

BEYOND CHALLENGE

2019/20 CSR Report



About This Report

NEXEN TIRE's 2019/20 CSR Report encompasses the company's sustainable management philosophy and its performances focused on customer satisfaction, employees, environment, and local communities. The report contains reinforced material analysis on the major issues that the company is confronted with and enlarged scope of feedback through benchmarking of domestic and international companies in the industry and its stakeholders. Additionally, we included responsive strategies for each issue based on compliance with the global standards. We have structured our sustainability performances as customer satisfaction, employees, environment, and local communities and illustrated them as performance indicators to enhance the understanding of our stakeholders. Moving forward, NEXEN TIRE plans to transparently disclose its mid- to long-term strategies and goals as well as risks and opportunities through the CSR Report and carry out systematic management.

Reporting principles

This report has been drafted according to the Core Option of the Global Reporting Initiative (GRI) Standards.

Scope of the report

The report covers quantitative performances of operation in Korea (THE NEXEN univerCITY, headquarters in Yangsan, and Changnyeong plant) as well as global sites (Qingdao plant and Czech plant). We have separately noted where quantitative performances of separate sites have been included. The scope of our social contribution activities includes NEXEN Wolsuk Cultural Foundation, KNN Cultural Foundation, and the Wolsuk Busan Leading Scholarship Committee and the social contribution activities of these organizations are separately indicated. In addition, the financial performance is based on K-IFRS (Korean International Financial Reporting Standards).

Reporting period

This report focuses on activities and performances from January 1st to December 31st, 2019. Some information up until the publication of the report (July 31st, 2020) and significant activities of NEXEN TIRE prior to January 1, 2019 are also included.

Assurance

To provide reliability of the report's drafting process and the content to our stakeholders, NEXEN TIRE commissioned the third party's assurance to an independent audit entity named Korea Management Register (KMR). Type II of AA1000AS was applied to assurance process. The assurance statement is available on page 92.

Feedback on the report

This report can be downloaded on NEXEN TIRE's website. (<https://www.nexentire.com>) Please contact NEXEN TIRE's Strategy Planning Team (+82-2-6210-0837) upon any inquiries or feedback on this report.

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Message from the Global CEO

NEXEN TIRE will touch your heart and help you feel proud through the best quality.

We will deliver happiness through innovative technologies and products.

Our sights are set to become a global leader in the tire industry.

We will always ride with you as an energetic, passionate, and trustworthy company.



Global CEO, Travis Ho-Chan Kang

Dear stakeholders,

I would like to give my heartfelt gratitude to shareholders, customers, suppliers, and employees for their unwavering support for NEXEN TIRE.

We published our first CSR report this year in order to review our activities in the fields of business ethics and environment, thereby creating and sharing the direction and value we promote with you.

Established in 1942 under the name of Heung-a Tire Industry, NEXEN TIRE had been the first Korean tire manufacturer in 1956 after the Korean War. Since changing the company name from Woosung Tire to NEXEN TIRE in 2000 in an effort to innovate corporate image, we have been evolving into a global player demonstrating the highest sales growth in the global tire industry. In 2019, the company first achieved KRW 2 trillion in sales, built a central research institute in Magok, Seoul, and started the operation of Europe (Czech) plant. As a result, NEXEN TIRE completed the four strategic bases including R&D centers in Europe and the U.S., which will lead the future of "Global NEXEN."

These remarkable performances were attributable to your relentless supports and trust in our company. Under the management philosophy, "Living Together for Tomorrow with Our Value Embodied in the Movement," we are making a concerted effort not only for corporate growth but also for sharing happiness with our communities.

NEXEN TIRE's ultimate goal is to help our customers, communities, and humankind enjoy satisfaction and happiness through the value creation from our products and services as well as all of our thoughts and behaviors for the preparation of future. Today, the 4th Industrial Revolution represented by AI, big data, and autonomous driving triggers a drastic paradigm shift in the automotive industry. Our company also keenly feels the necessity of fundamental changes and innovations for sustainable growth.

In response to changes in the business environment, NEXEN is making a concerted effort to implement customer-centered management that delivers higher satisfaction and brand value to customers beyond just manufacturing and selling tires. As part of that, we started tire rental service in 2015 and untact tire replacement visit service in 2020 for the first time in the industry. These innovative efforts have been driven by our commitment to providing a new level of customer service by changing our way of thinking.

On top of that, NEXEN TIRE is making a concerted effort to ensure sustainable growth based on customer trust and technological competitiveness. To this end, we have established and revamped our major policies in regard to corporate ethics, labor and human rights, EHS (environment, health and safety), and supplier responsibilities based on the CSR principles. In addition, we enhanced our CSR policy for purchasing natural rubber by joining the GPSNR (Global Platform for Sustainable Natural Rubber) to contribute to achieving the UN SDGs. In an effort for pre-emptive response to environmental issues, the company has been participating in the CDP (Carbon Disclosure Project) Worldwide.

As for social contribution activities for co-prosperity with local communities, the company operates a foundation aimed at supporting scholarships, academic activities, and cultural events and a standardized workplace for workers with disabilities. Based on our history and experiences accumulated for 78 years, NEXEN TIRE is committed to implementing CSR activities and creating social value through continuous innovation and challenge.

I look forward to your unwavering interest and supports. Thank you.

Company Overview

NEXEN TIRE, which started as Heung-a Tire Industry in 1942, has grown tremendously with epoch-making achievements in the domestic tire industry since its production of South Korea's first automobile tires in 1956. After the company changed its name from "Woosung Tire" to "NEXEN TIRE" in 2000, it recorded the highest sales growth rate and earned recognition for its technology leadership. Currently, NEXEN TIRE has expanded the operation beyond Korea to China and Europe and is currently operating four plants. As Magok Central Research Institute being the central figure, the company has established global R&D networks in the U.S., China, and Germany, responding quickly to the diversifying market.

NEXEN TIRE, which is traversing the roads in more than 150 countries based on its know-hows and technologies accumulated over 70 years, will not slow down its driving speed toward becoming a top-notch company for the next generation.

THE NEXEN univerCITY



Corporate Overview

Company Name	NEXEN TIRE Co., Ltd.
Global CEO	Travis Ho-Chan Kang
Foundation	June 11, 1942
Major Businesses	Manufacturing, Sales, Tire Rentals
HQ Address	355, Chungnyeol-ro (Yusan-dong), Yangsan-si, Gyeongsangnam-do, Korea
Contact	+82-55-370-5114
Total Assets	KRW 3,436 billion
Operating Profit	KRW 207 billion
Listed Date	May 19, 1976

Company History

Jun. 1942 Established Heung-a Tire Industry
 Mar. 1952 Changed the business name to Heung-a Tire Co., Ltd.
 Jun. 1956 Produced the vehicle tire for the first time in Korea

1942-1956

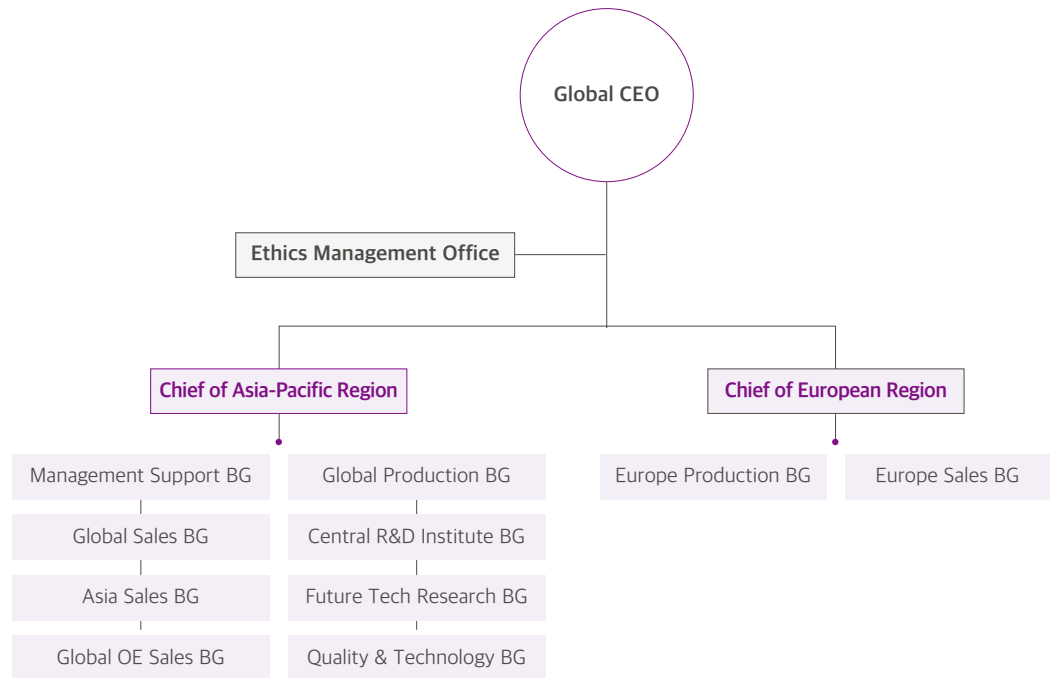
1973-1987

May. 1973 Heung-a Tire Co., Ltd. undertaken by Wopung Industry Co., Ltd.
 May. 1976 Wopung Industry Co., Ltd. listed in the Korea Stock Exchange
 Aug. 1979 Wopung Industry Co., Ltd. jointly managed by Kukje Group
 1984 Began construction of the radial tire plant in Yangsan
 Feb. 1986 Wopung Industry Co., Ltd. undertaken by Woosung Group
 Jun. 1987 Established a joint venture with Michelin Korea Tire Co., Ltd. (terminated the cooperation in Jun. 1991)

Oct. 1991 Signed a technology cooperation agreement with Ohtsu Tire, Japan
 Mar. 1994 Changed the business name to Woosung Tire Co., Ltd.
 Mar. 1999 Undertook the management right of NEXEN Co., Ltd. (former Heung-a Tire)
 2000 Changed company name from "Woosung Tire" to "NEXEN TIRE"

1991-2000

Organization



*BG : Business Group

2005-2013

Jun. 2005 Established a U.S. sales branch
 Aug. 2011 Launched the eco-friendly tire brand, "N'blue Eco"
 Dec. 2011 Awarded a presidential citation for labor management Cooperation
 Mar. 2012 Completed construction of Changnyeong plant, Gyeongsangnam-do
 Oct. 2012 Began operation of Changnyeong plant, Gyeongsangnam-do
 Feb. 2013 Held the earliest general shareholders' meeting among all listed Korean companies for 14 consecutive years
 Mar. 2013 Began investments for the 2nd expansion of the Changnyeong plant worth approximately KRW 330 billion

2014-2015

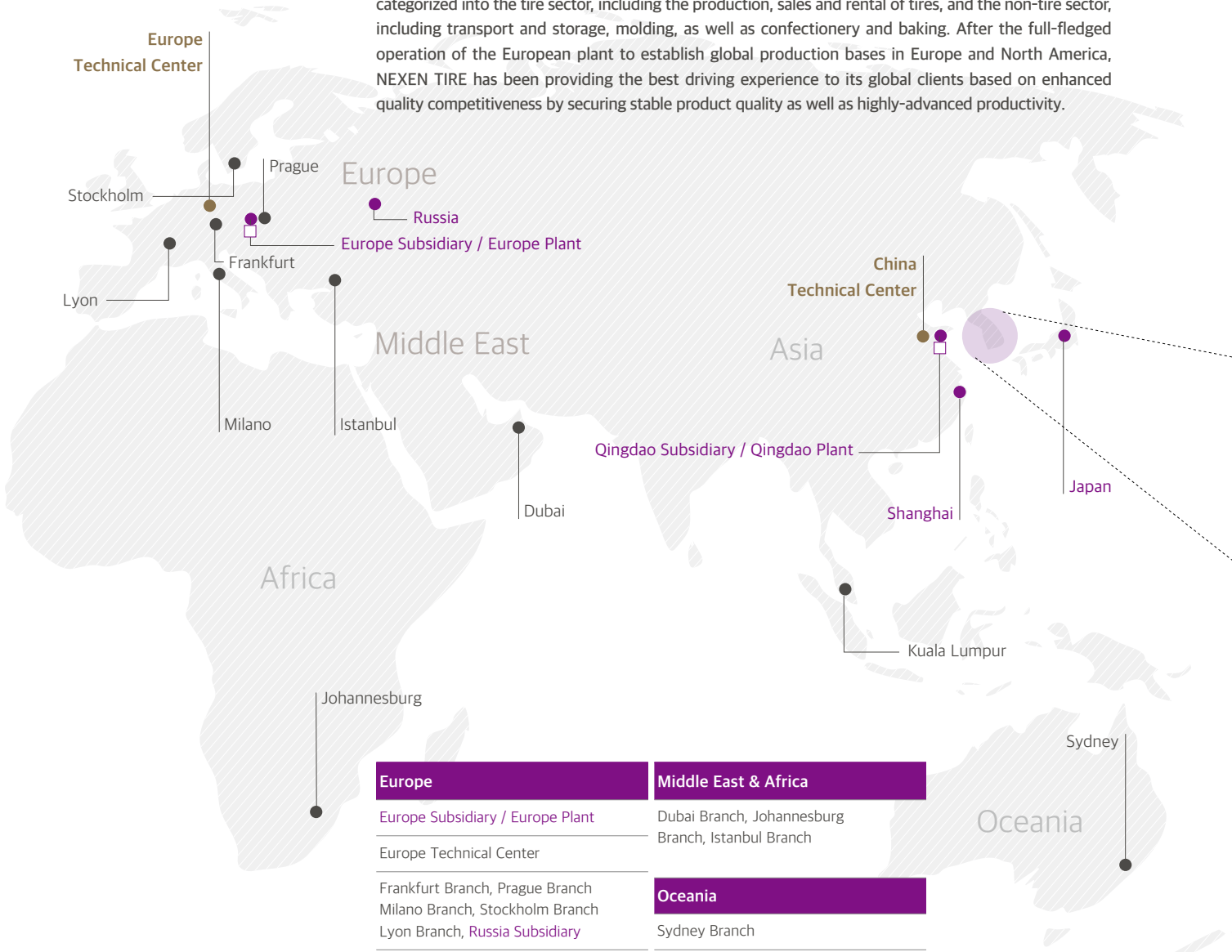
Jun. 2014 Signed a joint investment agreement for the Europe Plant[Czech]
 Sep. 2015 Launched "NEXT LEVEL," the first tire rental service as a domestic tire manufacturer
 Oct. 2015 Began construction of the Europe Plant[Czech]

2017-2020

2017 Started supplying premium OE tires
 May. 2017 Began construction of the Magok R&D center
 Sep. 2018 Established and expanded the research center in Europe (NETC)
 Feb. 2019 Began tire production at the 4th Europe Plant[Czech]
 Jun. 2019 Signed a partnership with Plug and Play, the global innovative accelerator
 Mar. 2020 Launched "NEXT LEVEL GO," the untact tire exchange service introduced to Korea for the first time in the tire industry

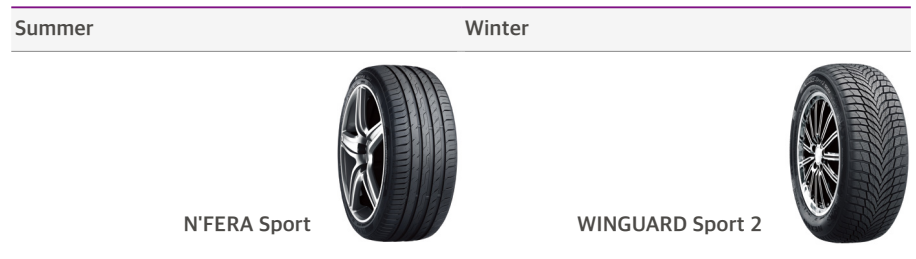
Business Status

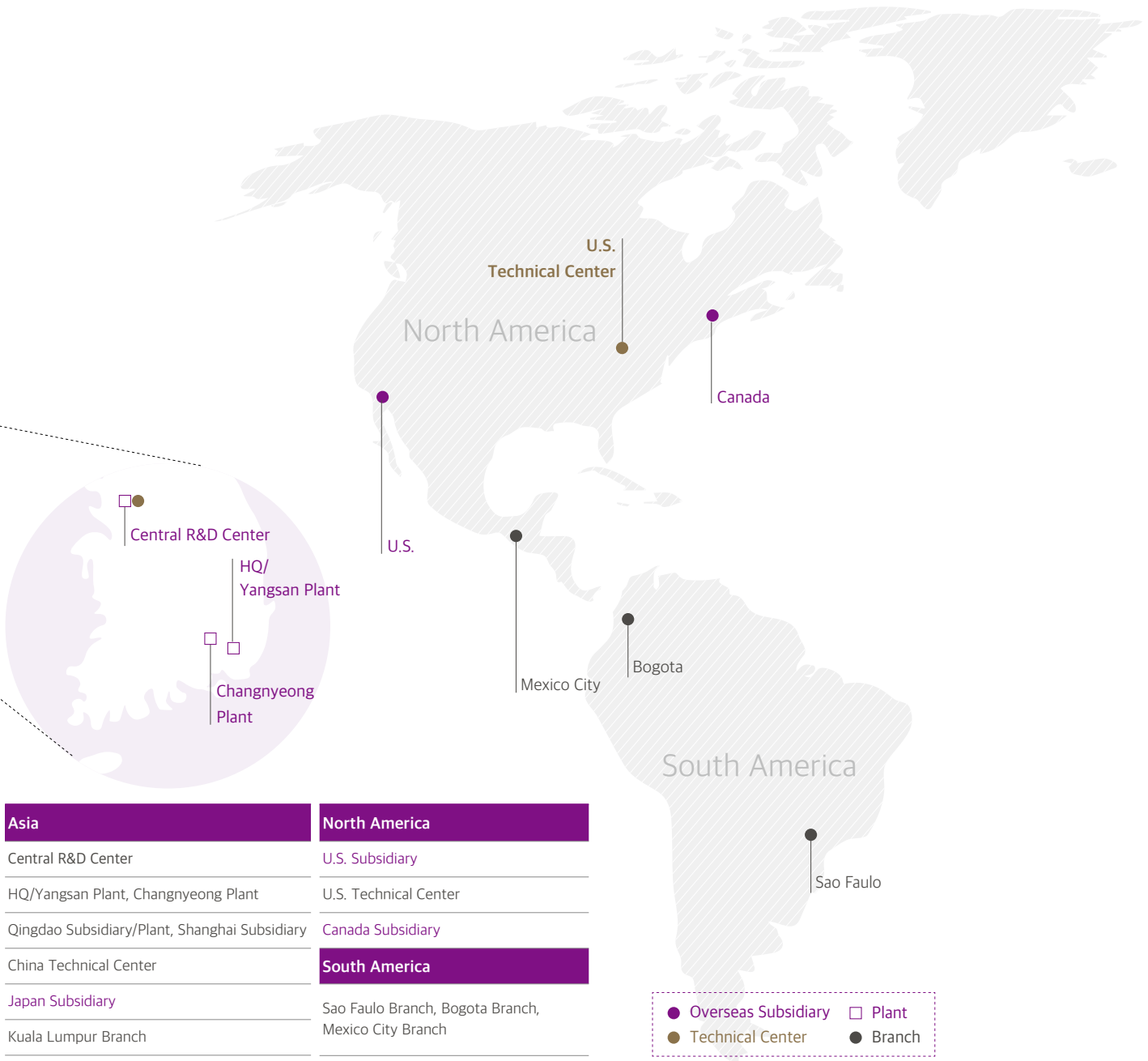
Headquartered in South Korea, NEXEN TIRE manufactures and sells tires through its global sales networks in China, the United States, Europe, and Southeast Asia. Its business sectors are largely categorized into the tire sector, including the production, sales and rental of tires, and the non-tire sector, including transport and storage, molding, as well as confectionery and baking. After the full-fledged operation of the European plant to establish global production bases in Europe and North America, NEXEN TIRE has been providing the best driving experience to its global clients based on enhanced quality competitiveness by securing stable product quality as well as highly-advanced productivity.



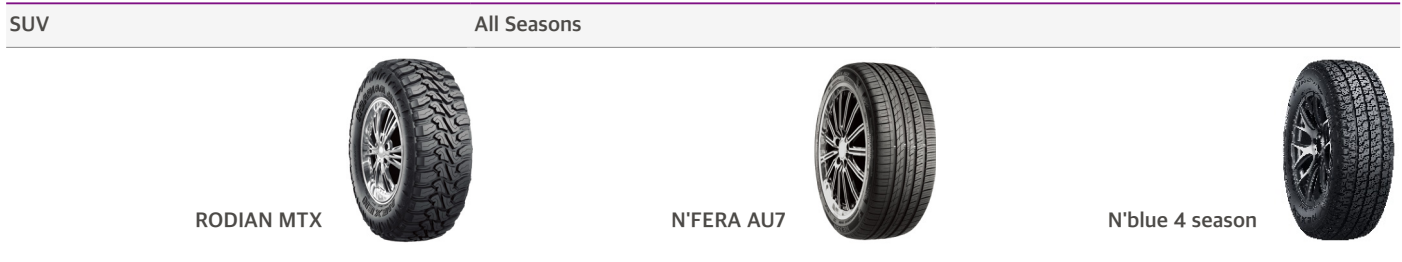
Products

NEXEN TIRE encounters its customers around the world with its various brands diversified by its vehicle model.





Asia	North America
Central R&D Center	U.S. Subsidiary
HQ/Yangsan Plant, Changnyeong Plant	U.S. Technical Center
Qingdao Subsidiary/Plant, Shanghai Subsidiary	Canada Subsidiary
China Technical Center	South America
Japan Subsidiary	Sao Paulo Branch, Bogota Branch, Mexico City Branch
Kuala Lumpur Branch	



2019 CSR Highlights

01 ~02

1 "N'FERA AU7" won the iF Design Award 2019

NEXEN TIRE's "N'FERA AU7" received the main prize in the product sector of German-based "iF Design Award 2019." The award highly recognized the metaphysical design of number "7," the symbol of our brand.

2 The earliest general shareholders' meeting for 20 years in a row

On February 19, NEXEN TIRE held the 61st general shareholders' meeting at its headquarters in Yangsan, Gyeongsangnam-do, continuing its record of holding the meeting earliest among listed Korean companies that settle at the end of December for 20 consecutive years. It has been promoted as part of our commitment to transparent and shareholder-centric management.



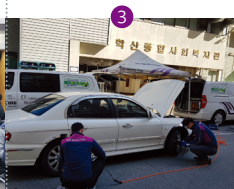
03 ~04

3 Free tire check campaign at social welfare centers, etc.

On March 22, we carried out a free tire inspection campaign for people with disabilities and local residents who visited public welfare centers. This campaign received highly positive responses from visiting customers by conducting safety checks on all tires regardless of the tire manufacturers.

4 Grand opening of "THE NEXEN univerCITY"

NEXEN TIRE opened its central research institute, "THE NEXEN univerCITY" in Magok-dong, Gangseo-gu, Seoul. THE NEXEN univerCITY equipped with diverse and cutting-edge research facilities, in which a total of KRW 200 billion was invested for around 2 years, will be an outpost to achieve the advancement of our R&D capabilities.



05 ~06

5 Expanded global social contribution activities

To celebrate its 77th anniversary of foundation, NEXEN TIRE carried out various social contribution activities at home and abroad. The company has also promoted co-prosperity with local communities by establishing the "Angel With Us," an exemplary subsidiary for the disabled, along with the "Hope Sharing" volunteer club.

6 Ranked top in tire sector of the "2019 Global Customer Satisfaction Competency Index" for 10 consecutive years

NEXEN TIRE made a splendid achievement of winning the 1st position in the tire sector of the 2019 Global Customer Satisfaction Competency Index (GCSI), which was the 10th annual consecutive achievement.



