

# SUSTAINABLE MOBILITY

Hankook Tire & Technology  
ESG Report 2022/23

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## Interactive User Guide

The Hankook Tire & Technology ESG Report 2022/23 was published as an interactive PDF to facilitate the reader's navigation between relevant pages and to enable direct links to external webpages.

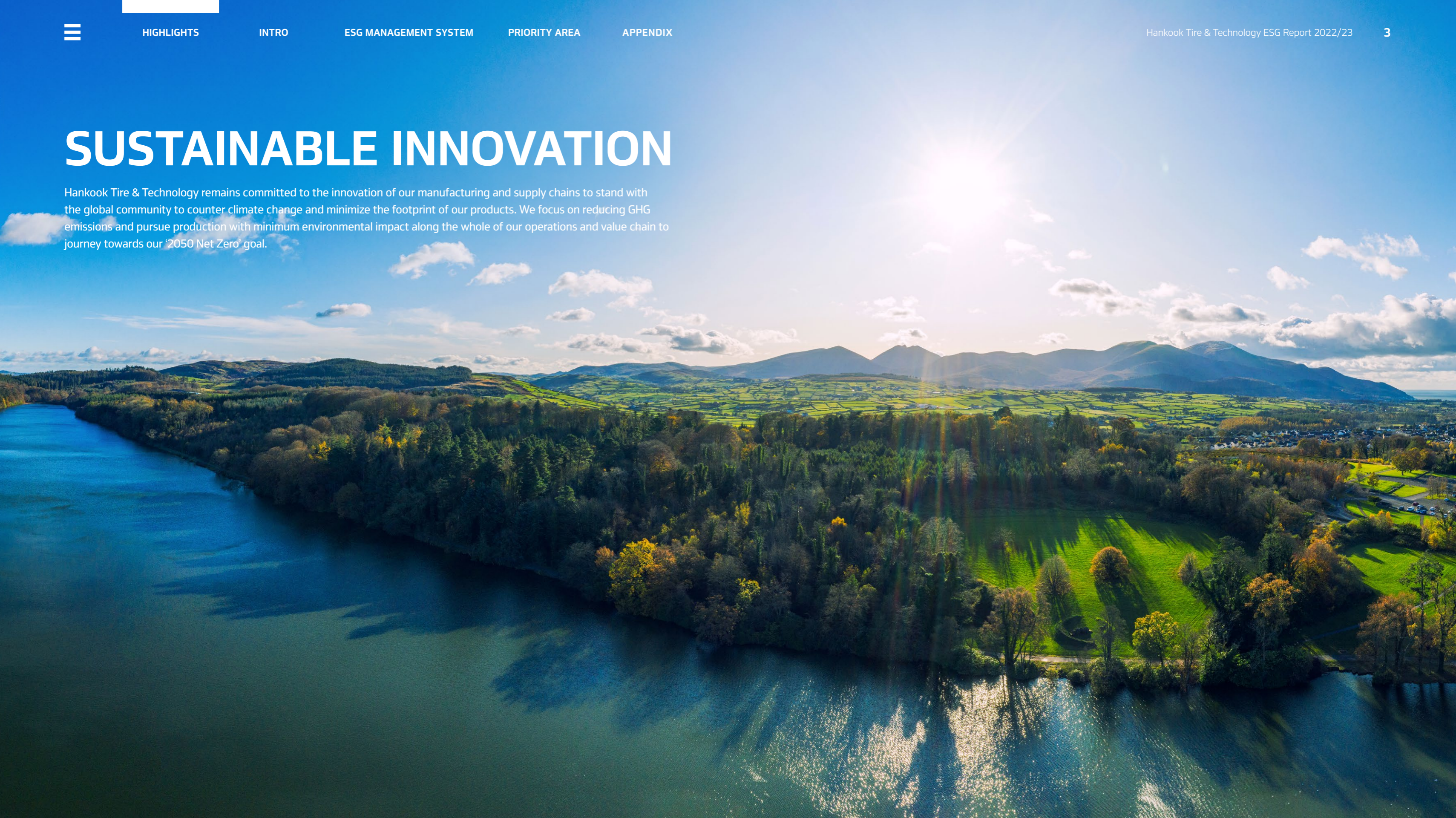
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# SUSTAINABLE INNOVATION

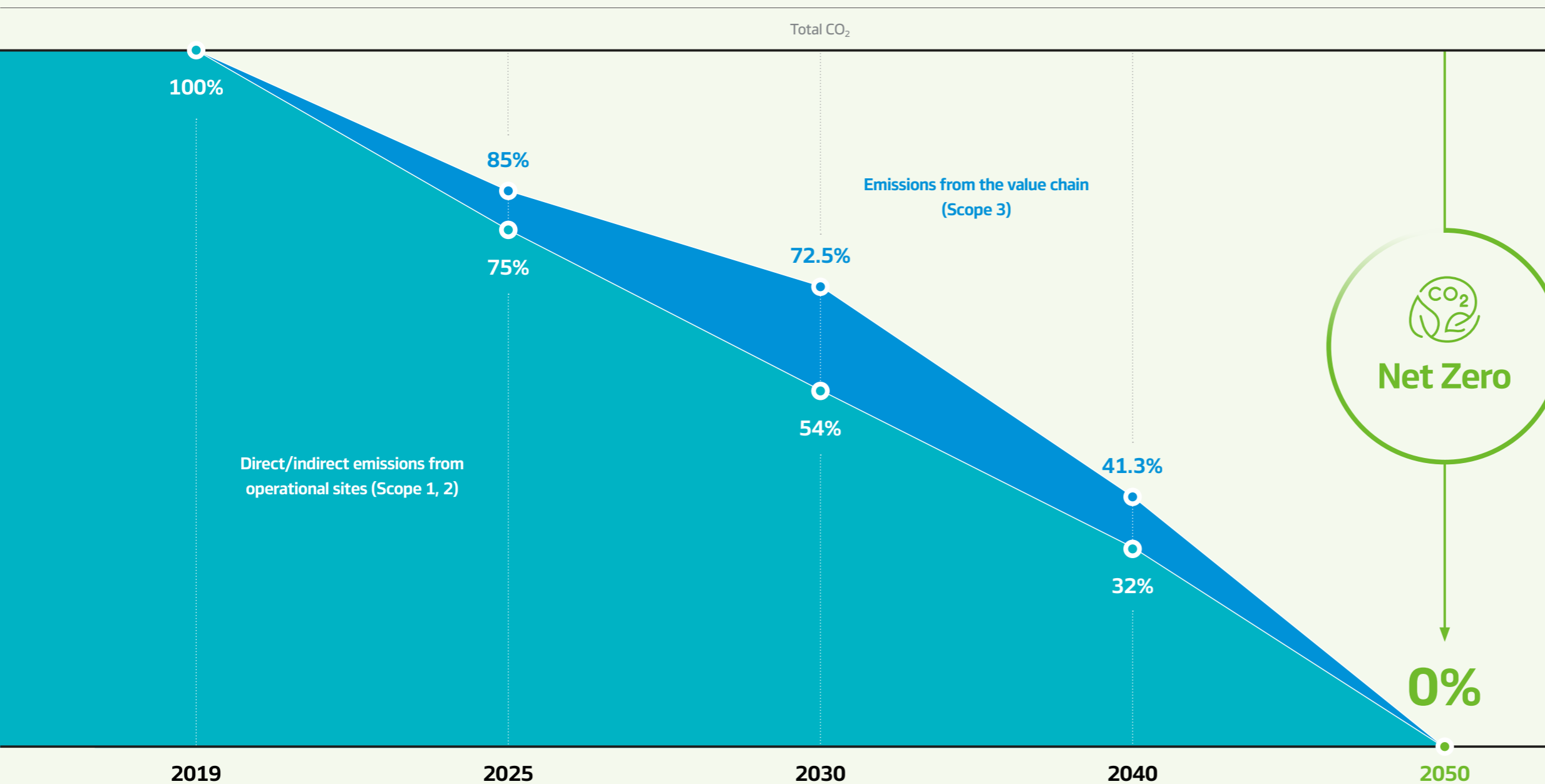
Hankook Tire & Technology remains committed to the innovation of our manufacturing and supply chains to stand with the global community to counter climate change and minimize the footprint of our products. We focus on reducing GHG emissions and pursue production with minimum environmental impact along the whole of our operations and value chain to journey towards our '2050 Net Zero' goal.





### Sustainability Highlights 01

## SBTi (Science Based Targets initiative)



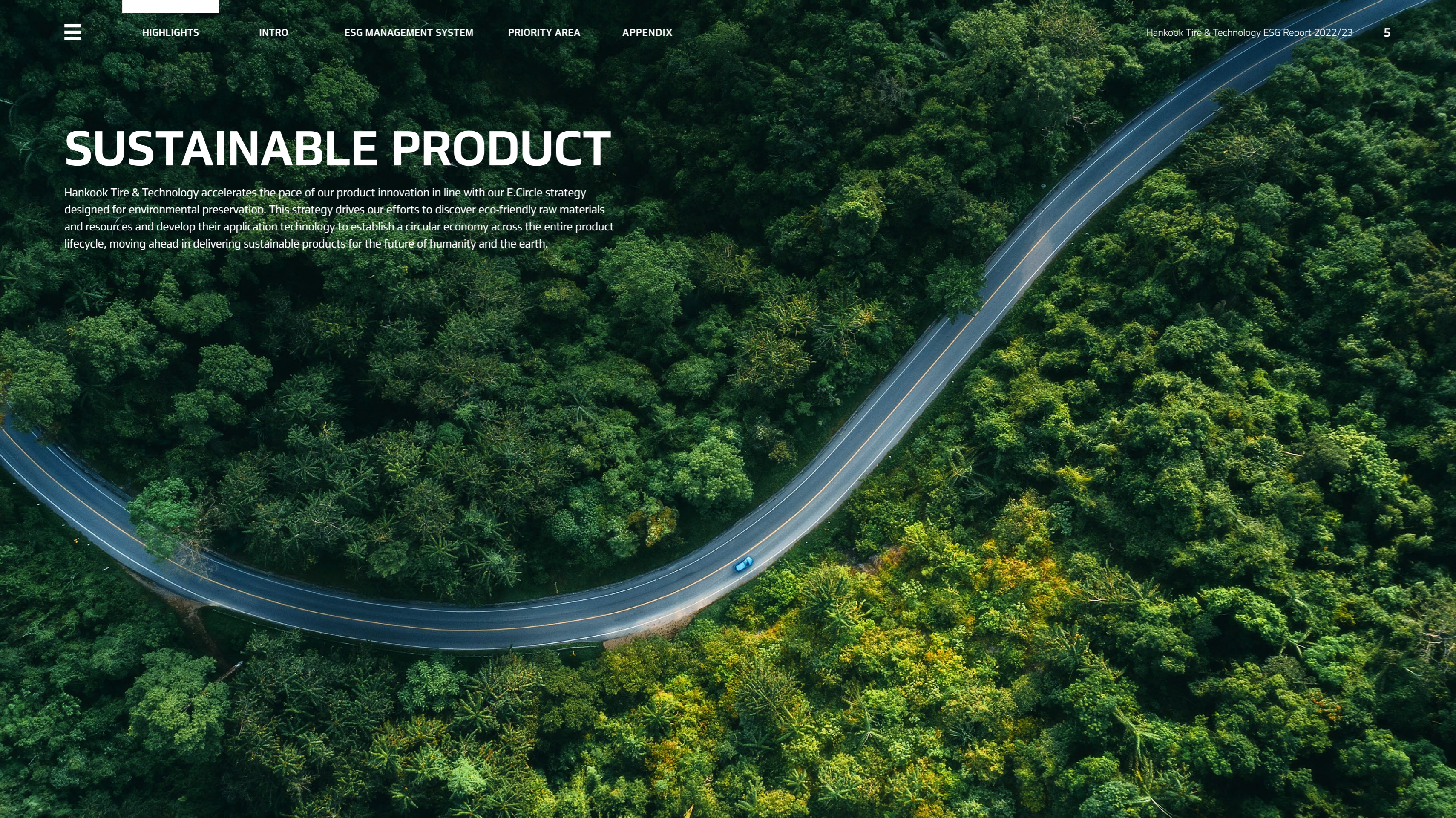
The SBTi (Science Based Targets initiative) is a global alliance between the CDP (Carbon Disclosure Project), the UNGC (UN Global Compact), the WRI (World Resources Institute), and the WWF (World Wildlife Fund for Nature). This initiative guides companies to set their net zero pathway in alignment with the 1.5°C goal of the Paris Agreement and take ambitious climate action to become net zero by year 2050 or before. Hankook Tire & Technology has become the first in the Korean tire industry to receive approval from the SBTi for its 2030 near-term greenhouse gas (GHG) reduction goals and 2050 Net Zero target. This target covers Scope 3 emissions generated from the value chain, as well as direct/indirect Scope 1 & 2 emissions generated from the product manufacturing phase. In line with this reduction target, we plan to reduce our Scope 1 & 2 emissions by 46.2% and our Scope 3 emissions by 27.5% by 2030 from the 2019 baseline to eventually reach net zero by 2050.





# SUSTAINABLE PRODUCT

Hankook Tire & Technology accelerates the pace of our product innovation in line with our E.Circle strategy designed for environmental preservation. This strategy drives our efforts to discover eco-friendly raw materials and resources and develop their application technology to establish a circular economy across the entire product lifecycle, moving ahead in delivering sustainable products for the future of humanity and the earth.





Sustainability Highlights 02

# SUSTAINABLE MATERIALS

### 1 Design

Operate the chemical substance information system to pre-screen the chemicals used in our products for their hazards  
 Design lightweight tires to reduce rolling resistance and energy consumption to improve fuel efficiency  
 Design long mileage tires

### 2 Raw material procurement

Opt for eco-friendly raw materials applicable to tires, and continuously identify suppliers of such materials and form partnerships

### 3 Manufacturing

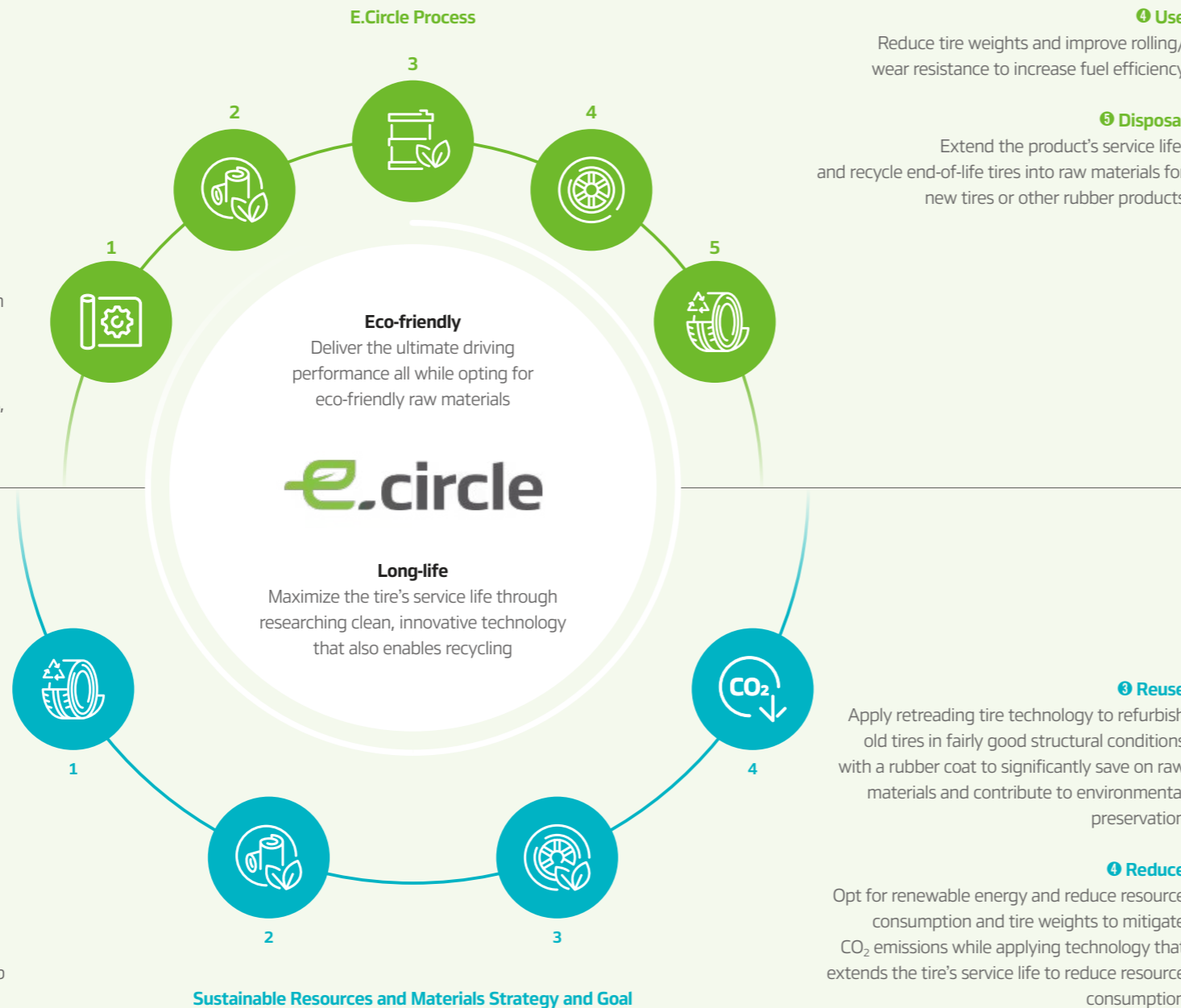
Reduce and properly treat waste and pollutants, and lower water withdrawal and energy consumption in the manufacturing phase

### 1 Recycle

Reprocess end-of-life tires to obtain recycled rubber or carbon black, and efficiently use resources by replacing conventional raw materials with recycled ones

### 2 Renewable

Discover renewable raw materials and substitutes for petroleum-based raw materials to conserve resources, and continuously develop technology to apply them to production



**4 Use**  
Reduce tire weights and improve rolling/wear resistance to increase fuel efficiency

**5 Disposal**  
Extend the product's service life, and recycle end-of-life tires into raw materials for new tires or other rubber products

### E.Circle Strategy

Hankook Tire & Technology's E.Circle strategy embeds the tenants of the four R's - Recycle, Renewable, Reuse, and Reduce - into our entire product lifecycle to preserve the environment. Our E.Circle forms the foundation for a circular economy across our product lifecycle - from planning to research and production - to ultimately render our products greener and more sustainable.

### Developing and Using Sustainable Raw Materials

Hankook Tire & Technology explores a range of sustainable materials and develops technology to apply such materials to reduce CO<sub>2</sub> emissions in the raw material procurement phase. It was against this backdrop that we achieved the global sustainability certification of 'ISCC PLUS<sup>1)</sup>' as the first in the industry to ensure the transparent management of our sustainable raw material use. ISCC PLUS, which supports the traceability of utilized materials, will assist us in maximizing on sustainable materials to prevent resource depletion and ultimately mitigate CO<sub>2</sub> emissions.

1) ISCC (International Sustainability & Carbon Certification) PLUS: International certification system that verifies the use of eco-friendly raw materials along the entire product manufacturing process

### Developing Sustainable Tires

Hankook Tire & Technology's sustained R&D efforts are aligned towards the goal of using 100% sustainable raw materials for all our tires by 2050. A wide array of R&D activities is currently underway to prevent resource depletion and reduce CO<sub>2</sub> emissions early in the product development phase, the phase most critical in determining the severity of a tire's final environmental impact, In 2022, we developed a tire composed of 45% sustainable raw materials. This satisfied both the regulatory requirements for passenger tires and those of demanding car OEMs. We raised the bar even further with our tire containing 55% sustainable materials, which is now being verified for durability in extreme conditions. These two models used such sustainable raw materials as ISCC PLUS-certified synthetic rubber, sustainable PET cords, recycled carbon black, and bio-based silica, oil and resins. Going forward, we plan to pursue proactive technology development and global collaboration to create 100% sustainable-material tires.

**3 Reuse**  
Apply retreading tire technology to refurbish old tires in fairly good structural conditions with a rubber coat to significantly save on raw materials and contribute to environmental preservation

**4 Reduce**  
Opt for renewable energy and reduce resource consumption and tire weights to mitigate CO<sub>2</sub> emissions while applying technology that extends the tire's service life to reduce resource consumption





# SUSTAINABLE FUTURE

No matter where they live or work, the staff of Hankook Tire & Technology join together in one united effort and spirit to give back to their community on the back of the trust communities place in them. Their unique talents and spirit to serve for the greater good meet the most pressing needs of communities through their volunteering and sharing, shaping a hopeful and flourishing future along the way.





Sustainability Highlights 03

# EMPLOYEE VOLUNTEERING

Hankook Tire & Technology employees willingly join our employee volunteer initiatives to help those in need and bring positive change in our communities. Our Donggeurami Volunteer Group defines its purpose as unleashing individual potential through volunteering and creating a harmonious community in partnership with communities. To disseminate a wholesome sharing-driven culture, Hankook Tire & Technology scaled our volunteer groups that had been voluntarily operated at respective plants to a company-wide employee volunteer group in 2013. Donggeurami Volunteer Group brings together donated talents and volunteer efforts of our employees at overseas as well as domestic operations to reach out to less-privileged individuals in our society.

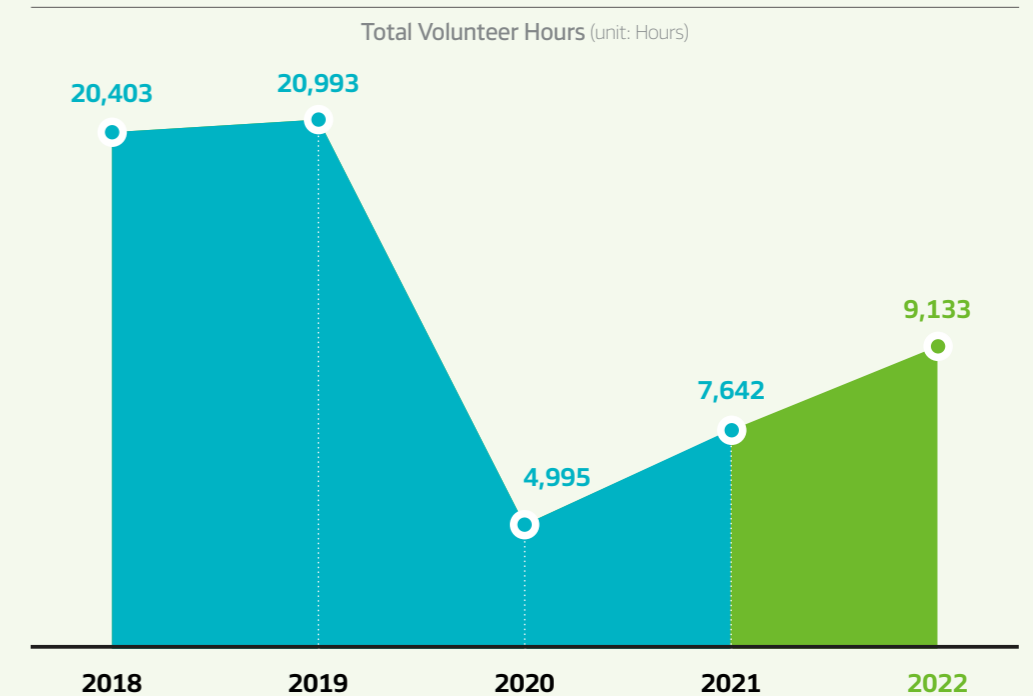
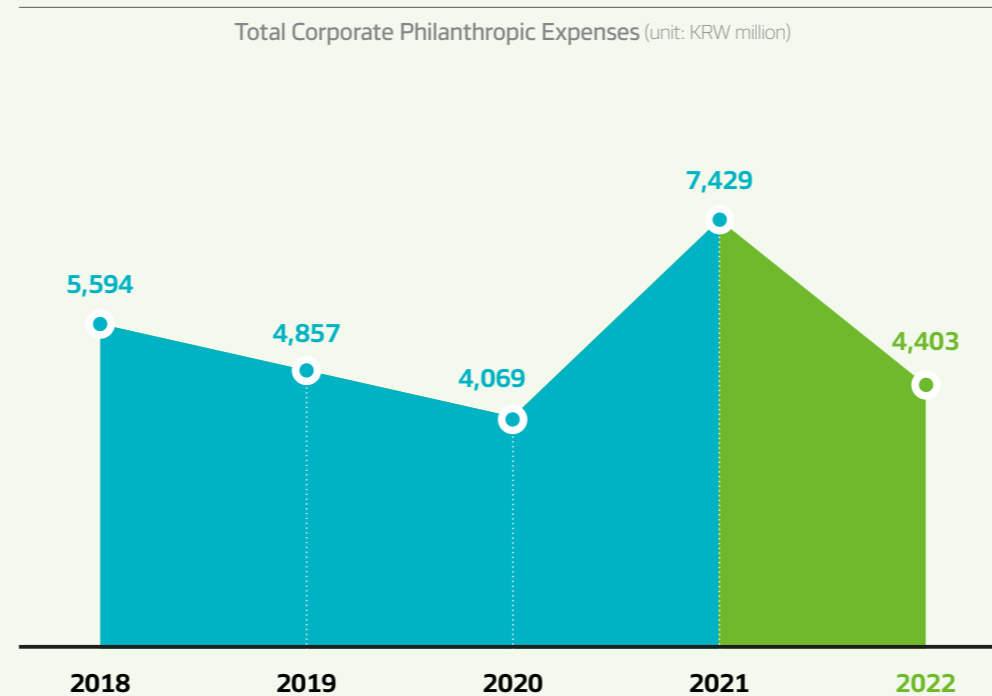
Despite the temporary dip in total volunteer hours in 2020 due to COVID-19, we are committed to returning our volunteer initiatives back to their pre-pandemic levels through the proactive participation of our employees all over the world.



Volunteer work for mural painting



Forestation volunteer work at Daejeon Haeden School





### Business Highlights 01



ABB FIA Formula E World Championship

### Selected as the official exclusive tire supplier for the electric car motorsports championship

Hankook Tire & Technology was selected as the official, exclusive EV tire supplier for the ABB FIA Formula E World Championship (Formula E), a world-renowned electric car racing series. Hankook Tire & Technology will serve as the official tire supplier and technical partner starting the 2022-23 season when the new Gen3 chassis is introduced. Every vehicle competing around the world at official Formula E events will be fitted with Hankook tires for racing. Hankook Tire & Technology has built up our EV tire technology capabilities over the years while exploring an innovative mobility vision to shape the future industry, and will put to use our years of know-how to fully satisfy the rigorous requirements presented by the Formula E, ranging from best-in-class driving performance to low rolling resistance, consistent performance, and the use of eco-friendly materials.

Official Partner of

**FORMULA E**





Business Highlights 02

# Technoring

HANKOOK PROVING GROUND

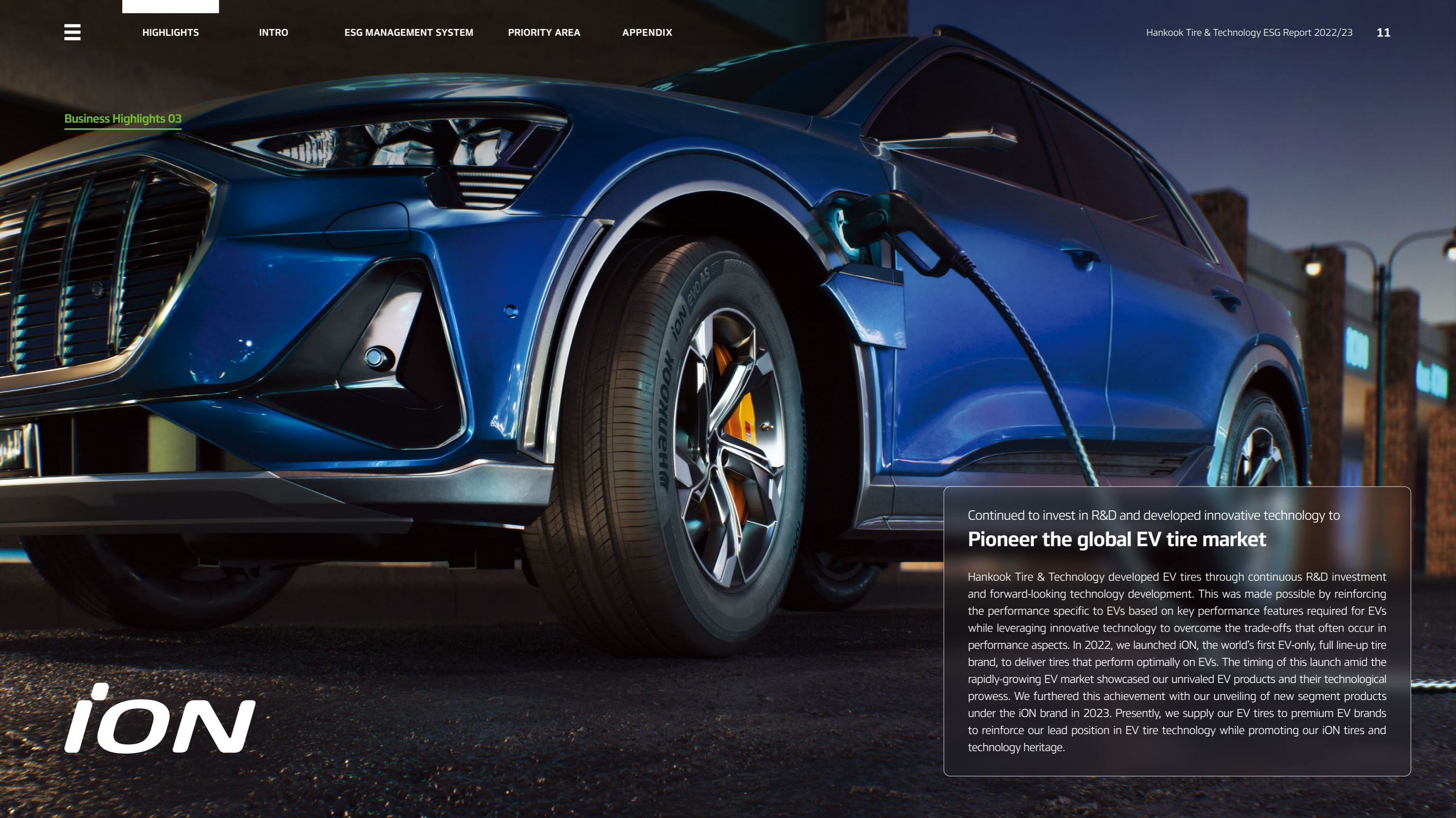
Asia's largest tire proving ground

## Opened Hankook Technoring

In May 2022, we opened Hankook Technoring, the largest tire proving ground in Asia covering 1.26 million square meters. Hankook Technoring is equipped with 13 test tracks including high-speed tracks to perform high-speed driving tests at up to 250km/h. This cutting-edge facility will enable us to test tires under extreme conditions and continuously develop new test methods in line with the evolving mobility trends. Hankook Technoring will gradually become more instrumental in the era of autonomous vehicle with its efforts to develop driverless testing. Hankook Technoring bears particular significance as a proving ground and R&D facility exclusively designed for the testing of tires. We will proactively invest in building test infrastructure and setting variable test conditions to make Hankook Technoring a globally-referenced proving ground. Hankook Technoring will also serve to host automotive and tire driving experience events and motor sports competitions to bring our customer experience to new heights with increased diversity.



### Business Highlights 03



# *ION*

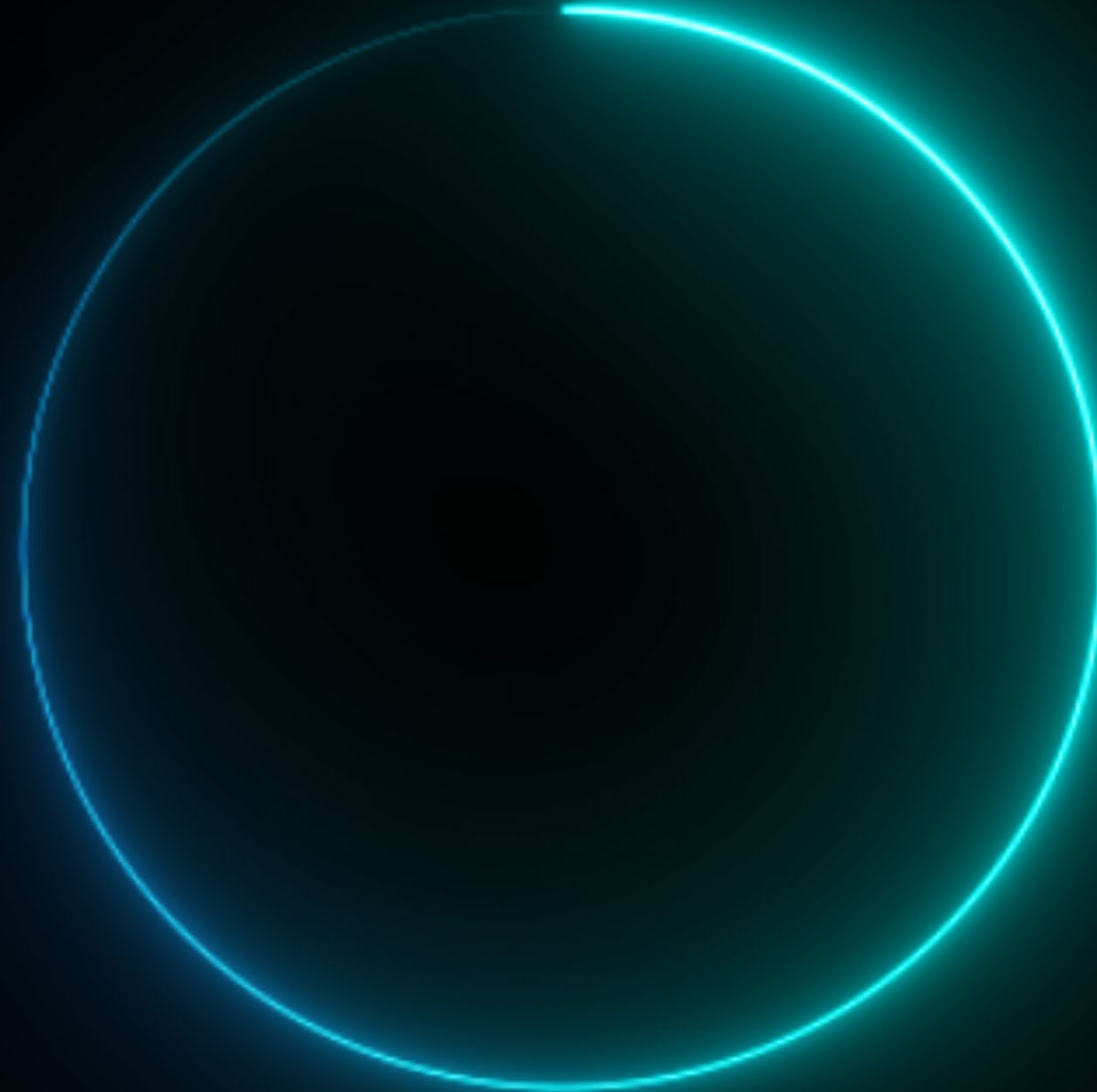
## Continued to invest in R&D and developed innovative technology to **Pioneer the global EV tire market**

Hankook Tire & Technology developed EV tires through continuous R&D investment and forward-looking technology development. This was made possible by reinforcing the performance specific to EVs based on key performance features required for EVs while leveraging innovative technology to overcome the trade-offs that often occur in performance aspects. In 2022, we launched iON, the world's first EV-only, full line-up tire brand, to deliver tires that perform optimally on EVs. The timing of this launch amid the rapidly-growing EV market showcased our unrivaled EV products and their technological prowess. We furthered this achievement with our unveiling of new segment products under the iON brand in 2023. Presently, we supply our EV tires to premium EV brands to reinforce our lead position in EV tire technology while promoting our iON tires and technology heritage.





# INTRO



- About This Report
- Letter to Stakeholders
- Company Profile
- ESG Vision
- Sustainable Value Chain
- SDGs



# About This Report

## About This Report

Hankook Tire & Technology publishes this report to transparently disclose our ESG (Environmental, Social, Governance) achievements for 2022 and our mid/long-term strategies and to gather feedback from stakeholders. We have released our ESG reports each year since 2010, and the most recent report was published in July 2022. This is our 14th ESG report and we will regularly publish such reports annually.

## Reporting Standards

This report was prepared in accordance with the GRI (Global Reporting Initiative) Standards 2021, and in reflection of the reporting items presented by the TCFD, the UN SDGs, and the SASB. The reporting standards and definitions of financial data are in conformity with the IFRS (International Financial Reporting Standards).

