Next Level Mobility For All
About This Report

The 2020/21 NEXEN TIRE ESG Report encompasses the “NEXEN UNIVERSE” sustainability management philosophy and its performance in the economic, environmental, and social dimensions. The report has increased stakeholder participation by gathering their opinions along with those of other domestic and foreign companies within the industry. The report also transparently discloses responsive strategies for each issue in compliance with global standards. NEXEN TIRE will continue to systematically manage the company’s mid- to long-term strategies and goals, as well as risks and opportunities.

Reporting scope

The scope of this report includes all manufacturing plants (Yangsan and Changnyeong in Korea, China, and Europe) and R&D Centers (Seoul Central Research Institute and R&D centers in the United States, China, and Germany). The financial data is consistent with the consolidated standards of the Korea International Financial Reporting Standards (K-IFRS). For quantitative environmental data, data collected from all domestic and foreign plants (Yangsan, Changnyeong, Czech Republic and Qingdao) were used as the standard. We have specified the detailed scope through separate notation where the performance of separate sites, including the quantitative environmental data, have been included.

Reporting period

NEXEN TIRE has been publishing an ESG Report every year since the 2020 publication of the 2019/20 ESG Report (download in Korean). This report focuses on the activities and performances from January 1 to December 31, 2020. Some performances from the first half of 2021 may also be included.

Reporting standards

This report is based on the recommendations and suggestions of global standards such as the Core Option of the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB), and Task Force on Climate-Related Financial Disclosures (TCFD). In addition, the financial performance is based on the K-IFRS.

Third-party assurance

To ensure credibility of the report’s drafting process and content to our stakeholders, NEXEN TIRE received third-party assurance from the Korea Management Register (KMR), an independent audit entity. AA1000AS v3 was applied to the assurance process, which reflects the revisions of the current year. The Assurance statement is available on pages 124-125.

Feedback on the report

This report can be downloaded from the NEXEN TIRE’s website (http://www.nexentire.com/international). If there are any additional inquiries or feedback on the report, you can reach us via the contact information below.

Department: Strategy Planning Team
Contact: +82-2-6210-0817
Email: hojae.lee@nexentire.com
Executive Summary & Highlights

**Economic Dimensions**
- **30** R&D (Technological Innovation)
- **31** Drivers of Nexen's Growth
- **32** Digital Transformation
- **34** Customer Satisfaction

**Environmental Dimensions**
- **44** Environmental Management System
- **45** R&D and Raw Materials
- **48** Manufacturing
- **50** Use, Recycling & Disposal
- **54** Response to Climate Change

**Social Dimensions**
- **62** Human Rights
- **64** Employees
- **75** Local Communities
- **82** Suppliers
- **88** Data Protection

**Governance Dimensions**
- **96** Responsible Governance
- **100** Ethical Management
- **103** Risk Management

Mark on Next Generation

Sales in 2020
KRW 1,6981 trillion

Boosting Competitiveness in the Market
- Selected as the 2020 Best Supplier of the Year by Stellantis
- Received the "2020 Supplier Quality Excellence Award" from GM for the 8th consecutive year
- NEXT LEVEL service received the "National Service Award" for the 2nd consecutive year
- First in the Korean tire industry to establish venture capital in the U.S.

Advancing Global R&D Capacities
- R&D investment as a percentage of sales: 5.4%
- Operated a global R&D network in the U.S., Germany, and China based around the Central Research Institute in Korea
- Participated in industry-university joint research in order to develop eco-friendly tires
- Cooperated on smart tire sensor technology research with REALITY AI, a U.S. Silicon Valley-based AI company

Mark on Environment

Approx. 23,000 t reduction of GHG emissions, compared to the previous year

Responding to Climate Change
- Reduced annual energy usage by 86,4110 twh when compared to 2017 by adjusting the pipe structures for heating pumps
- Reduced energy usage by 69% by expanding usage of energy-saving, high-efficiency facilities
- Harvested 3,600 MWh of solar power energy at the Changnyeong plant

Implementing Eco-Friendly Management
- Completed 100% implementation of environmental management systems (EMS)
- Completed 100% implementation of environmental risk assessments (ERA)
- Signed a Green Premium contract for the purchase of renewable energy
- Responded to the CDP Initiative

Mark on Society

Received the Grand Prize in 'Korea Labor-Management Cooperation' in 2021

Innovating Corporate Culture
- Recognized for maintaining an excellent workplace with regards to health and safety activities for the 13th consecutive year (Yangsan plant)
- Recorded no labor strikes for the 29th consecutive year
- Operated the N'Dea System for internal proposals
- Operated the Change Agent system to collect feedback from employees

Mutually Growing with Suppliers
- Enacted Supplier CSR policy (2020)
- Signed the ethical management pledge for new transactions
- Conducted regular quality and CSR evaluations for suppliers
- Responded to the CDP Initiative

Contributing to Local Communities
- Operated the One-Company, One-Village Program and the Dream Start Child Matching Project, led Hope Sharing Club volunteer activities, and signed an MOU with the Korean Red Cross
- Operated cultural foundations such as the Nexen Weluk Cultural Foundation, Weluk Busan Leading Scholarship Committee, and the KNN Cultural Foundation
- Sponsored sports competitions, including motorsports, soccer, hockey, and golf

Mark on Governance

Zero cases of serious corruption found as a result of two corruption audits in 2020

Governance Structure
- Achieved professionalism and diversity
- Enhanced the independence and transparency of the Board of Directors through committees

Ethically Managing
- 100% percent of employees have completed ethics training
- Conducted internal auditing for ethical management twice in each sector throughout 2020
- Operated a reporting center to catch violations to our Code of Ethics

Managing Risk
- Designated a CRO and Risk Management Department to systematically and internally manage financial and non-financial risks
- Established the Nexen Steering Committee (NSC) to respond quickly to the COVID-19 pandemic

Minimizing Environmental Impact Within the Value Chain
- Sustainable ingredients: 23%
- Participated in the Global Platform for Sustainable Natural Rubber (GPSNR)
- Reduced waste by approx. KRW 24.4 million
- Designated as an excellent workplace for reducing particulate matter

Reduced energy usage by 69% by expanding usage of energy-saving, high-efficiency facilities

Completed 100% implementation of environmental risk assessments (ERA)

Signed a Green Premium contract for the purchase of renewable energy

Responded to the CDP Initiative

Operated the One-Company, One-Village Program and the Dream Start Child Matching Project, led Hope Sharing Club volunteer activities, and signed an MOU with the Korean Red Cross

Operated cultural foundations such as the Nexen Weluk Cultural Foundation, Weluk Busan Leading Scholarship Committee, and the KNN Cultural Foundation

Sponsored sports competitions, including motorsports, soccer, hockey, and golf

Responded quickly to the COVID-19 pandemic
INTRODUCTION

06 Message from the CEO
08 Company Profile
12 NEXEN UNIVERSE
14 NEXEN TIRE Value Chain
Message from the CEO

NEXEN TIRE aims to become the pride of our customers with the best quality. We will provide happiness through the development of innovative technologies and products. We will move forward towards a top-notch company, looking forward to the next century. Beyond history and passion, we will become your greatest faith, heading towards the next generation in the name of trust.

Dear stakeholders,

First, I would like to express my sincere gratitude to our shareholders, customers, partners, and employees for their unwavering interest and support for NEXEN TIRE. Based on the value of mobility, we have published our second sustainability report in the hope of connecting more people to the world in a more convenient and safe way.

The world is now undergoing a rapid transition into a digital economy due to the prolonged COVID-19. With the development of AI technology, a revolution is taking place in the manufacturing industry, including the automobile sector. Above all, the new mobility industry, such as autonomous and eco-friendly vehicles, is accelerating due to a paradigm shift, resulting in a surge in demand for innovative tire technologies.

Last year, NEXEN TIRE recorded KRW 1.6981 trillion in sales and KRW 39.4 billion in operating profits. In spite of the uncertain business environment, we launched the industry’s first contact-free tire installation service called “Next Level GO.” We also received high marks in various assessments conducted by world-renowned automobile magazines including Auto Bild, and ADAC. Moreover, we achieved meaningful results, such as the continuous expansion of supply to automobile manufacturers including Canoo, Porsche, Audi, and Volkswagen.

Following last year, we will make the following efforts to further increase corporate value this year. We will maximise sales through market segmentation strategies and secure new R&D technologies through digital transformation. In addition, we will create world class products by strengthening a quality-oriented production system. Ultimately, we aim to establish a sustainable management system by enhancing management efficiency and strengthening company-wide competence. NEXEN TIRE will continue to challenge itself and promise continuous innovative growth to become a customer-oriented company.

At the beginning of this year, NEXEN TIRE announced a new vision, “Next Level Mobility for All,” reflecting its desire to create a world where mobility becomes a daily pleasure for everyone based on innovative technologies and services that put humans first. Alongside our new vision, we have selected “We Got You” as our brand slogan to deliver the message that NEXEN TIRE will always stay next to its customers as a trustworthy supporter.

Creating more opportunities and values through new connections with the world and enriching the lives of mankind is what NEXEN TIRE pursues. In order to achieve this goal, we will constantly make the utmost effort to provide better service and carefully respond to each and every customer.

As various environmental and social issues arise, social demands for environmental, social, and corporate governance (ESG) in corporate management are increasing. Accordingly, NEXEN TIRE will fulfill its corporate social responsibilities by firmly establishing an ESG-based management system. All of our staff members will proactively participate in environmental issues, which is our common task to make a better world.

NEXEN TIRE has been strengthening its ESG policies for natural rubber purchases by joining the Global Platform for Sustainable Natural Rubber (GPSNR) to contribute to the achievement of the UN’s Sustainable Development Goals (SDGs). As a result, we obtained a ‘Bronze’ rating in the 2021 ESG evaluation conducted by EcoVadis, a global sustainability evaluation institution. Furthermore, we are continuously participating in activities for sustainable development, such as the Carbon Disclosure Project (CDP Worldwide), in an effort to preemptively respond to global environmental issues.

Although uncertainty will continue across the globe, we will overcome this period of crisis as always through our unique corporate DNA of turning crises into opportunities. We ask for your continued interest and support for NEXEN TIRE’s new challenge to create a better future.

Thank you.

Global CEO, Ho-Chan Kang
Company Profile

Company History

Started as Heung-a Tire Industry in 1942, NEXEN TIRE has grown tremendously by making epoch-making achievements in the domestic tire industry, starting with the production of the first domestic 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 technological leadership. Currently, NEXEN TIRE has expanded its operation beyond Korea, operating four plants in China and Europe. Centering around Magok Central Research Institute, the company has established global R&D networks in the U.S., China, and Germany, responding quickly to the diversifying market. NEXEN TIRE, which travels the roads in more than 150 countries based on its know-hows and technologies accumulated over 70 years, will not slow down its progress towards becoming a top-notch company that looks forward to the next generation.

Awards and Achievements

May 2021
- Received the Grand Prize in Korea Labor-Management Cooperation from the Korea Enterprises Federation

Sep. 2020
- NEXT LEVEL GO Service won grand prize for the 2020 National Service Award in the tire general service category hosted by the Institute for Industrial Policy Studies for the 2nd consecutive year since 2019

Apr. 2021
- N’FERA Sport ranked no. 1 in summer tire performance test conducted by German automobile magazine ACE Lenkrad

Jun. 2021
- Selected as the “2020 Best Supplier of the Year” by a global carmaker Stefaniti

Jun. 2021
- Received the grand prize in 2021 QCC contest of the Gyeongnam province for the 11th consecutive year since 2011

Jun. 2021
- Received the 2020 GM Supplier Quality Excellence Award for the 8th consecutive year

Jul. 2021
- Ranked no. 1 in the global Customer Satisfaction Index (CSI) for the 12th consecutive year

May 2021
- Received the Grand Prize in Korea Labor-Management Cooperation from the Korea Enterprises Federation
Headquartered in South Korea, NEXEN TIRE manufactures and sells tires through its global sales networks in China, the U.S., Europe, and Southeast Asia. After the full-fledged operation of the European plants to establish global production bases in Europe and North America, NEXEN TIRE has been providing the best driving experience to customers around the world based on enhanced quality competitiveness by securing stable product quality as well as advanced productivity.
Creating Value for Tomorrow, Every Step of the Way

NEXEN TIRE’s mission of “Creating Value for Tomorrow, Every Step of the Way” is the foundation of NEXEN’s business activities as well as the guideline that stimulates the company’s continuous change and growth. Every NEXEN employee’s thoughts and behaviors, including value-creating activities, aim to contribute to the world’s prosperity by creating a better future through the fulfillment of satisfaction and expectations of mankind.

Vision

Next Level Mobility for All

Using innovative services and technologies that put people first, we will create a world where mobility can be enjoyed by all.

Business Portfolio

Our business sector is categorized into the tire sector, which includes tire sector - production, sales, and rental of tires - and the non-tire sector - transportation, storage, molding, and bakery.

Products

NEXEN TIRE meets with customers all over the world with a variety of brands covering all types of vehicles and products.

Summer & Products

N’FERA Sport

Winter

WINGUARD Sport 2

SUV

RODIAN MTX

All Seasons

N’FERA AU7

N’blue 4 season
NEXEN TIRE is striving to minimize the environmental and social impacts within the overall organizational supply chain in response to the increasingly stringent domestic and international regulations and the demands of automobile manufacturers.

1. R&D
NEXEN TIRE defines eco-friendly products as products with superior energy consumption efficiency, e.g., rolling resistance performance compared to market average. We are investing in R&D to develop such eco-friendly products. In response to the strengthening of environmental regulations, we will continuously manage and increase the percentage of our eco-friendly products to achieve our GHG reduction goals and minimize particulate matter emissions.

2. Raw Materials
Currently, approximately 23% of our products use sustainable materials. We are seeking to increase this figure by incorporating various recycled and reusable materials into our products. We also conduct research in cooperation with academia to develop high-performance tires using eco-friendly raw materials.

3. Manufacturing
For the past two years, we have obtained ISO 14001 certification at our four domestic and international plants and established EMS. We will continue to minimize environmental risks through systematic risk identification, evaluation, and improvement activities. Furthermore, we are carrying out a variety of investment activities to minimize environmental impacts by reducing GHG emissions, waste water, garbage, and energy usage.

5. Recycling & Disposal
Nearly 100% of tires produced in our Korean and overseas plants use recycled material from scrap tires. Scrap tires are grounded down to obtain their key ingredients such as rubber and steel. In the case of Korea, these tires are reused to create thermal energy through incineration. The obtained rubber is then used in eco-friendly rubberized asphalt.

4. Use
Tires are directly related to driver safety since they are the only parts in contact with the vehicle and the ground. NEXEN TIRE manufactures tires in compliance with the strict technical specifications of IATF 16949 for product safety and quality. In addition, we provide safety campaigns and inspection services to customers in order to fulfill our product responsibilities.
ESG Management System

NEXEN TIRE pursues solid growth with all stakeholders, including customers, business partners, local communities, and employees, by fulfilling its corporate social responsibilities and contributing to the increase of corporate value. To this end, NEXEN TIRE considers ESG as the basis of its corporate management and carries out company-wide integrated ESG management to realize ESG through daily work.

ESG Policy

NEXEN TIRE established ESG principles to develop together with stakeholders and fulfill corporate social responsibilities in pursuit of the value of consideration, coexistence, and symbolism. NEXEN TIRE’s ESG principles set the guidelines by considering how to fulfill social responsibilities in areas such as business ethics, labor, and human rights, environment, and supply chain management.

Business Ethics
NEXEN TIRE is striving to create a transparent, fair, and mature corporate culture based on its management principles and ethical standards that pursue the value of consideration, coexistence, and symbolism and develop together with our shareholders, customers, suppliers, partners, local communities, and employees. We endeavor to practice ethical management, for example, by conducting ethical management surveys for employees, providing regular training, and operating a report center for ethical code violations.

Labor and Human Rights
As a people-oriented company, NEXEN TIRE is committed to fulfilling its mission through human rights management that puts labor and human rights protection first in all business activities. To this end, NEXEN TIRE has established a human rights management policy and a Human Rights Declaration to present the standards of value judgment that all employees and stakeholders should comply with and has pledged to practice them in all business activities. NEXEN TIRE plans to establish an ESG committee to carry out various activities aimed at establishing a human rights management system and reinforcing company-wide human rights.

Environment, Health, and Safety (EHS)
NEXEN TIRE endeavors to become a company that leads social development through feasible environment, health, and safety (EHS) activities by putting customers and environment first. We pursue harmony between business activities and the environment (e.g., production of eco-friendly products; reduction of contaminants, chemicals, and waste; biodiversity protection; resource circulation) by operating the EHS management system. We will fulfill our social responsibilities and create an accident-free workplace by prioritizing the safety of our employees and stakeholders.

Supply Chain Management
NEXEN TIRE supports the growth of its partners through transparent and healthy transactions and strives to create a sustainable ESG supply chain system. To this end, we are communicating with our suppliers regarding ESG factors such as business ethics, labor, and human rights, health and safety, and environmental policies. Moreover, we have established policies such as the Supplier CSR Policy, Code of Ethics, and Conflict Minerals Policy for the proliferation of ESG values into the entire supply chain.

ESG Implementation System

ESG Management Organization
NEXEN TIRE pursues the long-term development of ESG and mutual growth with stakeholders including customers, shareholders, investors, employees, local communities, and suppliers. In order to effectively accomplish these goals, NEXEN TIRE plans to establish an ESG organization directly under the CEO under the supervision of Business Administration Business Group (BG). This department will supervise the planning of specific ESG strategies for each of the major issues—products, labor and human rights, EHS and climate change, social contributions, business ethics, and supply chain management.

Through this ESG organization, NEXEN TIRE aims to establish a company-wide ESG strategy management system and specific implementation guidelines. We plan to communicate the established strategies and direction to the relevant working group within the BG for each issue and sufficiently collect suggestions from experts in each field for efficient operation. In particular, we will enhance the effectiveness of operations by monitoring the company-wide ESG implementation plan, progress, and performance. NEXEN TIRE plans to respond to internal and external stakeholders the ESG organization and ultimately become a communication channel where the valuable opinions of stakeholders can be reflected in ESG operations. Moreover, NEXEN TIRE will organize an operations committee that can respond to ESG-related issues, monitor ESG-related operations, and approve mid- to long-term ESG plans which will help integrate environmental strategies into our overall corporate strategy.
Responding to Business Partners’ ESG Requirements

Client ESG Requirements Implementation Status
NEXEN TIRE understands clients’ ESG-related demands and strives to fulfill them. Detailed subsections are set up and implemented for each category—obtaining ESG-related certifications, conducting self-evaluation and external disclosure, joining related organizations and initiatives, and making efforts for quality enhancement.

Fulfillment Status of ESG Demands

- ISO 14001 certification (Yangsan, Changnyeong, Magok, Qingdao, Europe)
- ISO 45001 certification (Yangsan, Changnyeong, Magok, Qingdao, Europe)
- IATF 16949 certification (Yangsan, Changnyeong, Magok, Qingdao, Europe)

- Participated in the CDP Water Change (2020)
- Participated in the CDP Climate Change (2020)
- Participated in the CDP Supplier Climate Change (2020)

- Offer company-wide ESG training
- Obtain third-party verification for the sustainability report and third-party assurance.
- Publish Sustainability Reports
- Take the SAQ 4.0 from the NQC -Supplier Assurance Program

Self-assessment and disclosing

NEXEN TIRE is making utmost efforts to implement self-assessment priorities. We communicate NEXEN TIRE’s sustainability management activities in an effective and transparent manner through the publication of the ESG report and third-party assurance.

Certifications

To satisfy client demand for various certifications, NEXEN TIRE currently holds the ISO 14001 (Environmental Management Systems) certification. And in 2020, we completed the transition from OHSAS 18001 to ISO 45001 certification at all of our plants. Now that the Czech plant has obtained ISO 14001 and 45001 certifications, all of NEXEN TIRE’s plants have attained those certifications. As requested by our global Original Equipment (OE) clients, we have obtained the IATF 16949 certification.

Self-Assessment and Disclosure
NEXEN TIRE is making efforts to implement and publicize self-assessment priorities.

SAQ 4.0 Assessment
NEXEN TIRE annually conducts the Self-Assessment Questionnaire (SAQ) 4.0 of the NQC-Supplier Assurance program, which is the standard for supply chain evaluation in the automotive industry. We receive and reflect feedback on SAQ 4.0 items by the NQC in order to improve our sustainable management activities.

Publication of the ESG Report
NEXEN TIRE is making utmost efforts to implement and publicize self-assessment priorities. We communicate NEXEN TIRE’s sustainability management activities in an effective and transparent manner through the publication of the ESG report and third-party assurance.

Operation of Company-Wide ESG Training
NEXEN TIRE endeavors to enhance the sustainable management capacities of our employees by conducting training across the various fields of ESG. We conduct company-wide ethical management training, security awareness training, legal training for air quality technicians, hazardous chemical manager and handler training, training for all employees and managers in facilities handling hazardous chemical substances, training for ISO 14001 system managers and internal auditors, non-discrimination training, regular health and safety training, etc.

Registration of Organization
NEXEN TIRE participated in the 2020 Global Platform for Sustainable Natural Rubber (GPSNR) as a responsible company in the natural rubber value chain. To secure sustainability of natural rubber, a major raw material for tires, we are fulfilling our social responsibilities by complying with the global regulations and cooperating with stakeholders in various areas. In addition, we participated in the 2020 Carbon Disclosure Project (CDP) and disclosed our strategies, goals, and achievements for carbon emission reduction.

Strengthening Product Competitiveness (Quality Improvement)
To satisfy the demands of both global carmakers and individual consumers who need parts replaced, NEXEN TIRE continues to develop products and establish operational policies.

Downstream Product Lineup
NEXEN TIRE analyses the needs of customers and markets all over the world and commercializes products accordingly. We are constantly investing in our product lineup and conducting quantitative market analysis. Along with the diversified car models, we are making products that satisfy customer needs with specialized products according to detailed customer requirements, performances, and target markets.

Operation of Company-Wide ESG Training
NEXEN TIRE endeavors to enhance the sustainable management capacities of our employees by conducting training across the various fields of ESG. We conduct company-wide ethical management training, security awareness training, legal training for air quality technicians, hazardous chemical manager and handler training, training for all employees and managers in facilities handling hazardous chemical substances, training for ISO 14001 system managers and internal auditors, non-discrimination training, regular health and safety training, etc.

Registration of Organization
NEXEN TIRE participated in the 2020 Global Platform for Sustainable Natural Rubber (GPSNR) as a responsible company in the natural rubber value chain. To secure sustainability of natural rubber, a major raw material for tires, we are fulfilling our social responsibilities by complying with the global regulations and cooperating with stakeholders in various areas. In addition, we participated in the 2020 Carbon Disclosure Project (CDP) and disclosed our strategies, goals, and achievements for carbon emission reduction.

Strengthening Product Competitiveness (Quality Improvement)
To satisfy the demands of both global carmakers and individual consumers who need parts replaced, NEXEN TIRE continues to develop products and establish operational policies.

Downstream Product Lineup
NEXEN TIRE analyzes the needs of customers and markets all over the world and commercializes products accordingly. We are constantly investing in our product lineup and conducting quantitative market analysis. Along with the diversified car models, we are making products that satisfy customer needs with specialized products according to detailed customer requirements, performances, and target markets.

Facilitating Performance Optimizing Technology
In order to advance into the premium OE (Original Equipment) market and develop the highest quality products required by customers, NEXEN TIRE conducts research on optimizing the four key performance indicators - fuel efficiency, wet grip, noise, and wear - by securing design technologies and developing new materials. Furthermore, we strive to improve quality by applying big data technology to our product development processes. This allows us to develop new patterns, determine applications for new materials, and optimize existing designs.
Continuous OE Supply Management: NEXEN TIRE contributes to the increase of product and brand awareness by proving its value through the supply of original equipment (OE) tires for leading brands. We have steadily expanded the supply of new OE tires in 2020 and are continuously improving our products' technological competitiveness by achieving the technological level required by automobile manufacturers.

Overview of New Global OE Supply for 24 Car Models in 2020

<table>
<thead>
<tr>
<th>Brand</th>
<th>Model</th>
<th>Product (pattern name)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyundai</td>
<td>SONATA HEV</td>
<td>N'Blue S</td>
</tr>
<tr>
<td></td>
<td>SONATA Taxi</td>
<td>MILE2 CAP</td>
</tr>
<tr>
<td></td>
<td>Next-gen Carnival</td>
<td>ROADWAY GTX</td>
</tr>
<tr>
<td></td>
<td>Next-gen K5 Taxi</td>
<td>MILE2 CAP</td>
</tr>
<tr>
<td></td>
<td>Next-gen K5</td>
<td>N'Blue A8</td>
</tr>
<tr>
<td></td>
<td>Next-gen SCENTO HEV</td>
<td>ROADWAY GTX RG1</td>
</tr>
<tr>
<td>Kia</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guangzhou</td>
<td>GMAX</td>
<td>N'Blue A8</td>
</tr>
<tr>
<td>Motor</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VW</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td>X-REN</td>
<td>N'Blue S</td>
</tr>
<tr>
<td></td>
<td>X-TOUR</td>
<td></td>
</tr>
<tr>
<td>SKODA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AUDI</td>
<td>A3</td>
<td>N'Blue S</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIAT</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RENAULT</td>
<td>LOGA</td>
<td>N'Blue A8</td>
</tr>
<tr>
<td></td>
<td>LOGA/SCECRO LR</td>
<td>N'Blue A8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beijing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hyundai</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D商城</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QOROS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEAP MOTORS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Supporting Innovative Activities of Manufacturing Plants: Total productive maintenance (TPM) is used to stimulate the activities of the quality control circle (QCC) in order to boost the productivity of technicians and optimize the implementation of plant innovations. We are solving issues in the areas of production, quality, loss, cost, delivery, and safety (PQLCDS) through suggested activities that encourage the improvement of the manufacturing environment and sites. An internal QCC contest is held annually, and we have also proven our exceptional on-site capabilities by consistently receiving the presidential award since 2011.