2019 Financial Highlights

(Unit: KRW 100 million)

Business Division	2019		2018		2017	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Tire Division	29,471.8	1,808.4	28,026.9	1,799.7	26,936.0	1,581.5
Non-Tire Division (transport, storage)	154.1	16.7	62.4	7.6	839.4	26.4
Non-Tire Division (molding)	39.3	(1.6)	49.6	(2.7)	61.8	(1.0)
Non-Tire Division (Confectionery, Baking and Others)	55.8	0.2	35.2	(0.3)	-	-
Internal transactions excluded	(9,497.5)	250.1	(8,334.3)	20.1	(8,179.3)	247.3
Total	20,223.4	2,073.7	19,839.8	1,824.4	19,647.9	1,854.2

07 ~08

7 THE NEXEN univerCITY won the 37th "Seoul Architecture Award"

"THE NEXEN univerCITY" won the Excellence Prize at the 37th Seoul Architecture Award. This building obtained the Green Building Certification and the 1st grade energy efficiency thanks to its design excellency and eco-friendliness, thereby presenting a new indicator for building sustainability.

8 Held the completion ceremony of Europe plant in Czech

On August 28, NEXEN TIRE held the opening ceremony of its European plant in Zatec City, Usti, Czech Republic. The region is greatly accessible to Europe's largest markets such as Germany, France and the U.K., and the plant also holds the best geographical conditions for supplying tires due to its proximity with 30 automakers.

09 ~10

9 Opened the "N-Gel (Angel) Daycare Center" Magok Campus

NEXEN TIRE opened the "N-gel Daycare Center," the in-house childcare facility, at Magok campus to provide a stable childcare environment and work-life balance for employees. Having an area of 208m², the N-Gel Daycare Center at Magok campus provides high-quality educational programs for children aged from 0 to 5 years old.

10 Won the 2nd position in the "V5" class of VLN Durability Race in Germany

At the final round of "2019 VLN Durability Race" in Germany, the "Porsche Cayman 981" equipped with our "N'FERA SS01 SUR1" tire won the 2nd in the "V5" class.

11 ~12

11 Developed aerodynamic-based air resistance reduction technology to improve fuel efficiency

NEXEN TIRE successfully developed the aerodynamic-based air resistance reduction technology to improve vehicle fuel efficiency. By shaping the text-carving, bumpy parts of the tire side into intaglio, it minimized air resistency and improved fuel efficiency.

12 Won the USD 1 billion Export Tower on the 56th Trade Day

NEXEN TIRE won the USD 1 billion Export Tower at the commemoration ceremony on the 56th Trade Day. We had received the USD 100 million Export Tower in 1995 and USD 900 million Export Tower in 2018.



(Unit: KRW 100 million)

Business Division	2019		2018		2017	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Tire Division	43,960.0	23,071.0	41,424.9	21,958.9	34,195.1	17,283.4
Non-Tire Division (transport, storage)	447.6	236.0	446.1	247.3	458.2	258.5
Non-Tire Division (molding)	41.0	5.0	42.1	6.3	47.6	9.9
Non-Tire Division (Confectionery, Baking and Others)	4.3	1.0	3.6	0.9	-	-
Internal transactions excluded	(10,092.3)	(4,531.5)	(9,493.9)	(4,072.5)	(6,760.8)	(3,001.0)
Total	34,360.5	18,781.5	32,422.9	18,141.0	27,940.1	14,550.8

SUSTAINABLE MANAGEMENT

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Key Highlights



100%

Attendance rate of non-executive directors in 2019



4,034 persons

Participants in trainings on sexual harassment prevention



100%

Completion rate of ethics training (April 2020)

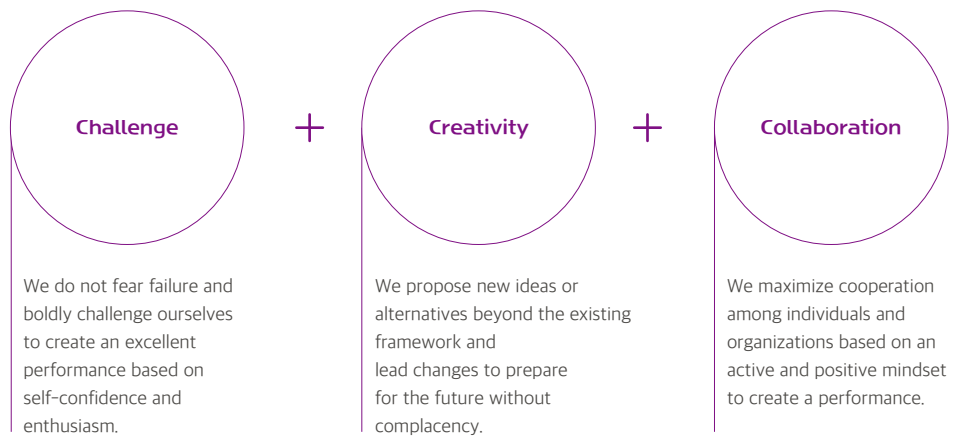
Management Philosophy

NEXEN TIRE's management philosophy, "We live together for tomorrow with our value embodied in movement," is the starting point and fundamentals of our management activities as well as a guide to stimulate business to continuously change and grow. Every NEXEN employee's thoughts and behaviors (movements), including value creation activities, aim to contribute to the abundance of the world (us together) by creating a better future (tomorrow) than the present by meeting personal satisfaction and expectations (with value).

Core Values



The management philosophy that defines the ultimate values pursued by NEXEN TIRE can be realized through its core values. In other words, the management philosophy plays a role of explaining NEXEN TIRE's identity to shareholders, while the core values of NEXENers' day-to-day operations setting the fundamentals of the company's decision making process. The core values of NEXEN TIRE are defined as "NEXEN Tri-C" by integrating the English initials of each core.



Behavioral Principles



The only way to make a value system truly valuable is to practice. The behavioral principles of the NEXENers who embodied the management philosophy of NEXEN TIRE can be explained as the "Execution of the NEXENers on Challenges, Creativity, and Cooperation."



Entrepreneurship



The top management's excellent leadership and entrepreneurship create unique values that only NEXEN TIRE can have. The values made NEXEN TIRE constantly challenge itself and move dynamically. NEXEN TIRE defines such entrepreneurship as "Four Hearts."



Responsible Governance

For sustainable growth and the protection of stakeholders' benefits including those of shareholders, NEXEN TIRE is building transparent governance that is also stable and efficient. The company's decision making and execution of duties are separately delegated to the Board of Directors and the management, and governance is stabilized through checks and balances. Also, with the belief that the employees' expertise and diverse perspectives are key to construct efficient governance, we are building our BOD with a wide range of experts. Regular and non-regular meetings among the members are frequently held. In addition, we uphold the disclosure principles to secure transparency in standards, procedures and results for task execution, achieving a transparent governance.

Shareholders

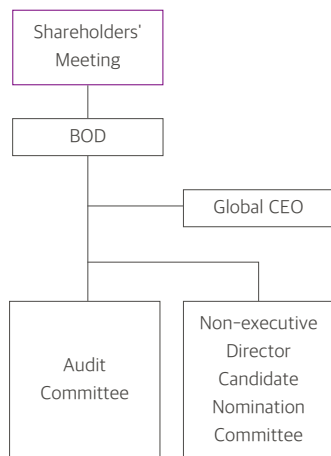
(Unit: shares, %)

Major shareholders	Number of shares	Ownership ratio
NEXEN Co., Ltd.	42,253,845	43.26
Byung-joong Kang	19,001,037	19.45
Travis Ho-Chan Kang	3,174,222	3.25
Other shareholders	33,238,773	34.04
Total	97,667,877	207,367

*Drafted according to current shareholders list as of Dec. 31, 2019 (excluding treasury stocks)

Structure of the Board

The Board is the highest decision making body of NEXEN TIRE and has the authority to elect and dismiss the CEO. A total of five executives, including 2 Internal Executives and 3 External Executives are included, who are elected at the general shareholders' meeting. Candidates of internal and external executives are nominated by the Board and the Executive Nomination Committee, respectively. The Board of the Directors consists of the Executive Nomination Committee and the Audit Committee. The Audit Committee comprises 3 external executives and protects the benefits of stakeholders by minimizing management risks, securing transparent management, and enhancing competitiveness through audits, diagnoses and assessments. Elected executives are listed below, and all external executives have no interests with the company, the management and major shareholders.



Executive/Non-executive	Name	Title	Duties	Term
Executive Director	Byung-joong Kang	Chairman&CEO	Company representative	Jun. 1, 1999 - Mar. 24, 2023
Executive Director	Travis Ho-Chan Kang	Vice Chairman& Global CEO	Company representative	Mar. 1, 2001 - Feb. 17, 2022
Non-executive Director	Seung-Hwa Kwon	Member of the Audit Committee	Auditing	Mar. 24, 2020 - Mar. 23, 2023
Non-executive Director	Yoo-kyung Kim	Member of the Audit Committee	Auditing	Feb. 17, 2015 - Feb. 18, 2021
Non-executive Director	Hyun-jeon Kim	Member of the Audit Committee	Auditing	Feb. 17, 2016 - Feb. 17, 2022

*Mar. 24, 2020: Reelected Byung-joong Kang as the CEO at the general shareholders' meeting, elected Seung-Hwa Kwon as External Executive following Tae-joon Jeon's resignation.

Evaluation and Remuneration of the Board

The remuneration of the executives is determined upon the approval from general shareholders' meetings under the limit of KRW 6 billion. The severance is also paid as decided at the general shareholders' meetings, following the regulations on executives' severance pay. Both are determined in accordance with the NEXEN TIRE's Articles of Association.

(Unit: persons, KRW in millions)

Classification	Number of Directors	Total Remuneration	Average Remuneration per capita
Registered Directors	2	1,451	726
External Executives (Audit Committee)	3	108	36
Total	5	1,559	312

Operating Board based on Expertise and Strengthening Responsibility

NEXEN TIRE does not place limitations such as nationality, gender, religion, race, and etc. when electing external executives. The executives are elected through the resolution of the regular General meeting of shareholders and should represent the majority of the total number of executives to secure the independence of the Board. In particular, their qualification standards of the Commercial Act and relevant laws and their expertise and independence are reviewed when electing an executive for proper execution of duties. Also, a variety of experiences and backgrounds are considered so that the Board can represent various groups of stakeholders and carry out management activities and decisions based on social value.

BOD Meetings

Classification	Numbers of meetings held (times)	Executives' attendance rate (%)
2015	30	100.0
2016	11	100.0
2017	18	100.0
2018	16	100.0
2019	13	100.0

Sub-committee Operation

Classification	Composition	Major Functions	Operations
Audit Committee	3 non-executive directors	<ul style="list-style-type: none"> Review accounting documents and independent auditors' procedures and results Request additional reviews on accounting documents and results to independent auditors and review results Review the operation status of internal control system reported by internal control managers 	4 times in 2015 3 times in 2016 5 times in 2017 5 times in 2018 4 times in 2019
Non-executive Director Candidate Nomination Committee	1 executive director, 2 non-executive directors	<ul style="list-style-type: none"> Nominate non-executive director candidates to the general shareholders' meeting 	Twice in 2016 & 2019 (nominated Hyun-jeon Kim) Once in 2020 (nominated Seung-hwa Kwon)

*Drafted according to current shareholders list as of Dec. 31, 2019 (excluding treasury stocks)

Risk Management

We operate an integrated risk management system to proactively identify and respond to financial and non-financial risk factors that may negatively affect our management goals. To secure corporate sustainability, the management organization of each risk area focuses on establishing and executing response strategies through risk monitoring.

Financial Risk Management

NEXEN TIRE is thoroughly managing its risks by constantly monitoring its financial capacity to support its advancement into the second leap, through the operation of the Czech plant. In order to make a stable leap even in a rapidly-changing environment, NEXEN TIRE is reviewing key identified issues and preparing response strategies.

01

▶ Financial Risks

While working capital volume has risen increased due to continued sales growth, borrowings have also increased since 2017 owing to investments in the Czech plant. In response, NEXEN TIRE improves cash flows by selling non-recourse export receivables and expands the portion of stable short-to-long term borrowings to ensure financial stability. We also maintain financial soundness through borrowings using swap. Moreover, borrowings redemption based on stable cash flows generated from operating activities and successful issuance of corporate bonds in 2019 allow us to achieve excellent credit ratings and stable financial activities.

02

▶ Exchange Risks

As global sales have expanded, NEXEN TIRE's exports account for about 76% of 2019 sales. Accordingly, it is exposed to exchange risks associated with the collection and management of foreign currencies. In order to minimize foreign exchange risk, NEXEN TIRE adheres to the reconciliation of assets and liabilities by currency in principle and is carrying out exchange risk management for surplus currencies based on the analysis of cash flows by currency. Currently, NEXEN TIRE is reviewing exchange risk management through more sophisticated derivatives trading compared to existing products, and it plans to establish more specialized risk strategies.

03

▶ Liquidity Risks

NEXEN TIRE always prepares for unpredictable liquidity crunch through integrated and close liquidity management between its head office and overseas branches. NEXEN TIRE also focuses on establishing a stable financial structure so that it can respond instantly to global upheavals by selling export bonds and possessing a large-scale limited credit loan that can be borrowed and repaid at any time. NEXEN TIRE also strives to reduce financial costs through distributed transactions with multiple financial institutions under this credit limit as well as to decrease financial risks caused by certain financial institutions.

Non-Financial Risk Management

In order to continuously secure market competitiveness, NEXEN TIRE is preemptively identifying and strengthening its responses by subdividing internal and external risk factors of management uncertainty, including sustainability risks such as human rights and environment.

01

▶ **Legal Risks**

There are complex interests surrounding the company, which require reasonable and legal decision making, not only in the process of coordinating the interests but also in the results. In order to realize the ideology of ethical management, one of the essential elements to enable ideology and sustainable management, NEXEN TIRE is building a thorough review system to ensure that all of its internal and external corporate activities do not violate domestic and foreign laws and regulations as well as various treaties commonly applied throughout the world.

02

▶ **Health and Safety Risks**

To realize a zero-accident operation site, NEXEN TIRE has established the health and safety management system, arranging preventive measures against serious industrial accidents. In order to prevent disasters and accidents, NEXEN TIRE has set key management activities for each type of disaster and reinforced the management level from various angles. In 2019, to strengthen the safety awareness of all workers, NEXEN TIRE held the Safety School 3 times a year for rule violators and new employees, and the company also conducted special training based on the target management task for each month. In addition, NEXEN TIRE runs a joint labor-management safety with the labor union and managing supervisors once a month to find risk factors in the operation sites and create a safe culture. The company has also carried out work environment improvement activities by researching harmful factors in the musculoskeletal system and organizing the Musculoskeletal Disease Prevention Steering Committee.

03

▶ **CSR Risk by Area**

Regarding its corporate activities, NEXEN TIRE is strictly monitoring its conduct to prevent the possibility of basic human rights violations, prevent environmental pollution, and ensure the high effectiveness of eliminating anti-corruption activities. NEXEN TIRE plans to establish a system for proper reporting, elimination of results, and remedy activities, gradually advancing the system.

Ethical Management

NEXEN TIRE is striving to create a transparent, fair, and mature corporate culture based on its management philosophy and ethical norm that pursue mutual development, consideration, co-existence, and symbiosis with stakeholders such as shareholders, clients, suppliers, partners, communities, and employees. The company endeavors to realize sustainable management by conducting an ethical management survey on employees, regular training, and running a reporting center for violations of ethical norms.

Ethical Norms

NEXEN TIRE's ethical management philosophy has been recognized through the Transparent Accounting Award (Korean Accounting Association), the Model Taxpayer Minister Award (Ministry of Strategy and Finance), and the President's Commendation for Labor-Management Mutual Cooperation (Ministry of Employment and Labor). In addition, the company has been building trust in our ethical management from clients, shareholders, employees, and suppliers by running the Wolsuk Scholarship Foundation, setting up sisterhood ties with rural areas, and conducting clean factories and environment and safety policies. All employees of NEXEN TIRE must comply with the code of ethics, and the suppliers are also encouraged to comply with the code of ethics.

Code of Ethics

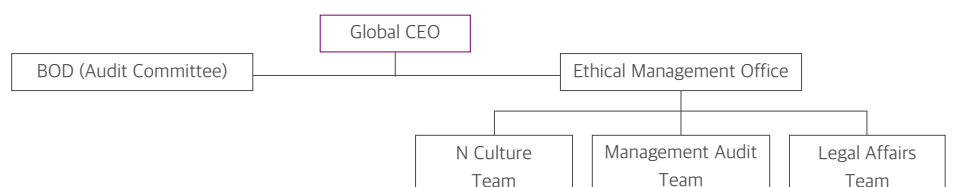
- We provide high-quality, safe tires, giving consumer satisfaction and trust.
- We constantly strive to improve our technology and contribute to our community through investment and growth.
- We maintain honest and sincere work attitude and transparently disclose our company's management information.
- We abolish inefficient work practices to establish a trusted corporate image.
- We do not promote unfair profits or abuse our position in relation to our work.
- We establish a shared relationship based on trust and harmony with pride that all workers and managers are the owners of our company.

Behavioral Guidelines

Legal Compliance	Ethical Compliance of Employees	Respect and Protection of Employees	Transparent Management	Fair Trade
Prohibitions of Money, Goods, and Treats	Environmental Protection	Labor-Management relationship	Contribution to Nation and Society	Compliance with Ethical Norms

Ethical Management Organization

NEXEN TIRE has established the Ethical Management Office directly under the Global CEO to perform ethical management. Along with this, new authorities such as supporting financial reports to the Global CEO, acting as the secretariat of the Audit Committee, as well as conducting a survey on the status of internal accounting operation, internal reporting system, and employee inspection have been given to the N Culture Team, supporting the ethical management roles. This team has expanded into a central department that spreads ethical management, such as announcing the Global CEO's messages and conducting ethical management training.



Email Address for Reporting:	ethics@nexentire.com
Website	Click <Report> button on the top → Send an email to the external email address for reporting (nexenethicscenter@gmail.com)
Mail	N Culture Team, 7th floor, THE NEXEN univerCITY, 177 Magok central-ro, Gangseo-gu, Seoul

Reporting Center

NEXEN TIRE receives reports on all types of behaviors that may violate our ethical norms, such as an employee's job-related fraud, damage to company and employees' reputations.

Reporting Process



In principle, identity of the whistle-blower, reported content, and process results are not disclosed in accordance with Article 15 of the Ethical Norm Enforcement Regulations. Also, the purpose of the collection and retention period of personal information collected during reported are notified in advance to protect the the whistle-blower. Reporting on employees' compliance with ethical norm will be announced according to the company's regulations if there is anything to be announced after review, and reward or punishment will be enforced in accordance with Article 16 of the Ethical Norm Enforcement Regulations to clarify the executive's determination to carry out ethical management.

Regular Ethical Training

Ethical management is a corporate culture that makes organizations transparent and efficient. The driving force behind NEXEN TIRE's ethical management is its employees. In order to confirm employees' empathy with and commitment to ethical management, NEXEN TIRE ran an online training program over a total of 10 hours after consultation with the HR Development Team in 2019. In addition, NEXEN TIRE is striving to improve its awareness of ethical management by spreading best practices through the publication of regular ethical management letters.



Completion rate of ethical management education (As of April 2020)



5 hours per employee

Cumulative hours of ethical management education (As of April 2020)

Classification	Content
Course	Ethical management, now is the time to practice
Details	Course 1: Understanding the ethical management and ethics charter
	Course 2: Ethics of internal stakeholders
	Course 3: Ethics of external stakeholders
	Course 4: Ethics for the nation and the society
	Course 5: Fair execution of duties
	Course 6: Prohibiting unfair gains
	Course 7: Transparent business handling
	Course 8: Healthy organizational culture
	Course 9: Handling violations
	Course 10: Practicing ethical management, achieving sustainable and happy company

Ethics Diagnosis by Subsidiary and Division

NEXEN TIRE diagnoses the level of business ethics by department through capitalizing on employee survey results and monitoring information and conducts trainings specified for the results. In 2019, NEXEN TIRE performed the total of five ethics diagnosis activities.

2nd

Revision of privacy protection guideline

100%

Completion rate of compulsory trainings on internal accounting system

10_{times}

Compulsary trainings on internal accounting system conducted (Audit Committee and non-executive directors)

128_{persons}

Participants in the AEO safety control training

4,034_{persons}

Participants in the trainings on sexual harassment prevention in workplace

665_{persons}

Participants in trainings for creating healthy and happy workplace

398_{persons}

Respondents to survey on ethical management

Proposals from the survey on ethical management

1. Request of continuous trainings on ethical management (regular, at least once a year, online training, etc.)
2. Needs for systematic whistle blowing system, protection, and compensation
3. Continuous monitoring of power abusing by upper positions and discrimination (unfair use of corporate card, misuse of HR system, get-together event, etc.)
4. Enhancement of communication on ethical management and sharing of violations of ethics (casebook, etc.)
5. Monitoring of treats for external partners (gifts, gift cards, etc.)

Materiality Assessment

NEXEN TIRE establishes the most material issues and areas for its business and stakeholders and conducts a material assessment each year based on stakeholders' interests and business impact to identify material issues. The materiality assessment draws the most significant issues for the company and its stakeholders in the economic, environmental and social aspects. Through such unique assessment, NEXEN TIRE gains insights on future trends as well as business risks and opportunities.

Step 1: Collecting Relevant Issues

For major issues, we analyzed international standards, conducted media research, and benchmarked competitors for fundamental data to examine the external environment. Based on the data, we determined the source needed to reflect the issues.

External Environment Analysis	
1. International standards analysis	GRI Standard, Buyer Requirement
2. Media research	<ul style="list-style-type: none"> - Articles related to NEXEN TIRE's economy, environment, social performance and issues - 12 daily newspapers (Kyunghyang Shinmun, Chosun Ilbo, Dong-A Ilbo, etc.), 14 Internet newspapers (for IT/economic sections) - Jan. 1, 2019 to Dec. 31, 2019 - A total of 690 articles (421 related articles)
3. Competitor benchmarking	Analysis of issues of 2 competitors in the industry
4. Stakeholder survey	

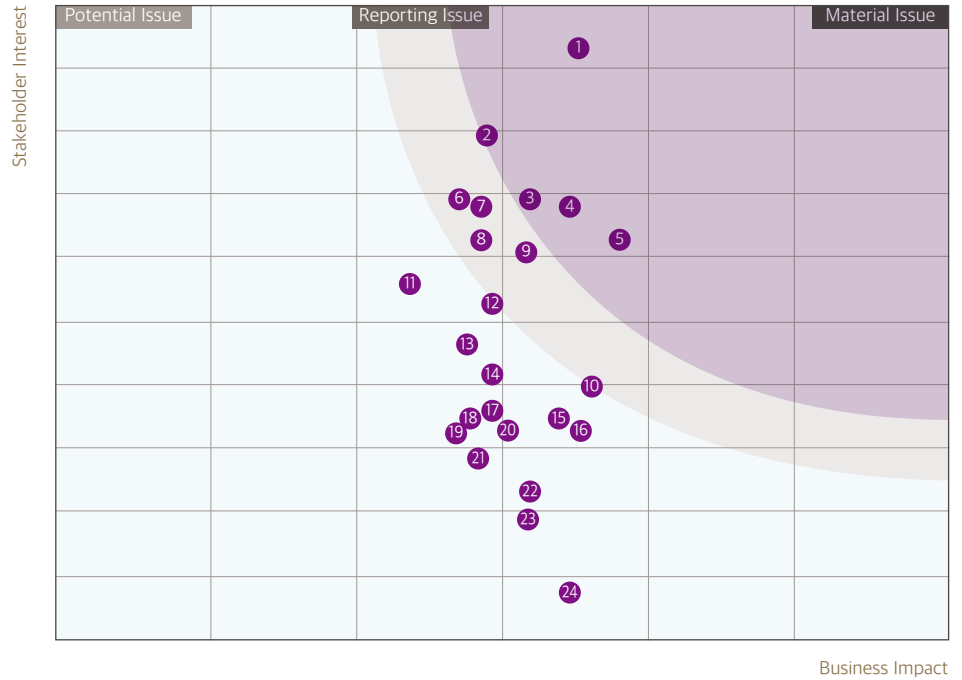
Step 2: Identifying Interests and Importance

We identified 37 issues based on of GRI's economic, environmental, and social topic-specific standards reflecting industry and business characteristics.

