

NEXT LEVEL MOBILITY FOR ALL

2022/23 NEXEN TIRE ESG REPORT

NEXEN NEXEN TIRE
we got you

About this Report



NEXEN TIRE 2022/23 ESG Report covers the company's management philosophy titled, 'NEXEN UNIVERSE' for ESG management, and includes achievements in the economic, environmental and social sectors. With feedback from stakeholders and relevant industries, this report was completed with increased stakeholder engagement, and transparently discloses issue-specific response strategies that comply with global standards. NEXEN TIRE will continue to systematically manage the company's mid- to long-term strategies, goals, crises and opportunities.

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Reporting Scope

The report mainly covers activities from NEXEN TIRE's domestic and foreign production sites and R&D centers (Yangsan, Changnyeong, China, European production sites, Seoul R&D Center, the U.S., China, and Germany-based R&D centers). The financial data is based on the consolidated standards of the Korea International Financial Reporting Standards (IFRS). The report's quantitative environmental data can be defined as data collected from all production sites in Korea and abroad. If achievement data, including quantitative environmental data from other business sites are included, we have specified a detailed scope through footnotes.

Reporting Period

NEXEN TIRE has been publishing ESG reports every year, with the first publication of the 2019/20 ESG Report in 2020. This report focuses on activities and achievements from January 1st to December 31st, 2022. In some cases, achievements from the first half of 2023 are included.

Reporting Standards

Data in this report reflects the application of global standards and recommendations by the international sustainability reporting guidelines such as the 2021 Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD). Financial performance data was drafted based on the consolidated standards of the Korea International Financial Reporting Standards (K-IFRS).

Reliability of the Report

To ensure that the reporting process and the contents of the report can be trusted by the stakeholders, NEXEN TIRE has received a third-party verification from the Korea Management Certification Agency (KMR), an independent verification agency. For verification standards, the international verification standard, AA1000AS v3 and the KMR verification standard, SRV1000 have been applied. The verification statement can be found on page 111 of this report.

Participating Teams

Procurement Team	Production Planning Team	Human Resources Team	Quality Assurance Team	Global Production Technology Team
Construction Research Team	Design Analysis Research Team	Finance Team	Domestic OE PM Team	NEXT LEVEL Team
Global Sales Planning Team	Facility Support Team	Material Research Team	Korea Customer Satisfaction Office	NVH Test Team
Labor Relations Team	Corporate Growth Team	Strategy Planning Team	Accounting Team	OE Sales Planning Team
Racing Tire Development Team	R&D Planning Team	Information Security Team	(CP) Human Resources Management Team	OE Domestic Sales Team
Cultural Innovation Team	Sales Support Team	Compound Development Team	(CP) Production Management Team	OE Overseas Sales Team
Legal Affairs Team	Raw Material Development Team	Characteristic Evaluation Team	(CP) Environmental Safety Team	SHE Planning Team
Brand Communication Team	(Europe)OE PM Team	Pattern Design Research Team	Corporate Communication Team	YP Company Culture Team
Product Planning Team	Ethics Management Team	Quality Management Team	Global OE Quality Team	YP Environmental Safety Team

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Message from the CEO



Global CEO of NEXEN TIRE Co., Ltd. **Ho-Chan Kang**

Dear Stakeholders of NEXEN TIRE,

We sincerely thank our shareholders, customers, employees, suppliers, and local communities for their steadfast trust and support for NEXEN TIRE.

Under difficult circumstances both in Korea and abroad last year, NEXEN TIRE heightened the company's brand value by expanding its OE supply to a variety of models, including premium automobile manufacturers such as Audi A6, BMW electric vehicles. In addition, we have been recognized for our technical and quality excellence by quality excellence in GM for eight consecutive years, design awards such as IDEA of the U.S. and Red Dot Design Awards of Germany, and Podium awards in the domestic and international racing competitions.

Although uncertain business circumstances are continuing this year, NEXEN TIRE will continue to actively respond to external circumstances with the following strategies and grow as a sustainable company. We will continue to drive the company's growth by expanding our supply to global automobile manufacturers, downstream distribution and expanding sales of high-value-added products in major countries such as the United States and Europe, and so on. In addition, we will pursue better productivity and strengthen quality competitiveness based on the optimal operations of each of our plants. We will also strive to develop next-generation tires in line with the new developments and changes in the mobility industry, such as electric vehicles.

On top of that, NEXEN TIRE will actively engage in ESG management practices for sustainable growth. In order to embody ESG management, we have formed a Sustainability Management Committee under the CEO, and have established an ESG team that is dedicated to implementing strategic and systematic ESG tasks. In addition, as a member of UNGC, we will fulfill our corporate social responsibility by implementing the ten principles, including the core values regarding human rights, labor, environment, anti-corruption, etc.

In particular, we plan to establish carbon emission reduction targets and more proactively implement them as a way to address the international climate crisis. In 2022, NEXEN TIRE obtained a third-party certification from an International Verification Agency for its products' LCA (Life-Cycle Assessment) results as the first in the industry. As a result of continued research on the development of eco-friendly raw materials, we have obtained tire development technology where 52% of the material is comprised of eco-friendly raw materials. Moving forward, we plan to expand the development of products that can minimize environmental impact, actively review the application of renewable energy to achieve RE100, and thereby promote participation in SBTi, a science-based GHG reduction goal initiative.

For human rights management, another international issue, NEXEN TIRE implemented human rights impact assessments to recognize the importance of responsibilities and roles regarding human rights and to practice compliance. We have developed our own indicators for assessing the company's human rights impact which reflect guidelines from the National Human Rights Commission of Korea and the ILO, International Labour Organization, and we are in the process of identifying and improving risks after diagnosis and inspections. In addition, we conduct various social contribution programs to strengthen mutual cooperation with the community and contribute to biodiversity. Furthermore, we plan to operate and expand our in-house programs to ensure the happiness of our employees and their families.

In circumstances where the world's economy, society, and culture are changing from the inside out, the internal and external environment is also expected to be yet again challenging this year. In order to manage such changes, we believe that this year should be the starting point to make drastic upgrades, and therefore have set NEXEN TIRE's keyword for 2023 as 'RE:NEW'. We plan to look back on our past, eliminate inefficiencies, and 'renew again' in line with the changes in our world. I hope you continue to have confidence in the experience and capabilities of our employees and look forward to the resulting advancements. We ask for your generous interest as well as counsel.

Thank you.

Message from the Executives



NEXEN TIRE established a Sustainability Management Committee under the CEO this year to achieve systematic and proficient ESG management goals. In addition, we established an ESG Team that is dedicated to the ESG Department, to formulate and systematically implement carbon-neutral goals and strategies alongside the SHE Planning Team. For human rights management, which is an international issue, the company conducted human rights impact assessments this year to identify and improve human rights risks that are ubiquitous inside and outside the company. We will continue to strive to ensure that ESG management is internalized throughout NEXEN TIRE's corporate management.

COO, **Hyun-Jong Lee**



The R&D Center conducts a variety of research and development to minimize the environmental impact of the entire life-cycle of products, from raw materials, to the use, as well as disposal of the finished products. Especially this year, we developed tires where 52% of the material is comprised of eco-friendly raw materials and also developed racing tires for high performance, winning several competitions. In the future, the R&D Center plans to continue to devote itself to early research and development to satisfy the requirements of customers as well as to the development of new technologies for sustainable management.

Director of the R&D Center, **Dal-yong Mun**



NEXEN TIRE will actively review the application of renewable energy to reduce carbon emissions in the overall product production process and achieve the company's RE100 goal. In addition, with the enactment of the Serious Disaster Punishment Act in 2022, we plan to strengthen the company's internal safety and health system, and continuously monitor the risk of accidents to pursue zero incidents of accident occurrence. With the record of 30 years of no-strike, NEXEN TIRE is going to communicate and maintain the healthy labor relations.

Chief of Global Production BG, **Sang-moon Cho**

NEXEN TIRE Profile



Headquarters / Sales
Headquarters
Qingdao Inc.
Shanghai Inc.
Europe Inc.
America Inc.
Canada Inc.
Japan Inc.
Russia Inc.
Frankfurt Branch
Prague Branch
Lyon Branch
Milan Branch
Istanbul Branch
Dubai Branch
Johannesburg Branch
Kuala Lumpur Branch
Sydney Branch
Bogota Branch
São Paulo Branch

Production Plants
Yangsan Plant
Changnyeong Plant
Qingdao Plant
European Plant

R & D
Korea Central Research Institute
China Technical Center
Europe Technical Center
The United States Technical Center

About NEXEN TIRE

Starting out as Heung-a Tire Industry in 1942, NEXEN TIRE has grown considerably with its epoch-making achievements in the domestic tire industry, starting with the production of automobile tires for the first time in Korea in 1956. After changing its name from “Woosung Tire” to “NEXEN TIRE” in 2000, the company marked the highest sales growth rate and gained recognition for its technological leadership. To date, NEXEN TIRE has expanded its operation beyond Korea, operating four plants in China and Europe. Centering on the Magok Central Research Institute, the company has established global R&D networks in the US, China, and Germany, responding rapidly to the diversifying market. NEXEN TIRE, which operates in more than 150 countries based on its expertise and technologies accumulated over 70 years, will not slow down its pursuit for becoming a top-notch company that looks forward to the next generation.

Domestic and International Sales Network

Based in South Korea, NEXEN TIRE manufactures and sells tires through its global sales networks in China, US, Europe, and Southeast Asia. Since commencement of the European plant operation with a goal to establish global production bases in Europe and North America, NEXEN TIRE has been providing the best driving experience to customers around the world by securing quality and advanced productivity, and therefore enhancing quality competitiveness.

NEXEN TIRE Profile

Company History

1940-60	1970	1980	1990	2000
<ul style="list-style-type: none"> •1942.6. Established Heung-a Tire Industry Co., Ltd. •1952.3. Changed company name to Heung-a Tire Co., Ltd. •1956.6. Produced automobile tires for the first time in Korea 	<ul style="list-style-type: none"> •1973.5. Heung-a Tire Co., Ltd. undertaken by Wopung Industry Co., Ltd. •1976.5. Wopung Industry Co., Ltd. listed in the Korea Stock Exchange •1979.8. Wopung Industry Co., Ltd. undertaken by the Kukje Group 	<ul style="list-style-type: none"> •1984. Commenced construction of the radial tire plant in Yangsan •1986.2. Wopung Industry Co., Ltd. undertaken by the Woosung Group •1987.6. Established joint venture with Michelin Korea Tire Co., Ltd. (cooperation terminated in June 1991) 	<ul style="list-style-type: none"> •1991.10. Signed technology cooperation agreement with Ohtsu Tires in Japan •1994.3. Changed company name to Woosung Tire Co., Ltd. •1999.3. Took over the management of NEXEN Corporation (formerly known as Heung-a Tire Co., Ltd.) 	<ul style="list-style-type: none"> •2000. Changed company name from Woosung Tire to NEXEN TIRE •2005.6. Established America Inc.
2010	2020			
<ul style="list-style-type: none"> •2011.8. Launched the eco-friendly tire brand N'blue Eco •2011.12. Received presidential citation for labor-management cooperation •2012.3. Started operation of Changnyeong Plant •2013.2. Held the earliest general shareholders' meeting among all listed Korean companies for the 14th consecutive year 	<ul style="list-style-type: none"> •2013.3. Commenced investment in the second extension of Changnyeong Plant •2014.6. Signed joint investment agreement for European plant (Czech Republic) •2015.9. Launched NEXT LEVEL, the first tire rental service offered by a Korean tire manufacturer 	<ul style="list-style-type: none"> •2015.10. Commenced construction of European Plant (Czech Republic) •2017. Commenced premium OE (original equipment) tire supply •2017.5. Commenced construction of Magok R&D Center 	<ul style="list-style-type: none"> •2018.9. Established and expanded research center in Europe (NETC) •2019.2. Commenced tire production at European Plant •2019.6. Signed partnership agreement with global innovation accelerator Plug and Play 	<ul style="list-style-type: none"> •2020.3. Launched contactless tire exchange service 'NEXT LEVEL GO' for the first time in the industry •2021.5. Received the Grand Prize in Korea Labor-Management Cooperation Awards •2021.10. Commenced the second extension of the European Plant •2022. 80th Anniversary of NEXEN TIRE

Product

N'FERA Ultra High Performance



Summer

N'FERA Sport



All Seasons

N'FERA Supreme

ROADIAN SUV High Performance



ROADIAN HTX 2



ROADIAN ATX



N'PRIZ AH8

N'PRIZ High Performance

All Seasons

N'BLUE High Performance + Ecofriendly



All Seasons

N'BLUE 4 Season 2

WINGUARD Snow High Performance



Winter

WINGUARD Sport 2

NEXEN UNIVERSE

Mission

Creating Value for Tomorrow, Every Step of the Way

Vision

Next Level Mobility for All
 We will create a world where mobility can be enjoyed by all.

Challenge

Achieving outstanding results through our passion and confidence to take on bold challenges and never be afraid of failure

Creativity

Never settling with the present, imagining new and original ideas, steering for change, and preparing for the future

Collaboration

Boosting collaborations between people and between organizations with a positive attitude to deliver the best results

Code of Conduct

Entrepreneurship

Humanity Principle

We aim to benefit humanity and contribute to the betterment of the world.

Action Principle

We constantly explore, collaborate, and strive for a better future.

Employee Principle

We take pride in our competitiveness and ability to benefit the world by enhancing people's life.

Product Principle

We build trust in our products through our leading technological innovation that puts life first.

Perseverance

(Strongly in our own way)
We make it happen even if others say it is impossible.

Center

(Firm with confidence)
We are determined to create a better world.

Sincerity

(Upright for the benefit of all)
We can bring change with the sincerity of hard work.

Cooperation

(Cherishing each other)
We pursue long-term mutual growth rather than short-term profit.

NEXEN TIRE Value Chain

R&D

NEXEN TIRE defines eco-friendly products as products that have a higher energy consumption efficiency, for example in high rolling resistance performance, in comparison to the market average, and invest in R&D to develop eco-friendly products. In response to stricter environmental regulations, we will continuously manage and increase the ratio of eco-friendly products to achieve our GHG reduction goals and minimize emissions of particulate matter.

Percentage of eco-friendly products

Korea **10.0%**, Europe **9.0%**

R&D investment

Approx. KRW
90.5 billion

Ratio of R&D investment to annual sales

3.5%

Raw Material

We are striving to discover ways to apply various recycled and reusable materials in our products to increase the ratio of sustainable materials, which is currently at around 23%. In addition, we are conducting joint research with various partners to develop high-performance tires using eco-friendly raw materials.

Percentage of sustainable (reused/recyclable) materials

23.2%

Manufacture

With four domestic and overseas plants acquiring the ISO 14001 certification, we have a sound Environmental Management System set in place. Through systematic risk identification, assessment, and improvement activities, we will continue to reduce environmental risks. Moreover, we carry out a variety of investment activities to minimize our environmental impact such as reducing GHG emissions, waste, wastewater, and energy from the manufacturing process.

Percentage of plants with ISO 14001

100%

GHG emissions (Scope 1 + 2)

364,718 tCO₂eq

Use

As tires are the only parts of the vehicle that touches the ground, they are directly related to drivers' safety. NEXEN TIRE manufactures tires in compliance with the strict technical specifications of IATF 16949 regarding products' safety and quality. We also offer safety campaigns and provide inspection services to our customers, thereby fulfilling our product responsibilities.

Percentage of plants with IATF 16949

100%

Recycling & Disposal

Of the tires produced at all production sites at home and abroad, the percentage of recycled waste tires records approximately at 100%. Waste tires are crushed to acquire major raw materials such as rubber and steel, and in domestic plants, they are reused as thermal energy through incineration. The acquired rubber is used for eco-friendly rubber asphalt.

Waste tire recycle rate (based on plants)

Approx. **100%**

Domestic and Overseas Business Portfolio

Tire Sector

Products (tire)
Others (rental, lease, and sales agency)

Non-tire Sector

Transportation and storage
Molding (tire mold)
Baking, etc.

