

**Kia Canada Inc.**

Modern Slavery Report 2023



May 2024 |

# Modern Slavery Report

## Financial Year January to December 2023

This report is made and published in accordance with Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“Modern Slavery Act” or “MSA”). It is the first modern slavery statement released by Kia Canada Inc. (“KIA”). KIA's reporting period is 1 January to 31 December 2023. This statement is released in line with the MSA requirements and outlines the steps KIA has taken and will continue to take to prevent modern slavery occurring in our operations and supply chain.

## Business Structure and Operations

KIA is a subsidiary of Kia Corporation based in Seoul, Republic of Korea and a distributor (via a dealership network) of motor vehicles in Canada. Kia Corporation's management philosophy flows down to all Kia subsidiaries and affiliates.

KIA first arrived in Canada in 1999. We have established our headquarters in Mississauga, Ontario. KIA does not own or control any other entities. Currently, there are 199 franchised KIA dealerships across Canada. They operate independently of KIA.

KIA's business comprises of the following components:

- |                    |                            |
|--------------------|----------------------------|
| i. Corporate       | viii. Strategic Planning   |
| ii. Sales          | ix. Customer Experience    |
| iii. After Sales   | x. Government Affairs      |
| iv. Marketing      | xi. Information Technology |
| v. Human Resources |                            |
| vi. Finance        |                            |
| vii. Legal         |                            |

Currently, KIA has 194 employees and works with approximately 591 suppliers. KIA's supply chain includes both Canadian and overseas suppliers. The Kia Group has 75 raw material suppliers and 590 product suppliers. Our motor vehicles are built at factories in the Republic of Korea and the United States and Mexico.

## Risks of Modern Slavery in KIA's Supply Chain

KIA is focused on ensuring that forced and child labour practices are not taking place in our supply chain. Based on our Human Right's Charter, Kia Corporation has developed a Human Rights Impact Assessment. This includes 18 inspection items relating to forced and child labour. Our 2022 Human Rights Impact Assessment did not identify significant risks, but violence/bullying prevention, and normal levels of potential risks in terms of work-life balance were identified, and mitigation plans were established and remedial actions were completed for three overseas regions.

Kia Corporation, alongside Hyundai Motor Company ("Hyundai"), have established a supply chain risk diagnosis process focused on forced labor and Uyghur Forced labor Prevention Act ("UFLPA") risks. This includes an initial risk evaluation, risk screening, additional investigations (documentary and on-site), monitoring of high risk suppliers. In addition, Kia Corporation and Hyundai have started mapping our supply chain. They have focused on high risk regions in this process.

## Company Policies

As part of conducting business in Canada, KIA takes its legal reporting and compliance obligations seriously. We strive to live up to our [Corporate Philosophy](#) values in everything we do.

Kia Corporation has a global [Compliance and Integrity Code of Conduct](#) ("Code of Conduct"). The Code of Conduct applies to everyone at Kia globally ("Kia Global"), including KIA. Kia Global expects its business partners, including suppliers to comply with the principles included in the Code of Conduct.

Kia Corporation has developed its own guiding principles for human rights and labor standards and has developed these guiding principles to be consistent with the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprise, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights (UN Declaration and its two covenants 1948), and the UN Guiding Principles on Business and Human Rights. We have included this in our own Human Rights Charter.

KIA has a zero-tolerance approach to modern slavery. Forced labor includes indentured labor, bonded labor, servitude, slavery and human trafficking. Individuals must not be coerced to work by violence or intimidation. KIA complies with all applicable treaties, laws and regulations regarding the prohibition of child labor, including but not limited to, the ILO Convention and relevant local legislations.