## Reporting Period

The official reporting period of this report spans from January 1, 2022 to December 31, 2022, and this extends to the first half of 2023 for some activities. For quantitative performance, five-year data from 2018 is made available to present their trajectory over time.

## For More About This Report

For additional information or inquiries about this report, please contact us at the address below.

## Reporting Scope

The performance and other data contained in this report focus on the achievements and plans of Hankook Tire & Technology. The scope of data collection covers our domestic operations - the Headquarters in Gyeonggi-do, the Daejeon/Geumsan Plants, and the R&D Center - along with our overseas operations in Hungary, China, Indonesia, the US and other countries. Any deviations from this reporting scope are separately noted within the report. We will continue to extend our reporting scope for a more accurate and broad representation of the ESG efforts and performance of our overseas operations.

## Independent Assurance

This report was assured by Korea Productivity Center as an independent third-party organization to establish the credibility of the report content. For assurance standards and findings, please refer to pages 77-78 of this report.

## ESG Team, Hankook Tire & Technology

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# Letter to Stakeholders



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

Dear Esteemed Stakeholders,  
Let me begin by extending my heartfelt gratitude  
for your unsparing support for the growth of Hankook Tire & Technology.

Amid the headwinds in the business landscape of 2022, Hankook Tire & Technology committed to building innovation-fueled future competitiveness and implementing optimized sales strategies to post KRW 8.3942 trillion in sales, setting a new record in our corporate history. For the first time, the proportion of 18 inch and above passenger car tires, which serves as a metric to determine a brand's premium status, also surpassed 40% on an annual basis to achieve qualitative growth as well.

We also reached a meaningful milestone as a first-mover in the global EV tire market. Not only did we bolster our new EV models, OE tire supply, and strategic partnerships, but we also unveiled 'iON' as the world's first-ever full line-up EV-exclusive tire brand to reinvigorate the entire EV tire market.

Turning to ESG management, we became the first in the domestic tire industry to commit to the SBTi (Science Based Targets initiative) in an effort to contribute to the Paris Agreement to limit global warming to well below 1.5°C, announcing our commitment to reducing GHG emissions in so doing. We also introduced high-efficiency equipment for improved energy efficiency, developed a 55% sustainable-material tire, and assisted our suppliers with net zero guidance and exchange meetings to extend the scope of our carbon emissions management across the entire value chain and to work to mitigate carbon emissions as a result.

In ethical management, we first and foremost focused on the basics and fundamentals in 2022. We introduced a compliance system based on transparent and ethical business conduct in 2021 as the industry's first, and established an internal management system to minimize risks. We followed up on this in 2022 to bolster a sense of commitment among our employees to take the initiative in advancing ethical management. Ethics training content was made available for overseas operations, and ethical management was included in the mandatory orientation training for new hires to strengthen ethical management training and encourage all our employees to fully recognize and support a culture of compliance. Ethical management as we define it at Hankook Tire & Technology is anchored upon the value of 'doing the right thing the right way'. We are fully committed to match our ethical management to global standards, and will achieve this through the continuous improvement of our organizational capabilities.

Through out this all, we never lost sight of the importance of human rights management. We extended the scope of human rights impact assessments to lend an ear to employees, and reinforced human rights factors in our supplier ESG assessment to eliminate any potential blind spots that could go unnoticed in human rights management. We were certified to the family-friendly management program in recognition of our efforts to respect diversity and create a great workplace. In terms of governance, we expanded disclosures on our website and increased English disclosures and voluntary disclosures to reach out ever closer to shareholders. We announced our Corporate Governance Charter to reaffirm our commitment to transparent and sound ESG management.

The sum of such efforts enabled us to be listed in the Dow Jones Sustainability Index (DJSI) World once again in 2022, which makes it our seventh consecutive year. This is especially significant as it is an honor only granted to 24 companies in Korea.

Our 14th ESG report aims to shed a light on the sustainability of Hankook Tire & Technology as we prepare to blaze the industry trail ahead. This report illustrates our achievements for sustainability management which span an even wider area than before in line with our ESG vision 'Innovation for a Sustainable Future', including new technology development and talent nurturing to pursue sustainable innovation and build future competitiveness. In so doing, we hope that the potential of Hankook Tire & Technology as a company on track for long-term growth is clearly evident to all our stakeholders.

The year 2023 is forecast to be yet another difficult year amid concerns over the global economic recession and the on-going geopolitical issues. Still yet, Hankook Tire & Technology will put our best foot forward as we have always done and continue to pursue innovation. We will stay ahead of the evolving ESG landscape and seek even greater sustainable transformation. Throughout it all, we will remain true to our varying stakeholders - from our employees who create our wholesome corporate culture, suppliers and communities with whom we grow alongside, customers who support our innovation, and shareholders who stand behind our sustainable growth. It is our promise to all our stakeholders that we will elaborate and sincerely communicate on the transformation that we pursue and the achievements that we make in the process. Last but not least, Hankook Tire & Technology endorses the 10 UN Global Compact principles and the UN Sustainable Development Goals, and will faithfully progress towards these principles and goals to do our part in ensuring the sustainable development of the global community.

We look forward to your active interest and encouragement along every step the way.  
Sincerely,



# Company Profile

## Company Overview

Established as Korea's first tire maker in 1941, Hankook Tire & Technology has made breakthrough progress on the back of our full commitment to technology development, expansion of our production and sales network, partnerships with global car OEMs, effective brand marketing, and differentiated customer services. Presently, we produce 102 million high-quality tires each year across our eight plants in Korea, China, the US, Hungary and Indonesia to serve over 160 countries, solidifying our status as a truly global tire maker. We will leverage our top-notch technology leadership to bolster our capabilities in core businesses while relentlessly pursuing technology-driven innovation and improve our value as premium brand. This will undoubtedly fuel our emergence as a global top tier company pioneering the future automotive industry.

<b>Name of company</b>	Hankook Tire & Technology Co., LTD
<b>Global sales</b>	KRW 8,394.2 billion
<b>Operating profit</b>	KRW 705.8 billion
<b>Operating margin</b>	8.4%
<b>Total assets</b>	KRW 12,581.3 billion
<b>Total equity</b>	KRW 8,875.7 billion
<b>Date of establishment</b>	Sep. 3, 2012 <sup>1)</sup>
<b>Date of IPO</b>	Oct. 4, 2012 <sup>1)</sup>
<b>CEO</b>	Soo Il Lee
<b>Main business</b>	Manufacturing, reproducing, processing, and selling automotive tires, tubes, and components
<b>Headquarters</b>	286 Technoplex (Sampyeong-dong), Pangyo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
<b>Tel.</b>	+82-31-5178-7000

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

## Global Network

We implement strategies that best cater to the characteristics of each region to achieve 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 we are headquartered, to deliver products that meet the needs of local customers. We also operate communication channels for Original Equipment (OE) tires in Korea, China, Germany, the US, Japan, and Indonesia to forge ever-closer cooperation with globally renowned automobile companies.

★ Headquarters ● Regional HQ ○ Subsidiary, Sales Office, OE Office ● R&D Center, Proving Ground ○ Plant





## Mission & Vision

### Mission

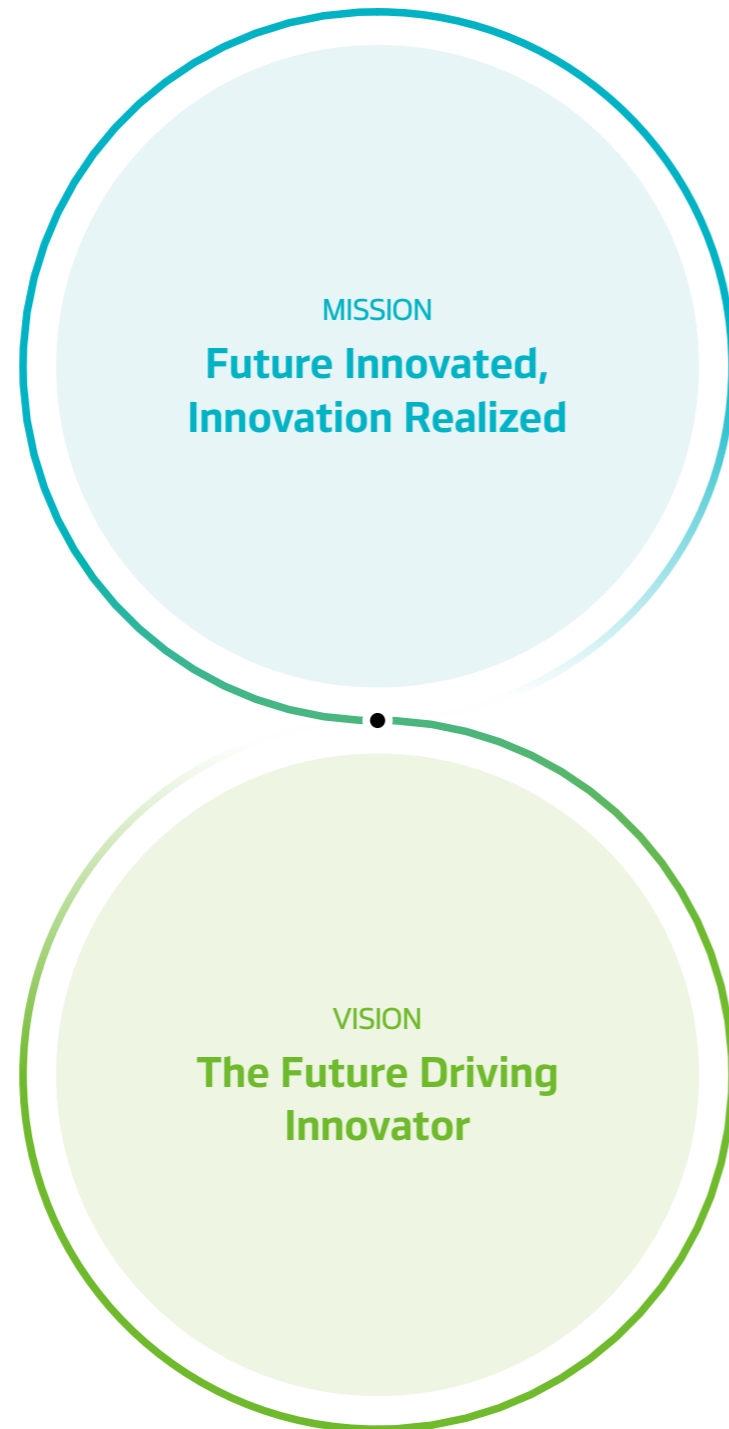
#### Business Principle

- 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



### Vision

#### 2030 Mid/long-term Goal ST5

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

- Capacity**
- 150 Mil. Unit

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

- Technology**
- Top 3 in Technology
  - No. 1 in EV

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

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

#### Strategic Direction

- Organic & Inorganic Growth
- 1<sup>st</sup> Tier in Europe & North America
- Profitable Portfolio

## Brand Portfolio

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



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



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



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



# ESG Vision

## ESG Priority Area

## ESG Vision

## Mission



### Eco Value Chain

#### ESG Strategy

Manage our manufacturing and supply chain to respond to climate change and minimize environmental impact

#### Strategic Direction

- Reduce GHG emissions
- Manufacture with minimal environmental impact



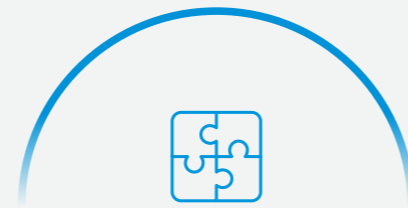
### Sustainable Product

#### ESG Strategy

Adopt sustainable materials and develop sustainable products

#### Strategic Direction

- Use sustainable materials
- Develop sustainable technology



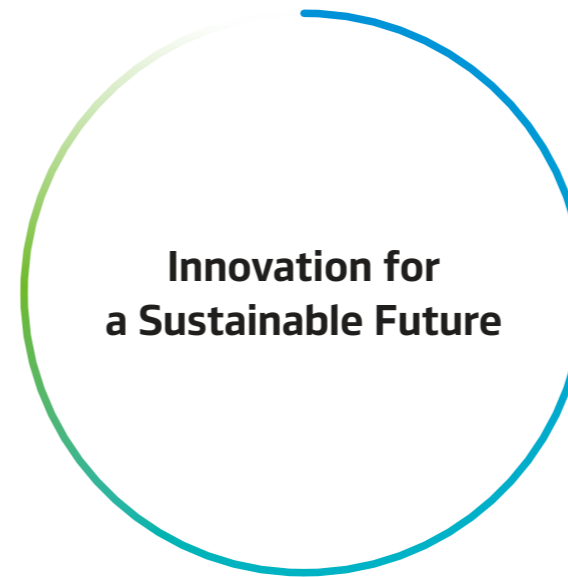
### Responsible Engagement

#### ESG Strategy

Engage and respond as a trusted partner pursuing shared growth

#### Strategic Direction

- Valuable supply chain
- Human rights management and diversity
- Employee care
- Community Engagement





## R&D

1

### Economic value

- R&D to sales ratio: 2.24%
- Patents granted in Korea and overseas: 653 cases in Korea, 308 cases overseas

### Social value

- R&D workforce: 1,011 persons
- Ratio of R&D workforce out of total employees: 5.1%

### Environmental value

- Proportion of eco-friendly products (in quantity): 60.5%

## Sourcing of raw materials

2

### Economic value

- Material purchase expenses: KRW 2,994.3 billion

### Social value

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

### Environmental value

- Proportion of sustainable material usage: 28.1% (w/w)

## Manufacturing

3

### Economic value

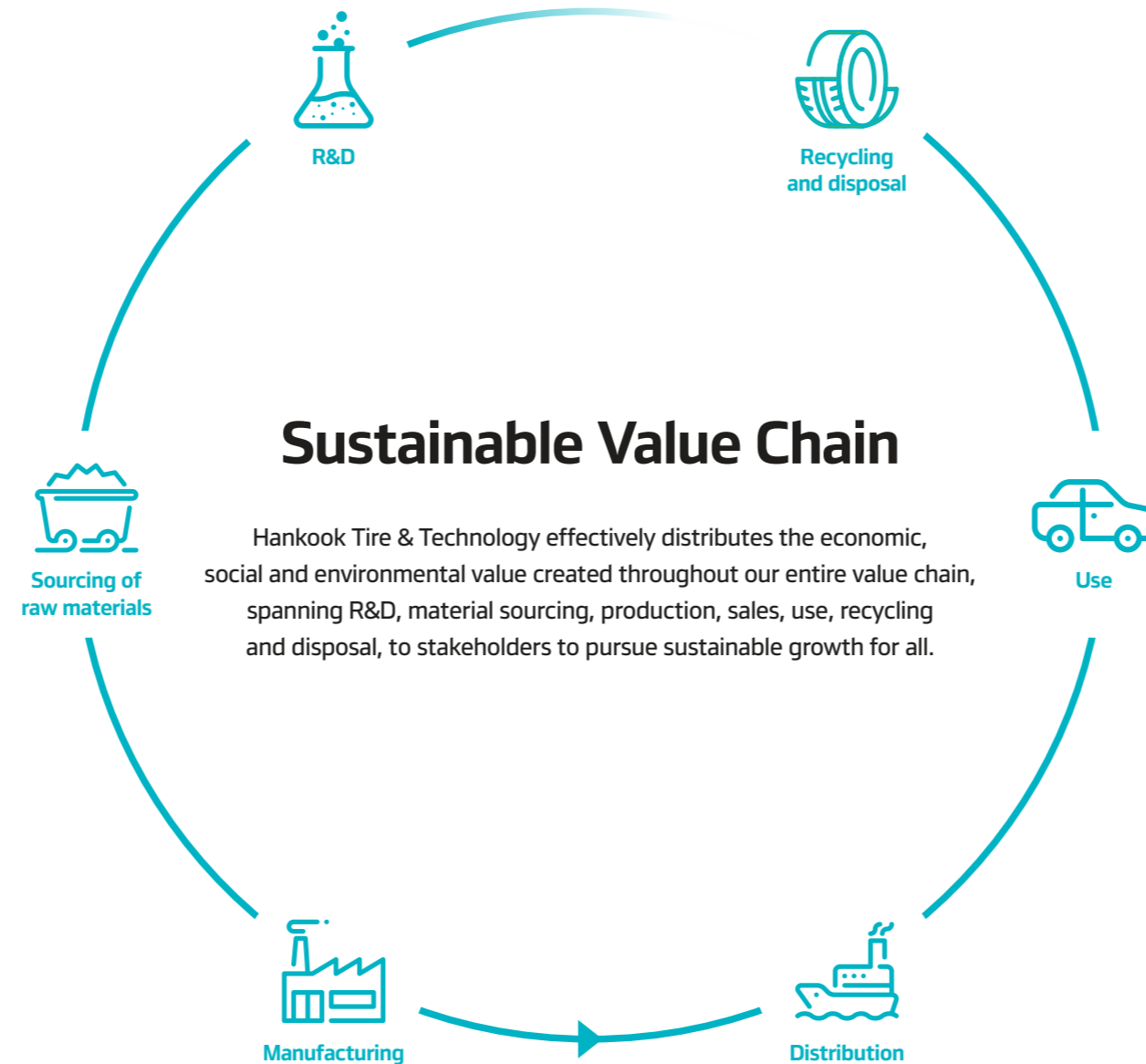
- Total employees: 19,787 persons
- New hires: 1,959 persons

### Social value

- Corporate Philanthropic expenses: KRW 4.4 billion

### Environmental value

- Investment to reduce environmental pollution: KRW 1.58 billion
- Waste treatment intensity: Down by 6.0% year-on-year
- Percentage of treated water recycled: 77.5% on average at domestic plants
- Energy consumption intensity: Down by 2.3% year-on-year
- GHG emissions intensity: Down by 2.74% year-on-year



## Recycling and disposal

6

### Economic value

- Extended Product Responsibility (EPR) contributions made (Korea): KRW 2.43 billion
- Retread tire sales: KRW 4.28 billion

### Social value

- Percentage of end-of-life tires recycled (Korea): 96.3%
- Percentage of end-of-life tires reused and materials recycled<sup>1)</sup> (average of Korea/Europe/US/Japan, excluding incineration): 34.9%

1) Industry estimates generated by using end-of-life tire treatment statistical data from the tire industry associations of respective countries

## Use

5

### Economic value

- Income taxes paid: KRW 152.5 billion
- Dividends paid to shareholders: KRW 97.6 billion

### Social value

- Employee volunteer hours: 9,132.5 hours
- Tuieum Bus: 156 buses

### Environmental value

- GHG emissions reduced through the sale of low-carbon products: 4,365,626,094 tCO<sub>2</sub>-eq

## Distribution

4

### Economic value

- Advertising expenses: KRW 182.8 billion
- Packaging costs: KRW 7.7 billion
- Warehouse costs: KRW 92.4 billion
- Other export expenses: KRW 12.8 billion



# Sustainable Development Goals

Hankook Tire & Technology endorses the Sustainable Development Goals (SDGs) pursued by the UN and the global community, and has been actively engaged in the resolution of the universal challenges of humanity and the biological and environmental issues plaguing the planet. We vow to take diverse actions to contribute to the betterment of our society.

SDGs	Our Action	Page
No poverty	Guarantee mobility rights for the underprivileged through the operation of the Tuieum Bus	p. 18
	Engage in employee volunteering and support the underprivileged in the communities where our global operations are based	p. 59~60
Zero hunger	Ensure the sustainable management of natural rubber cultivation areas through support and training for natural rubber producers	p. 49
Good health and well-being	Ensure employee health management by establishing a musculoskeletal disease prevention and response system	p. 58
	Operate road safety campaigns for children to ensure road safety for children	p. 59
Quality education	Provide workplace training, arts, and sports-related scholarships	p. 60
	Host science camps for employees' children	p. 55
Gender equality	Nurture female talent	p. 52
Clean water and sanitation	Minimize water pollutants	p. 41
Affordable and clean energy	Embrace new technology and use renewable energy, and develop and implement mid/long-term renewable energy use plans	p. 39
	Improve energy efficiency through high-efficiency equipment, leak prevention, energy optimization, and operational method improvement	p. 40
Decent work and economic growth	Invest in mobility startups and support their growth	p. 32
	Increase and stabilize the employment of individuals with disabilities through Donggeurami Partners, our subsidiary-type standard worksite for people with disabilities	p. 52
	Create a safe and pleasant working environment through risk management, safety-driven culture, safety check processes and equipment improvements	p. 57~59

SDGs	Our Action	Page
Industry, innovation and infrastructure	Implement the eco-friendly E.Circle strategy along the entire product lifecycle	p. 6
	Develop sustainable raw materials	p. 43
	Bolster the competency of our R&D workforce	p. 53~54
Sustainable cities and communities	Guarantee housing rights for youth through the social housing project	p. 60
	Prevent air pollution through the standardization of air pollutants and the installation of air pollution prevention facilities	p. 41
	Minimize waste and the outsourcing of its treatment through contracting with professional waste management vendors	p. 41
Sustainable consumption and production	Prevent water pollution by increasing the treatment efficiency of our wastewater treatment facility	p. 41
	Increase waste recycling to achieve resource circularity	p. 41
Climate action	Report sustainability data through the publication of ESG reports	p. 13
	Establish and implement the 2050 carbon neutral roadmap, join the TCFD and the SBTi, operate the Climate Change Committee, and join industry-level climate change adaptation councils to strengthen climate change adaptation capabilities	p. 4, 38~40, 74~76
Life below water	Prevent water pollution by increasing the treatment efficiency of our wastewater treatment facility	p. 41
Life on land	Protect the natural rubber ecosystem through SNR activities	p. 49
Peace, justice, and strong institutions	Advance Jeongdo management and ethical management	p. 28~30
Partnerships for the goals	Sponsor the IUCN Leaders Forum in Jeju	p. 49





# ESG MANAGEMENT SYSTEM

ESG Management System

Overseas ESG Operational System

Responsible Governance

Jeongdo Management & Ethical Management

Risk Management

Stakeholder Engagement

Materiality Assessment



# ESG Management System

Hankook Tire & Technology's ESG management system has been up and running since 2010 to ensure that ESG activities are effortlessly embedded and implemented into the daily routines of our employees. The ESG Committee, as our highest decision-making body for ESG under the Board of Directors, consists of four independent directors and three executive directors. This Committee is mandated to deliberate and decide on our implementation strategies, key business plans and policies from the company-wide ESG management perspective.

The ESG Strategy Committee consists of the CEO and executives from key functions to discuss our approach to ESG management activities and top priorities in respective areas for the upcoming

year ahead. Under the leadership of the CEO, the Committee operates to share new ESG trends and to review our ESG management outcomes and external assessments from the previous year to decide on necessary improvements.

The top priority tasks determined at the ESG Strategy Committee are implemented through the ESG Steering Committees. The eight ESG Steering Committees are each responsible for eight topics, and their operations are headed by responsible executives to strengthen the top management's accountability for ESG management. In 2022, the Ethics Committee was integrated with the Jeongdo Management Committee to ensure more efficient decision-making.

## ESG Implementation System: Composition and Roles

### ESG Strategy Committee

- Composed of members from top management to decide on company-wide ESG directions and issues



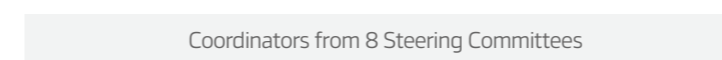
### ESG Steering Committee

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



### ESG Working-level Council

- Share and consult on key issues among respective committees



## 2022 Deliverables from the ESG Strategy Committee

The ESG Strategy Committee met for the Trend Session to discuss the shifting domestic/international ESG trends of 2022, including the Amazon Effect and climate technology investment, to identify and elaborate on their implications. The Committee's Status & Plan session facilitated the sharing of improvement plans for each Steering Committee based on external ESG assessment results. The ESG implementation strategies for 2022 were established by presenting the mid/long-term goals of each Steering Committee and their key initiatives for 2022, members mulled over pertinent issues to complement the strategies. Finally, the Committee's Discussion session served to look into the importance of ESG management and investment across our overall business operations, and set the course for our ESG management once again.

<b>Date</b>	March 23, 2022
<b>Attendees</b>	Chair and members of the ESG Strategy Committee Chairs of the ESG Steering Committees
<b>Agenda</b>	<ol style="list-style-type: none"> <li><b>Trend</b> <ul style="list-style-type: none"> <li>1) Amazon Effect</li> <li>2) Climate technology investment</li> </ul> </li> <li><b>Status &amp; Plan</b> <ul style="list-style-type: none"> <li>1) Review external ESG assessments</li> <li>2) Mid/long-term strategies of each ESG Steering Committee and key initiatives for 2022</li> </ul> </li> <li><b>Discussion</b> <ul style="list-style-type: none"> <li>1) ESG future investment and opportunity cost</li> </ul> </li> </ol>

## Hankook Tire & Technology's ESG Management System



## Composition and Role of the Highest ESG Decision-making Body

### ESG Committee

- Comprised of executive/independent directors to deliberate and decide on key issues by discussing ESG business plans and results, setting mid/long-term ESG goals, and developing basic policies and strategies for ESG management

4 independent directors

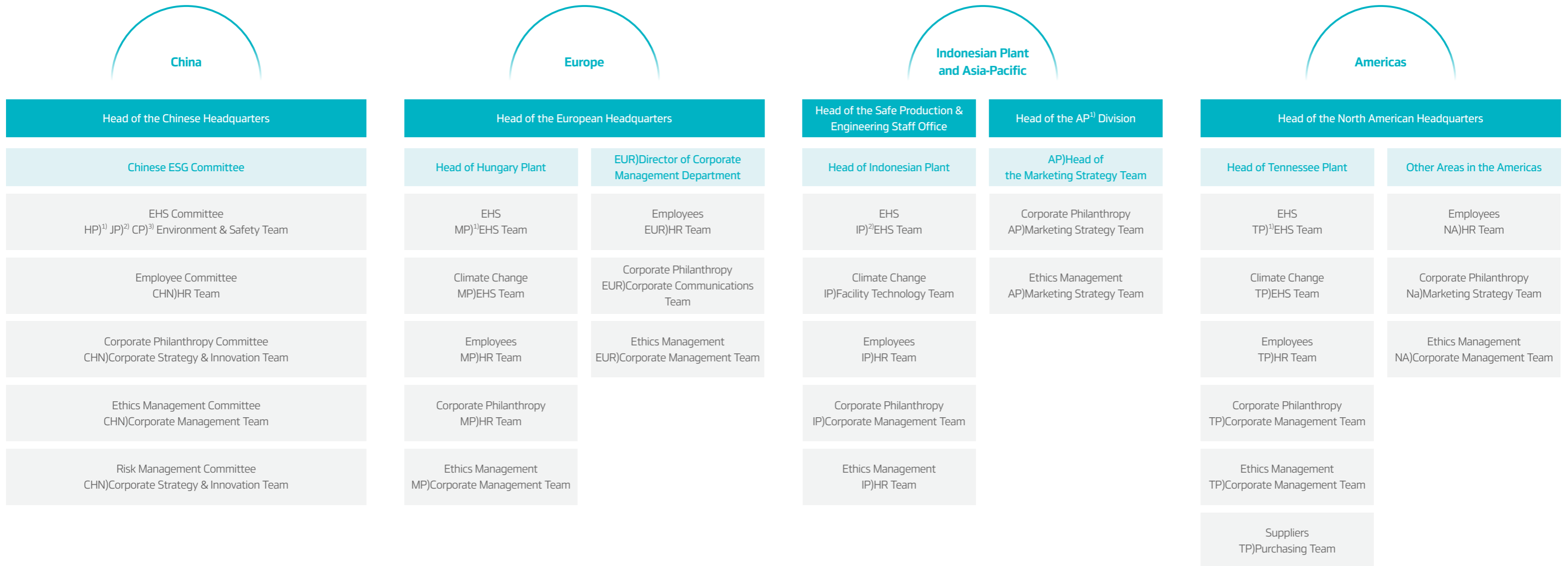
3 executive directors

[Previous ESG Committee meetings and corresponding agendas](#)



# Global ESG Operation System

Hankook Tire & Technology worked to establish an ESG operations system in respective regions of the globe, starting with the launching of the CSR Committee at our Chinese Headquarters in 2012. Our global ESG operation system was completed in 2018 when the ESG operation system was created at our Americas Headquarters, and has since been up and running in consideration of specific local conditions. Our ESG Team will provide any needed ESG operational guidance in the future to ensure a balanced approach to our ESG activities at all levels.



1) HP: Jiangsu Plant in China  
 2) JP: Jiaxing Plant in China  
 3) CP: Chongqing Plant in China

1) MP: Hungary Plant

1) AP: Asia-Pacific  
 2) IP: Indonesia Plant

1) TP: Tennessee Plant in the US



# Responsible Governance

Hankook Tire & Technology establishes sound governance to protect the rights and interests of shareholders and other stakeholders, while advancing transparent and reasonable business conduct. Our governance operates with our independent, diverse, and professional Board of Directors playing a central role. The Board and its committees ensure that decisions are made in a transparent and professional manner. Hankook Tire & Technology's management philosophy and commitment to drive Board-centered sustainability are specified in our Articles of Incorporation, BOD regulations, and the Corporate Governance Charter to serve as the foundation for our governance principles and policies.

The ESG Committee was created under the Board of Directors in 2021 to bolster ESG management. This Committee has since reviewed and deliberated on our strategic directions and key issues within the three pillars of Environmental, Social, and Governance to fuel Hankook Tire & Technology's sustainable growth. The majority of the Committee members are independent directors and it is chaired by Mi Ra Lee, an independent director.

In May 2022, we stipulated and announced the Corporate Governance Charter to embody our commitment to establishing, maintaining, and developing transparent and advanced governance. This Charter primarily refers to our policies concerning shareholders, the Board, audit bodies, stakeholders, and disclosures, and will lay the necessary principles and foundation to practice ESG management to help establish responsible governance.

Our ESG management system is also up and running to align ESG with our daily operations and ensure it is consistently implemented. For this purpose, eight ESG Steering Committees are currently being operated in each of the focus areas. The Governance Committee has been operating since 2021, and defines a governance advancement roadmap, which is reviewed and implanted by a finance & accounting executive for detailed action plans. The activity outcomes of the Governance Committee are reported annually to the ESG Strategy Committee, which consists of top management members, and key matters concerning the Governance Committee and the ESG Strategy Committee are reported to the ESG Committee, our highest ESG decision-making body, on an as-needed basis.

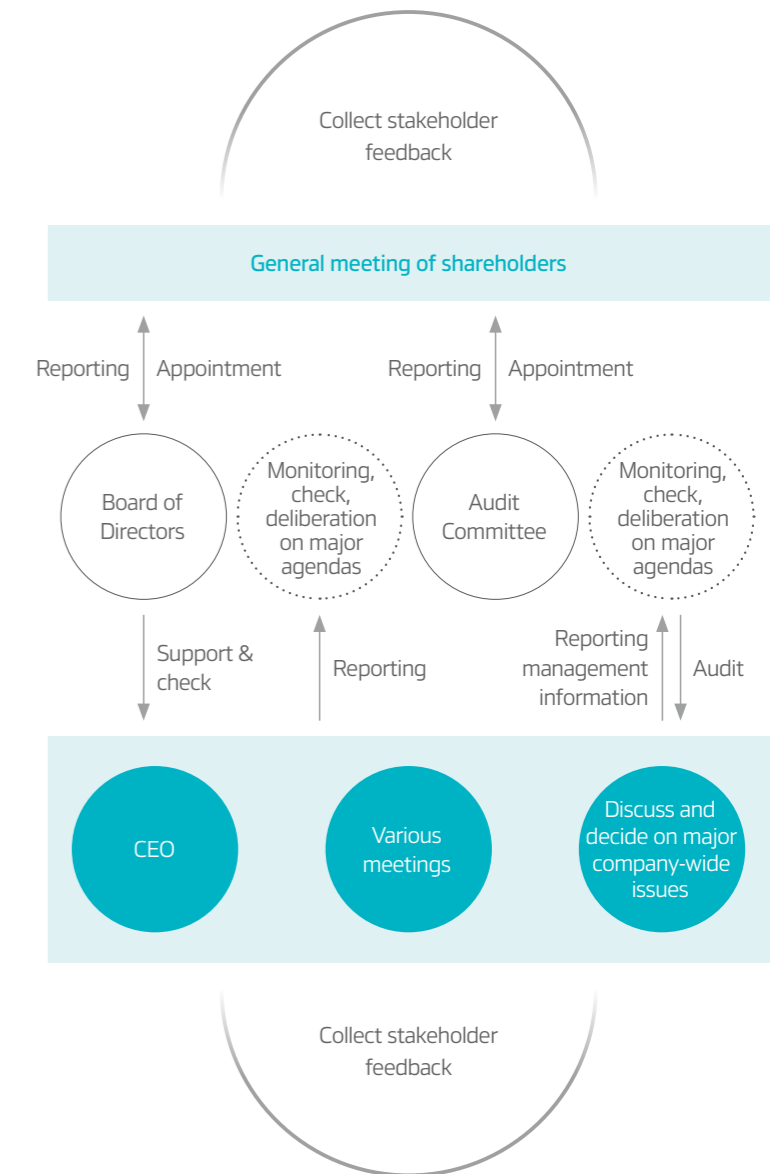
In 2023, a decision was made to introduce regular Board operational assessments to advance our governance, and this will surely increase the judiciousness and efficiency of our Board operations. The Code of Ethics for Independent Directors was also enacted to outline the responsibilities and principles independent directors are expected of to assume.

## Board-centered Decision-making Process

The Board of Directors serves as the highest decision-making body of our business operations, and Hankook Tire & Technology is fully committed to sustained profit generation and growth based on mutual checks and balances among the Board, management, and shareholders. We carefully heed the voice of our stakeholders, identify the necessary tasks through respective meetings and align such efforts towards meaningful outcomes. We also build a corporate culture which supports free flowing debate and communication and integrate stakeholder

feedback into the decision-making of senior management. Our BOD regulations stipulate that the Chair of the Board should be appointed among directors through the resolution adopted by the Board. The Board appointed our CEO, Soo Il Lee, as the Chair of the Board on the grounds that his extensive experience and proven competency in the overall tire industry will ensure the smooth operation of the Board by providing sufficient information to independent directors and assist the Board in duly performing its role and responsibilities, as specified in applicable laws and internal regulations.

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





### Composition of the Board of Directors

Hankook Tire & Technology’s Board of Directors consists of seven directors - three executive directors and four independent directors. All our independent directors are free from any specific interest in the Company, management, or major shareholders.

Composition of the Board of Directors

Director	Name	Gender	Position	Career
Executive director	Soo Il Lee	Male	Chair, Board Chair, Sustainability Committee Member, Independent Director Recommendation Committee Member, ESG Committee	- Head of America Headquarters, Senior Vice President, Hankook Tire - Head of Marketing Staff Office/Corporate Management Staff office, Executive Vice President, Hankook Tire - Current) CEO, Hankook Tire & Technology
	Hyun Bum Cho	Male	Member, Sustainability Committee Member, Independent Director Recommendation Committee Member, ESG Committee	- COO/CSFO, Hankook Tire Worldwide - CEO & President, Hankook Tire & Technology - Current) Chairman, Hankook Tire & Technology - Current) Chairman & CEO Hankook & Company
	Jong Ho Park	Male	Member, Sustainability Committee Member, Independent Director Recommendation Committee Member, ESG Committee	- Head of Corporate Strategy & Finance Division, Senior Vice President, Hankook Tire - Head of Corporate Management Staff Office, Executive Vice President, Hanon Systems - Head of Corporate Management & Finance Staff Office, Executive Vice President, Hankook Tire & Technology - Current) CEO, Management Support Division, Hankook Tire & Technology
Independent director	Hyun Myung Pyo	Male	Member, Audit Committee Chair, Internal Transactions Committee Chair, Independent Director Recommendation Committee Member, ESG Committee	- President, KT - CEO & President, KT Rental - CEO & President, Lotte Rental - Outside director, JB Financial Group - Outside director, KT
	Jong Gap Kim	Male	Chair, Audit Committee Member, Internal Transactions Committee Member, Independent Director Recommendation Committee Member, ESG Committee	- Barclays Bank Seoul Branch - Executive, Citibank Seoul Branch - Representative, Deutsch Bank, Seoul Branch
	Young Jae Kang	Male	Member, Audit Committee Member, Internal Transactions Committee Member, Independent Director Recommendation Committee Member, ESG Committee	- Vice President, Hite Jinro - CEO, Hite Jinro Beverage - Current) CEO, Investment Division, ENSL Partners - Current) Co-representative, KOSRA Seed Partners (KSP)
	Mi Ra Lee	Female	Member, Audit Committee Member, Internal Transactions Committee Member, Independent Director Recommendation Committee Chair, ESG Committee	- Head of Global Strategy Planning among others, Deutsche Bank - COO/Managing Director, Macquarie Group Korea - Head of HR, General Electric (GE) Korea - Current) External director, SK ecoplant - Current) Visiting professor, Yonsei University Graduate School of International Studies  ※ Former work experience in the same industry (selective consumer goods) based on GICS standards

### Independence of the Board of Directors

We stipulated that independent directors must account for a majority of the Board to ensure greater transparency and independence. Directors are appointed at the general meeting of shareholders held before March each year. Director candidates are nominated according to transparent and fair procedures, and such nominations are made through the Board for executive directors and through the Independent Director Recommendation Committee for independent directors. Directors are able to serve three-year terms and could be reappointed. As of the end of March 2023, the average tenure of our directors was 3.9 years. Vacant director positions are individually filled at the general meeting of shareholders. The composition of the Board is in agreement with the Commercial Act, the Monopoly Regulation and Fair-Trade Act, along with other applicable laws. Independent director candidates are disqualified upon the discovery of any single disqualifying factor, and this extends to incumbent independent directors who become subject to any grounds for disqualification. We review the disqualifications for directors’ independence pursuant to pertinent laws to ensure the independence of the directors, and the Independent Director Recommendation Committee reviews

independent directors for their compliance with independence requirements.