From this, we pulled 24 issues with 3 or more marked indicators and selected 23 issues with the exception of an issue that does not relate to the internal issues and industry characteristics.

General	Economy	Environment	Society	
1. Governance	1. Procurement practices	1. Raw materials	1. Recruitment	11. Rights of indigenous peoples
2. Stakeholder participation	2. Anti-corruption	2. Energy	2. Labor-management relations	12. Human rights assessment
3. Strategy	3. Anti-competitive practices	3. Water	3. Occupational safety and health	13. Local communities
4. Stakeholder survey	4. Economic performance	4. Biodiversity	4. Training and education	14. Social assessment of the supply chain
	5. Market presence	5. GHG emissions	5. Diversity and equal opportunity	15. Public policies
	6. Indirect economic effects	6. Wastewater and waste	6. Non-discrimination	16. Customer safety and health
		7. Compliance	7. Freedom of association and collective bargaining	17. Marketing and labeling
		8. Environmental assessment of the supply chain	8. Child labor	18. Customer's personal information protection
			9. Forced labor	19. Compliance to socio-economic laws
			10. Security practices	

Materiality Matrix



Step 3: Selecting Material Issues

We defined the scope, subject, and role of the major issues selected in Step 2, and conducted a survey of internal and external stakeholders on 23 issues to define the final 4 categories and 24 major issues.

Category	Main Issue	Category	Main Issue
Material Issue	① Product innovation&customer safety/health	Potential Issue	⑮ Response to climate change
	② Business-specific social contribution		⑭ Win-win management with suppliers
	③ Transparency in the BOD composition & operation		⑮ Responsible procurement of raw materials
	④ Responsible effluent and waste management		⑯ Prohibition of child labor and human rights protection
	⑤ Ethics and integrity		⑰ Enhancement of suppliers' sustainability management
Reporting Issue	⑥ Fair HR system		⑱ Enhancement of suppliers' responsible management
	⑦ Expansion of equality and diversity		⑲ Water consumption control and water resource protection
	⑧ Employee welfare		⑳ Prohibition of discrimination (gender, age, minority, race, etc.)
	⑨ Reduction of GHG emissions		㉑ Compliance with social & economic requirements
	⑩ Safe workplace&employee health		㉒ Stakeholder communication
Potential Issue	⑪ Protection of biodiversity		㉓ Information security & privacy protection
	⑫ Employee education and training		㉔ Compliance

CSR MANAGEMENT ACTIVITIES

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CSR Management System

NEXEN TIRE fulfills its corporate social responsibility based on its CSR policy and contributes to enhancing its corporate value while pursuing robust growth with all stakeholders, including buyers, customers, business partners, local communities, and employees. To do so, NEXEN TIRE uses CSR as the basis of its corporate management and carries out company-wide integrated CSR management to realize CSR through everyday work.

CSR Policies

NEXEN TIRE established CSR principles to fulfill corporate social responsibility in pursuit of the value of consideration, existence, and symbiosis. NEXEN TIRE's CSR principle enacts and implements guidelines by taking into account the methods that fulfill social responsibility in the areas such as corporate ethics, environment, labor and human rights, and supply responsibility.

Corporate Ethics



NEXEN TIRE is striving to create a transparent, fair, and mature corporate culture based on its management principles and ethical norms of developing with stakeholders, buyers, customers, suppliers, partners, community, and employees as well as pursuing the values of consideration, existence, and symbiosis. NEXEN TIRE also puts effort into carrying out ethical management that enables sustainable management by conducting an ethical management survey and regular training for employees and by running a reporting center for violations of ethical norms.

Labor and Human Rights



NEXEN TIRE is committed to fulfilling its mission as a human-centered corporate through human rights management which prioritizes on labor and human rights throughout its management activities. To this end, NEXEN TIRE has established a human rights management policy, presented the standard for value judgment that all employees and stakeholders should comply with, and has pledged to practice them in all management activities. As such, NEXEN TIRE puts emphasis on human dignity and value as well as actively practices human rights management, aiming to pursue sustainable development with all stakeholders including employees.

Environment, Safety, and Healthcare



Putting top priority on human and environment, NEXEN TIRE is actively conducting EHS (environment, health and safety) management. Based on the environmental management system, we endeavor to realize low energy consumption, reduce carbon and pollutant emissions, and recycle resources, pursuing harmony between corporate activities and environment. Our health and safety management system aims to ensure the safety of our employees and suppliers and promote their health conditions, pursuing accident-free workplace as part of corporate social responsibility.

Partner Responsibility



NEXEN TIRE strives to grow together by supporting partners' sustainable growth. Based on partners' CSR guidelines, ethical management, and the procurement policies for sustainable raw materials, NEXEN TIRE is formulating various policies that present standards for corporate ethics, environment, safety, and healthcare, and labor and human rights. Also, NEXEN TIRE is doing its best to build a sustainable supply network by conducting a regular CSR evaluation to improve the competence and growth of its partners.

N'ERGY

: Energizing the world for the prosperity and happiness of humankind



Neighbor



Environment



Recover



Global



Youth

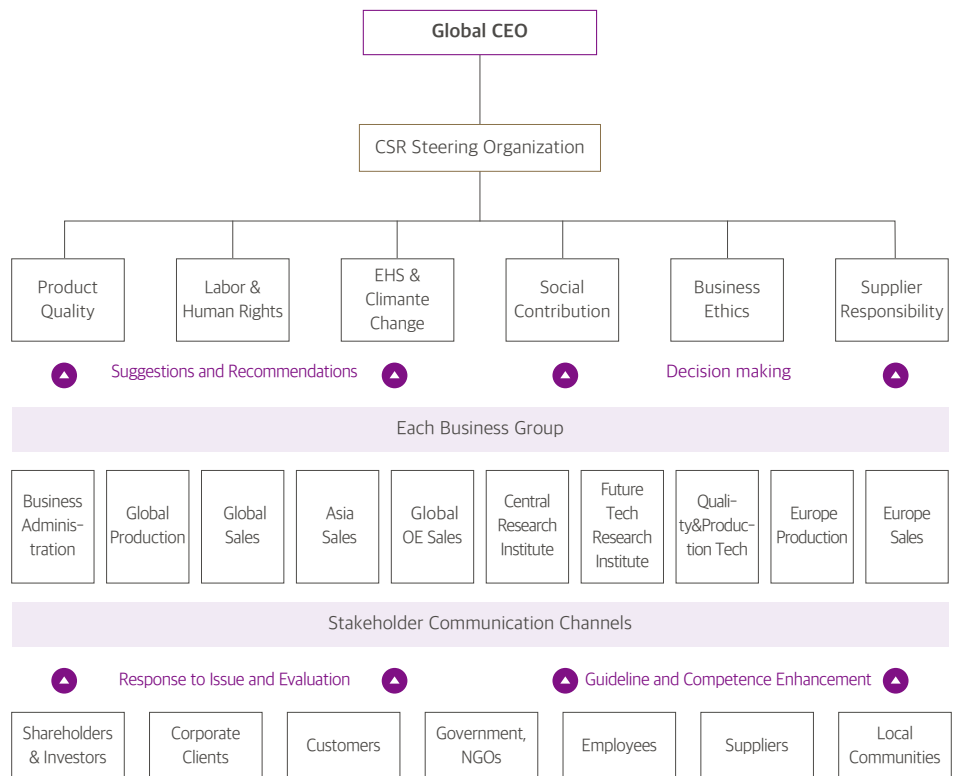
Core Values

A tire is a source that causes movement by contacting with the ground. Through this movement, NEXEN TIRE seeks to grow into a company that shares the “energy” needed by everywhere in society. The belief that it must be trusted by the people and be able to contribute to national economic development, and further, a company that aims for the happiness of all related ones and contributes to the abundance of the world. NEXEN TIRE’s such “N'ERGY” will be shared for a warmer world.

CSR Operating Organization

NEXEN TIRE promotes the long-term development of CSR and pursues shared growth with its stakeholders such as buyers, customers, shareholders, investors, employees, community, and partners. To effectively accomplish these, NEXEN TIRE plans to manage its detailed CSR strategies for each of the major CSR issues, which are products, labor, and human rights, EHS and climate change, social contribution, corporate ethics, and supplier responsibility, through the CSR operating organization under the supervision of Management Support BG under the CEO.

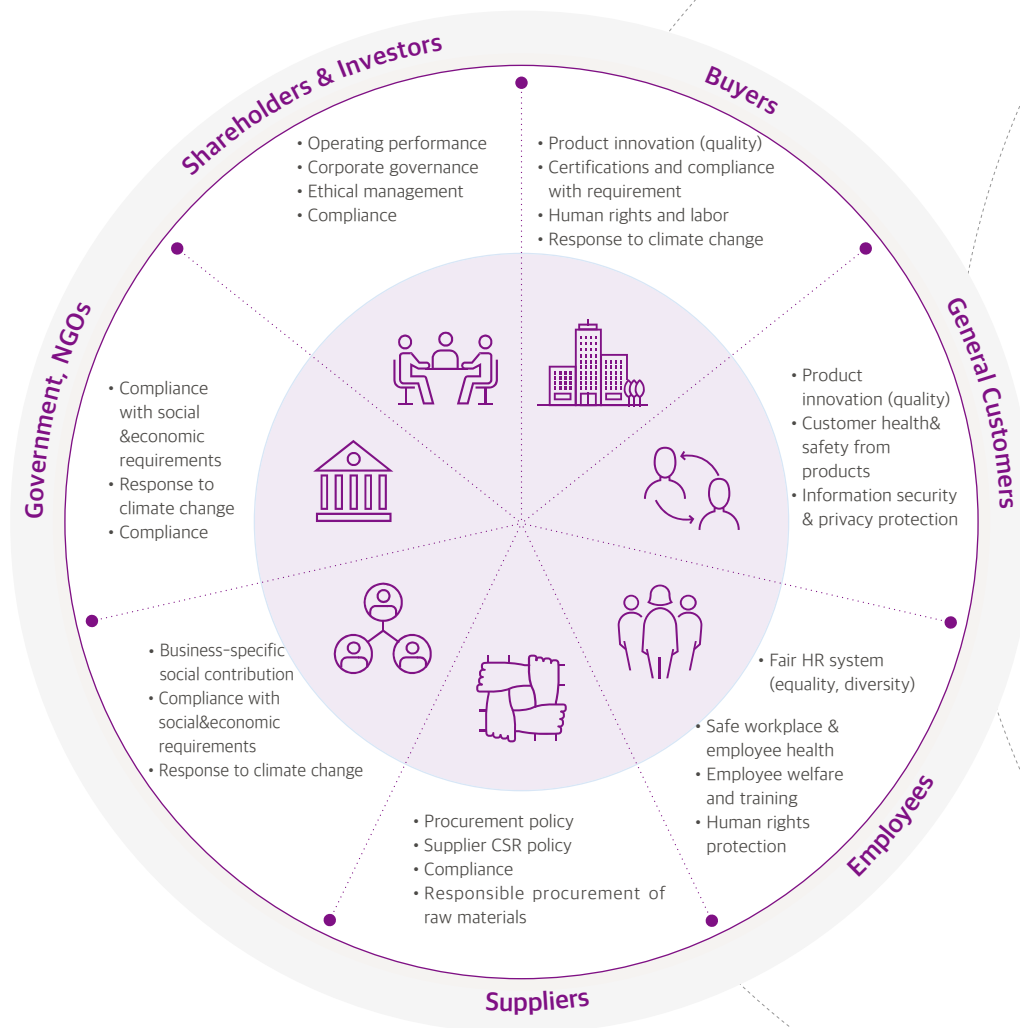
CSR Steering Organization



In the future, NEXEN TIRE seeks to establish the company-wide CSR strategy system and specific directions through such CSR operating organization. Through this, it will communicate the established strategies and implementation direction to the BG’s working group for each issue, and it plans to ensure that enough recommendations are collected from the experts of a working group for the efficient operation of strategies in each area. In particular, NEXEN TIRE seeks to improve operational effectiveness by monitoring the company’s CSR promotion plan, execution status, and performance. Also, by responding to internal and external stakeholders related to its CSR issues through the CSR operating organization, NEXEN TIRE plans to become a window of communication reflecting stakeholders’ valuable opinions on its CSR operation.

Stakeholder Participation

NEXEN TIRE is attentive to various stakeholder interests. By carrying out continuous communication through a CSR communication channel, the company hopes to walk the path of co-prosperity and mutual development by reflecting their opinions on its management activities.



Communication Channel

Major Activities



Shareholders & Investors

- General shareholders' meeting
- Corporate presentation (IR meeting)

Shareholders & Investors

- General shareholders' meeting
- Changes in executives



Buyers

- Exhibitions at home and abroad
- Fair and expo at home and abroad
- Response to global initiatives

Buyers

- Participated in "Auto Promotech" in Italy



General Customers

- Operation of CS center
- Diverse appreciation events
- Events for dealers

General Customers

- Held the "2019 NEXEN TIRE Awards"
- Conducted a free tire check campaign
- Launched "NEXT LEVEL GO" service, untact tire replacement visit service



Employees

- Meeting with the CEO
- Survey
- Reporting center

Employees

- Held the meeting with the CEO twice
- Conducted a survey on CSR management
- Operated the reporting center



Suppliers

- Events for suppliers
- Supplier trainings
- Regular monitoring

Suppliers

- Held the "2019 NEXEN TIRE Awards"
- Held the "2020 Purple Summit Manchester"



Local Communities

- Social contribution activities
- Events for local people

Local Communities

- Held a year-end concert at the Central R&D Institute
- Kimchi-sharing event



Government, NGOs

- Policy meeting
- Participation in global initiatives

Government, NGOs

- Complied with the hazardous chemical substance laws and reporting

Activities Associated with the UN SDGs

The international society is exerting efforts to implement the SDGs (Sustainable Development Goals) announced at the 70th UN General Assembly in 2015. As a corporate citizen, NEXEN TIRE is executing a variety of activities to achieve the UN SDGs to fulfill its social responsibility.

NEXEN TIRE's CSR activities associated with the UN SDGs

<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>Good Health and Well-being</p> <p>Ensure healthy lives and promote well-being for all at ages</p> <p>*Focused Issues Employees, environment, local communities, suppliers</p>	<p>4 QUALITY EDUCATION</p> 	<p>Quality Education</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>*Focused Issues Employees, local communities, suppliers</p>
<p>5 GENDER EQUALITY</p> 	<p>Gender Equality</p> <p>Achieve gender equality and empower all women and girls</p> <p>*Focused Issues Employees, suppliers</p>	<p>6 CLEAN WATER AND SANITATION</p> 	<p>Clear Water and Sanitation</p> <p>Ensure availability and sustainable management of water and sanitation for all</p> <p>*Focused Issues Environment, suppliers</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>Affordable and Clean Energy</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>*Focused Issues Environment, suppliers</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>Decent Work and Economic Growth</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>*Focused Issues Employees, suppliers</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Industry, Innovation and Infrastructure</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>*Focused Issues Local communities</p>	<p>10 REDUCED INEQUALITIES</p> 	<p>Required Inequalities</p> <p>Reduce inequality within and among countries</p> <p>*Focused Issues Employees, suppliers</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Responsible Consumption and Production</p> <p>Ensure sustainable consumption and production patterns</p> <p>*Focused Issues Customer satisfaction, suppliers</p>	<p>13 CLIMATE ACTION</p> 	<p>Climate Action</p> <p>Take urgent action to combat climate change and its impacts</p> <p>*Focused Issues Environment, suppliers</p>

UN SDGs	Strategic Direction	Major activities
 <p>3 GOOD HEALTH AND WELL-BEING</p>	We strive to safely manage hazardous chemicals and minimize negative environmental impacts such as water pollution. By doing so, we will ensure the safety and health of members within supply value chain as well as our employees.	<ul style="list-style-type: none"> • Offered training on safe control of chemical substances • Monitored water pollution status • Managed waste and hazardous substances
 <p>4 QUALITY EDUCATION</p>	We will make every effort to reduce inequality in education within the community and develop a wide range of programs for the enhancement of employee competencies.	<ul style="list-style-type: none"> • Operated scholarship programs through the Foundation • Granted scholarships to local vulnerable groups • The NEXEN UNIVERSE program
 <p>5 GENDER EQUALITY</p>	We do our best to eliminate gender equality in employee recruitment and HR policies and to mitigate discrimination against women and girls in the community.	<ul style="list-style-type: none"> • Prohibited discrimination by establishing the Human Rights Management Policy • Operated care systems for pregnant women
 <p>6 CLEAN WATER AND SANITATION</p>	Based on our recognition of the importance of water resources, we are striving for water resource management on statutory standards and plan to upgrade our healthy and safe water management.	<ul style="list-style-type: none"> • Conducted water-saving and recycling activities • Established annual water consumption targets by plant • Monitored effluents
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	To increase eco-friendliness at business sites as a part of our efforts to use sustainable energy, we will work to raise energy efficiency by using alternative energy, etc.	<ul style="list-style-type: none"> • Obtained the highest rating in energy efficiency for "The NEXEN univerCITY" building • Built an eco-friendly plant in Czech Republic
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	With the goal of expanding new OE supplies and retaining customers by strengthening product performance, we will strive to meet our business management goals in addition to creating quality jobs.	<ul style="list-style-type: none"> • Secured 21 new OE supplies in 2019 • Implemented the "Career Challenge" system
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	As a corporate citizen, we will provide equal opportunities for the vulnerable group and strive for the development of the local community with the goal of co-prosperity and mutual growth.	<ul style="list-style-type: none"> • Interacting with Noguso Village in Hoengseong through 1-Company 1-Village program • Free education for the marginalized group
 <p>10 REDUCED INEQUALITIES</p>	Our HR system provides employees with equal opportunities and excludes any kind of inequality and discrimination. We monitor not only employees but also entire supply chain whether they strictly comply with our human rights management policy.	<ul style="list-style-type: none"> • Strictly prohibited discrimination • Conducted sexual harassment prevention trainings • Conducted trainings for improving the awareness of disability • Established "Angel With Us Co., Ltd.," a standard workplace for people with disabilities
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	We are exerting our full efforts to increase the quality of life for the members of the value chain through management of sustainable supply chain and resources and will work towards responsible supply chain management.	<ul style="list-style-type: none"> • Managed supply chain for sustainable natural rubber • Systematic procurement of conflict minerals
 <p>13 CLIMATE ACTION</p>	In line with increasing awareness of global climate change risk, NEXEN TIRE is making a concerted effort to manufacture eco-friendly products, reduce GHG emissions, and manage waste and water resource, promoting environmental risk reduction activities.	<ul style="list-style-type: none"> • Carried out environmental cleanup activities at Seoul Botanic Park • Achieved 108% of the annual GHG emissions goal (140,821tCO₂eq) in 2019

FOCUSED ISSUES

CUSTOMER SATISFACTION

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General Customers	40
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SUPPLIERS

Win-win Management with Suppliers	77
Responsible Supply Chain Management	80





Key Highlights



1st

R&D investment to sales among three domestic tire makers



28 years

No-strike operation for 28 consecutive years



108%

GHG emissions reduction compared with the annual target in 2019

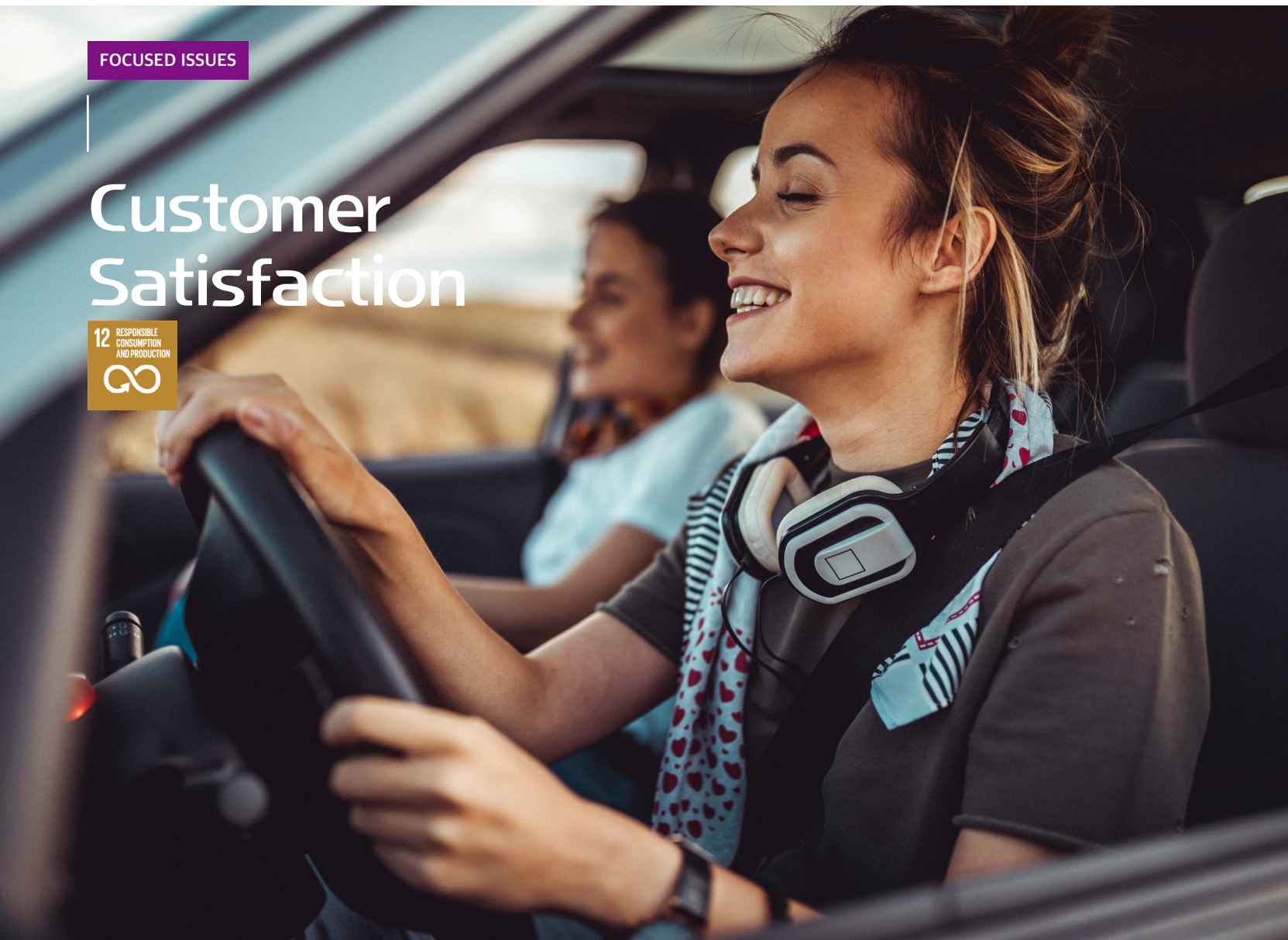


Over 14,300 units

Number of privately owned taxis that adopted our tires

FOCUSED ISSUES

Customer Satisfaction



Key Highlights



1st

R&D investment to sales among three domestic tire makers



21 models

Number of vehicle models that adopted our OE tires in 2019



946 times

Free tire check services conducted in 2019

Buyers

A tire is the main part of an automobile, and NEXEN TIRE supplies products to vehicle OEMs as its main clients. Through continuous communication with finished vehicles OEMs in various methods, NEXEN TIRE preemptively identifies their needs and strengthens mutually beneficial relationships with various clients based on enhanced trust. Also, based on a huge investment in R&D, NEXEN TIRE is improving the quality of products by developing and supplying products that meet customer needs in a timely manner. In the future, NEXEN TIRE will develop products optimized for clients' needs through constant communication with automobile OEMs. and will make its best effort to maintain long-term and sustainable mutual trust relationships by actively carrying out CSR activities, which have been emphasized by the entire automobile industry.

