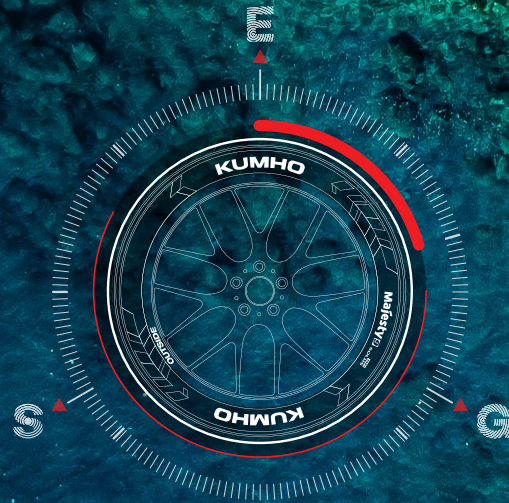


KUMHO TIRE 2020 SUSTAINABILITY REPORT

YOUR SMART MOBILITY PARTNER



KUMHO TIRE
All Roads Go With you

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YOUR SMART MOBILITY PARTNER

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The Kumho Tire Sustainability Report
is published in interactive PDF
to aid in readers' understanding.

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CEO MESSAGE



Kumho Tire Co., Inc. CEO

Iltaik Jung

Dear stakeholders,

Despite the underprecedented global pandemic that swept the entire world last year, we have continued to make progress in the following areas with the efforts of all employees: domestic sales recording the largest share in the Korean market; increase in sales in the North American market; winning the four global design awards; and securing new orders from a global car maker.

The current market trends are inevitably concentrating attention on sustainable management. Our Sustainability report summarizes our values and ESG strategies that respond to the needs brought about by the industrial paradigm shift. We would like to share with our stakeholders the values we pursue and our plans for the future aligned with the current trends, especially for the environmental (E), social (S), and governance (G) aspects, through the Sustainability Report.

Kumho Tire recognizes the severity of climate change, and it will participate in the international community's effort for addressing environmental issues.

In response to the exacerbation of environmental issues such as climate change, "carbon neutrality" and "circular economy" have emerged as a new paradigm. Kumho Tire, through cooperation with various organizations, is developing eco-friendly tires for electric vehicles that consume and produce less carbon, fuel, and noise-pollution. In addition, we are promoting technological development to accomplish the goal of carbon neutrality by recycling reused tires and increasing the use of eco-friendly raw materials. Through our continued effort in R&D, we will provide consumers with sustainable products aligned with the environmental policies.

Kumho Tire will solidify the foundation for stable income generation based on a profitable product lineup.

Even with hardworking employees, a company that fails to generate income cannot survive for long. "Business is about selling the company's ability." To increase sales of value-added products, we will strengthen the sale of premium OE. We will also ensure differentiated cost structures by brand, promote gradual specialization of production plants, reduce the product development period through the use of digital technologies, and thereby consolidate our next progress.

Kumho Tire will focus all its competencies on securing key competitive power for the future.

Kumho Tire will acquire a future growth engine by increasing the production of electric vehicles and investing in technological development, including smart and airless tires. Developing innovative tires for electric vehicles is our preemptive response to keep up with the current trends wherein the internal combustion engine market is contracting as a result of the strengthened environmental regulations across the world. In addition, we will dominate the market by developing advanced next-generation technologies with our pioneering technical skills and respond to the new values demanded by our customers.

Kumho Tire will faithfully fulfill its social responsibilities.

Acknowledging that community engagement activities are compulsory for a company, we are conducting various activities according to our mid- to long-term strategies. In addition to providing education and supporting underprivileged class, we are expanding our social contribution activities to the environmental field such as establishing the carbon offset forest. Given the exacerbated social distancing in Seoul, as well as the continued spread of COVID-19, we are practicing disease prevention activities aimed at local communities, providing hygiene and disease prevention items to impoverished neighbors, branches, and agencies in Seoul.

The transition phase has failed to benefit myriad of minorities. We will do our best to become more sustainable by cooperating with various stakeholders to overcome challenges as such.

BUSINESS OVERVIEW

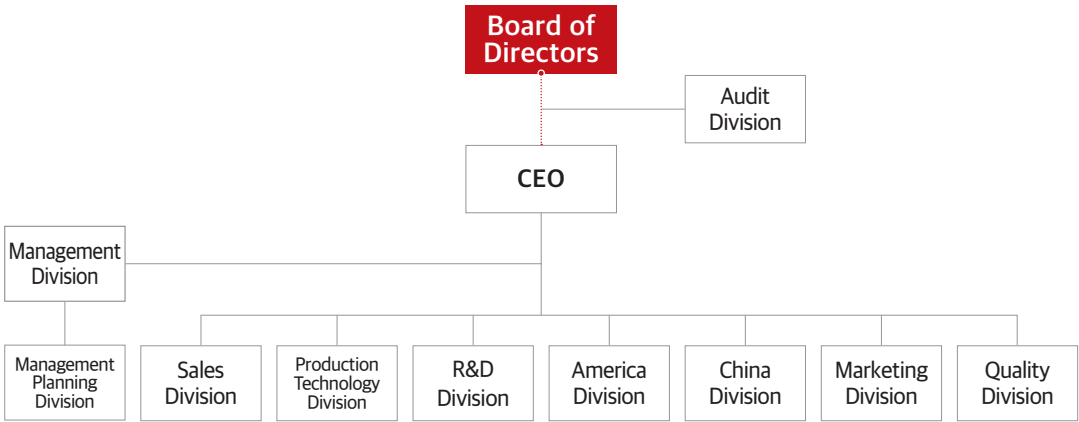
Kumho Tire manufactures and sells automobile tires. We are continually expanding sales territories, implementing effective marketing and product strategies based on features of each target region or country. In the “21st century of new challenges,” we will increase the sale of value-added products, improve reputation with our pioneering technology gained via the motor sports sector, and ultimately grow into a global tire manufacturer.

Company Profile

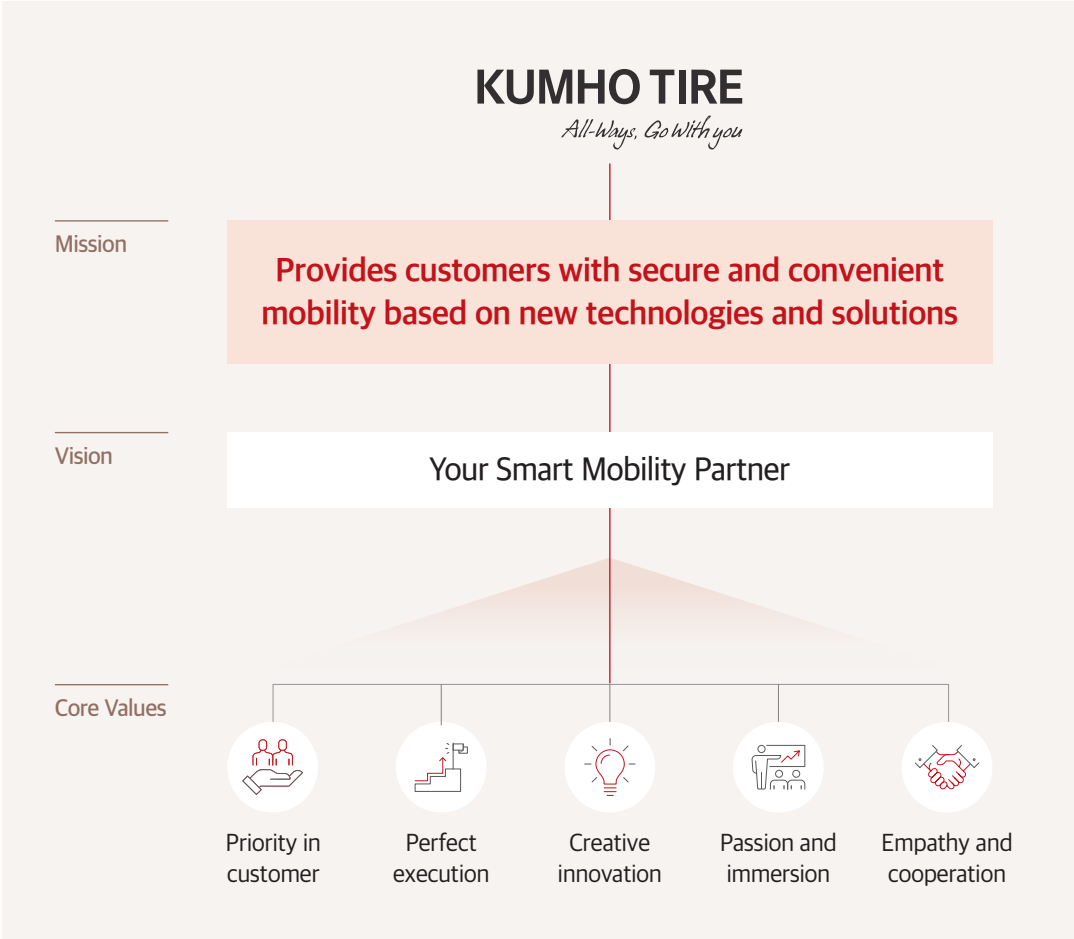
Company Name	Kumho Tire Co., Inc
Year Established	June 30, 2003
CEO	Iltaik Jung
Head Office	658, Eodeung-daero, Gwangsan-gu, Gwangju Metropolitan City, Republic of Korea
No. of Employees	4,617
Credit Rating	BBB (Sep. 2017, Korea Ratings)

Organization

(As of July 30, 2021)



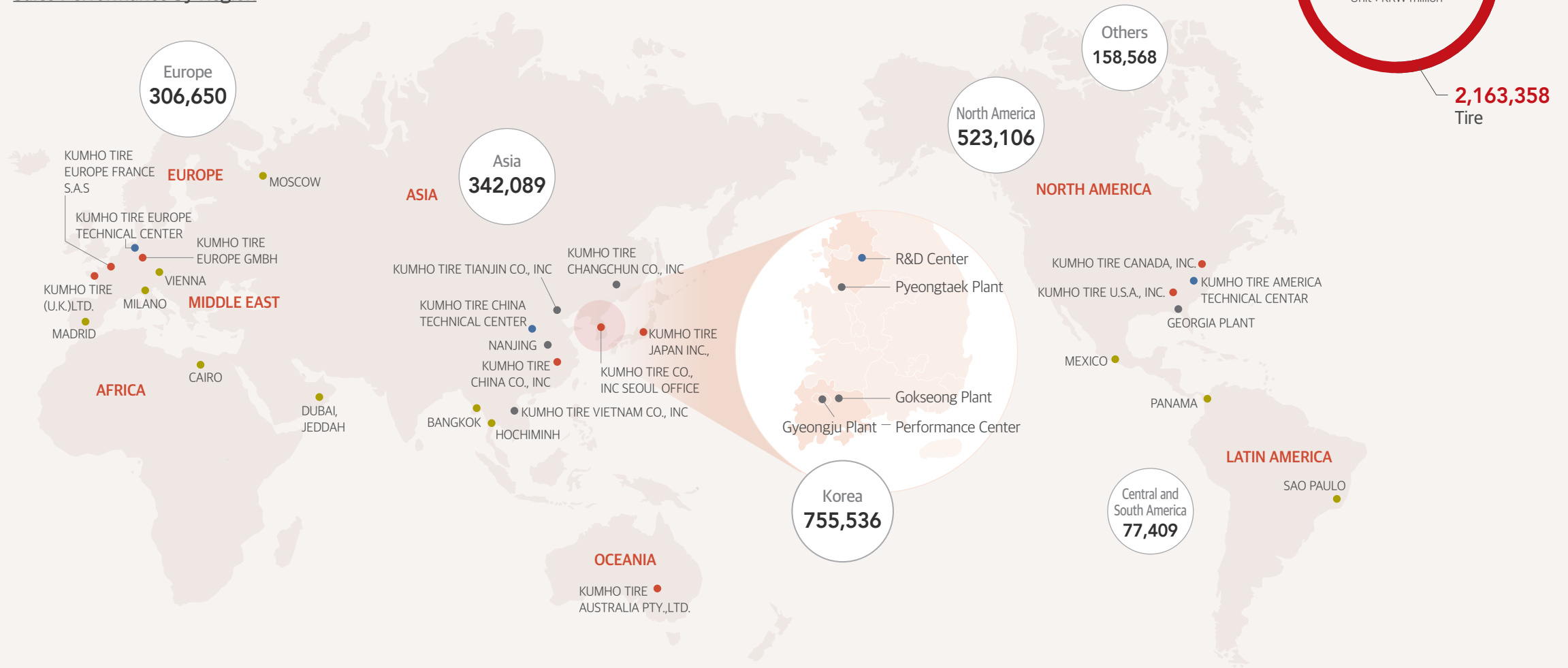
Kumho Tire Value System



GLOBAL NETWORKS

With its head office located in Seoul, Kumho Tire operates 8 plants in Korea and abroad, 9 overseas sales corporations, and 12 branches and offices. Through its global networks, Kumho Tire is exporting over \$1.8 billion worth of tires a year to approximately 180 countries. Kumho Tire will take further steps by producing best tires through combined works of factories and research institutes around the world and expanding the distribution network based on active marketing.

Sales Performance by Region



VISION 2025

Kumho Tire aims to become a 'mobility business company' that provides total mobility service.

Our disruptive technologies and solutions will grant our customers a new experience, a convenient & safe journey.

VISION 2025 MOBILITY BUSINESS COMPANY



BRAND PORTFOLIO

Kumho Tire develops a variety of products according to the characteristics of each vehicle and operating conditions to ensure safe and pleasant driving in any environment. Ranging from high-performance tires with disruptive technologies verified by motor sports to eco-friendly tires aligned with sustainable growth, Kumho Tire releases products that meet the market demand and win consumers’ trust.

KUMHO TIRE

All-ways, Go With you



SOLUS

Premium tire ensuring quiet and comfortable riding quality not offered by general tires

TA91 TA71 TA51 TA31 TA21 TA11 HA32 HS63



Environ-ment

ecowing

Fuel-efficient, environment-friendly tire developed with state-of-the-art eco-friendly technology and new compound material

ES31



Environ-ment

WATTRUN

High energy-efficiency tire optimized to accommodate the characteristics of EVs

VA31 VS31



ROAD VENTURE

Tire developed exclusively for SUVs for both on and off-road driving
AT52 MT51 MT71



CRUGEN

Premium tire for SUVs providing the best riding comfort and steering stability on paved roads
HP91 HP71 KL33 HT51



ECSTA

Ultra high-performance sports tire with formula technology that ensures stable handling at high-speed driving
PS91 PS71 V730 HS52 PA51



Safety

PorTran

LCV tire with excellent durability that performs optimally under all road conditions
KC53 KC55 CX11 CW51 CW11



Safety

WinterCRAFT

Premium winter tire for safe driving on snow-covered and icy roads in wintertime
WP72 WP71 WP51 WS71 WI32
WS31 Wi51 WS51 Wi61 WS61



SuperMile

High-mileage and durable tire designed specially for taxis
KR25 TX31

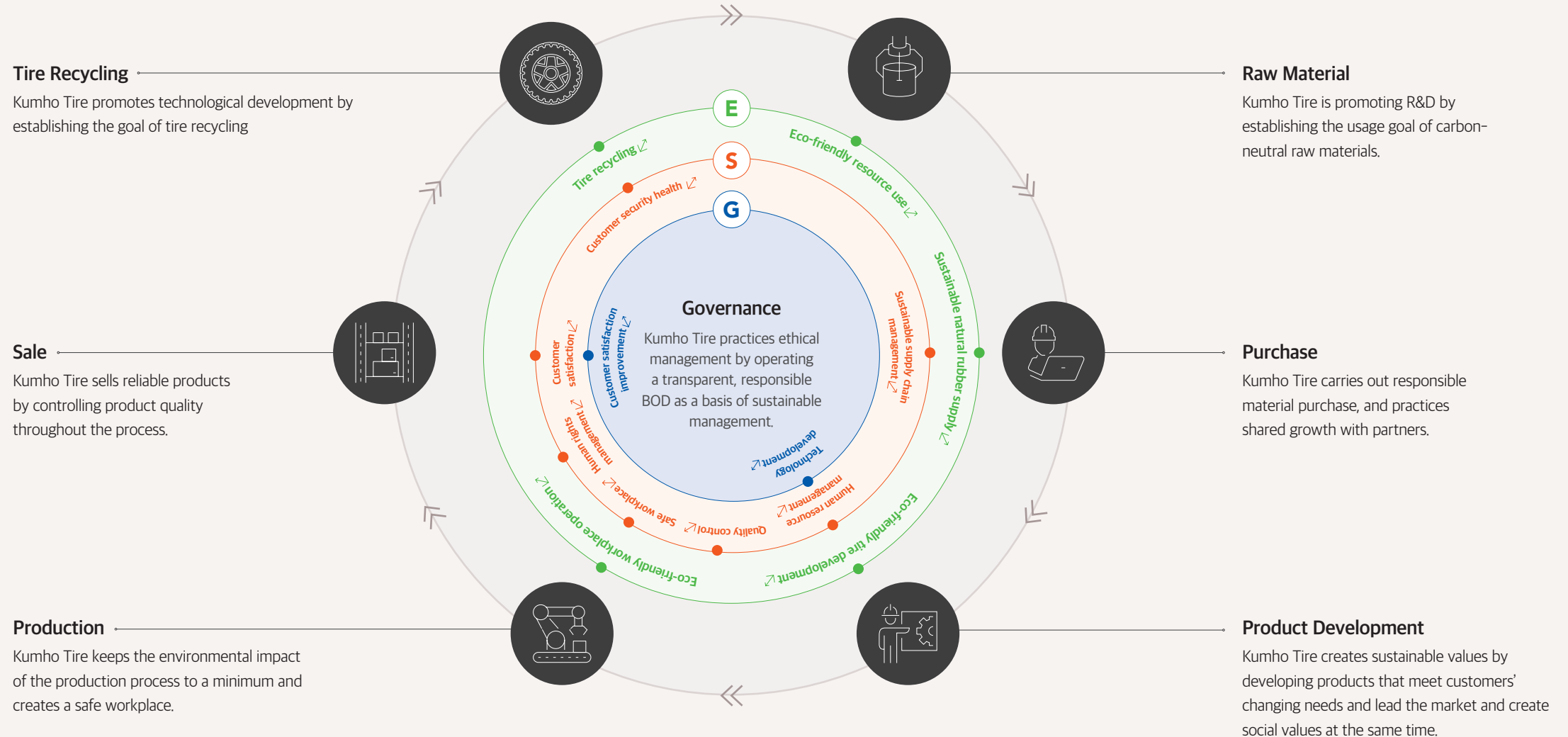
ESG Highlights

Kumho Tire is committed to implementing responsible ESG activities.

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OUR TIRE'S ESG CYCLE

Kumho Tire creates economic, environmental, and social values in the entire business cycle from R&D to purchase, production, sale, and customer management. We contribute to sustainable growth by distributing the values created by each business stage activities to the stakeholders.

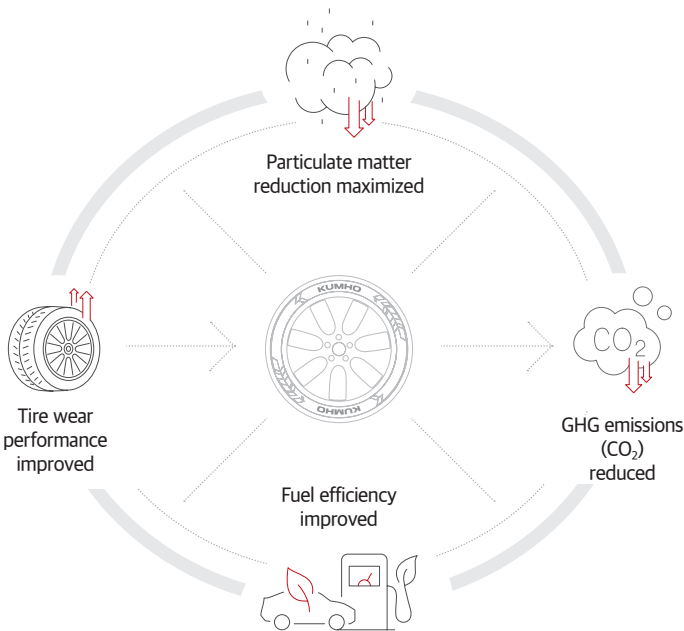




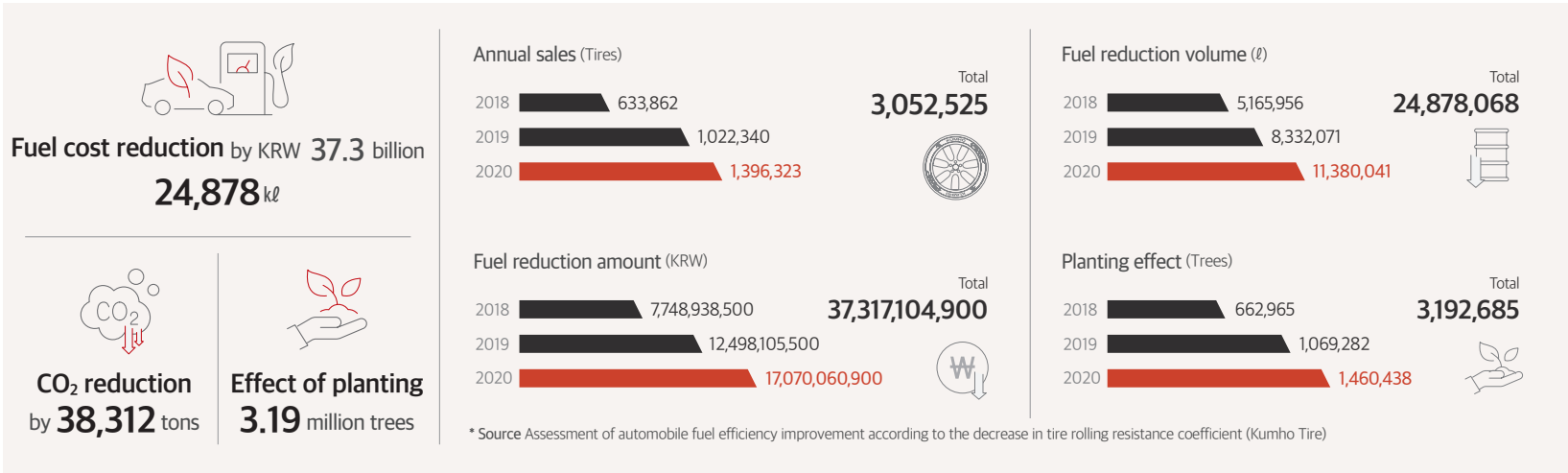
ECO-FRIENDLY TIRE DEVELOPMENT

As environmental rules are tightened followed by the sustainability trends shaping businesses worldwide, myriad of people have adopted conscious consumerism. Keeping abreast of the changing market environment, Kumho Tire promotes clean mobility to achieve sustainable growth.

Based on internally developed design technology, Kumho Tire develops eco-friendly products to reduce the environmental load in the entire production cycle. We improve the atmosphere environment by minimizing particulate matter through tire wear performance improvement. Also, we reduce GHG emissions through improvement in automobile fuel efficiency by lowering the rolling resistance coefficient. In addition, we developed an eco-friendly tire that minimizes resource consumption and reduces waste generation by reducing the tire weight. We also acquired the eco-friendly product certification E-Mark (Standard 8) through our efforts on minimizing the use of hazardous chemicals in our products. Kumho Tire will continue to expand the eco-friendly product group.



Economic & Environmental Improvement Effects of Eco-friendly Tires



GREEN MARKET ENTRY EXPANSION

Sustainable product market is expected to expand continuously as customers' interest and demand for eco-friendly products increase each day. As such, Kumho Tire is investing in the production of low rolling resistance tires in order to lead the eco-friendly product development and in response to the market demand. In addition, to respond to the GHG emissions trading system started in 2015, Kumho Tire is promoting the transition to eco-friendly fuel and high-efficiency energy saving investment with trading system management strategy, and the promotion will be used as an opportunity for new profit source.

Korea EV Market, Hyundai-Kia Motors supply

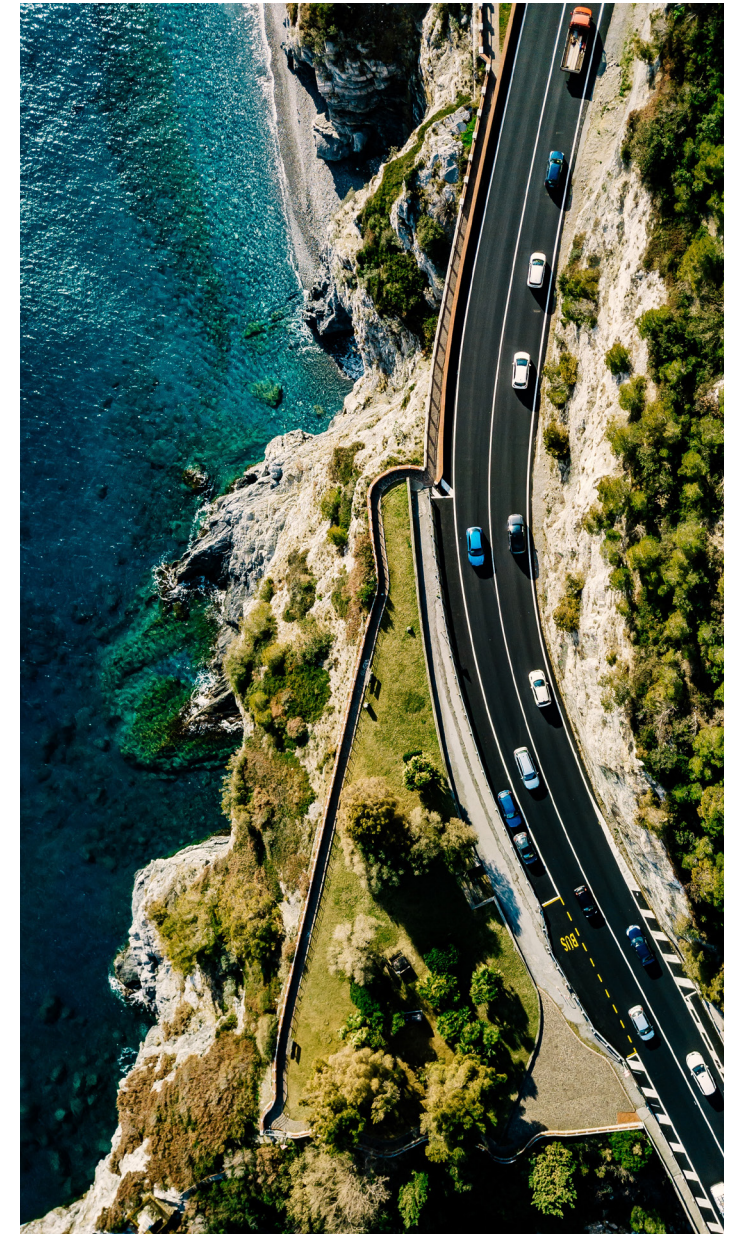
Kumho Tire is supplying tires for E-GMP(Electric Global Modular Platform) based new vehicles such as Kia's EV6 and Bongo III EV(Electric Vehicle). In addition, as a partner of Hyundai&Kia, we are promoting projects related to electric vehicle and tires. Therefore, Kumho tire will establish a solid position as the electric vehicles market gets invigorated.

OE Sales Increase in the North American Market

As for the North American OE(Original Equipment) market, Georgia factory is becoming important as USMCA (United States Mexico Canada Agreement)'s automobile component localization rate is being reinforced. Based on our current supply base centered on Hyundai Motor Company, Kia Motors, Volkswagen, Audi, and Nissan, we will expand our business to the North American and Japanese car makers along with electric vehicle startups.

Expansion of New Orders from Global Car Makers

For the OE business sector, Kumho Tire is performing business activities by establishing a mid to long-term strategy to generate at least 35% of the company's total sales from the OE business by 2025. As the percentage of electric vehicle sales is expected to grow by a large margin in global automobile market, we are performing business activities to increase electric vehicle sourcing. Thus, we are planning to establish a solid position as a main supplier of EV tire and increase profitability.





Interview



Material Development division
Hyeonsu Kim
Managing Director

“Kumho Tire plans to replace all raw materials in manufacturing tires with sustainable resources by 2050”

What are the key environmental issues in the tire industry as of late, and What demands do stakeholders (customer etc.) make?

Hyeonsu Kim

On July 14, 2021, the European Commission from EU proposed an effective ban on the sale of new petrol and diesel cars including hybrid cars from 2035. It also announced a package of proposals that included the introduction of the Carbon Border Adjustment Mechanism (CBAM) in 2023. In responding to the increasingly strengthened environmental regulations in each country, car makers are stopping the production of internal combustion engine vehicles that use fossil fuel like petroleum and are rapidly transforming their production system to focus on eco-friendly vehicles, such as electric vehicles and fuel cell electric vehicles.

Janghyeon Kim

According to a report, tires affect the fuel efficiency of an automobile by approximately 20%. The automobile industry and consumers are demanding products with high fuel efficiency as well as excellent abrasion resistance, braking, and noise performances in order to minimize GHG emissions. In response to this demand, Kumho Tire is developing pattern optimization and compact structure design and compound materials. We are also developing eco-friendly products based on the “customer and quality-first” value and principle.



R&D Division
Janghyeon Kim
Research Fellow

“We are developing eco-friendly products aligned with the ‘customer and quality-first’ value and principle”

Please introduce the eco-friendly tire development project that won the Environmental Minister’s award in May 2020.

Janghyeon Kim

To protect the global environment and reduce CO₂ emissions from automobiles, we set the development of an eco-friendly tire as the goal of this project. We improved the atmospheric environment by minimizing particulate matter generation and reduced GHG emissions by lowering the rolling resistance. Therefore we were able to minimize use of resources and reduce waste generation by reducing tire weight. Improvement in braking and anti-abrasion performances while meeting the energy efficiency rating 1 (tire labeling) criteria was a particularly challenging task as these are in a trade-off relationship. To improve anti-abrasion performance and fuel efficiency, we developed and applied a new functional synthetic rubber material. In addition, braking and anti-abrasion performances were enhanced through the use of a high-dispersion, high-strength filler. We also secured product competitiveness by developing a low-abrasion, low-carbon, eco-friendly tire through weight reduction based on the application of a high-strength structure.

What are the tasks that Kumho Tire must promote in the future for eco-friendly product development?

Hyeonsu Kim

The level of tire performance—such as for RR, braking, and anti-abrasion—as demanded by car makers will continue increasing. Accordingly, tire manufacturers will continue dedicating efforts to product performance improvement. In addition to the development of tire performances, tire makers must also make efforts to reduce CO₂ emissions for the environment. Such efforts include minimizing the use of materials derived from the petrochemical industry and applying sustainable materials, such as bio-based and recycled materials. Kumho Tire will increase the percentage of sustainable material use in tire production up to 40% by 2030 and to 100% by 2050. To achieve this goal, we must conduct numerous studies and exert intensive effort, such as development of new-concept natural materials and innovative improvement of tire recycling technologies. We will fulfill the goal by developing new materials and new recycling techniques through inter-industry and industry-university cooperative studies with raw material suppliers, universities, and research centers.



CREATING A SAFE WORKING ENVIRONMENT

Kumho Tire is overcoming the COVID-19 situation by being alert to the domestic and international situations in order to guarantee employees' health and safety. To respond to the COVID-19 crisis systematically and preemptively, we have established the code of conduct for each situation and distributed it to our worksites around the world. We are also operating an internal situation room and an emergency contact network by designating response teams in each worksite. In addition, the COVID-19-related situation in and around worksites is immediately shared, and guidelines for the situation are continuously notified. As such, we are dedicating committed to creating a safe working environment for employees.

Telecommuting System

Kumho Tire implements a telecommuting system according to the social distancing criteria and changes in the social distancing level. For head office and Yongin Central Research Institute located in the metropolitan region where the COVID-19 transmission is especially serious, in particular, we are announcing the telecommuting guidelines weekly to our employees according to the COVID-19 situation. We also recommend continuous telecommuting to pregnant employees and those with respiratory diseases who are relatively more vulnerable to the virus regardless of their shift rotations. For employees working at the overseas worksites and areas outside the capital and metropolitan regions, we actively implement the telecommuting and flexi-time system depending on the local conditions. We also introduced the procedure of taking action first and reporting later to the head office.

DEALERSHIP SUPPORT

In 2020, Kumho Tire downgraded the distribution network assessment criteria considering the sales decrease due to the COVID-19 pandemic. We provided the emergency disease prevention kit to 105 dealership in Daegu and Gyeongsangbuk-do region. We also provided free disease prevention items to around 1,100 dealerships across the country on two separate occasions. This way, Kumho Tire strives to ensure disease prevention and epidemic control for dealerships and customers.

Contactless Business Environment

Kumho Tire expanded the videoconferencing infrastructure in order to support contactless business and strengthened cooperation with contactless business by linking to external websites. The videoconferencing system enabled swift decision making and efficient operation anytime, anywhere using mobile phones and personal computers. We also established a stable videoconferencing environment by replacing the old facilities.

Vaccination Leave

From June 2021, Kumho Tire provides vaccination leave to employees who have received the COVID-19 vaccine. For efficient management, we are managing the COVID-19 vaccination status by individual employee, division, and worksite along with the use of vaccination leave by developing an internally separate system.

Disease Prevention Item Support to Dealerships

1st

Emergency disease prevention item support to dealerships in Daegu and Gyeongsangbuk-do region (total 105 dealerships)



2nd, 3rd

COVID-19 disease prevention item support to dealerships across the country (disinfecting liquid/sprayer/thermometer)

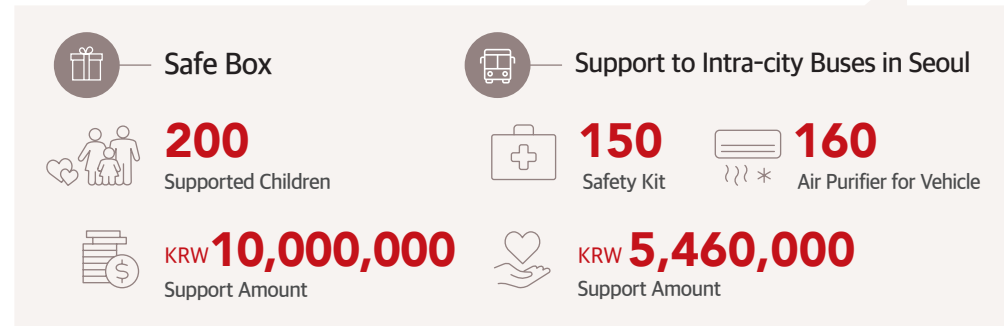


Support Budget KRW **120,900,000**

LOCAL COMMUNITY

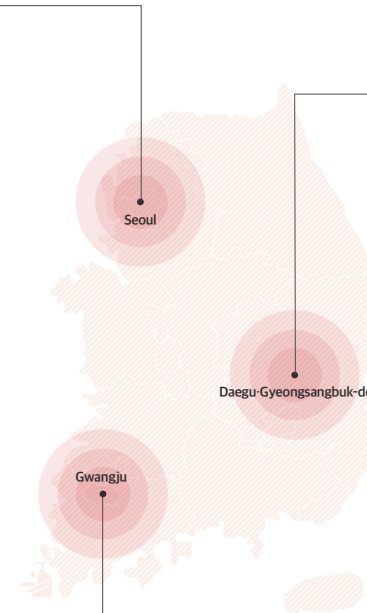
Disease Prevention Item Support to Intra-city Buses and the Neglected Class

Kumho Tire supplied Safety Kit (mask, disinfecting wipes, mouthwash, disinfectant, and pouch), disinfecting items including automobile air purifier to 64 intra-city bus companies in Seoul. We also provided a Safe Box to children from the neglected class in Seoul who are suffering from difficulties due to the prolonged COVID-19 pandemic. Containing masks and hand sanitizer, the Safe Box was prepared to guarantee the health right of children from the neglected class and alleviate the economic burden of purchasing essential quarantine items.



