

Kia Motors Sustainability Magazine 2010

MOVE

Moving Forward Responsibly

The role of responsibility in
Kia's automotive future

Paradigm Shift: Efficiency

The realignment of the auto industry,
and the keywords and technologies driving this trend

Go! Eco Dynamics!

HEV, EV, FCEV:
Three acronyms for future-oriented vehicles

Green Lineup

2009:
Style proposal and technological edge

Global Citizenship

How we found the meaning of life
in sharing and empathy



Kia Motors
Sustainability Magazine 2010

MOVE



COVER STORY

"MOVE," which stands for Kia Motors' movement toward bringing about positive changes in the world, is the new name of Kia Motors' sustainability report.



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

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12 Global Challenges

As a business expands its global market presence, it is faced not only with more opportunities but also new challenges. A growing business seeks not only to engage billions of potential customers but must also take on added responsibilities. Through MOVE, Kia Motors would like to share with you, our stakeholders, our stance on these opportunities and challenges as well as our efforts to fulfill our responsibilities.



22 Winning Strategies

Amidst dismal record lows experience by the global auto industry in 2010, Kia Motors achieved a successful turnaround, posting record high sales and profits. What made this possible? Success is not the outcome of chance. It is the anticipated result of tireless effort combined with a winning strategy based on thorough analysis and persistent contemplation.



38 Green Lineup

New products released by Kia Motors in 2009 include the K7 (Cadenza), Sorento R (Sorento), Forte (Cerato) Koup, and Forte LPi Hybrid. Each is equipped with its own unique appeal. In addition to cutting-edge specs and stylish exterior designs, these new models embody the automotive future envisioned by Kia Motors. They are the epitome of what can be realized through technological breakthroughs and creative thinking.



26 Special Feature

"Moving forward responsibly" is what Kia Motors strives to do. We now know that climate change is not a natural but manmade phenomenon. If our children are to enjoy the kind of convenience and prosperity from which we have benefitted, we must make changes and act now. That is why we have selected "moving forward responsibly" as the theme for this year's MOVE. The "Special Feature" outlines where Kia Motors currently stands in terms of our ambition to responsibly advance forward and introduces everyday tips on how our readers can contribute to building a better future.



44 Building Eco-Conscious Cars



KIA Motors At a Glance

Since our foundation 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 over 4,000 dealers in 172 countries with combined annual sales volume of over 1.5 million vehicles. Through continuous research & development and investment activities, Kia Motors now possesses a comprehensive product lineup comprising a full range of vehicle 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 in all corners of the globe—from the United States and Japan to China and Europe. Through continued exchanges and interactions with society, Kia Motors endeavors to carry out our responsibilities as a corporate citizen. We strive to achieve sustained growth through greater value creation by making a concerted effort to protect the environment while refraining from actions and behavior that will threaten the world's sustainability. In short, Kia Motors pledges to work even harder to realize human happiness through automobiles.

※ Total sales volume based on total number of units produced in Korea and overseas / Sales revenue based on non-consolidated financial statements / Social contribution based on non-consolidated financial statements (including marketing costs for public awareness campaign)

Total sales volume **1,533,606** units

Global operations **172** countries

Sales revenue **18,416** billion won

Operating profit **1,145** billion won

Business Domain

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

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

Hybrid vehicles 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, 409 dealerships, 11 shipping offices

Services _ 20 regional service centers, 243 comprehensive service providers, 563 partial service providers

Overseas Sales _ 172 countries, 4,062 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 (580,000 units), Gwangju Plant (420,000 units), Seosan Plant (230,000 units)
- Overseas** China Plant (430,000 units), Slovakia Plant (300,000 units), Georgia, USA Plant (300,000 units)
- Kia Motors Manufacturing Georgia, USA (1,167 employees) **16** | Slovakia Plant / Kia Motors Slovakia, Žilina (2,884 employees) **17** | China Plants I-II, Yancheng (3,604 employees) **18** | Corporate Headquarters, Seoul (Korea: 3 plants, 3 R&D centers, 20 regional service centers, 342 dealerships, 32,616 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** **10**



2009: Commitment to Performance and Corporate Social Responsibility

Turning crisis into opportunity

As a leading global automaker, Kia Motors continually strives to fulfill our social responsibility while creating and promoting sustainable value. In 2009, our employees managed to turn crisis into opportunity by coming together and working tirelessly amid the global economic downturn. Despite the uncertain business environment, we implemented a production and management strategy that responded effectively to changing market conditions while taking advantage of favorable foreign exchange conditions and industry stimulus policies around the world. As a result, Kia Motors had our best year ever. We raised our domestic market share to the 30 percent-level; won design awards in Korea and abroad; successfully launched new models, including K7 (Cadenza) and Sorento R (Sorento); and recorded record high sales, especially in the newly emerging markets of China and the Middle East. Meanwhile, other global automakers posted double-digit drops in sales and went through intense restructuring, with some even filing for bankruptcy protection. Kia Motors, on the other hand, posted remarkable results, exceeding market expectations by recording an 8% growth in sales while posting 18,416 billion won in sales revenue and 1,145 billion won in operating profit.

"2009 was the most profitable year ever for Kia Motors. We reaffirmed our commitment to fulfilling our social responsibility through the "Social Responsibility Charter." On the environmental front, Kia Motors released the Forte LPi Hybrid, the consummation of 20 years of effort aimed at developing green vehicles, and launched the EcoDynamics environmentally-friendly sub-brand. We pledge to fulfill our responsibilities to our stakeholders by becoming a model enterprise that opens the door to a sustainable future."

Curbing climate change

As an automaker endeavoring to become a leader in green growth, Kia Motors is actively involved in the development of eco-friendly technologies and products. In 2009, we released the Forte LPi Hybrid, the consummation of 20 years of effort aimed at developing green vehicles with high fuel economy and low emissions. We also launched EcoDynamics, our eco-friendly sub-brand, thereby opening a new green chapter in our company's history. With these developments as a stepping stone, we are planning to release the Lotze (Optima) Hybrid equipped with a proprietary hybrid system in 2011. Then in 2012, we will debut our first plug-in vehicle featuring a Flexible Hybrid System (FHS) that is rechargeable at home.

Since 2006, Kia Motors has been building a greenhouse gas management system by compiling an inventory of greenhouse gases and carrying out third party assurance reviews. As of 2008, all production and after-sales service sites in Korea have completed third party assurance reviews. In 2010, we are expanding the scope of the reviews to include our plants in Slovakia and China. By 2011, the Georgia Plant in the United States, which began operations last year, will also be subjected to a review.

The greenhouse gas inventory and the results of the third party assurance reviews have helped us identify the potential level of emissions reduction we can achieve. We have made energy conservation a part of our everyday activities, and have replaced antiquated equipment with high-efficiency equipment and introduced heat recovery systems. In short, we are steadily raising the efficacy of our greenhouse gas reduction efforts. Our goal for 2010 is to set up integrated energy-green house gas emissions management systems at all our Korean and international worksites.

Full-fledged CSR

With the declaration of our commitment to corporate social responsibility (CSR) and the establishment of the Corporate Social Responsibility Committee in 2008, Kia Motors laid the foundation for comprehensive CSR practices. Kia Motors joined the UN Global Compact (UNGC) in July 2008 and its ongoing support of the UNGC comprises ten principles in the areas of human rights, labor, environment, and anti-corruption.

In 2009, Kia Motors declared the "Social Responsibility Charter" which delineates our CSR pledge to stakeholders, including our employees, partner companies, shareholders, customers and local communities. We will do our utmost to turn the "Social Responsibility Charter" into a fundamental value system and a basis for action shared by all Kia Motors' employees.

Based on our stellar 2009 performance, Kia Motors will endeavor to make even greater progress in 2010. Amidst intensifying competition and a fast-changing business environment, all of us at Kia Motors will put our hearts and souls into making Kia Motors an all-around world-class automaker. 

SUNG-EUN CHUNG

Vice Chairman and CEO

May 2010



Corporate Philosophy and Socially Responsible Management


Kia Motors' business activities are guided by a corporate philosophy that aspires to "create a rich automotive culture for humanity and contribute to the harmony and mutual prosperity of our shareholders, clients and other stakeholders based on a spirit of creative challenge." We have always endeavored to strengthen stakeholder trust and mutual growth. In 2008, we officially designated these efforts as the core pillars of Kia's corporate social responsibility (CSR) and turned our focus to fine tuning our CSR system.



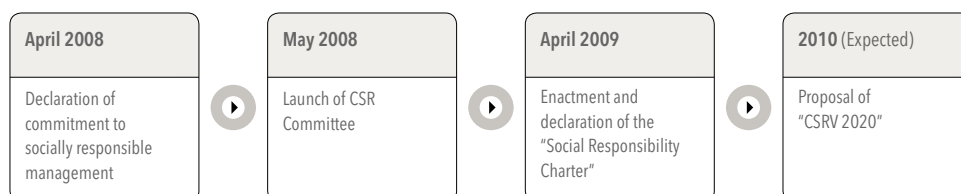
For Kia Motors, CSR is not merely a facet of our business; it is a core value and a driving force that encompasses the full range of who we are and what we do—from our corporate philosophy and policies to our mid- to long-term business strategies. Through socially responsible management, Kia Motors aims to delineate our vision and role vis-à-vis our employees, partner companies, shareholders, customers, local communities and humanity at large. We strive to faithfully carry out our responsibilities to the economy, society and future generations. We endeavor to realize sustainable and shared growth with all our stakeholders by actively practicing CSR in a manner that meets global standards.

CSR system and activities

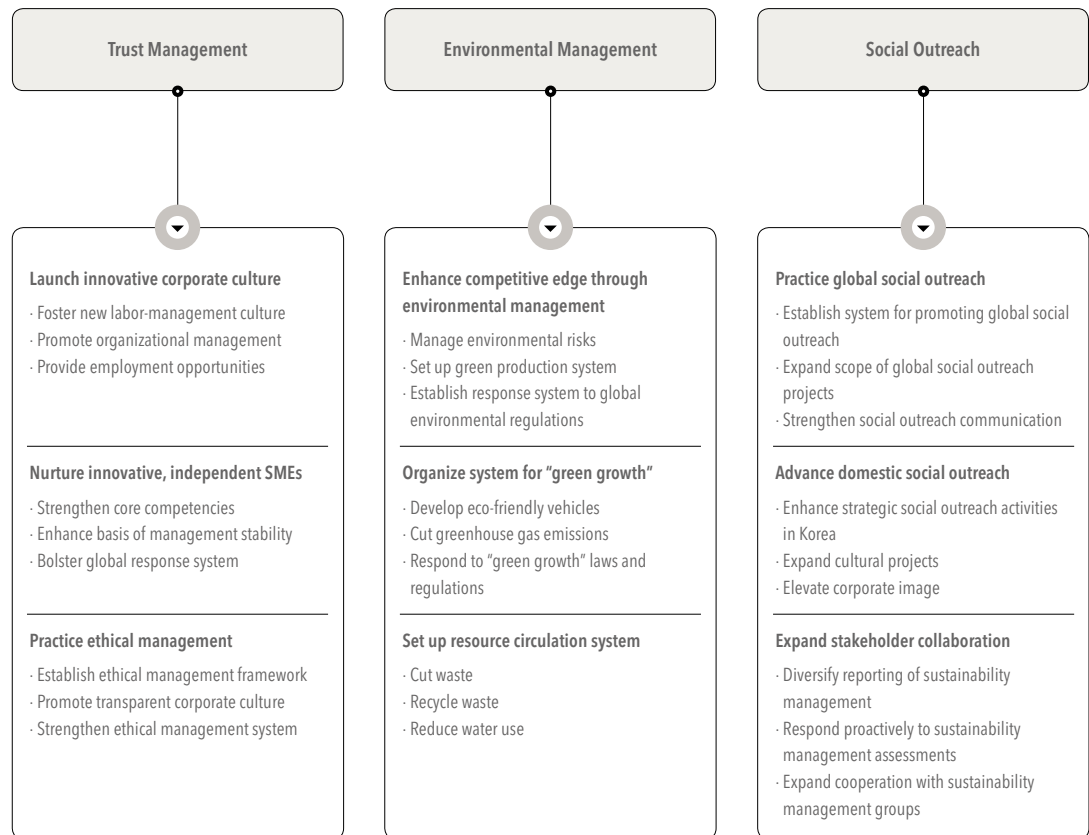
In April 2008, Kia Motors officially declared our commitment to socially responsible management. We systematized our ongoing CSR efforts, designating trust management, environmental management and social outreach as core objectives and establishing the enterprise-wide Corporate Social Responsibility Committee. A year later, in April 2009, we declared the "Social Responsibility Charter," which outlines our vision and role vis-à-vis our stakeholders. The purpose of the charter is to detail the CSR future we envision and to propose the general direction of our CSR efforts.

On the heels of the "Social Responsibility Charter," a system of principles and ideals for all Kia Motors' employees, Kia Motors plans to lay the groundwork for "Corporate Social Responsibility Vision 2020" in 2010. "CRSV 2020" will be a detailed proposal concerning our approach to the prospects of climate change. 

Milestones



Core Objectives of Socially Responsible Management



Social Responsibility Charter

Based on our corporate culture of respect and trust, Kia Motors declares the "Social Responsibility Charter" in order to fulfill our responsibilities as a global citizen and share our core values with our stakeholders.

Kia Motors is committed to and practices trust management, environmental management and social outreach, which are the guiding principles of our business activities. We regard the fulfillment of our corporate social responsibility to be a long-term and ongoing growth principle and affirm that this principle applies to all our employees, partner companies, shareholders, customers, local communities and humanity at large.

We promote our employees' self-realization and foster a win-win relationship with our partner companies.

- Based on a corporate culture of respect, we advance reasonable labor-management relations.
- Our employees are committed to and practice volunteerism and environmental friendliness.
- We contribute to enhancing our partner companies' global competitiveness by promoting win-win collaboration and green partnerships.

We raise shareholder value and strive to win their hearts and trust.

- We bolster our shareholders' rights and gains by creating economic and social value.
- We protect our customers' personal information and raise customer satisfaction with our quality products and services.
- We incorporate the opinions of our shareholders and customers in all our business activities and share with them the value of sustainable growth.

We contribute to the shared prosperity of humanity as a member of the global community.

- We share and give back to communities through diverse social outreach activities.
- We abide by global environmental laws, regulations and agreements, and actively participate in environmental protection efforts.
- We enhance mutual understanding and contribute to the growth of the global community through active cultural exchanges.

Corporate Governance and the Board of Directors

Kia Motors' business operations are founded on an institutional framework that enables the evenhanded coordination and regulation of the interests of its managers, shareholders and employees. We strive to secure the transparency and soundness of our corporate management control system. Kia Motors' management system comprises the Board of Directors and its committees. The committees under the Board of Directors include the Audit Committee and the Board Nominating Committee, which are responsible for conveying the opinions of outside stakeholders and overseeing the company's business activities; and the Ethics Committee, which was established to monitor internal transparency 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 that promotes shareholder and stakeholder interests. It is also responsible for supervising and making decisions on major business activities under the goal of achieving long-term growth. The Board of Directors consists of four inside directors and five outside directors. The Board holds regular meetings and special meetings (as needed) to vote on key issues in consideration of our shareholders' opinions gathered from the General Shareholders' Meeting and IR activities and in consideration of our employee recommendations. In order to enhance professionalism and efficiency, there are three committees organized under the Board of Directors: Audit Committee, Nominating Committee and Ethics Committee. In 2009, the Board of Directors convened 10 times and voted on the following issues: appointment of the Chairperson of the Board and CEO, issuance of corporate bonds and approval of an overseas subsidiary's debt guarantee. The average attendance rate of outside directors at both regular and special meetings was 90%. Presently, the CEO of Kia Motors is also serving as the chairperson of the Board of Directors. This is due to the distinctive characteristics of the auto industry and the rapidly changing business environment. The automotive business requires large investments, and quick decision-making is crucial given the short product cycle. Moreover, sudden changes in market conditions sometimes demand fast decision-making. With the CEO also serving as the chairperson of the Board, decisions can be made quickly and responsibly to respond to unexpected changes in the business environment. Measures will be devised to deal with the possibility that such an arrangement may undermine the independence of the Board. External and internal board members receive a base annual salary by position level as approved by the General Shareholders' Meeting as well as bonuses linked to corporate business performance. In 2009, the General Shareholders' Meeting set the compensation limit at 10 billion won. The actual payout was 3 billion won.

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 four directors. It is stipulated that at least one half of the Board Nominating Committee must comprise outside directors. In accordance with this mandate, the Board Nominating Committee is composed of two inside directors 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 in ethical management. As such, it is stipulated that the Ethics Committee consist solely of outside directors. It is currently composed of five 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. ❷

Board of Directors

(as of Dec. 31, 2009)

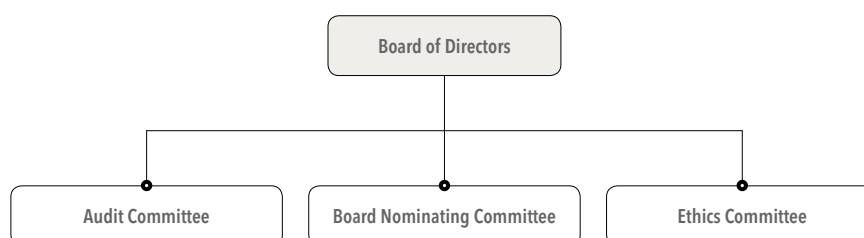
	Name	Position(s)
Internal directors	Sung-Eun Chung	Chairperson of the Board of Directors, Chairperson of the Board Nominating Committee
	Young-Jong Seo	
	Eui-Sun Chung	Member of the Board Nominating Committee
	Jae-Rok Lee	
External directors	Hyeon-Guk Hong	Chairperson of the Audit Committee, Member of 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
	Young-Soo Park	Member of the Ethics Committee

Major shareholders

(as of Dec. 31, 2009)

Shareholder	No. of shares	Holdings ratio
Hyundai Motor	134,285,491	34.58%
Employee stock ownership	13,583,939	3.50%
Private investors (excluding employee stock ownership)	85,303,754	21.96%
Foreign investors	75,928,170	19.55%
Others (financial institutions, etc.)	79,269,694	20.41%
Total	388,371,048	100.00%

Board of Directors and its Committees



Fostering Dialogue and Engagement

For Kia Motors, sustainability management is not simply one area of business management. Rather, we believe it should be a means by which we can get closer to our stakeholders by fostering dialogue and engagement. This stems from our belief that earnest communication and trust-building with our stakeholders give us the strength to confidently navigate into a future filled with uncertainties. This sustainability report, too, is a channel for engaging our stakeholders in dialogue. Kia Motors wants to become even more accessible to an even greater number of our stakeholders. To this end, we continue to expand our communication channels and pledge to listen to what our stakeholders have to say while translating their opinions into action for a better tomorrow.



Channels for dialogue and engagement

Kia Motors is developing diverse communication channels to expand stakeholder communication and participation. We strive to incorporate our stakeholders' opinions in our business activities and continue to create even more channels for enhanced stakeholder engagement and dialogue. We are creating more opportunities for face-to-face encounters with our stakeholders in Korea and abroad through test drive events, conferences, invitational events for customers and dealers, motor shows and new model launch events. In 2009, we were able to meet with around 7,000 stakeholders around the world. Our annual sustainability reports comprise yet another means of dialogue. Kia Motors is contemplating ways to include direct stakeholder participation in the creation of our sustainability reports.

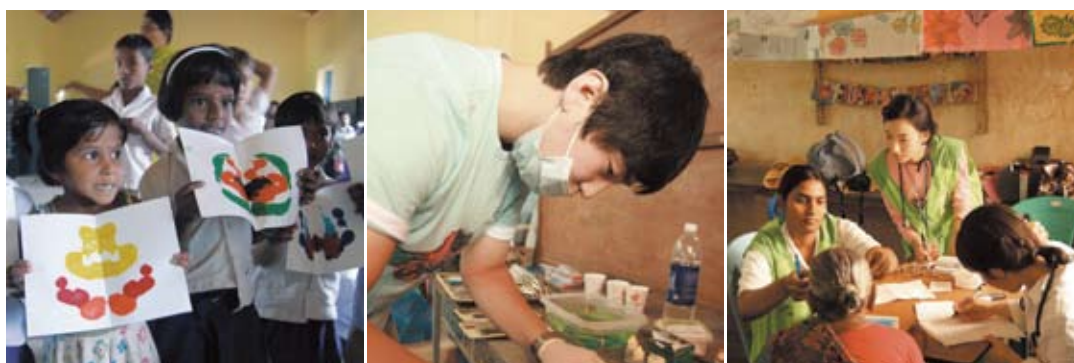
Communication channels	
Stakeholders	Communication channels
Customers	Motor shows and new model launch events, test drive events, sports sponsorships, customer service, customer satisfaction surveys, clubs, website, online communication channels (Kia Motors global Facebook page, Kia BUZZ, Funkia), reports (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)

Stakeholder survey

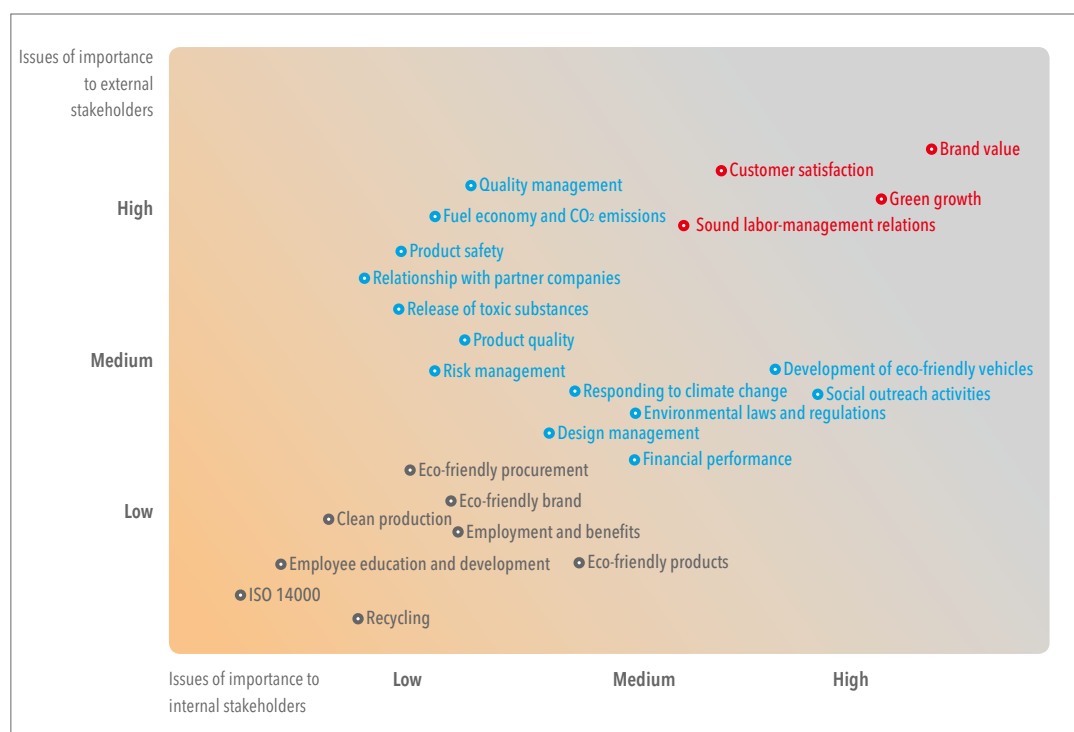
In preparing *Sustainability Magazine 2010*, Kia Motors undertook a survey to identify our stakeholders' areas of interests and to use the results as reference for drafting this report. Our employees and external stakeholders participated in the survey. External participants included NGOs, local communities (Gwangju local communities, beneficiaries of Kia Motors' social outreach activities), investors (rating and investment institutions), government and partner companies (primary partners).

The survey results have been organized into the table below. We have endeavored to include a detailed coverage of our activities pertaining to our stakeholders' areas of interest in this sustainability report. We will continue to strive to incorporate our stakeholder feedback in our business activities to create a Kia Motors that is the fruit of collaboration with our stakeholders.

The survey showed that stakeholders' key areas of interest are as follows: progress and goals of sustainability management, management leadership, sound labor-management relationship, customer satisfaction, eco-friendly activities, product development strategies, and HEV development. **M**



Materiality Assessment Results



※ 277 internal and external stakeholders participated in the survey. Through a materiality assessment, 4 core issues (red) and 13 important issues (blue) were identified.

Global Challenges, and Opportunities

As a business expands its global market presence, it is faced not only with more opportunities but also new challenges. A growing business seeks not only to engage billions of potential customers but must also take on added responsibilities. Kia Motors has focused on and responded proactively to the opportunities and challenges presented by internal and external factors impacting our business environment. Our responses demonstrate our understanding of the issues that require our involvement and how we go about fulfilling our responsibilities. Through MOVE, we inform our stakeholders about how we handle the challenges and opportunities that come our way.

Responding to the present, preparing for the future


Kia Motors understands that our response to present challenges is bound to affect us in the near future, so we put a lot of thought and care into devising possible solutions. In the meantime, we also work tirelessly to identify future issues of concern and interest. In other words, Kia Motors' risk management system is comprehensive. We formulate responses for today's challenges while also making preparations for the future by predicting tomorrow's business environment, market conditions and environmental trends.

The global challenges we face

Climate change, which has given rise to the concept of sustainable mobility, is both the greatest challenge as well as the greatest opportunity the auto industry is facing. Over the past century, the automobile—a personal possession and mode of transport—was defined by state-of-art technologies that provide safety and convenience and by attractive designs that appeal to individual sensibilities. However, such these conceptions have been made obsolete by the overwhelming force of climate change. Now, the greatest goal of an automobile is the realization of sustainable mobility, which rests on minimizing environmental impact, safeguarding human health and passing down the convenience of mobility we have enjoyed to the next generation.

With climate change, environmental and safety regulations have become increasingly stringent, demanding faster-than-ever technological advances. In the meantime, the global economic crisis is expected to be drawn out and emerging markets are projected to take center stage in the automotive industry. Accordingly, the industry is expected to realign itself around fuel-efficient vehicles, not just for environmental but also for economic reasons. In the post-crisis global economic landscape, raw material prices and the Korean won are expected to appreciate. A significant portion of Kia Motors' sales revenue comes from exports. Hence, a strong won would weaken our export competitiveness and increase the potential for foreign-exchange-related losses. In the meantime, higher raw materials prices would upset the supply-demand balance, which in turn, would negatively impact our business environment.

Kia Motors has a market presence in 172 countries. Our overseas plants alone have a combined production capacity of 1 million units. We have around 40,000 employees worldwide. Accordingly, globalization and localization as well as employment stability and the nurturing of talented recruits are important issues for Kia Motors. Despite market uncertainties, we must maintain our workforce while creating new jobs and contributing to local and national economies. We must recruit, nurture and retain talented workers for the benefit of our employees and the company at large. We must provide products that appeal to universal as well as local sensibilities. We must expand our global market presence while also fulfilling our responsibilities to each local community in which we find ourselves. These are the challenges confronting Kia Motors.

The purpose of MOVE is to provide more in-depth coverage of these challenges and how Kia Motors is responding to them. Through MOVE, we hope to get feedback from our stakeholders about where we stand and where we should be headed. 

"MOVE presents Kia Motors' responses to and plans for the following: climate change, tougher environmental and safety regulations, the changing market conditions after the 2008-2009 global economic crisis, projected appreciation of the won and raw material prices, globalization and localization, and employment stability and the nurturing of a talented workforce."



Climate change (The need for and significance of sustainable mobility)



Globalization vs. localization



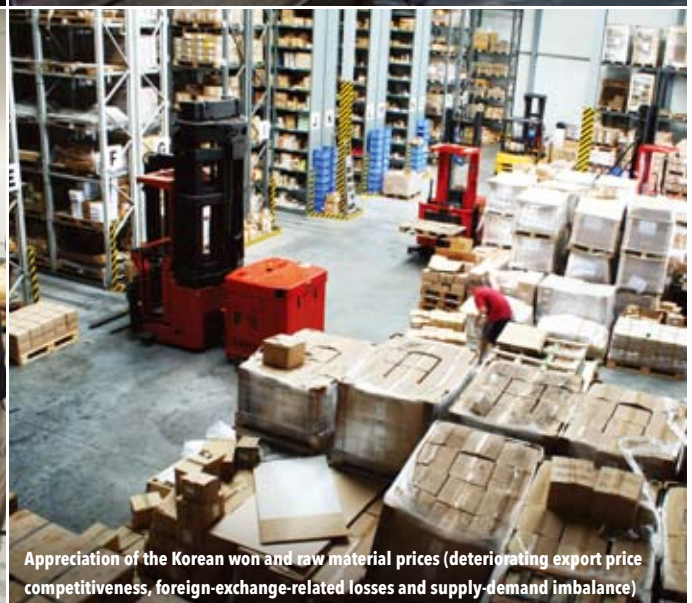
Tougher environmental and safety regulations



Expected changes after the global economic crisis (long-term growth forecast/realignment of the automotive market)



Employment stability and nurturing a talented workforce



Appreciation of the Korean won and raw material prices (deteriorating export price competitiveness, foreign-exchange-related losses and supply-demand imbalance)

Sustainability Highlights

The year 2009 was more eventful than any other for Kia Motors. We had discussed the construction of the Georgia Plant in our previous sustainability reports. In 2009, the Georgia Plant finally began operations and rolled out its very first all-new Sorento.



