KUMHO TIRE 2022 SUSTAINABILITY REPORT

THE BEGINNING OF A NEW WAY, ALL-WAYS FROM YOU

KUMHO TIRE

All-Ways, Go With you

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THE KUMHO TIRE SUSTAINABILITY REPORT IS PUBLISHED IN INTERACTIVE PDF TO AID IN READERS' UNDERSTANDING.

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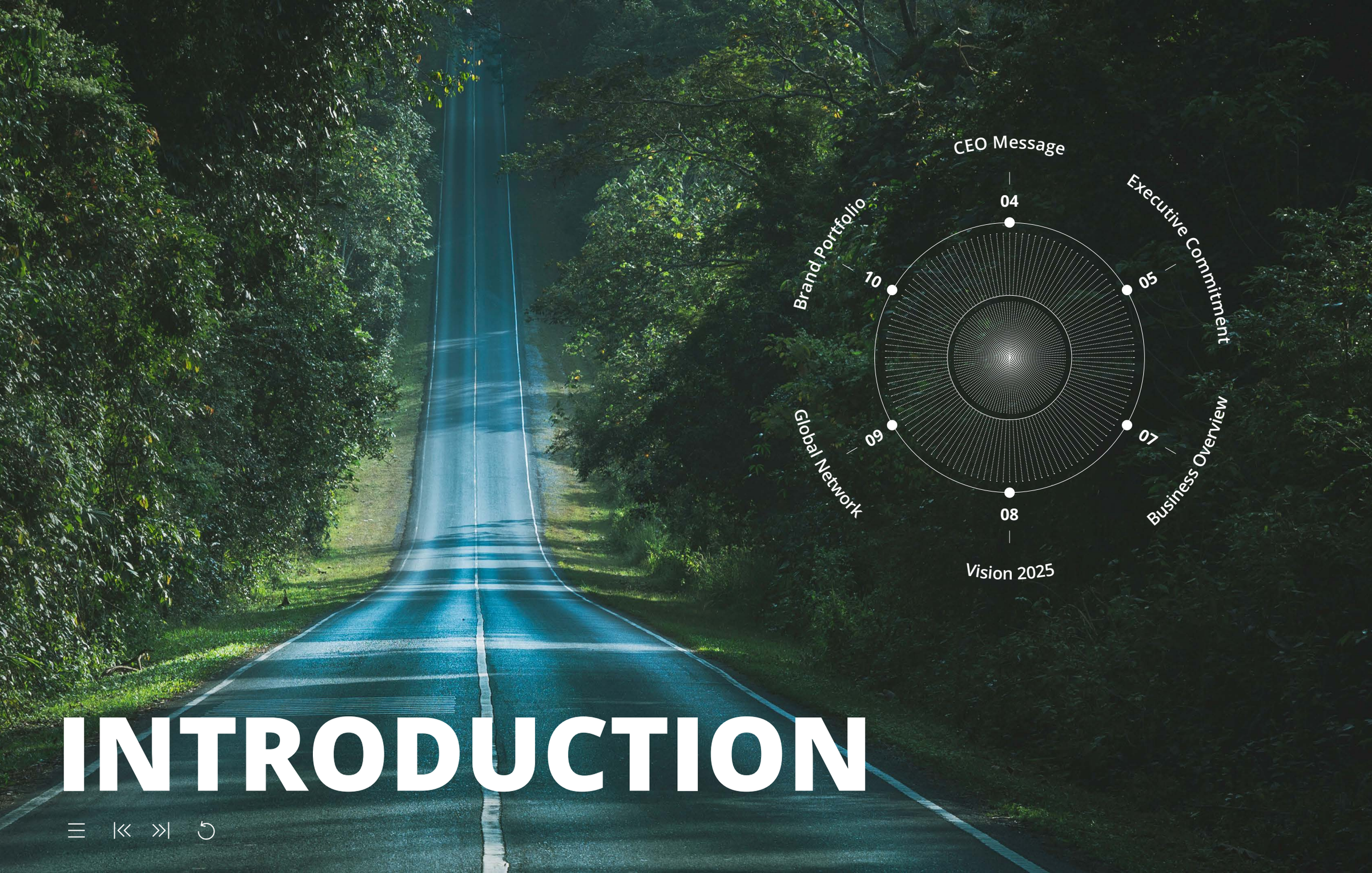


INTRODUCTION

CEO MESSAGE

Dear stakeholders,

Kumho Tire laid the foundation for the sales turnaround in 2021 thanks to No.1 market share in the domestic market and new global orders for OE/RE, despite growing global uncertainty and business complexity. Also, we recognize the importance of supply chain risk management and are rapidly implementing ESG management for the survival and growth of the company as a global manufacturer exporting tires to over 180 countries with our 8 business sites home and abroad and 21 corporations and branches as our base. We participated in the UN Global Compact (UNCG), the world's largest voluntary sustainability initiative in April 2022, adhering to the 10 principles of the four areas of human rights, labor, environment, and anti-corruption as well as declaring our determination for found ESG management internally and externally. We hope to promote ESG management in line with global standards and build trust with various stakeholders including employees, customers, shareholders, business partners, and local communities.

We will actively respond to climate crisis with the goal of achieving Net-Zero in 2045.

An additional increase in greenhouse gas reduction targets and declaration on decarbonization investment were announced at the 26th United Nations Framework Convention on Climate Change (COP26), and the transition to a carbon neutral society is accelerating with the enforcement of the Carbon Neutral Framework Act by the Korean government and the 2050 carbon neutrality declaration by automakers. Kumho Tire recognizes such trend as an opportunity, and we are establishing Carbon Neutrality 2045 strategies as well as a Net-Zero 2045 road map. Also, we plan to build goals meeting the internationally authorized 1.5℃ scenario by joining the Science Based Targets Initiative (SBTi). We will actively respond to climate crisis by reinforcing the management of carbon emissions in the supply chain, including the entire life cycle of our products and Scope 3 in addition to reducing energy consumption and greenhouse gas emissions at business sites home and abroad.

We will advance our management system based on the first leap in ESG management in 2022.

We recognize ESG as a new business norm, and we will link ESG with the company's management strategies. The ESG Management Committee, chaired by the CEO and participated by the 10 top management members, was newly established to respond to enhance our competitiveness in terms of environment (E), society (S), and governance (G). Also, five working groups according to key management issues of climate change, people & culture, responsible supply chain, ethical management, and governance have been established for internalization of ESG in each function. With the intensifying public regulation through laws and private regulation centered on global automakers, Kumho Tire will respond actively and grow into a reliable company meeting the expectations of the international community and customers.

We will secure future competitiveness according to the changes of the mobility paradigm.

The automobile industry is rapidly changing with the shift in the mobile paradigm to EVs. Kumho Tire has been preparing for the expansion of the electric vehicle market in advance to discover new opportunities and to lay the foundation for differentiated growth in the midst of these changes. We are showing our position and competitiveness through R&D of tires for electric vehicles and promoting efficiency and innovation in the product development process by introducing next-generation cutting-edge technologies such as the digital twin system.

The purpose of a company's existence is not for the purpose of aggressive expansion and domination, but to create business values, protect the earth's environment, improve the quality of life of its members, and to encompass corporate social responsibility. Kumho Tire will silently strive for sustainable growth despite the waves of change at the same time as communicating transparently with stakeholders through our sustainability report. We ask for continued interest and support from all stakeholders.

CEO of Kumho Tire
Iltaik Jung

EXECUTIVE COMMITMENT

For implementing responsible ESG management, Kumho Tire promotes ESG management systematically in order to build a consensus at the top management level and to internalize it in every organization.

The tire industry faces new challenges due to the ongoing global economic uncertainty and the paradigm shift towards eco-friendly trend in automobile industry. To cement itself as a company capable of responding flexibly to the global market environment and to become a sustainable company, Kumho Tire recognizes that ESG management is a must. Kumho Tire will faithfully fulfill its responsibilities and roles for shared growth with every stakeholder.

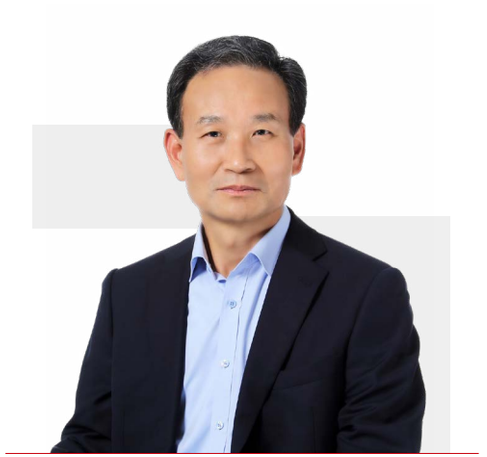
Chief Administrative Officer
Yangki Chae

The paradigm shift towards ESG management is a major trend of the global capital market rather than a fad. ESG-related strategies and investments have positive impacts on financial performance and are essential for the long-term survival of a company. Kumho Tire especially established '2045 Net-Zero' goals and a greenhouse gas emission reduction plan in order to actively respond to the climate crisis. We will also spare no efforts to reduce greenhouse gas emission in our eight domestic and overseas business sites and supply chain (Scope 3).

Head of Strategy Planning & Administration Division
Wanju Lim

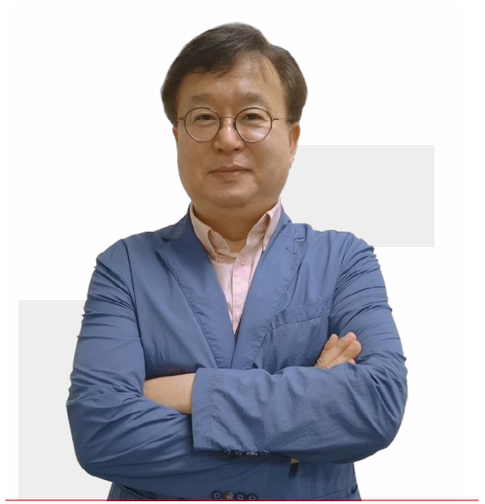
The global economy is restructuring after the COVID-19 pandemic. ESG is not only being reflected in the key decision-making factors of investors but also directly impacting corporate transaction. To that end, the Sales Division plans to identify and cope against factors that may affect transactions due to reinforce of car makers' ESG management to continue growth as a reliable business partner.

Head of Sales Division
Seungbin Lim



The United States recognizes ESG as a significant, fundamental factor affecting not only corporate social responsibility, but also long-term sustainability, enhancement of brand image, and even talent attraction. The America Division will consider ESG to be a priority in management activities and respond more actively to the needs of car manufacturers to enhance market competitiveness and furthermore actively promote ESG management capable of satisfying all stakeholders.

Head of America Business Division
Yongsik Shin



ESG management is one of the most fundamental factors for corporate sustainability. The R&D Division is attempting to minimize environmental impact throughout all processes from raw material development to tire design. We are expanding the use of sustainable materials such as natural and recycled materials as well as conducting research on tire development incorporating high fuel efficiency, low weight, and high mileage technology improving energy efficiency and minimizing waste.

Head of R&D Division
Mansik Cho

Chinese companies are more actively engaging in ESG activities with the development trend of carbon neutrality and green growth. There is especially high social requirements for the establishment of new and renewable energy infrastructure and the establishment of an eco-friendly industrial system, which are evaluated as a core competitiveness of companies. Kumho Tire's China Division will also respond preemptively to new paradigm shifts and policies to secure fundamental competitiveness and to generate new growth and values.

Head of China Business Division
Junseok Kang

Kumho Tire specifies its principles of supplying safe products and customer service through its quality policy. We have also established and are operating a quality management system focusing on 'development quality, mass-production quality, and market quality' to supply defect-free products. We are contributing to the implementation of ESG management by improving product safety and customer satisfaction based on such quality management system.

Senior Vice President of Quality Sector
Moonhyung Jong

As ESG emerges as an agenda for corporate survival beyond means of enhancing corporate image, establishment of brand identity related to sustainability became significant. Global Marketing Division is carrying out its marketing activities by focusing on building internal consensus for 'genuine' communication, expansion of connection with stakeholders, and its set of activities to thrive together. We will promote communication projects in linkage with ESG issues to fulfill new roles attributed to corporate PR and branding campaign.

Senior Vice President of Global Marketing Sector
Gangseung Lee

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. We will ultimately grow into a world-class tire manufacturer by expanding the sales of high value-added products and improving corporate brand image with accumulated technology through motor sports amid the rapidly changing business environment.

Our Value System

MISSION

Providing customers with secure and convenient mobility based on new technologies and solutions

VISION

Your Smart Mobility Partner

CORE VALUES

Customer First
Centering thoughts and actions on customer value to provide the best quality and solution

Perfect Execution
Challenging new possibilities and fulfilling responsibilities to create performance

Creative Innovation
Pursuing changes and realizing innovation with open thinking to lead the future

Passion and Immersion
Having expertise through ceaseless exploration and having balance of work and life through immersion

Care and Cooperation
Communicating and cooperating through mutual respect for a pleasant and healthy organization

General Status

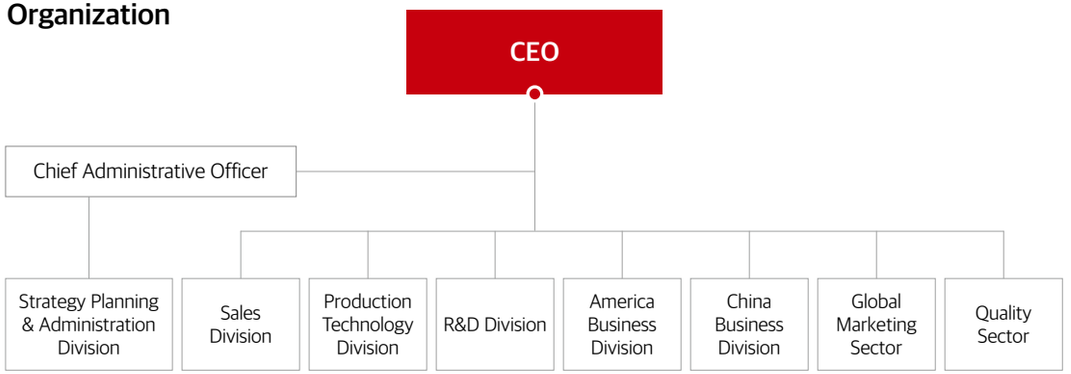
Company Name	Kumho Tire Co., Inc
Establishment Date	Jun. 30, 2003
CEO	Iltaik Jung
Head Office	658, Eodeung-daero, Gwangsan-gu, Gwangju Metropolitan City, Republic of Korea
No. of Employees	4,855 (Excluding registered executives and overseas local employees)
Credit Rating	BBB (Sep. 11, 2017, Korea Ratings)

Sales	2.6012 trillion won
Operating Profit and Loss	(41.5 billion won)
Total Amount of Assets	4.3422 trillion won
Total Amount of Debt	3.0606 trillion won
Total Amount of Capital	1.2816 trillion won

(As of Dec. 31, 2021)

Business Report History

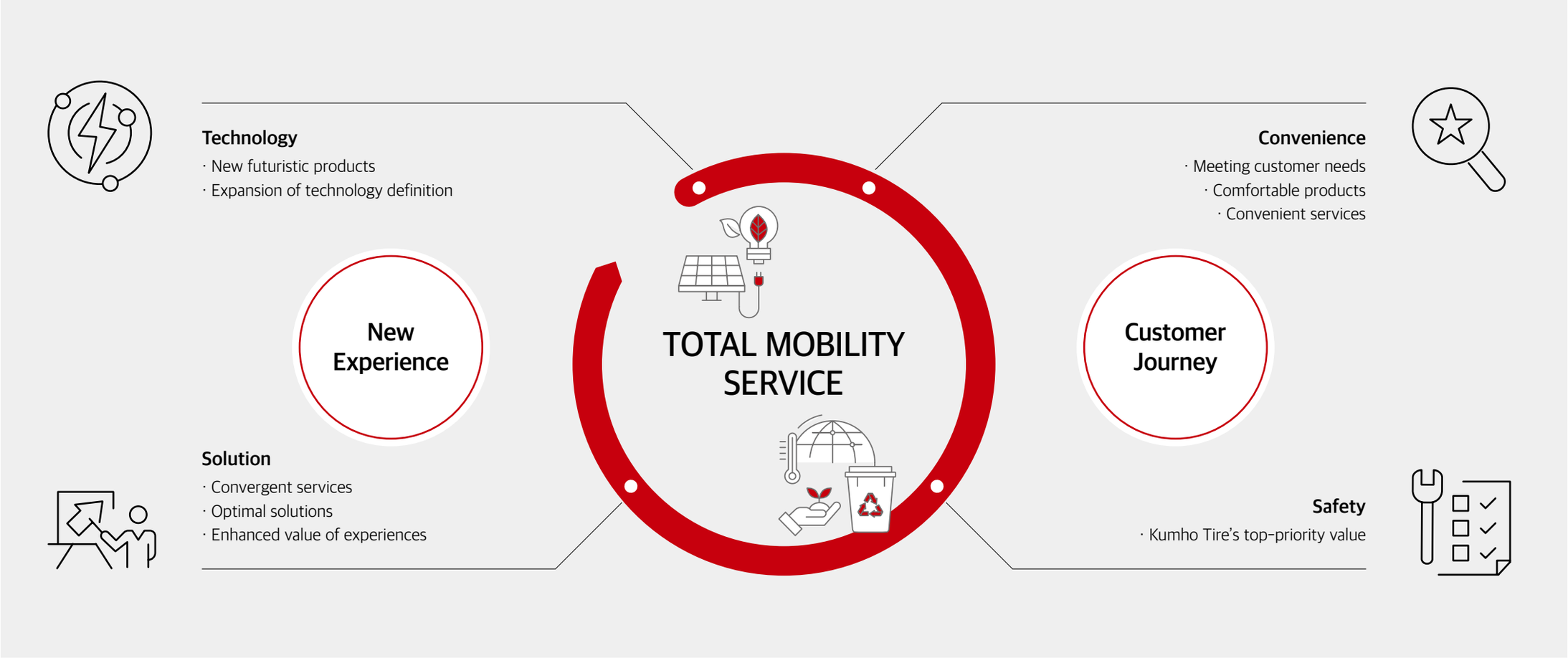
Organization



(As of Dec. 31, 2021)

VISION 2025

Kumho Tire aims to become a 'mobility business company' providing total mobility service.
Our disruptive technologies and solutions will grant our customers a new experience as well as a convenient & safe journey.



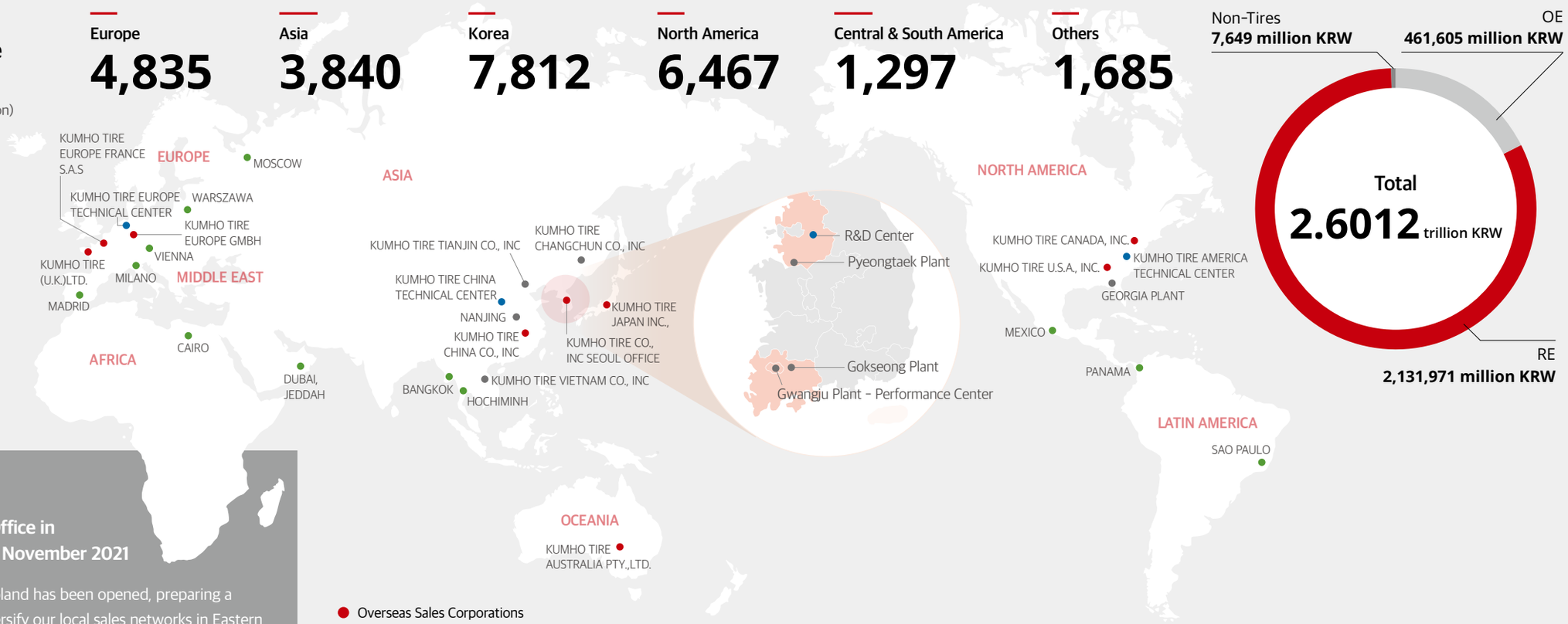
GLOBAL NETWORK

Kumho Tire is exporting over $1.8 billion worth of tires a year to approximately 180 countries all over the world with its 8 plants home and abroad, 9 overseas sales corporations, and 13 branches and offices. We will take a further leap forward by organically combining factories and research institutes around the world to produce the best tires, and by expanding distribution networks based on aggressive marketing. The major car maker customers of Kumho Tire include Hyundai-Kia Motors, Volkswagen, Mercedes-Benz, BMW, and Renault, and the finished products are sold to end-users through Tire Pro, a specialized distribution channel for Kumho Tire.

Sales Performance by Region

(Unit: KRW 100 million)

Europe	Asia	Korea	North America	Central & South America	Others
4,835	3,840	7,812	6,467	1,297	1,685



Highlight

Warsaw Sales Office in Poland Open in November 2021

A sales office in Poland has been opened, preparing a bridgehead to diversify our local sales networks in Eastern and Central Europe as well as realizing the advancement of tire storage facilities and logistics systems.

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.

Majesty X SOLUS

Luxury product with the best riding comfort, a premium comfort product for all seasons applying the cutting-edge driving technology and safety technology

SOLUS TA51

All season premium comfort tire pattern optimized for the Korean environment applying noise reduction technology and improving wear performance

ECSTA PS91

Tire securing driving stability and braking performance by realizing excellent grip performance on both wet and dry pavements by applying special compound

WINTERCRAFT WP72

Premium winter tires for high-end sedan applying optimized design for snow and wet performance

CRUGEN HP51

New SUV tire satisfying the needs of SUV vehicles with balance
Reduced pavement noise and strengthened driving stability

ROADVENTURE AT52

Multiple tire satisfying both city drive and outdoor activities

NEW

ELECTRIC CAR

Majesty 9 TA91 SOLUS

High-end EV **sedan tires** with advanced EV technologies such as low rolling resistance, low noise, high traction and enhanced wear resistance

ELECTRIC CAR

CRUGEN HP71

EV **SUV tires** with high-strength design optimized for EVs, driving stability, breaking performance, and road surface reduction technology

APPROACH TO SUSTAINABILITY

OUR IMPACT IN NUMBERS

● Environment ● Society ● Governance/Business

(As of Dec. 31, 2021)

Number of Eco-Friendly Certified Products
4

Annual Sales of Eco-Friendly Tires
2.29 million

Joining the SBTi and
2045 Carbon Neutrality Declaration

Greenhous Gas Emission in 2021
258,334 tCO_2eq

Employees With Flexible Working Hours
1,307
(98.1%) (Based on general positions)

Participants of Self-Led CDP Program
4,437
(Accumulated during 2016-2021)

Dealership Ethics Pledge
100%
(1,407 agencies as of Dec 2021)

Supplier Satisfaction Survey
87.5 pts/100pts
(Based on a survey of 89 suppliers)

Number of Employees Signing the Clean Contract System
316
(100%)

Number of Union Membership
2,867
(97.1%)

Number of Serious Accidents
0

Number of Recalls
0

Female Director in Board of Directors
1
(11%)

Board of Directors Attendance Rate
95%

Ethical Management Training Completion Rate
100%

KCSI Passenger Car Tire Division
No.1
in customer satisfaction for 17 consecutive years

GLOBAL INITIATIVE · ESG ACHIEVEMENTS

Initiative Participation

Kumho Tire is participating in initiatives related to various issues in order to promote ESG management meeting international standards. We are striving to strengthen our ability to practice ESG management and respond to climate change through global initiatives.

- 2006 — Participation in WBCD-TIP (wbcsd, Tire Industry Project)
- 2018 — Participation in GPSNR
- 2022.05 — Participation in UN Global Compact (United Nations Global Compact)
- 2022.05 — Participation in UNGC Climate Ambition Accelerator (Climate Ambition Accelerator)
- 2022.07 — TCFD Reporting (TCFD Task Force on Climate-Related Financial Disclosures)
- 2022.07 — Responding to CDP Climate Change (CDP Disclosure Insight Action)
- 2022.07 — Joining of SBTi (Science Based Targets)

* **WBCSD-TIP** : World Business Council for Sustainable Development - Tire Industry Projects
* **GPSNR** : Global Platform for Sustainable Natural Rubber

ESG Assessment Performance

Kumho Tire shows improved performance every year in ESG evaluations of MSCI, KCGS and SUSTINVEST through active ESG management. We will continue to make progress through the improvement of management system when improvement is possible for each issue.

MSCI
2022 ESG Ratings
AA

KCGS (한국기업지배구조원)
Korea Corporate Governance Service (KCGS)
2021 Integrated ESG Ratings
B+
(Environmental B+, Social A, Governance B+)

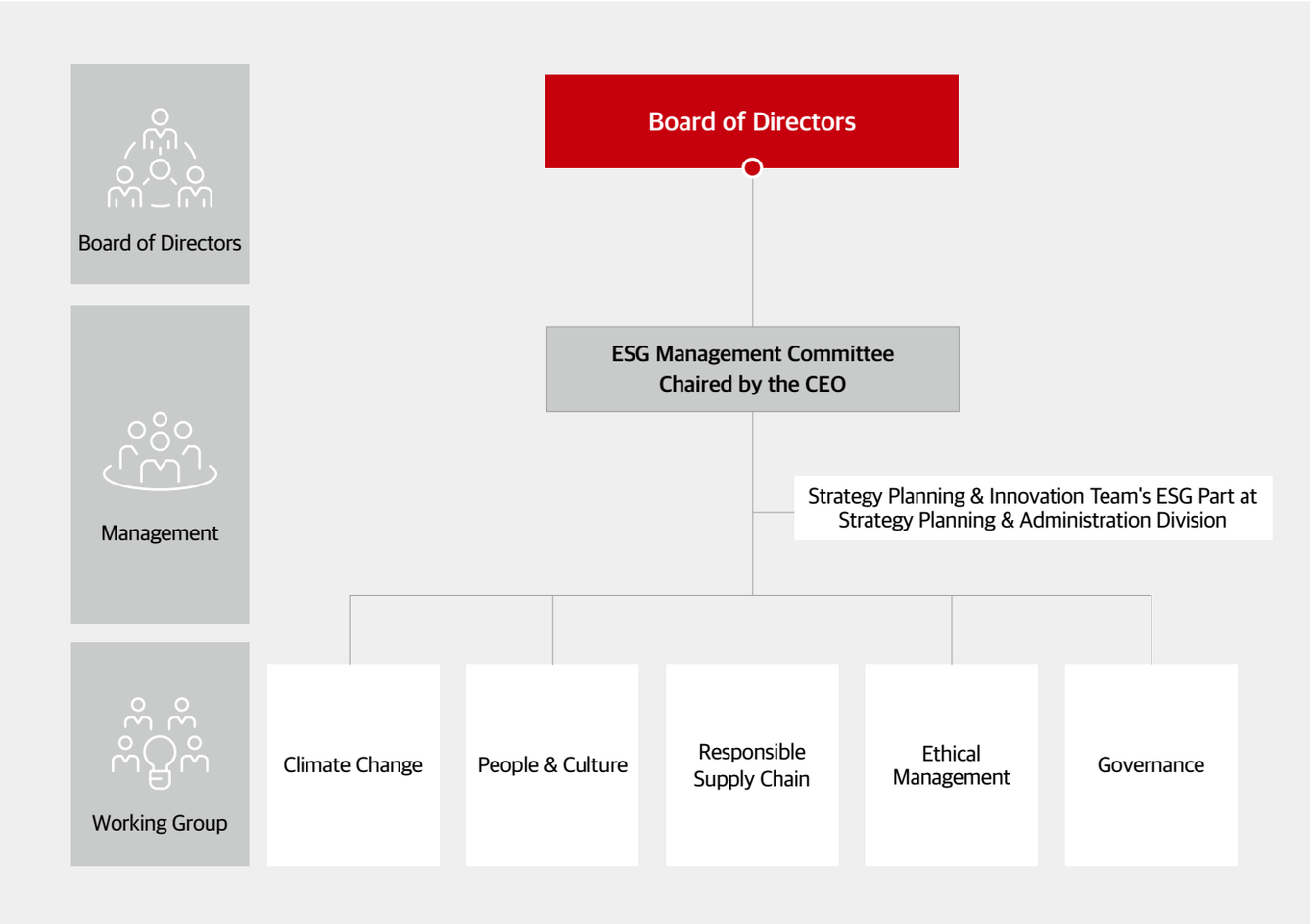
SUSTINVEST
2022 ESG Ratings
A

ESG DECISION-MAKING SYSTEM

The top management of Kumho Tire, including the CEO, recognizes the need to incorporate ESG into management strategies and daily operations as a fundamental factor for the survival and growth of a company and hopes to utilize ESG as an innovation engine for business sustainability. Accordingly, we aim to integrate ESG management goals and company-wide management goals, managing risks from the perspective of ESG and discover new business opportunities. In order to accelerate ESG management in more professional and systematic manner, Kumho Tire newly established the ESG Part under the Strategy Planning & Administration Division.

The CEO and management are responding to ESG-related issues by comprising an ESG Management Committee. The committee comprises of a total of 11 members, with the CEO participating as the chair and the heads of major divisions participating as members. The committee handles ESG-related decision-making and performance management and auditing by top management.

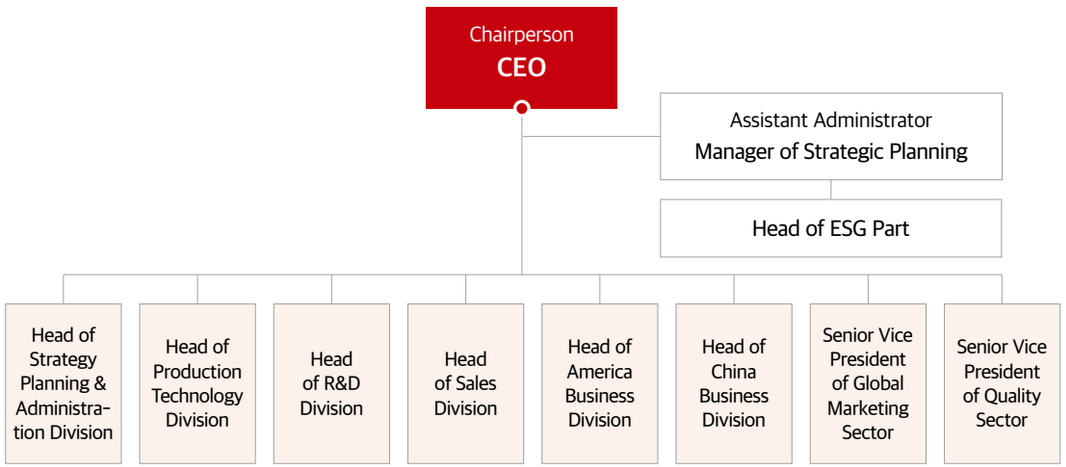
Five Working Groups have been formed and operated to promote and operate ESG-related projects. There are five working groups of Climate Change, People & Culture, Responsible Supply Chain, Ethical Management, and Governance, discovering and implementing ESG tasks of each field.



Establishment of ESG Management Committee under the CEO

Kumho Tire holds quarterly ESG Management Committee chaired by the CEO. The ESG management committee is responsible for decision-making on key ESG issues, including carbon neutrality, human rights management, the Act on Punishment of Serious Disasters, and sustainable supply chain management based on the consensus of the top management. Furthermore, the committee serves to monitor implementation performance of each working group and check and improve ESG management of each division.

ESG Management Committee Organization



Interval	Quarterly meetings
Agenda	· Raising awareness of top executive and reporting ESG management performance/progress · Review of ESG-related agenda items requiring board approval · Key project review and performance monitoring from ESG perspective · Identification of significant financial/non-financial risks and discussion of preemptive measures from the perspective of ESG management

Establishment of an Organization Dedicated to ESG

Kumho Tire has established and is operating an organization dedicated go ESG for the whole company and each division. The ESG Part strengthens execution capabilities by serving as the control tower for ESG management and by deducting and managing ESG management projects. Also, ESG-related information is disclosed transparently to various stakeholders by the organization, serving as the touching point for ESG-related matters with stakeholders.

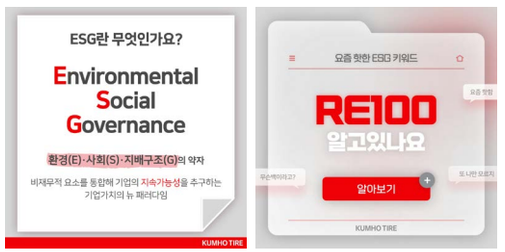
Department	Roles
Strategy Planning & Innovation Team's ESG Part	· Establishment and internalization of ESG strategies · Internal and external communication · ESG Working Group management
SHE Planning Team	· Implementation of production plant safety and environmental projects · Response to the Act on the Punishment of Serious Disasters and climate change such as emission permits
R&D SHE Team	· Implementation of research institute safety and environmental projects · Response to the Act on Punishment of Serious Disasters

Reflection of Executive and Team KPI

KPI for each department was set to achieve goals related to ESG management. The ESG Management Committee chaired by the CEO regularly inspects KPI in order to effectively achieve goals. Also, subjects of ESG-related KPI evaluation will be expanded in 2023 to promote company-wide ESG management internalization.

Raising Employee Awareness

Kumho Tire posts weekly ESG-related news and exemplary ESG cases for its employees in order to raise awareness of ESG management. They are prepared in card news format to ensure effective delivery, raising employees' awareness of ESG and enforcing executive ability.



New Establishment of 5 Working Groups and Major Tasks

Kumho Tire has formed 5 working groups on ESG key issues to connect and expand ESG elements to each function of our company. 60 tasks have been established for each of the five major ESG areas of 'Climate Change, People & Culture, Responsible Supply Chain, Ethical Management, and Governance', and we are establishing and promoting detailed plans by clarifying R&R for each tasks and communication with working groups.

