



**SUSTAINABLE MOBILITY**

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**Interactive User Guide**  
The Hankook Tire & Technology ESG Report 2021/22 has been published in an interactive PDF format to facilitate the navigation between relevant pages and to enable direct links to related webpages.

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Today, we find ourselves yet again in uncharted waters. As present-day uncertainties mount to varying degrees, this calls for our action to pass onto our future generations a flourishing tomorrow.

This is precisely why we keep exploring solutions and taking action, relentlessly searching for sustainable materials and making our supply chains reliable.

Piercing through the rough and snowy road ahead of us, we remain steady to our path, steadfast in our journey towards a better future.



## SUSTAINABLE MIND

On the road to a future that has yet to come, we discover the new, seeking bold and promising change, under the name of sustainable innovation.

One of the myriads of ways to pursue such innovation is systematically mitigating GHG emissions and working to combat climate change.

In hopes that the sum of our efforts will eventually create a pleasant, convenient and green drive experience, we are ever on the path to probe deeper and explore further to perfect our offerings.



# SUSTAINABLE INNOVATION



Taking the initiative for the sake of future generations

This is the impetus for future mobility and for the preservation of what is most precious and hopeful.

We operate in a transparent and reasonable manner with a mindset that is open and all-encompassing. To rise above and beyond the call of duty for the harmonious coexistence of society and the planet so that future generations may thrive in a flourishing world to come.

This is how we define ESG at Hankook Tire.



# SUSTAINABLE FUTURE





# ABOUT THIS REPORT



## About This Report

Hankook Tire & Technology publishes this report to transparently disclose its ESG (Environmental, Social, Governance) achievements for 2021 and mid/long-term strategies and to gather feedback from stakeholders. We have released our ESG reports each year since 2010, and the most recent report was published in July 2021. This is our 13th ESG report and we will regularly publish such reports on an annual basis.

## Reporting Standards

This report was prepared in accordance with the 'Comprehensive' option of the GRI (Global Reporting Initiative) Standards. The financial information contained herein follows the IFRS (International Financial Reporting Standards) for its reporting standards and definitions.

## Reporting Period

The official reporting period of this report spans from January 1, 2021 to December 31, 2021, and this extends to the first half of 2022 for some of the disclosed activities. As to quantitative performance, five-year data from 2017 is made available to show their trajectory over time.

## Reporting Scope

The performance and other data contained in this report focus on the achievements and plans of Hankook Tire & Technology. The scope of data collection covers our domestic operations - Headquarters in Gyeonggi-do, Daejeon/Geumsan Plants, and the R&D Center - and overseas operations in Hungary, China, Indonesia, the US and others. We will continue to extend the reporting scope for the faithful and broad representation of the ESG efforts and performance of our overseas and global operations.

## Independent Assurance

This report was assured by Korea Productivity Center as an independent third-party organization to establish the credibility of the report content. As to assurance standards and conclusions, please refer to pages 64-65 of this report.

### For more about this report

For additional information or inquiries on this report, please contact us at the address below:

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# LETTER TO STAKEHOLDERS

Dear Esteemed Stakeholders,  
Let me first begin by extending my heartfelt gratitude for your unwavering support for Hankook Tire & Technology.

In 2021, we hastened our efforts for ESG management even in the face of the continued challenges across the business landscape amid the prolonged pandemic. Our first step was to establish and declare our company-wide ESG vision for systemic ESG management. Three priority areas were defined - manufacturing with minimum environmental footprint, sustainable technology and product development - and responsible engagement, and then we decided on tasks to implement in each of these areas.

Specifically, we engaged in a wide variety of activities to reduce GHG emissions. This included the increased use of renewable energy to help resolve the climate crisis, which is quickly emerging as a life-threatening issue for the entire human race. We also continued to opt for recycled, renewable and sustainable materials in lieu of their petroleum-based counterparts to promote resource circulation while responding to climate change.

Demonstrating our commitment to compliance management in addition to ethical management to ensure compliance risk management, we became the first in the domestic tire industry to achieve the compliance management system certification ISO 37301. This came in tandem with continuous improvements to promote the diversity of our Board of Directors by appointing a female independent director to establish an advanced governance structure.

The sum of such efforts enabled us to be listed as a representative of the auto components industry and gain recognition as the best-in-class sustainability

leader on the Dow Jones Sustainability Indices World for the sixth consecutive year. This is a truly meaningful achievement as only 21 companies in Korea were listed on the 2021 DJSI World.

As we present this 13th ESG report this year, we aim to transparently share our commitment at Hankook Tire & Technology to sustainable growth. What is especially noteworthy about this report is its updated structure aligned with our ESG vision set forth in 2021 and its illustrations of our further advanced activities for sustainable management.

Even as we earnestly move ahead in the post-pandemic era, the 2022 business landscape is still expected to carry a fair share of challenges internally and externally. While the situation is shadowed with the multiple risks that lie ahead, Hankook Tire & Technology will do its utmost to establish future competitiveness enabled by innovation and remain laser focused on the pursuit of sustainable growth and the delivery of greater value for all our stakeholders.

Furthermore, we vow to endorse the Ten Principles of the UN Global Compact and the UN Sustainable Development Goals (SDGs) and to faithfully implement these principles and goals to contribute to the sustainable development of the global community.

We look forward to your fervent interest in and support for our journey ahead. Thank you.



**Soo Il Lee**

President & CEO  
Hankook Tire & Technology

# COMPANY PROFILE

## Company Overview

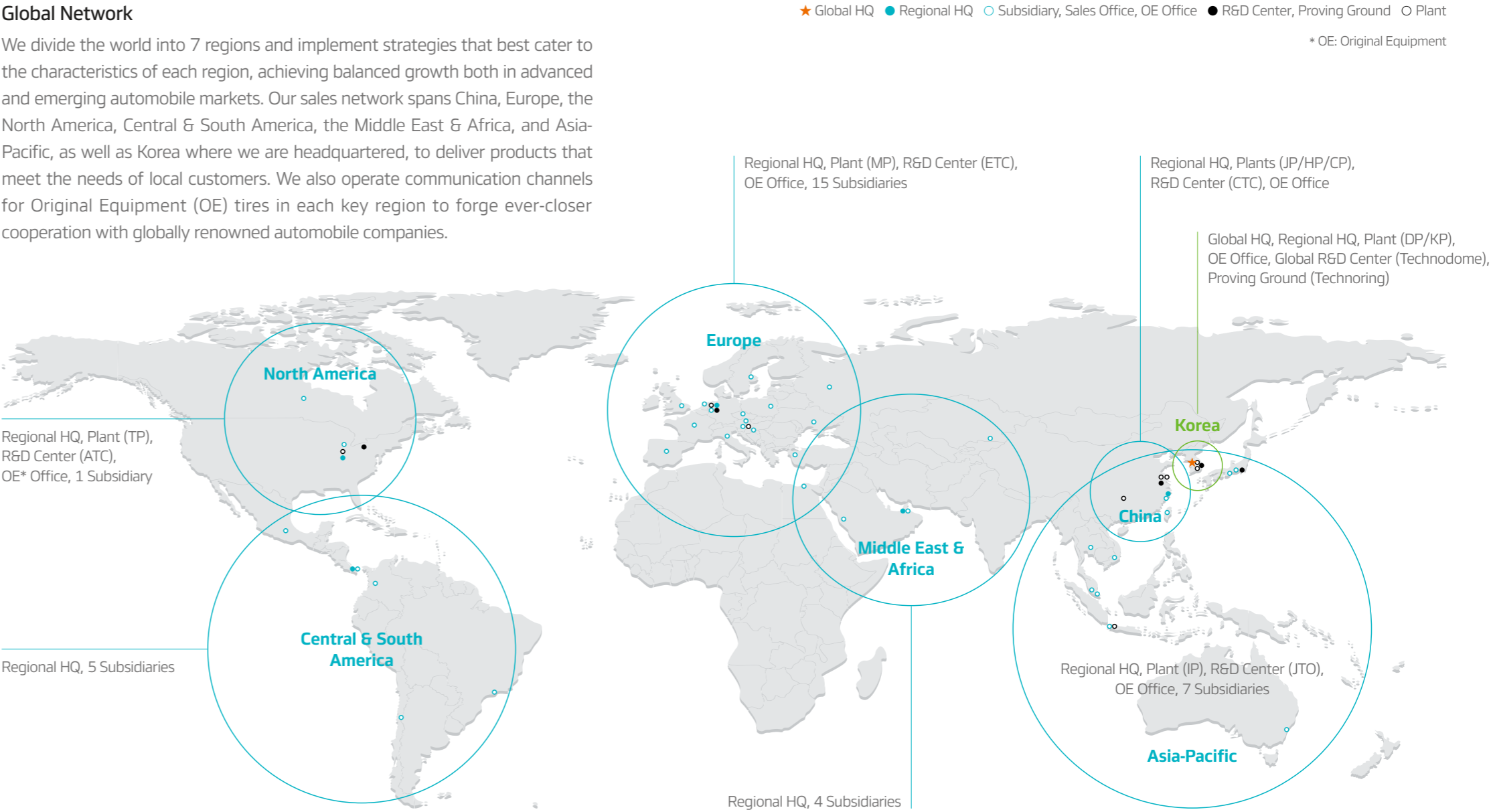
Established as Korea’s first tire maker in 1941, Hankook Tire & Technology has made breakthrough progress on the back of its full commitment to technology development, expansion of its production and sales network, partnerships with global car OEMs, effective brand marketing, and differentiated customer services. Presently, we produce 102 million high-quality tires each year across our eight production bases in Korea, China, the US, Hungary and Indonesia to serve more than 180 countries, solidifying our status as a true global tire maker. We will leverage our top-notch technology leadership to bolster our capabilities in core businesses while we relentlessly pursue technology-driven innovation and improve our value as premium brand. This will undoubtedly fuel our emergence as a global top tier company pioneering the future automotive industry.

Name of company	Hankook Tire & Technology
Global sales	KRW 7.1411 trillion
Operating profit	KRW 642.2 billion
Operating margin	9.0%
Total assets	KRW 11.7039 trillion
Total equity	KRW 8.2051 trillion
Date of establishment	2012. 09. 03*
Date of IPO	2012. 10. 04*
CEO	Soo Il Lee
Main business	Manufacturing, reproducing, processing and selling automobile tires, tubes and components
Headquarters	286 Technoplex (Sampyeong-dong), Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
Tel.	+82-31-5178-7000

\* The Company was established through the spin-off of tire business of Hankook Tire Co., Ltd. on September 1, 2012, and became a listed company on October 4, 2012.

## Global Network

We divide the world into 7 regions and implement strategies that best cater to the characteristics of each region, achieving balanced growth both in advanced and emerging automobile markets. Our sales network spans China, Europe, the North America, Central & South America, the Middle East & Africa, and Asia-Pacific, as well as Korea where we are headquartered, to deliver products that meet the needs of local customers. We also operate communication channels for Original Equipment (OE) tires in each key region to forge ever-closer cooperation with globally renowned automobile companies.





## Mission & Vision

### Bussiness Principle

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

### MISSION

**Future Innovated,  
Innovation realized**

### Core Value

We pursue the Proactive Leadership

- Passion
- Innovation
- Collaboration
- Global

### 2030 Mid/long-term Goal ST5

#### Position

- Global Top 5(M/S ≥ 6.5%)
- Net Sales ≥ 13 billion\$

#### Capacity

- 150 million Unit

#### Brand

- Hankook Brand Premium Top tier
- AB Competitive 2<sup>nd</sup> tier

#### Technology

- Top 3 in Technology
- No. 1 in EV

#### Profitability

- EBITDA margin ≥ 20%
- Operating Profit margin ≥ 10%

※ ST5: Solid Top Tier 5<sup>th</sup> Position

### VISION

**The Future Driving  
Innovator**

### Strategic Direction

- Value Focused Portfolio
- Market Winning Service
- Technology Leadership
- Premium Brand Elevation
- Innovation DNA

## Brand Portfolio

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



Hankook is the global flagship brand of Hankook Tire & Technology, and has a range of sub-brands that cater to diverse vehicle and product types for customers around the world.

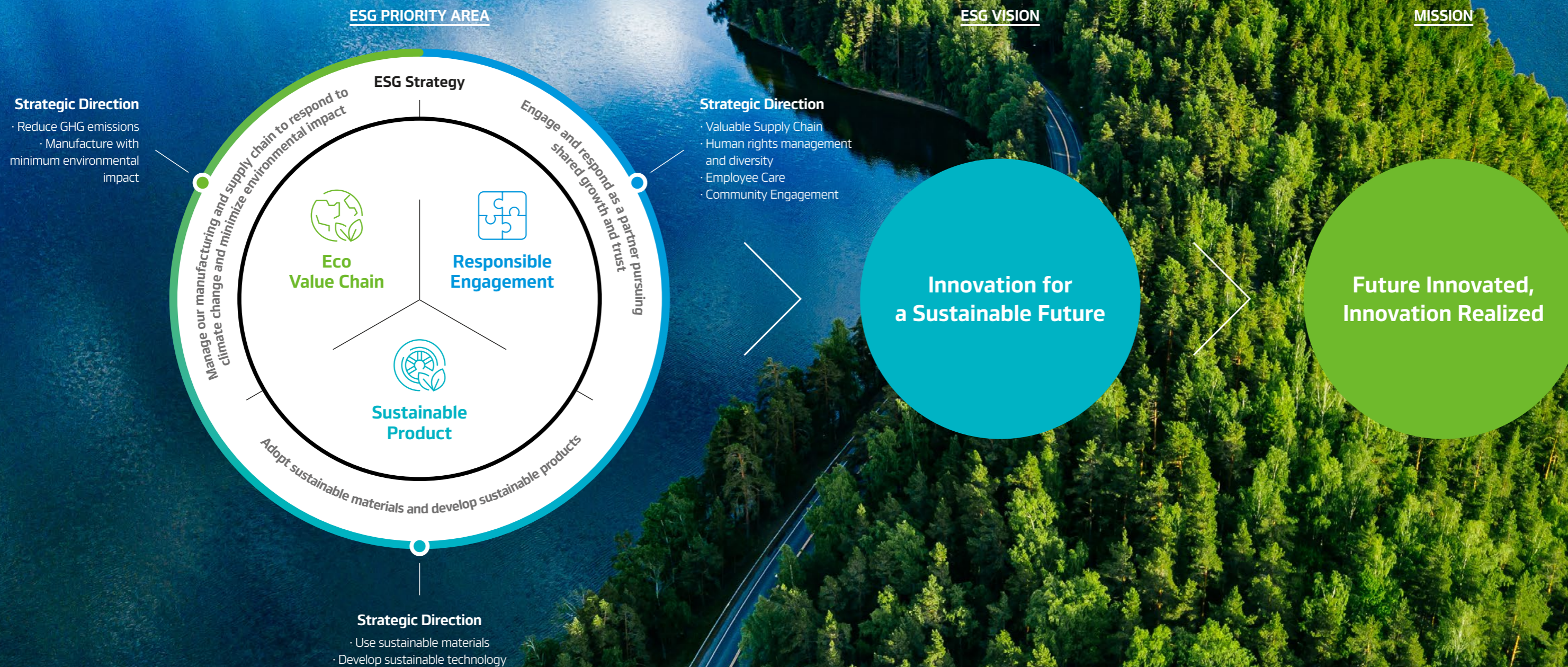


Created to provide practical driving experience to drivers, Laufenn is designed to meet the needs of consumers who seek a simple yet sophisticated lifestyle. Laufenn operates diverse brands spanning S, G, X, and I Fit.



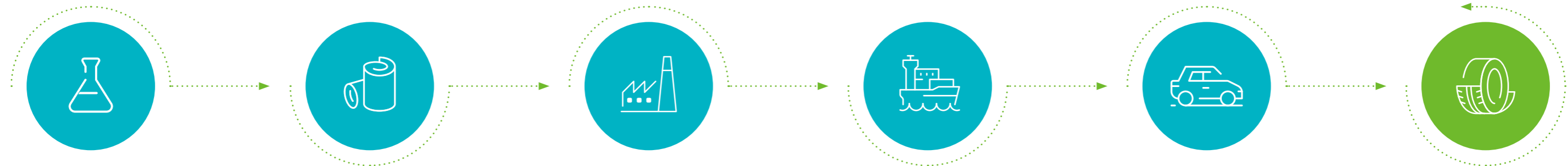
Kingstar refers to 'tires that deliver optimal on-road performance' and operates the 'Road Fit' brand.

# ESG VISION



# SUSTAINABLE VALUE CHAIN

Hankook Tire & Technology effectively distributes the economic, social and environmental value created throughout its entire value chain, spanning R&D, material sourcing, production, sales, use, recycling and disposal, to stakeholders to pursue sustainable growth for all.



## R&D

### Economic value

- Ratio of R&D expenditure against sales: 2.51%
- Patents granted in Korea and overseas: 643 patents in Korea, 280 patents overseas\*
- New patents registered: 67 patents in Korea, 57 patents overseas

### Social value

- R&D workforce: 992 persons
- Ratio of R&D workforce out of total employees: 5.1%

### Environmental value

- Ratio of eco-friendly products (in quantity): 53.0%

\* As of Dec. 2021, on a cumulative basis

## Sourcing of raw material

### Economic value

- Material purchases expenditure: KRW 2558.8 billion

### Social value

- Ratio of critical material suppliers who participate in ESG assessment: 100%

### Environmental value

- Ratio of sustainable materials usage: 29.3%(w/w)

## Manufacturing

### Economic value

- Total employees: 19,593 persons
- New hires: 1,643 persons
- Corporate taxes paid: KRW 121.2 billion
- Dividends paid to shareholders: KRW 85.4 billion

### Social value

- CSR expenditure: KRW 7.43 billion

### Environmental value

- Investment for improving environmental pollution: KRW 4.409 billion
- Waste discharge: Reduced by 2,158 tons year-on-year
- Ratio of treated wastewater recycled: 81.4% (Korea)
- Energy consumed: Reduced by 1.6% year-on-year
- GHG emissions: Reduced by 2.9% year-on-year
- All operations certified against ISO 14001

## Distribution

### Economic value

- Advertising expenditure: KRW 153.7 billion
- Packaging costs: KRW 8.2 billion
- Warehousing costs KRW 87.2 billion
- Other export expenditures: KRW 12.2 billion

## Use

### Economic value

- Corporate taxes paid: KRW 121.1 billion
- Dividends paid to shareholders: KRW 85.4 billion

### Social value

- Car donation: 80 vehicles
- Tire donation: 5,473 units
- Tuieum Bus: 17 buses

### Environmental value

- GHG emissions reduced from the sales of low-carbon products: 3,859,472tCO<sub>2</sub>-eq/ton of finished product

## Recycling and disposal

### Economic value

- Extended Product Responsibility (EPR) contributions made (Korea): KRW 2.51 billion
- Sales of retread tires: KRW 2.34 billion

### Environmental value











- Ratio of end-of-life tires recycled (Korea): 92.3%
- Ratio of end-of-life tires reused or recycled into material (Averages for Korea/Europe/US/Japan, excluding incineration): 44.33%



# SUSTAINABLE DEVELOPMENT GOALS

Hankook Tire & Technology endorses the Sustainable Development Goals (SDGs) pursued by the UN and the global community, and has been actively engaged in the resolution of the universal challenges of humanity and the biological and environmental issues plaguing the planet. In 2020, each of our committees announced their 2030 Commitment and have since been working to make good on such commitments. We vow to report our achievements in each of the ESG areas and pursue continuous improvements to contribute to the betterment of society with a focus on the SDGs.

	Indicator	2030 commitment	2021 Performance	SDGs
	Ratio of eco-friendly products	80%	53%	  
	Ratio of sustainable raw material use	40%	29.3%(w/w)	
	Frequency and severity index (against 2018)	Reduce by 30% (0.45)	0.56	   
	Water withdrawal intensity (against 2018)	Reduce by 30% (3.8m³/ton of finished product)	5.50 m³/ton of finished product	
	Waste discharge intensity (against 2018)	Reduce by 30% (30kg/ton of finished product)	44.68 kg/ton of finished product	
	GHG emissions (against 2018)	Reduce by 50% (640,000tCO <sub>2</sub> -eq)	Reduce by 3%	 

	Indicator	2030 commitment	2021 Performance	SDGs
	Ethical management practice pledge and ethical management training	100%	<b>Signees of the ethical management practice pledge</b> - 99% in Korea, 93% overseas <b>Attendees of the ethical management training</b> - 95% in Korea, 62% overseas	 
	Social value created (against 2018)	Increase by 20% (KRW 11,576,400,000)	KRW 11,328million	    
	ESG risks	0%	30% On-site verification of ESG self-assessment results	   
	Ratio of female leaders	20%	5.3%	  
	Advancement of governance	Establish a governance system in accordance with national best practices	Established the ESG Committee under the Board of Directors	

# ESG MANAGEMENT SYSTEM

- ESG Management System
- Overseas ESG Operational System
- Responsible Governance
- Jeongdo Management & Ethical Management
- Risk Management
- Stakeholder Engagement
- Materiality Analysis



## ESG Management System

Hankook Tire & Technology has operated ESG Management System since 2010 as the highest decision-making body to integrate ESG activities into the daily business operations of its employees. The ESG Steering Committees play a pivotal role in consistently undertaking ESG activities, and our ESG implementation system consists of the ESG Strategy Committee, eight ESG Steering Committees, and the ESG working-level council. The EST Strategy Committee is operated under the leadership of responsible executives to align ESG activities with our daily operations. The ESG Team analyzes the feedback from internal/external stakeholders, the results of ESG assessments made by third-party organizations, and benchmarks of leading companies to advice respective Steering Committees on the strategic implementation directions necessary to generate non-financial performance. In 2021, we established the ESG Committee under the Board of Directors and appointed an independent director to chair the Committee to pursue balance in our ESG management. We also promote mutual communication between the Committee and our company-wide ESG implementation system to gather third-party opinions and reflect them into our strategies and operations.

### Hankook Tire & Technology's ESG Management System



### ESG Implementation System: Composition and Roles

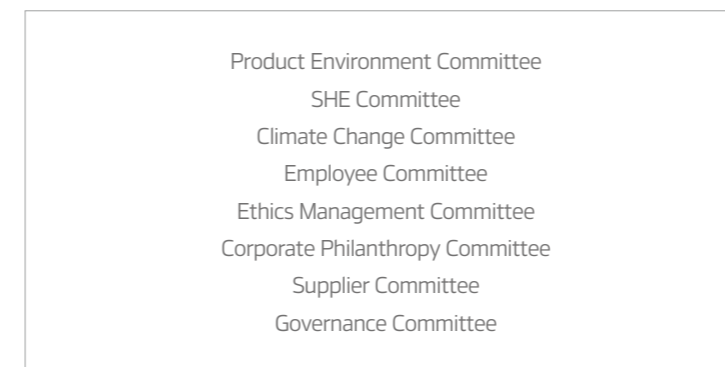
#### ESG Strategy Committee

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



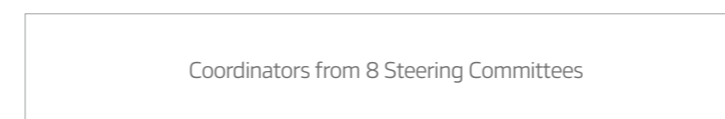
#### ESG Steering Committee

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



#### ESG Working-level Council

- Share and consult on key issues among respective committees



### ESG Strategy Committee meetings held in 2021

The ESG Strategy Committee met in 2021 to share the specifics of ESG, which is emerging as a key agenda of business management, as well as domestic/international ESG trends, while identifying insightful implications. The Committee also addressed the topic of 'carbon neutrality' which is quickly becoming a top priority for businesses, civic organizations and countries the world over, to discuss the way forward and relevant initiatives. The Status Session was used to discuss the needed improvements on the DJSI assessment results, along with sustainable brand alignment strategies while the Operational Direction Session served as a platform to discuss annual plans and issues for each Steering Committee.

Date	March 17, 2021
Attendees	Chair and members of the ESG Strategy Committee Chairs of the ESG Steering Committees
Agenda	<div><div>1. Trend</div><div>1) ESG as an emerging agenda 2) Era of carbon neutrality 3) Dissemination of responsible investing</div></div> <div><div>2. Status</div><div>1) DJSI 2020 Review 2) Sustainable Brands</div></div> <div><div>3. Operational Directions</div><div>1) Operational directions of each ESG Committee 2) Discussion</div></div>

# Global ESG Operation System

Hankook Tire & Technology has established an ESG operations system in respective regions of the globe, starting with the launching of the CSR committee at its Chinese Headquarters in 2012. Our global ESG operations system was completed in 2018 when such a system was created at our Americas Headquarters, and has since been up and running in consideration of specific local conditions. For any ESG operational guidance needed in the future, we provide full support through the ESG Team to ensure balance in ESG activities at all levels.