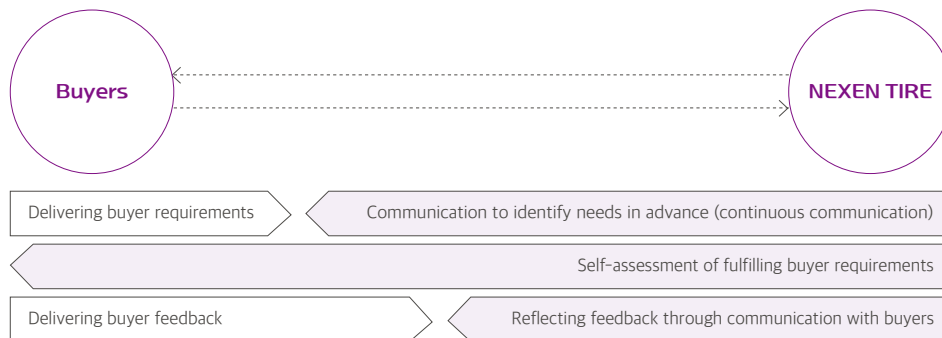
Continuous Communication

Organization in charge of communication



*BS : Business Sector

Strengthening mutual trust through continuous communications with major customers



Fulfillment of Clients' CSR Requirement

NEXEN TIRE puts a great emphasis on clients' CSR-related requirements and strives to meet them. It sets a goal to implement detailed items for each category after categorizing CSR requirements into three: CSR certifications, self-evaluation and disclosure, membership in relevant organizations.



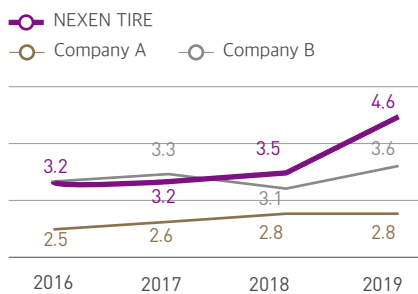
Certification

To satisfy the customer requirement on certifications, NEXEN TIRE has maintained the ISO14001 (environmental management system) and OHSAS18001 (safety and health management system). Currently, we are replacing the OHSAS18001 certification with the ISO45001 certification.

Priorities on Conducting SAQ and Publishing the Results

NEXEN TIRE is making efforts to fulfill prioritized self-assessment and information sharing requirements. First, NEXEN TIRE announces its sustainability management activities in an effective and transparent manner through the publication of CSR reports and third-party verification. Also, NEXEN TIRE strives to improve employees' sustainability management capability through internal training courses on various aspects of CSRs. For example, NEXEN TIRE offers company-wide ethical management training, security awareness training, legal training for atmospheric environment engineers, training for harmful chemical substance managers and handlers, training for all employees in harmful chemical substances handling facilities, ISO14001 system manager and internal auditor training, non-discrimination training, and regular safety healthcare training. (Details about ① CSR/sustainability external training for employees and ② voluntary CSR initiative participation can be added here.)

R&D investment to sales trend of 3 domestic tire makers



Registration of Organization

As we fully understand customer's requests for CSR activities, NEXEN TIRE participated in the GPSNR (Global Platform for Sustainable Natural RUBber). It is part of our effort to fulfill responsibility in various areas such as environment, human rights, and management as well as complying with laws and regulations as a company in the natural rubber value chain. NEXEN TIRE also participates in the Carbon Disclosure Project (CDP), which requires participants to disclose its environmental impact as well as strategies, goals, and implementation measures to reduce the environmental impact. In 2020, NEXEN TIRE is participating in the standard CDP Climate Change and CDP Water Security.

Strengthening of Product Competence

NEXEN TIRE supplies the best products to customers in a timely manner through tremendous R&D investment and continued effort to improve quality improvement.

Results of the 2019 evaluation by HKMC (Hyundai-Kia Motors Corporation)

Rank	Maker	RRC (Mileage)	R&H (Handling)	NVH (Noise)	Braking	wear	Total
1	Co. A	96	69	97	94	90	89.8
2	NEX-EN	83	79	96	98	100	89.5
3	Co. B	95	72	81	84	100	86.0
4	Co. C	88	83	75	76	100	83.3
5	Co. D	80	80	69	88	100	81.5
6	Co. E	92	74	79	48	90	76.8
7	Co. F	82	89	56	76	0	68.8

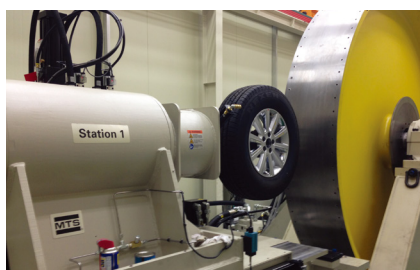
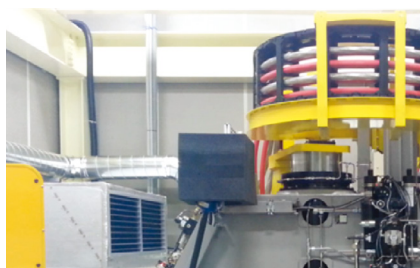
Timely Product Development Reflecting Carmaker Needs

NEXEN TIRE supplies products that meet the needs of carmakers in a timely manner through its continued investment in research and quality improvement efforts amid changes in the global automobile industry. In 2017, NEXEN TIRE supplied "N'FERA RU1" to Porsche SUV "Macan," a high-performance sports car brand, and in 2020, it supplied "N'FERA AU7" to the North American model of "Passat," Volkswagen's global bestselling sedan model in 2020. Also, NEXEN TIRE is developing HLC (High Load Capacity), low-noise tires in accordance with the carmakers' demand for eco-friendly tires. NEXEN TIRE plans to continue its preemptive R&D and investments to adapt to the rapidly- changing environment of the automobile industry and to supply tires in a timely manner.

Advancement of Global R&D Competence

The ratio of NEXEN TIRE's R&D expenditure to sales has surpassed that of domestic competitors, which are the global top 10, for two consecutive years since 2018 (ratio of R&D expenditure to sales in 2019: Co. A 2.8%, Co. B 3.6%, NEXEN TIRE 4.6%).

Product quality test



As a result, in 2019, NEXEN TIRE placed 2nd overall among 7 companies in the Technology Evaluation conducted on tire suppliers organized by HKMC (Hyundai Kia Motors) (participated by 3 domestic companies as well as Michelin, Bridgestone, Continental, Pirelli, and Goodyear). Based on such continued technology development, NEXEN TIRE steadily expanded its new O.E. supply in 2019 and will continue to strive for customer satisfaction by increasing the workforce and investment in product development for higher product quality.

Our Supplying List of New OE for 2019

Brand	Vehicle	Product (name of pattern)
Hyundai	SONATA LPI / HEV	N'priz AH8
	VENUE	N'FERA SU1
		N'priz AH8
Beijing Hyundai	ix25	N'priz CX SH6
Kia	K5	N'priz AH8
	SOUL	N'FERA SU1
		SOUL EV
Dongfeng Yueda Kia	K3	N'priz AH8
	KX3	N'priz CX SH6
MERCEDES-BENZ	GLC	402 (Temp.)
VW	GOLF	WINGUARD Sport 2
FIAT	TORO	N'priz RH1
GAC FCA	COMPASS	N'priz RH7
QOROS	QOROS3	N'FERA RU5
RENAULT	TWINGO LRR	N'blue PREMIUM
Renault Samsung	XM3	N'priz AH8
SsangYong	KORANDO	N'priz RH7
	TIVOLI	N'priz AH8, 402 (Temp.)
BJEV	EX3	N'priz CX SH6
		N'FERA SU4

Exhibitions

NEXEN TIRE communicates through various channels to promote and spread product excellence globally. We communicate with global corporate clients in order to promote the excellence of our products and raise the visibility of our brand through diverse channels such as international exhibition, expo, and event in Europe. In 2019, the company participated in the "28th Autopromotec," the largest auto parts, devices, and after-market product exhibition in Italy, held from May 22 to 26 in Bologna to showcase 10 products including the "Winguard Snow G3."



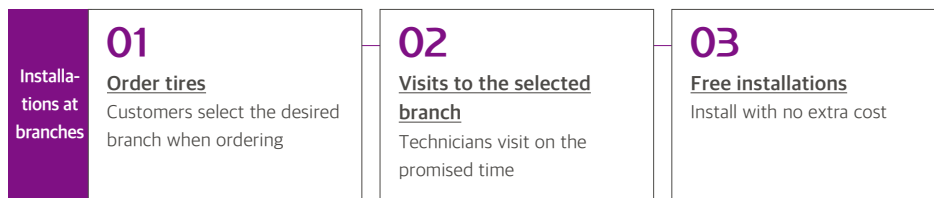
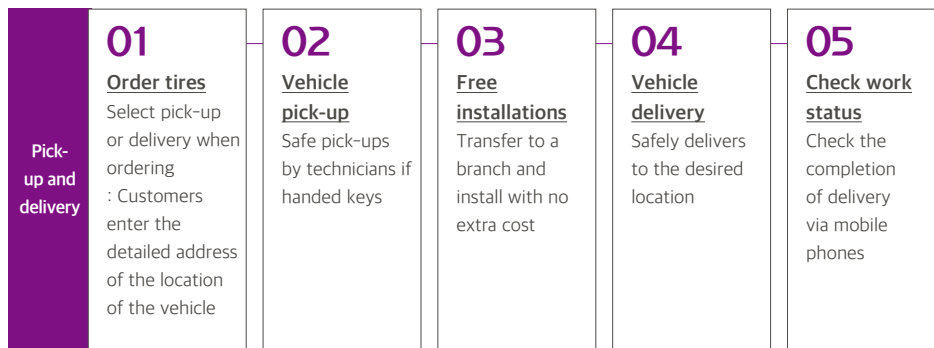
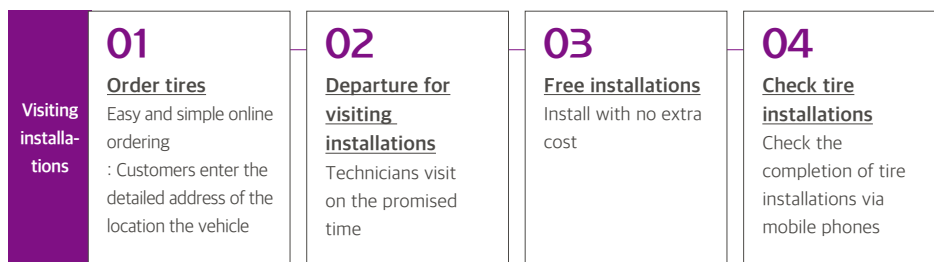
General Customers

Koreans are exceptionally interested in tire services in general as most households own vehicles. Customer's experience sharing and feedback greatly affect tire consumption trends and it also leads to new changes in the tire industry. Tire service is gradually evolving into a new service stage, presenting a wholly different model of customer satisfaction. NEXEN TIRE is constantly developing a variety of highly-reliable customer services that can satisfy customers' needs and consumption trends.

Launched "Next Level GO", the Untact Consumer Tire Replacement Service

NEXEN TIRE provides customized purchase services online/offline, considering customers' operating conditions and driving tendencies. By launching the untact service brand "Next Level GO," NEXEN TIRE especially provides an O2O service that enables pickup, delivery, and professional installation in Seoul, Gyeonggi, and Incheon, along with a tire rental service for the first time in South Korea.

O2O Services



Rental Service

"Next Level" proposes an economical consumption method that alleviates consumer burden by dividing expensive tires into monthly rental fees. It also relieves customers' concern with vehicle management by providing a free inspection service. Depending on the product design, various professional services such as special service, visiting inspection service, and CARE service are additionally available for customers.

Number of free inspection services performed in 2017-2019 (Unit: times)

Classification	2017	2018	2019	Total
Highways	68	57	42	167
Automobile inspection stations	230	207	208	645
Dealerships	173	181	174	528
Racing	12	29	28	69
CSR	-	4	16	20
Total	483	478	468	1,429

Inspections in 2017-2019 (Unit: vehicles)

Classification	2017	2018	2019	Total
Highways	2473	1,429	1,013	4,915
Automobile inspection stations	5083	5,074	5,768	15,925
Dealerships	5761	5,148	5,529	16,438
Racing	220	307	382	909
CSR	-	247	1,014	1,261
Total	13,537	12,205	13,706	39,448

Free Highway Inspection Service

For the safety and happiness of customers who purchase NEXEN TIRE products, NEXEN TIRE provides free highway inspection services. The inspection was held 4 times over a total of 16 days in the first half and 4 times over a total of 20 days in the second half of 2019. NEXEN TIRE has been preferred by its customers by carrying out vehicle interior sterilization, washer fluid replenishment, engine oil inspection, window cleaning, etc. in the safety inspection such as tire pressure and puncture.

Product Lifespan Management

Based on its confidence in quality, NEXEN TIRE runs a warranty system for customers who purchase N'FERA and Winter products. It also offers a free one-time exchange to all customers who have filed a claim after purchasing a specific product, for not only a manufacturing error but also a user error.

Warranty Program-based Compensation

Classification	2017		2018		2019		Total	
	No. of cases	Count	No. of cases	Count	No. of cases	Count	No. of cases	Count
Warranty	1,429	1,429	1,109	1,151	963	1,019	3,501	3,599

Improvement of Customer Satisfaction through Reasonable Customer Service

NEXEN TIRE values every customer's complaints in order to realize customer-oriented quality management. Dealing with customer's complains and feedback, NEXEN TIRE carries out specialized support on claims received to provide immediate feedback. By doing so, NEXEN TIRE reduces the inefficiency during product collection and delivery after repair and prevents additional possible defects during this period.

Transfer to C.S. Head and 1:1 Support

When a customer claim arises, NEXEN TIRE provides 1:1 support with CS Head in principle and carries out customized professional support.

Happy Call

After customer support, NEXEN TIRE conducts a Happy Call to survey customers' satisfaction with support. By dividing the survey into the quality of support, customer response time, analysis of defect cases, cooperation, friendliness, and technology items, NEXEN TIRE evaluates all categories and monitors the CS Head support. Based on this, NEXEN TIRE strives to provide effective follow-up management to customers.

Global Customer Satisfaction Performance

NEXEN TIRE is striving to secure corporate competitiveness and continuously realize product quality innovation in the era of global competition. Thanks to these efforts, for the first time in the industry, NEXEN TIRE has won all of “IDEA Design Award” of the U.S., Germany “iF Design Award,” “Red Dot Design Award” of Germany, “Good Design Award (G-Mark)” of Japan which are called the world's top 4 design awards. In addition, NEXEN TIRE is recognized for its global product competitiveness by receiving various awards.



2 *twice*

Award (2017, 2014)

U.S. IDEA Design Award

As a design award organized by the Industrial Design Society of America, the IDEA Design Award of the U.S. selects winners by intensively evaluating the originality, artistry, eco-friendliness, business potential, and problem-solving ability of the product. Green Hive, which won the main IDEA Design Award in 2014, is a next-generation concept tire that can be used by continuously supplementing only the tread part that is related to product life.



5 *times*

Award (2020, 2019, 2018, 2014, 2010)

Germany iF Design Award

The iF Design Award, organized by the International Forum Design in Hanover, Germany, is an international design competition that boasts world authority and 60 years of traditions and is known as one of the world's top 3 design awards along with “Red Dot Awards” and “IDEA.”

In 2020, NEXEN TIRE won the main prize of the German iF Design Award for its N'FERA Primus.



5 *times*

Award (2018, 2017, 2016, 2015, 2012)

Germany Red Dot Design Award

In the Red Dot Design Award, the world's most prestigious design contest hosted by the International Forum Design in Hanover, Germany, a total of 2,700 products from 43 countries were submitted for 2 months since August 2010, and NEXEN TIRE's product was the only one to be selected among domestic manufacturers in the tire category. In 2018, NEXEN TIRE received the “Red Dot Design Award 2018” for its N'FERA AU7.



reddot design award

4 *times*

Award (2018, 2017, 2016, 2013)

Japan Good Design Award (G-Mark)

The Good Design Award (G-Mark), organized by the Japan Institute of Design Promotion, is Japan's most prestigious, authoritative international design competition established in 1957. The competition selects the winner by a comprehensive evaluation of life, industrial, society, and global environmental perspectives, and gives a “G-Mark” to the winners. In 2018, NEXEN TIRE won the Grand Prize of Japan's “G-Mark” for its WINGUARD Sport2 WU7.



Awards for the Last 5 Years

Year	Award	Product
2020. 02	Germany's "iF DESIGN AWARD 2020" - Main Award	N'FERA Primus
2019. 02	Germany's "iF DESIGN AWARD 2019" - Main Award	N'FERA AU7
2019. 01	The U.S. "Good Design Award" - Main Award in the transport design sector	ROADIAN MTX
2018. 11	Korea's "PIN UP" - PIN UP BEST 100 Award	N'FERA SPORT
	Korea's "PIN UP" - Finalist Award	WINGUARD Snow'G 3
2018. 10	Japan's "G-mark" - Main Award	WINGUARD Sport2 WU7
2018. 05	Germany's "Red Dot Design Award 2018"	N'FERA AU7
	The U.S. "Green Good Design Award 2018"	BREATHRE
2018. 01	Germany's "iF DESIGN AWARD 2018" - Main Award	WINGUARD Sports2 WU7
	Korea's "Good Design Award 2017" - Selected as Outstanding Design for 2 products	N'FERA AU7/ROADIAN HTX RH5
2017. 12	Korea's "PIN UP Design Award 2017" - Awarded as Finalist and Best of Best for 3 products	N'FERA AU7/ROADIAN MTX MR7/WINGUARD Sports2 WU7
	The U.S. "Good Design Award" - Main Award in the transport design sector	N'FERA AU7
2017. 11	Japan's "Good Design Award" - Main Award for the N'FERA RU1	N'FERA RU1
	Germany's "Design Award" - Main Award and Special Award for 3 products	N'FERA RU1/WINGUARD Snow'G WH2/BREATHRE
2017. 07	The U.S. "IDEA Design Award 2017" - Main Award for 2 products	BREATHRE/N'FERA AU7
	Germany's "Red Dot Design Awards 2017" - Main Award	N'FERA RU1
2017. 04	European "Product Design Awards 2017" - Awarded in transport methods, vehicle accessories and manufacturing sectors	N'FERA RU1/WINGUARD Snow'G WH2
	Korea's "Good Design Awards 2016" - Grand Award in Main Award (Director's Award/Korea Institute of Design Promotion)	N'FERA SU1/N'FERA AU5/WINGUARD Snow G WH2
2016. 12	The U.S. "Good Design Award" - Main Award in the transport design sector	N'FERA RU1/N'FERA SUR4
	Japan's "Good Design Award" - Main Award (Japan Industrial Design Promotion Organization (JIDPO))	N'blue HD Plus
2016. 07	"Red Dot Design Award" - Main Award (Germany's Design Zentrum Nordrhein Westfalen)	GREEN Hive
2016. 04	Italy's "A Design Award" - Gold in the transport design sector (Italy's A Design Awards)	All-Road Transform/WINGUARD Snow G WH2/N'FERA RU1
	Germany's "ACE Lenkrad" - Selected as Excellent Tires (Germany's ACE Lenkrad)	N'blue HD Plus
2015. 12	The U.S. "Good Design Award 2015" - Main Award in the transport design sector (Museum of Architecture and Design, the Chicago Athenaeum, U.S.)	RODIAN AT PRO RA8/N'FERA RU5/N'FERA AU5
	Korea's "Good Design Award 2015" - Director's Award (Korea Institute of Design Promotion)	RODIAN AT PRO RA8
	Korea's "Good Design Award 2015" - Main Award (Korea Institute of Design Promotion)	N'FERA SUR4
2015. 03	"Red Dot Design Awards" - Main Award (Germany's Design Zentrum Nordrhein Westfalen)	N'FERA SUR4/RODIAN AT PRO RA8
	Italy's "A Design Award" - Silver in the transport design sector (Italy's A Design Awards)	GREEN Hive/N'FERA SU1

FOCUSED ISSUES

Employees



Key Highlights



6,206 participants

Number of participants in the Internal Education Program



28 years

No-strike operation for 28 consecutive years



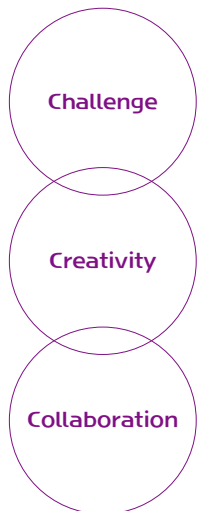
100%

Ratio of resolved items of Labor-management Council

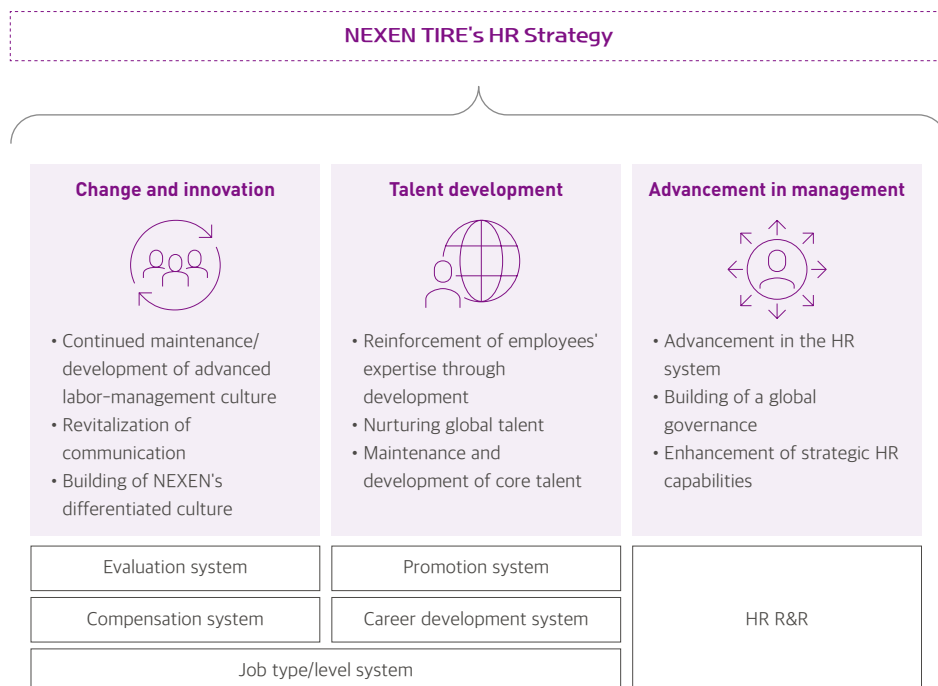
HR Management

It is NEXEN TIRE's employees who realize the value of NEXEN UNIVERSE. Based on these beliefs, NEXEN TIRE uses "change and innovation," "talent development," and "advancement in management" as its three basic strategies for H.R. management, carrying out various activities suitable for each strategy. NEXEN TIRE also complies with the laws of each country where its global business site is located and makes various efforts into employees' labor rights and human rights.