Key Tasks for Working Groups

Working Group	Key Tasks in 2022	Managerial Organization
Climate Change	· Establishment of climate change strategy and response to CDP (Carbon Information Disclosure Project) · Environmental policy revision · Establishment of water/energy/waste reduction goals · Climate and energy saving training for employees	▶ Leader: Senior Vice President of Strategy Planning · Teams involved: ESG Part, Safety Health Environment Planning Team, Global Production Planning Team, the Health & Safety, Environment Team at each plant, Machinery Engineering & Maintenance Team
People & Culture	· Revision of recruitment guidelines and improvement of onboarding process · Establishment of human rights policy and distribution to overseas distribution sites · Establishment of human rights management master plan · Organizational culture improvement plan establishment and campaign implementation · Information security certification acquisition	▶ Leader: Senior Vice President of Human Resources / IT · Teams involved: Human Resource Team, Strategy Planning & Innovation Team, R&D Safety Health Environment Team, IT Infra Team
Responsible Supply Chain	· Establishment of code of conduct for partners · Expansion and advancement of partner ESG evaluation · Establishment of Green Purchasing Guidelines · Expansion of Global Platform for Sustainable Natural Rubber (GPSNR) participation · ESG training for purchasing managers	▶ Leader: Purchasing · Teams involved: Global Raw Material Purchasing Team, Global Machinery Purchasing Team , Material Development Team, Quality Management Team
Ethical Management	· Revision of the code of ethics and bylaws · Operation of the reporting system and promotion of advertisements · Inspection and improvement of corruption and bribery prevention control procedures · Implementation of corruption risk evaluation · Advancement of ethical management education · Expansion of fair trade education for employees · System establishment for ISO37301/37001 certification	▶ Leader: Head of Audit Division · Teams involved: Audit Planning Team, Legal Affairs & Compliance Team, Human Resource Team, Strategy Planning & Innovation Team
Governance	· Enactment of corporate governance charter · Review of implementation of electronic voting system · Introduction of non-financial risk (ESG) agenda to the board of directors · ESG education for directors	▶ Leader: Head of Strategy Planning & Administration Division · Teams involved: ESG Part, General Affairs & Administration Team, Strategy Planning & Innovation Team, Accounting Team, IR Part

STAKEHOLDER ENGAGEMENT

Kumho Tire has identified and categorized key stakeholders based on their degree of responsibility, impact, proximity, and representativeness, in accordance with the AA1000, GRI, and ISO26000 "Stakeholder Identification and Engagement." We collect stakeholders' opinions through communication channels, to identify the key material issues of interest to the stakeholders. We will grow together for sustainable management satisfying all stakeholders.

Stakeholders	Customer	Employees	Stakeholders and Investors	Partners	Government, Local Community, NGO
Communication Channel	· New product presentation · Social media operation including YouTube · Quality inspection meetings · Process inspection, etc.	· Labor-Management Council · Collective bargaining rights · Occupational Health and Safety Committee · Employment Safety Labor-Management Joint Development Committee · Management Briefing Sessions · Staff meetings, etc.	· Board of directors · General assembly for stakeholders · Disclosure of Sustainability Report, etc. · Overseas conferences · IR Briefing Sessions, etc.	· Partner satisfaction survey · Regular evaluation of partners · Supporting training for partners · Briefings and meetings for agency policies, etc.	· Communication with government offices related to regulations on safety and environment · Promotion of governmental projects · Social contribution activities by employees ('Han-Sarang Association') · Environmental cleaning activities around plants · Communication with the department in charge of the local community · Collaboration with an NGO (Green Umbrella Children's Foundation) related to improving the educational environment for the underprivileged, etc.
Key Issues	· Product and service quality · Responsible production of products · Customer safety	· Stabilization of labor-management relationship · Welfare · Employment stability · Employment safety and health · Eco-friendly technology	· Responding to climate change · Financial performance · Sound governance · Compliance · Strengthening market competitiveness	· Shared growth · Fair trade · Supply network ESG management · Sustainable supply network	· Contribution to the development of the local community · Social contribution activities · Impact on the local community environment · Local economy activation
Kumho Tire's Response	· Implementation of quality management road map · Quality system certification · Quality consultative body operation · Customer satisfaction survey · Safety campaigns	· Operation of labor-management consultative body · Improvement of working conditions · Establishment of safety and health system · Safe workplace certification · Operation of Occupational Safety and Health Committee	· Generation of economic performance · Publication of Sustainability Report · Establishment of ethical management system · Establishment of risk management system	· Regular evaluation and satisfaction survey of partners · Partner ethics pledge · Decision-making process and transparent information disclosure through anti-corruption and fair competition	· Social contribution activities for the local community · Nurturing forests to offset carbon emission/classroom forests · Climate environment education and campaigns for children

ESG RISK & OPPORTUNITY

Kumho Tire is strengthening the risk management process for each issue by identifying 9 major issues by identifying the risks and opportunity factors with significant impact on the company's sustainable value creation and measuring the likelihood and impact of risk occurrence.

Stabilization of Labor-Management Relationship

Kumho Tire is actively communicating with employees through different means such as the regular consultative body in order to build a cooperative relationship between labor and management. We are continuing our efforts to improve our understanding of the internal and external business environment and to manage labor-management risks through consultation by agenda. We will build a future-oriented labor-management relationship with a virtuous cycle based on trust and cooperation.

Risk
- Management risk arising from labor-management conflict
- Damage to brand value due to union issues
- Litigations related to ordinary wage

Opportunities
- Communication for reasonable labor-management relations
- Overcoming management crisis through labor-management cooperation

Strategy & Activity
- Conversion to full-time employees (657 employees)
- Establishment and operation of labor-management taskforce to overcome management crisis
- Establishment and operation of regular communication channels between labor and management
- Management briefing session (for all employees)

Responding to Climate Change NEW

As the global transition to a carbon-neutral society is accelerating, suppliers in the auto industry are subject to the Carbon Neutrality 2050 declaration of car makers. Also, the demand for carbon disclosure is intensifying with the government's Carbon Neutrality Framework Act. Kumho Tire has set a target to achieve Carbon Neutrality 2045 goals in line with SBTi's criteria, and detailed carbon reduction plans are to be prepared to respond actively to climate change.

Risk
- Increase in facility and development costs for carbon neutrality
- Intensifying regulations on greenhouse gas emission reduction
- Management risks caused by disasters related to climate change

Opportunities
- Increased interest in eco-friendly products due to value consumption
- Positioning as a leading eco-friendly company
- Transition to eco-friendly products with high added value

Strategy & Activity
- Establishment of climate change governance
- 2045 Net-Zero Declaration
- Participation in SBTi(Science Based Targets initiative)
- Carrying out tire LCA
- Introduction of solar power facilities at each business site

Market Competitiveness/Economic Performance

The current market conditions such as increasing prices of tire raw materials, fierce price competition with low-priced products, and demand for EVs as well as eco-friendliness are becoming even more stringent in the global automobile market. We hope to improve customer satisfaction through competitive products and new technologies by responding to the changing market and reinforced regulations. Also, we will build a response system for the future market to serve as a company leading the eco-friendly market and EV tire market.

Risk
- Conversion from combustion engines to EVs
- Delay in improvement of financial soundness due to increased costs of raw materials and logistics

Opportunities
- Continued growth of the tire markets home and abroad
- Increase in the demand of EV and high-inch tires

Strategy & Activity
- Ensuring optimal design utilizing digital technologies
- Securing eco-friendly (fuel-efficient EV) technology
- Building a smart factory

Talent Management/Employment Stability

The key to corporate competitiveness is securing talent. A good working environment and organizational culture boost employee satisfaction, leading to sustainable business. We strive to secure corporate competitiveness and work-life balance of employees, while promoting a work-friendly organizational culture to secure talent and enhance employees' capabilities.

Risk
- Increased demand for fair employment and distribution
- Intensifying competition to retain and secure key talent
- Limitations in face-to-face talent development education due to the COVID-19 pandemic

Opportunities
- Win-win cooperation through strengthening employee communication
- Diversification of employee training channel (online/mobile)

Strategy & Activity
- Expansion of temporary recruitment and activation of company contests
- Improvement of rank and personnel evaluation system
- Expansion of introduction of incentive systems
- Reinforced R&R of expatriates
- Establishment of self-led CDP
- Expansion of cyber education
- Implementation of flexible working system

Health and Safety for Employees NEW

The safety of our employees is our priority in establishing and implementing the Safety and Health Policy, and we have been continuing to create a safe workplace while fostering a culture of safety and health to internalize accident prevention activities. The Severe Disaster Punishment Act has been in effect from 2022, and we promise we will promote a culture prioritizing safety, where our members are able to work without accidents.

Risk
- Management risks arising from the Severe Disaster Punishment Act
- Safety and health risks arising from the hazardous environment of manufacturing sites
- Employee safety accident

Opportunities
- Building corporate trust through accident-free workplaces
- Improved job satisfaction of employees
- Improved productivity by preventing accidents

Strategy & Activity
- Establishment of execution plans to prevent severe accidents
- Establishment and operation of an organization dedicated to safety and health management
- Strengthening of safety accident inspection/ prevention activities
- Strengthening of management of harmful chemical substamices

Responsible Raw Materials NEW

The use of eco-friendly raw materials has become a heated topic with the advent of the carbon-neutral era. We are aiming to apply only environmentally responsible raw materials in 2045 through participation in global platforms to protect the environment and human rights of natural rubber production areas and by introducing eco-friendly carbon black.

Risk
- Need to manage environmental factors in the value chain
- Increased demand for resource recycling
- Need to ensure stability of raw material supply

Opportunities
- Reduction of ESG risks in the supply chain and shared growth
- Improved corporate image as an eco-friendly company
- Increased sales caused by eco-friendly value consumption

Strategy & Activity
- ESG evaluation for raw material partners
- Expansion of GPSNR participation

Management of Environmental Impact of Business Sites (Management of Wastes and Air Pollution) NEW

After acquiring ISO14001 certification for the first time in the industry on September 1st, 1996, Kumho Tire is conducting regular internal diagnosis and environmental impact assessment. An environmental protection system was established encompassing all processes from product production to disposal for environmental improvement and management at worksites. We are also taking part in environmental management at business sites and environmental accident prevention activities. Kumho Tire will accelerate transition of global business sites to eco-friendly business sites.

Risk
- Increased costs from environmental management
- Increased demand to minimize environmental impact
- Increased generation of waste from increase of productivity

Opportunities
- Improvement of corporate image as an eco-friendly company
- Increased sales due to eco-friendly value consumption

Strategy & Activity
- Building of environmental management system for all processes
- Building of a global environmental management system
- Promotion of plans to save energy by 20% by developing and applying innovative technologies to reduce CO_2
- Promotion of plans to save energy by 20% by process improvement (ES-20 Project)
- Increased recycling of waste resources

Increased Demand for Green Technology NEW

As individual customers' value consumption for eco-friendly products expands in the global automobile market, securing eco-friendly technology in the tire industry has become a core competency for sustainable business. In line with the pace of increased need for eco-friendly products in markets home and abroad, Kumho Tire will strengthen competitiveness by developing and expanding eco-friendly technologies and develop sustainable products and services to actively lessen the environmental impact of our business operations.

Risk
- Reinforcement of ESG verification of global C/M supply chain
- Demand of eco-friendly tire production technology development
- Damage to brand image in absence of eco-friendly technology

Opportunities
- Securing of eco-friendly product line-up in the market
- Securing of competitiveness and enhancement of brand through eco-friendly technology
- Improvement of corporate image as an eco-friendly company

Strategy & Activity
- Securing eco-friendly ingredients and applied technologies
- Expansion of sustainable raw materials (100% application until 2045)
- Expansion of eco-friendly product development
- Acquisition of environmental certification on products and materials

SUSTAINABLE BUSINESS

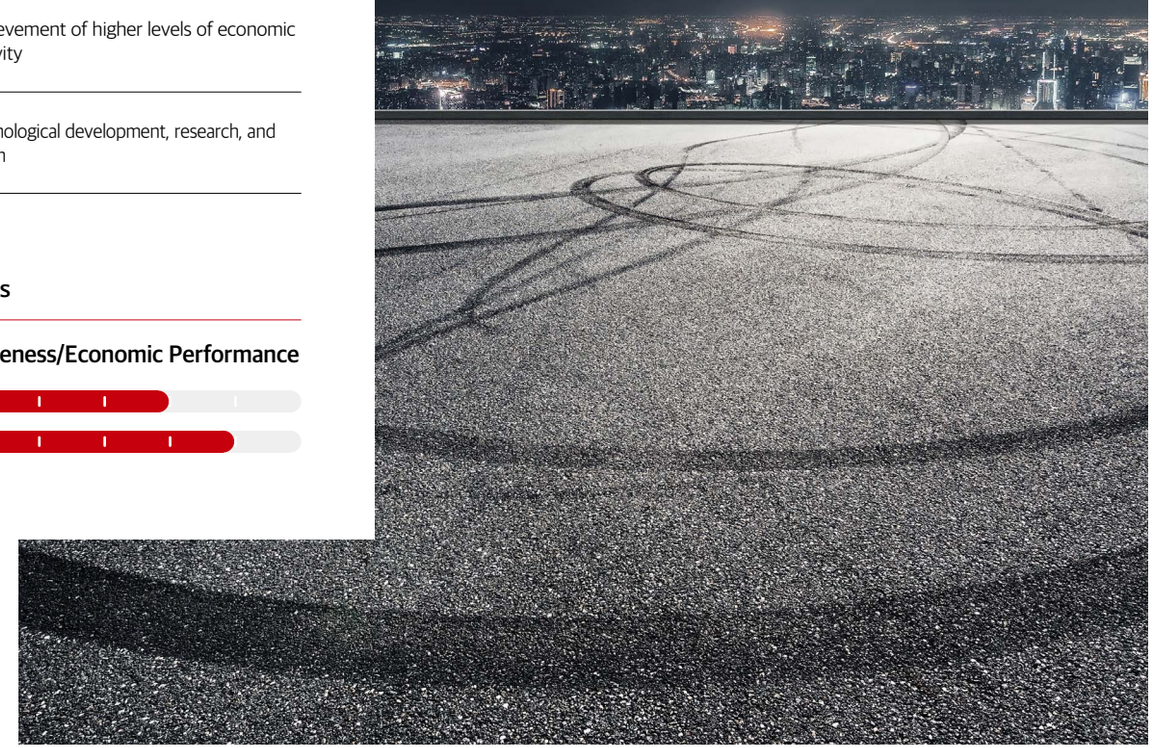
A Brand You can Count On

Key Performance

R&D Cost
92.7 billion won

Happy Call Customer Satisfaction Evaluation
4.88 pts/5pts

KCSI Passenger Car Tire Division
1st place for **17** consecutive years



Sustainability Context

Today's consumers select products based on not just personal satisfaction factors such as price, quality, and design but the impact of each product on social communities and the environment as well as the good influence of companies. Not only that, tire-related regulations are continuously being strengthened in response to climate change in overseas markets. Therefore, companies must develop and secure technologies capable of satisfying the needs of consumers wanting value consumption in addition to responding to regulations. A response system capable of responding steadfastly to changing consumption trends must be established and competitive next-generation prior technologies must be introduced in order to evolve and develop into a reliable and stable brand offering new values.

Our Approach

Kumho Tire seeks to provide customers with products meeting their new demands with the goal of 'securing quality competitiveness trusted by customers'. We have established a systematic and efficient production system through the development of competitive new technologies such as the digital twin system as well as realizing customer satisfaction through systematic quality management. Furthermore, we have been providing customer-first service and actively communicating with customers, maintaining the No.1 position in customer satisfaction in the tire industry for 17 consecutive years.

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH	8.2. Achievement of higher levels of economic productivity
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.b. Technological development, research, and innovation

Key Issue Analysis

Market Competitiveness/Economic Performance

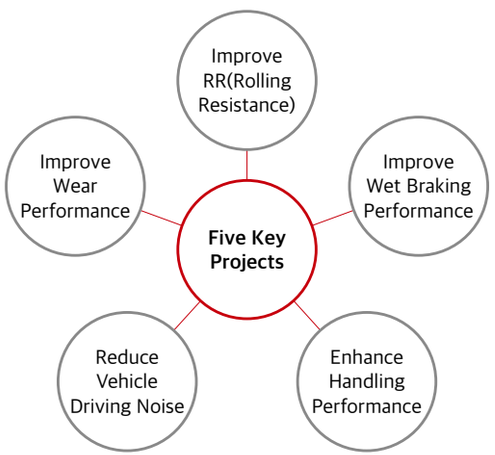
Likelihood of Risk
Impact of Risk

SECURING FUTURE GROWTH ENGINES

Establishment of Technology Road Map

Kumho Tire establishes and operates Technology Road Map (TMR) in order to satisfy the requirements of completed vehicle companies and the global market. We are promoting 5 major projects as well as developing 10 platforms by establishing annual performance goals, continuously developing elemental technology (Toolbox) in order to secure needed technology. (Development of 157 cases out of 248 cases completed in 2021)

Key Technological Development Projects in 2021

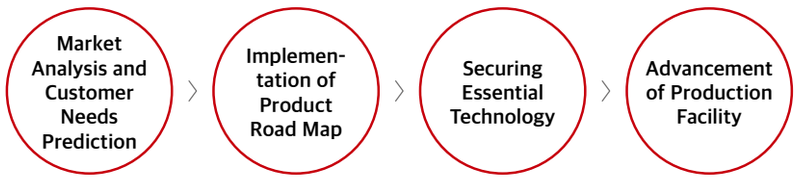


Strengthening of Global R&D

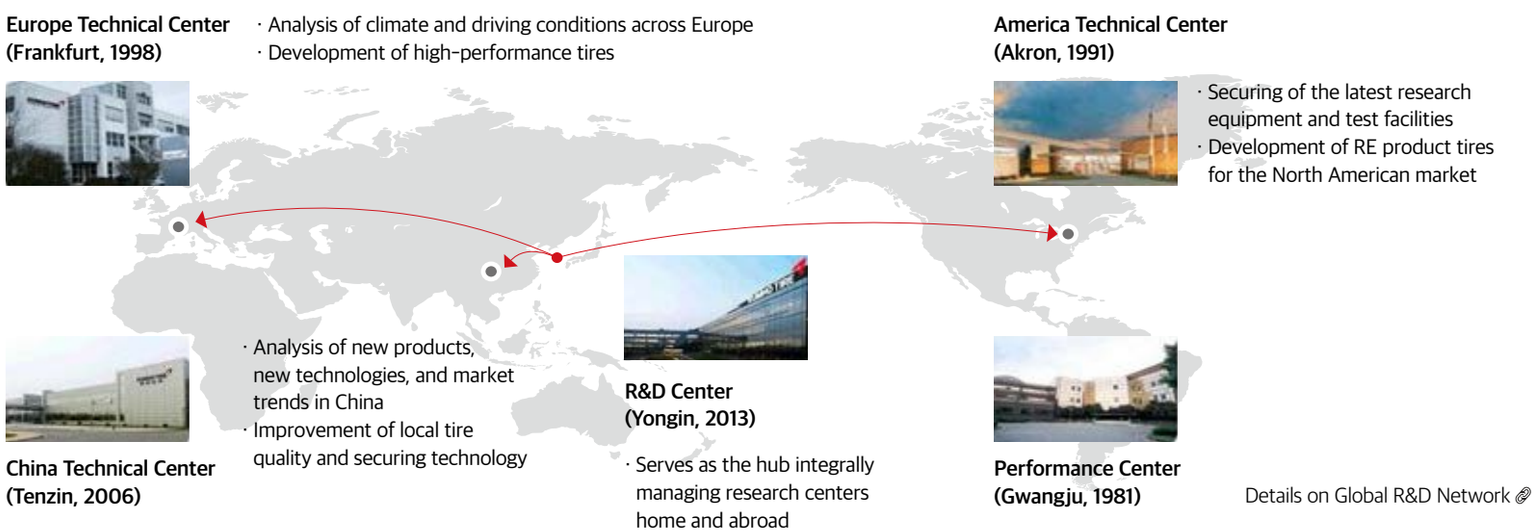
Kumho Tire has been focusing its efforts on building R&D networks at home and abroad in order to strengthen tire manufacturing technology for the next 30 years, starting with the establishment of the Gwangju R&D Center established in 1981. We are sparing no efforts to develop next-generation advanced technologies through Gwangju Performance Evaluation Center, Yongin Central Research Center, American Technical Center, European Technical Center, and China Research Center by quickly identifying trends of each global market. In addition, we are developing world-class products based on our excellent manpower to become a company continuing its growth.

R&D Roles

Kumho Tire has established a solid technology roadmap in order to ensure competitiveness in the future market and will introduce leading products by securing essential technology capable of responding to changes in global markets and technological trends.



Global R&D Network



Details on Global R&D Network

Strengthening of Key Research Capabilities

Selection of Outstanding Projects

Kumho Tire's R&D Division operates a system rewarding the outstanding achievements of researchers. A corporate culture willingly taking on challenges has been created through the annual presentation of excellent projects, contributing to development of not only individual level but corporate level. The submitted projects are evaluated in the five categories of business feasibility, applicability, innovation, impact, and technology, providing incentives according to the results. In 2021, total of eleven outstanding projects have been awarded. Kumho Tire will continue to support the initiatives and challenges of its employees and continue efforts to provide outstanding products to customers.

Awards for Outstanding Projects

Most Outstanding Award	· Improvement of tire mass production quality
Outstanding Award	· Achievement of a high rank in EU Magazine · Development of high-safety non-pneumatic tire for autonomously driving EVs
Innovation Award	· EV tire wear performance prediction tool · Sealant solution development and VW technology approval
Contribution Award	· OE projects for global C/M · Tire monitoring system · Development of new projects (Global All-terrain AT52) · Development of low-weight/high-stiffness compound & compound for EV/ULRR
TRM	· Development of performance prediction system based on test data · Development of belt socketing pre-verification method

Awarding of Outstanding Projects in 2021

Presentation of Outstanding Projects in 2021

Strengthening Innovative Research Through Collaboration

Kumho Tire is conducting R&D collaboration with external organizations in order to secure new technology in advance and to strengthen expertise and efficiency of research and development. We have carried out multiple projects to secure tire-based technology with raw material companies, IT system developers, major Korean universities, and specialized research institutes including Hyundai Motor Company. In 2021, a total of 39 projects including 33 research projects, 2 governmental projects, and 4 joint research projects for automobile manufacturing were carried out. We will continue to expand R&D collaboration to strengthen innovative research activities such as the development of new tire technologies to enhance brand competitiveness.

Joint Research in 2021

Securing Next-Generation Leading Technology

Low-Noise Tire

According to the Ministry of Environment's 'Tire Noise Performance Labeling Policy' in 2019, only low-noise tires that do not exceed the standard by measuring the noise performance of tire products could be sold in the market. Currently, the noise level of tires manufactured by domestic and foreign companies is 64-65dBA in 50kph condition, a standard speed of automobile driving noise (Pass by Noise; PBN). Kumho Tire has presented 'resonance noise reduction tire' reducing noise by 4.5 dB compared to its previous products in 2015 as a first mover in the market. In 2021, it succeeded in developing two types of EV tires applying noise absorption technology, targeting not only the domestic market by the global market including the United States and Europe.

Airless Tire

Kumho Tire participated in a national research project from 2019 to the fourth quarter of 2021 to ensure technology for commercialization of airless tires. Also, we are preparing commercialization of non-pneumatic tires for electric carts through joint research with multiple companies, and we are planning to present non-pneumatic tires applicable to purpose-built vehicles (PBV) in 2024.

For EV (Governmental project during 2019-2021)		For PBV (2024)	
Avante BEV	Hybrid Airless Tire	Purpose Built Vehicle(PBV)	Hybrid Airless Tire

Advancement of Product Development Innovation Technology

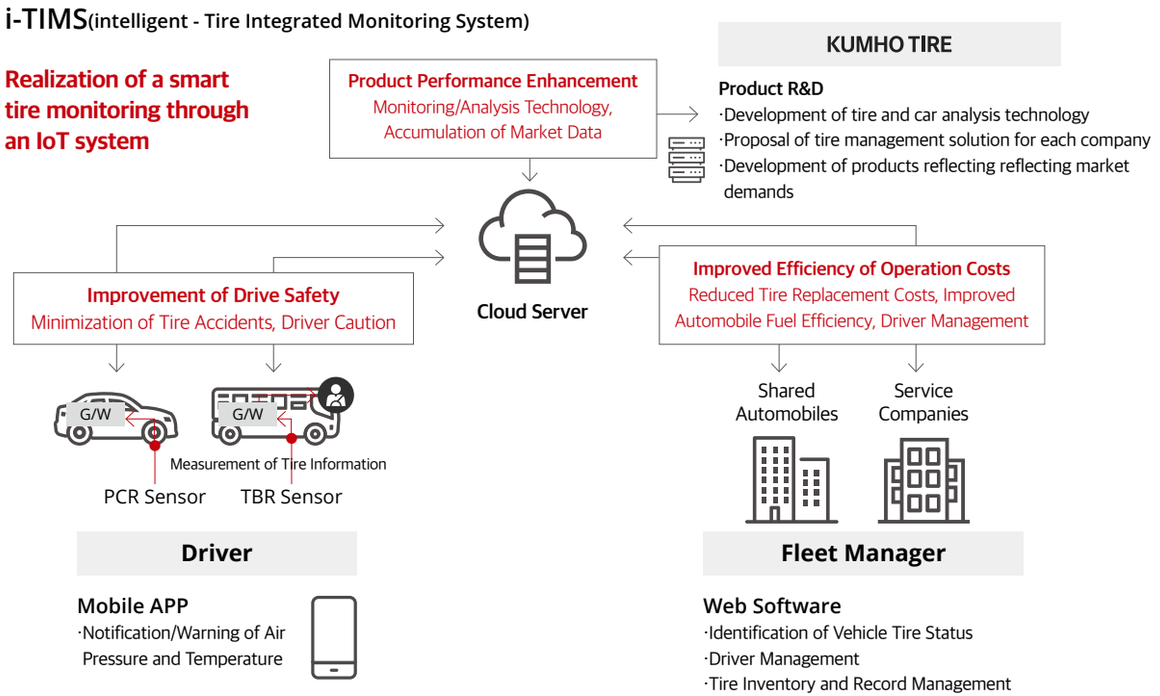
Kumho Tire is investing continuously in innovative technologies in order to develop products capable of satisfying both market and customer needs. In 2021, a total of 8 projects were implemented for advancement of performance prediction system. This allowed Kumho Tire to secure 56 technologies, and we are aiming to secure 76 technologies until 2024. Also, 8 projects have been carried out through advancement of actual vehicle performance prescreening and assessment technology, leading to securing of 159 technologies. We are aiming to secure 171 technologies until 2024.

Smart Tire Monitoring System

Autonomous vehicles are equipped with not only traditional active vehicle body safety devices such as TPMS, ABS, and ESP* but new technologies such as light sensor cameras, radar, and lidar. Kumho Tire developed the 'Smart Tire Monitoring System' in 2021 to not only monitor tire conditions such as tire pressure, temperature, and location while driving but integral data such as acceleration and driving habits. We expect this system will improve not only safety but contribute to CO_2 reduction and improvement of the environment through reduction of fuel costs and extending tire life.

*TPMS: Tire Pressure Monitoring System ABS: Anti-lock Brake System ESP: Electric Stability Program

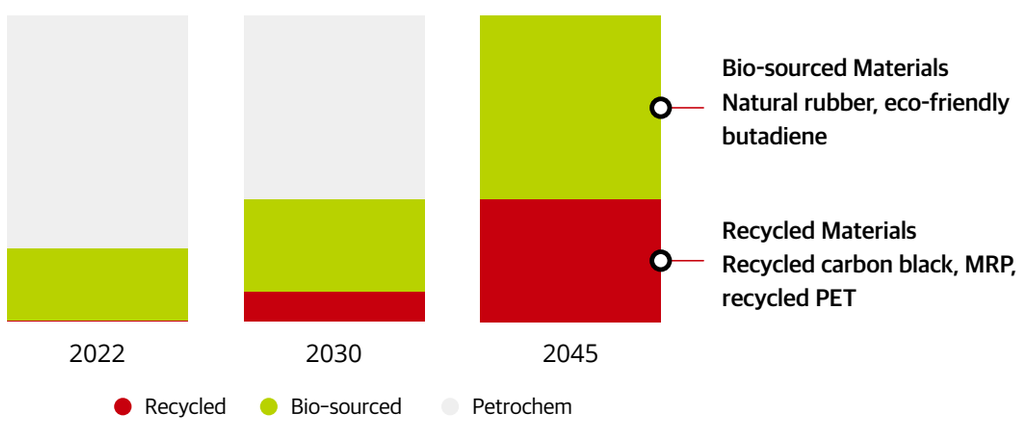
Smart Tire Monitoring System Composition



Development of Sustainable Materials

Kumho Tire is continuously promoting development of eco-friendly compound technology applying regenerated or recycled materials as well as plant-based eco-friendly new materials in tire production. In 2021, research and application of physical properties of waste tire pyrolysis carbon black and waste tire pulverized powder was carried out, and a compound expanding the application rate of recycled butyl rubber was developed. In 2022, we plan to spur the development of eco-friendly materials by researching eco-friendly certified synthetic rubber and chemicals as well as preparing the prototypes of research materials that had been carried out in the laboratory stage. Test tire evaluation of existing petrochemical-based materials such as oils and fiber cords as well as plant-based raw materials that can replace silica are being carried out. Based on such basic studies, we aim to convert 40% of total raw materials to sustainable materials until 2030 and 100% of total raw materials to sustainable materials until 2045. Furthermore, we plan to develop tire products using by-products such as limestone generated in the steel industry, which will contribute to reducing resources used and additional carbon reduction.

Sustainable Material Application Road Map



Responding to the Demand of EVs

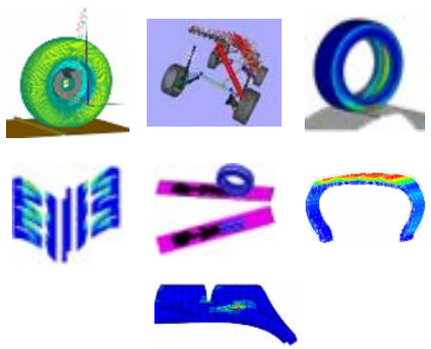
Kumho Tire signed an OE supply contract to install two products - CRUGEN HP71 and ECSTA PS71 - equipped with their own sound absorption technology (K-silent) to EV6, Kia's first pure electric vehicle.
Although we are currently focusing on securing our OE supply network, we expect RE demand to increase as well as electric vehicles gain popularity in Korea. To that end, Kumho Tire is continuing development of EV tires reflecting the characteristic of EVs (improving fuel efficiency) and research on EV platforms. We plan to create a tire brand dedicated to EVs to strengthen marketing and expand sales.

Digital Twin System

Kumho Tire declared the digital transformation of its tire development process in order to be able to steadfastly respond to the rapidly changing environment of the mobility industry. The 'digital twin system' utilizes big data and AI in the tire development stage to design compounds and predict their performance. This key technology at Kumho Tire is capable of contributing to maximization of development efficiency in the future, linking the product development process in the real world with the digital domain to shorten product development period to half of what it used to be.

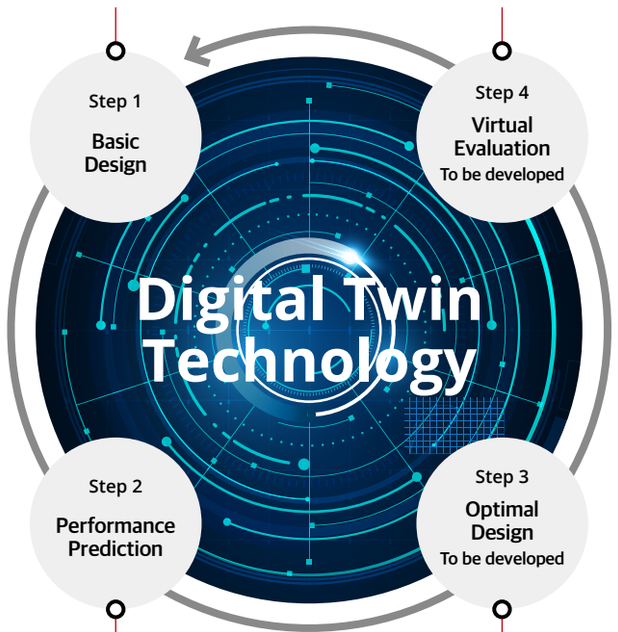
The digital twin system not only enables optimization of design for developing actual tires but virtual evaluations such as driving simulators. This allows sufficient reviews before manufacturing actual tires while enjoying the opportunities to stimulate development of new products satisfying various needs of customers and to accumulate expertise in tire design. Kumho Tire will prepare speedy and systematic tire design mechanisms through innovative digital technologies.

Virtual System



Establishment of digital tire design plan through design standardization and automation

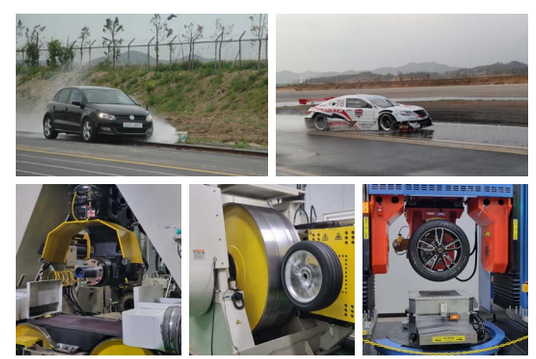
Manufacturing specification prediction and actual vehicle evaluation



CAE (Computer Aided Engineering) and big data simulation

Analysis of key factors satisfying AI-based multi-purpose performance and design application

System in Reality

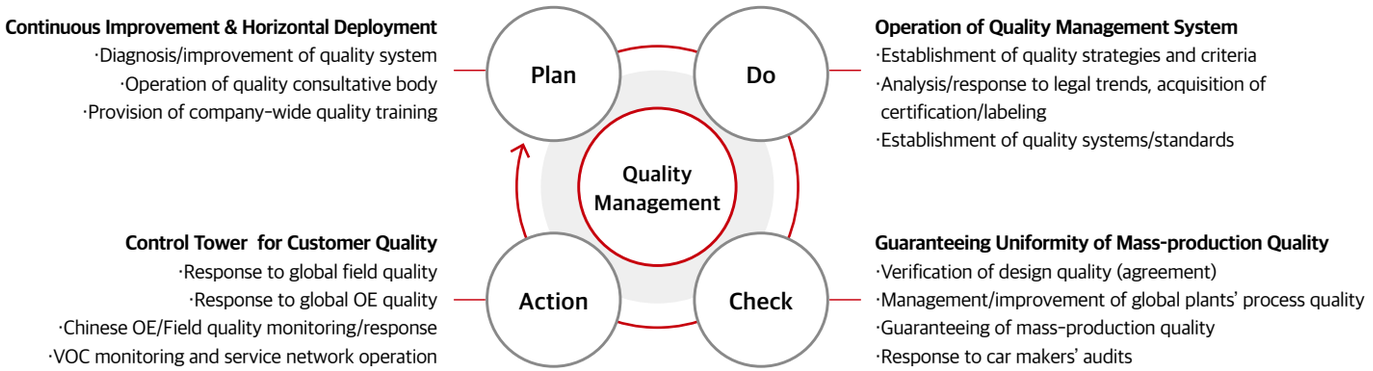


QUALITY MANAGEMENT

Integrated Quality Management

Kumho Tire has established a quality management policy to disclose safety and service provision principles. Also, we have established and been operating our quality management system centered on 'development quality (PLM), mass-production quality (QMS), and market quality (VOC)' for systematic quality management. Accordingly, we are focusing our capabilities on company-wide quality management from design to manufacturing, inspection, logistics and sales, as well as continuing our quality improvement activities. We have also established a system based on IATF16949:2016 and ISO9001, the automotive industry's quality management system standards.

Product Management Cycle



Global Quality System Certification

Kumho Tire conducts annual global quality system diagnosis to remove quality risk factors and improve quality in order to strengthen customer trust and to become a reliable company. Global quality system diagnosis includes 'global plant quality management system diagnosis' in order to ensure that the needs of car makers and Global Single Quality* have been satisfied, "quality management system diagnosis" to maintain and develop IATF16949 quality management system, and "partner quality management system diagnosis" to ensure quality uniformity in partners' products.