China	Europe		Indonesia Plant and Asia-Pacific		Americas	
Head of the Chinese Headquarters	Head of the European Headquarters		Head of the Safe Production & Engineering Staff Office	Head of the Asia-Pacific Division	Head of the North America Headquarters	
Chinese CSR Committee	Head of Hungary Plant	EUR) Director of Corporate Management Department	Head of Indonesia Plant	AP) Head of the Marketing Strategy Team	Head of Tennessee Plant	Other Areas in the Americas
EHS Committee HP)* JP)** CP)*** Environment & Safety Team	EHS MP)* EHS Team	Employees EUR) HR Team	EHS IP)** EHS Team	Corporate Philanthropy AP) Marketing Strategy Team	EHS TP)* EHS Team	Employees NA) HR Team
Employee Committee CHN) Human Resource Management & Education Team	Climate Change MP) EHS Team	Corporate Philanthropy EUR) HR Team	Climate Change IP) Facility Technology Team	Ethics Management AP) Marketing Strategy Team	Climate Change TP) EHS Team	Corporate Philanthropy NA) Corporate Management Team
Corporate Philanthropy Committee CHN) Corporate Strategy & Innovation Team	Employees MP) Human Resource operations & Education Team	Ethics Management EUR) Corporate Management Team	Employees IP) Human Resource Operations & Education Team		Employees TP) HR Team	Ethics Management NA) Corporate Management Team
Ethics Management Committee CHN) Corporate Management Team	Corporate Philanthropy MP) Corporate Management Team		Corporate Philanthropy IP) Corporate Management Team		Corporate Philanthropy TP) Corporate Management Team	
Risk Management Committee CHN) Corporate Strategy & Innovation Team	Ethics Management MP) Corporate Management Team		Ethics Management IP) Human Resource Operations & Education Team		Ethics Management TP) Corporate Management Team	
					Suppliers TP) Purchasing Team	

\* HP: Jiangsu Plant in China  
\*\* JP: Jiaxing Plant in China  
\*\*\* CP: Chongqing Plant in China

\* MP: Magyar Plant in Hungary

\* AP: Asia-Pacific  
\*\* IP: Indonesian Plant

\* TP: Tennessee Plant in the US

# Responsible Governance

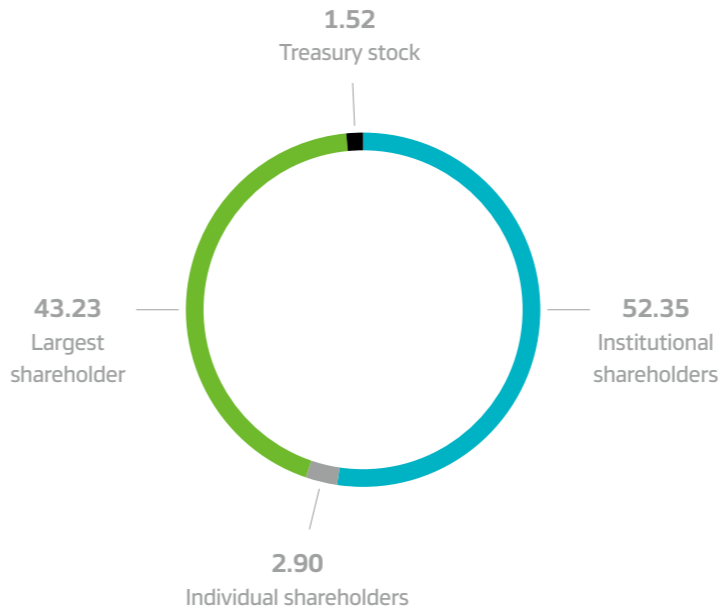
Hankook Tire & Technology maintains sound corporate governance to protect the rights and interests of shareholders and other stakeholders and to conduct business in a reasonable manner. We have established and are operating advanced governance which centers around the Board of Directors, and fully assist the Board of Directors with its transparent and professional decision-making. Our management philosophy and commitment to practicing our Board-centered management philosophy is specified in the Articles of Incorporation and BOD regulations to serve as the foundation for our governance principle and policy. In 2021, the ESG Committee was established under the BOD through its resolution to bolster the BOD’s roles and responsibilities in advancing ESG management, and the Corporate Governance Charter was stipulated and announced to embody our commitment to establishing, maintaining, and developing transparent and advanced governance in May 2022. The Charter will form the basis of our ESG management and contribute to establishing responsible governance. Furthermore, we subscribed to an executive liability insurance plan to cover liability exposures that our executives may face during the course of their business conduct and retain competent directors as a way to bolster the accountability of our BOD. From working-level aspects, the Governance Committee has been up and

Management Item	Goal	Achievements	Attainment
Board-centered management	Expanded size of the Board	Increased the number of directors from 5 to 7 (1 executive director and 1 independent director newly appointed)	●
	Gender diversity of the Board	Appointed a female independent director	●
	Increased expertise of the Board	Established the ESG Committee under the BOD	●
	Increased accountability of directors	Subscribed to an executive liability insurance plan	●
Reinforcement of governance-related disclosures	Reinforcement of disclosures on the website	Disclosed our ratings in the Governance area awarded by domestic/ international rating agencies	●
		Disclosed the discrepancies between our current operations and those of corporate governance best practices	●
	Proactive response to major shareholders and institutions	Increased number of English disclosures	●

running as one of the ESG Steering Committees since 2021, along with a roadmap and its detailed action plans developed and implemented to establish advanced governance.

## Shareholder Composition

(unit: %)



(As of Dec. 31, 2021)

Category	No. of Shareholders	Ratio	No. of Shares*	Stock Ownership
Institutional shareholders	1,603	5.54%	64,845,136	52.35%
Individual shareholders	27,291	94.37%	3,592,163	2.90%
Largest shareholder	24	0.08%	53,551,454	43.23%
Treasury stock	1	0.00%	1,886,316	1.52%
Total	28,919	100.00%	123,875,069	100.00%

We follow the one share one vote rule, and treasury shares do not carry voting rights pursuant to the Commercial Act. As of the end of December 2021, the National Pension Service (NPS) owned 6.35% of Hankook Tire & Technology’s total shares outstanding. NPS follows the principle of responsible investing in exercising its voting rights in consideration of our ESG performance.

## Founder & Founding Family Stock Ownership

(As of June 30, 2022)

Name	No. of Shares	Ownership (%)
Hankook & Company	37,995,959	30.67
Hyun Bum Cho	9,581,144	7.73
Hyun Shick Cho	799,241	0.65
Shinyang Co., Ltd.	793,522	0.64

\* The remaining founder & founding family ownership amounts to 3.53%.

## Management Stock Ownership

(As of Dec. 31, 2021)

Category		Name	Stock Ownership against Salary
Registered executive	CEO	Soo Il Lee	0.34*
	Chairman	Hyun Bum Cho	
Non-registered executive	Honorary Chairman Other non-registered executives	Yang Rai Cho	25.02**
		Gyu Bong Lee	
		Il Lyong Jeong	
		Jin Gyun Jeong	
		Seon Woo Kim	
		Tae Seok Moon	
		Sang Geun Lee	
		Dae Gyu Kang	
		Jin Sun Park	

\* Calculated by dividing stock ownership based on the closing price (KRW 40,300) of the last trading day of 2021 by base pay

\*\* Calculated by dividing stock ownership based on the closing price (KRW 40,300) of the last trading day of 2021 by the average base pay of management, excluding the CEO (as of Dec. 31, 2021)

## Performance appraisal of the CEO and management

The CEO's short-term incentives are paid in accordance with performance indicators (sales and operating profits for the concerned year) - and comprehensive appraisal criteria which include contributions made to business performance (attainment of strategic tasks). Long-term incentives are calculated for the Company's three-year performance, and are paid every three years in consideration of EVA\*, sales growth, and TSR disparities, among other factors.

\* EVA = (ROIC - WACC) x (total assets-current liability)

### CEO-to-Employee Compensation Ratio

Total CEO Remuneration (KRW million)*	Average Employee Compensation (KRW million)*	Ratio**
932	76	12.26

\* Sum of base pay and allowances and short/long-term incentives

\*\* Calculated by dividing the total CEO remuneration by the average employee compensation

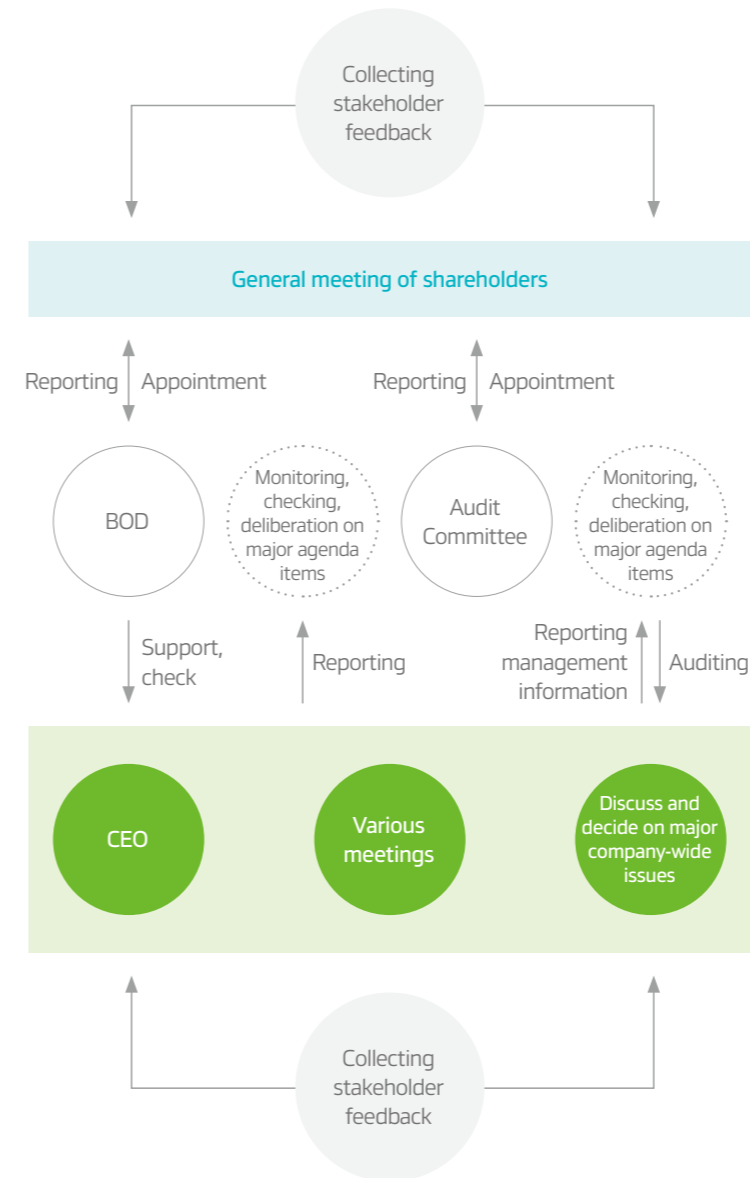
Our executives enter into management advisory contracts to bolster their liability following retirement. This contract aims to prevent any professional misconduct on the part of our executives during their tenure and strengthen internal controls. The contract includes clawback provisions that stipulate that if any professional misconduct is identified from any executive's term following their retirement, he/she must return the amount that matches the severity of the damage done to the Company from the management advisory payments that he/she received.

\* Professional misconduct: Includes but is not limited to illegal acts or any acts that cause damage to the Company, including professional negligence

## Board-centered decision-making process

Hankook Tire & Technology is fully committed to sustained profit generation and growth based on mutual checks and balances among the BOD, management and shareholders. We carefully heed the advice of our stakeholders, identify necessary tasks in respective meetings and align such efforts towards meaningful outcomes. We also build a corporate culture which supports free-flowing communication and integrate stakeholder feedback into the decision-making of senior management. Our BOD regulations stipulate that the Chair of the BOD should be appointed among directors through the resolution adopted by the Board. To ensure the smooth operation of the Board by providing sufficient information to independent directors appointed for their extensive experience and proven competency in the overall tire industry and to assist the Board in duly performing its role and responsibility as specified in applicable laws and internal regulations, our CEO Soo Il Lee was appointed as the Chair of the BOD.

The BOD advances our management philosophy set forth in the preamble of the Articles of Incorporation to pursue the development of Hankook Tire & Technology's corporate culture and elevate the value of the 'Hankook' brand. As the permanent highest decision-making body, the BOD adopts resolutions with a majority of directors attending and a majority of attending directors voting for or against, except when stipulated otherwise in applicable laws, and makes decisions on major corporate issues including the development and approval of business plans. The BOD Secretariat has been up and running since 2021 to bolster management accountability with the BOD playing a central role and to also systematically support BOD operations.



## Composition of the BOD

Our BOD consists of seven directors - three executive directors and four independent directors. All our independent directors are free from any specific interest in the Company, management, or major shareholders.

Director	Name	Position	Career of Independent Directors
Executive director	Soo Il Lee	CEO	
Executive director	Hyun Bum Cho	Chairman	
Executive director	Jong Ho Park	President	
Independent director	Jong Gap Kim	Audit Committee member	Former) Representative of Deutsche Bank Seoul Branch
Independent director	Hyun Myung Pyo	Audit Committee member	Former) President of KT, President & CEO of LOTTE Rental (possesses work experience in the same industry (selective consumer goods) based on GICS)
Independent director	Mi Ra Lee	Audit Committee member	Former) HR Director, General Electric Korea (possesses work experience in the same industry (selective consumer goods) based on GICS)
Independent director	Young Jae Kang	Audit Committee member	Former) CEO of Hite Jinro Beverage Present) CEO of the Investment Division, ENSL Partners



### Independence statement of the BOD

We stipulated the requirement for independent directors to account for a majority of the BOD for the sake of greater transparency and independence. Directors are appointed at the general meeting of shareholders held before March each year. Director candidates are nominated according to transparent and fair procedures, and such nominations are made at the BOD for executive directors and the Independent Director Recommendation Committee for independent directors. Directors may serve three years and be reappointed. As of 2022, the average tenure of our directors was 2.7 years. Vacant director positions are individually filled at the general meeting of shareholders. The composition of our BOD is in agreement with the Commercial Act, the Monopoly Regulation and Fair Trade Act, and other applicable laws. Independent directors cannot be appointed if any disqualifying factors are discovered, and incumbent independent directors can no longer hold their position should they become subject to any of the disqualifications. We review the disqualifications for directors' independence

pursuant to applicable laws, and the Independent Director Recommendation Committee ensures that independent directors comply with the qualifications for independence.

#### Grounds for Disqualification of Independent Directors

\* In compliance with the Commercial Act, the Fair Trade Act, and other relevant laws

- ① Directors, executive directors, and employees who engage in regular company business, or directors, auditors, executive directors, and/or employees who have engaged in the regular business of the Company within the past two years
- ② Largest individual shareholder, his/her spouse, and direct parents and descendants
- ③ If the largest shareholder is a corporation, directors, auditors, executive directors, and employees of the corporation
- ④ Spouse and direct parents and descendants of directors, auditors and executive directors
- ⑤ Directors, auditors, executive directors and employees of the parent company of the Company or of a subsidiary of the Company
- ⑥ Directors, auditors, executive directors, and employees of a corporation which has significant interest, including a business relationship, with the Company
- ⑦ Directors, auditors, executive directors, and employees of another company for which directors, executive directors and employees of the Company serve as directors or executive directors

#### Review of Independent Director's Compliance with Independence Qualifications\*

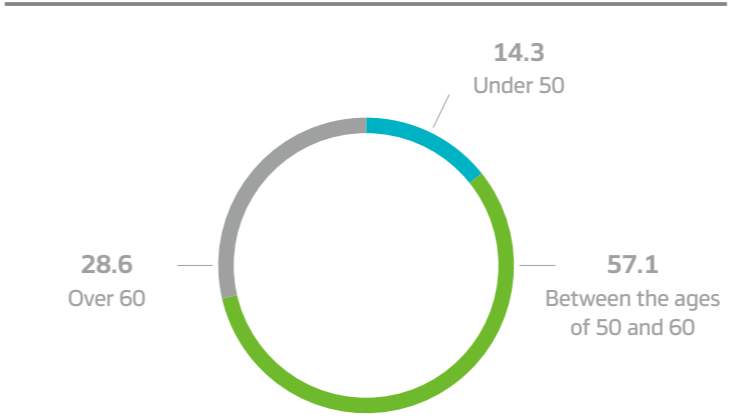
Requirement	Jong Gap Kim	Hyun Myung Pyo	Mi Ra Lee	Young Jae Kang
The director must not have been employed by the Company in an executive capacity within the last five years.	●	●	●	●
The director must not have a family member who accepts any payments from the Company or any parent or subsidiary of the Company in excess of USD 60,000 within the last three years.	●	●	●	●
The director must not have a family member of an individual who is employed by the Company or by any parent or subsidiary of the Company as an executive officer.	●	●	●	●
The director must not be an advisor or consultant to the Company or a member of the Company's senior management.	●	●	●	●
The director must not be affiliated with a significant customer or supplier of the Company.	●	●	●	●
The director must not have no personal services contract(s) with the Company or a member of the Company's senior management.	●	●	●	●
The director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company.	●	●	●	●
The director must not have been a partner or employee of the Company's external auditor over the past three years.	●	●	●	●
The director must not have any other conflict of interest that the Board determines to mean they can't be considered independent.	●	●	●	●

\* By the criteria adopted by the Dow Jones Sustainability Indices (DJSI)

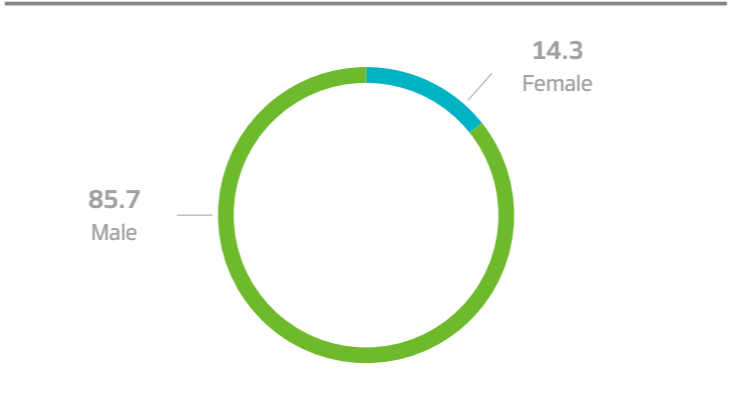
### Diversity policy of the BOD

We consider such diversity metrics as gender, age, race, nationality, and country of birth to promote the diversity of our BOD. In fact, we have expanded our BOD membership from five to seven directors in March 2021, and appointed a female independent director. Directors are required to represent the rights and interests of all shareholders and stakeholders in a balanced manner, and are not discriminated against on the grounds of gender, age, religion or race and are given equal status.

Directors by Age Group (unit: %)



Directors by Gender (unit: %)



### Expertise of the BOD

Independent directors are appointed at the general meeting of shareholders for their extensive expert knowledge and experience in the areas of business administration, economy, law, accounting and other wide-ranging areas and for their compliance with the qualifications stipulated in applicable laws. We ensure that our independent directors offer their advice and leverage their expertise to assist senior management with accurate decision-making while fulfilling their given role of checking and monitoring management. We also provide dedicated training to help independent directors improve their expertise.

#### Training Provided to Independent Directors

Date of training	Trainer	Training topic
2021.07.22	Samjong KPMG	Audit committee's obligation to investigate and report corruptive practices
2021.07.30	Korea Listed Companies Association	Operational practices and trends of the internal accounting control system from the management perspective
2021.09.09	Hankook Tire & Technology	On-site training for domestic operations - Geumsan Plant and the R&D Center (Technodome)
2021.10.12	Samil PwC	Seminar on the future strategy of the internal accounting control system
2021.10.20	Hankook Tire & Technology	Progress made on ESG activities
2021.10.26	Samil PwC	Audit Committee School
2021.9.9~11.18	Korea Green Foundation, Maeil Business Newspaper	ESG leadership courses (domestic/global ESG trends, climate crisis response strategy, ESG Insight, field workshop, etc.)

Effectiveness and transparency of the BOD

We stipulate that BOD meetings exceed the set 50% quorum to ensure their effective operation. Independent directors are restricted from serving as independent directors for three or more companies other than Hankook Tire & Technology to faithfully fulfill their role as an independent director. The Audit Committee is operated under the BOD to check and monitor management on behalf of shareholders, and self-assessments are made each year to improve its effectiveness. Such assessments span the composition and qualification of the Audit Committee, the qualification of the Audit Committee Chair, understanding of the Company’s business and risks, work processes and procedures, oversight of financial reporting and audit function, and monitoring activities. Furthermore, the Korea Corporate Governance Service performs annual assessments on Hankook Tire & Technology’s governance, and such third-party evaluations guide our efforts to monitor and improve on any vulnerabilities.

\* Quorum: The minimum number of members required to make decisions on agenda items at BOD meetings

Committees operated under the BOD	
Committee	Responsibility
Audit Committee	- Audit the Company’s accounting and business operations
	- Investigate the Company’s asset status
	- Handle matters stipulated by applicable laws and the Articles of Incorporation as well as matters commissioned by the BOD
	- Request directors to report on business operations
	- Approve the appointment of external auditors
Sustainability Committee	- Deliberate and decide on general management and financial matters
Independent Director Recommendation Committee	- Nominate independent director candidates to the general meeting of shareholders
Internal Transactions Committee	- Approve large-scale related transactions
ESG Committee	- Deliberate and decide on environmental, social, and governance management to bolster sustainable management

BOD remuneration

Our directors and auditors are compensated within the annual remuneration limit approved by the general meeting of shareholders in accordance with relevant regulations. Incentives may also be provided based on business performance as measured against economic, social and environmental performance metrics. The general meeting of shareholders held on March 30, 2021 approved KRW 3 billion as the total director remuneration limit, and 59% of this was paid. At the general meeting of shareholders held on March 30, 2022, KRW 5 billion was approved as the director remuneration limit for the year 2022.

Total Remuneration of BOD (unit: KRW million)

Category	No. of directors	Average	
		Total remuneration	remuneration per person
Executive director	3	1,564	782
Independent director (Audit Committee member)	4	203	51
Total	7	1,767	776

- \* Remuneration of all directors and auditors: As of December 2021
- \* Hyun Bum Cho, an executive director, was excluded in the calculation for total remuneration and average remuneration per person as he also received compensation from Hankook & Company where he is currently employed.
- \* The data includes wages paid to three members of the Audit Committee whose term of office was terminated in March 2021.
- \* Our Audit Committee is exclusively composed of independent directors, and all our independent directors serve on the Audit Committee.

BOD Meetings Held Over the Past 5 Years (unit: No. of meetings)



※ Average BOD attendance in 2021: 100%



# Jeongdo Management and Ethical Management

Jeongdo Management\* and ethical management constitute the fundamental principles of our business operations at Hankook Tire & Technology. To properly weave compliance and these management principles into our corporate culture, we operate a range of programs to integrate Jeongdo Management and ethical management into our systems and daily operations.

## Establishing an Ethical Management System

### Operating the Jeongdo Management Committee

The Jeongdo Management Committee serves as the highest decision-making body under the direct leadership of the CEO in identifying and preventing compliance risks at all levels. In accordance with the code of conduct set forth under the ‘8 Jeongdo Management Principles’, issues most closely related to internal/external stakeholders - customers, employees, suppliers, shareholders and investors - as well as organization-level relevant issues are proposed as agenda as discussed as such, and decisions are made swiftly to establish a culture of Jeongdo Management. The Committee met three times - in February, June, and October of 2021 - to deliberate on a total of eight agenda items in the areas of quality, SHE, and corporate governance. In particular, discussions were made from multiple perspectives on ways to improve shopfloor safety management in relation to SHE compliance risks, and the outcomes were aligned with decision-making and implementation. Since 2022, the Committee has operated separate sessions under the theme of ethical management to bolster our execution to establish a culture of ethical management in addition to advancing Jeongdo Management.

