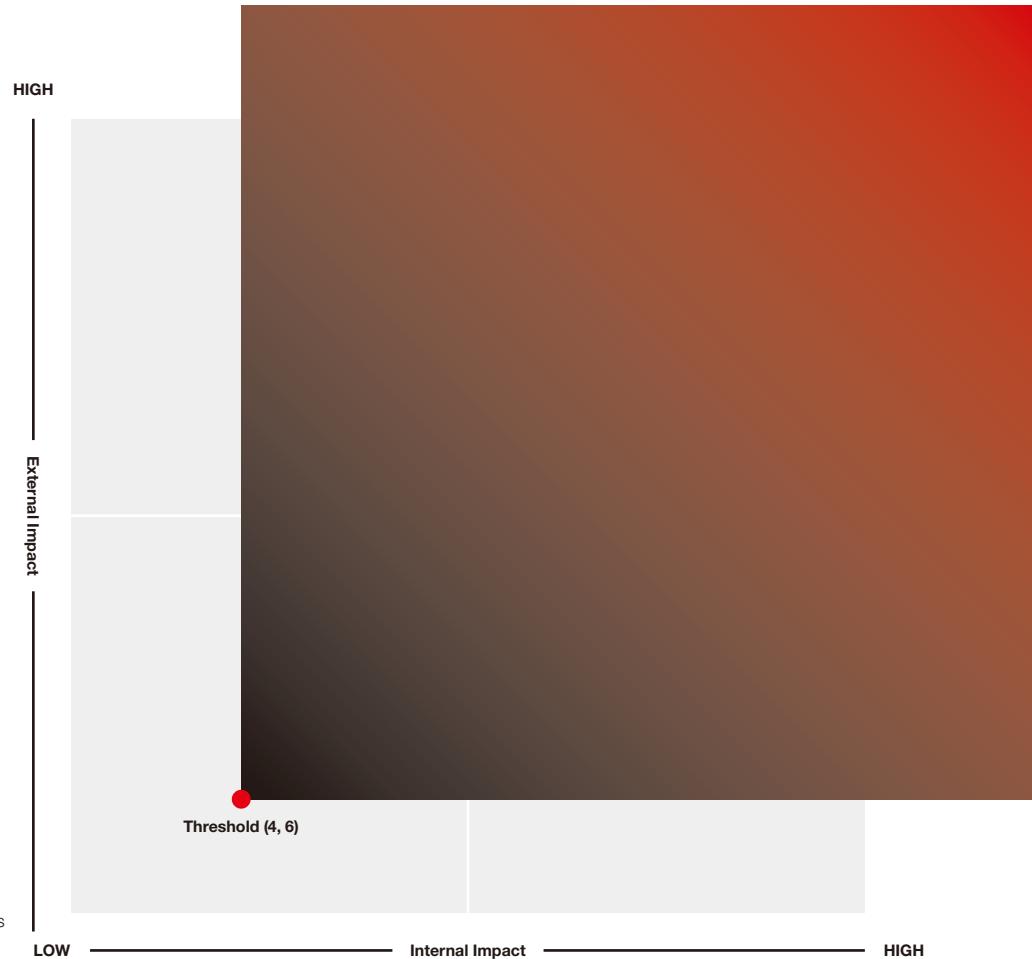
2013, we opened a social outreach website that offers real-time information and updates on our social outreach activities as well as provides an accessible platform for open stakeholder suggestions and feedback. Kia Motors will continue to expand channels for two-way communication with stakeholders.



Stakeholder Communication Channels

Stakeholder	Communication Channel
Customer	Motor shows and new model launch events, test drives, sports sponsorships, customer service, customer satisfaction surveys, clubs, corporate websites, online communication channels (Kia BUZZ/Funkia/social media/mobile apps), viral films, K-Lounge, reports (/community relations white paper)
Shareholders & investors	General Shareholder's Meeting, investment road shows, , social media, reports
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
Partner companies	Dealer programs (seminars/dealer contests/dealer invitational events), dealership contests, seminars and training programs, procurement headquarters' suggestion box, reports
Local communities	Social outreach activities and campaigns, corporate websites, exchanges with local communities (regular meetings/public access to Kia plants), corporate information channels (website/social media/reports)

Materiality Test Results



IPS Materiality Test™:
Multi-level assessment scheme developed by the Institute for Industrial Policy Studies (IPS) in 2006 for identifying issues material to a given company's characteristics and situation for the formulation of sustainability management strategies and sustainability reports



Threshold: The GRI G4 Guidelines offer thresholds to determine the significance of issues identified through a materiality test based on their economic, environmental and social impact and the influence on stakeholder assessment and decisions. The Guidelines provide that those issues scoring above the set thresholds be reported as material issues.

Materiality Test & Key Issues

Kia Motors has organized this report by issues of internal and external interest identified through the 2014 materiality test conducted in the following categories: company policy, direct and indirect economic impact, regulations and laws, stakeholder survey, performance and issues of the auto industry, and media reports.

We have tried to provide more in-depth coverage of the 14 issues that scored higher than the threshold (4, 6) as proposed by the GRI G4 Guidelines. For issues that can be regarded as rather comprehensive in scope, we offer our detailed viewpoint, activities, performance, as well as future plans. **M**

The world is more closely interconnected than ever before. Energy production and use emit CO₂, aggravating climate change. The US financial crisis, foreign exchange volatility in emerging economies, and other regional issues have turned into global problems as a result of growing global trade volume. With the spread of the internet, which has dissolved geographical borders, governments and businesses are adopting new policies while we are learning from the comforts of our homes that the yellow haze blanketing Seoul comes from China and that African children live in poverty and hardship.

Economic crisis, social polarization, population growth, and climate change are interconnected issues that are bringing qualitative changes to our lives. International organizations are of the consensus that the survival of humankind is at stake unless we alter the flow of these change. This is how sustainable management has come about. Our collective reality demands collective awareness and action. MOVE is a report detailing Kia Motors' sustainable management—that is, our understanding and approach to global challenges. Global challenges affect not only Kia Motors; they affect everyone. We look forward to your enthusiastic interest and participation.

Challenges & Opportunities

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The world economy seems poised to emerge from the long recession. With advanced economies showing signs of recovery in 2013, the global economy grew by 2.9%, a slight improvement from the forecasted 2.4%. With 2014 growth projected at 3.5%, the growth momentum is expected to continue. Nevertheless, advanced economies have not yet settled into a stable path of recovery, and recession persists in emerging economies due to foreign exchange volatility stemming from the tapering of the United States' quantitative easing program. The global auto industry moved in the same direction of the world economy in 2013. With 2014 growth expected to be in the 4% range, the global auto market is expected to become an arena of cutthroat competition. In today's interconnected world, heated competition and potential risks stoke uncertainties. Kia Motors has always returned to the basics in times crisis. We are reaffirming our commitment to guiding principles, reassessing core competencies, and seeking ways to achieve customer value innovation. To Kia Motors, "customers" is synonymous with all stakeholders. We will share our goals with employees and expand cooperation with partners to strengthen core competencies, deliver real value, and meet social needs. According to KPMG's 'Global Automotive Executive Survey 2014,' Kia Motors and Hyundai Motor Company are expected to post the highest growth in the industry in terms of global market share. This is indicative of the high outside expectations for Kia to realize its full potential. Our present market share points to the potential for strong growth, and our awareness of the need to improve cars will serve as the starting point of innovation. We will make painstaking efforts to fortify ourselves against any and all changes and make thorough preparations to outperform expectations as we look to the future.

Uncertain World



'Global Automotive Executive Survey 2014' is an annual report published by KPMG International. The 2014 report is comprised of the results and analysis of a survey of some 200 executives in 28 countries in the automobile and related industries conducted in July and August of 2013.



Percentage of global population living in countries with large wealth gap

The world is divided into the haves and have-nots. In early 2014, the United Nations Development Programme (UNDP) warned that social stability is being threatened by widening income disparity around the world. Between 1990 and 2010, the income gap grew by 11% in developing nations. As a result, more than 75% of these nations' populations now suffer greater inequality. It is no different in the United States and other advanced nations. On a global scale, it is estimated that the richest 85 people have as much as wealth as the poorest 35 billion combined—nearly half of the world population. Income inequality engenders a sense of relative deprivation, which in turn heightens social tension. Protestors in the United States and Southeast Asia are demanding an increase in minimum wage, and the 2014 World Economic Forum (WEF) in Davos announced that income disparity could threaten the very foundation of the global economy in the 2020s.

Can businesses help alleviate inequality and expand opportunities? The UNDP and WEF cited good jobs as a means of addressing income inequality. Professor Michael Porter at Harvard introduced the concept of creating shared value (CSV), or in other words, the economic value businesses can generate in their efforts to tackle social challenges. Meanwhile, Kia Motors has continued to expand hiring. Our domestic worksites as well as our production facilities in the United States, China, and EU, along with 18 sales offices around the world, adhere to the policy of giving priority to local job applicants. Self-sufficiency is the guiding principle of our local community and partner assistance programs. We develop core technologies and enter overseas markets with our partners while supporting them in their efforts to realize employment and management stability. We offer opportunities for a better life to people with disabilities and provide the foundation for self-sufficient growth to African communities and schools.

Widening Gap

Ongoing Climate Change

In 2013, North America suffered from a cold wave and Europe experienced unusually high temperatures while the Middle East saw snow and Southeast Asia was hit by a cold snap. Typhoon Haiyan, the most powerful typhoon in history, displaced 980,000 people. As of early 2013, half of the world's 30 million refugees had lost their homes due to natural disasters. Climate change is accelerating despite expanding and heightened awareness. The global population, which is projected to grow 20% by 2032, will eat more and consume more. This will lead to an increase in energy consumption, the culprit of climate change. It is estimated that a 2°C increase is the most the ecosystem can bear, but the International Energy Agency (IEA) projects that the earth's average temperature will increase by 3.5°C or more by 2035. At this rate, the destructive combined impact of population growth, increase in energy use, food/resource/water shortage, and climate change will only intensify.

CO₂ emissions are attributed to energy use. Direct emissions from industrial sectors and emissions from the transportation sector combined to account for more than 40% of the world's total CO₂ emissions. Automobiles, which run on oil, are also made from iron ore and other natural resources as well as petroleum-based materials. Kia Motors is aware of the weight of the responsibilities the auto industry must shoulder and is concentrating our competencies to realize sustainable mobility. We monitor the amount of energy consumption and CO₂ emissions for each phase of the automotive life cycle and make steadfast improvements. As more than 80% of CO₂ emissions from cars take place when they are on the road, fuel economy is crucial. We continue to increase fuel economy with every new model and are also adding zero-emission vehicles to our lineup. **M**

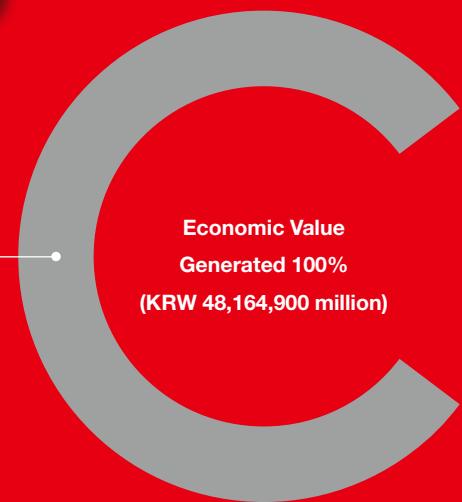
Fossil fuels' share of global energy supply until 2035



Back to the Basics

Economic Value Generated & Distributed (EVG&D)

Partners 80.0%
(KRW 38,547,500 million)



EVG is sales revenue and other profits minus other costs and depreciation costs.

Creation & Distribution

The global auto market showed steady signs of recovery in 2013 along with the economy at large. Kia Motors' sales grew 4%, higher than the 2.3% expansion of the market as a whole, to become the ninth best-selling global automaker. In terms of quality and brand, the main determinants of a company's value, Kia Motors ranked fifth among mainstream brands (tenth place overall) in J.D. Power & Associates' 2013 Initial Quality Study (IQS) and 83rd on Interbrand's 2013 Best Global Brands list, up four spots from 2012.

In 2013, Kia Motors focused more on inward growth rather than outward expansion, reassessing where we stand and planning for what lies ahead. We are reinforcing our competencies to move forward with great speed and force. We will go back to the basics, reflecting on the value our cars and company should deliver and putting our newfound insight into practice to prepare for the future.

Economic value distributed to local communities only includes charitable contributions as per tax regulations.

Meeting the World's Needs

The world is emerging from a protracted recession. In 2013, the global economic crisis subsided and gave way to recovery. However, not all countries are on an upswing. As a matter of fact, the 2013 global rebound was led mostly by advanced economies. The 2014 growth forecast for the US and Europe is positive. However, with the exception of China, emerging economies, which played a pivotal role in lifting the global economy out of recession, entered a slump in 2013, and this is expected to continue into 2014.

The changes brought on by the global financial crisis have either shifted or strengthened to create a whole new business environment for automakers. There have been three major shifts: markets, vehicle class, and competitive landscape. The US and China, rather than emerging economies, are driving the growth of the auto industry, and with falling sales in Europe rebounding, the gap is closing between advanced and emerging markets. Consumer preference is shifting from subcompacts to SUVs, and American and Japanese automakers have made a comeback, intensifying competition. The importance of basics—i.e., quality and fuel economy—is growing, and the green vehicle market, with hybrids driving growth, is continuing to expand.



Results & Performance

Kia Motors declared qualitative growth as our goal for 2013 and focused on building a customer-oriented management system and reinforcing fundamentals. Our 2013 sales volume was up 4% from the previous year at 2.83 million units, surpassing the target of 2.75 million. Sales revenue grew by 0.8% to KRW 47.6 trillion, while operating profit decreased by 9.8% to KRW 3.177 trillion. The lagging performance in sales revenue and operating profit relative to sales volume is attributed to the high won-to-yen exchange rate as well as weak domestic consumption. Performance was lackluster in the US market (-4.0%) and in the stagnant domestic market (-4.8%), but sales remained steady in Europe (+0.1%), whose economic contraction has tapered to -3.0%. In China, the world's largest market, however, sales revenue jumped by 13.8%. Kia Motors and the Hyundai Motor Company together have solidified our No. 2 position (Kia Motors alone: No. 12) in China, and Kia Motors has consistently ranked high in China Association for Quality's customer satisfaction survey.



What Really Matters

What ultimately matters is what customers want. The qualitative growth we have been pursuing since 2013 is aimed at focusing our competencies on meeting customer needs. We will strengthen our fundamentals of high fuel economy and quality while adding more safety and enjoyment to the driving experience to gain customer confidence. In 2014, we will expand our SUV lineup with the next generation

and Sorento in the first half and second half of 2014, respectively. With climate change and resource depletion impacting our everyday lives, the green vehicle market continues to expand. At the end of 2013, Kia Motors released the refreshed K5 (Optima) Hybrid as well as the K7 (Cadenza) Hybrid, and in the first half of 2014, we will be unveiling the EV version of the all-new Soul, whose traditional powertrain counterpart model was launched last year.

Sales revenue, operating profit, and net profit were tabulated as per K-IFRS.

Kia Motors continues to cut costs, raise operating rates, and reduce the labor hours per vehicle (HPV), thus enhancing productivity by universalizing automotive components, integrating platforms, and diversifying procurements strategies. To minimize currency risk, we are implementing a flexible payment system that can cope with changing market conditions. In the mid to long term, we plan to build a more balanced production portfolio by increasing the share of overseas production by 44% of the current level. With a strong but flexible foundation, we will offer cars and services that go beyond expectations, and with designs and a brand that is uniquely Kia, we will raise customer value.

Operating Profit (KRW billion)



Net Profit (KRW billion)



Investing in Our Shared Future

Kia Motors continues to create new jobs, build or refurbish production facilities, and expand R&D investment. In 2013, Kia Motors' workforce grew 2.1% from the previous year to some 48,000 persons. In Korea, where Kia has some 33,000 employees, there were 748 new hires in 2013, a 25.1% year-on-year increase. We also continue to expand our training and education programs for employee competency enhancement and self-development. We invested USD 19.6 billion in employee education in 2013, a 7.7% increase from 2012. The average annual increase in employee education investment over the five-year period from 2009 to 2013 was 33.5%.

Technology innovation is crucial to the very survival of automakers. Population growth, environmental changes, and other social and global challenges demand the ongoing evolution of the automobile. The Hyundai Motor Group operates nine technical and design centers in Korea, US, Europe, Japan, China, and India. Reporting to the R&D Division is a workforce of around 9,800 specialists developing new technologies that will shape the auto industry and the future at large. R&D specialists accounted for some 30% of the Group's new hires over the past three years. In 2013, KRW 2.9 trillion was earmarked for R&D investment, representing 6% of total sales revenue. In 2013 and into 2014, facility and equipment expansion and improvement is being carried out at the Namyang R&D Center, which serves as a control tower for our global R&D activities. Kia Motors also opened a new independent design center, which has begun operations.

Employees (persons)



R&D & Facility Investment (KRW billion)



Giving Back to the World

As our stature rises, so does our influence. Kia Motors plays a pivotal role in employees' livelihood and quality life as well as the management of partner companies. The auto industry is responsible for a sizeable share of a nation's tax revenue, and corporate giving for the public good helps resolve community challenges. The expanded added value that comes with growth is used to invest in future growth. It also contributes to sustainability in the form of safer or greener vehicles.

Kia Motors believes that true responsibility comes from the realization that our growth is not ours alone. Understanding growth also includes the understanding that our stakeholders will suffer should we fail to grow. This is why we carefully and prudently contemplate the future as we continue to move forward and ensure that the value we generate is equitably and fairly distributed.

Expanding Influence

Kia Motors and Hyundai Motor's 330 primary partners hired 17,215 new employees in 2013, an 18.5% increase from 2012 and 72.2% more than the 10,000 new hires planned in the beginning of 2013. If we also include the jobs created by some 5,000 secondary and tertiary partners, the figures will be even greater. Our partners were able to create a lot more jobs than expected because of the growth in Kia Motors and Hyundai Motor's overseas production, which led to a surge in orders for partners who have expanded operations overseas with us. Kia's Georgia plant in the US, which has switched to a three-shift system, hired 823 new employees with the surge in production volume. Kia Motors, Hyundai Motor, and partners who have set up shop overseas with us created some 200,000 new jobs (cumulative) since Hyundai Motor's Alabama plant started operations in 2005. Kia's Slovakia plant, completed in 2006, is responsible for some 6% (based on sale revenue) of Slovakia's GDP, while in Yancheng, where Kia's third China plant began operations in 2014, Kia Motors and our partners are responsible for 80% of total tax revenue from the Yancheng Economic Development Zone.

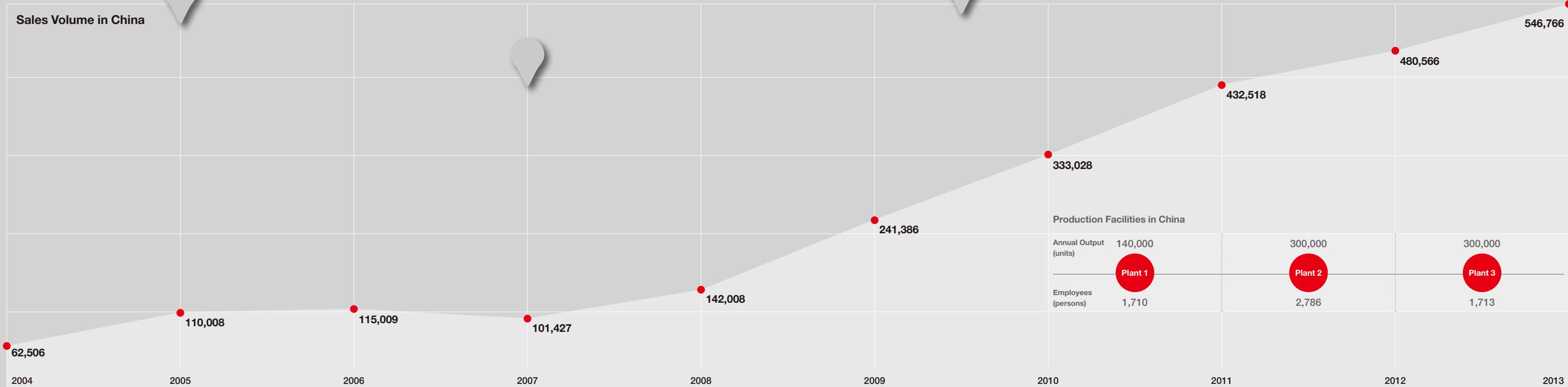
Businesses and society each needs the other. We can build plants, create new jobs, and help our partners expand their operations overseas only because there are stable local communities and local government support. In turn, we contribute to the growth of local economies and help address local challenges. Thus, there is mutual and shared growth. Kia Motors will continue to make balanced plans and decisions that take both economic growth and win-win growth with society into consideration while enhancing value so that we can share more with stakeholders. **M**



China is a paramount presence in the global auto market. It was responsible for one out of four cars sold worldwide in 2013. For five years, China has maintained its standing as the world's largest market. It is also the first country to surpass the 20 million-vehicle mark in annual sales volume. China is projected to remain a powerful force in 2014. With a population of 1.3 billion (1/5 of the global population), China is still growing, but vehicle ownership stands at only 6%. In 2014, Kia's China plant 3 in Yancheng went into operation in this burgeoning market. From annual sales of 50,000 vehicles in 2003 to over 60,000 vehicles sold in January 2014 alone, Kia's stellar performance is spurring the growth of our partners and the Yancheng economy. And Kia Motors continues to charge ahead headlong and in full force.

Commemorating the Launch of the Third China Plant

China On!



Over a Decade of Growth

Upon the opening of the Chinese market in 2001, Kia Motors made our foray into China with the construction of China plant 1 in 2002. From 50,000 units per annum, our annual sales volume has grown tenfold to some 540,000 in 2013, and K2 and K3 (Forte/Cerato) are now two of China's best-selling cars. China plant 3 went into operation in 2014, upping the annual output from 130,000 to 740,000 units. All three of our China plants, with over 6,000 employees, are operating at over 100% of capacity, and some 40 partners have expanded their operations to China with us.

Localization and differentiation have been the driving forces of our growth in China for the last 13 years. By steadily increasing local output and enhancing quality, Kia Motors has consistently done very well in China Association for Quality's customer satisfaction survey, with K2 and K3 (Forte/Cerato) coming in first place in their respective segments. K2 is a China-specific model, while K3 (Forte/Cerato) was introduced to China after localized design modifications. Localization considerations are made from the product planning phase, and in 2014, we plan to release , a China-specific mid-size model. We have also steadily raised brand value by proactively strengthening the dealership network based on thorough analyses of the level of local economic development and growth projections for industrial demand while carrying out localized marketing campaigns.

Yancheng: China's Detroit in the Making

What used to be a declining rural community in the early 2000s, Yancheng is now China's seventh largest industrial city. Korea's high standing in Yancheng is evidenced by Korean-language road and store signs. And Kia Motors has been part of Yancheng's dramatic transformation and Korea's growing influence in the city right from the start. An automobile is comprised of over 20,000 parts, so when an automaker builds a production facility, suppliers also build plants nearby. Large-scale logistics facilities are also needed to ship the completed cars, and the demand for convenience facilities grows. Thus, more jobs are created, thereby advancing the local economy. In addition to direct hires, Kia Motors has created over 10,000 new jobs in Yancheng in related industries and services. Kia Motors and our partners are responsible for 80% of the tax revenue from the Yancheng Economic Development Zone and 60% of the city's total. Yancheng offers expedited licensing, tax incentives, infrastructure development, and other support to Kia Motors and other foreign businesses. A Korean language program has been set up at vocational schools to nurture skilled specialists. Kia Motors and the Yancheng Economic Development Zone have also joined forces for the creation and management of an automotive science and technology development fund. Through win-win cooperation, Kia Motors and the city of Yancheng are growing together hand in hand.

China Plant 3: Heralding in the Next Decade

The third Kia Motors plant in Yancheng began operations in January 2014. China plant 3 includes a technical center with a test driving facility and features cutting-edge equipment for greater energy efficiency throughout the entire manufacturing process. From a robot that automatically controls the power supply to high-efficiency lights and power supply, effective insulation, remote control devices and exhaust gas recycling system, the plant has some 70 systems and mechanisms that are estimated to cut energy costs by some USD 2 million per year.

Thanks to strict safety management, there were no accidents during the construction of the plant. The noise level is kept at 80 dB or under to minimize work stress and ensure a safe and healthy work environment. China plant 3 also features an automated module parts supply system and a one-kit system. In China plant 2, which does not have the one-kit system, there are around 15 cases of mis-assembled or unassembled parts per month. China plant 3's one-kit system takes care of this problem almost completely. Within a week of starting full-fledged operations, China plant 3 achieved a 95%-plus success rate with assemblies and shipments and has been operating at 100% capacity since day one.

