

Sustainable Vision & Strategy

The Power to Surprise

Management Philosophy

At Kia Motors, we strive to create a fruitful life through automobiles and with our creative challenges to deliver harmony and mutual benefit for shareholders, customers and the automobile industry. Creative challenge leads us to what we are today, and it is this perpetual ideal that will lead us to meet the challenges of a changing business environment with creativity and self-innovation. With such an ideal, we provide automobiles and automotive services to realize our core value of creating more fruitful lives for everyone and to grow with our shareholders, customers, employees, partners, dealers, society at large and everyone with an interest in us.

Management Vision

Innovation for Humanity

Innovation for the Humanity begins with striving to be the World's Number One. At Kia Motors, we aim grow the Kia brand to a world-class level and become a leader in the global automobile industry. This means that we are creating a new profit structure to ensure balanced growth not only in quantitative but also in qualitative terms.

Secondly, Kia Motors pursues 'Customer Happiness,' which is our ultimate goal. Customer confidence and trust are earned by providing the best technology and the highest levels of quality and service.

Thirdly, **Kia prides itself on reform and the spirit of challenge.** We work hard at growing out of conventional modes of thinking and embracing creativity and spontaneous innovation. To realize our mid- to long-term vision, Kia Motors ceaselessly strives to satisfy the customer through technological innovation that respects people and nature while simultaneously building a corporate culture that contributes to the co-prosperity of humankind.



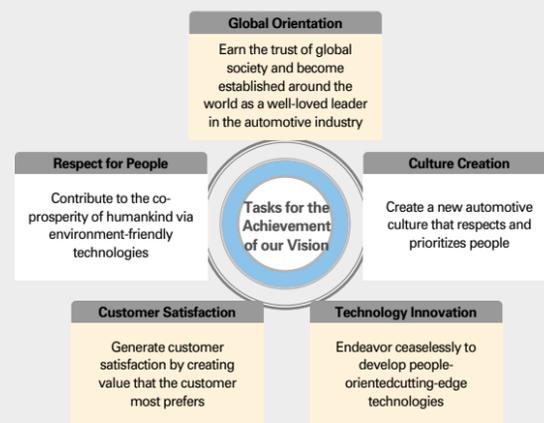
Management Policy

We, at Kia Motors, initiated a horizontal management system in 2000. This is a new management system in which all organizations within the company operate independently and proactively under their own responsibilities. It comprises 3 mid- to long-term management policies of trust management, on-site management and transparent management.

By practicing Trust Management, Kia Motors strives to further consolidate productive labor relations and trust at a company-wide level in the spirit of respect for people, and at the same time, timely respond to the expectations and trust of our customers and business partners.

On-site management is a means to satisfy customers, give employees a sense of fulfillment at work, and focus management capabilities on production and marketing, which will lead to the embodiment of the spirit of "Quality and Service First."

Moreover, Kia Motors, will implement Transparent Management so as to execute all processes under the principles of accountability according to global standards while maintaining fair business relations with partners. As one of Korea's pioneering global automakers, and one that never stops reforming itself, Kia Motors will ceaselessly strive to continue developing practical, aesthetically-designed automobiles that will win the hearts of people in countries all around the world.



Mid- to Long-term Strategies

Since they were declared in 2000, the mid- to long-term management goals have been the fundamental management policy of Kia Motors. They have served as a foundation for enhancing product competitiveness in 2004 and 2005, promoting global management innovation and improving brand value. They are also the foundation for the establishment of sustainable management systems, and the basis for each of our management approaches supporting Kia's 5 mid- to long-term localization strategies.

Kia's 5 Mid- to Long- term Strategies consist of the following **The first strategy is the strengthening of product competitiveness.** To this end, Kia Motors, while investing over 5% of total sales in R&D, puts the utmost effort into securing world's highest quality products and technologies to satisfy our global customers.