***Global Single Quality:** Achievement of uniform quality at domestic and international plants by establishing a consistent quality management system

Global quality system certifications and diagnosis

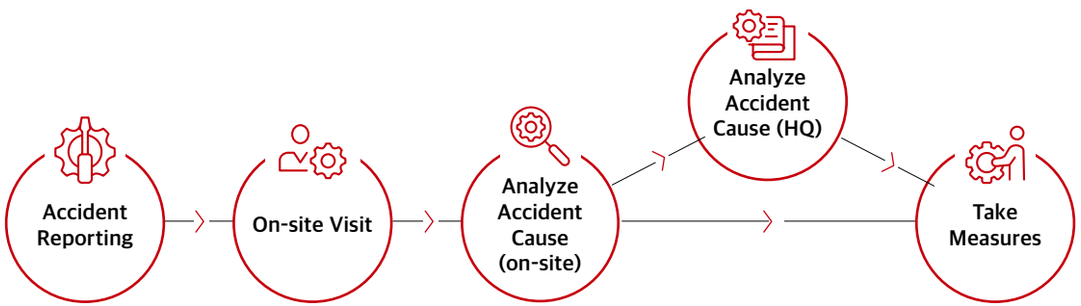
Mid- to long-term road map for quality management

Quality Monitoring System

Quality Risk Management Process

Kumho Tire has established and is operating a quality risk management process in preparation for occurrence of product and service safety accidents. When an accident occurs, domestic and foreign inspectors will visit the site of accident to determine whether there has been any negligence in manufacturing the product. When it is difficult to make visual determinations, the product is handed over to our quality analysis laboratory to analyze the cause of the accident and to take appropriate measures. Also, market quality is intensively monitored by our NP-3Y (New Product-3 Years) policy to ensure superiority of our new products' quality.

Quality Risk Management Process



Quality Uniformity Monitoring

Kumho Tire is operating a Quality Monitoring System (QMS) capable of automatically collecting information on core process quality and factors having major impact on quality as well as analyzing real-time process capabilities. QMS is utilized to effectively analyze and manage process capabilities, blocking factors that may cause quality-related issues in advance and improving the causes at an early stage, ensuring uniformity of manufacturing quality and improving process quality. Continuous quality monitoring is being pursued through approximately 200 management items in the system, improving quality and productivity by identifying issues in the process. In addition, various quality-related verifications such as RR, R&H, WET, PBN, and legal durability tests are being carried out to ensure safety of mass-produced products and to improve customer satisfaction.

Operation of Quality Consultative Body

Quality Improvement Consultative Body

Quality Assurance, production and production process technology departments are holding a monthly consultative body at each global plant. Through such efforts, the quality control unit has been segmented to ensure uniformity, and we are continuing our efforts to stabilize quality by reinforcing process items requiring improvement.

Quality Improvement Process

Field Quality Preventive Management Consultative Body

We have monthly meetings with the quality, research, and production departments for preventative management of product quality, deducting quality improvement projects for truck and bus tires to strengthen quality competitiveness. Not only that, we are carrying out projects to improve product durability in order to secure product reliability through prompt customer response and to prevent user inconveniences such as field complaints and recalls caused by product defects.

Strengthening Quality Management Capabilities

Kumho Tire is focusing on quality management capabilities in order to satisfy customer needs as well as securing quality competitiveness. Also, we have established a company-wide quality training system for each level by providing quality management education and job-common education in the quality sector for domestic plant managers and quality management personnel at the same time as providing regular training for domestic expatriates. Although the COVID-19 pandemic in 2021 made it difficult to conduct face-to-face training, training is planned in 2022 for 217 people in 8 sessions. In addition, we are investing in nurturing and expanding quality experts by training VDA 6.5 auditors and PSCR (Product Safety and Conformity Manager), and training such Formel Q (Volkswagen supplier), and Core Tools (FMEA, CP course).

CUSTOMER SATISFACTION

Customer Communication

VOC (Voice of Customer) Integral Management System

Kumho Tire responds promptly by monitoring customer needs and complaints in real time through various channels. A five-step VOC integral management system is applied to ensure quality improvement and customer satisfaction, systematically resolving customer needs and complaints as well as thoroughly analyzing cases in which measures have been taken to be reflected in new products and service development.

Operation of VOC Integral Management System

Step 1	Step 2	Step 3	Step 4	Step 5
Receiving of VOC Receiving Channels: Call centers, distribution channel, website, etc.	**Transmission of product information and details to the relevant department** Discussion of the causes and possible solutions	**Inspection of whether action must be taken** Management of due date to complete action	**Real-time sharing of action details and countermeasure information with relevant department**	**Recurrence Prevention** Reflection of completed VOC cases in the database

Customer Communication Channel

Kumho Tire is operating social media channels such as the website, Facebook, Kakao Talk channel, and YouTube to communicate more actively with customers. ECSTA TV, our YouTube Channel has exceeded more than 100,000 YouTube subscribers for the first time in the domestic industry. We hope to share tire management methods for customer safety and daily information videos to take one step closer to customers.

Our Customer-First Service

Tire Replacement Service

Kumho Tire implemented a tire replacement service picking up and delivering vehicles at the desired time and location without the customer visiting the store in person. We have deployed standardized inspection services and highly trained tire specialists for this service.

Free Warranty System

Kumho Tire has improved customer safety and satisfaction through a free warranty. When complaints are filed, appointed representatives assess product defects to make reimbursements according to internal criteria. In case of accidents due to customer negligence, not manufacturing defect, reimbursements are made through special warranty policy criteria for specific products.

Category	Details
Premium Guarantee System for Passenger/SUV	When cord break up has occurred within 2 years of purchase and 50% wear rate
Premium Guarantee System for Truck/Bus	When an accident such as cuts or shocks to the product with less than 20% of wear has occurred from the data of mounting the tire

Customer Safety Campaign

Kumho Tire is implementing various safety campaigns. 43 vehicles were inspected contact-free in 2021, and inspection cards have been attached to vehicles needing replacement, contributing to ensuring safety of customers. Furthermore, a hundred MU (Mass User) Day sessions were carried out for trucks and bus carriers. In addition, we communicated with our customers 478 times at 16 branches directly and indirectly. In 2022, we plan to resume the free summer highway campaign.

Customer Satisfaction Evaluation

Acquisition of Excellent External Evaluation

Kumho Tire has been ranked first in the passenger car tire category in the '2021 Korean Customer Satisfaction Index (KCSI)' survey for 17 consecutive years. We have especially been evaluated favorably in 'comprehensive factor satisfaction' and 'repurchase likelihood'.

In-house Customer Satisfaction Evaluation

Kumho Tire conducts in-house customer satisfaction survey for efficient quality service and product improvement. Training is provided for domestic expatriates and repair centers serving as the contact points for dissatisfied customers, reflecting the results of customer satisfaction surveys in the evaluation.

Customer Quality Satisfaction Index (Out of 5 points)

Customer Safety and Health

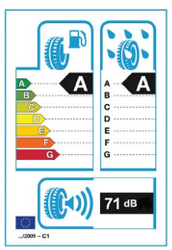
Recall System

Kumho Tire is operating a recall system to ensure the health and safety of users from defective products. Quality information monitoring and customer complaints are analyzed first, followed by relevant product quality verification and evaluation. Whether or not to implement a recall is decided based on the results, and each country's laws are reviewed to establish a recall plan. When a recall is implemented, we strive to increase product recall rate by simultaneously promoting the recall and reporting to government agencies. The results of the recalled products are reported, followed by necessary process measures, reproduction and sales, and follow-up management.

Tire Labeling System

Kumho Tire provides information such as energy consumption efficiency ratings, fuel economy, wet pavement braking power, and noise performance through our tire product labels. This labeling system is mandatory in major global countries such as Korea, European countries, Brazil, and Middle Eastern countries. We comply with each country's labeling system to conduct more stringent performance inspections and to perform strict quality control. Furthermore, we disclose energy consumption efficiency ratings of each product on our website.

Korean Energy Consumption Efficiency Rating System



EU Labeling Policy

Middle Eastern GSO Labeling

Improving Brand Value

Sports Marketing

Kumho Tire has strengthened its global position by signing a sponsorship agreement with a prestigious European soccer team. We are not a proud official partner of three prestigious clubs: Tottenham Hotspur in England, Bayer 04 Leverkusen in Germany, and Mlada Boleslav in the Czech Republic. In addition, we are raising brand awareness through various activities including sponsoring the NBA in the United States.

ENVIRONMENTAL

An Eco-Friendly Company

Sustainability Context

Environmental regulations such as the announcement of EU supply chain due diligence guidelines as well as the enforcement of the Framework Act on Carbon Neutrality in Korea are being strengthened globally. Major car makers are also demanding ESG management of supply chain, and the environmental issues of parts manufacturers have cemented themselves as key factors deciding the survival of the company. Managing the environmental impact occurring throughout the entire process from procurement of raw materials to product manufacturing and considering environmental aspects in decision-making are essential conditions to accelerate the transition into an eco-friendly company in the future.

Our Approach

Kumho Tire seeks to discover opportunities in the midst of the transition to eco-friendliness and the change of mobility paradigm. First of all, we were the first in the industry to be certified for greenhouse gas reduction performance in order to participate in low-carbon green growth, making efforts to apply eco-friendly factors in our products and services and to minimize the environmental burden caused by our business operation. Also, we are participating in global initiatives to actively implement activities to cope against climate change, contributing to achieving Net-Zero goals and leap forward as a global leading eco-friendly tire company.

UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.4. Achievement of environmentally sound management of wastes in accordance with agreed internal frameworks
13 CLIMATE ACTION	13.1 Strengthen responses to climate-related hazards and natural disasters
15 LIFE ON LAND	15.2. Sustainable management of forestry

Key Issue Analysis

Responding to climate change

Likelihood of Risk

Impact of Risk

Eco-Friendly Technologies and Management of Workplaces' Environmental Impact

Likelihood of Risk

Impact of Risk

Key Performance

Joining the SBTi and

Carbon Neutrality 2045 Declaration

Greenhouse Gas Emission in 2021

258,334 tCO_2eq

Annual Sales of Eco-Friendly Tires

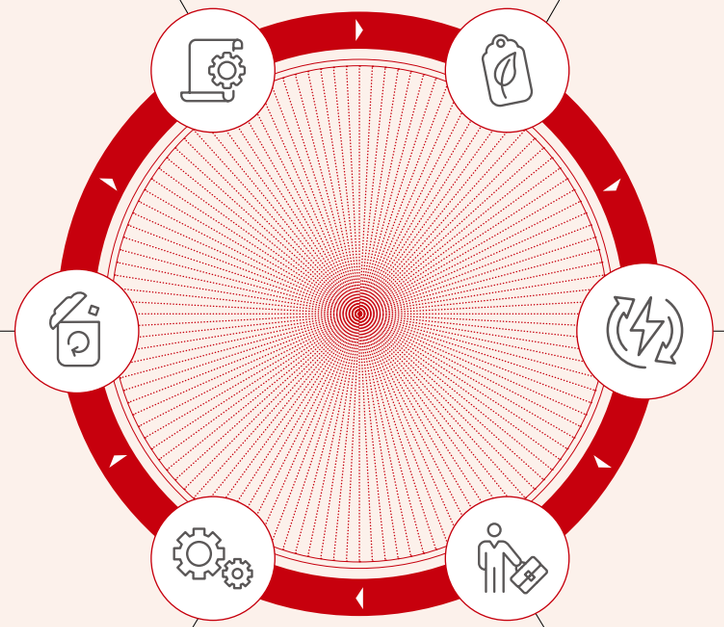
2.29 million

Number of Eco-Label Certified Products

4

ECO-FRIENDLY ACTIVITIES AT EACH STAGE OF THE VALUE CHAIN

Kumho Tire is generating environmental values through various activities at each stage of the value chain from research and development to procurement, production, sales, and customer management in order to minimize the environmental impact occurring throughout the entire process of business activities.



Research and Development

- Discovering eco-friendly raw materials
- Development of low-wear & low-carbon tires
- Development of tires for electric vehicles (EVs)
- Expansion of the use of sustainable materials

Procurement

- Procurement prioritizing eco-friendly products
- Strengthening of supplier ESG evaluation
- Reinforcement of GPSNR activities

Disposal/Recycling

- Recovery and recycling of ELT (end of life tire)
- Expansion of resource recovery from ELT

Production

- Energy efficiency enhancement activities
- Establishment of water recycling process
- Air pollutant emission reduction activities
- Waste reduction activities
- Expansion of introduction of solar power generation facilities

Use

- Reduction of carbon emission through the use of low-wear & low-carbon products

Sales

- Reduction of fuel use and greenhouse gas emissions through logistics optimization
- Provision of eco-friendly tire information to consumers

RESPONSE TO CLIMATE CHANGE

Since participating in the greenhouse gas reduction project for the first time in the tire industry in 2007, Kumho Tire has been continuing efforts to respond to the global environmental crisis. We have established a system to respond to climate change in 2022 in order to reduce greenhouse gas emission more systematically, and we plan to improve existing manufacturing processes and facility systems to mitigate negative environmental impacts from business.

Carbon Neutrality 2045 Declaration

Kumho Tire has declared Carbon Neutrality 2045 based on the consensus of the management in order to actively participate in the transition to a carbon-neutral era. Carbon neutrality is indispensable in not only responding to various laws and institutions such as the introduction of the EU carbon border tax and the Korean government's implementation of the Basic Carbon Neutral Act, but also for continuing business with car makers and to strengthen competitiveness. We are establishing carbon neutrality strategies to be able to respond fully to carbon neutrality, and we plan to systematically calculate and to manage emissions from business sites home and abroad (Scope 1, 2) as well as our supply chain (Scope 3).

Joining the SBTi and Participation in Global Campaigns

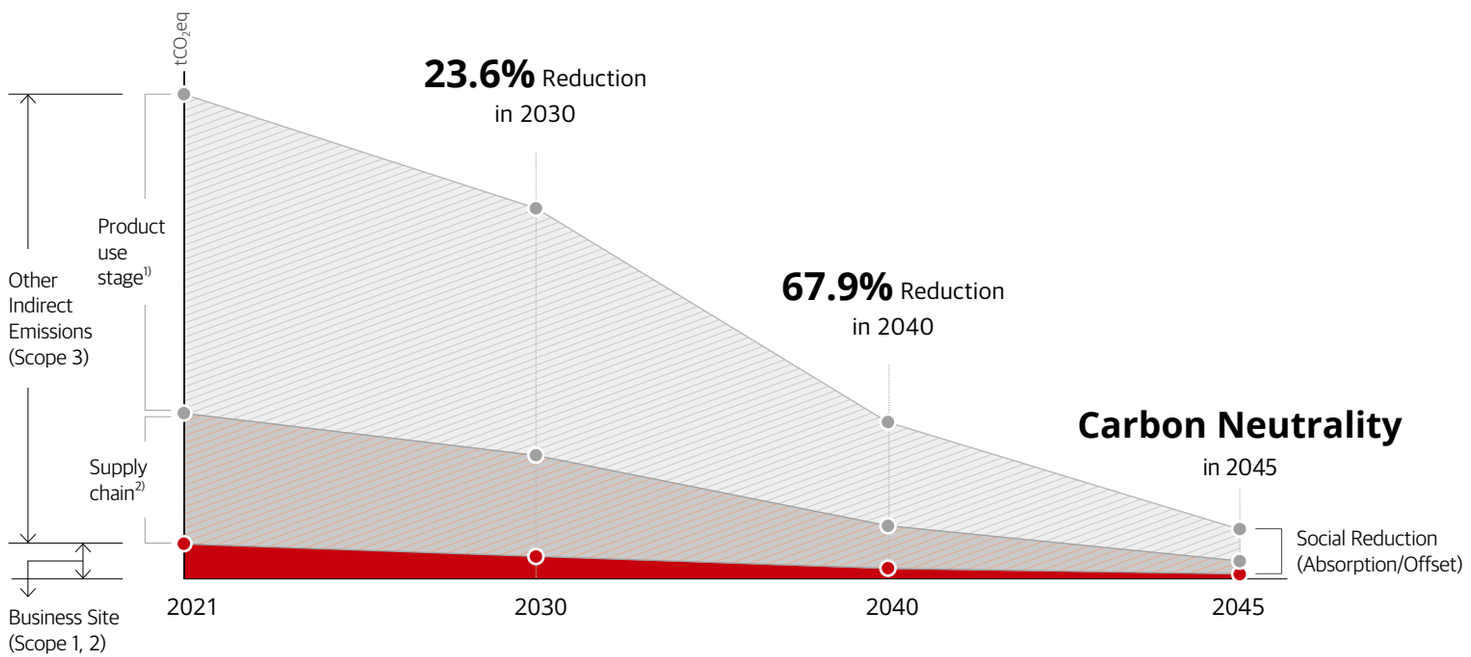
Kumho Tire has adopted the SBTi (Science Based Targets initiative) standard in establishing greenhouse gas reduction targets. By joining SBTi in July 2022, we have set a carbon-neutral target according to an internationally recognized standard meeting the 1.5℃ scenario, and we plan to submit a reduction plan in 2023 to get the target approved.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

RACE TO ZERO

Carbon Neutrality 2045 Road Map



1)Emission during tire use (while driving the vehicle) (C11)
2)Other indirect emissions excluding C11 such as raw materials, transport, and product disposal

Climate Change Related Risks and Opportunities

Kumho Tire plans to identify and systematically manage risks and opportunity factors associated with climate change. We are identifying transition risks and physical risks as well as potential financial impact and managing them preemptively.

Type	Risks Related to Climate Change	Potential Financial Impact
Transition Risks	Policy, Laws, and Regulations	
	· Increase in the price of emission permits due to the strengthening of climate-related regulations in each country, and introduction of carbon border adjustment mechanism(CBAM) in Europe · Reinforcement of obligatory greenhouse gas emissions reporting such as Scope 3 · Reinforcement of greenhouse gas emission standards for finished vehicles, ban on sales of internal combustion locomotives, and strengthening of greenhouse gas reduction targets of the transportation sector · Increased risk of exposure to legal litigation after the implementation of the emission trading system and enactment of climate disclosure legislation	· Increased compliance costs, such as purchasing emission permits · Increased costs when carbon border adjustment tax is included · Increased costs due to fines or trial rulings · Decrease in demand and sales of existing tire products (those not meeting regulatory level)
	Technology and Market	
	· Increased customer demand for low-carbon, wear-resistant tires · Replacement of tires for EVs with the expansion of electric and hydrogen vehicles · Increased cost due to conversion to low-carbon tires	· Decrease in revenue due to increased R&D cost for new (alternative) technology · Increased cost of building new production facilities and processes · Financial loss and lowered competitiveness (from failure in developing new technology) · Increased energy cost volatility (e.g. electricity rate hike)
	Reputation	
	· Increased demand from investors and customers to respond to climate change	· Increased costs to meet the needs of investors and customers · Reduced possibility of attracting investment
Physical Risks	Acute Risks	
	· Increased risk of extreme weather in major production facilities (flood, heat waves, water shortages, forest fires)	· Reduced production and revenue due to logistics and supply chain issues · Amortization and early disposal caused by damage to inventory and facility assets · Increased management costs due to employee health and safety issues
	Chronic Risks	
	· Decrease in natural rubber production, deterioration in quality, and change in production area due to changes in precipitation and weather patterns	· Increased purchase cost of natural rubber and increased risk of supply disruption · Increased capital cost due to equipment damage and other factors · Increased premiums and reduced access to insurance for high-risk asset classes
Resource Efficiency	· Efficient use and reuse of limited resources	· Saving of operating costs
Energy Resource	· Reduction of greenhouse gas emissions at business sites applying the emission permits	· Revenue generation through the sale of emission permits
Markets, Products, and Services	· Creation of new markets through the expansion of EV and hydrogen car markets · 'Electric vehicle tires' categorized as taxonomy green economic activity	· Expansion sales of low-carbon tire products, increased profits by preoccupying the market · Increased capital access through the issuance of green bonds and expansion of taxonomy-based green investment products
Resilience	· Business diversification and participation in RE100 to mitigate the impacts of climate change	· Increased asset value (infrastructure, new and renewable energy, etc.)

Reducing Greenhouse Gas Emissions

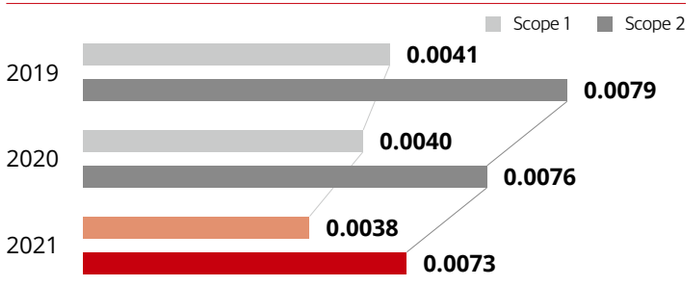
Kumho Tire manages the GHG emission quota for each business site based on allocated emissions. Furthermore, we are measuring, verifying, and reporting our emissions, and hope to actively participate in low-carbon green growth. We are currently participating in the 3rd emission trading system and have continued to reduce greenhouse gas emissions per unit since 2019.

Greenhouse Gas Emission by Domestic Business Sites (Scope 1 & 2)

(Unit: tCO_2eq)

Greenhouse Gas Intensity by Domestic Business Sites (Scope 1 & 2)

(Unit: tCO_2eq/tire)

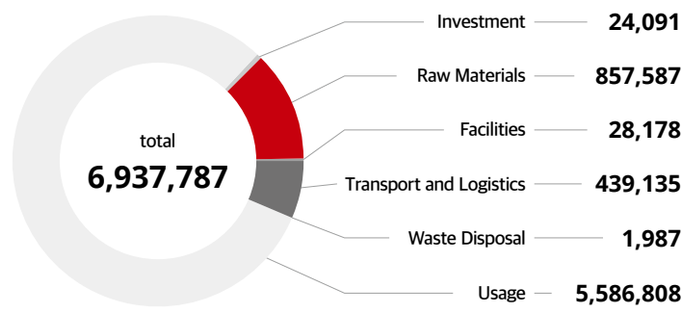


Scope 3 Emission Management

In addition to greenhouse gas emissions of Scope 1 and 2, we plan to systematically calculate and manage Scope 3 greenhouse gas generated in all connections of the supply chain including raw materials, usage, and disposal. 2022 is the first year of calculating Scope 3 emissions, and emissions on the 10 categories of the calculable scope domestically have been deducted. We plan to improve data accuracy by expanding categories and having accurate calculation standards from 2023, and to build an internal system to collect data from business sites home and abroad.

Domestic Greenhouse Gas Emission in 2021 (Scope 3)

(Unit: tCO_2eq)

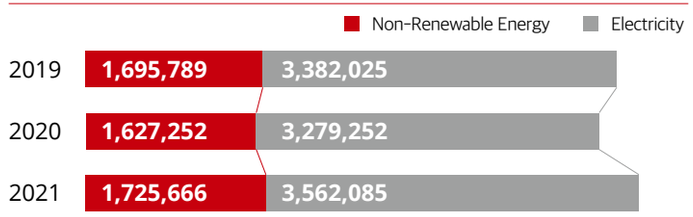


Factory Energy Management System (FEMS)

Kumho Tire introduced the Factory Energy Management System (FEMS) in 2013 to monitor energy consumption in production facilities of each domestic plant and the history of abnormal facility measures as well as analyze and control production facility operation and inefficient facilities.

Energy Consumption

(Unit: GJ)



Energy-Saving Activities

We have saved energy by replacing the parts needed in the process of domestic plants and by preventing steam leakage. Also, we hold monthly energy-conservation meetings in which energy managers from domestic and overseas plants participate to discover and share ideas for energy conservation.

Expansion of Introduction of New and Renewable Energy (Solar Power)

Kumho Tire is promoting in-house solar power generation to switch to green energy. Currently, in case of overseas business sites, facility construction work has begun at the Nanjing Plant in China. Domestically, the installation of an attached photovoltaic panel with a total annual power generation of 3,072kwh on the roof of the Gwangyang Logistics Center has been scheduled. The Pyeongtaek Plant is also receiving and reviewing proposals to install similar facilities. We will also install solar power generation facilities in two plants located in China and Vietnam to contribute to the conversion to new and renewable energy.

Highlight

Kumho Tire Designates its Tianjin Plant in China as a Green Plant

Kumho Tire's Tianjin Plant located at Tianjin Economic and Technological Development Zone, China, has been selected as a plant leading eco-friendly manufacturing environment. The plant was awarded the 'Green Plant Awards' from the Chinese Ministry of Industry and Information Technology, and we will continue to make efforts to reduce environmental impact and to nurture a sustainable local community in the future.

Training on the Environment and Raising of Awareness

Kumho Tire provided a training session on the concepts and necessity of carbon neutrality, corporate change, and guidelines for implementing climate action in five areas in June 2022 to 73 employees. We plan to expand business sites and targets of training in the future.

Training on Code of Practice for Carbon Neutrality

Field of Training	Details of Training	Number of Participants
Energy	· Using highly efficient electronic devices · Adjusting air conditioning temperature by 2℃ · Using computer power saving function · Cutting off electronic devices' standby power · Installing water-saving equipment	73 persons
Consumption	· Operating a green product purchase system · Low-carbon diet plan · Establishing product strategies considering resource circulation	
Transport	· Replacing shared cars with EVs and hydrogen vehicles · Promotion of use of public transportation and bicycles for employees	
Resource Recirculation	· Separating waste · Reducing the use of printing paper · Using individual handkerchiefs · Promotion of paperless meetings	
Carbon Sink	· Raising awareness of the importance of carbon sink · Having plants within and outside of offices	

Participation in Global Platform

Kumho Tire participates in Climate Ambition Accelerator (CAA), a global program implemented by the UN Global Compact, to establish Science Based Target Initiative (SBTi) goals and to strengthen practical knowledge and capabilities required to achieve Net-Zero goals for 2045.

ESG Campaign: Implementation of Green Office Promotion

An ESG campaign to reduce carbon emission was carried out to expand corporate ESG management in friendly manner. We partnered with cafes near our offices located in Seoul, Yongin, and Gwangju to offer discounts when our employees use tumblers to encourage people to use less plastic. Also, paper cups are collected in a separate container and upcycled for photo paper and other resources to improve resource circulation.

Highlight

Kumho Tire Receives a Commendation from the Minister of Commerce, Industry, and Energy at 'Korea Energy Awards'

In 2011, Kumho Tire introduced the Energy Efficiency Rating System to their products which contribute significantly to saving energy and reducing greenhouse gas emission. Accordingly, Jungjoo Moon at the Strategy Planning & Innovation Team was awarded a commendation from the Minister of Trade, Industry and Energy in 2021 for participating in government policies, legal compliance, and promoting the development and supply of energy-efficient products. Products that have obtained the first grade in the energy consumption efficiency rating system among the products currently launched in Korea include the Crugen EV HP71, Majesty Solus KU50, and Solus TA31.

INTERVIEW

We will secure business competitiveness by actively responding to climate change.

Senior Vice President of Strategy Planning
Sangmoon Ma

Q What are the environmental issues that Kumho Tire is seeking to focus on in response to the recent trends of international response to climate change?

A Due to the characteristics of the tire manufacturing industry, we are emitting greenhouse gases throughout the stages of raw material purchase, production, use, and disposal, and are situated on the global value chain corresponding to Scope 3 of car manufacturers. Therefore, we hope to minimize the environmental impact occurring in the overall global supply chain and contribute to carbon reduction in order to respond to the climate crisis. Since the year 2022 is the first year to respond to climate change, raising awareness from top management to working-level staff should be prioritized. At the same time, we are establishing carbon neutrality strategies and responding to Carbon Disclosure Project (CDP) to prepare a response system.

Q What are the specific demands for international car manufacturers regarding climate change, and how are you responding to these demands?

A During the last 2-3 years, Hyudai-Kia Motors, Volkswagen, Mercedes-Benz, BMW, Renault, and other global car markers have been declaring Carbon Neutrality 2040-2050. According to such trends, demand for carbon reduction in the supply chain is becoming a reality centering on major customers, with requirements for ESG-related evaluation grade such as CDP and EcoVadis for transaction sustainability being strengthened. Accordingly, we are promoting preemptive responses by building a governance system centered on the ESG Management Committee and dedicated organizations as well as the five working groups.

Q What are some of Kumho Tire's opportunities for global climate change issues?

A The recent trend of consumption has shifted to 'meaning out' of consuming values, increasing the need for eco-friendly products. Also, the ecosystem of the mobility industry will be rapidly focused on electrification, or EVs, in order to realize carbon neutrality. Kumho Tire plans to focus on research and development of eco-friendly technologies and materials such as eco-friendly tires and EV tires minimizing environmental impact and sustainable materials throughout the overall product process to cement its position as a leading eco-friendly mobility company in the rapidly growing eco-friendly market.

Q What are the internal and external activities to respond to climate change at the company-wide plan, and what plans will you promote in the future?

A The amount of carbon emission generated not only in our business sites but also in our supply chain must be identified and managed in order to achieve carbon neutrality goals. We plan to expand the scope of carbon emission management to Scope 3 and increase the use of renewable energy by establishing and expanding solar power generation at our business sites. In addition to reducing carbon emissions, we will continue to preemptively respond to climate change by discovering additional activities related to climate change, such as biodiversity conservation.

BUILDING AN ECO-FRIENDLY WORKPLACE

Strategies and Organizations Dedicated to Environmental Management

4G Environmental Strategy

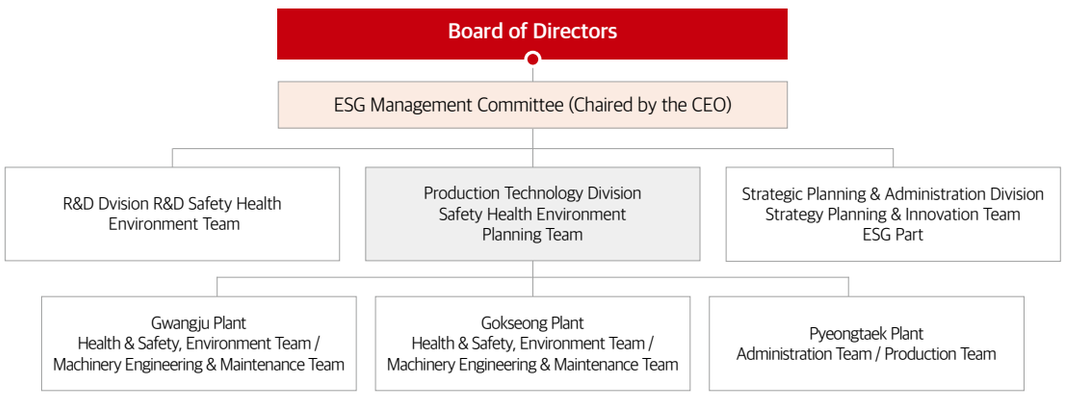
Kumho Tire has established and is implementing the 4G strategies of Green Management (establishing a global environmental management system), Green Products (developing eco-friendly products), Green Production (pursuing high-efficiency eco-friendly energy), and Green Business (generating green markets for new businesses).

Green Management	**Building a Global Eco-Friendly Management System** · Establishment of a global environment management system (ISO14001 certification) · Establishment of a system to respond to global environmental regulations · Establishment of a sustainable management system · Establishing an environmental management evaluation response system · Securing global environmental management experts
Green Products	**Developing Eco-Friendly Products** · Development of eco-friendly products · Substitution of hazardous substances and development of eco-friendly materials · Building product LCA and expansion of EL certification · Establishment of an eco-friendly product development system · Establishment of green purchasing (SCEM) system
Green Production	**Pursuing High-Efficiency Eco-Friendly Energy** · Establishment and operation of a company-wide climate change response system · Development and application of innovative technologies to reduce CO_2 (Reducing process CO_2 / Developing products reducing CO_2 /Development of renewable energy) · Promotion of 20% energy saving by process improvement (ES-20 Project)
Green Business	**Creating Opportunities for Green Markets for New Projects** · Expansion of eco-friendly product market (eco-friendly/EL/carbon labeling products) · Participation in carbon market (CDM & KCDM business/eco-friendly energy business/Emissions Market / investment in carbon fund) · Participation in national green partnership between major companies and SMEs

Environmental Management Governance

Kumho Tire established an environmental management organization to respond to relevant risks and to analyze and manage environmental impacts. The ESG Management Committee is reporting and reviewing ESG issues as well as climate change and environmental agendas. The SHE Planning Team manages overall company-wide environmental management tasks, the ESG Part in Strategic Innovation Team and R&D SHE Planning Team at the Research and Development Division promote ESG tasks and environmental management at the research division, and Gwangju, Gokseong, and Pyeongtaek plants manages working-level environmental management.

Environmental Management Organizational Chart



Environmental Policy

Kumho Tire has established and has been implementing our environmental policy. For more active environmental management, we will not only establish a global environmental management system but provide support for environmental management training for all employees and partners to participate in.

KUMHO TIRE

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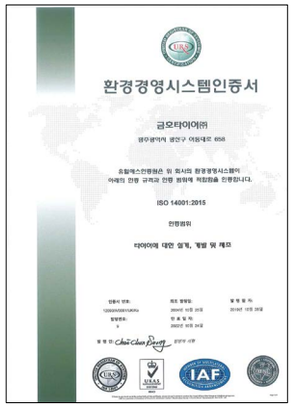
Environment Policy

Environmental Management System Certification

The Environmental Management System (ISO14001) is an international standard established with a focus on environmental conservation activities and guarantees the operation of an environment-friendly system that customers can trust. After acquiring ISO14001 certification for the first time in the industry on September 1st, 1996, Kumho Tire has been regularly conducting internal diagnosis and environmental impact assessment every year. Also, it has been receiving yearly follow-up management and certification renewal audits through an environmental management system accredited certification agency. This enabled us to lay the groundwork to autonomously and continuously minimize the environmental impact of all production activities and services in order to carry out environmental improvement activities.



Environmental Management System Certification

Local Business Sites (4 Locations)			
Gokseong Plant	Gwangju Plant	Pyeongtaek Plant	Yongin R&D Center
Oct. 28, 2019 - Oct. 24, 2022			

Abroad Business Sites (5 Locations)				
Changchun, China	Tianjin, China	Nanjing, China	Vietnam	Georgia, US
Jan. 22, 2021 - Jan. 21, 2024		Nov. 19, 2020 - Nov. 13, 2023	Dec. 15, 2020 - Dec. 14, 2023	Jul. 23, 2022 - Jul. 22, 2025

Environmental Compliance

Responding to Environmental Laws and Regulations

Kumho Tire has reinforced its environmental management to be able to respond to strengthened environmental laws such as the Air Conservation Act, Air Management Area Act, and Chemicals Control Act. Laws and regulations on chemicals, air, water quality, and waste are reviewed to establish response plans and continue our practice to promote eco-friendly workplaces.

Air	Chemical Substances	Water Quality	Wastes
· Self-measurement and inquiries to measurement target institutions · Establishment of prevention facilities · TMS installation · Preliminary review of the Atmospheric Area Act · Installation of highly efficient low-NOx burners · Prior review of where to purchase NOx	· Review of process facility improvement · Prior training for managers · Disposal and integrated review of substances in small quantities	· Two measurements per month at two measuring points, emissions reporting	· Promotion of recycling (restraining landfills and waste incineration)

Responding to Environmental Accidents

Kumho Tire has established an accident handling process to be able to promptly and effectively respond to environmental accidents. Environmental accidents have been classified as major accidents, serious accidents, and small accidents to identify the upper limits for situation reporting and the persons in charge of action. Action is taken immediately in case of an accident, and countermeasures are established to prevent recurrence and training is provided. Also, annual mock training is conducted by the management department of each business site to help employees thoroughly learn systematic crisis response methods.