NEXEN TIRE's Talent Model : NEXEN TRI-C



NEXEN TIRE's HR Strategy



849

Number of internal training programs



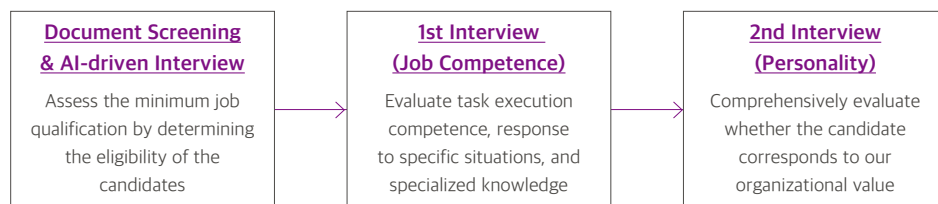
62.4%

Achievement rate of female recruitment

Fair Recruitment

NEXEN TIRE has set NEXEN TRI-C as the ideal image of personnel it seeks and has a system to recruit talented personnel accordingly. It puts tremendous investment into fostering talented personnel, from recruitment to various training opportunities for self-development after employment, fair evaluation, and reward. Also, since 2019, NEXEN TIRE has implemented the "Career Challenge" system to provide employees with opportunities for job conversion through the process of vacancy announcement on the company portal, submission of application forms, and document screening. It recruits excellent human resources depending on their experience and the nature of the job. All recruitment is carried out in an open procedure, and NEXEN TIRE has adopted AI-driven interview to enhance the fairness of employment and provide support opportunities to many applicants.

Open Recruitment Process

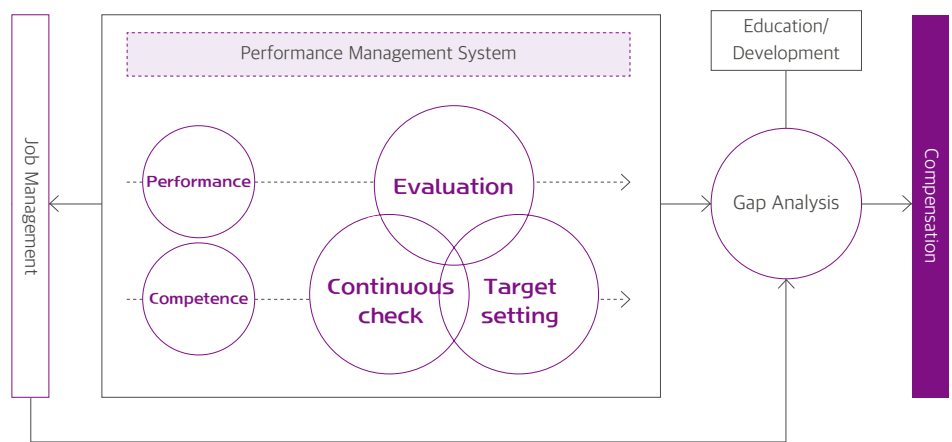


Talents Cultivation Based on Gender Equality

Based on the culture of diversity and inclusion, NEXEN TIRE provides employees with diverse opportunities, regardless of gender, where they can develop individual competence. As equal standards are applied for position system, performance evaluation, and promotion, female employees can display their abilities in various fields.

Equal Compensation

NEXEN TIRE had established a transparent and objective personnel evaluation and compensation system to ensure fair evaluation on employees' efforts. This system was reorganized to extend favor to high-performing and competitive employees. We conduct personnel evaluation once a year to use the results for promotion, compensation, cultivation, and leader selection process.



In addition, the company reflects inflation rate in wage increase to ensure stable living of employees. We apply difference for incentive and annual salary increase rate according to the evaluation results to ensure reasonable reward.

Classification	Content
Regular annual salary	Basic salary, holiday bonus
Non-regular salary	Legal allowances, summer vacation bonus, other allowances, incentives, welfare benefit expenses

Human Rights

As a company that fulfills social responsibility and pursues the happiness of both employees and stakeholders, NEXEN TIRE is committed to complying with the laws and regulations of a country respecting and protecting human rights and contributing to the healthy development of society in any environment.

Prohibition of Child Labor and Forced Labor

NEXEN TIRE carries out various activities to protect and promote human rights throughout its management activities. It especially supports international efforts to prevent child labor and forced work and is thoroughly carrying out management to comply with it at all business sites.

Human Rights Management

To actively manage human rights that guarantee human dignity and position in all management activities, NEXEN TIRE has included the “Human Rights Management Policy” in its mid- and long-term CSR strategies. Accordingly, to fulfill its responsibility of respecting human rights, NEXEN TIRE supports and complies with domestic and international standards and norms for human rights such as the Universal Declaration of Human Rights, and it identifies potential human rights issues across its management activities such as subsidiaries and supply network based on the “Human Rights Management Policy.”

Human Rights Training

NEXEN TIRE respects freedom and human rights, which are basic, non-transferable rights granted to all people. Thus, in order to further strengthen human rights management, NEXEN TIRE devotes itself to human rights training such as sexual harassment prevention and the improvement of awareness on people with disabilities while striving to establish an organizational culture that respects human rights.

Inclusivity and Diversity

NEXEN TIRE has arranged and implemented a system to secure and develop excellent human resources by creating a culture that embraces diversity, promoting activities that take into account universal elements of diversity such as gender, age, and disability. In order to provide stable jobs for people with disabilities and to fulfill social responsibility, NEXEN TIRE especially founded “Angel Withers Co., Ltd.,” which is a “subsidiary-type standard business site for people with disabilities,” in 2017 to supply bakeries for employees' snacks.

Establishment of “Angel With Us”



Employees with Disabilities

Classification	Total number (persons)	Employees with mild disabilities	Employees with severe disabilities
NEXEN TIRE	55	23	32
Angel With Us	9	2	7
Total	64	25	39

*Angel With Us certified as the Standard Workplace for Persons with Disabilities on Nov. 3, 2017

HR Development and Training

We provide employees with tailored training programs to cultivate future talents. These allow employees to sharpen job competence, which results in quality improvement and cost saving. We also continuously improve evaluation methods and indicators to ensure various investments in talent cultivation.

Support for Employee Competence Improvement

To become the global top 10 company, NEXEN TIRE actively supports employees' competence development. By continuously upgrading the HRD training system and running the training program for each position and job, NEXEN TIRE nurtures "NEXEN-type talented human resources" who are equipped with the necessary capabilities. Since 2018, NEXEN TIRE has established a new value system, "NEXEN UNIVERSE," based on its management philosophy and entrepreneurship, laying the foundation for value management, and has developed various participation programs to internalize and practice the values. NEXEN TIRE is also planning and producing e-contents and standard guides to strengthen CSR training, which employees can easily access and understand in order to practice sustainable management in a rapidly changing management environment.

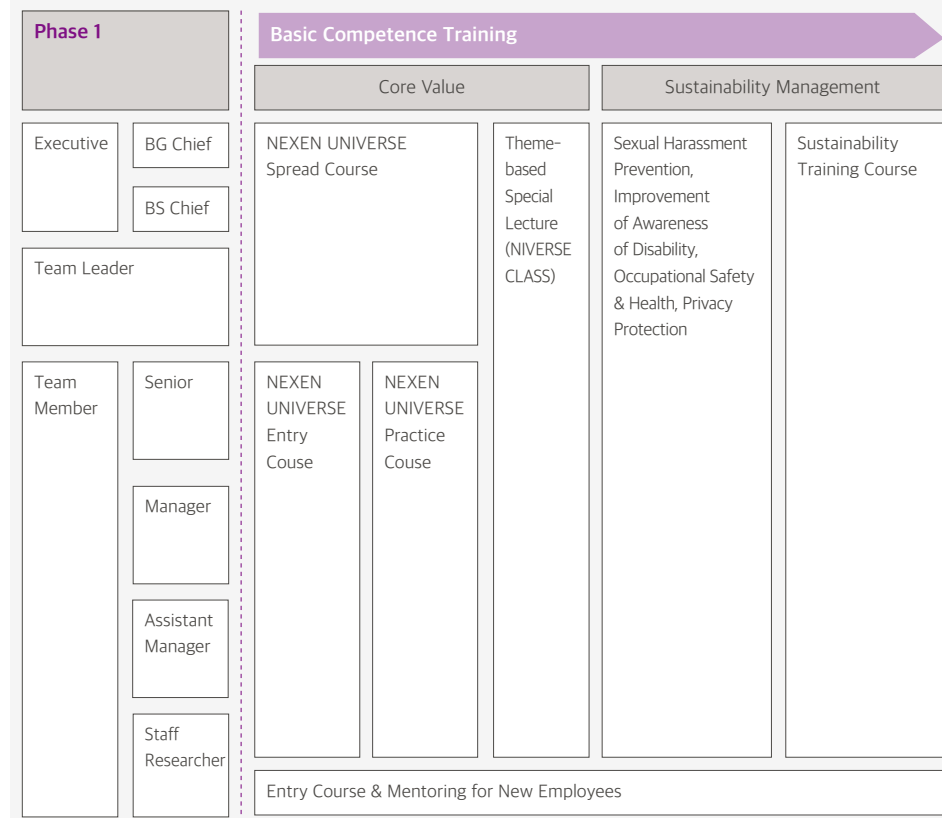
NEXEN UNIVERSE Program

For employees to understand and internalize NEXEN TIRE's value system NEXEN UNIVERSE more easily, NEXEN TIRE has created and implemented a training program by applying the "Gamification Technique." This program, designed for new employees to naturally understand NEXEN UNIVERSE by carrying out missions on smart devices, showed higher results of understanding and internalization than existing promotional activities using booklets. In particular, the program proved the highest level of immersion and training in the introductory course for new employees who are new to NEXEN UNIVERSE.

Initial screen of NEXEN UNIVERSE Program



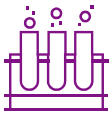
In-house Education and Training System





849 programs

Number of internal education programs



468 participants

Participants in the Tire Academy



6,206 participants

Participants in internal education programs

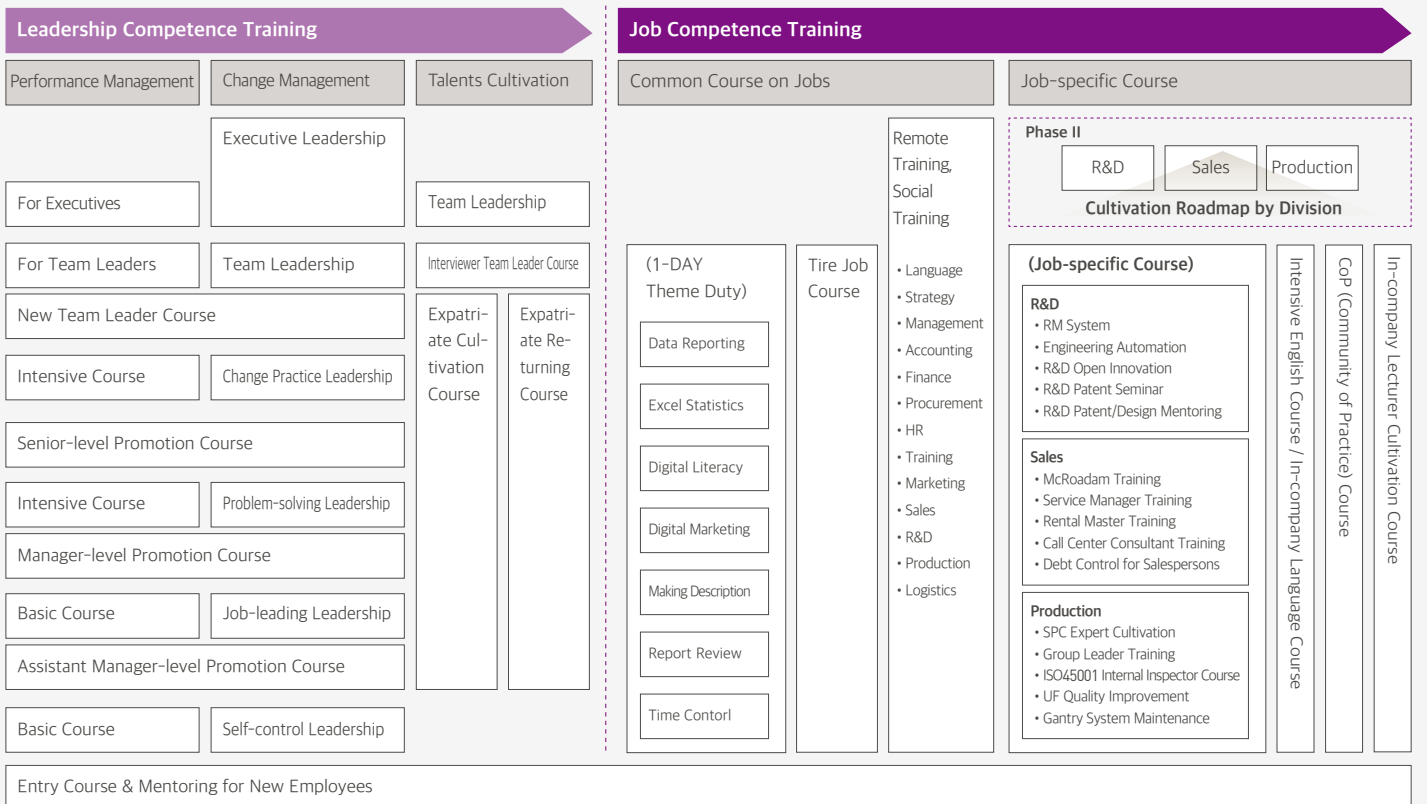
Strengthening Global Competence

NEXEN TIRE focuses on strengthening all employees' global competence as the understanding and communication of other cultures become more important, with the completion of the global network of R&D, production, and distribution. For employees to have smooth global communication, NEXEN TIRE offers them learning contents to improve their communication skills and freely understand foreign languages and different cultures. It has also built an environment for employees to learn at any time and place by expanding e-learning, telephone, and video learning, and has strengthened support for global competence development by conducting in-house language learning courses.

Establishment of Competence Development

For the actual development of job competence, NEXEN TIRE has strengthened the nurturing of talented personnel by establishing the job academy and tire academy. The job academy derived through an in-house survey has 3 training courses: basic capability training, leadership competence training, and job competence training, which consist of contents with high job applicability by job level to support Work Smart.

Also, NEXEN TIRE has selected 20 in-house instructors to develop 8 tire academy courses, through which it intensively nurtures its employees as job experts through lectures and gains high satisfaction by sharing the core knowledge and know-how to the entire company. In addition, in order to enhance communication with finished carmakers and job understanding, NEXEN TIRE carried out theory training and related practicum on the automobile as a whole in collaboration with Daelim University.



Health and Safety



2
twice

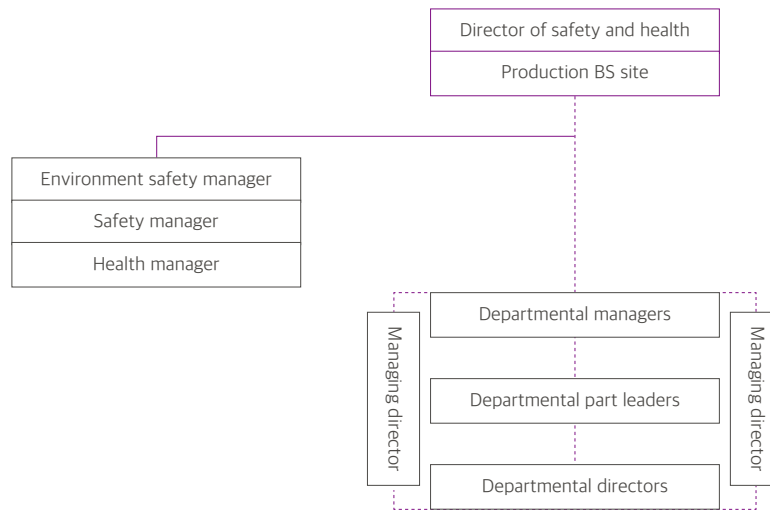
Times of the annual working environment measurement

Industrial disasters are potential risk factors that can have a significant impact on management activities. In particular, as various chemical substances are handled during tire manufacturing, the importance of creating an environment where employees can work healthily and safely is increasing day by day. In response, NEXEN TIRE protects workers' safety and health by strengthening its preemptive and preventive management activities with worker-centered preventive policies.

Safe Work Environment

To realize a zero-disaster business site, NEXEN TIRE has established a safety healthcare management system and preventive measures against serious industrial accidents to manage safety and healthcare risks. NEXEN TIRE also strives to prevent the occurrence of similar accidents as a whole by solidifying key management activities for each disaster type. In 2019, the company held safety schools 3 times on regulation violators and new employees to strengthen the safety awareness of all workers, and it conducted special training by selecting monthly-targeted work for management. In order to create a safe culture, NEXEN TIRE identifies risk factors in the business site by conducting joint labor-management safety inspections once a month with the labor union and managing supervisors, and it has also carried out work environment improvement activities by researching harmful factors in the musculoskeletal system and organizing the "Musculoskeletal Disease Prevention Steering Committee." NEXEN TIRE is also doing its best to ensure zero-disaster work by conducting its own safety inspections with qualified personnel placed in the work environment and machine facilities, recording inspection results on the checklist, and by placing them in the existing facilities.

Industrial Safety Management System



Accidents

Plants		2017	2018	2019
Severity rate	Yangsan plant	0.052	0.007	0.136
	Changnyeong plant	0.059	0.017	0.266
Accident rate	Yangsan plant	0.125	0.085	0.291
	Changnyeong plant	0.254	0.085	0.339

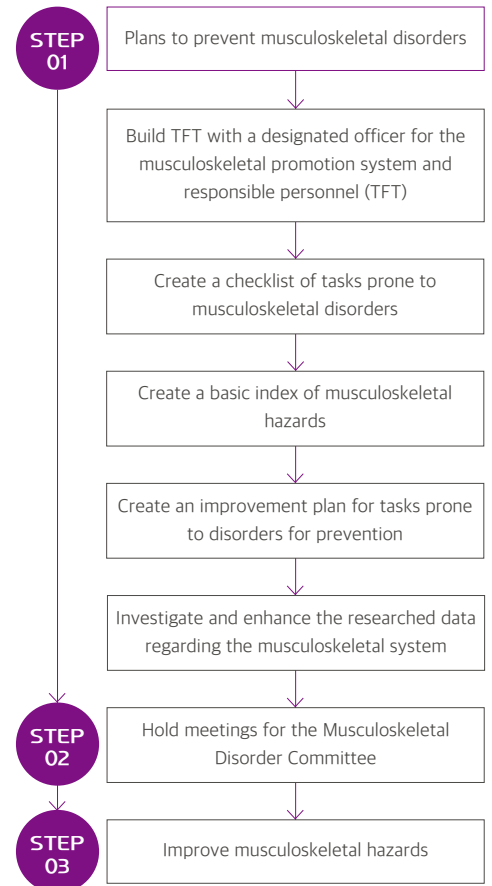
※ Severity rate = number of days lost/number of hours worked * 1,000,
 Accident rate = number of casualties/number of workers * 100

Plant Noise Control

Standard	2017	2018	2019
90dB (A)	All plants below the standard		

Preventing Musculoskeletal Disorders

Items	Content
Foam roller exercise classes	Personalized exercise programs for musculoskeletal disorder prevention and management
Return from sick leave program	Consultation after returning from sick leave for physical therapy and exercise trainings for readjustment to duties
1:1 personalized posture education program	Posture education through 1:1 consultation, focused posture training for areas vulnerable to musculoskeletal disorders
Customized stretching by process	Development of stretches and selection of stretching personnel for education and on-site application, considering areas of repeated use and rate of pressure by process
Improvement of tasks prone to musculoskeletal disorders	Improvement of tasks prone to musculoskeletal disorders through the TFT organization and the relevant departments after analysis and assessment of surveys for hazards



Employee Health Checkups

NEXEN TIRE is doing its best to prevent union members' musculoskeletal diseases by opening a healthcare office for each business site, where qualified doctors and nurses are hired, and by establishing a physical therapy room inside the healthcare office. For general union members, NEXEN TIRE performs general health checkups at least once a year and performs ultrasound inspection once every 2 years for those above age 35 as well as gastroscopy and colonoscopy inspection once every 2 years for those over age 40, in addition to the basic examination during the legal regular health checkups. Special health diagnosis is conducted for those concerned with being poisoned due to the use of harmful substances, when two or more patients of the similar disease occur within 3 months, or upon union request. NEXEN TIRE immediately notifies health checkup results and takes necessary measures to prevent the worsening of conditions if the existing work is continued.

Corporate Culture Innovation

We are making various investments with the thought that employees' happiness leads to the competitiveness of the company. By providing a variety of systems from the innovated working method to create a satisfying workspace to welfare that suits the lifestyle of millennials, we are making innovative corporate culture to practically enhance the satisfaction of our employees.

Improving Productivity by Improving Work-life Balance

We are implementing the campaign to comply with the work hours in order to settle the 52-hour workweek, which is the legal working time. In particular, since 2019, we have introduced and operated the attendance registration system for quality improvement through quantitative management of working hours. Workers will be assigned with long-time work and holiday work only through prior approval, and monthly working hours are shared by each organization to improve working hours gradually.

We are also running a childcare center for our employees to feel reliable while working. In order to ensure high-quality education and safety of children, we maintain the number of teachers above the legal standards by age, are provided with educational programs from specialized educational institutions and provide a nutritious diet through separate cooking facilities. All operating expenses, excluding government subsidies, are borne by the company in full to create a working environment where both our employees can take care of their children and work at the same time.

In addition, we provide female employees a day of monthly unpaid menstrual leave, 90 days (120 days when pregnant with more than one baby) when pregnant, and operate a maternity support system and pre-mother care system with 45 days or more (60 days if pregnant with more than one baby) of post-pregnancy leave.

Vacation use of male and female employees>

(Unit: persons, %)

Classification		2017	2018	2019
Maternity leave	Total employees	207	206	221
	Male	203	206	217
	Female	4	0	4
Return rate after maternity leave		98.5	100	100
Childcare leave	Total employees	18	19	18
	Male	8	13	12
	Female	10	6	6
Return rate after child-care leave		100	73.6	83.3

N-Gel Daycare Center in Magok





543%

Improvement of meeting minutes sharing hours (average)



14%

Reduction of time spent on decision making (average)

Fostering Organizational Culture

In order to support our employees with an environment where they can be creative and focus on their duties, we motivate them with various systems.

In the Yangsan factory, we describe our strategies and goals for the welfare of employees and draw improvement targets through monthly audits of welfare facilities by labor and management. In addition, we conduct regular surveys to investigate the satisfaction level to continuously manage the quality of welfare.

Benefit System

Life	Leisure	Health	Family	Others
<ul style="list-style-type: none"> Commuter Bus (plants) Holiday gifts Tires provided free of charge 	<ul style="list-style-type: none"> Support for summer holidays Support for internal club activities Recreation support 	<ul style="list-style-type: none"> Comprehensive health examinations Fitness centers Partnered hospitals 	<ul style="list-style-type: none"> Tuition support for children Bereavement and celebration support 	<ul style="list-style-type: none"> Rewards for long-term employees Travel offers

In order to enhance the concentration of work, we have introduced the intensive work system, shortened the decision making time. Furthermore, in order to establish a quick organizational culture, we conducted a movement for reducing the average lead time, and successfully reduced it to 21.6 hours. In addition to this, we used various methods such as a 24-hour system to share the minutes to improve the organization's ability to perform work and a cultural gathering to improve the culture of company dinner.

Listening to Internal Difficulties

The innovation of corporate culture starts with improving the difficulties that employees face. In order to solve this, we continuously conduct regular surveys and monitor the level of satisfaction.