The second is innovation in global management. In today's rapidly changing environment, a company cannot survive with the traditional management paradigm of continual improvement, mass-production, rigid organization, domestic production, and so on. Against this backdrop, Kia Motors is seeking to establish customer-oriented global processes, adapt to and lead changes, and as one of Korea's leading enterprises, continue to grow as a company that always stands alongside the customer.

Thirdly, Kia is enhancing its brand value, which will lead to greater sales growth and higher profitability. To bolster our brand value, Kia Motors constantly works to develop product quality, enhance customer service before and through product sales, and develop products that customers most desire.

Kia's fourth strategy is to establish sustainable management systems. To achieve this, we will cherish and earnestly assume our social responsibilities by way of ethical, transparent and environmental management as a global enterprise. Kia Motors will take the lead in fulfilling its Corporate Social Responsibility (CSR) by sharing its vision and growing together with our customers, employees, and subsidiaries.

Fifth and lastly, is localization. This strategy will serve to swiftly address local customer demand and enable Kia to become accustomed to changing market environments ahead of the competition. Kia Motors has been building up unrivalled market strength via globalized R&D and production facilities.



"Our commitment to sustainable development for the present and the future"

Challenges for Sustainable Management

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Man invented the automobile, and it was developed to meet the transport needs of people. It now faces man's new demand to protect the environment, and it must develop to harmonize man and the environment.

Kia Motors seeks environmentally sound and sustainable development to reach this harmony of man and the environment.

Kia Motors aggressively and uniformly pursues balanced contribution to economic growth, environmental preservation and fulfillment of social responsibility, thereby satisfying the diverse needs of all concerned parties, while sincerely promoting ethical and environmental management. In addition, the creation of environmental, economic and social value for our shareholders at home and abroad represents Kia Motors' commitment to sustainable management. To fulfill our economic and social responsibilities, we have established our management policy, ethics charter and environmental policy on the basis of the Kia corporate philosophy, as reflected in the management plans of each our business units.

As with our financial performance, we also establish and carry out an annual management plan in relation to our social and economic responsibilities. We also have in place procedures whereby these plans are annually evaluated and publicized and outstanding performance is rewarded.

In June 2004, Kia Motors, in concert with the Ministry of Environment, declared the "Globalization of Sustainable Management." Furthermore, Kia Motors focuses on promoting open communications among all concerned parties at home and abroad and publishes related reports to share progress and evaluation results with the public.

Evaluation of Sustainability

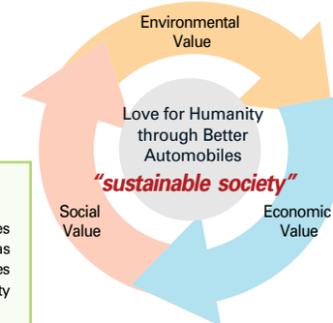
Evaluation of sustainability based on quantitative measures is essential for the true realization of Sustainable Development. Kia Motors developed a quantitative index based on the sustainable development model and applies it in evaluating quarterly performance at each of our regional headquarters. This evaluation is also conducted in coordination with the global reporting initiative (GRI).

Environmental Management

At Kia Motors, we pursue economic profitability and environmental sustainability at the same time by constantly seeking to improve our environmental record throughout the entire process of direct and indirect corporate activities, from procurement of raw materials to production, marketing, consumption, and disassembly.

Environmental Responsibility

Minimize environmental impact throughout all business activities and efficiently utilize resources, thereby enabling people to live in a better environment



Social Responsibility

Respect the values and profits of all parties related to our corporate activities, such as shareholders, customers, employees, affiliates and subsidiaries, dealers, and the community at large

Economic Responsibility

Maintain fair and transparent corporate operations while generating economic profit so as to fulfill our environmental and social responsibilities

Sustainable Development Model for Sustainable Management

Environmental Philosophy

For Kia Motors, researching human lifestyles is the first step in manufacturing automobiles. Technology development also begins with humanity. After all, what Kia pursues originates with people. The realization of this love for humanity is carried over into our endeavors in environmental protection. The environmental philosophy of Kia Motors for the sake of man and nature incorporates the realization of our love for humanity through preservation of the environment as well as through promoting balanced development between the environment, the global economy and society in general. Kia Motors became the first automobile manufacturer in the world to announce 'ECO GT5 2010' in June 2003 to declare our commitment to environmental management to become one of the top five global environmental automakers by 2010.