Georgia Plant grand opening ceremony

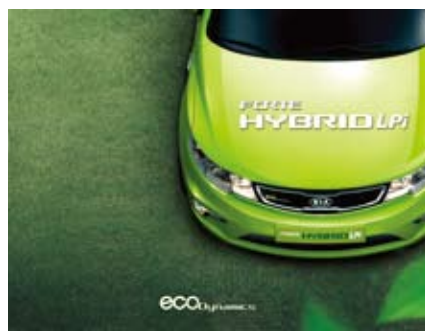


The grand opening ceremony for the Georgia Plant, Kia Motors' first production facility in the United States, was held on February 26, 2010. The construction of the 1 billion dollar plant began in October 2006 and was completed in early 2009. After a test run, the plant began mass-producing the all-new Sorento, thereby officially signaling the start of Kia Motors' U.S.-based production. The cutting-edge Georgia Plant is equipped with robots and a large-scale automated loading system. There is a rail transport system winding through the plant complex. The plant also features a cost-effective, time-efficient and eco-friendly module factory that assembles and directly supplies front-end modules (transmission, bumper, and other key parts). The Georgia Plant, along with the design and technical centers and sales offices already in operation in the United States, will comprise a comprehensive business system that will serve as a solid foundation for Kia Motors' full-fledged foray into the U.S. market.



Kia Motors' first hybrid car hit the roads, our sustainability report won prestigious international awards and we signed an agreement on tackling climate change. Here is a rundown of the key events of 2009.

Release of Forte LPi Hybrid, Kia Motors' first hybrid vehicle



With the launch of the Forte LPi Hybrid in July 2009, Kia Motors officially entered the green vehicle market. The Forte LPi Hybrid features a 1.6-ℓ Gamma LPi engine, continuously variable transmission, electric motor with inverter and converter, and a lithium polymer battery. Kia Motors succeeded in developing our proprietary electric motor, inverter, and converter, thereby laying the basis for a more advanced lineup of eco-friendly vehicles.

The Forte LPi Hybrid exemplifies the latest in cost-effective and green automotive technologies. It features Idle Stop & Go (ISG); a continuously variable transmission customized for HEVs that prevents transmission shock and enables optimal fuel-efficient driving; Eco-Drive mode, which automatically regulates the engine and motor for optimal fuel economy; Eco Guide; and the Eco-Drive Point function.


Honors for MOVE sustainability report



In 2009, our sustainability report brought us one piece good news after another. In July, it won the Gold prize in the LACP (League of American Communication Professionals) Vision Awards, along with the Silver in the "Most Improved" category and the Gold in the "Asia-Pacific's Most Improved" category. In September, MOVE won the top honor at the prestigious MerComm ARC Awards. This was followed by another Gold prize win at the Galaxy Awards in October. In Korea, MOVE received the top honor in the sustainability report category at the 2009 Global Green Management Awards. In short, Kia Motors was recognized at home and abroad for our efforts to engage our stakeholders. The ARC Awards judging panel lauded MOVE for adopting a magazine layout, which it saw as a new and unique approach and a fun and effective way to present Kia Motors' achievements. We pledge to continue sharing our efforts, achievements and plans for sustainable mobility with our stakeholders through MOVE.

Signing of agreement for joint response to the Convention on Climate Change



In October 2009, Kia Motors signed an agreement with the Korea Energy Management Corporation (KEMCO) for a joint response to the Convention on Climate Change and for the successful execution of greenhouse gas emissions reduction efforts. Kia Motors and KEMCO have pledged to work together on a greenhouse gas inventory verification project, pursue energy conservation efforts, develop a carbon emissions reduction program and promote educational and awareness campaigns on the Convention on Climate Change. A greenhouse gas inventory enables a business to identify and manage the source and amount of greenhouse gas emissions resulting from its production and service processes. It is a prerequisite for businesses that want to respond effectively to the Convention on Climate Change. Through the said agreement, the greenhouse inventories of all Kia Motors' worksites in Korea will be assured by KEMCO. Based on KEMCO's assurance results, we will improve our emissions reduction system and add momentum to our efforts to effectively cut greenhouse gas emissions. 

Creating & Sharing Value

Kia Motors grows on the strength of the value it gives to and receives from our stakeholders. Through this collaboration, we continue our ongoing efforts to provide better cars and services to our customers worldwide and carry out our responsibilities as a corporate citizen. The diagram outlines the flow of value between Kia Motors and our stakeholders as well as our respective roles and value.

* Based on non-consolidated financial statements

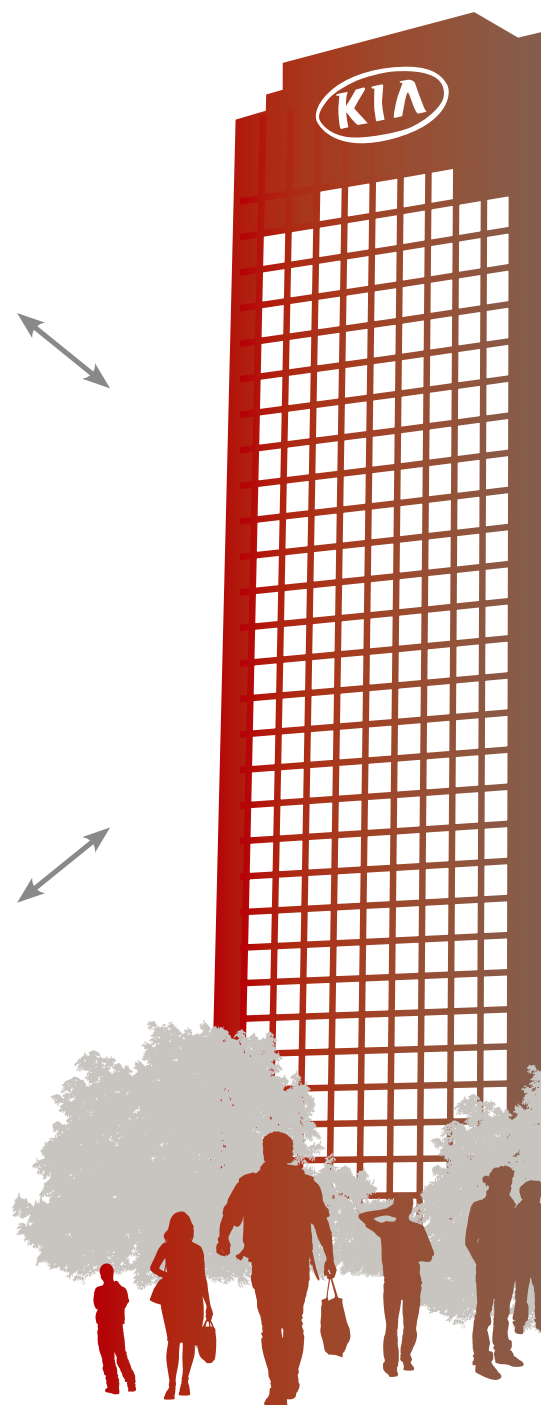
Kia Motors provides our customers with cars and related services of the highest value. In turn, customers contribute to our sales revenue. We offer our customers the added value of brand affinity and design along with affordability and exceptional quality. This is how Kia Motors endeavors to continue our growth. In 2009, Kia Motors' business activities yielded 18,416 billion won in sales.

Customers
18,416 billion won



In 2009, 14,474 billion won—78.6% of Kia Motors' sales revenue—went to our partner companies around the world. Our partner companies provide us with a wide range of services, including the supply of steel and other raw materials for various vehicle components and the supply of electricity, natural gas and other forms of energy used in the production process. The products and services from Kia Motors' partner companies play a major role in determining the quality of our vehicles. Kia Motors strives to strengthen the relationship with our partner companies and raise their competitiveness.

Suppliers
14,474 billion won





Kia Motors' 41,933 employees are our most valuable assets. Every Kia product and service owes itself to the passion and dedication of our employees. 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 2009, Kia Motors spent 2,792 billion won in employee wages and benefits.

Employees
2,792 billion won

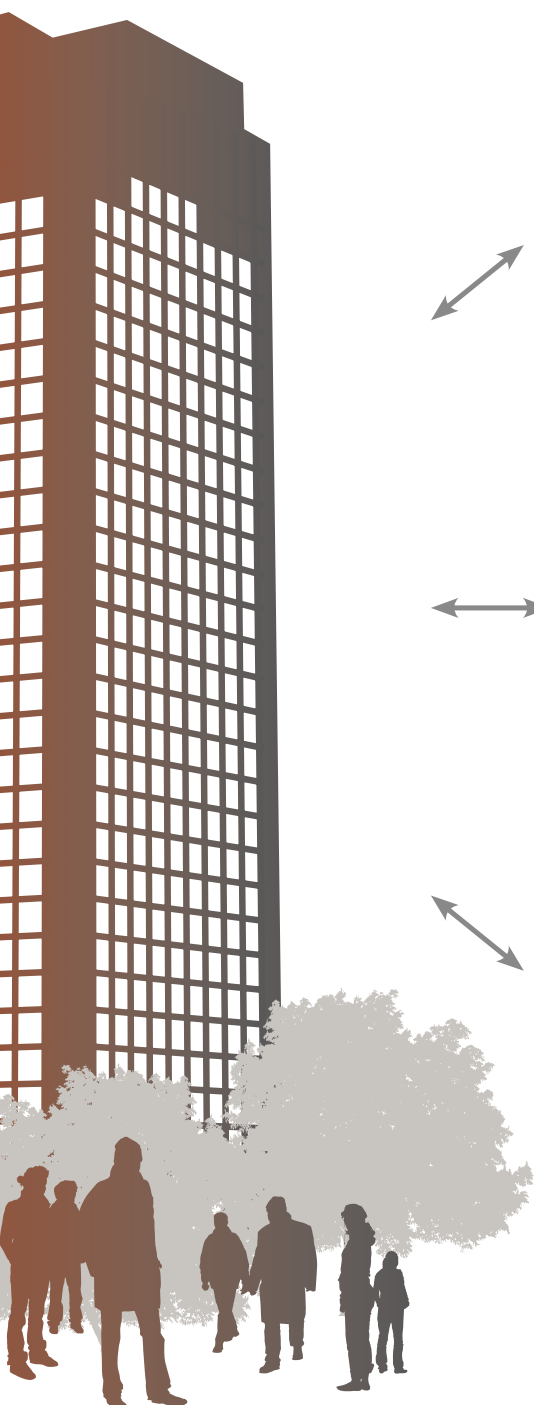


Kia Motors' shareholders—institutional and private investors around the world that hold Kia Motors stocks—are, in effect, the owners of Kia Motors. Through share issues, bond issues and loans from financial institutions, a business secures funds to make large-scale capital investments and finance its business activities. A business fulfills its responsibility to its shareholders by paying them dividends of its profits or making investments to raise the company's value. A business fulfills its obligations to its creditors by paying them interest. In 2008, Kia Motors paid out 441 billion won to our shareholders and creditors.

Shareholders / Creditors
441 billion won

A business has the duty to pay the state and local governments a portion of the added value it creates. The government uses corporate and private tax revenue to set up and operate legal and other fundamental social institutions and frameworks that provide a safe environment in which companies can carry out their activities. By engaging in voluntary social outreach activities as a corporate citizen, a business earns the public's trust. In 2009, Kia Motors' tax payment and social contribution expenditure totaled 32.6 billion won. ^(M)

Society
32.6 billion won





The Driving Force behind Our Best Year Ever

For many, 2009 will be remembered as one of the worst years ever. Yet for Kia Motors, the year was undoubtedly our best and was filled with record-breaking feats. Kia Motors starts off 2010 in high spirits with external observers touting our “full-fledged turnaround,” “stronger fundamentals,” and “best-ever performance.” We look back on our accomplishments of 2009 and review our plans for what lies ahead.

2009 Review

The outlook for 2009 had been one of the worst ever in the history of the global auto industry. In the wake of the global economic crisis that had erupted in September 2008, monthly automobile sales in the United States in early 2009 recorded a 40% year-on-year decline, and sales growth in emerging markets, which had been on a steady rise, moved into the minus territory. The automotive industry was shaken when GM and Chrysler filed for bankruptcy protection, and Toyota shocked the world by diving into the red for the first time since its founding. The Korean auto market was not immune to the impact of these developments. GM Daewoo, a member of the General Motors Company, faced the risk of liquidity shortage, and SsangYong was pushed to the brink due to labor-management conflict over corporate restructuring which had been necessitated by falling sales. Many automakers focused on overcoming the crisis

through restructuring while also seeking other means of survival.

Last year, two notable trends emerged in the automotive market amidst the dire economic conditions. First was the growing market share of the subcompact and low-end segment. This trend is expected to continue into the mid- to long-term. The economic recession is expected to lower consumers' purchasing power, while government policy incentives are being geared toward subcompacts. Emerging markets are forecasted to continue their growth trend, and environmental regulations are projected to grow increasingly tough. Second, the green trend became increasingly pronounced, with global automakers releasing hybrid models and announcing concrete plans for their mass production. Kia Motors, too, entered the hybrid market when we unveiled the Forte LPi Hybrid, the world's first HEV that runs on LPG. In 2009, global automakers saw operating deficits and negative double-digit growth in sales. Some even came close to



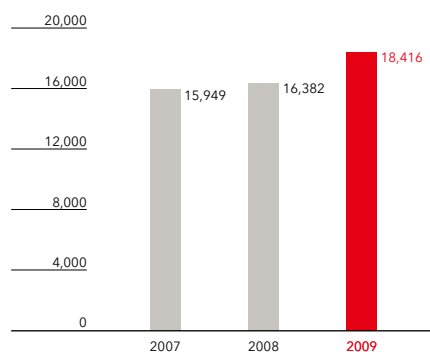
closing shop altogether. But amidst such severe conditions, Kia Motors managed to set new records. Our sales volume grew by 8.1%; our sales revenue increased by 12.4%; and our operating profit amounted to 1,145 billion won, our highest ever. We will now reveal the secret behind our success.

Korea: 30% Market share, 30.5% Sales growth Thanks to governmental measures to promote the Korean auto market and the release of new models by various automakers, the Korean auto market grew 19% to about 1.37 million vehicles in 2009. Kia Motors' 2009 annual sales volume grew by 30.5% to 410,000 units, taking 30% market share. The upgraded 2010 Morning (Picanto) dominated the subcompact market while the release of new Kia models—Sorento R (Sorento), Forte (Cerato) Koup, and K7 (Cadenza)—further strengthened Kia's design identity and led to sales growth. K7, in particular, elevated Kia Motors' standing in the passenger car market. It also completed the Kia lineup, which now spans from the subcompact to full-size segments. Accordingly, K7 is expected to make a significant contribution to raising our market competitiveness. In 2009, our domestic production volume grew by 8% from previous year to 1.137 million units. In the case of Morning and Forte, production volumes were the highest since their release. Moreover, Kia Motors successfully set up a flexible manufacturing system through the adoption of a mixed-model production scheme and cross-plant work transfers. All three domestic worksites recorded double-digit growth in HPV, a productivity index, thereby raising Kia Motors' overall productivity.

Overseas: Enhanced global production system, stellar performance in emerging markets The global economic recession curbed demand, resulting in cutthroat competition among automakers. Against this backdrop, Kia Motors sold around 1.12 million units (730,000 units produced in Korea, 390,000 units produced overseas), a 3% increase from the previous year. We made successful entries into emerging markets, including Africa, the Middle East and Central

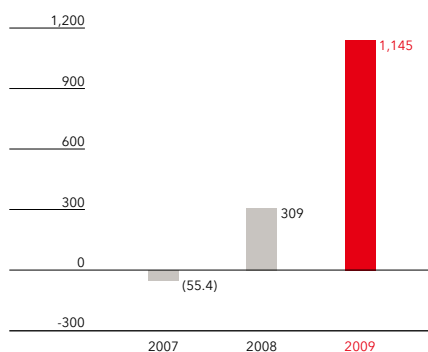
Sales revenue

(Unit: billion won)



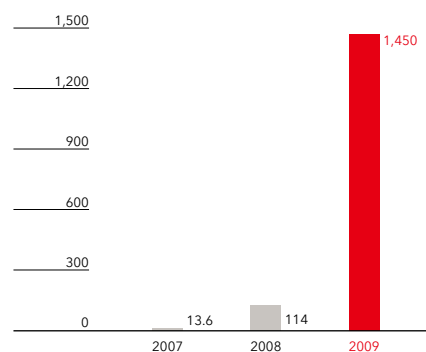
Operating profit

(Unit: billion won)



Net profit

(Unit: billion won)



※ Based on non-consolidated financial statements

& South America. In China, which has emerged as the largest auto market, Kia Motors released a specially designed localized model and took advantage of the Chinese government's sales tax reduction policy. Our 2009 sales in China grew by a whopping 65%. Thanks to the sales momentum fueled by the successful launch of Forte and Soul, our subcompacts did very well. We strengthened our global business competencies through the completion and operation of the Georgia Plant in the United States. We also expanded our local dealer networks to boost our global sales capabilities. Our tireless efforts resulted in outstanding performance in both advanced and emerging markets. Kia Motors' global market share grew by 0.6% from the previous year to 2.4%. We have thus laid the groundwork for further growth and advancement as a global automaker.

※ Refer to pp. 72-73 for more information on Kia Motors' 2009 business performance, financial status, sales volume and production volume.

Secret behind our success

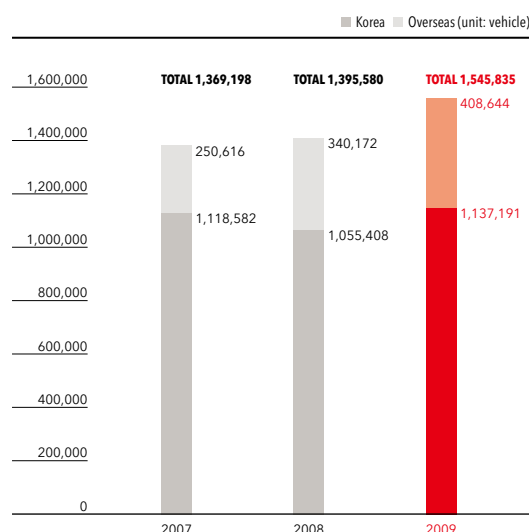
The secret behind Kia Motors' standout performance in 2009 was a solid foundation for sustained growth that had been a long time in the making. The business environment had indeed been challenging over the past few years. Nevertheless, Kia Motors did not pursue immediate gains. We focused on strengthening our structural soundness and core capabilities, thereby building a firm basis for sustained mid- to long-term growth.

Brand, brand! In 2005, Kia Motors launched a design management initiative to raise our brand value through a distinctive design identity. Kia's designs began turning heads with the successive release of our new models in 2008. Riding on this momentum, new models as well as facelift models unveiled in 2009 strengthened the global market's recognition of Kia's design competency. Not only Sorento R, Forte Koup, and K7, but also Venga—a localized European model—were well received and contributed directly to our sales growth. We have continued to improve our brand image through active global sports marketing. In 2009, we sponsored the Australian Open, the professional Spanish soccer team Atletico de Madrid, NBA and X Games Asia. On the quality front, Kia Motors received favorable reviews from Consumer Reports, issued by a leading U.S. consumer advocacy group; United Kingdom's What Car?; and Germany's Auto Bild. Soul was the only Korean car that made the Insurance Institute for Highway Safety (IIHS) "Top Safety Pick for 2010," and Kia Motors received the highest-ever score from the Automotive Lease Guide (ALG), a leading U.S. residual value rating agency.

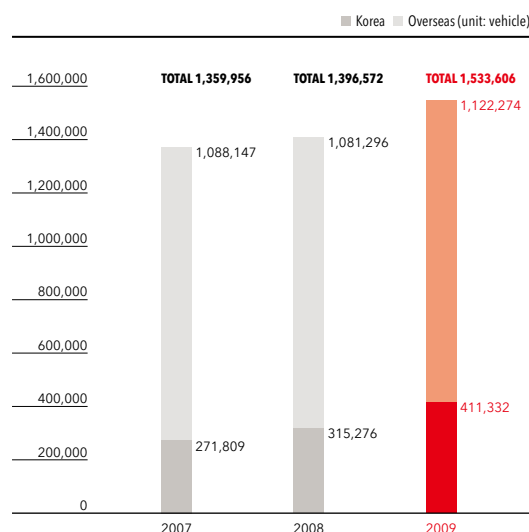
Going global! The Georgia Plant (USA), which will serve as a key global production center, was completed and went into operation in 2009. The Georgia Plant, along with the Slovakia Plant and China Plants I-II, completes the 1-million unit overseas production system that Kia Motors had steadily pursued. We are, therefore, now even better equipped to quickly respond to changing global demands and market conditions. In March 2009, we opened the Central Advanced Research and Engineering Institute in order to prepare for future automotive trends and secure core technologies by bringing together all

"In 2010, Kia Motors will enhance our brand competitiveness and our global production and sales operations. In so doing, our profitability will be able to withstand unfavorable market conditions. We will also strengthen our next-generation growth engines such as green technologies and IT technology in order to elevate our standing in a realigned auto industry."

Production volume



Sales volume





the competencies—from materials and parts to automobile manufacturing—of our vertically integrated organization. The Central Advanced Research and Engineering Institute enhances our global R&D network, which spans from Namyang to Japan, Europe and the United States. Kia Motors' global network of R&D, design and production centers sharpens our competitive edge by enabling us to develop vehicles that reflect local demands and preferences and reduce logistics and customs-related expenditures.

2010 Preview

Global auto sales, which had been sluggish until the first quarter of 2009, have begun to recover thanks to aggressive government stimulus measures. The global financial and economic crisis appears to be tapering off sooner than expected. The world economy has transitioned from crisis management mode to recovery mode, and the global economic rebound is expected to carry into 2010. The auto industry's growth forecast stands at around 6%. It will be difficult for the global auto industry to see pre-crisis growth rates until 2011 as governments will be fading out stimulus measures and oil prices are projected to rise in 2010. Full-fledged competition in the green vehicle and subcompact markets, which began in 2009, is expected to intensify in 2010. In short, while the general economic climate is forecasted to improve in 2010, there will be heightened competition within the automotive industry. Against such a backdrop, Kia Motors is planning to elevate its status in the realigned auto industry by realizing the following three goals: market leadership, profit leadership and sustainability leadership. Kia Motors aims to secure market competitiveness through the release of new models. In Korea, we will unveil the next generation Sportage and Lotze models sometime in the first quarter. We are also planning to increase the sales of last year's releases—namely the K7 and Sorento R—and raise our overall sales volume by 4.5% over 2009 to 430,000 units. In the United States, we have elevated our competitiveness with the completion and operation of the Georgia Plant in 2009. We plan to take on the U.S. market with the all-new Sorento, our first vehicle "made in the USA." We will also enhance our brand recognition through aggressive marketing campaigns as we did with the Super Bowl and Times Square ads. Our U.S. sales target for the year is 347,000 units, a 15.6% increase over 2009. In the European market, we unveiled our localized subcompact Venga in January. We will release to the next generation Sportage sometime around July. We have set our annual sales target at 250,000 units, a 3.2% increase over last year. As the official sponsor of the 2010 FIFA World Cup in South Africa, we will carry out an active World Cup marketing campaign from the first quarter to elevate our brand image. For the Chinese market, where we recorded a remarkable growth rate of 70% last year, our 2010 sales target is 330,000 units, up 36.7% over 2009. Following our release of the localized version of Soul last year, we will unveil a localized version of the next generation Sportage this coming October. We are also planning to expand our dealer network in China from 335 dealers to around 420. Kia Motors' remarkable 2009 performance was not a matter of chance. Likewise, our growth in 2010 will be the natural outcome of our tireless efforts and effective strategies. It is based on this belief that we embark on another year with great hope and anticipation. **AM**



Winning Strategies

Success does not appear out of thin air. Behind success, there are winning strategies that turn goals into reality. Behind Kia's success were effective strategies and the unwavering perseverance to carry them out despite unexpected changes in the business environment. We now reveal to you the winning strategies behind our success.

Globalization vs. localization

A business aims for sustained growth. When growth stops, the business is not maintaining the status quo; it is falling behind. Overseas expansion aims for the realization of this essential purpose of a business enterprise. The Korean automotive market has reached its growth limit in terms of market size, as determined by the size of the population and the economy. In the meantime, global automakers are entering the established Korean market, attracted to its size and purchasing power. Hence, cutthroat competition for a piece of the same, limited pie lies ahead in Korea. By making inroads into not only advanced but also emerging markets, Kia Motors has secured the driving force for sustained growth.

Through our sales, production, R&D and design network, Kia Motors has established a market presence in 172 countries. Successful globalization requires appropriate localization. That is why, in addition to establishing an extensive sales network, we are building local production facilities and R&D and design centers. This enables us to design and produce customized vehicles that reflect local consumer demands and preferences. Through localized production we can better adjust supply to meet changing demands and cut logistics costs and save on tariffs. The resulting cost competitiveness raises profitability. This is the virtuous cycle of localization. Kia Motors has a global production system with an annual production capacity of 1 million units (Slovakia Plant: 300,000 units/year; China Plants I-II: 430,000 units/year; Georgia Plant: 300,000 units/year). This is the means by which we can effectively implement our global business strategies.

Cornerstone for greater advances Kia Motors Manufacturing Georgia (KMMG), which was completed and began operations in 2009, embodies our dream to become an undisputed global leader in the automotive industry. With the completion of KMMG, we now have local production systems in all three hubs of the global automotive market: United States, China and Europe. With a local sales, production and R&D network in the United States, Kia Motors is now poised for full-fledged penetration into the birthplace of the automotive industry.

Four years after the signing ceremony with the Georgia state government in 2006, Kia Motors' first U.S.-made vehicle, the all-new Sorento, began rolling off the assembly lines in November 2009. KMMG is a 202,400 m² facility located on 2,612,000 m² of land, comprising an assembly plant and an automatic transmission plant. The Georgia state government, along with local and federal governments, provided Kia Motors with an incentive package worth over 400 million dollars in an effort to jumpstart the sluggish local economy. The package includes land, road and other infrastructure support; tax credits for job creation; and an employee training center and other employee education and training-related support. In less than 6 months upon opening shop, KMMG already has some 1,100 local employees. It plans to hire around 900 more employees by the end of the year. There are 25 Kia partner companies that have also set shop in the area. By 2013, which is when we expect to reach our target annual production volume of 300,000 units, KMMG and our partners will have created 10,800 new jobs (partner companies: 7,500 jobs). According to Georgia State University's Center for Process Innovation, KMMG, our partner companies and related service businesses are expected to create 20,296 new jobs in the surrounding 9 counties alone, amounting to an economic impact of 6.5 billion dollars. A business thrives when there is a sound balance between its globalization strategies for growth and its localization strategies that incorporate local needs and preferences. This globalization-localization balance is the first of Kia Motors' winning strategies and the core of our global business management philosophy.



Making of the Kia brand

Our stylish vehicles are bringing our internal slogan "Design Kia" to reality. Kia Motors became the first Korean automaker to sweep two of the world's top three design awards: red dot and iF. We have adopted a "family look" to build a unified design identity. Our efforts at creating a unique Kia brand identity through design have yielded concrete and very positive results over the past two years. We now reveal the second of our winning strategies through a Q&A with the Brand Management Team, which is at the forefront of our design accomplishments.

Q1. Since declaring Kia's commitment to brand management in 2005, you have set up a specialized team to build a unique brand and raise Kia's brand value. How would you define the "Kia" brand in a nutshell?

A. Kia, the brand, is about bringing excitement and energy to our customers' everyday lives. Through continued technological advances, and based on our image of dynamism and athleticism, we endeavor to become an "exciting & enabling" brand. We strive to impress our customers with our boundless potential; hence, our brand slogan, "The Power to Surprise™."



Q2. It has been 5 years since the launch of Kia Motors' brand management initiative. Where does Kia, the brand, presently stand, and what are the concrete results of your brand management efforts?

A. According to the brand power index (BPI) assessment, which we conduct regularly, Kia's brand competitiveness has been rising by a large margin annually over the past 5 years. More importantly, a more conspicuous change can be detected in customer recognition; customers are beginning to feel that Kia has changed. There appears to be a consensus in the global auto industry that Kia has shed its negative image of the past and is emerging as a promising brand. We see this as the result of our enterprise-wide brand management efforts.

Q3. Please elaborate. And what are some specific examples of your brand management activities?

A. First, there is heightened interest in our new models. Our newly launched vehicles, with their vastly improved performance and distinct design, have been well received by Korean and international customers. Second, our communication strategy has focused on presenting a unified brand image. For several years, we have been carrying out a design-oriented brand campaign as well as sports marketing activities like our sponsorship of the Australian Open. Finally, we are carrying out a multi-step initiative to improve our customer contact points. We are redesigning dealerships and service centers so that they become spaces for our customers to fully enjoy the Kia experience.