Responsible Action for the Future

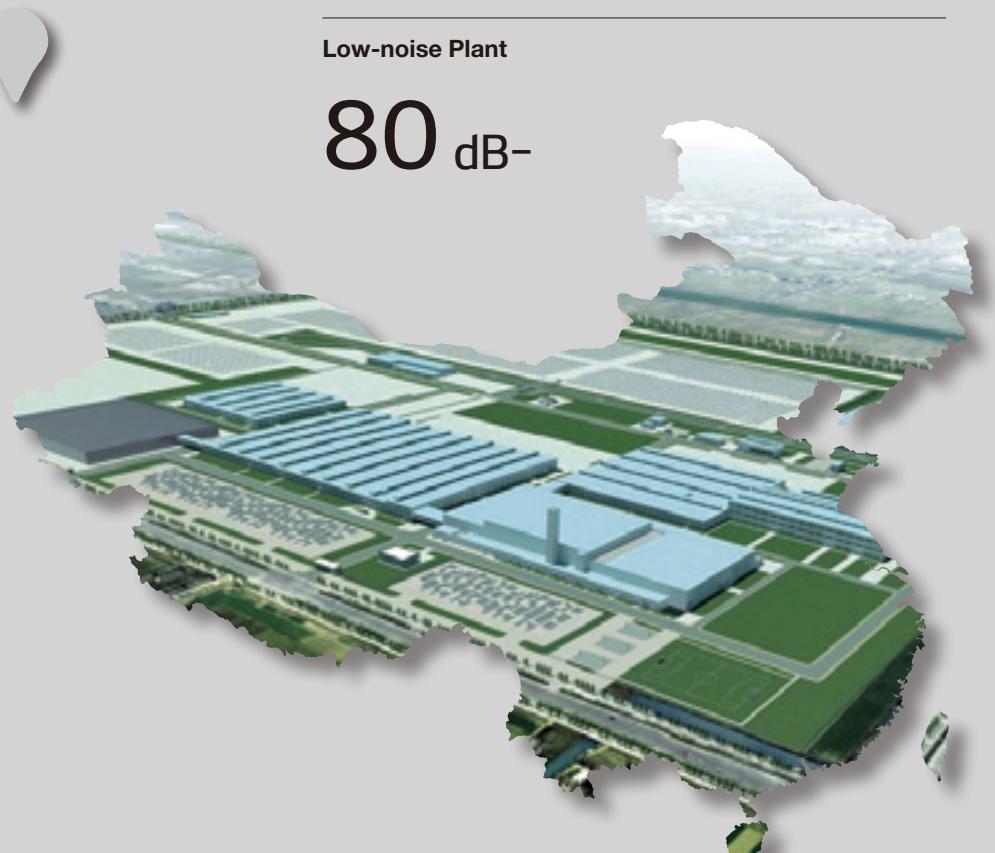
Along with the rest of the Hyundai Motor Group, Kia Motors was named the Most Responsible Business in China by the Chinese press and the government for the fourth consecutive year in 2013. Such recognition from society reaffirms the value of our CSR efforts. Since 2010, Kia Motors, in partnership with the China Youth Development Fund, has been building Hope primary schools in poverty-stricken areas. We will also expand the scope of our ongoing child motor safety campaign in 2014. Kia Village, a housing relief project launched in the aftermath of the 2009 Sichuan earthquake, has shifted its area of focus to Yancheng to repair and renovate dilapidated homes. A project to protect China's world cultural heritage was launched in January 2014. The project's first target area was Qufu, Shandong, Confucius' birthplace. Repair and maintenance of Confucian relics and sites were undertaken, and the project will expand its scope to the Great Wall and Forbidden City. **M**

Estimated Annual Energy Savings

USD 2,000,000

Low-noise Plant

80 dB-



Launch of Operations

Jan. 21, 2014

Site Area

1,937,190 m²

Building Area

224,793 m²

Manufacturing Systems

Press, Vehicle Frame, Painting, Coating, Engine

Design Center Facilities

Design/Planning Building, Testing Building, Starting Building 1/2, Test Track

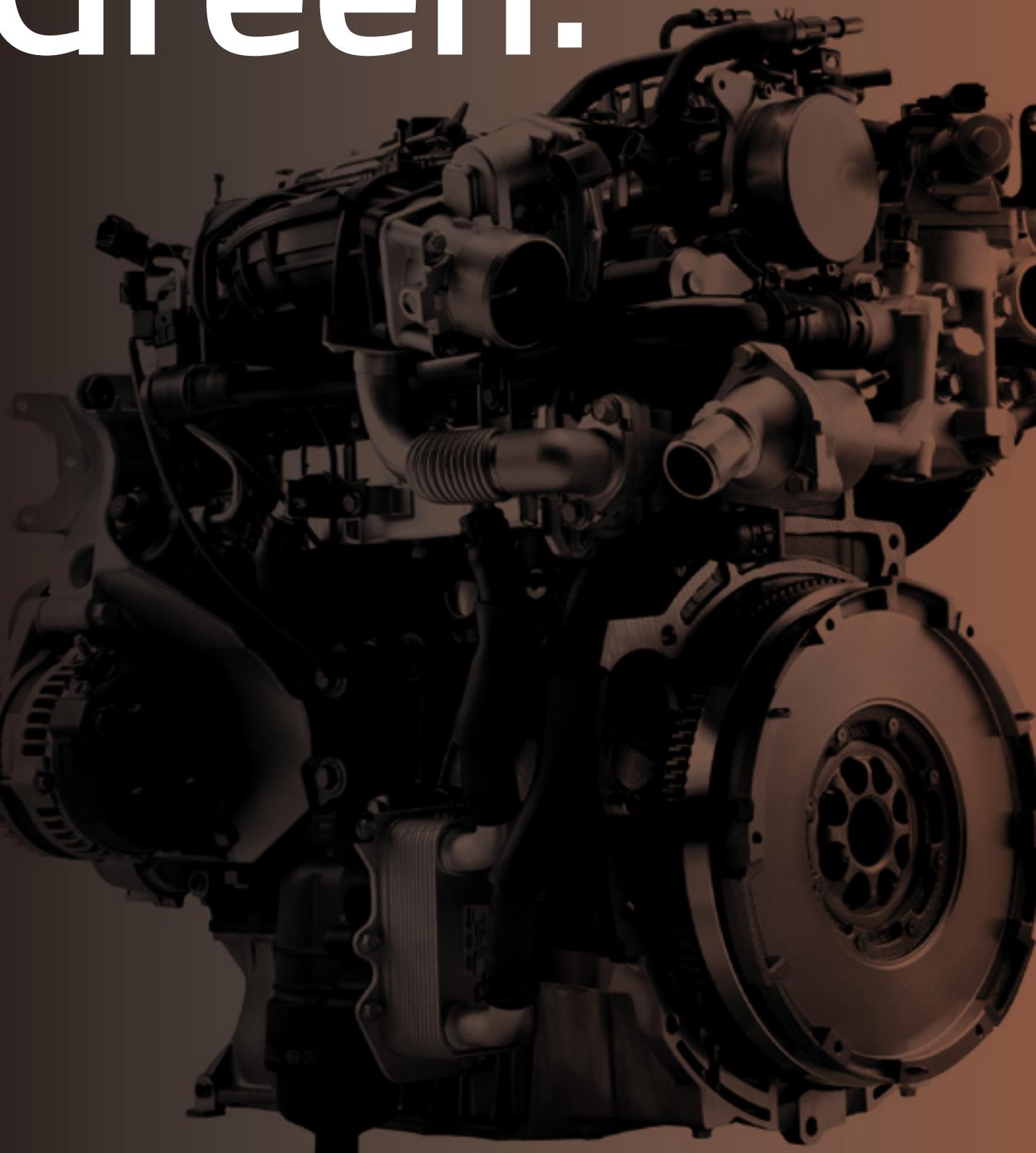
Supporting Facilities

Administrative Building, Welfare Building, Shipping Office

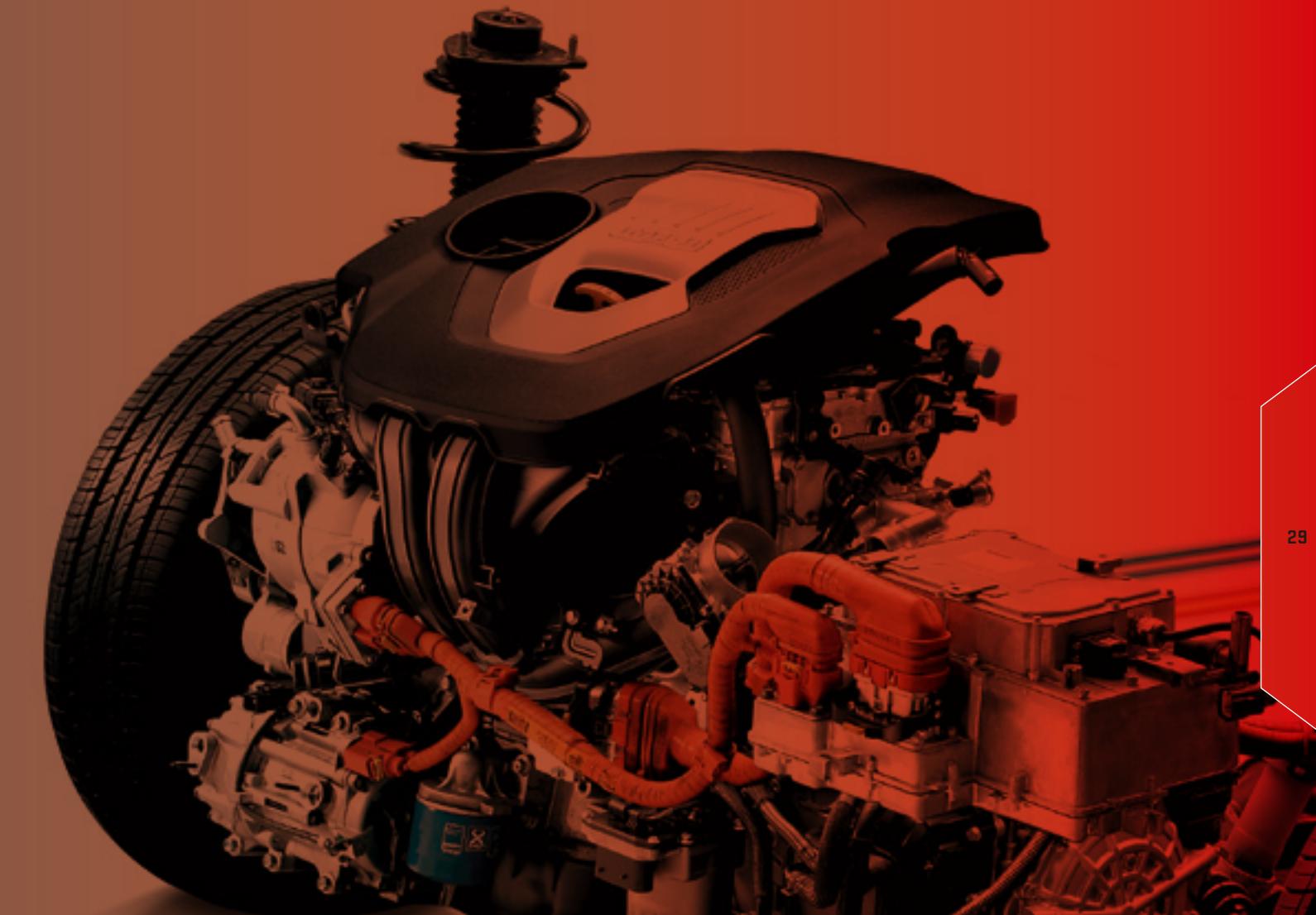




Green:



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Following the EU's declaration of an automotive CO₂ emission reduction target of 95 g/km by 2020, the US, China, Japan, and Korea also adopted tougher emissions policies. Driving this development is the concern that the life of the planet may be finite like human life. Unfettered indulgences of the past have caught up with us, and our children's future demands that changes are made in the present. Fuel economy sums up the green transformation sought by the automobile. There is a 99.9% inverse correlation between fuel economy and CO₂ emissions, the main culprit of climate change. That is to say, higher fuel economy means lower CO₂ emissions.

The average CO₂ emissions of new Kia models registered in the EU market in 2012 stood at 129.5 g/km, a 22.5% reduction from 167 g/km in 2004 and a 5.5% year-on-year decrease from 137 g/km in 2011. Kia Motors' growing greenness is corroborated by such numbers. We will continue our focus on efficiency to improve the present and seek alternatives to the combustion engine for a future built on innovation.



Engine: Downsizing

Engine downsizing involves decreasing engine displacement or the number of cylinders to raise fuel economy while maintaining or enhancing performance. Reducing engine displacement by 30% and 50% raises fuel economy by 15% and 25%, respectively, but it also results in lower engine power. Making up for this loss is the turbo charger, which powers the turbine with engine exhaust to suck in, compress, and inject air into the engine. Engine downsizing is realized when the turbocharger meets direct injection (DI) technology, which enhances engine's air absorption efficiency. Kia Motors has a full lineup gasoline direct injection (GDI) models in all vehicle classes, and K3 (Forte/Cerato) Koup, K5 (Optima), and Sportage R (Sportage) feature T-GDI (turbo+GDI) technology.

A car is powered by the force of combustion generated when fuel and air meet. This is why there has been steadfast R&D on technologies to better control fuel and air to boost performance and efficiency.

While GDI controls fuel, continuous variable valve lift (CVVL) deals with other half of the automotive power equation: air. The Nu CVVL engine developed by Kia Motors in 2012 controls air inflow by adjusting the intake valve based on speed or output to raise performance and fuel economy.

The Nu CVVL engine can be found in K5 (Optima) and we are currently developing a next-generation engine that boasts even greater fuel economy and performance.

Engine: Clean Diesel

Thanks to efficient combustion enabled by DI and turbochargers, diesel engines have greater power and fuel economy than gasoline engines. However, the combustion process generates large amounts of atmospheric pollutants. Nevertheless, technological advances have significantly reduced emissions, giving rise to 'clean diesel.' Kia's common rail direct injection (CRDi) diesel engine features precision, high-pressure fuel injection via an electronic control system that enhances efficiency and power. Our VGT diesel engine employs CRDi as well as the variable geometry turbocharger (VGT), which optimizes combustion by raising the turbine's power at all engine speeds through the precise control of exhaust flow. Kia vehicles powered by these diesel engines have



20-30% higher fuel economy and around 20% lower CO₂ emissions than their gasoline counterparts. In 2013, we expanded our diesel lineup to compact sedans with the release of the K3 (Forte/Cerato) diesel model.

Diesel vehicles emit carbon monoxide (CO), hydrocarbon (HC), PM, and NOx, 90% of which are removed by diesel oxidation catalysts (DOCs) and the diesel particulate filter (DPF). To reduce NOx emissions, which DPF is unable to filter, Kia Motors developed the Low Pressure EGR System (LP EGR) and the Lean NOx Trap (LNT) in 2012. Kia's entire diesel lineup meets Euro 5 emission standards, and in early 2014, we will start introducing engines featuring LP-EGR and LNT technologies to meet Euro 6 standards, which is slated to go into effect.

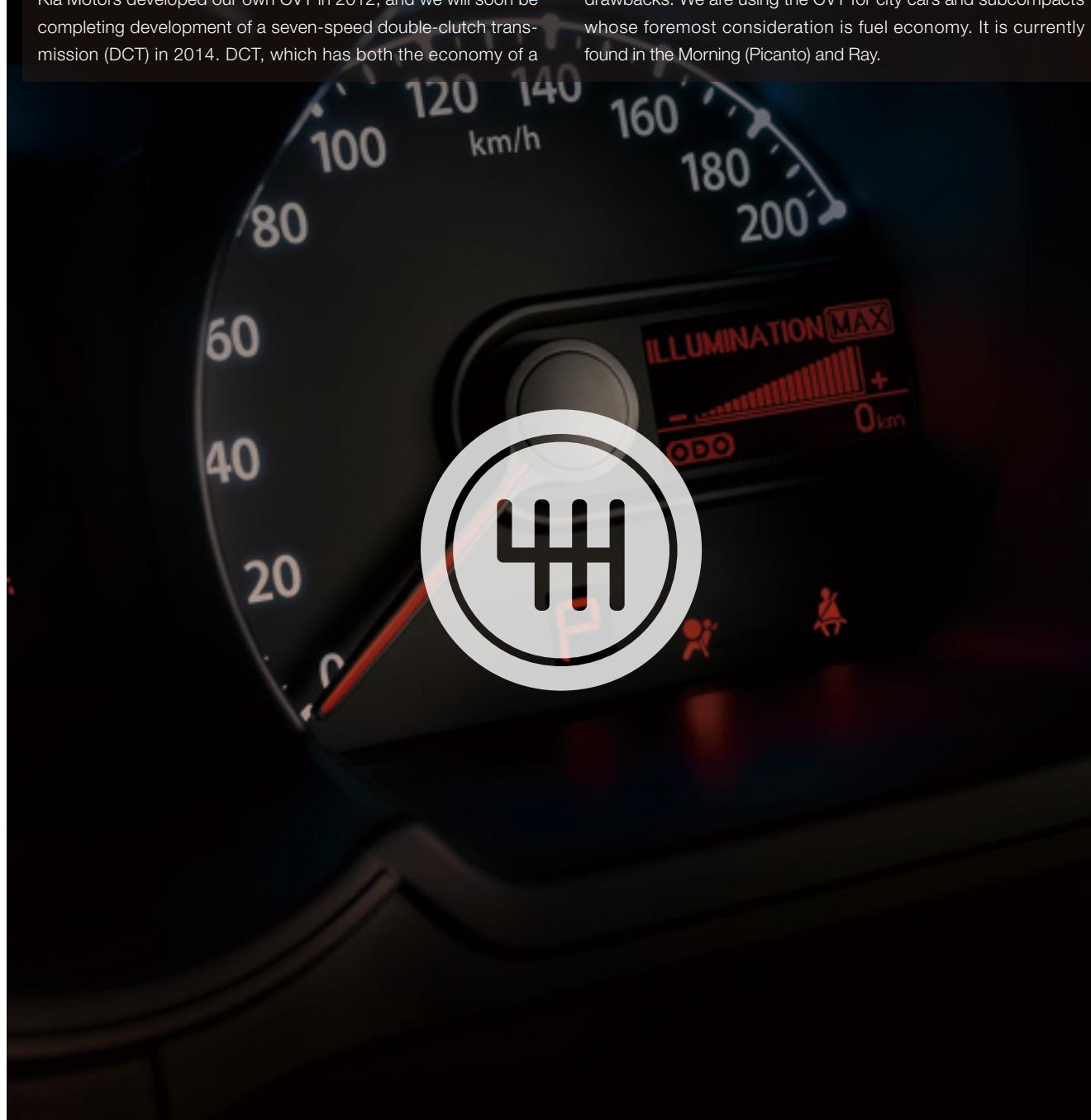
**Transmission: DCT & CVT**

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, thus enhancing fuel economy, acceleration performance, and driving experience. More gears, however, mean greater weight, so efforts to increase the number of gears must be accompanied by downsizing efforts. While a gear-free continuously variable transmission (CVT) results in a decline in transmission performance and driving experience, CVT boasts higher fuel economy and allows for smoother gear shifts.

Kia Motors developed our own CVT in 2012, and we will soon be completing development of a seven-speed double-clutch transmission (DCT) in 2014. DCT, which has both the economy of a

manual transmission and the convenience of an automatic transmission, boasts 5-6% higher fuel economy than that of an automatic transmission with the same number of gears. Moreover, the DCT has two clutches, each responsible for odd-numbered and even-numbered gears. When the car is put in a given gear, the idle clutch preps itself for the next gear change, thereby realizing faster response time and smoother gear shifts.

The seven-speed DCT, which offers higher fuel economy and a better driving experience than its predecessor—the six-speed DCT, will be applied to our subcompacts, compacts, and mid-size models. We are selectively applying multi-step transmissions and CVTs in consideration of their respective advantages and drawbacks. We are using the CVT for city cars and subcompacts whose foremost consideration is fuel economy. It is currently found in the Morning (Picanto) and Ray.

**Body: Lightweight**

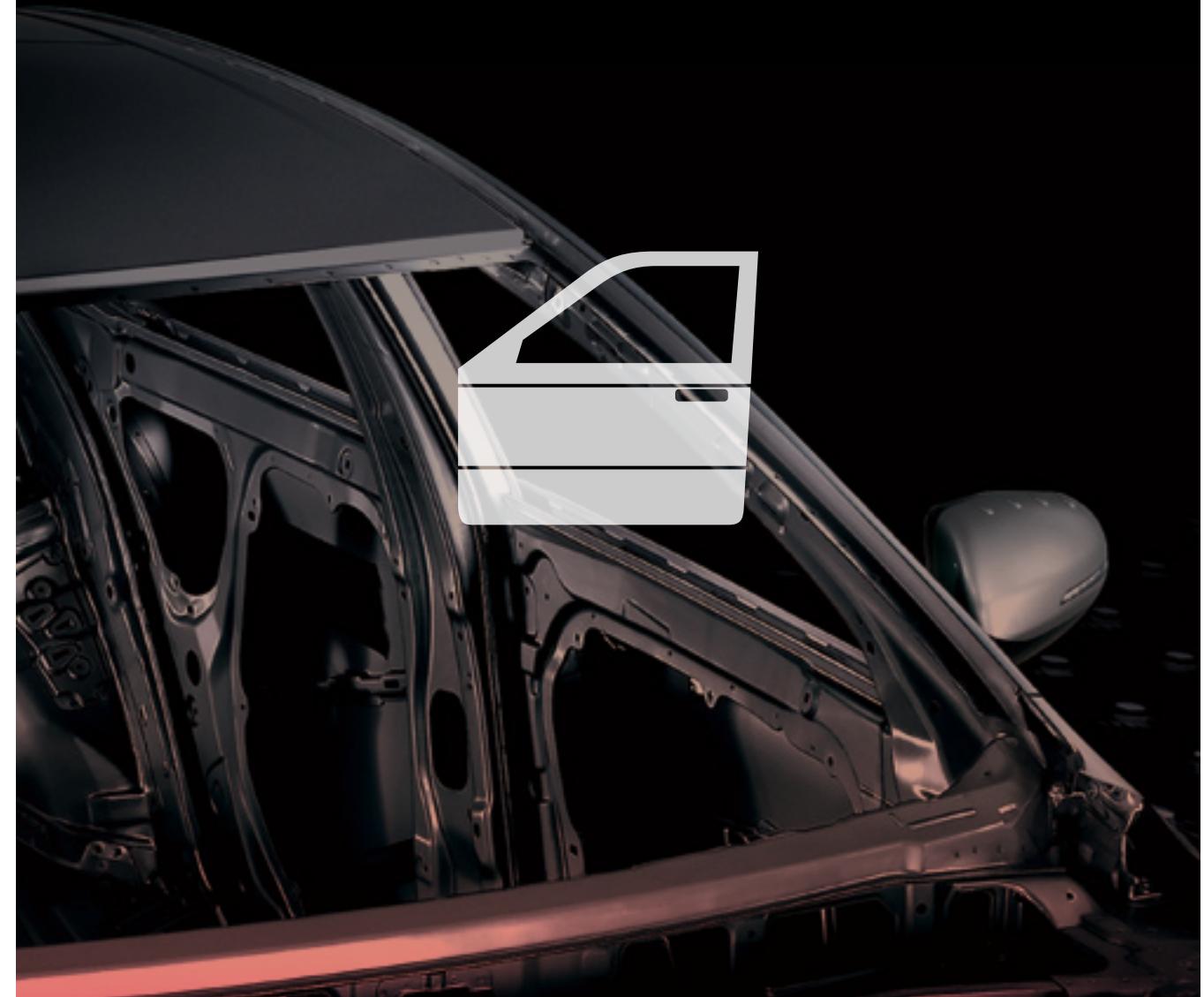
A lighter car travels farther than a heavier one with the same amount of power. That is, the lighter the vehicle body is, the greater the fuel economy becomes. A 10% reduction in weight results in around 3% fuel economy enhancement. Sheet metals make up the largest share of a car's weight. In 2012, we instituted a plan to increase the percentage of ultra-high-strength steel to 50% from the current 20% (based on mid-size models) to reduce vehicle weight by 10 kg or more by 2015.

While regular automotive steel can withstand a force of around 28 kg (tensile strength), the respective tensile strengths of high-strength steel and ultra-high-strength steel are over 35 kg and over 60 kg. Ultra-high-strength steel is twice as strong but 10% lighter than regular steel, so increasing its share of the vehicle body makes the vehicle lighter and over 20% more durable.

Across Kia Motors' entire lineup, high-strength-steel makes up more than 60% of the vehicle body, and in the case of Mohave, this figure stands at 75%. Some 70% of the vehicle body of 2013 Carens (Rondo) is high-strength steel, and the share of ultra-high-strength steel is 24% greater than that of its predecessor.

Ultra-high-strength steel makes up 35% of Soul's body, over twice that of the preceding model. As for the B-pillar, which is crucial for driver safety, it is made of steel 2.5 stronger than ultra-high-strength steel.

A car is made up of around 14 kg of light yet resilient plastic composites of fiberglass and other fillers. Among such plastics is glass-mat-reinforced thermoplastic (GMT), which is as strong as steel but over 20% lighter and very easy to recycle. It is generally used for the rear bumper beam given its durability in impact situations.



**Drive: Aerodynamic Design**

Air resistance is a force that acts in the opposite direction of an object moving through air. Hence, air resistance raises fuel consumption in cars. Aerodynamic designs are aimed at minimizing this force of resistance. As air resistance is proportional to the frontal area and speed of a car, aerodynamic designs become significant when a car hits speeds of 80 km/h and higher. The car's exterior, wheels, and underside determine 40%, 30%, and 20%, respectively, of the force of resistance.

Based on meticulous aerodynamic considerations, Kia Motors lowers and streamlines the vehicle body and makes modifications to side mirrors, lamps, and other exterior components that increase air resistance. Kia cars also feature devices that control the amount and direction of incoming air flow. The undercover,

also known as the engine splash shield, covers the hollow spaces in the underside of a vehicle to enable smooth air flow. It also protects the engine and other vital automotive components. The wheel deflector, another device for controlling air flow, is placed in front of each front wheel to reduce air resistance on the tires. Almost all Kia cars come with wheel deflectors, and undercovers can be found in models of the same vehicle class as K3 (Forte/Cerato) or higher.

Coefficient of drag (C_d) is the measure of an object's air resistance on a scale of 0 to 1. The closer it is to 0, the lower the air resistance is. Most passenger cars have a coefficient of drag between 0.24 and 0.35. The coefficients of drag of the 2012 K3 (Forte/Cerato) and the 2013 K3 (Forte/Cerato) Koup are 0.27 C_d and 0.29 C_d , respectively.



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Drive: ISG & TPMS

Designed to curb fuel consumption, Idle Stop & Go (ISG) limits idle revolutions by shutting down the engine when a car comes to a stop and restarting the engine when the car begins moving again. Studies on city driving show that cars are idle 30% of the time they spend on city roads. ISG is thus especially effective for stop-and-go city driving, raising fuel economy by up to 10%. Kia Motors has developed and is applying an ISG system with a controller to minimize the impact of repeated stops and starts on the engine by boosting starter and battery performance. The manual transmission ISG can be found in cee'd and Venga—our flagship models in Europe—as well as in Morning (Picanto) and Sportage R (Sportage). In 2011, Forte (Cerato) became the first Kia car to be fitted with the automatic transmission/CVT ISG, which is now

also applied to Morning (Picanto), Ray, Pride (Rio), K3 (Forte/Cerato), K5 (Optima), Soul, and Carens (Rondo).

When a car moves, heat is generated as the tires drag on the road surface and as they bear the weight of the vehicle body. Rolling resistance is the loss of energy transmitted from the engine due to this heat. Kia Motors has been outfitting our new releases with low rolling resistance tires while also expanding the application of the Tire Pressure Monitoring System (TPMS). When tire pressure falls below the optimal level, fuel consumption rises and braking performance falls. TPMS, which consists of a pressure/temperature sensor inside the wheel that transmits real-time tire pressure information, is found in Pride (Rio), K-Series, K5 (Optima) Hybrid, Carens (Rondo), and Sportage R (Sportage). **M**



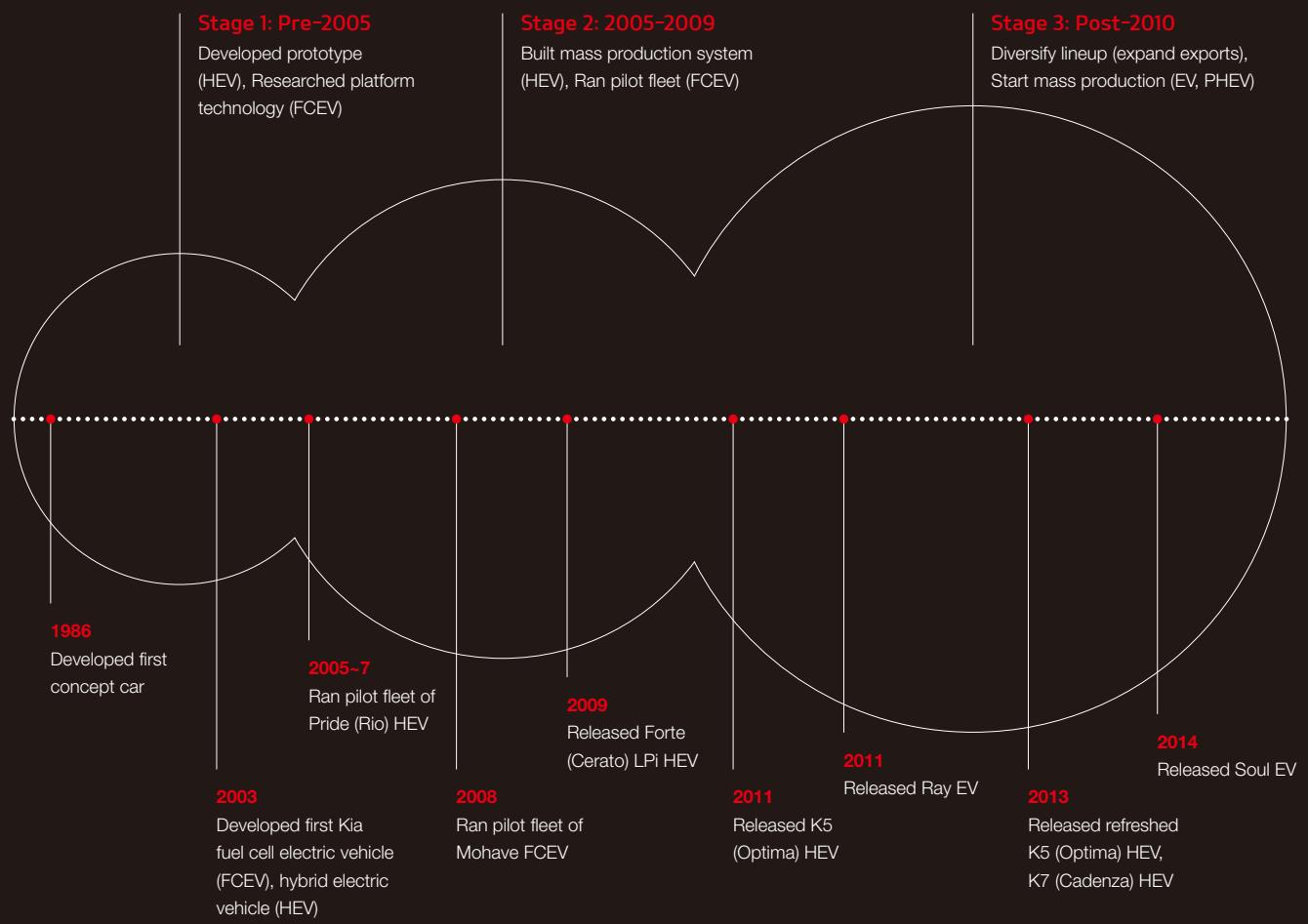
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Paradigm Shift: EcoDynamics

Zero emissions, not mere emission reduction, is the ultimate goal for automobiles. The automotive paradigm shift toward fossil fuel-free, zero-emission vehicles has homed in 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. In 2009, Kia Motors launched the green sub-brand EcoDynamics, which embodies our commitment to contributing to the betterment of humanity and the earth by adding sustainable mobility to the existing value of cars, and officially embarked on our journey toward zero emissions.