Tire Brands

 **5** brands

Total number of employees

7,005
(domestic 4,005 + overseas 3,000)

NEXEN TIRE UN SDGs

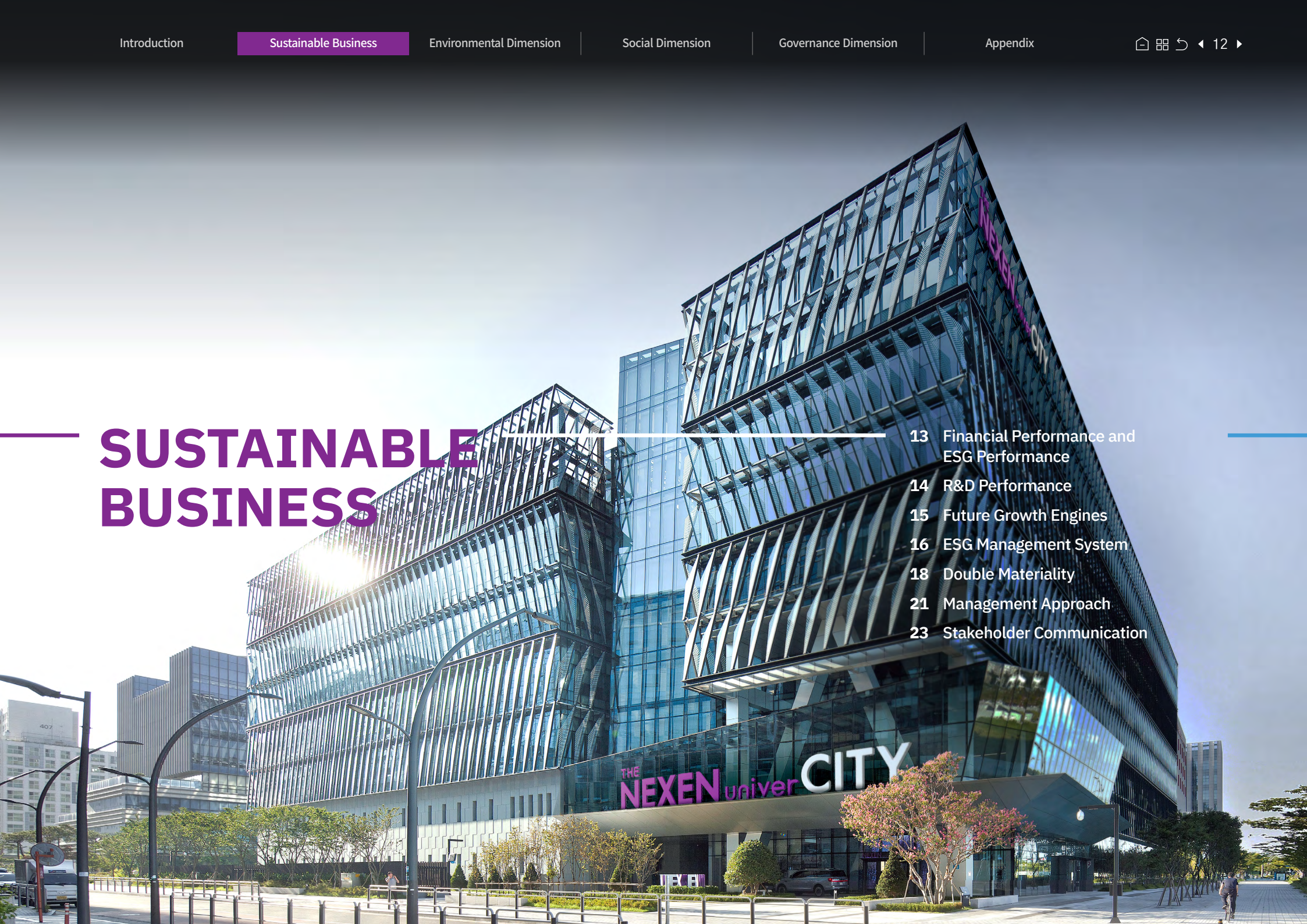
NEXEN ESG History

Sustainable Development Goal	Activities	Page
 1 No Poverty End poverty in all its forms everywhere	<ul style="list-style-type: none"> Operating the NEXEN Wolsuk Cultural Foundation 	71
 3 Good Health and Well-Being Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Strengthening safety in worksites Managing employees' health Implementing N-Change and quarter-day leave system Operating an in-house blood donation center, etc. 	45-47, 49, 54, 70
 4 Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> Providing ethics education and information security education, etc. to employees Nexen Learning Academy(NLA) 	51, 76, 85
 5 Gender Equality Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Announcing the Declaration of Human Rights, etc. Providing education on diversity 	40-42
 6 Clean Water and Sanitation Ensure access to water and sanitation for all	<ul style="list-style-type: none"> Managing water pollution 	38
 7 Affordable and Clean Energy Ensure access to affordable, reliable, sustainable, and modern energy	<ul style="list-style-type: none"> Developing eco-friendly tire materials Implementing the tire energy consumption efficiency rating system Reducing energy and using energy efficiently 	32-35
 8 Decent Work and Economic Growth Promote inclusive and sustainable economic growth, employment and decent work for all	<ul style="list-style-type: none"> Getting consulting service to improve the organizational culture and HR system Holding labor-management council meetings and Labor-Management talks 	48-50, 53, 54
 9 Industry, Innovation and Infrastructure Build resilient infrastructure, promote sustainable industrialization and foster innovation	<ul style="list-style-type: none"> Conducting R&D for eco-friendly products Revising information security and privacy regulation 	34-35, 73-77

Sustainable Development Goal	Activities	Page
 10 Reduced Inequalities Reduce inequality within and among countries	<ul style="list-style-type: none"> Providing human rights education Operating a reporting center 	41-42
 11 Sustainable Cities and Communities Make cities inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> Implementing a tire support project for local communities Operating the Children Safety Center Operating volunteer clubs by worksite 	69
 12 Responsible Consumption and Production Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Implementing the conflict minerals management policy Providing ESG training and support for suppliers Implementing on-site inspections for suppliers 	64-66
 13 Climate Action Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> Establishing a carbon neutrality strategy and RE100 roadmap TCFD Report Developing energy-saving technologies 	26-31, 106
 14 Life Below Water Conserve and sustainably use the oceans, seas and marine resources	<ul style="list-style-type: none"> Managing water pollution 	38
 15 Life on Land Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	<ul style="list-style-type: none"> Managing waste and discharge of hazardous materials Operating the energy management system and adopting the Factory Energy Management System (FEMS) 	26, 36-37
 16 Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels	<ul style="list-style-type: none"> Holding the general shareholders' meeting Providing cash dividend Holding an IR meeting Operating the reporting center 	82-83, 85
 17 Partnerships for the Goals Revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> Joining global Initiatives 	64, 92

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- 21 Management Approach
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Financial Performance and ESG Performance

Economic Value

NEXEN TIRE achieved total sales of KRW 2.5974 trillion in 2022, achieving increased sales by more than 25% year-on-year. Despite unstable global economic conditions, we expanded our overseas sales performance and improved our sales for the third consecutive year. In May 2023, we held an IR meeting to present and communicate the company's mid-to long-term strategic direction to our stakeholders inside and outside the country. All sectors of the company will work cooperatively to further increase NEXEN TIRE's economic performance.

KRW 2.6 trillion

Total sales in 2022
(consolidated basis)

KRW 430 billion

Gross profit
in 2022

KRW 90.5 billion

R&D Investment
in 2022

43 million

Tire production
capacity

41 million

Sales record
in 2022

22%

High inch's sales percentage
in 2022 (18 inches or more)

118 models

OE supply
models

15 models

OE supply to Electric vehicle
in 2022

500,000^{ea}

OE sales record to
Electric vehicle in 2022

Sustainable Value

For sustainability management, NEXEN TIRE is dedicating its efforts toward improving its non-financial performance. Therefore, we have obtained improved ratings from various ESG rating agencies and are providing such results to our customers. In particular, we have joined UNGC as a member company to once again make a commitment to our human rights management in the midst of repeated occurrences of human rights-related issues. With this, NEXEN TIRE plans to contemplate and work tirelessly to fulfill its corporate social responsibility.

SILVER

Silver medal at Ecovadis for
two consecutive years

UNGC

Joined
as a member

TISAX

Information security
certification

52%

Development of sustainable
material application technology

LCA certification

International certification
for 3 products

15%

Attainment
rate of RE100

Grand Prize

The 33rd Korea Labor
Cooperation Award

1st Place

Global Customer Satisfaction
competency index

ZERO

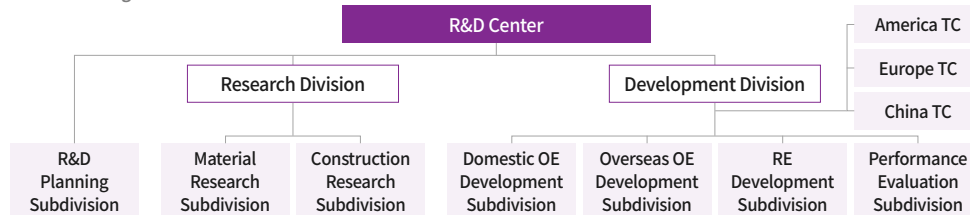
Number of corruptions
in 2022

R&D Management Performance

Reorganization of the R&D Implementation system

To enhance customer satisfaction and competitiveness in the domestic and foreign markets, NEXEN TIRE reorganized its R&D organization as a professional function-oriented R&D organization. By expanding foundational research personnel that preemptively researches and develops technology on factors that can influence product performance and social issues, and strengthening the organization that handles structure and its functions, we are ensuring satisfaction of customers' needs and future-oriented design technology. In addition, we are also pursuing research activities to secure our tire's core performance technology by applying new materials and new technologies to the development process through the expansion of industry-academia- research sector. This new R&D organization acts as a major step forward for NEXEN TIRE to grow into a global tire company that is advanced in performance competitiveness with its differentiated products and technologies.

R&D Center organization



R&D Center

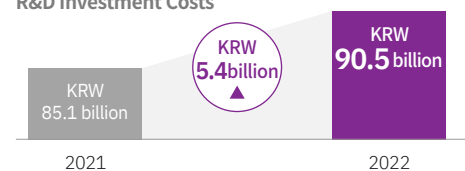
NEXEN TIRE operates four global production plants and four global R&D centers. We operate a global R&D network in the United States, Germany, and China, all centered on the Korea R&D Center, and are developing optimal products by reflecting the analysis of various road conditions, climate, driving culture and habits by each region. We also respond professionally to the requirements of local customers. Research results from each region are shared through the R&D network, which contribute to the development of future innovative products that reflect customer needs. In the Idiada Test Center in Spain, we are evaluating the product's performance and are strengthening our capacity to provide directions on further development. In addition, through the global R&D network, we acquire various know-how from each region and contribute to the improvement of R&D capabilities by creating synergy.

Employees at the R&D Center

(Unit: employees)

Centers	2020	2021	2022
Magok R&D Center	366	447	360
Overseas TC	168	113	109
Total	534	560	469

R&D Investment Costs



* NEXEN TIRE's R&D employees (As of Dec. 2022)

R&D Training

NEXEN TIRE is working to strengthen its research and development capabilities through the operation of various training and motivation-boosting activities. Through the operation of R&D Academy, a three-month program, we are encouraging quick adaptation and capacity building of new employees by training them on work processes, system utilization, and entrusting technical know-how. In addition, through the operation of R&D technology seminars, we are continuously working to strengthen our research/development capabilities, by sharing success cases and restoring shortfalls achieved by researchers.

Research on future concept tires through industry-academia cooperation

NEXEN TIRE developed three types of future concept tires, 'BTR', 'Mearth', and 'Nocturne', in collaboration with nine students that have majored in product design from DCB Design Council Busan's KDM+(Korea Design Membership Plus). The developed tires are to be produced as mock-ups and compete in various international design awards. Last year, a concept tire developed through industry-academia cooperation with KDM+ students in the product design field of the Korea Institute of Design Promotion won the main award at the 2022 IDEA Design Awards in the United States. In the future, we plan to participate in various industry-academia and joint industry research projects to discover creative ideas and differentiated concepts to lead future mobility industry trends.

NEXEN TIRE's Industry-University Cooperation Performance in 2022

Futuristic concept tire **1 case** | Tire adhesion research **1 case** | Sustainable raw material development **1 case** | New raw material development **2 case**



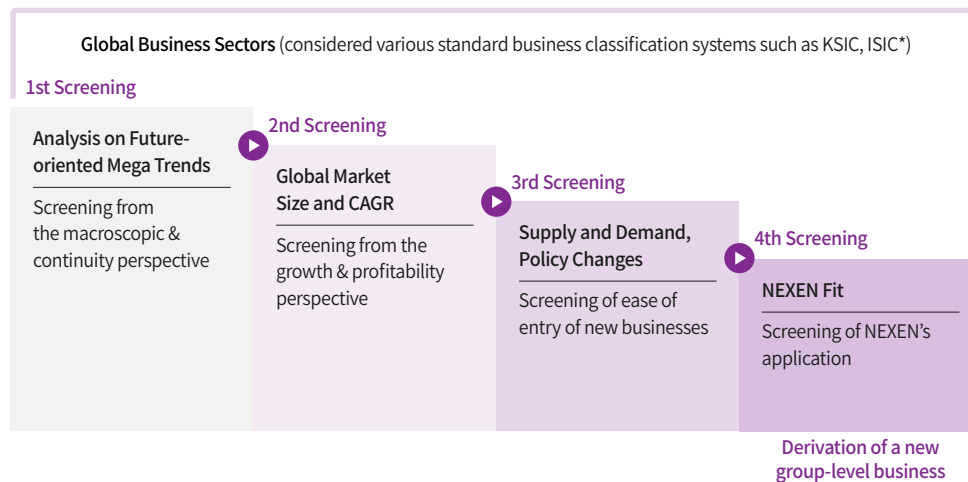
Future Growth Engines

Discovering New Businesses

Discovering New Growth Engines and Strengthening Business Capabilities

NEXEN TIRE is seeking out opportunities for entry into new businesses on two major axes: a promising industry group selected considering future mega trends, changes in the macroeconomic environment and the industry dynamic, and also the related industry group, which is NEXEN TIRE's main tire business that can strengthen the competitiveness. For each industry sector, we are considering entry methods such as direct entry (Greenfield investment), acquisition of key companies (M&A), partnership with leading companies (Strategic Alliance or Joint Venture), and investment in promising companies (venture investment). Based on the established entry model, we are structuring detailed business models and feasibility studies, and at the same time, we are conducting feasibility reviews on each of the acquisition opportunities within each sector. We plan to transparently disclose specific details to the public through disclosure, IR activities, etc. after the finalization of the internal review of entry into new businesses and appropriate decision-making processes, such as approval by the Board of Directors.

Screening System for Discovering New Businesses



* KSIC: Korean Standard Industrial Classification,
ISIC: International Standard Industry Classification

Venture Capital Operations

Next Century Ventures, a corporate venture capital founded by NEXEN TIRE in December 2021, is paying attention to technology and businesses that can be a game changer in the mobility sector, especially focusing on discovering technology for the good that can make a positive change in our daily lives. To date, the companies that have been discovered, invested, and nurtured are as follows:



■ **ANRA Technologies** is a startup that develops UTM (Uncrewed Aircraft System Traffic Management) technology. UAM (Urban Air Mobility) serves as a means to resolve road congestion problems using air traffic and is a sector that is attracting attention as a new business in future mobility. The company has been collaborating on projects with NASA (National Aeronautics and Space Administration), FAA (the Federal Aviation Administration), and EASA (the European Aviation Safety Agency).



■ **May Mobility** is a startup that provides autonomous public transportation and public shuttle services. It provides autonomous public driving services after application of its own driving system to ordinary vehicles, and through this, the company has set a business direction aimed at supporting the 'transportation vulnerable' and other vulnerable groups. May Mobility currently operates in the states of Michigan, Minnesota, and Arizona in the United States.



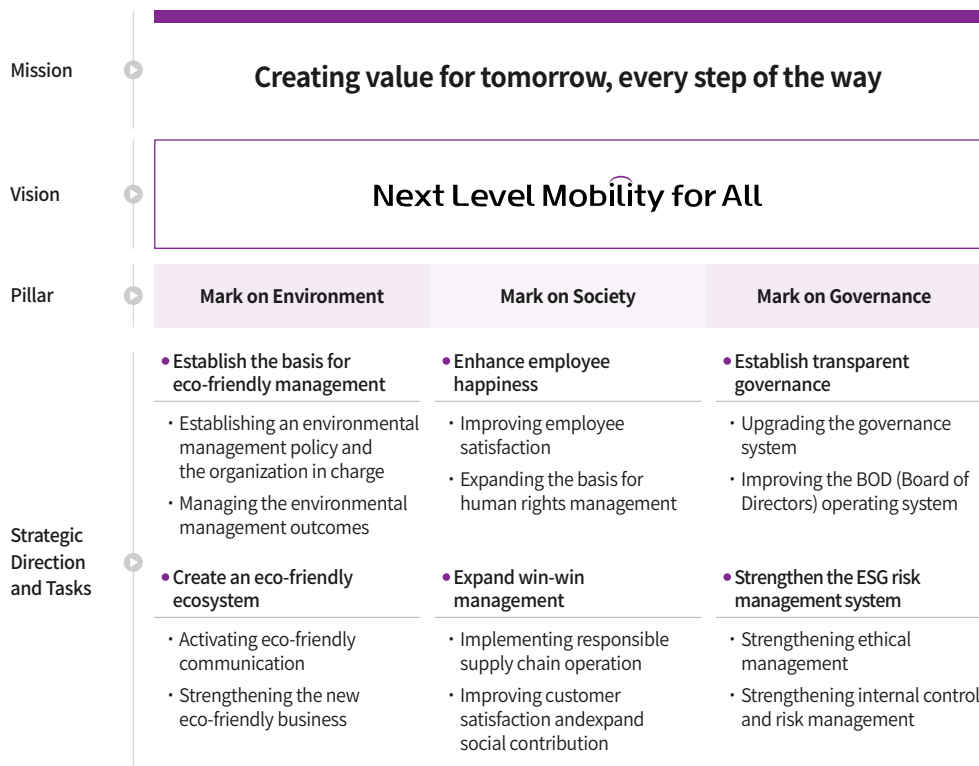
■ **Automotus** is a startup that automatically collects and analyzes data on traffic and parked vehicles on curbsides through camera-based AI and supplies it to public institutions. Automotus is working in 15 cities in the U.S., including Boston, Miami, and Pittsburgh, to address congestion around urban roads due to the increase in shipping and shared vehicles, and to reduce vehicle emissions.

