

Kumho Tire

Sustainable Natural Rubber Policy

2023. 9. 1

KUMHO TIRE
All-ways, Go With you

1. Overview

A. Background

Kumho Tire is a tire manufacturing company that uses natural rubber, and we are committed to sustainability by actively working to establish a sustainable supply chain. The demand for tires and the industrial use of rubber are expected to increase, and natural rubber consumption is on the rise worldwide. In response to this trend, Kumho Tire is dedicated to preventing human rights abuses and environmental destruction within the natural rubber supply chain. We are also focused on improving the productivity and quality of natural rubber and participating in global efforts related to GPSNR (Global Platform for Sustainable Natural Rubber) to create a sustainable supply chain.

B. Scope

The natural rubber supply chain encompasses various groups, starting from small-scale farms to landholders, intermediaries, processing facilities, and rubber manufacturing companies. This policy applies to the diverse layers within the natural rubber supply chain, and it serves as the foundation for our efforts to create a sustainable natural rubber supply chain.

C. Direction

- 1) Throughout the decision-making process across tire manufacturing and distribution, we prioritize the conservation and regeneration of resources, including natural rubber.
- 2) We recognize that we can have both direct and indirect impacts on the upstream of the value chain and strive to promote qualitative growth across the entire value chain in our use of natural rubber.
- 3) We commit to regularly and transparently disclosing our business performance related to the natural rubber value chain to our stakeholders.
- 4) We also promote awareness among final consumers about issues related to the natural rubber value chain and encourage responsible consumption.
- 5) We remain attentive to natural rubber issues and continuously explore ways to contribute to the value chain.

2. Sustainable Natural Rubber Policy

A. Compliance with laws, regulations, and policies

- 1) We adhere to domestic, regional, and national laws and regulations concerning human rights, labor, land use, and the environment.
- 2) We oppose all forms of corruption, including embezzlement and bribery, and adhere to Kumho Tire's code of ethics, anti-corruption and compliance policies, and supplier code of conduct.

B. Commitment to a healthy ecosystem

1) Preventing Deforestation in the Rubber Supply Chain

We exclusively source and use natural rubber that does not involve deforestation or damage to High Conservation Values (HCVs). We do not procure natural rubber produced in areas where deforestation or degradation of conservation values has occurred after April 1, 2019.

2) Ecosystem Conservation and Restoration Initiatives

We adhere to methodologies and guidelines that align with the HCV (High Conservation Values) and HCSA (High Carbon Stock Approach) approaches for identifying and managing development and conservation areas. Furthermore, we are committed to the long-term protection of ecosystem conservation values, such as natural forests, wildlife, and endangered species. We also support the restoration of rubber farming areas that have been deforested or damaged.

3) Preventing Soil Pollution

We prohibit incineration and fires for land clearing, land management, waste disposal, and any other reasons. Additionally, we do not engage in or source natural rubber from peat-based rubber farms. We are committed to protecting soil quality and preventing erosion, nutrient depletion, subsidence, and contamination.

4) Preventing Groundwater Pollution

We make efforts to prevent contamination and depletion of water resources caused by the use of agricultural and industrial chemicals. Additionally, we work to mitigate water quality pollution caused by sedimentation and precipitation. Our commitment is to ensure the quantitative and qualitative conservation of water resources.

5) Efforts to Minimize Environmental Impact

We make continuous efforts to minimize energy consumption and carbon emissions in the

natural rubber production and sourcing process. We also support education and initiatives aimed at improving production efficiency and quality through process and raw material improvements. Our goal is to reduce our environmental footprint while enhancing the overall sustainability of our operations.

C. Commitment to Human Rights Respect

1) Compliance with International Standards and Guidelines

Kumho Tire complies with international human rights standards and guidelines, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPR), and ILO conventions. We adhere to the Kumho Tire Human Rights Policy, which is based on these international standards and guidelines.

2) Operation of Human Rights Complaints Handling System

We adhere to international standards and guidelines related to human rights, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPR), and ILO conventions. Our Kumho Tire Human Rights Policy is based on these international standards and guidelines, and we are committed to its implementation.

< Channels for Receiving Human Rights Complaints >

Kumho Tire Cyber Reporting Center (<https://cyberreport.kumhotire.co.kr/>)

3) Protection of Indigenous and Local Community Rights

We recognize and protect the rights of indigenous peoples and local communities in accordance with the UN Declaration on the Rights of Indigenous Peoples (UNDRIP). Furthermore, we make efforts to support the economic, social, and cultural rights of these communities, including providing for their appropriate living conditions, food security, education, and employment opportunities.

- We recognize the customary, traditional, and communal land ownership rights and access rights of indigenous peoples and local communities.
- We recognize and protect the access rights to hunting and gathering of flora and fauna for subsistence, indigenous culture, religious traditions, customs, and rituals.
- For activities that may affect the rights of indigenous peoples and local communities, we secure Free, Prior, and Informed Consent (FPIC) following the FPIC methodology and GPSNR guidance.
- In the event of infringement upon the rights of indigenous peoples and local communities, as well as actions resulting in land, territory, resource usurpation, or damage, we follow mutually agreed-upon procedures for appropriate measures and

conduct monitoring for compliance.

- We operate continuous, effective, and culturally appropriate communication channels with indigenous peoples and local communities.

3. Implementation Framework

A. Policy Implementation and Compliance

- 1)** Kumho Tire, as a founding member of the Global Platform for Sustainable Natural Rubber (GPSNR), incorporates GPSNR guidelines into its sustainable natural rubber policies, and manages policy development, revision, implementation, and compliance accordingly.
- 2)** We establish goals for policy implementation through key performance indicators (KPIs) and consider the natural rubber policy throughout our business activities, including decision-making, systems, and performance metrics. The objectives, implementation plans, and outcomes are approved and managed by the CEO-led ESG Management Committee.
- 3)** We engage in communication with stakeholders to provide relevant information and receive feedback on policy implementation. Additionally, we collaborate with stakeholders in their plans and efforts to comply with GPSNR principles. We support policy compliance among our suppliers within the supply chain through initiatives such as education, supply chain assessments and monitoring, as well as incentive programs.

B. Supply Chain Management and Evaluation

1) Supply Chain Management

Through supply chain mapping, we identify natural rubber-related suppliers and actively support their compliance with GPSNR policies throughout the supply chain. We prefer working with suppliers who adhere to GPSNR policies and provide guidance to them through supplier codes of conduct and other mechanisms.

2) Supply Chain Assessment

We conduct supply chain assessments to identify social and environmental risks and prioritize measures for risk mitigation. These assessments occur at least once every two years. For suppliers identified as non-compliant with GPSNR policies through the assessment, we collaborate with them to establish compliance plans or undertake appropriate corrective actions to facilitate improvement.

3) Monitoring and Reporting

Kumho Tire regularly reviews the implementation of GPSNR policies across natural rubber sourcing regions, suppliers, and supply chain management systems. We transparently report

relevant performance to stakeholders. The annual submission of the Reporting Requirement to GPSNR allows stakeholders to assess our level of compliance.

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