### Establishing a compliance risk management system and achieving ISO 37301

Our compliance risk management ensures that each organization independently reviews compliance risks. In 2019, a checklist was completed for each organization to perform self-reviews on potential work-related risks, and was used in 2020 to review our Headquarters and domestic operations with the supplementation of assessment criteria and scoring rubrics. In 2021, we introduced an ISO 37301-compliance management system to establish a company-wide integrated risk management system and systematically manage compliance risks along the PDCA (Plan-Do-Check-Action) cycle. This enabled us to achieve the international management system standard ISO 37301 in October 2021, gaining public recognition for the adequacy and effectiveness of our compliance risk management system. In 2022, we will maintain this certification and bolster our organizational capabilities to continuously advance our compliance risk management.

### Expanding the pledge to practice ethical management and abide by the Anti-Graft Act

We require our employees to sign the ethical management pledge to commit themselves to faithfully practicing ethical management. In 2021, 99% of our office workers in Korea signed the pledge, and we expanded this to include overseas operations and affiliates. Our office workers are also required to sign the pledge to abide by the Anti-Graft Act to establish fair and transparent business ethics, of which 98% of our office workers in Korea signed in 2021. We encourage new hires to sign the pledge to practice ethical management and comply with the Anti-Graft Act through ethical management training, and will continue to expand this initiative to embed ethical management into our corporate culture.

### Facilitating the whistleblowing system and performing internal assessments

We widely publicize our whistleblowing channels - such as the Cyber Audit Office and the anonymous bulletin board for ethical management - among internal/external stakeholders to facilitate these whistleblowing systems. The details of the Cyber Audit Office are on the business cards of our employees to enable suppliers and other external stakeholders to fully access such channels if they encounter unfair transactions or unjustified business practices. The E-Ethics Letter, our in-house ethical management newsletter, also serves to regularly promote and communicate whistleblowing channels. The anonymous bulletin board for ethical management is operated to address inquiries about ethical management and support interactive communication among employees concerning work-related compliance risks. As part of our corporate website renewal, we updated the Cyber Audit Office to further protect the anonymity of whistleblowing and improve accessibility for overseas users, which is expected to facilitate whistleblowing. Meanwhile, we continue to perform regular/ad-hoc internal assessments on our entire operations in Korea and abroad. If any corruptive practices are identified as a result such assessments, the HR Committee executes disciplinary and/or other measures to prevent their reoccurrence.

\* Jeongdo Management: Jeongdo Management sets the course of action for Hankook Tire & Technology in its pursuit of sustainable management by providing all stakeholders with fair opportunity and compensation and conducting business in a proper and transparent manner in accordance with the basics and principles. Its 8 management principles concern corporate governance, quality management, customer-oriented management, ethical management, win-win management, sharing management, and talent management.



## Embedding Ethics Awareness into Day-to-Day Operations

### Bolstering ethical management training

We provide regular ethical management training to highlight the importance of Jeongdo Management and ethical management and to embed this awareness into the mindset and actions of our employees. Such training is conducted through videos produced on understanding ethical management, the Company's approach to Jeongdo Management and ethical management, and through actual cases of ethical management. In 2021, online ethical management training was provided to nearly 2,2000 office workers in Korea and to expatriates twice, along with one training for nearly 4,200 operators at our domestic plants. Specifically, we conducted training on the topic of 'understanding compliance' of which content was created by specialized institutions in line with our adoption of a compliance management system in 2021. This further elevated employees' understanding on compliance/ethical management from the viewpoint of compliance. To expand ethics training at our overseas operations, we provided training content based on

our ethical management guide. Starting from 2022, we have included ethical management in the mandatory introductory training curriculum for new hires to encourage all our employees to understand and practice a culture of compliance.

### Developing employees' ethics awareness

To help our employees develop ethics awareness, we circulate the monthly E-Ethics Letter communicating best practices, cases of non-compliance and related articles, and make this available on the bulletin board for ethical management. During national holidays or vacations when the need to remind our employees of ethical management awareness arises, we launched 'No Giving/No Taking of Holiday Gifts' and 'voluntary bribery reporting' campaigns to encourage employees' participation.

#### Whistleblower Reports by Type in 2021

Category	No. of reports	No. of valid reports
Corruption	5	2
Internal complaints	3	1
External complaints	0	0
Others (customer complaints, etc.)	14	0
Total	22	3

#### Action Taken against Non-compliance with the Code of Conduct in 2021

Category	No. of cases	No. of persons	Action Taken
Damage to corporate culture (sexual/workplace harassment, etc.)	2	2	2 reprimands
Negligence	1	1	1 suspension
Bribe-taking	2	5	1 reprimand, 1 wage reduction, 1 termination
Misuse of corporate funds for personal use	1	3	1 suspension, 2 reprimands
Intervention with suppliers	1	1	1 wage reduction
Total	7	12	

## Disseminating Ethical Management across Affiliates

### Ethical management campaigns and trainings for affiliates

We shared the E-Ethics Letter publishing internal/external cases of ethical management and relevant articles through the in-house bulletin board for three affiliates - Hankook Precision Works, Hankook Engineering Works, Hankook Networks - while launching the 'No Giving/No Taking of Holiday Gifts' and 'voluntary bribery reporting' campaigns. Leveraging Hankook Tire & Technology's online ethical management training content, ethical management training was provided to all office workers and to the operators of our affiliates.



# Risk Management

In line with mounting uncertainties in the business landscape, Hankook Tire & Technology is further bolstering its risk management and emergency response activities. We engage in systemic monitoring and the prevention of a wide array of financial/non-financial potential risks, work on multiple fronts to establish a business continuity management system and have prepared our fire/emergency responses.

## Risk Management

### Financial risks

In 2021, the global economy initiated the recovery cycle along with the development and dissemination of COVID-19 vaccines. The supply of immense liquidity across countries, however, sustained inflationary pressure, which increased volatility in the real economy which also elevated the price of raw materials and gave way to a shortage in freight space. Amid such challenging conditions, Hankook Tire & Technology flexibly responds to external factors through continuous risk management. We monitor and continuously manage our financial costs and F/ X position to minimize any risk of exposure to abrupt market changes. We also engage in internal/external communications to swiftly share market information to promptly identify fluctuations in the financial market and assist management with efficient decision-making.

### Currency risk

In line with our worldwide broadening of sales operations, we are now dealing in 31 foreign currencies, including the USD and the euro. To minimize relevant risks, we deal in local currencies for current transactions on imports and exports for sales operations and in making financial transactions on deposits and borrowings. In accordance with the principle of matching currency denominations for collections and payments, we 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 on a quarterly basis to develop region/currency-specific F/X risk response strategies. While we adopt natural hedging that matches foreign currency assets with foreign currency liabilities 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

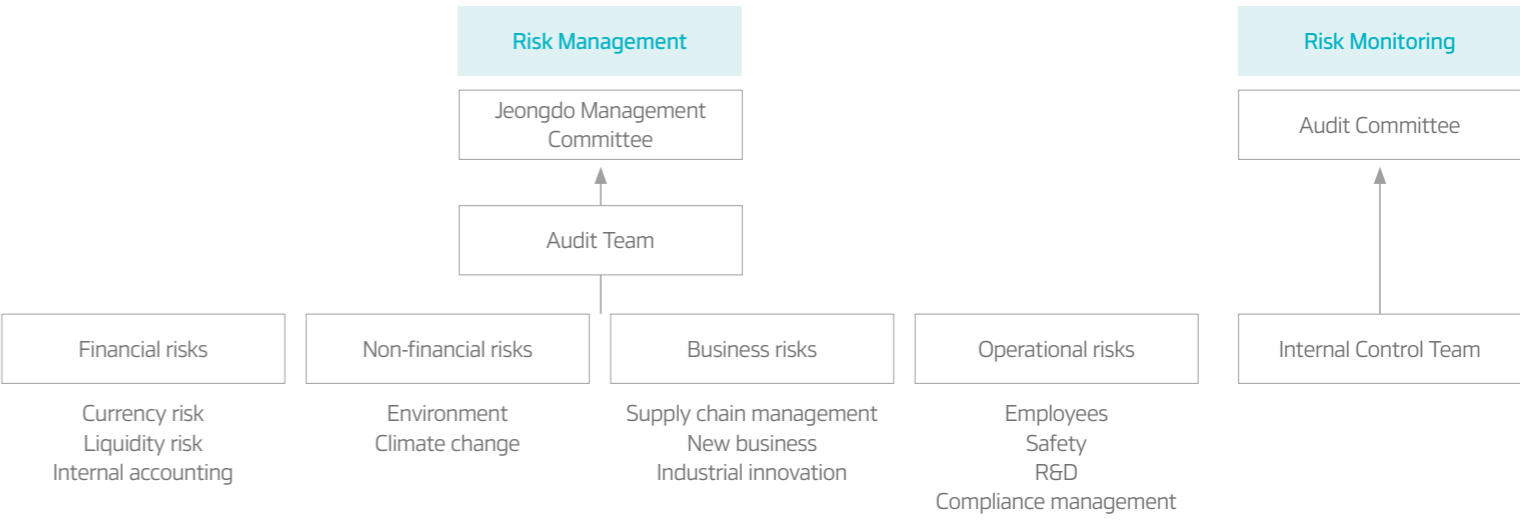
We take a global perspective in managing the borrowing, liquidity, and short/long-term cash flow of our global headquarters and overseas subsidiaries. We regularly forecast our future cash flow to preemptively manage global liquidity and take a more conservative stance in liquidity management when faced with turbulent and quickly shifting financial market conditions to strengthen the stability of our financial structure. We also adopt integrated liquidity management systems, such as cash pooling, to control liquidity across various localities. Cash pooling allows for the real-time sharing of funds between companies facing fund shortages with those who have a surplus, and helps minimize liquidity risks and reduce the burden of fund operations and financial costs. We take a step further to actively

operate the Global Cash Management System for integrated fund management across all our regional headquarters and local subsidiaries, and have secured credit lines at financial institutions in alignment with cash pooling to preemptively brace for additional liquidity-related risks.

### Emerging risks

**Natural rubber shortage** — Around 90% of the natural rubber produced globally is used to manufacture tires. This makes rubber an extremely critical material for Hankook Tire & Technology. While the global tire market is expected to continuously expand, the production of natural rubber remains steady. In particular, natural rubber takes more than six to seven years to reach the production phase and this hinders a flexible response to short-term consumption increases. Furthermore, more than 80% of natural rubber is produced in just three major countries. This significantly impacts the reliability of natural rubber sourcing as issues in these nations (environment,

Hankook Tire & Technology's Risk Management System





contagious diseases, and wars among others) could hinder its availability. Last but not least, the rising demand for natural rubber, in line with the economic growth of developing countries, is set to trigger increases in natural rubber prices and its shortages. In short, the tire industry is vulnerable to natural rubber shortages over the long haul. The rising price of natural rubber may cause significant material cost increases and deteriorate our profitability in return. Furthermore, any challenge in sourcing natural rubber could halt our production line and pose a grave threat to our business operations.

To respond to natural rubber shortages, we strive to develop alternative materials and make natural rubber production more sustainable. First, we are working on sustainable materials that could potentially replace natural rubber, such as rubber from dandelions and synthetic rubber. Second, we have joined the Global Platform for Sustainable Natural Rubber (GPSNR), an organization dedicated to the production of sustainable natural rubber, and are supporting natural rubber smallholders with formic acid and knives as part of our CSR activities to improve the sustainability of natural rubber. Going forward, we will enhance the traceability of natural rubber to render natural rubber sourcing more reliable and sustainable.

**Mounting importance of roads and tires in line with expanded autonomous driving** — Autonomous driving is certainly one of the key technologies to lead the future automobile market. Beginning with Tesla, it is expected that vehicles supporting Level 5 autonomous driving will enter into the market within the next several years. An increase in autonomous cars will reduce the accidents caused by human error, while raising the relative proportion of accidents attributable to road conditions and tires. Eventually, this will underscore quality issues associated with the braking performance and safety performance of tires. Hankook Tire & Technology is preparing for the advancement of autonomous driving technology and the resulting market changes as an emerging risk.

To develop tires suitably safe for any road condition, we opened the Technoring proving ground to assess tires under wide-ranging extreme conditions. As Asia's largest test ground, Technoring provides test tracks that enable us to identify a range of potential issues under varying road conditions. The road hazard detection solution development project that we jointly undertook with SK Planet will also help us develop safe tires in the future based on our learnings of existing road condition risks.

## Emergency Response

### Right to suspend work

For us, health and safety come paramount to all else in our operations, and our management officers faithfully perform their due diligence to protect the health and safety of our team and to ensure zero fatal injuries. To further reinforce our preparedness for unexpected accidents, injuries, and illnesses, we stipulate accident investigation regulations to protect any reoccurrences. In particular, we protect our workers' right to suspend work as stipulated by law: if urgent risk is imminent, workers can immediately suspend their work, evacuate, and report to their supervisor while the work remains suspended until the risk is addressed through improvement and appropriate action. The scope of such urgent risks is defined according to business/worksites conditions, and workers who exercise their suspension right on reasonable grounds are protected from any related consequence. Furthermore, we check to ensure that the concerned risk could not occur in similar work or processes, and improve conditions to mitigate the odds of the original risk from reoccurring. We follow up with training and promotion activities to elevate the awareness of such cases and improve our culture of safety across the board.

### Information security risk

Digitalization has given rise to the emergence of critical security issues concerning networks, IT systems and data. We remain committed to preventing cybercrimes and protecting customer data from cyber breaches. Security operation tips are made available at respective worksites so that employees can follow the established process in the event of a security incident. Employees handling personal data files are required to complete mandatory personal data training. Personal data training addresses the topics of type and scope of personal data and methods to handle customers' personal data in business conduct.

### Other risks in respective ESG areas

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

### Fires, earthquakes, and other natural disasters

We have achieved multiple certifications, including the Process Safety Management (PSM) certification, and remain certified through annual assessments to advance sustainable management even under such emergencies as fires, explosions, earthquakes, and blizzards. We also receive biannual legally-mandatory fire inspections performed by professional fire inspectors as well as inspections made by the Korean Fire Protection Association, the Korea Occupational Safety and Health Agency and other professional organizations to pursue improvements and investments. Our Integrated Control Center employs dedicated SHE personnel to ensure prompt emergency readiness response, and we do our utmost in protecting the safety of our staff and our corporate assets. To help dedicated SHE personnel improve their competency, we request third-party organizations to conduct training to bolster our independent maintenance and repair capabilities to address in addressing any failures of our fire extinguishing equipment. Joint drills are conducted at least once a year and a range of internal fire response exercises are performed to build thorough preparedness against potential fire risk factors.

# Stakeholder Engagement

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

### Communication channel

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

### 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, Occupational Safety and Health Committee
- Discussion meetings, grievance mechanisms
- Employee engagement surveys
- Intranet
- Internal idea suggestion system
- Proactive Concert

### Communication issue

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

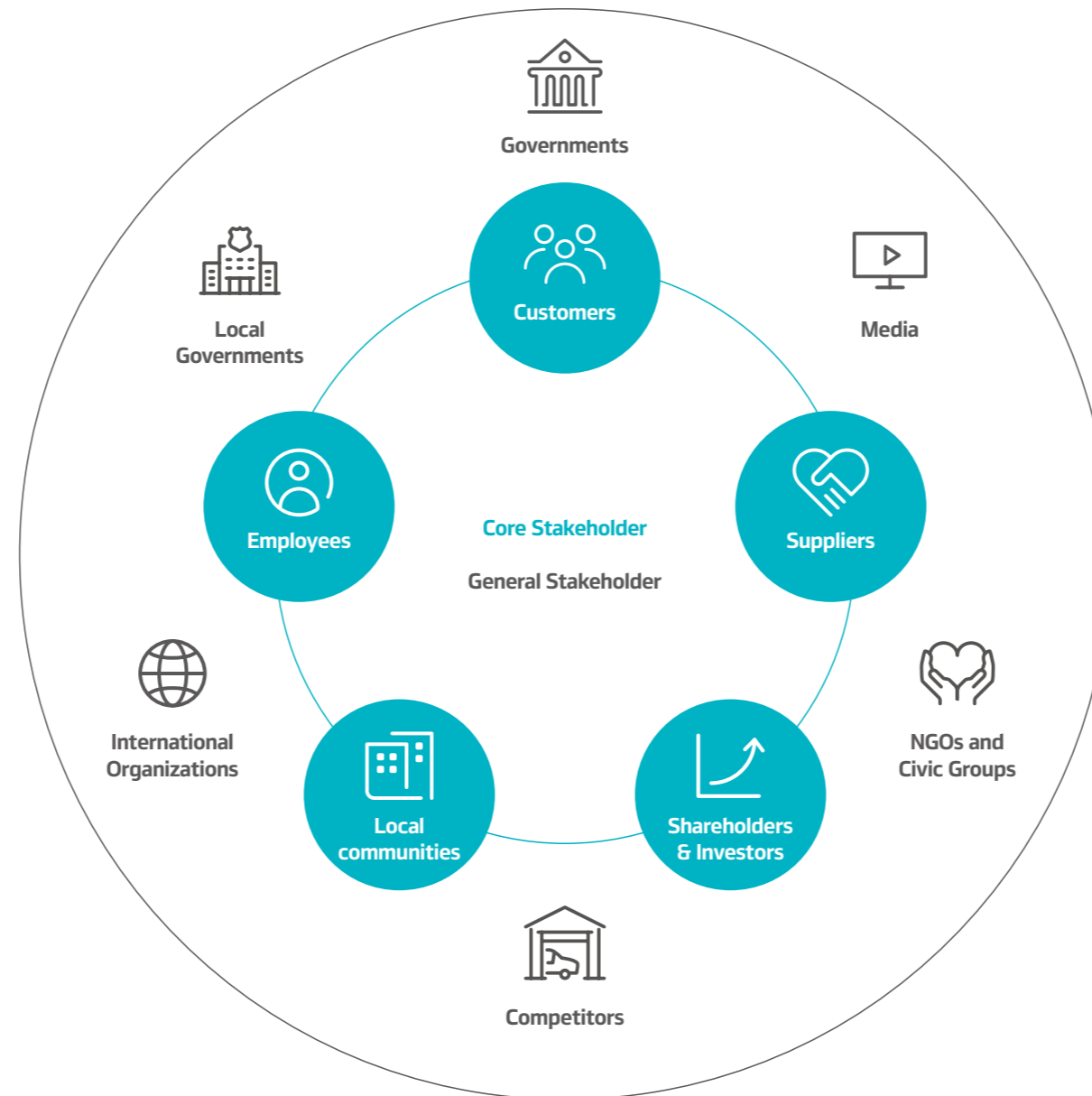
## Local communities

### Communication channel

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

### Communication issue

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



Hankook Tire & Technology categorizes stakeholders according to the size and scope of their impact on business operations. Core stakeholder groups are most closely related with and interact with the Company while general stakeholder groups indirectly or potentially interact with the Company. We gather stakeholder feedback through varying communication channels and reflect such feedback into our business conduct while striving to share our ESG achievements and plans with them. The major outcomes of this stakeholder engagement process serve as the foundation in preparing this report.

## Suppliers

### Communication channel

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

### Communication issue

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

## Shareholders & investors

### Communication channel

- Board of Directors
- General meetings of shareholders
- Overseas conferences
- IR events

### Communication issue

- Maximize business performance and shareholder value
- Manage organizational transparency and sustainability
- Ensure sound governance
- Advance transparent/ethical management and integrated risk management

# Materiality Analysis

The materiality analysis identifies and assesses a myriad of environmental, social and governance issues that could potentially impact our business or stakeholders, and reflects these issues in setting our strategies, goals, and reporting. Hankook Tire & Technology identify material issues that require intensive management in consideration of stakeholder interest and business significance, select reporting topics based on the identified issues, and report with a focus on the material issues for their management status and achievements.

## Materiality Analysis Process



We analyzed the metrics of such global sustainability management initiatives as the GRI\* Standards, the DJSI, ISO 26000 and the UN Global Compact as well as industry peer benchmarks and media research findings to verify issues considered material externally and identify new issues. In analyzing the internal environment, we reviewed our mid/long-term ESG strategies and key management issues over the past three years to create a pool of 24 issues.

\* GRI: Global Reporting Initiative

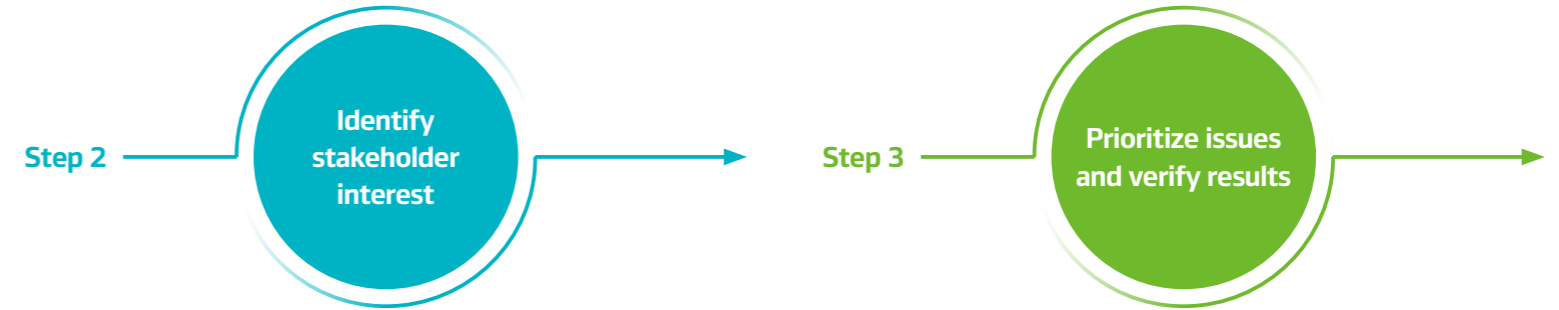
### External environment analysis

International standards analysis	GRI Standards, DJSI, ISO 26000, UNGC, UN SDGs, TCFD, SASB, WEF-IBC**, MSCI**, Ecovadis
Industry peer benchmarking	Material issues chosen by five companies
Media research	1,411 articles populated with the keyword 'Hankook Tire & Technology'

### Internal environment analysis

- ESG Strategy Committee agendas and minutes
- Our ESG vision overview and mid/long-term strategies for 2021
- Key management issues over the past 3 years

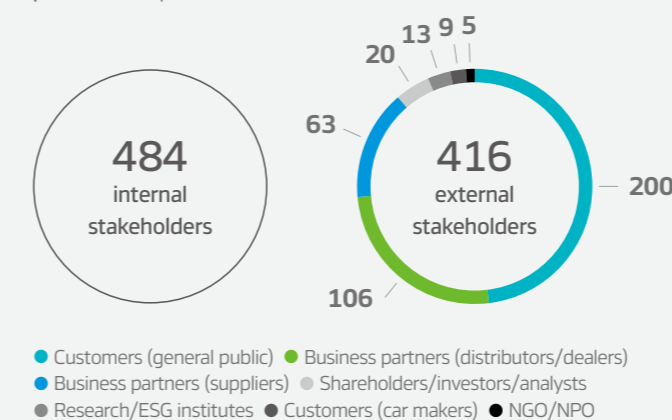
\*\* New additions



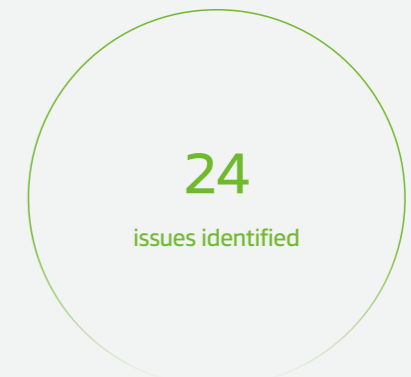
We reviewed the 24 issues identified in Step 1 for their level of stakeholder interest. External stakeholder interest was assessed through the issues that brought the attention of Hankook Tire & Technology by shareholders, investors, analysts, customers and other varying stakeholders. In 2021, overseas car makers were added to the scope of external stakeholders to make this process even more meaningful.

