

# MOVE

## Designing Success

Dramatic performance:  
Kia's 2010 transformation

## Global Challenges & Opportunities

Where our efforts  
and the global agenda intersect

## Designing Future

Zero emission:  
Designing the automotive future

## Global Citizenship

Efforts to end  
poverty and inequality



# MOVE



## COVER STORY

‘MOVE,’ the name of this sustainability report, stands for Kia Motors’ movement toward bringing about positive changes in the world.



Dow Jones  
Sustainability Indexes  
Member 2010/11

This report is printed in soy ink on eco-friendly recycled paper.

## Sustainability Overview

- 02 Kia Around the World
- 04 CEO Message
- 06 Corporate Philosophy
- 08 Corporate Governance
- 10 Stakeholder
- 12 Agenda & Approach

## Special Feature I

- 18 Designing Success

- 26 Sustainability Highlights

## Agenda: Energy Use and Climate Change

- 28 Environment

## Agenda: Technology for Sustainability

- 38 Energy Efficiency
- 42 Lineup

## Special Feature II

- 46 Designing Future

## Agenda: Acting Fairly and Responsibly

- 52 Customer
- 56 Safe Move
- 58 People
- 62 Partnership

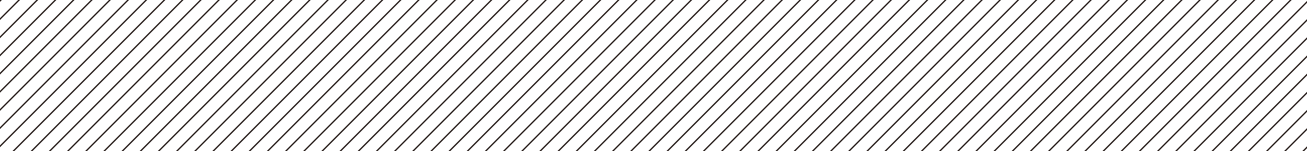
## Agenda: Ending Poverty and Injustice

- 64 Social Commitment

## Appendices

- 70 Data Sheet / About This Report /  
Independent Assurance Statement /  
GRI Index / Contact Us





AGENDA & APPROACH  
GLOBAL CHALLENGES & OPPORTUNITIES

12



SPECIAL FEATURE I  
DESIGNING SUCCESS

18



SOCIAL COMMITMENT  
GLOBAL CITIZENSHIP

64



SPECIAL FEATURE II  
DESIGNING FUTURE

46

READER'S GUIDE

With regards to the contents of the report, icons are used to mark those sections for which additional information is available.



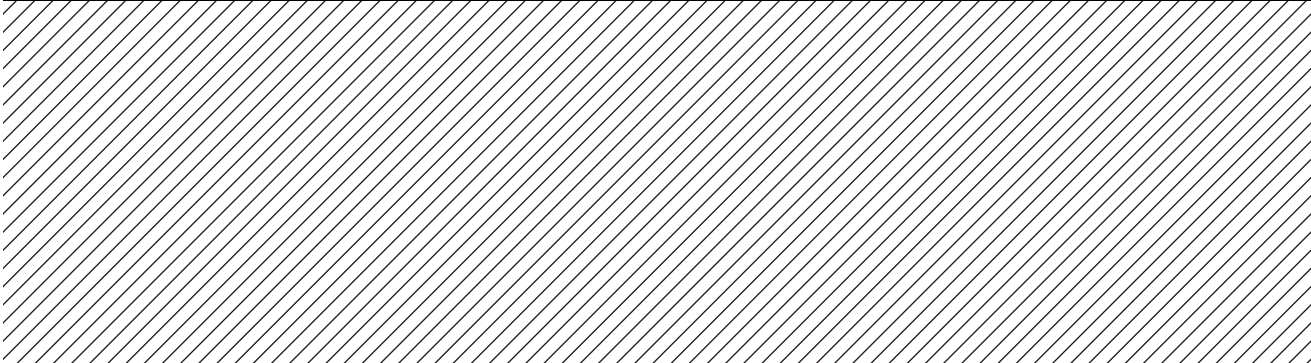
This report (Kia Motors Sustainability Magazine 2011 'MOVE')



Webpage



Additional information







- No. of vehicles produced based on annual production volume
- Sales revenue based on non-consolidated financial statements

# KIA AROUND THE WORLD

Since our founding in 1944, Kia Motors has maintained impressive growth as a leading Korean automaker. We have developed into a global company that boasts 18 overseas subsidiaries and a distribution network consisting of 4,287 dealers in 156 countries with a combined annual sales volume of over 2 million vehicles. Through continuous R&D and investment, Kia Motors now possesses a full lineup of vehicles of all types and classes, including passenger cars, commercial vehicles and buses. Kia Motors has solidified our foundation as a competitive player in the global automotive industry by establishing production facilities as well as R&D and design centers around the world. Kia Motors will carry out our responsibilities as a corporate citizen through continued exchanges with society. We will strive to safeguard a sustainable future by protecting the environment and achieve sustained growth by creating greater value.

23.3 trillion won  
Total sales revenue based on non-consolidated financial statements

99 g/km  
CO<sub>2</sub> emissions of Forte LPi Hybrid

2.13 million units  
Combined domestic and overseas sales volume (surpassed the 2 million-unit mark)

16.1 billion won  
Social contribution (based on non-consolidated financial statements, includes marketing costs for public awareness campaigns)

43,831 persons  
No. of domestic and overseas employees

156 countries  
Global operations

20 years  
No. of years since previous strike-free settlement between labor and management

24 trillion won  
Market capitalization as of Jan. 10, 2011

## BUSINESS DOMAIN

### ◆ PASSENGER CARS

Morning (Picanto), Pride (Rio), Forte (Cerato), Forte Koup, Lotze (Optima, Magentis), K7 (Cadenza), Opirus (Amanti), Venga, Soul, Carens (Rondo), Carnival (Sedona), Sportage R, Sorento R, Mohave (Borrego)

### ◆ COMMERCIAL VEHICLES

Bongo III Truck (K-series trucks), New Granbird (commercial bus)

### ◆ HYBRID VEHICLE

Forte LPi Hybrid

### ◆ CKD (COMPLETE KNOCK DOWN)

Automobile components (engines, transmissions, etc.)

## GLOBAL NETWORK

### ◆ SALES & SERVICES

**Korea Sales** 20 regional headquarters, 342 regional sales offices, 405 dealerships, 9 shipping offices

**Services** 20 regional service centers, 253 comprehensive service providers, 553 partial service providers

**Overseas Sales** 156 countries, 159 dealerships, 4,287 dealers (services & sales)

Kia Motors America 01 | Kia Canada Inc. 02 | Kia Motors UK 03 | Kia Motors Belgium 04 | Kia Motors France 05 | Kia Motors Germany 06 | Kia Motors Poland 07 | Kia Motors Czech Republic 08 | Kia Motors Central Europe 09 | Kia Motors Spain 10 | Kia China Sales Center 11 | Kia Motors Australia 12 | Kia Motors New Zealand 13 | Kia Motors Russia 14 | Kia Motors Netherlands 15

### ◆ PRODUCTION

**Korea** Sohari Plant (350,000 units), Hwaseong Plant (600,000 units), Gwangju Plant (460,000 units), Original equipment manufacturing (230,000 units)

**Overseas** China Plant (430,000units), Slovakia Plant (300,000 units), Georgia, USA Plant (300,000 units)

Kia Motors Manufacturing Georgia, USA (1,944 employees) 16 | Slovakia Plant / Kia Motors Slovakia, Žilina (2,909 employees) 17 | China Plants I-II, Yancheng (4,918 employees) 18 | Corporate Headquarters, Seoul (Korea: 3 plants, 3 R&D centers, 20 regional service centers, 342 dealerships, 32,743 employees) 19

### ◆ R&D

**Korea** Namyang R&D Center, Mabuk Eco-Technology Research Institute, Central Advanced Research and Engineering Institute  
**Overseas** Technical, design, and R&D centers around the world

Kia Design Center America (Irvine, CA) 20 | Hyundai-Kia America Technical Center (Ann Arbor, MI) 21 | Kia Motors Europe Headquarters / Technical Center Europe / Kia Design Center Europe (Frankfurt, Germany) 22 | Japan R&D Center (Chiba) 23

### ◆ OTHERS

Central & South America Regional Headquarters (Miami, USA) 24 | Eastern Europe/CIS Regional Headquarters (Kiev, Ukraine) 25 | Africa & Middle East Regional Headquarters (Dubai, UAE) 26 | Asia-Pacific Regional Headquarters (Sydney, Australia) 27



# CEO MESSAGE

In 2010, Kia Motors' performance surpassed market expectations with one record high after another. It was the result of many years of sustained and concerted effort to strengthen the company's foundation and core competencies. Our stellar performance enabled us to secure additional resources that added further momentum to our CSR and environmental efforts. In 2011, we will strive to sustain our growth while also trying to take it a step further by devising and implementing ways to share our gains with stakeholders and contribute to sustainability.



## A YEAR OF RECORD-BREAKING PERFORMANCE

Despite cutthroat competition in the global market, Kia Motors recorded its best-ever performance across the board, from sales and production volume to sales revenue and profit. With the successful release of our new models, including K5 (Optima) and Sportage R, we surpassed the 2 million-unit mark in terms of sales volume and entered into the ranks of the global top 10 automakers. For the first time in 20 years, labor and management managed to negotiate a strike-free deal, which improved labor-management relations and led to significant improvements in HPV (hours per vehicle) and other productivity indicators.

Continued efforts at quality management have resulted in the steady rise in external quality indicators. As for design management, the fruits of our labor have materialized in the form of domestic and international awards as well as an increasingly concrete design identity unique to Kia. Our newly-released models have received stellar reviews from Korean and overseas ratings agencies for their performance and design. We have also witnessed a dramatic improvement in the awareness of the Kia brand at customer contact points.

## EFFORTS TO PROTECT THE ENVIRONMENT

It is impossible to sustain the kind of economic development that destroys the environment and lowers the quality of life for future generations. That is why Kia Motors is committed to combating climate change. We are continuously striving to lower CO<sub>2</sub> emissions by developing high-efficiency engines and lighter vehicle bodies. In 2011, we plan to unveil a compact urban electric CUV and the K5 Hybrid, which will boast the world's highest level of fuel economy and performance. We will continue our R&D efforts to safeguard the environment while securing a competitive edge to shape the future of the automotive industry.

Kia Motors has devised systems and procedures for green growth. We introduced an environment monitoring system to decrease pollutants generated in the course of the automotive production process. All Kia Motors worksites around the world carry out greenhouse emissions assurance. We have been engaged in steadfast efforts to decrease greenhouse emissions by curbing energy consumption. To realize resource circulation, we have continuously striven to reduce waste and reuse wastewater.

## SHARING WITH STAKEHOLDERS

Kia Motors recognizes the fulfillment of our corporate social responsibility as the source of sustained and long-term growth. Accordingly, we practice socially responsible management in order to grow and share with our employees, partner companies, shareholders, customers, and local communities.

One of the most notable achievements of 2010 was the great advances in labor-management relations, which highlighted our efforts at promoting a corporate culture of mutual respect and trust. We turned 'New Kia' into an enterprise-wide campaign to foster creativity and vibrancy in the workplace. We have also extended to our partner companies a wide range of support programs and funds to promote mutual growth. To foster sharing and communication with local communities, we have set up social outreach centers at three of our production facilities in Korea through which we carry out localized community service activities. In recognition of these efforts, we were incorporated into the 2010 DJSI (Dow Jones Sustainability Index) Asia Pacific.

Based on our progress thus far, we will strive to secure driving forces for future growth through brand value innovation and enhanced profitability while also working even harder to solidify the foundation for sustained growth. We will add momentum to our global social outreach activities to extend support to those in need. We will also partake in the effort to protect our planet by developing green products and setting up a clean production system. Kia Motors pledges to put our all into realizing sustainable development and fulfilling our social responsibility. ㉾

**Hyoung-Keun (Hank) Lee**  
Vice Chairman & CEO  
April 2011

CORPORATE PHILOSOPHY

# CORPORATE SOCIAL RESPONSIBILITY

Kia Motors’ CSR activities, undertaken in line with our corporate culture of mutual respect and trust, are aimed at value sharing with all our stakeholders. We carry out CSR activities with three core objectives in mind:—trust management, environmental management and social outreach. Based on the understanding that fulfilling our social responsibility will serve as the basis for long-term and sustained growth, Kia Motors is steadfast in carrying out our responsibility toward employees, partner companies, shareholders, customers, local communities, and humanity at large.

## MID- TO LONG-TERM BUSINESS OBJECTIVES

The successful implementation of Kia’s Mid- to Long-term Strategy I launched in 2007 has led to expanded global sales and raised profitability. Kia Motors now stands poised to enter into the stage of sustainable growth. The Mid-to Long-term Strategy II, which goes into effect in 2011, focuses on strengthening our fundamental competitiveness and solidifying our brand identity. We designated 20 specific tasks to realize the three overarching objectives of brand value innovation, advancement of profit-generating competency and foundation-building for sustained growth. One of the 20 specific tasks is the strengthening of CSR efforts. To this end, we are pursuing the enterprise-wide adoption and implementation of socially responsible management, striving to engender a more widespread awareness among employees about the importance of CSR.

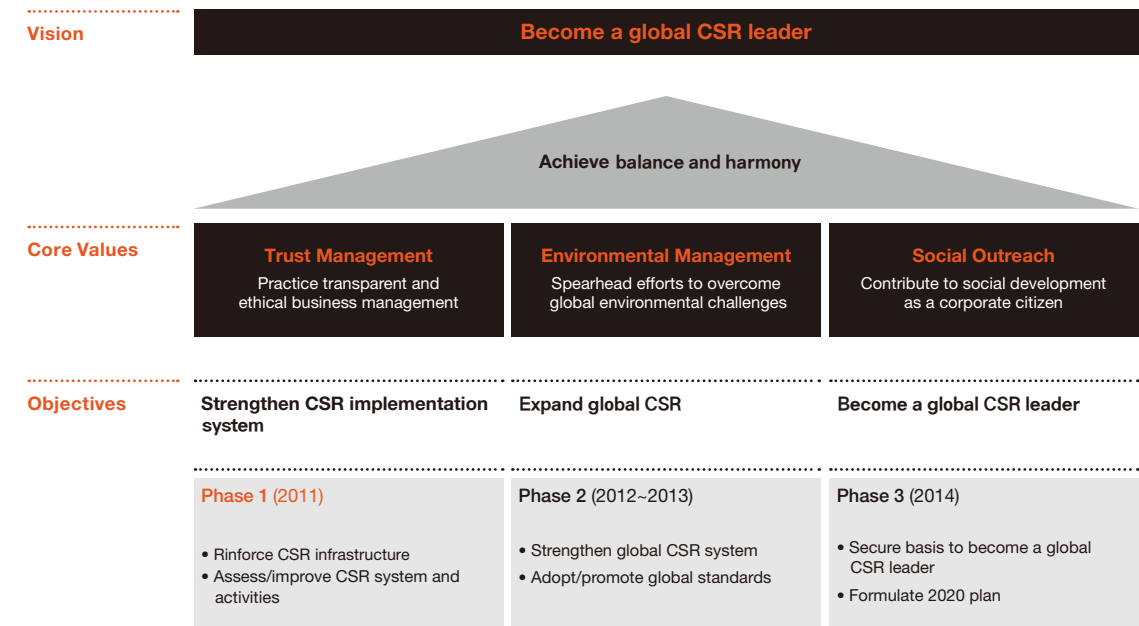
## CSR SYSTEM AND ACTIVITIES

In April 2008, Kia Motors officially declared our commitment to socially responsible management. We systematized our ongoing CSR efforts, designating trust management, environmental management and social outreach as the core values and establishing the Corporate Social Responsibility Committee. In April 2009, we declared the ‘Social Responsibility Charter,’ which outlines our responsibility toward stakeholders and details our CSR vision and direction. We are also developing our own CSR indicator to better respond to ISO 26000, which went into effect in 2010, and to expand socially responsible management to all areas of our business operations. The Hyundai-Kia CSR Indicator will be designed for practical, hands-on application to promote the practice of CSR in all our business areas.

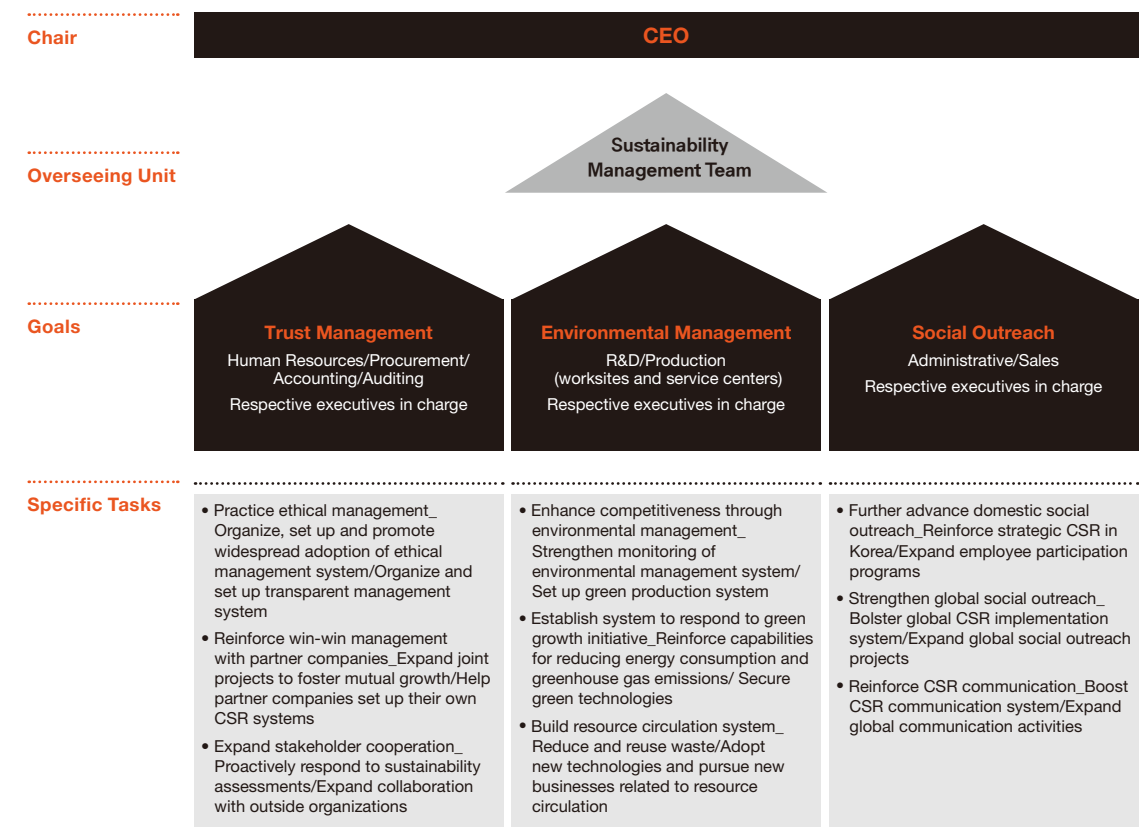
Starting in 2011, social outreach will become a KPI (key performance indicator), thereby encouraging not only domestic worksites but also overseas subsidiaries to undertake systematic and active social outreach initiatives. We will also systematize our ethical management efforts to achieve transparency and fairness in all our business activities.

Kia Motors’ socially responsible management, whose full-fledged implementation has just begun, rests on three years of groundwork and is driven by the growth momentum made possible by our strong business performance. While we still have a long way to go, we will continue to push ourselves to fulfill our role and responsibility as a global corporate citizen.

## MID- TO LONG-TERM CSR STRATEGY



## CSR ORGANIZATIONAL UNITS & GOALS







# CHECKS & BALANCES

Kia Motors strives for transparency and soundness in all our business operations. To this end, we have in place an institutional framework facilitating the evenhanded coordination and regulation of the interests of the managers, shareholders, and employees. Kia Motors’ management system is composed of the Board of Directors and its three committees. The Audit Committee and the Board Nominating Committee are responsible for conveying the opinions of outside stakeholders and monitoring the company’s business activities. The Ethics Committee, in the meantime, monitors the transparency of internal transactions and the progress in ethical management.

## BOARD OF DIRECTORS

The Board of Directors is at the center of Kia Motors’ efforts to expand accountability management and raise management transparency. The Board of Directors, appointed through the General Shareholders’ Meeting, is the top-decision making body. It promotes shareholder and stakeholder interests while supervising and making decisions on major business activities for the long-term growth of the company. The Board of Directors consists of four standing directors and five outside directors.

The Board holds regular meetings to vote on key issues, taking into consideration employee recommendations and shareholder opinions voiced at the General Shareholders’ Meeting and collected via investor relations activities. Special meetings are convened when needed. In order to enhance professionalism and efficiency, there are three committees organized under the Board of Directors. The Audit Committee, Board Nominating Committee and Ethics Committee are each run by an expert adviser appointed by the respective committee. In 2010, The Board of Directors convened 12 times and voted on such issues as the issuance of corporate bonds and the authorization of debt guarantees for overseas subsidiaries. The outside directors’ average attendance rate for the regular and special meetings in 2010 was 96%.

It is crucial for automakers to make quick decisions given the short product cycle and the need for large investments. Accordingly, at Kia Motors, the CEO also serves as the Chairperson of the Board of Directors. External and internal board members receive a base annual salary by position level as authorized by the General Shareholders’ Meeting as well as bonuses linked to the company’s business performance. A comprehensive indicator measuring not only economic but also social and environmental performance is used to evaluate individual board members’ performance in carrying out their respective duties and responsibilities. In 2010, the General Shareholders’ Meeting set the compensation ceiling at 10 billion won. The actual payout was 2.9 billion won.

BOARD OF DIRECTORS			(as of Dec. 31, 2010)
	Name	Position(s)	
Internal directors	Eui-Sun Chung	Member of the Board Nominating Committee	
	Young-Jong Seo	CEO, Chairperson of the Board of Directors	
	Jae-Rok Lee		
External directors	Hyeon-Guk Hong	Chairperson of the Audit Committee, Member of the Ethics Committee	
	Dong-Sung Cho	Member of the Audit Committee, Member of the Board Nominating Committee, Member of the Ethics Committee	
	Gun-Soo Shin	Member of the Board Nominating Committee, Chairperson of the Ethics Committee	
	Doo-Hee Lee	Member of the Audit Committee, Member of the Ethics Committee	

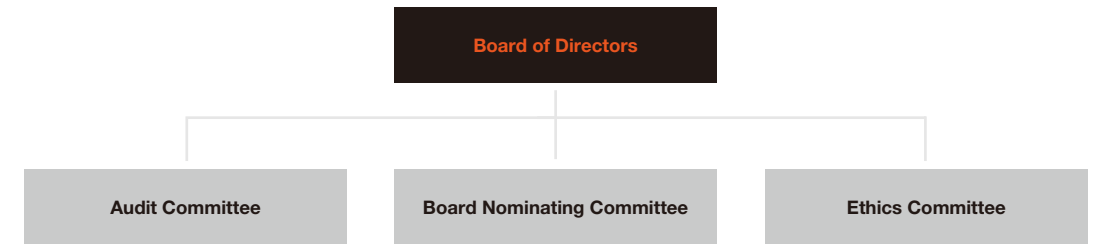
## COMMITTEES

**AUDIT COMMITTEE** The Audit Committee consists of three outside directors. It is stipulated that the chairperson of the Audit Committee must be an outside director. Kia Motors’ Audit Committee is comprised entirely of outside directors, thereby ensuring its transparency and independence. The major responsibility of the Audit Committee is monitoring 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 Kia Motors’ financial standing. To facilitate the auditing activities of the Audit Committee, Kia Motors has in place an internal system that provides the Audit Committee members easy access to necessary information.

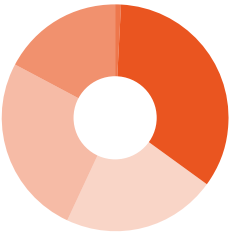
**BOARD NOMINATING COMMITTEE** The Board Nominating Committee consists of three directors. It is stipulated that at least one half of the Board Nominating Committee must be comprised of outside directors. In accordance with this mandate, the Board Nominating Committee is composed of one inside director and two outside directors. It has the authority to recommend candidates for outside directors at the General Shareholders’ Meeting.

**ETHICS COMMITTEE** The purpose of the Ethics Committee is to evaluate the transparency of internal transactions and the company’s progress on ethical management. As such, it is stipulated that the Ethics Committee consist solely of outside directors. It is currently composed of four outside directors. The Ethics Committee assesses the transactions between affiliated persons as stipulated by the Monopoly Regulations and Fair Trade Law (FTL) and the Capital Market and Financial Investment Business Act (CMFA). It also monitors Kia Motors’ program for voluntary compliance with fair trade regulations, major policies related to ethical management and social outreach programs, and the enactment, revision and implementation of ethics codes and regulations. ㉞

## BOARD OF DIRECTORS AND ITS COMMITTEES



MAJOR SHAREHOLDERS				(as of Dec. 31, 2010)
	Shareholder	No. of shares	Holdings ratio	
	Hyundai Motor	134,285,491	33.75%	
	Employee stock ownership	2,267,995	0.57%	
	Private investors (excluding employee stock ownership)	88,345,315	22.21%	
	Foreign investors	105,300,810	26.47%	
	Others (financial institutions, etc.)	67,654,812	17.00%	
	Total	397,854,423	100.00%	



STAKEHOLDER


# SUSTAINABLE COMMUNICATION

For Kia Motors, sustainability management is not merely one area of business management. Rather, we believe it should be a means of fostering dialogue and engagement with our stakeholders. Communicating and trust-building with stakeholders give us the power to navigate our way into a future filled with uncertainties. This sustainability report is yet another means of engaging our stakeholders in dialogue. We listen to what our stakeholders have to say and we inform them of our efforts at realizing our own sustainability as well as that of humanity at large. We hope this report will serve as an opportunity to share our perspective and make improvements based on stakeholder feedback.

CHANNELS FOR DIALOGUE AND ENGAGEMENT

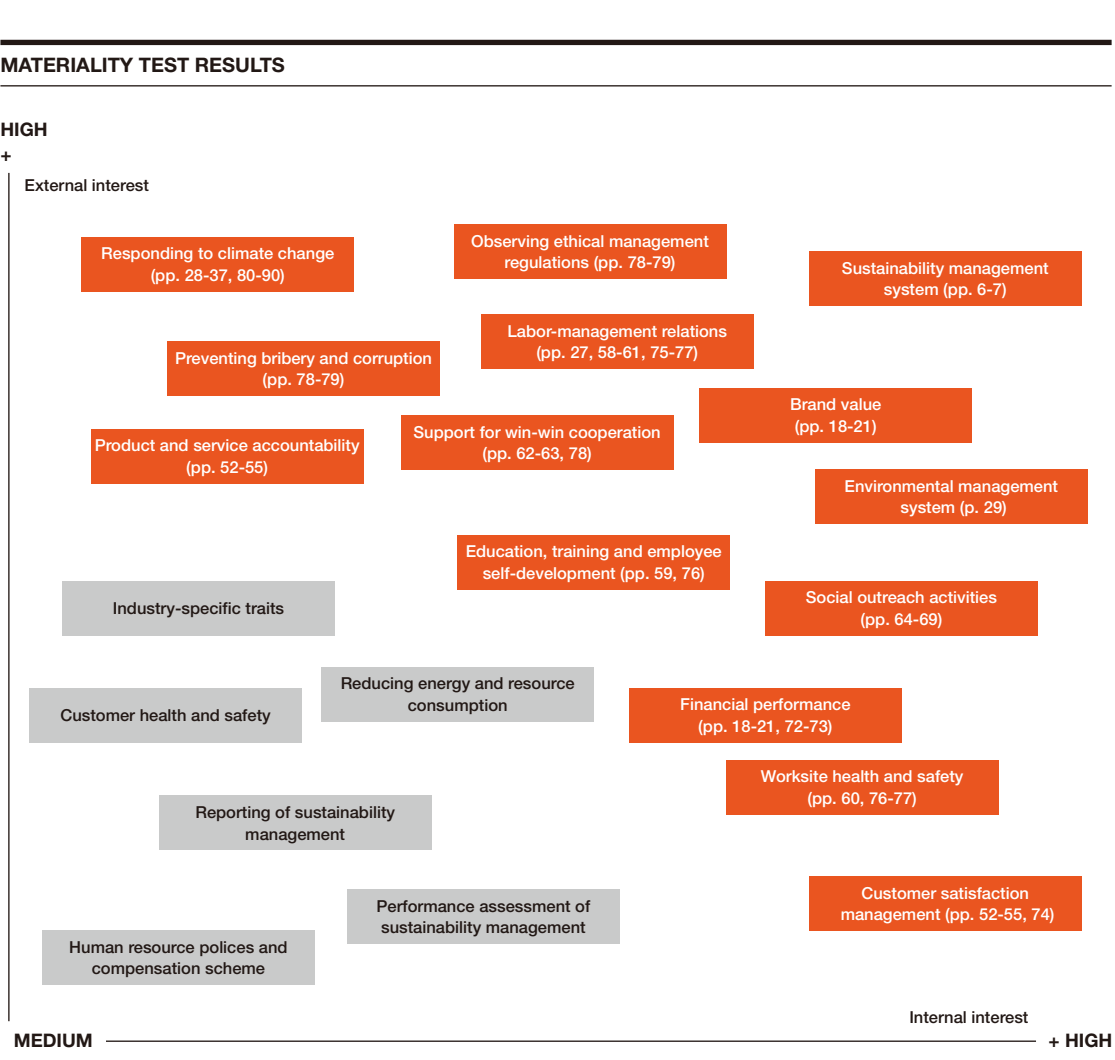
Kia Motors has in place a wide range of communication channels, and we make improvements by utilizing the stakeholder feedback collected through these channels. We inform stakeholders around the world of our activities through our newsletters, our website and SNS (social network service) channels. We receive direct stakeholder feedback through a suggestion box system. Through surveys, the Labor-Management Council, special events for partner companies and factory open house events, we create opportunities for direct, face-to-face contact with our stakeholders.