Awards from the 2021 Gyeongnam QCC Contest

Record of Presidential Awards for Excellent QCC Received at the National Quality Management Convention (2011–2021)

- Gold
- Silver
- Bronze

2020: 2
2019: 1
2018: 2
2017: 1
2016: 1
2015: 1
2014: 3
2013: 1
2012: 1
2011: 1
NEXEN TIRE conducts a materiality assessment every year to determine the important issues and influences that impact the sustainability of the company. Through this assessment, the most critical issues and areas for NEXEN TIRE's businesses are established. For all material issues, both the importance to the business and interest level of the stakeholders are determined based on the standards of the evaluation. Accordingly, we identify and respond to issues in the economic, environmental, and social aspects that are most crucial to companies and stakeholders.

**Stage 1: Issue Identification**

We created a pool of 28 issues for NEXEN TIRE by referencing major issues in global evaluations, public initiatives, and the overall industry. Reflecting the increase in strategic importance since last year’s materiality assessment, the issues of technological innovation and work environment safety were separated and added to the issue pool. Other additions include product and service quality as well as reducing the environmental impact of products, which is regarded as being important according to global initiatives and relevant industries.

**2020 NEXEN TIRE Sustainability Issue Pool**

**Governance & Economic**
1. Sound BOD operation
2. Ethics and anti-corruption
3. Response to climate change and risk management
4. Technological innovation
5. Customer health and safety

**Environmental**
1. Reduction of GHG emissions
2. Waste management
3. Water control and water innovation protection
4. Prevention of biodiversity
5. Resources and resource conservation
6. Transition to renewable energy and improvement of energy efficiency
7. Reduction of environmental impact of products
8. Processing scrap tires
9. Stakeholder communication
10. Win-win management with suppliers
11. Compliance
12. WIN management with suppliers
13. Responsible procurement of raw materials
14. Information security & privacy protection
15. Employee education and training
16. Social management relations
17. Fair HR system and employee welfare
18. Consumer health and safety
19. Employee education and training
20. Responsible procurement of raw materials
22. High-risk substance management
23. Responsible procurement of raw materials
24. Responsible procurement of raw materials
25. Responsible procurement of raw materials
26. Responsible procurement of raw materials
27. Responsible procurement of raw materials
28. Responsible procurement of raw materials

**Social**
1. Stakeholder communication
2. Response to climate change and risk management
3. Social contribution
4. Technological innovation
5. Response to climate change and risk management
6. Response to climate change and risk management
7. Response to climate change and risk management
8. Response to climate change and risk management
9. Response to climate change and risk management
10. Response to climate change and risk management
11. Response to climate change and risk management
12. Response to climate change and risk management
13. Response to climate change and risk management
14. Response to climate change and risk management
15. Response to climate change and risk management
16. Response to climate change and risk management
17. Response to climate change and risk management
18. Response to climate change and risk management
19. Response to climate change and risk management
20. Response to climate change and risk management
21. Response to climate change and risk management
22. Response to climate change and risk management
23. Response to climate change and risk management
24. Response to climate change and risk management
25. Response to climate change and risk management
26. Response to climate change and risk management
27. Response to climate change and risk management
28. Response to climate change and risk management

**Stage 2: Materiality Assessment**

Through eight methodologies, including internal and external stakeholder surveys, issues with high stakeholder interest and business impact were finally derived.

**Detailed Methodology**

1. **Media Analysis:** Analysis indicating the number of times issues were seen in the media.
   - Total number of articles: 1,735 (Jan. 1–Dec. 31, 2020)
2. **Industry Analysis:** Analysis indicating the issues identified in the materiality assessment that were addressed in relevant industry reports.
   - (Sustainable Tire, Michelin, Pirelli)
3. **International Standard Analysis:** Analysis indicating the issues that were addressed in international guidelines, standards, and indices.
   - GRI Standard, ISO 30400, UNHCG, SDGs, MSCI, TCFD, SASB, EcoVadis
4. **External Surveys:** Survey with 5-point criteria administered to external stakeholders.
   - Total number of valid respondents: 25 (May 31–Jun. 1, 2021)
5. **Board of Directors’ Agenda:** Agenda items reported and approved by the Board of Directors.
6. **CEO’s Message:** Agenda items mentioned in the CEO’s message.
7. **Business Impact Survey:** Survey with 5-point criteria administered to key persons in ESG-related departments.
   - Total number of valid respondents: 25 (Jun. 7–Jun. 11, 2021)
8. **Valuation:** Strategic decisions.

As a result of the materiality assessment, 12 out of a total of 28 issues were selected as material issues for NEXEN TIRE’s 2020 sustainability management.
Managerial Approach

<table>
<thead>
<tr>
<th>Core Issue</th>
<th>Description of Issue</th>
<th>Decision for Selection</th>
<th>Core Management Method</th>
<th>Expert Edge</th>
<th>Expert Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Technological innovation</td>
<td>Activities related to innovation and expansion such as new product creation, technological development, and business portfolio enhancement</td>
<td>It is necessary to research the future of technological innovation to develop new business areas that are relevant to the future.</td>
<td>Establish a development center to focus on technological innovation and business portfolio enhancement and invest in research and development.</td>
<td>30-33 Customers, shareholders</td>
<td></td>
</tr>
<tr>
<td>2. Product and service quality</td>
<td>Activities related to evaluating and enhancing product and service quality through scientific advancement, management practices, and ISO 9001</td>
<td>It is necessary to improve product and service quality to meet the needs of customers in the future.</td>
<td>Establish a quality improvement committee to focus on product and service quality and develop new quality management systems.</td>
<td>34-47 Customers, shareholders</td>
<td></td>
</tr>
<tr>
<td>3. Reduction of GHG emissions</td>
<td>Activities related to reducing GHG emissions through management</td>
<td>It is necessary to pursue international efforts to reduce GHG emissions, such as the Paris Agreement, and develop an ISO 14064 management system.</td>
<td>Establish a GHG management committee to focus on reducing GHG emissions and the implementation of ISO 14064.</td>
<td>56-59 Shareholders, government, local communities</td>
<td></td>
</tr>
<tr>
<td>4. Reduction of environmental impact or products</td>
<td>Activities related to reducing environmental impact or products with substances that threaten the environment, from manufacturing to use and disposal of the product</td>
<td>It is necessary to reduce the environmental impact of products across the life cycle or to reduce substances that threaten the environment.</td>
<td>Conduct research to reduce the environmental impact of products and improve the use of substances that are more environmentally friendly.</td>
<td>47 Customers, local communities</td>
<td></td>
</tr>
<tr>
<td>5. Safety workplace</td>
<td>Activities related to continuously improving policies and management systems in order to provide a safe workplace for employees</td>
<td>It is necessary to provide a safe workplace for employees to maintain safety management and establish safety management systems.</td>
<td>Implement a safety management system in all workplaces and offer safety training for all employees and suppliers.</td>
<td>73-74 Employees, local communities</td>
<td></td>
</tr>
<tr>
<td>6. Patently harmful substance management</td>
<td>Activities related to managing chemicals that have been deemed harmful to the environment and health according to legal standards</td>
<td>It is necessary to manage chemicals that are harmful to the environment and health in accordance with local and international laws.</td>
<td>Develop a chemical management system that complies with local and international laws to manage harmful substances.</td>
<td>45-46 Local communities, shareholders</td>
<td></td>
</tr>
<tr>
<td>7. Ethics and anti-corruption</td>
<td>Activities related to corporate and personal ethics, such as ensuring compliance with anti-corruption laws as well as the creation of ethical corporate culture and the ethical code of directors and other stakeholders' management guidelines</td>
<td>It is necessary to maintain ethical management and work to ensure that ethical values are respected.</td>
<td>Establish a Code of Conduct Committee to implement ethical management guidelines and maintain ethical values.</td>
<td>55-56 Shareholders, employees</td>
<td></td>
</tr>
<tr>
<td>8. Sound ESG operation</td>
<td>Activities related to maintaining sustainable operations, including sustainable management of Board of Directors, promoting the efficient operations of Board of Directors, and protecting the interests of shareholders, and maintaining the company's independence</td>
<td>It is necessary to maintain the independence of the Board of Directors.</td>
<td>Establish a Board of Directors who are independent and transparent in their decision-making.</td>
<td>98-99 Shareholders, shareholders</td>
<td></td>
</tr>
</tbody>
</table>

Stakeholder Engagement

NEXEN TIRE seeks to walk the path of shared growth and coexistence by listening to the voices of various stakeholders, conducting continuous communication through ESG communication channels, and actively reflecting it in NEXEN TIRE’s ESG management activities in the future.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Major Interests</th>
<th>Key Communication Channels</th>
<th>Response Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Training and development opportunities, diversity, safe work environment and health of employees, benefits, training, and labor rights protection</td>
<td>Surveys, meetings, training, social media, and local communities</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>Product innovation, product quality, satisfaction, services, and the trust they place in the brand</td>
<td>Interactions, customer support, and participation in global initiatives</td>
<td>Survey, events, press releases, social media marketing, and strategic alliances with local communities</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Economic and supply chain sustainability, purchasing policy, and human rights and labor</td>
<td>Participation in global initiatives and social media marketing</td>
<td>Customer satisfaction centers, press releases, events for agency owners, and social media marketing</td>
</tr>
<tr>
<td>Local communities</td>
<td>Social contributions to offset industrial impact, participation in local community events, and social contribution activities</td>
<td>Events for suppliers, training for suppliers, and participation in global initiatives</td>
<td>Social contribution activities, roundtable events with local residents, and social media marketing</td>
</tr>
<tr>
<td>Governments and NGOs</td>
<td>Activities to meet social economic demands and government regulations</td>
<td>Reporting use of harmful chemicals and observance of international regulations</td>
<td>Reporting use of harmful chemicals and observance of international regulations</td>
</tr>
<tr>
<td>Shareholders and Investors</td>
<td>Financial achievements, board management, and investor relations</td>
<td>Corporate presentation (IR meeting), board management, and investor relations</td>
<td>CEO presentation, board management, and investor relations</td>
</tr>
</tbody>
</table>
ECONOMIC DIMENSION

30 R&D (Technological Innovation)
31 Drivers of NEXEN’s Growth
32 Digital Transformation
34 Customer Satisfaction

Key Highlight

KRW 1,698.1 billion
Total sales

5.4%
Ratio of R&D expenditure to annual sales

24 models
New OE Supply

4,929 vehicles
Free Car Inspection Service on Highway

733 vehicles
Warranty for product lifecycle management
NEXEN TIRE is strengthening the core performance requirements of tires, such as fuel efficiency, tread, stiffness, noise, and wear, in line with changes in the automotive market trend of electrification, high output, and high load. To this end, AI and big data technologies are applied to the product development process to develop new patterns, apply new materials, and optimize design. NEXEN TIRE is further strengthening its future competitiveness by reflecting the latest technology in its products, actively responding to rapidly changing automotive requirements, and responding quickly to changes.

One & Open R&D

NEXEN TIRE is conducting its One & Open R&D to establish a creative culture that drives change and innovation. One refers to our focus on a single goal, while Open refers to the active communication that takes place across our digital and global collaboration systems.

Joint Research on Smart Tire Sensor Technologies with a Silicon Valley-based AI Company

In preparation for the near future where self-driving cars lead the market, NEXEN TIRE is developing the Tire Health Monitoring System (THMS). This is a smart tire sensor technology which self-diagnoses the tire condition and either notifies the driver directly or transmits it to the central control system through the cloud.

In this regard, our Central Research Institute in Korea and the Research Institute in the U.S. have been working together with REALITY AI, a Silicon Valley-based AI company to carry out research on topics such as using big data to create machine learning algorithms.

Screening System to Discover New Businesses

NEXEN TIRE is open to all possibilities and business areas, even those outside our established tire industry, and works to discover new businesses at the group level.

Securing New Growth Engines Through Venture Capital

In March 2021, NEXEN TIRE became the first in the Korean tire industry to establish Corporate Venture Capital (CVC) in Silicon Valley. We did this to secure a foundation for identifying new growth drivers. The new corporate identity was named Next Century Ventures, which encapsulates our identity and passion for the future.

By investing in startups with high growth potential, NEXEN TIRE will secure various business opportunities and nurture and develop with startup companies as a strategic partner rather than a simple investment. Through the operations of the CVC, we strive to transcend the boundaries of the tire industry to become an all-encompassing mobility company.
In preparation for the Fourth Industrial Revolution, NEXEN TIRE is focusing on AI and Big Data research and strengthening its data integrity and connectivity by upgrading its product development system. The technological data produced throughout the product development process is linked to a globally integrated system that manages test information. This contributes to the development of products that can achieve optimal performance. Additionally, we are planning to transition to a more digital culture by improving our work environment and enhancing productivity by adopting new tire development simulation methodologies.

**Establishing and Advancing NEPS**
NEXEN TIRE newly established the NEXEN Tire Product Lifecycle Management System (NEPS)—a PLM system—and strengthened the integrity and connectivity of data by continuously conducting projects for its advancement. We secured data infrastructure for Big Data and AI technologies by connecting technological data regarding design, analysis, specification, and evaluation of products and establishing a global Laboratory Automation System (LAS). Also, we are committed to expanding digital transformation by managing all R&D projects through the Project Management System (PMS).

**Innovating the Workspace Through Our Digital Culture**
Due to the prolonged pandemic, opportunities for internal communication have been limited. For this reason, NEXEN TIRE has installed various entertainment facilities (arcade machines, dartboards, billiards tables, etc.) within the workplace to enhance employee morale and create spaces for open communication. Moreover, to quickly resolve various inconveniences within the workplace, a VOC reception platform was opened utilizing Kakao Channel to provide one-stop services—from receiving complaints to handling issues—for the welfare of our employees.

**Virtual Tire**
NEXEN Virtual Product Development (NVPD) is a method of creating a virtual tire and predicting its performance through simulation; if the performance does not satisfy the evaluation standards, a new virtual tire is created through re-simulation. This allows us to reduce the production of actual tires and minimize time and money spent accordingly, contributing to technological innovation.

---

### NEPS Operational System

|---------------------|--------------------|------------------|

### Virtual Tool’s Results-Based Design

The process of virtual tire development involves the following steps:
1. **As-Is**
   - Repetition of trial and error
2. **To-Be**
   - Frontloading

---

### Virtual Tire Simulation Screen

- **Virtual Tool’s Results-Based Design**
- **Frontloading**
- **As-Is**
- **To-Be**
- **Repetition of trial and error**
Invigorating Communication with Customers

NEXEN TIRE is constantly working to identify the various needs of its customers and reflect those needs in its products. Thanks to this effort, we are able to make sure our products are competitive and grow symbiotically with suppliers, providing a higher quality of service to our customers (automakers, general customers, and dealers).

Communicating to be More Competitive in the Market

The global OE business division constantly strives to build trustworthy relationships with our key clients, automobile manufacturers, by supplying them with innovative products that prioritize safety. In addition, NEXEN TIRE is developing products tailored to our clients’ needs through constant R&D investment and by providing enhanced value through communication. As a result, we were designated as the 2020 Best Supplier of the Year by Stellantis, a multi-national automobile company. Furthermore, our OE tires were supplied for 24 new vehicles, including the Volkswagen GOLF and HYUNDAI TUCSON, demonstrating our credibility in the eyes of global automobile manufacturers. We do not settle with the achievements we have accomplished so far; we aim to achieve sustainable growth by actively fulfilling our social responsibilities and maintaining mutual trust with our clients.

Sharing of Operational Policies Related to our Products

We are improving the stability and reliability of the products supplied to our clients by conducting company-wide OE contract review meetings and inspections. With the goal of supplying our products to automobile manufacturers in a timely manner, we preemptively develop products of supply quality and share them with our clients, forming a closer network. We are also forming a collaborative system with the relevant sectors so that our operational policies can be reflected in our mid- to long-term product strategies and in the clients’ developmental policies.

Independent Quality Improvement System

As the importance of ESG continues to rise, NEXEN TIRE shares revised requirements of the international standard IATF 16949, which has been acquired by all manufacturing plants, with our internal and external stakeholders. Relevant system changes have been implemented according to international standard IATF 16949, which has been acquired by all manufacturing plants, with our internal and external stakeholders. Relevant system changes have been implemented accordingly.

Providing Products Meeting Customer Needs

High-Performance Tire: NYFERA Sport

Based on the experience and technology of performance tires we have accumulated over the years with Porsche, a global premium brand, NEXEN TIRE has started supplying the NYFERA Sport tires for the Panamera. Through activities as such, we are successfully achieving quality growth and enhancing our brand image.

New Tire Supply for the American Electric Vehicle Manufacturer Canoo

NEXEN TIRE supplies OE tires to vehicles produced by Canoo, an electric vehicle startup based in the U.S. This shows that our product meets the requirements for a next-generation electric car regarding safety, durability, and noise. Canoo vehicles are provided to customers under a vehicle subscription service in line with the global mobility industry trends towards electric vehicles and the sharing economy. Canoo is attracting attention thanks to its futuristic design that maximizes the interior of vehicles. With customer-tailored models, like the OE supply to Canoo, NEXEN TIRE will contribute to the expansion of an eco-friendly mobility industry based on technological innovation and excellence in design.
Advanced Global R&D Capacities Reflecting Customer Needs

NEXEN TIRE is operating four global manufacturing plants and four global R&D centers. Centered around the Central Research Institute in Korea, our global R&D network operates in the U.S., Germany, and China. Differences in regional road conditions and driving styles are analyzed to develop best quality products. Research results for each region are shared across our R&D network, which contributes to the development of future innovative products reflecting customer needs. An evaluation office was opened in the IDIADA Test Center to verify product performance, enhancing our capacity to set the right direction for development. In addition, we are contributing to the improvement of our R&D capabilities by acquiring various local know-how and synergy through our global R&D network.

EU Technical Center
Kelkheim, Germany

US Technical Center
Richfield, Ohio, United States

China R&D Center
NEXEN TIRE’s Chinese R&D Center was established to enter the Chinese market, the largest consumer market in the world. It is serving the role of developing not only tires optimized for local conditions but also strategic OE and RE tire products for the overseas market. In addition, it is contributing to stabilizing the quality of finished products while supporting production efficiency.

EU R&D Center
As the first building in the newly developed complex located in Richfield, Ohio, NEXEN TIRE’s R&D Center is strengthening its position in the US market by developing OE and RE tires which reflect the demands of local automakers and customers.

CHOSNA Technical Center
Sangju, Korea

USA

China

Czech Republic

Europe

Germany

Republic of Korea

Preparing Recurrence Prevention Measures

By establishing improvement measures for product issues, NEXEN TIRE continuously works to prevent the recurrence of issues and ensure the production of high-quality products.

Improving Risk Management for all Products

NEXEN TIRE focuses on maintaining a flawless quality assurance system that manages potential risks throughout the process, for example by managing the quality of test products and raw/subsidiary materials through import inspections and supplier quality management.

Adopting Error Proof System

In order to fundamentally block potential failures due to operator error and emergency malfunction of production facilities when performing standard work for each process, we are actively implementing the Error Proof System for each process.

Achieving Zero Quality Issues

NEXEN TIRE aims for zero quality issues by securing a finnished product quality assurance system for semi-finished products and mixed materials through strengthening statistical quality control and a quality assurance system for finished products by strengthening reliability tests for finished products.

Managing the Quality of Developed Products

The characteristics of our target markets are analyzed so that they are reflected in the planning stage of development. NEXEN TIRE strictly inspects performance requirements at each stage, from the performance enhancement stage to the final development stage. Through this process, NEXEN TIRE strives to provide products that are the best fit for the market.

Systemizing Change Management for Mass-Produced Products

NEXEN TIRE developed a system that systematizes the manufacturing and design processes of transforming raw materials into semi-finished products, and then into mass-produced products. Through this system, a standardized quality verification is conducted for products that have been changed for mass-production in order to ensure consistency in the quality of products provided to customers.

Implementing Quality Enhancement Training

In order to apply and improve quality system that is mainly required in the automotive industry, we are conducting training on the five quality system methodologies of the APQP (Advanced Product Quality Planning) tool: Advanced Product Quality Planning (APQP), Production Part Approval Process (PPAP), Failure Mode and Effects Analysis (FMEA), Measurement System Analysis (MSA), and Statistical Process Control (SPC). To this end, we are planning continuous education to provide customers with products of stable quality and to enhance customer satisfaction.
General Consumers

In Korea, where most households own a vehicle, customer interest in tire service is very high. Customers sharing their experiences and feedback via social media affect tire consumption trends, demanding innovations and changes in the tire industry. Tire services are gradually evolving into a new service platform presenting a totally different model of customer satisfaction. NEXEN TIRE is constantly developing a variety of highly-reliable customer services that can satisfy customers’ needs and match consumption trends.

Advancement of Contact-Free Tire Replacement Service: NEXT LEVEL GO

NEXT LEVEL GO

NEXEN TIRE is developing and promoting a customer-based service that reflects recent consumer and environmental trends. The NEXT LEVEL GO service, based on modern consumer keywords such as online and contact-free, strives to provide a sustainable customer convenience service while reflecting recent trends, such as visiting installations, pickup & delivery services, and installations at branch offices.

The service region, which was limited to Seoul and the metropolitan area, was expanded nationwide to include the metropolitan cities as well as Gangwon, Chungcheong, Jeolla, and Gyeongsang provinces. To this end, NEXEN TIRE is continuously working to upgrade its equipment and conduct personnel training in order to provide high-quality services that are also convenient.

From January 2020, when the actual service was launched, to June 2021, the customer satisfaction rating averaged 4.9 points out of 5.0, maintaining a very high level of customer satisfaction. To provide services which are convenient and satisfy customer needs, we signed a strategic partnership with Coupang which allows us to provide the sale and services of NEXT LEVEL GO online, thereby maximizing synergy.

NEXT LEVEL Rental Service Tailored to Customer Needs

NEXT LEVEL Rental

NEXEN TIRE’s first tire rental service in Korea, NEXT LEVEL Rental, transcends the existing single payment purchasing model. With our relentless efforts to offer our customers tailored experience that fits to their needs, this service recommends products according to economic assurance, relief assurance, and free rental. With this, we present a professional tire care service to our customers.

Strengthening Communication Through Continuous Promotional Campaigns

As part of an effort to provide convenience as a customer-friendly brand, NEXEN TIRE is continuously strengthening its promotional activities for the NEXT LEVEL GO and NEXT LEVEL Rental services. These activities are promoted through continuous communication activities since the launch of the NEXT LEVEL campaign in March 2020. In the global market, we are planning to continuously conduct a product performance-based brand campaign and boost communication with customers through our website and various social media channels.

Providing Product Warranties

With our confidence in our product and service quality, NEXEN TIRE has been operating a special warranty system since 2007. All customers who purchase products with a special warranty are offered a one-time replacement and compensation for not only manufacturing negligence but also user negligence.
NEXEN TIRE supports marketing activities in various areas to enhance the sales and profits of its global clients. Along with financial support for various online and offline marketing activities carried out by customers in their respective countries, we provide data and operating guidelines that can be used for marketing. We also support interior/exterior guides to improve store environment, display items that can promote NEXEN TIRE within the store, and product promotional materials. In particular, we provide online product training services for on-site salesmen to provide professional and improved customer service.

**Free Car Safety Inspection Service on Highway**

For the safety and happiness of customers who purchase NEXEN TIRE products, NEXEN TIRE provides free car inspection services on highways. In 2020, the inspections were held three times for seven days each. NEXEN TIRE has remained the preferred choice of its customers by carrying out interior & window cleaning, washer fluid refills, and engine oil inspections. Tire pressure & puncture inspections were done as a safety measure.

**Highway Safety Inspection Campaign**

A free safety inspection campaign was conducted on four major highways during times of high traffic, such as national holidays and summer vacation seasons. At these inspections, the safety of tires and vehicles were inspected and management tips were provided.

**Improving Customer Satisfaction Through Reasonable Complaint Processing**

NEXEN TIRE values its customers' trust and conducts customer-oriented quality management. First, we receive customer complaints on our website and representative call center, and provide quick feedback to customers through 1:1 answers and in-depth consultations at designated service centers nationwide.

**Claim Consultation**

NEXEN TIRE operates service centers in various locations nationwide to provide quick consultations and services to customers. One-on-one customized consultations are conducted at designated service centers.

**Happy Call**

To evaluate opinions, consultation quality, and overall satisfaction, we conduct a Happy Call service for customers who received our service and consultation in order to continuously monitor and achieve effective follow-up management.

**Business partners (distributors and dealers)**

Supporting the Marketing Activities of Clients

NEXEN TIRE supports marketing activities in various areas to enhance the sales and profits of its global clients. Along with financial support for various online and offline marketing activities carried out by customers in their respective countries, we provide data and operating guidelines that can be used for marketing. We also support interior/exterior guides to improve store environment, display items that can promote NEXEN TIRE within the store, and product promotional materials. In particular, we provide online product training services for on-site salesmen to provide professional and improved customer service.

Hosted the 2020 Purple Summit Manchester

NEXEN TIRE invited major business partners from around the world through the 4th Purple Summit event to create a space for mutual cooperation and exchange. Visions and strategies for the future such as goals for development and product introductions were shared which allowed attendees to establish partnership strategies and pursue efforts for mutual growth.
ENVIRONMENTAL DIMENSION

44 Environmental Management System
45 R&D and Raw Materials
48 Manufacturing
50 Use, Recycling & Disposal
54 Response to Climate Change

Key Highlight
0.858 tCO₂eq/ton
GHG intensity (Scope 1+2)

38,184 tCO₂eq/ton
GHG reduction in 2020
(Government quota – Actual emissions)

95%
Waste recycling rate

1,652,699 m³
Water intake

23%
Ratio of sustainable raw material used

100%
Environmental Management System (EMS) implementation rate
NEXEN TIRE is making efforts to mitigate negative environmental impacts by considering impacts along the complete value chain. In particular, we have worked to re-establish our chemical substance management system during the product development stages and are continuously developing technologies to enhance our eco-friendly materials and energy efficiency.

