Letter to Stakeholders
The Next 10 Years
Company Profile
Sustainable Value Chain
Dear Respected Stakeholders,

Let me first express my profound gratitude for your unwavering interest in and support for the continued growth of Hankook Tire & Technology.

The core technologies of the 4th Industrial Revolution are with us in a very real and tangible way. Meanwhile, the business landscape in Korea and abroad has been bombarded with the spread of COVID-19, trade conflicts, and intensifying competition, just to name a few.

The sluggish automobile industry under these circumstances certainly has taken a toll on the tire industry as well, and although our sales last year inch ed up to reach approximately KRW 6.8833 trillion, our operating profit declined from the previous year.

Still yet, we gained Original Equipment fitments on the Porsche Cayenne and the Audi Q8, the flagship SUV models of these top-tier car makers in 2019 to put our name on the map as a premium tire brand. In addition, we accelerated our endeavors to use AI for data forecasting and to build smart factories through industry-academia cooperation with the Korea Advanced Institute of Science and Technology. We were also listed on the Dow Jones Sustainability Index World for four consecutive years to demonstrate yet again our status as a global leader in sustainability management.

Our 11th CSR Report will serve to elaborate on Hankook Tire & Technology’s commitment to sustainable growth. In particular, this report unveils our mid/long-term CSR goals to be reached by 2030 and 2050 respectively and our initiatives to attain these goals. The seven CSR Steering Committees will play a pivotal role in making progress to eventually achieve these goals.

Hankook Tire & Technology declared its new company name along with its renewed mission and vision in 2019, and publicly announced its commitment to pursuing innovation through cutting-edge technology to build future competitiveness. To become a sustainable and competitive company, we are stepping up our efforts for digital innovation spanning from big data analytics to creating smart factories while promptly establishing a culture of open innovation through industry-academia collaboration and in-house ventures. Furthermore, we improved our work environment to support innovative work practices, and developed systems to translate innovative ideas into action.

Ethics management, as one of our overarching management principles, will be further advanced into ‘Management by principle(Jeongdo management)’ to fully abide by basics and principles that guide our sustainable growth as a company. To this end, the Jeongdo Management Committee will be created to set forth a detailed and action-based code of conduct, and we will do our utmost to regain trust from internal/external stakeholders.

Hankook Tire & Technology endorses the UN Global Compact and the Sustainable Development Goals, and will sincerely fulfill our responsibility in this regard to contribute to the sustainable development of our society. We look forward to your ongoing encouragement and support in the years ahead.

Thank you.

Soo Il Lee
President & COO,
Hankook Tire & Technology
Hankook Tire & Technology created a dedicated CSR organization back in 2009 and operated the CSR Strategy Committee as the senior management body and the working-level Steering Committee to identify and implement sustainability management tasks. Owing much to the tremendous interest in sustainability management among employees and their sincere execution that followed, we have been listed on the Dow Jones Sustainability Index World for four consecutive years since 2016. Yet, Hankook Tire & Technology has not become complacent in its success and has defined KPIs for each of the seven CSR Steering Committees in 2019 to set bold long-term goals for the next 10 years as follows. These goals are aligned with the UN Sustainable Development Goals (SDGs), and our full-fledged endeavors to attain these goals will not only promote our sustainability as a company but also contribute to tackling pending global challenges and environmental issues.
**COMPANY PROFILE**

Established as Korea’s first tire maker in 1941, Hankook Tire & Technology 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. Presently, our eight global production bases located in Korea, China, the U.S., Hungary and Indonesia manufacture 102 million high-quality tires each year to serve more than 180 countries, solidifying our status as a truly 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 takes a localized strategy in seeking balanced growth both in advanced and emerging automobile markets. Our sales network spans China, Europe, the Americas, Asia-Pacific, and the Middle East & Africa 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 for Original Equipment tire business in Korea, China, Germany, the U.S., Japan and Indonesia to forge an even closer cooperation with globally-renowned automobile companies.

---

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.
Mission & Vision

**Mission**

*Future Innovated, Innovation Realized*

We will realize the future of customers as they imagine through innovation.

**Vision**

*The Future Driving Innovator*

We will lead innovation in the future driving through our Premium Brand and High Technology.

---

**Business 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 four global tire brands: ‘Hankook’ represents our premium brand in Korea and abroad; ‘Laufenn’ targets global customers who pursue smart consumption and distinctive style; ‘Aurora’ and ‘Kingstar’ were designed to meet specific local needs.

**Laufenn**

Launched in 2014, the brand name Laufenn originates from the German word ‘Laufen’ which means ‘to run’, and targets drivers who seek a simple yet sophisticated lifestyle. Laufenn operates diverse brands of S Fit, G Fit, X Fit, and I Fit.

**Aurora**

As a brand recognized even more widely among global customers, Aurora is referred to as the brand ‘Route Master’ which is defined as ‘tires that are masters of the road’.

**Kingstar**

Kingstar is referred to as ‘Road Fit’ which means it comes with ‘tires that deliver optimal on-road performance’.
Hankook Tire & Technology effectively distributes the economic, social and environmental value created throughout the entire value chain ranging from production and sales to use, recycling and disposal in order to pursue sustainable growth for all.

**Economic value**
- Ratio of R&D expenditures against sales: 2.8%
- Patents granted: 1,073 patents (new registrations: 82)

**Social value**
- R&D workforce: 1,061 employees
- Ratio of R&D workforce against total employees: 5.4%

**Environmental value**
- Ratio of eco-friendly products (in quantities): 47.6%
- Carbon footprint: 2.04%*
- Water footprint: 1.96%*

**Sourcing of Raw Materials**
- Economic value
  - Raw material purchase expenditures: KRW 2.6 trillion
- Social value
  - Suppliers who conduct CSR assessments: 173 suppliers

**Manufacturing**
- Economic value
  - Recruitment: 2,397 new hires
  - Training expenditures: KRW 3.04 billion
  - Employee wages: KRW 483.3 billion
  - Equipment purchase expenditures: KRW 254.8 billion
- Social value
  - Corporate philanthropy expenditures: KRW 4.86 billion
- Environmental value
  - Investments in improving environmental pollution: KRW 2.1 billion
  - Waste discharge intensity: 46.7kg/ton of finished product
  - Water withdrawal intensity: 5.24㎥/ton of finished product
  - Energy consumption intensity: 10.47GJ/ton of finished product
  - GHG emission intensity: 31.32tCO2-eq/ton of finished product
  - ISO 14001 achieved at all plants
  - Carbon footprint: 0.84%
  - Water footprint: 0.13%

**Use**
- Economic value
  - Corporate taxes paid: KRW 160.3 billion
  - Dividends paid: KRW 68.1 billion
- Social value
  - Free mobile check service: 6,866 vehicles
  - Highway safety check campaign: 1,161 vehicles
  - Car donation: 50 vehicles
  - Tire donation: 5,394 tires
  - Tuk-Tuk Bus: 564 buses
- Environmental value
  - GHG emissions reduced from the sale of low-carbon products: 3,911,327tCO2-eq
  - Carbon footprint: 0.00%
  - Water footprint: 0.00%

**Distribution**
- Economic value
  - Advertising expenditures: KRW 197 billion
  - Packaging and transport expenditures: KRW 171.6 billion
  - Global retail network: 4,629 locations
- Social value
  - Attendance of shop owners in training: 74%
- Environmental value
  - Carbon footprint: 0.168%

**Recycling & Disposal**
- Economic value
  - Extended Producer Responsibility (EPR) contributions (in Korea): KRW 2.1 billion
  - Sale of retread tires: 6,750 tires
- Social value
  - Percentage of end-of-life tires being recycled (in Korea): 92.2%
- Environmental value
  - Carbon footprint: 1.63%
  - Water footprint: -0.14%

*Ratio of the concerned phase in the entire product life cycle (based on H436 manufactured at the Daejeon Plant in 2018)
INTEGRATED CSR MANAGEMENT SYSTEM
Hankook Tire & Technology has operated CSR committees since 2010 to integrate CSR activities into the day-to-day business routines of its employees. The CSR Steering Committees play a pivotal role in consistently undertaking CSR initiatives while the CSR Strategy Committee reports resulting outcomes to senior management and discusses future ways forward. Our CSR management system consists of the CSR Strategy Committee, seven CSR Steering Committees, and the CSR working-level council. In particular, the CSR Steering Committees are operated under the leadership of responsible executives to align CSR initiatives with employee’s daily business operations. The CSR Team analyzes internal/external stakeholder feedback, CSR 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 2019, the CSR Strategy Committee reviewed ‘DJSI 2018 Assessment’ outcomes in each of the managerial areas to identify necessary improvements. The committee also shared the latest CSR issues and discussed their impact on the Company’s business and preparations to be made in response. On the last agenda of ‘CSR 3.0’, the committee looked at detailed cases of social values being reflected in management strategies, quantified, and internalized in employee’s business routines while discussing ways to consider such values in our business operations. As all concurred that the time was ripe to establish long-term CSR goals, it was decided that the CSR committees would set mid/long-term CSR goals for Hankook Tire & Technology as their top priority for 2019.

※ The CSR Strategy Committee meeting for 2020 was delayed due to COVID-19, and thus is not included in the Hankook Tire & Technology CSR Report 2019/20.

CSR Strategy Committee

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

Chief Administrative Officer  
Chief Technology Officer  
Head of Car Life Business Headquarters  
Head of Europe Headquarters  
Head of Production and Engineering Staff Office  
Chief Strategy/Marketing Officer  
Chief Innovation Officer

CSR Steering Committee

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

Product Environment Committee  
EHS Committee  
Climate Change Committee  
Employee Committee  
Ethics Management Committee  
Corporate Philanthropic Committee  
Supplier Committee

CSR working-level council

- Share and consult on key issues among respective committees

Coordinators from 7 Steering Committees

CSR Strategy Committee Meeting in 2019

Date  March 20, 2019
Attendee  Chair and members of the CSR Strategy Committee, CSR Steering Committee Chairs
Agenda
1. Status of CSR operations at Hankook Tire & Technology
2. Latest CSR issues
   - Announcement of the K-SDGs  
   - Expansion of renewable energy policies and initiatives  
   - Influx of microplastics into the ocean  
   - Reinforcement of CSR management along the supply chain  
   - CSR activities deploying information and telecommunications technology  
   - Transparency in corporate governance
3. CSR 3.0
   - Reflection of social values  
   - Setting mid/long-term CSR goals
Hankook Tire & Technology has established a CSR operational system in respective regions of the globe, starting with the CSR committee launched at its China Headquarters in 2012. Our global CSR operational 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.

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

Material Analysis Process

We analyzed such global frameworks on socially responsible management as the GRI\(^1\) Standards, the DJSI, the RBA\(^2\) and the UN SDGs 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 28 issues.

\(^{1}\) GRI: Global Reporting Initiative
\(^{2}\) RBA: Responsible Business Alliance

External environment analyses
- International standards: GRI Standards, DJSI, RBA, and UN SDGs
- Industry peer benchmarking: Material issues chosen by six companies
- Media research: Search result of 3,920 media articles with ‘Hankook Tire & Technology’ as the query term

Internal environment analyses
- Presentations and minutes of the CSR Strategy Committee meeting
- Strategic tasks and mid/long-term strategies for 2019 and 2020
- Major issues addressed in our CSR Report 2018/19

Identifying relevant issues and their significance

We reviewed stakeholder interest on the 28 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.

Understanding stakeholder interest

Compiling the outcomes generated from the aspects of stakeholder interest and business significance, we prioritized 28 issues. On the issues identified as material, we aim to present further detailed achievements and plans in the Stakeholder Committee and Highlights sections of this Report. Our CSR Team and external CSR experts have jointly conducted risk assessments to understand just how profoundly the impact of these material issues could have on Hankook Tire & Technology in terms of operations, cost and profit. The assessment outcomes are presented in each of the Focus Areas.

Prioritizing issues and verify the outcomes

Overview of Stakeholder Interest Assessments
- Period: February 19, 2020-February 24, 2020
- Target: Executives, team leaders and external stakeholders
  - External stakeholder interest assessments attended by 64 employees
  - Internal stakeholder interest assessments attended by 145 employees
- Topic: Assessment on issues considered material by stakeholders out of the 28 identified issues
Materiality Analysis Outcomes in 2020

<table>
<thead>
<tr>
<th>Stakeholder Interest</th>
<th>Issue</th>
<th>Business Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Expand R&amp;D investments and reinforce capabilities (34, 40)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Establish quality management and strengthen customer satisfaction activities (37)</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Develop a sustainability management system and expand communication (33)</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>Reduce GHG &amp; air pollutants emissions (44)</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Minimize impact in the product life cycle (materials collection, transport, manufacturing, use, and disposal (40~41)</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>Promote philanthropic activities in consideration of the features of local communities (20<del>21, 47</del>49)</td>
<td>12</td>
</tr>
<tr>
<td>7</td>
<td>Strengthen anti-corruption activities (17<del>19, 52</del>53)</td>
<td>13</td>
</tr>
<tr>
<td>8</td>
<td>Operate the BBD soundly and secure transparency (25~27)</td>
<td>21</td>
</tr>
<tr>
<td>9</td>
<td>Develop products and services for customer safety &amp; health (7, 33~37)</td>
<td>3</td>
</tr>
<tr>
<td>10</td>
<td>Use sustainable resources (40, 65)</td>
<td>13</td>
</tr>
<tr>
<td>11</td>
<td>Create a compliance culture and strengthen activities (52~53)</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>Prevent and manage safety accidents (61)</td>
<td>6</td>
</tr>
<tr>
<td>13</td>
<td>Improve the working environment and health management (61)</td>
<td>4</td>
</tr>
<tr>
<td>14</td>
<td>Conducting activities for human rights protection and awareness raising (promoting diversity; no discrimination; no child/forced labor, campaigns, human rights training, etc.) (56~58)</td>
<td>18</td>
</tr>
<tr>
<td>15</td>
<td>Support the growth of employees (56~58)</td>
<td>10</td>
</tr>
<tr>
<td>16</td>
<td>Promote work life balance (56~58)</td>
<td>14</td>
</tr>
<tr>
<td>17</td>
<td>Enhance suppliers’ sustainability management (assessment, risk, etc.) (56~58)</td>
<td>17</td>
</tr>
<tr>
<td>18</td>
<td>Implement HR systems to ensure fair appraisal and compensation (56~58)</td>
<td>14</td>
</tr>
<tr>
<td>19</td>
<td>Make efforts to stabilize the local economy (47~49)</td>
<td>22</td>
</tr>
<tr>
<td>20</td>
<td>Provide accurate information on products and services (33~37)</td>
<td>25</td>
</tr>
<tr>
<td>21</td>
<td>Establish a company-wide risk management system (28~29)</td>
<td>23</td>
</tr>
<tr>
<td>22</td>
<td>Adopt to climate change (risk management) (44)</td>
<td>19</td>
</tr>
<tr>
<td>23</td>
<td>Pursue win-win labor-management relationships through open communication (56~58)</td>
<td>7</td>
</tr>
<tr>
<td>24</td>
<td>Reinforce policies and activities for win-win growth with suppliers (65)</td>
<td>16</td>
</tr>
<tr>
<td>25</td>
<td>Protect the ecosystem and biodiversity around worksites (49)</td>
<td>26</td>
</tr>
<tr>
<td>26</td>
<td>Protect the personal information of customers (29)</td>
<td>24</td>
</tr>
<tr>
<td>27</td>
<td>Make efforts to stabilize the local economy (47~49)</td>
<td>22</td>
</tr>
<tr>
<td>28</td>
<td>Provide accurate information on products and services (33~37)</td>
<td>25</td>
</tr>
<tr>
<td>29</td>
<td>Establish a company-wide risk management system (28~29)</td>
<td>23</td>
</tr>
<tr>
<td>30</td>
<td>Adopt to climate change (risk management) (44)</td>
<td>19</td>
</tr>
<tr>
<td>31</td>
<td>Pursue win-win labor-management relationships through open communication (56~58)</td>
<td>7</td>
</tr>
<tr>
<td>32</td>
<td>Reinforce policies and activities for win-win growth with suppliers (65)</td>
<td>16</td>
</tr>
<tr>
<td>33</td>
<td>Protect the ecosystem and biodiversity around worksites (49)</td>
<td>26</td>
</tr>
<tr>
<td>34</td>
<td>Protect the personal information of customers (29)</td>
<td>24</td>
</tr>
</tbody>
</table>

* Sharing the 17th ranking
1) Previous named: Enhance customer satisfaction activities for customer retention, 2) Previously named: Disclosing the performance of sustainability management in a transparent manner, 3) New issue
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 CSR 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, exhibition and fairs
- Sustainability assessments
- Dealer discussion meetings
- Customer satisfaction center

Communication Issue
- Strengthen consumer 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

Employees

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

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

Local Communities

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

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)

Shareholders & Investors

Communication Channel
- BOD
- General shareholder meeting
- Overseas conferences
- IR events

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

Suppliers

Communication Channel
- Regular supplier assessments, quality and CSR training
- Partner’s Day
- Purchasing portal (HePS)

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

To review our management status on the major issues identified through materiality analyses and develop countermeasures, we have chosen ‘expand R&D investment and reinforce capabilities’, that was placed at the top of the list based on business significance and stakeholder interest for three consecutive years, as the issue to be addressed at the Stakeholder Committee in 2019. Major stakeholders related to this issue attended the committee meeting to engage in in-depth discussions.

Topic: Open Innovation

What is open innovation?
A company makes its internal resources publicly available and shares them in its R&D and commercialization process to source the technology and ideas required to pursue innovation from the outside through universities, research institutes or with other companies.

Industry-academia-institute joint research is one of the routes in which we seek open innovation. We paid close attention to the feedback from our stakeholders who are directly engaged in open innovation activities on necessary improvements needed to strengthen a company’s R&D capabilities.

Discussion Issues

What are the issues and solutions to creating an industry-academia-institute cooperation system (open innovation)?
What are the requirements for the shared growth of businesses with their suppliers, research institutes, and universities in the aspect of technology development?
What are the challenges and opportunities in strengthening a company’s R&D capabilities and expanding investments?

Main Opinions

Build partnerships and expand interaction between companies and universities
To hire talented individuals who deliver the knowledge and research experience desired by businesses, it is critical that businesses and universities form close relationships. It is also recommended that industry-academia-cooperation projects provide opportunities not only to students at the partner university, but also to students at other universities through credit exchange programs.

Secure experts from diverse fields to respond to technology convergence
To swiftly respond to technology convergence, it is essential that experts who can immediately apply their research experience in the field are recruited at the right time. If such a search to find experts becomes difficult, one possible solution is to use refresher training to bring existing employees up to speed in the required areas.

Expand the organization and staffing dedicated to open innovation
If employees are given additional tasks on external collaboration in addition to their existing assignments, they will surely need to make bold decisions and undertake projects that could prove successful at the risk of paying the price for failures.

Set bold goals for successful open innovation
Long-term research, an absolute necessity to become a leading company, is possible only when there is particular interest and support on the part of senior management and executives in charge of R&D operations. Furthermore, the purpose of research investments should be set clearly, whether for developing advanced technology or for commercialization. It is also needed to make bold decisions and undertake projects that could prove successful at the risk of paying the price for failures.

Hankook Tire & Technology relayed the main opinions identified through the Stakeholder Committee to relevant departments, and will reflect such stakeholder feedback in its strategy to strengthen capabilities in the entire R&D sector as well as in industry-academia-institute research.
On the basis of the integrated CSR management system, Hankook Tire & Technology identified two constant monitoring areas of responsible corporate governance and integrated risk management as well as eight CSR focus areas. These include customer satisfaction and quality management, integrated environmental management, climate change and GHG management, community involvement and development, transparency and business ethics, employee value creation, employee health and safety management, and win-win partnership in the supply chain. This Report outlines our achievements and plans in further detail by mapping each of these areas with the key material issues identified through the materiality analysis.

**CSR STEERING WHEEL 2019/20**

Area | Main Activity | Key Material Issue
--- | --- | ---
**Constant Monitoring Areas**

Responsible corporate governance | Operate the BOD soundly and secure transparency

Integrated risk management | Develop a sustainability management system and expand communication

**Focus Areas**

Focus 01 Customer satisfaction and quality management | Expand R&D investment and reinforce capabilities | Establish quality management and strengthen customer satisfaction activities

Focus 02 Integrated environmental management | Reduce GHG & air pollutant emissions | Minimize impact in the product life cycle (materials collection, transport, manufacturing, use, and disposal)

Focus 03 Climate change and GHG management | Reduce GHG & air pollutant emissions

Focus 04 Community involvement and development | Promote philanthropic activities in consideration of the features of local communities

Focus 05 Transparency and business ethics | Strengthen anti-corruption activities

Focus 06 Employee value creation | Establish a corporate culture of innovation/creativity

Focus 07 Employee health and safety management | Improve the working environment and health management

Focus 08 Win-win partnership in the supply chain | Enhance suppliers’ sustainability management (assessment, risk, etc.)
We aim to establish and disseminate ‘Jeongdo Management’ that values basics and principles as a way to weather the challenges we are facing in the increasingly aggravating business landscape. In particular, we recognize Jeongdo Management as the core behavioral philosophy that elevates our fundamental competitive edge as a company, and advance Jeongdo Management at the company-wide level to increase our future corporate value. As we reinforce our governance, maximize shareholder value, ensure business transparency and gain stronger credibility in accordance with this philosophy, we will ultimately be able to practice sustainability management. As part of such efforts, our CEO made Jeongdo Management declaration for company-wide implementation, and the Jeongdo Management Committee was launched as the highest decision-making body for Jeongdo Management. Furthermore, the Code of Conduct for Jeongdo Management was set forth as a clear guideline for employees to follow when faced with involving ethics in their everyday life.
Jeongdo Management

In March 2020, the CEO's statement on Jeongdo Management was announced through our intranet. This was followed by the Jeongdo Management declaration ceremony in June to reflect upon its meaning and significance and to encourage employees to commit themselves to this management philosophy and build consensus among themselves.

Advancing Jeongdo Management

Jeongdo Management Framework — Jeongdo Management defines the course of action for our employees to take in order to reach our corporate vision, and ethics management serves as the foundation to establish management principles across all areas under Jeongdo Management.

Ethics Management Roadmap — We created and are following the ethics management roadmap to establish our ethics management system, internalize ethics awareness, and disseminate ethics management to our subsidiaries and suppliers in order to achieve a culture of ethics management.

Ethics Management Roadmap

- Establish an ethics management system
  - Develop core provisions and an organizational structure to practice ethics management
- Create a code of conduct and strengthen executive capabilities on business ethics
  - Create a code of conduct on Jeongdo Management
  - Strengthen the execution of ethics improvement through committee operations
- Disseminate the whistleblowing system globally
  - Disseminate Cyber Auditing Center globally
  - Create an anonymous bulletin board on ethics management
- Conduct ethics management self-assessments
  - Identify necessary improvements and their directions through self-assessments
- Develop an ethics management risk assessment system
  - Perform risk self-assessments and analyses on the company-wide function level → Set and implement improvement plans
- Develop an ethics management risk assessment system
  - Establish an annual operational system for risk assessment
  - Establish and disseminate a risk self-assessment operational system across the entire organization of the Company and subsidiaries
- Advance the training system and diversify promotional efforts
  - Provide differentiated expert training by job position and level
  - Host the Jeongdo Management declaration ceremony
  - Broadcast ethics management programs during commutes
- Practice ethics management at the locations of our suppliers and facilitate their engagement
  - Obligate suppliers to sign the ethics management pledge
  - Publicize the whistleblowing channel within Cyber Auditing Center
- Create and revise ethics regulations and systemize the organization
  - Create and revise overall regulations on ethics management
  - Build and operate an ethics management operational organization
Establish the Code of Conduct for Jeongdo Management — We created 21 provisions for each of the seven management principles to provide clear ethics guidelines for our employees.

Strengthen the signing of the ethics management pledge — We raised the bar on the details of the ethics management pledge and had all executives at the Headquarters, including team leaders and members at the departments interacting with external stakeholders (purchasing/HR/finance/accounting/domestic market) as well as senior management, sign the pledge.

Create the Jeongdo Management Committee and hold meetings — In line with the increasing importance of Jeongdo Management that values basics and principles for sustainable corporate growth, we created the highest decision-making body under the direct leadership of the CEO. Its agenda will consist of issues across all areas so that we can identify company-wide risks before they occur and prevent their occurrence in so doing.