Firm foundation of quality

As Kia Motors has made our foray into the global market, we have sought to capture the attention of customers by building an attractive Kia brand image. The final piece to our tripartite strategic puzzle involved translating customers' purchase decisions into long-lasting memories of satisfaction and trust. The secret behind the success of German automakers and the growth of the Japanese automotive industry is the power of quality. Kia Motors' global R&D network, with Namyang R&D Center as the nerve center, includes the Central Advanced Research and Engineering Institute and the Mabuk Eco-Technology Research Institute, and extends to the United States, Japan and Europe. Through this global network, we are preparing for the future by continually striving to develop core technologies and enhance product quality.

As a result, Kia Motors consistently receives high marks from Korean and overseas automotive rating agencies. In 2009, Carens (Rondo) was selected as a top pick by Motor Trend (USA); Sorento received the highest safety rating (five stars) from Euro NCAP, and Forte (Cerato) was chosen as the "Car of the Month" by the U.S. vehicle information website NADAguides.com. Soul was not only chosen as a "Top Safety Pick" by the Insurance Institute for Highway Safety (IIHS), but it was also selected one of Time's "Most

Q4. Kia Motors' brand management has come under the spotlight since 2008 when newly released vehicles with unique and sophisticated designs began attracting customers. Brand management and design management opened a new chapter in Kia Motors's history. Please explain the relationship between the two.

A. Design management is a strategic means to brand management. Kia Motors decided to build a distinct brand identity and become a leading global brand. Peter Schreyer was brought on board as the Chief Design Officer (CDO) in 2006, and Kia Motors' design management went into full swing. Under the internal slogan "Design Kia," we have formulated a design philosophy that is uniquely Kia, and we have been releasing new models reflecting our new design identity. We have also begun showcasing concept cars at various motor shows to present the future envisioned by Kia Motors. And we are undertaking a design-oriented brand campaign in Korea, and within Kia Motors itself, through which we are building a new corporate culture through diverse activities.


Q5. Consistent external communication is important for effective brand management. However, just as important is consistent internal communication. What are some of the internal campaigns aimed at building a coherent brand-oriented corporate culture?

A. In order to foster a consensus on our brand identity, we leverage our global network to undertake regular tracking surveys. We share our brand orientation with our staff via internal PR materials, brand manuals, brand education and brand PR videos. We also feature elements of the Kia brand identity in our workspaces and office supplies to make the Kia brand a part of our everyday lives.

Q6. What are the next steps for Kia, the brand? Also, explain why brand management is a core strategy in Kia Motors' plans for sustainable growth. That is, what is the relationship between brand management and sustainability?

A. A strong brand equals customer awareness. Brand management aims to win over customers by instilling in them a unified and clear brand identity. With successful brand management, Kia Motors will see long-term growth, not just temporary spikes in sales from new releases or favorable foreign exchange rates. This is how brand management will contribute to Kia Motors' sustainability.



Exciting Vehicles of 2010," shortlisted for the "North American Car of the Year" award, honored as joint first-place winner of the United Kingdom's What Car? New Car Quality ratings, and received the highest safety rating (five stars) from Euro NCAP. Our vehicles are receiving one favorable review after another from not only authoritative rating agencies and media in the United States and Europe but also in China, a rapidly expanding automotive market. We will focus our enterprise-wide competencies to secure quality competitiveness and enhance customer satisfaction so that "Kia Motors" becomes synonymous with "quality." 





SPECIAL FEATURE:
01

Moving Forward Responsibly

"Moving forward responsibly" is what Kia Motors strives to do. We have seen development and we have enjoyed convenience; but now confronting us are the limitations of Earth, our only habitat. We now know that climate change is not natural but manmade. If our children are to enjoy the kind of convenience and prosperity we have enjoyed, we must make changes and act now. That is why Kia Motors is serious about sustainable mobility and the future of the automotive industry. We want to ensure that our children not only hear about the joys of automotive mobility but get to experience it themselves in a more convenient, safer and sustainable manner.





9,200,000,000

World population: 6.7 billion in 2007 / 9.2 billion in 2050
(UN Population Division report, 2007)



40%

The percentage of the species on Earth that went extinct between 1970 and 2000.
(UNEP, "Global Biodiversity Outlook 2," 2006)

10,000,000

Number of megacities with populations of over 10 million: 14 in 1995 / 26 in 2015
(UN Population Fund statistics, 2007)



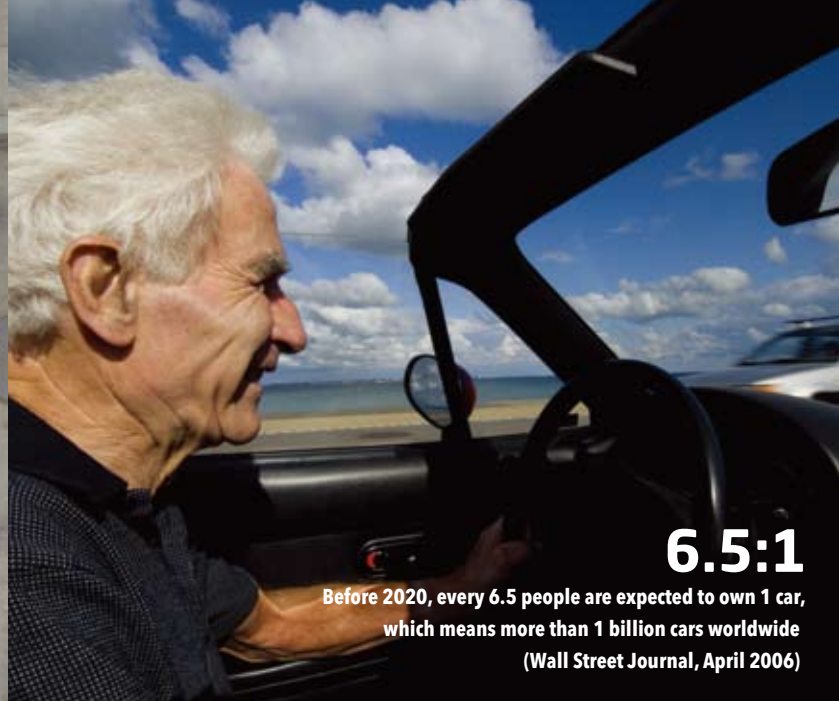
January 2007

Warmest winter since 1880
Record high glacial melt
(Samsung Global Environment Research Center, "Climate Catastrophe: A Reality We Want to Deny")



2015

Buenos Aires, Tianjin, Bangkok, Cairo, New York City, LA, Osaka, Tokyo
Cities expected to suffer devastating damage by 2015 due to rising sea levels
(Samsung Global Environment Research Center,
"Climate Catastrophe: A Reality We Want to Deny")



6.5:1

Before 2020, every 6.5 people are expected to own 1 car,
which means more than 1 billion cars worldwide
(Wall Street Journal, April 2006)



0.8

Rise in the Earth's average temperature since 1900
(IPCC report, February 2007)



14%

Share of transport sector's greenhouse gas emissions
(IEA, "CO₂ Emission Trends and Reduction Opportunities
in Transport, Households and Commercial Sectors")





Go! Eco Dynamics!

The ultimate goal of sustainable mobility is zero emissions; that is, developing emission-free vehicles. Cars were created because of the dream of going farther than what our eyes could see. Similarly, the vehicles of the future will be created because we dream of passing down the freedom of mobility to our children. Kia Motors takes the first step toward this dream with “Eco Dynamics.”

A new century

Over the past century, automakers strove to make cars that were more convenient, comfortable and stylish. Automobiles, born out of our dream to realize the freedom of mobility, have become the most common and most personal mode of transport. Cars are a part of the most special and everyday moments of our lives. Cars have done very well in carrying out their primary duty as a means of transport, and they have also brought us the added values of personal possession and experience. However, if cars are to provide these same benefits in the second century of their existence, they must undergo an almost complete transformation.

Cars run on oil. Oil combustion generates CO₂. CO₂ emissions are negatively impacting the Earth. Unless we change our way of life, the environmental damage caused by CO₂ emissions may be irreversible. In 2009, Kia Motors

released the Forte LPI Hybrid under our new green brand “Eco Dynamics.” In so doing, we offered our first official solution to the global climate change challenge.

Ushering in the era of eco-friendly cars

The economic downturn, depletion of fossil fuels, skyrocketing oil prices, toughening of environmental regulations and policy support for green vehicles... The stage was set in 2009 for the development and spread of eco-friendly vehicles. The popularity of hybrid electric vehicles really took off, spurring full-fledged efforts to develop what are deemed next-generation vehicles—i.e., plug-in hybrid electric vehicles (HEVs), electric vehicles (EVs) and fuel cell electric vehicles (FCEVs). Kia Motors, for its part, released the Forte LPI Hybrid in Korea, the consummation of 20 years of R&D, and staked our place in



the green automotive landscape. In 2010, we will unveil the K5 (Optima) Hybrid in North America and enter the global eco-friendly vehicle market. In 2011, we are planning to provide a pilot fleet of subcompact EVs to the government, and in 2012, we will begin the mass production of our FCEVs.

Under our new Eco Dynamics sub-brand, Kia Motors will be releasing a new green vehicle every year for the next four years (2009-2012). Our lineup of green cars will embody Kia Motors' ideas and solutions for the second century of automotive history. "Eco Dynamics" combines "eco" from "ecology" (nature and environment) and "economy" (efficiency) with "dynamics" (energy and vitality). Under our environmentally-friendly Eco Dynamics sub-brand, Kia Motors aims to steadily raise the existing value of cars while reducing fuel consumption and emissions to contribute to the sustainability of our planet and humankind. We invite you to the world of Eco Dynamics.

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 have much higher fuel economy and power performance while emitting significantly less exhaust. The electric motor supplies most of the power for starts and acceleration. When HEVs come to a stop, the engine is shut off to cut unnecessary fuel consumption. When HEVs are going uphill or accelerating, the electric motor alleviates some of the work the engine has to perform. Electricity consumed at starts and acceleration is recharged by the braking energy generated during deceleration. HEVs show marked improvement in fuel economy and greatly reduce harmful emissions. This is especially true for stop-and-go city driving.

2010: K5 (Optima) Hybrid Since 2005, Kia Motors, in collaboration with the Ministry of Environment, has been running a pilot fleet of Pride (Rio) HEVs. With our proprietary technologies and domestically produced core parts, Kia Motors released the Forte LPI Hybrid, the world's first hybrid with an LPI engine. The K5 (Optima) Hybrid will make its debut in Korea in 2011 following its release in North America in late 2010. The K5 Hybrid, featuring our proprietary hybrid system, will set a new standard in the global hybrid market and lead the development of hybrid technology in Korea. The K5 Hybrid is future-oriented and distinctive, showcasing green design elements. It boasts the highest fuel economy (over 20.0 km/ℓ) in its vehicle class. It is a full hybrid system, with a clutch and a six-speed automatic transmission connected to the engine and the electric motor, allowing the vehicle to run solely on the electric motor at low speeds. We have succeeded in producing all the parts for the electric motor in Korea, laying down the basis for sustained advances in hybrid technology and enhancing the competitiveness of our partner companies.

Ray: Our first hybrid-only model In 2012, Kia Motors plans to launch our first hybrid-only model, equipped with our proprietary Flexible Hybrid System (FHS) and boasting the highest level of fuel economy in the world. FHS expands the range of the electric motor, using two motors and planetary gearing. It also features a continuously variable transmission that raises the range of control at the optimal driving level, thereby dramatically enhancing fuel economy. By replacing a few parts—e.g., higher battery power, rechargeable system and power cable, the vehicle can be turned into a high-output plug-in hybrid electric vehicle (PHEV). In the meantime, Kia Motors also plans to develop a PHEV that can be recharged at homes. In short, we aim to respond proactively to North America's ZEV (zero emission vehicle) laws and regulations.

Electric vehicle (EV)

EVs run solely on an electric motor. EVs use the electric energy stored in a high-voltage battery for starts and acceleration. The energy created during deceleration recharges the battery, enabling economical driving. The battery, like a cell phone battery, may be recharged at homes. The battery can also be recharged at high-speed charging stations. As they run only on electric energy,



EVs are more economical than cars that run on fossil fuels. Moreover, they produce zero emissions so they are eco-friendly through and through.

Compact urban electric crossover utility vehicle (CUV) Since the Vesta EV in 1986 and the Sportage EV in 1999, Kia Motors has spent over 20 years researching and developing batteries, which are crucial to the development and commercialization of EVs. Based on accumulated technology and know-how, Kia Motors is planning to launch a compact electric CUV in 2011 that brings together existing and newly-developed EV technologies. This compact CUV model will be equipped with a high-performance lithium-ion polymer battery and an EV-specific electric power component. It will be a multi-purpose vehicle, well-suited for urban driving as well as cargo transport. Kia Motors is working to secure safety and reliability by building a sophisticated system that eliminates 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 advances in EV technology in Korea. Following the launch of the compact electric CUV in 2011, we will strive to expand the lineup of models featuring related EV technologies. We will also work to build infrastructure for convenient recharging.

Fuel cell electric vehicle (FCEV)

No matter how advanced our technologies become, cars that run on fossil fuels are bound to emit exhaust. Accordingly, an alternative that truly takes the environment into consideration is vehicles that run on something other than fossil fuels. Hydrogen FCEVs run on electricity generated by the chemical reaction between hydrogen and oxygen that power the motor. Thus, the only byproduct is water. Hydrogen FCEVs can tackle the twin issues of environmental degradation and energy depletion. For the commercialization of hydrogen FCEVs, however, we first need an infrastructure of hydrogen fueling stations and a more energy-efficient manufacturing process.

Fuel cell technologies of Mohave (Borrego) Kia Motors has been engaged in developing fuel cell technologies since 1988. We have successfully proven our low-temperature (-20 °C) startup technology, and we are now focused on overcoming the technological hurdles of improving the durability of fuel cells while lowering their high production cost. In 1999, we developed a fuel cell stack* with a maximum output of 2 kW and an output density of 0.2 kW/l. In 2009, we succeeded in developing the Mohave (Borrego) FCEV, which features a 115-kW fuel cell stack—the world's most powerful—and a next-generation energy storage unit known as a supercapacitor. The fuel cell stack is built into the Mohave FCEV's underfloor for even weight distribution. This setup enables a more dynamic driving performance and enhances safe maneuverability. With its 700-bar hydrogen storage system, the Mohave FCEV can travel up to 758 km on a single charge, which is comparable to the distance existing mass-produced cars can travel with a single fueling. It can also travel at a speed of up to 160 km/h. The Mohave FCEV is designed to prevent damage to the hydrogen tank and pipes that can be sustained in rear-end collisions. Moreover, the Mohave FCEV is equipped with a hydrogen leak detection sensor and a collision detection sensor to prevent hydrogen leaks during impact. The Mohave FCEV's proven safety features fulfill the requirements of U.S. automobile collision regulations.

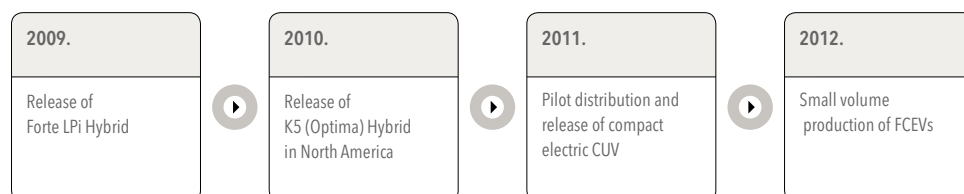
Dreaming of a Mohave (Borrego) FCEV future Since developing our first FCEV in 2000, Kia Motors won the Michelin Challenge Bibendum, an international green vehicle tournament, and was recognized for our technological capabilities by completing the FCEV road rally. Since 2004, we have been a part of a FCEV pilot program overseen by the U.S. Department of Energy. We completed the U.S. Hydrogen Road Tour's cross-country rally with the Sportage FCEV in 2008, and in 2009, we organized a 6-month Mohave FCEV pilot program for the public. Kia Motors has provided Mohave FCEV pilot fleets to the Blue House, government ministries and local governments to validate our FCEV technologies and prepare for commercialization. The Mohave FCEV successfully completed the U.S. Hydrogen Road Tour 2009—a 2,655km rally from San Diego (USA) to Vancouver (Canada), proving its durability and technological superiority. We are planning to expand our pilot programs in 2010, and in 2011, we will set up a small volume FCEV production system to begin a pilot distribution program. Kia Motors has secured proprietary design technologies for fuel cell systems and has striven to domestically

produce major fuel cell components. As a result, Kia Motors can now produce 99% of the key parts in Korea. Kia Motors is presently working with some 120 partner companies on developing technologies to create a FCEV that can start at -30 °C, is 60% more efficient than existing systems and can run on a fuel stack that is half the size of current stacks. Kia Motors pledges that through continued R&D, we will 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 in tens and even hundreds to produce the desired power output



Roadmap for vehicles of the future





SPECIAL FEATURE:
03

Paradigm Shift:

Efficiency

In 2009 the auto industry experienced the worst crisis since World War II. Nevertheless, the subcompact segment saw remarkable growth. Subcompacts, which previously accounted for less than 40% of the automotive market, saw their share grow to a whopping 50%. Subcompacts have transformed the automotive landscape, and it was their efficiency that drove this momentous paradigm shift.





Realignment of the automotive market

In 2009, the global auto industry was hit with the worst crisis ever. There was a dramatic contraction of the global auto market, which had been expanding steadily since 2002. Structural changes also ensued. The industry's center of gravity shifted from advanced markets to emerging markets. Consumers in both emerging and advanced economies started downsizing to subcompact vehicles. The third trend in the automotive industry in 2009 was the onset of the full-fledged growth of the green vehicle market. While HEVs, EVs and FCEVs represent the environmental aspect of this trend, subcompacts stand for the efficiency aspect. We now introduce to you our efforts to raise efficiency and the reasons why efficiency has emerged as a new keyword in the auto industry.

Tougher regulations and preemptive responses

The Life Cycle Assessment (LCA), which is carried out to reduce the environmental impact of the automotive lifecycle, shows that the largest bulk of CO₂ emissions comes from when the car is on the road. Given that a car continually uses energy for up to over a decade, it is only natural that environmental regulations and the auto industry's efforts to raise fuel economy and cut emissions are focused on this stage of the vehicle lifecycle.

In 2009 alone, Korea, the United States, the EU and many other countries around the world announced tougher fuel economy regulations. The Korean government has decided to gradually reduce average fuel economy and CO₂ emissions to 17.0 km/ℓ and 140 g/km, respectively, by 2015. The United States strengthened its fuel economy standards to 39 mpg (up 42%) for standard passenger cars and 30 mpg (up 30%) for light trucks. The EU decided to pass legislation to gradually cut average CO₂ emissions to under 130 g/km by 2015, while China is considering strengthening its fuel economy regulations by 8.8% to 34.3% from current standards by 2012. Thanks to our continued efforts aimed at improving fuel economy and cutting emissions, Kia Motors is poised to meet Korea's new regulations by 2011; the United States' by 2013-2014; and the EU's by 2012. The next section details Kia Motors' efforts to preempt stricter environmental regulations and raise efficiency.

Maximizing efficiency, minimizing emissions

Kia Motors will be able to meet the toughened environmental regulations around the world even before they go into force. Our efforts at raising efficiency were not targeted at meeting the regulations themselves; they were founded on our sense of duty to curb climate change and environmental degradation. A car's engine is a key automotive component, akin to the human heart. Accordingly, improving engine performance and efficiency is central to improving a vehicle's fuel economy. The R engine in the 2010 Sorento R (all-new Sorento) is a high-performance, eco-friendly diesel engine. The engine features an 1800-bar high-pressure fuel injection system that cuts emissions while raising fuel economy and power output. The R engine's Exhaust Gas Recirculation System (EGR) limits exhaust emissions, and the variable turbo charger system with a self-diagnostic engine control unit enhances engine performance and reduces emissions. Add Kia Motor's proprietary FWD 6-speed automatic transmission, and the Sorento R has a fuel economy of 14.1 km/ℓ, a 30% improvement from the previous Sorento (10.9 km/ℓ).

The 2009 Forte (Cerato) LPI Hybrid, Kia Motors' first hybrid car, features a Gamma Liquid Petroleum Injection (LPI) engine, which uses Kia Motors' proprietary LPI technology. With a fuel economy of 17.2 km/ℓ—25% higher than standard cars, the Forte LPI Hybrid meets North America's Super Ultra Low Emission Vehicle (SULEV) standard, the world's toughest standard on automotive emissions.


Improving transmissions for better driving experience and fuel economy

Along with the engine, the transmission plays an important role in improving fuel economy. The greater the number of gears there are, the smoother the driving experience and the higher the fuel economy become. Therefore, even with the same engine, a vehicle equipped with a more highly calibrated transmission has better acceleration and fuel economy. The drawback, however, is that such a transmission is more complex, and thus, heavier. This increases the weight of the vehicle. Therefore, the central objective of transmission development is reducing size and weight while increasing the number of gears.

The high-efficiency 6-speed transmission in Sorento R and K7 (Cadenza) is significantly lighter and has fewer parts than the existing 5-speed transmission. Designed to minimize energy loss between gears, the 6-speed transmission has a fuel economy around 2% higher than that of the 5-speed transmission.

A major accomplishment in 2009 was equipping the Forte LPi Hybrid with a hybrid-specific continuously variable transmission (CVT), which is free of transmission shock and optimizes fuel economy. We have removed the torque converter and used a starter clutch and a high-efficiency oil pump, raising the fuel economy by around 7% compared to existing automatic transmissions. Our hybrid CVT has replaced the German-made transmission used in the Pride (Rio) Hybrid. It has laid a solid foundation for the development of proprietary Kia technologies and secured cost competitiveness by replacing imported components.

Technologies for going lightweight

A 1% reduction in the weight of a vehicle results in a 0.5-0.6% increase in fuel economy. However, lighter materials are less durable. Therefore, much R&D is required to decrease the thickness and weight while maintaining performance and durability. K7 (Cadenza)'s Lambda II engine is designed for the power and performance demanded by full-sized cars. Three, instead of the existing two, variable length intake manifolds were applied for high performance across the entire speed range. We also raised the revolution speed, which has resulted in a maximum output of 290 horsepower, 31 horsepower higher than the 3.3-liter engine. To realize high output as well as high fuel economy, we focused on making the engine lighter. We reduced the number of crankshaft balancing weights from nine to five and curved the fitting line of the cylinder block. We are the world's first to use a plastic thermostat while we also applied a stainless steel (SUS) exhaust manifold, plastic oil filter body and a smart electric module concept that minimizes the thickness of the wiring. In effect, despite the upgraded performance, the Lambda II engine is around 6 kg lighter than the existing engine. In addition, Kia Motors has replaced steel with light yet durable magnesium or aluminum. We have also replaced both the back frame and the cushion frame with super lightweight magnesium alloy die-cast frames, reducing the vehicle weight by around 6 kg. Forged steel has also been replaced with aluminum alloy, taking off an additional 6 kg. As for plastic parts, Kia Motors has applied technologies to make them thinner, resulting in a weight reduction of 10-15%. 



SORENTO R

Equipped with the eco-friendly and high-performance R engine, high-efficiency 6-speed transmission and Active Eco System, it boasts the highest fuel economy among Korean SUVs (fuel economy: 14.1 km/ℓ (diesel 2.2 2WD))

VENGA

A European subcompact model that won an iF design award even before its release

cee'd

A beloved European model that is both safe and green

NEW MORNING

The most popular model in our subcompact lineup (fuel economy: 18 km/ℓ (1.0 AT))

FORTE LPi HYBRID

Meets North America's Super Ultra Low Emission Vehicle (SULEV) standard, the world's toughest standard on automotive emissions (fuel economy: 17.8 km/ℓ (1.6 CVT))

Eco-driving technology helpers

Idle Stop & Go (ISG)

The Auto Stop function (Auto Stop, ISG) shuts down the engine when the car comes to a stop after driving for 2 or more seconds at 9 km/h or higher. The engine immediately reignites when the car restarts. This technology raises fuel economy and reduces emissions by cutting unnecessary fuel consumption by up to 15% on city roads, which demand stop-and-go driving.

Electronic Toll Collection System (ETCS)

ETCS automatically deducts the toll as a vehicle passes through a toll booth. ETCS is convenient and reduces congestion that can build up at tollgates. Minimizing congestion cuts back on extra fuel consumption, which in turn, enables highway motorists to practice eco-friendly and economical driving.

Eco Guide

The Eco Guide encourages fuel-efficient driving habits by monitoring the vehicle's speed and acceleration and displaying the real-time fuel-efficiency status on a 12-tiered indicator block on the dashboard.

Active Eco System

The existing Eco System uses the ECO indicator on the dashboard to encourage fuel-efficient driving. In contrast, the Active Eco System actively controls parts of the engine, transmission and air-conditioner system to realize optimal fuel economy.

When the driver turns on the Active Eco System, the vehicle minimizes fuel consumption from unnecessary acceleration, limits torque rise when accelerating, sets the maximum speed at 140 km/h, lowers the engine revolution and optimizes the air-conditioner compressor's duration of operation. Tests show that the Active Eco System raises fuel economy by around 11%.

Eco Driving Point

The Eco Driving Point rates the fuel-economy status of a vehicle on a zero to eight scale. When the rating reaches eight, an image of a blooming flower appears on the dashboard. If the driver maintains the level-eight rating 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 has been with this entertaining function.





SPECIAL FEATURE:
04



K7

11.0 km/ℓ (2.7 A/T)

1.2 tons

Amount of CO₂ emissions reduced compared to competing vehicles of the same class=Amount of CO₂ absorbed by 100 pine trees in a year

11.0 km/ℓ

Top fuel economy in its class, made possible by a high-efficiency engine, a 6-speed transmission, eco-friendly tires and a lightweight aerodynamic body

6 kg

Lambda II 3.5 engine, with a maximum output of 290 horsepower, is 31 horsepower more powerful but 6 kg lighter than the Lambda II 3.3 engine

Pedestrian safety technology

Designed to minimize injury to pedestrians in collision situations

Green Lineup



FORTE KOUP

15.0 km/ℓ (1.6 A/T)

KOUP=Kia+Coupe

Kia Motors' first coupe-style sports sedan

Best of Show

Won "Best of Show" at the 2009 New York International Motor Show

VDC

Vehicle dynamics control system actively controls the brake and engine output when the vehicle suddenly turns, accelerates or brakes

Active Headrest

The system automatically readjusts the headrest in collision situations to minimize impact on the occupant's head and neck



FORTE LPi HYBRID

17.8 km/l (1.6)

25%

Fuel economy improvement over the gasoline version in order to meet North America's Super Ultra Low Emission Vehicle (SULEV) standard, the world's toughest emission standard

7%

Fuel economy improvement realized through hybrid-specific continuously variable transmission (CVT) that eliminates transmission shock and enables driving at optimal fuel economy level

15%

Reduction in fuel consumption when using the Auto Stop (ISG) function

55%

With CO₂ emissions of 99 g/km, Forte LPi Hybrid emits 55% less CO₂ than gasoline vehicles of the same class (1.6 gasoline), which emit 179 g/km

Kia Motors boasts a full lineup of passenger cars. Every year, we release all-new models and facelift (FL) models. We strive to raise the value of mobility by providing our customers with a wider selection of vehicles that bring more convenience, safety and joy while causing less environmental impact.