Chemical Substance Management System

Re-establishing Processes According to the Material Safety Data Sheet (MSDS)
As global climate change and various climate-related issues become increasingly critical, movements to reinforce regulations on chemical substances are accelerating. Likewise, following the revision of the Occupational Safety and Health Act and the Chemical Substances Control Act, management regulations are strengthened to enhance the systematic management of chemical substances and prevent industrial and chemical accidents. NEXEN TIRE has developed an inventory of domestic chemical substances in accordance with the chemical substance management processes. We have recently re-established our chemical substance management system in accordance with the revision of the Material Safety Data Sheet (MSDS)-related requirements in the Occupational Safety and Health Act. Based on the revised processes, the chemical substances used by NEXEN TIRE are classified into domestic demand and export according to the distribution method, and the MSDSs are being comprehensively re-evaluated to identify potential hazards and risks.

Depending on the review results, we decide whether to approve the application of chemical substances on-site and operate a process so that only chemical substances that have been given an approval number can be imported and used. We plan to improve our chemical substance management system through regular inspections.

Advancing the Chemical Substance Management System
The importance of properly managing raw materials and chemical substances is increasing alongside the reinforcement of global chemical substance-related regulations. During the initial stages of development, NEXEN TIRE inspects the compositions of the raw materials and chemical substances used and confirms whether they are subject to regulations. Additionally, harmful substance assessment results are regularly monitored to reduce hazards and risks. Depending on the review results, we decide whether to approve the application of chemical substances on-site and operate a process so that only chemical substances that have been given an approval number can be imported and used. We plan to improve our chemical substance management system through regular inspections.
R&D for the Adoption of Sustainable Raw Materials

To ensure the sustainability of tire materials and reduce the use of petroleum resources, NEXEN TIRE is establishing a mid- to long-term plan to develop and apply eco-friendly raw materials such as recycled or renewable materials. Furthermore, we are conducting research on tire development using sustainable raw materials with domestic raw material companies through state-funded research.

Discovering Sustainable Raw Materials

NEXEN TIRE is studying the development of tire products using recycled butyl rubber and various recycled raw materials. We are conducting research on substituting natural oils and resins for oils and resins produced from existing petroleum resources, as well as substituting and applying existing mineral silica with recycled silica from vegetable waste. NEXEN TIRE plans to continue studying and identifying various recyclable and renewable raw materials and expanding their applications.

Use of Sustainable Raw Materials

As of April 2021, a total of 23% of the raw materials used by NEXEN TIRE were sustainable. We plan to increase the proportion of recycled raw materials obtained from various end-to-life renewable materials extracted from natural and biological resources. This will reduce the usage of oil and chemical resources and increase the usage of sustainable raw materials.

Industry-University Joint Research for the Development of Eco-Friendly Tire Materials

Various eco-friendly materials must be discovered to ensure the sustainability of tires as well as technologies that can secure the performance of tires related to fatigue, wear, braking, and fuel efficiency. To promote the efficient development of tires, NEXEN TIRE is conducting an industry-university joint research (open innovation) across various fields by connecting influential companies, governmental researchers, and universities. Through this research, we plan to develop various technologies that can replace widely used raw materials—polymer, fibers, oils, and cords— with eco-friendly raw materials.

R&D on Energy Efficiency-Enhancing Technology

NEXEN TIRE operates a tire energy efficiency rating system. This is a system that measures the rolling resistance and wet grip of a tire and grades them on a scale of 1 to 5. Among the rating items, the fuel economy item indicates the rolling resistance of the tire. The lower the rolling resistance, the less frictional resistance between the tire and the road surface, which increases fuel efficiency and reduces carbon dioxide emissions, contributing to environmental protection. In Korea, the minimum energy consumption efficiency standard system was introduced in December 2013, prohibiting the production, sale and distribution of products that do not meet the government minimum standards. In September 2020, NEXEN TIRE manufactures tires that satisfy these standards and has successfully developed aeroelastic technology that dramatically improves vehicle fuel efficiency. This technology, completed through joint research with Dassault Systemes, predicts the shape that minimizes air resistance through simulation and directly applies it to the product, thereby improving vehicle fuel efficiency. In particular, we are expanding cooperation with European automakers such as BMW, Benz, and Volkswagen, and our fuel efficiency improvement technology is being recognized. We will continue our efforts to improve the energy efficiency of our products.

Research on Tire Weight Optimization

Research on Tire Weight Optimization

While restricting the usage of various raw materials to minimize environmental impact, NEXEN TIRE has been conducting research on ways to enhance fuel efficiency by reducing the weight of tires. While refining the structure of tires, we have prevented quality risks by conducting thorough design reviews of tire components that require optimization. We are also conducting weight optimizations without any deterioration in quality by reconfiguring design technologies and optimizing structures and materials.

Research on Reducing Tire Rolling Resistance and Noise

NEXEN TIRE is continuously conducting research on ways to reduce rolling resistance of tires in order to create products with improved energy efficiency. In 2019, we improved the rolling resistance class from B to A for our OE products equipped in VW 8th-gen Golf models. Through continuous structural and material research, we have developed products with 20% enhanced rolling resistance compared to our existing A-class products in 2020. We have also developed material technologies that enhance rolling resistance, braking, wear, as well as general performance. Because we were able to develop materials with 20% increased wear resistance, our products were applied to new vehicle OE products such as HMK, AUDI, and BMW. Furthermore, our technological prowess was recognized both internally and externally by securing remarkable results in rolling resistance, braking, and low-noise performance at the competition hosted by HMKC, where we won second place among 7 domestic and foreign tire manufacturers. Additionally, we managed to establish a prediction system capable of reducing tire noise by using AI and big data through a joint research project with Hyundai, KSA Motors, and Inha University.
Reduction of Air Pollutants

Due to the increasingly severe particulate matter social demands for the reduction of corporate emissions are increasing. To minimize air pollutant emissions, NEXEN TIRE manages its emission pollutant concentrations through monthly self-measurements. In addition, we regularly carry out maintenance on our pollutant prevention facilities to improve dust collection efficiency. In 2020, we invested approximately KRW 400 million to reduce particulate matter emissions. We reduced nitrogen oxide emissions by 22.7% by replacing boiler burners with low NOx burners at our Yangsan, Changnyeong, and China manufacturing plants. In the case of the Yangsan and Changnyeong plants, we signed a voluntary agreement with the Geojang Province Government to reduce particulate matter for five years from 2020 to 2024. In 2020, these two plants were designated as excellent workplaces for dust reduction in the province. In order to achieve our goal of a 30% reduction in nitrogen oxide emissions by 2024 compared to 2018, we will establish and manage an annual investment plan. In the case of the European manufacturing plant, in 2018, we installed a reduction device with new technologies such as regenerative thermal oxidizers (RTO) and Cold Plasma for volatile organic compounds (VOC) reduction and odor reduction of exhaust gas. We are also working to improve the external environment of our production sites.

Developing Energy Saving Technology

The curing process is a process of putting the flexible rubber tires into a set frame and applying heat and pressure to improve its elasticity and create a pattern. NEXEN TIRE is conducting research on optimizing the curing time to improve productivity and save energy. In 2020, we optimized the curing time margin, which is the time added to the curing time, in consideration of the various process variations that may affect the curing time. We optimized the curing time in order to simultaneously establish a safe amount of curing time that would also prevent quality issues in our finished products. As a result of applying this optimization to the manufacturing process, we were able to reduce the curing time for approximately 560 standard products by an average of 18 seconds. By extending the idle time of curing equipment, we also achieved a reduction in energy usage corresponding to the reduced curing time, and will strive to find more ways to efficiently manage process resources through continuous optimization.
NEXEN TIRE defines eco-friendly products as those with a minimum environmental impact. The company also conducts continuous R&D to produce products that comply with the definitions established. Furthermore, we are fulfilling our social responsibilities by participating in the Extended Producer Responsibility (EPR) system by recycling waste tires.

Establishing Definitions for Eco-friendly Products

Eco-friendly products are defined as products with improved fuel efficiency in accordance with global greenhouse gas reduction measures. NEXEN TIRE is operating a product policy so that consumers can choose to purchase our products by enhancing their understanding of eco-friendly products by specifying the level of products for each fuel efficiency class. For products supplied to areas that are not subject to the eco-labelling system for tire products, standardized fuel efficiency design is applied to all of our products through environmental review. In addition, priority is placed on improving fuel efficiency during the design process to fulfill the CO2 emission standards of automobile manufacturers and promote the purchase of the same eco-friendly performance products in the future replacement market.

Definition of Eco-friendly Products

NEXEN TIRE defines eco-friendly products as products with excellent energy consumption efficiency, i.e. rolling resistance performance, and tires with a rolling resistance rating higher than 3-4, which is the average rolling resistance of tires for cars distributed in the Korean market in 2020. In the future, as environmental regulations strengthen, the reinforcement of CO2 reduction targets and rolling resistance requirements, minimization of particulate matter emission, and the acceleration of electric vehicle distribution will be required. Therefore, we plan to establish a target that meets the global performance requirements and continuously expand the proportion of eco-friendly products.

Examples of Eco-friendly Products

Starting with N'blue ECO, efforts to create eco-friendly products evolved into the next-generation pattern, N'blue S. N’blue S is an OE tire product that is currently being supplied to leading car manufacturers as a first-class rolling resistance product (class A by the EU Tire Label). In addition, the N'FERA sports product, an ultra-high performance product, has also acquired the first class in rolling resistance through steady technological development. Furthermore, rolling resistance A-class products such as the N'blue HD pattern, targeted at the European RE tire markets, are being developed and sold.

In 2012, the European tire environmental rating system was implemented, and all products supplied to Europe were converted to eco-friendly products. To this end, we released the high-performance N'FERA series as well as the comfort zone N'blue Series. To achieve the level of sustainability demanded in the market, we introduced a next-generation styrene-butadiene rubber (SBR) dedicated rubber mixer. This new equipment is operated as a major facility that satisfies the fuel efficiency standards demanded by automakers such as eco-friendly market response and premium OE.

Additionally, to prevent the loss of fuel efficiency which can occur because of rolling resistance, a low-weight design standard was introduced. NEXEN TIRE is constantly focusing on R&D to apply new materials such as the low-weight, high-tensile “open steel cords.”

Eco-Friendly Products

N'blue S, Ideal for Eco-Friendly and High-Performance Vehicles

NEXEN TIRE’S N'blue S, which is supplied for Volkswagen’s best-selling, 8th-gen Golf and SEAT’s best-selling Leon vehicles, is suitable for eco-friendly and high-performance vehicles. We minimized the rolling resistance of N’blue S tires in response to the stricter CO2 regulations in Europe. This feature improves fuel efficiency and reduces the pass-by-noise (PN) level, one of the European environmental regulations. Notably, we strengthened high-speed drainage and braking in wet surfaces while applying simple groove designs compared to existing products. NEXEN TIRE’s quality and technology were recognized in the global market through our consistently expanding supply to global automakers such as Porche, Iino, BMW, Škoda, Renault, Stefanis (FCA/PSA), and Mitsubishi.

Future Eco-friendly Concept Tire Green Hive

The tread recharge-type eco-friendly concept tire, ‘Green Hive,’ has received recognition by winning awards at global design contests such as the IDEA Design Awards and the Green Good Design Awards in the United States, A Design Award in Italy, and the Red Dot Award in Germany. Green Hive is a next-generation innovative product that can be used after simply purchasing a refillable tread on a wheel-inclusive tire. Due to the fact that it can be used semi-permanently, Green Hive received high marks in innovation, eco-friendliness, and economy, and was evaluated for breaking the existing tire mold and presenting a new paradigm.

Breathre

Air pollution is intensifying due to yellow dust, thermal power plants, and various means of transportation. Breathre offers a pragmatic remedy to these environmental problems. Breathre includes an air-purifying filter within the tire that filters contaminated air and particulate matter while driving, and release clean air back into the atmosphere. It received an award at the Green Good Design Awards in 2018, along with the IDEA Design Award in the United States and the Red Dot Award in Germany.
Collecting Waste Tires and Fulfilling Recycling Duties

Domestic Disposal

Based on the principle of Extended Producer Responsibility (EPR), domestic waste tires are collected and recycled to achieve the recycling target set by the Ministry of Environment every year. As a member of the Korea Tire Manufacturers Association, NEXEN TIRE is entrusted with the collection, disposal and cost settlement of waste tires.

If the work of collecting and processing waste tires is not carried out smoothly, tire dealerships may experience difficulties due to a lack of storage space for these waste tires. Therefore, we are striving to overachieve the target each year through proactive collection and processing of tires.

At the beginning of each year, a recycling duty fulfillment plan is established by estimating the shipment weight of new products what will occur in the year. In addition, waste tires collected from waste tire collection companies designated by the Korea Tire Manufacturers Association and the weight of waste tires supplied from the recycling companies are recorded to manage recycling goals. If issues occur during the collection or recycling processes, they are resolved through a close cooperation with the Association and its members.

In April each year, each member of the association reports the total amount of tires distributed domestically to the Korea Environment Corporation, and the Corporation compares recycling performances with actual waste tire collection to decide whether the recycling duty fulfillment plan set at the beginning of the last year is fulfilled.

Overseas Disposal

NEXEN TIRE Europe complies with regulations that require companies to maintain a waste tire collection rate of at least 65%. The collected tires are recycled or incinerated with energy recovery.

On an annual basis, we report the collection of tires to the official database.

Recycling Methods for Waste Tires

Domestic Recycling

Collected waste tires can be largely divided into material recycling and thermal recycling according to the recycling method. As stated in the Act on the Promotion of Saving and Recycling of Resources, 30% of the mandatory recycling amounts must be recycled as material recycling.

Material recycling refers to cases where collected waste tires are crushed, and iron rims are separated to produce rubber powder. The rubber powder is often used for flooring with a shock buffering effect or for turning plastic black. Therefore, NEXEN TIRE is striving to discover new suppliers every year to supply 30% of its annual recycling fulfillment amount to rubber powder manufacturers. In the case of thermal recycling, waste tires are supplied to cement companies and used as an alternative source of fuel, while some are supplied to companies which produce solid fuel.

Overseas Recycling

NEXEN TIRE Europe is developing recycling methods by continuously increasing the proportion of material recycling over thermal recycling.
Adapting to Climate Change

The Importance of Adapting to Climate Change

As climate change accelerates, extreme weather events continue to occur, causing massive economic losses. Therefore, countries across the globe have been proactively setting goals to reduce GHG emissions while practicing various methods to fulfill them. Along with the trend of transitioning from internal combustion locomotives to electric vehicles, the demand for carbon neutrality from major carmakers is getting stronger, and the level of demand is also becoming more specific.

As GHG emission reductions are starting to be conducted in earnest, the use of additional necessary expenses increases production costs, which can weaken export competitiveness in the global market. However, new growth opportunities can be obtained by leading the market through developing sustainable products and by selling carbon credits earned from GHG reductions.

To effectively respond to these risks and opportunities, NEXEN TIRE is keeping an eye on changes in domestic and international regulations regarding carbon neutrality and we are proceeding with various response activities that will help reduce GHG emissions.

Management System

NEXEN TIRE manages the entire supply chain starting from raw materials purchased from suppliers to the products sold to its customers. We minimize environmental risks that may occur during business operations by managing the entire supply chain. GHG emissions occur in all areas of tire manufacturing, from the production of raw materials to the operation of vehicles after installation. By preemptively responding to climate change throughout the process, we meet the demands of our stakeholders regarding climate protection and strictly comply with local regulations where our manufacturing plants are located.

For company-wide climate change management, NEXEN TIRE identifies and evaluates climate-related risks and opportunities at least once a year led by the Global Environment & Safety Team. They are then integrated into the company-wide risk management processes to establish short-/mid-/long-term adaptation strategies and goals. Since 2020, the Global Environment & Safety Team makes overall decisions regarding climate protection and implements detailed adaptation strategies through risk monitoring.

Specifically, we manage monthly GHG emissions and analyze the reasons for achieving and not achieving targets. QA/QC verification is conducted through internal inspection each year, and climate change response activities are disclosed through the Carbon Disclosure Project (CDP). Furthermore, we established a company-wide GHG inventory in 2021 to manage emissions and allocate the target reduction amount. In the case of the European plant, an energy audit is planned for 2021. During this audit, we will identify opportunities for energy reduction and establish an Energy Saving Action Plan within 4 years from the audit date to achieve the target amount of reduction through energy reduction activities. In addition, we continue to share the importance of carbon neutrality by holding a carbon-neutral briefing for employees of relevant departments in the company for effective company-wide implementation of carbon neutrality.

Efforts to Achieve Carbon Neutrality

Risks and Opportunities

NEXEN TIRE is operating an evaluation process every year to identify and solve important management issues such as climate change. The identified risks and opportunities are as follows:

<table>
<thead>
<tr>
<th>Risk Factors</th>
<th>Impact</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition Risks</td>
<td>Public and Regulations</td>
<td>Increased CER purchasing fees due to strengthened GHG emission regulations</td>
</tr>
<tr>
<td>Technology</td>
<td>Investment to make transition to a low-carbon operation system</td>
<td>By establishing a system compatible with ISO 14001, we provide the reliability of our environmental response actions and climate change-related reports. The accuracy and reliability of established systems and GHG emission management are verified by a third party.</td>
</tr>
<tr>
<td>Market</td>
<td>Reduction of tire demand due to current eco-friendly demands of customers</td>
<td>NEXEN TIRE conducts periodic facility inspections and risk investigations on damage caused by natural disasters such as typhoons and heavy rain. We continuously conduct safety inspections and repair buildings to prevent natural disasters. Crime management experts in various fields such as fire, gas, electricity, and rescue were hired, and a dedicated emergency response team was formed. Furthermore, we created emergency response manual and conducted regular training and safety diagnosis activities.</td>
</tr>
<tr>
<td>Physical Risks</td>
<td>Short-term</td>
<td>Losses due to facility shutdown in case of typhoons and floods</td>
</tr>
</tbody>
</table>

Opportunities

<table>
<thead>
<tr>
<th>Opportunity Factors</th>
<th>Impact</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Maximizing sales by accessing new and rising markets</td>
<td>GHG emission amounts are allocated to all companies according to emissions trading. By reducing GHG emissions, Certified Emission Reductions (CERs) can be sold to obtain profit. NEXEN TIRE is carrying out energy saving activities to enter the carbon credit market. We plan to continuously manage and reduce the energy consumption of new facilities and plants.</td>
</tr>
<tr>
<td>Technology</td>
<td>Development of new products or services through R&amp;D and innovation</td>
<td>One of NEXEN TIRE’s main products is winter tires. We predict winter tire sales by collecting data and adjusting production accordingly. Additionally, we are continuously developing tires that can adapt to environmental changes caused by climate change.</td>
</tr>
</tbody>
</table>
Carbon Neutral Strategy and Establishment of an RE100 Roadmap

To appropriately respond to domestic and foreign low-carbon policies and meet the demands of our clients, NEXEN TIRE started to establish a systematic carbon-neutral strategy and an RE100 roadmap together with a professional consulting firm along with internal preparations. Currently, risks and opportunities for internal and external issues and demands by stakeholders are analyzed to diagnose the internal status of the company. We plan to set a strategic direction based on the diagnosis result and establish mid- to long-term climate goals. In particular, we will utilize the competence of a global consulting firm to thoroughly inspect the renewable energy application status in regions where overseas plants are located to provide and implement an optimized carbon-neutral strategy.

Through a series of internal and external implementation activities, we will inform our employees and customers of our firm commitment and take a step forward in achieving carbon neutrality through our systematic long-term roadmap.

Review of Factory Energy Management System (FEMS) Application

NEXEN TIRE is reviewing the application of Factory Energy Management System (FEMS) that can perform integrated energy management for the entire plant in the long term. Energy usage is accurately identified through the FEMS, where energy usage and repair timing of manufacturing facilities to promote efficient energy use. Starting with the Yangsan plant in 2021, we plan to establish FEMS to secure foundations for energy reduction by monitoring energy usage and airflow volume. We will continue to expand the scope of FEMS applications in the future.

Signing of Green Premium Contract for Renewable Energy Usage

NEXEN TIRE signed a “Green Premium” contract to certify the use of 128 MWh of renewable energy per year, and receives electricity generated from renewable energy at the Changnyeong plant. The Green Premium is a system in which a company pays an additional fee (premium) to KEPCO and receives a certificate confirming the amount of electricity from renewable sources, such as solar and wind, used by the company. NEXEN TIRE is planning to start implementing RE100 in earnest through this Green Premium contract and will gradually expand the application scope.

Reduction of GHG Emissions

NEXEN TIRE replaces outdated facilities, introduces high-efficient equipment, and invests in new technologies. In 2020, our domestic and European plants reduced GHG emissions by about 23,000 tCO2e compared to the previous year. In addition, we are actively participating in programs that promote the conversion of renewable energy. In particular, since 2021, the Changnyeong plant has participated in the Green Premium program implemented by KEPCO and purchased renewable energy. We will further obtain the “Renewable Energy Usage Certificate” to implement RE100. In order to implement RE100 not only in Korea, but also in Qingdao and Europe plants, we started a full-scale investigation of relevant conditions in the country from 2020. We are preparing systematically, starting with an investigation on renewable energy purchasing methods that can be applied first, such as the Green Pricing and Guarantee of Origin (GoO) certification. In the future, NEXEN TIRE plans to gradually expand the share of renewable energy by implementing policies that are newly institutionalized or planned to be further developed, such as Renewable Energy Certificate (REC) and Power Purchase Agreement (PPA), through continuous research and revision.

Application of an Energy-Saving-Type Operating System at Manufacturing Plants

NEXEN TIRE installed air conditioners appropriately in each zone at the European plant to keep the work environment pleasant, maintain the quality of semi-finished products, and reduce energy. Particularly, by installing a dedicated air-conditioner in the automatic warehouse for storing semi-finished products, we kept the product quality and saved energy. In the production unit, an automatic air conditioning system is installed to prevent overheating or overcooling to minimize energy usage. The above systems have been applied since 2018, leading to the reduction of energy use when compared to existing processes. For the Changnyeong plant, the heating pump system was simplified in the mixing room and in the raw material heating room, saving 86,400 kWh of electricity per year when compared to 2017.

Application of Energy Saving High-Efficiency Equipment

NEXEN TIRE is expanding the use of energy saving high-efficiency equipment to improve energy efficiency throughout the tire manufacturing process, thereby reducing carbon emissions. In the European plant, a small-sized air compressor with an inverter was installed to supply air using minimum energy in the early stages of production when air consumption is low. In addition, inverters were applied to most utility pumps to minimize energy usage upon operation. When changing the production specifications for the mixer used in the mixing process, a software was improved to prevent idling of the main motor, reducing energy consumption. The Europe plant switched all lightings to LEDs, while the Yangsan plant achieved 69% reduction in energy consumption when compared to the business-as-usual by replacing some of the existing lightings to LEDs.
Minimization of Energy Leakage

To minimize energy leakage, efforts are made to minimize heat radiation from curing equipment and steam pipelines in all processes of each plant and old steam traps are regularly replaced. In the European plant, air conditioners equipped with heat exchangers that meet the continuously strengthening EU energy saving regulations based on the 2016 EN 1253-2014/Eco design requirements were applied, which minimized energy leakage during air conditioning in the production unit. Regarding the raw material heating room in the Changnyeong plant, the heat source is converted from steam to waste heat. We strive to maximize the utilization of waste heat during the production processes. As such, NEXEN TIRE is conducting periodic energy reduction activities in the long run or applying new ideas to minimize the increase in energy consumption as much as possible.

Usage of Renewable Energy Through Photovoltaic Facilities

A photovoltaic facility, which equals 5 football fields combined (37,000 m²), is installed on the roof of the Changnyeong plant. This is the first in Korea to construct a solar power generation facility on the roof with thermoplastic polyolefin (TPO) waterproof sheets, which can produce 3,600 MWh of electricity annually with a capacity of 3 MW. This equals to the amount of energy which can be used by 1,200 households. In total, 1,524,400 kg of CO2 were reduced from the 3,600 MWh of electricity annually with a capacity of 3 MW. This equals to the amount of energy that analyzes various materials. The characteristics of the industry were visualized using the shape of the tire thread outside the building.

Eco-Friendly Office

THE NEXEN universeCITY: A Global Hub Created From Eco-Friendly Design

THE NEXEN universeCITY, which brings together the growing DNA and identity of the NEXEN Group, is the core facility that leads the growth of global NEXEN. With a total floor area of 57,171 m², it is designed to have two basement floors and eight floors above the ground. The building is 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.

Electric Forklift

Encouragement of Eco-Friendly Commute and Movement

NEXEN TIRE offers flexible working hours that allow employees to select their favored work times, and telecommuting. We have also launched a campaign to replace business travel with video conferencing to save time and resources.

Commuter Bus Support and Installation of Electric Vehicle Infrastructure for the Reduction of GHG

NEXEN TIRE offers commuter buses and infrastructure for electric vehicles (EVs) to reduce GHG emitted during commuting. Currently, a total of 17 commuter bus lines operate in Yangsan, Busan, Changnyeong, Daegu, and Masan regions. Employees’ usage of personal vehicles decreased following the operation of commuter buses for each work shift. In addition, we operate a 5th-day-no-driving-system to encourage employees to use our commuter buses. Among the 21 commuter buses, we are planning to replace 10 old vehicles that are classified as class-3 according to vehicle emission standards. Following the trend of increasing EV owners, 7 EV charging stations have been installed. We plan to further increase the infrastructure for EVs to encourage employees to use sustainable vehicles.
SOCIAL DIMENSION

62 Human Rights
64 Employees
75 Local Communities
82 Suppliers
88 Data Protection

Key Highlight

0.509 cases/1 million working hours

Lost Time Injury Frequency Rate (LTIFR)

92%

OHSMS operation

29 consecutive years

No strikes

13 consecutive years

Yangsan plant certified as an excellent workplace for health promotion

99.7%

Union membership

100%

Human rights training completion
Human Rights

NEXEN TIRE incorporated human rights management into its mid- to long-term ESG strategies to guarantee human rights and values in all management activities. In fulfillment of the responsibility to respect human rights, NEXEN TIRE supports and complies with human rights-related domestic and international standards and norms. We identify potential issues based on our human rights policies in all business activities, including our subsidiaries and suppliers.

