

SUSTAINABLE MOBILITY

Hankook Tire & Technology
CSR Report 2019/20



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Interactive User Guide

Hankook Tire & Technology CSR Report 2019/20 is published in an interactive PDF format to enable readers interested in specific topics to toggle quickly between pages and click on hyperlinks to navigate their search.

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INTRO

- Letter to Stakeholders
- The Next 10 Years
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LETTER TO STAKEHOLDERS

Dear Respected Stakeholders,

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

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

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

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

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

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

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

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

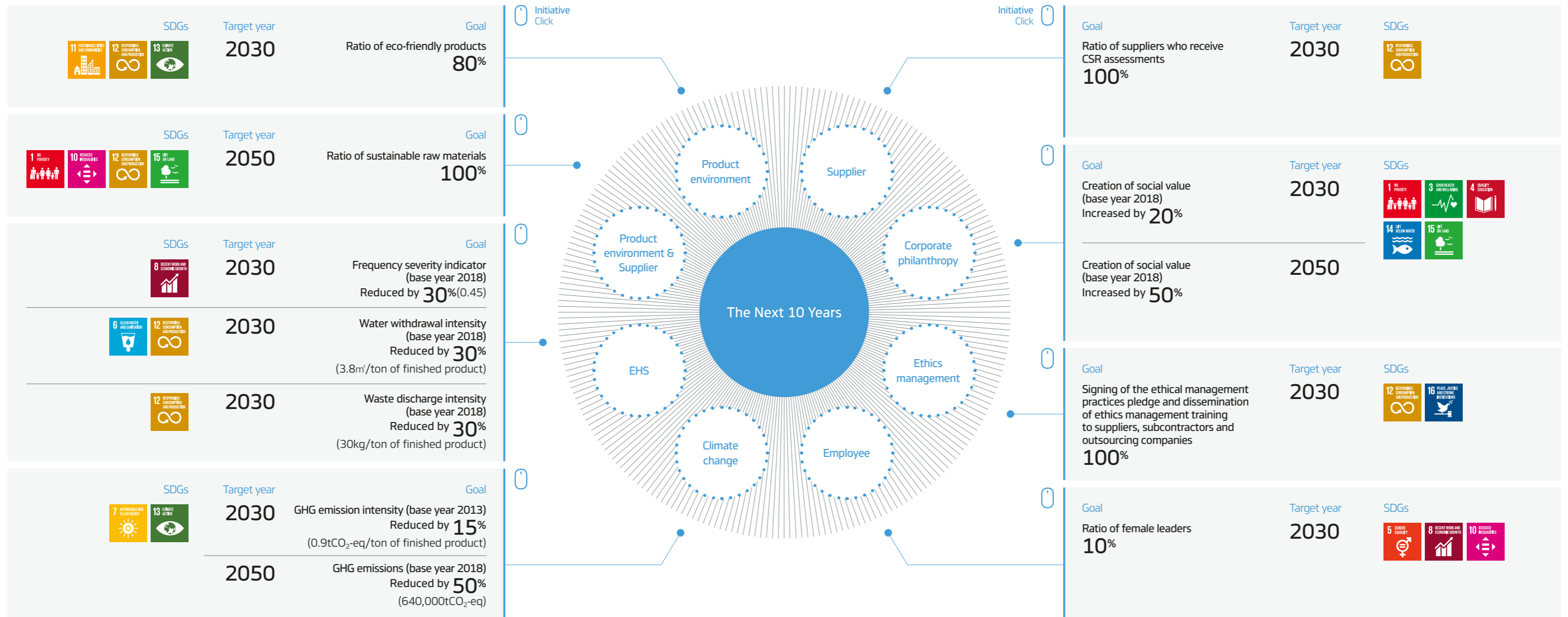
Thank you.



Soo Il Lee
President & COO,
Hankook Tire & Technology

THE NEXT 10 YEARS

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



COMPANY PROFILE

Company Profile

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

Global Network

Hankook Tire & Technology takes a localized strategy in seeking balanced growth both in advanced and emerging automobile markets. Our sales network spans China, Europe, the Americas, Asia-Pacific, and the Middle East & Africa as well as Korea where our Headquarters are located to deliver products that cater to local customer needs. In addition, we operate tire communication channels for Original Equipment tire business in Korea, China, Germany, the U.S., Japan and Indonesia to forge an even closer cooperation with globally-renowned automobile companies.

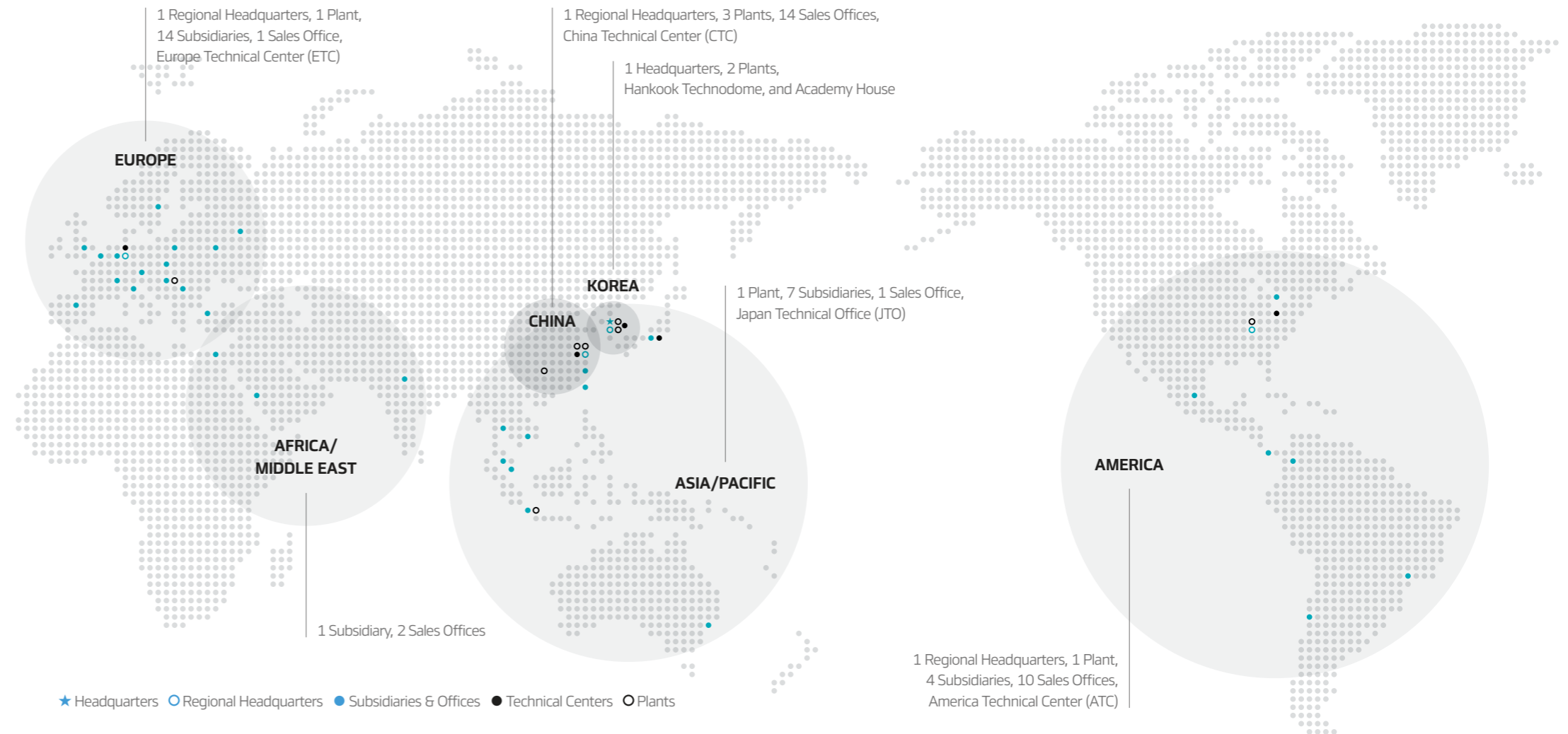
Global Sales
 KRW **6.8832** trillion

Operating Profit
 KRW **543.9** billion
 (operating margin 7.9%)

Total Assets
 KRW **10.1646** trillion

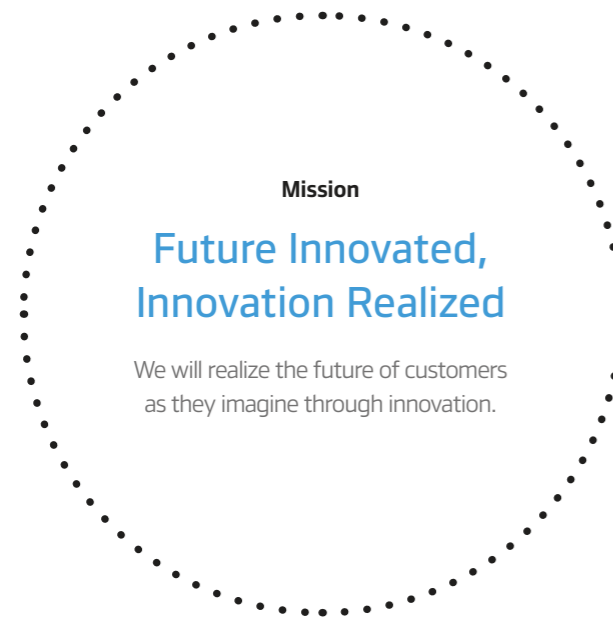
Total Equity
 KRW **7.1872** trillion

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



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

Mission & Vision



Business Principle

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

Core Value

- We pursue the Proactive Leadership
- Passion
 - Innovation
 - Collaboration
 - Global

Moving Forward 2025

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

Strategic Direction

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

Brand Portfolio

Hankook Tire & Technology strategically operates four global tires brands: 'Hankook' represents our premium brand in Korea and abroad; 'Laufenn' targets global customers who pursue smart consumption and distinctive style; 'Aurora' and 'Kingstar' were designed to meet specific local needs.



As Hankook Tire & Technology's global flagship brand, Hankook has a range of sub-brands that cater to diverse vehicle and product types, including Ventus, Optimo, Kinergy, Dynapro, Smart, and Vantra as well as Winter i*pike and Winter i*cept.



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



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



Kingstar is referred to as 'Road Fit' which means it comes with 'tires that deliver optimal on-road performance'.

1 — R&D
Economic value

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

Social value

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

Environmental value

- Ratio of eco-friendly products (in quantities): 47.6%

2 — Sourcing of Raw Materials
Economic value

- Raw material purchase expenditures: KRW 2.6 trillion

Social value

- Suppliers who conduct CSR assessments: 173 suppliers

Environmental value

- Percentage of recycled materials used: 26%
- Percentage of renewable materials used: 0.6%
- Carbon footprint 2.04%*
- Water footprint 1.96%*

3 — Manufacturing
Economic value

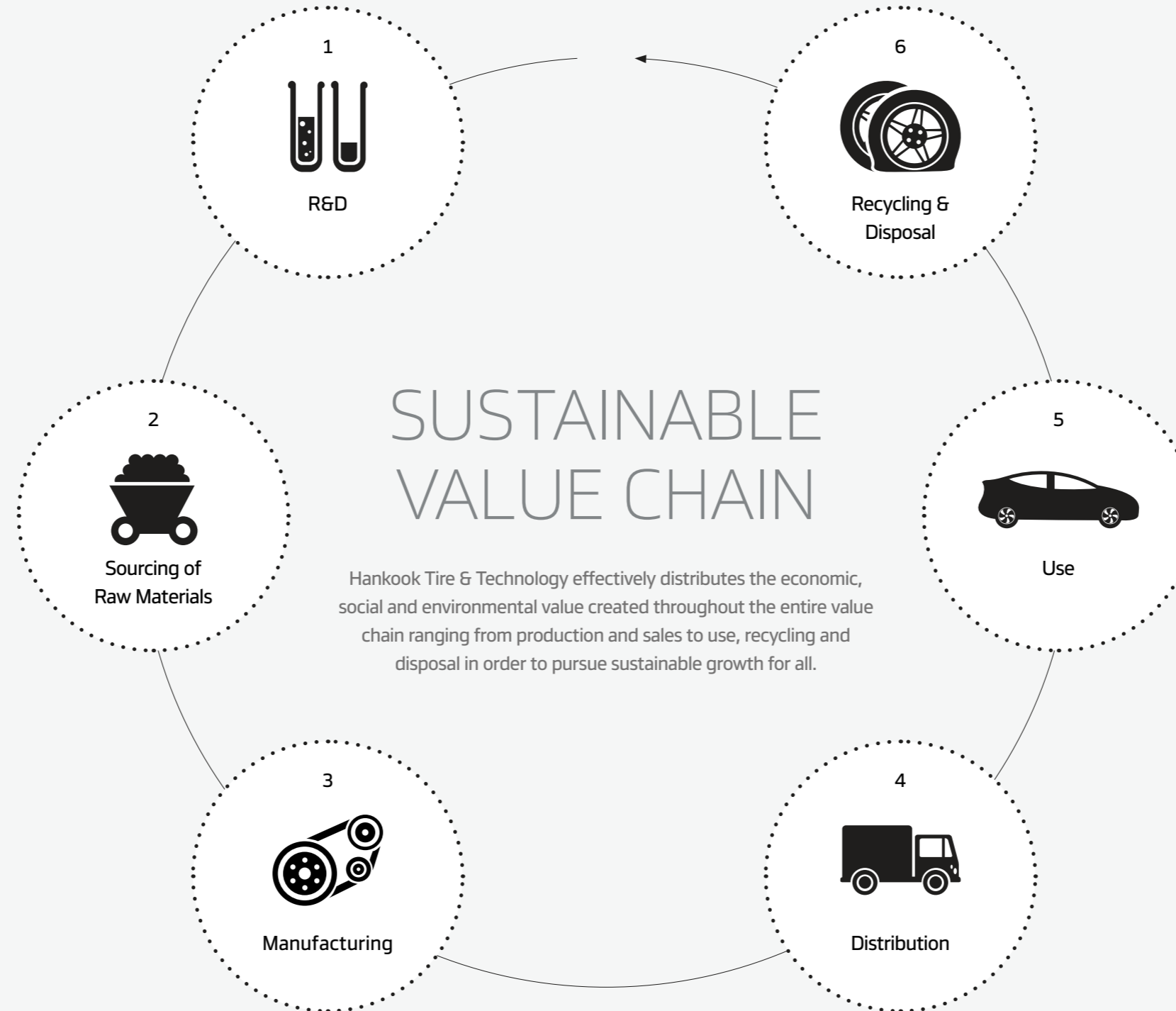
- Recruitment: 2,397 new hires
- Training expenditures: KRW 3.04 billion
- Employee wages: KRW 483.3 billion
- Equipment purchase expenditures: KRW 254.8 billion

Social value

- Corporate philanthropy expenditures: KRW 4.86 billion

Environmental value

- Investments in improving environmental pollution: KRW 2.1 billion
- Waste discharge intensity: 46.7kg/ton of finished product
- Water withdrawal intensity: 5.24m³/ton of finished product
- Energy consumption intensity: 10.47GJ/ton of finished product
- GHG emission intensity : 1tCO₂-eq/ton of finished product
- ISO 14001 achieved at all plants
- Carbon footprint 0.84%
- Water footprint 0.13%



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

4 — Distribution
Economic value

- Advertising expenditures: KRW 197 billion
- Packaging and transport expenditures: KRW 171.6 billion
- Global retail network: 4,629 locations

Social value

- Attendance of shop owners in training: 74%

Environmental value

- Carbon footprint 0.18%
- Water footprint 0.00%

5 — Use
Economic value

- Corporate taxes paid: KRW 160.3 billion
- Dividends paid: KRW 68.1 billion

Social value

- Free mobile check service: 6,866 vehicles
- Highway safety check campaign: 1,161 vehicles
- Car donation: 50 vehicles
- Tire donation: 5,394 tires
- Tuieum Bus: 564 buses

Environmental value

- GHG emissions reduced from the sale of low-carbon products: 3,911,327tCO₂-eq
- Carbon footprint 98.56%
- Water footprint 98.05%

6 — Recycling & Disposal
Economic value

- Extended Producer Responsibility (EPR) contributions (in Korea): KRW 2.1 billion
- Sale of retread tires: 6,750 tires

Environmental value

- Percentage of end-of-life tires being recycled (in Korea): 92.2%
- Carbon footprint -1.63%
- Water footprint -0.14%



INTEGRATED CSR MANAGEMENT SYSTEM

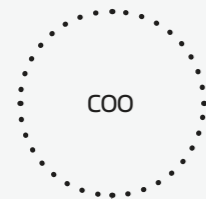
- CSR Management System
- Global CSR Operational System
- Materiality Analysis
- Stakeholder Communication and Engagement
- Stakeholder Committee
- CSR Steering Wheel 2019/20

CSR MANAGEMENT SYSTEM

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

CSR Strategy Committee

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



- | | |
|---|------------------------------|
| Chief Administrative Officer | Chief Technology Officer |
| Head of Car Life Business Headquarters | Head of Europe Headquarters |
| Head of Production and Engineering Staff Office | Head of China Headquarters |
| Chief Strategy&Marketing Officer | Head of America Headquarters |
| Chief Innovation Officer | |

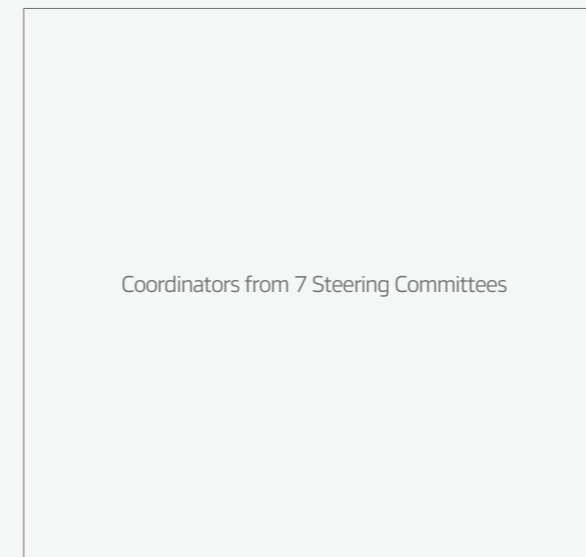
CSR Steering Committee

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

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

CSR working-level council

- Share and consult on key issues among respective committees



CSR Strategy Committee Meeting in 2019

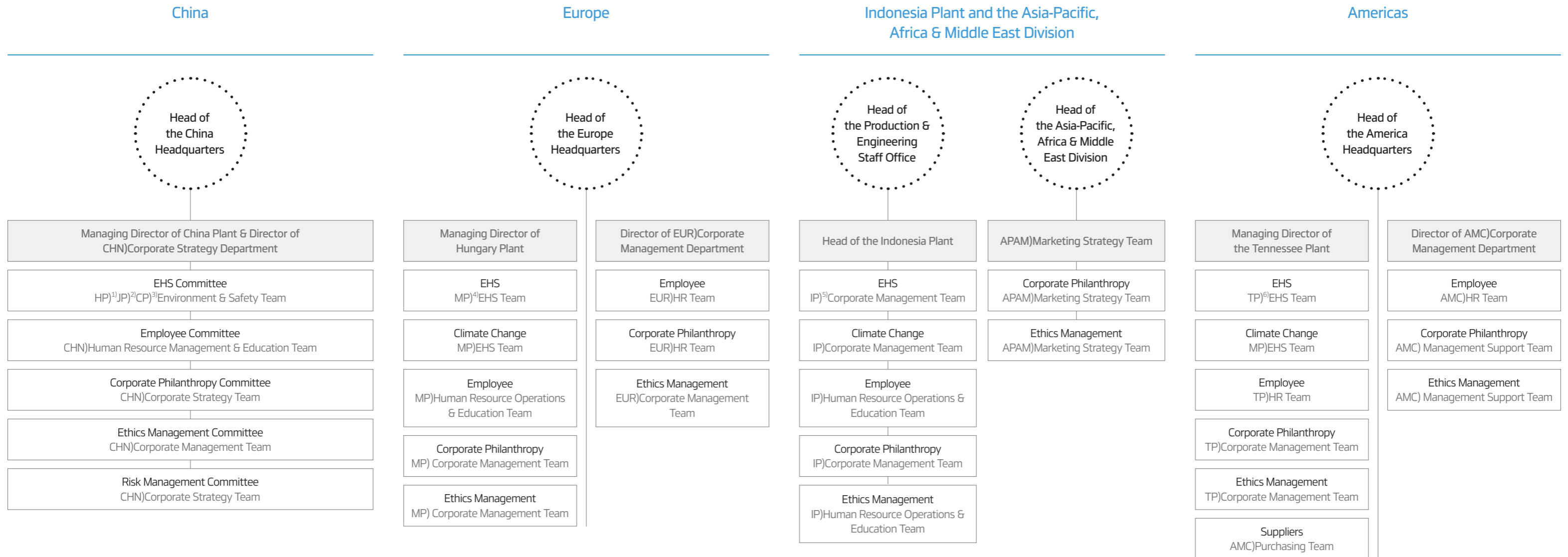
- | | |
|-----------------|---|
| Date | March 20, 2019 |
| Attendee | Chair and members of the CSR Strategy Committee, CSR Steering Committee Chairs |
| Agenda | <ol style="list-style-type: none"> ① Status of CSR operations at Hankook Tire & Technology ② Latest CSR issues <ul style="list-style-type: none"> - Announcement of the K-SDGs - Expansion of renewable energy policies and initiatives - Influx of microplastics into the ocean - Reinforcement of CSR management along the supply chain - CSR activities deploying information and telecommunications technology - Transparency in corporate governance ③ CSR 3.0 <ul style="list-style-type: none"> - Reflection of social values - Setting mid/long-term CSR goals |

In 2019, the CSR Strategy Committee reviewed 'DJSI 2018 Assessment' outcomes in each of the managerial areas to identify necessary improvements. The committee also shared the latest CSR issues and discussed their impact on the Company's business and preparations to be made in response. On the last agenda of 'CSR 3.0', the committee looked at detailed cases of social values being reflected in management strategies, quantified, and internalized in employee's business routines while discussing ways to consider such values in our business operations. As all concurred that the time was ripe to establish long-term CSR goals, it was decided that the CSR committees would set mid/long-term CSR goals for Hankook Tire & Technology as their top priority for 2019.

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

GLOBAL CSR OPERATIONAL SYSTEM

Hankook Tire & Technology has established a CSR operational system in respective regions of the globe, starting with the CSR committee launched at its China Headquarters in 2012. Our global CSR operational system was completed as this system was created at our America Headquarters in 2018, and has since been up and running in consideration of specific local conditions.



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

MATERIALITY ANALYSIS

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

Materiality Analysis Process



We analyzed such global frameworks on socially responsible management as the GRI¹⁾ Standards, the DJSI, the RBA²⁾ and the UN SDGs as well as industry peer benchmarking and media research outcomes in order to verify issues considered externally material and to identify new issues. In analyzing the internal environment, the development of strategic tasks and other issues were reviewed to create a pool of 28 issues.

1) GRI: Global Reporting Initiative
2) RBA: Responsible Business Alliance

We reviewed stakeholder interest on the 28 issues identified in the first phase of the materiality analysis. Interest of external stakeholders was assessed through the issues raised to Hankook Tire & Technology by shareholders, investors, analysts, customers and other varying external stakeholders.