COMMUNICATION CHANNELS	
Stakeholders	Communication channels
Customers	Motor shows and new model launch events, test drive events, sports sponsorships, customer service, customer satisfaction surveys, clubs, website, online communication channels (Kia Motors global Facebook page, Kia BUZZ, Funkia), wreports (annual report/sustainability report/Community Relations White Paper)
Shareholders and investors	General Shareholders' Meeting, investment road shows, websites, reports
Employees	Labor-Management Council, Employment Stability Committee, Next Generation Committee, company magazine and newsletter for employees, online communication channels (intranet, knowledge community), Employee Counseling Center, reports
Partner companies	Programs for dealers (seminars, dealer contests, by-invitation-only dealer events), dealership contests, seminars and training programs, procurement web portal (VAATZ), procurement headquarters' suggestion box, reports
Society	Social outreach activities, campaigns, website, exchanges between worksites and local communities (regular meetings, public's open access to Kia plants), corporate information channels (website, reports)

 IPS Materiality Test™: Developed by the Institute for Industrial Policy Studies (IPS) in December 2006 for the formulation of sustainability management strategies and the drafting of sustainability reports by identifying material issues reflecting the given company's characteristics and circumstances

**MATERIALITY TEST**


In preparing the 2010 sustainability report, Kia Motors carried out a materiality test to identify the issues of importance to stakeholders and provide thorough coverage of those issues. The test revealed that stakeholders are interested in the following issues: implementation system for sustainability management, performance assessment of sustainability management, product and service accountability, customer health and safety, support measures for win-win cooperation, and responses to climate change. The test was conducted in accordance with the six-level analysis of the <IPS Materiality Test™>. Kia Motors will continue to monitor the issues identified and incorporate the findings in our business activities.



**STAKEHOLDER SURVEYS**

We undertook a survey separate from the materiality test to gauge our internal and external stakeholders’ perception of Kia Motors and areas of interest, and used the findings in drafting this report. Internal stakeholders perceived the following issues as most pertinent: establishment of an organized CSR system (23%), design management (27%), labor-management relations (22%), and green growth (29%). Two separate external stakeholder surveys were conducted, one for customers, and the other for partner companies. Customers wanted to learn more about quality management (42.5%) and product accountability (41.3%), while partner companies showed interest in quality management and global management (31.7%), Kia Motors’ win-win cooperation policy and performance (56.7%), and the development of green products (40%). Kia Motors strove to provide more thorough coverage of the issues of stakeholder interest in this sustainability report. The table below is designed to provide convenient access to the coverage of material identified by the stakeholder survey. ❶

COVERAGE OF MATERIAL ISSUES BY STAKEHOLDER GROUP	
Employees	Sustainability management system pp. 6-7 / Design management pp. 18-21 / Brand value pp. 18-30 / Labor-management relations pp. 27, 58-61, 75-77 / Customer satisfaction pp. 52-55, 74 / Policies for mutual growth with partner companies pp. 62-63, 78-79 / Social outreach activities pp. 64-69 / Green growth pp. 28-37, 46-51 / Environmental laws and regulations pp. 28-37, 38-41, 62-63, 85-89
Customers	Quality management pp. 18-21 / Product accountability pp. 52-55, 74 / Reducing energy consumption pp. 38-45
Partner Companies	Quality management pp. 18-21 / Global management pp. 18-21 / Win-win cooperation pp. 62-63, 78-79 / Development of green products pp. 46-51

 Survey overview: Survey of internal stakeholders took place online via the intranet. 387 persons participated. External stakeholders, in the meantime, were surveyed over the phone. 80 customers and 60 partner company employees took part in the survey.



# GLOBAL CHALLENGES & OPPORTUNITIES

Kia Motors sells over 2 million vehicles per year with a market presence in all corners of the globe, from Asia and the Americas to Europe, the Middle East and Africa. We have around 43,000 employees and some 4,000 dealers around the world. What these figures signify is our engagement with the world. Global issues have a direct impact on our business activities, including investments, new product development and day-to-day business operations. These, in turn, impact the world. This is why we take an active interest in global challenges and contemplate potential solutions. MOVE 2011 organizes Kia Motors' 2010 activities and performance in terms of major global issues. The following pages contain those issues of particular interest to Kia Motors as well as the reasons behind their relevance and our efforts to resolve them.



# ENERGY USE & CLIMATE CHANGE



According to the ‘Special Report on Unusual Weather Phenomena’ by the Korea Meteorological Administration and Green Growth Korea, 2010 was a record-shattering year of the ‘biggest,’ ‘highest,’ ‘lowest,’ and ‘most severe’ weather conditions. CO<sub>2</sub> accounts for 80% of greenhouse gases that induce climate change, and 84% of CO<sub>2</sub> emitted is the by-product of energy consumption. The transportation sector is responsible for around 23% of total CO<sub>2</sub> emissions and some 20% of direct emissions from industrial sectors (IEA, *ETP 2010*).

If we just look at the manufacturing process, the auto industry is a low-energy industry. However, the environmental load is significant when we take into consideration the greenhouse gas emissions from running vehicles and the amount of waste generated at the disposal phase. Accordingly, it is crucial to curb energy consumption and CO<sub>2</sub> emissions at all phases of the vehicle life cycle. Kia Motors is building a clean production system, raising the resource recovery rate, designing vehicles with the disposal phase in mind, increasing energy efficiency, and adopting low-carbon fuels. In short, we are committed to finding fundamental solutions to cut energy consumption and combat climate change.

Refer to pp. 28-37, 80-89 for more information on Kia Motors’ efforts to curb energy consumption and tackle climate change.



Refer to pp. 38-41, 46-51 for more information on technology innovation to dramatically reduce CO<sub>2</sub> emissions generated on the road, which account for more than 80% of the total CO<sub>2</sub> emissions in the automotive life cycle.

The IEA predicts that global greenhouse gas emissions will reach 57 billion CO<sub>2</sub>t by 2050 but that 14 billion CO<sub>2</sub>t of it can be reduced by innovation in transportation technologies, including enhanced energy efficiency, CCS (carbon capture and storage), and hybrid and electric vehicles. There are around 600 million vehicles on the roads today. This translates to one car for every 10 persons. This ratio is expected to rise to one car for every seven persons before 2020 (The Wall Street Journal, Apr. 2006).

The increase in car sales that stem from population and economic growth ensure the sustainability of the auto industry. However, for this sustainability to be shared by all and maintained over the long term, we need to make improvements and realize innovation. The seemingly impossible task of cutting greenhouse emissions by about half of the current level (28 billion CO<sub>2</sub>t) in 40 years can only be achieved through global cooperation that goes beyond corporate, industrial and national boundaries. Kia Motors is applying automotive technologies to dramatically improve energy efficiency and is making consistent investments in technology innovation to commercialize hybrid, electric and fuel cell vehicles.





# ENDING POVERTY & INJUSTICE

6 sec.

A child dies of hunger every 6 seconds  
Food and Agricultural Organization (FAO) of the United Nations

300 times

A woman in a least developed country is 300 times  
more likely to die during pregnancy or childbirth  
than a woman in a developed country  
UNICEF, *The State of the World's Children 2009*



Refer to pp. 64-69 for more information on Kia Motors' efforts to help those around the world whose very survival is under threat or whose access to positive opportunities limited.

The current world population is approaching seven billion, and it is projected that the number will reach nine billion by 2050. The world is already experiencing a dramatic wealth gap. In regards to food, one billion do not have enough to eat and another one billion are not getting enough essential nutrients. In the meantime, one billion are concerned about chronic health conditions due to the excessive consumption of food. There are similar inequalities in the access to medical services, education, sports, and culture and the arts. Moreover, these statistics are even more dismal when we focus on women and children, the socially underprivileged.

Kia Motors partakes in the global effort to alleviate poverty and inequality. We are especially active in supporting women and children, who are the most vulnerable to the impact of climate change and wealth disparities. We are carrying out localized programs around the world to reduce absolute poverty, expand educational opportunities, curb child mortality, improve the health of expectant mothers, and treat diseases.



Refer to pp. 27, 50-63, 70, 74-79 for Kia Motors' efforts to observe international conventions and fulfill our social responsibilities to stakeholders.

The International Organization for Standardization (ISO) issued the social responsibility standard ISO 26000 in November 2010. ISO 26000 was designated as a key item on the agenda for the G20 Business Summit in 2010. According to a CSR survey conducted by the Federation of Korean Industries, 44% of executives overseeing sustainability management cited the global trend toward the standardization of CSR—e.g., ISO 26000 and the UN Global Compact (UNGC)—as the most significant global CSR-related issue. ISO 26000 is a guideline for voluntary compliance applicable not only to private businesses but also to NGOs, governments and various forms of organizations. ISO 26000, which includes international guidelines such as the Universal Declaration of Human Rights, UNGC, International Labor Organization (ILO) conventions, and UN Framework Convention on Climate Change, provides guidance and recommendations on the following seven subjects: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, and community involvement and development. Kia Motors joined the UNGC in 2008 and is committed to upholding UNGC's 10 principles in our business activities. We are also a part of the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific).

## ISO 26000

International standard on social responsibility  
Effective since Nov. 2010

### DECLARATION OF COMMITMENT TO SOCIALLY RESPONSIBLE MANAGEMENT

Launch of CSR Committee,  
Declaration of 'Social Responsibility Charter,'  
Conclusion of an agreement  
to provide support to partner companies'

2008, 2009, 2010

## ACTING FAIRLY & RESPONSIBLY



# DESIGNING SUCCESS

After a period of sluggish growth that extended to 2007, Kia Motors began seeing things make a turn for the better in 2008. The year 2010 was when this upswing truly gained momentum. Our shares rose 153% and market capitalization shot up to the number 10 spot among listed Korean companies (number 60 as of the end of 2008). Kia Motors recorded a 40% year-on-year growth in sales volume in 2010. We surpassed the 2-million unit mark in annual sales and have entered into the ranks of the global top 10 automakers. Our global market share stood at 2.9%, the highest ever, and our domestic market share rose to over 30%. For the first time in 20 years, a collective agreement on wages was reached without a strike. Thus, we were able to harness nearly 100% of the combined annual operational capacity (2.65 million vehicles) of our domestic and international production facilities. We also designed six new models that will join our lineup by 2012. From quality and safety to customer satisfaction and design, Kia Motors has been receiving stellar reviews around the world. We have also been included in global indices that set international standards for corporate brand value and sustainability.



More information on brand value assessments can be found in this chapter. Refer to pp. 52-55 for more information on safety and customer satisfaction assessments and to pp. 26-27 for more information on design and sustainability indices.

## 2006-2010: DRAMATIC TURNAROUND

After two consecutive years in the red, Kia Motors' domestic market share dropped to 22.3%. Sluggish exports led to swelling domestic and international inventory. We were forced to slash prices to unload the growing inventory, which reduced profitability and dragged down our brand image. The vicious cycle led to deficits at our overseas sales offices and a growing debt ratio. The global financial crisis of 2008 took a toll on the real economy, which in turn sent major U.S. automakers reeling. Many companies carried out major restructuring, and some even went bankrupt. This global crisis painted a gloomy picture for Kia Motors, which had just released Soul and were poised to reap the rewards of our design management initiative.

However, something unexpected happened. The economic downturn got more consumers interested in subcompacts for their affordability and superior fuel economy. Moreover, the economic stimulus plans implemented by governments around the world were quicker to make their impact in emerging economies rather than advanced economies from which the global financial crisis had originated. In effect, the global crisis turned out to be a valuable opportunity for Kia Motors, which boasts a strong subcompact lineup and far-reaching market presence in developing economies. We released one new model after another under the 'Design Kia' banner. In time, the world began seeing Kia Motors in a different light. We were no longer just a manufacturer of affordable subcompacts without a distinct brand identity, but rather we came to be regarded as an automaker with an extensive lineup of quality subcompacts featuring

high fuel economy and a distinctive brand identity built on unique and attractive designs.

Even when Kia Motors succeeded in making a turnaround in 2008 and our operating profit surpassed one trillion won in 2009, the prevalent view was that we had just gotten a lucky break. However, our record-breaking performance in 2010 proved that our accomplishments in 2008 and 2009 had not been sheer luck. We did even better in 2010 than in 2009, which had been our best-performing year up to that point. Our domestic sales rose 17%, and our exports jumped by a whopping 47%. We sold 2.13 million units, a twofold increase since 2004 when we posted one million sales units. We also recorded two consecutive years of over one trillion won in annual operating profit. The successful launch of the K Series (K7, K5) and the R Series (Sorento R, Sportage R) played a decisive role in solidifying the 'Design Kia' brand image. Moreover, our performance in emerging markets was impressive, posting year-on-year growth of 76% in Central America and Russia, 38% in China and 37% in the Middle East and Africa.

## WHAT DRIVES OUR SUCCESS?

Every business dreams of success, but many only experience failure; and failure is not something from which businesses can easily recover. Kia Motors, however, overcame our past difficulties, and we have been setting new record highs three years running. There is growing interest in Kia Motors' transformation. What is driving the transformation and what is the secret behind our success? Is it the power of design as many say? The answer is now revealed.





# CREATING VALUE

Design is indeed the secret of our success. To Kia Motors, however, design is more than simply about product design. Founded on a corporate culture of open communication and effective cooperation, we built up a distinctive brand image, imbued each product with our unique identity, developed new vehicles equipped with innovative technologies, stayed true to our demanding quality standards, and pursued steadfast global expansion. In other words, what we designed was not cars but ourselves and our future. Even in time of lackluster performance, we did not shirk away from our responsibilities in order to make immediate gains. Rather, we set our sights on the long term, analyzing the causes of our problems and working on strengthening our fundamentals.



SALES REVENUE (Unit: billion won)

+ 26 %

10	23,261
09	18,416
08	16,382

OPERATING PROFIT (Unit: billion won)

+ 47 %

10	1,680
09	1,145
08	309

## RAISING PRODUCTIVITY & EXPANDING MARKET PRESENCE

To better respond to changing market demands, Kia Motors' production facilities operate mixed-model production systems in which each line can simultaneously manufacture two to three different models. We are making improvements to the chronic issue of low productivity (50% that of Japanese automakers as of 2008). We raised our HPV (hours per vehicle: number of hours it takes to produce one vehicle) by 30% from 2008 levels to 29 hours in 2010. On the strength of a strike-free settlement on wages in 2010, we dramatically increased the operational capacity of our production facilities to 98% (91% in 1998). The production bases we set up around the world have also translated to enhanced business performance. Presently, Kia Motors' combined annual domestic and overseas production capacity is 2.69 million units, 39% (1.03 million units) of which is at our overseas plants in the United States, China and Europe. Despite our poor business performance in 2006 and 2007 and the global financial crisis in 2008, Kia Motors went ahead with our investment plans. It is thanks to our unwavering resolve and long-term outlook that we now have the Slovakia Plant, China Plant II, and the Georgia Plant (USA) running at almost full capacity. At our design centers in Japan, Europe and the United States, we design localized models reflecting the needs and traits of the respective regions. Localized models such as cee'd and Venga in Europe and Rio in China are manufactured at local production facilities, enabling expedited and effective responses to sudden changes in market demand.

**DESIGNING VALUE** Our efforts to raise brand value are bearing tangible results. According to a survey by J.D. Power, Kia Motors' repurchase rate shot up 14 places in 2010 from number seven the year before. In the meantime, K5 (Optima), Sorento R, and Sportage R were selected by Consumer Guide Automotive as 2010 Best Buy picks in their respective vehicle classes. We have been raising brand recognition through the release of innovatively designed new models since 2008 while also carrying out various forms of sports marketing. We also introduced the concept of space identity (SI) in

2010 to present a distinct Kia identity at our customer contact points. The central motif—called 'Red Cube'—was designed to promote a brand identity built on fun, dynamism and customer confidence. In 2010, some 300 customer contact points around the world were renovated in line with our new SI. We plan to expand the application of our SI to some 3,500 customer contact points worldwide by 2012.

**STAYING TRUE TO BASICS** Kia Motors' steadfast efforts at enhancing quality received global recognition in 2010. According to the Automotive Lease Guide, Sportage R came in first place in residual value among all vehicle models sold in the United States. In the meantime, Soul was listed as one of TIME's Most Exciting Cars of 2010. C'eed, a model localized for the European market, came in first place in its respective vehicle class in automotive surveys in Germany, United Kingdom, and France while the Tau Engine, which powers Mohave (Borrego), was named one of the top 10 engines by the U.S.-based Ward's Auto in both 2009 and 2010.

Quality is critical in translating customer choice to satisfaction and brand confidence. We systematized the entire automotive production process and have been operating the Global Quality Situation Room since 2000. Quality-related problems are reported to the Global Quality Situation Room. The causes of the reported problems and the solutions rendered are shared throughout our global network. We run a quality pass system in which every phase, from product planning to production, has set quality standards that must be met before we move onto the next phase. Production workers take part in prototype development so that they can make preliminary assessments regarding problems that may arise during the production phase. The inherent duty of a business is to realize sustained growth and evenhandedly share the generated value with stakeholders. To this end, we will design an even greater success in 2011 by adding the three core strategies of brand value innovation, advancement of profit-generating competency and foundation-building for sustainable growth to our 2010 achievements.

NET PROFIT (Unit: billion won)

+ 55 %

10	2,254
09	1,450
08	114

SALES VOLUME (Unit: million vehicles)

+ 39 %

10	2.13
09	1.53
08	1.40



Refer to pp. 72-73 for more information on Kia Motors' 2010 business performance, financial status, sales volume and production volume.

# SHARING WITH STAKEHOLDERS

A company's growth is the prerequisite to sustainability because the more value a company creates through growth, the more it can share with its stakeholders. Conversely, if a company is unable to turn a profit, the company's very survival is threatened. Accordingly, there will be less to share with stakeholders, which in turn, will impact individuals and the society at large. With the profit it generates, a business provides employees with wages and benefits, buys the products and services of partner companies, makes interest payments to creditors, and pays taxes. In turn, the business raises its competitiveness through talented workers, quality parts, capital secured through sensible loans, and effective government policies. This mutual exchange of value leads to the mutual growth of Kia Motors and our stakeholders.

EMPLOYEE WAGES AND BENEFITS (Unit: million won)

10	3,239,207
09	2,796,297
08	2,739,961

SOCIAL CONTRIBUTION EXPENDITURE (Unit: million won)

10	16,123
09	11,080
08	8,559

**CUSTOMERS** Kia Motors provides customers with cars and related services of the highest value. In turn, customers contribute to our sales revenue. We offer customers the added value of brand affinity and design along with affordability and exceptional quality. This is how Kia Motors endeavors to continue our growth. The value created by our customers in 2010 was 23,261 billion won in sales revenue.

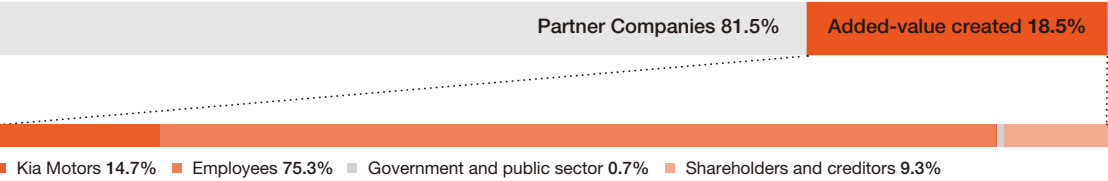
**PARTNER COMPANIES** In 2010, 18,961 billion won—(81.5%) of Kia Motors' sales revenue—went to our partner companies that provide us with raw materials, energy sources and a wide range of services that go into the production process. The products and services from partner companies play a crucial role in determining the quality of our vehicles. Kia Motors strives to build a trust-based relationship with our partners and provides steadfast support to enhance their competitiveness and the stability of their business operations.

**EMPLOYEES** Kia Motors' 43,000 employees are our most valuable asset. Every Kia product and service is the result of our employees' hard work and dedication. In order to recruit and retain top talent, we offer the highest level of compensation in the industry as well as diverse benefits to raise our employees' quality of life. In 2010, Kia Motors spent 3,239 billion won in employee wages and benefits.

**SHAREHOLDERS & CREDITORS** Kia Motors'—institutional and private investors around the world—are, in effect, the owners of Kia Motors. Through share issues, bond issues and loans from financial institutions, a business secures funds to make large capital investments and finance business activities. For shareholders, a business provides dividends or makes investments to raise the company's value for its shareholders. For creditors, a business makes interest payments. Thus, a business fulfills its responsibilities toward shareholders and creditors. In 2010, Kia Motors paid out 402 billion won to our shareholders and creditors.

**SOCIETY** A business has the obligation to return a portion of the value it creates to central and local governments in the form of taxes. The government uses corporate tax revenue to set up and run legal and other institutional frameworks and systems to provide the stage for sound business operations. In addition to paying taxes, a business contributes to local communities through job creation and localized community service activities. In 2010, Kia Motors' tax payments and social contribution expenditure totaled 46 billion won.

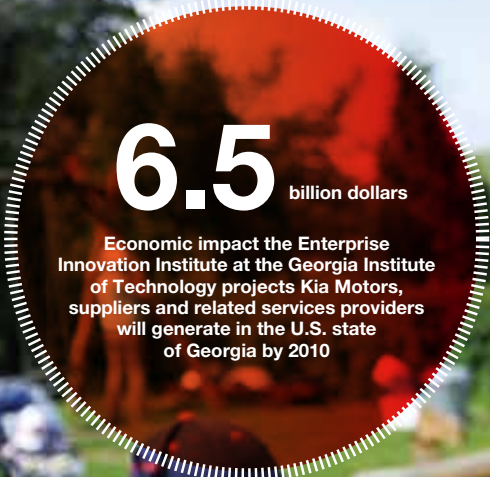
CREATION AND DISTRIBUTION OF ECONOMIC VALUE





# MAKING GOOD

The value we generate is allocated directly to stakeholders. Indirectly, the generated value leads to job creation and investments that promote a virtuous cycle impacting the society at large. Moreover, the technological advances resulting from our investments lead to innovative products that contribute to sustainability. The better our business performance is, the greater the benefits allocated to our stakeholders become. This means higher sales revenue for our partner firms and greater purchasing power for households, which raise the tax revenue of local governments and bolster the national economy. This, in turn, provides us with a wider range of opportunities to contribute to local economies through job creation and investments. With enhanced employee competencies, facilities expansion and larger R&D investments, we can offer innovative products with greater energy efficiency and lower CO<sub>2</sub> emissions that ease climate change and contribute to sustainability. Kia Motors is committed to making positive changes that lead to great advances. In short, we always strive to move from good to great.



**EFFORTS TO MAKE POSITIVE CHANGES** Kia Motors is consistently creating new job opportunities, building or reorganizing production facilities, and expanding R&D investments. In 2010, our domestic and overseas workforce grew by some 2,000 employees and R&D investments totaled 987.6 billion won, a 24% year-on-year increase. There are currently some 9,000 employees working on new technology development under the aegis of R&D headquarters in Korea. R&D professionals account for 29% of Kia Motors' new recruits over the past 3 years. At our technical and designer centers in the United States and Germany and at our technical centers in India and Japan, around 1,000 local and dispatched employees are working together to develop technologies and products that will shape the future. In 2010, the Gwangju Plant was reorganized, raising the annual production capacity from 420,000 to 500,000 units, marking a 150% enhancement from 2003 when the plant's annual production capacity was 200,000 units. On the strength of improved capacity, the Gwangju Plant produced 410,000 units in 2010, the highest-ever in the plant's history. The production target for 2011 has been set at 480,000 units. With the increase in production volume, the plant's share of the local economy has grown to over 30%. The Gwangju Plant's increased output has also led to higher sales revenue for the partner companies supplying the plant with parts. On the main page of the business section in February 2010, The New York Times assessed that Kia Motors Manufacturing Georgia (KMMG) and its suppliers turned a ghost town reeling from high unemployment into a town of economic vigor and cultural diversity. KMMG, which began operations in 2009, currently employs around 1,900 persons. With the jobs created by Kia Motors' 25 partner firms and businesses providing related services, the number swells to 11,000. According to the Enterprise Innovation Institute at the Georgia Institute of Technology, Kia Motors, suppliers and related service providers will create around 20,000

**NUMBER OF JOBS CREATED**  
(Korean and overseas worksites combined; unit: persons)

**+ 5 %**

10	43,831
09	41,770
08	40,657

jobs with an economic impact amounting to 6.5 billion dollars by 2012 in the surrounding nine counties. KMMG and its partners plan to increase the combined workforce by 10,000 employees in 2013 to meet the annual production target set at 300,000 units. KMMG and its employees engage in social outreach activities to contribute to the social and economic welfare of the local community, making charitable donations for the construction of a public hospital in the area and supporting youth training and educational centers and community volunteer groups. In the meantime, the Slovakia Plant, which opened shop in 2007, employs around 3,000 local people and undertakes a self-run social outreach project called 'Our Zilina.' On the strength of the Slovakia Plant's stellar performance, Kia Motors is ranked the number five company in Slovakia in terms of sales and exports.

**UNDERSTANDING GROWTH & SUSTAINABILITY** Sustainability is often perceived separately from business performance. However, a business must do well in order to contribute to sustainability. That is, the value generated by a company's business operations is allocated directly to stakeholders and indirectly to the society at large by job creation and investments that generate a virtuous economic cycle. When our 2010 business performance surpassed our targets and expectations, we set out to determine the means by which the value we created was being shared with our stakeholders and the kind of impact it was making. The ultimate goal was to gain a more in-depth understanding of the significance of the value we are generating and seeking more effective ways to share the generated value. By significantly enhancing our business performance and securing the means to sustain this growth momentum, we have also expanded our contribution to sustainability and increased the potential scope of our future contribution to sustainability. ㉓

**R&D INVESTMENT** (Unit: billion won)

**+ 24 %**

10	988
09	796
08	882



# REVIEW 2010

Kia Motors continued our efforts at strengthening the sustainability of our world in 2010. The year 2010 saw many long years of hard work bear fruit; our business performance was record-shattering and outside accolades came pouring in. We swept world-class design awards and became incorporated in the Dow Jones Sustainability Index (DJSI). The Gwangju Plant received the J.D. Power and Associates' 2010 Assembly Plant Quality Award. The founding of Easy Move marked the first tangible result of our efforts to provide constructive support to the underprivileged through social enterprises. We also wrote a new chapter in our labor-management history by reaching the first strike-free collective agreement in 20 years. 'Review 2010' will provide an overview of the events and issues that shaped a remarkable year at Kia Motors.

## INTERNATIONAL DESIGN RECOGNITION

One Kia car after another is being recognized by some of the world's top design awards. Following on the heels of Soul, which won the red dot award in 2009, the Venga MPV, a subcompact model customized for the European market, also brought home a red dot award in 2010. Kia Motors also scored a two-year winning streak at the iF Design Awards: K5 (Optima) and Sportage R were honored in 2010, following in the footsteps of Venga, which won in 2009. K5 (Optima) and Sportage R swept the iF Design Awards, Korea's Good Design Awards and the United States' 2010 Good Design Awards, substantiating Kia Motors' global design competitiveness.

## DSJI ASIA PACIFIC

Kia Motors' sustainability was recognized by our incorporation into the DJSI (Dow Jones Sustainability Indexes) Asia Pacific. DJSI comprises a comprehensive global standard that evaluates not only corporate financial performance but also environmental, social, and other non-financial performance. DSJI was developed in 1999 by Dow Jones (USA) and SAM, a Swiss investment group specializing in sustainability management and investment. DJSI assesses a company's sustainability pertaining to climate change, population growth, depletion of energy sources, and other global issues as well as corporate governance, risk & crisis management, ethical management, environmental management, human capital development, labor practices, and corporate citizenship/philanthropy in addition to industry-specific criteria. DJSI includes DJSI World (top 10% of the top 2,500 global companies), DSJI Asia Pacific (top 20% of the top 600 companies in the Asia Pacific) and DJSI Korea (launched in October 2009). In 2009, Kia Motors was designated as a leading component of DJSI Korea, which tracks the top 30% of top 200 companies in terms of market capitalization, and in 2010 we were incorporated into DJSI Asia Pacific.

At the 2010 ASIA Future Forum held in December, Kia Motors won the 2010 Korea CSR Award. Among the 109 Korean companies evaluated, Kia Motors received over 80 points in the environment category and received a comprehensive score of over 60 points from an expert CSR panel of 10 environment, society and corporate governance experts from Korea, China and Japan to win the top honors.

## GWANGJU PLANT RECOGNIZED BY J.D. POWER

Kia Motors' Gwangju Plant II became the first Korean manufacturing facility to win the Bronze Award in J.D. Power and Associates' 2010 Assembly Plant Quality Awards. This production process evaluation undertaken by J.D. Power looked at customer satisfaction levels of the vehicles sold in the United States from November 2009 to February 2010 and then tabulated quality-related problems of the vehicles (complaints per 100 vehicles manufactured) by their plants of origin. The lower the score is, the higher the quality of the plant is.

Gwangju Plant II scored 35 points, coming in third place among 40 production facilities in Asia. This marks the first time ever that a Korean automaker's production facility was recognized for high quality by the influential U.S.-based global marketing information services firm. Equipped with 100% automated welding lines and painting/design lines featuring automated robots, Gwangju Plant II runs a mix-production system for Sportage R and Soul. The Gwangju Plant Complex to which Gwangju Plant II belongs expanded its annual production capacity to 500,000 units. It now accounts for over 30% of the Gwangju economy, making significant contributions to the local economy's growth. Founded in 1968, J.D. Power is a U.S.-based global marketing information firm specializing in customer satisfaction surveys on automobiles and related products and services. The results of J.D. Power's surveys comprise a leading automotive purchasing standard for American consumers.

## FOUNDING OF THE SOCIAL ENTERPRISE EASY MOVE

Easy Move opened its doors in August 2010. Easy Move is a social enterprise manufacturing assistive equipment to enhance the mobility and independence of people with disabilities. Easy Move, the first social enterprise funded by Kia Motors, will be receiving 2.9 billion won over three years to manufacture a wide range of assistive equipment including special purpose lifts, braces and mobility aids. Befitting the purpose of a social enterprise, Easy Move plans to hire over 80 persons with disabilities, 40% of the 200-person workforce it aims to have by 2012. Easy Move's goal is to strengthen after-sale services, the most serious shortcoming of Korea's assistive equipment industry, and enhance customer satisfaction and convenience.

Kia Motors set up a fund to provide 2 billion won per year to support social enterprises like East Move. In order to strengthen the competitiveness of social enterprises, Hyundai Motor Group's subsidiaries and affiliates will share business management expertise. We will work on reshaping the business structure of social enterprises, which currently exhibits too heavy a focus on services. We also plan to create 1,000 jobs for the socially underprivileged.

## OPENING A NEW CHAPTER IN LABOR-MANAGEMENT RELATIONS

In 2010, Kia Motors' collective wage bargaining was settled without a strike for the first time in 20 years. This was significant because both labor and management made compromises for the benefit of the company, which had overcome years of lackluster performance and has settled into a trajectory of growth. As a result, Kia Motors surpassed 2 million units in terms of annual sales volume in 2010 and entered the ranks of the global top 10 automakers. For the first time ever, our production bases in Korea operated at over 100% capacity as per fourth quarter output. We hope that the focus on unity and mutual advancement in 2010 will carry over to 2011 and lead to even greater performance and value sharing for sustainable growth.