Risk Handling Process

Process Handling Environmental Accidents

Step 1 — Occurrence of Accident
· Interim measures
· Identification and reporting of status quo

Step 2 — Expansion Prevention Measures
· Composition of emergency response team and countermeasures

Step 3 — Analysis and Countermeasures
· Analysis of cause of accident
· Establishment and measurement of recurrence prevention measures

Reducing the Environmental Impact of Worksites

Kumho Tire has established a management system for each business site in order to reduce negative environmental impacts occurring in the entire production process from raw material selection to disposal. Especially, dust collection facilities and wastewater treatment facilities have been installed in manufacturing plants to maintain air and water pollution levels below 50% of the legal regulations.

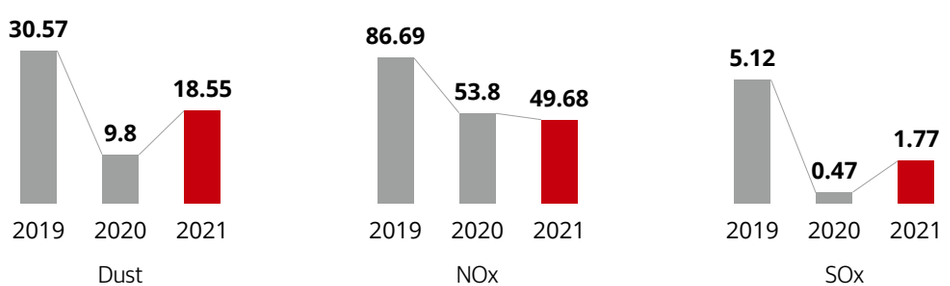
Raw Materials	Product Production	Use and Disposal
· Reduction of raw material consumption · Environmental management of suppliers · R&D of eco-friendly raw material and sub-material	· Management of air and water pollutant · Investment in improving environmental facilities · Reduction and recycling of waste · Eco-friendly process improvement	· Weight and noise reduction · Substitute application of hazardous substances · Improved fuel efficiency and wear performance · Recovery and recycling of ELT(end of life tire)

Air Pollutant Management

Kumho Tire regularly measures emitted gases, dust, and odor generated during the production process to assess whether legal standards for environmental pollutant are being abided and to reduce air pollutant emission. Our Pyeongtaek Plant has installed emission facilities and prevention facilities at the business site to carry out various tasks for operation, and relevant facilities have been installed and are being operated at Gokseong Plant. The emitted pollutants of each prevention facility are regularly inspected and under strict management.

Air Pollutants Emissions

(Unit: Tons)

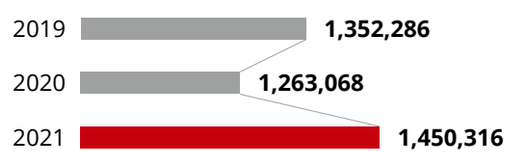


Management of Water Resource

Advanced treatment methods such as reverse osmosis facilities have been introduced to ensure recycling of wastewater as process water in order to reduce the amount of wastewater generated at business sites. Gokseong Plant has been making measurements by altering wastewater water quality measurement index from Chemical Oxygen Demand (COD) to total organic carbon (TOC). Wastewater and sewage generated at Gokseong Plant are discharged into the Seomjin River after physical and chemical treatment as well as biochemical treatment. In addition, the water generated from some boilers is consigned to a specialized company for strict water quality management. Pyeongtaek Plant also installed and is operating wastewater prevention facilities to prevent water pollution, establishing and implementing a comprehensive plan to protect water quality.

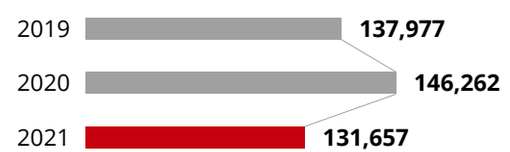
Total Amount of Water Used

(Unit : Tons)

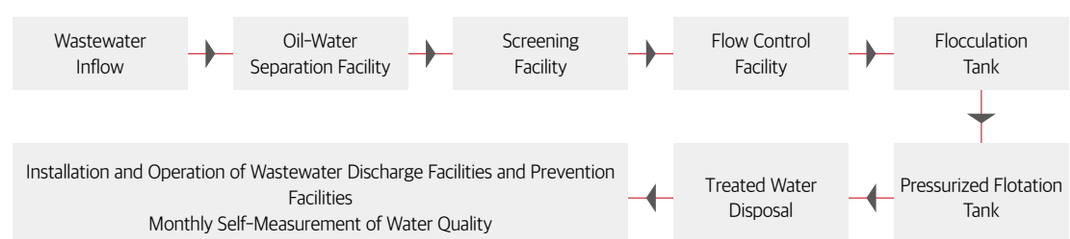


Total Amount of Water Recycled

(Unit : Tons)



Pyeongtaek Plant Wastewater Processing System



Waste Management

Waste generated during the production process is safely managed by being consigned to a specialized treatment company. Especially, storage and discharge are carried out in compliance with legal standards according to the type of waste generated by each business site. The Gwangju Plant promptly to issues requiring action through daily site tours. The Gokseong and Pyeongtaek Plants are managing waste by having separate storage spaces for designated and general wastes. We are operating a management process from waste generation to storage, treatment, and final disposal of consigned waste. When discharging waste, electronic management by entering the data in 'Allbaro System', the waste management system at the Ministry of Environment has been enabled.

Plant Waste Management Process

License Management and Planning

▼

Consignment Processing Contract

▼

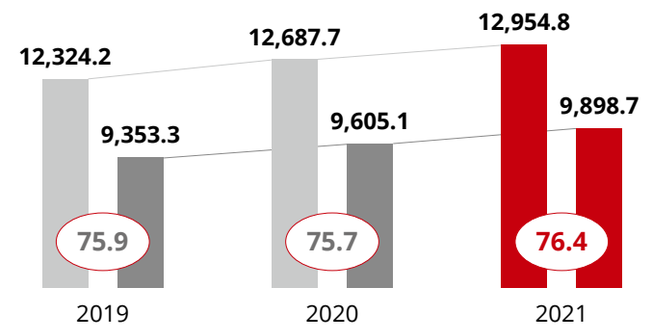
Legal Waste Treatment and Management

▼

Management Ledger Preparation and Performance Report

Amount of Waste Discharge

(Unit: Tons, %)



Plans to Abolish the Use of Tire Packaging Materials

We have established and are implementing plans to reduce the use of plastic packaging materials used in the tire delivery process to zero. The products shipped to Korea, America, and Europe are mostly not packaged. While the tires sold to the Middle Eastern region used to be packaged due to natural conditions of sandy deserts, conversion to not have packaging is being promoted. We have completed agreements on not having packaging materials with our customers in the Middle East. We plan to reduce 50% of packaged products until December 2023 and ensure that 100% of our products are not packaged in 2023 to contribute to reducing carbon emissions and waste from packaging.

Fuel Efficiency Improvement Activities

Kumho Tire establishes goals every year to improve inefficient use of resources from semi-finished goods, unused rubber, and defects, monitoring the achievement rate. As a result, material efficiency was improved by 28.6% in 2021 compared to 2018, and we plan to boost this figure to 44.5% in 2026. Also, we are promoting improvement of electricity and fuel efficiency used in facilities and production process in order to improve energy efficiency in manufacturing. The amount of reclaimed rubber (BTR) used in 2021 is 0.57% compared to the overall produced projects, and unused rubber materials are sold to toll manufacturing companies.

Contribution to Biodiversity

The occurrence of wildfire is increasing due to climate change, and the scale and area of damage are increasing as well. In 2021, we participated in the functional forest creation project in order to restore vegetation and ecological functions in areas affected by forest fires. The carbon dioxide absorption effect of trees as many as the number of trees planted in classroom forests planted in aging forests in Jeongseon-gun and Pyeongchang-gun, Gangwon-do is expected to reach 2,722kg/year.

EXPANSION OF ECO-FRIENDLY TIRES

Discovering Eco-Friendly Raw Materials

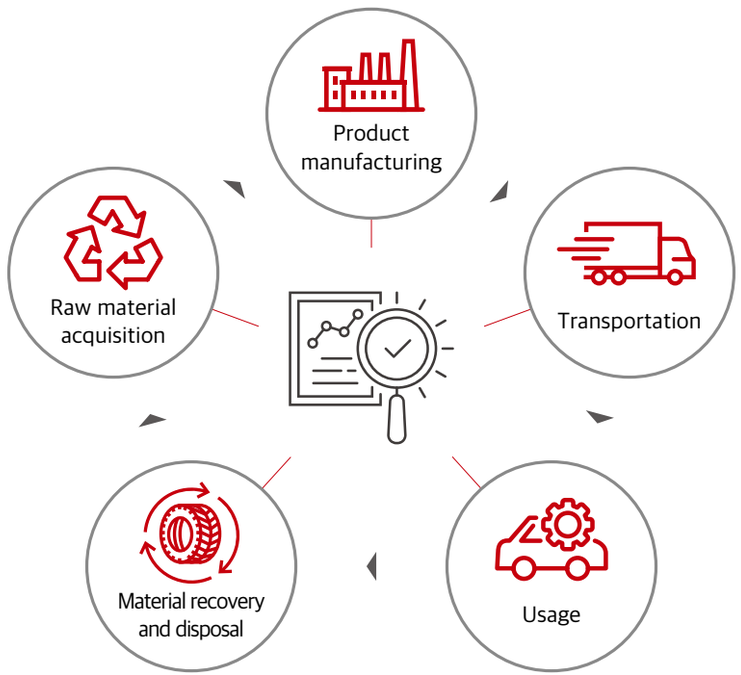
Kumho Tire is accelerating the development of compound technology using renewable and recyclable materials as well as plant-based new materials in order to practice eco-friendly management. In 2021, we carried out basic R&D to discover new eco-friendly materials that can be used as tire materials. Furthermore, we have conducted research on the physical properties of carbon black obtained from thermal decomposition of waste tires and pulverized powder of waste tires. We have also succeeded in developing a compound expanding the application rate of recycled butyl rubber.

Study of Eco-Friendly Tires Based on Life Cycle Assessment (LCA)

Kumho Tire analyzes and evaluates the environmental impacts in all tire processes from raw material selection, manufacturing, transportation, product recovery, and recycling. In 2022, LCA is being carried out for all tire models for EV6 manufactured at the Gwangju Plant. We plan to carry out LCA sequentially for global business sites in the future according to the mid- to long-term LCA operation plan. We plan to actively utilize the results of the LCA analysis of environmental influence factors for greenhouse gas reduction and eco-friendly tire R&D.

***LCA:** Life Cycle Assessment

LCA Process



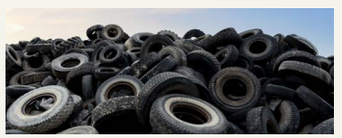
Highlight

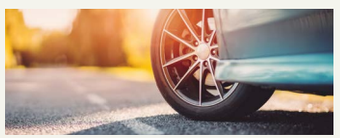
Participation in WBCSD-TIP

Kumho Tire is a member of the Tire Industry Project (TIP) under the World Business Council for Sustainable Development (WBCSD) launched in 2005. The 10 member companies (2 domestic companies and 8 international companies) of WBCSD-TIP account for more than 60% of the world's tire production capacity, and discussions on the environmental impacts of tire production and disposal take place at the biannual global forum. We are carrying out joint research such as tire and road wear granulate, nano materials, and waste in tire utilization technology to continue cooperation for sustainable development.

Research Topics for 2020-2021

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


A study on utilization technologies and management standards for ELT(end of life tire)


A study on the development of tire wear granulate distribution modeling

A study on the harmfulness of tire granulate

Expansion of Eco-Friendly Tire Products

With the intensifying demand for eco-friendly transition in the global automobile industry, the fossil fuel-based internal combustion engine car market is becoming smaller and the hydrogen/electric car market is growing. Kumho Tire is developing tires for EVs meeting the characteristics of electric vehicles driven by the rotational motion of the motor and the performance required by global car markers, and will present eco-friendly tire products with high-efficiency and low-pollution characteristics such as durability, wear resistance, and torque resistance.

Development of Fuel-Efficient Tires

Automobile fuel efficiency regulations are becoming stricter globally, and the tires mounted on automobiles are being subject to considerable fuel efficiency conditions due to the revision of the EU-Labeling regulation. Kumho Tire is concentrating on developing products with low rolling resistance (LRR) in order to respond to stringent vehicle fuel efficiency regulations and to lead the next-generation tire technology. Through such efforts, we were able to considerably improve fuel efficiency performance compared to existing products through improvement of the LRR compound and structure and achieved significant results in that greenhouse gas emissions from tires, one of the key parts of automobiles, has been reduced.

Development of EV Tires

In preparation for the demand of EV automobiles showing exponential growth, Kumho Tire plans to secure EV tire design base technology and upgrade relevant design technologies through BM (Bench Marking) precision analysis for global EVs, upgrading relevant design technologies. In 2021, we conducted a detailed analysis of EV BM tires to secure prior technologies for EV tires reflecting the characteristics of EVs including high weight, high torque, and low noise. We plan to develop an EV platform through VPD (Virtual product development system) and actual vehicle assessment in 2022 and to develop high-performance PCR (passenger cars) and SUV EV tires in 2023.

Development of Low-Wear-Low-Carbon Tires

Kumho Tire is carrying out various studies for the development of low-wear-low-carbon tires contributing to the reduction of fine dust and greenhouse gas emission. The WATTRUN VS31 launched in 2013 is a low-weight tire for urban EVs, an eco-friendly product developed through the Eco-Friendly Vehicle Technology Development Project Group under the Ministry of Environment. Evaluations by domestic and foreign certification testing institutes have shown that fuel efficiency was improved by 4.8%, and CO_2 emissions were reduced by 5.9%. Not only that, the technology has been expanded and applied to ECOWING ES31, and is being sold not only in the domestic market but also in North American and European markets.

We plan to develop quantitative analysis technology for fine dust generated from roads through the road technology research project by the Ministry of Land, Infrastructure, and Transport to be utilized in designing road materials and low-wear tires capable of reducing fine dust caused by wear. Also, we have proposed a way to reduce the environmental footprint of tire manufacturing by the development of ULRR (Ultra Low Rolling Resistance) tires and received the Minister of Environment's commendation twice in 2020 and 2021. We will do our best to provide sustainable products with outstanding driving distance, fuel efficiency, and performance by collaborating with different institutions.

Highlight

Eco-Friendly Products

We are expanding our low-wear & low-carbon tires with the launch of TA91 ev and HP71 ev, our products specialized for EVs in 2022. In addition, the eco-friendly products at Kumho Tire include VS31, VA31, and ES31. We will continue to spare no efforts in developing products contributing to the reduction of negative environmental impact as well as having superior quality.

TA91 ev

HP71 ev

VS31

VA31

ES31

Eco-Friendly Certification

Kumho Tire applied various design technologies and eco-friendly materials for the development of eco-friendly products, acquiring Eco Mark Certification and Carbon Labeling Certification for the first time in the industry from the Korean Environmental Industry & Technology Institute. Kumho Tire is currently maintaining certifications for four products as of 2021. Kumho Tire will continue to expand and pioneer eco-friendly products to meet external requirements for the production of eco-friendly products.

Eco-Friendly Certification Products

11R22.5 16PR KCD12	275 70 R22.5 KCA03_KCD02	275 70R22.5 18PR KCD12	11R22.5 16PR KCA03
Winter tires for trucks and buses	Tires for trucks and buses	Tires for trucks and buses	Tires for trucks and buses
Improvement of resource circulation, energy saving, noise and vibration reduction	Improvement of resource circulation, energy saving, noise and vibration reduction	Improvement of resource circulation, energy saving, noise and vibration reduction	Improvement of resource circulation, energy saving, noise and vibration reduction
Nov. 16, 2020 - Nov. 15, 2023	Aug. 11, 2020 - Aug. 10, 2022	Dec. 14, 2020 - Dec. 13, 2022	Sep. 2, 2021 - Sep. 1, 2024

Eco-Label

When the environmental impact of the product has been improved compared to different products of the same purpose, a certification mark is given to the product to provide consumers with information on environmental impact and to promote consumers' preference for eco-mark certified products and development of eco-friendly products by companies.

Total of **27.9** billion won of
fuel cost saved
(Fuel savings 18,639kl)

A total of **28,705** tons of
CO_2 reduced

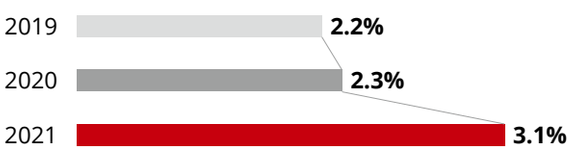
The effect of planting a total of
2.39 million trees

*Based on the sales of VS31 & ES31 in 2021

EPD (Environmental Production Declaration)

The information converting greenhouse gas emission occurring throughout the overall process of the product's lifecycle into CO_2 emission is labeled on products as certification marks, contributing to the spread of a market-led consumption culture of low-carbon products.

Sales Proportion of Low-Carbon Products



Human Resource Management
48
Human Rights Management
50
Company Culture
53
Safety and Health Advancement
58
Management of Chemicals
63
Sustainable Supply Chain
66
Social Contribution
70

SOCIAL

A Happy Workplace

Key Performance

Members of the Union

2,867 persons (97.1%)

Employees Participating in Capability Development Training

4,437 persons (91.4%)

Employees Benefitting from the Flexible Working System

1,307 persons (98.1%)

Sustainability Context

The foundation of a company's competitiveness includes its employees, its key stakeholders. A good working environment and organizational culture increases the satisfaction of internal members, contributes to work-labor relationship, and enables sustainable business. This ultimately leads to enhanced productivity and internal capacity building of the company and also contributes to securing brand competitiveness. Introduction of talent in line with corporate vision and values is the key task for a company's internal stability.

Our Approach

Kumho Tire considers the stability and pursuit of happiness of its employees, the source of its competitiveness, to be important. We are building a work-labor cooperation system based on trust and cooperation for a happy workplace. In addition, various welfare benefits are provided to ensure work-life balance. Also, a regular consultative body enables the labor and the management to share vision in order to pursue common interests. Kumho Tire will continue to spare no efforts for the labor and the management to ensure a happy under business normalization.

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH	8.5. Promotion of sustainable economic growth
10 REDUCED INEQUALITIES	10.2. Social, economic, and political inclusion of everyone

Key Issue Analysis

Stabilization of Labor-Management Relationship

Likelihood of Risk

Impact of Risk

Human Resource Management/ Employment Stability

Likelihood of Risk

Impact of Risk

HUMAN RESOURCE MANAGEMENT

Securing Talent

Fair and Indiscriminate Employment

Kumho Tire does not discriminate against age, gender, religion, race, region, academic affiliation, or sexual orientation, and selects talents based on fundamental competencies and experiences for each job. The aptitude test assesses whether the applicant is a person capable of adjusting well to the company's organizational culture and has proper interpersonal skills. Furthermore, competency, experience, and knowledge required for the job are assessed through an interview with a working employee, and organizational suitability is determined through a personality interview.

Fair Evaluation Process

We operate an evaluation and promotion process based on the performance and competency of our employees. Especially, we have unified the rank system (General Manager/Deputy General Manager → Senior Manager) in order to promote a horizontal organization focused on performance.

Nurturing Talent and Strengthening Talent

Advancement of Employee Training System

Kumho Tire is striving to develop individual and organizational capabilities and nurture talent by establishing a roadmap for capacity building. We hope to improve corporate competitiveness by strengthening core competitiveness of all employees through providing tailored training for each class and job from new employees to executives. Especially, we have developed a new training program for employees to adjust in the rapidly changing employment from the lack of training caused by the COVID-19 pandemic through sophisticated online and offline training and content. We have built a training system encompassing the five areas of basic competencies, hierarchical competencies, job competencies, organizational revitalization, and core talents. Not only that, we provide onboarding training including a welcome kit, guidebook, on-the-job training, and mentoring for new employees to easily adjust to the corporate culture. After one year of a new employee joining the company, loyalty reinforcement training is provided to prevent workforce churn.

Kumho Tire's Employee Training by Field

Basic Competency

- Job competency improvement training
- E-learning (language, books, management)
- Legally required training
- Training of Code of Ethics and Moral Code

Organization Activation

- Organizational vitalization process for all employees (team REFRESH)
- Customized workshop for teams

Core Talent

- MBA course (domestic, abroad)
- Research institute degree support (domestic and overseas master's and doctoral)

Competency by Class

- Training for new hires/exprienced new hires (reinforcement)
- Training for new organization leaders (reinforcement)
- Training for new executives
- Employee follow-up process
- Training for promoted persons (reinforcement)
- Course for promotion candidates (new)
- Leader and evaluator training

Competency by Job

- Practical competency improvement
- Common job training
- New employee mentoring
- Tire Academy (refinement)
- Training for new expatriates
- In-house instructor training course

Highlight

Nurturing Talent Specialized for the Mobility Industry

Kumho Tire signed industrial cooperation MOUs with universities with automotive departments in order to nurture specialists in the tire industry and to hire manpower tailored to its needs. We are nurturing talents and supporting them for employment in the future through 12 universities across the country. We signed an industry-academic cooperation with Woosong College in 2022 to foster global talents. We also plan to implement an intensive training course for Vietnamese students hired through job fairs and job seminars for them to start work at Tire Pro, a specialty distribution store for Kumho Tires nationwide.

Employee Training in 2021

External Training	2,045 persons
Internal Training	2,392 persons
Total	4,437 persons

Laboratory Self-Led CDP Program

The CDP (Career Development Plan) program at Kumho Tire's laboratory has been in place from 2016 to diagnose the capabilities of R&D personnel in each sector and to identify their strengths and weaknesses. The program encourages step-by-step competency development such as participation in training to build the competency necessary to acquire the master grade in the future, and we are actively providing training to respond to future technologies such as smart sensors, VPD competency, and AI by reflecting changes in the internal and external environment.

CDP Program Operation Performance in 2021

Category	Performance
Total Training Cost	14,645,000 won
Total Training Time	4,437 hours
Training Time per Person	12.75 hours
Participants	348 persons

*Domestic figures

'Re-employment Support Service;' Training for Retirees

Kumho Tire is implementing re-employment training to prepare for and pioneer a successful life after retirement. The training includes topics such as career planning after retirement, re-employment strategies, investment, and health management. The program helps retirees prepare for the future society, encouraging them to be not fearful for retirement. Also, a person managing re-employment support is designated to provide training to enhance professionalism.

Re-Employment Support Service in 2021

Program	· Severance pay, local medical insurance conversion, health, investment · Understanding of future society, life design principles and rules · 5060 asset check point, career design · Re-employment competency strengthening training and re-employment support service information utilization · Explanations on how to apply for unemployment benefits and job search activity support, and retirement events
Total Training Cost	25,390,000 won
Participants	130 persons

Highlight

Interview with Competency Development Program Participant

Re-Employment Support Service

Excerpt from Training Beneficiary Survey

"I am very satisfied with career design and re-employment competency strengthening lectures. I wish I was able to receive such training earlier."

CDP Program

Excerpt from Participating Researcher

"You could establish self-led nurturing program and accumulate career with the training needed for competency development."

HUMAN RIGHTS MANAGEMENT

Human Rights Training Completion Rate

96% (1,488 persons)

* The number of persons subject to human rights training may differ from the overall number of employees

Respect for Human Rights

Establishment of Human Rights Policy

Kumho Tire established human rights policy, including prohibition of child labor, forced labor, discrimination, and freedom of association, based on the human rights protection and labor principles of international organizations including the UN and ILO in 2022 to protect human rights at its head office and global business sites. We plan to translate and disclose human rights policy coherently at overseas business in English, Chinese, Vietnamese, and other languages.

Gender-Equal Wage System

Kumho Tire's principle is providing equal wages for work of equal value regardless of gender. We are applying a fair compensation system according to the job and competency, and are making effort to provide equal wages for men and women engaged in similar tasks. Currently, the ratio and the number of years of service of male employees of our company are relatively high compared to those of female employees that the average wage of male employees tends to be calculated relatively high. In the future, we will spare no efforts in various aspects to increase the ratio of female employees and to make continuous improvements in order to narrow the average wage gap between men and women.

Gender Equality Training for Interviewers

We recognize that spreading a culture of diversity, equity, and inclusion (DE&I) is fundamental for organizational growth and securing competitiveness. In terms of expanding diversity, we plan to increase the proportion of new female employees by providing gender equality training for recruitment interviewers.

Human Rights Training

We provide human rights training to foster a corporate culture respecting human rights and encouraging all employees to participate in the realization of the value of human rights. We are providing training on workplace harassment prevention as well as legally required training for improving awareness of persons with disabilities, sexual harassment, and personal information protection from 2021. Not only that, human rights investigation and grievance reporting system has been implemented for all employees to examine the overall environment and to build cooperative labor-management relations.

Human Rights Training Programs

Training on Improving Awareness of Persons with Disabilities	Sexual Harassment Prevention Training
· Understanding and prohibiting discrimination of persons with disabilities · Types of disabilities and improving awareness at work	· Sexual harassment at work and specific cases · Workplace sexual harassment-related laws and countermeasures
Workplace Harassment Prevention Training	**Personal Information Protection Training**
· Laws on harassment · Principles to prevent harassment	· How to manage files containing personal information · Prevention of damage from information leakage

Highlight

Human Rights Survey Results

Kumho Tire conducted a survey to identify the human rights status quo for employees and business partners at the end of March 2022. When asked whether they have ever witnessed or experienced an issue considered to be a violation of human rights of stakeholders in our management and business, 411 (86%) of the total respondents answered 'No', and 67 (14%) answered 'Yes'. Also, they were highly aware of the possibility of violations of working conditions, and opinions on inhumane acts and violations of working conditions were raised. We will establish human rights goals and make efforts to form a health corporate culture by reflecting received opinions on areas for improvement.

Key Opinions for Improvement

· Expansion of the organizational culture centered on fairness, mutual respect, and consideration
· Training to improve awareness and determination of management
· Reflection in personal evaluation of inhumane actors and strengthening punishment
· Human rights violation report system improvement
· Clear division of duties with responsibility and authority
· Improvement of employee benefits
· Change of corporate culture through expert diagnosis

Promotion of Workplace Anti-Discrimination Campaign

Kumho Tire considers the establishment of a culture of care and respect among its employees to be an important value, and takes active measures in case of workplace harassment. We have conducted a survey of 1,408 employees (response rate of 53%) to identify the current status of grievances in the workplace, including discrimination and harassment. In addition, we conducted an anti-discrimination campaign and cyber training to promote changes in employees' perceptions and to receive evaluations and feedback to improve the organizational culture. In addition, we provided a video notice to inform employees of the Harassment Reporting Center. In March 2022, a total of 184 executives and organizational leaders received mandatory workplace harassment prevention training, striving to eradicate harassment and create a respectful workplace.

Workplace Harassment Prevention Campaign

Dec 2020 - Jan 2021

Survey of all Employees

Survey to Identify the Status Quo: 746 employees out of 1,408 replied (53% Participation Rate)

Feb 2021

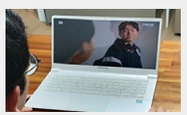
Campaign Execution and Evaluation

Sharing of survey results to all employees and announcement of workplace harassment prohibition video, harassment reporting center guidance

May 2021

Prevention Education for All Employees

Cyber education



Evaluation and Feedback

Identification of campaign reaction and change of awareness, reflected in corporate culture enhancement activities in the future

Mar 2022

Workplace Harassment Prevention Training

For a total of 184 former executives and organizational leaders (team leaders/part leaders)

Grievance Handling Process

Kumho Tire operates a Grievance Reporting System in order to promote a respectful workplace and a sound organizational culture. When illegal or unfair acts such as grievances, difficulties, unfair instructions, sexual harassment, or harassment happen at work, reports could be made through the Report Center within Groupware. Reported information is promptly addressed and the results are notified to the person concerned. Measures are taken for the applicant to not experience any disadvantages or discrimination by ensuring anonymity and confidentiality.

Number of Received Reports and Results

A total of 32 reports (31 cyber reports, 1 mail) were received in 2021 by the Kumho Tire's Audit Office. For 31 cases of cyber reporting, replies were sent to the informants after confirming relevant facts with relevant departments. One case received by mail was related to business partners and was handled by providing data to relevant organizations.

Subject of Reporting and Suggestion to the Report Center in Groupware

Employee Grievance Consultation	· Matters regarding unreasonable practices in the workplace · Other grievances requiring company action and improvement
Reporting of Workplace Harassment	· An employer or an employee inflicting physical or mental pain or degrading the working environment of other employees beyond the proper scope of work by taking advantage of their position or relationship at work
Reporting of Workplace Sexual Harassment	· Acts causing sexual humiliation or disgust with sexual words or actions and/or giving disadvantages in employment for not being responsive to sexual words/actions or demands
Suggestions	· Suggestions could be freely made to Kumho Tire on other matters

Counseling and Report Process

Counseling-Report received ▶ **Checking of case details and investigation** ▶ **Investigation results reported** ▶ **Decision of punishment and implementation of follow-up measures**

- When a reason for investigation suspension occurs → Investigation suspended
- Report case not acknowledged → Case closed

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. Also, we hold regular management briefing sessions as a venue for communication to establish a cooperative labor-management relationship through sufficient understanding and empathy in the midst of the uncertain internal and external management environment. Also, we have labor-management consultation systems including the Labor-Management Council, collective bargaining, employment stabilization, and Labor-Management Joint Development Committee to strengthen competitiveness of both the company and the employees as well as for employment stability. Kumho Tire will improve its management and internal structure as well as achieve its business goals based on trust through reemphasizing the need for labor-management cooperation.

Labor Union Status

Respectively 2,751 and 116 union members joined Kumho Tire's first union, the Kumho Tire subbranch of Metal Union Gwangju Jeonnam Branch, and the second union, the Kumho Tire Labor Union. The number of employees not in a union is 361. The first union has a share of 85.2% and the second union has a share of 3.6% of the total number of employees. Also, the company notifies the unions 60 days in advance if there is any change in management before proceeding with consultation.

Management Briefing Session

We are sharing major business performance and future direction of the company by holding a management briefing session at each business site once a year. We are also strengthening cooperative labor-management relations by enhancing mutual understanding between labor and management.

Mid to Long-term Road Map

Goal	Forward-Looking Labor-Management Relationship in a Virtuous-Cycle Structure		
Stage	2021 Re-modeling	2022 - 2024 Jump-up	2025 Stabilization
Direction	Resolution of Labor-Management Risk	Strengthening of Trust and Cooperation	Establishment of Future-Oriented Labor-Management Relationship
Key Tasks	· Resolution of lawsuit risks · Creation of a rational field culture Strengthening of service - manufacturing network	· Improvement of constitution and fulfilling of management goals · Dedication of joint effort to management normalization Implement special agreement reached on Apr. 2, 2018	· Strengthening of labor-management cooperation Establishment of a rational negotiation culture · Establish a forward-looking labor-management culture in a virtuous-cycle structure Strengthen competitiveness > create profit > stabilize employment

Labor-Management Consultation

Labor-Management Council

Kumho Tire has established a labor-management council based on Chapter 2 of the Act on the Promotion of Employee Participation and Cooperation to promote the common interests of both labor and management. The labor and management are striving for progressive discussion on issues such as measures to improve productivity and employee welfare, personnel and labor management issues, and improvement of the working environment in which both parties are satisfied.

Employment Stability And Labor-management Joint Development Committee

Kumho Tire has an Employment Stability and Labor-management Joint Development Committee for employment stability and improved competitiveness of domestic plants. The council seeks to prepare solutions for overcoming crisis by preparing measures to stabilize employment and discuss ways to ensure competitiveness on a quarterly basis in the midst of rapidly changing industrial conditions.

Collective Bargaining

In February 2021, Kumho Tire held a collective bargaining signing ceremony to discuss long-standing litigation issues between labor and management. Issues such as wage negotiations, welfare benefits, and factory relocation were discussed as well, encouraging workers to speak up in management based on trust and mutual growth.

Key Details of the 2021 Collective Bargaining Agreement

· Wage-freeze
· Employment stability and future vision of domestic plants
· Gwangju Plant relocation
· Distribution of employee stock
· Increased summer vacation bonus

COMPANY CULTURE

Making a Happy Workplace

Kumho Tire is implementing various welfare programs for all employees to enjoy a healthy and happy work and family life balance. Also, we are putting a lot of effort in building an organization culture that is good for working for our employees to be satisfied with their workplace. We pursue a horizontal organizational culture to spread work know-how and experience between employees and departments in order to improve the professionalism of our employees and build an effective organizational culture. We have tried various programs such as workshops among working-level employees, contributing to the happiness of internal employees sharing a vision with Kumho Tire.

Work & Life Balance

We have introduced a self-approval system for our employees to freely recharge themselves when they need a break such as a refreshing vacation or breaks on sandwich holidays. On the second week of every month, we have the 'Leader's Day', a regular mandatory break for organization heads. Also, we have implemented flexible working hours for employees working at domestic business sites to freely control their commuting hours outside of core working hours.

* **Core working hours:** 10:00~16:00, 9:00~15:00

Implementation of PC-OFF Policy and Working from Home

In order to ensure breaks and regular work during work hours, we are implementing the 'PC-OFF' policy, a working time management program. An automatic system notifying break time and start and end time for work has been introduced for a healthy working environment. Also, working from home was implemented for the employees of the Seoul head office and Yongin R&D Center to overcome the risk of Covid-19 infection in consideration of the characteristic of the job performed. Especially, we have taken measures for pregnant employees to mandatorily work from home.

Expansion of Paid Leave for Shift Workers

The technical employees of Kumho Tire are given two days of paid leave after five days of work in four groups and three shifts due to the nature of their work. Considering the special nature of shirt work, 13 days of paid leave per year is given separately from annual leave to shorten working hours. In addition, a 30-minute break is given freely out of the 8-hour working hours to improve concentration and to promote a healthy working environment. In compliance with the Labor Standards Act, overtime and holiday work are paid additional 50% or more to the normal wage respectively to encourage work.

Employees Using the Flexible Working Hours in 2021

A total of **1,307** employees (98.1%)

(Based on general employees)

Activities to Improve Work Satisfaction

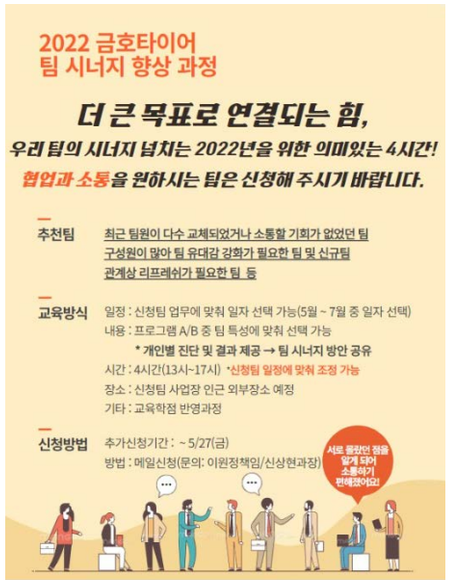
Employee satisfaction survey in 2021 raised problems such as 'unbalanced work distribution' and 'lack of personnel'. A work efficiency project was implemented to improve the status quo in order to clarify the roles and responsibilities of each organization and individual. We were able to improve work efficiency and professionalism by upgrading the job classification system and work process through job investigation and analysis for each employee. In addition, we boosted the sense of belonging of employees and improved work satisfaction by positioning and managing talent based on analysis data.