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

External environment analyses

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

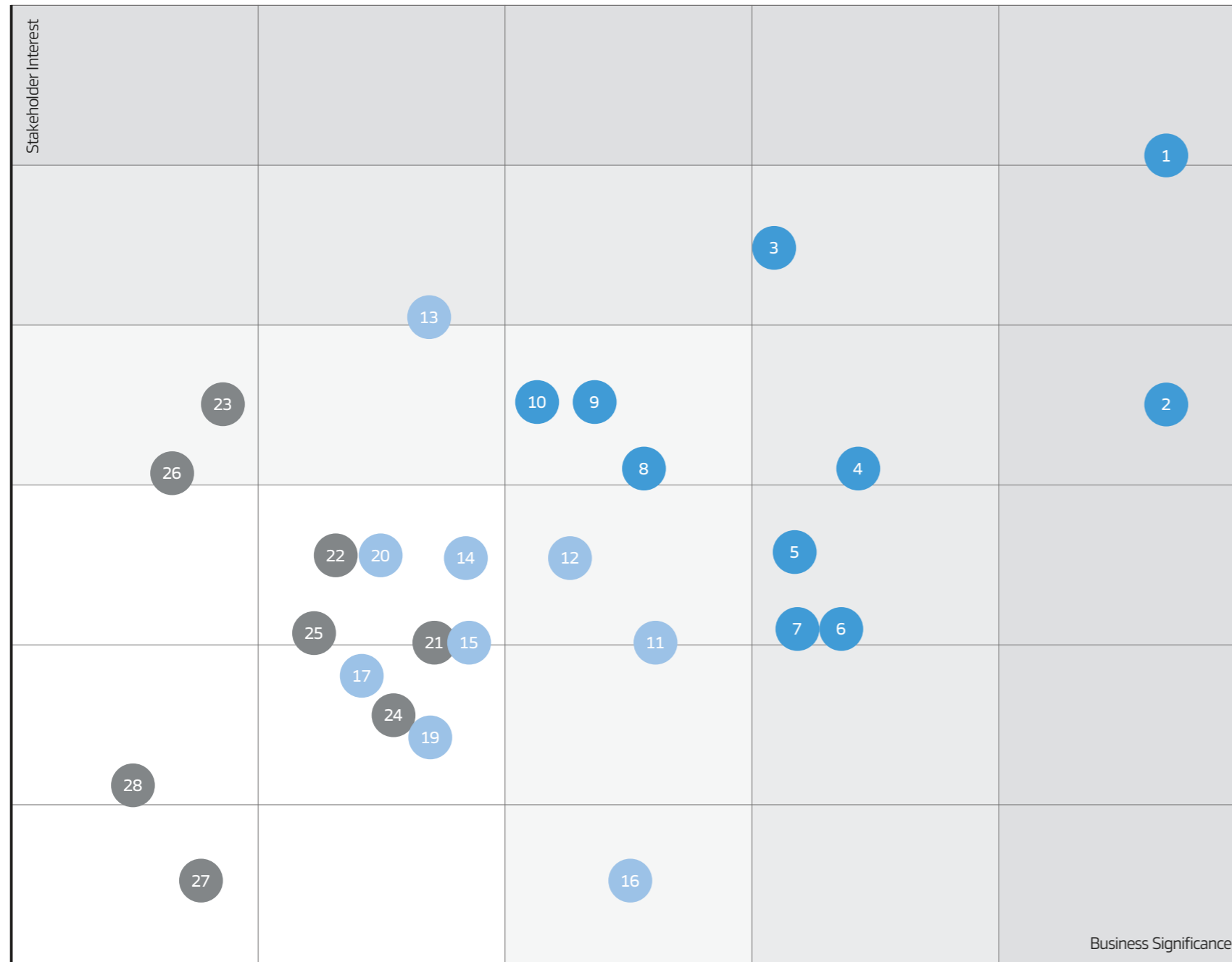
Internal environment analyses

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

Overview of Stakeholder Interest Assessments

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

Materiality Analysis Outcomes in 2020



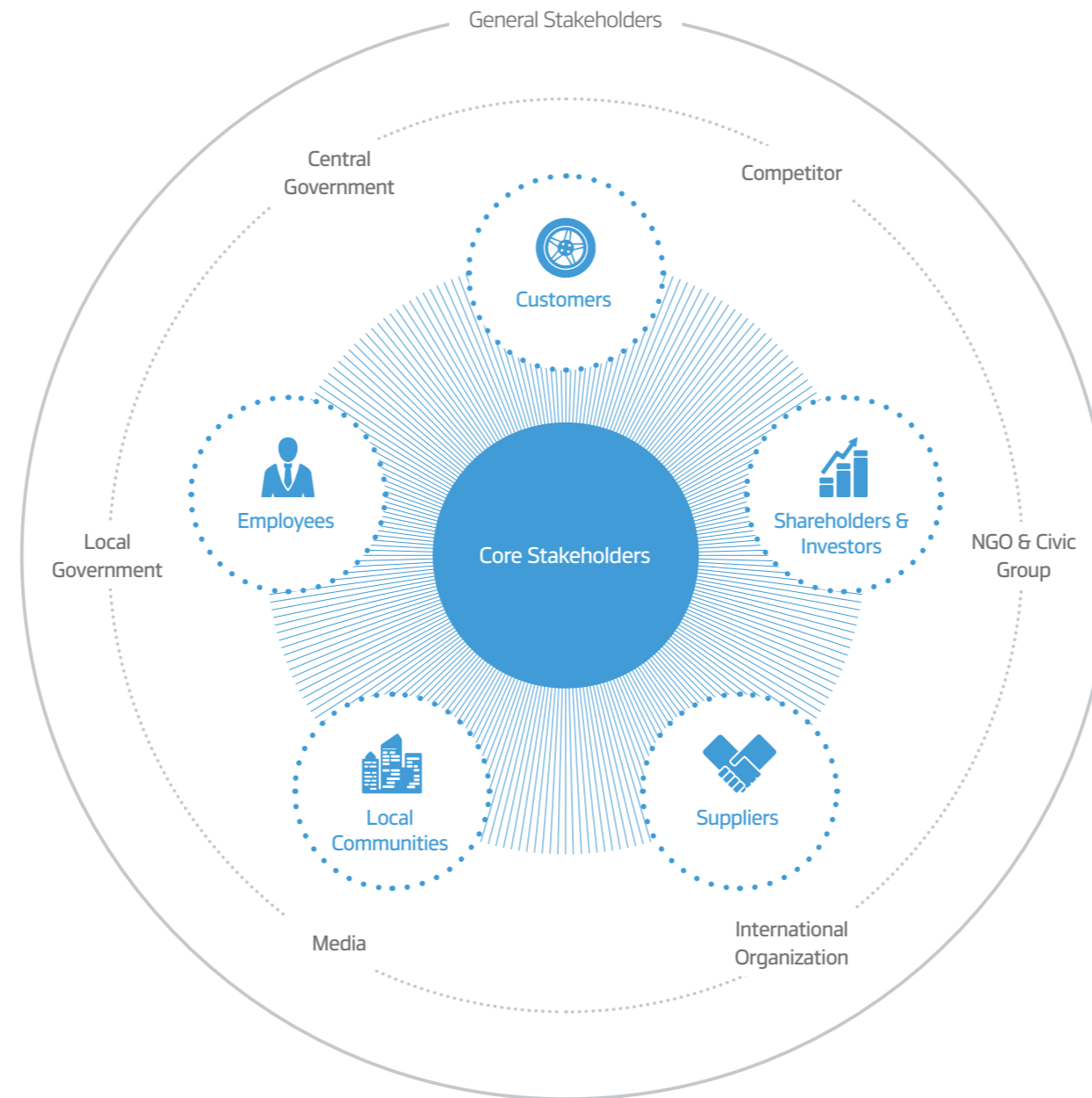
Ranking	Issue	Reporting Page	Ranking in 2019
1	Expand R&D investments and reinforce capabilities	34, 40	2
2	Establish quality management and strengthen customer satisfaction activities ¹⁾	37	8
3	Develop a sustainability management system and expand communication ²⁾	33	20
4	Reduce GHG & air pollutants emissions	44	5
5	Minimize impact in the product life cycle (materials collection, transport, manufacturing, use, and disposal)	40~41	9
6	Promote philanthropic activities in consideration of the features of local communities	20~21, 47~49	12
7	Establish a corporate culture of innovation/creativity ³⁾	56	-
8	Achieve excellent operating performance and expand employment	6, 68, 72	1
9	Strengthen anti-corruption activities ³⁾	17~19, 52~53	-
10	Operate the BOD soundly and secure transparency	25~27	21
11	Develop products and services for customer safety & health	7, 33~37	3
12	Use sustainable resources	40, 65	13
13	Create a compliance culture and strengthen activities ³⁾	52~53	-
14	Prevent and manage safety accidents	61	6
15	Improve the working environment and health management	61	4
16	Conducting activities for human rights protection and awareness-raising (promoting diversity; no discrimination; no child/forced labor, campaigns, human rights training, etc.)	56~58	18
17*	Support the growth of employees	56~58	10
	Promote work-life balance	56~58	14
19	Enhance suppliers' sustainability management (assessment, risk, etc.)	64~65	17
20	Implement HR systems to ensure fair appraisal and compensation	-	11
21	Make efforts to vitalize the local economy	47~49	22
22	Provide accurate information on products and services	33~37	25
23	Establish a company-wide risk management system	28~29	23
24	Adapt to climate change (risk management)	44	19
25	Pursue win-win labor-management relationships through open communication	56~58	7
26	Reinforce policies and activities for win-win growth with suppliers	65	16
27	Protect the ecosystem and biodiversity around worksites	49	26
28	Protect the personal information of customers	29	24

* Sharing the 17th ranking

1) Previously named: Enhance customer satisfaction activities for customer retention, 2) Previously named: Disclosing the performance of sustainability management in a transparent manner, 3) New issue

STAKEHOLDER COMMUNICATION AND ENGAGEMENT

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



Customers (car makers, general customers and dealers)

Communication Channel

- Technology exchanges, exhibition and fairs
- Sustainability assessments
- Dealer discussion meetings
- Customer satisfaction center

Communication Issue

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

Employees

Communication Channel

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

Communication Issue

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

Local Communities

Communication Channel

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

Communication Issue

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

Shareholders & Investors

Communication Channel

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

Communication Issue

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

Suppliers

Communication Channel

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

Communication Issue

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

STAKEHOLDER COMMITTEE

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

Stakeholder Committee

Date: Nov. 22, 2019

Venue: Gyeongju Hwabaek International Convention Center

Panel: Members of the project undertaken to reduce particulate matter generated from non-exhaust sources in the transport sector



Jeong Hwan Yoon
Senior researcher at the Korea Automotive Technology Institute

Sung Seen Choi
Professor at Sejong University

Choong Choi
Senior manager at Hankook Tire & Technology

Jin Wook Ha
Director at the Korea Automotive Technology Institute

Won Ho Kim
Professor at Pusan National University

Jae Yun Kim
Principal researcher at Kumho Petrochemical

Year of Materiality Analysis

2019

- No. 1 Achieve excellent operating performance and expand employment
- No. 2 Expand R&D investment and reinforce capabilities**
- No. 3 Develop products and services that consider customer health & safety

2018

- No. 1 Expand R&D investment and reinforce capabilities**
- No.2 Achieve excellent operating performance and expand employment
- No. 3 Manage and prevent safety accidents

2017

- No. 1 Expand R&D investment**
- No. 2 Undertake philanthropic activities in consideration of the features of local communities
- No. 3 Strengthen the ethics management system

Topic

Open Innovation

What is open innovation?

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

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

Discussion Issues

- ① What are the issues and solutions to creating an industry-academia-institute cooperation system (open innovation)?
- ② What are the requirements for the shared growth of businesses with their suppliers, research institutes, and universities in the aspect of technology development?
- ③ What are the challenges and opportunities in strengthening a company's R&D capabilities and expanding investments?

Main Opinions

Build partnerships and expand interaction between companies and universities

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

Secure experts from diverse fields to respond to technology convergence

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

Expand the organization and staffing dedicated to open innovation

If employees are given additional tasks on external collaboration in addition to their existing assignments, they will surely find it difficult to fully engage in their work. For us to generate greater outcomes from open innovation, we need to create a dedicated organization and assign exclusive staff in charge of relevant tasks and offer them sustained assistance.

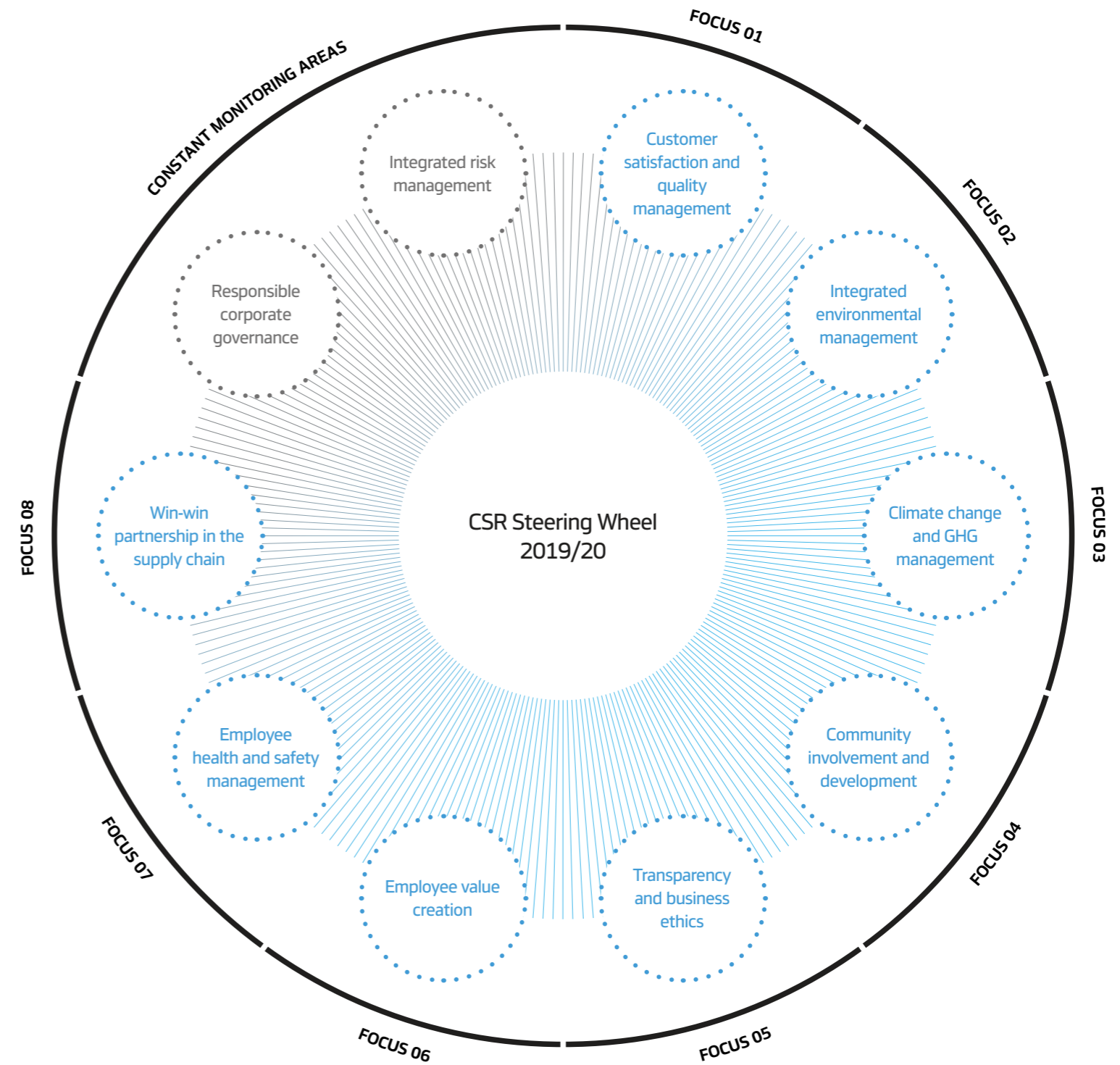
Set bold goals for successful open innovation

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

Hankook Tire & Technology relayed the main opinions identified through the Stakeholder Committee to relevant departments, and will reflect such stakeholder feedback in its strategy to strengthen capabilities in the entire R&D sector as well as in industry-academia-institute research.

CSR STEERING WHEEL 2019/20

On the basis of the integrated CSR management system, Hankook Tire & Technology identified two constant monitoring areas of responsible corporate governance and integrated risk management as well as eight CSR focus areas. These include customer satisfaction and quality management, integrated environmental management, climate change and GHG management, community involvement and development, transparency and business ethics, employee value creation, employee health and safety management, and win-win partnership in the supply chain. This Report outlines our achievements and plans in further detail by mapping each of these areas with the key material issues identified through the materiality analysis.



Area	Main Activity	Key Material Issue
Constant Monitoring Areas	Responsible corporate governance	Operate the BOD soundly and secure transparency
	Integrated risk management	Develop a sustainability management system and expand communication
Focus Areas	Focus 01 Customer satisfaction and quality management	Expand R&D investment and reinforce capabilities
		Establish quality management and strengthen customer satisfaction activities
	Focus 02 Integrated environmental management	Expand R&D investment and reinforce capabilities
		Reduce GHG & air pollutant emissions Minimize impact in the product life cycle (materials collection, transport, manufacturing, use, and disposal)
	Focus 03 Climate change and GHG management	Reduce GHG & air pollutants emissions
	Focus 04 Community involvement and development	Promote philanthropic activities in consideration of the features of local communities
	Focus 05 Transparency and business ethics	Strengthen anti-corruption activities
	Focus 06 Employee value creation	Establish a corporate culture of innovation/creativity
Focus 07 Employee health and safety management	Improve the working environment and health management	
Focus 08 Win-win partnership in the supply chain	Enhance suppliers' sustainability management (assessment, risk, etc.)	



HIGHLIGHTS

Management by Principle

Jeongdo Management

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

Jeongdo Management Declaration

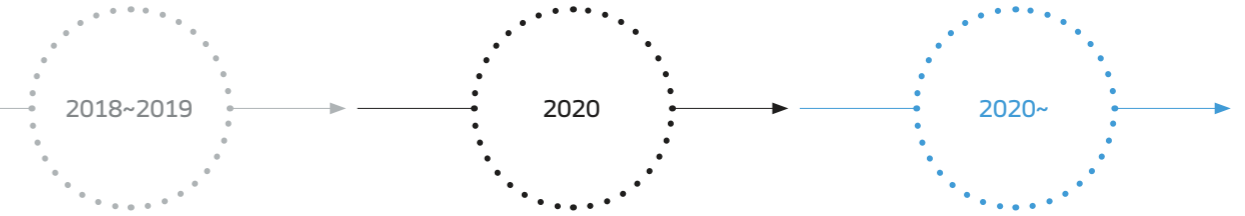
In March 2020, the CEO's statement on Jeongdo Management was announced through our intranet. This was followed by the Jeongdo Management declaration ceremony in June to reflect upon its meaning and significance and to encourage employees to commit themselves to this management philosophy and build consensus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

Advancing Jeongdo Management

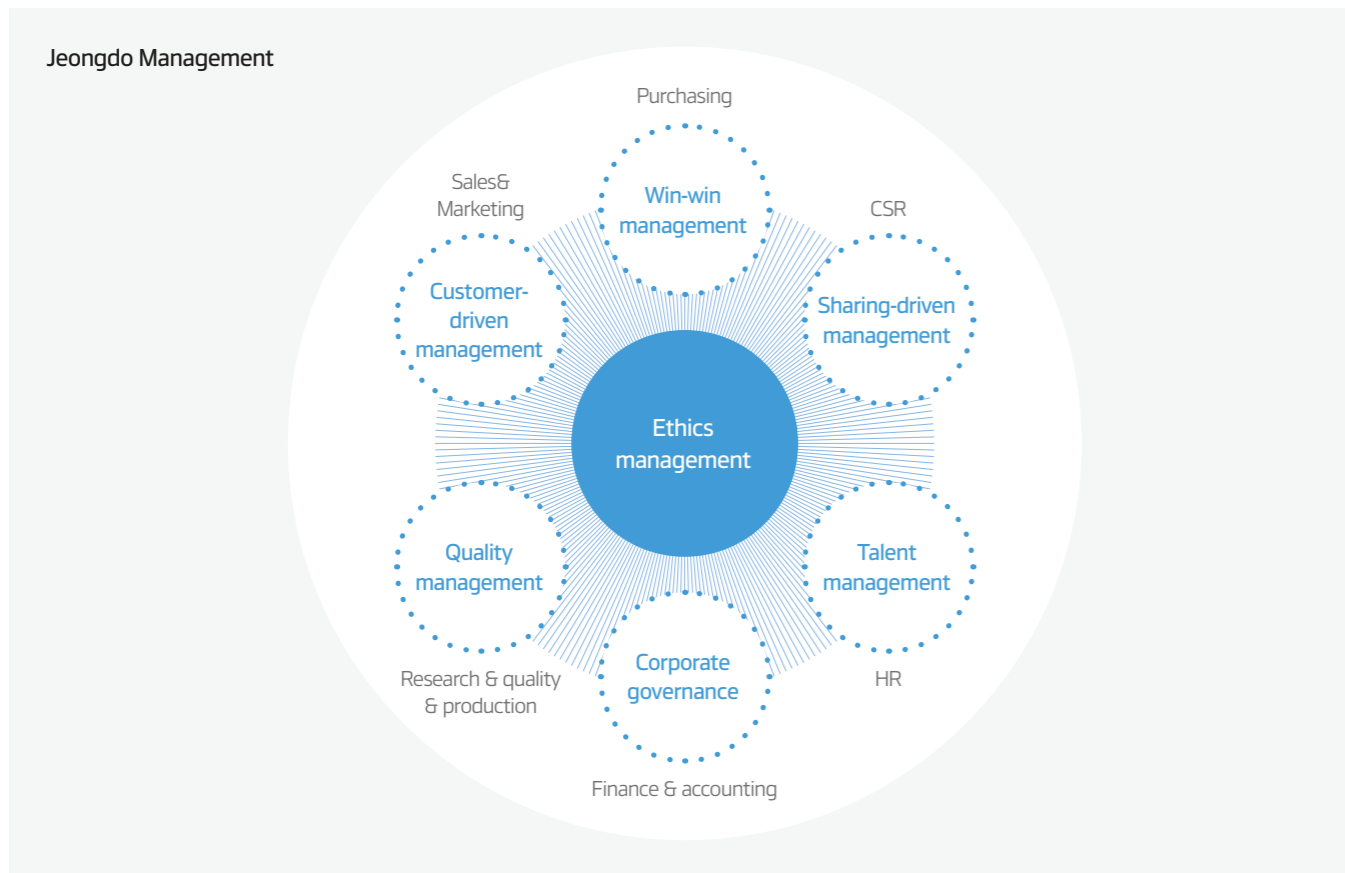
Jeongdo Management Framework — Jeongdo Management defines the course of action for our employees to take in order to reach our corporate vision, and ethics management serves as the foundation to establish management principles across all areas under Jeongdo Management.

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

Ethics Management Roadmap



Ethics Management	Establish an ethics management system - Develop core provisions and an organizational structure to practice ethics management	Create provisions and systemize an operational organization - Create practice guides on ethics management - Reorganize the Ethics Management Committee	Create a code of conduct and strengthen executive capabilities on business ethics - Create a code of conduct on Jeongdo Management - Strengthen the execution of ethics improvement through committee operations	Develop an Anti-Bribery Management System (ABMS) - ISO 37001 to be achieved ① Use the system to prevent the possibility of corruption occurring within the organization ② Reduce corruption risks ③ Improve internal/external credibility on Jeongdo Management
		Disseminate the whistleblowing system globally - Disseminate Cyber Auditing Center globally - Create an anonymous bulletin board on ethics management	Facilitate whistleblowing for interactive communication - Publicize Cyber Auditing Center among suppliers - Facilitate an anonymous bulletin board that engages employees	
		Perform ethics management self-assessments - Identify necessary improvements and their directions through self-assessments	Develop an ethics management risk assessment system - Perform risk self-assessments and analyses on the company-wide function level → Set and implement improvement plans	
	Internalize ethics awareness - Improve awareness to build consensus among employees	Conduct ethics management training and promotion - On/offline training - Ethics Letter, Q&A, etc. - Reporting of bribery campaigns, etc.	Advance the training system and diversify promotional efforts - Provide differentiated expert training by job position and level - Host the Jeongdo Management declaration ceremony - Broadcast ethics management programs during commutes	Establish an annual operational system for risk assessment - Establish and disseminate a risk self-assessment operational system across the entire organization of the Company and subsidiaries
	Expand ethics management - Disseminate and expand a culture of ethics management across the entire business operation	Disseminate ethics management to subsidiaries and suppliers - Conduct training, promotion and campaigns (simultaneously with HTG and HKT)	Practice ethics management at the locations of our suppliers and facilitate their engagement - Obligate suppliers to sign the ethics management pledge - Publicize the whistleblowing channel within Cyber Auditing Center	Advance the system operations - Continue with operations
		Disseminate ethics management to subsidiaries and suppliers - Conduct training, promotion and campaigns (simultaneously with HTG and HKT)	Practice ethics management at the locations of our suppliers and facilitate their engagement - Obligate suppliers to sign the ethics management pledge - Publicize the whistleblowing channel within Cyber Auditing Center	Create and revise ethics regulations and systemize the organization - Create and revise overall regulations on ethics management - Build and operate an ethics management operational organization



Code of Conduct for Jeongdo Management

Stakeholder	Management Principle	Code of Conduct Description
 Customer	Customer-driven management	We always put our customers first. <ul style="list-style-type: none"> - We deliver products and services of the highest quality to meet our customer's needs. - We heed and respect the voice of our customers and put them at the center of our business conduct. - We provide differentiated customer experience and value, and protect their information and rights.
	Quality management	We relentlessly endeavor to improve quality and safety. <ul style="list-style-type: none"> - We establish a quality-driven culture through ceaseless quality improvements. - We increase customer satisfaction and trust through systemic quality management. - We comply with applicable quality laws and regulations for customer safety.
 Employee	Talent management	We respect all employees, and pursue the mutual growth of the Company and our employees. <ul style="list-style-type: none"> - We respect the diversity of individual employees, and create a corporate culture that promotes mutual respect and prohibits discrimination. - We support employees' capacity building and compensate them fairly and according to their competence and performance. - We comply with applicable laws and regulations on safety, health and the environment, and consider the safety of our employees as our top priority.
 Supplier	Win-win management	We conduct fair transactions with our suppliers. <ul style="list-style-type: none"> - We pursue fair trade based on mutual respect and trust with our suppliers. - We share our benefits with our suppliers and seek mutual profits. - We provide all our suppliers with equal opportunities and reasonable business conditions to pursue shared growth.
 Community	Sharing-driven management	We fulfill our social responsibility and obligations. <ul style="list-style-type: none"> - We fulfill our corporate social responsibility and obligations, and strive for mutual development with local communities. - We actively engage in corporate philanthropy and the resolution of social issues with local communities, and strive to generate social value. - We endeavor to preserve and improve the environment and the natural surroundings of local communities throughout the entire process of development, production and use of all our products.
 Shareholder & Investor	Corporate governance	We maximize the value of shareholders and investors. <ul style="list-style-type: none"> - We practice management accountability based on sound and transparent governance. - We improve the value of the Company and shareholders through transparent decision-making and efficient business conduct. - We share corporate information with our shareholders and investors equally, and treat them fairly.
	Ethics management	We operate in a proper and honest way. <ul style="list-style-type: none"> - We establish a corporate culture that values compliance with laws and ethics as a global company. - We present all our stakeholders the standards and principles for proper action and value judgments, and strive to internalize ethics awareness. - We embed ethical practices and behaviors into the daily routines of our professional and personal lives.

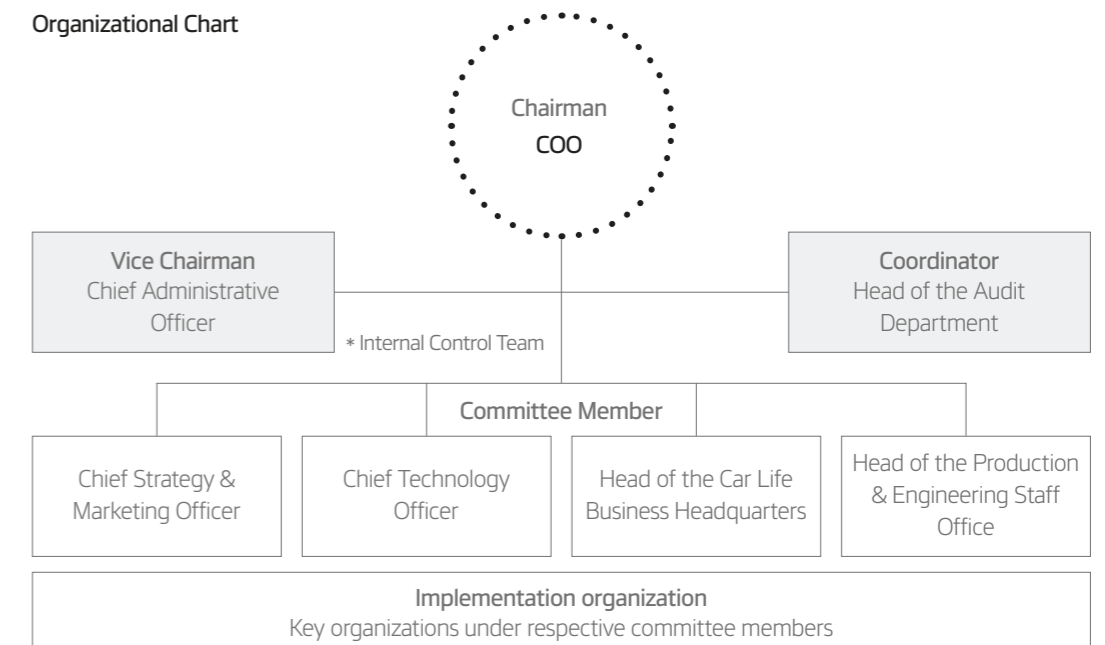
Establish the Code of Conduct for Jeongdo Management — We created 21 provisions for each of the seven management principles to provide clear ethics guidelines for our employees.