EcoDynamics

EcoDynamics Milestones



HEV

HEVs, also called hybrids, are so named for having two power sources: an internal combustion engine and an assisting electric motor. Hybrids are more powerful and have higher fuel economy than combustion engine cars. Motors have an energy conversion efficiency of 80%, much higher than that of engines (30-40%). Also, the battery is recharged by the braking energy generated during deceleration. HEVs are propelled by the motor at starts and at low speeds and by either the engine or the motor when at a constant speed. The electric motor assists the engine during acceleration to boost power, and the engine shuts down to cut unnecessary fuel consumption when an HEV comes to a stop, thus preventing unnecessary fuel consumption. For these reasons, HEVs boast high fuel economy especially when it comes to stop-and-go city driving.

Hybrid Electric Vehicle



K7 (Cadenza) Hybrid's fuel economy enhancement compared to the gasoline model



Following the release of the 2011 K5 (Optima) Hybrid, the refreshed K5 (Optima) Hybrid and the K7 (Cadenza) Hybrid were unveiled in 2013. The K5 (Optima) and K7 (Cadenza) hybrids are outfitted with a parallel hard-type hybrid system independently developed by Kia Motors. A hard-type HEV is only powered by the motor when traveling at low speeds, and a parallel hybrid system features a single motor that recharges the battery and powers the vehicle. Existing power-split hybrid systems have two motors, one to recharge the battery and one to supply power. By using a connecting engine clutch that puts both the engine and motor to work during acceleration, Kia succeeded in creating a single-motor hybrid system that is smaller and lighter and yet more efficient than the power-split drivetrain.

The battery determines an HEV's performance as the energy stored powers the motor. The lithium-ion polymer (Li-poly) battery pack of the K-Series is 30% lighter than its nickel-metal hydride (Ni-MH) counterpart and features a quadripartite safety design. With a HEV-specific six-speed transmission that enhances the driving experience and fuel economy, the K7 (Cadenza) Hybrid has a fuel economy of 16 km/l, comparable to that of K3 (Forte/Cerato). Kia Motors has also succeeded in producing all the electric power components in Korea, thereby laying the foundation for sustained technological advances and enhancing the competitiveness of our partners.

EV

EVs run solely on electric energy supplied to the motor by a high-voltage battery so they are not only emission-free but also twice as energy-efficient as engine-powered vehicles. However, there is a limit to the size of the battery that can go into a vehicle, so EVs can only travel some 100 km per charge. Moreover, even high-speed charging takes around 30 minutes, and charging infrastructure is still lacking. Nevertheless, EVs are continuing to evolve just like internal combustion engine cars have done for over a century. The marketability of EVs has already been proven, and their evolution continues to gain momentum from global competition and cooperation.

Electric Vehicle



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Increase in per-charge driving range of Soul EV (148 km) compared to Ray EV (91 km)



The Soul EV, Kia's second electric vehicle, is slated for release in April 2014. It is powered by a 81.4-kW motor with a maximum output and torque of 111 ps and around 29 kgf·m, respectively. It also comes with a high-capacity 27-kWh lithium ion battery boasting the highest-level energy density (200 Wh/kg) in its class. The per-charge driving range is around 148 km (certified by the Ministry of Trade, Industry and Energy). The Soul EV features an EV heat-pump system, which extends driving range by using high-efficiency energy generated by the refrigerant circulation process or the waste heat from the motor or inverter when the air-conditioner or heater, respectively, is in use. It takes around 24 minutes to fully charge the Soul EV with a 100-kW charger at high-speed mode and 4 hours and 20 minutes with a 240-V regular charger.

The battery pack, placed under the car's floor, allows for a spacious interior and lowers the vehicle's center of gravity for safer driving. The Soul EV has a larger percentage of ultra-high-strength steel in the vehicle body than its gasoline counterpart, increasing torsional rigidity by 27%. Given that the electric motor makes no noise, the Soul EV is equipped with a Virtual Engine Sound System (VESS) that emits artificial engine noises to alert pedestrians when the vehicle is driving at a low speed or backing up. With 23.9 kg of interior materials made of bio-friendly materials, the Soul EV received a green certification from Underwriters Laboratories (UL).

FCEV

FCEVs run on the electricity generated by the chemical reaction between hydrogen and oxygen. An FCEV consists of a tank that stores hydrogen, a fuel cell stack that generates electric power, and a battery that supplies auxiliary energy. With water as the only by-product, FCEVs are completely emission-free. FCEVs are three times more energy-efficient than combustion engine cars, and they outdo EVs in terms of charging speed—as fast as pumping gas—and per-charge driving range (around 600 km). For FCEV commercialization, however, the hydrogen-generation process has to become more energy-efficient and a network of hydrogen fueling stations must be set up. Korean and global automakers are working toward the goal of commercializing FCEVs and putting a network of charging stations in place by 2015.

Fuel Cell Electric Vehicle



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Mohave FCEV's per-charge driving range



Kia Motors started R&D on fuel cell technology in 1998. Our low-temperature (-20°C) startup technology has been certified, and in 2009, we developed a second-generation FCEV equipped with a 115-kW fuel cell stack (generator that converts energy created by the reaction between hydrogen and oxygen into electric power) and a 700-bar hydrogen storage unit. Mohave FCEV features a fuel cell stack built into the underfloor for even weight distribution, enabling more dynamic driving performance and more stable maneuverability. It can travel up to 690 km on a single charge and has a maximum speed of 160 km/h. The vehicle is designed to minimize damage to the hydrogen tank and pipes in rear-end collisions and is equipped with a sensor to detect hydrogen leaks caused by impact, thus fulfilling US collision safety requirements.

The Mohave FCEV's durability and technological superiority were proven with the successful completion of the 2,655-km US Hydrogen Road Tour 2009. Some 99% of fuel cell technology is now domestically produced, and together with some 120 partner companies, we are developing technologies to reduce the size and cost of the fuel stack. **M**



Smart:

Special Feature

Special Feature

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Automotive technology today puts people first. Cars already protect people from accidents and watch over the driver, providing alerts about road conditions or going into self-driving mode. Smartphone-linked services that enable drivers to use mobile apps via the in-vehicle display will be launched this very year. Research is underway on automotive technologies that enable mood-based music selection, monitor the driver's health condition, offer daily schedule alerts, and provide optimal routes through communication with other vehicles and traffic infrastructure. The automobile observes and analyzes everyday habits and patterns and proposes a better way of life. Driving this development are changes in the realities of daily human life brought on by today's connected world. The world population continues to grow and age while the middle class expands and the pace of urbanization accelerates. These changes foretell a surge in the number of cars on our roads and accompanying traffic challenges. They also demand solutions to automotive and traffic challenges brought on by population aging. Kia Motors identifies social changes and the needs of the time and works with relevant industries and organizations to address them. Self-driving cars, the final destination of the automobile's journey toward 'smart,' is now within reach.

Safety: Prerequisite for Smart Automobiles

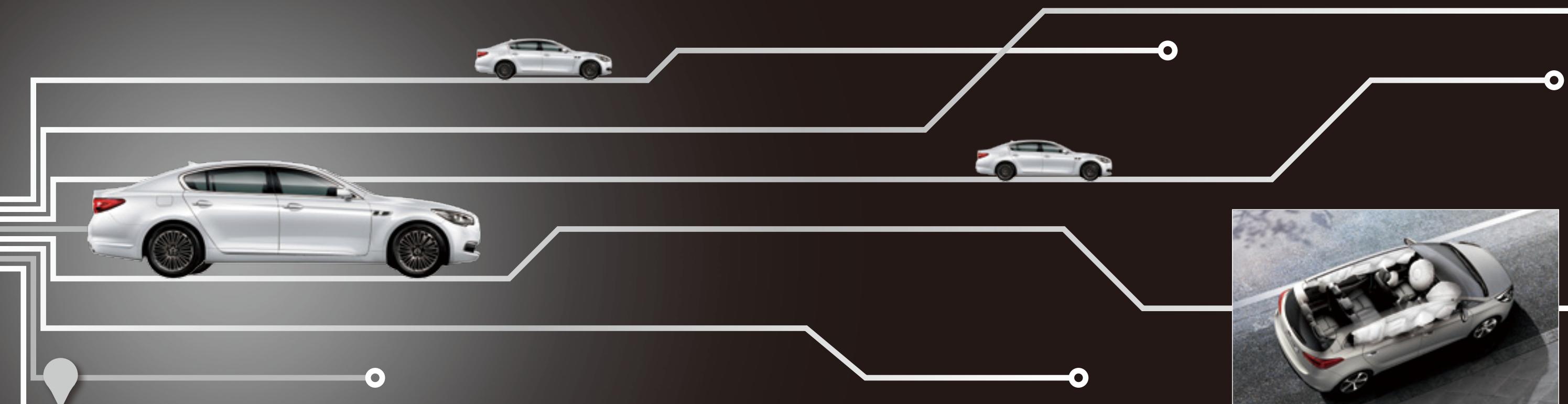
Special Feature

Automotive safety is not a helpful secondary feature but a necessity that has a bearing on life. Technologies for automotive safety have thus expanded their scope from airbags and other basic passenger safety devices to systems for pedestrian safety as well. They have also evolved toward preemptive approaches that analyze car and road conditions for accident prevention. Related regulatory requirements and public perception and demands have also grown tougher. The European New Car Assessment Programme (Euro NCAP) is adding Autonomous Emergency Braking (AEB), Lane Departure Warning System (LDWS), and Lane Keeping Assist System (LKAS) to their ratings program in 2014, as well as a pedestrian collision prevention system in 2016. Although the timeframes for adoption vary, US and Japan are also following suit, and the Tire Pressure Monitoring System (TPMS) is already mandatory in the EU, US, and Korea.

Crash Test: Results

Every year, Kia Motors strengthens the safety features of new or updated models. The 2013 Carens (Rondo) is designed to disperse and absorb the impact of a crash before it affects occupants or pedestrians. A pedestrian-safety feature has also been added. In order to make the vehicle body stronger, we increased the percentage of high-strength and ultra-high-strength steel, reinforced the manner by which the vehicle body is held together, and applied the hot stamping method to quickly cool the steel after processing it at high temperatures. As for pedestrian safety in collision situations, the key is to get pedestrians to fall on to the hood rather than the road where secondary accidents can occur. Carens (Rondo) is equipped with a lower bumper stiffener, which prevents the pedestrian from

ending up under the vehicle and limits the amount of injury-inducing knee bending. Carens (Rondo) also has an open cowl structure to mitigate injuries when pedestrians hit their head on the hood. Carens (Rondo) along with K3 (Forte/Cerato) were awarded the top safety rating from KNCAP (Korean New Car Assessment Program), which rates newly released vehicles in five collision test categories. It also received the highest rating from Euro NCAP, which looks at the safety performance in the following four criteria: adult occupant protection, child occupant protection, pedestrian protection and safety assist systems. K5 (Optima), in the meantime, was named a 2013 Top Safety Pick by the US Insurance Institute for Highway Safety (IIHS), which added frontal and side impact evaluations to its ratings program in 2013.



Crash Test: Process

How well a car withstands collisions is the foremost determinant of auto 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. We carry out computer simulations from the initial stages of product development and perform some 100 crash tests before releasing a new model. In a crash test, a vehicle with a test dummy inside is crashed into a wall. After the impact, we check the extent of the damage, analyzing the impact footage from high speed cameras attached to either ends of the wall along with impact data from the 80 sensors on the dummy. Kia Motors takes into consideration occupants' possible responses upon impact as well their weight, height, and other physical traits. We focus especially on women and children, who are more susceptible to injuries than men. The results of these detailed and specialized crash tests are then applied to our vehicles.

Seat Belts & Airbags

The airbag is one of the most basic automotive safety features. 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. All newly released Kia models are equipped with at least the following six airbags: two front airbags, which protect the driver and front-seat passenger in head-on collisions; two side airbags, which minimize injuries in side-impact collisions; and two curtain airbags, which protect the occupants' heads in side-impact collisions and rollovers by wrapping over the sides of the windows.

Seat belts play an even more important role than airbags in auto safety. According to the US National Highway Traffic Safety Administration (NHTSA), wearing a seat belt reduces the risk of fatal injury in motor accidents by 45%, with a 5% additional reduction when coupled with airbags. Airbags alone only mitigate the risk by 14%. That is why seat belts are also continuing to evolve. Today's seat belts retract at impact and then release slightly once the load on them hits a certain level to prevent seat-belt-related injuries. The seat belt pretensioner, which performs this function, is found in all Kia models.

Vehicle Management Systems

The Vehicle Stability Management System (VSM) detects hazards and autonomously takes necessary action. VSM accurately determines how the vehicle is faring and stabilizes the vehicle on uneven road surfaces by communicating with various sensors, Vehicle Dynamics Control (VDC), and Motor Driven Power Steering (MDPS). VSM is installed in Morning (Picanto), K5 (Optima), K5 (Optima) Hybrid, Ray, Soul, Carens (Rondo), Sportage R (Sportage), and Sorento R (Sorento).

Emergency Braking Systems

Studies show that 90% of traffic accidents are caused by distracted or negligent driving. Autonomous Emergency Braking (AEB) and Emergency Stop Signal (ESS) assist drivers by detecting emergencies and taking autonomous action. AEB, which has been included in the Euro NCAP's rating scheme in 2014, applies the brakes when the vehicle in front slows down or stops or when pedestrians or obstacles suddenly appear. Tests show that AEB can cut collision accidents by up to 27% and can lead to a significant reduction in injuries when collisions cannot be avoided. ESS automatically activates the hazard lights to warn other motorists when a vehicle, traveling at 50 km/hr or faster, suddenly comes to a stop. ESS can be found in Morning (Picanto), Pride (Rio), K3 (Forte/Cerato), K5 (Optima), K5 (Optima) Hybrid, Sorento R (Sorento), and Mohave.

Lane-keeping Systems

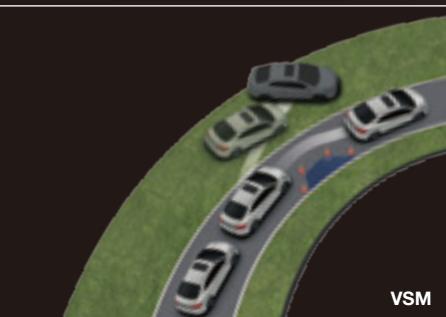
Driving while drowsy is the leading cause of motor vehicle accidents in Korea. It is easy to veer off the lane and cause an accident if you dose off at the wheel, lack driving experience, or get distracted. That is why lane-keeping systems have been developed, and as of 2014, Euro NCAP is including Lane Departure Warning System (LDWS) and Lane Keeping Assist System (LKAS) in its assessment scheme. When the camera on the windshield detects a lane change, LDWS alerts the driver if the turn signal is not on. LKAS, in the meantime, automatically adjusts the steering wheel to keep a vehicle in a given lane. LDWS-fitted Kia models are K7 (Cadenza), K9 (Quoris/K900), Soul, Carens (Rondo), and Sorento R (Sorento), while Soul and K9 (Quoris/K900) also come with LDP.

Tire Pressure Management System

Tire pressure requires regular monitoring and maintenance but is often neglected. Tires naturally lose air over time and larger amounts in cold temperatures. Wrong tire pressure—too high or too low—leads to premature wear, which in turn can compromise a vehicle's braking capability and cause a major accident. It is said that 75% of tire blowouts are attributed to low tire pressure. That is why a growing number of countries are mandating the Tire Pressure Monitoring System (TPMS), which measures tire pressure and alerts the driver when the pressure is too high or low. TPMS has been mandatory for all newly-released cars in the US, EU, and Korea since 2007, 2012, and 2013, respectively. Pride (Rio), K-Series, K5 (Optima) Hybrid, Carens (Rondo), and Sportage R (Sportage) are equipped with TPMS.

Parking Assistance System

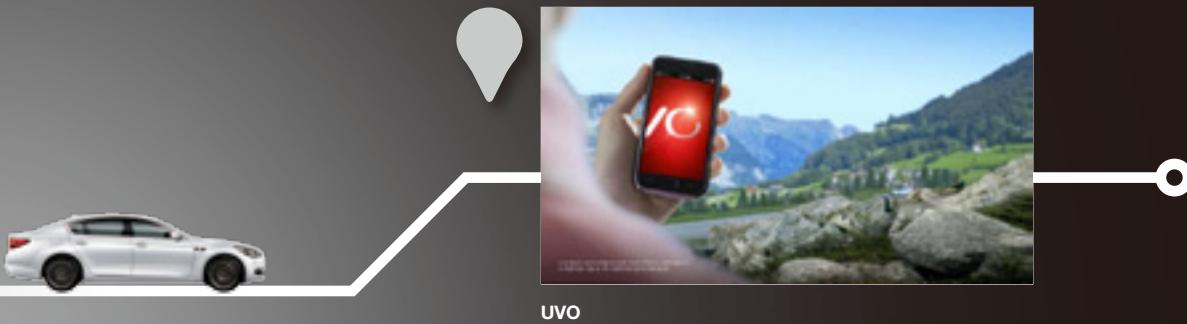
It is said that women find parking difficult, but parking is not easy for any inexperienced driver. This is the reason why the Smart Parking Assist System (SPAS) was developed. SPAS enables safe and easy parking by offering a visual representation of the vehicle's movement in addition to voice instructions. Instructions are based on the data captured by six front sensors and four rear sensors about the parking space and nearby vehicles. The driver is instructed to slowly step on the gas pedal, and the steering wheel is automatically maneuvered. SPAS is installed in K3 (Forte/Cerato), K5 (Optima), K7 (Cadenza), Soul, Carens (Rondo), Sportage R (Sportage), and Sorento R (Sorento).



SPAS

Convenience: Completing the Smart Automobile

KITT, the bona fide hero of the hit 1980s TV series *Knight Rider*, is now an imminent reality. A driver can start the car and turn on the A/C unit remotely using a smartphone. Soon, drivers will be able to converse with their cars. Such technologies are headed toward the goal of autonomous, self-driving vehicles. There are two main reasons that new safety and convenience systems along with technologies that connect cars and smartphones are moving in this direction. The first has to do with people. Safe driving can cut motor vehicle accidents worldwide and tackle the universal challenge of an aging global population. Self-driving technology also delivers convenience, which is the icing on the cake. The second reason is environmental concerns. Optimized driving can raise fuel economy and curb exhaust emissions. This section presents cutting-edge technologies that are taking us closer to the goal of realizing autonomous vehicles by 2020.



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UVO

Telematics (telecommunications+informatics) are automotive IT services that bring together cars and wireless communication. Kia's UVO system is linked to the GPS navigation system, driver's smart phone, and UVO Center for remote vehicle control and assistance. Through UVO, the driver can use a smartphone to start the engine, turn on the heater, check the vehicle's location or condition, run vehicle diagnostics, or track the vehicle when stolen. Moreover, when airbags are deployed in an accident situation, the UVO Center is automatically alerted and emergency roadside assistance is dispatched. The UVO Center offers road directions, remote vehicle diagnostics, and maintenance alert services.

In 2014, Kia Motors launched UVO EV e-Service specifically designed for EVs. It will be applied to the Soul EV, offering Kia's standard UVO services as well as enabling drivers to remotely check their vehicle's charge level, search for charging stations, and even charge their EVs.



IVI (In-Vehicle Infotainment system)

Mirroring Service

Kia Motors is working on a mirroring service to make our vehicles more 'connected.' Mirroring technology replicates the smartphone screen on an in-vehicle display, offering the convenience of having two smartphones in a car. For instance, when a smartphone GPS navigation app is on and there is an incoming call, the driver can use the smartphone to answer the call while the navigation app continues to run on the in-vehicle display.

Next-generation Technology

The next step for UVO is the UVO Enhanced Voice Recognition System, which makes recommendations based on driving habits and patterns and natural-language voice commands. Car-to-car and car-to-infrastructure communication technologies are being developed to offer motorists driving and road information for enhanced automotive safety. Also in the works are a mood-based music selection service and a business service that will turn the automobile into a small office.

Research is also being conducted for driving safety and convenience technologies. Cars will be able to recognize and track drivers' hand and eye movements and provide driving and driver convenience information in the form of a 3D hologram. It will become possible to wirelessly and simultaneously charge multiple mobile devices, and a U-healthcare system will measure and analyze the driver's blood pressure, heart rate, and body fat percentage to offer information on the driver's health and psychological state. M

LCA (Life Cycle Assessment) is an international standard (ISO 14040s) on a product's potential environmental impact throughout its life cycle, from production and use to disposal.

DfE (Design for Environment) is an international standard (ISO 14062) on the greenness of a product's design.

Carbon Footprint Labeling is a Korean standard on the CO₂ emissions of a product across its entire life cycle.

IIHS (Insurance Institute for Highway Safety) conducts regular crash tests of all released vehicles in the US and publishes the findings. A vehicle that passes five crash test assessments is named a 'Top Safety Pick.'

NCAP (New Car Assessment Program) evaluates the collision safety performance of new vehicles. The Korean version is KNCAP, while in Europe there is Euro NCAP. A five-star rating is the highest assessment grade.

Safety & Environmental Assessments

Green Lineup

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Kia Motors boasts a full lineup of passenger cars, RVs, and commercial vehicles whose greenness and safety are verified through domestic and international assessments.



Combined fuel economy, a new energy efficiency standard, is the combined city/freeway-driving energy efficiency that also takes actual driving conditions into consideration. As it is the fuel economy of a vehicle driven in standard mode, it can differ from actual fuel economy which varies depending on road conditions, method of driving, vehicle maintenance, and outdoor temperature. Only CO₂ emission figures are listed for Kia's Europe-only models as per local market standards. Visit the Kia Motors official website for more on the fuel economy and CO₂ emissions of individual Kia vehicles.

Green Lineup

	LCA (Life Cycle Assessment)	DIE (Design for Environment)	Carbon Footprint	Labeling	IIHS for Highway Safety)	NCAP (New Car Assessment Program)
						
Morning (Picanto)						
Combined fuel economy 17.0 km/l (City: 16.2 km/l, Highway: 18.2 km/l)	co ₂	co ₂				
Combined CO₂ emissions 98 g/km (1.0 Gasoline 5DR M/T)						
						
Pride (Rio) Hatchback						
Combined fuel economy 19.0 km/l (City: 17.1 km/l, Highway: 21.8 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 100 g/km (1.4 Diesel M/T)						
						
K3 (Forte/Cerato)						
Combined fuel economy 16.2 km/l (City: 14.6 km/l, Highway: 18.5 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 120 g/km (1.6 Diesel ISG A/T)						
						
K5 (Optima)						
Combined fuel economy 11.9 km/l (City: 10.2 km/l, Highway: 15.1 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 147 g/km (2.0 Gasoline A/T)						
						
K7 (Cadenza)						
Combined fuel economy 11.3 km/l (City: 9.6 km/l, Highway: 14.4 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 155 g/km (2.4 GDI A/T)						
						
K9 (Quoris/K900)						
Combined fuel economy 9.6 km/l (City: 8.1 km/l, Highway: 12.3 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 186 g/km (3.3 GDI A/T)						

 Green-certified models are based on cumulative performance/findings.

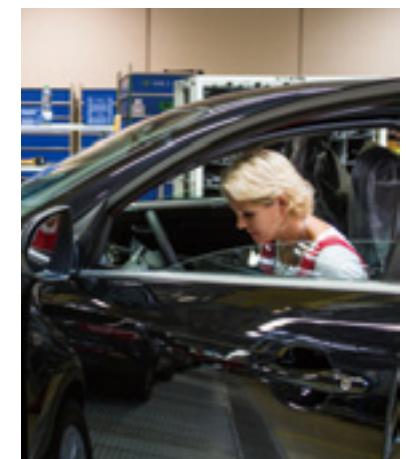
 Safety-certified models are based on 2013 performance/findings.

	LCA (Life Cycle Assessment)	DIE (Design for Environment)	Carbon Footprint	Labeling	IIHS for Highway Safety)	NCAP (New Car Assessment Program)
						
Soul						
Combined fuel economy 14.1 km/l (City: 12.9 km/l, Highway: 15.8 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 140 g/km (1.6 Diesel VGT ISG A/T)						
						
Carens (Rondo)						
Combined fuel economy 14.0 km/l (City: 12.9 km/l, Highway: 15.7 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 141 g/km (1.7 Diesel VGT ISG A/T)						
						
Sportage R (Sportage)						
Combined fuel economy 14.4 km/l (City: 13.7 km/l, Highway: 15.3 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 136 g/km (2.0 Diesel 2WD M/T)						
						
Carnival R (Carnival/Sedona)						
Combined fuel economy 11.6 km/l (City: 10.9 km/l, Highway: 12.5 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 173 g/km (2.2 Diesel VGT M/T)						
						
Mohave						
Combined fuel economy 10.7 km/l (City: 9.5 km/l, Highway: 12.7 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 189 g/km (3.0 Diesel E-VGT 2WD A/T)						
						
Bongo III (K-Series Truck)						
Combined fuel economy 10.0 km/l (City: 9.9 km/l, Highway: 10.2 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 201 g/km (Standard Cab (1.0 t) Diesel M/T)						
						
New Granbird commercial bus						
Combined fuel economy 14.4 km/l (City: 12.9 km/l, Highway: 16.7 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 137 g/km (2.0 Diesel 2WD M/T)						
						
Ray						
Combined fuel economy 14.6 km/l (City: 14.0 km/l, Highway: 15.4 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 117 g/km (1.0 Gasoline ISG CVT)						
						
Sorento R (Sorento)						
Combined fuel economy 14.4 km/l (City: 12.9 km/l, Highway: 16.7 km/l)	co ₂	co ₂	co ₂			
Combined CO₂ emissions 137 g/km (2.0 Diesel 2WD M/T)						
						
New Granbird commercial bus						



Quality is an absolute, irreplaceable value in automobiles, which have to move continuously throughout their existence. And because they are continuously moving, regular maintenance and replacement of parts and fluids are a must. As such, automobiles and service centers are inextricably bound together. This is why Kia Motors has sophisticated systems in place for quality enhancement, and this is also why we formulated a corporate vision for quality service in 2013. Getting more consumers to buy our cars is important, but even more important is ensuring that more customers are satisfied with our products and service. That is why we continuously assess and strive for improvements.