Employees of Gwangju Plant Participating in Epidemic Prevention

As a local company of Gwangju City, Kumho Tire donated disease prevention items and practiced disease prevention activities in order to take part in the local community's efforts in preventing the COVID-19 spread. Members of two organizations in Kumho Tire voluntarily carried out activities to help out local communities in need. In March 2020, "Hansaranghoe" donated disease prevention items including disinfectants worth approximately KRW 5 million to the Gwangju Volunteer Center. In the same month, the "Talent Donation Volunteer Group" of Gwangju Plant, together with the Gwangju Volunteer Center staff, performed disease prevention activities at Songjeong Station in Gwangju and handed out hand sanitizers to the station users. In June, they visited and provided a helping hand to three black tomato farmhouses in Donggok-dong, Gwangsan-gu, which were experiencing difficulties in finding workers due to the aftereffect of COVID-19 and checked the electrical system and replaced lights at two houses of senior citizens living alone.



Ambulance Tire Support in Daegu and Gyeongsangbuk-do Region

In spring 2020, when Daegu and Gyeongsangbuk-do region faced a crisis as the confirmed COVID-19 cases increased rapidly, Kumho Tire donated 500 tire replacement coupons to the Fire & Disaster Headquarters and T/F for the replacement of tires for ambulances.



Volunteer Activity to Help Farmhouses



Epidemic Prevention at Songjeong Station



KRW 5,000,000
 Support Budget
Approx. 20,000
 Beneficiaries*

*Beneficiaries Daily average users of Songjeong Station in Gwangju



Interview



HR/IT
Jaeseong Ahn
 Managing Director

“ Depending on how firms respond to the COVID-19 situation, it will either represent a risk or an opportunity for differentiation ”

Why is COVID-19 response important to Kumho Tire?

Jaeseong Ahn

COVID-19 response has become an important prerequisite for normal business operation and employees' safety. If a confirmed case occurs in a domestic or an overseas worksite, it not only causes suspension of production but also affects sales activities. Thus, it is directly linked to the company's profit and loss. As Covid-19 is expected to influence in human lives in various forms, it will be either a risk or an opportunity for differentiation to businesses depending on how they respond to it.

Seongjin Park

Kumho Tire is a multinational company with operations not just in Korea but also global manufacturing factories and marketing network. Thus, it is not an exaggeration to say that Kumho Tire is at the front line of COVID-19 response. The lives and safety of employees and their families are of utmost importance.



HR Team
Seongjin Park
 Senior Researcher

“ We will continue exerting our best effort to maintain a safe workplace by operating the safety and health management program even after the COVID-19 ends ”

Which activities were performed for COVID-19 response?

Jaeseong Ahn

The head office HR division and business management team are working closely together to share the ground rules according to the government guidelines and ensure compliance with the rules in all worksites. We also carried out a variety of support activities for local communities where our domestic and overseas plants are located so as to overcome the COVID-19 crisis together. We supplied masks for employees working at overseas plants where there is an insufficiency of disease prevention items. We also participated in vaccine purchase funding for Vietnamese local government which struggled due to the Covid-19 pandemic.

Seongjin Park

We are continuously notifying and sharing the ground rules according to the government's epidemic control guidelines. To ensure employees' safety and curb the COVID-19 spread, we are actively implementing a telecommuting system for employess including pregnant woman and those with underlying diseases. In addition, when a COVID-19 confirmed case occurs, we disseminate the corresponding information and related action guide swiftly through the company-wide emergency contact network. We are also making sure we secure safety in and outside the company by introducing the vaccination leave system preemptively and actively.

Please share the to strengthen safety and health management.

Jaeseong Ahn

We are making efforts to comply with the government's guidelines, such as epidemic control guidelines and Act on the Punishment of Serious Accidents. We will continue protecting the safety and health of our employees from the time they join the company to the time of their retirement.

Seongjin Park

To put an end to the COVID-19 pandemic, we will improve and spread our ground rules based on the guidelines from the public health authorities while dedicating efforts to protecting employees' health and safety. Also, after the pandemic comes to an end, we will continue striving to maintain a safe workplace by operating a variety of safety and health management programs.



COMMUNICATION WITH CUSTOMERS

YouTube Subscriber Count Exceeding 100,000

In April 2019, Kumho Tire launched the official YouTube channel, ECSTA TV (www.youtube.com/ecstatv), in order to communicate closely with the customers and the public and follow the digital marketing trend as well. In only about two years since its launch, ECSTA TV was awarded the Silver Button by YouTube by reaching over 100,000 subscribers for the first time in Korea's motor sports industry. Given that our competitors' official YouTube channel has roughly 5,000 or less subscribers, this is truly a remarkable and exceptional achievement.

Instead of restricting the reach of communication to presenting corporate news and products, as most other firms do, Kumho Tire set a goal of producing material that appeals to those who aren't particularly interested in tires and autos to begin with. ECSTA TV covers a wider range of categories, from company news to tires, automobiles, sports, motor sports, and even the Torororo character. Offering diverse contents on not only business related categories like tires and automobiles but also diverse contents like sports and trendy culture, ECSTA TV is receiving favorable responses from subscribers.



MOTOR SPORTS

ECSTA Racing Team, the double Champion

With Kumho Tire's excellent technological power and support, the ECSTA Racing Team became double champion (driver, team) at the SUPER 6000 Class of CJ Logistics SUPERRACE. Winning the double championship twice in just four years since 2016, the ECSTA Racing Team reaffirmed its status as Korea's best racing team. With a goal of producing the best results at domestic motor sports events, the ECSTA Racing Team will maximize the racing tire performance by exchanging actively with Kumho Tire's Research Institute. The ECSTA Racing Team is committed to leading Korea's motor sports development, at the same time enhancing Kumho Tire's reputation by performing various marketing activities.

Sponsoring Domestic and International Motor Sports Events

Kumho Tire demonstrates its disruptive technologies through various motorsports events. In 2020, we sponsored the Formula 4 Championship, the largest-scale racing event in China. By doing so, we performed sales activities for our tires and enjoyed a publicity effect as the event was televised live through CCTV 5, a Chinese sports channel.





Interview



G. Marketing
Gangseung Lee
Managing Director

“We will provide our customers with the value of mobility and convenience and grow into a sustainable company through customer satisfaction”

Why is customer satisfaction improvement important to Kumho Tire?

Celebrating its 60th anniversary, Kumho Tire's mission is to become a smart mobility partner that provides customers with safe and convenient mobility through new technologies and solutions. We will achieve sustainable growth and profitability improvement by creating new demand through response to customers' diverse needs and enhancement of brand image in rapidly changing market.

How is Kumho Tire evaluated in the market, and what kind of effort is Kumho Tire making to improve customer satisfaction?

To meet our customers' high expectations, we are striving to not only develop technological expertise but also improve service quality that provide customized service, such as contactless tire replacement service, Torororo rental service and online open market. As a result, in Korea, we were ranked No. 1 for 13 consecutive years in the passenger vehicle tire category of the Korean Net Promoter Score (KNPS) of the Korea Management Association Consulting (KMAC) and also No. 1 for 16 consecutive years in the Korean Customer Satisfaction Index (KCSI). Abroad, our HS51 was ranked No.1, having garnered an Exemplary rating at the performance test conducted by AutoBild, a German automobile magazine. We are also committed to developing products by reflecting VOC to provide our customers with differentiated products and services. We are maintaining the Korea Service Quality certification we have acquired and continuously strengthening customer service to win consumers' trust and surprise customers beyond satisfying them.

What are the tasks that Kumho Tire must complete in the future to improve customer satisfaction, and what are the detailed goals?

The automobile industry is rapidly shifting from internal combustion engine vehicles to eco-friendly EV and autonomous driving cars. The tire industry must also actively respond to such transition of car makers and the needs of customers—the final consumers—for survival. Kumho Tire has set the goal of securing global top-tier technological power, and it is striving to fulfill this goal. We are shortening the product development period through application of digital twin technology and internal big data and artificial intelligence technologies. Also we are promoting the development of airless tires as a future growth power. In addition, by promoting fuel efficiency and developing smart sensor system to enable safe driving management, we will provide our customers with value of mobility and convenience, achieve greater customer satisfaction and consequently grow into a sustainable company.

GLOBAL DESIGN AWARDS

To publicize and enhance corporate value, Kumho Tire is developing new products and tires to domestic and international design awards. As a result, we won four major design awards in 2020 and three major design awards during the first half of 2021.

2020



Product



Majesty Solus TA91



WinterCraft Wi51



Product



SOLUS 4S HA32



Product



SOLUS 4S HA32



WinterPorTran CW11



Concept



e-NIMF



e-TOPS

2021



Product



ECSTA V730



Concept



FIN-SREAD



Product



e-NIMF



e-TOPS

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IMPROVEMENT IN INTERNATIONAL ASSESSMENT RESULTS

Kumho Tire is getting excellent assessment results from European and North American magazines. Kumho Tire's tire evaluation results show high scores in ride, handling, appearance, and road surface tests.

Europe

AutoBild

At the Summer Tyre Test 2021 conducted by AutoBild, an internationally prestigious German automobile magazine, Kumho Tire was ranked No. 1 (Test Winner) among 53 companies.



ECSTA HS51

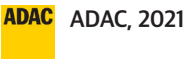


HS51 1st among 53 companies

Test Winner, Exemplary

ADAC

At the assessment conducted by ADAC, the most highly reputed German automobile magazine, Kumho Tire ranked third among 17 companies in the UHP tire category and garnered a Good rating.



ECSTA PS71



PS71 3rd among 17 companies

Good

ECSTA HS51



HS51 4th among 15 companies

Satisfactory

North America

TireRack



TireRack, the largest website for tires in North America, provides internal assessment and consumer survey results for three - four new products by tire brand. Kumho Tire's new product, TA91, produced the highest dry/wet* test result among four products. PA51, another new product, also produced the highest dry/wet test result among four products.

Consumer Report



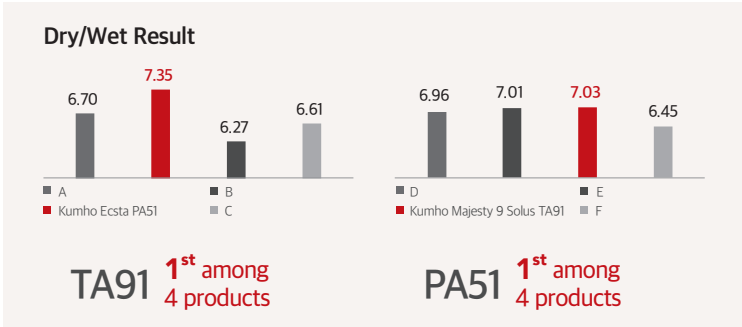
Consumer Report is the largest nonprofit consumer magazine in North America. It assesses tires every three years (A/S, SUV<, UHP zone). In 2020, Kumho Tire's HP61 was ranked third among 14 products, and HT51 was ranked fifth among 15 products.

JD Power



At the 2021 US Original Equipment Tire Customer Satisfaction Survey conducted by JD Power, Kumho Tire was ranked top 3 in the passenger vehicle category. Kumho Tire scored 736 points out of 1,000 and climbed 7 steps from last year (10th), which was the largest increase among tire companies (4.8%).

* Dry/Wet Testing the performance of tires on roads under different conditions, including power brakes





Interview



Managing Director
Sangmun Ma
Strategy Planning

“We are planning to concentrate our competency on EV tire technology and secure tire techonology competitiveness with IoT”

Why is the improvement of market competitiveness important for Kumho Tire?

With the Fourth Industrial Revolution being accelerated as a result of the COVID-19 pandemic, the mobility paradigm in automobile industry is shifting rapidly. The new trend in mobility is CASE, which is ①Connectivity, ②Autonomous, ③Sharing and ④Electrification. It is defined as a disruptive innovation to create a new ecosystem in the automobile and related industries. In addition to the paradigm shift in the automobile industry with 130-year tradition, global supply chain restructuring and climate change issues triggered by COVID-19 are directly related to the survival of the tire industry. As such, the management of new market opportunities and risks has become more important than ever. Customers have always been at the center of the tire industry's changes. Our market competitiveness will improve when we practice management at the customers' eye level and provide solutions that maximize customer value for Kumho Tire's suvival and growth. We will expand our business model with mobility-related products and services while also focusing on the tire business based on profitability and increase in efficiency to maximize customer value.

Which activities is Kumho Tire performing to improve its market competitiveness?

To strengthen market competitiveness, we will focus all our competencies on securing technological competitiveness for electric vehicle tires under the new mobility paradigm. We will also secure technological competitiveness for tires of the future, such as the IoT-applied smart tire and the next-generation airless tire. Tire makers have been focusing on the sale and quality control of their products. As such, a more active response to the product life cycle and climate change is necessary. To become an eco-friendly leader in the tire industry, Kumho Tire will take a step toward carbon neutrality by minimizing environmental impact in the entire product life cycle, such as product development, production, distribution, use, and disposal. Having won the Social Contribution Award from Forbes Korea for our social contribution activities including educational donation and carbon offset forest creation, we will continue paying attention to fulfilling corporate social responsibility for society.

What are the ESG issues that are considered for sustainable growth?

The stakeholders' demand for ESG management is heightening across the globe. This trend is considered as both a risk and an opportunity for our company. Kumho Tire also recognizes that ESG is an essential non-financial value for its survival. As Kumho Tire made 2021 as our company's first year of ESG management, we will meet stakeholders' diverse needs by keeping pace with the global ESG trend, such as climate change response, enforcement of the Act on the Punishment of Serious Accidents, and management transparency improvement. Also we will strengthen of our employees' ESG-related competencies, thus securing a foundation for our advancement into a sustainable company. With the reinforcement of environmental regulation to achieve carbon neutrality (e.g. EU's Carbon Border Adjustment Mechanism), European car makers such as Volkswagen and BMW are demanding their supplier to reduce carbon emissions. Under the circumstances, ESG management promotion is expected to become consolidated as a substantive goal.

Please talk about Kumho Tire's tasks and detailed goal for competitiveness improvement.

Business is fundamentally defined as solving consumers' needs using company's available resources and processes. And company achieves quantitative and qualitative growth through business. Kumho Tire will strengthen competitiveness by providing customized solutions to meet customers' changing needs in the mobility era. In addition, with Vision 2025, we have established a goal of rejoining the global top ten and securing key competitiveness, such as for electric vehicles, to the level of market leader.

ESG Management

Kumho Tire is systematically practicing sustainable management by establishing sustainable management strategies and performing UN SDGs related activities

ESG Strategy

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SUSTAINABLE MANAGEMENT SYSTEM

SUSTAINABLE MANAGEMENT STRATEGY

Under the vision of becoming a “reliable brand,” Kumho Tire is promoting the implementation of sustainable management strategies in five categories: environmental, quality, research/technology, social, and human resources. Based on research competencies and technological innovation, Kumho Tire will not only provide our main business value of safe and convenient mobility but also create value for future generations. We have also established a sustainability vision for each stakeholder group, and we are exerting utmost effort to meet stakeholders’ varying needs.

Sustainable Management Visions



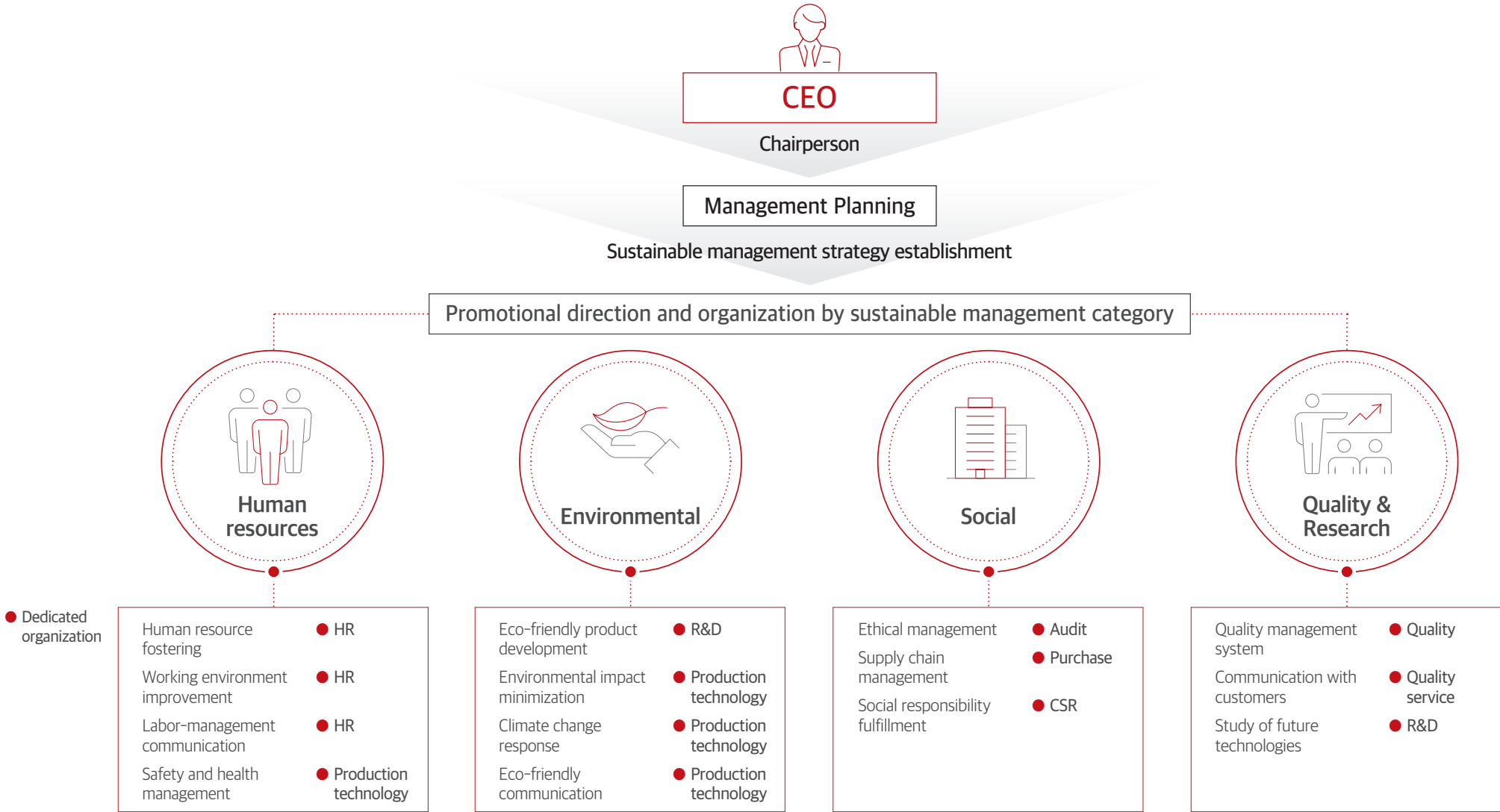
Sustainable Management Goal



SUSTAINABLE
MANAGEMENT
PROCESS

Sustainable
Management
Decision-making
Process

Kumho Tire has established a decision-making process led by the CEO in order to implement systematical sustainable management. In order to increase expertise and implementation capacity for the sustainable management strategies, we have established directions for the “human resources, environmental, social, quality & research” categories. We are also internalizing sustainable management value throughout the company by operating dedicated organizations for categories. The promotion status by category is being shared continuously through the Sustainable Management Committee chaired by the CEO.








UN SDGS-LINKED ACTIVITIES

The UN Sustainable Development Goals (SDGs) aim to create a sustainable society by helping communities achieve social development, environmental conservation, and economic growth from 2016 to 2030. To fulfill the role as a global company, Kumho Tire selects sustainable development goals that are highly relevant to its business areas and performs a range of sustainable management activities to resolve the economic, environmental, and social issues today.

Direction	Key Activities		Direction	Key Activities
10 Kumho Tire provides equal employment and promotion opportunities at all worksites. We refrain from any form of discrimination in personnel management.	Talent Attraction ↗ Human rights management ↗		1 Kumho Tire is committed to mitigating the damages caused by disasters and accidents. Our goal is to strengthen resilience among the impoverished against extreme climate-related disasters, economic, social, and environmental challenges, and accidents.	Support for vulnerable groups ↗
12 Kumho Tire minimizes detrimental impacts on the environment by recycling. We practice sustainable management, aiming for efficient use of natural resources and reduction of wastes.	Use of sustainable raw materials ↗ Tire recycling ↗		3 Kumho Tire places emphasis on the health and wellbeing of its people. We ensure safety throughout the production process and minimize the detrimental impacts of hazardous chemicals on our employees and the environment. We hope to reduce traffic accidents by designing and building safer roads.	Use of sustainable raw materials ↗ Restrictions on hazardous chemicals ↗ Safety Campaign for customers ↗ Traffic safety education for children ↗
13 Kumho Tire is working hard to strengthen climate resilience. To address climate change-related challenges successfully, we reduce detrimental impacts on the environment by reducing GHG emissions and energy consumption.	Development of sustainable tires ↗ Response to climate change ↗		4 Kumho Tire aims to provide equal access to education for the vulnerable groups, to enhance their workplace capabilities.	Education and career mentoring for children of traffic accident victims ↗
15 Kumho Tire continues to reduce the negative impacts on terrestrial ecosystems and natural forests.	Carbon offset forestry initiatives ↗ Establishment of forest classrooms ↗		5 Kumho Tire aims to achieve gender equality, a better quality of life for women.	Support for vulnerable groups ↗ Human rights management ↗
16 Kumho Tire aims to eradicate all types of corruption and bribery. By practicing an ethical management system, we perform effective, transparent, and responsible business activities.	Ethical management ↗		8 Kumho Tire is committed to achieving technological development and innovation through continuous R&D investment. In addition, we practice sustainable consumption and production to reduce environmental damages.	Technology development ↗
			9 Kumho Tire aggressively invests in R&D to strengthen scientific research and enhance technological competency.	Technology development ↗

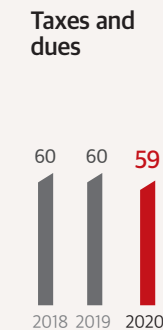
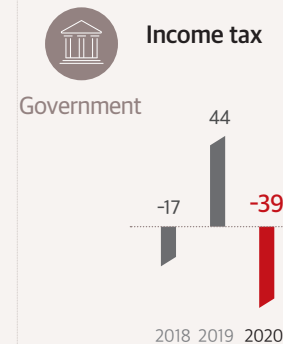
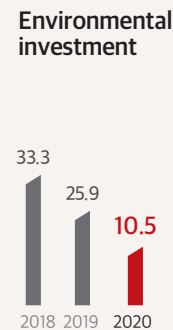
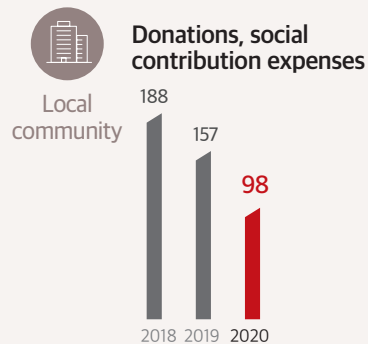
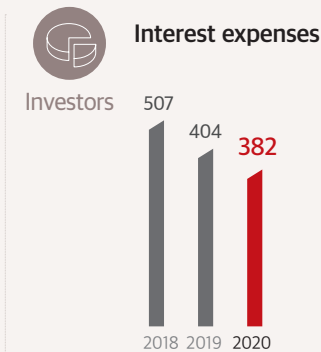
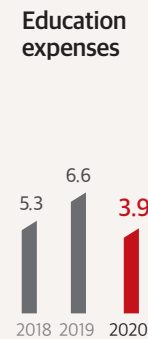
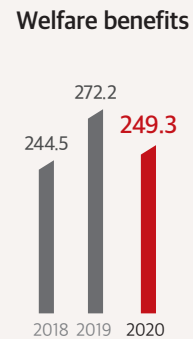
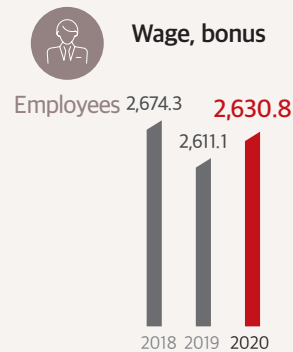
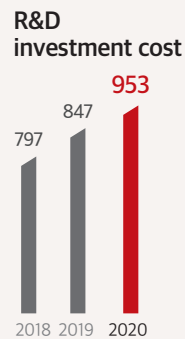
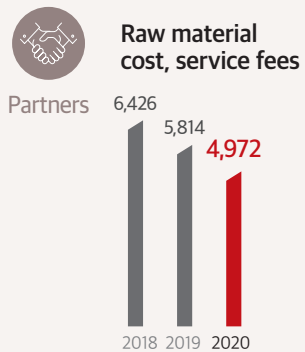
STAKEHOLDER ENGAGEMENT

Kumho Tire has identified and categorized key stakeholders based on their degree of responsibility, impact, proximity, and representativeness, in accordance with the AA 1000, GRI, and ISO 26000 “Stakeholder Identification and Engagement.” We collect stakeholders’ opinions through communication channels, to identify the key material issues of interest to the stakeholders. We will continue to develop various communication channels to achieve sustainable management that satisfies all stakeholders.

					
Stakeholders	Employees	Customers	Shareholders/Investors	Suppliers	Local communities
Communication Channel	Labor - management council, Collective bargaining, Industrial Safety and Health Committee (quarterly), Employment Safety and Labor - Management Joint Development Committee, Employee meeting	New product presentation (at new product launch), Customer satisfaction survey, SNS channel (when necessary), Quality inspection meeting, Process inspection (when necessary)	BOD (nine meetings in 2020), General shareholders’ meeting (32 meetings in 2020), Sustainability report (annual) Overseas conference, IR	Supplier satisfaction survey (annual), Regular partner assessment (annual), Educational support to partners, Policy presentation to and meeting with dealerships (when necessary)	COVID-19 prevention support to local communities, Employees’ social contribution activities through Hansarang Club, Cleaning around plants
Key Issues	<ul style="list-style-type: none"> Employee safety and health No discrimination, increased diversity Work and life balance Employment stability and welfare Employees’ capacity development Cooperative labor-management relationship 	<ul style="list-style-type: none"> Product and service quality Customer safety Active communication and transparent information disclosure Sustainable production 	<ul style="list-style-type: none"> Financial performance and shareholder value maximization Risk management by types Sound governance Compliance Market competitiveness strengthening 	<ul style="list-style-type: none"> Shared growth and cooperation Fair trade Reinforcement in supply chain ESG 	<ul style="list-style-type: none"> Local economy revitalization through job creation, etc. Community-based business using infrastructure Social contribution activities Environmental impacts in local communities
Kumho Tire’s Response	<ul style="list-style-type: none"> Develop a specialized education system by division Establish system and culture for anti-discrimination and respect for diversity Establish a safety and health management system Improve the working environment Labor-management council Provide diverse medical and welfare benefits 	<ul style="list-style-type: none"> Quality assurance based on VOC Safety Campaign Tire labeling system 	<ul style="list-style-type: none"> Produce stable economic performance Publish sustainability report Open decision-making process Disclose information transparently 	<ul style="list-style-type: none"> Regular supplier assessment and satisfaction survey Improve suppliers’ ethical management practice Establish a purchase & supplier portal system for fair competition 	<ul style="list-style-type: none"> Practice environmental preservation activities via carbon offset forestry and forest classrooms Supply disease prevention items to intra-city buses as well as the neglected class Support tires for ambulances in Daegu/ Gyeongsangbuk-do region Provide community engagement activities, such as donating food for holidays

ECONOMIC VALUE CREATION AND DISTRIBUTION

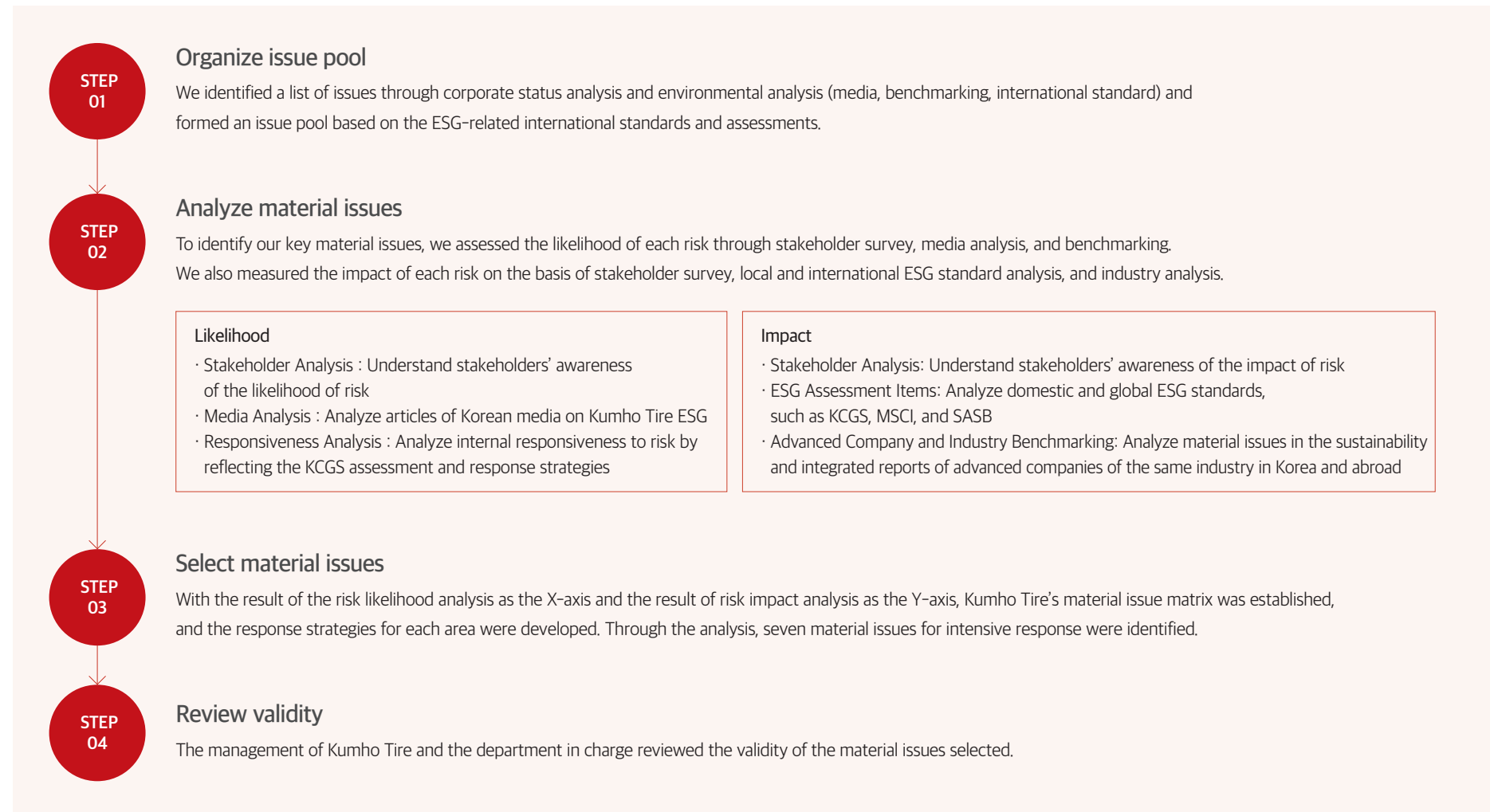
Kumho Tire fulfills its corporate social responsibility by distributing equal economic value created through various management activities to stakeholders, including suppliers, employees, investors, local communities, and government. We will continue to share values and support sustainable growth with all stakeholders.



MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT PROCESS

Kumho Tire conducted the materiality assessment to identify material issues that require intensive management to understand the sustainable issues related to its business and communicate with stakeholders transparently. By comprehensively analyzing the internal and external stakeholder survey, media analysis, and global industry benchmarking results, we identified seven material issues to be managed and reported in priority. In the Sustainability Report 2020, the material issues were reported in detail in connection with the approaches, key activities, performances, and goals.



MATERIALITY ASSESSMENT MATRIX



Kumho Tire ESG Issue Pool

Environment	Social	Governance
Energy management	Stable labor-management relations	Employee safety and health
Air pollution management	Customer satisfaction	Shared growth with suppliers
Waste management	Talent attraction and retention	Diversity and human rights
Responsible use of raw materials	Customer safety	Contribution to local community development
Sustainable technology development	Responsible marketing	Ethical management and compliance
		Technological innovation and R&D
		Sustainable supply chain management
		Risk management
		Transparent BOD operation

Material Issue

Risk Likelihood and Impact : ● High ● Medium ● Low


Material Issue	Likelihood of Risk	Impact of Risk	Key Stakeholders					Reporting
			Employees	Customers	Shareholders/Investors	Suppliers	Local communities	
Stable labor-management relations	●	●	✓			✓		Labor-management shared growth ↗
Customer satisfaction	●	●		✓	✓			Quality management ↗, Customer satisfaction ↗
Talent attraction and retention	●	●	✓				✓	Human resource management ↗
Air pollution management	●	●		✓	✓		✓	Response to climate change ↗
Strengthened market competitiveness	●	●	✓	✓	✓			Technology development ↗
Transparent BOD operation	●	●	✓		✓			BOD ↗
Sustainable supply chain management	●	●				✓		Supply chain management ↗

GOVERNANCE

BOARD OF DIRECTORS

BOD Composition

Kumho Tire is striving to improve all stakeholders' right and interests by consisting professional and independent BOD. As of June 2021, the Board of Directors (BOD) consists of two executive directors, two non-executive directors, and five independent directors. The BOD is chaired by Chairman Chai Yong Sen of the Doublestar Group, the chief shareholder of Xingwei Korea.

Governance Report 

BOD Diversity and Expertise

Kumho Tire appoints directors based on their expertise and does not discriminate them based on gender, ethnicity, race, or nationality. Experience and knowledge in legal, financial, accounting, business administration, and economic fields are required for the director position. In addition, we appointed female directors to acquire diversity among the BOD members. We are committed to improving BOD diversity in the future.

Impartial Appointment of Directors

Executive directors and independent directors are nominated by the BOD and the Independent Director Nominating Committee, respectively. The recommendation letters for individuals submitted by the Independent Director Nominating Committee are carefully evaluated to screen individuals who do not satisfy the qualification standards. To ensure fair assessment, all directors are appointed upon approval from the BOD. Kumho Tire discloses the appointment process to ensure an efficient and reasonable decision-making process, offering a basis for participation of shareholders.

