

**Hankook  
& Company**



**HANKOOK**  
*driving emotion*

# SUSTAINABLE MOBILITY

Hankook Tire & Technology ESG Report 2020/21

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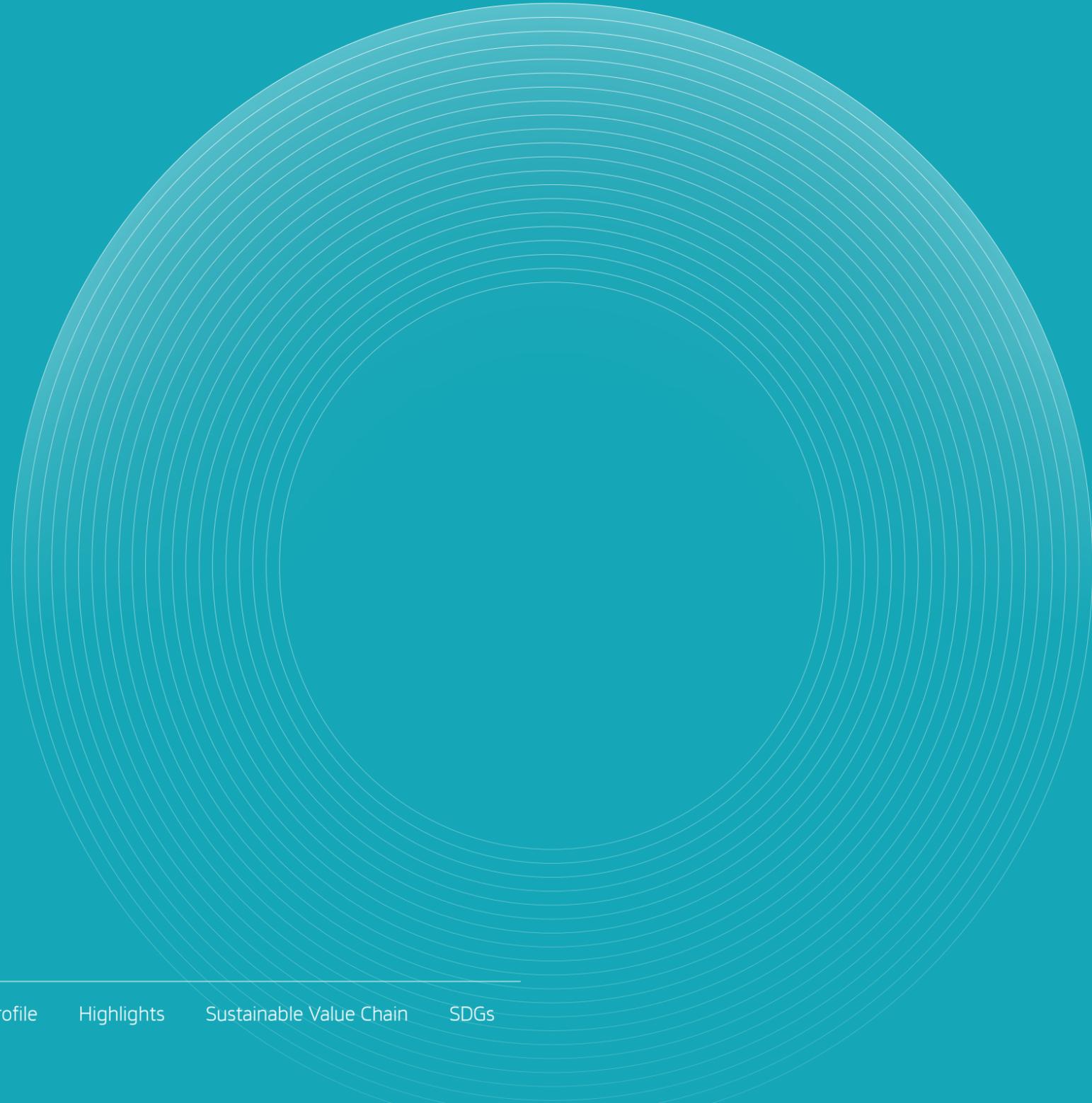
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### Interactive User Guide

Hankook Tire & Technology ESG Report 2020/21 has been published in an interactive PDF format that enables readers to use functions such as move to relevant pages in the report and shortcuts to relevant web pages.

# 01

## INTRO



# ABOUT THIS REPORT



## About This Report

Hankook Tire & Technology has published this report to disclose the 2020 ESG (Environmental Social Governance) activities and mid-to-long-term strategies transparently and collect opinions from stakeholders. Hankook Tire & Technology has been publishing ESG Report every year since 2010 and the latest one was published in July, 2020. This is the 12th ESG Report and it will be published regularly every year. The title of the report is changed to 'ESG Report' from 2021.

## Reporting Standards

This report has been prepared in accordance with the Comprehensive Options of the Global Reporting Initiative (GRI) Standards. The reporting standards and definitions of the financial information are based on the International Financial Reporting Standards (IFRS).

## Reporting Period

The official reporting period is from January 1 to December 31 of 2020 and some activities conducted in the first half of 2021 are included in this report. In terms of qualitative performance, data for the past 5 years from 2016 is presented to show trend.

## Reporting Scope

The performance and data provided in this report focus on the performance and plans of Hankook Tire & Technology. The scope of data collection covers Korean businesses sites such as Headquarters in Gyeonggi-do, Daejeon Plant, Keumsan Plant and the R&D Center as well as overseas worksites such as plants in Hungary, China, Indonesia and the US.

## Third-Party Assurance

This report has been verified by DNV, an external independent agency to secure the reliability of the report. The assurance standards and results can be found in p.74~75 of the report.

## For Further Information

If you need further information or have any inquire about this report, please contact us.

ESG Team,  
Hankook Tire & Technology

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# LETTER TO STAKEHOLDERS



Dear respected shareholders,  
Let me express my gratitude for your unwavering support for the continued growth of Hankook Tire & Technology.

Last year was a hard time with continued economic recession due to COVID-19 which shook the global economy, resulting on stagnant global consumption and business activities all over the world. Due to this business environment, the sales of Hankook Tire & Technology reached KRW 6.4531 trillion last year, a slight decrease from the previous year. However, the company achieved a meaningful outcome by recording operating profit of KRW 628.3 billion which is 15% or more increase from the previous year.

In particular, we secured a leading point in the future electric vehicle market through the supply of ultra-high-performance Original Equipment (OE) tires for Taycan, an electric sports car model of Porsche and exclusive supply contract with Formula E, which will lead the culture of motor sports. The company demonstrated its status as a leading global sustainable management company as it was listed on Dow Jones Sustainability Indexes (DJSI) for 5 consecutive years.

This report, the 12th publication, intends to show you the efforts for a sustainable growth of Hankook Tire & Technology transparently. In particular, this report is newly structured based on Task force on

Climate-related Financial Disclosure (TCFD) as part of an effort to participate in addressing 'climate crisis' which has become a global issue recently. The report includes strengthened ESG activities in detail such as the establishment of the Governance Committee to improve corporate governance.

This year is very meaningful for Hankook Tire & Technology as it marks its 80th anniversary. We will look back on each and every one of our success factors and continue to make multi-faceted efforts to grow into a global premium company trusted by customers. Hankook Tire & Technology will contribute to the sustainable development of the global community by upholding and implementing the 10 principles the UN Global Compact faithfully. We look forward to your ongoing encouragement and support in the years ahead.

Thank you.

Hankook Tire & Technology  
President & CEO **Soo Il Lee**

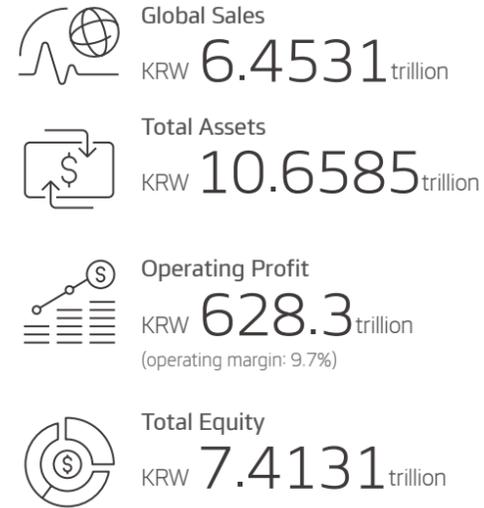
# COMPANY PROFILE

## Company Overview

Hankook Tire & Technology, which was established as Korea's first tire maker in 1941, has made breakthrough progress through its full commitment to technology development, expansion of its production and sales network, partnerships with global car OEMs, effective brand marketing, and differentiated customer services. Currently, our 8 global production bases located in Korea, China, the US, Hungary and Indonesia manufacture 102 million high-quality tires each year to serve more than 180 countries, solidifying our status as a true global tire maker. We will leverage our top-notch technology leadership to strengthen our capabilities in core business areas while relentlessly pursuing technology-driven innovation and improving our value as a premium brand. This will undoubtedly fuel our emergence as a global top tier company pioneering the future automotive industry.

## Global Network

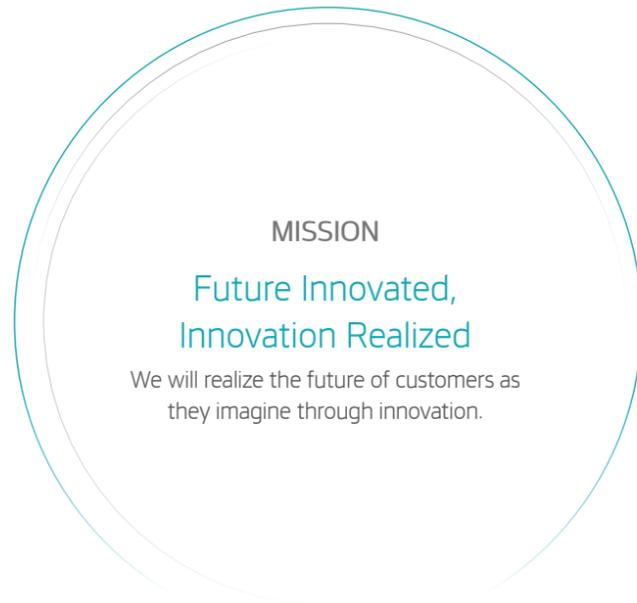
Hankook Tire & Technology divides the world in five areas and implements strategies suitable for the characteristics of each region, achieving balanced growth both in advanced and emerging automobile markets. Our sales network spans China, Europe, the Americas, Middle East & Africa and Asia-Pacific as well as Korea where our Headquarters are located to deliver products that cater to local customer needs. In addition, we operate tire communication channels of new cars in Korea, China, Germany, the US, Japan and Indonesia to forge an even closer cooperation with globally-renowned automobile companies.



Company Name	Hankook Tire & Technology
Date of Establishment	September 3, 2012 <sup>1)</sup>
Date of IPO	October 4, 2012 <sup>1)</sup>
CEO	Lee Soo Il
Main Business	Manufacturing, reproducing, processing and selling automobile tires, tubes and components
Headquarters	286, Technoplex, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea
Tel	+82-31-5178-7000

1) The Company was established through the spin-off of the tire business of Hankook Tire Co.,Ltd. on September 1, 2012, and was listed on the stock market on October 4, 2012. (First established: May 1941)

MISSION & VISION



**BUSSINESS PRINCIPLE**

- We seek innovation in all aspects
- We think of customers as our top priority
- We grow with our employees
- We fulfill our social responsibilities based on sustainability
- We make an effort to maximize shareholder value

**CORE VALUE**

We pursue the Proactive Leadership

PASSION / INNOVATION / COLLABORATION / GLOBAL

**Moving forward 2025**

- Achieve Premium Brand Position
- Become the Technology Leader
- Change the game with Innovation
- Net Sales 10 billion\$
- EBITDA margin ≥ 20%
- ROIC ≥ 13%

**STRATEGIC DIRECTION**

- Well Balanced Portfolio
- Premium Brand Elevation
- Technology Leadership
- Market Winning Service
- Innovation DNA

Brand Portfolio

Hankook Tire & Technology strategically operates three global tire brands: 'Hankook' represents our leading premium brand in Korea and abroad; 'Laufenn' targets global customers who pursue smart consumption and distinctive style; 'Kingstar' endeavors to meet specific local needs.



Hankook is a global flagship brand of Hankook Tire & Technology and it has a range of sub-brands that cater to diverse vehicle and product types such as Ventus (ultra-high-performance and racing product category), Dynapro (SUV product category), Kinergy (domestic general passenger car product group), Vantra (VAN product category) and Winter i\*cept for winter season for diverse customers around the world.



The brand name Laufenn, which was launched to provide practical driving experience to drivers, originates from the German word 'Laufen' which means 'to run' and targets drivers who seek a simple yet sophisticated lifestyle. Laufenn operates diverse brands such as S Fit (high performance and sports product category), G Fit (general passenger car product category), X Fit (LT & SUV product category) and I Fit (product category for winter season).



Kingstar operates the 'Road Fit' brand which refers to 'tires that deliver optimal on-road performance'.

## HIGHLIGHTS

# 80th Anniversary

2021 marks the 80th anniversary of Hankook Tire & Technology.

The achievements of sustainability management that have been made so far are presented below.



## 2009

- Created a dedicated ESG organization
- Established ESG Strategy Committee as the senior management body and working-level Steering Committee

## 2010

- Acquired OHSAS 18001 and KOSHA 18001 certifications for Daejeon Plant and Keumsan Plant
- Established the Integrated EHS Management System
- Established a companywide ESG implementation system

## 2013

- Established ESG Management System at Europe Headquarters
- Listed on Dow Jones Sustainability Index (DJSI) Asia Pacific for the first time
- Won special award for carbon disclosure by CDP

## 2014

- Established ESG Management System in Indonesia, ASEAN-India region
- Established a corporate risk management system
- Acquired Green Certification for Keumsan Plant
- Listed on Dow Jones Sustainability Index (DJSI) Asia Pacific for 2 consecutive years
- Selected as Carbon Management Sector Winners by CDP

## 2017

- Established ESG Management System at America Headquarters
- Acquired ISO 22301 for Hungary Plant
- Listed on Dow Jones Sustainability Index (DJSI) World for 2 consecutive years
- Listed on CDP 'Supplier Engagement Leader Board' for the first time as a domestic company

## 2018

- Declared Sustainable Natural Rubber Policy
- Declared E-Circle
- Listed on Dow Jones Sustainability Index (DJSI) World for 3 consecutive years
- Selected as Carbon Management Sector Honors by CDP

## 2011

- Established Risk Monitoring System (RMS)
- Listed on the Dow Jones Sustainability Index (DJSI) Korea for the first time

## 2012

- Established the CSR Committee at China Headquarters
- Joined UNGC and declared support for it
- Listed on the Dow Jones Sustainability Index (DJSI) Korea for 2 consecutive years

## 2015

- Declared human rights management
- Disclosed achievements on SDGs
- Listed on Dow Jones Sustainability Index (DJSI) Asia Pacific for 3 consecutive years
- Selected as Carbon Management Sector Winners by CDP

## 2016

- Declared ESG Vision 2020 Road Map
- Established Hankook Donggeurami Partners as a standard workplace for people with disabilities
- Acquired ISO22301 for Daejeon/ Keumsan Plants
- Listed on Dow Jones Sustainability Index (DJSI) World for the first time

## 2019

- Declared Jeongdo Management and established Jeongdo Management Committee
- Declared 2030 Commitment
- Listed on Dow Jones Sustainability Index (DJSI) World for 4 consecutive years
- Selected as Carbon Management Sector Honors by CDP

## 2020

- Acquired Platinum grade in ESG evaluation by Ecovadis
- Listed on Dow Jones Sustainability Index (DJSI) World for 5 consecutive years
- Selected as Carbon Management Sector Honors by CDP

## HIGHLIGHTS

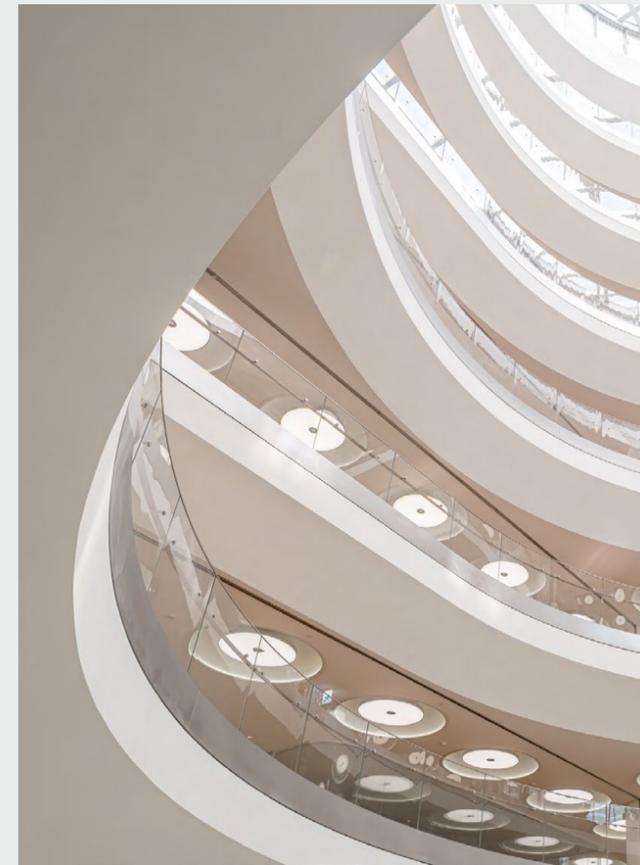


A corporate culture  
that evolves with space innovation

# Technoplex

## HANKOOK INNOVATION CENTER

As a flexible corporate culture emerges as a new momentum for corporate growth, Hankook Tire & Technology moved into Technoplex, a new office building in May 2020 to promote work life balance and create an autonomous and creative corporate culture. Technoplex constructed as a 10-story building with 6-story basement is equipped with smart office facilities that promote horizontal and autonomous communication and cooperation to achieve open innovation without boundaries. New systems such as flexible seating system, video conferencing system and remote collaboration solutions for business innovation have been introduced.



In addition, various amenity facilities and eco-friendly work spaces are provided so that employees can work at a company in a healthier way. Technoplex is expected to play an important role in developing a unique proactive culture and building a future where innovation is realized through innovation in the way of working driven by communication and collaboration.

HIGHLIGHTS

# Future Sustainability



## Technology Brand of Hankook Tire & Technology\_Hankook Innovative Performance(HIP)

Hankook Innovative Performance (HIP) is a new technology philosophy of Hankook Tire & Technology to lead the future mobility environment. This is a technology philosophy and attitude toward innovation of Hankook Tire & Technology, which is applied to all processes from research, development and production of products and services to realize innovation in core values of Hankook Tire & Technology and mobility such as driving, digital transformation, and ESG(Environmental, Social Governance).

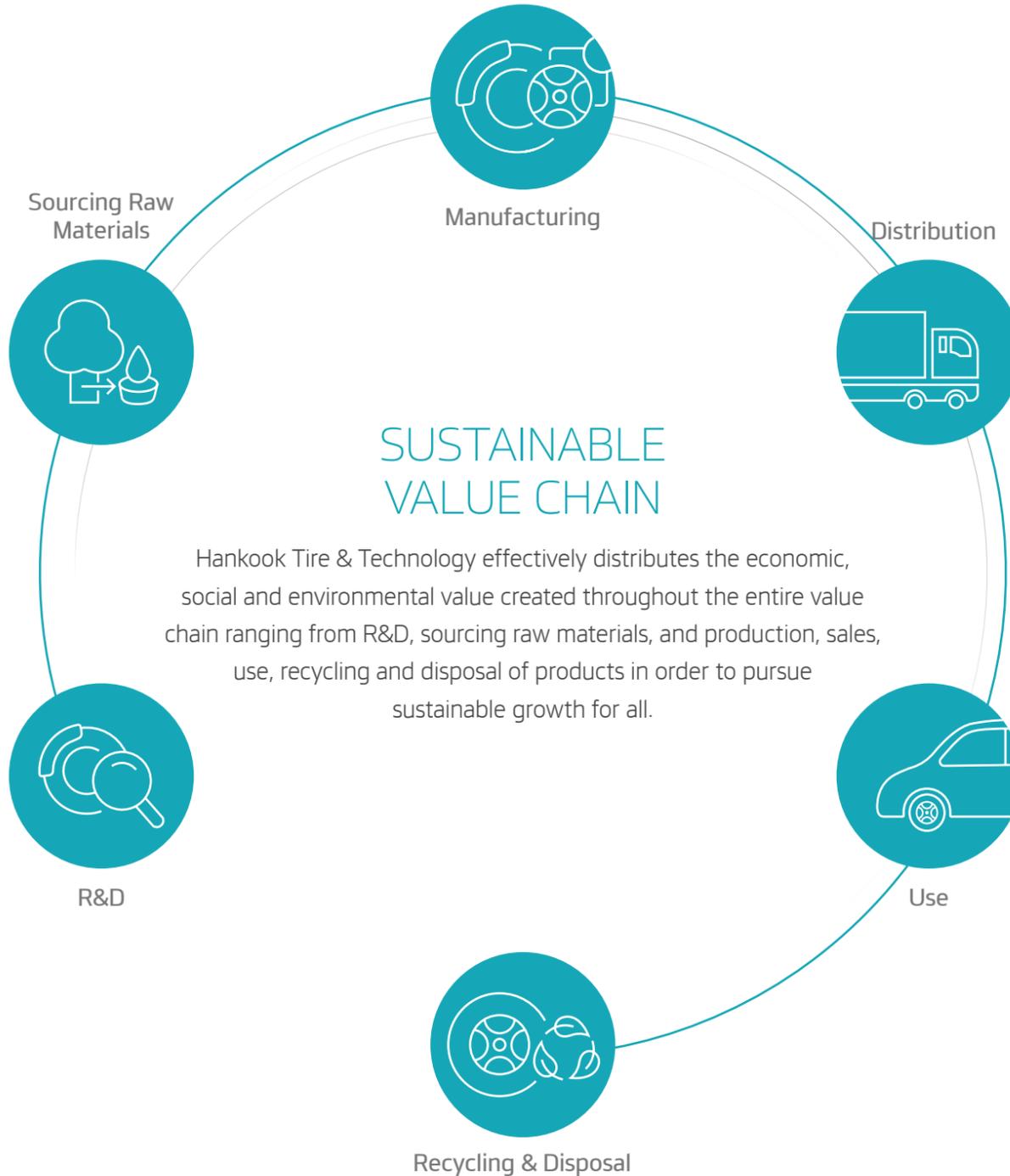


## Design Innovation for Future Mobility 2020

Hankook Tire & Technology is running 'Design Innovation Project' that studies smart city and future mobility that will be changed. Design Innovation 2020 was conducted under the theme of 'Urban Reshaping' and Hankook Platform System-Cell (HPS-Cell), a modular driving platform, the output of the project was revealed. HPS-Cell to which the latest tire technology is applied can provide optimized mobility services by loading various kinds of Pod depending on purpose. Airless tire, to which unit-cell type structures are applied, can be replaced by the optimal tread pattern for the road surface by identifying tire tread and road surface conditions and responding to risks related to tread wear in real time with variable wheels and optimized infrastructure. This project served as an opportunity for Hankook Tire & Technology to promote its design innovation capabilities widely around the world by showing that tire-centered mobility in 2040 is not just about a means of transportation but the one that evolves into the living space and transforms a city into a new shape.

The concept design and scenario video of Hankook PlatformSystem-Cell (HPS-Cell) of Design Innovation 2020 won Winner awards in the areas of Professional Concept and Communication at iF Design Award 2021 and Red Dot Award in the area of Concept Design at Red Dot Award 2021.

# SUSTAINABLE VALUE CHAIN



Sourcing Raw Materials

Manufacturing

Distribution

R&D

Use

Recycling & Disposal

## SUSTAINABLE VALUE CHAIN

Hankook Tire & Technology effectively distributes the economic, social and environmental value created throughout the entire value chain ranging from R&D, sourcing raw materials, and production, sales, use, recycling and disposal of products in order to pursue sustainable growth for all.

**1. R&D**

**Economic value**

- Ratio of R&D expenditure against sales: 2.8%
- Domestic and overseas patents granted: 679 domestic patents, 276 overseas patents
- New patent registration: 53 domestic patents, 76 overseas patents

**Social value**

- R&D workforce: 1,016 employees
- Ratio of R&D workforce out of total number of employees: 5.1%

**Environmental value**

- Ratio of eco-friendly products (in quantity): 50.5%

**2. Sourcing Raw Materials**

**Economic value**

- Raw material purchase expenditure: KRW 1.9407 trillion

**Social value**

- Ratio of critical raw material suppliers which participate in ESG assessment: 73%

**Environmental value**

- Ratio of using recyclable materials: 25.4% (w/w)
- Ratio of using recycled raw materials: 0.9%(w/w)

Carbon footprint<sup>1)</sup> **2.04%** Water footprint<sup>1)</sup> **1.96%**

**3. Manufacturing**

**Economic value**

- Recruitment: 1,375 new hires
- Training expenditure: KRW 1.58 billion
- Employee wages: KRW 493.4 billion
- Equipment purchase expenditure: KRW 268.8 billion

**Social value**

- Philanthropy expenditure: KRW 4.07 billion

**Environmental value**

- Investment in improving environmental pollution: KRW 4.047 billion
- Waste discharge intensity: 42.4kg/ton of finished product
- Water withdrawal intensity: 5.3m<sup>3</sup>/ ton of finished product
- Energy consumption intensity: 10.78GJ/ ton of finished product
- GHG emission intensity: 1.02tCO<sub>2</sub>-eq/ ton of finished product
- ISO 14001 acquired at all plants

Carbon footprint **0.84%** Water footprint **0.13%**

**4. Distribution**

**Economic value**

- Advertising expenditure: KRW 133.4 billion
- Packaging and transport expenditure: KRW 154.7 billion

**Social value**

Carbon footprint **0.18%** Water footprint **0.00%**

**5. Use**

**Economic value**

- Corporate tax: KRW 193.1 billion
- Dividend paid: KRW 79.3 billion

**Social value**

- Car donation: 50 vehicles
- Tire donation: 5,130 (globally)
- Tuieum Bus: 45 buses

**Environmental value**

- GHG emissions reduced from the sales of low-carbon products: 3.24tCO<sub>2</sub>-eq/ ton of finished product

Carbon footprint **98.56%** Water footprint **98.05%**

**6. Recycling & Disposal**

**Economic value**

- Extended Producer Responsibility (EPR) contribution (in Korea): KRW 1.93 billion
- Sales of retread tires: 5,437 tires

**Social value**

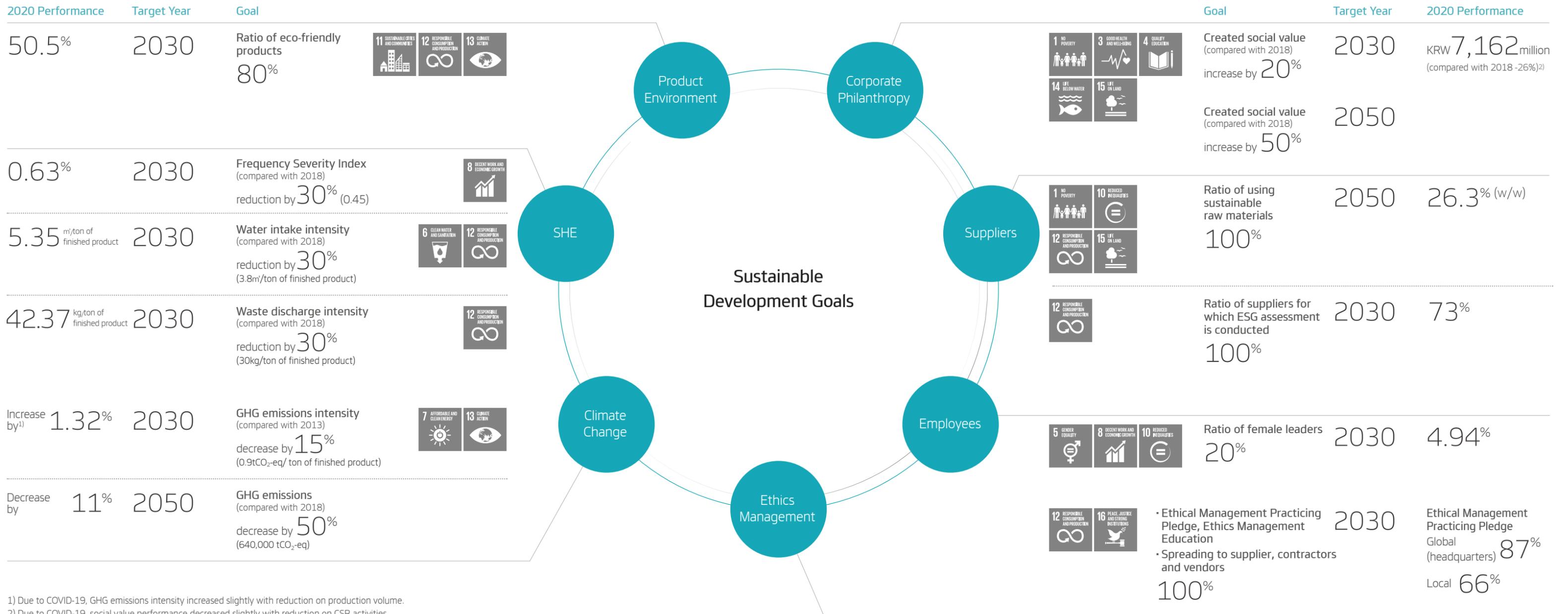
- ratio of end-of-life tires being recycled (in Korea): 92.5%

Carbon footprint **-1.63%** Water footprint **-0.14%**

1) Ratio of the concerned phase in the entire product life cycle (based on H436 manufactured at Daejeon Plant in 2018).

# SDGs

Hankook Tire & Technology supports the Sustainable Development Goals (SDGs) promoted by the United Nations and the international community and has been involved actively in solving universal problems of mankind and global life and environmental problems. In 2019, each committee announced 2030 Commitment and is making an effort to achieve the commitment. 2020 is the first year after the declaration of 2030 Commitment and we are committed to reporting performance of each area and contributing to the society focusing on SDG by making continuous improvement.



1) Due to COVID-19, GHG emissions intensity increased slightly with reduction on production volume.  
 2) Due to COVID-19, social value performance decreased slightly with reduction on CSR activities.

# 02

## INTEGRATED ESG MANAGEMENT SYSTEM

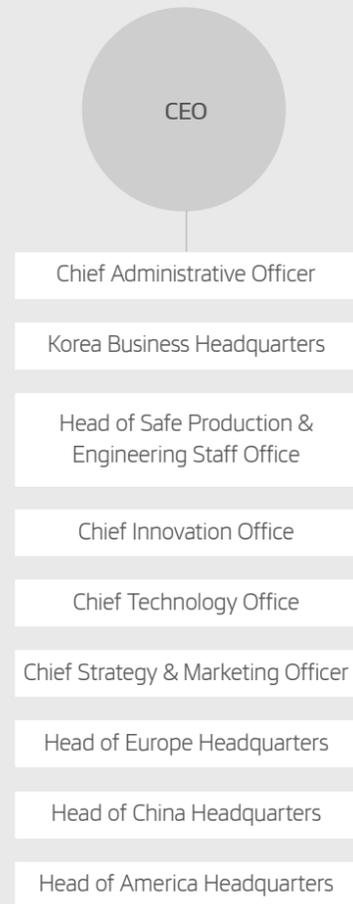
# ESG MANAGEMENT SYSTEM

Hankook Tire & Technology has operated ESG committees since 2010 to integrate ESG activities into day-to-day business routines of its members. The ESG Steering Committees play a pivotal role in consistently undertaking ESG initiatives while ESG Strategy Committee reports resulting outcomes to senior management and discusses future ways forward. ESG committees are composed of ESG Strategy Committee, 8 ESG Steering Committees and ESG working-level council. In particular, the ESG Steering Committees are operated under the leadership of responsible executives to align ESG initiatives with employee's daily business operations. The ESG Team analyzes internal/external stakeholder feedback, ESG assessment outcomes by external specialized institutions and benchmarks leading companies to offer advice to respective Steering Committees on their strategic implementation directions necessary to generate non-financial performance.