Organizational Chart

Major decisions made at the 1st Jeongdo Management Committee meeting held on Apr. 28th, 2020
1. Operational plan of the committee
2. Establishment of a code of conduct for Jeongdo Management
3. Organization of the committee at the holding company
4. Offline declaration ceremony for Jeongdo Management

Implementation organization
Key organizations under respective committee members

HANKOOK TIRE & TECHNOLOGY CSR REPORT 2019/20
Road Safety for Children

Hankook Tire & Technology has been consistently undertaking corporate philanthropic initiatives aligned with its main business, including the three major mobility projects of car donations, tire donations and the operation of the Tuieum Bus. We have also developed road safety maps for children since 2013 with an aim to deliver the social value of ‘reducing traffic accidents involving children’. In 2019, we initiated another project to use a portion of the sales profits from our ‘Kinergy EX’ tires to distribute transparent LED umbrellas to children, who are at particular risk for traffic accidents on rainy days. Our plan is to integrate these two projects to launch the road safety for children campaign, and develop them into Hankook Tire & Technology’s flagship corporate philanthropic initiative in the years ahead.
In 2019, we chose Songpa-gu, Youngdeungpo-gu, and Gangdong-gu in Seoul as well as Suwon City and Ansan City in Gyeonggi Province as our project sites to develop road safety maps for children in consideration of the statistics on areas of frequent traffic accidents involving children and priority areas that receive educational and welfare funding. We received applications from 88 elementary schools in the Seoul region and 153 elementary schools in the Gyeonggi region, and a group of experts - one from the Korean Association for Safe Communities and four external experts - screened these applications to choose a total of four finalists. These were Songpa Elementary School, Shinmyung Elementary School, and Sunsa Elementary School in Seoul and Dongsin Elementary School in Suwon.

This project was attended by 508 4th graders from these 4 schools and the project ensured that the school walkways were toured, the road environment was monitored, interviews were conducted, and road safety maps were created and offered. The maps created by children were reviewed for improvements by traffic experts prior to their actual publication, and participating children received tailor-made road safety training based on the maps they themselves had created. In addition, large-scale road safety maps were created and put up within the school for everyone to see. To ensure that this project evolves to become more than a mere one-off event, we distributed teacher’s manuals for the road safety maps to the teachers responsible for the upper grades at participating schools so that these maps could be developed independently. Furthermore, the road risk factors identified by children were used in suggesting a total of 45 improvement ideas for traffic safety facilities to the concerned government agency.

In 2019, we launched a new cause-related marketing project to invest a total of KRW 50 million to ‘distribute transparent LED umbrellas’. A portion of the profits generated from the sale of our ‘Kinergy EX’ tires were used to fund this cause-related marketing project, the first of its kind initiated by Hankook Tire & Technology. In reference to the data published by the Ministry of Public Administration and Security in 2018 regarding the children’s protection zones that suffered from frequent traffic accidents, we selected seven areas that were willing to participate out of the pool of candidate areas where three or more traffic accidents occurred within the school zone or where fatalities occurred from accidents. Four elementary schools that joined the ‘road safety for children’ campaign and elementary schools located near our Geumsan Plant were also included. In total, 2,500 transparent LED umbrellas were distributed to 1st graders at 12 schools. These umbrellas were tested for their safety by the FITI Testing & Research Institute and were designated in consideration of the fact that children would be using them. Testing was performed before these umbrellas were ever manufactured or distributed which certainly put the minds of the parents of these children at ease.

To deliver the social value of ‘reducing traffic accidents involving children’, we will integrate the development of road safety maps for children and the distribution of transparent LED umbrellas into the ‘road safety for children campaign’ to improve the mutual synergistic effects. Hankook Tire & Technology will continue to look for corporate philanthropic initiatives aligned with its main business as a way to generate social value.
Response to the COVID-19 Outbreak

Since the first outbreak in Wuhan, China at the end of 2019, COVID-19 has spread across China and the globe, and has likewise taken its toll on the business operations of Hankook Tire & Technology with its global network of eight production bases in Korea and the rest of the world. The severity of this crisis urged us to take action, provide supplies and develop work guidelines to prevent the infection and transmission of the coronavirus while expanding telecommuting and adjusting office hours. We supported students in their online learning and the livelihood of the underprivileged to minimize the impact of COVID-19 on local communities, and provided our dealers, who were facing economic hardship, with financial support and the necessary supplies to prevent any new cases. We plan to establish global standards to swiftly respond to the resurgence of COVID-19 or any other similar novel infectious diseases. We will surely turn the global challenge of the COVID-19 pandemic into an opportunity to emerge as a global top-tier company in the post-COVID-19 era.
Response to the COVID-19 Pandemic

We prepared emergency response scenarios in the event that any positive cases were confirmed among our employees, and specifically developed staffing and production plans to place a priority on the supply of Original Equipment (OE) tires in response to the possible disruption of the regular operation of our plants. In addition, we established guidelines for absenteeism and tardiness to address symptomatic employees, those who tested positive for the virus, and those who came in close contact with any confirmed patients.

To prevent the occurrence and transmission of the disease, we periodically performed temperature checks on our employees, distributed face masks and hand sanitizer, and disinfected the work environment and our commuting buses. We limited the entrance of outside visitors to our office, and for those who inevitably entered, we ensured their temperatures were taken and that they filled out a questionnaire to protect our workplace from any outside infections.

Our employees also took personal responsibility: this included their strict compliance with work guidelines barring overseas travel and/or domestic/overseas business trips, the discontinuation of internal offline and external training and company dinners, a limit to five or fewer employees for any given meeting, and the regular use of face coverings. Our employees also faithfully fulfilled their responsibility to self-report their health status so that we could work together as a company to respond effectively to the threat of COVID-19.

To minimize the possibility of our employees being exposed to COVID-19, we reduced any unnecessary physical contact and made the work-at-home option more widely available to help fill the void of childcare caused by the suspension of daycare centers and the delay in school openings. In particular, we mandated expectant mothers, those with preexisting medical conditions, or any employee receiving treatment for a serious illness, to work from home. We also promptly deployed the infrastructure required for telecommuting so that our employees could seamlessly shift to remote work.

Support to Overcome COVID-19

The spread of the coronavirus resulted in decreased consumption and dealt a blow to our dealers who suffered a drop in sales. We provided T'Station, The Tire Shop, TBX and other major dealers with financial assistance and supplies to improve the sanitation of their shops, and ensured that hand sanitizers and disinfectants were available on-site to help consumers feel confident in the safety and cleanliness of the premises.

For elementary, junior, and high school students in Korea and abroad who were not able to amply prepare for remote learning after a new online school semester began, we provided computers and other digital devices. In a move to support the less privileged whose suffering and burdens only increase amid the COVID-19 outbreak, we have made financial donations, assisted in environmental clean-ups, and offered meals and nutrition to reach privileged whose suffering and burdens only increase amid the COVID-19 outbreak, we have made financial donations, assisted in environmental clean-ups, and offered meals and nutrition to reach out to local communities on multiple fronts.

Post-COVID 19

Hankook Tire & Technology aims to implement the positive changes that emerged following the COVID-19 pandemic and make them a part of our new normal. Digital infrastructure and the culture it ushers in will enable us to facilitate online training, virtual meetings and reporting, and in the end, it will help us to establish a viable way to work remotely and improve our corporate culture and work more efficiently. As our customers and business operations will surely transform in the post-COVID-19 era, we will reinforce non-contact marketing and review the diversification of raw material sourcing to prevent risks.

The experience we gained in responding to COVID-19 will drive our endeavors to establish global standards on management plans at different phases of disease transmission, preventive management, behavioral guidelines for infection prevention, employee sick leave guidelines, and countermeasures to prevent plant shutdowns. In so doing, we will develop capabilities to promptly address any novel infectious diseases as well as COVID-19.
CONSTANT MONITORING AREAS
## Shareholder Data

### Composition of Shareholders

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Shareholders</th>
<th>Ratio of Shareholders</th>
<th>Amount of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional shareholders</td>
<td>1,625</td>
<td>8.9%</td>
<td>66,423,375</td>
</tr>
<tr>
<td>Individual shareholders</td>
<td>16,572</td>
<td>90.9%</td>
<td>53,558,058</td>
</tr>
<tr>
<td>Hankook Technology Group Co., Ltd.</td>
<td>24</td>
<td>0.1%</td>
<td>53,558,058</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>1</td>
<td>0.0%</td>
<td>22,388</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,222</td>
<td>100%</td>
<td>123,875,069</td>
</tr>
</tbody>
</table>

### Stock Ownership

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Shareholders</th>
<th>Ratio of Shareholders</th>
<th>Amount of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional shareholders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual shareholders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hankook Technology Group Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Founder & Founding Family Ownership

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of Shares</th>
<th>Ownership (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hankook Technology Group Co., Ltd.</td>
<td>37,996,959</td>
<td>30.67</td>
</tr>
<tr>
<td>Yang Rai Cho</td>
<td>7,019,903</td>
<td>5.67</td>
</tr>
<tr>
<td>Hyun Shin Cho</td>
<td>799,241</td>
<td>0.65</td>
</tr>
<tr>
<td>Hyun Bum Cho</td>
<td>2,561,241</td>
<td>2.07</td>
</tr>
</tbody>
</table>

**CEO and Executive Compensation**

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 targets). Long-term incentives are calculated according to business performance over a three-year period and are paid every three years in consideration of EVA\(^4\), sales growth rates, share price, and TSR\(^5\) disparities.

\[EVA = \text{Economic Value Added} \]

\[TSR = \text{Total Shareholder Return} \]

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\(^*\) 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.

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

---

1) Hankook Tire & Technology follows the one share one vote rule, and treasury shares do not have voting rights in accordance with the Commercial Act

2) The ownership of the National Pension Service amounts to 8.15%

3) The remaining founder & founding family ownership amounts to 3.53%.

4) EVA (Economic Value Added): An indicator that demonstrates substantial corporate value as seen from the viewpoint of shareholders

5) TSR (Total Shareholder Return): Total rate of returns for shareholders during a specific period of time
CEO-to-Employee Compensation Ratio

<table>
<thead>
<tr>
<th></th>
<th>(as of Dec. 31, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CEO Compensation (KRW million)</td>
<td>Mean Employee Compensation (KRW million)</td>
</tr>
<tr>
<td>1,307</td>
<td>71</td>
</tr>
</tbody>
</table>

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

BOD-Centered Decision-Making Process

Hankook Tire & Technology’s decision-making process is led by its Board of Directors (BOD). Stakeholder feedback is fully gathered and reflected in identifying necessary tasks and generating outcomes through various meetings. Furthermore, we are building a corporate culture that promotes free communication for integrated stakeholder feedback in top management’s decision-making. The CEO serves as the chairman of the board of directors for the purpose of providing sufficient information to independent directors to smoothly operate the board of directors and to properly fulfill the roles and responsibilities according to relevant laws and internal regulations. Furthermore, the independent director chairing the Audit Committee represents independent directors as a coordinator, playing a role as a de facto independent lead director.

Composition of the BOD — Hankook Tire & Technology’s BOD consists of five directors - two executive and three independent directors. None of our independent directors have any interest in the Company, in its senior management, or in its major shareholders.

Board Independence Statement

We ensure that independent directors account for the majority of the BOD and set a goal of maintaining their ratio at 60% and above in order 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.
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.

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: three independent directors were provided with on-site tour training to understand the status of our business operations as well as risk training on the internal accounting control system in 2019.

Effectiveness and Transparency of the BOD
Hankook Tire & Technology requires that the board of directors exceed 50% of the quorum 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 two companies other than Hankook Tire & Technology. Hankook Tire & Technology has installed and is operating the Audit Committee 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 audit function’, ‘monitoring activities’, etc., are assessed. Hankook Tire & Technology has been assessed its board performance by KCGS (Korea Corporate Governance Service) annually. KCGS evaluates companies’ corporate governance by these criteria: the composition of shareholders, transparency of board meetings, protection of third-party assessments are used as the basis to monitor and improve vulnerable areas.

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 performance indicators.

Training for Independent Directors (2019)
(as of Dec. 31, 2019)

Training Topic
- Understand the status of business operations (internal training)
- Practical operations of the internal accounting control system and trends in external auditing (external training)
- Financial statements (statement of cash flow) and accounting reforms (external training)

Date of Training
- Jun. 18 – Jul. 20, 2019
- Oct. 31, 2019
- Dec. 3, 2019

Trainer
- Executives at Europe Headquarters: Choong Hwan Cho, Sung Phil Hong, Chang Hwa Jung
- Korea Listed Companies Association: Choong Hwan Cho, Sung Phil Hong, Chang Hwa Jung
- Audit Committee Forum: Sung Phil Hong, Choong Hwan Cho

Attendee
- Choong Hwan Cho, Sung Phil Hong, Chang Hwa Jung
- Choong Hwan Cho, Sung Phil Hong, Chang Hwa Jung
- Sung Phil Hong, Choong Hwan Cho

Operation of Subcommittees under the BOD

<table>
<thead>
<tr>
<th>Subcommittee</th>
<th>Composition</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>3 independent directors</td>
<td>- Audit the Company’s accounting and business operations; - Investigate the Company’s assets; - 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.</td>
</tr>
<tr>
<td>Sustainability Committee</td>
<td>2 executive directors</td>
<td>- Deliberate and decide on general management matters; - Deliberate and decide on financial matters.</td>
</tr>
<tr>
<td>Independent Director Recommendation Committee</td>
<td>2 executive directors, 3 independent directors</td>
<td>- Recommend independent director candidates to the general shareholder meeting.</td>
</tr>
<tr>
<td>Internal Transactions Committee</td>
<td>3 independent directors</td>
<td>- Approve large-scale internal transactions.</td>
</tr>
</tbody>
</table>
INTEGRATED RISK MANAGEMENT

Financial Risk

Financial risk — In 2019, the global economy continued to suffer aggravating fluctuations due to the U.S.-China trade dispute. Specifically, a downward pressure persisted in Europe, China and emerging economies while the sluggish domestic economic growth resulted in shrinking private sector investments and employment. Still yet, Hankook Tire & Technology is focused on further stabilizing its business through sustained risk management.

We use the cash flow generated from our worldwide operations to repay unnecessary borrowings and to reduce our leverage ratio in doing so while monitoring and constantly managing our financial expenses and F/X positions to minimize our risk exposure in the financial environment. Furthermore, we readily share market data 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.

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/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 surplus, 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.

Tax Policy

Hankook Tire & Technology is clearly aware that compliance with tax regulations and tax risk management play a significant role in contributing to national finance and helping customers generate profits and maximizing shareholder profits in addition to serving as a prerequisite for sustainability management. It is with this awareness that we stipulate and operate standards and procedures on tax principles and guidelines as well as risk management in order to implement a sound tax policy. Furthermore, we pursue cooperative and constructive relationships with tax authorities to accurately file and pay our taxes.

1. We thoroughly comply with domestic and international tax laws and regulations in any and all business transactions made to generate economic and social value in order to faithfully fulfill our tax obligations as stipulated by law, and we accurately file and pay taxes in accordance with applicable tax laws and regulations.

2. We fully disclose relevant information to our stakeholders to ensure transparency concerning our tax status. We file taxes with the help of external tax experts in reporting on transfer prices to ensure proper follow up measures are taken.

3. We are not involved in cross-country profit shifting which is a practice that takes advantage of different tax systems across countries, loopholes in the international tax system or tax havens nor are we involved in any transactions made for the purpose of tax avoidance. We ensure that we are lawfully taxed in accordance with the value created in the country in which we operate.

4. In making transactions with related parties, we comply with the OECD Transfer Pricing Guidelines and the arm’s length price principle in conformity with country-specific regulations. In making transactions subject to transfer pricing with overseas related parties, we work with external tax experts in reporting on transfer prices to ensure proper follow up measures are taken.

In line with mounting uncertainties in the business landscape, Hankook Tire & Technology is further reinforcing its risk management and emergency response. Systemic monitoring and prevention is conducted on a range of financial/non-financial potential risks while a business continuity system is being established and a systemic approach is taken to respond to emergencies, such as fires.
Non-financial Risk

Business continuity risk — 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.

Legal risk — Hankook Tire & Technology thoroughly manages legal risks in reviewing the contracts of its domestic and overseas business, in reviewing legal issues in relation to M&A and other project undertakings, in offering legal advice on business conduct to working-level departments, and in resolving disputes that include domestic and overseas litigations and arbitrations. To further advance compliance management, we also ensure legal risk prevention in evaluating and improving our collection and handling personal data in business conduct.

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 cyber crimes and protecting customer data from cyber attacks. 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 handing 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.

Health & safety risk — To ensure our work environment is free from any accidents or injuries, Hankook Tire & Technology increased EHS 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 EHS 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 2019, we worked on the transfer into the ISO45001 certification and took wide-ranging actions to establish and upgrade our safety culture, 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 EHS 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 EHS 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.

Other risks in respective CSR areas — Risks that could emerge as new social or environmental issues, or CSR risks that require regular monitoring, are placed on the mandatory agenda of the seven Change, Employee, Ethics Management, Corporate Philanthropy, and Supplier) for quarterly reviews and discussions, and response strategies are developed through the decisions made by the committee chairs.
CSR FOCUS AREAS

Focus 01. Customer Satisfaction and Quality Management
Focus 02. Integrated Environmental Management
Focus 03. Climate Change and GHG Management
Focus 04. Community Involvement and Development
Focus 05. Transparency and Business Ethics
Focus 06. Employee Value Creation
Focus 07. Employee Health and Safety Management
Focus 08. Win-Win Partnership in the Supply Chain
CUSTOMER SATISFACTION AND QUALITY MANAGEMENT (CAR MAKER)

Focused on developing cutting-edge technology and improving quality to respond to rapidly-shifting market changes. They have submitted concepts at major automotive events and have established strategic partnerships with vehicle manufacturers. They have committed to improving employee satisfaction through training and upskilling programs.

Key Achievements:
- Submitted a concept tire with Volkswagen at the Shanghai Auto Show
- Formed a partnership with the EV company Rinspeed and attended the Geneva Motor Show
- Supplied EV tires to the Audi e-tron
- Provided training to 15,000 employees to promote quality mindset

Issue Background & Management Status

OE business, as a form of Business to Business (B2B) transaction, requires generating sustained profits in OE business. This is achieved by reflecting new technology desired by car OEMs in improving the technological capability of products. Long-term trust-based partnerships with customers are essential, along with engagement in wide-ranging communication activities and continued R&D investments. Hankook Tire & Technology strengthens its strategic partnerships with car OEMs, leveraging its systems and technological capabilities accumulated over the years. They are committed to developing cutting-edge technology and improving quality to respond to the rapidly-shifting market landscape. They also address CSR requirements to elevate their business relationship with customers.

Relevant Issues:
1. Establish quality management and strengthen customer satisfaction operations
2. Develop products and services that consider customer health & safety
3. Provide accurate information on products and services
4. Protect customers' personal information

Materiality Analysis Outcomes

Impact Analysis Outcomes

Future Plan
Hankook Tire & Technology will swiftly identify the technology requirements of car OEMs and market trends while engaging in wide-ranging communication activities, including exhibition attendance and customer interactions, to develop and supply products that deliver the optimal performance and quality as required by customers. They will also focus on corporate social responsibility and sustainability assessment to elevate their business relationship with customers.

Management Organization

Chair: OE Division Director
Supervised by:
- Global OE Planning Team, Global OE Sales Team, Global OE PM Team, OE Teams in Europe, the Americas, China, Japan, and ASEAN India

Cooperation:
- OE Development Department, TB Development Department, Development Quality Assurance Team, Global OE Quality Team, OE Quality Teams in the Americas and China, and Technical Centers in Europe, the Americas, Japan, and China

FOCUS 01
<table>
<thead>
<tr>
<th>Managerial Issue</th>
<th>Achievements in 2019</th>
<th>Plans for 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting continued communication with car makers</td>
<td>Promoted continued partnership sponsorship for corporate philanthropic events, invitation to sports events sponsored by the company, and the collaborative manufacturing of concept tires</td>
<td>Promoted continued partnership sponsorship for corporate philanthropic events, invitation to sports events sponsored by the company, and the collaborative manufacturing of concept tires</td>
</tr>
<tr>
<td></td>
<td>Managed partnerships through the continued sponsorship for corporate philanthropic events, invitation to sports events sponsored by the company, and the collaborative manufacturing of concept tires</td>
<td>Managed partnerships through the continued sponsorship for corporate philanthropic events, invitation to sports events sponsored by the company, and the collaborative manufacturing of concept tires</td>
</tr>
<tr>
<td></td>
<td>Advanced technology communication through collaboration with EV companies</td>
<td>Advanced technology communication through collaboration with EV companies</td>
</tr>
<tr>
<td></td>
<td>Promoted response to sustainability assessments and follow-up measures</td>
<td>Promoted response to sustainability assessments and follow-up measures</td>
</tr>
<tr>
<td></td>
<td>Developed products that meet the high-performance requirements for car makers</td>
<td>Developed products that meet the high-performance requirements for car makers</td>
</tr>
<tr>
<td></td>
<td>Developed tires optimized for future eco-friendly vehicles such as EVs and hybrid cars (continued)</td>
<td>Developed tires optimized for future eco-friendly vehicles such as EVs and hybrid cars (continued)</td>
</tr>
<tr>
<td></td>
<td>Established a zero-defect quality assurance system</td>
<td>Established a zero-defect quality assurance system</td>
</tr>
<tr>
<td></td>
<td>Secured uniform product quality (process, raw/subsidiary materials, semi-finished/finished products)</td>
<td>Secured uniform product quality (process, raw/subsidiary materials, semi-finished/finished products)</td>
</tr>
<tr>
<td></td>
<td>Reinforced the verification of products and processes</td>
<td>Reinforced the verification of products and processes</td>
</tr>
<tr>
<td>Strengthening product capabilities</td>
<td>Improved employees' quality mindset</td>
<td>Improved employees’ quality mindset</td>
</tr>
<tr>
<td></td>
<td>Developed core quality capabilities (continued)</td>
<td>Developed core quality capabilities (continued)</td>
</tr>
<tr>
<td></td>
<td>Established a zero-defect quality assurance system</td>
<td>Established a zero-defect quality assurance system</td>
</tr>
<tr>
<td></td>
<td>Secured uniform product quality (process, raw/subsidiary materials, semi-finished/finished products)</td>
<td>Secured uniform product quality (process, raw/subsidiary materials, semi-finished/finished products)</td>
</tr>
<tr>
<td></td>
<td>Reinforced the verification of products and processes</td>
<td>Reinforced the verification of products and processes</td>
</tr>
</tbody>
</table>

**Notes:**
1) WLTP: Worldwide Harmonized Light-duty vehicle Test Procedure
2) RRc: Rolling Resistance coefficient

**Responsibility**
- Global OE Planning Team
- Global OE Sales Team
- Global OE PM Team
- Regional OE Team
- Quality Division
- R&D Staff Office
- Production & Engineering Staff Office
- Global Quality Planning Team
Promoting Continued Communication with Car Makers

We expanded customer-oriented marketing communication to pursue win-win partnerships with global car OEMs, and are making use of novel events such as concept tire production to reinforce our relationship with them.

Strengthening communication with car makers
To proactively respond to the requirements of car OEMs, we engage in business meetings and a wide range of marketing communication activities to form an even closer network with these customers. As such, we were proudly named a GM Supplier of the Year by General Motors in 2019.

In 2019, we also joined hands with Volkswagen in developing a concept tire that caters to the need of future automobiles and submitted the tire to the Shanghai Auto Show to reinforce our partnership with the company and showcase yet again our exceptional technology. We formed a partnership with the Swiss EV company Rinspeed, attended the Geneva Motor Show and the International Automobile Ausstellung (IAA), and gained OE fitments on 39 models, including the Porsche Cayenne and the Volkswagen T-Roc, further diversifying our OE supply portfolio.

As an official sponsor for the Deutsche Tourenwagen Masters held in Germany, we invited car OEMs based in Europe to reinforce our business activities with these customers.

Meeting the requirements of car makers
As we have faithfully responded to the requirements of car OEMs concerning quality, product delivery, and CSR and maintained trust-based relationships, we were recognized as a top-performing suppliers in the ‘Quality and Delivery’ and ‘Value’ sectors at the Supplier of the Year Awards hosted by the Japanese car OEM Honda in April 2019.

In line with the mounting interest in sustainability issues among stakeholders, car OEMs also come forward with varying CSR requirements. We ensure swift communication on the economy, society, the environment, and overall CSR activity areas included in the supply chain assessments performed by major car OEMs – BMW, Ford, Volkswagen, PSA, Honda, and Porsche. Specifically, EcoVadis, a CSR rating platform that covers PSA and other global car makers, awarded us a gold medal which is only given to the top 1% of the companies in the rubber product manufacturing sector in 2019, and this proved to demonstrate our exceptional sustainability as a company. Going forward, we will continue to strengthen our partnership with major global car OEMs to improve our quality competitiveness and broaden our market presence as a sustainable business.
Strengthening Product Capabilities

We are committed to developing tire technology and improving quality to deliver optimal products to car makers. Notably, we develop tires that comply with tightening exhaust gas testing criteria and cater to the technical requirements of car OEMs to further reinforce our cooperation with global car makers and contribute to the development of the automobile industry in so doing.

Developing products that meet the high-performance requirements of car makers

Our endeavors to meet the social need for eco-friendly tires allowed us to initiate the supply of EV tires to the Audi e-tron. In particular, we developed tires that contribute to fuel efficiency improvement in conformity with tightened exhaust gas testing criteria under the WLTP, which was positively welcomed by car OEMs and consumers. We will continue to form partnerships with EV companies and tap into the EV market to diversify the supply portfolio of our OE business.