Declaration of Human Rights
To fulfill social responsibilities faithfully and pursue sustainable development with all stakeholders, NEXEN TIRE has included human rights principles in its Declaration of Human Rights, which must be observed by all members within the corporation. NEXEN TIRE is committed to promoting principles of internationally recognized human rights, particularly those defined in the UN Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights. Also, we make our utmost effort to protect human rights of all stakeholders and prevent human rights violations.

Prohibition of Child Labor and Forced Labor
NEXEN TIRE is conducting various activities to protect and promote human rights throughout all management activities. In particular, we adhere to the Ten Principles of the UN Global Compact and abide by the key agreements of the International Labor Organization (ILO), including strict prohibition of child labor and forced labor, stated also in our Declaration of Human Rights.

Human Rights Training
NEXEN TIRE respects freedom and human rights as the basic and inalienable rights granted to all people. In order to further strengthen human rights management, education is provided in all areas of human rights, such as prevention of sexual harassment and improvement of awareness of the disabled, and efforts are being made to establish an organizational culture that respects human rights.

Inclusivity and Diversity
NEXEN TIRE prohibits workplace discrimination and harassment. A Human Resources Team is designated and operated as a department handling discrimination and harassment-related grievances. In case of discrimination or harassment, a person in charge is assigned and the personnel disciplinary committee is implemented based on evidence.

In addition, to promote diversity at the corporate level, we have consulted with the Korea Labor and Employment Service(KLES) and provided company-wide training for the active improvement of working conditions.

NEXEN TIRE operates a system for securing and fostering excellent talents by creating a culture that embraces diversity. We are promoting activities considering general factors of diversity such as gender, age, and disability. To provide stable jobs for people with disabilities and to fulfill the company’s social responsibility, “Angel With Us Co., Ltd.” was established in 2017, which is a subsidiary for the disabled. “Angel With Us” provides bread and confectionery at the Yangsan and Changryeong plants and NEXEN Corporation. In 2020, a total of 66 people with disabilities were employed. Thus, we strive to promote diversity when hiring employees.
Innovation in Personnel System and Corporate Culture

NEXEN TIRE operates the “NEXEN UNIVERSE,” which features a corporate value system that allows individuals to think and act together for an organization. Through this, we are striving to foster members of NEXEN to uphold the fundamental values and try to improve their abilities constantly. In addition, we are making various investments based on the mindset that the happiness of employees translates into the competitiveness of the company. We are reinventing the corporate culture to increase the substantive satisfaction of the employees, from innovation in working methods to create a workplace realizing high satisfaction to benefits tailored to the lifestyles of millennials.

To realize the core values of challenge, creativity, and cooperation, we are operating various systems and campaigns for the establishment of a horizontal, interactive, and communicative organizational culture.

Fair Employment

NEXEN TIRE has set NEXEN TRI-C as the ideal image of personnel it seeks, and has a system for recruiting talented personnel accordingly. We invest heavily in fostering talented personnel, from recruitment to various training opportunities for self-development after employment, fair evaluation, and reward. Moreover, NEXEN TIRE has implemented the “Career Challenge” system since 2019 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. We also recruit excellent human resources depending on their experience and the nature of the job. All recruitments are carried out in an open procedure based on an AI-driven interview to enhance fairness of employment and provide opportunities to many applicants. Furthermore, we are training interviewers on gender equality before the interview.

Employees

Cultivating Human Resources Based on Gender Equality

By fostering a culture that embraces diversity, NEXEN TIRE provides various opportunities to secure and foster talent regardless of gender. In the overall human resources operations, equal standards are applied to both male and female employees in terms of position, performance evaluation, and promotion systems to ensure that abilities of all workers are not discriminated against.

Furthermore, a briefing session was held for employees after being consulted on the Affirmative Action (AA) program at the end of 2019 as part of efforts to promote a culture of gender equality.

Equal Compensation

NEXEN TIRE has established a transparent, objective personnel evaluation and compensation system to evaluate the efforts of employees fairly. In 2019, the evaluation and compensation system was reorganized to incentivize employees with excellent performance and competency. We conduct personnel evaluations annually and utilize them for promotions, compensation adjustments, training, and leader selections. Moreover, an inflation is reflected on wage increases to stabilize the lives of our employees, and compensation is based on work performance by differentiating the rate of increase in bonuses and annual salary according to the results of performance evaluations. Two HR briefing sessions have been held since 2020 to establish a performance-based annual salary system, and the HR Team has diligently responded to inquiries from employees.

In addition, the wage of new hires is approximately twice the legal minimum hourly wage, and the same wage is paid regardless of gender.

Compensation Process

Performance Management System

Education/Development

Gap Analysis

Performance Monitoring

Target Setting

Evaluation

Competence

Continuous

"Performance Management System"
Increasing Productivity by Improving Work-Life Balance

To ensure that the statutory 52-hour work week is established, we are implementing a campaign to monitor working hours. Since 2019 in particular, we have introduced and operated the attendance registration system for quality improvement through the quantitative management of working hours. Workers are assigned extended work and holiday work only through prior approval, and monthly working hours are shared by each department to improve the working hours gradually. We are also running a childcare center for our employees to work worry-free. Meanwhile, to ensure high-quality education and safety of children, we maintain the number of teachers above the legal standards by age, avail ourselves of educational programs from specialized educational institutions, and provide a nutritious meal through separate cooking facilities. All operating expenses, excluding government subsidies, are fully borne by the company to create a working environment where our employees can take care of their children and work at the same time. In addition, we provide female employees with 1-day monthly unpaid menstrual leave and 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.

In terms of work, working processes or methods that are unnecessary or which need improvements are set and executed as goals for each BG for the improvement of work efficiency. Flexible working system, telecommuting, and two-hour "Core Time" system a day make for a work style optimized for individual circumstances while providing an environment where employees can immerse themselves in their work uninterrupted. In terms of employee welfare, leaders (from team leaders to executives) take the lead and use N-change Day (refresh once a month) for a free vacation culture.

Strengthening Organizational Communication: Operating NEMO, a Gathering of NEXEN Members

NEXEN TIRE opened the "NEXEN Gathering: NEMO" website in 2020. NEMO is being used as a platform to promote small gatherings among employees, share used goods, and notify employees of benefits through corporate partnerships. In addition, we continuously develop and share programs with our employees’ participation such as regular in-house broadcast, video content for intergenerational understanding, and in-house radio broadcast during lunchtime.

Organizational Culture Innovation
Operating the In-House Proposal System N'Dea

We are operating a N'Dea system, an in-house proposal system that collects creative and diverse ideas from employees and reflects them in the company. Now in its second season since its launch in May 2019, the N'Dea system is providing opportunities to employees to participate in the company’s development. A total of 263 ideas were received over the past year through the N'Dea system.

Among the excellent proposals discovered in the N'Dea system and the TPM system, which is a proposal system for manufacturing plants, the first and second-best proposals were selected following a review by the jury. In addition, one project was awarded as the most popular based on popular votes by the planning department of each Business Group.

The 2nd N'Dea system in 2021 is being operated in an improved way. The upgraded system has strengthened accessibility to idea proposals and reinforced compensation standards to expand participation. Basic rewards such as coffee coupons and cultural gift certificates were provided to participants, with excellent awards up to KRW 15 million. In the first half of 2021, by integrating the Hackathon method, we came up with the N'ackathon method which better suits the mission of NEXEN. In the N'ackathon method, the feasibility of implementation is demonstrated as much as possible after deriving ideas and creating results within a limited time. We expect to strengthen the implementation of ideas and secure fairness and transparency of the results with this innovative method.

NEMO

[N’Dea HERO (1st place): “Introduction of Tracking System to Prevent Market Disruption”]
Expected to build customer trust, strengthen sales power, help manage sales prices, and prevent a decrease in sales.

[N’Dea Changer (2nd place): “Cost Reduction by Expanding the Width of Wrapping Papers of the Factory’s Automatic Tire Packaging Machine”]
Expected to prevent worker labor intensity and musculoskeletal diseases and reduce the usage of packaging paper.

[N’Dea Popularity Award: “Allocation of Departmental Union Expenses Among Welfare Benefits for Personal Culture/Education Expenses”]
Organizational Culture Improvement Activities

NEXEN TIRE operates “Change Agent (CA)” to collect grievances and opinions from employees. The CA, which consists of 25 people, is in charge of various organizational culture improvement contents. In particular, CA agents are making efforts to handle employee complaints by holding regular/irregular Town Meetings. After conducting the organizational culture diagnosis in 2019, we have established a plan to conduct the diagnosis on a regular basis for a continuous improvement.

Efficient Meeting and Reporting Culture

By introducing a stand-up meeting format in some meeting rooms, we are trying to create a culture of short, clear, and concise meetings and improve the meeting culture. We also monitor and share minutes of meetings every month to ensure that they can be distributed within 24 hours. We have also introduced the One Page Report (OPR) standard format to promote a culture of clear and concise reporting. Measures and cases related to clear and specific work instructions and feedback are delivered to leaders through regular newsletters. In addition, we are continuously holding campaigns to promote non-face-to-face reporting (e.g., via messengers, e-mails, and direct messages).

Competency Development

NEXEN TIRE is undergoing a paradigm shift in education to nurture “NEXEN-type talents” who can overcome the new wave of rapid changes in society, business environment, and work patterns due to COVID-19. We started to make improvements by constantly researching and contemplating to provide the best and optimal learning opportunities to our employees.

Reinforcement of Self-Learning Model to Enhance Employee Competency

Traditional education, i.e., companies being in the center and education being forced, is gradually being replaced by learning through online platforms such as social media. NEXEN TIRE actively embraces this trend by building a micro-learning LMS that allows each employee to select and take unlimited content on their own and strives to promote autonomous learning.

NEXEN TIRE Leadership Program

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NEXEN TIRE Leaders’ Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinforcement of Self-Learning Model to Enhance Employee Competency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mentoring system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NEXEN TIRE Leadership Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1 day) Organizational goal and setup</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1 day) Performance management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1 day) Personal management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1 day) Performance management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1 day) Performance management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1 day) Performance management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-learning and video learning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Global Competency Enhancement

As the global network is fully established, an understanding of different cultures and communication have become more important. Accordingly, we are concentrating on strengthening the global competency of all employees. We provide training on foreign languages and cultures to our employees to enhance their communication skills in the global society.

E-learning and video learning have enabled us to create an environment where learning is possible without spatial and temporal restrictions.

Re-organization of In-House Talent Management System for Fostering NEXEN-type Talents

To compensate for the weakening of the human network due to the spread of non-face-to-face culture, the mentoring system has been reorganized to actively support the stable adaptation and settlement of new employees. Team leaders and directors participate in the mentor selection stage to decide on the educational direction, with an internal KPI for managing excellent employees set and managed (less than two resignations of excellent employees). We are focusing on developing NEXEN-type talents by minimizing resignations of excellent employees to less than two.
Labor-Management Relations

In keeping with the basic spirit of the Constitution of the Republic of Korea and the Trade Union and Labor Relations Adjustment Act, NEXEN TIRE’s labor union has been promoting the improvement of working conditions and stabilization of labor-management relations on equal footing between labor and management. The labor union and management have been mutually contributing to the company’s sustainable development and productivity enhancement through measures, such as improvements in working conditions and welfare benefits. In addition, collective agreements are made regularly to discuss matters on employee health and safety and working environment. The CEO and union executives also meet regularly through annual delegates’ meetings.

Establishing a Communicating Labor-Management Relationship

NEXEN TIRE’s labor and management have recorded “no strikes” for 29 consecutive years in 2020. While union strikes continue to occur every year in the tire industry, NEXEN TIRE holds an amazing record of 29 consecutive years of no strikes. This was achieved after going through several owners until finally stabilizing as NEXEN TIRE in 1999, when a spirit of “a stable company ensuring the survival of employees” was instilled among our employees. A communication between labor and management has been emphasized based on the understanding that neither the company nor its employees can develop without a win-win cooperation. We created a foundation of trust between labor and management by transparently disclosing our management status, going through a process of agreement with the union on material issues, and continuing to invest in employee welfare. These are considered keys to achieving zero conflict for 29 years in a row. In particular, in 2020, with the pandemic, both the management and labor union were keenly aware of the management status and came to a wage freeze deal without negotiations. This was only possible due to active communication and trust that both parties have been building up.

Co-existence of Labor Union and Management

The relationship between the labor union and the management built through communication contributes to a working culture of trust and harmony. The union respects the company’s right to conduct business and does not interfere with the company’s fair exercise. The company also faithfully provides documents and materials necessary for the union to make decisions. We ensure a streamlined communication between both parties by allowing the use of designated bulletin boards and posting of union signboards. Posting and distribution of banners and attachments for union activities are also allowed. In addition, we respect the right of employees to join the union voluntarily by introducing the Trade Union and Labor Relations Adjustment Act. The union respects the company’s right to conduct business and does not interfere with the company’s social contribution activities, the win-win spirit has been expanded to a mutual growth through several owners until finally stabilizing as NEXEN TIRE in 1999, when a spirit of “a stable company ensuring the survival of employees” was instilled among our employees. A communication between labor and management has been emphasized based on the understanding that neither the company nor its employees can develop without a win-win cooperation. We created a foundation of trust between labor and management by transparently disclosing our management status, going through a process of agreement with the union on material issues, and continuing to invest in employee welfare. These are considered keys to achieving zero conflict for 29 years in a row. In particular, in 2020, with the pandemic, both the management and labor union were keenly aware of the management status and came to a wage freeze deal without negotiations. This was only possible due to active communication and trust that both parties have been building up.

In the midst of the economic crisis due to COVID-19, NEXEN TIRE experienced difficulties such as a decrease in sales and orders, which led to a decrease in production. Labor and management worked hand in hand from March to December to overcome the crisis by agreeing to shut down the factories for a total of 59 days. We held a joint labor-management declaration ceremony on June 10, 2020 and reached the following agreements:

- To overcome the COVID-19 crisis, the union shall share the burden of the company, specifically regarding wages, working hours, and suspension of work. The union shall actively cooperate on matters pertaining to productivity enhancement, flexible work arrangements, and improvement of facilities for shared growth and development. Also, the union shall form a cooperative atmosphere between the management and employees.
- The company recognizes its employees as companies. It shall retain its employees but overcome the COVID-19 crisis through burden sharing, for example by shortening working hours and suspending operations. Based on a cooperative labor-management relationship, we strive for a mutual growth by promoting workers’ welfare, increasing productivity, creating jobs and revitalizing the regional economy.

NEXEN TIRE’s labor-management relationship is attributed to the CEO’s excellent leadership and the active partnership of the union.
Environment, Health, and Safety (EHS)

Protecting the lives and health of workers requires an autonomous and systematic health and safety management of workplaces. Through preemptive activities for sustainable growth of the company, NEXEN TIRE operates a company-wide safety management system to foster a culture that ensures employee safety and health. Our Yangsan plant has acquired KOSHA-MS and ISO 45001 certifications. Regular risk assessments conducted on departments and suppliers enabled us to decrease the accident rate by 60% in 2020 compared to the previous year. Our initiative is to focus on prevention of workplace accidents with a goal of achieving zero accidents. Through diverse activities—such as safety inspections conducted together with the labor union, safety schools, Total Productive Maintenance (TPM), a smart reminder, a progressive penalty system for violations of safety regulations, and installation of banners for each department—we aim to raise employees’ safety awareness and establish an autonomous safety management system.

Safe Workplace Environment

In order to prevent accidents, NEXEN TIRE designates a special safety-management period whenever there is a high risk of safety-related accidents. The Global Environment & Safety Team and management supervisor are preventing serious safety accidents in advance through intensive workplace management, such as patrolling to guide negligence and compliance of work standard. In addition, we run a various training courses, including safety awareness programs. We provide customized training on high-risk accidents and similar disasters, traffic safety training for commuter bus drivers, and safety training for business partners. Special trainings are provided for workers working in high-risk departments. As sub-contractors’ health and safety management is also essential for suppliers, we are operating a mutual health and safety program facilitating a cooperation between large companies and small/medium-sized companies to prevent industrial accidents. Our Yangsan plant scored grade A, ranking among the top 10% in the country, while the Changnyeong plant obtained grade B. We will fulfill our responsibilities to manage safety of our suppliers by operating programs preventing musculoskeletal diseases, providing workplace safety courses, and offering consultations on safety.

With an aim of ensuring an accident-free workplace, the Magok Central Research Institute manages safety and health risks through its health and safety management system and measures to prevent serious industrial accidents. Company-wide efforts are made to prevent the recurrence of similar accidents by reinforcing key management activities for each type of work. The institute provides safety trainings on the experiment type and handling of chemical substances prior to introducing new experiments, while the Changnyeong plant obtained grade B. We will fulfill our responsibilities to manage safety of our suppliers by operating programs preventing musculoskeletal diseases, providing workplace safety courses, and offering consultations on safety.

Employee Health Management

NEXEN TIRE operates a robust clinic to encourage employees with high risk of obesity to learn healthy diet and exercise habits to control their weight. We recorded an average success rate of 66% between 2018 and 2020 by reducing body fat and performing various missions. In addition, employees are divided into three groups according to their cerebro-cardiovascular disease risk level indicated in the health check-up results. High-risk groups are managed through expert consultations and distribution of educational materials. In 2020, we developed a customized stretching training for our suppliers as part of the mutual cooperation program. For 2021, we plan to manage health data, such as blood pressure, blood sugar level, and body composition measured in quarterly health counseling sessions.

NEXEN TIRE shows a high interest in employee health management programs, as employees are the source of corporate competitiveness. In particular, the Yangsan plant is maintaining the certification as an excellent workplace for health promotion, organized by the Korea Occupational Safety and Health Agency, for 13 consecutive years since it was first certified in 2011. Based on 45 evaluation items, including an establishment of a health promotion system, a health awareness level, and an operation of programs, the plant was selected as an excellent workplace following on-site visits and screening committee. It is the only certified plant in the tire industry out of 86 workplaces nationwide.

Employee Health Management

NEXEN TIRE shows a high interest in employee health management programs, as employees are the source of corporate competitiveness. In particular, the Yangsan plant is maintaining the certification as an excellent workplace for health promotion, organized by the Korea Occupational Safety and Health Agency, for 13 consecutive years since it was first certified in 2011. Based on 45 evaluation items, including an establishment of a health promotion system, a health awareness level, and an operation of programs, the plant was selected as an excellent workplace following on-site visits and screening committee. It is the only certified plant in the tire industry out of 86 workplaces nationwide.

A health management room was established in the Magok Central Research Institute where nurses are employed to manage employees’ health. We provide devices for simple body measurements as well as equipment to measure blood pressure, blood sugar, triglyceride, and test dyslipidemia. Annual health check-ups are conducted and follow-ups are done accordingly. For processes involving noise control or chemical handling, we conduct work environment and safety assessments to identify and improve harmful risk factors, preventing any occupational diseases. As part of our efforts to prevent the spread of COVID-19, we have restricted access to our premises, operated a temperature check at each entrance gate, and disinfect public areas twice a week. For executives and employees, we operate a flexible work arrangement in three groups and encourage telecommuting when the national social distancing level is elevated.

Enhancing Employee Health Management

NEXEN TIRE shows a high interest in employee health management programs, as employees are the source of corporate competitiveness. In particular, the Yangsan plant is maintaining the certification as an excellent workplace for health promotion, organized by the Korea Occupational Safety and Health Agency, for 13 consecutive years since it was first certified in 2011. Based on 45 evaluation items, including an establishment of a health promotion system, a health awareness level, and an operation of programs, the plant was selected as an excellent workplace following on-site visits and screening committee. It is the only certified plant in the tire industry out of 86 workplaces nationwide.

Employee Health Management

NEXEN TIRE shows a high interest in employee health management programs, as employees are the source of corporate competitiveness. In particular, the Yangsan plant is maintaining the certification as an excellent workplace for health promotion, organized by the Korea Occupational Safety and Health Agency, for 13 consecutive years since it was first certified in 2011. Based on 45 evaluation items, including an establishment of a health promotion system, a health awareness level, and an operation of programs, the plant was selected as an excellent workplace following on-site visits and screening committee. It is the only certified plant in the tire industry out of 86 workplaces nationwide.

A health management room was established in the Magok Central Research Institute where nurses are employed to manage employees’ health. We provide devices for simple body measurements as well as equipment to measure blood pressure, blood sugar, triglyceride, and test dyslipidemia. Annual health check-ups are conducted and follow-ups are done accordingly. For processes involving noise control or chemical handling, we conduct work environment and safety assessments to identify and improve harmful risk factors, preventing any occupational diseases. As part of our efforts to prevent the spread of COVID-19, we have restricted access to our premises, operated a temperature check at each entrance gate, and disinfect public areas twice a week. For executives and employees, we operate a flexible work arrangement in three groups and encourage telecommuting when the national social distancing level is elevated.

Enhancing Employee Health Management

NEXEN TIRE shows a high interest in employee health management programs, as employees are the source of corporate competitiveness. In particular, the Yangsan plant is maintaining the certification as an excellent workplace for health promotion, organized by the Korea Occupational Safety and Health Agency, for 13 consecutive years since it was first certified in 2011. Based on 45 evaluation items, including an establishment of a health promotion system, a health awareness level, and an operation of programs, the plant was selected as an excellent workplace following on-site visits and screening committee. It is the only certified plant in the tire industry out of 86 workplaces nationwide. A health management room was established in the Magok Central Research Institute where nurses are employed to manage employees’ health. We provide devices for simple body measurements as well as equipment to measure blood pressure, blood sugar, triglyceride, and test dyslipidemia. Annual health check-ups are conducted and follow-ups are done accordingly. For processes involving noise control or chemical handling, we conduct work environment and safety assessments to identify and improve harmful risk factors, preventing any occupational diseases. As part of our efforts to prevent the spread of COVID-19, we have restricted access to our premises, operated a temperature check at each entrance gate, and disinfect public areas twice a week. For executives and employees, we operate a flexible work arrangement in three groups and encourage telecommuting when the national social distancing level is elevated.

Enhancing Employee Health Management

NEXEN TIRE shows a high interest in employee health management programs, as employees are the source of corporate competitiveness. In particular, the Yangsan plant is maintaining the certification as an excellent workplace for health promotion, organized by the Korea Occupational Safety and Health Agency, for 13 consecutive years since it was first certified in 2011. Based on 45 evaluation items, including an establishment of a health promotion system, a health awareness level, and an operation of programs, the plant was selected as an excellent workplace following on-site visits and screening committee. It is the only certified plant in the tire industry out of 86 workplaces nationwide.

A health management room was established in the Magok Central Research Institute where nurses are employed to manage employees’ health. We provide devices for simple body measurements as well as equipment to measure blood pressure, blood sugar, triglyceride, and test dyslipidemia. Annual health check-ups are conducted and follow-ups are done accordingly. For processes involving noise control or chemical handling, we conduct work environment and safety assessments to identify and improve harmful risk factors, preventing any occupational diseases. As part of our efforts to prevent the spread of COVID-19, we have restricted access to our premises, operated a temperature check at each entrance gate, and disinfect public areas twice a week. For executives and employees, we operate a flexible work arrangement in three groups and encourage telecommuting when the national social distancing level is elevated.

Enhancing Employee Health Management

NEXEN TIRE shows a high interest in employee health management programs, as employees are the source of corporate competitiveness. In particular, the Yangsan plant is maintaining the certification as an excellent workplace for health promotion, organized by the Korea Occupational Safety and Health Agency, for 13 consecutive years since it was first certified in 2011. Based on 45 evaluation items, including an establishment of a health promotion system, a health awareness level, and an operation of programs, the plant was selected as an excellent workplace following on-site visits and screening committee. It is the only certified plant in the tire industry out of 86 workplaces nationwide.
Enhancing Workplace Environment Management

To prevent health problems of employees that may be caused by raw materials, hazardous substances, and equipment and products used in the workplace, we conduct work environment measurements twice a year. We evaluate hazards of the working environment through special health examinations and risk assessments. Based on the assessment results, countermeasures are established. Following a special health check-up, we provide regular consultations with medical specialists and nurses depending on the seriousness of the disease.

In particular, we currently have approximately 180 air-conditioning facilities and booths, and on-site refrigerators in order to maintain a pleasant working environment with regard to temperature, humidity, and illuminance. We measure the illuminance on site once a year.

In 2020, we measured the illuminance of the entire process and established improvement plans. We further strengthened the light replacement management through daily inspections and negotiated the installation of additional lights in consultation with relevant departments to maintain the rate of 94.3% based on the 2020 illuminance standards. We are further working on improvement activities to achieve 100%.

The Magok Central Research Institute conducts legal work environment measurements twice a year including safety inspections and precise safety assessments through specialized inspection agencies. Such measurements contribute to enhancing the hazardous working environment and preventing safety-related accidents. For building maintenance, we conduct preventive measures every year for all possible accidents through continuous structural safety assessments on buildings, elevators, gas facilities, electrical equipment (e.g., water substations), and pressure vessels.

Establishment of Musculoskeletal Disease Prevention and Response System

After analyzing the work posture of each process through customized stretching since 2019, we have developed stretching exercises and operated exercise programs using small tools (e.g., form rollers, resistance bands) for employees with musculoskeletal symptoms and those interested. In addition, we actively supported the musculoskeletal system enhancement activities by investing KRW 3.4 billion in building a new conveyor, based on the results of the investigation of harmful factors to the musculoskeletal system.

Social Contribution Activities

NEXEN TIRE conducts social contribution activities tailored to low-income families as well as the socially disadvantaged in local communities. In addition to the existing “one-company, one-village program” and “Dream Start child matching program,” our employee volunteer group “Hope Sharing Group” also engages in various volunteering with welfare institutions. In 2020, we conducted a blood donation campaign due to the blood shortage following the COVID-19 crisis and signed an MOU with the Korean Red Cross for more systematic social contribution activities. In 2021, we plan to further encourage blood donation to employees and residents together as part of our strategic social contributions. We will develop quality social contribution programs to promote employee participation.