### Overview of the Stakeholder Interest Survey

Period	Nov. 29 ~ Dec. 3, 2021
Respondent	484 internal stakeholders, 416 external stakeholders
Survey question	Prioritize 24 issues and identify issue-specific costs, profits and risks



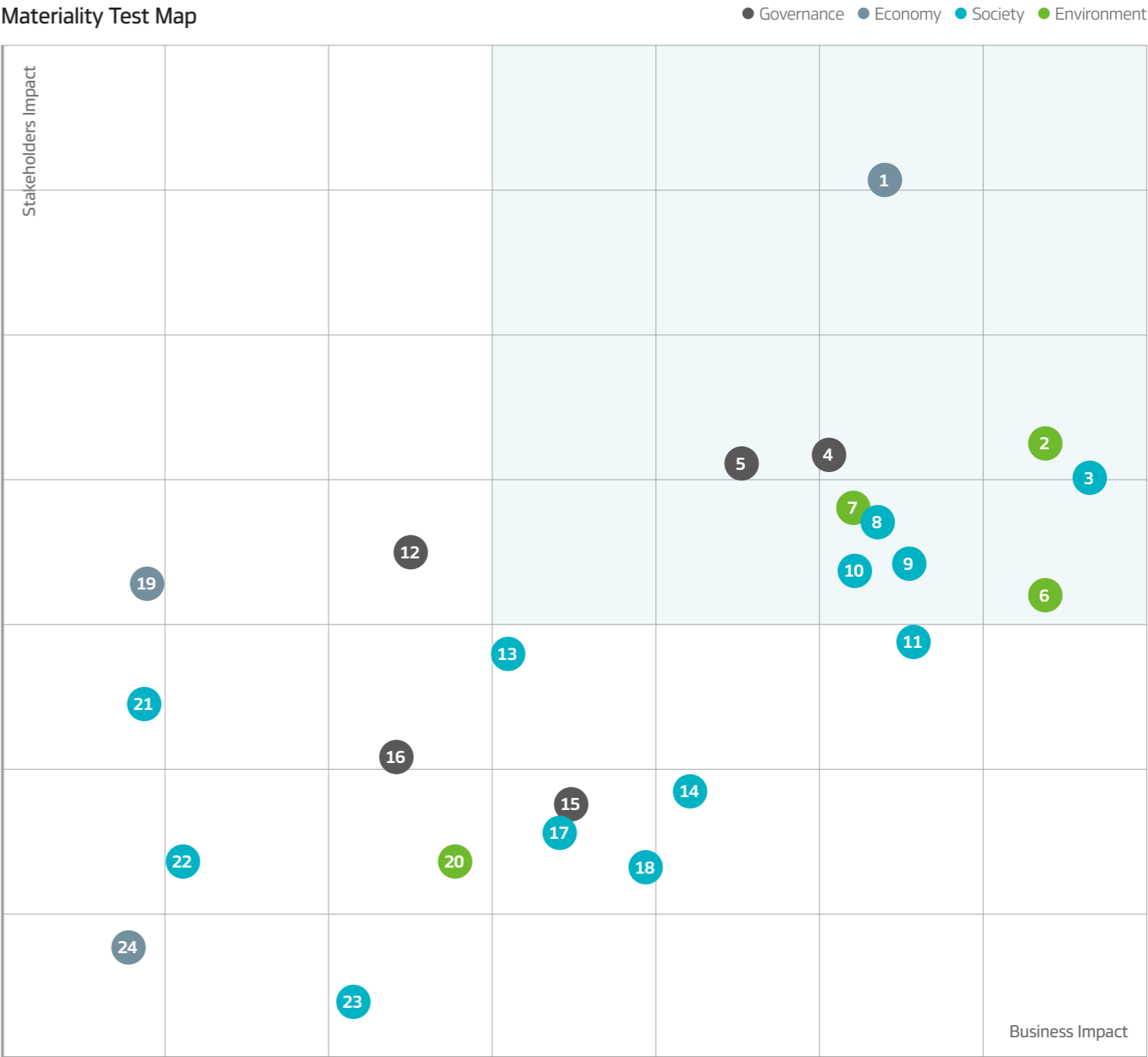
Combining the results of stakeholder interest and business significance, we prioritized 24 issues. The material issues identified were matched to each of the Priority Areas so that the issues could be elaborated on.



Materiality Analysis Results in 2021

Ranking	Issue	Page	Ranking in 2021	Cost	Revenue	Risk
1	R&D and technology innovation	33~35	1		●	
2	Response to climate change	4, 30~31, 61~63	5			●
3	Safety incident and health management	45	4			●
4	Ethical management	21~22	9			●
5	Bolster ESG execution and communication	15	2			●
6	Eco-friendly product development and the circular economy	33~35	6		●	
7	Minimize environmental impact in the manufacturing phase	32	11	●		
8	Respect for human rights and diversity	40~41	16			●
9	Support for employees' growth	42	8		●	
10	Supplier ESG management	37~38	15			●
11	Provision of products and services in consideration of customer health and safety	60	3		●	
12	Sound and transparent BOD operation	17~20	12			●
13	Win-win labor relations	54	14			●
14	Support for the development of local communities	46~48	21			●
15	Fair trade and compliance	21	17, 18			●
16	Preemptive risk management	23~24	19			●
17	Differentiated CSR activities	46~48	21			●
18	Sustainable materials and sourcing	39	New addition	●		
19	Create economic value and expand employment	50, 59	7		●	
20	Biodiversity protection	48	22			●
21	Shared growth with suppliers	38	10		●	
22	Provide appropriate information on products and services	-	20			●
23	Data privacy for customers	24	23			●
24	Taxation and tax compliance	-	24			●

Materiality Test Map





# PRIORITY AREA

Eco Value Chain

Sustainable Product

Responsible Engagement

Priority Area 01

# Eco Value Chain

Hankook Tire & Technology ceaselessly strives to achieve an eco-friendly circular economy. We take the lead in efforts to protect the planet by working on multiple fronts to minimize our environmental impact and lower the GHG emissions from our manufacturing process.

## Key Performance

### 2050

Established the 2050 carbon  
neutrality roadmap

### -2.9 %

in GHG emissions  
(against 2020)

### -1.6 %

in energy consumption  
(against 2020)

## Mitigating GHG Emissions

Hankook Tire & Technology fully joins up with the efforts of the global community to counter the climate crisis looming large and threatening the survival of humanity. The Climate Change Committee plays a pivotal role in developing systemic climate change response strategies to integrate into our business operations. In tandem with this, we are implementing a wide array of energy savings, including improving equipment efficiency, optimizing energy use, and opting for renewable energy, to mitigate the GHG emissions generated from our operations.

By **2030**

Reduce GHG emissions  
by 50%

### Low-carbon Management

#### Developing a carbon neutrality roadmap

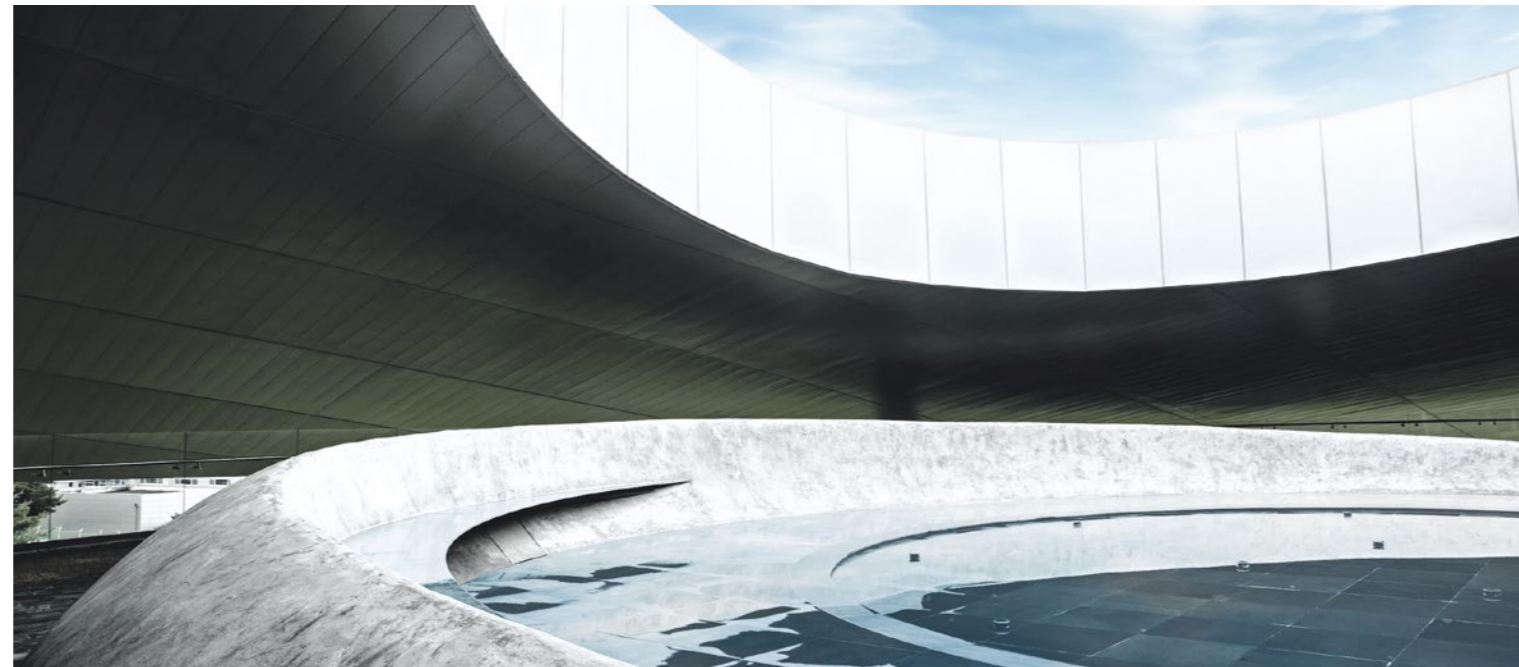
In an effort to join in the global effort to respond to the climate crisis, Hankook Tire & Technology raised the bar even higher on its long-term goal of reducing Scope 1 & 2 emissions from ‘mitigating total GHG emissions by 50% by 2050 from the 2018 baseline’ to ‘mitigating GHG emissions by 50% by 2030’ and created the ‘2050 carbon neutrality roadmap’ to include Scope 3 emissions. We also shared related details at the company-wide level to pique the interest of all our employees to join in on our energy saving activities. Furthermore, respective worksites and the R&D Center proposed viable energy conservation and improvement solutions and raw material transition plans in line with the set reduction goal. We will also share our carbon neutrality roadmap with suppliers along the value chain to reduce GHG emissions. This will ultimately help them establish a basis for carbon management and for participating in our GHG emissions reduction activities.

#### Disclosing financial information on climate change

Hankook Tire & Technology has disclosed climate-related financial information through its ESG reports since 2021 in accordance with the TCFD (Task force on Climate-related Financial Disclosures) recommendations. Such disclosures include our climate-related risks and opportunities, governance related to identified risks and opportunities, strategies and potential financial impacts, the resilience of organizational strategies in consideration of climate change scenarios, risk management methods, assessment metrics and targets. The analysis outcomes generated as such will enable us to develop a mid/long-term response to climate change and transform the crisis of climate change into opportunity. (For details on the TCFD, please refer to pp. 61~63 in the Appendix of the report)

#### Chongqing Plant in China Recognized as a National Green Factory

Our Chongqing Plant in China earned the National Green Factory recognition from the Chinese Ministry of Industry and Information Technology. National Green Factories are determined through the verifications of third-party organizations and through government assessments. Hankook Tire & Technology was one of the 662 companies that earned this recognition last year. Our Chongqing Plant was recognized for its achievements in conserving energy and improving energy efficiency, lowering emissions, and for running an eco-friendly operational system. Over the past three years, the plant has employed 21 energy-saving technologies such as using recycled raw materials, minimizing energy leaks, and choosing renewable energy. Such initiatives ultimately resulted in a 5% year-on-year reduction in GHG emissions. The plant also created an eco-friendly operation and management committee and implemented the Energy Conservation Target Responsibility System (ECTRS) which engages all its employees, evolving into an eco-friendly manufacturing leader.





## GHG Reduction

### Improving the efficiency of our facilities

Our Jiaxing Plant in China brought in professionals to replace its outdated condensers and to improve their power factor. Our Chongqing Plant works to improve the efficiency of heat transfer through routinely cleaning boiler water pipes and improving control valves, which ultimately lowers its fuel consumption. Furthermore, we have increased the operational efficiency of our existing facilities to make our tire manufacturing process more energy efficient while continuously adopting high-efficiency facilities. Work is underway to shift from ordinary fluorescent lights to LEDs across all our operations. We are also replacing old equipment - freezers, feedwater pumps, and transformers - with ones that are highly efficient.

### Optimizing energy use and preventing leaks

Electricity, which we use to produce compressed air to manufacture tires, accounts for as much as a quarter of our total power consumption at the plant. According to statistics from the US Department of Energy, only 50% of the produced compressed air is used for actual manufacturing while the other half is lost along the way in processes such as production and machinery operation. As such, optimizing the compressed air system and preventing it from leaking serves as an instrumental factor in reducing air pressure losses and air compressor loads. Our Geumsan Plant introduced potable air scanners to instantly monitor and control any air pressure losses occurring in the manufacturing process while our Jiaxing and Jiangsu Plants eliminated the features contributing to leaks in the compressed air line to prevent air pressure losses. Furthermore, wide-ranging activities are undertaken, including replacing steam traps in the curing process, ensuring the insulation of valves, and recycling waste heat from condensate water to optimize our energy use. The sum of such efforts allowed us to save approximately KRW 2.4 billion per year and reduce GHG emissions by 10,458 tCO<sub>2</sub>-eq.

### Improving our operational methods

Our energy saving approach is multi-pronged: not only do we improve the efficiency of our conventional operational methods in the tire manufacturing and energy use process, but also we work to widen the awareness of our entire team concerning such issues. Implementing the power demand management system, reducing the use of unnecessary equipment, and adopting staggered production all aided in the reduction of the unnecessary consumption of power and thermal energy. We also managed our workspaces with reasonable temperatures and smart lighting to conserve energy. Eventually, these activities enabled us to reduce nearly KRW 2.4 billion in expenses per annum and mitigate GHG emissions by 12,986 tCO<sub>2</sub>-eq.

### Embracing new technology and opting for renewable energy

Hankook Tire & Technology is considering the installation of photovoltaic (PV) power generators at respective worksites to expand the use of renewable energy, and is working consistently to purchase renewable energy and certificates. Our Hungary Plant plans to switch to renewable energy for 20% of its electricity consumption through the purchase of renewable electricity and to install PV generators by 2024. Our Jiaxing Plant has mitigated nearly 411 tCO<sub>2</sub>-eq of GHG emissions through PV power generation. In Korea, participation in green premium bidding, purchase of renewable energy, and installation of PV facilities at Geumsan plant are being considered as part of efforts to find a wide range of alternatives to achieve renewable energy transition target. Furthermore, we bring in professional organizations to perform energy assessments so that we may glean some useful strategies on how to improve our

energy efficiency and apply them to our operations. One such exemplary innovation is our Technodome which saves us nearly KRW 20 million in annual energy expenses through increases in transformer system efficiency, the recovery of waste heat from the curing press, and the improvement of heat exchangers.





## Manufacturing with Minimum Environmental Impact

As we consider the environment as a precious resource to be safeguarded and cherished for our future generations, we strive to minimize our environmental footprint across the whole of all our business operations. Building upon our sustained environmental investments, we diversify our actions to reduce waste, increase recycling, reduce the emission of air pollutants, and tighten the management of environmental facilities.

143.3 ton/year

reduction in  
waste oil generation  
(based on plants in China)

24 ppm

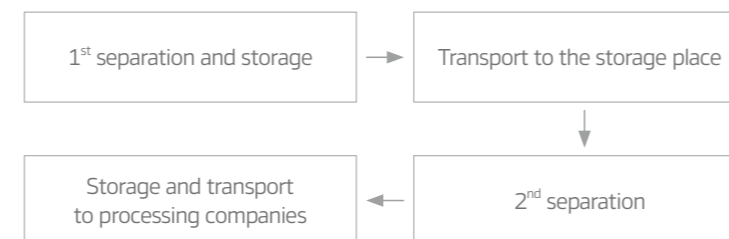
Average NOx emission  
concentration  
(40% of the legal threshold)

### Mitigating Environmental Impact in the Tire Manufacturing Phase

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

The most fundamental solution to preventing waste-induced pollution is to minimize the generation of waste at the plant level. At Hankook Tire & Technology, work is underway across diverse areas to reduce waste generation. Our Chongqing Plant performed independent research and on-site analyses to promote the circulation and reuse of resources to lower the generation of waste oil (hazardous waste) such as dust seal oil and hydraulic oil, regularly used by its facilities to become an eco-friendly plant. To achieve this, we refined the oil by diluting it with newly-purchased oil and performed on-going quality testing to gradually reduce waste oil generation and cut costs, using resources in an eco-friendly way and demonstrating our capability to be truly eco-friendly.

#### Waste Management Process



**Increasing the use of recycled materials** — We remain committed to minimizing resource consumption and waste generation and to facilitating resource circulation so that resources are reused multiple times. One such example is our self-developed hybrid PE-film, of which up to 80% of it is made from recycled polyethylene, a subsidiary material used to store semi-finished tires. This hybrid film is currently used at our Daejeon and Geumsan Plants, and we plan to gradually extend its application to our global plants.

#### Tightening the monitoring of NOx emissions from boilers at the Daejeon Plant

NOx, which generates particulate matters (PM), is also an air pollutant for which proactive industry-wide efforts are being made to curb its emissions. In particular, industrial boilers rank just second to vehicles in generating NOx emissions. Our Daejeon Plant replaced its low NOx burners with ultra-low NOx burners that are even more efficient. In addition, the Tele-Metering System or TMS was deployed to monitor NOx concentrations in real-time to monitor and prevent PM generation around the plant vicinities.

#### Increasing the use of recycled water from air pollutant prevention facilities

Our plants in Korea operate wet scrubbers which leverage the absorptivity of water in removing odors and gaseous pollutants with an aim to minimize any environmental impact. When we analyzed methods for recycling the water used for facility operations to minimize our impact and resource consumption, the results revealed that such recycled water did not significantly impact the efficiency of eliminating pollutants, and we are currently using 100% of the recycled water.

#### Innovating the management of environmental facilities

Our Daejeon Plant digitalized its environmental facility management, which previously depended on offline documentation and verbal communication. This included the adoption of a QR code system to support the real-time sharing and efficient documentation of on-site inspections performed on environmental facilities. This system enables real-time communication between the field operation staff and managers, and its efficient design even allows users to check in on the data from environmental facilities with the QR code scanning function of their mobile phones.

KRW 19 billion  
investments made  
by plants in Korea

#### Sustained environmental investment to prevent environmental pollution

Our plants in Korea - the Daejeon and Geumsan Plants - annually review the factors that could potentially impact the environment and develop environmental investment plans in the areas of water quality, air quality, chemicals, thermal improvement, and local ventilation to make efficient investments. In so doing, we minimize the pollutants generated from the manufacturing process to improve the work environment and the natural environment. Ultimately, this helps us operate our plants in a way that is more environmentally friendly.

#### Integrated operation of ISO 14001 & 45001

Prior to 2021, our plants in Korea performed the internal and renewal audits for their environmental management system (ISO 14001) separate from their health and safety management system (ISO 45001) certifications. From 2021 on, however, they performed these audits simultaneously to synchronize the certification schedule between the two standards. This virtually integrated our environmental and health and safety operations into SHE (Safety, Health and Environment) to improve communication concerning system operation and the efficiency of internal management.

Priority Area 02

## Sustainable Product

Hankook Tire & Technology remains focused on researching innovative technology to develop sustainable products. From exploring sustainable materials to developing eco-friendly products and technology and managing end-of-life tires, we broaden the scope of our research activities to empower consumers to reflect the value of sustainability in their consumption.

### Key Performance

**ISCC**

certified

**53.0 %**in ratio of  
eco-friendly products**30.1 %**in ratio of products  
that conducted LCAs

## Use of Sustainable Materials

Hankook Tire & Technology explores and applies eco-friendly materials to reduce its environmental impact in the tire use and raw material acquisition phases, translating eco designs into action to mitigate adverse environmental impacts. In actively opting for sustainable materials, we help mitigate the depletion of natural resources and reduce our carbon emissions.



## Reduction of Environmental Impact in the Tire Development and Raw Material Acquisition Stage

### Exploring eco-friendly materials and their application technologies

We work on multiple fronts to prevent the depletion of raw materials and reduce the carbon emissions generated from the raw material acquisition process. Notably, our Geumsan Plant achieved the global eco-friendly certification ISCC PLUS\* as the first in the tire industry to do so in 2021. The ISCC PLUS recognized the Plant's efforts to replace petroleum-based oil with one that is natural and synthetic rubber, which is also derived from petrochemicals, with biochemical alternatives (bio-based polymers). Using eco-friendly materials certified as such, we released the all-weather product Kinergy 4S2 and its SUV version Kinergy 4S 2 X which are unique for their optimal performance in virtually any kind of weather condition - from summer rainstorms to wintery snow-packed roads. Furthermore, we develop recyclable or renewable raw materials which can potentially replace their conventional petroleum/mineral-based counterparts to bolster our competitive edge in sustainable material technology. Our aim is to make the transition from conventional silica extracted from minerals to renewable silica made from plant-based waste. We also strive to use more recycled rubber extracted from end-of-life tires and renewable carbon to reduce the carbon emissions that stem from the acquisition of tire raw materials. Going forward, we will seek out sustainable materials and increase our consumption of these materials to truly live up to our eco design philosophy and reduce adverse environmental impacts.

\* ISCC(International Sustainability & Carbon Certification) PLUS: International certification program to verify the use of eco-friendly raw materials along the entire product manufacturing process

## LCA\* Implementation

### Promoting eco-design through LCA

Life Cycle Assessments (LCA) are performed to analyze any potential environmental impacts our operations may induce (climate change, eutrophication, particulate matter, etc.) from the phase of acquiring raw materials for tires all the way to the final disposal of tires. We have been performing LCA since 2012: LCA are conducted in developing new products to predict the potential environmental impact our products may have and explore multiple options to lower the environmental impact to evaluate the benefits of increased efficiency. As the official tire supplier for the ABB FIA Formula E World Championship for the 2022~2023 season of this EV race competition, Hankook Tire & Technology has performed LCA on its Formula E tires. In so doing, we are able to assess the GHG emissions generated throughout the entire lifecycle of our tires and identify and improve on the factors that significantly impact GHG emissions.

\* LCA: Life Cycle Assessment



## Development of Sustainable Technology

Just how much of an impact a tire has on the environment is first and foremost determined in the product development phase of the lifecycle. Hankook Tire & Technology engages in wide-ranging R&D activities to mitigate environmental impacts by developing technology to minimize the consumption of resources while improving fuel efficiency even from the discovery and application of eco-friendly raw materials and by increasing the ratio of products that employ eco-friendly technology.

### R&D for Sustainable Products

#### Defining eco-friendly products and refining our goal

**Increasing the ratio of eco-friendly products in total sales** — We have defined eco-friendly products by the overall function and nature of tires as products that not only satisfy basic safety performance requirements but also are able to mitigate their environmental footprint in terms of climate change, waste generation and noise. To ensure that the use of eco-friendly products contributes to mitigating environmental impacts, we have set a goal to reach 80% in the share of eco-friendly products from our total sales (based on the number of units). The ratio of eco-friendly products amounted to 52.95% of the total in 2021, up by nearly 3% from 50.47% the previous year. In 2021, the ratio of eco-friendly products in total revenue amounted to 54.43%.

**Developing eco-friendly tire technology** — As part of our efforts towards eco-friendly tire technology development, we developed technology to increase the service life of tires while improving fuel efficiency through the comprehensive analyses of data on air pressure, sudden acceleration/braking, and idling performed through the use of tire-mounted sensors. We successfully demonstrated this technology following a year-long experiment we conducted on buses equipped with sensors.

#### Optimizing tire weight

As part of our R&D efforts to manufacture sustainable products, we are working on technology to improve fuel efficiency by reducing the rolling resistance of tires on the road, all while optimizing the weight of tires to minimize resource consumption. Our efforts to develop lightweight technology are categorized into improving the structure of each tire component and developing tire compounds that help increase fuel efficiency. In 2021, lightweight cord and rubber were applied to the launching of our new products - K135, RA45, and W462.

#### Joining the end-of-life tire initiative

End-of-life tires are 100% recyclable. Over 90% of collected tires are disposed of through reuse, material recycling, and

incineration. In particular, more than 40% of end-of-life tires are either reused or recycled into material, and we are partnering with the tire industry associations of respective countries to identify appropriate disposal technology to further boost such numbers. As a member of the Tire Industry Project (TIP) under the World Business Council for Sustainable Development (WBCSD), we are teaming up with global tire makers to engage in a wide spectrum of activities to ensure that end-of-life tires are appropriately disposed of. In 2021, this project was joined by tire makers, recycling companies, governments and other varying stakeholders across Europe, the US, and China to discuss ways to establish transparency for end-of-life tires, recycling technology, and policies conducive to recycling.