#### [Disqualifying Factors for Independent Directors]

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

\* In conformity with Korea’s Commercial Act, Fair Trade Act, and other relevant laws

Review of Independent Directors’ Compliance with Independence Qualification<sup>1)</sup>

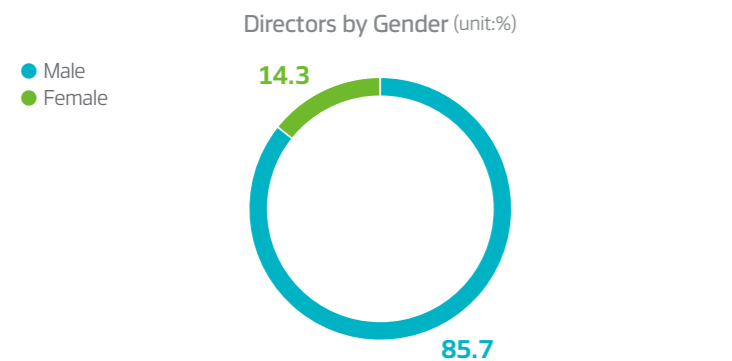
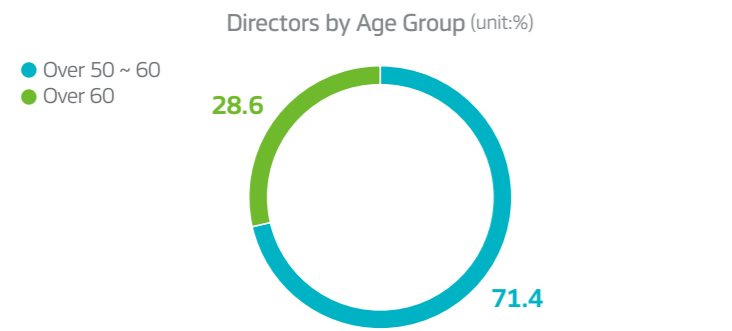
Requirement	Hyun Myung Pyo	Jong Gap Kim	Young Jae Kang	Mi Ra Lee
The director must not have been employed by the Company in an executive capacity within the last five years	○	○	○	○
The director must not have a family member who accepts any payments from the Company or any parent or subsidiary of the Company in excess of USD 60,000 within the last three years	○	○	○	○
The director must not have a family member of an individual who is employed by the Company or by any parent or subsidiary of the Company as an executive officer	○	○	○	○
The director must not be an advisor or consultant to the Company or a member of the Company’s senior management.	○	○	○	○
The director must not be affiliated with a significant customer or supplier of the Company	○	○	○	○
The director must not have personal services contract(s) with the Company or a member of the Company’s senior management.	○	○	○	○
The director must not be affiliated with a not-for-profit entity that receives significant contributions from the Company,	○	○	○	○
The director must not have been a partner or employee of the Company’s external auditor over the past three years.	○	○	○	○
The director must not have any other conflict of interest that the Board determines to mean they can’t be considered independent	○	○	○	○

1) By the criteria adopted by the Dow Jones Sustainability Indices



### Diversity Policy of the Board of Directors

We consider such diversity metrics as gender, age, race, nationality, and country of birth to promote the diversity of our Board of Directors. In fact, we have expanded our Board membership from five to seven directors in March 2021, and appointed a female independent director. Directors are required to represent the rights and interests of all shareholders and stakeholders in a balanced manner, and are equally qualified free from any form of discrimination on the grounds of gender, age, religion or race.



### Expertise of the Board of Directors

Independent directors are appointed at the general meeting of shareholders for their extensive expert knowledge and experience in the areas of business administration, economy, law, accounting and other wide-ranging areas, along with their compliance with

the qualifications stipulated in applicable laws. We ensure that our independent directors bring their specialized expertise to their roles in advising the Company in making sound decisions while fulfilling their duties of checking and overseeing management. We provide separate training to independent directors to help them better understand the Company and improve their expertise.

### Effectiveness and Transparency of the Board of Directors

To ensure the effective operation of the Board of Directors, we set the 50% quorum<sup>1)</sup> for Board meetings to stipulate that decisions are made with 50% or more directors in attendance and 50% or more of attending directors in favor of the agenda item. To ensure that independent directors can effectively fulfill their role, they are not allowed to concurrently serve as an independent director for more than three companies. The Audit Committee is operated under the Board to check and monitor top management on behalf of shareholders, and self-assessments are made each year to improve its effectiveness. Such assessments span the composition and qualification of the Audit Committee, the qualification of the Audit Committee Chair, understanding of the Company's business and risks, work processes and procedures, oversight of financial reporting and audit function, and monitoring activities.

Furthermore, our Board decided in 2023 that the Company would voluntarily perform regular assessments on the operation of the Board and the performance of individual independent directors while developing and implementing assessment standards and processes to identify improvements. This will allow us to conduct more rigorous verifications on the effective operation of the Board. The Korea Corporate Governance Service also performs annual assessments on our governance, and such third-party evaluations guide our efforts to monitor and improve on any deficiencies. In 2023, the Code of Ethics for Independent Directors was specified to present the basic principles for independent directors to voluntarily abide by, as a way to enhance the transparency of the Board.

1) Quorum: The minimum number of members required to make decisions on agenda items at Board meetings

Training Provided to Independent Directors

Date	Trainer	Training Topic
Jan. 27, 2022	ESG Team	ESG management and latest trends
Jun. 22, 2022	Chief Technology Office, Finance Team	Visit to Hankook Technoring, a proving ground
Sep. 30, 2022	Samil PwC	Internal accounting control system_KSOC basic training
Jan. 26, 2023	Digital Strategy Department, ESG Team	2022 ESG achievements and key initiatives for 2023, digital transformation
Jan. 31, 2023	EY Hanyoung	Near year economic outlook seminar for 2023

Number of Board Meetings Held over the Past 5 Years (unit: No. of meetings)



1) Average attendance in 2022: 96.6%

Operational Status of Board Committees

Committee	Responsibility
Audit Committee	<ul style="list-style-type: none"> <li>- Audit the Company's accounting and business operations</li> <li>- Investigate the Company's asset status</li> <li>- Handle matters stipulated by applicable laws and the Articles of Incorporation as well as matters commissioned by the Board</li> <li>- Request directors to report on business operations</li> <li>- Approve the appointment of external auditors</li> </ul>
Sustainability Committee	<ul style="list-style-type: none"> <li>- Deliberate and decide on matters delegated by the Board in the areas of general management, finance, and overall management risks</li> </ul>
Independent Director Recommendation Committee	<ul style="list-style-type: none"> <li>- Nominate independent director candidates to be appointed at the general meeting of shareholders and handle matters delegated by the Board pursuant to applicable laws, the Articles of Incorporation, BOD regulations, and nominate, screen, and select independent director candidates</li> </ul>
Internal Transactions Committee	<ul style="list-style-type: none"> <li>- Pre-screen and approve the transactions entered into with affiliates and related parties pursuant to antitrust and fair trade regulations with the approval authority granted by the Board concerning large-scale internal transactions</li> </ul>
ESG Committee	<ul style="list-style-type: none"> <li>- Deliberate and decide on environmental, social, and governance management to bolster sustainability management</li> </ul>



### Remuneration of the Board of Directors

Our directors and auditors are compensated within the annual remuneration limit approved by the general meeting of shareholders in accordance with relevant regulations, along with incentives provided based on business performance as measured against economic, social and environmental performance metrics. The general meeting of shareholders held on March 30, 2022 approved KRW 5 billion as the total director remuneration limit, and 98% of this was paid out. At the general meeting of shareholders held on March 29, 2023, KRW 7 billion was approved as the director remuneration limit for the year 2023.

Total Remuneration for Directors and Auditors (unit: KRW million)

Directors	No. of Directors	Total Remuneration	Average Remuneration per Person
Executive director	3	4,700	1,567
Independent director (Audit Committee member)	4	216	54
Total	7	4,916	702

\* Remuneration of all directors and auditors: As of December 2022

\* From the total pool of directors and auditors, Hyun Bum Cho an executive director, concurrently holds a position at Hankook & Company, and the figure solely reflects his remuneration from Hankook Tire & Technology.

\* The Audit Committee is exclusively composed of independent directors, and all independent directors serve on the Audit Committee.

### Performance Appraisal of the CEO and Management

The CEO's executive incentives reflect the Company's short-term performance for the year 2022, and are paid by comprehensively considering performance metrics (sales and operating profit for the year among others) and the Company's business performance (attainment of strategic tasks among others). Management incentives reflect the Company's long-term performance (payment cycle was shortened from 3 years to 1 from 2022 onwards), and are provided to senior members in Senior Vice President and higher positions by comprehensively considering management performance from the perspectives of finance (key management performance, TSR disparities, etc.), strategy/innovation (organizational innovation activities, new growth driver discovery, etc.) and ESG.

The management advisory contract ensures that executives can still be held liable for instances of misconduct they engaged in even after their retirement. Its aim is to prevent any professional misconduct<sup>1)</sup> on the part of our executives during their tenure and tighten internal controls. The contract includes clawback provisions stipulating that if any professional misconduct is identified from any executive's term following their retirement, he/she must return the amount that matches the severity of the damage done to the Company from the management advisory payments that he/she received.

1) Professional misconduct: Includes, but is not limited to, illegal actions or any act that causes damage to the Company, including professional negligence

#### CEO-to-Employee Compensation Ratio

Total CEO remuneration (KRW million) <sup>1)</sup>	Average employee compensation (KRW million) <sup>1)</sup>	Ratio <sup>2)</sup>
1,488	73	20.38

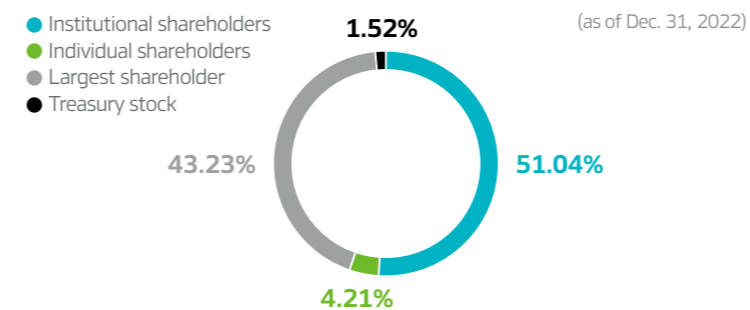
1) Sum of base pay, allowances, and short/long-term incentives

2) Calculated by dividing the total CEO remuneration by the average employee compensation

### Shareholder-friendly Management

Hankook Tire & Technology protects the rights and interests of our shareholders, promotes their interests, and engages in proactive communication to advance shareholder-friendly management. We guarantee that our shareholders duly exercise their voting rights pursuant to Korea's Commercial Act while disclosing our mid-term dividend policy to improve the stability and predictability of our dividend payments. We also hold IR meetings and attend conferences to interact with domestic institutional investors and foreign investors to reach out closer to shareholders. In tandem with this, we disclosed our management plan for 2023 to provide investment reference data for shareholders to further bolster shareholder-friendly management. This included our consolidated sales growth guidance, the proportion of 18 inch + products out of PCLT (Passenger Car and Light Truck) sales, the proportion of EV supplies out of PCLT OE products, and our investment plans to help shareholders better understand our management plans.

#### Overview of Shareholders



Category	No. of Shareholders	Percentage (%)	No. of Shares	Stock Ownership
Institutional shareholder	1,674	4.35	63,225,379	51.04
Individual shareholder	36,741	95.58	5,212,254	4.21
Largest shareholder	24	0.06	53,551,120	43.23
Treasury stock	1	0.00	1,886,316	1.52
Total	38,440	100.00	123,875,069	100.00

We follow the one share one vote rule, and treasury shares do not carry voting rights pursuant to the Commercial Act. As of the end of December 2022, the National Pension Service (NPS) owned 7.83% of Hankook Tire & Technology's total shares outstanding. NPS follows the principle of responsible investing in exercising its voting rights in consideration of our ESG performance.

Stock Ownership of Major Shareholders (as of Dec. 31, 2022)

Name	No. of Shares	Ownership <sup>1)</sup>
Hankook & Company	37,995,959	30.67
Hyun Bum Cho	9,581,144	7.73
Shinyang Co., Ltd.	793,522	0.63

1) The remaining founder & founding-family ownership amounts to 4.19%.

#### Management Stock Ownership

Category	Name	Stock Ownership against Salary
Registered executive	CEO Soo Il Lee	0.30 <sup>1)</sup>
	Chairman Hyun Bum Cho	
Non-registered executive	Gyu Bong Lee	
	Jin Gyun Jeong	
	Seon Woo Kim	151.91 <sup>2)</sup>
	Sang Geun Lee	
	Jin Sun Park	
	Mun Hwan Heo	

1) Calculated by dividing stock ownership based on the closing price (KRW 31,150) of the last trading day of 2022 by base pay (as of Dec. 31, 2022)

2) Calculated by dividing stock ownership based on the closing price (KRW 31,150) of the last trading day of 2022 by the average base pay of management, excluding the CEO (as of Dec. 31, 2022)



### Voting Rights of Shareholders

Hankook Tire & Technology strives to facilitate the exercise of voting rights for shareholders. To maximize shareholders' participation in the general meeting of shareholders, we introduced electronic voting since the 8th such meeting. It was decided through the Board of Directors that electronic voting and electronic proxy solicitation be implemented, and these mechanisms were adopted for the following 9th, 10th, and 11th general meetings of shareholders. We also allow shareholders to vote by proxy to help them exercise their legitimate rights when they are unable to be physically present at a meeting. In particular, the written convocation notice was sent out to all individual shareholders, even to those holding just 1% of our shares, to facilitate the voting process. For the 11th general meeting of shareholders (Mar. 29, 2023), we participated in the voluntary program to stagger the dates for shareholder meetings. This enabled us to hold the annual general meeting of shareholders at a time when there was a lower concentration of such meetings to ensure more shareholders could attend. Following the general meeting of shareholders, we disclosed the vote tally in favor and against each agenda item on our website to improve the transparency of the general meeting of shareholders.

### Shareholder Return Policy

To elevate shareholder value, we will allocate the profits we generate to invest in our sustained growth, maintain our financial soundness, and return to shareholders, within the boundary of distributable dividend profits in consideration of internal/external business conditions. We have continued with dividend payments to improve shareholder value, and our dividends per share have risen each year for the past five years. In February 2023, we disclosed our mid-term dividend policy (for FY 2022~2024) to increase the stability and predictability of our dividend payments for investors. This policy aims to return 20% of our adjusted net income (excluding one-time non-recurring gains and losses) to shareholders on a consolidated basis for the next three years (FY 2022~2024)

### Communication with Shareholders

We work on multiple fronts to reach ever closer to shareholders. In addition to the fair disclosure of our (preliminary) operating results, we also hold quarterly and annual earnings calls around January, April, July, and October. Such earnings calls are held for analysts and institutional investors through conference calls, under the supervision of the Head of Chief Administrative Office and finance/accounting executives. Earnings materials are disclosed on our website and on the electronic disclosure system, and the content of these conference calls is made public on our website for all investors to access freely. Following these earnings calls, we regularly hold NDRs (Non-Deal Roadshows) for key institutional investors in Korea and abroad through in-person meetings or conference calls. Furthermore, our key management members and employees attend domestic and overseas conferences hosted by securities firms to directly interact with investors on issues of interest and collect information and advice to suit their individual needs. Meanwhile, we arrange year-round IR events for domestic and international institutional investors wishing to visit the Company and hold meetings. Just like institutional investors, minority shareholders are also guaranteed the opportunity to directly communicate with our IR personnel by phone or e-mail, of which details are disclosed on our website. Such proactive IR activities demonstrate our commitment to treat all shareholders equally and provide them with timely, sufficient information.

Dividend Payments by Year

Category	2018	2019	2020	2021	2022	
Par value per share (KRW)	500	500	500	500	500	
(consolidated) Net income (KRW million)	522,215	419,513	372,337	588,192	690,249	
(non-consolidated) Net income (KRW million)	243,936	241,218	87,353	97,779	263,413	
(consolidated) earnings per share (KRW)	4,216	3,387	3,032	4,822	5,658	
Total cash dividends (KRW million)	55,734	68,119	79,293	85,392	97,591	
(consolidated) Cash dividend payout ratio (%)	10.7	16.2	21.3	14.5	14.1	
Cash dividend yield (%)	Common stock	1.1	1.6	1.6	1.7	2.4
Cash dividends per share (KRW)	Common stock	450	550	650	700	800



# Jeongdo Management & Ethical Management

Jeongdo Management<sup>1)</sup> and ethical management constitute the fundamental principles of our business operations at Hankook Tire & Technology. To properly weave compliance with management principles into our corporate culture, we operate a range of programs to integrate Jeongdo Management and ethical management into our systems and daily business routines.

1) Jeongdo Management: Jeongdo Management sets the primary course of action for Hankook Tire & Technology in its pursuit of sustainable management by providing all stakeholders with fair opportunities and compensation and conducting business in an appropriate and transparent manner, in accordance with the basics and principles. Its management principles concern customer-centered management, quality management, talent management, SHE management, win-win management, sharing management, corporate governance, and ethical management.

## Establishing an Ethical Management System

### Operating the Jeongdo Management Committee

The Jeongdo Management Committee acts as the highest decision-making body under the direct leadership of the CEO to identify and prevent compliance risks at all levels. In accordance with the code of conduct set forth under the ‘8 Jeongdo Management Principles’, issues most closely related to internal/external stakeholders - customers, employees, suppliers, shareholders and investors - as well as organization-level relevant issues are proposed as agendas and discussed, and decisions are made swiftly to establish a culture of Jeongdo Management. The Committee met three times - in April, June, and November of 2022 - to propose and deliberate on a total of nine agenda items in the areas of quality, SHE, and corporate governance. In particular, discussions were made from multiple perspectives on ways to prevent high-consequence injuries and improve shopfloor safety management in relation to SHE compliance risks, and the outcomes were aligned with decision-making and implementation. In 2023, the issues discussed at the Committee will be reflected into each organization’s compliance risk assessments to establish a culture of compliance and bolster our execution, along with Jeongdo Management.

Composition of the Jeongdo Management Committee			
Category	Position	Scope	Key Team
Chair	CEO	-	-
Vice Chair	Chief Administrative Office	Corporate governance	Finance Team
		Win-win management Talent management	Purchasing Planning Team HR Management Team
Coordinator	Vice President of Audit Department	Ethical management	Audit Team 2
Member	Head of the Korea Business Headquarters	Customer management	KOR)Marketing Strategy Team
	Chief Marketing Office	Win-win management	Marketing Strategy Team
	Chief Technology Office	Quality management SHE	R&D Planning Team R&D HR Team
	Head of the Safe Production & Engineering Staff Office	SHE Talent management	Production HR Team SHE Innovation Team
	Head of the Quality Staff Office	Quality management	Global Quality Planning Team

Jeongdo Management Committee Schedule and Agenda in 2022							
Meeting	Date	Session	Agenda Scope	Topic	Supervising Organization	Supervising Team	
1st meeting	Apr. 1 (Fri.)	Jeongdo management	Governance	Internal control management status and issues - prevent the risk of accounting fraud	Chief Administrative Office (finance)	Internal Control Team	
			Quality management	IPR infringement /protection risk management	Chief Technology Office	R&D Planning Team	
		Ethical management	Common ethical management	Recruitment-related compliance risk	Chief Administrative Office (HR)	HR Management Team	
2nd meeting	Jun. 29 (Wed.)	Jeongdo management	Customer-centered management	Customer data management in line with the increasing online sales	Korea Business Headquarters	KOR)Marketing Strategy Team	
			Safety and environment	Compliance activities to prevent high-consequence injuries	Safe Production & Engineering Staff Office	SHE Innovation Team	
		Ethical management	Common ethical management	Information security operational issues	Digital Strategy Department	Global IT Operations Team	
3rd meeting	Nov. 1 (Tue.)	Jeongdo management	Customer-centered management	Marketing-related compliance issues	Chief Marketing Office	Marketing Strategy Team	
			Quality management	Quality system certification status and operational risks of Jeongdo management	Quality Staff Office	Global Quality Planning Team	
		Ethical management	Common ethical management	Supplier purchasing ethics issues - Subcontract risk review	Chief Administrative Office (purchasing)	Purchasing Planning Team	



Management Principles by Stakeholder Group and their Detailed Code of Conduct

Stakeholder	Management Principle	Detailed Code of Conduct
Customer	Customer-centered management	1. We put customers first. <ul style="list-style-type: none"> <li>- We meet the needs of our customers with best-in-class products and services.</li> <li>- We respect and listen to our customers, considering them central to all our activities.</li> <li>- We offer our customers differentiated value and experience, while protecting their data and rights.</li> </ul>
	Quality management	1. We remain committed to quality improvement and safety. <ul style="list-style-type: none"> <li>- We pursue quality improvement continuously to establish a quality-first culture.</li> <li>- We improve customer satisfaction and trust through systemic quality management.</li> <li>- We abide by quality laws and regulations for customer safety.</li> </ul>
Employee	Talent management	1. We respect all our employees, and pursue the mutual development of the Company and its employees. <ul style="list-style-type: none"> <li>- We respect the human rights and diversity of each employee, and work to create a discrimination-free corporate culture based on mutual respect.</li> <li>- We support employees to build capacity and provide equitable wages that fairly reflect competency and performance.</li> <li>- We abide by SHE laws and regulations, putting the safety of our employees above all else.</li> </ul>
	SHE management	1. Employee health and safety is our top priority. <ul style="list-style-type: none"> <li>- We abide by SHE laws and regulations.</li> <li>- We ensure that safety comes first in employees' actions, awareness, and processes.</li> <li>- We consider safety in designing and installing all equipment and facilities</li> </ul>
Supplier	Win-win management	1. We promote fairness in our business with suppliers. <ul style="list-style-type: none"> <li>- We pursue fair trade based on trust and mutual respect.</li> <li>- We share our performance with suppliers and seek mutual interests.</li> <li>- We provide all suppliers with equal opportunity and guarantee reasonable transactions to pursue shared growth.</li> </ul>
Community	Sharing management	1. We fulfill our social responsibility and obligations <ul style="list-style-type: none"> <li>- We fulfill our corporate social responsibility and obligations, and pursue the shared development of communities.</li> <li>- We work together with communities to engage in CSR activities and resolve social issues to create social value.</li> <li>- We strive to preserve and improve the community and natural environment throughout the entire product lifecycle, from development and production, to use.</li> </ul>
Shareholder & investor	Corporate governance (governance)	1. We maximize value for shareholders and investors. <ul style="list-style-type: none"> <li>- We advance management accountability based on sound and transparent governance.</li> <li>- We ensure transparent decision-making and efficient business operations to elevate corporate and shareholder value.</li> <li>- We treat all shareholders and investors equally and provide them with corporate information impartially.</li> </ul>
	Ethical management	1. We perform our work in an appropriate and honest way. <ul style="list-style-type: none"> <li>- We embed legal compliance and ethics into our corporate culture as a global company.</li> <li>- We present all stakeholders with standards and principles to guide their appropriate action and value judgement, and strive to internalize ethical awareness.</li> <li>- We integrate ethical practices and actions into our business conduct and daily lives.</li> </ul>

**Establishing a Compliance Risk Management System and Maintaining ISO 37301**

Our compliance risk management ensures that each organization independently reviews compliance risks along the PDCA (Plan-Do-Check-Action) cycle. In 2021, we achieved the ISO 37301 compliance management system certification and gained public recognition for the adequacy and effectiveness of our company-wide compliance risk management system. In 2022, we provided internal ISO auditor training and performed internal audits, with 40 select key persons leading the charge, to implement working-level activities to operate a company-wide compliance risk management system. This allowed us to meet the requirements of ISO 37301 and its certification program and maintain our certification. In 2023, we will remain certified under this compliance management standard and bolster our organizational capabilities to further raise the bar on our compliance risk management.

**Expanding the Pledge to Practice Ethical Management**

Our employees are required to sign the ethical management pledge to commit themselves to the practice of ethical management. In 2022, 100% of our office workers in Korea signed the pledge, and we expanded this to include our overseas operations and affiliates. We also encouraged new hires to sign the pledge to practice ethical management through ethical management training. We will continue to expand this initiative to establish and disseminate an ethical culture.

**Facilitating the Whistleblowing Mechanism and Performing Internal Assessments**

Our whistleblowing channels are widely publicized on the Misconduct Reporting and the anonymous bulletin board for ethical management, among internal/external stakeholders to facilitate the reporting process. To make these whistleblowing channels even more accessible, we renamed the 'Cyber Audit Office' as 'Misconduct Reporting', and investigated eight valid reports (4 corruption cases, 4 internal complaints) out of the 21 reports submitted in 2022. We also operate the anonymous bulletin board for ethical management to facilitate interactive communication among employees concerning inquiries for ethical management and work-related compliance risks. The E-Ethics Letter, our company-wide ethical management newsletter, also serves to regularly promote and communicate whistleblowing channels. Meanwhile, we continue to perform routine and non-routine internal assessments on our entire operations in Korea and abroad. If any corruptive practices are identified as a result of such assessments, the HR Committee takes disciplinary and/or other actions to prevent their reoccurrence.

Category	Whistleblower Reports			
	2021		2022	
	Reports submitted	Valid reports	Reports submitted	Valid reports
Corruption	5	2	4	4
External complaints	3	1	0	0
Internal complaints	0	0	8	4
Others (customer complaints, etc.)	14	0	9	0
Total	22	3	21	8



## Actions Taken against Violation of the Code of Conduct

Category	2021		2022		Action Taken
	Violation (cases)	Violator (persons)	Violation (cases)	Violator (persons)	
Damage to corporate culture (sexual harassment, bullying, etc.)	2	2	4	4	1 suspension, 1 wage reduction, 2 reprimands
Negligence	1	1	4	9	1 suspension, 5 warnings, 3 reprimands
Bribe-taking	2	5	1	1	1 dismissal
Exploitation of corporate funds for personal use	1	3	2	2	2 reprimands
Intervention with suppliers	1	1	0	0	
<b>Total</b>	<b>7</b>	<b>12</b>	<b>11</b>	<b>16</b>	

## Whistleblowing Process



## Whistleblower Protection

Confidentiality	Identity protection	Non-retaliation	Immunity
<ul style="list-style-type: none"> <li>Do not disclose any information on the whistleblower without his/her consent</li> <li>Those related to the investigation abide by their non-disclosure obligation.</li> </ul>	<ul style="list-style-type: none"> <li>Ban any attempt to identify the whistleblower</li> <li>Anyone who attempts to identify the whistleblower is subject to severe disciplinary action, regardless of reason</li> </ul>	<ul style="list-style-type: none"> <li>Ban on any disadvantage or discrimination in terms of working conditions</li> <li>When a disadvantage is confirmed, immediate action is taken to restore it</li> </ul>	<ul style="list-style-type: none"> <li>When a whistleblower reports their own mistake: Mitigate the disciplinary action (on the condition that unjustified gains are returned)</li> <li>This is not considered non-compliance with job-related confidentiality obligations</li> </ul>

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

### Bolstering ethical management training

We provide regular ethics training to highlight the importance of Jeongdo Management and ethical management, and to create awareness for this mindset so that it can be matched by the actions of our employees. Such training is conducted through videos produced on understanding ethical management, the Company's approach to Jeongdo Management and ethical management, and actual cases of ethical management. In 2022, online ethical training was provided to nearly 2,2000 office workers in Korea and expatriates twice, and to nearly 4,200 operators at our domestic plants once. Specifically, the ethical management training conducted in 2022 was themed 'ESG and ethical management' to help recognize the importance of practicing ethical management in the ESG landscape. This came in tandem with the 'Integrity Book Concert'. The aim of this initiative was to review books associated with unjust and/or common corrupt behaviors one might witness in their day-to-day lives to underscore the importance of integrity in the workplace. This served to provide our employees with an interesting and down-to-earth perspective on this important, yet difficult-to-discuss topic. To expand ethics training at our overseas operations, we provided training content based on our ethical management guide and included ethical management in the mandatory introductory training curriculum for new hires so that we encourage our employees to understand and practice a culture of compliance.

### Developing employees' ethics awareness

To help our employees develop ethics awareness, we circulate the monthly E-Ethics Letter communicating best practices, cases of non-compliance and related articles, and make this available on the bulletin board for ethical management. During national holidays or vacations when the need arises to remind our employees of ethical management awareness, we launched the 'No Giving/No Taking of Holiday Gifts' and 'voluntary bribery reporting' campaigns to encourage employees' participation. In 2022, this Letter introduced the importance of corporate ethics and safety management on the topic of the 'Serious Accidents Punishment Act' that took effect in January 2022, along with varying cases on the 'importance of internal controls' to help elevate understanding on ethical management.



# Risk Management

## Financial risk

The year 2022 presented such global issues as the worldwide inflation which far exceeded expectations, the Russo-Ukrainian War, and the Chinese COVID-19 lockdown policy. These events gave rise to a surge in raw material prices and logistics expenses, and the worldwide tightening of national fiscal policies resulted in severe fluctuations in exchange and interest rates. Through continued risk management, Hankook Tire & Technology is flexibly responding to such external factors amid the uncertain business landscape. We have monitored our financial costs and managed foreign exchange positions to minimize risk exposure to abrupt market changes. Our financial position has stabilized through maintaining appropriate levels of liquidity and borrowings, and we have prevented adverse financial issues by aligning the fund management system at overseas subsidiaries and at the headquarters. We promptly share market information to keep current with the fluctuating financial market and assist management with more efficient decision-making.

## Currency risk

In line with the growing proportion of our global sales operations, we are now operating with 31 foreign currencies, including the USD and the euro. To minimize relevant risks, we have followed the risk management guidelines, using local currency for current transactions on import and export and for financial transactions on deposits and borrowings. In accordance with the principle of matching foreign currency assets with foreign currency liabilities, we diversify currency risks and minimize our F/X positions. If our F/X positions exceed the set limit despite our best efforts, they are managed by deploying currency hedging to use external financial instruments within the approved limits. The Financial Risk Management Committee meets on a quarterly basis to develop and implement region/currency-specific F/X risk response strategies.

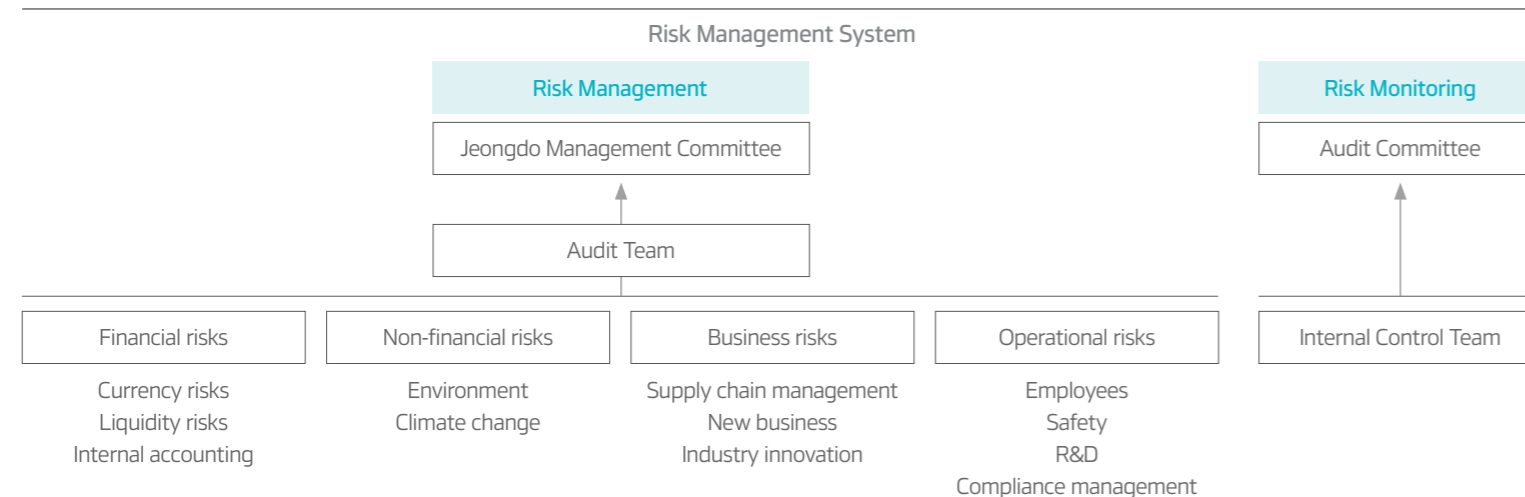
## Liquidity risks

We assume a global perspective when it comes to borrowing, liquidity, and the short/long-term cash flow of our global headquarters and overseas subsidiaries. We periodically forecast our future cash flow to preemptively manage global liquidity. Our financial structure is stabilized by our conservative stance in liquidity management during the period of turbulence within a quickly shifting financial market. We also adopt integrated liquidity management systems, such as global cash pooling, to control liquidity across various overseas localities. Cash pooling is the real-time sharing of funds between companies with fund shortages and those with surpluses. This helps minimize liquidity risks and reduce the burden of fund operations and financial costs. Furthermore, we actively operate the Global Cash Management System for integrated fund management across all our regional headquarters and local subsidiaries, and have secured credit lines at financial institutions in alignment with cash pooling to prepare for the potential need for an additional liquidity supply.

## Emerging risk

### [Mounting importance of roads and tires due to expanded autonomous driving](#)

Autonomous driving is certainly one of the key technologies that will lead the future automobile market. Beginning with Tesla, it is expected that the production of vehicles supporting Level 5 autonomous driving will truly kick-off within the upcoming years. An increase in autonomous cars will reduce accidents caused by human error, while raising the relative proportion of accidents attributable to road conditions and tires. Eventually, quality - the braking and safety performance of tires - will become a critical concern. Hankook Tire & Technology is preparing for the advancement of autonomous driving technology and the resulting market changes. To develop tires suitable and safe for any road condition, we opened Hankook Technoring in 2021, Asia's largest test-driving facility. Hankook Technoring enables us to preemptively identify issues that could potentially arise on the road to effectively address emerging risks. The joint project with SK Planet on road hazard detection solutions will also help us develop safe tires in the future based on our learnings on risks that may occur on the road.



### Future mobility innovation and the resulting revolutionary change in the industry

In the future, mobility will evolve into more than a mere means of transport; it will serve as an extension of our living space. This will surely revolutionize the mobility industry. Flat EV batteries, that basically function as internal combustion engines, open up a whole new opportunity to more effectively utilize and enjoy the cabin space of EVs. The rapidly-evolving autonomous driving technology will free up drivers to engage in other activities within this space. Hankook Tire & Technology regards such paradigm shifts across the mobility industry as a significant risk that could shape the course and define the future of the company. Currently, our primary source of revenue is automotive tires. Presuming that future mobility will call for diverse types of tires, we believe today's automotive tire demand may migrate to other types of tires, thus weakening our sales and market dominance. In response, Hankook Tire & Technology is establishing a scalable mobility ecosystem to tap into new markets.

Our R&D program 'Design Innovation Project,' presents our vision for future smart cities and the innovative mobility industry. In 2022, we focused on the theme of 'Urban Reshaping' to examine how mobility innovation could reshape spaces within a future smart city and proposed 'Space Shifting Mobility (SSM)' optimized for future smart cities. SSM, composed of WheelBots, a sphere-shaped wheel system, and a minivan-sized POD, is capable of three-dimensional maneuvering, either along the interior/exterior walls of a building, or on flat roads. The WheelBots mounted on SSMs consist of a modular robotic wheel system that moves in tandem with a spherical tire, rather than with tires of the conventional shape. The omni-directional WheelBot moves efficiently in any direction, and supports the platooning mode of operation that directs multiple WheelBots to move along the optimal route.