# GREEN & CLEAN

Kia Motors applies various assessment methodologies throughout the entire automotive manufacturing process to minimize environmental impact. We are adopting eco-friendly materials, raising the utilization efficiency of resources and raw materials, reducing waste by improving the production process, and expanding and firmly establishing a resource circulation system. This section looks at the steadfast improvements we are making toward our goal of becoming green and clean.



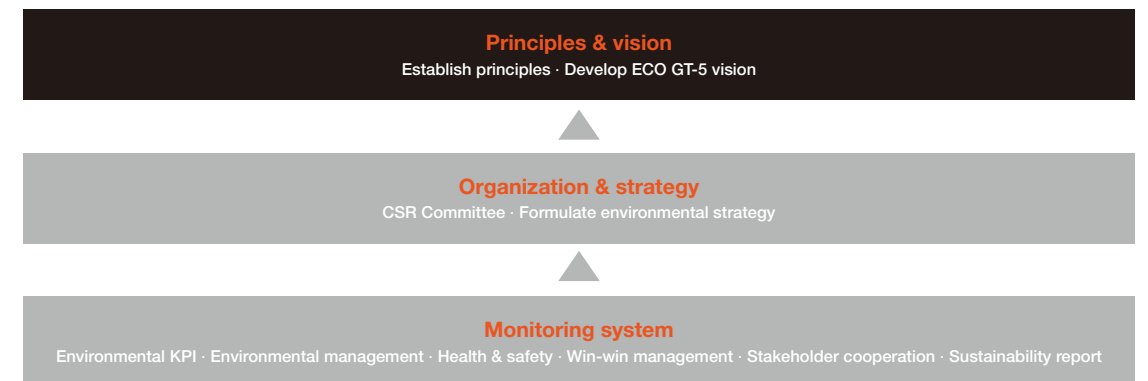
## ENVIRONMENTAL MANAGEMENT SYSTEM

Kia Motors designated environmental management as one of the core objectives of its socially responsible management initiative launched in 2008. Through environmental management, we aim to spearhead efforts to combat global environmental challenges. The company-wide application of environmental management has put the environment at the forefront of all our business activities.

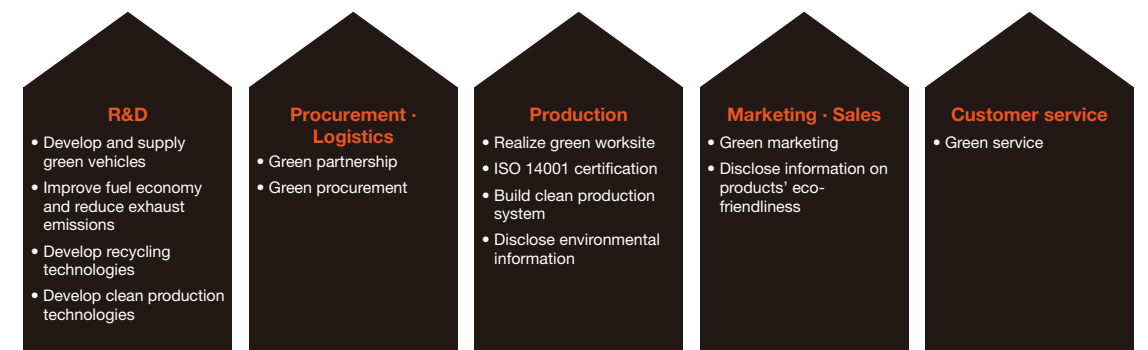
### ENVIRONMENTAL MANAGEMENT ACTION PLAN



### ENVIRONMENTAL MANAGEMENT IMPLEMENTATION SYSTEM



Visit the Kia Motors website (<http://www.kiamotors.com/about-kia/sustainability-management/environment-strategy.aspx>) for more information on environmental certifications and the principles and policies of environmental management. Refer to p. 78 for more information on the level of environmental management implementation by worksite, and refer to p. 85 for more details related to environmental management system at worksites.



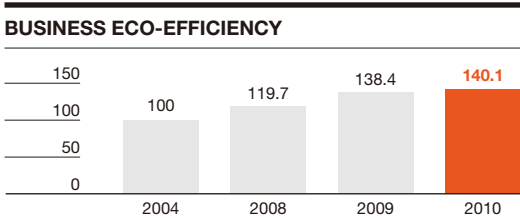


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**DESIGN PHASE**

The programs applied to the planning phase affect the rest of the vehicle's lifecycle. Kia Motors' vehicles are subjected to the Life Cycle Assessment (LCA), eco-efficiency assessment, eco-friendly design assessment, hazardous chemicals management, and recyclability assessment. By carrying out this series of rigorous testing in designing our vehicles, Kia Motors has received both internal and external recognition for making steadfast improvements in minimizing environmental impact. More environmental information on Kia Motors' new vehicles is available at Kia Motors' official website (<http://www.kiamotors.com/>) and the Korea Environment Corporation's ECOAS website (<http://www.ecoas.or.kr>).

**ASSESSMENTS TO MINIMIZE ENVIRONMENTAL IMPACT** Kia Motors undertakes LCA and eco-efficiency assessment in the design phase. LCA is a quantitative evaluation of a vehicle's environmental impact throughout its lifecycle while the eco-efficiency assessment looks at a vehicle's environmental impact against its product and service value. Eco-efficiency is based on the idea of minimizing resource consumption and environmental load while creating more value. Kia Motors has also developed our own eco-efficiency indicators. The tables below show the company's eco-efficiency expressed in terms of CO<sub>2</sub> emissions and resource consumption against sales revenue. Compared to the reference year 2004, our eco-efficiency in 2010 has risen 40.1%, which also marks a 1.7%p increase (38.4%) from 2009.



\* Eco-efficiency assessment: Economic value (sales revenue)/Environmental load (total amount of CO<sub>2</sub> emissions and resource consumption)

**ECO-EFFICIENCY ASSESSMENT**

	2004	2008	2009	2010
Resource consumption (t)	245,325	209,391	212,372	265,249
CO <sub>2</sub> emissions (1,000 t)	677	635	595	741
Sales revenue (billion won)	15,258	16,382	18,416	23,261
Eco-efficiency (%)	100	119.7	138.4	140.1

\* Resource consumption has been recalculated using the revised tabulation method.  
\* Resource consumption: Steel, aluminum, paint, thinner, wrap guard film, and others (sealer and deadener)  
\* CO<sub>2</sub> emissions: Domestic worksites (Sohari, Hwaseong, Gwangju plants)

When carbon footprint labeling went into effect in 2009, K7 (Cadenza) became the first full-size sedan to receive the certification. In 2010, we undertook the carbon labeling of K5 (Optima) and Sportage R. The Carbon Footprint Labeling Certification, overseen by the Korea Environmental Industry & Technology Institute under the Ministry of Environment, measures the total amount CO<sub>2</sub> emissions generated directly and indirectly by a vehicle throughout its lifecycle. K5's carbon footprint is 24.6 t, 1.5 t less than the preceding model, while Sportage R's is 22.9 t, 2.5 t less than its predecessor. In the meantime, the eco-friendliness of Soul, Venga, and all-new Sportage (Sportage R), like cee'd in 2007, was recognized in 2010 with the ISO 14040s (LCA) certification from the European certification services provider TÜV NORD.

**GREEN DESIGN SYSTEM** Kia Motors applies Design for Environment (DfE) standards on all the vehicles we develop. From the pre-design and early planning stages, we observe green design guidelines and develop eco-friendly prototypes. We conduct digital assessments during the design phase to minimize design changes down the line. We thus strive to cut time, costs and resource consumption. We carry out a number of digital simulations to analyze how a vehicle would dismantle in the disposal phase. Using the findings, we make improvements to low-performing parts and reorganize the task allocation of the disposal phases. We are also developing more efficient dismantling equipment, which cut both time and cost.

**REDUCING HAZARDOUS CHEMICALS AND USING RECYCLABLE MATERIALS** Kia Motors operates e-CMS, a self-developed chemicals management system, in order to make cars that do not release

environmentally damaging substances. e-CMS enables the management of information on chemical substances collected from the International Material Data System (IMDS). Since 2005, Kia Motors has been using e-CMS data to employ materials with minimal toxic chemical content. We also conduct regular education programs for relevant personnel at our partner companies to share the latest environmental information. In 2010, we developed ProdTest, a system based on IMDS data that enables the analysis of the composition and weight of the materials that make up a car in the design phase. With the more detailed and expedited information ProdTest has made

available, we have raised the speed and accuracy of the Recyclability Assessment Information System for Homologation (RAIS-H), the existing recyclability/reusability assessment system. K5 (Optima), Sportage R and Venga, which were designed using this system, received regional certifications in 2010. New Morning (Picanto), released in 2011, is also expected to meet all relevant certification requirements. All newly-released Kia vehicles not only meet recyclability and reusability standards and regulations in Korea, Europe and China but also serve as standards for basic materials in various environmental assessments.

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**PRODUCTION PHASE**

Kia Motors endeavors to realize a clean production environment through resource circulation. Resource circulation aims to replace the existing linear model of production-consumption-disposal to a cyclical model incorporating recycling and heat recovery to raise the efficiency of resource utilization and reduce the environmental load. Kia Motors strives to reduce the environmental impact of our manufacturing process by setting up clean and efficient systems at all our production facilities. We also encourage innovative ideas and practices as we believe that a meaningful change can take place when even the smallest improvement in the manufacturing process is applied to our vast global production network.



Refer to p. 80 for more information on Kia Motors' efforts to reduce resource consumption along with related figures and trends.



International Material Data System (IMDS): Parts and materials management system used by the automotive industry in response to regulations on end-of-life vehicle disposal and dismantling

**RESOURCE INPUT AND OUTPUT** Kia Motors is always working on reducing the amount of inputted raw materials, including energy and natural resources, while curbing the output of waste materials, greenhouse gases and environmental pollutants with the goal of raising productivity and efficiency. We tabulate the yearly resource input and output to monitor our performance and make improvements. The diagram below provides an overview of our resource input and output in 2010.

**RAW MATERIALS** Raw materials that go into manufacturing a car include steel, paint, thinner, and plastics. The consumption of raw materials increases with greater production operations and production volume. Kia Motors strives to raise the number of products manufactured for the resource inputted in order to minimize generated waste. We tabulate our resource consumption and track our progress, focusing especially on steel, paint and thinner utilization.





**WASTE REDUCTION AND RECYCLING** Waste materials that are not recycled or reused damage the air, water and soil. Kia Motors has in place a system to manage the sources of waste generation. We make ongoing improvements to the production process in order to minimize waste. The final waste products generated during the automotive production process are incinerated or taken to landfills. Thanks to our steadfast efforts at recycling, the waste materials taken to landfills stood at less than 1% of the total waste generated in 2010. As in 2009, the Sohari and Hwaseong plants generated absolutely no landfill waste in 2010. Starting in 2011, we will work toward the goal of completely eliminating incinerated waste through recycling, reducing packing materials and heat recovery. We aim to lower incinerated waste to less than 5% of total waste by 2014. In 2010, 93.7% of the 206,416 t of waste materials generated at Kia's three Korean worksites (Sohari, Hwaseong, and Gwangju plants) were recycled. The per-vehicle waste generation dropped to 171 kg, a 26% reduction from 2003.

**WATER RESOURCES** Although 70% of the earth's surface is covered by water, only 0.0086% of it is available for consumption. According the UN, 1 billion people worldwide suffer from the lack of clean potable water and this number is steadily rising. Korea's per-person annual precipitation is but 1/10 of the global average. As such, Kia Motors strives to minimize the use of water resources by making ongoing facility investments and upgrades while encouraging our employees to make water conservation a part of the Kia Motor lifestyle. Such efforts led to a 27% per-unit reduction in 2010 from 2003 levels.

**ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS** Climate change is a crisis the world must

work together to overcome. There is a global consensus on the severity of the crisis and international regimes to combat climate change are being formed. Most of Kia Motors' greenhouse gas emissions are attributable to the use of energy sources. Hence, we are working to increase the use of renewable alternative energy resources while replacing existing equipment with more energy-efficient alternatives. Based on Scope 1, 2 standards, Kia Motors' worksites in Korea have demonstrated a steady decline in greenhouse gas emissions since 2005. In 2010, our worksites generated 741,000 t of greenhouse gases, a 26 kg per-vehicle reduction (640 kg 614 kg) from the previous year. The reduction is equivalent to the annual carbon intake of five 30-year-old pine trees.

**ENVIRONMENTAL POLLUTANTS** Kia Motors' internal management standards on atmospheric and water pollutants are stricter than government standards. We continuously work to use raw materials of low toxicity, optimize the work process, recycle and reuse the by-products of the manufacturing process, and safely and efficiently process those materials that can burden the environment. We strive to dramatically cut the total amount of pollutants discharged and minimize their impact on local communities.

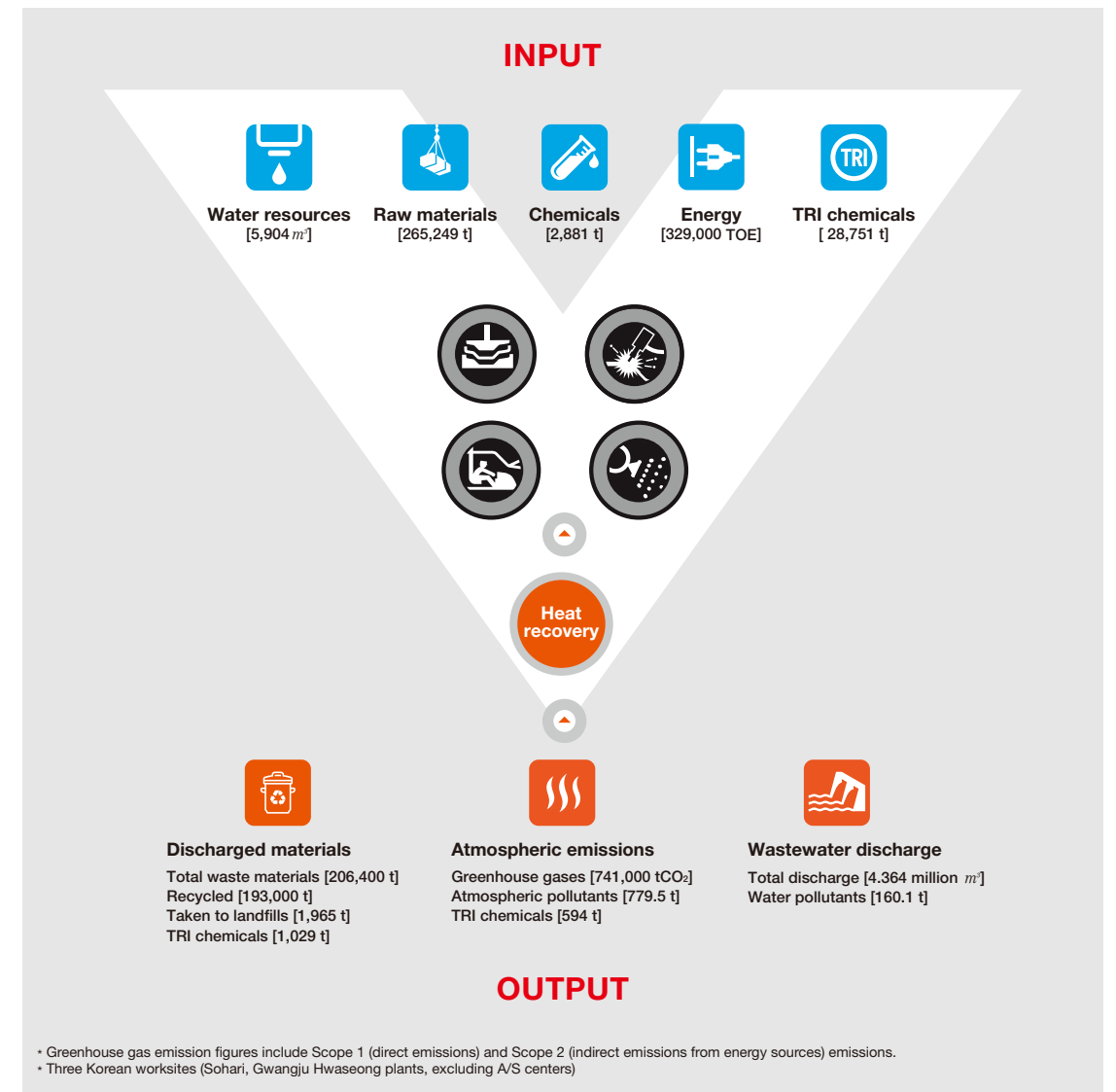
**ATMOSPHERIC POLLUTANTS** Atmospheric pollutants generated during the automotive production process include volatile organic compounds (VOCs) and paint particles from painting and coating; dust particles from materials processing; and gases from combustion. Kia Motors continues to reduce the emissions of atmospheric pollutants by using raw materials of low toxicity, installing equipment that prevents the emission of pollutants, making improvements to the work process, and adopting clean production technologies. In 2010,

domestic worksites emitted 779.5 t of atmospheric pollutants. While the total amount has increased given the rise in production volume, the per-vehicle emissions posted a 13% year-on-year decline. Korean worksites produced 7,121 t of VOCs, a 10% decrease from 2009, while the recovery rate of organic solvents was 61%.

**WATER POLLUTANTS** Kia Motors is minimizing the discharge of water pollutants by rigorously processing and managing the wastewater generated during the production process. To maintain an optimized wastewater treatment process, we undertake ongoing repairs, maintenance and upgrades. We also monitor the concentration of pollutants in the discharged wastewater to prevent environmental accidents. In 2010, the per-unit discharge of BOD, SS and COD declined by 25% to 46% from 2003.

**HAZARDOUS CHEMICALS** Hazardous chemicals require careful management as they damage the environment and human health. Registration, Evaluation and Authorization of Chemicals (REACH), launched by the EU in 2007, aims to minimize the impact of chemicals and strengthen accountability over their management. Kia Motors has completed the early REACH registration. In Korea, hazardous chemicals are carefully controlled through the Toxic Chemicals Control Act. We are also actively participating in the Toxic Release Inventory (TRI; Ministry of Environment), a voluntary reporting scheme for the volume and types of controlled chemicals used. In 2010, Korean worksites used 2,881 t of hazardous chemicals (28,751 t of TRI chemicals), a 3% per-unit reduction from 2009.

## INPUT & OUTPUT FLOW



• Refer to p. 81 for more information on waste materials generated, recycled, taken to landfills, and incinerated each year over the last three years.  
• Refer to p. 81 for more information on Kia Motors' efforts to reduce water consumption along with related figures and trends.  
• Refer to p. 81 for more information on Kia Motors' efforts to cut energy consumption and greenhouse gas emissions along with related figures and trends.  
• Refer to p. 83 for more information on atmospheric emissions by pollutant type along with emission trends.



• Refer to p. 84 for more information on water pollutant discharge by pollutant type along with discharge trends.  
• Refer to p. 84 for more information on Kia Motors' use and release of toxic chemicals along with related trends.



DISTRIBUTION PHASE

Over the course of 2010, 1.4 million Kia cars were transported to reach our customers in Korea and overseas. The automotive parts used to make these cars also had to be transported from our partner companies to our plants. That is why the distribution phase is included as one of the targets of our efforts to curb energy consumption and CO<sub>2</sub> emissions.

**AUTOMOTIVE DISTRIBUTION SYSTEM** Kia Motors works with over 1,000 primary and secondary parts suppliers. Procurement distribution is the supply of various automotive parts to Kia Motors from our partner companies. Production distribution has to do with the timely supply of parts to meet production schedules of the vehicle assembly lines. Sales distribution is the process by which assembled vehicles are supplied to customers. It involves the transport of vehicles to warehouses as well as the storage of vehicles at production facilities or local warehouses. Kia Motors set up a special team to minimize sources of waste and raise efficiency across the entire distribution process, from the procurement of parts to vehicle production and sales. That is, we are working to undertake a fundamental innovation of the distribution system. In 2010, we met our target, reducing distribution costs by 13.3 billion won. To meet our 2011 target of slashing the costs by another 14 billion won, we will carry out multipronged efforts to strengthen cooperation among worksites.

**PROCUREMENT DISTRIBUTION: STABILIZING THE DELIVERY SCHEME** The existing distribution arrangement requires individual partner companies to deliver parts on an as-needed basis using individually operated fleets of delivery vehicles. Each plant would receive 1,500-3,000 deliveries a day, with the delivery vehicles causing severe traffic congestion. In 2010, Kia Motors built a separate distribution center near the Hwaseong Plant and started a joint delivery scheme. We were able to raise the per-vehicle cargo capacity and lower delivery frequency. We are planning to build a similar distribution center close to the Sohari Plant. We also launched a designated delivery time system, raising the on-time delivery rate from 67% to 90%. With government support, we developed the Win-Win Collaboration Portal System that will dramatically enhance the speed and facility with which our partner companies' can process delivery-related information. We are currently making preparations to get the system up and running. With the introduction of the voluntary unloading scheme for partner companies, we also managed to cut the unloading time to less than 30 minutes from up to two hours.

**PRODUCTION DISTRIBUTION: AUTOMATING SUPPLY** Kia Motors introduced a mixed-production system to better respond to changing consumer demands and manage inventory levels. However, with our growing lineup, we are finding it increasingly difficult to find enough space to store parts. To resolve this issue, we plan to introduce the Set Picking System (SPS) in 2011. SPS is an automated system that will supply the necessary parts for a single vehicle to the relevant assembly line. SPS is expected to reduce the back and forth that had been required of assembly workers. It will also alleviate the storage issue, streamline the distribution route, prevent mix-ups of parts, and thus, raise product quality and productivity.

**SALES DISTRIBUTION: RAISING TRANSPORT EFFICIENCY** Aiming to cut distribution costs and curb CO<sub>2</sub> emissions, Kia Motors is replacing existing transporters (TPs) with those that have 20% greater cargo capacity in order to more efficiently transport assembled vehicles from our production facilities to domestic regional distribution centers and seaports for export. In 2010, we replaced 53 TPs with a newer model whose container is 2.3 m longer (16.7 m 19 m). We plan to replace 87 more in 2011. We also shortened the travel distance by rerouting cargo to seaports closer to our production facilities.

**BUILDING A GREEN DISTRIBUTION SYSTEM** In November 2011, Kia Motors concluded an agreement with the Ministry of Land, Transport and Maritime Affairs (MLTM) concerning the voluntary management of energy consumption targets pertaining to the distribution process. Through this scheme, a business proposes reduction targets and then looks for or develops green programs to meet them. MLTM assesses the business' performance against the set targets. Using this agreement as a springboard, Kia Motors will develop programs to tabulate the energy consumption and CO<sub>2</sub> emissions of the distribution process and undertake a variety of activities to systematically lower our greenhouse gas emissions.

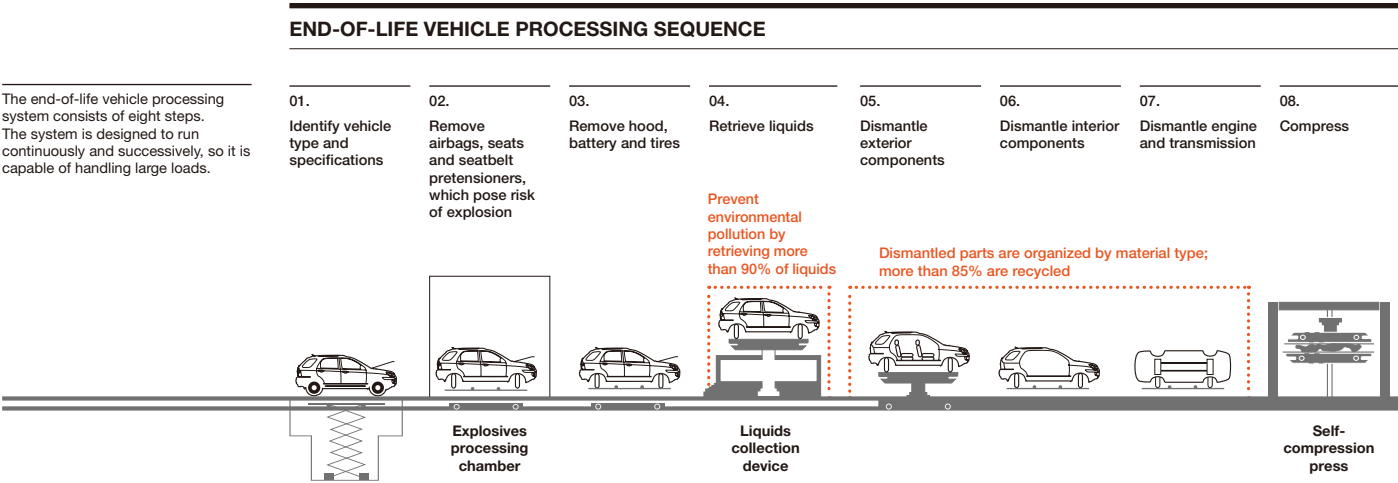
DISPOSAL PHASE

In 2005, Kia Motors established the Automobile Resource Regeneration Center with an annual processing capacity of 4,000 units. The Center provides technological support for designing recyclable vehicles and develops recycling technologies to reduce waste by improving the disposal process.

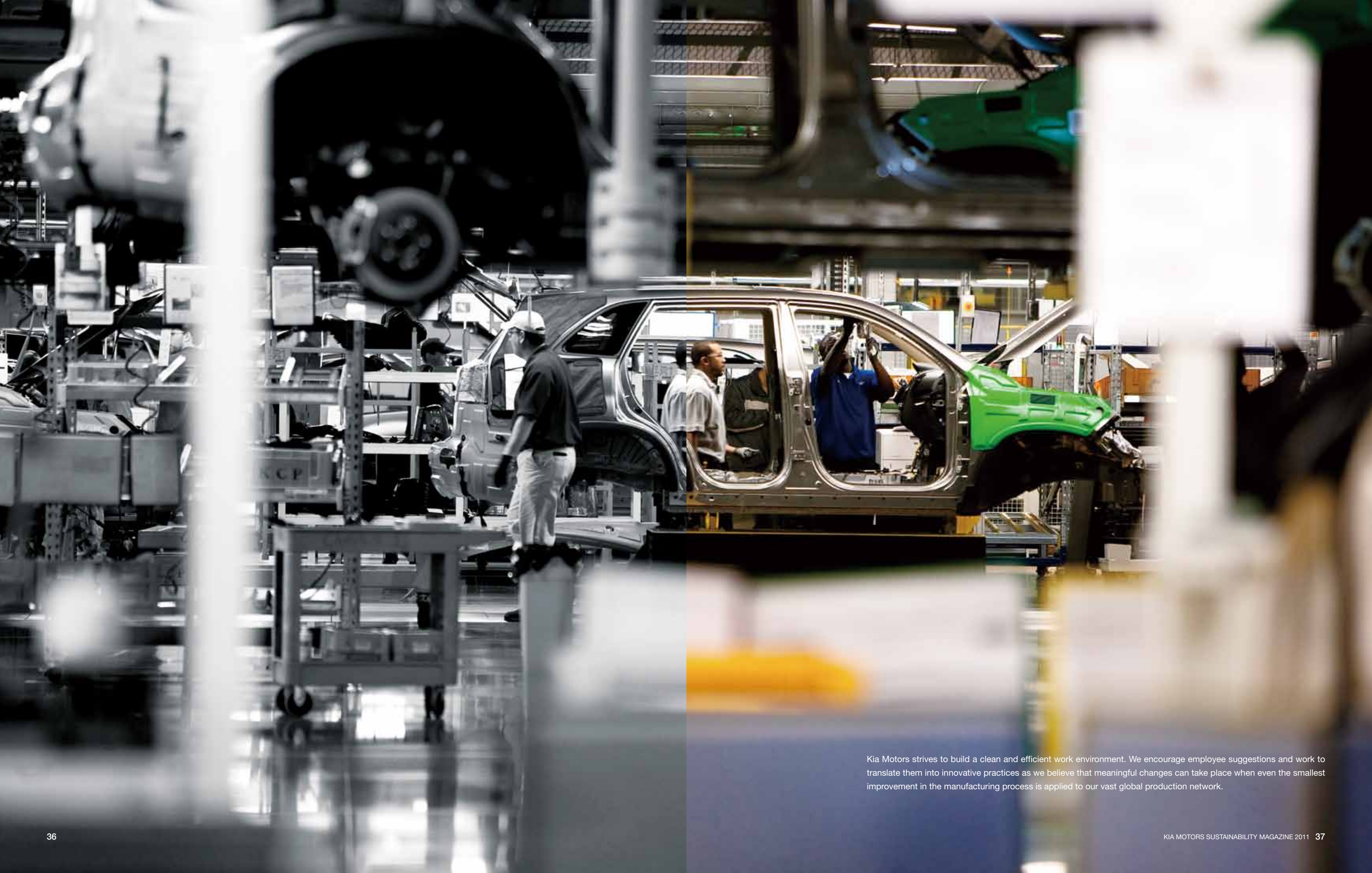
**END-OF-LIFE VEHICLE PROCESSING SYSTEM** Kia Motors' Automobile Resource Regeneration Center features a cutting-edge ubiquitous monitoring system that tracks the end-of-life vehicle processing sequence in real-time—from the number of units being processed to the amount of processed recyclable and waste materials. As the diagram below shows, the system is designed to handle large loads with eight continuous-flow processes. We also develop affordable dismantling systems and equipment for small and medium enterprises. As per requests from the government and academia, we offer more than 10 guided tours of the Center to more than 1,000 visitors annually who get to learn about our eco-friendly end-of-life vehicle processing system. We have built a collaborative network with the domestic vehicle disposal and dismantling industry to share experiences and insight for the establishment of end-of-life vehicle processing stwwandards.

**RECYCLING ECO-FRIENDLY VEHICLES** Hybrid vehicles require a different recycling methodology from existing combustion-engine vehicles. To facilitate the recycling of hybrid vehicles, we developed a manual on the safe disposal of high-voltage lithium-ion batteries equipped in the Forte Hybrid and distributed the manual to junkyards. We will continue to develop technologies that will ensure the safety and efficient recycling of hybrid and electric vehicles.

**DIVERSE RECYCLING TECHNOLOGIES** Kia Motors, through the Automobile Resource Regeneration Center, is researching a wide array of technologies for recycling the parts from end-of-life vehicles. We aim to raise the recycling rate of automobile shredder residue (ASR) from 85% to 95%. To this end, we are researching ASR resource regeneration technology and pre-dismantlement parts recycling technologies as well as industrial regenerative heat recovery and clean gasification and melting technologies. We are also working on developing technologies for the safe retrieval and eco-friendly treatment of air-conditioner coolants and other hazardous substances. Furthermore, we are researching recycling technologies for used automotive seat foam. Car seats are made of foam covered by synthetic leather. Around 10 kg of seat foam comes from a single end-of-life vehicle. The seat foam, made of polyurethane, is a thermosetting polymer. While thermoplastic polymers can be reshaped upon the application of heat, thermosetting polymers cannot be reshaped. Therefore, seat foams, unlike other plastics, are not easy to recycle. Kia Motors developed a technology of pulverizing retrieved seat foams and mixing them with PET fiber to create sound boards. We are currently working on applying the technology to the development of automotive parts, specifically to replace existing glass wool and fiber boards used for sound absorption purposes in luggage trims and insulation pads. ㉓







Kia Motors strives to build a clean and efficient work environment. We encourage employee suggestions and work to translate them into innovative practices as we believe that meaningful changes can take place when even the smallest improvement in the manufacturing process is applied to our vast global production network.