Priority Area 03

## Responsible Engagement

Hankook Tire & Technology pursues mutual growth with wide-ranging stakeholders through close communication. Not only do we strive to create value for our employees and manage sustainable supply chains, we also engage in multi-faceted corporate philanthropic programs to seek co-prosperity with local communities, shaping a sustainable future for all.

### Key Performance

**80**

vehicles

donated

**GPSNR**

activities undertaken

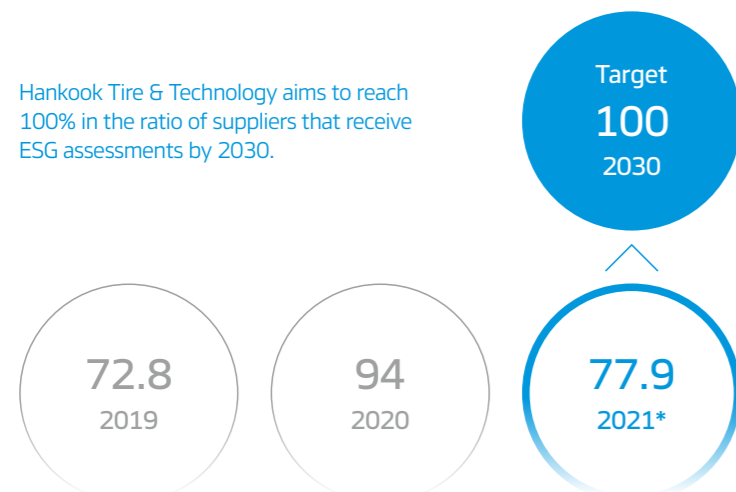
**95.9 %**in ratio of raw material suppliers  
rated A in ESG assessments

## Valuable Supply Chain

The global spread of infectious diseases, the aggravating climate crisis, and tightening regulations all further underscore the importance of supply chain management. To preemptively respond to risks that could potentially occur along its supply chain, Hankook Tire & Technology is fully advancing shared growth with suppliers through providing them with assistance to bolster their ESG competitiveness, along with sourcing sustainable materials.



Ratio of suppliers who received ESG assessments over the last 3 years (unit: %)



\* Ratio of suppliers which received ESG assessments in 2021: 70.1%

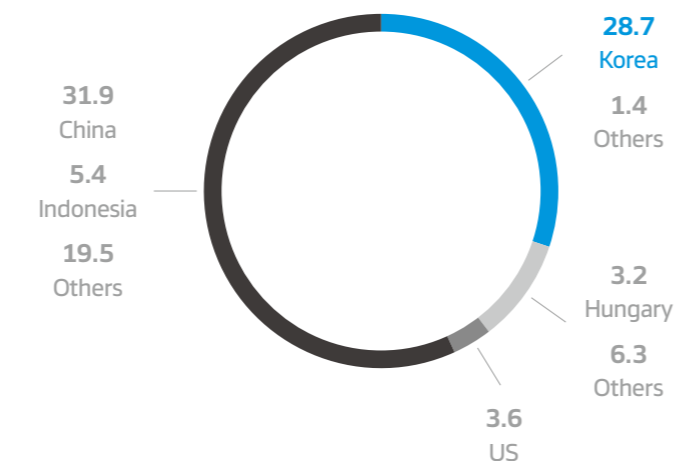
## Assisting Suppliers in Bolstering Their ESG Competitiveness

### Mandating ESG self-assessments in signing purchase contracts

We have stipulated that ESG self-assessments be made in signing purchase contracts to identify suppliers' ESG management status and assess risks associated with supply chain management. To raise the portion of supply chain ESG risk assessments in making purchasing decisions, we increased the ratio of ESG in comprehensive supplier assessments from 5% to 10% in 2021. Supply chain risk assessment results help direct our efforts in providing ESG guidance to suppliers in need of improvement and request for their improved ESG performance. Supply chain ESG assessment items are revised annually and may be adjusted in intensity to reflect the status of issues that become increasingly significant, either domestically or internationally. In 2022, we will expand assessment items corresponding to the section on human rights in line with the mounting importance they represent following the EU's supply

Purchase Breakdown by Region (unit: %)

OECD region

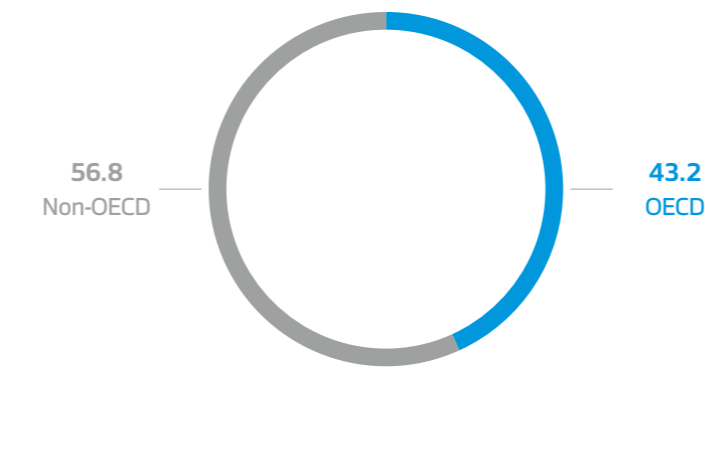


chain due diligence regulations for corporate sustainability and Korea's Framework Act on Human Rights Policy.

### Identifying and managing critical suppliers

We manage critical suppliers separately according to the set criteria to maintain our production continuity and manage risks. Suppliers of materials that are monopolized or only provided by a few vendors, heavily used or technology intensive, are considered critical suppliers. As to facilities, suppliers of facilities that take extended periods of time to resolve maintenance/repair issues, and thus have a significant impact on our production, are classified as critical suppliers. Currently, we have 86 critical material suppliers and 26 critical facility suppliers, and our list of critical suppliers is updated each year in line with consumption trends and conditions. In identifying and managing critical suppliers, we diversify our supply chain, rendering it more reliable in the face of unexpected supply disruptions caused by the recent logistics crisis and the pandemic.

Non-OECD region



### Supplier ESG Assessment Items\*

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

\* In selecting suppliers and extending their contracts, those rated Yellow (60 points) and above in ESG ratings are given precedence, and measures are developed to improve ESG ratings for those rated Red (below 60 points or not evaluated).



### Strengthening the on-site audits of suppliers

Supplier on-site audits are designed to thoroughly follow up on the ESG self-assessments made by suppliers. Our professionally trained in-house ESG experts conduct audits on suppliers for their performance in the areas of human rights & labor, ethical management, health and safety, environment & climate change and sustainability as well as their establishment of relevant regulations and procedures, while they are guided with the necessary improvements. In 2021, these audits were performed in written or virtual format due to the limitations associated with COVID-19. As virtual audits were positively welcomed by both auditors and suppliers, we are considering the expansion of audits conducted through virtual means in the upcoming years.

### Conflict mineral monitoring

While Hankook Tire & Technology does not directly use conflict minerals, the Company is clearly aware that a portion of its raw and subsidiary materials use or contain such minerals and has developed its own conflict mineral policy to verify the country of origin of minerals and review suppliers in this regard. As a result of monitoring evidence and the risk assessment process concerning conflict minerals, it was revealed that some specific suppliers had issues: we immediately responded by suspending transactions with the concerned suppliers and replacing the materials in question with alternatives. In addition to the four conflict minerals of 3TG (tin, tantalum, tungsten, and gold), we are considering expanding the scope of our management to include cobalt known for its association with human rights violations and labor exploitation.

### Managing high risk suppliers

We have established a follow-up management process for high-risk suppliers identified from supply chain assessment results. This process is initiated with on-site audits performed by relevant departments to provide customized improvement guides at the department level, and progresses to develop corrective measure plans and review the validity of improvement plans. Development work has been underway in 2022 to systemize this entire process. In the event that a supplier is classified as being high risk over a period of three years despite the implementation of such improvement activities, we take a strict approach of suspending any further business with them.

## Shared Growth

### Supplier networking events

As a company that has grown hand-in-hand with its suppliers, Hankook Tire & Technology holds supplier networking events to build consensus with suppliers and forge flourishing partnerships. These events not only serve to engage in regular dialogue and free-flowing communication with suppliers, but also enable us to instantly collect their difficulties, suggestions or ideas so that we can reflect them into our operations. As part of such events, we award suppliers rated excellent in comprehensive supplier assessments. In 2021, a total of 12 supplier networking events were hosted, and with the easing of social distancing rules in 2022, we plan to hold at least 20 or more such events. As communication is facilitated through these events, our suppliers are more satisfied and the path to pursuing shared growth is further reinforced.

### ESG training for suppliers and ethical management letters

We have been supporting the ESG management of our supplies who lack training infrastructure with training since 2021, and conducted paper-based training amid COVID-19. Along with ESG training, we also sent our suppliers the E-Ethics Letter that provides a more in-depth look at ethical management case studies to assist their ESG capabilities and ethical management.



## Sourcing Sustainable Raw Materials

### Identifying renewable material suppliers and securing proprietary technology

We focus on helping our renewable material suppliers become more eco-friendly to render our supply chain carbon neutral. To replace carbon black and synthetic rubber, which account for the largest share of carbon emissions, with sustainable materials, we have identified new suppliers and diversified sources of such materials to stabilize the supply of green carbon and renewable rubber. We also adopted regenerated butyl rubber for all our plants in Korea and abroad to maximize the use ratio of sustainable materials. In 2021, our use of sustainable materials amounted to 29%.

### Operating the Sustainable Natural Rubber program

As a founding member of the Global Platform for Sustainable Natural Rubber (GPSNR), we have been committed to promoting the sustainability of natural rubber. We established our sustainable natural rubber policy to elaborate on our social responsibility along the natural rubber supply chain as well as our initiatives to implement this policy in 2018. This policy was supplemented by reflecting the Policy Component announced by the GPSNR in September 2020, and the amended policy was disclosed on our website in 2021. As part of our initiatives to act on this policy, we created ESG assessment items for natural rubber supply chains and made assessments accordingly in 2021 to verify our compliance with the sustainable natural rubber policy and prevent relevant risks. Our plan for 2022 is to supplement these assessment items and extend the scope of assessment targets.



### Providing formic acid to smallholder natural rubber farmers —

Natural rubber, a key tire material, is produced by coagulating the liquid extracted from rubber trees. While farmers often use acid to shorten coagulation times, some smallholder rubber farmers in Indonesia opt for alternative forms of acid that are relatively cheaper than formic acid, giving rise to issues with product quality and environmental protection. To resolve this challenge and establish a sustainable natural rubber supply chain, Hankook Tire & Technology has prepared to provide farmers with formic acid, which generates relatively less of an environmental impact. By providing formic acid to smallholders in Indonesia, we not only generated gains in natural rubber productivity and quality, but also helped farmers improve their standard of living. The natural rubber produced as such is delivered to natural rubber processing plants with whom we signed long-term supply contracts to contribute to the sustainable manufacturing of products.

**Participating in a blockchain-based sustainable natural rubber project** — We joined the PROJECT TREE, a blockchain-based natural rubber traceability and sustainability project. Led by the international trader ITOCHU, this project aims to enable traceability along the natural rubber supply chain from manufacturing to sales, regulating cultivation in wildlife habitats and peat land (wetland) by ensuring no natural rubber is sourced from protected areas. We partner with ETEL, the largest UK-based tire distributor and sell tires manufactured under the PROJECT TREE. The proceeds go to pursue sustainability by supporting smallholders who cooperate in ensuring the traceability of natural rubber, collectors, and providing local dealers with farming equipment, fertilizers, training and incentives.

### Increasing the ratio of raw material suppliers rated A in ESG assessments

We manage the ratio of our suppliers who provide us with sustainable materials to realize green purchasing as a way to achieve carbon neutrality over the long haul. To this end, we have continued to increase the ratio of raw material suppliers rated A in ESG assessments, and such efforts resulted in 95.9% in the ratio of such suppliers as of 2021. In 2022, we will monitor for any ratio variances as part of our natural rubber supplier assessments and adjust our target as needed.

95.9%

Ratio of raw material suppliers  
rated A in ESG assessments  
in 2021

# Human Rights Management and Diversity

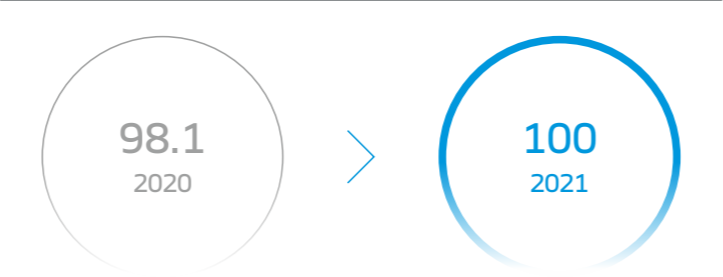
Hankook Tire & Technology respects the human rights and diversity of its employees and all its stakeholders, strives to contribute to the creation of an inclusive society and has zero tolerance for discrimination. Not only do we advance human rights management through grievance handling and human rights impact assessment, we also recruit and nurture employees with disabilities and female employees to boost our organizational diversity.

## Human Rights Management

### Human Rights Impact Assessment Process

The human rights impact assessments that cover Hankook Tire & Technology’s entire operations (Headquarters, domestic/ overseas plants, R&D centers, and overseas subsidiaries and offices) aim to protect human rights by identifying factors that could pose an adverse impact on employees and/or stakeholders through self-assessments. In 2021, we extended assessment items and targets to broaden the scope of human rights management: we increased the number of assessment items from 56 to 62, and we brought in domestic team leaders as assessment managers to add to the pool of assessors who were each assigned to a respective worksite to collect more diverse feedback. As a result, we achieved a 100% response rate across 54 organizations along the entirety of our operations.

Ratio of worksites which participate in human rights impact assessments (unit: %)



### Human Rights Impact Assessment Results

As a result of conducting human rights impact assessments on 54 organizations, no significant human rights risks were identified. Still, we selected 18 organizations in need of improvement to further advance human rights management and developed improvement plans. One issue, which posed a relatively greater need for improvement was the newly added assessment item of ‘lack of regular cyber security checks’. To address this, we will verify assessment results by region (Korea, China, Europe, the Americas, etc.) and explore ways to ensure that worksites in need of improvement meet or even exceed the national-specific regulations. In particular, we will use assessment results to provide worksite-level improvement guides to proactively support and encourage such efforts to further upgrade our human rights management system.

### Human Rights Impact Assessment Checklist

- 1

Establishment of a human rights management system

2

Equal opportunity and non-discrimination

3

Protection of freedom of association and collective bargaining

4

Prohibition of forced labor

5

Prohibition of child labor

6

Protection of individual safety rights

7

Protection of rights to occupational safety

8

Responsible supply chain management

9

Protection of human rights for indigenous peoples

10

Protection of environmental rights

11

Protection of the human rights of consumers
- +

### Grievance Committee

We have operated a grievance handling process since 2015 to resolve employee grievances, prevent disputes in the workplace and build consensus between labor and management, creating a positive corporate culture in the process. Our employees are free to request improvement actions for discriminatory treatment, sexual harassment in the workplace, unjustified actions taken in relation to parental leave, workplace harassment, or any other personal grievances in their professional and personal life. The Grievance Committee and other equivalent channels are under operation at major production subsidiaries in Korea and abroad, and grievances are submitted through the e-mail address dedicated to grievance handling at respective worksites without any required predetermined format. To improve our grievance mechanism process, we benchmarked other companies and analyzed internal issues to identify necessary improvements in 2020. We then made our grievance channels and the method in which they receive submissions available across the board to improve our employees’ awareness of and accessibility to these channels.



## Diversity Management

### Respecting the diversity of customers

Hankook Tire & Technology continues to provide services that respect the diversity of its customers. As part of such efforts, T'Station, our tire-focused total automotive service brand, launched the 'all my T' service in June 2021. This service is distinguished as offering tailor-made services optimized for the personal tastes of customers, along with carefully selected tires, and offers customers wide-ranging benefits and segmented services. Members of all my T may also take advantage of its 'pick-up service', which is widely available for all its members, with or without mobility issues. Originally intended to serve customers who were challenged by an in-person visit to the store, this pick-up service designates a driver to collect the vehicle at the time and location of the customers' choosing and return the vehicle following its maintenance, garnering positive response among customers. Meanwhile, we operate a female maintenance technician training program to promote the diversity of the workforce across our T'Station network. Nurturing female technicians through systemic training and practice, this program boosted the awareness for the potential of the female workforce to perform light maintenance.



### Facilitating the employment of people with disabilities

Hankook Donggeurami Partners was established in 2015 as a subsidiary-type standard worksite for people with disabilities to provide the underprivileged with an opportunity to explore their untapped potential and broaden their horizon to contribute to the growth and development of local communities. In recognition of its achievements in continuously increasing inclusive employment and stabilizing the employment of people with disabilities, improving treatment, retaining long-term employment, creating a safe and pleasant work environment, operating an onboarding program, and engaging in diverse activities to raise awareness on disability, the company received the Minister of Health and Welfare Award for people with intellectual disabilities in 2018. It was also honored with the Prime Minister's Award for promoting inclusive employment and certified as a great employer for people with disabilities in 2019. Hankook Donggeurami Partners serves as an outsourcing service provider for Hankook Tire & Technology in the four areas of in-house welfare operations, including laundry, bakery, coffee & beverage service, and administrative support. The company opened the 'Donggeurami Car Wash' at our Headquarters in Pangyo in August 2020 to extend its business areas to car washing, and opened a car wash and a café at Hankook Engineering Lab located in Jang-dong, Yuseong-gu, Daejeon in early 2022. This tapped into new business territories and enabled us to take the lead in creating jobs for people with disabilities in the process. As of the end of 2021, the number of employees with disabilities amounted to 146 persons in total, and we remain committed to respecting diversity in the recruitment process. Going forward, Hankook Donggeurami Partners will further expand its service areas to provide employment to vulnerable individuals, and do its utmost to establish a responsible corporate culture that pursues harmony between all people, regardless of physical/mental ability.

### Nurturing female talent

We have consistently raised the ratio of female employees and leaders to ensure gender diversity, and established a mid/long-term goal of reaching 20% in the ratio of female leaders by 2030. To attain this goal, we have defined initiatives in each category of leadership, welfare, training and assessment. From the leadership perspective, we will join the UNGC TGE\* program to affirm top management's commitment to nurturing female talent and establish a pool of female leaders by providing them with the experience and opportunity to serve as Project Leaders. In addition, we plan to develop and improve welfare programs that promote a work-life balance and make institutional improvements to ensure that employees on parental leave are not disadvantaged in being assessed, along with bolstering training support to finetune our HR policies and systems and operate them as such.

\* TGE: Target Gender Equality

### Training on diversity and inclusive leadership

To create an organization with diverse talent and driven by an inclusive culture that nurtures female leaders, we have been providing Diversity & Inclusion (D&I) leadership training to all team leaders of Hankook Tire & Technology and its affiliates since 2021. Such training aims to improve the awareness of our employees from the perspective of unconscious bias, diversity and inclusion. In 2021, a total of 311 employees completed this training, and the results of their surveys afterwards indicated a high level of satisfaction (4.32 points out of five). This prompted us to consider expanding this training to cover team members.

## Observing the principle of non-discrimination at work

We stipulate our policy to prohibit discrimination and prevent sexual/workplace harassment in the Employment Rules which constitute our major regulations. The specifics of this policy are also illustrated in the Manual on Operating Grievance Handling Organizations. We promptly address the grievances raised by employees within 10 days according to applicable regulations, and impose stringent sanctions by taking disciplinary action for those accountable. To prevent discrimination at work and sexual/workplace harassment, we provide prevention training at least once a year to all employees as stipulated in our Employment Rules. As Korea's law mandates training to prevent sexual harassment in the workplace, we make doubly sure that such training is stipulated in the Manual on the Prevention of Sexual Harassment at Workplace and is conducted each year. Prevention training is primarily offered in virtual format to make it more convenient for employees to attend and improve management efficiency on the part of the training department. The Employment Rules specify that those accountable for discriminatory behaviors or sexual/workplace harassment are subject to disciplinary action. Depending on the severity and frequency of the behavior, we do not even hesitate to dismiss the individual in question. In 2021, one case of workplace harassment was submitted, which was followed with an investigation into the matter and resulted in disciplinary action.

### Female Employees at a Glance (unit: %)

Category	Ratio	2030 Target
Female employees	10.1	13
Female managers (total)	16.2	22.5
Female managers (assistant and senior manager positions)	16.6	30
Female managers (top position)	1.6	7.5
Female employees in revenue-generating departments	19.1	40
Female employees in STEM* positions	9.7	30

\* STEM: Science, Technology, Engineering, Math



## Employee Care

Recruiting and retaining exceptional human resources and providing an optimal work environment is the very first step in a journey to become a sustainable company. Along with systemic support for growth, we pursue work-life balance and innovation in a corporate culture to care for our employees so that all our employees generate performance and lead fulfilling lives. For the health and safety of our employees, we make Safety, Health and the Environment a paramount concern across all our business operations.

### Support for the Growth of Our Employees

#### Bolstering training programs

We operate the Promotion Minimum Requirement (PMR) system and other varying training programs to strengthen our employee training. The PMR system targets team members and consists of performance reviews, innovation mileage and learning mileage as the minimum promotion requirements. We currently operate training programs for common job competencies, leadership, and digital competency, which are required for learning mileage.

Common job competency training aims to strengthen our employee's executive functioning, and includes courses in problem-solving, documentation and on the ability to persuade. Three of these courses were provided in 35 sessions to 510 employees in 2021. Leadership training focuses on coaching, collaboration & conflict management, communication & job crafting, and three of these courses were provided in 31 sessions to 518 employees. This training, which we specifically operate for our employees who are promoted to P2 and P3 positions each year, was conducted in seven sessions for 146 employees. Training for company-wide digital competency reinforcement includes Python and other data science courses, and was provided in four sessions to 117 employees.

In the wake of COVID-19, we have developed video training on the Teams and Zoom platforms for the virtual environment. Our Proactive Academy is also up and running as an in-house Learning Management System (LMS). The Proactive Academy is an online integrated management platform that provides a range of customized content to leaders, and supports direct community management on training courses supervised by the Headquarters and worksites as well as more than 3,000 microlearning content modules. In 2022, we plan to develop new courses and conduct training in diverse formats to provide employees with even more learning opportunities.

#### Strengthening leadership capabilities

**Developing leadership capabilities for global employees** — We have created the Empowerment Leadership Workshop to help global employees develop their leadership capabilities. Developed to facilitate employee engagement by reflecting the latest trends - such as the spread of an agile corporate culture, the accelerating pace of transformation and innovation, inter-generational communication issues, and the increasing number of senior employees - the Workshop is joined by division-level and responsible executives and team leaders, unlike existing leadership courses, and is distinguished for surveys and interviews conducted to accumulate data on organizational leadership status and issues. Between June and September 2021, a pilot run was operated for the HR Division, R&D advanced technology, and manufacturing technology leaders at the Safe Production & Engineering Staff Office to identify overall necessary improvements. In 2022, the Workshop will be held in 27 sessions for 260 leaders between March and September for respective divisions and executives. We plan to develop team building courses joined by leaders and team members at the team level to take stock of our company-wide leadership status and resolve relevant issues. In 2023, we will expand this Workshop to include local leaders at our overseas operations to continuously bolster our global leadership capabilities.

**Developing future leader nurturing plans** — In 2021, we planned a leadership program to select candidates for executives and team leaders and nurture them into future leaders. This program is developed under the Hankook Leadership Program (HLP), a leader nurturing program which reflects our corporate characteristics, and follows the process of assessment - learning - performance on an on-going basis: assessments are made through surveys and interviews to help participants recognize their own leadership style, and learning is provided through

virtual simulations to experience higher-level leadership roles as well as feedback, and performance involves the continuous execution of performance tasks, follow-up learning and executive coaching. In the second half of 2022, we will implement this program in two sessions, and continue operating it for future leaders each year.