In 2020, the ESG Strategy Committee reviewed 'DJSI 2019 Assessment' outcomes in each of the managed areas to identify areas for improvement. The committee also shared the latest ESG issues and discussed their impact on the company's business and preparations to be made in response. For 'Future' section, the last agenda, the plan to establish a sustainable brand for a company was announced, presenting the future of Sustainable Brand, shared issues by function and explored ways to resolve the issues.

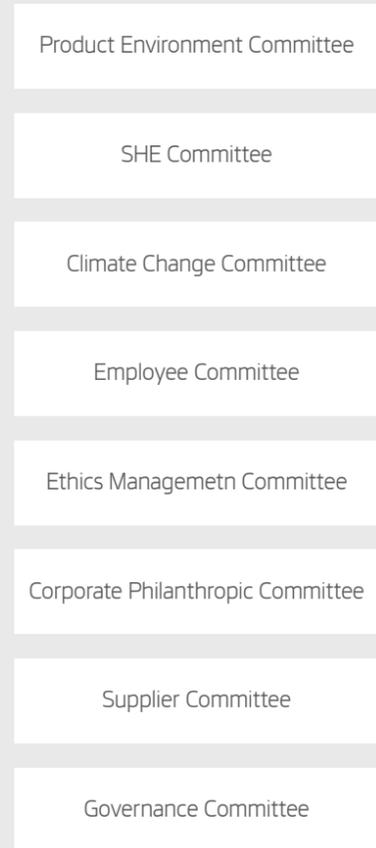
## ESG Strategy Committee

- Consist of members of senior management to decide on company-wide ESG directions and issues



## ESG Steering Committee

- Consist of division heads or responsible executives in each focus area to develop and implement ESG plans
- Share ESG issues and discuss solutions



## ESG working-level council

- Share and consult on key issues among respective committees



## ESG Strategy Committee Meeting in 2020

**Date** September 9, 2020

**Attendees**

Chair and members of the ESG Strategy Committee

ESG Steering Committee Chairs

**Agenda**

ESG Trend

Status of ESG operations at Hankook Tire & Technology

Future

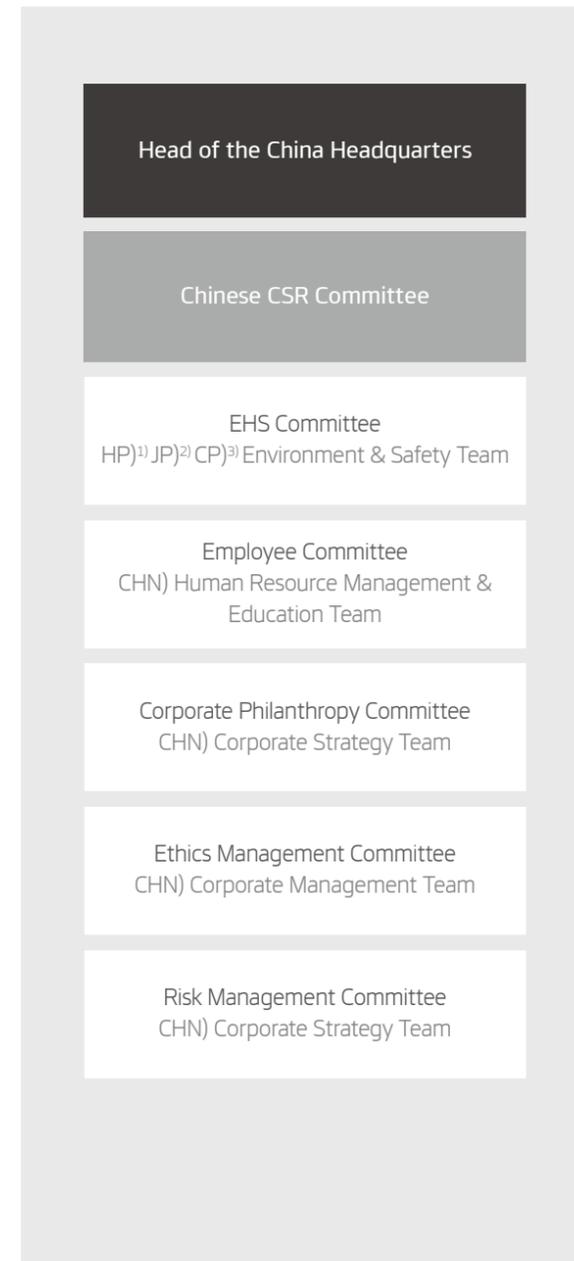
- Stakeholder Capitalism
- Strengthening ESG-Reporting and incorporation of outcome

- Establishment of a Sustainable Brand
- Sharing and discussing issues

# GLOBAL ESG OPERATIONAL SYSTEM

Hankook Tire & Technology has established an ESG Management System in respective regions of the globe, starting with the CSR committee launched at its China Headquarters in 2012. Our global ESG Management System was completed as this system was created at our America Headquarters in 2018, and has since been up and running in consideration of specific local conditions. We make sure that ESG activities are conducted in a balanced manner across the company by making ESG Team support fully if guidance is necessary for ESG management.

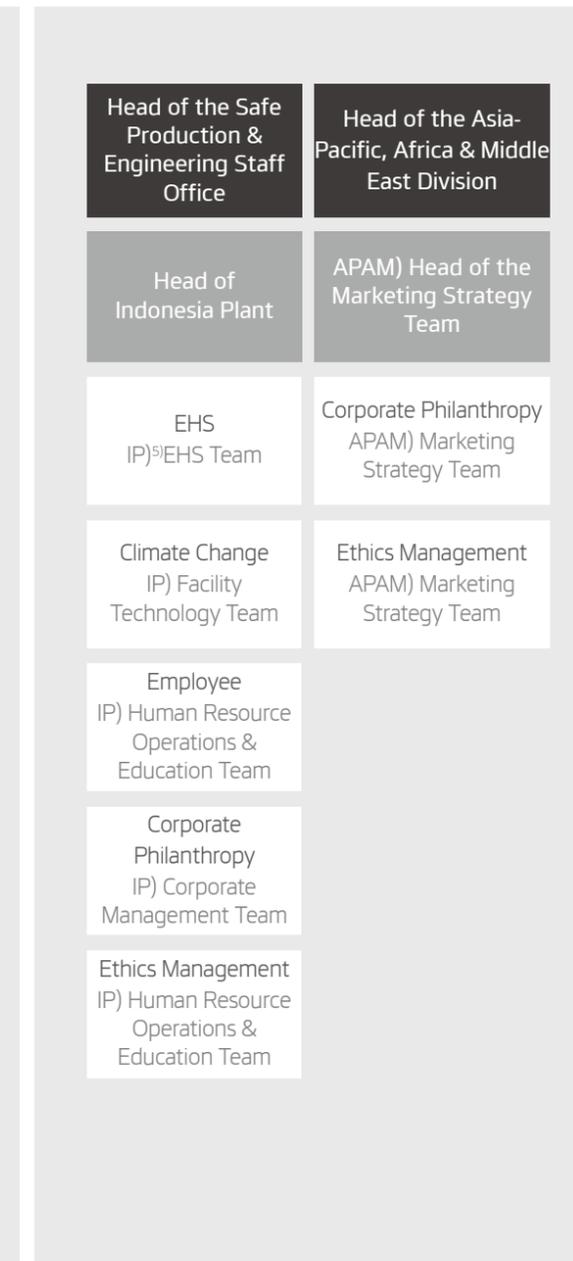
## China



## Europe



## Indonesia Plant and the Asia-Pacific, Africa & Middle East Division



## Americas



1) HP: Jiangsu Plant, China    2) JP: Jiaying Plant, China    3) CP: Chongqing Plant, China    4) MP: Hungary Plant, Hungary    5) IP: Indonesia Plant, Indonesia    6) TP: Tennessee Plant, the U.S.

# INTEGRATED RISK MANAGEMENT

With growing uncertainties in the business environment, Hankook Tire & Technology is reinforcing its risk management and emergency response activities further. Systematic monitoring and prevention activities are conducted to respond to potential financial and non-financial risk and various efforts are being made such as establishment of business continuity management system and structuring responses to emergency situation.

## Financial Risk

### Financial risk

In 2020, global economic recession continued with the outbreak and spread of COVID-19. The economic slowdown including decrease in investment and deterioration in employment continued internally and externally. Despite these difficult circumstances, Hankook Tire & Technology responds to external factors flexibly based on continuous risk management. We responded to the unprecedented pandemic situation widely by securing liquidity preemptively to respond to global recession and continuously monitors and manages financial expenses and F/X positions to minimize our risk exposure in the financial environment. Furthermore, we readily share market data through internal and external communications to swiftly identify fluctuations in the financial market and assist the top management to make decisions efficiently.

### Currency risk

In line with broadening global sales operations, Hankook Tire & Technology is now dealing in 31 foreign currencies, including the USD and the Euro. To minimize relevant risks, we use local currencies in conducting current transactions on imports and exports that occur as part of our sales operations and in making financing transactions on deposits and borrowings. In accordance with the principle of matching currency denominations for collections and payments, we also diversify currency risks and minimize our F/X positions. If our F/X positions exceed the set limit in spite of our best efforts, they are managed in conformity with our currency risk management guidelines that stipulate the definition of currency risks, responsible employees, management procedures, and hedge ratios. The Financial

Risk Management Committee meets periodically on a quarterly basis to develop region/currency-specific F/X risk countermeasure strategies. While natural hedging that matches foreign currency assets with foreign currency liabilities is adopted as the fundamental currency management principle, we also employ currency hedging to use financial instruments within the approved limits to address the currency exposure that has already occurred.

### Liquidity risk

Hankook Tire & Technology takes a global perspective in managing the borrowing, liquidity, and short-and long-term cash flow of its global headquarters and overseas subsidiaries. We periodically forecast our future cash flow to preemptively manage global liquidity, and take a more conservative stance in liquidity management when faced with turbulent and quickly shifting financial market conditions in order to strengthen the stability of our financial structure. In addition, we adopt integrated liquidity management systems, such as cash pooling, to control liquidity among different geographic regions. Cash pooling allows for the real-time sharing of funds between companies facing fund shortages with those who have surpluses, and helps minimize liquidity risks and reduce the burden of fund operations and financial costs. Hankook Tire & Technology is taking a step further to fully operate a Global Cash Management System to promote integrated fund management across all its regional headquarters and local subsidiaries, and has secured credit lines at financial institutions in alignment with cash pooling to meet the potential need to supply additional liquidity.

### Legal risk

Hankook Tire & Technology is making every effort to manage legal risk by reviewing contracts related to domestic and overseas projects, conducting preliminary legal review on issues related to projects including M&A, seeking legal advice on the business led by business departments and resolving disputes including domestic and overseas litigations and arbitration. In addition, we are conducting activities to prevent legal risk continuously such as diagnosing and improving the compliance with Fair Transactions in Subcontracting Act, diagnosing and improving the collection and use of customers' personal information under the Personal Information Protection Act and conducting education on the prevention of sexual harassment for domestic and overseas worksites to reinforce compliance management.

## Non-financial Risk

### Emerging risk

[Efforts to prevent the use of harmful chemical substances](#) With the growing interest in health and environment especially in the EU and North America, the government regulations on chemical substances harmful to human body and the environment are strengthening significantly. The number and types of chemical substances which are banned or restricted for use in countries are increasing every year and regulations on important chemicals (6PPD, ZnO, Cobalt Salt, various kinds of catalysts, etc.) with a significant impact on product performance used in the tire industry are also tightening. Global automakers require suppliers to confirm and verify the use of harmful chemical substances through IMDS with the regulations on chemical substances such as Global Automotive Declarable Substance List (GADSL). If substances which are against regulations are included,

it may take significant time and cost to replace them with other chemical substances, which could lead to business operation by causing risks such as disruption in the timely supply of raw materials. Hankook Tire & Technology developed the Global Chemical Information System (G.CIS) to monitor the regulatory environment related to harmful chemical substances and establish a plan to develop alternatives. It has become mandatory to check the harm and legality of chemical substances as part of procedure to approve all raw materials used for production in the system. In addition, we are participating in Korean government's projects together with Tire Industry Project (TIP) to analyze the impact of chemical substances during the use of tires.

### [Efforts to respond to climate change and realize carbon neutrality](#)

According to the Global Risks Report 2020, the biggest threat in the world is climate change. Recently, the EU introduced carbon border tax and major international organizations such as IMF and BIS is strengthening regulation on carbon as they review the increase in carbon tax. We might face difficulties in the operation of our business directly or indirectly if we fail to respond to climate change appropriately given the changes in the new economic order such as renewable energy, hydrogen energy and the secondary cell battery market. Hankook Tire & Technology has established and implemented mid-to-long-term greenhouse gas emissions reduction goals for all 8 global business sites to support and join the Paris Agreement. In a short term, we are making an effort to improve equipment efficiency, improve operating method and use low-carbon external steam to minimize the energy use in the tire production process. In the long-term, we are planning to shift to eco-friendly energy gradually. Looking at the entire tire production process, the green-

house gas emissions caused by fossil fuel consumption of vehicles account for the largest share. We are planning to reduce the greenhouse gas emissions per product by 11.4% by improving rolling resistance, one of the tire performances, with the most significant impact on the consumption of fuel. In addition, we disclose our greenhouse gas emissions and activities to respond to climate change through ESG Report and the Carbon Disclosure Project (CDP) to stakeholders.

### Emergency response

#### [Establishment of Business Continuity Management System \(BCMS\)](#)

Hankook Tire & Technology's Daejeon, Geumsan, and Hungary Plants remain certified in accordance with the ISO 22301 Business Continuity Management System standards. This certification ensures that companies are able to maintain their business continuity by swiftly normalizing their core functions when facing the risk of business discontinuation due to accidents, disasters, and other unexpected events. We identified all business activities that directly or indirectly support our production, from the purchase of raw/subsidiary materials to manufacturing and delivery, and developed our own business continuity plans to respond to any risks that may affect our business operations. Furthermore, an emergency response task force was set up to create manuals in order to follow predefined processes and systematically and promptly respond to accidents and disasters while annual mock drills are performed to improve our skills in responding to such emergency situations. Hankook Tire & Technology will extend the scope of necessary certifications to keep its employees safe and normalize its business within the shortest possible timeframe in the event of an emergency so as to minimize any impact on its customers and stakeholders.

### Safety & health risk

To ensure our work environment is free from any accidents or injuries, Hankook Tire & Technology increased SHE investments and is building a safety-driven culture while providing musculoskeletal disease prevention and psychological counseling programs. In addition, action-based innovation initiatives and preemptive response measures are being taken to swiftly respond to SHE issues and to

fundamentally reduce relevant risks so as to maintain a healthy and safe work environment. In addition, manager-led activities were implemented to bring innovative change to safety awareness and elevate the level of a safety-driven culture, which in turn allowed us to strengthen the safety management system with a focus on shop floor operations and self-directed action. In so doing, we were able to improve our execution of improvement measures and build consensus and understanding among labor, management and the government in our safety management. In 2020, we conducted various activities to make safety culture take root and reinforce it with ISO 45001, a health and safety management system, paving the way to become a global leader in health & safety management.

### Fire risk

Hankook Tire & Technology has obtained and maintained multiple certifications, including the Process Safety Management (PSM) certification, through annual assessments with an aim to advance sustainability management even in the event of such possible emergencies as fires, explosions, earthquakes, and blizzards. We have also received biannual legally-mandatory fire inspections performed by professionals as well as inspections conducted by the Korean Fire Protection Association and the Korea Occupational Safety and Health Agency in order to make necessary improvements and investments. Our Integrated Control Center employs a dedicated SHE staff to ensure prompt response to emergencies, and we do our utmost in protecting the safety of our employees and company assets in so doing. To help the SHE staff improve their capacity, we provide training through external professional organizations to minimize fire risks by reinforcing our internal maintenance and repair capacity to address the failure of fire extinguishing equipment. Joint fire drills are conducted at least once a year and a range of in-house fire response exercises are performed to build thorough preparedness against potential fire risk factors.

### Information security risk

Digitalization has given rise to the emergence of critical security issues concerning networks, IT systems and data. Hankook Tire & Technology is committed to preventing cybercrimes and protecting customer data from cyber breaches. The Chief Information Security Officer (CISO) and the Chief Privacy Officer (CPO) are held responsible for managing and operating the information protection management system and preventing information breaches while the Audit Committee monitors cyber security risks. Furthermore, security operation tips were made available at respective worksites so that employees can follow the set process in the event of a security incident. Employees handling personal information files are required to complete mandatory personal data security training which addresses the type and scope of personal data and methods to handle customers' personal data in business conduct.

### Other risks in respective ESG areas

Risks that could emerge as new social or environmental issues, or ESG risks that require regular monitoring, are placed on the mandatory agenda of the eight ESG Steering Committees (Product Environment, SHE, Climate Change, Employee, Ethics Management, Corporate Philanthropy, Supplier, and Governance) for quarterly reviews and discussions, and response strategies are developed through the decisions made by the committee chairs.

# STAKEHOLDERS ENGAGEMENT

Hankook Tire & Technology categorizes stakeholders according to the size and scope of impact they have on its business operation. Stakeholders within the key group are most closely related to and directly interact with the Company, and stakeholders in the general group have indirect or only potential interaction with the Company. We gather stakeholder feedback through varying communication channels and reflect such feedback in our business conduct while striving to share our ESG achievements and plans with them. The major outcomes from such stakeholder engagement process served as the foundation to prepare this Report.

## Customers (car makers, general customers and dealers)

### Communication Channel

- Technology exchanges, exhibitions and fairs
- Sustainability assessments
- Dealer discussion meetings
- Customer satisfaction centers

## Employees

### Communication Channel

- Labor-management council
- Discussion meetings and grievance handling mechanisms
- Organizational immersion surveys
- Intranet
- Internal idea suggestion system
- Proactive Concert

## Local Communities

### Communication Channel

- Discussion meetings with locals
- Discussion meetings with local public offices and NGOs
- Compile complaints from local communities

## Suppliers

### Communication Channel

- Regular supplier assessments, quality and ESG training
- Partner's Day
- Purchasing portal (HePS)

## Stakeholders & Investors

### Communication Channel

- BOD
- General shareholder meeting
- Overseas conferences
- IR



### Communication Issue

- Strengthen customer health and safety in product use
- Improve product quality and ensure safety
- Reinforce product responsibility and conduct responsible marketing
- Swiftly handle customer complaints and offer feedback

### Communication Issue

- Build win-win labor relations
- Recognize diversity and strengthen the ban on discrimination
- Reinforce training that supports growth
- Promote work-life balance
- Facilitate internal communication
- Improve workplace safety and working conditions

### Communication Issue

- Revitalize the local economy
- Resolve issues concerning the education and livelihood for the underprivileged in local communities
- Undertake philanthropic initiatives as a social investment
- Fulfill corporate environmental responsibility (minimize environmental impact)

### Communication Issue

- Offer competitiveness enhancement programs to suppliers (training, technical support, etc.)
- Promote fair trade and win-win management
- Reinforce proactive communication and information sharing

### Communication Issue

- Maximize business outcomes and shareholder value
- Manage organizational transparency and sustainability
- Ensure sound governance
- Conduct integrity/ethics management and integrated risk management

# INTERVIEW WITH STAKEHOLDERS

We conducted interview with stakeholders to identify sustainability issues considered as priority by stakeholders of Hankook Tire & Technology. Interview was conducted individually by stakeholder group and the interview results will be used for identifying unique needs of each stakeholder group and will be incorporated into the establishment and operation of the sustainable management strategies of Hankook Tire & Technology.

Stakeholder group	Customers	Employees	Supplies	Local Communities	Stakeholders & Investors
Company and name	Jeong Hoon Lee, Branch Manager at T'Station Hannam Branch	Soo Hwan Lim, Senior Manager at Finance Team, Hankook Tire & Technology	Hak Woo Lee, Manager at Americas & Asia Sales Team, Hyosung Advanced Materials	Chairman Young Tae Kim, Federation of Volunteer in Daejeon	Kyung Moon Nam, Head of Research Team, Stock Management Division, Korea Investment Trust Management
<b>Q1</b> What do you think is the most important sustainable management issue related to Hankook Tire & Technology?	I think working environment is the most important thing to win trust from customers sustainably. If workers work in a safe and comfortable environment, accident rate can be reduced and service quality can be improved. These will be the factors that will attract customers with high royalty continuously.	I think the ESG management is the most important issue as it is the latest trend. As the era has been shifted from focusing only on outcomes that can be measured with financial indicators to exploring ways to grow together with the society based on corporate social responsibility, I believe Hankook Tire & Technology needs to establish the foundation for growth together with internal and external stakeholders.	I think global stakeholders are interested in green management of manufacturers including Hankook Tire & Technology and green management has the most significant impact.	Hankook Tire & Technology has dedicated itself to the development of community and continued its corporate philanthropic activities to grow together with local communities. The corporate philanthropic activities are the fate and task of local companies and it accounts for the largest share in the sustainable management issue. In particular, continuous support for vulnerable and marginalized groups is necessary.	Hankook Tire & Technology is solidifying its position as a global company and it is about to become a top-tier company in the tire industry. The quantitative growth that has been made so far is remarkable. I think the company needs to strengthen ESG in addition to quantitative growth to win trust from investors. Given the characteristics of manufacturing business, environmental and social issues could be a concern for investors. Management transparency is also emphasized.
<b>Q2</b> What is the reason you pointed out the issue?	The good and safe working environment for workers is important to protect employees. But it is also the starting point of providing quality service to customers. As all elements are organically connected, everything is important. But I think the basic elements need to be established well to have a positive impact sequentially.	Corporate social responsibility is emphasized moving away from performance-oriented evaluation. In fact, major investors and institutions are using these non-financial factors as major evaluation indicators. Hankook Tire & Technology needs to communicate with the market continuously as a listed company and I think keeping pace with the market needs is the most important thing for sustainable growth of a company.	In the past, products with good performance and price competitiveness were selected by consumers but the number of Ecosumers (Ecology+Consumer) who consider the climate change and environmental impact of production is increasing. In fact, the eco-friendliness has become one of the major factors to be considered for consumers to make a decision. As the government of each country is strengthening environmental regulation in line with the requirements of stakeholders, it is necessary to nurture capability for environmental management for the sustainable management of a company.	Donggeurami Music Concert, which is the venue for community and harmonization in the local community, the volunteer activities of Donggeurami Volunteer Group and vehicle and tire support projects are well-known corporate philanthropic activities of Hankook Tire & Company. Local residents are feeling grateful for our activities conducted to fulfill our responsibilities and obligation as a representative company of the region. Positive bond between local residents and a company has an important impact on the win-win development with local community.	It is because trust from investors is more important than ever to improve corporate value. The way of global companies has changed from profit-oriented approach to future growth potential and ESG. If ESG is strengthened, corporate environmental cost can be saved by solving environmental issues and efficiency can be improved with improved working environment. By reinforcing ESG, long-term partnership can be formed with investors and this will be a key to improving corporate value of Hankook Tire & Technology.
<b>Q3</b> What do you think is needed to address the issue (or respond to the issue) successfully?	The working environment of T'station has been improved continuously but we need to recognize the importance of this issue and make continuous efforts. I think a company needs to provide regular training in a systematic way as safety requires not only the improvement of physical environment but also improvement of workers' safety awareness. As T'station is in contact with customers, I think small changes could lead to a big, positive result.	I think it is necessary to take ESG management as an opportunity to increase a corporate value rather than considering it as a cost. For example, the company can solidify its position by raising the entry barriers for latecomers based on preemptive investment in technology as an eco-friendly company. By implementing shareholder-friendly policy regarding business outcome, corporate image can be improved and brand value will be raised. It is expected that transparent governance will bring about a positive monitoring effect for the management and business outcome.	It is necessary to manage all processes from raw materials to waste to minimize the impact of the whole lifecycle of the product on the environment (Life Cycle Assessment, LCA). I think it is necessary to reduce the weight by using high functional materials that are eco-friendly and study and communicate with suppliers continuously to use bio materials or recycling materials to minimize waste. In this regard, I think Hankook Tire & Technology is responding well as it is involved in assessing various eco-friendly products together with our company.	More people are facing difficulties due to prolonged infectious disease situation and long-term economic recession. Even small support could help them support their lives. However, existing way of uniform support has a limitation. I believe that sustainable management can be achieved smoothly if the company identifies the needs of local communities by conducting researches including survey and providing right support to the right places.	I think the most important thing is to make not only the management but also all employees recognize the importance of ESG. Employees need to understand that reinforcing ESG is not the approach that leads to expenses of a company but the approach that could improve the corporate value ultimately. In addition, I think the company need to consider the establishment of ESG Committee under the Board of Directors for more practical implementation of ESG activities. I think establishment of a reasonable and consistent dividend policy and reasonable employee compensation policy should be recognized as an important task for the fair distribution of business performance.

# MATERIALITY ANALYSIS

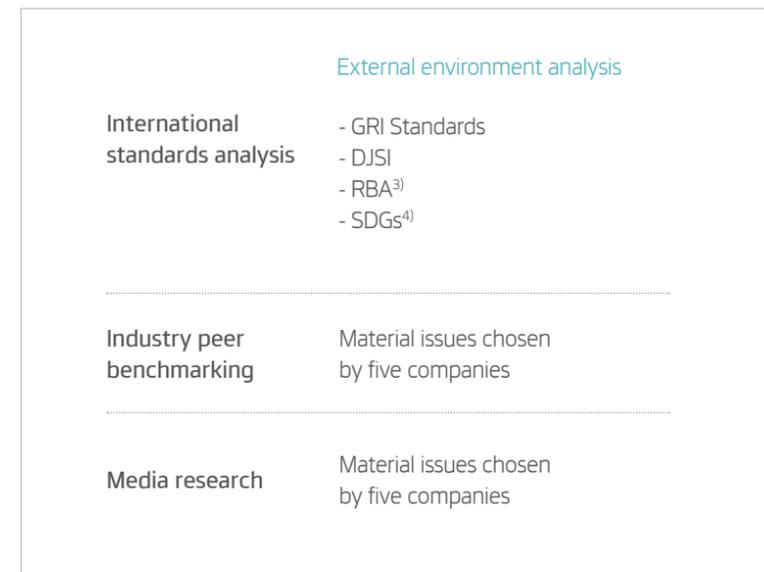
The materiality analysis is a process of identifying and assessing a myriad of environmental, social and governance issues that may impact our business or stakeholders, and reflecting these issues in setting our strategies and goals, as well as in reporting. Hankook Tire & Technology identifies material issues that belong to focus area management and takes stakeholder interest and business significance into account, before selecting reporting topics out of these key issues and providing our management status and achievements on these material issues.

## Materiality Analysis Process

### Identifying relevant issues and their significance

We analyzed such global frameworks on socially responsible management as the GRI<sup>1)</sup> Standards, the DJSI<sup>2)</sup>, ISO 26000 and the UNGC as well as industry peer benchmarking and media research outcomes in order to verify issues considered externally material and to identify new issues. In analyzing the internal environment, the development of strategic tasks and other issues were reviewed to create a pool of 24 issues.

1) GRI: Global Reporting Initiative 2) DJSI: Dow Jones Sustainability Indices

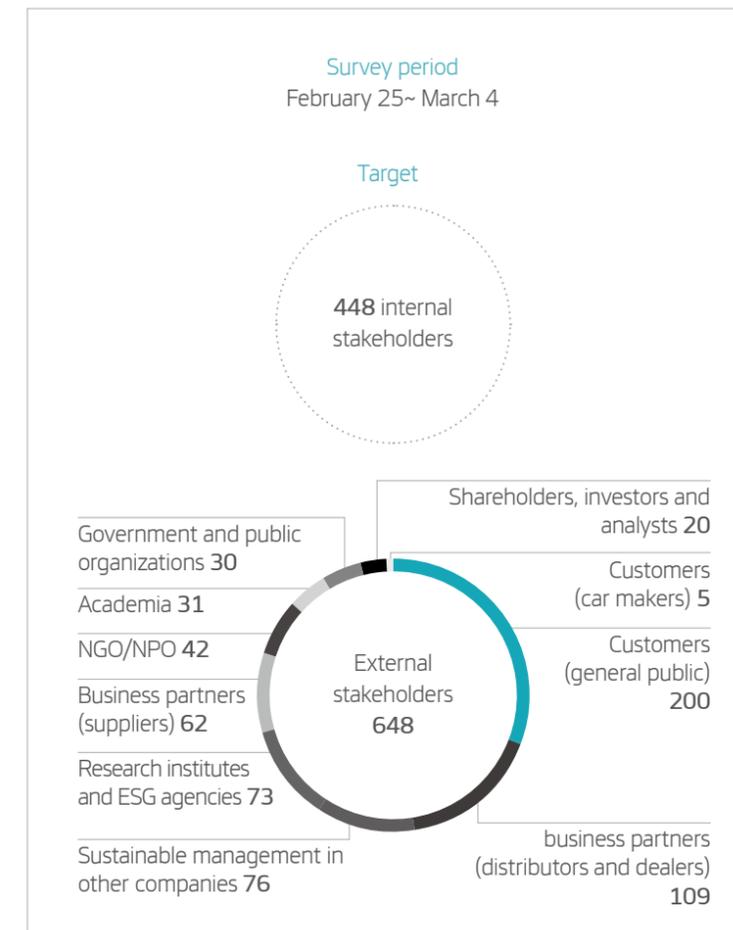


3) RBA: Responsible Business Alliance 4) Sustainable Development Goals

### Understanding stakeholder interest

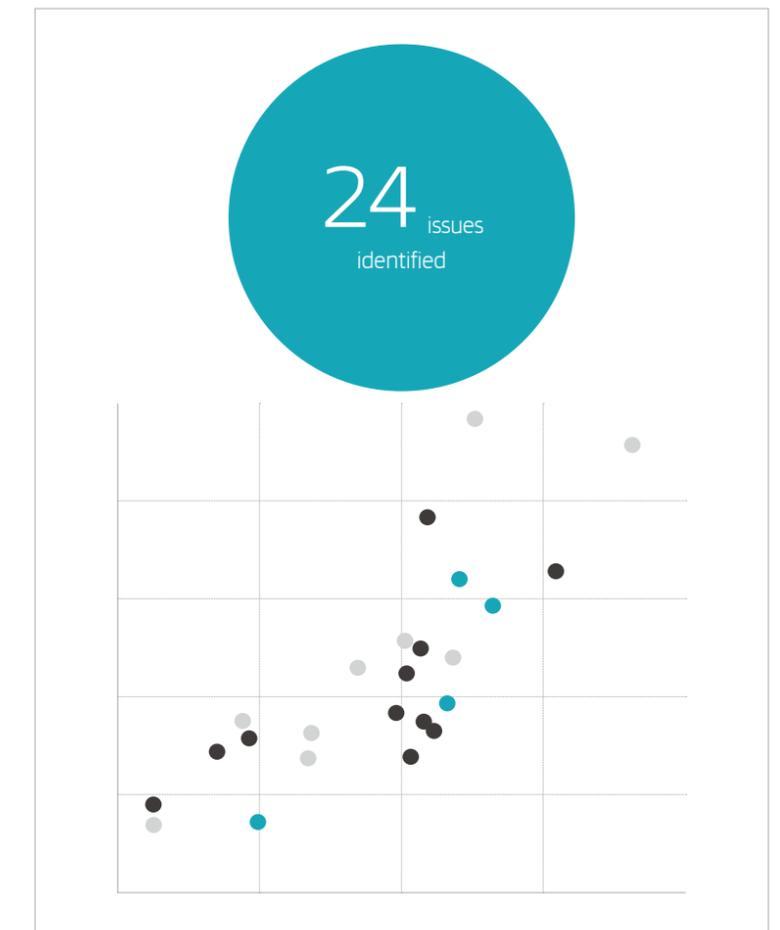
We reviewed stakeholder interest on the 24 issues identified in the first phase of the materiality analysis. Interest of external stakeholders was assessed through the issues raised to Hankook Tire & Technology by shareholders, investors, analysts, customers and other varying external stakeholders.