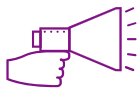
In the Yangsan factory, we conduct surveys on the satisfaction level of welfare facilities and restaurants and calculate the average score to improve unsatisfactory parts. In addition, we also conduct surveys to parents of children going to the company's daycare on the satisfaction level of daycare teachers, facilities, and educational programs and calculate the average score to identify the matters to improve.

Labor- Management Relations



99.7%

Membership rate in labor unions
(based on technical jobs)



Zero

Labor-management disputes



28 years

Consecutive years of no strikes

The labor union of NEXEN TIRE has been striving to improve working conditions and maintain stable labor-management relations from the standpoint of labor and management in accordance with the basic spirit of the Constitution and the Labor Relations Act. In 2019, the collective bargaining between the company and the union of bargaining representative was conducted faithfully in accordance with laws and principles to reach a smooth settlement of a wage and collective agreement. Labor and management have contributed mutually to the sustainable development of the company and the improvement of productivity of all employees by raising the basic wage, improving working conditions, and welfare. Furthermore, we discuss the safety and health of our employees on a regular basis.

Establishing the Labor-Management Relations That Communicate with Each Other

NEXEN TIRE has maintained a strike-free record for 28 years until 2019 after its establishment. Although a high number of companies in the automobile industry, which is highly relevant to the tire industry, is facing strikes with the influence of the strong union, NEXEN TIRE has achieved a remarkable record of zero disputes for 28 consecutive years.

As the company's owners changed several times before its name was changed to NEXEN TIRE in 1999, the employees have felt that "We can stay as long as the company is stable." We valued communication between labor and management with a common understanding that neither a company nor an employee can grow without the cooperation of labor and management. The fact that we disclosed the management status clearly ensured to consult with the labor and management on major issues, and made the basis for trust between labor and management by making a consistent investment in employee welfare, is considered to be secret of achieving zero disputes for 28 consecutive years. In addition, we established the Labor-Management Council in July 2018 to ensure the labor-management relations through communication and agreement as a system.

Win-Win Labor-Management

The labor-management culture established through communication also contributes to leading the organizational culture of trust and harmony. The labor union respects the company's rights to operate the business and does not interfere with its fair exercise, while the company also provides documents and materials necessary for the union business to assist in decision making.

For smooth communication between the labor unions, the company recognizes the use of designated bulletin boards and the publication of the union bulletin boards and approves of publishing and distributing banners and attachments for union activities. In addition, we also introduce the union when training new employees and respect the authority to join the union by autonomous determination.

The spirit of win-win between the labor unions has been expanded to win-win with the local community as the unions participated in various social contribution activities conducted by NEXEN TIRE. Thus, the labor-management relations of NEXEN TIRE, which shares the value of labor and management together, is the result of the win-win leadership of the CEO and active partnership between the unions.

23 times

Integrated trainings in 2019

2 Twice

Meeting with the CEO

No-Strike Operation for 28 Consecutive Years

Efforts for Horizontal Corporate Culture

NEXEN TIRE has been proactive in reflecting the voices of union members in creating corporate culture. For example, we opened "Wolsuk Hall," an employee welfare center, and has promoted job creation in Korea and labor-management harmony. These efforts contributed to being selected as the "Excellent Company in Job Creation" hosted by the Ministry of Employment and Labor for Six years from 2010 to 2015. In 2019, the company established "N Talk Hall" where employees can take rest and communication on the first floor of NEXEN Gangnam Tower.

Particularly, Travis Ho-Chan Kang, the Global CEO, proposed the installation of ping-pong tables in the N Talk Hall. He has communicated with employees through playing ping-pong and participated in the in-house ping-pong tournament by teaming up with employees. His active engagement in employee communication has contributed to smoothly creating a horizontal labor-management culture.

Promotion of Labor-Management Harmony

Byung-joong Kang, the Chairman, has emphasized the importance of communication between the labor and management by striving to share the mid-to-long term corporate vision and transparently announce management status. Travis Ho-Chan Kang, the Global CEO, has also endeavored to promote open-minded communication with employees working at both plants and offices since joining the company in 2001. This effort has helped employees take labor-management harmony as a keynote for the growth of the company and employees, contributing to an exemplary result of no-strike operation for 28 consecutive years. Going forward, NEXEN TIRE will continue to improve employee welfare and mutual communication in order to establish a culture of co-prosperity between the labor and management.



Travis Ho-Chan Kang, the Global CEO, who is playing ping-pong with employees

FOCUSED ISSUES

Environment



Key Highlights



0.686 tCO₂-eq/ton

Reduction of GHG emissions in 2019 compared to the annual goal



97.22%

Waste recycling rate

Eco-friendly Production

NEXEN TIRE manages the entire supply chain from suppliers to customers to reduce any possible environmental risks in business operations. As subsidiary materials used in manufacturing tires affect GHG emissions from tire and tires affect GHG emissions from vehicles, we actively respond to stakeholders' requirements on environmental safety and strictly comply with local regulations through response to climate change. Furthermore, we are expanding green management by sophisticating environmental management technologies including pollutants handling technology, recycling resources for ecosystem protection, reducing GHG emissions, and pursuing zero waste.

Developing Energy Efficiency Improvement Technology

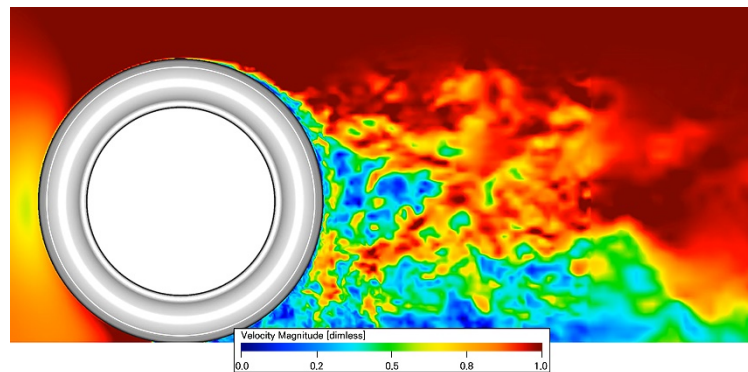
We operate the energy consumption efficiency rating system for tires. Ratings are composed of five grades depending on tire's rolling resistance and wet grip. The lower the rolling resistance, the less the frictional resistance between tire and road surface. Lower rolling resistance increases fuel efficiency and reduces carbon dioxide emission, contributing to environmental protection. In Korea, the minimum energy consumption efficiency standard system was introduced in December 2013 and substandard products cannot be manufactured, sold, and distributed. NEXEN TIRE has manufactured tires that satisfy the standards and succeeded in developing an aerodynamic technology for dramatic energy efficiency improvement in November 2019. Developed by joint research with "Dassault Systems," this technology enabled the outer shape of a tire with minimal air resistance to be applied to the product, which showed an improvement of fuel efficiency. In the future, we will continue to improve the energy efficiency of our products.

GHG Emissions		(Unit: tCO ₂ eq)		
Worksite	2017	2018	2019	
Yangsan Plant	125,293	128,067	128,470	
Changnyeong Plant	80,437	82,236	83,166	
Small worksites	651	567	516	
Total	206,381	210,870	213,999	

Eligibility of Internal GHG Evaluators

Classification	Eligibility requirements
Responsible for monitoring by emissions source	More than 1 year of responsible work experience in the relevant emission facilities
Responsible for calculating and reporting emissions	More than 2 years of work experience in the environment and energy sector
Responsible for internal verification	More than 1 case of 3 rd party verification response and more than 3 years of work experience
Manager responsible for reporting calculations	Environmental safety manager
Responsible for reporting calculations	Production BS site

*BS: Business Sector



* Energy efficiency ratings of NEXEN TIRE's products: <https://www.nexentire.com/kr/information/energy/search.php>

Activities for Reducing Greenhouse Gas

A global crisis such as changes in an ecosystem and rising sea level is expected due to increased emission of greenhouse gas. When the Paris Agreement came into effect on November 4, 2016, the world has been participating in responding to climate changes, and the role and responsibility of a company to suppress the global temperature rise to less than 1.5 °C compared to that before industrialization, has been emphasized even more. In such a situation, NEXEN TIRE, under the lead of the Environmental Safety Team, defined the system of calculating and reporting greenhouse gas through the QA/QC procedures for calculating and reporting the emission of greenhouse gas and continued to improve the accuracy of calculation and quality of data. Furthermore, the annual results of greenhouse gas emissions are verified and reported internally and corrected if found inappropriate. NEXEN TIRE continues to conduct the activities of reducing greenhouse gas by assigning personnel responsible for calculating/reporting greenhouse gas emissions in the production facility of each business site and personnel responsible for internal verification of greenhouse gas with several years of experience. Particularly in 2019, NEXEN TIRE achieved in reducing emissions by 10% through the use of these systems and activities, compared to our goal.

Water Management and Recycling of Treated Water

NEXEN TIRE recognizes the importance of water resources and aims to manage water resources to legal standards by conducting activities of reducing and recycling water resources and monitoring effluents. In particular, annual targets are established on the basis of the amount of water used by each business site, and water pollution is regularly managed through industrial and self-measurement. In addition, we have enhanced the expertise of internal management personnel by completing legal training, a specialized environmental technology for water quality.

Water Pollution (Unit:mg/L)

Classification	Plants	Legal standards	2017	2018	2019
Performance (SS)	Yangsan plant	120	89.3	76.0	64.3
	Changnyeong plant	300	52.4	43.7	46.5

*Measurement cycle by plant: Yangsan plant: twice/month (measurement from industrial complex), Changnyeong plant: once/month (measurement from industrial complex), Qingdao Plant: once/two months (QP: self-measurement)

Management of Hazardous Waste Materials

For safe waste management, we separate wastes by item from the time when waste is generated and entrust them to professional waste management companies to treat, dispose of, and recycle them.

Particularly, we are requesting cooperation for the refrained use and recycling of disposable products and regularly check the recycling condition regularly once a month.

In 2019, it was reduced by 111.12 tons compared to the previous year only in the Yangsan factory, achieving a reduction of approx. KRW 27.7 million and the waste generated by each business site is recycled as a resource at a high rate of 97.22%.

General Waste Treatment (Unit: ton)

Classification	Plants	2017	2018	2019
Performance	Yangsan plant	782.0	706.6	595.5
	Changnyeong plant	466.3	431.6	405.2



97.22%

Waste recycling rate

Development of Environmental Products and Services



Zero

Number of unsatisfactory cases at the regular hazardous chemical substance inspection

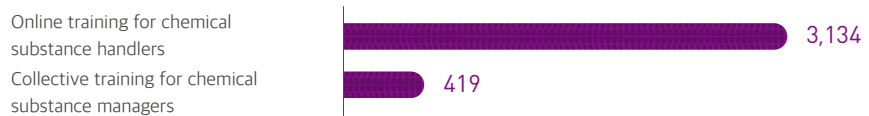
NEXEN TIRE is proceeding with the activities of identifying environmental characteristics in the product development stage and reducing it, considering the environmental impact of subsidiary materials at each stage of use. In order to do so, we are conducting research on using eco-friendly raw materials, reusing tire, using recycled raw materials and minimizing the environmental impact in the life of a tire. In addition, we continue to advance the process related to the structure, raw materials, materials manufacturing for improve vehicle fuel efficiency by reducing the rolling resistance of the tire.

Improving the Process Related to Chemical Substances and Establishing the System

As the Act on the Registration and Evaluation of Chemicals and the Chemicals Management Act, the safe management of chemicals has become more vital. For effective management of chemicals, NEXEN TIRE has prepared a list of chemicals that are being used and established a chemical management process that enables the relevant teams to share information at each stage and take appropriate measures from stocking, using, and disposing of it.

Safety Trainings of Chemical Substances

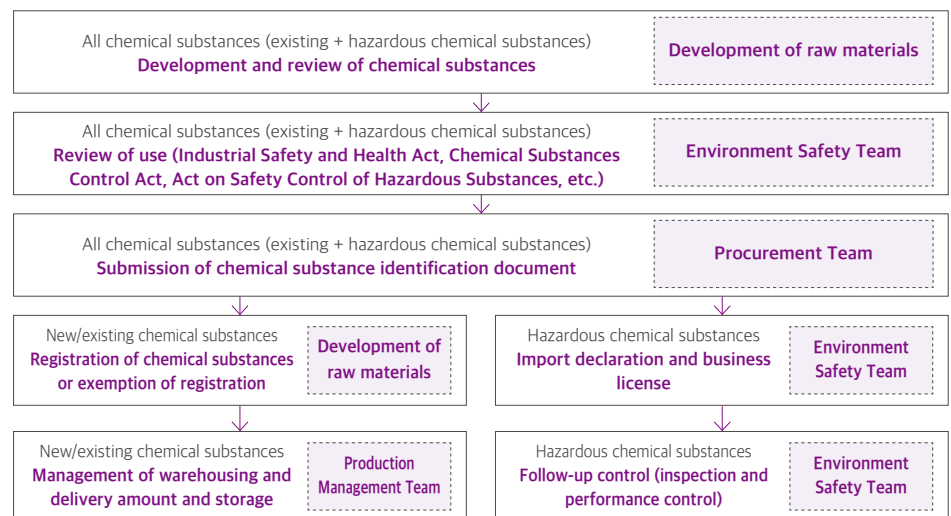
(As of Jan. 2020, unit: persons)



* Integrated data of Yangsan Plant and Changnyeong Plant

In the case of changing the purpose of use, the head of the department informs the name of the product, the reason for the change, and the changed amount of monthly use to the manager of chemicals. The manager of hazardous chemicals then prepares a report on the import change of toxic substances and receives approval from the factory manager before submitting it to the relevant authorities and agencies. For hazardous substances in storage, it is regularly inspected once a week by preparing a self-inspection ledger for the facility of handling hazardous chemicals. And the production management department checks the storage condition on a daily basis and records the number of inputs and outputs in the toxic input and output ledger. In addition, the manager of hazardous substance trains personnel handling and transporting the chemicals how to handle and store, how to take measures in case of accidents, details of MSDS and other hazardous chemical information once a year or more.

Management of Chemical Substances



Discovering eco-friendly materials and developing applied technology

We are conducting research on the use of eco-friendly raw materials, reuse of tires, and minimizing the environmental impacts within the life cycle of a tire. In addition, research on the application of renewable raw materials is also underway, and as a result, we have developed future-oriented eco-friendly innovative products.



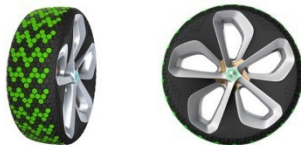
Air purifying Breather

When competitors focused on improving the functions of the tire, NEXEN TIRE thought about how tires would help the environment. Breather, a future-oriented tire, has a function of filtering the polluted air and fine dust in the air and discharging the purified air again by installing an air purification filter inside the tire. In recognition of this innovative technology, we received an award at the “Green Good Design Award 2018” in the United States on May 21, 2018, as well as the main prize at “International Design Excellent Awards” in the U.S., which is the world’s four major design awards and the “Design Awards” in Germany, which resulted in gaining a lot of attention in the global market.



Green Hive for semi-permanent use

Green Hive is a thread-rechargeable eco-friendly tire that can be used semi-permanently by purchasing refillable threads (grounding parts), which are consumables for wheel-integrated tires. In recognition of its innovation and eco-friendliness, it has been highly recognized by being awarded at the “IDEA Design Award” in the U.S., “Green Good Design Award,” “A Design Award” in Italy, and “Red Dot Award” in Germany.



Eco-friendly Office

The Changnyeong factory, an eco-friendly business site, was the beginning of green growth for NEXEN TIRE. Our experience of constructing the Changnyeong factory, an eco-friendly automated factory equipped with sunlight generation facilities, had led to establishing the factory in the Czech Republic, which will become the forward base of the European market. And with the completion of The NEXEN univerCITY, where sunlight generation and the technology of utilizing geothermal energy are concentrated, it realized NEXEN TIRE's strong commitment to green growth.



Excellent

Green Building certification rating



1st Grade

Energy efficiency buildings



8.26%

Rate of alternative energy use for buildings

The NEXEN univerCITY, Certified as Green Building

The NEXEN univerCITY, which brings together the growing DNA and identity of the NEXEN Group, is the core facility that will lead to the growth of the global NEXEN. With a total floor area of 57,171m², it is designed to have 2 basement floors and 8 floors above the ground and divided into the research block and the office block, for employees to perform creative work in a horizontal and free atmosphere.

The research facility consists of an R&D center for studying product design, AI technology, and virtual tires, a performance research center that develops matching performance between vehicles and tires, and a material research center that analyzes various materials. The characteristics of the industry were visualized using the shape of the tire thread outside the building, and it is a green building with eco-friendly design such as a sunlight generation system, air conditioning system using geothermal heat, and heat loss reduction by green roof system. The courtyard, which is the main green space of the building, and the multi-helix green roof walkway surrounding it, connects the space and is realized as a space of creating continuous ideas. In particular, floor 1 to floor 3 has been opened as a public space where employees, local residents, and local communities can interact.

This building contains the identity and the value of NEXEN TIRE, as it is the R&D Control Tower, which manages the European Technology Research Institute in Germany, the Technology Research Institute in the United States, and the Technology Research Institute in China as a whole, as well as the hub for four global bases.

The NEXEN univerCITY Concept



City

Urban campus

600 employees will achieve future-oriented values and build creative capabilities based on free exchange in this place, where the path of encounter and communication are spread everywhere.



Boulevard & Street

Place of stay

The sloping spiral path that surrounds the courtyard forms the main moving line of the building, and various common spaces are created at the junction of the path and the square to enable members to meet and communicate with each other.



Plaza

Communication hub

The courtyard located in the center of the building is a space like a city square, which is a resting place and a communication hub that creates new changes and future-oriented values.

Establishing the Eco-friendly Plant in the Czech Republic

The European factory of NEXEN TIRE established on the land of approx. 650,000 m² in Zatec, Czech Republic, is the most advanced and eco-friendly factory in the world that was constructed on the basis of experience and technical know-how gained from the construction of the Changnyeong factory in Korea. We have dramatically improved productivity as all processes from the management of raw material, production, quality to logistics are automated, and by monitoring of all conditions in the factory in real-time, collecting big data and analyzing and utilizing it.

In addition to that, we have built an advanced smart factory boasting perfect quality with the application of a predictive system that can detect and respond to various inhibitors in advance from the beginning of production. Starting with 3 million units per annum in 2019, the global production capacity of NEXEN TIRE will reach 50 million units annually with the goal of producing 11 million tires by gradual expansion.

Europe Plant in Czech Republic





Carbon Cashback Program for the First Time among Eco-friendly Tires

Development of Low Carbon Eco-friendly Products

NEXEN TIRE started supplying “N’blue S” tire that boasts minimum rolling resistance to Volkswagen “Golf 8th Generation” as an OE tire on the strength of recently tightening carbon dioxide regulation in Europe.

We have made efforts to develop eco-friendly tires and became the first Korean tire maker to launch the “Carbon Cashback” program for the buyers of “N’blue Eco” tire. Buyers can use their points as cash at our franchise stores. The Carbon Cashback program, which is generally managed by the Ministry of Knowledge Economy and supervised by Korea Energy Management Cooperation, was designed to encourage low carbon green consumption. NEXEN TIRE has been raising 10% of reserves from this program as the green growth fund and used the fund for public projects such as tree planting.

Going forward, NEXEN TIRE will be proactive in developing eco-friendly products and participating in the Carbon Cashback program to fulfill our social responsibility as a corporate citizen.



Supply to Volkswagen “Golf 8th Generation”



Catalogue for Carbon Cashback Program

FOCUSED ISSUES

Local Communities



Key Highlights



KRW **260** million

Investment in supporting rice provision by Wolsuk Cultural Foundation



98 hours

Average time spent on volunteer works per member of the volunteer group, Hope Sharing Club



Over **14,300** units

Number of privately owned taxis that adopted our tires

Social Contribution Activities

The Cultural Innovation Team of NEXEN TIRE is in charge of the social contribution activities that are suitable for the regional characteristics of each business site in Korea and overseas. On our anniversary of the foundation for every year, the business owners cooperate in conducting global social contribution activities and making efforts to create NEXEN TIRE's unique social contribution activities and on-going campaigns such as One-Company One-Village, Dream Start Child Matching Project.

Neighbor

One-Company One-Village

As a project that began in 2003 to activate the exchange between the rural and urban areas, NEXEN TIRE established a sisterhood relationship with Hoengsong Noguso village located in Gangwon-do since 2011, performing various volunteer activities such as harvesting and purchasing cabbage and making Kimchi.

Other achievements

- Volunteer activity at Children's Welfare Center Haha DongDong Eoullim Day in Changnyeong-si
- Free tire inspection in public institutions
- Sharing of heating products to the vulnerable (disabled)
- Provided a luncheon service at Deungchon Community Social Welfare Center and lunch box to the elderly living alone

Environment

Environmental clean-up activities at the Seoul Botanic Park

Seoul Botanic Park is a large representative garden in the Magok district of Gangseo-gu, Seoul, where the NEXEN univerCITY is located, boasting an enormous size of approximately 0.5 million m². NEXEN TIRE regularly participates in the environmental clean-up activities such as removing weeds in the Seoul Botanic Park.

Other achievements

- Environmental clean-up of Canola complex in Namji and the sports park
- Environmental clean-up activities at Yangsan Stream

Recover

Sponsoring Yangsan Sab-Ryang Festival

NEXEN TIRE donated KRW 20 million to Yangsan Sab-Ryang Festival in 2017 and has been sponsoring it every year since then. As NEXEN TIRE's Yangsan factory is located in Yangsan-si, Gyeongsangnam-do, we are committed to supporting the welfare and culture of residents in the Yangsan area.

Other achievements

- Purchased Yangsan Love Card/Onnuri gift card (supported activation of the regional economy)
- Sponsored 3.1 Folk Cultural Property and Namji Canola Flower Festival
- Sponsored Korean and international concerts (Seoul Oratorio Regular Concert and International Antonin Dvorak Composition Competition)
- Held year-end concert with local people in Magok, Seoul

Global

Global social contribution activities on anniversary

Since 2018, we have held the Global Social Contribution Campaign on May 1st every year, celebrating our anniversary to reward clients and local communities for their support. We are participating in blood donation, environmental cleanup, catering service, free education, and the Pink Ribbon Campaign.

Other achievements

- Blood donation on the anniversary
- Free education for low-income earners and the disadvantaged family in the neighboring region of NEXEN TIRE's research center, NATC.
- Park clean-up of Zatec city, Czech Republic

Youth

Dream Start

It is a child welfare program that provides specialized services integrating health, welfare, childcare, and education for vulnerable children. By setting up a relationship with Dream Start Children's Center in 2018, it started as one department and one household matching support project, and we have been conducting various activities such as sponsoring stationeries, books, and meals, mentoring, and participating in events.

Other achievements

- Scholarship by NEXEN Wolsuk Foundation
- Hahadongdong Harmony Day in Chanyeong Children's Welfare Center

Future plan

We plan to carry out social contribution activities tailored to each business site targeting low-income earners and the disadvantaged with the local community through selection and concentration. The existing One-Company One-Village activities and Dream Start Children Matching Project will continue to expand. In addition to this, the Hope Sharing Club, a voluntary club operated by our employees, will continue to provide meals, bedding wash, and heating supplies in connection with welfare institutions. In particular, in 2020, we conducted blood donation campaigns in all domestic business sites such as the NEXEN univerCITY in Magok, Yangsan plant, and Changnyeong plant from April to May as there were insufficient blood reserves due to the outbreak of COVID-19. The untact culture spread to all social contribution activities required social distancing while performing voluntary activities such as wearing masks and using hand sanitizers. Also, in order to encourage the voluntary participation of employees, we will strengthen the online and offline communication channels by utilizing the company's internal community.