Revisiting Basics: Products & Service



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Continuously Improving

Four Systems for Quality

On the first floor of Kia Motors' corporate headquarters is a room that has been used exclusively for our monthly product quality meeting since 1999. After each meeting, attended by upper management and the heads of product development and manufacturing, every effort is made to address the issues raised within a month. This meeting, now in its 16th year, is our first system for quality management. Second is the Pilot Center at the Group's Technology Research Institute. At the center, established in 2003, newly-developed vehicles are put through the exact same manufacturing process as that of an actual Kia production facility. Vehicle blueprints are revised if problems are detected. Third is the Development Product Center, which oversees all quality-control issues. The center, opened in 2010, develops technical standards based on inspections of vehicles in development and analysis of past problems. Fourth is the Global Quality Situation Room, which operates around the clock to handle problems that occur despite our meticulous preemptive

quality-control efforts. When a problem is reported, the relevant technical team is informed within 24 hours of receipt, and the technical team works with the pertinent organizational unit(s) to find solutions, which are then shared through our global network to prevent recurrence.

Analysis & Resolve

In 2013, Kia Motors set forth 'perfection' as the core value of our quality vision and adopted the following goal: 'Perfecting high quality that translates into trouble-free cars and appeals to customer sensibilities.' In the 2013 Initial Quality Study (IQS) conducted by J.D. Power & Associates, Soul came in first place for the second consecutive year in the compact MPV segment while Sportage R (Sportage) topped the compact CUV segment. Kia ranked fifth in the mainstream brand segment and tenth overall. Soul also received ALG's Residual Value Award and was named Strategic Vision's Total Quality Winner in its class. K7 (Cadenza) was awarded the first-place honor in Motor Trends' comparative assessment of five full-size sedans, and in China Quality Association's China Automobile Customer Satisfaction Index, K2 scored its second consecutive win, Sportage R (Sportage) topped its respective segment for the third straight year, and K3 (Forte/Cerato) came in first place in the new car segment. Amid news of such accolades, Kia Motors has continued to analyze our current quality performance, seek room for improvement, and map out our next steps. The 'perfection' we envision involves turning 'quality' into Kia's hallmark strength. We will work even harder and make improvements in 2014 to get one step closer to this goal.



Vision Sharing & Foundation Building for Better Service

In 2013, our new vision for quality service was shared with all relevant Kia Motors employees, who resolved to realize the following: 'Service: Reason for Buying a Car.' Various strategies were implemented in 2014 under this guiding principle. Kia service centers began their transformation into leisure spaces equipped with women's lounges or English libraries for children in 2010. In 2013, service centers in seven areas were either remodeled or moved/expanded to more accessible locations, and these remodeling and relocation efforts will be completed for all Kia service centers in 2014. In the meantime, the Hi-tech Center, which opened its doors at corporate headquarters in 2011, offers complex remote troubleshooting services. Our smart services—remote diagnostics and emergency dispatch—were launched in 2012, and we added the vehicle management mobile application Qfriends to the list in 2013. Kia Motors will continue to increase relevant contents through Qfriends with the goal of building an integrated online service center by 2016.

Expertise & Convenience Upgrade

Through Kia's Door-to-Door Repair Service, which was launched 2011, customers can have their cars picked up and dropped off by vehicle technicians at times and locations of their choice simply by putting in a repair request by phone or online. The Advisor Program is comprised of consultation and repair services by certified automotive specialists. Our annual customer survey shows that the number of users and satisfaction levels for the Door-to-Door Repair Service and Advisor Program are on a steady rise. To advance the Advisor Program into Kia's flagship customer service system and raise employee competencies, we ran two training sessions (May, December) in 2013. We also offered the Technician Level-up Program (TLP), a personalized technical training and work-level-specific education program, to all employees. In 2014, we will create the Service Education Team, expand education programs for new models and green technology, and promote specialization in noise, vibration, and harshness (NVH), electric vehicles, and other sub-areas of automotive services. ■



Striking a Work-Life Balance

Smart Balance

Kia Motors' present is determined and future shaped by the improvements and innovations employees make in product development, manufacturing, sales, and service. That is why we study the methods by which our employees work and the environment they work in while paying attention to their lives and well-being. We strive to foster a work environment founded on fairness and reason, provide practical and effective systems, and build a corporate culture where differences are embraced. Together with our employees, we seek out the conditions for true happiness.

Addressing Work & Life Issues

Kia Motors' Smart Work Campaign, launched in 2011, is aimed at building a work culture founded on sensible and efficacious productivity (smart working) rather than long hours of grueling exertion (hard working). The campaign's twofold implementation is comprised of efforts to do away with inefficient practices on the one hand and infrastructure-building to raise work efficiency on the other. By 2013, newsletters and posters were created to simplify paperwork and paper flow, a server-based document-sharing system was established, video-conferencing infrastructure using the in-house messenger chat program has been set up, and report templates have been issued. We plan to expand the campaign to Korean plants and overseas worksites.

Kia Motors also continues to expand the scope of the New Kia campaign, which was launched in 2008 to build a unique and distinctive corporate culture. With the goal of 'building a creative organizational culture that designs newness,' the campaign is comprised of a wide array of programs that encourage dialogue among employees and promote family participation. New Kia is one of our many efforts aimed at realizing employee happiness and satisfaction both at work and at home.

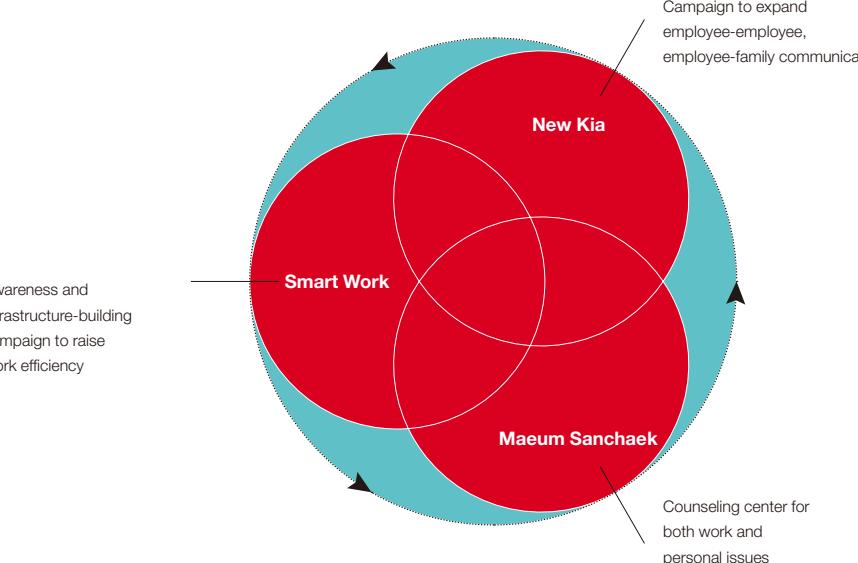
The Maeum Sanchaek (literally, 'Soul Stroll') counseling center opened its doors in 2012 on the back of labor-management collaboration. Employees' emotional well-being not only determines their quality of life but also impacts job performance. Maeum Sanchaek is where employees can come to with any issue for which they seek help. The center is run by an outside organization (Korean Counseling Psychological Association) so that employees can use it with a greater peace of mind. There are counseling centers at all our domestic plants, and employees at sales and service points have ac-

cess to 250 local counseling clinics nationwide. Maeum Sanchaek has proven its worth in just 18 months. Both usage and satisfaction levels have been high. Some employees even come in for counseling with their family members. Kia Motors will faithfully maintain Maeum Sanchaek's operations and also work toward making the center accessible to contract workers and the local community.

Promoting Health & Safety

Kia Motors strives to create a healthy, safe, and pleasant work environment. Our worksites are equipped with gyms and industrial clinics that offer not only general treatment and care but also physical therapy for musculoskeletal disorders. These facilities are also open to partner-firm employees. We provide health screening allowance to ensure that employees receive regular checkups and stay healthy. For general physicals, we subsidize physicals at oriental medicine clinics and screening for adult diseases in addition to the basic tests and examinations mandated by law. For employees who have provided 10 or more years of continuous service and one family member for every qualifying employee, we offer subsidies for customizable comprehensive physicals as well as 50% of the cost associated with additional physician-recommended tests. In 2013, we provided around KRW 3.7 billion to 21,168 persons (13,892 employees, 7,276 family members) who took advantage of the full physical subsidy program. We also subsidize one dental implant and up to three cosmetic surgery procedures for work-related injuries. Medical fees are subsidized through a group accident insurance policy. We also provide our employees' immediate family members with medical allowance, contribute to their National Health Insurance premium, and offer discounts and other benefits at select healthcare providers. Related expenditures amounted to KRW 21.5 billion in 2013.

Programs for Bettering Work & Life



Ensuring Equal Opportunity & Compensation

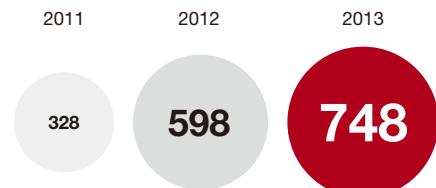
Kia Motors is committed to providing employees with equal opportunities and an environment free of discrimination. Employees are recruited through an open hiring process free of discrimination regardless of gender, nationality, religion, or social status. We focus on the cover letter in application reviews, and interviews are conducted without knowledge of the applicants' educational background or standardized test scores, thus prioritizing the applicants' competencies and enthusiasm rather than quantifiable credentials. In 2013, we hired 748 new employees, a 25% year-on-year increase. The total number of employees grew 2% in 2013 from the previous year to 33,536 persons (Korean worksites). Persons with disabilities accounted for around 3.1% of the workforce. Some 82.6% of Kia employees (27,696 persons) are union members eligible for collective bargaining. 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). The same pay scales apply to both genders, and wages are determined as per a standardized compensation scheme based on the duration of service. We are analyzing performance assessment data, patterns, and errors to build an objective performance assessment process.

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Job Creation in Korea (persons)



Job Creation by Region in Korea (persons)

Supporting Diversity

Kia Motors' HR policy gives preference to local applicants both in Korea and abroad. As of 2013, non-Koreans accounted for 30.3% (14,553 persons) of the total workforce of 48,089 persons. The 898 local hires in managerial positions or higher made up 21.9% of total managerial-level employees. To compete in the global market, a business' products and services must be tailored to local needs and inclinations. Through local recruitment and operations, Kia Motors releases products and services optimized for local markets, boosting our business performance and contributing to local economic growth.

It is important to instill a sense of corporate unity and identity in employees of varying nationalities and backgrounds. We run the Work Exchange Program for staffers from our overseas offices to gain a deeper understanding of our corporate philosophy and culture by working in Korea. The Regional Specialist Program, in the meantime, is for Korean employees to learn the languages and cultures of regions deemed to be of strategic importance to Kia's future. The Short-term Regional Specialist Program offers Korean staffers the opportunity to work at our overseas offices. In 2013, six overseas employees worked in Korea through the Work Exchange Program. Kia Motors understands the unique value women employees bring to a company and strives to expand the percentage of women in our workforce, the majority of which is comprised of production workers (65% in Korea). Given that women employees are concentrated in office jobs, women employees only accounted for 2.9% (956 persons) of our total workforce in Korea in 2013. However, the number of women managers grew 14.5 times to 29 in 2013 from only two in 2008. While still have a long way to go, Kia Motors has been steadfast in our efforts to offer women greater opportunities and build a corporate culture that embraces diversity.



Strengthening Competencies

Retaining and fostering talented employees is just as important as recruiting them. Kia Motors' mentoring program is designed to help new recruits adapt to the Kia workflow and work environment. We believe that by fostering creative talent and building a corporate culture of open communication, we can enhance business performance and create future value. Founded on this understanding is the Common Global Program for all domestic and overseas Kia employees and office-specific programs that reflect local needs and considerations. All education/training programs, comprised of contents customizable to individual work responsibilities and competency levels, are designed to enhance professional expertise and leadership skills, internalize core values, and improve communication skills. Also in operation is the Global e-Campus, Hyundai Motor Group's standardized education and training system aimed at strengthening employee competencies through self-designed personal development plans.

Since 2004, we have been providing life planning or job consulting services for retiring or resigning employees. We also have in place a website for former Kia Motors' employees to receive pertinent administrative assistance. In 2013, 90 retirees took advantage of our retirement planning program. The turnover rate in 2013 was around 1.15%. **M**

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Overseas Workforce (persons)



Female Workforce (persons)



Collaborative Innovation

Our Approach to Partnership

Since the Industrial Revolution, economic downturns have accompanied innovations. With ever-mounting uncertainties and ever-intensifying competition, both the speed and weight of innovation are growing for the auto industry. Some 95% of the parts that make up a car come from partner companies. Accordingly, automotive innovation is impossible without partner suppliers. Kia Motors contemplates the essential requirements for mutual growth in order to map out the right win-win path and implement effective strategies. The auto industry's business ecosystem is web of inextricably bound shared values among automakers and their primary, secondary, and tertiary partners. Innovation at a primary partner boosts that partner's competitiveness and results in growth linked to automotive value creation. That is to say, when our strategies are effectively implemented, the generated value can be shared with primary partners, and by extension, secondary and tertiary partners. That is why we seek what is best for us all and take appropriate action.

Three Mutual Growth Strategies

Kia Motors has adopted three strategies for mutual growth and set up oversight units for effective implementation. The three strategies are as follows: 1) Promote partners' global competitiveness, 2) Reinforce foundation for sustainable growth, 3) Set up system for mutual growth. We continue to expand partner assistance and training programs and work on extending the same benefits to our secondary and tertiary partners.

Internally, we have the Committee for Promoting Win-Win Cooperation and R&D Partner Technology Support Team, and externally, there is the Foundation of Korea Automotive Parts Industry Promotion (KAP). The Committee for Promoting Win-Win Cooperation oversees Kia Motors' mutual growth policies while the R&D Partner Technology Support Team is in charge of technological support to partner businesses. KAP, co-founded in 2002 by Kia Motors, Hyundai Motor, Hyundai Mobis and 165 partner companies to promote the advancement of the automotive parts industry, operates on an annual budget of some KRW 5 billion (cash: KRW 4 billion, investment in kind: KRW 1 billion) provided by the Hyundai Motor Group.

Average Sales Revenue (KRW billion)

	2011	2012
Average Sales Revenue (KRW billion)	211.3	233.7
Debt Ratio (%)	112	103

Debt Ratio (%)

	2011	2012
Average Sales Revenue (KRW billion)	211.3	233.7
Debt Ratio (%)	112	103

Net Asset Value (KRW billion)

	2011	2012
Average Sales Revenue (KRW billion)	211.3	233.7
Debt Ratio (%)	112	103
Net Asset Value (KRW billion)	163.0	163.4

Strategy 1:

Promoting Global Competitiveness

Based on our belief that today's competitiveness is determined by quality and tomorrow's by technology, Kia Motors is working to boost our partners' competitiveness.

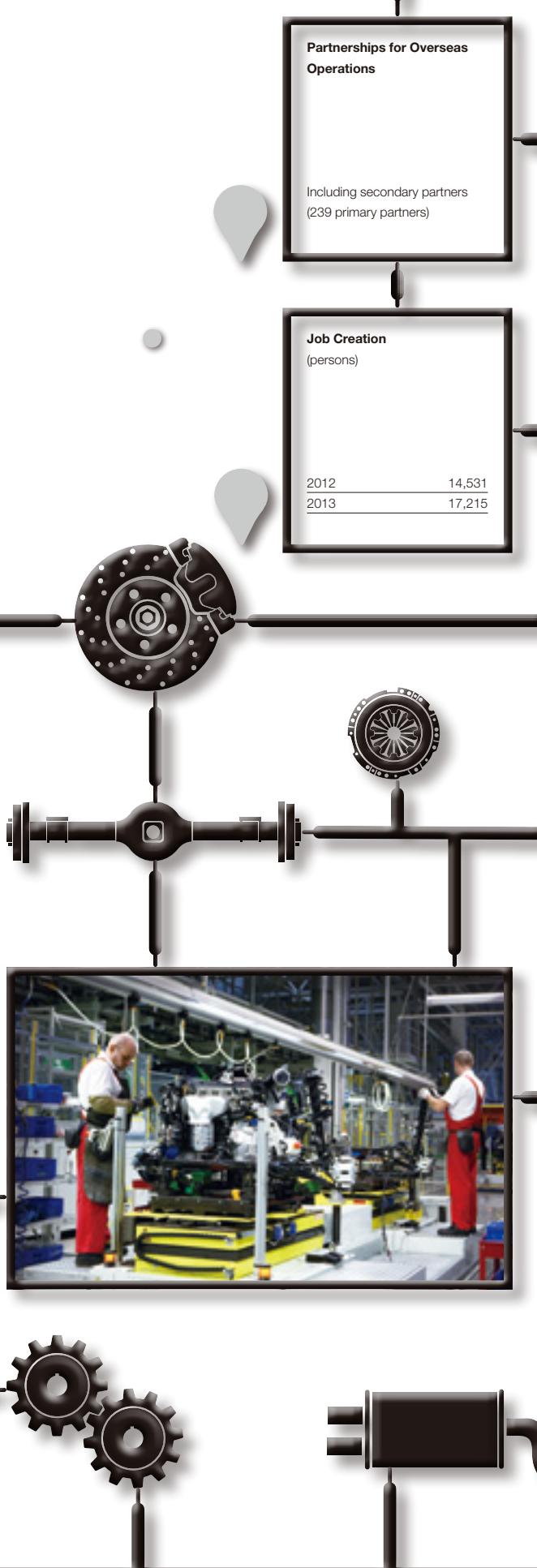
The Quality/Technology Volunteer Corps and the Partner Support Corps, organized under KAP, extend technical training and management consulting. Kia Motors also runs quality and technical schools that provide partner SMEs with management, quality, and technical training. In 2013, 3,731 persons took the nine courses offered at the quality school, while 1,057 persons enrolled in the eight courses at the technical school. The R&D Partner Technology Support Corps of the R&D Partner Technology Support Team shares Kia Motors' technology development know-how and extends other support tailored to a given firm's needs. We also have in place the Five Star Scheme for primary partners and the SQ Mark Certification Program for secondary partners. These standardized quantitative assessments are used to gauge our partners' performance and extend incentives to high-performing partners.

Kia Motors offers not only one-way assistance but supports mutual competency enhancement. Through the Value Engineering (VE) System, we work with our partners toward the domestic production of imported parts to lower costs without compromising quality. We also run the Guest Engineer Program for collaborative research with Kia partners on developing new cars. The average monthly participation in 2013 was 314 engineers from 41 partner companies.

Average Duration of Partnership

As of 2012, 96% of partner firms have been with Kia Motors for 10.8+ years, the average lifespan of manufacturing SMEs in Korea.

 Partner firms' performance figures are based on those of Hyundai Motor and Kia Motors' 287 primary parts suppliers; not included are partners that do not specialize in automotive parts and whose dependence on Hyundai Motor/Kia Motors and affiliates is less than 10%.



Strategy 2: Reinforcing Foundation for Mutual Growth

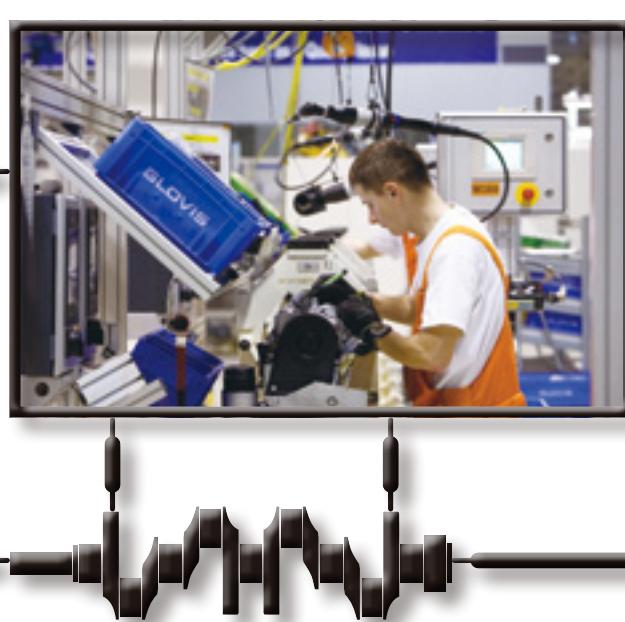
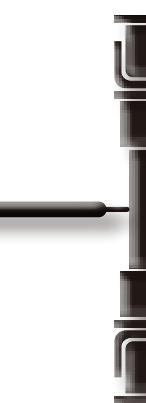
Cash flow is crucial to stable business operations, and for sustained growth, a business must be able to take advantage of today's opportunities to invest in the future. Kia Motors makes cash payments for the goods and services provided by our small and medium partners and organizes bulk purchases to help partners cut procurement costs. Partners can apply for funding assistance as per their needs, whether it is for general business operations, improving quality or productivity, or facilities investment. We run the Family Network Loan Program, which is designed to help primary partners make cash payments to secondary and tertiary partners.

The Partner Job Fair was started in 2012 to contribute to alleviating youth unemployment and to help partners find skilled and capable workers. In 2013, 343 partners and 22,000 job seekers took part in the fair. The 330 primary partners of Kia Motors and Hyundai Motor hired 17,215 new employees in 2013, 18.5% more than in 2012. The jump in hiring is attributed to the increase in Kia Motors and Hyundai Motor's overseas production, which has boosted orders for partners that have set up overseas operations with us. Together with Hyundai Motor, Kia offers various export growth programs for partners. We help organize international road shows, support marketing efforts targeting global automakers, share export logistics, and assist with the setup of country-of-origin certification systems. We also help partners set up shop near our overseas production facilities. As there is established demand, partners can expand sales channels while minimizing the risks of operating overseas. In return, we secure a stable supply of high-quality parts. Currently, 599 partners (237 primary partners) have expanded their operations overseas with Hyundai Motor and Kia Motors to seven countries.

Since 2004, Kia Motors has been a part of the HR Development Consortium with Hyundai Motor, Ministry of Employment and Labor, and partners. Through this consortium, we offer expert technical training and future executive leader seminars to partner company employees. Venture Plaza opened its doors in 2000 to help venture firms that need funding or want to jointly develop Kia partners' ideas. Kia Motors and our partners share all rights and returns from a jointly developed technology, from patent rights to profits generated from the developed technology's application or commercialization.



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



Strategy 3: Setting up Systems for Mutual Growth

Since 2009, Kia Motors, as part of the Hyundai Motor Group, has been faithfully observing the terms of the Agreement on Mutual Growth and Fair Trade. We signed the fifth-round Agreement in 2013 with 301 primary partners and reaffirmed our shared commitment to mutual growth. Kia Motors runs an indirect assistance program for secondary and tertiary partners. 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. A mutual growth system is in place to encourage primary partners to share the assistance for win-win advancement they receive from Kia with secondary and tertiary partners. Kia Motors has also joined forces with the government to curb energy use and cut costs by helping our partners set up energy management systems. Kia Motors makes steadfast improvements to internal systems. We established the Procurement Headquarters' Code of Ethics and Outsourcing Guidelines to ensure ethical work practices by departments that work with partner firms. Partner company employees can file grievances to the Transparent Procurement Center. In 2013, four grievances were filed. Relevant departments were notified and follow-up and improvement measures are being taken. Procurement is conducted via the Value Advanced Automotive Trade Zone (VAATZ), an open online bidding system for domestic and overseas partners. Under the Five Star Scheme, bids are assessed against set quantitative standards on product quality, payments, and technologies and the results of the assessments are then published. To encourage ethical management and CSR management, we have been taking pledges for ethical management from partner companies and providing code of conduct guidelines since 2009. We plan to expand the scope of our ethical management training program, which is currently only offered to primary partners, to include secondary and tertiary partners as well. In 2011, Kia Motors and partners adopted a joint CSR charter, pledging cooperation on setting up CSR management systems and carrying out social outreach activities. **M**

Have you ever imagined a world without cars? In 2011, when the EU announced that the world's 7 billionth baby was born, the number of cars on Earth surpassed the 1-billion mark. And in 2013, Kia Motors and Hyundai Motor's combined cumulative production volume hit 80 million units. So what do these figures signify? Underlying the close, everyday ties we share with automobiles are environmental challenges such as climate change and pollution. As hackneyed as this observation may be, it is not something we can ignore. Why? Because the environment makes life possible. Absent special effort, the environmental load of cars is directly proportionate to their number. That is why efficiency is being raised, toxicity of raw materials is being examined, and recycling technologies are being researched. While the advances that result from these efforts appear insignificant in a single car, they become substantial when we widen the scope to include all of Kia Motors' and the world's cars.

Green & Clean

**Realistic Alternative:
Balancing Consumption &
Emissions**

60



Refer to
and
at worksites.

Action Plan

Environmental Management	Green Growth	Risk Management	Green Production	Resource Circulation
<ul style="list-style-type: none"> Set up enterprise-wide environmental KPI management system Set up information system on global environmental regulations Foster green partnerships with suppliers 	<ul style="list-style-type: none"> Develop and supply green vehicles Cut energy consumption and greenhouse gas emissions Eco-marketing 	<ul style="list-style-type: none"> Strengthen comprehensive risk management competencies Expand communication with internal and external stakeholders 	<ul style="list-style-type: none"> Reduce pollution and raise efficiency Enhance eco-efficiency 	<ul style="list-style-type: none"> Reduce waste and raise recycling rate Curb water usage



Design Phase

If a car were a piece of music, its design would be the score. Just as flowing melodies create a beautiful tune, eco-friendly design considerations create a green car. Our designs aim to limit the use of hazardous substances and maximize recyclability. On the back of these eco design considerations, Kia cars continue to be recognized by domestic and international certification agencies for embodying relevant improvements.

In 2013, we completed the technological assurance of the carbon capture pilot plant (annual CO₂ processing capacity of 18 tons) built at the Namyang R&D Center and drew up specifications for mass production. We plan to commercialize carbon capture and regeneration technologies in 2015 as a means of greenhouse emission reduction for the Hyundai Motor Group and affiliates. We also plan to carry out R&D on turning biomass materials into automotive parts.



International Material Data System (IMDS): Parts and materials management system operated jointly by auto manufacturers around the world to meet regulatory standards on hazardous substances. Through IMDS, raw materials suppliers, parts suppliers, and auto manufacturers share information on the weight and chemical composition of automotive parts.