#### Overview of stakeholder interest survey



### Prioritizing issues and verifying outcomes

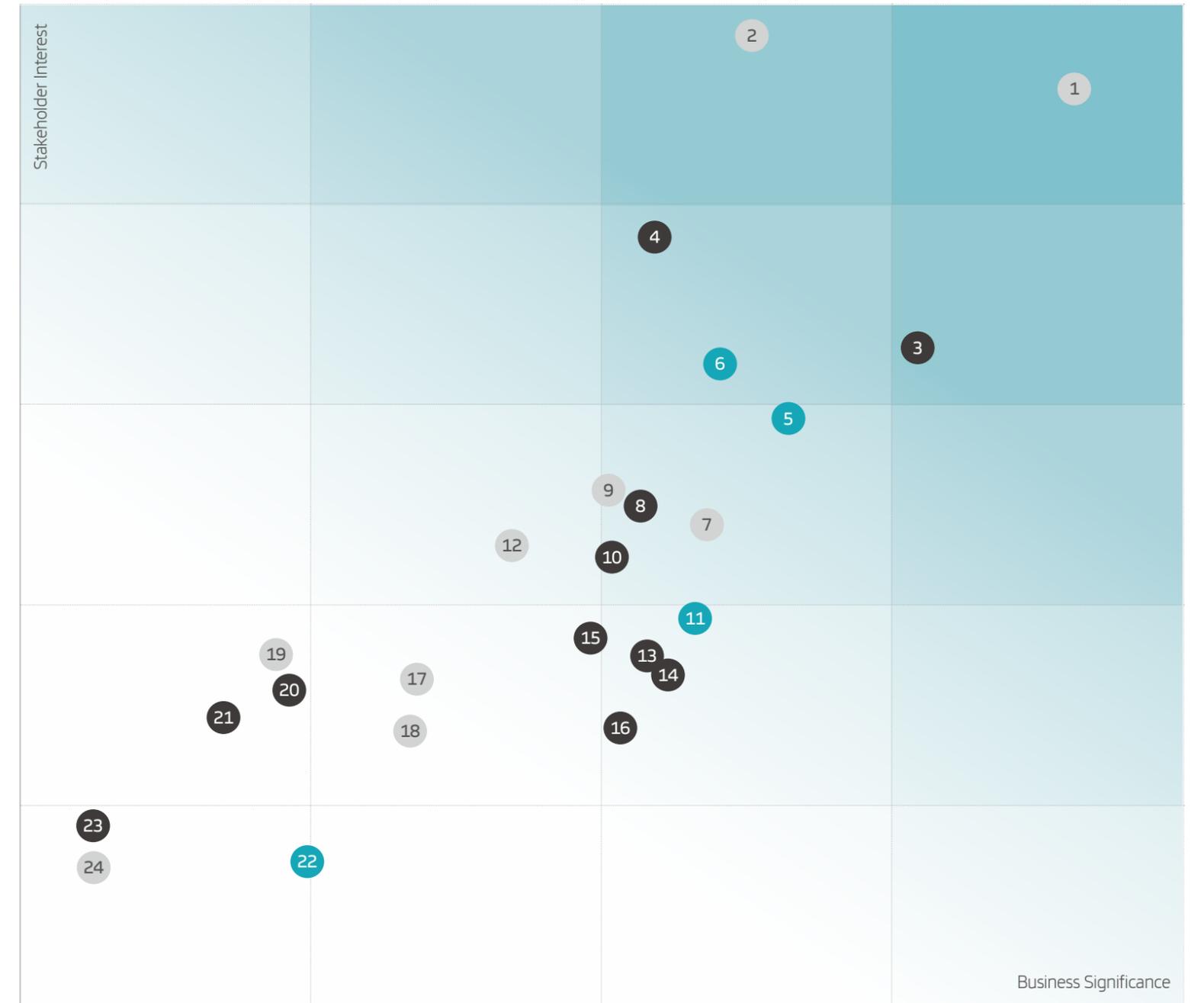
Compiling the outcomes generated from the results of stakeholder interest and business significance, we prioritized 24 issues. We are planning to address top 10 issues more specifically by defining them as issues subject to focused management.



● Economy ● Society ● Environment

Ranking	Issue	Reporting Page	Ranking in 2020	Focused Management	General Management
1	Expand R&D investments and reinforce capabilities	2, 30~31	1	●	
2	Develop a sustainability management system and expand communication	5, 14~15	3, 7	●	
3	Develop products and services for customer safety & health	7, 22	2, 11	●	
4	Implement safety accident prevention and health management	48~51	14, 15	●	
5	Adapt to climate change (energy savings & risk management)	32~34	4, 24	●	
6	Develop eco-friendly products and minimize environmental impact during product use/disposal phase	28~31	12	●	
7	Achieve excellent operating performance and expand employment	6, 11, 61, 69	8	●	
8	Support the growth of employees	43~47, 70	17, 20	●	
9	Strengthen anti-corruption activities	40~42	9	●	
10	Reinforce policies and activities for win-win growth with suppliers	52~55	26	●	
11	Minimize the impact of product manufacturing stage on the environment (water, air pollutants, waste, etc.)	28~31	5		○
12	Operate the BOD soundly and secure transparency	25~27	10		○
13	Promote philanthropic activities in consideration of the features of local communities	35~39	6		○
14	Pursue win-win labor-management relationships through open communication	43~47	17, 25		○
15	Enhance suppliers' sustainability management (assessment, risk, etc.)	52~55	19		○
16	Conducting activities for human rights protection and awareness-raising (promoting diversity no discrimination: no child/forced labor, campaigns, human rights training, etc.)	43~47	16		○
17	Create a compliance culture and strengthen activities	40~42	13		○
18	Reinforce compliance	40~42	NEW		○
19	Establish a company-wide risk management system	16~17	23		○
20	Provide accurate information on products and services	-	22		○
21	Make efforts to vitalize the local economy	35~39	21		○
22	Protect the ecosystem and biodiversity around worksites	35~39	27		○
23	Protect the personal information of customers	17	28		○
24	Comply with tax obligations and tax system	-	NEW		○

Materiality Analysis Matrix



Hankook Tire & Technology intends to identify the materiality of top 3 issues identified in the materiality analysis and focus more on those issues. We will reinforce the current activities and manage the issues specifically by setting mid-to-long-term target.

Material Issue	Topic	Materiality	Activities and Plan	Target
Top 1 Expand R&D investments and reinforce capabilities	 Expand R&D investment on tires for electric vehicles	The global automobile market is expected to grow led by electric vehicles in accordance with national regulations and conventions. Accordingly, Hankook Tire & Technology is responding to EV market by signing tire supply contract with Top EV automakers and preparing EV-specific products. In particular, we will be an official sponsor for ABB FIA Formula E Championship from the 2022/23 season. The supply of OE for electric vehicles is expected to increase by more than 20% in 2028 and we are planning to increase the brand value and preoccupy the sales with the continuous spread of products dedicated to RE EV.	Hankook Tire & Technology continues its research to develop technologies such as low rolling resistance (LRR), high load bearing capacity and low noise, which are important for tires of electric vehicles. To increase the driving distance per time, which is the main issue for electric vehicles, we are conducting research on technologies that can minimize the tire weight, improve rolling resistance (RR) and reduce energy loss caused by air resistance. As the battery of electric vehicles is small, the weight of electric vehicle tends to high. Therefore, tires of electric vehicles are required to support increased vehicle weight. To meet such technical requirements, we are conducting research to minimize performance degradation while making the internal structure used in tires thin and light by expanding the application of high-strength fiber materials and steel code.	<b>2023 Target</b> 1) Launch products dedicated to EV timely 2) Develop EV compound and processing technologies 3) Research Wet Traction 4) Develop low-noise OE leading pattern 5) Develop test method dedicated to EV
Top 2 Develop a sustainability management system and expand communication	 Establish and implement ESG vision system and mid-to-long-term strategies	Customers including car makers demand ESG performance and activities frequently and global regulations on environment and human rights are strengthening. ESG management capabilities have become essential elements for future business. In particular, overall ESG competitiveness needs to be strengthened across the organization by implementing activities led by each function, not by one department. To this end, it is particularly important to establish ESG system and mid-to-long-term strategies for sustainable growth in addition to mid-to-long-term strategies focusing on financial and technical elements.	Hankook Tire & Technology plans to establish ESG mission, vision system and mid-to-long-term strategies. In particular, we are focusing on incorporating the needs of stakeholders in the process of establishing ESG mission and vision. We identify the requirements of ESG evaluation agencies, customers, investors and stakeholders and specify the ESG mission and vision based on interview with major executives and employees. In 2021, plan to establish and declare the ESG mission and vision system and establish mid-to-long-term strategies for ESG. In addition, we will select and implement key initiatives to achieve ESG goals together with business departments and the ESG business strategies and plans will be deliberated at the board level. We will strengthen the ESG implementation capabilities at the corporate level by specifying activities that can be applied to business departments.	<b>2021 Target</b> 1) Establish and declare ESG vision system 2) Establish mid-to-long-term strategies for ESG 3) Select and execute key initiatives - Deliberate ESG business strategies and plans at the board of directors level  <b>2024 Target</b> 1) Implement action plans based on mid-to-long-term strategies for ESG
Top 3 Develop products and services for customer safety & health	 Upgrade quality verification system	Tires are directly related to the safety of a driver. If an accident caused by tire occurs during driving, it could be a significant accident causing significant damage to the safety of customers. It is important to apply a thorough verification process to prevent accidents related to tires by applying higher internal quality test regulations than national quality regulations. We are conducting quality monitoring (data analysis, customer survey, detailed analysis on worn products) continuously on the market after launch and prompt response is required if abnormalities are identified.	We establish DB on the prototype and development information to keep the quality management information on a computer system in the production stage, link the quality information to each development/manufacturing stage and verify manufacturing quality information. We developed quality prediction/control tool using big data and automate repetitive work. We are providing free inspection service by visiting customers to check quality issues during product use by customers. In 2020, free safety inspection campaign was conducted for areas damaged by typhoon (Gwangju, Daegu) in August and September and strengthened communication with customers and supported safe operation of a vehicle by providing free inspection service for submerged vehicles (tire pressure, wear, consumables and tire management tips, etc.). In addition, we consulted customers on matters such as tires, battery, consumables by installing booths in 5 highway rest areas across the country.	<b>2022 Target</b> 1) Achieve 100% pass rate for raw materials and compound properties 2) Strengthen management for semi-finished products and raw materials 3) Strengthen digitalization to secure all-round quality management system

# ESG STEERING WHEEL 2020/21

Hankook Tire & Technology identified 8 ESG Focus Areas: Responsible governance based on an integrated ESG management system, integrated environmental management, response to climate change, involvement in and development of local communities, transparent \* ethics management, value creation for employees, safety and health management for employees and win-win management for suppliers. We describe specific outcome and plan by matching each area with issues subject to focused management identified by materiality analysis.

Category		Item
FOCUS 01	Responsible Corporate Governance	<ol style="list-style-type: none"> <li>1. Establishment of Corporate Governance Charter</li> <li>2. Management Driven by the Board of Directors</li> <li>3. Shareholder value improvement</li> <li>4. Strengthening the information disclosure on governance</li> </ol>
FOCUS 02	Integrated Environmental Management	<ol style="list-style-type: none"> <li>1. Reducing Environmental Impact in the Product Design and Raw Material Acquisition Phases</li> <li>2. Reducing Environmental Impact in the Manufacturing Phase</li> <li>3. Reducing Environmental Impact in the Product Use and Disposal Phases</li> </ol>
FOCUS 03	Climate Change and GHG Management	<ol style="list-style-type: none"> <li>1. Low-carbon Management</li> <li>2. Reduction of GHG Emissions</li> </ol>
FOCUS 04	Community Involvement and Development	<ol style="list-style-type: none"> <li>1. Company-wide Implementation</li> <li>2. Employee Participation</li> <li>3. Focusing on Core Competence</li> <li>4. Local Community Support</li> </ol>
FOCUS 05	Transparency and Business Ethics	<ol style="list-style-type: none"> <li>1. Establishing Ethics Management System</li> <li>2. Internalizing Ethics Awareness</li> <li>3. Disseminating Ethics Management to Affiliates</li> </ol>
FOCUS 06	Employee Value Creation	<ol style="list-style-type: none"> <li>1. Pursuing Change for a Positive Corporate Culture</li> <li>2. Training Support for Capacity Building</li> <li>3. Human Rights and Diversity Management</li> <li>4. Work &amp; Life Balance</li> </ol>
FOCUS 07	Employee Health and Safety Management	<ol style="list-style-type: none"> <li>1. Strengthening Safety Management at Worksite</li> <li>2. Bolstering Efforts for Employee Health</li> </ol>
FOCUS 08	Win-Win Partnership in the Supply Chain	<ol style="list-style-type: none"> <li>1. Strengthening EGS Competitiveness of Suppliers</li> <li>2. Shared Growth</li> <li>3. Natural Rubber Supply Chain Management</li> </ol>



# 03

## FOCUS AREA

**FOCUS 01**

# RESPONSIBLE CORPORATE GOVERNANCE

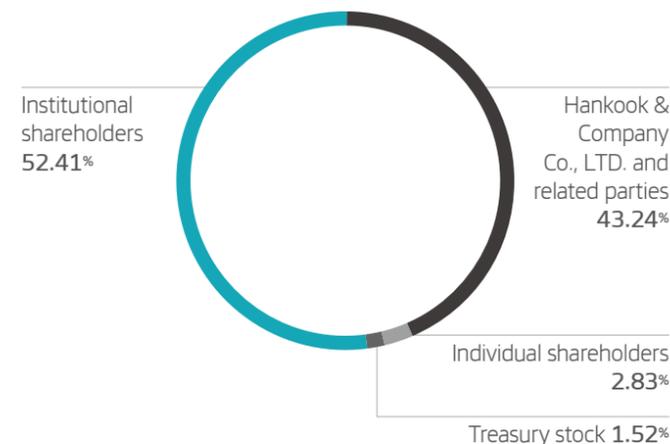
Hankook Tire & Technology maintains sound corporate governance to protect the rights and interests of shareholders and conduct business in a transparent and reasonable way. We have established and are operating advanced governance with the Board of Directors (BOD) playing a central role, and fully support the transparent and professional decision-making process at the BOD. Hankook Tire & Technology's management philosophy and its commitment to practicing such a philosophy with the BOD at the core, specified in its Articles of Incorporation and BOD regulations, serve as the foundation for the Company's governance principle and policy. We will solidify our foundation to establish an advanced governance with the establishment of the Governance Committee under the ESG Steering Committees in 2021.

## Implementation Plan

Items	Goal	Plan	Deadline	Responsible Team
Establishment of the corporate governance charter	Establishment of the charter	- Review the case of other companies and making a decision on whether to establish the charter or not - Compliance with governance KPI within the charter	2023	Finance Team
Management driven by the BOD	Increasing the number of directors by 2, Female directors accounts for 25% among independent directors	- Directors (Increasing the number of inside and independent directors) - Appointing female independent directors	2021	Finance Team
	Establishment of the committee	- Establishing the Compensation Committee under the BOD - Establishing compensation policy	2023	Finance Team
	Separation of CEO and the chairman of the BOD, taking out insurance	- Separation of CEO and chairman of the BOD - Taking out directors & officers liability insurance	Mid-term	Finance Team
Improving shareholder value	Establishing shareholder friendly policies again	Implementing shareholder-friendly policy (including review on dividend policy, etc.)	Continuous implementation	Finance Team
Strengthening information disclosure on governance	Actively responding to 1% major shareholders and major institutions	<Governance NDR <sup>1)</sup> implementation> - Sharing areas for improvement of corporate governance with shareholders - Providing guideline on the exercise of voting rights at the general shareholders' meeting	Continuous implementation	Finance Team
	Reviewing the disclosure of KCGS G area grade and grade by other evaluation agency	<Strengthening information disclosure on website> - Disclosing G area grade by domestic and overseas evaluation agencies - Disclosing regulation on the BOD and subcommittees - Expanding disclosure in English (prompt/fair disclosure)	Continuous implementation	Finance Team

1) NDR(Non-deal Roadshow): Investor relations (IR)

## Shareholder Data



Category	No. of shareholders	Ratio (%)	No. of shares	Stock ownership (%)
Institutional shareholders	1,706	8.54	64,918,052	52.41
Individual shareholders	18,239	91.35	3,506,248	2.83
Hankook & Company Co., LTD. and related parties	19	0.10	53,564,453	43.24
Treasury stock	1	0.01	1,886,316	1.52
Total	19,965	100.00	123,875,069	100.00

Hankook Tire & Technology follows the one share one vote rule and treasury shares do not have voting rights. In addition, the ownership of the National Pension Service amounts to 7.23% according to the disclosure as of May 2021. The National Pension Service with voting rights follows the principle of responsible investment and exercises its voting rights considering ESG performance. ※ As of December 31, 2020

## Founder & Founding Family Ownership

Name	No. of shares	Ownership (%)
Hankook & Company	37,995,959	30.67
Yang Rai Cho	7,019,903	5.67
Hyun Shick Cho	799,241	0.65
Hyun Bum Cho	2,561,241	2.07
Shinyang Co., Ltd.	793,522	0.64

※ The remaining founder & founding family ownership amounts to 3.54%.

## Management Ownership

Category	Name	Stock ownership against yearly salary
Registered executives	CEO Soo Il Lee	0.45 <sup>2)</sup>
	President Hyun Bum Cho	
Non-registered executives	Chairman Yang Rai Cho, Han Jun Kim, Seon Woo Kim, Il Lyong Jeong, Jin Gyun Jeong, Gyu Bong Lee, Suck Ho Choi, Tae Seok Moon, Seong Ik Cheon, Gyu Wang Cho, Dae Gyu Kang	18.80 <sup>3)</sup>

2) Calculated by dividing stock ownership based on the closing price (KRW 39,800) on the last trading day of 2020 by base salary

3) Calculated by dividing stock ownership based on closing price (KRW 33,700) on the last trading day of 2020 by the average base salary of executives (excluding CEO)

## Management Organization

Governance Committee	Committee Chair	Finance & Accounting Department
	Supervised by	Finance Team
	Cooperation Team	ESG Team, Internal Control Team, Corporate Innovation Team



### Performance Evaluation of CEO and Executive

The CEO's short-term incentives are paid in accordance with performance indicators (e.g. cash flow, EBITDA and revenues, etc. for the concerned year) and comprehensive appraisal criteria that consist of contributions made to business performance (e.g. attainment of strategic tasks). Long-term incentives are calculated according to business performance over a three-year period and are paid every three years in consideration of sales growth rates, share price, and TSR<sup>1)</sup> disparities.

1) TSR(Total Shareholder Return): Total rate of returns for shareholders during a specific period of time

### CEO-to-Employee Compensation Ratio

Total CEO compensation (KRW million) <sup>2)</sup>	Mean employee compensation (KRW million) <sup>2)</sup>	Ratio <sup>3)</sup>
1,137	74	15.36

2) Including allowances and long-term/short-term incentives as well as base pay  
 3) Calculated by dividing total CEO remuneration by the average workers' wage

Hankook Tire & Technology requires that all executives enter into a contract on management consultation. This contract is to enhance the liability for damages of the executives after retirement, and it also serves the purposes of preventing any professional misconduct<sup>4)</sup> by executives during their tenure and enhancing internal control. The contract includes clawback provisions by which an executive must return an amount equivalent to damages, including the management advisory fee, to the company when professional misconduct that occurred during their tenure is identified after retirement. This is concluded to enhance the liability for damages of executives after retirement.

4) Professional misconduct: Behavior causing damages to the company due to illegal acts or occupational/gross negligence, etc.

### BOD-Centered Decision-making Process

Hankook Tire & Technology strives to create profit and promote growth continuously based on mutual check and balance among the BOD, the management and shareholders. We are making an effort to collect opinion of shareholders, identify tasks in each meeting and lead the efforts to outcome. In addition, we are creating a corporate

culture of free communication to make sure that the stakeholders' opinion can be incorporated into the decision-making of the management.

The BOD is making an effort to improve the corporate culture and brand value of Hankook. The majority of the directors and approval by the majority of attending directors are required to make a decision except for the case specifically mentioned in applicable laws. The BOD makes major decisions such as signing important contract, establishment of and approval for corporate business plan as the highest decision-making body in the company.

### Composition of the BOD

Hankook Tire & Technology's BOD consists of seven directors- three executives and four independent directors. All independent directors do not have interest in the company, the management and major shareholders and have excellent risk management capabilities.

The current average term of office of the directors is 2 years.

Director	Name	Position/Career	Major Career
Executive director	Soo Il Lee	President, CEO	
	Hyun Bum Cho	President	
	Jong Ho Park	President	
Independent Director	Jong Gap Kim	Audit Committee member	former) Representative of Deutsche Bank Seoul Branch
	Hyun Myeong Pyo	Audit Committee member	former) President of KT, President & CEO of Lotte Rental (Having work experience in the same industry (selective consumer goods) based on GICS)
	Mi Ra Lee	Audit Committee member	present) HR Director, General Electric (GE) Korea (Having work experience in the same industry (selective consumer goods) based on GICS)
	Young Jae Gang	Audit Committee member	former) CEO OF Hite Jinro Beverage present) CEO of investment division, ENSL Partners

※ Composition of the BOD as of March, 2021

### Board Independence Statement

We ensure that independent directors account for the majority of the BOD to improve the transparency and independence of the BOD. Directors are appointed at the general meeting of shareholders, which is held before March every year. Executive director candidates shall be recommended by the board of directors and independent directors through the Non-executive Director (NED) Recommendation Committee according to transparent and fair procedures. The tenure of directors shall be three years and when a vacancy occurs among directors, an appointment is made individually at the general meeting of shareholders. In the composition of the board of directors, the Commercial Act, Monopoly Regulation and Fair Trade Act, and other laws are observed.

### Disqualifications on the Requirements for Independent Directors

※ In compliance with the Commercial Act, Monopoly Regulation and Fair Trade Act, and other laws

- ① Directors, executive directors and employees who are engaged in the regular business of the relevant company, or directors, auditors, executive directors and employees who have engaged in the regular business of the relevant company within the latest two years
- ② The principal, his/her spouse, lineal ascendants, and lineal descendants, in cases where the largest shareholder is a natural person
- ③ Directors, auditors, executive directors and employees of the corporation, in cases where the largest shareholder is a corporation
- ④ The spouses, lineal ascendants, and lineal descendants of directors, auditors and executive directors
- ⑤ The directors, auditors, executive directors and employees of a parent company or a subsidiary company of the relevant company
- ⑥ Directors, auditors, executive directors and employees of a corporation which has a significant interest in the relevant company, such as business relations with the company
- ⑦ Directors, auditors, executive directors and employees of another company for which directors, executive directors and employees of the relevant company serve as directors and executive directors

**Review whether the independent directors' independence requirements<sup>1)</sup> are met**

1) Independent director requirements of Dow Jones Sustainability Indices are applied.

**Requirements**

The director must not have been employed by the company in an executive capacity within the last five years

The director must not accept or have a "Family Member who accepts any payments from the company or parent or subsidiary of the company in excess of \$60,000 during the current fiscal year or any of the past three fiscal years"

The director must not be a family member of an individual who is employed by the company or by any parent or subsidiary of the company

The director must not be an advisor or consultant to the company or a member of the company's senior management

The director must not be affiliated with a significant customer or supplier of the company

The director must have no personal services contract with the company or a member of the company's senior management

The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company

The director must not have been a partner or employee of the company's outside auditor during the past three years

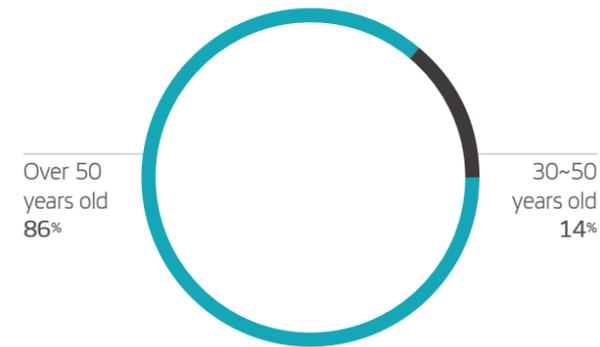
The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent

※ The all independent directors of Hankook Tire & Technology satisfy the requirements above.

**BOD's Diversity Policy**

We consider gender, age, race, nationality, country of origin and other diverse indicators in appointing our directors to improve the diversity of the BOD. Directors are required to represent the rights and interest of all shareholders and stakeholders in a balanced manner, and no director is discriminated against on the grounds of gender, age, religion or race and are given equal status.

**Directors by age group**



**BOD Expertise**

Our independent directors are appointed through the general shareholder meeting for their expert knowledge and abundant experience in the areas of business administration, law, and accounting and for their compliance with the qualifications stipulated in applicable regulations. We ensure that our independent directors, with their extensive expertise, not only act as a check and monitor senior management but also offer their advice to assist our CEO in making informed decisions. Furthermore, independent directors receive separate training to enhance their expertise.

**Training for Independent Directors**

Date of training	Trainer	Training topic
2020.07.31	Korea Listed Companies Association	Internal accounting management system audit insight
2020.09.10	Head of Production Office, Research& Quality Office	Understanding of the operating status of Keumsan Plant and R&D Center
2020.10.30	Korea Listed Companies Association	The latest issues and trend of internal accounting management system

**Effectiveness and Transparency of the BOD**

Hankook Tire & Technology requires that the board of directors exceed 50% of the quorum<sup>1)</sup> in order to operate effectively. In addition, in order to faithfully fulfill Hankook Tire & Technology's role as an outside director, outside directors cannot serve as outside directors at more than three companies other than Hankook Tire & Technology. Hankook Tire & Technology has installed and is operating the Audit Committee which serves as checks and monitors the management within the BOD and conducts self-assessment every year to enhance the effectiveness of the Audit Committee. During self-assessment, the 'composition and qualification of the Audit Committee', the 'qualification of the chairman of the Audit Committee', the 'understanding of corporate business and risk', 'work processes and procedures', the 'supervision of financial reporting', the 'supervision of the audit function', 'monitoring activities', etc. are assessed. In addition, the effectiveness of the internal accounting management system is verified by an accounting firm, a third party every year. The service provided by PwC, an accounting firm, included the items related to the adequacy of regulation on operating the Audit Committee and regulation on operating the BOD. In addition, KCGS (Korea Corporate Governance Service) evaluates the governance of Hankook Tire & Technology and such third-party assessments are used as the basis to monitor and improve vulnerable areas.

2) Quorum: The smallest number of members needed to make decisions on agenda items at BOD meetings

**BOD Operation over the Past 5 Years**

Year	Regular meeting	Ad-hoc meeting
2016	4	4
2017	4	4
2018	4	4
2019	4	7
2020	4	5

※ Average board meeting attendance in 2020: 89%

**Operation of Subcommittees under the BOD**

Subcommittee	Responsibility
Audit Committee	- Audit the Company's accounting and business operations - Investigate the Company's asset status - Handle matters stipulated by governmental regulations and the Articles of Incorporation as well as matters commissioned by the BOD - Request directors to report on business operations - Approve the appointment of external auditors
Sustainability Committee	- Deliberate and decide on general management matters - Deliberate and decide on financial matters
Independent Director Recommendation Committee	- Recommend independent director candidates to the general shareholder meeting
Internal Transactions Committee	- Approve large-scale internal transactions

**BOD Remuneration**

Our directors and auditors are compensated in accordance with relevant regulations within the boundary of KRW 9 billion set as the annual remuneration limit at the general shareholder meeting. Incentives are also provided based on the measurement of management outcomes on economic, social and environmental performance indicators.

**Remuneration of Directors and Auditors** (unit: KRW million)

Director	No. of directors	Total remuneration	Average remuneration per person
Executive director	2	3,665	1,832
Independent director (Audit Committee Member)	3	162	54
Total	5	3,827	765

※ Remuneration of directors and auditors as of December, 2020

**FOCUS 02**

# INTEGRATED ENVIRONMENTAL MANAGEMENT

## Key Achievements

Ratio of eco-friendly products (based on quantities)

50.5%

Waste discharge intensity

2019 45.4 Kg/ton of finished product → 43.8 Kg/ton of finished product



## Issue Background & Management Status

One of the most fundamental prerequisites for corporate sustainability is environmental management. Hankook Tire & Technology is dedicated to mitigating its environmental impact not only in product manufacturing but also across the entire lifecycle from product development to use and disposal. In particular, we clearly recognize the importance of R&D which determines the majority of the environmental impact generated in the product lifecycle, and focus on developing raw materials with less environmental impact and are researching structures and performance features that help reduce such impact. Meanwhile, we developed a chemical inventory and realigned our chemical management process to protect the health of our employees and prevent any damage from chemical-related incidents in response to the tightening global regulations on the use of chemicals. In so doing, we aim to preemptively review any and all chemicals to be used at our plants and R&D centers for their environmental, health and regulatory aspects in order to fundamentally eliminate their environmental impact in the manufacturing and product use phases. In addition, we are making more effort on developing eco-friendly products for social responsibilities and eco-friendly lifestyle through eco-friendly activities going beyond meeting legal standards such as active facility investment to protect environment, minimizing energy use and release of pollutants through indicator management and minimizing the environmental impact throughout the whole process for tire production.

## Future Plan

Hankook Tire & Technology sets mid/long-term goals on environmental management and fully commits itself to attaining such goals. We will reduce the emission of air pollutants, the generation of waste and the consumption of water to minimize the environmental impact on local communities. We constantly perform environmental impact assessments along the product lifecycle to quantitatively evaluate our endeavors to improve on the environment and identify necessary improvements. We will make improvement for the phase where the most environmental impact is generated in the product lifecycle by reducing rolling resistance and achieving optimal product weight.