ESG Management System

ESG Strategy System

NEXEN TIRE fulfills its corporate social responsibility and pursues solid growth with all stakeholders, including customers, business partners, communities, and employees. We have established an ESG strategy system that is linked to the company's value system. As a responsible member of our society, we have set our motto as 'Mark on' to leave a positive footprint on the environment and society, and have set strategic directions for each of the ESG sectors. NEXEN TIRE pursues sustainable management through an ESG strategy system that encompasses our corporate mission, vision, and core values.

NEXEN TIRE's ESG Strategy System



ESG Policy

NEXEN TIRE has established ESG principles to grow with the stakeholders and to fulfill the company's social responsibilities in pursuit of the value of respect, coexistence and symbiosis. NEXEN TIRE's ESG principles are formulated and practiced considering ways to fulfill social responsibilities in areas such as business ethics, labor and human rights, the environment, safety and health, and supply chain management.

NEXEN TIRE's ESG Policy

■ Business Ethics

We are striving to achieve a transparent, fair, and mature corporate culture based on our management principles and ethical standards that pursue the value of respect, coexistence and symbiosis while growing alongside our stakeholders, such as shareholders, customers, suppliers, partners, local communities, and employees. We are constantly working to embody ethical management by conducting ethical management surveys for our employees, regular training, and operating reporting centers for violations of ethical standards.

■ Environment, Safety and Health

By placing our customers and the environment as our priority, we seek to become a company that takes the lead in social development through achievable environmental, safety, and health activities. Through the operation and execution of environmental management systems and safety and health management systems, we are constantly pursuing harmony between corporate activities and the environment, such as energy reduction and eco-friendly product manufacturing, pollutant reduction, water/chemicals/waste reduction, biodiversity protection, resource recycling, etc. We also plan to fulfill our corporate responsibility by putting our employees and stakeholders' safety first and carrying out health improving activities to achieve zero-accident worksites.

■ Labor and Human Rights

NEXEN TIRE is committed to fulfilling its mission as a human-centered corporate through human rights management which prioritizes on labor and human rights throughout its management activities. To this end, NEXEN TIRE has established a human rights management policy, presented the standard for value judgment that all employees and stakeholders should comply with, and has pledged to practice them in all its management activities. As such, NEXEN TIRE puts emphasis on human dignity and value as well as actively practices human rights management, aiming to pursue sustainable development with all stakeholders including employees. As a UNGC member, we respect and protect all human rights in order to comply with the 10 principles. All forced labor, child labor, and all kinds of discrimination is prohibited, and pays fair compensation to executives and employees, and further respects and protects the living environment (land, forest, water) and rights (prohibition of forced eviction, destruction, etc.) of local residents. In addition, appropriate control measures are taken to prevent violations between employees and in-house resident partners (facility management, security, janitor, etc.)

■ Supply Chain Management

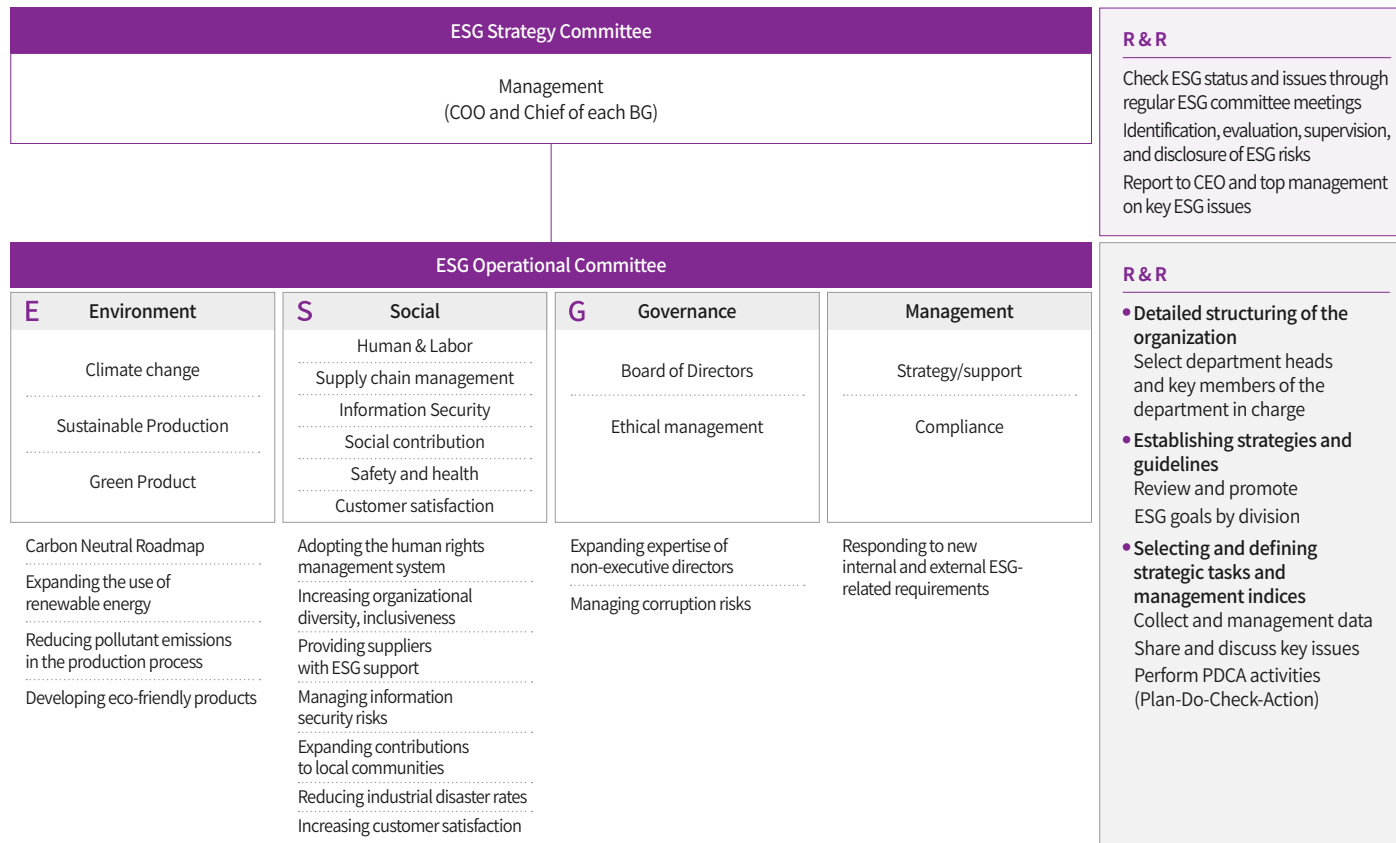
NEXEN TIRE strives to support the growth of its suppliers and create a sustainable ESG supply chain system based on transparent and sound transactions. To this end, we communicate with our suppliers on various ESG sectors such as corporate ethics, labor/human rights, health/safety, and environmental policies, and have established policies such as suppliers' ESG policies, ethical management pledges, and conflict minerals procurement policies to support the dissemination of ESG value throughout the supply chain. As a member of GPSNR, we have established a sustainable natural rubber policy to protect local indigenous people and to refrain from damaging land, forests, and water, and strive for the sustainability of the natural rubber supply chain.

ESG Management System

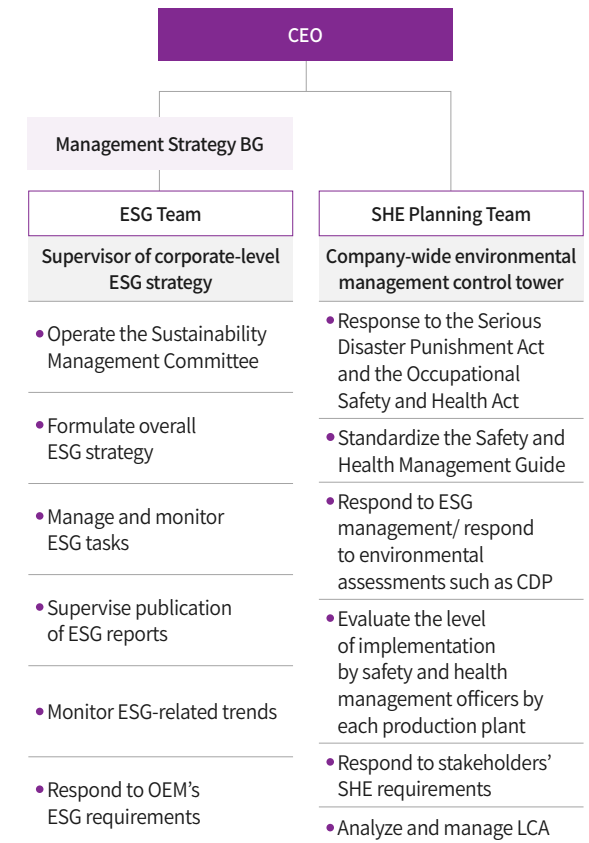
ESG Decision Making System

NEXEN TIRE has established a Sustainability Management Committee in 2023 that will serve as a foundation for discussing key ESG issues and making reasonable decisions. With this, we plan to strengthen communication between the CEO, top management and the working staff of our business departments for sustainable development. We operate the ESG Strategy Committee and the ESG Steering Committee as a channel of communication, and have set our key ESG goals and run regular implementation checks to improve the level of ESG management. In the future, we plan to position a Sustainability Management Committee within the Board of Directors to manage current ESG status and issues and to decide on mid- to long-term ESG strategic goals.

Sustainability Committee Organization Chart



ESG Decision Making System

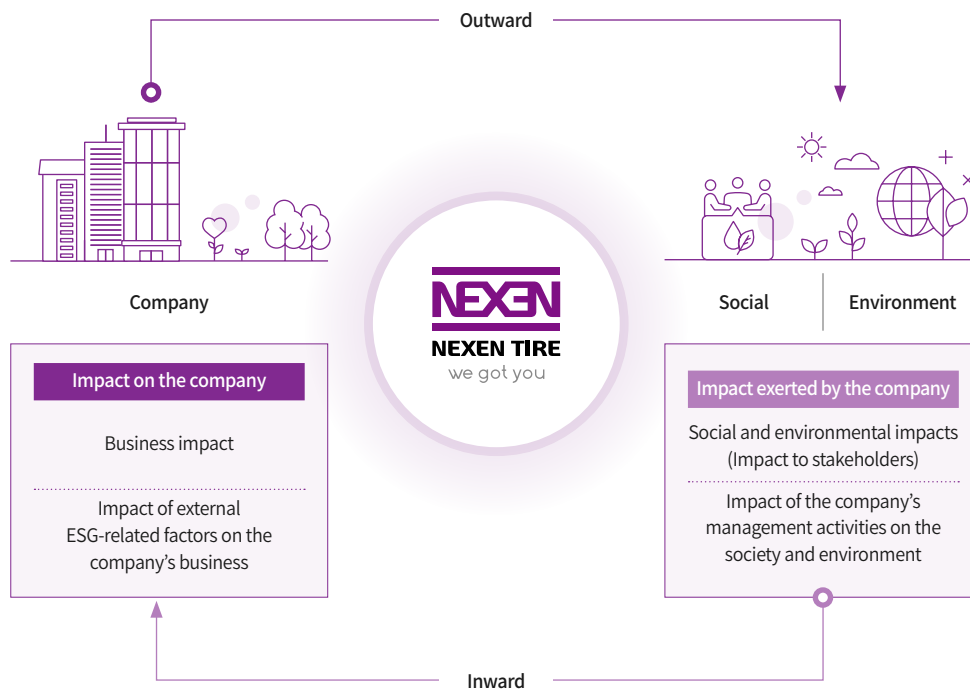


Double Materiality

Double Materiality Assessment

NEXEN TIRE selects and reports on key issues that affect the company's business and the stakeholders by applying the Double Materiality concept as required by the GRI (Global Reporting Initiative) Standards, an international sustainability reporting guideline, and the ESRS, the EU Sustainability Reporting Standards. Double Materiality is a concept that considers both the environmental and human impact of a company's business activities (social/environmental impact, impact to stakeholders) and the impact on the company (business impact, impact to business). NEXEN TIRE strives to accurately identify the interests and requests of stakeholders and reflect them in its business activities to create not only financial performance but also social and environmental value.

The Double Materiality Concept



NEXEN TIRE's Key Stakeholders



Double Materiality

Process of the Double Materiality Assessment

NEXEN TIRE selected 32 issues to report in its Sustainability Report, considering the impact analysis of the company's business activities, industry benchmarking, industry standards and external assessment requirements. From these 32 issues, we selected 10 material issues that require prioritization and focused management, reflecting internal and external stakeholder questionnaires and internal assessments. The material issues have been finalized through a review process by the Board, and strategies, promotion plans, activities and performance in relation to these issues are transparently disclosed to stakeholders through our ESG report.

STEP 1

Understanding the organization

- Collecting information to identify substantial and potential impact of the company
- Selecting topics to report on through analysis of Benchmarking within the industry, industry standards, assessment indicators, considering key business activities, business relationships, stakeholders, and sustainability aspects of the company

STEP 2

Identifying impact and configuring issue pools

- Understanding how each topic affects the organization's activities
 - Classifying targets of impact (economic/environmental/social)
 - Classifying substantial/potential impact
 - Classifying positive/negative impact
- Creating a pool of 32 issues from the identified impacts in relation to the ESG issues

STEP 3

Assessing the materiality of the issues

- Conducting a materiality assessment to identify critical issues that need to be managed first
- Identifying people/environment impact (interest, potential, range of impact) and business impact (financial, non-financial) through internal and external stakeholder surveys

Survey period

April 3-April 10, 2023

Participants

Employees, business partners, professionals, etc.

Survey method

Online assessment

STEP 4

Selecting material issues

- Assessing the overall impact by considering the following factors, including the impact of each issue derived from the survey

Social/environmental impact

Reflecting interest, likelihood, range of impact, media analysis, and GRI requirements

Business impact

Reflecting financial performance such as sales/cost, and non-financial impacts, such as reputational/regulations, and MSCI/SASB and other internal challenges

- Calculating the critical point that determines materials issues
 - Selected as a material issue if the impact of an issue is deemed significant in terms of either of social/environmental impact or business impact
- Deciding on 10 final material issues after an internal management/ Board review process

Double Materiality

2022 Double Materiality Assessment Results

NEXEN TIRE has selected 10 material issues, including customer satisfaction and safety, waste and hazardous material emission management, and climate change, etc. based on their business and social/environmental impact.



No.	Area	Issue	Business Impact		Social/ Environmental Impact	GRI	Page	Rank from the previous year
			Financial Performance	Reputation / Regulatory Risks				
1	Social	Customer satisfaction and safety	●	●	●	416	55-63	6
2	Environment	Waste and hazardous material emission management	●	●	●	306	36-37	9
3	Environment	Climate change	●	●	●	305,302	25-30	3
4	Governance / Economy	Strengthening global competitiveness	●	●	●	201	13-14	New
5	Social	Sustainable supply chain	●	●	●	308,414	64-67	7
6	Social	Industrial safety and health	●	●	●	403	42-46	2
7	Social	Human rights management	●	●	●	406,407,408,409	39-41	New
8	Environment	Development and investment of Green technology	●	●	●	203	31-34	5
9	Social	Talent acquisition and improvement of employee capacity	●	●	●	2-7,401,404	47-51	New
10	Governance / Economy	ESG management system	●	●	●	2-12,2-13,2-14	15-16	New

Very High : ● High : ● Medium : ● Low : ●

Management Approach

Management Approach

For the 10 material issues derived from the results of the double materiality assessment, NEXEN TIRE analyzed ESG risk factors and are conducting systematic management based on its management strategies.