# TREND REPORT: DOWNSIZING

According to the Ministry of Environment, the average CO<sub>2</sub> emissions of Korean cars stand at 203 g/km. If a car covers 16,000 km—the average distance a car travels in a year in Korea, it emits around 3.2 t of CO<sub>2</sub>, equivalent to the amount of carbon absorbed by 1,000 pine trees in a year. In 2010, 72 million cars were sold worldwide, and global automobile ownership amounted to around 600 million vehicles. More cars on the road mean more CO<sub>2</sub> emissions. That is why the global auto industry is homing in on downsizing and why Kia Motors is focusing our competencies on downsizing technologies.

**DOWNSIZING: EFFICIENCY DEMANDED BY REALITY** ‘Achieving the output of a 3.0 engine with a 2.0 engine.’ The goal of downsizing is reducing the size and weight of powertrains while maintaining or improving performance. A large engine is powerful but has poor fuel economy, while a small engine has good fuel performance but falls behind in terms of power. To discredit this commonly-held perception, a wide range of technologies are being applied to raise engine output and fuel economy while reducing CO<sub>2</sub> emissions. The five key downsizing trends and technologies are as follows: turbocharger technology, direct injection technology, multi-step automatic transmission (or dual-clutch transmission), Idle Stop & Go (ISG), and technologies for going lightweight. Turbochargers enhance the power of small engines. Decreasing engine displacement is crucial to downsizing because a 30% reduction can lead to a 15% improvement in fuel economy, while a 50% reduction raises fuel economy by 25%. Downsizing the engine reduces the engine’s power. To make up for this loss, the turbocharger uses the engine’s exhaust to power the turbine, which in turn, powers the air compressor that supplies the engine with pressurized air. Direct injection (DI) raises fuel economy by 8-10% by

supplying fuel directly into the cylinders. K7 (Cadenza) and K5 (Optima) are powered by gasoline direct injection (GDI) engines.

Receiving the most attention these days among multi-step automatic transmissions is the dual-clutch transmission (DCT). DCT boasts both the affordability of a manual transmission and the convenience of an automatic transmission. A DCT is about 12% more fuel-efficient than an automatic transmission of the same gear range. Kia Motors has developed a DCT with a gear shifting speed of 0.04 seconds, which provides enhanced fuel economy and driving performance. This upgraded DCT will be installed in Kia’s new models starting in 2011.

With Idle Stop & Go (ISG), the engine shuts down when the car comes to a stop and starts back up again when the car begins to move. Venga and cee’d, customized models for the European market, are the only two Kia cars so far to be equipped with ISG. This is because related trends have been gaining popularity in Europe and also because there are no standards in Korea against which ISG can be certified. However, we are planning to expand the application of ISG to domestic models starting with Forte Eco Plus, set to be released in 2011. The lighter the vehicle body is, the greater the



fuel efficiency and performance become. Accordingly, technologies for making lighter vehicles make up an important part of the downsizing equation.

**ENGINE DOWNSIZING** We present the latest in engine downsizing technologies using K5 (Optima) and Sportage R as examples. In a GDI engine, fuel is injected directly into the cylinders, maximizing the air supply to the engine and enhancing performance. GDI prevents knock (pinging), thereby raising thermal efficiency by 2-3%. It also adjusts the timing of fuel injection, minimizing the emission of harmful exhaust gases that occurs when the engine is first ignited. K5, equipped with the Theta GDI engine, satisfies Korea’s 09EM regulations and the strengthened requirements to qualify as a partial zero emission vehicle (PZEV) in North America. It outperforms its competitors with 201-horsepower output and has a high fuel economy of 13.0 km/l. The application of GDI engine technology will be expanded to newly-released models. The R engine in Sportage R and Sorento R features a 1,800-bar high-pressure fuel injection system that cuts exhaust emissions while raising fuel efficiency and engine output. The R engine is a high-performance, eco-friendly diesel engine for passenger cars. Sorento

R, equipped with our proprietary FWD 6-speed automatic transmission along with the R engine, boasts fuel economy of 15 km/l, a 38% improvement over the former Sorento (10.9 km/l).

**TECHNOLOGIES FOR TRANSMISSION ENHANCEMENT** Transmissions also play an important role in determining fuel economy. The greater the number of gears there are, the smoother the driving experience and the higher the fuel economy become. Therefore, even if two cars are powered by the same engine, the car that has the transmission with the higher number of gears has better acceleration and fuel economy. The drawback, however, is that such a transmission is more complex, and thus, heavier. Therefore, the central objective in transmission development is reducing size while increasing the number of gears. The high-efficiency 6-speed automatic transmission in Sorento R and K7 (Cadenza) is significantly lighter and has fewer parts than the existing 5-speed transmission. The 6-speed automatic transmission, which completed a 300,000 km durability test, is designed to minimize energy loss between gears and transmission shock. In effect, it embodies the very best of Kia Motors’



transmission technology. Our hybrid-specific continuously variable transmission (CVT) is designed to eliminate transmission shock and optimize fuel economy. Featuring a starter clutch and a high-efficiency oil pump, the hybrid CVT is 7% more fuel-efficient than existing automatic transmissions. We replaced the German-made transmission in the Pride (Rio) Hybrid with our own hybrid CVT, found also in the Forte LPi Hybrid. Our hybrid CVT has laid a solid foundation for the development of proprietary Kia technologies and raised cost competitiveness by replacing an imported component.

**TECHNOLOGIES FOR GOING LIGHTWEIGHT** Kia Motors is carrying out R&D toward the goal of making our cars 10% lighter than they currently are by 2015. A 10% reduction in weight results in enhancements of 3.2% in fuel economy, 8.5% in acceleration performance and 19% in steering wheel maneuverability. The vehicle also becomes 1.6 times more durable and emits 3.2% less CO<sub>2</sub>. To lighten the vehicle body, steel is replaced by aluminum alloy, resin and other lighter materials; the number of parts is reduced through the adoption of modules; and unnecessary weight is minimized through design optimization. Research into the use of lighter materials is focused on decreasing the thickness and weight of the materials while maintaining performance and durability.

In K7 (Cadenza), our effort to go lightweight begins with the wiring. Consisting of intelligent, electronic modules, the wires pass through the engine room and the interior of the vehicle in an optimized path. Moreover, an automotive structural adhesive is used instead of welding. As a result, K7 is one of the lightest vehicles in its class. As for K5, its heating, ventilating, and air conditioning unit case is the first in Korea to be made of glass bubbles, a high-strength plastic. Polypropylene is generally the material of choice for embedded automotive components, but K5's heating, ventilating, and air conditioning unit case is over 10% lighter than its polypropylene counterpart. We plan to use glass bubble heating unit cases in newly released models. K5's center pillar is made of ultra-high strength steel produced by hot stamping. Hot stamping is a method of reinforcing a given material by pressing it at a high temperature and then quickly cooling it. The ultra-high strength steel making up K5's center filler has reduced the number of parts and weight of K5 compared to its predecessor. It has also made the car strong and durable; K5 received the highest rating in a side-impact test.

**TECHNOLOGIES FOR SUSTAINABILITY** Fuel economy regulations and policies are being strengthened around the world. The Korean government has decided to gradually lower average fuel economy and CO<sub>2</sub> emissions ceilings to 17. 0km/l and 140 g/km, respectively. The United



States announced that it will strengthen its fuel economy standards for passenger cars and light trucks by 37% (37.8 mpg) and 25% (28.8 mpg), respectively, by 2016. In the meantime, the EU decided to gradually lower the average CO<sub>2</sub> emissions ceiling to 130 g/km, while China is considering toughening its fuel economy regulations by 14.5-22.4% from current levels by 2012. Kia Motors plans to meet Korea's regulatory requirements by 2011, the United States' by 2012-2013 and the EU's by 2012. We are committed to realizing the kind of sustainability everyone can partake in through the downsizing technologies presented in this section and through technologies for future-oriented vehicles that will transform the paradigm of internal combustion engines.

**TECHNOLOGIES FOR GREATER EFFICIENCY**  
**ISG (IDLE STOP & GO)** ISG shuts down the engine when the car comes to a stop after having reached speeds of 8 km/h or higher. The engine immediately reignites when the car restarts. ISG raises fuel economy and cuts emissions by minimizing unnecessary fuel consumption by 10-15% on city roads, which demand stop-and-go driving.

**ACTIVE ECO SYSTEM** The Active Eco System proactively controls parts of the engine, transmission and air-condition system to realize optimal fuel economy. The Active Eco System raises fuel economy by minimizing fuel consumption from unnecessary acceleration, limiting the torque from rising when accelerating and optimizing the AC compressor's duration of operation. Tests show that the Active Eco System enhances fuel economy by around 11%.

**ECO DRIVING POINT** The Eco Driving Point system rates the fuel-economy status of a vehicle on a scale of 0 to 8. When the rating reaches 8, an image of a blooming flower appears on the dashboard. If the level-8 status is maintained for a set period of time, the flower turns into a bouquet. Eco driving points accumulate, so the driver can check just how fuel-efficient his/her driving is with this whimsical function.

**ADVANCED SMART CRUISE CONTROL (ASCC)** ASCC is the next-generation version of the existing radar-based cruise control function that helps maintain a safe distance with the vehicle ahead. ASCC goes a step further and even detects the stopping and restarting movements of the vehicle in front to automatically brake or restart the car. The car goes on automatic drive when the driver turns on the ASCC function, sets the desired speed and takes his/her foot off the accelerator. When ASCC detects a vehicle ahead, it activates the brake to maintain a safe distance. When the vehicle ahead stops or restarts, ASCC automatically stops and restarts the car accordingly. ㉞



# GREEN FLAGSHIP

Kia Motors boasts a full lineup of passenger cars and commercial vehicles. Every year, we also release all-new models and facelift (partially-modified) models with enhanced eco-friendliness, safety and affordability. In 2010, we applied cutting-edge technologies for smaller but more powerful engines, more efficient and higher-performing powertrains, and lightweight materials to realize even greater fuel economy and lower emissions (CO<sub>2</sub>).

## 19.0 km/l

### All-new Morning (Picanto)

- 19.0 km/l | 123 g/km (A/T)
- 5.6% Fuel economy improvement from preceding model, top fuel economy among Korean cars
- 15.4t CO<sub>2</sub> emissions reduction of 2.6 t from preceding model, certified with Carbon Footprint Label

## 13.0 km/l

### K5 (Optima)

- 13.0 km/l | 180 g/km (2.0 A/T)
- 13% Fuel economy improvement from preceding model (Lotze/Optima/Magentis)
- 10% Reduction in vehicle weight from preceding model

## 15.6 km/l

### Sportage R

- 15.6 km/l | 173 g/km (2WD A/T)
- 93% Adult occupant protection rate as per Euro NCAP, highest comprehensive rating
- 66% Residual value as per U.S.-based Automotive Lease Guide (ALG), no. 1 among all vehicle classes





11.6 km/l

**K7 (Cadenza) GDI**

- 11.6 km/l | 201 g/km (3.0 A/T)
- 5.5% Fuel economy improvement from preceding 2.7 l model (11.0 km/l → 11.6 km/l)
- 3-4% Fuel economy improvement achieved through motor driving power steering (MDPS) wheel



- IIHS: Insurance Institute for Highway Safety
- Euro NCAP: European New Car Assessment Program

17.8 km/l

**Forte Hybrid LPi**

- 17.8 km/l | 99 g/km (1.6 LPi CVT)
- 25% Fuel economy improvement over gasoline model
- 55% CO<sub>2</sub> emissions reduction compared to competing 1.6 l gasoline models of the same class (179 g/km)

16.5 km/l

**Forte (Cerato)**

- 16.5 km/l | 142 g/km (1.6 LPi CVT)
- 8.6% Fuel economy improvement over preceding model
- 5 IIHS 'Top Safety Pick' based on 5 safety tests: front, side, rear, rollover and roof



16.1 km/l

**Venga**

- 16.1 km/l | 147 g/km (1.4 M/T)
- 64% Pedestrian protection rate as per Euro NCAP, highest comprehensive rating



15.0 km/l

**Soul**

- 15.0 km/l | 156 g/km (1.6 A/T)
- 9% Fuel economy improvement over competing imports in the same vehicle class



10.1 km/l

**Opirus (Amanti)**

- 10.1 km/l | 230 g/km (3.3 A/T)
- 12.2% Fuel economy improvement over preceding model



10.8 km/l

**Mohave (Borrego)**

- 10.8 km/l | 248 g/km (3.0 A/T)
- 10% Weight reduction over previous model achieved by changing material for the engine's cylinder block



15.7 km/l

**Forte (Cerato) Koup**

- 15.7 km/l | 149 g/km (1.6 A/T)
- 20% Fuel economy improvement achieved through GDI engine
- 17% CO<sub>2</sub> emissions reduction over preceding model achieved through GDI engine



15.0 km/l

**Sorento R**

- 15.0 km/l | 179 g/km (2.0 A/T)
- 38% Fuel economy improvement over preceding Sorento model (10.9 km/l)



15.1 km/l

**Pride (Rio)**

- 15.1 km/l | 155 g/km (1.6 A/T)
- 16.2% Maximum fuel economy improvement over preceding model



17.5 km/l

**cee'd**

- 17.5 km/l | 110 g/km (1.4 ISG)
- 15% Reduction in fuel consumption that can be achieved through ISG



8.6 km/l

**Carens**

- 8.6 km/l | 205 g/km (LPI 2.0 A/T)
- 5,760,000 won Reduction in gas costs compared to gasoline-powered mid-size vehicles over five years at 25,000 km traveled per year



12.8 km/l

**Carnival (Sedona)**

- 12.8 km/l | 209 g/km (11-seater, 2.2 A/T)
- 11% Fuel economy improvement achieved through Active Eco System, a proactive control function for optimal fuel efficiency



11.2 km/l

**Bongo (K Series Truck)**

- 11.2 km/l | 239 g/km (2.9 M/T)
- 16.7% Reduction in environmental pollutants achieved through CPF (type of exhaust filter)



**New Granbird**

- 60 mm Height adjustment for passengers with physical disabilities ⓘ



# DESIGNING FUTURE

Will the cars of the future drive themselves like Knight Rider's KITT or zip through the skies? Flying cars are actually possible with existing technology. In effect, automotive technologies are no longer determined by feasibility but by social demand. That is why the automotive future Kia Motors is striving for is one that is zero emission. Predicting the future is not a foolproof science. As such, there are many different approaches to realizing zero-emission vehicles. At Kia Motors, the most feasible approaches are first explored, and vehicles thus produced are included in the lineup. In the meantime, we are gradually expanding research and investment in those technologies that cannot be commercialized right away. They say the future is a mystery and the present is a gift. Kia Motors plans for the future with the hope that when the mystery of the future becomes the present, it turns out to be a gift.



## PARADIGM SHIFT

Numerous global challenges directly impact the size and structure of the automotive market, the role of automakers, and the significance and design of automobiles. Oil prices are expected to continue to rise, stemming from the finite nature of the resource and the imbalance between supply and demand. Countries around the world are toughening fuel economy regulations in order to combat climate change brought on by CO<sub>2</sub> emissions. Accordingly, the green vehicle market is expected to expand rapidly, and therefore it is becoming increasingly important for automakers to secure eco-friendly automotive technologies for continued growth.

The ultimate goal is zero emissions. The burning of oil to generate energy also produces CO<sub>2</sub>. The CO<sub>2</sub> thus released into the atmosphere traps heat and warms our planet. Countries around the world are in agreement that global warming threatens sustainability. In turn, zero emissions has become an ongoing mission for the auto industry. There are two major approaches to this task. One is to develop a new way to power vehicles without the use of oil. The other is to raise the fuel economy of the existing internal combustion engine to curb CO<sub>2</sub> emissions. The latter is fundamentally limited because no matter how efficient we can make the internal combustion engine, we will not be able to completely eliminate CO<sub>2</sub> emissions. Therefore, the former approach is gaining ground in the quest to realizing zero emissions.

## CARS POWERED BY NEW ENERGY SOURCES

Green vehicles generally refer to hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles, powered by both an engine and a motor; electric vehicles (EVs), powered only by a motor; and fuel cell electric vehicles (FCEVs), which run on electricity generated by the chemical reaction between hydrogen and oxygen. HEVs were the first to become commercialized. Most automakers have a subcompact and/or compact HEV model and some are even releasing mid- and large-size HEVs. As for EVs, they can only travel a relatively short distance per single charge and come with a high price tag. Moreover, a network of charging stations must be set up. Nevertheless, governments are providing policy support and incentives, so once mass production goes underway, EVs are expected to become a niche market for commuter vehicles. The timeframe for the commercialization of FCEVs is still fluid given that it is dependent on when and how hydrogen charging stations and other infrastructural and social requisites can be met. Nevertheless, most major automakers are undertaking active R&D to expedite FCEV commercialization.

The automotive technology of the future has yet to be determined. What we do know is that like the internal combustion engine, green automotive technologies will undergo innovation and evolution. We also know that the pace of the innovation and evolution will only intensify with global cooperation and competition. Kia Motors will stand at the heart of these changes and contribute our technological competencies and innovative ideas for the realization of sustainability.



DRIVING ECODYNAMICS

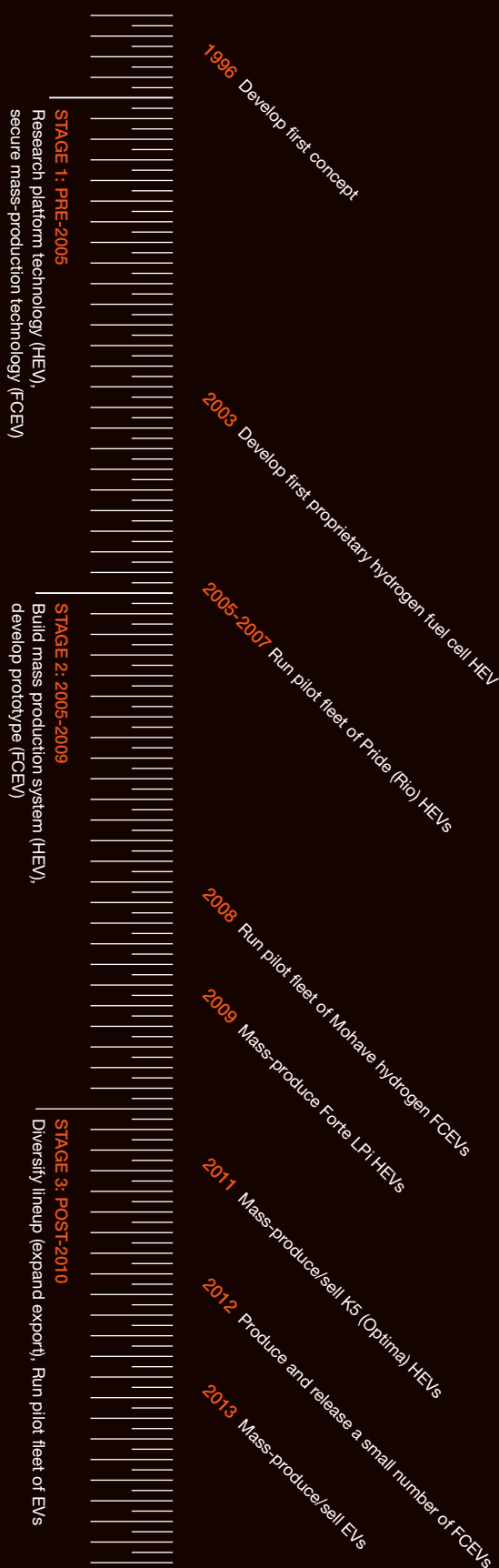
Kia Motors launched EcoDynamics in 2009 and released the Forte LPi Hybrid under this green sub-brand. ‘EcoDynamics’ is a blendword comprised of ‘eco’ from ‘ecology’ (nature and environment) and ‘economy’ (efficiency) with ‘dynamics’ (energy and vitality). It embodies our commitment to raising the existing value of cars while also creating a new value of sustainability by curbing fuel consumption and emissions. The K5 (Optima) Hybrid, set to be released in 2011, will follow in the footsteps of Forte LPi Hybrid. We also plan to start a FCEV pilot program.

HYBRID ELECTRIC VEHICLE (HEV)

HEVs run on two different power sources—an internal combustion engine and an electric motor. Compared to existing cars, which are powered only by an internal combustion engine, HEVs boast significantly higher fuel economy and lower CO<sub>2</sub> emissions. The electric motor supplies most of the power for starts and acceleration. When HEVs are accelerating, the electric motor alleviates the engine of some of the work. When HEVs come to a stop, the engine is shut off to cut unnecessary fuel consumption. Electricity consumed at starts and acceleration is recharged by the braking energy generated during deceleration. HEVs show marked improvement in fuel economy and lower CO<sub>2</sub> emissions. This is especially the case for stop-and-go city driving. However, unless an alternative fuel source that does not generate CO<sub>2</sub> emissions is developed, HEVs will never realize zero emissions because it still relies, albeit partially, on the internal combustion engine. Various hybrid models are already out in the market. HEVs are catching on more quickly than other green vehicles given that they can make use of existing infrastructure. Competitiveness in the HEV market hinges on securing technologically-advanced and cost-effective electric motors, inverters, batteries and other electric power components, and Kia Motors is making notable progress on these fronts.

Since 2005, Kia Motors, in collaboration with the Ministry of Environment, has been running a pilot fleet of Pride (Rio) Hybrid vehicles. With proprietary technologies secured through the project, Kia Motors released the Forte LPi Hybrid, the world’s first HEV to be equipped with a lithium-ion polymer battery. Its CO<sub>2</sub> emissions level (99 g/km) is one of the lowest among Korean cars.

**K5 (OPTIMA) HYBRID** The K5 Hybrid, set to be released in North America in early 2011 and then in Korea around May, features Kia Motors’ proprietary hybrid system. The parallel hybrid system in K5 is more efficient than our competitor’s, requiring less motor power but delivering higher performance. The K5 Hybrid is powered by the gasoline engine when running at fixed speeds. The electric motor charges the



ECODYNAMICS ROADMAP



POP

Unveiled in October 2010 at the Paris Motor show, POP is a three-seater zero-emission concept EV. Equipped with a high-efficiency electric motor and an 18kWh lithium-ion polymer battery, POP has a maximum output of 68 horsepower and a maximum speed of 140km/h. POP can travel 160 km on a single charge.

battery when the vehicle decelerates. Boasting high fuel economy (around 17 k/l for expressway driving and 15.3 k/l for city driving) for its vehicle class and impressive performance (maximum output of 168 horsepower and maximum torque of 21.3kg-m), the K5 Hybrid provides a comfortable driving experience with its hybrid-specific 6-speed transmission. K5 is the world’s first hard-type hybrid to be equipped with a lithium-ion polymer battery, which is 30% lighter than the nickel-metal hydride (Ni-MH) battery but is powerful and has high energy density. The battery system has a quadripartite safety feature that extends from the battery cell itself to the vehicle body. We have succeeded in producing all the electric power components for hybrid vehicles in Korea, thereby laying the foundation for sustained advances in hybrid technology and enhancing the competitiveness of our partner companies.

ELECTRIC VEHICLE (EV)

EVs are powered solely by the electric motor and use the electric energy stored in the high-voltage battery for starts and acceleration. The battery can be fully charged in six hours using a household charging system. At high-speed charging stations, it only takes 25 minutes. As they run only on electric power, EVs do not emit any CO<sub>2</sub> and are more economical than gasoline-powered vehicles in terms of fuel costs. However, given that most electric energy is currently generated through fossil fuel-based systems, EVs are responsible for indirect CO<sub>2</sub> emissions. Moreover, EV-related infrastructure is still lacking.

**COMPACT URBAN ELECTRIC CROSSOVER UTILITY VEHICLE (CUV)** Since the Vesta EV was released in 1986 and Sportage EV in 1999, Kia Motors has spent over 20 years researching and developing EVs and EV batteries. Drawing on accumulated knowledge and know-how, Kia Motors is planning to launch a compact electric CUV in Korea in 2011 and then overseas in 2013. This compact electric CUV will be equipped with a high-performance lithium-ion polymer battery and an EV-specific electric powertrain. It will be a multi-purpose vehicle well-suited for urban driving as well as transporting cargo.

Kia Motors is working on a sophisticated safety system that will eliminate risk factors posed by high-voltage electric components. We are also working closely with our partner companies and relevant industries for the domestic production of key parts as this will lay the foundation for the advancement of Korean EV technologies. Following the release of the compact electric CUV, we will strive to expand the lineup of models featuring related EV technologies. We will also work to build infrastructure to provide convenient access to charging stations.



### FUEL CELL ELECTRIC VEHICLE (FCEV)

No matter how advanced our technologies become, cars that run on fossil fuels are bound to emit exhaust. Accordingly, a truly green alternative is a vehicle that runs on something other than fossil fuels. Hydrogen FCEVs run on electricity generated by the chemical reaction between hydrogen and oxygen induced by the fuel cells. Since the only byproduct is water, FCEVs can tackle the twin issues of environmental degradation and energy depletion. The efficiency of the FCEV engine is also twice that of existing internal combustion engines. For the commercialization of hydrogen FCEVs, however, we first need an infrastructure of hydrogen fueling stations and a more energy-efficient manufacturing process.

Since 1998, Kia Motors has been developing fuel cell technologies that are now applied to the Mohave (Borrego). Our low-temperature (-20 °C) startup technology has been certified, overcoming what was considered one of the major hurdles in the development of FCEVs. We are now focused on improving the durability of fuel cells while lowering the high production cost.

In 1999, we developed a fuel cell stack with a maximum output of 2 kW and output density of 0.2 kW/l. Then in 2009, we succeeded in developing the Mohave (Borrego) FCEV, featuring a 115 kW full cell stack—the world's most powerful—and a supercapacitor, which is a next-generation energy storage unit. The fuel cell stack is built into the underfloor for even weight distribution, enabling more dynamic driving performance and safer maneuverability. With its 700-bar hydrogen storage system, the Mohave FCEV can travel up to 758 km on a single charge and has a maximum speed of 160 km/h. The Mohave FCEV is designed to minimize damage to the hydrogen tank and pipes in rear-end collisions. Moreover, it is equipped with a sensor to detect hydrogen leaks upon impact, fulfilling the safety requirements of U.S. automobile collision regulations. Since 2004, the Mohave FCEV has been a part of a FCEV pilot program overseen by the U.S. Department of Energy. Kia Motors has also provided Mohave pilot fleets to the Blue House, government ministries and local governments, reaffirming the effectiveness of our FCEV technologies. We are now working on the commercialization of the Mohave FCEV.

The Mohave FCEV successfully completed the U.S. Hydrogen Road Tour 2009—a 2,655 km rally from San Diego (USA) to Vancouver (Canada), proving its durability and technological superiority. We have been offering the public a 6-month test drive program since 2009 and will be expanding the program in 2011, running a pilot fleet of 52 Mohave FCEVs.

Kia Motors has been working on securing proprietary design technologies and producing major fuel cell components domestically. As a result, we now produce 99% of the key parts in Korea. We have been working with some 120 partner companies on developing technologies to lower the possible startup temperature to -30 °C, raise the system efficiency by 60% and reduce the size of the fuel stack by half. In recognition of our efforts, we were awarded the Education, Science and Technology Minister's Award at the 2nd National Green Tech Award, which honor businesses and research institutes that have contributed to the development of green technologies and fostered a public consensus on the importance of low-carbon, green growth. Kia Motors pledges to continue our R&D activities to pave the way for a tomorrow in which everyone can enjoy the benefits, convenience and safety of FCEVs. ㉠



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





# ALL NEW REVOLUTION

Newly released models feature even more advanced safety technologies and amenities. Steadfast R&D leads to greater basic safety and convenience features at a lower price. Safety is the most fundamental requisite of a car while comfort is a necessary virtue. Kia Motors strives for a revolution in ideas to raise the quality of every moment of the automotive experience while ensuring the health and safety of our customers.

**CRASH TESTS** At the crash test laboratories of the Hwaseong Plant and Namyang R&D Center, we create computer simulations and conduct a series of crash tests to predict the safety performance of a vehicle early in the development phase. Our crash tests are not limited to strengthening a vehicle's safety; they take into consideration occupants' possible physical responses upon impact as well their height and weight. We focus especially on women and children, who are more susceptible to severe injuries than men. As a result of our efforts, Soul, Sorento R, Sportage R, and Venga have received the highest rating from Euro NCAP. Euro NCAP, which used to give a separate rating for each safety category, changed the rating scheme in 2009 to tabulate the total score, putting additional weight on features for occupant and pedestrian safety and protection.

**PEDESTRIAN SAFETY** We spend a lot of time either in cars or walking by roads with motor traffic. In effect, all of us go back and forth between being an occupant of a vehicle and being a pedestrian. Hence, cars must be built to protect not only their occupants but also pedestrians. K7 (Cadenza), K5 (Optima) and Morning (Picanto) feature hoods designed to minimize the force



## ALL ABOUT SAFETY

K5 (Optima), Forte (Cerato), Soul, Sorento R, and Sportage R were named the 2011 Top Safety Pick by the U.S. Insurance Institute for Highway Safety (IIHS). Sportage R and Venga received the highest ratings from the European New Car Assessment Program (Euro NCAP), following in the footsteps of cee'd in 2007 and Soul and Sorento R in 2009. In Korea, K7 (Cadenza), K5 (Optima) and Sportage R were chosen as the Safest Cars of 2010 through the Korea New Car Assessment Program (KNCAP) overseen by the Ministry of Land, Transport and Maritime Affairs.

of impact on pedestrians in front-end collisions. The three models are also equipped with lower stiffeners on the inside of the bumpers to minimize the force of impact on pedestrians' knees in collision situations.

**BRAKE OVERDRIVE SYSTEM (BOS)** All Kia Motors' passenger vehicles released this year will feature BOS. When the driver simultaneously hits both the accelerator and the brake, BOS cuts the engine's power, enabling the brake to override the accelerator. BOS is thus a safety system to prevent sudden acceleration that may occur with the digitization of cars. The Smart Ignition System and the Engine Torque Monitoring System also safeguard against potential problems arising from the digitization of cars. The former shuts down the engine if the ignition button is pressed for over two seconds or three consecutive times when the vehicle is in drive mode. The latter prevents sudden and abnormal engine output.