1) WLTP: Worldwide Harmonized Light-duty vehicle Test Procedure

Establishing a zero-defect quality assurance system

With the goal of establishing a zero-defect quality assurance system, we ensure uniform quality at respective manufacturing processes, ranging from raw/subsidiary materials to semi-finished/finished products. Our dedicated quality organization strengthened its verification operation to resolve quality risks even from the new product development phase, and we fully launched the digital transformation initiative to develop a long-term raw/subsidiary material inventory management system and digitalize the measurement of semi-finished products. In so doing, we verify a range of issues that may occur from processing to products and reduce the occurrence of such issues to zero.

Improving the quality mindset of all employees

In addition to achieving the IATF 16949 automotive quality management system certification, we continue to provide internal auditor training and expand the scope of mandatory quality job training. The job-based capacity matrix was developed to offer training that meets the needs of quality operations. Our quality training system enables us to constantly improve the capacity of our quality workforce and assign them to appropriate positions according to their job competence.
CUSTOMER SATISFACTION AND QUALITY MANAGEMENT
(GENERAL CUSTOMERS AND DEALERS)

Issue Background & Management Status
Consumers are increasingly interested in vehicle maintenance services. Today's savvy customers move across different channels to search information and make comparisons, and they pursue not only the products themselves, but also consumer satisfaction and a convenient and trustworthy experience across the entire purchasing journey. In line with quickly-changing and diversifying consumer trends, Hankook Tire & Technology leverages the T'Station brand and its service network as a service platform to deliver a satisfying purchasing experience in order to widen the scope of its customer service operations. We provide convenient customer service that seamlessly connects online purchasing with offline services as well as differentiated services such as complimentary tire warranties to increase customer satisfaction while conducting regular customer satisfaction surveys to elevate our service performance. On the strength of our win-win management philosophy, we fully support our franchise members with their shop operations, from products, equipment use, and repair skills to sales and consumer management.

Future Plan
Hankook Tire & Technology endeavors on multiple fronts to deliver customer satisfaction from product purchase and mounting to follow-up management with its T'Station brand playing a central role. We offer professional counseling to help customers make reasonable purchasing decisions, and deliver differentiated customer service through our membership program. We will harness our nationwide T'Station service network to enable Online to Offline (O2O) services and other digitally-based services to provide the greatest possible customer satisfaction. Furthermore, on-site training and flexible on/offline training will be provided to shop owners, who find it difficult to attend such training while tending to their schedules, in order to ensure equal learning opportunity for all. Such commitment to training will ultimately benefit our consumers with consistent and high-quality services available throughout all our locations and further elevate our brand competitiveness.

Management Organization

Relevant Issues
1. Establish quality management and strengthen customer satisfaction operations
2. Develop products and services that consider customer health & safety
3. Provide accurate information on products and services
4. Protect customer's personal information

Materiality Analysis Outcomes

Impact Analysis Outcomes

Focus 01
Key Achievements
- Provided training to shop owners: 312 shops attending (including redundancies), 7 courses (repair skills, consumer management, sales, system use, etc.)
- The Korea Brand Power Index (K-BPI) Ranked 1st for 12 consecutive years
- Received the Grand Prize at the Korea Communication Awards 2019 and at the Korea Empathic Contents Awards (campaign contents sector)

Future Plan
Hankook Tire & Technology endeavors on multiple fronts to deliver customer satisfaction from product purchase and mounting to follow-up management with its T'Station brand playing a central role. We offer professional counseling to help customers make reasonable purchasing decisions, and deliver differentiated customer service through our membership program. We will harness our nationwide T'Station service network to enable Online to Offline (O2O) services and other digitally-based services to provide the greatest possible customer satisfaction. Furthermore, on-site training and flexible on/offline training will be provided to shop owners, who find it difficult to attend such training while tending to their schedules, in order to ensure equal learning opportunity for all. Such commitment to training will ultimately benefit our consumers with consistent and high-quality services available throughout all our locations and further elevate our brand competitiveness.

Management Organization
<table>
<thead>
<tr>
<th>Managerial Issue</th>
<th>Goals</th>
<th>Achievements</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Win-win management</td>
<td>Offering shop operation improvement courses</td>
<td>Held 22 sessions of retail capacity-building training (system, product sales, etc.): Completed by 264 people Held one session of onboarding training to new shop owners Held 21 sessions of technical training on foreign car repair and wheel alignment: Completed by 162 people</td>
<td>●</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Enhancing customer satisfaction</td>
<td>Developed and provided digitally-based customer experience services - Launched diverse campaigns through T'Station.com to offer a differentiated customer experience</td>
<td>●</td>
</tr>
<tr>
<td>Customer communication</td>
<td>Launching highway vehicle safety check-up campaigns</td>
<td>Performed tire/battery/consumables check-ups and provided counseling on tire management tips in six highway service areas across the nation on five occasions Performed safety checks during the summer holiday season (Jul.)</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Offering free mobile vehicle check-ups</td>
<td>Visited government offices, companies and local festivals to provide free check-ups Launched promotional activities in alignment with T'Station shops, including welfare partnership agreements</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Plans</td>
<td>Provide retail capability-building training (by topic) - Facilitate sales and share best practices regarding shop operations - Provide onboarding training to new shop owners: Shop operations, sales lift, and consumer management - Provide online training: Marketing, products and consumer management Provide online training: Best practices from top-performing shops on shop operations, consumer management, etc.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goals</th>
<th>Plans</th>
<th>Deadline</th>
<th>Responsible Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offering shop operation improvement courses</td>
<td>Provide retail capability-building training (by topic) - Facilitate sales and share best practices regarding shop operations - Provide onboarding training to new shop owners: Shop operations, sales lift, and consumer management - Provide online training: Marketing, products and consumer management Provide online training: Best practices from top-performing shops on shop operations, consumer management, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec. Retail Channel Management Team</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhancing customer satisfaction</td>
<td>Strengthen capacity on customer-friendly product contents and services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design and launch a customer loyalty program (membership)</td>
<td></td>
<td>Dec.</td>
<td>Retail Marketing Team</td>
</tr>
<tr>
<td>Launching highway vehicle safety check-up campaigns</td>
<td>Improve the efficiency of highway safety check campaigns. Offer service and promotional materials that reflect customer needs to improve customer satisfaction Perform safety checks twice during the summer vacation season (Jul., Aug.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec. Korea Technical Service Team</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offering free mobile vehicle check-ups</td>
<td>Review the service management system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec. Korea Technical Service Team</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Win-Win Management

Hankook Tire & Technology will share its value of ‘driving for happiness’ through training provided to shop owners and promote mutual growth between customers and dealers.

Customer Satisfaction

Our retail brand T’Sation delivers a differentiated purchasing experience to add to the convenience and credibility of the consumer journey of purchasing tires and to improve customer satisfaction in so doing.

Offering shop operation improvement courses

We provided wide-ranging training to shop owners and technicians to help them in improving shop operations and maximize customer satisfaction. Such training was designed to educate these owners on the shop operation system and to strengthen front line communication on consumer management skills and product information. Notably, new shop owners were given the opportunity to visit our plants and receive offline training to accelerate their onboarding process and stabilize their business operations. Meanwhile, maintenance technicians were trained on the repair of foreign cars and wheel alignment skills to develop their professional capabilities. We will further upgrade our dealer training through on-site and online training to boost their level of confidence on shop operations and assist them in offering even better ongoing customer services.

Enhancing customer satisfaction

- Developing and utilizing digitally-based customer experience services

Our T’Sations reach out to customers through a variety of channels to cater to customer needs of today’s digital lifestyle. The mobile-based e-commerce platform ‘T’Sation.com’ is available to easily check on tire products and prices as well as shop information, and this greatly improves accessibility for our customers. Specifically, our distinctive Online to Offline (O2O) services harnessing the nationwide T’Sation service network offer convenience purchasing experience to customers beyond time and physical limitations. ‘Today’ service1) and ‘Smart Pickup’ service2) are the leading examples of O2O services that we deliver for the greatest possible customer satisfaction.

Launching highway vehicle safety check-up campaigns

We installed booths at six highway rest areas across the nation to provide tire/battery/consumables checks and counseling on tire maintenance tips. Furthermore, safety check campaigns are launched during the vacation season as a way to improve our corporate reputation.

Offering free mobile vehicle check-ups

Our mobile complimentary checks are conducted to meet customer needs, and 8,027 vehicles were inspected on a total of 165 occasions in 2019. Our plan for 2020 is to choose local festivals and other venues frequented by vehicles and customers and provide free-of-charge checks (tire air pressures, wear checks, and tire maintenance tips), which will surely boost our customer communication and support driver safety for all our customers.

Free-of-Charge Checks Provided to Fleet Account (FA) Vehicles in 2019

<table>
<thead>
<tr>
<th>Region</th>
<th>Seoul/Gyeonggi/Incheon</th>
<th>Busan/South Gyeongsang</th>
<th>Chungcheong</th>
<th>Gwangju/Honam</th>
<th>North Gyeongsang</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits paid (No. of visits)</td>
<td>46</td>
<td>17</td>
<td>6</td>
<td>14</td>
<td>2</td>
<td>85</td>
</tr>
<tr>
<td>Vehicles checked (No. of vehicles)</td>
<td>1,865</td>
<td>268</td>
<td>97</td>
<td>408</td>
<td>32</td>
<td>2,720</td>
</tr>
</tbody>
</table>

Free-of-Charge Mobile Vehicle Checks in 2019

<table>
<thead>
<tr>
<th>Region</th>
<th>Seoul/Gyeonggi/Incheon</th>
<th>Busan/South Gyeongsang</th>
<th>Chungcheong</th>
<th>Gwangju/Honam</th>
<th>North Gyeongsang</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits paid (No. of visits)</td>
<td>7</td>
<td>15</td>
<td>14</td>
<td>13</td>
<td>26</td>
<td>75</td>
</tr>
<tr>
<td>Vehicles checked (No. of vehicles)</td>
<td>591</td>
<td>1,326</td>
<td>329</td>
<td>531</td>
<td>1,369</td>
<td>4,146</td>
</tr>
</tbody>
</table>

Highway Vehicle Safety Check Campaign Outcomes in 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Fall Campaign</th>
<th>1st round</th>
<th>2nd round</th>
<th>3rd round</th>
<th>Spring Campaign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits paid (No. of visits)</td>
<td>26</td>
<td>403</td>
<td>399</td>
<td>265</td>
<td>68</td>
<td>1,161</td>
</tr>
</tbody>
</table>
INTEGRATED ENVIRONMENTAL MANAGEMENT

Key Achievements

- Waste discharge intensity in 2019: 47 kg/ton of finished product
- Developed the Global Chemical Information System (G.CIS)

Materiality Analysis Outcomes

Impact Analysis Outcomes

Relevant Issues

1. Minimize impact along the product lifecycle (raw material collection, transport, manufacturing, use and disposal)
2. Use resources sustainably
3. Protect the ecosystem and biodiversity in the vicinity of worksites

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.

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. To specifically mitigate the environmental impact in the product use phase where the most environmental impact is generated in the product lifecycle, we will continue to focus on improving rolling resistance performance and develop products that are set at their optimal weight.

Goal Deadline

- 80% in the percentage of eco-friendly products: 2030
- 100% in the consumption of sustainable materials: 2050
- Reduce water withdrawal intensity by 30% (base year 2018): 2030
- Reduce waste discharge intensity by 30% (base year 2018): 2030

Management Organization

Chaired by: Head of the R&D Planning Department
Supervised by: R&D Planning Team
Cooperation Team: Chemical Safety & Legal Regulation Project, Cure Optimization Research Project, Advanced Material Technology Project, RE Platform Development Project, etc.

Chaired by: Head of the EHS Department
Supervised by: EHS Planning Team
Cooperation Team: Safety & Environment Team, R&D Corporate Management Team, Facility Technology Team, and CSR Team
Managerial Issue | Achievements in 2019 | Plans for 2020 | Deadline | Responsible Team
---|---|---|---|---
**Reducing Environmental impact in the product design and raw material acquisition phases**
Improving the chemical management process and establishing its system | Completed the G.CIS | Innovating the chemical management process | Dec. | Chemical Safety & Legal Regulation Project

Updating LCA at Korean plants | Conducted LCA on two products at the Daejeon Plant | Conducting LCA | 2021 | CSR Team

Identifying eco-friendly raw materials and developing their application technology | Mass-produced tires from renewable silica independently identified sustainable materials and used these materials for research | Identifying eco-friendly raw materials and developing their application technology | Dec. | Advanced Material Technology Project, Material Management Team


**Reducing environmental impact in the manufacturing phase**
Reducing the generation of waste and increasing its recycling | Maintained waste discharge intensity at 40kg/ton of finished product or under | Increasing the recycling of waste resources at the Daejeon/Geumsan Plants | Dec. | Safety & Environment Team

Minimizing the discharge of pollutants | Introduced high-efficiency denitrification equipment (continued) | Introduce high-efficiency denitrification equipment (continued) | Dec. | Safety & Environment Team

Developing energy-saving curing technology | Completed assessments on curing conditions to reduce TBR N2 gas | Develop design technology and expand its product application | Dec. | Cure Optimization Research Project, Safety & Environment Team

**Reducing environmental impact in the product use/disposal phases**
Optimizing tire weight | Developed compounds with improved wear performance for ultra-lightweight tires | Develop materials to optimize tire weight | Dec. | Optimizing WGT TFF RE Platform Development Project

---
1) G.CIS: Global Chemical Information System
2) LCA: Life Cycle Assessment
Reducing Environmental Impact in the Product Design and Raw Material Acquisition Phases

We preemptively identify the environmental impact generated in the product lifecycle and mitigate such impacts even from the product development phase. We ensure that the ratio of eco-friendly products is constantly on the rise through multi-faceted endeavors to discover eco-friendly materials and develop their application technology.

Improving the chemical management process and establishing its system

The expanding and tightening chemical regulations in Korea and abroad (K-REACH, Chemicals Control Act, Occupational Health and Safety Act, EU-REACH, etc.) have highlighted the growing importance for information management on the properties, harmfulness and hazards of chemical substances. Building on the compiled list of chemicals used in Korea in 2018, we developed the Global Chemical Information System (G.CIS) in 2019 to upload the data of chemicals, including what the chemicals are composed of applicable regulations, and information on their applications. We also set up a system to perform preliminary reviews on any and all new chemicals regarding their hazards and risks prior to them being brought on to our worksites. In 2020, we plan to continue this monitoring to stabilize the newly-established processes and systems while developing their dissemination plans in consideration of the chemical management status at overseas worksites and relevant regulations.

Conducting LCA

Our product Life Cycle Assessments (LCA) were first made at the Geumsan Plant the previous year. This came in tandem with the quantitative analyses made on the mitigation of environmental impact as a result of replacing petroleum-based oil with natural oil and adopting renewable materials, and the outcomes were shared with our R&D centers.

Identifying eco-friendly raw 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 2019, we expanded the application of eco-friendly silica and green carbon1) to further focus on the creation of environmental value. While we previously used mineral-based silica, this was replaced with silica made from plant-based waste and these substitutes were adopted for the mass-production of tires. The supply of reclaimed rubber and green carbon was also stabilized to allow for the use of recycled butyl rubber across all our plants in Korea and abroad. Going forward, we will develop compounds made from green carbon and recycled rubber 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-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. According to our conventional definition of eco-friendly products, 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), and this will further spur our endeavors to improve on energy efficiency and wear and noise performance.

Reducing environmental impact in the manufacturing phase

We take a multi-layered approach to fundamentally reducing environmental pollutants and waste from the manufacturing process.

Reducing the generation of waste and increasing its recycling

Task force teams are up and running within our plants to reduce the generation of waste. As a result of our endeavors to mitigate scraps from semi-finished/finished products, the waste intensity at the Daejeon and Geumsan Plants declined to 34.64kg/ton in 2019. In addition, our full-fledged efforts to recycle waste resources allowed us to identify companies known for recycling technology in 2019 and to successfully recycle calcium hydroxide and carbon dust that had been processed through landfilling.

Minimizing the discharge of pollutants

As the government and the general public are increasingly interested in particular matter (PM) issues, we were urged to make equipment investments to reduce the emission of nitrogen oxides (NOx), one of the main causes of PM, as a way to fundamentally reduce environmental pollutants. We replaced boiler burners with ultra-low NOx burners, and strive to mitigate environmental pollutants with the goal of maintaining our NOx emissions at 42% or lower than the tightened emission threshold. Proactive environmental investments were also made by replacing outdated dust collectors to improve the efficiency of pollutant removal, and diffractive scrubbers were installed to minimize the discharge of pollutants and improve the work environment as well. For processes with limited local ventilation, the proportional relationship between duct sizes and static pressures was analyzed to provide the appropriate air flow and improve dust collection efficiency in so doing.

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-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. According to our conventional definition of eco-friendly products, 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), and this will further spur our endeavors to improve on energy efficiency and wear and noise performance.

Reducing environmental impact in the manufacturing phase

We take a multi-layered approach to fundamentally reducing environmental pollutants and waste from the manufacturing process.
Reducing Environmental Impact in the Product Use and Disposal Phases

The environmental impact generated in the product use phase is determined by tire weight and reducing rolling resistance. This is why our researchers are dedicated to optimizing tire weight and reducing rolling resistance - as it has an impact on the fuel consumption of automobiles.

In recognition of the importance of protecting the aquatic ecosystem, we apply internal management standards that are even more stringent than the applicable legal standards. In 2019, two sand filters were replaced at the Daejeon Plant to maintain the discharge concentration of suspended solids to 20% and below the legally allowable threshold to contribute to the preservation of the aquatic ecosystem. Developing energy-saving curing technology

Curing is the process of applying high temperatures and pressures to the green tire in a mold to form its pattern. Our goal of curing technology research is to efficiently use thermal energy in the curing process and improve product quality. Optimal timeframes, temperatures and pressures were set to ensure energy efficiency through extensive testing and research, and these variables were standardized to optimize curing conditions and to enable respective plants to increase their productivity output to the highest possible levels. A recent focus of research is inert gas, one of the numerous factors that affect curing conditions, and research was conducted on PCR® and LTR® tires for the optimization of inert gas use conditions in 2018, followed by TBR® tires in 2019. Technology was identified to reduce gas consumption to appropriate levels to ensure both productivity and quality in the TBR tire manufacturing process, and this technology was adopted for production to eventually reduce gas consumption by 8% from conventional technology.

Promoting shared growth with local communities

Our Daejeon Plant has operated the Donggrangi consultation group since 2016 to improve the environment in nearby areas and effectively undertake social-giving programs. The group consists of resident representatives, city/district council members, and professors from environmental academic departments, and assumes multiple roles as a communication channel for stakeholders. Group meetings are held quarterly to brief on the Company’s activities to improve the environment and arrange factory tours, share CSR outcomes with the local community, and gather feedback from resident representatives and cater to their requirements in order to achieve shared growth with local communities.

Optimizing tire weight

We have been conducting research on lightweight tires that contribute to reducing the use of raw materials as well as vehicle weight, bringing a positive impact to fuel efficiency improvement. In particular, we focus on the research of structural improvement on respective tire components and the development of tire compounds that are conducive to higher fuel efficiency. In 2019, we developed compounds for ultra-lightweight tires in an effort to optimize the volume of rubber used for respective tire sections while studying 3D Kerf® technology applicable to the development of new tire profiles and patterns that minimize losses affecting handling and braking performance. Presently, these technologies were disseminated to our plants in Korea and abroad, and are being adopted for regular production.

Reducing Tire Rolling Resistance

Our basic research continues on structures, raw materials, compounds and manufacturing to reduce tire rolling resistance and improve automobile fuel efficiency in so doing. Such endeavors enabled us to increase the rolling resistance labeling grade of our PCR OE tires mounted on the BMW X5/X6 from grade C to grade A in 2019®. Research outcomes were also applied to TBR tires and their rolling resistance performance improved by 25% from conventional ones®. If fuel efficiency increases simply as a result of reduced rolling resistance, this may hamper a tire’s braking, handling and wear performance. As such, we are studying optimal compounds that strike the right balance between contact pressure against the road surface and tire performance, in addition to eco-friendliness.

2) PCR Passenger Car Radial
3) LTR Light Truck Radial
4) TBR Truck Bus Radial

Joining the Biz N Biodiversity Platform

Hankook Tire & Technology supports a biodiversity policy that promotes the creation of various values using biological resources. Our company makes efforts to minimize the environmental impact of business activities and improve the environment around our business sites. As biodiversity issues, such as the protection of endangered species, are structural problems that are difficult to solve through our company’s efforts alone, we feel the need to network with government and other companies for problem-solving through policymaking. For this reason, we joined the Biz N Biodiversity Platform (BNBP), a biodiversity platform under the Korea Business Council for Sustainable Development (KBCSD), and have taken part in related activities.

5) 3D Kerf: Three-dimensional kerfs (fine grooves found on the tread surface) are formed in their optimal zigzag shape, rather than in a linear shape, to aid in the deformation of the tread blocks in order to prevent grip losses and to increase rigidity.
6) Comparison between K127A against K117A equipped on the BMW X5/X6 (255/55R19 109W)
7) Comparison between DL20W against DL10+ (315/70R22.5)

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.
CLIMATE CHANGE AND GHG MANAGEMENT

**FOCUS 03**

**Key Achievements**

- GHG emissions reduced 54,285 tCO2-eq
- Energy and carbon expenses saved KRW 6.5 billion

**Issue Background & Management Status**

Since the Paris Agreement took effect in 2016, all 196 Parties have communicated their Nationally Determined Contributions (NDC) to join hands to weather this international challenge of global warming. This prompted national governments to further tighten their GHG emission regulations imposed on businesses, which may dampen their competitiveness in the market. We believe, however, that maximizing the efficiency of energy consumption and shifting to such energy sources as low-carbon fuel and electricity will surely bring positive benefits as this will elevate our external competitive edge and brand value. Hankook Tire & Technology fully supports the Paris Agreement, and has set mid/long-term GHG emission reduction targets across all its eight production worksites all over the world and has taken action to attain these targets. The Climate Change Committee monitors our climate change responses on a quarterly basis, and we transparently disclose our GHG emissions and climate change activities to CDP1 each 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 Plans**

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. It is based on these directions that we will set detailed reduction plans and take phase-by-phase actions to ultimately attain our goal. We will minimize energy consumption in the tire manufacturing process in the short term, and transition to eco-friendly energy sources to curb the consumption of fossil fuel over the long haul to contribute to preventing global warming.