In-house Mentoring for Everyone to Grow Together

We are striving to strengthen the competencies of employees lacking experience compared to their passion and motivation for work through inter-employee training, promoting a coaching culture in which mentors transmit their experience and know-how naturally to mentees. Also, we are holding workshops between working-level staff at the same level in order to improve the task-solving ability of teams and departments through immersive exchange of opinions.

Team Synergy Creation Program

Kumho Tire has been implementing a team synergy improvement course from April 2022 in order to strengthen the bond of team members. We allowed employees to freely select programs according to their characteristics for departments in which a large number of team members has been replaced, or when there is need for communication. Solutions for harmonious team operation based on individual diagnosis results were suggested through this program.



INTERVIEW

2022 Team Synergy Improvement Course

R&D Division * Part**

This served as an opportunity to chat and socialize with my team members!

Production Technology Division ** Team

I got to think about individual communication while having fun with team members.

Quality *** Team**

I gained confidence about my team members' personalities and grievances. I also learned new things about them! It was a meaningful time. I hope to do this more often.

R&D Division ** Team**

It was very fun and meaningful compared to what I had thought before participating in the training. It was a good experience to understand the work tendencies of team members!

Welfare Benefits

Kumho Tire is implementing welfare policy and various programs in order to promote the welfare of its employees and their families. Major welfare systems for employees include 'Life & House' related to housing, 'Health & Family' related to health and family, and 'Culture & Leisure' related to cultural life to support both happy work and home for employees. Also, we are striving for more employees to enjoy a better welfare system by reviewing the existing welfare programs and reflecting the opinions of employees.

Major Welfare Programs

Life & House

- Support for living expenses (in case of illness or industrial accident care)
- Employee apartment (plants)
- Housing rental support (work at domestic sales branches), etc.

Health & Family

- Employee health check-up
- Medical expenses support (including spouse/children)*
- Leaves and expense support for congratulations and condolences
- Children's school expenses (until university)
- In-house daycare center (plants)
- Rewards for long service

Culture & Leisure

- Employee association
- Tire discount coupons
- Summer vacation and summer vacation bonuses

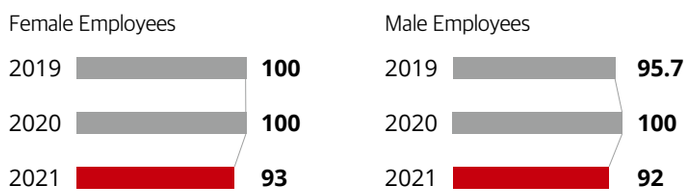
* Support for medical expenses: Up to 10 million won for the employee, up to 5 million won for the employee's spouse/children

Maternity Protection and Childcare Support

We actively promote maternity leave before and after childbirth and parental leave as well as giving bonuses to congratulate childbirth. We provide childcare subsidy to preschool children under the age of 7, and Gwangju and Gokseong plants, our production base, operate separate in-house daycare centers to support employees raise their children.

Retention Rate After Returning from Parental Leave

(Unit: %)



Linking Employee Performance and Compensation

We are making various efforts to maximize organizational performance by strengthening the linkage between team and individual performance and carrying out regular evaluations. We are also carrying out performance evaluations linking organizational and individual performance, linking the results to compensations to inspire employees' motivation to work.

Retiree Support

We have implemented a retirement pension system for employees, the center of the company's growth and development, to not suffer from economic instability after retirement. We encourage employees to voluntarily participate in the retirement pension system, and employees with more than one year of service are required to join the program. We introduced a defined benefit pension system, depositing external reserves by generating cash from operating profits under a fully-funded strategy, holding the Retirement Pension Committee every year to discuss management status and retirement pension standards, sharing the details through education for retirees.

Operation of Employee Stock Ownership Association

As we attracted new major shareholder investment in July 2018, 10 million won worth of treasury stock per person was acquired as part of the M&A incentive. The stock was contributed to Employee Stock Ownership Association and allocated to employees under certain conditions. Acquisition of the company's stock not only supports the formation of personal wealth but employee morale by allowing employees to participate in company management and profit distribution.

Family-Friendly Program for Employees

We Strengthen Bonds by Communicating with Family

Family Month Event Program

We have a Family-Friendly Program for the Family Month (May) for our employees and their children. We provided a home baking program to 50 teams of 100 participants in 2021 and 2022. In addition, the 'MBTI personality type test' provided an opportunity for family members to understand and communicate their differences.

Home Baking (Cake) Satisfaction Score

4.8pts (out of 5 pts)

MBTI Personality Type Test Satisfaction Score

4.6pts (out of 5 pts)

Congratulatory Gift for Children Entering Elementary School

Kumho Tire sends congratulatory gift kits to the children of general employees before they enter elementary school. A total of 84 children of employees were provided with congratulatory gifts in 2021.

Satisfaction Rate

4.91 pts (out of 5 pts)

A SAFE WORKPLACE

Key Performance

Number of Severe Accidents Occurred

ZERO

Labor-Management Joint Safety Inspection

12 times

Hazardous Chemicals Management Training

54 persons (2 times)

(Special safety and health, MSDS)

Sustainability Context

With institutions such as the Occupational Safety and Health Act and the Serious Accident Punishment Act have been strengthened in Korea, corporate responsibility regarding safety and health has become stricter and social interest is growing. A safe workplace and healthy employees improve corporate sustainability as well as competitiveness. Management decision-making from a safety and health perspective is required for a safe workplace, and it is important to have a worker-centered work environment and work process. In addition, it is necessary to establish a strict management system in order to prevent safety accidents and to establish an emergency response system to minimize damage in case of accidents.

Our Approach

Kumho Tire is sparing no effort to foster a happy workplace by placing the safety of its employees as the top priority. We expanded communication channels with the organization in charge of major disaster in 2022, regularly discussing safety and health issues and carrying out accident prevention and management and improvement activities when risk factors are discovered. In addition, we are providing regular safety training by complying with relevant laws to ensure that our employees are guaranteed safety from hazardous chemicals.

UN SDGs

3 GOOD HEALTH AND WELL-BEING	3.9. Prevention of accidents from hazardous chemicals
8 DECENT WORK AND ECONOMIC GROWTH	8.5. Full and productive employment and decent work

Key Issue Analysis

Safety and Health of Employees

Likelihood of Risk

Impact of Risk

SAFETY AND HEALTH ADVANCEMENT

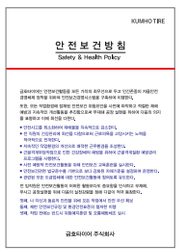
Safety and Health System

Safety and Health Management System

Kumho Tire establishes and operates a safety and health system in order to identify potential safety and health-related risk factors in all working environments in advance and to promote appropriate disaster prevention and continued improvement activities. We have established goals and policies regarding safety and health, allocating resources for employees to evaluate risk factors at business sites. Furthermore, health and safety indicators are included in the annual team KPI goals when establishing facility team KPI to analyze the previous year's performance and to check the quarterly and annual goal achievement rates.

Safety and Health Policy

Kumho Tire aims to prioritize zero safety accidents as a top priority, ensuring the safe work activities of internal employees and business partners. We enacted a safety and health policy to this end to raise awareness of safety first, thoroughly complying with relevant regulations and safety standards, encouraging taking preventative measures before starting work.


KUMHO TIRE

안 전 보 건 방 침

Safety & Health Policy

금호타이어 주식회사

안전보건경영시스템인증서

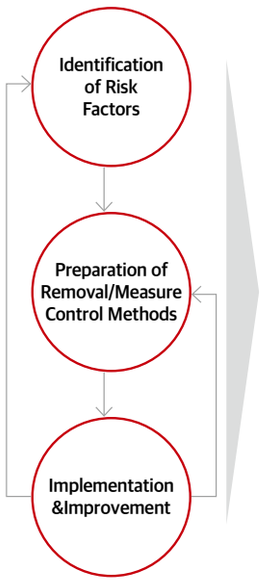
금호타이어㈜

ISO 45001:2018

ISO45001 Certification Status

Kumho Tire established a health and safety management system and strengthened safety management supervision in order to fulfill its responsibilities for workers' health and safety. ISO45001 certification has been acquired in a total of seven plants including three domestic plants (Gokseong, Gwangju, and Pyeongtaek Plants) and four abroad plants (Nanjing, Changchun, Tianjin corporate bodies in China and Vietnamese corporate body). Including the certification in Yongin Research Institute in addition to plants, a total of 8 business sites have received ISO45001 certification.

Safety and Health Management System and Seven Key Factors



Management Leadership	· Establishment of goals and measures · Allocation of safety and health resources (human resource/facility/equipment) · Authority and participation of members
Identification of risk factors with the participation of workers	· Disclosure of safety and health information · Opinions freely proposed by all members · Collection of risk factor information (identification of hazards/risks) · Investigation of industrial accidents
Removal, replacement, and control of risk factors	· Risk evaluation · Enhancement/education according to risk evaluation
Establishment of emergency measure plans	· Establishment of measure response for each crisis scenario · Regular training for each crisis scenario
Securing Safety and Health in Subcontracts/Services/Consignments	· Selection of business with the ability to prevent industrial accidents · Policy in which all members can be protected at the worksite
Evaluations and Improvements	· Setting and management of safety and health goals · Regular inspection on safety and health management system operation · Regular review and improvement of found problems
Work Process	· In-house safety and health process operation and management

Safety and Health Governance

Kumho Tire has established an organization dedicated to major disasters in order to fulfill its obligation to secure safety and health as well as to create a safe workplace. In 2022, the Safety Health Environment Planning Team under the Production Technology Division was promoted to an organization directly under the CEO, forming a direct communication line. The Safety Health Environment Planning Team is an organization dedicated to managing severe accident-related matters of the whole company, clarifying the roles and responsibilities of the working groups to serve as a safety and health control tower. In addition, the R&D SHE Team was newly established under the R&D Division, managing the environment and safety of research institutes.

Safety and Health Governance

Production Technology Division	Strategy Planning & Administration Division	R&D Division
· Gwangju Safety Environment Team · Gokseong Safety Environment Team · Pyeongtaek Management Part	HR Team	R&D SHE Team

Expansion of Safety Health Communication Channel

Improvement tasks such as managing SHE-related KPIs in more efficient manner and carrying out inspections through designating personnel in each division were set. We hope to experience field work and form a bond through regular working-level communication meetings and exchanges twice a month. We will spare no efforts to prevent serious accidents by establishing and distributing safety and health goals and standards guides and establishing a feedback system through regular inspections.

Safety and Health Communication Channel

SHE Operation Committee(Newly Established)

Hosted By	CEO
Frequency	Twice every year (June, December)
Key Details	· SHE activity performance (duty fulfilment inspection results, activities, etc.) · SHE issues (law violations, decision-making, etc.)

SHE Communication Meeting

Hosted By	Head of Production Technology Division
Frequency	Once every quarter
Key Details	· Quarterly SHE activity performance · SHE issues and training

SHE Working-Level Meeting

Hosted By	Safety Health Environment Planning Team
Frequency	Once every month
Key Details	· Sharing and training on detailed SHE issue management

Operation of Occupational Safety and Health Committee

Kumho Tire operates the Occupational Safety and Health Committee in accordance with Article 24 of the Occupational Safety and Health Act in order to diagnose and improve risk factors in the workplace for its employees to work in a healthy and safe environment. The Committee comprises of equal numbers of workers and employers with quarterly meetings in principle. The safety and health management regulations deliberated and decided by the Occupational Safety and Health Committee are posted on site to guide workers to fully implement them.

Occupational Safety and Health Committee Meetings in 2021

Site	Period	Details
Gwangju	Q4 2020 - Q1-Q2 2021 / Q3-Q4	Agreed on 20 items * / Agreed on 4 items
Gokseong	Q1-Q2 / Q3-Q4 (Complete)	Agreed on 8 items / Agreed on 7 items
Pyeongtaek	Q4 2020 - Q1 2021 / Q2-Q4 2021	Agreed on 21 items / 13 items in progress

* Including agreement on forklift/towing truck repair agenda and guarantee of workers' right to safety

Establishing a Culture of Safety

Safety and Health Training

The personnel in charge of safety at Kumho Tire participate regularly in general and legally required training to prevent safety accidents, raising awareness of safety through various topics including safety and health risks, best practices and precautions. Also, monthly safety training and safety status inspection are carried out to ensure continued safety and health of employees, and a separate health and safety training process is established for new employees and employees with new jobs to prevent safety accidents.

Safety and Health Training Outline

Training Name	Subject	Training Details
Legally Required Safety and Health Training	Supervisor Person in charge of safety and health management Safety Manager Health Manager	· Improvement of leadership through compliance with laws as well as safety and health training · Worker safety and health management
Forklift Driving Training	Drivers of forklifts under 3 tons	· Compliance with industrial safety laws and training to obtain driver's qualifications for forklifts under 3 tons
Training on the Cases of Serious Disasters	Full-time employees	· Goals to reduce probability of occurrence of serious accidents through training with accident cases of other companies

Being Aware of the Safety Rules Before Work

Being aware of the safety rules and filling out a self-checklist is a must to prepare for accidents happening during work. Also, safety and health procedures are shared in multiple languages to overseas business sites to secure worksite safety.

Mandatory Safety Rules

· Noting details of work and stopping the operation of machinery and equipment before starting work
· Cutting off the main power and checking the residual energy
· Installing a locking device and a sign prohibiting operation in the power supply and storing the key
· Performing maintenance, repair, cleaning, etc. after ensuring the machinery and equipment have been stopped
· Locking devices and signs removed directly by the person in charge of work
· Reoperating machinery and facilities after notifying the relevant worker of termination of work

Self-Inspection Table Details

· Compliance with protective devices and measures for the used machines, instruments, and facilities
· Whether protective devices have been installed and certified
· Appropriateness of preventive measures against accident risk
· Whether action procedures such as operation suspension in case of work and accident have been established
· Whether correct personal protective equipment are worn

Inspection Items

Inspection against COVID-19 and accidents from heatwave
· Provision/placement of quarantine supplies
· Wearing a mask
· Whether clean, cool water and shade have been provided
· Guaranteeing rest and providing training on heat stroke

Procedures on Listening to Opinions on Health and Safety

Kumho Tire is operating a system to improve and prevent safety and health-related risk factors by reflecting the opinions of field workers in accordance with Article 4, No. 7 of the Enforcement Decree of the Act on Punishment of Serious Accidents, etc. When a request to improve the potential risk of equipment safety accidents, environmental hazards, quality and unsafe factors in the production process is submitted by a field worker, the person in charge of the request conducts a feasibility review. After reviewing, the process of improvement plan, action plan, and action results are provided for the reporting worker.

Establishment of an Emergency Response Plan

Preventative training has been provided to all employees for them to quickly and effectively respond to disasters and accidents that may occur unexpectedly. We have prepared and updated Disaster and Emergency Measure Manual, with the last revision made on Jan. 5, 2022. A safety and health environment plan is established at the beginning of the year for the operation of the response system. Tips and person in charge are categorized according to the type and grade of different scenarios including wind, typhoon, heavy snow, earthquake, fire, and environmental pollution, establishing emergency response procedures accordingly. In 2021, we have established definitions and terminologies such as work stoppage and serious accidents through the manual standard draft and adding serious accident scenarios to manage workplaces with the goal of achieving zero accidents and disasters.

Risk Handling Process ↗

Inspection of Safety Risk

Kumho Tire conducts regular and frequent safety inspections to maintain safe business environment. Identified measures for improvement are taken immediately to prevent safety accidents and to fundamentally remove safety risk, pursuing the safety and health of all employees of Kumho Tire and partners.

Occupational Safety and Health Act Compliance Assessment

Kumho Tire strictly complies with safety and health-related laws and regulations by inspecting relevant departments of safety, health, firefighting, and environment and training the managers and personnel in charge. Compliance check activities were conducted during the first and second half of 2021, and there were no non-compliances.

Safety and Health Environment Internal Audit

Kumho Tire's Pyeongtaek Plant conducts internal audit with a separate checklist. Through this checklist, environmental impact assessment performance, environmental performance calculation and management methods are checked. Evaluations on risk assessment performance, disaster intensity rate management method, and safety and health activities are carried out as well. Also, the results of corrective actions from past certification audits are checked.

Regular and Frequent Risk Assessment

We carry out risk assessment on facilities and workers' environment through regular and ad hoc assessments every year. Hazards and risk factors related to workers' work is identified, determining whether they are acceptable risks and establishing improvement measures. Disasters are prevented, safe management operation are contributed to, and a safe working environment for our employees is ensured by identifying the actual conditions of harms and risk factors in the workplace to make improvements.

Joint Safety and Health Inspection

Labor-management joint safety inspection is conducted once a month with the safety manager, manufacturing team leader, facility manager, and the labor unions, and the person in charge of safety and the person in charge from the subcontractor examine the work site together. Problems are inspected and improvement measures are sought, and measures taken for the previous problem are examined and inspected. A total of 12 safety inspections for labor and management have been conducted for Gokseong and Gwangju Plants in 2021, examining a total of 158 problems and contributing to safety accident prevention.

Autonomous Safety Inspection Consulting

Kumho Tire conducted autonomous safety inspection consulting in 2021 through the Korea Industrial Safety Association, checking the safety and adequacy of facilities for each process and finding 22 possible improvements to take measures.

Safety Improvement Activities at Research Institute

Kumho Tire's Yongin R&D Center has been selected for the government's 'Workplace Innovation Consulting to Build a Safe Workplace' project, inspecting SHE management and carrying out improvement activities. Also, we received a comprehensive health and safety assessment from August to November 2021 from the Safety and Health Advancement Institute. We are strengthening safety and health management based on these assessments. Also, we are discovering possible accidents that may occur within the research institutes to share and distribute accident cases for accident prevention. Every quarter, we report the results of major safety, health, and environmental management activities.

Key Improvements

Near Miss Case Training
- Investigation of near miss cases that may occur in the research institute
- Accident prevention activities through data distribution

Training of Management Supervisor
- Training for supervisors to promote understanding of roles in safety and health management, capability strengthening, and acquisition of expertise on safety and health (16hrs/year)

Training for Those Entering Laboratories
- Issuance passes for researchers accessing labs
- Training on the use of accessory storage box
- Training on wearing work clothes properly

Increased Level of Safety of Partners

Supplier and Construction Company Representative Council

Kumho Tire evaluates the hazard and safety management capabilities of workplaces through the Supplier and Construction Company Representative Council according to Article 79 Paragraph 3 of the Enforcement Rule of the Occupational Safety and Health Act. Also, we provide monthly safety training on hazards of disasters through the council. We conducted training to prevent irregularities and manufacturing jamming accidents and forklift accidents occurring during work.

Partner Safety and Health Council

Kumho Tire hosts monthly Safety and Health Council in order to promote safety and health of partners. Safety and health and risk assessment training have been provided for suppliers and construction companies, including our safety and environment personnel.

Partner Safety and Health Council

Health Management of Employees

Musculoskeletal Disease Prevention Program

Gokseong Plant provides medical checkups and visits by musculoskeletal occupational health doctors are provided for the health of employees. All employees are provided with an annual health checkup, and a map of those with symptoms is prepared based on lifestyle and age. Afterwards, consultation is provided once every month for high-risk group members, twice a year for moderate-risk group members, and once a year for low-risk group members. Not only that, physicians specializing in musculoskeletal disorders visit twice a month, providing consultations for technical workers with musculoskeletal disorders to protect the health of employees.

Management of Musculoskeletal Diseases

Engineering Management	Assessment of on-site risk factors Establishment and promotion of improvement measures
Medical Management	Early identification of patients Rehabilitation program Return program
Everyday Management	Stretching training Special management of those suffering from frequent accidents

Prevention Management Program for Cerebrovascular Diseases

We provide a program minimizing health risk factors such as sudden death by managing hypertension, dyslipidemia, and diabetes in advance. Management is provided for high-risk group members and those suffering from illnesses, alleviating illnesses of the risk group members with the guidelines of the Occupational Safety and Health Agency through objective management of findings.

Preventative Management of Cerebrovascular Diseases

Category	Those Suffering from Illnesses	Highest-Risk Group	High-Risk Group	Moderate/ Low-Risk Group
Management Frequency	Once/Monthly	Once/Quarterly	Once/Half-Year	Once/Year
Number of Subjects	34	351	1,353	2,040

* Gwangju Plant and Gokseong Plant

Psychological Wellness Program

We operate a Psychological Counseling Room to promote the psychological wellness of employees. Psychological counseling survey is conducted for all employees annually to discern those needing counseling due to stress from work, anxiety, and depression. Afterwards, we provide continuous follow-up management including counseling and treatment, striving to ensure the psychological wellness of employees.

Participating in the Counseling Program in 2021

807 Participants

* Gwangju Plant and Gokseong Plant

MANAGEMENT OF CHEMICALS

Management of Hazardous Chemicals

Kumho Tire prevents safety accidents by legally carrying out purchase, storage, handling, and use of hazardous chemical substances used at business sites. Especially, training is provided to prevent safety accidents and to satisfy the reinforced legal requirements by safely managing hazardous chemical substances used for research and development.

Process for Managing Hazardous Chemicals

Harmful chemicals are handled by the law related to registration and evaluation of hazardous chemicals, the Industrial Safety and Health Act, and EU-REACH. Worksites using harmful chemicals submit use records as well as inspection table of facility and equipment to the managing department. Submitted documents are stored for three years.

Annual inspection are conducted and measures are established when necessary. Material Safety Data Sheets (MSDS) are secured for all materials used in tire manufacturing. They are also placed at worksites to provide relevant information to prevent health and safety issues caused by hazardous chemical substances.

Chemicals Management

Category	Details of Chemical Management
License Management and Installation	Report and management of licenses and permits for chemical handling facilities in accordance with the Chemical Substances Registration and Evaluation Act and Chemical Substances Control Act
Facility Operation	Operation of indoor and outdoor storage of hazardous chemicals in accordance with the Chemicals Control Act
Measurements and Analysis by Departments Using Chemicals	Carrying out of training based on laws related to harmful chemical substances Reporting of details such as processing amount, properties, and hazardous chemical codes for hazardous chemical items to relevant organizations by the end of February every year
Improvements	Establishment of measures and carrying out of improvement measures when necessary according to facility inspection results

Environmental Nonconformity and Emergency Responses

Kumho Tire carried out emergency measures to stop the operation of relevant facilities in case of emergencies to prevent expansion of accidents and to minimize environmental impact. The managing department carries out emergency training in preparation against leakage of harmful chemicals, establishing plans and managing the results.

Management of Training Environment Measurement

We measure working environment every first and second half of each year based on Article 125 of the Occupational Safety and Health Act and Article 82 of the Collective Agreement. A working environment measuring institution trusted by both the labor and the management is selected, and the degree of exposure of on-site workers to harmful factors occurring during work are measured and evaluated to provide a pleasant working environment, protect the health of workers, and improve productivity. Also, working-level meetings to improve working environments are held between labor and management to identify and correct harmful working environments. We have been safely managing our workplaces for the past five years, including the first and second half of 2021, without exceeding legal standards.

Inspection and Improvement of Hazardous Chemical Facilities

Facilities handling hazardous chemicals are required to carry out self-inspection at least once a week, and legal inspections were completed for licensed handling facilities such as facilities using chemicals and outdoor sewage tanks in 2021. Handling facilities for newly designated raw materials (CZ) will be reorganized and will be operated with permission in 2021.

Training on Hazardous Chemicals

Those managing and handling hazardous chemical substance are required to receive training every two years. New managers receive initial training within one year. Training includes prevention of leakage of hazardous chemicals and response to accidents, management of toxic substance storage, and labeling of toxic substances.

Special Safety and Health Training

27 Persons

Jul. 28, 2021 - Aug. 20, 2021

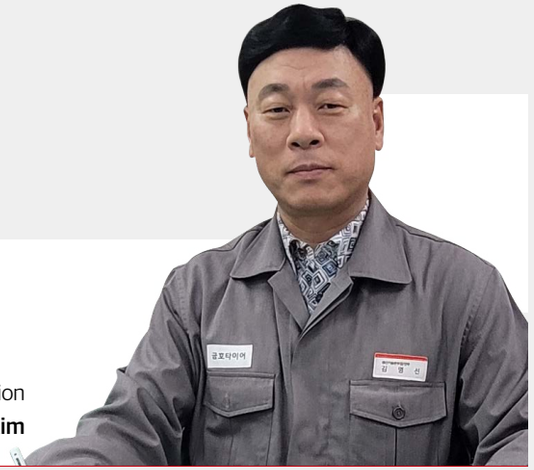
Detailed MSDS Training

27 Persons

Dec. 30, 2021 - Jan. 18, 2022

INTERVIEW

We Come to and Leave from Safe Workplaces



Production Technology Division
Myeongseon Kim

Q Could you tell us about the key safety system and risk assessment process established by Kumho Tire?

A Kumho Tire is carrying out establishment and improvement of safety and health through ISO45001 certification and other efforts. Risk assessment is a series of processes identifying harmful factors and risk factors, estimating and determining the likelihood and severity of injury or disease caused by these factors, establishing and implementing risk reduction measures. Kumho Tire conducts annual risk assessment to identify, inspect, and improve harmful factors and risk factors at its business sites.

Q What activities and support are being carried out for accident-free business sites with employees and partners?

A We have established a dedicated organization in order to actively support major disaster prevention activities. Our activities include MSDS management, responses to occupational diseases, managing confined space, and training construction companies according to the Serious Accident Punishment Act. Especially, we have various consultative bodies and joint inspections with the Occupational Safety and Health Committee and partner companies. We listen to opinions and improve safety and health-related capabilities through cooperation. Also, we are continuously participating in the safety and health cooperation program hosted by the Korea Occupational Safety and Health Agency.

Q What are the internal and external safety issues and contemplations after the enactment of the Serious Accident Punishment Act?

A Rather than perceiving safety as a separate task, we wanted all members to recognize safety as a part of everyday life and work. While some think that the Serious Accident Punishment Act only emphasizes the responsibility of the management, we hope that everyone could recognize safety management as something realized through the cooperation of everyone. We also hope that everyone could come to work and leave work smiling at Kumho Tire. We must ensure that training and endorsement are not temporary events but maintained continuously.

Q What is the direction and future plans for Kumho Tire to play a leading role in preventing serious accidents?

A Accident prevention is not realized by the efforts of a single department. We will continue to continuously improve our business sites through reviewing safety and health processes, examining sites, and evaluations for all employees to recognize and adhere to accident prevention according to the interests and policies of the management on safety and health.

Inclusive Win-Win Partnership

Key Performance

Total Donation During 2019-2021

KRW 386.65 million

Total Number of Educational and Cultural Beneficiaries During 2019-2021

9,810 persons

Amount of Natural Rubber Use

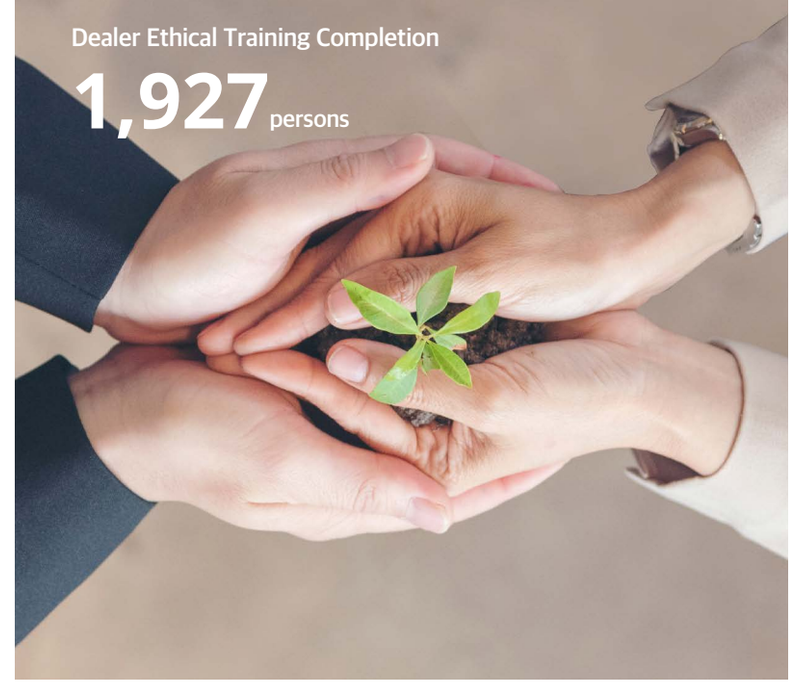
23.5 %

Partner Satisfaction Survey (89 partners surveyed)

87.5 pts/100pts

Dealer Ethical Training Completion

1,927 persons



Sustainability Context

The awareness that a company must bring positive influence to the society and pursue win-win growth as a member of the social community is growing. The culture of not only contributing to the development of the local community but also promoting sustainable growth with business partners is growing. An era in which corporate competitiveness could be maintained and strengthened only by promoting management of ESG issues such as safety, environment, economy, and human rights of suppliers to form a value-sharing management relationship from long-term perspective rather than carrying out benefit-oriented SME support activities has come.

Our Approach

The roles played by business partners throughout the whole process from procuring raw materials for tire production to product distribution are very important. Kumho Tire decided to take part in the effort to use sustainable raw materials by participating in the development of a global platform to procure natural rubber. Also, we conduct an interactive evaluation to share improvements in order to increase partners' ESG management capabilities and serve as a good partner to help them. In addition, capability strengthening training is provided for dealers serving as Kumho Tire's distribution channel and dealers are encouraged to participate in ethical management. Currently, all 1,407 dealers have signed the ethics pledge.

UN SDGs

1 NO POVERTY	1.5. Built the resilience of the poor and the vulnerable
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2. Achievement of sustainable management and efficient use of natural resources

Key Issue Analysis

Responsible Use of Raw Materials

Likelihood of Risk

Impact of Risk

SUSTAINABLE SUPPLY CHAIN

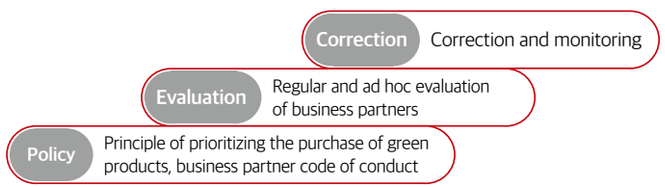
Supply Chain Management

Since EU's Supply Chain Due Diligence Act will be enacted in 2023, human rights and environmental risk management by domestic companies exporting to Europe has become essential. Kumho Tire's Portal of Supplier Management (K-POS) strengthens the foundation for sustainable growth with business partners, managing purchasing process and strengthening measures for ESG management and win-win growth for global competitiveness.

Supply Chain Management Activities

Kumho Tire complies with all laws and regulations as well as protecting its employees and stakeholders through a code of conduct based on labor rights, human rights, safety and health, environment, and ethical awareness. Also, we promote eco-friendliness by being aware of the green purchasing guidelines in the entire process encompassing supply, transportation, and unloading. We also prefer using products receiving green purchase certification for our consumable materials. We are also expanding green purchase as well as various activities such as discovering and introducing eco-friendly materials.

Supply Chain Management Process



Supply Chain

Category		Raw Material	Facility
Domestic	Total number of suppliers	117	530
	Number of key suppliers	45	6

2022 Target for Partners Signing the Code of Conduct

100% of key business partners (51 companies)

Supply Chain Evaluation

Business Partner Evaluation

Kumho Tire conducts regular evaluations of its employees every year to manage potential risks. Evaluation on six items including quality and supply stability is carried out according to the business partner evaluation checklist. Also, self-inspection such as mutual information exchange, internal safety management, and employee training is encouraged. In 2021, a total of 32 companies were selected and evaluated, and non-face-to-face document evaluation was conducted due to the continued high levels of the COVID-19 pandemic. In the future, we plan to carry out evaluations by strengthening ESG items.

Partner Evaluation and Management Index

Category	Quality	Supply	Technology	Management Status
Management Item	· Quality management system, process diagnosis, number of quality issues, etc.	· Inventory management, deadline compliance, qualified product management, implementation of production plan, etc.	· Technology infrastructure, basic competency and investment, and performance capability, etc.	· Financial soundness, follow-up management capability, supply response capability, etc.
	Environment	**Ethics/Human Rights**	**Labor/Safety**	**Governance**
ESG Perspective	· Air/water quality/waste and other environmental management procedures, environmental law compliance, etc.	· Code of Ethics and bylaws, anti-corruption issues, etc.	· Labor-management conflict/dispute, safety/health issues	· CEO management risk, sustainability management capability, etc.

Partner Company Regular Evaluation Completion Rate

61% (32 companies)

(Subject selection criteria : companies with transaction of 2 billion won in the previous year, companies evaluated poorly in the previous year, etc.)

Win-Win with Business Partners

Business Partner Satisfaction Survey

Kumho Tire conducts service satisfaction survey for its business partners every year for seamless communication and collection of opinions. The survey includes the five items of transaction satisfaction, delivery and ordering, employee satisfaction, K-POS satisfaction, and ethical management. The survey was conducted on 89 companies in 2021, reflecting the survey results in policies and systems for shared growth with partners.

Kumho Tire Satisfaction Survey Checklist

Area	Evaluation Items	Average Score
Transaction Satisfaction	· Rationality/fairness in transaction · Efforts for mutual growth · Receiving of suggestions and opinions	85.7
Delivery and Ordering	· Order deadline and procedures · Mutual information exchange on quality · Returns and complaint management procedure	84.9
Employee Satisfaction	· Business expertise · Fair business management and decision-making · Business etiquette	90.9
K-POS Satisfaction	· Fair and transparent bidding process · Usefulness of communication function (bidding information, notices, etc.)	83.3
Ethical Management	· Ethical management awareness and execution ability · Prohibition of unreasonable conditions · Implementation of campaigns prohibiting provision of money, goods/entertainment · Level of ethical policy implementation including operation of the cyber reporting office	92.8

Satisfaction Survey Results

Category	Unit	2019	2020	2021
Satisfaction	Pts	87.9	87.4	87.5
Number of Partner Companies Surveyed	Company	104	103	89

Implementation of Clean Contract System

Kumho Tire introduced the Clean Contract System from 2020 to enhance transparency and fairness in the bidding and contracting process to prevent unhealthy practices in advance. We hope to expand Kumho Tire's ethical management by inducing those in managing contracts to transparently disclose the contract and purchase process and to ensure sound execution. In addition, the existing written contract process was converted into electronic documents to promote positive changes for the environment in 2021.

Details of the Clean Contract System

· Compliance with Kumho Tire's Code of Ethics
· Good faith and legal compliance
· Prohibition of coercion of unfair trade using superior position in the process of contract signing and execution
· Prohibition of requesting and receiving non-transactional money, goods, and entertainment
· Improvement of win-win cooperation with business partners through provision of fair and transparent opportunities
· Expansion of ethical management through contract restrictions of unethical partners

Win-Win with Dealership

Competency Strengthening of Dealership

Since the capabilities and competitiveness of dealership as a key partner in customer encounter is the starting point of Kumho Tire's competitiveness, expert training is being provided for Tire Pro store owners and employees. The sales training center in Daejeon is the industry's first tire expert training center established by Kumho Tire, providing tire-related inspection, basic light maintenance, and imported car expert courses. The center is also equipped with special equipment for ultra-high performance tires for customers to visit anytime with confidence.

Dealership Competency Strengthening Program Performance

Dealership Training Program		Persons Completing Training
Sales Force1	Tire introductory course	13
	KTS on-site customization	15
Sales Force2	Service & Sales course	24
Sales Force3	Imported car expert course	14
Special Training	Management consulting course	58
	Industry-university cooperation course	7
	On-site customization course	1,849
Total		1,980

Practicing Fair Trade

Kumho Tire complies with fair trade, striving to prevent unfair trade practices in all trading activities including supplier selection, contracts, and transactions. The board of directors appoints a compliance officer to report on compliance control activities once a year, operating a reporting and reward system to eradicate unfair practices. In addition, the training on fair trade for employees, which had been suspended from 2022 due to COVID-19, will be resumed.