Environmental Declaration & Environmental Policy

In May 2003, in order to systemize and define our environmental philosophy and vision, Kia Motors proclaimed a revised Environmental Declaration and Environmental Policy, which was originally enacted in 1996. The purpose is to give environmental management the highest priority among our management activities and to recognize Sustainable Development as a determining factor in this initiative. Under this belief, Kia Motors set up guidelines, programs and plans to conduct our business operations in an environmentally sound manner.

Policies on Environmental Activities

To definitively execute our environmental policies, we have established specific, concrete plans for each of our business units to carry out. These units have also been provided with directives for achieving their individual goals. Each year, on the basis of our policies on environmental activities, we lay out our environmental goals, specific objectives, and planning. The first stage of our environmental activity policy is aimed at laying the foundation (2003-2005), the second is for launching (2006-2008), and the third stage is for development (2009-2011).

1st Environmental Action Plan	
Management (5 Action Plans)	Sales and A/S (4 Action Plans)
<ol style="list-style-type: none"> 1. Environmental Education 2. Environmental Accounting 3. IR Release of Environmental Information 4. Community Service Activities 5. Cooperation with Governments in Developing National Environmental Policies 	<ol style="list-style-type: none"> 1. Green Marketing 2. Green Dealer System 3. Acquisition of ISO 14001 for service center under the KMC's direct supervision 4. Environment-friendly Service
Production (7 Action Plans)	Product (5 Action Plans)
<ol style="list-style-type: none"> 1. Acquisition of ISO 14001 2. Supporting Suppliers for Environmental Management 3. Reduction of Environmentally Hazardous Materials 4. Efficient Use and Conservation of Energy 5. Reduction of Water Use 6. Environmental Evaluation System 7. Environmental Facilities Management System 	<ol style="list-style-type: none"> 1. Environment-friendly Design 2. Emission Reduction 3. Enhancing Fuel Efficiency 4. Increasing Recycling Rates 5. Development of Environment-friendly Vehicles

Environmental Vision	ECO GT5 2010 (Top 5 global environmental automobile manufacturer by 2010)
Environmental Philosophy	Love for humanity with the automobile
Environmental Declaration	<p>We must share the responsibility for the present and future of humanity and Earth. We must make efforts to resolve environmental, economic and social demands. We must strive to preserve the life, diversity and beauty of Earth, where we live together. We must remember that we share the same fate within the diverse culture and lifestyle and live as one family, for a sustainable society, and we must strive for respect for nature, and economic and social justice.</p>
Environmental Policies	<p>At Kia Motors, we meet social, ecological, environmental and economic demands in order to realize love for humanity; strive to create a more fruitful life and sustainable society; and fulfill our corporate responsibilities.</p> <p>We declare the following environmental principles</p> <ol style="list-style-type: none"> 1. Recognize the environment as a core corporate value, 2. promote economic development whilst preserving the environment, 3. respect the present and future value of the environment, 4. fulfill responsibilities as a social and economic participant.