## Management Organization

Product Environment Committee	<p><b>Committee Chairs</b> Head of the R&amp;D Planning Department</p> <p><b>Supervised by</b> R&amp;D Planning Team</p> <p><b>Cooperation Team</b> Chemical Safety&amp;Legal Regulation Project, Sustainable&amp;Future Material Development Project, Raw Material Development Project, Material Management Team, Model Development Project, High-End/Super Car Project, Competency Enhancement Project, Advanced Structure Development Project, ESG Team</p>
SHE Committee	<p><b>Committee Chairs</b> SHE Department</p> <p><b>Supervised by</b> SHE Innovation Team</p> <p><b>Cooperation Team</b> SHE Technology Team, DP&amp;KP) Environment &amp; Health Team, DP)KP) Safety &amp; Fire Protection Team, DP)KP) Facility Technology Team, ESG Team, Chemical Safety&amp;Legal Regulation Project</p>

Managerial Issue	Achievements in 2020		
	Goals	Achievements	Completion
Reducing environmental impact in the tire design and raw material acquisition phases	Improving the chemical management process	<ul style="list-style-type: none"> <li>Stabilized G.CIS<sup>1)</sup> for domestic business sites and reviewed the spread to overseas business sites</li> </ul>	●
	Identifying eco-friendly raw materials and developing their application technology	<ul style="list-style-type: none"> <li>Developed compound technology using renewable materials</li> <li>Identified recyclable plant-based new materials</li> <li>Expanded the application of compounds from recycled butyl rubber and green carbon</li> <li>Developed the compound using recycled rubber</li> </ul>	◐
Reducing environmental impact in the tire manufacturing phase	Reducing the generation of waste and increasing its recycling	<ul style="list-style-type: none"> <li>Increased the recycling of waste at the Daejeon/Keumsan Plants</li> </ul>	●
		<ul style="list-style-type: none"> <li>Strengthened the management of waste handling agencies</li> </ul>	●
	Minimizing the discharge of pollutants	<ul style="list-style-type: none"> <li>Introduced high-efficiency denitrification equipment</li> </ul>	●
		<ul style="list-style-type: none"> <li>Introduced digital technology at the environmental pollutants prevention facilities</li> </ul>	◐
		<ul style="list-style-type: none"> <li>Introduced odor/dust reduction equipment at the mixing/calendaring process</li> </ul>	●
Promoting shared growth with local communities	<ul style="list-style-type: none"> <li>Operated the Donggeurami consultation group at the Daejeon Plant (continued)</li> </ul>	●	
Reducing environmental impact in the product use/disposal phases	Securing tire weight optimization technology and mass production technology	<ul style="list-style-type: none"> <li>Developed technology that can reduce tire weight up to 14%</li> <li>Introduced technology for weight optimization to OE tire development for new cars and RE new product model</li> </ul>	●

1) G.CIS: Global Chemical Information System

Plans for 2021				● Completed ◐ Partially completed ○ Under preparation	
Goals	Plans	Target date	Responsible Team		
Innovating the chemical management process	<ul style="list-style-type: none"> <li>Incorporate revised laws and notices related to chemical substances into the chemical substance management process and system</li> <li>Incorporate the information of material used in US and Hungary Plant into G.CIS</li> </ul>	Dec.	Chemical Safety&Legal Regulation Project		
Identifying eco-friendly raw materials and developing their application technology	<ul style="list-style-type: none"> <li>Expand the application of eco-friendly materials to tire products</li> <li>Study the application of new eco-friendly materials and secure application technology</li> <li>Expand compounds made of green carbon to domestic business sites and China Plant</li> <li>Develop compounds from recycled rubber and proceed verification</li> </ul>	Dec.	Sustainable&Future Material Development Project, Raw Material Development Project, Material Management Team		
Reducing the generation of waste and increasing waste recycling	<ul style="list-style-type: none"> <li>Increase the recycling of waste resources at the Daejeon/Keumsan Plants</li> </ul>	Dec.	KP) Environment & Health Team		
	<ul style="list-style-type: none"> <li>Establish global waste management monitoring system</li> </ul>	Dec.	SHE Innovation Team		
Minimizing the discharge of pollutants	<ul style="list-style-type: none"> <li>Conduct sample test for digital technology at pollutants prevention facilities</li> </ul>	Jul.	SHE Technology Team		
	<ul style="list-style-type: none"> <li>Introduce the odor/dust reduction equipment at the mixing and calendaring process</li> </ul>	Dec.	DP) Environment & Health Team		
	<ul style="list-style-type: none"> <li>Expand water circulation center at Keumsan Plant</li> </ul>	Dec.	KP) Environment & Health Team		
Promoting shared growth with local communities	<ul style="list-style-type: none"> <li>Operated the Donggeurami consultation group at the Daejeon Plant (continued)</li> </ul>	Dec.	DP) Environment & Health Team		
Develop new technology for making product lighter and apply the existing technology developed for light weight more widely	<ul style="list-style-type: none"> <li>Develop new Cord technology and secure mass production capability</li> <li>Launch new products using existing light weight technology and apply mass produced products widely</li> </ul>	Dec.	Advanced Structure Development Project, Competency Enhancement Project		

## Reducing environmental impact in the tire design and raw material acquisition phases Improving the chemical management process

We identify and reduce environmental impact from product development of the phase when most of the environmental impact during use phase is determined. As a result of such an effort, the ratio of eco-friendly products is constantly on the rise.

### Improving the chemical management process and establishing its system

The Global Chemical Information System (G.CIS) established in 2019 includes the data of chemicals including what the chemicals are composed of, applicable regulations and information on their applications. We are monitoring domestic and overseas regulations related to chemical substances (Act on Registration, Evaluation, Of Chemicals, Chemical Control Act, Occupational Safety and Health Act, EU-REACH, etc.) which are changing and strengthening continuously thereby increasing the convenience and accuracy of chemical hazards/risk review. In addition, along with the introduction of the system, the new chemical substance preview (hazard/risk) process ensures the collaboration among R&D, environment & health team and department related to purchase. We are reviewing the expansion of the system to overseas business sites starting from incorporating information on materials used in Hungary Plant and US Plant into the system.

### Identifying eco-friendly materials and developing their application technology

To ensure the sustainability of tire compounds, we identify eco-friendly and recycled materials while developing technology to use such materials for compound production. In 2020, we developed eco-friendly tires where eco-friendly materials are applied more widely to check the elements required for the expansion of eco-friendly materials and took a step closer to the establishment of the corporate sustainable ecosystem. In addition, we have increase the use of recycled materials by distributing green carbon<sup>1)</sup> compounds to our global factories. To apply more recycled materials, we are developing and verifying the compounds made of recycled rubber. Going forward, we will develop compounds made from eco-friendly materials to consistently raise the percentage of recycled materials while conducting continuous performance verifications and assessments to

adopt these newly-discovered materials for products.

1) Green carbon: recycled carbon black generated from the pyrolysis of end-of-life tires

### Defining eco-friendly products and resetting goals

As the tire labeling program extends from Europe, Japan, and Korea into other regions of the world, we added a rating criteria for these regions to our definition of eco-friendly products established back in 2015. Taking into account the feedback that safety grades as essential criteria were set too loosely, we tightened these grades from five grades to one to three grades. In addition, we eliminated the criterion of 'use of eco-friendly raw materials' and instead will separately monitor 'ratio of using sustainable materials' to include assessment indicators on improving eco-friendliness from the product use and disposal phases. With the elevated safety grade, the ratio of such products amounted to 65% as of quantities and 71% as of sales. This was recalculated, however, to 45% and 49% respectively in accordance with the new criteria with upgraded safety grades. Our goal is to raise the percentage of eco-friendly products to 80% by 2030 (in accordance with the revised definition of eco-friendly products) according to our conventional definition of eco-friendly products, and this will further spur our endeavors to improve on energy efficiency and wear and noise performance.

### Conducting LCA

Our product Life Cycle Assessments (LCA) has been conducted by selecting two products every year after it was introduced in 2012. LCA enables the identification of the environmental impact of the entire process quantifiably and the information can be used for establishing future plans by conducting environmental impact of various activities related to tire production in quantitative terms. LCA was performed on the products manufactured at the Daejeon Plant in 2020. The analysis on the impact of sustainable material use and GHG emission reduction activities was conducted.

## Reducing environmental impact in the manufacturing phase

We take a multi-layered approach to fundamentally reducing environmental pollutants and waste from the manufacturing process and strive to build trust with local communities by minimizing the release of pollutants through equipment and operation method improvement and sharing such activities with stakeholders.

### Reducing the generation of waste and increasing its recycling

The world is facing serious environmental issues with the increasing amount of waste. Hankook Tire & Technology is operating the TFT to conduct activities to deter the generation of waste for effective waste management. TFT is conducting various tasks such as minimization of non-conforming tires that do not meet quality standards and exploring ways to reuse waste oil. In addition we are processing generated waste in various ways for recycling.

### Strengthening the management of waste treatment agency

To fulfill its responsibility as a waste producer, we visit the waste collection, transport and treatment agencies to make sure that waste generated from each business site of Hankook Tire & Technology is transported/treated according to legal standards.

### Introducing high-efficiency denitrification equipment

In order to solve social issues related to fine dust, we are carrying out activities to reduce the emission of nitrogen oxides, which are known as the cause of fine dust. To reduce nitrogen oxide emissions, we replaced low-nox burners with ultra-low-nox burners, emitting 42% less nitrogen oxide than the permitted standard.

### Introduction of digital technology at the environmental pollutants prevention facilities

We are reviewing the establishment of a monitoring system that applies IoT technology to manage risk due to errors in facility operation when operating facilities to prevent environmental pollutants emission. The IoT technology application monitoring system includes a real-time forecasting system that collects and analyzes operational data of environmental pollutant emission prevention facilities to predict and inform abnormal operation in advance. After the test run,

the facility will decide whether to continue using it according to the operational performance.

### Introduction of odor/dust reduction equipment at the mixing/calendaring process

We strive to prevent air pollution by collecting and purifying harmful substances generated during tire production properly. Air pollutants emitted during tire manufacturing are discharged after treatment in air pollutant emission prevention facilities. In order to improve the efficiency of removing odors generated in the mixing process at the Daejeon Plant, the existing first-stage odor treatment process was improved to the second-stage process, and a chemical dust collector with a processing capacity of 1,200 m<sup>3</sup> per minute was installed to deal with the loss due to the improvement of the odor treatment process. In addition, the Keumsan Plant carried out overhaul and improvement activities for aging facilities to maintain processing efficiency.

### Operation of Donggeurami Consultation Group at the Daejeon Plant

We have been operating the Donggeurami Consultation Group since 2016 to improve the air environment and odors in the vicinity of the Daejeon Plant and as part of corporate philanthropic activities for the local community. Donggeurami Consultation Group is composed of resident representatives, city and neighbor councilors, and professors in the environmental field. We explain our environmental improvement activities, tour our factories, share the results of social contribution activities in the local community, and collect opinions from local residents every quarter. Hankook Tire & Technology will continue to strive to grow together with the local community through Donggeurami Consultation Group.

## Reducing environmental impact in the product use and disposal phase

It is well-known that tires have the largest environmental impact during the use stage among the entire process from raw material acquisition to production, distribution, use and disposal. Hankook Tire & Technology is making efforts to reduce the environmental impact during the use stage by reducing tire rolling resistance and applying noise reduction technology.

### Optimizing Tire Weight

Hankook Tire & Technology has continued research on tire weight optimization to reduce the amount of raw materials used in the raw material acquisition phase, improve fuel economy during use phase and reduce the generation of waste in the disposal phase. In 2020, we developed tires with 10% less tire rolling resistance by reducing the rolling resistance by up to 14% compared with our existing products.

### End-of-Life Tire Management

Hankook Tire & Technology supports the position of the Tire Industry Project (TIP), which has established principles of waste tire management and aims to establish global standards (rules). With an estimated 50 million tons or more of waste tires discarded around the world, Hankook Tire & Technology thinks that the improvement of waste tire management worldwide needs to be promoted by expanding and applying the waste tire management manual. As part of this effort, TIP developed manual on End of Life Tires (ELT) jointly and distributed it across the world. In 2020, we held 'Shareholder Dialogues' for knowledge sharing and collaboration on ELT in the tire industry.

**FOCUS 03**

# CLIMATE CHANGE AND GHG MANAGEMENT

## Key Achievements

GHG emissions

Reduction by **11%** in 2020 compared to 2018

Achieving the 'Leadership **A-**' grade in 2020 Climate Change:  
Selected as Honors for carbon management sector



## Issue Background & Management Status

Global crisis is expected, such as changes in ecosystem and sea level rise due to increased GHG emissions. Since the Paris Agreement took effect in 2016, the world has been participating in the response to climate change. In particular, the role and responsibility of companies to keep the increase in global temperature within 1.5 degrees Celsius compared to the pre-industrial level is being emphasized. Therefore, each country and company is either raising its reduction targets or declaring carbon neutrality in addition to the GHG reduction targets that were set previously.

Hankook Tire & Technology has established mid- to long-term greenhouse gas reduction targets for all global production sites in order to actively support and participate in the Paris Agreement. We will spare no effort in company-wide investment and efforts, and in the long term, we will convert our energy sources to eco-friendly energy and reduce the use of fossil fuels, thereby contributing to the prevention of global warming in order to achieve the target. Activities related to climate change response are monitored on a quarterly basis by the Climate Change Committee, and annual GHG emissions and climate change response activities are transparently disclosed to the outside through CDP<sup>1)</sup> every year.

1) CDP: Previously known as the Carbon Disclosure Project, CDP represents both a project and an organization that evaluates major listed companies across the world for their business disclosures related to how they respond to environmental issues - climate change, water, forest resources, etc. - to use such data to guide global financial institutions in making investment decisions.

## Future Plan

Hankook Tire & Technology set the four overarching directions of building a low-carbon management system, improving the efficiency of process energy use, expanding the use of renewable energy, and introducing innovative mitigation technology and achieve the reduction target by implementing the plan step by step. In the short term, we will minimize the energy use in the tire manufacturing process and in the long-term we will establish the foundation for long-term energy transition by reviewing the identification of eco-friendly alternative energy. We are reviewing the establishment of an integrated energy management platform where we can diagnose energy use for the whole plants at the global level and share reduction technologies.

## Management Organization

Climate Change Committee

**Committee Chairs** Machinery & Digital Engineering Department  
**Supervised by** Production Infrastructure Team  
**Cooperation Team** ESG Team, Facility Technology Team, R&D Corporate Management Team

Managerial Issue	Achievements in 2020		
	Goals	Achievements	Completion
Low-carbon management	Achieving 'Leadership A-' grade in climate change response granted by CDP	• Achieving 'Leadership A-' grade, Won Honors in the carbon management sector	●
Reduction of GHG emissions	Introducing high-efficiency equipment	• Minimized energy loss by introducing non-purge compressed air equipment (KP)	●
		• Replaced old pumps with high-efficiency pumps	●
		• Introduced rotation rate control type vacuum pump (DP)	●
		• Replaced fluorescent lights with high-efficiency LED lights (TP, about 15,000 units)	●
		• Established Platen & Jacket trap at Jiangsu, Jiaxing, Keumsan Plants	●
	Recycling energy and preventing leakage	• Inspected and replaced curing process	●
		• Prevented stem leakage using automatic trap upon curing process condensate water control	●
		• Increased waste heat recovery through data analysis and system stabilization depending on capacity utilization rate	●
	Improving operational method	• Reduced power consumption by adjusting compressor pressure properly depending on demand utilizing central control system	●
		• Improved the efficiency of power consumption through chiller tube and control operation	●
		• Improved fuel efficiency by maintaining proper air ratio by adjusting boiler air fuel ratio	●
		• Contributed to reduction of GHG emissions of about 300tCO <sub>2</sub> -eq/year by producing eco-friendly power utilizing photovoltaic power	●
	Introducing new technology and using renewable energy	• Reduced GHG emissions of about 23,000tCO <sub>2</sub> -eq/year by utilizing biomass-based low carbon external steam (DP)	●
		• Reduced GHG emissions by about 4,000tCO <sub>2</sub> -eq/year by purchasing power generated by photovoltaic power (MP)	●
		• Reviewed the feasibility of introducing biomass fuel (KP)	●
• Reviewed the feasibility of introducing power-saving equipment		●	

● Completed ● Partially completed ○ Under preparation

Plans for 2021		Target date	Responsible Team
Goals	Plans		
Low-carbon management	• Maintain grade granted by CDP for carbon management	Dec.	ESG Team
Reduction of GHG emissions	• Replace old pumps with high efficiency pumps	Dec.	Facility Technology Team
	• Introduce rotation count control type vacuum pump (DP)	Aug.	Facility Technology Team
	• Apply flood light-type LED (DP, KP)	Dec.	Facility Technology Team
Recycling energy and preventing leakage	• Increase waste heat recovery through data analysis and system stabilization depending on capacity utilization rate (continued)	Dec.	Facility Technology Team
	• Inspect and replace steam trap for curing process (continued)	Dec.	Facility Technology Team
	• Prevent stem leakage using automatic trap upon curing process condensate water control (continued)	Aug.	Production Infrastructure Team
Improving operational method	• Increase waste heat recovery through data analysis and system stabilization depending on capacity utilization rate (continued)	Dec.	Facility Technology Team
	• Reduce power consumption through integrated compressor control through central control system upgrade	Oct.	Production Infrastructure Team
	• Reduce power consumption by replacing chiller with high-efficiency inverter	Jun.	Facility Technology Team
	• Improve fuel efficiency by maintaining proper air ratio by adjusting boiler air fuel ratio (continued)	Dec.	Facility Technology Team
Introducing new technology and using renewable energy	• Promote photovoltaic power generation (continued)	Dec.	Facility Technology Team
	• Use low-carbon external steam (continued)	Dec.	Facility Technology Team
	• Purchase power generated from renewable source (continued)	Dec.	Facility Technology Team
	• Review the feasibility of CO <sub>2</sub> emissions reduction project using wood pellet fuel	Oct.	Production Infrastructure Team
	• Review the feasibility of technology that reduces power loss by minimizing current flow through magnetic wave energy supply	Oct.	Production Infrastructure Team

## Low-carbon Management

The Climate Change Committee plays a pivotal role in developing systemic climate change response strategies for incorporation into our business operations. In 2019, we set a company-wide long-term GHG emission mitigation target.

### Maintaining our status as an outstanding carbon management company granted by CDP

We received 'Leadership A- grade' in the CDP Climate Change Rating in 2019 as a result of the comprehensive assessments made on a company's activities to transparently disclose climate change response information.

### Setting company-wide long-term GHG emission reduction targets

We set a long-term goal to reduce our total GHG emissions (in absolute quantities) by 50% by 2050 from the 2018 level across all of our eight global production worksites. The gradually increasing ratio of high-performance tires out of the total tire production and the increase in the number of facilities for improvement of working environment and treatment of pollutants will inevitably lead to increases in energy consumption but we will continue our efforts to achieve the target through continued efficiency improvement activities and energy transition.

### Participating in REC simulation trading project

Korea Energy Agency participated in simulation trading pilot project to establish the trading platform for renewable electricity certificate (REC) between electricity consumers and power generators. Hankook Tire & Technology participated in the pilot project to lay the foundation for using renewable electricity and REC trading, one of the RE100 implementation tools. It was an opportunity to use the renewable energy trading system and review the benefits of each various RE100 implementation tool before we participate in actual trading.

## Reduction of GHG emissions

We are committed to attaining our GHG emission reduction goals through wide-ranging energy-saving activities, including to high-efficiency equipment and recycling energy. We also continue to review the transition to low-carbon energy sources.

### Introducing high-efficiency equipment

To improve the energy efficiency of our tire manufacturing process, we increase the operational efficiency of existing equipment while actively introducing high-efficiency equipment. We have continued to replace old equipment with decreased efficiency to equipment with high efficiency. The sum of these endeavors to improve the efficiency of equipment led to cost saving of KRW 660 million/year and emissions reduction of 4,324 tCO<sub>2</sub>-eq/year. In addition, we continue to undertake the project to replace fluorescent lights with more efficient and less power consuming LED lights. We also replaced the existing lights with high efficiency LED lights in 2020.

### Energy optimization and preventing leakage

Hankook Tire & Technology uses air compression to operate production equipment and the running air compressor accounts for 25% of the total power consumption. Therefore, it is important to optimize compressed air system and conduct activities to prevent leakage. We are equipped with optimized compressed air central supply system and minimizing the loss of air pressure during the production process. We established the system for intuitive and continuous monitoring by preventing air pressure leakage at Jiaying Plant. The technology will be expanded to other plants. Through energy optimization and leakage prevention activities, we could save cost by about KRW 310 million a year and reduce GHG emissions by 5,069 tCO<sub>2</sub>-eq.

### Improving the operational method

We are efficiently improving the existing operational method used in the tire manufacturing and energy use process to conserve energy from multiple aspects through minimal investments. In 2020, we reduced the thermal energy consumption by improving heating and cooling temperature control and boiler condensate water recovery line. Such operational improvements enabled us to reduce more than KRW 1.63 billion in annual expenses, and 6,495 tCO<sub>2</sub>-eq in annual GHG emissions.

### Introducing new technology and promoting energy transition

Since March 2019, the Daejeon Plant has sourced more than 40% of its total steam consumption through external low-carbon steam. This shift to low-carbon energy sources helped the plant mitigate its GHG emissions by about 23,000 tCO<sub>2</sub>-eq per year.

Our R&D center located on the premises of the Jiaying Plant in China has produced electricity through photovoltaic power generation since December 2018 and this led to about 300 tCO<sub>2</sub>-eq/year in GHG emission reductions. Furthermore, the Hungary Plant purchases 8% of its energy from power generated from photovoltaic power generation.

**FOCUS 04**

# COMMUNITY INVOLVEMENT AND DEVELOPMENT

## Key Achievements

Donation related to COVID-19

KRW **10** million (at the global level)

Car donation

Supported **50** vehicles



## Issue Background & Management Status

The social impact of the growth of a company is large to the extent that it can define the national economic development and economic and social structure and accordingly, company's social responsibility has become large. Hankook Tire & Technology is making an proactive effort to create social values by resolving social issues in an effort to fulfill its responsibility as a member of the society. ESG Team at Headquarters is monitoring global corporate philanthropic activities to manage corporate philanthropic activities cost distribution and operation for all global business sites. In Korea, corporate philanthropic activities are managed at the regional level and the team is responsible for Seoul and metropolitan area. Corporate philanthropic activities are covered by Culture Communications Team and DP) Corporate Management Team and Keumsan area is covered by KP) Corporate Management Team. The teams are communicating as need frequently and Corporate Philanthropic Committee is operated with the participation of the teams quarterly to discuss and establish direction, share activities conducted and identify areas for improvement to create social values.

## Future Plan

On the occasion of the 80th anniversary of Hankook Tire & Technology in 2021, it plans to conduct corporate philanthropic activities more actively such as Top 3 mobility projects and volunteer activities. In addition, we will plan and operate representative corporate philanthropic activities which can be conducted by us the best with positive social impact based on internal and external environmental analysis. Representative corporate philanthropic activities will be run in the mid to long-term. We will identify areas for improvement through pilot test in 2021 and lay the foundation for long-term and continuous operation after 2022.

## Management Organization

Corporate Philanthropic Committee	Committee Chairs	Head of the HR Division
	Supervised by	ESG Team
	Cooperation Team	Culture Communications Team, DP) Corporate Management Team, KP) Corporate Management Team, Hankook Tire Welfare Foundation, Communications Team

Managerial Issue	Achievements in 2020		
	Goals	Achievements	Completion
Company-wide implementation	Conducting corporate philanthropic activities at overseas worksite	<ul style="list-style-type: none"> <li>Continued corporate philanthropic activities at overseas worksite                             <ul style="list-style-type: none"> <li>- A total of 53 cases, KRW 1 billion</li> <li>※ Major corporate philanthropic activities</li> <li>- China: Provided COVID-19 related support to vulnerable groups</li> <li>- Europe: Germany - Provided COVID-19 related support to vulnerable groups</li> <li>UK - Supported vulnerable groups</li> <li>- Hungary Plant: operated employee volunteer groups and supported vulnerable groups</li> <li>- Indonesia plant - donated tires</li> <li>- America HQ: Supported Red Cross</li> </ul> </li> <li>Implementing new corporate philanthropic activities in other countries                             <ul style="list-style-type: none"> <li>- Impossible to implement new activities due to the outbreak of COVID-19</li> </ul> </li> </ul>	●
Employee participation	Operating employee volunteer teams in Korea	<ul style="list-style-type: none"> <li>Expanded the opportunity for office workers to participate in volunteer activities</li> <li>- Impossible to conduct volunteer activities due to COVID-19</li> <li>- Provided volunteer activities related to COVID-19 quarantine activities, support for recovery from flood damage</li> <li>Conduct non-face-to-face volunteer activities (making solar lantern, making corny dolls): 429 employees, 2,017 hours (accumulated)</li> </ul>	●
Focusing on core competence	Launching road safety for children	<ul style="list-style-type: none"> <li>Not conducted due to COVID-19</li> </ul>	○
	Marketing linked with public interest	<ul style="list-style-type: none"> <li>Not conducted due to COVID-19</li> </ul>	○
	Undertaking three major mobility projects	<ul style="list-style-type: none"> <li>Car donation: 50 vehicles</li> <li>Tire donation: 688 vehicles (2,752 tires)</li> <li>Tuieum Bus: 45 buses</li> </ul>	●
Local community support	Protecting endangered species in Daejeon	<ul style="list-style-type: none"> <li>Released 500 black shiners and planted 68 Abeliophyllum distichum, 15 Iris minutoaurea Makino and Iris ruthenica Ker Gawl</li> </ul>	●
	Undertaking the social housing project	<ul style="list-style-type: none"> <li>Supplied 12 social houses to 321 households</li> </ul>	●
	DreamWith	<ul style="list-style-type: none"> <li>Supported 12 groups in total</li> <li>- Supported 4 citizen participation organizations</li> <li>- Supported 8 organizations with the profit sharing business model</li> </ul>	●

Plans for 2021				● Completed ● Partially completed ○ Under preparation	
Goals	Plans	Target date	Responsible Team		
Launching and operating representative corporate philanthropic programs	<ul style="list-style-type: none"> <li>Select items and operate them as a pilot project</li> </ul>	Dec.	ESG팀		
Operating employee volunteer teams in Korea	<ul style="list-style-type: none"> <li>1,500 employees, 6,000 hours</li> <li>Volunteer activities on the occasion of anniversary of foundation, conduct non-face-to-face volunteer activities</li> </ul>	Dec.	ESG Team Culture Communications Team		
Activating overseas employee volunteer team/ establishing volunteer teams	<ul style="list-style-type: none"> <li>MP: 120 employees, 3,684 hours (increase by more than 120% from the previous year)</li> <li>IP: 240 employees, 480 hours</li> <li>Promote the creation of volunteer teams at JP/HP/CP (China) and TP (America).</li> </ul>	Dec.	Each business site		
Undertaking three major mobility projects	<ul style="list-style-type: none"> <li>Car donation: 80 vehicles (on the occasion of 80 anniversary)</li> <li>Tire donation: Donate 2,800 tires (about 700 institutions)</li> <li>Tuieum Bus: Support 255 vehicles (general/ external cooperation/ small-scale thematic)</li> </ul>	Dec.	Hankook Tire Welfare Foundation		
Launching road safety for children	<ul style="list-style-type: none"> <li>Continue to conduct the campaign for 3 schools with participation of 420 people, more than 30 facility improvement</li> </ul>	Dec.	ESG Team		
Protecting endangered species in Daejeon	<ul style="list-style-type: none"> <li>Release 1,500 black shrines and plant 200 Iris minutoaurea Makino and Iris ruthenica Ker Gawl respectively</li> </ul>	Sep.	Culture Communications Team		
Undertaking the social housing project	<ul style="list-style-type: none"> <li>Plan to supply 20 houses, 400 households</li> </ul>	Dec.	Hankook Tire Welfare Foundation		
DreamWith	<ul style="list-style-type: none"> <li>Support 15 groups and identify local community professionals</li> </ul>	Dec.	Hankook Tire Welfare Foundation		

### Company-wide implementation

Not only business sites in Korea but also overseas subsidiaries have identified corporate philanthropic programs that are suitable for the characteristics of the region and resolving community issues and such activities will be expanded further in the future.

#### Conducting corporate philanthropic activities at overseas worksite

With the goal of practicing corporate philanthropy at the company-wide level, we launched corporate philanthropic activities in Korea and abroad in consideration of specific local characteristics. In 2020, approximately KRW 1 billion was invested into a total of 53 programs. In particular, China HQ and Germany subsidiary supported COVID-19 quarantine items. We supported Red Cross to provide quarantine items for vulnerable group. Hungary Plant conducted employee volunteer activities and provided food and living necessities to vulnerable groups and Indonesia Plant donated tires.



### Employee participation

The activities of employee volunteer group were limited due to COVID-19 but we conducted volunteer activities including COVID-19 quarantine activities, support for flood-damaged areas and non-face-to-face volunteer activities.

#### Operation of domestic employee volunteer group

In 2020, we conducted COVID-19 quarantine volunteer activities and in particular, employees were involved in recovery of areas damaged by flooding in summer. In addition, our employees gave hope to the vulnerable groups in developing countries by conducting non-face-to volunteer activities such as making solar lantern, making corny dolls which can be conducted at home with family members.

#### Employee volunteer outcomes in 2020

Category	Korea	Indonesia Plant	Hungary Plant	Total
Cumulative No. of employee volunteers per year	429	-	97	526
No. of employee volunteers excluding redundancies	345	-	80	425
Total volunteer hours	2,017	-	2,978	4,995
No. of volunteer hours per employee	0.3	-	1.0	0.5



## Focusing on core competency

The major 3 mobility projects conducted with the concept of 'mobility' which is the characteristics of our distinctive business is a representative business of Hankook Tire & Technology.

### Undertaking three major mobility projects

**Car donation** We donate compact cars to social welfare organizations nationwide to facilitate the delivery of social welfare services. Since its inception in 2008, a total of 547 cars have been donated including 50 vehicles in 2020. In addition, we are making efforts for post management by providing incentives to excellent beneficiary organizations which make good car operation record. In 2021, we are planning to donate more cars on the occasion of the 80th anniversary of the company's foundation.

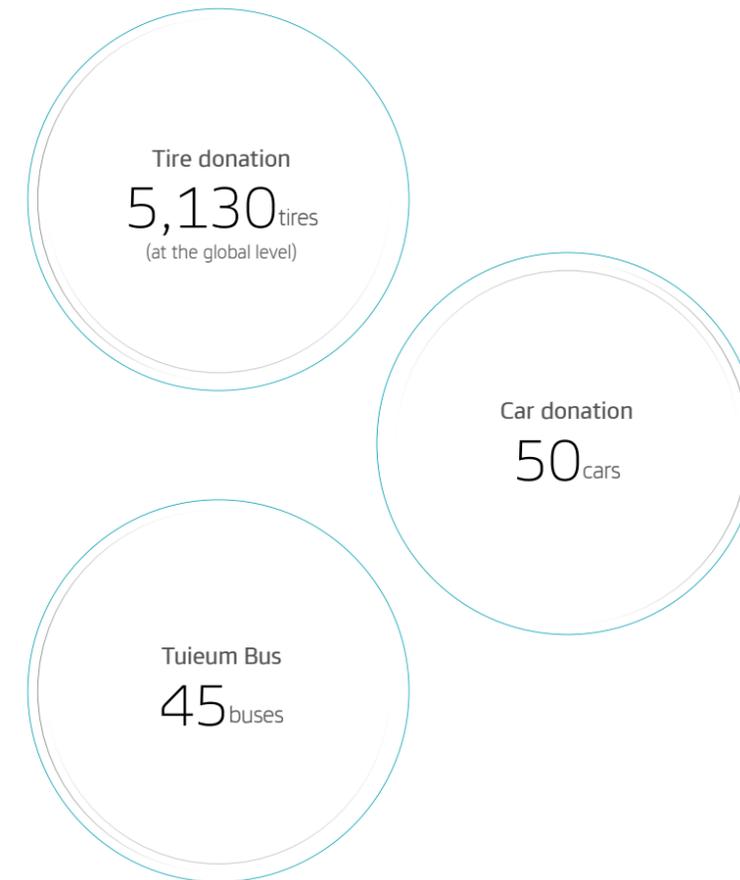


**Tire donation** Initiated back in 2010, this corporate philanthropic activities donates tires to vehicles operated for business purposes at social welfare organizations nationwide so ensure their safe operation. In 2020, 2,752 tires to be equipped on a total of 688 vehicles were donated. This program has expanded from Korea to Hungary and Indonesia and safety-related minor maintenance services (such as break pad) were provided together.