Local Communities

- Creating partnerships with NGO groups
  - Signed an MOU with Korean Red Cross
  - Blood donation campaign

- Social contribution activities for the vulnerable classes
  - Local charity event (Changneung plant)
  - Bread and sweet potato donation event for the low-income (Yangsan plant)
  - Volunteer activities for rural farmers
  - Removal of asbestos slate and improvements of residential environment
  - Briquette donation with love

- Environmental-related social contribution activities
  - Plastic use reduction campaign “Go Go Challenge”

- Social contribution activities for overcoming COVID-19
  - Donated KRW 200 million to the Korean Red Cross Daegu branch
  - “Thanks to you challenge” for overcoming COVID-19
  - Supported media arts exhibitions for hospitals treating infectious diseases

- Youth/Child support project
  - Dream Start 1:1 child matching
  - Provided scholarships through the NEXEN Wolsuk Foundation
  - Child traffic safety relay challenge
Operation of Foundations

Through three cultural foundations—NEXEN Wolsuk Cultural Foundation, Wolsuk Busan Leading Scholarship Committee, and KNN Cultural Foundation—where CEO Byung-joong Kang serves as chairman, NEXEN TIRE contributes to the development of local communities and creation of local culture. Established with the purpose of returning profits to society, each foundation actively supports projects in the education, arts, culture, and academic sectors. In particular, we provide scholarships and financial support for schools in the Gyeongnam region, supporting young talents who will lead the future.

NEXEN Wolsuk Cultural Foundation
The Wolsuk Cultural Foundation was founded in January 2008 with the support of CEO Byung-joong Kang, with an aim of returning profits back to society. The foundation has been continuously expanding the target and scope of its support, starting with making donations to the socially underprivileged, such as donating rice. The scope further extends to promoting academics and developing culture and art in local communities.

Wolsuk Busan Leading Scholarship Committee
Twice a year, the Wolsuk Busan Scholarship Foundation provides scholarships and living assistance to middle school and high school students living in the Busan region who have excellent grades but are experiencing difficulties in livelihood. So far, more than 1,700 students have benefited from the program.

KNN Cultural Foundation
Established in 1995, the KNN Cultural Foundation implements major social contribution projects such as cultural awards, scholarships for developing science-gifted students, and various academic activities. Among local private broadcasting companies, the KNN Cultural Foundation, which has the largest amount of donations, is highly rated in terms of returning corporate profits to society.

Scholarships

<table>
<thead>
<tr>
<th>Foundation</th>
<th>Total amount of contribution</th>
<th>Total number of recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEXEN Wolsuk Cultural Foundation</td>
<td>KRW 595 million</td>
<td>497</td>
</tr>
<tr>
<td>Wolsuk Busan Leading Scholarship Committee</td>
<td>KRW 62 million</td>
<td>80</td>
</tr>
<tr>
<td>KNN Cultural Foundation</td>
<td>KRW 155 million</td>
<td>154</td>
</tr>
</tbody>
</table>

Operation of Volunteer Clubs

NEXEN TIRE is helping disadvantaged classes in local communities where employees perform volunteer work with an attitude of sharing. Having focused on the quantitative aspects such as number of hours and maximization of volunteer personnel, we concentrated on improving qualitative aspects starting 2020. Given the decreased social contribution activities due to COVID-19, we are planning to encourage autonomous contactless volunteer activities among our employees.

NEXEN Hope Sharing Club
Created by employees who shared the same values for volunteerising, the NEXEN Hope Sharing Club signed an MOU with the Yangsan City Rehabilitation Center in 2019 and visited homes of the disabled for the delivery of side dishes. In addition, the club participated in the day for children with disabilities event and donated heating supplies to families of persons with disabilities within the region. In 2020, to complete the minimal amount of volunteer work due to the COVID-19 crisis, employees delivered basic food items through direct visits from March, collected used containers, and checked on the health of residents. We plan to continue various social contribution activities in 2021 as well.

MOU Signing to Supply Tires to Busan/Yangsan Private Taxi Union
NEXEN TIRE and the Busan/Yangsan Private Taxi Union signed an MOU for the supply and use of 14,300 tires produced in the Changnyeong plant. This ensured a stable tire supply for business taxis for the Busan/Yangsan Private Taxi Union and enabled NEXEN TIRE to promote a positive cycle of corporate development and employment growth by allowing local consumers to use local products. The agreement was successfully concluded with Hyo-jin Kim, the vice-chairman of the Yangsan City Council, who led communication with NEXEN TIRE’s labor union from the beginning. Starting with this agreement, which aims to create a consumer culture through cooperation between the union, government, company, and consumers, we were able to open possibilities for local companies to cooperate and sustain the local economy.
Support to Enhance Medical Welfare

Starting 2018, NEXEN TIRE carried out blood donation activities for more meaningful social contributions. Going beyond worksites in Korea, such endeavor was started by employees in NEXEN TIRE’s manufacturing plants in China and Europe. The employees’ efforts to save lives made it even more meaningful and valuable.

Blood Donation from Local and Foreign Employees

In celebration of NEXEN TIRE’s 76th anniversary in 2018, various blood donation activities were conducted in each worksite including THE NEXEN university. The signing of an MOU with the Korean Red Cross in 2020 was aimed at expanding regular blood donation and fostering a culture of voluntary blood donation. We plan to fulfill our corporate social responsibilities in 2021 through various blood donation activities by encouraging participation of local residents.

Blood Donors (2017–2020)

<table>
<thead>
<tr>
<th>Plant</th>
<th>Blood Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE NEXEN university</td>
<td>148</td>
</tr>
<tr>
<td>Yangsan Plant</td>
<td>431</td>
</tr>
<tr>
<td>Changnyeong Plant</td>
<td>118</td>
</tr>
<tr>
<td>Qingdao Plant</td>
<td>29</td>
</tr>
</tbody>
</table>

Contribution to Local Cultural Development

The encounter between cultural arts and companies is very active both inside and outside of the country. Cultural arts bring an increased value to companies. In return, cultural arts can flourish with corporate support. NEXEN TIRE is supporting various areas and enhancing the status of host cities by nurturing cultural and artistic talents.

Sponsorship of Sports Competition

Motor Sports

NEXEN TIRE is consistently participating in various events, such as motorsport competitions to increase its brand awareness and spread the excellence of its products.

NEXEN TIRE experienced unprecedented achievements in May 2021 with its first set of racing tires, winning the opening game during its first-ever participation in the “SUPER 6000” class in the CJ Logistics Super Race Championship, one of the most prestigious motor sports competitions in Korea.

It finished second in its first-ever participation in the June 2021 ADAC Total 24h Race, one of the top 3 global durability races held in the homeland of motor sports. Moreover, NEXEN TIRE continuously took part in the Nürburgring Endurance Series (Nürburgring Langstrecken Serie) held on the same circuit, showcasing its excellent technology to the European market.

We have been an official tire sponsor of the NEXEN TIRE Speed Racing competition since 2006 and also sponsored the BMW M-Class of the Super Race Championship in 2018. As well, we sponsored the Cadillac CTA Class in 2021. By continuously participating in Formula Drift, the top drift competition in the United States, and Toyota 86 / BRZ Race in Japan, NEXEN TIRE is striving to promote its brand awareness and technology.
Football
NEXEN TIRE started a partnership with Manchester City in 2015. In 2017, NEXEN TIRE became the first sleeve partner in the Premier League with Manchester City and expanded its partnership. The NEXEN TIRE logo continues to be exposed on the left sleeve of all Premier League and British national league uniforms, including the newly launched e-sports uniforms, and has continued the sponsorship up to now. NEXEN TIRE utilizes promotional campaigns and TV advertisements as well as various offline events and social media activities through its partnership with Manchester City as a marketing platform to communicate with fans worldwide.

We also entered into a partnership with a German professional football club Eintracht Frankfurt and participated in the Bundesliga. Established in 1899 with over 100 years’ history, Eintracht Frankfurt is well-known as a team where a legendary football player, Bum-kun Cha, played an active role.

Hockey
NEXEN TIRE also sponsors the BK Mladá Boleslav ice hockey team in the Czech Republic where ice hockey is one of the popular sports. The BK Mladá Boleslav is a team with rich history since its establishment in 1908. It is also part of Extraliga, the top ice hockey league in the Czech Republic and one of the world’s top 10 ice hockey leagues. We will continue to carry out sports marketing activities through this sponsorship, while aiming to enhance brand awareness in the Czech Republic.

Golf
Since 2013, NEXEN TIRE has hosted the “NEXEN-Saintnine Masters” KLPGA Golf Competition with NEXEN Corporation. As the only KLPGA golf competition in the Busan/Gyeongnam region, the NEXEN-Saintnine Masters competition is hosted by the Gaya Country Club located in Gimhae, Gyeongsangnam-do. We will contribute to the development of local culture as well as the golf industry by hosting this competition. Several well-known professional athletes currently participate in this competition including Go Jin-young, the no. 1 player in women’s golf who won the 2015 NEXEN-Saintnine Masters competition, and 2016 winner Park Sung-hyun who achieved outstanding results in the LPGA. For its eighth iteration in 2021, the NEXEN-Saintnine Masters KLPGA Golf Competition was changed from three rounds to four rounds, and the prize pool was increased from KRW 200 million to KRW 800 million to contribute to continuous development of the sport.

Sports Competition Sponsorships

<table>
<thead>
<tr>
<th>Classification</th>
<th>Country</th>
<th>Sponsorship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Football</td>
<td>U.K.</td>
<td>Manchester City</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>SG Eintracht Frankfurt</td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td>NEXEN TIRE Speed Racing</td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td>CJ Logistics Super Race Championship</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>Nürburgring Langstrecken Serie</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>Toyota 86/BRZ Race</td>
</tr>
<tr>
<td></td>
<td>U.S.</td>
<td>Formula Drift</td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td>NEXEN-Saintnine Masters</td>
</tr>
<tr>
<td></td>
<td>Japan</td>
<td>NEXEN-Saintnine Masters</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>BK Mladá Boleslav</td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td>NEXEN-Saintnine Masters</td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td>NEXEN-Saintnine Masters</td>
</tr>
</tbody>
</table>
A responsible supply chain management not only establishes a high-quality raw material procurement system, but also completes a supply chain system that can deliver economic, social, and environmental values to its stakeholders. Having established a sustainable procurement process as described below, NEXEN TIRE will grow as a sustainable global company by securing traceability and transparency of the procurement process within the supply chain.

Establishing a Sustainable Procurement Process

Policy Implementation

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Implementation and Monitoring

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Feedback

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Supply Chain Management Status

NEXEN TIRE is implementing initial plans for purchasing sustainable materials and securing ESG competency within the supply chain. In the medium to long term, we plan to expand our sourcing from suppliers providing eco-friendly materials.

Classification

Internal Policy
- Supplier CSR policy
  - Establish sustainable procurement policy that upholds corporate ethics and social responsibilities between NEXEN TIRE and the suppliers

Sustainable Natural Rubber Policy
- Join a Global Platform for Sustainable Natural Rubber (GPNDR)

Supply Chain Evaluation and Training
- Supplier audits (on- and off-site)
  - Give additional points to companies that obtained relevant certifications (ISO 14001, etc.) during the supplier approval
  - Inspect regularly for relevant certifications’ renewals
- ESG evaluation of all suppliers
  - Measures and analyze suppliers’ ESG performance
  - Based on the 2020 ESG evaluation results, the ESG evaluation criteria will be diversified and categorized based on the example of the best performing supplier

Reflection of Practical Aspects in the Policy

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Establishing a Sustainable Procurement Process

Policy Implementation

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Implementation and Monitoring

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Feedback

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Summary

NEXEN TIRE is implementing initial plans for purchasing sustainable materials and securing ESG competency within the supply chain. In the medium to long term, we plan to expand our sourcing from suppliers providing eco-friendly materials.

Establishing a Sustainable Procurement Process

Policy Implementation

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Implementation and Monitoring

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Feedback

- Supplier CSR policy
- Sustainable natural rubber policy
- Conflict Minerals Policy
- Fair trade pledge
- Supplier approval evaluation
- Signing of purchasing contracts (including quality guarantee)
- Supplier ESG evaluation
- Incentives for supplier with strong ESG performance (preferential purchase, granting of development opportunities, etc.)
- Measures based on the status of ESG performance (Warning / Suspension / Cancellation)

Suppliers

ESG Evaluation of Suppliers

In 2020, NEXEN TIRE conducted an ESG evaluation based on the level of impact on production and internal ESG guidelines to measure and manage the suppliers’ ESG competencies. Targeting the Korean corporate’s tier 1 suppliers, the evaluation inspected various areas such as corporate ethics, health and safety, labor and human rights, environmental policy, and the management of internal ESG competencies. Most suppliers had excellent performance in the areas of corporate ethics and labor and human rights, but tended to fall short in environmental policy and ESG competency management areas. Specific areas of improvement were climate change and internal ESG management. After the evaluation, we are encouraging suppliers to enhance their level of ESG management in order to meet the global standards gradually.

To improve the suppliers’ level of ESG management, the evaluation criteria will be categorized and the ESG evaluation will be conducted in 2021 for all tier 1 suppliers of all global corporate offices. In the long term, NEXEN TIRE seeks to establish a sustainable supply chain by expanding the evaluation to tier 2 and 3 suppliers.

After evaluating ESG competencies multiple times by 2023, we will select excellent suppliers that acquire “A” grade and implement purchasing policy to provide benefits, such as prioritization of market share and provision of development opportunities, to those excellent suppliers.
Supplier CSR Policy

- Compliance with laws, regulations, and Code of Ethics
- Anti-corruption, anti-bribery
- Respecting and protecting human rights
- Health and safety management
- Environment and GMS management
- Prevention of conflicts of interest
- Rejection of anti-competition
- Protection of confidential information, personal information, and intellectual rights
- Prevention of conflicts of interest
- Demand related to supplier sustainability guidelines

Comprehensive Management of Suppliers

NEXEN TIRE performs regular quality evaluations based on manufacturing plant inspections, certifications (ISO/ATF 16949), delivery etc. It updates the list of approved suppliers twice a year, where suppliers must undergo regular factory inspection evaluation according to the quality grade. NEXEN TIRE’s factory inspector possesses qualifications such as VDA4.3 for internal inspection in the purchasing, quality management, and R&D departments and conducts factory inspection based on thorough understanding of the suppliers’ production processes. Although factory inspection is evaluated on site in principle, a written evaluation may be performed instead for grade A or B companies that do not possess special issues such as faults and noncompliance of deadlines.

Risk Evaluation of Suppliers

NEXEN TIRE evaluates internal and external risks by comprehensively considering the delivery terms and quality, management activity, impact on the company, etc. In particular, suppliers engaging in socially unacceptable actions or purposely violating the terms of contract may be permanently barred from trading with NEXEN TIRE. In addition, to reinforce mutual risk management system, suppliers garnering grade 3 for two consecutive years or suppliers that acquired less than 69 points are reviewed for their qualifications.

Standards for Regular Factory Inspection

Through regular internal reporting based on “fair trade and compliance with social responsibilities,” NEXEN TIRE is independently managing mutual growth with suppliers at the executive level. We are strengthening our corporate competitiveness by managing suppliers, and we strive to create a sustainable supply chain and establish a healthy industrial ecosystem. The Supplier CSR Policy was declared for the first time in 2020 based on NEXEN TIRE’s ideology of mutual growth with suppliers and ethical management. The policy was disseminated across 22 countries and 137 companies.

Supplier ESG Evaluation Criteria

Comprehensive Grading Standards

Environmental Dimension

Social Dimension

Governance Dimension

Appendix

Total quality evaluations of suppliers in 2020:

Percentage of grade A companies: 34%
Enhancing the Traceability of Raw Materials

NEXEN TIRE is planning to define and trace each stage of supply process in order to enable suppliers to fulfill their social, economic, and environmental responsibilities from manufacturing to supplying and provide better value to stakeholders.

NEXEN TIRE’s Conflict Minerals Policy in Brief

All suppliers of NEXEN TIRE are prohibited from using minerals mined from regions under conflict and are required to submit proof of origin of the material. NEXEN TIRE may conduct on-site inspection of suppliers, if needed.

- Minerals subject to regulation: tin, tantalum, and tungsten mined from the 10 regions above.

NEXEN TIRE’s Sustainable Natural Rubber Policy in Brief

NEXEN TIRE vows to put continuous effort into achieving the economic, social, and environmental sustainability of the natural rubber supply chain.

- Natural rubber supply chain includes all growers, dealers, processors, and manufacturers.
- Having joined the GPSNR in 2020, NEXEN TIRE plans to establish a widely acknowledged standard that balances economic, environmental, and social aspects to secure an international sustainable natural rubber business with all industrial stakeholders.

Traceability of Suppliers

GPSNR Participation

In 2020, NEXEN TIRE joined GPSNR as a member of the natural rubber value chain and a responsible purchaser. In 2021, GPSNR committee plans to provide sustainable natural rubber policy and action plan to member companies, and NEXEN TIRE plans to conduct GPSNR activities accordingly. In the long term, we will select natural rubber suppliers by considering GPSNR membership as well as the level of ESG competence when purchasing natural rubber.

Policy on Conflict Minerals Supply

NEXEN TIRE has an internal policy that prevents the inclusion of conflict minerals in the supply chain of its production process. The suppliers’ supply chain is thoroughly monitored, and on-site inspection and corrective measures are carried out when necessary to ensure a responsible supply chain. Prior to the procurement of raw materials, we check whether the supplier treats any conflict minerals. We also request suppliers to sign a contract that forbids the use of conflict minerals prior to the start of regular transaction in order to establish a responsible supply chain.

* Conflict Minerals: These refer to minerals—such as tin, tantalum, tungsten, and gold—produced in countries under conflict like the Democratic Republic of the Congo or its neighboring countries. The mining process of these conflict minerals gives rise to social issues, such as human rights violations including child and forced labor. Additionally, the money created from this process is used to fund armed forces that perpetrate civilian massacre, etc. within the country.

* NEXEN TIRE considers tin, which is used to manufacture bead wire, to be a mineral that is subject to conflict minerals management.

NEXEN TIRE’s sustainable natural rubber policy in brief

NEXEN TIRE’s sustainable natural rubber policies include the following:

- Natural rubber supply chain includes all growers, dealers, processors, and manufacturers.
- Having joined the GPSNR in 2020, NEXEN TIRE plans to establish a widely acknowledged standard that balances economic, environmental, and social aspects to secure an international sustainable natural rubber business with all industrial stakeholders.

Enhancement of Awareness of Value Chain

Request for improvement in awareness of responsible supply chain through the dissemination of “supplier CSR policy”, “Conflict Minerals Policy” and “Sustainable Natural Rubber Policy”

CSR risk status investigation and monitoring of suppliers on issues such as human rights and corporate ethics that have occurred or may arise in the future within the supply chain of materials such as natural rubber and tin.

Site inspection and due diligence

On-site inspection and examination of supplier by the department that manages NEXEN TIRE’s supply chain, as required based on the monitoring results.

Identifying Risk Factors

Risk status identification and factor analysis based on the results of on-site inspection and due diligence.

Establishment of Improvement Plans

Delivery of results to the supplier for the establishment of improvement plans and corrective measures.

NEXEN TIRE’s supply system

Tier 1 supplier (NEXEN TIRE’s raw material supplier)

Tier 2 supplier (transport and outsourcing company of the tier 1 supplier)

Tier 3 supplier (material supplier of the tier 1 supplier)
Data Protection

NEXEN TIRE establishes and shares its data protection and personal information protection principles pertaining to its tire rental business, which collects customers’ private data. NEXEN TIRE’s data protection policy is composed of principles and guidelines so that it can be easily applied in practice. Recently, NEXEN TIRE’s data protection policy was modified as new items related to the revisions in regulations and legislation, such as the Personal Information Protection Act and Act on the Promotion of Information and Communications Network Utilization and Information Protection, were added, redundant regulations were simplified, and action guides were specified.

Principles of Data Protection and Privacy
NEXEN TIRE’s data protection principles—covering internal data management, online security compliance principles, countermeasures and reporting system in the event of an information violation, and matters to occur in the event of a violation of principles—apply to all employees. NEXEN TIRE’s personal information protection principles consist of guides for the collection and use of minimal personal data, safe management, and compliance with laws. In accordance with the enactment or amendment of the Personal Information Protection Act, the personal information protection guidelines and personal information processing policies were revised, and announcements and trainings were held.

Data Protection Organization
NEXEN TIRE operates a data protection team centered on the Data Protection Committee, an executive committee operated under the control of the chief of the ICT BS, with each section chief from the business sectors participating as data protection officer. The committee establishes a comprehensive management system that includes the data security and personal information protection sectors. Practical work related to data protection is performed by the infrastructure operation team, and personal information protection manager is assigned for clear distribution of work so that all employees can freely and actively participate in the data protection system.

Principles of Data Protection and Privacy, and Related Organizations

Data Protection Management System
NEXEN TIRE thoroughly maintains data security and protects customers’ personal information by conducting various data protection activities. For data protection and personal information protection, the management process is defined for total 28 types including policy, regulation, guideline and procedure, and life cycle management system is introduced to protect personal information during data collection, retention and use, and destruction.

NEXEN TIRE values the personal information of customers and complies with the requirements of the Protection of Communications Secrets Act, Act on the Promotion of Information and Communications Network Utilization and Information Protection, and other laws. We post our privacy policy on our website pursuant to the Act on the Promotion of Information and Communications Network Utilization and Information Protection, etc. and operate a cutting-edge security system to protect customers’ personal information.

Data Protection Policy and System
NEXEN TIRE enhances document security including personal information by operating the highest-class document security system DRM based on security management policies. We share documents externally under validated security processes, and DRM applied documents are managed to prevent their viewing or editing by external or unauthorized users. All personal data are managed under database encryption, and third-party or unauthorized access is blocked through a dedicated database access control system along with enhanced security via real-time monitoring, regular usage status report, etc.

Personal Data Collection and Consent
In the process of collecting customers’ personal information and seeking consent to collect information, we are making every effort to prevent misunderstandings by complying with laws and regulations and providing clear explanations of the contents. In particular, we have applied stricter procedures for checking whether the customer has understood the items for consent during the collection and consent process. If developments or corrections occur within the personal data processing system that contains personal data, we plan to proceed with an inspection process based on a checklist for data security in the testing stage.
Personal Information Protection Life Cycle Management

NEXEN TIRE seeks to manage data safely throughout the entire process of personal data collection, storage, use, and destruction by carrying out personal information protection life cycle management. For enhanced data protection throughout the life cycle, we also implement data protection measures in the management, physics, and technology areas. We promote human security through data protection training along with information handling based on data asset classification in the management area. Overall system control and resilience are secured beyond the limits of physical management by conducting diagnosis, control, and incident recovery based on ICT systems in the technology area.

NEXEN TIRE posts on its website its privacy policy, which notifies the items for collection, collection method, and collection purpose along with the principle of destruction after fulfilling the purpose of use. If retention is required by related regulations for consumer protection such as the Commercial Act and Act on Consumer Protection in Electronic Commerce, we retain customer data for a certain period of time according to the relevant regulations. The retention period is three years for complaints or dispute processing, five years for transactions and supply of products, etc., and five years for contracts or subscription withdrawal records, etc. Information is used only for the purpose of retention, and the retention period is observed. If the customer requests the individual deletion of personal data through appropriate methods, we perform the appropriate measures accordingly.

NEXEN TIRE posts on its website its privacy policy, which notifies the items for collection, collection method, and collection purpose along with the principle of destruction after fulfilling the purpose of use. If retention is required by related regulations for consumer protection such as the Commercial Act and Act on Consumer Protection in Electronic Commerce, we retain customer data for a certain period of time according to the relevant regulations. The retention period is three years for complaints or dispute processing, five years for transactions and supply of products, etc., and five years for contracts or subscription withdrawal records, etc. Information is used only for the purpose of retention, and the retention period is observed. If the customer requests the individual deletion of personal data through appropriate processes (e-privacy clean service), we perform the appropriate measures accordingly.

Personal Information Protection Life Cycle Management System

1. Collection of Personal Data
   - Strengthening the identity verification process
   - Confirming consent when collecting personal information for marketing purposes

2. Retention and Use of Personal Information
   - Encrypted retention of personal information in the database
   - Encrypted retention of important documents within employee PCs

3. Destruction of Personal Information
   - Document destruction process completed through a professional agency
   - Verification of destruction after fulfilling the purpose of use upon provision to supplier

Detailed Items for Data Protection Measures

<table>
<thead>
<tr>
<th>Management Area</th>
<th>Physical Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection of External Assets</td>
<td>System Development Security</td>
</tr>
<tr>
<td>Data Protection Training</td>
<td>Access Control</td>
</tr>
<tr>
<td>Data Asset Classification</td>
<td>Security Incident Management</td>
</tr>
<tr>
<td>Human Security</td>
<td>Password Control</td>
</tr>
</tbody>
</table>

Data Protection Incident Response

<table>
<thead>
<tr>
<th>Stage</th>
<th>Process</th>
<th>Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident recognition</td>
<td>Notification of occurrence of security incident</td>
<td>Decision that recognized the occurrence of incident: Report suspected security incident to data protection officer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Data protection department (INFRA Operation Team): Identifies the cause of security incident</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Formation of incident response team</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Data protection officer: Initial report to top data protection officer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Related department: Urgent assignment of incident response team personnel</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incident response team: Preparation for incident response</td>
</tr>
<tr>
<td>Response by incident response team</td>
<td>Incident response team (Implemented by each manager of the data protection department)</td>
<td>1st (Initial response) → 2nd (Erase analysis) → 3rd (Problem solving) → 4th (Post-management)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Report incident: Report to infringement incident response team</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Data protection department: The seriousness of the security incident is determined and reported to the KISA Internet Infringement Response Center (Tel. 118) or the National Cyber Safety Center (Tel. 111)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Data protection officer: Initial report to top data protection officer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Data protection department (Infra Operation Team): Identifies the cause of security incident</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Post-management: Establishment of recurrence prevention measures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Establishment of recurrence prevention measures and relevant plans for application</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Monitoring of measures application</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accident response team: Monitor and report periodically whether recurrence prevention measures are implemented</td>
</tr>
</tbody>
</table>

Personal Information Infringement Accident Response System

Upon infringement of personal data, damage is minimized through rapid initial response, and incident response system is established and regularly disseminated to related departments to ensure that there are no additional damages. First, if an incident is detected, the suspected incident is reported immediately to the data protection department and the data protection officer, and an incident response team is formed. This is followed by an incident response process consisting of (a) initial response, (b) cause analysis, (c) problem solving, and (d) post-management, and the status is reported to the relevant reporting organizations. Finally, recurrence prevention measures are established, applied, and monitored, and post-management is carried out.