38

39



SORENTO R

14.1 km/l (2.2 A/T)

30%

Fuel economy improvement from previous version (10.9 km/l)

11%

Fuel economy improvement realized through the Active Eco System

2%

Fuel economy improvement compared to the existing 5-speed transmission realized through the high-efficiency 6-speed transmission that minimizes energy loss between gears and enhances power and comfort

R Engine-Diesel

Meets Euro 5 emission standards; a proven low-polluting vehicle as per the Special Act on the Improvement of Air and Environment for Seoul Metropolitan Area



01. MORNING (PICANTO) 18.0 km/ℓ (1.0 A/T)

"Energy Winner of the Year" Consumers Korea

Eco Driving Fuel-efficiency status monitoring system

ETCS Electronic toll collection system for easy passage through toll booths

Rear camera display mirror LCD rearview display for accident prevention



02. PRIDE (RIO) 15.1 km/ℓ (1.6 A/T)

16.2% Fuel economy improvement from previous version

22.0 km/ℓ Highest fuel economy among manual transmission models in Korea

No. 1 Highest subcompact market share 4 years running (2006-2009)

UCC Underfloor catalytic converter for exhaust reduction



03. cee'd

★★★★ *What Car?*'s new vehicles rating

No. 1 Customer satisfaction in *Auto Express*' compact family car category

"Best Subcompact" *Automobile*

ISG Auto Stop (Idle Stop & Go) cuts up to 15% in fuel consumption



04. SOUL 15.0 km/ℓ (1.6 A/T)

"Top Safety Pick" U.S. Insurance Institute for Highway Safety (IIHS)

"2009 Car of the Year" Chile

"Most Exciting Car of 2010" TIME.COM

"Good Design" 2009 red dot award



05. FORTE (CERATO) 15.2 km/ℓ (1.6 A/T)

Top fuel economy rating First among subcompacts; realized through optimized engine

EU Certificate of Compliance with Annex IV; meets heavy metals regulations

Eco Driving + ETCS Fuel-efficiency monitoring system and electronic toll collection system

No. 1 Customer satisfaction in China Association for Quality survey



06. LOTZE (OPTIMA/MAGENTIS) 11.5 km/ℓ (2.0 A/T)

6.5% Fuel economy improvement from previous version

23 kg Engine weight reduction by using aluminum

"Safest Mid-Size Sedan" U.S. Insurance Institute for Highway Safety (IIHS)

Top rating Only vehicle to receive top rating across all categories in Korean crash testing



07. OPIRUS (AMANTI) 10.1 km/ℓ (3.3 A/T)

SmartGreen Index No.1 U.S. Strategic Vision survey in full-size luxury sedan category

Top safety rating U.S. Insurance Institute for Highway Safety (IIHS) crash testing

TPU/TPO Dioxin-free, 100% recyclable materials

TPMS Tire-pressure monitoring system



08. MOHAVE (BORREGO) 10.8 km/ℓ (3.0 A/T)

10% Engine weight reduction by changing engine cylinder block material

EU Certificate of Compliance with Annex IV; meets heavy metals regulations

ASD Amplitude selective damper for enhanced comfort and maneuverability

Top safety Rollover detection curtain & side airbags



09. SPORTAGE 13.1 km/ℓ (2.0 A/T)

6.3% Fuel economy improvement from previous version; top fuel economy among Korean compact SUVs

Eco Driving Fuel-efficiency status monitoring system

VDC Vehicle dynamics control for brake and engine output

"Most Reliable Car" Consumer Reports



10. CARENS 8.6 km/ℓ (2.0 A/T)

2.0 LPi model A proven low-polluting vehicle as per the Special Act on the Improvement of Air and Environment for Seoul Metropolitan Area

Eco Driving Fuel-efficiency status monitoring system

"Top Family Car under \$25,000" MSN Autos, a U.S. automotive website

VDC Vehicle dynamics control for brake and engine output



11. CARNIVAL (SEDONA) 12.8 km/ℓ (2.2 A/T)

22% Fuel economy improvement from previous model

"2010 Top Recommended" Edmunds.com, a U.S. automotive website

VDC Vehicle dynamics control for brake and engine output

"Safest Minivan" U.S. Insurance Institute for Highway Safety (IIHS)



12. BONGO (K SERIES TRUCK) 11.2 km/ℓ (2.9 M/T)

25% Reduction in NOx (atmospheric pollutant) emissions through 2.4 ℓ Theta LPi engine

3 million won Savings in fuel cost over five years (200,000 km) compared to diesel vehicles

16.7% Reduction in the emission of environmental pollutants with CPF (exhaust filter)

1.2=2.5 1.2-ton truck with a loading capacity equivalent to that of a 2.5-ton truck



13. NEW GRANBIRD

Euro 4 Meets Euro 4 standards with EGR (exhaust gas recirculation) and PMC (particulate matter catalyst)

ELR Seatbelt Emergency locking retractor seatbelts for passenger safety in collisions and rollovers

Brake safety Multi-stage parking brake and 4-circuit valve

Aerodynamic spoilers Minimize drag and enhance fuel economy

...and Your Action!

When your efforts combine with ours, the complete formula for sustainability can be revealed. From the moment you open your eyes in the morning to right before you go to bed, there are little things you can do to make a difference. Here are some everyday tips that can bring about momentous changes.

Practice eco-driving

Plan your travel route before you leave so that you can avoid congestion and minimize unnecessary fuel consumption that results when you get lost. The weight of the vehicle has a major effect on fuel consumption, so remove unnecessary loads from your car. Stay within the fuel-efficient speed range of 60-80 km/h on highways, and avoid sudden starts, brakes and acceleration. Maintain optimal tire pressure, and when buying a new car, opt for a fuel-efficient vehicle.



Aim for zero standby power usage

Standby power accounts for 11% of total household power consumption. Therefore, if you unplug your idle appliances, you will, in effect, save one month's worth of utilities bills every year. Get into the habit of unplugging, and when getting new appliances, make sure they are certified high-efficiency, energy-saving products.



Minimize the use of disposable goods

Get into the habit of using reusable shopping bags and personal mugs or tumblers.





Keep your showers short!


Did you know the amount of water we use during a two-minute shower is equivalent to what a person in Africa uses over the course of an entire day? Get into the habit of keeping your showers to less than five minutes. You will help conserve precious water resources.

Maintain optimal indoor temperature

The optimal indoor temperature is 26-28 °C in the summer and 18-20 °C in the winter. In the summer, use a fan along with the air conditioner. It is better for your health and keeps your room cooler.



Get into the habit of turning off your computer

Screensavers use almost as much energy as when the monitor is fully on. When you are not using your computer, turn off the monitor. Also, set your office appliances so that they go into energy-saving mode when they are on standby. 



Building Eco-Conscious Cars

When we look at the CO₂ emitted during the lifecycle of a car, around 10% comes from the parts manufacturing phase, around 2% from the assembly phase, around 80-90% when it is on the road (from a few years to over a decade) and around 0.05% in the disposal phase.

Kia Motors uses diverse methods and technologies to minimize the environmental impact of a car throughout its lifecycle. We manage the resources and raw materials that go into the manufacturing of a car, build an increasingly eco-friendly production environment and work on increasing reuse and recycling. In "Paradigm Shift: Efficiency," we discussed our efforts to raise fuel economy and cut emissions to minimize environmental impact when our vehicles are on the road. Now we would like to introduce to you Kia Motors' efforts and progress in building eco-conscious cars by each phase of the automotive lifecycle.

Design phase

The programs applied to the planning phase—i.e., pre-manufacturing—affect the rest of the vehicle's lifecycle. Kia Motors' vehicles undergo Life Cycle Assessment (LCA), eco-efficiency assessment, eco-friendly design assessment, toxic chemicals management and recyclability assessment. These internal and external assessments show that the environmental impact of our cars is on a steady decline. The environmental information on Kia Motors' new vehicles, including improvements from previous models, are available on Kia Motors' website (<http://www.kia.co.kr>) and the Korea Environment and Resource Corporation's ECOAS website (<http://www.ecoas.co.kr>).

Assessments to minimize environmental impact LCA is a quantitative assessment of a vehicle's environmental impact throughout its lifecycle. In addition to LCA, Kia Motors undertakes an eco-efficiency assessment during the design phase. The eco-efficiency assessment aims to minimize our vehicles' environmental impact while creating high economic value. Eco-efficiency assessments show that Kia Motor's eco-efficiency in 2009 rose 56% from the base year 2004. This is a 30% improvement from the 20% in 2008, demonstrating that Kia Motors is raising our efficiency every year in terms

of resource consumption and CO₂ emissions vis-à-vis our sales revenue.

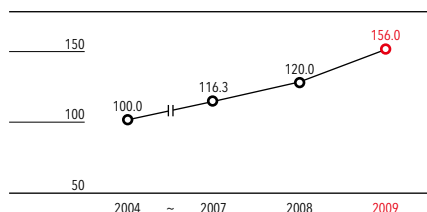
K7 (Cadenza), our premium executive sedan released in 2009, received the Carbon Footprint Labeling Certification from the Korea Environmental Industry & Technology Institute under the Ministry of Environment. The Carbon Footprint Labeling Certification measures the total CO₂ emissions from the entire automotive lifecycle. K7 had a carbon footprint of 29.5 tons, which is 1.2 tons less than its competitors in the same vehicle class.

Green car production system Kia Motors applies Design for Environment (DfE) standards on all the vehicles we develop. We apply green car prototype development and design guidelines from the pre-design, early planning stages. In the design phase, we conduct digital assessments to minimize further design changes in an effort to cut time, costs and resource consumption. We also operate the Design for Recycling Optimizing System (DOROSY), a CAD-based design system that uses 3D modeling to analyze dismantlement and recyclability and improve low-performing parts. All Kia Motors' designs teams and some 90 partner companies currently use DOROSY, which has cut the design/design revision period by 30% and the time required for parts dismantlement by 30% as well.

"The production phase is responsible for only 2% of the total CO₂ emissions over the entire automotive lifecycle. Nevertheless, given Kia Motors' global annual production capacity of 2.4 million units, the numbers add up. Improvements and eco-friendly practices at our worksites and by individual employees around the world combine to have a major impact on our efforts aimed at resource circulation."

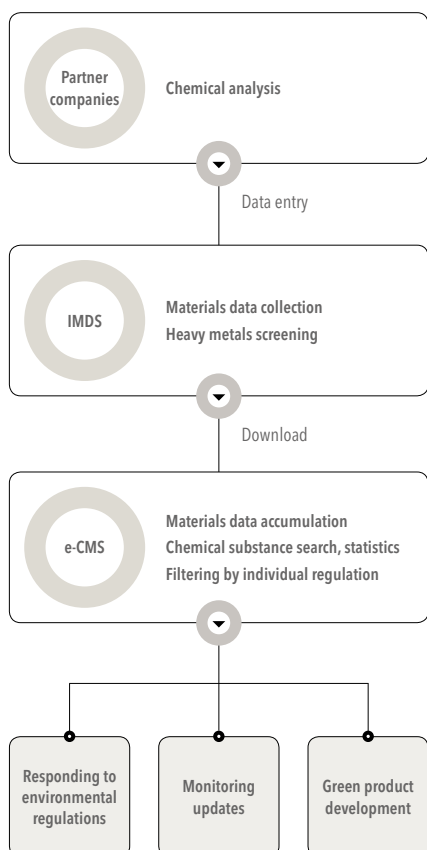


Eco-efficiency



※ Eco-efficiency assessment: Economic value (sales revenue)/
Environmental load (total amount of CO₂ emissions and resource
consumption)

Toxic chemicals management system



In order to build cars that “stay green” until the very end of their lifecycle, we undertake various digital simulations at the design phase to analyze the dismantlement process of the vehicles in development. We improve on parts that are difficult to dismantle and optimize the dismantlement process by redistributing tasks involved in the individual steps comprising the process. We are also developing more efficient dismantling equipment that reduce the dismantlement time and cut related costs.

Reducing harmful substances and using recyclable materials

Kia Motors operates e-CMS, an internal chemical substance management system, in order to make cars that do not release environmentally damaging substances. e-CMS uses data from the International Material Data System (IMDS)* and manages information on chemical substances. During the design phase, Kia Motors uses the materials information on some 160,000 parts stored in the e-CMS database in order to use only non-toxic materials. We also conduct regular education programs for the relevant personnel at our partner companies in order to provide updated environmental information.

Kia Motors runs the Recyclability Assessment Information System for Homologation (RAIS-H), a recyclability/reusability assessment system, to identify and replace non-recyclable parts and materials at the design phase. In Europe, new models (from December 2008) and existing models (before July 2010) must be designed so that 85% of its parts are recyclable and 95% reusable when dismantled at the end of their lifecycle.

In 2008, Kia Motors received the EU Certificate of Compliance with Annex IV recyclability standards from the Department of Road and Transport of the Netherlands (RDW), an official EU certification agency. All Kia Motors' vehicles sold in Europe have been proven to be eco-friendly, fulfilling the strict standards of the EU Certificate. The EU Certificate of Compliance assures the clean production and green development systems at the worksites that produce a given vehicle.

* 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

Production phase

Kia Motors is working on the smooth adoption of a resource circulation system as a part of our effort to build a clean production system and reduce environment impact. Resource circulation aims to replace the existing linear model of production-consumption-disposal to a cyclical model that incorporates recycling and heat recovery in order to enhance resource efficiency and minimize environmental load. With the ultimate goal of minimizing waste materials, wastewater and pollutants generated in the production process, resource circulation involves reducing resource input by raising materials usage efficiency, reducing waste output by raising manufacturing efficiency and

recycling waste materials.

The production phase is responsible for only 2% of the total CO₂ emissions over the entire automotive lifecycle. Nevertheless, given Kia Motors' global annual production capacity of 2.4 million units, the numbers add up. Improvements and eco-friendly practices at our worksites and by individual employees around the world combine to have a major impact on our efforts aimed at resource circulation.

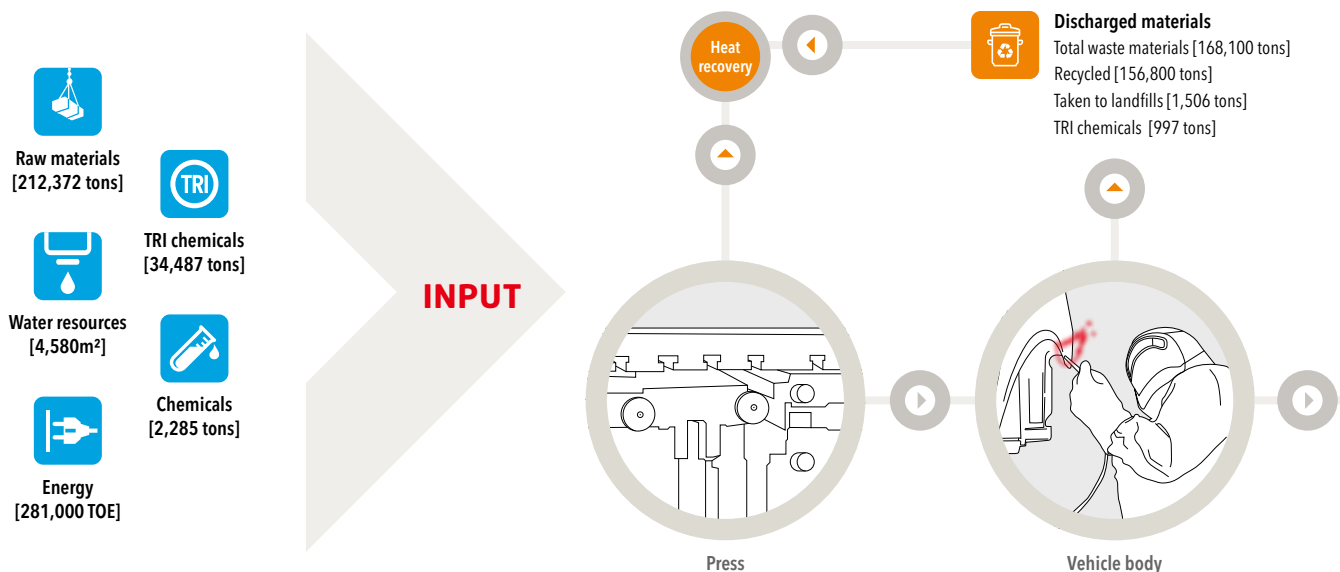
Resource input and output in the production process Kia Motors endeavors to realize resource circulation in the automotive production process and reduce greenhouse gas emissions and environmental pollutants. In order to determine the actual results of such efforts and continue to raise efficiency, Kia Motors tabulates the yearly resource input and product output as well as the amount of waste materials and substances generated by our production process. Our 2009 resource input and output is organized in the diagram below.

Use of raw materials Raw materials used in automotive production include steel, paint, thinner and plastics. Raw materials consumption rises with the expanded operations of production facilities and the increase in the volume

of products manufactured. Kia Motors strives to reduce our per unit resource consumption not simply by cutting the amount of materials we use but by raising the usage efficiency. We tabulate our resource consumption and track our progress, focusing especially on steel, paint and thinner usage.

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

Waste reduction and recycling Waste materials that are not recycled or reused damage our air, water and soil. Kia Motors considers waste materials not as targets of disposal but as leftover resources. We are continually and systematically upgrading the management of waste-generating sources and production processes. The final waste products generated during the automotive production process are incinerated or taken to landfills. Thanks to our ongoing efforts at recycling waste, we reduced waste materials taken to landfills to under 0.9% of total waste in 2009. Sohori and Hwaseong plants now produce zero (0%) landfill waste. Starting in 2010, we will work toward zero incinerated waste through recycling, reducing packaging materials and heat recovery. We aim to lower incinerated waste to less than 3% of total waste by 2013. In 2009, 93.3% of the 168,070 tons of waste materials generated at Kia's three Korean worksites



(Sohari, Hwaseong and Gwangju plants) were recycled. Thus, 181 kg of waste was generated per vehicle, a 22% reduction compared to 2003.

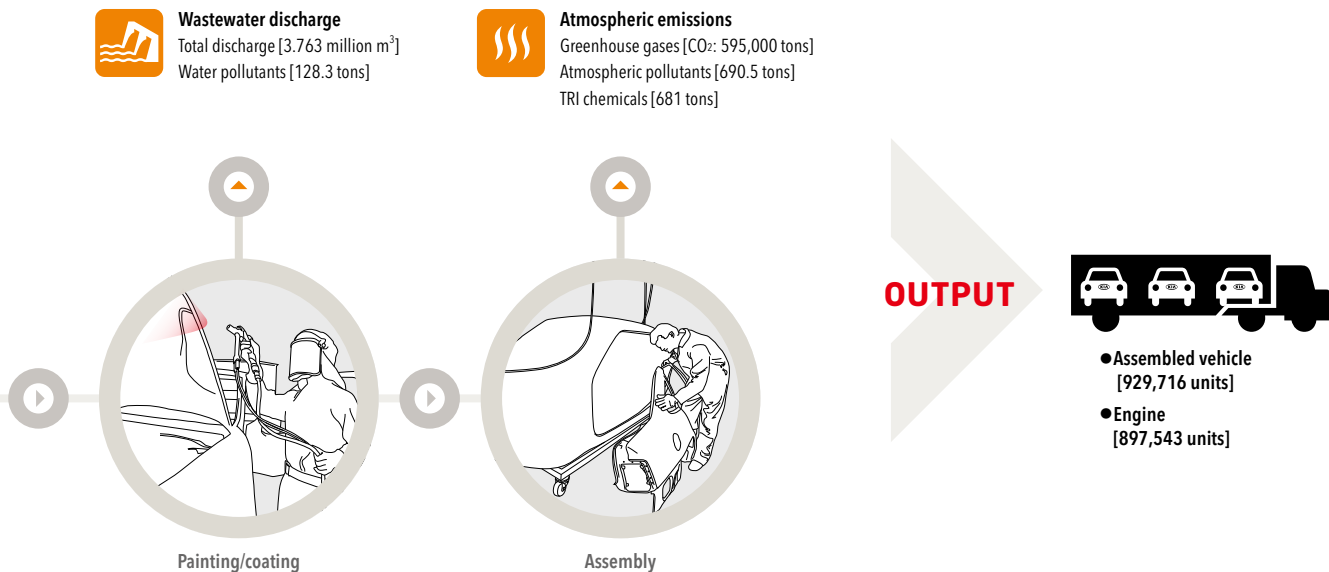
※ Refer to p. 81 for more information on waste materials generated, recycled and incinerated each year over the last three years.

Using water resources One public awareness campaign stressed that the only substitute for water is water. According to the UN, 1 billion people (one out seven people worldwide) do not have access to clean drinking water, and this number is on the rise. Kia Motors strives to minimize the use of precious water resources and contribute to alleviating the global water shortage problem. To this end, we make ongoing facilities investments and upgrades for the efficient use of water and encourage our employees to make water conservation a part of the Kia Motors lifestyle. In 2009, we reduced our water consumption by 19.9% compared to 2003.

※ Refer to p. 81 for more information on Kia Motors' efforts to reduce water consumption along with related figures and trends.

Curbing energy consumption and greenhouse gas emissions The world must work together to overcome the climate change crisis. There is a

global consensus on the urgency of the crisis, and international regimes to combat climate change are being formed. Most of the greenhouse gases emitted by Kia Motors' worksites are attributable to the use of energy sources. Hence, we are working to increase our use of renewable alternative energy resources while replacing existing equipment with more energy-efficient alternatives. Based on Scope 1, 2 standards, Kia Motors' Korean worksites have demonstrated a steady decline in greenhouse gas emissions since 2005. In 2009, our worksites generated 595,000 tons of greenhouse gases, a 40,000-ton decrease from the previous year. Our Slovakia Plant's greenhouse gas emissions have continued to drop from 204,000 tons in 2007, to 237,000 tons in 2008, and 152,000 tons in 2009. Due to the increase in production volume, our two China Plants recorded a year-on-year increase from 205,000 tons to 271,000 tons. We receive third-party assurance of our Korean and global worksites' energy consumption and greenhouse gas emissions to obtain more accurate information and statistics on emission sources and volume for our systematic emissions reduction efforts. Starting with the Hwaseong Plant in 2005, Kia Motors completed third-party assurance of all our worksites in Korea (including the three plants and A/S centers) in 2009. We also completed third-party assurance of the three-year (2007-2009) inventory of greenhouse gas



※ Greenhouse gas emission figures include Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy sources) emissions.
※ Three Korean worksites (Sohari, Gwangju Hwaseong plants, excluding A/S centers)

emissions volume of the Slovakia and China plants. We have, therefore, proven the reliability of our emissions data and strengthened our greenhouse gas management system. Our next step will be to determine our potential reduction target and implement a step-by-step reduction initiative through everyday energy conservation practices and high-efficiency equipment.

※ 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.

Reducing environmental pollutants Kia Motors' internal management standards on atmospheric and water pollutants are stricter than government standards. Based on these standards, we operate a monitoring system to track the emissions of pollutants. We aim to significantly reduce the emission of environmental pollutants and minimize their impact on the communities near our worksites. To this end, we are working to improve the processing of environmental pollutants, use raw materials of low toxicity, regenerate waste materials and optimize our work processes.

Atmospheric pollutants: Atmospheric pollutants created during the automotive production process include volatile organic compounds (VOCs) and paint particles from painting and coating; dust particles from materials

processing; and gaseous substances from combustion. Kia Motors continues to reduce the emission of atmospheric pollutants by using raw materials of low toxicity, installing equipment that cut or prevent the emission of pollutants and improving our work processes. In 2009, domestic worksites emitted 690 tons of atmospheric pollutants, a 13% decline from 2008, while overseas worksites generated 41.5 tons of particulate matter, a 12.6% decline from 2008. Korean worksites produced 7,876 tons of VOCs and recovered 62% of the organic solvents generated.

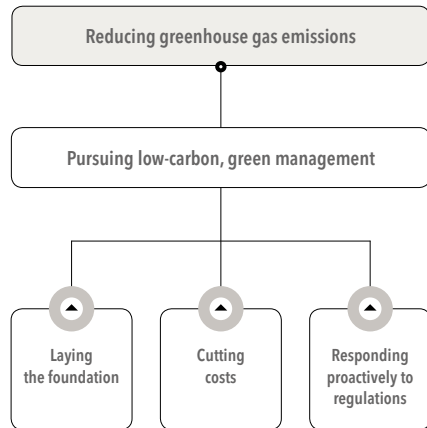
※Refer to p. 83 for more information on atmospheric emissions by pollutant type along with emission trends.

Water pollutants: Kia Motors is minimizing the discharge of water pollutants through the rigorous processing of wastewater created during the production process. To prevent environmental accidents, we monitor the concentration of pollutants in the discharged wastewater around the clock. In 2009, the volume of BOD and SS discharge and the per-unit discharge of water pollutants dropped by 11% and 39.5%, respectively, from 2003 levels. As for overseas worksites, the Slovakia Plant recorded a 17.5% reduction from the previous year. Although our plants in China saw an increase in the total volume of water pollutants discharged, the per-unit discharge decreased by 11.9%.

※ Refer to p. 84 for more information on water pollutant discharge by pollutant type along with discharge trends.



Sustainable growth



Laying the foundation

Lay the foundation for energy conservation by enhancing awareness

- Run employee education programs and awareness campaigns
- Set up monitoring/evaluation systems
- Strengthen greenhouse gas inventory

Cutting costs

Devise and pursue cost-cutting measures for individual production facilities

- Key facilities (facilities with high fuel consumption / focus on facilities with high electricity consumption)
- General facilities (facilities that use electricity / facilities that use fuels; pursue regeneration of waste materials)

Pursue cost-cutting in non-production domains

Responding proactively to regulations

Observe Convention on Climate Change
Prepare for the enactment of the Basic Act on Green Growth

Toxic chemicals: Toxic chemicals require careful management as they damage the environment and human health. Registration, Evaluation and Authorization of Chemicals (REACH) is a program initiated by the EU in 2007 that aims to minimize the impact of chemicals and strengthen accountability over their management. Korea is also working on a legislation to control the registration, assessment and authorization of toxic chemicals. Kia Motors identified the chemicals controlled by REACH and completed preliminary registration. For greater transparency, reliability and accuracy, the Sohori Plant also completed a third-party assurance of its Toxic Release Inventory (TRI; Ministry of Environment), a voluntary reporting scheme for the volume and types of controlled chemicals used. Starting in 2010, we will pursue an upgrade of our chemicals management system. In 2009, Korean worksites used 2,285 tons of chemical substances, a 4.3% per-unit decrease from the previous year.

** Refer to p. 84 for more information on Kia Motors' use and release of toxic chemicals along with related trends.*

Distribution phase

The automobile industry is an assembly industry. An automobile is an assembly of some 20,000 parts. Hundreds of thousands of automobiles, thus assembled, travel the roads in a given day. Automobiles are produced, used and eventually disposed of. Within this process, there is a step that involves the transport of automotive parts and assembled cars: the distribution phase. As in all other phases of the automotive lifecycle, Kia Motors is making ongoing improvements to enhance the efficiency of the distribution phase.

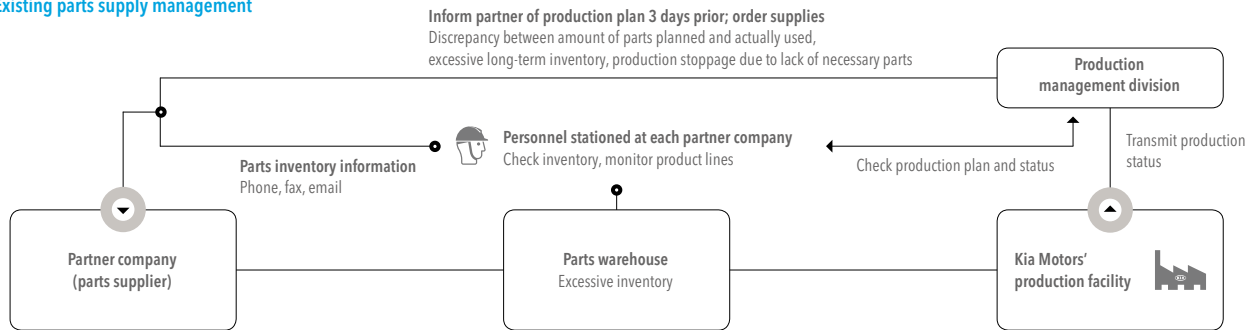
Automotive distribution system The automotive industry is an assembly industry whereby a small number of automakers use some 20,000 components supplied by numerous partner companies to manufacture and sell vehicles. Kia Motors works with over 1,000 primary and secondary partner companies. "Procurement 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 the production schedules of vehicle assembly lines. All production distribution activities take place within an individual plant. "Sales distribution" is the process by which assembled vehicles are supplied to customers. It involves the transport of vehicles to the warehouse as well as the storage of vehicles at production facilities or local warehouses.

Enhancing the distribution system The existing distribution arrangement has called for individual partner companies to deliver the parts on an as-needed basis using individually operated fleets of delivery vehicles. Accordingly, each plant receives up to 1,500-3,000 deliveries per day. Furthermore, given Korea's transportation system, most deliveries are made by road rather than by ship or rail, resulting in higher energy consumption and CO₂ emissions. This arrangement not only has a high environmental impact but also entails

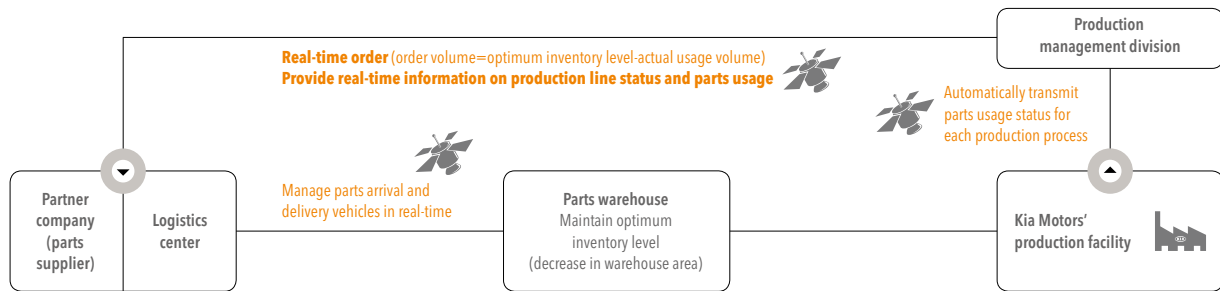


Improving parts supply management

Existing parts supply management

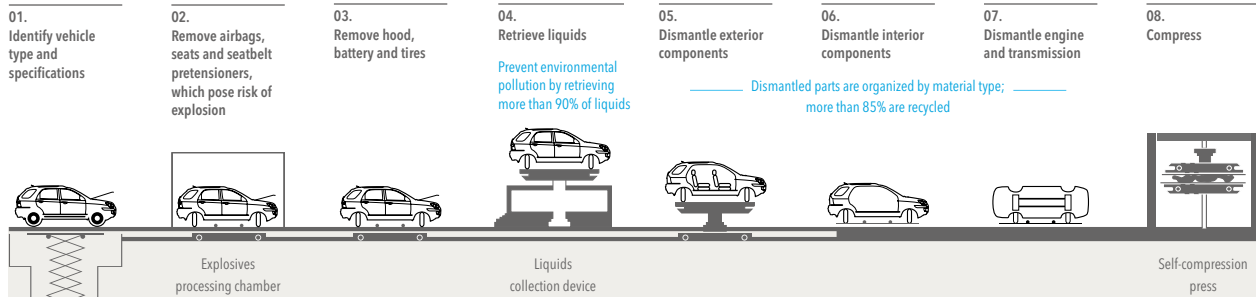


RFID-based parts supply management



End-of-life vehicle processing sequence

The end-of-life vehicle processing system consists of eight steps. The system is designed to run continuously and successively, so it is capable of handling large loads.



significant costs and time. To rectify the shortcomings of the existing system, Kia Motors, with government support, has worked on building an integrated parts distribution system for the mutual growth of Kia Motors and our partner companies. We have set up an RFID* system linking our plants in Korea with our partners so that only the necessary parts in the desired amounts are delivered in a timely manner. Through the system, we can send our orders and delivery deadlines to our partners and track the location of the delivery vehicles. As a vehicle passes through the reader set up at each production section, its RFID tag provides real-time vehicle and cargo information. The RFID-based production/distribution system (e-JIT) has been set up for all Kia Motors' worksites in Korea. The Sohori and Hwaseong plants also operate automated systems for incoming deliveries. Through the integrated materials information system we have jointly developed with our partner companies, we share real-time information on parts distribution with our 205 suppliers. We plan to build additional distribution centers near the Sohori and Hwaseong plants as well as operate joint delivery routes. We also plan to introduce larger delivery vehicles to increase per-vehicle cargo capacity and reduce delivery frequency. In terms of sales distribution, we are continually carrying out structural improvements to coordinate local warehouse operations with changes in regional demand and to raise the loading capacity of delivery vehicles that transport assembled cars.