Green Design System

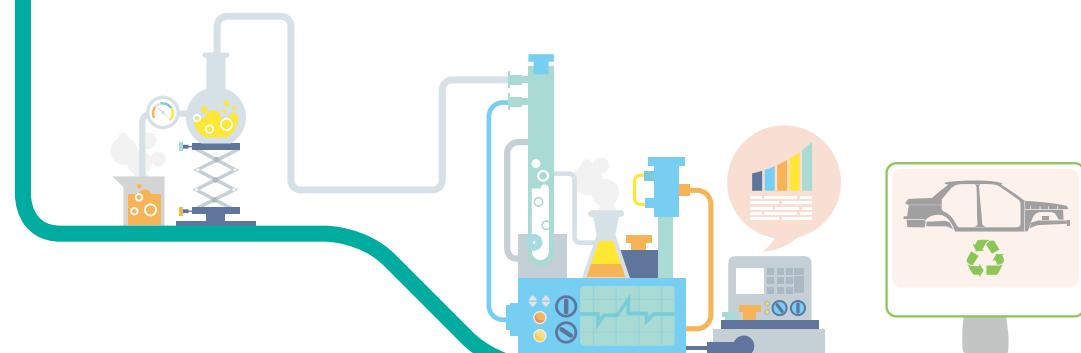
Kia Motors operates a digital system for the convenient application of green design policies. When developing a new model, materials are analyzed for their environmental impact and selected based on a green design guide. The initial blueprint is then digitally tested by the Design for Recycling Optimizing System (DOROSY) against Design for Recycling (DfR) standards. DOROSY digitally analyzes the 3D model of the car to assess how easily it can be dismantled and recycled. Based on the results, the blueprint is modified or parts with low recyclability are replaced to create a test vehicle. The test vehicle is subjected to an actual dismantling process to test how long dismantlement takes and how many points of dismantlement there are for comparison with existing models. The test vehicle is scored and the assessment results are used as reference materials in developing follow-up models.

Chemical Management System

Regulatory restrictions on hazardous chemicals are toughening worldwide. The EU instituted the Registration, Evaluation and Authorization of Chemicals (REACH) in 2007, while the United States passed the Green Chemistry Initiative, banning ozone-depleting substances and regulating hazardous chemicals. In China, regulatory restrictions on the use of hazardous automotive

chemicals (four major heavy metals, methyl bromides, and flame retardants) will go into force in September 2014. The use of four major heavy metals (lead, mercury, cadmium, and hexavalent chromium) is banned in Korea, while in Canada, reporting on controlled chemicals is required by law. Since 2002, Kia Motors has banned the use of the four major heavy metals and developed safer substitutes. Kia Motors' self-developed e-CMS (e-Chemical Management System) is a database comprised of information on chemical substances collected from the International Material Data System (IMDS). From the vehicle design phase, Kia Motors uses e-CMS information for the chemicals and hazardous substances used in vehicle components.

Environmental regulations around the world include standards on automotive recyclability. 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. In 2013, Carens (Rondo) and Soul, which were designed using this system, received regional certifications. All Kia 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 meet regulatory requirements but also serves as a standard for various environmental assessments.





Measuring Progress: Corporate Eco-efficiency & Product Eco-certification

Since 2007, Kia Motors has been tabulating the company's overall eco-efficiency by comparing the economic value (sales revenue) generated against resource consumption and CO₂ emissions. Eco-efficiency is an umbrella concept encompassing both economic efficiency and ecological efficiency. Our eco-efficiency in 2013 was up 53.1%p relative to the base year of 2004 and also 4%p higher than in 2012.

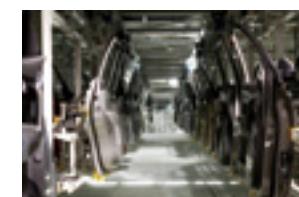
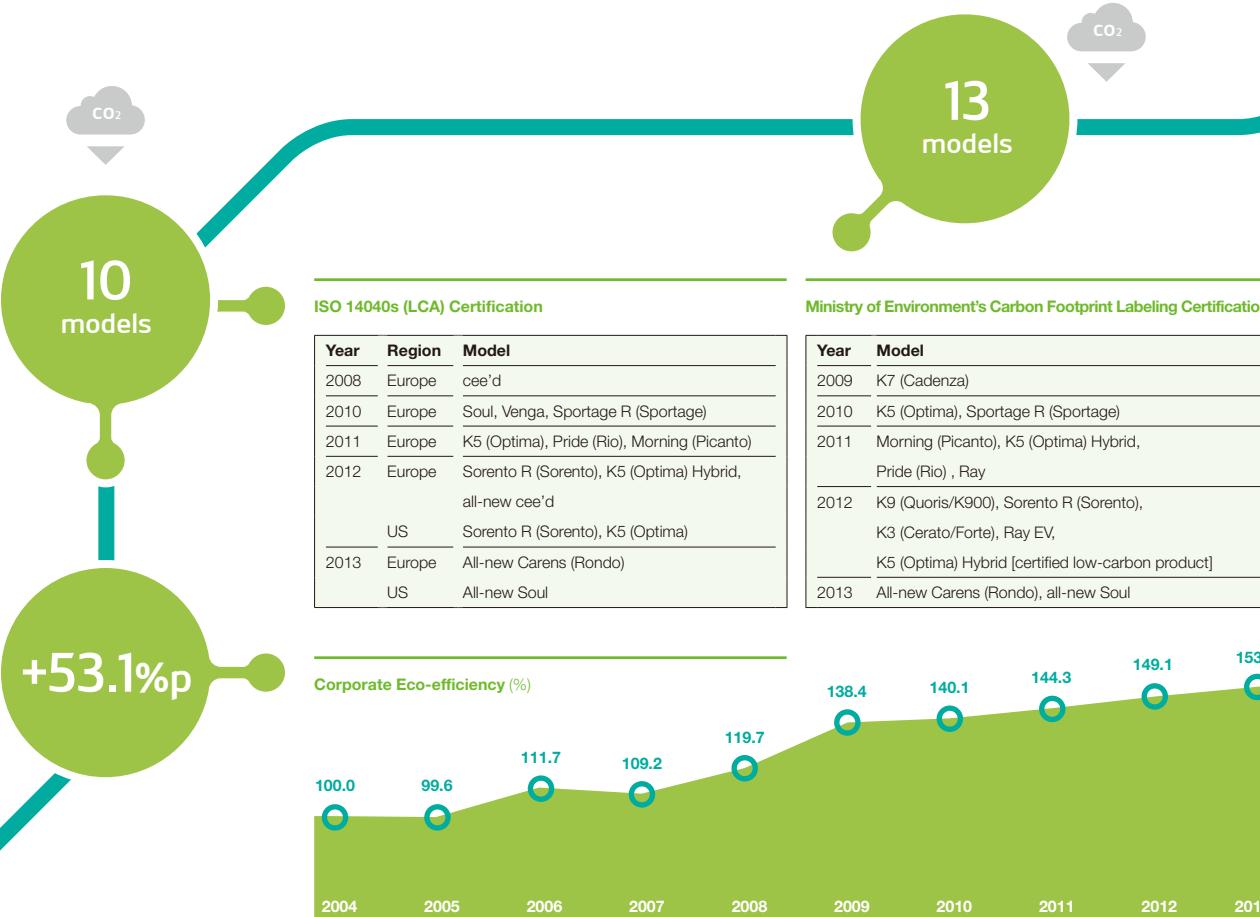
In addition to assessing our enterprise-wide eco-efficiency, Kia Motors discloses certified information on the environmental impact of each of our products to help consumers make greener choices.

Life Cycle Assessment (LCA) is a globally recognized method of assessing the environmental impact of a product in each stage of its life cycle. Every newly-developed Kia vehicle is subjected to the LCA, the findings of which are compared to those of the previous model to verify the level of improvement. We also get outside assurance of our findings for ISO 14040s certifications.

So far, 10 Kia vehicles have been certified by TÜV

NORD in Europe and UL in the United States. Among them, cee'd and the 2012 all-new cee'd were also awarded the ISO 14062's Design for Environment (DfE) certification by TÜV NORD. The LCA rating scheme is comprised of the following impact categories: global warming, resource depletion, atmospheric acidification, water eutrophication, and smog. All-new Carens (Rondo) and Soul, which were certified in 2013, showed a 10% and 4% improvement, respectively, compared to their predecessors in terms of their impact on global warming.

In Korea, Kia is part of 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, and preparations are underway for the certification of K7 (Cadenza) Hybrid, which was released in late 2013. A product's direct and indirect greenhouse gas emissions at each stage of the life cycle are measured, the combined total is converted into its CO₂ equivalent, and this converted amount is affixed on the product in the form of a certification label. All our new releases were found to emit less CO₂ than their predecessors.

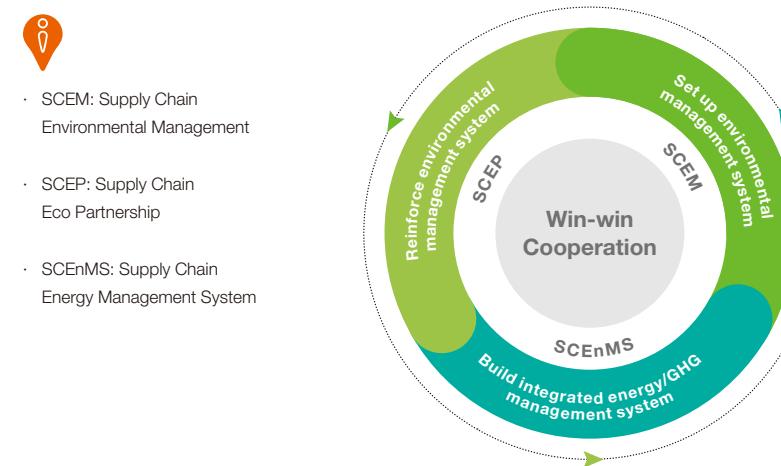


Parts Procurement Phase

The manufacturing of parts (materials) generates the most CO₂ emissions (10-15% of total) after the usage phase (over 80% of total) in the automotive life cycle. Kia Motors and our partners have entered into green partnerships whose terms are in accordance with Kia Motors' self-developed environmental standards that are tougher than global regulatory standards. We regularly monitor the level of compliance at our partner companies and help partners set up environmental management systems.

Integrated Energy Management System for Win-win Cooperation

Since 2003, Kia Motors has been helping our partner companies set up environmental management systems through the SCEM program. Until 2010, we also helped build integrated greenhouse gas management systems for determining and managing the carbon footprint of products and production processes. Moreover, we advised our partners to apply for ISO 14001 certifications, and by the end of 2012, all our primary partners were ISO 14001-certified. Since 2006, we have been working with our primary partners through SCEP to extend support to secondary and tertiary partners as well.



Korea's Greenhouse Gas and Energy Target Management System and emission-trading scheme went into force recently. All businesses are impacted by toughening emission regulations around the world. However, the force of the impact is greater for SMEs. Under an agreement with the government, a consortium consisting of Kia Motors, partners, and automotive businesses was established, and we extend infrastructural support, with priority given to partners with high potential for GHG/energy consumption reduction. The consortium, aimed at building an integrated SCEnMS for large, medium, and small businesses, assisted 10 participating partners with the setup of pertinent instrumentation and computer infrastructure in January 2013. With the said infrastructure, partners can monitor the energy consumption of each key system in real time and set up energy consumption targets to track progress. Kia Motors shares our advanced energy technologies and best practices in energy reduction via the win-win cooperation information-sharing section on the computer system. In October 2013, a meeting was held to share the progress made in the 10 months since SCEnMS' implementation. Kia Motors plans to organize a consortium for the smooth operation of the instrumentation and computer systems we helped build to enhance the profitability and competitiveness of our partners through energy and GHG reduction.



Production Phase

While businesses ruled the environment over the past two decades, the environment will shape how businesses run their operations in the following two decades. Global consultancy KPMG's research supports this claim. KPMG identified ten 'sustainability megaforces': climate change, energy and fuel, material resource scarcity, water scarcity, population growth (and middle class expansion), urbanization, food security, ecosystem decline, and deforestation. Six of them have to do with the environment, and the interactions between these forces are expected to amplify their impact. Is there a solution to this colossal challenge?

Kia Motors believes that even the grandest endings come from humble beginnings. Based on the belief that the actions we take in our respective places in the world can come together to engender major changes, Kia Motors will continue to pursue effective automotive innovations and make improvements to our production processes.



The ten 'sustainability megaforces' are from KPMG's 2012 report 'Expect the Unexpected: Building Business Value in a Changing World.'

Material Balance of the Auto Manufacturing Process

Kia Motors strives to reduce the input of energy and natural resources and other raw materials while curbing the output of waste, greenhouse gases, and environmental pollutants. We are also concurrently enhancing manufacturing efficiency to increase production volume and raise the recycling rate. We tabulate our yearly resource input (resources used), output (waste and emissions), and outcome (value generated). The diagram below provides an overview of our resource flow in 2013.

With our 2013 production volume up by 12,947 units from 2012, we used 2,433 more tons of

raw materials but raised the steel recycling rate by 5%. As for water resources, we reduced both the total (305,000 m³) and unit consumption (0.3 m³). We also cut the total and unit waste to 8,000 tons and 8 kg, respectively. The recycling rate was thus up 2.6%. The total and unit energy consumption was cut by 618 TJ and 596 MJ, respectively, and CO₂ emissions dropped by 30,507 tons in total and 29.4 kg per unit. Meanwhile, there was a slight increase in the total and unit output of environmental pollutants. However, apart from SS (water pollutant), whose output temporarily rose due to abnormal operations, the unit output of all other pollutants decreased relative to the base year of 2003.



Raw Materials

All mineral resources on Earth are said to have passed or are passing their production peak. While long-term plans for replacing finite resources with renewable alternatives have to be made, the immediate answer is conservation. Raw materials that go into a car include automotive sheet metal, paint, thinner, and plastics, whose consumption grows with the increase in production. Kia Motors focuses on cutting unit resource input to raise the number of products manufactured for the resource input. We also make improvements to our production processes to curb the rate of increase of total resource consumption while also raising the recycling rate to cut waste output. We tabulate our resource consumption and track our progress annually, focusing on materials of high usage—i.e., steel, paint, thinners, and wrap guard film.

In 2013, we recycled 10,381 tons of steel, a 5% (494-ton) year-on-year increase. We will continue our efforts to raise the recycling rate and amount.

Water Resources

2030 Water Resources Group projected that with population growth and the industrialization and urbanization of emerging economies, the world's demand for water will surpass 40% of the supply by 2030. According to the UN, 900 million people worldwide already lack access to clean water. Korea, whose annual per-capita precipitation is only 1/10 of the global average, is classified as a potentially water-scarce country.

Aware of the value of water resources and the seriousness of water scarcity, Kia Motors encourages employees to adopt water-saving habits and makes ongoing capital investments and upgrades.

Kia Motors' total water resource consumption in 2013 decreased 305,000 m³ from the previous year to 6,170 million m³. This translates to a unit consumption of 4.7 m³, which is a 0.3-m³ or 6% year-on-year reduction and a 30% drop from the base year of 2003.

Waste

Waste materials that are not reused or recycled are buried or incinerated, having a direct impact on the environment. Kia Motors has put in place a streamlined waste management system and makes consistent process improvements to raise the waste recycling rate and curb unit waste output. In 2013, 221,937 tons of waste was generated at our three Korean plants, down 8,399 tons from 2012. And 93.3% of it was recycled. The unit waste output was 169 kg, a 26.9% reduction from the base year (2003) and a 4.6% or 8 kg decrease from the previous year.

Landfill waste stood at 1% of the total waste output. The Soha plant, in the meantime, has been generating zero (0%) landfill waste since 2008. To eliminate both landfill and incinerated waste altogether, Kia Motors is working to curb waste output by improving recycling and packing methods and by capturing the heat generated during the incineration process.

Energy & Greenhouse Gases

Climate change is at the center of all sustainability challenges, bringing detrimental changes to the environment and threatening our way of life. As the world population grows and the middle class expands at an even faster rate, the pace and scope of urbanization will increase. In turn, demand for food will outstrip supply, resource and water scarcity will intensify, and ecosystem decline and deforestation will accelerate. If we add fossil-fuel dependency to the mix, climate change will further pick up speed.

This is because energy consumption is responsible for more than 80% of total CO₂ emissions, the main culprit of climate change. If we sit on our hands, the bleak scenario described above will become our reality. It is thus high time for the world to come together and take action.

Kia Motors is undertaking multi-pronged efforts to cut CO₂ emissions, and we are fully committed to the government's greenhouse/energy target management initiative launched in March 2011.



The 2013 CO₂ emissions of our Korean plants amounted to 788,000 tons, which is a year-on-year unit reduction of 4.7% (29.4 kg). Production volume, in the meantime, was up 1% (12,947 units) in 2013 from the previous year. Relative to the base year of 2008, this translates to a 153 kg unit reduction (753 kg → 630 kg), equivalent to the annual carbon intake of 23 30-year-old pine trees. Multiply this by our domestic production volume, and the total CO₂ emissions reduction in 2013 amounts to the annual carbon intake of around 30.44 million pine trees.



CO₂ intake per pine tree:
6.6 kg/year
(Korea Forest Service, 2013)

Environmental Pollutants

Through our emissions monitoring system, Kia Motors manages atmospheric and water pollutants generated in the automotive manufacturing process against self-developed standards that are more stringent than government standards. We examine the toxicity of raw materials, optimize work processes, recycle and reuse byproducts, and efficiently process waste materials to curb per unit emissions and minimize environmental 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 raw materials with those of lower toxicity, installing equipment that blocks the emission of pollutants, improving work processes, and adopting clean production technologies.

In 2013, our Korean worksites generated 796.3 tons of atmospheric pollutants or 0.6 kg per unit, which is a 44% unit decline relative to 2003. Meanwhile, our Korean worksites generated 7,062 ton of VOCs in 2013, 6.8% less in 2012. This is a 7.7% unit year-on-year decrease (5.4 kg) and a 50% reduction compared to the base year of 2005.



BOD (Biochemical Oxygen Demand)/
COD (Chemical Oxygen Demand):
Amount of oxygen needed for
microorganisms to break down
organic matters in the water.
Used as a measure of water pollution.
The lower the value is,
the lower the level of pollution.
SS: Concentration of solids
suspended in water



Water Pollutants

Kia Motors minimizes the output 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 2013, the unit biological oxygen demand (BOD) and chemical oxygen demand (COD) declined 28.5% and 25.6%, respectively, from 2003 levels. Suspended solids (SS), on the other hand, rose to 9.2 g per unit, similar to what it was in 2003. This was due to abnormal operations at the Soha plant due to facilities upgrade, but it was still below the regulatory cap.

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, is aimed at minimizing the impact of chemicals and strengthening accountability over their management. In Korea, hazardous chemicals are regulated by the Toxic Chemicals Control Act. Kia Motors completed the early reporting process for REACH and continues to monitor the use of REACH-controlled chemicals. We are also committed to the Ministry of Environment's Toxic Release Inventory (TRI) program, a voluntary reporting scheme for the volume and types of controlled chemicals used.

In 2013, our Korean worksites used 3,440 tons of chemicals (2.6 kg per unit), a 7.8% unit decline since 2003, and handled 53,737 tons of TRI-controlled substances.

Information Sharing among Kia, Parts Suppliers, and Logistics Service Providers



Logistics Phase

In 2013, some 1.31 million Kia cars produced in Korea were transported to reach our customers in Korea and abroad. These cars were made from the parts and materials our partners transported to our plants. And even at the plants, the parts and materials were moved around as per production schedules. A single car is comprised of tens of thousands of parts, and transporting these parts costs money, consumes energy, and emits CO₂. Multiply the unit costs, energy consumption, and CO₂ emissions by 1.31 million, and the benefits of a streamlined logistic system for Kia and our partners become evident.

Kia Motors has a team dedicated to making ongoing improvements to the efficiency of our logistics system, and we set annual cost targets to track performance. We use cost as a performance indicator given that transport, which accounts for 80% of our logistics expenditure, is outsourced to multiple logistics service providers, making CO₂ emissions monitoring very difficult. It is also difficult to tabulate the emissions impact of the improvements made to transport methods at our partners. In 2013, Kia Motors met the annual target of cutting logistics costs by KRW 15.5 billion (actual reduction: KRW 15.5 billion), thus continuing our steady year-on-year improvement.

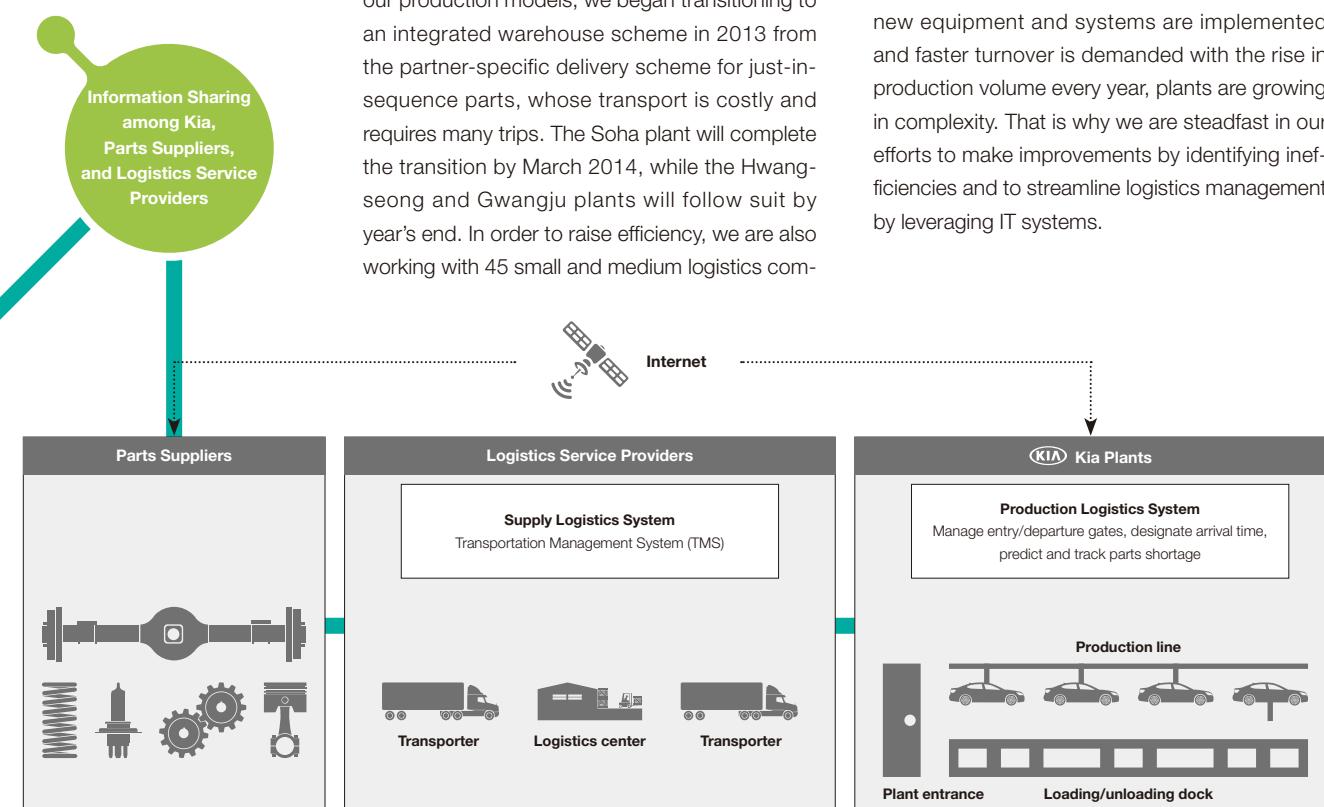
Supply Logistics: Streamlining Procurement

Supply logistics involves the transport of parts and materials to Kia Motors from our partners. We operate integrated logistics centers to alleviate traffic congestion in and around our plants and to enhance loading/unloading convenience for our partners. The real-time delivery order system at all our domestic plants enables the efficient supply of parts on a timely, as-needed basis. Given that parts have to arrive every 1.5 hours on average in line with the specifications of our production models, we began transitioning to an integrated warehouse scheme in 2013 from the partner-specific delivery scheme for just-in-sequence parts, whose transport is costly and requires many trips. The Soha plant will complete the transition by March 2014, while the Hwaseong and Gwangju plants will follow suit by year's end. In order to raise efficiency, we are also working with 45 small and medium logistics com-

panies on the implementation of the transportation management system (TMS), which enables real-time tracking of cargo on mobile devices. As for some of the sheet metal we import from overseas, we switched to entry ports closer to our plants. We also undertook system reorganization to send shipments directly to our partners.

Production Logistics: Streamlining Inventory Management

Production logistics involves the movement of parts within a plant to make them available in accordance with the production schedule. As new equipment and systems are implemented and faster turnover is demanded with the rise in production volume every year, plants are growing in complexity. That is why we are steadfast in our efforts to make improvements by identifying inefficiencies and to streamline logistics management by leveraging IT systems.



Improving Inefficient Operations

When a new model is added to the production line or product specifications grow, additional parts sequencing is required. The Committee for the Verification of Sequencing Compatibility, comprised of logistics personnel from domestic plants, was established in 2013, and a system was set up to cut unnecessary logistics operations. We increased the size of transporters that carry cylinder blocks (engine component), lowering shipment frequency by 43%. We also started replacing battery-powered in-plant transport vehicles with those equipped with high-performance chargers that cut power consumption by 25%. In 2014, we will continue our efforts at building a system that can effectively respond to growing production volume by reducing parts warehouse space, doing away with redundant logistics, and standardizing logistics processes.

Building IT-enhanced Smart Systems

For efficient parts inventory management, Kia Motors is turning to IT systems for production logistics management, most of which used to be handled manually. In 2013, the Parts Shortage Forecasting System implemented at the Soha engine plant was also implemented at the Hwaseong engine/transmission plant.

The system is expected to cut production loss due to parts shortage by up to 90%. We are also planning to develop a system to forecast shortage in wire harness inventory in order to more effectively manage the inventory of cables of diverse specification used in electronic automotive components. To enable expedited response to quality issues of sold vehicles, the Parts Lot

Tracking System was set up at the Gwangju plant in 2013, and it will also be implemented at the Soha and Hwaseong plants in 2014. The system is projected to cut the costs associated with the handling of problems with post-sale parts by as much as 10%. In order to ensure smooth traffic flow on our plant premises, we operate the Arrival/Departure Gate Management System for real-time tracking and management of incoming and outgoing transporters. The system was instituted at the Hwaseong plant in 2013, and it will be set up at the Soha and Gwangju plants in 2014. The Arrival Time Designation System will also be implemented in 2014, starting with the Soha plant. The system gives transporters carrying sequence parts, whose shipment frequency is high, prior notification of shipment time and location.

Sales Logistics:

Streamlining Cargo Transport

Sales logistics involves the transport of assembled vehicles to shipping centers and the storage of these vehicles at production facilities or regional shipping centers. Our efforts are focused on cutting travel distance. With the jump in production volume, some of the standby vehicles had to be put in temporary holding facilities. In 2013, we secured an additional holding facility, thereby reducing secondary transport volume. Additional related improvement measures will be implemented in 2014. Furthermore, we continue to replace existing transporters with models of greater cargo capacity and reroute outbound cargo to export ports closer to our plants in order to enhance transport efficiency to shipping offices and ports.



Disposal Phase

If not disposed of properly, end-of-life vehicles (ELVs) cause serious environmental damage. With a proper disposal process centered on recycling, however, they yield large amounts of useful resources. Many countries around the world have homed in on the usefulness and environmental impact of ELVs and are implementing related recycling policies. In the case of the EU, the global leader in environmental regulations, the mandatory ELV recycling rate will become 95% or more of vehicle weight in 2015. Recycling is also legally mandated not only in the US and Japan but also in Korea.

In 2012, Kia Motors, with Hyundai Motor, joined the End-of-Life Vehicle Resource Regeneration Advancement Project initiated by the Ministry of Environment. Our annual average recycling rate for 134,000 vehicles in 2013 was 92.5%, and after June 2012, we met the regulatory recycling target of 95%. In turn, we cut 130,000 tons of CO₂ emissions, which has the same effect as building 14,000 soccer-field-sized forests and has an economic value of some KRW 6.2 billion. Kia Motors will contribute to ELV recycling efforts by continuing our R&D on ELV disposal technologies and sharing the developed technologies with the auto industry at large.

Automobile Resource Regeneration Center

Kia Motors' Automobile Resource Regeneration Center develops diverse dismantling and recycling technologies.