With this first step, Hankook Tire & Technology launched the Design Innovation Alliance in partnership with promising high-tech companies such as Calman Tech, a robotics startup, and MOBILTECH, a mobility startup, to collaborate on joint R&D projects and bring future mobility ideas to life. Going forward, we will continue these R&D efforts to develop industry-leading technology for an innovative future wherein mobility becomes an extension of our living space.



## Emergency Response

### Health and safety

In 2022, we achieved 'zero high-consequence injuries' in line with our SHE and Jeongdo Management principles. To effectively act on our management principle which puts health and safety first, our SHE organization was put under the direct leadership of the CEO to strengthen the working-level implementation of our health and safety operations. To create a safety-first culture on the shopfloor, we operated a dedicated line safety system, facilitated team-level health and safety committees and broadened communications. We also conducted promotional events and trainings with health and safety training content. To advance Jeongdo Management in the health and safety area, we reviewed health and safety risks and made necessary improvements through regular monitoring and reporting on our compliance with health and safety obligations, and performing SHE compliance audits. Furthermore, work is underway to expand the application of the facility safety system and continue with working environment improvements to upgrade our health and safety environment. As part of our annual certification and renewal process for the ISO 45001 global health and safety management standard, we internally review the correct functioning of the emergency response system and verify its implementation. In so doing, we ensure rigorous health and safety risk management to minimize any potential impact on our customers and stakeholders.

### Fires

We have achieved multiple certifications, including the Process Safety Management (PSM) certification, to advance sustainable management even during emergency situations such as fires, explosions, earthquakes, and blizzards. We remain certified through annual assessments and continue to make improvements and investments based on the biannual statutory fire inspections performed by professional fire inspectors, along with those made by the Korean Fire Protection Association, the Korea Occupational Safety and Health Agency and other professional organizations. Our Hazard Prevention Center employs dedicated SHE personnel to ensure prompt emergency response, and we do our utmost in protecting the safety of our staff and our corporate assets. To help dedicated SHE personnel advance in their competency level, we leverage third-party organizations to conduct training. These trainings bolster our independent maintenance and repair capabilities so that we address any failures of our fire extinguishing equipment and minimize the risk of fires in so doing. Joint disaster response drills are conducted with local fire stations at least once a year and a range of internal fire response exercises are performed to achieve thorough readiness against potential fire risk factors.



# Fire at the Daejeon Plant

Special Report

On March 12, 2023, a fire broke out at Hankook Tire & Technology's Daejeon Plant in Daedeok-gu, Daejeon, Republic of Korea. The following illustrates how we responded to the fire at the Plant to minimize any environmental and social damage and discloses our plan to prevent the reoccurrence of such fires while making our commitment to ensure such occurrences do not ever happen again. This section of the report was prepared as of June 2023.

## 1 Incidence Overview



### Date

22:08, March 12 (Sunday), 2023

### Location

Factory 2, Daejeon Plant

### Status and Scale of Damage

- Human damage: 1 person sustained minor injuries, 10 people received outpatient care at a local hospital for simple smoke inhalation
- Physical damage: Factory 2 burned down (Factory 1 not affected)

## 2 Key Actions Taken

### Environment

The second round of environmental pollution investigation launched by the Ministry of Environment, Daejeon City, and Daedeok-gu Office revealed that the fire did not result in the leak of toxic substances nor did it produce any environmental impact. Presently, an additional investigation continues to determine the presence of chemical leaks (toxic materials), water system pollution caused by firewater, waste disposal plans, and third-party damage compensation among others.

#### Preventing firewater from entering the Geum River

- ① Performed dredging to prevent firewater from entering the Geum River → Deployed three dredging trucks at the end of the drainage pipes to transport firewater to the wastewater treatment plant
- ② The impact of the firewater on the water system was low, and no firewater entered the Geum River.
- ③ No heavy metal was detected in the main stream of the Geum River and no dead fish were found.

#### Responding to the power outage at the water purification center

- ① The power shut down at the water purification center in the wake of power line losses at Factory 2. → Immediately arranged and installed an emergency generator
- ② After 10 hours of supplying power, the power was shut off for two hours to prevent generator overload.

#### Blocking stormwater drainages

- ① Rainfall could trigger a potential release of fire pollutants.
- ② Blocked stormwater drainages to prevent the potential discharge of pollutants
- ③ Blocked outer stormwater drainages (grates, manholes), cleaned and dredged the ends of outer drainage pipes, and deployed patrol cars

#### Preventing damage from fire dust

- ① Suppressed fire dust with high pressure water mist trucks
- ② Sprayed down schoolyards, playgrounds, and public facilities with high pressure water

### Production

The fire at our Daejeon Plant caused a temporary loss in production. Hankook Tire & Technology's production is in compliance with our global product mix strategy across our eight worldwide plants. This ensures that when the production at any of our plants is halted, the remaining seven plants compensate take over to account for any losses. As such, the production queue of our Daejeon Plant was quickly transferred over to the other plants to minimize any production losses.

### Community

To reach out to community members who were affected by the fire, we launched a taskforce and set up a damage compensation booth to provide real-time solutions and address the concerns of the community. Both executives and regular employees volunteered their time to clean the surrounding area where the fire broke out, and engaged in multifaced services to remedy the communities affected by the fire, doing our utmost to support recovery efforts for members of the community who suffered in the wake of the fire.

#### Providing real-time response to complaints

- ① Operated a taskforce to support the people affected.
- ② Installed and operated a compensation support booth (received damage reports, consulted on compensation).
- ③ Participated in community discussions and joint meetings attended by local community leaders.
- ④ Implemented an advance payment system for medical treatments and/or other related damages.

#### Volunteered for environmental clean-ups

- ① Volunteered to clean up surrounding playgrounds and other public areas (side streets & alleys, playgrounds, gardens, lawns, and parks, etc.)
- ② Operated high-pressure water trucks
- ③ Replaced sand in local schoolyards and kindergarten playgrounds
- ④ Compensated the greenhouse farmers affected for their damages

#### Supporting fire-affected areas

- ① Provided 'point-of-care counseling services' with the help of our in-house psychological counselors
- ② Provided affected community members with tire discount coupons and five free tire inspections
- ③ Provided basic fire apparatus for underprivileged groups in the community (fire extinguishers, fire alarms, and air purifiers)
- ④ Delivered thank-you gifts/supplies to the volunteer fire brigade who helped extinguish the fire.



## 3 Fire Prevention Plans

### Safeguard the workplace from fire

We made further environmental improvements to the areas prone to fire. Additional environmental improvement projects are ongoing in 2023, along with regular internal environmental improvement activities and the cleanups carried by external professional outsourcing companies.

### Install CCTVs to help prevent fires

We will install flame-detection CCTVs to prevent fire risks. Additional flame detectors will be installed in areas which often to unnoticed, including refining process areas and periphery areas.

### Increase investments in firefighting system and improve on non-conformities

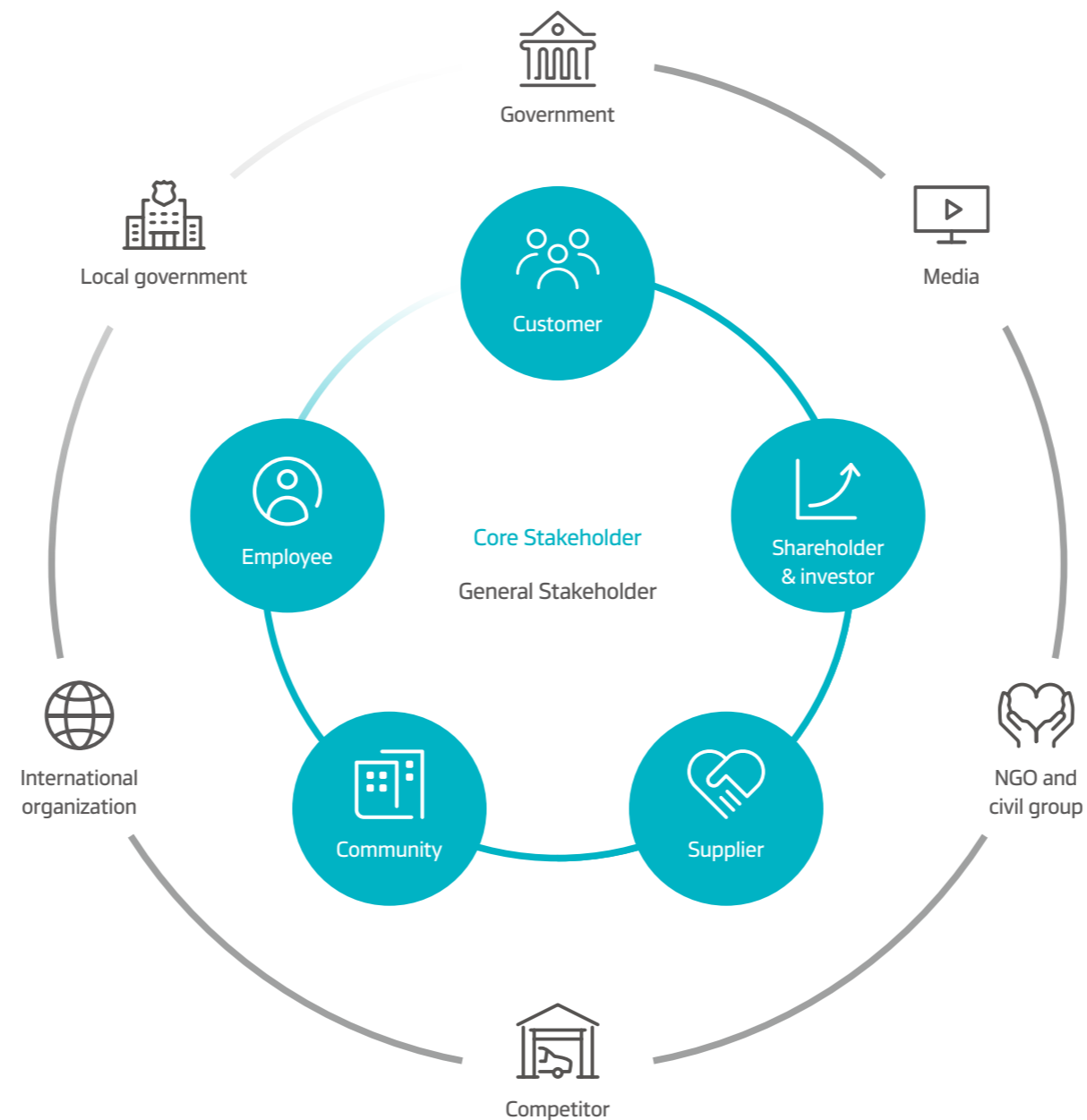
We will increase our investments in fire extinguishing apparatus and swiftly resolve any non-conformities identified in the detailed fire apparatus inspections (comprehensive + operational) made by firefighting professionals.

### Global fire prevention inspection and technical support

Between Q2 and Q3 of 2023, internal/third-party inspections, improvements, and construction are planned for high-risk fire-prone areas (processes, warehouses, hazardous material storage, blind spots, and controller rooms) at our domestic plants. Aside from our domestic manufacturing, we will constantly monitor the improvements made by reviewing all six of our overseas plants for their preparedness to prevent fires and providing relevant technical support. (domestic: ~ May, overseas: ~ July).

# Stakeholder Engagement

Hankook Tire & Technology categorizes stakeholders according to the scale and scope of their impact on business operations. Core stakeholders are those who closely interact with the Company and produce a direct impact, while general stakeholders indirectly or potentially interact with the Company. We collect stakeholder feedback through various communication channels and reflect it into our business operations, all while striving to share with them our ESG achievements and plans. The preparation of this report was based on the major outcomes of this stakeholder engagement process.



## Employee

### Communication channel

- Labor Management Council
- Discussion meetings, grievance handling mechanisms
- Employee engagement surveys
- Intranet
- Internal idea suggestion system (Proactive Studio)

### Communication issue

- Build win-win labor relations
- Recognize diversity and strengthen non-discrimination
- Bolster training that supports growth
- Promote a work-life balance
- Facilitate internal communication
- Improve workplace safety and working Conditions
- Provide fair compensation

## Community

### Communication channel

- Discussions with local community members
- Discussions with local public offices and NGOs
- Collection of complaints from communities

### Communication issue

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

## Customer (car maker, general customer, dealer)

### Communication channel

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

### Communication issue

- Strengthen consumer health and safety in product use
- Improve product quality and ensure safety
- Reinforce product responsibility and conduct responsible marketing
- Swiftly handle and remedy customer complaints-Ensure sustainable production (human rights protection, climate change adaptation, etc.)

## Shareholder & investor

### Communication channel

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

### Communication issue

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

## Supplier

### Communication channel

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

### Communication issue

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



# Materiality Assessment

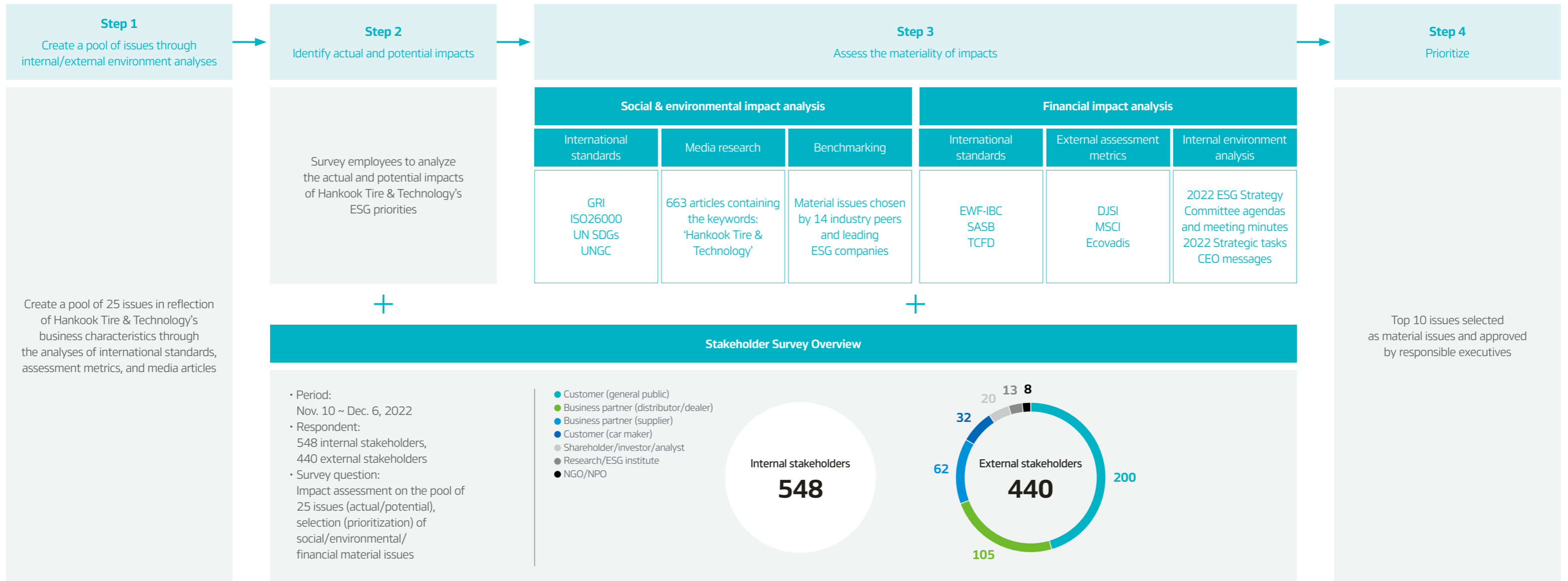
Hankook Tire & Technology performs annual materiality assessments to identify material issues that require added attention and management.

We choose topics to report on, in terms of progress and performance, from the assessment results and focus on such material issues.

From this year onwards, we are introducing the double materiality assessment to evaluate the materiality topics by comprehensively taking into account the Impact Materiality

- our inside-out social and environmental impact - and the Financial Materiality - outside-in financial and business impact.

## Materiality Assessment Process



## Materiality Assessment Results of 2022



Rank	Issue	Area	Actual Impact	Potential Impact	Social & Environmental impact	Financial Impact	Ranking in 2021	Page	GRI
1	Eco-friendly product development and the circular economy	E	●	●	●	●	6	p. 18, 41, 43, 62, 64	301-1, 2, 3 306-1, 2
2	Response to climate change	E	○	●	●	●	2	p. 64~65, 74~76	201-2 301-1, 2, 3 305-1, 2, 3, 4, 5
3	R&D and technology innovation	G	●	○	○	●	1	p. 18, 45~46, 54 Business report p. 43~52	No matching disclosure requirement
4	Safety incidents and health management	S	●	○	○	●	3	p. 32, 50, 56~58, 67	403-1, 2, 3, 4, 5, 6, 7, 8, 9, 10
5	Supplier ESG management	S	○	●	○	○	10	p15, 18, 48~49, 68 Supplier sustainability guidance	2-6 308-1, 2 408-1 409-1 414-1, 2
6	Reducing resource consumption and losses in manufacturing	E	○	○	○	○	7	p. 40~41, 43, 63~65	302-1, 2, 3, 4, 5 303-1, 2, 3, 4, 5
7	Reducing waste and managing environmental pollutants in manufacturing	E	●	○	○	○	7	p. 41, 64	305-6, 7 306-3, 4, 5
8	Sustainable raw materials and sourcing	S	○	○	○	○	First-time report	p. 15, 18, 48~49, 68	2-6 204-1 308-1
9	Bolster ESG execution and communication	G	○	○	○	○	5	p. 14, 28~30, 34, 50~51	2-22, 23, 24, 26, 29
10	Fair evaluation and compensation, and support for employee growth	S	●	○	○	○	9	p. 53~54, 67~68	404-1, 2, 3





# PRIORITY AREA

Eco Value Chain  
Sustainable Product  
Responsible Engagement



# Eco Value Chain

## Priority Area 01

Hankook Tire & Technology commits to building an eco-friendly value chain to reach 'Net Zero by 2050'.  
 Not only do we reduce our GHG emissions and improve our energy efficiency,  
 we also make multifaceted attempts to minimize our environmental footprint along the entire product lifecycle.

### Key Achievements

Indicator	GHG Emissions	Water Withdrawal Intensity	Waste Discharge Intensity
2022 performance	Against 2021 (Intensity-based) Down by <b>2.74%</b> (Absolute volume) Up by <b>1.88%</b>	<b>5.16</b> m <sup>3</sup> /ton of finished products	<b>42.00</b> kg/ton of finished products
2030 commitment	Against 2019 Reduce by <b>46.2%</b> (target: 580,000 tCO <sub>2</sub> -eq)	Against 2018 Reduce by <b>30%</b> (target: 3.8 m <sup>3</sup> /ton of finished products)	Against 2018 Reduce by <b>30%</b> (target: 30 kg/ton of finished products)
Responsible committee	Climate Change Committee	SHE Committee	SHE Committee



# Mitigating GHG Emissions

Hankook Tire & Technology is at the forefront of the global effort to counter the climate crisis that threatens the survival of humanity. The Hankook Tire Climate Change Committee develops systemic climate change response strategies, and we integrate these strategies into our operations. We are also mitigating our GHG emissions through a wide array of energy-saving measures, from the introduction of high-efficiency equipment to the optimization of energy and the use of renewables.

## Low Carbon Management

### Mid/long-term renewable energy use plan

Hankook Tire & Technology has established our mid/long-term renewable energy use strategy that opts for eco-friendly electricity as a major means for reducing Scope 2 emissions generated from electricity usage. As regions vary in terms of their institutions and infrastructure to secure renewables, we assessed our operational sites for their local conditions, economic feasibility, and level of difficulty to set priorities and implementation directions. We will pursue a blend of various options customized to local specificities, including PPAs (Power Purchase Agreement), REC (Renewable Energy Certificate) purchases, Green tariff, and self generation, and will consecutively implement these options.



### Building a Scope 3 GHG inventory

Scope 3 emissions refer to the greenhouse gas emissions generated throughout the value chain in addition to the direct (Scope 1) and indirect (Scope 2) emissions arising from a company's operational activities. Scope 3 emissions are predominately generated in the acquisition of raw materials, the transport of raw materials and products, and their disposal. Hankook Tire & Technology has built our Scope 3 GHG inventory to manage GHG emissions across our entire value chain. This process complied with GHG Protocol's Corporate Value Chain (Scope 3) Standard: all 15 categories were identified, including eight upstream and other downstream categories, and nine categories were chosen for which we could perform calculations and assessments to develop the inventory. To improve the accuracy and reliability of the calculations, we will focus on enhancing the data quality and make continuous efforts to strengthen our institutional system for transparent reporting.

(For details on Scope 3 emissions, refer to p.76 of the Appendix section of this report)

### Pursuing Carbon-Neutral for suppliers

We hosted regular networking events with our suppliers to encourage suppliers to participate in our net zero efforts, and provided details on Hankook Tire & Technology's ESG vision and carbon neutral roadmap while sharing ideas. Our '2022 supplier carbon survey' distributed to our raw material suppliers helped us more closely ascertain the carbon management practices and plans of our suppliers. The results revealed that 52% of the respondents had a carbon neutral goal and that nearly 29% of them were assessing their carbon footprint data. The survey data will be used to calculate Hankook Tire's Scope 3 emissions and conduct product LCAs (Life Cycle Assessment).

### Targets approved by the SBTi

Hankook Tire & Technology became the first in the Korean tire industry to have our near-term and net zero targets approved by the SBTi. The SBTi is a global initiative that assists businesses in establishing and verifying their science-based GHG emissions reduction goals in compliance with the Paris Agreement. We aligned our net zero efforts with the SBTi to ensure the objectivity of our GHG emissions pathway, and in so doing, we vow to act responsibly and proactively to achieve net zero emissions. Our goal is to reduce our Scope 1 and 2 emissions by 46.2% and Scope 3 emissions by 27.5% by 2030 from the 2019 baseline and to ultimately become net zero in 2050.

### Participating in industry-wide climate adaptation consultative councils

We participated in the climate adaptation consultative council hosted by the Ministry of Environment to promote capacity building and data sharing on key climate risks, adaptation cases, and best practice technologies in the automotive industry. Our participation in the council provides an invaluable opportunity to learn from industry peers and conduct risk assessments jointly so that we explore necessary improvements and continuously update our response strategies.

#### Key Survey Questions

**Climate goal**

Manage Scope 1, 2, & 3 GHG emissions, set carbon neutral goals

**Renewable energy**

Proportion of renewable energy, renewable power consumption target

**Product environment**

Sustainable raw material consumption target, LCA implementation and carbon footprint value

**Supply chain**

GHG emissions calculated along supply chains (upstream)

## GHG Reduction

### Improving equipment efficiency

We are improving our existing equipment systems to increase the energy efficiency of our global plants, and continue to invest in high-efficiency equipment. We are shifting to high-efficiency plant utilities - transformers, freezers, pumps - and explore additional areas in which we can save energy through energy assessments and benchmarking the energy-saving solutions that other industries use at their plants. Our Tennessee Plant in the US adopted inverter motors to optimize its processes and work conditions, and installed steam traps along the condensate water recovery line to minimize its use of steam. Such activities helped us reduce KRW 4.592 billion in annual energy costs and mitigate 14,930 tCO<sub>2</sub>-eq in GHG emissions.

### Preventing leaks and optimizing energy

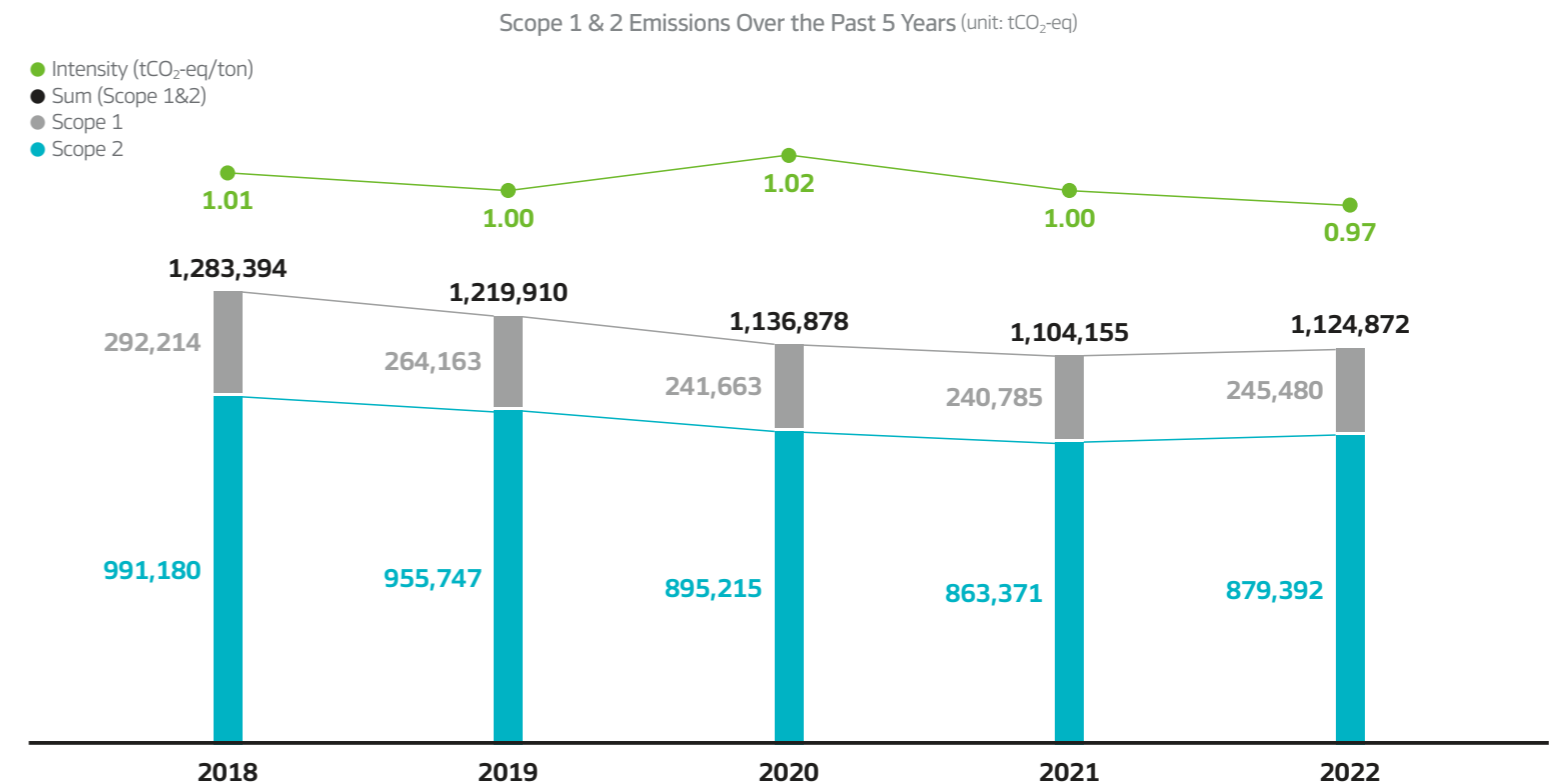
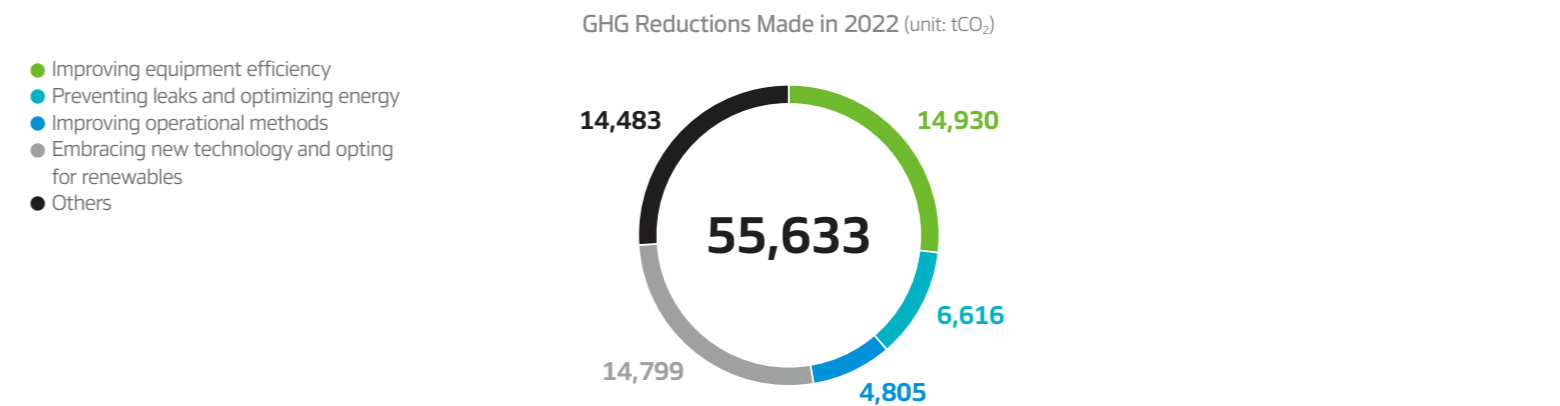
The electricity used to produce compressed air in the tire manufacturing process accounts for nearly 25% of the total power consumption at our plants. As such, the optimization of our air compression system and the prevention of its leaks play an instrumental role in reducing air pressure losses and air compressor loads. We have consecutively implemented potable air scanners to monitor and control any leaks occurring in the air compression line and value during the manufacturing process. By 2023, we will apply this system to all our plants to ensure integrated leak management. Our efforts to apply insulation to condensate water lines and valves to recycle waste heat from condensate water help us optimize our energy use and improve energy efficiency. The sum of such efforts enabled us to save nearly KRW 1.531 billion in energy costs and reduce GHG emissions by 6,616 tCO<sub>2</sub>-eq per year.

### Improving operational methods for energy conservation

We work to improve the efficiency of existing operational methods in the tire manufacturing and energy use phases to reduce unnecessary power and fuel consumption. Our global loading and measurement improvement project allowed us to shift our tire stacking method from flat, horizontal stacking to a zigzag method, which increased our overall stacking capacity by nearly 19.5%. The application of a standardized maximum stacking method at respective plants increased our container loading capacity, and rigorous loading quality management was implemented for each phase from the plant to the subsidiary level. The gains in shipping and transport efficiency resulted in significant energy savings. Furthermore, our ongoing energy-saving activities such as the power demand management system, reasonable equipment operation, staggered production, and centralized light controls have translated into savings of KRW 970 million in annual costs, along with the mitigation of GHG emissions by 4,805 tCO<sub>2</sub>-eq.

### Embracing new technology and opting for renewable energy

Hankook Tire & Technology is piloting a range of activities to promote renewable energy at our plants all over the world. Our Daejeon Plant took part in the Green tariff, and our Hungary Plant purchased RECs (Renewable Energy Certificate). By 2024, we will install independent PV power generation equipment at our new warehouse at the Geumsan Plant. In 2022, our total global renewable energy consumption amounted to 37,488MWh, which includes 110MWh from green tariff, 24,000MWh from REC purchases, 685MWh from PV power generation, and 12,693MWh from national compliance obligations.





# Production with Minimal Environmental Impact

Hankook Tire & Technology strives to minimize the environmental impact throughout the entire product lifecycle based on a global-level environmental management system. We engage in various activities to reduce environmental pollutants such as waste, air and water pollutants, we actively implement efficient and responsible environmental investments to contribute to climate change mitigation and the preservation of the global environment.

## Mitigating Environmental Impact in the Tire Manufacturing Phase

### Increasing waste recycling for resource circularity

We continue to reduce waste generation to minimize the environmental impact of waste, and outsource the disposal of waste discharged from our operations to professional disposal service providers to ensure it is properly processed through incineration, landfill, and recycling. To expand the recycling method for waste generated from production activities, our Daejeon Plant conducted full investigations and comprehensive surveys on waste disposal companies to assess the suitability of their recycling outsourcing methods. After confirming the appropriateness of recycling outsourcing from these waste disposal companies, we implemented waste recycling processes. As a result, the volume of waste incineration processing decreased by approximately 80% compared to the previous year. We plan to further expand the recycling approach to our Geumsan plant in the future, aiming to achieve resource circularity for waste.



Waste incineration against the previous year

Reduced by **848,980** kg  
(80% reduction at Daejeon Plant)



Global environmental investment in 2022

KRW **3.68** billion

### Operating high-efficiency air pollution prevention equipment

We install and efficiently manage air pollutant prevention equipment to prevent environmental pollution caused by air pollutants. Furthermore, we have standardized the high-efficiency air pollution prevention facility management approach across the organization to implement systematic air pollution prevention activities. As part of our efforts to this end, our Jiangsu Plant in China installed high-efficiency CFRTO (Concentrated Flameless Regenerative Thermal Oxidation) technology to lower the emission of air pollutants. Necessary equipment investments were made to either replace or repair zeolite, seal, ceramic and other core auxiliary equipment in compliance with relevant standards. As a result, facility processing efficiency has improved, and we are discharging air pollutants to the outside at levels approximately 30% below the legal standards after purification. Our Chongqing and Jiaying Plants in China are also working to prevent air pollution through the efficient management of high-efficiency air pollution prevention equipment.

### Standardizing the air pollutant management system

To bring down our emission of air pollutants, we continue to upgrade our air pollutant management. The emission of air pollutants was identified and processes were chosen by production condition based on the characteristics of each plant. Gases emitted from plants were captured to perform total inspections on nearly 50 types of air pollutants. The handling system for identified air pollutants was standardized in collaboration with plants and the R&D Center. This ensured that all air pollutants generated from our tire manufacturing process are reported for approval and managed accordingly.

### Minimizing the discharge of water pollutants (T-P)

To prevent water pollution, our Geumsan Plant operates the wastewater treatment plant within the Geumsan Industrial Complex on a consignment basis and purifies the water generated from manufacturing before it is released to the environment. To prevent water pollution in the Geum River basin, we annually manage the allocated discharge load of Total Phosphorus (T-P) at 0.636 kg/day. T-P causes algal blooms and is a key pollutant behind the eutrophication of rivers and lakes. In addition to meeting our set quota, we also invest in installing screens and CCTVs for real-time monitoring to improve the processing efficiency of waste disposal equipment, which helps us maintain our T-P discharge at just 8% of the quota.

### Chongqing Plant in China awarded National Green Factory recognition

Our Chongqing Plant in China received the "National Green Factory Recognition" award in 2022 from China's Ministry of Industry and Information Technology. This award honors sustainable factories that contribute to the local community and practice environmentally-friendly activities. Chongqing Plant has been working to improve its energy efficiency by opting for eco-friendly building materials and natural lighting from its early construction phase. The plant also created an eco-friendly operation and management committee and implemented the Energy Conservation Target Responsibility System (ECTRS) which engages all its employees. Such efforts allowed the plant to gain the recognition as a green factory leading eco-friendly manufacturing yet again this year.

### Operating the SHE Investment Deliberation Committee

We make environmental investments efficiently and responsibly to minimize our environmental impact. Within the dedicated SHE organization, annual investment plans related to environment, including water quality, air quality, chemicals, and airing, are formulated. After analyzing the effectiveness internally, these plans are reported to the SHE Investment Deliberation Committee. The Committee then deliberates on the proposed plans to make final decisions on our environmental investment. This phased approach ensures that we continuously invest in environmental pollution prevention equipment to improve the efficiency of our environmental management and fulfill our role as a responsible corporate citizen.

Internal Pollutant Management Standards and Overview

Category		Unit	Legal Threshold	Internal Target	Actual Status	
Geumsan Plant	Air	NOx	ppm	60	24	23.5
		Dust	mg/m <sup>3</sup>	30	3	2.2
	Water	TOC	mg/l	15	6	6.1
		SS	mg/l	10	3	2.2
		T-N	mg/l	20	6	3.5
	T-P	mg/l	0.3	0.09	0.06	
Daejeon Plant	Air	NOx	ppm	60	32	31.7
		Dust	mg/m <sup>3</sup>	30	10	2.4
		TOC	mg/l	75	35	22.4
	Water	SS	mg/l	120	10	5.6
		T-N	mg/l	60	Not set	3.8
		T-P	mg/l	8	Not set	0.0
	n-Hexane	mg/l	5	0.9	0.2	





# Sustainable Product

## Priority Area 02

Hankook Tire & Technology explores innovative technology to develop sustainable products for the future of humanity and the preservation of our planet. Our research efforts will increasingly expand - from the discovery of eco-friendly materials and the development of eco-friendly products and technologies - to the use of end-of-life tires to assist consumers in pursuing responsible consumption.

### Key Achievements



Indicator

Percentage of Eco-friendly Products

Percentage of Sustainable Raw Materials Used

2022 performance

**60.5%**

**28.1%** (w/w)

2030 commitment

**80%**  
(in quantities)

**40%**

Responsible committee

Product Environment Committee

Product Environment Committee



# Use of Sustainable Materials

Hankook Tire & Technology strives to reduce our environmental impact throughout the entire product lifecycle - from raw material acquisition to manufacturing, use, and disposal. Specifically, we are exploring and applying sustainable, eco-friendly materials from the early phases of design and raw material acquisition to prevent the depletion of natural resources while mitigating our carbon emissions.