In 2009, we exceeded our cost reduction target of 10.2 billion won by 13% and cut 11.6 billion won in distribution costs. We aim to make further improvements so that we can assess not only the cost but also the environmental impact of our distribution activities. In 2010, we plan to cut the storage period of our parts and raw materials inventory, build automated systems for incoming deliveries at the Gwangju and Seosan plants, and expand the scope of the integrated parts distribution system to include 78 partner companies. In addition, we will also be standardizing the criteria and method for calculating CO₂ emissions of delivery vehicles. This will allow us to analyze the amount of CO₂ emissions reduction realized through the enhancement of our distribution system.

* Radio-Frequency Identification (RFID): Remote identification technology using tags and readers.

Expiration of a Car: 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 Motor's 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 end-of-life vehicle processing system

is designed to handle large loads with eight continuous-flow processes. We are also working on dismantling systems and equipment for small and medium enterprises that are unable to develop proprietary dismantling technologies. As per requests from the government and academia, we offer more than 10 guided tours of the Center annually and introduce our eco-friendly end-of-life vehicle processing system to more than 1,000 visitors a year. We have built a collaborative network with the Korean vehicle disposal and dismantling industry and are providing technology and know-how for the establishment of processing standards for end-of-life vehicles.

Diverse recycling technologies Kia Motors, through the Automobile Resource Regeneration Center, is researching diverse technologies for recycling the used parts of end-of-life vehicles. We aim to raise the recycling rate of automobile shredder residue (ASR) from the current 85% to 95%. To this end, we are researching ASR resource regeneration and parts remanufacturing technologies as well as industrial regenerative heat recovery and clean gasification and melting technologies. We are also researching technologies for the safe retrieval and eco-friendly treatment of air-conditioner coolants and other harmful substances. Since 2007, we have been working on shredding, cleaning, and recompounding technologies for recycling PET bottles. We completed assessments of the developed material in 2009, and after prototype development and further assessments, we plan to apply the recycled material to exterior parts (e.g. head lamps). We aim to expand the application to the step assist, fender and other exterior parts. This is expected to not only reduce waste products but also decrease the weight of our vehicles. We have also developed a technology to recycle rubber scraps, of which more than 2,000 tons are produced every year. After developing product prototypes, we are planning to produce muffler hangers, mats and gaskets made of recycled rubber scraps by 2011. (M)



Focus on Customers

Kia Motors strives to make cars that provide a pleasant driving experience and protect people from the risk of traffic accidents. Our desire to create safer and more convenient cars has resulted in technological advances, and our desire to create a more enriching automotive experience has led to standout services. We now introduce to you our progress in developing customer-oriented technologies and services.

Technologies for safer driving

Kia Motors develops technologies for accident prevention as well as technologies and systems that provide maximum protection to both occupants and pedestrians in accident situations. We also strive to provide these technologies and systems to more customers at more affordable rates by cutting costs and raising the efficiency of our production processes. As a result of our ongoing efforts, we have been receiving high marks from Korean and overseas safety rating agencies year after year. In 2009, for example, Soul became the only Korean car to be named a "2010 Top Safety Pick" from the Insurance Institute of Highway Safety (IIHS).

Crash testing The crash test laboratories at our Hwaseong Plant and Namyang R&D Center create computer simulations of impact situations and conduct crash tests to develop safety mechanisms for the protection of our customers. The simulations and crash tests, performed from the early stages of vehicle development, are not limited to vehicle performance but they also take into consideration the occupants' physical response to impact, their height and weight, and other relevant characteristics. We focus especially on women and children, who are more susceptible to severe injuries than men.

Technologies for pedestrian safety Kia Motors is concerned not only about occupant safety; we also aim for maximum pedestrian safety in impact situations. We are focused on the research and commercialization of pedestrian-

01

K wraps up another day at work and enters the parking lot. The side mirrors fold out and the door handles light up on one of the cars. K7 (Cadenza)'s **welcome system** greets K.

02

Not long after taking off, the steering wheels warm up. K enjoys the warmth and thinks about a meeting earlier that day. A sudden noise and a flashing light on the dashboard jolt him. K7's **LDWS** was warning him. Deep in thought, he had veered off his lane without having turned on the blinker.

03

K maneuvers to get back into his lane. The road is on a steep incline, and the vehicle shakes. The **VDC** system goes to work, actively controlling the engine and brakes.

04

With the busy city streets behind him, K gets on the highway. He turns on the **cruise control** and settles more comfortably in his seat.

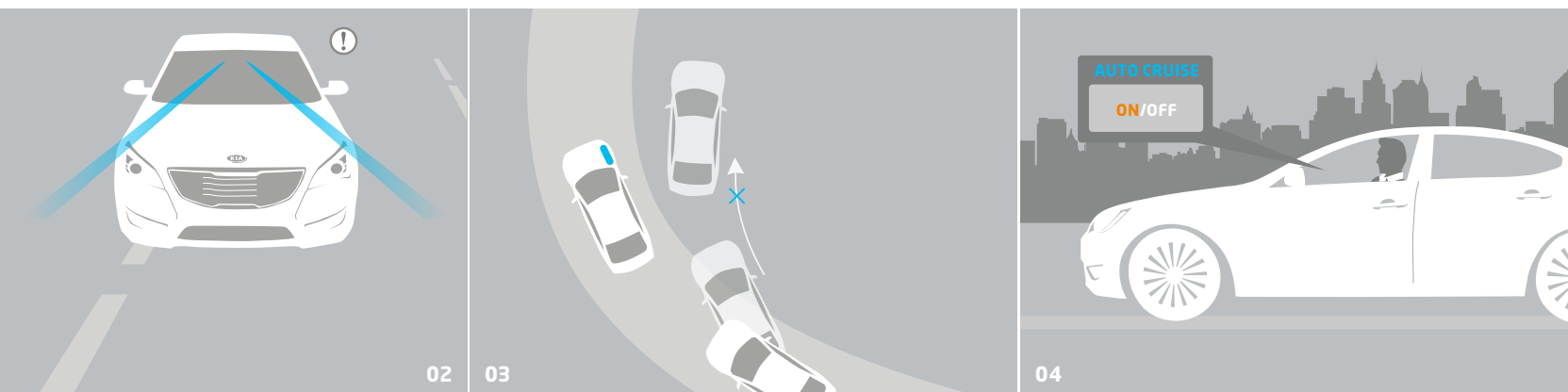


safety technologies. K7 (Cadenza), for instance, has a hood designed to minimize the force of impact in case of a front-end collision. The front of the vehicle body is curved to minimize the force of impact on the lower half of the pedestrian's body. There is also a lower stiffener on the inside of the bumper to minimize impact on the pedestrian's knees in collision situations.

Lane departure warning system (LDWS) LDWS keeps drivers from falling asleep at the wheel and corrects dangerous driving habits. A warning alarm goes off when the vehicle is travelling at 60 km/h or more and veers off a given lane when the blinker is not on or veers off in the opposite direction from the direction indicated by the blinker.

Tire pressure monitoring system (TPMS) TPMS helps prevent accidents that may be caused by damaged tires. When the sensors detect low tire pressure, a warning light flashes on the dashboard along with the location of the problem tire.

Front/rear parking assistant system When the system's sensors detect obstacles to the front and rear of the vehicle, a warning alarm is set off. Cameras on the radiator grill and rear garnish capture the front-end and rear-end blind spots and display them on a monitor. The system facilitates safe parking and prevents parking accidents involving children or animals that are sometimes difficult to spot. It also provides assistance with reverse parking by displaying the expected path of the vehicle (from the movement of the steering wheel) on the monitor.



Technologies for more enjoyable driving

Cars are more than just a mode of transport. They are our life partners that take us to and from work everyday. They are also with us when we take a short break from the daily grind and go on vacation. Cars are a part of our everyday lives. Kia Motors, therefore, believes that cars should not only be safe but also comfortable and pleasant.

Welcome system K7 (Cadenza) is the world's first vehicle to be equipped with a welcome system. When the driver, with the smart key, comes within 1 m of K7, the side mirrors fold out and the door handles light up. When the door lock is released, a welcome sound greets the driver and the interior light, mood light and foot lamp are switched on.

Auto defogging system The auto defogging system is activated when fogging is detected on the front windshield. The wind direction of the air-conditioner unit is automatically adjusted to eliminate fogging.

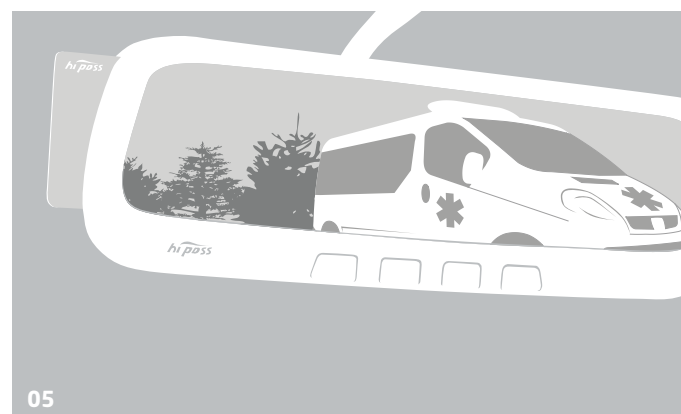
Amplitude Selective Damper (ADS) suspension system Sliding valves were added to the damping control valves of the existing suspension system to provide fine-tuned damping according to the size of the vehicle's wheel stroke. The ADS suspension system maximizes safe maneuverability and smooth driving.

Autocare system The autocare system displays the operational status and condition of the vehicle on the monitor of the vehicle's navigation system. It not only indicates operational information for economical driving but also alerts the driver regarding the regular maintenance and replacement of the engine oil and filter, brake pads and antifreeze. It also checks for any possible problems with the condition of the vehicle.


Striving for excellence in customer service

Driven by our customer-first corporate philosophy, every Kia Motors employee strives to realize customer satisfaction. In 2009, we concentrated our efforts on enhancing the substance of our services across the entire automotive lifecycle, from vehicle purchase and maintenance to affiliated services and vehicle disposal. We focused especially on upgrading Kia Motors' Q membership services.

Becoming helpful Kia employees Kia Motors runs diverse customer service (CS) training programs in order to enhance the CS capabilities of all our employees. We place special focus on consistently improving the services provided by our employees at customer contact points. Based on customer satisfaction surveys, bad practices are corrected and best practices are shared. Every month, we reward employees commended by our customers. In 2009, we surveyed our staff at customer contact points concerning employee courtesy. The results of the survey were shared with the staff at corporate headquarters. The staff at customer contact points and those at corporate headquarters worked



together to eliminate problem areas. Teams that performed well were rewarded, and the program boosted overall job satisfaction and motivation. To facilitate communication and understanding between the staff at corporate headquarters and those at customer contact points, we produced and distributed an internal customer service newsletter. We also held events at customer service centers to enhance employee competencies and satisfaction.

Putting ourselves in our customers' shoes Kia Motors operates diverse customer service programs to maintain a strong relationship with our customers and identify and manage customer needs and grievances. A comprehensive, step-by-step customer service process—a personal call from the branch manager, voice of the customer (VOC) survey and customer service phone call—enables Kia Motors to communicate with our customers at all levels and points of contact, from vehicle delivery to disposal. When we receive a customer complaint, we immediately take corrective measures and then provide feedback to the customer. All areas of the business—production, sales, service and R&D—are notified of the recommendations and complaints on our customer service surveys so that necessary improvements are made. When quality-related issues arise, we carry out joint assessments with relevant teams. Through our Happy Care Service, Kia Motors provides our customers with eight regular preventative maintenance checks over eight years and sends alerts when fluids, filters, etc. need to be replaced. We have also added aromatherapy air freshening and scratch removal services to the existing before-service package. Kia Motors also endeavors to offer greater and more diverse opportunities for our customers to experience the Kia brand. In 2009, we organized many sporting events for our customers, including the Opirus (Amanti)/ Mohave (Borrego) charity golf tournament and club soccer tournaments. In order to provide our customers with greater access to cultural events, we engaged in active cultural marketing in 2009. We sponsored the Busan International Film Festival and were involved in musicals and others performance arts events. 

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



05

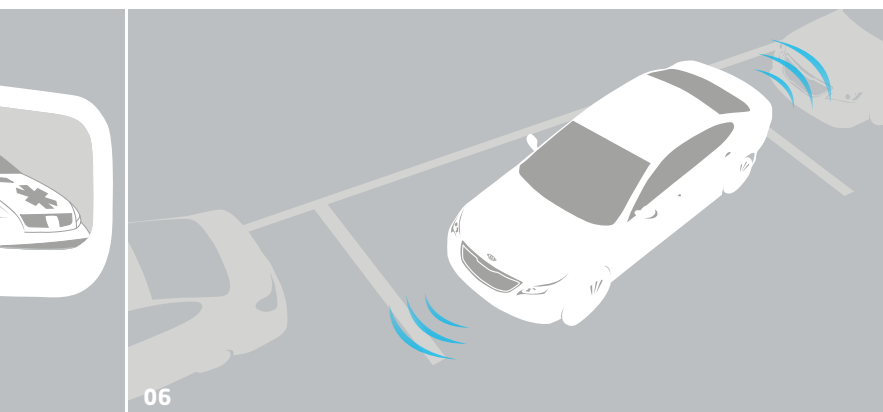
Thanks to the **ETCS** installed on the rearview mirror, K passes through the tollgate without having to stop. To one side, he sees a car wreck. Someone must have gotten hurt as an ambulance is on the scene. He feels reassured, once again, that he made the right choice by purchasing a K7, which features pedestrian-safety technologies.

06

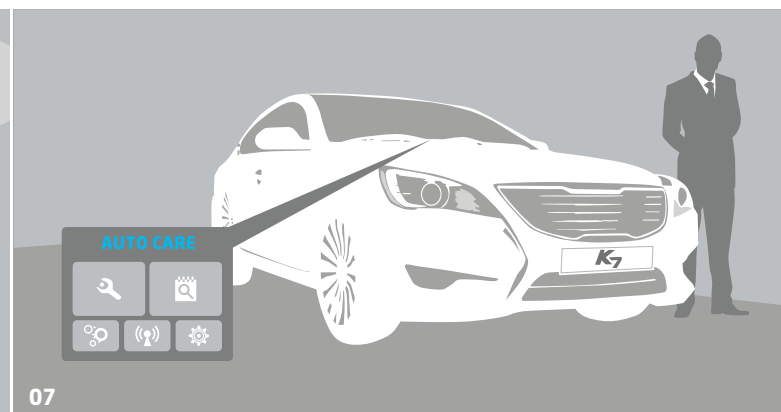
Home at last. Driving through downtown Seoul on a Friday night is always tiring. He sighs and begins to back up his car. The **front/rear parking assistant system** is activated.

07

When he finishes parking, the **autocare system** alerts him that his K7 is due for regular maintenance. **TPMS** comes on as well. K had wanted a relaxing weekend. K turns off the ignition, and K7's goodbye jingle bids him farewell. The vehicle automatically goes into surveillance mode.



06



07

Making of New KIA

In 2009, the Korea Management Consultancy Association (KMAC) surveyed 2,200 working professionals and 2,200 job-hunters about the company they would most like to work for in Korea. Kia Motors came in first place under the “creative and fun corporate culture” category. Kia Motors strives to become a leading global automaker wherein our employees can freely demonstrate their capabilities and develop their potential as they lead happy and healthy lives with their families. We introduce to you our employee programs and the corporate culture campaign “New KIA”.

Keyword 1: Opportunity and diversity

Kia Motors strives to provide equal opportunities to all our employees 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 against gender, nationality, religion or social status. In 2009, we hired 49 new employees, bringing the total number of employees in Korea to 32,616 (as of December 31, 2009). Among them, 28,046 employees (85.9%) 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. We have also established the Labor-Management Council, which holds quarterly meetings to discuss and come to terms on relevant issues.

Kia Motors strives to bolster local economies and contribute to the growth of the national economy by creating new jobs. In turn, we are able to raise our competitiveness by recruiting talented workers in diverse areas.

We hire mostly local workers at our overseas worksites, thereby contributing to the local economy and raising Kia Motors' competitiveness. Kia Motors' overseas worksites include production facilities in the United States, China and Slovakia as well as a sales network that spans the Middle East, Africa and the Pacific region. As of 2009, local workers made up around 22% (9,021 persons) of our overseas staff.

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. The automotive industry is a classic manufacturing industry as well as a machine industry. Accordingly, there had been limited opportunities for women, and women's industry participation had been low. However, the number of women workers in the automotive industry is on the rise as greater emphasis is being placed on design, customer satisfaction and the emotional appeal of cars. While women account for 2.5% (820 persons) of Kia Motors' total workforce, the number of women managers has risen dramatically from just two in 2008 to nine in 2009. We endeavor to offer women greater opportunities and a comfortable work environment so that all our employees of diverse backgrounds and skills can realize their potential and work together effectively.





Kia Motors launched the "New KIA" campaign in 2008 under the slogan "Becoming one for a new Kia." The campaign, which has entered its third year in 2010, strives for engagement and dialogue. Under the "New KIA" banner, we are working together to create a corporate culture that is uniquely Kia Motors.



Keyword 2: Competency and potential

Kia Motors endeavors to enable our employees to demonstrate their competencies and develop their potential. In order to guarantee equal treatment and fair compensation, we provide our employees with equal opportunities regardless of nationality or gender (Collective Agreement Article 25, Employment Regulation Article 4). The same base 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 evaluation and promotion follow an objective performance assessment process. Providing a satisfying work environment in order to retain talented employees is just as important as recruiting them. Kia Motors runs a mentoring program whereby entry-level employees are assigned mentors in their respective departments. An entry-level staff member meets with his/her mentor at least once a month during the first six months at Kia Motors to discuss issues of concern and get advice. For our employees facing retirement, we provide a 2-week educational program on post-retirement life planning and health care. In 2009, 43 employees participated in the program. We also provide job consulting to employees seeking new jobs or careers.

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. Our cyber learning center provides employees with the flexibility to study at their own schedule and pace. We also offer educational programs for our employees' families.

Focus: New KIA

"New KIA: Working Together to Build a Lifelong Workplace."

Kia Motors launched the "New KIA" campaign in 2008 under the slogan "Becoming one for a new Kia." The campaign strives for engagement and dialogue. Under the "New KIA" banner, we are working together to create a corporate culture that is uniquely Kia Motors. The campaign's four key areas of focus in 2010 are organized as follows: Design Our Communication (DOC), Design Our Feeling (DOF), Design Our Team (DOT) and Design Our Work (DOW).

Building closer ties



Design Our Communication (DOC) aims to build a system and culture of lateral communication. Events such as Open Brownbag Lunch, Designing Office Dinners, and CROSS Meetings are activities and events designed to strengthen teamwork and nurture a culture of open communication. Starting in 2010, the theme of communication will be implemented on a company-wide basis to build a corporate culture of understanding and consideration. We will also expand team-based communication activities to encourage voluntary and active participation of onsite employees.




Design Our Feeling (DOF) strives to encourage positive thinking at work and home while strengthening our employees' pride and commitment to Kia Motors. DOF activities and events include New KIA Tigers Day, family contests and My Dad Works at Kia. In 2009, thanks to the passionate support of Kia Motors' employees and families through the New KIA Tigers Day events, the professional baseball team Kia Tigers won the league championship for the first time in twelve years. We plan to devise more programs to enhance the emotional quality of our employees' and their families' lives.



Keyword 3: Work and life

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. The industrial clinics provide basic medical care and are equipped with physical therapy rooms for musculoskeletal disorders. The clinics are free of charge not only to Kia Motors' employees but also to the employees of our partner companies.

Kia Motors operates an online reservation system comprising some 100 healthcare centers for regular checkups and diverse medical services. We have also increased the number of optional tests during checkups to provide our employees with access to a wider selection of healthcare services. Since April 2009, Kia Motors has been subsidizing 50% of the fees for extra tests recommended by the physician after a basic comprehensive checkup. We also offer our employees' immediate families with various medical benefits, subsidize a wide range of medical expenses, contribute to the National Health Insurance premium and provide discounts at select healthcare providers. In 2009, Kia Motors provided 2.11 billion won for regular health checkups for 8,214 employees and 4,745 family members. We spent 13.4 billion won to subsidize our employees' medical fees. 

* 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.



Design Our Team (DOT) endeavors to redesign the team—the smallest organizational work unit—to create a synergy effect for the realization of business goals. The initiative aims to strengthen teamwork using the basic framework of team diagnosis + leadership change + team transformation program and promote collaborative linkages among teams for mutual development. A scientific and detailed diagnostic tool assists the team leader. We are also working on building a solid foundation for every team's sustained growth through the team vision program.



Finally, Design Our Work (DOW) aims to redesign our tasks and responsibilities in order to enhance individual work competencies and raise the efficiency of the overall workflow, thereby creating a value advantage that is uniquely Kia Motors. Through the CAP Meeting, SHOP Self-Study Seminar, and Six Sigma leadership activities, we continually strive to find and work on areas of improvement. In 2010, we plan to advance a work culture based on DOW in which our employees are fulfilled and want to further themselves.

Designing an exciting new Kia Motors In 2010, we will utilize diverse online and offline channels, including thematic posters, to promote the New KIA campaign so that its values and objectives can be shared and internalized by all our employees. We also plan to run educational programs based on the value system upon which New KIA rests. In order to raise the quality of each organizational unit's work output, we are running a worksite touring program. In so doing, we are enhancing intra-organizational communication and raising the corporate culture design expertise of employees at our worksites. By nurturing closer ties and excitement through innovation, New KIA will serve to solidify Kia Motors' distinctive corporate culture.



Working Together

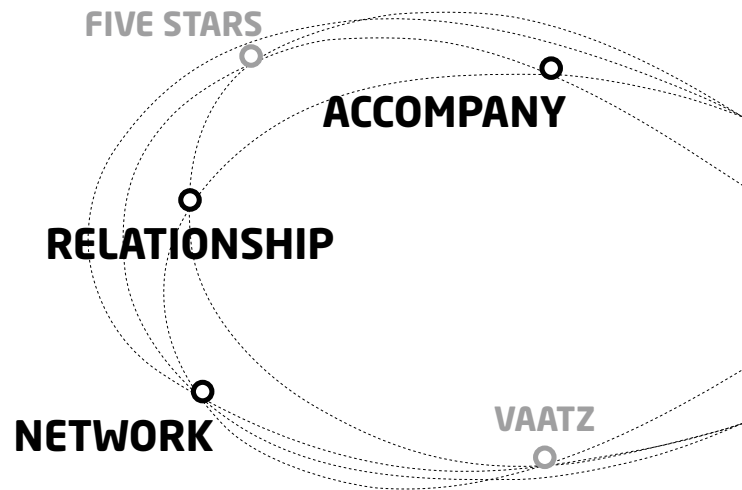
An automobile is a complex piece of machinery consisting of over 20,000 parts. As such, building an automobile requires collaboration, and in turn, such collaboration raises the competitiveness of the resulting products. It is the individual parts that create the value of Kia Motors' vehicles. We also understand that greater collaboration is needed for mutual growth. Therefore, Kia Motors strives to contribute to the stability and sustained growth of our partner companies by advancing transparent and fair relationships.

Cooperation for mutual growth

The goal of Kia Motors' Value Engineering (VE) Proposal System is cutting costs without compromising product value or quality. Through this system, we work with our partner companies to develop domestic alternatives to imported parts. In so doing, we can cut costs and enhance the competitiveness of our partners. We also provide assistance for our partner companies to set up operations near our overseas production facilities. As of 2009, some 245 partner companies have expanded their operations to overseas locations in China, Europe and the United States with the Hyundai-Kia Automotive Group. Thanks the efforts of our partner companies, our overseas production facilities are able to receive a stable supply of high-quality parts.

Support for enhancing our partners' competitiveness

To support our partners, Kia Motors has established the Committee for Promoting Win-Win Cooperation (internal), the Foundation of Korea Automotive Parts Industry Promotion (external), and Win-Win Cooperation Working Committee (coordinating). The Foundation of Korea Automotive Parts Industry Promotion is an organization Kia Motors co-founded with 165 partner companies in 2002 to promote the automotive parts industry. The Foundation, which operates on an annual funding of around 5 billion won from the Hyundai-Kia Automotive Group, offers technology and business management support to our partners. In 2009, we expanded our support to promote innovative and autonomous small and medium enterprises. In 2010, we plan to run a win-win cooperation program through which our partners can realize sustained growth through value creation. Every year, Kia Motors hosts the R&D Partnership Tech Day to provide our partner companies with a venue to market and share new technologies. We also run the Guest Engineer Program, which aims to nurture the development of technical professionals at our partner companies and reduce the failure rate in the product development and design phases. In 2009, 336 engineers from around 73 partner companies participated in the program. For our secondary partners, we operate the SQ Mark certification system to enhance the competitiveness of their products and offer training programs to foster certification agents. In 2009, 2,656 secondary partners received the SQ Mark and 448 employees from secondary partner companies completed



the certification agent program. We also run training programs to nurture the development of talented employees of our Korean and overseas partners. For our secondary partners, we conduct job training consortiums and seminars.

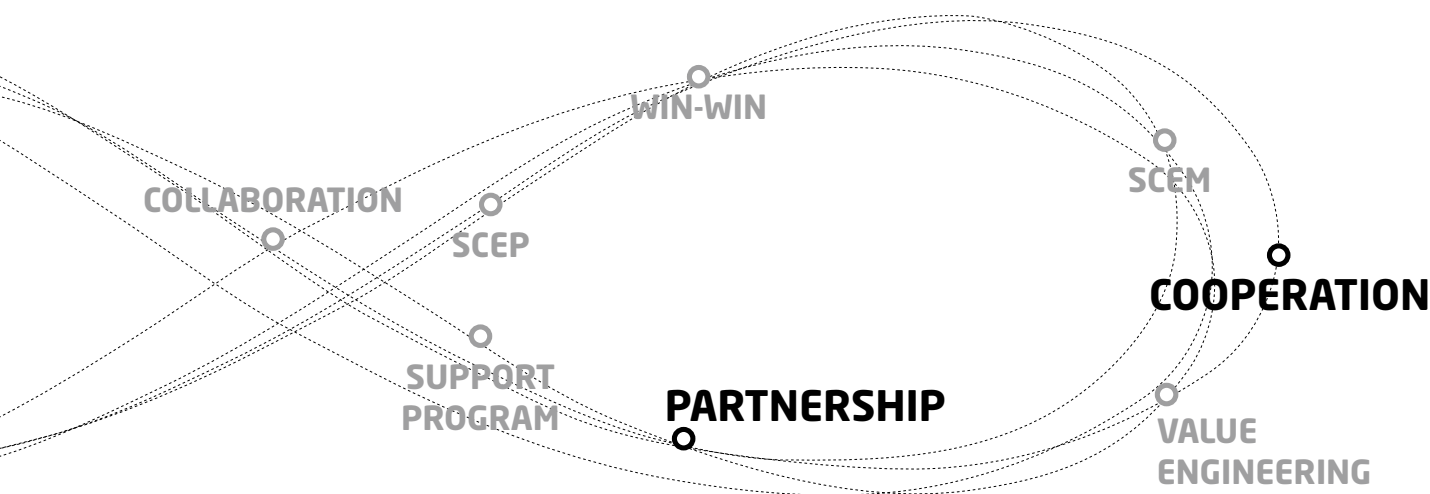
Support for our partners' stability

Kia Motors makes cash payments for the goods received from our small and medium partner companies, and organizes bulk purchases to help our partners cut procurement costs. We also operate diverse direct funding support programs. In 2009, we provided loans amounting to 50.4 billion won through the Win-Win Cooperation Operating Fund Loan Program to 52 small and medium partner companies struggling from capital shortage due to the unfavorable business climate. We also put together a 23.1 billion won Win-Win Cooperation Fund and provided financial support to 22 partner companies for facilities expansion and repair as well as development and investment activities. Additionally, we provided 195 primary, secondary and tertiary partner companies with loans amounting to 98.1 billion won through the Win-Win Loan Guarantee Program that aims to stabilize our partners' business operations. Through the Green Facilities Bridge Loan Program, we provide our partner companies with loans for expenditures related to raw materials and outsourcing in facilities construction. We also provide support for the Die Tool Investment Loan Program. We plan to continually expand and improve the financial support network for win-win cooperation with our partner companies.