The center features an eco-friendly dismantling system comprised of eight continuous-flow processes ranging from ELV registration to compression and various dismantling systems and equipment. We dismantle some 4,000 test vehicles every year. The dismantling technologies we develop and the findings on resource regeneration systems we arrive at are shared with ELV service providers.

ELV Recycling Technologies

The auto industry adopted ISO 26021, an international standard on the removal of airbags using on-board diagnostics (OBD).

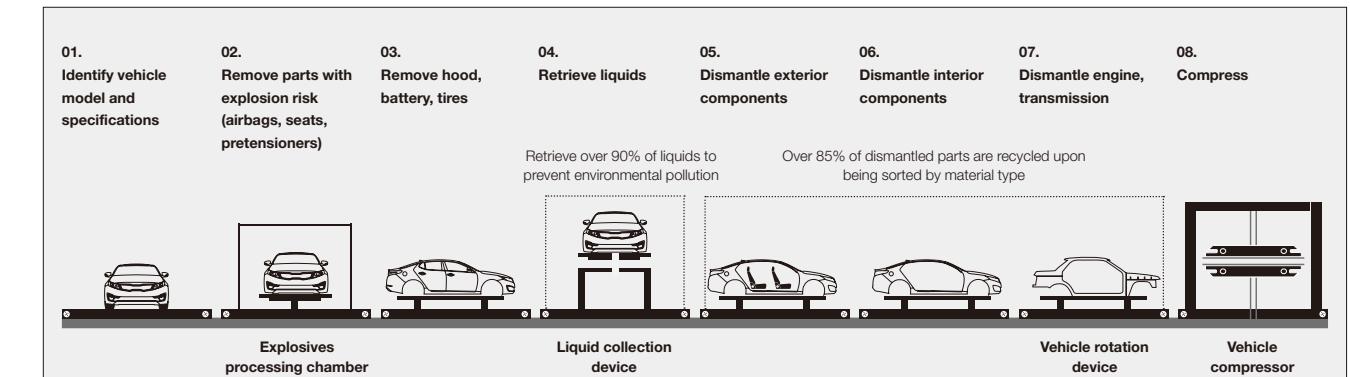
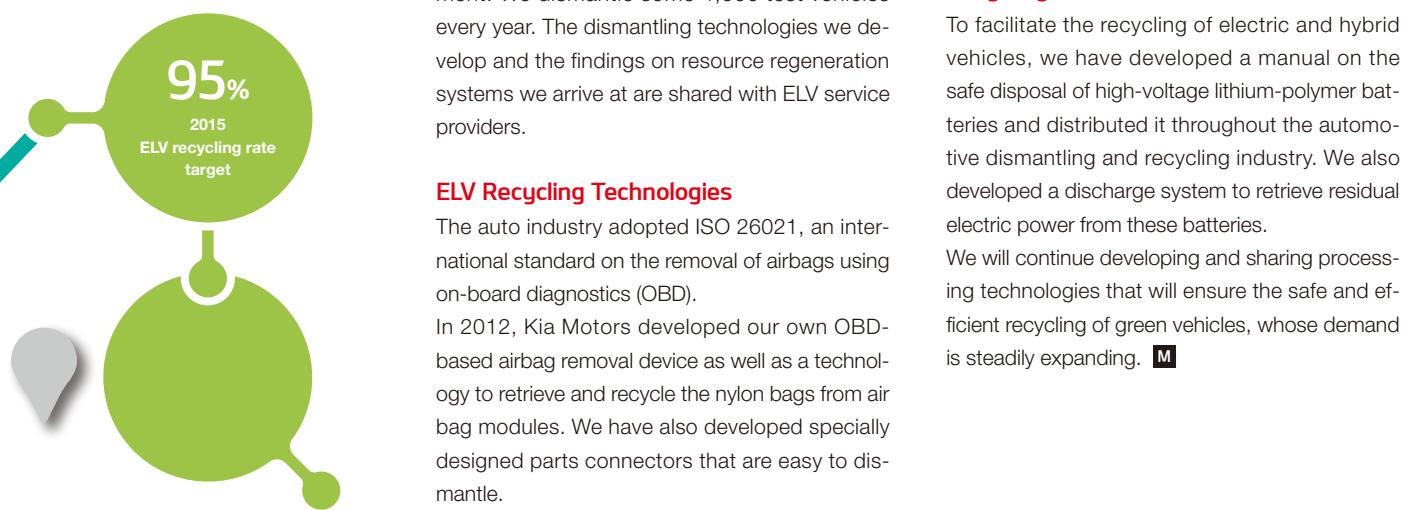
In 2012, Kia Motors developed our own OBD-based airbag removal device as well as a technology to retrieve and recycle the nylon bags from air bag modules. We have also developed specially designed parts connectors that are easy to dismantle.

Based on our current progress, we expect to cut waste residue generated per unit (midsize cars) from the current 19% to 13% by 2015. Our ultimate goal is to raise the ELV recycling rate to 95% by recycling 85% of ELV residue into automotive components or building materials and recovering the rest as heat or steam energy.

Recycling Green Vehicles

To facilitate the recycling of electric and hybrid vehicles, we have developed a manual on the safe disposal of high-voltage lithium-polymer batteries and distributed it throughout the automotive dismantling and recycling industry. We also developed a discharge system to retrieve residual electric power from these batteries.

We will continue developing and sharing processing technologies that will ensure the safe and efficient recycling of green vehicles, whose demand is steadily expanding. M



Our Take on Social Responsibility

The slogan 'A better way to go' encapsulates the goal of Kia Motors' social outreach efforts. We have delineated what corporate social responsibility (CSR) means to us and set up a social outreach scheme based on the derivative values. As an automaker, we promote the universal right to mobility (Mobility). We also strive to provide opportunities for a better life (Challenge). Based on these guiding values of Mobility and Challenge, we examine where our social outreach programs stand and continue to expand their scope and size, always seeking a better way to go.



Kia Motors supports the Millennium Development Goals (MDGs) of the United Nations Development Programme (UNDP). Social outreach activities are marked with icons corresponding to the MDGs they are helping to realize. The eight MDG goals are listed below.



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



- | | | | | |
|---|--|---|---|---|
| 2011 → <ul style="list-style-type: none"> • Institute global social outreach values scheme and devised implementation strategies • Designate flagship projects and set up implementation plans | 2012 → <ul style="list-style-type: none"> • Set up two Green Light facilities (Tanzania, Malawi) | 2013 → <ul style="list-style-type: none"> • Set up four Green Light facilities (Tanzania, Malawi, Mozambique) • Run community profit-making, competency-building programs • Dispatch employee volunteer corps | 2014~2015 → <ul style="list-style-type: none"> • Set up two additional Green Light facilities every year (2014: Tanzania, Ethiopia) • Expand involvement of employees/overseas Kia offices | 2016~ <ul style="list-style-type: none"> • Realize beneficiary communities' economic self-reliance based on self-reliance network-building • Expand project to outside of Africa • Pursue joint projects with outside stakeholder (KOICA) |
|---|--|---|---|---|

Green Light Project



Mobility ■ Challenge



In 2012, we named our flagship CSR endeavor 'Green Light Project' and put it into action in Africa. Two years later, one Green Light Center and five schools have been built, and in 2014, another center and another school will be added to this list. Green Light is a community development project designed to provide opportunities for a better and more self-reliant life to those with limited access to education, health-care, and culture. Once a target region is selected, we build either a Green Light Center or a school as per the respective community's most urgent needs. The project comes to an end once the community becomes self-reliant five years later.

Progress Report: Four Nations, Six Communities

Nagashanqui, Tanzania, the first community to be selected for the Green Light Project, now has a school attended by 600 children, from kindergarteners to high school students. The school even operates three school buses. In the meantime, a Green Light Center was built in Salima, Malawi. The vehicles provided for the center were outfitted as a mobile clinic, library, and video education center to service residents of five nearby villages. The fertilizer loan program, part of our efforts to build self-reliant communities, is designed to increase the yield of maize, Malawi's staple. Kia Motors 'lends' local farmers fertilizer, and they pay us back with the maize they harvest. Fertilizer raises the yield threefold, so even after using a third of the harvest to pay back the loan, farmers end up doubling their income. We sell the maize during the dry season when maize prices go up and use the money to buy even more fertilizer for the following year, thereby creating a virtuous cycle toward self-reliance.

In Zavala, Mozambique and Lilongwe, Malawi, we just completed the construction of middle schools. In 2014, we are building a school and a community center, respectively, in Tanzania and Ethiopia. Our schools and community centers also provide education programs for adult resi-

dents. Once residents develop certain competencies, we start a livelihood program. And once they become self-reliant, the Green Light Project for the community comes to an end.

Ripple Effect

As the Green Light Project's scope and size grow like an ocean wave, it creates a positive ripple effect not only for the beneficiaries but for Kia Motors as well. With the project in its second year, Kia Motors' first global employee volunteer corps set out to Tanzania in 2013. There was great interest in the ten-day service trip, with only one spot available for every 3.3 applicants. The 20 Kia staffers who made the cut used their own vacation days for this volunteer opportunity. The unexpectedly high interest and the corps' diligence in Tanzania further boosted employee volunteerism. A second group of employee volunteers will be dispatched in 2014, and we plan to launch a 1:1 sponsor program for tuition and food assistance to children attending Green Light schools. We are also working to get local Kia offices involved and are pursuing joint projects with the Korea International Cooperation Agency (KOICA). The Green Light Project will continue to leverage and build on past and ongoing efforts to continue expanding the force of good.

Green Trip



Mobility

Launched in 2012 with the goal of realizing universal mobility, , a joint effort with Able Welfare Foundation, offers travel opportunities to people with disabilities. The Standard Program provides a vehicle with self-driving capabilities and wheelchair storage. The Theme Program, in the meantime, organizes theme-oriented group trips. The four travel themes of 2013 were hope (camp for children who lost their parents to traffic accidents), learning (field trips for students with disabilities), pioneering (service trip for college students wishing to contribute to bettering tourist destinations), and self-reliance (trips for smaller organizations for persons with disabilities). We expanded the scope of both Green Trip programs in 2013 and also added Busan and Gyeongsangnam-do to the project's target areas. In 2014, Gwangju and Jeollanam-do will also be included, and we plan to increase the overall scope of Green Trip even further. We will also seek user feedback to make necessary improvements and modify the Theme Program selection in order to make Green Project more convenient, accessible, and enjoyable.



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Sponsoring Potential



Challenge



Kia Motors is committed to youth development and offers diverse programs for children, teens, and college students. We joined forces with the Korean Association for Safety Communities (SAFIA) in 2005 and launched the School Zone Safety , providing motor safety education programs for children, organizing poster contests, and running TV and radio campaigns on school-zone motor safety. In 2012, we also organized a two-year safety consulting program wherein safety experts identified hazards around schools and worked with local governments to implement improvement and corrective measures. seeks to 'cultivate young eco leaders.' In 2013, we organized a camp in Korea for teens and college students interested in learning about optimal green technologies and participating in an environmental improvement project in Africa. Selected participants attended a global eco camp, whose itinerary included a visit to the United Nations Environment Programme (UNEP) headquarters in Kenya and eco-technology volunteer activities in Tanzania. A program to harness the youthful drive and energy of college students has now entered a full-fledged implementation. Yeogiyeocha is a social outreach sponsorship program designed to harness college students' youthful drive and energy. In 2013, 20 college organizations received funding support for their volunteer projects through Yeogiyeocha. A CSR essay/project proposal contest was also organized, and the findings of the winning submissions were shared at an academic conference. Kia also provided 700 Soul bicycles and pertinent operational infrastructure to nine colleges to heighten environmental and mobility awareness while encouraging volunteerism. **M**

Social Outreach by Numbers

4 countries

Number of countries (six communities in Tanzania, Malawi, Mozambique, and Ethiopia) in which the Green Light Project is operating



Number of schools and Green Light Centers by 2014
(6 schools, 2 centers)



Green Trip Target Areas
Seoul Metropolitan Area,
Busan, Gyeongsangnam-do;
scope to be expanded to
include Gwangju and
Jeollanam-do in 2014



Number of vehicles provided to Green Light Project communities (5 school buses; fumigator/health, mobile library, mobile video education vehicles [1 each], 2 ambulances)

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Increase in Green Trip users

2012 1,328

2013 4,095



Cumulative number of participants in the EcoDynamics Expedition (including participants of Lhotse Youth Expedition [2006-2010])



Number of partner NGOs and other social outreach partners



Number of social outreach service hours by 13,492 employees in 2013



Appendices

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Sustainability Management_General

UN Global Compact

Upon joining the UN Global Compact (UNGCG) in July 2008, Kia Motors has been committed to upholding the UNGC principles of human rights, labor, environment, and anti-corruption. Our progress and commitment are detailed in the pages listed in the table below.

UNGCG Index

Area	Ten Principles	Coverage (pgs)
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure they are not complicit in human rights abuses.	52-59, 79-83
Labour	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; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	52-55, 79-81 80 80 52-55, 79-81
Environment	Principle 7: Businesses are asked to support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	60-62 60-69, 84-90 29-39
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	82-83

ISO 26000

Issued in 2010, ISO 26000 is an international standard on social responsibility. Kia Motors endeavors to internalize the seven core subjects and their implications and uphold them as standards of social responsibility in all our business management activities.

ISO 26000 Index

Seven Core Subjects	Relevant Issues	Coverage (pgs)
Organizational governance	Decision-making process and structure / Delegation of power	6-7
Human rights	Discrimination and vulnerable groups / Avoidance of complicity / Civil and political rights / Economic, social, and cultural rights / Fundamental principles and rights at work	52-59, 79-83
Labor practices	Employment and employment relationships / Conditions of work and social protection / Social dialogue / Health and safety at work / Human development and training	10-11, 52-55, 79-81
Environment	Prevention of pollution / Sustainable resource use / Climate change mitigation and adaptation / Protection and restoration of the environment	60-69, 84-90
Fair operating practices	Anti-corruption / Responsible political involvement / Fair competition / Promoting social responsibility in the value chain / Respect for property rights	56-59, 82-83
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices / Protecting consumers' health and safety / Sustainable consumption / Consumer service, support, and complaint and dispute resolution / Consumer data protection and privacy / Education and awareness	29-46, 50-51, 78
Community involvement and development	Community involvement / Employment creation / Technology development / Wealth and income creation / Social investment / Education and culture / Health / Skills development	18-22, 70-73

Membership to Associations & Organizations

Association/Organization	Purpose of Membership
Federation of Korean Industries (FKI)	Exchange information on management activities; cooperate on CSR activities
Korea Automobile Manufacturers Association (KAMA)	Promote the auto industry; pursue intersectoral joint projects (serve as KAMA president)
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)	Share information and opinions with government and businesses to observe fair trade regulations
BEST Forum: Business Ethics and Sustainability management for Top performance	Engage in ethical management and CSR work exchanges
Global Compact Network Korea	Uphold the 10 UNGC principles
The Korean Association for Industrial Security (kaitS)	Promote efforts 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 economy

Economy

As of the 2011 fiscal year, consolidated financial statements for corporate headquarters and overseas subsidiaries are drafted as per the International Financial Reporting Standards (IFRS).

Business Performance			KRW million
	2011	2012	2013
Production volume (vehicles)	2,542,181	2,723,915	2,832,168
Sales volume (vehicles)	2,538,020	2,719,500	2,827,092
Sales revenue	43,190,942	47,242,933	47,597,897
Operating profit	3,525,146	3,522,251	3,177,100
Cash flow	4,745,189	4,345,425	4,776,593
Ordinary income	4,721,650	5,164,056	4,828,576
Net profit	3,519,236	3,864,704	3,817,059

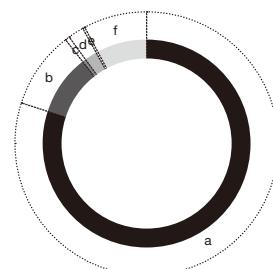
Financial Standing			KRW million
	2011	2012	2013
Assets	30,255,179	32,398,314	36,182,040
Current assets	11,075,187	11,139,430	13,472,386
Fixed assets	19,179,992	21,258,884	22,709,654
Liabilities	16,745,469	15,550,252	15,927,245
Current liabilities	11,421,924	10,000,239	10,806,238
Fixed liabilities	5,323,545	5,550,013	5,121,007
Equity	13,509,710	16,848,062	20,254,795
Equity ratio (capital/assets)	44.65%	52.00%	55.98%
Debt ratio (liabilities/capital)	123.95%	92.30%	78.63%

Value Distributed to Stakeholders

Detailed Breakdown			KRW million
	2011	2012	2013
Total value generated	43,636,261	47,999,794	48,164,860
Sales revenue			
Other income			
Partner companies			
Value-added generated			
Employees			
Shareholders			
Investors			
Government			
Local communities			
Kia Motors			
Retained value	3,919,335	4,092,104	3,724,581

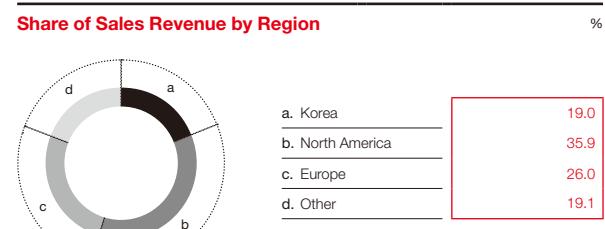
· Other income=(other operating income+income from investment in affiliated companies+financial income)-Other costs (other operating costs+financial costs minus interest costs and donations)-Depreciation costs (depreciation cost+depreciation cost of intangible assets)

Economic Value Generated & Distributed (EVG&D)



	%
a. Partner companies	80.03
b. Employees	9.42
c. Shareholders & investors	0.78
d. Government	1.98
e. Local communities	0.06
f. Kia Motors	7.73

	2011	2012	2013	KRW million
Sales revenue	43,190,942	47,242,933	47,597,897	
Korea	9,363,030	9,466,102	9,017,976	
Overseas	33,827,912	37,776,831	38,561,921	
North America	13,895,781	16,799,524	17,090,431	
Europe	11,433,786	11,797,175	12,360,058	
Other	8,698,345	9,180,132	9,111,432	

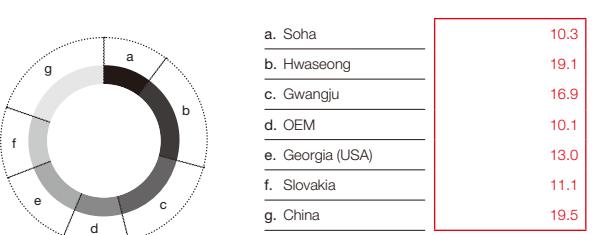


Economy

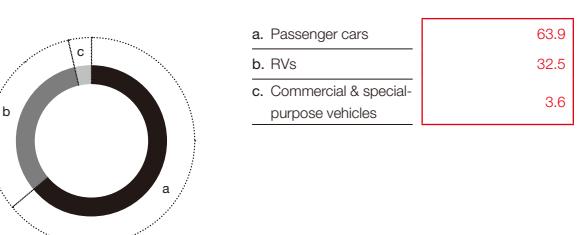
Production Volume by Worksite

	2011	2012	2013	vehicles
Soha				
Hwaseong				
Gwangju				
OEM				
Georgia (USA)				
Slovakia				
China				
Total				
	258,114	304,054	292,190	
	584,486	553,054	541,379	
	488,154	443,394	479,880	
	253,167	285,183	285,414	
	273,751	358,518	369,299	
	252,252	292,050	313,000	
	432,516	487,580	551,006	
	2,542,440	2,723,833	2,832,168	

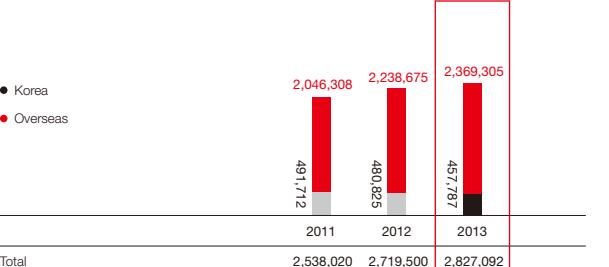
Share of Production Volume by Worksite



Share of Sales by Product Type

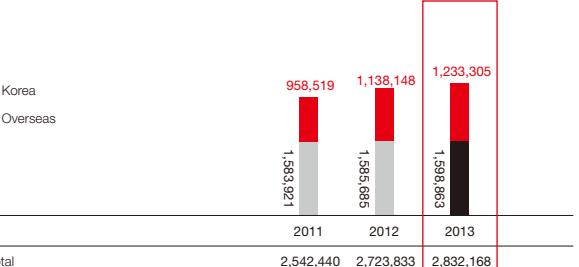


Sales Volume by Year



· Sales data (share of sales by product type and sales volume by year) are based on plant sales orders.

Production Volume by Year



Society / Customers

Customer Satisfaction Assessments

External

Kia Motors topped one external customer satisfaction (CS) assessment after another in 2013. Kia came in first place in the Korea Management Association's Call Center Quality Index (KSQI) and the Korean Standards Association's Korea Standard-Quality Index (KS-SQI) for the tenth consecutive year. We also topped the city (second consecutive year), subcompact (second consecutive year), and midsize passenger car segments of the Korean Productivity Center's National Customer Service Index (NCSI). For two years running, Kia won the Automobile Membership Award at Joongang Daily's National Brand Awards (NBA). We have in place the 3-Step Follow-up System to prevent and expedite the resolution of customer grievances. Voice-of-customer (VOC) data and information is disseminated throughout the company for steadfast improvements. We have enhanced customer convenience by establishing a mobile customer service system for the smart phone.

Internal

In order to diagnose and improve sales and service issues from the customers' point of view, Kia Motors reviews our annual progress through customer service index (CSI) surveys commissioned to an outside agency. We also carry out monthly email surveys of customers who have purchased our latest models (monthly average: 3,300 customers) or have used our repair/maintenance services (monthly average: 4,000 customers). We also conduct monthly surveys of over-the-phone customer service and an annual survey of employee courtesy. Results of the surveys are made available to all employees to implement improvement measures and organize relevant training programs.

CS Training

All Kia service and sales employees receive customer satisfaction (CS) training. In 2013, 1,575 training sessions for 17,042 employees were provided at customer contact points. As for group training, 431 sessions were held in 2013 for 17,244 employees, including not only sales and service staff but also new employees at corporate headquarters, plant technicians, and employees of service-provider partners. In 2013, we launched a customized on-site consulting program (10 contact points for the year) to offer CS guidelines tailored to the specific needs of a given customer contact point. We plan to expand the program to 30 contact points in 2014 as there was an increase in sales and CS (customer service satisfaction and post-sale service satisfaction) after the consultation.

Customer Privacy Protection

In 2011, Kia Motors established the Personal Information Protection Council to lay the necessary management foundation for customer privacy protection. The council's sector-specific subcommittees, each overseen by a chief privacy officer (CPO), went into full-fledged operation in 2012. The council reinforced the company's internal privacy management plan and set up contingency plans for personal information leaks. It is working on an integrated management system and regularly monitors privacy protection issues and progress. We implemented a web-based personal information search solution in April 2013 and developed an integrated monitoring system in July. In 2013, Kia Motors resolved one complaint/grievance for violating the duty to protect customers' personal information. We will do our utmost to prevent recurrence.

Product Labeling

All Kia Motors' product labels come with CO₂ emissions (g/km) and fuel economy data so that customers are well informed and can take CO₂ emissions and fuel economy into consideration in their purchasing decisions. As of January 2013, all new models come with a label indicating the weighted combined fuel economy (55% city fuel economy, 45% highway fuel economy) as per changes to fuel economy calculation standards.

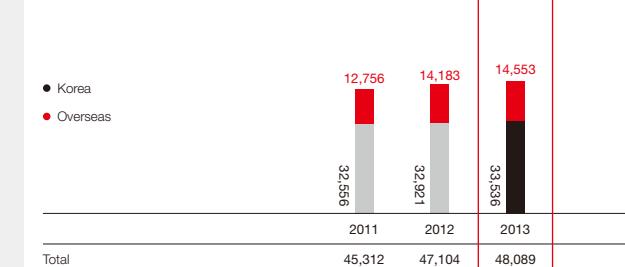
Customer Marketing Communication

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 and other vulnerable groups. We also endeavor 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. Kia Motors did not violate any regulations or receive any fines in regards to our marketing communication activities in 2013.

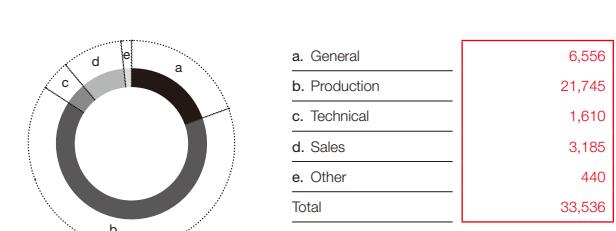
Society / Employees

With the exception of the total number of employees and data specific to overseas employees, all data pertains to Korean worksites (corporate headquarters/R&D centers/Soha, Hwaseong, Gwangju plants/service centers) as of December 31, 2013.

Employees (Korea & Overseas)

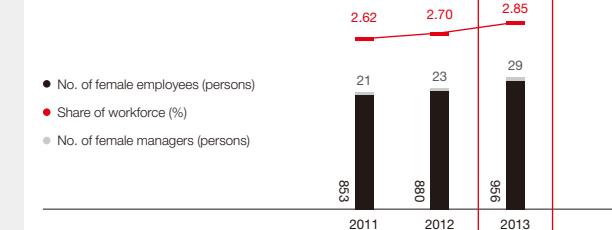


Employees by Occupational Area

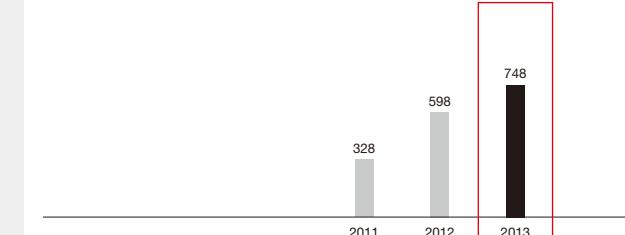


R&D centers and activities are run collectively with the rest of Hyundai Motor Group, so most R&D employees are classified as Hyundai Motor Group employees. R&D employees classified as Kia Motors employees are included under 'General.'

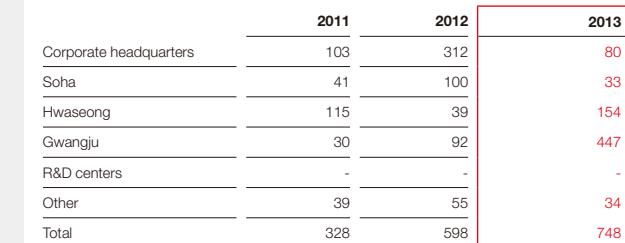
Female Employees



Job Creation



Job Creation by Area



R&D centers and activities are run collectively with the rest of Hyundai Motor Group, so new employees are classified as Hyundai Motor Group employees.

Wages

	2011	2012	2013
Avg. period of continuous service (year)	17.3	17.8	18.5
Annual wage	2,971,414	3,179,579	3,422,217
Per-person wage	91.3	97.6	102.9
Entry-level wage	57.8	61.6	42.9

Wages include retirement allowance. The average per-person wage for entry-level employees is 2.77 times higher than the legal minimum wage.
With the increase in the number of production employees, the average entry-level per-person wage decreased from 2012.