## Reduction of Environmental Impact in the Tire Design and Raw Material Acquisition Phases

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

Hankook Tire & Technology works on multiple fronts to prevent the depletion of natural resources and reduce carbon emissions in the raw material acquisition phase. Remarkably, our Geumsan Plant acquired the ISCC PLUS<sup>1)</sup> international sustainability certification as the first in the tire industry to do so in 2021, and our Hungary Plant is also currently undergoing audits to become ISCC PLUS-certified. Furthermore, we are bolstering our competitive edge in sustainable material technology by developing renewable materials and recycled raw materials that could potentially replace conventional oil/mineral-based materials. In 2022, we successfully fabricated tires that were comprised of 55% sustainable raw material - including synthetic rubber made out of renewable and bio materials, recycled PET cords, recycled carbon black, and bio-based silica, oil, and resins. These tires are currently being tested under extreme conditions for durability performance. Meanwhile, we are gradually expanding our sustainable raw material supply chains to achieve our net zero goal. We will continue with our R&D efforts to ensure all our tires are made of 100% sustainable materials by 2050. We are also working to reduce the content of harmful substances in the raw materials that we use. Inorganic fillers, which contain some hazardous substances, are being replaced with alternatives, and will be replaced 100% by 2023.

1) ISCC (International Sustainability & Carbon Certification) PLUS: International certification system that verifies the use of eco-friendly raw materials along the entire product manufacturing process

### Conducting product LCAs

Product LCAs (Life Cycle Assessment) are performed to quantify and analyze the environmental impacts associated with the entire product and process lifecycle - from the acquisition of raw materials to manufacturing, use, and disposal. Hankook Tire & Technology has conducted LCAs since 2012 on key select products with the three objectives of quantifying a product's environmental impact, responding to stakeholder demand for product environmental information, and to gain an edge on the maturing product labeling market that factors in consumer preference for eco-friendly options. Our efforts in preparing for LCAs began a decade ago, and have proved fruitful as we have effortlessly kept current with the emerging requests of our customers for carbon footprint data in product contracts and supply conditions since 2021. In 2022, we took the cradle-to-grave approach in calculating the environmental impact of products manufactured at our Hungary Plant. In 2023, we will perform LCAs on the products manufactured at our Geumsan Plant, and will deem LCA tire results even more accurate by securing and integrating as much carbon footprint data as we can from our suppliers. This will surely allow us to reflect the improvements we made to achieve carbon neutral supply chains (upstream) in assessing the carbon footprint of our tires.

### Key LCA Results in 2022

The average environmental impact in the use phase along the entire product lifecycle (excluding the disposal phase), was 91.6% for gasoline-powered vehicles fitted with Dynapro HP2 (RA33), and 69% for EVs (powered by general electricity) equipped with the Ventus S1 Evo3 (K127). These figures demonstrated yet again the reasons why we should pay attention to the use of renewable raw materials and resource circularity as well as the actual use of tires in the near future when EVs will become mainstream. Furthermore, we were able to verify the environmental improvement achieved by making comparisons with the LCAs conducted on the tires produced at the Hungary Plant in 2012.

#### 1 Raw material acquisition

- Verify increases in the application of lightweight steel cords and the input of silica to improve rolling resistance
- Verify the mitigation of environmental impact in the raw material transport phase in line with the increasing sourcing of local raw materials within Europe at the Hungary Plant in 2022, against 2012

#### 2 Manufacturing

- Reduce contribution to climate change generated from the electricity used in the manufacturing phase when achieving the RE100 through the use of PV as a renewable energy source: 85% → 69%

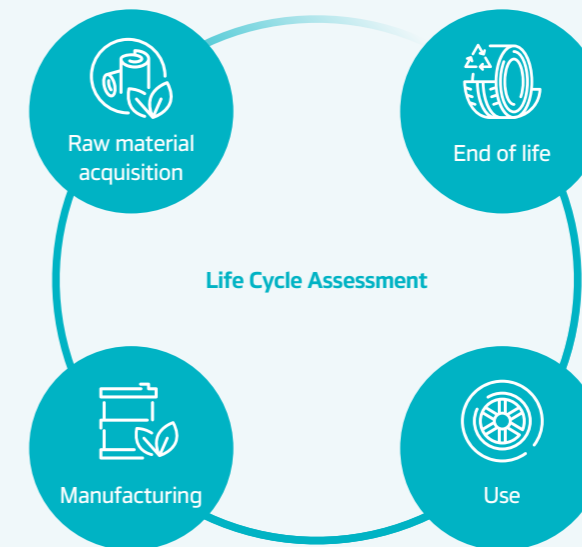
#### 4 End of life

- Reduce environmental impacts as the proportion of energy recovery and landfill lessens as waste treatment methods while recycling rates increase in Europe in 2022 from those of 2012

#### 3 Use

- TRWP<sup>1)</sup>'s relative proportion of impacts from respiratory inorganics increases as switching to EVs eliminates the generation of pollutants stemming from fuel combustion
- Mitigate climate change through switching from gasoline-powered cars to EVs: by 79% when using general electricity, by 97% when using renewable (PV) electricity

1) TRWP: Tire Road Wear Particle



# Development of Sustainable Technology

## R&D for Sustainable Products

### Defining eco-friendly products and our goal

Ever since we first outlined our criteria for eco-friendly products in 2010, Hankook Tire & Technology has calculated the proportion of eco-friendly products each year. Our eco-friendly product criteria have been updated to reflect applicable regulations and requirements, and the current proportion of eco-friendly products was calculated based on the criteria updated in 2015. With a goal of reaching 80% in the percentage of eco-friendly products by 2030, we are working to make improvements in terms of energy efficiency, wear resistance, and noise.

#### Definition of Eco-friendly Products

Products that meet more than one of the following requirements in addition to fulfilling user safety standards (wet grip)



1 **Improvement in energy efficiency**  
- Products that enable a vehicle to be more fuel-efficient



2 **Improvement in wear resistance**  
- Products that are more durable to increase their service life



3 **Retread tires**



4 **Products that reduce noise**



5 **Products manufactured with novel technology**

Hankook Tire & Technology engages in a broad range of R&D activities to develop sustainable, eco-friendly products.

We develop eco-friendly products that improve energy efficiency and wear resistance while reducing weight and noise, and we also proactively embrace novel, eco-conscious technology such as 3D printing. We also joined the global end-of-life tire initiative to help promote resource circularity in the tire industry.

Percentage of Eco-friendly Products (based on sales) (unit: %)



### Optimizing tire weight

To develop sustainable products, our R&D efforts focus on optimizing tire weight, which also reduces resource consumption. Lightweight tires require a shorter curing process, and since this process uses heat to manufacture the tires, the thermal energy is more efficient. When we used the lightweight cords we developed in 2022 to manufacture tires, this expedited the curing process to conserve an average of 0.01 tons of mold steam gas per day for each curing device, which translates into a savings of 3.37 tons of steam gas annually. Not only do we apply our new lightweight cord technology to new product development, but also we optimize the rubber volume developed for long mileage products, continuously furthering our R&D efforts to produce lightweight products.

### Applying metal 3D printing technology

Metal 3D printing technology, a layered manufacturing technology which creates products by stacking layers, is recognized for its eco-friendliness as it eliminates the need for cutting or melting metal and pouring it into molds, thereby reducing the waste of raw materials and energy consumption. Hankook Tire & Technology makes use of the eco-friendly aspects of metal 3D printing to our tire manufacturing process to render our tire manufacturing technology ever greener. In particular, our focus is to adopt 3D printing for tire mold manufacturing to reduce waste and energy consumption while shortening process times. Furthermore, we apply 3D printing technology to parts that would otherwise be discarded due to wear and damage. Components such as the ultrasonic blades for molding machines and screws for extruding machines can be reused by restoring the damage through 3D printing technology.

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

End-of-life tires are 100% recyclable. Over 90% of the end-of-life tires generated in major countries are collected, and more than 40% of them are either recycled or reused as materials. Hankook Tire & Technology has been a member of the 'TIP (Tire Industry Project)' under the WBCSD (World Business Council for Sustainable Development) since 2005 to partner with global tire makers and strengthen end-of-life management capabilities across the world. We embrace TIP's efforts to establish end-of-life tire management principles and goals and to set global standards while facilitating stakeholder relationships across the end-of-life tire value chain, developing end-of-life tire manuals and digital platforms, and studying their potential environmental impact. As part of such efforts, TIP provided countries lacking any end-of-life tire management system with policy/technology/data management guides to establish such a system, and hosted workshops in the US, Europe, and China to share end-of-life tire policies, technology, and know-how of key countries between 2021 and 2022.





# Technology Innovation

Tires of the future will become more than a means of travel; they will become the foundation of a new type of mobility and diversified services. Hankook Tire & Technology envisions and materializes tires with an extensive range of models and functions to cater to the evolving future mobility landscape. To ensure we stay one step ahead of the competition in the upcoming future mobility market, we will relentlessly upgrade our technology and design.

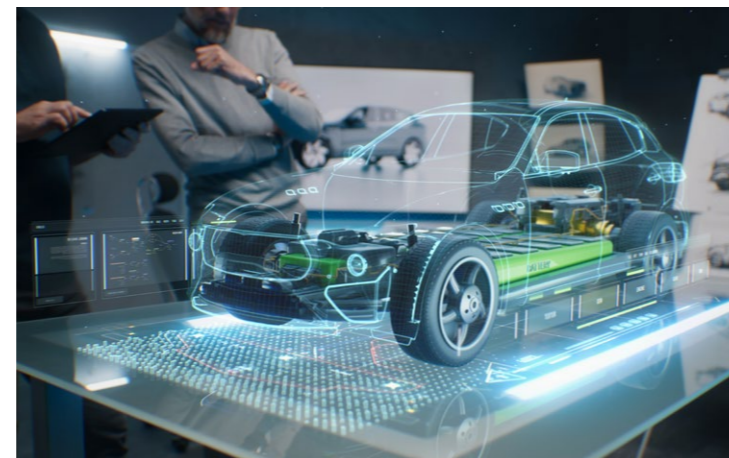
## Mobility Solution

### Intelligent tire

We are developing technology to leverage built-in sensors for our tires to sense and report tread wear, overall health conditions as well as road conditions to the vehicle, driver, and infrastructure. Such embedded intelligent sensors collect a tire's dynamic behavior data as well as temperature and air pressure data, and wirelessly transmit the data to the in-vehicle receiver, or ECU<sup>1)</sup>. Combining and analyzing these sensor data allows us to identify load transfer, tread wear and to even characterize and estimate the road condition on which the tire contacts.

Intelligent tires are able to sense whether a road is wet or snowy, and even check the coefficient of friction, which has grave impact on braking performance. Tire health monitoring also helps assess a tire's tread wear and any other damage the tire may have to contribute to maintaining driving safety. Intelligent tire technology is expected to greatly improve the efficiency of tires and extend their service life. The tire's ability to gauge its own load transfer can even eventually offset damage to public highways and roads. The functionality of detecting the potential risks of road conditions and having the technology to share such data can eventually create safer public road conditions for all.

1) ECU: Electronic Control Unit that controls an automobile's engine, automatic transmission, ABS and other functions through computing



### Fleet management service solutions

We are working to harness intelligent tire technology to effectively manage tires for large-sized fleets (logistics or shipping companies). This is made possible by connecting sensors to the telematics service these companies are currently using, and has the potential to monitor the vehicle and its tires in real time to maintain their optimal condition, improving the vehicle's fuel efficiency while reducing carbon emissions. This also helps maximize the service life of tires, and prevent accidents or swiftly respond to them if they occur. In collaboration with UB1st, a fleet management service provider, we conducted multiple tests to verify that such fleet management solutions help reduce the Total Cost of Ownership (TCO) and save on operational expenses, demonstrating the potential benefits of these solutions as an efficient way to improve corporate profitability.



### Track solutions

We developed solutions to provide race coaching to amateur racers based on tire conditions. Our track solutions basically collect data on tire pressure and temperature in real time and set the tire pressure to the optimal range to shorten lap times by comprehensively factoring in an individual racer's driving style, weather conditions on the race day, a tire's real-time condition and the resulting vehicle steering tendencies. Our track solutions help the accuracy of the driver's decisions on the timing of pit-in or can be used for race debriefing to help make strategic decisions on how the tires should be set for following races. Even amateurs without expert knowledge on tires could use such solutions to make the best use of their tires and enjoy racing.



## Design Innovation

### Urban Reshaping

The aim of our Urban Reshaping project is to propose mobility concepts for future smart cities and scale tires in relation to such future landscapes. Tire technology goes beyond simple mobility; it truly provides the building blocks of organic urban composition. While conventional cities focused on efficiency and productivity, the future will place people and the environment at the hub of all activity. This is precisely why we work towards 'flexible architecture' along with mobility and utility that ensures agility to easily move around in diverse spaces. To enable 'flexible architecture' through mobility, we installed rails in buildings with Space Shifting Mobility maneuverable on spherical tires and conceptualized infrastructure that supports three-dimensional mobility inside and outside of buildings, as well as on public roads. The minivan-sized POD and the platform to maneuver PODs will enrich the lives of people across all different domains. Amid technology advancement, mobility is evolving to embrace a wider definition than simply an automobile that travels from point A to point B. The Urban Reshaping project proposes innovative ideas for mobility in line with this, to both improve overall quality of life while creating benefits to the environment.



### WheelBot

WheelBots, unlike the ordinary wheels, are spherical in shape and serve as a modular wheel robot, demonstrating our unrivaled technology. WheelBots are a robotic system powered by the 3-axis, omni-directional modular driving system and platooning capability, and lend to greater mobility efficiency and utility. The number and arrangement of WheelBots can be adjusted, as can the formation of platforms, to fit a range of conditions. Also, batteries, sensors, and suspension can be added and upgraded to produce mobility functionality for versatile performance requirements. When mounted on mobility platforms, WheelBots enable omni-directional maneuverability, without regard to front or back. This supports future mobility experience scenarios and also eliminates the wheel housing and driving-related parts required for conventional automobiles, enabling any transformative forms of mobility.

With this very first step, we launched the Design Innovation Alliance with startups in the robotics and mobility sectors to engage in joint R&D projects to materialize future mobility ideas. We will develop industry-leading technology to embrace an innovative future in which mobility will come to mean much more than simple transport to serve as yet another living space.



### i-Flex

i-Flex is a biomimetic and futuristic non-pneumatic tire conceptualized by Hankook Tire & Technology. Unlike conventional tires, i-Flex is airless which renders it accident-proof from punctures. i-Flex also eliminates the whole need to check and maintain tire pressure, which makes it ideal for autonomous driving. Created through biomimetic studies performed to satisfy the necessary functions of driving to absorb shocks and support loads, i-Flex is unique in its multi-layer interlocking spoke design, which was actually inspired by the cellular structure of living organisms.

Hankook Tire & Technology has been researching non-pneumatic tires since 2010 as part of the government-sponsored research projects. Specifically, we have continued our R&D efforts on i-Flex which is safe, virtually maintenance-free and sustainable, making it an ideal candidate for self-driving and future mobility applications. In line with our unique technology philosophy 'Hankook Innovative Performance (HIP)', we commit in various ways to create both safer and more pleasant driving emotions through innovative tire technology, and materializing future mobility. To shape a shifting future mobility market and boost our corporate competitive edge, we will harness our innovative technology to pursue a range of R&D projects.



### Upcycle Longboard

Hankook Tire & Technology's longboard is made of sustainable materials that were created by upcycling end-of-life (ELT) tires. The rebound elasticity and flexibility of rubber cushion the rider's body from the shock while dampening noise and vibration to provide comfortable rides. The wheel of this longboard, developed in partnership with Checkerspot, a California-based biotechnology company, is made of algae oil-based biopolyurethane, which will surely help gain recognition among borders as a meaningful product that not only provides stable grip but is also environmentally sustainable.

Our upcycled longboard is also significant in that it creates possibilities for the new processibility and recyclability of ELT tires from the perspective of waste-to-resource materials. It also lends itself to a co-creation ecosystem for technology and material development through cross-industry collaboration. As an eco-friendly mobility leader, Hankook Tire & Technology will pursue a range of ESG-themed eco-friendly activities and product development. This will serve to raise our brand profile and equity while providing a youthful and innovative corporate culture that reaches closer to the new generations of millennials and Gen Z.









# Responsible Engagement

## Priority Area 03

Hankook Tire & Technology grows hand-in-hand with a variety of stakeholders through close communication. We build sustainable supply chains along with suppliers, advance human rights, and strive to create value for our employees. Furthermore, we step forward to give back to society in a mutually beneficial partnership with the communities where we operate, shaping a sustainable future for all.

### Key Achievements

	 Ethical Practice Pledge and Ethics Training	 Social Value Creation	 ESG Risk	 Proportion of Female Leaders	 Advancement of Governance	 Frequency and Severity Index
2022 performance	Signed the ethical practice pledge - 100% in Korea, 99% overseas Provided ethics training - 97% in Korea, 99% overseas	KRW <b>6,637</b> million	Performed on-site audits on ESG self-assessment results <b>61.6%</b>	<b>5.20%</b>	Established the Corporate Governance Charter	<b>0.83</b>
2030 commitment	<b>100%</b>	Against 2018 Increase by <b>20%</b> (target: KRW 11,576.4 million)	<b>0%</b>	<b>20%</b>	Establish a governance structure in compliance with Korea's best practices	Against 2018 Reduce by <b>30%</b> (target: 0.45)
Responsible committee	Ethics Committee	Corporate Philanthropy Committee	Supplier Committee	Employee Committee	Governance Committee	SHE Committee

# Valuable Supply Chain

Global requirements for supply chain have become increasingly challenging amid the accelerating pace of change, along with the enforcement of supply chain due diligence regulations, the spread of geopolitical risks, and the occurrence of abnormal weather events. In this ever-evolving landscape, Hankook Tire & Technology is committed to assessing supply chain ESG and working closer with suppliers to establish a valuable supply chain.

## Bolstering Suppliers' ESG Competitiveness

### Mandating supplier ESG self-assessments

We request that our suppliers perform ESG self-assessments to continuously evaluate their ESG capabilities and enhance their own ESG management. To this end, we stipulate ESG self-assessment in signing purchase contracts for pre-screening, and institutionalize the mandatory submission of self-assessment results during the registration of new raw material suppliers. Such screening helps us verify suppliers' practices in the areas of Environmental (energy, waste), Social (health & safety, discrimination) and Governance (anti-trust, bribery, anti-corruption), and screen risks that may occur in business relationships. We also pre-screen key suppliers for any country/industry/product-specific risks. During our annual comprehensive supplier assessments, we verify suppliers' risks as reflected in their business practices, including how they comply with the Industrial Safety and Health Act and meet legal requirements concerning environmental pollution. These efforts helped us reach 100% in response rate among 413 suppliers subject to ESG assessments in the comprehensive supplier assessment conducted in 2022. Our plan for 2023 is to perform on-site audits in parallel with ESG self-assessments to further raise the standard we expect our supply chain to adhere to.

### Enhancing supplier on-site audits

With the EU leading the way in reviewing the legislation of supply chain due diligence, global requirements for supply due diligence are ever increasing year after year. To curb the spread of COVID-19, we performed supplier audits virtually in 2022, and we plan to resume on-site supplier audits for supply chain risk management in 2023. Such audits will mainly target suppliers who are prioritized for their necessity of audits, and audit results will be utilized to continuously enhance the ESG audit process.

### Identifying and managing significant suppliers

We select and manage significant suppliers to respond to the evolving supply chain landscape. A total of 140 suppliers (114 raw material, 26 machinery) were selected according to our internal criteria. We prioritize and manage suppliers who significantly impact our production, and keep such criteria updated in line with the shifting environment to maintain the continuity of our production. As ESG practices become increasingly significant across the supply chain ecosystem, we will consider ESG performance in selecting significant suppliers to focus on ESG risk management.

### Managing high-risk suppliers

We are advancing our follow-up management for suppliers identified as high-risk based on supply chain assessment results. We have established a process to disclose final assessment results and scores and to develop follow-up management and improvement planning processes for high-risk suppliers on our G.HePS purchasing system. We provided tailored improvement guides with relevant departments for suppliers to develop corrective action plans. If a supplier is classified as high risk for three consecutive years despite the implementation of such improvement activities, we assume a strict approach and suspend any further business with them. Suppliers rated high in ESG assessment are eligible for increased percentages of advance payments and for Winning Price in e-sourcing to take a rating-based, differentiated approach in line with supply chain assessment results.

### Operating the Supplier Committee

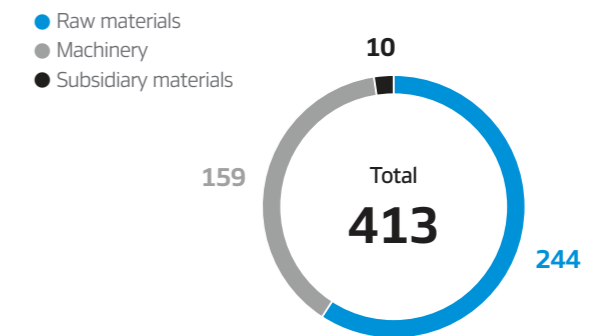
We have been operating the Supplier Committee under the ESG Committee to manage potential supply chain risks and to cultivate mutually beneficial relationships with suppliers. The Supplier Committee sets ambitious initiatives each year and shares and reports their plans with the Board of Directors, pursue the advancement of supply chain ESG practices. In 2023, the Committee updated our supplier sustainability guidance as the code of conduct for suppliers and requested our suppliers to abide by these guidelines. We institutionalize supplier participation in our ESG policy by imposing transactional penalties in case of any serious violation of these ESG guidelines. In addition, we provide online ESG training to all purchasing personnel each year as an internal training initiative to establish a healthy supply chain.

[View the full version of our supplier sustainability guidance](#)

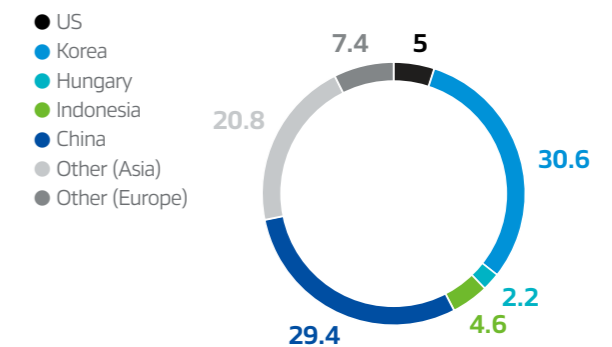
### Conflict mineral monitoring

While Hankook Tire & Technology does not directly source conflict minerals, we are clearly aware that a portion of our raw and subsidiary materials either use or contain such minerals. We have developed our own conflict mineral policy to verify the country of origin of minerals and review suppliers in this regard. As a result of monitoring evidence and the risk assessment process concerning conflict minerals in 2022, it was revealed that there was no issue related to conflict minerals, and we disclosed the investigation list on our website. In addition to the four conflict minerals of 3TG (tin, tantalum, tungsten, and gold), we are considering expanding the scope of our policy to include cobalt, also known for its association with human rights violations and labor exploitation.

Number of Suppliers in 2022 (unit: No. of companies)



Percentage of Purchase Value by Country in 2022 (unit:%)



\* OECD 47.7%, non-OECD 52.3%

[Details on the supplier assessment and improvement program](#)



Proportion of Suppliers Which Received ESG Assessments (unit:%)



## Shared Growth

### Supplier networking events

Hankook Tire & Technology is forming strategic partnerships with suppliers to pursue shared growth. In 2022, we hosted 11 networking events with our suppliers to closely communicate with suppliers, and generate synergy with additional communication on an as-needed basis. Based on our comprehensive supplier assessment, we recognized outstanding suppliers with the plaques that we independently produced to extend our gratitude for their support in 2022. In 2023, we will continue to operate regular communication channels with suppliers to further boost shared growth.

### Working with suppliers towards net zero

Hankook Tire & Technology has defined an ambitious goal of becoming 'Net Zero by 2050' and is making various efforts with suppliers to achieve the 'net zero, shared growth' vision together. We share training materials to help our suppliers with their own net zero initiatives, and conduct carbon surveys on the suppliers of raw materials.

The 2022 survey response rate was 47%, and we will continue to provide training to further raise response rates in 2023. Our carbon survey serves to check the progress our suppliers have made for their CO<sub>2</sub> reduction goals. We plan to continue collecting data and use them to jointly work with our suppliers to achieve our net zero goal.

## Securing Sustainable Raw Materials

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

We continue to build a sustainable raw material supply chain by expanding our business with raw material suppliers who were rated high in ESG assessments. In 2022, we reached 92.2% in the procurement of raw material that came from A-rated suppliers in ESG assessments.

In 2023, we will include items on responsible raw/subsidiary material sourcing policy in conducting supplier ESG assessments. This testifies our commitment to establish an objective assessment system while expanding our business relationship with superior suppliers to source sustainable raw materials.

### Operating the Sustainable Natural Rubber program

Hankook Tire & Technology is a founding member of the GPSNR (Global Platform for Sustainable Natural Rubber), launched to promote the sustainability of natural rubber. We drafted the 'sustainable natural rubber policy' in 2018 to stipulate the social responsibility of natural rubber supply chains, and established an initiative to implement this policy. In 2020, we amended this policy to reflect the 'Policy Component' announced by the GPSNR and disclosed this on our official website. In 2021, separate 'natural rubber supply chain ESG assessment items' were created in line with GPSNR standards and assessments were conducted accordingly to verify compliance with the sustainable natural rubber policy and prevent risks. In 2022, we further supplemented the assessments by adding criteria related to regulatory compliance, pollution prevention efforts, and more. In 2023, we plan to improve our response to assessments and establish ways to source traceable natural rubber.

### Participating in the blockchain-based sustainable natural rubber project

We joined the PROJECT TREE, a blockchain-based natural rubber traceability and sustainability project, led by the international trader ITOCHU. The aim of this project is to enable traceability along the natural rubber supply chain - from supply to manufacturing and sales. As a participating member of this initiative, we partnered with ETEL, the largest UK-based tire distributor to sell and produce tires made solely from natural rubber harvested within unprotected areas. The proceeds go to support sustainability for smallholders, collectors, and local dealers who cooperate with ensuring the traceability of natural rubber. In 2022, we joined Project TREE's JPA (Joint Pool Account) activity to provide 1,159 natural rubber smallholders with tapping knives and formic acid, and 221 farming households with smartphones to facilitate supply chain traceability. This enabled the sustainable management of cultivation areas while improving the productivity and quality of natural rubber.



## Preserving Biodiversity

### Sponsoring the Jeju IUCN Leaders Forum

Global leaders are forecasting extreme climate change and loss of biodiversity as the single most serious threat of the upcoming decade. In response to the growing demand for corporate strategies and activities for environmental preservation, Hankook Tire & Technology is sponsoring the IUCN(International Union for Conservation of Nature) Leaders Forum to network with key opinion leaders from governments, businesses, NGOs, indigenous groups, and academia to identify global trends. The forum was first held on Jeju Island in October 2022 and brought together leaders from governments, companies, and international organizations to discuss innovative solutions to respond to the destruction of biodiversity and the climate crisis. Through the identification of environmental trends that gain traction internationally, we will recognize methods for identifying and assessing biodiversity risks, and revise our 'Biodiversity Policy' by establishing a plan to achieve Net Positive Impact (NPI).



# Human Rights and Diversity Management

Hankook Tire & Technology respects the human rights and diversity of our employees and all our stakeholders, and prohibits discrimination to deliver positive impacts to our society. Not only do we advance human rights practices through our grievance mechanism and human rights impact assessment, we also recruit and nurture female talent and people with disabilities to boost our organizational diversity.

## Human Rights Management

### Human rights management declaration and principles

We recognize the importance of human rights as a universal value and the potential to abide by this value in our day-to-day business operations. In making our human rights management declaration, we commit to respecting and protecting the human rights of all our stakeholders, including all workers (contract, temporary, and foreign national workers), customers, communities, and all other stakeholders who interact with us through our products, services, and business activities. Furthermore, we will ensure that we endorse and honor the international human rights protection principles and that we are not involved in any human rights violation. As a company that fulfills its social responsibility and pursues the happiness of all stakeholders, we will respect and safeguard human rights under all circumstances to promote the welfare of our society.

Principles of Human Rights

Prohibition of Forced Labor	Prohibition of Child Labor
Prohibition of Discrimination	Gender Equality Achievement
Guarantee of Freedom of Association	Decent Wage Payment and Stabilization of Livelihood
Working Hours	Health and Safety

[View the full version of our human rights declaration and principles](#)



### Human rights training for employees

We provide our domestic employees with wide-ranging training on human rights concerning the prevention of sexual harassment and general workplace harassment, along with the improvement of perceptions on disability. All these trainings are actively attended by employees, with an over 93% completion rate. In 2022, we sent letters to our suppliers to provide information on human rights. We will continue to expand our training to reach even more stakeholders and global employees in conducting human rights training.

Human Rights Trainings Provided

Training	Topic	Target	Completion Rate
Training on the prevention of sexual harassment	Understanding and preventing sexual harassment	All domestic employees	99.97%
Training on the improvement of perceptions on disability	Understanding the characteristics of different disabilities and relevant laws and regulations	All domestic employees	99.97%
Personal data privacy training	Understanding data privacy and ways to create a culture of data privacy	Office workers in Korea	100%
Occupational health and safety training	Preventing occupational accidents, the Industrial Safety and Health Act, preventing workplace harassment, etc.	All domestic employees	100%
Training on the prevention of workplace harassment	Preventing workplace harassment	Operators at the Safe Production & Engineering Staff Office	93.52%

### Stakeholder communication

We make our communication channels highly accessible to various stakeholders to facilitate human rights discussions at Hankook Tire & Technology. In 2022, we expanded our communication channels to employees. The Junior Board helps us creative and unique viewpoints from leaders of the millennial/Gen Z groups were voiced through the Junior Board. The Labor Management Council was created at respective sites to collect feedback from employees and make necessary improvements. Considering the mounting importance of human rights, Hankook Tire & Technology will widely open all our communication channels to embrace human rights issues and opinions from wide-ranging stakeholders.

Stakeholder Communication Channel

All	<b>Misconduct Reporting</b> Receive proposals for improvement on our entire business operations through the Misconduct Reporting section of our global website
	<b>Employees</b> <ul style="list-style-type: none"> <li> <b>Corporate culture assessment: Organizational engagement, Culture survey</b>                      Assess our corporate culture to identify the status of subunit organizations and make necessary improvements                 </li> <li> <b>Junior Board</b>                      Collect feedback from millennial/Gen Z opinion leaders to identify and improve issues                 </li> <li> <b>Labor Management Council</b>                      Pursue productivity gains and resolve employee grievances through the joint efforts of employer and employee representatives, consult on the improvement of the working environment                 </li> <li> <b>Complaints</b>                      Collect proposals for improvement in relation to employees' corruption, misconduct, or inappropriate practices and policies                 </li> </ul>
Suppliers	<b>Supplier networking</b> Collect feedback and strengthen partnerships through regular supplier communication channels
	<b>Supplier proposal program</b> Collect any ideas from suppliers to improve issues and pursue win-win supplier chain relationships; award outstanding ideas
Communities	<b>Local government and community leaders</b> Collect feedback from the communities where we operate and regularly communicate with community leaders, as well as with local governments
Other external stakeholders	<b>Car makers</b> Review Car makers' assessments and attend meetings to proactively communicate
	<b>Shareholder</b> Host conference calls, attend conferences led by securities firms, and hold year-round investor relation meetings to collect and reflect feedback from domestic/overseas investors



### Operating the Grievance Committee

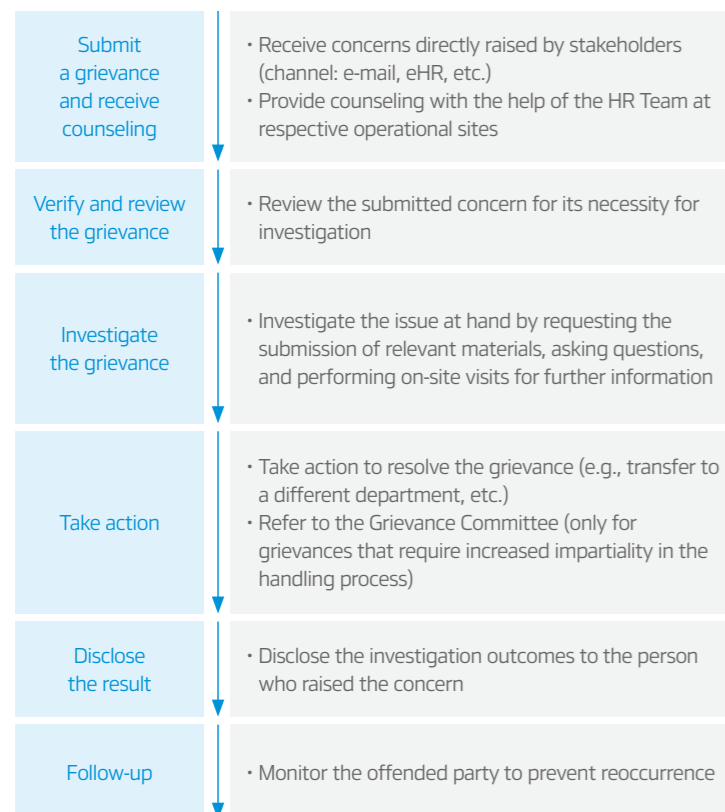
We operate a grievance handling process to resolve employee grievances, prevent disputes in the workplace and promote horizontal communication among employees to ultimately create a positive corporate culture. This process helps us heed employee grievances through various channels and seek solutions to protect the human rights of workers and build a wholesome working environment. Our employees are free to request improvement actions for discriminatory treatment, sexual harassment in the workplace, unjustified actions taken in relation to parental leave, workplace harassment, or any other personal grievances in their professional and personal life. In 2022, the Labor Management Council was created for each operational site to serve as a channel for employees to submit and resolve their grievances in

the workplace and in their overall daily life, improving employees' awareness of and accessibility to our grievance mechanism.

### Observing the principle of non-discrimination at work

We stipulate our policy to prohibit discrimination and sexual harassment in the Employment Rules, the Code of Conduct and other major regulations. Pursuant to the set regulations, we receive employee grievances through grievance handling channels and other appropriate means, promptly investigate the concerns raised, and take stringent measures including disciplinary action against the perpetrator when necessary to prohibit any form of discrimination in the workplace. To prevent discrimination at work and workplace harassment, we provide prevention training at least once a year to all our employees. As sexual harassment prevention training is mandated by the Act on Equal Employment for Both Sexes, we ensure that such training is conducted each year as stipulated in our Employment Rules and Manual on the Prevention of Sexual Harassment at the Workplace. Prevention training is primarily offered in virtual format to make it more readily accessible for employees to attend and improve management efficiency on the part of the training department. Meanwhile, our Employment Rules specify that those accountable for sexual/workplace harassment are subject to disciplinary action, and to even disciplinary dismissal if the misconduct is severe or persistent and/or causes serious damages or disruptions to the moral order of the workplace, making clear that stringent disciplinary and prevention actions will be taken as needed. Indeed, in 2022, two cases of workplace bullying/harassment and two cases of workplace sexual harassment were submitted, and disciplinary action was taken following investigation.