**Goal Deadline**

<table>
<thead>
<tr>
<th>Goal</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce GHG emission intensity by 15%</td>
<td>2030</td>
</tr>
<tr>
<td>(base year 2013)</td>
<td></td>
</tr>
<tr>
<td>Reduce GHG emissions by 50%</td>
<td>2050</td>
</tr>
<tr>
<td>(base year 2018)</td>
<td></td>
</tr>
</tbody>
</table>

**Management Organization**

- Chaired by: Head of the Machinery Engineering Department
- Supervised by: Production/Infrastructure Team
- Cooperation Team: CSR Team, Facility Technology (Korea), Facility Maintenance Team (overseas), MP/EHS Team, R&D Corporate Management Team
# GHG emissions

- **GHG Management**
  - **Climate Change and GHG Management**
  - **Employee Health and Safety Management**
  - **In the Supply Chain**

## HIGHLIGHTS

- **GHG emissions**
  - **Reduction of GHG emissions**
  - **Setting company-wide long-term GHG emission reduction targets**
  - **Improving the operational method**
  - **Introducing new technology and promoting energy transition**

## CSR FOCUS AREAS

<table>
<thead>
<tr>
<th>Managerial Issue</th>
<th>Goals</th>
<th>Achievements in 2019</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-carbon management</td>
<td>Maintaining our status as an outstanding carbon management company granted by CDP</td>
<td>Remained graded “Leadership A-” in response to climate change by CDP</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Upgrading the energy management system e-Saver</td>
<td>Completed the concept of e-Saver upgrades, set for testing in 2020</td>
<td>●</td>
</tr>
<tr>
<td></td>
<td>Setting company-wide long-term GHG emission reduction targets</td>
<td>Set a total GHG emission reduction goal for 2050</td>
<td>●</td>
</tr>
<tr>
<td>Introduction of high-efficiency equipment</td>
<td>Improved the efficiency of vacuum pumps in the building process at the Daejeon Plant</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adopted high-efficiency motors at the Jiaxing Plant</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Replaced fluorescent lights with high-efficiency LED lights at the Daejeon and Geumsan Plants (nearly 9,000 units)</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Recycling energy and preventing leakage</td>
<td>Improved the quality of condensate water from the curing process and reused the water to supply boilers at the Indonesia Plant</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Replaced old steam traps in the curing process (continued)</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Reduction of GHG emissions</td>
<td>Minimized pump flows and pressures in the curing process at the Geumsan Plant</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Implemented a centrally controlled compressor pressure system (Daejeon/Geumsan/Jiaxing/Hungary Plants)</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joined the electric power demand management at the Daejeon Plant</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improved the thermal work environment of the curing process at the Daejeon and Geumsan Plants</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Optimized the boiler operational load at the Hungary Plant</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Produced PR-based eco-friendly power and supplied it to the external grid to reduce GHG emissions by nearly 302,000 CO₂-eq/year</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Used external low-carbon steam at the Daejeon Plant to reduce GHG emissions by 23,000,000 CO₂-eq/year</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Used wood pallets as fuel at the Geumsan Plant to complete the review of the CO₂ emission mitigation project</td>
<td>●</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Completed the testing and design of installing harmonic wave filters at the Geumsan Plant</td>
<td>●</td>
<td></td>
</tr>
</tbody>
</table>

## Plans for 2020

<table>
<thead>
<tr>
<th>Goals</th>
<th>Plans</th>
<th>Deadline</th>
<th>Responsible Team</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieving the Leadership A grade in climate change response granted by CDP</td>
<td>Join the CDP’s “A LIST” in climate change response</td>
<td>Dec.</td>
<td>CSR Team</td>
</tr>
<tr>
<td>Upgrading the energy management system e-Saver</td>
<td>Perform e-Saver testing on air compressors at the Geumsan Plant</td>
<td>Dec.</td>
<td>Production Infrastructure Team</td>
</tr>
<tr>
<td>Setting mid/long-term total GHG emission reduction goals</td>
<td>Set detailed KPIs in alignment with the set mid/long-term strategy</td>
<td>Dec.</td>
<td>CSR Team</td>
</tr>
<tr>
<td>Introducing high-efficiency equipment</td>
<td>Introduce non-purge air compressor equipment to minimize energy loss</td>
<td>Dec.</td>
<td>KPI/Facility Maintenance Team</td>
</tr>
<tr>
<td></td>
<td>Expand the application of the vacuum pump Variable Frequency Drive (VFD) for the building process</td>
<td>Dec.</td>
<td>DP/Facility Technology Team</td>
</tr>
<tr>
<td></td>
<td>Shift to high-efficiency LED lights at the U.S. Plant (nearly 16,000 units)</td>
<td>Dec.</td>
<td>PF/Facility Maintenance Team</td>
</tr>
<tr>
<td>Recycling energy and preventing leakage</td>
<td>Install Platen &amp; Jacket traps at the Jiangsu/Jaing/Guangzhou Plants</td>
<td>Dec.</td>
<td>PF/P/Facility Maintenance Team</td>
</tr>
<tr>
<td></td>
<td>Replace old steam traps in the curing process (continued)</td>
<td>Dec.</td>
<td>PF/P/Facility Maintenance Team</td>
</tr>
<tr>
<td></td>
<td>Check compressed leaks from the compressor</td>
<td>Dec.</td>
<td>Production Infrastructure Team</td>
</tr>
<tr>
<td>Improving the operational method</td>
<td>Optimize the steam pressure in the curing process</td>
<td>Dec.</td>
<td>H/Facility Maintenance Team</td>
</tr>
<tr>
<td></td>
<td>Perform real-time monitoring for compressor power consumption and compressed air volume to optimize the supply efficiency of compressed air and develop an automatic air leak detection system</td>
<td>Dec.</td>
<td>Production Infrastructure Team</td>
</tr>
<tr>
<td></td>
<td>Reduce power consumption by operating in response to loads imposed on boiler fans and curing ventilation fans</td>
<td>Dec.</td>
<td>TF/Facility Maintenance Team</td>
</tr>
<tr>
<td></td>
<td>Improve the efficiency of cooling water pumps at the freezer</td>
<td>Dec.</td>
<td>CF/Facility Maintenance Team</td>
</tr>
<tr>
<td>Introducing new technology and promoting energy transition</td>
<td>Introduce photovoltaic power generation at the Hungary Plant (generation of eco-friendly power)</td>
<td>Dec.</td>
<td>MP/Facility Maintenance Team</td>
</tr>
<tr>
<td></td>
<td>Use external low-carbon steam to continue to reduce GHG emissions by 23,000,000 CO₂-eq/year at the Daejeon Plant</td>
<td>Dec.</td>
<td>DP/Facility Maintenance Team</td>
</tr>
<tr>
<td></td>
<td>Review the introduction of renewable energy at the Indonesia/Hungary Plants</td>
<td>Dec.</td>
<td>Production Infrastructure Team</td>
</tr>
<tr>
<td></td>
<td>Expand the application of power-saving equipment</td>
<td>Dec.</td>
<td>Production Infrastructure Team</td>
</tr>
</tbody>
</table>
Low-Carbon Management

The Climate Change Committee plays a pivotal role in developing systemic climate change response strategies to be reflected in our business operations. In 2019, we set a company-wide long-term GHG emission mitigation target, and were chosen as a best practice company in the ‘Korea-EU Emissions Trading System cooperation project’.

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

We were granted a 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 and reduce GHG emissions. Our goal for 2020 is to join the ‘A LIST’ to gain recognition on our global top-notch performance as a low-carbon management company.

Upgrading the energy management system e-Saver

We are upgrading our e-Saver in phases, which is an IT system designed to promote systemic energy management at our production worksites. The development of a centrally-controlled system powered by big data was completed in 2019, and we plan to perform testing on the air compressors installed at the Geumsan Plant in 2020.

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 will inevitably lead to increases in GHG emissions in our manufacturing process. Still yet, we announced our goal of achieving large-scale reductions and demonstrated our commitment to reducing GHG emissions in so doing.

Chosen as a best practice in responding to the K-ETS

We operate the Climate Change Committee as a decision-making body dedicated to climate change to consult on issues related to the Korean Emissions Trading System (K-ETS). We have also come forward to provide our feedback in conjunction with relevant organizations to help improve the system in a feasible way. Furthermore, internal carbon prices were set to consider GHG emission reductions translated in terms of expenses in making investment decisions as a way to support investments in mitigating GHG emissions. Such endeavors to respond to the K-ETS allowed us to be chosen as a best practice under the K-ETS at the closing ceremony of the ‘Korea-EU Emissions Trading System cooperation project’1 in 2019.

Reduction of GHG Emissions

We are committed to attaining our GHG emission reduction goal 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.

In particular, the use of external low-carbon steam initiated in 2019 at the Deajeon Plant is expected to reduce approximately 23,000tCO₂-eq in annual emissions.

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. In 2019, three old screw compressors were replaced with one turbo compressor with a high-efficiency motor at the Jiaxing Plant, and the efficiency of vacuum pumps was improved to reduce power consumption at the Geumsan Plant. Meanwhile, we continue to undertake the project to replace fluorescent lights with more efficient and lower power consuming LED lights. The sum of these endeavors to improve the efficiency of equipment led to nearly KR₩ 1.4 billion/year in cost savings and 7,990tCO₂-eq/year in reduced emissions.

Recycling energy and preventing leakage

We are focused on recycling thermal energy and preventing its leaks in the curing process which consumes nearly 95% of the total thermal energy supplied to production worksites. Our Plant in Indonesia improved the quality of condensate water in the curing process and reused the water to be supplied to boilers to increase the reuse of thermal energy, and continues to inspect and replace steam traps2 to prevent thermal energy leaks. The latest condensate water discharge control technology, which was introduced at our Jiaxing Plant in China in 2018 to use automatic traps to block steam leaks, will be applied at the Geumsan Plant. Equipment construction began in 2019 to this end and will be completed in 2020. Our multi-faceted endeavors to recycle energy and prevent leaks resulted in nearly KR₩ 1.38 billion/year in cost reduction and 91,497tCO₂-eq/year in annual GHG emission mitigation.

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 2019, we introduced a centrally-controlled compressor system to increase the efficiency of power consumption through central pressure control, and cut the use of thermal energy by improving the thermal work environment in the curing process and optimizing the operational load of boilers. Such operational improvements enabled us to reduce more than KR₩ 2.52 billion in annual expenses, and 136,417tCO₂-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 is expected to help the plant mitigate its GHG emissions by nearly 23,000tCO₂-eq per year. Our RD&I center located on the premises of the Jiaxing Plant in China has adopted photovoltaic power to generate electricity since December 2018 and this led to nearly 300tCO₂-eq/year in GHG emission reductions. Furthermore, the Geumsan Plant completed the feasibility review on using wood pellets as biomass fuel to generate and use steam. This will be followed by our overseas plants performing feasibility reviews on the introduction of this alternative and take action accordingly.
COMMUNITY INVOLVEMENT AND DEVELOPMENT

**Key Achievements**

- Volunteer hours per employee: 2.1 hours
- Corporate philanthropic expenditures: KRW 4,857 million

**Issue Background & Management Status**

The pursuit of profits alone will not guarantee a company’s sustainable development in today’s day and age. Rather, the company needs to deliver social value to help resolve social issues and seek co-prosperity with local communities to earn stakeholder support in order to render itself truly sustainable. To address local community issues, Hankook Tire & Technology’s CSR Team at the Headquarters is responsible for corporate philanthropic operations in the Seoul region and at the company-wide level, and CSR teams in respective regions undertake social-giving programs in their own territory. The Corporate Philanthropic Committee meets every quarter to engage in discussions with regional CRS teams to identify necessary improvements and take actions accordingly in order to contribute to community development.

**Future Plans**

In line with the motto ‘driving for happiness’, Hankook Tire & Technology will not only make donations but also make full use of its business capabilities to sincerely undertake corporate philanthropic programs, delivering the value of happiness to local communities and children/adolescents. Furthermore, each of our philanthropic programs will be assessed by quantifying the social value they bring so that programs with unsatisfactory outcomes are terminated and programs with further growth potential are promoted. We will also ensure that new programs are launched in consideration of specific local needs. In 2020, we will set a new mid/long-term corporate philanthropic strategy to further pursue co-prosperity with local communities.

**Goal Deadline**

- Increase the generation of social value by 20% (base year 2018): 2030
- Increase the generation of social value by 50% (base year 2018): 2050

**Management Organization**

- **Chair by**: Head of the HR Division
- **Supervised by**: CSR Team
- **Cooperation Team**: Culture Communications Team, HP&Cooperative Management Team, Communications Team, Hankook Tire Welfare Foundation
**Managerial Issue**

**Company-wide implementation**
Conducting corporate philanthropic activities at overseas worksites

**Goals**
- Conducted corporate philanthropic activities overseas
- 78 activities, nearly KRW 1.2 billion spent
- Major corporate philanthropic programs:
  - China HQ: Supported the underprivileged and offered scholarships
  - Europe HQ: Donated trees to facilities for people with disabilities (Czech Republic)
  - Launched cause-related marketing (donation of proceeds, Germany)
  - Donated to children’s hospitals (Italy)
  - Hungary Plant: operated employee volunteer groups and sponsored local schools
  - Indonesia Plant: operated employee volunteer groups and provided medical support for the underprivileged
- America HQ: Sponsored the Disabled American Veterans (DAV) and the Salvation Army

**Achievements**

**Planned**
- Continue with corporate philanthropic activities overseas
- Launch new corporate philanthropic activities overseas
- Flexibly operate the budget to meet specific local needs

**Completion**


**Employee participation**
Operating employee volunteer teams in Korea

**Goals**
- Operating employee volunteer teams in Korea
- Reorganized the volunteer system for officer workers at Korean worksites
- Planned volunteer activities to be undertaken on Proactive Friday

**Achievements**

**Planned**
- Volunteer 24 times per year on six Proactive Fridays
- Divide the greater Seoul region into four zones to increase volunteer opportunities
- Increase opportunities for office workers to engage in volunteer work

**Completion**


**Focusing on core competence**
Launching road safety for children

**Goals**
- Development of road safety maps for children and improved road safety equipment
- 45 improvement suggestions made

**Achievements**

**Planned**
- Facilitated volunteer work among office workers
- Planned volunteer activities to be undertaken on Proactive Friday

**Completion**


**Local community support**
Undertaking three major mobility projects

**Goals**
- Car donation: 50 vehicles
- Tire donation: 633 vehicles (2,412 tires)
- Tukium Bus: 564 buses

**Achievements**

**Planned**
- Car donation: 50 vehicles
- Tire donation: 700 vehicles (2,800 tires)
- Continue to distribute transparent LED umbrellas

**Completion**


### Achievements in 2019

**Company-wide implementation**
- Conducted corporate philanthropic activities overseas
- 78 activities, nearly KRW 1.2 billion spent
- Major corporate philanthropic programs:
  - China HQ: Supported the underprivileged and offered scholarships
  - Europe HQ: Donated trees to facilities for people with disabilities (Czech Republic)
  - Launched cause-related marketing (donation of proceeds, Germany)
  - Donated to children’s hospitals (Italy)
  - Hungary Plant: operated employee volunteer groups and sponsored local schools
  - Indonesia Plant: operated employee volunteer groups and provided medical support for the underprivileged
- America HQ: sponsored the Disabled American Veterans (DAV) and the Salvation Army

**Employee participation**
- Operating employee volunteer teams in Korea
- Reorganized the volunteer system for officer workers at Korean worksites
- Planned volunteer activities to be undertaken on Proactive Friday

**Focusing on core competence**
- Developed road safety maps for children and improved road safety equipment
- 45 improvement suggestions made

**Local community support**
- Car donation: 50 vehicles
- Tire donation: 633 vehicles (2,412 tires)
- Tukium Bus: 564 buses

### Plans for 2020

**Company-wide implementation**
- Continue with corporate philanthropic activities overseas
- Launch new corporate philanthropic activities overseas
- Flexibly operate the budget to meet specific local needs

**Employee participation**
- Volunteer 24 times per year on six Proactive Fridays
- Divide the greater Seoul region into four zones to increase volunteer opportunities
- Increase opportunities for office workers to engage in volunteer work

**Focusing on core competence**
- Facilitated volunteer work among office workers
- Planned volunteer activities to be undertaken on Proactive Friday

**Local community support**
- Car donation: 50 vehicles
- Tire donation: 700 vehicles (2,800 tires)
- Continue to distribute transparent LED umbrellas

### Completed, Partially completed, Under preparation
- Completed
- Partially completed
- Under preparation
Company-wide Implementation

Each of our overseas subsidiaries identifies corporate philanthropic programs that cater to specific local needs and they continuously commit to undertaking these programs. This will further expand in the years ahead.

Conducting corporate philanthropic activities at overseas worksites

With the goal of practicing corporate philanthropy at the company-wide level, we launched social-giving programs in Korea and abroad in consideration of specific local characteristics. In 2019, approximately KRW 1.2 billion was invested into a total of 78 programs. These social-giving initiatives include support for the Disabled American Veterans (DAV) in the Americas, employees at the Hungary Plant volunteering and supporting local high school and undergraduate competitions. Additionally, these initiatives help the Indonesia Plant in performing employee volunteer work and supporting the underprivileged with medical assistance, and the China HQ in reaching out to the less-privileged in local communities. Our Tennessee Plant also initiated its own corporate philanthropic program to pursue co-prosperity with the local community in 2019.

Employee Participation

In offering our employees a wide spectrum of choices for volunteer work, we made use of Proactive Friday, a part of Hankook Tire & Technology’s distinctive corporate culture, to make voice donations and produce soap from natural ingredients.

Operating employee volunteer teams in Korea

While facilitating our employees to engage in volunteer activities of their own choosing, we specifically endeavored to increase volunteer opportunities for office workers. On Proactive Friday, these employees volunteered to create audio recordings and joined social enterprises in making soap from natural ingredients. The audio book ‘Dampung’ published through the audio reading hours our employees donated was distributed to multicultural families and welfare organizations for the visually-impaired while all-natural soaps were donated to social welfare organizations with handwritten letters by employee volunteers.

Employee Volunteer Outcomes in 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Korea</th>
<th>Indonesia Plant</th>
<th>Hungary Plant</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative No. of employee volunteers per year</td>
<td>3,962</td>
<td>480</td>
<td>165</td>
<td>4,607</td>
</tr>
<tr>
<td>No. of employee volunteers excluding redundancies</td>
<td>1,733</td>
<td>194</td>
<td>73</td>
<td>2,000</td>
</tr>
<tr>
<td>Total volunteer hours</td>
<td>16,327</td>
<td>718</td>
<td>3,948</td>
<td>20,993</td>
</tr>
<tr>
<td>No. of volunteer hours per employee</td>
<td>2.5</td>
<td>0.5</td>
<td>2.0</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Total volunteer hours 20,993 hours
Focusing on core competence

The road safety for children and three major mobility projects represent our leading corporate philanthropic initiatives undertaken in alignment with our distinctive business characteristics. In 2019, the transparent LED umbrella campaign was newly launched in collaboration with the Car Life Business Headquarters as part of our cause-related marketing activities.

Launching road safety for children

In 2019, our existing program to develop road safety maps for children was extended to launch the ‘road safety for children’ intended to improve on the road safety facilities within school zones. This was attended by 508 children at four schools located in the Seoul and Gyeonggi region, and requests were submitted to responsible government agencies to improve on a total of 45 facilities.

Conducting cause-related marketing activities

As part of our cause-related marketing activities, we distributed transparent LED umbrellas in collaboration with the Car Life Business Headquarters in 2019. These transparent umbrellas were designed for children and come equipped with glowing LEDs; serving to help protect youngsters and prevent traffic injuries during the evening hours or on rainy days when visibility is low. Nearly 2,500 such umbrellas were distributed to a total of 7 locations, including accident spots, elementary schools that sustained fatalities from such accidents, and elementary schools that joined the road safety for children in 2019.

Undertaking three major mobility projects

Car donation — We donate compact cars to social welfare organizations nationwide to facilitate the delivery of social welfare services. Including the 50 cars donated in 2019, the cumulative number of cars donated since 2008 amounted to a total of 497. Not only does this program donate cars, but it also provides safe driving and vehicle maintenance training to inexperienced drivers at beneficiary organizations to aid in the safer provision of social welfare services. As part of our follow-up management, incentives are also granted to beneficiaries who are fit for the purpose and effective in their use and operation of donated vehicles.

Tire donation — Initiated back in 2010, this social-giving program donates tires to vehicles operated for business purposes at social welfare organizations nationwide so ensure their safe operation. In 2019, 2,412 tires to be equipped on a total of 603 vehicles were donated. This program has expanded from Korea to Hungary and Indonesia, and its primary focus was extended from compact cars and vans to include passenger cars as well in 2019. This was complemented by safety-related minor maintenance services including the replacement of brake pads, engine oil, and batteries.

Tuieum Bus — This program was launched 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, and ‘cooperation support’ that is provided in conjunction with partner organizations. In 2019, a total of 564 buses were supported, and this program made progress in expanding its support on the theme of fair travel and cooperation support provided with such external partners as the Korea Job World and the Taekwondo Promotion Foundation.

1) Fair travel: Fair travel promotes exchange with locals and respects the local environment and culture.

Three Major Mobility Project Outcomes in 2019 (Korea)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car donations</td>
<td>50 vehicles</td>
</tr>
<tr>
<td>Tire donations</td>
<td>2,412 tires</td>
</tr>
<tr>
<td>Tuieum Bus</td>
<td>564 buses</td>
</tr>
</tbody>
</table>

Customer Satisfaction and Quality Management ▪ Integrated CSR Management System ▪ HIGHLIGHTS ▪ Constant CSR Focus Areas ▪ APPENDIX ▪ INTRO ▪ INTEGRATED CSR MANAGEMENT SYSTEM ▪ HIGHLIGHTS ▪ CONSTAT MONITORING AREAS ▪ CSR FOCUS AREAS ▪ APPENDIX
Local Community Support

We undertake a range of corporate philanthropic projects to contribute to the growth of local communities. We provide solutions for residential stability issues for the youth through the social housing project; we protect endangered species in Daejeon to preserve the local environment; we assist at-risk youth in accessing an opportunity to explore career paths and pursue self-reliance; and we support people to solve their own community issues through the DreamWith Project.

Protecting at-risk youth and supporting their independence

We have been assisting at-risk youth in developing the virtue of self-reliance since 2015. We aim to protect these youth who are often adversely affected by social issues and help them grow into responsible members of society. The coffee outlets ‘Lost & Found’ and the ‘community internship program’ was initiated to provide 16 youths with opportunities to experience career options and receive technical vocational training. We also provide these beneficiaries with wide-ranging opportunities to participate in coffee-related events, e.g., concerts and other diverse publicity events. We have been assisting at-risk youth in developing the virtue of self-reliance since 2015. We aim to protect these youth who are often adversely affected by social issues and help them grow into responsible members of society. The coffee outlets ‘Lost & Found’ and the ‘community internship program’ was initiated to provide 16 youths with opportunities to experience career options and receive technical vocational training. We also provide these beneficiaries with wide-ranging opportunities to participate in coffee-related events, e.g., concerts and other diverse publicity events.

Protecting endangered species in Daejeon

Hankook Tire & Technology signed an MOU in 2018 to restore endangered species in Daejeon with the Geum River Environmental Project in Daejeon. In addition, 2,000 white Forsythia trees were planted near Nourubeol to form a growing ground for this indigenous species on the Korean Peninsula. We undertake a range of corporate philanthropic projects to contribute to the growth of local communities.

Undertaking the DreamWith project

DreamWith started as a project designed to connect undergraduate volunteers to local children’s centers to support children and teens in local communities, and evolved further to enable community members to take the initiative in resolving a range of community issues since 2018. In 2019, this project focused on the profit sharing business model: communities made use of their own resources to generate profits which were then returned to resolve community issues. A total of 14 organizations and community gatherings were assisted in addressing issues on community child care, children/teen programs, adults with disabilities, and the facilitation of local tourism. In 2020, we will identify and support 15 organizations, and set mid/long-term plans to provide continued support to organizations with high growth potential.
Provided business ethics training to 6,300 employees.

Voluntary reports on the acceptance of money and valuables:
- 5 reports received and money and valuables returned.

**Issue Background & Management Status**

As businesses exert an increasingly greater influence over nations and society at large, this further raises the awareness on business ethics. Internally, the focus of business policy is shifting to expand employees’ autonomy in decision making as well as delegation, which underlines the importance of ethics awareness among employees. Amid such changing business landscape at home and abroad, Hankook Tire & Technology is clearly aware that business ethics serves as a fundamental factor in building competitiveness and promoting sustainability management, and is practicing ethics management at the company-wide level to earn trust from wide-ranging stakeholders. We are establishing the ethics management system as the basis for business ethics operations, and endeavor to build consensus among employees to weave ethics awareness into our corporate culture and to disseminate business ethics to external stakeholders.

**Future Plan**

Our mid/long-term plan is to embed Management by Principle and ethics management into our corporate culture. The Management by Principle philosophy will form the core of our behavioral guidelines to so that business is conducted in an ethical and transparent manner that complies with basics and principles, and ethics management will constitute our key management principle under the overarching framework of Management by Principle. To this end, we will create the Jeongdo Management Committee, develop a self-assessment system through the broader use of self-directed risk assessment tools, and make a Management by Principle declaration to publicly demonstrate our commitment to this philosophy in order to firmly establish an ethics management system. We will also improve employees’ ethics awareness, expand ethics management to our suppliers and achieve the ISO 37001 anti-bribery management system certification.