#### Reinforcing the capabilities of local employees

**Introducing an e-learning system for the European Headquarters and subsidiaries** — In September 2021, we introduced an e-learning system for training and capacity-building for local employees at our European Headquarters and sales subsidiaries. The European Headquarters is planning a range of training and capacity-building activities, including training-related employee surveys and training effectiveness evaluations, through this e-learning system, and is exploring ways to develop this system as a 'product information and knowledge sharing platform' essential for marketing and sales as well as its internal training and knowledge sharing academy. Presently, the European Headquarters is operating 50 training courses by area, organization, and years of service through the e-learning system. This started with compliance, understanding on internal manuals, soft skills, onboarding and leadership in 2021, and will scale up to provide nearly 150 courses in 2022, including leadership and job training for executives and middle managers along with additional soft skill training. While a well-organized training curriculum was lacking at the European Headquarters, the launching of the e-learning system allowed for mandatory training, such as systemic onboarding, pan-European anti-corruption, sexual harassment prevention, and ethical management training, to be effectively implemented. We will continue to operate and develop training courses to bolster the role of the European Headquarters as an HRD center and carve out a sustainable a career path for local employees through capacity improvement.

## Work & Life Balance

### Facilitating flexible hours

We continue to extend the application of flexible work hours in reflection of our organizational characteristics. Our R&D centers have implemented ‘staggered hours’ to allow employees to choose when to start and finish their work since 2015, and the ‘2-week cycle flexible work hours’ has been made available for operators at domestic plants since July 2018. This allows them to arrange their work hours flexibly within the average of 40 hours per week for the duration of two weeks. Since April 2020, selective work hours were pilot run for the Accounting Team and the Corporate Management Team at the Headquarters, and its operational result reviews and satisfaction survey results informed our efforts to develop a flexible work hours application and management system and expand its application to the G.OE Division, the Internal Control Team, and trade management projects in 2021. The staggered hours approach has also extended to include office workers at the Safe Production and Engineering Staff Office since 2022. We will continue to expand flexible work arrangements for employees to maintain a work-life balance while they continue to fully engage in their career and generate successful outcomes.

To help employees juggle the responsibilities of work and childrearing, we have expanded our in-house infrastructure to include breast-feeding/lactation facilities and provide up to one year of parental leave for employees with a child/children in grade 2 or below. We also offer a family care vacation of up to 10 days and a family care leave of up to 90 days per year to meet the urgent care needs of our employees and their families arising from illness, accidents or the deteriorating conditions of aging family members. Employees can also opt to reduce their work hours to 20 hours per week (4 hours/day) or five hours per week (1 hour/day, reserved for the caretaking period) to care for their child and/or family members without taking a leave of

absence. This ensures employees with career continuity while providing them with sufficient time to care for their children and family. We have also established a VPN (virtual private network) system to enable employees to work outside the Company when they work at home or when the need arises. Since the end of 2021, a metaverse (Gather Town) platform has been introduced on a pilot run basis for remote work to create a more efficient telework environment.

### Operating in-house daycare centers

We operate our own in-house daycare centers across our major operations, including at the Headquarters, R&D centers and plants to facilitate the work life of our employees while tending to their parenthood duties. Aside from governmental subsidies, all operational expenses of these daycare centers are shouldered by the Company. Teachers are trained regularly along with teacher

appraisals and management, which generates trust on the part of employees in the operation of these centers. The centers also offer information on childcare/educational programs, food supplies/menus, hygiene and safety management. To maintain a high-quality operational environment, we conduct annual parent satisfaction surveys, and the 2021 survey produced 4.51 points out of five in overall satisfaction: 4.68 points in parental and family support, 4.55 in teacher satisfaction, 4.5 points in health, nutrition and safety, 4.43 points in childcare programs, and 4.38 points in facility and operation. These survey results serve to demonstrate the high level of satisfaction among employees in the overall operation of the daycare centers.

Our daycare centers provide a systemic curriculum that fosters physical and emotional development by age group, along with nutritiously balanced meals made from organic ingredients.

We also provide our employees preferential parking spaces to ease their use of our daycare centers. Since 2020, we have delivered play kits to children who are unable to come to our daycare center due to COVID-19 and collaborated in offering several children’s play activities to lighten the childcare burden of employees. The sum of such efforts earned our daycare center at the Headquarters the highest rating of A (4 ratings from A to D) in the childcare center assessments supervised by the Korea Childcare Promotion Institute in June 2021. Furthermore, we provide KRW 200,000 in kindergarten tuition support per child every quarter to employees with children between the ages of 4 to 6 to. This helps us provide our employees with a superior work environment while they care for their children, both for parents with children at in our in-house daycare centers as well as for those who send their children to other daycare centers or kindergartens.



## Corporate Culture in Pursuit of Change

### Improving our corporate culture

We conduct biennial organizational immersion surveys to improve our corporate culture. As 2021 happened to be the survey year, we surveyed all our office workers in Korea and abroad. The questionnaire included a total of 56 questions in 22 areas, and the questions were customized for different organizations and regions. The survey results were analyzed based on demographic statistics by gender, job position and organization to identify cultural issues from the multi-dimensional angle, and were shared among top management, company-wide executives and team leaders to engage in discussions for possible improvement. A total of seven improvement tasks were identified across the board and are currently being implemented, and each responsible unit organization independently developed 425 improvement tasks to improve our organizational immersion.

### Proactive LAB for creativity, self-initiated challenge and innovation

We operate an in-house idea suggestion platform to create a culture that empowers employees to come forward to present their creative ideas. This essentially encourages a culture that is tolerant of failure, as multiple attempts are often needed to push the limit and discover innovative solutions. A total of 21 in-house venture teams in Class 7 are currently under operation under our Proactive LAB program: an employee who originated an idea organizes his/her project team and puts the idea into action. In 2021, the first in-house venture ‘Town Car’ officially launched its service.

### Innovating the way we work

To create a work environment that efficiently engages employees, we launch the Less for Better campaign to address internal issues identified through organizational immersion surveys, including the leadership of immediate supervisors and meeting/reporting practices, to manage and keep current with evolving work methods. We also perform internal surveys to monitor our employees’ satisfaction with our meeting/reporting practices. In 2021, satisfaction with meeting and reporting practices amounted to 68% and 66% respectively, which remained unchanged from the previous year. For organizations scoring low on the satisfaction metric, we offer them our recommendation to identify internal issues and make the necessary improvements.

### Innovating the way we communicate

We build a culture of horizontal communication at all levels. Our employees address one another by ‘Mr. or Ms’ rather than by job title, and communication is bolstered through wide-ranging virtual channels. TA-NEW (tires delivering news) communicates our company-wide key news in an informal newsletter format, and the Hankook Broadcasting System, our informal video channel, hosts in-house IR events to share key management performance. Such initiatives help us effectively share our corporate news and communicate with our employees.





## Bolstering a Self-initiated Safety Management System

### Building a safety-driven culture

To build a safety-driven culture across the board, we circulated a SHE management message which highlighted the fundamental principle of ‘establishing a safety culture to fully align all employees with the Company’s basic tenets and principles’ as part of the CEO statement in the first half of 2021. Our mid/long-term strategy and management principles also each reflected ‘minimizing and preemptively responding to health and safety risks’ and ‘safety, health and environment (SHE) management’ as keywords to embed a safety culture into all our daily business operations. We also raised the ratio of SHE assessment metrics in assessing the performance of all health & safety-related organizations to ensure that we put safety first in everything we do.

#### Ratio of SHE assessment metrics (unit: %)



### Risk assessment and improvement

We perform regular and ad-hoc risk assessments to identify and improve hazards and risk factors in the workplace. These assessments are based on employee engagement, and risk factors identified as such are prioritized along with implementation plans to make improvements. These assessment and improvement activities are reflected in the specifics of our goals and action plans established at the worksite and managed accordingly.

### Bolstering the health and safety system

To effectively manage our existing frequency-severity indicator, we have segmented it into the frequency rate of injuries and the severity rate of injury-related lost work. To prevent incidents before they ever occur, we stipulated the ‘essential safety principles’ and the ‘5 Golden Rule’s, and selected key mandatory leading safety indicators - operating the occupational health and safety committee, identifying and improving unreasonable practices to prevent injuries, and engaging in special SHE activities - to perform quantitative assessments and monitor and prevent fatal injuries and incidents in so doing. Our occupational health and safety committee and health and safety council meets regularly to serve as communication channels to collect employees’ feedback and make necessary health and safety improvements while regular health and safety training, new hire training, special health and safety training, and supervisor training are conducted to further raise employees’ health and safety awareness and prevent accidents. We also realigned our SHE organization and reorganized our accident prevention monitoring group and risk prevention center to increase staffing and improve expertise while establishing global SHE investment operation plans and processes, while stipulating standards and amending regulations for emergency SHE investments to improve our health and safety operations in a substantial manner. In addition, standards and procedures were developed to evaluate the qualifications of subcontractors to fulfill our health and safety obligations and ensure the safety of the subcontract work performed. We received third-party consulting to assess our domestic plants for their safety culture and facility system, and continue to pursue improvements based on the assessment outcomes.

### Achieving ISO certifications and operating a health and safety oversight system

In the second half of 2021, we simultaneously achieved both the ISO 34001 health and safety management system certification and the ISO 14001 environmental management system certification. Leveraging the PDCA cycle methodology, we organized SHE compliance audit tools to manage SHE hazards

and risk factors as well as risks, and established a system to perform risk assessments on at least a half yearly basis. Such efforts have allowed us to develop and operate an SHE compliance audit system. This helps us to efficiently respond to the compliance reviews performed on the work of health and safety management supervisors required by the Serious Accidents Punishment Act which took effect in January 2022 along with other relevant laws and regulations.

### Achieving the Safety Management Excellence Lab Certification

The Safety Management Excellence Lab certification program was designed to reinforce the safety management capabilities of the science and engineering labs at research institutes and to explore and disseminate standard models for safety management. Led by the Ministry of Science and ICT, this program awards certification to labs with excellent performance in safety management performance and activities through expert assessments. Our Technodome achieved this certification for its Flat-trac CT+ lab and chemical analysis lab in 2020, along with three more labs - tire noise measurement lab, friction energy lab, and viscoelasticity property lab - which were certified in 2021. Such successes can be attributed to the multi-faceted efforts made to develop new lab layout standards to prevent safety accidents occurring in the lab environment. With this, our Technodome has come to have five certified labs under the Safety Management Excellence Lab program, which serve to yet again demonstrate its top-notch safety management capabilities in Korea.



Panoramic view of the tire noise measurement lab

## Bolstering employees’ health management

### Establishing a musculoskeletal disease prevention and response system

To prevent musculoskeletal diseases at our domestic plants, we performed work analyses and identified necessary improvements by leveraging such human ergonomic analytics programs as RULA and NLE. Not only do we pursue facility improvement and employ work assistance devices to decrease workloads through engineering improvements, but we also continue with managerial improvements. This includes alerting employees to the risks of work that is burdensome on the body and conducting hazard surveys and handling their results.

### Strengthening support for health check-ups

We have created a tailor-made health check-up operation table through labor-management consultations to provide employees with a wider spectrum of advanced check-ups to choose from appropriate to their age, gender and job, aside from mandatory check-up items. This helps employees take the initiative in managing their health more efficiently and systematically. We also improved our health check-up program to extend its scope to include spouses of our employees.

### Building an illness management system

Amid the spread of the unprecedented global pandemic, we hosted weekly communication meetings to share the responses made by each worksite and response guidelines to ensure workplace safety and minimize any disruption to our production and operations. Detailed COVID-19 prevention guidelines were also implemented, which exceeded those of the government, to stipulate the measures to follow when infected and the distancing rules to uphold in preventing further spread of the virus.

### Bolstering work environment management

The health and safety advisory committee, composed of external health and safety experts, operates to systemically manage risks concerning workplace health issues, including but not limited to work-related illnesses in the tire industry, and the handling and use of chemical substances. In 2022, we plan to organize and operate a task force team to improve the plant’s indoor ventilation system and replace substances subject to management with superior alternatives.

## Community Engagement

In fulfilling its responsibility as a member of society, Hankook Tire & Technology has proactively joined in the effort to resolve social issues to create social value. In addition to engaging in car and tire donations and community support in reflection of our unique business characteristics, we also implement a wide array of corporate philanthropic activities. Our employees and domestic/overseas worksites also join in on such initiatives, and together we are working towards the shared vision of building a brighter future.



Corporate philanthropic activity undertaken by our Chinses plant

## Expanding the Company-wide Implementation of Corporate Philanthropic Initiatives

### Undertaking corporate philanthropic activities at our overseas operations

To implement corporate philanthropic activities across the board, we initiated corporate philanthropic programs designed to resolve community issues in reflection of local characteristics across our global subsidiaries and offices, as well as in Korea. In 2021, our overseas operations invested nearly KRW 1 billion in implementing such programs. In China, we engaged in wide-ranging activities for local communities, schools and governmental agencies to improve the quality of life for vulnerable groups and help resolve local issues. In Europe, our German subsidiary set aside funds in proportion to the tires purchased by consumers in the spring and winter season to support families with children suffering from cancer as part of its marketing campaigns to serve public interest. At our Hungary Plant, employees were directly involved in the renovation planning for daycare centers, schools and other public organizations and performed volunteer work on the renovation ideas that were chosen from the submissions. In Asia Pacific, our Indonesia Plant donated tires to public organizations and school supplies to underprivileged children. In North America, our North American Headquarters made donations to support displaced people affected by the floods and provided comestibles to those facing food insecurity. Our Tennessee Plant sponsored schools and public organizations for local community development while also providing food to those facing food shortages.



Corporate philanthropic activity undertaken by our Hungary Plant

## Employee Engagement

### Operating employee volunteer groups in Korea

Hankook Tire & Technology's employee volunteer groups made a special book to celebrate the Company's 80th anniversary in the first half of 2021. This book was designed for children with visual impairments to enjoy a tactile experience with wind/string/percussion instruments. A total of 1,253 employees at the Headquarters, the Daejeon/Geumsan Plants and R&D centers participated to produce 1,200 copies of this book. In the second half of 2021, our employees volunteered to make 'upcycled clocks from waste plastic' to raise awareness for environmental issues. By upcycling plastic boards made from decomposed discarded plastic toys, employees were able to more closely and personally understand of the importance of the environment. A total of 1,123 employees participated in this activity at the Headquarters, the Daejeon/Geumsan Plants and R&D centers. Our Daejeon and Geumsan Plants had yet another volunteer activity, which was holiday meal prep for the needy in the local community.

### Employee Volunteer Outcomes in 2021

Category	Korea	Hungary Plant	China Headquarters
Cumulative number of employee volunteers per year (No. of persons)	2,458	95	74
Number of volunteering employees excluding redundancies (No. of persons)	1,516	95	74
Total volunteer hours (No. of hours)	5,215.5	2,000	426
Volunteer hours per employee (No. of hours)	0.8	0.7	0.1



Top) Volunteer activity to celebrate the corporate anniversary  
Bottom) Volunteer activity undertaken in the second half of the year

## Focusing on Core Capabilities

### Undertaking three major mobility projects

**Car donation** — We donate cars to social welfare organizations to meet their mobility needs. This project has been operated since 2008, and a total of 80 cars were donated - 78 compact cars and 2 EVs - in celebration of our 80th anniversary in 2021. This brings the total number of cars donated to 627 as of 2021. We also provide incentives to beneficiary organizations for excellent track records in using the donated cars, which goes to prove our fidelity in our follow-up management approach.

**Tire donation** — Initiated back in 2010, this corporate philanthropic project donates tires to welfare organizations all over the nation for the vehicles these organizations need to operate their business. In 2021, we teamed up with the Korea Social Welfare Council to donate tires for 1-ton food trucks traveling nationwide to support the nutrition and daily necessities of the underprivileged. A total of 2,978 tires were donated for 713 vehicles, along with the replacement of expendables (batteries, brake pads, engine oil, etc.) for safer driving. Our tire donation project is undertaken in Hungary, China and Indonesia, as well as in Korea, on an on-going basis.



Tire donation



Tuieum Bus - Hammock experience event at High Healing 1 in Youngwol



Car donation

**Tuieum Bus** — We launched this project in 2013 to provide users at nationwide social welfare organizations an opportunity to experience society, culture, history, ecology and education. Our Tuieum Bus project provides three distinct services: general support for the operation of buses per the request of social welfare organizations each month, themed support for programs operated under specific themes, and cooperation support which is provided in conjunction with partner organizations such as Korea Job World and the Korea Forest Welfare Institute. In 2021, we scaled this project down to 17 buses to fully comply with the governmental guidelines amid the spread of COVID-19.

### Corporate philanthropic expenditures against sales (unit: %)



## Support for the Growth of Local Communities

### Protecting endangered species in Daejeon

Hankook Tire & Technology signed an MOU in 2019 to restore endangered species in Daejeon in conjunction with the Geum River Environmental Office, the Daejeon Metropolitan City Government, Soon Chun Hyang University, Chollipo Arboretum, the Daejeon Choongnam Civic Group for Ecosystem Protection, and the Daejeon Office of the Korea Federation for Environmental Movements. For three years between October 2018 and September 2021, this project aimed to restore the population of black shiners, the flagship fish species\* of the city, as well as three endangered plant species (Abeliophyllum distichum, Iris minutoaurea Makino, and Iris ruthenica Ker Gawl). In 2021, we released 1,500 black shiners bred and reared by the Soon Chun Hyang University's species restoration center into the Yudeung Stream in Daejeon. In addition, we planted 200 Iris ruthenica Ker Gawl and 200 Iris minutoaurea Makino each near the Secheon Park at Sikjang Mountain to successfully bring this three-year project to a close.

\* Flagship species refer to wild animals and plants that reflect the ecological, geographical and cultural characteristics of a specific area and thus warrant protection for their symbolic significance

### Social housing project

Our social housing project has been operating since 2016 to help resolve the emerging social issue of residential instability that often affects the youth. This public-private cooperation project undertaken jointly with social investment funds of the Seoul City Government has scaled up to KRW 14.8 billion over the years. In 2021, this project provided a total of nine social houses to 340 households, its cumulative housing supplies since 2016 amounted to 48 social houses to serve 1,112 households. Since 2020, this project has been accompanied by deposit support to provide up to KRW 15 million in interest-free loans for up to four years as well as rent support to provide up to KRW

150,000 for the maximum period of 12 months to provide aid to vulnerable youth who otherwise are challenged to benefit from social housing. We will further expand this project in cooperation with the Korea Land & Housing Corporation and the Seoul Housing and Communities, and provide 15 social houses to 250 households in 2022.

### DreamWith project

Since 2018, we have supported the DreamWith project to empower community members to voluntarily engage in identifying and resolving local issues. In 2021, we teamed up with 'underdogs', an organization with extensive community projects, to support a total of 10 beneficiaries with financial support, training and follow-up support to enable them to launch products and services and organize communities to address local issues. In 2022, we plan to identify and support 10 organizations and ensure that beneficiaries from diverse areas generate growth synergy through public-private cooperation.

**1,112** households  
in total  
Social housings supplied  
48 houses in total  
(2016~2021)



Protecting endangered species in Daejeon



Top) Together Housing / Bottom) Community Power Plant



# APPENDIX

- Performance Summary
- GRI Index
- TCFD
- Independent Assurance Statement
- Awards
- UNGC and Memberships
- Contributors to This Report

# Performance Summary

## Economic Performance (consolidated basis)

Item		Unit	2017	2018	2019	2020	2021
Sales		KRW million	6,812,858	6,795,089	6,883,269	6,453,072	7,141,137
Sales breakdown by region	Europe	%	32.5	34.9	34.2	35.6	37.9
	Americas	%	31.9	32.3	33.5	31.6	32.4
	Korea	%	13.6	12.8	12.3	12.6	11.0
	China	%	13.4	12.6	11.9	12.9	12.6
	Asia Pacific, Middle East, Africa	%	8.6	7.3	8.0	7.3	6.1
Cost of sales		KRW million	4,492,384	4,691,444	4,961,117	4,550,060	5,193,837
Gross income		KRW million	2,320,474	2,103,645	1,922,151	1,903,012	1,947,299
Operating income		KRW million	793,432	702,651	543,965	628,270	642,193
Income before tax		KRW million	743,036	697,700	589,884	578,268	725,486
Income tax		KRW million	136,580	167,320	160,269	193,063	121,151
Net income		KRW million	606,457	530,381	429,615	385,205	604,336
Other comprehensive income		KRW million	(140,767 )	(45,451 )	27,621	(43,441 )	272,900
Total comprehensive income		KRW million	465,690	484,930	457,235	341,764	877,235
Total assets		KRW million	9,518,786	9,796,442	10,164,608	10,658,548	11,703,918
Total liabilities		KRW million	3,145,280	3,006,129	2,977,391	3,246,400	3,498,782
Total equity		KRW million	6,373,506	6,790,313	7,187,217	7,412,148	8,205,136
Patent registrations granted	Korea	No. of cases	70	53	48	53	67
	Overseas	No. of cases	68	35	34	76	57
Patent applications made	Korea	No. of cases	47	79	88	85	85
	Overseas	No. of cases	63	81	69	67	38

## Environmental Performance

Item	Unit	2017	2018	2019	2020	2021
Ratio of eco-friendly products	%	48.0	64.7	47.6	50.5	53.0
Sales of eco-friendly products	\$	3,251	4,545	2,935	2,360	3,323
Products that conducted LCAs	%	15.1	16.0	21.9	25.2	30.1

## Consumption of major raw materials



Intensity  
(unit: ton/ton of finished products)



Item	Unit	2017	2018	2019	2020	2021
Natural rubber	Ton	325,217	326,155	315,990	290,076	284,071
Synthetic rubber	Ton	263,570	264,871	268,354	240,218	238,013
Carbon black	Ton	280,721	281,351	271,877	245,082	242,373
Textile-cord	Ton	50,041	52,090	50,079	45,952	45,942
Steel-cord	Ton	121,240	122,192	116,821	107,939	105,516
Bead wire	Ton	44,145	44,340	51,774	48,179	47,888
Total	Ton	1,084,934	1,090,999	1,074,895	977,446	963,803

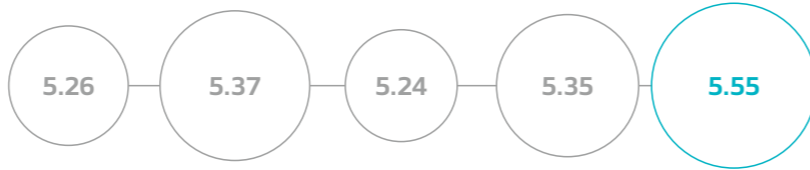


## Environmental Performance

### Water withdrawal



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



Worksite		Unit	2017	2018	2019	2020	2021
Daejeon Plant	Municipal water	m <sup>3</sup>	1,648,559	1,242,142	1,326,675	1,315,752	1,258,048
	Ground water	m <sup>3</sup>	0	116,079	114,194	101,981	104,520
Geumsan Plant	Municipal water	m <sup>3</sup>	1,616,228	1,822,718	1,571,234	1,513,789	1,602,293
	Ground water	m <sup>3</sup>	0	0	0	0	0
Jiangsu Plant	Municipal water	m <sup>3</sup>	810,013	899,601	936,058	670,418	752,942
	Ground water	m <sup>3</sup>	0	0	0	0	0
Jiaxing Plant	Municipal water	m <sup>3</sup>	927,943	1,006,357	701,271	687,010	724,699
	Ground water	m <sup>3</sup>	0	0	0	0	0
Chongqing Plant	Municipal water	m <sup>3</sup>	685,418	625,036	602,066	573,517	571,481
	Ground water	m <sup>3</sup>	0	0	0	0	0
Hungary Plant	Municipal water	m <sup>3</sup>	311,600	311,928	313,150	315,692	355,375
	Ground water	m <sup>3</sup>	103,671	109,557	122,890	90,846	113,636
Indonesia Plant	Municipal water	m <sup>3</sup>	546,684	547,929	510,248	571,954	538,565
	Ground water	m <sup>3</sup>	0	0	0	0	0
Tennessee Plant	Municipal water	m <sup>3</sup>	-	159,866	175,737	152,372	133,489
	Ground water	m <sup>3</sup>	-	0	0	0	0
Total		m <sup>3</sup>	6,650,116	6,841,213	6,373,523	5,993,330	6,155,048