Grievance Handling Process



### Human Rights Impact Assessments

#### Human rights impact assessment process

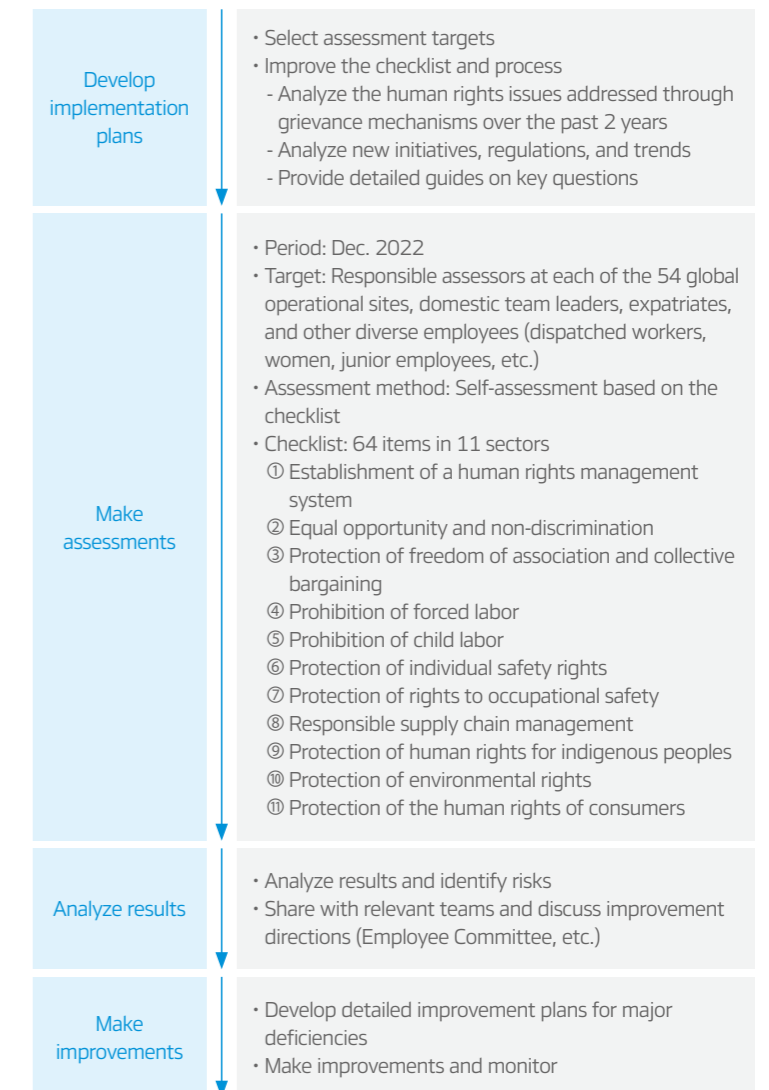
We conduct human rights impact assessments once a year at all our operations (Headquarters, domestic/overseas plants, R&D Center, and overseas subsidiaries and offices). This aims to preemptively identify human rights concerns that may adversely impact employees and stakeholders, and make improvements on the identified issues to protect human rights. In 2022, we made more rigorous analyses on assessment targets to identify employees who went unnoticed in previous assessments. The results revealed that dispatched workers, women, and junior employees were underrepresented, which prompted us to expand assessments on these groups to include their diverse voices. We also analyzed the human rights grievances collected for the past two years to select vulnerable areas and developed an in-depth questionnaire specific to our human rights conditions. These efforts allowed us to reach 100% in response rates at all of our 54 global operational sites.

#### Human rights impact assessment results

No significant human rights risks were identified as a result of conducting human rights impact assessments on 54 organizations. Still, we selected 14 organizations in need of improvement to further advance our human rights practices and developed improvement plans. One issue which posed a relatively greater need for improvement was 'awareness for, and trust in grievance mechanisms'. To address this, we chose 'advancing and disseminating the grievance handling process across our overseas locations' as the initiative for the Employee Committee in 2023, and will review our grievance mechanisms across all our global operations. The human rights impact assessment conducted on a diverse group of employees revealed that newly assigned expatriates, junior employees, and newly hired employees had a particularly low awareness regarding human rights practices. In response, we are considering periodic human rights management

training for new hires and newly appointed expatriates. Going forward, we will further ensure that all Hankook Tire & Technology employees duly recognize and internalize human rights practices.

Human Rights Impact Assessment Process



## Diversity Management

### Facilitating the employment of people with disabilities

Hankook Donggeurami Partners was established in 2015 as a subsidiary-type standard worksite for people with disabilities. It provides the underprivileged with an opportunity to explore their untapped potential and broaden their horizon to contribute to the growth and development of communities. In recognition of its achievements in continuously increasing inclusive, stable employment for people with disabilities, improving treatment to retain long-term employment, creating a safe and pleasant work environment, operating an onboarding program, and engaging in diverse activities to raise awareness on disability, the company received the Minister of Health and Welfare Award for People with Intellectual Disabilities in 2018. It was also honored with the Prime Minister's Award for promoting inclusive employment and certified as a great employer for people with disabilities in 2019.

Hankook Donggeurami Partners serves as an outsourcing service provider for Hankook Tire & Technology in the four areas of in-house welfare operations, including laundry, bakery, coffee & beverage service, and administrative support. The Company opened the 'Donggeurami Car Wash' at the Headquarters in Pangyo in August 2020. This extended the range of its business areas and a car wash and a café were opened at the Hankook Engineering Lab located in Jang-dong, Yuseong-gu, Daejeon in early 2022 to explore new business opportunities and initiate job creation for people with disabilities. As of the end of 2022, the number of employees with disabilities amounted to 206 persons in total, up by over 10% from the previous year following the introduction of these new businesses. Going forward, Hankook Donggeurami Partners will further expand its service areas to provide employment to vulnerable individuals, and do its utmost to establish a responsible corporate culture that pursues harmony between all people, regardless of physical/mental ability.

### Nurturing female talent

We have consistently raised the ratio of female employees to ensure gender diversity, and set a mid/long-term goal of reaching 20% in the ratio of female leaders by 2030.

To attain this goal, we improved our HR system by upgrading the standards for variable pay calculation. Hankook Tire & Technology takes a performance-based approach to HR management to attract top talent, and operates a variable pay system. This system was introduced to pay proportionately to one's role and performance in addition to base pay. In calculating performance-based variable pay, we updated the standards from 'assessment results for the previous year' to 'assessment results prior to leave of absence (with grade B being the highest possible)' to ensure that the use of parental leave and the resulting absence of assessment results carry no disadvantage in terms of compensation. Considering that the percentage of female employees is not particularly high due to the inherent nature of our industry, we will embrace the opt-out principle in managing a pool of female leaders that includes all qualified female employees in the pool. We will also consider allocating a set percentage of female employees in appointing new leaders (team leads, project leaders).

Overview of Female Employees (unit: %)

Category	Percentage	2030 Target
Female employees	10.4	13
Female managers (total)	16.6	22.5
Female managers (assistant and senior manager positions)	17.0	30
Female managers (top positions)	1.5	7.5
Female employees in revenue-generating departments	19.9	40
Female employees in STEM <sup>1)</sup> positions	10.9	30

1) STEM: Science, Technology, Engineering, Mathematics

### Ensuring employee diversity

As a company that respects the diversity of its employees, we create a thriving corporate culture for our employees, irrespective of nationality, gender, race or any other discriminatory markers, so that all our employees can freely pursue and champion what they excel in. As part of such efforts, we strive to nurture competitive female talent in job functions where women are usually a minority. For instance, we operate a female maintenance technician training program to promote the diversity of the workforce across our T'Station network. Nurturing female technicians through systemic training and practice, this program boosted the awareness for the potential of the female workforce to perform light maintenance.

In 2023, we produced a female motorsports leader recognized by the ABB FIA Formula E World Championship, the world's most prestigious all-electric racing series, on International Women's Day. To expand opportunities for women to participate in a traditionally male-dominated sport, we joined the FIA Girls on Track program hosted by the FIA (Fédération Internationale de l'Automobile) as a Presenting Partner. Going forward, we will blaze the trail as a pioneer in encouraging more women to participate in motorsports.

Our hiring process, that takes no account of nationality or race, also ensures diversity in recruitment. We have attended international student job fairs since 2022 and are making use of varying recruiting channels. The hiring of foreign nationals has substantially contributed to the increased diversity of our organization and we will continue to hire people of various nationalities.

### Training on diversity and inclusive leadership

To create an organization enriched with diverse talent and driven by an inclusive culture that nurtures female leaders, we have been providing Diversity & Inclusion (D&I) leadership training to all our team leaders and leaders at our affiliates since 2021. Such training aims to improve the awareness of our employees from the perspective of unconscious bias, diversity and inclusion.





# Employee Care

Hankook Tire & Technology believes that the satisfaction and safety of employees forms the foundation for any sustainable company, and ensures the greatest possible care for our employees. We attract and nurture competent employees and support their work-life balance, and go further to continuously pursue an innovative corporate culture so that we can grow hand-in-hand with our employees. On the back of our health and safety system that rivals global standards, we engage in various activities to promote the health and safety of our employees.

## Support for the Growth of Our Employees

### Building Up Our Training Content

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

Common job competency training aims to strengthen our employees' competencies in planning, problem-solving, documentation, as well as the ability to persuade. Three courses were provided in nine sessions, which were completed by 194 employees in 2022. Leadership training focuses on coaching, collaboration & conflict management, communication, and job crafting. Six courses were provided in 13 sessions, which were completed by 256 employees the same year. In addition, leadership training arranged separately for employees promoted to P2 and P3 positions each year was attended by 124 employees in 5 sessions. To enhance our digital competency at all levels, Python and data science courses were offered and attended by 183 employees in 41 sessions. In 2023, we plan to introduce diverse, level-specific courses to provide our employees with even greater training opportunities to meet their growth needs.

### Reinforcing Overall Onboarding Programs

to facilitate their onboarding and foster a strong sense of belonging. Within one year after joining the company, new hires attend induction/job training, OJT & Mentoring, Refresh Session, and Value Up program to gradually advance their growth. In 2022, a total of 75 new recruits completed onboarding training. Induction training is designed to help new employees understand our organization and core values and feel connected, along with various activity programs to build solidarity with other new recruits. Our mentoring program provides a range of activities with mentors to help new employees settle in early, and participants earn scores when they complete each session to make the program more engaging. The 2-step Value Up program consists of job skill training to reinforce job competency and retention training to reestablish one's growth plan and vision. In 2023, we plan to add an improvement proposal project to help new hires unleash their growth potential.

### Strengthening Leadership Capabilities

We have been hosting the Empowerment Leadership Workshop since 2021 to help global employees develop leadership capabilities. While we focused on developing and piloting this program in 2021, we extended it to all leaders in 2022. The Workshop essentially helps them identify the current leadership level and issues within an organization and provide solutions. It was attended by 271 individuals in 34 sessions - 29 for team/project leaders and 5 for C-level and other executives.

In 2023, we plan to develop and implement a 'Team Building' program as an advanced version of the previous workshop, bringing together executives, team/project leaders, and team members. Both leaders and team members will discuss strengths and necessary improvements on the topic of 'building a great team' and summarize the action items. The program will consist of a preliminary survey (identifying the status quo and issues), team-building activities, and follow-up management (a survey after 3 months, monitoring the gap before and after). It will be held in 29 sessions between March and October.

To expand our workshop program to overseas operations, we have selected local leadership facilitators in each region (Europe, North America, China, Indonesia). They will attend the global leadership facilitator training course held in Korea in 2023. This aims to help these employees understand the overall workshop process (survey assessment, curriculum, training plan, training skills, etc.) and directly develop and operate regional leadership workshop plans to disseminate empowerment leadership. As such, we are further reinforcing the leadership capabilities of global employees through continuous program development and unsparing support.

### Expanding Digital Training

#### [KAIST Digital Future Innovation Center](#)

Hankook Tire & Technology has been operating the KAIST Digital Future Innovation Center since 2019 to pursue digital innovation. Our employees engage in industry-academia digital innovation projects in collaboration with KAIST to optimize our efficiency and productivity. Under this partnership, seven projects were undertaken in 2021, and three projects in 2022 in R&D, Production and Marketing Department. We plan to continue with additional projects in 2023 to make our product development and production more efficient.

We also conduct Digital Expert training under the industry-academia cooperation program with KAIST to support our employees to bolster their digital competency. In 2022, this training was provided to employees at the Safe Production & Engineering Staff Office and at the Chief Technology Office. The curriculum topics were tailored to each organization: digital manufacturing innovation and production optimization for the Safe Production & Engineering Staff Office, and AI training for the Chief Technology Office through AI basics, application, reinforcement learning, and AI demonstration cases. In 2023, we plan to complement this training, which has been relatively isolated within different organizations, by offering an AI-focused curriculum with basic and advanced courses to aid our employees' self-paced digital competency development.

### Hosting the Self-Service BI Competition

We have been hosting the in-house Self-Service BI Competition since 2021 to draw employees' attention to Self-Service BI (Business Intelligence) and data analytics, and to facilitate the use of such technology in our daily business routine. Pre-competition training was provided on Tableau, a BI tool used for the competition, allowing even those employees who are not familiar with this tool to participate. Additionally, Q&A support is provided during the competition to help employees effectively utilize the BI tools and enhance their data analytics competency. In 2022, the number of participants doubled from the previous year (based on the number of teams), indicating a heightened interest among employees in the application of BI tools. The quality of final deliverables has been consistently improving year after year, and employees' data-based problem-solving skills are also evolving through the active use of BI tools. These skills continue to be applied in their working-level operations even after the competition. In 2023, we will also hold an AI & big data competition to provide employees an opportunity to strengthen their AI and big data analytics competency.

### Developing Job Expertise

#### Introducing the 'T-ACADEMY' online R&D self-learning system

In December 2022, we introduced the 'T-ACADEMY,' an online R&D self-learning system, to empower our R&D Center personnel in enhancing their R&D competency through self-directed learning. This online job competency learning platform was designed to actively adapt to the changing learning environment amid COVID-19. It provides a wide range of learning content including video lectures from our in-house instructors. Notably, the entire curriculum is categorized into four levels: Beginner, Basic, Intermediate, and Advanced, depending on the target and level of courses needed to provide personalized learning content. Furthermore, its curriculum is designed based on job function-specific processes and presents researchers a comprehensive learning roadmap to acquire the necessary information easily and quickly. The technology seminars held at our R&D Center

were recorded and made available on the platform for review to facilitate the sharing of R&D efforts across different departments. This demonstrates the commitment of our R&D Center to establish an integrated management and operation system by centralizing major educational assets. Currently, a total of 80 courses have been developed, and the number of courses will increase to nearly 150 courses in 2023. Our R&D Center is dedicated to ongoing efforts in developing training courses and enhancing user convenience, with the aim of fostering a culture of self-directed learning and building infrastructure that promotes the growth of research personnel.

#### Learning by Others: R&D Learning CoP

Our R&D Center supports CoPs (Communities of Practice) that bring together researchers to share knowledge related to their work. In 2022, a total of 12 learning CoPs were established and operated for 6 months, with 135 participants. To facilitate communication among different CoPs, we opened an online communication channel on the Teams platform to proactively share their respective schedule and activity reviews. Members of these CoPs submitted 14 patent application requests on tire design, material technology, and other varying area. In 2023, we will segment the types of CoPs and generate practical outcomes across various areas in so doing, making our CoPs more effective.

#### Learning by Expert: R&D Tutoring

R&D Tutoring is our small-group, intensive learning program for senior researchers from different fields to share their expert knowledge and elevate the job expertise of our research workforce. In 2022, 27 senior researchers conducted regular individual tutoring sessions, and a total of 296 researchers attended these sessions for eight months. The satisfaction survey revealed that participants were generally highly satisfied, scoring the program with 4.80 points out of five. A review is currently in progress to introduce T-ACADEMY as a novel operational method for expanding the knowledge-sharing learning environment facilitated through the voluntary engagement of the R&D workforce.

## Work & Life Balance

### Facilitating flexible work hours

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

To help employees juggle the responsibilities of work and childrearing, we have expanded our in-house infrastructure to include the 'Mom Care Room' for breast-feeding/lactation and provide up to one year of parental leave for employees with a child or children in grade 2 or below. We also offer a family care vacation of up to 10 days and a family care leave of up to 90 days per year. This helps meet the urgent care needs of our employees arising from illness, accidents or the deteriorating conditions of aging family members. Employees can also opt to reduce their work hours to 20 hours per week (4 hours/day) or five hours per week (1 hour/day, reserved for the caretaking period) to care for their child and/or family members without taking a leave of absence. This ensures employees with career continuity while providing them with sufficient time to care for their children and family. We have also established a VPN (virtual private network) system to enable employees to work outside the Company when they are working from home or when the need arises. In 2023, we will review hybrid work arrangements, including hub offices, to improve employees' work efficiency and engagement.





### Operating in-house daycare centers

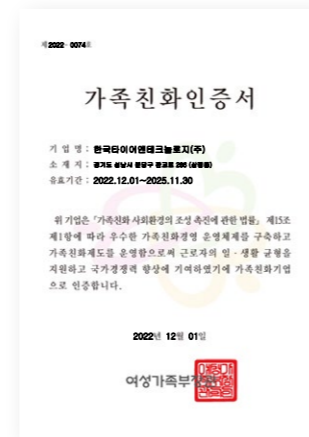
We operate our own in-house daycare centers across our major operations, including at the Headquarters, the R&D Center and plants to facilitate the work life of our employees while tending to their parenthood duties. Aside from governmental subsidies, all operational expenses of these daycare centers are shouldered by the Company. Teachers are trained regularly along with teacher appraisals and management, which generates trust on the part of employees in the operation of such centers. The centers also offer information on childcare/educational programs and manage food supplies/menus, hygiene, and safety. Our daycare centers provide a systemic curriculum that fosters physical and emotional development by age group, along with nutritiously balanced meals made from organic ingredients. We also provide our employees preferential parking spaces to ease their use of our daycare centers. The sum of such efforts earned our daycare center at the Headquarters the highest rating of A (4 ratings from A to D) in the childcare center assessments supervised by the Korea Childcare Promotion Institute in June 2021.

In 2022, we resumed a range of childcare programs that had been halted during COVID-19. Field trips were arranged to attend performances and experience-based activities, while parent events that had predominantly been held virtually, were scaled up to provide offline workshops, lectures, and daily teacher/family outings. Education provided by external experts was further reinforced, including safety training and Grandma's Storytelling, to enrich the educational experiences offered to children. To maintain a high-quality operational environment, we conduct annual parent satisfaction surveys, and the 2022 survey produced 4.66 points out of five in overall satisfaction: 4.78 points in parental and family support, 4.74 in teacher satisfaction, 4.62 points in health, nutrition and safety, 4.58 points in childcare programs, and 4.58 points in facility and operation. These survey results serve to demonstrate the high level of satisfaction among employees in the overall operation of the daycare centers. Furthermore, we provide KRW 200,000 in kindergarten tuition support per child every quarter to

employees with children between the ages of 4 to 6. This helps us provide our employees with a better work environment while they care for their children, both for parents with children at our in-house daycare centers as well as for those who send their children to other daycare centers or kindergartens. In 2023, we hosted a two-night science camp for children of our employees and supplier employees to support their digital skill development.

### Family-friendly Management Certification

In 2022, Hankook Tire & Technology achieved the Family-friendly Management Certification granted to companies and public institutions in recognition of their exemplary operation of family-friendly systems to support childbirth and rearing, provide flexible work arrangements, and create a family-friendly corporate culture. The certification audit process served to identify the strengths and weaknesses of our family-friendly programs currently under operation and employees' satisfaction with such programs. Audit data will play an instrumental role in creating a great workplace and aligning our HR systems to ensure diversity.



Family-friendly management certification

## Corporate Culture in Pursuit of Change

### Improving our corporate culture

We conduct global organizational immersion surveys to improve our corporate culture, and internal surveys to identify organizational cultural issues from multiple angles. The global organizational engagement survey conducted in 2021 looked into how much our employees were satisfied in diverse workplace-

related categories, including work experiences, goals, happiness, stress, and trust. This survey was performed on all our global employees, with a high response rate rate (85%). It turned out that our employees were particularly satisfied with their co-workers (89 points). The corporate culture innovation survey of 2022 was performed at respective organizations to identify the internalization of our mission, vision, management principles, and core values and improvements in our corporate culture, satisfaction with meeting/reporting practices, and the practice of addressing one another as "Mr./Ms." Survey results were shared among top management, with executives at all levels and team leaders, and were fed into developing key initiatives to pursue improvements at the organizational and company-wide levels. Workshops were also held for each job level and for key corporate culture meetings to help develop more substantial and detailed working methods through the review of our existing action principles and the ideation of new action principles. Our employees are directly engaged in this process from feedback collection to improvement planning to drive our transformation and innovation towards corporate culture improvement.

### Proactive LAB for innovative ideas

We operate Proactive Studio as an in-house idea suggestion platform and Proactive LAB to cultivate in-house venture teams directly created by our employees to execute select exceptional ideas through project undertaking. This aims to encourage our employees to voluntarily bring forward their creative ideas and put them into action. A total of 21 teams were operated from Class 1 to Class 7 under the Proactive LAB program between 2018 and 2022. Proactive LAB produced its first in-house venture business in 2021 named 'Town Car', which officially launched the nation's first peer-to-peer vehicle sharing service and is successfully expanding the scope of services. This essentially encourages a culture that welcomes "failure", as multiple attempts are often needed to push the limit and discover innovative solutions, driving the evolution of Hankook Tire & Technology's distinctive innovation culture.

### Innovating the way we work

Our 'Less for Better' campaign intends to improve inefficient, unnecessary work while implementing change management for employees. Cultural metrics are developed and monitored for each key cultural initiative in relation to changes in our work methods, meeting/reporting practices, and addressing one another as "Mr./Ms." rather than by job title. The Leader's Letter is issued for executives and team leaders each month, and in-house channels are used for communication, along with the development of diverse content to pursue change management and induce actual behavioral change on the part of employees. In 2022, the first Class of Junior Board was launched to heed the varying voices of millennial and Gen Z opinion leaders and establish a smart corporate culture in so doing. We identify ideas to improve our communication culture and inefficient work processes, and put them into action so that we seek the transformation and innovation of our corporate culture through voluntary employee engagement.

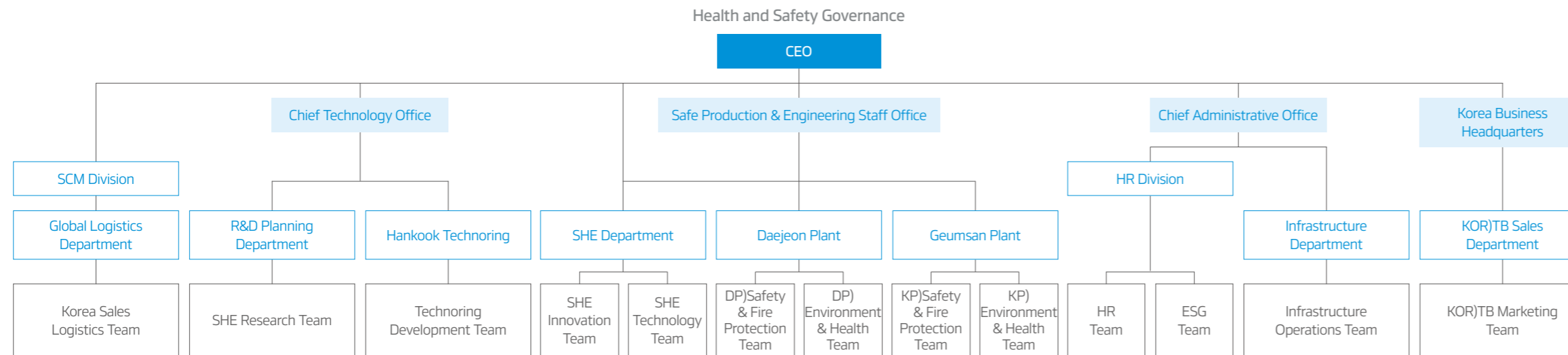
### Innovating the way we communicate

To build a culture of horizontal communication at all levels, our employees address one another by "Mr./Ms." rather than by job title, and interactive communication is bolstered through wide-ranging channels. We opened TA-NEW (tires delivering news) which uses the Teams platform, a collaboration tool used by all our employees, to update our employees each week on corporate news and employees' stories in an informal newsletter format. In 2022, we created 'Techno Town' as a venue for informal company-wide communication within the virtual metaverse environment and hosted Culture Day to share our key business performance and news, along with other events involving our employees. The mission and vision training that had previously been hosted in-person was also migrated to the metaverse platform to provide a positive experience through immersion and active communication. As such, we leverage both on/offline channels to render our wide-ranging cultural programs even more effective.

## Health and Safety System

### Health and Safety Governance

To create a safe and healthy workplace, Hankook Tire & Technology placed our health and safety organization under the direct leadership of the CEO. We ensure the effective operation of our health and safety management system through the continuous reviews performed at the chief executive level on our compliance with health and safety regulations. We also appoint health and safety managers at respective operational sites to practice and oversee their health and safety management system and to handle overall matters concerning the development and implementation of occupational injury prevention plans.



### Health and safety communication channel

To place the production line central to our workplace health and safety management system, we increased our staffing of safety managers and are monitoring health and safety operations. The roles of health and safety working group members and team-level health and safety committees were clarified to focus on the improvement of health and safety issues and establish a safety management system. The risk prevention center was also created to operate a 24/7 risk response system. As part of the 'health and safety keeper' campaign led by manufacturing manager, health and safety personnel and supplier managers, we shifted the focus of our health and safety management from one that was reactive to one that is preventative through joint and theme-based inspections. Furthermore, we monitor unsafe behaviors on the shop floor, identify and improve unsafe conditions, and provide instructions on safe work methods to make doubly sure we prevent accidents before they occur. Meanwhile, the supplier health and safety council convenes monthly to discuss disaster evacuation methods, risk assessment and training, agenda items proposed by subcontractors, and other health and safety activities. Our Engineering Lab made improvements on all the agenda items submitted through the council.

#### SHE Innovation Committee

- Operational cycle: 3 times/year
- Composition: Top management (CEO, Chief Administrative Office, Chief Innovation Office), head of the HR Division, Corporate Management Department, Legal Department, executives at the Safe Production & Engineering Staff Office
- Role: Serve as a decision-making body to share SHE metrics, strategies, investments, and key issues with top management and to deliberate and decide

#### SHE Communication Meeting

- Operational cycle: Weekly
- Composition: Head of the Safety Production & Engineering Staff Office, head of the Daejeon/Geumsan Plants, health and safety facilitator organizations at operational sites
- Role: Share SHE issues among operational sites and consult on the decisions made

#### Health and Safety Advisory Committee

- Operational cycle: Quarterly (CEO attends once a year)
- Composition (CEO, Chief Administrative Office), head of the HR Division, executives at the Safety Production & Engineering Staff Office
- Role: Serve as an advisory body to offer technical/policy directions and guidance on SHE strategies, policies, and activities

### Health and safety policy and principles

In accordance with our management principle to put the health and safety of people first, we lead by example in our health and safety management operations and pursue safety and health in our business conduct and throughout the activities of the entire product lifecycle. To advance health and safety management, we set forth the health and safety policy and essential health and safety principles that apply to all levels of the Company and encourage all our employees to fully understand and act on them.

#### Safety, Health, and Environment Policy

1. We shall remove the risk factors through investment and operational improvement in safety, health, and the environment to reduce risks and protect the environment.
2. We shall provide safe and healthy working conditions to prevent work-related injuries and medical problems. We shall promote the efficient use and recycling of resources. Through these activities, we shall minimize the impact of our business activities on safety, health, and the environment.
3. To help our employees understand and continuously improve the safety, health, and environment management system, we shall provide education and competency improvement activities to our employees, and disclose our policies and management performance to stakeholders and communicate with them.
4. We shall establish and faithfully implement internal management standards that satisfy domestic and foreign laws and regulations as well as other requirements pertaining to safety, health, and the environment. Our employees shall evaluate the impact on safety, health, and the environment, and set and implement safety, health, and environment goals, to ensure continuous improvements.

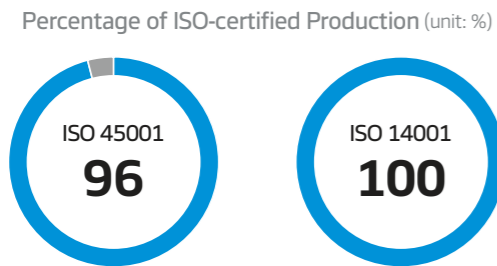
#### Essential Health and Safety Principles

1. Associated organizations and reporting systems shall be responsible for the prevention and occurrence of accidents.
2. All employees shall be under the duty to work without causing any safety-related accidents to occur from their initial date of employment.
3. The company shall formulate and provide training on all safety regulations and standards, which shall be strictly complied with by all employees.
4. All employees shall make an effort to discover potential risks in advance, and the company shall take action to make improvements.
5. The company shall continuously improve harmful risk factors to protect the safety and health of all employees, including those of its business partners.
6. Safety outside of working hours shall be equally considered as safety during working hours.
7. The company shall make efforts to develop the technology for optimal safety and health management.
8. The company shall advance its safety and health management system through continuous system improvement.



### Health and safety certification

Hankook Tire & Technology pursues the integration certification of both health and safety management (ISO 45001) and environmental management (ISO 14001). We are certified to ISO 45001 at our domestic plants (Daejeon, Geumsan) and R&D Center (Technodome) and at our overseas plants (Jiangsu, Jiaxing, and Chongqing in China, Hungary, and Indonesia), and are certified to ISO 14001 at our domestic plants (Daejeon, Geumsan) and overseas plants (Jiangsu, Jiaxing, and Chongqing in China, Hungary, Indonesia, and Tennessee in the US).



### Achieving the safety management excellence lab certification

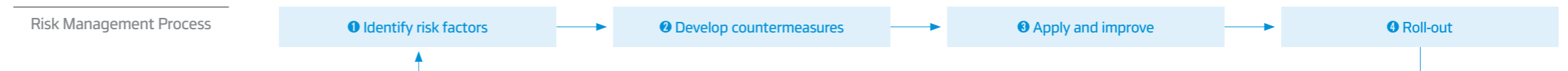
The Safety Management Excellence Lab certification program of the Ministry of Science and ICT aims to reinforce the safety management of research labs and explore and disseminate safety management standard models. We were certified under this program for our excellent performance in safety management and associated activities. Our Technodome achieved this certification for its Flat-trac CT+ lab and chemical analysis lab back in 2020 and was certified again in 2022, along with the curing property lab. Three more labs - the tire noise measurement lab, the friction energy lab, and the viscoelasticity property lab - were certified in 2021, and the tire noise measurement lab was specifically recognized as the best certified lab in safety management in 2022 and received the 'National Research Safety Headquarters Commendation'. With this, our Technodome has six certified labs under the program, which serve to yet again demonstrate its top-notch safety management capabilities in Korea. We will further integrate and unify the different systems at respective labs to extend the application of our excellent lab management system to our entire lab operations.

## Health and Safety Risk Management

### Risk management process

Hankook Tire & Technology created a dedicated health and safety organization under the direct leadership of the CEO, and arranged health and safety facilitator organizations at each operational site to ensure prompt and well-aligned responses to any arising issues. To handle key risks in a preemptive and efficient manner, phased action plans are developed to assess our compliance with SHE regulations, monitor our implementation of health and safety obligations, operate SHE meetings, and bolster facility safety management to maintain and improve our health and safety management system for employees. Safety experts were hired - three at the Daejeon Plant and four at the Geumsan Plant - to beef up their safety management system so that we can operate a dedicated production line safety system and support close cooperation and management with field operations.

To reduce health and safety risks within our employee's work environment, we perform regular risk assessments that engage all our employees to identify risks in the workplace and identify how to handle and prevent them. We also continue to ensure that whenever issues arise, such as a change in the work environment, we will do our utmost to prevent the resulting risk well in advance. The risk factors identified through risk assessments are prioritized, and actions plans are developed to make improvements. Such activities are reflected in the specifics of quantified goals and implementation plans of our operational sites and are managed accordingly. To perform such annual risk assessments, we provide training and presentations on the pertinent process to boost employees' understanding and to develop and implement effective responses for the expected risks. The improvements made are communicated to employees through postings and trainings to encourage their continuous participation.



### Creating a safety-first culture

Hankook Tire & Technology aims to achieve 'Zero serious accidents' by establishing an advanced safety culture that puts safety paramount to all else and abiding by health and safety principles. As part of such efforts, we stipulated 'five golden rules' - no access to equipment under operation, no unauthorized disassembly of or damage to safety devices, mandatory use of designated PPE, mandatory compliance with posted speed limits for forklifts and battery-operated cars, and No smoking outside designated areas. We continue with training, promotion, and management activities for employees make it clear that these five golden rules must be observed for the safety of all. To improve employees' safety awareness, we also produce accident prevention videos by type of task and injury while regularly publishing safety newsletters and broadcasting or posting them in areas frequented by employees. In tandem with this, we continuously invest in our safety experience facility to provide our employees with direct experience opportunities with VR, first aid practice, and mock fire drills.

In 2022, we invested and allocated a total of KRW 12.7 billion for safety and health improvements, striving to create a safe working environment for employees. Through the selection and execution of priorities based on urgency and risk assessments, we are gathering efforts to enhance effectiveness by managing and planning a safety and health investment of KRW 13.7 billion for 2023.



Self inspections performed on our operational sites in 2022

### Bolstering health and safety management

We keep our equipment safety inspection process updated to ensure the safety of equipment operating at our domestic plants and advance our safety management for each of the risk factors for high-consequence injuries. We are increasing the proportion of automated equipment to reduce the musculoskeletal burden on employees while expanding equipment protection measures in reflection of risk assessment results. We are also deploying safety PLC<sup>1)</sup> to prevent any equipment from malfunctioning to gradually advance our equipment safety. We also applied the LOTO system<sup>2)</sup> and process to 70 units of existing production equipment to eliminate any root causes for safety accidents, and aim to use this system on all our equipment.

Our health and safety working group members received training to ensure the reliable and systemic operation of the safety, health, and environmental management system. This training was conducted in March 2022 and was attended by 63 persons, including managers and working-level personnel at our domestic plants and subcontract employees, who were provided the opportunity for practice sessions after learning about the Serious Accidents Punishment Act and ISO requirements.

1) Safety PLC: Equipment control parts with programmable safety functionality  
2) LOTO (Lock Out Tag Out) system: A safety procedure to protect workers from energy sources during equipment maintenance to prevent the functioning of equipment against the intention of the worker



### Employee Health Management

#### Supporting employee health management and operating a musculoskeletal disease response system

To promote overall health and disease prevention for our employees, we support annual health check-ups in addition to statutory health check-ups. Through labor-management consultation, we have expanded the range of choices by offering optional health screenings, including essential cancer screenings involving upper endoscopy, abdominal ultrasound, chest CT, and colonoscopy. Among the seven alternative screening options, one can choose a screening method that includes a mandatory cancer screening along with colonoscopy. Additionally, we have extended the scope of spousal screenings by adding abdominal ultrasound to the existing upper endoscopy and colonoscopy.

Aside from health check-ups, we support physical and mental health programs. The fitness centers operated at our worksites help our employees work out and stay healthy. The GX program made available since 2023 provides our employees with a systemic exercise program consisting of Pilates and functional training among others. Each of our operational sites also operates mental health counseling programs. In addition to work and relationship stress one may experience at work, such programs also provide in-home family counseling and gardening for healing to assist employees in managing their stress.

To prevent musculoskeletal diseases which have recently drawn attention, we investigate musculoskeletal strain from the work of our employees at domestic plants, and have analyzed the tasks and processes that caused musculoskeletal occupational injuries through the use of the ergonomic analysis program since 2020 to improve such tasks in terms of weight and movements that could potentially burden workers. We are continuously pursuing engineering improvements, such as relocating equipment workstations and installing auxiliary devices to distribute weight, to reduce the burden on workers based on the derived findings. Alongside this, we are actively implementing administrative enhancements, including informing workers about the hazards of demanding tasks, investigating and managing harmful factors and their outcomes, and reviewing job reallocation, in order to address the hazards associated with such tasks. We operate a musculoskeletal injury mitigation council to promote and share our proactive efforts to make improvements and increase awareness on this issue, both internally and externally. For those who ask for assistance for their musculoskeletal pain, we support them with personalized rehabilitation treatments and workout programs. In-house treatment is provided through our in-house clinic, oriental medicine, and exercises, along with rehabilitation treatment including manual therapy administered by healthcare professionals from external institutions. This ensures proactive pain management to help keep musculoskeletal diseases at bay.

#### Establishing an infectious disease management system

To create healthy working conditions and minimize any disruption to the plant's production and operation, relevant departments at all our operational sites hold weekly meetings to share current responses and their guidelines at the site level. For infections such as COVID-19, we operate detailed quarantine guidelines that exceed those of the government to prevent such infections from spreading.

#### Bolstering work environment management

To safeguard the health of our employees and create a pleasant working environment, we conduct work environment measurements twice a year in the first and second half: we identify exposure levels in terms of air quality, noise, brightness, temperature, humidity, and chemicals, and post the results publicly on the bulletin board. Measurement results drive our efforts to improve our equipment and facilities to ensure our employees are kept safe from any substances harmful to the human body. In particular, local ventilation devices that play a key role in managing the working environment, are managed throughout the entire lifecycle from construction to pilot operation to increase their efficiency. When such equipment is deemed less efficient through self-inspections, we pursue continuous improvement to maintain proper control flow rates. We also apply engineering technology such as TAB (Testing, Adjusting, Balancing) and modeling to efficiently lower in-process temperatures and improve the thermal environment.



# Community Engagement

Our Corporate Philanthropy Charter makes it clear that corporate profits originate from the society where it operates. It is with this belief that we engage in a wide array of Corporate Philanthropic activities. We pay attention to diverse social issues and proactively participate in creating social value through Corporate Philanthropic initiatives to fulfill our role and responsibility as a member of society. Not only do we support the communities where we are based, we also undertake wide-ranging Corporate Philanthropic programs that engage our domestic and overseas operations and employees to make a positive difference in the world.