Internalization of Data Protection Through Training

NEXEN TIRE is enhancing competencies by conducting data protection training for domestic employees. We have been conducting data protection training for all employees at domestic workplaces since 2013. We conducted online data protection training for all employees and offline training for new employees in 2020. NEXEN TIRE strives to develop training methods and content to enhance data protection awareness.

Employee Participation Rate for Data Protection Training *

<table>
<thead>
<tr>
<th>Classification</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021 goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>970</td>
<td>954</td>
<td>924</td>
<td>-</td>
</tr>
<tr>
<td>Participants (%)</td>
<td>90</td>
<td>90</td>
<td>90</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Calculated based on domestic employees
Monitoring and Inspection Process

Regular data protection and personal information protection monitoring are performed for the implementation of the data protection system. In response to external cyberattacks and data infringement, we not only operate a data encryption and security system but also conduct risk analysis for company-wide systems and regular weakness diagnosis and implement improvement measures.

Key Activities and Achievements on Data Protection Monitoring in 2020

NEXEN TIRE is strengthening technological security management standards by inspecting weaknesses in the information system, network, database, and security systems and implementing appropriate countermeasures. We diagnose weaknesses and take technological measures according to the KISA security guide and take protection measures so that all data systems can maintain the security level at above “satisfactory.”

Privacy-related Complaints and Processing in 2020

NEXEN TIRE’s privacy policy on the website notifies users or legal representatives who provided their personal information that they can view or edit their personal information or request cancellation. Such requests made through phone calls, emails, or other written format are processed without delay through the procedure.

NEXEN TIRE independently operates an ethical management report center to strengthen ethical management. We also operate an internal report system for violations of general ordinances and company regulations as well as actions violating personal information and the Code of Ethics.

Privacy-related Complaints in 2020

<table>
<thead>
<tr>
<th>Complaintant Registered complaints</th>
<th>Confirmed complaints</th>
<th>Processed complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>External stakeholders</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Regulatory institution</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Mid- to Long-Term Data Protection Plans

<table>
<thead>
<tr>
<th>Investment program</th>
<th>Investment year</th>
<th>Investment amount / Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrade of employee document security (DRM)</td>
<td>2021</td>
<td>230,000,000</td>
</tr>
</tbody>
</table>

NEXEN TIRE has been operating a company-wide (domestic/overseas) document security DRM system since 2015, and we plan to invest for security reinforcement and upgrades.

Cases of Violating Laws/Regulations Related to Data Protection

<table>
<thead>
<tr>
<th>Classification</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violation incidents related to data protection and cybersecurity</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Violation incidents related to the personal information of customers</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Customers negatively impacted due to data violations (Unit: person)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Penalties/Fines due to violations related to data protection and cybersecurity (Unit: KRW)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Board meeting attendance rate of non-executive directors

Confirmed cases of corruption

Completion of ethical management training

Key Highlight

GOVERNANCE DIMENSION

96  Responsible Governance
100  Ethical Management
103  Risk Management
**Responsible Governance**

**CEOs**

- Byung-joong Kang
- Ho-chan Kang
- Other shareholders

**Status of Shares Held by Founders** (as of Dec. 31, 2020)

- Byung-joong Kang: 19,001,037 (19.45%)
- Ho-chan Kang: 5,114,222 (5.35%)

**CEO-to-Employee Compensation Ratio**

- Total CEO compensation: KRW 43,217,425 (44.29%)
- Average employee compensation: KRW 31,74,222 (3.25%)

**Status of Shares Held by Management** (as of Dec. 31, 2020)

- NEXEN Corp.: 43,217,425 (44.25%)
- Byung-joong Kang: 19,001,037 (19.45%)
- Ho-chan Kang: 5,114,222 (5.35%)

NEXEN TIRE maintains a stable, effective, and transparent management structure to ensure sustainable growth and protect the profits of stakeholders including shareholders. By delegating decisions and tasks to the Board of Directors, the company aims to settle a stable management structure through checks and balances. Additionally, the Board of Directors is formed based on the judgment that professionalism and diverse perspectives lead to an effective management structure. Regular and irregular meetings among members are frequently held, and we adhere to the disclosure principle to secure the transparency of procedures and results in order to obtain a transparent governance.

**Structure of the Board of Directors**

NEXEN TIRE’s Board of Directors (BOD) consists of three executive and three non-executive directors. All non-executive directors have no relation to the company, management, and major shareholders. Currently, there is no female director among the BOD, with the CEO serving as the Chairman of BOD. NEXEN TIRE operates a Non-Executive Director Recommendation Committee and an Audit Committee within the BOD. The Audit Committee consists of three non-executive directors, one of whom serves as the chairman. The Non-Executive Director Recommendation Committee may consist of two or more directors, more than half of whom are non-executive directors. Currently, it consists of two non-executive directors and one executive director. An executive director serves as the chairman of the Non-Executive Director Recommendation Committee.

**Organization of the BOD**

- General Shareholders’ Meeting
- Board of Directors
- Ethics Management Division
- Management Audit Team
- Audit Committee
- Non-Executive Director Recommendation Committee

**Operational Status of the Board of Directors**

The Board of Directors (BOD) serves as the highest permanent decision-making organization. In order to ensure that checks and balances are in place, decision-making and task execution roles are separately delegated to the BOD and management, and the management’s business execution status is reported to the board of directors. As a result, the BOD’s independence is ensured and a decision-making structure centered around BOD is formed. To effectively exercise oversight on management, the right to elect and dismiss the CEO is given to the BOD. To ensure that the board oversight is not weakened due to the board’s alliance with the management, non-executive directors with proven independence constitute the majority of the BOD. Regular and irregular meetings are also held frequently among members to integrate and supplement individual directors’ knowledge in order to solve various tasks and challenges effectively. Following the active collection of stakeholders’ opinions, tasks from each meeting are deduced, and efforts are made to ensure that the tasks are led to results. In 2021, we plan to revise the operational regulations of the BOD and the Code of Ethics. By revising the BOD delegation policy and re-examining the process, we will further strengthen the actual operation of the BOD.

**Composition of the Board of Directors**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Name</th>
<th>Gender</th>
<th>Position</th>
<th>Date appointed</th>
<th>Expected termination date</th>
<th>Specialty</th>
<th>Major career</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive director</td>
<td>Byung-joong Kang</td>
<td>Male</td>
<td>CEO – Chairman of the BOD</td>
<td>Jan. 1, 1997</td>
<td>Mar. 21, 2023</td>
<td>General Corporate Management</td>
<td>Chairman of NEXEN TIRE</td>
</tr>
<tr>
<td>Executive director</td>
<td>Ho-chan Kang</td>
<td>Male</td>
<td>CEO</td>
<td>Mar. 1, 2021</td>
<td>Feb. 17, 2022</td>
<td>General Corporate Management</td>
<td>Vice Chairman of NEXEN TIRE</td>
</tr>
<tr>
<td>Non-executive director</td>
<td>Yoo-kwang Kim</td>
<td>Male</td>
<td>Member of Audit Committee</td>
<td>Nov. 17, 2017</td>
<td>Feb. 17, 2022</td>
<td>Accounting, Audit</td>
<td>Professor at Middle Communications Department of Medical University of Foreign Studies</td>
</tr>
<tr>
<td>Non-executive director</td>
<td>Ho-chan Kang</td>
<td>Male</td>
<td>Member of Audit Committee</td>
<td>Mar. 24, 2020</td>
<td>Mar. 25, 2021</td>
<td>Accounting, Audit</td>
<td>Former CEO of Hyundai Motor Company</td>
</tr>
<tr>
<td>Executive director</td>
<td>Hyun-jeon Kim</td>
<td>Male</td>
<td>CEO – Chairman of the BOD</td>
<td>Jan. 1, 1997</td>
<td>Mar. 21, 2023</td>
<td>General Corporate Management</td>
<td>Chairman of the World Scholarship Foundation</td>
</tr>
<tr>
<td>Executive director</td>
<td>Byung-joong Kang</td>
<td>Male</td>
<td>CEO</td>
<td>Mar. 1, 2021</td>
<td>Feb. 17, 2022</td>
<td>General Corporate Management</td>
<td>CEO of NEXEN Corp</td>
</tr>
<tr>
<td>Non-executive director</td>
<td>Pak Seung-hwa</td>
<td>Male</td>
<td>Member of Audit Committee</td>
<td>Mar. 1, 2021</td>
<td>Mar. 22, 2022</td>
<td>Accounting, Audit</td>
<td>Chairman of the Board of Directors</td>
</tr>
<tr>
<td>Non-executive director</td>
<td>Hong-chul Kim</td>
<td>Male</td>
<td>Member of Audit Committee</td>
<td>Mar. 1, 2021</td>
<td>Mar. 22, 2022</td>
<td>Accounting, Audit</td>
<td>Chairman of the Board of Directors</td>
</tr>
<tr>
<td>Non-executive director</td>
<td>Hyun-jeon Kim</td>
<td>Male</td>
<td>Member of Audit Committee</td>
<td>Mar. 1, 2021</td>
<td>Mar. 22, 2022</td>
<td>Accounting, Audit</td>
<td>Chairman of the Board of Directors</td>
</tr>
</tbody>
</table>

**Indepedence of the Board of Directors**

The directors of NEXEN TIRE are appointed at the general shareholders’ meeting as per Article 362 of the Commercial Act. We comply with related regulations such as the Commercial Act, Monopoly Regulation, and Fair Trade Act when forming the BOD. According to the Articles of Incorporation, a minimum of 3 people and a maximum of 6 people can be appointed. In order to enhance the transparency and independence of the Board of Directors, we are complying with the stipulation that more than a majority of the BOD has to be formed by non-executive directors. NEXEN TIRE excludes candidates who have a major relationship with the company and are deemed to have difficulties in fulfilling duties as non-executive directors. According to Article 364 of the Commercial Act, a person is considered to have a major relationship with the company if he or she has previously worked for one of the subsidiaries, has previously worked for a company which the size of its transaction with the company exceeds 10% of its assets or total sales in the last three years, or holds a large amount of shares of the company. Additionally, a verification process is used to appoint non-executive directors who can perform their tasks from an objective and neutral perspective.

**Diversity of the Board Directors**

NEXEN TIRE imposes no limitations in terms of nationality, gender, religion, or race when appointing non-executive directors. In addition, we form the BOD so that it can represent the interests of stakeholders including shareholders and engage in major decisions and management activities in consideration of social value.

---

**Board Meeting Attendance Rate of Non-executive Directors**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

---

**Operation Status of Board of Directors by Year**

- Number of BOD meetings: 16, 13, 14
- Attendance rate of non-executive directors: 100%, 100%, 100%
- Audit committee meeting held within the BOD: 5, 4, 9
Professionalism of the Board of Directors

NEXEN TIRE appoints individuals with specialized knowledge and wealth of experience in fields such as corporate management and accounting as non-executive directors. We are frequently providing necessary trainings for major subjects such as internal accounting control system, audit issues, and changes in accounting policy, and we plan to expand the scope of training provided. In 2020, to enhance the professionalism of non-executive directors, two sessions of training were held on strengthening internal accounting management system and audit, and two sessions of training were held on designated audit and post-COVID-19.

Internal Training for Non-Executive Directors

<table>
<thead>
<tr>
<th>Training date</th>
<th>Subject of training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 2020</td>
<td>NEXEN TIRE Accounting Team - Strengthening internal accounting management policy and audit (internal training)</td>
</tr>
<tr>
<td>Feb. 2020</td>
<td>NEXEN TIRE Accounting Team - Strengthening internal accounting management policy and audit (internal training)</td>
</tr>
<tr>
<td>Mar. 2020</td>
<td>NEXEN TIRE Culture Team - Designated audit and post-COVID-19 related training (internal training)</td>
</tr>
<tr>
<td>Apr. 2020</td>
<td>NEXEN TIRE Culture Team - Designated audit and post-COVID-19 related training (internal training)</td>
</tr>
</tbody>
</table>

Transparency of the Board of Directors

In order to ensure transparency of the board of directors, NEXEN TIRE appoints three out of five directors as the non-executive directors and operates an audit committee consisted of non-executive directors. The Audit Committee receives and reviews reports on the operation of the internal accounting management system from an internal accounting manager to prepare and disclose transparent and reliable accounting information. In addition, the Audit Committee supervises the work of directors and the management and is responsible for approving the appointment of external auditors. NEXEN TIRE appoints competent directors with expertise and responsibility through a transparent process through the Non-Executive Director Recommendation Committee. The committee establishes, inspects, and complements the non-executive director appointment principle, recommends candidates for non-executive directors, and regularly manages and verifies non-executive director candidates.

The Non-Executive Director Recommendation Committee comprehensively evaluates the independence and competence of candidates, according to related regulations as well as the Articles of Association. Then, candidates for non-executive directors are recommended transparently to the general shareholders’ meeting. To prevent the self-emPOWERment of non-executive directors, an executive director is included in the Committee, and the verification results of non-executive director candidates are evaluated in the BOD for enhanced transparency in the appointment process.

Function of Committees Within the Board of Directors

Candidates for directors are transparently appointed by receiving recommendations through fair procedures through the board of directors for executive directors and the Non-Executive Director Recommendation Committee for non-executive directors. Term of office for all directors is three years, and vacant positions due to early resignation or termination are filled by individual appointment through the general shareholders’ meeting.

Compensation Policy of the Board of Directors

Compensation is determined by considering the nature of delegated tasks and results of performance in accordance with the executive remuneration regulations (resolved by the board of directors); bonuses are paid in consideration of the previous year’s annual remuneration, management performance coefficient, and increase rate by evaluation grade.

Compensation Committee of the Board of Directors

Remuneration is determined by considering the nature of delegated tasks and results of performance in accordance with the executive remuneration regulations (resolved by the board of directors); bonuses are paid in consideration of the previous year’s annual remuneration, management performance coefficient, and increase rate by evaluation grade.

Audit Committee

Consisted of non-executive directors with specialty in each professional field, the Audit Committee within the BOD conducts surveillance, diagnosis, and evaluation of management activities and provides rational alternatives. This not only ensures management transparency and enhances competitiveness, but also minimizes management risks and reports the interests of stakeholders such as shareholders and customers.

Structure of the Audit Committee and Professors

<table>
<thead>
<tr>
<th>Name of committee</th>
<th>Classification</th>
<th>Name</th>
<th>Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>Non-executive director</td>
<td>Seung-Hee Kwon</td>
<td>Accounting and Audit</td>
</tr>
<tr>
<td></td>
<td>Non-executive director</td>
<td>Hyun-joo Kim</td>
<td>Media Communication</td>
</tr>
<tr>
<td></td>
<td>Non-executive director</td>
<td>Myun-jeong Kim</td>
<td>General Corporate Management</td>
</tr>
</tbody>
</table>

Operating Status of Audit Committee and Non-Executive Director Recommendation Committee

<table>
<thead>
<tr>
<th>Classification</th>
<th>Composition</th>
<th>Key functions</th>
<th>Operation status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>Non-executive directors (3 persons)</td>
<td>Review of audit procedures and audit results of accounting documents and accounting firms</td>
<td>2 times in 2019, 5 times in 2018, 4 times in 2017, 3 times in 2016, 2 times in 2015</td>
</tr>
<tr>
<td>Non-Executive Director Recommendation Committee</td>
<td>Executive directors (1 person)</td>
<td>Recommendation of non-executive director candidates during the general shareholders’ meeting</td>
<td>2 times in 2019, 3 times in 2020, 2 times in 2021</td>
</tr>
</tbody>
</table>

Provision of Remuneration According to Achievements

Remuneration is determined by considering the nature of delegated tasks and results of performance in accordance with the executive remuneration regulations (resolved by the board of directors); bonuses are paid in consideration of the previous year’s annual remuneration, management performance coefficient, and increase rate by evaluation grade.

Compensation Policy of the Board of Directors

Compensation for directors and auditors is paid in accordance with regulations within the annual remuneration limit of KRW 6 billion approved by the general meeting of shareholders. The actual compensation is calculated based on management performance, which is measured through economic, social, and environmental key performance indicators. In addition, separate stock options are not provided to non-executive directors. We are considering establishing a fair internal evaluation standard through regular evaluations of activities based on comprehensive criteria, such as meeting attendance, independence, and contribution, as long as it does not impair the independence of each director. We also plan to establish a method to reflect the results of evaluation on the compensation and reappraisal decisions.

Compensation for Directors (Unit: person, KRW 1 million)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of directors</th>
<th>Total Compensation</th>
<th>Average compensation per director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered director</td>
<td>5</td>
<td>1,416</td>
<td>283</td>
</tr>
<tr>
<td>Non-executive director (Audit Committee)</td>
<td>5</td>
<td>122</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>1,538</td>
<td>320</td>
</tr>
</tbody>
</table>

Appendix
NEXEN TIRE strives to foster a transparent, fair, and mature corporate culture based on its Code of Ethics and management philosophy that pursues mutual development, consideration, coexistence, and cooperation with its stakeholders including shareholders, suppliers, partners, local communities, and employees. We strive to achieve ethical management by conducting regular training and ethical management surveys for employees and operating a reporting center for the violation of the Code of Ethics.

Ethical Management
NEXEN TIRE implements ethical management in each sector through the following processes:

Ethical Management Process

- Code of Ethics
- Behavioral Guidelines
- Enforcement Regulations
- Operational Reporting Center
- Online Ethics Reporting System
- Ethical Management Diagnosis

Code of Ethics
NEXEN TIRE wants to grow into a top-notch global company. In order to do so, we recognize that a fair and transparent corporate culture is essential. We establish and practice ethical standards as a standard for correct behavior and value judgment that all executives of the company must follow.

Behavioral Guidelines
NEXEN TIRE distributed 10 behavioral guidelines and enforcement regulations to its employees, and also published them on the NEXEN TIRE website in order to make them accessible to everyone.

Enforcement Regulations of the Code of Ethics
For the efficient operation of the Code of Ethics, NEXEN TIRE has stipulated the enforcement regulations regulating the scope of all benefits, such as money, valuables, entertainment, and incentives and employees and include the prohibition of accepting bribes or conveniences, received from stakeholders in relation to the performance of employees' work, and the standards of behavior to be observed. The enforcement regulations apply to all executives and employees and include the prohibition of accepting bribes or conveniences, congratulatory gifts, event approval, transactions using job-related information, use of budget, money, and rights such as financial reporting support, the role of the audit committee secretariat, internal accounting operation status investigation, whistleblowing system operation, and employee fraud inspection. The role has been expanded to a central department that spreads ethical management, such as notification of messages from the CEO and ethical management training.

Behavioral Guidelines
NEXEN TIRE distributed 10 behavioral guidelines and enforcement regulations to its employees, and also published them on the NEXEN TIRE website in order to make them accessible to everyone.

Code of Ethics and Action Guide

- We provide the satisfaction and trust to our customers by providing safe and quality tires.
- We constantly strive to improve our technology and contribute to our community through investment and development.
- We maintain honest and fruitful work ethics and transparently disclose corporate information.
- We establish a trustworthy corporate image by establishing efficient practices.
- We do not promote unfair benefits related to work nor abuse power 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.

Code of Ethics and Action Guide

- Legal Compliance
- Ethical Compliance of Employees
- Respect and Protection of Employees
- Transparency Management
- Fair Trade
- Prohibition of Accepting Money, Gifts, or Entertainment
- Environmental Protection
- Labor Management Relationship
- Contribution to Country and Society
- Compliance with the Code of Ethics

Reporting Method and Procedure

Email
Direct internal email (ethics@nexentire.com)
Direct external email (ethics@nexentire.com)
Website
“Report” at the top
(ethics@nexentire.com)

Ethics Management Team, NEXEN TIRE UNIVERSITY, 7F, 177, Magokjeang-ro, Gangseo-gu, Seoul

Organization of Ethical Management

General Shareholders’ Meeting
Board of Directors
CEO

Audit Committee
Non-Executive Director
Recommendation Committee

Reporting Center
NEXEN TIRE receives reports on all acts that violate or may violate the Code of Ethics, including an employee’s job-related fraud and damages to the company’s and employees’ reputation. We received six reports in 2020 and implemented responsive measures for all of them. As per Article 15 of the Enforcement Regulations of the Code of Ethics, the identity of the whistleblower, the reported content, and the process results are kept confidential. In addition, for the personal information collected at the time of reporting, the purpose of collection and retention period are specified in advance to protect the whistleblower. Reports on employees’ compliance with the Code of Ethics are released according to the corporate regulations if there are facts that can be disclosed after reviewing. Rewards or punishments will be enforced in accordance with Article 16 of the Code of Ethics Enforcement Regulations to declare the management’s will to implement ethical management.

Whistleblowing System

Online Ethics Training for Employees
Ethical management is a corporate culture that makes an organization transparent and efficient. The driver of NEXEN TIRE’s ethical management is the employees. To fortify ethical management among employees, we provide annual ethics training. In 2020, we also provided online training on a group level. We also strive to raise the awareness of ethical management by publishing regular ethical management newsletters.

Ethics Training

Training title
Time for action: ethical management
Training content
Compliance and practice of the Code of Ethics such as anti-corruption and anti-fraud.
Training type
Online
Date
April 1–30, 2020
Completion
All 1,010 employees in management completed the training.
Ethical Management Status Diagnosis

NEXEN TIRE conducts a regular diagnosis each year to assess the status of ethical management of each department and prevent corruption. Specifically, we conduct a diagnosis for each department through employee surveys and monitoring. Based on the result of the diagnosis, customized trainings are held. In 2020, we conducted two diagnoses for each department due to COVID-19, and in 2021, we completed a regular inspection of the Purchasing team. We also possess internal accounting control regulations and guidelines for transparent management, and the internal accounting management team operates in accordance with the regulations and guidelines. The CEO, internal accounting officer, and the Audit Committee inspect the effectiveness of the internal accounting control system every year based on objective KPIs. The inspection results are reported to the general shareholders’ meeting, BOD, and the Audit Committee.

Compliance Management

NEXEN TIRE declared its commitment to ethical management on its website on June 1, 2019. We prepare and create the values of tomorrow, securing a clean and transparent corporate culture focusing on ethical management. Our ethical management philosophy, constant and unchanging even in the face of challenges, has been recognized internally and externally. We have been recognized by the Grand Prize of Transparent Accounting (held by the Korean Accounting Association), the Trusted Taxpayer Award (held by the Ministry of Economy and Finance), the Presidential Commendation for Labor-Management Cooperation (held by the Ministry of Employment and Labor). Further, more, we are striving to become a top 10 company in the global industry through the operation of the Welles Scholarship Foundation, sisterhood relationship with rural regions, clean factories, and enforcement of our environmental and safety policies to earn the trust of our customers, shareholders, employees, and suppliers. NEXEN TIRE focuses on the practice of ethical mindset for all employees. All NEXEN TIRE executives and employees are responsible for properly understanding and adhering to this Code of Ethics. Suppliers in relationship with NEXEN TIRE are also encouraged to adhere to the Code.

Legal Compliance

We appoint a compliance officer who is certified to inspect compliance to legal standards, and the inspection result is disclosed in the Annual Report. The compliance officer monitors the legal compliance of the executives and employees as well as corporate activities. We faithfully support our organization and business through various compliance activities, and the results of these activities must be reported to the Board of Directors.

Anti-Corruption and Anti-Bribery

Aside from creating and distributing guidelines regarding anti-corruption, NEXEN TIRE conducts regular inspections to ensure that there are no violations of the Anti-Corruption Act for fair business performance. We select business sites every year to conduct regular and irregular diagnoses for corruption. When a corruption is identified, appropriate measures are taken in cooperation with the compliance officer. In 2020, two inspections were conducted due to COVID-19, and no serious corruption incidents were found. In addition, we conducted training to comply with various anti-corruption laws not only in Korea but overseas, and completed the signing of pledges for all executives and employees. NEXEN TIRE also complies with the Political Funds Act of Korea and does not provide any political contributions, such as political funds, campaign funds, and lobbying funds for a particular political organization. However, we contribute to the development of public policies and interest through regular sponsorship of associations with the public interest that are guaranteed political neutrality.

Labor-Management Cooperation

NEXEN TIRE has designated a Chief Risk Officer (CRO) and is operating a risk management department since 2020 for preemptive and retroactive risk management through proactive recognition, analysis, and response of risk factors in the business environment. We strive to secure the foundation for normal business activities and stabilize corporate development by systematically monitoring risks that have a high impact on the company.

COVID-19 Response

To respond to COVID-19 situation, the NEXEN Steering Committee (NSC) meeting was held, to monitor the daily status and promptly share the situation with relevant departments. We also improved the work speed by managing a series of value chain through a company-wide response plan and prompt decision-making.

COVID-19 Response Status

Given such an unprecedented crisis brought by COVID-19, NEXEN TIRE has made various efforts to respond preemptively in various ways: establishment of a decision-making system, protection of employees, communication with customers, stabilization of supply chains, maintenance of financial stability, and preparation for the post-COVID-19 era. With the situation rapidly changing due to COVID-19, the Control Tower and NSC were formed for prompt decision making and monitoring of daily situations. Such decision makings allowed measures such as infection prevention and commuting time adjustments to protect employees. We also strengthened communication with our customers by establishing customer support policies, reinforcing cooperative relationships with key customers, and running special promotions. In addition, we established a daily forecasting system for business conditions and predicted the rolling order volume every five months, preemptively managing the inventory in accordance with the inventory reduction policy. A flexible operation authority was also carried out by adjusting holidays, with an ultimate goal of stabilizing the supply chain. In order to maintain financial integrity, we conducted simulations for each scenario and prepared countermeasures. Proactive liquidity was secured by improving profit and loss through budget and cost reductions, deferring expenses, and securing caps. As a preemptive response to the upcoming post-COVID-19 era, we have established a risk management system, prepared guidelines for risk distribution, and considered ways to expand OE volumes. In addition, by establishing an action plan for each stage of emergency management, measures such as adjusting the factory utilization rate, reducing costs, and securing cash were carried out simultaneously according to the number of orders received.