BOD Composition

(As of June 30, 2021) 

Position	Name	Gender	Nationality	Career	Expertise	Term
Executive Director	Iltaik Jung	Male	Republic of Korea	Current President & CEO of Kumho Tire	Management	May 7, 2021 ~ May 6, 2024
Executive Director	Yangki Chae	Male	Republic of Korea	Current President of Kumho Tire	Management	Nov. 27, 2020 ~ Nov. 26, 2023
Non-executive Director	Chai Yong Sen	Male	China	Current Chairman of the Doublestar Group	Management	Jul. 6, 2018 ~ Jul. 5, 2021
Non-executive Director	Jun Hua Zhang	Female	China	Current CEO of the Doublestar Group	Finance, Accounting	Jul. 6, 2018 ~ Jul. 5, 2021
Independent Director	Jungkwan Kim	Male	Republic of Korea	Current adviser at Taepyeongyang Law LLC	Economy	Jul. 6, 2018 ~ Jul. 5, 2021
Independent Director	Jonggil Kim	Male	Republic of Korea	Currently works as lawyer at Dongin Law LLC	Law	Jul. 6, 2018 ~ Jul. 5, 2021
Independent Director	Hongyup Choi	Male	Republic of Korea	Currently works as professor at the Chosun University College of Law	Law	Jul. 6, 2018 ~ Jul. 5, 2021
Independent Director	Younghyun Lee	Male	Republic of Korea	Current Chairman of KDB banks's Investment Management Committee	Finance, Accounting	Mar. 29, 2019 ~ Mar. 28, 2022
Independent Director	Hanseou Gu	Male	Republic of Korea	Former President and CEO of Dongyang Life Insurance	Management	May 19, 2020 ~ May 18, 2023

BOD Operation

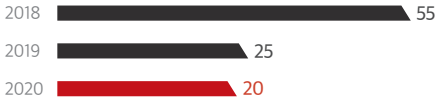
Kumho Tire’s BOD provides remedies on the basic policies of the company management and other important matters regarding business operations. It establishes management strategies and makes important decisions by identifying interests for shareholders. The BOD also plays a crucial role in supervising management. Kumho Tire’s Strategy Planning Division assists the BOD operation by reporting and providing sufficient information about the items on the agenda before a BOD meeting, and supports the activities of BOD’s committees in the finance and HR area.

BOD Operating Status

BOD Meetings (Unit : Meetings)



Agenda Items (Unit : Items)



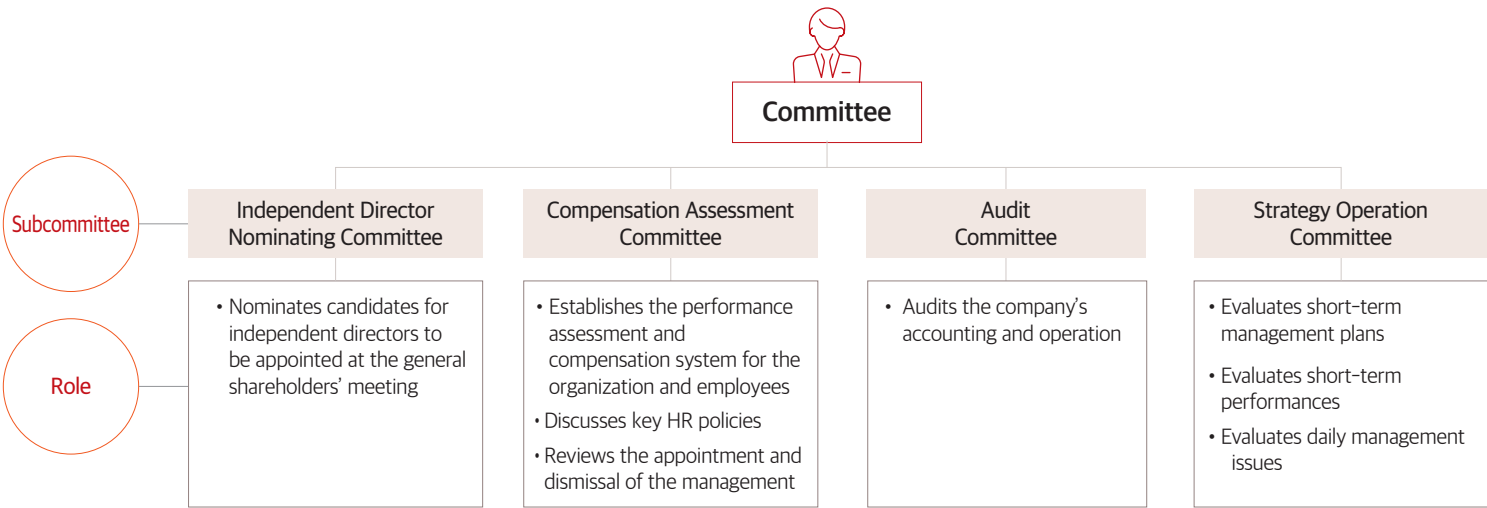
Director Attendance Rate (Unit : %)



Subcommittee Operation

Kumho Tire established 4 subcommittees under the BOD, including the Audit Committee, Independent Director Nominating Committee, Strategy Operation Committee, and Compensation Assessment Committee. The Audit Committee consists entirely of independent directors to ensure its independence and transparency. As for the Independent Director Nominating Committee, majority of the members are independent directors in accordance with the relevant standards and internal regulations. The Strategy Operation Committee supports the BOD’s strategic decision making on pending management issues, and the Compensation Assessment Committee carries out employee performance assessment and compensation. The BOD attendance rate in 2020 was 100%.

Roles of Subcommittee



Subcommittee Composition

Subcommittee	Iltaik Jung	Chai Yong Sen	Jun Hua Zhang	Yangki Chae	Jungkwan Kim	Jonggil Kim	Hongyup Choi	Younghyun Lee	Hanseou Gu
Independent Director Nominating Committee			○			●	○		
Compensation Assessment Committee			○		●				
Audit Committee						○		●	○
Strategy Operation Committee	●	○	○						○

AUDIT BODIES

Audit Committee

Kumho Tire guarantees the independence of the Audit Committee to conduct audits on the company’s accounting and operations. The Audit Committee has an internal mechanism that ensures immediate auditing on material issues. The Audit Committee can also demand reports on sales to supervise the directors’ execution of duties or investigate the company’s operational status and property status. The Accounting Team supports various activities as a member of the Audit Committee. To strengthen expertise among the Audit Committee members, the accounting team provides education on the company’s management environment and audit operation.

SHAREHOLDER RIGHTS

Protecting the rights and interests of Shareholders

Kumho Tire provides sufficient information to shareholders prior to the general shareholders’ meeting so that the shareholders can exercise their right to express opinions at the meeting as much as possible. In 2020, our key executives participated in the treasury stock purchase to practice responsible management. We continue to improve the quality of information provided to our shareholders upon their request, all the while strengthening communication with investors and deepening stakeholders’ understanding. The IR officer’s contact information is provided on the website for communication with investors. We actively communicate with investors through a quarterly disclosure of our IR data on the website or during general shareholders’ meeting. We will continue to strengthen communication with investors and provide crucial information to improve our IR data and IR website. We are currently not disclosing IR data in English as we are not obliged to do so. However, we will be disclosing the relevant information in English to provide insight into investment decisions.

External Auditor

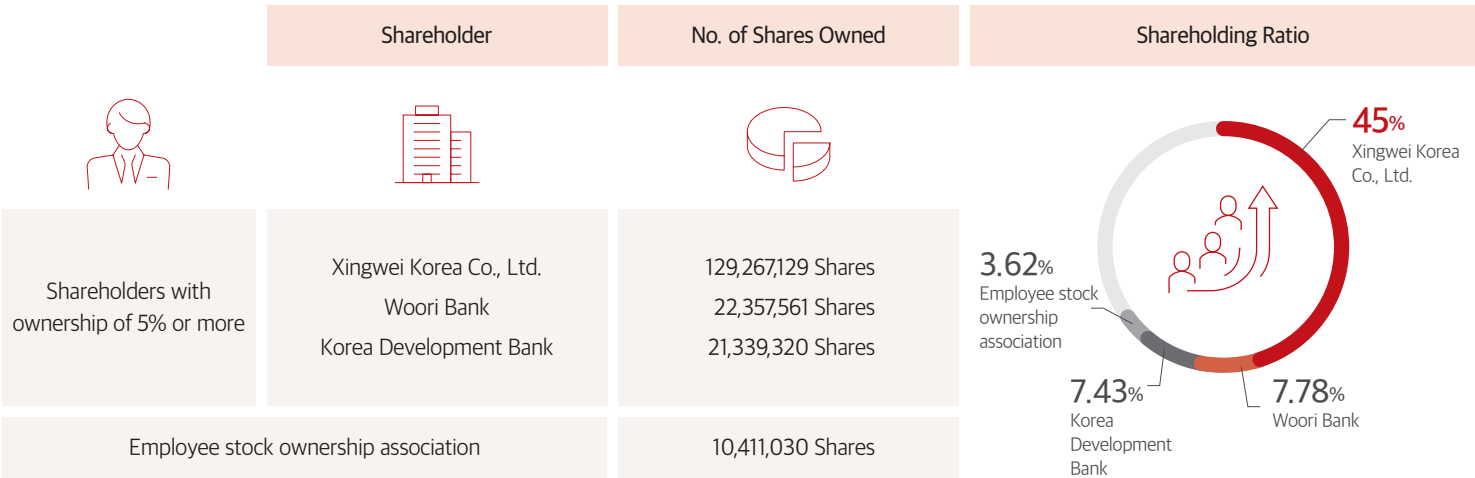
Kumho Tire appoints an independent external auditor to ensure fairness and transparency of the accounting information. In 2020 and 2021, an accounting firm designated by the Securities and Futures Commission was appointed as auditor. We prioritize independent external auditors with strong expertise in executing detailed strategies and remuneration aligned with the company policy. The Audit Committee communicates with the external auditor on a quarterly basis. We will continue to support the Audit Committee and external auditor with active communication.

Education of Audit Committee Members in 2020 (As of June 30, 2021)

Date	Education Provider	Attending Audit Committee Member(s)	Content
Jul. 24, 2020	KPMG Samjong Accounting Corp.	Younghyun Lee	Changes in the Audit Committee activities according to the enactment and amendment of the law, case studies on the Audit Committee activities and implications
Nov. 13, 2020	Internal Accounting Management Team	Younghyun Lee, Jonggil Kim, Hanseo Gu	Understanding of internal accounting management system and system operation

Shareholder Status

(As of December 31, 2020)



COMPLIANCE

ETHICAL MANAGEMENT SYSTEM

To fulfill its social responsibilities, Kumho Tire is committed to becoming a responsible company. Kumho Tire aims to strengthen ethical management system in line with ethical management strategies, strengthening employees' ethical awareness, collecting stakeholders' expectations concerning ethical management, and reflecting them when making and executing decisions. We have established a long-term plan for ethical management practice including organizations, training, systems, and programs starting from the second half of 2002. In addition, we established the Ethics Management Committee and the Self-Monitoring Group to resolve important issues by holding regular audit committee meetings.

Code of Ethics and Rules

To grow into a sustainable company, we established the Code of Ethics with desirable behaviors and values listed by our employees. The Code of Ethics was amended to its final version in 2019. We also suggested detailed guidelines for the Code of Ethics to help our employees develop the ideal working attitude, create a satisfying workplace culture, and enhance their awareness on practicing ethical management.

Detailed Rules 



Code of Ethics

- ❶ Kumho Tire shall gain customers' trust by providing high-quality products and services.
- ❷ Kumho Tire shall comply with the principles and regulations to conduct ethical business.
- ❸ Kumho Tire shall strive to create a happy workplace based on human-oriented management.
- ❹ Kumho Tire shall provide employees with equal opportunities and treat them fairly and equally according to their capacities and performances.
- ❺ Employees of Kumho Tire shall not engage in any behavior that may tarnish the company's reputation but shall behave with dignity and in such a way that can gain the respect and trust of customers and suppliers.
- ❻ Employees of Kumho Tire shall neither request nor receive any form of monetary or non-monetary favors or gains from stakeholders.
- ❼ Employees of Kumho Tire shall not use the company's property for their personal interests but shall behave in such a way that puts the interest of the company before their own.

STRENGTHENING EMPLOYEES' ETHICAL AWARENESS

Ethical Management Education

Each year, Kumho Tire provides ethical management education. In order to advance into a company that grows together with employees, we set the criteria for desirable behaviors and values to be practiced by our employees. To reestablish our advanced status, we provided education for improving ethical management, such as cyber ethical management education, the Code of Ethics and Rules, and anti-corruption case studies in 2020.



Ethical management education

100% complete by all employees

Pledge to Comply with the Code of Ethics

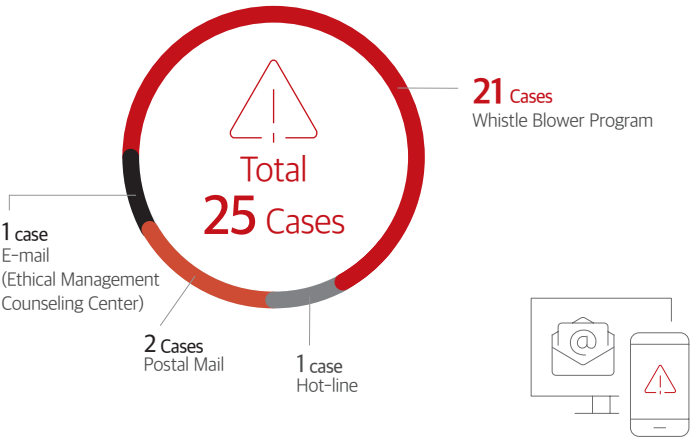
Kumho Tire encourages employees to comply with the Code of Ethics, to create a transparent, fair ethical management culture. In 2020, 1,466 employees* of all divisions in Korea and abroad have conducted self-assessment.

* Varying from the number of employees completing education by reason of leave or resignation

Whistle Blower Program for Anti-corruption Management

To identify employees’ unethical operation and conducts effectively, Kumho Tire initiated the whistle blower program, in keeping with whistle blower protection principles. In particular, reports from whistle blowers are managed strictly on an anonymous basis to prevent any disadvantage to the whistle blowers and to encourage whistle blowing within the organization. To activate and enhance accessibility to this program, we receive reports through various means such as phone, postal mail, e-mail, and fax. In addition, the program is continuously introduced and promoted through our website. For overseas worksites, we established the whistle blower program in local languages. We also post notices quarterly through the internal system to encourage the implementation of this program. At the same time, with the goal of effectively responding to unethical conducts and strengthening internal control, we established a whistle blower reward regulations, providing incentives of up to KRW 1 billion. The ethical management violation cases reported through the whistle blower program in 2020 were handled according to the internal rules.

Number of Reports



COMPLIANCE MANAGEMENT

Autonomous Compliance Inspection

Kumho Tire conducts internal autonomous inspection on compliance. The chief compliance officer checks the autonomous inspection items and manages the corrective actions taken in relation to noncompliance. The results of autonomous inspections are analyzed twice a year and reported at the regular BOD meeting. In addition, corrective actions on noncompliance are being inspected continuously.

Autonomous Inspection Areas

<div>Fair trade</div>	<div>Fair Trade Act</div>	<div>Finance</div>	<div>Commercial Act, Financial Investment Service and Capital Markets Act, Act on the External Audit of Stock Companies, Foreign Exchange Transactions Act, Securities-Related Class Action Act, Civil Act</div>
<div>Privacy</div>	<div>Personal Information Protection Act</div>	<div>Purchase</div>	<div>Monopoly Regulation and Fair Trade Act, Fair Transactions in Subcontracting Act, Foreign Trade Act</div>
<div>Intellectual property right</div>	<div>Copyright, industrial property right</div>	<div>Environment</div>	<div>Clean Air Conservation Act, Water Environment Preservation Act, Waste Control Act, Chemical Substances Control Act</div>
<div>Marketing</div>	<div>Act on Fair Labeling and Advertising, copyright, property right, moral rights of the author, publicity right</div>	<div>Industrial safety</div>	<div>Occupational Safety and Health Act, Rules on Occupational Safety and Health Standards, Framework Act on Firefighting Services, Act on the Safety Control of Hazardous Substances</div>
<div>Labor</div>	<div>Labor Standards Act, Act on the Guarantee of Employees' Retirement Benefits, Act on the Protection, etc. of Fixed-Term and Part-Term Employees, Act on the Protection, etc. of Temporary Agency Workers, Equal Employment Opportunity and Work-Family Balance Assistance Act, Trade Union and Labor Relations Adjustment Act, Act on the Promotion of Employees' Participation and Cooperation</div>	<div>Customers</div>	<div>Framework Act on Consumers, Consumer Conflict Resolution Standards, Product Liability Act</div>

Internal Diagnosis System

As part of the internal control system, Kumho Tire operates the internal diagnosis system together with the internal accounting control system and compliance program based on the law. In order to strengthen risk management, we inspect and manage risk items that can occur in the processes of authorization and daily operations by department using the internal diagnosis system. By doing so, we improve the autonomous risk management competencies of all employees.

RISK MANAGEMENT

Risk management by type

Kumho Tire defines “risk” as an unprecedented incident that occurs either inside or outside of the company and perceives it as a threat that can wield a negative impact on the organization, industry, or stakeholders if handled improperly. We categorize risks systematically, including financial and non-financial hazards, and respond to them through teams dedicated to each risk type.

Risk Types

Technology-related risk

Information leak

Expanded use of imported tires by car makers

Non-performing loan

Human risk

Risk in the course of production and sales

Situation wherein inspection is disabled

Accident occurrence

Natural disaster and environmental pollution

Economic crisis

Quality assurance

Global environmental regulation

Customer-related risk

Social risk

New competitor entrance

Increased competition in domestic tire market

Labor-management risk

Failure in data processing system

Disease and injury

Power failure accident

Management level ESG Risk Management

All matters that can affect the company’s management activities including environmental and safety-related items are reviewed as compulsory report items to the management. Especially, the environmental and safety-related items are managed as compulsory report items to the CEO.

Compulsory Report Items to the Management

Category	Item
Production/Environment/Safety	Extensive defect, operation suspension, safety and environmental incident
Labor/HR	Illegal act, attendance management
Management Planning	Theft, cash-related accident, fines and penalties, information security

Emergency Management Committee

Kumho Tire operates the Emergency Management Committee, which makes decisions in relation to the company’s accident response and delivers the relevant guidelines. The CEO and the head of the Management Planning Division serve as chairman and vice chairman of the Emergency Management Committee, respectively. The heads of each division serve as committee members. In addition, the Accident Response Division in the head office reports information upon any accident to the Emergency Management Committee and executes remediation plans by the risk response team in Korea and abroad, aligned with the policy delivered by the Emergency Management Committee. As such, we established an emergency response system to handle risk response operations separately from the company’s ordinary business operations.

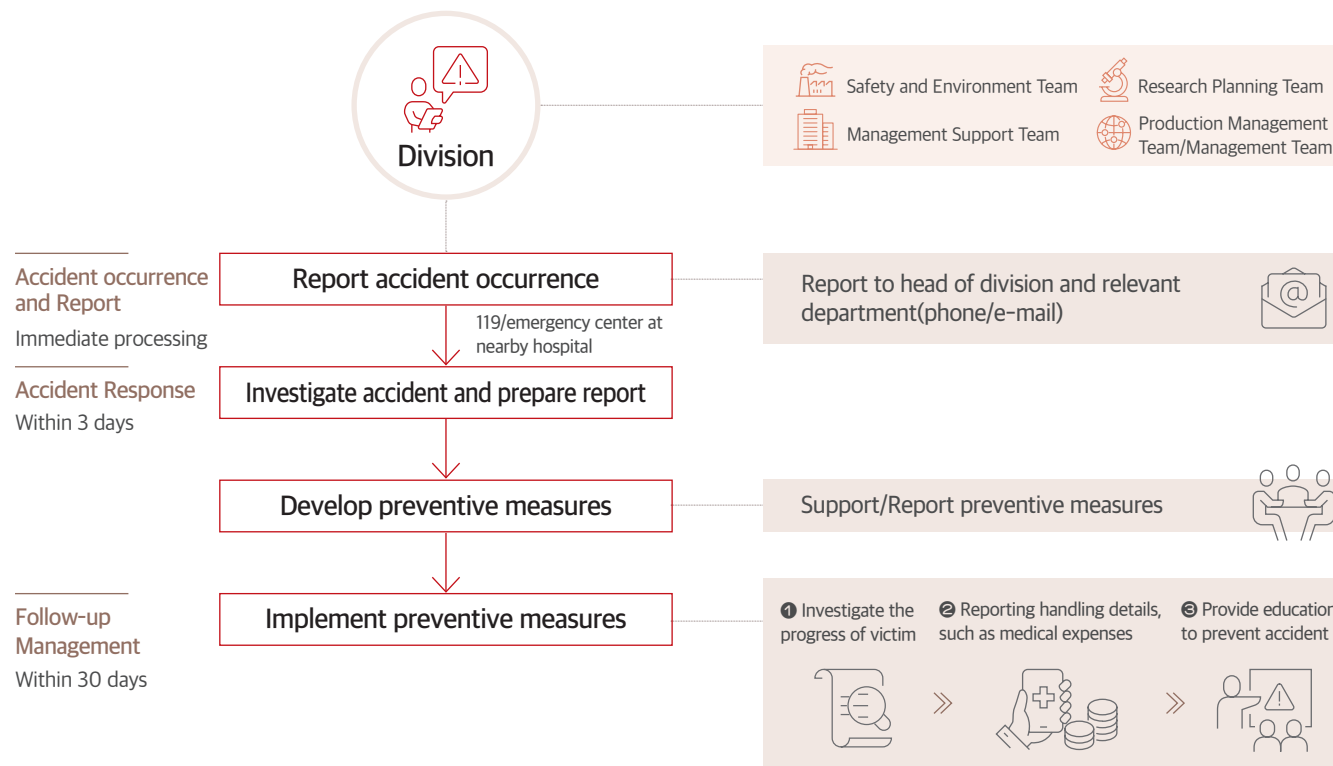
Emergency Management Committee



Accident Handling Process

Kumho Tire is striving to protect accidents in management activities and minimize damages caused by the accidents. We established an accident response guidelines by severity level of accidents, such as explosion, flood, earthquake, environmental incidents, and power failure accidents, to minimize damages. Also we established accident handling process from occurrence to follow-up management to prevent recurrence.

Accident Handling Process



Financial Risk Management

The principle purpose of financial risk management is to enhance in cost competitiveness by reducing financial cost through improvement of financial structure and fund management efficiency and supporting to create sustainable performances against market, credit, and liquidity risks. Financial risk management activities are mainly supervised by the finance team of the controlling company. By closely collaborating with each business entity, the finance team performs activities such as establishing financial risk management policies and identifying and evaluating financial risks from a comprehensive company-wide perspective. The consolidated entities send financial management personnel to the central areas of each overseas region to operate regional financial centers; thus controlling the global financial risks. Kumho Tire also focuses on minimizing the negative impact of financial risks by improving financial risk management policies annually and monitoring financial risks on a regular basis. Financial assets, which are the main target of financial risk management, consist of cash, cash equivalents, financial assets, account receivables, and other receivables, whereas financial liabilities include account payables, borrowings, and other payables.

Response to Tariff Risk

The U.S., a country that accounts for the largest portion of the global tire demand, finalized the imposition of anti-dumping duties* on imports from Korea, Vietnam, Thailand, and Taiwan. Accordingly, anti-dumping duty has emerged as one of the critical risks among tire makers, of which the rate of export to the U.S. market is high. For the anti-dumping duty risk management, Kumho Tire invested in and extended the overseas plants in the U.S. and Vietnam. We also installed an organization in charge of managing trade-related issues and established the tariff risk response system by consulting with agencies specializing in anti-dumping duties.

* **Anti-Dumping Duty** Tariff imposed on imports manufactured in overseas countries and priced below the fair market values, causing damage to the industry of the importing country

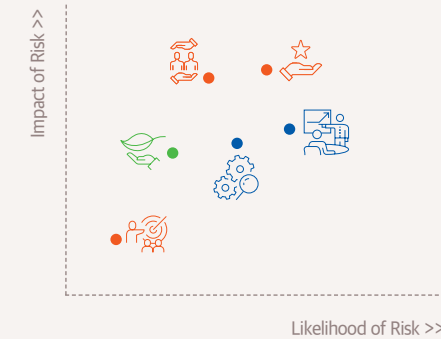


Materiality Assessment Result

Material Issues



Relevant Issues



Contribution to the UN SDGs



FOCUS 1. VALUE RELIABLE BRAND

Risks & Opportunities

Risk	<ul style="list-style-type: none"> Customers' quality requirements and standard improved Labeling regulations strengthened in Korea and abroad Possibility of information hacking according to technological advancement Customer satisfaction reduced as a result of deteriorated quality management
Opportunity	<ul style="list-style-type: none"> Strengthen quality management capacity Strengthen technological competitiveness through R&D Increase customer satisfaction Discover new eco-friendly business items and dominate new markets Increase investment in green new deal

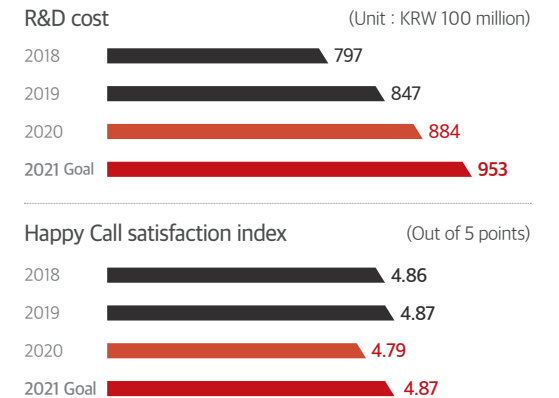
Background

As the pattern of consumption changes to consumer-oriented, quality management to achieve customer satisfaction has become a key issue for a company's growth and competitiveness improvement. At the same time, in line with tire-related regulations and reduction in GHG emissions around the world, the eco-friendly tire market is exhibiting a trend of steady growth. To meet the rapidly changing market environment and customers' needs, continuous technological development is needed.

Kumho Tire's Approach

With our goal of 'securing reliable quality competitiveness', Kumho Tire is committed to secure reliable quality by providing safety and convenience to customers. We are implementing systematic quality management through quality integrated management system and is striving to develop tire that meets customer needs demand by reinforcing R&D. In addition, we improve service by managing VOC integrated system, thereby maintaining 1st place in customer satisfaction in tire industry.

Key Performance



Next Step >>

- Secure quality uniformity
- Strengthen quality education and expand expert fostering
- Bolster security system



QUALITY MANAGEMENT

INTEGRATED QUALITY MANAGEMENT

Placing the highest priority on customer safety, Kumho Tire manages the entire production cycle from development to manufacturing and distribution. We make every effort to assure customer safety through product design reflecting customer demands and stringent verification procedures. We monitor the quality of intermediate and finished products in real time using an automated system. We also prevent customer complaints by collecting VOCs through various channels and continuously improve products.

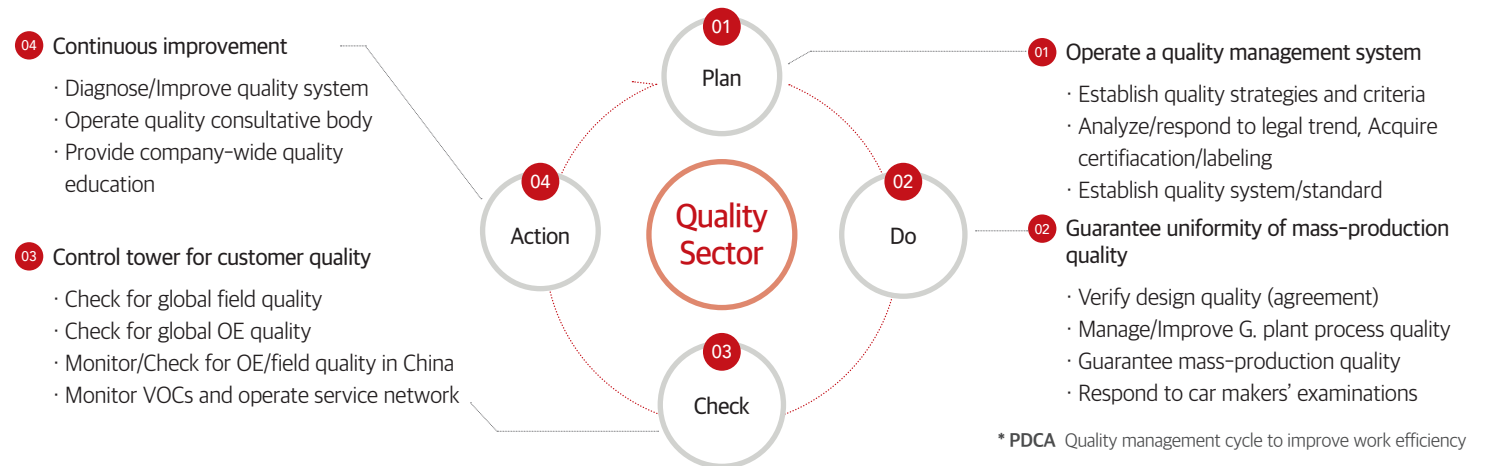
GLOBAL QUALITY SYSTEM CERTIFICATION

For quality improvement, Kumho Tire conducts the global quality system diagnosis on a yearly basis. The global quality system diagnosis consists of “global plant quality management system diagnosis” to meet the car makers’ requirements and secure Global Single Quality*, “quality management system diagnosis” to maintain and develop the IATF16949:2016 quality management system, and “partner quality management system diagnosis” to ensure quality uniformity in partners’ products. Kumho Tire will advance into a company that wins customers’ trust by removing and improving on quality risk factors through global quality system diagnosis.

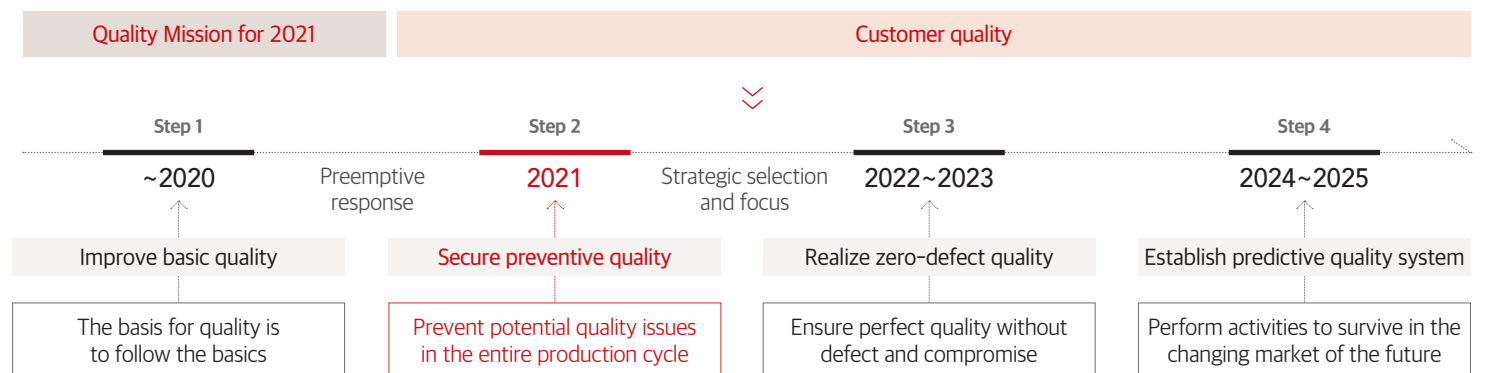
* **Global Single Quality** To achieve uniform quality at domestic and international plants by establishing a consistent quality management system

Global quality system certifications and diagnosis ↗

Quality Management Cycle



Mid to long-term road map for quality management



QUALITY MANAGEMENT EXECUTION

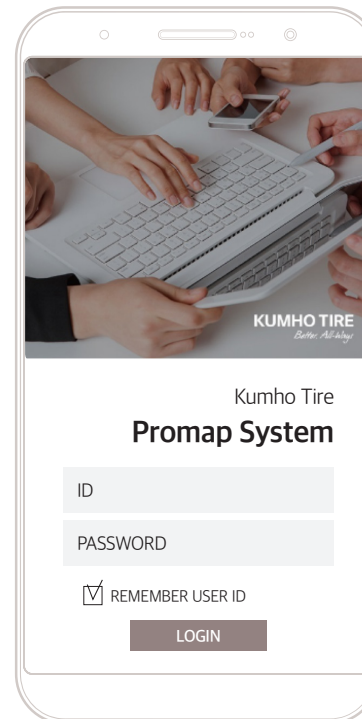
Internal Standardization of Quality Management System

Kumho Tire has built a quality management system based on IATF 16949:2016, an international standard in automobile industry. The quality management system has been established as an internal standard through integration with other management systems. The internal standard is divided into “operating standard” and “technological standard.” Each standard is applied to and used for the respective areas. We post the internal standard in the Intranet to enhance accessibility. The integrated search function was upgraded in 2021. As a result, documents screening has become less time-consuming and more efficient. We also added the document encryption function to reinforce document security.

Internal Standard System



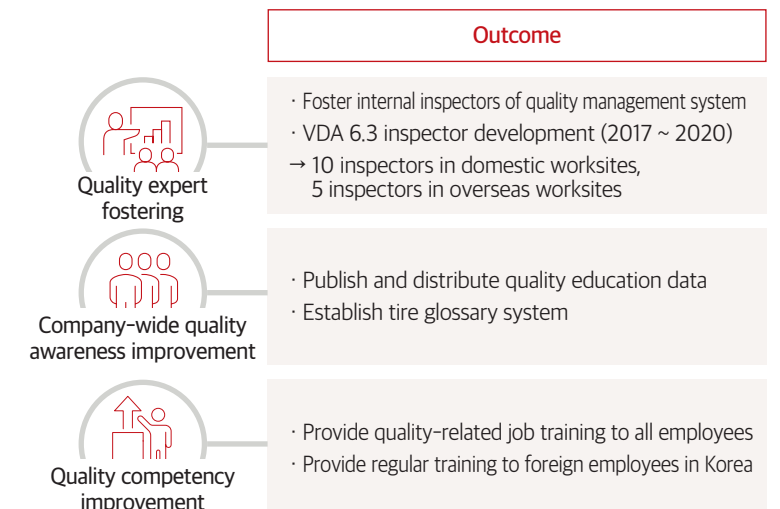
Improving the Integrated Document Search Function



Company-wide Quality Management Capacity Improvement

Kumho Tire is promoting quality management capacity enhancement efforts in order to advance the quality management system and respond effectively to client requests. Especially, we contribute to developing quality management system by training quality experts. In addition, by meeting customer requirements through acquisition of VDA 6.3 inspector qualification, we are contributing to improving company-wide quality competency. As part of the effort to strengthen quality awareness company-wide, we also distributed tire quality education data and established a glossary system. At the same time, we are providing internal education to increase the competency of quality-related employees. Kumho Tire will improve company-wide quality awareness and develop problem-solving abilities by continuously performing quality capacity improvement activities.

Activities to improve quality management capacity



QUALITY MONITORING SYSTEM

Internal Quality Diagnosis Process

The internal quality diagnosis process is applied to the operation to determine whether the requirements are met at each stage of product development and manufacturing, such as planning, design, development, purchase, production, inspection, and service. Through this operation, the effectiveness and efficiency of the quality, environmental, and safety management systems are diagnosed, any defects or nonconformities found through the process are corrected, and the required improvement is reflected to the management activities.