## Employee Engagement

### Operating employee volunteer groups

Donggeurami Volunteer Group, our employee volunteer group, continued with community volunteering in 2022. These volunteers, with their families, painted murals with eco-friendly paints on the walls of old schools to brighten the environment, and visited Haedeun School and Miral School, special education institutions near our operations, to create urban forests and provide an ecological learning environment for teens with developmental disabilities. They recorded 32 books and donated these audio books to visually impaired children or children from multicultural families. They also worked beside their families to assemble 600 eco-friendly, solar powered lanterns to donate to energy-poor individuals overseas. Our employees also serve the underprivileged in our community by improving the living environment for seniors living alone and donating food supplies. Employees at the Chinese Headquarters created rice dumplings and music boxes on national holidays and donated them to less-privileged children, while employees at the Hungary Plant renovated and repaired classrooms, restrooms, and playgrounds at kindergartens and elementary schools. Our new hires also participate in volunteering, and volunteer groups are in operation across our global operations.

Employee Volunteering in 2022

Category	Korea	Hungary Plant	Chinese Headquarters
Volunteering employees per year on a cumulative basis	1,567	78	59
Volunteering employees on a non-cumulative basis	507	78	59
Total volunteer hours	7,700	870	563
Volunteer hours per employee	1.2	0.3	0.1

## Expanding Company-wide Corporate Philanthropic Initiatives

### Corporate Philanthropic programs at overseas operations

To serve as a global corporate citizen contributing to the development of our community, Hankook Tire & Technology engages in Corporate Philanthropic initiatives tailored to underprivileged groups and customers across our overseas operations.

The Chinese Headquarters provided relief aids for infectious illnesses amid COVID-19, and continues with its support for public buses and taxi drivers as well as for communities, schools, and government agencies. Japan Sales Subsidiary donated winter tires to relief organizations that rent recycled automobiles to support those affected by torrential downpours.

Germany Sales Subsidiary launched a public interest campaign to set aside a specific portion of the purchases made by consumers for spring and winter tires to support pediatric cancer patients and their parents. Serbia Sales Subsidiary donates to orphanages and hospitals for children from vulnerable backgrounds, and Austria Sales Subsidiary provides Christmas donations to vulnerable children. Our plants in Hungary and Indonesia continue with their employee volunteering, tire donations, community sponsorships, and the provision of supplies for vulnerable children.

The North America Headquarters continued with its 2nd Harvest of Middle Tennessee to provide food to vulnerable groups, and teamed up with the Red Cross to support displaced flood victims.

## Creating Safe Communities

### Road safety campaign for children

Hankook Tire & Technology has been holding the road safety campaign for children since 2013 to ensure children are able to commute safely to school. Under this participatory program, elementary school students tour their commute routes along with traffic safety instructors and directly participate in creating traffic safety maps for school commute routes and their school's surrounding areas. Students map out the areas around their school and categorize them as high-risk, caution, safe, and protection. They then raise their suggestions for the improvement of high-risk and caution-graded areas to local governments and police officials, and monitor the implemented improvements to help prevent safety accidents involving children.

In 2022, this campaign was joined by 429 elementary school students from four schools in Seoul, Gyeonggi, and Daejeon, along with 10 traffic safety trainers to request improvements to pertinent government agencies for a total of 98 high-risk areas. This resulted in the decision to install traffic signs prohibiting motorcycle access on sidewalks traveled by students to commute to Ori Elementary School in Seongnam along with Warning and Caution signs on the crosswalk in front of an entrance to a nearby apartment complex. In addition, speed bumps will be created at the intersection near the commute routes for Youngoon Elementary School in Daejeon, speed bumps will be painted along the alleys used by students to commute to the school. The maps created through the road safety campaign for children are circulated widely to provide road safety training to those students who did not attend the campaign session.

When surveyed after training, 97.7% of the students responded that the tailor-made road safety training provided through the use of the road safety map was helpful in understanding the safe use of school commute routes to keep them safe from road accidents, and 82.3% answered that they were willing to recommend this program to their siblings or friends. Furthermore, 95.4% of the students responded that their map-making activity was useful in identifying police substations, child safety keepers, and other services they can seek assistance with during any emergency situation. Such positive responses demonstrate the practical benefits of this campaign in protecting children.



## Support for the Growth of Local Communities

### Supporting our communities

We create the value of co-prosperity, especially within the communities where we are based, and disseminate our positive impact on communities. Our Daejeon Plant is supporting picnics and vehicles for community members, including senior centers, to serve the Daejeon community, along with sponsorships for local sports events. The Plant has also been sponsoring outstanding athletes in Daejeon who are hindered in unleashing their talents due to the lack of financial resources to purchase equipment or pay for practices, promoting the wholesome development of the entire community.

We also provide generous support to broaden the base for local arts and culture. We have been sponsoring the Water Lighting Festival in Daejeon since 2010 to ensure people in Daejeon enjoy the music festival along with the natural landscape of Daecheong Lake. Since 2008, we have sponsored the installation of the promotion tower for Memorial Month. To promote the local culture of Taaen where Hankook Technoring is located, we sponsor the essay contest of the Jeokdol Literary Society each year.

We focus on eliminating any blind spots in the community's welfare system and help underprivileged individuals. Employees at our Daejeon and Geumsan Plants visit less-fortunate groups in their community on national holidays to share food, and visit orphanages on Children's Day to deliver snacks and gifts. They also donated briquettes and installed LED lights for seniors living alone, and helped families with disabled family members wash blankets and clean their homes.

### Driving School for children

Under the slogan 'Driving towards Happiness', we have undertaken diverse Corporate Philanthropic activities for the less-privileged in our community, and opened Driving School for children in 2022 at the Daejeon Traffic Culture Institute in Daejeon. The Mobility Experience Zone and the Tire Exhibition Zone were created for underprivileged children who often go unnoticed while using public transportation. These zones help children to learn how to effectively navigate safely through traffic with hands-on experiences. The Mobility Experience Zone provides a karting experience outside, and children receive instructions before karting, which include a video on traffic safety concerning traffic signals, a quiz, and a briefing on the actual kart structure and driving directions. This features the oversized dynamic photos taken from the motorsports sponsored by Hankook Tire & Technology, as well as the podium photo zone, to make the experience even more enjoyable. The Tire Exhibition Zone, created through the renovation of the existing exhibition experience zone, displays exhibits outlining the history, types, and structure of tires, including 'raw materials used for tire manufacturing', and 'the present and future of tires' so that children can experience these exhibits first-hand.

### Sponsoring the '815 Run' campaign for descendants of those who fought for the liberation of Korea

We sponsored the '815 Run' campaign, a donation marathon event hosted to thank those who fought for the liberation of Korea for their sacrifice and dedication. The campaign was attended by 3,500 participants who independently chose the time, location, and course. They ran during the month of August, and proved they completed the course by posting a mandatory hashtag on Instagram. There were three courses to choose from: 3.1km, 4.5km, and 8.15km, which were created to signify the Independence Movement Day (Mar. 1), the year of independence (1945), and Independence Day (Aug. 15). Donations and all

the proceeds from the campaign went towards improving the residential environment for the descendants those who fought for the nation's liberation through the non-profit, Habitat Korea. We will lead the charge in engaging in a range of activities to help the descendants of independence movement activists.

### Disaster support

Natural and man-made disasters are both increasing globally, and Korea is no exception. According to the Ministry of the Interior and Safety, the damages South Korea suffered due to natural disasters rose five-fold from the 2011 base year, and there were 90 times more casualties. This level of increase is far too excessive for any single country to independently shoulder, which is precisely why Hankook Tire & Technology steps forward in providing assistance and relief aid to cope with disasters and the resulting damages to alleviate concerns across communities. We manufactured 920 aid kits for displaced people that contain blankets, towels, underwear, and daily necessities and stock these kits at the logistics centers of the Korea Disaster Relief Association. These tailor-made kits are immediately available following the occurrence of a natural or man-made disaster, such as typhoons, floods, earthquakes, or fires in emergency consultation with local governments. Our overseas operations also engage in diverse activities to support their communities recover from disasters. In Clarksville, where our North American Headquarters is located, we have been raising relief aid funds in preparation for tornadoes and floods since 2019. Japan Sales Subsidiary provided mobility assistance to those affected by the torrential rainfall in the Niigata Prefecture during the monsoon season of 2022. When the great earthquake hit Turkey in February 2023, we related to the suffering of those affected and joined the international community to lend a helping hand.

### Hankook Tire Welfare Foundation

Founded in 1941, Hankook Tire & Technology has stayed true to its mission to fulfill social responsibility by giving the profits generated through business conduct back to society to serve the greater public good. It was with this belief that we established the Hankook Tire Welfare Foundation in December 1990. The Foundation has continued with Corporate Philanthropic activities to deliver value and joy to communities with the overarching theme of mobility to make a positive difference in our society.

The Foundation initiated the Social Housing Project in 2016 to construct houses or renovate existing ones and provide them to vulnerable groups at below-market prices (40~80% of market prices) to ensure their residential stability. In 2022, this project supported 9 houses and 558 households, and its cumulative support for youth amounted to 57 houses and 1,670 households. In 2023, we aim to supply 10 houses to a total of 250 households, and will embrace a theme-based approach to also provide employment. We will offer deposit support for the project to enhance the residential stability of vulnerable groups.

Dream With, which started as an undergraduate volunteer group in 2014, has scaled up to support businesses that have the potential to resolve community issues with local resources since 2018. In 2022, this project supported a total of nine local organizations, and we are promoting this project with diverse private and public partners to explore new business opportunities.

Meanwhile, we have provided operational expenses for charitable hospitals to ensure that people of low-income are able to receive medical treatment. In 2022, we donated KRW 25 million to two charitable hospitals and KRW 10 million to offer free-of-charge treatment in remote areas. Through this, we not only helped low-income groups gain access to vital medical care, but also demonstrated our value and respect for life.





# APPENDIX

Performance Summary

GRI Index

SASB

TCFD

Independent Assurance Statement

Awards

UNGC and Memberships

Contributors to This Report

# Performance Summary

## Economic Performance (consolidated basis)

Item	Unit	2018	2019	2020	2021	2022	
Sales	KRW million	6,795,089	6,883,269	6,453,072	7,141,137	8,394,203	
Sales breakdown by region	Europe	%	34.9	34.2	35.6	37.9	37.6
	Americas	%	32.3	33.5	31.6	32.4	31.4
	Korea	%	12.8	12.3	12.6	11.0	10.7
	China	%	12.6	11.9	12.9	12.6	11.0
	Middle East, Africa, Asia Pacific	%	7.3	8.0	7.3	6.1	9.3
Cost of sales	KRW million	4,691,444	4,961,117	4,550,060	5,193,837	6,291,656	
Gross income	KRW million	2,103,645	1,922,151	1,903,012	1,947,299	2,102,547	
Operating income	KRW million	702,651	543,965	628,270	642,193	705,818	
Income before tax	KRW million	697,700	589,884	578,268	712,853 <sup>1)</sup>	858,354	
Income tax	KRW million	167,320	160,269	193,063	118,139 <sup>1)</sup>	152,579	
Net income	KRW million	530,381	429,615	385,205	594,714 <sup>1)</sup>	705,775	
Other comprehensive income	KRW million	(45,451)	27,621	(43,441)	272,900	9,576	
Total comprehensive income	KRW million	484,930	457,235	341,764	867,613 <sup>1)</sup>	715,351	
Total assets	KRW million	9,796,442	10,164,608	10,658,548	11,694,297 <sup>1)</sup>	12,581,364	
Total liabilities	KRW million	3,006,129	2,977,391	3,246,400	3,498,782	3,705,655	
Total equity	KRW million	6,790,313	7,187,217	7,412,148	8,195,514 <sup>1)</sup>	8,875,709	
Patent registrations granted	Korea	No. of cases	53	48	53	67	68
	Overseas	No. of cases	35	34	76	57	62
Patent applications made	Korea	No. of cases	79	88	85	85	77
	Overseas	No. of cases	81	69	67	38	23

1) 2021 data were restated due to disclosure correction.

## Environmental Performance

Item	Unit	2018	2019	2020	2021	2022
Proportion of eco-friendly products (in quantities)	%	64.7	47.6	50.5	53.0	60.5
Sales of eco-friendly products	M USD	4,545	2,935	2,360	3,323	3,801
Proportion of products that received LCAs (in quantities)	%	16.0	21.9	25.2	30.1	32.0

## Consumption of major raw materials



Intensity  
(unit: ton/ton of finished products)



Item	Unit	2018	2019	2020	2021	2022
Natural rubber	Ton	326,155	315,990	290,076	284,071	298,923
Synthetic rubber	Ton	264,871	268,354	240,218	238,013	240,599
Carbon black	Ton	281,351	271,877	245,082	242,373	253,044
Textile-cord	Ton	52,090	50,079	45,952	45,942	47,543
Steel-cord	Ton	122,192	116,821	107,939	105,516	110,132
Bead wire	Ton	44,340	51,774	48,179	47,888	50,633
Total	Ton	1,090,999	1,074,895	977,446	963,803	1,000,874



## Environmental Performance

### Water withdrawal



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



Item	Unit	2018	2019	2020	2021	2022	
Daejeon Plant	Municipal water	m <sup>3</sup>	1,242,142	1,326,675	1,315,752	1,258,048	1,431,463
	Ground water	m <sup>3</sup>	116,079	114,194	101,981	104,520	68,194
Geumsan Plant	Municipal water	m <sup>3</sup>	1,822,718	1,571,234	1,513,789	1,602,293	1,597,845
	Ground water	m <sup>3</sup>	0	0	0	0	0
Jiangsu Plant	Municipal water	m <sup>3</sup>	899,601	936,058	670,418	752,942	551,741
	Ground water	m <sup>3</sup>	0	0	0	0	0
Jiaxing Plant	Municipal water	m <sup>3</sup>	1,006,357	701,271	687,010	724,699	687,317
	Ground water	m <sup>3</sup>	0	0	0	0	0
Chongqing Plant	Municipal water	m <sup>3</sup>	625,036	602,066	573,517	571,481	465,974
	Ground water	m <sup>3</sup>	0	0	0	0	0
Hungary Plant	Municipal water	m <sup>3</sup>	311,928	313,150	315,692	355,375	383,466
	Ground water	m <sup>3</sup>	109,557	122,890	90,846	113,636	103,418
Indonesia Plant	Municipal water	m <sup>3</sup>	547,929	510,248	571,954	538,565	544,531
	Ground water	m <sup>3</sup>	0	0	0	0	0
Tennessee Plant	Municipal water	m <sup>3</sup>	159,866	175,737	152,372	133,489	146,891
	Ground water	m <sup>3</sup>	0	0	0	0	0
Total	m <sup>3</sup>	6,841,213	6,373,523	5,993,331	6,155,048	5,980,840	

### Discharge of treated wastewater



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



Item	Unit	2018	2019	2020	2021	2022
Daejeon Plant	m <sup>3</sup>	0	72,420	71,386	68,083	47,724
Geumsan Plant	m <sup>3</sup>	143,622	275,142	108,775	204,288 <sup>1)</sup>	316,956
Jiangsu Plant	m <sup>3</sup>	521,463	405,238	361,905	465,431	447,878
Jiaxing Plant	m <sup>3</sup>	682,284	426,803	465,693	482,627	446,746
Chongqing Plant	m <sup>3</sup>	376,926	306,716	284,148	224,459	172,672
Hungary Plant	m <sup>3</sup>	171,827	174,914	136,083	166,481	182,681
Indonesia Plant	m <sup>3</sup>	10,849	4,928	31,303	32,131	33,190
Tennessee Plant	m <sup>3</sup>	56,190	89,427	85,716	87,541	72,800
Total	m <sup>3</sup>	1,963,161	1,755,588	1,545,009	1,731,041 <sup>1)</sup>	1,720,648

1) The 2021 data for Geumsan Plant's discharge of treated water and the total were restated.

### Recycling of treated wastewater



Total percentage  
(unit: %)



Item	Unit	2018	2019	2020	2021	2022
Daejeon Plant	%	100.0	88.8	89.3	88.4	92.4
Geumsan Plant	%	75.1	69.7	86.0	74.9 <sup>1)</sup>	62.7
Jiangsu Plant	%	10.3	14.5	16.4	6.7	18.7
Jiaxing Plant	%	0	0	0	33.1	38.1
Chongqing Plant	%	12.4	14.4	17.2	26.6	27.2
Hungary Plant	%	14.6	23.0	17.2	13.7	9.0
Indonesia Plant	%	96.4	98.4	90.8	89.7	91.0
Tennessee Plant	%	0	0	0	0	0

1) The percentage changed as Geumsan Plant's data on its discharge of treated wastewater were restated for the year 2021.

## Environmental Performance

### Discharge of Suspended Solids (SS)



Intensity  
(unit: g/ton of finished products)



Worksite	Unit	2018	2019	2020	2021	2022
Daejeon Plant	Ton	0.0	0.3	0.4	0.3	0.3
Geumsan Plant	Ton	0.4	1.0	0.2	0.7	0.7
Jiangsu Plant	Ton	9.1	6.4	3.2	3.5	5.8
Jiaxing Plant	Ton	11.9	4.0	3.6	5.9	6.0
Chongqing Plant	Ton	0.7	2.0	3.7	5.4	2.2
Hungary Plant	Ton	1.7	2.4	1.3	1.0	0.4
Indonesia Plant	Ton	1.0	0.1	1.4	2.7	1.8
Tennessee Plant	Ton	3.6	6.2	5.7	6.6	4.6
Total	Ton	28.4	22.3	19.5	26.0	21.8

### Waste Treatment



Intensity  
(unit: Kg/ton of finished products)



Item	Unit	2018	2019	2020	2021	2022
Outsourcing recycling	Non-hazardous waste	36,608	38,639	35,879	36,497	34,703
	Hazardous waste	2,853	4,306	2,385	2,942	2,572
Outsourcing incineration	Non-hazardous waste	4,133	4,155	3,407	2,982	4,540
	Hazardous waste	2,265	1,864	2,573	1,801	2,307
Outsourcing landfill	Non-hazardous waste	9,776	5,825	4,415	4,980	4,274
	Hazardous waste <sup>1)</sup>	406	445	419	383	254
Total	Ton	56,041	55,233	49,077 <sup>2)</sup>	49,585	48,650

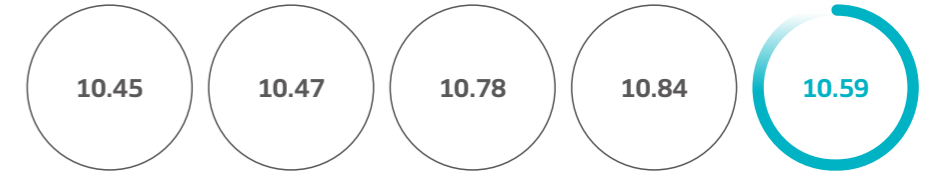
1) Due to the reclassification of waste oil sludge and waste additives from 'other waste' to 'hazardous waste' for landfill disposal, the data for the years 2018 to 2021 has been revised.

2) Totals for 2020 were restated due to a simple error in calculation.

### Energy Consumption



Intensity  
(unit: GJ/ton of finished products)



Item	Unit	2018	2019	2020	2021	2022
Fuel	GJ	5,161,924	4,545,475	4,257,385	4,501,513	4,572,434
Purchased electricity	GJ	5,962,084	5,787,774	5,374,855	5,322,029	5,409,855
Renewable energy	GJ	0	2,422	53,337	65,859	134,957
Purchased steam	GJ	2,188,001	2,405,978	2,381,085	2,136,910	2,154,324
Total	GJ	13,312,009	12,741,649	12,066,662	12,026,312	12,271,571



## Environmental Performance

### GHG Emissions



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



Worksite	Unit	2018	2019	2020	2021 <sup>2)</sup>	2022	
Daejeon Plant	Scope 1	tCO <sub>2</sub> -eq	83,658	59,530	47,336	42,026	43,575
	Scope 2	tCO <sub>2</sub> -eq	140,278	150,366	149,637	144,508	154,601
Geumsan Plant	Scope 1	tCO <sub>2</sub> -eq	79,286	79,724	75,953	71,424	75,383
	Scope 2	tCO <sub>2</sub> -eq	189,565	183,684	174,795	163,384	172,730
Jiangsu Plant <sup>1)</sup>	Scope 1	tCO <sub>2</sub> -eq	2,864	2,107	1,138	857	818
	Scope 2	tCO <sub>2</sub> -eq	191,456	189,363	166,766	152,121	154,147
Jiaxing Plant <sup>1)</sup>	Scope 1	tCO <sub>2</sub> -eq	1,549	1,522	1,624	1,445	1,607
	Scope 2	tCO <sub>2</sub> -eq	204,916	176,246	164,633	156,690	157,543
Chongqing Plant	Scope 1	tCO <sub>2</sub> -eq	26,968	23,906	22,929	23,090	21,739
	Scope 2	tCO <sub>2</sub> -eq	75,842	68,040	64,898	68,762	65,367
Hungary Plant	Scope 1	tCO <sub>2</sub> -eq	46,847	43,884	42,085	48,269	50,176
	Scope 2	tCO <sub>2</sub> -eq	52,057	51,186	43,484	49,028	43,238
Indonesian Plant	Scope 1	tCO <sub>2</sub> -eq	32,276	34,038	33,249	33,905	31,592
	Scope 2	tCO <sub>2</sub> -eq	106,255	103,324	101,002	99,061	102,214
Tennessee Plant	Scope 1	tCO <sub>2</sub> -eq	18,766	19,452	17,349	19,770	20,591
	Scope 2	tCO <sub>2</sub> -eq	30,811	33,538	30,000	29,817	29,553
Total	Scope 1	tCO <sub>2</sub> -eq	292,214	264,163	241,663	240,785	245,480
	Scope 2	tCO <sub>2</sub> -eq	991,180	955,747	895,215	863,371	879,392
	Scope 1 + Scope 2	tCO <sub>2</sub> -eq	1,283,394	1,219,910	1,136,878	1,104,156	1,124,872

1) Restatements were made for 2018 and 2020 due to data errors at the Jiaxing and Jiangsu Plants

2) Scope 2 emissions were calculated in line with the market-based approach since 2021 and were reflected in the data as such.

### GHG Emissions Reduced

Worksite	Unit	2018	2019	2020	2021	2022
Plants in Korea	tCO <sub>2</sub> -eq	4,070	25,169	31,810	19,830	23,817
Overseas Plants	tCO <sub>2</sub> -eq	13,338	29,481	11,879	34,658	31,816
Total	tCO <sub>2</sub> -eq	17,408	54,650	43,689	54,487	55,633

### Energy and Carbon Expenses Saved

Worksite	Unit	2018	2019	2020	2021	2022
Plants in Korea	KRW 100 million	10.07	16.83	26.30	16.37	33.13
Overseas Plants	KRW 100 million	16.27	48.39	5.11	63.48	43.00
Total	KRW 100 million	26.34	65.22	31.41	79.85	76.13

### Energy Saving Project Investment Expenses<sup>1)</sup>

Worksite	Unit	2018	2019	2020	2021	2022
Plants in Korea	KRW 100 million	8.97	16.84	7.53	2.64	7.37
Overseas Plants	KRW 100 million	26.15	48.35	4.79	11.94	29.78
Total	KRW 100 million	35.12	65.19	12.32	14.58	37.14

1) The savings are not significant compared to investment expenses as these investments were made over an extended period of time and made in the second half of the year.

## Social Performance

### Employee data

Item	Unit	2018	2019	2020	2021	2022		
Total employees	Korea	No. of persons	6,732	6,502	6,503	6,523	6,781	
	Overseas (expatriates)	No. of persons	261	246	226	221	209	
	Overseas (locally hired)	No. of persons	13,353	12,972	13,171	12,849	12,797	
	Total	No. of persons	20,346	19,720	19,900	19,593	19,787	
New hires	Office workers in Korea	No. of persons	87	105	72	189	188	
	Operators in Korea	No. of persons	105	130	198	133	530	
	Locally hired office workers	No. of persons	460	431	245	417	345	
	Locally hired operators	No. of persons	1,234	1,731	860	904	896	
By job category	Office workers	No. of persons	5,324	4,720	4,606	4,543	4,585	
	Operators	No. of persons	15,022	15,000	15,294	15,050	15,202	
By employment type	Regular	Male	No. of persons	18,490	17,771	17,788	17,385	17,155
		Female	No. of persons	1,756	1,804	1,924	1,957	2,044
	Non-regular	Male	No. of persons	60	104	177	236	566
		Female	No. of persons	40	41	11	15	22
	Percentage of non-regular employees	%	0.5	0.7	0.9	1.3	3.0	
	Full Time	Male	No. of persons	18,550	17,875	17,965	17,621	17,721
No. of persons			1,796	1,845	1,935	1,972	2,066	
Female		No. of persons	-	-	-	-	-	
		No. of persons	-	-	-	-	-	
Part Time	Male	No. of persons	-	-	-	-	-	
	Female	No. of persons	-	-	-	-	-	
By employment type and region	Regular	Korea	No. of persons	6,691	6,434	6,354	6,524	6,441
		China	No. of persons	7,195	6,885	6,592	6,364	6,313
		Europe	No. of persons	3,017	2,911	3,545	3,462	3,447
		Americas	No. of persons	1,353	1,356	1,273	1,230	1,186
		Middle East & Asia Pacific	No. of persons	1,990	1,958	1,948	1,762	1,812
		Total	No. of persons	20,246	19,544	19,712	19,342	19,199
	Non-regular	Korea	No. of persons	41	68	149	220	549
		China	No. of persons	-	37	28	21	21
		Europe	No. of persons	33	38	4	2	7
		Americas	No. of persons	5	9	4	5	5
Middle East & Asia Pacific	No. of persons	21	24	3	3	6		
	Total	No. of persons	100	176	188	251	588	
Percentage of non-regular employees	%	0.5	0.9	0.9	1.3	3.0		

Item	Unit	2018	2019	2020	2021	2022		
By region	Korea	No. of persons	6,987	6,761	6,503	6,744	6,781	
	China	No. of persons	7,130	6,857	6,620	6,385	6,388	
	Europe	No. of persons	3,709	3,658	3,549	3,464	3,511	
	Americas	No. of persons	1,292	1,302	1,277	1,235	1,243	
	Middle East & Asia Pacific	No. of persons	1,998	2,006	1,951	1,765	1,864	
	Total	No. of persons	21,116	20,584	19,900	19,593	19,787	
By age group	Under 30	%	26.7	23.4	20.1	18.2	18.2	
	30~50	%	65.3	67.6	69.5	70.1	69.1	
	Over 50	%	8.0	9.0	10.4	11.7	12.8	
By gender	Male	%	91.0	90.6	90.3	89.9	89.6	
	Female	%	9.0	9.4	9.7	10.1	10.4	
Workers that are not direct employees (suppliers) (workers not employed by Hankook Tire)	Subcontractors for plants in Korea	No. of persons	1,468	1,449	1,420	1,413	1,401	
Parental leave <sup>1)</sup> (Korea)	Employees who applied for parental leave (to return to work)	No. of persons	47	57	96	90	128	
	Employees who returned to work	No. of persons	42	55	89	85	120	
	Rate of return	%	89	96	93	94	94	
	Employees eligible for parental leave by gender	Male	No. of persons	2,329	2,229	2,129	2,015	1,881
		Female	No. of persons	80	92	97	101	99
	Employees who took parental leave, by gender	Male	No. of persons	25	38	69	95	145
		Female	No. of persons	21	19	27	30	24
	Employees who returned to work after parental leave, by gender	Male	No. of persons	23	37	66	66	109
		Female	No. of persons	18	18	23	19	19
	Employees who returned and worked 12 months after parental leave	Male	No. of persons	16	24	38	65	61
Female		No. of persons	12	17	20	22	18	
Parental leave (overseas)	Employees who applied for parental leave (to return to work)	No. of persons	32	34	43	32	33	
	Employees who returned to work	No. of persons	8	6	27	27	33	
	Rate of return	%	25.0	17.6	62.8	84.4	100.0	
Female employees	Proportion of females	%	9.0	9.4	9.7	10.1	10.4	
	Proportion of female leaders	%	5.2	5.3	4.9	5.3	5.2	
	Proportion of female managers (in positions of senior manager or higher) <sup>2)</sup>	%	14.4	15.2	15.9	16.6	17.0	
	Proportion of female managers (in positions of assistant manager or higher)	%	14.9	15.7	15.5	16.2	16.6	
	Female executives <sup>3)</sup>	No. of persons	1	1	2	2	2	



## Social Performance

### Employee data

Item	Unit	2018	2019	2020	2021	2022	
Diversity	Employees with disabilities (domestic) <sup>4)</sup>	No. of persons	129	139	139	141	163
New hires by gender	Male	No. of persons	1,611	1,153	779	1,158	1,550
	Female	No. of persons	366	362	211	312	409
Proportion of new hires by gender	Male	%	81.5	76.1	78.7	79.0	79.1
	Female	%	18.5	23.9	21.3	21.0	20.9
New hires by age group	Under 30	No. of persons	1,183	829	537	826	1,196
	30~50	No. of persons	712	621	401	558	662
	Over 50	No. of persons	82	65	52	86	101
Proportion of new hires by age group	Under 30	%	59.8	54.7	54.2	56.0	61.0
	30~50	%	36.0	41.0	40.5	38.0	33.8
	Over 50	%	4.1	4.3	5.3	6.0	5.2
New hires by region	Korea	No. of persons	192	115	172	361	718
	China	No. of persons	490	302	191	274	255
	Europe	No. of persons	756	602	322	409	503
	Americas	No. of persons	461	365	263	364	318
	Middle East & Asia Pacific	No. of persons	78	131	42	62	165
Proportion of new hires by region	Korea	%	9.7	7.6	17.4	24.6	36.8
	China	%	24.8	19.9	19.3	18.6	13.1
	Europe	%	38.2	39.7	32.5	27.8	25.8
	Americas	%	23.3	24.1	26.6	24.8	16.3
	Middle East & Asia Pacific	%	3.9	8.6	4.2	4.2	8.5
Overseas recruitment	Total employees overseas	No. of persons	13,614	13,218	13,397	13,070	13,006
	Expatriates	No. of persons	261	246	226	221	209
	Locally hired employees	No. of persons	13,353	12,972	13,171	12,849	12,797
	Proportion of locally hired employees	%	98.1	98.1	98.3	98.3	98.4
	Locally hired managers	No. of persons	919	1,007	993	1,021	1,076
	Proportion of locally hired managers	%	77.9	80.4	81.5	82.2	83.7
	Turnover rate	%	13.9	14.8	10.7	13.5	13.7
Turnover by gender	Male	No. of persons	2,408	2,472	1,792	2,218	2,209
	Female	No. of persons	418	446	340	429	507
Turnover rate by gender	Male	%	85.2	84.7	84.0	84.0	81.0
	Female	%	14.8	15.3	16.0	16.0	19.0

Item	Unit	2018	2019	2020	2021	2022		
Turnover <sup>7)</sup>	Turnover by age group	Under 30	No. of persons	1,453	1,648	1,077	1,263	1,188
		30~50	No. of persons	1,149	1,062	874	1,127	1,269
		Over 50	No. of persons	224	208	181	257	259
Turnover rate by age group	Turnover rate by age group	Under 30	%	51.4	56.5	51.0	48.0	44.0
		30~50	%	40.7	36.4	41.0	43.0	47.0
		Over 50	%	7.9	7.1	8.0	10.0	10.0
Turnover by job category	Turnover by job category	Office workers	No. of persons	640	651	478	681	685
		Operators	No. of persons	2,186	2,267	1,654	1,966	2,031
Voluntary turnover rate <sup>8)</sup>	%	11.2	10.4	7.3	10.7	11.0		
Proportion of internal hiring	%	87.3	92.1	94.2	83.7	72.9		
Average service years (Korea)	No. of years	14.9	15.6	16.2	16.4	16.1		
Performance and compensation (Korea)	Proportion of employees who received regular performance assessments	%	99.0	97.9	99.3	99.4	99.5	
Grievance handling (Korea)	Grievances handled	No. of cases	29	29	19	8	4	
Labor union (Korea)	Employees eligible for membership	No. of persons	4,527	4,473	4,352	4,309	4,430	
		Total	No. of persons	4,387	4,301	4,111	4,206	4,217
Health and safety	Proportion of unionized employees	%	96.9	96.2	94.5	97.6	95.0	
		LTIFR (employees) <sup>9)</sup>	%	4.3	4.9	5.4	8.0	8.8
		LTIFR (suppliers) <sup>10)</sup>	%	3.2	4.0	3.7	5.5	9.3
OIFR (employees) <sup>11)</sup>	%	1.63	2.59	3.11	5.68	5.62		

- 1) The data was restated due to a change in criteria.
- 2) Restatements were made due to a data error between 2018-2020.
- 3) Includes a female independent director (appointed in March 2021 and has been reflected in data since 2020)
- 4) This is based on the number of employees with disabilities as specified in the calculations made for the inclusive employment levy, and the employment rate was 3.1% in 2022. The data between 2018 and 2021 were restated due to errors in data production.
- 5) The data for 2020 and 2021 were restated due to a change in criteria.
- 6) The data for 2020~2022 were restated due to a change in criteria.
- 7) The proportion of voluntary resignation and internal recruiting has been disclosed since 2021.
- 8) Data were restated as the criteria changed based on global operations.
- 9) LTIFR (Lost-Time Injuries Frequency Rate): This was calculated based on global plant employees only until 2021, and has been calculated by combining all domestic employees with overseas plant employees since 2022.
- 10) Based on the Daejeon and Geumsan Plants
- 11) OIFR (Occupational Illness Frequency Rate): This was calculated based on global plant employees only until 2021, and has been calculated by combining all domestic employees with overseas plant employees since 2022.
- 12) Employee breakdown by nationality: Korean 35.3%, Chinese 32.0%, Hungarian 14.6%, Indonesian 8.5%, American 5.6% / Breakdown of employees in management positions by nationality: Korean 60.0%, Chinese 22.5%, Hungarian 6.3%, American 6.0%, Indonesian 5.3%
- 13) HC ROI(Human Capital Return on Investment) : 1.53 in 2019, 1.20 in 2020, 1.57 in 2021, 1.59 in 2022

## Social Performance

### Ratio of men's wages to women's by job position<sup>1)</sup>

Item	Unit	2020	2021	2022	
Executives (based on total salary)	Ratio of female wages to male wages (female/male)	%	0.94	0.97	0.95
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.99	1.01	1.01
Executives (based on total salary + incentives)	Ratio of female wages to male wages (female/male)	%	0.79	0.93	0.85
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.98	0.99	1.00
Managerial positions (based on total salary)	Ratio of female wages to male wages (female/male)	%	0.79	0.80	0.79
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.93	0.98	0.98
Managerial positions (based on total salary + incentives)	Ratio of female wages to male wages (female/male)	%	0.80	0.80	0.80
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.95	0.99	0.97
Non-managerial positions	Ratio of female wages to male wages (female/male)	%	0.88	0.91	0.91
	Wage ratio of female to male employees holding identical job positions (female/male)	%	0.86	0.93	0.94

1) The data have been collected since 2020. Entry level salaries are identical regardless of the gender of the employee, and salary levels are adjusted on the basis of assessments and service years. The data for 2020 and 2021 were restated due to a change in criteria.

### Employee training

Item	Unit	2018	2019	2020	2021	2022	
Training hours per person	Office workers	No. of hours	64.1	83.4	24.7	65.4	60.1
	Operators	No. of hours	48.7	12.4	17.6	27.1	23.5
Training expenses per person	KRW 1,000	154	154	107	171	106	
Sexual harassment prevention and human rights training (Korea)	No. of persons	6,688	6,545	6,445	6,347	6,507 <sup>1)</sup>	

1) Completed by 99.97% of employees, not including employees on a leave of absence

### Suppliers

Item	Unit	2018	2019	2020	2021	2022	
Supplier ESG assessment	Korea	No. of companies	115	147	86	213	210
	Overseas	No. of companies	48	26	24	108	203
	Total	No. of companies	163	173	110	321	413
Supplier grievances handled <sup>1)</sup>	No. of cases	-	-	11	19	10	

1) The data have been disclosed since 2020.

### Customers

Item	Unit	2018	2019	2020	2021	2022
Consumer feedback and complaints <sup>1)</sup>	No. of cases	-	-	-	84	78
Customer complaints concerning data privacy	No. of cases	0	11	4	2	5
Recalled products (based on the number of vehicles) <sup>2)</sup>	No. of vehicles	905	287	107	68	67.5
Recall expenses against sales	%	0.158	0.002	0.001	0.006	0.004
Tires subject to non-voluntary recalls	No. of companies	0	0	0	0	0

1) The data have been disclosed since 2021.

2) The 2021 and 2020 data were simply calculated in terms of the number of vehicles as the data were collected based on tires. The exact quantities are 272 and 270 tires, respectively.

### Ethical management

Item	Unit	2018	2019	2020	2021	2022
External investigation <sup>1)</sup>	No. of cases	0	0	1	1	1
Non-compliance with fair trade principles	No. of cases	0	1	0	0	1

1) As to one case of external investigation in 2022, the investigation began in 2021 and continued into 2022, meaning it is actually the same case from 2021.