Communication with Dealership

We can expect a synergy effect when more stakeholders participate in Kumho Tire's ESG management. Therefore, our network of dealers are also provided ESG-related news through the internal community on a regular basis to keep pace with the ESG era and to increase competitiveness. This contributes forming a strong relationship with the agency and building a foundation to further increase sales.

Dealership Ethical Management

Kumho Tire prepared code of conduct for mutual growth with dealership based on mutual trust and partnership. In addition to mutual respect for honor, we encouraged signing a pledge to participate in ethical management containing faithfulness, law-abiding spirit, fair trade, and information protection, which are necessary in order to achieve the common goals of customer satisfaction and customer trust. In 2021, 100% pledge signing rate was achieved, including 78 new agencies.

Dealership Ethical Pledge Signing in 2021

Ethical Pledge Signed by

100% of dealership

(1,407 dealership as of Dec 2021)

Ethical Training for Dealership in 2021

Dealership Ethical Training in 2021

1,927 persons

Dealership Ethical Training Plan in 2022

Dealership Ethical Training in 2022

545 persons accumulated in April

(Goal for 2021: 666 persons)

Global Platform for Sustainable Natural Rubber (GPSNR)

With the change of natural rubber growing regions with climate change and increased global demand for natural rubber, sustainable management of supply chains has become an essential element for forest protection, biodiversity, and sustainable development for local communities. Based on its awareness of natural rubber supply chain management, Kumho Tire has been a founding member of the 'Global Platform for Sustainable Natural Rubber (GPSNR) since 2018. To enhance the sustainability of natural rubber, we established a policy on natural rubber by reflecting the GPSNR standards and disclosed the policy on our website. In 2022, we plan to actively review ways to participate in GPSNR to improve the living environment for small-scale natural rubber farms as well as protecting labor rights and the environment.

***GPSNR:** Global Platform for Sustainable Natural Rubber

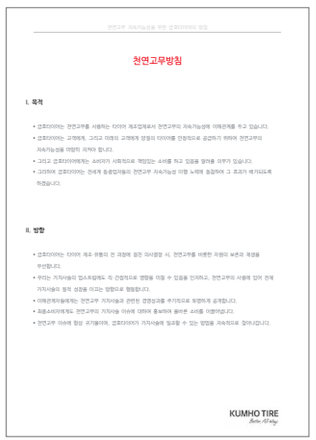
Natural Rubber Policy

Kumho Tire is participating in efforts to implement natural rubber sustainability as a tire manufacturer. Furthermore, we are obligated to supply high-quality tires to current and future customers with a stable supply of natural rubber, and to encourage consumers to consume in socially responsible manner. Therefore, we will enact a natural rubber policy to expand sustainability.

Natural Rubber Polic

Directions for Kumho Tire's Natural Rubber Policy

- Conservation and generation resources including natural rubber are prioritized when making decisions throughout the entire process of tire manufacturing and distribution.
- Recognizing the use of natural rubber may directly or indirectly affect the upstream of the value chain, we will act in a direction leading to the qualitative growth of the entire value chain.
- Business performance related to the natural rubber value chain is disclosed periodically and transparently to stakeholders.
- The natural rubber value chain issues are promoted to end-users aL| well, promoting correct consumption.
- We will always listen to natural rubber issues and continue to find ways for Kumho Tires to contribute to the value chain.



천연고무방침

I. 목적

II. 방향

KUMHO TIRE

Proportion of Natural Rubber

(Unit: %)

SOCIAL CONTRIBUTION

Social Contribution Strategies and Systems

Kumho Tire engages in social contribution activities based on the factors of neighbor, youth, and environment. Neighbors requiring continuous attention of the community, children and adolescents needing adequate and healthy growth, and the environment that must be cherished by everyone in the community are valued in expanding social value. We will serve as a smart mobility partner always by your side as the stakeholders including the local community envision a better future.

Social Contribution Road Map

Kumho Tire has established and implemented a mid-to long-term road map for social contribution, focusing on the three areas of educational donations for nurturing future talent, support for the underprivileged in the local community, and carbon reduction for its social contribution initiatives. We plan to discover and implement projects linked to the 17 UN Sustainable Development Goals in stepwise manner until 2025. Furthermore, we hope to contribute to the spread of social impact by continuously discovering and promoting business-related social contribution projects. Also, we will intervene more actively in resolution of social problems through reducing our dependency on external partners and establishing social contribution projects based on our own value chain.

Mid-to Long-Term Social Contribution Activity Plan

TURNING POINT
Conversion to contact-less social contribution activities due to the spread of the COVID-19 pandemic

UN SDGs SET-UP
Strengthening of Connection to Issues
Finding and expansion of social contribution projects connected to UN SDGs

CSV & IN-HOUSE
Strengthening of Connection to Value Chain
Impact Creation Through Promotion of Social Contribution Projects Connected to Business

Key Activities in 2021

Kumho Tire expanded non face-to-face activities for social contribution activities to be not cut off due to the COVID-19 outbreak. We created new activities while strengthening the existing educational donation activities with continuity. We newly discovered and implemented creation of classroom forests and mentoring projects for children affected by traffic accidents through business-related social contribution activities.

Theme	Activity Details	Activity Period
Environment	Kumho Tire's Carbon Offset Forest	2015 - 2019
	Creating a Visiting Kumho Tire Visiting Forest Gangwon-do Forest Restoration Forest Creation	Apr 2021 - In progress
	Children's Climate Environment Campaign "Green Campaigner"	Feb 2022 - In progress
Education Donation	Children's Traffic Safety Education "All-ways, go with you"	2020 - In progress
	Adolescents' School Violence Prevention Education	2018 - In progress
The Underprivileged	Employment Mentoring for Children of Victims of Traffic Accidents	Jun 2021 - In progress
	Together Green Classroom of Hope	2016 - In progress
	Kumho Tire's Santa Expedition	2017 - In progress
	COVID-19 SAFE BOX	Feb 2021

Accumulated Number of Beneficiaries
9,810 people
(Accumulated during 2019 - 2021)

Donations Accumulated During 3 Years
KRW 386,651,200
(Accumulated during 2019 - 2021)

Education Donation with Our Children

Kumho Tire is making various efforts to provide a platform for education with the goal of donating education to nurture the proper values and healthy spirit of children and adolescents, our future dreamers, including signing an MOU with the Ministry of Education in 2011. Even when face-to-face activities are restricted due to the COVID-19 pandemic, we are carrying out activities for quality education for all and eradication of all kinds of inequality in the UN Sustainable Development Goals included in the UN Sustainable Development Goals.

Children's Traffic Safety Education "All-ways, go with you"

Kumho Tire carries out 'Children's Traffic Safety Education'. The program started with 8 schools in 2020 and provided education for a total of 18 schools in 2021. The program is designed so that children can learn traffic safety rules in an easy and fun way, including dance routines and traffic safety kits. With the recent increase in smartphone use, we maximized educational effect through customized programs such as education aiming to prevent traffic accidents caused by carelessness while walking, decorating the 'safe way to school' book with stickers, and traffic safety Golden Bell quiz.

Children Traffic Safety Education with Kumho Tire in 2021

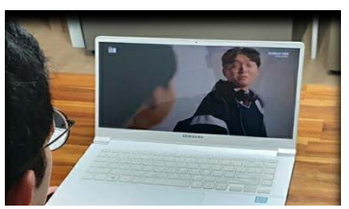
3,051 children in **18** schools

Adolescents' School Violence Prevention Education

Kumho Tire prepared a talk concert-like educational video inspired by Hermann Hesse's Demian for three consecutive years for adolescents to naturally recognize the problem and severity of school violence. The videos were posted on YouTube for adolescents to be able to watch the videos easily through their mobile phones. The musical format of the videos make them more familiar for adolescents. School violence prevention education for adolescents is provided to contribute to formation of correct values and personalities and to suggest building stable interpersonal relationships to contribute to eradication of school violence.

Violence-Free School Life with Kumho Tire in 2021

1,246 adolescents in **5** middle schools



Project Supporting Children Affected by Traffic Accidents

Kumho Tire carried out a support project to alleviate the economic and psychological difficulties experienced children and dependents of traffic accident victims with the cooperation of the Korea Transportation Safety Authority in June 2021. As part of the project, 60 children of traffic accident victims were provided with career aptitude tests and EBS textbooks. Also, the children preparing for employment and our employees were matched 1:1 for self-introduction preparation and employment monitoring.

Project Supporting Children Affected by Traffic Accidents in 2021

Total of **60** children

Business-Related Social Contribution Activities

We are actively developing social contribution activities related to business in order to spread the shared values pursued by Kumho Tire.

Donation for the Underprivileged For a Better Future

Kumho Tire is continuing to fulfill its social responsibilities for underprivileged children as a member of the local community, together with the Green Umbrella Children's Foundation and Seoul Salvation Army Welfare Center to help underprivileged children design and prepare for a healthy and happy future. The in-house club 'Hansaranghhoe' comprising of executives and employees, is continuing its interest and heartwarming donations for the vulnerable in the local community.

Study Room of Green Hope

Kumho Tire has been implementing its 'Green Study Room of Hope' educational environment improvement project from 2016 for young people, our future growth engines, to focus on their studies with hope. We have been decorating the study rooms of youth from low-income families with household items including furniture and laptops for them to grow up with dreams and hopes for a better future. As a result of active project promotion over the past 6 years, a total of 27 study rooms have been opened.

Opening of Green Study Room of Hope

27 study rooms opened in **6** years

In-house Volunteer Club 'Han-Sarang Association'

Han-Sarang Association, consisting of 927 employees of Kumho Tire, helps the underprivileged with the amount of money voluntarily deducted from their wage (KRW 24 million). The members of the club share holiday food and kimchi for the elderly living alone and the underprivileged to have abundant holidays.

Kumho Tire Santa Expedition

Kumho Tire has been donating Christmas gifts from 2017 to help underprivileged children spend a warm and happy Christmas. Employees prepared handwritten letters and gifts for 61 children living in welfare centers whose material resources were cut off due to the prolonged COVID-19 pandemic.

Kumho Tire Santa Expedition 2021

carried out for **5** consecutive years **61** children

COVID-19 SAFE BOX

Kumho Tire has been implementing the 'Pink Box' project, a project sponsoring female sanitary products for female adolescents from 2018 to guarantee the right to health of underprivileged children and to alleviate economic burden of purchasing necessities.

In 2021, 200 underprivileged children suffering from the prolonged COVID-19 pandemic have been provided with personal protective goods, a part of Kumho Tire's efforts for the health and safety of children.

SAFE BOX with Kumho Tire

200 SAFE BOX beneficiaries in 2021

Accumulated **450** beneficiaries of the Pink Box Project

Carbon Reduction Activities

With the acceleration of global warming caused by the increase of greenhouse gas emission, resulting climate change is emerging as a serious social problem. In order to realize the environmental value of restoring the environmental ecosystem and actively responding to climate change, Kumho Tires has continuously pursued carbon reduction activities by implementing forest creation activities. Although our social contribution activities have been stopped in 2020 due to the impact of the pandemic, we were able to carry out climate change response activities by connecting the 'Class Forest Creation' project with educational donation projects. In 2022, we implemented the 'Green Campaigner', children's climate and environmental education, to help future generations to actively empathize with climate and environmental crisis issues.

Expansion of Classroom Forest Creation

Kumho Tire has been carrying out contact-less 'School Environmental Education' for elementary school students in Seoul once a year since 2021, growing plants, writing a diary for companion trees, watching environmental education videos, and recognizing the seriousness of various environmental problems. The project had the educational effect of allowing elementary school children grow potted plants, communicate with plants, and realize the true meaning of life. We will continue our efforts to raise awareness of the climate crisis, global warming, and other environmental problems for children.

21 classrooms and **559** trees in 2021

Total accumulation of **811** trees planted in 2 years

Future Generation Climate Environmental Sensitivity Development Program

Kumho Tire is carrying out 'Green Campaigner', a climate environment education program for elementary and middle school students in 2022. After learning the various phenomena, causes, and severity of the climate crisis, children plan and practice their own climate change responses according to the campaign principles for resolving the climate crisis, recognizing climate issues and growing up as a responsible citizen.

INTERVIEW

Future Generation Climate Environmental Sensitivity Development Program

"Through the campaign, I realized the importance of doing things together and making a difference. I hope to put this determination into practice by eating vegetarian food, separating waste, and reducing the amount of waste as means of saving the planet."

Building a Carbon Offset Forest

Kumho Tire collaborated with Seoul and Jong-no-gu from 2015 to 2019 to create carbon offset forests on Mt. Bukhan and Mt. Inwang with our employees and citizens of Seoul participating. Through this effort, we were able to implement the goals of the Paris Agreement in 2015 and made efforts to restore the urban ecosystem and reduce greenhouse gas emissions as an eco-friendly activity to respond to the threat of climate change.

Despite the prolonged COVID-19 pandemic, we planted 19,364 trees during the last five years. This number of trees can absorb 1,379 tons of carbon dioxide during the next 30 years.

19,364 trees planted during the last 5 years with the effect of absorbing **1,379** t of carbon dioxide during the next 30 years

Governance
75
Compliance
79
Information Security
82
Risk Management
85

GOVERNANCE

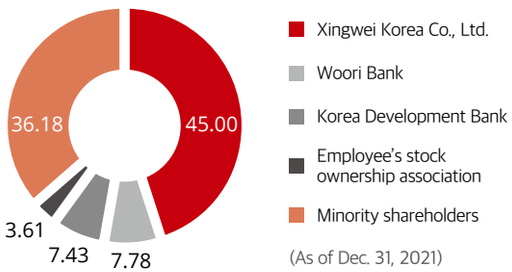
GOVERNANCE

Improvement of Shareholder Rights

Kumho Tire has introduced various communication methods to ensure that corporate decision-making aligns with the interests of all shareholders and investors. We believe that the company could develop only when stakeholders freely express their opinions and express their rights, and provide and notify sufficient information on the date, place, and agenda prior to regular shareholders' meeting. We are moving towards a common vision by protecting the rights and interests of shareholders, providing equal treatment, and actively providing information.

Shareholder Composition

Shareholding Ratio (%)



(As of Dec. 31, 2021)

Number of Shares

Shareholder	Share Holding Ratio	Number of Shares
Xingwei Korea Co., Ltd.	45.00%	129,267,120
Woori Bank	7.78%	22,357,561
Korea Development Bank	7.43%	21,339,320
Employee's stock ownership association	3.61%	10,364,298
Minority shareholders	36.18%	103,931,979
Total	100%	287,260,287

Shareholder-Friendly Activities

Kumho Tire holds regular conference calls and face-to-face IR meetings for domestic and foreign investors such as stock analysts and fund managers from asset management companies. Frequent IR meetings were held with 30 sessions for 40 organizations in 2021 and approximately ten sessions for approximately ten organizations at the end of June 2022. In addition, we provide timely appropriate information to shareholders through annual, semi-annual, and quarterly regular disclosures of performance and occasional disclosure of major management matters, actively sharing relevant performances through direct communication with our shareholders.

Strengthening of Corporate Governance Structure

Kumho Tire has been making efforts to build a transparent governance structure, including purchasing directors and officers liability insurance separation of the CEO and the chairman of the board the appointment of a female director, and management supervision of the board of directors. We are pursuing a more systematic improvement in governance in 2022 through the working groups within the ESG governance structure comprising of working-level organizations led by the Head of Strategy Planning & Administration Division.

Governance Key Details

Disclosure of directors' remuneration	Separation of the CEO and the chairman
One female director in the board of directors	Purchase of executive liability insurance

Korea Corporate Governance Service (KCGS) ESG Evaluation

Category	2019	2020	2021
Governance	B+	B+	B+

Board of Directors

Board of Directors Composition

Kumho Tire has established a transparent decision-making system through the board of directors with diversity and expertise. As of March. 31, 2022, the board of directors consists of a total of 9 members including 2 inside directors, 2 non-executive directors, and 5 independent directors. The chairman is Chai Yong Sen, the chairman of Double Star Group, a major shareholder of Xingway Korea (a major shareholder of Kumho Tire), separated from the CEO.

이사회 구성

(As of Mar. 31, 2022)

Category	Name		Gender	Nationality	Career	Expertise	Term
Internal Directors	Iltaik Jung		Male	Korea	Current President & CEO of Kumho Tire	Management	May. 7, 2021 - May. 6, 2024
	Yangki Chae		Male	Korea	Current CEO of Kumho Tire	Management	Nov. 27, 2020 - Nov. 26, 2023
Non-executive Directors	Chai Yong Sen		Male	China	Current Chairman of the Doublestar Group	Management	Jul. 6, 2021 - Jul. 5, 2024
	Zhang Jun Hua		Female	China	Current CEO of the Doublestar Group	Accounting	Jul. 6, 2021 - Jul. 5, 2024
Independent Directors	Jonggil Kim		Male	Korea	Current lawyer at Dongin Law Firm	Law	Jul. 6, 2021 - Jul. 5, 2024
	Hongyup Choi		Male	Korea	Current professor at the Chosun University College of Law	Law	Jul. 6, 2021 - Jul. 5, 2024
	Hansuh Gu		Male	Korea	Former President and CEO of Dongyang Life Insurance Co., Ltd.	Management, Finance	May. 19, 2020 - May. 18, 2023
	Jinyoung Kim		Male	Korea	Former President and CEO of Gwangju Ilbo	Management, Media	Jul. 6, 2021 - Jul. 5, 2024
	Moonsun Song		Male	Korea	Former Vice President of Korea Development Bank	Finance, Accounting	Mar. 30, 2022 - Mar. 29, 2025

Business Report

Diversity of the Board of Directors

Kumho Tire elected its board of directors based on the principle of no discrimination, including discrimination based on gender, ethnicity, race, or national origin. Our independent directors have specialized experience in finance, accounting, law, and corporate management. We have formed a group of independent directors with no stake in the company and have verified their independence in order to improve the efficiency of board of directors. Based on our board of directors, we are making substantial deliberation on different agendas and are effectively monitoring management's work.

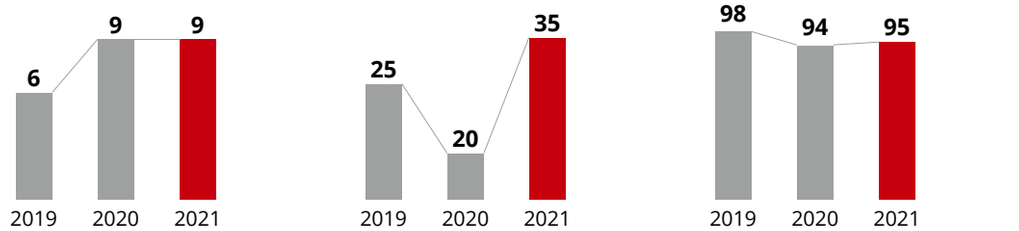
Fair Appointment of Directors

Kumho Tire's directors are appointed by the recommendation of the board. Outside directors are appointed in compliance with the qualifications for appointment of independent directors under Article 382 Paragraph 3 and Article 542 Paragraph 8 of the Commercial Act. Especially, those with direct or indirect interests with the company, such as being employed by an affiliate or majority holders, according to Article 34 Paragraph 5 of the enforcement decree of the same act, are judged to have difficulties in faithfully performing their duties as an independent director and are excluded from the appointment. Recommendation for independent directors is carried out through the procedures stipulated in the regulations and articles of incorporation of the 'Independent Director Nominating Committee', and the candidates are thoroughly reviewed in accordance with the qualification requirements when nominated. Kumho Tire will transparently disclose the process and decision-making of appointing directors to lay the groundwork for the participation of various shareholders.

Board of Directors Operation

Boards play an important role of supervising management. The Strategy Planning Division supports the best decision-making of the board of directors by providing information on agenda items and prior reporting. Also, the finance, HR and strategy planning sectors support and manage the activities of four committees under the board of directors. Major ESG performances and climate change response plans of 2021 have been reported at the first and second regular board meetings in 2022, and establishment of a climate action system (1 case) through CDP participation was approved.

Board of Directors Operation



Number of BOD Meetings Held (Unit: Times)

Resolved Agenda (Unit: Cases)

Board of Directors Meeting Attendance Rate (Unit: %)

BOD Compensation

(As of 2021)

Category	Number of Persons	Total Remuneration (KRW 100 million)	Average Remuneration per Person (KRW 100 million)
All directors and auditors	11	1,318	120
Registered directors (Excluding independent directors and members of the audit committee)	5	1,063	213
Independent director (Excluding audit committee members)	2	103	51
Audit committee members	4	153	38

Company Governance Report

Strengthening of Management Supervision Function Through Subcommittee

Kumho Tire operates the 'Audit Committee, Independent Director Nominating Committee, Strategic Steering Committee, and Compensation Assessment Committee' within the board. As for the Audit Committee, all members are independent directors, securing independence and transparency. Also, the majority of the Independent Director Nominating Committee is composed of independent directors, complying with relevant laws and internal regulations. The Strategic Steering Committee supports the board of director's strategic decision-making and the Compensation Assessment Committee, in which the CEO participates as a member, evaluates the performance of employees and is in charge of deliberation on compensation.

Committee Composition and Operation Status

Committee	Activities	Committee Head	Directors	Times Hosted
Audit Committee	Auditing of the company's accounting and operations	Moonsun Song (Outside Director)	Jonggil Kim, Hansuh Koo	5 times
Independent Director Nominating Committee	Recommendation of independent director candidates	Jonggil Kim (Outside Director)	Zhang Jun Hua, Hongyop Choi	1 times
Strategy Operation Committee	Decision-making on the key strategies of the company	Iltaik Jung (CEO)	Yangki Chae, Chai Yong Sen, Zhang Jun Hua, Hansuh Koo	12 times
Compensation Assessment Committee	Organization and employee performance evaluation and review	Hansuh Koo (Outside Director)	Iltaik Jung, Zhang Jun Hua	7 times

Plans to Improve Expertise in ESG

Board members should regularly participate in internal and external training to effectively complete job duties. Directors need proper understanding of their position as well as sufficient time for grave decision-making and efforts to improve their expertise. We plan to provide training programs to all directors on overall ESG management corresponding environmental, social, and governance.

Audit Organization

Kumho Tire is striving to establish ideal governance structure and ensure sustainable management through fair and transparent auditing by the Audit Committee under the board of directors and external auditors.

Auditing Committee

Kumho Tire identifies whether accounting and business operations are being carried out in legal and rational manner through the audit committee. The audit committee is guaranteed of its independence for objectivity, and internal mechanisms to ensure that the committee can audit key matters of the company immediately have been established. Business report request and investigation of the company's business and property status are carried out, and the performance of the director's duties is supervised. In addition, relevant training is provided to strengthen the expertise of audit committee members, and our accounting department supports activities as an assisting organization for the auditing committee.

External Auditors

Kumho Tire appoints independent external auditors to ensure fairness and transparency of accounting information. We must be audited through an accounting firm designated by the Securities & Futures Commission until 2023. When directly appointing auditors, we strive to select the optimal external auditor by considering competence and expertise as key factors. Also, we make final decisions by evaluating the concreteness, feasibility of audit implementation, and auditing fee according to our policy. The audit committee holds meetings with external auditors at least on a quarterly basis to ensure seamless communication and will continue to have regular communications to serve as a bridge connecting the audit committee and external auditors.

Training Related to Auditing in 2021

Training Date	Training Topic	Attending Auditing Committee Member	Key Contents of Training
Jul. 22, 2021	Samjong KPMG	Young-Hyun Lee	Study on the Cases of Auditing Committee Activities

Tax Strategy

Kumho Tire complies with the policies related to transaction price and prohibition of tax havens, and submits BEPS* report to the tax authorities annually. The deadlines for filing/payment for all taxable tax items (corporate tax, value-added tax, withholding tax, local tax, and comprehensive real estate holding tax) are complied with, enhancing our credibility from tax authorities. Also, internal issues are reviewed to prevent penalty taxes. Kumho Tire adjusts a transfer price with the arm's length price, and ensures that relavant tax issues do not occur throughout international transactions. Tax-related organizations consist of the Head of Strategy Planning & Administration Division, senior Vice President of Accounting & Management, the head of the accounting team, and the tax part.

***BEPS(Base Erosion and Profit Shifting):** The act of a multinational corporation evading tax by establishing an offshore company in a country where favorable tax rates are levied under a tax treaty

COMPLIANCE

Ethical Management System

Kumho Tire aims to become a company trusted by all stakeholders by carrying out business activities complying with not only economic and legal responsibilities, but ethical expectations of the society. To that end, a long-term plan to advance the ethical management system and to strengthen the ethical awareness of employees has been established. Since the second half of 2002, we have set the organization, institutions, training and implementation programs to internally encourage our employees to participate in a company-wide ethical management.

Revision of Code of Ethics

Kumho Tire recognizes that creating an ethical corporate culture is necessary to become a sustainable company. The code of ethics has been revised during the first half of 2022 by reflecting the latest ethical issues including human rights, intellectual property, and compliance of overseas business sites and other issues. We are encouraging all employees to apply the revised code of ethics and bylaws to daily routine work. We will promote an ethical corporate culture to make sure that all employees are able to make decisions based on the code of ethics.

Code of Ethics

1. Kumho Tire and its executives will do its best to satisfy the customers and ensure customer trust through the quality of product and service.
2. Kumho Tire and its executives will process the work based on the trust and sincerity, abide by the regulations, and respect the trade customs and order.
3. Kumho Tire and its executives will work hard to create a satisfying workplace that we all cultivate based on the management of human respect.
4. Kumho Tire will provide equal opportunities to all the employees and treat the employee equally and justly depending on the capability and performance.
5. The executives will maintain the group's reputation and individual dignity, and act to receive respect and trust from the customers and the trading partners.
6. The executives will not request or receive any monetary or non-monetary benefit of any type from the interested party related to the work.
7. The executives will not use the corporate assets for personal interest and in cases where the work conflicts with the personal interest, will act by putting the corporate benefit with higher priority.

Code of Ethics and Bylaws

Implementation of Ethical Management

Kumho Tire established the ethics pledge, code of ethics, and self-evaluation in four stages in 2021. Training on code of ethics and bylaws was provided in May 2021 through video materials, and compliance with the Code of Ethics and pledges were made in June. We also conducted a self-evaluation on compliance of Code of Ethics, and the performance details of training were reported in December.

Implementation of Ethical Management in 2021

Category	Activities	Schedule	Details
1st Step	Notification of the implementation of the code of ethics and bylaws training	May 2021	In-house training on code of ethics and bylaws (video materials)
2nd Step	Code of ethics compliance pledge	Jun 2021	Writing of the code of ethics compliance pledge (individual agreements)
3rd Step	Code of ethics compliance self-evaluation	Dec 2021	Writing of code of ethics compliance self-evaluation (individual agreement)
4th Step	Completion report	Dec 2021	Training results reporting (details)

Number of Employees Signing the Code of Ethics Compliance

1,498 persons*

(Current employees excluding technical employees)

Reinforcement of Employees' Ethical Awareness

Kumho Tire established and is operating an internal diagnosis system and a reporting system for misconduct in order to promote ethical corporate culture and to internalize ethical management. We are eradicating unethical behavior and pursuing a desirable work environment through online and offline reporting channels, and protecting whistleblowers according to strict protection principles. Also, we are encouraging employees and business partners to strengthen their ethical awareness and to practice ethical management through continuous ethical awareness campaigns.

Training on Ethical Awareness

Kumho Tire conducts online education on the contents of code of ethics, the importance of complying with the code of ethics, violation cases and countermeasures for all employees every year to promote a transparent and fair corporate culture. We raise awareness of the code of ethics through training on code of ethics and inspire the determination to practice the code of ethics autonomously.

Ethical Education for Employees 2021

100% of employees completed the course

Anti-corruption Campaign

To ensure ethical management, we carry out the 'Clean Holiday Campaign' every lunar new year to prohibit the acceptance of gifts and bribes. We are also operating a reporting center and gift return center to build a credible corporate culture. Also, we are actively guiding our partners to participate in the campaign.

Compliance Management System

Kumho Tire considers compliance with relevant domestic and international business laws to be the fundamentals of ESG management and strives to implement sustainable compliance management through an internal diagnostic system, compliance self-audit and compliance support personnel activities. Training on Fair Trade Act, which has been suspended due to the COVID-19 pandemic, will be normalized sequentially from 2022 to improve ethical awareness of employees and spread the culture of ethical compliance.

Internal Diagnostic System

Kumho Tire operates an internal diagnosis system along with the internal accounting management system and compliance officer system based on relevant laws as part of its internal control system. We have introduced an internal diagnosis system to check risk items that may occur during the approval stage and everyday work of each department to enhance the independent risk management capabilities of all employees.

Compliance Self-Audit

Kumho Tire is conducting self-audit on compliance as well as preventing risks in advance. A compliance officer (team leader level) voluntarily inspects unfair trade practices and violations of related laws in 14 fields and approximately 700 items of all domestic and overseas sectors twice a year, carrying out corruption risk prevention through sharing cases of fair trade-related violations, requesting compliance, and posting amendments to the law. The compliance officer continuously checks whether non-compliance items have been corrected based on the results of self-audit, reporting the results to the regular board of directors every year.

Key Items of Self-Audit

Field	Relevant Laws
Asset	Fair Trade Act, Foreign Exchange Transaction Act, Capital Market and Financial Investment Business Act
Information	Personal Information Protection Act, Information and Communications Network Act, Unfair Competition Prevention and Trade Secret Act
Intellectual Property Rights	Copyright Act, Design Protection Act, Patent Act, Utility Model Act
Marketing	Trademark Act, Act on Fair Labeling and Advertisement
Labor	Labor Standards Act, Labor Union and Labor Relations Adjustment Act, Worker Participation and Cooperation Promotion Act

Field	Relevant Laws
Purchase	Subcontract Fair Trade Act, Fair Trade Act
Environment	Sewerage Act, Air Conservation Act, Waste Management Act, Hazardous Chemicals Management, Green Growth Framework Act
Industrial Safety	Occupational Safety and Health Act, Firefighting Framework Act, Industrial Accident Compensation Insurance Act, Dangerous Substances Safety Management Act
Customer Service	Consumer Basic Act, Consumer Damage Regulations, Product Liability Act
Export	International Convention, Foreign Trade Law, FTA, Customs Law

Operation of an Honest Compliance Monitoring System

Cyber Reporting office

We are operating a cyber reporting office in order to effectively detect unfair business practices and misconduct by employees and to guarantee the anonymity of whistleblowers. In addition to receiving reports by phone, mail, and e-mail, we operate a cyber reporting office on our website to enhance accessibility. We are encouraging the activation of reporting on a semi-annual basis through notice on the group ware. Also, we provide translated version of the contents for the overseas business sites to not experience language barriers.

Number of Reports in 2021

Category	Cyber Reporting	Hot-line	Mail	E-mail (Ethical Management Counseling Center)	Total
Number of Cases	31	0	1	0	32

The Principle of Protecting Whistleblowers and Informants

Kumho Tire is taking appropriate measures and efforts to protect the whistleblower and informants from any revenge or penalty, managing the identity of informants completely anonymous.

01
Criteria for Whistleblower Protection

02
Mandatory Standards for Whistleblowing

03
Criteria on Protection of Informants and Whistleblowers

04
Criteria for Burden of Proof and Exemption

Misconduct Reporting System

we operate a corruption reporting system and a reward system for informants to strengthen ethical awareness and ethical management. Not only employees but all stakeholders including partners and contractors can report corruption, anti-social behavior, and unfair practice and can get a reward money of a minimum of KRW 500,000 to a maximum of KRW 1 billion. Operating guidelines for the whistleblower system has been established to protect the whistleblower and to prevent and eradicate unethical behavior.

Ethical Management Infringement and Measures

Kumho Tire transparently manages and takes measures against internal diagnosis results and reporting on unethical acts. In 2021, 7 cases of ethical infringement have been penalized. We will continue to uphold our spirit of ethical compliance, conducting ethical management.

Measures Taken for Ethical Management Infringements

Category	2019	2020	2021
Dismissal	0	0	0
Suspension	0	1	2
Pay Cut	6	3	0
Reprimand	11	5	2
Warning	8	10	3
Total	25	19	7

INFORMATION SECURITY

Information Security System

Information Security Management System

All employees at Kumho Tire are subjects of information security. We carry out information security diagnosis and evaluation through the information security management system to protect corporate values and information assets. Each of our employees abides by the information security management system process and we are preparing to acquire TISAX* certification.

***TISAX (Trusted Information Security Assessment Exchange) :** Global information security certification system

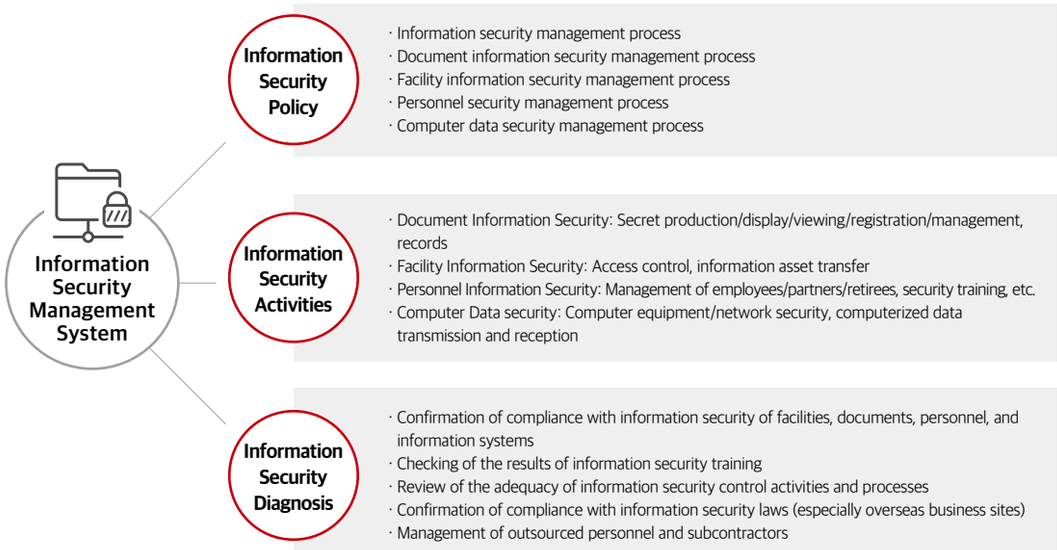
Information Security Policy and Activities

Kumho Tire's information security policy comprises of documents, facilities, personnel, and computer data security management processes. We regularly carry out information security diagnosis activities at least once a year for all business sites, additionally conducting special diagnosis when necessary. The information security department carries out diagnosis and preventative measures for results improvement, regularly reporting improvement implementation to the management.