Rank	Issue	Definition	Risk Factors	NEXEN TIRE's Management Strategy	Performance Indicators	Performance in 2022/2023	Impact	Stakeholders
1	Customer satisfaction and safety	Activities that provide customers with higher quality services and improve product performance and design by considering safety	<ul style="list-style-type: none"> Strengthening market competitiveness Customer satisfaction Maintaining trust with customers 	NEXEN TIRE is pursuing continuous communication, securing product competency, and practicing win-win management with its suppliers in order to provide higher quality services for its customers (carmakers, general consumers and dealers). In addition, we are continuously promoting related activities such as revamping the R&D promotion system for product performance improvement and design development that takes into account customer safety, such as driving safety. On top of that, we are obtaining verification of requirements and conducting tire research through industry-academia cooperation.	<ul style="list-style-type: none"> Ratio of eco-friendly products Customer satisfaction indicator 	<ul style="list-style-type: none"> Won the National Service Award Ranked #1 in the GCSI (Global Customer Satisfaction Index) Selected as a quality competitive company in the National Quality Management Convention Won the President's Award at the National Quality Working Party Contest 	Sales	Customers
2	Waste and hazardous material emission management	Activities that minimize the impact on the environment through proper waste disposal and manage chemicals that are harmful to human health and the environment in accordance with appropriate standards	<ul style="list-style-type: none"> Ensuring the community members' right to live in a clean environment Need to strengthen the formation of employees' empathy for environmental protection 	NEXEN TIRE is conducting management activities of hazardous chemicals in raw materials and tires through its hazardous chemicals management system, and makes continuous efforts such as water quality management and process improvement to minimize the impact on the water environment.	<ul style="list-style-type: none"> Completion of environmental training Achieved performance stated in the particulate matter reduction agreement 	<ul style="list-style-type: none"> Conducted environmental impact survey on groundwater Internalized program for regulated substances 	Cost	Local community, customers, the government
3	Climate change	Activities to reduce greenhouse gas emissions and to build crisis management and response processes for companies arising from climate change	<ul style="list-style-type: none"> Growing interest in global climate change issues Strengthening external stakeholders' needs Strengthening regulations in areas with air pollution 	NEXEN TIRE is annually reviewing greenhouse gas reduction from various perspectives, such as investment of equipment, review of adoption of new technology, and life-cycle assessment of products, and carries out constant monitoring and reduction activities to reduce air pollutants.	<ul style="list-style-type: none"> Carbon neutral strategy and roadmap to practice RE100 TCFD Report Scope1, 2 Energy management at worksites 	<ul style="list-style-type: none"> Adopted LCA as the first in the tire industry Carried out energy auditing at the European production plants Established and implemented the RE100 roadmap Signed the Green Premium contract 	Cost	Local community, shareholders, the government
4	Strengthening global competitiveness	Activities to secure a sustainable business structure and expand business areas by innovating products through technology development and strengthening investment in material and human resources for research and development	<ul style="list-style-type: none"> Need to gain market competitiveness along with environmental changes Meeting stakeholders' needs 	In order to strengthen global competitiveness, NEXEN TIRE has established a company-led venture capital and invested in start-up companies, expanded basic research personnel, and is focusing on AI and big data research through building cooperative relationships through industry-academia research.	<ul style="list-style-type: none"> R&D investment costs 	<ul style="list-style-type: none"> Maximized product life cycle management system (PLM) Developed tire performance prediction system Development and research of smart tire center technology 	Sales	Customers, shareholders
5	Sustainable supply chain	Activities to support the spread of ESG management of suppliers through responsible supply chain management, and to establish sustainable procurement processes for win-win cooperation with suppliers	<ul style="list-style-type: none"> Potential ESG risks Increase in supply chain-related sanctions and initiatives 	NEXEN TIRE seeks to create a culture of mutual growth with its suppliers and build sustainable and long-term partnerships. From the selection of suppliers to the regular management, we strive to strengthen the competitiveness of our suppliers, create a sustainable supply chain and create a healthy industrial ecosystem.	<ul style="list-style-type: none"> ESG evaluation of suppliers 	<ul style="list-style-type: none"> Provided support ESG training of suppliers Advanced ESG evaluation of suppliers 	Cost/Risk	Suppliers

Management Approach

Rank	Issue	Definition	Risk Factors	NEXEN TIRE's Management Strategy	Performance Indicators	Performance in 2022/2023	Impact	Stakeholders
6	Industrial safety and health	Activities to manage safety and health risks by continuously improving regulations, management systems, and workplace environment to provide a safe workplace	<ul style="list-style-type: none"> Strengthening companies' safety management responsibility in accordance with the strengthening of the Serious Disaster Punishment Act and the Occupational Safety and Health Act Increased interest in the safety of employees 	NEXEN TIRE established and promotes a mid- to long-term roadmap to achieve its safety and health management policy and serious disaster prevention goals. We are making optimum efforts such as operating the safety management system across the entire worksite, and conducting safety training for our employees and suppliers.	<ul style="list-style-type: none"> Completion rate of safety training On-site safety checks 	<ul style="list-style-type: none"> Established a mid- to long-term roadmap Established the safety and health management system Systematized safety and health education and training Strengthened autonomous cooperation between labor and management Strengthened suppliers' safety and health capabilities 	Risk	Employees, local communities, suppliers
7	Human rights management	Activities that support domestic and foreign standards and norms regarding human rights to realize human rights management that ensures human dignity and value, and those that can fulfill the responsibility of respect for human rights throughout our management activities, including subsidiaries and supply chains	<ul style="list-style-type: none"> Strengthened responsibility due to stakeholders' increased interest in human rights management The society's increased interest in human rights 	NEXEN TIRE is conducting human rights impact assessments to establish human rights management principles and to manage risks. We are working to establish an organizational culture that respects human rights by drawing up tasks for improvement and conducting safety training for our company as well as all suppliers based on the results of the human rights impact assessment.	<ul style="list-style-type: none"> Completion rate of human rights training 	<ul style="list-style-type: none"> Implemented human rights impact assessments Enhanced education on diversity Set a roadmap for human rights management 	Risk	Employees
8	Development and investment of Green technology	Equipment investment activities to reduce energy, including the cost of investing in the development of eco-friendly raw materials and eco-friendly products	<ul style="list-style-type: none"> Increased need to reduce pollutants, including greenhouse gases Increased needs of consumers for eco-friendly products 	NEXEN TIRE is continuously carrying out Clean tech, an investment of equipment for eco-friendly raw materials/product development and energy reduction.	<ul style="list-style-type: none"> Investment cost for Clean tech Tire development research using sustainable raw materials 	<ul style="list-style-type: none"> Usage rate of sustainable raw materials Supplied our products for eco-friendly electric vehicles 	Sales	Customers, the government
9	Talent acquisition and improvement of employee capacity	Activities to recruit outstanding talent and providing a variety of training opportunities for self-development, offering fair evaluations and compensation and nurturing them into those that meet the NEXEN TIRE's ideal talent pool	<ul style="list-style-type: none"> Increased interest in improving employees' productivity The society's increased interest in fair recruitment 	NEXEN TIRE is putting its best efforts into nurturing talents after establishing its ideal talent pool, selecting them through fair recruitment, and offering various training opportunities for self-development as well as fair evaluation and compensation.	<ul style="list-style-type: none"> Average training time per employee 	<ul style="list-style-type: none"> Operated job transition programs Provided services to support re-employment Conducted mentoring and reverse mentoring 	Risk	Employees
10	ESG management system	Activities to fulfill corporate social responsibility and pursue growth with all stakeholders of the company	<ul style="list-style-type: none"> Increased interest in sustainable management and growth 	NEXEN TIRE pursues sustainable management of the company through an ESG management system that encompasses the company's mission, vision and core values.	<ul style="list-style-type: none"> Achieving environmental goals Reporting and decision-making of ESG-related issues 	<ul style="list-style-type: none"> Created a new organization dedicated to ESG and SHE Established the Sustainability Management Committee under the CEO 	Risk	The government, shareholders, employees

Stakeholder Communication



Key channels	Areas of interest
<ul style="list-style-type: none"> • Questionnaire survey • Internal proposal system (N'ack-a-thon) • NEMO • Operating a reporting center 	<ul style="list-style-type: none"> • Organizational competency, organizational immersion, leadership • Fair HR system (equality, rationality) • Safe work environment, employee health • Welfare benefits, education for competency building, human rights protection
<ul style="list-style-type: none"> • Customer inquiry on the website • Operating a customer satisfaction center 	<ul style="list-style-type: none"> • Providing products and services that satisfy consumer needs
<ul style="list-style-type: none"> • Participating in domestic and overseas exhibitions and fairs • Participating in global initiatives 	<ul style="list-style-type: none"> • Product innovation (product quality) • Acquiring international certifications and meeting the requirements • Human rights and labor • Climate change response
<ul style="list-style-type: none"> • Consultative bodies with local communities • NGOs (Korean Red Cross, Beautiful Store) 	<ul style="list-style-type: none"> • Social contribution considering the industrial characteristics • Meeting socioeconomic requirements • Response to climate change
<ul style="list-style-type: none"> • Education to suppliers • Regular supplier monitoring • Market survey by visiting agencies 	<ul style="list-style-type: none"> • Establishing a procurement policy for the sustainable growth of agencies • Preparing support measures to overcome the COVID-19 risk
<ul style="list-style-type: none"> • General shareholders' meeting • Investor relations (IR) 	<ul style="list-style-type: none"> • Management performance • Governance • Ethical management • Compliance
<ul style="list-style-type: none"> • Policy discussion • Participating in domestic and global initiatives 	<ul style="list-style-type: none"> • Meeting socioeconomic requirements • Climate change response • Fair trade • Compliance

ENVIRONMENTAL DIMENSION

- 25 Environmental Management System
- 26 Response to Climate Change
- 32 Green Technology Development and Investment
- 36 Waste and Hazardous Material Management

Environmental Management System

NEXEN TIRE's Environmental Management

Environmental Management System

NEXEN TIRE operates a corporate-wide environmental management system, and in accordance with the unified process, we have established and are managing risk reduction measures at our domestic and foreign business sites with the results of the 2022 evaluation on environmental risks and opportunities. In case of NEXEN TIRE's China Plant, we conduct ecological and environmental safety training once a year for all employees on topics such as regulation of hazardous wastes and emergency response to environmental accidents.

NEXEN TIRE's Environmental Management Policy

Environmental Training

NEXEN TIRE conducts training for new technical employees on the company's emission facilities and the current status of prevention facility management, as well as on processes related to waste disposal. In addition, we conduct training when working with subcontractors on the potential generation of wastewater and waste disposal twice a year. Moreover, NEXEN TIRE Europe has been involved in environmental training and environmental improvement and protection projects in the Zatec region and nearby areas of Czech Republic since 2020 through the NEXEN Tire Europe Foundation.

Environmental training completion status

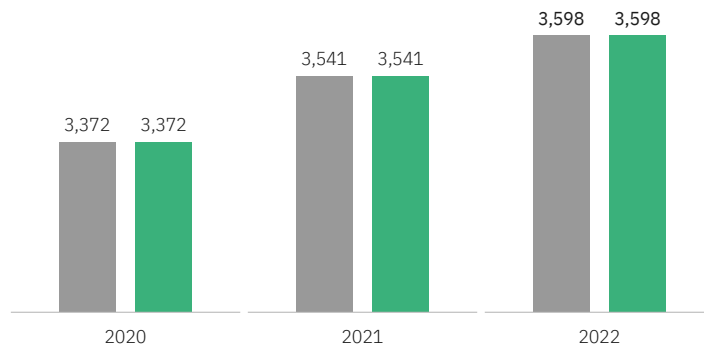
(Unit: persons)

■ Target Employees ■ Employees who completed training

Training completion rate

100%

* Based on domestic worksites
** Changed the calculation standard of environmental training completion from new employees to all of employees



Environmental Management Plan

In order to promote eco-friendly management, NEXEN TIRE has established environmental management policies that encompass overall environment activities, such as greenhouse gas and energy consumption, water, waste, climate and air quality, recycling, raw materials, biodiversity protection, and reduction of regional pollution.

~2022		Current stage	2025~
Short-term goals	Short-term performance	Mid-term goals	Long-term goals
Establish environmental policies and goals	Completed establishment of environmental management policy and goals	Expand use of renewable energy (implement RE100)	Advance VOC processing technology
Establish organization dedicated to environmental management	Completed establishment of an organization dedicated to environmental management (SHE Planning Team)	Promote reduction activities for environmental impact such as water pollution prevention activities and hazardous waste reduction programs	Use of waste energy
Introduce the Product LCA (Life Cycle Assessment)	Implemented the Product LCA and completed 3rd party verification	Establish climate change response policies	Establish climate change response processes



Response to Climate Change



Climate Change Response System

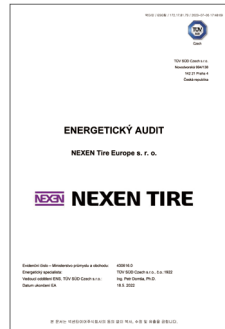
The Importance of Responding to Climate Change

In recent years, demands for carbon neutrality from automotive companies have increased and the adoption of environmental regulations such as Carbon Border Adjustment Mechanism has expanded, thereby increasing the risk of carbon emissions being subject to taxation. As a result, each country is establishing and upgrading its national GHG reduction targets, and companies are establishing goals that reflect their commitment to achieving zero GHG emissions ahead of 2050, the target year for global carbon neutrality. NEXEN TIRE has also established a mid- to long-term roadmap to present its active commitment to carbon neutrality and reviewed reduction measures and selected priorities in consideration of the expected effects, investment costs, and potential adoption phases. NEXEN TIRE is managing emissions through monthly monitoring and is overseeing established goals for each worksite, and also analyzing causes in case the goals aren't met, followed by reviewing remediation measures. Our environmental management performances are transparently disclosed through 3rd party GHG verifications and CDP each year.

Climate Change Response Management System

NEXEN TIRE recently established the greenhouse gas inventory to manage climate change on a corporate level and has structured an organization by designating employees in charge of managing emission sources, monitoring, and accounting management for each production plant. We are working to respond to climate change risks more systematically, by revising our GHG management procedures and managing GHG emissions by month and year.

Conducting Energy Audit in the European Plant NEXEN TIRE's European plant went under an energy audit through TUV-SUD according to the laws of the Czech Republic (40/2021 Sb, EA Typ 2.) from 2021 to 2022. Through this audit, we plan to proactively respond to climate change by establishing mid- to long-term energy saving action plans and continuing our investment in energy saving.

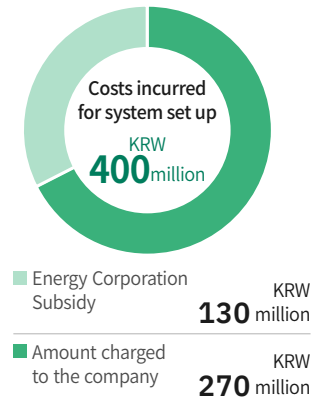


Energy Audit Report

Efforts to Achieve Carbon Neutrality

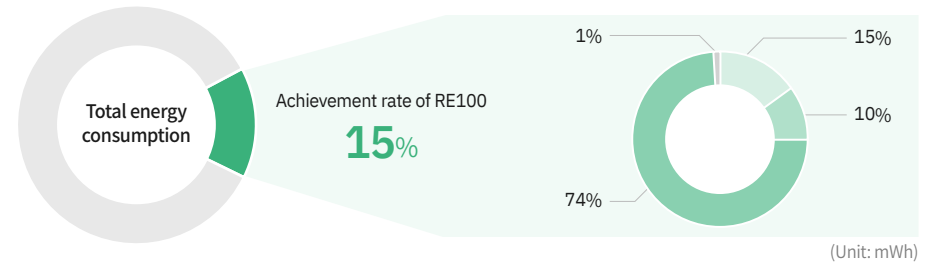
Reviewing the Application of FEMS (Factory Energy Management System)

Based on the compressed air measuring infrastructure introduced in 2021, our Yangsan Plant monitored the compressed air consumption amount in relation to the production volume for each facility up until August 2022 and formulated the appropriate compressed air consumption per unit. And in connection with the previously established MES (Manufacturing Execution System), we established a system where the manager of each facility is directly notified via email if the air consumption per unit has exceeded the appropriate amount for two consecutive days so that abnormalities can quickly be identified. We have set up a system where leakages can be treated immediately upon occurrence since we are now able to recognize compressed air leakages from the production facility more objectively and immediately.



Green Premium Contract

In order to actively respond to climate change, NEXEN TIRE's domestic plant, the Changnyeong Plant participated upon the introduction of the first Green Premium in 2021, and the Yangsan Plant also joined in the same year, achieving a RE100 fulfillment rate of 5.86%.