Sustainability Goals

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	Goal	Action	Status
Management	Environmental Education	Employee training on sustainability	From 2005
	Environmental Accounting	Definition and pilot operation of Environmental Accounting	By 2005
		Gradual adoption and implementation	From 2006
	Release of Environmental Information	Publication of sustainability reports	From 2003
		Publication of environmental newsletters	From 2005
		Environmental information on Web site	Continuing
	Community Service Activities	Community Service Consultative Council	Completed in 2004
		Community Service System	By 2006
	Climate Change	Greenhouse gas verification system	By 2005
		In-house emissions trading	From 2007
Voluntary Agreement on reducing greenhouse gas emissions		From 1999	
Product	Environment-friendly Design	Recycling evaluation system for designers	From 2002
		Distribution of guidelines on environment-friendly engineering	From 2004
		Development of solutions systems for 'Design for Disassembly (DfD)'	By 2007
		Application of EU type approval software	From 2005
		International Dismantling Information System (IDIS)	From 1999
		Joining the International Material Data System (IMDS)	From 2004
		Total Car Life Cycle Assessment (LCA)	From 2004
	Environmental technology research institute	By 2005	
	Enhancement of recycling	No less than 89% recycling rate for new vehicles manufactured in 2006 through 2007	Continuing
		Recycling rate for 2008 and onwards will be 90% or over	Continuing
Reduction in gas emissions	Diesel particulate filter (DPF)	From 2005	
Improved fuel efficiency	140g / km of CO ₂ emission	By 2009	
Environment-friendly vehicles	Mass-produce and market hybrid cars	From 2006	
	Mass-produce fuel cell vehicles	From 2010	
Production	Acquisition of ISO 14001 Certificate	Domestic business locations	Completed in 2003
		Overseas business locations	Continuing
Reduction in environmentally hazardous emissions	Voluntary Environmental Management Initiative Contracts	From 2000	
	Reduction of environmentally hazardous wastes index by 18%	By 2005	
Sales and A/S	Green Marketing	Environmental programs in customer relations	From 2003
	Green Dealer System	Gradual application of standardization	From 2004
	Acquisition of ISO 14001 Certificate	Gained ISO 14001 for Service Center	Completed in 2003
		Environment-friendly Service	BASIC movement
	Support program for maintenance and service partners on gaining ISO 14001 certificate	From 2006	
Environmental education for maintenance service providers	From 2004		

Ethical Management

We, at Kia Motors, announced and implemented an Ethics Charter in order to be a respected and healthy enterprise through trust management, on-site management and transparent management as well as through strengthening our corporate ethics based on the horizontal management system. What Kia Motors is pursuing through ethical management is not merely the prevention of corruption and irregularities among its workforce, but a root remedy to wrongful business practices and conformity to ethical standards as well as to the cost structure, thereby strengthening the company's competitive edge and enabling us to generating new economic value.

Kia Motors distributed the Ethics Principles to every employee and adopted a system of Ethics Regulations. An Ethics Committee for the General Purchasing Division was established under the head of the division. An Internet purchasing system was adopted to end improprieties, set limits on entertainment and to institute a ban on bribing foreign government officials by overseas affiliates. Suppliers have also declared their own Ethics Charters in order to raise their competitiveness to a world-class level. Ethical action is doing what is socially and morally right beyond what is required by law. Applying such ethics to corporate management represents good corporate ethics.

Environmental Goals / Specific Objectives / Planning

Kia's environmental goals are based on our environmental policy with realistic, attainable targets set up by our individual business units, which are designed to facilitate corporate-wide environmental preservation endeavors. To achieve these goals, detailed, targets and plans that can be applied at the department level have been established. Kia Motors is eager to accomplish Sustainable Development by way of environmental management, the key to sustainable corporate management.

Environmental Committee

Kia Motors launched an Environmental Committee to play the leading role in environmental management and address relevant issues. The Committee is convened once a year to assess environmental performance and promote further improvement. Its major agenda includes resolutions to mid-to long-term environmental regulations and related issues, as well as monitoring the progress of Kia's environmental management. Chaired by the President & CEO of Kia Motors, the Environmental Committee consists of decision-making organizations within in each business unit. These include an Environmental Products Committee, an Environmental Production Committee, and an Environmental Management Committee.

Ethics Charter | We, at Kia Motors, announced and implemented an Ethics Charter in order to be a respected and healthy enterprise through trust management, on-site management and transparent management as well as through strengthening our corporate ethics based on the horizontal management system.

1. Contribution to the country and society
2. Promotion of customer rights and shareholder value
3. Human values and human resources development
4. Partnership with suppliers
5. Establishment of transparent management



The Five Elements of the Kia Ethics Charter