Manufacturing Quality Uniformity Monitoring

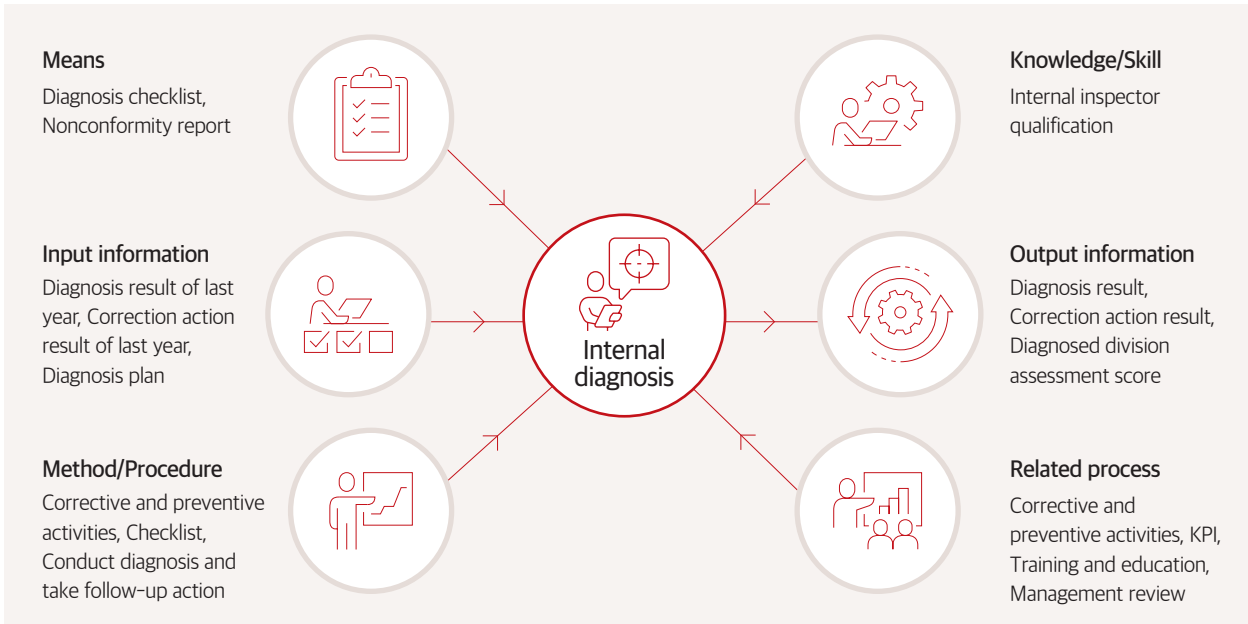
Kumho Tire operates QMS (Quality Monitoring System) to automatically collect data on main process quality and factors that wield significant impact on quality, and analyze the process capacity on a real-time basis. By analyzing and managing the process capacity through QMS, we prevent and remove factors that cause quality issues. By doing so, we acquire uniformity in our manufacturing quality; thus accelerating quality improvement. In addition, we manage Cut Measure* through the Cut Measure Monitoring System (CMS) in order to secure uniformity of mass-production quality and contribute to reducing quality deviations.

***Cut Measure** Measuring the assembly figure of half-finished goods by cutting tire horizontally

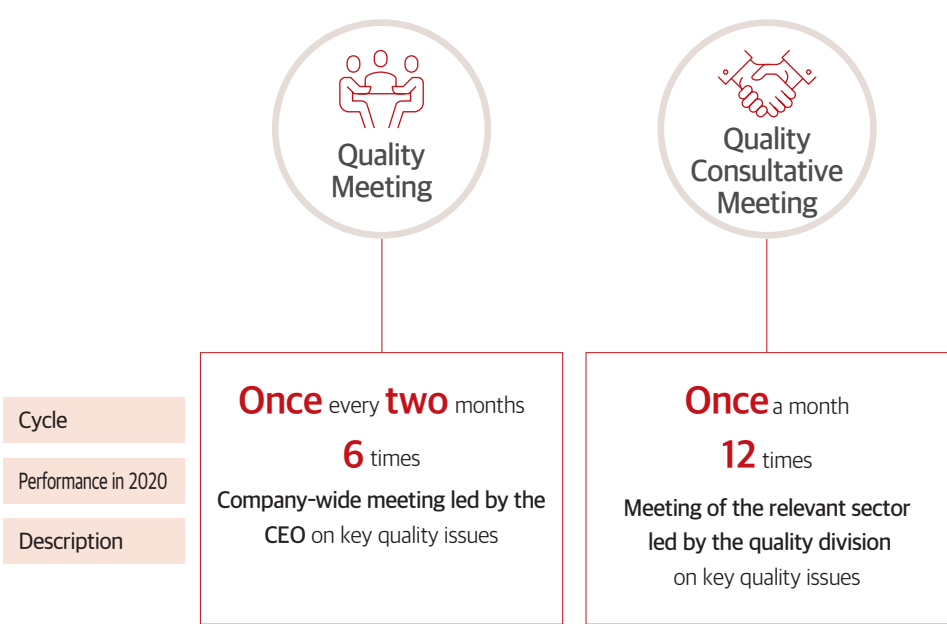
Operation of Quality Consultative Body

To secure manufacturing quality uniformity at global plants and manage the plants systematically for quality and competitiveness improvement, Kumho Tire holds regular meetings of the quality consultative body led by the CEO and participated in by the top management. By monitoring and improving the process capacities of global plants, we not only reduce product defects but also minimize quality deviations that can occur in the manufacturing process. We perform various other activities to fulfill the goal of quality improvement, such as establishing company-wide response plans in relation to regulatory trend, market changes, and VOC received through customer service network.

Internal Diagnosis Process



Status of Quality Consultative Body Operation



CUSTOMER SATISFACTION

STRENGTHENING COMMUNICATION WITH CUSTOMERS

VOC Management System to Improve Customer Satisfaction

Kumho Tire is committed to improving customer satisfaction through market monitoring in relation to customer needs and complaints. We collect customers’ complaints and reviews regarding tire performance and quality through various channels and manage the information using the customer VOC management system.

Rewarding Dealerships with High-quality After-sales Service for Customer Service Improvement

The role of dealerships in delivering after-sales service is crucial to enhance customer service quality. Based on the assessment results on after-sales service, Kumho Tire selects and rewards dealerships that provide high-quality service. This not only motivates the dealerships and improves their sense of responsibility for quality improvement but also contributes to creating a culture of shared growth with dealerships.



Selecting and Rewarding Dealerships for High-quality After-sales Service

In 2020, **39** dealerships, in **16** domestic regions selected



Korean Excellent Quality Service Certification

Acquisition date : 2020.12.14
Expiration date : 2020.12.14 ~ 2023.12.13

New Product Development through Customer Participation

Kumho Tire operates the New Product Development Team consisting of experts in each field, including research, marketing, quality, and sales, to develop new products aligned with customers’ needs (distribution network). We attempt to comprehend market trends by consulting with regional distribution networks on the concept of new items and the requisite tire performance. We also reflect customers’ needs to new product development.

Certifications and Awards



Korean Net Promoter Score (KNPS)
Passenger Vehicle Tire Category - Kumho Tire

No. **1** for **13** consecutive years



Korea Best Brand Awards (Forbes Korea)
Passenger Vehicle Tire Category - Kumho Tire

No. **1** for **10** consecutive years



Korea Sales Service Satisfaction Index (KSSI)
Tire Dealership Category - Tire Pro

No. **1** for **5** consecutive years

CUSTOMER SAFETY AND HEALTH

Customer Safety Campaign

Kumho Tire holds various campaigns to promote customers' safe tire use. The "Meeting with Customers Campaign" aims to provide customers with free tire inspection services as well as information on how to check and manage tires; the "Technical Service Campaign" aims to provide information for wheel balance adjustment, tire wear check, and wheel alignment check; and the "Highway Campaign" aims to provide information on how to check vehicles for customers planning trips during the holiday season. In 2020, we conducted a contactless campaign amid COVID-19 to conduct tire safety check on parked vehicles. We also attached inspection cards on vehicles requiring tire replacement to help customers recognize the problem and replace tires accordingly. To ensure customer safety, we will continue holding customer-oriented campaigns to provide tire check services and information on the correct method of tire management.

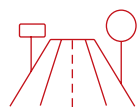
Campaign Schedule



Meeting with Customers Campaign
Implements after planning monthly schedules



Technical Service Campaign
Implements after planning monthly schedules



Highway Campaign
Once a year



Contactless Campaign
Implements after planning monthly schedules

Tire Labeling System*

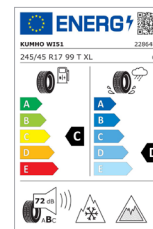
Kumho Tire sets the minimum required levels of tire rolling resistance, wet grip, and noise by promoting the implementation of the tire labeling system through energy efficiency rating display. We also assist customers to purchase products reasonably by providing them with information about tire performance. Tire labeling system is compulsory in Europe, Middle East, Brazil, and Korea. This system will be expanded to China and India in the future. We are manufacturing high-quality tires by complying with the tire labeling system that is being implemented domestically as well as in Europe, etc. In addition, to establish a smart consumption culture, we provide energy efficiency rating information for each product in the company website. Moreover, we conduct strict quality control by performing regular performance inspections on tires, such as for driving and safety performances, based on internal criteria that are stricter than the required performances by country.

* **Tire Labeling System** This system is aimed at increasing vehicle safety and reducing environmental pollution, such as reduction in GHG emissions through improvement in fuel efficiency. In Korea, implementation of the tire labeling system has been compulsory since 2012 in the form of energy efficiency rating display.

Tire Labeling System



Energy Efficiency Rating Display in Korea



Labeling Display in Europe

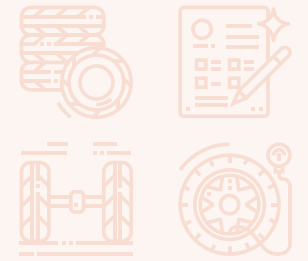


Labeling Display in the Middle East

Highlights

Contactless Safety Inspection Campaign in Highway

In July 2020, Kumho Tire provided contactless drive-through tire inspection service and held the Safe Driving Campaign amid the COVID-19 pandemic. This campaign was held on four highways around the country. We helped customers receive free tire checkup service, such as for tire pressure and wear, from experts without having to get off their cars.



TECHNOLOGY DEVELOPMENT

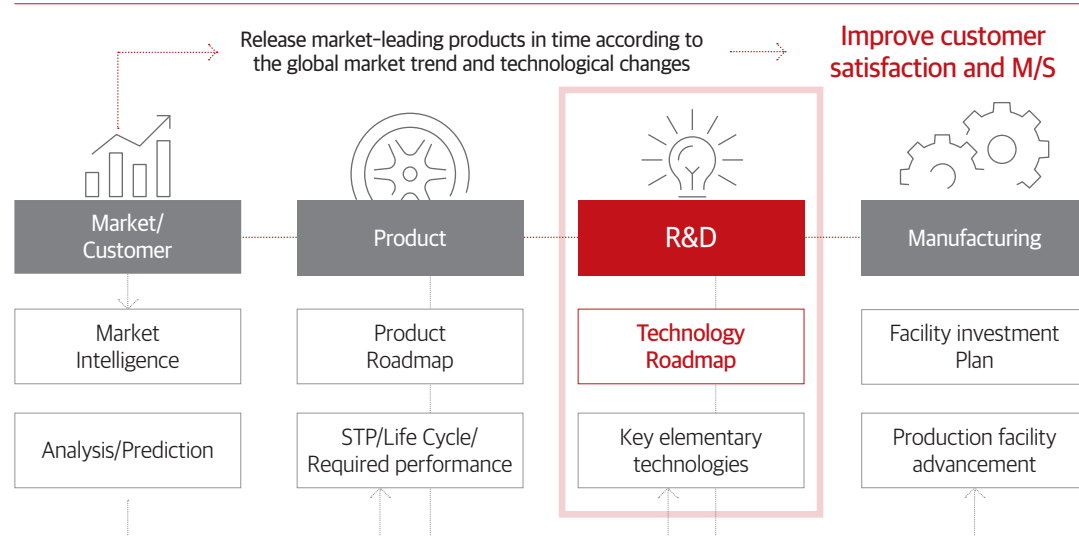
IMPROVEMENT OF RESEARCH COMPETENCY

Technology Road Map

Kumho Tire has established the technology road map (TRM) to develop products that meet customers' needs, in line with the global market trend and changing technologies. We set annual goals for tire rolling resistance, weight, braking, and wear performance based on car manufacturer specifications and market trends, and we are constantly researching elementary technologies required to meet such targets.

* **Elementary Technology** A toolbox of new technologies for materials, structures, and molds in the intermediate product unit that must be applied to the design stage in order to produce the key tire performances

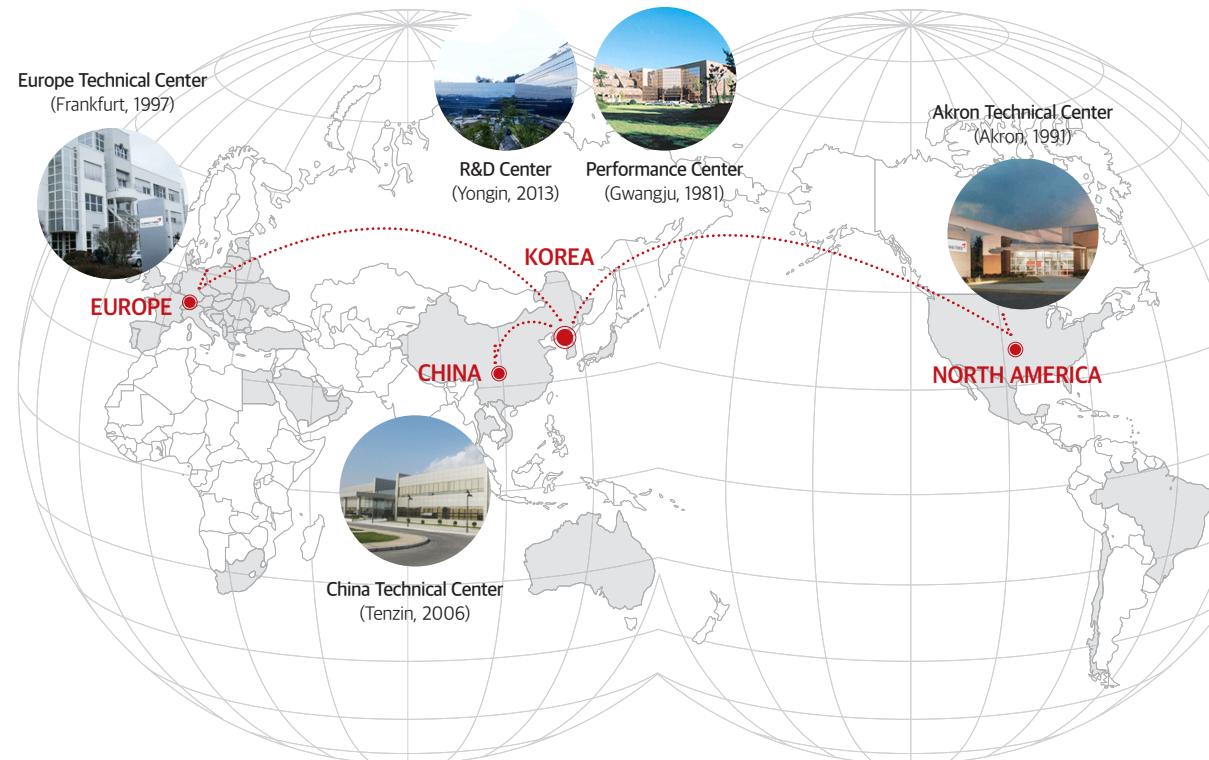
Role of Technology Road Map



Global R&D Network

As a global tire manufacturer, Kumho Tire has established a global R&D network. It includes Kumho R&D Center (KRDC) in Yongin, Kumho Performance Center (KPC) in Gwangju-si, Korea, Kumho Europe Technical Center (KETC) in Frankfurt, Kumho China Technical Center (KCTC), and Kumho Akron Technical Center (KATC) in Akron, Ohio where automobile industry was developed. With top-tier technological power and human resources, we are developing world-class tires.

Roles of Research Institutes

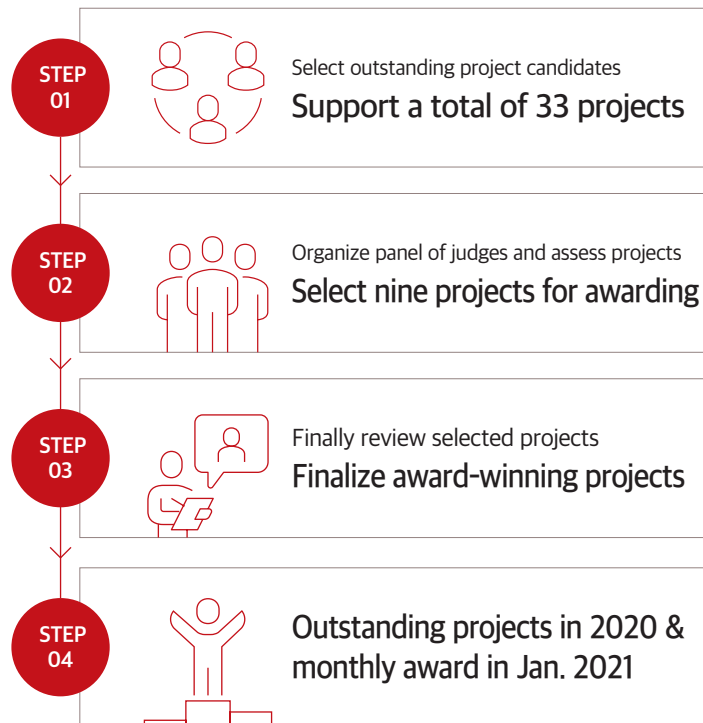


IMPROVEMENT IN R&D CORE COMPETENCE

Selecting Outstanding Projects

Kumho Tire operates an incentive system to reward researchers with outstanding research achievements. It was devised to encourage researchers to achieve beyond short, mid-, and long-terms goals. We motivate researchers to develop innovative R&D projects, thereby providing customers with outstanding products based on valid experiment outcomes.

Outstanding Projects Selecting Process in 2020



Promoting Joint Studies

Kumho Tire conducts studies in cooperation with a number of external organizations in order to improve expertise and efficiency in R&D. Together with car makers such as Hyundai Motor Company, raw material suppliers, IT system developers, leading universities in Korea, and research centers, we promoted multiple projects to secure technological power for tire development. We will continue strengthening innovative study in new tire technology development by expanding cooperation with various organizations.

Key Study Areas



- One project** to secure advanced technology (sensor) for responding to mobility industry change
- Two projects** to secure technologies for reducing the tire development period
- Eight projects** for materialization of fuel efficiency and low rolling resistance.
- Four projects** to develop high-stiffness, low-weight materials
- Six projects** to develop high-mileage tire

Highlights

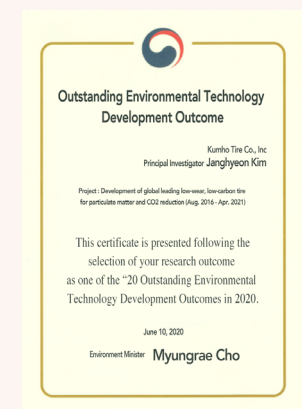


Environment Minister Award for Low-wear, Low-carbon Tire Development

Together with the Korea Institute of Machinery & Materials, Kumho Tire conducted a study to analyze the correlation between tire wear performance and particulate matter (PM10/PM2.5) generation. In July 2020, the project of "developing global leading low-wear, low-carbon tire for particulate matter and CO2 reduction" was selected as one of the "Outstanding Environmental Technology Development Outcomes in 2020," winning the Environment Minister's Award. Outstanding environmental R&D outcomes are selected based on the technology development goal fulfillment level, effect of technology development, and economic and social ripple effects.

For R&D of low-wear and low-carbon tires, Kumho Tire will continue cooperating with various organizations and provide consumers with sustainable products that comply with eco-friendly policies.

Eco-friendly Tire Development^{①②}



SECURING NEXT-GENERATION PREREQUISITE SKILLS

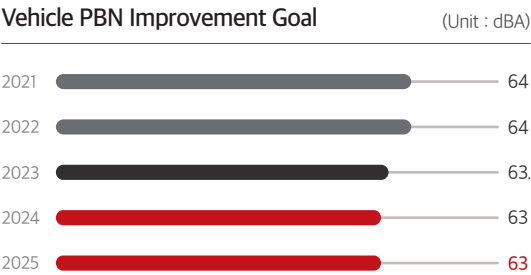
Tire Noise Reduction

As part of the environmental noise regulation, the amendment of the international standard on automobile noise has been in effect since 2016. The scope of this regulation will be expanded by only the noise generated from motors to noise generated by all vehicles including tires. In particular, as the contribution to tires and road noise was upgraded from 40% to 60%, car makers’ requirement for tire noise level has increased.

The regulation standard for PBN(Pass By Noise) has been reduced by stages. The current criterion is 70dBA or less (phase 2) and will be lowered to 68dBA (phase 3) from 2024. As of 2021, European and domestic car makers are demanding tire noise contribution of 64-65dBA in 50kph, which is the reference speed for PBN. To improve PBN performance, Kumho Tire has set annual goals, and is currently promoting low-noise tire technology development. For OE tire delivery and technological advancement, we must focus all our competencies on low-noise tire technology development. To meet customers’ demand, each of Kumho Tire’s divisions, such as for pattern, structure, material, and assessment, are working together to study and develop low-noise tire technologies and products.

Airless Tire

Kumho Tire is developing airless tires that reduce pneumatic leak from tire puncture. The airless tires are also advantageous compared to conventional inflated tires in terms of stability, convenience, manufacturing method and recycling of materials. Currently, we are developing the technology for an airless tire in a standard similar to that of inflated tires for application to electric cars, compact cars, and mid-sized cars. In particular, Kumho Tire has secured a differentiated forming technology in the combined spoke structure (lateral + circumferential). We are continuously promoting R&D to commercialize airless tires, which can grow together with autonomous vehicles. We will establish the airless tire law and secure the necessary development competency through implementation of a government project by 2021.



Smart Tire

Tire Monitoring System

While a vehicle is in operation, tire pressure, temperature, and driving habits are comprehensively monitored at the central control tower. In 2020, we developed the tire information monitoring sensor and wireless communication device along with an application and management program. Following a pilot operation, this technology will be commercialized in 2021.



Road Surface Information Recognition System

This system prevents traffic accidents by recognizing and notifying road surface conditions to the driver and also provides optimal operating information to the transport infrastructure. In 2020, we developed the high-performance sensor and wireless communication device for road surface information recognition. Following the development of the wireless power system, this technology will be commercialized in 2024.



Performance Prediction System Advancement

Kumho Tire has been developing tire performance prediction technology by using the Finite Element Method¹⁾. Since 2015, we have been using the performance prediction-based Virtual Product Development (VPD)²⁾ system that allows designers, not the analysis experts, to participate in analysis directly. We also strengthened technological power to verify matching between the performance of components and finished product and the vehicle in a virtual environment. In 2020, we established a process for deriving optimal design plans by the target performances based on optimization technique, such as the genetic algorithm³⁾ developed through combination between DOE (Design of Experiments) and proximity model. In addition, we conducted a study of multi-physics⁴⁾ analysis on hydroplaning (wet), snowy, and icy road surfaces to predict tire performance. We are expanding the scope of this study to predict tire performance under the soil, air current, and heat transfer conditions. We plan to promote the advancement of the performance prediction system by increasing investment in fostering analysis experts and securing the necessary software.

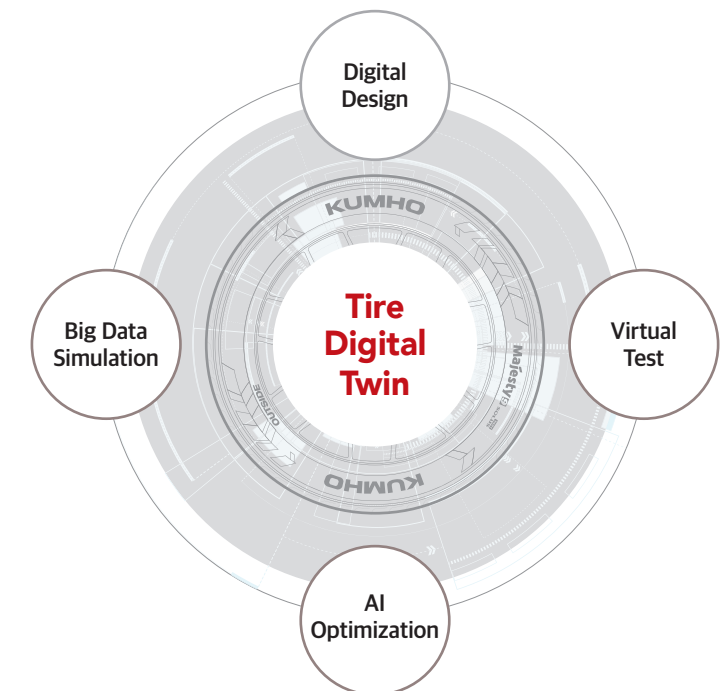
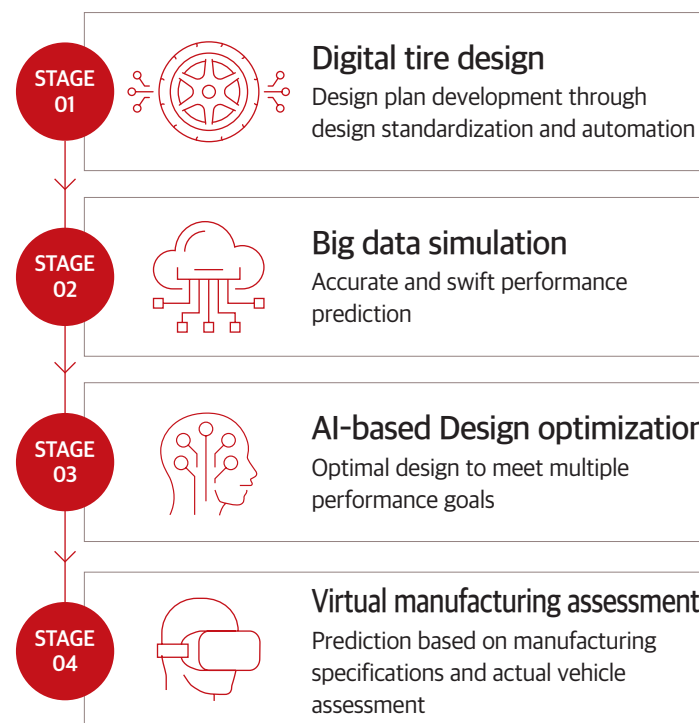
1. **Finite Element Method** : This is a numerical analysis method that is most widely used in computer-aided engineering for structure, fluid, and thermal analysis. A target is divided into a finite number of areas (elements), and a contact point representing these elements is analyzed through the approach of simultaneous linear equation.
2. **Virtual Product Development System** : This is a design system that enables predicting the tire production result through simulation in a virtual environment. It enables predicting the assessment result considering the vehicle characteristics, such as riding quality and steering stability, as well as the performances of the components and finished product, according to design (drawings).
3. **Genetic Algorithm** : An optimization technique based on the biological evolution theory, i.e., individuals with superior characters successfully adapt to and survive in the environment
4. **Multi-physics Analysis** : A technique for analyzing the complex interactions of dynamic phenomena (heat, fluid, solid, and gas) in one environment

Digital Twin System development

In response to the rapidly changing technology trend due to strengthened environmental regulations and increase in electric vehicles, Kumho Tire is establishing the Tire Digital Twin environment to maximize tire performance and safety by actively applying big data and artificial intelligence (AI) technologies. A digital twin is a virtual model designed to complete a digital development in the following process: automatically designing tires through a virtual product development process model; predicting tire performance using big data, optimizing tire design using AI; and finally, testing and evaluating tires in a virtual environment.

Under the digital twin system, tire development process is shifted from the conventional test evaluation method based on actual manufacturing to digital manufacturing-based virtual assessment. This will contribute not only to increasing the competitiveness of product development technologies but also to reducing the tire development period, lowering the development cost, and improving product quality.

Digital Twin System Establishment Plan



* **Digital Twin** A technology for predicting the outcome of production through computer simulation by implementing a virtual representation of a real-time counterpart

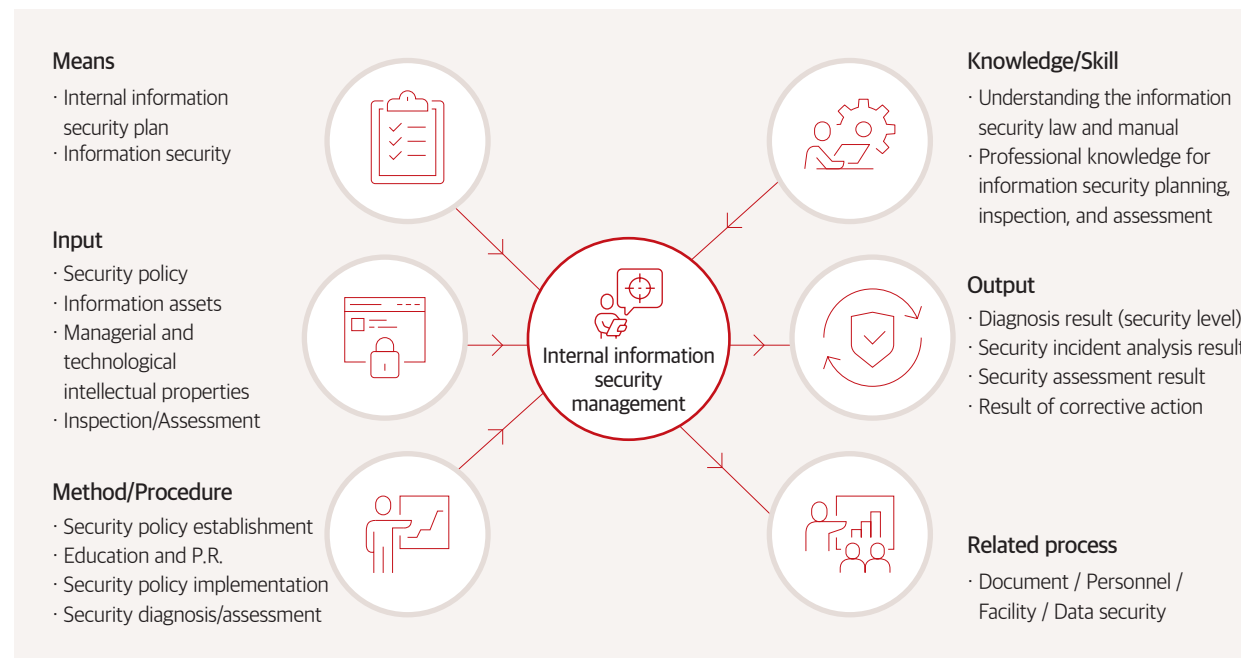
INFORMATION SECURITY

INFORMATION SECURITY SYSTEM

Information Security Management System

Kumho Tire operates a stable information security management system to minimize loss of information asset and enterprise value. We are responsible for information security and protection of trade secret and other corporate information from various threats. By conducting Telepia, BMT technical review, and information security diagnosis and assessment, we are systematically managing activities regarding document, facility, personnel, and data-processing information security.

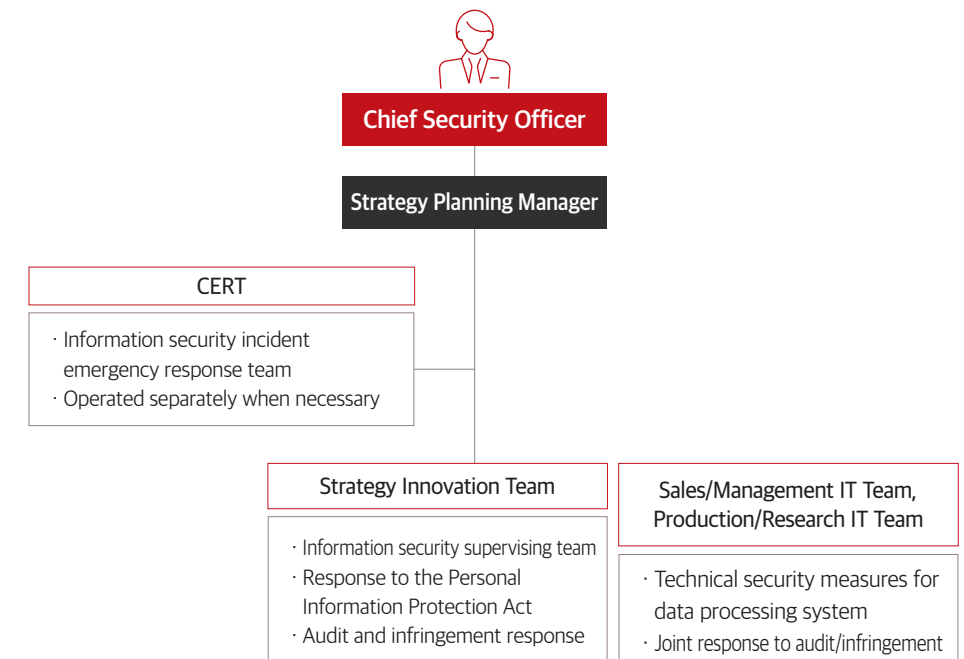
Information Security Management System



Information Security Organization

To perform information security operations effectively, we divided the information security organization into strategy innovation team and strategy planning officer, thereby strengthening responsibility and expertise. In addition, security performances by each department are inspected on a regular basis.

Information Security Organization



STRENGTHENING INFORMATION SECURITY

Document Centralization System

Kumho Tire strives to establish a system for preventing security incidents. In 2020, Kumho Tire established a company-wide document centralization system. We will apply this system to the head office, research centers, and plants in Korea as well as to research centers, branches, and plants abroad.

Personal Information Protection System

Kumho Tire implements various systems and policies to guarantee personal information protection. To comply with the personal information protection laws of Korea and abroad, we signed a KRW 6.1 million contract with IDT for system establishment from November 2019 to December 2020. We will thoroughly observe related laws when reestablishing the personal information protection system in the future.

Promoting Virtual Desktop Infrastructure

In 2020, Kumho Tire introduced and provided a pilot service of the virtual desktop infrastructure (VDI)* for the purpose of cost reduction and security improvement. To prevent an increase in operating cost in line with an increase of sales and employee count, we kept variable cost to a minimum in proportion to the cost of rental computers. We also minimized supporting operations, such as system installation and failure handling, and applied VDI—which facilitates centralized management—for integrated security management. In 2021, we will shift to the VDI system by step starting with the new targets. We will also promote and ensure convenient system use by telecommuting and overseas workers.

* VDI, Virtual Desktop Infrastructure Technology for creating a user desktop inside a virtual computer that does not physically exist but is running

Background and Effect of Document Centralization System Establishment

Background	Effect
Loss of time, resources, and opportunities due to document loss	Integrated document management enabled, centralized content management, improved security and diverse access control methods, managing records to prevent loss and leak
Decrease in productivity and wastage of storage devices due to unused data	Storage space saved as duplicate files are removed
Increased threat of ransomware targeting corporate digital assets	Document management systematized, convenient document search, productivity improved due to effective document sharing/provision of cooperation environment
Productivity lowered due to lack of cyber space for cooperation/collaboration	Diverse access control methods, record management, managing document release, document leak prevention
Document storage in personal computer resulting in increased risk of loss	Link to desktop virtualization system, convenient to provide smart work environment

Strengthening Employees' Security Awareness

Since 2016, Kumho Tire has been disclosing security-related information through the internal noticeboard. We aim to improve employees' information security awareness by sharing information security-related regulations, news, and incident cases. In 2020, we provided information security education by reflecting the environmental change caused by COVID-19. Through the education, the concept and necessity of information security were explained and emphasized.