## Social Performance

### Corporate Philanthropy

Item	Unit	2018	2019	2020	2021	2022	
Corporate philanthropic expenses	Cash donations <sup>1)</sup>	KRW million	5,140	4,269	3,496	3,396	3,730
	In-kind donations	KRW million	454	588	573	4,033 <sup>2)</sup>	673
	Total	KRW million	5,594	4,857	4,069	7,429	4,403
	Ratio against consolidated sales	%	0.07	0.06	0.06	0.09	0.05
Total volunteer hours	No. of hours	20,403	20,993	4,995	7,642	9,133	
Total volunteer hours converted into monetary value	KRW 1,000	645,933	601,902	96,789	213,749	311,298	
Volunteering (Korea, Hungary, Indonesia)	Cumulative annual number of employee volunteers	No. of persons	5,993	4,507	526	2,627	1,704
	Non-cumulative number of employee volunteers	No. of persons	2,519	2,000	425	1,685	644
	Total volunteer activities	No. of cases	478	352	81	98	189
	Volunteer hours per person	No. of hours	1.8	2.1	0.5	0.4	0.6
Corporate philanthropic management expenses <sup>3)</sup>	KRW 1,000	465,014	614,384	422,688	463,313	487,751	

1) Main beneficiaries: Korean Association for Safe Communities, Federation of Volunteers in Daejeon, Hope Bridge Korea Disaster Relief Association

2) Includes the KRW 3,471 million in contributed acceptance for our employee apartment building in Geumsan

3) Payments to local corporate philanthropic staff members and others

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

Item	Unit	2018	2019	2020	2021	2022	
Political donations	KRW million	0	0	0	0	0	
Trade associations, chambers of commerce and industry, etc. <sup>1)</sup>	KRW million	1,286	1,464	1,494	1,490	1,766	
Total membership fees paid to organizations/associations influential to policy outcomes		KRW million	1,286	1,464	1,494	1,490	1,766

1) Ranking by membership fees paid

1. USTMA (U.S. Tire Manufacturers Association): KRW 355 million

2. ETRMA (European Tyre and Rubber Manufacturers' Association): KRW 347 million

3. TIP (Tire Industry Project): KRW 315 million

4. KOTMA (Korea Tire Manufacturers Association): KRW 242 million

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

2) KBCSD(Korea Business Council for Sustainable Development) fees paid: KRW 20 million

### Government grants received

Project	Task	Supervising Team	Total Development Period	Government Grants (unit: KRW)	
				Total Grants Received during the Development Period	2022 Budget Input
Reducing particulate matters generated from non-exhaust sources in the transport sector (task 1)	Develop high performance tires for commercial vehicles to reduce PM levels	Advanced Material Technology Project	Apr. 2019 ~ Dec. 2023	125,000,000	25,000,000
Reducing particulate matters generated from non-exhaust sources in the transport sector (task 4)	Develop and demonstrate measurement/evaluation systems to reduce PM generated from non-exhaust sources	Chemical safety and Legal regulation Project	Apr. 2019 ~ Dec. 2023	125,000,000	25,000,000
Supporting the demonstration of manufacturing innovation enabled by 3-dimensional printing	Create the groundwork to innovate 3D printing technology convergence tire molding manufacturing technology and enable mass production	Material New Biz & Digital Project	Jun. 2021 ~ Dec. 2023	203,000,000	56,000,000

# GRI Index

## General Disclosure

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		Employee breakdown by region and by type of employment contract	p. 66	
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Disclosure	no.	Reporting Requirement	Page	Note
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## Material Topics

Ranking	Material Issue	Disclosure	no.	Reporting Requirement	Category	Page	Note
1	<b>Eco-friendly product development and the circular economy</b> Discovering eco-friendly materials and developing their application technology, reducing environmental impact in the product use/disposal phases	Materials	301-1	Materials used by weight or volume		p. 18, 62	
			301-2	Recycled input materials used		p. 18	
			301-3	Reclaimed products and their packaging materials		p. 18, 43	
		Discharge	306-1	Waste generation and significant waste-related impacts		p. 41, 64	
			306-2	Processes used to treat waste and manage its impacts		p. 41	
2	<b>Response to climate change</b> Ensuring low-carbon management, climate change risk management, and GHG emissions reduction	Economic performance	201-2	Financial implications and other risks and opportunities due to climate change		p. 74~76	
		Energy	302-1	Energy consumption within the organization		p. 64	
			302-2	Energy consumption outside the organization		NA	
			302-3	Energy intensity		p. 64	
		Discharge	305-1	Direct (Scope 1) GHG emissions		p. 65	
			305-2	Indirect Energy (Scope 2) GHG emissions	Location-based data	889,188 tCO <sub>2</sub> -eq	
					Market-based data	p. 65	
			305-3	Other indirect (Scope 3) GHG emissions		p. 76	
			305-4	GHG emissions intensity		p. 65	
		305-5	Reduction of GHG emissions		p. 65		
3	<b>R&amp;D and technology innovation</b> Investing in R&D, developing sustainable mobility innovation technology, and building a culture of open innovation			No disclosure requirements corresponding to the GRI requirements		p. 18, 45~46, 54 business report p. 43~52	Business report

Ranking	Material Issue	Disclosure	no.	Reporting Requirement	Category	Page	Note
4	<b>Safety incident and health management</b> Ensuring workplace safety management system, workplace safety review, and employee health management	Occupational health and safety	403-1	Occupational health and safety management system		p. 56~58	
			403-2	Hazard identification, risk assessment, and incident investigation		p. 32, 56~58	
			403-3	Occupational health services		p. 56~58	
			403-4	Worker participation, consultation, and communication on occupational health and safety		p. 56	
			403-5	Worker training on occupational health and safety		p. 50, 57~58	
			403-6	Promotion of worker health		p. 58	
			403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		p. 58	
			403-8	Workers covered by an occupational health and safety management system		p. 56~58	
			403-9	Work-related injuries (injury rate)		p. 67	
			403-10	Work-related ill health (work-related illnesses)		p. 67	
5	<b>Supplier ESG management</b> Managing supplier ESG risks concerning human rights, labor, ethical management, health & safety, environment, and climate change, and selecting sustainable supply chains	Business activities and employees	2-6	Activities, value chain and other business relationships		p. 15, 18, 48	
			308-1	New suppliers that were screened using environmental criteria		p. 49, 68	
		Supply chain environmental assessment	308-2	Negative environmental impacts and actions in the supply chain		p. 48	
			408-1	Operations and suppliers at significant risk for incidents of child labor		Supplier Sustainability Guidance	
		Compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		Supplier Sustainability Guidance	
		Supplier social impact assessment	414-1	New suppliers that were screened using social criteria		p. 49, 68	
414-2	Negative social impacts in the supply chain and actions taken			p. 48			

## Material Topics

Ranking	Material Issue	Disclosure	no.	Reporting Requirement	Category	Page	Note
6	<b>Reducing resource consumption and losses in manufacturing</b> Facilitating the efficient use of energy, raw materials, water and other resources	Energy	302-1	Energy consumption within the organization		p. 64	
			302-2	Energy consumption outside the organization		NA	
			302-3	Energy intensity		p. 64	
			302-4	Reduction of energy consumption		p. 40, 65	
			302-5	Reduction in energy requirements of products and services		p. 40, 43	
		Water resources	303-1	Interaction with water as a shared resource		p. 63	
			303-2	Management of water discharge-related impacts		p. 41, 64	
			303-3	Water withdrawal		p. 63	
			303-4	Water discharge		p. 63	
			303-5	Water consumption		7,887,443m <sup>3</sup>	
7	<b>Reducing waste and managing environmental pollutants in manufacturing</b> Reducing waste and facilitating recycling, reinforcing the management of environmental pollutants	Emissions	305-6	Emissions of ozone-depleting substances		0 tons of CFC-11	
			305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		p. 41	
			306-3	Waste generated (total weight of waste generated, a breakdown of this total by composition, and data)		p. 64	
			306-4	Waste diverted from disposal (total weight of waste recycled)		p. 64	
			306-5	Total weight of waste directed to disposal by disposal operations (incineration with energy recovery, incineration without energy recovery, landfilling, etc.)		p. 64	
8	<b>Sustainable raw materials and sourcing</b> Managing risks associated with the use of critical materials, expanding the proportion of sustainable raw materials, etc.	Business activities and employees	2-6	Activities, value chain and other business relationships		p. 15, 18, 48	
		Purchasing process	204-1	Proportion of spending on local suppliers		p. 48	
		Supply chain environmental assessment	308-1	New suppliers that were screened using environmental criteria		p. 49, 68	
9	<b>Bolster ESG execution and communication</b> Bolstering execution in line with our mid/long-term ESG strategy as well as stakeholder communication	Strategy, policies and practices	2-22	Statement on sustainable development strategy		p. 14	
			2-23	Policy commitments		p. 50	
			2-24	Embedding policy commitments		p. 50~51	
			2-26	Mechanisms for seeking advice and raising concerns		p. 28~30, 51	
		Stakeholder engagement	2-29	Approach to stakeholder engagement		p. 34	

Ranking	Material Issue	Disclosure	no.	Reporting Requirement	Category	Page	Note
10	<b>Fair evaluation and compensation, and support for employee growth</b> Implementing fair, performance-based assessments and providing adequate compensation, supporting employees' capacity-building and growth	Training and education	404-1	Average hours of training per year per employee (by gender, by employee category)		p. 68	
			404-2	Programs for upgrading employee skills and transition assistance programs (job training and lifelong training programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment)		p. 53~54	
			404-3	Percentage of employees receiving regular performance and career development reviews (by gender, employee category)		p. 67	

## Other

Category	no.	Disclosure Requirement	Page	Note
Economic performance	201-1	Direct economic value, generated and distributed	P. 18, 27, 62, 69	Tax policy
Taxes	207-1	Approach to taxes	-	Tax policy
	401-1	Number and rate of new employee hires and employee turnover	p. 67	
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P. 54, 58, 66	
	401-3	Return to work and retention rates of employees that took parental leave, by gender	p. 66	
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	p. 24, 66, 67	
	405-2	Ratio of basic salary and remuneration of women to men	P. 68	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	p. 51, 67	
Freedom of association & collective bargaining	407-1	Operations and supplies in which the right to freedom of association and collective bargaining may be at risk	p. 67	There was no risk of serious violations of freedom of association or collective bargaining during the reporting period.
Local community	413-1	Operations with local community engagement, impact assessments, and development programs	p. 8, 59~60	
Customer health & safety	416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	100%	
	416-2	Incidents of non-compliance with regulations concerning the health and safety impacts of products and services		No such cases of non-compliance occurred
Customer data privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No complaints on this


※ Fines and non-monetary sanctions for non-compliance with environmental laws: Such non-compliance did not occur.





# SASB

## Transportation Sector - Auto Parts

Category	Code	Accounting Metric	Page
Energy Management	TR-AP-130a.1	(1) Total energy consumed	p. 64
		(2) Percentage grid electricity	p. 64
		(3) Percentage renewable	p. 64
Waste Management	TR-AP-150a.1	(1) Total amount of waste from manufacturing	p. 64
		(2) Percentage hazardous	p. 64
		(3) Percentage recycled	p. 64
Product Safety	TR-AP-250a.1	(1) Number of recalls issued, total units recalled	p. 68
Design for Fuel Efficiency	TR-AP-410a.1	(1) Revenue from products designed to increase fuel efficiency and/or reduce emissions	12% of total revenue
Materials Sourcing	TR-AP-440a.1	(1) Description of the management of risks associated with the use of critical materials	p. 48~49
Materials Efficiency	TR-AP-440b.1	(1) Percentage of products sold that are recyclable	Specified in our business report 
	TR-AP-440b.2	(2) Percentage of input materials from recycled or remanufactured content	
Competitive Behavior	TR-AP-520a.1	(1) Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulation	Not disclosed

Activity Metrics	Content	
Activity Metrics	Number of parts produced	
	Weights of parts produced	Confidential and not disclosed
	Area of manufacturing plants	

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

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

Governance

The Board's oversight of climate-related risks and opportunities

Hankook Tire & Technology has established the ESG Committee under the Board of Directors to manage and oversee our response to climate change from the highest decision-making body in 2021. With sustainability as our core value, we discuss our ESG management strategy and mid/long-term business plans, and climate-related agendas are reported at least once a year to present the progress and investment reviews made on such key tasks as the carbon neutral roadmap and company-wide GHG emissions reductions. In 2021, our 'carbon neutral roadmap' was approved. Then in 2022, we reported on our purchases of renewable energy and on our energy-saving activities and efforts to join the SBTi to back the objectivity of our GHG emission reduction target.

CDP Mapping — C1.1, C1.1a, C1.1b

Describe management's role in assessing and managing climate-related risks and opportunities

Hankook Tire & Technology's CEO chairs the ESG Strategy Committee which establishes company-wide directions for climate change adaptation and makes critical investment decisions. The CAO (Chief Administrative Office) is responsible for heading and overseeing our climate change strategy and implementing relevant tasks. To ensure climate change adaptation throughout the entire value chain, Chairs (responsible executives) of the three committees of the Climate Change Committee, the Product Environment Committee, and the Supplier Committee identify key tasks and execute relevant investments to implement such tasks to bolster management's accountability.

The ESG Team, as a dedicated organization responding to ESG, manages overall climate change adaptation, including our carbon neutral roadmap and SBTi implementation, as well as TCFD disclosures, and regularly reports relevant issues to responsible executives and the CAO while directly escalating key issues to the Board of Directors. The ESG Strategy Committee, attended by the CEO and C-suite members, meets once a year and the ESG Steering Committees convene three times a year to review quarterly pending issues and identify necessary improvements.

CDP Mapping — C1.2, C1.2a

Strategy

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

Climate-related Risks									
Category	Duration			Key Risk	Potential Risk	Potential Financial Impact	Response and Plan	CDP Mapping	
	Short-term	Mid-term	Long-term						
Transition risk	Policy and legal risk (current)	✓	✓	✓	Policies related to GHG emissions reduction regulations - GHG emissions trading systems - Country-specific NDCs and net zero framework acts	- Increases in GHG emissions reduction rates and allowance auctioning	- Increasing direct/indirect costs (implementation, allowance purchase, regulatory response)	- Develop the carbon neutral roadmap and strategies - Monitor institutional changes and requirements concerning laws, market information, and issues - Implement energy and GHG emissions reduction activities by worksite - Tighten allowances management including allowance trading strategy and allowance cancellation	
					Legislation of climate disclosures	- Tightening stakeholder monitoring and emerging green washing issues	- Increasing indirect costs (regulatory response) - Decreasing profits (failure to meet stakeholder needs)	- Create a Scope 3 inventory and establish a data management system - Analyze climate-related risks and tighten response to the TCFD	
	Policy and legal risk (emerging)		✓	✓	Legislation for supply chain due diligence	- Supply chain management risks and securing of sustainable suppliers	- Increasing direct/indirect costs(on-site due diligence, regulatory response)	- Provide sustainability guidance to suppliers and establish a supplier due diligence system	
					CBAM (Carbon Border Adjustment Mechanism)	- Limitation on imports of carbon-intensive products	- Increasing direct costs (tariff, etc.), decreasing profits	- Conduct R&D on low-carbon products and raw materials and achieve certification - Implement GHG emissions reduction activities in the manufacturing phase	
	Technology risk			✓	Transition to low-carbon technology/raw materials Development of resource circularity technology (recycling, etc.)	- Risk of failure for investing in low-carbon technology/business - Increasing R&D investment expenses to secure low-carbon technology/raw materials - Leading companies as a first mover in the market and acquiring core technology - Risk of declining competitiveness in costs and prices	- Increasing direct/indirect costs and capital expenses (investment and transition expenses)	- Secure low-carbon raw material technology (preemptively discover sustainable raw materials) - Conduct R&D on eco-friendly products that are lightweight with improved rolling resistance and analyze their suitability for commercialization - Review resource circulation technology (tire pyrolysis, recycling, etc.)	
		✓	✓	✓	Increasing customer demand for carbon emission reductions and increased eco-friendly production	- Increasing expenses to purchase renewable energy - Growing demand to manage the carbon footprint of products and opt for low-carbon raw materials - Failure to obtain contracts with customers	- Increasing direct/indirect costs (REC and renewable energy purchase, rising raw material prices)	- Establish a renewable energy use strategy and review long-term contracts (PPA, etc.) - Pursue product LCAs - Secure low-carbon raw materials and achieve certification (ISCC PLUS, etc.) - Purchase renewable energy certificates, including green premiums and RECs	C2.2, C2.2a, C2.3a
	Market risk	✓	✓	✓	Increasing fluctuations in fossil fuel prices	- Increasing energy expenses (electricity/LNG, etc.)	- Increasing direct costs (energy purchase)	- Review energy transition investments (PV installation, etc.)	
			✓	✓	Prevalent disapproval for the use of petroleum-based raw materials	- Growing demand for use of eco-friendly(bio-based)/low-carbon raw materials	- Increasing direct costs (raw material costs), decreasing profits when customer needs go unmet	- Conduct R&D on bio-based raw materials (silica extracted from rice husks, raw materials extracted from dandelions, etc.)	
			✓	✓	Changing trends in eco-friendly consumption Discontinuation of internal combustion engine vehicle sales (transition to EVs)	- Declining demand for products due to changing consumption patterns i.e.: the expanding car sharing market and shift to micro mobility - Declining demand for existing products due to the discontinuation of internal combustion engine vehicles	- Decreasing profits (decline in product demand/sales)	- Continue efforts for new business investments/discovery and business diversification - Develop and produce EV-exclusive tires	
		✓	✓	✓	Fulfilling the net zero commitment	- Declining external credibility due to substandard deliveries	- Declining corporate value	- Lay the basis for sustained implementation (ESG operation/internalization/management system)	
Physical risk	Reputational risk	✓	✓	✓	Expanding ESG assessments and increasing demand to respond to ESG assessments	- Lower scores/grades in external ESG assessments - Declining corporate investment value/share prices/credibility	- Declining corporate value and investments	- Identify and implement improvement tasks based on ESG assessment results - Proactively respond to the CDP and other global initiatives	
	Acute	✓	✓		Increasing frequency of abnormal and extreme weather conditions including typhoons, torrential downpour, heavy snowfall and hurricanes	- Damage to production/infrastructure due to cold waves/typhoons affecting the areas where we operate		- Engage in regular worksite maintenance (leak prevention and waterproof work)	
	Chronic			✓	Change in climate/ecosystem due to rising average temperatures	- Disruption to raw material supply and rising prices due to abnormal weather conditions affecting the areas supplying imported raw/subsidiary materials (natural rubber and others) - Increasing frequency of physical risks and direct damage to operational sites correlated to rising sea levels	- Increasing direct/indirect costs (factory maintenance, damage recovery, rising production costs, etc.)	- Strengthen safety training for emergency preparedness - Support the activities of the GPSNR	



## Strategy

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

#### Climate-related Opportunities

Category	Duration			Key Opportunity	Potential Opportunity	Potential Financial Impact	Response and Plan	CDP Mapping	
	Short-term	Mid-term	Long-term						
Opportunity	Energy source	✓	✓	✓	Participation in carbon markets Use of low-carbon energy	- Creation of profit through the sales of excess allowances - Profit-making opportunity through external reduction business development - Decreasing energy costs through the efficient use of process energy - Participating in renewable energy programs and using governmental subsidies	Increasing profit from allowances trading Decreasing direct/indirect costs (operational expenses)	- Develop the Carbon Neutral roadmap and GHG emissions reduction strategies - Manage allowances and engage in strategic trading - Build reduction track records through energy efficiency improvements and energy transition - Review external reduction business development	
	Resource efficiency		✓	✓	Efficient use of resources and recycling/ reuse	- Developing resource circulation technology (pyrolysis, end-of-life tire recovery, etc.) - Improving raw material efficiency	Decreasing direct/indirect costs (raw material purchase, waste treatment expenses, etc.)	- Review investments in tire pyrolysis equipment and endeavor to reduce waste - Participate in technology research through the TIP (Tire Industry Project) - Improve process efficiency and yields	
	Markets, products, and services		✓	✓	Rising demand for low-carbon products and services Creation of an eco-friendly business	- Facilitating the EV product market through EV transition - Gaining comparative advantages by reducing products’ carbon footprint - Discovering new businesses through business diversification	Increasing profits from the rising demand for eco-friendly/low-carbon products and services	- Develop and produce EV-exclusive tires and launch brands - Develop and apply eco-friendly product technology (lightweight, improved rolling resistance) - Manage the carbon footprint of products through LCAs - Continue with efforts for new business investments/discoveries and business diversification	C2.4, C2.4a
	Resiliency		✓	✓	Securing and diversifying alternative resources	- Developing eco-friendly raw materials and securing technology	Increasing return on investment through securing new technology	- Conduct R&D on bio-based raw materials (silica extracted from rice husks and materials extracted from dandelions) - Secure low-carbon raw material technology (preemptively discover sustainable raw materials)	

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

We assessed Hankook Tire & Technology’s transition risks and physical risks caused by climate change with reference to the IAE’s SDS and RCP8.5.

**CDP Mapping** — C3.2a, 3.2b, C3.3, C3.4

### IEA SDS (Sustainable Development Scenario)

The Sustainable Development Scenario (SDS) proposed by the IEA adheres to the “Well below 2°C” pathway that represents a gateway to the outcomes targeted by the Paris Agreement. This scenario presumes that net zero emissions will be achieved by advanced economies by 2050, by China by 2060, and by 2070 for other world economies. This scenario is consistent with limiting the global temperature rise to 1.65°C with a 50% probability. The SDS sets parameters such as country-specific economic growth rates, changes in the energy mix, fossil fuel prices, and future carbon prices for each scenario and provides policy assumptions and costs for each core technology to achieve the set scenarios. We focused on examining prospects and policy advice for the energy mix, carbon pricing and transport that are most closely associated with our business. The analysis results were integrated into the implementation strategy, vision, and reduction target of our Carbon Neutral roadmap. These results revealed that the most direct impact stems from GHG emissions reduction regulations (e.g. Emissions Trading System). By 2030 and beyond, carbon prices are forecast to be USD 160 per ton in advanced economies and USD 95 in developing nations. If Hankook Tire & Technology continues our business as usual with our same level of GHG emissions, our expenses will be more than triple or quadruple our current costs. This urged us to prioritize worksites subject to the emissions trading system (Korea, Hungary) in developing and implementing plans to opt for renewable energy while reducing energy consumption and GHG emissions. We regularly update our Carbon Neutral roadmap, and its implementation performance is managed through the ESG Strategy Committee and the Climate Change Committee.

**CDP Mapping** — C3.2a, 3.2b, C3.3, C3.4

### RCP (Representative Concentration Pathways) 8.5

The Representative Concentration Pathway (RCP) 8.5 was proposed in the IPCC’s 5th Assessment Report under the assumption that GHG emissions will continue at the current level: this scenario predicts that human activity will cause CO<sub>2</sub> concentrations to reach 940ppm by the end of the 21st century (2070 - 2099), with the average global temperature rising by 4.8°C and precipitation by 6.0%. If the RCP 8.5 is realized in Korea, Korea’s average temperature will increase by 6.0°C and precipitation by 20.4%, indicating Asia’s relative vulnerability to climate change compared to the rest of the world. Presently, we operate eight plants, five of which are located in Asia. Extreme weather conditions (torrential downpours, typhoons, heat waves) may damage our production and infrastructure facilities and cause disruptions to the raw material supply. In particular, natural rubber presents the largest potential risk as it is mostly imported from Southeast Asia and assumes the highest share of the total tire raw material purchase value. As such, we set our mid/long-term goal for the sustainable use of raw materials and reflected this goal in our Carbon Neutral roadmap. We engage in R&D to develop alternative raw materials along with our activities as a member of the GPSNR (Global Platform for Sustainable Natural Rubber), and key tasks are managed through the Product Environment Committee. We also examine leaks and conduct repairs regularly each year and strengthen safety training to build emergency preparedness to brace for any damage that may occur due to torrential downpours or other abnormal weather events.

※ For further details on Hankook Tire & Technology’s Carbon Neutral roadmap, refer to p.4 of the ESG Report 2021/22

**CDP Mapping** — C3.2a, 3.2b, C3.3, C3.4

## Risk Management

### Describe the organization's processes for identifying and assessing climate-related risks

We periodically identify and assess climate change issues and risks in order to respond to climate change risks. The ESG team identifies climate-related risks and opportunities, including climate change risks and internal/external issues, stakeholder requirements, and emerging issues. The identified risks are prioritized through reviewing their possible impact, urgency, and likelihood. Key risks and opportunities are then escalated to top management and the ESG Strategy Committee and reflected in key ESG tasks and the budget. Additional identified risks concerning institutional changes in Korea and abroad and internal/external worksite issues are also regularly reported to responsible executives and to the CAO as deemed necessary.

In 2023, the ESG Strategy Committee analyzed the latest trends and their impact on the Company regarding the financial impact estimated from the revision of the Emission Trading Systems, climate-related disclosure systems, supply chain management issues, and renewable energy transition policies while reporting them to the CEO and senior management to discuss our response approaches.

CDP Mapping — C2.1, C2.2

### Describe the organization's processes for managing climate-related risks

As climate-related risks occur across the whole of the value chain, they are managed by three out of the eight ESG Steering Committees (Climate Change, Supplier, and Product Environment). The Climate Change Committee develops and implements key initiatives in the manufacturing phase which corresponds to Scope 1 and 2 emissions, and the Supplier Committee and the Product Environment Committee do the same for risks for supply chains, raw material acquisition, product development, and lifecycle assessments, which fall into the Scope 3 emissions category. Initiatives from all Steering Committees are proposed and presented as agendas to the ESG Strategy Committee, and their progress is monitored through ESG Steering Committees at least three times a year. The ESG Team manages the operation of the ESG Strategy Committee and all the Steering Committees, and shares the risks additionally identified year-round and ensures they are also integrated into our ESG tasks.

CDP Mapping — C2.1, C2.2

### Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

To ensure company-wide risk management, we compile the types of possible risks at relevant departments and their specifics, the responsible personnel, deadlines, and assessment methods on an annual basis. The ESG Team shares key issues out of the identified climate-related risks so that they are reflected in our company-wide management system, and shared risks anticipated in relation to the emissions trading system in 2022. Our CEO and CAO identify emerging issues and potential risks each year through the ESG Strategy Committee, and executives responsible for equipment, research, procurement, finance, and other relevant functions identify and implement key risks as the Chair of the respective ESG Steering Committee for risk management.

CDP Mapping — C2.1, C2.2, C3.3, C3.4

## Metrics & Targets

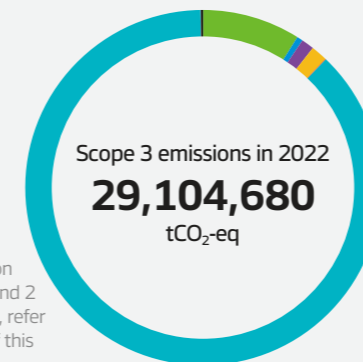
### Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

We manage both total volumes and intensity as assessment metrics based on Scope 1, 2, and 3 emissions (tCO<sub>2</sub>-eq), global production volumes (ton), and energy consumption.

CDP Mapping — C8.2, C8.2a, C8.2b, C8.2c, C8.2d, C8.2g, C11.3a

### Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas(GHG) emissions and the related risks

We manage and disclose our Scope 1 and 2 emissions data each year, and extended the scope of Scope 3 emissions management in consideration of their significance and our reduction capacity. Our Scope 1 and 2 emissions are generally declining, and we are making ongoing intensity-based improvements. Scope 3 emissions are managed within nine chosen categories, and relevant data is fully disclosed through the Carbon Disclosure Project (CDP). As to Scope 3 emissions calculation methods, we referred to GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard.



※ For data on Scope 1 and 2 emissions, refer to p.40 of this report.

Category	Emissions (unit: tCO <sub>2</sub> -eq)	Percentage (unit: %)
Purchased goods and services	2,594,189	8.91
Capital goods	156,972	0.54
Fuel- and energy-related activities not included in Scope 1 or Scope 2	335,798	1.15
Upstream transportation and distribution	432,253	1.49
Waste generated in operations	10,136	0.03
Downstream transportation and distribution	7,476	0.03
Use of sold products	25,501,726	87.62
End-of-life treatment of sold products	14,092	0.05
Investments	52,038	0.18

CDP Mapping — C6.1, C6.2, C6.3, C6.5, C7.1, C7.2, C7.3, C7.3a, C7.5, C7.6, C7.6a

### Describe the targets used by the organization to manage climate-related risks and opportunities and their performance against targets

In line with the SBTi, we aim to reduce our Scope 1 and 2 emissions from our operations by 46.2% by 2030 and scope 3 emissions generated from the value chain by 27.5% by 2030 from the 2019 base year to eventually achieve net zero emissions by 2050. To mitigate our Scope 1 and 2 emissions, we pursue the use of highly efficient equipment, optimize energy, and opt for renewable energy. To reduce our Scope 3 emissions, we opt for eco-friendly materials, provide suppliers with a net zero guide, and embrace eco-friendly product designs on an on-going basis. In 2022, we posted a nearly 8% reduction in Scope 1 and 2 emissions against 2019.

※ For further details on our reduction activities in 2022, refer to p.20 of this report.

CDP Mapping — C4.1, C4.1a, C4.2, C4.2c



# Independent Assurance Statement

## Dear Stakeholders of Hankook Tire & Technology

The Korea Productivity Center (hereinafter “KPC”) engaged with Hankook Tire & Technology Inc. to conduct the independent assurance of the “ESG Report 2022/23” (hereinafter “the Report”) and hereby presents our assurance statement as follows.

### Responsibility and Independence

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

### Verification Criteria

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

### Limitations of Assurance

The assurer verified the reliability of performance data presented in the Report, based on the scope and boundaries stated above. Site inspections encompassed the headquarters (Sungnam-si, Gyeonggi Province) and the R&D Center (Yuseong-gu, Daejeon). Financial data were verified on the basis of audited financial statements, disclosures, and internal business reports of the Company. Environmental and social performances were verified by checking the relevant data and conducting interviews. This assurance statement was issued to the management of Hankook Tire & Technology in accordance with an engagement contract, and the assurer bears no responsibility, neither solely or collectively, to indemnify individuals or organizations that make decisions on the basis of the independent assurance statement.

### Verification Methodologies

The Report was evaluated by the following methodologies:

- Confirmed that it was reporting in accordance with the GRI Standards
- Checked adherence to the principles of GRI Standards, with regard to reporting content and quality
- Conducted media research and benchmarking analysis, along with stakeholder surveys, to assess the appropriateness of the selection and description of key issues addressed in the report
- Compared with other sources to gauge appropriateness of the contents stated in the Report and errors in expressions
- Conducted on-site inspections of the headquarters and the R&D Center, to verify the basis of key data and information, and internal processes and systems

### Verification Conclusion

Hankook Tire & Technology's report is considered to be in accordance with the GRI Standards and follows the four principles set out in the AA1000 AP (2018).

### Inclusivity: Stakeholder Engagement

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

### Materiality: Selection and Report of Key Issues

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

### Responsiveness: Organizational Response to Issues

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

[Website](#)

### Impact: Impact on Society

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

### Review GRI Standards Application Levels

The assurer found that the disclosures in the Report provide a fair and sincere representation of the sustainability management activities and performance of Hankook Tire & Technology. We also found through our assurance engagement that the Report is in accordance with the GRI standards and provides reasonable quality required by Type 2 criteria. The assurer confirmed that there are no errors in the assertion that the contents related to the Universal Standards meet the GRI requirements. The Topic Standards were reviewed, focusing on the disclosures of Material Topics derived from the reporting element identification process.

Universal Standards	
GRI Standard	Disclosure
The organization and its reporting practices	2-1~2-5
Activities and workers	2-6~2-8
Governance	2-9~2-21
Strategy, policies, and practices	2-22~2-28
Stakeholder engagement	2-29~2-30
Material topics disclosures	3-1~3-3

Topic Standards	
GRI Standard	Disclosure
Economic performance	201-2
Procurement practices	204-1
Materials	301-1~301-3
Energy	302-1~302-5
Water and effluents	303-1~303-5
Emissions	305-1~305-7
Waste	306-1~306-5
Supplier environmental assessment	308-1~308-2
Employment	401-1~401-3
Occupational health and safety	403-1~403-10
Training and education	404-1~404-3
Diversity and equal opportunity	405-1~405-2
Non-discrimination	406-1
Freedom of association and collective bargaining	407-1
Child labor	408-1
Forced or compulsory labor	409-1
Supplier social assessment	414-1~414-2
Customer privacy	418-1

### Recommendations

The assurer shares recommendations without affecting the verification result as follows:

- Incorporate the internal verification process of ESG data to the internal monitoring process for the purpose of improving ESG data quality and reliability.
- Disclose the estimated target-indicator, target year, and executive remuneration of the future important issues.














June 2023

 Chairman **Wan Gi AHN**  
 Korea Productivity Center






# Awards

Category	Awards	Details	Host
Sustainability management	<a href="#">Dow Jones Sustainability index</a> 	Listed on the DJSI World for 7 consecutive years, on the DJSI Asia Pacific for 10 consecutive years, and on the DJSI Korea for 12 consecutive years	S&P Global
	<a href="#">Industry awards</a> 	Selected in the Top 10% of the S&P Global Score	
	<a href="#">LACP 2022 Spotlight Awards</a> 	Won the Gold Prize in the Online Report category and named in the Worldwide Top 100.	League of American Communications Professionals (LACP)
Quality & technology	<a href="#">Korean Standards-Quality Excellence Index (KS-QEI)</a> 	Ranked 1st in the automotive tire sector for 14 consecutive years	Korean Standards Association (KSA)
	<a href="#">Korea Brand Power Index (K-BPI)</a> 	Ranked 1st in the passenger tire sector for 20 consecutive years Ranked 1st in the tire shop sector for 14 consecutive years	Korea Management Association Consultants (KMAC)
Brand value	<a href="#">National Brand Competitiveness Index (NBCI)</a> 	Ranked 1st in the tire sector for 14 consecutive years	Korea Productivity Center
	<a href="#">Korea's Most Admired Company Awards</a> 	Ranked 1st in the tire business sector for 13 consecutive years	Korea Management Association Consultants (KMAC)
	<a href="#">iF Design Award</a> 	Awarded in the Automobiles & Vehicles sector in 2022 - Dynapro XT & Dynapro AT2 Xtreme (SUV tires), RS3(Winter i*cept RS3) (winter tire)  Awarded in the Automobiles & Vehicles sector in 2023 - iON evo (summer EV tire)  Awarded in the Concept Design sector in 2023 - Urban Reshaping Concept, Urban Reshaping Mobility Concept, and Wheelbot Concept proposed from the innovation projects of Design Innovation Studio	International Forum Design
Design	<a href="#">Red Dot Design Award</a> 	Awarded in the Vehicle Accessories sector in 2023 - iON evo (high-performance tire), iON evo AS (all-season tire), iON i*cept (winter tire), iON (official racing tire for the ABB FIA Formula E Championship all-electric racing series)	Red Dot
	<a href="#">Good Design Korea Award</a> 	Recognized for Good Design in the transportation design category in 2022 - Winter i*cept iON 'IW01'	Korea Institute of Design Promotion
	<a href="#">IDEA (International Design Excellence Awards)</a> 	Selected as the Finalist in the automotive and transportation category in 2022 - i-Flex, futuristic non-pneumatic concept tire	Industrial Designers Society of America (IDSA)
	<a href="#">2022 Awards for New Digital Award</a> 	Received the Grand Prix in the transport sector of the digital media & service category	Korea Digital Enterprise Association
	<a href="#">Web Award Korea 2022</a> 	Received the Grand Prize in the manufacturing sector	Korea Internet Professional Association (KIPFA)

# UNGC and Memberships

## UN Global Compact (UNGC)

Since joining the UN Global Compact in 2012, Hankook Tire & Technology has endorsed its Ten Principles and has remained committed to abiding by these principles. We report our progress towards the UNGC 10 principles through this report, and will fully act on 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	Human rights and diversity management
	Principle 2. make sure that they are not complicit in human rights abuses.	
Labor	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	
	Principle 4. the elimination of all forms of forced and compulsory labour;	
	Principle 5. the effective abolition of child labour; and	
	Principle 6. the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7. Businesses should support a cautionary approach to environmental challenges: and	
	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.	

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

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



## Contributors to the Hankook Tire & Technology ESG Report 2022/23

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### Participating Organizations

External assurance provider	Korea Productivity Center
Design	The Moments

## Hankook Tire & Technology Channel

### ESG Communication Channel

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### Social Media



Facebook



YouTube



Naver Blog



Naver Post

### Hankook Tire & Technology Website



Korea



Global