	Total	YP	CP	QP	EP
Total energy consumption in 2022	442,051	172,039	128,494	74,828	66,690
Purchase amount	67,166	10,000	6,666	50,000	500
Implementation method		Green Premium	Green Premium	I-REC	GO

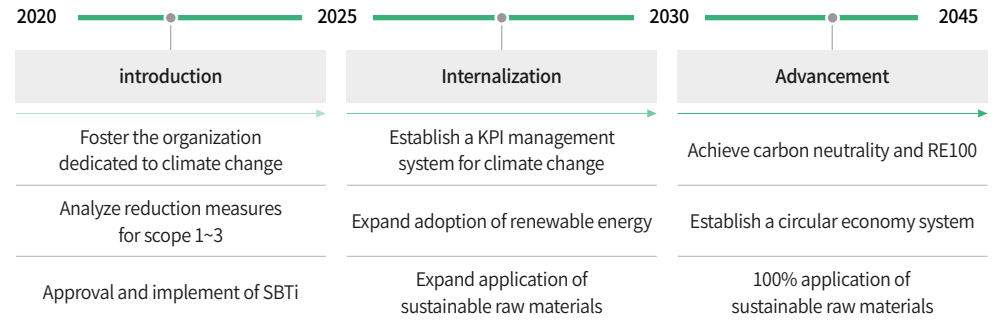
Response to Climate Change



Carbon Neutrality Strategy and the RE100 Roadmap

In order to reduce carbon emissions which pose a great threat to the climate crisis, NEXEN TIRE is reviewing measures to achieve zero carbon emissions from all its worksites and has established a goal of achieving carbon neutrality by 2045. To reach systematic implementation, we have established a mid- to long-term carbon neutral roadmap and formed an organization dedicated to climate change to carry out appropriate strategic tasks. As we are currently in the introductory phase, we stand at 15% of achieving the RE100 goals at all production plants purchasing Green Premium and certificates in 2022. We Strategemically plan to expand the usage of renewable energy and set proper measures to achieve RE100 goals by 2039 for overseas plants, and 2045 for all plants.

Carbon Neutrality Roadmap



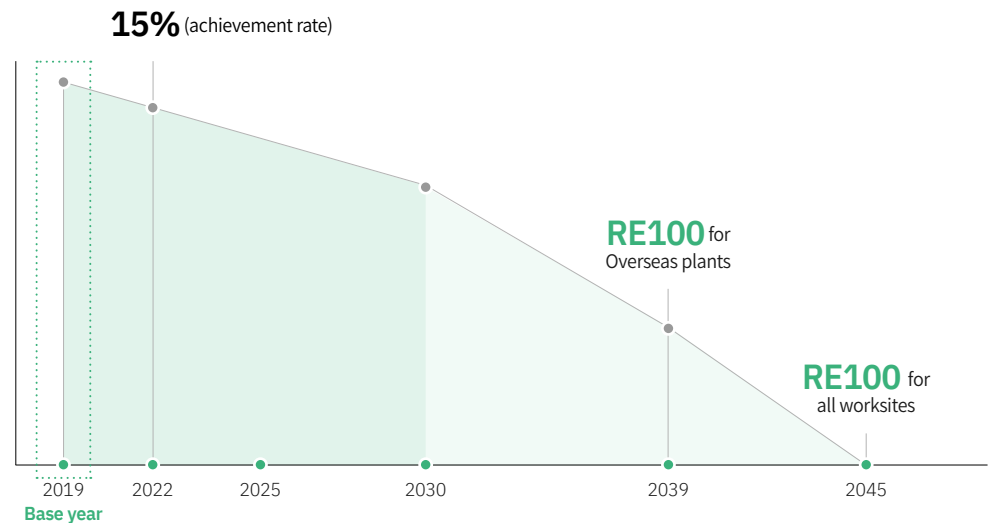
Four certificates of Renewable Energy Use Certification for Yongsan Plant, each with a unique ID and a QR code. The certificates list specific RE100 goals and usage amounts.

Yongsan Plant's Renewable Energy Use Certification

Four certificates of Renewable Energy Use Certification for Changnyeong Plant, each with a unique ID and a QR code. The certificates list specific RE100 goals and usage amounts.

Changnyeong Plant's Renewable Energy Use Certification

Plan to Achieve RE100



Response to Climate Change



TCFD Report

Establishing a Carbon Neutral Strategy and the RE100 Roadmap

NEXEN TIRE conducts an evaluation process each year to identify and address important management issues such as climate change. The risks and opportunities identified as a result of the evaluation include:

Risk/Opportunity Factors		Impact	Response
Transitional Risks	Policies and Regulations	Increase in CER (Certified Emission Reductions) purchasing fees due to strengthened GHG emission regulations	NEXEN TIRE is continuously monitoring its energy conservation activities to manage GHG emissions and is directing its capabilities to achieve its in-house goals that have been set even more strictly than the government quota. In addition, we are actively conducting greenhouse gas reduction activities by expanding the use of renewable energy with FEMS (Factory Energy Management System), ESS (Energy Storage System) as well as introduction and utilization of electric forklifts, and upgrading to (or replacing with) high-efficiency equipment.
	Technology	Cost of investment in transitioning to low-carbon operation system	
	Market	Decreased demand for tires as customers' demands for eco-friendliness is not met	
Physical Risks	Short-term	Losses from plant shutdowns due to typhoons and floods	We are conducting periodic facility inspections and risk surveys for damages caused by natural disasters such as typhoons and heavy rains, as well as safety inspections and repairs of buildings to avoid impact from natural disasters. In addition, we recruited crisis management experts from various fields such as fire, gas, electricity, and rescue operations, and established an emergency response organization. We also created emergency response manuals and are using them to conduct periodic training and safety diagnosis.
Market		Increasing sales by accessing new and emerging markets	GHG emissions have been allocated to all companies under the GHG emissions trading scheme, and companies can generate profit by selling CER upon reducing their GHG emissions. We are executing energy reduction activities to reduce emissions as a way to enter the carbon emissions market. We will continue to manage and reduce energy consumption from our new facilities and new plants.
Technology		Developing new products and services through R&D and innovation	One of NEXEN TIRE's main products is winter tires. Through big data collection and search, we predict the sales amount of winter tires in advance and adjust our production rate. In addition, we are continuously developing tires with unique characteristics that are adaptable to environmental changes caused by climate change.

Response to Climate Change



Reduction of GHG Emissions

NEXEN TIRE reviews greenhouse gas reductions from various perspectives each year by investing in equipment, improving facilities, and reviewing the introduction of new technologies. Recognizing not only the importance of managing Scope 1 and 2 emissions, but also managing Scope 3 for complete and transparent GHG emission assessments, we are planning to expand the range of our management activities. In 2021, we estimated emissions for ten categories using the GHG Protocol Scope 3 estimation tool. For this year, we will review reduction of emissions by stabilizing the Scope 3 calculation tool. In the long term, we plan to participate in the SBTi (Science-Based Targets initiative).

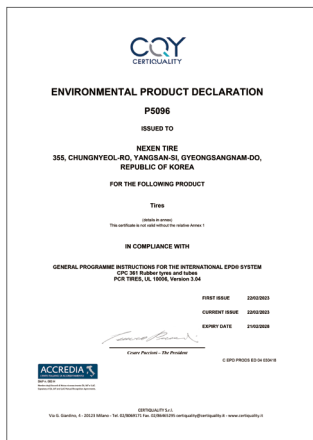
LCA Assessment In 2022, we conducted LCA assessments for three of our products (specifications) and obtained international certifications. We derived the results of greenhouse gas emissions from the stages of pre-manufacturing of tires (raw materials), tire manufacturing (manufacturing process), distribution, use, as well as disposal. We have analyzed these results to establish and implement measures to reduce environmental impact. We will continue to expand the number of standards for assessments every year, and plan to continuously reduce greenhouse gases to minimize environmental impact.

Efforts for reducing Exhaust Gas Emissions

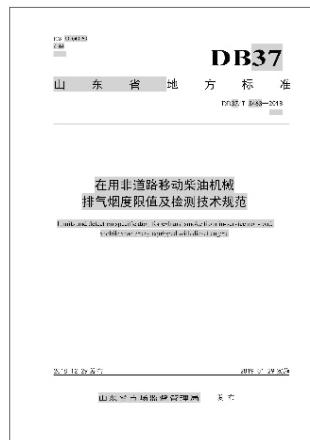
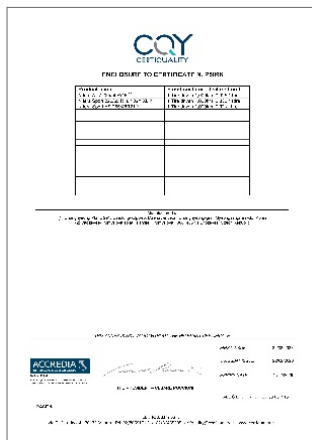
We have been conducting inspections on exhaust gas from diesel forklifts every year for our plant in China. Exhaust gas purifiers for diesel forklifts have been installed, and as a result of the regular inspection in 2022, all forklifts were found to meet the exhaust gas emission standards.

Application of Energy-saving Operation Systems at Manufacturing Plants

Yangsan Plant Our Yangsan Plant is striving to improve the poor environment of the gas producing process. Due to the nature of the process, which requires mixing of tires at high temperatures and pressure, sufficient ventilation of the fume that occurs during tire manufacturing is needed. For installation of air conditioning equipment needed for environmental improvement in this process, we have adopted the vaporization cooling method to reduce energy consumption and GHG generation, and therefore have installed 58 units from 2019 to 2022. We plan to apply the units to the entire gas producing process by 2026.

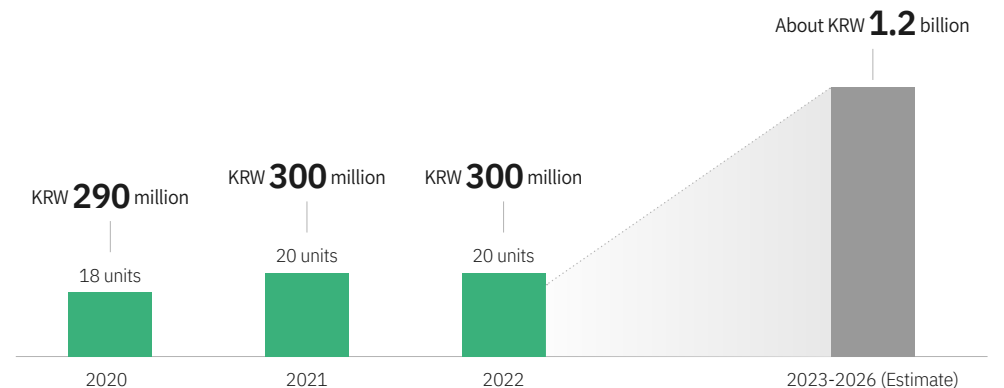


LCA Certificate



Inspection Results of Exhaust Gas from Forklifts

Cost of investment in the cooling unit using the vaporization cooling method



Response to Climate Change



Developing Energy-Saving Technologies

Yangsan Plant The Yangsan Plant was selected as a support recipient for the “Reduction Equipment Support Project for companies participating in the Emissions Trading System” organized by the Energy Corporation in 2022 and will begin using high-efficiency compressors. The new compressor runs on a VSD(Variable Speed Drive) operation method, and is expected to improve any unreasonable aspects of the operations by discontinuing ‘unloading’ or ‘BOV(Blow off Valve)’ by operating on different speeds depending on the consumption amount of compressed air. This is a change from previously-used turbo and reciprocating type applied at the Yangsan Plant and is expected to reduce energy consumption as well as GHG emissions.

China Plant For our plant in China, we are operating a project in which outdated Y-series motors are replaced with Y3E-series high-efficiency motors each year. In 2022, 21 Y-series motors of 55 kW or less were replaced.

Europe Plant In line with the two-phase expansion plan, our Europe Plant expanded the number of air compressors in the second half of 2022 and have begun applying LSS (Load Sharing System). By applying this system, we expect to operate the initial compressors (4 turbo-types and 1 screw-type) sequentially/alternately, extending the life of each equipment and minimizing excessive air production. With this, we can expect to reduce energy used to operate the compressors as well as carbon emissions. Currently, the installation of the systems has been completed, and the LSS system will be applied and operated from the beginning of production in the second half of 2023.

Minimization of Energy Leakage

Yangsan Plant In 2022, we replaced 15 steam traps at the Yangsan Plant after periodic steam trap inspections, and also treated 2 steam traps with leakage from bypass traps as well as other 15 steam traps that were found to have been used in an opened state. We analyzed that the resulting energy savings are estimated to be about KRW 51 million. In addition, by installing high-performance insulation and highly workable covers on 200 steam unit piston valves in the curing process, where the largest amount of heat energy is used, we are preventing heat loss equivalent to over KRW 18.9 million.

China Plant From the 2022 inspection results, we also repaired 339 air leakages, 102 steam leakages and replaced 19 steam traps, which resulted in reduction of 23,730 kWh of energy and 17,293m³ of LNG usage. In addition, by recovering and reusing steam released into the atmosphere during the curing process, we have reduced LNG usage by an average of 754m³ per day.

Europe Plant In order to minimize heat loss from curing equipment and steam pipes in the manufacturing process, our Europe Plant continue to implement replacement activities of outdated steam traps as well as insulation of steam piping. In addition, through TUV-SUD in May 2022, we conducted an energy audit to identify measures for energy savings and are currently conducting relevant case studies. In the case study, we are reviewing specific measures to see if waste steam discharged from boilers can be applied to heating and other uses. Moving forward, we plan to develop an investment plan by each year and strategically and systematically conduct energy savings activities.



Response to Climate Change



Energy Management and Efficiency

Eco-friendly Office

Bringing together the growth DNA and identity of the NEXEN Group, THE NEXEN univerCITY is a key facility that drives the growth of global NEXEN. THE NEXEN univerCITY has a total floor area of 57,171 m² and consists of two underground floors and eight floors above ground. The building is divided into research and office buildings and has been designed to allow creative work to be performed in a horizontal and free atmosphere. The research facility consists of a research and development center where product design, AI technology, virtual tires, etc. can be studied; a performance research center where matching performance between vehicles and tires are developed; and a materials research center where various materials can be analyzed. The outside of the building is designed to represent tire treads, which displays the characteristics of what we do.

THE NEXEN univerCITY is a green building that has been applied with eco-friendly design, such as photovoltaic power generation systems, geothermal air conditioning and heating facilities, and a green roof system to reduce heat loss. The courtyard, which is a green space in the center of the building, and the surrounding multi-helix green roof walkway that connects the overall space serve as a space to allow a flow of ideas. We especially leave the first to the third floors above the ground open as a public space so that employees, local residents, and the community can interact with one another. THE NEXEN univerCITY, an R&D control tower and hub that integrates the European Institute of Technology, the American Institute of Technology, and the China Institute of Technology serves to reflect NEXEN's identity and values.



Energy Management at Worksites

Yangsan Plant To prevent energy loss caused by 15 to 20 minutes of the mixer main motors' idle operation during the transition phase of the refining process, we added a software to 9 mixer equipment and other equipment in 2022. In addition, we participate in KEPCO's DR business(Demand Resource Trading Market) and conduct energy reduction activities 3 to 4 times a year, receiving settlement payments from the energy exchange every month. Also, by managing the operating schedule of ESS facilities, we charge electric energy at night time when it is low-costing and light in load. We exhaust electricity during the peak of the factory power generating time zone, which is also the mid- and heavy-load times to manage Yangsan Plant's peak and to reduce electric energy costs. In addition to this, we are constantly converting constant-speed motors to inverters and continuing to replace outdated pumps to high-efficiency ones.



Energy inspection at the Yangsan Plant

Green Technology Development and Investment



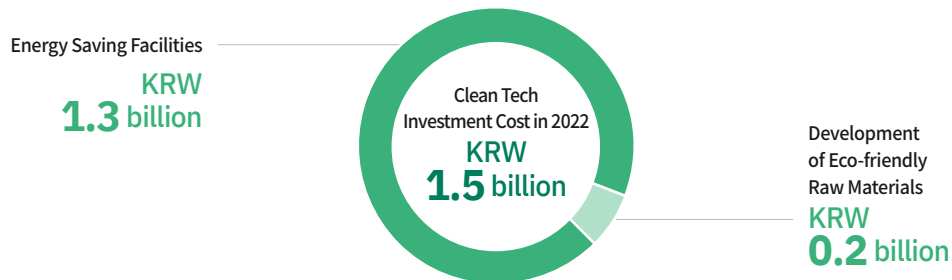
Discovering Eco-friendly Materials

To minimize environmental pollution, NEXEN TIRE is planning and executing the transition from existing petroleum resources to sustainable materials from a mid- to long-term perspective. We define sustainable materials as recycled materials from existing petroleum/chemical products, as well as renewable raw materials that have no impact on the ecosystem nor contribute to resource depletion.

As of 2023, we are assessing more than 10 types of reusable/recycled raw materials that we've discovered, carrying out research on developing tires using sustainable materials alongside domestic raw material companies as well as automotive companies through government-funded research. This research began in 2021, which marks this year as the 3rd year of research.

* In 2023, tire development research with 35% sustainable materials (with domestic raw material manufacturers), and tire development research with sustainable materials (with automotive manufacturers) were conducted.