**Tuieum Bus** Hankook Tire & Technology launched this program in 2013 in the nationwide assistance of those who face mobility issues in enjoying hands-on experiences at social welfare organizations in the areas of society, culture, history, ecology, and education. Our Tuieum Bus program is categorized into three types: 'general support' to offer bus services at the request made by social welfare organizations each month, 'themed support' that helps pay for program expenses in addition to bus services four times a year, and 'cooperation support' that is provided in conjunction with partner organizations. As the number of events was reduced due to COVID-19 in 2020, we supported 45 buses and we cooperated external agencies such as Korea Job World and Korea Forest Welfare Institute. In 2021, we plan a small local tour in consideration of the COVID-19 situation.



### Three major mobility projects outcome in 2020



## Community support

We undertake a range of corporate philanthropic projects to contribute to the growth of local communities. We provide solutions for residential stability issue, which is one of the most significant social issues in Korea, for the youth through the social housing project; we protect endangered species in Daejeon to preserve the local environment. In addition, we support people to solve their own community issues through the DreamWith Project.

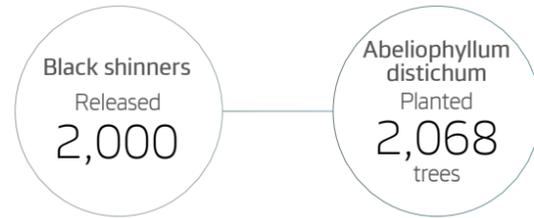
### Protecting endangered species in Daejeon

Hankook Tire & Technology signed an MOU in 2018 to restore endangered species in Daejeon with the Geum River Environmental Office, the Daejeon Metropolitan City Government, Soon Chun Hyang University, Chollipo Arboretum, the Daejeon Choongnam Civic Group for Ecosystem Protection, and the Daejeon Office of the Korea Federation for Environmental Movements. Operated for three years between October 2018 and September 2021, this project aims to restore Black shiners, the flagship fish species<sup>1)</sup> of the city, as well as three endangered plant species (Abeliophyllum distichum, Iris minutoaurea Makino and Iris ruthenica Ker Gawl). In 2020, Soon Chun Hyang University's species restoration center increased the number of Black shiners and released 500 Black shiners into the Yudeung Stream in Daejeon. In addition, We have planted 15 Iris minutoaurea Makino and 15 Iris ruthenica Ker Gawl near Norubeol to prepare for monitoring of alternative habitat for the flowers in 2021.

1) Flagship species: Flagship species refer to wild animals and plants that reflect the ecological, geographical, and cultural properties of a specific area, and their protection is widely warranted.



### Status of the Endangered species restoration project in Daejeon (Accumulated data for 2019 and 2020)



#### Participation in Biz N Biodiversity Platform

Hankook Tire & Technology is supporting biodiversity policy that promotes value creation utilizing biological resources. We are making an effort to preserve biodiversity and reduce harmful impact on biodiversity in our business decision-making including the implementation of corporate philanthropic activities. However, biodiversity issue is difficult problem which cannot be solved with the effort of a single company. In 2020, we joined Biz N Biodiversity Platform (BNBP) which is run jointly by Korea Business Council for Sustainable Development (KBCSD) and Korea Biotechnology Industry Association to form network with other companies and the government. We also attended CEO training seminar.

### Undertaking social housing projects

Our social housing project has been under operation since 2016 to help youth resolve their residential instability which is emerging as a social issue in recent years. In 2020, this project supplied a total of 12 houses to 321 households, and these numbers amount to 40 and 790 respectively on a cumulative basis between 2016 and 2020. The project funds have increased to KRW 14.1 billion through the public-private partnership forged with the social investment funds operated by the Seoul City Government. From 2020 onwards, we have supported underprivileged youth who find it difficult to benefit from social housing to extend interest free loans worth up to KRW 15 million for up to four years to make deposit payments and to provide KRW 150,000 for up to 12 months to help them pay their monthly rent. The size of this project will be further expanded in cooperation with the Korea Land & Housing Corporation and the Seoul Housing and Communities. In 2021, we will supply 20 social houses to a total of 400 households.

### Undertaking the DreamWith project

The project where residents voluntarily participates in identifying and solving community issues have been conducted since 2018. In 2020, we ran resident participatory projects where residents led the resolution of community issues and supported project where communities made use of their own resources to generate profits which were then returned to resolve community issues. A total of 12 organizations and community gatherings were assisted in addressing issues on welfare, culture, environment and education. In 2021, we will identify and support 15 organizations and manage the whole process from screening, selection and reporting outcome with local

experts depending on the severity and urgency of the issue and competency of the organizations.

### DreamWith Project outcome in 2020



**FOCUS 05**

# TRANSPARENCY AND BUSINESS ETHICS

## Key Achievements

Reported whistleblowing cases

**49** cases

Regular training on ethics management

Office workers & operators: 6,379 out of 6,532 (98%)

Ethics management practicing pledge

**100%**

Voluntary reports on the acceptance of money and valuables

2 reports received, 1 report returned/ 1 case processed as donation



## Issue Background & Management Status

Amid changes in internal and external business environment, securing transparency and social responsibilities of a company are becoming more important. To strengthen fundamental competitiveness in this changing business environment, we introduced the culture of 'Jeongdo management' to comply with basics and principles. The Jeongdo management is promoting the compliance with core values, corporate regulations and social responsibility and at the same time creating more performance and sustainable growth. We are reshaping our system for Jeongdo management and ethics management such as organizational operation, improvement of regulation, redefining evaluation system and promoting whistleblowing system to make sure that the Jeongdo management take root as a corporate culture.

## Future Plan

With increased compliance operational risk due to strengthened anti-corruption and compliance regulation, companies need to prevent risk at a company level to achieve sustainable growth. Our company is planning to introduce ISO 37301 (Compliance Management System) in 2021 to establish an integrated operational risk management system. We will establish the foundation to run ethics management education and promotion program to reinforce the awareness of our employees on ethics and spread the ethics management not only in Korea but also in other overseas business sites. In addition, we will expand our ethics management activities such as ethics management practicing pledge and mandatory ethics management education by making external stakeholders such as suppliers and agencies aware of the importance of ethics management. We are aiming to become a leading company in terms of management by principle by making our employees practice Jeongdo management in their everyday life and making the Jeongdo management take root deeply as our corporate culture.

## Management Organization

Jeongdo management Committee	Chaired by Vice-chairman Coordinated by	CEO Chief Administrative Office Audit Department
Ethics Management Committee	Chaired by Supervised by Cooperation Team	Audit Department Audit Team 2 Heads of HR Team 1, HR Team 2, Purchasing Planning Team, Legal Team, Production HR Team, R&D Human Resource Team, DP) Human Resource Operations & Education Team, KP) Human Resource Operations & Education Team

Managerial Issue	Achievements in 2020		
	Goals	Achievements	Completion
Establishing an ethics management system	Establishing code of conduct for Jeongdo management	<ul style="list-style-type: none"> <li>Established the code of conduct for Jeongdo management and shared it with employees</li> </ul>	●
	Implementing new ethics management pledge	<ul style="list-style-type: none"> <li>Engaged employees in new ethics management pledge and monitored those who have not signed yet.</li> <li>- Strengthening the content of pledge and making the signing on the pledge mandatory for new office workers</li> <li>- Making suppliers sign on ethics management practicing pledge (introduced system)</li> </ul>	●
	Expanding the signing on anti-graft law pledge	<ul style="list-style-type: none"> <li>Engaged employees in signing the anti-graft act pledge and monitored those who have not signed yet</li> <li>- New office workers: it is mandatory to sign on the pledge.</li> </ul>	●
	Establishing risk assessment related to ethics management	<ul style="list-style-type: none"> <li>Established risk self-assessment system for each function at the corporate level</li> <li>- Established self-assessment system throughout the year (risk identification → assessment → plan for improvement → implementation → monitoring)</li> <li>- Expanded to headquarters, plants, research center and affiliates</li> </ul>	●
	Improving whistleblowing system	<ul style="list-style-type: none"> <li>Cyber Auditing Center promoted the system to suppliers</li> <li>- Made Jeongdo Management name card (specifying whistleblowing channel within the business card)</li> <li>- Promoted the system for suppliers within the purchasing system</li> <li>- Promoted the information on anonymous bulletin board on ethics management</li> </ul>	●
	Establishing Jeongdo Management Committee	<ul style="list-style-type: none"> <li>Newly established to implement companywide Jeongdo Management activities (3 times a year)</li> <li>- The best decision-making body on Jeongdo Management under COO</li> </ul>	●
	Providing regular ethics management training	<ul style="list-style-type: none"> <li>Conducted regular ethics management training (online)</li> <li>- Executive: once a year</li> <li>- Office worker: twice a year</li> <li>- Operator: once a year</li> </ul>	●
Internalizing ethics awareness	Developing employees' ethics awareness (promotion, campaign)	<ul style="list-style-type: none"> <li>Uploaded the monthly E-Ethics (integrated with Q&amp;A)</li> <li>- Diversified content such as good practice on ethics management, disciplinary actions taken in our company, etc.</li> <li>Operated the 'No Giving/No Taking of Holiday Gifts' campaign and the voluntary reporting of bribery campaign</li> <li>- Revised and distributed guidebook on ethics management</li> </ul>	●
	Aired ethics management message at the start and end of the working hours	<ul style="list-style-type: none"> <li>Declared Jeongdo Management (June)</li> </ul>	●
Disseminating ethics management to affiliates	Conducting ethics management campaigns and training for affiliates	<ul style="list-style-type: none"> <li>Shared the monthly E-Ethics Letters published</li> <li>- Operated the 'No Giving/No Taking of Holiday Gifts' campaign and the voluntary reporting of bribery campaign</li> <li>- Provided online ethics management training to four affiliates</li> </ul>	●

● Completed ● Partially completed ○ Under preparation

Plans for 2021		Target date	Responsible Team
Goals	Plans		
Improving policies and regulations on ethics management	<ul style="list-style-type: none"> <li>Improve policies and regulations on ethics management and publicize the revised one among employees</li> </ul>	Feb.	Audit Team 2
Expanding the signing of the ethics management pledge	<ul style="list-style-type: none"> <li>Implement the signing on ethics management pledge and monitor who have not signed the pledge</li> <li>- Review the measures to involve operators</li> <li>- Implement mandatory signing of ethics management pledge by suppliers</li> </ul>	Dec.	Audit Team 2, Production HR Team, Purchasing Planning Team
Expanding the signing of the anti-graft act pledge	<ul style="list-style-type: none"> <li>Implement anti-graft act and those who have not signed on the pledge</li> </ul>	Dec.	Audit Team 2
Introducing ISO 37301 <sup>1)</sup> (Compliance Management System) note	<ul style="list-style-type: none"> <li>Introduce risk management system for the company</li> <li>- Identify laws and regulations to be followed by the company → risk assessment → risk diagnosis → establish a plan for improvement</li> </ul>	Nov.	Audit Team 2
Publicizing and facilitating the whistleblowing system	<ul style="list-style-type: none"> <li>Promote Cyber Auditing Center among suppliers</li> <li>- Make the center widely known among suppliers and agencies within purchasing/sales system</li> <li>- Make the center widely known among employees through intranet</li> <li>- Promote the anonymous bulletin board on ethics management</li> </ul>	Year-round	Audit Team 2, Purchasing Planning Team, (KOR)Marketing Strategy Team
Operation of Jeongdo Management Committee and Ethics Management Committee	<ul style="list-style-type: none"> <li>Operate Jeongdo Management Committee (3 times a year)</li> <li>- Operate Ethics Management Committee (3 times a year)</li> </ul>	Jeongdo Management Committee: February, June, October (planned)	Audit Team 2
Providing regular ethics management training	<ul style="list-style-type: none"> <li>Provide regular ethics management training</li> <li>- Executive: once a year</li> <li>- Office worker: twice a year</li> <li>- Operator: once a year</li> </ul>	Jun. Oct.	Audit Team 2
Developing employees' ethics awareness (promotion, campaign)	<ul style="list-style-type: none"> <li>Upload the E-Ethics Letter monthly and share the collection of major cases</li> <li>- Operate the 'No Giving/No Taking of Holiday Gifts' campaign and the voluntary reporting of bribery campaign</li> </ul>	Year-round	Audit Team 2
		<ul style="list-style-type: none"> <li>Broadcast on ethics management at start and end of working hours (Chuseok)</li> </ul>	Sep.
Conducting ethics management campaign and training for affiliates	<ul style="list-style-type: none"> <li>Share the monthly E-Ethics Letter</li> <li>- Operate the 'No Giving/No Taking of Holiday Gifts' campaign and the voluntary reporting of bribery campaign</li> <li>- Conduct online ethics management training for four affiliates</li> </ul>	Year-round	Audit Team 2

1) It is a management system under which a company identifies issues related to applicable laws, regulations and norms, conduct risk assessment to diagnose risk and establish an improvement plan.

## Establishing an Ethics Management System

To ensure that ethics management becomes firmly established in our corporate culture, we operate a system of ethics management. This system consists of regulations, pledges, risk self-assessments and whistleblowing.

### Establishing an ethics management system

Under Jeongdo Management code of ethics for 8 management principles (customer-oriented management, quality management, talent management, win-win management, sharing management, corporate governance, ethics management and SHE management) to present specific direction for behavior to employees. 24 codes of conduct for 8 management principles for each function have been established based on 5 stakeholders of customer, employee, supplier, local community, shareholder and investor. The content was publicized to internal and external stakeholders by posting it on intranet and holding Jeongdo Management declaration ceremony.

### Implementing new ethics management pledge

We have been carrying out the pledge to practice ethical management, which promises to faithfully practice ethical management from our executives and employees. In 2020, the contents of the pledge to practice ethical management were reinforced by specifying the subdivision of unethical prohibited acts, the right to reject unjust instructions, and liability provisions in case of violation in the existing pledge. In addition, to establish transparent and fair business ethics, we are implementing a pledge to comply with the Anti-Graft Act for office workers. Every year, we provide ethical management education to new hires and those who have not taken the pledge to inform them of the importance of ethical management and encourage them to take the pledge.

### Establishing risk assessment on ethics management

We have established a risk assessment management tool that allows each organization to autonomously inspect risks. In 2019, each organization completed a self-inspection checklist for possible business risks. In 2020, the evaluation system such as evaluation standards and scoring methods was supplemented to extend to the headquarters/domestic business sites/affiliates. In 2021, we plan to introduce ISO 37301 (Compliance Management System), a global standard management system, to establish an integrated risk management system, and to operate it as a system that can check and manage compliance and ethical management risks in advance.

### Promotion and Activation of the Reporting System

In order to promote and activate the report system, we promoted the Cyber Audit Office, our reporting channel, and the anonymous bulletin board for ethical management to internal and external stakeholders. The 'Jeong-Do Management Business Card' was created to establish a fair and transparent transaction culture by promoting the 'Cyber Audit Office', a reporting channel that can be reported when faced with unfair transactions or unreasonable business practices. The cyber audit office reporting channel was specified in the business card to promote it to external stakeholders such as business partners. In addition, the 'Ethical Management Anonymous Bulletin Board', an in-house reporting channel that enables two-way communication on ethical management-related inquiries and business risk, was publicized to employees through the intranet.

### Establishing Jeongdo Management Committee

As the importance of Jeongdo Management under which a company complies with the basics and principles for the sustainable growth has emerged, we have established the highest decision-making body under the CEO for company-wide Jeongdo management activities. By presenting issues in all areas as an agenda, we are playing a role as a promotion committee for establishing a culture of Jeongdo management within the company by discovering and preventing company-wide Jeongdo management risks in advance. Since its launch in April 2020, it has been operated once a quarter. (held in April, August, and November)

### Whistleblower Reports on Ethics Management



## Internal ethics awareness

We provide regular business ethics training and conduct a range of promotional events and campaigns to help develop employees' ethics awareness.

### Providing regular ethics management training

We provide regular ethics management training once a year to highlight the importance of ethics management and embed ethics management awareness into the day-to-day behaviors of our employees. Training videos were developed on the topics of basic ethics management, direction on our company's Jeongdo management and ethics management and ethics management case studies, and were used to provide ethics management training. In 2020, ethics leadership education was newly opened for 110 executives of our company and affiliates to encourage the top-down style ethics management culture within the organization. In addition, online education on ethics management was provided to nearly 4,200 operators at our domestic plants.

### Developing employee's ethics awareness (promotion, campaign)

We held Jeongdo Management Declaration event to renew our commitment to the practice of Jeongdo Management, build consensus and improve management transparency internally and externally. The event was held in the form of joint declaration with the participation of not only employees but also representatives of affiliates, suppliers and labor union. The letter of appointment for Jeongdo Management was given to members of Jeongdo Management Committee and the commitment to practice Jeongdo Management was confirmed again by reading ethics management pledge and code of ethics on Jeongdo Management. In addition, we distribute E-Ethics Letter every month to share ethics management good practices and violations and relevant articles and ethics management guidebook was distributed to employees after revision. We also encourage all employees to join the 'No Giving/No Taking of Holiday Gifts' and 'voluntary reporting of bribery' campaigns.

### Whistleblower Reports by Type in 2020

Category	Unit	No. of Reports Made	No. of Effective Whistleblower Reports
Customer complaints	No. of cases	17	0
Misconduct	No. of cases	1	1
Internal complaints	No. of cases	4	0
External complaints	No. of cases	26	1
Others	No. of cases	1	0
Total	No. of cases	49	2

### Measures Taken against the Violation of Code of Conduct in 2020

Category	No. of Violations	No. of Violators	Measures Taken
Damage to corporate culture (sexual harassment, workplace harassment, etc.)	4	6	2 suspensions, 1 reprimand, 3 admonitions
Negligence	3	7	3 reprimands, 4 admonitions
Information leakage	1	15	2 reprimands, 13 admonitions
False evidence	1	1	1 reprimand
Total	9	29	

## Disseminating Ethics Management to Affiliates

Ethics management campaigns and training programs are simultaneously conducted both at Hankook Tire & Technology and its affiliates to promote their qualitative and quantitative growth.

### Developing employees' ethics awareness (promotion, campaign)

Across the four affiliates of Hankook Precision Works, Hankook Engineering Works, Hankook Networks and Hankook AtlasBX, the in-house bulletin boards have served to post the 'E-Ethics Letters' to share internal/external case studies and relevant articles on ethics management and to launch the 'No Giving/No Taking of Holiday Gifts' and 'voluntary reporting of bribery' campaigns. Furthermore, Hankook Tire & Technology's online ethics management training content was used to provide ethics management training to both office workers/operators at affiliates.

**FOCUS 06**

# EMPLOYEE VALUE CREATION

## Key Achievements

**Developed D&I education (diversity & inclusion)**  
 - Trainees: About 350 team leaders including affiliates

**Opened a new platform and communication channel for employees**  
 - Opened a learning platform (Proactive Academy)  
 - Established in-house communication channel (TA-NEW, a news channel & Hankook Broadcasting System, a video channel)

**Established a flexible working environment**  
 - Implemented free address system (about 70% at the headquarters level, positive response rate of 81% in the employee satisfaction survey)  
 - Introduced selective working hours system and implemented working from home



## Issue Background & Management Status

Sustainability represented by ESG around the world has become an essential element for all companies regardless of industry and the interest in and demand for corporate social responsibility is increasing. Against this backdrop, a company needs to strengthen its awareness on employees' happiness by establishing employee-related policies such as securing talents, growth, corporate culture and diversity in addition to paying attention to basic elements such as price and quality of products to secure competitiveness sustainably. Hankook Tire & Technology has been running programs to support employees to strengthen their capabilities, improve corporate culture and promote communication within an organization. We are making an effort to establish a company where employees can work with satisfaction by operating systems for employee's work & life balance and expanding an opportunity for anyone to take a leadership based on horizontal organizational culture. In addition, we strive to practice human rights management in our overall business activities by monitoring human rights-related issues continuously and incorporating human rights implementation tasks into mid-to-long-term ESG strategies since we established a corporate human rights management system in 2015.

## Future Plan

Hankook Tire & Technology has made a continuous effort to make the human rights management system take root and improve human rights awareness and will expand the human rights management to suppliers and supply chain. In addition, we are conducting a company-wide human rights assessment and human rights due diligence for business sites with high risk to make sure that improvement activities can be made to reduce risk. We will expand various systems to create flexible working environment such as flexible working hours and working from home. We will upgrade our diversity management system by hiring more people with disability and expand the ratio of female managers to promote diversity and running institutions and programs to nurture female leaders.

## Management Organization

Employee Committee	<b>Committee Chairs</b>	Human Resource Division Director
	<b>Supervised by</b>	HR1 Team
	<b>Cooperation Team</b>	ESG Team, HR Team 2, Proactive Culture Team, Communications Team, Human Resources Operations & Education Team, Labor Relations Team, Culture Planning Team, Culture Communications Team, R&D Human Resources Team, Production HR Team

Managerial Issue	Achievements in 2020		
	Goals	Achievements	Completion
Human rights management	Human rights management	<ul style="list-style-type: none"> <li>Conducting human rights assessment</li> <li>Completed the assessment on 51 organizations out of 52 organizations</li> <li>Extended assessment period compared to the previous period (10 days → 16 days)</li> <li>Identify organizations with high potential risk and plans for improvement (14 organizations)</li> <li>Analyzed issues related to grievance handling system and conducted benchmarking of other countries</li> </ul>	●
Diversity	Diversity management	<ul style="list-style-type: none"> <li>Developed D&amp;I (diversity &amp; inclusion) education</li> <li>Employees: About 350 team leaders including affiliates</li> <li>Promoted the number of employees with disabilities: Increased by 5 people from the previous year (141 → 146)</li> <li>※ As of late 2020 (including Donggeurami Partners)</li> <li>Female managers: the ratio of female managers at senior manager or higher position increased by 1.1%p (7.0% → 8.1%)</li> <li>※ Based on the number in Korea</li> </ul>	●
Work & Life Balance	Promoting flexible working hours	<ul style="list-style-type: none"> <li>Introduced flexible working hour system and selective working hour system and conducted monitoring</li> <li>The result of the survey on employees at departments where flexible working hours are being implemented showed high level of satisfaction (improved work engagement 4.5/5, refreshment of individuals 4.5/5)</li> </ul>	●
	Operating in-house childcare centers	<ul style="list-style-type: none"> <li>Improved environment and increased the number of children and teachers by opening in-house childcare center at Technoplex (new HQ building) (The number of children increased from 49 to 80)</li> <li>Supported kindergarten tuition fee every quarter</li> </ul>	●
Pursuing changes for a positive corporate culture	Improving the corporate culture at an organizational level	<ul style="list-style-type: none"> <li>Conducted internal corporate culture innovation survey (domestic: once)</li> <li>Conducted FGI for employees and identified areas for improvement at an organizational level</li> <li>Encouraged the activities to improve major corporate culture-related indicators at an organizational level</li> </ul>	●
	Innovating the way we work	<ul style="list-style-type: none"> <li>Spread an efficient way of work by introducing collaboration tools and change management (the way of conducting a meeting, reporting and performing work)</li> <li>Introduced free address system and change management (HQ)</li> <li>Stabilized idea suggestion platform and held idea contest</li> <li>Operated Proactive LAB in line with in-house ventures</li> </ul>	●
	Improving meeting and reporting culture	<ul style="list-style-type: none"> <li>Renewed principles and guides on the culture of meeting and reporting</li> <li>Monitored meeting status</li> <li>Encouraged the improvement of meeting and reporting culture at an organizational level</li> </ul>	●
	Innovating the way of communication	<ul style="list-style-type: none"> <li>Continued with campaigns and monitoring to establish the practice of addressing one another by 'Mr. or Ms', rather than by title, throughout the company</li> <li>Established a casual communication channel (Casual news, Casual video)</li> </ul>	●
	Internalizing mission/vision	<ul style="list-style-type: none"> <li>Made education materials on mission and vision for overseas business sites and domestic operators</li> <li>Strengthened learning organization related to education</li> </ul>	●

Plans for 2021		● Completed ● Partially completed ○ Under preparation		
Goals	Plans	Target date	Responsible Team	
Human rights management	Identify issues on human rights and conduct improvement activities for business sites with high human rights risk	Dec.	ESG Team	
Promoting diversity	<ul style="list-style-type: none"> <li>Strengthen leadership experience (expand project leader experience opportunity)</li> <li>Strengthen education support for those who take parental leave (provide online education opportunity during leave period, etc.)</li> <li>Expand parental leave period and short working hour period for child-raising period</li> </ul>	Dec.	HR1 Team	
Promoting flexible working system	<ul style="list-style-type: none"> <li>Expand flexible working hours (expand flexible working hours, selective working hours and working from home)</li> <li>Improve flexible working hour application/management system</li> </ul>	Dec.	HR1 Team	
Operating in-house childcare centers	Operate and improve in-house childcare centers	Dec.	HR1 Team	
Improve culture at an organizational level	<ul style="list-style-type: none"> <li>Conduct survey on employee engagement (domestic, overseas)</li> <li>Identify improvement tasks and discuss them through interview with person in charge of the task</li> <li>Manage improvement task implementation rate for each executive</li> </ul>	Dec.	Proactive Culture Team	
Innovating the way we work	<ul style="list-style-type: none"> <li>Promote the utilization of collaboration tools through collaboration tool change management (education course development, monitoring)</li> <li>Establish the way we can work better at Hankook Tire (FGI)</li> <li>Stabilize idea suggestion platform and apply it to affiliates and overseas business sites</li> <li>Operate Proactive LAB in line with in-house ventures</li> </ul>	Dec.	Proactive Culture Team	
Improving meeting and reporting culture	<ul style="list-style-type: none"> <li>Renew principles and guides on the culture of meeting and reporting</li> <li>Monitor meeting status</li> <li>Encourage the improvement of meeting and reporting culture at an organizational level</li> </ul>	Dec.	Proactive Culture Team	
Innovating the way of communication	<ul style="list-style-type: none"> <li>Continue with campaigns and monitoring to establish the practice of addressing one another by 'Mr. or Ms', rather than by title, throughout the company</li> <li>Continue to operate casual communication channel (Casual news, Casual video)</li> <li>Disseminate communication content to overseas business sites (Casual video)</li> </ul>	Dec.	Proactive Culture Team	
Internalizing mission/vision	Conduct education for reminding mission/vision (domestic, overseas)	Dec.	Proactive Culture Team	

## Human rights management and diversity management

To stand true to our promise to contributing to the sound development of society, we respect human rights in our business conduct while increasing the employment of people with disabilities to establish a corporate culture that embraces diversity.

### Practicing human rights management

[Grievance Committee](#) Hankook Tire & Technology established the grievance handling process for employees in 2014. The purpose of the process is to create a positive corporate culture such as addressing employees' grievances, preventing disputes at work and creating consensus between management and labor. Our employees are free to raise their individual concerns occurring in their work or personal life, ranging from discrimination or sexual harassment at the workplace to unfair measures taken in relation to their using parental leave. There is no pre-determined format and such grievances can be submitted via e-mail of account dedicated to each business site. The Grievance Committee and other equivalent channels are under operation at major production subsidiaries in Korea and overseas. In 2020, we conducted benchmarking of other companies and analyzed internal issues to identify direction for improvement in an aim to handle grievances with more improved process.

[Human Rights Assessment Process](#) Hankook Tire & Technology recognizes the importance of human rights as a universal human value, and is committed to human rights management in its business conduct. Our human rights assessments have been conducted since 2015 at all our worksites (Headquarters, domestic and overseas plants, R&D centers, and overseas subsidiaries and offices) based on the checklist upgraded from the version developed by the National Human Rights Commission of Korea. In 2020, out of 52 corporate organizations subject to assessment (1 more organization established compared to 2019), human rights assessment was completed for 51 organizations. We extended the period of assessment to improve quality (10 days in 2019 to 16 days in 2020) and the clear guidance was shared to make sure that manager at HR function department is eligible for being an assessor. Our goal for

2021 is to achieve 100% response rate in human rights assessment and we will discuss with stakeholders to expand the scope of human rights assessment to affiliates and subsidiaries.

#### Human Rights Assessment Items

- |   |  |
|---|--|
| 1. Establishment of a human rights management system              | 7. Protection of rights concerning occupational safety |
| 2. Equal opportunity and non-discrimination                       | 8. Responsible supply chain management                 |
| 3. Protection of freedom of association and collective bargaining | 9. Protection of human rights for indigenous people    |
| 4. Ban on forced labor  | 10. Protection of environmental rights                 |
| 5. Ban on child labor   | 11. Protection of consumers' human rights              |
| 6. Protection of rights to individual safety                      |  |

[Human rights assessment outcomes](#) We did not identify issues that require our immediate action according to human rights assessment made on 52 organizations. However, the purpose of the human rights assessment is to prevent the infringement of human rights based on self-assessment. Therefore, we selected 17 organizations which need improvement and established plans for improvement. The issue that needs to be improved in relative terms was 'lack of convenience facilities for people with disabilities and appropriate actions'. We plan to check the assessment results were confirmed at the regional level (Korea, China, Europe, America, etc.) and explore ways to exceed the legal requirements of a country where each business site is located. Regarding the issue 'lack of overseas grievance process' identified in 2020, we will support and encourage improvement to upgrade our human rights management system.

### Promoting diversity

Hankook Donggeurami Partners was established in 2015 to provide the underprivileged with an opportunity to explore new opportunities and broaden their horizon in order to contribute to the growth and development of local communities. The company serves as an outsourcing service provider for Hankook Tire & Technology in the four areas of in-house welfare business operations including in the laundry, bakery, coffee & beverage, and administrative support areas. In August, 2020, we opened 'Donggeurami Car Wash' at Pangyo HQ to expand the business to 'car wash service', taking the lead in employing people with disabilities. The number of employees with disabilities was 146 in 2020 and we are making an effort to respect diversity upon recruiting employees. Hankook Donggeurami Partners will continue to expand service areas to provide job opportunities to vulnerable groups and make its best efforts for a proper corporate culture where those with all abilities and disabilities live in harmony. We established the mid-to-long-term goal of increasing the share of female leaders to 20% by 2030 by increasing the share of female employees (especially leaders) continuously. Specifically, our goal is to increase the ratio of female employees from 8.2% to 30% for STEM<sup>1)</sup> Position and from 19.1% to 40% for sales management department. To achieve this, we established initiatives for the categories of leadership, welfare, education and evaluation. From leadership perspective, we will secure the pool of female leader candidates by participating in UNGC TGE program and providing experience and opportunity to project leaders to specify the management's commitment. In addition, we will establish and operate detailed policies including institutional improvement to make sure that those who take parental leave are not disadvantaged in terms of evaluation. We will also establish and improve welfare policy to support work and child-raising balance. D&I (diversity & inclusion) education has been conducted for team leaders of our company and leaders of affiliates

starting from 2021 to form a culture of inclusiveness including female leaders and talents with diverse background. We are providing this education for the purpose of improving employees' awareness on unconscious bias, diversity and inclusion and we will make an effort for continuous improvement.