**EMERGENCY STOP SIGNAL (ESS)** ESS automatically switches on the brake lights when the vehicle comes to a sudden stop from a speed of 55km/h or higher, as drivers can panic in emergency road situations that require sudden braking. ESS automatically alerts the cars behind, minimizing the risk of rear-end collisions.

**VEHICLE STABILITY MANAGEMENT (VSM) SYSTEM** The VSM System is the next-generation version of the Vehicle Dynamic Control (VDC) System, which detects the loss of traction and automatically adjusts the brake pressure and engine output. The VSM System integrates the automated control of the braking power, engine output and steering torque. It stabilizes the vehicle during sudden turns, provides traction on slippery surfaces, and helps the vehicle from slipping back when stopping and then restarting on an incline.

**ACTIVE HEADREST** The Active Headrest prevents whiplash by providing effective support in rear-end





collisions. Motor accidents can occur regardless of safety precautions taken by drivers. Neck injuries from collisions can lead to spine damages, so the Active Headrest is an important safety feature.

**AIRBAG** The airbag is one of the most basic automotive safety features. The side airbag minimizes injuries in side-impact collisions, while the curtain airbag wraps over the side window, protecting the occupant's head in side-impact collisions or rollover accidents. Therefore, it is a good idea to have six airbags instead of just the two frontal ones. Occupant safety in collisions is higher the greater the distance there is between the occupant and the body of the car. This distance naturally gets shorter the smaller the car is. Therefore, airbags are especially important in small cars. Kia Motors is gradually expanding the number of newly-released models that have six airbags as a basic feature. Given the importance of airbags in smaller cars, six airbags come as a basic feature in Forte (Cerato) and the 2011 Morning (Picanto).

**BIOCARE HEATED SEAT** K5 (Optima) as well as Granbird Innovation, primarily used for long-distance travel, are Korea's first vehicles to be equipped with Biocare Heated Seats. Unlike existing heated seats that use hot wires, Biocare Heated Seats are made of heat-generating fabric that emits far-infrared radiation and provides greater comfort. The breathable seats and heated steering wheel keep the driver alert and safe by providing warmth in the winter and coolness in the summer.

**AUTOCARE SYSTEM** The Autocare System displays the operational status and condition of the vehicle on the monitor of the navigation system. It not only indicates

operational information for economical driving but also alerts the driver about regular maintenance checks and need for replacing the engine oil, filter, brake pads, and antifreeze. It also checks for possible problems with the condition of the vehicle, preventing safety accidents.

**YOUR VOICE (UVO)** UVO is an automotive operating system developed in collaboration with Microsoft. It was named the Best New Product at the 2010 Telematics Update Awards. UVO provides voice-activated access to mobile phones, iPods, and other mobile and media devices. Thus, the driver can keep his/her eyes on the road and hands on the steering wheel. It comes with a touch-activated LCD display and 1GB of memory.

**SMART CORNERING LAMP** The Smart Cornering Lamp lights up the lateral blind spots to raise visibility and promote safe driving. The direction of the lamp is adjusted based on the angle of the steering wheel and the speed and condition of the vehicle. The Smart Cornering Lamp found on K5 (Optima) and Sportage R is turned on and off by the Brake Corner Module, which calculates the operating signal for the head lamps, angle of the steering wheel and vehicle speed. In so doing, the Smart Cornering Lamp minimizes nighttime accidents at crossroads and along winding roads.

**STEERING COLUMN ALARM** The Steering Column Alarm indicates the steering angle of the front wheels when the car is first started. It thus prevents accidents by predicting the anticipated path of the car. When the steering is at an angle of 90° or greater in starting position, the alarm alerts the driver of the need to readjust the steering wheel through the instrument cluster's LCD information window.

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## ALL ABOUT SATISFACTION

A car is one of the most expensive items a private individual buys. Accordingly, a lot of time and thought usually go into the decision to purchase a car, heightening customer expectations about the product and related services. Kia Motors is raising the quality of our products and services to provide more than mere satisfaction and truly move our customers throughout the entire Kia experience, from the purchasing stage to every last moment they spend in our vehicles.

In 2010, Kia Motors topped the National Customer Service Index (NCSI) and came in first place in the Korea Standard-Service Quality Index (KS-SQI) for the seventh consecutive year. Our customer service center was selected as an Excellent Call Center seven years running in the Call Center KSQI. In the U.S.-based J.D. Power's 2010 Customer Satisfaction Index (CSI), Kia Motors moved up seven positions to number 13, recording the second highest jump up in the rankings. In the Vehicle Ownership Satisfaction Study (VOSS) in Europe, Morning (Picanto) and cee'd came in first place in Germany and the United Kingdom, respectively, in their corresponding vehicle classes. In the meantime, Cerato, Forte and Sportage were rated number one in their respective vehicle classes according to the 2010 Customer Satisfaction Survey conducted by the China Quality Association.



**DESIGNING SERVICE** Kia Motors strives to provide a pleasant experience at all customer contact points. We redesigned our sales offices and service centers to provide our customers with greater comfort and enhanced familiarity with Design Kia. Employees at customer contact points receive regular customer service training. In 2010, customer satisfaction specialists provided on-site training. We also carried out FUN, a special event designed to make employees understand that their happiness translates to customer happiness. We also undertook the Smile Kia campaign under the slogan 'Our happiness lies in our customers' smiles' with the following five keywords: stand up, smile, speed, style, and say yes. We monitored customer satisfaction levels, rewarded high-performing employees and shared best practices as a part of our ongoing effort to raise the quality of customer service.

**FROM 'AFTER' TO 'BEFORE'** Kia Motors is shifting the focus of our vehicle maintenance and care services from 'after' to 'before'. That is, we are opting for a more proactive approach by actually visiting our customers to carry out preventive checks and performance testing. A team of maintenance specialists meets our customers at their location of choice to inspect the condition of the car and replace the engine oil or brake fluid free of charge. In 2009, we also added interior cleaning and scratch removal to the before-service package. Through our Q Service, we offer eight preventive maintenance checks over eight years, while our Happy Care Service includes SMS alerts for routine oil changes and other regular maintenance needs. We also have customized maintenance services for women, including consultations as well as the Pick-up & Delivery Service wherein our specialist picks up the vehicle, performs maintenance work and delivers it back to the customer. ㉞



Refer to p. 74 for the results of Kia Motors' customer satisfaction assessment programs.



# SAFETY FIRST

As an automaker, Kia Motors believes it is our duty to make transportation and traffic more convenient and safer for all. Transportation and traffic are what we know best, and we are creating a safer world for our children by carrying out traffic safety campaigns under the slogan ‘Safe Roads We Build Together.’



## SAFETY CHARTER

- 01

Stop in front a crosswalk.
- 02

Observe the road surface marking for crosswalks.
- 03

Reduce speed to 30 km/h or lower in school zones.
- 04

Do not park your car in school zones.
- 05

Eliminate hazardous obstacles on sidewalks and other walkways for students.
- 06

Clearly demarcate pedestrian walkways from roads for motor traffic.
- 07

Let us all learn about traffic safety, including students, parents and teachers.
- 08

Walk carefully along roads.
- 09

Carefully look both ways before crossing the street.
- 10

Let us put what we learned into practice.

## TRAFFIC SAFETY CAMPAIGNS

Kia Motors has been carrying out the S.L.O.W. campaign since 2005. S.L.O.W. stands for school-zone safety, line (drawing clear demarcating lines to protect school zones), observance (observing the school-zone speed limit of 30 km/h), and watch (keeping a watchful eye on traffic safety around schools). The campaign began with the goal of lowering the child traffic fatality rate in school zones. In 2005, Korea had the highest child traffic fatality rate among OECD countries. Our ranking went down to number six by 2010, and we are proud to have contributed to bringing about this positive change. However, there is a still a lot of work to be done concerning Korea’s overall traffic safety. Korea ranks number three in terms of traffic fatalities per 10,000 cars (2.9 persons) among OECD nations. We are also number three in traffic fatalities per 100,000 persons (12.1 persons). In effect, one person is getting hurt or being killed in a traffic accident every minute, and every accident costs the Korean society around 7.4 million won (Road Traffic Authority [KoRoad], ‘Road Traffic Accidents in Korea 2009.’ Accordingly, Kia Motors decided to expand the School Zone Campaign to the Traffic Safety Campaign for all age groups. We increased the annual number of showings of the traffic safety puppet show at Kids Auto Park from 40 to 100. We also organized a poster design contest to raise children’s traffic safety awareness. We set up a new program, ‘Visiting Traffic Safety Education for Children’, and held 100 sessions, mostly at kindergartens, daycare centers, elementary school afterschool programs, and children’s centers in low-income neighborhoods. We also undertook a 4-month public awareness campaign. We successfully launched a traffic safety awareness program for adults as well. We used specially designed goggles to have people experience the risks of drunk driving. We also undertook a campaign to get more people to use baby car seats. In 2011, we will add a safe driving campaign for adults in addition to a traffic safety experiential program designed for both children and parents.

## KIDS AUTO PARK

The Kids Auto Park opened its doors on April 30, 2009. The Kids Auto Park is an experiential traffic safety learning center for children aged six to ten. It has an annual visitor capacity of some 12,000 persons and per-session capacity of 40 children. It features a simulation center, traffic safety license testing center, auto experiential course, and other educational and related facilities. Children get to experience being drivers and pedestrians at the simulation center, motor safety license testing center and auto experiential course. Children are issued the Kids Motor Safety License upon completing the traffic safety course and passing the license test. For the test, children drive specially design motorcars and have to stop in front crosswalks and at the appearance of bicycles, wild animals and pedestrians. At the driving course, children get to drive a miniature version of Soul, designed almost to scale. Children also learn about the importance of safety belts in a remodeled Pride (Rio). By putting children in the driver’s seat, the Kids Auto Park takes a proactive and dynamic approach to children’s traffic safety education and traffic accident prevention. Kia Motors plans to continue with our efforts to create a safe traffic environment for children. 10



# MAKING A DIFFERENCE

Kia Motors encourages our 40,000 employees worldwide to develop new and innovative ideas, tackle challenges with drive and passion, and become world-class professionals in their respective areas of specialization. We are building a corporate culture founded on a unique DNA for success and future-oriented values to serve as the basis for sustainable growth. Every year, our computerized system randomly picks a set number of employees who take an anonymous online employee satisfaction survey. We use the results of the survey to make improvements to work polices and the working environment.

## CLAIM TO DISTINCTION: OPPORTUNITIES & DIVERSITY

Kia Motors strives to provide equal opportunities and create a corporate culture that is free of discrimination and embraces diversity.

We recruit new employees through public job announcements and do not discriminate on the basis of gender, nationality, religion, or social status. When we receive a job application, we focus more on the cover letter than the standardized qualifications listed on the application form itself. To ensure impartiality and fairness, we undertake blind interviews; that is, the interviewers do not know the applicants' educational background or standardized foreign language test scores. In 2010, we hired 180 new employees, bringing the total number of employees in Korea to 32,743 (as of Dec. 31, 2010). Among them, 27,920 (86%) 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 under the Collective Agreement. The Labor-Management Council meets on a quarterly basis to discuss and work out pertinent issues.

The jobs created by a business breathe life into the local economy and bolster the national economy. From the business' perspective, geographical expansion means a larger and more competitive recruiting pool; a business can hone its competitive edge by hiring a diverse group of talented individuals. We hire mostly local employees at our overseas worksites and organize our overseas operations accordingly. Our overseas worksites include production facilities in the United States, China and Slovakia and an extensive sales network spanning the Middle East, Africa and the Pacific region. As of 2010, local workers made up around 25% (11,088 persons) of the total workforce (domestic and overseas combined) and 98% of the overseas workforce, with 690 of them in managerial positions. In 2010, we recruited 2,038 new local employees, a 14% year-on-year increase. In October 2010, we held the Global HR Seminar where human resource managers specializing in local hires introduced the HR policies of their respective overseas subsidiaries and discussed the formulation and implementation of Kia Motors' Global HR Standards.

It has not been long since Korea's job market truly opened its doors to women and accepted gender differences as a form of diversity. Women's participation in the Korean workforce is 53.9%, below the OECD average of 61.5% (as of 2009; Samsung Economic Research Institute, 'Report on Korean Working Moms'). Things had been especially dire in the automotive industry, a traditional manufacturing industry dealing with machinery. However, things are looking up as greater emphasis is being placed on design, customer satisfaction and the emotional appeal of cars. While women account for only 3% (831) of Kia Motors' total workforce, we have maintained the 3% range for the past three years and the number of women managers have been rising consistently, from just two in 2008 to nine in 2009 and 13 in 2010. In June 2010, for the first time in Kia Motors' history, a woman was appointed as a Senior Vice President (Marketing). We still have a long way to go, but Kia Motors is striving to offer women greater opportunities and a comfortable work environment.

## FAIR COMPENSATION & ACTIVE SUPPORT

Kia Motors provides our employees with equal opportunities and fair compensation regardless of nationality or gender as per company regulations (Collective Agreement Article 25, Employment Regulation Article 4). People with disabilities make up 3.3% of our workforce, slightly exceeding the mandatory quota of 2%. The same wage rate applies equally to both genders, and wages are paid in accordance with the standardized compensation system based on the duration of service. Employee evaluations and promotions follow an objective performance assessment process.

Providing a satisfying work environment in order to retain talented employees is just as important as recruiting them. We run a mentoring program whereby entry-level workers are assigned mentors in their respective departments who meet with them once a month during the first six months of employment. We provide monthly mentoring allowances to encourage more diversified exchanges.

We also provide a pre-retirement educational program on life planning and healthcare. In 2010, 57 employees took advantage of the program. We also offer job consulting services to employees seeking new jobs or careers. The turnover rate in 2010 stood at around 0.7%. We also set up a website for retirees and other former Kia Motors' employees to stay in touch with their colleagues and have convenient access to pertinent administrative services. Kia Motors runs diverse educational and training programs for capacity building and personal and professional growth. Our employees can choose the programs best suited for their respective job positions and levels. In 2010, we set up a new program to nurture talented workers. The program is founded on the company's five core values of putting the customer first, embracing challenges, communicating and cooperating, respecting outstanding performance, and having a global outlook. We now have employees in all corners of the world working to enhance Kia Motors' competencies and competitiveness. In 2007, we established the Global Human Resource Development Standard (GHRDS) to promote systematic training and education at our international worksites. In 2009, we launched the Global Learning Center, an online educational system through which we are sharing our business philosophy and core values. We plan to expand the system to enable each overseas subsidiary to design and implement educational and training programs tailored to the local culture and work environment. We also run a program through which talented local employees can visit our worksites in Korea and experience Korean culture. For Korean employees who are assigned to overseas worksites, we offer a step-by-step acclimatization program. We also run a program to foster regional specialists with extensive professional knowledge and competencies. The Hyundai-Kia Learning Center, a cyber educational portal, helps employees design customized curriculums. We have significantly expanded language programs to raise our employees' global competencies. The language programs are very popular, with some 30,000 employees taking advantage of them every year.





**CONSIDERATIONS FOR HEALTH & SAFETY**

Kia Motors strives to create a healthy, safe and pleasant work environment. To safeguard our employees' health, we operate sports centers and industrial clinics with in-house physicians at our worksites. In addition to basic medical care, the industrial clinics are also equipped with physical therapy rooms for musculoskeletal disorders. The clinics are free of charge for the employees of Kia Motors and our partner firms. We also have in place an online reservation system with access to some 100 healthcare centers in Korea. We also added oriental medicine checkup services to diversify healthcare options. As per the collective bargaining agreement, Kia Motors provides one dental implant and up to three plastic surgery procedures for work-related injuries. Since April 2009, we have been subsidizing 50% of the costs associated with detailed, physician-recommended medical tests after a basic checkup. We also offer our employees' immediate families with various medical benefits, subsidize a wide range of medical expenses, contribute to their National Health Insurance premium, and provide discounts at select healthcare providers. The comprehensive medical checkup service for employees 40 years old or over (10 years or more of continued service) and one family member has become one of the most popular employee benefits; around 17,000 individuals (employees: 11,153, employees' family members: 5,971) took advantage of the service in 2010. Kia Motors provided 2.99 billion won for regular checkup services and 15.28 billion won to subsidize medical fees for our employees in 2010.



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

# NEW KIA, SINCE 2008

Kia Motors launched the New Kia campaign in 2008 to create a distinctive corporate culture. The campaign aims to set up a foundation for each employee to be able to focus on his/her area of expertise, promote synergy that comes from collaboration between different organizational units, facilitate multidirectional communication, and encourage creative ideas and the spirit of challenge.

**Design Our Communication (DOC)**



Based on the belief that creativity begins with communication, Kia Motors aims to build an organizational culture that facilitates top-down, bottom-up and lateral communication. Events such as Open Brownbag Lunch, Designing Office Dinners and CROSS Meetings promote open communication and trust-building. In 2011, we plan to carry out an enterprise-wide campaign to engender a creative communication culture.

**Design Our Feeling (DOF)**



Positive thinking leads to creativity. Through various programs and activities, Kia Motors strives to encourage positive thinking at work and at home while strengthening our employees' company pride and commitment. Our employee-family programs in 2010 included New Kia Tigers Day, My Dad Works at Kia, Hiking the Baekdu-daegan, and Love Our Car. The programs helped to foster company pride. In 2011, we will make improvements to the conference rooms and offices at our worksites to stimulate creative thinking.

**Design Our Team (DOT)**



Kia Motors is building a creative organizational culture founded on collaboration. We are redesigning the team—the smallest organizational unit—to create synergy and meet business goals. The DOT initiative aims to strengthen teamwork using a basic framework (team diagnosis + leadership change + team transformation programs) to promote collaboration among teams. A scientific and detailed diagnostic tool assists the team leader. We are also working to build a solid foundation for every team's sustained growth. Through the team culture diagnosis launched in 2009, we identified the perception gap between a team's leader and members and applied the findings to the DOW program. As a result, some 73% of the teams scored an average of 6% higher in the second diagnosis. In 2011, we will continue to strive to place DOT at the center of our efforts to maximize the synergy effect within teams.

**Design Our Work (DOW)**

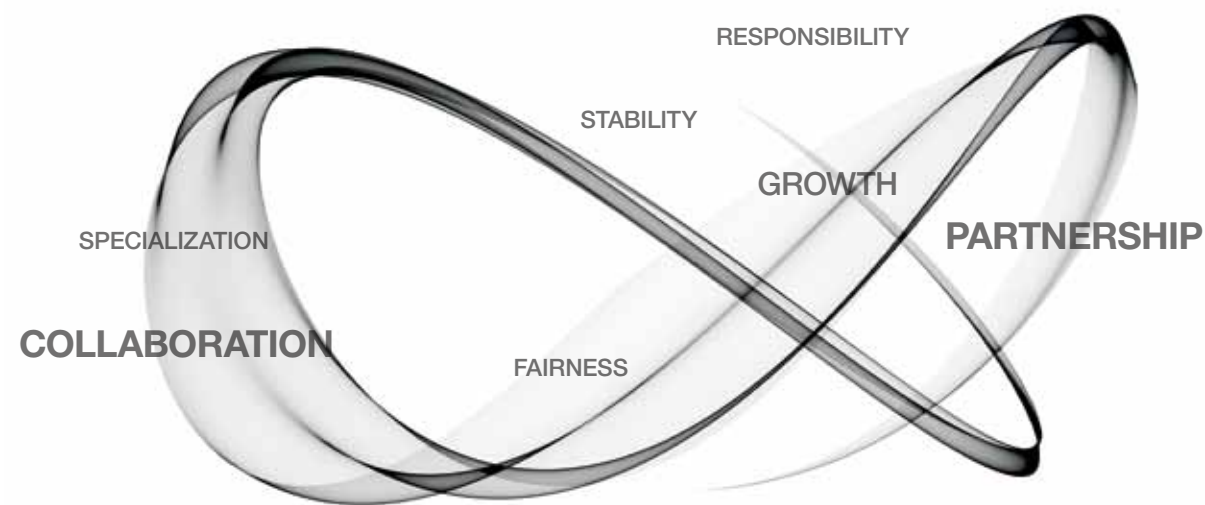


In 2010, we worked to enhance individual work competencies and the efficiency of the overall workflow through the CAP Meeting, Autonomous Research Society of the Plant Sector and Six Sigma development activities. In 2011, we will continue our efforts to advance a productive and happy work culture based on DOW, whereby our employees are fulfilled and motivated to further themselves. ㉞



# COLLABORATION & SPECIALIZATION

An automobile is a complex piece of machinery made up of over 20,000 parts. Partner companies are thus crucial to building cars. It is through collaboration and specialization with partners that we raise our mutual competitiveness. That is why we use the term 'partners' instead of 'suppliers'. Kia Motors respects our partners' expertise and values the synergy effect that comes from collaboration. Our relationship with our partners is premised on fairness and accountability. Kia Motors continues to strengthen various support programs to share our growth with our partners.



**COOPERATION FOR MUTUAL GROWTH** The Value Engineering (VE) Proposal System is designed to cut costs without comprising product value or quality. Through this system, Kia Motors works to enhance the competitiveness of our partners by promoting the domestic production of imported parts. We also help our partners set up shop near our overseas production facilities. As of 2010, 229 partner companies expanded their operations to overseas locations with the Hyundai Motor Group. Thanks to our partners, Kia Motors' overseas production facilities receive a stable supply of high-quality parts.

**SUPPORT FOR ENHANCED EXPERTISE** To support our partners, Kia Motors set up the internal Committee for Promoting Win-Win Cooperation as well as the external

Foundation of Korea Automotive Parts Industry Promotion (KAP), regulated by the Working-Level Meeting for Mutual Growth. KAP, co-founded by Kia Motors and 165 partner companies, operates on an annual funding of around 5 billion won from the Hyundai Motor Group. It offers technology, management and training support to Kia partners. In 2010, we expanded the support programs to create value for sustainable growth. Starting in 2011, we also plan to run a mutual growth program for global SMEs. Every year, Kia Motors hosts the R&D Partnership Tech Day to provide our partners with a venue to market and share new technologies. We also run the Guest Engineer Program, which aims to nurture technical professionals at our partner companies and minimize the risks of failure in the product development and design phases. In 2010, 372

engineers from 72 partner companies participated in the program. For secondary partners, Kia Motors operates the SQ Mark Certification System to raise the competitiveness of supplied parts. We also offer a program to foster certification agents. In 2010, 2,645 partners became SQ-certified and 364 persons completed the certification agent education program. We also run programs to nurture talented employees at our domestic and overseas partner companies, and conduct job training consortiums and seminars for our secondary partners.

**SUPPORT FOR BUSINESS STABILITY** Kia Motors makes cash payments for the goods and services received from small and medium partner companies and organizes bulk purchases to help our partners cut procurement costs. We also provide a wide range of direct funding programs. In 2010, we extended loans amounting to 50.4 billion won to 52 small and medium partners struggling with cash flow issues. We also put together a 54 billion won Win-Win Cooperation Fund and provided financial support to 28 partners for facilities expansion and repair as well as development and investment activities. We also extended loans totaling 101.7 billion won to 207 primary, secondary and tertiary partners through the Win-Win Guarantee Program. Through the Green Facilities Bridge Loan Program, we provide our partner companies with loans for raw materials and outsourcing expenditures. We also operate the Green Win-Win Die Tool Investment Loan Program. We plan to continually expand and improve the financial support network to realize mutual growth with our partners.

## SYSTEM FOR FAIR & RESPONSIBLE PRACTICES

In June 2010, along with the other subsidiaries of the Hyundai Motor Group, Kia Motors signed the second Agreement on Mutual Growth and Fair Trade with some 2,700 partners. In addition to the support programs for business stability mentioned above, Kia Motors will increase the order volume from those primary partners that provide support to secondary and tertiary partners. We will also set up a task force with our primary partner companies to extend technology support and other assistance to raise product and service quality. We have in place the Procurement Headquarters' Code of Ethics as well as a system to resolve grievances from our partner company employees.

To ensure the efficiency and transparency of the procurement process, we established the Value Advanced Automotive Trade Zone (VAATZ), an online, open e-bidding system for both domestic and overseas partners. Bids are assessed in terms of the bidders' price, quality, supply, and technology competencies on a 5-star rating system. VAATZ helps to build open and fair relationships with our partner firms. It also encourages our partners to observe a set level of work environment standards as the system

evaluates the bidding companies' level of environmental management (goals and implementation), protection of employees' human rights (work environment and worksite safety) and ethical management (upper management's ethical integrity and sense of duty).

## COOPERATION TO MINIMIZE ENVIRONMENTAL IMPACT

Kia Motors concluded the Agreement on the Supply of Eco-Friendly Automotive Parts with our parts suppliers to minimize environmental impact of the processing and manufacturing raw and subsidiary materials. The agreement encompasses not only international environmental regulations but also the Hyundai Motor Group's rigorous environmental standards as well as CSR standards, including ethical management and the protection of employees' human rights. We regularly monitor the level of the agreement's implementation at our partner companies and provide support for the establishment of environmental management systems.

Through the Supply Chain Eco Management (SCEM) launched in 2003, Kia Motors provides support in building environmental management systems, managing controlled chemicals, improving manufacturing processes, and strengthening energy management. Through the Supply Chain Eco Partnership (SCEP) program set up in 2006, Kia Motors and our primary partners help secondary and tertiary partners establish environmental management frameworks. Since 2008, we have been expanding our support for our partners to set up carbon management systems. In phase 1, we helped our partners come up with greenhouse gas inventories. In phase 2 (Sept. 2009–Sept. 2010), we provided support to our partners for assessing the carbon footprints of their respective products and enabling the comprehensive management of greenhouse gases.

Through IMDS and e-CMS (Chemical Management System), Kia Motors shares information related to controlled chemicals with our partners. We regularly organize educational programs on the latest environmental regulations and industry trends. We undertake random inspections of our partners' production facilities to ensure the sound management of controlled chemicals. We signed the Agreement on the Supply of Eco-Friendly Automotive Parts in 2007 with our primary partners, setting forth environmental and ethical management standards in the production of automotive parts. We also frequently revise and distribute the 'Hyundai Motor Group Environmental Standards' to encourage proactive responses to global environmental standards. We are working on establishing environmental systems at overseas worksites, providing our partners with environmental education/training opportunities and extending assistance with environmental certifications and inspection systems. ❶



• Refer to p. 78 for information on our support programs, status of payments, subsidies for bulk purchases and educational programs for our partner companies.  
• Refer to Cyber Audit Office website (<http://audit.kia.co.kr/>) regarding the Procurement Headquarters' Code of Ethics and Kia Motors' ethical management. Refer to the VAATZ website ([www.vaatz.com/supplier/](http://www.vaatz.com/supplier/)) for more information on our handling of partner company grievances. Refer to pp. 78-79 for information on our voluntary compliance with fair trade rules and principles and our anti-corruption efforts.




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



IMDS (International Material Data System): International Material Data System





# GLOBAL CITIZENSHIP


 Under the slogan "Moving the World Together," Kia Motors designated the following four areas as the focus of our social outreach activities: Easy Move (improving mobility for persons with physical disabilities), Safe Move (spreading a safe automotive culture), Green Move (contributing to society through environmental protection), and Happy Move (volunteering). Refer to the Kia Motors website (<http://www.kiamotors.com/about-kia/sustainability-management/social-philosophy.aspx>) for more information on Kia Motors' vision, organizational structure and programs concerning social outreach activities.





Kia Motors supports the Millennium Development Goals (MDGs) of the United Nations Development Programme (UNDP). The eight MDGs are listed below with corresponding icons. Each of Kia Motors' social outreach activities are marked with relevant icon(s) to indicate which MDGs it is helping to realize.


- 


1 Eradicate abject poverty and hunger
- 


2 Achieve universal primary education
- 

3 Promote gender equality and empower women
- 

4 Reduce child mortality
- 

5 Improve maternal health
- 

6 Combat HIV/AIDS, Malaria and other diseases
- 

7 Ensure environmental sustainability
- 

8 Build global partnership for development

**In 2010, over two million Kia cars were sold in 156 countries, signifying the love and recognition we are receiving from customers around the world. This result also signifies the greater responsibilities we must fulfill. Chronic poverty still affects some 40% of the global population. The very survival of one out of six people is threatened by absolute poverty. Kia Motors is steadfast in expanding support for those suffering from poverty and hunger. We provide opportunities for children to experience the world and care for the needy, enjoy sports, and receive a better education.**



## THINKING GLOBALLY, ACTING LOCALLY



“ We strive to realize universal primary education and environmental sustainability.  
To this end,  
we identify the most pressing issues  
for the local community,  
find solutions, and take action.”

.....  
The greatest social responsibility of a business is to create and maintain jobs. We also know that strengthening the community of which we are a part directly impacts our growth. In 2010, we opened social outreach centers and launched the Key Social Outreach Program Initiative at our three domestic production facilities. The social outreach center serves as the nerve center for social outreach activities tailored for the respective local community carried out in collaboration with the local government and community organizations. The Key Social Outreach Program Initiative is designed for large-scale projects to resolve local issues or meet community expectations about the respective production facility.

.....  
The construction of a massive apartment complex near the Sohari Plant resulted in heightened community interest in the environment. Reflecting this interest, Kia Motors hosted the 2010 Festival of Life and Peace: Sustainable Youth and the Environment, and carried out social outreach activities with government and non-government organizations. We plan to turn the festival into an annual event. At the Hwaseong Plant, we introduced a field trip program for children called Environmental Education with Kia Motors. Meanwhile, the Gwangju Plant sends books to remote islands, makes facility improvements at children's centers and supports small libraries. We plan to expand the Key Social Outreach Program Initiative and the social outreach center programs to the Slovakia Plant, Georgia Plant, China Plants, and other major domestic and overseas sales offices.

Since 2008, Kia Motors Slovakia (KMS) has been taking the initiative in developing and running social outreach programs. Through Our Ziina Project, a portion of employee wages was set aside for the KMS Fund. The Fund has been used to carry out social outreach activities with NGOs and volunteers. KMS also runs the Employee Grant Program through which it supports a wide array of projects related to mobility, safety and youth at 22 organizations, including schools. The projects are chosen through an open call for proposals, thereby ensuring that effective support is extended to where help is most needed.







“The future will be shaped by today’s children.  
Our children have the right to a future,  
so we must protect them  
so that they can grow up healthy and live their lives.  
An estimated 7.7 million infants around the world died in 2010.  
One of the UN MDGs is to cut infant (under the age of five)  
and maternal mortality rates by 75% by 2015 from 1990 levels.  
Thus far, however, infant and maternal mortality rates  
have only been curbed by 40% and 20%, respectively.  
Kia Motors undertakes diverse activities around the world  
to protect the health of children and mothers.”