Operation of the Foundation

In 1995, NEXEN TIRE established three foundations and endeavors to create a more affluent society by supporting scholarships and academic culture products. We are spreading the spirit of win-win where people can find good examples and make great precedents through the foundation's social contribution activities, and that the company's growth can be the driving force that benefits the world.

Purpose of Establishment of Foundations

Wolsuk Cultural Foundation (Established in Jan. 2008)	<ol style="list-style-type: none"> 1. Scholarship program 2. Support program for academics, culture, arts and education 3. Support program for low income and socially vulnerable groups and the less fortunate 4. Other public programs related to the items above
Wolsuk Busan Leading Scholarship Committee (Established in Mar. 2003)	<ol style="list-style-type: none"> 1. Life support and scholarships for less fortunate and exemplary youths 2. Support for crime prevention activities of youths for the members of the crime prevention committee 3. Support for leading youths in cultural activities and clean-up activities for the local community 4. Rewards for person of merit in leading youths as well as children that have conducted good deeds 5. Other programs related to the purposes of this foundation
KNN Cultural Foundation (Established in Dec. 1995)	<ol style="list-style-type: none"> 1. Scholarship program 2. Support program for the promotion of the community's broadcasting, academics, culture, arts and science 3. Culture program for the local resident's enhanced cultural knowledge and healthy cultural diffusion 4. Other public programs related to the items above

Wolsuk Cultural Foundation

With the support of Chairman Byung-joong Kang and NEXEN Group, it was founded in January 2008 for the purpose of returning corporate profits to society. We are contributing to the academic promotion of the local community and the creation of culture and art, and have been conducting sharing events such as sharing rice of love with the socially disadvantaged people since 2008. To date, the fund has reached KRW 32 billion, and the target and scope of support are continuously expanding.

KRW **620** million

Grant of scholarships in 2019

525 persons

Beneficiaries of scholarships in 2019

Wolsuk Busan Leading Scholarship Society

This foundation was established in March 2003 for youth in disadvantaged families. As it was founded for the purpose of developing the scholarship project that Chairman Byung-joong Kang had been doing in a more systematic way, it provides scholarships and subsidies to 120 middle and high school students in Busan-si, Gyeongsannam-do, who are suffering from the poor family background.

KRW **60** million

Grant of scholarships in 2019

80 persons

Beneficiaries of scholarships in 2019

KNN Cultural Foundation

This was a cultural foundation that had been operated by KNN broadcast but has been greatly boosted after Chairman Byung-joong Kang acquired it in December 1995. The foundation carries out major social public projects such as scholarship programs to foster local science gifted children, and various academics. As it was founded with the most cash among local private broadcasters, it is highly regarded in terms of social return of corporate profits.

KRW **190** million

Grant of scholarships in 2019

189 persons

Beneficiaries of scholarships in 2019



NEXEN TIRE's neighborhood love activities



Sharing rice and giving scholarships for celebrating New Year

Celebrating New Year, Wolsuk Cultural Foundation holds a rice sharing event for neighbors every year. In 2020, 4,286 bags of rice worth KRW 210 million were delivered to 34 welfare centers in Busan, and Gyeongnam and the scholarship worth KRW 39 million was awarded to 39 students.



The ceremony of giving a donation of love to celebrate Chuseok, Osunjel Village of Peace

Byung-joong Kang, Chairman of the NEXEN Wolsuk Cultural Foundation, has been visiting Osunjel village of peace in Milyang-si, Gyeongnam, in person for 13 years since 2010, and sharing virtue with each and every person in the village. Even in this 10th year, he did not forget but shared his warm hearts by visiting Osunjeol village of love and delivering gifts and donations.



Giving Gifts of Love to local seniors

Donated massage chairs worth KRW 13 million to 2 community centers in Ibanseong-myeon, Jinju-si, Gyeongsannam-do in January 2019, and had time to think about ways to care for neighbors who are being placed in the blind spot of welfare and community development in Jeongsu Cultural Village.

Volunteer Clubs

NEXEN TIRE is adding a small power to the disadvantaged people of the community by practicing the mind of sharing through voluntary participation. If employees' voluntary activities have focused on quantitative aspects such as volunteering time and accumulated volunteer time, it is now focused on the qualitative of voluntary activities from 2019. In 2020, we will continue to implement distinctive voluntary activities and encourage employees' proactive participation.

NEXEN Hope Sharing Club

Created by a voluntary gathering of employees who are willing to volunteer, the Hope Sharing Club signed the MOU with the Disabled Welfare Center in Yangsan-si in 2019 and has been visiting families with disabilities and delivering side dishes once a week. In May 2019, we participated in the 12th Yangsan-si Disabled Children's Day event and had a fun day playing games as a team of 1:1 with the disabled children. In the winter season, people purchased and gift-wrapped heating supplies, including blankets and first aid kits, and delivered those gifts to families with disabilities in the area of Yangsan-si, Gyeongsannam-do, in connection with the Yangsan-si Disabled Welfare Center.

Activities of the Hope Sharing Committee

Classification	Activities
First half of 2019	Labor-management collaboration, helper support for the Day of Children with Disabilities in Yangsan-si
Second half of 2019	Labor-management collaboration, delivery of Heating Aids for Love for 60 households among families for side dish delivery

129 persons

Number of Hope Sharing members as of 2019

98 hours

Average time spent on volunteer works per member of Hope Sharing volunteer group in 2019

134 households

Monthly average number of visits to households by Hope Sharing members in 2019

Volunteer Group's activities



MOU with a welfare center for the disabled in Yangsan-si



Disabled Children's Day event in Yangsan-si



Hope sharing event based on labor-management cooperation

Labor Force and Product Supply

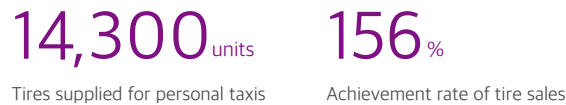
NEXEN TIRE is gathering the power of employees to improve the quality of life by improving the living environment of the disadvantaged people such as the disabled, the elderly, and children. In addition, NEXEN TIRE presented a new model of consumer culture through efficient tire supply agreements and opened the way for win-win growth to boost the local economy. Likewise, in order to resolve economic and social inequality between regions, we are contributing to healthy changes in our society through diverse approaches with employees.

Agreement of stable tire supply with Busan Private Taxi Association

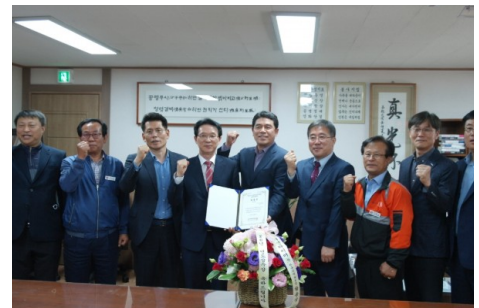
In 2019, NEXEN TIRE and Yangsan-Busan Private Taxi Association signed the MOU for supply and use of more than 14,300 tires from the Changnyeong plant. By signing this MOU, the taxi unions in Yangsan and Busan were guaranteed a stable supply of tires for commercial taxis, whereas NEXEN TIRE was able to promote a virtuous cycle of corporate development and employment growth by using local company products by local clients.

This agreement was successfully concluded by vice-chairman Hyo Jin Kim of the Yangsan City Council, leading the communication between NEXEN TIRE's Labor and Management and the Yangsan / Busan Private Taxi Association from the beginning of the agreement.

Starting from this agreement that created a win-win consumption culture with a consensus of labor, management, and consumers, it opened the possibility for local companies to cooperate with each other to boost the local economy.



MOU with Busan-Yangsan privately-owned taxi association



NEXEN TIRE Awards

Kimchi Making Project for NEXEN People

In November 2019, the company's volunteer club called "Sharing Hope" and employees gathered in Yangsan Public Sports Complex and performed the activity of "making kimchi, sharing the love." NEXEN TIRE has held this Kimchi Making event every year, and the cabbage used in this year made the event more meaningful as it was harvested and purchased by the employees of The NEXEN univerCITY in "Noguso Village" in Hoengseong, Gangwon-do, which has a sisterhood relationship with NEXEN TIRE. This Kimchi made by employees all equipped with sanitary clothes, hats, gloves, and masks using 1,000 cabbages were delivered to 200 disadvantaged households in the region with sweet potatoes.

In December, 300 people from 7 organizations including the Changnyeong-gun Volunteer Council, the Changnyeong-gun Korean National Council of Women, the Saemaeul Movement in the Changnyeong-gun Branch, Changnyeong-gun Saemaeul Women's Association, and the Changnyeong-gun Welfare Center for the Disabled and Changnyeong-gun Community Service Center participated in "2019 Changnyeong Love Kimchi Sharing Festival" held in Changnyeong Gunmin Gymnasium to make Kimchi and delivered it to 200 households such as low-income earners and elderly living along with sweet potatoes.

Harvesting Cabbage in Noguso village

Since 2011, Noguso village in Hoengseong, Gangwon-do, established a sisterhood relationship with NEXEN TIRE. As a lot of farms in rural villages suffer from a shortage of workers due to population decline and aging, there are many cases where hard-grown agricultural products cannot be harvested. Every year, employees of NEXEN TIRE help the residents in the village harvest cabbage, taking care of the elderly, and hold the "Kimchi sharing" event by making Kimchi with the harvested cabbage. In addition to harvesting cabbage, NEXEN TIRE also has regular exchanges with the elderly in the village, such as watching baseball games.

Enhancement of Medical Welfare

Participants in blood donation (2017~2019)



120 persons

THE NEXEN univerCITY

358 persons

Yangsan Plant

68 persons

Changnyeong Plant

29 persons

Qingdao Plant

Celebrating the 76th anniversary of the founding, NEXEN TIRE started a blood donation service to contribute to the community with more meaningful social contribution activities. This is not only limited to domestic business sites but is initiated by employees of local factories in China and Europe. The thoughtful minds of employees who want to save another person's life and give another life have made the 77th anniversary even more valuable.

Blood Donation by Employees in Korea and Overseas

NEXEN TIRE has started the blood donation drive as part of its global social contribution since 2018, celebrating its 76th anniversary. In 2019, celebrating the 77th anniversary, blood donation was held at each business site, including the NEXEN univerCITY in Magok.

The blood donation service held at the Yangsan plant in 2019 went smoothly as Ulsan Blood Center sent blood donation buses, and many employees from the Qingdao plant in China and the Czech plant in Europe participated in blood donation as well.

Blood donation activities



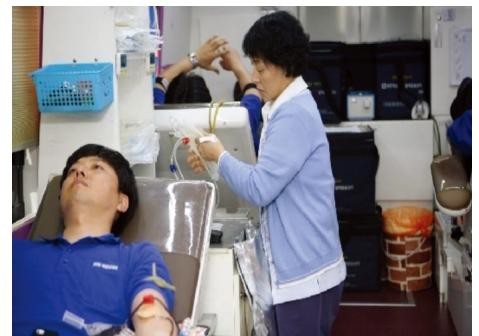
THE NEXEN univerCITY



Yangsan Plant



Qingdao Plant



Changnyeong Plant

Contribution to Local Cultural Development

The encounter of cultural arts and companies is very active in Korea and abroad. Companies increase their value with the power of cultural art, whereas cultural arts build a foundation for growth with the support of companies. NEXEN TIRE cultivates talents in cultural arts by sponsoring in various ways and raises the status of the host cities.

Sponsoring Sports Competitions

NEXEN TIRE sponsored the Taebaek Speed Racing Competitions in 2019. The competition held at Taebaek Speedway from May 3-5 has brought new vitality to Dongjeom-dong Speedway, which has been inactive for 8 years since 2011, enhancing the city's status as a host.

The Taebaek Speed Racing Competition was co-held by the Taebaek City Sports Association and the Korea Speed Racing (KSR), and was sponsored by NEXEN TIRE, Taebaek City, and the Taebaek City Council. The entire competition brought a great attention from the public as the entire competition was broadcasted live on Naver TV and Kakao TV, while SBS recorded and aired it after. In addition, more than 4,000 Korean and Japanese motorsport enthusiasts participated in this competition. There was a practice driving on the first day, followed by the drift and G.T. class qualifiers on the second day and Korea-Japan drift competitions on the third day.

Also, in 2014, commemorating NEXEN TIRE advancing into the Czech Republic, the company sponsored BK Mlada Boleslav, which is one of the top ice hockey team leader in the Czech Republic, to conduct marketing activities to improve our brand awareness in Europe. Ice hockey is one of the most popular sports in the Czech Republic, and MladaBoleslav is a traditional team founded in 1908 and is part of the Czech Republic's top ice hockey league and one of the top 10 ice hockey leagues in the world, Extraliga. While sponsoring the team for two years from September the starting month of season 2014-2015 to the next season from 2015-2016, NEXEN TIRE exposed the NEXEN brand in all regions of Europe using advertisements on the ice surface of home games, spectator seats, fences, benches, helmets and apparel in home games.

Sponsorships for Sports Tournaments

Classification	Country	Sponsorship
Motor sports	U.S.A	Formula Drift
	Europe	VLN 24-hour race
	Korea	CJ Super Race - BMW M class
		NEXEN TIRE Speed Racing
Football	U.K.	Manchester City
	Germany	SG Eintracht Frankfurt
Ice hockey	Czech Republic	BK Mladá Boleslav



VLN 24-hour race in Europe



Manchester City



Czech BK Mladá Boleslav

Sponsoring Concerts

In 2018, NEXEN TIRE sponsored a performance by the KBS Symphony Orchestra participating in the “Rudolf Firkusny Piano Festival” held in the Czech Republic. This festival was a music event held in Prague, Czech Republic, on November 25, 2018, in commemoration of the 100th anniversary of the founding of the “Czech Republic and Slovakia,” where many of the world’s leading orchestras participated to compete.

The KBS Symphony Orchestra, which was invited to the festival representing Korea, started this stage and toured three cities in the Czech Republic and Slovakia, and it was highly meaningful to NEXEN TIRE to participate in the festival as a Korean company that is actively performing business activities in the Czech Republic and to communicate with European clients through cultural marketing.

NEXEN TIRE started sponsoring concerts in 2016. By sponsoring the “63rd Seoul Oratorio Regular Concert” held at the concert hall of Seoul Arts Center, “The Creation” by Haydn, one of the world’s top 3 oratorios, was performed on the Korean stage and provided the opportunity for people to experience a high level of cultural arts by conducting an event for an invitation to the concert through the Facebook Page (www.facebook.com/nexentire.korea). In July of the same year, NEXEN TIRE also sponsored the “7th International Antonin Dvorak Composition Competition” held in Prague, Czech Republic, presenting a special sponsorship award under the name of NEXEN TIRE, which allowed the company to increase brand awareness by exposing our brand to contest leaflets, advertisements and promotional materials.

Sponsorship for music concert



Year-end concert with local people



“Rudolf Firkusny Piano Festival” in Czech



Scholarship Service by NEXEN TIRE



Donated 15 billion won to Dong-A University as development fund

NEXEN TIRE is more supportive of the development of local talent. In particular, as part of the development of human resources, NEXEN TIRE donated KRW 15 billion of development fund to Dong-A University for the campaign of "Dong-A, 100 Years of Companion". With the thoughts of "creating a comfortable environment for students who have financial difficulties in studying once I succeed," Chairman of the NEXEN Group Byung-joong Kang has continued providing scholarships.

This development fund promoted by Chairman Byung-joong Kang's thoughts of valuing local talents and his strong will to contribute to the community, allowed Dong-A University to build a more stable "Future Education Center (Alumni Hall)" at the entrance to the Seunghak Campus by 2021.

Continued sponsorship service

The NEXEN Wolsuk Cultural Foundation and the KNN Cultural Foundation continue to provide scholarships to support the education of local youth. In 2019, scholarships were provided to about 300 middle and high school students attending Daesung High School in Geochang, Banseong Middle School in Jinju, Dongwon High School in Tongyeong, Samjeong High School in Busan, Busan International Foreign Language High School, Changnyeong High School, Milseong Girl's Middle School in Miryang, Nakdong High School, and Seongdong High School.



FOCUSED ISSUES

Suppliers



Key Highlights



111 companies

Number of suppliers who pledged ethical management in 2019



10 areas

Key areas of supplier CSR policy

Win-win Management with Suppliers

Issues arising from all partners trading with NEXEN TIRE can soon affect business competitiveness and trust. Therefore, NEXEN TIRE applies strict standards and fair procedures for the selection of suppliers based on the principle of “implementing mutually fair trade and complying with social responsibilities.” Even after selection, we strengthen the competitiveness of our suppliers by conducting regular management, creating a sustainable supply chain, and a healthy industrial ecosystem that allows us to grow together with our suppliers.

Supplier CSR Policy

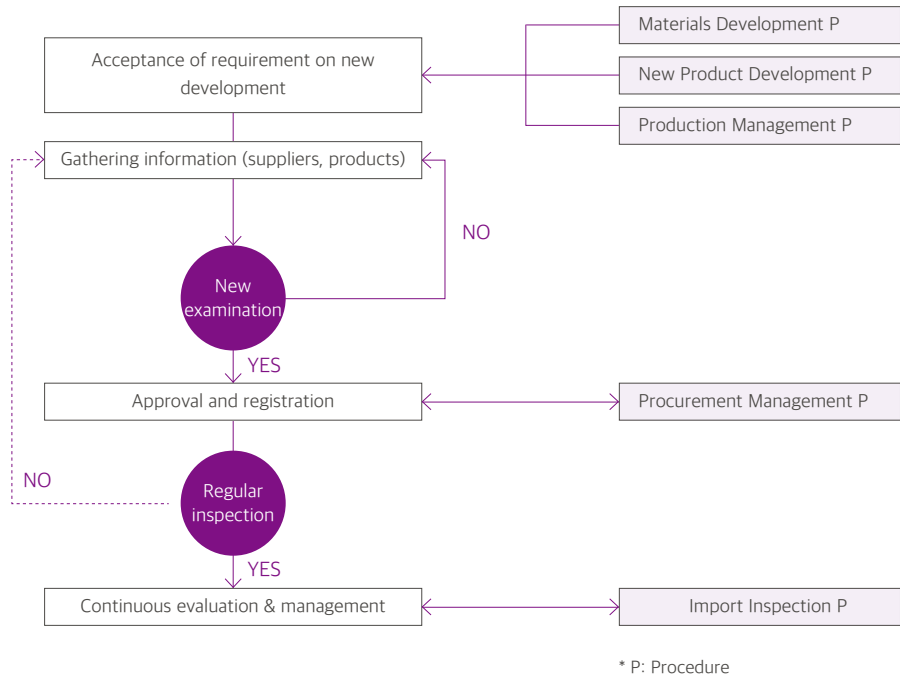
NEXEN TIRE intends to establish a Supply Chain CSR Policy and distribute it to our suppliers to create a culture of shared growth with suppliers and build a sustainable partnership in the long turn. Such CSR policies for suppliers aim to provide guidelines for NEXEN TIRE on ten major issues and help suppliers strengthen their CSR capabilities by guiding and training their employees.



Selecting Suppliers

Under the supervision of the purchasing department, we evaluate and cultivate excellent companies specializing in raw/subsidiary materials that affect product quality and processing. The selection of suppliers is conducted by receiving a new development list when a new purchase of materials is required, if requested by the relevant department, or if there are problems with the existing companies such as price, quality, delivery, and funds. After collecting supplier information that meets the requirements, we conduct evaluations of samples, review documents, and factory audits for the new product of the new developer. The new factory audit is classified into 3 grades, and having red grade with a score of 79 or less means it cannot be traded. If it is considered to be suitable for supply based on the importance of product, performance, and factory audit results of the purchased product, it is registered after approval of the head of the purchasing department.

Procedure for Selecting New Suppliers

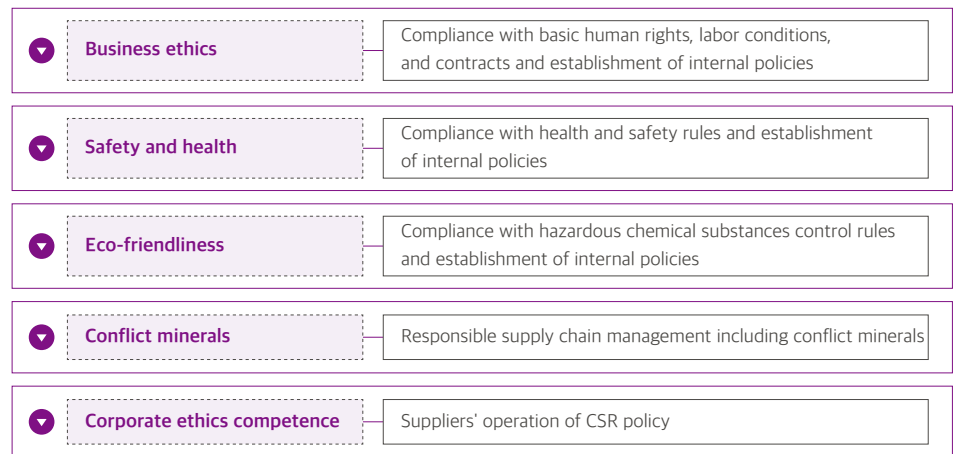


Ratings for New Plant Screenings

Rating	Points (%)	Content
Green	90-100	Possible to trade
Yellow	80-89	Possible to trade, improvement required for critiqued items
Red	Below 79	Not possible to trade

NEXEN TIRE intends to establish an NX Supplier Matrix considering purchase contributions in the past and "NX CSR indicators" for all suppliers and select a core supplier accordingly. The suppliers subject to this evaluation will be evenly selected in the areas where NEXEN TIRE's business sites are located, such as Korea, China, and the Czech Republic, and the CSR-related matters will be carefully evaluated and reviewed as key indicators in the selection process. Thus, NEXEN TIRE attempts to select a supplier who is high in mutual business dependence, excellent in technical and quality competitiveness, and exemplary in the field of social responsibility to other suppliers. We will take the lead in promoting sustainable shared growth in the long run by conducting CSR audits in accordance with the situation of each supplier and conducting consistent management.

NX CSR Audit Categories



Supplier Management Procedures

The purchasing department grants grades to registered suppliers in terms of factory audit, quality, and delivery period and manages continuously. Companies registered on the list of approved suppliers are subject to regular factory audit, and the list is updated twice a year. In principle, regular factory audit shall be performed in person, and grades A and B can be substituted to document audit unless there are special issues such as defects or non-compliance with deadlines for 2 years after the audit.

The overall grade of the supplier is given by comprehensively evaluating the results of factory audits, delivery quality, certification (the ISO9001 or the IATF16949 required), and delivery items every year. A factory auditor shall hold internal auditor qualifications in the purchasing, quality management, and R&D departments, as well as the VDA 6.3 certifications, and have the understanding of supplier manufacturing processes. Furthermore, those who have retained their internal auditor status for 2 years or more or have performed evaluations of suppliers once or more in 2 years shall be re-approved and act as an auditor.

Standards for Regular Plant Inspection

Grade	Points (%)	Content
A	90-100	Maintenance management
B	80-89	Need improvements for critique items
C	70-79	Need improvements for critique items and required to level up to Grade B (terminate trading for 2 consecutive Grade Cs on regular inspections)
	Below 69	Termination of trade

Comprehensive Grading Standards

Grade	Points (%)	Assessed items	INCENTIVE/PENALTY
1 st	90~100		Review upward trends of M/S and terms of transactions
2 nd	80~89	1. Factory inspections (60%)	Continuous improvement activities
		2. Delivery quality (20%)	
3 rd	70 ~79	3. Verification (10%)	1) Conduct special plant inspections 2) Required to level up to Grade 2 (Termination of registration if Grade 3 is maintained for 2 consecutive years)
		4. Delivery period (10%)	
	Below 69		Cancellation of registration

Monitoring of Supplier

NEXEN TIRE strictly restricts transactions in the event when suppliers have acted in a way that can be socially criticized or have problems with quality, delivery, price, and level of cooperation, causing complaints or intentionally violating the contract. In addition to this, when the supplied items become unnecessary or its production is terminated, the transaction shall be terminated inevitably. Moreover, if either the overall grade has been 3 for 2 consecutive years or the score is 69 or less, the supplier shall be disqualified. However, those subjects to disqualification may be reserved for a certain period of time considering the period of finding a new company.