### Discharge of treated waste water



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

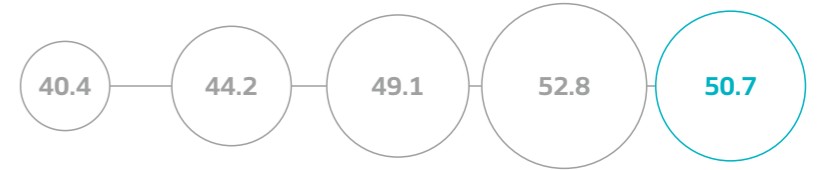


Worksite	Unit	2017	2018	2019	2020	2021
Daejeon Plant	m <sup>3</sup>	166,514	0	72,420	71,386	68,083
Geumsan Plant	m <sup>3</sup>	205,240	143,622	275,142	108,775	209,288
Jiangsu Plant	m <sup>3</sup>	488,434	521,463	405,238	361,905	465,431
Jiaxing Plant	m <sup>3</sup>	540,607	682,284	426,803	465,693	482,627
Chongqing Plant	m <sup>3</sup>	396,163	376,926	306,716	284,148	224,459
Hungary Plant	m <sup>3</sup>	167,713	171,827	174,914	136,083	166,481
Indonesia Plant	m <sup>3</sup>	5,615	10,849	4,928	31,303	32,131
Tennessee Plant	m <sup>3</sup>	0	56,190	89,427	85,716	87,541
Total	m <sup>3</sup>	1,970,286	1,963,161	1,755,588	1,545,009	1,736,041

### Recycling of treated wastewater



Intensity  
(unit: %)

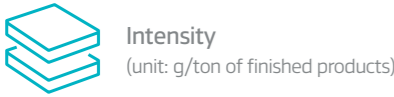


Worksite	Unit	2017	2018	2019	2020	2021
Daejeon Plant	%	74.0	100.0	88.8	89.3	88.4
Geumsan Plant	%	67.2	75.1	69.7	86.0	74.4
Jiangsu Plant	%	9.7	10.3	14.5	16.4	6.7
Jiaxing Plant	%	0	0	0	0	33.1
Chongqing Plant	%	8.5	12.4	14.4	17.2	26.6
Hungary Plant	%	16.5	14.6	23.0	17.2	13.7
Indonesia Plant	%	98.3	96.4	98.4	90.8	89.7
Tennessee Plant	%	0	0	0	0	0



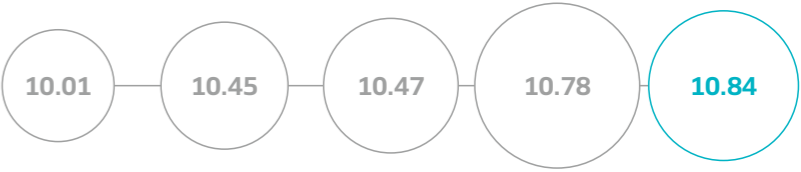
Environmental Performance

Discharge of suspended solids(SS)



Worksite	Unit	2017	2018	2019	2020	2021
Daejeon Plant	Ton	0.6	0.0	0.3	0.4	0.3
Geumsan Plant	Ton	0.4	0.4	1.0	0.2	0.7
Jiangsu Plant	Ton	6.6	9.1	6.4	3.2	3.5
Jiaxing Plant	Ton	21.6	11.9	4.0	3.6	5.9
Chongqing Plant	Ton	5.0	0.7	2.0	3.7	5.4
Hungary Plant	Ton	1.7	1.7	2.4	1.3	1.0
Indonesia Plant	Ton	0.3	1.0	0.1	1.4	2.7
Tennessee Plant	Ton	-	3.6	6.2	5.7	6.6
Total	Ton	36.1	28.4	22.3	19.5	26.1

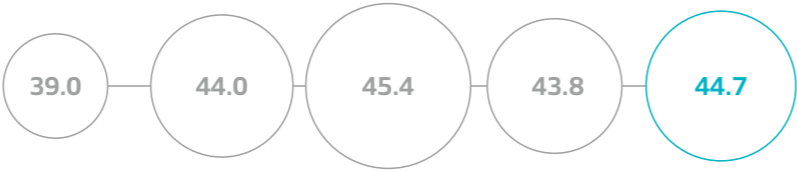
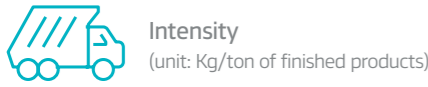
Energy consumption



Item	Unit	2017	2018	2019	2020	2021
Fuel	GJ	4,762,855	5,161,924	4,545,475	4,257,385	4,501,513
Purchased electricity*	GJ	5,716,775	5,962,084	5,787,774	5,374,855	5,322,029
Renewable energy (photovoltaic generation)	GJ	0	0	2,422	53,337	65,859
Purchased steam	GJ	2,171,716	2,188,001	2,405,978	2,381,085	2,136,910
Total	GJ	12,651,346	13,312,009	12,741,649	12,066,662	12,026,311

\* Data restated due to error in calculating data for purchased electricity in 2020

Waste treatment



Item	Unit	2017	2018	2019	2020	2021
Outsourcing recycling	Non-hazardous waste	Ton	37,283	36,608	38,639	35,879
	Hazardous waste	Ton	2,303	2,853	4,306	2,385
Outsourcing incineration	Non-hazardous waste	Ton	3,381	4,133	4,155	3,407
	Hazardous waste	Ton	1,678	2,265	1,864	2,573
Outsourcing landfill	Non-hazardous waste	Ton	3,955	9,776	5,825	4,415
	Hazardous waste	Ton	597	301	295	375
Other	Ton	87	104	150	44	39
Total	Ton	49,198	56,041	55,233	47,445	49,586

Environmental Performance

GHG Emissions



Item		Unit	2017	2018	2019	2020	2021*
Daejeon Plant	Scope 1	tCO <sub>2</sub> -eq	81,373	83,658	59,530	47,336	42,026
	Scope 2	tCO <sub>2</sub> -eq	143,151	140,278	150,366	149,637	144,508
Geumsan Plant	Scope 1	tCO <sub>2</sub> -eq	73,568	79,286	79,724	75,953	71,424
	Scope 2	tCO <sub>2</sub> -eq	180,362	189,565	183,684	174,795	163,384
Jiangsu Plant	Scope 1	tCO <sub>2</sub> -eq	8,395	2,864	2,107	1,624	857
	Scope 2	tCO <sub>2</sub> -eq	193,207	204,916	189,363	164,633	152,121
Jiaxing Plant	Scope 1	tCO <sub>2</sub> -eq	1,900	1,549	1,522	1,138	1,445
	Scope 2	tCO <sub>2</sub> -eq	211,174	191,456	176,246	166,766	156,690
Chongqing Plant	Scope 1	tCO <sub>2</sub> -eq	25,562	26,968	23,906	22,929	23,090
	Scope 2	tCO <sub>2</sub> -eq	74,732	75,842	68,040	64,898	68,762
Hungary Plant	Scope 1	tCO <sub>2</sub> -eq	47,215	46,847	43,884	42,085	48,269
	Scope 2	tCO <sub>2</sub> -eq	53,163	52,057	51,186	43,484	49,028
Indonesia Plant	Scope 1	tCO <sub>2</sub> -eq	29,927	32,276	34,038	33,249	33,905
	Scope 2	tCO <sub>2</sub> -eq	106,189	106,255	103,324	101,002	99,061
Tennessee Plant	Scope 1	tCO <sub>2</sub> -eq	-	18,766	19,452	17,349	19,770
	Scope 2	tCO <sub>2</sub> -eq	-	30,811	33,538	30,000	29,817
Total	Scope 1	tCO <sub>2</sub> -eq	267,940	292,214	264,163	241,663	240,785
	Scope 2	tCO <sub>2</sub> -eq	961,978	991,180	955,747	895,215	863,370
	Scope 1+Scope 2	tCO <sub>2</sub> -eq	1,229,918	1,283,394	1,219,910	1,136,878	1,104,155

\* Scope 2 emissions have been calculated through the market-based approach and reflected in data as such since 2021.

GHG Emissions Reduced

Item	Unit	2017	2018	2019	2020	2021
Plants in Korea	tCO <sub>2</sub> -eq	2,420	4,070	25,169	31,810	19,830
Overseas plants	tCO <sub>2</sub> -eq	21,899	13,338	29,481	11,879	34,658
Total	tCO <sub>2</sub> -eq	24,319	17,408	54,650	43,689	54,487

Energy and Carbon Expenses Saved

Item	Unit	2017	2018	2019	2020	2021
Plants in Korea	KRW 100 million	6.94	10.07	16.83	26.30	16.37
Overseas plants	KRW 100 million	28.53	16.27	48.39	5.11	63.48
Total	KRW 100 million	35.47	26.34	65.22	31.41	79.85

Investments Made in Energy Saving Projects

Item	Unit	2017	2018	2019	2020	2021
Plants in Korea	KRW 100 million	7.53	8.97	16.84	7.53	2.64
Overseas plants	KRW 100 million	13.50	26.15	48.35	4.79	11.94
Total	KRW 100 million	21.03	35.12	65.19	12.32	14.58

Social Performance

Employee data

Item		Unit	2017	2018	2019	2020	2021
Total employees	Korea	No. of persons	6,821	6,732	6,502	6,503	6,523
	Overseas (expatriates)	No. of persons	267	261	246	226	221
	Overseas (locally hired)	No. of persons	13,562	13,353	12,972	13,171	12,849
	Total	No. of persons	20,650	20,346	19,720	19,900	19,593
New hires	Office workers in Korea	No. of persons	129	87	105	72	189
	Operators in Korea	No. of persons	3	105	130	198	133
	Locally hired office workers	No. of persons	425	460	431	245	417
	Locally hired operators	No. of persons	1,418	1,234	1,731	860	904
By job category	Office workers	No. of persons	5,458	5,324	4,720	4,606	4,543
	Operators	No. of persons	15,192	15,022	15,000	15,294	15,050
By type of employment (Korea)	Regular	No. of persons	6,774	6,691	6,434	6,569	6,524
	Non-regular	No. of persons	47	41	68	160	220
	Ratio of non-regular employees	%	0.5	0.5	1.0	2.4	3.3
Parental leave (Korea)	Employees to return to work	No. of persons	40	56	58	99	90
	Employees who returned to work	No. of persons	40	56	58	96	88
	Rate of return	%	100.0	100.0	100.0	97.0	98.0
Parental leave (overseas)*	Employees to return to work	No. of persons	20	32	34	43	32
	Employees who returned to work	No. of persons	14	8	6	27	27
	Rate of return	%	70.0	25.0	17.6	62.8	84.4
Female employees	Ratio of female employees	%	8.6	9.0	9.4	9.7	10.1
	Ratio of female leaders	%	5.6	5.2	5.3	4.9	5.3
	Ratio of female managers (in positions of senior manager or higher)	%	8.1	8.9	10.3	10.3	11.4
	Ratio of female managers (in positions of assistant manager or higher)	%	14.2	14.9	15.7	15.5	16.2
	Female executives**	No. of persons	1	1	1	2	2

Item		Unit	2017	2018	2019	2020	2021
Diversity	Employees with disabilities (Korea)***	No. of persons	138	139	141	146	146
Local recruitment	Total overseas employees	No. of persons	13,829	13,614	13,218	13,397	13,070
	Expatriates	No. of persons	267	261	246	226	221
	Locally hired employees	No. of persons	13,562	13,353	12,972	13,171	12,849
	Ratio of locally hired employees	%	98.0	98.1	98.1	98.3	98.3
	Locally hired managers	No. of persons	870	919	1,007	993	1,021
Resignation	Ratio of locally hired managers	%	76.5	77.9	80.4	81.5	82.2
	Office workers	No. of persons	524	614	585	450	686
	Operators	No. of persons	1,851	1,687	2,209	1,700	1,483
Average service years (Korea)		No. of years	14.3	14.9	15.6	16.2	16.4
Performance and compensation (Korea)	Ratio of employees who receive regular performance appraisals	%	99.3	99.0	97.9	99.3	99.4
Grievance handling (Korea)	Grievances handled	No. of cases	32	29	29	19	8
Labor union (Korea)	Employees eligible for union membership	No. of persons	4,962	4,527	4,473	4,352	4,309
	Union members	No. of persons	4,527	4,387	4,301	4,111	4,206
	Union membership	%	91.2	96.9	96.2	94.5	97.6
Health and safety	LTIFR (employees)****		4.1	4.3	4.9	5.4	8.0
	LTIFR (suppliers)*****		2.8	3.2	4.0	3.7	5.5
	OFIR (employees)*****		0.94	1.63	2.59	3.1	5.68

\* ① Data between 2017 and 2019 pertains to parental leave applicants and /or their resumption to work and rate of return (employees who returned / employees who applied for parental leave) for the concerned year.  
② The 2020 data adheres to the same criteria as applied in Korea (employees who returned to work / employees who will return to work)

\*\* Includes one female independent director (appointed in March 2021 and has been included in data collection since 2020)

\*\*\* Based on the number of employees with disabilities as of December as specified in the calculations made for inclusive employment levy

\*\*\*\* LTIFR: Lost time injury frequency rate

\*\*\*\*\* Based on the Daejeon and Geumsan Plants

\*\*\*\*\* OFIR: Occupational illness frequency rate

Social Performance

Ratio of men’s wages to women’s by job position\*

Item		Unit	2020	2021
Executives (based on total salary)	Ratio of female wages to male wages (female/male)	%	0.89	0.98
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.99	0.98
Executives (based on total salary + incentives)	Ratio of female wages to male wages (female/male)	%	0.72	0.95
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.98	0.97
Managerial positions (based on total salary)	Ratio of female wages to male wages (female/male)	%	0.87	0.88
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.95	0.94
Managerial positions (based on total salary + incentives)	Ratio of female wages to male wages (female/male)	%	0.87	0.87
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.95	0.91
Non-managerial positions	Ratio of female wages to male wages (female/male)	%	0.94	0.95
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.99	1.00

\* ① Data collection commenced in 2020  
② Entry level salaries are identical regardless of employee gender, and salary levels are adjusted on the basis of evaluations and service years.

Employee training

Item		Unit	2017	2018	2019	2020	2021
Training hours per person	Office workers	No. of hours	52.0	64.1	83.4	24.7	65.4
	Operators	No. of hours	23.0	48.7	12.4	17.6	27.1
Training expenses per person		KRW 1,000	150	154	154	107	171
Sexual harassment prevention and human rights training (Korea)		No. of persons	2,130	6,688	6,545	6,445	6,347

Suppliers

Item		Unit	2017	2018	2019	2020	2021
ESG assessments on suppliers	Korea	No. of companies	125	115	147	86	213
	Overseas	No. of companies	60	48	26	24	108
	Total	No. of companies	185	163	173	110	321

Customers

Item		Unit	2017	2018	2019	2020	2021
Consumer feedback (comments & complaints)*		No. of cases					84
Recalled products (based on the number of vehicles)		No. of vehicles	1,975	905	287	107	68**
Recall expenses against sales		%	0.002	0.0001	0	0	0.006
Tires subject to non-voluntary recalls		No. of tires	0	0	0	0	0
Customer complaints regarding data privacy		No. of cases	1	0	11	4	2

\* Data disclosed from 2021  
\*\* The 2021 data was collected from the total number of tires (272 tires), and the number on the table displays this data in terms of the number of vehicles.

Ethical management

Item		Unit	2017	2018	2019	2020	2021
Non-compliance with fair trade principles		No. of cases	0	0	1	0	0

Social Performance

Corporate Philanthropy

Item		Unit	2017	2018	2019	2020	2021
Corporate philanthropic expenditures*	Cash donations**	KRW million	0	5,140	4,269	3,496	3,396
	In-kind donations	KRW million	0	454	588	573	4,033***
	Total	KRW million	5,326	5,594	4,857	4,069	7,429
	Ratio against consolidated sales	%	0.07	0.07	0.06	0.06	0.09
Volunteering (Korea, Hungary, Indonesia)	Total volunteer hours	No. of hours	28,330	20,403	20,993	4,995	7,642
	Total volunteer hours translated into monetary value	KRW 1,000	947,614	645,933	601,902	96,789	213,749
	Cumulative number of annual employee volunteers	No. of persons	6,904	5,993	4,507	526	2,627
	Non-cumulative number of employee volunteers	No. of persons	2,990	2,519	2,000	425	1,685
	Total volunteer activities	No. of cases	614	478	352	81	98
	Volunteer hours per person	No. of hours	2.4	1.8	2.1	0.5	0.4
	Corporate philanthropic management expenditures***	KRW 1,000	474,280	465,014	614,384	422,688	463,313

\* Separate cash and in-kind donation collections for corporate philanthropic expenditures have been undertaken since 2018.

\*\* Main beneficiaries: Hankook Tire Welfare Foundation, Seoul Chest of Korea, Daejeon Chest of Korea, Chungnam Chest of Korea, Daejeon Chungnam Civic Group for Ecosystem Protection

\*\*\* Includes the KRW 3471 million generated in contributed acceptance for our employee apartment building in Geumsan

\*\*\*\* Payments to local corporate philanthropic staff members and others

Total membership fees paid to organizations/associations influential to policy outcomes

Item		Unit	2017	2018	2019	2020	2021
Political donations		KRW million	0	0	0	0	0
Trade associations, chambers of commerce and industry, etc.*	KOTMA, USTMA, ETRMA, TIP(Tire Industry Project), WBCSD, KBCSD**, Korea Employers’ Federation, Korea Chamber of Commerce & Industry, etc.	KRW million	1,149	1,286	1,464	1,494	1,490
Total payments for membership fees to organizations/associations influential to policy outcomes		KRW million	1,149	1,286	1,464	1,494	1,490

\* Ranking by membership fees paid

1. ETRMA(European Tyre and Rubber Manufacturers' Association): KRW 318 million

2. USTMA(U.S. Tire Manufacturers Association): KRW 291 million

3. KOTMA(Korea Tire Manufacturers Association): KRW 254 million

4. TIP(Tire Industry Project): KRW 180 million

5. WBCSD(World Business Council for Sustainable Development): KRW 117 million

\*\* Fees paid to the KBCSD(Korea Business Council for Sustainable Development): KRW 20 million

Government grants received

				Government Grants (unit: KRW)	
Project	Task	Supervising Team	Total development period	Total grants received during the development period	Budget for 2021
Reducing particulate matter generated from non-exhaust sources in the transport sector (task 1)	Develop high performance tires for commercial vehicles to reduce PM levels	High Performance TB Compound Development Project	Apr. 2019 ~ Dec. 2023	125,000,000	25,000,000
Reducing particulate matter generated from non-exhaust sources in the transport sector (task 4)	Develop and demonstrate measurement/evaluation systems to reduce PM generated from non-exhaust sources	Chemical safety and Legal regulation Project	Apr. 2019 ~ Dec. 2023	125,000,000	25,000,000
Supporting the demonstration of manufacturing innovation enabled by 3-dimensional printing	Create the groundwork to innovate 3D printing technology convergence tire molding manufacturing technology and enable mass production	Material New Biz & Digital Project	Jun. 2021 ~ Dec. 2023	203,000,000	91,000,000

# GRI Index

## Universal Standards

Disclosure	GRI Standard	Reporting Requirement	Category	Data	Scope
The organization and its reporting practices	2-1	Organizational details		p. 9	
	2-2	Entities included in the organization's sustainability reporting		p. 7	
	2-3	Reporting period, frequency and contact point		p. 7	
	2-4	Restatements of information		p. 52~55	
	2-5	External assurance		p. 7	
Activities and workers	2-6	Activities, value chain and other business relationships		p. 9, 12	
			Company-wide	19,593	No. of persons
			Korea**	6,744	No. of persons
			China	6,385	No. of persons
			Europe	3,464	No. of persons
			Americas	1,235	No. of persons
			Asia Pacific, Middle East and Africa	1,765	No. of persons
			Permanent employees (male)	17,385	No. of persons
			Permanent employees (female)	1,957	No. of persons
			Temporary employees (male)	236	No. of persons
			Temporary employees (female)	15	No. of persons
			Permanent employees (Korea)	6,524	No. of persons
			Permanent employees (China)	6,364	No. of persons
			Permanent employees (Europe)	3,462	No. of persons
			Permanent employees (Americas)	1,230	No. of persons
			Permanent employees (Asia Pacific, Middle East and Africa)	1,762	No. of persons
			Total	19,342	No. of persons
			Temporary employees (Korea)	220	No. of persons
			Temporary employees (China)	21	No. of persons
			Temporary employees (Europe)	2	No. of persons
			Temporary employees (Americas)	5	No. of persons
			Temporary employees (Asia Pacific, Middle East, Africa)	3	No. of persons
			Total	251	No. of persons
			Percentage of temporary employees	1.3	%

\* Percentage of employees by nationality: Korea 34.4%, China 32.6%, Hungary 14.8%, Indonesia 8.3%, the US 5.9%

Percentage of employees in positions of management by nationality: Korea 51.3%, China 18.9%, Hungary 5.1%, Indonesia 4.9%, the US 4.2%, Germany 3.4%, France 1.2%

\*\* Including registered executives

Disclosure	GRI Standard	Reporting Requirement	Category	Data	Scope	
Governance		Employee breakdown by gender and by type of employment	Full-time (male)	17,621	No. of persons	
			Full-time (female)	1,972	No. of persons	
			Part-time (male)	-	No. of persons	
			Part-time (female)	-	No. of persons	
		Employee breakdown by age group	Under 30	18.2	%	
			30~50	70.1	%	
			Over 50	11.7	%	
		2-8	Workers who are not employees	Subcontractors for plants in Korea	Nearly 1400	No. of persons
		2-9	Governance structure and composition		p. 17~20	
		2-10	Nomination and selection of the highest governance body		p. 18~20	
	2-11	Chair of the highest governance body		p. 18		
	2-12	Role of the highest governance body in overseeing the management of impacts		p. 15		
	2-13	Delegation of responsibility for managing impacts		p. 18, 61~63		
	2-14	Role of the highest governance body in sustainability reporting		p. 18		
	2-15	Conflicts of interest		p. 20		
	2-16	Communication of critical concerns		p. 18, 61~63		
	2-17	Collective knowledge of the highest governance body		p. 19		
	2-18	Evaluation of the performance of the highest governance body		p. 20		
	2-19	Remuneration policies		p. 18, 20		
	2-20	Process to determine remuneration		p. 18, 20		
	2-21	Annual total compensation ratio		p. 18		
	2-22	Statement on sustainable development strategy		p. 8		
	2-23	Policy commitments		p. 8		
	2-24	Embedding policy commitments		p. 8		
	2-25	Processes to remediate negative impacts		p. 23~24, 30, 32, 34~35, 39~40, 48		
	2-26	Mechanisms for seeking advice and raising concerns		p. 21		
	2-27	Compliance with laws and regulations		p. 55		
2-28	Membership associations		p. 56			
2-29	Approach to stakeholder engagement		p. 25			
2-30	Collective bargaining agreements		p. 54			
Disclosure on material topics	3-1	Process to determine material topics		p. 26		
	3-2	List of material topics		p. 27		
	3-3	Management of material topics		p. 27		

Topic Specific Standards

Economic Performance (GRI 200)

Disclosure	GRI Standard	Reporting Requirement	Data	Unit
Economic Performance	201-1	Direct economic value generated and distributed	p. 50	
	201-2	Financial implications and other risks and opportunities due to climate change	p. 61~63	
	201-3	Define benefit plan obligations	Specified in the business report	
	201-4	Financial assistance received from government	p. 17	
Market Presence	202-1	Ratio of standard entry level wage by gender compared to local minimum wage	p. 55	
	202-2	Proportion of senior management hired from the local community	p. 54	
Indirect Economic Impacts	203-1	Development and impacts of infrastructure investments and services supported	p. 47	
	203-2	Significant indirect economic impacts	p. 47	
Procurement Practices	204-1	Proportion of spending on local suppliers	p. 37	
Anti-corruption	205-1	Operations assessed for risks related to corruption	p. 21	
	205-2	Communication and training about anti-corruption policies and procedures	p. 22	
	205-3	Confirmed incidents of corruption and actions taken	p. 22	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 55	