Clean Tech Investment Cost in 2022



Discovering Eco-friendly Materials

In order to replace the existing petroleum and mineral resources, NEXEN TIRE is seeking out not only for synthetic rubber, natural resin, and oil made using ingredients extracted from natural substances such as green silica and natural oils, but also other raw materials from various natural substances. In addition, we are conducting research to apply waste tires and recycled materials from various industries as raw materials for tires. Currently, the development of sustainable raw materials is focused on polymers, silica, oils, PET cords and bead wires with low entry barriers, but in the future, we plan to set and achieve the goal of transitioning all raw materials to sustainable raw materials in the mid- to long-term by expanding our research to more chemical, textile cords, steel cords, carbon black, etc. that have not been explored. In the future, we plan to apply these sustainable raw materials to tires and gradually increase the ratio of sustainable raw materials, while continuing research and verification assessments to maintain our tires' stability and performance.

Use of Sustainable Raw Materials

As of December 2022, a total of 23.2% of our raw material usage is sustainable. In the short term, NEXEN TIRE plans to gradually increase the use of sustainable raw materials in line with the needs of our customers that are demanding the use of sustainable raw materials, and in the long term, we will continue to launch competitive products in the RE market to speed up the transition.

[NEXEN TIRE's Sustainable Product Policy](#)

Industry-Academic Joint Research to Develop Eco-friendly Tire Materials

In order to ensure the sustainability of tires, various kinds of sustainable raw materials need to be developed, and in order to apply them to tires, manufacturing technologies that can ensure tire performance, such as fatigue, wear, braking, and fuel efficiency, that is equivalent to using tires with existing raw materials, are required. In order to increase the efficiency of these tire developments, we have been conducting joint research(open innovation) with influential companies from various fields, government researchers, and universities since 2021.

In 2021, we developed tires with 25% sustainable raw materials using renewable synthetic rubber and recycled carbon black in addition to natural rubber, and in 2022, we expanded the ratio of sustainable raw materials in developing tires to 33%. For 2023, we are developing tires with more than 35% sustainable raw materials through the application of natural oils and recycled PET cords. Through such industry-academic joint research, we plan to develop technologies to replace all materials from polymers, fillers and oils to cords with eco-friendly materials.



Ratio of sustainable raw material use

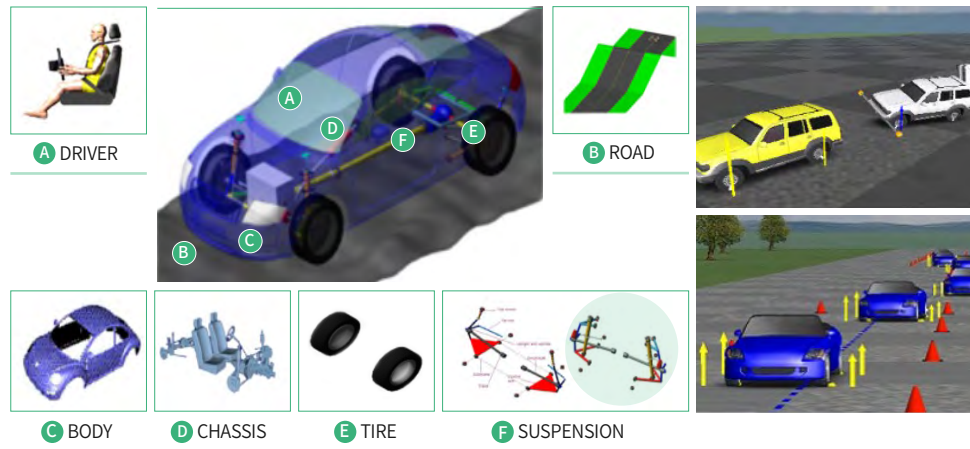
23.2%

Green Technology Development and Investment



Research on Energy-Efficiency Improving Technology

Virtual simulation In order to improve the efficiency of tire development and to meet the global trend of virtual development, NEXEN TIRE has acquired the vehicle simulation technology required by its clients and is applying them to its tire development process. With this, we are striving to provide customers with better quality tires through prediction of the various performance functions that can occur during vehicle development as well as optimization of performance.



* A view of NVH testing in an anechoic room in THE NEXEN univerCITY

* Content from research on deriving optimal tire weight

Research on Tire Noise Reduction

In recent years, regulations on tire rolling noise certification(ECE R117.04) and vehicle driving sound-level certification(ECE R51.03) have been strengthened. Therefore, we are in the middle of acquiring noise characteristic data from each vehicle manufacturer(BMW, Benz, VW, AUDI, HKMC, etc.) and test sites(IDIADA PG@Spain, Nardo PG@Italy, and domestic PG@Daegu, etc.) and are using them in developing noise-reduced products. NEXEN TIRE has built a prediction system that can reduce tire rolling noise through continuous NVH research in cooperation with Hyundai Motor Company and has been using them to improve noise performance while minimizing its impact on other performance functions.

Research on Deriving Optimal Tire Weight

NEXEN TIRE has reduced the use of approximately 778 tons of raw materials in 2022 by optimizing weight without compromising quality through research on optimal element design techniques for each part of the tires. This year, we are continuing our research/development to reduce the amount of raw materials used and to improve performance by re-establishing the design technology of each component, researching new structures, and applying new materials.



Reduction amount of raw material usage in 2022

778 tons

Green Technology Development and Investment



Developing Eco-friendly Products

NEXEN TIRE defines eco-friendly products as those that minimize the impact on the environment during the process of using tires, and conducts continuous R&D to manufacture products that meet the established definition. In addition, we are participating in EPR (Extended Producer Responsibility) for the recycling of tires that have been exhausted, as a way to fulfill our social obligations.

Operating an Eco-friendly Product Policy

NEXEN TIRE implements an eco-friendly product policy to increase customers' understanding of eco-friendly products and therefore assist in their selection and purchase of the company's products. We define products with increased fuel efficiency as eco-friendly products in accordance with regional environmental regulations and automobile manufacturers' requirements, and we specify them to general consumers so that they can grasp the level of products by their fuel economy.

We apply a standardized fuel efficiency design and for products sold in areas where there is no environmental regulation, we apply the same level of design as those sold in environmentally regulated areas.

In order to meet the CO₂ emission criteria of automobiles and the requirements of eco-friendly electric vehicles, we are focusing on investing in new facilities where we can draft fuel economy reduction and noise reduction designs.

We are also expanding this operation to our regular products so that products with similar eco-friendly performance can be purchased in markets for replacement parts in the future.

Definition of Eco-friendly Products

NEXEN TIRE has defined eco-friendly products as those with outstanding energy-efficiency, and eco-friendly tires as ones with rolling resistance rating higher than the average rolling resistance of passenger car tires distributed in the Korean market as of 2020. By strengthening CO₂ reduction targets and rolling resistance requirements in accordance with stricter environmental regulations, minimizing emissions of particulate matter, and establishing goals to meet the requirements of performance conditions according to the accelerated dissemination of eco-friendly electric vehicles, we plan to increase the proportion of eco-friendly products and bring in relevant products in the future.

Examples of Eco-friendly Products

Product Operation System In response to global environmental regulations, NEXEN TIRE is applying fuel efficiency improvement and noise reduction designs to each product. In particular, we have introduced a product operation system that takes into account the overall environment by enhancing fuel economy performance and simplifying the manufacturing process through the development of new low-weight high-rigidity materials and early application of current products with the aim of enhancing eco-friendly performance through the reduction of unit weight of products by improving rolling resistance and lightening semi-finished products.

Eco Tech An eco-friendly concept tire 'Eco Tech', as its name implies, is NEXEN TIRE's tire that is integrated with eco-friendly technology. The appearance of the tire represents leaves that are swept in one direction and emphasizes the eco-friendliness of the tire while evoking the dynamic image of NEXEN TIRE. NEXEN TIRE will test-manufacture sustainable tires with this sidewall pattern as the final challenge of the government-funded research of 2024.

In addition, 52% of sustainable materials have been applied to this concept tire through joint research with our clients. Despite the high sustainable raw material content, the tires showed the same level of performance on their own and in vehicle driving. This achievement has been published in domestic and foreign media, serving as an opportunity to present NEXEN TIRE's level of eco-friendly tire manufacturing technology and willingness for continued development in the future.



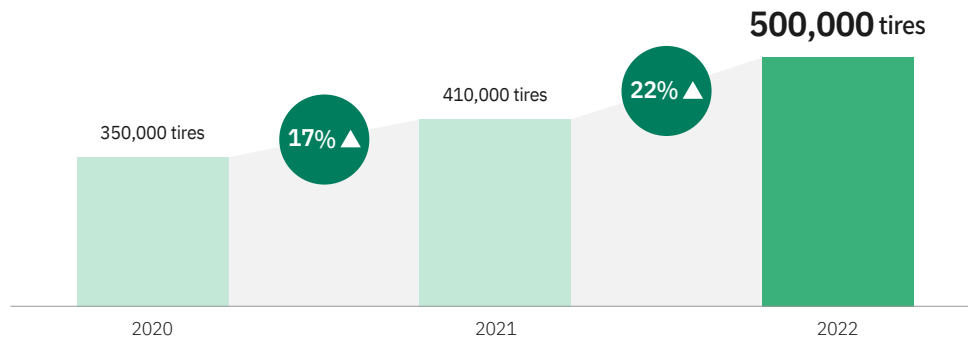
Concept-tire applied with 52% sustainable material

Green Technology Development and Investment



Developing Products for Eco-friendly EV NEXEN TIRE is increasing products designed exclusively for OE supply targeting EV with the expansion of eco-friendly electric vehicle distribution. In order to broaden the consumer's understanding as well as the choices of products, we have created a product category for electric vehicles, and are applying a separate brand("EV") for distinction. In the case of products that are typically applied to electric vehicle-only platforms, we have expanded our dedicated equipment that can apply a noise reduction system, which absorbs and reduces noise generated from the tires. This was done taking into account the characteristics of high-power abrasion resistance and low noise requirements given the characteristics of the electrical engine in order to meet the needs of our customers.

OE Tires Supplied for Electric Vehicles



Supply Products for Hyundai Motor's Electric Vehicle, IONIQ 6

Tire Energy Efficiency Rating System

We are contributing to energy saving and GHG reduction in Korea and abroad by expanding eco-friendly products developed through research on high-efficiency and eco-friendly products. In accordance with the government policy, NEXEN TIRE has been continuously developing and supplying high-efficiency tires since 2013 under the "Regulations on energy efficiency measuring, rating criteria, labeling, etc. of automotive tires." These high-efficiency and eco-friendly products expand consumers' options and provide useful information to help consumers with purchasing eco-friendly tires.

By using the high-efficiency tires supplied to consumers, we can prevent energy loss and environmental problems, which contributes to energy saving and GHG reduction in the national transportation field.

In Korea

- Launched 78 products with efficiency rating of 1-2, contributing to sales/distribution
- Achieved 41% in distribution of high-efficiency tires in Korea(3 million tires) in 2022

In Europe

- Launched 227 products with efficiency rating of A - B according to the EU regulations(rating 1 - 2), contributing to sales/distribution

Supplied high efficiency(low fuel cost-RR) tires(rating 1 - 2)*

Division		Unit	2019	2020	2021	2022
Domestic	Amount	1,000	471	722	1,198	2,994
	Sales	KRW million	9,839	34,663	65,163	154,619
Overseas	Amount	1,000	570	1,024	1,872	2,969
	Sales	KRW million	5,650	34,145	82,969	182,684
Total	Amount	1,000	1,041	1,746	3,070	5,963
	Sales	KRW million	15,489	68,808	148,132	337,302

* Generally referring to tires with RR rating 1- 2 (domestic) and rating A - B (Europe)

Waste and Hazardous Material Management



Waste Management

Systematizing Waste Management

NEXEN TIRE conducts environmental impact assessments by each process to reduce and manage emissions of waste generated in the production process. Based on this, we are identifying the amount of waste generated and establishing waste reduction goals.

We have classified waste types as general garbage, scrap metal, waste paper, waste wood, waste plastic, waste oil, etc.

Efforts to Reduce Waste

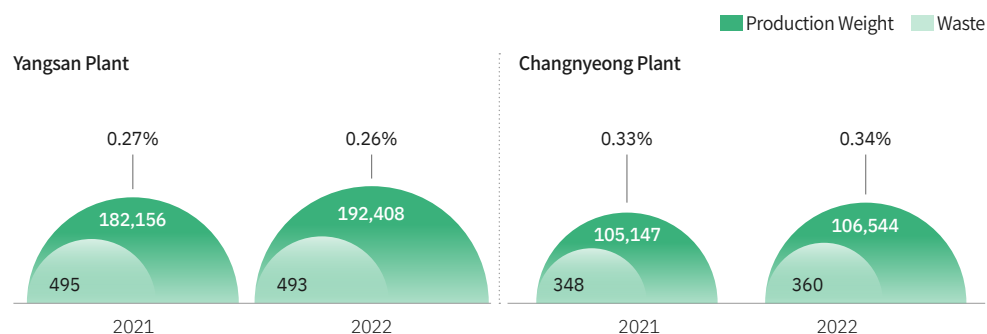
NEXEN TIRE is working towards increasing waste recycling rates, and as a result, it recycles 89% of the waste generated.

Waste Handling Companies

In order to assess the legitimacy of waste handling companies, we are analyzing and evaluating their compliance status by conducting site inspections. In case of our plant in China, we have revised the waste program and improved the criteria for qualification review of general solid waste disposal companies.

Amount of Waste* Generated as Compared to Production Weight

(Unit: ton)

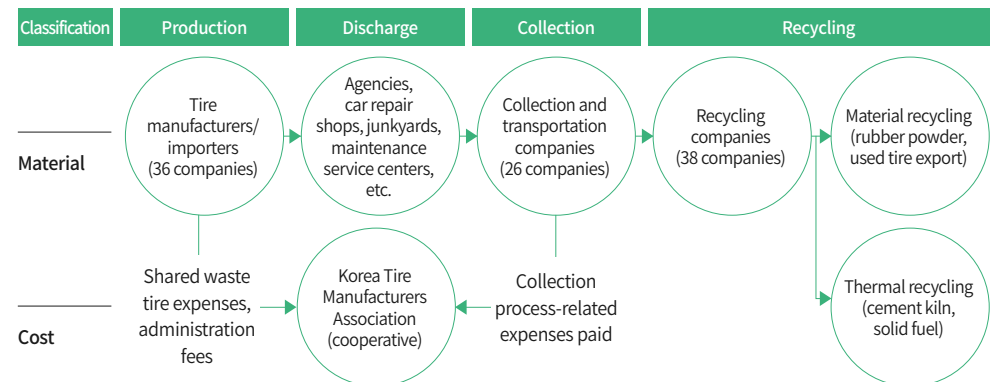


* Weight of non-recyclable waste out of total waste generated (weight of residential waste)

Domestic Collection and Disposal

In order to achieve the recycling target announced by EPR (Extended Producer Responsibility), NEXEN TIRE collects and recycles waste tires. The EPR system is an approach that gives the manufacturer a certain amount of recycling duty for the waste from its products to recycle them, and if the manufacturer does not fulfill its duties, a recycling fee higher than the cost needed for recycling is imposed on the manufacturer. As a member of the Korea Tire Manufacturers Association, NEXEN TIRE handles waste tire collection, disposal, and cost settlement operations through consignment and manages goals regarding its recycling duties by recording the collection weight of waste tires designated by the association as well as the weight of waste tires supplied to the recycler. If waste tire collection and handling are not carried out successfully, sales branches and other agencies distributing the tires may experience difficulties due to a lack of storage space and environmental pollution. Therefore, we are striving for active collection and handling of waste tires. At the beginning of each year, a mandatory recycling implementation plan is established after estimating the shipment weight of new products to be released that year. To determine if the implementation plans have been met, each member company sends the total weight of tires released within Korea to the Korea Environment Corporation. The Corporation then compares the submitted information and the handling company/recycling company's data to see if the recycling implementation plan has been achieved. NEXEN TIRE as well as other members of the Korea Tire Manufacturers Association have achieved approximately 96% of the recycling duty target for 2021 and have submitted its performance, which has been approved by the Korea Environment Corporation.

EPR (Extended Producer Responsibility)



Waste and Hazardous Material Management



Domestic Recycling

Collected waste tires are largely divided into material recycling and thermal recycling depending on the recycling method. Under the Act on the Promotion of Saving and Recycling of Resources, 30% of the mandatory recycling volume must be processed through material recycling.

Material Recycling Rubber powder made from waste tires is mainly used for flooring with a buffering effect, or for dyeing plastic into black color. Every year, we are striving to find new suppliers for this material.

Thermal Recycling Over 70% of waste tires are processed through thermal recycling, but due to the nationwide response to excessive synthetic resin generation waste, waste tire consumption as an alternative fuel has been decreasing. Therefore, we are making efforts to secure demands in relevant fields.

Status of Tires Recycled

Item	Unit	2020	2021	2022
Recycling Rate*	%	75.1	76.3	-***
Target Set by the Government**	%	79.0	79.6	80.0

* Recycling rate = Approved recycling implementation amount ÷ Volume of waste tire generated

** Changes each year according to the Notice of the Ministry of Environment

*** The recycling rate of waste tires for 2022 is plan to be finalized through an investigation by the Korea Environment Corporation in September 2023

Approved Recycling Implementation Amount

- According to the detailed criteria regarding the usage of waste tire (for thermal areas, only 70% of the total mandatory amount is approved), weight from thermal areas has been partially excluded.