More specifically, KIA outlines the following key commitments for itself and its suppliers:

- KIA will not charge any type of fee for workers to gain employment, nor will KIA require the retention of identification papers as a condition of employment.
- KIA will comply with applicable laws and regulations on working hours.
- KIA will compensate workers in compliance with minimum wage laws and regulations in addition to overtime laws and regulations.
- KIA will respect the rights of workers to associate freely and bargain collectively where permitted under relevant laws. Workers may discuss working conditions with management without fear of retaliation.
- KIA will respect the rights of workers to join an association and appoint representatives.
- KIA recognizes that good health and safety practices form an essential part of its business operations and is committed to ensuring the health and safety of all of its employees and those members of the public who may come into contact with those operations. KIA has a duty to put suitable arrangements in place to assess and manage the risks posed to the health and safety of employees in the workplace.

As set out in our Human Rights Charter, KIA also takes measures to ensure that minors' opportunity for education is not restricted due to their work.

KIA expects our suppliers and stakeholders to conduct their business with integrity, honesty and openness. In this regard, Kia Corporation has a [Supplier Code of Conduct](#). Our Supplier Code of Conduct also includes prohibitions on forced and child labour.

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit for personal or commercial gain.

KIA's whistleblowing policy allows all employees to confidentially report any concerns they have.

### Modern Slavery Compliance Officer

KIA's Legal Department monitors our compliance with Canadian laws and regulations concerning modern slavery across our business.

### Due Diligence

As part of our initiative to identify and mitigate risk, Kia Corporation has systems in place to:

- Identify and assess potential risk areas in our supply chains, particularly in the most vulnerable parts of the world. This includes using the Global Slavery Index 2023, US Department of Labor's List of Goods Produced by Child Labor or Forced Labor;
- Mitigate the risk of slavery occurring in our supply chains;
- Monitor potential risk areas in our supply chains;
- Provide protection for Whistleblowers with Kia's Whistleblowing Policy;

More specifically, in order to promptly respond to the global supply chain due diligence laws that are being enhanced, a team to advance continuous management and safety in relation to suppliers has been newly established within the procurement division in order to allow for timely responses to supply chain management issues involving the parts, raw/secondary materials, equipment, etc., that are supplied to domestic/overseas finished vehicle factories.

We are aware that this does not mean there is no risk of modern slavery. We will continue to work with our suppliers as part of our zero-tolerance approach to modern slavery.

### Remedial Measures

KIA is committed to remediation where adverse impact is identified. Following certain public investigations in late 2022 regarding alleged child labour in certain U.S.-based suppliers, our US affiliate carried out an internal review and found no current violations of child labour laws in the suppliers in question. To our

knowledge, these suppliers do not sell or distribute to KIA and are not KIA suppliers. We are currently not aware of any instances of forced or child labour in our supply chain. Accordingly, we have not taken any remedial measures.

## Training and Education

KIA is raising awareness throughout our organization regarding the issues around modern slavery. We are working with our employees and suppliers on how to recognize modern slavery and what steps to take to reduce the risk of modern slavery. During 2023, Hyundai and Kia Corporation have delivered educational training to Procurement (March), and affiliates' related departments (July, August, and October). Kia Corporation plans to expand the training on compliance with modern slavery laws to not only the related employees of Hyundai and Kia Corporation, but also the related employees of all direct suppliers interacting with Hyundai and Kia Corporation.

## Assessing the effectiveness of our actions

Kia Corporation has developed a framework to assess the effectiveness of our actions. This includes the following:

- a. tracking the number of staff who complete the modern slavery training;
- b. monitoring our first-tier suppliers and ensuring ongoing communication with our suppliers and stakeholders on the risks of modern slavery;
- c. conducting internal audits and recording our actions to identify modern slavery risks and track their effectiveness using risk-based tools;


KIA will continue to measure the effectiveness of our procedures to prevent modern slavery occurring throughout any part of our business or supply chains.

## Approval & Signature

This report has been approved by the Board of Directors of Kia Canada Inc.

In accordance with the requirements of the *MSA*, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is

true, accurate and complete in all material respects for the purposes of the *MSA*, for the reporting year listed above.

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Hyun Jung Hwang  
President & Chief Executive Officer

May 29, 2024

I have the authority to bind Kia Canada Inc.