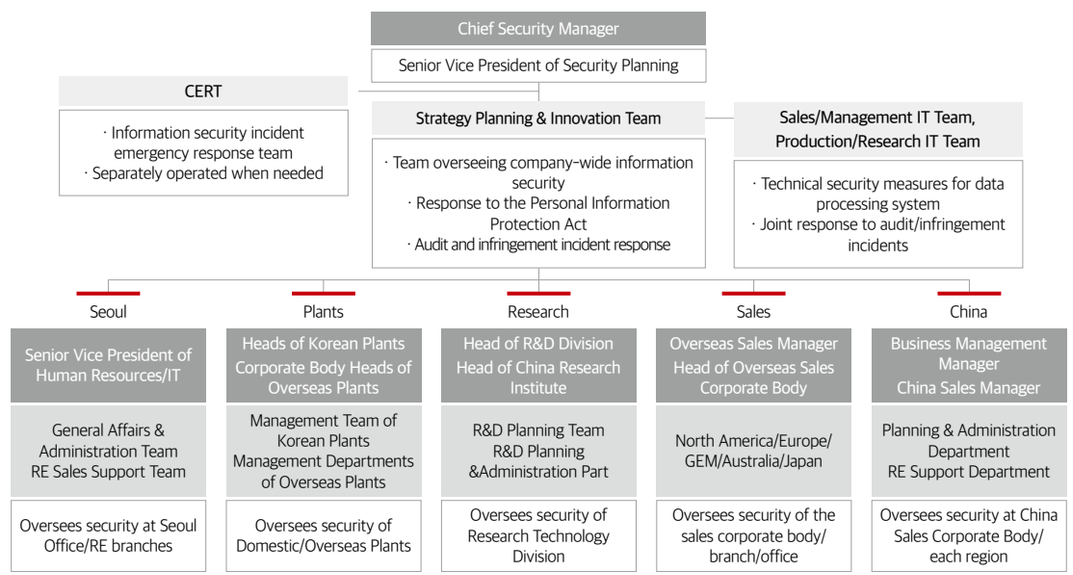
Information Security Operation Organization

Kumho Tire's information security operation organization carries out regular and special information security diagnosis as well as follow-up activities to stably manage information security. Also, we are working to improve the information security management process to quickly respond to the information security incident to prevent and minimize damage.

Information Security Management System



Information Security Operation Organization



Strengthening of Information Security

Building a Document Centralization System

Kumho Tire is establishing a Document Centralization System in order to prevent information security incidents and to prevent recurrence by tracing the route in case of incident occurrence. Starting with the Central Research Center, we plan to expand the system to business sites home and abroad, focusing on preventing information security incidents through advanced systems in the future.

Step 1	Step 2	Step 3
Central Research Center/IT (To be completed in Aug 2022)	Head office and domestic plants /overseas research institutes (Schedules for 2023)	Overseas corporate bodies/overseas plants

Background and Effects of Establishing a Document Centralization System

Backgrounds	Effects of Introduction
Occurrence of loss of time, resource, and opportunity cost of document loss	Prevention of loss and leakage through establishment of integral document management, central management of content, security reinforcement and other access control and history management
Loss of productivity and waste of storage devices due to neglected data	Saving storage space of removal of duplicate files
Increasing ransomware threat threatening corporate digital assets	Improvement of productivity through systematization of document management, providing convenience of document inquiry, and providing a seamless document sharing/collaboration environment
Reduced productivity due to lack of cyberspace for cooperation/collaboration	Various access control, history management, document export management, and document leakage prevention
Increased concern for losses due to personal PC storage	Desktop virtualization system linkage, ease of providing smart work environment

Establishment of Privacy Protection System

Kumho Tire considers the personal information of users to be important and has established various systems and policies for personal information protection. Data is encrypted or a specific security feature is applied according to its importance, safely transmitting personal information over the network through an encryption algorithm. Also, we signed a contract with IDT to operate system services in order to comply with domestic and foreign personal information protection laws from November 2019 to January 2022. We have established and have been operating our own security system, and we will continue to strengthen information security by continuous system upgrades.

Desktop Virtualization

We introduced Virtual Desktop Infrastructure* (VDI) on a trial basis in 2020 to minimize the cost of business PCs and enhance security. This enabled us to apply integrated security system minimizing support tasks such as installation of business PCs and fault handling, as well as enabling central management. In 2021, we supported a phased transition to VDI for those working from home or the office to adapt easily to the system.

*** VDI (Virtual Desktop Infrastructure):** A technology allowing to create another computer that does not exist physically but works inside an actually working computer

Customer Personal Information Management

Tire Pro, Kumho Tire's tire specialty distribution brand, manages customers' personal information in compliance with the information collection and notification requirements under the Personal Information Protection Act.

Employee Information Security Training

We provide mandatory information security training at least twice a year to raise employees' awareness on information security. We also provide online training on information protection and information leakage prevention.

Information Security Training Participation Rate

2019	2020	2021
100%	100%	100%

Information Security Incident Response System

Kumho Tire categorizes information security incidents into seven types. Related issues are reported to the person in charge when information security-related accidents occur. Accidents are categorized into grades CERT-1 to CERT-4 to minimize damage and to prevent occurrence of similar accidents.

Incident Response and Follow-up Measures

In case of the incident, we conduct cause investigation, analysis, securing evidence, and carry out countermeasures, while prioritize preventing spread of damage. In addition to the input of necessary personnel and organization, we also prepare fundamental countermeasures by comprehensively identifying the causes and problems to prevent recurrence with the help of external experts.

Categorization of Information Security Accident

Category	Content
Accident Type	1) Attempts for unauthorized or intentional access to information assets 2) Illegal use of another person's user account and password 3) Illegal export of assets and intentional damage 4) Unauthorized leakage and theft of information 5) Intellectual property rights and copyright violation 6) Attempts to gain unauthorized access to controlled areas 7) Infiltration of malicious software (viruses, backdoors, Trojan horses, etc.) 8) Other cases in which security-related policies and guidelines have been breached, impacting business
Accident Grade	· CERT-1 (serious crisis situation, emergency response) · CERT-2 (operation of emergency response system) · CERT-3 (enforcement of monitoring) · CERT-4 (ordinary times)

RISK MANAGEMENT

Risk Management of Each Type

Kumho Tire manages environment and safety-related risks that may impact sustainable business operations in 7 major categories and 20 subcategories. Mock training is conducted for the prompt response of the management department in case of emergency, handling it as a mandatory report by the management in CEO in order to respond to a risk in a timely manner.

Categorization by Type

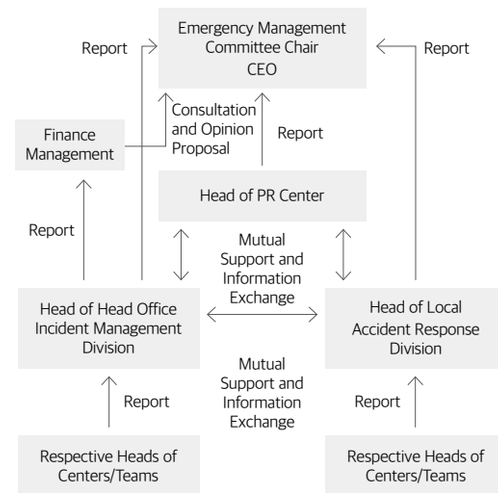
Risk Type	Risk of Each Type	Management of Each Type
Market Risk	Expansion of application of imported tires by manufacturers, new competitors, intensifying competition in the domestic tire market, customer-related crisis	VOC comprehensive management system, advancement of product development and innovation technology, securing next-generation advanced technology
IP (Intellectual Property) Risk	Technology-related crisis, information leakage	Management according to information security management process (training, diagnosis, follow-up management, etc.)
Human Risk	Human risks, illnesses and disabilities	Ethics/human rights training, grievance handling, prohibition of discrimination at work, employee health management, retiree support
Environmental Safety Risk	Safety accident, natural disaster and environmental pollution, global environmental regulation	Internal safety and health inspection, plant energy management system, life cycle evaluation (LCA)
Social Risk	Social risk, labor-management consultation issues	Ethics/human rights training, social contribution, voluntary inspection of legal compliance, labor-management consultative body, collective bargaining
Financial Risk	Economic crisis, non-performing loans	Management according to internal accounting process (training, audit, follow-up management, etc.)
Fabrication Risk	Crisis in production and sales process, inspection not being possible, power outage, quality assurance	APU production management system, quality monitoring system (QMS), global quality system certification, quality consultative body operation

Crisis Response Organization and Reporting System

Kumho Tire has formed an Emergency Management Committee in order to respond quickly to accidents at home and abroad. The Emergency Management Committee comprises of the CEO (Chairman), Head of Strategy Planning & Administration Division (Vice-Chairman), and committee members (heads of divisions), and plays the role of operating the early-stage countermeasure center and giving directions until the head office's response committee is established. Also, the Head Office Incident Response Headquarter will collect information needed to respond to incidents to report to the Emergency Management Committee, responding to overcome crisis with each division according to given instructions. In addition, the Local Incident Response Headquarter will respond more promptly in the area of incident, communicating closely with the Head Office Incident Response Headquarter. The PR center will manage external communications regarding crisis.

Emergency Management Committee Organization

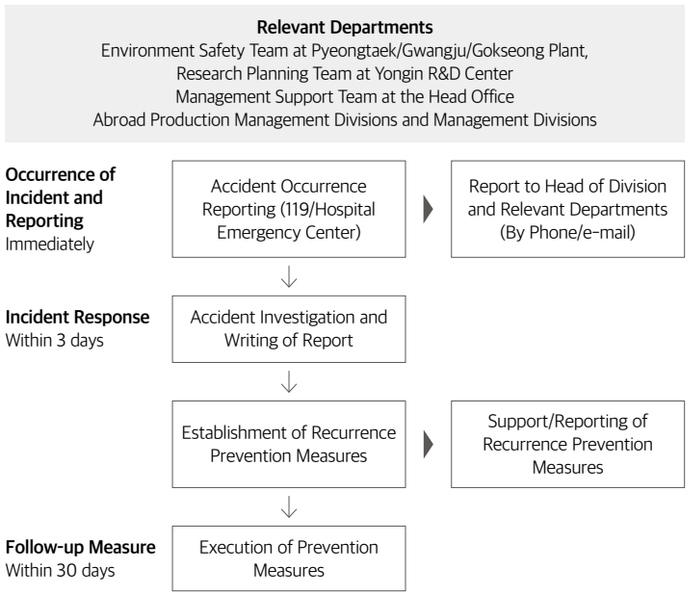
Risk Reporting System



Risk Handling Process

Kumho Tire is implementing guidelines to respond to incidents occurring in various unpredictable situations such as technology-related crisis, safety accidents, disasters, and diseases by grade. Also, we've established a reporting system to identify and handle incidents through prompt reporting and instructions when incidents occur, managing them through step-by-step incident handling process.

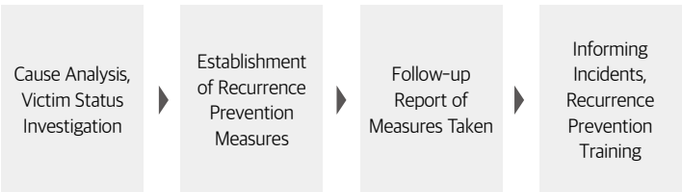
Risk Handling Process



Risk Follow-up Management

Kumho Tire establishes and implements measures to prevent recurrence of various risks. After responses to handle incidents, types of incidents, causes, and victim status are investigated and analyzed to establish recurrent prevention measures, implementing follow-up based on prevention measures. Also, incident recurrence prevention training is provided for employees regarding incident case and measures.

Risk Follow-up Management Process



Mock Training

Kumho Tire carries out annual mock training at the managing department at each business site in order to respond to crisis in systematic manner and to overcome crisis promptly by learning to respond in case of crisis.

Mock Training Management

Category	Training Manager	Managing Department
Seoul Office (Gwanghwamun)	HR Manager	General Affairs & Administration Team
Gwangju/Gokseong Plant	Plant Manager	HSE Team
Pyeongtaek Plant	Plant Manager	Administration Team
Business Sites Abroad	Head of Corporate Body	Production Administration Dept. (NKT, KTT, KTC, KTV) Production Administration Team (KTG)

Training of Employees in Charge of Risk Management

We provide employee training to allow them to respond to and manage various risks that may occur during work. Guidelines for ethical decision-making are established and mandatory training programs are operated for all employees to prevent issues such as personal information leakage, internal harassment, and sexual harassment.

Risk Management Performance Evaluation

Kumho Tire's management establishes individual performance goals every year. Each target item comprises of the roles of the relevant organizations and relevant risk management items. Their wages and incentives are reflecting how far the target has been achieved. We are striving for all employees to focus on risk management and to strengthen management capabilities.

SUSTAINABILITY FOUNDATION

MATERIALITY ASSESSMENT

Kumho Tire identified the priorities of risk and opportunity factors in order to strengthen competitiveness in the rapidly changing market environment. The 2022 sustainability report focuses on nine ESG issues derived from comprehensive analysis of internal and external stakeholders, international standards and guidelines and benchmarking of global companies.

Materiality Assessment Process

STEP 01

Composition of Issue Pool

Identification of the list of issues through corporate status analysis and environmental analysis (media, benchmarking, international standards), creating an issue pool based on ESG-related international standards and evaluation criteria

STEP 02-1

Likelihood Analysis

Carrying out of media analysis, risk response analysis, and stakeholder awareness survey to identify strategic response priorities for each risk of the issue pool

STEP 02-2

Impact Analysis

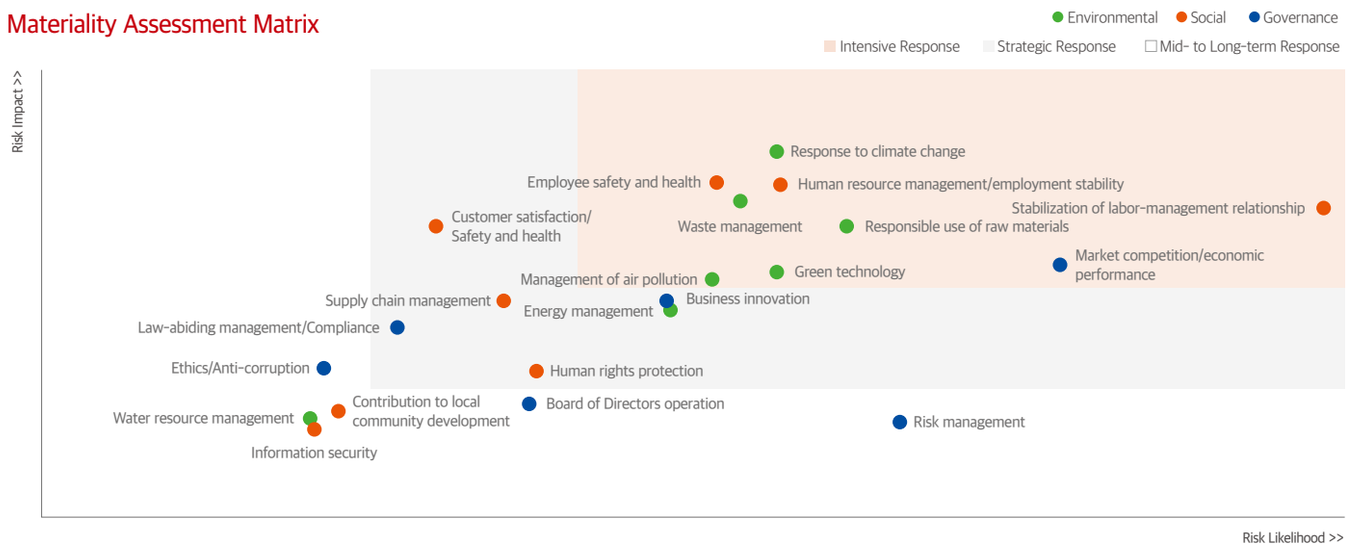
Identification of the expected impact of a risk based on domestic and overseas ESG-related evaluation analysis, benchmarking, and stakeholder awareness survey

STEP 03

Selection of Material Issues

Deduction of material issue matrix based on the analysis results of risk occurrence (X-axis) and influence (Y-axis) to establish response strategies for each area

Materiality Assessment Matrix



Rank	Material Issue	Customers	Employees	Stakeholders and Investors	Business Partners	Government, Local Community, NGO	Report Page
1	Stabilization of labor-management relationship		●		●	●	52
2	Response to climate change	●		●		●	34-38
3	Market competition/economic performance		●	●			22-26
4	Human resource management/ employment stability		●		●		48-49
5	Employee safety and health		●	●			57-64
6	Waste management					●	42
7	Responsible use of raw materials			●			43, 69
8	Green technology	●				●	44
9	Management of air pollution	●				●	41

UN SDGs CONTRIBUTION

The Sustainable Development Goals (SDGs) resolved at the 70th UN General Assembly 2015 are the 17 goals shared by mankind to realize the idea of sustainable development. Kumho Tire supports the slogan "leave no one behind" and strives to actively respond to universal problems shared by the mankind as global corporate citizens.

SDG 16. Peace, Justice, and Inclusion
Compliance
Global Initiative · ESG Performance

SDG 15. Preserving Land Ecosystem
Expansion of classroom forest creation
Contribution to biodiversity

SDG14. Preserving the Marine Ecosystem
Management of water resources

SDG 13. Climate Action
Carbon Neutrality 2045 Declaration
Reduction of greenhouse gas emission
Development of low-wear & low-carbon tires

SDG 12. Sustainable Consumption and Production
Research of eco-friendly tires based on life cycle assessment (LCA)
Building eco-friendly business sites
Resource efficiency improvement activities

SDG 11. Sustainable Cities
Management of air pollutants
Waste management

SDG 1. No Poverty
Support for the vulnerable

SDG 3. Good Health and Well-Being
Global platform for sustainable natural rubber
Building eco-friendly business sites
Management of chemical substances
Inspection of safety risks

SDG 4. Inclusive and Fair Quality Education
Educational donation for our children
Green Study Room of Hope

SDG 5. Gender Equality
Human Rights Management
Organizational Culture

SDG 8. Promotion of Sustainable Economic Growth and Decent Work
Securing of next-generation leading technology
Development of new technology applying sustainable materials
Digital Twin System

SDG 9. Innovation and Infrastructure
Strengthening of global R&D
Strengthening of research core capability

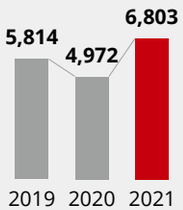
CREATION AND DISTRIBUTION OF ECONOMIC VALUE

Kumho Tire is fulfilling corporate social responsibility by distributing the economic value created by its business activities to various stakeholders including business partners, employees, investors, government, local communities, and customers connected to the value chain in fair manner.

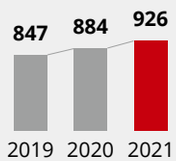
Purchase → R&D → Production → Sales → Financial Performance

(Unit: KRW 100 million)

Business Partner

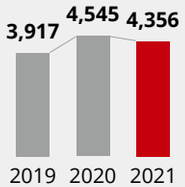


Raw material cost, service fee

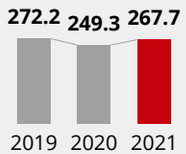


R&D cost

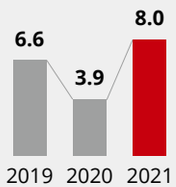
Employee



Wage*



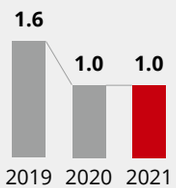
Welfare Benefit Cost*



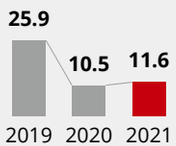
Training Cost

* Corrected by calculating as a separate standard compared to the disclosure standards for the 2020 report

Local Community

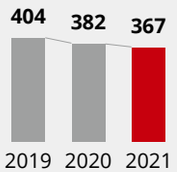


Social Contribution Activity Cost



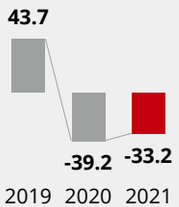
Environmental Investment

Investor

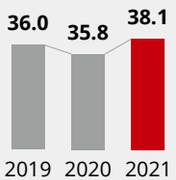


Interest Expense

Government



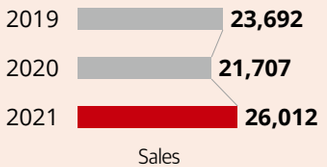
Corporate Tax



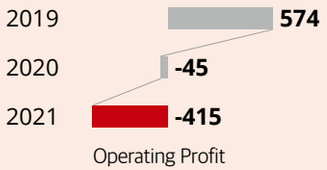
Tax, utility bills *

* Found and corrected errors in the calculation of figures in the 2020 report

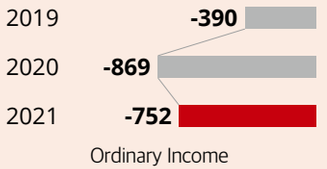
(Unit: KRW 100 million)



Sales



Operating Profit



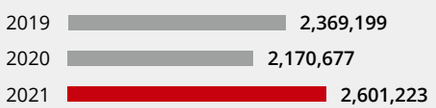
Ordinary Income

APPENDIX

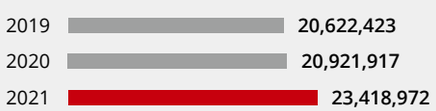
ESG DATA

ECONOMIC AND MANAGEMENT PERFORMANCE

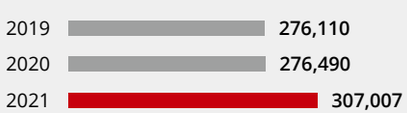
Sales (Unit: KRW million)



Number of tires manufacture (Unit: Tires)



Weight of tires manufacture (Unit: Tons)



Summary of Income Statement (Consolidated)

Particulars	Unit	2019	2020	2021
Sales	KRW million	2,369,199	2,170,677	2,601,223
Cost of goods sold		1,835,442	1,698,239	2,138,314
Gross profit		533,757	472,438	462,909
Selling and administrative expenses		476,361	476,909	504,427
Operating income		-57,396	-4,471	-41,518
Net non-operating expenses		96,426	82,390	33,649
Profit (loss) before tax		-39,031	-86,861	-75,167
Income tax expenses		4,372	-3,922	-3,316
Current net profit (loss)		-43,403	-82,939	-71,851

Tire Manufacturing and Plant Scale

Category	Unit	2019	2020	2021
Number of tires manufactured	Tires	20,622,423	20,921,917	23,418,972
Weight of tires manufactured	Tons	276,110	276,490	307,007
Scale of plants in operation	㎡	1,008,161	1,008,161	1,008,161

* Domestic plants

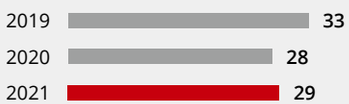
Financial Position Summary (Consolidated)

Particulars	Unit	2019	2020	2021
Current assets	KRW million	1,073,729	1,154,989	1,553,029
Non-current assets		2,855,735	2,691,213	2,789,177
Total assets		3,929,464	3,846,202	4,342,206
Current liabilities		937,674	950,431	1,500,526
Non-current liabilities		1,699,155	1,728,177	1,560,112
Total liabilities		2,636,829	2,678,607	3,060,638
Paid-in capital		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		24,600	8,017	94,526
Retained earning		-373,714	-482,171	-563,269
Total equity		1,292,634	1,167,595	1,281,568
Total liabilities and equity		3,929,464	3,846,202	4,342,206

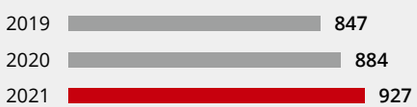
ESG DATA

ECONOMIC AND MANAGEMENT PERFORMANCE

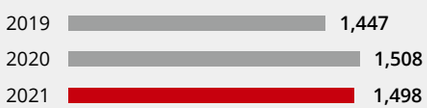
Ethical Trade Audit (Unit: Cases)



R&D Cost (Unit: KRW 100 million)



Number of persons completing ethical management education (Unit: Persons)



Ethical Trade Audit

Category	Unit	2019	2020	2021
Ethical trade audit	Cases	33	28	29

R&D Cost

Category	Unit	2019	2020	2021
R&D Cost	KRW 100 million	847	884	927
R&D investment ratio	%	3.6	4.3	3.6

Ethical Management Education

Category	Unit	2019	2020	2021
Number of persons completing education	Persons	1,447	1,508	1,498
Completion ratio	%	100	100	100

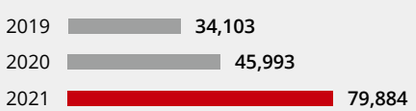
Anti-competitive Behavior

Category	Unit	2019	2020	2021
Overall monetary loss due to unfair trade, such as competition inhibition and monopoly	KRW 100 million	48.35	0	0

ESG DATA

ENVIRONMENTAL PERFORMANCE

Low-carbon product sales (Unit: KRW million)



Eco-friendly Product

Category	Unit	2019	2020	2021
Low-carbon product sales	KRW million	34,103	45,993	79,884

* Based on VS31 and ES31 sales

Environmental Investment

Category	Unit	2019	2020	2021
Energy management	KRW million	423	619	52
Environmental safety and fire prevention		2,165	433	1,109

Environmental Law Violation

Category	Unit	2019	2020	2021
Number of environmental law violations	Cases	2	2	3
Environmental law violation fee	KRW 1,000	3,200	480	250

Environmental Cost

Category	Unit	2019	2020	2021
Water quality and atmosphere improvement and inspection cost	KRW million	770	698	318
Emission charges		0	0	0.08

Environmental Education

Category	Unit	2019	2020	2021
Environmental education completion	Persons	4,817	4,300	4,548

Reclaimed Rubber Use

Category	Unit	2019	2020	2021
Rate of reclaimed rubber use	%	0.57	0.58	0.57

* 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	2019	2020	2021
Input amount (rate) of natural rubber	USD 1,000 (%)	168,114(21.3)	155,336(23.9)	219,852(23.5)
Input weight (rate) of natural rubber	Tons (%)	110,159(23.2)	107,477(23.3)	121,605(23.1)
Input amount (rate) of synthetic rubber	USD 1,000 (%)	200,266(25.4)	158,947(24.4)	221,651(23.7)
Input weight (rate) of synthetic rubber	Tons (%)	83,159(17.5)	100,735(21.8)	113,157(21.5)
Input amount (rate) of cord ply	USD 1,000 (%)	153,735(19.5)	130,168(20.0)	185,126(19.8)
Input weight (rate) of cord ply	Tons (%)	50,024(10.5)	58,126(12.6)	66,253(12.6)
Input amount (rate) of carbon black	USD 1,000 (%)	107,063(13.6)	71,529(11.0)	122,573(13.1)
Input weight (rate) of carbon black	Tons (%)	81,922(17.2)	96,213(20.8)	108,762(20.7)
Input amount (rate) of bead wire	USD 1,000 (%)	20,716(2.6)	18,398(2.8)	25,975(2.8)
Input weight (rate) of bead wire	Tons (%)	15,771(3.3)	18,403(4.0)	21,318(4.1)
Input amount (rate) of other raw materials	USD 1,000 (%)	139,406(17.7)	116,565(17.9)	161,000(17.2)
Input weight (rate) of other raw materials	Tons (%)	134,531(28.3)	80,984(17.5)	94,612(18.0)

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ENVIRONMENTAL PERFORMANCE

Wastes (Domestic)

Category	Unit	2019	2020	2021
Consigned destruction	Tons	1,340.5	1,422.5	1,450.5
Consigned landfill		468.6	274.2	229.9
Consigned incineration		1,161.9	1,386.0	1,356.3
Consigned recycling		9,353.3	9,605.1	9,898.7
General waste		10,394.3	10,328.6	10,667.6
Designated waste		1,283.2	1,003.4	1,117.3
Construction waste		646.7	1,355.8	1,169.9
Total waste		12,324.2	12,687.7	12,954.8
Designated waste ratio	%	10.4	8.0	8.6
Recycling ratio		75.9	75.7	76.4

Wastes (Overseas)

Category	Unit	2019	2020	2021
Total waste	Tons	9,422	7,884	8,812
Recycling ratio	%	34.0	36.8	40.8

Water Consumption (Domestic)

Category	Unit	2019	2020	2021
Waterworks	Tons	210,919	232,933	241,615
Groundwater		1,103,818	997,616	1,166,729
Industrial water		37,549	32,519	41,972
Total		1,352,286	1,263,068	1,450,316
Reused water		137,977	146,262	131,657

* Industrial water measurement values have been included in the report from 2021, and errors have been identified and corrected in the process of recalculating water consumption from 2019-2020 on the same basis

Water Consumption (Overseas)

Category	Unit	2019	2020	2021
Waterworks	Tons	1,148,953	988,103	1,078,714
Groundwater		0	0	0
Total		1,148,953	988,103	1,078,714
Reused water		179,269	166,193	187,003

Wastewater and Water Pollutants (Domestic)

Category	Unit	2019	2020	2021
Wastewater discharge	Tons	349,622	338,287	264,986
Wastewater reuse		183,249	185,489	131,657
SS (Suspended Solid)		1.950	0.939	7.402
COD (Chemical Oxygen Demand)		3.040	1.846	8.090
Total pollutants		4.990	2.784	15.435

Wastewater and Water Pollutants (Overseas)

Category	Unit	2019	2020	2021
Wastewater discharge	Tons	474,720	383,341	383,971
Wastewater reuse		152,818	144,884	153,550
SS (Suspended Solid)		35.650	24.254	22.843
COD (Chemical Oxygen Demand)		16.058	8.815	10.499
Total pollutants		51.708	33.069	33.342

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Air Pollutants (Domestic)

Category	Unit	2019	2020	2021
Dust	Tons	30.57	9.80	18.55
NOx		86.69	53.80	49.68
SOx		5.12	0.47	1.77

Air Pollutants (Overseas)

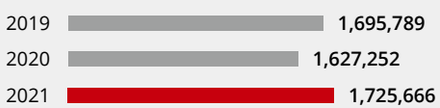
Category	Unit	2019	2020	2021
Dust	Tons	20.66	17.49	15.12
NOx		75.80	27.44	26.22
SOx		2.29	4.70	3.00

Energy Consumption

Category		Unit	2019	2020	2021
Non-renewable energy	B/C oil	GJ	23,961	-	-
	LNG (gas)		1,625,878	1,584,211	1,680,054
	Diesel		19,237	18,271	18,857
	Propane		22,144	21,039	23,308
	Gasoline		4,549	3,729	3,437
	PFO		-	-	-
	White kerosene		20	2	10
	Total		1,695,789	1,627,252	1,725,666
Electricity			3,382,025	3,279,252	3,562,085
Total			5,077,814	4,906,504	5,287,751
Consumption per unit*		MJ/tire	246.23	234.52	225.79
Electrical energy ratio		%	66.60	66.83	67.36
Renewable energy ratio			0.00	0.00	0.00
Number of tires manufactured		Tires	20,622,423	20,921,917	23,418,972

* Consumption per unit: The unit is based on the number of tires manufactured each year
* Changes: Since the solar power figures in the past report are the amount of electricity generated, not the amount of consumption at the Yongin R&D Center's solar power generation facilities, renewable energy items have been deleted
* Changes: Basic unit consumption measurement standards from past reports have been unified with the standard of 2021 to be re-reported

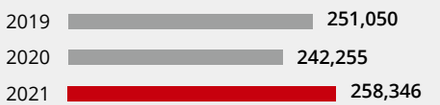
Non-renewable energy consumption (Unit: GJ)



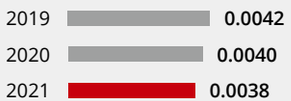
ESG DATA

ENVIRONMENTAL PERFORMANCE

Total GHG emissions from domestic worksites (Unit: tCO_2eq)

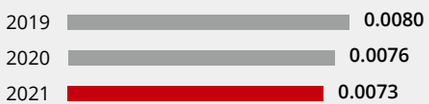


Scope 1 emissions per unit (Unit: tCO_2eq/Tires)



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

Scope 2 emissions per unit (Unit: tCO_2eq/Tires)



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

GHG Emissions from Domestic Worksites

Category		Unit	2019	2020	2021
Scope 1 (direct emisison)	Gwangju Plant	tCO_2eq	40,962	39,187	42,307
	CO_2	Tons	40,912	39,143	42,258
	CH_4	kg	1,136	1,049	1,173
	N_2O	kg	82	74	80
	Gokseong Plant	tCO_2eq	39,790	38,302	39,431
	CO_2	Tons	39,716	38,232	39,360
	CH_4	kg	1,711	1,632	1,680
	N_2O	kg	123	114	118
	Pyeongtaek Plant	tCO_2eq	4,261	3,973	4,595
	CO_2	Tons	4,257	3,969	4,590
	CH_4	kg	76	75	86
	N_2O	kg	8	9	10
	Other worksites	tCO_2eq	1,780	1,526	1,549
	CO_2	Tons	1,756	1,505	1,527
	CH_4	kg	127	104	139
	N_2O	kg	69	60	60
	Total	tCO_2eq	86,792	82,989	87,882
	CO_2	Tons	86,641	82,849	87,734
	CH_4	kg	3,050	2,861	3,079
	N_2O	kg	282	256	268

Category		Unit	2019	2020	2021
Scope 2 (indirect emission)	Gwangju Plant	tCO_2eq	71,323	68,481	75,174
	CO_2	Tons	71,178	68,341	74,731
	CH_4	kg	826	793	589
	N_2O	kg	413	397	1,391
	Gokseong Plant	tCO_2eq	82,688	81,148	84,870
	CO_2	Tons	82,520	80,983	84,369
	CH_4	kg	958	940	665
	N_2O	kg	479	470	1,570
	Pyeongtaek Plant	tCO_2eq	7,939	7,358	7,997
	CO_2	Tons	7,923	7,343	7,950
	CH_4	kg	92	85	63
	N_2O	kg	46	43	148
	Other worksites	tCO_2eq	2,306	2,279	2,424
	CO_2	Tons	2,302	2,274	2,409
	CH_4	kg	27	26	19
	N_2O	kg	13	13	45
	Total	tCO_2eq	164,257	159,266	170,465
	CO_2	Tons	163,923	158,941	169,459
	CH_4	kg	1,902	1,845	1,336
	N_2O	kg	951	922	3,154
Total emissions from domestic worksites		tCO_2eq	251,050	242,255	258,346
Emissions per unit (GHG emissions in tire production)	Scope 1	tCO_2eq/Tires	0.0042	0.0040	0.0038
	Scope 2	tCO_2eq/Tires	0.0080	0.0076	0.0073

* Emissions per unit: The unit is based on the number of tires manufactured each year
* Measured in accordance with 'Guideline for emission reporting and certification of greenhouse gas emissions trading Scheme'
* Other worksites include 29 domestic worksites in addition to Gwangju, Gokseong, and Pyeongtaek Plants

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GHG Emissions from Overseas Worksites

Category		Unit	2019	2020	2021
Scope 1 (direct emisison)	Total	tCO_2eq	44,255	35,664	32,331
	CO_2	Tons	44,089	35,491	32,139
	CH_4	kg	152,575	162,932	184,412
	N_2O	kg	13,172	10,178	7,830
Scope 2 (indirect emission)	Total	tCO_2eq	186,786	169,845	191,909
	CO_2	Tons	186,322	169,402	191,394
	CH_4	kg	56,427	53,324	58,764
	N_2O	kg	407,466	389,292	456,262
Total emissions from overseas worksites		tCO2eq	231,037	205,507	224,238

Domestic Scope 3 GHG Emissions

Category		Unit	2019	2020	2021
Scope 3 (indirect emission)	Total	tCO_2eq	-	-	6,937,787
	C1. Purchased goods and services		-	-	815,424
	C2. Capital goods		-	-	42,164
	C3. Fuel- and energy-related activities		-	-	28,178
	C4. Upstream transportation and distribution		-	-	219,568
	C5. Waste generated in operations		-	-	1,987
	C9. Downstream transportation and distribution		-	-	219,568
	C10. Processing of sold products		-	-	222,234
	C11. Use of sold products		-	-	4,570,584
	C12. End-of-life treatment of sold products		-	-	793,989
	C14. Franchises		-	-	24,091

* Scope 3 will be calculated and managed domestically from 2021
* In case of C1, C2, C4, C9, C10, and C14, GHG Protocol-based calculation method and emission factor have been used
* C11 has been calculated by developing an internal calculation formula for Kumho Tires
* In case of C12, it has been calculated by using the WBCSD's Cement Sustainability Initiative (CSI) emission factor

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SOCIAL PERFORMANCE

Product Recall

Category	Unit	2019	2020	2021
Number of recalls	Cases	0	0	0

* Based on domestic and overseas products manufactured by Kumho Tire

Customer Satisfaction

Category	Unit	2019	2020	2021
Number of complaints resolved*	Cases	59	32	22
Happy Call satisfaction index**	Index	4.87	4.79	4.88