Volume of Waste Tire Generated

- Quantity of new products launched x Wear rate (0.85)

Overseas Disposal and Recycling

NEXEN TIRE Europe signs and handles waste only with companies verified according to the European law. In addition, as part of the circular economy, we hire and handle waste with verified companies so that waste tires can be recycled and used as necessary resources through crushing.



Waste and Hazardous Material Management

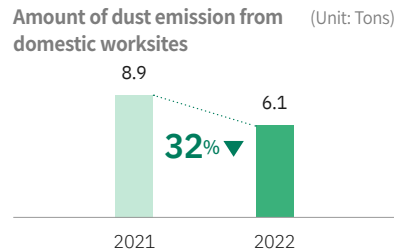


Air Pollution Management

Reducing the Emission of Air Pollutants

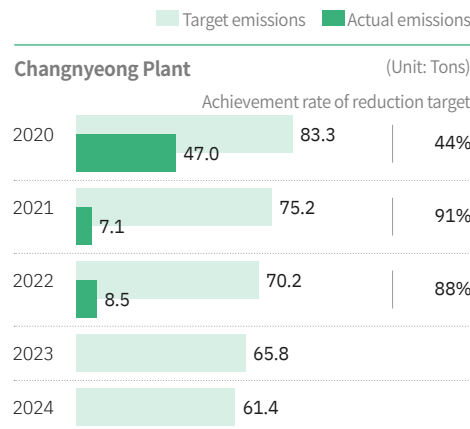
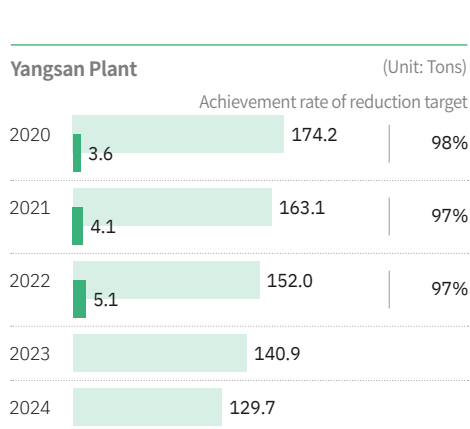
To minimize air pollutant emissions, NEXEN TIRE manages the emission concentrations through monthly self-assessments. In addition, we are making improvements to emission prevention facilities for our domestic worksites by investing a set amount each year. In 2022, we have invested KRW 123 million. In this way, the company manages prevention facilities, and in the case of domestic operations, dust emissions have been reduced by 32%*.

* Ratio of reduction by 2.84 tons in comparison to 2021



Fulfilling the Particulate Matter Reduction Agreement

For five years from 2020 to 2024, we signed a voluntary agreement with Gyeongsangnam-do Provincial Hall to reduce particulate matter generation. Since 2020, we have been achieving reduction of particulate matter for three consecutive years. As proven by the assessment on the implementation of voluntary agreement for particulate matter reduction with Gyeongsangnam-do Provincial Hall in 2021, we were selected as a company with excellent performance in reducing emissions of air pollutants and protecting the health of the residents and improving the air environment year-on-year and was awarded the Governor's Citation in September 2021.



Water Pollution Management

Management of Water Resources

To minimize the impact on the water resource environment and to prevent risks, NEXEN TIRE manages water usage amount and wastewater pollution concentration and strives to increase the amount of water reused by improving its processes. We are managing the amount and concentration of pollutants in wastewater through self-assessments as well as wastewater measurements conducted bi-monthly within the respective industrial complexes. Also, we manage risks regarding rising pollution concentrations through dredging of wastewater collection tanks three times a year.

In 2022, we are conducting management on water discharged from non-point pollution sources within the worksites of NEXEN TIRE by cleaning soil with pollutants from non-point pollution reduction facilities and replenishing filters.

Groundwater Environmental Impact Assessments

By conducting impact assessment on groundwater through specialized agencies, NEXEN TIRE assessed the groundwater quality and the appropriate amount of water withdrawal as well as impact on nearby areas and rivers. The assessment verified that we do not wield any impact on nearby rivers.



지역명	공공	위치	차대용량	지대면적	시설	종류	면적	구분
이천공장	2025.56	이천공장	2000/1000	100,000	무기	정수	100.00	유지관리
시설관리담당자	시설관리일자							
장영	주요							
이수영	정수 시설 유지 보수							
김민준	정수 시설 유지 보수							

Report on maintenance performance of manufacturing filtration system

SOCIAL DIMENSION

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- 43 Safety and Health
- 48 Employees
- 55 Customers
- 64 Suppliers
- 69 Social Contribution
- 73 Information Security

Human Rights



Human Rights Management Policy

NEXEN TIRE has incorporated human rights management into its mid- to long-term ESG strategy to secure human rights and values in all management activities. In order to fulfill its responsibility to respect the human rights, NEXEN TIRE supports and complies with human rights-related domestic and international standards and norms. Based on our human rights policies, we identify potential issues in all of our business activities and also conduct human rights impact assessments to analyze potential human rights issues in Korea and abroad to improve them.

NEXEN TIRE's Human Rights Policy

Human Rights Management Roadmap

	2023	2024	2025~
Promotion phase	Internalization phase	Growth phase	Maturation phase
Strategic direction	Establishment and stabilization of the human rights management system	Dissemination of a culture that respects human rights	A leading company in human rights management
Strategic tasks	<ul style="list-style-type: none"> Establish human rights management system, such as building systems and enacting regulations Establish remedy procedures for human rights violations Systematize human rights training 	<ul style="list-style-type: none"> Heighten human rights management standards and systematize performance management Improve the effectiveness of remediation procedures Spread human rights management, for example to suppliers 	<ul style="list-style-type: none"> Advance human rights management system Create a human rights management ecosystem for communities and suppliers Spread best practices in human rights management
Monitoring and Feedback	Discovery of issues <ul style="list-style-type: none"> Regularize human rights management index(human rights impact, human rights reality) assessments 	Analysis and Diagnosis <ul style="list-style-type: none"> Human Rights Index assessment results Stated issues on human rights violations Carry out the environmental analysis and derive implications, such as business-related laws and systems 	Feedback <ul style="list-style-type: none"> Advance regulations and systems Strive to implement human rights Index assessments Enhance members' sensitivity to human rights, strengthen training Spread human rights management internationally

Prohibition of Child Labor and Forced Labor

NEXEN TIRE conducts various activities to protect and promote human rights throughout its overall management activities. In particular, we adhere to the Ten Principles of the UN Global Compact and abide by the key agreements of ILO (International Labor Organization), which includes strict prohibition of child labor and forced labor, as supported in our Declaration of Human Rights. Since its establishment, NEXEN TIRE has had zero cases of human rights-related issues such as child labor, forced labor and human trafficking, and continuing our operations without any legal issues. Moving forward, we will do our best as a responsible corporate citizen through active implementation of human rights management.

Declaration of Human Rights

In order to fulfill its social responsibilities faithfully and pursue sustainable development with all stakeholders, NEXEN TIRE has included human rights principles in the Declaration of Human Rights, which must be observed by all members of the company. We are committed to the recommended human rights principles, particularly those defined in the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights and will also make our utmost effort to protect the human rights of all stakeholders while preventing human rights violations.

NEXEN TIRE's Declaration of Human Rights

NEXEN TIRE adheres to the human rights principles set by the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. All NEXEN TIRE employees must consider the following principles when performing their tasks, and all stakeholders in a business relationship with NEXEN TIRE are encouraged to respect the same principles:

- ① We respect the diversity of employees, and we are committed to ensuring that each employee or potential employee is not discriminated by gender, age, race, nationality, religion, disability, political orientation, and region of origin in all processes of human resource management such as recruitment, evaluation, compensation, and training.
- ② We prohibit child and forced labor and adhere to all ILO-recommended, state-ratified labor principles regarding health, safety, working hours, etc.
- ③ We provide sufficient communication opportunities to all employees and guarantee freedom of association and collective bargaining.
- ④ We prepare appropriate support measures for a safe work environment for employees.
- ⑤ We protect the human rights of local communities where the workplace is located.

Human Rights



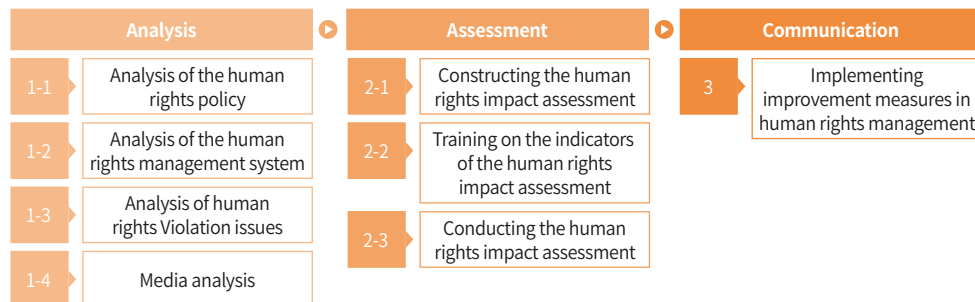
Human Rights Risk Management

As the needs for corporate sustainability continue to rise, the importance of establishing a human rights management system for the society and governance is becoming more emphasized. In order to recognize and comply with its roles and responsibilities in human rights, NEXEN TIRE has conducted a human rights impact assessment, through which we have identified the impact of the company's management activities on human rights of internal and external stakeholders, such as employees, suppliers, and local residents. Using this, we also derived areas of improvement and are implementing them as a way to manage human rights risks.

Process of the Human Rights Impact Assessment

Before conducting the human rights impact assessment internally, we conducted an internal and external environmental analysis of the company. We analyzed global human rights issues, and also identified and analyzed potential human rights issues that may occur by studying human rights-related issues that have occurred internally as well as media-related analyses. By using the Human Rights Management Guideline of the National Human Rights Commission of Korea and the checklist of the ILO, the International Labour Organization, as a reference, we have developed the indicators of the human rights impact assessment that meet our current situation. We conducted the assessment with a total of 195 indicators under 37 items in 11 areas, and a third-party verification was conducted through on-site assessments by a professional assessor to add reliability in the assessment. Through this, we identified areas where human rights risks could occur and selected improvement tasks. Then, we have applied them as strategic tasks to the Human rights/Employee division of the social sector under the Sustainability Committee and are reviewing the improvement measures.

Process of the Human Rights Impact Assessment



Results of the Human Rights Impact Assessment

NEXEN TIRE has conducted the human rights impact assessment for its domestic plants, and has exerted efforts to increase its credibility through participation of its stakeholders in Korea and abroad, such as local residents and suppliers for evaluation. Through the assessment, we achieved excellent results in labor relations and labor, safety/environment as well as human rights protection of local residents as a no-strike company for 30 years. We, however, discovered areas for improvement in monitoring human rights risks in certain parts of our supply chain and securing diversity in the workplace. We plan to establish these areas as strategic tasks to make improvements. In addition, we plan to conduct the human rights impact assessment every year for continuous monitoring, and plan to expand the scope of the assessment to not only domestic plants but also to overseas plants in the future.

Improvement tasks derived regarding human rights management

Improving Human Rights Awareness

Human Rights Training

NEXEN TIRE respects freedom and human rights as the basic and inalienable rights of all people. In order to strengthen our human rights management system to a greater degree, we provide training all areas of human rights such as prevention of sexual harassment and improvement of awareness of the disabled. We strive to establish an organizational culture that respects human rights.

Completion Status of Human Rights Training*

Category	Unit	2020	2021	2022
Employees Subject to Training**	Employees	4,027	3,979	4,042
Employees Who Completed Training	Employees	4,005	3,937	4,026
Training Completion rate	%	99.5***	98.9	99.6

* Includes training on sexual harassment prevention and improvement of awareness of the disabled

** Based on domestic worksites

*** Human rights training completion rate of 2020 was corrected due to labeling error

Human Rights



Diversity and Inclusion

Creating a Culture that Embraces Diversity

In order to create a culture that embraces diversity and to secure and nurture outstanding talents, NEXEN TIRE is implementing a relevant system that was created internally while also promoting activities considering the universal factors of diversity, such as gender, age, and disability. To provide stable jobs to people with disabilities and fulfill our social responsibility, we established N'zel Withus, a subsidiary-type standard business for the disabled, in 2017. N'zel Withus provides bread and confectionery to the Yangsan and Changnyeong plants as well as to NEXEN Corporation. As of 2021, a total of 71 people with disabilities are employed. We strive to respect diversity in hiring employees.

Providing Diversity Training

Through NLA, an in-house cyber training campus, we offer training on diversity and acceptance, gender equality, and value education for all employees.



Classes on Diversity Training

1. Creating a healthy organization, achieving a fair society and a human rights society
2. On to the field, policy formulation and gender equality based on gender awareness
3. DE&I Now, a new type of organizational culture is coming

Diversity in NEXEN TIRE

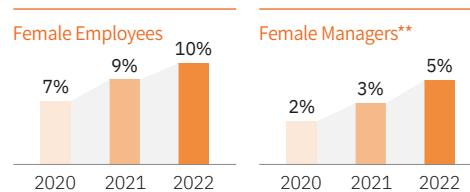
(Unit: Employees)

Category	2020	2021	2022
People with Disabilities*	66	73	77
Foreigners	2,506	2,736	2,872
People of Old Age	671	718	710

* Employees of NEXEN TIRE including those of N'zel Withus

** Employees over 50 years of age

NEXEN TIRE's Female Employees*



* Expanded the disclosure standards from domestic to global

** Job position equivalent to manager and above

In-house Broadcast for Exchange Among Generations

NEXEN TIRE is making an active use of the in-house broadcast system to share and expand communication among the employees. By providing contents such as “Purple Mentoring”, “CA Letter”, “Talk Talk”, “N-Balance Game,” and “Introducing Our Team,” with our employees’ direct participation, we are striving to break down barriers and strengthen communication across generations. In particular, “Purple Mentoring”, which was designed to strengthen communication among the employees, has been successfully completed after sharing various content(cultural experiences, restaurant exploration, social contribution) over four months for a total of 24 teams for all employees of 2022. We plan to operate the second season in 2023.

Prohibition of Discrimination and Harassment

NEXEN TIRE strictly prohibits discrimination and harassment within the company. Any grievances regarding discrimination and harassment are handled by the ethics management reporting center, in cooperation with the Human Resources Team. Upon the occurrence of any discrimination or harassment issue, the person in charge analyzes the case and a Personnel Disciplinary Committee is convened based on the evidence.



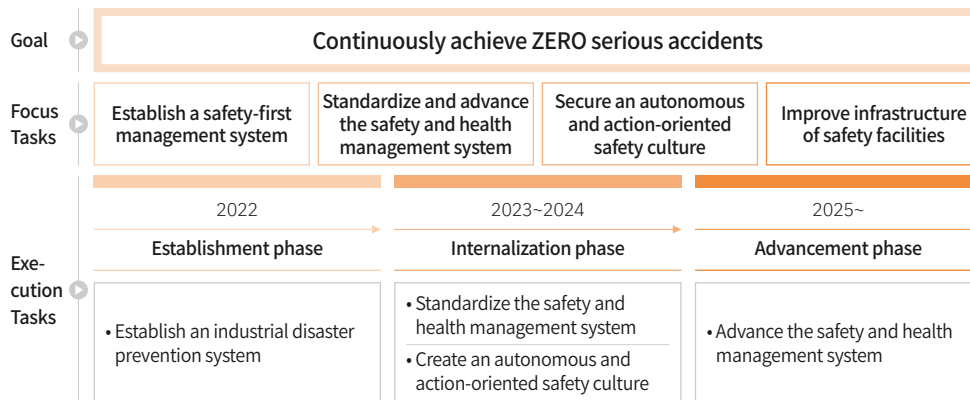
Safety and Health

Sustainable Safety Management

Mid- to-long-term Roadmap for Serious Accident Prevention

In order to achieve 'Healthy employees/ Safe workplaces', NEXEN TIRE has established a safety and health management policy titled, 'Safety and Health as First Priority' as well as a goal of 'continuously achieving ZERO severe accidents' and thereby operates a safety and health management system (ISO45001/KOSHA-MS). We have also established a mid- to long-term roadmap for sustainable and responsible safety management.

In 2023, we are promoting priority issues centered on preemptive safety and health activities, such as stabilization of safety and health management procedures and its field application, safe landing of 3 major safety activities, strengthening of support for suppliers, internalization of emergency response training, and systematization of risk assessments, etc. as part of our internalization phase of the safety and health management system. To move towards the stabilization and advancement of a safety culture, we have also adopted the SHE integrated management system as well as smart ILS, and established an investment plan to improve the infrastructure of safety facilities to pursue them phase-by-phase.