Participation rate in Personal Information Protection Education (Unit : %)





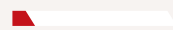
Materiality Assessment Result

Material Issues



Sustainable supply chain management

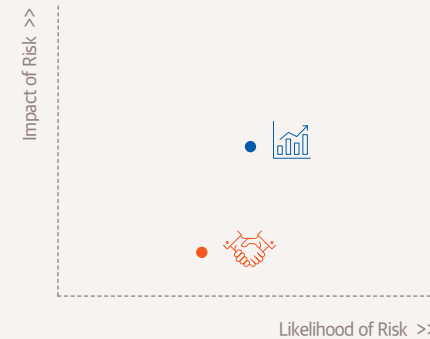
Likelihood of Risk



Impact of Risk



Relevant Issues



Contribution to the UN SDGs



Sustainable supply chain management



Strengthening shared growth with partners

FOCUS 2. HARMONY PARTNER FOR SHARED GROWTH

Risks & Opportunities

Risks

- Decrease in product quality
- ESG issues in partners



Opportunities

- Strengthening project safety
- Establishing a mutually cooperative relationship with partners
- Strengthening product quality



Background

Building healthy relationships with partners is an important issue in strengthening corporate competitiveness and revitalizing the industry. As the automobile industry's management strategies are changing, corporate clients around the world are demanding the management of partners' ESG issues, such as safety, environment, economy, and human rights. We need to manage suppliers to achieve sustainable growth beyond simply providing them with support in terms of charity. In addition, it is necessary to form responsible partnerships with our partners throughout the entire process from production to delivery.

Kumho Tire's Approach

Kumho Tire recognizes that building healthy relationships with partners is an important element in achieving sustainable growth. We intend to form cooperative relationships based on the management of our partners, such as by assessing their sustainability, helping the partners establish a fair trade culture, and communicating with them. We will strengthen partner management in terms of their sustainability and promote the programs to support shared growth, thereby building long-term partnerships. By doing so, we will contribute to increasing the competitiveness of Korea's tire industry.

Key Performance

External partner satisfaction

(Unit : Points)



Dealership education

(Unit : Persons)



Next Step >>

- Strengthen partner ESG management
- Operate programs to support shared growth



SUSTAINABLE SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Kumho Tire created an environment for ensuring shared growth with partners by providing them with equal opportunities and promoting fair competition. We operate the KUMHO TIRE Portal of Supplier Management, with which our partners can directly handle and control a series of processes from contract to ordering, reception, and payment. We will strengthen ESG management and shared growth support for partners to establish a sustainable cooperation system and grow together.

Regular Assessment of Partners

Kumho Tire inspects suppliers' worksites annually for risk management and competitiveness improvement, recommending internal management of potential risk factors. Our partner assessment items include ESG issues such as ethical management, social contribution, employee management, and environmental management.

Partner ESG Assessment Items

Area	Item
Ethical management	Enactment of code of ethics and detailed guidelines
Social contribution	Establishment and implementation of social contribution plan
Employees	Provision of appropriate reward, compliance with appropriate working hours, working environment
Environmental management	Environmental management policy and organization, documentation of environmental management procedures, environment-related complaints and accidents, environmental improvement plan

Strengthening the Safety and Health of Partners

To improve the safety and health of internal partners, Kumho Tire held 12 Supplier Council meetings in 2020. We also performed safety and health inspection quarterly with suppliers. In addition, led by the Korea Occupational Safety and Health Agency, we provided safety and health education and education on risk assessment to 14 suppliers and construction companies as part of our partner safety and health support activities.


Improving Partners' Ethical Management

To eradicate the unethical practices of its partners and stakeholders and grow into a reliable brand, Kumho Tire conducts various activities including "clean holidays campaign" wherein we prohibit partners from offering gifts or cash. We prevent unethical conducts by sending official letters requesting partners to refrain from providing or receiving gifts or cash for any reason. In addition, with the goal of protecting partners' rights, we established a system within the ethical management division to receive reports about unfair and unethical conducts. As such, Kumho Tire is striving to resolve partners' difficulties and lead the ethical management practice.

Clean Agreement

According to Chapter 2 of the Code of Ethics and Rules, Kumho Tire started the Clean Agreement system in 2020. Under this system, we transparently disclose the process of employees' contract participation from bidding to contract fulfillment for inducement of fair and ethical contracts. As such, Kumho Tire is reiterating its will for ethical management and spreading it at the corporate level.

Key Content of Clean agreement



- A. Comply with the Kumho Tire's Code of Ethics
- B. Follow the principle of trust and good faith
- C. Do not force other parties to engage in unfair trade by using superior position during contract signing and fulfillment process
- D. Do not demand or collect cash and gift, etc. outside the trade relationship
- E. Increase cooperation for shared growth with partners by providing them with fair and transparent opportunities
- F. Spread ethical management by restricting contract with unethical partners




SUSTAINABLE NATURAL RUBBER SUPPLY

Natural Rubber Policy

With increase in global demand for natural rubber, sustainable management of the natural rubber supply chain has become an essential element for the forests protection, biodiversity, and sustainable development of local communities. Based on the importance of sustainable natural rubber supply, Kumho Tire is implementing natural rubber policy for sustainability.

Use of Sustainable Natural Rubber

Kumho Tire is participating as a member of the Global Platform for Sustainable Natural Rubber (GPSNR) consisting of 39 members including tire and car makers, rubber suppliers and distributors, and NGOs. We participated in GPSNR to improve the social, economic, and environmental values of natural rubber. By establishing an independent council, Kumho Tire established the standards for the improvement of natural rubber yield, prevention of land clearing and deforestation, biodiversity and water resource protection, and increased transparency and traceability of supply chain. For decarbonization, we will also gradually increase the rate of natural rubber use.

Natural Rubber Policy 



Natural rubber ratio

(Unit : %)



SHARED GROWTH

Partner Satisfaction Survey

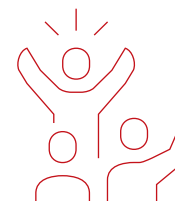
To successfully communicate with and collect opinions from partners, Kumho Tire conducts the annual service satisfaction survey on internal and external partners. The survey results are actively reflected in the company's policies and systems for shared growth. Survey participation rate increased by 1.8% from the previous year's 95.1%, and partners' satisfaction score in terms of employee satisfaction and ethical management practice increased year on year. However, as the satisfaction level in system satisfaction category decreased, we will examine a plan to improve user convenience. Also, we will secure validity of the satisfaction survey by reexamining the survey items.

External Partner Satisfaction Survey Items



- Collecting opinions on trading and fairness
- Order placement and claim handling procedures
- Fairness of work and politeness of person in charge
- Satisfaction with KPOS system
- Ethical management, management for shared growth

Internal Partner Satisfaction Survey Items



- Understanding the type of work and person in charge
- Response to customer inquiries
- Listening to improvement of operation/cooperation
- Explanation about request
- Effort to visit worksite, etc.
- Swift handling of operation/cooperation
- Satisfaction with subcontracting

SHARED GROWTH WITH DEALERSHIPS

Strengthening Dealership Competency

Since the competency of dealerships has a major impact on the competitiveness of Kumho Tire, we provide various educational support to dealerships and employees annually. Especially, to provide a professional educational program, we operate the Sales & Service Training Center in Daejeon.

In 2020, the scale of face-to-face education was reduced due to the COVID-19 pandemic. Instead, it was replaced with contactless education to support dealerships' competencies. Since 2016, Kumho Tire has been providing customized personnel training through technical colleges and educational institutions in order to resolve the manpower shortage in dealerships. We also carry out industry-university cooperative activities to arrange for university students' employment at our dealerships.

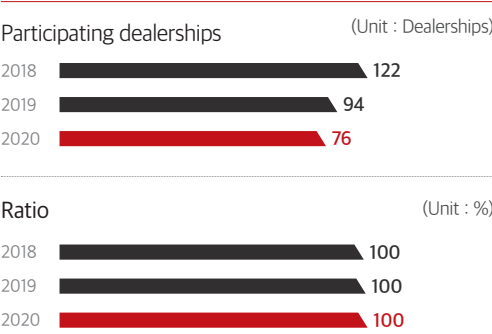
Dealership Education Curriculum and Attendees

Education System	Curriculum in 2020 (No. of Courses)	Frequency (times)	Attendees (Persons)
Introductory course	3	4	32
Intermediate course	2	3	41
Advanced course	3	4	42
Special course	3	3	21
Industry-university cooperation course	1	1	6
Field-customized training	3	As necessary	2,016
Contactless education (video)	5 (8 videos produced)	-	-
Total	15	15 +α	2,158

Dealership Participation in Ethical Management

Kumho Tire encourages dealerships to participate in the ethical management pledge to form trust among partners. The pledge is about valuing one another's honor, improving product and service quality, complying with the law, and shunning unethical conducts and bribery. A total of 76 new dealerships signed the pledge in 2020, and the participation rate of dealerships in the pledge reaches 100% annually.

Dealerships Participating in the Ethical Management Pledge



Industry-University Cooperation

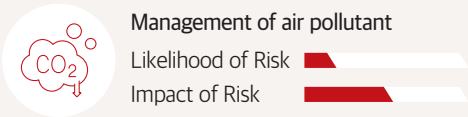


Dealership Education



Materiality Assessment Result

Material Issues



Relevant Issues



Contribution to the UN SDGs



FOCUS 3. CONTRIBUTION CONTRIBUTING TO LOCAL COMMUNITY DEVELOPMENT

Risks & Opportunities

Risk

⚠️

- Increased demand for corporate social responsibility
- Risk caused by conflict with local communities

Opportunity

👏

- Contributing to local development and improving the relationship with residents by resolving local issues
- Strengthening expertise by promoting social contribution activities according to the business characteristics

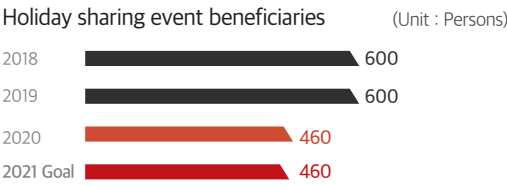
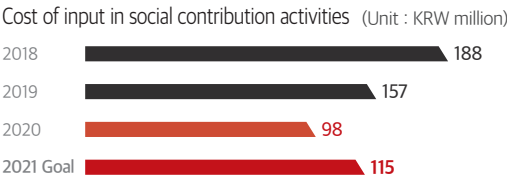
Background

With the growing awareness that companies should promote shared growth with society, companies need to create a culture of contributing to local community development voluntarily and actively. Society demands contribution activities for substantial development rather than for showing off; thus, companies must solve various social issues in the local communities as a member of society. Contributing to the development of a local community where it belongs leads to the company’s potential growth, thereby forming a relationship of virtuous cycle.

Kumho Tire’s Approach

As a corporate citizen, Kumho Tire is actively performing strategic corporate contribution activities centered on “education donation,” “support for the vulnerable class,” and “environment protection.” We try to fulfill responsibility for shared growth with members of society through corporate contribution activities. We carry out social contribution activities connected to the UN SDGs and based on our business characteristics, such as providing education and career mentoring for children of accident victims. In the future, we will not only secure the sustainability of our social contribution programs but also broaden the scope of our activities, thereby spreading a positive influence and creating values in society.

Key Performance



Next Step >>

- Promote business-integrated social contribution activities
- Complete social contribution activities 100%

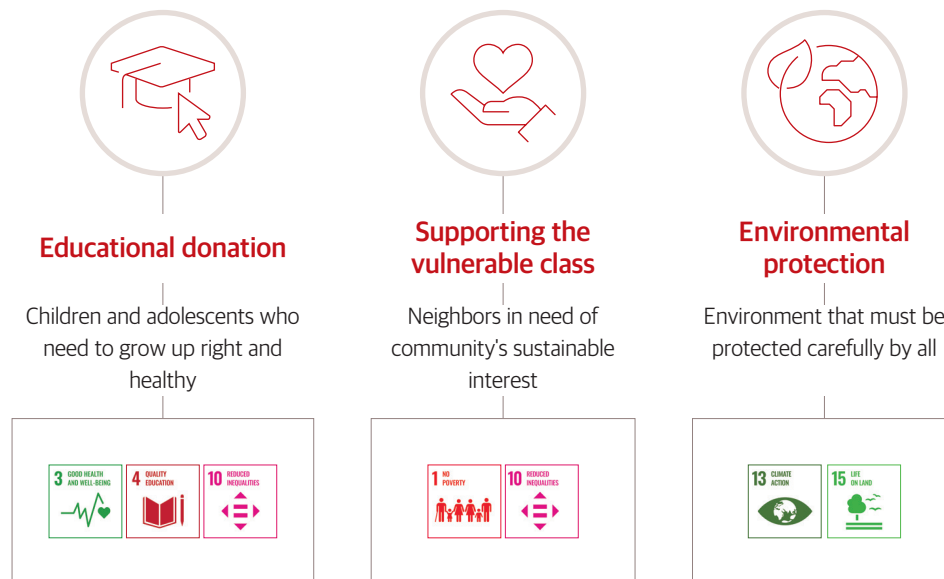
SOCIAL CONTRIBUTION

SOCIAL CONTRIBUTION STRATEGY

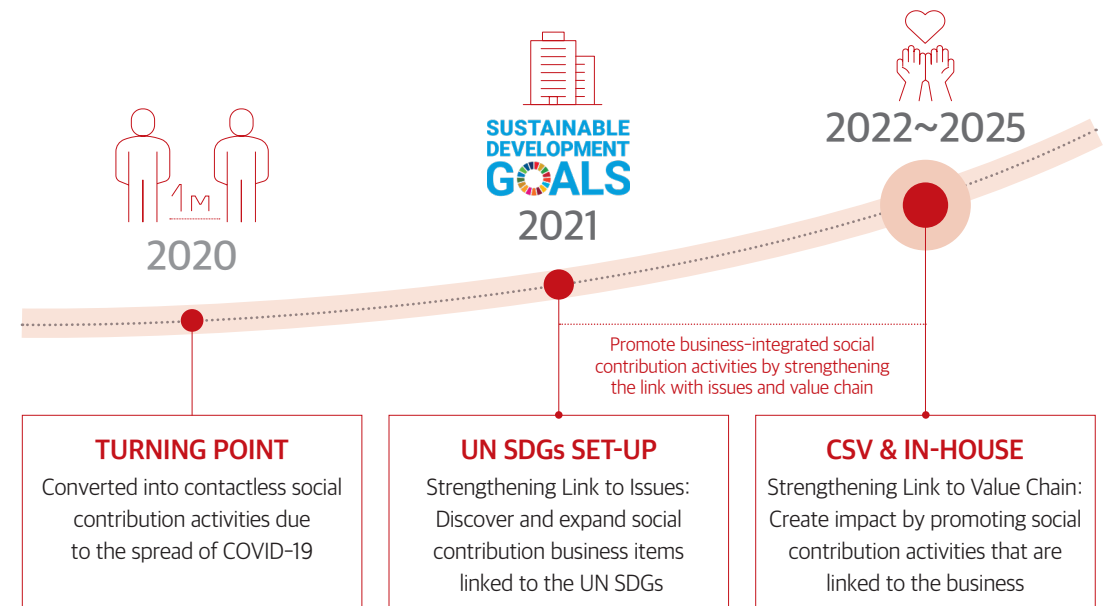
In 2020, the 60th year since its foundation, Kumho Tire recognized social contribution as an integral part of corporate activities and promoted strategic social contribution activities with focus on educational donation, support for the vulnerable class, and environmental protection. Although, face-to-face activities were reduced because of our concentration on various contactless social contribution activities due to the COVID-19 situation, the number of beneficiaries increased. In the post-COVID-19 era, we will continue performing various social contribution activities including online and contactless activities.

Kumho Tire established the social contribution mission of “continuing to perform responsible social contribution activities as a reliable partner to help the communities live a more valuable life.” We also prepared the mid- to long-term plan until 2025, and we are steadily completing the detailed tasks. In 2021, by expanding the businesses linked in 17 UN SDGs, we will become a company that fulfills our social responsibility and contributes to the sustainable development.

Main Social Contribution Areas



Mid- to Long-term Strategy



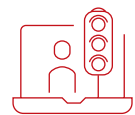
SOCIAL CONTRIBUTION ACTIVITIES

The goal of Kumho Tire's educational donation is to help children and adolescents—the leaders of the future society—form upright values and grow healthy by providing them with various educational opportunities and environments. Since entering into an MOU with the Ministry of Education in 2011, we have been conducting educational donation activities targeting children and adolescents for about ten years.



Traffic Safety Education for Children

Since 2020, Kumho Tire has been providing traffic safety education for children as the first contactless online education program. This interactive education targeting elementary school students is differentiated from the conventional theory-based education. The curriculum was developed to help children naturally learn about road safety when commuting to school by using the traffic safety kit and dance movement. The initial goal had been to provide the education to 1,500 children but had been surpassed, with 2,213 elementary school students participating in the program.



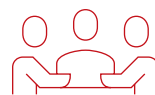
Traffic Safety Education for Children
2,213 students from **8** schools in 2020



Traffic Safety Education for Children

Together Green, Classroom of Hope

Kumho Tire promotes “Together Green, Classroom of Hope” as part of an educational environment improvement project for teenagers from low-income families. Through this project, we provide learning tools and support the improvement of living environment for low-income households with teenagers. In 2020, we built No.20-23 Classroom of Hope for the improvement of teenagers’ studying environment. No. 23 Classroom of Hope, used by 4 brothers, was built based on a sketch drawn by the children. In addition, other inconvenient areas of the living environment were repaired as part of our project.



Together Green, Classroom of Hope
23 Rooms of Hope for **5** consecutive years.



Together Green, Classroom of Hope



Interview

Traffic Safety Education for Children

Interview, **teacher at supported school**

“It was impressive how children learned traffic safety by following dance movements related to the traffic safety theory. The children enjoyed creating the road to school using the sticker kit.”



Together Green, Classroom of Hope

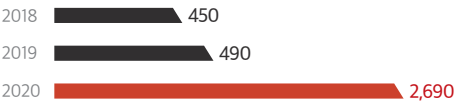
Interview, **ChildFund Korea staff**

“OO had to study using a small bedside table because he did not have a desk or a chair. Now, he can study at home without having to go to the local children’s center. In his new and clean room, OO is determined to start afresh and follow his dream of becoming a web cartoonist. In addition to the room, a computer, an air purifier, and a desk lamp were provided to create a great study area for the child.”

School Violence Prevention Education

To address the serious social issues of school violence and cyber violence, Kumho Tire has been providing 'Teenager School Violence Prevention Education' in the form of an experience-type educational program since 2017. From 2017 to 2019, we provided a program for participants to achieve self-understanding and recognize the importance of communication by receiving guidance from art therapists. Since 2020, we have been providing contactless online education on YouTube due to the COVID-19 pandemic by producing music videos (about school violence situations). In addition, we shared content about the seriousness of SNS cyber violence, which has emerged as a social issue as of late, and suggested methods of forming a stable relationship with others. Since the program was started in 2017, a total of 5,025 middle school students have received the education so far.

Number of Students Receiving School Violence Prevention Education (Unit : 명)



Cyber Violence Prevention Education
750 students from **2** middle schools in 2020



School Violence Prevention Education
5 schools in 2020

Education and Career Mentoring for Children of Traffic Accident Victims

Kumho Tire signed an MOU with the Korea Transportation Safety Authority in the first half of 2021 in order to support children of traffic accident victims, such as the deceased and those suffering from severe disabilities. To provide support in the career development, education, and employment of children of traffic accident victims, we not only provide career aptitude test and consulting services but also develop various educational curriculum, such as providing the EBS textbook. As such, we are trying to help narrow the educational gap for the bereaved children experiencing economic difficulties. In addition, to assist in the employment of university students, we provide cover letter correction service and employment counseling by our employees' talent donation. Kumho Tire will expand the scope of beneficiaries by developing new areas of educational donation related to the industry.

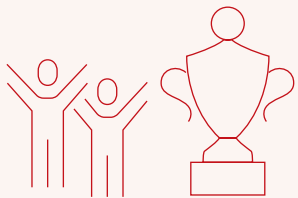


Highlights

Educational Donation Award 2020

The Korea Educational Donation Award, an annual award presented for the ninth time in 2020, is given to institutions and individuals making contributions to activating educational donation. In recognition of its performance in educational donation using the corporate resources,

Kumho Tire was honored with the award for the third time in 2020 following 2015 and 2016.



Participation in Educational Donation Fair

SUPPORTING THE VULNERABLE CLASS

Kumho Tire is supporting the economically vulnerable neighbors. Through partnerships with the Seoul Salvation Army Booth College and ChildFund Korea, Kumho Tire fulfills its social responsibility to the vulnerable class. In addition, Hansarang Club, consisted of Kumho Tire's employees, carries out various activities to help the residents near the company's plants.



Pink Box support

Since 2016, Kumho Tire, together with ChildFund Korea, has been holding the Pink Box support project. Under the slogan “cheer for the girls’ rosy future,” Pink Box Campaign is providing sanitary items, such as sanitary pads and underwear, at low prices to girls from the low-income class in Seoul. In May 2020, we provided the Pink Box to around 90 teenagers in Geumcheon-gu and Jongno-gu, Seoul.



Pink Box Support

Beneficiaries in 2020 : Approx. **90** people
Accumulated Beneficiaries : **450** people

The Santa Expedition

Since 2017, Kumho Tire has been conducting the “Santa Expedition” activity to ensure a happy and memorable Christmas for children from low-income families. The Santa Expedition members personally wrapped Christmas gifts and wrote cards to be sent to the children. This year, the “2020 Merry Christmas Santa Expedition” was held as a contactless event due to the COVID-19 pandemic. By delivering donations to ChildFund Korea, we prepared gift kits for 60 children at the Seoul Salvation Army Booth College. The gift kit was consisted of daily necessities including a winter coat to help children stay warm in winter.

Donation of Food for the Holidays

Since 2020, this social contribution activity has been conducted in a purpose to spend warm holidays with senior citizens living alone and neglected neighbors near Gwangju, Gokseong, and Pyeongtaek Plants. In 2020 and 2021, we delivered food worth KRW 11,500,000 to 230 neighbors each during New Year and Chuseok to spend enjoyable holidays with neglected neighbors.



The Santa Expedition

Love for Neighbors, Sharing Kimchi Event

Since 2012, this campaign was designed to look back on underprivileged neighbors every year and help them stay warm in the cold winter by providing Kimchi. In 2020, we delivered 130 boxes of Kimchi to the residents near Gwangju and Gokseong Plant.

Donation by Hansarang Club

Kumho Tire’s Hansarang Club was organized in January 2000 to practice love for neighbors, such as elderly people living alone, juvenile heads of households, hospitalized underprivileged patients, unauthorized facilities, and employees having difficulties. Kumho Tire employees raise funds by donating a portion from their monthly wages to help the neighbors in need.



Hansarang Club Donation

KRW **31.76** million in 2020
Beneficiaries : Approx. **260** people

ENVIRONMENTAL PROTECTION

To respond actively to climate change due to the accelerated global warming, countries across the world are promoting national-level carbon reduction activities. As one of the stakeholders of environmental problems, Kumho Tire recognizes environmental issues as serious social problems and actively participates in carbon reduction activities.

Forest Classroom

In 2021, Kumho Tire started building the Forest Classroom at elementary schools in Seoul, expanding the scope of environmental business to the education field. According to the Seoul Metropolitan Government's "Ordinance for Environmental Education Promotion," which prescribes that schools should provide environmental education twice a year, Kumho Tire, in addition to building the Forest Classroom, provides students with environmental education using an environmental education kit. We provided a contactless learning program wherein students grow plants, keep a journal, and watch environmental educational videos to understand the seriousness of various environmental issues. Kumho Tire will continue dedicating efforts not only to increasing children's awareness in environmental issues, but also to helping children build an environmental attitude by providing environmental education and building Forest Classroom.



Building Forest Classroom



Building Carbon Offset Forest



Building Carbon Offset Forest



Carbon Offset Forest

To lead environmental protection as a tire industry leader, Kumho Tire had built carbon offset forests in Bukhansan and Inwangsan mountains through cooperation with the Seoul metropolitan government, Jongno-gu office, and participation of employees and citizens of Seoul from 2015 to 2019. This is an environmental protection activity in response to the threats of climate change by implementing the goal of the United Nations Framework Convention on Climate Change established in 2015. We dedicated particular efforts to restoring the urban ecosystem and reducing GHG emissions. It was put on hold in 2020 as face-to-face activities could not be performed due to COVID-19. Over the last five years, however, we planted 19,364 trees, which will absorb 1,379 tons of carbon dioxide for the next 30 years.

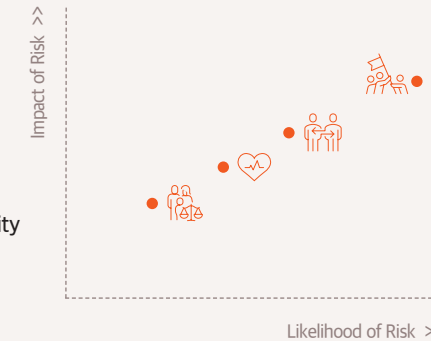


Materiality Assessment Result

Material Issues



Relevant Issues



Contribution to the UN SDGs



Stabilizing labor - management relationship

Talents attraction and employment stability

Employees' safety and health

Respecting diversity and human rights

FOCUS 4. HAPPINESS HAPPY WORKPLACE

Risks & Opportunities

Risk



- Safety and health-related regulations tightened and scope of responsibilities expanded
- Lack of employees' expertise on innovative technologies
- Decrease in work efficiency due to lack of employee motivation

Opportunity



- Preventing industrial accidents by strengthening safety and health measures and expanding investment
- Promoting sustainable business growth by improving employees' expertise
- Securing corporate competitiveness by securing talents and increasing continuous service rate

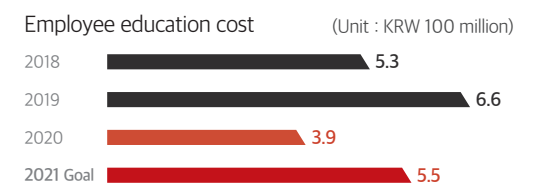
Background

Employees are the major stakeholder of our company as well as core element of company's competitiveness. The labor-management relationship is an important issue for business stabilization. When a happy and healthy organizational culture is established, employee satisfaction and productivity can be improved. In Korea, due to the strengthening of regulations such as the Occupational Safety and Health Act and Act on the Punishment of Serious Accidents, social interest and corporate responsibility are growing. As such, safety and health management has become a critical issue.

Kumho Tire's Approach

Kumho Tire understands the importance of employees in corporate competitiveness. To this end, we carry out activities that will reduce occupational accidents in the long term to reduce the severity rate by 5% every year. We diagnose and improve risk factors within each business site through our Safety and Health Committee. In addition, we ensure a job competency-oriented recruitment process and develop experts in each field through strategic talent development programs. We engage in active communication between labor and management with the goal of building "future-oriented labor-management relations in a virtuous cycle structure." We achieved a no-dispute agreement for 3 years in a row.

Key Performance



Next Step >>

- Create organizational culture for happy workplace
- Operate a reasonable, efficient personnel management system
- Minimize disputes for rational labor-management relationship
- Enter maturity phase in safety and health culture
- Strengthen response to the Act on the Punishment of Serious Accidents

SAFE WORKPLACE

SAFETY AND HEALTH SYSTEM

Kumho Tire prioritizes employees' safety, thereby establishing and implementing strategies to enter into a maturity phase of health and safety culture, where prevention activities are established as a culture. We plan to promote the long-term occupational accident reduction activities with the goal of lowering the severity rate of injury by 5% on average a year. In addition, we will establish mid- to long-term response plans for the strengthened regulations of the Occupational Safety and Health Act along and invest in safety and health improvement. Moreover, we will strengthen safety and health management by reporting safety and health issues to the BOD each year.



Safety and Health Promotion Strategy

- ✓ Promote anticipative preventive inspection to prevent and reduce occupational accidents
- ✓ Promote continuous and substantial safety education to improve employees' safety awareness
- ✓ Promote improvement of irrational systems to prevent and reduce occupational accidents at the source

Safety and Health Management System

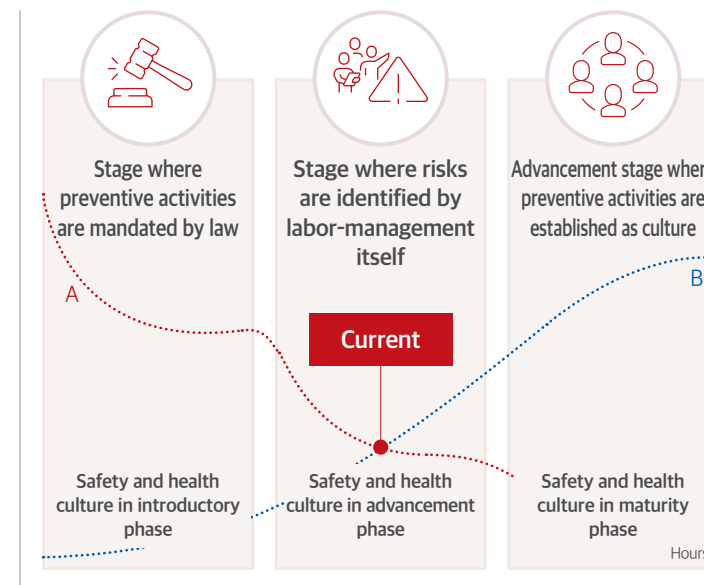
Kumho Tire is building a safe workplace at a global level through the acquisition of ISO450001, a global standard for safety and health. We also post our safety and health policies in the worksites to help our employees understand the importance of safety and health and enhance execution ability.

Occupational Safety and Health Committee

According to Article 24 (Occupational Safety and Health Committee) of the Occupational Safety and Health Act, Kumho Tire operates the Occupational Safety and Health Committee at each worksite to improve on risk factors in the worksites and manage the safety and health of employees. Safety and health-related policies are discussed and decided by the Occupational Safety and Health Committee.

Safety Culture Levels

A Accident Rate B Levels of safety culture



Occupational Safety and Health Committee Meetings in 2020



Gokseong Plant

First - second quarter
Agreement on 6 items
Third - fourth quarter
Agreement on 8 items



Gwangju Plant

First - second quarter
Agreement on 5 items
Second - third quarter
Agreement on 16 items

Safety and Health Management System Certification by Worksite

Gokseong Plant/Gwangju Plant/Pyeongtaek Plant/Yongin Central R&D Center

ISO45001

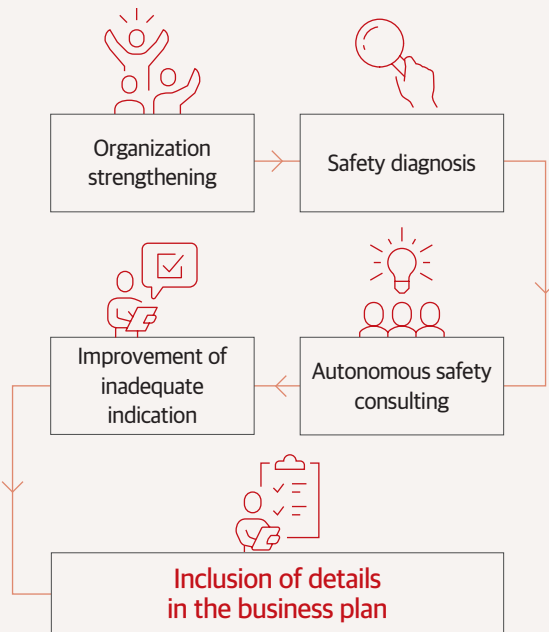
Nov. 11, 2019 ~ Nov. 10, 2022

Highlights

Developing Response Plan for the Act on the Punishment of Serious Accidents

In 2020, Kumho Tire developed a plan for response to the Act on the Punishment of Serious Accidents, and the response plan will be implemented in 2021. Based on the plan, the current status of our safety system and management will be diagnosed and improved. Likewise, the details will be included in our business plan to ensure further strengthened safety management.

Response Plan for the Act on the Punishment of Serious Accidents



ACCIDENT PREVENTION

Strengthening Prevention of Accident Risk

Kumho Tire established the PSM* guidelines to prevent and minimize the risk of accidents occurring in the course of design, construction, operation, maintenance, and change of high-risk processes and facilities specified in the Occupational Safety and Health Act. We are also striving to prevent serious occupational accidents in advance by establishing a management system and regularly providing safety education. We plan to strengthen accident investigation on victims and interview with employees returning to work after an accident.

*** PSM, Process Safety Management** This system is aimed at preventing serious occupational accidents caused by the leak of hazardous chemicals, fire, explosion, etc.

Emergency Response System

When an accident is expected or occurred, Kumho Tire performs preventive activities or operates the emergency recovery system to minimize the damage caused and secure the safety of employees and local communities. Emergency contact networks and handling officers are designated according to the type and grade of emergency situations. Moreover, emergency response scenarios by situation, such as fire, chemical leak, and physical injury, and emergency response procedures have been established. In addition, to prepare for accidents by type, we provide education and conduct inspections on a regular basis.

Accident Response Process ↗

Accident Prevention Campaign

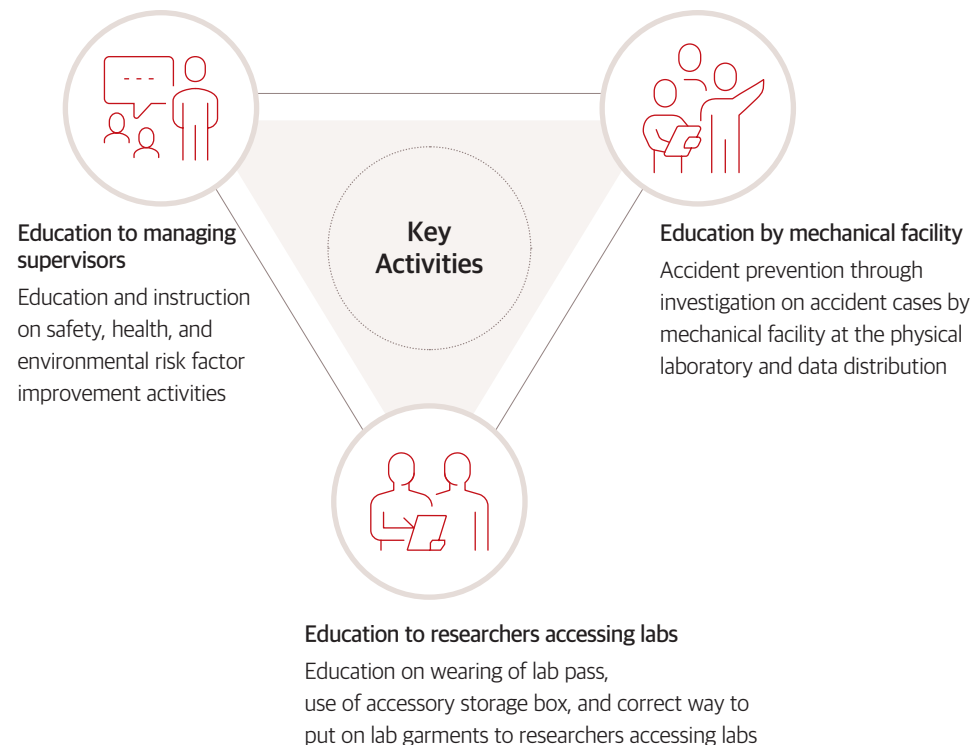
The domestic plants of Kumho Tire perform accident prevention campaigns on a yearly basis. In 2020, the Gwangju plant held a total of 15 campaigns including accident prevention campaign, COVID-10 prevention campaign, and customized stretching training campaign. The Gokseong Plant conducted an integrated campaign with its suppliers, and the heads of each team, and the representatives of suppliers held a convention for occupational accident prevention.