1) STEM: Science, Technology, Engineering and Mathematics

### Compliance with non-discrimination principle at work

Hankook Tire & Technology specifies non-discrimination, prevention of workplace sexual harassment and harassment in Employment Rules, one of our major regulations. Specific details are included in the Manual on Operating Grievance Handling Organization and we address employees' grievances within 10 days using appropriate method. We take strong disciplinary actions against attackers based on strict regulation. In addition, we are conducting education on the prevention of sexual harassment in workplace for all employees at least once a year and this is specified in Employment Rules. In particular, education on the prevention of sexual harassment at workplace is a mandatory education under the law of the Republic of Korea so the education is specified as mandatory education in the Manual on the Prevention of Sexual Harassment at Workplace'. For the convenience of employees who are taking the course and efficiency of management by department in charge of education, this education is mainly provided via online.

In the Employment Rules, it is specified that those who committed discriminatory actions, sexual harassment at workplace or bullying are subject to disciplinary actions. In particular, it is specified that in case of severe sexual harassment or harassment in workplace, actions such as dismissal can be taken. As such this statement serves as a means to prevent such case strongly. We received reports on 1 workplace harassment case (1 person) and 1 sexual harassment case (3 people) in 2020 and disciplinary actions were taken after investigation.

## Work & Life Balance

We are providing a work environment where our employees can immerse in their work while striking a balance between work and life by running various programs such as flexible working hours, short working hour during child-raising period and operation of in-house childcare centers.

### Promoting flexible working hours

We have implemented '2-week cycle flexible working hours system' at plants in Korea since July 2018. It is the system where employees can adjust their working hours flexibly to the extent that the average weekly working hours does not exceed 40 hours for 2 weeks. Flexible working hour system where employees can select their working hours have been implemented since 2015 at research center. As of late 2020, 80 research center employees use this system and the system has contributed significantly to achieving work life balance for employees and improving performance. Selective working hours system has been in pilot operation since April, 2020 for Accounting Team and Corporate Management Team at HQ. We will provide a freer working environment by expanding the flexible working hours system to other organizations based on pilot operation validation results and satisfaction survey. To this end, flexible working hours application/management system has been developed and institutions and systems will be continuously improved through monitoring. In addition, we guarantee parental leave for up to 1 year to raise a child aged 9 or under. We are running short working hours system for child-raising period under which an employee can shorten the working hours by 20 hours a week (4 hours a day) or 5 hours a week (1 hour a day) to prevent career break of employees and secure time for child raising. The parental leave and short working hours system for child-raising period are applicable equally to both male and female workers. It is also possible to divide the reduced working hours during the parenting period without limitation of times within a two-year window. In addition, we have deployed a virtual private network (VPN) system to support employees to work at home or while away on business trips when necessary.

### Operating in-house childcare centers

We directly operate an in-house daycare center at our major worksites including the Headquarters, our R&D centers and the plants to allow our employees to continue working while tending to the duties of parenthood. Regular training is provided to teachers along with teacher performance appraisals and management to earn employees' trust in the operation of these daycare centers. This also comes with information on childcare/educational programs, food supplies/menus, hygiene, and safety management.

All expenses above government subsidies are fully paid by the Company so employees can use the childcare centers for free. The sum of these endeavors allowed us to score 4.64 in support for parents and family, 4.49 points in teachers, 4.31 points in health, nutrition and safety, 4.41 points in childcare programs, and 4.27 in facility and operation with overall average point of 4.42. This demonstrates that employees are highly satisfied with the daycare center operations and recognize the excellence of the facilities and teaching staff. In line with the relocation of our Headquarters to Pangyo (Technoplex) in 2020, a new daycare center was created at the new office building and a wide array of operational methods are under review to improve the daycare environment. Specifically, the number of children increased by nearly 60% as well as the number of teaching staff accordingly so that more employees can make use of the facility. All our employees with children aged between four and six are provided with KRW 200,000 per child every quarter for kindergarten tuition so that these employees who send their kids to external daycare centers and kindergartens can also work in a better environment.



## Pursuing change for a positive corporate culture

To provide a work environment where our employees can unleash their creativity and fully engage in their work, we motivate our employees through diverse campaigns and programs.

### Improving the corporate culture

We are conducting corporate culture innovation survey and employee FGI to improve corporate culture at the company and organization level. In 2020, survey was conducted once in Korea and FGI was conducted for operators working in Korea. Through this survey, we identified corporate culture issues from various angles and the issues were shared at the management strategy meeting where executives participate to discuss ways for improvement. We are identifying improvement and managing changes regularly through monitoring on identified issues. We plan to conduct employee engagement at company and organization level, customize questionnaire depending on organization and region and analyze demography such as sex, position and organization to identify cultural issues of Hankook Tire & Technology and establish direction for improvement.

### Innovating the way we work

In 2020, we introduced various systems and managed changes to establish an environment where employees can efficiently immerse themselves in their work. We guided the way of working from home remotely using collaboration tools with the introduction of working-from home. During that period, the rate of using collaboration tools increased to 50%. In addition, the free address was introduced along with the relocation of the HQ, laying the foundation for employees to freely select work spaces and communicate with various functions. In addition, an idea contest was held on the in-house idea suggestion platform to attract employees' interest and to build a culture where more employees can propose ideas creatively and autonomously. In 2020, 4 Proactive LABS where an employee who proposed an idea established a project team to implement the idea, were created and the first in-house venture was spun off.

### Improving meeting and reporting culture

Satisfaction with meeting and reporting culture is a major indicator of corporate culture and is continuously monitored through internal corporate culture innovation surveys. The Proactive Culture Team continuously monitors through monthly meeting status analysis, and provides separate guidance to organizations in need of improvement. In addition, we continue a campaign on the contents of improving the meeting reporting culture so that employees can internalize the content.

### Innovating the way of communication

We are building a culture in which all employees communicate horizontally. Based on the culture of addressing one another by 'Mr. or Ms.' rather than by job title, we established various company-wide casual communication channels in 2020. With the spread of COVID-19, there were employees' needs for non-face-to-face communication channels. Reflecting this, TA-NEW (Tires that carry news) and Hankook Broadcasting System, a casual video channel were established.

**FOCUS 07**

# EMPLOYEE HEALTH AND SAFETY MANAGEMENT

## Key Achievements

Severity Rate

0.20

Frequency severity indication

0.68

Strengthening SHE compliance evaluation system

1/year → 2/year



## Issue Background & Management Status

With growing interest in industrial accidents by the government and the private sector, the approval for safety and health plan by the BOD every year is legally required. Issues in SHE areas are bringing about big changes in sustainable management of a company. In addition, regulations such as the Severe Accident Punishment Act, the reinforcement of the punishment standards for occupational safety and health crimes, the revision of the Enforcement Rules of the Industrial Accident Insurance Act, and the Environmental Crime Enforcement Act are continuously being strengthened, having a significant influence on the operation and policy making of a company.

For the safety and health of our employees, Hankook Tire & Technology puts the safety and health environment as the top priority in management and reflects it in the entire business process. We plan to prevent safety accidents and improve safety indicators by conducting activities such as strengthening the SHE organization and expanding manpower, expanding investment in safety and health, simplifying cost procedures, and improving facilities and work from the SHE perspective.

## Future Plan

Hankook Tire & Technology is constantly striving to create a safe workplace with 'zero severe accident' by establishing an accident prevention priority system and infrastructure based on safety and health management principles. We are seeking innovation into the 4th industry by developing wearable modules for each tire manufacturing process and establishing big data on load work with IT technology. We will strengthen the safety and health organization and promote SHE communication channels so that the safety and health culture can be internalized naturally. We plan to conduct Jeongdo management by organizing and operating the SHE Compliance Audit structure. We want to realize a safe workplace by internalizing a safety culture and management policy.

## Management Organization

SHE Innovation Committee	<p><b>Committee Chairs</b> CEO</p> <p><b>Supervised by</b> SHE Innovation Team</p> <p><b>Cooperation Team</b> Chief Administrative Office, Head of HR Division, Audit Department, Legal Team, Head of Safe Production &amp; Engineering Staff Office, DP) KP) Plant Managing Director, Machinery &amp; Digital Engineering Department, SHE Department, DP) KP) Safety &amp; Fire Protection Team, DP) KP) Environment &amp; Health Team, Chemical Safety&amp;Legal Regulation Project, ESG Team</p>
SHE Committee	<p><b>Committee Chairs</b> Head of the SHE department</p> <p><b>Supervised by</b> SHE Innovation Team</p> <p><b>Cooperation Team</b> SHE Technology Team, DP) KP) Safety &amp; Fire Protection Team, DP) KP) Environment &amp; Health Team, DP)KP)Facility Technology Team, Chemical Safety&amp;Legal Regulation Project, ESG Team</p>

Managerial Issue	Achievements in 2020		
	Goals	Achievements	Completion
Strengthening safety management at worksites	Establishing safety culture	<ul style="list-style-type: none"> <li>Conducted disaster prevention activities through behavior-based innovative activities (safety device &amp; awareness improvement)</li> <li>Focusing on internalizing safety culture and lines to reduce safety accidents</li> </ul> Establishing safety management system <ul style="list-style-type: none"> <li>Conducted activities to reduce risk fundamentally regarding equipment with significant danger</li> </ul>	●
	Reinforcing the safety and health system	<ul style="list-style-type: none"> <li>Operated compliance evaluation system and Health and Safety Advisory Committee</li> <li>Applied safety management system by operating prior safety evaluation system</li> <li>Responded to legal risk preemptively by operating Health and Safety Advisory Committee continuously</li> </ul>	●
		<ul style="list-style-type: none"> <li>Establishing procedures and systems for safety management of subcontractors</li> <li>Established a plan for safety and health management</li> <li>Operated and checked councils</li> <li>Strengthened evaluation process to select eligible suppliers</li> </ul>	●
		<ul style="list-style-type: none"> <li>Strengthening education on safety and health</li> <li>Established safety education plan to improve the capabilities of supervisors</li> <li>Conducted training and evaluation for supervisors</li> </ul>	●
	ISO 45001 certification and management	<ul style="list-style-type: none"> <li>Managed ISO 45001 certification system for global plants</li> <li>Introduced and managed safety and health management system (ISO45001) for domestic and overseas business sites (8 in total)</li> </ul>	●
Bolstering efforts for employee health	Established the musculoskeletal disease prevention and response system	<ul style="list-style-type: none"> <li>Analyzed process (ergonomic analysis) based on science and improved harmful process to improve musculoskeletal health</li> <li>Engineering improvement: Select and introduce a wearable device<sup>1)</sup> prototype for the prevention of musculoskeletal disorders</li> <li>Administrative improvement: Removal of unnecessary work and operation through improvement of work methods such as control of the frequency of loading heavy items, and improvement of loading facilities, etc.</li> </ul>	●
	Supporting medical check-up	<ul style="list-style-type: none"> <li>Supported gastrointestinal endoscopy, abdominal ultrasound, and lung CT examination for free</li> </ul>	●
	Establishing disease management system	<ul style="list-style-type: none"> <li>Organized COVID-19 emergency response TFT</li> <li>Established an emergency response scenario and cooperation system with nearby public health centers</li> <li>Established quarantine system within business sites → No COVID-19 confirmed cases occurred at business sites in Korea in 2020</li> </ul>	●
	Strengthening working environment	<ul style="list-style-type: none"> <li>Managed chemical substances within business sites by operating chemical substance management TFT</li> <li>Substituted organic solvents used in work such as actions to handle troubles within work sites with chemical substances with less harm</li> </ul>	●

1) Wearable device: A suit that assists and supports the strength of the upper and lower body of the worker during work

Plans for 2021		● Completed ● Partially completed ○ Under preparation	
Goals	Plans	Target date	Responsible Team
Establishing safety culture	<ul style="list-style-type: none"> <li>Establish management system focusing on safety, health and environment</li> <li>Incorporate Innovation DNA into mid-to-long-term strategies</li> <li>Change safety indicators: Frequency severity indication → frequency rate of injury &amp; severity rate</li> </ul>	Jul.	SHE Innovation Team
Reinforcing safety and health management system	<ul style="list-style-type: none"> <li>Organize compliance system from SHE perspective</li> <li>Conduct SHE compliance assessment and compliance audit</li> <li>Sharing issues with Jeongdo Management Committee: SHE issues and results of Compliance Audit</li> <li>Organize Policy Advisory Committee and Technical Advisory Committee (plan to be implemented in Q3, 2021).</li> </ul>	Dec.	SHE Innovation Team
	<ul style="list-style-type: none"> <li>Promoting SHE communication channels</li> <li>Establish company-wide communication channels (SHE Innovation Committee, SHE Committee)</li> <li>Communication channel at worksite (Accident prevention monitoring group/risk prevention center)</li> </ul>	Apr.	SHE Innovation Team
	<ul style="list-style-type: none"> <li>Reinforcing safety and health organization</li> <li>Reorganize SHE organizations and increase staff members</li> <li>Involve external safety and health experts (Safety and health advisory committee)</li> <li>Hold safety and health advisory committee and get advice on data to be reported at the board of directors' meeting in 2022</li> </ul>	Dec.	ESG Team SHE Innovation Team
ISO 45001 certification and management	<ul style="list-style-type: none"> <li>Operate ISO 45001 certification system at global plants</li> <li>Maintain the business sites which acquired ISO 45001 certificate and review other business sites for ISO 45001 ACQUISITION</li> </ul>	Dec.	SHE Innovation Team
Bolstering efforts for employee health	<ul style="list-style-type: none"> <li>Established the musculoskeletal disease prevention and response system</li> <li>Operate musculoskeletal system prevention/management program</li> <li>Automate equipment for process that could cause musculoskeletal diseases</li> <li>Review the ways to apply wearable equipment to sites and analyze effects</li> </ul>	Dec.	SHE Technology Team Dp&Kp) Environment & Health Team
Supporting medical check-up	<ul style="list-style-type: none"> <li>Support gastrointestinal endoscopy, abdominal ultrasound, and lung CT examination for free</li> </ul>	Dec.	SHE Innovation Team, Dp&Kp) Environment & Health Team
Establishing disease management system	<ul style="list-style-type: none"> <li>Organize COVID-19 emergency response TFT</li> <li>Operate quarantine system within business sites → respond to COVID-19 issues within business sites</li> </ul>	Dec.	SHE Innovation Team, Dp&Kp) Environment & Health Team
Strengthening working environment	<ul style="list-style-type: none"> <li>Manage chemical substances within business sites by operating chemical substance management TFT</li> <li>Implement activities to remove organic solvents used for actions to deal with troubles at work sites.</li> <li>Establish and operate TFT for improving working environment (ventilation/ musculoskeletal health)</li> </ul>	Dec.	SHE Innovation Team, Dp&Kp) Environment & Health Team

## Strengthening safety management at worksites

We strengthen our self-initiated and field-driven safety management system to provide a healthy work environment in order to establish our distinctive culture of safety.

### Establishing safety culture

In order to prevent safety accidents due to unsafe conditions and lack of safety awareness and internalize safety culture at work sites, we conducted site-led safety and health activities. We evaluated the detailed items in six areas: basic order, safety work, safety education, accident prevention, health promotion, and voluntary safety and health activities. It was to identify key management factors and safety levels for each department. In addition, we encouraged workers to actively participate by evaluating monthly safety point performance and awarding quarterly awards according to the results. In this way, we made efforts to prevent safety accidents and raise safety awareness and carried out activities to improve fundamental risks of critically-dangerous facilities. We conducted facility improvement activities including installation of fall proof system for conveyors and driving unit of equipment to reduce repeated safety accidents, improvement of dangerous points and expanded protective cover, wool and interlocking device. Such activities will be conducted in parallel continuously.

### Measures and prevention management of Industrial accidents

Hankook Tire & Technology is carrying out various activities to prevent industrial accidents. In the event of an unexpected safety accident, we take all necessary measures to prevent recurrence and provide systematic follow-up management. Unfortunately, in November 2020, a fatal accident occurred at the molding plant in Daejeon. We are conducting a comprehensive diagnosis by the Labor Office and external experts to immediately improve the identified risk factors and conduct regular diagnosis. We took measures to prevent recurrence of the event actively. First, the safety and health plan was put on the agenda of the board of directors for deliberation, and the

reporting line for issues was expanded to the CEO. An emergency investment process was also established to improve safety and health activities. We are expanding the organizations that reflect safety indicators (frequency rate and severity rate) in KPIs, raising the weight of evaluation, and setting targets for regular monitoring. In addition, 'safety and health-oriented management' was added to the management principles and SHE items were added to the mid- to long-term strategy to strengthen safety and health management company-wide. It is done through. The EHS Working Committee reports the implementation and results of the EHS Innovation Committee's initiatives for each function, shares issues with each plant, and regularly promotes risk improvement activities to respond promptly.

Lastly, we strive to establish a healthy working environment and form safety and health culture by establishing and managing ISO 45001 system not only in Korea but also in overseas business sites.

### Reinforcing the safety and health system

[Operating compliance evaluation system and Health and Safety Advisory Committee](#) The safety and health management system was managed so that the safety and health management system was operated based on pre-checking and supplementing the risks of the safety and health management system by conducting an internal audit of the safety and health management system and compliance evaluation with related laws and regulations. In 2021, we are preparing to minimize risks by establishing Compliance Audit and conducting assessment for SHE areas. We will identify problems in the safety and health system and operational process and explore ways for development through objective verification based on advice from external experts such as policy advisory committee and technical advisory committee to manage SHE issues and risks.

[Strengthening safety management system of subcontractors](#) In accordance with the amended Occupational Safety and Health Act, we are making an effort to establish the procedure and system for safety management of subcontractors with an aim of reinforcing sense of responsibility for industrial accidents of subcontractors. In particular, we established a safety and health plan to identify risks in advance, and continued monitoring through operation and inspection of the consultative body. In addition, procedures such as selection and evaluation of qualified subcontractors have been improved.

### [Education and evaluation on Occupational Safety and Health Act to improve the capabilities of safety and health management](#)

We established education plan for each target group to respond to legal risk which exists in the field due to lack of understanding on the role of supervisors and legal standards. Education and evaluation were conducted to provide employees with an opportunity to understand the Occupational Safety and Health Act. We have laid the foundation for safety and health activities as each department promoted preventive activities against violations of the law through these educational activities by producing, training, and evaluating the Occupational Safety and Health Act's own teaching materials for supervisors to meet the standards (Level 3 or higher out of 5 levels).

[ISO 45001 certification](#) In 2020, we aimed to run the same safety and health management system by obtaining ISO45001 for global plants. As a result, we are currently acquiring and operating ISO45001 certification at our domestic plants (Daejeon Plant, Keum-san Plant) and R&D Center, as well as five overseas plants (JP, HP, CP, IP, MP). We have a plan to acquire ISO45001 for all other overseas business sites. We will lay the foundation for standardization of safety and health management by expanding certificate to global work sites and make sure that EHS risk prevention and improvement activities are conducted actively.

## Bolstering efforts for employee health

The health of employees is an important factor for maintaining the company's sustainability. In order to protect our employees from health hazards, we are making continuous improvements to establish a preventive system and create a safe and pleasant work environment.

### Establishing the musculoskeletal disease prevention and response system

Plants in Korea are running ergonomic analysis program to prevent industrial accidents related to musculoskeletal diseases. We identified 28 jobs that could put burden on musculoskeletal system and completed analysis on 21 jobs. Among them we completed improvement on work method and environment for 7 jobs. We are conducting improvement for remaining 12 jobs including tire piling and buffing jobs. We are in partnership with LIG NexOne<sup>1)</sup> and FRT<sup>2)</sup> to select pilot wearable product and review the expansion of logistics center and T\*Station in addition to plants in Korea.



### Supporting medical check-up

In addition to the mandatory health check-ups under the law that are conducted every year for the health management of our employees, we are providing gastrointestinal endoscopy, abdominal ultrasound, and lung CT check-ups for free. Health checkups are conducted by designated hospitals with which we have partnered. In addition, not only employees but also their families can receive health check-ups, and we are conducting online and offline publicity campaigns so that more employees can receive support.

### Establishing disease management system

We are organizing and operating the COVID-19 TFT composed of related departments in the headquarters, Safe Production & Engineering Staff Office, plants, and R&D center. The TFT carries out continuous infection prevention activities, such as sharing the status of prevention activities every week and strengthening the quarantine system in the workplace. The TFT manages issues in each business site, including domestic as well as overseas plants, and plays the role of a control tower to promptly respond and take follow-up measures when a situation arises. These activities will continue to operate until the COVID-19 is over.

### Strengthening management of work environments

To create a more pleasant working environment, we are establishing and operating a system for managing chemical substances and improving the working environment in our business sites. We are currently working on substituting organic solvents used for trouble shooting in the field with chemical substances with less harm. The substitution has been completed successfully for most of the processes excluding some processes for which substitution is difficult such as semi-finished product separation process. We are aiming to replace/remove organic solvents 100% within this year as we are trying to secure new materials for some processes where substitution is not easy. In addition, we are conducting 270 improvement tasks related to ventilation and musculoskeletal system diseases by organizing TFT on working environment improvement and conducting precise health assessment. In particular, we have established a mid-to-long-term plan for 57 tasks that require improvement in the long-term such as application of automation equipment and reinforcing release and control flow.

1) LIG NexOne: National defense industry \_ wearable business

2) FRT: a company that develops industrial wearable robot

**FOCUS 08**

# WIN-WIN PARTNERSHIP IN THE SUPPLY CHAIN

## Key Achievements

Participation of raw material critical suppliers in ESG assessment

73%

Operating system where suppliers can propose ideas

84

Ethics management practicing pledge

52%



## Issue Background & Management Status

Efficient supply chain management and shared growth with suppliers are essential for long-term competitiveness and sustainable growth. As our global supply chain consists of diverse suppliers, Hankook Tire & Technology specifically recognizes the importance of fulfilling its social responsibility to pursue win-win partnerships with its suppliers. As the requirements of external stakeholders such as OE car makers for carbon reduction or neutrality have increased recently, the importance of supply chain management is increasing. To respond to this, we provide support for suppliers to strengthen their ESG competitiveness through the Supplier Committee, and are carrying out various activities such as improving the management of natural rubber supply chains.

## Future Plan

Hankook Tire & Technology intends to carry out various ESG activities for the purpose of managing our supply chain of natural rubber, which accounts for the most important portion of raw materials for tires, while concentrating our efforts on improving ESG competitiveness of supply chain to reinforce ESG purchasing strategies.

In the short term, we want to induce active participation in ESG evaluation of critical partners, expand secondary identification, and request ESG improvement through on-site audits of suppliers with high risk. In the mid- to long-term, we will make it mandatory to participate in ESG evaluations at the time of purchase contracts and strengthen audits.

From the perspective of shared growth, we plan to award awards to partners who have provided excellent ideas through the partner company Idea Award and send out ethical management letters. In addition, by simplifying the contents of the pledge to practice ethical management in the form of a declaration, we plan to operate the ethical management obligation pledge process efficiently. For the purpose of natural rubber supply chain management, a sustainable natural rubber policy is announced, and ESG evaluation is conducted for natural rubber suppliers by reflecting the guidance of the Global Platform of Sustainable Natural Rubber (GPSNR). Activities to give back to natural rubber farms and local communities and SNR activities will be reported through ESG Report, etc.

## Management Organization

Supplier Committee	<b>Committee Chairs</b>	Head of the Purchasing Department
	<b>Supervised by</b>	Purchasing Planning Team
	<b>Cooperation Team</b>	Purchasing Team 1, Purchasing Team 2, ESG Team, Raw Material Development Project, Chemical Safety&Legal Regulation Project

Managerial Issue	Achievements in 2020		
	Goals	Achievements	Completion
Strengthening ESG competitiveness of suppliers	Made it mandatory to conduct self-assessment on ESG upon purchase contract	<ul style="list-style-type: none"> <li>94% of suppliers took ESG assessment for the past 3 years</li> <li>55% of tier 2 suppliers took ESG assessment in 2020</li> </ul>	●
	Identifying and managing critical suppliers	<ul style="list-style-type: none"> <li>No. of critical tier 1 suppliers: 48</li> <li>No. of critical tier 2 suppliers: 108</li> </ul>	●
	Strengthening on-site audit of suppliers	<ul style="list-style-type: none"> <li>64.6% of critical suppliers received on-site audit at least once for the past 3 years</li> <li>10.4% of critical suppliers received on-site audit every year for the past 3 years</li> </ul>	●
	Managing suppliers with high risk	<ul style="list-style-type: none"> <li>Evaluated suppliers and conducted on-site audit for suppliers with grade C (high risk) and provided guideline for improvement.</li> </ul>	●
Shared growth	Holding supplier Idea Awards	<ul style="list-style-type: none"> <li>Set 84 targets and gave awards for top 3 suppliers with good ideas</li> </ul>	●
	Conducted ethics management education and sent ethics management letter to suppliers	<ul style="list-style-type: none"> <li>Conducted ethics management education and sent ethics management letter to suppliers</li> </ul>	●
	Signing 'ethics management practicing pledge' by suppliers through electronic purchasing system	<ul style="list-style-type: none"> <li>Consent rate for the ethics management practicing pledge through electronic purchasing system: 52%</li> </ul>	●
Using sustainable raw materials	Identifying renewable raw materials and securing proprietary technologies	<ul style="list-style-type: none"> <li>Expanded the application of eco-friendly silica and green carbon</li> </ul>	●
	Operating SNR program	<ul style="list-style-type: none"> <li>Established and implemented detailed SNR initiatives</li> </ul>	●
	Increasing the ratio of raw materials sourced from suppliers with grade A in ESG assessment	<ul style="list-style-type: none"> <li>Strengthened ESG assessment of suppliers</li> </ul>	●

## Plans for 2021

● Completed ● Partially completed ○ Under preparation

Goals	Plans	Target date	Responsible Team
Making ESG self-assessment mandatory upon making purchase agreement	<ul style="list-style-type: none"> <li>Achieve ESG assessment rate 100% for suppliers</li> <li>Improve ESG assessment of suppliers sheet</li> </ul>	May	Purchasing Planning Team
Critical supplier identification and management	<ul style="list-style-type: none"> <li>Identify critical tier 2 suppliers 100%</li> </ul>	May	Purchasing Planning Team
Strengthening on-site audit of suppliers	<ul style="list-style-type: none"> <li>Achieve 100% in the ratio of suppliers which received on-site audit at least once for the past 3 years</li> </ul>	Aug.	Purchasing Planning Team, Quality Management Team, ESG Team
Managing suppliers with high risk	<ul style="list-style-type: none"> <li>Evaluated suppliers and conducted on-site audit for suppliers with grade C (high risk) and provided guideline for improvement.</li> </ul>	Aug.	Purchasing Planning Team, Quality Management Team, ESG Team
Holding supplier Idea Awards	<ul style="list-style-type: none"> <li>Induce suppliers to participate in proposal system and give awards</li> </ul>	Sep.	Purchasing Planning Team
Conducting ethics management education and sent ethics management letter to suppliers	<ul style="list-style-type: none"> <li>Guide suppliers regarding ethics management and send Gratuity Letter</li> </ul>	Sep.	Purchasing Planning Team
Signing 'ethics management practicing pledge' by suppliers through electronic purchasing system	<ul style="list-style-type: none"> <li>Simplify text in ethics management practicing pledge and introduce mandatory consent system (promoting 100% consent)</li> </ul>	Jul.	Purchasing Planning Team
Identifying renewable raw materials and securing proprietary technologies	<ul style="list-style-type: none"> <li>Expand the application of eco-friendly silica and green carbon</li> </ul>	Dec.	Sustainable&Future Material Dev. Project
Announcing SNR policy	<ul style="list-style-type: none"> <li>Announcing SNR policy</li> </ul>	Jun.	ESG Team
Increasing the ratio of raw materials sourced from suppliers with grade A in ESG assessment	<ul style="list-style-type: none"> <li>Achieve 50% in the ratio of using raw materials sourced from suppliers with grade A in ESG assessment</li> </ul>	Jul.	Purchasing Planning Team

## Strengthening ESG competitiveness of suppliers

With growing complexity in terms of purchasing items and supply market, we have recognized that ESG efforts limited to the company alone have limitations in overall ESG management. Accordingly, Hankook Tire & Technology seeks to establish an ESG system within its supply chain and lay the foundation for shared growth with its suppliers. To this end, we aim to achieve 100% in the ratio of ESG assessment of our suppliers by 2030.

### Making it mandatory to conduct self-assessment on ESG upon purchase contract

Hankook Tire & Technology made it mandatory for suppliers to conduct ESG self-assessment upon signing purchasing contract. The online ESG assessment process was incorporated into our electronic purchasing system. Supplier assessment is composed of 19 questions in 6 areas of human rights and labor, ethics management, health/safety, environment, climate change and supplier management. As of 2020, 70% of suppliers completed ESG assessment and 94% of suppliers received ESG assessment at least once for the past 3 years. We are planning to conduct ESG assessment for all suppliers by 2030 to strengthen ESG management within the value chain. In addition, we will improve the evaluation sheet to make sure that requirements for tier 2 supplier management and realization of carbon neutrality from external stakeholders such as car makers can be incorporated.

#### The number of suppliers in 2020



#### Ratio of suppliers which received ESG assessment for the past 3 years



2030 Target — 100%

1) The ratio of tier 2 suppliers which received ESG assessment in 2020: 55%



### ESG assessment items for suppliers<sup>2)</sup>

Area	Content
Human rights, labor	<ul style="list-style-type: none"> <li>Prohibit discrimination in terms of employment, promotion, training, wages, compensation, and retirement on the grounds of gender, religion, disability, age, or background</li> <li>Ban child and forced labor as well as physical punishment or coercion and verbal violence</li> <li>Offer training on the prevention of sexual harassment</li> <li>Recognize workers' freedom of association and collective bargaining</li> </ul>
Ethics management	<ul style="list-style-type: none"> <li>Offer ethics management training</li> <li>Prohibit all forms of unethical practices including the acceptance or offering of bribes and unjustified related transactions</li> <li>Operate communication channels to receive whistleblower reports on unethical practices and to handle grievances, protect the identity of whistleblowers</li> </ul>
Safety & health	<ul style="list-style-type: none"> <li>Offer training on health &amp; safety</li> <li>Conduct regular checks on the work environment and areas in need of safety checks</li> <li>Check the distribution of personal protective equipment and the rate of usage</li> <li>Conduct regular firefighting drills (emergency evacuation or fire extinguishing exercises)</li> </ul>
Environment & GHG	<ul style="list-style-type: none"> <li>Offer training on environmental management</li> <li>Properly process air/water pollutants and waste</li> <li>Reduce energy consumption or GHG emissions</li> </ul>
Supplier management	<ul style="list-style-type: none"> <li>Demand critical suppliers to improve their management of human rights &amp; labor, ethics, health &amp; safety, environment, and climate change</li> </ul>

2) In selecting suppliers and extending their contracts, those rated Yellow (60 points) or above are given precedence, and measures are developed to improve CSR ratings for those rated Red (under 60 points or not evaluated).

### Identification and management of critical suppliers

Hankook Tire & Technology established the ESG system within its supply chain for an integrated ESG management. In particular, we are managing critical suppliers selected depending on the significance of supply materials. We established the goal of identifying all major tier 2 suppliers by 2030 to expand the scope of management to tier 2 suppliers. To this end, we added survey items for tier 2 suppliers within ESG evaluation sheet. 5 major suppliers should be written down and the history of ESG assessment for the 5 suppliers is investigated to identify the status of ESG management within our supply chain thoroughly.