* Refer to p. 78 for information on our support programs, status of payments, subsidies for bulk purchases and educational programs for our partner companies.

Efforts to build transparent and fair relationships

In 2008, Kia Motors, along with the rest of the Hyundai-Kia Automotive Group, signed the Fair Trade Agreement with some 2,400 partner companies. We have worked to alleviate the burden of rising raw material prices by adjusting the per-unit cost. Our efforts were recognized in December 2009 when we received




the highest rating in the Korea Fair Trade Commission's Win-Win Cooperation and Fair Trade Agreement Assessment. In order to encourage ethical practices and awareness among relevant departments and individual employees, Kia Motors has established the Procurement Headquarters' Code of Ethics and runs a program to resolve grievances filed by our partner companies and their employees. To ensure the efficiency and transparency of the raw material procurement process, Kia Motors has placed the entire process online through the Value Advanced Automotive Trade Zone (VAATZ) system. All our domestic and overseas partner companies must use this open e-bidding system. The bids are assessed on a 5-star rating system that evaluates price, quality, supply and technology capabilities of the bidding companies. The VAATZ system contributes to Kia Motors' efforts to building open and fair relationships with our partners. Moreover, our partners are encouraged to observe a set level of work environment standards as the system assesses the level of environmental management (goals and implementation), protection of employees' human rights (work environment and worksite safety) and ethical management (the upper management's ethical integrity and sense of duty).



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) 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.

Cooperation to minimize environmental impact

Kia Motors concluded the Agreement on the Supply of Eco-Friendly Automotive Parts with our parts suppliers to minimize the environmental impact of the processing and manufacturing of raw and subsidiary materials that go into our vehicles. The agreement encompasses not only international environmental regulations but also the Hyundai-Kia Automotive Group's rigorous environmental standards, and requires our partner companies to fulfill their social responsibility by protecting the human rights of their employees and practicing ethical management. Kia Motors regularly monitors the level of

the agreement's implementation at our partner companies. As for our partners that do not have the resources to respond to environmental regulations and eco-friendly trends in the industry, we provide support for the establishment of environmental management systems. Through the Supply Chain Eco Management (SCEM) project launched in 2003, Kia Motors provides support in the following four areas: building environmental management systems, managing harmful chemicals, improving manufacturing processes and strengthening energy management. We have also been operating the Supply Chain Eco Partnership program since 2006 with our primary partners to help our secondary and tertiary partners establish frameworks for environmental management. Since 2008, we have been expanding our support for the establishment of carbon management systems at our partner companies. In the first phase, we assisted our partners in creating greenhouse gas inventories for energy and greenhouse gas management. In the second phase (September 2009 to September 2010), we are measuring the carbon footprint of our partners and providing support for the establishment of comprehensive greenhouse management systems. Through IMDS* and e-CMS, an internal chemical management system, Kia Motors shares information related to controlled chemicals with our partner companies. We regularly organize environmental education programs for our partners in order to share with them information concerning environmental regulations and industrial trends. We also undertake random inspections of our partners' production facilities and notify our partners if controlled chemicals are detected in quantities that exceed regulatory standards. We are also planning to introduce environmental management systems to our overseas worksites. 



Hyundai-Kia Automotive 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-Kia Automotive 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

Among the 230 countries in the world, Kia Motors' vehicles can be found on the roads of 172 countries. We now have over 40,000 employees worldwide. Everyone now calls us a global company. Accordingly, we feel that we now have even great responsibilities to fulfill. Under the slogan "Moving the World Together," we strive to carry out our social responsibilities through the following four campaigns: Easy Move (improving the mobility of persons with disabilities), Safe Move (spreading a culture of motor safety), Green Move (promoting environmental preservation and restoration) and Happy Move (volunteering).



Refer to the Hyundai-Kia Automotive Group's social outreach website (<http://www.hyundai-kiamotors.com/>) for more information on the vision, organizational structure, and detailed activities of our social outreach programs as well as the Community Relations White Book.

Mobile Clinic

Many people in Ethiopia, one of the world's poorest nations, do not have access to proper healthcare. Kia Motors operates the Mobile Clinic program in Ethiopia, providing free healthcare on wheels. We refurbished an 8-ton truck with medical equipment and facilities to provide maternal and child healthcare services, childcare services and AIDS prevention programs. We are helping women, infants and young children, who are especially vulnerable to the effects of inadequate healthcare. We plan to expand this program to other countries with limited medical and healthcare services.

37,426 Tons CO₂

Since 2007, Kia Motors Netherlands and Kia Motors Sweden have been working with the German non-profit organization Trees for Travel to plant jatropha trees in Mali, one of the worst-hit nations by climate change. The jatropha tree protects other plants by curbing soil erosion. The jatropha fruit can be used to make biodiesel and soap. Therefore, the program not only contributes to environmental protection but also creates an income source for the local community. Through the Trees for Travel program, a monetary value is determined for a given vehicle's annual CO₂ emissions based on the distance traveled. The accumulated fund is donated to the program. Kia Motors Netherlands planted 748,600 jatropha trees over the last three years, offsetting 37,426 tons of CO₂ emissions.



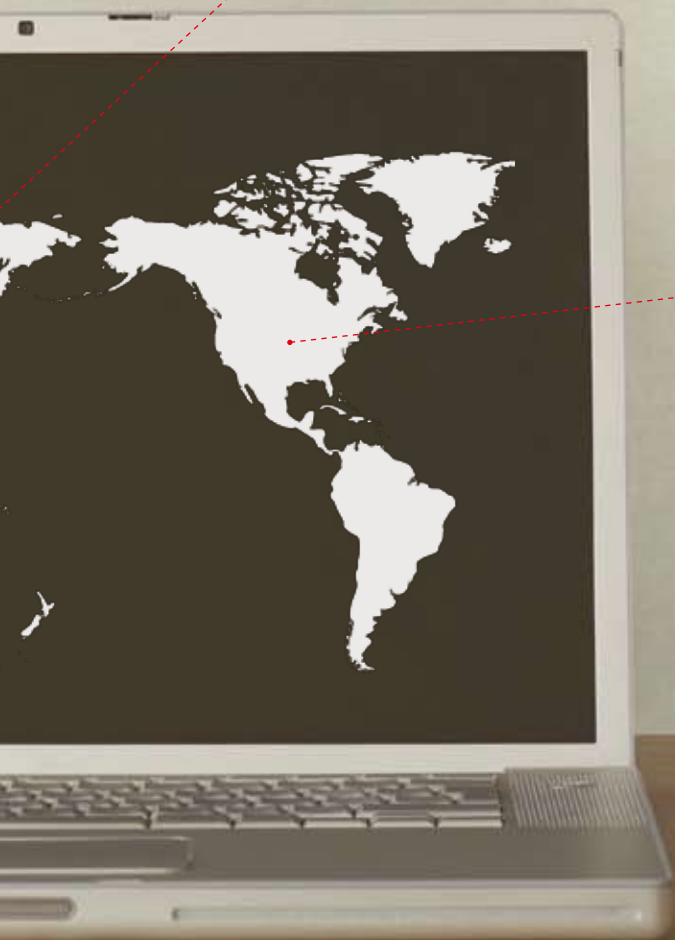
※ Kia Motors supports the Millennium Development Goals (MDGs) of the United Nations Development Programme (UNDP). The eight MDGs are listed below with corresponding icons. Each of Kia Motors' social outreach activities are marked with relevant icon(s) to indicate which MDG(s) it is helping to realize.



- 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

Since 2004

In November 2009, Kia Motors held a launching ceremony for the Assistance Equipment Mobile Repair Service for Persons with Disabilities and presented a social welfare organization with donations to make facilities improvement and fund the construction of an Al-Maru facility for children with disabilities. The Able Design Car, which was unveiled at the ceremony, is a converted 2.5-ton truck outfitted with equipment to repair prosthetic limbs, electric wheelchairs and mobility scooters. The Able Design Car will travel to low-income households with disabled family members of limited mobility and provide free equipment maintenance and repair services. Kia Motors is working on developing and distributing Easy Move vehicles equipped with wheelchair cranes and other amenities for the transportation-disadvantaged. We also provide ongoing support to welfare facilities.



Oct. 17th

Every three seconds, one person dies from abject poverty. Since 2005, Kia Motors has participated in the UN's White Band Day on the International Day for the Eradication of Poverty (October 17), which is observed by some 120 countries around the world. We also organize fundraising activities at Korean and overseas worksites to sponsor children in poor nations, and are contributing to the eradication of abject poverty through the Happy Move Global Youth Volunteer Group's poverty experiential program and street fundraising campaign.

Kids Auto Park



The Kids Auto Park, an experiential motor safety learning center for children aged six to ten, opened its doors on April 30, 2009. It features a simulation center, a motor safety license testing center, an auto experiential course and other educational and related facilities.

The Kids Auto Park has an annual visitor capacity of some 12,000 persons. It can accommodate up to 40 students at a time. It issues the Kids Motor Safety License to children who complete the motor safety course and pass the license test. For the test, children drive specially designed motorcars and have to stop in front of crosswalks and at the appearance of bicycles, wild animals and pedestrians. At the practice course, children get to drive miniature versions of the Soul designed



almost to scale. Children also get to learn about the importance of safety belts in a remodeled Pride (Rio). By putting the children in the driver's seat, the Kids Auto Park takes a proactive and dynamic approach to children's motor safety education and traffic accident prevention. We plan to set up similar programs in China, Russia and other overseas locations.

Practicing humanistic capitalism through Smile Microcredit Foundation

Microcredit is a small, low-interest loan extended to the poor. Kia Motors is contributing to the practice of humanistic capitalism. In 2009, the Hyundai-Kia Automotive Group launched the Smile Microcredit Foundation with a funding of 20 billion won. The Hyundai-Kia Automotive Group will provide a total of 200 billion won over the next ten years (20 billion won per year) to provide loans of up to 50 million won (per person) at a low 4.5% annual interest rate to low-income individuals with poor credit ratings who are not eligible for loans from institutional lenders. The foundation also offers business startup consulting, job information and professional training to provide comprehensive and systematic support to low-income individuals.



In December 2009, Smile Microcredit Foundation's first branch opened its doors in Jegi-dong, Seoul. We will open branches in Gwangju and Ulsan in early 2010 and plan to eventually set up 200-300 branches nationwide in order to promote balanced regional growth and narrow regional income and development gaps.

Delivering coal briquettes of love

Many volunteer activities are carried out during the year-end holiday season. Kia Motors also organizes diverse activities to help our less fortunate neighbors. Among them, perhaps the most arduous yet most rewarding is the Delivering Coal Briquettes of Love program. With employee donations, we buy rice and coal briquettes to deliver to low-income households near our worksites. In 2009, the Hyundai-Kia Automotive Group organized the Delivering Coal Briquettes of Love program through which we delivered 1 million coal briquettes to low-income families near our worksites during the end-of-year employee volunteer week. The Funkia college student volunteer group and members of the Soul Owners' Club carried out a separate Delivering Coal Briquettes of Love program



in Yeoncheon, Gyeonggi-do. University student Lee Yu-ri who took part in this program said, "I hope our less fortunate neighbors can feel some warmth this winter with the coal briquettes we delivered," and added, "I am happy I could take part in the program as a member of Funkia Volunteers, which represents Kia Motors' customers in their twenties."

Volunteering with the family

Kia Motors aims to create a better society by putting sharing into action and helping those around us who are less privileged. To this end, we have organized 65 volunteer groups at Korean worksites that take part in monthly community service activities. At the end of the year and during holidays, they carry out additional social outreach activities. In 2009, we introduced a program to revitalize traditional open-air markets and help parentless families and senior citizens who live alone. We provided traditional market gift certificates to underprivileged senior citizens without families and households headed by young breadwinners. We plan to gradually expand this program. The Family Volunteers, established in 2007, undertakes diverse volunteer activities,



including the One Family, One Cultural Property campaign. The voluntary participation rate is rising as our employees and their families find the volunteer activities rewarding and beneficial to their children's education. In 2009, we also launched the One Branch, One Volunteer Activity campaign at our sales headquarters in Korea. The campaign, which aims to engender a corporate culture of giving and sharing, is run separately from existing social outreach programs. The participation rate is still low given that the campaign is in its early stages. We hope that it will gain momentum and become an important part of Kia Motors' social outreach efforts.

Kia Village: Building the Kia Village



In May 12, 2008, a very powerful earthquake struck Sichuan, China. It was a disaster of catastrophic proportions. Many lost their lives, and many more lost their homes.

Kia Motors did not stop at providing the region with a relief fund. We dispatched some 300 members of the Happy Move Global Youth Volunteers who visited temporary shelters and worked with Habitat for Humanity to build houses. Over the summer and winter of 2009, we completed the Kia Village, which consists of 23 houses in the villages of Yangping and Changzhen in Pengzhou, Sichuan. Lee Sung-hun, a student volunteer, commented, "Seeing how every brick we laid and every dab of mortar we applied came together to form a house, I realized the value of hard work. I will never forget this volunteer experience, which was the greatest experience of my life."



Lhotse Youth Expedition: Aiming high



The Lhotse Expedition aims to nurture in our youth a global mindset that welcomes creative challenge and is curious about the unknown world.

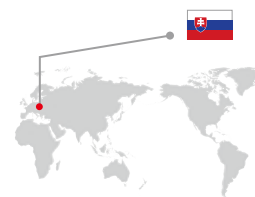
Kia Motors considers support for the future generation a priority for social development and humanity's advancement. We launched the Lhotse Expedition program for teens in 2006. Participants get to see and experience the human civilization and natural environment of the Himalayas. Through volunteer work at a remote village, participants can heighten their understanding of cultural diversity and develop knowledge and skills for coexistence. The program also offers additional cultural exchange and volunteer opportunities in the Himalayas before and after the actual expedition.

In 2010, the Lhotse Expedition will change its name to Eco Dynamics Expedition. The program will strengthen environmental and ecological education and offer a wider range of hands-on volunteer activities.





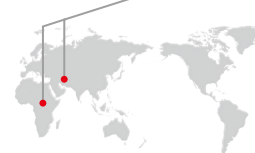
Start! Our Žilina project




Since 2008, Kia Motors Slovakia (KMS) had been setting aside a set portion of employees' wages to create the KMS Fund. With the accumulated fund, KMS carried out various social outreach projects in 2009, one of which was Our Žilina project. Our Žilina project aims to raise the quality of life for the residents of Žilina, where KMS is located. We received project proposals from 74 non-profit organizations in the area and KMS employees selected 14 of the proposed projects. Of note, our employees did not merely provide financial support but they worked with other volunteers to provide manpower and IT and HR assistance for the selected projects.

Our Žilina project created a new local volunteer network, heightened our employees' spirit of volunteerism and resulted in hands-on participation in issues of local concern.

Kia Charity & Care



Many in Africa and the Middle East suffer from abject poverty, without access to even the most basic necessities for survival, such as food, clothing and shelter. Kia Motors' Middle East & Africa Regional Headquarters and dealerships in 14 countries—including Syria, Libya, UAE, Jordan, Morocco, Egypt, South Africa, Saudi Arabia, Qatar and Nigeria—joined forces and founded Kia Charity & Care to actively promote social outreach activities.

In 2009, Kia Charity & Care's activities were scaled down from what had been originally planned in the wake of the global financial crisis. In 2010, however, we plan to implement a \$100,000 social outreach program in each country. Kia Charity & Care donates medical and assistance equipment to persons with disabilities, subsidizes rehabilitation treatments, provides financial assistance to nutritional programs as well as surgery and medical treatment for children, grants scholarships, and funds the construction of educational facilities and/or provides educational facilities with relevant equipment. 

Appendices

71 Sustainability Management | **72** Economy |
74 Society _ Customers | **75** Society _ Employees |
78 Society _ Partner Companies / Local Communities |
80 Environment | **90** 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 strategic policy initiative proposed in 2000 by the former UN Secretary-General Kofi Annan to encourage businesses to carry out their social responsibility. The UNGC consists of ten principles in the areas of human rights, labor, environment, and anti-corruption. Some 6,200 businesses and organizations around the world have joined. Kia Motors supports the ten principles of UNGC and strives to observe them 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	58-61, 62-63
	Principle 2: make sure they are not complicit in human rights abuses.	58-61, 62-63
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	58-61
	Principle 4: the elimination of all forms of forced and compulsory labour;	75-77
	Principle 5: the effective abolition of child labour; and	75-77
	Principle 6: the elimination of discrimination in respect of employment and occupation.	58-61
Environment	Principle 7: Businesses are asked to support a precautionary approach to environmental challenges;	22-25, 85
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	80-89
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	30-33, 34-37, 38-41, 42-43, 44-53
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 automotive industry; pursue inter-sectoral joint projects
Korea Chamber of Commerce & Industry (Seoul, Gwangmyeong, Hwaseong, Gwangju)	Mandatory membership as per the Chamber of Commerce and Industry Act
Korea Auto Industries Coop. Association	Cooperate with relevant businesses for the advancement of the automotive industry
Korea Management Association	Acquire business information
The Korea Fair Trade Competition Federation	Acquire information to uphold fair trade regulations; exchange information with the government
BEST (Business Ethics in the Source of Top Performance) Forum	Conduct projects and exchanges related to ethical management
Korea Business Council for Sustainable Development	Acquire and share information on sustainability management
UNGC Korea Network	Uphold the ten UNGC principles to strengthen socially responsible management
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 with other businesses on security-related matters
The Korean Association for Industrial Technology Security (kaitS)	Promote projects for securing industrial technologies
Quality Management Research Association of Gyeonggi-do	Exchange information and case studies on quality management
Korea Economic Research Institute	Undertake comprehensive research on short- and long-term development projects for the Korean economy and businesses

Efficient security system

The technology-intensive automotive industry is working more closely than ever before with the IT industry. As such, effective technology security has become just as important as developing cutting-edging technologies. It is estimated that technology leaks can lead to a loss of up to tens of trillions of won. Kia Motors has built and operates a powerful security portal system certified by the International Organization for Standardization (ISO 27001). Managers as well as employees in charge of security-related work receive annual education and training on corporate security. We have in place an authentication/security system for electronic documents as well as control systems to prevent information/data leaks via portable storage devices and the internet.

Economy

* Data from non-consolidated financial statements

Business performance

(units: vehicles, million won)

	2005	2006	2007	2008	2009
Production volume (vehicles)	1,105,431	1,150,397	1,118,582	1,055,408	1,137,191
Sales volume (vehicles)	1,105,841	1,140,734	1,114,451	1,056,400	1,142,038
Sales revenue	15,999,356	17,439,910	15,948,542	16,382,231	18,415,739
Operating profit	74,002	(125,291)	(55,404)	308,533	1,144,473
Cash flow	438,760	(231,550)	28,240	697,181	2,499,220
Ordinary income	689,405	73,213	24,968	67,772	1,699,577
Net income	680,904	39,337	13,563	113,784	1,450,260

Financial status

(unit: million won)

	2005	2006	2007	2008	2009
Total assets	16,034,491	12,106,605	12,853,763	15,452,278	16,941,596
Current assets	7,080,938	3,122,252	3,232,967	3,538,455	4,308,703
Non-current assets	8,953,553	8,984,353	9,620,796	11,913,823	12,632,893
Liabilities	5,989,417	6,858,849	7,778,421	9,710,996	9,565,201
Current liabilities	3,479,435	4,103,104	4,196,287	5,194,364	5,845,626
Non-current liabilities	2,509,982	2,755,745	3,582,134	4,516,632	3,719,575
Equity	4,960,285	5,247,756	5,075,342	5,741,282	7,376,395
Equity ratio (capital/assets)	32.76%	43.35%	39.49%	37.15%	43.54%
Debt/equity ratio (liabilities/equity)	114.03%	130.70%	153.26%	169.14%	129.67%

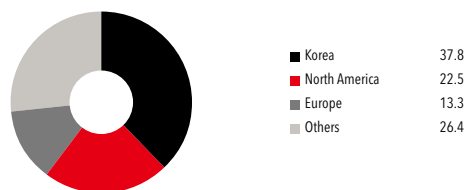
Sales by region

(unit: million won)

	2005	2006	2007	2008	2009
Total sales revenue	15,999,356	17,439,910	15,948,542	16,382,231	18,415,739
Korea	4,471,757	4,867,129	4,852,075	5,014,792	6,952,834
Overseas	11,527,599	12,572,781	11,096,467	11,367,439	11,462,905
North America	4,297,325	5,144,229	4,879,604	4,878,179	4,136,258
Europe	4,492,756	4,295,839	2,860,028	2,019,347	2,456,025
Others	2,737,518	3,132,713	3,356,835	4,469,913	4,870,622

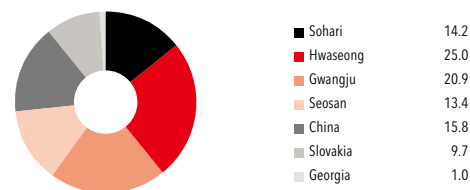
Share of total sales by region

(unit: %)



Share of total production by production facility

(unit: %)



Economy

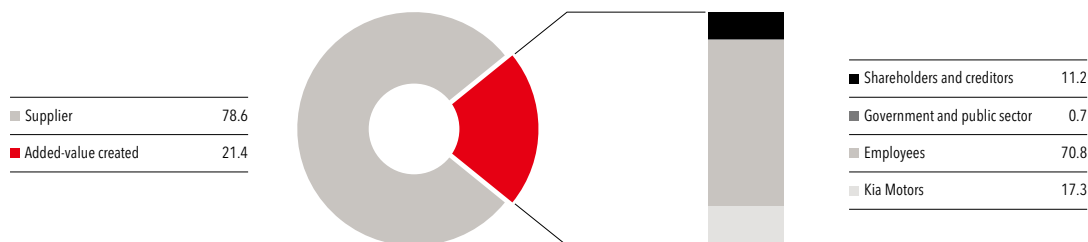
Stakeholder value creation

(unit: million won)

	2007	2008	2009
Sales	15,948,542	16,382,231	18,415,739
Product and service expenses	12,572,988	12,570,504	14,474,293
Added-value created	3,375,554	3,811,727	3,941,446
Wages & benefits	2,452,226	2,739,961	2,792,297
Taxes & duties	26,299	29,340	24,754
Interests	220,633	327,226	343,960
Dividends	-	-	96,999
Depreciation expenses & intangible depreciable asset expenses	676,396	715,200	683,436

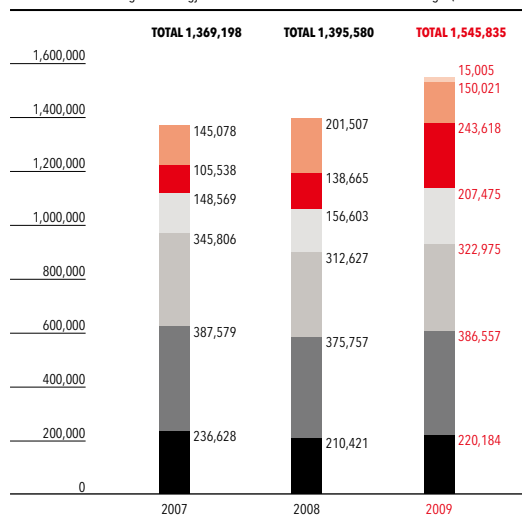
Creation and distribution of economic value

(unit: %)



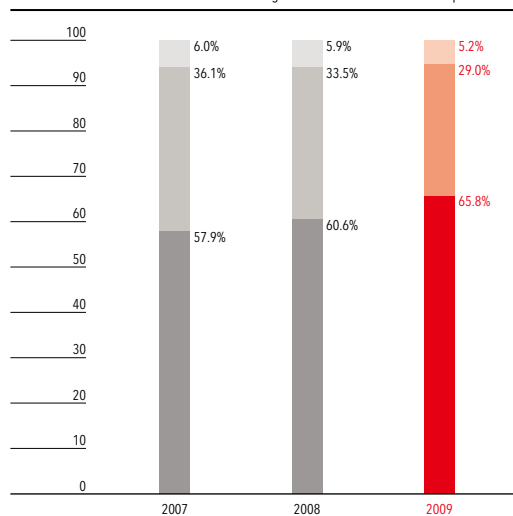
Production output by production facility

■ Sohari ■ Hwaseong ■ Gwangju ■ Seosan ■ China ■ Slovakia ■ Georgia (unit: vehicles)



Share of total sales by product

■ Passenger cars ■ RV ■ Commercial & special vehicles



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

Society _ Customers

Customer service (CS) accomplishments

[Tops KS-SQI survey six years running]

Kia Motors was selected as the number one CS company by the Korean Standard-Service Quality Index (KS-SQI) survey overseen by the Korea Standards Association. KS-SQI CS assessment is based on customer surveys in eight categories, including service benefits, satisfaction of customer needs, and creative service. Kia Motors received high scores across the board.

[Named KSQI Excellent Call Center six years running]

Kia Motors' customer service center has been selected as an Excellent Call Center six years in a row by the Call Center KSQI overseen by the Korea Management Association. Every year, the Call Center KSQI ranks 179 call centers from 31 industries in 16 categories, including accessibility, attitude, and professionalism.

2009 internal & external customer satisfaction assessments

[Customer call center (tel: 080-200-2000)]

Total no. of calls 553,403 (phone: 525,471; online: 27,488; others: 444)

- Complaints/grievances 27,893 (year-on-year decrease: 7,376) Request improvement measures by complaint/grievance area

[Voice of the customer (VOC) surveys] Carry out surveys to assess the level of satisfaction in the early after-sale period (3 months after purchase)

and collect customer opinions and suggestions (monthly)

Sent out surveys to 167,853 customers ▶ 31,220 customers responded//Comprehensive CS level 71.8 points

- CS by area (sales, service, quality), Provide feedback on the analysis of complaints/grievances (monthly)
- Key feedback distributed to all departments

[Operate customer assistance centers on the Kia Motors website and the Q membership website]

Process online requests and operate FAQ section: Online requests processed (27,488)

Customer privacy protection

In 2009, 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 CO₂ emissions information labeling on vehicles. Along with the existing fuel economy grade labeling, Kia Motors has included CO₂ emissions labeling on all of its vehicles since August 2008.

Customer marketing communication

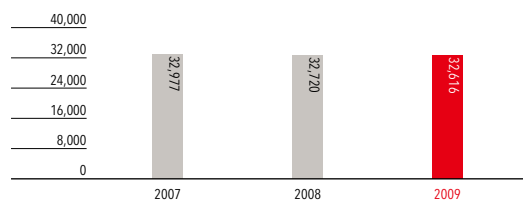
Kia Motors pursues diverse marketing events and other marketing communication activities that do not infringe upon customer privacy, do not apply double standards, do not exercise undue influence on children, and conform to generally-accepted cultural and ethical norms. Kia Motors undertakes prior research and canvasses local opinions so that our marketing activities overseas conform to local sensibilities. In 2009, there were no instances of regulatory violation or fines incurred related to marketing communication.

Society _ Employees

* As of December 31, 2009

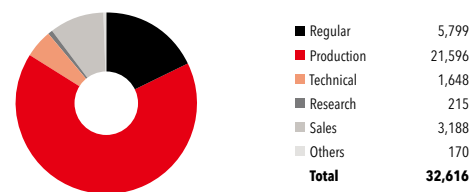
Total no. of employees

(unit: persons)



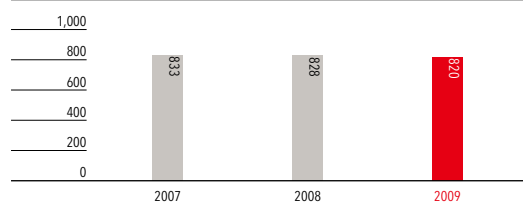
Employees in Korea by job area

(unit: persons)



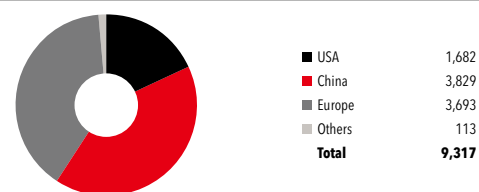
Women employees in Korea

(unit: persons)



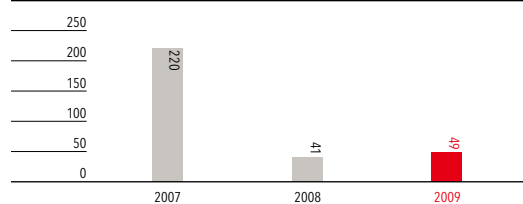
Overseas employees by region

(unit: persons)



Job creation

(unit: persons)



Employee wages

(unit: million won)

	2007	2008	2009
Total no. of employees (persons)	32,977	32,720	32,616
Average duration of continuous service (years)	13.47	14.40	15.6
Annual wages	2,119,226	2,386,481	2,422,458
Per-person wage	64.3	72.2	74.3
Entry-level employee wages	39.7	44.8	47.2

* Wages include retirement allowance. The average per-person wage for entry-level employees in was 333% higher than the legal minimum wage.