Cancellation Procedure



Responsible Supply Chain Management



NEXEN TIRE is committed to fulfilling our social responsibilities in raw material procurement. We endeavor to minimize the negative impact that can occur during the procurement process, such as infringement of human rights and environmental destruction. In particular, NEXEN TIRE will always do our best to fulfill our responsibilities as a corporate citizen by closely and taking timely measures for the procurement processes with suppliers who are directly dealing with natural rubber and tin (conflict minerals), which are the raw materials for tires, and within the supply chain.

Participating in the Global Platform for Sustainable Natural Rubber (GPSNR)

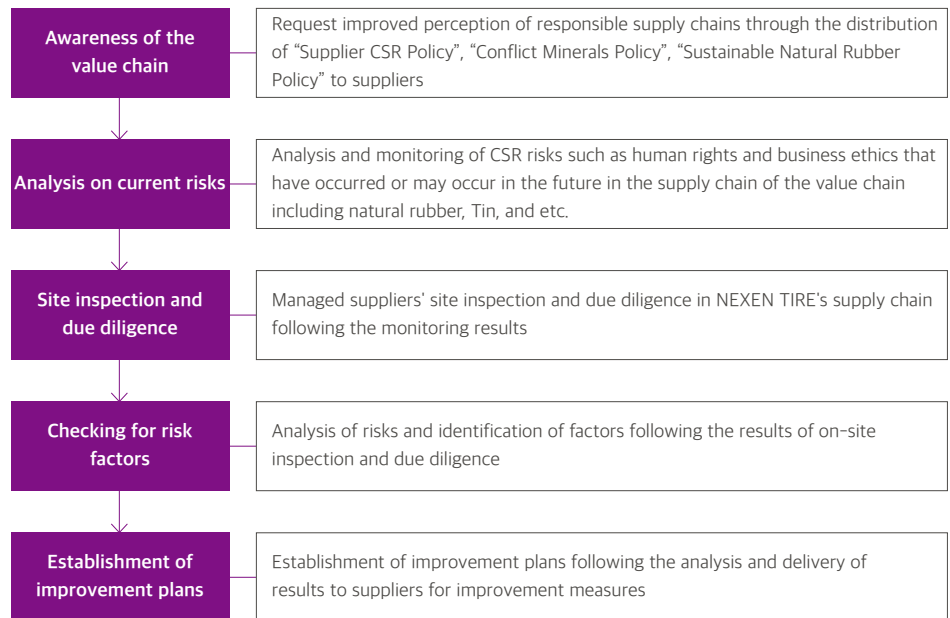
As natural rubber is mainly produced by small producers in Southeast Asia, there may be some issues related to the poor quality of life of small farms and fair trade of value chain members, including brokers, processors, and manufacturers.

NEXEN TIRE strives to enhance the sustainability of the supply chain members by establishing a sustainable natural rubber policy for the economic, social, and environmental sustainability of the natural rubber supply chain. From 2020, we have joined the GPSNR to support the sustainability of the global natural rubber industry in cooperation with stakeholders related to the production and consumption of natural rubber.

Managing Procurement of Conflict Minerals

Conflict minerals refer to minerals such as tin, tantalum, tungsten, and gold produced in the Democratic Republic of the Congo or neighboring countries where conflicts occur. In such conflict regions, there are social issues in the process of mining conflict minerals, such as human rights abuses like child labor and forced labor, as well as slaughtering of their own races as the funds generated in the mining process flow into armed forces in the country. With respect to this, as a responsible corporate citizen, NEXEN TIRE has established the Conflict Minerals policy to ensure that conflict minerals are not included in the supply chain for production of our products, closely monitor the supplier's supply chain of tin, conduct on-site audits and take timely measures.

Responsible Supply Chain Management



Overview of NEXEN TIRE's Conflict Minerals Policy

All suppliers supplying goods to NEXEN TIRE must not use minerals mined in conflict areas and must provide a certificate of origin to prove this. If necessary, NEXEN TIRE may conduct on-site audits for our supplier.

- Conflict areas refer to the following 10 regions: the Democratic Republic of the Congo, Sudan, the Central African Republic, Congo, Angola, Zambia, Tanzania, Burundi, Rwanda, and Uganda
- Restricted minerals (conflict minerals) refer to tin, tantalum, tungsten, and gold mined in the above 10 regions

Overview of Sustainable Natural Rubber Policy by NEXEN TIRE

NEXEN TIRE continues to strive for the economic, social, and environmental sustainability of the natural rubber supply chain

- The natural rubber supply chain includes Growers, Dealers, Processors, and Manufacturers.
- NEXEN TIRE attempts to establish a widely recognized standard that balances economic, environmental, and social aspects to secure an international sustainable natural rubber business with all industrial stakeholders by joining the GPSNR from 2020.

As our first start in joining the GPSNR this year, we shall actively carry out the activities of global initiatives to fulfill our social responsibilities as corporate citizens in the future and comply with our policies.



APPENDIX

Sustainability Performance Data

Economic Performance (Consolidated)

(Unit: KRW 100 million)

Classification		2017	2018	2019
Financial performance	Sales	19,647.9	19,839.8	20,223.4
	Cost of sales	13,275.7	14,222.0	14,056.9
	Gross profit	6,372.2	5,617.7	6,166.5
	Selling and administrative expenses	3,425.5	3,411.8	3,644.6
	Operating profit	1,854.2	1,824.4	2,073.7
	Net profit before income tax	1,667.4	1,486.0	1,843.3
	Corporate tax	413.4	450.6	658.8
	Operating profit from continued operation	1,254.0	1,035.4	1,184.5
	Net profit for the year	1,254.0	1,035.4	1,184.5
	Other comprehensive income (loss)	107.9	- 39.9	215.7
	Total comprehensive income	1,362.0	995.5	1,400.2
	Current assets	9,135.0	9,835.4	10,885.6
	Non-current assets	18,805.1	22,587.4	23,475.0
	Total assets	27,940.1	32,422.9	34,360.5
	Current liability	6,482.0	6,349.5	6,184.2
	Non-current liabilities	8,068.8	11,791.5	12,597.3
	Total liabilities	14,550.8	18,141.0	18,781.5
	Total equity	13,389.3	14,281.8	15,579.0

Environmental Performance

Classification		2017	2018	2019	
Environment	GHG emissions (tCO ₂ eq)	Yangsan Plant	125,293	128,067	128,470
		Changnyeong Plant	80,437	82,236	83,166
		Small-scale worksites	651	567	516
	Detection of water pollutants (mg/L)	Yangsan Plant	89.30	76.00	64.30
		Changnyeong Plant	52.40	43.70	46.50
	General waste treatment (ton)	Yangsan Plant	782.00	706.59	595.47
Changnyeong Plant		466.29	431.58	405.20	
Safety and occupational hygiene	Severity rate	Yangsan Plant	0.052	0.007	0.136
		Changnyeong Plant	0.059	0.017	0.266
	Accident rate	Yangsan Plant	0.125	0.085	0.291
		Changnyeong Plant	0.254	0.085	0.339
	No. of cases surpassed 90dB (A), standard for noise control at plants		0	0	0

Social Performance

Classification		2017	2018	2019	
Governance	No. of the BOD meetings held	18	16	13	
	Attendance rate of non-executive directors (%)	100	100	100	
Ethical management	No. of the Audit Committee meetings held	5	5	4	
	Completion rate of ethical and economic educations (%)	100	100	100	
Customer satisfaction	R&D expense to sales (%)	3.2	3.5	4.6	
	Free check service	No. of executions	483	478	468
		No. of vehicles	13,537	12,205	13,706
	Warranty for product lifecycle	No. of cases	1,429	1,109	963
		No. of tires	1,429	1,151	1,019
Employees	Employment of the disabled (persons)	NEXEN TIRE	-	-	55
		Angel With Us	-	-	9
	Maternity leave (persons)	Male	183	206	217
		Female	7	-	4
	Rate of return to work after maternity leave (%)	98.5	100.0	100.0	
	Childcare leaves (persons)	Male	8	13	12
		Female	10	6	6
	Rate of return to work after childcare leave (%)	100.0	73.6	83.3	
No. of agenda handled at the labor-management council	-	-	23		
Foundation	Total operational expenses (KRW in millions)	NEXEN Wolsuk Cultural Foundation	-	-	222
		KNN Scholarship	226	193	189
		Wolsuk Busan Leading Scholarship Committee	45	45	60
	Beneficiaries of scholarship (persons)	NEXEN Wolsuk Cultural Foundation	-	-	525
		KNN Scholarship	226	193	189
		Wolsuk Busan Leading Scholarship Committee	60	60	80

GRI Index

*This report has been prepared in accordance with GRI Standards: Core option

Item	Index	Index Description	Page	Remarks
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	102-2	Activities, brands, products, and services	10-11	
	102-3	Location of headquarters	10-11	
	102-4	Location of operations	10-11	
	102-5	Ownership and legal form	17	
	102-6	Markets served	10-11	
	102-7	Scale of the organization	8-9	
	102-8	Information on employees and other workers	84	
	102-9	Supply chain	77-81	
	102-10	Significant changes to the organization and its supply chain	15-24p of business report	
	102-11	Precautionary Principle or approach	19-20	
	102-12	External initiatives	32-33, 80-81	
	102-13	Membership of associations	42-43, 80-81, 92	
	102-14	Statement from senior decision-maker	6-7	
	102-16	Values, principles, standards, and norms of behavior	16, 21, 29, 77	
	102-18	Governance structure	17-18	
	102-40	List of stakeholder groups	30-31	
	102-41	Collective bargaining agreements	54	
	102-42	Identifying and selecting stakeholders	30-31	
	102-43	Approach to stakeholder engagement	29, 30-31	
	102-44	Key topics and concerns raised	24-25	
	102-45	Entities included in the consolidated financial statements	5p of business report	
	102-46	Defining report content and topic boundaries	About this report	
	102-47	List of material topics	Contents, 24-25	
	102-48	Restatements of information	N/A	No restatement since it is the first issue of the report
	102-49	Changes in reporting	N/A	No restatement since it is the first issue of the report

*This report has been prepared in accordance with GRI Standards: Core option

Item	Index	Index Description	Page	Remarks
	102-50	Reporting period	About this report	
	102-51	Date of most recent report	About this report	
	102-52	Reporting cycle	About this report	
	102-53	Contact point for questions regarding the report	About this report	
	102-54	Claims of reporting in accordance with the GRI standards	About this report	
	102-55	GRI content index	85-92	
	102-56	External assurance		
103: Management Approach				
	103-1	Explanation of the material topic and its boundary	24-25	
	103-2	The management approach and its components	16, 28-29	
	103-3	Evaluation of the management approach	28, 32-33	
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01: Economic Performance				
	201-1	Direct economic value generated and distributed	12-13, 83	
	201-2	Financial implications and other risks and opportunities due to climate change	-	
	201-3	Defined benefit plan obligations and other retirement plans	-	
	201-4	Financial assistance received from government	-	
02: Market Presence				
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	
	202-2	Proportion of senior management hired from the local community	-	
203: Indirect Economic Impacts				
	203-1	Infrastructure investments and services supported	64-75	
	203-2	Significant indirect economic impacts	67, 68, 70, 71	
204: Procurement Practices				
	204-1	Proportion of spending on local suppliers	-	

Item	Index	Index Description	Page	Remarks
205: Anti-corruption				
	205-1	Operations assessed for risks related to corruption	-	
	205-2	Communication and training about anti-corruption policies and procedures	21-23	
	205-3	Confirmed incidents of corruption and actions taken	-	
206: Anti-competitive Behavior				
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	
207: Tax				
	207-1	Approach to tax	-	
	207-2	Tax governance, control, and risk management	-	
	207-3	Stakeholder engagement and management of concerns related to tax	-	
	207-4	Country-by-country reporting	-	
GRI 300 Environmental				
301: Materials				
	301-1	Materials used by weight or volume	59-60	
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	301-3	Reclaimed products and their packaging materials	-	
302: Energy				
	302-1	Energy consumption within the organization	61	
	302-2	Energy consumption outside of the organization	-	
	302-3	Energy intensity	-	
	302-4	Reduction of energy consumption	61-62	
	302-5	Reductions in energy requirements of products and services	59-63	
303: Water and Effluents				
	303-1	Interactions with water as a shared resource	-	
	303-2	Management of water discharge-related impacts	-	
	303-3	Water withdrawal	-	
	303-4	Water discharge	-	
	303-5	Water consumption	-	

*This report has been prepared in accordance with GRI Standards: Core option

Item	Index	Index Description	Page	Remarks
304: Biodiversity				
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	
	304-2	Significant impacts of activities, products, and services on biodiversity	-	
	304-3	Habitats protected or restored	-	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	
305: Emissions				
	305-1	Direct (Scope 1) GHG emissions	57, 83	
	305-2	Energy indirect (Scope 2) GHG emissions	57, 83	
	305-3	Other indirect (Scope 3) GHG emissions	-	
	305-4	GHG emissions intensity	-	
	305-5	Reduction of GHG emissions	57	
	305-6	Emissions of ozone-depleting substances (ODS)	-	
	305-7	"Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions"	-	
306: Waste				
	306-1	Water discharge by quality and destination	-	
	306-2	Waste by type and disposal method	56, 83	
	306-3	Significant spills	58	
	306-4	Transport of hazardous waste	-	
	306-5	Water bodies affected by water discharges and/or runoff	-	
07: Environmental Compliance				
	307-1	Non-compliance with environmental laws and regulations	-	
308: Supplier Environmental Assessment				
	308-1	New suppliers that were screened using environmental criteria	-	
	308-2	Negative environmental impacts in the supply chain and actions taken	77-81	

Item Index	Index Description	Page	Remarks
GRI 400 Social			
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401-1	New employee hires and employee turnover	45	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	46	
401-3	Parental leave	84	
402: Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	-	
403: Occupational Health and Safety			
403-1	Occupational health and safety management system	50	
403-2	Hazard identification, risk assessment, and incident investigation	83	
403-3	Occupational health services	-	
403-4	Worker participation, consultation, and communication on occupational health and safety	50	
403-5	Worker training on occupational health and safety	50	
403-6	Promotion of worker health	51	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50, 51	
403-8	Workers covered by an occupational health and safety management system	50, 51	
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404: Training and Education			
404-1	Average hours of training per year per employee	-	
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	49	
405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	-	
405-2	Ratio of basic salary and remuneration of women to men	-	

*This report has been prepared in accordance with GRI Standards: Core option

Item	Index	Index Description	Page	Remarks
406: Non-discrimination				
	406-1	Incidents of discrimination and corrective actions taken	-	
407: Freedom of Association and Collective Bargaining				
	407-1	"Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk"	54-55, 84	
408: Child Labor				
	408-1	"Operations and suppliers at significant risk for incidents of child labor"	47	
409: Forced or Compulsory Labor				
	409-1	"Operations and suppliers at significant risk for incidents of forced or compulsory labor"	47	
410: Security Practices				
	410-1	Security personnel trained in human rights policies or procedures	-	
411: Rights of Indigenous Peoples				
	411-1	Incidents of violations involving rights of indigenous peoples	-	
412: Human Rights Assessment				
	412-1	"Operations that have been subject to human rights reviews or impact assessments"	-	
	412-2	Employee training on human rights policies or procedures	47	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	
413: Local Communities				
	413-1	Operations with local community engagement, impact assessments, and development programs	64-75	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	
414: Supplier Social Assessment				
	414-1	New suppliers that were screened using social criteria	-	
	414-2	Negative social impacts in the supply chain and actions taken	77-81	
415: Public Policy				
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Item	Index	Index Description	Page	Remarks
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	416-1	Assessment of the health and safety impacts of product and service categories	41, 84	
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417: Marketing and Labeling				
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	417-2	Incidents of non-compliance concerning product and service information and labeling	-	
	417-3	Incidents of non-compliance concerning marketing communications	-	
418: Customer Privacy				
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419: Socioeconomic Compliance				
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Third Party's Assurance Statement

To the Readers of 2019/20 NEXEN TIRE CSR Report

Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of NEXEN TIRE to verify the contents of its 2019/20 NEXEN TIRE CSR Report (Hereby referred to as "the Report"). NEXEN TIRE is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

NEXEN TIRE describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team (hereinafter the "team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the "Core Option" of GRI Standards which covers the followings.

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards
 - Management approach
 - Economic Performance : 201-1
 - Indirect Economic Impacts : 203-1, 203-2
 - Anti Corruption : 205-2
 - Materials : 301-1, 301-2
 - Energy : 302-1, 302-4, 302-5
 - Emissions : 305-1, 305-2, 305-5
 - Effluents and Waste : 306-2, 306-3
 - Supplier Environmental Assessment : 308-2
 - Employment : 401-1, 401-2, 401-3
 - Occupational Health and Safety : 403-1, 403-2, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
 - Training and Education : 404-2, 404-3
 - Freedom of Association and Collective Bargaining : 407-1
 - Child Labor : 408-1
 - Forced or Compulsory Labor : 409-1
 - Human Rights Assessment : 412-2
 - Local Communities : 413-1
 - Supplier Social Assessment : 414-2
 - Customer Health and Safety : 416-1

This Report excludes data and information of joint corporate, contractor etc. which is outside of the organization, i.e. NEXEN TIRE, among report boundaries.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with NEXEN TIRE on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

• Inclusivity

Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability

- NEXEN TIRE is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder NEXEN TIRE left out during this procedure.

• Materiality

Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.

- NEXEN TIRE is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.

• Responsiveness

Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.

- The assurance team could not find any evidence that NEXEN TIRE's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the "Core Option" of GRI standards

Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

• NEXEN TIRE reported in detail key issues closely related to sustainability such as risk management, co growth and response to conflict minerals. It also interpreted financial and non financial information to meet the interests and expectations of stakeholders and made it easier to understand compared to other sustainability report. We recommend that NEXEN TIRE set and expand sustainability KPIs for systematic implementation of sustainability

Our independence

With the exception of providing third party assurance services, KMR is not involved in any other NEXEN TIRE's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

August, 4th, 2020

CEO *E. J. Hawang*



Awards

Year	Awards	Institution
2020. 02	Germany's 2020 "iF Design Award" - Main Award for Media Wall within The NEXEN univerCITY	iF International Forum Design
2019. 07	"Global Customer Satisfaction Competency Index 2019" - No. 1 for 10 consecutive years in the tire sector	Global Management Association
2018. 06	"Global Customer Satisfaction Competency Index 2018" - No. 1 for 9 consecutive years in the tire sector	Global Management Association
2017. 06	"Global Customer Satisfaction Competency Index 2017" - No. 1 for 8 consecutive years in the tire sector	Global Management Association
2016. 12	Awarded the \$800 million Export Tower Award on the 53rd Trade Day	Ministry of Trade, Industry and Energy
	Korea's "Internet Communication Satisfaction Index 2016" - Main Award in the automobile/aircraft/components sector	Korea Internet Communication Association
2016. 06	"Global Customer Satisfaction Competency Index 2016" - No. 1 for 7 consecutive years in the tire sector	Global Management Association
2016. 03	Selected as Excellent Company for Job Creation for 4 consecutive years - President plaque	Ministry of Employment and Labor
2015. 11	"Korea Social Communication Satisfaction Index 2015" - Main Award in the automobile/aircraft/components sector	Korea Internet Communication Association
2015. 06	"Global Customer Satisfaction Competency Index 2015" - No. 1 for 6 consecutive years in the tire sector	JMAC Korea
2015. 03	Selected as Excellent Company for Job Creation for 3 consecutive years - President plaque	Ministry of Employment and Labor
2014. 11	The 40th National Quality Management Convention - National Quality Management Award	Korean Standards Association/Ministry of Trade, Industry and Energy
	"Korea Social Communication Satisfaction Index 2014" - Main Award in the automobile/aircraft/components sector	Korea Internet Communication Association/Ministry of Science, ICT and Future Planning
2014. 06	"Global Customer Satisfaction Competency Index 2014" - No. 1 for 5 consecutive years in the tire sector	JMAC Korea
2014. 04	Selected as Excellent Company for Job Creation for 2 consecutive years	Ministry of Employment and Labor
2013. 06	"Global Customer Satisfaction Competency Index" - No. 1 in the tire sector	JMAC Korea
	Korea's "Top Company Award 2013" - tire sector	Industry Management Association of Korea
2013. 01	Selected as Excellent Company for Job Creation - President plaque	Ministry of Employment and Labor
2012. 12	Awarded the \$700 million Export Tower Award on Trade Day	Korea International Trade Association
2012. 11	"Management Grand Awards 2012" - Grand Award for Marketing	KMA Consultants Inc.
	"National Quality Competition 2012" - Presidential Award	Korean Standards Association
2012. 07	"The 21st Dasan Management Awards" - Entrepreneurship division (President Byung-joong Kang)	The Korea Economic Daily
2012. 06	"Global Customer Satisfaction Competency Index 2012" - No. 1 for 3 consecutive years in the tire sector	JMAC Korea
2012. 06	"Korea Top Company Award 2012"	Industry Management Association of Korea
2011. 12	Presidential Citation for Labor-Management Cooperation	Ministry of Employment and Labor
2011. 09	Korea's "Most Respected CEO Award 2011" - President Byung-joong Kang	Industry Management Association of Korea
	Korea's "Financial Innovation Company 2011" - Grand Award and Korea CFO Award	Korea Association for Chief Financial Officers
2011. 07	"Award for Excellence in Occupational Health" at the Best Practice Competition for Safety and Health	Korea Occupational Safety and Health Agency
2011. 06	Accreditation of achieving 4 multiples of zero accident	Korea Occupational Safety and Health Agency
2011. 05	Acquired certification as "AEO (Authorized Economic Operator)"	Korea Customs Service
2011. 02	"Korea HRD Award" - Grand Award for the "Education program sector"	Korea HRD Association
2010. 12	Awarded the \$500 million Export Tower Award on Trade Day	Korea International Trade Association
	"Web Award Korea" - Grand Award (Manufacturing sector)	Korea Internet Professional Association
2009. 11	Number 1 on KSI (Korean Sustainability Index)	Korean Standards Association
	Awarded Gold Tower Industrial Merit on Trade Day (President Byung-joong Kang)	Korea International Trade Association
2008. 11	Korea's "Design Award" - Minister's Award from the Ministry of Knowledge Economy	Korea Institute of Design Promotion/Ministry of Knowledge Economy
	Korea's "Excellent Industrial Design" - Awarded the Public Procurement Service's Director's Award	Korea Institute of Design Promotion/Ministry of Knowledge Economy
2007. 11	Energy Conservation Promotion Contest/Minister's Award from the Ministry of Knowledge Economy	Ministry of Knowledge Economy
2007. 11	Awarded the \$400 million Export Tower Award on Trade Day	Korea International Trade Association
2006. 11	Korea's "Excellent Industrial Design" - Director's Award from Korea Institute of Design Promotion	Korea Institute of Design Promotion/Ministry of Knowledge Economy
	Awarded the \$300 million Export Tower Award on Trade Day	Korea International Trade Association
2006. 03	Minister's Award from the Ministry of Economy and Finance for Excellent tax payer	Ministry of Economy and Finance
2005. 11	Awarded the \$200 million Export Tower Award on Trade Day	Korea International Trade Association
2004. 10	Korea's "Excellent Industrial Design" - Minister's Award from Ministry of Trade, Industry and Energy	Korea Institute of Design Promotion/Ministry of Knowledge Economy