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


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

Major decisions made at the 1st Jeongdo Management Committee meeting held on Apr. 28th, 2020

1. Operational plan of the committee
2. Establishment of a code of conduct for Jeongdo Management
3. Organization of the committee at the holding company
4. Offline declaration ceremony for Jeongdo Management

Organizational Chart


Road Safety for Children



Hankook Tire & Technology has been consistently undertaking corporate philanthropic initiatives aligned with its main business, including the three major mobility projects of car donations, tire donations and the operation of the Tuieum Bus. We have also developed road safety maps for children since 2013 with an aim to deliver the social value of 'reducing traffic accidents involving children'. In 2019, we initiated another project to use a portion of the sales profits from our 'Kinergy EX' tires to distribute transparent LED umbrellas to children, who are at particular risk for traffic accidents on rainy days. Our plan is to integrate these two projects to launch the road safety for children campaign, and develop them into Hankook Tire & Technology's flagship corporate philanthropic initiative in the years ahead.

In 2019, we chose Songpa-gu, Youngdeungpo-gu, and Gangdong-gu in Seoul as well as Suwon City and Ansan City in Gyeonggi Province as our project sites to develop road safety maps for children in consideration of the statistics on areas of frequent traffic accidents involving children and priority areas that receive educational and welfare funding. We received applications from 88 elementary schools in the Seoul region and 153 elementary schools in the Gyeonggi region, and a group of experts - one from the Korean Association for Safe Communities and four external experts - screened these applications to choose a total of four finalists. These were Songpa Elementary School, Shinmyung Elementary School, and Sunsa Elementary School in Seoul and Dongsin Elementary School in Suwon. This project was attended by 508 4th graders from these 4 schools and the project ensured that the school walkways were toured, the road environment was monitored, interviews were conducted, and road safety maps were created and offered.

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

Students who participated in the creation of road safety maps for children

508 students
(4th graders from 4 schools)

Budget invested to 'distribute transparent LED umbrellas'

KRW **50** million
(a portion of the sales profits from Kinergy EX tires)



Distributing transparent LED umbrellas

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

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

Creating road safety maps for children



Response to the COVID-19 Outbreak

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

Response to the COVID-19 Pandemic

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

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

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

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

Support to Overcome COVID-19

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

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

Post-COVID 19

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

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





CONSTANT MONITORING AREAS

Responsible Corporate Governance
Integrated Risk Management

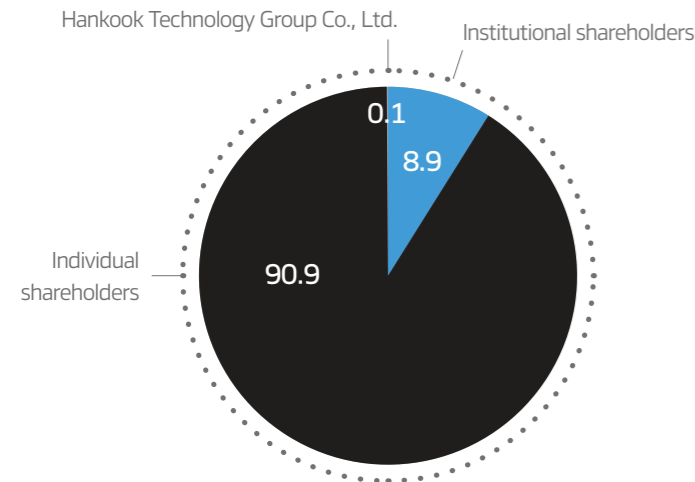
RESPONSIBLE CORPORATE GOVERNANCE

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

Shareholder Data

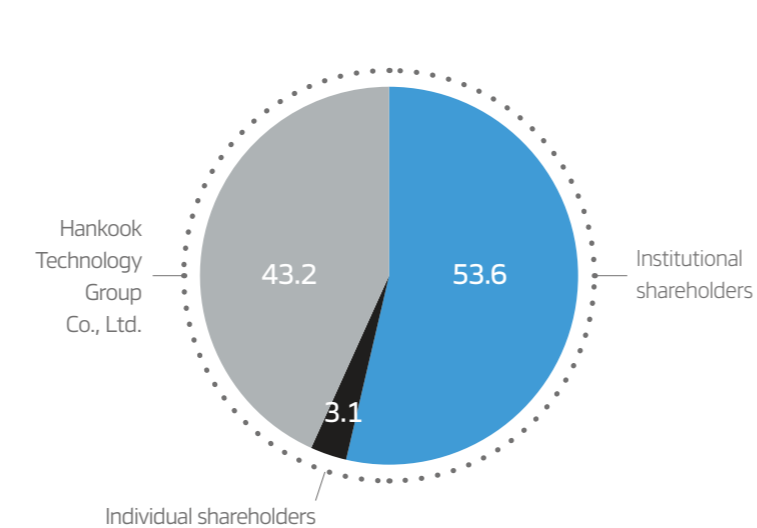
Composition of Shareholders

(unit: %)



Stock Ownership

(unit: %)



(as of Dec. 31, 2019)

Category	No. of Shareholders	Ratio of Shareholders	Amount of Shares ¹⁾	Stock Ownership
Institutional shareholders ²⁾	1,625	8.9%	66,423,375	53.6%
Individual shareholders	16,572	90.9%	3,871,248	3.1%
Hankook Technology Group Co., Ltd.	24	0.1%	53,558,058	43.2%
Treasury stock	1	0.0%	22,388	0.0%
Total	18,222	100%	123,875,069	100%

1) Hankook Tire & Technology follows the one share one vote rule, and treasury shares do not have voting rights in accordance with the Commercial Act
 2) The ownership of the National Pension Service amounts to 8.15%

Founder & Founding Family Ownership

(as of Dec. 31, 2019)

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

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

Management Ownership

(as of Dec. 31, 2019)

Category	Name	Stock Ownership against Base Pay
CEO	Hyun Bum Cho	80.67 ²⁾
COO	Soo Il Lee	
Chairman	Yang Rai Cho	
Independent director	Choong Hwan Cho	
Non-registered executives	Han Jun Kim	12.69 ³⁾
	Seon Woo Kim	
	Il Lyong Jeong	
	Jin Gyun Jeoung	
	Gyu Bong Lee	
	Suck Ho Choi	
	Tae Seok Moon	

2) Calculated by dividing stock ownership based on the closing price on the last trading day of 2019 (KRW 33,700) by base pay
 3) Calculated by dividing stock ownership based on the closing price on the last trading day of 2019 (KRW 33,700) by the average base pay of executives (excluding the CEO)

CEO and Executive Compensation

The CEO's short-term incentives are paid in accordance with performance indicators (e.g. cash flow, EBITDA and revenues, etc. for the concerned year) and comprehensive appraisal criteria that consist of contributions made to business performance (e.g. attainment of strategic tasks). Long-term incentives are calculated according to business performance over a three-year period and are paid every three years in consideration of EVA⁴⁾, sales growth rates, share price, and TSR⁵⁾ disparities.

4) EVA (Economic Value Added): An indicator that demonstrates substantial corporate value as seen from the viewpoint of shareholders
 5) TSR (Total Shareholder Return): Total rate of returns for shareholders during a specific period of time

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

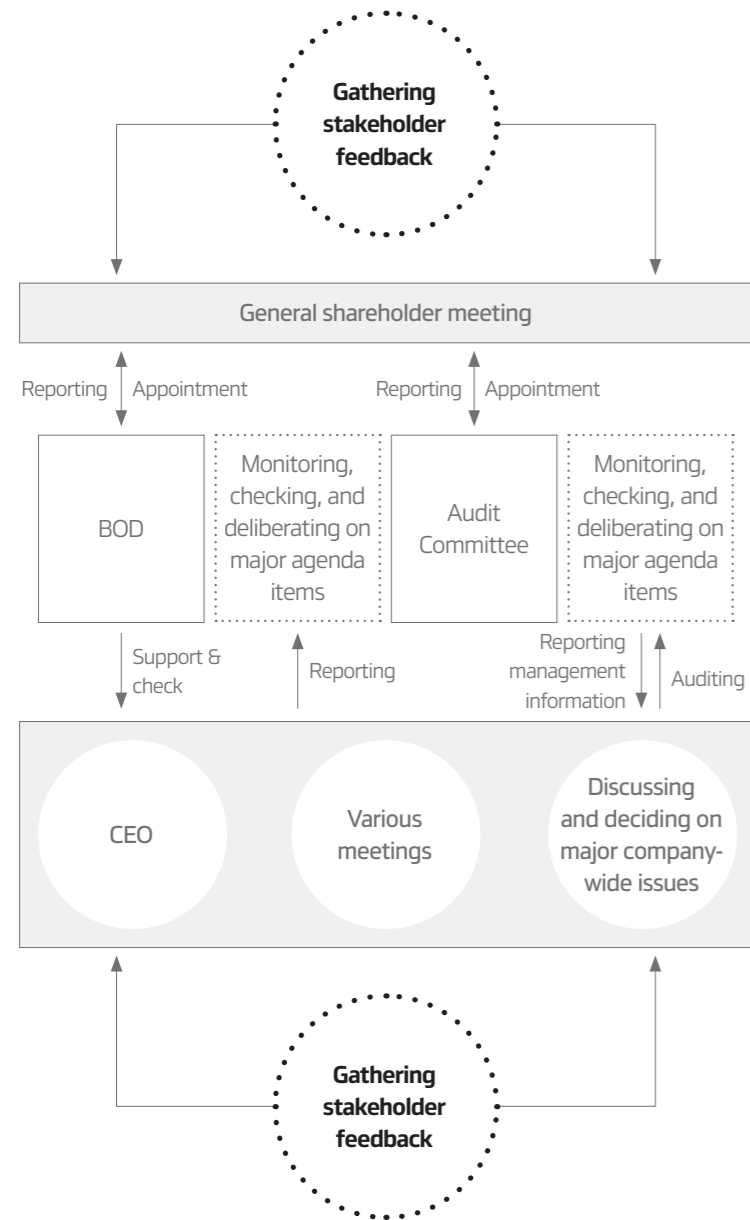
* Professional misconduct: Behavior causing damages to the company due to illegal acts or occupational/gross negligence, etc.

CEO-to-Employee Compensation Ratio (as of Dec. 31, 2019)

Total CEO Compensation (KRW million) ⁷⁾	Mean Employee Compensation (KRW million) ⁸⁾	Ratio
1,307	71	18.41

7) Including allowances and long-term/short-term incentives as well as base pay

8) Calculated by dividing total CEO remuneration by the average workers' wage



BOD-Centered Decision-Making Process

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

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

(as of Dec. 31, 2019)

Director	Name	Position/Career	Latest Appointment	Note
Executive director	Hyun Bum Cho	President, CEO	September 2012 ¹⁾	
Executive director	Soo Il Lee	President, COO	March 2018	
Independent Director	Choong Hwan Cho	Chairman of the Audit Committee	September 2012 ¹⁾	Previous) Vice Chairman, Hankook Tire Main role: Risk management and the supervision of management activities
Independent Director	Sung Phil Hong	Audit Committee member	September 2012 ¹⁾	Previous) Professor at Yonsei Law School Previous) President, Maxon Telecom Main role: Risk management and cyber security
Independent Director	Chang Hwa Jung	Audit Committee member	March 2018	Previous) Professor, Korea University Business School Main role: Risk management

1) In September 2012, Hankook Tire & Technology (formerly Hankook Tire) was separated into Hankook Technology Group (formerly Hankook Tire Worldwide) as an investment business and Hankook Tire & Technology as a tire business, which resulted in the creation of a new board of directors.

Board Independence Statement

We ensure that independent directors account for the majority of the BOD and set a goal of maintaining their ratio at 60% and above in order to improve the transparency and independence of the BOD. Directors are appointed at the general meeting of shareholders, which is held before March every year. Executive director candidates shall be recommended by the board of directors and independent directors through the Non-executive Director (NED) Recommendation Committee according to transparent and fair procedures. The tenure of directors shall be three years and when a vacancy occurs among directors, an appointment is made individually at the general meeting of shareholders. In the composition of the board of directors, the Commercial Act, Monopoly Regulation and Fair Trade Act, and other laws are observed.

Disqualifications on the Requirements for Independent Directors

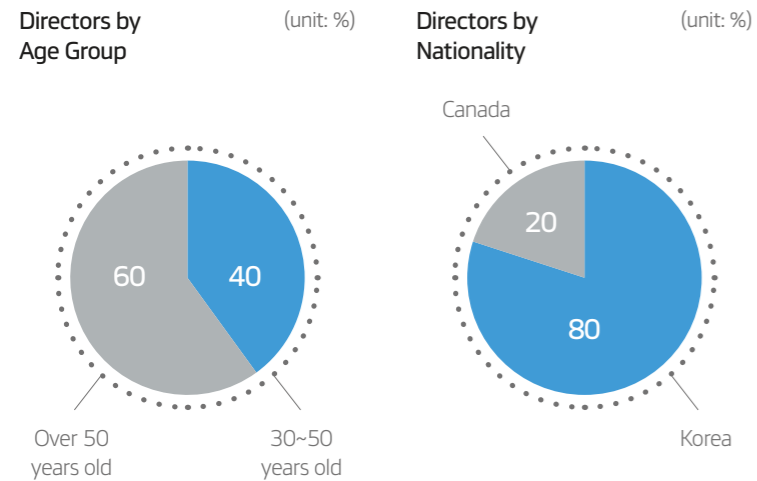
Independent directors are directors who are not engaged in the regular business of the relevant company, and do not correspond to any of the following subparagraphs. Where any independent director falls under any of the following subparagraphs, he/she shall be removed from office:

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

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

BOD's Diversity Policy

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



BOD Expertise

Our independent directors are appointed through the general shareholder meeting for their expert knowledge and abundant experience in the areas of business administration, law, and accounting and for their compliance with the qualifications stipulated in applicable regulations. We ensure that our

independent directors, with their extensive expertise, not only act as a check and monitor senior management but also offer their advice to assist our CEO in making informed decisions. Furthermore, independent directors receive separate training to enhance their expertise: three independent directors were provided with on-site tour training to understand the status of our business operations as well as risk training on the internal accounting control system in 2019.

Effectiveness and Transparency of the BOD

Hankook Tire & Technology requires that the board of directors exceed 50% of the quorum¹⁾ in order to operate effectively. In addition, in order to faithfully fulfill Hankook Tire & Technology's role as an outside director, outside directors cannot serve as outside directors at more than two companies other than Hankook Tire & Technology. Hankook Tire & Technology has installed and is operating the Audit Committee and conducts self-assessment every year to enhance the effectiveness of the Audit Committee. During self-assessment, the 'composition and qualification of the Audit Committee', the 'qualification of the chairman of the Audit Committee', the 'understanding of corporate business and risk', 'work processes and procedures', the 'supervision of financial reporting', the 'supervision of the audit function', 'monitoring activities', etc. are assessed. Hankook Tire & Technology has been assessed its board performance by KCGS (Korea Corporate Governance Service) annually. KCGS evaluates companies' corporate governance by these criteria: the composition of shareholders, BOD and its committees, activities of Audit Committee, protection

of shareholders' rights, and transparent disclosure. Also, such third-party assessments are used as the basis to monitor and improve vulnerable areas.

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

BOD Remuneration

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

Remuneration of Directors and Auditors (unit: KRW million)

Director	No. of Directors	Total Remuneration	Average Remuneration per Person
Executive director	2	1,874	937
Independent director (Audit Committee member)	3	162	54

BOD Operation over the Past 5 Years

Year	Regular Meeting	Ad-Hoc Meeting
2015	4	7
2016	4	4
2017	4	4
2018	4	4
2019	4	7

※ Average board meeting attendance in 2019: 80%

Training for Independent Directors (2019)

(as of Dec. 31, 2019)

Date of Training	Trainer	Attendee	Training Topic
Jun. 18 ~ Jun. 20, 2019	Executives at Europe Headquarters	Choong Hwan Cho, Sung Phil Hong, Chang Hwa Jung	On-site tour to understand the status of business operations (internal training)
Oct. 31, 2019	Korea Listed Companies Association	Choong Hwan Cho, Sung Phil Hong, Chang Hwa Jung	Practical operations of the internal accounting control system and trends in external auditing (external training)
Dec. 3, 2019	Audit Committee Forum	Sung Phil Hong, Choong Hwan Cho	Financial statements (statement of cash flow) and accounting reforms (external training)

Operation of Subcommittees under the BOD

Subcommittee	Composition	Responsibility
Audit Committee	3 independent directors	- Audit the Company's accounting and business operations - Investigate the Company's asset status - Handle matters stipulated by governmental regulations and the Articles of Incorporation as well as matters commissioned by the BOD - Request directors to report on business operations - Approve the appointment of external auditors
Sustainability Committee	2 executive directors	- Deliberate and decide on general management matters - Deliberate and decide on financial matters
Independent Director Recommendation Committee	2 executive directors, 3 independent directors	- Recommend independent director candidates to the general shareholder meeting
Internal Transactions Committee	3 independent directors	- Approve large-scale internal transactions

INTEGRATED RISK MANAGEMENT

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

Financial Risk

Financial risk — In 2019, the global economy continued to suffer aggravating fluctuations due to the U.S.-China trade dispute. Specifically, a downward pressure persisted in Europe, China and emerging economies while the sluggish domestic economic growth resulted in shrinking private sector investments and employment. Still yet, Hankook Tire & Technology is focused on further stabilizing its business through sustained risk management. We use the cash flow generated from our worldwide operations to repay unnecessary borrowings and to reduce our leverage ratio in so doing while monitoring and constantly managing our financial expenses and F/X positions to minimize our risk exposure in the financial environment. Furthermore, we readily share market data through internal/external communications to swiftly identify fluctuations in the financial market and assist top management in efficiently making decisions.

Currency risk — In line with broadening global sales operations, Hankook Tire & Technology is now dealing in 31 foreign currencies, including the USD and the Euro. To minimize relevant risks, we use local currencies in conducting current transactions on imports and exports that occur as part of our sales operations and in making financing transactions on deposits and borrowings. In accordance with the principle of matching currency denominations for collections and payments, we also diversify currency risks and minimize our F/X positions. If our F/X positions exceed the set limit in spite of our best efforts, they are managed in conformity with our currency risk management guidelines that stipulate the definition of currency risks, responsible employees, management procedures, and hedge ratios. The Financial Risk Management Committee meets periodically on a quarterly basis to develop region/currency-specific F/X risk countermeasure strategies. While natural hedging that matches foreign currency assets with foreign currency liabilities is adopted as the fundamental currency management principle, we also employ currency hedging to use financial instruments within the approved limits to address the currency exposure that has already occurred.

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

Tax Policy

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

1. We thoroughly comply with domestic and international tax laws and regulations in any and all business transactions made to generate economic and social value in order to faithfully fulfill our tax obligations as stipulated by law, and we accurately file and pay taxes in accordance with applicable tax laws and regulations.
2. We fully disclose relevant information to our stakeholders to ensure transparency concerning our tax status. We file taxes with the help of accounting firms on those items stipulated by law to ensure the appropriate application of tax laws and regulations and to protect stakeholders as a result.
3. We are not involved in cross-country profit shifting which is a practice that takes advantage of different tax systems across countries, loopholes in the international tax system or tax havens nor are we involved in any transactions made for the purpose of tax avoidance. We ensure that we are lawfully taxed in accordance with the value created in the country in which we operate.
4. In making transactions with related parties, we comply with the OECD Transfer Pricing Guidelines and the arm's length price principle in conformity with country-specific regulations. In making transactions subject to transfer pricing with overseas related parties, we work with external tax experts in reporting on transfer prices to ensure proper follow up measures are taken.



Non-financial Risk

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

Legal risk — Hankook Tire & Technology thoroughly manages legal risks in reviewing the contracts of its domestic and overseas business, in reviewing legal issues in relation to M&A and other project undertakings, in offering legal advice on business conduct to working-level departments, and in resolving disputes that include domestic and overseas litigations and arbitrations. To further advance compliance management, we also ensure legal risk prevention in evaluating and improving our collection and use of customers' personal information in conformity with the Personal Information Protection Act, in offering sexual harassment prevention training at our domestic and overseas worksites, and in assessing and improving our compliance with the Fair Trade Act in conducting business with affiliates and subcontractors.

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

Health & safety risk — To ensure our work environment is free from any accidents or injuries, Hankook Tire & Technology increased EHS investments and is building a safety-driven culture while providing musculoskeletal disease prevention and psychological counseling programs. In addition, action-based innovation initiatives and preemptive response measures are being taken to swiftly respond to EHS issues and to fundamentally reduce relevant risks so as to maintain a healthy and safe work environment. In addition, manager-led activities were implemented to bring innovative change to safety awareness and elevate the level of a safety-driven culture, which in turn allowed us to strengthen the safety management system with a focus on shop floor operations and self-directed action. In so doing, we were able to improve our execution of improvement measures and build consensus and understanding among labor, management and the government in our safety management. In 2019, we worked on the transfer into the ISO45001 certification and took wide-ranging actions to establish and upgrade our safety culture, paving the way to become a global leader in health & safety management.

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

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



CSR FOCUS AREAS

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

Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers)
 • Integrated Environmental Management
 • Climate Change and GHG Management
 • Community Involvement and Development
 • Transparency and Business Ethics
 • Employee Value Creation
 • Employee Health and Safety Management
 • Win-Win Partnership in the Supply Chain

CUSTOMER SATISFACTION AND QUALITY MANAGEMENT (CAR MAKER)

FOCUS 01

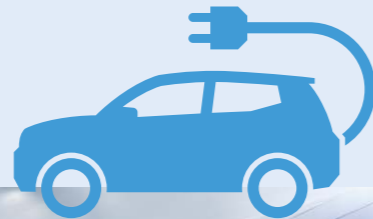
Key Achievements

Submitted a concept tire with Volkswagen at the Shanghai Auto Show

Formed a partnership with the EV company Rinspeed and attended the Geneva Motor Show

Supplied EV tires to the Audi e-tron

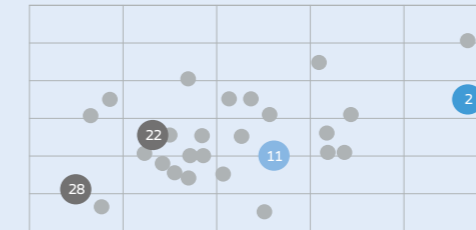
Provided training to promote quality mindset
15,000 employees



Relevant Issues

- 2 Establish quality management and strengthen customer satisfaction operations
- 11 Develop products and services that consider customer health & safety
- 22 Provide accurate information on products and services
- 28 Protect customers' personal information

Materiality Analysis Outcomes



Impact Analysis Outcomes



Issue Background & Management Status

OE¹⁾ business, as a form of Business to Business (B2B) transaction, is to supply tires to car OEMs. As generating sustained profits in OE business requires reflecting new technology desired by car OEMs in improving the technological capability of products, this highlights the need to form long-term trust-based partnerships with customers and engage in wide-ranging communication activities in addition to continued R&D investments, rather than focusing on short-term profits. Hankook Tire & Technology strengthens its strategic partnerships with car OEMs, leveraging its systems and technological capabilities accumulated over the years. Not only do we cater to the customer needs of today, but we are also committed to developing cutting-edge technology and improving our quality to respond to the rapidly-shifting market landscape. Furthermore, we sincerely address CSR requirements that are increasingly gaining importance in the industry to facilitate communication on our sustainability.

1) OE: Original Equipment

Future Plan

Hankook Tire & Technology will swiftly identify the technology requirements of car OEMs as well as market trends while engaging in a wide array of communication activities, including exhibition attendance and customer interactions, to develop and supply products that deliver the optimal performance and quality as required by customers. In particular, we will secure tire technology that satisfies the performance requirements of future automobiles and expand our supply, and proactively respond to corporate social responsibility and sustainability assessment in order to elevate our business relationship with customers to new heights.

Management Organization

Chaired by	OE Division Director
Supervised by	Global OE Planning Team, Global OE Sales Team, Global OE PM Team, OE Teams in Europe, the Americas, China, Japan, and ASEAN India
Cooperation Team	OE Development Department, TB Development Department, Development Quality Assurance Team, Global OE Quality Team, OE Quality Teams in the Americas and China, and Technical Centers in Europe, the Americas, Japan, and China



Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) • Integrated Environmental Management • Climate Change and GHG Management • Community Involvement and Development • Transparency and Business Ethics • Employee Value Creation • Employee Health and Safety Management • Win-Win Partnership in the Supply Chain

● Completed ● Partially completed ○ Under preparation

Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Promoting continued communication with car makers	Strengthening communication with car makers	Managed partnerships through the continued sponsorship for corporate philanthropic events, invitation to sports events sponsored by the Company, and the collaborative manufacturing of concept tires	●	Strengthening communication with car makers	Manage partnerships through the continued sponsorship for corporate philanthropic events, invitation to sports events sponsored by the Company, and the collaborative manufacturing of concept tires	2021	Global OE Planning Team Global OE Sales Team Global OE PM Team
		Advanced technology communication through collaboration with EV companies	●		Advance technology communication through collaboration with super car and EV companies	2021	Regional OE Team
	Meeting the requirements of car makers	Promptly responded to sustainability assessments and took follow-up measures (continued)	●	Meeting the requirements of car makers	Promptly respond to sustainability assessments and take follow-up measures (continued)	Year-round	CSR Team
Strengthening product capabilities	Developing products that meet the high-performance requirements of car makers	Developed tires optimized for future eco-friendly vehicles such as EVs and hybrid cars (continued) Delivered on RRC ²⁾ target performance requirements in accordance with the WLTP ¹⁾ (continued)	●	Developing products that meet the high-performance requirements of car makers	Develop tires optimized for future eco-friendly cars such as EVs and hybrid cars (continued) Develop tires optimized for super cars Meet RRC target performance requirements (continued)	2021	Global OE Planning Team Global OE Sales Team Global OE PM Team Regional OE Team OE Development Department
	Establishing a zero-defect quality assurance system	Continued to innovate the development quality assurance system - Secured uniform quality (process, raw/subsidiary materials, semi-finished/finished products) - Reinforced the verification of products and processes	●	Establishing a zero-defect quality assurance system	Advance the quality system - Establish a TQ assurance system and develop an integrated quality audit system	2021	Quality Division R&D Staff Office Production & Engineering Staff Office
	Improving employees' quality mindset	Developed core quality capabilities - Continued to secure professional quality capabilities	●	Improving employees' quality mindset	Innovate the quality training system - Strengthen quality training to become a global first-tier supplier	2021	Global Quality Planning Team

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

2) RRC: Rolling Resistance coefficient

Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) • Integrated Environmental Management • Climate Change and GHG Management • Community Involvement and Development • Transparency and Business Ethics • Employee Value Creation • Employee Health and Safety Management • Win-Win Partnership in the Supply Chain

Promoting Continued Communication with Car Makers

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

Strengthening communication with car makers

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

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

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

Meeting the requirements of car makers

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

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



1&2. Official sponsorship for the Deutsche Tourenwagen Masters (DTM)
 3. Attendance at the IAA

Strengthening Product Capabilities

We are committed to developing tire technology and improving quality to deliver optimal products to car makers.