**Management Organization**

**Ethics Management Committee**

- Chaired by: Head of the Audit Department
- Supplied by: Audit Team 2
- Cooperation Team: HR Team 1, HR Team 2, Purchasing Planning Team, Legal Team, Production HR Team, RD& Development Human Resource Team, Car Life/Marketing Strategy Team

**Relevant Issues**

1. Create a culture of anti-corruption and strengthen relevant activities
2. Create a culture of fair trade and strengthen relevant activities

**Materiality Analysis Outcomes**

- Revenue
- Cost
- Risk

**Impact Analysis Outcomes**

- Goal
- Deadline

- Achieve the ISO 37001
- 2023

- Collect signatures for the ethics management pledge, and expand business ethics training to suppliers, subcontractors, and outsourcing partners
- 2030
**Managerial Issue**  

**Goals**  

**Establishing an ethics management system**

1. Establishing ethics regulation practice guidelines
2. Signing the ethics management pledge
3. Performing ethics management self-assessments
4. Introducing ethics management risk assessment
5. Improving the whistleblowing system
6. Providing regular ethics management training
7. Developing employees' ethics awareness (promotion, campaign)
8. Disseminating ethics management to affiliates

**Achievements in 2019**

- Created 20 provisions in three categories
- Engaged employees in signing the pledge and monitored those who have not signed yet
- Performed ethics management self-assessments
- A function-specific company-wide risk management system under development
- Completed the function-specific self-checklist
- Expanded the global and integrated operation of Cyber Auditing Center
- Completed the provision of online training to all office workers and operators
- Uploaded the monthly E-Ethics Letters
- Shared the monthly E-Ethics Letters published
- Conducted ethics management campaigns and training for affiliates

**Completion**

- Completed
- Partially completed
- Under preparation

**Goals for 2020**

- Establish a code of conduct on ethics management
- Require all new office workers to sign the pledge
- Require new recruits to sign the pledge and allow existing employees who still need to sign it, to use the e-signature option
- Performing ethics management self-assessments
- Developing an ethics management risk assessment system
- Developing a function-specific company-wide risk self-management system
- Establish a code of conduct on ethics management and publicize the code among employees
- Perform all new office workers to sign the pledge
- Perform ethics management self-assessments
- Develop a function-specific company-wide risk self-management system
- Perform ethics management self-assessments
- Develop a function-specific company-wide risk self-management system
- Engage suppliers in signing the pledge (system introduction)
- Develop a function-specific company-wide risk self-management system
- Require all new office workers to sign the pledge
- Promote the anonymous bulletin board on ethics management
- Create as the highest decision-making body on Management by Principle under the direct leadership of the COO to practice Management by Principle on the company-wide level to advance sustainability management and maximize corporate/shareholder values
- Make ethics management business cards (specify the whistleblowing channel on the card)
- Provide regular training to domestic office workers/operators
- Develop an ethics management training program
- Publish the E-Ethics Letter monthly (integrated operation with the Q&A section)
- Develop a function-specific company-wide risk self-management system
- Share the monthly E-Ethics Letters published

**Plans**  

- Establish a code of conduct on ethics management and publicize the code among employees
- Require all new office workers to sign the pledge
- Require new recruits to sign the pledge and allow existing employees who still need to sign it, to use the e-signature option
- Performing ethics management self-assessments
- Developing an ethics management risk assessment system
- Developing a function-specific company-wide risk self-management system
- Creating the Jeondo Management Committee
- Providing regular ethics management training
- Developing employees’ ethics awareness (promotion, campaign)
- Conducting ethics management campaigns and training for affiliates

**Completion**

- Completed
- Partially completed
- Under preparation

**Goals Achievements Completion Goals Plans Deadline Responsible Team**

- Established an ethics management pledge
- Engaged employees in signing the pledge and monitored those who have not signed yet
- Performed ethics management self-assessments
- A function-specific company-wide risk management system under development
- Completed the function-specific self-checklist
- Expanded the global and integrated operation of Cyber Auditing Center
- Completed the provision of online training to all office workers and operators
- Uploaded the monthly E-Ethics Letters
- Shared the monthly E-Ethics Letters published
- Conducted ethics management campaigns and training for affiliates
- Offer regular training to domestic office workers/operators
- Offer regular training to domestic office workers/operators
- Develop an ethics management training program
- Publish the E-Ethics Letter monthly (integrated operation with the Q&A section)
- Develop a function-specific company-wide risk self-management system
- Share the monthly E-Ethics Letters published

**Proactive Culture Team**

<table>
<thead>
<tr>
<th>Managerial Issue</th>
<th>Goals</th>
<th>Achievements</th>
<th>Completion</th>
<th>Plans</th>
<th>Goals</th>
<th>Plans for 2020</th>
<th>Deadline</th>
<th>Responsible Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Establishing an ethics management system</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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 ethics regulation practice guides
As a way to reinforce our business ethics regulations, ethics regulation practice guides were set forth to outline detailed action guidelines for employees to follow when addressing ethical dilemmas. These guides consist of 20 provisions in the three categories of receiving rewards from stakeholders or vice versa, unlawfully disclosing information regarding corporate assets or using this information for personal gain, and/or disrupting a sound and stable corporate culture. To publicize these newly-created guides among employees, news cards were distributed through the intranet, posts were made regarding the ethics management helpdesk, and training was provided.

Signing the ethics management pledge and the anti-graft law pledge
Our employees have signed the ethics management pledge to faithfully commit their compliance with ethics management. Our office workers were also engaged in signing the anti-graft act pledge to establish business ethics of transparency and fairness, and this was extended to domestic operators in 2018. For those who have yet to vow their pledges and for new hires, ethics management training is provided to alert these individuals to the importance of ethics management and encourage them to sign the pledges.

Perform ethics management self-assessments
Ethics management self-assessments are performed annually for office workers to identify necessary improvements and future ways forward. To gather diverse feedback from employees and increase the accuracy of assessments, we have doubled the number of survey respondents since 2019 (965 out of 1,000 office workers in attendance, with 96.5% in response rate). In 2019, the self-assessment score amounted to 68.5 points, which places us in the intermediary ‘institutionalization’ stage in the development of ethics management just as we had last year. The areas in need of improvement chosen in the self-assessments are reviewed and then reflected in the list of tasks to be undertaken by the Ethics Management Committee. In addition, we share incidents that occurred and disciplinary actions taken in relation to ethics management, reinforce ethics training for employees, and offer our ethics management guides to suppliers.

Introducing ethics management risk assessments
Risk assessment management tools are under development to enable respective organizations across the company to independently review risks on their own. In 2019, these organizations developed their own self-review checklist on risks that could possibly occur in business operations. This will be followed and paired with the assessment system, including the assessment criteria and the scoring system, and its pilot trial will be undertaken at the Headquarters. This will surely allow us to establish an annual cycle of risk identification – assessment – improvement planning – implementation – monitoring in order to operate a system to preemptively review and manage our internal ethics management risks.

Improving the whistleblowing system
The whistleblowing system was expanded to all the other national websites under the integrated management of the Headquarters to ensure the global dissemination and integrated operation of our system, which had been previously only been operated on Korean, Chinese and global websites. Furthermore, an anonymous bulletin board was created to promote interactive communication on inquires made on ethics management and relevant business risks.
Internalizing 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 internally developed on the topics of basic ethics management, details on ethics regulations and the newly-created ethics regulation practice guides and ethics management case studies, and were used to provide online ethics management training to more than 2,100 employees including domestic office workers and expatriates. Offline training was offered to nearly 4,200 operators at our domestic plants.

Developing employees’ ethics awareness (promotion, campaign)

To build consensus on ethics management among employees, monthly emails are sent out to individual employees to share the past assessments made and the case studies on ethics management guides and related media articles, and this content is also posted on the ethics management helpdesk page within our intranet for employees to refer to anytime. Questions and issues on ethics management are addressed in FAQ format, and an interactive communication system is up and running to immediately respond to any inquiries raised by employees. We also encourage all employees to join the ‘No Giving/No Taking of Holiday Gifts’ and ‘voluntary reporting of bribery’ campaigns.

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.

Conducting ethics management campaigns and training for affiliates

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.

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Violations</th>
<th>No. of Violators</th>
<th>Measures Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embezzlement of money and valuables</td>
<td>1</td>
<td>9</td>
<td>5 reprimands, 1 suspension, 3 admonitions</td>
</tr>
<tr>
<td>Inappropriate use of budget</td>
<td>2</td>
<td>2</td>
<td>1 reprimand, 1 admonition</td>
</tr>
<tr>
<td>Conflicts of interest</td>
<td>1</td>
<td>1</td>
<td>1 reprimand</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4</strong></td>
<td><strong>12</strong></td>
<td></td>
</tr>
</tbody>
</table>
EMPLOYEE VALUE CREATION

Employee satisfaction with meeting and reporting culture in 2019: 73.9% (70% in 2018).

Open the in-house idea suggestion platform Proactive Studio.

Received the Prime Minister’s Citation at the Inclusive Employment Awards 2019.

Issue Background & Management Status

The international community continues to witness an increasing interest in and demand for corporate social responsibility. This gives rise to the need for businesses to recognize the importance of talent recruitment and other personnel policies in securing sustainable competitiveness in addition to such basic factors as product pricing and quality. Hankook Tire & Technology not only supports the growth of its employees for their capacity-building but also operates programs to improve its corporate culture and internal communication. We also operate programs to promote employees’ work-life balance and change management in line with the introduction of our HR 3.0 initiative with an aim to create a thriving and comfortable workplace. Since we established a company-wide human rights management system in 2015, we have consistently monitored relevant issues and included implementation tasks on human rights management in our mid/long-term CSR strategy as a way to practice human rights management across our entire business operation.

Future Plans

Hankook Tire & Technology will endeavor, from multiple angles, to establish its human rights management system and raise the bar on company-wide human rights management. This will start with expanding human rights management from Hankook Tire & Technology to our suppliers and the entire supply chain. Company-wide human rights assessments will be made each year, and workplaces at high risk for human rights violations will receive human rights due diligence to make improvements and reduce risks in so doing. To promote diversity, we plan to increase the recruitment of people with disabilities and the ratio of female managers and to advance our diversity management system over the long haul.

Management Organization

Chaired by: Human Resource Division Director
Supervised by: HR Team 1
Cooperation Team: CSR Team, HR Team 2, Proactive Culture Team, Communications Team, Human Resource Operations & Education Team, Labor Relations Team, Culture Communications Team, Culture Planning Team, R&D Human Resource Team, Production HR Team

Relevant Issues

1. Establish a corporate culture of innovation and creativity
2. Protect human rights and raise awareness (diversity and non-discrimination, ban on child/compulsory labor, campaigns, human rights training, etc.)
3. Support employee growth and promote work-life balance
4. Operate HR systems that ensure fair appraisal and reasonable compensation
5. Promote win-win labor-management relationships through open communication
### Managerial Issue

#### Pursuing change for a positive corporate culture

<table>
<thead>
<tr>
<th>Goals</th>
<th>Achievements in 2019</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving the corporate culture</td>
<td>Monitored major corporate culture indicators through the internal corporate culture innovation survey (domestic: twice, overseas: once); Managed the rate of progress on improvement tasks by executives in charge; Discussed improvement tasks through interviews with executives in charge</td>
<td>●</td>
</tr>
<tr>
<td>Innovating the way we work</td>
<td>Declared the global language principle and performed monitoring; Introduced collaboration tools and practiced change management; Reorganized the idea suggestion platform and operated the Proactive LAB to execute suggested ideas</td>
<td>●</td>
</tr>
<tr>
<td>Improving meeting and reporting culture</td>
<td>Performed intensive monitoring on meetings in need of improvement by organization to streamline meetings at the company-wide level; Encouraged the improvement of meeting and reporting culture by organization</td>
<td>●</td>
</tr>
<tr>
<td>Addressing one another by ‘Mr. or Ms.’</td>
<td>Continued with campaigns and monitoring to establish the practice of addressing one another by ‘Mr. or Ms.’, rather than by title, throughout the company</td>
<td>●</td>
</tr>
<tr>
<td>Running Proactive Friday and Strategic Sunday programs</td>
<td>Operated Proactive Friday for employees to voluntarily plan and implement creative activities; Launched a new program dubbed ‘Request for PF’ and supported its activity expenses; Operated Proactive Friday for employees to voluntarily plan and implement creative activities; Launched a new program dubbed ‘Request for PF’ and supported its activity expenses; Operated Proactive Friday for employees to voluntarily plan and implement creative activities; Launched a new program dubbed ‘Request for PF’ and supported its activity expenses</td>
<td>●</td>
</tr>
<tr>
<td>Internalizing mission/vision</td>
<td>Provided mission/vision internalization training to domestic employees; Nurtured in-house instructors on mission/vision internalization training (22 instructors); Operated a total of 44 sessions of the MISSION POSSIBLE course (1,862 trainees)</td>
<td>●</td>
</tr>
<tr>
<td>Nurturing digital talent</td>
<td>Established a development frame and defined digital capabilities; Provided courses on design thinking, understanding coding, and basic-level python (392 trainees); Data Generalist (74 trainees); Digital Expert (41 trainees)</td>
<td>●</td>
</tr>
<tr>
<td>Practicing human rights management</td>
<td>Identified human rights issues and made improvements on those worksites at high risk for human rights violations</td>
<td>●</td>
</tr>
<tr>
<td>Promoting diversity</td>
<td>Increased the employment of people with disabilities (359 employees); Appointed female managers; Increased the ratio of female employees in senior management or higher positions by 16% from the previous year</td>
<td>●</td>
</tr>
<tr>
<td>Promoting flexible work hours</td>
<td>Continued to monitor the implementation of flexible work hours at domestic plants; Continued to manage and monitor the operation of reduced work hours for employees with parental obligations</td>
<td>●</td>
</tr>
<tr>
<td>Operating in-house childcare centers</td>
<td>Operated in-house childcare centers at major worksites; Supported the quarterly payment of kindergarten tuition</td>
<td>●</td>
</tr>
</tbody>
</table>

#### Training support for capacity building

<table>
<thead>
<tr>
<th>Goals</th>
<th>Achievements in 2019</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving the corporate culture</td>
<td>Monitored major corporate culture indicators through the internal corporate culture innovation survey (domestic: three times, overseas: once); Managed the rate of progress on improvement tasks by executives in charge; Discussed improvement tasks through interviews with executives in charge</td>
<td>●</td>
</tr>
<tr>
<td>Innovating the way we work</td>
<td>Declared the global language principle and performed monitoring; Introduced collaboration tools and practiced change management; Reorganized the idea suggestion platform and operated the Proactive LAB to execute suggested ideas</td>
<td>●</td>
</tr>
<tr>
<td>Improving meeting and reporting culture</td>
<td>Performed intensive monitoring on meetings in need of improvement by organization to streamline meetings at the company-wide level; Encouraged the improvement of meeting and reporting culture by organization</td>
<td>●</td>
</tr>
<tr>
<td>Addressing one another by ‘Mr. or Ms.’</td>
<td>Continued with campaigns and monitoring to establish the practice of addressing one another by ‘Mr. or Ms.’, rather than by title, throughout the company</td>
<td>●</td>
</tr>
<tr>
<td>Running Proactive Friday and Strategic Sunday programs</td>
<td>Operated Proactive Friday for employees to voluntarily plan and implement creative activities; Launched a new program dubbed ‘Request for PF’ and supported its activity expenses; Operated Proactive Friday for employees to voluntarily plan and implement creative activities; Launched a new program dubbed ‘Request for PF’ and supported its activity expenses; Operated Proactive Friday for employees to voluntarily plan and implement creative activities; Launched a new program dubbed ‘Request for PF’ and supported its activity expenses</td>
<td>●</td>
</tr>
<tr>
<td>Internalizing mission/vision</td>
<td>Provided mission/vision internalization training to domestic employees; Nurtured in-house instructors on mission/vision internalization training (22 instructors); Operated a total of 44 sessions of the MISSION POSSIBLE course (1,862 trainees)</td>
<td>●</td>
</tr>
<tr>
<td>Nurturing digital talent</td>
<td>Established a development frame and defined digital capabilities; Provided courses on design thinking, understanding coding, and basic-level python (392 trainees); Data Generalist (74 trainees); Digital Expert (41 trainees)</td>
<td>●</td>
</tr>
<tr>
<td>Practicing human rights management</td>
<td>Identified human rights issues and made improvements on those worksites at high risk for human rights violations</td>
<td>●</td>
</tr>
<tr>
<td>Promoting diversity</td>
<td>Increased the employment of people with disabilities (359 employees); Appointed female managers; Increased the ratio of female employees in senior management or higher positions by 16% from the previous year</td>
<td>●</td>
</tr>
<tr>
<td>Promoting flexible work hours</td>
<td>Continued to monitor the implementation of flexible work hours at domestic plants; Continued to manage and monitor the operation of reduced work hours for employees with parental obligations</td>
<td>●</td>
</tr>
<tr>
<td>Operating in-house childcare centers</td>
<td>Operated in-house childcare centers at major worksites; Supported the quarterly payment of kindergarten tuition</td>
<td>●</td>
</tr>
</tbody>
</table>

### Goals

#### Improving the corporate culture
- Perform internal corporate culture innovation survey
- Identify improvement tasks through interviews with executives in charge and manage implementation rates
- Encourage improvement on major corporate culture indicators by organization

#### Innovating the way we work
- Disseminate efficient work style through the introduction of collaboration tools and change management
- Introduce hot desking and practice change management (Headquarters)
- Stabilize the idea suggestion platform and operate Proactive LAB in alignment with in-house ventures

#### Improving meeting and reporting culture
- Renew principles and guides on meeting/reporting culture
- Encourage the improvement of meeting and reporting culture by organization

#### Addressing one another by ‘Mr. or Ms.’
- Continue with the campaign of addressing one another by ‘Mr. or Ms.’, instead of by rank or title, and perform monitoring on its implementation

### Plans for 2020

- **Goals**
  - Perform internal corporate culture innovation survey
  - Identify improvement tasks through interviews with executives in charge and manage implementation rates
  - Encourage improvement on major corporate culture indicators by organization

- **Plans**
  - Encourage the improvement of meeting and reporting culture by organization
  - Continue with the campaign of addressing one another by ‘Mr. or Ms.’, instead of by rank or title, and perform monitoring on its implementation

- **Deadline**
  - Dec.

- **Responsible Team**
  - Proactive Culture Team
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

Internal corporate culture innovation surveys are performed to improve our corporate culture at the individual, organization, and company-wide level. In 2019, such surveys were conducted twice in Korea and once overseas to identify issues from multiple angles. Survey results were used in interviewing executives in charge to set plans and define tasks accordingly to improve on corporate culture at the organizational level. Furthermore, progress on improvement tasks is measured periodically to generate substantial outcomes and pursue change management in so doing. Survey results are shared with all employees to increase their interest and response rates.

Innovating the way we work

In 2019, a variety of programs were introduced to create an efficient and immersive work environment. In January, the global language principle was declared to provide a culture of collaboration that transcends language barriers. IT-based collaboration tools with video conferencing, group chats, and file sharing features were adopted to facilitate collaboration while streamlining to reduce any unnecessary meetings. In-house broadcasts, and other internal communication tools were used to constantly remind employees of our new mission and vision. In addition, videos were created to effectively disseminate our new mission and vision to operators in Korea and abroad.

Improving meeting and reporting culture

Employee satisfaction with meeting and reporting culture is one of the key corporate culture indicators, and this is constantly monitored through semiannual internal corporate culture innovation surveys. Our Proactive Culture Team monitors these practices on the organizational level through Focus Group Interviews (FGI), and offers separate guides to organizations in need of improvement. Company-wide meetings are also examined and streamlined to reduce any unnecessary meetings.

Addressing one another by ‘Mr. or Ms.’

We are building a lateral communication culture by addressing one another by ‘Mr. or Ms.’ rather than by job title. To this end, we endeavor to expose our employees to this new practice through training courses and promotional materials. Compliance with this new way of referring to one another is one of our key corporate culture indicators, and annual internal corporate culture innovation surveys are performed to identify and manage the level of employee compliance and institutionalization. In 2019, compliance in using ‘Mr.’ or ‘Ms.’ rose by 2.2%p from the previous year to 76.8%.

Running Proactive Friday and Strategic Sunday programs

On the monthly Proactive Friday, no executives or team leaders come to the office, and employees do activities individually or with coworkers and self-development to come up with creative ideas. On the following Sunday, executive and team leaders come to the office, and employees do activities individually or with coworkers to come up with creative ideas. Three Proactive LABs, as future venture teams where the employee who proposes an idea directly organizes a project team to implement the idea, and the first-ever in-house venture business was established.

Training Support for Capacity Building

We set the primary course of nurturing talent in consideration of changing internal/external conditions while developing and providing wide-ranging training courses to assist employees’ capacity building.

In 2019, we offered training to all our office workers, including those at affiliates, to internalize our renewed mission and vision. Dubbed ‘MISSION : POSSIBLE’, this course embodies our commitment to realize our mission in our day-to-day business operations. The ‘MISSION : POSSIBLE’ course was led by our in-house instructors who had been trained for a whole month before initiating the course. During the duration of the course, news cards, in-house broadcasts, and other internal communication tools were used to constantly remind employees of our new mission and vision. In addition, videos were created to effectively disseminate our new mission and vision to operators in Korea and abroad.

Composition of the ‘MISSION : POSSIBLE course’

1. Understanding our mission & vision
2. Internalizing our mission through games: Escape Room
3. Thinking of one’s own way of accomplishing the mission

Internalizing mission(vision)

In 2019, we offered training to all our office workers, including those at affiliates, to internalize our new mission and vision. Dubbed ‘MISSION : POSSIBLE’, this course embodies our commitment to realize our mission in our day-to-day business operations. The ‘MISSION : POSSIBLE’ course was led by our in-house instructors who had been trained for a whole month before initiating the course. During the duration of the course, news cards, in-house broadcasts, and other internal communication tools were used to constantly remind employees of our new mission and vision. In addition, videos were created to effectively disseminate our new mission and vision to operators in Korea and abroad.

In 2019, a variety of programs were introduced to create an efficient and immersive work environment. In January, the global language principle was declared to provide a culture of collaboration that transcends language barriers. IT-based collaboration tools with video conferencing, group chats, and file sharing features were adopted to facilitate collaboration while streamlining to reduce any unnecessary meetings.
Nurturing digital talent
To establish a digital talent development framework, Hankook Tire & Technology added ‘digital competence’ into its capacity building system and defined digital competence to develop various training courses. To help employees understand major technologies and trends in our digital transformation strategy, we operated courses on ‘design thinking’ and ‘understanding digital technology and coding’ in line with the mounting importance of data management and use, such courses as ‘basic-level python’ and ‘programming for beginners’ were provided. In conjunction with the Korea Advanced Institute of Science and Technology, we opened Digital Future Innovation Research Center to secure internal digital specialists. As part of this multi-pronged research initiative, we operate the ‘Digital Future Technology Academy’ to assist our employees in developing and using data-based decision-making capabilities.

Practicing Human Rights Management
Grievance Committee — Our grievance process, developed back in 2015 to receive and handle employee grievances, aims to add a human face to our corporate culture. 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 predetermined format and such grievances can be submitted verbally or by phone, on paper or through electronic media. The Grievance Committee and other equivalent channels are under operation at major production subsidiaries in Korea and overseas. In 2020, we plan to develop grievance processes or similar channels for respective regional headquarters and promote their communication methods to help resolve grievances at our overseas subsidiaries.

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 2019, we supplemented questions on the checklist and widened the internal pool of assessors to improve the accuracy of these assessments while increasing the frequency of these from every two years to every one year. Out of the 51 target organizations, 50 completed human rights assessments over the past three years. Our goal for 2020 is to reach 100% in making these assessments conducted since 2015 at all our worksites (Headquarters, domestic and overseas plants, R&D centers, and overseas subsidiaries and offices) been completed on 17.4% of our total suppliers, and improvement management across the entire supply chain. Such assessments will surely enable us to identify vulnerabilities on human rights issues through the human rights assessments made on 50 corporate organizations, and set improvement plans on 21 of them found to be at risk as a result of such assessments. Assessment outcomes revealed that a ‘lack of overseas grievance process’ was chosen as the issue in need of the most improvement. This prompted us to designate grievance facilitators at respective organizations, and we will train these facilitators on human rights management and grievance handling to further disseminate our human rights management system. Another issue was ‘possible infringement on privacy of job applicants’, and this will be addressed by revising the resume format used at overseas worksites susceptible to such risks in accordance with their local culture and regulations. It was also suggested that we need to strengthen human rights management along the supply chain, including affiliated companies and subcontractors. To respond to this, we will support and encourage human rights management within our supply chain to practice human rights management across our business environment. These regular assessments will surely enable us to identify vulnerabilities on human rights issues and to prevent and mitigate human rights violations.

Hankook Tire & Technology also included human rights items in performing supplier CSR assessments to advance human rights management across the entire supply chain. Such assessments were completed on 17.4% of our total suppliers, and improvement plans were developed for those worksites that account for 6.9% of the total and were found to have issues with human rights.

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

Human Rights Assessment Outcomes — We identified major human rights issues through the human rights assessments made on 50 corporate organizations, and set improvement plans on 21 of them found to be at risk as a result of such assessments. Assessment outcomes revealed that a ‘lack of overseas grievance process’ was chosen as the issue in need of the most improvement. This prompted us to designate grievance facilitators at respective organizations, and we will train these facilitators on human rights management and grievance handling to further disseminate our human rights management system. Another issue was ‘possible infringement on privacy of job applicants’, and this will be addressed by revising the resume format used at overseas worksites susceptible to such risks in accordance with their local culture and regulations. It was also suggested that we need to strengthen human rights management along the supply chain, including affiliated companies and subcontractors. To respond to this, we will support and encourage human rights management within our supply chain to practice human rights management across our business environment. These regular assessments will surely enable us to identify vulnerabilities on human rights issues and to prevent and mitigate human rights violations.
Work & Life Balance
We operate flexible work hours, reduced work hours for employees with parental responsibilities, and in-house childcare centers to create a workplace where employees maintain a work-life balance and pleasantly and fully immerse themselves in their work.

Promoting diversity
Hankook Donggarami Partners was established in 2015 to provide the underprivileged with an opportunity to explore new opportunities and broaden their horizons 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 2019, a total of 159 people with disabilities were hired by the company, and diversity is fully respected in its recruitment process. In April 2019, the company was honored with the Prime Minister’s Citation at the Inclusive Employment Awards 2019 in recognition of its efforts to increase and stabilize the employment of people with disabilities, improve employee treatment to retain long-term employees, create a safe and pleasant workplace, operate onboarding programs, and elevate awareness for people with disabilities. Hankook-Donggarami Partners will expand the scope of its service areas to continue to offer employment to the less privileged, and do its utmost to offer employment to the less privileged, and do its utmost to establish an inclusive corporate culture that prospers together and leaders in particular. We plan to fine-tune and operate our HR policy and system to attain this goal.