Environmental Performance (GRI 300)\*

Disclosure	GRI Standard	Reporting Requirement	Category	Data	Unit
Materials	301-1	Materials used by weight or volume		p. 12, 50	
	301-2	Recycled input materials used		p. 12	
	301-3	Percentage of reclaimed products and their packaging materials for each product category	Percentage of retread tires out of sales	0.03	%
Energy	302-1	Energy consumption within the organization		p. 52	
	302-2	Energy consumption outside the organization		Not applicable	
	302-3	Energy intensity		p. 52	
	302-4	Reduction of energy consumption		p. 53	
	302-5	Reductions in energy requirements of products and services		p. 53	
Water and Effluents	303-1	Interaction with water as a shared resource		p. 51	
	303-2	Management of water discharge-related impacts		p. 32	
	303-3	Water withdrawal		p. 51	
	303-4	Water discharge		p. 51	
	303-5	Water consumption		p. 51	
Emissions	305-1	Direct (Scope 2 ) GHG emissions		p. 53	
	305-2	Energy indirect (Scope 2) GHG emissions	Location-based data	867,891	tCO <sub>2</sub> -eq
			Market-based data	p.53	
	305-3	Other indirect (Scope 3) GHG emissions		p. 63	
	305-4	GHG emissions intensity		p. 53	
	305-5	Reduction of GHG emissions		p. 4, 53	
	305-6	Emissions of ozone-depleting substances (ODS)		0	tons of CFC-11
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		p. 32	
	306-1	Waste generation and significant waste-related impacts		p. 32	
	306-2	Processes used to treat waste and manage its impacts		p. 32	
Waste	306-3	Waste generated (total weight of waste generated, a breakdown of this total by composition, and data)		p. 52	
	306-4	Waste diverted from disposal (total weight of waste recycled)		p. 52	
	306-5	Total weight of waste directed to disposal by disposal operations (incineration with energy recovery, incineration without energy recovery, landfilling, etc.)		p. 52	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria		p. 39	
	308-2	Negative environmental impacts in the supply chain and actions		p. 12, 37	

\* Penalties imposed for non-compliance with environmental regulations and non-monetary sanctions for such non-compliance: No occurrence of such non-compliance

Topic Specific Standards

Social Performance (GRI 400)

Disclosure	GRI Standard	Reporting Requirement	Category		Data	Unit
Employment	401-1	Number and rate of new employee hires and employee turnover	New employee hires by gender	Male	1,236	No. of persons
				Female	407	No. of persons
			Rate of new employee hires by gender	Male	75.2	%
				Female	24.8	%
			New employee hires by age group	Under 30	923	No. of persons
				30~50	643	No. of persons
				Over 50	77	No. of persons
			Rate of new employee hires by age group	Under 30	56.2	%
				30~50	39.1	%
				Over 50	4.7	%
			New employee hires by region	Korea	322	No. of persons
				China	422	No. of persons
				Europe	138	No. of persons
				Americas	704	No. of persons
				Asia Pacific, Middle East and Africa	57	No. of persons
				Korea	19.6	%
				China	25.7	%
			Rate of new employee hires by region	Europe	8.4	%
				Americas	42.8	%
				Asia Pacific, Middle East and Africa	3.5	%
			Employee turnover by gender	Male	1,766	No. of persons
				Female	403	No. of persons
			Rate of employee turnover by gender	Male	81.4	%
				Female	18.6	%
			Employee turnover by age group	Under 30	894	No. of persons
				30~50	1025	No. of persons
				Over 50	250	No. of persons

Disclosure	GRI Standard	Reporting Requirement	Category		Data	Unit
			Rate of employee turnover by age group	Under 30	41.2	No. of persons
				30~50	47.3	No. of persons
				Over 50	12	No. of persons
			Voluntary turnover	4.9	%	
			Rate of internal hiring	83.7	%	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			p. 43	
	401-3	Return to work and retention rates of employees that took parental leave by gender	Employees who will return to work and/or have returned to work		p. 54	
			Employees eligible for parental leave by gender	Male	2,678	No. of persons
				Female	216	No. of persons
			Employees who took parental leave by gender	Male	104	No. of persons
				Female	140	No. of persons
			Employees who returned to work from parental leave by gender	Male	70	No. of persons
				Female	42	No. of persons
			Employees who returned from parental leave and worked 12 months by gender	Male	67	No. of persons
				Female	37	No. of persons
	Occupational Health and Safety	403-1	Occupational health and safety management system		p. 45	
		403-2	Hazard identification, risk assessment, and incident investigation		p. 24, 45	
403-3		Occupational health services		p. 45		
403-4		Worker participation, consultation, and communication on occupational health and safety		p. 45		
403-5		Worker training on occupational health and safety		p. 45		
403-6		Promotion of worker health		p. 45		
403-7		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		p. 45		
403-8		Workers covered by an occupational health and safety management system		p. 45		
403-9		Work-related injuries (injury rate)		p. 54		
403-10		Work-related ill health (work-related illnesses)		p. 54		



TCFD

(Task force data-on Climate-related Financial Disclosures)

Governance

Disclose the organization’s governance around climate-related risks and opportunities

- a) Describe the board’s oversight of climate-related risks and opportunities
- ESG committees under the Board of Directors deliberate and decide on issues concerning ESG risks, including climate change issues, across all our business operations.

- ESG committees under the Board hold regular quarterly meetings and ad-hoc meetings to address ESG issues each year. At the regular Board meeting held in January 2022, the ‘carbon neutrality roadmap’ was reported and approved.
- b) Describe management’s role in assessing and managing climate-related risks and opportunities
- The Chief Administrative Office (CAO) holds the authority and responsibility to develop climate change response strategies, and heads of plants and/or headquarters are responsible for executing and implementing climate-related investments. In particular, the CAO decides on major climate-related issues associated with implementing the carbon neutrality initiative, purchasing renewable energy, and trading emission allowances.

- The ESG Team communicates climate-related trends and response strategies to corresponding teams at the ESG Strategy Committee attended by the CEO annually and to the Climate Change Committee and the Product Environment Committee which convene three times each year. The Team also directly attends Board meetings to report on climate-related issues.

In accordance with the TCFD recommendations, we make the following disclosures regarding climate-related risks and opportunities in the four areas of Governance, Strategy, Risk Management, and Metrics and Targets.

Strategy

Disclose the impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning

- a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term
- b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning

Type	Climate-related Risk	Potential Financial Impact
Transition risk	Policy and law (short-term)	
	<div>- Tightening climate-related governmental regulations in line with the announced carbon neutrality initiatives of respective countries</div> <div>- Tightening Emissions Trading System regulations and the resulting rising obligation for the reduction of GHG emissions</div> <div>- EU’s introduction of supply chain due diligence regulations</div>	<div>- Increasing costs for investing in GHG/energy reduction technology and purchasing renewable energy in line with the adoption of the GHG Emissions Trading System and the Carbon Border Adjustment Mechanism</div> <div>- Elevated cost of purchasing allowances and the tax burden for the emissions that were not reduced</div> <div>· Increasing expenses not foreseen in the initial financial plans due to the recent surge in prices of credits and electricity in Europe</div> <div>- Declining sales from adverse impacts along the supply chain, their resulting damage liabilities and the negative sway they impose on corporate reputation</div>
	Technology and market (short-term)	
	<div>- Declining use of vehicles in line with the realignment of the transport system and evolving work conditions</div> <div>- Growing demand to reduce GHG emissions along the tire manufacturing supply chain</div>	<div>- Long-term deficit in passenger car/tire demand stemming from increased use of public transport, the expanding car-sharing market, and the wider adoption of remote/work-from-home accommodations</div> <div>- Need to explore and invest in innovative reduction technologies across diverse areas, including the shift to low-carbon materials, improvement in the energy efficiency of products, and the establishment of a low-carbon distribution system</div>
Physical risk	Reputation (short-term)	
	<div>- Demand the inclusion of climate-related activities such as the RE100 and carbon neutrality in the terms of new tire supply contracts signed with car OEMs and large-scale retailers</div> <div>- Customer demand (car OEMs, RE tire consumers) for eco-friendly products</div> <div>- Reputational risks stemming from the assessments made by global ESG rating agencies on climate change response metrics (GHG emissions intensity, energy intensity, renewable energy consumption, etc.)</div>	<div>- Increasing expenses for GHG reduction activities (purchasing of renewable power, improvements in energy efficiency, fuel switching, and eco-friendly product certifications) to respond to ESG rating agencies</div> <div>- Expanding investments in developing high-efficiency, low-carbon products and achieving eco-friendly product certifications</div> <div>· R&amp;D on tire rolling resistance reduction technology and lightweight features that impact the efficiency of energy consumption in the tire use phase</div> <div>· R&amp;D on durability and wear resistance performance</div> <div>- Passive responses and low ratings leading to reputation degradation and decreasing investment value which could negatively impact product sales and investments</div>
	Acute (long-term)	
Physical risk	<div>- Growing frequency and intensity of torrential rainfall, typhoons, hurricanes and cyclones</div>	<div>- Losses occurring due to damaged facilities, suspended production and/or damage recovery in the event of a natural disaster directly impacting a plant or logistics center</div>
	Chronic (long-term)	
Physical risk	<div>- Rising average temperatures</div> <div>- Increased number of natural disasters resulting from climate change</div> <div>- Declining production of natural rubber due to climate change</div>	<div>- Increasing production costs in line with rising energy consumption for uses such as cooling</div> <div>- Temporary suspension of production or delay in product distribution due to natural disasters in the raw material procurement or product distribution process, leading to decreased sales and the need for damage recovery</div> <div>- Rising cost of raw materials, such as natural rubber</div>

## Strategy

Disclose the impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning

Type	Climate-related Opportunity	Potential Financial Impact
Resource efficiency	<div>- Efficiently use and recycle limited resources</div> <div>- Develop eco-friendly raw materials and improve the efficiency of materials through recycling end-of-life tires</div>	<div>- Declining cost of purchasing raw materials</div> <div>- Reduce waste from the workplace and expand the use of renewable/recycled raw materials</div> <div>- Increase sales by launching high efficiency, eco-friendly products</div>
Energy resources	<div>- Improve the management and efficiency of energy in the plant and distribution system</div> <div>- Secure sufficient emission allowances or engage in strategic trading through the reduction of emissions at the worksites subject to the Emissions Trading System</div> <div>- Favor eco-friendly fuel sources over fossil fuel in manufacturing</div>	<div>- Increase sales by reducing energy expenses and manufacturing costs</div> <div>- Attract investments from financial and investment institutions through securing a reputation for sustainability</div> <div>- Generate profits through the strategic trading of emission allowances</div> <div>- Prepare for rising fossil fuel prices</div>
Markets, products and services	<div>- Increasing demand for eco-friendly products</div> <div>- R&amp;D on new technology/products to respond to climate change</div>	<div>- Improve sales by cornering new markets and boosting the sales of low-carbon products</div>
Resilience	<div>- Diversify businesses and participate in renewable energy business to mitigate the shock of climate change</div>	<div>- Elevate market value through flexible planning (infrastructure, buildings, land, etc.)</div> <div>- Achieve carbon neutrality in a cost-effective way</div> <div>- Create new business opportunities through business diversification</div>

### c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Hankook Tire & Technology referred to International Energy Agency’ (IEA)s Sustainable Development Scenario and IPCC’s RCP 8.5 scenario in assessing our transition risks and physical risks that stem from climate change.

#### Transition Risk

The Sustainable Development Scenario (SDS) proposed by the IEA adheres to the “Well below 2°C” pathway that represents a gateway to the outcomes targeted by the Paris Agreement. This scenario presumes that net zero emissions will be achieved by advanced economies by 2050, by China by 2060, and by 2070 for other world economies. This scenario is consistent with limiting the global temperature rise to 1.65 °C with a 50% probability, and to 1.5°C after 2070. The SDS sets parameters such as country-specific economic growth rates, changes in energy mix, fossil fuel prices, and future carbon prices for each scenario and provides policy assumptions and costs for each core technology to achieve the set scenarios. We focused on examining prospects and policy advice for energy mix, carbon pricing and transport that are closely associated with our business, and the analysis outcomes were integrated into the implementation strategy, vision, and reduction target of our carbon neutrality roadmap. The analysis of transition scenarios serves to illustrate this point as it revealed that Emissions Trading System and carbon taxes could have the most direct impact on our business operations. This prompted us to prioritize reducing GHG emissions at our Korean and Hungarian operations that are subject to the Emissions Trading System and to reflect implementation strategies spanning the use of renewable energy, the optimization of energy efficiency, and energy-saving plans into our carbon neutrality roadmap. The carbon neutrality roadmap was approved at the regular Board meeting and was shared across the company. Its future implementation

status will be monitored each year through the ESG Strategy Committee and relevant details are reported to ESG committees under the Board on an ongoing basis.

#### Physical Risk

The Representative Concentration Pathway (RCP) 8.5 was proposed in the IPCC’s 5th Assessment Report under the assumption that GHG emissions continue at the current level: this scenario predicts that human activity will cause CO<sub>2</sub> concentrations to reach 940ppm by the end of the 21st century (2070 - 2099), with the average global temperature rising by 4.8°C and precipitation by 6.0%. If the RCP 8.5 is realized in Korea, Korea’s average temperature will increase by 6.0°C and precipitation by 20.4% by the end of the 21st century (2070 - 2099), indicating Asia’s relative vulnerability to climate change compared to the rest of the world. Presently, we operate eight plants, five of which are located in Asia. According to the above climate prediction scenario, our assets and plant operations could be disrupted along with the supply/demand of raw tire materials. Natural rubber assumes the highest share of the total tire raw material purchase value, of which most is imported from Southeast Asia. The rapid rise in temperatures and the increasing frequency of torrential rainfalls, droughts and other extreme climate events could erode the cultivation environment and disrupt the supply of natural rubber, leading to severe fluctuations in raw material prices. As such, we set our mid/long-term goal for the sustainable use of raw materials and reflected this goal in our carbon neutrality roadmap, which was further supplemented by the development of implementation plans including the review of alternative raw materials. To mitigate GHG emissions in the distribution phase under our carbon neutrality roadmap, we added plans to transition to eco-friendly means of transport and optimize transport distances. In preparation for annual monsoon seasons and natural disasters, we are examining leaks and conduct repairs, and will increase the level of our monitoring in line with constantly developing weather events to further systemize our field management.



## Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks

- a) Describe the organization's processes for identifying and assessing climate-related risks
- b) Describe the organization's processes for managing climate-related risks
- c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management
  - Hankook Tire & Technology has been operating ESG Committees since 2010, which consist of the ESG Strategy Committee and eight Steering Committees. The ESG Strategy Committee serves as a process to report annual ESG issues with the attendance of the CEO and other senior executive members. In 2022, the Committee shared information on the importance of Scope 3 emissions management in achieving carbon neutrality, climate technology investment trends, and ESG investments and opportunity costs and consulted on measures to address these issues.
  - The Climate Change Committee and the Product Environment Committee meet quarterly to monitor climate-related risks and opportunities stemming from manufacturing and products, and reflect relevant issues in our operations. These Steering Committees have been deliberating on and preparing for agendas of sustainable material development and product life cycle assessments for the past several years, which enabled our prompt response to the recent surge in demand from our external stakeholders for climate action.

## Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

- a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
  - We use Scope 1, Scope 2 and Scope 3 emissions in absolute value (tCO<sub>2</sub>-eq) as metrics.
- b) Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas(GHG) emissions and the related risks
  - We have successfully lowered our scope 1 & 2 emissions through our efforts to improve energy efficiency and pursue energy transition. Meanwhile, reducing the GHG emissions generated from raw material sourcing, which accounts for the largest share of the Scope 3 emissions, will incur greater investments in cost, time and effort, as it demands we opt for sustainable materials and necessitates us to assist material suppliers in reducing their own Scope 1 & 2 emissions. Any immediate gains are yet to be readily feasible; it will require concerted effort with our suppliers to respond to climate-related risks.
  - Scope 1 emissions in 2021: 240,785 tCO<sub>2</sub>-eq
  - Scope 2 emissions in 2021: 863,370 tCO<sub>2</sub>-eq
  - Scope 1 & 2 emissions in 2021: 1,104,155 tCO<sub>2</sub>-eq
  - Scope 3 emissions in 2020: 29,624,108 tCO<sub>2</sub>
  - (Scope of calculation: Including 1, 2, 3, 4, 5, 8, 11, 12, 15 Scope 3 emissions categories)
- c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
  - Climate-related target: Reduce Scope 1&2 emissions (tCO<sub>2</sub>-eq) by 50% by 2030 and by 100% by 2050 from the 2018 baseline
  - 2021 performance against targets: Reduced Scope 1 & 2 emissions by 13% from the 2018 baseline

※ For detailed reduction activities in 2021, please refer to pages 30~31 and page 53 of this report.

GHG Emissions over the Past 5 Years (unit: tCO<sub>2</sub>-eq)



# Independent Assurance Statement

## Dear stakeholders of Hankook Tire & Technology

Korea Productivity Center (hereinafter “KPC”) engaged Hankook Tire & Technology Inc. to conduct the independent assurance of the “ESG Report 2021/22” (hereinafter “the Report”), and hereby presents our assurance statement as follows;

## Responsibility and Independence

Responsibility for information and claims stated in the Report lies with Hankook Tire & Technology. The assurer is an independent institution and is responsible for the assurance statement. We were not involved in the preparation of the Report and have no other relationship with Hankook Tire & Technology which may impair our independence, than assurance engagement.

## Verification Criteria

The Report was evaluated against Type 2 criteria as prescribed in AA1000AS Version 3 by Accountability. Further, we checked adherence to the principles of inclusivity, materiality, responsiveness, and impact in accordance with AA1000 AP (2018), as well as appropriateness of potential impact of the activities and performances of the Company. As such, the effectiveness and reliability of the reporting criteria were comprehensively reviewed, and the level of verification conforms to Moderate Level as prescribed in AA1000AS Version 3.

## Limitations of Assurance

The assurer verified the reliability of performance data presented in the Report, based on the scope and boundaries stated above. Site inspections encompassed the headquarters(Sungnam, Gyenggi Province), the Gumsan Plant, and the R&D Center. Financial data was verified on the basis of audited financial

statements, disclosures, and internal business reports of the Company. Environmental and social performances were verified by checking relevant data and conducting interviews. This assurance statement was issued to the management of Hankook Tire & Technology in accordance with an engagement contract, and the assurer bears no responsibility, neither solely or collectively, to indemnify individuals or organizations that make decisions on the basis of the independent assurance statement.

## Verification Methodologies

The Report was evaluated by the following methodologies;

- Check satisfaction of requirements of the GRI Standards, in accordance with the “Comprehensive” option.
- Check adherence to the principles of GRI Standards, with regard to reporting content and quality.
- Conduct media research and benchmarking to check relevance of selected key issues and contents in the Report.
- Compare with other sources to gauge appropriateness of contents stated in the Report and errors in expressions.
- Conduct on-site inspections at the headquarters, the Geumsan Plant, and the R&D Center, to verify the basis of key data and information, and internal processes and systems.

## Conclusion

In our opinion, the disclosures in the Report provide a fair and sincere representation of the sustainability management activities and performances of Hankook Tire & Technology. We also found through our assurance engagement that the Report satisfies requirements prescribed in Comprehensive Options of GRI Standards and provides reasonable quality required by Type 2 criteria. Disclosures under Universal Standards were prepared

Material Topic	Disclosures
Economic Performance	201-1~201-4
Economic Performance	202-1~202-2
Indirect Economic Impacts	203-1~203-2
Procurement Practices	204-1
Anti-corruption	205-1~205-3
Anti-competitive Behavior	206-1
Materials	301-1~301-3
Energy	302-1~302-5
Water and Effluents	303-1~303-5
Emissions	305-1~305-7
Waste	306-1~306-5
Supplier Environmental Assessment	308-1~308-2
Employment	401-1~401-3
Occupational Health and Safety	403-1~403-10
Training and Education	404-1~404-3
Diversity and Equal Opportunity	405-1~405-2
Non-discrimination	406-1
Freedom of Association and Collective Bargaining	407-1
Child Labor	408-1
Forced or Compulsory Labor	409-1
Supplier Social Assessment	414-1~414-2
Public Policy	415-1
Customer Health and Safety	416-1~416-2
Customer Privacy	418-1

in accordance with requirements of Comprehensive Options and disclosures under Topic-specific Standards were made on material topics identified as follows;

## Inclusivity: Stakeholder Engagement

The assurer found Hankook Tire & Technology classifies its stakeholders into key stakeholders(customers, suppliers, shareholders and investors, local communities, and employees) and general stakeholders(the central government, the media, NGOs and civic groups, competitors, international organizations, and local governments), and is engaged in active communication with its stakeholders by operating channels specific to each stakeholder group. Stakeholders’ opinions are reflected in business management and their expectations identified through stakeholder engagement activities are reviewed in the context with its strategic directions and tasks.

## Materiality: Selection and Report of Key Issues

The assurer found Hankook Tire & Technology selected key issues through the materiality assessment. The Company analyzed both the external environment through international standards analysis, industry peers benchmarking, media research, etc. and the internal environment based on agenda and meeting minutes of the ESG Strategy Committee, 2021 ESG vision and mid-to long-term strategies, and material issues over the last three years. As such, issues to be addressed with priority were identified in order to promote ESG activities, and activities and performances associated with each of the key issues are elaborated in relevant sections in the Report.



### Responsiveness: Organizational Response to Issues

Hankook Tire & Technology identified key issues affecting performances of its stakeholders and has carried out sustainability management activities to address them. Its responses to major stakeholder expectations are communicated through the Report and the corporate website. The Company set clear goals to address issues suggested by the stakeholders and the result of its activities taken accordingly was disclosed with transparency.

\* <https://www.hankooktire.com/global/ko/esg/hankook-tire-esg/esg-overview.html>

### Impact: Impact on Society

Hankook Tire & Technology is aware of the social and environmental impact of its management activities and key issues pointed out by its stakeholders, and has taken actions to respond. Impacts of material issues were analyzed in terms of revenue, cost and risk, and the result of analysis was reflected in its decision making process to set ESG strategies and disclosed through the Report.

### Recommendation

The assurer hereby shares recommendations with the goal of improving the quality of ESG reports of the Company and its ESG management as follows;

- Reinforce regular, internal monitoring processes on social and environmental data of the domestic and overseas business sites, for the purpose of improving ESG data reliability and reporting quality.
- Analyze potential impact of key issues considering social and environmental effects, in addition to revenue, cost and risk analysis the Company conducts on key issues and important points identified in the materiality assessment.

July 2022











**Chairman Wan Gi AHN**

Korea Productivity Center



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# Awards

Category	Awards		Details	Organization
Sustainability management	Dow Jones Sustainability Index		Ranked No. 1 in the auto components industry Listed on the DJSI World for 6 consecutive years, on the DJSI Asia Pacific for 9 consecutive years, and on the DJSI Korea for 11 consecutive years	S&P Global
	Industry awards		Named Gold Class	S&P Global
	Sustainability management evaluations		Achieved Platinum Grade	EcoVadis
Quality, technology	Korean Standard-Quality Excellence Index (KS-QEI)		Ranked 1st in the automotive tire sector for 13 consecutive years	Korean Standards Association
Brand value	Korea Brand Power Index (K-BPI)		Ranked 1st in the passenger tire sector for 19 consecutive years Ranked 1st in the tire shop sector for 13 consecutive years	Korea Management Association Consulting (KMAC)
	National Brand Competitiveness Index (NBCI)		Ranked 1st in the tire sector for 13 consecutive years	Korea Productivity Center
	Korea's Most Admired Company Awards		Ranked 1st in the tire business sector for 12 consecutive years	Korea Management Association Consulting (KMAC)
Design	iF Design Award		Won Winners in the Professional Concept and Communication categories for the Design innovation Project 2020	International Forum Design
	Good Design Award	—	Won Winners for the SUV tires of Dynapro AT2 Xtreme and Dynapro XT	Chicago Athenaeum Museum of Architecture and Design of the US and the European Centre for Architecture, Art, Design and Urban Studies
	Red Dot Design Award		Named as the Red Dot in the Mobility and Transportation category for the HPS (Hankook Platform System)-Cell	Red Dot
	International Design Excellence Awards		Recognized as the Finalist in the Automotive and Transportation category for the HPS (Hankook Platform System)-Cell	IDEA of the US

# UNGC and Memberships

## UN Global Compact (UNGC)

Since joining the UN Global Compact in 2012, Hankook Tire & Technology has endorsed its Ten Principles and has remained committed to abiding by these principles. We report the progress made in this regard through this report, and will fully act on these principles to fulfill our role as a responsible corporate citizen.

Principle		Report Content	Page
Huma Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Human rights management and diversity management	40~41
	Principle 2: make sure that they are not complicit in human rights abusees.		
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining:		
	Principle 4: the elimination of all forms of forced and compulsory labour;		
	Principle 5: the effective abolition of child labour; and		
	Principle 6: the elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7: Businesses should support a cautionary approach to environmental challenges; and	GHG emissions mitigation, manufacturing with minimum environmental impact, use of sustainable materials, development of sustainable technology	29~35
	Principle 8: undertake initiatives to promote greater environmental responsibility; and		
	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.	Jeongdo Management and Ethical Management	21~22

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

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

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