Notably, we develop tires that comply with tightening exhaust gas testing criteria and cater to the technical requirements of car OEMs to further reinforce our cooperation with global car makers and contribute to the development of the automobile industry in so doing.

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

Our endeavors to meet the social need for eco-friendly tires allowed us to initiate the supply of EV tires to the Audi e-tron. In particular, we developed tires that contribute to fuel efficiency improvement in conformity with tightened exhaust gas testing criteria under the WLTP¹⁾, which was positively welcomed by car OEMs and consumers. We will continue to form partnerships with EV companies and tap into the EV market to diversify the supply portfolio of our OE business.

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

Establishing a zero-defect quality assurance system

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

1. Initiating OE tire supply on the Porsche Cayenne
2. Initiating the supply of EV tires to the Audi e-tron



Improving the quality mindset of all employees

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

CUSTOMER SATISFACTION AND QUALITY MANAGEMENT (GENERAL CUSTOMERS AND DEALERS)

FOCUS 01

Key Achievements

Provided training to shop owners
312 shops attending (including redundancies)
 7 courses (repair skills, consumer management, sales, system use, etc.)

The Korea Brand Power Index (K-BPI)
 Ranked **1st** **12** consecutive years

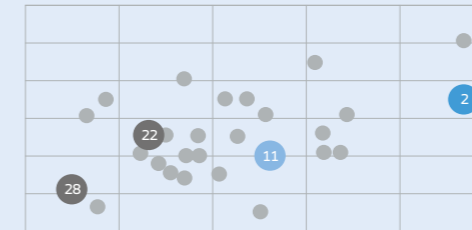
Received the Grand Prize at the Korea Communication Awards 2019 and at the Korea Empathic Contents Awards (campaign contents sector)



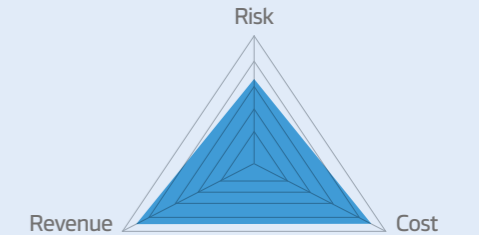
Relevant Issues

- 2 Establish quality management and strengthen customer satisfaction operations
- 11 Develop products and services that consider customer health & safety
- 22 Provide accurate information on products and services
- 28 Protect customers' personal information

Materiality Analysis Outcomes



Impact Analysis Outcomes



Issue Background & Management Status

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

Future Plan

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

Management Organization





Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) • Integrated Environmental Management • Climate Change and GHG Management • Community Involvement and Development • Transparency and Business Ethics • Employee Value Creation • Employee Health and Safety Management • Win-Win Partnership in the Supply Chain

● Completed ● Partially completed ○ Under preparation

Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Win-win management	Offering shop operation improvement courses	Held 22 sessions of retail capacity-building training (system, product sales, etc.): Completed by 264 people	●	Offering shop operation improvement courses	Provide retail capability-building training (by topic)	Dec.	Retail Channel Management Team
		Held one session of onboard training to new shop owners			- Facilitate sales and share best practices regarding shop operations		
Customer satisfaction	Enhancing customer satisfaction	Held 21 sessions of technical training on foreign car repair and wheel alignment: Completed by 162 people	●	Enhancing customer satisfaction	Provide onboarding training to new shop owners: Shop operations, sales lift, and consumer management	Dec.	Retail Marketing Team
		Developed and provided digitally-based customer experience services			Provide onsite training: Marketing, products and consumer management		
		- Launched 'Smart Pickup Service' and other O2O services			Provide online training: Best practices from top-performing shops on shop operations, consumer management, etc.		
Customer communication	Launching highway vehicle safety check-up campaigns	- Launched diverse campaigns through 'T'Station.com' to offer a differentiated customer experience	○	Launching highway vehicle safety check-up campaigns	Strengthen capacity on customer-friendly product contents and services	Dec.	Retail Marketing Team
		Designed a customer loyalty program			Design and launch a customer loyalty program (membership)		
Customer communication	Offering free mobile vehicle check-ups	Performed tire/battery/consumables check-ups and provided counseling on tire management tips in six highway service areas across the nation on five occasions	●	Offering free mobile vehicle check-ups	Improve the efficiency of highway safety check campaigns: Offer service and promotional materials that reflect customer needs to improve customer satisfaction	Dec.	Korea Technical Service Team
		Performed safety checks during the summer holiday season (Jul.)			Perform safety checks twice during the summer vacation season (Jul., Aug.)		
		Visited government offices, companies and local festivals to provide free check-ups	●		Review the service management system	Dec.	Korea Technical Service Team
		Launched promotional activities in alignment with T'Station shops, including welfare partnership agreements					

Win-Win Management

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

Offering shop operation improvement courses

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

Customer Satisfaction

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

Enhancing customer satisfaction

- Developing and utilizing digitally-based customer experience services

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

1) Same day service: Customers purchase their tires online and have them mounted the same day

2) Smart Pickup service: Our driver directly picks up a customer car at a designated locale and returns the car when repairs are completed as a premium service

Customer Communication

We provide tailor-made services to improve customer satisfaction, and compile customer complaints and feedback to reflect them in enhancing our service quality and in developing and improving products.

Launching highway vehicle safety check-up campaigns

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

Offering free mobile vehicle check-ups

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

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

Region	Seoul/Gyeonggi/Incheon	Busan/South Gyeongsang	Chungcheong	Gwangju/Honam	North Gyeongsang	Total
Visits paid (No. of visits)	46	17	6	14	2	85
Vehicles checked (No. of vehicles)	1,865	268	97	458	32	2,720

Free-of-Charge Mobile Vehicle Checks In 2019

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

Highway Vehicle Safety Check Campaign Outcomes in 2019

Category	Fall Campaign	Regular Campaign			Spring Campaign	Total
		1 st round	2 nd round	3 rd round		
Vehicles checked (No. of vehicles)	26	403	399	265	68	1,161

INTEGRATED ENVIRONMENTAL MANAGEMENT

FOCUS 02

Key Achievements

Ratio of eco-friendly products in 2019
(based on quantities)

48%

(45% in 2018)

Waste discharge intensity in 2019

47^{kg}/ton of finished product

(43kg/ton of finished product in 2018)

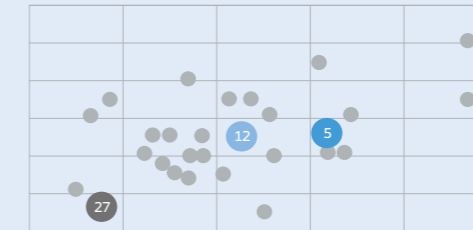
Developed the Global Chemical Information System (G.CIS)



Relevant Issues

- 5 Minimize impact along the product lifecycle (raw material collection, transport, manufacturing, use and disposal)
- 12 Use resources sustainably
- 27 Protect the ecosystem and biodiversity in the vicinity of worksites

Materiality Analysis Outcomes



Impact Analysis Outcomes



Issue Background & Management Status

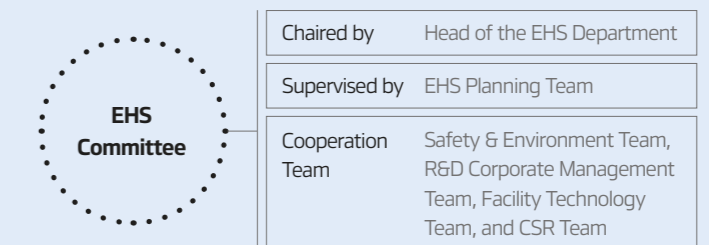
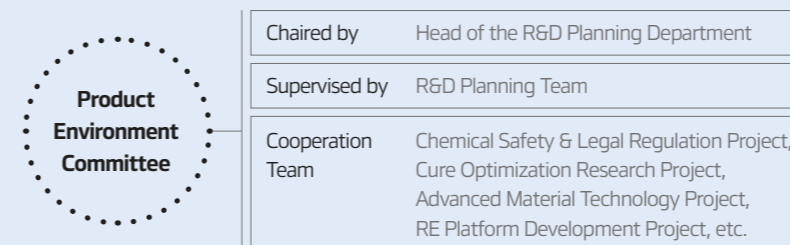
One of the most fundamental prerequisites for corporate sustainability is environmental management. Hankook Tire & Technology is dedicated to mitigating its environmental impact not only in product manufacturing but also across the entire lifecycle from product development to use and disposal. In particular, we clearly recognize the importance of R&D which determines the majority of the environmental impact generated in the product lifecycle, and focus on developing raw materials with less environmental impact and are researching structures and performance features that help reduce such impact. Meanwhile, we developed a chemical inventory and realigned our chemical management process to protect the health of our employees and prevent any damage from chemical-related incidents in response to the tightening global regulations on the use of chemicals. In so doing, we aim to preemptively review any and all chemicals to be used at our plants and R&D centers for their environmental, health and regulatory aspects in order to fundamentally eliminate their environmental impact in the manufacturing and product use phases.

Future Plan

Hankook Tire & Technology sets mid/long-term goals on environmental management and fully commits itself to attaining such goals. We will reduce the emission of air pollutants, the generation of waste and the consumption of water to minimize the environmental impact on local communities. We constantly perform environmental impact assessments along the product lifecycle to quantitatively evaluate our endeavors to improve on the environment and identify necessary improvements. To specifically mitigate the environmental impact in the product use phase where the most environmental impact is generated in the product lifecycle, we will continue to focus on improving rolling resistance performance and develop products that are set at their optimal weight.

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

Management Organization





Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) · **Integrated Environmental Management** · Climate Change and GHG Management · Community Involvement and Development · Transparency and Business Ethics · Employee Value Creation · Employee Health and Safety Management · Win-Win Partnership in the Supply Chain

● Completed ● Partially completed ○ Under preparation

Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Reducing Environmental impact in the product design and raw material acquisition phases	Improving the chemical management process and establishing its system	Completed the G.CIS	●	Innovating the chemical management process	Stabilize the G.CIS at Korean worksites and lay the basis for its dissemination overseas	Dec.	Chemical Safety& Legal Regulation Project
	Updating LCA at Korean plants	Conducted LCA on two products at the Daejeon Plant	●	Conducting LCA	Conduct LCA on two products at the Hungary Plant	2021	CSR Team
	Identifying eco-friendly raw materials and developing their application technology	Mass-produced tires from renewable silica Independently identified sustainable materials and used these materials for research Expanded the application of compounds from recycled butyl rubber and green carbon - Recycled butyl rubber: All global plants - Green carbon: Plants in Daejeon, Geumsan, and Indonesia	●	Identifying eco-friendly raw materials and developing their application technology	Develop compound technology using renewable materials Identify new plant-based renewable materials Expand compounds made of recycled butyl rubber and green carbon Develop compounds from recycled rubber	Dec.	Advanced Material Technology Project Material Management Team
	Defining eco-friendly products and resetting goals	Redefined eco-friendly products Set mid/long-term goals on the ratio of eco-friendly products	●				
Reducing environmental impact in the manufacturing phase	Reducing the generation of waste and increasing its recycling	Maintained waste discharge intensity at 40kg/ton of finished product or under Increased the recycling of waste at the Daejeon/Geumsan Plants	●	Reducing the generation of waste and increasing waste recycling	Increase the recycling of waste resources at the Daejeon/Geumsan Plants Tighten the management of waste treatment companies	Dec.	EHS Planning Team
	Minimizing the discharge of pollutants	Introduced high-efficiency denitrification equipment (continued) Improved the level of hazardous chemical management Expanded the installation of odor/dust reduction equipment at the mixing/ calendaring process Improved on the sand filters installed at the wastewater treatment facility at the Daejeon Plant	●	Minimizing the discharge of pollutants	Introduce high-efficiency denitrification equipment (continued) Introduce digital technology to environmental pollution control equipment Improve on the odor/dust reduction equipment at the mixing and calendaring process	Dec.	Safety & Environment Team
	Developing energy-saving curing technology	Completed assessments on curing conditions to reduce TBR N ₂ gas	●	Developing energy-saving curing technology	Evaluate the mass application of curing conditions that reduce TBR N ₂ gas	Dec.	Cure Optimization Research Project
	Promoting shared growth with local communities	Operated the Donggrami consultation group at the Daejeon Plant	●	Promoting shared growth with local communities	Operate the Donggrami consultation group at the Daejeon Plant (continued)	Dec.	Safety & Environment Team
Reducing environmental impact in the product use/disposal phases	Optimizing tire weight	Developed compounds with improved wear performance for ultra-lightweight tires Developed optimal tire weight design technology Extended the application of lightweight design structures	●	Optimizing tire weight	Develop materials to optimize tire weight Develop design technology and expand its product application	Dec.	Optimizing WGT TFT RE Platform Development Project

1) G.CIS: Global Chemical Information System

2) LCA: Life Cycle Assessment

Reducing Environmental Impact in the Product Design and Raw Material Acquisition Phases

We preemptively identify the environmental impact generated in the product lifecycle and mitigate such impacts even from the product development phase.

We ensure that the ratio of eco-friendly products is constantly on the rise through multi-faceted endeavors to discover eco-friendly materials and develop their application technology.

Improving the chemical management process and establishing its system

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

Conducting LCA

Our product Life Cycle Assessments (LCA) were first made at the Geumsan Plant in 2012 and have since been conducted on two products each year to identify major factors that lead to environmental impact along the product lifecycle. We took note of the fact that environmental impacts that occur in the product use phase accounts for the majority of the total, and this has prompted us to focus on improving rolling resistance performance and optimal product weight in the development phase. In 2019, LCA was performed on the products manufactured at the Daejeon

Plant the previous year. This came in tandem with the quantitative analyses made on the mitigation of environmental impact as a result of replacing petroleum-based oil with natural oil and adopting renewable materials, and the outcomes were shared with our R&D centers.

Identifying eco-friendly raw materials and developing their application technology

To ensure the sustainability of tire compounds, we identify eco-friendly and recycled materials while developing technology to use such materials for compound production. In 2019, we expanded the application of eco-friendly silica and green carbon¹⁾ to further focus on the creation of environmental value. While we previously used mineral-based silica, this was replaced with silica made from plant-based waste and these substitutes were adopted for the mass-production of tires. The supply of reclaimed rubber and green carbon was also stabilized to allow for the use of recycled butyl rubber across all our plants in Korea and abroad. Going forward, we will develop compounds made from green carbon and recycled rubber to consistently raise the percentage of recycled materials while conducting continuous performance verifications and assessments to adopt these newly-discovered materials for products.

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

Defining eco-friendly products and resetting goals

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

Reducing environmental impact in the manufacturing phase

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

Reducing the generation of waste and increasing its recycling

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

Minimizing the discharge of pollutants

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

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

Developing energy-saving curing technology

Curing is the process of applying high temperatures and pressures to the green tire in a mold to form its pattern. Our goal of curing technology research is to efficiently use thermal energy in the curing process and improve product quality. Optimal timeframes, temperatures and pressures were set to ensure energy efficiency through extensive testing and research, and these variables were standardized to optimize curing conditions and to enable respective plants to increase their productivity output to the highest possible levels. A recent focus of research is inert gas, one of the numerous factor that affect curing conditions, and research was conducted on PCR²⁾ and LTR³⁾ tires for the optimization of inert gas use conditions in 2018, followed by TBR⁴⁾ tires in 2019. Technology was identified to reduce gas consumption to appropriate levels to ensure both productivity and quality in the TBR tire manufacturing process, and this technology was adopted for production to eventually reduce gas consumption by 8% from conventional technology.

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

Promoting shared growth with local communities

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

Joining the Biz N Biodiversity Platform

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



Reducing Environmental Impact in the Product Use and Disposal Phases

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

Optimizing tire weight

We have been conducting research on lightweight tires that contribute to reducing the use of raw materials as well as vehicle weight, bringing a positive impact to fuel efficiency improvement. In particular, we focus on the research of structural improvement on respective tire components and the development of tire compounds that are conducive to higher fuel efficiency. In 2019, we developed compounds for ultra-lightweight tires in an effort to optimize the volume of rubber used for respective tire sections while studying 3D Kerf⁵⁾ technology applicable to the development of new tire profiles and patterns that minimize losses affecting handling and braking performance. Presently, these technologies were disseminated to our plants in Korea and abroad, and are being adopted for regular production.

5) 3D Kerf: Three-dimensional kerfs (fine grooves found on the tread surface) are formed in their optimal zigzag shape, rather than in a linear shape, to aid in the deformation of tire tread blocks in order to prevent grip losses and to increase rigidity.



[About the Tire Industry Project\(TIP\)](#)
Click

Reducing Tire Rolling Resistance

Our basic research continues on structures, raw materials, compounds and manufacturing to reduce tire rolling resistance and improve automobile fuel efficiency in so doing. Such endeavors enabled us to increase the rolling resistance labeling grade of our PCR OE tires mounted on the BMW X5/X6 from grade C to grade A in 2019⁶⁾. Research outcomes were also applied to TBR tires and their rolling resistance performance improved by 25% from conventional ones⁷⁾. If fuel efficiency increases simply as a result of reduced rolling resistance, this may hamper a tire's braking, handling and wear performance. As such, we are studying optimal compounds that strike the right balance between contact pressure against the road surface and tire performance, in addition to eco-friendliness.

6) Comparison between K127A against K117A equipped on the BMW X5/X6 (255/55R18 109W)

7) Comparison between DL20W against DL10+ (315/70R22.5)

End-of-Life Tire Management

Hankook Tire & Technology supports the position of the Tire Industry Project (TIP), which has established principles of waste tire management and aims to establish global standards (rules). With an estimated 50 million tons or more of waste tires discarded around the world, Hankook Tire & Technology thinks that the improvement of waste tire management worldwide needs to be promoted by expanding and applying the waste tire management manual.

CLIMATE CHANGE AND GHG MANAGEMENT

FOCUS 03

Key Achievements

Chosen as a best practice in the Korea-EU Emissions Trading System cooperation project

GHG emissions reduced
54,285 tCO₂-eq

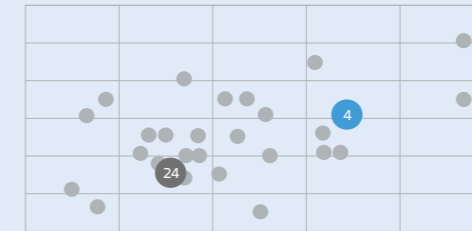
Energy and carbon expenses saved
KRW **6.5** billion



Relevant Issues

- 4 Manage the emission and reduction of GHG/air pollutants
- 24 Adapt to climate change (risk management)

Materiality Analysis Outcomes



Impact Analysis Outcomes



Issue Background & Management Status

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

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

Future Plans

Hankook Tire & Technology set the four overarching directions of building a low-carbon management system, improving the efficiency of process energy use, expanding the use of renewable energy, and introducing innovative mitigation technology. It is based on these directions that we will set detailed reduction plans and take phase-by-phase actions to ultimately attain our goal. We will minimize energy consumption in the tire manufacturing process in the short term, and transition to eco-friendly energy sources to curb the consumption of fossil fuel over the long haul to contribute to preventing global warming.

Goal	Deadline
Reduce GHG emission intensity by 15% (base year 2013)	2030
Reduce GHG emissions by 50% (base year 2018)	2050

Management Organization

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



Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) · Integrated Environmental Management · **Climate Change and GHG Management** · Community Involvement and Development · Transparency and Business Ethics · Employee Value Creation · Employee Health and Safety Management · Win-Win Partnership in the Supply Chain

● Completed ● Partially completed ○ Under preparation

Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Low-carbon management	Maintaining our status as an outstanding carbon management company granted by CDP	Remained graded 'Leadership A-' in response to climate change by CDP	●	Achieving the 'Leadership A' grade in climate change response granted by CDP	Join the CDP's 'A LIST' in climate change response	Dec.	CSR Team
	Upgrading the energy management system e-Saver	Completed the concept of e-Saver upgrades, set for testing in 2020	●	Upgrading the energy management system e-Saver	Perform e-Saver testing on air compressors at the Geumsan Plant	Dec.	Production Infrastructure Team
	Setting company-wide long-term GHG emission reduction targets	Set a total GHG emission reduction goal for 2050	●	Setting mid/long-term total GHG emission reduction goals	Set detailed KPIs in alignment with the set mid/long-term strategy	Dec.	CSR Team
Reduction of GHG emissions	Introducing high-efficiency equipment	Improved the efficiency of vacuum pumps in the building process at the Geumsan Plant	●	Introducing high-efficiency equipment	Introduce non-purge air compressor equipment to minimize energy loss	Dec.	KP)Facility Maintenance Team
		Adopted high-efficiency motors at the Jiaying Plant	●		Expand the application of the vacuum pump Variable Frequency Drive (VFD) for the building process	Dec.	DP)Facility Technology Team IP)Facility Maintenance Team
		Replaced fluorescent lights with high-efficiency LED lights at the Daejeon and Geumsan Plants (nearly 9,000 units)	●		Shift to high-efficiency LED lights at the U.S. Plant (nearly 16,000 units)	Dec.	TP)Facility Maintenance Team
	Recycling energy and preventing leakage	Improved the quality of condensate water from the curing process and reused the water to supply boilers at the Indonesia Plant	●	Recycling energy and preventing leakage	Install Platen & Jacket traps at the Jiangsu/Jiaying/Geumsan Plants	Dec.	HP)설비기술팀 KP)Facility Maintenance Team
		Replaced old steam traps in the curing process (continued)	●		Replace old steam traps in the curing process (continued)	Dec.	JP)HP)Facility Maintenance Team KP)설비기술팀
		Patrolled around respective worksites to prevent energy leaks	●		Check compressed leaks from the compressor	Dec.	Production Infrastructure Team
	Improving the operational method	Minimized pump flows and pressures in the curing process at the Geumsan Plant	●	Improving the operational method	Optimize the steam pressure in the curing process	Dec.	HP)Facility Maintenance Team
		Implemented a centrally-controlled compressor pressure system (Daejeon/Geumsan/Jiaying/Hungary Plants)	●		Perform real-time monitoring for compressor power consumption and compressed air volume to optimize the supply efficiency of compressed air and develop an automatic air leak detection system	Dec.	Production Infrastructure Team
		Joined the electric power demand management at the Daejeon Plant	●		Reduce power consumption by operating in response to loads imposed on boiler fans and curing ventilation fans	Dec.	TP)Facility Maintenance Team
		Improved the thermal work environment of the curing process at the Daejeon and Geumsan Plants	●		Improve the efficiency of cooling water pumps at the freezer	Dec.	CP)Facility Maintenance Team
		Optimized the boiler operational load at the Hungary Plant	●		Reduce energy consumption by improving the efficiency of boiler economizers	Dec.	KP)Facility Maintenance Team
	Introducing new technology and promoting energy transition	Produced PV-based eco-friendly power and supplied it to the external grid to reduce GHG emissions by nearly 300tCO ₂ -eq/year	●	Introducing new technology and promoting energy transition	Introduce photovoltaic power generation at the Hungary Plant (generation of eco-friendly power)	Dec.	MP)Facility Maintenance Team
		Used external low-carbon steam at the Daejeon Plant to reduce GHG emissions by 23,000tCO ₂ -eq/year	●		Use external low-carbon steam to continue to reduce GHG emissions by 23,000tCO ₂ -eq/year at the Daejeon Plant	Dec.	DP)설비기술팀
		Used wood pallets as fuel at the Geumsan Plant to complete the review of the CO ₂ emission mitigation project	●		Review the introduction of renewable energy at the Indonesia/Hungary Plants	Dec.	Production Infrastructure Team
Completed the testing and design of installing harmonic wave filters at the Geumsan Plant		●	Expand the application of power-saving equipment		Dec.	Production Infrastructure Team	

Low-Carbon Management

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

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

We were granted a Leadership A- grade in the CDP Climate Change Rating in 2019 as a result of the comprehensive assessments made on a company's activities to transparently disclose climate change response information and reduce GHG emissions. Our goal for 2020 is to join the 'A LIST' to gain recognition on our global top-notch performance as a low-carbon management company.

Upgrading the energy management system e-Saver

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

Setting company-wide long-term GHG emission reduction targets

We set a long-term goal to reduce our total GHG emissions (in absolute quantities) by 50% by 2050 from the 2018 level across all of our eight global production worksites. The gradually increasing ratio of high-performance tires out of the total tire production will inevitably lead to increases in GHG emissions in our manufacturing process. Still yet, we announced our goal of achieving large-scale reductions and demonstrated our commitment to reducing GHG emissions in so doing.

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

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

1) Korea-EU Emissions Trading System cooperation project: This project was undertaken by the Delegation of the European Union to the Republic of Korea and the Korean Ministry of Environment between 2016 and 2019 to support the smooth implementation and operation of the Korean Emissions Trading System.

Reduction of GHG Emissions

We are committed to attaining our GHG emission reduction goal through wide-ranging energy-saving activities, including to high-efficiency equipment and recycling energy. We also continue to review the transition to low-carbon energy sources. In particular, the use of external low-carbon steam initiated in 2019 at the Daejeon Plant is expected to reduce approximately 23,000tCO₂-eq in annual emissions.

Introducing high-efficiency equipment

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

Recycling energy and preventing leakage

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

2) Steam trap: A device used to automatically release water to the outside when such water is generated as a result of vapors condensed within the pipe

Improving the operational method

We are efficiently improving the existing operational method used in the tire manufacturing and energy use process to conserve energy from multiple aspects through minimal investments. In 2019, we introduced a centrally-controlled compressor system to increase the efficiency of power consumption through central pressure control, and cut the use of thermal energy by improving the thermal work environment in the curing process and optimizing the operational load of boilers. Such operational improvements enabled us to reduce more than KRW 2.52 billion in annual expenses, and 136,417tCO₂-eq in annual GHG emissions.

Introducing new technology and promoting energy transition

Since March 2019, the Daejeon Plant has sourced more than 40% of its total steam consumption through external low-carbon steam. This shift to low-carbon energy sources is expected to help the plant mitigate its GHG emissions by nearly 23,000tCO₂-eq per year. Our R&D center located on the premises of the Jiaxing Plant in China has adopted photovoltaic power to generate electricity since December 2018 and this led to nearly 300tCO₂-eq/year in GHG emission reductions. Furthermore, the Geumsan Plant completed the feasibility review on using wood pallets as biomass fuel to generate and use steam. This will be followed by our overseas plants performing feasibility reviews on the introduction of this alternative and take action accordingly.