Promoting flexible work hours
Since July 2018, our domestic plants have initiated bi-weekly flexible work hours to allow workers to flexibly schedule their work hours within the timeframe of two weeks and within the boundary of an average of 40 hours per week. Our R&D centers have been implementing the flexible working hours since 2015 which makes employees can come to work earlier or later than the set time. This is currently being used by the majority of employees and is significantly contributing to maintaining the work & life balance of employees and improving their work performance. Besides, selective work hour system has been on a pilot run since April 2020 for our accounting team at the Headquarters. Its verification and satisfaction survey outcomes will be used to extend the scope of flexible work hours to other worksites and to create a more flexible work environment. Meanwhile, employees with children in 2nd grade or below are eligible to parental leave up to one year to ease their childcare burden. Reduced work hours for employees in their parenting period are also operated to allow these employees to work 20 hours per week (4 hours per day) or five hours per week (1 hour per day) without taking any leave at all. This protects our employees from career discontinuation while offering them sufficient time to take care of their children. Both male and female employees are equally entitled to parental leave and reduced work hours during the parenting period. Parental leave can be divided once within one year. 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. The sum of these endeavors allowed us to score 8.94 points in the environmental category, 9.36 points in health and safety, 9.57 points in curriculum and communication, and 8.98 points in operational openness and connection with homes in the parent satisfaction survey performed in 2019 (on a scale of one to 10). 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 in 2020, a new daycare center will be created at the new office building and a wide array of operational methods are under review to improve the daycare environment. Specifically, we plan to increase the number of children 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.
EMPLOYEE HEALTH AND SAFETY MANAGEMENT

Key Achievements

Severity rate in 2019: 0.14
Frequency severity indicator in 2019: 0.62

Issue Background & Management Status

As social concerns rise over occupational injuries, businesses must assume a broader responsibility while applicable regulations continue to tighten as demonstrated by the revision of the Occupational Safety and Health Act and the reinforcement of the Chemicals Control Act. In particular, tire manufacturing is a process industry and entails the heavy consumption of various chemicals, which underlines the importance of healthy and safe working conditions. We believe that employee health and safety is the very driving force behind our sustainable growth and are engaged actively across the entire EHS area with the EHS Committee playing a central role in creating an accident-free, injury-free workplace. In 2019, we performed risk assessments to improve on major risk factors at the workplace while expanding overall investments to ensure regulatory compliance. We also identified and complied with relevant regulations to conduct systemic safety accident prevention in accordance with the requirements set by the ISO 45001 health and safety management system standard.

Future Plans

We will perform safety risk assessments to prevent major accidents and to identify and improve on fundamental issues in order to establish our distinctive culture of safety. Not only do we abide by the tightening regulatory standards concerning harmful substances that require preparation for accidents, we are also developing alternatives for such substances through our R&D centers to protect employees from safety accidents. This will help minimize the consumption of these materials and further strengthen the management of areas exposed to hazardous substances. In addition, employees diagnosed with medical conditions or in need of follow-up screenings will be continuously managed through our in-house clinics, and wearable devices and robots will be independently developed and deployed to prevent musculoskeletal diseases.

Materiality Analysis Outcomes

Impact Analysis Outcomes

Relevant Issues

1. Manage and prevent safety accidents
2. Improve the work environment and healthcare

Goal Deadline
Reduce the frequency severity indicator by 30% (base year 2018) 2030

Severity rate:
The number of work days lost due to injuries for every 1,000 work hours (total number of lost work days/work hours per year) X 1,000

Frequency severity indicator:
This indicator shows both frequency rates and severity rates of injuries to allow for the comprehensive comparison of injury indicators (frequency rate X severity rate)^0.5
## Managerial Issue

<table>
<thead>
<tr>
<th>Goals</th>
<th>Achievements</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengthening safety management at workplaces</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishing a culture of safety</td>
<td>Strengthened the safety management and activities at domestic plants and R&amp;D centers through consulting on their safety culture. Performed assessments on HK’s safety culture and corporate culture</td>
<td>●</td>
</tr>
<tr>
<td>Reinforcing the safety and health system</td>
<td>Upgraded the compliance evaluation system and operated the Health and Safety Advisory Committee</td>
<td>●</td>
</tr>
<tr>
<td>Transitioning to ISO 45001</td>
<td>Achieved ISO 45001 at global plants</td>
<td>●</td>
</tr>
<tr>
<td>Developing procedures for musculoskeletal disease prevention and response</td>
<td>Conducted inspections and precision analyses on risk factors through the standardization of work processes on the shop floor. Developed and implemented improvement plans for high-risk work processes.</td>
<td>●</td>
</tr>
<tr>
<td>Bolstering efforts for employee health</td>
<td>Established a health cohort framework. Strengthened efforts for the health management of high-risk groups. Expanded the scope of counseling center operations.</td>
<td>●</td>
</tr>
<tr>
<td>Strengthening work environment management</td>
<td>Improved the chemical management system (developed the G.CIS). Optimized the operation of ventilation equipment. Improved the thermal work environment.</td>
<td>●</td>
</tr>
</tbody>
</table>

## Plans for 2020

<table>
<thead>
<tr>
<th>Goals</th>
<th>Plans</th>
<th>Deadline</th>
<th>Responsible Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengthening safety management at workplaces</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishing a culture of safety</td>
<td>Prevent disasters through behavior-based innovation activities (safety equipment &amp; awareness improvement). - Improve the fundamental risks of major high-risk equipment. - Pursue safety awareness innovation through VR</td>
<td>Dec.</td>
<td>EHS Planning Team Safety &amp; Environment Team</td>
</tr>
<tr>
<td>Reinforcing the safety and health system</td>
<td>Operate the compliance evaluation system and continue the operation of the Health and Safety Advisory Committee. - Adopt a self-initiated safety management system through preemptive safety assessments. - Preemptively respond to legal risks through the continued operation of the Health and Safety Advisory Committee</td>
<td>Dec.</td>
<td>EHS Planning Team Safety &amp; Environment Team</td>
</tr>
<tr>
<td>ISO 45001 certification</td>
<td>Operate global plants in accordance with ISO 45001</td>
<td>Dec.</td>
<td>EHS Planning Team Safety &amp; Environment Team</td>
</tr>
<tr>
<td>Developing procedures for musculoskeletal disease prevention and response</td>
<td>Perform scientific analyses to improve musculoskeletal diseases (ergonomic analyses). Improve on hazardous processes. - Ergonomic improvement: Improve equipment, review the adoption of wearables and design their concept. - Managerial improvement: Offer prevention training, improve work methods and tools, and eliminate unnecessary work and movement</td>
<td>Dec.</td>
<td>EHS Planning Team</td>
</tr>
<tr>
<td>Bolstering efforts for employee health</td>
<td>Partner with hospitals to operate a smoking cessation camp for high-risk groups. Support free-of-charge screenings for the following: gastrointestinal endoscopy, abdominal ultrasonography, and chest CT scans. Partner with national healthcare centers to operate a smoking cessation clinic</td>
<td>Dec.</td>
<td>Safety &amp; Environment Team</td>
</tr>
<tr>
<td>Strengthening work environment management</td>
<td>Introduce wearables to prevent musculoskeletal diseases. Strengthen management through work environment measurements. Use low-risk raw materials</td>
<td>Nov.</td>
<td>Safety &amp; Environment Team EHS Planning Team</td>
</tr>
</tbody>
</table>

---

1) VR: Virtual reality
2) ISO 45001: An ISO standard for occupational health and safety management systems
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 a culture of safety
To elevate safety awareness at the workplace and build a culture of safety, safety culture assessments were made with external experts and this led to the identification of 13 recommended tasks to strengthen our safety management and activities. This was followed by the development of detailed initiatives concerning the identified tasks and improvements that were made on our safety culture. In particular, we promoted compliance with basic measures, from securing passages for workers and wearing protective gear to smoking in designated areas only and following mobile phone use rules in order to heighten employees’ awareness on safety and these fundamental disciplines. In addition, the safety pledge was signed and past safety accidents were shared to improve employees’ safety awareness. We will operate a variety of field-oriented and engaging EHS activities to keep pace with shifting health and safety trends and strengthen the basis for self-directed safety management.

Achieving ISO 45001
In 2019, we achieved the ISO 450001 certification on our international health and safety management system standards in order to establish a health and safety management system across our global worksites. This will serve as the basis for us to monitor EHS issues and preemptively respond to safety risks. Our senior management will create and disseminate a health safety policy to support the operation of the global health and safety management system while setting and implementing health and safety management targets and evaluating threats and opportunities that stem from EHS risks to facilitate EHS risk prevention at the workplace.

Bolstering efforts for employee health

Employee health is one of the key reasons that we remain sustainable as a company. As such, we continue to make improvements to develop a prevention system to protect our employees from health hazards and to deliver a safe and pleasant work environment.

Developing procedures for musculoskeletal disease prevention and response
We completed risk factor examinations and precision analyses on our domestic plants for their work and processes to prevent musculoskeletal diseases: this included approximately 200 job duties at the Geumsan Plant, 60 at Hankook Technodome, and 180 at the Daejeon Plant. The outcomes were compiled to create a risk factor database, and comparisons and analyses were performed against occupational injury data to set priorities and make necessary improvements. In 2019, a total of KRW 474 million was invested in improving employees’ musculoskeletal conditions. Our goal for 2020 is to collaborate with the Korea Advanced Institute of science and Technology to leverage specialized and scientific ergonomic analyses such as RULA1, REBA2, and NLE3 to re-analyze hazardous processes and improve process efficiency to eliminate fundamental risk factors.


Strengthening work environment management
We measure different aspects in the work environment twice a year to protect the health of our employees and create a pleasant work environment. Air quality, noise, lighting, temperature, and humidity are monitored to improve on our equipment and facilities to protect employee health. In particular, local ventilation equipment, as one of the core components of equipment used to manage the work environment, is maintained in the entire process from design and evaluation in the installation phase to pilot-runs to ensure its appropriate efficiency. Existing equipment is subject to internal inspections so that any equipment with reduced efficiency is improved to maintain properly-controlled air flow. In addition, outdated freezers are regularly replaced or new ones are installed to improve the thermal environment in summer in order to decrease temperatures within the process.

Reinforcing the safety and health system
To reinforce the prevention of occupational injuries at the workplace, regular meetings were hosted with internal/external experts in the health and safety sector to identify issues and possible improvements. We continue to operate the labor-management-government taskforce team that consists of the Employment and Labor Administration and the Korea Occupational Safety and Health Agency as well as our labor union and worksites to conduct monthly joint health and safety inspections and progress reviews on the set health and safety action plans. Furthermore, leading indicators are developed to supplement our compliance evaluation system and they are operated to strengthen the field-driven safety management system and our executive capabilities to make improvements. Management supervisors received EHS competence assessments and training to develop EHS management expertise. Safety campaigns including pre-work risk prediction exercises and contests were hosted to improve employees’ safety awareness. We will operate a variety of field-oriented and engaging EHS activities to keep pace with shifting health and safety trends and strengthen the basis for self-directed safety management.

www.hankooktire.com
WIN-WIN PARTNERSHIP IN THE SUPPLY CHAIN

Key Achievements

- Ratio of suppliers who received CSR assessments over the past three years: 73% (total No. of suppliers in 2019 was 415)
- Ratio of raw materials sourced from top-performing suppliers based on CSR assessments (based on weight): 49%

Issue Background & Management Status
Efficient supply chain management and shared growth with suppliers are increasingly considered essential in strengthening a company’s long-term competitive edge and promoting its 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. If we can’t ensure stability in the purchase and sourcing of raw materials due to lack of CSR management on the part of suppliers, our competitive edge is at risk. On the other hand, our production efficiency will increase when we expand on stable sources of raw materials based on well-functioning CSR management. It is with this awareness that we conduct regular CSR assessments on our suppliers to improve sustainability along the entire supply chain while offering various policy support for suppliers to build long-term competitiveness and ensure sustainable growth in so doing.

Future Plans
In an aim to promote sustainable supply chain management and shared growth, Hankook Tire & Technology will conduct CSR management on all its suppliers who use its electronic purchasing system and request these suppliers to sign the ethics management pledge in order to reinforce its supplier CSR management system. CSR assessment guides will be shared with tier 2 suppliers as well as tier 1 suppliers. Furthermore, we will faithfully implement our supplier CSR policy by posting our sustainable natural rubber policy on the corporate website to help improve the quality of life for growers through the increased productivity and quality of natural rubber and to preserve the environment and prevent the depletion of resources.

Management Organization

<table>
<thead>
<tr>
<th>Goal</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of suppliers who received CSR assessments: 100%</td>
<td>2030</td>
</tr>
<tr>
<td>Ratio of using sustainable raw materials: 100%</td>
<td>2050</td>
</tr>
</tbody>
</table>

Shared by: Head of the Purchasing Department
Supervised by: Purchasing/Planning Team
Cooperation Team: Purchasing Team 1, Purchasing 2, Global Quality Management Team, Raw Material Development Project, and Chemical Safety & Legal Regulation Project.
<table>
<thead>
<tr>
<th>Managerial Issue</th>
<th>Achievements in 2019</th>
<th>Plans for 2020</th>
<th>Deadline</th>
<th>Responsible Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supply chain management</strong></td>
<td>Selecting suppliers based on CSR elements: Strengthened the criteria of utilizing 'sustainability guidelines for suppliers' Partially completed</td>
<td>Selecting suppliers based on CSR elements: Reach 100% in conducting supplier CSR assessments through the electronic purchasing system</td>
<td>Dec.</td>
<td>Purchasing Planning Team</td>
</tr>
<tr>
<td></td>
<td>Expanding on-site CSR audits: Expanded supplier CSR audits Under preparation</td>
<td>Providing ethics management training to suppliers: Send Ethics Management Letters to suppliers</td>
<td>Dec.</td>
<td>Purchasing Planning Team</td>
</tr>
<tr>
<td></td>
<td>Operating SNR^1 programs: Set implementation plans and acted accordingly</td>
<td>Operating SNR^1 programs: Set and undertake detailed SNR initiatives</td>
<td>Dec.</td>
<td>Audit Team</td>
</tr>
<tr>
<td></td>
<td>Extending the scope of supplier ESG^2 management: Included tier 2 items in the scope of CSR assessments</td>
<td>Extending the scope of supplier ESG management: Expand the scope of supplier ESG information management to tier 2 suppliers</td>
<td>Dec.</td>
<td>Purchasing Planning Team, CSR Team</td>
</tr>
<tr>
<td><strong>Shared growth</strong></td>
<td></td>
<td>Hosting the Supplier Idea Awards: Award suppliers for their outstanding ideas</td>
<td>Dec.</td>
<td>Purchasing Team 1, Purchasing Team 2, Purchasing Planning Team</td>
</tr>
</tbody>
</table>

1) SNR: Sustainable Natural Rubber  
2) ESG: Environment, social & corporate governance  

### Completed  ● Partially completed  ○ Under preparation
Supply Chain Management

Hankook Tire & Technology is committed to establishing an ESG system within its supply chain to promote integrated CSR management. We have also paved the way to pursue shared growth with suppliers through our supplier support programs.

Selecting suppliers considering CSR elements

As we recognize that suppliers who fulfill their social responsibility and practice sustainability management are essential in achieving sustainable growth for all, we consider CSR factors in our supplier assessment even from the selection phase. Since 2019, we have distributed ‘sustainability guidelines for suppliers’ in signing supplier contracts to recognize these guidelines as mandatory requirements in doing business with us. In 2020, we have created a platform within our electronic purchasing system to collect suppliers’ e-signatures on compliance with these guidelines. The rate of e-signatures amounted to 65% in 2020, and we aim to reach 100% by 2030.

Expanding on-site CSR audits

We are extending the scope of our on-site supplier CSR assessments from raw material suppliers to equipment suppliers. In making such assessments, we review audit outcomes and set improvement plans in cooperation with the CSR Team. We also review the appropriateness of self-directed CSR assessments and identify the necessary improvements to evaluate suppliers’ sustainability. Major corrective action plans identified in 2019 included the creation of anonymous grievance/whistleblowing channels for identity protection, the establishment of an in-house code of ethics and its dissemination among employees, and regular firefighting drills.

Supplier Corporate Social Responsibility (CSR) Assessment Items

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights &amp; labor</td>
<td>Prohibit discrimination in terms of employment, promotion, training, wages, compensation, and retirement on the grounds of gender, religion, disability, age, or background</td>
</tr>
<tr>
<td>Ethics management</td>
<td>Offer ethics management training</td>
</tr>
<tr>
<td>Health &amp; safety</td>
<td>Conduct regular checks on the work environment and areas in need of safety checks</td>
</tr>
<tr>
<td>Environment &amp; GHG</td>
<td>Offer training on environmental management</td>
</tr>
<tr>
<td>Supplier management</td>
<td>Demand critical suppliers to improve their management of human rights &amp; labor, ethics, health &amp; safety, environment, and climate change</td>
</tr>
</tbody>
</table>

1) 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).
Using sustainable raw materials

Hankook Tire & Technology set the goal of reaching 100% in the ratio of its sustainable raw materials by 2050. Our definition of sustainable raw materials includes renewable raw materials, recyclable materials, and ‘sustainable supply chain (suppliers rated A in CSR assessments)’. To attain this set goal, we identify suppliers of renewable materials and recycled material while performing quality verifications and assessments so that we can use these newly-found raw materials in our tires. Furthermore, we are developing technology to consume sustainable raw materials in producing compounds, and raised the bar on supplier on-site CSR audits with the goal of reaching 50% in the use of raw materials from suppliers who received an ‘A’ rating in CSR assessments.

Operating SNR programs

Approximately 70% of natural rubber is used for manufacturing tires, and 85% of the rubber is produced by smallholders. Sustainability of the natural rubber value chain is highly critical for the development of the tire industry. We set forth our ‘sustainable natural rubber policy’ in 2018 to elaborate on our plans to define SNR assessment items and perform assessments accordingly on our natural rubber supply chain.

Extending the scope of supplier ESG management

Hankook Tire & Technology established its ESG system within the supply chain for integrated CSR management. In particular, we continue to manage critical suppliers chosen for the significance of the items they supply, and endeavor to extend the scope of this management to our tier 2 suppliers. In 2019, we added tier 2 items to our supplier CSR assessment to ensure that each tier 1 supplier specifies five critical tier 2 suppliers. CSR assessments are also made on critical tier 2 suppliers, reviews are conducted to ensure that they were requested to improve their performance on human rights & labor, ethics, health & safety, environment, and climate change management. We also set a goal of reaching 100% in identifying our critical tier 2 suppliers by 2030.

Shared Growth

Hankook Tire & Technology recognizes the importance of shared growth, and this awareness has driven our decision to create a platform to identify useful ideas to implement and execute with our suppliers.

Hosting the Supplier Idea Awards

In 2019, we developed a platform to grow in tandem and communicate with our suppliers. This platform will serve to host the Supplier Idea Awards to select and award exceptional ideas on process improvement, quality enhancement and cost savings. Ideas related to equipment development will be aligned with the equipment development process of the concerned supplier for further refinement.

Plans to Strengthen Win-Win Partnerships with Suppliers

<table>
<thead>
<tr>
<th>Current</th>
<th>Plans As Is</th>
<th>Solved for 2020 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengthening supplier assessments</strong></td>
<td>Make CSR assessments on critical suppliers</td>
<td>Make CSR assessments on all suppliers</td>
</tr>
<tr>
<td></td>
<td>Perform on-site CSR audits as part of quality assessments</td>
<td>Reinforce on-site CSR audits</td>
</tr>
<tr>
<td></td>
<td>Submit CSR assessment outcomes online</td>
<td>Use the electronic purchasing system to submit and compile assessment outcomes online</td>
</tr>
<tr>
<td><strong>Strengthening suppliers ethics management</strong></td>
<td>Distribute the ethics management pledge to suppliers (voluntary participation)</td>
<td>Mandate all suppliers to sign the ethics management pledge upon signing contracts</td>
</tr>
<tr>
<td></td>
<td>Respond to global trends on sustainability management (Participate as a founding member of the GPSNR and develop the SNR policy)</td>
<td>Host the Supplier Idea Awards</td>
</tr>
</tbody>
</table>

Critical Suppliers

Hankook Tire & Technology selects and manages critical suppliers in consideration of their business relevance and dependence and the importance of their supply items in two different categories. Critical suppliers of raw materials are those who conduct a technology-intensive business or operate in a market that is monopolistic or has a limited number of suppliers. Critical suppliers of equipment are those who could possibly impact on our production continuity as maintenance and management of such equipment could prove lengthy to service or resolve. Our raw/subsidiary material supplier selection and management regulations stipulate that critical raw material suppliers are obliged to receive CSR assessment once a year.
APPENDIX

About This Report
Performance Summary
GRI Index
Awards
UNGC and Memberships
Independent Assurance Statement
CSR Report Prepared by/Hankook Tire & Technology Channel
ABOUT THIS REPORT

Report Overview
Hankook Tire & Technology publishes this Report to transparently disclose its Corporate Social Responsibility (CSR) achievements for 2019 and mid/long-term strategies and to fully gather stakeholder feedback. We have released our CSR reports each year since 2010, and the latest one was published in June 2019. This Report is our 11th CSR report and we plan to publish such reports on an annual basis.

Reporting Standards
This Report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Comprehensive option. The reporting standards and definitions of financial information follow the International Financial Reporting Standards (IFRS).

Reporting Period
The official reporting period spans from January 1, 2019 to December 31, 2019. This extends to include the first half of 2020 for a portion of our activities. As to quantitative performance, five-year data since 2015 is presented to show time-series trends.

Reporting Scope
The performance and data of this Report primarily illustrate the achievements and plans of Hankook Tire & Technology. For a portion of the data such as the number of employees, however, the reporting scope includes Hankook & Technology as the holding company.

Third-Party Assurance
This Report was assured by the Korea Productivity Center as an independent third-party assurance provider to establish the reliability of the report content. The assurance standards and conclusions appear on pages 82 and 83 of this Report.

For Further Information
If you need any additional information or inquiries on this Report, please contact us through the following:

CSR Team, Hankook Tire & Technology
286, Technoplex, Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Korea
Tel: +82-31-5178-7285
E-mail: csr@hankooktech.com

67
# PERFORMANCE SUMMARY

## Economic Performance

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>KRW million</td>
<td>6,428,173</td>
<td>6,621,762</td>
<td>6,812,858</td>
<td>6,795,089</td>
<td>6,883,269</td>
</tr>
<tr>
<td>Sales breakdown by region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>%</td>
<td>28.2</td>
<td>30.2</td>
<td>32.5</td>
<td>34.9</td>
<td>34.2</td>
</tr>
<tr>
<td>North America</td>
<td>%</td>
<td>31.0</td>
<td>31.5</td>
<td>31.9</td>
<td>32.3</td>
<td>33.6</td>
</tr>
<tr>
<td>Korea</td>
<td>%</td>
<td>18.6</td>
<td>16.3</td>
<td>13.6</td>
<td>12.8</td>
<td>12.3</td>
</tr>
<tr>
<td>China</td>
<td>%</td>
<td>11.4</td>
<td>11.1</td>
<td>12.4</td>
<td>12.6</td>
<td>11.9</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>%</td>
<td>8.9</td>
<td>8.9</td>
<td>8.6</td>
<td>7.3</td>
<td>8.0</td>
</tr>
<tr>
<td>and Asia-Pacific</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>KRW million</td>
<td>4,084,046</td>
<td>4,045,028</td>
<td>4,492,384</td>
<td>4,691,444</td>
<td>4,961,117</td>
</tr>
<tr>
<td>Gross income</td>
<td>KRW million</td>
<td>2,344,127</td>
<td>2,576,734</td>
<td>2,320,474</td>
<td>2,103,645</td>
<td>1,922,151</td>
</tr>
<tr>
<td>Operating income</td>
<td>KRW million</td>
<td>884,950</td>
<td>1,103,228</td>
<td>793,432</td>
<td>702,651</td>
<td>543,965</td>
</tr>
<tr>
<td>Income before tax</td>
<td>KRW million</td>
<td>835,374</td>
<td>1,092,416</td>
<td>743,036</td>
<td>697,700</td>
<td>589,884</td>
</tr>
<tr>
<td>Income tax</td>
<td>KRW million</td>
<td>182,870</td>
<td>213,326</td>
<td>136,580</td>
<td>167,320</td>
<td>160,269</td>
</tr>
<tr>
<td>Net income</td>
<td>KRW million</td>
<td>656,504</td>
<td>879,090</td>
<td>606,457</td>
<td>530,381</td>
<td>429,615</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>KRW million</td>
<td>17,352</td>
<td>(8,858)</td>
<td>(140,767)</td>
<td>(45,451)</td>
<td>27,621</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>KRW million</td>
<td>673,856</td>
<td>870,232</td>
<td>465,690</td>
<td>484,910</td>
<td>457,235</td>
</tr>
<tr>
<td>Total assets</td>
<td>KRW million</td>
<td>9,406,138</td>
<td>9,621,973</td>
<td>9,518,786</td>
<td>9,796,442</td>
<td>10,164,608</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>KRW million</td>
<td>4,355,350</td>
<td>3,660,494</td>
<td>3,145,280</td>
<td>3,006,129</td>
<td>2,977,391</td>
</tr>
<tr>
<td>Total equity</td>
<td>KRW million</td>
<td>5,140,788</td>
<td>5,961,479</td>
<td>6,373,506</td>
<td>6,790,313</td>
<td>7,187,217</td>
</tr>
<tr>
<td>Patent registration</td>
<td>No. of patents</td>
<td>79</td>
<td>79</td>
<td>70</td>
<td>53</td>
<td>48</td>
</tr>
<tr>
<td>Patent application</td>
<td>No. of patents</td>
<td>19</td>
<td>71</td>
<td>68</td>
<td>35</td>
<td>34</td>
</tr>
</tbody>
</table>

## Environmental Performance

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio of eco-friendly products</td>
<td>%</td>
<td>47.3</td>
<td>52.0</td>
<td>48.0</td>
<td>64.7</td>
</tr>
<tr>
<td>Sales of eco-friendly products</td>
<td>M USD</td>
<td>2,808</td>
<td>3,422</td>
<td>3,251</td>
<td>4,546</td>
</tr>
<tr>
<td>Products that received LCA</td>
<td>%</td>
<td>20.7</td>
<td>15.3</td>
<td>15.1</td>
<td>16.0</td>
</tr>
</tbody>
</table>

1) The definition of eco-friendly products was revised, including the tightening of safety standards.