Job creation by region

(unit: persons)

	2007	2008	2009
Corporate headquarters	38	16	27
Sohari	26	5	3
Hwaseong	122	13	12
Gwangju	19	4	6
R&D centers	11	2	-
Others	4	1	1
Total	220	41	49

Retirement and resignation

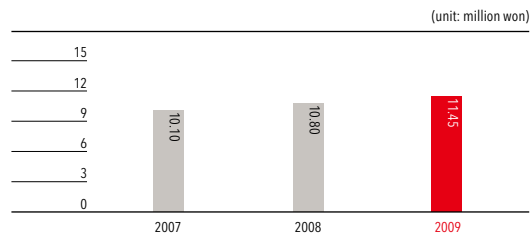
(unit: persons)

	2007	2008	2009
Corporate headquarters	70	31	25
Sohari	59	7	51
Hwaseong	47	48	37
Gwangju	67	17	30
R&D centers	4	1	-
Others	60	30	39
Total	307	134	182

Benefits

Kia Motors provides the same welfare benefits to full-time and temporary (or part-time) employees. We provide diverse benefits in addition to those that are legally mandated in order to raise our employees' quality of life. In 2009, Kia Motors spent 373.5 billion won in employee benefits.

Per-person benefits



Benefits by item

(unit: million won)

National Pension	63,449
National Health Insurance	59,036
Industrial Accident Compensation Insurance	44,230
Services and convenience measures	23,808
Employment insurance	130,573
Others	52,379
Total	373,475

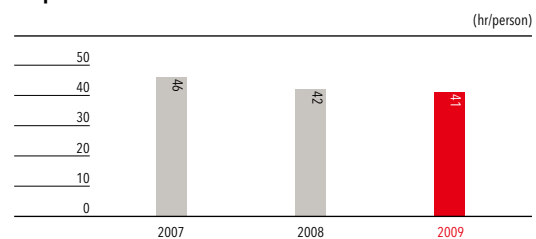
2009 educational policy

Every year, Kia Motors sets a new education policy, establishes new areas of focus, and reorganizes our training programs in accordance with the company's business objectives for the year. Kia Motors' 2009 educational policy focused on the following four areas: building an advanced organizational culture, providing support for global business management, strengthening capacity-building education, and raising the effectiveness of our education/training programs. Kia Motors has our own educational and training facilities through which endeavor to enhance employee competencies in a systematic manner. In order to motivate employees to complete their training and educational programs, Kia Motors runs the mandatory Educational Completion System, which is organized by job position and level. Kia Motors has developed an education evaluation index to assess the efficacy of our educational programs and make necessary improvements. In addition to the basic educational programs provided to all employees, Kia Motors runs a character education program for our production workers and auto mechanics. In 2009, 4,949 employees completed the program. We also provide support for the education of exceptional talent through industry-academia collaboration.

Education

	2007	2008	2009
Total educational expenses (100 million won)	71	63	62
Per-person educational expense (10,000 won/person)	22	19	19
Per-person education hours (hr/person)	46	42	41

Per-person education hours



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.

Society _ Employees

Protection of employee human rights

Kia Motors also strives to protect the basic human rights of our employees. We run a semi-annual educational program for the entire workforce to promote human rights protection and prevent sexual harassment. The program goes over sexual harassment laws and Kia Motors' regulations, procedures, and standards concerning sexual harassment. The Sexual Harassment Counseling Center within the Employee Counseling Center works to prevent and resolve sexual harassment issues in the workplace. 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 62 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.

Prevention of and response to industrial accidents

Kia Motors considers our top priority to be the prevention of industrial accidents in order to safeguard our employees' health and welfare. This is a priority shared by labor and management, and is stipulated in Article 76 of the Collective Agreement. Every plant has an Industrial Safety and Health Committee, composed of seven representatives each from labor and management. The committee works to promote a safe and pleasant work environment. When needed, a Comprehensive Industrial Safety and Health Committee—made up of the head of each plant—is called into session to decide on major health and safety issues based on a mutual agreement between labor and management. Kia Motors has also set up an industrial safety and health system (Sohari plant: KOSHA 18001 certified, Hwaseong plant: OHSAS 18001/KOSHA 18001 certified). Managers responsible for our production workers' health and safety as well as musculoskeletal system experts receive regular specialized training. Every three years, we undertake a worksite inspection to look for potential causes of musculoskeletal disorders. We rectify work processes, arrangements, and other factors that exert stress on the musculoskeletal system. Kia Motors also operates a hearing loss prevention program and conducts regular, special, periodic and pre-employment health checkups. We also provide customized rehabilitation care for our employees who return to the workplace after a work injury or accident.

Industrial accidents and leave

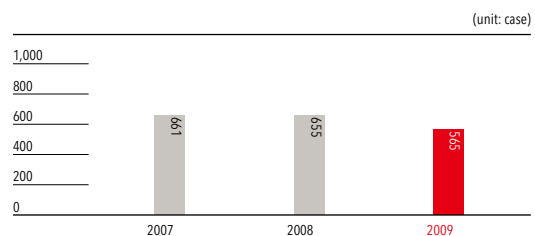
In 2009, the combined industrial accident leave at our Korean worksites, including corporate headquarters, sales, and maintenance & services, amounted to 68,048 days, 26,999 days fewer than in 2008. There were no cases of leave due to disease. Kia Motors is on a collective insurance plan that provides our employees with medical expenses in the event of an accident that occurs in everyday life. Kia maintains a computerized management system of the results of physical examinations so that they can be accessed for the purposes of medical treatments.

Industrial accidents

	2007	2008	2009
Kia Motors	2.00	2.00	1.73
Manufacturing industry average	1.1	1.15	n/a
Transport vehicle manufacturing industry average	1.33	1.6	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 2009 averages not yet compiled for general manufacturing and transport vehicle manufacturing industries will be included in next year's report.

No. of industrial accidents



System for environment, safety, and health

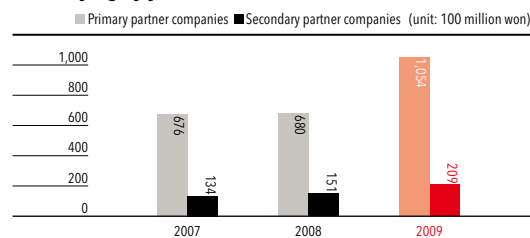
Kia Motors developed the Integrated System on the Environment, Safety, and Health (i-ESH) so that our employees can have easy access to information and educational materials on environmental, safety, and health topics. Kia Motors also runs the Kia Safety Academy (KSA) that offers courses on the legal aspects of safety and health issues as well as a program geared toward developing internal safety and health inspectors. In 2009, 1,150 employees completed 6 courses.

Society _ Partner Companies / Local Communities

2009 support and assistance to the Foundation of Korea automotive Parts Industry Promotion

Support measures	Technological support (Quality Technology Volunteer Team)	Business management instruction (Partner Companies Support Team)	Practical training for secondary partner companies	Academic seminar	Others
Beneficiaries	122 companies	31 companies	422 companies	2 times/yr	Operate automotive parts industry database; donate used machinery and equipment

Bulk buying by year



Payments for goods received

	Payment type	Payment cycle
Parts for export	Cash	1 time/month
Parts for domestic use	SME	Cash
	Conglomerate	Bill of exchange

Key education areas of the 2009 program to foster exceptional workers in partner companies

	Key educational areas
CEO training (3,500 persons)	Quality enhancement education, CEO seminar
Professional training (95,000 persons)	Job training
	Others
	Tariff reimbursement education / Education for employees of partner companies of overseas plants / Environment, security, ethics, and work education / Education for automotive repair and maintenance service providers / Practical training on integrated parts distribution system

Environmental education programs for partner companies

Date	Location	Topic(s)	Partner companies
May 20-26, 2009	Asan, Ulsan, Gwangju	Green car distribution policy Green growth and green partnership Global environmental regulations Response to EU ban on lead solders in newly released vehicles Measures to strengthen green procurement	367 companies 675 persons
November 10-12, 2009 (4 sessions)	Ulsan, Cheonan, Gwangju	Trends in global environmental regulations and response measures	446 companies 776 persons

Anti-corruption programs and ethical management system

In 2001, Kia Motors announced the Code of Ethics and enacted the Regulation of Workplace Ethics to become a business trusted by society. We run an employee cyber corporate ethics program for heightened ethical awareness. In 2002, Kia Motors adopted the Korea Fair Trade Commission's Compliance Program (CP) and set up the Cyber Audit Office to ensure the proper implementation and oversight of our ethical management practices. The Compliance Program is a preventive program to induce businesses to voluntarily comply with laws and regulations related to fair trade. Since our adoption of the Compliance Program, Kia Motors has concluded the Win-Win Cooperation Agreement with our partner companies. We have run fair trade educational programs for employees and distributed an employee manual on voluntary compliance. In 2009, we strove to eradicate unfair trade practices, taking advantage of the changes in corporate awareness and organizational culture that

Society _ Partner Companies / Local Communities

have taken place over the past several years. We focused on promoting a culture of fair trade and turning it into one of our core competencies. In May 2005, the CEO rearticulated his commitment to observing fair trade regulations via our internal groupware in order to heighten employee awareness. We established an internal Voluntary Compliance Committee and ran a relevant education program for the employees of the sales and procurement headquarters; 22 managers and 1,015 employees completed the program.

Anti-corruption education

Topic(s)	Understanding fair trade, prevention of unfair trade
Program hours	20 hrs
No. of employees who completed the program in 2009	36 persons (new recruits)

※ All Kia Motors employees have completed the educational program on the Fair Trade Act (cyber education)

Transparent procurement education

Topic(s)	Upholding transparent procurement principles and procurement ethics
Frequency	At least 1 session/quarter
No. of employees who completed the program	Total of 2,885 persons (all Procurement Headquarters employees)

Thanks to these efforts, Kia Motors' CP received an A-rating from the Korea Fair Trade Commission (KFTC) in 2009, a marked improvement from the BBB-rating in 2008. The A rating comes with the benefit of a 10% reduction in fines and a one-year waiver on misfeasance investigations. Among the seven cases that had been subject to KFTC investigation in 2009, Kia Motors was cleared on four cases, received an order for correction in one case, and received warnings on two cases. The order for correction was issued on December 23, 2009 over a matter that occurred between July 2003 and June 2008. Kia Motors had already resolved the matter by September 2008. The two warnings were over omitted text; Kia Motors promptly addresses the matter. We imposed disciplinary measures appropriate for the severity of the respective violations on fifteen employees detected 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. We will strengthen our preventive efforts so that our business activities are conducted in a fair and transparent manner.

Social contribution expenditure

(unit: won)

	2007	2008	2009	Total
Social welfare	2,199,906,634	1,563,154,304	4,786,108,975	8,549,169,913
Health & medical care	-	100,000,000	16,860,000	116,860,000
Educations, schools, and academic research	1,825,054,000	2,892,589,000	1,102,180,554	5,819,823,554
Arts & culture and sports	2,072,912,000	2,407,134,000	2,385,713,000	6,865,759,000
Environment	302,760,000	339,820,000	291,493,000	934,073,000
Emergency and disaster relief	52,000,800	-	-	52,000,800
International activities	360,524,210	743,826,063	1,108,631,203	2,212,981,476
Others	597,026,830	512,604,670	1,389,121,210	2,498,752,710
Total by year	7,410,184,474	8,559,128,037	11,080,107,942	27,049,420,453

※ 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

	2007	2008	2009
Total no. of participants (persons)	5,403	16,756	9,998
Total no. of hours (hr)	32,580	100,536	52,466
Per-person hours (hr)	1.0	3.1	1.6

※ Per-person hours equals the total number of hours for the year divided the total number of employees.

※ There was a temporary decline in the number of participants and hours in our volunteer activities in 2009 due to the H1N1 influenza.

Environment

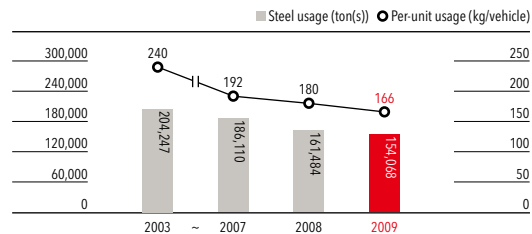
2010 environmental targets (based on data from domestic worksites)

Environmental aspect	Category		2010 target (per unit)	Measure(s)
			Reduction (increase) from base year	
Energy (greenhouse gases)	TOE		14.6% (compared to 2008)	- Introduce high-efficiency machinery and establish management systems - Implement response measures—e.g., reducing standby power
Environmental load	Air	Particulate matter	52% (compared to 2003)	- Designate and manage targets for each worksite
		SO _x	19% (compared to 2003)	- Inspect and raise efficiency of filtration systems
		NO _x	20% (compared to 2003)	
	Water quality	BOD	26% (compared to 2003)	- Implement measures to lower concentration and volume of wastewater
		COD	26% (compared to 2003)	- Raise efficacy of each wastewater treatment process
		SS	45% (compared to 2003)	
	Harmful chemicals	Consumption volume	14% (compared to 2005)	- Seek alternatives and implement measures to minimize damage
Resource circulation	Waste	Recycling rate	93.8% increase (compared to total waste generated)	- Reduce disposal of packing materials
		Landfill disposal rate	0.8% (compared to total waste generated) * Sohari and Hwaseong generate zero landfill waste	- Select items for recycling and find recycling service providers
		Incineration rate	5.4% (Compared to total waste generated)	- Increase recycling rate of landfill and incinerated waste
	VOC	Emission	22% (compared to 2005)	- Expand use of water-based paints
		Thinner recovery rate	31% increase (compared to 2005)	- Implement measure to minimize thinner loss

Raw material consumption

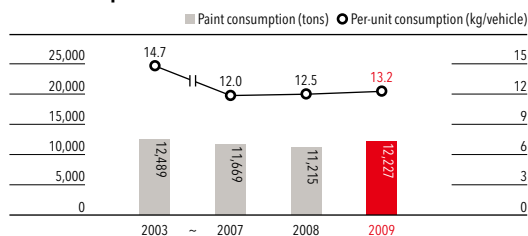
01. Steel In order to reduce the consumption of steel—the key material of automotive steel sheets—Kia Motors is seeking ways to raise the material yield of the press process and maximize the utilization of recycled materials. The total amount of steel consumption (exclusive of partner companies' consumption) in 2009 was 154,068 tons, a 24.6% decrease from 2003, and the per-unit consumption (hereafter, based on the number of vehicles produced) declined by 30.9%.

Steel usage

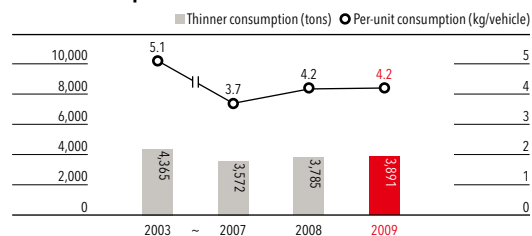


02. Paints and thinners In order to reduce the consumption of paints and thinners in the automotive paint process, Kia Motors has installed automated painting systems called Robobells, which enhance paint transfer efficiency. As for used cleaning thinners, a recycling company collects the entire amount for regeneration and reuse. At Hwaseong and Gwangju plants, we have replaced oil-based paints with water-based paints in some parts of the paint process, tackling VOC emission at its very source. Per-unit paint consumption dropped by 10.3% from 2003, while the total thinner consumption decreased by 10.9% and the per-unit consumption declined by 18.3%.

Paint consumption



Thinner consumption

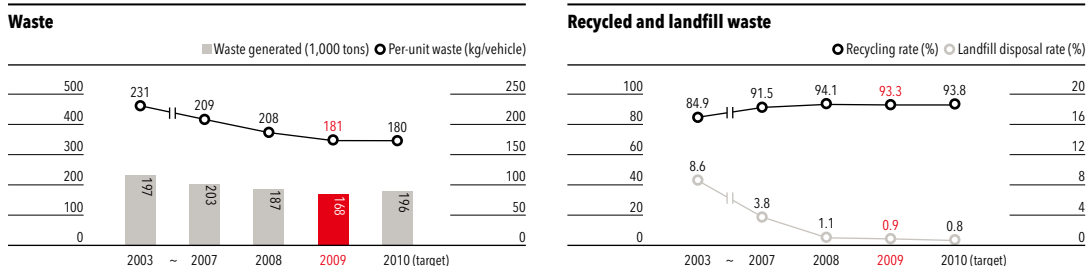


* Paint and thinner consumption figures are from the following painting and treatment processes: electrodeposition, surface and top coat

Environment

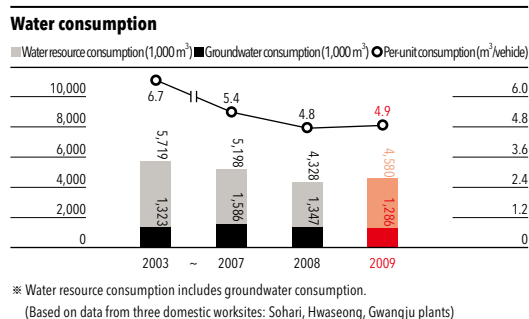
Waste reduction and improvement in recycling rate

The total volume of waste generated at the three domestic worksites (Sohari, Hwaseong and Gwangju plants) in 2009 was 168,070 tons, 93.3% of which was recycled. The volume of waste generated per vehicle decreased by 22% to 181 kg from 231 kg in 2003.



Water resources

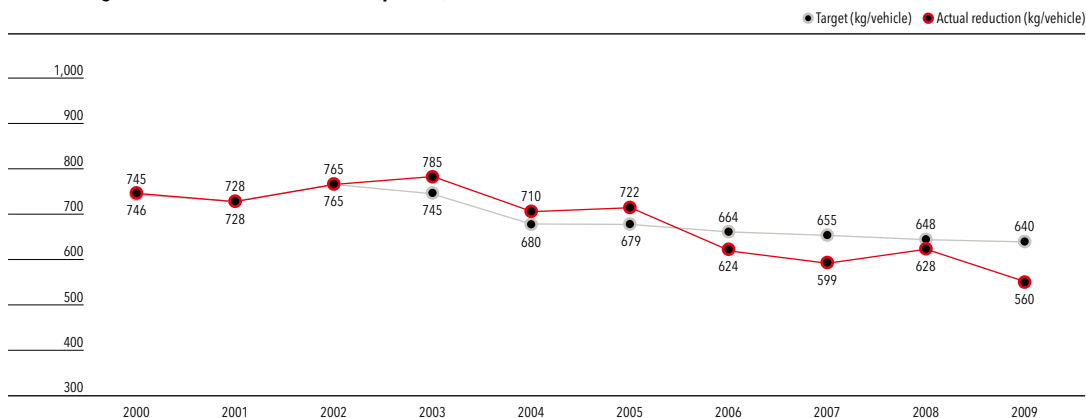
Since 2000, Kia Motors has made facilities investments to improve cooling tower overflow, increase the recovery rate of water from condensed steam, and conserve water in lavatories. We have also engaged in internal campaigns. As a result, in 2009, we cut our water consumption by 19.9% from 2003.



Energy consumption and greenhouse gas emission reduction

Thanks to our consistent greenhouse gas emission reduction efforts since 2000, Kia Motors has exceeded our reduction target in 2009. Our 2020 reduction target for our Korean worksites has been set at 30% of 2005 BAU level. We are working on formulating a mid- to long-term plan to attain this target. We have expanded the third-party assurance of greenhouse gas emissions to our overseas worksites and disclosed the results of the assurance engagements.

Greenhouse gas emissions at domestic worksites (per unit)



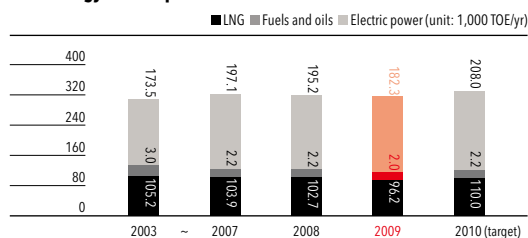
* BAU (Business As Usual): Indicates emissions, energy consumption, and per-unit trends if no additional measures have been taken after the 2005 emissions reduction plan went into effect 2006
* Criteria for calculating emissions: Based on lower heating value (LHV); Scopes 1, 2

Efforts to cut energy consumption and greenhouse gas emissions Kia Motors signed a voluntary agreement (VA) for energy conservation in 2000 and has worked hard toward cutting our energy consumption. In 2009, 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%—at the Gwangju Plant. We are also investing in a computerized system for effective energy management. At the Hwaseong Plant, we have reset the robots so that they go into energy-saving mode after a set period of inactivity. As a result, the Hwaseong Plant reduced its power consumption and cut CO₂ emissions by 116 tons. The success of the measure has been shared with all worksites and its implementation has been expanded to other worksites.

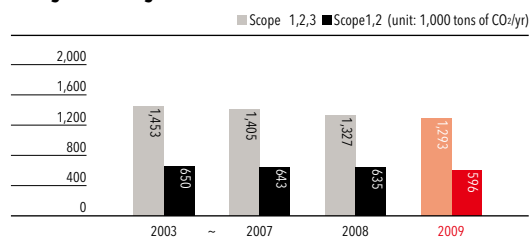
Kia Motors strives to cut fossil fuel consumption and increase the use of alternative renewable energy sources. At our service centers in Korea, we have installed solar power generator systems (Gwangju, Incheon, Changwon, Cheongju, Wonju, Suwon, Jeonju, Daegu, Busan) and solar hot water systems (Gangneung). This is expected to cut around 38 million won in energy expenditure and reduce 15 tons of greenhouse gas emissions every year.

Electric power (65%) and LNG (34%) accounted for 99% of Kia Motors' total energy consumption in 2009. 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 emissions categories) at Kia's Korean worksites have shown a steady decline since 2005. This is the result of the precision monitoring of our greenhouse gas emissions trends, rigorous analysis of potentially reducible emissions, creation of greenhouse gas inventories, and consistent reduction efforts. In 2009, we completed the third-party assurance of the greenhouse gas emissions at our Slovakia Plant and China Plants 1-2. We will continue with our steadfast efforts to tackle the challenges of climate change.

Total energy consumption



Total greenhouse gas emission



* Solar power generator system at the Suwon Service Center

* 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): CO₂ welding, detergents Indirect

emissions

- Scope2 (indirection emissions): electric power
- Scope3 (indirection emissions): LPG (butane), gasoline, diesel, refrigerants (HFC-134a) charged into vehicles

* There may be partial changes to the data after the annual assurance of greenhouse gas emissions.

Environmental impact of employee mobility

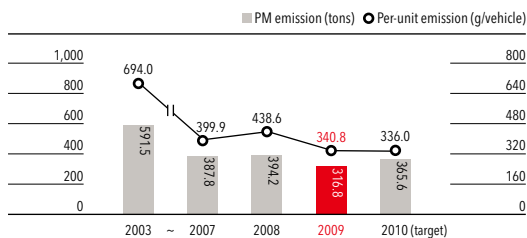
Energy consumption and greenhouse gas emissions from employee commutes and business travel also impact the environment. Currently, around 45 commuter shuttles are in operation for Kia Motors' corporate headquarters and around 310 commuter shuttles for our domestic production facilities. We restrict the issuance of parking permits to encourage the use of public transportation and other more environmentally-friendly modes of commute. We will work on collecting data on the modes of transport used by our domestic and overseas employees for the purposes of business trips and commutes so that we can quantify the environmental impact of employee mobility and include it in our future sustainability reports.

Environment

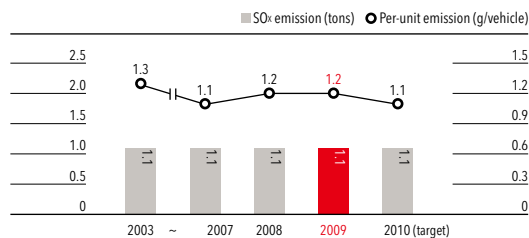
Reduction of environmental pollutants

01. Atmospheric pollutants In 2009, Kia Motors invested 500 million won to replace the air filtration systems at our worksites in order to reduce the emission of atmospheric pollutants. At the Sohori and Hwaseong plants, we installed telemetry monitoring systems (TMS) for round-the-clock monitoring of boilers and other high pollutant-emitting systems. In 2009, our worksites emitted 690 tons of atmospheric pollutants, a 13% year-on-year decrease. NO_x, SO_x, and PM emissions recorded a 6.4%, 6.1%, and 19.6% year-on-year decline, respectively.

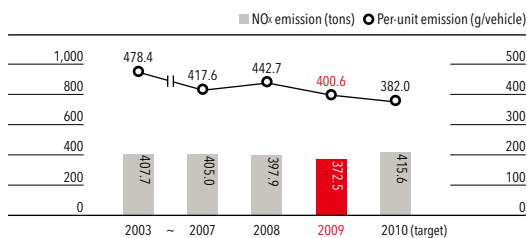
PM emission



SO_x emission



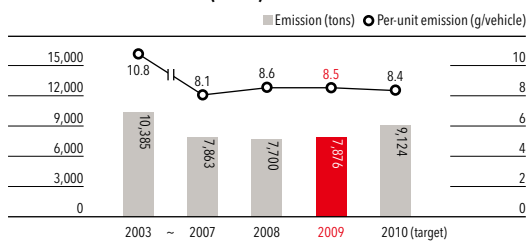
NO_x emission



* 2007 and 2008 figures were revised after a reexamination of our calculation methods.

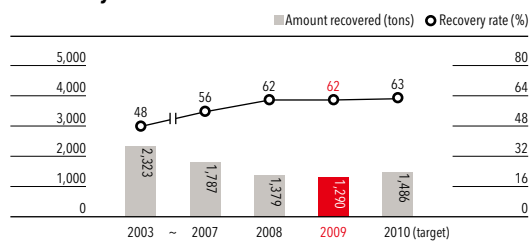
02. VOCs (volatile organic compounds) VOCs contribute to global warming, destroy the stratospheric ozone layer, and emit foul odors. Kia Motors strives to minimize the use of VOCs. In 2009, our domestic worksites emitted 7,876 tons of VOCs and recorded a recovery rate of 62%.

VOC emission of worksites (Korea)



* Figures were revised after a reexamination of our calculation methods.

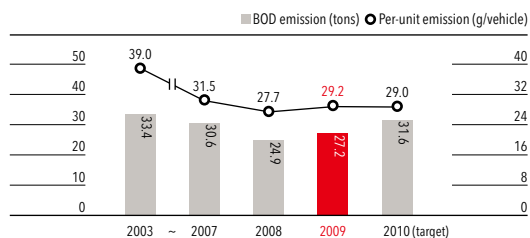
VOC recovery rate of worksites



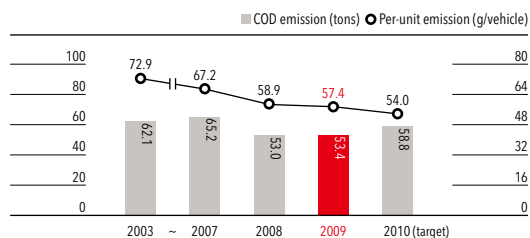
Environment

03. Water pollutants and toxic chemicals In 2009, 3,763 million m³ of wastewater was discharged from our domestic worksites (Sohari, Hwaseong, Gwangju). BOD and SS emissions were cut by 11% and 11.8% from 2003 levels. The per-unit emission of BOD, COD, and SS relative to the total number of vehicles produced decreased by 25.5%, 21.5%, and 39.5%, respectively, from 2003. The total volume of toxic chemicals used at our domestic worksites in 2009 declined by 2,285 tons from 2008. The per-unit toxic chemical consumption in 2009 recorded a 4.3% year-on-year decrease.

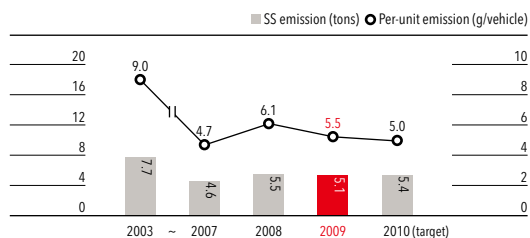
BOD emission



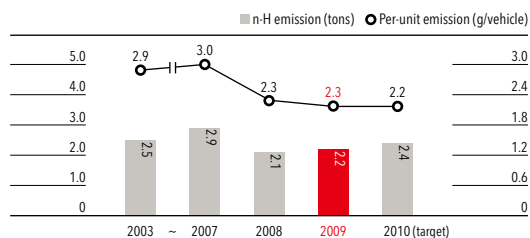
COD emission



SS emission

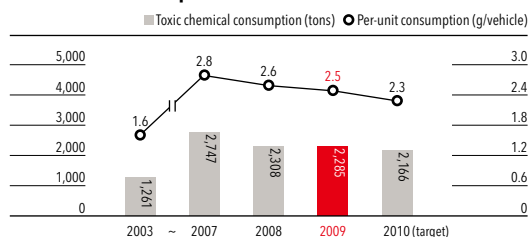


n-H emission



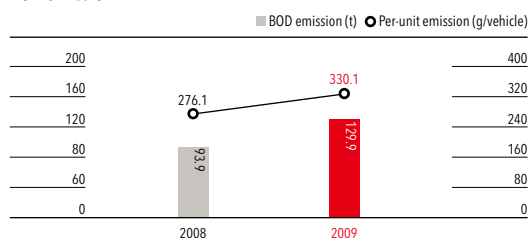
* n-H (normal hexane extracts): n-H organic solvent is used to extract oil components from wastewater. The solvent is evaporated and the remaining residue is then weighed.