COMMUNITY INVOLVEMENT AND DEVELOPMENT

FOCUS 04

Key Achievements

Volunteer hours per employee
2.1 hours

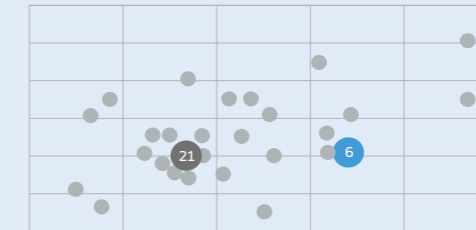
Corporate philanthropic expenditures
KRW 4,857 million



Relevant Issues

- 6 Practice corporate philanthropy in consideration of local community specificities
- 21 Endeavor to facilitate the local economy

Materiality Analysis Outcomes



Impact Analysis Outcomes



Issue Background & Management Status

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

Future Plans

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

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

Management Organization

	Chaired by	Head of the HR Division
	Supervised by	CSR Team
	Cooperation Team	Culture Communications Team, KP)Corporate Management Team, Communications Team, Hankook Tire Welfare Foundation



Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) · Integrated Environmental Management · Climate Change and GHG Management · **Community Involvement and Development** · Transparency and Business Ethics · Employee Value Creation · Employee Health and Safety Management · Win-Win Partnership in the Supply Chain

● Completed ● Partially completed ○ Under preparation

Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Company-wide implementation	Conducting corporate philanthropic activities at overseas worksites	Conducted corporate philanthropic activities overseas (78 activities, nearly KWW 1.2 billion spent) ※ Major corporate philanthropic programs - China HQ: Supported the underprivileged and offered scholarships - Europe HQ: Donated tires to facilities for people with disabilities (Czech Republic) Launched cause-related marketing (donation of proceeds, Germany) Donated to children's hospitals (Italy) - Hungary Plant: operated employee volunteer groups and sponsored local schools - Indonesia Plant: operated employee volunteer groups and provided medical support for the underprivileged - America HQ: Sponsored the Disabled American Veterans (DAV) and the Salvation Army	●	Conducting corporate philanthropic activities at overseas worksites	Continue with corporate philanthropic activities overseas (85 activities, nearly KRW 1.4 billion) Launch new corporate philanthropic activities overseas - Flexibly operate the budget to meet specific local needs	Dec.	Respective worksites
Employee participation	Operating employee volunteer teams in Korea	Facilitated volunteer work among office workers - Reorganized the volunteer system for officer workers at Korean worksites - Planned volunteer activities to be undertaken on Proactive Friday	●	Operating employee volunteer teams in Korea	Increase opportunities for office workers to engage in volunteer work - Divide the greater Seoul region into four zones to increase volunteer opportunities - Volunteer 24 times per year on six Proactive Fridays	Dec.	CSR Team
Focusing on core competence	Launching road safety for children	Developed road safety maps for children and improved road safety equipment (45 improvement suggestions made) - Region: Seoul, Gyeonggi - Participants: 4 schools	●	Launching road safety for children	Continue to develop road safety maps for children and improve road safety equipment - Region: Metropolitan region - Participating schools: 4 schools (target) - Participating children: 600 children (target)	Dec.	CSR Team
	Conducting cause-related marketing activities	Distributed transparent LED umbrellas - 2,500 umbrellas distributed to a total of 12 elementary schools	●	Conducting cause-related marketing activities	Continue to distribute transparent LED umbrellas - Distribute 2,500 umbrellas to a total of 10 elementary schools (including those joining the road safety for children)	Aug.	CSR Team
	Undertaking three major mobility projects	Car donation: 50 vehicles Tire donation: 603 vehicles (2,412 tires) Tuieum Bus: 564 buses	●	Undertaking three major mobility projects	Car donation: 50 vehicles Replace lapping following the contract termination Support maintenance for their safe operation following donations Tire donation: Donate 700 vehicles (2,800 tires) and support minor maintenance issues and eco-friendly tires Tuieum Bus: Supported 500 vehicles	Dec.	Hankook Tire Welfare Foundation
Local community support	Protecting at-risk youth and supporting their self-reliance	Continued to operate the Wonderland shelter program Operated the café 'Lost & Found' to help vocational training and self-reliance Provided diverse internship opportunities to at-risk local community youth	●	Terminating the program			
	Protecting endangered species in Daejeon	Released 1,500 Black shiners and planted 2,000 white Forsythias	●	Protecting endangered species in Daejeon	Release 1,500 Black shiners and plant 2,000 Yellow Irises	Dec.	Culture Communications Team
	Undertaking the social housing project	Supplied 14 social houses to 211 households	●	Undertaking the social housing project	Supply: 25 houses, 300 households Support for tenants: Support those suffering vulnerable residential conditions with deposits and monthly rent payments Support for business: Strengthen expertise in the fields of social housing construction and maintenance	Dec.	Hankook Tire Welfare Foundation
	Undertaking the DreamWith project	Supported 10 citizen participation organizations Supported 4 organizations with the profit sharing business model	●	Undertaking the DreamWith project	Support 7 citizen participation organizations Support 8 organizations with the profit sharing business model Support the social economy in collaboration with the Korea Social Enterprise Promotion Agency	Dec.	Hankook Tire Welfare Foundation

Company-wide Implementation

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

Conducting corporate philanthropic activities at overseas worksites

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



1. Volunteer Month program to build furniture
2. Making voice donations
3. Crafting soap from natural ingredients



Cumulative No. of employee volunteers per year

4,507



Total volunteer hours
20,993 hours

Employee Participation

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

Operating employee volunteer teams in Korea

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

Employee Volunteer Outcomes in 2019

Category	Korea	Indonesia Plant	Hungary Plant	Total
Cumulative No. of employee volunteers per year	3,862	480	165	4,507
No. of employee volunteers excluding redundancies	1,733	194	73	2,000
Total volunteer hours	16,327	718	3,948	20,993
No. of volunteer hours per employee	2.5	0.5	2.0	2.1

Focusing on core competence

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

Launching road safety for children

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

Conducting cause-related marketing activities

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

Undertaking three major mobility projects

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

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

Tuieum Bus — This program was launched in 2013 in the nationwide assistance of those who face mobility issues in enjoying hands-on experiences at social welfare organizations in the areas of society, culture, history, ecology, and education. Our Tuieum Bus program is categorized into three types: ‘general support’ to offer bus services at the request made by social welfare organizations each month, ‘themed support’ that helps pay for program expenses in addition to bus services, and ‘cooperation support’ that is provided in conjunction with partner organizations. In 2019, a total of 564 buses were supported, and this program made progress in expanding its support on the theme of fair travel and cooperation support provided with such external partners as the Korea Job World and the Taekwondo Promotion Foundation.

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

Three Major Mobility Project Outcomes in 2019 (Korea)

Tire donations
2,412 tires

Car donations
50 vehicles

Tuieum Bus
564 buses



Car donations

Local Community Support

We undertake a range of corporate philanthropic projects to contribute to the growth of local communities.

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

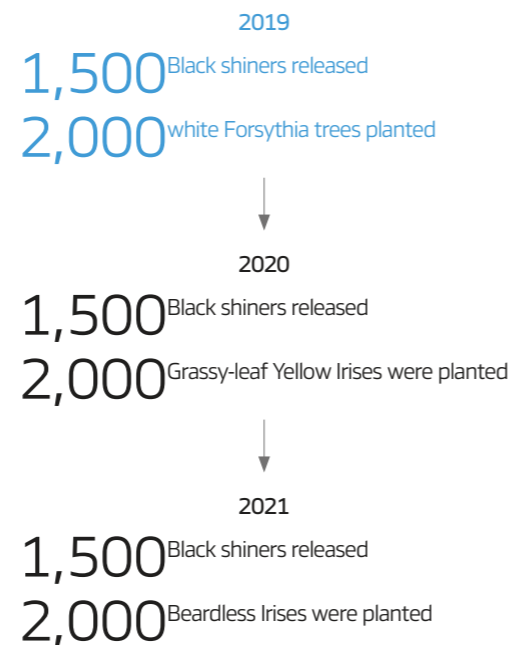
Protecting at-risk youth and supporting their independence

We have been assisting at-risk youth in developing the virtue of self-reliance since 2015. We aim to protect these youth who are often adversely affected by social issues and help them grow into responsible members of society. The coffee outlets 'Lost & Found' were operated in cooperation with 'Seongshim Order' to provide employment to youths aged 18 to 24 to help prepare them for their independent life. To increase their sales, art exhibitions, talk concerts and other diverse publicity events were hosted. We also provide these beneficiaries with wide-ranging opportunities to experience career options and receive technical vocational training. In 2019, two youths were hired by the Lost & Found and the 'community internship program' was initiated to provide 16 youths with an opportunity to experience a variety of career paths in their local community. Two of these beneficiaries successfully landed a job where they had interned.

Protecting endangered species in Daejeon

Hankook Tire & Technology signed an MOU in 2018 to restore endangered species in Daejeon with the Geum River Environmental Office, the Daejeon Metropolitan City Government, Soon Chun Hyang University, Chollipo Arboretum, the Daejeon Choongnam Civic Group for Ecosystem Protection, and the Daejeon Office of the Korea Federation for Environmental Movements. Operated for three years between October 2018 and September 2021, this project aims to restore Black shiners, the flagship fish species of the city, as well as three endangered plant species (white Forsythia, Beardless Iris, and Grassy-leaf Yellow Iris). In 2019, Soon Chun Hyang University's species restoration center increased the number

Status and Plan of the Endangered Species Restoration Project in Daejeon



Releasing the endangered Black shiners into the water

of Black shiners to 1,500 and released them into the Yudeung Stream in Daejeon. In addition, 2,000 white Forsythia trees were planted near Norubeol to form a growing ground for this indigenous species on the Korean Peninsula.

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

Undertaking the social housing project

Our social housing project has been under operation since 2016 to help youth resolve their residential instability which is emerging as a social issue in recent years. In 2019, this project supplied a total of 14 houses to 211 households, and these numbers amount to 30 and 430 respectively on a cumulative basis between 2016 and 2019. The project funds have increased to KRW 12.05 billion through the public-private partnership forged with the social investment funds operated by the Seoul City Government. From 2020 onwards, we plan to support underprivileged youth who find it difficult to benefit from social housing to extend interest-free loans worth up to KRW 15 million for up to four years to make deposit payments and to provide KRW 150,000 for up to 12 months to help them pay their monthly rent. The size of this project will be further expanded in cooperation with the Korea Land & Housing Corporation, the Seoul Housing and Communities Corporation, the Korea Housing & Urban Guarantee Corporation, and the Korea Housing-Finance Corporation. In 2020, we will supply 25 social houses to a total of 300 households.

Undertaking the DreamWith project

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

DreamWith Project Outcomes in 2019



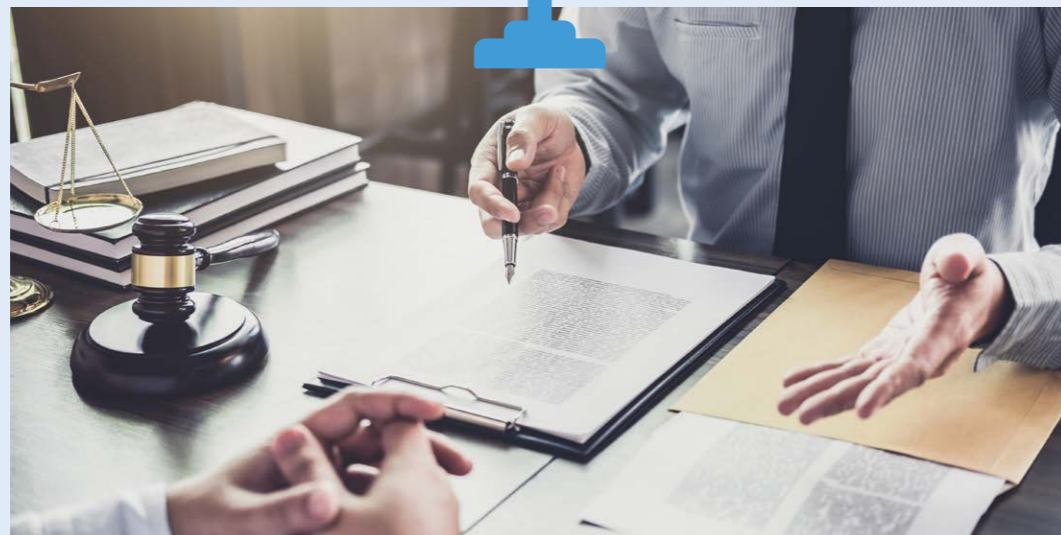
TRANSPARENCY AND BUSINESS ETHICS

FOCUS 05

Key Achievements

Provided business ethics training
6,300 employees

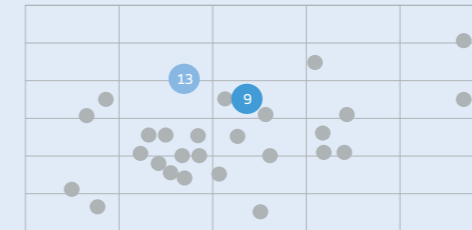
Voluntary reports on the acceptance of money and valuables
5 reports received and money and valuables returned



Relevant Issues

- 9 Create a culture of anti-corruption and strengthen relevant activities
- 13 Create a culture of fair trade and strengthen relevant activities

Materiality Analysis Outcomes



Impact Analysis Outcomes



Issue Background & Management Status

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

Future Plan

Our mid/long-term plan is to embed Management by Principle and ethics management into our corporate culture. The Management by Principle philosophy will form the core of our behavioral guidelines to so that business is conducted in an ethical and transparent manner that complies with basics and principles, and ethics management will constitute our key management principle under the overarching framework of Management by Principle. To this end, we will create the Jeongdo Management Committee, develop a self-assessment system through the

broader use of self-directed risk assessment tools, and make a Management by Principle declaration to publicly demonstrate our commitment to this philosophy in order to firmly establish an ethics management system. We will also improve employees' ethics awareness, expand ethics management to our suppliers and achieve the ISO 37001 anti-bribery management system certification.

Goal	Deadline
Achieve the ISO 37001	2025
Collect signatures for the ethics management pledge, and expand business ethics training to suppliers, subcontractors, and outsourcing partners	2030

Management Organization

	Chaired by	Head of the Audit Department
	Supervised by	Audit Team 2
	Cooperation Team	HR Team 1, HR Team 2, Purchasing Planning Team, Legal Team, Production HR Team, R&D Human Resource Team, Car Life) Marketing Strategy Team



Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) · Integrated Environmental Management · Climate Change and GHG Management · Community Involvement and Development · **Transparency and Business Ethics** · Employee Value Creation · Employee Health and Safety Management · Win-Win Partnership in the Supply Chain

● Completed ● Partially completed ○ Under preparation

Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Establishing an ethics management system	Establishing ethics regulation practice guides	Created 20 provisions in three categories	●	Establishing a Code of Conduct on ethics management	Establish a code of conduct on ethics management and publicize the code among employees	May	Audit Team 2, CSR Team Legal Team
	Signing the ethics management pledge	Engaged employees in signing the pledge and monitored those who have not signed yet	●	Expanding the signing of the ethics management pledge	Require all newly-hired office workers to sign the pledge Need to review measures to increase the participation of operators Engage suppliers in signing the pledge (system introduction) - Require the pledge to be signed on the initial log-in	Dec.	Audit Team 2, HR Team 1 Production HR Team Purchasing Planning Team
	Signing the anti-graft law pledge	Engaged employees in signing the anti-graft act pledge and monitored those have not signed yet	●	Expanding the signing of the anti-graft act pledge	Require new recruits to sign the pledge and allow existing employees who still need to sign it, to use the eHR e-signature option	Dec.	Audit Team 2, HR Team 1
	Performing ethics management self-assessments	Performed ethics management self-assessments	●	Performing ethics management self-assessments	Performing ethics management self-assessments	Mar. 2021	Audit Team 2
	Introducing ethics management risk assessments	A function-specific company-wide risk self-management system under development Completed the function-specific self-checklist	●	Developing an ethics management risk assessment system	Develop a function-specific company-wide risk self-management system - Define function-specific business risks - Develop a risk assessment system - Develop a year-round self-review operational system (risk identification → assessment → improvement planning → implementation- monitoring) - Disseminate out to plants, research centers and affiliates in 2021	Dec.	Audit Team 2
	Improving the whistleblowing system	Expanded the global and integrated operation of Cyber Auditing Center - Linked to overseas national websites Opened an anonymous bulletin board on ethics management	●	Publicizing and facilitating the whistleblowing system	Promote Cyber Auditing Center among suppliers - Make ethics management business cards (specify the whistleblowing channel on the card) - Promote among suppliers within the purchasing system Promote the anonymous bulletin board on ethics management	Jun.	Audit Team 2 Purchasing Planning Team
				Creating the Jeongdo Management Committee	Create as the highest decision-making body on Management by Principle under the direct leadership of the COO to practice Management by Principle on the company-wide level to advance sustainability management and maximize corporate/shareholder values	Apr.	Audit Team 2
Internalizing ethics awareness	Providing regular ethics management training	Completed the provision of online training to all office workers and operators	●	Providing regular ethics management training	Offer regular training to domestic office workers/operators - Office workers: Use micro-learning videos (once a year) - Operators: Use internally-developed materials (once a year, training periods will vary by plant)	Dec.	Audit Team 2 HR Team 2
				Providing regular ethics management training	Position-based training: - Executives and team leaders: In-house training and Strategic Sunday training led by external instructors - Employees: PMR promotion requirement reviews, cyber training - New hires: Onboarding training for new hires with/without career experience Job-based training: - Self-initiated working-level training aligned with ethics management risk assessment outcomes	Dec.	Audit Team 2 HR Team 2 Proactive Culture Team
	Developing employees' ethics awareness (promotion, campaign)	Uploaded the monthly E-Ethics Letters (Jan.~Oct.) Facilitated the Q&A section (23 postings) - Shared questions and pending issues on ethics management Operated the 'No Giving/No Taking of Holiday Gifts' campaign and the voluntary reporting of bribery campaign	●	Developing employees' ethics awareness (promotion, campaign)	Upload the E-Ethics Letter monthly (integrated operation with the Q&A section) - Diversify contents to include best practices and the imposed internal sanctions Operate the 'No Giving/No Taking of Holiday Gifts' campaign and the voluntary reporting of bribery campaign Have the CEO make a statement on Management by Principle to express our commitment	Year-round	Audit Team 2
				Developing employees' ethics awareness (promotion, campaign)	Broadcast ethics management programs during commutes	Mar.	Communications Team
Disseminating ethics management to affiliates	Conducting ethics management campaigns and training for affiliates	Shared the monthly E-Ethics Letters published Operated the 'No Giving/No Taking of Holiday Gifts' campaign and the voluntary reporting of bribery campaign Provided online ethics management training to four affiliates - Office workers and operators	●	Conducting ethics management campaigns and training for affiliates	Share the monthly E-Ethics Letters, operate the 'No Giving/No Taking of Holiday Gifts' campaign and the voluntary reporting of bribery campaign, and offer online ethics management training to four affiliates	Year-round	Audit Team 2 Ethics management departments at respective affiliates

Establishing an Ethics Management System

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

Establishing ethics regulation practice guides

As a way to reinforce our business ethics regulations, ethics regulation practice guides were set forth to outline detailed action guidelines for employees to follow when addressing ethical dilemmas. These guides consist of 20 provisions in the three categories of receiving rewards from stakeholders or vice versa, unlawfully disclosing information regarding corporate assets or using this information for personal gain, and/or disrupting a sound and stable corporate culture. To publicize these newly-created guides among employees, news cards were distributed through the intranet, posts were made regarding the ethics management helpdesk, and training was provided.

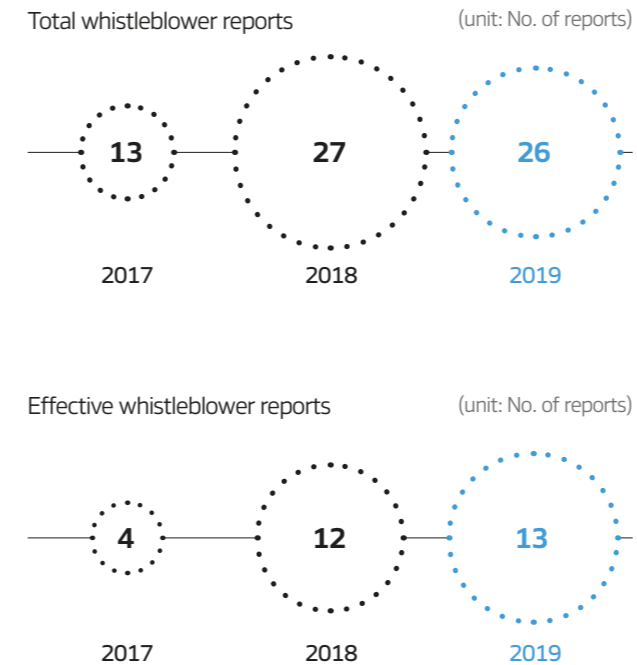
Signing the ethics management pledge and the anti-graft law pledge

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

Perform ethics management self-assessments

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

Whistleblower Reports on Ethics Management



Introducing ethics management risk assessments

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

Improving the whistleblowing system

The whistleblowing system was expanded to all the other national websites under the integrated management of the Headquarters to ensure the global dissemination and integrated operation of our system, which had been previously only been operated on Korean, Chinese and global websites. Furthermore, an anonymous bulletin board was created to promote interactive communication on inquiries made on ethics management and relevant business risks.

Internalizing Ethics Awareness

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

Providing regular ethics management training

We provide regular ethics management training once a year to highlight the importance of ethics management and embed ethics management awareness into the day-to-day behaviors of our employees. Training videos were internally developed on the topics of basic ethics management, details on ethics regulations and the newly-created ethics regulation practice guides and ethics management case studies, and were used to provide online ethics management training to more than 2,100 employees including domestic office workers and expatriates. Offline training was offered to nearly 4,200 operators at our domestic plants.

Developing employees' ethics awareness (promotion, campaign)

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

Disseminating Ethics Management to Affiliates

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

Conducting ethics management campaigns and training for affiliates

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

Measures Taken against the Violation of Code of Conduct in 2019

Category	No. of Violations	No. of violators	Measures Taken
Embezzlement of money and valuables	1	9	5 reprimands, 1 suspension, 3 admonitions
Inappropriate use of budget	2	2	1 reprimand, 1 admonition
Conflicts of interest	1	1	1 reprimand
Total	4	12	

EMPLOYEE VALUE CREATION

FOCUS 06

Key Achievements

Opened the in-house idea suggestion platform Proactive Studio

Employee satisfaction with meeting and reporting culture in 2019

73.9%
(70% in 2018)

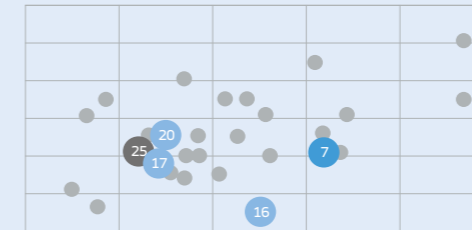
Received the Prime Minister's Citation at the Inclusive Employment Awards 2019



Relevant Issues

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

Materiality Analysis Outcomes



Impact Analysis Outcomes



Issue Background & Management Status

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

Future Plans

Hankook Tire & Technology will endeavor, from multiple angles, to establish its human rights management system and raise the bar on company-wide human rights management. This will start with expanding human rights management from Hankook

Tire & Technology to our suppliers and the entire supply chain. Company-wide human rights assessments will be made each year, and worksites at high risk for human rights violations will receive human rights due diligence to make improvements and reduce risks in so doing. To promote diversity, we plan to increase the recruitment of people with disabilities and the ratio of female managers and to advance our diversity management system over the long haul.

Goal	Deadline
Reach 10% in the ratio of female leaders ¹⁾	2030

1) Female leaders: Team leaders, project leaders, unit manager, supervisor, branch manager

Management Organization

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





Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) · Integrated Environmental Management · Climate Change and GHG Management · Community Involvement and Development · Transparency and Business Ethics · **Employee Value Creation** · Employee Health and Safety Management · Win-Win Partnership in the Supply Chain

● Completed ● Partially completed ○ Under preparation

Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Pursuing change for a positive corporate culture	Improving the corporate culture	Monitored major corporate culture indicators through the internal corporate culture innovation survey (domestic: twice, overseas: once) Managed the rate of progress on improvement tasks by executives in charge Discussed improvement tasks through interviews with executives in charge	●	Improving the corporate culture	Perform internal corporate culture innovation survey (domestic: three times, overseas: once) Identify improvement tasks through interviews with executives in charge and manage implementation rates Encourage improvement on major corporate culture indicators by organization	Dec.	Proactive Culture Team
	Innovating the way we work	Declared the global language principle and performed monitoring Introduced collaboration tools and practiced change management Reorganized the idea suggestion platform and operated the Proactive LAB to execute suggested ideas	●	Innovating the way we work	Disseminate efficient work style through the introduction of collaboration tools and change management (meetings, reporting, work processes, etc.) Introduce hot desking and practice change management (Headquarters) Stabilize the idea suggestion platform and operate Proactive LAB in alignment with in-house ventures	Dec.	Proactive Culture Team
	Improving meeting and reporting culture	Performed intensive monitoring on meetings in need of improvement by organization to streamline meetings at the company-wide level Encouraged the improvement of meeting and reporting culture by organization	●	Improving meeting and reporting culture	Renew principles and guides on meeting/reporting culture Encourage the improvement of meeting and reporting culture by organization	Dec.	Proactive Culture Team
	Addressing one another by 'Mr. or Ms.'	Continued with campaigns and monitoring to establish the practice of addressing one another by 'Mr. or Ms', rather than by title, throughout the company	●	Addressing one another by 'Mr. or Ms.'	Continue with the campaign of addressing one another by 'Mr. or Ms.', instead of by rank or title, and perform monitoring on its implementation	Dec.	Proactive Culture Team
	Running Proactive Friday and Strategic Sunday programs	Operated Proactive Friday for employees to voluntarily plan and implement creative activities Launched a new program dubbed 'Request for PF' and supported its activity expenses Operated digital business insight courses and townhall meetings for employees in leadership positions (executive and team leaders)	●	Running Proactive Friday and Strategic Sunday programs	Operate new programs as part of the company-wide Proactive Friday participation Offer digital training to employees in leadership positions (executive and team leaders) and operate cross-functional communication programs	Dec.	Proactive Culture Team
Training support for capacity building	Internalizing mission/vision	Provided mission/vision internalization training to domestic employees Nurtured in-house instructors on mission internalization training (22 instructors) Operated a total of 44 sessions of the MISSION:POSSIBLE course (1,862 trainees)	●	Internalizing mission/vision	Offer mission/vision training to operators in Korea and abroad Identify and share employee best practices on mission/vision attainment Reinforce learning units in alignment with training	Dec.	HR Team 2 Proactive Culture Team
	Nurturing digital talent	Established a development frame and defined digital capabilities Provided courses on design thinking, understanding coding, and basic-level python (392 trainees) Data Generalist (74 trainees), Digital Expert (41 trainees)	●	Nurturing digital talent	Upgrade the digital capacity-building program Strengthen the alignment between our Digital Future Innovation Research Center and KAIST	Dec.	HR Team 2
Human rights and diversity management	Practicing human rights management	Identified human rights issues and made improvements on those worksites at high risk for human rights violations	●	Practicing human rights management	Identify human rights issues and improve on those worksites at high risk for human rights violations Provide training for facilitators on human rights management and grievance handling	Dec.	HR Team 1
	Promoting diversity	Increased the employment of people with disabilities: 159 employees Appointed female managers: Increased the ratio of female employees in senior management or higher positions by 16% from the previous year	●	Promoting diversity	Continue with management and monitoring	Dec.	HR Team 1
Work & Life Balance	Promoting flexible work hours	Continued to monitor the implementation of flexible work hours at domestic plants Continued to manage and monitor the operation of reduced work hours for employees with parental obligations	●	Promoting flexible work hours	Expand flexible work arrangements (introduce remote working, pilot-run and expand the flexible work hours and selective work hours)	Dec.	HR Team 1
	Operating in-house childcare centers	Operated in-house childcare centers at major worksites Supported the quarterly payment of kindergarten tuition	●	Operating in-house childcare centers	Increase the number of children and teachers at in-house childcare centers Support the quarterly payment of kindergarten tuition	Dec.	HR Team 1

Pursuing Change for a Positive Corporate Culture

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

Improving the corporate culture

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

Innovating the way we work

In 2019, a variety of programs were introduced to create an efficient and immersive work environment. In January, the global language principle was declared to provide a culture of collaboration that transcends language barriers. IT-based collaboration tools with video conferencing, group chats, and file sharing features were adopted to facilitate collaboration while workshops were hosted to offer use case training to team leaders and executives and to identify working-level user experiences. The in-house idea suggestion platform was also rendered more user-friendly to encourage employees to come forward with creative ideas, and three Proactive LABs, as future venture teams where the employee who proposes an idea directly organizes a project team to implement the idea, and the first-ever in-house venture were established.