2) Errors made in compiling data at the Tennessee Plant were corrected.

## Consumption of Major Raw Materials

### Intensity (unit: ton of finished product)

<table>
<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural rubber</td>
<td>306,394</td>
<td>319,368</td>
<td>325,217</td>
<td>326,155</td>
</tr>
<tr>
<td>Synthetic rubber</td>
<td>251,255</td>
<td>257,862</td>
<td>283,570</td>
<td>264,871</td>
</tr>
<tr>
<td>Carbon black</td>
<td>265,971</td>
<td>277,247</td>
<td>280,721</td>
<td>281,351</td>
</tr>
<tr>
<td>Textile-cord</td>
<td>45,590</td>
<td>49,624</td>
<td>50,041</td>
<td>52,060</td>
</tr>
<tr>
<td>Steel-cord</td>
<td>115,086</td>
<td>117,848</td>
<td>121,240</td>
<td>122,192</td>
</tr>
<tr>
<td>Bead wire</td>
<td>46,482</td>
<td>42,437</td>
<td>44,145</td>
<td>44,340</td>
</tr>
<tr>
<td>Total</td>
<td>1,030,778</td>
<td>1,064,386</td>
<td>1,084,934</td>
<td>1,090,999</td>
</tr>
</tbody>
</table>

0.88

0.85 0.86 0.86

0.88

(unit: Ton)
Environmental Performance

Water Intake

Intensity (unit: ㎥/ton of finished product)

<table>
<thead>
<tr>
<th>Worksite</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daejeon Plant</td>
<td>5.98</td>
<td>5.07</td>
<td>5.26</td>
<td>5.37</td>
<td>5.24</td>
</tr>
<tr>
<td>Geumsan Plant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jangsu Plant</td>
<td>1.38</td>
<td>0.31</td>
<td>0.11</td>
<td>0.01</td>
<td>0.00</td>
</tr>
<tr>
<td>Jiaxing Plant</td>
<td>1.49</td>
<td>1.19</td>
<td>0.94</td>
<td>0.36</td>
<td>0.37</td>
</tr>
<tr>
<td>Chongqing Plant</td>
<td>0.43</td>
<td>0.62</td>
<td>0.60</td>
<td>0.36</td>
<td>0.57</td>
</tr>
<tr>
<td>Hungary Plant</td>
<td>0.48</td>
<td>0.96</td>
<td>1.11</td>
<td>1.15</td>
<td>1.19</td>
</tr>
<tr>
<td>Indonesia Plant</td>
<td>0.46</td>
<td>0.37</td>
<td>0.32</td>
<td>0.38</td>
<td>0.27</td>
</tr>
<tr>
<td>Tennessee Plant</td>
<td>0.15</td>
<td>0.16</td>
<td>0.17</td>
<td>0.27</td>
<td>0.20</td>
</tr>
<tr>
<td>Total</td>
<td>7.04</td>
<td>6.35</td>
<td>6.65</td>
<td>6.84</td>
<td>6.37</td>
</tr>
</tbody>
</table>

Discharge of Treated Waste Water

Intensity (unit: ㎥/ton of finished product)

<table>
<thead>
<tr>
<th>Worksite</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daejeon Plant</td>
<td>1.60</td>
<td>1.43</td>
<td>1.56</td>
<td>1.54</td>
<td>1.44</td>
</tr>
<tr>
<td>Geumsan Plant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jangsu Plant</td>
<td>224</td>
<td>277</td>
<td>305</td>
<td>316</td>
<td>316</td>
</tr>
<tr>
<td>Jiaxing Plant</td>
<td>101</td>
<td>150</td>
<td>171</td>
<td>174</td>
<td>174</td>
</tr>
<tr>
<td>Chongqing Plant</td>
<td>102</td>
<td>150</td>
<td>171</td>
<td>174</td>
<td>174</td>
</tr>
<tr>
<td>Hungary Plant</td>
<td>3,341</td>
<td>1,496</td>
<td>10,849</td>
<td>12,897</td>
<td>14,497</td>
</tr>
<tr>
<td>Tennessee Plant</td>
<td>1.49</td>
<td>1.96</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>1,872</td>
<td>1,791</td>
<td>1,970</td>
<td>1,963</td>
<td>1,755</td>
</tr>
</tbody>
</table>

Recycling Rate of Treated Waste Water

Total ratio (unit: %)

<table>
<thead>
<tr>
<th>Worksite</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daejeon Plant</td>
<td>51.5</td>
<td>68.5</td>
<td>74.0</td>
<td>75.1</td>
<td>68.6</td>
</tr>
<tr>
<td>Geumsan Plant</td>
<td>31.5</td>
<td>56.0</td>
<td>67.2</td>
<td>71.1</td>
<td>69.7</td>
</tr>
<tr>
<td>Jangsu Plant</td>
<td>34.6</td>
<td>38.0</td>
<td>9.7</td>
<td>10.3</td>
<td>14.5</td>
</tr>
<tr>
<td>Jiaxing Plant</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Chongqing Plant</td>
<td>24.7</td>
<td>20.4</td>
<td>8.5</td>
<td>14.4</td>
<td>14.4</td>
</tr>
<tr>
<td>Hungary Plant</td>
<td>0.0</td>
<td>0.0</td>
<td>16.5</td>
<td>14.6</td>
<td>23.0</td>
</tr>
<tr>
<td>Indonesia Plant</td>
<td>98.7</td>
<td>99.5</td>
<td>98.3</td>
<td>98.4</td>
<td>98.4</td>
</tr>
<tr>
<td>Tennessee Plant</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>33.4</td>
<td>43.9</td>
<td>40.4</td>
<td>44.2</td>
<td>49.1</td>
</tr>
</tbody>
</table>

1) Errors made in compiling data at the Indonesia Plant were corrected.
2) The Daejeon Plant fully recycled its waste water.
3) Errors made in compiling data at the Tennessee Plant were corrected.
4) Ratio of recycled water out of waste water

1) Errors made in compiling data at the Indonesia Plant were corrected.
2) The Daejeon Plant fully recycled its waste water.
3) Errors made in compiling data at the Tennessee Plant were corrected.
Environmental Performance

Discharge of Suspended Solids (SS)
Intensity (unit: g/ton of finished product)

<table>
<thead>
<tr>
<th>Worksite</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daejeon Plant</td>
<td>1.0</td>
<td>0.8</td>
<td>0.6</td>
<td>0.0</td>
<td>0.3</td>
</tr>
<tr>
<td>Geumnam Plant</td>
<td>1.9</td>
<td>1.1</td>
<td>0.4</td>
<td>0.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Jangju Plant</td>
<td>5.8</td>
<td>7.1</td>
<td>6.6</td>
<td>9.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Gyeonggi Plant</td>
<td>13.3</td>
<td>11.7</td>
<td>21.6</td>
<td>11.9</td>
<td>4.0</td>
</tr>
<tr>
<td>Chongqing Plant</td>
<td>1.1</td>
<td>1.2</td>
<td>0.7</td>
<td>0.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Hungary Plant</td>
<td>0.2</td>
<td>1.7</td>
<td>1.7</td>
<td>1.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Indonesia Plant</td>
<td>0.1</td>
<td>0.0</td>
<td>0.3</td>
<td>1.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Tennessee Plant</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.6</td>
</tr>
<tr>
<td>Total</td>
<td>23.9</td>
<td>23.5</td>
<td>36.1</td>
<td>28.4</td>
<td>22.3</td>
</tr>
</tbody>
</table>

Waste Discharge
Intensity (unit: Kg/ton of finished product)

<table>
<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling</td>
<td>38,408</td>
<td>42,570</td>
<td>38,740</td>
<td>38,702</td>
<td>40,036</td>
</tr>
<tr>
<td>Incineration</td>
<td>4,995</td>
<td>4,546</td>
<td>4,745</td>
<td>6,014</td>
<td>4,155</td>
</tr>
<tr>
<td>Landfill</td>
<td>6,273</td>
<td>5,034</td>
<td>4,552</td>
<td>10,182</td>
<td>5,825</td>
</tr>
<tr>
<td>Total</td>
<td>49,676</td>
<td>52,150</td>
<td>54,397</td>
<td>54,843</td>
<td>56,843</td>
</tr>
</tbody>
</table>

Energy Consumption
Intensity (unit: GJ/ton of finished product)

<table>
<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>4,452,738</td>
<td>4,789,732</td>
<td>4,762,886</td>
<td>5,161,924</td>
<td>4,545,475</td>
</tr>
<tr>
<td>Purchased electricity</td>
<td>5,294,440</td>
<td>5,711,596</td>
<td>5,716,776</td>
<td>5,962,084</td>
<td>5,797,774</td>
</tr>
<tr>
<td>Renewable energy (photovoltaic generation)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,422</td>
</tr>
<tr>
<td>Purchased steam</td>
<td>2,097,865</td>
<td>2,111,354</td>
<td>2,171,716</td>
<td>2,188,001</td>
<td>2,405,978</td>
</tr>
<tr>
<td>Total</td>
<td>11,845,044</td>
<td>12,612,642</td>
<td>12,651,346</td>
<td>13,312,009</td>
<td>12,741,649</td>
</tr>
</tbody>
</table>

※ Waste was been categorized into non-hazardous and hazardous waste in the data compilation process since 2019.
### Environmental Performance

#### GHG Emissions

<table>
<thead>
<tr>
<th>Worksite</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Daejeon Plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>84,161</td>
<td>82,638</td>
<td>81,373</td>
<td>83,658</td>
<td>59,530</td>
</tr>
<tr>
<td>Scope 2</td>
<td>143,065</td>
<td>145,209</td>
<td>143,151</td>
<td>140,278</td>
<td>150,366</td>
</tr>
<tr>
<td><strong>Geumsan Plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>76,051</td>
<td>75,153</td>
<td>73,568</td>
<td>79,286</td>
<td>79,724</td>
</tr>
<tr>
<td>Scope 2</td>
<td>189,141</td>
<td>191,341</td>
<td>180,362</td>
<td>189,565</td>
<td>183,684</td>
</tr>
<tr>
<td><strong>Jiangsu Plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>9,188</td>
<td>7,704</td>
<td>8,395</td>
<td>2,864</td>
<td>2,107</td>
</tr>
<tr>
<td>Scope 2</td>
<td>177,632</td>
<td>176,512</td>
<td>193,207</td>
<td>204,916</td>
<td>189,363</td>
</tr>
<tr>
<td><strong>Jiaxing Plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>2,075</td>
<td>1,988</td>
<td>1,900</td>
<td>1,549</td>
<td>1,522</td>
</tr>
<tr>
<td>Scope 2</td>
<td>207,216</td>
<td>211,861</td>
<td>211,174</td>
<td>211,174</td>
<td>176,246</td>
</tr>
<tr>
<td><strong>Chongqing Plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>11,319</td>
<td>22,951</td>
<td>25,562</td>
<td>26,968</td>
<td>23,906</td>
</tr>
<tr>
<td>Scope 2</td>
<td>41,240</td>
<td>65,765</td>
<td>74,732</td>
<td>75,842</td>
<td>68,040</td>
</tr>
<tr>
<td><strong>Hungary Plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>48,508</td>
<td>46,488</td>
<td>47,215</td>
<td>46,847</td>
<td>43,884</td>
</tr>
<tr>
<td>Scope 2</td>
<td>53,216</td>
<td>53,906</td>
<td>53,163</td>
<td>52,057</td>
<td>51,186</td>
</tr>
<tr>
<td><strong>Indonesia Plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>22,551</td>
<td>32,587</td>
<td>29,927</td>
<td>32,276</td>
<td>30,926</td>
</tr>
<tr>
<td>Scope 2</td>
<td>76,775</td>
<td>107,535</td>
<td>106,189</td>
<td>106,255</td>
<td>103,324</td>
</tr>
<tr>
<td><strong>Tennessee Plant</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1</td>
<td>250,853</td>
<td>269,509</td>
<td>267,940</td>
<td>292,214</td>
<td>264,163</td>
</tr>
<tr>
<td>Scope 2</td>
<td>888,285</td>
<td>952,129</td>
<td>961,978</td>
<td>991,180</td>
<td>955,747</td>
</tr>
<tr>
<td>Total</td>
<td>1,139,138</td>
<td>1,221,638</td>
<td>1,229,918</td>
<td>1,283,394</td>
<td>1,219,910</td>
</tr>
</tbody>
</table>

1) Errors made in compiling data at the Daejeon Plant were corrected.

#### GHG Emissions Reduced

- **Worksite Unit**
  - **Plants in Korea**
    - CO₂-eq
    - 2015: 6,514
    - 2016: 7,488
    - 2017: 2,420
    - 2018: 4,070
    - 2019: 25,169
  - **Plants overseas**
    - CO₂-eq
    - 2017: 21,899
    - 2018: 13,338
    - 2019: 29,481
- **Total**
  - CO₂-eq
  - 2015: 6,514
  - 2016: 7,488
  - 2017: 24,319
  - 2018: 17,408
  - 2019: 54,650

#### Energy and Carbon Expenses Reduced

- **Worksite Unit**
  - **Plants in Korea**
    - KRW 100 million
    - 2015: 17.92
    - 2016: 21.37
    - 2017: 6.94
    - 2018: 10.07
    - 2019: 16.83
  - **Plants overseas**
    - KRW 100 million
    - 2017: 28.53
    - 2018: 16.27
    - 2019: 48.39
- **Total**
  - KRW 100 million
  - 2015: 17.92
  - 2016: 21.37
  - 2017: 35.47
  - 2018: 26.34
  - 2019: 65.22

#### Investments Made in Energy-Saving Projects

- **Worksite Unit**
  - **Plants in Korea**
    - KRW 100 million
    - 2015: 11.19
    - 2016: 16.72
    - 2017: 7.33
    - 2018: 8.97
    - 2019: 16.84
  - **Plants overseas**
    - KRW 100 million
    - 2017: 13.50
    - 2018: 26.15
    - 2019: 48.35
- **Total**
  - KRW 100 million
  - 2015: 11.19
  - 2016: 16.72
  - 2017: 21.03
  - 2018: 35.12
  - 2019: 65.19

※ The data between 2014 and 2016 was compiled from domestic plants only, and data from 2017 illustrates our company-wide performance including that of our overseas plants.

---

Energy and Carbon Expenses Reduced

<table>
<thead>
<tr>
<th>Worksite</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plants in Korea</strong></td>
<td>KRW 100 million</td>
<td>17.92</td>
<td>21.37</td>
<td>6.94</td>
<td>10.07</td>
<td>16.83</td>
</tr>
<tr>
<td><strong>Plants overseas</strong></td>
<td>KRW 100 million</td>
<td>-</td>
<td>-</td>
<td>28.53</td>
<td>16.27</td>
<td>48.39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>KRW 100 million</td>
<td>17.92</td>
<td>21.37</td>
<td>35.47</td>
<td>26.34</td>
<td>65.22</td>
</tr>
</tbody>
</table>

Investments Made in Energy-Saving Projects

<table>
<thead>
<tr>
<th>Worksite</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Plants in Korea</strong></td>
<td>KRW 100 million</td>
<td>11.19</td>
<td>16.72</td>
<td>7.33</td>
<td>8.97</td>
<td>16.84</td>
</tr>
<tr>
<td><strong>Plants overseas</strong></td>
<td>KRW 100 million</td>
<td>-</td>
<td>-</td>
<td>13.50</td>
<td>26.15</td>
<td>48.35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>KRW 100 million</td>
<td>11.19</td>
<td>16.72</td>
<td>21.03</td>
<td>35.12</td>
<td>65.19</td>
</tr>
</tbody>
</table>

※ The data between 2014 and 2016 was compiled from domestic plants only, and data from 2017 illustrates our company-wide performance including that of our overseas plants.

---

Intensity (unit: tCO₂-eq/ton of finished product)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daejeon Plant</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>1.01</td>
</tr>
<tr>
<td>Geumsan Plant</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Jiaxing Plant</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
</tr>
<tr>
<td>Chongqing Plant</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
</tr>
<tr>
<td>Hungary Plant</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
</tr>
<tr>
<td>Indonesia Plant</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
</tr>
<tr>
<td>Tennessee Plant</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
</tr>
<tr>
<td>Total</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>0.97</td>
<td>1.01</td>
</tr>
</tbody>
</table>

1) Errors made in compiling data at the Daejeon Plant were corrected.
## Social Performance

### Employees

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>No. of persons</td>
<td>6,935</td>
<td>6,909</td>
<td>6,821</td>
<td>6,732</td>
<td>6,502</td>
</tr>
<tr>
<td>Overseas (expatriates)</td>
<td>No. of persons</td>
<td>262</td>
<td>266</td>
<td>267</td>
<td>261</td>
<td>246</td>
</tr>
<tr>
<td>Overseas (locally-hired)</td>
<td>No. of persons</td>
<td>12,885</td>
<td>12,664</td>
<td>13,562</td>
<td>13,353</td>
<td>12,972</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>No. of persons</td>
<td>20,082</td>
<td>19,839</td>
<td>20,650</td>
<td>20,346</td>
<td>19,720</td>
</tr>
<tr>
<td><strong>New hires</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office staff in Korea</td>
<td>No. of persons</td>
<td>185</td>
<td>186</td>
<td>129</td>
<td>87</td>
<td>105</td>
</tr>
<tr>
<td>Operators in Korea</td>
<td>No. of persons</td>
<td>32</td>
<td>1</td>
<td>3</td>
<td>105</td>
<td>130</td>
</tr>
<tr>
<td>Locally-hired office staff</td>
<td>No. of persons</td>
<td>373</td>
<td>461</td>
<td>425</td>
<td>460</td>
<td>431</td>
</tr>
<tr>
<td>Locally-hired operators</td>
<td>No. of persons</td>
<td>2,785</td>
<td>1,345</td>
<td>1,418</td>
<td>1,234</td>
<td>1,731</td>
</tr>
<tr>
<td><strong>By job category</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office staff</td>
<td>No. of persons</td>
<td>4,983</td>
<td>5,283</td>
<td>5,458</td>
<td>5,324</td>
<td>4,720</td>
</tr>
<tr>
<td>Operators</td>
<td>No. of persons</td>
<td>15,099</td>
<td>14,556</td>
<td>15,192</td>
<td>15,022</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>By employment type (Korea)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular</td>
<td>No. of persons</td>
<td>6,909</td>
<td>6,865</td>
<td>6,774</td>
<td>6,691</td>
<td>6,434</td>
</tr>
<tr>
<td>Non-regular</td>
<td>No. of persons</td>
<td>26</td>
<td>44</td>
<td>47</td>
<td>41</td>
<td>68</td>
</tr>
<tr>
<td>Ratio of non-regular employees</td>
<td>%</td>
<td>0.4</td>
<td>0.6</td>
<td>0.5</td>
<td>0.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Parental leave (Korea)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees to return to work</td>
<td>No. of persons</td>
<td>23</td>
<td>27</td>
<td>40</td>
<td>56</td>
<td>58</td>
</tr>
<tr>
<td>Employees who returned to work</td>
<td>No. of persons</td>
<td>23</td>
<td>27</td>
<td>40</td>
<td>56</td>
<td>58</td>
</tr>
<tr>
<td>Ratio of return</td>
<td>%</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Parental leave (overseas)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees to return to work</td>
<td>No. of persons</td>
<td>66</td>
<td>29</td>
<td>29</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td>Employees who returned to work</td>
<td>No. of persons</td>
<td>13</td>
<td>13</td>
<td>14</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Ratio of return</td>
<td>%</td>
<td>19.7</td>
<td>44.4</td>
<td>70.2</td>
<td>25.0</td>
<td>17.6</td>
</tr>
<tr>
<td><strong>Employees with disabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>No. of persons</td>
<td>86</td>
<td>169</td>
<td>172</td>
<td>204</td>
<td>159</td>
</tr>
<tr>
<td><strong>Local recruitment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total overseas employees</td>
<td>No. of persons</td>
<td>13,147</td>
<td>12,930</td>
<td>13,829</td>
<td>13,614</td>
<td>13,218</td>
</tr>
<tr>
<td>Expatriates</td>
<td>No. of persons</td>
<td>262</td>
<td>266</td>
<td>267</td>
<td>261</td>
<td>246</td>
</tr>
<tr>
<td>Locally-hired employees</td>
<td>No. of persons</td>
<td>12,885</td>
<td>12,664</td>
<td>13,562</td>
<td>13,353</td>
<td>12,972</td>
</tr>
<tr>
<td>Ratio of locally-hired employees</td>
<td>%</td>
<td>98.0</td>
<td>97.9</td>
<td>98.0</td>
<td>98.1</td>
<td>98.1</td>
</tr>
<tr>
<td>Locally-hired managers (in team leader or higher positions)</td>
<td>No. of persons</td>
<td>620</td>
<td>809</td>
<td>870</td>
<td>919</td>
<td>1,007</td>
</tr>
<tr>
<td>Ratio of locally-hired managers</td>
<td>%</td>
<td>4.8</td>
<td>6.4</td>
<td>6.4</td>
<td>6.7</td>
<td>7.0</td>
</tr>
</tbody>
</table>

---

1) Errors made in compiling data were corrected.
2) Criteria used in calculating rates of return have changed: Those who returned to work out of those who will return to work for the concerned year
3) Errors made in compiling data were corrected
4) This changes to 82 when excluding employees working at Hankook Donggurami Partners
5) No. of locally-hired employees/ total No. of overseas employees
6) No. of locally-hired manager/No. of locally-hired employees
7) Errors made in compiling data were corrected
Social Performance

Health and Safety

LTIFR (employees)\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of injuries/1,000,000 work hours</td>
<td>4.0</td>
<td>4.4</td>
<td>4.1</td>
<td>4.3</td>
<td>4.9</td>
</tr>
</tbody>
</table>

LTIFR (contractors)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of injuries/1,000,000 work hours</td>
<td>1.4</td>
<td>3.3</td>
<td>2.8</td>
<td>3.2</td>
<td>4.0</td>
</tr>
</tbody>
</table>

OIFR (employees)\(^2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of injuries/1,000,000 work hours</td>
<td>0.67</td>
<td>1.24</td>
<td>0.94</td>
<td>1.63</td>
<td>2.59</td>
</tr>
</tbody>
</table>

Employee Training

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training hours per person</td>
<td>Office staff</td>
<td>No. of hours</td>
<td>66.5</td>
<td>78.7</td>
<td>52.0</td>
<td>64.1</td>
</tr>
<tr>
<td></td>
<td>Operators</td>
<td>No. of hours</td>
<td>24.5</td>
<td>22.7</td>
<td>23.0</td>
<td>48.7</td>
</tr>
<tr>
<td>Anti-sexual harassment training (Korea)</td>
<td>No. of trainees</td>
<td>1,773</td>
<td>1,905</td>
<td>2,134</td>
<td>6,688</td>
<td>6,545</td>
</tr>
<tr>
<td>Human rights training</td>
<td>No. of trainees</td>
<td>129</td>
<td>185</td>
<td>6</td>
<td>6,663</td>
<td>6,542</td>
</tr>
</tbody>
</table>

Suppliers

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier CSR assessments Korea</td>
<td>No. of companies</td>
<td>313</td>
<td>236</td>
<td>125</td>
<td>115</td>
<td>147</td>
</tr>
<tr>
<td>Overseas</td>
<td>No. of companies</td>
<td>9</td>
<td>53</td>
<td>60</td>
<td>48</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>No. of companies</td>
<td>322</td>
<td>289</td>
<td>185</td>
<td>163</td>
<td>173</td>
</tr>
</tbody>
</table>

Customers

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer complaints raised concerning personal information</td>
<td>No. of cases</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>11(^3)</td>
</tr>
</tbody>
</table>

Ethics Management

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory violations</td>
<td>No. of cases</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Violation of fair trade regulations</td>
<td>No. of cases</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

1) LTIFR (Lost-Time Injuries Frequency Rate): No. of injuries/total work hours *1,000,000
2) OIFR (Occupational Illness Frequency Rate): No. of occupational diseases/total work hours *1,000,000
3) Ten text message transmission errors and one email transmission error
Social Performance

Corporate Philanthropy

<table>
<thead>
<tr>
<th>Item</th>
<th>Cash donations</th>
<th>In-kind donations</th>
<th>Total</th>
<th>Ratio against consolidated sales</th>
<th>Total volunteer hours</th>
<th>Total volunteer hours translated into monetary value</th>
<th>Employees volunteering per year on a cumulative basis</th>
<th>Employees volunteering per year on a non-cumulative basis</th>
<th>Volunteer hours per employee</th>
<th>Corporate philanthropic management overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW million</td>
<td>KRW million</td>
<td>KRW million</td>
<td>%</td>
<td>No. of hours</td>
<td>KRW million</td>
<td>No. of persons</td>
<td>No. of persons</td>
<td>No. of hours</td>
<td>KRW million</td>
</tr>
<tr>
<td>2015</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.11</td>
<td>27,353</td>
<td>-</td>
<td>6,365</td>
<td>2,522</td>
<td>2.7</td>
<td>1,007</td>
</tr>
<tr>
<td>2016</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.10</td>
<td>30,876</td>
<td>-</td>
<td>7,321</td>
<td>3,244</td>
<td>2.5</td>
<td>799</td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.07</td>
<td>28,330</td>
<td>-</td>
<td>6,904</td>
<td>2,990</td>
<td>2.4</td>
<td>474</td>
</tr>
<tr>
<td>2018</td>
<td>5,140</td>
<td>4,54</td>
<td>5,326</td>
<td>0.07</td>
<td>20,403</td>
<td>948</td>
<td>5,893</td>
<td>2,519</td>
<td>1.8</td>
<td>465</td>
</tr>
<tr>
<td>2019</td>
<td>4,269</td>
<td>588</td>
<td>4,857</td>
<td>0.06</td>
<td>20,993</td>
<td>602</td>
<td>4,527</td>
<td>2,000</td>
<td>2.1</td>
<td>614</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Political contributions</th>
<th>Corporate philanthropic management overheads</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW million</td>
<td>KRW million</td>
</tr>
<tr>
<td>2015</td>
<td>-</td>
<td>1,007</td>
</tr>
<tr>
<td>2016</td>
<td>-</td>
<td>799</td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>474</td>
</tr>
<tr>
<td>2018</td>
<td>-</td>
<td>465</td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
<td>614</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organization</th>
<th>Unit</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade association</td>
<td>KRW million</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Chamber of commerce and industry etc.</td>
<td>KRW million</td>
<td>1,004</td>
<td>1,039</td>
<td>1,149</td>
<td>1,286</td>
<td>1,464</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Government Contribution Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Reducing particulate matter generated from non-exhaust sources in the transport sector</td>
</tr>
<tr>
<td>Reducing particulate matter generated from non-exhaust sources</td>
</tr>
</tbody>
</table>
### Organizational profile

#### 102-8 Total number of employees who are not employees but whose work, or workplace, is controlled by the organization

<table>
<thead>
<tr>
<th>Region</th>
<th>No. of persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>1,449</td>
</tr>
<tr>
<td>China</td>
<td>1,449</td>
</tr>
<tr>
<td>Europe</td>
<td>1,449</td>
</tr>
<tr>
<td>Middle East &amp; Asia-Pacific</td>
<td>1,449</td>
</tr>
<tr>
<td>Total</td>
<td>7,449</td>
</tr>
</tbody>
</table>

#### 102-9 Organization’s supply chain

Not available

#### 102-10 Significant changes to the organization and its supply chain

Not available

#### 102-11 Precautionary principle or approach applied to sustainability management issues

Not available

#### 102-12 External initiatives: Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.

Not available

#### 102-13 Membership of associations

Not available

#### Strategy

#### 102-14 A statement from the most senior decision-maker of the organization about its strategy for addressing sustainability.