.....  
According to the ‘State of the World’s Mothers 2010’ published by Save the Children,  
one out of 23 expectant mothers die, one out of six children die before turning five  
years old, and one out of three children suffer from malnutrition in the least developed  
countries south of the Sahara Desert. Kia Motors runs the Mobile Clinic program for  
areas in Ethiopia with limited access to healthcare. The Mobile Clinic, a refurbished  
8t truck equipped with medical and healthcare facilities, provides maternal and infant  
healthcare services, infant-care programs and AIDs prevention programs free of charge.



.....  
In April 2010, Kia Motors America organized a walkathon for the cure of gestosis as part  
of a larger effort to promote healthy pregnancies and childbirth. Every fall, Kia Motors  
America also participates in fundraisers to help patients at the Children’s Hospital of  
Orange County (CHOC). CHOC Walk, one of the events, raised around two million  
dollars in 2010. The Korean employees at the China Plants provide continued support to  
Yangcheng Orphanage, and since 2009, they have also been sponsoring cleft lip/palate  
surgery for 10 children every year. In 2010, Kia Motors Russia volunteered and provided  
financial assistance to help pediatric cancer patients. Kia Motors Germany participated  
in a fundraiser to provide medical equipment for newborn patients at a children’s hospital  
in Höchst in the outskirts of Frankfurt while Kia Motors Sweden is a regular sponsor of  
Linus Livsglädjefond, a pediatric cancer foundation.

ECODYNAMICS EXPEDITION



“Kia Motors places great importance  
on social outreach activities for children and the youth.  
In addition to our efforts to alleviate absolute poverty,  
we work to provide a wider range of opportunities  
to a greater number of children.  
By providing children the chance to see more of the world  
and meet many different types of people,  
we believe we are contributing  
to making this world a better place.”



.....  
EcoDynamics, which signifies the power to realize a new civilization where nature and  
humans can coexist in harmony, is a Kia Motors’ sub-brand of green vehicles that can  
contribute to the sustainability of the earth and humankind. In 2006, we launched the  
Lhotse Youth Expedition to nurture talent, creativity and the spirit of challenge in teens  
given that only a society with a healthy and innovative younger generation can dream of  
a brighter future.



.....  
The Lhotse Youth Expedition, which had provided eco-tours and volunteer opportunities  
in remote villages, changed its name to the EcoDynamics Expedition in 2010 and  
strengthened the program’s environmental and ecological focus. The EcoDynamics  
Expedition aims to foster a next generation of global leaders that will realize a  
sustainable future with an in-depth understanding of the natural environment. To this  
end, the EcoDynamics Expedition journeys to remote corners of the globe to learn about  
the natural ecology of mountains, rivers, oceans, and islands. In 2010, the expedition  
went to Sarawak on the island of Borneo. The students got to see how natural resources  
and ecologies were being used, developed and restored. They also went to a school  
for indigenous children in a remote village to engage in cultural exchanges and conduct  
volunteer work.





“Hunger still afflicts half of the global population concentrated in a few areas of the world. While malnutrition is on the decline worldwide, there has been very limited improvement in nutritional conditions for children in the world’s poorest nations. One out of three children suffers from malnutrition and one child dies every three seconds due to abject poverty. That is why Kia Motors has joined forces with our dealerships in 14 countries in Africa and the Middle East.”



“Kia Motors supports the spirit of fair play and passionate drive that characterize sports. While our sponsorship of sports events and teams is a way of promoting the Kia brand, it is also a part of our effort to share the opportunities and message of hope that sports embody.”



# APPENDICES

- 71 Sustainability Management
- 72 Economy
- 74 Society \_ Customers
- 75 Society \_ Employees
- 78 Society \_ Partner Companies / Local Communities
- 80 Environment
- 91 About This Report
- 92 Independent Assurance Statement
- 94 GRI (G3) Index
- 97 Contact Us

## SUSTAINABILITY MANAGEMENT

### UN GLOBAL COMPACT

Kia Motors joined the UN Global Compact (UNGC) in July 2008. The UNGC is a policy initiative proposed in 2000 by the former UN Secretary-General Kofi Annan to encourage businesses to fulfill their social responsibilities. The UNGC consists of ten principles in four areas: human rights, labor, environment, and anti-corruption. Thousands of businesses in over 100 countries around the world have joined. Kia Motors supports UNGC and strives to observe the principles in all our business activities. We detail our progress and commitment to UNGC in this report (*MOVE*).

### UNGC Index

Areas	Ten UNGC principles	Relevant page(s)
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	58-63, 75-79
	Principle 2: make sure they are not complicit in human rights abuses.	58-63, 75-79
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	58-61, 75-77
	Principle 4: the elimination of all forms of forced and compulsory labour;	76
	Principle 5: the effective abolition of child labour; and	76
Environment	Principle 6: the elimination of discrimination in respect of employment and occupation.	58-61
	Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;	10-13, 28, 85
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	80-89
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	30-31, 35, 38-51
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	78-79

### Membership to associations and organizations

Organization/Association	Purpose of membership
Federation of Korean Industries (FKI)	Exchange information on business activities; cooperate on social outreach activities
Korea Automobile Manufacturers Association (KAMA)	Promote the auto industry; pursue inter-sectoral joint projects (serve as the president of the association)
Korea Chamber of Commerce & Industry (Seoul, Gwangmyeong, Hwaseong, Gwangju)	Mandatory membership as per the Chamber of Commerce & Industry Act
Korea Auto Industries Coop. Association (KAICA)	Cooperate with relevant businesses to advance the auto industry
Korea Management Association (KMA)	Acquire business information
Fair Competition Federation (KFCF)	Engage in business-government information exchanges to observe fair trade regulations
The Institute for Industrial Policy Studies (IPS)	Conduct exchanges related to ethical management and CSR
Korea Business Council for Sustainable Development (KBCSD)	Exchange information concerning sustainable management
Global Compact Network Korea	Observe the 10 principles of the UNGC
Emergency Planning Network, Ministry of Knowledge Economy	Research, undertake education/training programs and cooperate on security-related matters
Defense Industry and Security Association of Gwangju, Jeollanam-do	Cooperate and share information on security-related matters
The Korean Association for Industrial Technology Security (kaitS)	Promote projects for protecting industrial technologies
Korea Economic Research Institute (KERI)	Carry out comprehensive research on short- and long-term development projects for the advancement of the Korean economy and businesses

### ISO 26000 & KIA MOTORS' CSR INDICATOR

ISO 26000 is an international standard and guidance on social responsibility. It encapsulates CSR issues that have been discussed over the years. ISO 26000 went into effect in November 2010 and defines social responsibility as the responsibility an organization takes in a transparent and ethical manner for its decisions and activities that impact the society and the environment. As for the automotive industry, climate change appears to be the most relevant issue in regards to ISO 26000. Kia Motors is working on developing a CSR indicator based on the seven principles of ISO 26000. The CSR indicator will be comprised of CSR plans, strategies and objectives. It will be a guideline, rather than a performance assessment standard, used to determine our CSR progress and to apply CSR principles and practices in our business operations at large. It will be utilized as a tool to encourage employees to voluntarily partake in socially responsible management.



# ECONOMY

\* Data from non-consolidated financial statements

## Business performance

(units: vehicles, million won)

	2006	2007	2008	2009	2010
Production volume (vehicles)	1,150,397	1,118,582	1,055,408	1,137,191	1,416,766
Sales volume (vehicles)	1,140,734	1,114,451	1,056,400	1,142,038	1,400,293
Sales revenue	17,439,910	15,948,542	16,382,231	18,415,739	23,261,428
Operating profit	(125,291)	(55,404)	308,533	1,144,473	1,680,195
Cash flow	(231,550)	28,240	697,181	2,499,220	3,036,798
Ordinary income	73,213	24,968	67,772	1,699,577	2,775,733
Net income	39,337	13,563	113,784	1,450,260	2,254,311

## Financial status

(units: million won)

	2006	2007	2008	2009	2010
Total assets	12,106,605	12,853,763	15,452,278	16,941,596	18,625,411
Current assets	3,122,252	3,232,967	3,538,455	4,308,703	4,584,162
Non-current assets	8,984,353	9,620,796	11,913,823	12,632,893	14,041,249
Liabilities	6,858,849	7,778,421	9,710,996	9,565,201	8,964,202
Current liabilities	4,103,104	4,196,287	5,194,364	5,845,626	6,288,502
Non-current liabilities	2,755,745	3,582,134	4,516,632	3,719,575	2,675,700
Equity	5,247,756	5,075,342	5,741,282	7,376,395	9,661,209
Equity ratio (capital/assets)	43.35%	39.49%	37.15%	43.54%	51.87%
Debt/equity ratio (liabilities/equity)	130.70%	153.26%	169.14%	129.67%	92.79%

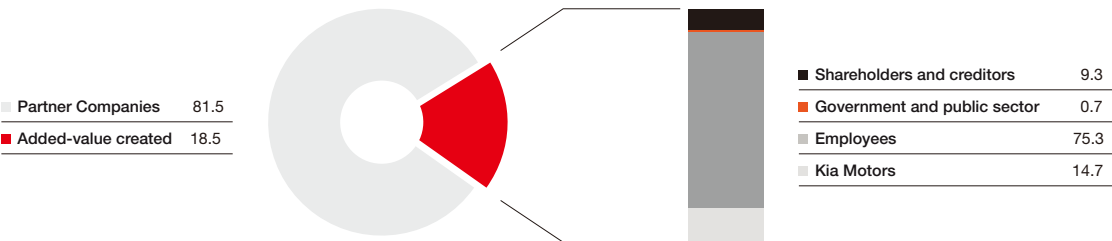
## Stakeholder value creation

(units: million won)

	2008	2009	2010
Sales	16,382,231	18,415,739	23,261,428
Product and service expenses	12,570,504	14,474,293	18,960,641
Added-value created	3,811,727	3,941,446	4,300,787
Wages & benefits	2,739,961	2,792,297	3,239,207
Taxes & duties	29,340	24,754	29,932
Interests	327,226	343,960	202,978
Dividends	-	96,999	198,738
Depreciation expenses & intangible depreciable asset expenses	715,200	683,436	629,932

## Creation and distribution of economic value

(unit: %)



# ECONOMY

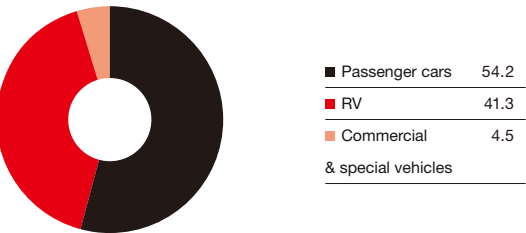
## Sales by region

(units: million won)

	2006	2007	2008	2009	2010
Total sales revenue	17,439,910	15,948,542	16,382,231	18,415,739	23,261,428
Korea	4,867,129	4,852,075	5,014,792	6,952,834	9,182,324
Overseas	12,572,781	11,096,467	11,367,439	11,462,905	14,079,104
North America	5,144,229	4,879,604	4,878,179	4,136,258	4,425,901
Europe	4,295,839	2,860,028	2,019,347	2,456,025	2,698,861
Others	3,132,713	3,356,835	4,469,913	4,870,622	6,954,342

## Share of total sales by product

(unit: %)

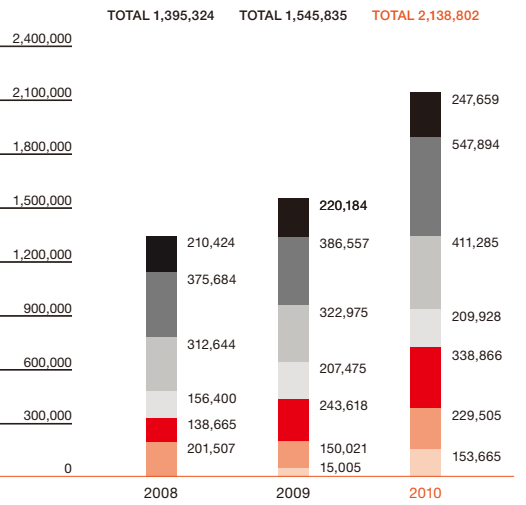


\* Sales and production shares are based on the total Korean and overseas production and sales, respectively

## Production output by production facility

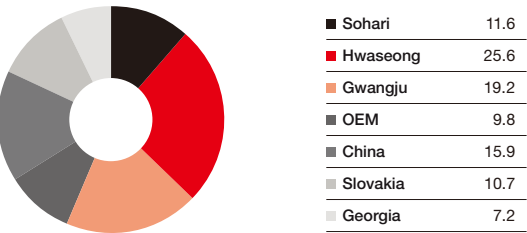
Legend: Sohari, Hwaseong, Gwangju, OEM, China, Slovakia, Georgia

(unit: vehicles)



## Share of total production by production facility

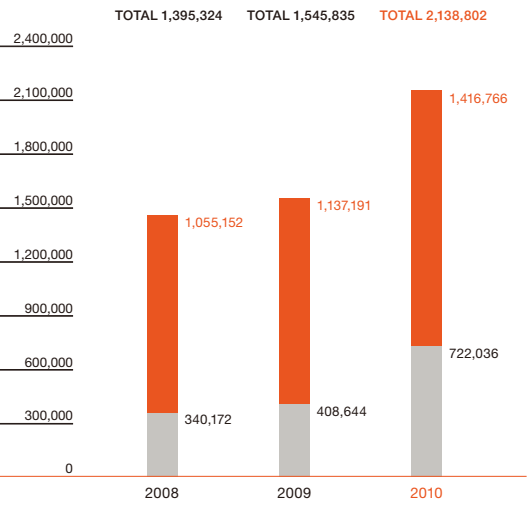
(unit: %)



## Production volume by year

Legend: Korea, Overseas

(unit: vehicles)





SOCIETY \_ CUSTOMERS

RESULTS OF CUSTOMER SATISFACTION ASSESSMENTS

TOPS KS-SQI SEVEN YEARS RUNNING

The Korean Standard-Service Quality Index (KS-SQI) survey, overseen by the Korea Standards Association, is based on customer surveys in the following eight categories: service benefits, satisfying customer needs, creative service, fulfilling promises, customer service, customer confidence, accessibility, and service environment. In 2010, Kia Motors carried out a customer satisfaction campaign as well as CS Innovation Training (1,968 employees), further enhancing the quality of our customer service.

NAMED KSQI EXCELLENT CALL CENTER SEVEN YEARS RUNNING

Call Center KSQI, overseen by the Korea Management Association, rates 179 call centers in 31 industries in 16 categories, including accessibility, attitude and professionalism.

J.D. POWER'S VEHICLE OWNERSHIP SATISFACTION STUDY (VOSS) – EUROPE

VOSS is a comprehensive customer satisfaction survey undertaken in Germany, the United Kingdom and France that measures customer satisfaction in vehicle appeal, vehicle quality, ownership costs, and dealer service satisfaction during the two years after purchasing a vehicle. In the 2010 VOSS, Morning/Picanto (Germany) and cee'd (United Kingdom) received the highest ratings in their respective vehicle classes.

J.D. POWER'S CUSTOMER SATISFACTION INDEX (CSI) – USA

J.D. Power's CSI examines satisfaction among vehicle owners who visit a service department for maintenance or repair work during the first three years of ownership. In 2010, Kia Motors received 756 points, a 32-point increase from 2009. Our ranking shot up to 13th place (20th in 2009) among 23 brands. The rating we received in 2010 shows that while our efforts at improving customer service have begun to be noticed by American consumers, we still have more work to do. Based on the 2010 survey result, we will make multi-pronged efforts to realize greater customer satisfaction.

NO. 1 IN CHINA ASSOCIATION FOR QUALITY'S 2010 CUSTOMER SATISFACTION SURVEY

CAQ's customer satisfaction survey is conducted across a wide range of business sectors. As for the automotive industry, customers in 32 major cities in China were surveyed on satisfaction in vehicle fuel economy, quality and services.

INTERNAL AND EXTERNAL CUSTOMER SATISFACTION SURVEYS

Kia Motors reviews our progress in customer service through an annual customer service index (CSI) survey commissioned to an outside agency. Internally, we collect, analyze and share voice-of-customer (VOC) data—through customer surveys (3,400 samples per month on average) and phone monitoring (17,600 calls per month on average)—to determine customer needs and make ongoing improvements. In 2011, we will diversify our channels of communication by launching a customer service application and customer panel on the smart phone platform. We are also working to put in place a one-stop CS system by merging the channels through which customer grievances are processed.

CUSTOMER PRIVACY PROTECTION

In 2010, Kia Motors did not receive any complaints/grievances regarding the violation of customer privacy. In order to protect customer privacy, Kia Motors receives customer consent on our privacy protection policy from all customers every time they access the online customer service center. All our customer service employees are required to sign confidentiality & nondisclosure agreement and a security agreement upon entering and leaving the company.

PRODUCT LABELING

A new regulation issued by the Korean government, effective since August 2008, stipulates fuel economy grade and CO<sub>2</sub> emissions information labeling on vehicles. Along with the existing fuel economy grade labeling, Kia Motors includes CO<sub>2</sub> emissions labeling on all of our vehicles.

CUSTOMER MARKETING COMMUNICATION

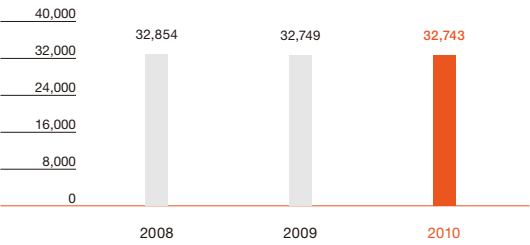
Kia Motors conducts diverse marketing events and other marketing communication activities that do not infringe upon customer privacy, do not apply double standards, do not exercise undue influence on children, and conform to generally-accepted cultural and ethical norms. Kia Motors undertakes prior research and canvasses local opinions so that our marketing activities overseas conform to local sensibilities. In 2010, there were no instances of regulatory violations or fines incurred related to marketing communication.

SOCIETY \_ EMPLOYEES

\* As of December 31, 2010

Total no. of employees

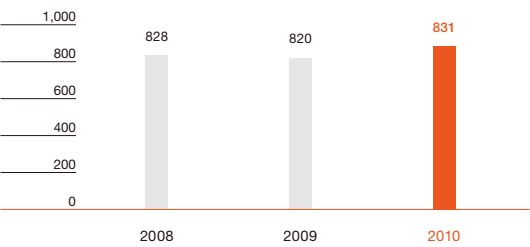
(unit: persons)



\* With the inclusion of executives in the total number of employees, our 2008 and 2009 figures have changed.

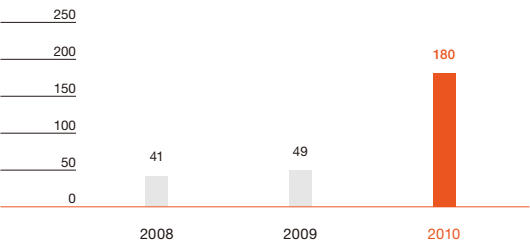
Women employees in Korea

(unit: persons)



Job creation

(unit: persons)



\* The number of new recruits increased with the significant improvement in business performance compared to the previous few years.

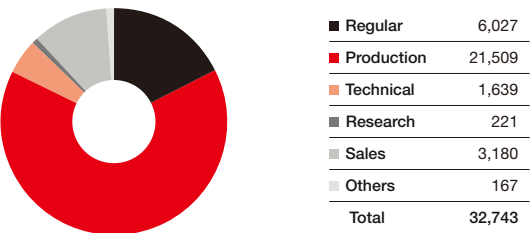
Job creation by region

(unit: persons)

	2008	2009	2010
Corporate headquarters	16	27	136
Sohari	5	3	9
Hwaseong	13	12	23
Gwangju	4	6	12
R&D centers	2	-	-
Others	1	1	-
Total	41	49	180

Employees in Korea by job area

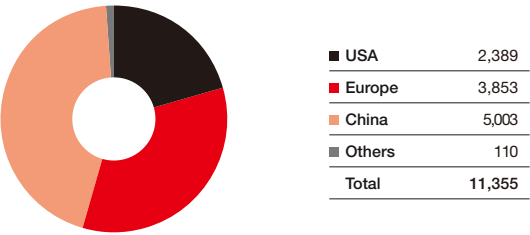
(unit: persons)



\* Executives, not included in the total number of employees until 2009, were tabulated under 'regular employees'.

Overseas employees by region

(unit: persons)



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

Employee wages

(unit: million won)

	2008	2009	2010
Average duration of continuous service (years)	14.4	15.6	16.5
Annual wages	2,386,481	2,422,458	2,846,650
Per-person wage	72.2	74.3	87.3
Entry-level employee wages	44.8	47.2	54.0

\* Wages include retirement allowance. The average per-person wage for entry-level employees in was 371% higher than the legal minimum wage.

Retirement and resignation

(unit: persons)

	2008	2009	2010
Corporate headquarters	31	25	126
Sohari	7	51	48
Hwaseong	48	37	27
Gwangju	17	30	39
R&D centers	1	-	-
Others	30	39	-
Total	134	182	240

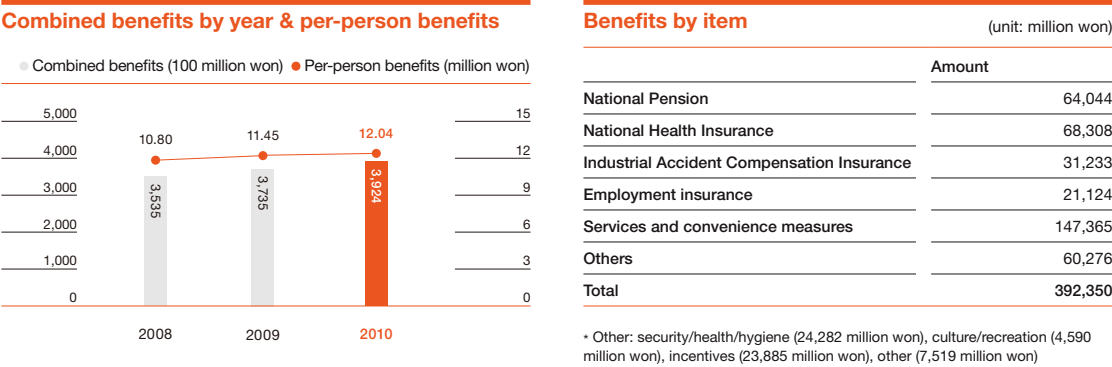
\* The number of retirees increased as many employees reached the stipulated retirement age that had been extended in 2008.



SOCIETY \_ EMPLOYEES

BENEFITS

Kia Motors provides the same welfare benefits to full-time and temporary (or part-time) employees. In addition to those that are legally mandated, we offer a wide range of benefits in order to raise our employees’ quality and security of life and boost their morale for labor-management trust-building. A total of 42 employees went on maternity leave, a legally stipulated benefit. In 2010, we extended a midterm severance payout to assist with living costs and provide greater convenience (4,107 employees received a combined total of 205.3 billion won). We also offered holiday allowances totaling 61.9 billion won.



2010 EDUCATIONAL POLICY

Through systematic and specialized educational programs, Kia Motors strives to foster creative and passionate world-class professionals who uphold our core values and vision. We offer diverse educational opportunities for individualized growth founded on our four key goals of promoting integrity, achievement, creativity, and expertise. We are also raising our global competencies by providing a wide range of educational and training programs to nurture regional specialists with in-depth knowledge of specific cultures and traditions and to elevate the sense of belonging and unity among local hires. We offer a common course to executive-level employees while specialized hands-on education and training is provided to regular, research, production, sales, and repair/maintenance service employees.

Education	2008	2009	2010
Total educational expenses (100 million won)	63	62	99
Per-person educational expense (10,000 won/person)	19	19	30
Per-person education hours (hr/person)	42	41	41

PROTECTION OF EMPLOYEE HUMAN RIGHTS

Kia Motors strives to protect the basic human rights of employees. We run a grievance processing system via the company intranet and hold a semi-annual sexual harassment educational program for the entire workforce on relevant laws and company regulations and policies. The Sexual Harassment Counseling Center within the Employee Counseling Center and the Committee for Women Employee Counseling is dedicated to resolving problems that women employees face.

BAN ON CHILD LABOR AND FORCED LABOR

It is stipulated in Kia Motors’ employment regulations that we only hire workers who are aged 18 years or older. As per Article 65 of the Collective Agreement, Kia Motors does not force our employees to take 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 any management changes. Changes that need to be disclosed include those that affect the conditions and status of employees, the appointment and dismissal of executives, changes to the job duties of executives, audit reports, business performance, and the decisions of the Board of Directors. Such changes are announced in writing. We disclose our business performance to the labor union in order to enhance mutual understanding and cooperation.

PREVENTION OF AND RESPONSE TO INDUSTRIAL ACCIDENTS

Kia Motors’ top priority is the prevention of industrial accidents to safeguard employees’ health and welfare as stipulated in Article 78 of the Collective Agreement. Every plant has an Industrial Safety and Health Committee, composed of seven representatives each from labor and management, which works to promote a safe and pleasant work environment. In the meantime, the Comprehensive Industrial Safety and Health Committee—made up of the head of each plant—decides on major health and safety issues based on labor-management consultation. Kia Motors has also set up an industrial safety and health system (Sohari Plant & Gwangju Plant: KOSHA 18001 certified, Hwaseong Plant: OHSAS 18001/KOSHA 18001 certified). We provide training, undertake worksite inspections and improve work processes on a regular basis. Kia Motors also operates prevention programs against hearing loss and respiratory damage. As per the Industrial Safety and Health Act, we extend health checkup services. We also provide customized rehabilitation care to employees who return to the workplace after sustaining work injuries or accidents.

INDUSTRIAL ACCIDENTS AND LEAVE

In 2010, there were 542 industrial accident cases—(23 fewer than in 2009)—at Korean worksites, including corporate headquarters, sales outlets and maintenance & services facilities. Industrial accident leave amounted to 75,269 days, a decrease of 15,356 days from 2009. There were no cases of leave due to disease. Kia Motors is on a collective insurance plan that provides employees with medical expenses in the event of an accident that occurs in everyday life.

Industrial accidents	2008	2009	2010
Kia Motors	2.33	1.73	1.67
Manufacturing industry average	1.15	1.04	n/a
Transport vehicle manufacturing industry average	1.6	1.14	n/a

• Industrial accidents are tabulated by accident type for the relevant reporting period based on the data reported by the Ministry of Labor. Data on 2010 averages not yet compiled for general manufacturing and transport vehicle manufacturing industries will be included in next year’s report.

SYSTEM FOR ENVIRONMENT, SAFETY AND HEALTH

Kia Motors developed the Integrated System on the Environment, Safety and Health (i-ESH) for the effective management of environment, safety and health-related information. The system provides convenient access to relevant information and educational materials. Our Kia Safety Academy (KSA) offers courses on the legal aspects of safety and health issues as well as a program geared toward developing internal safety and health inspectors.



## SOCIETY \_ PARTNER COMPANIES

## Support & Assistance to the Foundation of Korea Automotive Parts Industry Promotion

Support measures	Beneficiaries
Technological support (Quality Technology Volunteer Team)	104 companies
Business management instruction (Partner Companies Support Team)	48 companies
Practical training for secondary partner companies	165 companies
Academic seminar	22 times

## Bulk buying by year

Primary partner companies (unit: 100 million won)				Secondary partner companies (unit: 100 million won)			
	2008	2009	2010		2008	2009	2010
Amount	680	1,054	1,757	Amount	151	209	1,036

\* Bulk buying increased with the expanded selection of goods and the opening of the bulk buying system to secondary partners.

## Payments for goods received

		Payment type	Payment cycle1
Parts for export		Cash	1 time/month
Parts for domestic use	SME	Cash	1 time/week
	Conglomerate	Electronic promissory note (60 days)	1 time/week

## Key education programs for partner companies

		Program details
CEO programs (84,078 persons)		26 courses, 1,136 sessions
Executive/staff programs (25,734 persons)	Quality education & job training	Quality seminar & education on enhancing the quality of parts
		– 76 courses, 534 sessions, 76,272 persons
		Education on job performance enhancement and support
	Ethics education	– 37 courses, 99 sessions, 8,587 persons
		Transparency/ethics education for partner companies
		– 5 courses, 11,761 persons
	Other	Win-win cooperation seminar
		– 29 courses, 13,192 persons
	Expanded education for secondary and tertiary partners	
	– 18 courses, 1,175 sessions, 44,725 persons	

## ANTI-CORRUPTION PROGRAMS AND ETHICAL MANAGEMENT SYSTEMS

In 2001, Kia Motors announced the Code of Ethics and enacted the Regulation of Workplace Ethics to become a trusted business. In 2002, Kia Motors adopted the Compliance Program (CP) of the Korea Fair Trade Commission (KFTC) and set up the Cyber Audit Office to ensure the proper implementation and oversight of our ethical management practices. CP is designed to induce businesses to voluntarily comply with fair trade laws and regulations. To strengthen voluntary compliance, Kia Motors makes enterprise-wide postings of messages from the CEO, operates the Voluntary Compliance Committee, reports to the Board of Directors on the progress of our CP activities, concluded the Win-Win Cooperation Agreement with our partners, runs fair trade educational programs for employees, and distributes employee manuals on voluntary compliance. Using the heightened corporate awareness and advancement of the organizational culture we achieved over the past nine years as a springboard, Kia Motors implemented a wide range of voluntary compliance activities to spread a culture of fair trade in 2010. At least once every quarter, the CEO relayed the company's commitment to the voluntary compliance of fair trade regulations via the company groupware. The Voluntary Compliance Committee continued its activities, and we disseminated relevant news on fair trade via the intranet. Our sales and procurement staffers undertook internal and external education and training programs.

## SOCIETY \_ LOCAL COMMUNITIES

## Education programs for voluntary compliance

		Program details
Education on Monopoly Regulation and Fair Trade Act	In-house	Mar.-Oct. 2010
		Executives: 33 persons
		Team leaders: 95 persons
		New recruits with college degree: 152 persons
		Staff of Finance Headquarters: 86 persons
		Staff of relevant departments (on large-scale inter-subsidiary insider trading): 36 persons
		Staff of Sales Headquarters (Korea): 119 persons
	External	Organizer: Fair Competition Federation
		Staff in charge of CP-related matters (Feb. [2 sessions], Apr.)
		Organizer: Korea Fair Trade Commission
		(Jun. [2 sessions], Oct.)
		Organizer: Korea Fair Trade Commission
		3 KMA resident employees (Oct.)

Thanks to these efforts, only one complaint about Kia Motors was filed in 2010 to the KFTC and we were cleared of any wrongdoing. We imposed disciplinary measures appropriate for the severity of the respective violations on 15 employees exposed for corruption by the Cyber Audit Office and other anti-corruption programs. The nine employees involved in instances of misappropriation of company funds have received reprimands, pay cuts, suspensions, and/or recommendations for resignation. The six employees involved in instances of inappropriate financial transactions with partner companies have been advised to resign. Kia Motors will be even more vigilant in monitoring those business areas especially at risk for legal violations and strengthen our preventive efforts so that our business activities are conducted in a fair and transparent manner.