COVID-19 Support Activities

NEXEN TIRE is promoting various activities to prevent the spread of COVID-19. We continuously disclose the status of employees with symptoms and provide guidance on the preventive measures. We also carry out body temperature checks at each entry and exit, and mandate employee to sanitize their hands, wear masks, and perform self-disinfection activities. Measures are being taken to minimize close contacts by installing screens between seats at the work cantines, where the risk of the spread of virus is high, and implementing flexible working hours and telecommuting. Efforts were made to provide transportation for the return employees and their families working in countries where the COVID-19 situation is serious. To support customers located in countries where it is difficult to supply masks, 2,800 masks—100 each for 28 clients—were provided to the Chinese subsidiaries, and 2,400 masks were provided separately for overseas subsidiaries. In addition, NEXEN TIRE supported dealers who are experiencing a decrease in sales due to COVID-19 and consumers whose safety is threatened by prolonged tire replacement cycles due to their limited outside activities.
In April 2020, we provided quarantine sprayers and large-capacity disinfectants to 774 stores across the country to facilitate consultations in a safe space for both dealers and consumers. In May 2020, banners informing customers that they can use their disaster relief funds at the store were distributed to 490 stores nationally to help dealers recover their sales and expand options for customers.

In January 2021, we delivered secondary quarantine products, such as large-capacity disinfectants and hand sanitizers to 1,253 stores nationally, as a means to reduce financial burdens on dealers when carrying out quarantine activities.

Post-COVID-19 The Post-COVID workshop was held in preparation for sudden changes in the business environment after the COVID-19. The workshop covered contactless trends after COVID-19, digitalization, expansion of eco-friendly industries, digitalization, and changes in working methods. By inviting experts from each field to deliver lectures, we tried to increase our understanding of the direction of change and deduced 25 detailed tasks as a result, including the development of eco-friendly products.

Financial Risk Management As NEXEN TIRE carries out business at overseas, it is exposed to various financial risks, foreign exchange risks, liquidity risks, and tax risks. Risk management is essential for the entry into the second major growth phase with the operation of the European plant and for the establishment of a stable financial foundation. As such, we are constantly monitoring risks, reviewing the identified major issues, and preparing response strategies.

1. Financial Risks While working capital volume has risen due to continued sales growth, borrowings have increased since 2017 due to a new investment in the European plant. In response, we have established a financial risk structure by expanding the proportion of stable long-term and short-term borrowings to improve cash flows and strengthened financial stability through the sale of export bonds under non-recruiting conditions. At the same time, we are maintaining a stable financial structure through borrowings using ‘Swap’. Moreover, in 2020, we were able to achieve excellent credit ratings and stable financial activities by using the cash-generated as a financial source for stable borrowing and successfully issuing corporate bonds.

2. Foreign Exchange Risks As NEXEN TIRE is expanding its global operations, exports account for about 80% of its sales as of 2020. As a result, we are exposed to foreign exchange risks related to the collection and operation of foreign currencies. Assets and liabilities for each currency are matched to minimize foreign exchange risks. Foreign exchange risks are managed for surplus currency based on cash flow analysis for each currency. We are internally reviewing foreign exchange risk management through more sophisticated derivatives trading compared to existing products, and we plan to establish a more professional strategy.

3. Liquidity Risks Through integrated and organic liquidity management between the head office and overseas subsidiaries, we are preparing for an unpredictable liquidity shock. We are concentrating on establishing a stable financial structure to respond immediately to global turbulences by selling export bonds and possessing a large-scale limited credit loan that can be borrowed and repaid at any time. Finally, distributed transactions of multiple financial institutions under this credit line enable us to manage financial costs and reduce risks from specific financial institutions.

4. Tax Risks NEXEN TIRE proactively identifies and manages tax risks by continuously monitoring changes in tax-related regulations and tax policies. It faithfully fulfills its tax reporting and payment obligations at domestic and overseas business sites based on a reasonable tax strategy. We also comply with the tax laws and regulations of the country where the business sites are located. It is strictly prohibited to transfer values to areas with low tax jurisdictions, use financial structures for tax evasion and tax havens, and conduct transfer pricing.

Non-Financial Risk Management Stakeholder expectations with regard to the company’s non-financial factors are gradually increasing. Accordingly, we are subdividing internal and external risk factors related to sustainability management to identify risks preemptively and strengthen our response for continued market competitiveness.

1. Business Continuity Risk NEXEN TIRE has established a process so that the Chief Risk Officer can immediately form a control tower to respond systematically in the event of a current risk (factory fire, natural disaster, disease, war, etc.) and establish a dedicated department. In the event of a current risk, we will overcome the risk through effective response and further seize new opportunities to develop together with our employees, stakeholders, shareholders, and customers.

2. Legal Risk As a global business, NEXEN TIRE is exposed to various legal risks both domestically and internationally. These legal risks are derived from potential risks arising from (i) non-compliance with domestic or foreign laws, (ii) disputes related to various projects or contracts, (iii) domestic and international litigation and other forms of litigation, and (iv) other business or social and environmental changes.

In relation to this, legal issues may arise in the fields of product liability, personal data protection, fair trade and e-commerce, international commerce, etc., depending on the business operated by the company. Results from the occurrence of such legal risks may cause significant financial damage as well as adversely affect the company’s business activities and reputation.

Meanwhile, in 2019, the Fair Trade Commission imposed a penalty for the behavior of “resale price maintenance.” After the event, in order to actively prevent the occurrence of anti-competitive behavior and effectually respond to possible risks in the future, the legal and ethical management organization controls whether various transactions are properly concluded and implemented. Also, we provide a regular company-wide training, implement regular inspections, and take improvement measures.

Given the situation where conflicting interests exist and adaptations to changing industrial paradigm are needed, a rational and legal decision making is required for companies, and risk management is becoming increasingly important. In order to manage the legal risk systematically, we established a risk management organization to analyze and assess the possibility of risk impact of risk, response activities, and future plans. Also, we formed an organizational review system to allow cooperation between relevant departments. Furthermore, we strengthened the contract signing and screening procedures to check in advance whether there are any violations of domestic and foreign laws and international treaties.
3. Information Security Risk

Along with the reinforcement of information security laws domestically and internationally, the importance of securing information systems, networks, and data is increasing. Accordingly, NEXEN TIRE is making various efforts to prevent cybercrimes and protect customer data from cyberbreaches.

We operate and manage an optimized information security management system through professional consultations and appoint a Chief Information Security Officer and a Data Protection Officer to prevent cyber breaches. The Audit Committee regularly monitors the company’s information security risks. The department in charge of managing risks designates information security risks as a Key Risk Indicator (KRI) and conducts monthly inspections.

Distributed business sites have specialized security operation personnel who take appropriate actions according to a manual when security-related issues occur. We conduct regular information security training for all employees. Particularly, employees dealing with personal information are appointed as personal information managers every year and receive mandatory personal information security training, covering types and scopes of personal information and customer information protection.

4. Health and Safety Risks

We made efforts to establish a health and safety management system through joint efforts between labor and management to directly participate in the management and raise the level of awareness among workers. As a result, we received the grand prize in the Honorary Industrial Safety Inspector Exemplary Case Presentation Contest, hosted by the Ministry of Employment and Labor and the Korea Occupational Safety and Health Agency. In the case of the Yangsan plant in 2020, the CEO certified by the Korea Occupational Safety and Health Corporation incorporated health and safety policies into the group management policy. The health and safety management system, which focuses on systematically managing all these activities, has been newly certified (KOSHA-MS). Domestic and overseas business sites have also been certified with ISO 45001, which is the international standard for occupational health and safety management system.

5. Fire Risk

By identifying risks that may occur at NEXEN TIRE, we establish an annual management plan to respond to emergency situations such as fire, earthquakes, storms, flooding, and leak of hazardous chemicals. Action guidelines for each situation have been established and are being distributed and trained on a group level. Particularly, we seek to improve our initial response capabilities through regular training on high-risk situations such as fires and boiler explosions. We also carry out monthly inspections of firefighting facilities together with specialized firefighting companies, legal inspections, and active investments. In addition, training departments have been reorganized for each process, and a joint fire response training targeted at the self-defense fire brigades is held in collaboration with fire stations at excellent training districts. Finally, we are working hard to establish self-directed training through annual training for our resident suppliers.

6. Risks in Other ESG Management Areas

NEXEN TIRE’s Risk Management Department collects, selects, and manages ESG-related risks that may newly arise by the Risk Management Department every year, and establishes risk response plans.
Countries worldwide are making various efforts to implement the UN's Sustainable Development Goals (SDGs) established at the 70th UN General Assembly in 2015. NEXEN TIRE seeks to fulfill its social responsibilities as a corporate citizen by engaging in various activities to achieve the UN SDGs in line with the efforts of countries around the world.

<table>
<thead>
<tr>
<th>UN SDGs Goal Promotion Direction</th>
<th>Main Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promote peace and inclusive growth</strong></td>
<td>- Certified as an excellent workplace for safety promoting activities for the 13th consecutive year</td>
</tr>
<tr>
<td><strong>Promote economic growth and decent work</strong></td>
<td>- Rigorous management and training-related workplace safety</td>
</tr>
<tr>
<td>- Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers</td>
<td></td>
</tr>
<tr>
<td>- Promoting social inclusion through the cultural foundation</td>
<td></td>
</tr>
<tr>
<td>- Implementing the NEXENreen UNIVERSITY program</td>
<td></td>
</tr>
<tr>
<td><strong>Ensure sustainable consumption and production patterns</strong></td>
<td>- Promoting culture of gender equality among employees by improving the AA program</td>
</tr>
<tr>
<td>- Prohibiting discrimination through the enhancement of human rights management policy</td>
<td></td>
</tr>
<tr>
<td>- Operating as a system for mothers-to-be</td>
<td></td>
</tr>
<tr>
<td><strong>Ensure availability of clean water and sanitation for all</strong></td>
<td>- Participating in CDP Water Information Disclosure</td>
</tr>
<tr>
<td>- Water resource reduction and reuse enhancement activities</td>
<td></td>
</tr>
<tr>
<td>- Biomass product management and wastewater reduction activities</td>
<td></td>
</tr>
<tr>
<td>- Implementing RE100 at all global business sites</td>
<td></td>
</tr>
<tr>
<td>- Signed the “Green Premium” contract to secure the use of 120,000MWh renewable energy per year</td>
<td></td>
</tr>
<tr>
<td>- Operating the solar power generation facility in Changnyeong Plant</td>
<td></td>
</tr>
<tr>
<td><strong>Promote sustainable economic growth, promote well-being for every person</strong>, and <strong>promote lifelong learning</strong></td>
<td>- Investing in mobility startups through the establishment of ‘Next Century Ventures”</td>
</tr>
<tr>
<td>- Securing 24 new models of global OE supply in 2020</td>
<td></td>
</tr>
<tr>
<td>- Operating the “Career Challenge” system</td>
<td></td>
</tr>
<tr>
<td><strong>Ensure availability of affordable and modern energy for all</strong>, and <strong>modernize infrastructure, promote sustainable industrialization, and foster innovation</strong></td>
<td>- “One Company, One Village” program that exchanges with Need Foundation (Yangsan) (since 2019)</td>
</tr>
<tr>
<td>- Supporting local community academics, culture, and arts through the Cultural Foundation</td>
<td></td>
</tr>
<tr>
<td>- Fostering local science talents through the Cultural Foundation</td>
<td></td>
</tr>
<tr>
<td>- Scholarships for the vulnerable classes in the local communities</td>
<td></td>
</tr>
<tr>
<td>- Promoting activities for the sustainable use of raw materials</td>
<td></td>
</tr>
<tr>
<td>- Participating in the Global Platform for Sustainable Natural Rubber (GPSNR)</td>
<td></td>
</tr>
<tr>
<td>- “One Company, One Village” program that exchanges with Need Foundation (Yangsan) (since 2019)</td>
<td></td>
</tr>
<tr>
<td>- Supporting local community academics, culture, and arts through the Cultural Foundation</td>
<td></td>
</tr>
<tr>
<td>- Fostering local science talents through the Cultural Foundation</td>
<td></td>
</tr>
<tr>
<td>- Scholarships for the vulnerable classes in the local communities</td>
<td></td>
</tr>
<tr>
<td>- Promoting activities for the sustainable use of raw materials</td>
<td></td>
</tr>
<tr>
<td>- Participating in the Global Platform for Sustainable Natural Rubber (GPSNR)</td>
<td></td>
</tr>
<tr>
<td>- “One Company, One Village” program that exchanges with Need Foundation (Yangsan) (since 2019)</td>
<td></td>
</tr>
<tr>
<td>- Supporting local community academics, culture, and arts through the Cultural Foundation</td>
<td></td>
</tr>
<tr>
<td>- Fostering local science talents through the Cultural Foundation</td>
<td></td>
</tr>
<tr>
<td>- Scholarships for the vulnerable classes in the local communities</td>
<td></td>
</tr>
<tr>
<td>- Promoting activities for the sustainable use of raw materials</td>
<td></td>
</tr>
<tr>
<td>- Participating in the Global Platform for Sustainable Natural Rubber (GPSNR)</td>
<td></td>
</tr>
<tr>
<td>- “One Company, One Village” program that exchanges with Need Foundation (Yangsan) (since 2019)</td>
<td></td>
</tr>
<tr>
<td>- Supporting local community academics, culture, and arts through the Cultural Foundation</td>
<td></td>
</tr>
<tr>
<td>- Fostering local science talents through the Cultural Foundation</td>
<td></td>
</tr>
<tr>
<td>- Scholarships for the vulnerable classes in the local communities</td>
<td></td>
</tr>
<tr>
<td>- Promoting activities for the sustainable use of raw materials</td>
<td></td>
</tr>
<tr>
<td>- Participating in the Global Platform for Sustainable Natural Rubber (GPSNR)</td>
<td></td>
</tr>
<tr>
<td>- Scholarships for the vulnerable classes in the local communities</td>
<td></td>
</tr>
<tr>
<td>- Promoting activities for the sustainable use of raw materials</td>
<td></td>
</tr>
<tr>
<td>- Participating in the Global Platform for Sustainable Natural Rubber (GPSNR)</td>
<td></td>
</tr>
</tbody>
</table>

### UN SDGs Activities

#### SDG 8: Decent Work and Economic Growth
- **Established the KNN Cultural Foundation (1995)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Certified as an excellent workplace with health promotion activities for the 13th consecutive year (Yangsan) (since 2007)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**

#### SDG 9: Industry, Innovation and Infrastructure
- **Acquired the ISO 45001 (Yangsan, Changnyeong, Qingdao, Europe)**
- **Acquired the ISO 14001 (Yangsan, Changnyeong, Qingdao, Europe)**
- **Acquired the IATF 16949 (Yangsan, Changnyeong, Qingdao, Europe)**
- **Joined the Global Platform for Sustainable Natural Rubber (GPSNR)**
- **N’FERA Sport ranked no. 1 in summer tire performance test conducted by German automobile magazine “ACE Lanka”**

#### SDG 10: Reduced Inequality
- **Established the KNN Cultural Foundation (1995)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**

#### SDG 11: Sustainable Cities and Communities
- **Published the ESG Report (2020)**
- **NEXT LEVEL G2 service was the grand prize in the “National Service Award” for the 2nd consecutive year (since 2019)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Certified as an excellent workplace with health promotion activities for the 13th consecutive year (Yangsan) (since 2007)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**

#### SDG 12: Responsible Consumption and Production
- **Published the ESG Report (2020)**
- **NEXT LEVEL G2 service was the grand prize in the “National Service Award” for the 2nd consecutive year (since 2019)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Certified as an excellent workplace with health promotion activities for the 13th consecutive year (Yangsan) (since 2007)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**

#### SDG 13: Climate Action
- **Established the KNN Cultural Foundation (1995)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**

#### SDG 14: Life below Water
- **Published the ESG Report (2020)**
- **NEXT LEVEL G2 service was the grand prize in the “National Service Award” for the 2nd consecutive year (since 2019)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Certified as an excellent workplace with health promotion activities for the 13th consecutive year (Yangsan) (since 2007)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**

#### SDG 15: Life on Land
- **Published the ESG Report (2020)**
- **NEXT LEVEL G2 service was the grand prize in the “National Service Award” for the 2nd consecutive year (since 2019)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Certified as an excellent workplace with health promotion activities for the 13th consecutive year (Yangsan) (since 2007)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**

#### SDG 16: Peace, Justice and Strong Institutions
- **Published the ESG Report (2020)**
- **NEXT LEVEL G2 service was the grand prize in the “National Service Award” for the 2nd consecutive year (since 2019)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Certified as an excellent workplace with health promotion activities for the 13th consecutive year (Yangsan) (since 2007)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**

#### SDG 17: Partnerships for the Goals
- **Published the ESG Report (2020)**
- **NEXT LEVEL G2 service was the grand prize in the “National Service Award” for the 2nd consecutive year (since 2019)**
- **Established the NEXEN Wolsuk Busan Leading Scholarship Committee (2009)**
- **Certified as an excellent workplace with health promotion activities for the 13th consecutive year (Yangsan) (since 2007)**
- **Rigorous management and training-related workplace safety**
- **Operating health and safety symbolic cooperation programs for large companies and small- to medium-sized suppliers**
- **Implementing the NEXENreen UNIVERSITY program**
Awards

Initiative Response

- September 2020: Won the grand prize in the tire general service sector of the "2020 National Service Awards" hosted by the Association of Businessmen and Government Officials.
- May 2021: Won the Korean Labor-Management Cooperation Award for the 11th consecutive year.
- June 2021: Ranked no. 1 in global customer satisfaction index (CSI) for 11 consecutive years.
- 2021: Won the GM Supplier Quality Excellence Award for 8 consecutive years.
- June 2021: Won the grand prize in the Gyeongnam Quality Control Circle Contest for the 11th consecutive year since 2011.
- "2020 National Service Award" hosted by the Institute for Industrial Policy Studies for 2 consecutive years.

Quality Management/Customer Satisfaction

- November 2020: Won the "Corporate Reputation Award" for corporate reputation.
- November 2020: Won the "2020 Best Supplier of the Year" by a global automaker.
- June 2021: Won the GM Supplier Quality Excellence Award for the 11th consecutive year.
- Ranked no. 1 in global customer satisfaction index (CSI) for 11 consecutive years.

Corporate Management

- May 2021: Won the Grand Prize in the Korea Labor-Management Cooperation Awards hosted by the Korea Enterprises Federation.
- Received the "2020 Best Supplier of the Year" by a global automaker.
- Won the grand prize in the tire general service sector of the "2020 National Service Awards" hosted by the Association of Businessmen and Government Officials.

Design Award

- "Global Pattern Guidebook" 2020/21 NEXEN TIRE ESG Report
- NEXEN TIRE received top 4 global design awards for the first time in the industry.
- Germany Red Dot Design Award
- As the world's largest design awards event, the Red Dot Design Awards is hosted by the Design Zentrum Nordrhein Westfalen in Germany. Winners are selected and announced in three categories, which are product design, concept design, and communication design. Since it was first organized in Germany in 1955, the Red Dot Design Award has received more than 11,000 entries from 65 countries.
- Germany iF Design Award
- Launched in 1954, the iF Product Design Award is organized every year by the iF International Forum Design. More than 2,000 works are submitted from around 37 countries every year, and the best ones become iF-certified.
- United States IDEA Design Award
- The United States IDEA Design Awards is an international design award event organized by the Industrial Designers Society of America. The best design is selected following a comprehensive evaluation based on various criteria such as design innovation, user benefits, and social responsibility.
- Japan Good Design Award
- As an international design awards event launched in 1957 and hosted by the Japan Industrial Design Promotion Organization (JIDPO), the Japan Good Design Awards evaluates products according to strict evaluation criteria. Products chosen by the Japan Good Design Awards boast of high quality and innovative design, enhancing the reputation of the design awards.
- United States IDEA Design Award
- The United States IDEA Design Awards is an international design award event organized by the Industrial Designers Society of America. The best design is selected following a comprehensive evaluation based on various criteria such as design innovation, user benefits, and social responsibility.

Sustainability Performance Data

Economic Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (KRW 100 million)</td>
<td>19,647.9</td>
<td>19,839.8</td>
<td>20,223.4</td>
<td>16,981.2</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>13,275.7</td>
<td>14,222.0</td>
<td>14,056.9</td>
<td>12,598.0</td>
</tr>
<tr>
<td>Gross profit</td>
<td>6,372.2</td>
<td>5,617.7</td>
<td>6,165.5</td>
<td>4,383.2</td>
</tr>
<tr>
<td>Sales and administration expenses</td>
<td>3,425.1</td>
<td>3,411.6</td>
<td>3,504.4</td>
<td>3,517.3</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,940.4</td>
<td>1,824.6</td>
<td>2,071.1</td>
<td>396.9</td>
</tr>
<tr>
<td>Net profit before income tax (loss)</td>
<td>1,166.4</td>
<td>1,483.9</td>
<td>1,843.5</td>
<td>-120.8</td>
</tr>
<tr>
<td>Operating profit (loss) during the term</td>
<td>1,240.0</td>
<td>1,035.9</td>
<td>1,184.5</td>
<td>-103.9</td>
</tr>
<tr>
<td>Change in comprehensive income</td>
<td>0.0</td>
<td>99.5</td>
<td>359.0</td>
<td>245.0</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>1,356.7</td>
<td>995.5</td>
<td>1,641.5</td>
<td>49.9</td>
</tr>
<tr>
<td>Current assets</td>
<td>9,115.6</td>
<td>9,939.9</td>
<td>10,885.9</td>
<td>12,072.6</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>8,555.3</td>
<td>12,487.4</td>
<td>23,471.5</td>
<td>24,741.2</td>
</tr>
<tr>
<td>Total assets</td>
<td>17,670.9</td>
<td>22,427.3</td>
<td>34,397.4</td>
<td>36,813.8</td>
</tr>
<tr>
<td>Net profit (loss) during the term</td>
<td>1,254.0</td>
<td>1,035.9</td>
<td>1,184.5</td>
<td>-103.9</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>14,550.8</td>
<td>18,140.9</td>
<td>18,781.5</td>
<td>19,941.2</td>
</tr>
<tr>
<td>Total equity</td>
<td>13,389.3</td>
<td>14,281.8</td>
<td>15,579.0</td>
<td>15,469.5</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>13,389.3</td>
<td>14,281.8</td>
<td>15,579.0</td>
<td>15,469.5</td>
</tr>
<tr>
<td>Tire sector</td>
<td>1,581.5</td>
<td>1,595.1</td>
<td>1,790.6</td>
<td>1,810.6</td>
</tr>
<tr>
<td>Non-tire sector (transportation and storage)</td>
<td>26.4</td>
<td>7.6</td>
<td>16.7</td>
<td>19.9</td>
</tr>
<tr>
<td>Non-tire sector (molds)</td>
<td>61.8</td>
<td>49.6</td>
<td>59.9</td>
<td>59.7</td>
</tr>
<tr>
<td>Non-tire sector (Scenery etc.)</td>
<td>59.2</td>
<td>58.5</td>
<td>61.6</td>
<td></td>
</tr>
<tr>
<td>Interim transaction removal</td>
<td>8,175.5</td>
<td>-8,343.1</td>
<td>-8,497.6</td>
<td>-7,784.0</td>
</tr>
<tr>
<td>Gross operating profit</td>
<td>1,852.2</td>
<td>1,824.6</td>
<td>2,073.1</td>
<td>394.3</td>
</tr>
<tr>
<td>Tire sector</td>
<td>1,658.5</td>
<td>1,658.5</td>
<td>1,850.6</td>
<td>1,674.8</td>
</tr>
<tr>
<td>Non-tire sector (transportation and storage)</td>
<td>204.7</td>
<td>156.6</td>
<td>217.5</td>
<td>198.3</td>
</tr>
<tr>
<td>Non-tire sector (molds)</td>
<td>61.8</td>
<td>49.6</td>
<td>59.9</td>
<td>59.7</td>
</tr>
<tr>
<td>Non-tire sector (Scenery etc.)</td>
<td>59.2</td>
<td>58.5</td>
<td>61.6</td>
<td></td>
</tr>
<tr>
<td>Interim transaction removal</td>
<td>8,175.5</td>
<td>-8,343.1</td>
<td>-8,497.6</td>
<td>-7,784.0</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>18,555.8</td>
<td>18,190.9</td>
<td>18,781.5</td>
<td>19,941.2</td>
</tr>
<tr>
<td>Tire sector</td>
<td>17,283.4</td>
<td>21,958.9</td>
<td>23,071.0</td>
<td>23,640.4</td>
</tr>
<tr>
<td>Non-tire sector (transportation and storage)</td>
<td>438.6</td>
<td>446.5</td>
<td>446.1</td>
<td>446.0</td>
</tr>
<tr>
<td>Non-tire sector (molds)</td>
<td>42.1</td>
<td>42.1</td>
<td>42.1</td>
<td>42.1</td>
</tr>
<tr>
<td>Non-tire sector (Scenery etc.)</td>
<td>3.6</td>
<td>4.3</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td>Interim transaction removal</td>
<td>1,254.0</td>
<td>1,271.9</td>
<td>1,253.8</td>
<td>1,253.8</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>18,555.8</td>
<td>18,190.9</td>
<td>18,781.5</td>
<td>19,941.2</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>18,555.8</td>
<td>18,190.9</td>
<td>18,781.5</td>
<td>19,941.2</td>
</tr>
<tr>
<td>Tire sector</td>
<td>17,283.4</td>
<td>21,958.9</td>
<td>23,071.0</td>
<td>23,640.4</td>
</tr>
<tr>
<td>Non-tire sector (transportation and storage)</td>
<td>438.6</td>
<td>446.5</td>
<td>446.1</td>
<td>446.0</td>
</tr>
<tr>
<td>Non-tire sector (molds)</td>
<td>42.1</td>
<td>42.1</td>
<td>42.1</td>
<td>42.1</td>
</tr>
<tr>
<td>Non-tire sector (Scenery etc.)</td>
<td>3.6</td>
<td>4.3</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td>Interim transaction removal</td>
<td>1,254.0</td>
<td>1,271.9</td>
<td>1,253.8</td>
<td>1,253.8</td>
</tr>
</tbody>
</table>