Convention for Occupational Accident Prevention



Activities to Remove Risk Factors at Research Centers

Kumho Tire's research centers conduct activities to remove risk factors to ensure the safe activities of researchers and prevent loss of R&D capacities. We prevent minor accidents that can lead to serious disasters by continuously providing education on various test instruments and hazardous chemicals used in R&D. We also make sure that full attention is paid to complying with the strengthened regulations. In 2021, we provided education to researchers accessing labs to prevent accidents by ensuring their correct use of lab garments while entering and working in the labs. We also investigated on the accident cases by mechanical facility in the physical test lab, and distributed the investigation result. The managers, supervisors, and safety and health officers increase safety awareness by continuously providing education to employees, encouraging field workers to practice caution, and posting safety rules in the labs to promote employees' participation.



Education on researchers accessing labs

SAFETY AND HEALTH INSPECTION

Assessment on Compliance with the Occupational Safety and Health Act and Internal Audit

Kumho Tire conducted an assessment on compliance with safety and health rules and an internal audit at the Gwangju, Gokseong, Pyeongtaek Plant and Central R&D Center. During the internal audit, improvement on the problems detected in the previous year and compliance with the legal requirements are identified. Likewise, the training and education status, emergency preparedness, and operating R&D are examined to determine if compliance and implementation activities are successfully performed.

Labor-Management Joint Safety Inspection

The labor-management joint safety inspection is conducted by the head of the manufacturing part, safety and health manager as well as 8 members from the Occupational Safety and Health Committee, and Labor Safety and Health Bureau of the Labor Union. During the inspection, actions taken in the previous month are checked. Then, following a field inspection of the target process, a wrap-up meeting is held to discuss the problems detected. In 2020, the monthly safety inspection was conducted 12 times.

Safety Diagnosis of New Facilities

In Gokseong and Gwangju Plants, safety diagnosis was conducted on the new facilities with the help of labor and management representatives. In 2020, through the safety diagnosis of new facilities, 5 and 25 problems were detected in Gwangju Plant and Gokseong Plant, respectively. We were able to prevent safety accidents through the diagnosis of new facilities.

Management on Work Environment Measures

According to the Occupational Safety and Health Act, Kumho Tire measures the working environment in the first and second half of each year. We receive the derived problems from a reliable institution for evaluating the work environment and hold a labor-management meeting to resolve the problems. Then, based on the resolution and suggestions from the specified institution, we promote improvement in our working environment. We have been safely managing our work areas by maintaining legal standard for six years including the first and second halves of 2020.

Inspection and Improvement of Facilities Using Hazardous Chemicals

We conduct weekly internal facility inspection at worksites where hazardous chemicals are handled. In 2020, we have completed statutory inspection on allowed facilities including outdoor storage tank. Recognizing the necessity of improving facilities handling K-13, an anti-aging agent, we installed safety railing and repaired the cracks on the facilities.



K-13 Handling Facility Improvement

EMPLOYEES’ HEALTH MANAGEMENT

Education on Hazardous Chemicals

Kumho Tire provides education to the workers and handlers of hazardous chemicals. In addition, to prevent health problems caused by hazardous chemicals, we display the Material Safety Data Sheet (MSDS) in worksites and provide education. In addition, we are systematically managing the chemical in worksites by establishing the MSMD management system.

Musculoskeletal Disease Prevention Program

For the prevention of musculoskeletal diseases, Kumho Tire provides engineering, medical, and daily management programs. In 2020, we implemented engineering management for 9 times, educated committee members of investigation, and identified problems in the field. The attached clinic, which offers full-time treatment service, treats employees who complain of symptoms, with the exercise therapist providing education and guidance on stretching.

Musculoskeletal Disease Management

Engineering management	Evaluate risk factors in the worksite Establish and promote the improvement plan
Medical management	Early detection Rehabilitation program Return-to-work program
Daily Management	Stretching training Special management of employees experiencing multiple occupational accidents

Cardiovascular Disease Prevention Program

Kumho Tire operates cardiovascular disease prevention programs to minimize fatal risk factors by managing basic diseases that can trigger cardiovascular diseases, such as hypertension, dyslipidemia, and diabetes mellitus. We mitigate high-risk groups by conducting interviews and follow-up managements. We also practice objective medical examination by applying the guidelines of the Korea Occupational Safety and Health Agency (KOSHA GUIDE H-1-2017).

Cardiovascular Disease Prevention*

Category	Very high-risk group		High-risk group	Medium to low risk
Follow-up management cycle	Monthly	Quarterly	Semiannually	Annually
Target	26	2	38	485

* Based on Gwangju and Gokseong Plants

Employees’ Mental Health Management

Kumho Tire provides psychological counseling program for the workers’ mental health management. We conduct a questionnaire survey once a year on all employees to select the psychological counseling subjects. The selected employees undergo a series of activities, such as interview, therapeutic care, and follow-up care, to improve their mental health.

Counseling Program
104 participants in 2020

TALENT MANAGEMENT

ATTRACTING TALENTS

Job Competency-based Recruitment

Kumho Tire facilitates job competency-based recruitment. In the document screening process, any specifications that are irrelevant to the job are excluded from assessment. Also, the candidates are assessed with focus on the required competencies and experiences for each job category. Through the aptitude test, we select candidates who can adapt to our corporate culture by assessing their personality, organizational adaptability, and aptitude. Then, we select the “right people” with the required job competencies through interviews that assess their job experience and personality. In 2020, we expanded the scope of unscheduled recruitment and promoted customized recruitment by activating internal contests.

Improvement in hierarchy and performance evaluation system

In order to promote a horizontal organizational culture and create a performance-based work environment, Kumho Tire restructured the hierarchy system, thereby unifying the positions of associate senior manager and senior manager to officer. Kumho Tire improved the performance evaluation system to ensure fair and objective evaluation. To strengthen employees’ competency levels, we activated the unscheduled assessment and feedback process. The performance evaluation system was also improved to focus on job competency to guarantee fair evaluation ranging from employee evaluation to promotion.

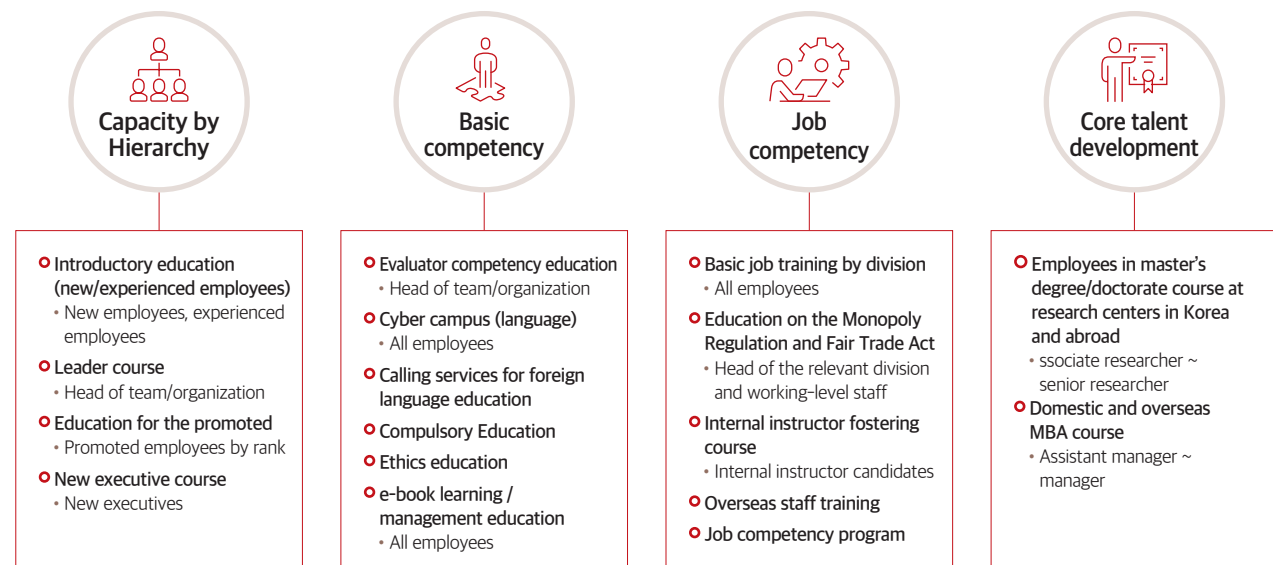
DEVELOPING TALENTS

Strengthening the Talent Development System

Kumho Tire is working hard to strengthen talent development system. In 2020, we diversified educational methods and designed customized educational programs, keeping abreast of the latest trends. We also engaged our employees to share their educational experiences and expand communication. We have also strengthened promotion assessment by linking the credits obtained from education with the personnel management system. In the future, we will strengthen the core competitiveness of the organizational members by promoting the education that has been suspended due to COVID-19 and changes in our management environment.

Employee Education System

○ Course • Target



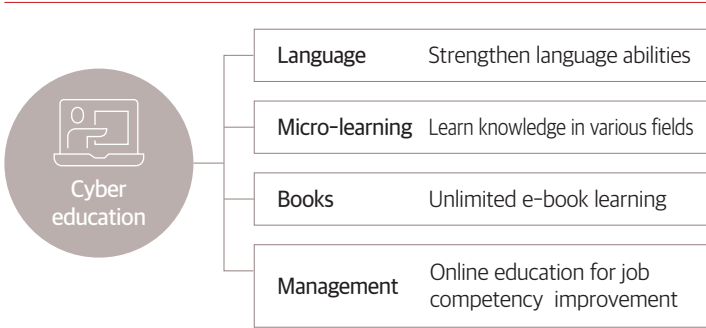
Self-directed CDP (Career Development Plan)
Development at Research Centers

Kumho Tire developed an education system to assist R&D staff in diagnosing their competency levels, identifying strengths and shortcomings, and promoting personalized competency growth. To obtain the master rating, researchers establish self-directed development plans and career paths by receiving education necessary for their competency development. We also laid the groundwork for cultivating professional researchers by establishing and delivering R&D education through the use of sophisticated and pioneering technologies including Smart sensor, VPD, and AI.

Expanding Cyber Education

Kumho Tire expanded cyber education to help employees improve their general work capacities and develop knowledge in order to ensure efficient education despite the COVID-19 crisis. Our employees are provided with an unlimited access to language courses, reaching a total of 2,190 employees enrolled in 2020.

Cyber Education



ORGANIZATIONAL CULTURE




Welfare Programs

To guarantee job satisfaction among employees, Kumho Tire supports employees' welfare by establishing welfare regulation and providing programs. We provide welfare benefits to employees according to the details stipulated in Article 10 of the Collective Agreement. As our major welfare programs, we are operating "Life & House" for housing welfare, "Health & Family" for health and family welfare, and "Culture & Leisure" for cultural welfare.

Optimizing Work and Life Balance

Kumho Tire strives to create a positive organizational culture by guaranteeing employees' work and life balance. In 2020, we strengthened the annual paid leave system to encourage healthy work life and increase work efficiency. We operate the "leader's day," a compulsory leave for the heads of organizations, and "self-approval system" every second week of the month. The "self-approval system" encourages employees to take an annual leave freely. In addition, for employees who cannot take leaves due to the work, we provide the 'Annual Leave Clean System' to guarantee an annual leave for up to five days inversely from December 31.

Welfare Programs

Life & House	Health & Family	Culture & Leisure
		
Support for living expenses (employees recuperating from occupational disease or industrial disaster), housing loan (lease/housing purchase/marriage fund/livelihood stabilization fund), dormitory and apartment for employees (plant), housing rental support (employees at sales branches in Korea)	Employees' health examination, support for medical expenses (including spouse/children), support for family events, children's school expenses (up to university), in-house childcare center (plant), reward to employees of long-term service, gifts (holidays/Labor Day/birthday)	Employee association, tire discount coupon, summer vacation leave, summer vacation incentives



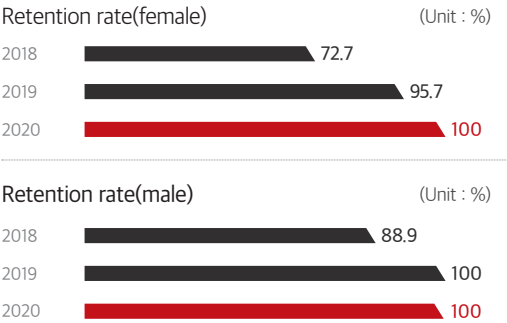
HAPPINESS

Talent Management

Parental Leave

According to Article 70 of the Collective Agreement, which specifies gender equality and maternity protection, Article 19 of the Equal Employment Opportunity and Work-Life Balance Assistance Act, and Article 71 of the Collective Bargaining Agreement, Kumho Tire encourages employees to take parental leave. We also provide childbirth grants and childcare subsidies to create a family-friendly culture and contribute to resolving the low birth rate issue.

Retention Rate of Employees who took Parental Leave



Medical Benefits

For the employees' healthy life, Kumho Tire supports the early detection and treatment of diseases. We have been operating an attached clinic since 1982, supporting medical expenses by up to KRW 10,000,000 for workers and KRW 5,000,000 for their spouses and children. As such, Kumho Tire provides a variety of medical benefits for not only the workers but also their families.

PC-Off and Telecommuting System

To overcome the COVID-19 crisis, Kumho Tire implements a telecommuting system for employees in administration as well as compulsory telecommuting for pregnant employees. In addition, we introduced the PC-Off system, a work hour management program, to maintain balance between work and life.



Family-friendly Program

In celebration of Family Month, Kumho Tire provides family-friendly programs for the employees and their children. These programs contribute to improving employees' welfare and organizational commitment. In 2020, a total of 100 people participated in the "Pop Art Family Portrait" and "Home Baking" programs. These programs were aimed at increasing employees' sense of belonging and improving productivity by providing employees bonding time with their families.



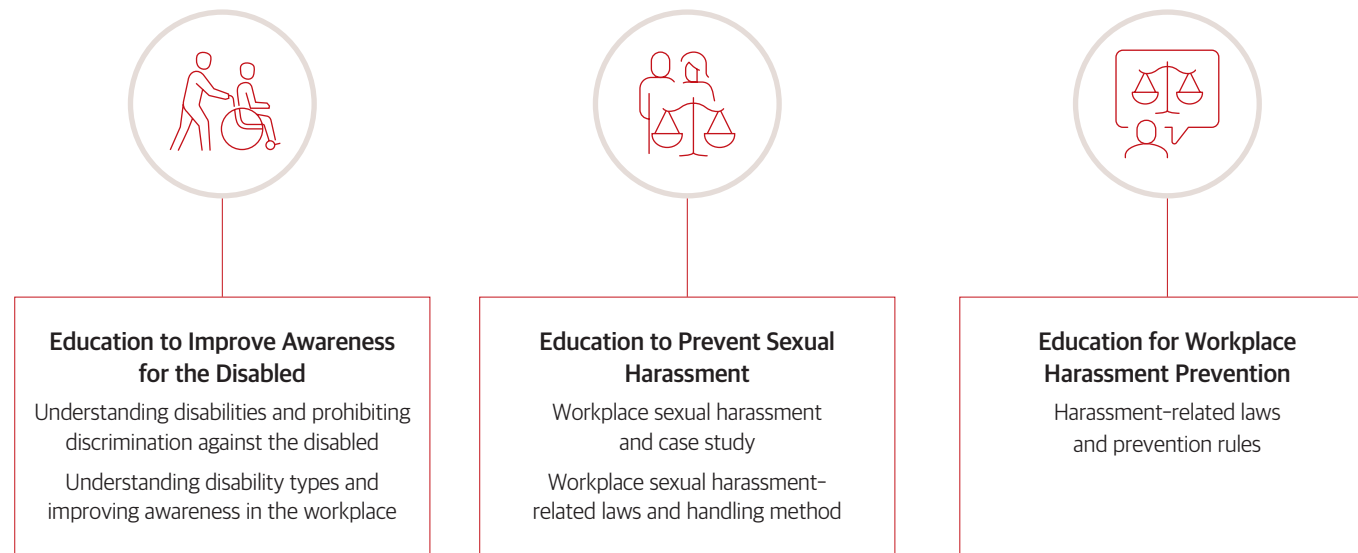
HUMAN RIGHTS MANAGEMENT

RESPECT FOR HUMAN RIGHTS

Promoting respect for human rights

From the stage of employment, Kumho Tire does not tolerate any form of discrimination of employees by gender, disability, race, and marital status. We distributed the “Guidelines for Using SNS” to prevent discrimination by banning sexually or racially discriminating post contents on the social media. To further cultivate a positive organizational culture, we conduct statutory mandatory education on the improvement of awareness of people with disabilities, the avoidance of sexual harassment, and the protection of personal information on a regular basis.

Human Rights Education Program



Highlights

Survey on Human Rights Status and Impact Assessment

In 2021, Kumho Tire conducted a questionnaire survey on human rights status and impact assessment on its employees and partners. The result indicated that violation of working conditions is highly likely to occur. In the answers to open-ended questions, some employees raised the issues of inhumane treatment and violation of their work conditions.

Kumho Tire will take apt actions on the issues raised through the survey and respect the human rights of all stakeholders.

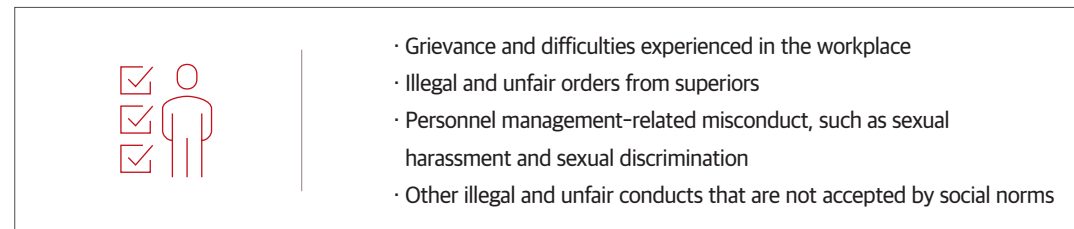
“Have you witnessed or experienced any violation of the stakeholders’ human rights in the course business activities of Kumho Tire?”



Employee Grievance Counseling

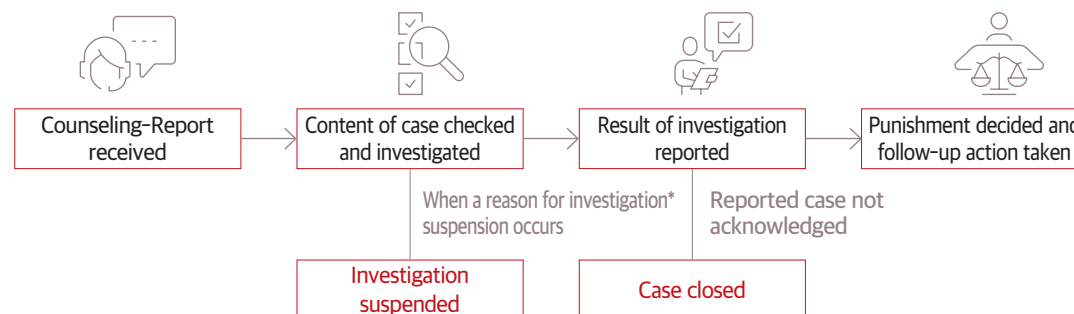
Kumho Tire offers an employee grievance counseling method to help employees request the handling of their grievance in workplace, hence boosting organizational commitment. An employee who has a concern or has witnessed unethical behavior in the workplace can file a report to the company's groupware's report center. The reported cases are handled effectively, while the respective employees are notified of the results. To ensure confidentiality, the reports are handled strictly anonymously. The applicants are also protected against any disadvantages or discrimination resulting from the report.

Employee Grievance Counseling and Report Targets



* Operated separately from ethical monitoring and report system, which is for employees' unfair operation processing

Counseling and Report Process

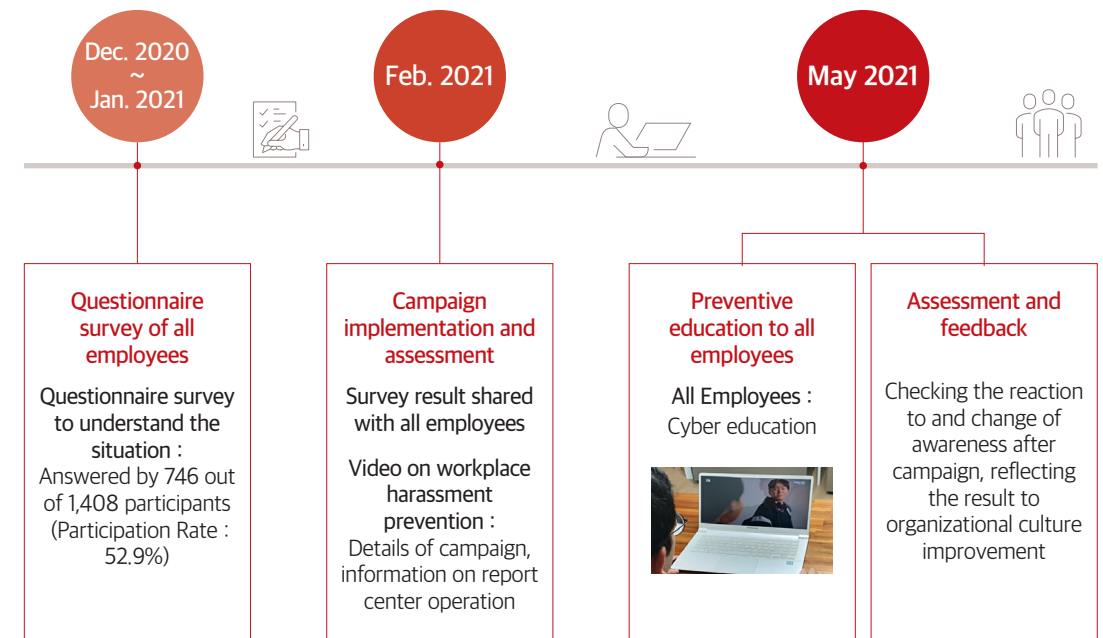


* Reason for Suspension Applicant withdrawing report and not wishing for further investigation, case being investigated by another institution

Workplace Harassment Prevention Campaign

Kumho Tire's organizational culture of mutual respect and aggressive treatment of workplace harassment issues has resulted in positive outcomes such as lower employee turnover and increased productivity. In February 2021, we conducted the Workplace Harassment Prevention Campaign. To create a positive work environment, we identified the problems through a survey targeting all employees. In addition, we provided compulsory online education to all employees and preventive education to the heads of each organization. The campaign result will be analyzed to check the changes in employees' awareness after the campaign and also reflected to the organizational culture improvement activities.

Workplace Harassment Prevention Campaign



LABOR-MANAGEMENT SHARED GROWTH

Labor-Management Shared Growth System

Kumho Tire has established a mid- to long-term road map for “forward-looking labor-management relations with a virtuous-cycle structure,” striving to establish a strong labor-management relationship. We ensure that each item is discussed on a regular basis by operating various labor-management consultation channels including the Employment Stabilization and Labor-Management Joint Development Committee, Labor-Management Council, collective bargaining, and Occupational Safety and Health Committee.

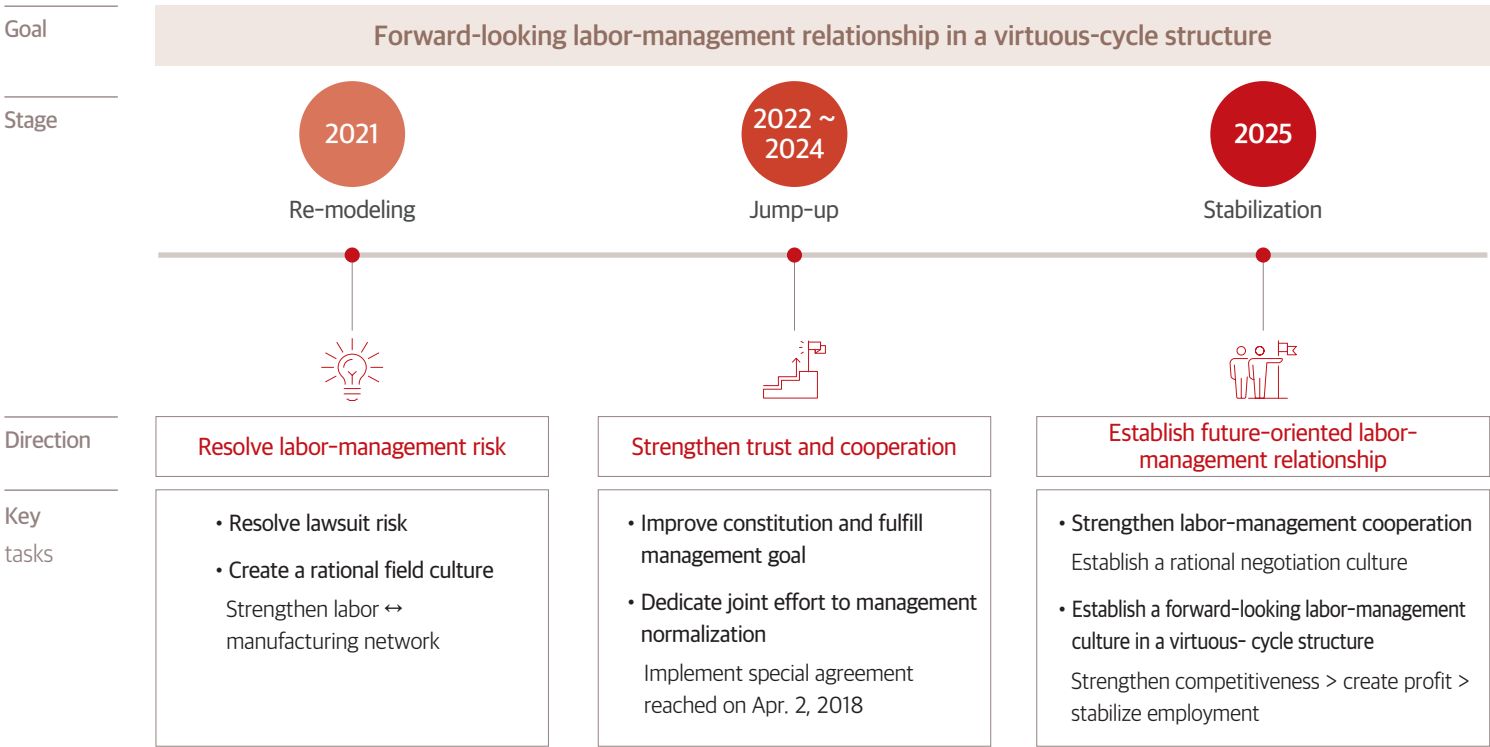
Labor-Management Council

Kumho Tire established the Labor-Management Council to improve worker welfare and support the company’s development based on cooperation. We also established the Employment Stabilization and Labor-Management Joint Development Committee to improve employment and competitiveness at domestic plants. The council and committee meetings are held on a quarterly basis.




Collective Bargaining

In February 2021, Kumho Tire held the ceremony for the collective bargaining agreement 2020. Through the agreement, we not only resolved the litigation issue that had persisted for around 10 years but also overcame the crisis situation at hand and secured competitiveness for the future. In particular, under the decision made by labor and management to respond to the COVID-19 crisis and the company’s internal and external challenges, we agreed to a wage freeze. Following the special labor-management agreement in April 2018, we attained a record of 0 disputes for three consecutive years.

Mid- to Long-term Road Map



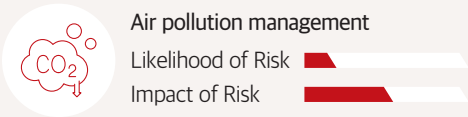
Labor-Management Consultation

Category	Frequency	Content of Deliberation
 Collective bargaining	Yearly	Wage, change in labor collective agreement, system improvement, etc.
 A joint Labor-Management Conference	Quarterly	Complaint handling, labor-dispute prevention, productivity improvement, work environment improvement, etc.
 Employment Stabilization and Labor-Management Joint Development Committee	Quarterly	Employment stabilization of union members, matters concerning personnel management, changes in production volume, introduction of new facilities, etc.



Materiality Assessment Result

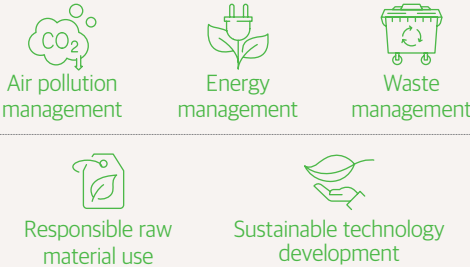
Material Issues



Relevant Issues



Contribution to the UN SDGs



FOCUS 5.
SUSTAINABILITY
SUSTAINABLE COMPANY

Risks & Opportunities

Risk



- Social and environmental issues around worksites
- Domestic and international environmental laws and regulations tightened
- GHG emission cost increased due to emission trading scheme

Opportunity



- Developing an sustainable management foundation and establishing an environmental management system
- Enhancing corporate image through compliance with environmental laws

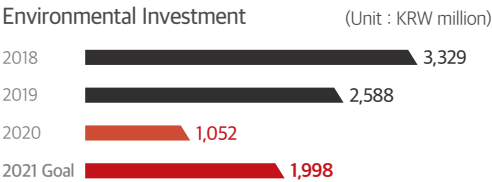
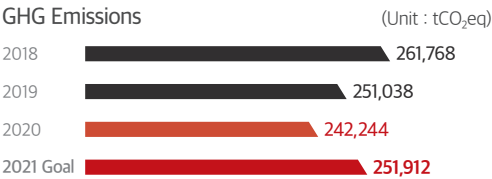
Background

Since the outbreak of COVID-19, countries around the world have been strengthening environmental regulations to achieve carbon neutrality, and they are required to make the rapid transition to low-carbon economy. As such, the Korean government has announced the Korean New Deal policy, and EU has introduced the Carbon Border Adjustment Tax. In line with this trend, major car makers have increased the demand for carbon emission reduction to suppliers. Now, environmental issues are directly related to a business's survival. In the tire industry, which inevitably yields environmental impact from the stage of raw material use to product sale, controlling environmental impacts throughout the product life cycle has become an important issue.

Kumho Tire's Approach

Kumho Tire is striving to lead the tire industry by securing future core technology, such as electric vehicles, and to reduce environmental load on the product life cycle from development to manufacturing, distribution, use, and disposal. In response to tightened environmental laws, we have strengthened the management of chemicals, atmosphere, water quality, and wastes. We are also continuously achieving environmental impact reduction through environmental performance management. We will grow as a sustainable company by developing technologies for eco-friendly products, such as development in sustainable raw material and recycling techniques.

Key Performance



Next Step >>

- Increase rate of sustainable raw material use to 40% (by 2030)
- Strengthen climate change response governance



ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL MANAGEMENT SYSTEM

Environmental Management Strategy

The environmental vision of Kumho Tire is to become the “Eco Global Top 3,” and its mission is to “Establish an integrated global environmental management system by developing a life cycle environmental management system.” Our promotional strategy is “4G,” which is “Green management” to establish a global environmental management system, “Green products” to develop sustainable products, “Green production” to increase the efficiency of sustainable energy, and “Green business” to create new business opportunities in the green market by adhering to the government’s low carbon and green growth policy.



Environmental Policy

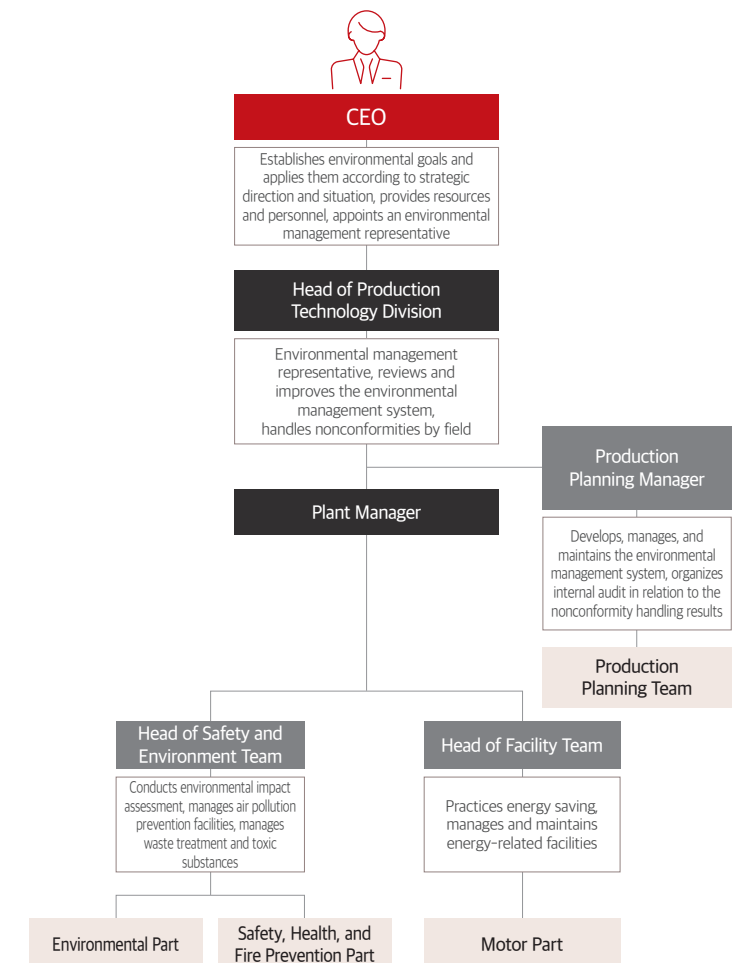
Placing the highest priority on customer satisfaction, Kumho Tire recognizes its responsibility on respect for life and environment protection. Based on such recognition, Kumho Tire is making the best effort to achieve sustainable development and fulfill its corporate social responsibilities. All employees of Kumho Tire are efficiently operating the company’s environmental management system. To fulfill the environmental goals, we are actively promoting the expansion of sustainable product development and distribution.

Environmental Management System Operation

In 1996, Kumho Tire acquired the ISO 14001 environmental management system certification for the first time in Korea’s tire industry. Since then, we have been autonomously and continually performing environmental improvement activities. We are systematically responding to environmental regulations by operating the environmental management system and conducting internal environmental impact assessment annually. The certification is managed and renewed once a year through internal review as well as an accredited certification agency. With our environmental management system certified, we are striving to minimize the environmental impact of all our services.



Environmental Management Organization



SUSTAINABLE RESOURCE USE

Sustainable Raw Material Development

To secure the sustainability of tire materials, Kumho Tire continuously promotes the development of renewable materials, such as reclaimed rubber and carbon black, as well as natural materials including sunflower oil and silica from rice husk. As for the newly developed raw materials, we check for the harmfulness of such materials according to the NCIS (National Chemical Information System) and the Korea Occupational Safety and Health Agency.

Study on Harmfulness of Tire Wear Particles

Since 2005, Kumho Tire has been conducting joint studies on the harmfulness of tire wear particles together with ten global tire makers in the WBCSD-TIPG(World Business Council for Sustainable Development - Tire Industry Project Group) specified in the subjects of human impact, environmental impact, safety, etc.