## Social contribution expenditure

	2008	2009	2010	Total
Social welfare	1,563,154,304	4,786,108,975	4,899,769,073	11,249,032,352
Health & medical care	100,000,000	16,860,000	228,700,000	345,560,000
Educations, schools, and academic research	2,892,589,000	1,102,180,554	4,195,156,046	8,189,925,600
Arts & culture and sports	2,407,134,000	2,385,713,000	3,220,006,000	8,012,853,000
Environment	339,820,000	291,493,000	146,523,092	777,836,092
Emergency and disaster relief	0	0	859,000,000	859,000,000
International activities	743,826,063	1,108,631,203	1,834,761,346	3,687,218,612
Others	512,604,670	1,389,121,210	739,383,250	2,641,109,130
Total by year	8,559,128,037	11,080,107,942	16,123,298,807	35,762,534,786

Only expenditures that qualify as charitable donations as per the legal tax system and only expenditures for public campaigns and sponsorships of academic, arts & culture, and sports events are included. Based on data from domestic worksites.

## Social outreach participation and hours

	2008	2009	2010
Total no. of participants (persons)	16,756	9,998	16,088
Total no. of hours (hr)	100,536	52,466	59,942
Per-person hours (hr)	3.1	1.6	1.8

Per-person hours equals the total number of hours for the year divided the total number of employees. We increased the number of shorter programs in 2010 to boost employee participation



# ENVIRONMENT

## Environmental targets & progress (Korea)

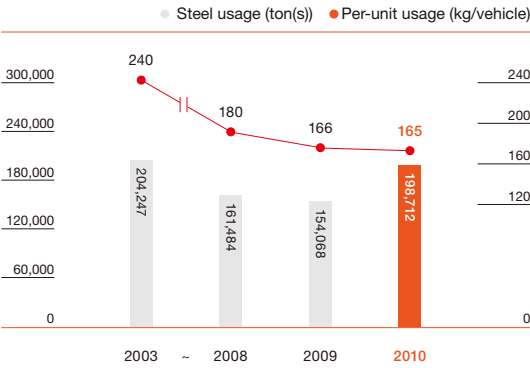
○: 100% of target, △: 90% or more of target, ×: under 90% of target

Environmental aspect	Category		Reduction from base year	2010			2011
				Target	Performance	Result	Target
Energy (greenhouse gases)	TOE		2008	14.6%	17.5%	○	21%
Environmental load	Air	Particulate matter	2003	52%	62.2%	○	52%
		SO <sub>x</sub>		19%	20.7%	○	19%
		NO <sub>x</sub>		20%	20.1%	○	20%
	Water quality	BOD		26%	26.1%	○	25%
		COD		26%	25.0%	△	25%
		SS		45%	29.8%	×	30%
	Controlled chemicals	Consumption volume	2005	14%	10.0%	×	14%
Resource circulation	Waste	Recycling rate	Against total volume of waste generated	93.8% or over	93.7%	△	94%
		Landfill disposal rate		0.8% or under	1.0%	×	0.8%
		Incineration rate		5.4% or under	5.3%	○	5.2%
	VOC	Emission	2005	22%	45.6%	○	30%
		Thinner recovery rate	Against 2005 recovery volume	31%	21.8%	×	25%

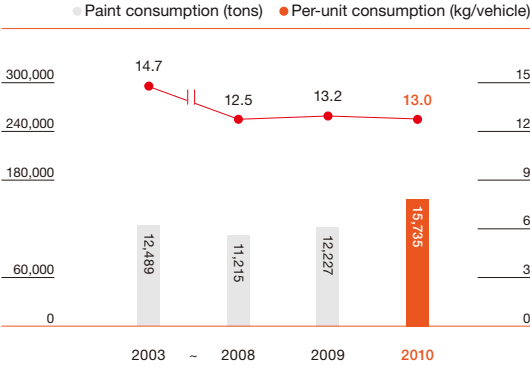
## RAW MATERIAL CONSUMPTION

In 2010, Kia Motors used 198,712 t of steel (not including steel supplied to partner companies), which is a 3% decrease from the base year of 2003. The per-unit steel consumption dropped by 31.3% (based on the number of units produced; same condition applies to the figures that follow). While the total amount of paint used increased by 26% from the base year due to higher production, the per-unit consumption declined by 11%. The total thinner consumption also rose by 18.4% compared to 2003, but the per-unit consumption decreased by 16.4%. We also track the use of sealers, deadeners (soundproofing laminate) and Wrap-Guard films. We recycled 10,210 t of steel and 145 t of thinner in 2010.

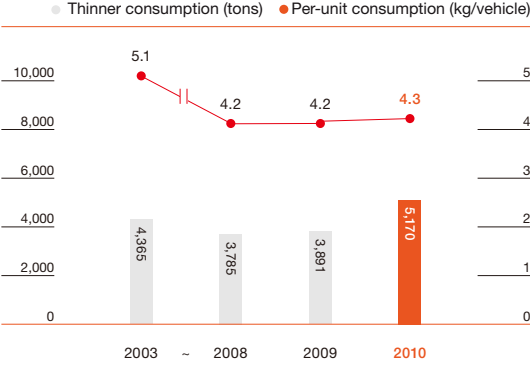
## Steel usage



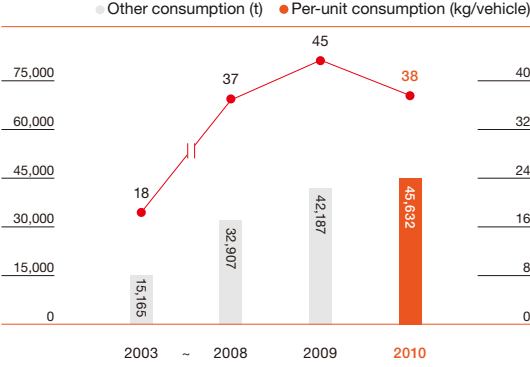
## Paint consumption



## Thinner consumption



## Consumption of other raw materials



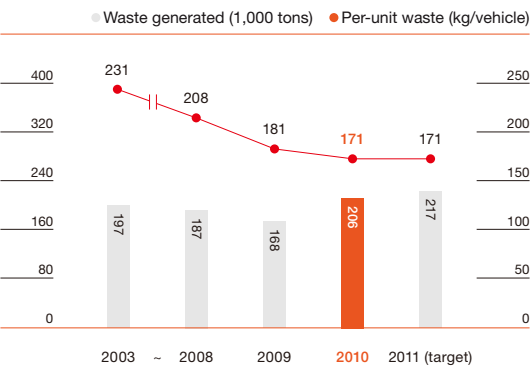
• Other: Sealers, Deadeners, Wrap-Guard films, etc.

# ENVIRONMENT

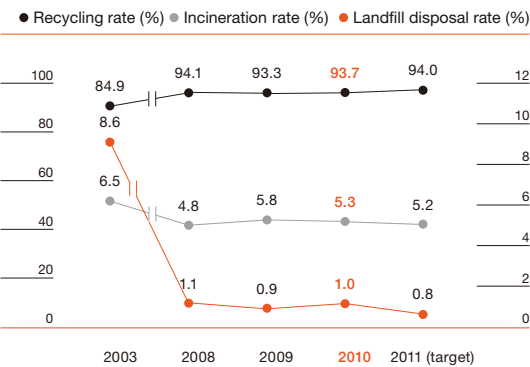
## WASTE REDUCTION & RECYCLING RATE ENHANCEMENT

The total volume of waste generated at the three domestic worksites (Sohari, Hwaseong and Gwangju plants) in 2010 was 206,416 t, 93.7% of which (193,426 t) was recycled to make cement while 5.3% (11,029 t) was incinerated. The volume of waste generated per vehicle decreased by 26% to 171 kg from the base year of 2003.

## Waste



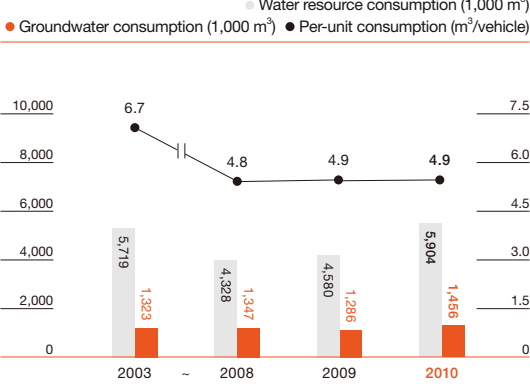
## Recycled and landfill waste



## WATER RESOURCE CONSUMPTION

Kia Motors receives water from Paldang Dam (Sohari and Hwaseong plants) and Juam Dam (Gwangju Plant). Both dams hold more than 200 million tons of water each. Since 2000, Kia Motors has carried out internal campaigns and made facilities investments to improve cooling tower overflow, increase the recovery rate of water from condensed steam and conserve water in lavatories. As a result, in 2010, we cut our per-unit water consumption by 27.8% from 2003.

## Water consumption



## CURBING ENERGY CONSUMPTION & GREENHOUSE GAS EMISSIONS

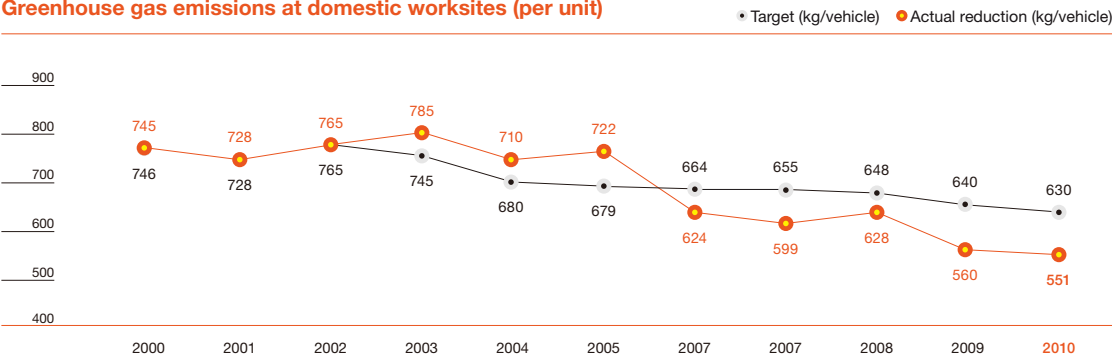
Thanks to our consistent greenhouse gas emission reduction efforts, Kia Motors has been exceeding our reduction targets since 2006. We are working on formulating a mid- to long-term plan to attain the national reduction target, set at 30% of the BAU level, by 2020. We have expanded the third-party assurance of greenhouse gas emissions to our overseas worksites and have been disclosing the findings. In 2011, we plan to complete the integrated greenhouse gases and energy management system we started working on in 2010.

- Korean worksites (Sohari, Hwaseong, Gwangju plants, OEMs, service centers)
- BAU (business as usual): Indicates emissions, energy consumption, and per-unit trends if no additional measures are taken after the 2005 emissions reduction plan that went into effect 2006
- Criteria for calculating emissions: Based on lower heating value (LHV); Scopes 1, 2



# ENVIRONMENT

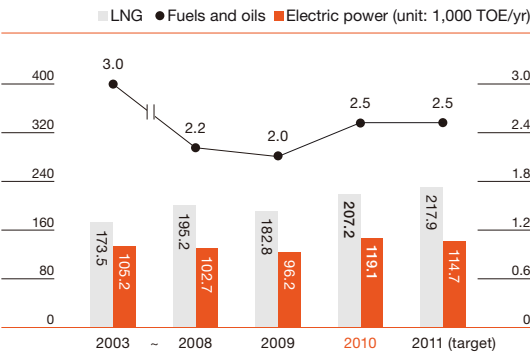
## Greenhouse gas emissions at domestic worksites (per unit)



## EFFORTS TO CUT ENERGY CONSUMPTION & GREENHOUSE GAS EMISSIONS

Kia Motors signed a voluntary agreement (VA) for energy conservation in 2000. We replaced the existing light fixtures with induction lamps -- high-efficiency lighting systems that have a semi-permanent lifespan and cut power consumption by 30% --- dand have been carrying out ongoing efforts to curb energy consumption. In 2010, we installed a centralized control system for the heating units at the Hwaseong Plant. The heating units used to be shut off manually only during meal hours. The new control system, however, also automatically shuts down the heating units between shifts and has resulted in a CO<sub>2</sub> emissions reduction of around 599 t. Also, the introduction of the direct casting method curbed greenhouse gas emissions by some 3,500 t, cut costs associated with melting loss and improved the work environment. At the Gwangju Plant, we changed the LNG-powered regenerative thermal oxidizer (RTO), cutting 59,328 Nm<sup>3</sup> of unnecessary LNG consumption and 132 t of greenhouse gas emissions. We plan to expand this best practice to all worksites. In order to reduce energy consumption and greenhouse gas emissions from employee commutes, we operate around 52 shuttles for our corporate headquarters and around 310 shuttles for our domestic production facilities. We restrict the issuance of parking permits and run a rotating parking system according to the last digit of the license plate number to encourage the use of public transportation. We will work on collecting data on the modes of transport used by our domestic and overseas employees for business trips and daily commutes so that we can quantify the environmental impact of employee mobility and include the findings in future sustainability reports. Electric power (63%) and LNG (36%) accounted for 99% of Kia Motors' total energy consumption in 2010. Most of the greenhouse gases emitted by Kia worksites are attributable to the use of these energy sources. The total greenhouse gas emissions (based on Scope 1, 2) at Kia's Korean worksites have shown a steady decline since 2005. This is the result of the precision monitoring of our emissions trends, rigorous analysis of potentially reducible emissions, development of the greenhouse gas inventory, and consistent reduction efforts. Since 2007, our Slovakia Plants and China Plants 1 & 2 have been receiving third-party assurance of their greenhouse gas emissions statements. In 2010, the Georgia Plant (USA) completed its third-party assurance.

## Total energy consumption



\* 2009 figures have been altered with revisions to the tabulation method.

\* Three Korean worksites (Sohari, Hwaseong, Gwangju plants)

### Direct emissions

-Scope1 (stationary combustion): LNG, LPG (butane), LPG (propane), gasoline, diesel, kerosene

(mobile combustion): LPG (butane), LPG (propane), gasoline, diesel

(fugitive emissions): refrigerants (HFC-134a) for freezers, substations (SF6), fugitive emissions generated when charging vehicles with refrigerants

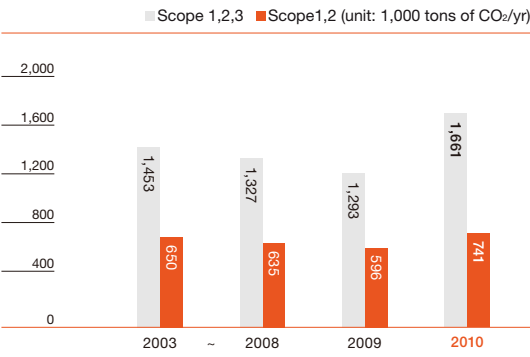
(process emissions): CO<sub>2</sub> welding, detergents Indirect

### Emissions

-Scope2 (indirection emissions): electric power

-Scope3 (indirect emissions): LPG (butane), gasoline, diesel, refrigerants (HFC-134a) charged into vehicle

## Total greenhouse gas emission

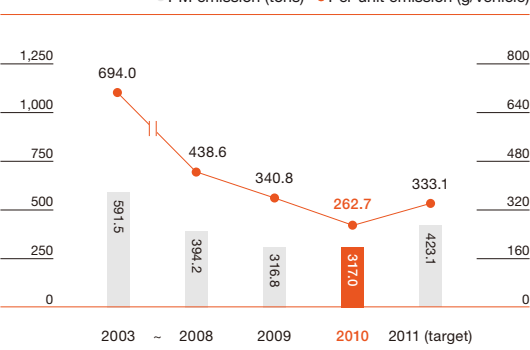


# ENVIRONMENT

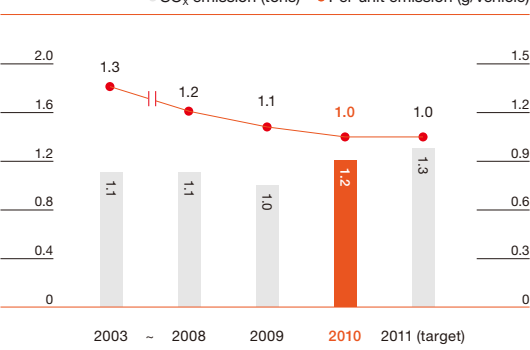
## REDUCING ENVIRONMENTAL POLLUTANTS

**Atmospheric pollutants** Kia Motors is working to efficiently eliminate particulate matters (PM) generated from our manufacturing processes. At the Sohari and Hwaseong plants, we installed telemetry monitoring systems (TMS) for round-the-clock monitoring of boilers and other high pollutant-emitting systems to meet the total atmospheric emissions cap of the Seoul Metropolitan Area. In 2010, our worksites emitted 779.5 t of atmospheric pollutants, a 13% year-on-year increase. However, per-unit emissions decreased by 0.65 kg, a 13% decline. SO<sub>x</sub>, NO<sub>x</sub> and PM emissions recorded a 14.5%, 4.6% and 22.9% per-unit year-on-year decrease, respectively.

## PM emission

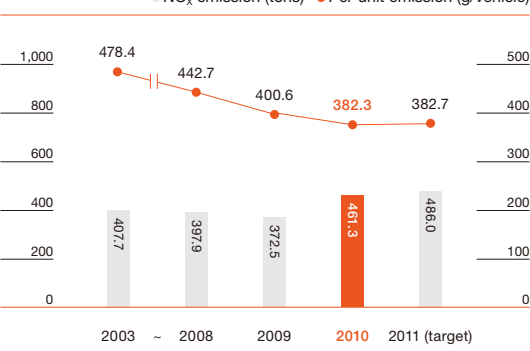


## SO<sub>x</sub> emission



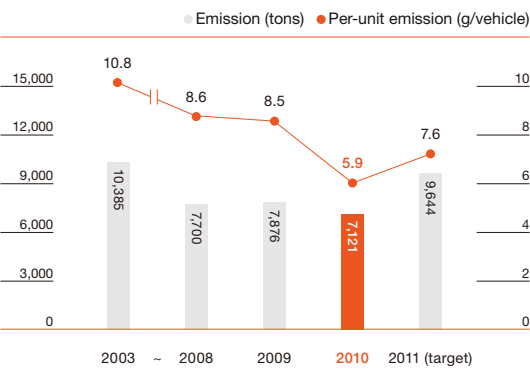
\* 2009 and 2010 figures have been altered with revisions to the tabulation method.

## NO<sub>x</sub> emission

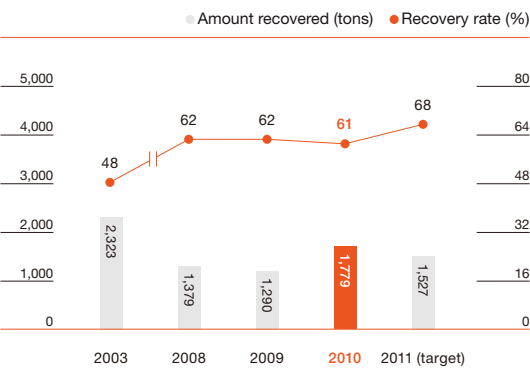


**VOCs (volatile organic compounds)** VOCs contribute to global warming, destroy the stratospheric ozone layer and emit foul odors. Kia Motors strives to minimize the use of VOCs. In 2010, our domestic worksites emitted 7,121 t of VOCs and recorded a recovery rate of 61% for organic solvents.

## VOC emission of worksites (Korea)



## VOC recovery rate of worksites

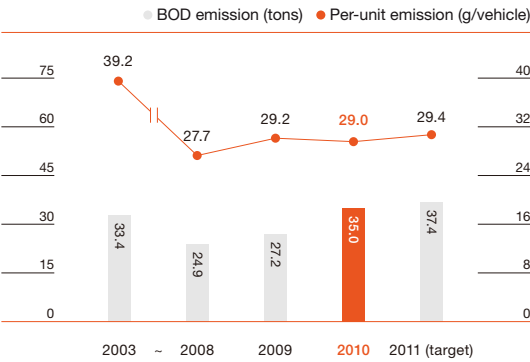




# ENVIRONMENT

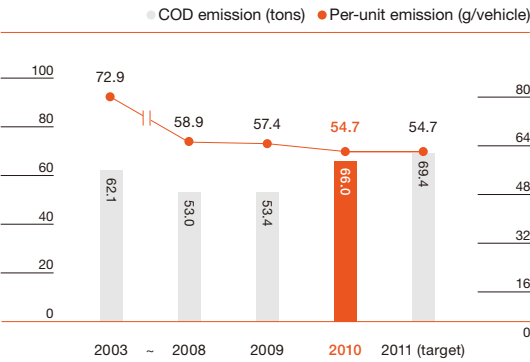
**Water pollutants & controlled chemicals** At our domestic worksites (Sohari, Hwaseong, Gwangju plants) in 2010, the per-unit emission of BOD, COD and SS relative to the total number of vehicles produced decreased by 26.1%, 25.0% and 29.8%, respectively, from the 2003 base year. The total volume of controlled chemicals used at our domestic worksites was 2,881 t in 2010, a 2.9% year-on-year per-unit decline. We used 28,751 t of TRI (Toxic Release Inventory) chemicals in 2010, a 16.6% decrease in total volume. The atmospheric emission and disposal of TRI chemicals stood at 594 t and 1,029 t, respectively.

## BOD emission

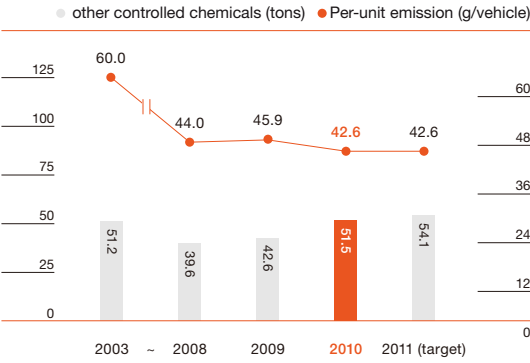
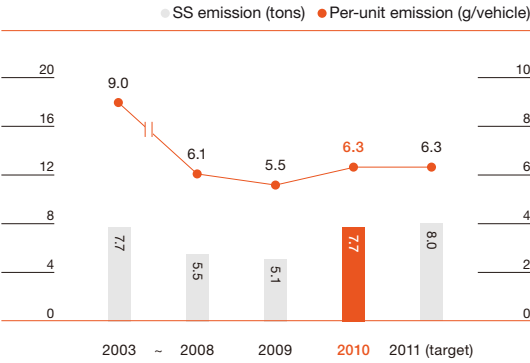


\* 2003 per-unit figures have been altered with revisions to the tabulation method.

## COD emission

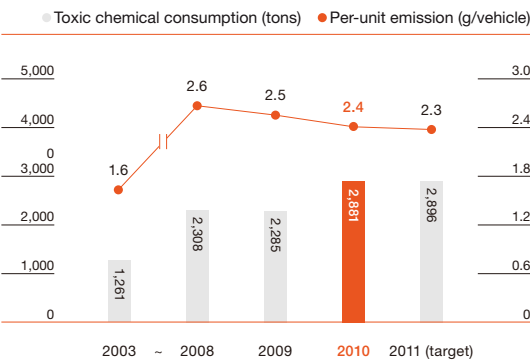


## SS emission



\* Other controlled chemicals: n-H, T-P, T-N

## Toxic chemical consumption



# ENVIRONMENT

## ENVIRONMENTAL MANAGEMENT SYSTEM

Our global environmental management initiative was declared in 2003. Now, all Kia Motors' domestic and overseas worksites are ISO 14001-certified, from the Hwaseong Plant in 2003 to the Georgia Plant in March 2011. Every year, we run an internal evaluation and an environmental audit to identify problems and make improvements to our environmental management system. We reward high-performing departments to encourage active participation. All domestic and overseas worksites are evaluated according to the same set of environmental management standards that include risk management and the observance of environmental regulations. We were given an enforcement order to curb noise pollution generated from the large apartment complex being constructed near the Sohari Plant. We built a noise barrier and adjusted the direction of the duct. We will introduce other measures to make steadfast improvements.

## ENVIRONMENTAL EXPENDITURE

Kia Motors' annual environmental expenditure is organized into five categories. Through our streamlined Investment Evaluation System implemented in 2004, we evaluate the cost-saving benefits and returns of our environmental investments by type. The data and information thus gathered are used to draw up environmental investment plans for the following year. In 2010, we included the environmental investment expenditure under direct costs. The total environmental expenditure of our Korean worksites and the Slovakia Plant was some 19.4 billion won.

Domestic and overseas environmental expenditure (unit: 1,000 won)					
Classification	Type	2008	2009	2010	
Environmental expenditure	Direct cost for reducing environmental load	(Investment and maintenance of environmental equipment and facilities)	11,258,878	11,357,527	16,050,155
	Indirect cost for reducing environmental load	(Employee environmental education and environmental assessments)	1,419,721	1,784,157	870,666
	Environmental risk management cost	(Compliance with environmental regulations and accident prevention)	159,242	82,528	31,511
	Waste processing and recycling cost	(Waste management outsourcing)	4,204,188	3,271,516	2,296,179
	Costs associated with social outreach activities for environmental protection	(Social outreach & afforestation expenditure)	253,326	226,756	127,854
Total environmental expenditure		17,295,355	16,722,484	19,376,365	
* Environmental expenditure: Excludes A/S centers, China Plant, Georgia Plant (USA) * Investment: Excludes R&D centers					

## AFFORESTATION

In line with our facilities expansion, Kia Motors also strives to expand green areas in order to enhance the eco-friendless of our production facilities. Since 2000, we have been managing and inspecting facilities that may emit soil pollutants. There has not been a single case of soil contamination, and we continue to strengthen our inspection standards.

Afforestation status (as of December 31, 2010)							
	Sohari	Hwaseong	Gwangju	Slovakia (KMS)	China (DYK 1)	China (DYK 2)	USA (KMMG)
Site area (m²)	498,908	3,251,923	1,014,877	1,660,000	450,000	1,449,172	2,596,130
Building area (m²)	213,144	1,059,670	414,206	302,427	95,000	272,496	163,885
Green area (m²)	24,374	637,000	90,137	1,137,300	36,752	310,437	793,187
Green rate (%)	8.5	29.1	15.0	83.8	10.4	26.4	32.6
Afforestation (trees)	38,643	240,792	114,950	2,848	3,599	2,234,841	1,418

# ENVIRONMENT

## Green achievements by worksite



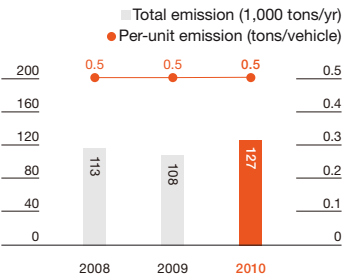
### Sohari Plant

Location	781-1 Soha-dong, Gwangmyeong, Gyeonggi-do
Employees	5,255
Establishment	July 1973
Products	Grand Carnival (Carnival/ Sedona), Oprius, Pride (Rio)
Site area	498,908 m <sup>2</sup>
Building area	213,144 m <sup>2</sup>
ISO 14001	December 2003

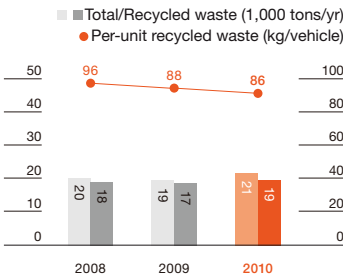


Environmental Director &  
Executive Vice President  
**Jin-Dong Wee**  
Plant Superintendant

### CO<sub>2</sub> (energy) reduction



### Waste reduction




### Environmental cleanup




**Community engagement** The Sohari Plant organized the 2010 Festival of Life and Peace for the residents of Gwangmyeong. It also provided vehicles to local residents, hosted an art contest on the theme of environmental protection and undertook renovation work in areas hit by storms.

**Environmental accidents and lawsuits** 1 enforcement order against noise pollution



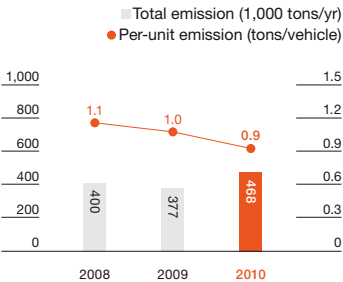
### Hwaseong Plant

Location	1714 Ihwa-ri, Ujeong-eup, Hwaseong, Gyeonggi-do
Employees	10,940
Establishment	April 1989
Products	K5 (Optima), K7 (Cadenza), Sorento R, Forte (Cerato), Opirus (Amanti), Mohave (Borrego)
Site area	3,251,923 m <sup>2</sup>
Building area	1,059,670 m <sup>2</sup>
ISO 14001	April 2003

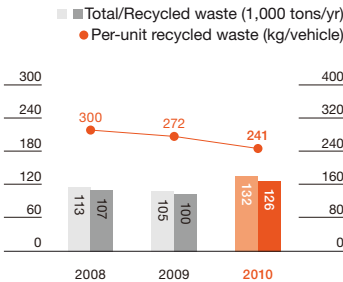


Environmental Director &  
Executive Vice President  
**Cheon-Gwon Song**  
Plant Superintendant

### CO<sub>2</sub> (energy) reduction



### Waste reduction




### Environmental cleanup



**Community engagement** The Hwaseong Plant engages in steadfast environment cleanup activities in collaboration with the local government and residents. It organized a kimchi-sharing event for low-income residents and presented a scholarship with funds raised through a voluntary employee initiative.  
\* 2009 per-unit figures have been altered with revisions to the tabulation method.  
\* Hwaseong Plant's per-unit energy consumption and waste generation figures appear relatively high as the plant complex includes a casting plant, light alloy production plant and engine manufacturing plant.