#### Critical Suppliers

Hankook Tire & Technology selects and manages critical suppliers based on business relevance, dependence, importance of the items with two categories. Among raw material suppliers, the technology intensive suppliers or monopoly or suppliers of items for which the number of suppliers is limited were selected. For equipment suppliers, we selected suppliers which can have an impact on production continuity as it takes long time to take action in case of problems related to maintenance and management. Critical suppliers should go through ESG assessment once a year according to regulation on selection and management of raw material and submaterial suppliers.

### Shared growth

Hankook Tire & Technology recognizes the importance of shared growth and to this end, it started operation of suggestion system and introduced ethics management practicing pledge.

#### Supplier Idea Awards

In May 2020, supplier suggestion system was introduced after the renewal of our G.HePS (electronic purchasing system). We laid the foundation for shared growth by exchanging opinion with suppliers freely. 84 Ideas were registered through the proposal system and we are trying to encourage the suggestion from suppliers by giving awards to suppliers which provide excellent ideas in 2021.

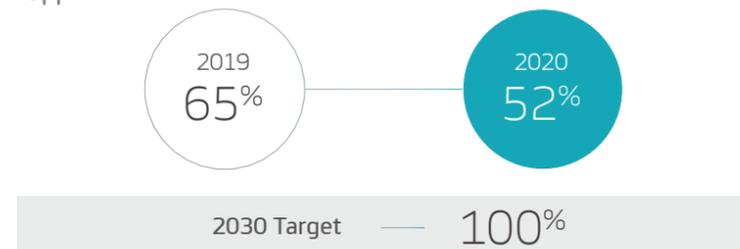
#### Conducting ethics management education and sent ethics management letter to suppliers

We delivered our commitment to practice ethics management by sending Gratuity Letter to suppliers regarding no receiving of money and valuables. In 2021, we will practice ethics management with suppliers by implementing ethics management guidelines and sending Gratuity Letter to suppliers.

#### Signing 'ethics management practicing pledge' by suppliers through electronic purchasing system

We established the ethics management pledge operation process through renewal of G.HePS (electronic purchasing system) and managed ethics management pledge signing rate. In 2020, the rate of consenting ethics management practicing pledge by suppliers was 52% and we will update the content of pledge and make signing the pledge mandatory to improve consent rate.

#### Ratio of signing on ethics management practicing pledge by suppliers



#### Strengthening on-site audit

The scope of ESG on-site audits for suppliers has been expanded from raw material suppliers to equipment suppliers. Upon conducting on-site audits, audit results are reviewed in cooperation with ESG Team and plan for improvement is established. We are checking the sustainability of suppliers by checking whether ESG self-assessment is appropriate and identifying areas for improvement. The major corrective action plans identified for 2020 include establishment of grievance handling and reporting channel on an anonymous basis to protect one's identity, establishment of in-house code of ethics and sharing it with employees and conducting fire drill regularly.

#### Managing suppliers with high risk

We classify and manage suppliers whose evaluation result is less than 70 points as suppliers with high risk. In 2020, we identified a total of 3 suppliers with high risk and those suppliers were informed of the results and advised to make an improvement. We will strengthen ESG assessment for suppliers by conducting on-site audit in a gradual manner for suppliers with grade C and support suppliers to make an improvement.

### Using sustainable raw materials

Hankook Tire & Technology sets the goal of achieving 100% in the ratio of its use of sustainable raw materials. We will make an effort to take the lead in sustainability by identifying renewable materials suppliers, managing sustainable natural rubber supply chain and sourcing raw materials from suppliers with grade A in ESG assessment

#### Identifying renewable raw material suppliers and securing proprietary technologies

We are identifying eco-friendly and renewable materials and developing technologies to apply them to compound. We focused on creating environmental values by expanding the application of eco-friendly silica and green carbon in 2020. We started mass production of tires made of silica (from plant-based waste) instead of using silica extracted from minerals and applied regenerated butyl rubber to all plants at home and abroad by stabilizing regenerated rubber and green carbon supply.

#### Ratio of using sustainable raw materials



#### Operating SNR (Sustainable Natural Rubber) program

Hankook Tire & Technology has been a founding member of the Global Platform for Sustainable Natural Rubber (GPSNR) for sustainability of natural rubbers. It established policy on sustainable natural rubber where corporate social responsibilities for natural rubber supply chain were identified in 2018 and made initiatives to implement the policy. At GPSNR, the policy component announced in September 2020 was incorporated and the revised policy will be disclosed at our company website as soon as review is over. We are planning to conduct ESG assessment for natural rubber supply chain to check whether the supply chain complies with the policy on sustainable natural rubber and prevent risk. The assessment will be the same as ESG assessment for other raw material suppliers and some items re-

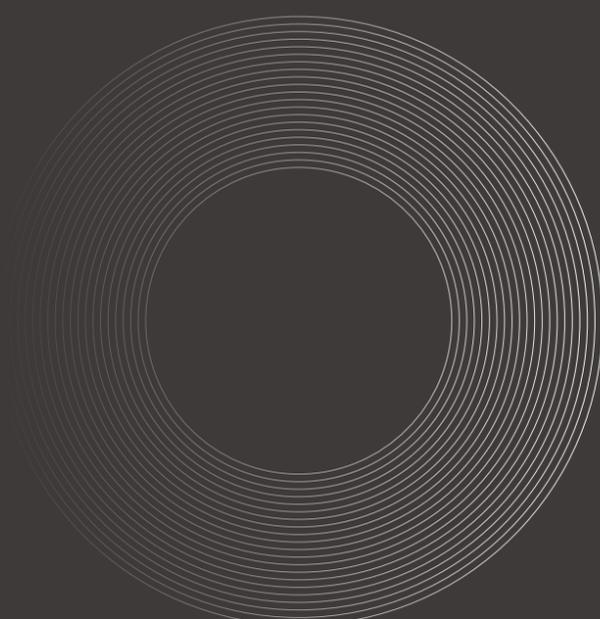
quired by natural rubber policy are added. We established a specific implementation plan for rubber value supply chain.

#### Increasing the ratio of raw materials sourced from suppliers with grade A in ESG assessment

We are strengthening supplier audit to achieve 50% in the ratio of using raw materials from suppliers with grade A in ESG assessment. We specify assessment target and period to increase the effectiveness of the audit. We guide suppliers to establish a corrective action plan for ESG issues identified during the audit and make continuous efforts to improve the sustainability of the whole supply chain.

# 04

## APPENDIX



# PERFORMANCE SUMMARY

## Economic Performance (consolidated basis)

Item	Unit	2016	2017	2018	2019	2020	
Sales	KRW million	6,621,762	6,812,858	6,795,089	6,883,269	6,453,072	
Sales breakdown by region	Europe	%	30.2	32.5	34.9	34.2	35.6
	North America	%	31.5	31.9	32.3	33.5	31.6
	Korea	%	16.3	13.6	12.8	12.3	12.6
	China	%	13.1	13.4	12.6	11.9	12.9
	Middle East & Africa and Asia-Pacific	%	8.9	8.6	7.3	8.0	7.3
Cost of sales	KRW million	4,045,028	4,492,384	4,691,444	4,961,117	4,550,060	
Gross income	KRW million	2,576,734	2,320,474	2,103,645	1,922,151	1,903,012	
Operating income	KRW million	1,103,228	793,432	702,651	543,965	628,270	
Income before tax	KRW million	1,092,416	743,036	697,700	589,884	578,268	
Income tax	KRW million	213,326	136,580	167,320	160,269	193,063	
Net income	KRW million	879,090	606,457	530,381	429,615	385,205	
Other comprehensive income	KRW million	(8,858)	(140,767)	(45,451)	27,621	(43,441)	
Total comprehensive income	KRW million	870,232	465,690	484,930	457,235	341,764	
Total assets	KRW million	9,621,973	9,518,786	9,796,442	10,164,608	10,658,548	
Total liabilities	KRW million	3,660,494	3,145,280	3,006,129	2,977,391	3,246,400	
Total equity	KRW million	5,961,479	6,373,506	6,790,313	7,187,217	7,412,148	
No. of patents registered	Korea	No. of patents	79	70	53	48	53
	Overseas	No. of patents	71	68	35	34	76
No. of patent application	Korea	No. of patents	80	47	79	88	85
	Overseas	No. of patents	40	63	81	69	67

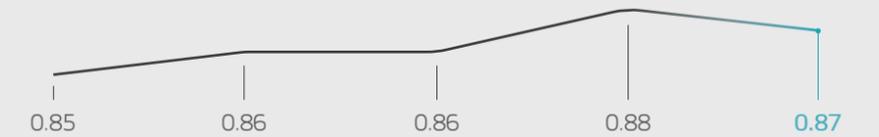
## Environmental Performance

Item	Unit	2016	2017	2018	2019	2020
Ratio of eco-friendly products	%	52.0	48.0	64.7	47.6	50.5
Sales of eco-friendly products	M USD	3,422	3,251	4,545	2,935	2,360
Products that received LCA	%	15.3	15.1	16.0	21.9	25.2

## Consumption of major raw materials



Intensity  
(unit: ton/ton of finished products)



Item	Unit	2016	2017	2018	2019	2020
Natural rubber	Ton	319,368	325,217	326,155	315,990	290,076
Synthetic rubber	Ton	257,862	263,570	264,871	268,354	240,218
Carbon black	Ton	277,247	280,721	281,351	271,877	245,082
Textile-cord	Ton	49,624	50,041	52,090	50,079	45,952
Steel-cord	Ton	117,848	121,240	122,192	116,821	107,939
Bead wire	Ton	42,437	44,145	44,340	51,774	48,179
Total	Ton	1,064,386	1,084,934	1,090,999	1,074,895	977,446

## Environmental Performance

### Water Intake

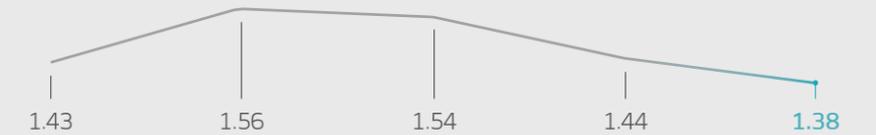
Intensity  
(unit: m<sup>3</sup>/ton of finished product)



Worksite	Unit	2016	2017	2018	2019	2020	
Daejeon Plant	Municipal water	m <sup>3</sup>	1,521,426	1,648,559	1,242,142	1,326,675	1,315,752
	Groundwater	m <sup>3</sup>	0	0	116,079	114,194	101,981
Geumsan Plant	Municipal water	m <sup>3</sup>	1,327,978	1,616,228	1,822,718	1,571,234	1,513,789
	Groundwater	m <sup>3</sup>	0	0	0	0	0
Jiangsu Plant	Municipal water	m <sup>3</sup>	937,015	810,013	899,601	936,058	670,418
	Groundwater	m <sup>3</sup>	0	0	0	0	0
Jiaxing Plant	Municipal water	m <sup>3</sup>	1,007,119	927,943	1,006,357	701,271	687,010
	Groundwater	m <sup>3</sup>	0	0	0	0	0
Chongqing Plant	Municipal water	m <sup>3</sup>	625,986	685,418	625,036	602,066	573,517
	Groundwater	m <sup>3</sup>	0	0	0	0	0
Hungary Plant	Municipal water	m <sup>3</sup>	361,980	311,600	311,928	313,150	315,692
	Groundwater	m <sup>3</sup>	59,632	103,671	109,557	122,890	90,846
Indonesia Plant	Municipal water	m <sup>3</sup>	512,823	546,684	547,929	510,248	571,954
	Groundwater	m <sup>3</sup>	0	0	0	0	0
Tennessee Plant	Municipal water	m <sup>3</sup>	-	-	159,866	175,737	152,372
	Groundwater	m <sup>3</sup>	-	-	0	0	0
Total	Municipal water	m <sup>3</sup>	6,294,327	6,546,445	6,615,577	6,136,439	5,800,504
	Groundwater	m <sup>3</sup>	59,632	103,671	225,636	237,084	192,827
		m <sup>3</sup>	6,353,959	6,650,116	6,841,213	6,373,523	5,993,330

### Discharge of treated waste water

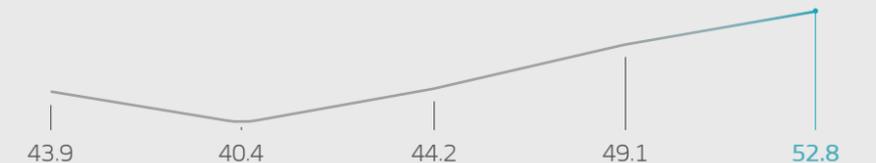
Intensity  
(unit: m<sup>3</sup>/ton of finished product)



Worksite	Unit	2016	2017	2018	2019	2020
Daejeon Plant	m <sup>3</sup>	194,592	166,514	0	72,420	71,386
Geumsan Plant	m <sup>3</sup>	279,955	205,240	143,622	275,142	108,775
Jiangsu Plant	m <sup>3</sup>	375,734	488,434	521,463	405,238	361,905
Jiaxing Plant	m <sup>3</sup>	502,455	540,607	682,284	426,803	465,693
Chongqing Plant	m <sup>3</sup>	287,269	396,163	376,926	306,716	284,148
Hungary Plant	m <sup>3</sup>	150,301	167,713	171,827	174,914	136,083
Indonesia Plant	m <sup>3</sup>	1,496	5,615	10,849	4,928	31,303
Tennessee Plant	m <sup>3</sup>	-	-	56,190	89,427	85,716
Total	m <sup>3</sup>	1,791,802	1,970,286	1,963,161	1,755,588	1,545,009

### Recycling rate of treated waste water

Intensity  
(unit: %)

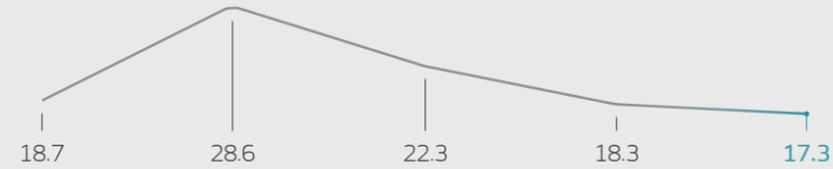


Worksite	Unit	2016	2017	2018	2019	2020
Daejeon Plant	%	68.5	74.0	100.0	88.8	89.3
Geumsan Plant	%	56.0	67.2	75.1	69.7	86.0
Jiangsu Plant	%	38.0	9.7	10.3	14.5	16.4
Jiaxing Plant	%	0	0	0	0	0
Chongqing Plant	%	20.4	8.5	12.4	14.4	17.2
Hungary Plant	%	0.0	16.5	14.6	23.0	17.2
Indonesia Plant	%	99.5	98.3	96.4	98.4	90.8
Tennessee Plant	%	-	-	0	0	0

## Environmental Performance

### Discharge of Suspended Solids (SS)

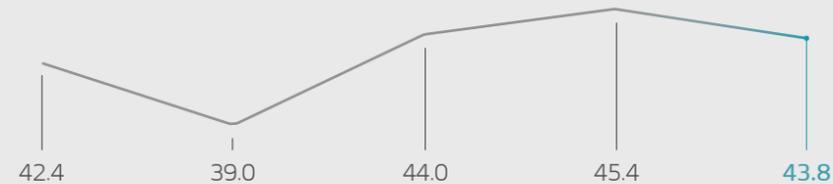
Intensity  
(unit: g/ton of finished product)



Worksite	Unit	2016	2017	2018	2019	2020
Daejeon Plant	Ton	0.8	0.6	0.0	0.3	0.4
Geumsan Plant	Ton	1.1	0.4	0.4	1.0	0.2
Jiangsu Plant	Ton	7.1	6.6	9.1	6.4	3.2
Jiaxing Plant	Ton	11.7	21.6	11.9	4.0	3.6
Chongqing Plant	Ton	1.2	5.0	0.7	2.0	3.7
Hungary Plant	Ton	1.7	1.7	1.7	2.4	1.3
Indonesia Plant	Ton	0.0	0.3	1.0	0.1	1.4
Tennessee Plant	Ton	-	-	3.6	6.2	5.7
<b>Total</b>	<b>Ton</b>	<b>23.5</b>	<b>36.1</b>	<b>28.4</b>	<b>22.3</b>	<b>19.5</b>

### Waste Discharge<sup>1)</sup>

Intensity  
(unit: Kg/ton of finished product)

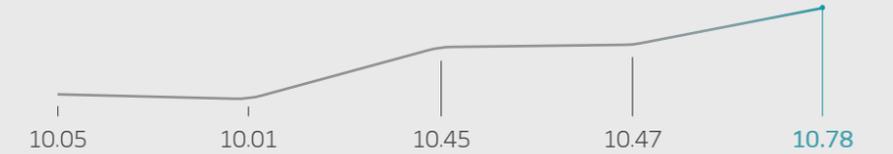


Item	Unit	2016	2017	2018	2019	2020
Recycling	Non-hazardous waste	40,975	37,283	36,608	38,639	35,879
	Hazardous waste	2,320	2,303	2,853	4,306	2,385
Incineration	Non-hazardous waste	3,204	3,381	4,133	4,155	3,407
	Hazardous waste	1,559	1,678	2,265	1,864	2,573
Landfill	Non-hazardous waste	4,693	3,955	9,776	5,146	4,415
	Hazardous waste	341	597	301	295	375
Other	Ton	62	87	104	150	44
<b>Total</b>	<b>Ton</b>	<b>53,091</b>	<b>49,198</b>	<b>56,041</b>	<b>55,233</b>	<b>49,077</b>

1) Errors made in compiling data were corrected

### Energy Consumption

Intensity  
(unit: GJ)



Item	Unit	2016	2017	2018	2019	2020
Fuel	GJ	4,789,732	4,762,855	5,161,924	4,545,475	4,257,385
Purchased electricity	GJ	5,711,556	5,716,775	5,962,084	5,787,774	9,341,722
Renewable energy (photovoltaic generation)	GJ	0	0	0	2,422	53,337
Purchased steam	GJ	2,111,354	2,171,716	2,188,001	2,405,978	2,381,085
<b>Total</b>	<b>GJ</b>	<b>12,612,642</b>	<b>12,651,346</b>	<b>13,312,009</b>	<b>12,741,649</b>	<b>16,033,530</b>

## Environmental Performance

### GHG Emissions

Intensity  
(unit: tCO<sub>2</sub>-eq/ton of finished product)



Worksite	Unit	2016	2017	2018	2019	2020	
Daejeon Plant	Scope 1	tCO <sub>2</sub> -eq	82,638	81,373	83,658	59,530	47,336
	Scope 2	tCO <sub>2</sub> -eq	145,209	143,151	140,278	150,366	149,637
Geumsan Plant	Scope 1	tCO <sub>2</sub> -eq	75,153	73,568	79,286	79,724	75,953
	Scope 2	tCO <sub>2</sub> -eq	191,341	180,362	189,565	183,684	174,795
Jiangsu Plant	Scope 1	tCO <sub>2</sub> -eq	7,704	8,395	2,864	2,107	1,624
	Scope 2	tCO <sub>2</sub> -eq	176,512	193,207	204,916	189,363	164,633
Jiaxing Plant	Scope 1	tCO <sub>2</sub> -eq	1,988	1,900	1,549	1,522	1,138
	Scope 2	tCO <sub>2</sub> -eq	211,861	211,174	191,456	176,246	166,766
Chongqing Plant	Scope 1	tCO <sub>2</sub> -eq	22,951	25,562	26,968	23,906	22,929
	Scope 2	tCO <sub>2</sub> -eq	65,765	74,732	75,842	68,040	64,898
Hungary Plant	Scope 1	tCO <sub>2</sub> -eq	46,488	47,215	46,847	43,884	42,085
	Scope 2	tCO <sub>2</sub> -eq	53,906	53,163	52,057	51,186	43,484
Indonesia Plant	Scope 1	tCO <sub>2</sub> -eq	32,587	29,927	32,276	34,038	33,249
	Scope 2	tCO <sub>2</sub> -eq	107,535	106,189	106,255	103,324	101,002
Tennessee Plant	Scope 1	tCO <sub>2</sub> -eq	-	-	18,766	19,452	17,349
	Scope 2	tCO <sub>2</sub> -eq	-	-	30,811	33,538	30,000
Total	Scope 1	tCO <sub>2</sub> -eq	269,509	267,940	292,214	264,163	241,663
	Scope 2	tCO <sub>2</sub> -eq	952,129	961,978	991,180	955,747	895,215
	Scope1+Scope2	tCO <sub>2</sub> -eq	1,221,638	1,229,918	1,283,394	1,219,910	1,136,878

### GHG Emissions Reduced

Worksite	Unit	2016	2017	2018	2019	2020
Plants in Korea	tCO <sub>2</sub> -eq	7,488	2,420	4,070	25,169	31,810
Plants overseas	tCO <sub>2</sub> -eq	-	21,899	13,338	29,481	11,879
Total	tCO <sub>2</sub> -eq	7,488	24,319	17,408	54,650	43,689

### Energy and Carbon Expenses Reduced

Worksite	Unit	2016	2017	2018	2019	2020
Plants in Korea	KRW 100 million	21.37	6.94	10.07	16.83	26.30
Plants overseas	KRW 100 million	-	28.53	16.27	48.39	5.11
Total	KRW 100 million	21.37	35.47	26.34	65.22	31.41

※ The data of 2016 was compiled from domestic plants only, and data from 2017 illuminates our company-wide performance including that of our overseas plants.

### Investments Made in Energy-Saving Projects

Worksite	Unit	2016	2017	2018	2019	2020
Plants in Korea	KRW 100 million	16.72	7.53	8.97	16.84	7.53
Plants overseas	KRW 100 million	-	13.50	26.15	48.35	4.79
Total	KRW 100 million	16.72	21.03	35.12	65.19	12.32

※ The data of 2016 was compiled from domestic plants only, and data from 2017 illuminates our company-wide performance including that of our overseas plants.

## Social Performance

### Employees

Item	Unit	2016	2017	2018	2019	2020	
Total employees	Korea	No. of persons	6,909	6,821	6,732	6,502	6,503
	Overseas (expatriates)	No. of persons	266	267	261	246	226
	Overseas (locally-hired)	No. of persons	12,664	13,562	13,353	12,972	13,171
	Total	No. of persons	19,839	20,650	20,346	19,720	19,900
New hires	Office staff in Korea	No. of persons	186	129	87	105	72
	Operators in Korea	No. of persons	1	3	105	130	198
	Locally-hired office staff	No. of persons	461	425	460	431	245
	Locally-hired operators	No. of persons	1,345	1,418	1,234	1,731	860
By job category	Office staff	No. of persons	5,283	5,458	5,324	4,720	4,606
	Operators	No. of persons	14,556	15,192	15,022	15,000	15,294
By employment (Korea)	Regular	No. of persons	6,865	6,774	6,691	6,434	6,569
	Non-regular	No. of persons	44	47	41	68	160
	Ratio of non-regular employees	%	0.6	0.5	0.5	1.0	2.4
Parental leave (Korea)	Employees to return to work	No. of persons	27	40	56	58	99
	Employees who returned to work	No. of persons	27	40	56	58	96
	Rate of return	%	100.0	100.0	100.0	100.0	97.0
Parental leave (overseas) <sup>1)</sup>	Employees to return to work	No. of persons	29	20	32	34	43
	Employees who returned to work	No. of persons	13	14	8	6	27
	Rate of return	%	44.8	70.0	25.0	17.6	62.8
Female employees <sup>2)</sup>	Ratio of female employees	%	7.5	8.6	9.0	9.4	9.7
	Ratio of female leaders	%	6.3	5.6	5.2	5.3	4.9
	Ratio of female managers (in Senior Manager or higher positions)	%	8.1	8.1	8.9	10.3	10.3
	Ratio of female managers (in Assistant Manager or higher positions)	%	14.5	14.2	14.9	15.7	15.5
Female executive directors	No. of persons	1	1	1	1	2 <sup>3)</sup>	

Item	Unit	2016	2017	2018	2019	2020	
Diversity	Employees with disabilities (Korea) <sup>4)</sup>	No. of persons	132	138	139	141	146
Local recruitment	Total overseas employees	No. of persons	12,930	13,829	13,614	13,218	13,397
	Expatriates	No. of persons	266	267	261	246	226
	Locally-hired employees	No. of persons	12,664	13,562	13,353	12,972	13,171
	Ratio of locally-hired employees	%	97.9	98.0	98.1	98.1	98.3
	Locally-hired managers	No. of persons	809	870	919	1,007	993
Resignation	Ratio of locally-hired managers	%	6.4	6.4	6.7	7.6	7.5
	Office staff	No. of persons	593	524	614	585	450
	Operators	No. of persons	2,475	1,851	1,687	2,209	1,700
Average service years (Korea)	No. of years	13.6	14.3	14.9	15.6	16.2	
Performance and remuneration (Korea)	Ratio of employees who receive regular performance evaluation	%	99.4	99.3	99.0	97.9	99.3
Grievance handling (Korea)	Grievances handled	No. of cases	29	32	29	29	19
Labor union (Korea)	Employees eligible for union membership	No. of persons	5,152	4,962	4,527	4,473	4,352
	Union members (1st labor union)	No. of persons	4,191	4,239	4,066	3,835	3,615
	Union members (2nd labor union)	No. of persons	314	288	321	466	496
	Total	No. of persons	4,505	4,527	4,387	4,301	4,111
Health and safety	LTIFR (employees) <sup>5)</sup>	%	4.4	4.1	4.3	4.9	5.4
	LTIFR (suppliers) <sup>6)</sup>	%	3.3	2.8	3.2	4.0	3.7
	OFIR (employees) <sup>7)</sup>	%	1.24	0.94	1.63	2.59	3.1

1) - The data for 2016 to 2019 specified the criteria for the applicants, those who returned to work and rate of return (those who returned to work/applicants)  
- Data from 2020 applied the same criteria as Korea (Employees who returned to work /employees to return to work)

2) 2030 target is 20%

3) Including female independent director appointed in March 2021

4) Errors made in compiling data were corrected

5) LTIFR (Lost-Time Injuries Frequency Rate): No. of injuries/total work hours\*1,000,000

6) Data driven from Daejeon Plant and Keumsan Plant

7) OIFR (Occupational Illness Frequency Rate): No. of occupational diseases/total work hours \*1,000,000

## Social Performance

### Ratio of male and female employees by position<sup>1)</sup>

Position	Male and female employee wage ratio (female/male)	Ratio of male and female wage ratio at same position (female/male) <sup>2)</sup>
Senior executives (based on total salary)	0.89	0.99
Senior executives (based on total salary + incentives)	0.72	0.98
Managerial position (based on total salary)	0.87	0.95
Managerial position (based on total salary + incentives)	0.87	0.95
Non-managerial position	0.94	0.99

1) Started data collection from 2020

2) Initial salary is the same for male and female employees but salary level changes depending on evaluation and years of service

### Employee education

Item	Unit	2016	2017	2018	2019	2020	
Education hours per person	Office staff	hours	78.7	52.0	64.1	83.4	24.7
	Operators	hours	22.7	23.0	48.7	12.4	17.6
Education expenses per person	KRW 1,000	260	150	154	154	107	
Sexual harassment prevention education (Korea)	No. of trainees	1,905	2,134	6,688	6,545	6,445	
Human rights education	No. of trainees	185	6	6,663	6,542	6,445	

### Suppliers

Item	Unit	2016	2017	2018	2019	2020	
ESG evaluation of suppliers	Korea	No. of companies	236	125	115	147	86
	Overseas	No. of companies	53	60	48	26	24
	Total	No. of companies	289	185	163	173	110

### Customer

Item	Unit	2016	2017	2018	2019	2020
No. of recalled product (based on vehicle)	No. of vehicles	16,408	1,975	905	287	107
Ratio of recalled product to sales	%	0.001	0.002	0.0001	0	0
Non-voluntary recalled tires	No. of tires	0	0	0	0	0
Customer complaints related to personal information	No. of cases	1	1	0	11	4 <sup>3)</sup>

3) Cases registered due to error in sending text message

### Ethics management

Item	Unit	2016	2017	2018	2019	2020
No. of investigation by external parties	No. of cases	0	0	0	0	1
No. of cases of violating fair transaction	No. of cases	0	0	0	1	0

## Social Performance

### Corporate Philanthropy

Item	Unit	2016	2017	2018	2019	2020	
Corporate philanthropy expenditure <sup>1)</sup>	Cash donations <sup>2)</sup>	KRW million	-	-	5,140	4,269	3,496
	In-kind donation	KRW million	-	-	454	588	573
	Total	KRW million	7,507	5,326	5,594	4,857	4,069
	Ratio against consolidated sales	%	0.10	0.07	0.07	0.06	0.06
Volunteering (Korea, Hungary, Indonesia)	Total volunteer hours	No. of hours	30,876	28,330	20,403	20,993	4,995
	Total volunteer hours translated into monetary value	KRW 1,000	607,800	947,614	645,933	601,902	96,789
	Employees volunteering per year on a cumulative basis	No. of persons	7,321	6,904	5,993	4,507	526
	Employees volunteering on a non-cumulative basis	No. of persons	3,244	2,990	2,519	2,000	425
	No. of volunteer activities	No. of cases	715	614	478	352	81
	Volunteer hours per employee	No. of hours	2.5	2.4	1.8	2.1	0.5
Corporate philanthropic management overheads <sup>3)</sup>	KRW 1,000	799,044	474,280	465,014	614,384	422,688	

1) From 2018, data on corporate philanthropic activities have been collected by dividing the donation into cash and in-kind donations

2) List of major organizations receiving donations: Hankook Tire Welfare Foundation, Seoul Chest of Korea, Daejeon Chest of Korea, Chungnam Chest of Korea, Daejeon Choongnam Civic Group for Ecosystem Protection

3) This concerns wages paid to local corporate philanthropic staff and others.