Improving meeting and reporting culture

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

Addressing one another by 'Mr. or Ms.'

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

Running Proactive Friday and Strategic Sunday programs

On the monthly Proactive Friday, no executives or team leaders come to the office, and employees do activities individually or create organization-specific groups to engage in communication with coworker and self-development to come up with creative ideas. On the following Sunday, executive and team leaders come to work for Strategic Sunday to attend digital business insight courses to learn about the latest technology trends and attend townhall meetings to discuss wide-ranging corporate issues and strategic directions.

Training Support for Capacity Building

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

Internalizing mission/vision

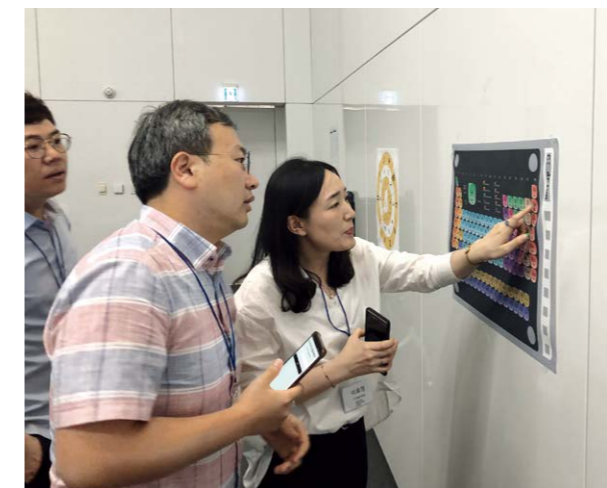
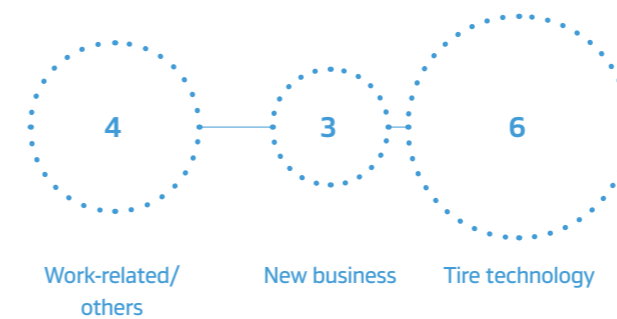
In 2019, we offered training to all our office workers, including those at affiliates, to internalize our renewed mission and vision. Dubbed 'MISSION : POSSIBLE', this course embodies our commitment to realize our mission in our day-to-day business operations. The 'MISSION : POSSIBLE' course was led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

Composition of the 'MISSION : POSSIBLE course'

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

Proactive LABs operated between 2018 and 2019

(unit: No. of projects)
First in-house venture business was produced out of 13 projects in total (new business: car sharing service)



MISSION : POSSIBLE course

Human Rights and Diversity Management

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

Nurturing digital talent

To establish a digital talent development framework, Hankook Tire & Technology added 'digital competence' into its capacity building system and defined digital competence to develop various training courses. To help employees understand major technologies and trends in our digital transformation strategy, we operated courses on 'design thinking' and 'understanding digital technology and coding'. In line with the mounting importance of data management and use, such courses as 'basic-level python' and 'programming for beginners' were provided. In conjunction with the Korea Advanced Institute of Science and Technology, we opened Digital Future Innovation Research Center to secure internal digital specialists. As part of this multi-pronged research initiative, we operate the 'Digital Future Technology Academy' to assist our employees in developing and using data-based decision-making capabilities.

Practicing Human Rights Management

Grievance Committee — Our grievance process, developed back in 2015 to receive and handle employee grievances, aims to add a human face to our corporate culture. Our employees are free to raise their individual concerns occurring in their work or personal life, ranging from discrimination or sexual harassment at the workplace to unfair measures taken in relation to their using parental leave. There is no pre-determined format and such grievances can be submitted verbally or by phone, on paper or through electronic media. The Grievance Committee and other equivalent channels are under operation at major production subsidiaries in Korea and overseas. In 2020, we plan to develop grievance processes or similar channels for respective regional headquarters and promote their communication methods to help resolve grievances at our overseas subsidiaries.

Human Rights Assessment Process — Hankook Tire & Technology recognizes the importance of human rights as a universal human value, and is committed to human rights management in its business conduct. Our human rights assessments have been conducted since 2015 at all our worksites (Headquarters, domestic and overseas plants, R&D centers, and overseas subsidiaries and offices) based on the checklist upgraded from the version developed by the National Human Rights Commission of Korea. In 2019, we supplemented questions on the checklist and widened the internal pool of assessors to improve the accuracy of these assessments while increasing the frequency of these from every two years to every one year. Out of the 51 target organizations, 50 completed human rights assessments over the past three years. Our goal for 2020 is to reach 100% in making these assessments across the entire worksites. Furthermore, we plan to train human rights assessment staff at respective worksites to improve the reliability and accuracy of assessment outcomes.

Human Rights Assessment Outcomes — We identified major human rights issues through the human rights assessments made on 50 corporate organizations, and set improvement plans on 21 of them found to be at risk as a result of such assessments. Assessment outcomes revealed that a 'lack of overseas grievance process' was chosen as the issue in need of the most improvement. This prompted us to designate grievance facilitators at respective organizations, and we will train these facilitators on human rights management and grievance handling to further disseminate our human rights management system. Another issue was 'possible infringement on privacy of job applicants', and this will be addressed by revising the resume format used at overseas worksites susceptible to such risks in accordance with their local culture and regulations. It was also suggested that we need to strengthen human rights management along the supply chain, including affiliated companies and subcontractors. To respond to this, we will support and encourage human rights management within our supply chain to practice human rights management across our business environment. These regular assessments will surely enable us to identify vulnerabilities on human rights issues and to prevent and mitigate human rights violations.

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

Human Rights Assessment Items

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

Work & Life Balance

We operate flexible work hours, reduced work hours for employees with parental responsibilities, and in-house childcare centers to create a workplace where employees maintain a work-life balance and pleasantly and fully immerse themselves in their work.

Promoting diversity

Hankook Donggarami Partners was established in 2015 to provide the underprivileged with an opportunity to explore new opportunities and broaden their horizon in order to contribute to the growth and development of local communities. The company serves as an outsourcing service provider for Hankook Tire & Technology in the four areas of in-house welfare business operations including in the laundry, bakery, coffee & beverage, and administrative support areas. In 2019, a total of 159 people with disabilities were hired by the company, and diversity is fully respected in its recruitment process. In April 2019, the company was honored with the Prime Minister's Citation at the Inclusive Employment Awards 2019 in recognition of its efforts to increase and stabilize the employment of people with disabilities, improve employee treatment to retain long-term employees, create a safe and pleasant workplace, operate onboarding programs, and elevate awareness for people with disabilities. Hankook Donggarami Partners will expand the scope of its service areas to continue to offer employment to the less privileged, and do its utmost to establish an inclusive corporate culture that prospers together with those who have disabilities. Furthermore, we set a mid/long-term goal of reaching 10% in the percentage of female leaders by 2030 by consistently increasing the ratio of female employees and leaders in particular. We plan to fine-tune and operate our HR policy and system to attain this goal.

Promoting flexible work hours

Since July 2018, our domestic plants have initiated 'bi-weekly flexible work hours' to allow workers to flexibly schedule their work hours within the timeframe of two weeks and within the boundary of an average of 40 hours per week. Our R&D centers have been implementing the flexible working hours since 2015 which makes employees can come to work earlier or later than the set time. This is currently being used by the majority of employees and is significantly contributing to maintaining the work & life balance of employees and improving their work performance. Besides, selective work hour system has been on a pilot run since April 2020 for our accounting team at the Headquarters. Its verification and satisfaction survey outcomes will be used to extend the scope of flexible work hours to other worksites and to create a more flexible work environment. Meanwhile, employees with children in 2nd grade or below are eligible to parental leave up to one year to ease their childcare burden. 'Reduced work hours for employees in their parenting period' are also operated to allow these employees to work 20 hours per week (4 hours per day) or five hours per week (1 hour per day) without taking any leave at all. This protects our employees from career discontinuation while offering them sufficient time to take care of their children. Both male and female employees are equally entitled to parental leave and reduced work hours during the parenting period. Parental leave can be divided once within one year. It is also possible to divide the reduced working hours during the parenting period without limitation of times within a two-year window. In addition, we have deployed a virtual private network (VPN) system to support employees to work at home or while away on business trips when necessary.

Operating in-house childcare centers

We directly operate an in-house daycare center at our major worksites including the Headquarters, our R&D centers and the plants to allow our employees to continue working while tending to the duties of parenthood. Regular training is provided to teachers along with teacher performance appraisals and management to earn employees' trust in the operation of these daycare centers. This also comes with information on childcare/educational programs, food supplies/menus, hygiene, and safety management. All expenses above government subsidies are fully paid by the Company. The sum of these endeavors allowed us to score 8.94 points in the environmental category, 9.36 points in health and safety, 9.57 points in curriculum and communication, and 8.98 points in operational openness and connection with homes in the parent satisfaction survey performed in 2019 (on a scale of one to 10). This demonstrates that employees are highly satisfied with the daycare center operations and recognize the excellence of the facilities and teaching staff. In line with the relocation of our Headquarters to Pangyo in 2020, a new daycare center will be created at the new office building and a wide array of operational methods are under review to improve the daycare environment. Specifically, we plan to increase the number of children by nearly 60% as well as the number of teaching staff accordingly so that more employees can make use of the facility. All our employees with children aged between four and six are provided with KRW 200,000 per child every quarter for kindergarten tuition so that these employees who send their kids to external daycare centers and kindergartens can also work in a better environment.



1. Playground at the daycare center at the Headquarters
2. Hands-on experience of picking strawberries



EMPLOYEE HEALTH AND SAFETY MANAGEMENT

FOCUS 07

Key Achievements

Severity rate in 2019

0.14



Frequency severity indicator in 2019

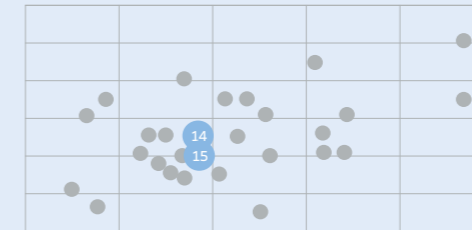
0.62



Relevant Issues

- 14 Manage and prevent safety accidents
- 15 Improve the work environment and healthcare

Materiality Analysis Outcomes

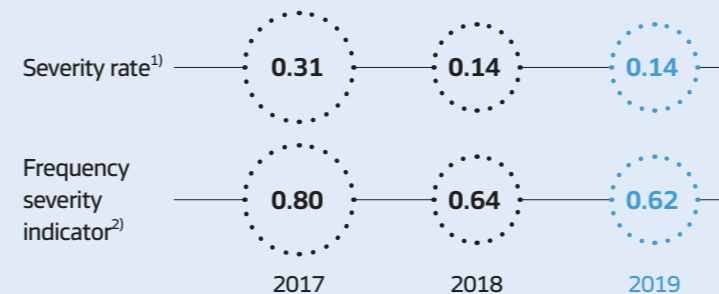


Impact Analysis Outcomes



Issue Background & Management Status

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



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

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

Future Plans

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

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

Management Organization

	Chaired by	Head of the EHS Department
	Supervised by	EHS Planning Team
	Cooperation Team	CSR Team, Safety & Environment Team, Facility Technology Team, R&D Corporate Management Team



Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) • Integrated Environmental Management • Climate Change and GHG Management • Community Involvement and Development • Transparency and Business Ethics • Employee Value Creation • **Employee Health and Safety Management** • Win-Win Partnership in the Supply Chain

● Completed ● Partially completed ○ Under preparation

Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Strengthening safety management at worksites	Establishing a culture of safety	Strengthened the safety management and activities at domestic plants and R&D centers through consulting on their safety culture Performed assessments on HK's safety culture and corporate culture	●	Establishing a culture of safety	Prevent disasters through behavior-based innovation activities (safety equipment & awareness improvement) - Improve the fundamental risks of major high-risk equipment - Pursue safety awareness innovation through VR ¹⁾	Dec.	EHS Planning Team Safety & Environment Team Facility Technology Team
	Reinforcing the safety and health system	Upgraded the compliance evaluation system and operated the Health and Safety Advisory Committee	●	Reinforcing the safety and health system	Operate the compliance evaluation system and continue the operation of the Health and Safety Advisory Committee - Adopt a self-initiated safety management system through preemptive safety assessments - Preemptively respond to legal risks through the continued operation of the Health and Safety Advisory Committee	Dec.	EHS Planning Team Safety & Environment Team
	Transitioning to ISO 45001	Achieved ISO 45001 ²⁾ at global plants	●	ISO 45001 certification	Operate global plants in accordance with ISO 45001	Dec.	EHS Planning Team Safety & Environment Team
Bolstering efforts for employee health	Developing procedures for musculoskeletal disease prevention and response	Conducted inspections and precision analyses on risk factors through the standardization of work processes on the shop floor Developed and implemented improvement plans for high-risk work processes	●	Developing procedures for musculoskeletal disease prevention and response	Perform scientific analyses to improve musculoskeletal diseases (ergonomic analyses) Improve on hazardous processes - Ergonomic improvement: Improve equipment, review the adoption of wearables and design their concept - Managerial improvement: Offer prevention training, improve work methods and tools, and eliminate unnecessary work and movement	Dec.	EHS Planning Team
	Bolstering efforts for employee health	Established a health cohort framework Strengthened efforts for the health management of high-risk groups Expanded the scope of counseling center operations	●	Bolstering efforts for employee health	Partner with hospitals to operate a smoke-cessation camp for high-risk groups Support free-of-charge screenings for the following: gastrointestinal endoscopy, abdominal ultrasonography, and chest CT scans Partner with national healthcare centers to operate a smoking cessation clinic	Dec.	Safety & Environment Team
	Strengthening work environment management	Improved the chemical management system (developed the G.CIS) Optimized the operation of ventilation equipment Improved the thermal work environment	●	Strengthening work environment management	Introduce wearables to prevent musculoskeletal diseases Strengthen management through work environment measurements Use low-risk raw materials	Nov.	Safety & Environment Team EHS Planning Team

1) VR: Virtual reality

2) ISO 45001: An ISO standard for occupational health and safety management systems



Strengthening safety management at worksites

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

Establishing a culture of safety

To elevate safety awareness at the workplace and build a culture of safety, safety culture assessments were made with external experts and this led to the identification of 13 recommended tasks to strengthen our safety management and activities. This was followed by the development of detailed initiatives concerning the identified tasks and improvements that were made on our safety culture. In particular, we promoted compliance with basic measures, from securing passages for workers and wearing protective gear to smoking in designated areas only and following mobile phone use rules in order to heighten employees' awareness on safety and these fundamental disciplines. In addition, the safety pledge was signed and past safety accidents were shared to improve the awareness of safety culture among management supervisors in order to focus on accident prevention and the development of a safety culture. Going forward, we will operate a range of assessment activities and programs to encourage our employees to take the initiative in recognizing the importance of safety and take action accordingly.

Reinforcing the safety and health system

To reinforce the prevention of occupational injuries at the workplace, regular meetings were hosted with internal/external experts in the health and safety sector to identify issues and possible improvements. We continue to operate the labor-management-government taskforce team that consists of the Employment and Labor Administration and the Korea Occupational Safety and Health Agency as well as our labor union and worksites to conduct monthly joint health and safety inspections and

progress reviews on the set health and safety action plans. Furthermore, leading indicators are developed to supplement our compliance evaluation system and they are operated to strengthen the field-driven safety management system and our executive capabilities to make improvements. Management supervisors received EHS competence assessments and training to develop EHS management expertise. Safety campaigns including pre-work risk prediction exercises and contests were hosted to improve employees' safety awareness. We will operate a variety of field-oriented and engaging EHS activities to keep pace with shifting health and safety trends and strengthen the basis for self-directed safety management.

Achieving ISO 45001

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

Bolstering efforts for employee health

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

Developing procedures for musculoskeletal disease prevention and response

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

- 1) RULA: Rapid Upper Limb Assessments are performed on the postural load requirements of job tasks on the shoulders, wrists, neck and upper extremities.
- 2) REBA: Rapid Entire Body Assessments performed on the postural load requirements of job tasks on the entire body.
- 3) NLE: NIOSH Lifting Equation is a tool used to assess lifting and lowering tasks in the workplace.

Bolstering efforts for employee health

We select employees who smoke and are at a high risk for cerebrovascular and pulmonary diseases and provide them with access to a smoking cessation clinic and camp sessions to help them overcome the habit. Major diseases that affect different age groups were identified to provide tailor-made healthcare programs: sleep disorder programs were implemented for employees in their 30's, liver disease and dyslipidemia programs were offered to

those in their 40's, and hypertension and diabetic prevention and improvement was the focus for people in their 50's. Our Donggarni consultation center has been under operation as a counseling clinic since 2014 to promote employees' psychological healthcare. Psychological counseling is available to both our employees and to the family members of our employees and professional counselors make in-home or office visits upon receiving counseling requests. We plan to reinforce management supervisor training and publicity operations to swiftly identify and support employees who are at high risk for depression in order to improve the efficiency of our psychological counseling services.

Strengthening work environment management

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

WIN-WIN PARTNERSHIP IN THE SUPPLY CHAIN

FOCUS 08

Key Achievements

Ratio of suppliers who received CSR assessments over the past three years

73%

(total No. of suppliers in 2019 was 415)

Ratio of raw materials sourced from top-performing suppliers based on CSR assessments (based on weight)

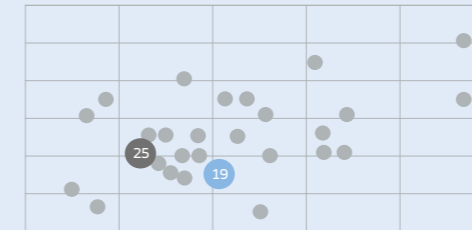
49%



Relevant Issues

- 19 Strengthen suppliers' sustainability management (assessment, risk, etc.)
- 25 Reinforce the shared growth policy and activities for suppliers (win-win cooperation)

Materiality Analysis Outcomes



Impact Analysis Outcomes



Issue Background & Management Status

Efficient supply chain management and shared growth with suppliers are increasingly considered essential in strengthening a company's long-term competitive edge and promoting its sustainable growth. As our global supply chain consists of diverse suppliers, Hankook Tire & Technology specifically recognizes the importance of fulfilling its social responsibility to pursue win-win partnerships with its suppliers. If we can't ensure stability in the purchase and sourcing of raw materials due to lack of CSR management on the part of suppliers, our competitive edge is at risk. On the other hand, our production efficiency will increase when we expand on stable sources of raw materials based on well-functioning CSR management. It is with this awareness that we conduct regular CSR assessments on our suppliers to improve sustainability along the entire supply chain while offering various policy support for suppliers to build long-term competitiveness and ensure sustainable growth in so doing.

Future Plans

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

Goal	Deadline
Ratio of suppliers who received CSR assessments: 100%	2030
Ratio of using sustainable raw materials: 100%	2050

Management Organization

	Chaired by	Head of the Purchasing Department
	Supervised by	Purchasing Planning Team
	Cooperation Team	Purchasing Team 1, Purchasing 2, Global Quality Management Team, Raw Material Development Project, and Chemical Safety & Legal Regulation Project



Customer Satisfaction and Quality Management (Car Maker) (General Customers and Dealers) · Integrated Environmental Management · Climate Change and GHG Management · Community Involvement and Development · Transparency and Business Ethics · Employee Value Creation · Employee Health and Safety Management · **Win-Win Partnership in the Supply Chain**

● Completed ● Partially completed ○ Under preparation

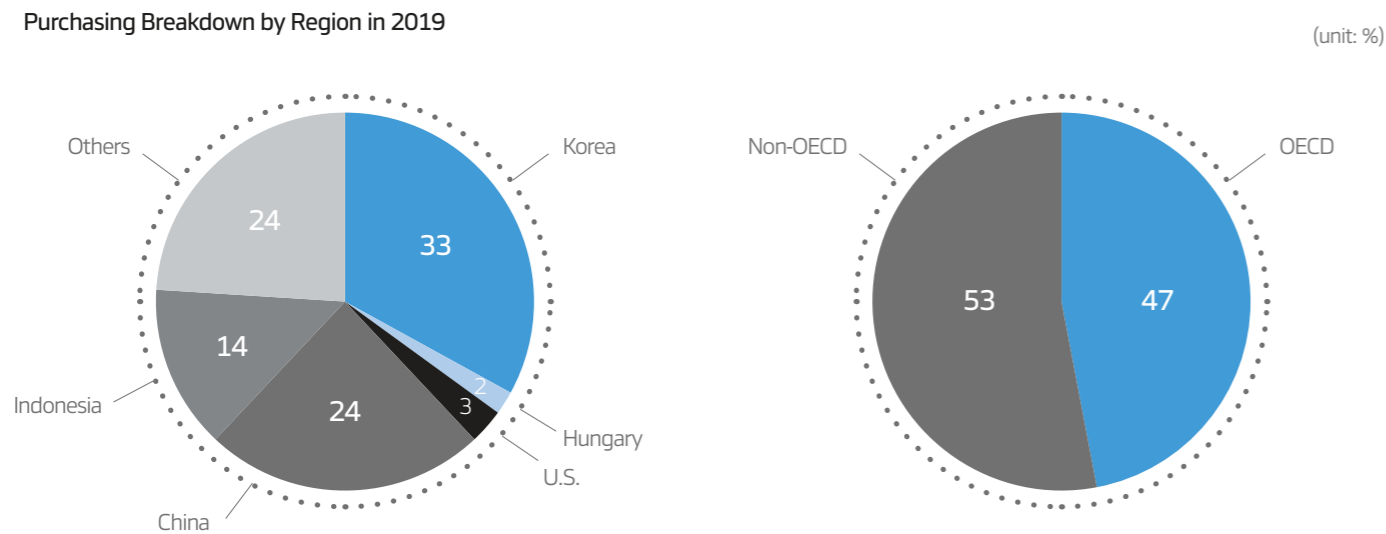
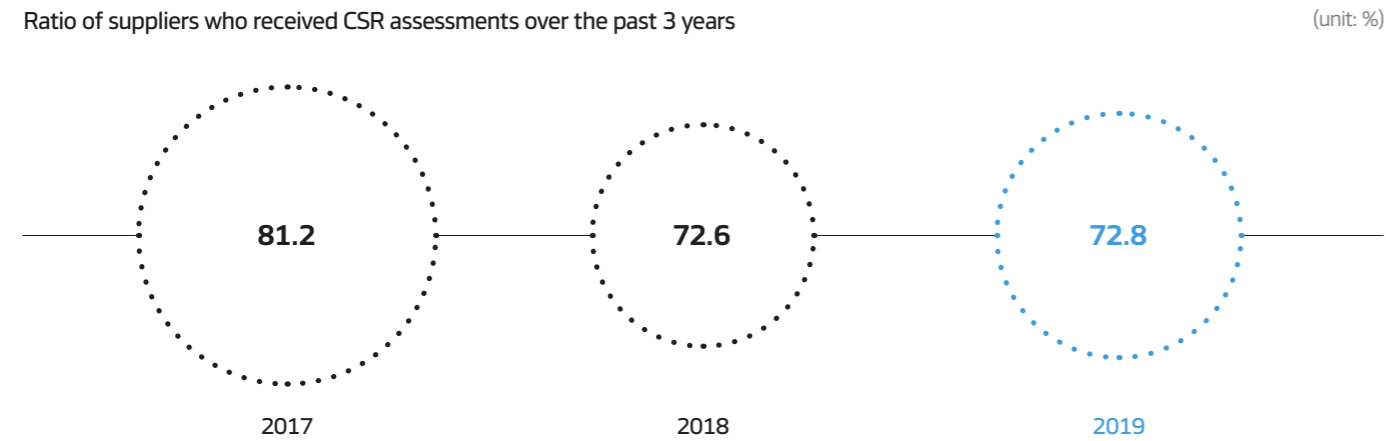
Managerial Issue	Achievements in 2019			Plans for 2020			
	Goals	Achievements	Completion	Goals	Plans	Deadline	Responsible Team
Supply chain management	Selecting suppliers based on CSR elements	Strengthened the criteria of utilizing 'sustainability guidelines for suppliers'	●	Selecting suppliers based on CSR elements	Reach 100% in conducting supplier CSR assessments through the electronic purchasing system	Dec.	Purchasing Planning Team
					Reach 100% in signing the 'ethics management pledge' among suppliers	Dec.	Purchasing Planning Team
	Expanding on-site CSR audits	Expanded supplier CSR audits	○	Providing ethics management training to suppliers	Send Ethics Management Letters to suppliers	Dec.	Audit Team
	Operating SNR ¹⁾ programs	Set implementation plans and acted accordingly	●	Operating SNR programs	Set and undertake detailed SNR initiatives	Dec.	Chemical Safety&Legal Regulation Project
	Extending the scope of supplier ESG ²⁾ management	Included tier 2 items in the scope of CSR assessments	●	Extending the scope of supplier ESG management	Expand the scope of supplier ESG information management to tier 2 suppliers	Dec.	Purchasing Planning Team, CSR Team
Shared growth				Hosting the Supplier Idea Awards	Award suppliers for their outstanding ideas	Dec.	Purchasing Team 1, Purchasing Team 2 Purchasing Planning Team