Not available

#### Ethics and integrity

#### 102-16 Description of the organization’s values, principles, standards, and norms of behavior.

Not available

#### Governance

#### 102-17 Mechanisms for advice and concerns about ethics

Not available

#### 102-18 Governance structure of the organization, including committees of the highest governance body (Board of Directors)

Not available

#### 102-19 Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.

Not available

#### 102-20 Appointment of an executive-level position or positions with responsibility for economic, environmental, and social topics

Not available

#### 102-21 Whether or not post holders report directly to the highest governance body

Not available

#### 102-22 Composition of the highest governance body and its committees

Not available

#### 102-23 Chair of the highest governance body

Not available

#### 102-24 Nominating and selecting the highest governance body

Not available
### Governance

- **102-25** Processes for the highest governance body to ensure conflicts of interest are avoided and managed
- **102-26** Role of the highest governance body in setting purpose, values, and strategy
- **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
- **102-29** Highest governance body's role in identifying and managing economic, environmental, and social impacts
- **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
- **102-33** Process for communicating critical concerns to the highest governance body
- **102-34** Total number and nature of critical concerns that were communicated to the highest governance body
- **102-35** Remuneration policies for the highest governance body and senior executives
- **102-36** Process for determining remuneration
- **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
- **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
- **102-40** List of stakeholder groups engaged by the organization
- **102-41** Percentage of total employees covered by collective bargaining agreements
- **102-42** Identifying and selecting stakeholders
- **102-43** Approach to stakeholder engagement
- **102-44** Key topics and concerns that have been raised through stakeholder engagement
- **102-45** List of subsidiaries and joint ventures included in the organization's consolidated financial statements
- **102-46** Defining report content and topic boundaries
- **102-47** List of the material topics identified in the process for defining report content
- **102-48** Effect of any restatements of information given in previous reports, and the reasons for such restatements
- **102-49** Significant changes from previous reporting periods in the list of material topics and topic boundaries
- **102-50** Reporting period for the information provided
- **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: whether Core option or Comprehensive option
- **102-55** GRI content index

### Stakeholder engagement

- **102-40** List of stakeholder groups engaged by the organization
- **102-41** Percentage of total employees covered by collective bargaining agreements
- **102-42** Identifying and selecting stakeholders
- **102-43** Approach to stakeholder engagement
- **102-44** Key topics and concerns that have been raised through stakeholder engagement
- **102-45** List of subsidiaries and joint ventures included in the organization's consolidated financial statements
- **102-46** Defining report content and topic boundaries
- **102-47** List of the material topics identified in the process for defining report content
- **102-48** Effect of any restatements of information given in previous reports, and the reasons for such restatements
- **102-49** Significant changes from previous reporting periods in the list of material topics and topic boundaries
- **102-50** Reporting period for the information provided
- **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: whether Core option or Comprehensive option
- **102-55** GRI content index

### Reporting practice

- **102-40** List of stakeholder groups engaged by the organization
- **102-41** Percentage of total employees covered by collective bargaining agreements
- **102-42** Identifying and selecting stakeholders
- **102-43** Approach to stakeholder engagement
- **102-44** Key topics and concerns that have been raised through stakeholder engagement
- **102-45** List of subsidiaries and joint ventures included in the organization's consolidated financial statements
- **102-46** Defining report content and topic boundaries
- **102-47** List of the material topics identified in the process for defining report content
- **102-48** Effect of any restatements of information given in previous reports, and the reasons for such restatements
- **102-49** Significant changes from previous reporting periods in the list of material topics and topic boundaries
- **102-50** Reporting period for the information provided
- **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: whether Core option or Comprehensive option
- **102-55** GRI content index
### Materials

- **Material 301-1**
  - Total weight or volume of materials that are used (non-renewable materials): 23.81 %
  - Total weight or volume of materials that are used (renewable materials): 25.95 %
  - How the data for this disclosure has been collected: N/A

- **Material 301-2**
  - Percentage of recycled input materials: 0.61 %

- **Material 301-3**
  - Percentage of recycled products and their packaging materials for each product category: Packaging materials are not used.

### Energy

- **Energy 302-1**
  - Total fuel consumption within the organization from non-renewable sources (including fuel types used) p. 70
  - Total fuel consumption within the organization from renewable sources (including fuel types used) N/A
  - Electricity consumption: Energy consumption X lower heating value
  - Steam consumption: Energy consumption X lower heating value

- **Energy 302-2**
  - Energy consumption outside of the organization: 0 kWh
  - Energy intensity ratio for the organization: N/A

- **Energy 302-3**
  - Organization specific metric (the denominator) chosen to calculate the ratio: Within the organization
  - Amount of reductions in energy consumption achieved as a result of conservation and efficiency initiatives: 307,077 GJ

### Water

- **Water 303-1**
  - Total volume of water withdrawn (surface water): 0 m³
  - Total volume of water withdrawn (groundwater): 237,084 m³
  - Total volume of water withdrawn (Rainwater collected directly and stored by the organization): 0 m³

- **Water 303-2**
  - Total number of water sources significantly affected by withdrawal by type (size of water sources): N/A

- **Water 303-3**
  - Total volume of water recycled and reused: 1,690,621 m³
  - Ratio of water recycled and reused out of total water withdrawal reported in 303-1: 26.53 %

### Emissions

- **Emissions 305-1**
  - CO₂ emissions: p. 77
  - Biogenic CO₂ emissions (Scope 1): N/A
  - Total year (Scope 1): 2018

---

**Note:** The above text is an excerpt from a corporate sustainability report detailing environmental performance metrics across various categories. The data and methodologies used are referenced throughout the report for transparency and accountability.
### Emissions

<table>
<thead>
<tr>
<th>GRI Standards</th>
<th>Disclosure</th>
<th>Requirement</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 305-5</td>
<td></td>
<td>Standards, methodologies, assumptions, and/or calculation tools used</td>
<td>2019</td>
</tr>
<tr>
<td>Environmental Standards (GRI 300)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Operations

<table>
<thead>
<tr>
<th>GRI Standards</th>
<th>Disclosure</th>
<th>Requirement</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 305-6</td>
<td></td>
<td>Production, imports, and exports of ODS in metric tons of CFC-11 equivalent</td>
<td>2019</td>
</tr>
<tr>
<td>Environmental Standards (GRI 300)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Effluents and waste

<table>
<thead>
<tr>
<th>GRI Standards</th>
<th>Disclosure</th>
<th>Requirement</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 305-7</td>
<td></td>
<td>Source of the emission factors used N/A</td>
<td>2019</td>
</tr>
<tr>
<td>Environmental Standards (GRI 300)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Effluents and waste

<table>
<thead>
<tr>
<th>GRI Standards</th>
<th>Disclosure</th>
<th>Requirement</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 306-2</td>
<td></td>
<td>Total volume of planned and unplanned water discharge</td>
<td>2019</td>
</tr>
<tr>
<td>Environmental Standards (GRI 300)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Emissions

<table>
<thead>
<tr>
<th>GRI Standards</th>
<th>Disclosure</th>
<th>Requirement</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 306-6</td>
<td></td>
<td>Total weight of hazardous waste by disposal method (recovery)</td>
<td>2019</td>
</tr>
<tr>
<td>Environmental Standards (GRI 300)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Effluents and waste

<table>
<thead>
<tr>
<th>GRI Standards</th>
<th>Disclosure</th>
<th>Requirement</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 306-3</td>
<td></td>
<td>Total weight of non-hazardous waste by disposal method (on-site storage)</td>
<td>2019</td>
</tr>
<tr>
<td>Environmental Standards (GRI 300)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Emissions**

- **GRI Standards Disclosure Requirement**
  - **GRI 305-5**: Standards, methodologies, assumptions, and/or calculation tools used
  - **GRI 305-6**: Production, imports, and exports of ODS in metric tons of CFC-11 equivalent
  - **GRI 305-7**: Source of the emission factors used

**Effluents and waste**

- **GRI Standards Disclosure Requirement**
  - **GRI 306-2**: Total volume of planned and unplanned water discharge
  - **GRI 306-3**: Total weight of hazardous waste by disposal method (recovery)
  - **GRI 306-4**: Total weight of non-hazardous waste by disposal method (on-site storage)

---

**Appendix**

- **Awards and Memberships**
  - **Production of Ozone Depleting Substances (ODS)**
  - **GHG & Energy Goal Management System**

**GHG & Energy Goal Management System**

- **Operation of the GHG & Energy Goal Management System**
  - **GHG emissions**: Disclosed through the CDP
  - **GHG emissions intensity ratio**: Disclosed through the CDP
  - **GHG emissions intensity ratio**: Disclosed through the CDP
  - **ISO 14064-1**: Disclosed through the CDP

---

**GHG emissions intensity ratio**

- **Organization-specific metric (the denominator) chosen to calculate the ratio**: Tons of finished product
- **Types of GHG emissions included in the intensity ratio**: CO₂, CH₄, N₂O
- **GHG emissions reduced as a direct result of reduction initiatives**: CO₂, CH₄, N₂O
- **Base year (including the rationale for choosing it)**: 2018
- **Scope 1 + Scope 2**

---

**GHG emissions intensity ratio**

- **Organization-specific metric (the denominator) chosen to calculate the ratio**: Tons of finished product
- **Types of GHG emissions included in the intensity ratio**: CO₂, CH₄, N₂O
- **GHG emissions reduced as a direct result of reduction initiatives**: CO₂, CH₄, N₂O
- **Base year (including the rationale for choosing it)**: 2018
- **Scope 1 + Scope 2**
403-1 Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees

Daejeon and Geumsan Plants: 100 %
Jiangsu, Jiangsu, and Chongqing Plants: 95.1 %
Hungary Plant: 93.2 %
Indonesia Plant: 92.2 %
Tennessee Plant: 84.2 %

403-2 Injury and injury rate (IR) for all employees with a breakdown by region

Daejeon and Geumsan Plants: 5.1 %
Jiangsu, Jiangsu, and Chongqing Plants: 0.7 %
Hungary Plant: 3.2 %
Indonesia Plant: 2.2 %
Tennessee Plant: 2.2 %

403-3 Occupational disease rate (ODR) for all employees with a breakdown by region

Daejeon and Geumsan Plants: 9.4 %
Jiangsu, Jiangsu, and Chongqing Plants: 0 %
Hungary Plant: 0 %
Indonesia Plant: 0 %
Tennessee Plant: 0 %

403-4 Lost day rate (LDR) for all employees with a breakdown by region

Daejeon and Geumsan Plants: 0.0028 %
Jiangsu, Jiangsu, and Chongqing Plants: 0.0001 %
Hungary Plant: 0.0005 %
Indonesia Plant: 0.00002 %
Tennessee Plant: 0.00007 %
<table>
<thead>
<tr>
<th>Category</th>
<th>Awards</th>
<th>Details</th>
<th>Organization</th>
</tr>
</thead>
</table>
| Sustainability management | Dow Jones Sustainability Index                                         | Listed on the DJSI World for 4 consecutive years  
Listed on the DJSI Asia Pacific for 7 consecutive years and on the DJSI Korea for 9 consecutive years | Dow Jones & RobecoSAM                             |
|                           | EcoVadis’ CSR ratings                                                  | Received the Platinum Medal in 2020  
Received the highest CSR ratings for 2 consecutive years | EcoVadis                                         |
|                           | Inclusive Employment Awards                                            | Received the Prime Minister's Citation (Hankook Donggogami Partners) | Ministry of Employment and Labor, Korea Employment Agency for Persons with Disabilities |
|                           | Top performing employer of people with disabilities                   | Chosen as an excellent employer of people with disabilities (Hankook Donggogami Partners) | Korea Employment Agency for Persons with Disabilities |
|                           | Korea-EU Emissions Trading System cooperation project                 | Chosen as a best practice in the K-ETS cooperation project | Delegation of the European Union to the Republic of Korea, Ministry of Environment |
| Quality and technology    | Korean Standard-Quality Excellence Index (K-SQE)                      | Ranked first in the automobile tire sector for 11 consecutive years | Korean Standards Association                     |
|                           | TyreSafe Awards                                                        | Awarded in the tire maker sector | TyreSafe                                         |
| Brand value               | Korea Brand Power Index (K-BPI)                                        | Ranked first in the passenger car tire sector for 18 consecutive years  
Ranked first in the tire shop sector for 12 consecutive years | Korea Management Association Consulting (KMAC) |
|                           | National Brand Competitiveness Index (NBCI)                           | Ranked first in the tire sector for 12 consecutive years | Korea Productivity Center                        |
|                           | Korea’s Most Admired Company Awards                                    | Ranked first in the tire business sector for 11 consecutive years | Korea Management Association Consulting (KMAC) |
|                           | Best Korean Brands                                                     | Chosen for 7 consecutive years | Interbrand                                       |
| Design                    | Red Dot Design Award                                                   | Won the main award (Dynapro AT2) | Design Zentrum Nordrhein Westfalen                |
|                           | IDEA (International Design Excellence Awards)                         | Received the honor for the 2nd generation EV tire ‘Kinergy As e’ | Industrial Designers Society of America (IDSA)   |
|                           | IF Design Award                                                        | Won three awards in the concept and product design categories (Hexonic, H52-23, and Kinergy 4S 2) | International Forum Design                       |
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
  
  54~58, 62~65

- **Principle 2:** make sure that they are not complicit in human rights abuses.

**Labour**

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Employee value creation 54~58

- **Principle 4:** the elimination of all forms of forced and compulsory labour; Employee value creation 54~58, 62~65

- **Principle 5:** the effective abolition of child labour; and Employee value creation 54~58

- **Principle 6:** the elimination of discrimination in respect of employment and occupation. Employee value creation 54~58

**Environment**

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges; Integrated environmental management 38~41, 42~44

- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and, Greenhouse gas 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 50~53

---

**Korea Enterprises Association**

**Korea International Trade Association**

**Korea Chamber of Commerce and Industry**

**Korea Tire Manufacturers Association (KOTMA)**

**European Tyre & Rubber Manufacturers Association (ETRMA)**

**U.S. Tire Manufacturers Association (USTMA)**

**Japan Automobile Tyre Manufacturers Association (JATMA)**

**Korea Rubber Industry Association**

**Korea Industrial Safety Association**

**UN Global Compact (UNGC)**

**Korea Business Council for Sustainable Development (KBCSD)**

**World Business Council for Sustainable Development (WBCSD), Tire Industry Project (TIP)**

**Global Platform for Sustainable Natural Rubber (GPSNR)**

**Korea Human Resource Development Association**

**Korean Standards Association**

**Korea Environmental Preservation Association**
INDEPENDENT ASSURANCE STATEMENT

To the Stakeholders of Hankook Tire

The Korea Productivity Center (hereinafter the ‘Assurer’) was appointed by Hankook Tire and Technology (hereinafter the ‘Company’) to provide independent assurance of its ‘Hankook Tire & Technology CSR Report 2019/20’ (hereinafter the ‘Report’), and hereby presents the following assurance statement.

Responsibility and Independence

The Company is fully responsible for the reliability and accuracy of all the information and opinions presented in the Report. The Assurer is responsible solely for the third party assurance of the content in the Report. As an independent assurance agency, the Assurer was neither involved in the process of preparing the Report, nor in any conflicts of interest that may undermine our independence.

Assurance Standard

This assurance was conducted in accordance with the ISAE 3000 / AA1000AS (2016) to provide Type 2 assurance and AA1000AP (2018) to confirm compliance with the principles of inclusivity, materiality, responsiveness and impact. It means that a comprehensive review was conducted on the effectiveness and reliability of the reporting standards. The level of assurance is based on the reduction of risk at a limited degree as defined in the ISAE 3000 which is the same as the Moderate Level defined in the AA1000AS (2016).

Limitations

The Assurer confirmed the reliability of the 2018 data specified in the report based on the aforementioned verification range & standards. The on-site verification was carried out at the headquarters. The scope and boundaries of this verification follows the boundaries of the report’s time frame, region and the boundaries of the value chain. Accordingly, the scope of verification satisfies 100% of the consolidated revenue, and data on the supply chain is not included in the scope of verification unless otherwise noted. The financial data in the Report was verified through the financial statements and disclosure information which was audited by an auditor, while the aggregated data at the corporate level is used for the verification of Environmental and Social performance. In case of greenhouse gas, Scope 1 and 2 were confirmed in 2018, and greenhouse gas emissions of domestic plants were verified based on ISO 14064-3, the organization of standardization on emissions. The results may vary if further verification procedures are performed. The Assurer expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Methodology

This assurance was conducted through the following methods:

- Verified if the requirements for Comprehensive options of GRI Standard were fulfilled.
- Verified the compliance with the principles of the Report contents and quality based on GRI Standard.
- Verified the selection of material issues covered and the appropriateness of the technical content through media research and benchmarking analysis.
- Verified the suitability of the contents and any errors in expression through comparison analysis with other sources.
- Verified the basis of Comprehensive data and information and the internal process and system through on-site inspection at the headquarters.

Findings and Conclusion

It is the verifier’s opinion that the Report reflects Hankook Tire and Technology’s sustainability management activity & performance faithfully and fairly. Through this verification process, the Assurer judges that Hankook Tire and Technology’s report meets the GRI Standards requirements for Comprehensive Options, and secured the rational level which can be presented by Type 2 assurance level. In addition, General Standard Disclosures were prepared in full compliance with the requirements for Comprehensive options while Specific Standard Disclosures were reviewed in line the MA (Management Approach) and indicators of the material issues identified through the process of determining report content as follows:

<table>
<thead>
<tr>
<th>Material Issues</th>
<th>Material Topic (MA &amp; Indicators)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Management &amp; Customer Satisfaction</td>
<td>Customer Health and Safety (MA, 416-1–2)</td>
</tr>
<tr>
<td>Greenhouse gas/hazardous air emission and reduction management</td>
<td>Emissions (MA, 305-1–7)</td>
</tr>
<tr>
<td>Minimize the impact throughout the product life cycle</td>
<td></td>
</tr>
<tr>
<td>Creating an anti-corruption culture and strengthening activities</td>
<td>Anti-corruption (MA, 205-1–3)</td>
</tr>
</tbody>
</table>
Inclusivity: Stakeholder Engagement
The Company defines major interested parties by dividing them into a customer, a shareholder investor, executives & staff, a cooperative company and local community according to the influence on the management activity. The Company is gathering expectations and requirements by constructing the regular/irregular communication process by the interested party, and reflecting various opinions deducted through the communication channel in our management activity. In particular, Major issues were discussed through a stakeholder committee in which major stakeholders participate.

Materiality: Identification and Reporting of Material Issues
The Company is constructing the materiality evaluation process which selects major issues by taking into account the interested parties’ concern and business materiality. The Company is describing the deducted key issues by dividing them into 8 major key areas connected with CSR Steering Wheel, through which the same company is presenting Hankook Tire and Technology’s response direction by systematically selecting management items.

Responsiveness: Organization’s Response to Issues
The Assurer confirmed that Hankook Tire and Technology is managing the 8 core management areas by selecting them with the aim of systematically managing the major issues which were gathered from the interested parties, and the relevant contents were faithfully reported to their report. Notably, the Assurer confirmed that the same company set goals for each core management area and disclose the status of achievement of the goals.

Impact: Organization’s Social Impact
The Company considers the societal impact of the organization by establishing the boundaries of the impact of major issues. Through this report, it was suggested that the impacts arising from management activities of Hankook Tire & Technology are managed by confirming and reporting the social and environmental impacts occurring in the entire product life cycle.

Recommendation
The Assurer recognizes the diverse efforts and performance made by Hankook Tire and Technology and suggests the following for the Company’s publication of the Report in the future and the improvement of its sustainability standards:

- We recommend reviewing the UN SDGs when promoting activities on key issues. By linking the UN SDGs targets for activities and establishing a part that can contribute to the detailed targets of UN SDGs when establishing internal targets, the social impact of Hankook Tire & Technology’s sustainability management activities can be more clearly estimated.
- We hope that Hankook Tire & Technology’s direction and response in relation to climate change can be more clearly presented. In addition to the efforts to reduce greenhouse gas emissions through management activities, it is recommended that the risks that may affect the business due to climate change are closely reviewed.
CSR REPORT PREPARED BY

General Management of the CSR Report Preparation

General management
Bo Seon Kim
Planning
Sun Mi Jang, Ji On Kim
General design management
Dong Wook Kim
Design planning
Sang Min Kim

Participating Organization

Third-party Assurer
Korea Productivity Center
Design
The Moments

This Report Was Created by

Integrated CSR Management System
Sun Mi Jang
Responsible Corporate Governance
Ji On Kim, Kwang Hyun Kim
Integrated Risk Management
Sun Mi Jang, Seung Hwan Moon
Customer Satisfaction and Quality Management
Choon Ho Lee, Eun Young Jung
Min Joe Seo, Jin Sook Shin, Jung Yup Park
Integrated Environmental Management
Jong Won Kim, Kyung Eun Kim
Sun Mi Jang
Climate Change and GHG Management
In Hyun Hwang, Hun Ki Cho
Community Involvement and Development
Young Min Yoo, Yoon Mo Yang, Chang Geun Kim
Transparency and Business Ethics
Bo Ra Kim, Sang Jo Choi
Employee Value Creation
Ra Young Yun, Sung Eun Yoon, Su Jin Lee
Young ghee Sung, Hyung Bin Yi, Ji Dae Kim
Employee Health and Safety Management
Young Gun Kim, Chang woo You
Kyung Won Jung, Kyung Gu Cho
Win-Win Partnership in the Supply Chain
Tae Jin Kim, Shin Ah Kim
Data jointly prepared by
Yang Jeong Oh, Eun Ji Park
Hyun Jong Jung, Sang Wook So
Joon Tae Kim, Su Ok Kim, Ho Jae Song
Hee Jung Kim, Min Ho Nam
Kwang Hyun Kim, Eun Kyung Lee
Young Hwan Kwak, So Im Baek
Woo Jin Kim, Kwang Been Im

HANKOOK TIRE & TECHNOLOGY CHANNEL

CSR communication channel

E-mail
csr@hankooktech.com
Tel
+82-31-5178-7285

Social Media

Hankook Tire & Technology website