## Membership Fees Paid to Organizations/Associations Related to Policy Influence

### Industrial association

Item	Unit	2016	2017	2018	2019	2020
Political donation	KRW million	0	0	0	0	0
Trade association, Chamber of commerce and industry, etc. <sup>3)</sup>	KRW million	1,039	1,149	1,286	1,464	1,494
KOTMA, USTMA, ETRMA, TIP(Tire Industry Project), WBCSD, KBCSD <sup>4)</sup> , Korea Employers' Federation, Korea Chamber of Commerce & Industry etc.						
Total amount of membership fees paid to organizations/associations related to policy	KRW million	1,039	1,149	1,286	1,464	1,494

3) Ranking by membership fees paid

1. USTMA(U.S. Tire Manufacturers Association): KRW 308 million

2. KOTMA(Korea Tire Manufacturers Association): KRW 298 million

3. TIP(Tire Industry Project): KRW 223 million

4. ETRMA (European Tyre and Rubber Manufacturers' Association): KRW 200 million

5. WBCSD(World Business Council for Sustainable Development): KRW 116 million

4) KBCSD(Korea Business Council for Sustain-able Development): KRW 15 million

### Government contribution received

Project	Task	Supervising department	Development period	Government investments made (unit: KRW 1,000)	
				Total investment during development period	Budget for 2020
Reducing particulate matter generated from non-exhaust sources in the transport sector (task 1)	Development of high-performance tires for commercial vehicles to reduce particles	Advanced Material Technology Project	April 2019~ December 2023	3,375,804	37,500
Reducing particulate matter generated from non-exhaust sources in the transport sector (task 4)	Developing and demonstrating measurement and evaluation systems to reduce particulate matter generated from non-exhaust sources	Chemical Safety and Legal Regulation Project	April 2019~ December 2023	5,620,000	37,500

# GRI INDEX

GRI Standards	GRI Index	Requirement	Category	Data	Unit
<b>General Disclosures (GRI 100)</b>					
Organizational profile	102-1	Name of the organization		p. 6~7	
	102-2	Primary brands, products and services			
	102-3	Location of headquarters			
	102-4	Location of operations			
		Countries where the organizations operates and has significant operations			
	102-5	Ownership and legal form			
	102-6	Markets served (geological locations where products and services are provided, business area, customer/beneficiary type, etc.)			
	102-7	Scale of the organization			
	102-8	Total number of employees	Korea	6,503	No. of persons
		Total number of employees (China)	Expatriates	56	No. of persons
Locally-hired			6,564	No. of persons	
Total			6,620	No. of persons	
Total employees (Europe)		Expatriates	60	No. of persons	
		Locally-hired	3,489	No. of persons	
		Total	3,549	No. of persons	
Total employees (Americas)		Expatriates	57	No. of persons	
		Locally-hired	1,220	No. of persons	
		Total	1,277	No. of persons	
Total employees (Middle East & Asia-Pacific)		Expatriates	53	No. of persons	
		Locally-hired	1,898	No. of persons	
		Total	1,951	No. of persons	
Total number of employees		Expatriates	226	No. of persons	
		Locally-hired	13,171	No. of persons	
		Total	19,900	No. of persons	

GRI Standards	GRI Index	Requirement	Category	Data	Unit	
Organizational profile	102-8	Total number of employees by employment contract, by gender	Regular (Male)	17,788	No. of persons	
			Regular (Female)	1,924	No. of persons	
			Non-regular (Male)	177	No. of persons	
			Non-regular (Female)	11	No. of persons	
			Total number of employees by employment contract, by region	Regular (Korea)	6,354	No. of persons
				Regular (China)	6,592	No. of persons
	Regular (Europe)	3,545		No. of persons		
	Regular (Americas)	1,273		No. of persons		
	Regular (Middle East & Asia-Pacific)	1,948		No. of persons		
	Total	19,712		No. of persons		
	Non-regular (Korea)	149		No. of persons		
	Non-Regular (China)	28		No. of persons		
	Non-Regular (Europe)	4		No. of persons		
	Non-Regular (Americas)	4		No. of persons		
	Non-Regular (Middle East & Asia-Pacific)	3		No. of persons		
	Total	188		No. of persons		
	Ratio of non-regular employees	0.9		%		
	Total number of employees by employment type, by gender	Full time (Male)		17,965	No. of persons	
		Full time (Female)	1,935	No. of persons		
		Part time (Male)	0	No. of persons		
Part time (Female)		0	No. of persons			
Ratio of employees by age	Under the age of 30	20.1	%			
	30s to 50s	69.5	%			
	Over 50s	10.4	%			
		Total number if work is performed not by employees but by workers (suppliers)	1400 workers from suppliers			
102-9	Supply chain		p. 52~55			
102-10	Significant changes to the organization's size, structure, ownership or supply chain		Not available			
102-11	Precautionary principle or approach to risks related to sustainable management		p. 16~17			

GRI Standards	GRI Index	Requirement	Data
<b>General Disclosures (GRI 100)</b>			
Organizational profile	102-12	External initiatives or membership to which a company upholds or endorses such as economic, environmental, social charters or principles	p. 12, 73
	102-13	Membership of associations	p. 63
Strategy	102-14	A statement from the most senior decision-maker of the organization about its strategy for addressing sustainability.	p. 4
	102-15	Key impacts, risks and opportunities	p. 16~17
Ethics and integrity	102-16	Description of the organization's values, principles, standards, and norms of behavior.	p. 40~42
	102-17	Mechanisms for advice and concerns about ethics	
Governance	102-18	Governance structure of the organization, including committees of the highest governance body (Board of Directors) Committees responsible for decision-making on economic, environmental, and social topics	p. 14, 25~27
	102-19	Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	
	102-20	Appointment of an executive-level position or positions with responsibility for economic, environmental, and social topics Whether or not post holders report directly to the highest governance body	
	102-21	Process for consultation with stakeholders on economic, environmental, and social topics	p. 25~27
	102-22	Composition of the highest governance body and its committees	
	102-23	Chair of the highest governance body	
	102-24	Nominating and selecting the highest governance body	
	102-25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Specified on the website
	102-26	Role of the highest governance body in setting purpose, values, and strategy	p. 14, 25~27
	102-27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics	
	102-28	Evaluating the highest governance body's performance	p. 25~27
	102-29	Highest governance body's role in identifying and managing economic, environmental, and social impacts	p. 14, 25~27
	102-30	Effectiveness of risk management processes	
	102-31	Frequency of the highest governance body's review of economic, environmental, and social topics	
102-32	Highest governance body's role in sustainability reporting	p. 14	
102-33	Process for communicating critical concerns to the highest governance body	p. 25~27	
102-34	Total number and nature of critical concerns that were communicated to the highest governance body Mechanism(s) used to address and resolve critical concerns		

GRI Standards	GRI Index	Requirement	Data
Governance	102-35	Remuneration policies for the highest governance body and senior executives	Specified in the annual report
	102-36	Process for determining remuneration	p. 25~27
	102-37	Stakeholder involvement in remuneration policy	
	102-38	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees excluding the highest-paid individual	p. 26
	102-39	Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees excluding the highest-paid individual	Specified in the annual report
Stakeholder engagement	102-40	List of stakeholder groups engaged by the organization	p. 18
	102-41	Percentage of total employees covered by collective bargaining agreements	p. 61
	102-42	Identifying and selecting stakeholders	p. 18
	102-43	Approach to stakeholder engagement	
	102-44	Key topics and concerns that have been raised through stakeholder engagement	p. 19~22
Reporting practice	102-45	List of subsidiaries and joint ventures included in the organization's consolidated financial statements	Specified in the annual report
	102-46	Defining report content and topic Boundaries	p. 4
	102-47	List of the material topics identified in the process for defining report content	p. 21
	102-48	Effect of any restatements of information given in previous reports, and the reasons for such restatements	p. 57~63
	102-49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	p. 20~22
	102-50	Reporting period for the information provided	p. 4
	102-51	Date of the most recent previous report	
	102-52	Reporting cycle	
	102-53	Contact point for questions regarding the report	
	102-54	Claim made by the organization, if it has prepared a report in accordance with the GRI Standards (either Core option or Comprehensive option)	
	102-55	GRI content index	p. 64~70
102-56	Organization's policy and current practice with regard to seeking external assurance for the report Assurance report accompanying the sustainability report, including a description of what has and has not been assured and on what basis Relationship between the organization and the assurance provider Whether the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report	p. 74~75	
Management approach	103-1	Explanation of the material topic and its Boundary	p. 25, 28, 32, 35, 40, 43, 48, 52
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

GRI Standards	GRI Index	Requirement	Category	Data	Unit
<b>Economic Standards (GRI 200)</b>					
Economic performance	201-1	Direct economic value generated and distributed		p. 11, 57	
	201-2	Financial implications and other risks and opportunities posed by climate change on the organization's activities		p. 32~34	
	201-3	Defined benefit plan obligations and other retirement plan	Specified in the annual report		
	201-4	Financial assistance received from government		p. 63	
Market presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Daejeon Plant, Keumsan Plant	160.5	%
			Jiaxing Plant, Jiangsu Plant, Chongqing Plant	200.2	%
			Hungary Plant	147.2	%
			Indonesia Plant	112.2	%
	Tennessee Plant	172.4	%		
202-2	Ratio of high-level officials from that area at major business sites		Not disclosed (To be managed)		
Procurement Practice	204-1	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation		63	%
Anti-corruption	205-1	Total number and percentage of operations assessed for risk related to corruption	To manage corporate operational risk in an integrated manner through ISO 37301 (Scope: Korea)		%
		Significant risks related to corruption identified through the risk assessment			
	205-2	Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to (broken down by region)		100	%
		Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to (broken down by employee category and region)		100	%
		Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to (broken down by type of business partner and region)		100	%
		Total number and percentage of governance body members that have received training on anticorruption (broken down by region)		100	%
205-3	Total number and percentage of employees that have received training on anti-corruption (broken down by employee category and region)		100	%	
205-3	Confirmed incidents of corruption and actions taken		p. 42		

GRI Standards	GRI Index	Requirement	Category	Data	Unit
<b>Environmental Standards (GRI 300)</b>					
Materials	301-1	Total weight or volume of materials that are used (non-renewable materials)		74	%
		Total weight or volume of materials that are used (renewable materials)		25.1	%
	301-2	Percentage of recycled input materials		0.9	%(w/w)
	301-3	Percentage of recycled products and their packaging materials for each product category	The ratio of renewable tires to sales is 0.02		%
Energy	302-1	Energy consumption within an organization	Total fuel consumption within the organization from non-renewable sources (including fuel types used)	p. 62~68	GJ
			Total fuel consumption within the organization from renewable sources (including fuel types used)		GJ
			Electricity consumption		GJ
			Electricity sold		GJ
			Steam purchased		GJ
			Steam sold		GJ
			Total fuel consumption		
			Standards, methodologies, assumptions, and/or calculation tools used	Energy consumption X lower heating value	
			Source of the conversion factors used	Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System	
			302-2	Energy consumption outside of the organization	Energy consumption outside of the organization
		Standards, methodologies, and assumptions used	N/A		
302-3	Energy intensity	Energy intensity		p. 60	
			Organization-specific metric (the denominator) chosen to calculate the ratio	Ton of finished product	
			Types of energy included in the intensity ratio	p. 60	
			Whether the ratio uses energy consumption within the organization, outside of it, or both	Within the organization	
302-4	Energy consumption reduction	Amount of reductions in energy consumption achieved as a result of conservation and efficiency initiatives		p. 60	
			Types of energy included in the reductions	p. 59	

GRI Standards	GRI Index	Requirement	Category	Data	Unit
<b>Environmental Standards (GRI 300)</b>					
Energy	302-4	Energy consumption reduction	Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it	2020	
			Standards, methodologies, assumptions, and/or calculation tools used	Reductions in energy consumption X lower heating value	
	302-5		Reductions in energy requirements of sold products and service	Not disclosed (To be managed)	
Emissions	305-1	Gross direct (Scope 1) GHG emissions	Gross direct (Scope 1) GHG emissions	p. 60	
			Gases included in the calculation	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O	
			Biogenic CO <sub>2</sub> emissions	0	tCO <sub>2</sub> -eq
			Base year	2020	
			Source of the emissions factors and the global warming potential (GWP) rates used, or a reference to the GWP source	<Emission Factors> - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System - IPCC, 2006 Guide-lines for National Green-house Gas Inventories <Global Warming Potential (GWP)> - IPCC, Second Asses-sment Report	
Consolidation approach for emissions; whether equity share, financial control, or operational control	Operational Control				
Standards, methodologies, and assumptions used	- ISO 14064-1 - WRI, The Green-house Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System				
	305-2	Indirect GHG emissions (scope 2)	Gross location-based energy indirect (Scope 2) GHG emissions	p. 60	

GRI Standards	GRI Index	Requirement	Category	Data	Unit
Emissions	305-2	Indirect GHG emissions (scope 2)	If applicable, gross market-based energy indirect (Scope 2) GHG emissions	N/A	
			If available, the gases included in the calculation (Scope 2)	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O	
			Base year	2020	
			Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	<Emission Factors> - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System - IEA, CO <sub>2</sub> Emissions from Fuel Combustion Highlights (2013 Edition) - API, Compendium of Greenhouse Gas Emissions Methodo-logies for the Oil and Natural Gas Industry <Global Warming Potential (GWP)> - IPCC, Second Assessment Report	
			Consolidation approach for emissions; whether equity share, financial control, or operational control	Operational Control	
			Standards, methodologies, and assumptions used	- ISO 14064-1 - WRI, The Green-house Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System	
	305-3	Other indirect GHG emissions (scope 3)	Gross of other indirect (Scope 3) GHG emissions	Disclosure through CDP	
			All gases included in the calculation		
			Biogenic CO <sub>2</sub> emissions		
			Base year		

GRI Standards	GRI Index	Requirement	Category	Data	Unit
<b>Environmental Standards (GRI 300)</b>					
Emissions	305-3	Other indirect GHG emissions (scope 3)	Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	Disclosure through CDP	
			Consolidation approach for emissions: whether equity share, financial control, or operational control		
			Standards, methodologies, and assumptions used		
	305-4	GHG emissions intensity ratio	GHG emissions intensity ratio	p. 60	Ton of finished product
			Organization-specific metric (the denominator) chosen to calculate the ratio	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O	
			Types of GHG emissions included in the intensity ratio	All gases included in the calculation	
	305-5	Reduction in GHG emissions	GHG emissions reduced as a direct result of reduction initiatives	p. 60	Scope 1+Scope 2
			All gases included in the calculation	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O	
			Base year	2020	
			Scopes in which reductions took place	Standards, methodologies, assumptions, and/or calculation tools used	
305-6	Emissions of ODS	Production, imports, and exports of ODS in metric tons of CFC-11 equivalent	0	tons of CFC-11	
		All substances included in the calculation	N/A		
		Source of the emission factors used			
		Standards, methodologies, assumptions, and/or calculation tools used			
305-7	Emissions of NOx, SOx, and other significant air pollutants	Significant air emissions for NOx, SOx and other air pollutants	Not disclosed (To be managed)		
		Source of the emissions factors used for NOx, SOx, and other significant air Pollutants			
		Standards, methodologies, assumptions, and/or calculation tools used			
Waste	306-1	Impact of waste effluents and hazardous waste	Impact from waste	p. 32~34	
			Impact of waste within value chain	p. 11	

GRI Standards	GRI Index	Requirement	Category	Data	
Waste	306-2	Management of hazardous waste	Actions to reduce waste	Operate semifinished/finished product scrap TFT and conduct campaign for separate discharge, test for waste oil reuse	
			3rd party contract decision making process related to waste	Contract with the 3rd party including generator, transporter, and handler according to Waste Management Act by selecting recycling companies as a priority	
			Waste management process	Primary separation → transport to recycling center → secondary separation → store it according to legal requirements and transport it to handling company	
	306-3	Waste generation	Total waste generated	p. 59	
			Total waste generated according to classification standards		
	306-4	Untreated waste	Classification of hazardous/non-hazardous waste, waste reused/recycled amount		
	306-5	Disposal of waste	Total hazardous waste	Incineration (including energy recovery)	
				Incineration (excluding energy recovery)	
				Landfill	
			Total general waste generated	Incineration (including energy recovery)	
Incineration (excluding energy recovery)					
Landfill					
Total hazardous waste generated	Self disposal				
	Commissioned disposal				
Compliance	307-1	Report significant fines and non-monetary sanctions for noncompliance with environmental laws and/or regulations		No violations committed	
		If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact			

GRI Standards	GRI Index	Requirement	Category	Data	Unit
<b>Social Standards (GRI 400)</b>					
Employee- ment	401-1	New hires by gender	Male	1,091	No. of persons
			Female	284	No. of persons
		New hires by gender	Male	79.3	%
			Female	20.7	%
		New hires by age	Under 30	865	No. of persons
			30s~50s	458	No. of persons
			Over 50	52	No. of persons
		Ratio of new hires by age	Under 30	62.9	%
			30s~50s	33.3	%
			Over 50	3.8	%
		New hires by region	Korea	270	No. of persons
			China	243	No. of persons
			Europe	433	No. of persons
			Americas	384	No. of persons
			Middle East & Asia-Pacific	45	No. of persons
		Ratio of new hires by region	Korea	19.6	%
			China	17.7	%
			Europe	31.5	%
			Americas	27.9	%
			Middle East & Asia-Pacific	3.3	%
		Turnover by gender	Male	1,808	No. of persons
Female	342		No. of persons		
Turnover rate by gender	Male	9.2	%		
	Female	15.1	%		
Turnover by age	Under 30	1,090	No. of persons		
	30s~50s	878	No. of persons		
	Over 50	182	No. of persons		

GRI Standards	GRI Index	Requirement	Category	Data	Unit	
Employee- ment	401-1	Turnover rate by age	Under 30	19.2	%	
			30s~50s	6.1	%	
			Over 50	9.5	%	
		Turnover by region	Korea	310	No. of persons	
			China	541	No. of persons	
			Europe	630	No. of persons	
			Americas	475	No. of persons	
			Middle East & Asia-Pacific	194	No. of persons	
		Turnover rate by region	Korea	4.4	%	
			China	7.6	%	
			Europe	15.4	%	
			Americas	28.1	%	
			Middle East & Asia-Pacific	9.8	%	
		401-2	Welfare provided to regular workers which is not provided to temporary or part-time workers	4 social insurances, health management, compensation for disability and injury, parental leave, retirement allowance, stock options, etc.	p. 46, 50, 61	
		401-3	Employees subject to parental leave by gender	Male	2,767	No. of persons
Female	215			No. of persons		
Employees who take parental leave by gender	Male		94	No. of persons		
	Female		167	No. of persons		
Employees who returned to work after parental leave by gender	Male		74	No. of persons		
	Female		49	No. of persons		
Employees who have worked for more than 12 months after returning to work from parental leave	Male	39	No. of persons			
	Female	33	No. of persons			
Occupatio- nal safety and health	403-1	Implementation of safety and health management system, implementation of legal requirements, internal guidelines and standards, applicable scope (workers, work sites)	p. 48~51			
	403-2	Risk identification, assessment and investigation	Identify risk at work sites			
		Method of removing risks	Process to prevent retaliation based on risk reporting			

GRI Standards	GRI Index	Requirement	Category	Data	Unit
<b>Social Standards (GRI 400)</b>					
Occupational safety and health	403-3	Health service	Functions and method to remove and minimize risk at workplace Guaranteeing the access of workers	p. 48~51	
	403-4	Engagement of workers, counseling and communication related to safety and health	Employee engagement process Composition, roles and responsibilities of Safety and Health Committee	The issues on safety and health are supposed to be handled at Industrial Safety and Health Committee and Labor Management Council in collective agreement	
	403-5	Education on safety and health for workers	Education on specific risk or situation, general safety education		p. 48~51
	403-6	Preventing and mitigating safety and health issues	Guaranteeing the employees' access for promoting health		
	403-7		Programs and services to address major health risks Method to prevent or mitigate health risks related to business operation		
	403-8	Whether occupational safety and health system is applied or not (ISO 45001, OHSAS 18001, KOSHA 18001)		87.5	%
	403-9	Fatality related to work-related injuries	Employees	1	No. of persons
			Suppliers	0	No. of persons
		No. of injuries related to work	Employees	83	No. of cases
			Suppliers	5	No. of cases
Fertility rate from work-related injuries: The number of deaths/total working hours*1,000,000		Employees	0.03	%	
		Suppliers	0	%	
Occupational injury rate: Total number of injuries/ total working hours*1,000,000	Employees	2.31	%		
	Suppliers	1.42	%		
403-10	Number of deaths from job-related diseases	Employees	0	No. of persons	
		Suppliers	0	No. of persons	

GRI Standards	GRI Index	Requirement	Category	Data	Unit
Occupational safety and health	403-10	Number of job-related diseases	Employees	112	No. of cases
			Suppliers	8	No. of cases
Training and education	404-1	Average education hours per employee		p. 62	
	404-2	Program to support capacity building and transition of employees	Education to prepare for employees who will retire soon (8 hours, 13 employees completed)		
	404-3	Ratio of employees who received regular performance and career development review		99.3	%
Customer safety and health	416-1	Ratio of major products and services for which health and safety impact was assessed for the purpose of improvement		100	%
	416-2	Cases of violating the impact of products and services on health and safety		None	

# TCFD INDEX

According to TCFD recommendation, we disclose information on 4 areas of governance, strategy, risk management, indicators & reduction target in relation to risk and opportunities from climate change.

## Governance

Governance regarding climate change risk and opportunities

### a) Supervision by BOD on risks and opportunities related to climate change

- Deliberation and decision making on sustainability risk are conducted for all management activities including climate change issues.
- At the regular BOD meeting held in April, 2021, climate change issues and plans to respond those issues were announced.

2020 CDP C1.1

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### b) Roles of the management who assess and manage risks and opportunities related to climate change

- The responsibilities and authorities for establishing climate change response strategies lie in Chief Administrative Office (CAO) and the investment execution and implementation related to climate change are under the responsibility of plant manager and division head. ESG Team at HQ is communicating climate change trend and response strategies with relevant teams and the management.

2020 CDP C1.2

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## Strategy

Impact of climate change risk and opportunities on business, strategy and financial plan of an organization

### a) Risk and opportunity related to climate change in the short, mid and long-term identified by the organization

### b) Impact of risk and opportunity related to climate change on the business, strategy and financial planning of an organization

2020 CDP C2.1, 2.2, 2.2a, 2.3, 2.3a, 2.4, 2.4a

### c) Resilience of organizational strategy considering climate change scenarios including scenario of keeping the temperature increase within 2°C.

- We calculated the cost required to respond to phase 3 of the emissions trading system by analyzing the emissions trade price within Korea and carbon price in case of temperature increase by lower than 1.5°C and by 1.5~2°C as presented by IPCC.

- We compare the cost of reducing GHG emissions and cost of purchasing emission rights for investment decision-making and such analysis results influenced the decision on the use of low-carbon steam at Daejeon Plant in 2019.

2020 CDP C3.1a, 3.1b

## Risk management

An organization's method of identifying, assessing and managing climate change risks

### a) Organizational process to identify and assess climate change risk b) Organizational process to manage climate change risk c) How the process of identifying, assessing and managing climate change risk is integrated into overall risk management within an organization

- Hankook Tire & Technology has been operating ESG Committee since 2010 and ESG Committee is composed of ESG Strategy Committee and 8 Steering Committees.
- ESG Strategy Committee is used as a process to report annual ESG issues to CEO and top management. In particular, ESG Strategy Committee addressed climate change issues such as RE100 and carbon neutrality in 2021.

- Among steering committees, Climate Change Committee and Product Environment Committee hold meetings every quarter to monitor climate change risk and opportunity related to manufacturing process and products, discuss concerns and incorporate discussion results into business.

2020 CDP C1.2a, 2.2

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## Indicators and reduction target

Indicators and reduction target used to assess and manage climate change risk and opportunity

### a) Details on emission intensity reduction target used to assess risk and opportunity of climate change according to strategy and risk management process of an organization

- Reduce GHG emission intensity (tCO<sub>2</sub>-eq/ton of product) by 15% by 2030 compared to 2013 level
- Reduce GHG emissions (tCO<sub>2</sub>-eq) by 50% by 2050 compared to 2018 level.

2020 CDP C4.1b

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### b) GHG emissions and relevant risk for Scope 1, 2 and Scope 3 if applicable

- 2020 Scope 1 emissions: 241,663 tCO<sub>2</sub>-eq
- 2020 Scope 2 emissions: 895,215 tCO<sub>2</sub>-eq
- 2020 Scope 1+2 emissions in total: 1,136,878 tCO<sub>2</sub>-eq

2020 CDP C5.1, 6.1, 6.3, 6.5

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### c) Targets used by an organization to manage climate change risk and opportunity and performance based on the target

- Reduce GHG emission intensity (tCO<sub>2</sub>-eq/ton of product) was increased by 1% in 2020 from 2013 level<sup>1)</sup>
- GHG emissions (tCO<sub>2</sub>-eq) was reduced by 11% in 2020 from 2018 level.

1) Due to production volume decrease caused by COVID-19, GHG emission intensity increased

2020 CDP C4.1b

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# AWARDS

Category	Awards	Details	Organization
Sustainability management	Dow Jones Sustainability Index	 Listed on the DJSI World for 5 consecutive years Listed on the DJSI Asia Pacific for 8 consecutive years and on the DJSI Korea for 10 consecutive years	Dow Jones&RobecoSAM
	CDP	 Received Carbon Management Sector Honors by CDP Korea	CDP Korea
	Evaluated social responsibilities	 Acquired Platinum Grade	EcoVadis
	Galaxy Awards	 Ranked No. 1 in terms of CSR report	MerComm INC
Quality and technology	Korean Standard-Quality Excellence Index (KS-QEI)	 Ranked first in tire sector for 12 consecutive years	Korean Standards Association
	TyreSafe Awards	 Won awards in tire manufacturing sector for 2 consecutive years	TyreSafe
Brand value	Korea Brand Power Index (K-BPI)	 Ranked first in the passenger car tire sector for 19 consecutive years Ranked first in the tire shop sector for 13 consecutive years	Korea Management Association Consulting (KMAC)
	National Brand Competitiveness Index (NBCI)	 Ranked first in the tire sector for 13 consecutive years	Korea Productivity Center
	Korea's Most Admired Company Awards	 Ranked first in the tire business sector for 12 consecutive years	Korea Management Association Consulting (KMAC)
	Best Korean Brands	 Selected as Best Korea Brand for 8 consecutive years	Interbrand
Design	iF Design Award	 Won five awards in the product, communication and professional concept categories (AR device for industrial use (MS-AR20 AR HMD), advanced futuristic motor kickboard (MS-PM20), 'Design Innovation 2020' concept scenario film, platform HPS(Hankook Platform System)-Cell, AR report, CSR report)	International Forum Design

# UNGC AND EXTERNAL INITIATIVES

## UN Global Compact (UNGC)

Since joining the UN Global Compact in 2012, Hankook Tire & Technology has endorsed its ten principles and committed to live by these principles. We report relevant details through this Report, and we vow to fully implement these principles to fulfill our role as a responsible corporate citizen.

Principle	Report Content	Page	
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Employee value creation Win-win partnership in the supply chain	43~47
	Principle 2: make sure that they are not complicit in human rights abuses.		52~55
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Employee value creation	43~47
	Principle 4: the elimination of all forms of forced and compulsory labour;	Employee value creation	43~47
	Principle 5: the effective abolition of child labour; and	Win-win partnership in the supply chain	52~55
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Employee value creation	43~47
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Integrated environmental management	28~31 32~34
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Climate change and GHG management	
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.		
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Transparency and business ethics	40~42

## Membership in Associations and Organizations with Respect to Sustainability Management

Korea Enterprises Association	Korea Industrial Safety Association
Korea International Trade Association	UN Global Compact (UNGC)
Korea Chamber of Commerce and Industry	Korea Business Council for Sustainable Development (KBCSD)
Korea Tire Manufacturers Association (KOTMA)	World Business Council for Sustainable Development (WBCSD), Tire Industry Project (TIP)
European Tyre&Rubber Manufacturers Association(ETRMA)	Global Platform for Sustainable Natural Rubber(GPSNR)
U.S. Tire Manufacturers Association(USTMA)	Korea Human Resource Development Association
Japan Automobile Tyre Manufacturers Association(JATMA)	Korean Standards Association
Korea Rubber Industry Association	Korea Environmental Preservation Association

# INDEPENDENT ASSURANCE STATEMENT

## Introduction

Hankook Tire & Technology Co., Ltd. ("Hankook Tire") commissioned DNV Business Assurance Korea Ltd. ("DNV"), part of DNV Group, to undertake independent assurance of the ESG Report 2020/21 (the "Report"). The directors of Hankook Tire have sole responsibility for the preparation of the Report. The responsibility of DNV in performing the assurance work is to the management of Hankook Tire in accordance with the terms of reference. DNV's assurance engagements are based on the assumption that the data and information provided by Hankook Tire to us as part of our review have been provided in good faith.

## Scope and Basis of Assurance

Based on non-financial data and sustainability activities and performance data of 2020 generated from Hankook Tire, we have evaluated the adherence to the Reporting Principles for defining report content set forth in the GRI Sustainability Reporting Standards 2020 and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the materiality assessment process:

No.	Material Topic	GRI Disclosure	No.	Material Topic	GRI Disclosure
1	Expand R&D investments and reinforce capabilities	Non-GRI <sup>1)</sup>	6	Develop eco-friendly products and minimize environmental impact during product use/disposal phase	301 1-3
2	Develop a sustainability management system and expand communication	Non-GRI	7	Achieve excellent operating performance and expand employment	401 1-3
3	Develop products and services for customer safety & health	416 1-2	8	Support the growth of employees	404 1-3
4	Implement safety accident prevention and health management	403 1-10	9	Strengthen anti-corruption activities	205 1-3
5	Adapt to climate change (energy savings & risk management)	305 1-7	10	Reinforce policies and activities for win-win growth with suppliers	Non-GRI

We performed our work using DNV's assurance methodology VeriSustain™ (Ver. 5.0)<sup>2)</sup> which is based on our professional experience, international assurance best practices are applied for the assurance engagement with the limited level of assurance. The assurance was carried out from April to July 2021. The site visits were made to headquarters of Hankook Tire in Seongnam, Gyeonggi-do, Korea. We undertook the following activities as part of the assurance process:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Interviewed representatives from the various departments;

1) No performance indicators linked to GRI topic-specific disclosures  
 2) The VeriSustain protocol is available upon request at DNV Website ([www.dnv.com](http://www.dnv.com))

- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- Reviewed the process and the result of materiality assessment.
- Tested data gathering process through site visits to the headquarters and online video conferences with responsible person at major plants.

## Limitations

The engagement excludes the sustainability management, performance and reporting practices of Hankook Tire's subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as Hankook Tire's website ([www.hankooktire.com](http://www.hankooktire.com)). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

## Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the reported data and information disclosed in the Report do not give a fair representation of Hankook Tire's related sustainability performance nor is prepared in accordance with GRI Standards Comprehensive option. Further opinions with regards to the adherence to the Principles are made below:

## Stakeholder Inclusiveness

Hankook Tire identifies Customers (car makers, general customers and dealers), Employees, Local Communities, Suppliers and Shareholders & Investors as internal and external stakeholder groups, and Hankook Tire engages with the stakeholders at the company and business unit levels through various channels. The definition of each stakeholders and the approaches to engage with selected stakeholders and relevant organizations are described in the Report, and stakeholder interests are reflected in the materiality assessment process.

## Sustainability Context

The report presents 8 ESG focus areas to stakeholders based on the company's integrated ESG management system. Each ESG focus area is linked with key management issues derived through materiality assessment, and is also linked to the UN Sustainable Development Goals (SDGs). In addition, Hankook Tire disclose in detail their activities, impacts, management goals and performance.

### Materiality

Hankook Tire has conducted the materiality assessment to prepare the Report. A pool of 24 sustainability issues have been derived by analysing the topics covered in various global initiatives and standards, reviewing industry peers' reports, analyst reports and media reports. The issue pools were used on internal and external stakeholder survey to rate the material topics and subsequently 10 material topics are prioritized. We have reviewed the materiality assessment process and noted relevant material topics prioritized from the process are addressed in the Report.

### Completeness

Hankook Tire discloses management approaches, future plan and key performance on material topics that reflect stakeholders' interest and expectations. The reporting boundary has been set to include headquarters, domestic operations including Daejeon and Geumsan plant, and global operations in Hungary, China, Indonesia and the United States. It will be able to meet the needs and interests of the stakeholder by strengthening reporting on the activities and performance of global operations in the future. The assurance team confirmed that the material topics selected through the materiality assessment were completely reflected according to the physical and periodic reporting boundaries.

### Comparability, Accuracy, Timeliness, Clarity and Reliability

The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of Hankook Tire. The assurance team interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. Hankook Tire reports the sustainability performance of the last five years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report. The Report is published at regular times every year, and the reporting period is specified in the report.

### Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct<sup>3)</sup> during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV has no other contract with Hankook Tire and did not provide any services to Hankook Tire that could compromise the independence or impartiality of our work.

<sup>3)</sup> DNV Code of Conduct is available from DNV website ([www.dnv.com](http://www.dnv.com))

July 2021

Seoul, Korea



Jang Sup Lee

Country Representative  
DNV Business Assurance Korea Ltd.



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