WBCSD-TIP Study Topics in 2020 - 2021



A study on the harmfulness of tire wear particles in the marine environment



A study on ELT (end of life tire) usage technologies and management criteria



A study on tire wear particle distribution modeling development



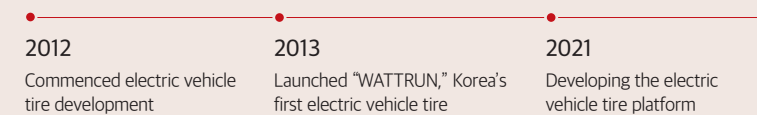
A study on harmfulness in using tire granulate



SUSTAINABLE TIRE DEVELOPMENT

Electric Vehicle Tire Development

Major countries around the world are implementing sustainable policies for automobile. As a result, the scale of the internal combustion engine vehicle market is shrinking, whereas that of the electric vehicle market is growing steadily. In line with this trend, Kumho Tire is dedicating much effort in developing electric vehicle tires. A differentiated characteristic of EV from internal combustion engine vehicle is that EV is driven through a rotary motion of the motor using electric energy. According to the characteristics and required performance of electric vehicles, electric vehicle tires are being developed with focus on durability, abrasion resistance, low rolling resistance, and low noise. Kumho Tire analyzes the EV tire design technology trend by using BM products in order to upgrade the technologies. We also develop new technologies specialized to electric vehicles and electric vehicle tire platform.



Low-carbon & Low-fuel Tire Development

With the regulations on automobile fuel efficiency being strengthened across the world, and in line with the enforcement WLTP (Worldwide Harmonized Light-duty Vehicle Test Procedure) laws and amendment of EU-Labeling regulations, the required fuel efficiency level for tires is also increasing. To respond to the strengthened fuel efficiency regulations and lead the next-generation tire technology, Kumho Tire is accelerating R&D for LRR (Low Rolling Resistance). As a result, we developed a sustainable product that reduces GHG emissions from vehicles by improving fuel efficiency through application of LRR compound and structure. Currently, we are preparing to supply the WLTP-applied European OE tire. We also plan to expand the OE business by supplying products of various specifications.

In addition, for the development of low-carbon and low-wear tire to reduce GHG emissions and particulate matter, Kumho Tire is carrying out various research tasks. As a government project for atmospheric environment improvement and GHG reduction, we developed functional synthetic rubber to develop sustainable tire that meets "the highest level of fuel efficiency braking" in tire labeling criteria. As a result, we were able to improve wear and braking performance through optimization of structure design. The results of tests conducted by domestic and international testing agencies indicate that fuel efficiency has improved by 4.8% and GHG (CO₂) emissions have been lowered by 5.9% compared to the existing products.

SUSTAINABLE WORKPLACE OPERATION

Response to Environmental Laws

Kumho Tire is strengthening the environment management in response to the strengthened environmental laws such as Air Environment Conservation Act, Air Management Area Act, and Chemical Substance Management Act. Kumho Tire implements plans to handle such laws in relation to chemicals, air pollutants, water pollutants, and wastes and to foster a sustainable workplace.

Environmental Accident Response System

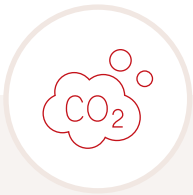
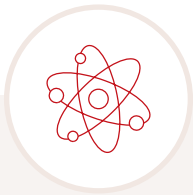


Kumho Tire developed an accident handling process to respond effectively to environmental accidents upon occurrence. We respond rapidly by classifying accidents into big/medium/minor grade and dividing the people in charge of report and action. In addition, we deal with accidents immediately, establish countermeasures, and provide training to prevent recurrence.

Accident Response Process ↗

Air Pollutant Management

Kumho Tire is making various efforts, such as facility investment, to reduce emission gas and bad odor generated from production processes. The air pollution discharge facilities as well as preventive facility installation and operation status at Gwangju Plant and Gokseong Plant are inspected under the supervision of the Gwangju Metropolitan Government and Jeollanam-do Provincial Office, respectively. In addition, we check compliance with the legal acceptance standards for environmental pollutants.



Response to Environmental Laws

	 Atmosphere	 Chemicals	 Quality of water	 Wastes
Details of Strengthened Law	Expand the application of the Air Control Zone Management Act, improve prevention facilities	Strengthen chemical registration	Implement specific water pollutant discharge investigation system	Impose charges for waste treatment using landfill or incineration water purification
Response	<ul style="list-style-type: none">· Conduct self-measurement and establish preventive facilities in institutions subject to measuring· Install TMS· Review the criteria specified in the Air Control Zone Management Act in advance· Install high-efficiency and low-NOx burner· Review in advance places where NOx was purchased	<ul style="list-style-type: none">· Review improvement in process facilities· Pre-education· Internal review· Integrated review on fine chemical usage and disposal	<ul style="list-style-type: none">· Measure water quality semi-annually at two measuring points, report the pollutant discharge amount	<ul style="list-style-type: none">· Promote recycling (refrain from waste treatment using landfill or through incineration)

Strengthening Harmful Chemical Control

Kumho Tire identifies the chemical emissions in product production and systematically manages them through collaboration with the research institute's purchasing division and the safety environment team. The imported raw materials are used after checking whether they are regulated chemicals and submitting a chemical confirmation statement to the Korea Chemicals Management Association for approval.

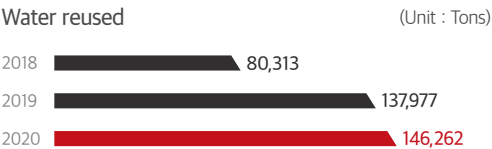
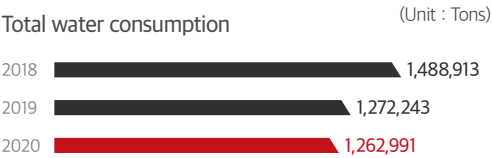
Hazardous Chemical Management and Education

	
Inspection of hazardous chemical handling facilities Weekly	Employee education on hazardous chemicals 2 hours/year, 100%
Statutory inspection on hazardous chemical handling facilities Yearly	Education for hazardous chemical handlers 16 hours/two years, 100%

Water Resource Management

Wastewater discharged from Gwangju Plant and PyeongTaek Plant is treated at the sewage treatment plant and industrial complex sewage treatment plant. Wastewater from Gokseong Plant is discharged safely into Seomjingang River after physical and chemical treatment. For some wastewater that is difficult to decompose, wastewater treatment is entrusted to an advanced treatment facility. Kumho Tire ensures thorough wastewater management by setting an internal criterion that is 30% stricter than the legal standard.

Reduction of Water Consumption



Reduction of Waste Generation from Worksites

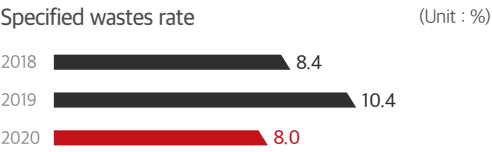
Wastes generated from production processes are safely treated through consignment to a waste management company. To reduce the amount of waste generation at the source, Kumho Tire performs the defect and scrap* reduction activity.

* **SCRAP** Materials rejected as intermediate products in the manufacturing process due to negligent processing, facility defect, or problems in the raw materials, etc. that are not used in the tire manufacturing and discarded

Waste-related Environmental Inspection



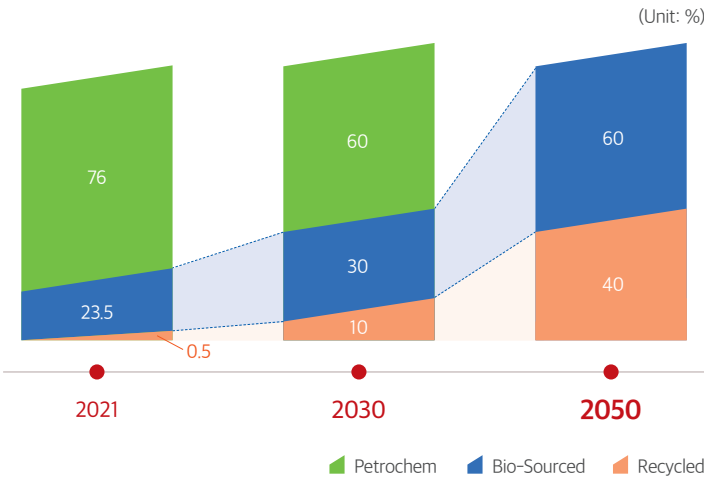
Waste Recycling



TIRE RECYCLING

Recently, along with carbon neutrality, circular economy has become a major topic. Since 2015, Kumho Tire, together with global tire associations, has been managing the global ELT (End of Life Tire) generation volume, recycling volume, and recycling technologies. ELT can be recycled by using the waste resource treatment technology to recover carbon black and oil, etc. through pyrolysis. Kumho Tire is conducting studies on and assessment of recycled raw material application. Having established the goal of using carbon-neutral raw materials to increase the recycling rate up to 40% and sustainable raw material use by 60% for all tire products by 2050, we are promoting research and technological development accordingly.

Goal of Carbon-neutral Raw Material Use





CLIMATE CHANGE RESPONSE

In line with the global demand to reduce GHG emissions, Kumho Tire established the climate change response system since the 2000s, and it is being reflected to the management strategies. We participated in 1st and 2nd emission trading schemes from 2015 (2015-2020), and we are currently participating in the third scheme (2021-2025).

ENERGY MANAGEMENT

Factory Energy Management System

Kumho Tire is managing facility efficiency by establishing FEMS (Factory Energy Management System) at each plant and analyzing energy power, steam, and air consumption volumes in basic units through the system. We are saving energy based on systematic energy management.

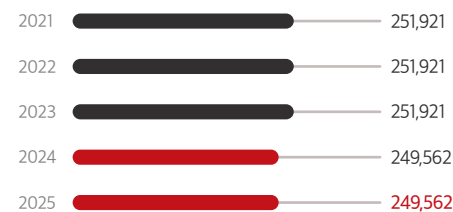
GHG MANAGEMENT

GHG Reduction

Kumho Tire performs GHG emission planning, measuring, verification, and reporting activities by complying with GHG emission trading-related laws. The emission allocation plan is established and managed for each worksite.



GHG Emissions Goal (Unit : tCO₂eq)

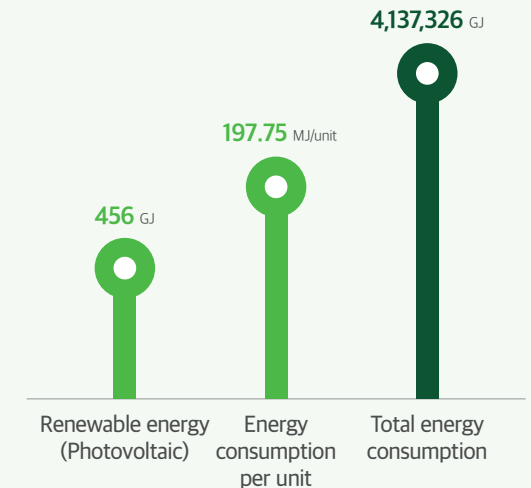


Certification for Reduction of GHG Emissions

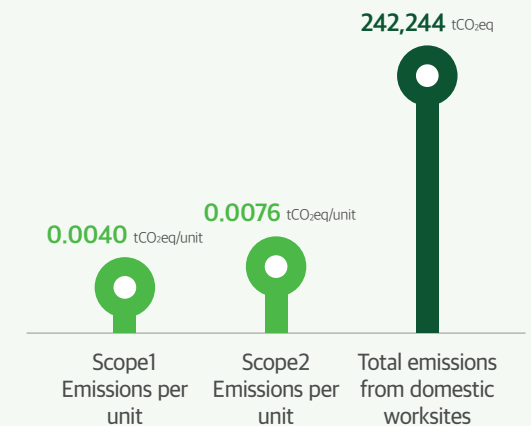
Having registered and acquired certification for GHG emission reduction performance through facility improvement for the first time in Korea's tire industry, Kumho Tire is actively participating in the government's effort for low-carbon green growth.



Energy Consumption, 2020

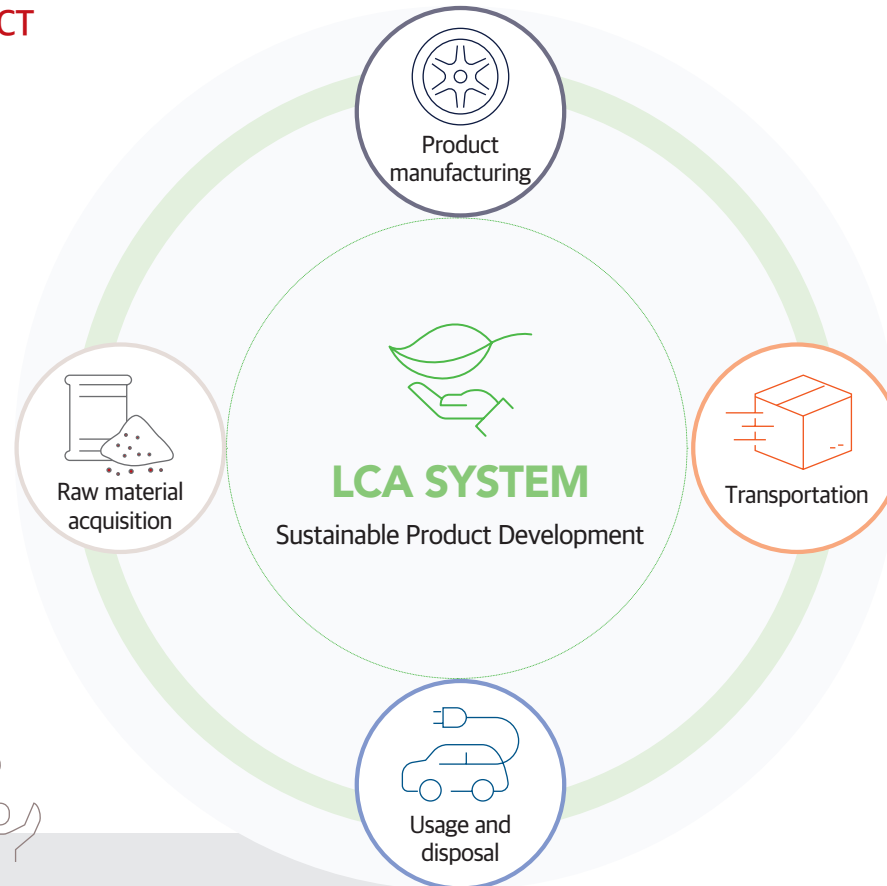


GHG Emissions, 2020



* Emissions per unit : The unit is based on the number of tires manufactured each year

SUSTAINABLE PRODUCT



Life Cycle Assessment System

Kumho Tire established LCA system*, thereby minimizing environmental impact on product life cycle through scientific and systematic measurement analysis. We also utilize the system actively in the development of sustainable products.

* LCA System A system for systematically and scientifically analyzing and managing environmental impact throughout the product life cycle

Environmental Labeling Certification

Kumho Tire is becoming the largest sustainable company in the tire industry by acquiring Nordic Ecolabel and domestic eco-label certification in 8 products. We will strive to develop sustainable tires by continuous development of low-pollution materials and high fuel efficiency tires.

Eco Mark Certification

According to Article 17 (Eco-Label Certification) of the 『Environmental Technology and Industry Support Act』, the Ministry of Environment awards an eco-label certification for products that have improved their environmental impact compared to other products for the same use. Eco labels can encourage purchases by consumers who prefer sustainable products. Therefore, the corporation can secure competitiveness by acquiring certification through development and production of sustainable products. In recognition of its performance in resource circulation improvement and energy saving, Kumho Tire acquired KCA03, KCD02, KRA50, KRA33, KD16, and KCD12 eco labels from the Ministry of Environment.

Eco Mark(TYPE1) Certification

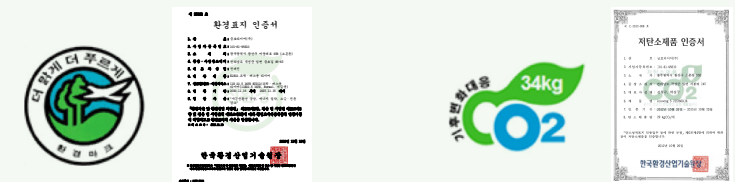
Domestic/Overseas

As the first in Korea's tire industry, Kumho Tire's passenger vehicle and truck/bus tires acquired the EL Mark certification from the Ministry of Environment through strict test at an overseas testing lab and review by related experts.

Carbon Labeling Certification

Domestic

Kumho Tire acquired certification for the first time in Korea's tire industry based on its GHG emission reduction throughout the life cycle of 'Ecowing All Season' products. We are actively responding to climate change.



ESG FACTS & FIGURES

ECONOMIC AND MANAGEMENT PERFORMANCE

Summary of Income Statement(Consolidated)

Particulars	Unit	2018	2019	2020
Sales		2,558,681	2,369,199	2,170,677
Cost of goods sold		2,189,453	1,835,442	1,698,239
Gross profit		369,228	533,757	472,438
Selling and administrative expenses		467,429	476,361	476,909
Operating income	KRW million	-98,201	57,396	-4,471
Net non-operating expenses		95,469	96,426	82,390
Profit (loss) before tax		-193,670	-39,031	-86,861
Income tax expenses		-1,740	4,372	-3,922
Current net profit (loss)		-191,930	-43,403	-82,939

Tire Manufacturing and Plant Scale

Category	Unit	2018	2019	2020
Number of tires manufactured	Tires	22,642,208	20,622,423	20,921,917
Weight of tires manufactured	Tons	296,641	276,110	276,490
Scale of plants in operation	m ²	1,008,161	1,008,161	1,008,161

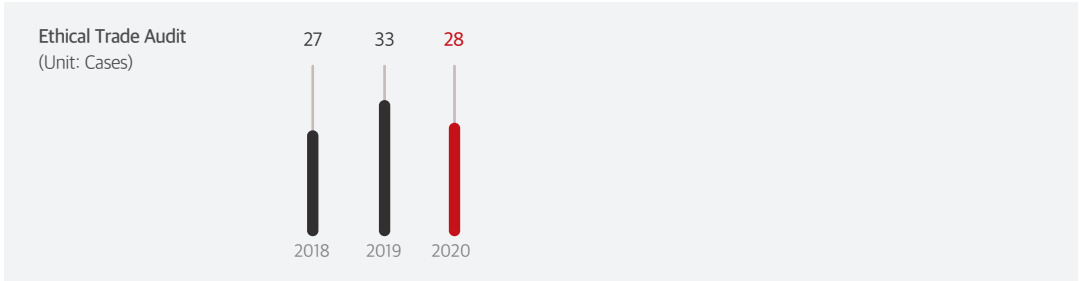
* Domestic plants

Financial Position Summary(Consolidated)

Particulars	Unit	2018	2019	2020
Current assets		1,317,251	1,073,729	1,154,989
Non-current assets		2,904,144	2,855,735	2,691,213
Total assets		4,221,395	3,929,464	3,846,202
Current liabilities		1,220,909	937,674	950,431
Non-current liabilities		1,658,753	1,699,155	1,728,177
Total liabilities		2,879,662	2,636,829	2,678,607
Paid-in capital	KRW million	1,436,301	1,436,301	1,436,301
Capital surplus		224,985	224,985	224,985
Capital adjustment		-19,538	-19,538	-19,538
Accumulated other comprehensive income		13,740	24,600	8,017
Retained earnings		-313,755	-373,714	-482,171
Total equity		1,341,733	1,292,634	1,167,595
Total liabilities and equity		4,221,395	3,929,464	3,846,202

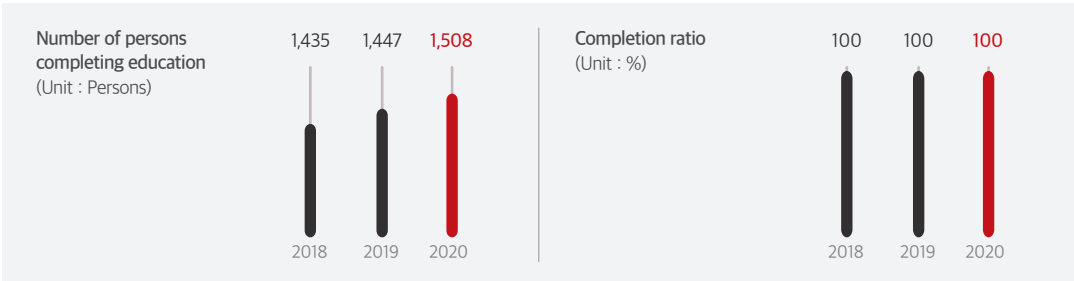
Ethical Trade Audit

Category	Unit	2018	2019	2020
Ethical trade audit	Cases	27	33	28



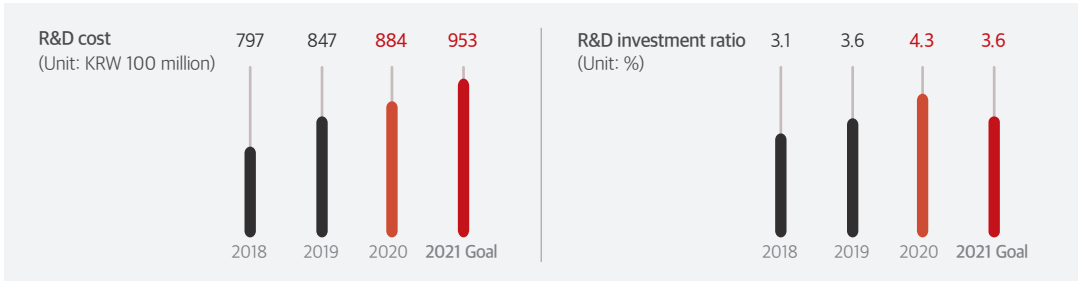
Ethical Management Education

Category	Unit	2018	2019	2020
Number of persons completing education	Persons	1,435	1,447	1,508
Completion ratio	%	100	100	100



R&D Cost

Category	Unit	2018	2019	2020	2021 Goal
R&D cost	KRW 100 million	797	847	884	953
R&D investment ratio	%	3.1	3.6	4.3	3.6



Anti-competitive Behavior¹⁾

Category	Unit	2018	2019	2020
Overall monetary loss due to unfair trade, such as competition inhibition and monopoly	KRW 100 million	0	48.35	0

¹⁾ In relation to the RE Sales Division’s low-price sale on the Internet in 2019, the Fair Trade Commission conducted an investigation by reason of unfair trade (retention of resale price and exclusive dealing).; As a result, a penalty of KRW 4.835 billion was imposed.

- Progress : July 2016 Field investigation by the Fair Trade Commission
- April 2019 Deliberation by the Fair Trade Commission
- July 2019 Resolution by the Fair Trade Commission
- Corrective order, penalty (KRW 4.835 billion)

SOCIAL PERFORMANCE

Product Recall

Category	Unit	2018	2019	2020
Number of recalls	Cases	0	0	0

* Based on domestic and overseas products manufactured by Kumho Tire

Customer Satisfaction

Category	Unit	2018	2019	2020
Number of complaints received	Cases	57	55	36
Happy Call satisfaction index	Index	4.86	4.87	4.79

* **Satisfaction Index** Points allotted to Satisfactory/Average/Not Satisfactory responses to Level of Satisfaction/Friendliness/Swiftness/Expertise items
Number of complaints received registered cases for customer VOC integrated management system

Violations of Customer Safety and Health-related Regulations¹⁾

Category	Unit	2018	2019	2020
Fine Imposition or Punishment on Violation	Cases	3	1	0

* Based on domestic and overseas cases

¹⁾ In 2018, a fine by approximately KRW 2.5 million each was imposed on 225/60 R17 KL33 for exceeding the acceptable range of wet grip index and on 235/55 R17 TA91 for false labeling of energy consumption efficiency rating in Korea. In the same year, approximately USD 380,000 of penalty and demurrage charge were incurred for 7.00 R16 KRS02 in Sandi Arabia due to non-fulfillment of the RR rating. In 2019, a fine of KRW 5 million was imposed on 245/45 R18 KU22 for exceeding the acceptable range of wet grip index. Kumho Tire will responsibly strengthen safety and health management to attain the goal of zero punishment.

Customer Privacy Protection

Category		Unit	2018	2019	2020
Number of complaints regarding customer privacy violation verified	Complaints raised externally and verified internally	Cases	0	0	0
	Complaints raised by regulatory institutions	Cases	0	0	0
	Violation of autonomous regulations	Cases	0	0	0
Number of complaints related to customer data loss	Verified customer data leaks, thefts, and losses	Cases	0	0	0

Product Safety Assessment

Category	Unit	2018	2019	2020
Number of Product Specifications with Quality Verified at the Development Stage	Cases	229	109	159
Ratio of Assessed Products	%	100	100	100

Quality Education Completion Status¹⁾

Category	Unit	2018	2019	2020
6-Sigma innovation education (Black Belt/Green Belt)	Persons	44	33	0
IATF16949 quality management system	Persons	16	1	0
VDA 6.3 system	Persons	1	4	1

* **VDA 6.3 System** It had been recorded as 0 in the 2018 report, but was found to be an error and consequently corrected

¹⁾ The goal of 2021 is for four people to complete the VDA 6.3 reviewer course. In addition, we are planning to newly introduce VDA 6.5 reviewer course.

IATF 16949:2016 Certification Retention Status

Category	Domestic			Overseas				
Plant	Gwangju	Gokseong	Pyeongtaek	China			U.S. Georgia	Vietnam
				Nanjing	Tianjin	Changchun		
Time of Certification	Nov. 2020	Nov. 2020	Nov. 2020	Feb. 2018	Mar. 2018	Aug. 2018	Nov. 2020	Jan. 2021

Global Quality System Diagnosis

Category	Target	Schedule
Global plant quality management system	Eight plants in Korea, China, Vietnam, and U.S.	Aug. ~ Sep. 2020
Partner quality management system	91 companies (domestic, overseas)	Apr. ~ Dec. 2020
Quality management system	All worksites	Mar. ~ Nov. 2020

Key Suppliers

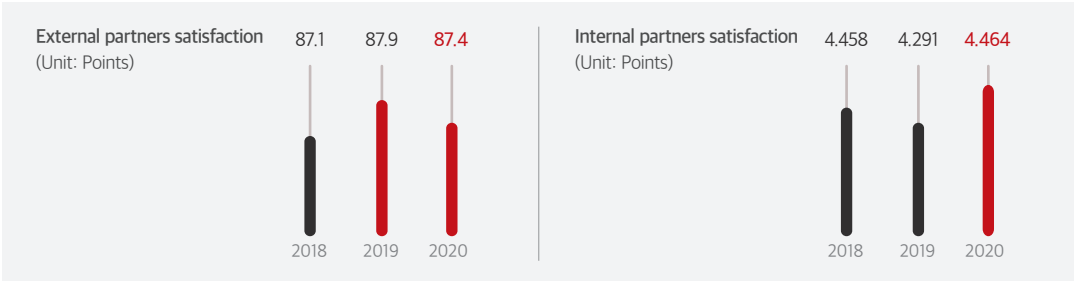
Category		Unit	2018	2019	2020
Number of suppliers	Raw materials	Materials	123	123	114
	Facilities	Facilities	407	412	372
Number of key suppliers	Raw materials	Materials	59	50	47
	Facilities	Facilities	4	2	5
Key supplier sales ratio	Raw materials	%	95	92	93
	Facilities	%	1.0	0.5	1.3

* **Number of Key Suppliers** Number of suppliers for which the total amount of annual order is KRW 2 billion or more
Key Supplier Sales Ratio The proportion of sales of major suppliers to total domestic purchases

Partner Satisfaction

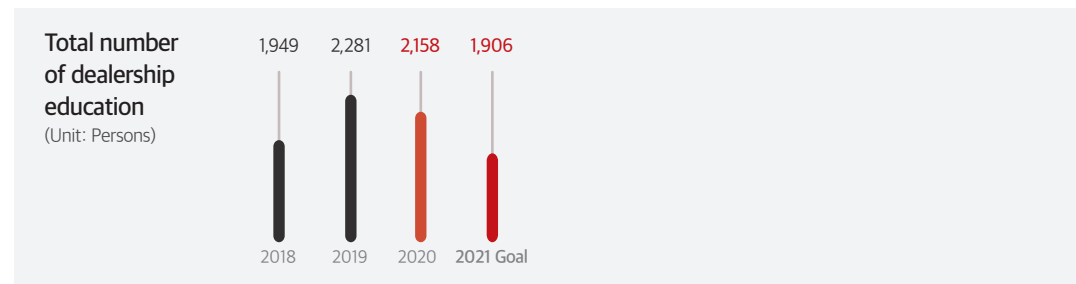
Category		Unit	2018	2019	2020
External partners	Satisfaction	Points	87.1	87.9	87.4
	Number of partners surveyed	Companies	110	104	103
Internal partners	Satisfaction	Points	4.5	4.3	4.5
	Number of partners surveyed	Companies	13	8	8

* External partners satisfaction is out of 100 points and internal partners satisfaction is out of 5 points
External Partners Among approximately 500 partners, those with purchase amount of KRW 200 million or more were surveyed



Dealership Education

Category		Unit	2018	2019	2020	2021 Goal
Sales Force1	Introductory course on tires	Persons	76	71	23	20
	KTS field-customized course	Persons	41	62	9	-
Sales Force2	Service & sales course	Persons	51	11	41	80
Sales Force3	Import vehicle experts course	Persons	68	218	42	100
	KTS advanced course	Persons	19	7	-	10
Special education	Business consulting course	Persons	11	62	21	30
	Industry-university cooperation course	Persons	24	30	6	30
	Field-customized course	Persons	1,659	1,820	2,016	1,636
Total		Persons	1,949	2,281	2,158	1,906



Employee Composition

Category		Unit	2018	2019	2020
Domestic and overseas	Domestic and overseas employees	Persons	9,498	9,050	8,545
	Domestic employees	Persons	4,924	4,760	4,620
	Locally recruited overseas employees	Persons	4,574	4,290	3,925
Employment type	Regular workers	Persons	4,880	4,719	4,579
	Non-regular workers	Persons	44	41	41
Gender	Male	Persons	4,698	4,538	4,408
	Female	Persons	226	222	212
	Ratio of female employees	%	4.6	4.7	4.6
Age	Less than 30 years	Persons	218	184	162
	30 ~ 50	Persons	3,083	2,839	2,652
	Over 50	Persons	1,623	1,737	1,806
Executives and managers	Executives	Persons	33	38	35
	Research executives/ Research fellows	Persons	10	10	13
	Managers	Persons	152	151	189
	Female managers	Persons	2	3	3
Area of work	Clerical	Persons	1,285	1,257	1,247
	managerial	Persons	3,432	3,299	3,170
	Domestic research	Persons	474	469	472
	Overseas research	Persons	132	134	136
	Ratio of research positions	%	6.4	6.7	7.1

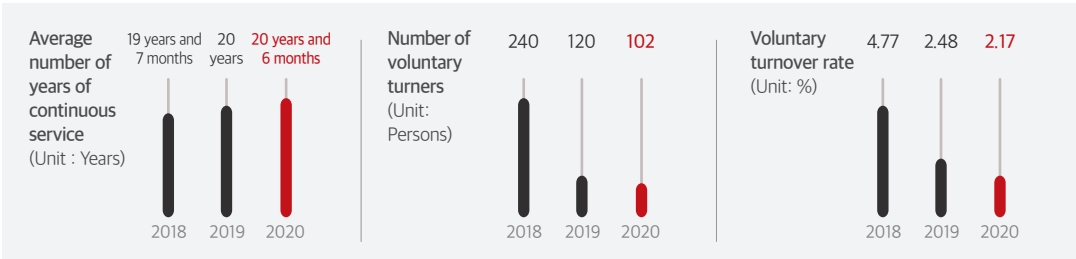
* **Managers** Higher than Senior manager level in 2018 - 2019, higher than team/part leader in 2020

New Employment and Years of Continuous Service

Category		Unit	2018	2019	2020
New employment	Gender				
	Male	Persons	162	120	116
	Female	Persons	20	19	6
	Age				
	Less than 30 years	Persons	69	72	75
	30 ~ 50	Persons	92	63	44
	Over 50	Persons	21	4	3
	Total	Persons	182	139	122
New employment rate	Gender				
	Male	%	89	86	95
	Female	%	11	14	5
	Age				
	Less than 30 years	%	38	52	61
	30 ~ 50	%	51	45	36
	Over 50	%	12	3	2
	Total				
Retirement	Gender				
	Male	Persons	331	265	265
	Female	Persons	37	21	19
	Age				
	Less than 30 years	Persons	68	33	58
	30 ~ 50	Persons	224	104	57
	Over 50	Persons	76	149	169
	Total	Persons	368	286	284

Category		Unit	2018	2019	2020
Retirement rate	Gender				
	Male	%	7	5.8	6
	Female	%	16.4	9.5	9
	Age				
	Less than 30 years	%	23.8	15.2	26.4
	30 ~ 50	%	6.8	3.5	2.1
	Over 50	%	4.5	7.9	8.6
	Total				
Average number of years of continuous service		Years	19 years and 7 months	20 years	20 years and 6 months
Number of voluntary turners		Persons	240	120	102
Voluntary turnover rate		%	4.8	2.5	2.2

* **Number of Voluntary Turners** Retirees other than non-voluntary, such as due to death, contract expiration, recommended resignation and regular and voluntary retirements



Statutory Education Completion Status

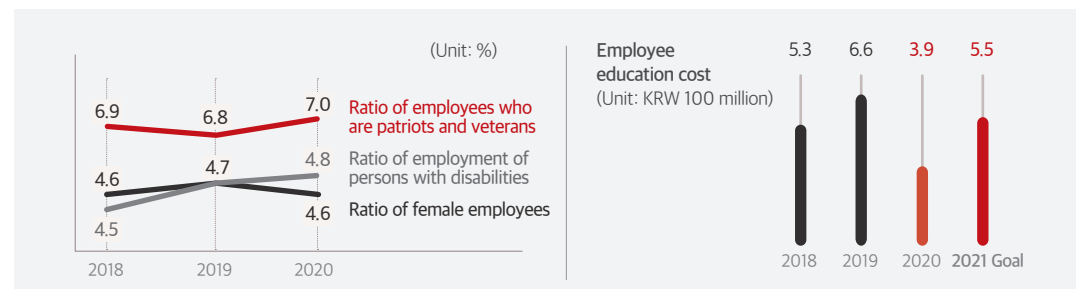
Type	Unit	2018	2019	2020
Number of persons completing education	Persons	1,435	1,447	1,508
Completion rate	%	100	100	100

Employee Education

Category	Unit	2018	2019	2020	2021 Goal
Education hours per person by gender	Male	Hours	24.0	25.4	42.6
	Female	Hours	24.0	25.4	42.6
Education hours per person by area of work	Clerical	Hours	24.0	25.4	42.6
	Managerial	Hours	48.7	12.4	14.0
	Research	Hours	22.1	16.7	6.7
Employee education cost	KRW 100 million	5.3	6.6	3.9	5.5

Employee Diversity

Type	Unit	2018	2019	2020
Number of employees with disabilities	Persons	221	222	222
Ratio of employment of persons with disabilities	%	4.5	4.7	4.8
Number of female employees	Persons	226	222	212
Ratio of female employees	%	4.6	4.7	4.6
Number of employees who are patriots and veterans	Persons	339	324	324
Ratio of employees who are patriots and veterans	%	6.9	6.8	7.0



Employee Performance Assessment

Category	Unit	2018	2019	2020
Employee performance assessment rate	%	92.9	92.4	94

* **Employees Subject to Assessment** As of the end of October of each year
Employees Not Assessed Employees in administration (new employees, employees promoted in the year, employees on leave, etc.) and extraordinary service (Duties Exempted from Assessment: Engineer, medical doctor, nurse, etc.) fields

Parental and Childcare Leave

Category	Unit	2018	2019	2020
Parental leave	Persons	17	8	3
Working hour reduction during pregnancy	Persons	10	7	1
Number of employees with right to childcare leave	Male	Persons	1,071	917
	Female	Persons	52	58
Employees using childcare leave	Male	Persons	26	32
	Female	Persons	21	11
Employees returning after childcare leave	Male	Persons	11	23
	Female	Persons	9	16
Employees rendering continuous service for 12 months upon return from childcare leave	Male	Persons	8	22
	Female	Persons	8	16
Rate of return after childcare leave	Male	%	65.4	75
	Female	%	90.5	81.8
Rate of continuous service after return	Male	%	72.7	95.7
	Female	%	88.9	100

Safety and Health Education

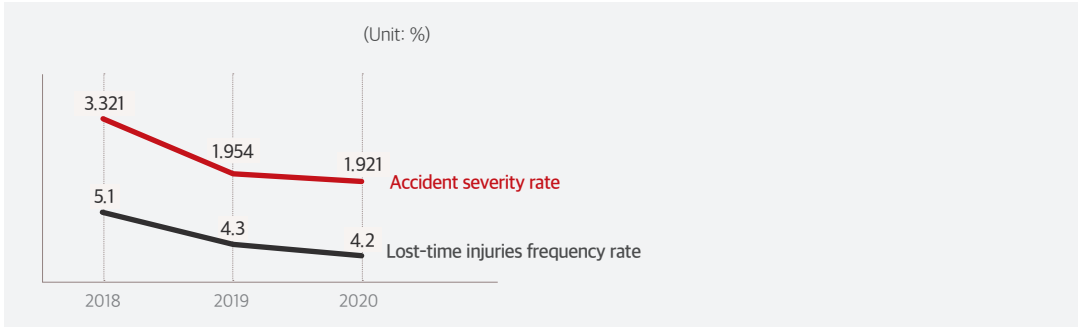
Category	Unit	2018	2019	2020
Statutory education for managers and supervisors	Persons	416	415	430
Regular training of employees in managerial positions	Persons	3,382	3,289	3,113

Accident Rate Management

Kumho Tire continuously reduced the number of industrial accidents over the last three years by strengthening preventive activities.