1) SNR: Sustainable Natural Rubber

2) ESG: Environment, social & corporate governance

Supply Chain Management

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



Selecting suppliers considering CSR elements

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

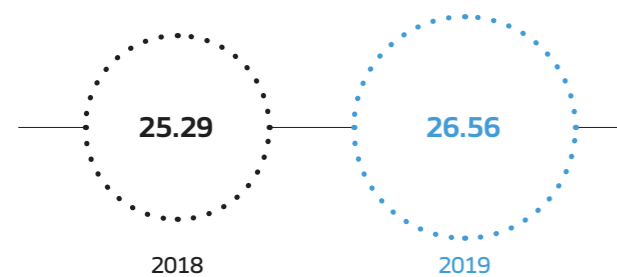
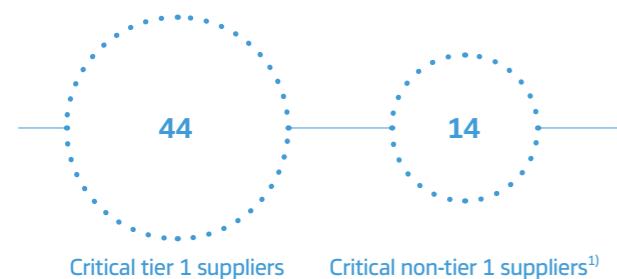
Expanding on-site CSR audits

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

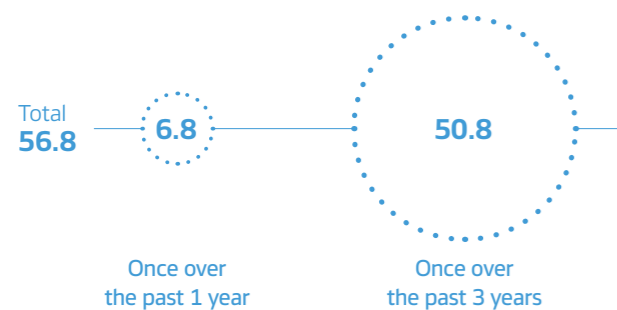
Supplier Corporate Social Responsibility (CSR) Assessment Items¹⁾

Area	Description
Human rights & labor	Prohibit discrimination in terms of employment, promotion, training, wages, compensation, and retirement on the grounds of gender, religion, disability, age, or background
	Ban child and forced labor as well as physical punishment or coercion and verbal violence
	Offer training on the prevention of sexual harassment
Ethics management	Recognize workers' freedom of association and collective bargaining
	Offer ethics management training
	Prohibit all forms of unethical practices including the acceptance or offering of bribes and unjustified related transactions
Health & safety	Operate communication channels to receive whistleblower reports on unethical practices and to handle grievances, protect the identity of whistleblowers
	Offer training on health & safety
	Conduct regular checks on the work environment and areas in need of safety checks
Environment & GHG	Check the distribution of personal protective equipment and the rate of usage
	Conduct regular firefighting drills (emergency evacuation or fire extinguishing exercises)
	Offer training on environmental management
Supplier management	Properly process air/water pollutants and waste
	Reduce energy consumption or GHG emissions
	Demand critical suppliers to improve their management of human rights & labor, ethics, health & safety, environment, and climate change

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

Ratio of using sustainable raw materials (unit: %)

Critical Suppliers in 2019 (unit: company)


1) Critical suppliers of tier 1 suppliers

Ratio of suppliers that received on-site CSR audits out of the total critical tier 1 suppliers (unit: %)


Using sustainable raw materials

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

Operating SNR programs

Approximately 70% of natural rubber is used for manufacturing tires, and 85% of the rubber is produced by smallholders. Sustainability of the natural rubber value chain is highly critical for the development of the tire industry. We set forth our 'sustainable natural rubber policy' in 2018 to elaborate on our social responsibility along the natural rubber supply chain as a way


 Ceremonial launch of the GPSNR [Click](#)

to ensure the economic, social and environmental sustainability of natural rubber as a key raw material of tires, and have since monitored our compliance with this policy on a continual basis. We are a founding member of the Global Platform for Sustainable Natural Rubber, and have developed detailed action plans for the sustainability of the natural rubber value chain. In 2020, we plan to define SNR assessment items and perform assessments accordingly on our natural rubber supply chain.

Extending the scope of supplier ESG management

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

Critical Suppliers

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

Shared Growth

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

Hosting the Supplier Idea Awards

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

Plans to Strengthen Win-Win Partnerships with Suppliers

	As Is	Slated for 2020 onwards
Strengthening supplier assessments	Make CSR assessments on critical suppliers Perform on-site CSR audits as part of quality assessments Submit CSR assessment outcomes offline	Make CSR assessments on all suppliers Reinforce on-site CSR audits Use the electronic purchasing system to submit and compile assessment outcomes online
Strengthening suppliers' ethics management	Distribute the ethics management pledge to suppliers (voluntary participation)	Mandate all suppliers to sign the ethics management pledge upon signing contracts Extend ethics management to tier 2 suppliers
Strengthening win-win collaboration	Respond to global trends on sustainability management - Participate as a founding member of the GPSNR and develop the SNR policy	Host the Supplier Idea Awards



APPENDIX

●
About This Report

Performance Summary

GRI Index

Awards

UNGC and Memberships

Independent Assurance Statement

CSR Report Prepared by/Hankook Tire & Technology Channel



ABOUT THIS REPORT

Report Overview

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

Reporting Standards

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

Reporting Period

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

Reporting Scope

The performance and data of this Report primarily illustrate the achievements and plans of Hankook Tire & Technology. For a portion of the data such as the number of employees, however, the reporting scope includes Hankook & Technology as the holding company. Data was compiled from our domestic worksites including the Headquarters, Daejeon and Geumsan Plants, and R&D centers as well as overseas worksites in Hungary, China, Indonesia, and the U.S. We aim to constantly broaden the reporting scope to ensure that our CSR reports present a faithful and comprehensive description of CSR endeavors and achievements made at our overseas worksites across the globe.

Third-Party Assurance

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

For Further Information

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

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PERFORMANCE SUMMARY

Economic Performance

Item	Unit	2015	2016	2017	2018	2019	
Sales	KRW million	6,428,173	6,621,762	6,812,858	6,795,089	6,883,269	
Sales breakdown by region	Europe	%	28.2	30.2	32.5	34.9	34.2
	North America	%	31.0	31.5	31.9	32.3	33.5
	Korea	%	18.6	16.3	13.6	12.8	12.3
	China	%	13.4	13.1	13.4	12.6	11.9
	Middle East & Africa and Asia-Pacific	%	8.9	8.9	8.6	7.3	8.0
Cost of sales	KRW million	4,084,046	4,045,028	4,492,384	4,691,444	4,961,117	
Gross income	KRW million	2,344,127	2,576,734	2,320,474	2,103,645	1,922,151	
Operating income	KRW million	884,990	1,103,228	793,432	702,651	543,965	
Income before tax	KRW million	839,374	1,092,416	743,036	697,700	589,884	
Income tax	KRW million	182,870	213,326	136,580	167,320	160,269	
Net income	KRW million	656,504	879,090	606,457	530,381	429,615	
Other comprehensive income	KRW million	17,352	(8,858)	(140,767)	(45,451)	27,621	
Total comprehensive income	KRW million	673,856	870,232	465,690	484,930	457,235	
Total assets	KRW million	9,496,138	9,621,973	9,518,786	9,796,442	10,164,608	
Total liabilities	KRW million	4,355,350	3,660,494	3,145,280	3,006,129	2,977,391	
Total equity	KRW million	5,140,788	5,961,479	6,373,506	6,790,313	7,187,217	
Patent registration	Korea	No. of patents	79	79	70	53	48
	Overseas	No. of patents	19	71	68	35	34
Patent application	Korea	No. of patents	62	80	47	79	88
	Overseas	No. of patents	49	40	63	81	69

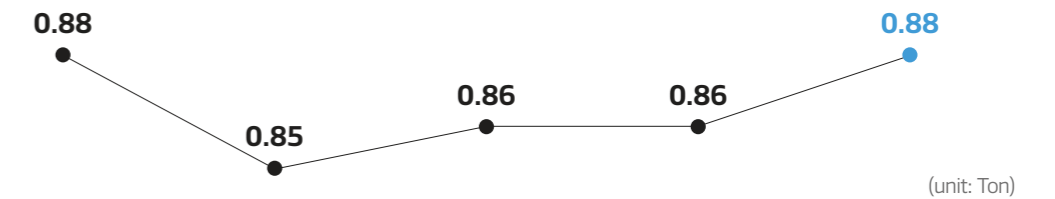
Environmental Performance

Item	Unit	2015	2016	2017	2018	2019
Ratio of eco-friendly products (based on quantities)	%	47.3	52.0	48.0	64.7	47.6 ¹⁾
Sales of eco-friendly products	M USD	2,808	3,422	3,251	4,545	2,935
Products that received LCA (based on quantities)	%	20.7	15.3	15.1	16.0	21.9

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

Consumption of Major Raw Materials

Intensity (unit: ton of finished product)



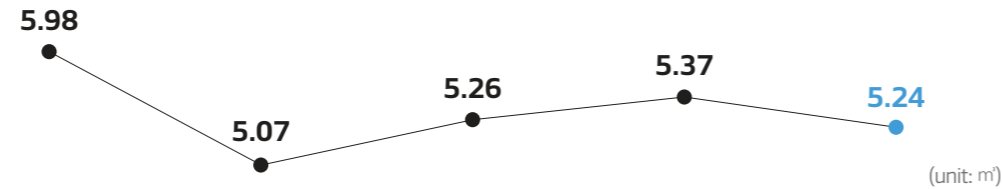
Item	2015	2016	2017	2018 ²⁾	2019
Natural rubber	306,394	319,368	325,217	326,155	315,990
Synthetic rubber	251,255	257,862	263,570	264,871	268,354
Carbon black	265,971	277,247	280,721	281,351	271,877
Textile-cord	45,590	49,624	50,041	52,090	50,079
Steel-cord	115,086	117,848	121,240	122,192	116,821
Bead wire	46,482	42,437	44,145	44,340	51,774
Total	1,030,778	1,064,386	1,084,934	1,090,999	1,074,895

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

Environmental Performance

Water Intake

Intensity (unit: m³/ton of finished product)



Worksite		2015	2016	2017	2018	2019
Daejeon Plant	Municipal water	1,585,372	1,521,426	1,648,559	1,242,142	1,326,675
	Groundwater	0	0	0	116,079	114,194
Geumsan Plant	Municipal water	1,542,081	1,327,978	1,616,228	1,822,718	1,571,234
	Groundwater	0	0	0	0	0
Jiangsu Plant	Municipal water	1,358,341	937,015	810,013	899,601	936,058
	Groundwater	0	0	0	0	0
Jiaxing Plant	Municipal water	1,149,976	1,007,119	927,943	1,006,357	701,271
	Groundwater	0	0	0	0	0
Chongqing Plant	Municipal water	493,872	625,986	685,418	625,036	602,066
	Groundwater	0	0	0	0	0
Hungary Plant	Municipal water	423,340	361,980	311,600	311,928	313,150
	Groundwater	-	59,632	103,671	109,557	122,890
Indonesia Plant	Municipal water	463,776	512,823	546,684	547,929 ¹⁾	510,248
	Groundwater	0	0	0	0	0
Tennessee Plant	Municipal water	-	-	-	159,866	175,737
	Groundwater	-	-	-	0	0
Total		7,016,758	6,353,959	6,650,116	6,841,213	6,373,523

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

Discharge of Treated Waste Water

Intensity (unit: m³/ton of finished product)



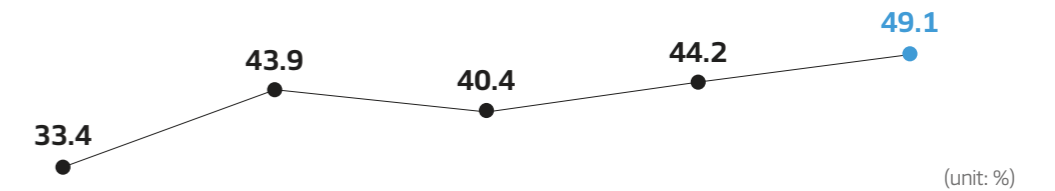
Worksite	2015	2016	2017	2018	2019
Daejeon Plant	268,262	194,592	166,514	0 ²⁾	72,420
Geumsan Plant	455,443	279,955	205,240	143,622	275,142
Jiangsu Plant	211,267	375,734	488,434	521,463	405,238
Jiaxing Plant	608,292	502,455	540,607	682,284	426,803
Chongqing Plant	224,299	287,269	396,163	376,926	306,716
Hungary Plant	101,627	150,301	167,713	171,827	174,914
Indonesia Plant	3,342	1,496	5,615	10,849	4,928
Tennessee Plant	-	-	-	56,190 ³⁾	89,427
Total	1,872,532	1,791,802	1,970,286	1,963,161	1,755,588

2) The Daejeon Plant fully recycled its waste water.

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

Recycling Rate of Treated Waste Water⁴⁾

Total ratio (unit: %)



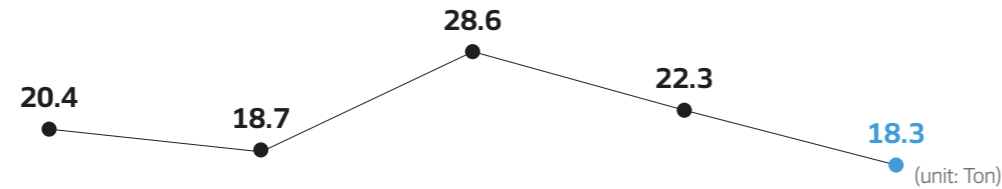
Worksite	2015	2016	2017	2018	2019
Daejeon Plant	51.5	68.5	74.0	100.0	88.8
Geumsan Plant	31.5	56.0	67.2	75.1	69.7
Jiangsu Plant	34.6	38.0	9.7	10.3	14.5
Jiaxing Plant	0.0	0.0	0.0	0.0	0.0
Chongqing Plant	24.7	20.4	8.5	12.4	14.4
Hungary Plant	0.0	0.0	16.5	14.6	23.0
Indonesia Plant	98.7	99.5	98.3	96.4	98.4
Tennessee Plant	-	-	-	0.0	0.0

4) Ratio of recycled water out of waste water

Environmental Performance

Discharge of Suspended Solids (SS)

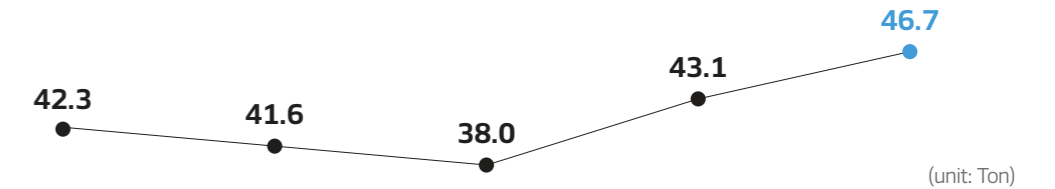
Intensity (unit: g/ton of finished product)



Worksite	2015	2016	2017	2018	2019
Daejeon Plant	1.0	0.8	0.6	0.0	0.3
Geumsan Plant	1.9	1.1	0.4	0.4	1.0
Jiangsu Plant	5.8	7.1	6.6	9.1	6.4
Jiaxing Plant	13.9	11.7	21.6	11.9	4.0
Chongqing Plant	1.1	1.2	5.0	0.7	2.0
Hungary Plant	0.2	1.7	1.7	1.7	2.4
Indonesia Plant	0.1	0.0	0.3	1.0	0.1
Tennessee Plant	-	-	-	3.6	6.2
Total	23.9	23.5	36.1	28.4	22.3

Waste Discharge

Intensity (unit: Kg/ton of finished product)

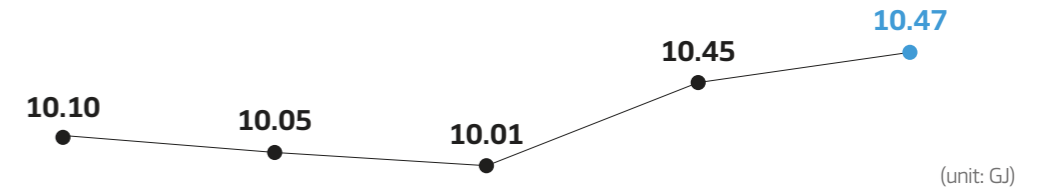


Item	2015	2016	2017	2018	2019	
Recycling	Non-hazardous waste	38,408	42,570	38,740	38,702	40,036
	Hazardous waste					4,306
Incineration	Non-hazardous waste	4,995	4,546	4,745	6,014	4,155
	Hazardous waste					2,076
Landfill	Non-hazardous waste	6,273	5,034	4,552	10,182	5,825
	Hazardous waste					445
Total	49,676	52,150	48,037	54,897	56,843	

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

Energy Consumption

Intensity (unit: GJ/ton of finished product)

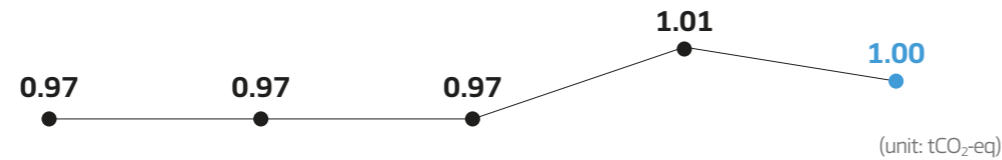


Item	2015	2016	2017	2018	2019
Fuel	4,452,739	4,789,732	4,762,855	5,161,924	4,545,475
Purchased electricity	5,294,440	5,711,556	5,716,775	5,962,084	5,787,774
Renewable energy (photovoltaic generation)	0	0	0	0	2,422
Purchased steam	2,097,865	2,111,354	2,171,716	2,188,001	2,405,978
Total	11,845,044	12,612,642	12,651,346	13,312,009	12,741,649

Environmental Performance

GHG Emissions

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



Worksite		2015	2016	2017	2018	2019
Daejeon Plant	Scope1	84,161	82,638	81,373	83,658 ¹⁾	59,530
	Scope2	143,065	145,209	143,151	140,278	150,366
Geumsan Plant	Scope1	76,051	75,153	73,568	79,286	79,724
	Scope2	189,141	191,341	180,362	189,565	183,684
Jiangsu Plant	Scope1	9,188	7,704	8,395	2,864	2,107
	Scope2	177,632	176,512	193,207	204,916	189,363
Jiaxing Plant	Scope1	2,075	1,988	1,900	1,549	1,522
	Scope2	207,216	211,861	211,174	191,456	176,246
Chongqing Plant	Scope1	11,319	22,951	25,562	26,968	23,906
	Scope2	41,240	65,765	74,732	75,842	68,040
Hungary Plant	Scope1	45,508	46,488	47,215	46,847	43,884
	Scope2	53,216	53,906	53,163	52,057	51,186
Indonesia Plant	Scope1	22,551	32,587	29,927	32,276	34,038
	Scope2	76,775	107,535	106,189	106,255	103,324
Tennessee Plant	Scope1	-	-	-	18,766	19,452
	Scope2	-	-	-	30,811	33,538
Total	Scope1	250,853	269,509	267,940	292,214	264,163
	Scope2	888,285	952,129	961,978	991,180	955,747
	Scope1+Scope2	1,139,138	1,221,638	1,229,918	1,283,394	1,219,910

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

GHG Emissions Reduced

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

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

Energy and Carbon Expenses Reduced

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

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

Investments Made in Energy-Saving Projects

Worksite	Unit	2015	2016	2017	2018	2019
Plants in Korea	KRW 100 million	11.19	16.72	7.53	8.97	16.84
Plants overseas	KRW 100 million	-	-	13.50	26.15	48.35
Total	KRW 100 million	11.19	16.72	21.03	35.12	65.19

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

Social Performance

Employees

Item	Unit	2015	2016	2017	2018	2019	
Total employees	Korea	No. of persons	6,935	6,909	6,821	6,732	6,502
	Overseas (expatriates)	No. of persons	262	266	267	261	246
	Overseas (locally-hired)	No. of persons	12,855	12,664	13,562	13,353	12,972
	Total	No. of persons	20,082	19,839	20,650	20,346	19,720
New hires	Office staff in Korea	No. of persons	185	186	129	87 ¹⁾	105
	Operators in Korea	No. of persons	32	1	3	105	130
	Locally-hired office staff	No. of persons	373	461	425	460	431
	Locally-hired operators	No. of persons	2,785	1,345	1,418	1,234	1,731
By job category	Office staff	No. of persons	4,983	5,283	5,458	5,324	4,720
	Operators	No. of persons	15,099	14,556	15,192	15,022	15,000
By employment type (Korea)	Regular	No. of persons	6,909	6,865	6,774	6,691	6,434
	Non-regular	No. of persons	26	44	47	41	68
	Ratio of non-regular employees	%	0.4	0.6	0.5	0.5	1.0
Parental leave (Korea) ²⁾	Employees to return to work	No. of persons	23	27	40	56	58
	Employees who returned to work	No. of persons	23	27	40	56	58
	Rate of return	%	100.0	100.0	100.0	100.0	100.0
Parental leave (overseas)	Employees to return to work	No. of persons	66	29	20	32	34
	Employees who returned to work	No. of persons	13	13	14	8	6
	Rate of return	%	19.7	44.8	70.0	25.0	17.6
Employees with disabilities	Korea	No. of persons	86 ³⁾	169	172	204	159 ⁴⁾
	Total overseas employees	No. of persons	13,147	12,930	13,829	13,614	13,218
Local recruitment	Expatriates	No. of persons	262	266	267	261	246
	Locally-hired employees	No. of persons	12,885	12,664	13,562	13,353	12,972
	Ratio of locally-hired employees ⁵⁾	%	98.0	97.9	98.0	98.1	98.1
	Locally-hired managers (in team leader or higher positions)	No. of persons	620	809	870	919	1,007
	Ratio of locally-hired managers ⁶⁾	%	4.8	6.4	6.4	6.7	7.6

Item	Unit	2015	2016	2017	2018	2019	
Resignation	Office staff	No. of persons	491	593	524	614	585
	Operators	No. of persons	2,130	2,475	1,851	1,687	2,209
Average service years (Korea)	No. of years	12.7	13.6	14.3	14.9	15.6	
Performance and remuneration (Korea)	Ratio of employees who receive regular performance appraisals	%	99.6	99.4	99.3	99.0	97.9
Grievance handling (Korea)	Grievances handled	No. of cases	45	29	32	29	29
Labor union (Korea)	Employees eligible for union membership	No. of persons	4,853	5,152	4,962	4,527	4,473
	Union members (1 st Labor Union)	No. of persons	4,337	4,191	4,239	4,066	3,835
	Union members (2 nd Labor Union)	No. of persons	0	314	288	321	466
	Total	No. of persons	4,337	4,505	4,527	4,387	4,301
Female employees ⁷⁾	Ratio of female employees	%	7	7.5	8.6	9.0	9.4
	Ratio of female leaders	%	5.1	6.3	5.6	5.2	5.3
	Ratio of female managers (in Senior Manager or higher positions)	%	7.1	8.1	8.1	8.9	10.3
	Ratio of female managers (in Assistant Manager or higher positions)	%	12.3	14.5	14.2	14.9	15.7
	Female executive directors	No. of persons	1	1	1	1	1

1) Errors made in compiling data were corrected.

2) Criteria used in calculating rates of return have changed: Those who returned to work out of those who will return to work for the concerned year

3) Errors made in compiling data were corrected

4) This changes to 82 when excluding employees working at Hankook Donggurami Partners

5) No. of locally-hired employees/ total No. of overseas employees

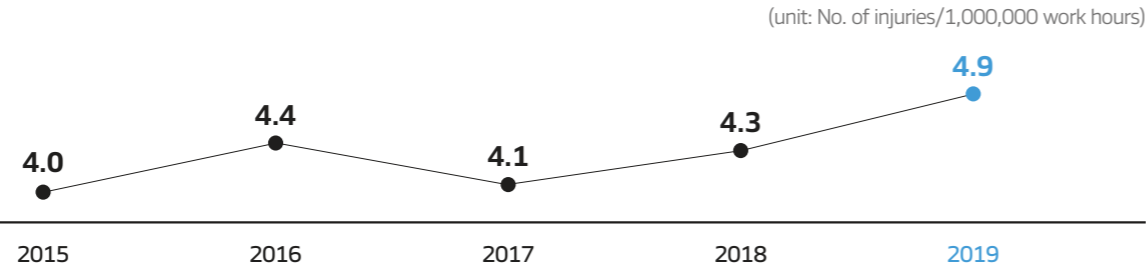
6) No. of locally-hired manager/No. of locally-hired employees

7) Errors made in compiling data were corrected

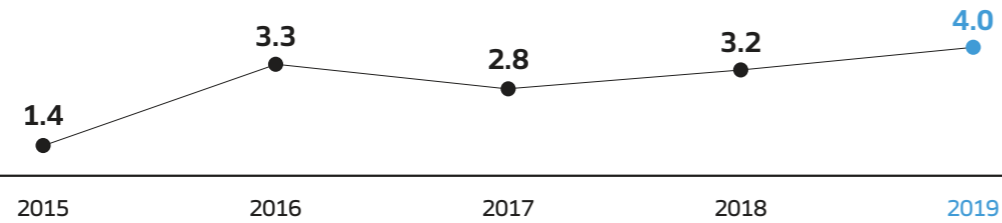
Social Performance

Health and Safety

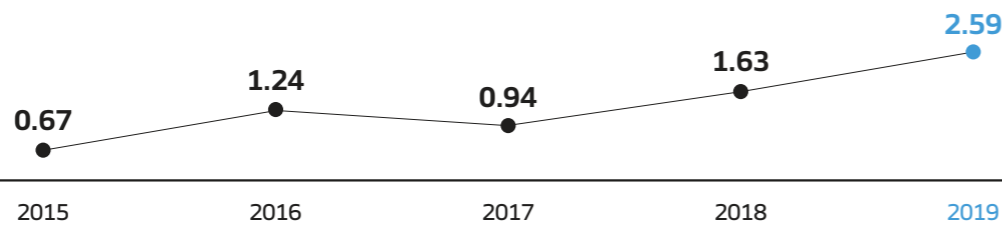
LTIFR (employees)¹⁾



LTIFR (contractors)



OIFR (employees)²⁾



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

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

Employee Training

Item	Unit	2015	2016	2017	2018	2019	
Training hours per person	Office staff	No. of hours	66.5	78.7	52.0	64.1	83.4
	Operators	No. of hours	24.5	22.7	23.0	48.7	12.4
Anti-sexual harassment training (Korea)	No. of trainees	1,773	1,905	2,134	6,688	6,545	
Human rights training	No. of trainees	129	185	6	6,663	6,542	

Suppliers

Item	Unit	2015	2016	2017	2018	2019	
Supplier CSR assessments	Korea	No. of companies	313	236	125	115	147
	Overseas	No. of companies	9	53	60	48	26
	Total	No. of companies	322	289	185	163	173

Customers

Item	Unit	2015	2016	2017	2018	2019
Customer complaints raised concerning personal information	No. of cases	0	1	1	0	11 ³⁾

3) Ten text message transmission errors and one email transmission error

Ethics Management

Item	Unit	2015	2016	2017	2018	2019
Regulatory violations	No. of cases	0	0	3	1	4
Violation of fair trade regulations	No. of cases	1	0	0	0	1

Social Performance

Corporate Philanthropy

Item	Unit	2015	2016	2017	2018	2019	
Corporate philanthropy expenditures ¹⁾	Cash donations ²⁾	KRW million	-	-	-	5,140	4,269
	In-kind donations	KRW million	-	-	-	454	588
	Total ³⁾	KRW million	7,340	7,507	5,326	5,594	4,857
	Ratio against consolidated sales ⁴⁾	%	0.11	0.10	0.07	0.07	0.06
Volunteering (Korea, Hungary, and Indonesia)	Total volunteer hours	No. of hours	27,353	30,876	28,330	20,403	20,993
	Total volunteer hours translated into monetary value	KRW million	-	-	948	646	602
	Employees volunteering per year on a cumulative basis	No. of persons	6,365	7,321	6,904	5,993	4,507
	Employees volunteering on a non-cumulative basis	No. of persons	2,522	3,244	2,990	2,519	2,000
	Volunteer hours per employee	No. of hours	2.7	2.5	2.4	1.8	2.1
Corporate philanthropic management overheads ⁵⁾	KRW million	1,007	799	474	465	614	

1) Data on corporate philanthropic expenditures has been compiled in two different categories of cash and in-kind donations since 2018.