Retirement & Resignation

	2011	2012	2013
Corporate headquarters	38	29	29
Soha	87	77	86
Hwaseong	318	43	38
Gwangju	54	52	45
R&D centers	16	7	2
Other	70	59	68
Total	583	267	268

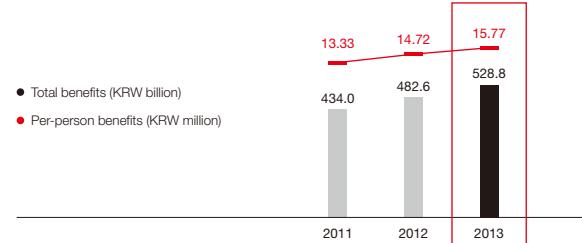


Society / Employees

Benefits

Kia Motors provides the same benefits package to full-time and temporary (or part-time) employees. In addition to legally mandated welfare benefits, we offer a wide range of other benefits to raise the quality and security of employees' lives and boost morale for labor-management trust-building. In 2013, 49 employees (including six male employees) went on parental leave, a legally stipulated benefit, while 40 employees went on pre-natal/post-natal leave, and 12, on miscarriage/stillbirth leave.

Combined Benefits & Per-person Benefits



Education & Training

	2011	2012	2013
Total education/training expenditure (KRW billion)	15.0	18.2	19.6
Per-person education/training expenditure (KRW 10,000)	46	55	59
Per-person education/training hours	42	40	61

company's core values, and Global Program for enhancing the competencies of domestic and overseas.

The Leadership Program consists of curriculum to enhance leadership skills at each position level and a curriculum for leadership-position candidates to adequately prepare themselves for their new role and responsibilities. The Professional Program is aimed at enhancing work expertise by job area while the InnoBiz School program is for heads of teams to hone problem-solving skills. The Value Program is designed for employees who have just received promotions to reinforce their executive competencies as regards the company's core values. With the goal of cultivating the global competencies of Korean and overseas employees, the Global Program is made up of curricula for internalizing company's core values, developing global leaders, embracing cultural diversity, and boosting global communication skills.

To effectively assist overseas offices 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 language training for employees in Korea.

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 the progress and outcomes. We hold a semi-annual sexual harassment class for the entire workforce on relevant laws and company regulations in order to protect the human rights of female employees. The Sexual Harassment Counseling Center within the Employee Counseling Center works to prevent and resolve sexual harassment incidents at the workplace. The Committee for Female Employee Counseling is also dedicated to resolving problems and challenges female employees face.

Ban on Child Labor & Forced Labor

Kia Motors only hires 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 work on holidays or work overtime nor do we unfairly treat our employees for not taking holidays or not working overtime.

Society / Employees

Announcement of Management Changes

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

Industrial Accidents

	Persons	Cases	Accident Rate (%)
Soha	5,701	101	1.77
Hwaseong	12,003	218	1.82
Gwangju	6,909	97	1.40
Service centers	1,927	22	1.14
Sales offices	5,157	2	0.04
Total	31,697	440	1.39

* Industrial accident rate=Total no. of industrial accident victims/Total no. of employeesx100
(as of Dec. 31, 2013)

and safety issues based on labor-management consultation. Kia Motors also has in place industrial health and safety systems at our worksites (Soha and Gwangju plants: KOSHA18001-certified; Hwaseong plant: OHSAS18001- & KOSHA18001-certified) for the 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 & Leave

At Kia Motors' domestic worksites (including corporate headquarters, sales offices, and service centers), there were 440 industrial accidents in 2013, a 5% decrease from 463 accidents in 2012. Kia Motors is enrolled in a group insurance plan that provides employees with medical expenses for injuries sustained from accidents in non-working situations. We have in place a system to manage follow-up measures taken after health examinations. When we reorganize production lines, we install equipment and machinery designed to prevent musculoskeletal disorders.

Industrial Accident Rate

	2011	2012	2013
Kia Motors	1.42	1.42	1.39
Manufacturing industry average	0.97	0.84	(Unavailable)
Transport machinery & equipment industry average	1.00	0.97	(Unavailable)

* Industrial accidents are tabulated by industry for the relevant reporting period based on data analyzed by the Korea Occupational Safety and Health Agency (KOSHA). Data on 2013 averages not yet compiled for general manufacturing and transport machinery & equipment industries will be reported next year.

System for Environment, Safety & Health

Kia Motors developed the Integrated System on Environment, Safety, and Health (i-EHS) for the effective management of information related to the environment, safety, and health at our worksites. On-site work processes and inspections are managed through i-EHS. Employees can use i-EHS to access work-related information and educational materials on environment, safety, and health matters. The Kia Safety Academy (KSA) at the Hwaseong plant offers courses on the legal aspects of worksite health and safety as well as a program designed to train and foster internal health and safety inspectors.

Society / Partner Companies

Support & Assistance through the Foundation for Korea Parts Industry Promotion			
Type	Primary Partners	Secondary Partners	
In-house technical assistance (Quality/Technology Volunteer Corps)	12 industrial sectors	13 companies	90 companies
Business management instruction (Partner Support Corps)	7 business areas	20 companies	23 companies
Technical School	8 programs	793 persons	264 persons
Quality School	9 programs	2,427 persons	1,304 persons
General management training	2 programs	384 persons	116 persons

Payments for Goods & Services			
	Payment Method	Payment Cycle	
Parts for domestic use	Small partners Medium partners Large partners	Cash Cash e-promissory note (60 days) e-promissory note (60 days)	Weekly Weekly Weekly
Parts for export		Cash	Monthly

Bulk Buying by Year			
	2011	2012	KRW billion 2013
Large partners	80.0	103.6	89.4
Medium partners	-	-	25.3
Small partners	116.6	184.9	34.8
Total	196.6	288.5	149.5

· Medium partners' were made into a separate category in 2013 to enhance data specificity

Key Education/Training Programs for Partner Companies			
	Program	No. of Courses/Sessions	Persons
Manager/staff programs	Quality competency	Quality seminars and education for quality enhancement of parts	178
	Job training	Job performance enhancement/assistance education	251
	Product awareness	Product awareness and transparency/ethics education	69
Total (including overseas plants)			498
			181,830

Kia Motors' ethical management is aimed at rectifying wrong practices or cost structures to benefit stakeholders and strengthen the company's long-term competitiveness. The Ethics Committee under the Board of Directors provides oversight, monitoring progress and ensuring smooth implementation. The 'Code of Ethics' and 'Regulation of Workplace Ethics' provide standards for everyday workflow and activities, thus promoting employee compliance. We conduct classes on the Fair Trade Act to raise enterprise-wide awareness, and we adopted the fair competition Compliance Program (CP) in 2002 for the proper implementation and oversight of ethical management practices.

· Visit the official Kia Motors website for more on ethical management and the full texts of relevant regulations.

Society / Partner Companies · Local Communities

Anti-corruption Program

CP is an internal corporate regulatory system designed to ensure voluntary compliance with fair competition regulations. With full and unwavering support from upper management, Kia Motors has in place the Voluntary Compliance Council comprised of executives and key departments heads. The Board of Directors receives regular reports on CP-related progress. CP operational regulations are registered official Kia Motors work standards. Through internal oversight and education, we strive to promote a culture of fair competition. The CEO's message of commitment to voluntary compliance was issued seven times in 2013 via the company groupware. We also shared relevant news on fair competition on the intranet voluntary compliance board. We also expanded the company fair competition education program for the employees of sales and procurement departments and provided a wide range of outside education and training opportunities on latest fair competition trends applicable to everyday business operations. Inspections of 41 pertinent departments were carried out, and we awarded departments with exemplary voluntary compliance performance to reinforce the internal oversight system and encourage employee voluntary compliance and initiative. As of 2013, we apply the principle of competitive and open bidding to all transactions to ensure equal opportunity for all partners.

In 2013, Kia Motors was cleared of one general complaint case and passed the inspection of insider trading disclosure by the Fair Trade Commission. Employees found guilty by the Cyber Audit Office and other internal anti-corruption mechanisms were subjected to disciplinary action as per the severity of the offenses. Kia Motors will continue to undertake thorough preemptive and preventive measures to advance fair competition and ensure transparent work processes and business transactions.

Education on Fair Trade & Voluntary Compliance

Period	Number of Sessions	Targets	Key Topics
			Customized education/training with everyday applicability pertaining to regulations on anti-favoritism, open bidding procurement, Fair Franchise Transactions Act, Fair Labeling and Advertising Act
In-house	Q1/Q2	16	Staff dealing with fair-trade-related work, members of the in-house Voluntary Compliance Council, employees of domestic sales offices, managers/executives of Customer Service Division
	Q3/Q4	9	Staff dealing with fair-trade-related work, members of the in-house Voluntary Compliance Council, employees of Domestic Sales Division, heads of customer service teams at service centers
Outside	Q1/Q2	5	Staff and executives dealing with fair-trade-related work
	Q3/Q4	6	Unlawful insider training, Fair Trade Commission's policy direction
			Job-specific education/training pertaining to Fair Labeling and Advertising Act, unlawful subsidies, Franchise Transactions Act
			Specialized Fair Trade Act study program co-run by Seoul National University and Korea Fair Competition Federation, revisions to Fair Subcontract Transactions Act and Franchise Transactions Act, cartel prevention

Social Outreach Expenditure

	2011	2012	2013	Total
Social welfare	10,309,212,172	11,257,313,358	11,988,657,830	33,555,183,360
Medical care, public health	164,665,814	214,220,000	81,340,780	460,226,594
Education, schools, academic research	2,838,311,290	4,015,090,540	5,716,299,200	12,569,701,030
Arts, culture, sports	3,019,797,600	3,454,705,045	1,893,194,000	8,367,696,645
Environment	281,460,930	439,267,000	185,666,000	906,393,930
Emergency & disaster relief	1,142,000,000	730,000,000	358,090,000	2,230,090,000
International programs & activities	2,217,676,599	4,296,958,843	3,494,134,129	10,008,769,571
Other	1,247,238,306	64,218,000	3,079,067,576	4,390,523,882
Combined total	21,220,362,711	24,471,772,786	26,796,449,515	72,488,585,012

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

Social Outreach Involvement

	2011	2012	2013
Annual involvement (persons)	13,091	13,169	13,492
Total service hours	47,993	48,612	41,960
Per-person service hours	1.5	1.5	1.25

· Per-person service hours are the total number of service hours divided by the total number of employees in Korea for the respective year (33,575 persons).



Environment

Data pertain to three Korean worksites (Soha, Hwaseong, Gwangju plants).

Environmental Targets & Performance

Kia Motors monitors performance against set targets for key indicators based on the core tasks of environmental management.

2013 Performance & 2014 Targets

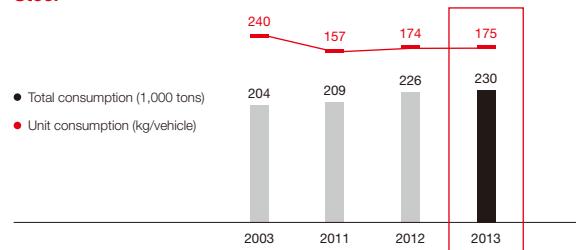
Category	Subcategory	Basis of Measure	2013		2014
			Target	Performance (%)	Result
Green growth	Energy (GHGs)	tCO ₂ eq	Unit reduction from 2008 level	20.0% or higher	20.0 [100]
Green production	Air	PM	Unit reduction from 2003 level	70.0% or higher	66.2 [95]
		SOx		20.0% or higher	22.6 [100]
		NOx		20.0% or higher	22.6 [100]
	Water	BOD		30.0% or higher	28.5 [95]
		COD		25.0% or higher	25.6 [100]
		SS		30.0% or higher	-1.3 [0]
	Controlled chemicals	Usage		15.0% or higher	7.8 [52]
Resource regeneration	Waste	Recycled	Share of total waste output	94.0% or higher	93.3 [99]
		Landfill disposal		0.8% or lower	1.0 [80]
		Incinerated		5.2% or lower	5.7 [91]
	VOCs	Emissions	Unit reduction from 2005 level	48.0% or higher	50.4 [100]
					51.0

* There was a temporary rise in SS in 2013 due to facilities upgrade that led to an increase in days of abnormal operations.

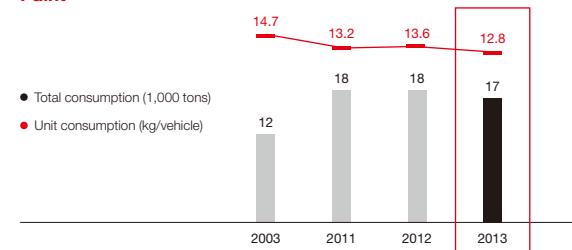
Raw Materials

In 2013, Kia Motors used 230,000 tons of steel (not including partner companies' steel usage), a 12.5% total increase and a 27.5% unit (based on the number of units produced; same applies to the figures that follow) decrease from the base year of 2003. While total paint and thinner consumption grew 34.5% and 39.5% compared to 2003, unit consumption dropped 12.7% and 9.5%, respectively. We track the usage of aluminum, sealer, deadener, and wrap guard film under 'Other.' The total 2013 consumption under 'Other' was 56,000 tons, and 83% of it was aluminum consumption at the light alloy plant in Hwaseong. Leftover zinc-coated steel is sent to iron manufacturers while uncoated steel is recycled at the foundry in Gwangju. In 2013, 10,381 tons of steel was recycled, a 494-ton year-on-year increase. As for thinners, they are recovered and taken to recycling service providers.

Steel



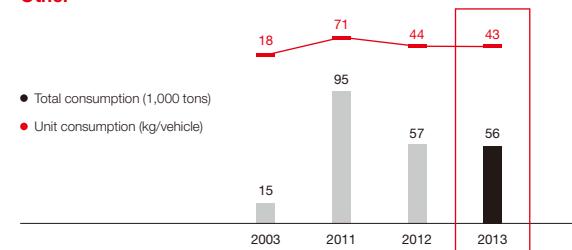
Paint



Thinner



Other



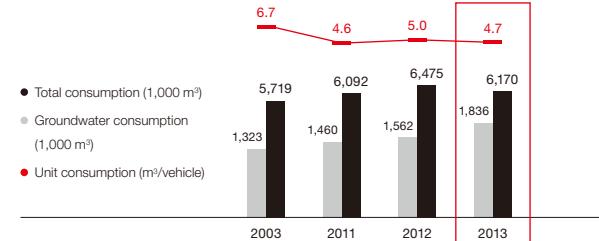
* Other: Aluminum, sealer (adhesive), deadener (soundproof laminate), wrap guard film, etc.

Environment

Water Resources

Kia Motors receives water from Paldang Dam (Soha, Hwaseong plants) and Juam Dam (Gwangju plant), each of which holds over 200 million tons. 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 total water consumption by 4.7% from 2012 while unit consumption dropped 6% and 30%, respectively, from 2012 and 2003.

Water Consumption



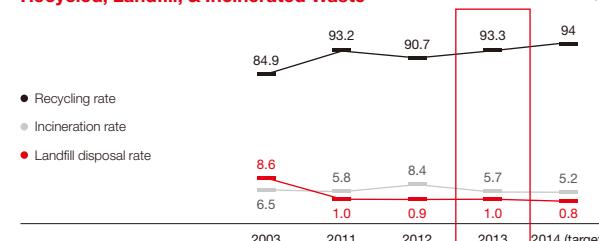
Waste Reduction & Recycling

The total waste output at the three domestic worksites (Soha, Hwaseong, Gwangju plants) in 2013 was 222,000 tons, 8,000 tons less than the previous year. Of the 220,000 tons, 93.3% (207,000 tons) was recycled to make cement and other materials while 5.7% (13,000 tons) was incinerated. Unit waste output was 169 kg, a 4.5% year-on-year decrease and a 27% drop from the base year of 2003.

Waste



Recycled, Landfill, & Incinerated Waste



Energy & Greenhouse Gases

In 2006, Kia Motors became the first Korean business to undertake third-party assurance of greenhouse gas (GHG) emissions of our service and production facilities and set up a GHG inventory for emissions management. In accordance with the Basic Law on Low Carbon Green Growth, which went into force in 2011, GHG emissions and energy consumption (from 2007 onward) are calculated per regulatory standards and reported to the government. The total GHG emissions in 2013 of all domestic plants, service centers, sales offices, shipping offices, and training centers amounted to 804,748 tons, 98% (788,390 tons) of which came from Soha, Hwaseong, and Gwangju plants. We have been getting third-party assurance of Scope 1, 2 GHG emissions of the Slovakia plant and China plants 1 & 2 since 2007. With the completion of the assurance of GHG emissions of the Georgia plant (USA) in 2010, all our domestic and overseas worksites are now independently assured. The total GHG emissions of our overseas worksites in 2013 stood at 380,690 tons.

* GHG emissions of overseas plants were tabulated as per ISO 14064-1(2006), WRI/WBCSD GHG Protocol (2004).

Curbing Energy Consumption & GHG Emissions

Upon joining the Voluntary Agreement (VA) for Energy Conservation in 2000, Kia Motors has been steadfast in our efforts to cut energy consumption and GHG emissions, regularly reporting our progress to the Korea Energy Management Corporation (KEMCO). We also joined the Greenhouse Gas and Energy Target initiative in 2011, reporting our annual GHG emissions and energy consumption to the government and negotiating the following year's emission cap. Our GHG emissions in 2013 amounted to 788,390 tons while the agreed-upon target was 895,440 tons.

The performance owes itself to the decrease in plant operating time with the switch to a weekly two-shift scheme in March 2013. The government will readjust the emissions cap accordingly. The government-authorized 2014 emissions ceiling for Kia Motors is 818,380 tons. The government's mid- to long-term goals for the automotive industry include a 7.8% reduction of GHG emissions from BAU levels by 2020. To this end, Kia Motors set a 30% unit reduction from 2008 levels by 2020 as our own target. Kia Motors will continue with our efforts to meet both the government and self-set targets.

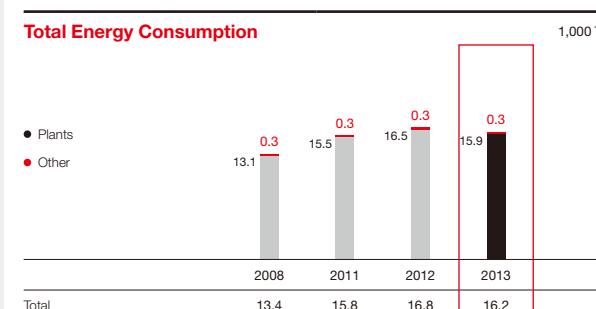
Environment

Kia Motors minimizes unnecessary operations of equipment and machinery and strives to curb greenhouse gas emissions from employee commutes and business trips. We restrict parking pass issuance and run a rotating parking system. We also operate shuttle buses, which have 18,000 employee users, 55% of the total domestic workforce.

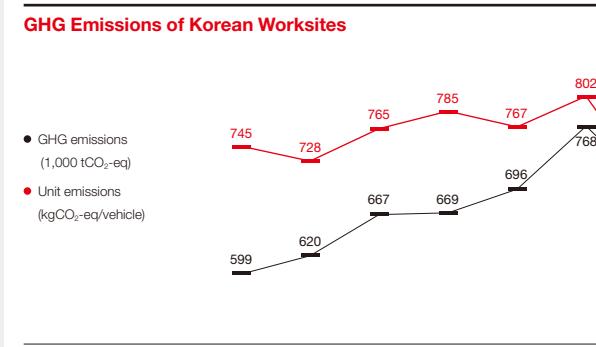
To minimize business travel, we have set up videoconferencing systems at all domestic and overseas worksites. For domestic business trips, we encourage the use of public transportation and the carpool scheme. Business trip carpooling only accounted for 2.8% (1,544 trips) of all business travel in 2012 when the scheme was first launched. In 2013, however, the number rose to 3,269, 6% of all business trips. We plan to further promote the carpool scheme while heightening employee awareness and offering relevant support to also expand the use of public transportation.

Videoconferencing not only cuts CO₂ emissions but also fosters an efficient meeting culture. Under the Smart Work Campaign, Kia Motors is promoting an efficient conferencing culture and providing personal videoconferencing equipment upon request. Since 2005, 5,658 units of personal videoconferencing equipment have been issued, and videoconferencing, which minimizes emissions-generating business travel and raises work efficiency, has also steadily gained ground.

For the systematic management of energy consumption, we are in the process of getting ISO 50001 (energy management systems) certifications for all our worksites. ISO 50001, which went into effect in June 2011, is an international standard on corporate energy conservation planning and implementation. Kia's Gwangju plant was certified in 2012, and we plan to implement energy management systems not only at the Soha and Hwaseong plants and domestic service centers but also at all overseas worksites.



- BAU (Business As Usual): Expected increase in total and unit GHG emissions and energy consumption if no reduction measures are taken
- Plants: Soha, Hwaseong, Gwangju plants
- Other: Corporate headquarters, service centers, sales offices, shipping offices, Osan Training Center, Pyeongtaek Port



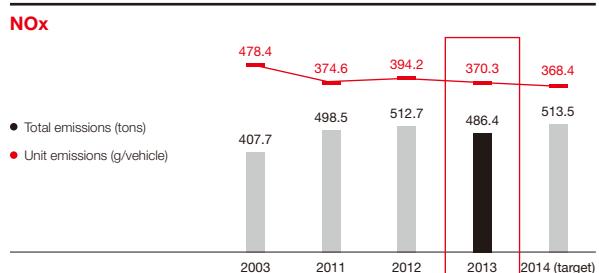
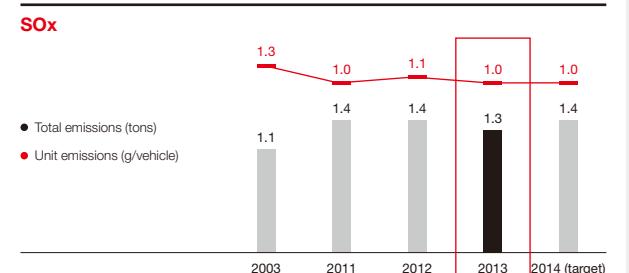
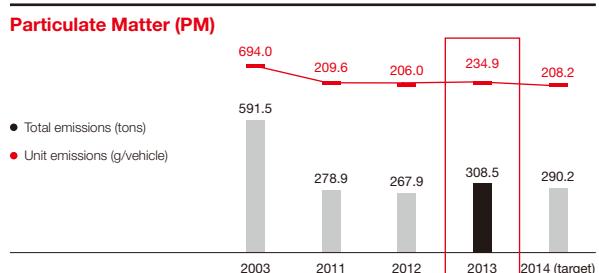
- Scope: Korean worksites (Soha, Hwaseong, Gwangju plants)
- Tabulation standards: Scope 1, 2 emissions based on lower heating value (2000-2006) / Operating Guidelines on Greenhouse Gas, Energy Target Management System [Notification No. 2011-29 of the Ministry of Environment] (2007)-

Environment

Environmental Pollutants

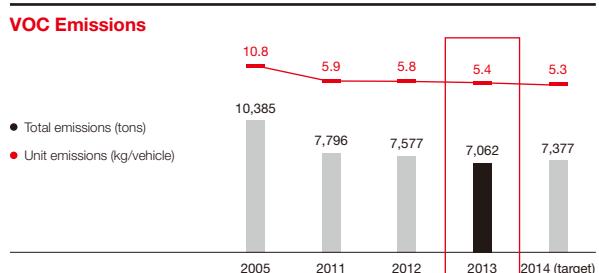
Atmospheric Pollutants

In order to minimize atmospheric pollutants, all Kia Motors worksites are equipped with particulate matter (PM) filtration systems. The Soha and Hwaseong plants are also equipped with the Tele-monitoring System (TMS) for round-the-clock monitoring of boilers and other high-polluting systems, and we scrupulously manage air pollutants at all worksites to meet regulatory emissions caps for metropolitan areas. The total amount of atmospheric pollutants emitted in 2013 was 796.3 tons. The unit emissions of 0.6 kg, similar to the previous year, mark a 44% reduction from the base year of 2003. In 2013, the unit emissions of SOx and NOx each fell 22.6% while PM unit emissions decreased 66.2% from the base year of 2003.



Volatile Organic Compounds (VOCs)

Kia Motors strives to minimize VOC use and emissions in our manufacturing processes as VOCs contribute to global warming, destroy the stratospheric ozone layer, and emit foul odors. In 2013, total VOC emissions dropped 6.8% year-on-year to 7,062 tons, and unit emissions also decreased to 5.4 kg, a 7.7% year-on-year reduction and a 50% decrease from 2005.

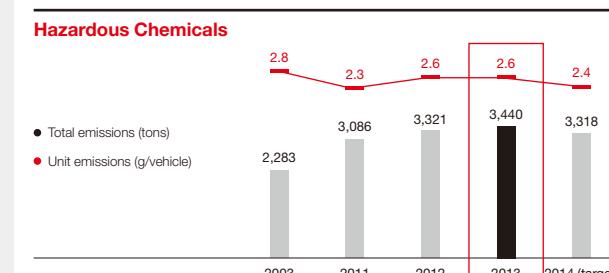
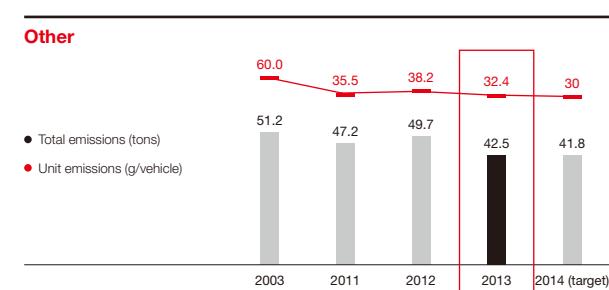
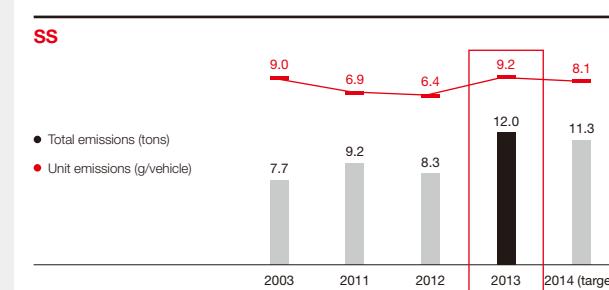
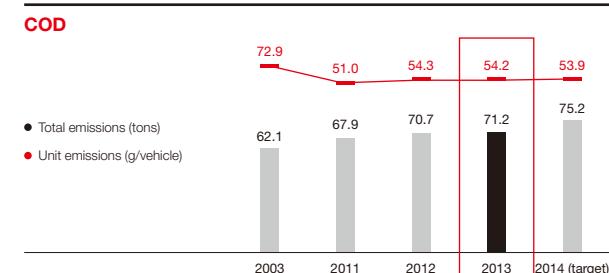
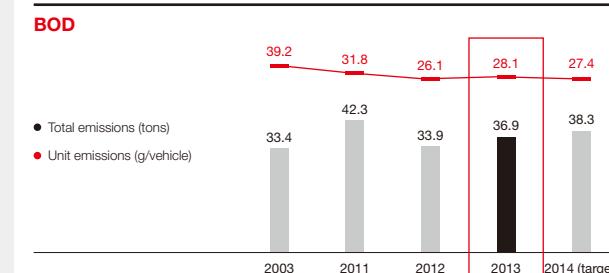


Environment

Water Pollutants & Hazardous Chemicals

To minimize the use of chemicals harmful to human health and the environment, Kia Motors applies stringent monitoring and management standards throughout the entire vehicle life cycle. Kia Motors runs e-CMS, a self-developed database of chemicals in the automotive parts of all vehicles produced since 2005. We also have in place an inspection system at every worksite to monitor and manage the use of hazardous chemicals. The unit output of BOD (biological oxygen demand) and COD (chemical oxygen demand) in 2013 dropped 28.5% and 25.6%, respectively, from 2003 levels. SS (suspended solids), however, shot up temporarily due to abnormal operations at the Soha plant caused by facilities upgrade work but was still kept under the regulatory cap of 10%. The total amount of chemicals used in 2013 was 3,440 tons while unit consumption stood at 2.6 kg, a 7.8% decline from 2003.