Type		Unit	2018	2019	2020
Kumho Tire	Lost-time injuries frequency rate	%	5.1	4.3	4.2
	Accident severity rate (domestic and overseas)	%	3.321	1.954	1.921
	Number of deaths	Persons	0	0	1
Internal partners	Lost-time injuries frequency rate	%	5.653	3.41	9.134
	Number of deaths	Persons	0	0	0

* Internal Partners Manufacturing/logistics/management partners of Gwangju Plant and Gokseong Plant



Labor Union Status

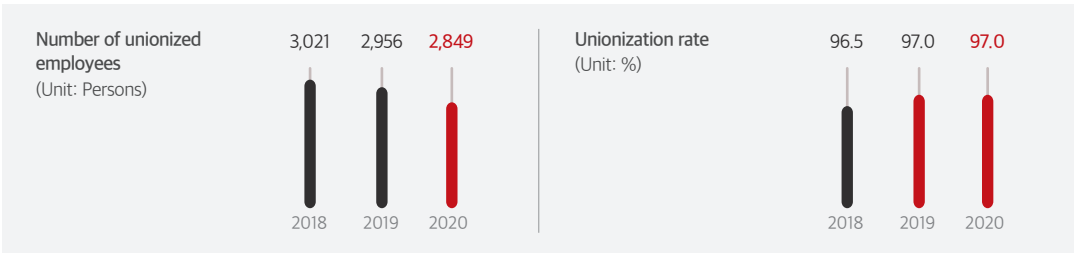
According to the labor collective agreement, Kumho Tire notifies the labor union of key management changes 60 days in advance.

Category	Description
Labor Union 1	Name
	Kumho Tire Subbranch, Gwangju - Jeonnam Branch of Korean Metal Workers Union
	Date of establishment
	June 12, 1973
Labor Union 1	Higher authority
	Korean Metal Workers Union of the Korean Federation of Trade Unions - 1995 : Joined the Chemical and Textile Federation of the Korean Federation of Trade Unions - June 16, 2007 : Converted into Korean Metal Workers Union
	Term of labor union executives
	Ninth Executive (May 2019 ~ end of September 2021)
Labor Union 2	Name
	Kumho Tire Labor Union (multiple labor unions -labor union 2)
	Date of establishment
	July 15, 2011
Labor Union 2	Higher authority
	Labor union by company
Labor Union 2	Term of labor union executives
	Fifth Executive (October 2019 ~ end of September 2021)

Unionization Rate

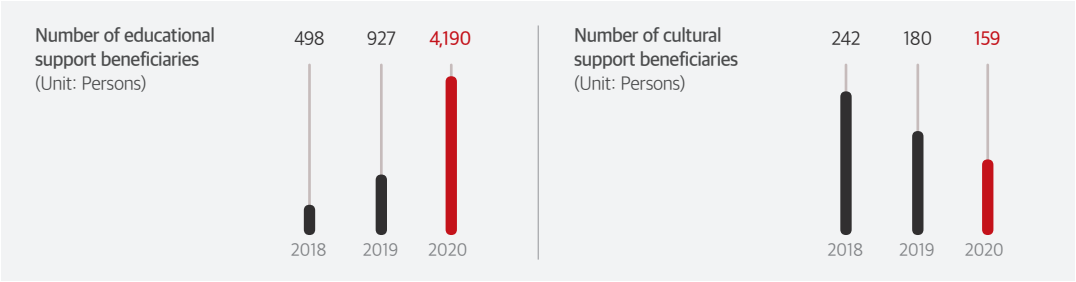
Category	Unit	2018	2019	2020
Number of unionized employees	Persons	3,021	2,956	2,849
Unionization rate	%	96.5	97.0	97.0

* For workers in general positions, the union was established in the first half of 2021. Therefore, the number of union members has not been determined (workers in general positions and field managers excluded).



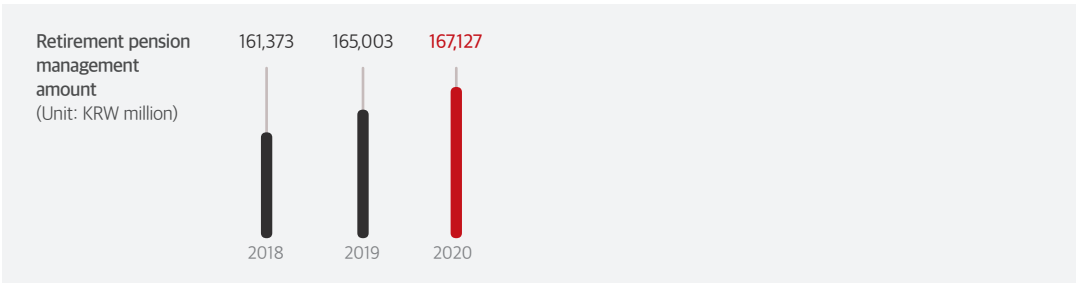
Social Contribution

Category		Unit	2018	2019	2020
Social contribution	Cash donation	KRW 100 million	0.64	0.62	0.61
	Social contribution programs with employees' participation	Programs	4	3	1
	Total number of participants (A+B)	Persons	2,195	2,594	4,349
	Number of employee participants (A)	Persons	1,428	1,464	1,063
	Number of non-employee participants (B) (including beneficiaries)	Persons	767	1,130	4,372
	Cost of social contribution activities (total)	KRW million	188	157	98
Number of social contribution beneficiaries	Number of educational support beneficiaries	Persons	498	927	4,190
	Number of cultural support beneficiaries	Persons	242	180	159



Retirement Pension

Category	Unit	2018	2019	2020
Retirement pension management amount	KRW million	161,373	165,003	167,127

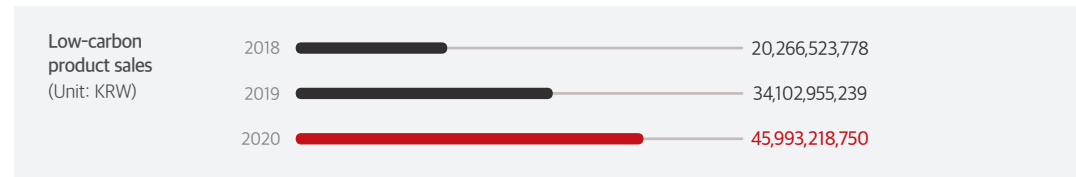


ENVIRONMENTAL PERFORMANCE

Eco-friendly Product

Category	Unit	2018	2019	2020
Low-carbon product sales	KRW	20,266,523,778	34,102,955,239	45,993,218,750

* Based on VS31 and ES31



Environmental Investment

Category	Unit	2018	2019	2020	2021 Goal
Energy management	KRW million	1,497	423	619	857
Environmental safety and fire prevention	KRW million	1,832	2,165	433	1,141

Environmental Law Violation

Category	Unit	2018	2019	2020
Number of environmental law violations	Cases	1	2	2
Environmental law violation fine	KRW 1,000	250	3,200	480

Environmental Cost

Category	Unit	2018	2019	2020
Environmental cost				
Water quality and atmosphere improvement and inspection cost	KRW million	1,214	770	698
Emission charges	KRW million	0	0	0

Environmental Education

Category	Unit	2018	2019	2020
Environmental education completion	Persons	4,944	4,817	4,300

Reclaimed Rubber Use

Category	Unit	2018	2019	2020
Rate of reclaimed rubber use	%	0.59	0.57	0.58

* Reclaimed Rubber BTR (butyl tube reclaimed rubber)

Rate of Reclaimed Rubber Use The ratio of BTR rubber shipments to total shipments of raw materials

Raw Materials for Tire Manufacturing

Category	Unit	2018	2019	2020
Natural rubber input amount	USD 1,000	196,319	168,114	155,336
Natural rubber ratio	%	21.0	21.3	23.9
Synthetic rubber input amount	USD 1,000	240,096	200,266	158,947
Synthetic rubber ratio	%	25.7	25.4	24.4
Cord ply input amount	USD 1,000	173,342	153,735	130,168
Cord ply ratio	%	18.5	19.5	20.0
Carbon black input amount	USD 1,000	125,395	107,063	71,529
Carbon black ratio	%	13.4	13.6	11.0
Bead wire input amount	USD 1,000	22,849	20,716	18,398
Bead wire ratio	%	2.4	2.6	2.8
Input amount of other raw materials	USD 1,000	177,689	139,406	116,565
Ratio of other raw materials	%	19.0	17.7	17.9

Wastes

Category	Unit	2018	2019	2020
Consigned destruction	Tons	1,527.1	1,340.5	1,422.5
Consigned landfill	Tons	484.3	468.6	274.2
Consigned incineration	Tons	1,614.9	1,161.9	1,386.0
Consigned recycling	Tons	10,171.0	9,353.3	9,605.1
General waste	Tons	12,465.9	10,394.3	10,328.6
Designated waste	Tons	1,163.2	1,283.2	1,003.4
Construction waste	Tons	168.1	646.7	1,355.8
Total wastes	Tons	13,797.2	12,324.2	12,687.7
Designated waste ratio	%	8.4	10.4	8.0
Recycling ratio	%	73.7	75.9	75.7

Water Consumption

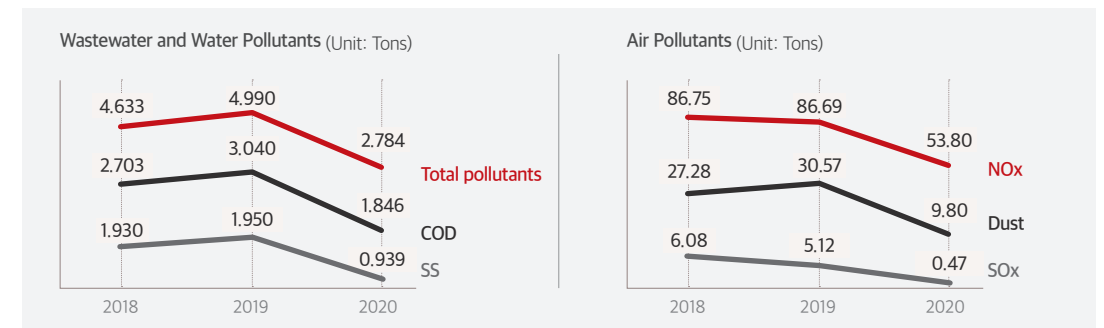
Category	Unit	2018	2019	2020
Waterworks	Tons	377,944	248,814	536,257
Groundwater	Tons	1,110,969	1,023,429	726,734
Total	Tons	1,488,913	1,272,243	1,262,991
Reused water	Tons	80,313	137,977	146,262

Wastewater and Water Pollutants

Category	Unit	2018	2019	2020
Wastewater discharge	Tons	269,824	349,622	338,287
Wastewater reuse	Tons	134,316	183,249	185,489
SS	Tons	1.930	1.950	0.939
COD	Tons	2.703	3.040	1.846
Total pollutants	Tons	4.633	4.990	2.784

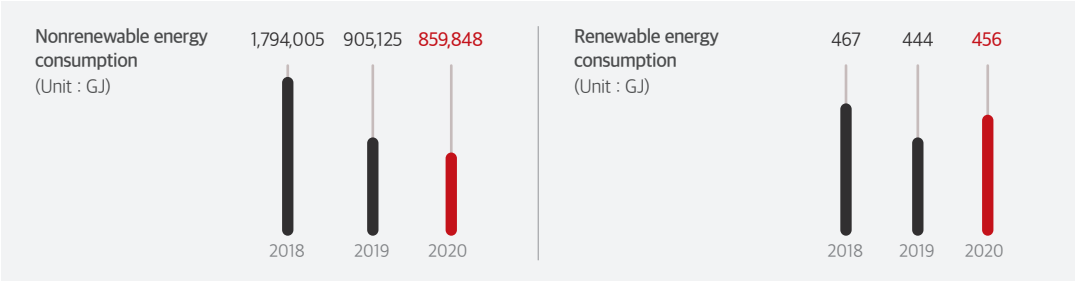
Air Pollutants

Category	Unit	2018	2019	2020
Dust	Tons	27.28	30.57	9.80
NOx	Tons	86.75	86.69	53.80
SOx	Tons	6.08	5.12	0.47



Energy Consumption

Category		Unit	2018	2019	2020
Nonrenewable energy	BC oil	GJ	51,702	14,086	0
	LNG (gas)	GJ	1,691,589	842,010	820,587
	Diesel	GJ	20,764	21,208	14,757
	Propane	GJ	24,430	22,854	21,039
	Gasoline	GJ	5,485	4,947	3,463
	PFO	GJ	0	0	0
	White kerosene	GJ	35	20	2
	Total	GJ	1,794,005	905,125	859,848
Renewable energy	Solar Photovoltaic	GJ	467	444	456
Electricity		GJ	3,473,995	3,228,584	3,277,478
Total		GJ	5,268,467	4,133,709	4,137,326
Consumption per unit		MJ/unit	232.66	200.45	197.75
Electrical energy ratio		%	65.94	78.10	79.22
Renewable energy ratio		%	0.009	0.0107	0.0110



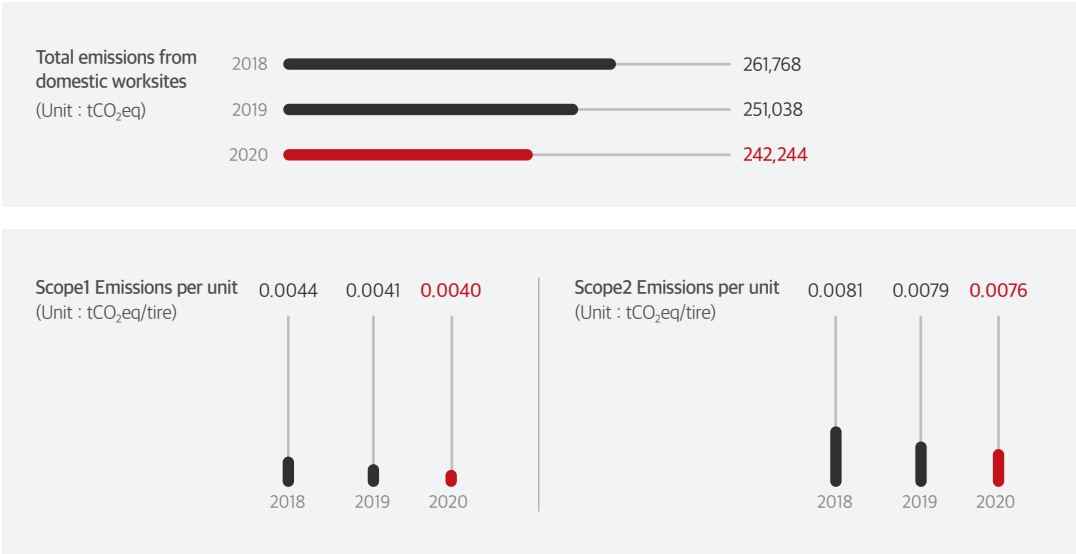
* Consumption per unit : The unit is based on the number of tires manufactured each year

GHG Emissions

Category		Unit	2018	2019	2020
Scope 1 (direct emission)	Gwangju Plant	tCO ₂ eq	42,671	40,962	39,187
	CO ₂	Tons	42,619	40,912	39,143
	CH ₄	kg	1,184	1,136	1,049
	N ₂ O	kg	86	82	71
	Gokseong Plant	tCO ₂ eq	43,429	39,790	38,302
	CO ₂	Tons	43,336	39,706	38,232
	CH ₄	kg	2,176	1,631	1,632
	N ₂ O	kg	154	97	114
	Pyeongtaek Plant	tCO ₂ eq	4,602	4,261	3,973
	CO ₂	Tons	4,598	4,257	3,969
	CH ₄	kg	82	76	75
	N ₂ O	kg	8	8	9
	Other worksites	tCO ₂ eq	1,921	1,780	1,526
	CO ₂	Tons	1,895	1,756	1,505
	CH ₄	kg	142	127	104
	N ₂ O	kg	76	69	60
	Total	tCO ₂ eq	92,623	86,792	82,989
	CO ₂	Tons	92,448	86,631	82,849
	CH ₄	kg	3,584	2,970	2,861
	N ₂ O	kg	324	256	254

GHG Emissions

Category		Unit	2018	2019	2020	
Scope 2 (indirect emission)	Gwangju Plant	tCO ₂ eq	71,521	71,323	68,481	
	CO ₂	Tons	71,375	71,178	68,341	
	CH ₄	kg	828	826	793	
	N ₂ O	kg	414	413	397	
	Gokseong Plant	tCO ₂ eq	87,233	82,688	81,148	
	CO ₂	Tons	87,055	82,520	80,983	
	CH ₄	kg	1,010	958	940	
	N ₂ O	kg	505	479	470	
	Pyeongtaek Plant	tCO ₂ eq	7,886	7,939	7,358	
	CO ₂	Tons	7,870	7,923	7,343	
	CH ₄	kg	91	92	85	
	N ₂ O	kg	46	46	43	
	Other worksites	tCO ₂ eq	2,517	2,306	2,279	
	CO ₂	Tons	2,512	2,302	2,274	
	CH ₄	kg	29	27	26	
	N ₂ O	kg	15	13	13	
	Total	tCO ₂ eq	169,157	164,257	159,266	
	CO ₂	Tons	168,812	163,923	158,941	
	CH ₄	kg	1,959	1,902	1,845	
	N ₂ O	kg	980	951	922	
	Total emissions from domestic worksites	tCO ₂ eq	261,768	251,038	242,244	
	Emissions per unit (GHG emissions in tire production)	Scope1	tCO ₂ eq/tire	0.0044	0.0041	0.0040
		Scope2	tCO ₂ eq/tire	0.0081	0.0079	0.0076



* Emissions per unit The unit is based on the number of tires manufactured each year

Appendix

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GRI CONTENT INDEX

Category	Index	Description	Page	Remarks
GRI 102: General Disclosures 2016				
GRI 102: Organizational Profile	102-1	Name of organization	About the Company ↗	
	102-2	Brands, products, and services	Brand Portfolio ↗	
	102-3	Location of headquarters	About the Company ↗	
	102-4	Location of operations	Global Network ↗	
	102-5	Ownership and legal form		Business Report p.7 📄
	102-6	Markets served	Global Network ↗	
	102-7	Scale of organization	About the Company ↗	
	102-8	Information on employees and other workers	Social Performance (Employees Composition) ↗	
	102-9	Supply chain	Social Performance (Key Suppliers) ↗	
	102-10	Significant changes to the organization and its supply chain		No significant change in supply chain
	102-11	Precautionary principle or approach	Risk Management ↗	
	102-12	External initiatives	Awards and Memberships ↗	
	102-13	Memberships in associations	Awards and Memberships ↗	
GRI 102: Strategy	102-14	Statement from the senior decision maker	CEO Message ↗	
	102-15	Key impacts, risks, and opportunities	Materiality Assessment ↗	
GRI 102: Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	About the Company ↗, Compliance ↗	
	102-17	Mechanisms for advice and concerns about ethics	Human Rights Management ↗	
GRI 102: Governance	102-18	Governance structure	Board of Directors ↗	
	102-22	Composition of the highest governance body and its committee	Subcommittee Operation ↗	

Category	Index	Description	Page	Remarks
GRI 102: Stakeholder Engagement	102-40	List of stakeholder groups	Stakeholder Engagement ↗	
	102-41	Collective bargaining agreements	Social Performance (Unionization Status) ↗	
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement ↗	
	102-43	Approach to stakeholder engagement	Stakeholder Engagement ↗	
	102-44	Key topics and concerns raised	Stakeholder Engagement ↗	
GRI 102: Reporting Practice	102-45	Entities included in the consolidated financial statements		Business Report p.6 📄
	102-46	Defining the report content and topic boundaries	Materiality Assessment ↗	
	102-47	List of material topics identified in the course of report content decision	Materiality Assessment ↗	
	102-48	Impacts of and reasons for restatements of information		Not applicable
	102-49	Significant changes in reporting on material topics and topic boundaries		Not applicable
	102-50	Reporting period	About This Report ↗	
	102-51	Date of most recent report	About This Report ↗	
	102-52	Reporting cycle	About This Report ↗	
	102-53	Contact point for questions regarding the report	About This Report ↗	
	102-54	Claims of reporting in accordance with the GRI Standards	About This Report ↗	
	102-55	GRI content index	GRI Content Index ↗	
	102-56	External assurance	Third-party Assurance Statement ↗	

Category	Index	Description	Page	Remarks
Topic-specific Standards				
Material Issue 1. Stabilizing labor-management relationship				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundary	Focus 4. Happiness Happy workplace ㉞	
	103-2	Management approach and its components		
	103-3	Evaluation of the management approach		
GRI 402: Labor Management Relations	402-1	Minimum notice periods regarding operational changes	Social Performance (Labor Union Status) ㉞	
Material Issue 2. Securing and fostering diverse talents				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundary	Focus 4. Happiness Happy workplace ㉞	
	103-2	Management approach and its components		
	103-3	Evaluation of the management approach		
GRI 404: Training and Education	404-1	Average hours of training per year per employee (by gender, type)	Social Performance (Employee Education) ㉞	
	404-2	Programs for upgrading employee skills and transition assistance programs	Talent development ㉞	
	404-3	Percentage of employees receiving regular performance and career development reviews	Social Performance (Employee Performance Assessment) ㉞	
Material Issue 3. Quality management for customer satisfaction				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundary	Focus1. Value Reliable brand ㉞	
	103-2	Management approach and its components		
	103-3	Evaluation of the management approach		
GRI 416: Customer Health and Safety	416-1	Percentage of products and services assessed for health and safety impacts for improvement	Social Performance (Product Safety Assessment) ㉞	
	416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	Social Performance (Violations of Customer Safety and Health-related Regulations) ㉞	

Category	Index	Description	Page	Remarks
Material Issue 4. Air pollution management				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundary	Focus 5. Sustainability Sustainable company ㉞	
	103-2	Management approach and its components		
	103-3	Evaluation of the management approach		
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Environmental Performance (GHG Emissions) ㉞	
	305-2	Indirect (Scope 2) GHG emissions	Environmental Performance (GHG Emissions) ㉞	
	305-7	NOx, SOx, and other significant air emissions	Environmental Performance (Air Pollutants) ㉞	
Material Issue 5. Strengthening market competitiveness				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundary	Focus 1. Value Reliable brand ㉞	
	103-2	Management approach and its components		
	103-3	Evaluation of the management approach		
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Economic Value Creation and Distribution ㉞	
-	-	External assessment result	Customer Satisfaction Improvement ㉞	
Material Issue 6. Sound and transparent BOD operation				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundary	Governance ㉞	
	103-2	Management approach and its components		
	103-3	Evaluation of the management approach		
-	-	Director Attendance Rate	Board of Directors ㉞	
Material Issue 7. Shared growth				
GRI 103: Management Approach	103-1	Explanation of material topics and its boundary	Focus 2. Harmony Partner for shared growth ㉞	
	103-2	Management approach and its components		
	103-3	Evaluation of the management approach		
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Economic and Management Performance (Anti-competitive Behavior) ㉞	
-	-	Partner satisfaction	Social Performance (Partner Satisfaction) ㉞	
-	-	Dealership education	Social Performance (Dealership Education) ㉞	

SASB REFERENCE TABLE

Kumho Tire provides various stakeholders including investors with useful information that will assist in their decision-making process by reporting the SASB Framework, the voluntary disclosure standards for sustainable issues by industry developed by the Sustainability Accounting Standards Board (SASB). Based on the sustainable industry classification system, we reported sustainability information for the Auto Parts Industry Standard of the Transportation Sector.

Category	Code	Indicator	Page	Remarks
Operational emissions	TR-AP-130a.1	(1) Total energy consumed	Environmental Performance (Energy Consumption) ㄹ	
		(2) Percentage of grid electricity	Environmental Performance (Energy Consumption) ㄹ	
		(3) Percentage of renewable energy	Environmental Performance (Energy Consumption) ㄹ	
	TR-AP-150a.1	(1) Total amount of waste	Environmental Performance (Waste) ㄹ	
		(2) Percentage of hazardous waste	Environmental Performance (Waste) ㄹ	
		(3) Percentage of recycled waste	Environmental Performance (Waste) ㄹ	
Product safety	TR-AP-250a.1	Materials rejected as intermediate products due to defects and consequently not used but discarded	Social Performance (Product Recall) ㄹ	
Considering carbon efficiency	TR-AP-410a.1	Low-carbon product sales	Environmental performance (Eco-friendly Product) ㄹ	
Raw material sourcing	TR-AP-440a.1	Key material-related risk management	Sustainable natural rubber supply ㄹ	Changes in the cost of raw materials, such as natural rubber and petrochemical products, can increase uncertainty in our profit making. Also failure in appropriate respond to the increase in raw material prices can deteriorate company's profitability. For the stable supply of natural rubber, we renew raw material purchase agreements with 15 natural rubber suppliers including T.B.H. on a yearly basis.
Product efficiency	TR-AP-440b.1	Ratio of renewable (sold) products	Not applicable	Difficult to estimate current reusable products
	TR-AP-440b.2	Percentage recycled	Environmental Performance (Rate of Reclaimed Rubber Use) ㄹ	
Anti-corruption practice	TR-AP-520a.1	Overall monetary loss due to unfair trade, such as competition inhibition and monopoly	Economic and Management Performance (Anti-competitive Behavior) ㄹ	
Code		Index	Page	
TR-AP-000.A		Number of tires manufactured	Economic and Management Performance (Tire Manufacturing and Plant Scale) ㄹ	
TR-AP-000.B		Weight of tires manufactured	Economic and Management Performance (Tire Manufacturing and Plant Scale) ㄹ	
TR-AP-000.C		Scale of plants in operation	Economic and Management Performance (Tire Manufacturing and Plant Scale) ㄹ	

AWARDS AND MEMBERSHIPS

AWARDS

Type	Organization (Awarded by)	Title of Award/Assessment/Certification	Category
2020	Institute for Industrial Policy Studies (IPS) (jointly sponsored by the Joongang Ilbo)	Korea Brand Hall of Fame	Tire Pro
	Forbes Korea (Korea Best Brand Awards Secretariat)	Korea Best Brand Awards	Durable goods in tire
	Korea Management Association Consulting	KCSI Korean Customer Satisfaction Index	Durable goods manufacturing
		KNPS Korean Net Promoter Score	No. 1 in passenger vehicle tire category
	International Forum Design, Germany	iF Design Award	Transport devices (Majesty 9, Winter Craft Wi51)
	GDA, U.S.	Good Design Award	Transport design (Majesty 9, ECSTA PA51, Winter Craft Wi51)
	Norheim, Germany	Red-Dot Design Award	Transport devices (Solus HA32)
	Industrial Designers Society of America (IDSA)	IDEA Design Award	Transport devices (e-TOPs, e-NIMF)
	Japan Industrial Design Promotion Organizationa	Good Design Award 2020, G-Mark	Product design (Solus HA32, Winter Portran CW11)
2021	Forbes Korea (Korea Best Brand Awards Secretariat)	Korea Best Brand Awards	Durable goods in tire
	Red Dot China	Contemporary Good Design Award 2020	Winner (Majesty 9 Solus TA93)
	Norheim, Germany	Red-Dot Design Award	Transport devices (ECSTA V740)
	International Forum Design, Germany	iF Design Award	Transport devices (e-TOPs, e-NIMF)

MEMBERSHIPS

Association
Korea Tire Industry Association
Korea (Seoul) Chamber of Commerce and Industry
Korea Listed Companies Association
Korea Exchange
Korea Industrial Technology Association
Korea International Trade Association
Korea Listed Companies Audit Committee
Korea Investor Relations Association
Korea Automobile Manufacturers Association
Korea Automobile Importers & Distributors Association
Korea Rubber Industry Association
WBCSD_TIP (World Business Council for Sustainable Development-Tire Industry Project)
GPSNR (Global Platform for Sustainable Natural Rubber)

INDEPENDENT ASSURANCE STATEMENT

Control Union Certifications was commissioned by Kumho Tire Co. Inc. to conduct an independent assurance of Kumho Tire 2020 Sustainability Report. The information in the Sustainability Report is the exclusive responsibility of Kumho Tire Co. Inc. Control Union Certifications was not involved in the preparation of any material included in this document. The responsibility of Control Union is to express an opinion concerning the information including graphs, tables and statements included in the Report, within the assurance scope mentioned below, with the purpose to inform all the Interested Parties.

ASSURANCE SCOPE

The assurance engagement has been planned and performed in accordance with AA1000AS version 3. The sustainability report is developed using the Global Reporting Initiative (GRI) standards. The assurance process involves verification of the following aspects:

Inclusivity

Engagement with stakeholders in the report development process and their involvement in organizational decision making

Kumho Tire has identified stakeholders as the people who have an impact on their business and have listed these people as: employees, customers, shareholders/ investors, partner companies, and communities. Kumho Tire has maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities towards their respective stakeholders. These channels of communication include joint labor-management conferences, customer satisfaction surveys, and face to face meetings for cooperative companies. Additionally, the company makes efforts to integrate opinions and expectations of their stakeholders into the overall company strategy.

Materiality

Identification of issues in the report that are relevant and significant to the organization's stakeholders, the presence of and the extent to which these material issues are disclosed in the report

Kumho Tire identified and selected the material issues using the several stakeholder communication channels and subsequently a materiality assessment process. Through research, a stakeholder survey and analysis of international ESG issues, Kumho Tire prioritized the issues that were considered material by stakeholders. The material topics are described separately in this report.

Responsiveness

Acting on stakeholder issues and provision of feedback through decisions, actions, performance and communication

Kumho Tire set up a strategic planning and innovation team to address the ESG concerns raised by their stakeholders. The team is responsible for managing and establishing ESG strategies and the corresponding action plans. Moreover, Kumho Tire provides a comprehensive, balanced report of their performance regarding the material issues. For instance, Kumho Tire is planning to develop eco-friendly tires and green tires in an effort to reduce the environmental impact of their product. We found no evidence that Kumho Tire's response activities were inappropriately stated in the report on important stakeholder issues.

Impact

Monitoring, measurement and providing accountability for how the actions of the organization affect the economy, the environment, society, stakeholders or the organization itself

Kumho Tire established Corporate Social Responsibility (CSR) program which focuses on helping socially disadvantaged class by implementing CSR programs that cater to the needs of these group of people. Kumho Tire also realizes the impact of their operations on the environment and thus made efforts to lower the amount of environmental pollutants from their products. For example, Kumho has improved wear and braking performance by optimizing structural design of their tires and as a result, the greenhouse gas (CO2) emissions have decreased by 5.9%.

LEVEL OF ASSURANCE

The level of Assurance is used to determine the depth of detail that an assurance provider uses to identify if there are material errors, omissions or misstatements. The level of assurance for this report is moderate.

METHODOLOGY

- Review of internal and external documentary evidence presented by Kumho Tire
- Audit of data presented in the Report including a detailed review of a sample of data
- Review of a selection of internal performance documents
- Interviews of personnel within relevant divisions responsible for management

INDEPENDENCE AND QUALITY CONTROL

Control Union Certifications is accredited according to ISO 17021-1:2015/ISO 17065:2012 covering our global scope and operations. This includes the need to maintain a comprehensive system of quality control including documented policies and procedures on compliance to ethical and legal requirements as well as objectivity throughout our operations. The auditors performing the data check were selected appropriately based on our internal qualifications, training and experience. It is also reviewed by management to ensure that the applied approach and assurance are strictly followed and operated transparently.

RECOMMENDATIONS

We provide the following recommendations to the extent that it does not affect the results of the assurance

- Kumho Tire keeps track of and manages greenhouse gases and air pollutants that are emitted during the production of tires. However, a clear management system needs to be established for the keeping track of the amount of energy and input material consumed and emitted in the process of raw materials and processing and manufacturing each product.
- Kumho Tire identifies material issues and uses them in its decision-making process to respond to ESG management. In addition, it is necessary to systematically implement proactive and constructive ESG communication so that positive results can be obtained for external ESG assessment.

CONCLUSIONS

Based on our moderate process, nothing has come to our attention that causes us to believe that the scope (subject matter) as detailed above and presented in the report is not presented fairly in accordance with the criteria. Hence, our work confirms that the information included in the sustainability report is reliable and objective, and is presented clearly and understandably.



Program Manager **Prakhar Goel**
26/08/2021

ABOUT THIS REPORT

Kumho Tire publishes the Sustainability Report in order to report comprehensively its financial and non-financial performances and share with stakeholders its sustainable management activities and outcomes of the activities as well as the future directivity transparently and in a balanced manner.

Documentation guidelines for report

This report was documented in accordance with the Core Option of GRI (Global Reporting Initiative) Standards, the international sustainable management reporting guidelines, and information disclosure guidelines of SASB (Sustainability Accounting Standards Board). The financial information was reported on a consolidated basis according to the Korean version of the International Financial Reporting Standards (K-IFRS).

Reporting Period

The reporting period is from January 1, 2020 to December 2020. For some activities, details from the first half of the year were included. In addition, three-year data were reported to show the continuous trend of performances.

Reporting Cycle

The last report was published in 2019. Kumho Tire publishes the Sustainability Report annually.

Reporting Boundary and Scope

The reporting scope covers domestic worksites including the head office. For some data with different reporting ranges, the applicable reporting ranges were specified in the footnote.

Assurance

For this report's fairness and reliability of preparation process and related information, it is assured by Control Union, an independent auditor. The audit criteria and result can be found on p.95 ~ 96 of this report.

Inquiry

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More details on Kumho Tire's sustainable management and IR are available in the IR section of the company's website (www.kumhotire.co.kr).

KUMHO TIRE

All-Ways, Go With you