* Number of complaints resolved: Registered cases for VOC integrated management system
Although the previous year's report specified 55 cases in 2019 and 36 cases in 2020, the numbers have changed depending on the time registered in the VOC system

** Satisfaction Index: Points allotted to Satisfactory/Average/Not Satisfactory responses to Level of Satisfaction/ Friendliness/Swiftness/Expertise items

Violations of Customer Safety and Health-related Regulations

Category	Unit	2019	2020	2021
Fine imposition or punishment on violation	Cases	1	0	0

* Based on domestic and overseas cases

* Completed follow-up actions on one case of violation reported in 2021 (no records of fines/punishment)

Customer Privacy Protection

Category		Unit	2019	2020	2021
Number of complaints regarding customer privacy violation verified	Complaints raised externally and verified internally	Cases	0	0	0
	Complaints raised by regulatory institutions		0	0	0
	Violation of autonomous regulations		0	0	0
Number of complaints related to customer data loss	Verified customer data leaks, thefts, and losses		0	0	0

Product Safety Assessment

Category	Unit	2019	2020	2021
Number of product specifications with quality verified at the development stage	Cases	109	159	290
Ratio of assessed products	%	100	100	100

* Satisfying the requirements of regulatory agencies by country for tire products is prioritized, and product safety evaluation is conducted based on stricter in-house standards reflecting the requirements

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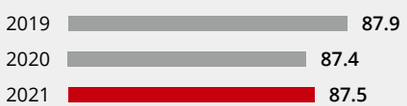
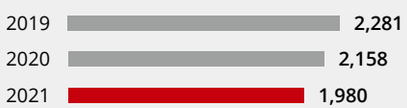
SOCIAL PERFORMANCE

Satisfaction of external partners (Unit: Points)



Total number of dealership education (Unit: Persons)



IATF 16949: 2016 Certification Retention Status

Category		Plant	Time of certification
Domestic		Gwangju	Nov. 2021
		Gokseong	Nov. 2021
		Pyeongtaek	Nov. 2021
Overseas	China	Nanjing	Apr. 2021
		Tianjin	Sep. 2021
		Changchun	Aug. 2021
	U.S.	Georgia	Jan. 2021
	Vietnam		Dec. 2021

Global Quality System Diagnosis

Category	Target	Schedule
Global plant quality management system	Eight plants in Korea, China, Vietnam and U.S.	Aug - Oct. 2021
Partner quality management system	91 companies (domestic, overseas)	Apr - Dec. 2021
Quality management system	All worksites	Jan - Dec. 2021

Partner Satisfaction

Category		Unit	2019	2020	2021
External partners	Satisfaction	Points	87.9	87.4	87.5
	Number of partners surveyed	Companies	104	103	89

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

Key Suppliers

Category		Unit	2019	2020	2021
Number of suppliers	Raw materials	Companies	123	114	117
	Facilities		535	534	530
Number of key suppliers	Raw materials		50	47	45
	Facilities		2	5	6
Key supplier sales ratio	Raw materials	%	92	93	93
	Facilities		11.0	23.0	28.0

* 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

Dealership Education

Category		Unit	2019	2020	2021
Sales Force1	Introductory course on tires	Persons	71	23	13
	KTS field-customized course		62	9	2
Sales Force2	Service & sales course		11	41	24
Sales Force3	Import vehicle experts course		218	42	14
	KTS advanced course		7	0	0
Special education	Business consulting course		62	21	58
	Industry-university cooperation course		30	6	7
	Field-customized course		1,820	2,016	1,849
Total			2,281	2,158	1,980

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SOCIAL PERFORMANCE

Employee Composition

Category		Unit	2019	2020	2021	Remarks
Domestic and overseas	Domestic and overseas employees	Persons	9,050	8,545	8,587	
	Domestic employees		4,760	4,620	4,855	Unregistered executives, research fellows, general, technical, special and contract employees
	Locally recruited overseas employees		4,290	3,925	3,728	General, technical, special and contract employees
Employment type	Regular workers		4,719	4,579	4,814	Based on domestic employees
	Non-regular workers		41	41	45	
Gender	Male		4,538	4,408	4,646	
	Female		222	212	213	
	Ratio of female employees	%	5	5	4	
Age	Under 30 years old	Persons	184	162	368	
	30 - 50 years old		2,839	2,652	2,466	
	Over 50 years old		1,737	1,806	2,025	
Executives and managers	Executives		38	35	38	
	Research executives / Research fellows		10	13	14	Research fellows, executives (Yongin Research Institute, KPC)
	Managers		151	189	217	Employees other than executives and research fellows
	Female Managers		3	3	5	
Area of work	Clerical		1,257	1,247	1,277	General
	Technical		3,299	3,170	3,370	
	Domestic research positions		469	472	492	KBS
	Overseas research positions		134	136	135	LBS
	Ratio of research positions	%	7	7	7	Total number of researchers/Total number of domestic and overseas employees

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

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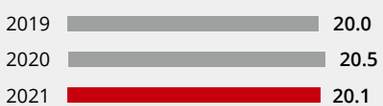
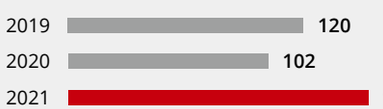
SOCIAL PERFORMANCE

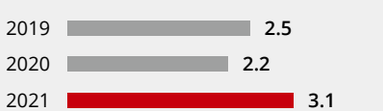
Average number of years of continuous service (Unit: Years)



Number of voluntary turners (Unit: Persons)



Voluntary turnover rate (Unit: %)



New Employment and Years of Continuous Service

Category			Unit	2019	2020	2021
New employment	Gender	Male	Persons	120	116	426
		Female		19	6	20
	Age	Under 30 years old		72	75	324
		30 - 50 years old		63	44	110
		Over 50 years old		4	3	12
	Total			139	122	446
New employment rate	Gender	Male	%	86.3	95.1	95.5
		Female		13.7	4.9	4.5
	Age	Under 30 years old		51.8	61.5	72.6
		30 - 50 years old		45.3	36.1	24.7
		Over 50 years old		2.9	2.5	2.7
Retirement	Gender	Male	Persons	265	265	303
		Female		21	19	20
	Age	Under 30 years old		33	58	66
		30 - 50 years old		104	57	93
		Over 50 years old		149	169	164
	Total			286	284	323
Retirement rate	Gender	Male	%	5.8	6.0	6.5
		Female		9.5	9.0	9.4
	Age	Under 30 years old		15.2	26.4	17.9
		30 - 50 years old		3.5	2.1	3.8
		Over 50 years old		7.9	8.6	8.1
Average number of years of continuous service			Years	20.0	20.5	20.1
Number of voluntary turners*			Persons	120	102	153
Voluntary turnover rate			%	2.5	2.2	3.1

* 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

Category	Unit	2019	2020	2021
Number of persons completing education	Persons	1,447	1,580	1,488
Completion rate	%	100	100	100

Employee Education

Category		Unit	2019	2020	2021
Education hours per person		Hours	18.2	19.7	23.7
Education hours per person by are of work	Clerical		25.4	42.6	46.9
	Technical		12.4	14.0	17.2
	Research		16.7	6.7	12.8
Employee education cost		KRW 100 million	6.6	3.9	8.0

* Although the education hours per employee were classified by gender in reports from 2019-2020, the numbers have been corrected to combined education hours for men and women due to an error in the counting standard

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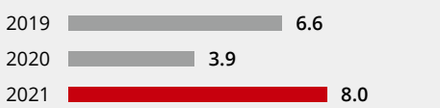
SOCIAL PERFORMANCE

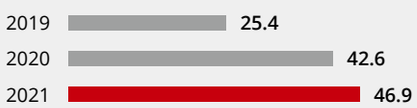
Employee education cost

(Unit: KRW 100 million)



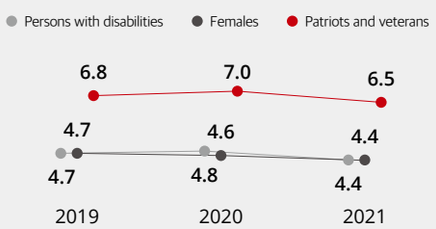
Education hours per person

(Unit: Hours)



Employee Diversity Ratio

(Unit: %)



Employee Performance Assessment

Category		Unit	2019	2020	2021
Employee performance assessment rate	Total	%	92.4	94.0	94.3
	Male		93.8	95.1	94.9
	Female		81.2	84.3	85.5

* 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

Employee Diversity

Category	Unit	2019	2020	2021
Number of employees with disabilities	Persons	222	222	215
Ratio of employment of persons with disabilities	%	4.7	4.8	4.4
Number of female employees	Persons	222	212	213
Ratio of female employees	%	4.7	4.6	4.4
Number of employees who are patriots and veterans	Persons	324	324	315
Ratio of employees who are patriots and veterans	%	6.8	7.0	6.5

Parental and Childcare Leave

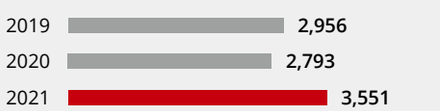
Category		Unit	2019	2020	2021
Parental leave		Persons	8	3	7
Working hour reduction during pregnancy			7	1	4
Number of employees with right to childcare leave	Male		917	780	725
	Female		58	50	50
Employees using childcare leave	Male		32	17	38
	Female		11	6	15
Employees returning after childcare leave	Male		23	10	35
	Female		16	8	14
Employees rendering continuous service for 12 months upon return from childcare leave	Male		22	10	33
	Female		16	6	14
Rate of return after childcare leave	Male	%	75.0	35.3	92.1
	Female		81.8	83.3	93.3
Rate of continuous service after return*	Male		95.7	100	92.0
	Female		100	75.0	93.0

* Although the previous report specified 100% retention rate for women returning after their leave, the figure has been corrected after being confirmed as a counting error

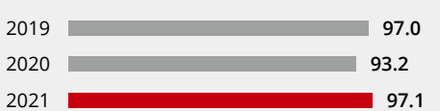
ESG DATA

SOCIAL PERFORMANCE

Number of unionized employees (Unit: Persons)



Unionization rate (Unit: %)



Safety and Health Education

Category	Unit	2019	2020	2021
Statuory education for managers and supervisors	Persons	415	430	445*
Regular training of employees in managerial positions	Persons	3,289	3,113	3,285**

* Gwangju 222, Gokseong 203, Pyeongtaek 20
** Gwangju 1,513, Gokseong 1,661, Pyeongtaek 111

Accident Rate Management

Category		Unit	2019	2020	2021
Kumho Tire	Lost-time injuries frequency rate	%	4.3	4.2	4.5
	Accident severity rate (domestic and overseas)	%	1.954	1.921	2.046
	Number of deaths	Persons	0	1	0
Internal partners	Lost-time injuries frequency rate	%	3.4	9.1	8.6
	Number of deaths	Persons	0	0	0

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

Labor Union Status

Category		2021
Labor Union 1	Name	Kumho Tire Subbranch, Gwangju - Jeonnam Branch of Korean Metal Workers Union
	Date of establishment	Jun. 12, 1973
	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 - Jun. 16, 2007 : Converted into Korean Metal Workers Union
	Term of labor union executives	Tenth Executive: Oct. 2021 - end of Dec. 2023
Labor Union 2	Name	Kumho Tire Labor Union (multiple labor unions - labor union 2)
	Date of establishment	Jul. 15, 2011
	Higher authority	Labor union by company
	Term of labor union executives	Sixth Executive: Oct. 2021 - end of Sep. 2023

Unionization Rate

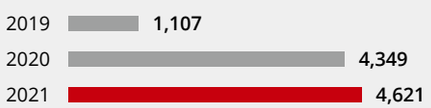
Category	Unit	2019	2020	2021
Number of unionized employees	Persons	2,956	2,792	2,867
Unionization rate	%	97.0	97.0	97.1

* As a collective agreement based on the result of representative bargaining based on the procedure for unifying the window for collective bargaining, the working conditions of the labor union 1 apply to Labor Union 1 and 2 and non-union employees (all technical employees)
* Those eligible for union membership are based on technical positions excluding clerical employees and field managers
* An error was confirmed and corrected in the calculation of the number of union members from 2020, and the number of union members and ratio were recalculated based on the same standards

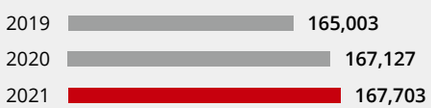
ESG DATA

SOCIAL PERFORMANCE

Number of social contribution beneficiaries (Unit: Persons)



Retirement pension management amount (Unit: KRW million)



Social Contribution

Category		Unit	2019	2020	2021
Social contribution	Cash donation	KRW 100 million	0.62	0.61	0.24
	Social contribution programs with employee's participation	Programs	3	1	0
	Total number of participants (A+B)	Persons	2,594	4,349	4,621
	Number of employee participants (A)		1,464	1,063	0
	Number of non-employee participants (B) (including beneficiaries)		1,130	4,372	4,621
	Cost of social contribution activities (total)	KRW million	165	99	101
Number of social contribution beneficiaries	Number of educational support beneficiaries	Persons	927	4,190	4,621
	Number of cultural support beneficiaries		180	159	0

Retirement Pension

Category	Unit	2019	2020	2021
Retirement pension management amount	KRW million	165,003	167,127	167,703

Turnover Rate

Category	Unit	2019	2020	2021
Number of turnovers of female employees	Persons	21	19	20
Turnover rate of female employees	%	9.5	9.0	6.2
Number of turnovers of male employees	Persons	86	95	303
Turnover rate of male employees	%	5.8	6.0	93.8
Number of turnovers of employees under 30 years old	Persons	33	58	66
Turnover rate of employees under 30 years old	%	15.2	26.4	20.4
Number of turnovers of employees aged 30-50 years old	Persons	104	57	93
Turnover rate of employees aged 30-50 years old	%	3.5	2.1	28.8
Number of turnovers of employees over 50 years old	Persons	149	169	164
Turnover rate of employees aged 50 years old	%	7.9	8.6	50.8
Total turnover rate (type of turnover unclassified)		6.0	6.2	6.6
Voluntary turnover rate of employees		2.5	2.2	3.1

VERIFICATION STATEMENT

Creative Sustainable Registar(CSR) was engaged to conduct and independent verification of the greenhouse gas (GHG) emissions reported by Kumho Tire Co., Ltd(Kumho Tire) for the period stated below. The verification opinion declaration applied to the related information included within the scope of work described below.

1. Objective

The objective of this verification is to verify:

· Conformance with applicable verification criteria; · The organization's GHG inventory of GHG emissions.

2. Organizational Boundaries for Reporting GHG emissions and Energy Use:

· Operational control: Scope 1 & 2 (Scope 3 excluded) · 32 business sites in Korea of Kumho Tire

3. Type of GHGs:

· CO_2, N_2O, CH_4, HFCs, PFCs, SF_6

4. GHG Emissions Statement:

Year	Scope 1	Scope 2	Total Emission
2021	87,881.801tCO_2e	170,464.557tCO_2e	258,334tCO_2e

5. Period covered by GHG emissions verification:

January 1, 2021 to December 31, 2021

6. Criteria against which verification conducted:

'Guideline for emission reporting and certification of greenhouse gas emissions trading Scheme' (Notification No. 2021-278 of Ministry of Environment) (Scope 1 & 2)

7. Reference Standard:

'Verification Guideline for Greenhouse Gas Emission Trading System Operation'(Notification No. 2021-112 of Ministry of Environment)

8. Level of Assurance and Qualifications

· Reasonable level of assurance

· The verification used a materiality threshold of +/- 5% of total emission for errors and omissions in sampled data

9. GHG Verification Methodology:

CSR used a risk-based approach throughout the assurance engagement, concentrating on the area that we believe are most material for both Kumho Tire and its stakeholders.

10. Verification Opinion:

Based on the process and procedure conducted by CSR, we provide a reasonable assurance of the GHG assertions. The GHG emissions statement shown above:

· is materially correct and is a fair representation of the GHG emissions data and information;

· has been prepared in accordance with the paragraph 7. Above (Scope 1 & 2).

It is our opinion that Kumho Tire has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

11. Independence and impartiality:

CSR was not involved in the preparation of any part of Kumho Tire's data or report. We adopt a balanced approach towards all stakeholders when performing our evaluation.

August 26th, 2022

CEO

Chun-Seong Choi

Creative Sustainable Registar(CSR)

INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of Kumho Tire Co., Inc

Introduction and objectives of work

BSI Group Korea (hereinafter "the Assurer") was asked to verify 2022 Kumho Tire sustainability report (hereinafter "the Report"). This assurance statement applies only to the relevant information contained in the scope of the assurance. Kumho Tire is solely responsible for all information and assertion contained in the report. The responsibility of the assurance is to provide independent assurance statement with expert opinions to Kumho Tire by applying the verification methodology and to provide this information to all stakeholders of Kumho Tire.

Assurance Standards and Levels

This assurance was based on the AA1000AS v3 (2020) Assurance Standard and confirmed that the report was prepared in accordance with the Core Option of GRI Standards, the international standards guidelines of sustainability reports. The assurance level was based on the Type 1 that confirmed compliance with the four principles of AA1000 AP (2018) in accordance with the AA1000 AS and the Type 2 assurance that verified the quality and reliability of the information disclosed in the report.

- **GRI Topic-specific Standards**: 201-1, 301-1~2, 302-5, 305-1~2, 305-4, 305-7, 306-2~3, 401-1, 401-3, 402-1, 403-1~7, 404-1~3

Scope of Assurance

The scope of assurance applied to this report is as follows;

· Based on the period from January 1st to December 31st 2021 included in the report, some data included half of 2022.
· Major assertion included in the report such as sustainability management policies, strategies, objectives, business, and performance
· Information related to material issues determined as a result of materiality assessment
· Appropriateness and consistency of processes and systems for data collection, analysis, and review

The following contents were not included in the scope of assurance.

· Financial information
· Disclosures in the international standards and initiatives index excluding GRI
· Other related additional information such as the website presented in the report

Methodology

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;

· To determine verification priorities, review of materiality issue analysis process and verification of the results
· System review for sustainability strategy process and implementation
· Review the evidence to support the material issues through interviews with senior managers with responsibility for them
· Verification of data generation, collecting and reporting for each performance index

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

· The information and data included in the report are accurate and reliable and the assurer cannot point out any substantial aspects of material with mistake or misstatement.
· The report was prepared according to the Core option of the GRI Standards.
· The assurance opinion on the four principles presented by the AA1000 AP (2018) is as follows.

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion

Kumho Tire divided stakeholders into customers, employees, shareholders/investors, partners and government/local communities/NGO, and has communication channels and processes to implement stakeholder engagement program. Also, 21 issues were derived by analyzing international standards/norms, analyzing media, and surveying to identify stakeholder issues, and it was confirmed that derived material issues are reflected in decision-making on sustainability management.

Materiality: Identification and reporting of material sustainability topics

Kumho Tire derived the issue pool of 21 topics through the risk assessment process and communication with stakeholders, based on the results of media research, benchmarking global advanced companies, analysis of major global initiatives related to sustainability, and opinions collected from communication channels of each stakeholder group. Kumho Tire identified materiality for issues by analyzing stakeholder interest and business impact as a result, the material issues of 9 topics were selected.

INDEPENDENT ASSURANCE STATEMENT

Responsiveness: Responding to material sustainability topics and related impacts
Kumho Tire establishes and implements a response plan for each issue to appropriately respond to the derived core issues that reflects the expectations of stakeholders, and discloses detailed response activities and performance for them through the report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders
Kumho Tire strives to establish processes to monitor, measure, assess and manage the impact of organizational activities for more effective decision making and management. Identified impact could be integrated into stakeholder engagement and periodic importance assessment processes to inform organizational governance, strategy, goal setting and operations, thereby increasing informed decision making and responsiveness.

Key areas for ongoing development

The assurer provides the following opinions to the extent that it does not affect the verification results.

· It may be helpful to strengthen the disclosure of the activities, achievements and plans of ESG committees within the governance structure to sustainability management.
· In order to understand stakeholder interest, a wide range of topics are included in the pool in the context of sustainability, but it is necessary to strengthen external stakeholder participation and issue selection criteria so that various stakeholder issues in the industry can be clearly reflected.

Statement of independence and competence

The assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with Kumho Tire. The assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as AA1000AS assurer, have a lot of assurance experience, and understand the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The assurer confirmed that this report was prepared in accordance with the GRI Standards Core Option and the disclosures related to the following Universal Standards and Topic-specific Standards Indicators based on the data provided by Kumho Tire.

[Universal Standards]

Organizational Profile 102-1~13/ Strategy 102-14~15/ Ethics and Integrity 102-16~17/ Governance 102-18, 20, 22, 23, 24, 26, 32 / Stakeholder Engagement 102-40~44/ Reporting practice 102-45~56/ Management Approach 103-1~3

[Topic-specific Standards]

- Economic: 201-1, 205-1~2, 206-1
- Environmental: 301-1~2, 302-1, 302-3, 302-5, 303-2, 303-5, 305-1~2, 305-4, 305-7, 306-2~3
- Social: 401-1, 401-3, 402-1, 403-1~7, 404-1~3, 405-1, 412-2, 416-1~2, 418-1

15 July 2022

S. H. Lim / BSI Group Korea, Managing Director

AA1000
Licensed Report
000-47/V3-HT8ZY

GRI CONTENT INDEX

Category	Index	Description	Page	Remarks
Universal Standards				
GRI 102: General Disclosures 2016				
Organizational profile	102-1	Name of the organization	7	
	102-2	Activities, brands, products, and services	10	
	102-3	Location of headquarters	7	
	102-4	Location of operations	7	
	102-5	Ownership and legal form	76	Business Report 7p
	102-6	Markets served	9	
	102-7	Scale of the organization	7, 9	
	102-8	Information on employees and other workers	7, 101	
	102-9	Supply chain	66, 100	
	102-10	Significant changes to the organization and its supply chain	-	No significant change in supply chain
	102-11	Precautionary Principle or approach	18, 85	
	102-12	External initiatives	13, 34, 37, 89, 119	
	102-13	Membership of associations	119	
Strategy	102-14	Statement from senior decision-maker	4	
	102-15	Key impacts, risks, and opportunities	88	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	8, 79-81	
	102-17	Mechanisms for advice and concerns about ethics	50-51	

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Category	Index	Description	Page	Remarks
Governance	102-18	Governance structure	14, 76-77	
	102-20	Executive-level responsibility for economic, environmental, and social topics	14, 76-77	
	102-22	Composition of the highest governance body and its committees	76-77	
	102-23	Chair of the highest governance body	76-77	
	102-24	Nominating and selecting the highest governance body	76-77	
	102-26	Role of highest governance body in setting purpose, values, and strategy	14, 16	
	102-32	Highest governance body's role in sustainability reporting	15	
Stakeholder engagement	102-40	List of stakeholder groups	17	
	102-41	Collective bargaining agreements	104	
	102-42	Identifying and selecting stakeholders	17	
	102-43	Approach to stakeholder engagement	17	
	102-44	Key topics and concerns raised	17	

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Category	Index	Description	Page	Remarks
Reporting practice	102-45	Entities included in the consolidated financial statements	-	Business Report 270p
	102-46	Defining report content and topic Boundaries	88	
	102-47	List of material topics	18-19	
	102-48	Restatements of information	95, 96, 99, 102, 103, 104	
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	102-50	Reporting period	120	
	102-51	Date of most recent report	120	
	102-52	Reporting cycle	120	
	102-53	Contact point for questions regarding the report	120	
	102-54	Claims of reporting in accordance with the GRI Standards	120	
	102-55	GRI content index	109-114	
	102-56	External assurance	107-108	
Topic Specific Standards				
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Management Approach	103-1, 2, 3	Multidimensional Management Approach	18, 47	
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	52	
Material Issue 2: Responding to Climate Change				
Management approach	103-1, 2, 3	Multidimensional Management Approach	18, 32	
Emissions	305-1	Direct (Scope 1) GHG emissions	97-98	
	305-2	Energy indirect (Scope 2) GHG emissions	97-98	
	305-4	GHG emissions intensity	97	

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Material Issue 3: Market Competitiveness/Economic Performance				
Management approach	103-1, 2, 3	Multidimensional Management Approach	18, 21	
Economic Performance	201-1	Direct economic value generated and distributed	90	
-	-	R&D	22-26	
-	-	Customer satisfaction evaluation	30	
Material Issue 4: Talent Management/Employment Stability				
Management approach	103-1, 2, 3	Multidimensional Management Approach	18, 47	
Employment	401-1	New employee hires and employee turnover	102	
	401-3	Parental leave	103	
Training and Education	404-1	Average hours of training per year per employee	102	
	404-2	Programs for upgrading employee skills and transition assistance programs	48-49	
	404-3	Percentage of employees receiving regular performance and career development reviews	103	
Material Issue 5: Health and Safety for Employees				
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Occupational Health and Safety	403-1	Occupational health and safety management system	58-62	
	403-2	Hazard identification, risk assessment, and incident investigation	61	
	403-3	Occupational health services	58-62	
	403-4	Worker participation, consultation, and communication on occupational health and safety	59	
	403-5	Worker training on occupational health and safety	60	
	403-6	Promotion of worker health	62	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58-62	

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	306-3	Waste generated	95	
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	301-2	Recycled input materials used	94	
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Management approach	103-1, 2, 3	Multidimensional Management Approach	19, 32	
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Material Issue 9: Management of Air Pollution				
Management approach	103-1, 2, 3	Multidimensional Management Approach	19, 32	
Emissions	305-7	Nitrogen oxides (Nox), sulfur oxides (SOx), and other significant air emissions	96	
General Reporting Topics: Economic				
Anti-corruption	205-1	Operations assessed for risks related to corruption	67-68, 80-81	
	205-2	Communication and training about anti-corruption policies and procedures	67, 79-80, 93	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	93	
General Reporting Topics: Environmental				
Energy	302-1	Energy consumption within the organization	96	
	302-3	Energy intensity	96	
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	303-5	Water consumption	95	

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Category	Index	Description	Page	Remarks
General Reporting Topics: Social				
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	101	
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	50	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	99	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	99	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	99	

TCFD INDEX

Kumho Tire intends to pursue climate change response activities in accordance with the TCFD recommendations. The recommendations consist of '1) Governance, 2) Strategy, 3) Risk Management, and 4) Metrics and Targets', and we intend to disclose climate change-related risks transparently to stakeholders including investors and connect them to Kumho Tire's ESG management activities.

Category	TCFD Recommendations	Page	Description	CDP Index
Governance	a) Describe the board's oversight of climate-related risks and opportunities	14-16	- Establishment of ESG Management Committee - Holding ESG Management Committee meetings quarterly - Review of ESG-related agenda and performance	C1.1b, C1.2, C1.2a
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	14-16, 35		
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	35	- Acceleration of transition to a carbon-neutral society - Carbon neutrality declaration by domestic and foreign car markers - Increased interest in eco-friendly products	C2.1a, C2.2a, C2.3, C2.3a, C2.4, C2.4a
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	35	- Analysis of climate change-related risks & opportunities - Increased facility and development costs for carbon neutrality	C2.3a, C2.4a, C3.a, C3.3, C3.4, C3.5, C3.5a
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2℃ or lower scenario.	-	- Plans to reflect climate change scenario in management strategies - Plans to reflect climate change-related risks and opportunities in ESG decision-making system - Plans to operate company-wide ESG decision-making system	C3.2, C3.2a, C3.2b / Qualitative·quantitative analysis planned to be introduced within 2 years
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	14-16, 35	- Operation of company-wide ESG decision-making system	C2.1, C2.1a, C2.1b, C2.2, C2.2a
	b) Describe the organization's processes for managing climate-related risks.	14, 15, 16	- Operation of company-wide ESG decision-making system	C2.1, C2.1a, C2.1b, C2.2
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	14, 15, 16	- Identification and management of critical risks by the ESG Management Committee - Deduction of implementation projects for 5 Working Groups	C2.1, C2.2, C3.3, C3.4
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	36, 41-42, 96-98	- Disclosure of energy consumption and greenhouse gas emissions at domestic and overseas business worksites	C8.2, C8.2a, C8.2b, C8.2c, C8.2d, C11.3a
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	34-35, 97-98	- Disclosure of Scope 1, 2 (domestic · overseas) & Scope 3 (domestic) emissions	C6.1, C6.2, C6.3, C6.5, C7.1a, C7.2, C7.3b, C7.5, C7.6b
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	34	- 2045 Net-Zero Declaration	C4.1, C4.1a, C4.2, C4.2a, C4.2c / Detailed goals to be established during the second half of 2022

SASB INDEX

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.

Topic	Code	Index	Unit of measure	Page	Description
Operational Emissions	TR-AP-130a.1	(1) Total energy consumed	GJ	96	5,287,751
		(2) Percentage grid electricity	%	96	67.36 (percentage of purchased electricity among the total energy consumption)
		(3) Percentage renewable	%	96	0
	TR-AP-150a.1	(1) Total amount of waste from manufacturing	Metric tons	95	12,954.8 (domestic), 8,812 (overseas)
		(2) Percentage hazardous	%	95	8.6
		(3) Percentage recycled	%	95	76.4 (domestic), 40.8 (overseas)
Product Safety	TR-AP-250a.1	Number of recalls issued, total units recalled	Number	99	0
Design for Fuel Efficiency	TR-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	KRW	94	79,884,000,000 (Based on low carbon products VS31 and ES31)
Materials Sourcing	TR-AP-440a.1	Description of the management of risks associated with the use of critical materials	-	69	-
Materials Efficiency	TR-AP-440b.1	Percentage of products sold that are recyclable	%	Business Report 13p	99.7 (Tire sales out of total sales on a consolidated basis)
	TR-AP-440b.2	Percentage of input materials from recycled or remanufactured content	%	94	0.57 (Proportion of use of butyl rubber among input raw materials)
Competitive Behavior	TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	KRW	93	0

Activity Metrics

Topic	Code	Index	Unit of measure	Page	Description
Activity Metrics	TR-AP-000.A	Number of parts produced	Number	92	23,418,972
	TR-AP-000.B	Weight of parts produced	Metric tons (t)	92	307,007
	TR-AP-000.C	Area of manufacturing plants	m^2	92	1,008,161

UN GLOBAL COMPACT

UN Global Compact (UNGC) is an international convention proposed by former UN Secretary-General Kofi Annan in 2000 to encourage and support corporate sustainability. Kumho Tire supports the 10 UNGC principles and spares no effort to abide by these principles throughout its management.

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Category	Principles	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	50
	2. make sure that they are not complicit in human rights abuses.	50-51, 66
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	52
	4. the elimination of all forms of forced and compulsory labour;	50
	5. the effective abolition of child labour; and	50
	6. the elimination of discrimination in respect of employment and occupation.	48, 50
Environment	7. Businesses should support a precautionary approach to environmental challenges;	32-45
	8. undertake initiatives to promote greater environmental responsibility; and	32-45
	9. encourage the development and diffusion of environmentally friendly technologies.	43-44
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	79-80

WEF IBC STAKEHOLDER CAPITALISM METRICS

Theme	Metrics		Page	Remarks
Governance				
Governing purpose	Setting purpose		7-8	
Quality of governing body	Governing body composition		14-15, 76-77	
Stakeholder engagement	Material issues impacting stakeholders		88	
Ethical behavior	Anti-corruption		79-80	
	Protected ethics advice and reporting mechanisms		81	
Risk and opportunity oversight	Integrating risk and opportunity into business process		18-19, 35	
Planet				
Climate change	Greenhouse gas (GHG) emissions		97-98	
	TCFD implementation		34, 115	
Nature loss	Land use and ecological sensitivity		-	
Freshwater availability	Water consumption and withdrawal in water-stressed areas		-	
People				
Dignity and equality	Diversity and inclusion		101	
	Pay equality		-	
	Wage level		-	
	Risk for incidents of child, forced or compulsory labor		N/A	
Health and well-being	Health and safety		60-62, 104	
Skills for the future	Training provided		102	
Prosperity				
Employment and wealth generation	Absolute number and rate of employment		102, 105	
	Economic contribution		90	
	Financial investment contribution		90	
Innovation of better products and services	Total R&D expenses		90	
Community and social vitality	Total tax paid		90	

AWARDS AND MEMBERSHIPS

Award

Category	Organization (Awarded By)	Title of Award	Category
2021	China Red Dot	2020 China Red Dot Design Award (Contemporary Good Design Award)	Winner (Majesty 9 Solus TA93)
	Forbes Korea (Consumer's Choice Best Brand Award)	Korea Best Brand Awards	Durable goods in tire
	Northeim, Germany	Red-Dot Design Award	Transport devices (ECSTA V730)
	International Forum Design, Germany	iF Design Award	Transport devices (e-TOPs, e-NIMF)
	Korea Management Association Consulting (KMAC)	Korean Net Promoter Score (KNPS)	No.1 in passenger car tire
	Japan Industrial Design Promotion Organization (JIDPO)	Good Design Award	Winner (ECSTA HS52)
	Japan Institute of Design Promotion (IDSA)	IDEA Design Award	Fin-Sread tire (Concept Desgin) FINALIST
	Korea Management Association Consulting (KMAC)	Korean Customer Satisfaction Index (KCSI)	No.1 in passenger car tire
2022	China Red Dot	2021 China Red Dot Design Award] (Contemporary Good Design Award)	Winner (Solus HS63,ECSTA PS71)
	International Forum Design, Germany	iF Design Award	Transport devices (ECSTA HS52, fin-thread)

Affiliated Groups and Associations

Associations
Korea Tire Manufacturers Association, KOTMA
Korea Chamber of Commerce and Industry
Korea Listed Companies Association
Korea Exchange, KRX
Korea Industrial Technology Association, KOITA
Korea International Trade Association; KITA
Korea Listed Company Audit Association
KOREA Investor Relations Service
Korea Automobile Manufacturers Association, KAMA
Korea Automobile Importers & Distributors Association, KAIDA
KOREA RUBBER INDUSTRY ASSOCIATION

Sustainability Initiatives

Initiatives
UN Global Compact
CDP (Carbon Disclosure Project)
SBTi (Science Based Targets initiative)
WBCSD-TIP (World Business Council for Sustainable Development-Tire Industry Project)
GPSNR (Global Platform for Sustainable Natural Rubber)

ABOUT THIS REPORT

Kumho Tire publishes its tenth Sustainability Report in 2022 to communicate its economic, social, and environmental value creation performance in transparent manner with various stakeholders.

Documentation Guidelines

This report has been prepared in accordance with the Core Option of GRI Standards, the sustainability report guidelines. Also, indicators of global sustainability management standards and initiatives, such as the UN Global Compact, UN SDGs, Task Force on Climate-related Financial Disclosures (TCFD), SASB (Sustainability Accounting Standards Board), and WEF (World Economic Forum), have been reflected as well. The disclosed financial information is on a consolidated basis according to the Korea International Financial Reporting Standards (K-IFRS).

Reporting Boundary and Scope

This report covers Kumho Tire's Seoul office and domestic and overseas worksites. As for data with differing reporting ranges, the applicable reporting ranges have been separately specified in the footnote.

Reporting Period

The reporting period for this report is from January 2021 to December 2021. Activities carried out during the first half of 2022 have been included for some activities. Also, data and target attainment rate of three years have been reported in order to show the continuity and persistence of performances.

Reporting Cycle

We have been publishing Sustainability Report annually, with the latest report published in August 2021.

Assurance

In order to ensure trust in the report preparation process and the published information, third-party assurance has been carried out by BSI, an independent assurance organization. AA1000 has been applied as the verification standard.

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References
Business Report
Corporate Governance Report

KUMHO TIRE

All-Ways, Go With you