2) List of major organizations receiving donations: Hankook Tire Welfare Foundation, Daejeon Choongnam Civic Group for Ecosystem Protection, Korean Association for Safe Communities, and Citizen's Coalition for Safe Community.

3) This includes expenditures made by Hankook Technology Group.

4) This includes sales of Hankook Technology Group on a consolidated basis.

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

Membership Fees Paid to Organizations/Associations Related to Policy Influence

Organization	Unit	2015	2016	2017	2018	2019 ⁶⁾
Political donations	KRW million	0	0	0	0	0
Trade association, Chamber of commerce and industry etc. ⁷⁾	KRW million	1,004	1,039	1,149	1,286	1,464

6) Ranking by membership fees paid

1. USTMA (U.S. Tire Manufacturers Association): KRW 337 million

2. KOTMA (Korea Tire Manufacturers Association): KRW 291 million

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

4. ETRMA (European Tyre and Rubber Manufacturers' Association): KRW 174 million

5. Daejeon Chamber of Commerce and Industry: KRW 103 million

7) Chambers of Commerce and Industry, TIP and WBCSD have been classified as trade associations since 2019.

8) KBCSD membership fee paid: KRW 15 million

Government Contribution Received

Project	Task	Unit	Government Investments Made		
			Supervising Department	Development Period	Budget Invested in 2019
Reducing particulate matter generated from non-exhaust sources in the transport sector	Developing high-performance tires for commercial vehicles to reduce particulate matter	KRW 1,000	Material Department	Apr. 2019 ~ Dec. 2023	11,489
	Developing and demonstrating measurement and evaluation systems to reduce particulate matter generated from non-exhaust sources	KRW 1,000	Material Department	Apr. 2019 ~ Dec. 2023	13,610



GRI INDEX

GRI Standards			Data			
GRI Standards	Disclosure Requirement	Category	2019	Unit		
General Disclosures (GRI 100)						
102-1	Name of the organization					
102-2	Activities, primary brands, products and services					
102-3	Location of headquarters					
102-4	Location of operations				p. 6~7	
102-5	Nature of ownership and legal form					
102-6	Markets served					
102-7	Scale of the organization					
Organizational profile	Total number of employees by employment contract, by gender	Regular	Male	17,771	No. of persons	
			Female	1,804	No. of persons	
			Total	19,575	No. of persons	
	Non-regular	Male	104	No. of persons		
		Female	41	No. of persons		
		Total	145	No. of persons		
	102-8	Total number of employees by employment contract, by region	Regular	Korea	6,434	No. of persons
				China	6,885	No. of persons
				Europe	2,911	No. of persons
				Americas	1,356	No. of persons
				Middle East & Asia-Pacific	1,958	No. of persons
				Total	19,544	No. of persons
				Non-regular	Korea	68
	China	37	No. of persons			
Europe	38	No. of persons				
Americas	9	No. of persons				
Non-regular	Total	Middle East & Asia-Pacific	24	No. of persons		
		Total	176	No. of persons		
		Ratio of non-regular employees	0	%		
102-8	Total number of employees by employment type, by gender	Full time	Male	17,875	No. of persons	
			Female	1,845	No. of persons	
			Part time	0	No. of persons	

GRI Standards			Data		
GRI Standards	Disclosure Requirement	Category	2019	Unit	
General Disclosures (GRI 100)					
Organizational profile	102-8	Total number of workers who are not employees but whose work, or workplace, is controlled by the organization	Korea	1,449	No. of persons
	102-9	Organization's supply chain		p. 62~65	
	102-10	Significant changes to the organization and its supply chain		Not available	
	102-11	Precautionary principle or approach applied to sustainability management issues		p. 28~29	
	102-12	External initiatives: Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.		p. 5, 82	
Strategy	102-13	Membership of associations		p. 93	
	102-14	A statement from the most senior decision-maker of the organization about its strategy for addressing sustainability.		p. 4	
Ethics and integrity	102-15	Key impacts, risks, and opportunities		p. 28~29	
	102-16	Description of the organization's values, principles, standards, and norms of behavior.		p. 50~53	
	102-17	Mechanisms for advice and concerns about ethics			
Governance	102-18	Governance structure of the organization, including committees of the highest governance body (Board of Directors)			
		Committees responsible for decision-making on economic, environmental, and social topics			
	102-19	Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.		p. 10~11, 25~27	
	102-20	Appointment of an executive-level position or positions with responsibility for economic, environmental, and social topics			
		Whether or not post holders report directly to the highest governance body			
	102-21	Process for consultation with stakeholders on economic, environmental, and social topics		p. 25~27	
	102-22	Composition of the highest governance body and its committees			
	102-23	Chair of the highest governance body			
	102-24	Nominating and selecting the highest governance body		Specified in the annual report	

GRI Standards			Data
GRI Standards	Disclosure	Requirement	2019
General Disclosures (GRI 100)			
Governance	102-25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Specified on the website
	102-26	Role of the highest governance body in setting purpose, values, and strategy	p. 10~11, 25~27
	102-27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics	p. 10~11
	102-28	Evaluating the highest governance body's performance	p. 25~27
	102-29	Highest governance body's role in identifying and managing economic, environmental, and social impacts	
	102-30	Effectiveness of risk management processes	p. 10~11, 25~27
	102-31	Frequency of the highest governance body's review of economic, environmental, and social topics	
	102-32	Highest governance body's role in sustainability reporting	p. 10~11
	102-33	Process for communicating critical concerns to the highest governance body	
	102-34	Total number and nature of critical concerns that were communicated to the highest governance body Mechanism(s) used to address and resolve critical concerns	p. 25~27
	102-35	Remuneration policies for the highest governance body and senior executives	Specified in the annual report
	102-36	Process for determining remuneration	p. 25~27
	102-37	Stakeholder involvement in remuneration policy	
	102-38	Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees excluding the highest-paid individual	Specified in the annual report
	102-39	Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees excluding the highest-paid individual	Specified in the annual report
Stakeholder engagement	102-40	List of stakeholder groups engaged by the organization	p. 14
	102-41	Percentage of total employees covered by collective bargaining agreements	p. 72
	102-42	Identifying and selecting stakeholders	
	102-43	Approach to stakeholder engagement	p. 14~15
	102-44	Key topics and concerns that have been raised through stakeholder engagement	
Reporting practice	102-45	List of subsidiaries and joint ventures included in the organization's consolidated financial statements	Specified in the annual report
	102-46	Defining report content and topic Boundaries	p. 67
	102-47	List of the material topics identified in the process for defining report content	p. 13
	102-48	Effect of any restatements of information given in previous reports, and the reasons for such restatements	p. 68~74
	102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	p. 12~13
	102-50	Reporting period for the information provided	
	102-51	Date of the most recent previous report	
	102-52	Reporting cycle	p. 67
	102-53	Contact point for questions regarding the report	
	102-54	Claim made by the organization, if it has prepared a report in accordance with the GRI Standards: either Core option or Comprehensive option	
	102-55	GRI content index	p. 75~80

GRI Standards			Data	Unit
GRI Standards	Disclosure	Requirement	2019	
General Disclosures (GRI 100)				
Reporting practice	102-56	Organization's policy and current practice with regard to seeking external assurance for the report		
		Assurance report accompanying the sustainability report, including a description of what has and has not been assured and on what basis	p. 83	
		Relationship between the organization and the assurance provider		
Management approach	103-1 103-2 103-3	Whether the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report		
		Explanation of the material topic and its Boundary	p. 31, 35, 38, 42, 45, 50, 54, 59, 62	
		The management approach and its components		
Economic Standards (GRI 200)				
Economic performance	201-1 201-2 201-4	Direct economic value generated and distributed	p. 8, 68	
		Financial implications and other risks and opportunities posed by climate change on the organization's activities	p. 42~44	
		Financial assistance received from government	p. 74	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage (executive level)	0.91	
		Ratios of standard entry level wage by gender compared to local minimum wage (management level)	0.88	
		Ratios of standard entry level wage by gender compared to local minimum wage (non-management level)	0.98	
Indirect economic impacts	203-1 203-2	Development of infrastructure investments and services supported and their impacts	p. 8	
		Significant indirect economic impacts including their significance		
Procurement practices	204-1 205-1	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation	p. 64	
		Total number and percentage of operations assessed for risk related to corruption Significant risks related to corruption identified through the risk assessment	p. 50~53	
Anti-corruption	205-2	Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to (broken down by region)	100	%
		Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to (broken down by employee category and region)	100	%
		Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to (broken down by type of business partner and region)	100	%
		Total number and percentage of governance body members that have received training on anti-corruption (broken down by region)	100	%
Anti-competitive behavior	205-3 206-1	Total number and percentage of employees that have received training on anti-corruption (broken down by employee category and region)	p. 50~53	
		Confirmed incidents of corruption and actions taken	p. 53	
		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 73	

GRI Standards			Data		
GRI Standards	Disclosure	Requirement	2019	Unit	
Environmental Standards (GRI 300)					
Materials	301-1	Total weight or volume of materials that are used (non-renewable materials)	p. 68		
		Total weight or volume of materials that are used (renewable materials)	25.95	%	
	301-2	Percentage of recycled input materials	0.61	%	
	301-3	Percentage of recycled products and their packaging materials for each product category	Packaging materials are not used.		
How the data for this disclosure has been collected		N/A			
Energy	302-1	Total fuel consumption within the organization from non-renewable sources (including fuel types used)			
		Total fuel consumption within the organization from renewable sources (including fuel types used)			
		Electricity consumption	p. 70		
	302-1	Electricity sold			
		Steam consumption			
	302-1	Steam sold			
		Total fuel consumption			
	Standards, methodologies, assumptions, and/or calculation tools used		Energy consumption X lower heating value		
	Source of the conversion factors used		- Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System		
	302-2	Energy consumption outside of the organization	0	GJ	
		Standards, methodologies, and assumptions used		N/A	
	302-3	Energy intensity ratio for the organization			
		Organization-specific metric (the denominator) chosen to calculate the ratio	p. 70		
		Types of energy included in the intensity ratio			
	Whether the ratio uses energy consumption within the organization, outside of it, or both		Within the organization		
302-4	Amount of reductions in energy consumption achieved as a result of conservation and efficiency initiatives	307,077	GJ		
	Types of energy included in the reductions		Fuel, electricity purchased, and steam purchased		
302-4	Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it	2018			
	Standards, methodologies, assumptions, and/or calculation tools used		Reductions in energy consumption X lower heating value		
302-5	Reductions in energy requirements of sold products and services		p. 41		

GRI Standards			Data	
GRI Standards	Disclosure	Requirement	2019	Unit
Environmental Standards (GRI 300)				
Water	303-1	Total volume of water withdrawn (surface water)	0	m ³
		Total volume of water withdrawn (groundwater)	237,084	m ³
		Total volume of water withdrawn (Rainwater collected directly and stored by the organization)	0	m ³
		Total volume of water withdrawn (Waste water from another organization)	0	m ³
		Total volume of water withdrawn (Municipal water supplies or other public or private water utilities)	6,136,439	m ³
	303-2	Total number of water sources significantly affected by withdrawal by type (size of water sources)	N/A	
		Total number of water sources significantly affected by withdrawal by type (Whether the source is designated as a nationally or internationally protected area)	N/A	
	303-2	Total number of water sources significantly affected by withdrawal by type (biodiversity value)	N/A	
		Total number of water sources significantly affected by withdrawal by type (Value or importance of the water source to local communities and indigenous peoples)	N/A	
		Total volume of water recycled and reused	1,690,621	m ³
303-3	Ratio of water recycled and reused out of total water withdrawal reported in 303-1	26.53	%	
	Gross direct (Scope 1) GHG emissions	p. 71		
Emissions	305-1	Gases included in the calculation (Scope 1)	CO ₂ , CH ₄ , N ₂ O	
		Biogenic CO ₂ emissions (Scope 1)	0	tCO ₂ -eq
		Base year (Scope 1)	2018	
		Source of the emissions factors and the global warming potential (GWP) rates used, or a reference to the GWP source (Scope 1)		<Emission Factors> - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System - IPCC, 2006 Guidelines for National Greenhouse Gas Inventories <Global Warming Potential (GWP)> - IPCC, Second Assessment Report
	Consolidation approach for emissions; whether equity share, financial control, or operational control (Scope 1)		Operational control	
	Standards, methodologies, and assumptions used (Scope 1)		- ISO 14064-1 - WRI, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System	














GRI Standards			Data
GRI Standards	Disclosure	Requirement	2019
Environmental Standards (GRI 300)			
		Gross location-based energy indirect (Scope 2) GHG emissions	p. 71
		If applicable, gross market-based energy indirect (Scope 2) GHG emissions	N/A
		If available, the gases included in the calculation (Scope 2)	N/A
		Base year (Scope 2)	2018
			<Emission Factors> - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System - IEA, CO ₂ Emissions from Fuel Combustion Highlights (2013 Edition) - API, Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry <Global Warming Potential (GWP)> - IPCC, Second Assessment Report
305-2		Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source (Scope 2)	
		Consolidation approach for emissions; whether equity share, financial control, or operational control (Scope 2)	Operational control
		Standards, methodologies, and assumptions used (Scope 2)	- ISO 14064-1 - WRI, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System
Emissions		Gross of other indirect (Scope 3) GHG emissions	Disclosed through the CDP
		All gases included in the calculation (Scope 3)	Disclosed through the CDP
		Biogenic CO ₂ emissions (Scope 3)	N/A
		Base year (Scope 3)	Disclosed through the CDP
	305-3		Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source (Scope 3)
		Consolidation approach for emissions; whether equity share, financial control, or operational control (Scope 3)	Disclosed through the CDP
		Standards, methodologies, and assumptions used (Scope 3)	Disclosed through the CDP
		GHG emissions intensity ratio	p. 71
305-4		Organization-specific metric (the denominator) chosen to calculate the ratio	Ton of finished product
		Types of GHG emissions included in the intensity ratio	CO ₂ , CH ₄ , N ₂ O
		All gases included in the calculation	CO ₂ , CH ₄ , N ₂ O
		GHG emissions reduced as a direct result of reduction initiatives	p. 71
305-5		All gases included in the calculation	CO ₂ , CH ₄ , N ₂ O
		Base year (including the rationale for choosing it)	2018
		Scopes in which reductions took place	Scope 1 + Scope 2

GRI Standards			Data	
GRI Standards	Disclosure	Requirement	2019	Unit
Environmental Standards (GRI 300)				
			- ISO 14064-1 - WRI, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) - Guidelines from the Ministry of Environment and on the operation of the GHG & Energy Goal Management System	
	305-5	Standards, methodologies, assumptions, and/or calculation tools used		
Emissions		Production, imports, and exports of ODS in metric tons of CFC-11 equivalent	N/A	
	305-6	All substances included in the calculation	N/A	
		Source of the emission factors used	N/A	
	305-7	Significant air emissions for NO _x , SO _x and other air pollutants	Not disclosed for internal circumstances	
		Source of the emissions factors used for NO _x , SO _x , and other significant air pollutants	Boilers operated to produce steam	
		Total volume of planned and unplanned water discharge	p. 69	
	306-1	By quality of the water, including treatment method	p. 70	
		Whether the water was reused by another organization	0	m ³
		Total weight of hazardous waste by disposal method (reuse)	0	kg
	306-2	Total weight of hazardous waste by disposal method (recycling)	4,305,803	kg
		Total weight of hazardous waste by disposal method (composting)	0	kg
		Total weight of hazardous waste by disposal method (recovery, including energy recovery)	0	kg
		Total weight of hazardous waste by disposal method (incineration)	2,075,909	kg
		Total weight of hazardous waste by disposal method (deep well injection)	0	kg
		Total weight of hazardous waste by disposal method (landfill)	444,889	kg
Effluents and waste		Total weight of hazardous waste by disposal method (on-site storage)	0	kg
		Total weight of hazardous waste by disposal method (other)	0	kg
		Total weight of non-hazardous waste by disposal method (reuse)	0	kg
		Total weight of non-hazardous waste by disposal method (recycling)	40,035,862	kg
	306-2	Total weight of non-hazardous waste by disposal method (composting)	0	kg
		Total weight of non-hazardous waste by disposal method (recovery, including energy recovery)	0	kg
		Total weight of non-hazardous waste by disposal method (incineration)	4,154,870	kg
		Total weight of non-hazardous waste by disposal method (deep well injection)	0	kg
		Total weight of non-hazardous waste by disposal method (landfill)	5,824,939	kg
		Total weight of non-hazardous waste by disposal method (on-site storage)	0	kg
		Total weight of non-hazardous waste by disposal method (other)	0	kg

GRI Standards			Data		
GRI Standards	Disclosure	Requirement	Category	2019	Unit
Environmental Standards (GRI 300)					
Effluents and waste	306-3	Total number and total volume of recorded significant spills		N/A	
		Additional information for each spill that was reported in the organization's financial statements (location, volume, and material of spill)		N/A	
	306-4	Hazardous waste transported		p. 70	
		Hazardous waste imported		0	kg
		Hazardous waste exported		0	kg
		Hazardous waste treated		0	kg
		Percentage of hazardous waste shipped internationally		0	%
	306-5	Water bodies and related habitats that are significantly affected by effluent discharges (size, designation as a protected area, and biodiversity value)		N/A	
Environmental compliance	307-1	Report significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations		6,000	KRW 10,000
		If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact		N/A	
Social Standards (GRI 400)					
Occupational health and safety	403-1	Percentage of workers whose work, or workplace, is controlled by the organization, that are represented by formal joint management-worker health and safety committees		100	%
			Daejeon and Geumsan Plants	5.1	%
		Jiaying, Jiangsu, and Chongqing Plants	0.7	%	
		Hungary Plant	3.2	%	
		Indonesia Plant	0.2	%	
		Tennessee Plant	6.2	%	
	403-2	Occupational disease rate (ODR) for all employees with a breakdown by region	Daejeon and Geumsan Plants	9.4	%
			Jiaying, Jiangsu, and Chongqing Plants	0	%
			Hungary Plant	0	%
			Indonesia Plant	0	%
			Tennessee Plant	1.0	%
			Daejeon and Geumsan Plants	0.0028	%
			Jiaying, Jiangsu, and Chongqing Plants	0.0001	%
			Hungary Plant	0.0009	%
	Indonesia Plant	0.0000	%		
	Tennessee Plant	0.0007	%		

GRI Standards			Data		
GRI Standards	Disclosure	Requirement	Category	2019	Unit
Social Standards (GRI 400)					
Occupational health and safety	403-2	Absentee rate for all employees with a breakdown by region	Daejeon and Geumsan Plants	0.008	%
			Jiaying, Jiangsu, and Chongqing Plants	0.008	%
			Hungary Plant	0.073	%
			Indonesia Plant	0.006	%
			Tennessee Plant	0.008	%
		Work-related fatalities for all employees with a breakdown by region		0	No. of persons
Training and education	404-1	Average hours of training per employee		p. 73	
	404-2	Programs for upgrading employee skills and transition assistance programs		p. 54~58	
	404-3	Percentage of employees receiving regular performance reviews		99	%
Diversity of employees	405-1	Percentage of employees by gender	Male	90.64	%
			Female	9.36	%
		Percentage of employees by age group	Under 30 years old	23.32	%
			30 ~ 50 years old	66.02	%
			Over 50 years old	10.66	%
		Percentage of employees by nationality	Korea	33.28	%
Europe	16.89		%		
Americas	6.25		%		
		Middle East & Asia Pacific	43.58	%	
Freedom of association and collective bargaining	407-1	Operations and suppliers in which workers' right to exercise freedom of association or collective bargaining may be violated or at significant risk		p. 54~58	
		Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining			
Customer health and safety	416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		100	%
	416-2	Total number of incidents of non-compliance with regulations concerning the health and safety impacts of products and services		N/A	

AWARDS

Category	Awards	Details	Organization
Sustainability management	Dow Jones Sustainability Index	 Listed on the DJSI World for 4 consecutive years Listed on the DJSI Asia Pacific for 7 consecutive years and on the DJSI Korea for 9 consecutive years	Dow Jones&RobecoSAM
	EcoVadis' CSR ratings	 Received the Platinum Medal in 2020 Received the highest CSR ratings for 2 consecutive years	EcoVadis
	Inclusive Employment Awards	 Received the Prime Minister's Citation (Hankook Donggrami Partners)	Ministry of Employment and Labor, Korea Employment Agency for Persons with Disabilities
	Top performing employer of people with disabilities	Chosen as an excellent employer of people with disabilities (Hankook Donggrami Partners)	Korea Employment Agency for Persons with Disabilities
	Korea-EU Emissions Trading System cooperation project	 Chosen as a best practice in the K-ETS cooperation project	Delegation of the European Union to the Republic of Korea, Ministry of Environment
Quality and technology	Korean Standard-Quality Excellence Index (KS-QEI)	 Ranked first in the automobile tire sector for 11 consecutive years	Korean Standards Association
	TyreSafe Awards	 Awarded in the tire maker sector	TyreSafe
Brand value	Korea Brand Power Index (K-BPI)	 Ranked first in the passenger car tire sector for 18 consecutive years Ranked first in the tire shop sector for 12 consecutive years	Korea Management Association Consulting (KMAC)
	National Brand Competitiveness Index (NBCI)	 Ranked first in the tire sector for 12 consecutive years	Korea Productivity Center
	Korea's Most Admired Company Awards	 Ranked first in the tire business sector for 11 consecutive years	Korea Management Association Consulting (KMAC)
	Best Korean Brands	 Chosen for 7 consecutive years	Interbrand
Design	Red Dot Design Award	 Won the main award (Dynapro AT2)	Design Zentrum Nordrhein Westfalen
	IDEA (International Design Excellence Awards)	 Received the honor for the 2 nd -generation EV tire 'Kinergy As ev'	Industrial Designers Society of America (IDSA)
	iF Design Award	 Won three awards in the concept and product design categories (Hexonic, HLS-23, and Kinergy 4S 2)	International Forum Design

UNGC AND EXTERNAL INITIATIVES

UN Global Compact (UNGC)

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

Principle	Report Content	Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Employee value creation Win-win partnership in the supply chain
	Principle 2: make sure that they are not complicit in human rights abuses.	
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Employee value creation
	Principle 4: the elimination of all forms of forced and compulsory labour;	Employee value creation Win-win partnership in the supply chain
	Principle 5: the effective abolition of child labour; and	
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Employee value creation
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Integrated environmental management Climate change and GHG management
	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.	Transparency and business ethics

Membership in Associations and Organizations with Respect to Sustainability Management

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



INDEPENDENT ASSURANCE STATEMENT

To the Stakeholders of Hankook Tire

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

Responsibility and Independence

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

Assurance Standard

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

Limitations

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

Methodology

This assurance was conducted through the following methods:

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

Findings and Conclusion

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

Material Issues	Material Topic (MA & Indicators)
Quality Management & Customer Satisfaction	Customer Health and Safety (MA, 416-1 ~ 2)
Greenhouse gas/hazardous air emission and reduction management	Emissions (MA, 305-1~7)
Minimize the impact throughout the product life cycle	Emissions (MA, 305-1~7)
	Materials (MA, 301-1~3)
	Energy (MA, 302-1~5)
	Water (MA, 303-1~3)
	Effluents and Waste (MA, 306-1~5)
Environmental Compliance (MA, 307-1~2)	
Creating an anti-corruption culture and strengthening activities	Anti-corruption (MA, 205-1~3)

Inclusivity: Stakeholder Engagement

The Company defines major interested parties by dividing them into a customer, a shareholder investor, executives & staff, a cooperative company and local community according to the influence on the management activity. The Company is gathering expectations and requirements by constructing the regular/irregular communication process by the interested party, and reflecting various opinions deducted through the communication channel in our management activity. In particular, Major issues were discussed through a stakeholder committee in which major stakeholders participate.

Materiality: Identification and Reporting of Material Issues

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

Responsiveness: Organization's Response to Issues

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

Impact: Organization's Social Impact

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

Recommendation

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

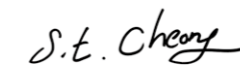
- We recommend reviewing the UN SDGs when promoting activities on key issues. By linking the UN SDGs targets for activities and establishing a part that can contribute to the detailed targets of UN SDGs when establishing internal targets, the social impact of Hankook Tire & Technology's sustainability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

June 2020
CEO of Korea Productivity Center

Kyoo Sung NOH



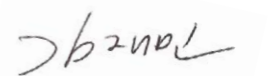
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The Sustainability Management Center of the Korea Productivity Center is a fully qualified independent assurance agency. It is officially certified by AccountAbility that established AA1000, the international standard for stakeholder engagement and assurance. It has the Assurance Committee with of experienced experts who are qualified for the consultation and assurance of sustainability practice.

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