Classification

<table>
<thead>
<tr>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free inspection service</td>
<td>461</td>
<td>478</td>
<td>459</td>
<td>459</td>
</tr>
<tr>
<td>Number of vehicles</td>
<td>12,537</td>
<td>12,235</td>
<td>12,706</td>
<td>14,600</td>
</tr>
<tr>
<td>Warranty for product lifecycle (KRW 100 million)</td>
<td>1,293</td>
<td>1,293</td>
<td>1,293</td>
<td>1,293</td>
</tr>
<tr>
<td>Number of seats</td>
<td>2,562</td>
<td>2,080</td>
<td>1,775</td>
<td>1,097</td>
</tr>
</tbody>
</table>
## Environmental Performance

### Greenhouse Gas

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GHG emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Scope 1) Yangsan Plant</td>
<td>tCO₂eq</td>
<td>7,322</td>
<td>8,236</td>
<td>7,573</td>
<td>5,046</td>
</tr>
<tr>
<td>(Scope 1) Changnyeong Plant</td>
<td>tCO₂eq</td>
<td>119,817</td>
<td>119,841</td>
<td>140,891</td>
<td>130,264</td>
</tr>
<tr>
<td>(Scope 1) Small-scale worksites</td>
<td>tCO₂eq</td>
<td>55,556</td>
<td>57,556</td>
<td>58,556</td>
<td>50,006</td>
</tr>
<tr>
<td>(Scope 1) Europe Plant</td>
<td>tCO₂eq</td>
<td>109,556</td>
<td>109,589</td>
<td>109,598</td>
<td>109,569</td>
</tr>
<tr>
<td>Total</td>
<td>tCO₂eq</td>
<td>32,040</td>
<td>33,073</td>
<td>39,573</td>
<td>35,225</td>
</tr>
<tr>
<td><strong>GHG emissions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Scope 2) Yangsan Plant</td>
<td>tCO₂eq</td>
<td>117,971</td>
<td>119,841</td>
<td>120,897</td>
<td>100,045</td>
</tr>
<tr>
<td>(Scope 2) Changnyeong Plant</td>
<td>tCO₂eq</td>
<td>55,556</td>
<td>57,556</td>
<td>58,556</td>
<td>50,006</td>
</tr>
<tr>
<td>(Scope 2) Small-scale worksites</td>
<td>tCO₂eq</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>(Scope 2) Europe Plant</td>
<td>tCO₂eq</td>
<td>119,556</td>
<td>119,589</td>
<td>119,598</td>
<td>119,569</td>
</tr>
<tr>
<td>Total</td>
<td>tCO₂eq</td>
<td>174,341</td>
<td>177,797</td>
<td>212,880</td>
<td>194,048</td>
</tr>
<tr>
<td><strong>GHG emissions total</strong></td>
<td>tCO₂eq</td>
<td>206,381</td>
<td>210,870</td>
<td>252,453</td>
<td>229,273</td>
</tr>
</tbody>
</table>

### Energy Consumption

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fuel</strong></td>
<td>TJ</td>
<td>137</td>
<td>155</td>
<td>149</td>
<td>99</td>
</tr>
<tr>
<td>Purchased electricity</td>
<td></td>
<td>1,069</td>
<td>1,059</td>
<td>1,089</td>
<td>1,139</td>
</tr>
<tr>
<td>Renewable energy</td>
<td></td>
<td>244</td>
<td>248</td>
<td>250</td>
<td>253</td>
</tr>
<tr>
<td>Purchased steam</td>
<td></td>
<td>342</td>
<td>350</td>
<td>352</td>
<td>355</td>
</tr>
<tr>
<td>Total</td>
<td>TJ</td>
<td>2,445</td>
<td>2,498</td>
<td>2,550</td>
<td>2,568</td>
</tr>
</tbody>
</table>

### Exhaust Gas

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NOx emissions</strong></td>
<td></td>
<td>48.7</td>
<td>48.2</td>
<td>48.1</td>
<td>47.5</td>
</tr>
<tr>
<td>(Scope 1) Yangsan Plant</td>
<td>ppm</td>
<td>10.9</td>
<td>10.4</td>
<td>10.4</td>
<td>10.4</td>
</tr>
<tr>
<td>(Scope 1) Changnyeong Plant</td>
<td>ppm</td>
<td>8.7</td>
<td>8.7</td>
<td>8.7</td>
<td>8.7</td>
</tr>
<tr>
<td>(Scope 1) Small-scale worksites</td>
<td>ppm</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>(Scope 1) Europe Plant</td>
<td>ppm</td>
<td>7.2</td>
<td>7.2</td>
<td>7.2</td>
<td>7.2</td>
</tr>
<tr>
<td>Total</td>
<td>ppm</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
</tr>
</tbody>
</table>

### SOx Emissions

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOx emissions</strong></td>
<td></td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>(Scope 1) Yangsan Plant</td>
<td>ppm</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>(Scope 1) Changnyeong Plant</td>
<td>ppm</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>(Scope 1) Small-scale worksites</td>
<td>ppm</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>(Scope 1) Europe Plant</td>
<td>ppm</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Total</td>
<td>ppm</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

### Waste

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Waste generated</strong></td>
<td></td>
<td>2,091.1</td>
<td>3,100.5</td>
<td>2,513.7</td>
<td>2,704.2</td>
</tr>
<tr>
<td>Recycling</td>
<td></td>
<td>2,091.1</td>
<td>3,100.5</td>
<td>2,513.7</td>
<td>2,704.2</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td></td>
<td>38.3</td>
<td>70.3</td>
<td>113.6</td>
<td>119.6</td>
</tr>
<tr>
<td>Incineration</td>
<td></td>
<td>124.1</td>
<td>189.8</td>
<td>182.4</td>
<td>158.2</td>
</tr>
<tr>
<td>Landfill</td>
<td></td>
<td>22.2</td>
<td>36.2</td>
<td>19.1</td>
<td>19.1</td>
</tr>
<tr>
<td>Non-hazardous waste</td>
<td></td>
<td>22.7</td>
<td>35.6</td>
<td>18.4</td>
<td>18.4</td>
</tr>
<tr>
<td><strong>Waste generated</strong></td>
<td></td>
<td>2,318.1</td>
<td>2,902.3</td>
<td>2,329.0</td>
<td>2,119.3</td>
</tr>
<tr>
<td>Recycling</td>
<td></td>
<td>2,318.1</td>
<td>2,902.3</td>
<td>2,329.0</td>
<td>2,119.3</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td></td>
<td>22.7</td>
<td>35.2</td>
<td>18.4</td>
<td>18.4</td>
</tr>
<tr>
<td>Incineration</td>
<td></td>
<td>124.1</td>
<td>189.8</td>
<td>182.4</td>
<td>158.2</td>
</tr>
<tr>
<td>Landfill</td>
<td></td>
<td>22.2</td>
<td>36.2</td>
<td>19.1</td>
<td>19.1</td>
</tr>
<tr>
<td>Non-hazardous waste</td>
<td></td>
<td>22.7</td>
<td>35.6</td>
<td>18.4</td>
<td>18.4</td>
</tr>
</tbody>
</table>
## Environmental Performance Data

### Environmental Performance

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste generation</td>
<td>ton</td>
<td>5,934.6</td>
<td>6,071.9</td>
<td>6,088.5</td>
<td>7,745.7</td>
</tr>
<tr>
<td>Non-hazardous waste</td>
<td>ton</td>
<td>4,017.7</td>
<td>4,032.9</td>
<td>4,037.6</td>
<td>5,156.8</td>
</tr>
<tr>
<td>Hazardous waste</td>
<td>ton</td>
<td>1,916.9</td>
<td>2,039.0</td>
<td>2,050.9</td>
<td>2,588.9</td>
</tr>
<tr>
<td>Total waste</td>
<td>ton</td>
<td>6,750.5</td>
<td>6,102.9</td>
<td>6,146.4</td>
<td>7,334.6</td>
</tr>
</tbody>
</table>

### Social Performance

#### Employees by region

<table>
<thead>
<tr>
<th>Country</th>
<th>Total number of employees by region</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>6,030</td>
<td>5,354</td>
<td>676</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>746</td>
<td>688</td>
<td>58</td>
</tr>
<tr>
<td>China</td>
<td>1,972</td>
<td>1,660</td>
<td>312</td>
</tr>
<tr>
<td>Europe (Europe)</td>
<td>1,652</td>
<td>1,420</td>
<td>232</td>
</tr>
<tr>
<td>China</td>
<td>1,652</td>
<td>1,420</td>
<td>232</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>746</td>
<td>688</td>
<td>58</td>
</tr>
<tr>
<td>Korea</td>
<td>6,030</td>
<td>5,354</td>
<td>676</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>746</td>
<td>688</td>
<td>58</td>
</tr>
<tr>
<td>China</td>
<td>1,972</td>
<td>1,660</td>
<td>312</td>
</tr>
<tr>
<td>Europe (Europe)</td>
<td>1,652</td>
<td>1,420</td>
<td>232</td>
</tr>
</tbody>
</table>

#### Gender

<table>
<thead>
<tr>
<th>Employment contract &amp; region</th>
<th>Permanent</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>6,030</td>
<td>5,354</td>
<td>676</td>
</tr>
<tr>
<td>Part-time</td>
<td>746</td>
<td>688</td>
<td>58</td>
</tr>
</tbody>
</table>

#### Temporary employees

<table>
<thead>
<tr>
<th>Employment contract &amp; region</th>
<th>Permanent</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>6,030</td>
<td>5,354</td>
<td>676</td>
</tr>
<tr>
<td>Part-time</td>
<td>746</td>
<td>688</td>
<td>58</td>
</tr>
</tbody>
</table>

#### Accident rate

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yangsan Plant</td>
<td>%</td>
<td>0.125</td>
<td>0.209</td>
<td>0.297</td>
<td>0.451</td>
</tr>
<tr>
<td>Changnyeong Plant</td>
<td>%</td>
<td>0.328</td>
<td>0.297</td>
<td>0.170</td>
<td>0.100</td>
</tr>
<tr>
<td>Netherlands (Europe)</td>
<td>%</td>
<td>0.328</td>
<td>0.297</td>
<td>0.170</td>
<td>0.100</td>
</tr>
</tbody>
</table>

#### Implementation rate of health and safety risk assessment

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Percentage of employees receiving environmental training

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Implement rate of environmental risk assessment

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Occupational Safety

#### Safety training

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Total number of accidents

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Number of work-related fatalities

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Environmental Management

#### TMS Implementation rate

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Percentage of employees receiving ethical management training

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Parental leave

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Percentage of employees receiving human rights training

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Human Rights

#### Percentage of employees receiving information security training

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Information Security

#### Percentage of employees receiving information security training

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Foundation Operations

#### Total operational expenses

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Other employee benefits

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Governance Performance

#### Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

### Corporate Governance

#### No. of CEOs

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

#### Attendance rate of non-executive directors

<table>
<thead>
<tr>
<th>Classification</th>
<th>Unit</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Part-time</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
GRI Standards Index:

102: General Disclosures

- 102-1 Name of the organization
- 102-2 Activities, brands, products, and services
- 102-3 Location of headquarters
- 102-4 Location of operations
- 102-5 Ownership and legal form
- 102-6 Markets served
- 102-7 Scale of the organization
- 102-8 Information on employees and other workers
- 102-9 Supply chain
- 102-10 Significant changes to the organization and its supply chain
- 102-11 Precautionary Principle or approach
- 102-12 External initiatives
- 102-13 Membership of associations
- 102-14 Statement from senior decision-maker
- 102-15 Values, principles, standards, and norms of behavior
- 102-16 Governance structure
- 102-17 List of stakeholder groups
- 102-18 Identifying and selecting stakeholders
- 102-19 Key topics and concerns raised
- 102-20 External entities included in the consolidated financial statements
- 102-21 Defined benefit plan obligations and other retirement plans
- 102-22 Financial assistance received from government

201: Economic Performance

- 201-1 Direct economic value generated and distributed
- 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

202: Market Presence

- 202-1 Ratios of standard entry level wage by gender compared to local minimum wage

203: Indirect Economic Impacts

- 203-1 Infrastructure investments and services supported

204: Procurement Practices

- 204-1 Proportion of spending on local suppliers

205: Anti-corruption

- 205-1 Operations assessed for risks related to corruption
- 205-2 Communication and training about anti-corruption policies and procedures
- 205-3 Confirmed incidents of corruption and actions taken
- 205-4 Country-by-country reporting

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 Standards Index*  

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Index</th>
<th>Details</th>
<th>Page</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>201</td>
<td>Materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>201-1</td>
<td>Materials used by weight or volume</td>
<td>p. 113</td>
<td></td>
<td></td>
</tr>
<tr>
<td>201-2</td>
<td>recycled input materials used</td>
<td>Reclaimed butyl rubber percentage: 0.64%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>201-3</td>
<td>reclaimed products and their packaging materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>202</td>
<td>Energy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>202-1</td>
<td>Energy consumption within the organization</td>
<td>p. 112-113</td>
<td></td>
<td></td>
</tr>
<tr>
<td>202-2</td>
<td>Energy consumption outside of the organization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>202-3</td>
<td>Energy intensity</td>
<td>p. 113</td>
<td></td>
<td></td>
</tr>
<tr>
<td>202-4</td>
<td>Reduction of energy consumption</td>
<td>p. 57-58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>202-5</td>
<td>Reductions in energy requirements of products and services</td>
<td>p. 47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>203</td>
<td>Water and Effluents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>203-1</td>
<td>Interactions with water as a shared resource</td>
<td>p. 114 Refer to CDP Water Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>203-2</td>
<td>Management of water discharge-related impacts</td>
<td>p. 49 Refer to CDP Water Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>203-3</td>
<td>Water withdrawal</td>
<td>p. 49 Refer to CDP Water Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>203-4</td>
<td>Water discharge</td>
<td>Refer to CDP Water Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>203-5</td>
<td>Water consumption</td>
<td>p. 114 Refer to CDP Water Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>204</td>
<td>Biodiversity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>204-1</td>
<td>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>204-2</td>
<td>Significant impacts of activities, products, and services on biodiversity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>204-3</td>
<td>habitats protected or restored</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>204-4</td>
<td>IUCN Red List species and national conservation lists for species with habitats in areas affected by operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>205</td>
<td>Emissions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>205-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>p. 112</td>
<td></td>
<td></td>
</tr>
<tr>
<td>205-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>p. 112</td>
<td></td>
<td></td>
</tr>
<tr>
<td>205-3</td>
<td>Other indirect (Scope 3) GHG emissions</td>
<td>Refer to a, b, c, and d</td>
<td></td>
<td></td>
</tr>
<tr>
<td>205-4</td>
<td>GHG emissions intensity</td>
<td>Refer to a, b, c, and d</td>
<td></td>
<td></td>
</tr>
<tr>
<td>205-5</td>
<td>Reductions of GHG emissions</td>
<td>p. 57-58</td>
<td></td>
<td></td>
</tr>
<tr>
<td>205-6</td>
<td>Emissions of ozone-depleting substances (ODS)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>205-7</td>
<td>Management of NOx, SOx, greenhouse gases, and other significant air emissions</td>
<td>Refer to b, c, and d</td>
<td></td>
<td></td>
</tr>
<tr>
<td>205-8</td>
<td>Sources of the emissions factors used</td>
<td>p. 112</td>
<td></td>
<td></td>
</tr>
<tr>
<td>206</td>
<td>Waste</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>206-1</td>
<td>Waste generation and significant waste-related impacts</td>
<td>p. 49, 52-53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>206-2</td>
<td>Management of significant waste-related impacts</td>
<td>p. 49, 52-53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>206-3</td>
<td>Waste generated</td>
<td>p. 113-114</td>
<td></td>
<td></td>
</tr>
<tr>
<td>206-4</td>
<td>Waste diverted from disposal</td>
<td>p. 113</td>
<td></td>
<td></td>
</tr>
<tr>
<td>206-5</td>
<td>Waste directed to disposal</td>
<td>p. 113</td>
<td></td>
<td></td>
</tr>
<tr>
<td>207</td>
<td>Environmental Compliance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>207-1</td>
<td>Non-compliance with environmental laws and regulations</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>208</td>
<td>Supplier Environmental Assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>208-1</td>
<td>New suppliers that were screened using environmental criteria</td>
<td>0% (We are currently conducting ESG evaluation of existing suppliers and expanding the scope of the evaluation to new suppliers in the future)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>208-2</td>
<td>Negative environmental impacts in the supply chain and actions taken</td>
<td>p. 82-83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>209</td>
<td>GRI 400 Social</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>401</td>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-1</td>
<td>New employee hiring and employee turnover</td>
<td>4% major social insurance, health management, compensation for disability and injury, parental leave, service awards, global year-end rewards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-2</td>
<td>Benefits provided to full-time employees who are not provided to temporary or part-time employees</td>
<td>4% major social insurance, health management, compensation for disability and injury, parental leave, service awards, global year-end rewards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>401-3</td>
<td>Parental leave</td>
<td>p. 115</td>
<td></td>
<td></td>
</tr>
<tr>
<td>402</td>
<td>Labor/Management Relations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>402-1</td>
<td>Minimum notice periods regarding operational changes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>403</td>
<td>Occupational Health and Safety</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-1</td>
<td>Occupational health and safety management system</td>
<td>p. 72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-2</td>
<td>Hazard identification, risk assessment, and incident investigation</td>
<td>p. 72, 78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-3</td>
<td>Occupational health services</td>
<td>p. 73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-4</td>
<td>Worker participation, consultation, and communication on occupational health and safety</td>
<td>p. 70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-5</td>
<td>Worker training on occupational health and safety</td>
<td>p. 72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-6</td>
<td>Promotion of worker health</td>
<td>p. 73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item Index</td>
<td>Details</td>
<td>Page</td>
<td>Remarks</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>410:1</td>
<td>Security personnel trained in human rights policies or procedures</td>
<td>p. 62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>410:2</td>
<td>Operations with local community engagement, impact assessments, and development programs</td>
<td>p. 84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>411:1</td>
<td>New suppliers that were screened using social criteria</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>411:2</td>
<td>Negative social impacts in the supply chain and actions taken</td>
<td>p. 82-83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>412:1</td>
<td>Operations that have been subject to human rights reviews or impact assessments</td>
<td>p. 62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>412:2</td>
<td>Employee training on human rights policies or procedures</td>
<td>p. 64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>412:3</td>
<td>Significant investment agreements and contracts that include human rights clauses or that underpin human rights screening</td>
<td>p. 64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>413:1</td>
<td>Operations with local community engagement, impact assessments, and development programs</td>
<td>p. 75-81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>413:2</td>
<td>Operations with significant actual and potential negative impacts on local communities</td>
<td>p. 84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>414:1</td>
<td>Non-compliance with laws and regulations in the social and economic area and/or regulations in the social and economic area in terms of:</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>414:2</td>
<td>New suppliers that were screened using social criteria</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>415:1</td>
<td>Political contributions</td>
<td>p. 102</td>
<td></td>
<td></td>
</tr>
<tr>
<td>416:1</td>
<td>Assessment of the health and safety impacts of product and service categories</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>417:1</td>
<td>Requirements for product and service information and labeling</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>417:2</td>
<td>Incidents of non-compliance concerning product and service information and labeling</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>418:1</td>
<td>Substandard complaints concerning breaches of customer privacy and losses of customer data</td>
<td>p. 92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>419:1</td>
<td>Non-compliance with laws and regulations in the social and economic area and/or regulations in the social and economic area in terms of:</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**GRI Standards Index**

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

<table>
<thead>
<tr>
<th>Classification</th>
<th>Index</th>
<th>Unit</th>
<th>Page and Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>TR-AP-1030 A</td>
<td>Number of parts produced</td>
<td>Number</td>
<td>20,979</td>
</tr>
<tr>
<td>TR-AP-1030 B</td>
<td>Weight of parts produced</td>
<td>Metric Tons</td>
<td>152.05</td>
</tr>
<tr>
<td>TR-AP-1030 C</td>
<td>Area of manufacturing plants</td>
<td>Square meters</td>
<td>337,055</td>
</tr>
</tbody>
</table>

SASB Standards Index (Domestic and overseas manufacturing plants)

Sustainability Disclosure Topics & Accounting Metrics

<table>
<thead>
<tr>
<th>Classification</th>
<th>Index</th>
<th>Unit</th>
<th>Page and Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Management TR-AP-105a.1</td>
<td>(1) Total energy consumed</td>
<td>GJ</td>
<td>4,444,301</td>
</tr>
<tr>
<td></td>
<td>(2) Percentage grid electricity</td>
<td>%</td>
<td>63.37</td>
</tr>
<tr>
<td></td>
<td>(3) Percentage renewable</td>
<td>%</td>
<td>There was no use of renewable energy in Korean and overseas plants. 1,492GJ of renewable energy was used in the Central Research Institute (Magok) in 2020.</td>
</tr>
<tr>
<td>Waste Management TR-AP-105a.1</td>
<td>(1) Total amount of waste from manufacturing</td>
<td>Metric Tons</td>
<td>8,008.81</td>
</tr>
<tr>
<td></td>
<td>(2) Percentage hazardous</td>
<td>%</td>
<td>10.09</td>
</tr>
<tr>
<td></td>
<td>(3) Percentage recycled</td>
<td>%</td>
<td>84.78</td>
</tr>
<tr>
<td>Product Safety TR-AP-205a.1</td>
<td>Number of units issued, total units recalled</td>
<td>Case</td>
<td>There was no voluntary/excursive recall.</td>
</tr>
<tr>
<td>Design for Fuel Efficiency TR-AP-401a.1</td>
<td>Revenue from products designed to increase fuel efficiency and/or reduce emissions</td>
<td>KRW</td>
<td>997,807,186</td>
</tr>
<tr>
<td>Materials Sourcing TR-AP-440a.1</td>
<td>Description of the management of risks associated with the use of critical materials</td>
<td>Conflict Minerals Policy</td>
<td>As part of the sustainable management policy of the company in 2020, it has been distributed to all the suppliers of the raw materials. Relevant details are available on the Responsible Supply Chain (pp. 82–87) of the Sustainability Report. Note: Tin is one of the conflict minerals that tire manufacturers need to manage. As it is used for manufacturing bead wires, the suppliers are requested to provide relevant data.</td>
</tr>
<tr>
<td>Materials Efficiency TR-AP-440b.1</td>
<td>Percentage of products sold that are recyclable</td>
<td>%</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Percentage of input materials from recycled or remanufactured content</td>
<td>%</td>
<td>0</td>
</tr>
<tr>
<td>Competitor Behavior TR-AP-520a.1</td>
<td>Total amount of adverse actions as a result of legal proceeding associated with anti-competitive behavior regulations</td>
<td>KRW</td>
<td>0</td>
</tr>
</tbody>
</table>

TCFD Standards Index

Goveriance: Disclose the organization’s governance around climate-related risks and opportunities.

A. Describe the boards oversight of climate-related risks and opportunities. C1.1 C1.2

B. Describe management’s role in assessing and managing climate-related risks and opportunities. C1.1 C1.2

Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.

A. Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-term. C2.1 C2.2 C2.3

B. Describe the impact of climate-related risks and opportunities on the organization’s business strategy, strategy, and financial planning. C2.1 C2.2 C2.3

C. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. C2.1 C2.2 C2.3

Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.

A. Describe the organization’s processes for identifying and assessing climate-related risks. C1.1 C1.2

B. Describe the organization’s processes for managing climate-related risks. C1.1 C1.2

C. Describe the processes for identifying, assessing, and managing climate-related risks integrated into the organization’s overall risk management. C1.1 C1.2

Metrics and Targets: Describe how the metrics and targets used to assess and manage climate-related risks and opportunities where such information is material.

A. Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. C4 C4.2 C4.3 C4.4

B. Describe Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. C4 C4.2 C4.3 C4.4

C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. C4 C4.2 C4.3 C4.4

In order to evaluate risks and opportunities, we monitor greenhouse gas emissions, environmental investment costs, the number of ESG 14001 certified worksites, etc. By building a company-wide greenhouse gas inventory from 2021, we plan to manage emissions and allocate target reductions.
Third-Party Assurance

To readers of 2020-21 NEXEN TIRE Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by NEXEN TIRE to conduct an independent assurance of its Sustainability Report 2020-2021 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of NEXEN TIRE. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with NEXEN TIRE and issue an assurance statement.

Scope and Standards

NEXEN TIRE described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standards. We were providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process. We also confirmed that the report was prepared in accordance with the TCFD recommendations and SASB.

• GRI Sustainability Reporting Standards
• Universal standards
• Topic-specific standards
• Management approach of Topic Specific Standards
- GRI 205: Anti-Corruption
- GRI 302: Energy
- GRI 303: Water and Effluents
- GRI 305: Emissions
- GRI 306: Effluents and Waste
- GRI 403: Occupational Health and Safety
- GRI 414: Supplier Social Assessment
- GRI 419: Socioeconomic Compliance
- SASB Sustainability Disclosure Topics & Accounting Metrics
- TCFD recommendations

As for the reporting boundary, the engagement excludes the data and information of NEXEN TIRE’s partners, suppliers and any third parties.

KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

• reviewed the overall Report;
• reviewed materiality assessment methodology and the assessment report;
• evaluated sustainability strategies, performance data management system, and processes;
• interviewed people in charge of preparing the Report;
• reviewed the reliability of the Report’s performance data and conducted data sampling;
• assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by NEXEN TIRE to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document 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 make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021-2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with NEXEN TIRE and did not provide any services to NEXEN TIRE that could compromise the independence of our work.

July 2021 Seoul, Korea

E. J. Hong
CEO
Korea Management Registrar

Korea Management Registrar

July 2021 Seoul, Korea

KMR

Korea Management Registrar

SASB

NEXEN TIRE Sustainability Report 2020-2021

GRI 306: Effluents and Waste

GRI 305: Emissions

GRI 303: Water and Effluents

GRI 205: Anti-Corruption

GRI 419: Socioeconomic Compliance

GRI 414: Supplier Social Assessment

GRI 403: Occupational Health and Safety

Appendix