**Environmental accidents and lawsuits** None

# ENVIRONMENT



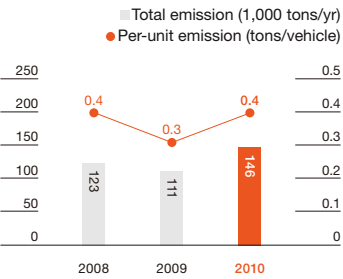
### Gwangju Plant

Location	781-1 Soha-dong, Gwangmyeong, Gyeonggi-do
Employees	6,085
Establishment	July 1973
Products	Soul, New Carens (Rondo), Sportage R, Bongo III (K Series trucks), buses, military vehicles
Site area	1,014,877 m <sup>2</sup>
Building area	414,206 m <sup>2</sup>
ISO 14001	November 2003

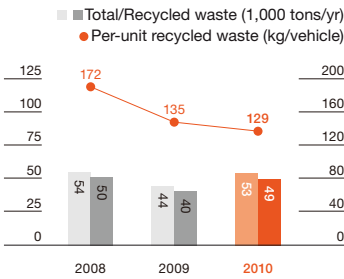


Environmental Director &  
Senior Vice President  
**Jong-Woong Kim**  
Plant Superintendant

### CO<sub>2</sub> (energy) reduction



### Waste reduction



### Environmental cleanup



**Community engagement** The Gwangju plant is contributing to the local community by making facilities improvements at children's centers, supporting small libraries, running a Santa Claus program, and extending scholarships to students from low-income households. It also engages area residents by organizing one-day beer halls and flea markets.

**Environmental accidents and lawsuits** None



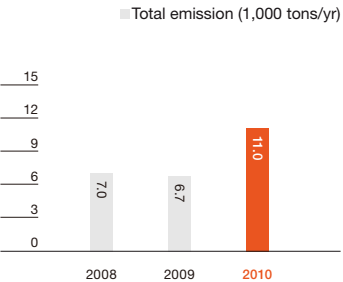
### Service centers

Location	996-3 Siheung-dong, Geumcheon-gu, Seoul & 19 other locations
Employees	1,945
Establishment	1958
Main areas of responsibility	Kia vehicle warranty and maintenance services
Site area	220,301 m <sup>2</sup>
Building area	175,997 m <sup>2</sup>
ISO 14001	December 2003



Environmental Director &  
Senior Vice President  
**Myung-Seob Lim**

### CO<sub>2</sub> (energy) reduction



### Introduction of new and renewable energy systems



### Environmental cleanup



**Community engagement** Kia Motors' service centers have sisterhood arrangements with 21 welfare facilities. Service center staffers make regular visits to present scholarships and do cleanup work in and around the welfare facilities.

**Environmental accidents and lawsuits** None



ENVIRONMENT



**Slovakia Plant**

**Location** Teplicka n/Vahom, Slovakia

**Employees** 2,909

**Establishment** March 2004

**Products** cee'd, Sportage

**Site area** 1,660,000 m<sup>2</sup>

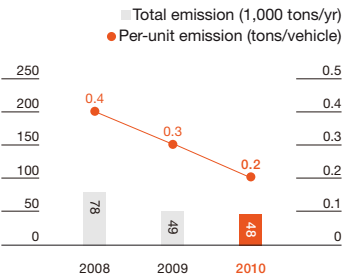
**Building area** 302,427 m<sup>2</sup>

**ISO 14001** November 2007

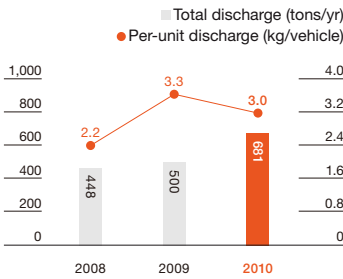


Environmental Director  
& Senior Executive Vice President  
**Myung-Chul Chung**  
Plant Superintendant

CO<sub>2</sub> (energy) reduction



Water pollutant reduction



Community outreach



**Community engagement** The Slovakia Plant hosted the Kia Innovation Awards for middle student technical students in Zilina working on car-related projects with Kia Motors employees. The plant also joined forces with city authorities to broadcast the World Cup and organize related World Cup events.

**Environmental accidents and lawsuits** None



**China (Yangcheng) Plant 1**

**Location** Development Zone, Yangcheng, Jiangsu Province, China

**Employees** 4,918 (No. of employees is the combined total from China Plants 1 & 2)

**Establishment** July 2002

**Products** Soul, Sportage, Optima, Rio

**Site area** 450,000 m<sup>2</sup>

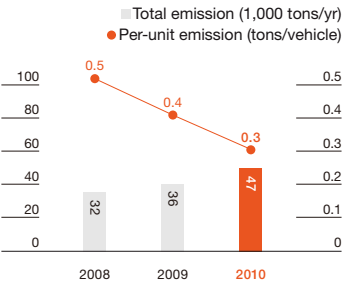
**Building area** 95,000 m<sup>2</sup>

**ISO 14001** June 2007

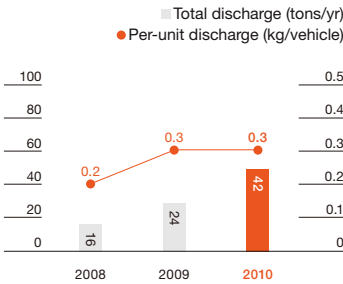


Environmental Director & CEO  
**Nam-young So**

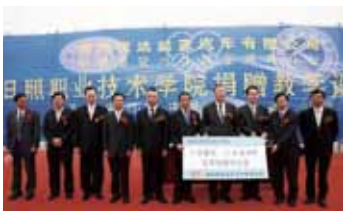
CO<sub>2</sub> (energy) reduction



Water pollutant reduction



Community outreach



**Community engagement** China Plants built Hope School, provided support to Yangcheng Orphanage and sponsored cleft lip/palate surgery for children. It also built houses for low-income families in Guangdong Province which was hit by the Sichuan earthquake.

**Environmental accidents and lawsuits** None

ENVIRONMENT



**China (Yangcheng) Plant 2**

**Location** Yangcheng, Jiangsu Province, China

**Employees** 4,918 (No. of employees is the combined total from China Plants 1 & 2)

**Establishment** December 2007

**Products** Cerato, Forte

**Site area** 1,449,172 m<sup>2</sup>

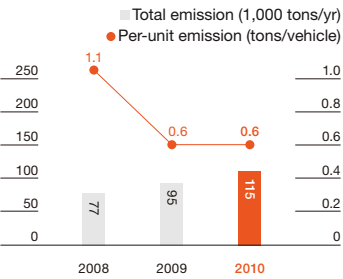
**Building area** 272,496 m<sup>2</sup>

**ISO 14001** December 2009

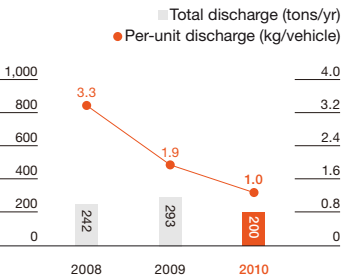


Environmental Director & CEO  
**Nam-young So**

CO<sub>2</sub> (energy) reduction



Water pollutant reduction



Community outreach



**Community engagement** China Plants built Hope School, provided support to Yangcheng Orphanage and sponsored cleft lip/palate surgery for children. It also built houses for low-income families in Guangdong Province which was hit by the Sichuan earthquake.

**Environmental accidents and lawsuits** None



**Georgia Plant**

**Location** West Point, GA, USA

**Employees** 1,944

**Establishment** October 2006

**Products** Sorento

**Site area** 2,596,130 m<sup>2</sup>

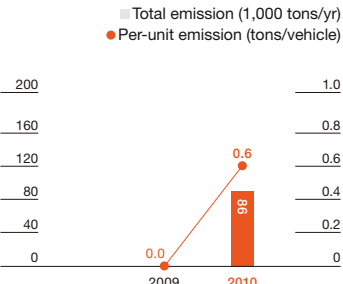
**Building area** 163,885 m<sup>2</sup>

**ISO 14001** March 2011



Environmental Director & Executive Vice President  
**Jun-Mo Yun**  
Plant Superintendant

CO<sub>2</sub> (energy) reduction



Introduction of new and renewable energy systems



Community outreach




**Community engagement** The Georgia Plant supported a landscaping project for the town of West Point, gave a plant tour to a senior citizens volunteer group from a Methodist church in LaGrange, sponsored an All Saints' Day celebration for local residents, and donated vehicles for fire prevention education.

**Environmental accidents and lawsuits** None

ASSURANCE ON THE GREENHOUSE GAS (GHG) STATEMENT

No.: AS\_PRJC-289589-2011-CCS-KOR\_E



Assurance Statement

Kia Motors Corp.

Greenhouse Gas Emissions from Year 2010

< 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 years 2010 ("the report") based upon a limited level of assurance. Kia Motors is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol, 2004 and the principles set out in ISO 14064-1:2006. 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) and Other indirect emissions (Scope 3 emissions)

- Reporting period under verification: Calendar Year 2010
- Organizational boundary for reporting:

Name of site	Address / Remark	Verification activity
SLOVAKIA PLANT	P O BOX 2, 013 01 Teplicka n/Vahom Slovakia	Site visit, Process & data verification
CHINA PLANT 1	No. 1, Kaifeng Rd., Yangcheng, Jiangsu, China	Site visit, Process & data verification
CHINA PLANT 2	No. 1, Xowangda Rd., Yangcheng, Jiangsu, China	Site visit, Process & data verification
USA GEORGIA PLANT	7777 Kia Parkway WestPoint, GA 31833	Site visit, Process & data verification
SOHARI PLNAT	281-1 Soha-dong, Gwangmyung-si, Gyeonggi-do, 423-701, Korea	Site visit, Process & data verification
HWASUNG PLNAT	1714 Hwa-si, Woorang-mug Hwasung-si, Gyeonggi-do, Korea	Site visit, Process & data verification
GWANGJU PLNAT	700 Naehang-dong, Seo-ku, Gwangju-si, Korea	Site visit, Process & data verification
20 SERVICE CENTERS	Document review for 20 sites & Site visit for 1site (Sawon service center) in Korea	Site visit, Process & data verification

< Verification Approach >

The verification has been conducted by DNV from 1<sup>st</sup> February through 4<sup>th</sup> March 2011 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2006. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a limited verification opinion concerning the completeness of the emission inventory as well as the reported emission figures in ton CO<sub>2</sub> equivalent. As part of the verification process:

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

< Conclusions >

As a result of the work described above, in our opinion nothing has come to our attention that would cause us to believe that the GHG emissions data set out in Kia Motors' report are not fairly stated except the qualification given below. The GHG Emissions of Kia Motors for the year 2010 were confirmed as below;


Greenhouse Gas Emissions of Kia Motors from Yr 2010

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

Operational boundary	SLOVAKIA PLANT	CHINA PLANT 1	CHINA PLANT 2	USA GEORGIA PLANT	SOHARI PLNAT	HWASUNG PLNAT	GWANGJU PLNAT	20 SERVICE CENTERS	Total
Direct Emissions	27,240	5,701	28,379	21,568	54,761	172,797	62,458	4,757	377,661
Energy indirect Emissions	21,009	41,137	86,943	64,810	71,806	296,009	83,223	6,223	671,160
Other indirect Emissions	133,435	110,263	140,922	58,505	198,641	420,646	300,289	4,940	1,367,641
Total	181,684	157,101	256,244	144,883	325,208	889,452	445,970	15,920	2,416,462


- Qualification: It was found that the applied emission factors for the purchased steam were not referred to the steam suppliers' data in Slovakia, China plant 1 & 2, since the emission factors were not available from the steam suppliers. Instead, the emission factor developed by a steam producer within automotive manufacturing site in Korea is applied. Emissions from the purchased steam contribute to 2.6%, 15.9% and 4.6% of emissions (direct emissions and energy indirect emissions) from Slovakia, China Plant 1 and China Plant 2 respectively.
- Recommendation: Specific emission factor for the purchased steam should be developed and applied for the emissions calculations.

4<sup>th</sup> March 2011



Seung-Hyun Kwak

Lead Verifier



In-Kyoon Ahn

Country Manager

DNV Certification, Ltd.

This Assurance Statement is valid as of the date of the issuance. 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 to inform our stakeholders of the company's progress in sustainable growth and demonstrate our ongoing commitment to practicing and advancing sustainability management. The 2011 sustainability report focuses on how Kia Motors has responded to and helped to alleviate global economic, social and environmental issues. We hope this report serves as a vehicle through which we can develop a shared awareness with our stakeholders concerning global challenges and receive diverse suggestions on how to tackle the challenges.

Despite the importance of the issues they cover, most sustainability reports are stuffy and difficult to understand. To make our report more accessible to the general readership, Kia Motors has adopted a sleek magazine-style layout since 2009. Every year, we provide in-depth coverage of a specific sustainability-related theme in the form of a special feature. The 2011 sustainability report focused on how Kia Motors turned crisis into opportunity to achieve remarkable growth and the significance of this growth in terms of sustainability. We hope this report serves to not only inform readers of Kia Motors' efforts and progress but also the importance of sustainability.

REPORTING STANDARDS

Kia Motors *Sustainability Magazine 2011* follows the "GRI Sustainability Reporting Guidelines 2006 (G3)." Item-for-item ratings and relevant pages can be found in the "Appendices."

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

REPORTING AND ASSURANCE

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

REPORTING SCOPE AND PERIOD

This report covers the period from 2007 to 2010. It contains quantitative performance data from the past three years to provide a convenient overview of positive and/or negative progress. The base year is listed for systems whose year of implementation or adoption is clear. As for qualitative performance, this report focuses on 2010 activities. The reporting period corresponds to Kia Motors' fiscal year (January 1 to December 31). There have not been any significant changes during the reporting period of Kia Motors' *Sustainability Magazine 2011*.

ACCOUNTING STANDARDS

Please refer to the main body of this report and the Date Sheet in the Appendices for more detailed information on environmental and social outreach expenditure.

REPORTING TARGETS

This report covers Kia Motors, subsidiaries that are joint stock companies in which Kia Motors owns 50% or more shares and overseas joint-venture corporations. Reporting targets that fall under this category are Kia Motors' domestic worksites—(i.e., corporate headquarters; Sohari, Hwaseong and Gwangju plants; Namyang R&D Center; and service centers)—as well as Dongfeng Yueda Kia, Georgia Plant, Slovakia Plant, overseas technical centers, and the overseas worksites of overseas subsidiaries.

PUBLICATION SCHEDULE

The Korean version of this report (issue no. 8) was published on March 18, 2011 and distributed at the General Shareholders' Meeting. The English version is scheduled to be published on April 30. Kia Motors *Sustainability Magazine MOVE* is an annual publication.

ADDITIONAL INFORMATION

For additional information, please refer to the following resources:

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

Kia Motors business report | [dart.fss.or.kr](http://dart.fss.or.kr) (Repository of Korea's Corporate Filing of the Financial Supervisory Service) or [www.kmcir.com](http://www.kmcir.com)  
Department in charge | Planning Division of Kia Motors, Sustainability Management Team (Refer to "Contact Us")

90

KIA MOTORS SUSTAINABILITY MAGAZINE 2011 91



THIRD PARTY ASSURANCE STATEMENT

TO THE MANAGEMENT OF KIA MOTORS SUSTAINABILITY MAGAZINE 2011:

Upon request of Kia Motors, the Institute for Industrial Policy Studies as a “Third party assurance provider” (hereinafter referred to as the “Assurance Provider”) presents the following third party assurance statement on the 2011 Sustainability Magazine of Kia Motors (hereinafter referred to as the “Report”).

ACCOUNTABILITY AND OBJECTIVE

Kia Motors is held accountable for all information and claims contained in the Report including sustainability management goal setting, performance management, data collection and report preparation. The objective of this assurance statement is to check whether the Report is free of material misstatement or bias and whether the data collection systems used are robust, and to offer advice on improving the quality of the Report through identifying sustainable management issues and reviewing its reporting process.

INDEPENDENCE

The Assurance Provider has no relations with Kia Motors regarding any of its for-profit operations and activities. In addition, the Assurance Provider has carried out its assurance process with independence and autonomy as it was not involved in the preparation of the Report except for offering comments in the process.

CRITERIA FOR ASSURANCE

The Assurance Provider assessed the Report against the following guidelines:

- 1) AA1000 Assurance Standard (2008)
- 2) BEST Guideline
- 3) Global Reporting Initiative(GRI) G3 Sustainability Reporting Guidelines

TYPE AND LEVEL OF ASSURANCE

The Assurance Provider conducted assurance process for the Report in accordance with Type 1 and Moderate Level of AA1000AS (2008).

- The Assurance Provider evaluated the reliability of the data compiled in the Report for Type 1 assurance, and assessed publicly disclosed information, reporting system and performance management process based on the three core principles of AA1000AS (2008), namely Inclusivity, Materiality and Responsiveness. However, this assurance engagement does not provide the evaluation of the credibility of the offered data.
- The Assurance Provider pursued moderate assurance where sufficient evidence has been obtained and limited sampling has been conducted at each performance sector to support its statement such that the risk of its conclusion being in error is reduced but not reduced to very low but not zero.

SCOPE AND METHODOLOGY

The Assurance Provider evaluated (1) the Inclusivity, Materiality and Responsiveness of the Report and (2) the extent of Kia Motors adherence to the GRI/BEST Sustainability Reporting Guidelines through the process outlined below:

- Evaluating the sources of publicly disclosed information and internal parties involved
- Verifying the performance data collection systems and processes for each function
- Conducting interviews with each functional manager
- Completing on-site due diligence focusing on the head office(Seoul) and SOHARL Plant (Gwangmyeong-si), Korea from Feb 25, 2011 to Feb 28, 2011
- Ensuring the financial data in the Report and Kia Motors's audited financial reports correspond
- Evaluating the Report for the extent of adherence to the GRI/BEST Guidelines

LIMITATIONS

- Verifying the data and inquiries into each functional manager and information collection manager
- Conducting on-site due diligence in the head office and SOHARL Plant
- Conducting assurance engagement based on data and publicly available information only during the current reporting period
- Evaluation of the reliability of the performance data being excluded

CONCLUSIONS

The Assurance Provider did not find the Report to contain any material misstatements or bias on the basis of the scope, methodology and criteria described above. All material findings of the Assurance Provider are provided herein, and detailed findings and recommendations have been submitted to the management of Kia Motors.

THIRD PARTY ASSURANCE STATEMENT

[Inclusivity]

Does Kia Motors have adequate strategies and procedures in place for stakeholder participation?

The Auditor confirmed that Kia Motors has implemented a responsible and strategic response toward sustainability management. It has put multiple stakeholder-specific channels in place to identify priority issues for sustainability management, while making efforts to reflect stakeholder engagement findings in its management activities. The following points were found to be particularly commendable.

- Stakeholder surveys of management and staff, customers, business suppliers, and other key stakeholders to identify high-priority economic, social, and environmental issues of stakeholder interest and concern;
- The use of the “Mobile Kia” mobile application, and the Kia BUZZ and Funkia online channels, to better communicate with its customers while building a general consensus, so that their input can be reflected back into the company's product development and improvement plans.

Going forward, the Auditor suggests improving “execution” on key stakeholder communication findings at the business departmental level, while ensuring that the stakeholder engagement process is carried out as a part of a company-wide strategy and execution framework.

[Materiality]

Does the Report contain information that is 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 any information of material importance to the stakeholders of Kia Motors. We verified efforts by the company to identify and report on material issues through an analysis of its internal policies, direct and indirect economic impacts, laws and regulations, stakeholder surveys, peer benchmarking, media research etc. The following points were found to be particularly commendable.

- Relative to the prior year, materiality testing covered more diverse issues with a broader scope of impact to structure key issues regarding sustainability management.
- The Report provides a detailed explanation on how key sustainability management issues are identified as well the company's findings.

Going forward, a more detailed account is necessary for certain issues with a broader scope of application and interpretation. Moreover, newly identified issues or issues where the materiality test findings have changed, should be managed at a company-wide level to respond quickly to the fast-changing characteristics of the market.

RECOMMENDATIONS

The Auditor found “Sustainability Magazine 2011”, the ninth such Report by Kia Motors, commendable on the following counts. The Report 1) clearly communicates to readers the motivation and objective behind the company's sustainability management program; 2) informs readers on the diverse efforts and responses being made by the company regarding global sustainability management issues in the “Agenda & Approach” section of the Report; and 3) provides a systematic cross-reference to the company's mid-to-long term CSR management strategies, measures, and tasks.

For future reports, the Auditor suggests the following considerations.

- Establish a governance framework for sustainability management with defined roles and responsibilities.
- Build a performance indicator development and management system.
- Provide a more direct channel for stakeholder participation, to support in-depth discussions on key sustainability issues.
- Develop case studies on strategy and execution that reflect stakeholder engagement findings.

ELIGIBILITY OF IPS AS AN ASSURANCE PROVIDER

Established in 1993, the Institute for Industrial Policy Studies (IPS) has accumulated broad expertise in the areas of ethics management, corporate social responsibility and sustainable management since 2002, and serves as a third party assurance provider for the sustainability reports published by local companies. IPS has conducted the assurance engagement upon request of Kia Motors, and assembled a team of five assurance practitioners who are professors at Korea's top universities or professionals with accreditation and extensive experience in sustainability management after majoring in business management, accounting or environmental science.

[Responsiveness]

Does the Report respond adequately to stakeholder requirements and interests?

The Auditor noted efforts by Kia Motors to respond to stakeholder demands and areas of interest via diverse stakeholder channels, as well as efforts to reflect those findings in its Report. The following points were found to be particularly commendable.

- Issues identified through materiality testing were categorized by stakeholder group and tagged with a page reference so that readers can look up relevant information more easily.
- The Report provides a detailed account of the company's position, response, and future plans regarding negative performance outcomes, reflecting efforts to provide a more balanced report on its results.

Going forward, because the current stakeholder engagement processes used by the Company are rather generic - newsletters, suggestion box, satisfaction surveys – we recommend setting up a more official channel for stakeholder engagement such as a stakeholder committee or panel, to provide a more proactive and pre-emptive response to issues of high interest to its stakeholders. Moreover, we recommend providing a detailed account of comments from stakeholders such as customer complaints or suggestions by suppliers. Accompanying those comments with case studies on the company's response will help enhance the responsiveness of future reports.

[Application Level of the GRI Standard]

It has been confirmed that the Report meets the requirements for Application Level of “A+.”

[Fulfillment Relative to the BEST Guidelines]

In view of the level of reporting rigor and intensity of information provided, the Report meets 92.8% of the reporting requirements for a Level 4 Report among Levels 1 to 5.

Trend of the Kia Motors Sustainability Management Report Fulfillment

Reporting Year	2011
Publications	9th
Level	Level 4
Fulfillment	92.8%

1) AA1000 AS(Assurance Standard) is a sustainability reporting standard developed by Accountability in its pursuit to promote overall organizational performance and accountability by improving the quality of social and ethical accounting. As a U. K. based not-for-profit organization focusing on corporate social responsibility and business ethics, Accountability first developed AA1000AS in 1999 and amended the standards in 2008 for application in 2010.

2) BEST Guideline or BEST Sustainability Reporting Guideline is a guideline for the preparation and assurance of sustainability reporting and offers five levels of reporting quality assessment. It was jointly developed by the Ministry of Knowledge Economy (MKE), the Institute for Industrial Policy Studies (IPS), and the Korea Chamber of Commerce and Industry (KCCI) in the Business Ethics Sustainability Management for Top Performers (BEST) forum in their endeavor to promote sustainability reporting among local companies.

3) GRI Sustainability Reporting Guidelines were jointly convened by the Coalition for Environmentally Responsible Economies (CERES) and UNEP in 1997. GRI announced the G3 Guideline, the third edition of its sustainability reporting guidelines, in October 2005.



AA1000  
Licensed Assurance Provider  
000-24



March 11, 2011  
Jae-Eun, Kim  
President, The Institute for Industrial Policy Studies

*Kim*

GRI (G3) INDEX

● Fully Reported
 ● Partially Reported
 ○ Not Reported
 ● Not Applicable

	Number	Indicator	Remark	Page(s)	BEST
Profile					
Strategy and analysis	1.1	Statement from the most senior decision-maker/ of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	●	4,5	A_1
	1.2	Description of key impacts, risks, and opportunities.	●	14,15,47	A_2
Organizational profile	2.1	Name of the organization.	●	2,91	A_3
	2.2	Primary brands, products, and/ or services.	●	3	A_4
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	3	A_5
	2.4	Location of organization's headquarters.	●	2,3,표지	A_7
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	2,3	A_7
	2.6	Nature of ownership and legal form.	●	9	A_8
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	●	3	A_9
	2.8	Scale of the reporting organization.	●	2,3,20,21,75	A_10
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	91	B_8
	2.10	Awards received in the reporting period.	●	21,26,27	CO8
	3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	●	91	B_3
	3.2	Date of most recent previous report (if any).	●	91	B_8
	3.3	Reporting cycle (annual, biennial, etc.)	●	91	B_6
	3.4	Contact point for questions regarding the report or its contents.	●	91,표지	B_9
	3.5	Process for defining report content	●	10,11	B_4
Report parameters	3.6	Boundary of the report	●	91	B-1
	3.7	State any specific limitations on the scope or boundary of the report.	●	91	B-2
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/ or between organizations.	○		A_6
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	●	30,79,81,82	-
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	●	91	-
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	91	B_5
	3.12	Table identifying the location of the Standard Disclosures in the report.	●	94~96	B_10
	3.13	Policy and current practice with regard to seeking external assurance for the report.	●	92,93	B_7
Governance, commitments, and engagement	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	8	GR1
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	8	GR1, GR3
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/ or non-executive members.	●	8	GR2
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	○	8	GR12
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	●	8	GR7
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	○	9	GR13
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	●	9	GR4
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	www.kia.co.kr	-
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	○	9	GR5
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	8	GR6
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	www.kmcir.com	GR11
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	15,64,71	GR10
	4.13	Memberships in associations and/ or national/ international advocacy organizations.	●	71	A_11
	4.14	List of stakeholder groups engaged by the organization.	●	10	C_1, C_2
	4.15	Basis for identification and selection of stakeholders with whom to engage.	●	10	C_1
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	10	C_2
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	11	C_3

GRI (G3) INDEX

● Fully Reported
 ● Partially Reported
 ○ Not Reported
 ● Not Applicable

	Number	Indicator	Remark	Page(s)	BEST
Economic Performance					
Economic performance	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	23,72	EC1
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	14,15,47	EC2
	EC3	Coverage of the organization's defined benefit plan obligations.	●	76	EC3
Market presence	EC4	Significant financial assistance received from government.	○		EC5
	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	●	75	EM4
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	58,75	EC4
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	58	EC4
Indirect economic impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	●	25,65,66,67	EC6
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	25,65	EC7

Environment Performance					
Materials	EN1	Materials used by weight or volume.	●	31,33,80	EV10
	EN2	Percentage of materials used that are recycled input materials.	●	32,35,81	EV11
Energy	EN3	Direct energy consumption by primary energy source.	●	82	EV7
	EN4	Indirect energy consumption by primary source.	●	82	EV8
	EN5	Energy saved due to conservation and efficiency improvements.	●	82	EV5
	EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	●	48~50	EV5
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	82	EV5, EV25
Water	EN8	Total water withdrawal by source.	●	81	EV9
	EN9	Water sources significantly affected by withdrawal of water.	●	81	EV20
	EN10	Percentage and total volume of water recycled and reused.	○		EV18
Biodiversity	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	85	EV22
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	○		EV22, EV26
	EN13	Habitats protected or restored.	○		EV27
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○		EV6, EV26
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○		EV28
Emissions, effluents, and waste	EN16	Total direct and indirect greenhouse gas emissions by weight.	●	82	EV12
	EN17	Other relevant indirect greenhouse gas emissions by weight.	●	82	EV13
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	14, 15, 30, 32, 82	EV4
	EN19	Emissions of ozone-depleting substances by weight.	●	83	EV14
	EN20	NOx, SOx, and other significant air emissions by type and weight.	●	83	EV15
	EN21	Total water discharge by quality and destination.	●	84	EV17
	EN22	Total weight of waste by type and disposal method.	●	81	EV16
	EN23	Total number and volume of significant spills.	●	85	EV21
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	○		EV29
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	○		EV19
Products and services	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	30,40,47	EV23
Compliance	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	●	35	EV24
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	85	EV31
Transport	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	●	34	EV30
Overall	EN30	Total environmental protection expenditures and investments by type.	●	85	EV1

Labor Practices & Decent Work Performance					
Employment	LA1	Total workforce by employment type, employment contract, and region.	●	75	EM1
	LA2	Total number and rate of employee turnover by age group, gender, and region.	●	59,75	EM5
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	59,76	EM20
Labor/ management relations	LA4	Percentage of employees covered by collective bargaining agreements.	●	58	EM12
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	77	EM13



GRI (G3) INDEX

● Fully Reported   ● Partially Reported   ○ Not Reported   ● Not Applicable					
Occupational health and safety	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	77	EM14
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	●	77	EM19
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	60	EM18
	LA9	Health and safety topics covered in formal agreements with trade unions.	●	77	EM15
Training and education	LA10	Average hours of training per year per employee by employee category.	●	76	EM27
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	59,76	EM28
	LA12	Percentage of employees receiving regular performance and career development reviews.	●	59	EM29
Diversity and equal opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	58,75	EM2
	LA14	Ratio of basic salary of men to women by employee category.	●	www.kmcir.com	EM17

Human Rights Performance					
Investment and procurement practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	○		PN2
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	●	63	PN3
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	●	78,79	EM30
	HR4	Total number of incidents of discrimination and actions taken.	●	58	EM7
Freedom of association and collective bargaining	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	●	58	EM8
Child labor	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	●	76	EM9
Forced and compulsory labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	●	76	EM10
Security practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	○		EM31
Indigenous rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●		CO2

Society Performance					
Community	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	●	65,66,67,68	CO1
	SO2	Percentage and total number of business units analyzed for risks related to corruption.	●	79	CO5
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	78,79	CO5
	SO4	Actions taken in response to incidents of corruption.	●	79	CO5
Corruption	SO5	Public policy positions and participation in public policy development and lobbying.	●	71	CO6
Public policy	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●		CO7
Anti-competitive behavior	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	78,79	CS3
Compliance	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	79	CO9

Product Responsibility Performance					
Customer health and safety	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	52,53,54	CS4
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	○	42~45	CS11
Product and service labeling	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	●	74	CS5
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	74	CS12
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	74	CS9
Marketing communications	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	74	CS13
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	●	74	CS14
Customer privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	74	CS15
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●		CS15

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C		C+	B		B+	A		A+	GRI Application Level - Kia Motors' Sustainability Magazine 2011 was prepared in accordance with the "GRI G3 Guidelines." Kia Motors rated itself A+ as per the "GRI application level table." The rating was verified by IPS, a third-party as-surance agency.  * Sector supplement in final version
Standard Disclosures		Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B		
		Not Required		Management Approach Disclosures for each Indicator Category			Management Approach Disclosures for each Indicator Category		
		Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.			Report on each core G3 and Sector Supplement* Indicator with due regard to the materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.		

Publication Information  
Publication date April 30, 2011 (annual) | Publisher Kia Motors +82-2-3464-1114 | Publications director Hyoung-Keun (Hank) Lee | Planning & design Intonation +82-2-3144-0133 | Printer Young-Eun Printing +82-2-2274-9250

Kia Motors  
Sustainability Magazine 2011

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