The 2013 consumption, atmospheric emissions, and waste output of TRI (Toxic Release Inventory) chemicals were 53,737 tons, 959 tons, and 2,104 tons, respectively. There were no cases of hazardous chemical leaks or violations as regards the amount of leakage in 2013.



Environmental Management System

All Kia Motors' domestic and overseas worksites are 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 started the implementation of an IT-based environmental system for managing targets and progress at overseas worksites. Implementation was completed at the Slovakia and Georgia (USA) plants in 2013. To improve living conditions for residents around the Soha plant, we installed noise-control systems, including noise suppression boxes and silencers, in addition to those that were put in place last year. We will continue to devise new noise-reduction measures to make steadfast improvements.

Environment

Support for Partners' Environmental Regulatory Compliance

Through IMDS and the self-developed chemical management system e-CMS, Kia Motors shares information on controlled chemicals with our partners. We regularly organize education and training programs on the latest environmental regulations and industry trends, and we work with our partners to eliminate the use of hazardous substances and opt for substitutes. We also undertake random inspections and request corrective measures if controlled substances exceeding permissible levels are detected. Detection of any of the four major heavy metals results in a 10-point deduction in quality management in the Quality Five Star scheme, and as for IMDS-stipulated controlled and carcinogenic chemicals, corrective order is issued and relevant training/education is provided.

We signed the Agreement on the Supply of Eco-Friendly Automotive Parts in 2007 with primary partners, setting forth standards on environmental management practices, and we regularly update and distribute guidelines on global environmental regulations pertaining to automotive parts manufacturing.

Environmental Expenditure

Kia Motors organizes our annual environmental expenditure into five categories. Through a streamlined investment evaluation system adopted in 2004, we evaluate the cost-saving benefits and returns on our environmental investments by category and use the findings to draw up environmental investment plans for the following year.

In 2013, the total environmental expenditure for our three domestic plants was around KRW 42.8 billion, a 17% year-on-year increase attributable to the rise in environmental facilities investment involving the replacement of old equipment and plant expansion.

Domestic & Overseas Environmental Expenditure

Category	2011	2012	2013
Environmental load reduction (direct) (Investment in environmental facilities & maintenance)	22,615,421	30,786,453	36,734,059
Environmental load reduction (indirect) (Employee environmental education & environmental assessments)	919,966	960,754	1,039,181
Waste processing & recycling (Waste processing outsourcing)	4,223,260	4,812,285	4,903,174
Environmental risk management (Environmental regulatory compliance & accident prevention)	116,500	100,082	93,110
Environmental protection & conservation (CSR programs & afforestation)	179,070	26,000	8,960
Total	28,054,217	36,685,574	42,778,483

· Investment expenditure: Exclusive of R&D centers

Afforestation

In order to raise the eco-friendliness of our production facilities, Kia Motors works to expand green areas in line with the expansion of building areas. Thanks to our stringent management of soil-polluting facilities since 2000, there has not been a single case of soil contamination for 14 years, and we continue to strengthen our inspection standards.

Afforestation Status

	Soha	Hwaseong	Gwangju	Slovakia (KMS)	China 1 (DYK1)	China 2 (DYK2)	Georgia (KMMG)
Site area (m ²)	498,908	3,199,636	1,014,941	1,869,360	450,000	1,449,172	2,596,130
Building area (m ²)	218,634	1,162,072	536,262	288,282	95,000	272,496	212,479
Green area (m ²)	74,850	663,848	80,007	1,075,260	36,752	310,437	792,252
Green rate (%)	26.7	32.6	16.7	68.0	10.4	26.4	33.2
Afforestation (trees)	91,220	248,245	156,173	1,150	3,599	2,234,841	2,144

Environment

No.: AS_PRUC-498696-2014-COB-KOR_E



Assurance Statement Kia Motors Corp.

Greenhouse Gas Emissions from the Year 2013

< 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 2013 ("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. 2012-211). 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 2013
- Organisational boundary for reporting:

Name of site	Address / Remark	Verification activity
SLOVAKIA PLANT	P.O BOX 2, 013-91 Topolica n/Vahon Slovakia	Site visit, Process & data verification
CHINA PLANT 1	No. 1, Kaifeng Rd., Yancheng, Jiangsu, China	Site visit, Process & data verification
CHINA PLANT 2	No. 1, Xiwangdi Rd., Yancheng, Jiangsu, China	Site visit, Process & data verification
USA GEORGIA PLANT	7177 Kia Parkway WestPoint, GA 31133	Site visit, Process & data verification
SOHAR PLANT	113, Kit-ro, Gwanggyo-eup, Gyeonggi-do, Korea, 423-701, Korea	Site visit, Process & data verification
HWASEONG PLANT	95, Kajadongguk-ro, Ujeong-eup, Hwaseong-si, Gyeonggi-do, 445-711, Korea	Site visit, Process & data verification
GWANGJU PLANT	277, Hwasun-ro, Neungsan-gu, Gwangju, 502-807, Korea	Site visit, Process & data verification
Headquarter and offices in Korea	Headquarter: 12, Haeundae-ro, Suyeong-gu, Seoul, 137-958, Korea	Site visit, Process & data verification

< Verification Approach >

The verification has been conducted by DNV from 20th February through 14th March 2014 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. 2012-211). 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 CO₂ 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 VIATTZ(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 2013 were confirmed as below;

Greenhouse Gas Emissions of Kia Motors from Yr 2013

Unit: ton-CO₂ equivalent.

Operational boundary	SLOVAKIA PLANT	CHINA PLANT 1	CHINA PLANT 2	USA GEORGIA PLANT	SOHAR PLANT	HWASEONG PLANT	GWANGJU PLANT	Headquarter and other offices	Total
Direct Emissions	32,385	11,312	39,873	30,328	65,873	163,931	67,748	4,381	416,831
Energy Indirect Emissions	25,881	41,682	105,839	93,188	85,158	307,338	98,343	12,396	769,825
Total	58,266	53,194	145,712	123,516	151,031	471,269	166,091	16,777	1,185,856

* In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ± 1 CO₂.

14th March 2014Cheol Soo Kim
Tae Ho Kim
Lead Verifier

Ahmik

In-Kyon Ahn
Country Manager
DNV Certification, Ltd.

This Assurance Statement is valid as of the date of the issuance (14th March 2014). 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 stakeholders of our efforts and progress at maintaining and enhancing sustainability and to demonstrate our commitment to continued action and improvement.

With 2014 MOVE, Kia Motors strove to follow the GRI G4 Guidelines issued in 2013 and provide coverage of those impacts that are stressed in the revised guidelines. We tried our best to detail the economic, social, and environmental factors that impact Kia Motors and the impact Kia Motors and our products have externally. For every section of the report, we provide coverage of Kia Motors' relevant systems and activities, our perception of the relevant issue(s), and the reasons for our systems and activities. There is room for improvement as this is the first year we applied the G4 Guidelines. We will gauge the specific areas that require more work through 2014 MOVE and endeavor to make steadfast improvements.

Accounting Standards

The tabulation of environmental and CSR investments and expenditure meet the accounting standards assured by the Board of Directors, Audit Committee, and external auditors and follow the investment assessment standards adopted in 2004. Details on environmental and CSR expenditures can be found in the main body of the report as well as in the 'Data Sheet' in 'Appendices.'

· GRI: Global Reporting Initiative

Reporting & Assurance

All information disclosed is based on verified materials gathered by pertinent Kia Motors' departments. For enhanced reliability, the Institute for Industrial Policy Studies (IPS), a third-party assurance agency has verified that this report has been drafted in accordance with the G4 Comprehensive reporting standards. The assurance statement can be found in 'Appendices.'

Reporting Scope & Period

The report covers the period from 2011 to 2013. 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. If the point of adoption is 2012, however, only performance data for two years upon adoption is included. As for qualitative performance, this report focuses on 2013 activities and efforts. The corresponding time period is listed for those activities and efforts that are underway without significant changes upon adoption or implementation. The reporting period corresponds to Kia Motors' fiscal year, which is January 1 to December 31. There were no significant changes during the reporting period of Kia Motors' 2014 sustainability report.

Reporting Targets

This report covers Kia Motors; subsidiaries that are joint stock companies in which Kia Motors owns 50% or more shares; and overseas offices, which are joint-venture corporations. Reporting targets that fall under these categories are domestic worksites (corporate headquarters; Soha, Hwaseong, and Gwangju plants; technical centers; and service centers) as well as Dong-feng Yueda Kia, Georgia Plant (USA), Slovakia Plant, overseas technical centers, and the overseas worksites of overseas offices. The data collection scheme was first applied 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 or some overseas worksites.

Publication Schedule

The Korean version of the 2014 MOVE (no. 12) was published on March 21, 2014 and distributed at the General Shareholders' Meeting. The English version is scheduled to be published on May 1, 2014. Kia Motors' sustainability report is an annual publication.

Additional Information

Please refer to the following resources for additional information:
Management or product information:
Business report: or the Repository of Korea's Corporate Filing of the Financial Supervisory Service
Department in charge: CSR Environmental Management Team, Planning Division (Refer to 'Contact Us' for contact information)

Third Party Assurance Statement

To the Management of the 2014 Kia Motors Sustainability Report:

The Institute for Industrial Policy Studies (hereafter "Auditor") was engaged to undertake a review of "Kia Motors Sustainability Magazine 2014" (hereafter "Report") to provide an independent third-party assurance on its contents. On the basis of the above, the Auditor presents the following third-party statement of assurance.

Accountability and Objective

Kia Motor Company is responsible for all information and claims contained in the Report, including the setting of sustainability management goals, performance management, data collection, reporting etc. The objective of this review is to assess whether the Report contains any material misstatements or bias; whether the data collection system is functional and robust; and finally, to review the materiality assessment processes used by the Company in order to provide comments and recommendations that can help improve the quality of future reporting.

Assurance Criteria and Standards

The review was carried out against the following criteria and guidelines:

- 1) AA1000 Assurance Standard(2008)¹
- 2) Global Reporting Initiative's (GRI) G4 Sustainability Reporting Guidelines;² and
- 3) Local BSR Guidelines (B.E.S.T Sustainability Reporting Guidelines)³

Assurance Scope

Contents contained in the "Kia Motors Sustainability Magazine 2014"

Assurance Type & Level

Type II, Moderate

Assurance Criteria

- "IPS Assurance Manual" to assess compliance to the three core principles of the AA1000AS (2008) standards
- GRI Guidelines' "in accordance" options
- BEST Guideline's "reporting level"

Work Undertaken and Scope

The Auditor confirmed 1) the inclusivity, materiality, and responsiveness of the reported content; 2) the reliability of the reported performance data; 3) the Report's level of compliance against the GRI G4 Sustainability Reporting Guidelines; and 4) the level of compliance relative to the B.E.S.T Reporting Guidelines through the process outlined below.

- Review of the Company's materiality assessment processes and findings, as well as its response system
- Review of available stakeholder engagement processes
- Review of raw performance data and underlying reference data
- Review of the completeness and accuracy of the reported content by sample testing key material issues
- Review of the systems and processes in place for data collection and reporting
- On-site review primarily of the HQ office and production site (Soha plant) between Mar. 5-6, 2014
- Interviews with persons responsible for different dimensions of sustainability management and individuals in charge of collecting performance data
- Review of level of application against GRI/B.E.S.T sustainability reporting guidelines

Limitations

The scope of this undertaking was limited to:

- Interviews with persons responsible for the different dimensions of sustainability management and individuals in charge of collecting performance data; review of the adequacy of the reported data
- On-site review of the HQ office and production site (Soha plant)
- Assurance based on disclosed data and information available for the relevant reporting period (online information not included)
- Review of the reliability of reported performance data
- Finance and GHG-related data, which are subject to separate assurance procedures, were not included in the scope of this undertaking

Assurance Findings

The Auditor did not find any material misstatements or bias contained in the Report.

[Inclusivity] Is the Company's stakeholder engagement strategy-setting and related processes adequate?

The Auditor confirmed efforts by the Company to establish a system for stakeholder engagement in recognition of the importance of stakeholder participation in implementing sustainability management. The Auditor also noted efforts by Kia Motors to build and make use of various channels of engagement for its different stakeholder groups including customers, shareholder and investors, employees and executives, suppliers, and the local community.

The Auditor took particular note of efforts by the Company to enhance the accessibility of its stakeholder communication channels by introducing more diverse platforms such as an active online communication website to better engage a broader range of stakeholder groups while also gaining greater, more high quality feedback (ex. Kia Buzz, Fun Kia, mobile app). Also, in line with the principle of inclusivity, the Company has opened a social contribution website to serve as a real-time platform for sharing information and stakeholder views.

Further detailed recommendations on strategy setting and processes for stakeholder engagement have been provided separately to Kia Motors.

[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 importance to the sustainability management activities of Kia Motors. The Auditor confirmed efforts by the Company to identify and report on issues deemed to be of material importance to its stakeholders by analyzing various sources of information including internal company policies, direct and indirect economic impact analysis, laws and regulations, stakeholder group surveys, industry benchmarking, and media reports.

Notably, the fact that the Company adopted the GRI G4 guidelines as its basic reporting framework for issues identified to be of material im-

¹ AA1000AS is a sustainability assurance standard developed by the UK-based Institute of Social and Ethical Accountability (AccountAbility) in November 1999 to assure organization-wide sustainability performance and accountability by improving the quality of accounting, auditing and reporting practices in the social and business ethics domain. The revised 2008 version has been in effect since 2010.

² The GRI G4 Guideline was established by the GRI, convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. After the first universal GRI sustainability reporting guidelines for multinationals was released in 2000, the latest G4 version was introduced in May 2013, with enhancements in supply chain, governance, ethics & integrity, anti-corruption, GHG emissions & energy disclosures.

³ The B.E.S.T Guideline was jointly developed by the Ministry of Commerce, Industry, and Energy (MOIE), the Korea Chamber of Commerce and Industry (KCCI), and the Institute for Industrial Policy Studies (IPS) in 2006 as a sustainability reporting and assurance guideline, and provides for five levels of reporting rigor (Level 1 ~ 5).

Third Party Assurance Statement

Recommendations

As the 12th Report by Kia Motors, the Auditor found its "2014 Sustainability Report" commendable in the following respects. The Report (1) reflects ongoing efforts by the Company to respond preemptively to the latest developments in sustainability reporting practices by applying the newest set of reporting guidelines to be recently released; (2) as a global company, provides a detailed account of the Company's latest global interests as well as an updated account of the Company's response to these global issues; and (3) takes into consideration diverse ways of engaging in stakeholder participation while also utilizing "MOVE" as an important channel, of which details are accounted for.

For future reports, the Auditor recommends considering the following.

- Provide definition of stakeholders in consideration of the overall supply chain and impact analysis
- Strengthen the level of DMA disclosures i.e. provide a more detailed account of key issues - background information, how they are being managed, outcomes, and future plans
- Enhance level of reporting on the Company's response to stakeholder engagement findings and feedback
- Strengthen adherence to the Global Sustainability Framework and report more rigorously against indicators specified in the Guidelines
- Strengthen reporting on quantitative outcomes for the reporting period

Independence

The Auditor has no commercial affiliation or interests with Kia Motors, and was not involved in the preparation of any part of the Report apart from this review. This assurance was undertaken in full independence and autonomy.

Qualifications of Auditor

A third party independent assurance provider, the IPS (Institute for Industrial Policy Studies) was established in 1993, and has accumulated broad expertise in the area of ethical management, social responsibility, and sustainability management since 2002. The Auditor is composed of professionals in business management, accounting, and environmental science, many of whom are professors at Korea's top universities or practitioners with professional accreditation and extensive working level experience in sustainability management.

March 12, 2014


Yun-Cheol Lee
Chairman, IPS

portance, while also setting out its reporting boundaries to ensure a balanced and full representation of all relevant issues within the referenced boundary, was found to be particularly commendable and in line with the principle of materiality.

Detailed recommendations on how to better identify, manage, and report on issues of material stakeholder concern with consideration to stakeholder-specific factors such as its scope, needs, and potential influence within the overall supply chain have been provided separately to the management of Kia Motors.

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

The Auditor found Kia Motors to be providing an adequate response to issues of concern and interest for its stakeholders. It has provided diverse stakeholder engagement channels, while working to present a better account of the Company's response to stakeholder feedback in its sustainability reporting.

Of commendable note, the Auditor found the Company to be well aligned to the principle of responsiveness as it provided a detailed breakdown of its plans and outcomes concerning material issues, while also reporting on activities launched by the Company to address sustainability-related issues arising across the supply chain.

Detailed recommendations on providing status updates to stakeholders on their key concerns and requests as well as ways of providing a more engaged response have been provided separately to Kia Motors.

["In Accordance" Criteria] The Auditor confirmed that the Report is "in accordance" to GRI G4 guidelines under the "comprehensive option", as it reports on General Standard Disclosures and Additional Disclosures (materiality aspects, DMA, performance indicators) as indicated in the G4 Guidelines.

[Reliability of Performance Indicators] After reviewing the performance data stated in the Report, the Auditor found the underlying data collection system to be adequate and failed to find any material errors that can either bias the Company's judgment or compromise the reliability of its data.

Classification	Material Issues	Performance Indicator
General	Corporate governance structure	Attendance of External Directors: 100% ('2012 98%)
Economic	Development of future-oriented vehicles	Eco-friendly certification model Line up: 20 products model
	Product innovation and competitiveness	Improvement rate of Hybrid vehicles fuel-efficiency: 41.5% (K7 HEV) Increase rate of electric vehicles mileage: 62.6% (SOUL EV)
	Economic value –creation	Economic value –creation: KRW 48.1291 trillion (p.16) (business partners: 79.6%, creation of added value: 20.4%)
Social	Quality and service	CS visit teaching: 17,042 employees, 1,575 times
	Customer satisfaction management	KSQI No. 1 / KS-SQI No. 1
	Shared growth with business partners	Business partners support with KAP (p.82)
Environment	Product safety & environment-friendly certifications	Safety evaluation: CARENS, K3 Level 1 (NCAP) Eco-efficiency: 153.1% ('2012 149.1%)

[Level of B.E.S.T Guideline Application] In view of the coverage and reliability of the information provided, the Auditor finds the Report to fulfill 94.6% of the reporting requirements necessary to qualify for a Level 4 Report (from Level 1 to 5) relative to the B.E.S.T Guidelines, which is indicative of sustainability reporting achieving an "anchored" phase.

 AA1000
Licensed Assurance Provider
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GRI (G4) Index

● Fully reported ○ Partially reported □ Not reported ■ Not Applicable

	Performance Indicator	Description	Status	Page	BEST 2.0
1. General Standard Disclosures					
Strategy and Analysis	G4-1	CEO's statement	●	5	A_1
	G4-2	Key impacts, risks and opportunities	●	12-13	A_2
Organizational Profile	G4-3	Name of the organization	●	3	A_3
	G4-4	Primary brands, products and services	●	48-49	A_4
	G4-5	Location of the organization's headquarters	●	2-3	A_7
	G4-6	Countries where the organization operates	●	2-3	A_7
	G4-7	Nature of ownership and legal form	●	6-7	A_8
	G4-8	Markets served	●	2-3	A_9
	G4-9	Scale of reporting organization	●	76-77,79	A_10
	G4-10	Breakdown of workforce	●	79	EM1
	G4-11	Employees covered by bargaining agreements	○	81	EM12
	G4-12	Organization's supply chain	●	61-69	-
	G4-13	Significant changes during the reporting period	●	2-3, 6-7, 22	B_8
	G4-14	Explanation of how the precautionary principle is addressed	○	12-15	GR11
	G4-15	External principles and other initiatives to which the organization subscribes or which it endorses	●	75	GR10
	G4-16	Memberships in associations	●	75	A_11
Identified Material Aspects and Boundaries	G4-17	Entities included in the organization's consolidated financial statements	○	76	A_5, A_6
	G4-18	Process for defining report content and aspect boundaries	●	11	-
	G4-19	Material aspects	●	11	-
	G4-20	Aspect boundary within the organization	●	11	B_1, B_2
	G4-21	Aspect boundary outside the organization	●	11	B_1, B_2
	G4-22	Explanation of the effect of any re-statements of information provided in earlier reports	●	91	-
	G4-23	Significant changes from previous reporting periods	●	91	B_5
Stakeholder Engagement	G4-24	Stakeholder groups engaged by the organization	●	10	C_1
	G4-25	Basis for identification and selection of stakeholders	●	10	C_1
	G4-26	Approaches to stakeholder engagement	●	10	C_2
	G4-27	Key topics and concerns raised through stakeholder engagement	○	10-11	C_3
Report Profile	G4-28	Reporting period	●	91	B_3
	G4-29	Date of the most recent report	●	91	-
	G4-30	Reporting cycle	●	91	B_6
	G4-31	Contact point for questions regarding the report	●	102	B_9
	G4-32	GRI content index	●	92-96	B_10
	G4-33	Policy and current practice with regard to seeking external assurance for the report	●	92-93	B_7
Governance	G4-34	Governance structure of the report	●	6-7	GR1
	G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	●	8-9	-
	G4-36	Executive-level positions with responsibility for economic, environmental and social topics	●	8-9	-
	G4-37	Processes for consultation between stakeholders and the highest governance body	●	8-9	GR12
	G4-38	Composition of the highest governance body and its committees	●	6-7	GR2, GR3
	G4-39	Position of the Chairman of the Board	●	6-7	GR1
	G4-40	Processes for determining the composition, qualifications, and expertise of the highest governance body	●	6-7	GR4
	G4-41	Processes in place to avoid conflicts of interest	○	6-7	GR13
	G4-42	Executive-level roles in setting purposes, values, and strategy	●	8-9	GR6
	G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	●	8-9	-
	G4-44	Processes and actions taken with regard to highest governance body's performance	○	6-7	GR5
	G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	●	8-9	GR8
	G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes	●	8-9	GR8
	G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	●	8-9	GR8
	G4-48	Highest committee or position that formally reviews and approves the sustainability report	●	8-9	-
	G4-49	Process for communicating critical concerns to the highest governance body	●	6-7	GR12
	G4-50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address them.	●	6-7	-
	G4-51	Executive-level compensations	●	6-7	GR7
	G4-52	Process for determining remuneration	●	6-7	GR7
	G4-53	Process for seeking stakeholder views regarding remuneration	●	6-7	-
	G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	○	-	-
	G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	○	-	-
Ethics and Integrity	G4-56	Organization's values, principles, standards and norms of behavior	●	82	EM26
	G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour	●	80	-
	G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behaviour	●	80	38, 39 -

GRI (G4) Index

● Fully reported ○ Partially reported □ Not reported ■ Not Applicable

	Performance Indicator	Description	Status	Page	BEST 2.0
2. Specific Standard Disclosures					
Disclosures on Management Approach (DMA)	G4-DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach, including: - The mechanisms for evaluating the effectiveness of the management approach - The results of the evaluation of the management approach - Any related adjustments to the management approach*	○	11	D_1, D_2, D_3, EC_DMA, EM_DMA1, EM_DMA2, CS_DMA, CO_DMA, EV_DMA
Indicators by Aspects					
Economic					
Economic Performance	G4-EC1	Direct economic value generated and distributed	●	13, 16-17	EC1
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	○	15	EC2
	G4-EC3	Coverage of the organization's defined benefit plan obligations	○	-	EC3
	G4-EC4	Financial assistance received from government	○	-	EC5
Market Presence	G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	●	79	EM4
	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	●	55	EC4
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	●	70-73	EC6
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	●	16-17	EC7
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	●	55-59	-
Environmental					
Materials	G4-EN1	Materials used by weight or volume	●	64	EV10
	G4-EN2	Percentage of materials used that are recycled input materials	●	64	EV11
Energy	G4-EN3	Energy consumption within the organization	●	64	EV7
	G4-EN4	Energy consumption outside of the organization	●	63-68	EV8
	G4-EN5	Energy intensity	●	84-86	-
	G4-EN6	Reduction of energy consumption	●	61-69	EV5
	G4-EN7	Reductions in energy requirements of products and services	●	28-49	CS8, EV5
Water	G4-EN8	Total water withdrawal by source	●	85	EV9
	G4-EN9	Water sources significantly affected by withdrawal of water	●	85	EV20
	G4-EN10	Percentage and total volume of water recycled and reused	○	85	EV18
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	●	85	EV22
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	●	85	EV22, EV26
	G4-EN13	Habitats protected or restored	●	85	EV6, EV27
	G4-EN14	Total number of iucn red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	●	N/A	EV28
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	●	85-86	EV12
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	●	85-86	EV12
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	●	85-86	EV13
	G4-EN18	Greenhouse gas (GHG) emissions intensity	●	85-86	-
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	●	85-86	EV4
	G4-EN20	Emissions of ozone-depleting substances (ODS)	●	87	EV14
	G4-EN21	NOx, SOx, and other significant air emissions	●	87	EV15
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	●	88	EV17
	G4-EN23	Total weight of waste by type and disposal method	●	88	EV16
	G4-EN24	Total number and volume of significant spills	●	88	EV21
	G4-EN25	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	●	N/A	EV29
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	●	85	EV19
Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	●	28-49	EV23, EV25
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	●	69	EV24
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	●	89	EV31
Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	●	63-68	EV30
Overall	G4-EN31	Total environmental protection expenditures and investments by type	●	89	EV1
Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	●	59	PN3
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	●	59	PN4
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	●	59, 60	-
Social					
Labor Practices and Decent Work					
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	●	54, 79	EM5
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation	●	80	EM20
	G4-LA3	Return to work and retention rates after parental leave, by gender	●	80	-
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	●	81	EM13

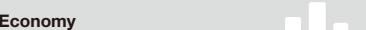
GRI (G4) Index

● Fully reported ○ Partially reported ○ Not reported ◉ Not Applicable

	Performance Indicator	Description	Status	Page	BEST 2.0
Occupational Health and Safety	G4-LA5	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	●	81	EM14
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	●	81	EM19
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	○	53	-
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	●	81	EM15, EM17
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	●	80	EM27
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	55, 80	EM28
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	○	55, 80	EM29
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	●	54-55	EM2
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	○	54	EM3
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	○	59	PN3
Labor Practices Grievance Mechanisms	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	○	59	PN4
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	●	59	PN5
Human Rights					
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	○	59	PN2
	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	○	80	EM30
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	●	54	EM7
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	○	81	EM8
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	●	80	EM9
Forced or Compulsory Labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	●	80	EM10
Security Practices	G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	○		EM31
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	○	N/A	CO2
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	●	83	-
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	○	59	PN3
Human Rights Grievance Mechanisms	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	○	59	PN4
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	○	59	-
Society					
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	89	CO1, CO2
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	●	89	-
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	●	83	CO5
	G4-SO4	Communication and training on anti-corruption policies and procedures	●	82-83	CO5
	G4-SO5	Confirmed incidents of corruption and actions taken	●	82-83	CO5
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	○	N/A	CO7
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	●	82-83	CS3
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●	82-83	CO9
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	○	59	PN3
Grievance Mechanisms for Impacts on Society	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	○	59	PN4
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	●	59	-
Product Responsibility					
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	○	28-46	CS4
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	○		CS11
Product and Service Labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	○		CS5
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	●	78	CS13
	G4-PR5	Results of surveys measuring customer satisfaction	●	78	CS6, CS9
Marketing Communications	G4-PR6	Sale of banned or disputed products	○		CS10
	G4-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	●	78	CS14
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	●	78	CS10, CS15
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	○		CS12

Contact Us

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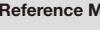
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