Toxic chemical consumption

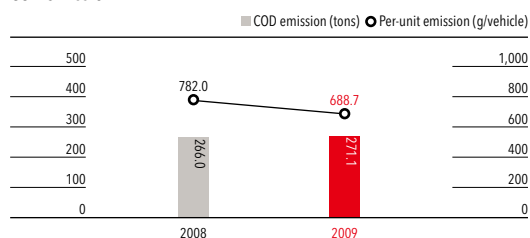


04. Overseas worksites

BOD emission



COD emission



Environment

Environmental management system

To raise economic value and improve environmental sustainability, Kia Motors set up a comprehensive environmental management system that serves as the foundation of our efforts to minimize the environmental impact of our production processes. All Kia Motors' domestic and overseas worksites are ISO 14001-certified. Every year, certification authorities assess the level of our adherence to environmental laws and regulations and our pollution prevention efforts. In addition to an annual external evaluation, Kia Motors' runs an internal evaluation and an environmental audit to identify problem areas and assess the efficacy of our environmental management system. We offer educational programs to relevant employees and trains potential certification agents. Rewards are also given to departments that outperform on the environmental management front. As a result, not a single case of environmental regulation violation was reported at our three Korean worksites (Sohari, Hwaseong, and Gwangju plants). In 2010, we plan to apply for the ISO 14001 certification of the Georgia Plant (USA), which began operations in 2009, and also undertake an environmental audit of the plant. .

Environmental expenditure

Kia Motors uses five categories to organize and tabulate our annual environmental expenditure. Through the Investment Evaluation System implemented in 2004, Kia Motors has systematized our investment system and evaluates 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 2009, we included the environmental investment expenditure under direct costs. The total environmental expenditure of our Korean worksites and the Slovakia Plant was some 16.7 billion won, a year-on-year decrease due to lower waste processing costs.

2009 domestic and overseas environmental expenditure

(unit: 1,000 won)

Classification	Type		2008	2009
Environmental expenditure	Direct cost for reducing environmental load	(Investment and maintenance of environmental equipment and facilities)	11,258,878	11,357,527
	Indirect cost for reducing environmental load	(Employee environmental education and environmental assessments)	1,419,721	1,784,157
	Environmental risk management cost	(Compliance with environmental regulations and accident prevention)	159,242	82,528
	Waste processing and recycling cost	(Waste management outsourcing)	4,204,188	3,271,516
	Costs associated with social outreach activities for environmental protection	(Environmental cleanup and afforestation)	253,326	226,756
Total environmental expenditure			17,295,355	16,722,484

※ Environmental expenditure: Excludes A/S centers, China Plant, Georgia Plant (USA) ※ Investment: Excludes R&D centers

Afforestation

In line with the expansion of building areas of Kia Motors' worksites, we strive to also 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. So far, there has not been a single case of soil contamination.

Afforestation status

(as of December 31, 2009)

	Sohari	Hwaseong	Gwangju	Slovakia (KMS)	China (DYK)
Site area (m ²)	498,908	3,251,923	1,014,877	1,660,000	1,885,901
Building area (m ²)	213,144	987,538	414,206	234,084	393,252
Green area (m ²)	24,374	637,000	90,135	1,137,300	348,437
Green rate (%)	8.5	28.1	14.4	79.8	23.3
Afforestation (trees)	38,643	238,331	114,948	2,848	2,236,694

Green achievements by worksite



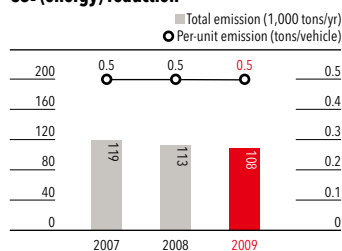
Sohari Plant

Location 781-1 Soha-dong, Gwangmyeong, Gyeonggi-do
Employees 5,280
Establishment July 1973
Flagship products Grand Carnival (Carnival/ Sedona), Oprius, Pride (Rio), engines
Site area 498,908 m²
Building area 213,144 m²
ISO 14001 December 2003

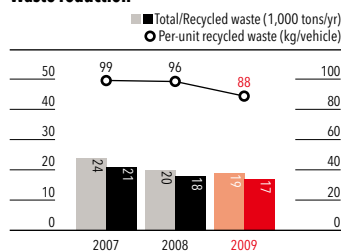


Environmental Director &
Executive Vice President
Jin-Dong Wee
Plant Superintendant

CO₂ (energy) reduction



Waste reduction



Community outreach



Community engagement The Sohari Plant organizes meal deliveries and birthday parties for senior citizens who live alone. It also provides coal briquettes and rice as well as volunteer home repair services to low-income families. The employees of the Sohari Plant also do volunteer work at facilities for persons with disabilities. They provide free facilities repair services at local study rooms and organize blood drives. In so doing, the Sohari Plant maintains a close relationship with its local community.

Environmental accidents and lawsuits None



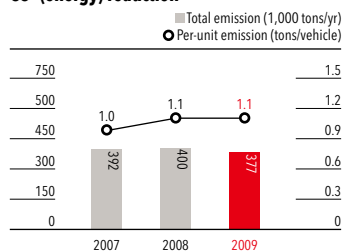
Hwaseong Plant

Location 1714 Ihwa-ri, Ujeong-eup, Hwaseong, Gyeonggi-do
Employees 10,946
Establishment April 1989
Flagship Lotze (Optima/ Magentis), Sorento, Forte (New Cerato), Oprius, K7, Mohave
Site area 3,251,923 m²
Building area 987,538 m²
ISO 14001 April 2003

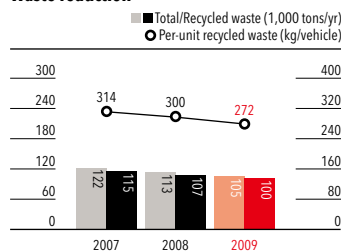


Environmental Director &
Vice President
Sung-Hoon Kang
Plant Superintendant

CO₂ (energy) reduction



Waste reduction



Community outreach



Community engagement The Hwaseong Plant carries out environmental cleanup and preservation activities—e.g. scattering feed for wildlife—around the worksite. In 2009, it joined forces with the city of Hwaseong to pilot the Adopt-a-Highway program for highway cleanup.

Environmental accidents and lawsuits None

Environment



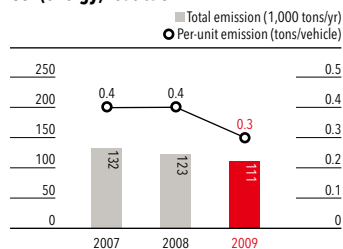
Gwangju Plant

Location 700 Naebang-dong, Seo-gu, Gwangju
Employees 6,111
Establishment July 1965
Flagship Soul, New Carens (Rondo), Sportage, Bongo III (K Series trucks), buses, military vehicles
Site area 1,014,877 m²
Building area 414,206 m²
ISO 14001 November 2003



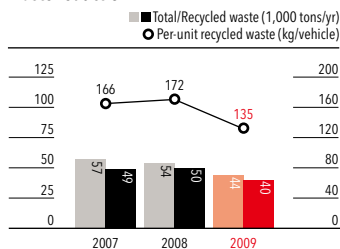
Environmental Director &
Senior Vice President
Cheon-Gwon Song
Plant Superintendant

CO₂ (energy) reduction



* Based on scope 1, 2 standards

Waste reduction



* Some of last year's data have been revised

Community outreach



Community engagement The Gwangju Plant engages the local community by regularly offering plant tours for area residents, disclosing pertinent information, and actively engaging in exchanges of ideas and opinions. In 2009, the Gwangju Plant undertook twelve area road cleanup activities with employee volunteers.

Environmental accidents and lawsuits None



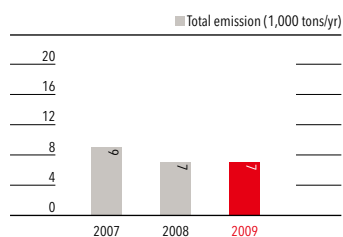
Service centers

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 m²
Building area 175,997 m²
ISO 14001 December 2003



Environmental Director &
Executive Vice President
Mun-Su Yun

CO₂ (energy) reduction



* Based on scope 1, 2 standards

Introduction of new and renewable energy systems



Community outreach



Community engagement In order to engage local communities, Kia Motors' service center employees throughout Korea undertake regular volunteer and support activities, including environmental cleanups and visits to old people's homes and other facilities for the underprivileged segments of the society.

Environmental accidents and lawsuits None

Environment



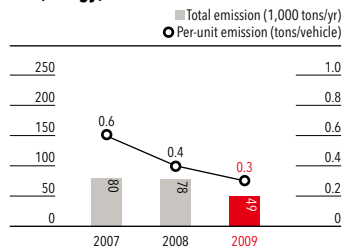
Slovakia Plant

Location Teplická n/Vahom, Slovakia
Employees 2,884
Establishment March 2004
Flagship ce'e'd, Sportage, engines
Site area 1,660,000 m²
Building area 234,084 m²
ISO 14001 November 2007

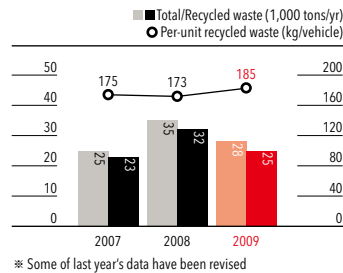


Environmental Director &
Vice President
In-Kyu Bae
Plant Superintendant

CO₂ (energy) reduction



Waste reduction



Community outreach



Community engagement The Slovakia Plant regularly offers plant tours to area residents and journalists. It also engages with the local community by providing cars for high school practical training classes.

Environmental accidents and lawsuits None



Georgia Plant

Location West Point, GA, USA
Employees 1,164
Establishment October 2006
Flagship New Sorento
Site area 2,612,000 m²
Building area 202,400 m²
ISO 14001 2010 (expected)

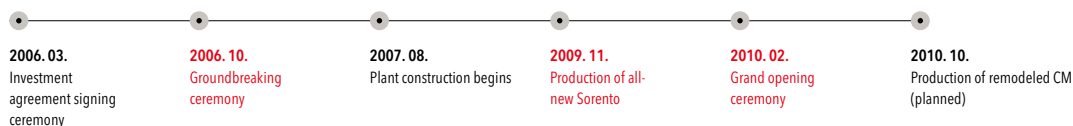


Environmental Director &
Executive Vice President
Jun-Mo Yun
Plant Superintendant

2010 plans

Business goals	Planned measures
Strengthen environmental management system	Get ISO14001 certification to set up environmental management system ▶ establish body for environmental management, foster consulting and other relevant professionals
Energy/greenhouse gas reduction efforts	Set up greenhouse gas emissions tabulation and management system ▶ Create greenhouse gas inventory and foster relevant professionals Pursue low-carbon energy reduction efforts ▶ Cut energy expenditure by 2 million dollars through energy-saving technologies and activities
Build environmental management system	Comprehensive management through an environmental services provider and clean waterway in Kia Parkway

Georgia Plant history



Environment



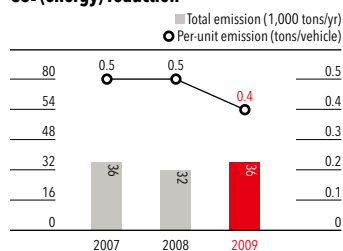
China (Yangcheng) Plant I

Location Development Zone, Yangcheng, Jiangsu Province, China
Employees 1,781
Establishment July 2002
Flagship Soul, Sportage, Optima, Rio
Site area 415,821 m²
Building area 109,374 m²
ISO 14001 June 2007



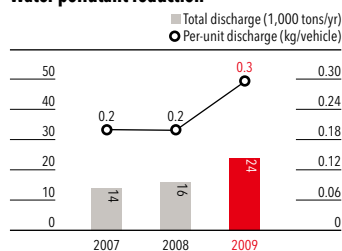
Environmental Director & CEO
Jong-Oak Park

CO₂ (energy) reduction



* Based on scope 1, 2 standards

Water pollutant reduction



Community outreach



Community engagement China Plant 1 works with local residents for the betterment of the community. It has donated earthquake relief vehicles, supplies engines to a transport technology school, and visits welfare facilities.

Environmental accidents and lawsuits None

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89



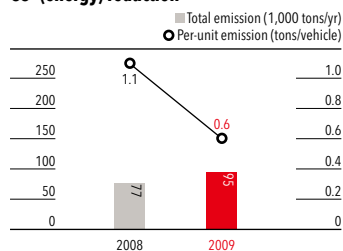
China (Yangcheng) Plant II

Location Yangcheng, Jiangsu Province, China
Employees 1,831
Establishment December 2007
Flagship Cerato, Forte
Site area 1,470,080 m²
Building area 283,878 m²
ISO 14001 December 2009



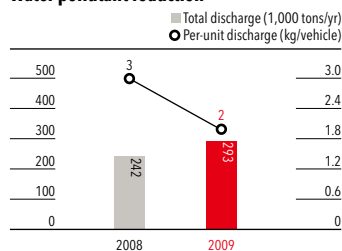
Environmental Director & CEO
Jong-Oak Park

CO₂ (energy) reduction



* Based on scope 1, 2 standards

Water pollutant reduction



Community outreach



Community engagement China Plant 1 works with local residents for the betterment of the community. It has donated earthquake relief vehicles, supplies engines to a transport technology school, and visits welfare facilities.

Environmental accidents and lawsuits None

About This Report

Since 2003, Kia Motors has been publishing a sustainability report every year to inform our stakeholders of the company's progress on sustainable growth and demonstrate our ongoing commitment to practicing and advancing sustainability management. We publish this report in the hopes of expanding our dialogue with our stakeholders around the world. We try to honestly and clearly articulate our vision for a sustainable future and the specific steps we are taking to realize this vision. This report is not about generalized statements of progress or vague promises about better things to come. It is made up of detailed accounts of our current programs and activities and specific plans for the future.

The annual publication of this report gives Kia Motors the opportunity to reflect upon our sustainability management practices and rectify any shortcomings. It also offers a chance for us to reaffirm our resolve to becoming a conscientious company that identifies and acts upon opportunities that enable the co-sustainability of humankind and the Earth.

REPORTING STANDARDS

Kia Motors *Sustainability Magazine 2010* 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)

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 Solability, a third-party assurance agency. The assurance statement can be found in the "Appendices."

REPORTING SCOPE AND PERIOD

This report covers the period from 2006 to 2009. 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 2009 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 2010*.



ACCOUNTING STANDARDS

The calculation of environmental and social investment and expenditure data included in this report are consistent with the financial accounting standards approved by the Board of Directors, the internal audit committee, and an external auditor. The said data have been calculated in accordance with the 2004 Investment Evaluation System, which incorporates a detailed breakdown by investment type. Please refer to the body of this report and the "Appendices" for more detailed information on environmental and social contribution 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 subsidiaries that are overseas joint-venture corporations. It also covers Kia Motors' domestic worksites: corporate headquarters; Sohari, Hwaseong and Gwangju plants; R&D headquarters; and service centers, as well as China Plant 1-2, Georgia Plant, Slovakia Plant, overseas technical R&D centers, and the overseas worksites of overseas subsidiaries. Kia Motors' sustainability reports generally focus on the progress and performance of domestic worksites. This is because the corporate headquarters is located in Korea and new systems are first introduced to our Korean worksites. Moreover, our overseas worksites are not yet equipped with adequate data collection systems. Every year, we review the previous year's coverage of our overseas worksites to identify and work on areas that require improvement.

PUBLICATION SCHEDULE

The Korean version of the Kia Motors Sustainability Magazine 2010 (issue no. 8) was published on March 19, 2010 and distributed at the General Shareholders' Meeting. The English version is scheduled to be published on April 30. Kia Motors Sustainability Magazine (formerly, "Sustainability Report") is an annual publication.

ADDITIONAL INFORMATION

For additional information, please refer to the following resources:

Kia Motors website www.kia.co.kr / www.kmcir.com

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

Department in charge Planning Division of Kia Motors, Sustainability Management Team (Refer to "Contact Us")



Independent Assurance Statement

To the Management and the Stakeholders of Kia Motors Corporation

Kia Motors Corporation (hereinafter "KIA MOTORS") Sustainability Report 2010 (hereinafter "The Report") was structured and prepared by the management of KIA MOTORS, who retains responsibility for the contents and data presented in the report. SolAbility (hereinafter "The Auditor") was assigned by the management of KIA MOTORS to conduct an independent third-party review of the full report. The objective of this review is to externally assure that statements and data presented in The Report are free of material misstatements and based on exact and accurate data collection systems.

Assurance Methodology

The Auditor's assurance work has been planned and performed in accordance with leading international assurance standards. The Report has been evaluated against the following criteria:

- Materiality, Responsiveness, Correctness
- Review of whether financial data has been derived adequately and correctly from the financial statement audited by an external third-party auditor
- Provision of assurance on whether non-financial data in The Report is presented in full and free of material misstatement

Assurance process and works undertaken

In order to provide assurance to the stakeholders, The Auditor undertook the following steps during the assurance engagement:

- Reviewed a selection of external media reports and selected group-level documents relating to safety, social, ethical and environmental aspects of KIA MOTORS, to test the coverage of topics within The Report against stakeholder information needs
- Reviewed stakeholder feedback
- Reviewed KIA MOTORS processes for determining material issues to be included in The Report
- Performed a peer review of global Sustainability Reports to benchmark disclosure levels
- Conducted interviews with senior managers of KIA MOTORS
- Reviewed relevant policies, guidelines and management systems related to the contents of The Report at site and corporate level
- Reviewed KIA MOTORS approach to data collection and data management at corporate and site level
- Reviewed internal performance documentation of non-financial data presented in The Report
- Conducted site visits at the Sohari and Hwasung factories, interviewing relevant operational Kia Motors managers and staff, and conducting sample data and equipment tests
- Reviewed site data collection and management systems for environmental, health and safety related data
- Reviewed environmental, health and safety related processes, data management and reporting systems at the corporate headquarters and the sites visited
- Reviewed environmental, health and safety related data from all operational sites (including overseas manufacturing facilities) to test whether they have been collected, consolidated and reported appropriately at corporate level
- Performed sample testing of raw data for main non-financial data indicators to verify whether site data have been collected and reported correctly

Limitations of this assurance engagement

The scope of this assurance engagement was limited to visits and sample data testing at two sites out of three KIA MOTORS manufacturing sites in Korea. The Auditor did not conduct any visits to overseas facilities or projects in which KIA MOTORS holds interests. Our review of data processes included the following data sets: environmental data, health & safety data, as well as sample social data. Our review of these data processes at operations level was limited to the KIA MOTORS-operated businesses visited.

Our conclusions

The Auditor reviewed and provided feedback of whether the Report and changes were made where necessary. On the basis of our review and in accordance with the terms of reference for our work we provide the following conclusions on The Report. Our conclusions should be read in conjunction with the above section on "Assurance process and works undertaken" and "Limitations of this assurance engagement".

Materiality: Has KIA MOTORS provided a balanced representation of material issues concerning KIA MOTORS' sustainability performance in its operations and business interests?

- We consider that the information contained in The Report covers the most relevant aspects of KIA MOTORS' sustainability management and performance according to KIA MOTORS business and operations.
- We are not aware of any material aspects concerning KIA MOTORS' sustainability performance which have been excluded from The Report.
- Nothing has come to our attention that causes us to believe that KIA MOTORS' management has not applied its processes for determining material issues to be included in The Report, as described in "Assurance Methodology".

Responsiveness: How does KIA MOTORS' Report respond to stakeholder concerns and information needs?

- We are not aware of any additional issues of stakeholder interest that are not currently included in the Report's scope and contents.
- However, it is recommended that KIA MOTORS extends and diversifies its communication channels to engage with relevant stakeholders to acquire more in-depth stakeholder opinions.

Correctness: Does KIA MOTORS have a complete set of information and data on which to base a judgement of what is material for inclusion in The Report? Is the data presented in The Report complete and free of material misstatements?

- We have reviewed internal and external information and explanation on the statements on KIA MOTORS' sustainability activities presented in The Report. Based on these reviews, we are not aware of any misstatements in the assertions made.
- Nothing has come to our attention that causes us to believe that health, safety or environmental data and information presented in The Report has not been properly collected and reported at operations level, or amendments have been made to the data reported where needed.
- We are therefore not aware of any errors at site and corporate level that would materially affect KIA MOTORS health, safety, environmental or social related data as presented in The Report.

Issued for further consideration by the management of KIA MOTORS

- The Auditor recommends that KIA MOTORS keeps refining and developing its sustainability management systems and structure across all operations, particular in light of planned overseas operations and exploration activities.
- Automates data management and tracking for environmental, health and safety performance
- Defines long-term sustainability key performance indicators and targets on corporate level

Our independence

Apart from this auditing mandate, The Auditor has no other affiliation with KIA MOTORS that might compromise our independence or autonomy or place The Auditor under KIA MOTORS' influence, therefore ruling out any possible conflicts of interest.

March 9, 2010



Andy Gebhardt

Director, SolAbility Ltd.



GRI (G3) Index

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

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.	●	5–6
	1.2	Description of key impacts, risks, and opportunities.	●	12–13
Organizational profile	2.1	Name of the organization.	●	3–4
	2.2	Primary brands, products, and/ or services.	●	3–4
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	3–4
	2.4	Location of organization's headquarters.	●	3–4
	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.	●	3–4
	2.6	Nature of ownership and legal form.	●	9–10
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).	●	3–4
	2.8	Scale of the reporting organization.	●	3–4, 16–20
	2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	18–20
	2.10	Awards received in the reporting period.	●	14–15
Report parameters	3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	●	90–91
	3.2	Date of most recent previous report (if any).	●	90–91
	3.3	Reporting cycle (annual, biennial, etc.)	●	90–91
	3.4	Contact point for questions regarding the report or its contents.	●	90–91
	3.5	Process for defining report content	●	10–11
	3.6	Boundary of the report	●	90–91
	3.7	State any specific limitations on the scope or boundary of the report.	●	90–91
	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.	○	
	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.	●	90–91
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	●	90–91
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	90–91
	3.12	Table identifying the location of the Standard Disclosures in the report.	●	94–96
	3.13	Policy and current practice with regard to seeking external assurance for the report.	●	92–93
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.	●	9–10
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	9
	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.	●	10
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	○	
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	●	9
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	○	
	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.	○	
	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.	●	7–8
	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.	○	
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	○	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	○	
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	15, 51, 62, 71, 78, 82
	4.13	Memberships in associations and/ or national/ international advocacy organizations.	●	71
	4.14	List of stakeholder groups engaged by the organization.	●	10
	4.15	Basis for identification and selection of stakeholders with whom to engage.	●	
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	11
	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

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.	●	72~73
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	4, 12, 15, 49, 82
	EC3	Coverage of the organization's defined benefit plan obligations.	●	60, 76
	EC4	Significant financial assistance received from government.	●	23, 51~53
Market presence	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	●	75
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	●	19, 23, 33, 35, 47, 85
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	○	
Indirect economic impacts	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	64~69
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	23
Environment Performance				
Materials	EN1	Materials used by weight or volume.	●	48~49, 80
	EN2	Percentage of materials used that are recycled input materials.	●	48~52, 80~81
Energy	EN3	Direct energy consumption by primary energy source.	●	81~82
	EN4	Indirect energy consumption by primary source.	●	81~82
	EN5	Energy saved due to conservation and efficiency improvements.	●	82
	EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	●	48~49, 81~82
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	●	82
Water	EN8	Total water withdrawal by source.	●	81
	EN9	Water sources significantly affected by withdrawal of water.	○	
	EN10	Percentage and total volume of water recycled and reused.	○	
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
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	○	
	EN13	Habitats protected or restored.	○	
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○	
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○	
	EN16	Total direct and indirect greenhouse gas emissions by weight.	●	49~50, 81~82
Emissions, effluents, and waste	EN17	Other relevant indirect greenhouse gas emissions by weight.	●	49~50, 81~82
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	49~50, 81~82
	EN19	Emissions of ozone-depleting substances by weight.	●	83
	EN20	NOx, SOx, and other significant air emissions by type and weight.	●	83
	EN21	Total water discharge by quality and destination.	●	84
	EN22	Total weight of waste by type and disposal method.	●	81
	EN23	Total number and volume of significant spills.	●	85
	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.	○	
	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.	○	
	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	●	34~37, 45~53
Products and services	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	●	53
Compliance	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	85
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.	●	51~53
Overall	EN30	Total environmental protection expenditures and investments by type.	●	85

GRI (G3) Index

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

Labor Practices & Decent Work Performance				
Employment	LA1	Total workforce by employment type, employment contract, and region.	●	75
	LA2	Total number and rate of employee turnover by age group, gender, and region.	●	58, 75
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	58~61, 76~77
Labor/ management relations	LA4	Percentage of employees covered by collective bargaining agreements.	●	58
	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	76
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
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	●	77
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	61
	LA9	Health and safety topics covered in formal agreements with trade unions.	●	77
Training and education	LA10	Average hours of training per year per employee by employee category.	●	76
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	60
	LA12	Percentage of employees receiving regular performance and career development reviews.	●	75
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
	LA14	Ratio of basic salary of men to women by employee category.	○	
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.	○	
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	○	
	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.	●	77
	HR4	Total number of incidents of discrimination and actions taken.	●	58
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
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.	●	77
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.	●	77
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.	○	
Indigenous rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	○	
Society Performance				
Community	S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	●	86~89
	S02	Percentage and total number of business units analyzed for risks related to corruption.	●	79
	S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	78~79
	S04	Actions taken in response to incidents of corruption.	●	79
Corruption	S05	Public policy positions and participation in public policy development and lobbying.	○	
Public policy	S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	
Anti-competitive behavior	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	78~79
Compliance	S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	79
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.	●	54~57
	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.	○	
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.	●	38~41
	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
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	74
Marketing communications	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	74
	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
Customer privacy	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	74
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	74

Contact Us



Supervisory Board of the Sustainability Reporting Committee

Gyun Kim | Director, Business Strategy

Goan-Soo Shin | General Manager, Sustainability Management Team

Keuk-Jin Bang | Deputy General Manager, Sustainability Management Team

Chang-Muk Choi | Deputy General Manager, Sustainability Management Team

Kye-Hwan Roh | Manager, Sustainability Management Team

Hyun-Jin Cho | Staff, Sustainability Management Team

※ English Editing: Michael Choo (Deputy General Manager, Overseas Communication Team)



Environment

Dae-Young Goh | Research Engineer, Eco-Technology Research Team

Yun Dong Hwang | Senior Research Engineer, Eco Technology Planning & Management Team

Jong-Tae Kim | Deputy General Manager, Production Support Planning Team

Hyuk-joon Kang | Assistant Manager, Safety & Environment Team

Ki-dong Lim | Assistant Manager, Safety & Environment Team

Dong-Keun Choi | Deputy General Manager, Safety and Environment Team



Reference materials

Jae-Woo Kim | Manager, Culture Public Relations Team

Bum-Jun Seo | Assistant Manager, Domestic Communication Team

Chung-Wook Wi | Staff, Overseas Promotion Team

Wan-Seung Kim | Assistant Manager, R&D Strategy Team



Economy

Suk-Ki Beak | General Manager, Global Planning Team

Cheol-Hee Jung | Manager, Brand Management Team

Kyung-Il Cha | Deputy General Manager, Vision Strategy Team

Ji-Young Hwang | Staff, Management Strategy Team

Pil-Sun Ryu | Assistant Manager, Securities Finance Team

Kyung-Wan Lee | Manager, Securities Finance Team

Joey Hong | Assistant Manager, Overseas Market Support Team



Society

Chul-Hyun Park | Manager, Human Resources Administration Team

Byung-Keun Ji | Assistant Manager, Human Resources Support Team

Hee-Sik, Jung | Staff, HRD Planning Team

Ki-Bum Kim | Assistant Manager, Procurement Strategy & Planning Team

Sung-Ho Kang | Deputy General Manager, Supplier Cooperation Team

Jong-Bok Lee | Manager, Customer Satisfaction Planning Team

Myeong-Kon Jeong | Deputy General Manager, Quality Strategy Team

Chul-Shin Choi | Assistant manager, Business Coordination Team



Design supervision

Hye-Jin Cho | Staff, Brand Management Team



GRI Application Level

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MOVE

Sustainability Management Team, Planning Division,
Kia Motors Corporation
Yangjae-dong 231, Seocho-gu, Seoul 137-938

ecoKIA@kia.co.kr / kyehwan@kia.co.kr
www.kia.co.kr / www.kiamotors.com