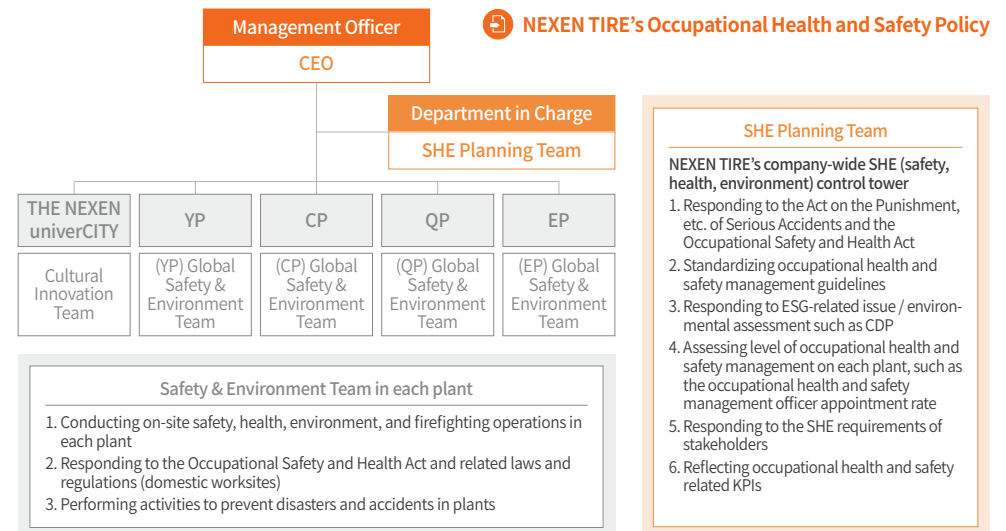


Establishing a Management System for Health and Safety

For systematic implementation of its safety and health obligations, NEXEN TIRE operates its management system after reorganizing the safety and health management system, such as appointing safety and health managers of not only the manufacturing division but research centers and the sales divisions so that the system can be executed on a company-wide level. We also constructed and are operating a dedicated safety and health organization directly under the CEO that acts as a SHE control tower for the company, which establishes strategies for the safety management policies and monitors the 7 core issues of the safety and health management system at least once a year.

Since 2022, we have been holding the 'Safety Management Council', consisting of the CEO and the executives twice a year to maximize quick and reasonable decision-making and execution power of safety management policies, such as deriving follow-up measures after monitoring the status of safety and health implementation, and keeping up with safety and health issues, and strategies and performance results.

Occupational Health and Safety Organization and its R&R



Safety and Health

Sustainable and Preemptive Safety and Health Activities

Strengthening Occupational Health and Safety Education

To minimize safety risks and to raise safety awareness for its employees and those of its suppliers, NEXEN TIRE systematically conducts safety and health education and training every year. In particular, in 2022, we developed our own training content and conducted customized training for the statutory safety and health training for 220 managing directors as a way to improve their on-field application of safety and health duties and to advance the level of their safety management. In 2023, we are focusing on reinforcing special safety training for hazardous risk operations, risk prediction training, risk assessment training, customized safety training by tier, and specialization training for the cultivation of professional skills of safety and health managers.

We also plan to conduct a competition for best practices of safety and health training to increase the effectiveness of safety and health training as well as the ability to perform on-site. In addition, we will further improve the level of implementation of safety and health training on sites by observing the current status.

Occupational Health and Safety Education* Status

Category	Unit	2020	2021	2022
Target employees**	Employees	3,486	3,459	3,745
Employees who completed education	Employees	3,486	3,459	3,745
Education completion rate	%	100	100	100

* Includes regular occupational health and safety training, new employee training, management supervisor training, and on-site training of firefighting safety management assistants

** Subject to workers in plants, includes double counting by process



Safety and Health Enhancement Activities

Strengthening autonomous cooperation between labor-management

NEXEN TIRE promotes preemptive safety and health activities where labor and management cooperate autonomously to identify, remove, and derive countermeasures for harmful risk factors centered on [key risk factors] that are at high risk of serious accidents.

Field-centric preemptive risk management system Each year, we conduct periodic risk assessments using the P-D-C-A system to ensure that we include all harmful and dangerous factors. Also, the labor and management cooperative inspection team consisting of the honorary Industrial Safety Director, (Union) Safety center (and) employee representatives, safety and health management officers, and environmental safety teams for each plant unit conduct labor and management cooperative inspections upon new, expansion, and re-operation of equipment as well as regular inspections for key risk factors (falling, jamming, collisions, cuts) on a monthly basis. In 2022, we identified and improved 194 risk factors.

In addition, we are continuously promoting revising activities where we operate a “Safety Firefighting Day”, which is led by the managing director of each division and voluntarily participated by the employees, and reflect the fields’ harmful and dangerous elements as well as improvement measures discovered to the pre-work risk prevention education and training.



Occupational health and safety inspections of plants

Safety and Health



Strengthening management of key risk factors for serious accidents NEXEN TIRE's Yangsan and Changnyeong Plants operate the PSM (Process Safety Management) System for the management of risks regarding serious industrial accidents such as fire and explosion. To check the status of the PSM operation status and to prevent accidents, our SHE Planning Team organized inspection teams at our Yangsan and Changnyeong Plants and conducted a self-inspection with a total of 184 items including basic safety rules, the safety and health management system, and PSM compliance, resulting in 20 cases that were improved. With the audits and consulting from a professional external organization (Korea Industrial Safety Association) we are continuing our efforts to prevent fire and explosion accidents. In addition, NEXEN TIRE conducts regular safety inspections of hazardous and dangerous machinery equipment by authorized safety inspection agencies to ensure safety without overlooking any risk factors and to prevent disasters caused by hazardous machinery and equipment.

Motivating employees' participation and expanding communication NEXEN TIRE secures and executes a budget necessary to encourage workers' participation in occupational health and safety activities, such as 'operating health and safety management motivation programs' and paying zero accident incentives and presenting prize money in safety contests. Also, in order to listen to workers' opinions, we established a 'Safety and Health Communication Committee' in addition to the existing 'Occupational Safety and Health Committee' and the 'Safety & Health Suggestion Box' so that workers can communicate directly with the SHE Planning Team, the dedicated organization for safety and health.

Efforts to Strengthen Safety in Plants

Health and Safety Risk Management at the Magok Central Research Institute The Magok Central Research Institute established an occupational health and safety management system and is managing health and safety-related risks by developing measures to prevent severe industrial accidents and create an accident-free workplace. Also, we are making company-wide efforts to prevent the recurrence of same accidents by reinforcing focused management by each task. The Institute is discovering and improving risk factors by conducting safety training in relation to the handling of chemicals and test types in prior to commencing tests, executing accident prevention activities through daily safety inspections, and conducting yearly in-house safety inspections in addition to external safety inspections conducted by professional institutions.

Safety and Health through Mutual Cooperation

Strengthening suppliers' safety and health capabilities

With a goal of the value of respect, coexistence and togetherness, NEXEN TIRE is also committed to its suppliers' prevention of industrial disasters as this lines with the ESG principle, which aims to co-develop with its stakeholders and fulfill corporate social responsibility.

In 2022, NEXEN TIRE participated in the "Symbiotic Cooperation Program" promoting technical and financial support of safety and health of suppliers, organized by the Ministry of Employment and Labor and Korea Occupational Safety and Health Agency, and was selected as the "Top 10% Outstanding Worksite" in the nation for its contribution to improving the self-management ability of suppliers and contributing to industrial disaster prevention through safety and health training, risk assessments, and workplace improvement activities.

In 2023, we participated in the "Win-win Cooperation Project for Large and Small and Medium-sized Enterprises for Safety and Health" with 11 suppliers and providing technical and financial support to deliver risk assessment techniques, support the advancement of execution skills, and provide improvement measures for three major accident types and eight risk factors so that large and small and medium-sized enterprises can independently establish and practice the win-win solution on safety and health. We also monitor the safety and health implementation status at least once every half-year so that our suppliers can strengthen their preemptive serious accident prevention capabilities, fulfilling safety and health obligations and responsibilities.



Safety and Health



Employees' Health Management

Promotion of Employees' Health and Disease Prevention

As we have been selected as an "Excellent Business Site for Health Promotion Activity (2020)" as organized by the Ministry of Employment and Labor after being evaluated* on our activities to maintain our employees' health at the highest level and prevent diseases related to their work duties, we are systematically operating our employees' health maintenance and improvement activities.

* (Evaluation items) 43 items and such as system building, awareness, organizational culture, health promotion activities, environmental management, program operation, supplier management, and work-related disease disaster rate

We promote the health management of our employees by supporting them with a comprehensive health examination package for all employees over the age of 35 as well as their spouses, and a 100%, or 3,338 employees that were subject to special and general health checkups have undergone examinations. After the examination, a health manager(nurse) and an industrial health doctor(at the Yangsan Plant) conducts systematic management for employees in high-risk groups as well as customized consultations, thereby proactively supporting the employees' daily health routines and prevention of work-related diseases. By operating a health management room at each plant, the health managers(nurses) can swiftly respond to the occurrence of emergency patients. The room is also equipped with resources such as body component scales, automatic blood pressure measuring devices, full body massagers, physical therapy devices. An average of 40 employees to autonomously check for any health abnormalities per day which shows that we have a preventive management system for diseases set in place.

In addition, we have an assessment and analysis system ready for work-related stress assessments, brain and cardiovascular disease risk assessments, and musculoskeletal diseases where we offer programs for quitting smoking, obesity clinics, healthy drinking (Liver Love) campaign, musculoskeletal management programs which we run in connection to the results of the examinations. In particular, the development of custom stretching that matches the employees' work processes and field application, small tool exercise classes, and the operation of the early medical management systems(physiotherapy, etc.) for musculoskeletal symptoms have led to 'zero occurrence of musculoskeletal patients' for many years.

Performance of Health Promotion Programs in 2022

Category	Non-smoking Funds		Obesity Clinic			
		Changnyeong Plant		Yangsan Plant	Changnyeong Plant	Magok Office
Employees that have applied	8	8	119	40	51	28
Employees that have succeeded	6	6	71	25	26	20
Success rate	75%	75%	60%	63%	51%	71%

Operating Health Management Rooms

NEXEN TIRE has created health management rooms at its plants and recruited nurses to manage the health of its employees.

Health Management Room Usage in 2022 (Monthly average)

Use	Unit	Yangsan Plant	Changnyeong Plant	Magok The UniverCITY
Health consultation & management	Employees	328	361	155
Physical therapy	Employees	227	127	-
Treatments of wounds, etc.	Employees	16	15	5

Operating an Obesity Clinic

NEXEN TIRE operates health promotion programs to encourage voluntary health management of its employees. As a result of the health examinations from the previous year, we began operating metabolic management and obesity clinics for employees in high-risk groups as well as those who wish to participate, so that they can control their weight after being educated on healthy eating and exercise habits. In addition, through cooperation with local health centers and connected hospitals, we operate experience-oriented health campaigns. For those that face difficulty in going to hospitals due to busy schedules, we conduct eye examination and introductory manual spinal therapy programs. Also, through our health publication "NEXEN TIRE Health ON", we publish and educate prevention management methods on one topic each month such as methods for seasonal disease prevention and stretching for musculoskeletal disease prevention, guiding our employees on the importance of health management.

Efforts to Create a Pleasant Work Environment

To create a safe work environment, the Magok Central Research Institute conducts the legally required environment measurement twice a year and self-run safety inspections and detailed safety assessments through specialized inspection agencies every year to improve hazardous work environments and prevent accidents. For building maintenance, the Institute conducts annual structural safety assessments on buildings, elevators, gas facilities, electrical equipment (substation, etc.), and pressure vessels as well as mechanical facility maintenance and performance inspections to prevent all types of accidents.

Safety and Health



Expanding communication channels for health and safety

We have set improvement tasks such as managing and inspecting SHE-related KPIs more efficiently by selecting representatives for each subdivision. Through field-oriented communication and exchange meetings held twice a month, we hope to experience on-field duties and form a common ground. We will continue striving to prevent major disasters by establishing and disseminating safety and health goals and standard guidelines as well as a feedback system through regular checks.

Management of Chemicals

NEXEN TIRE is making efforts to mitigate the negative environmental impacts by considering the products' life cycle. In particular, in the stage of product development, we are managing the use of regulatory chemicals after upgrading the global regulatory chemical monitoring system. We are also continuously developing eco-friendly materials to be applied to our tire products and technologies to improve energy efficiency.

Training for Management of Hazardous Substances

NEXEN TIRE provides training on hazardous substances to all workers in plants where hazardous chemicals are handled. For our Yangsan and Changnyeong Plants, we provide an online training course once a year on the methods of responding to chemical accidents, the company's criteria for handling hazardous substances used in the P plants, and directions for using accident prevention and personal protective equipment. As of 2022, a total of 3,581 employees received training, recording 100% training completion rate. In addition, we have redistributed 484 cases of MSDS (material safety and health data) to each field organization so that they can establish a chemical-related management system on the site, and are offering relevant trainings.

Status of Training on Hazardous Substances

Category	Unit	2020	2021	2022
Target Employees*	Employees	3,134	3,259	3,581
Employees who completed training	Employees	3,134	3,259	3,581
Training completion rate	%	100	100	100

*Subject to workers in domestic plants

Advancing the Chemical Substance Management System

With the global chemical substance-related regulations and scope becoming stricter, the importance of managing the chemicals contained in raw materials is also being more emphasized. In 2022, NEXEN TIRE upgraded the RSMP (Regulated Substance Monitoring Program) to accurately check the composition of chemicals contained in raw materials in the initial stage of raw material development and to check if the substances are subject to regulation. Through the program, we are regularly updating the list of substances subject to regulation according to the EU REACH, the Chemical Substances Act, and the automotive and tire industries and monitoring the total amount of these substances in raw materials and tire products. In addition, we regularly check the hazardous substance test reports of suppliers to manage hazards caused by chemical properties.

Substance ID	Substance Name	Abbr	CAS No	ENECS No	Used	Regulation
NNN-0247	Glycerol		56-81-5	200-289-5		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-4390	Glycerol 1-stearate		123-94-4	204-664-4		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNR-0268	Cyclohexylamine		108-91-8	203-629-0		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-0267	Benzothiazole-2-thiol	MBT	149-30-4	205-736-8		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-0548	Tetramethylthiuram disulfid...		137-26-8	205-286-2		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-0199	Extracts (petroleum), heavy ...		64742-04-7	265-103-7		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-0797	1,2-Benzenedicarboxylic ac...		28553-12-0	249-079-5		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-5977	Waxes and Waxy substanc...		8016-60-2	232-409-7		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-5654	2-Methylbutane		78-78-4	201-142-8		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-5705	Isobutane		75-28-5	200-857-2		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-0216	Silicon dioxide	SiO2	7631-86-9	231-545-4		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-0178	Calcite		13397-26-7			R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-0258	Stearamide	Stear...	124-26-5			R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-00010	IC RSS p-benzoquinone d...	Quino...	105-11-3	203-271-5		R1: - R2: - R3: - R4: - R5: - R6: - R7: -
NNN-00008	Polyisobutylene	Polyis...	9003-27-4			R1: - R2: - R3: - R4: - R5: - R6: - R7: -

NEXEN TIRE's Product Life Cycle Management System (Name : NEPS)

Employees



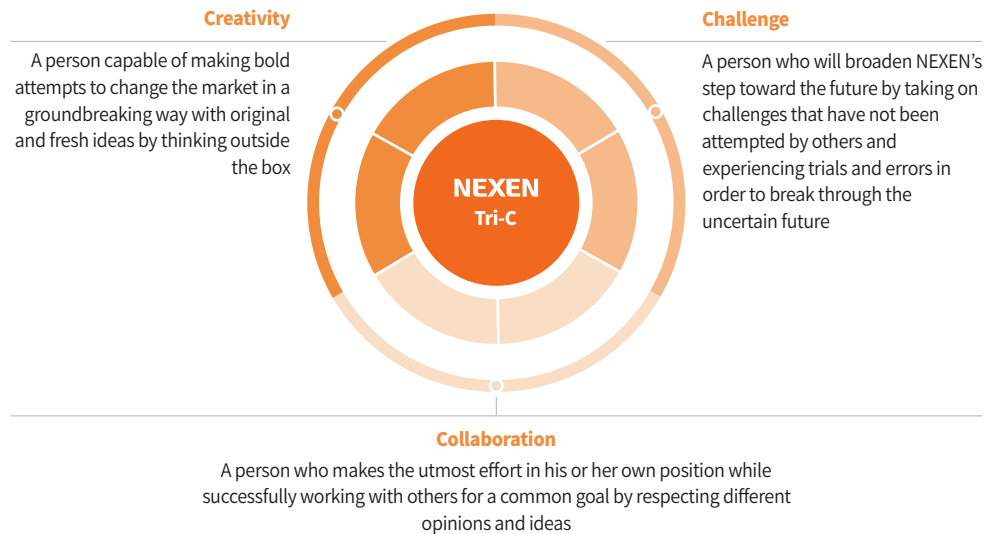
Operating a Human Resources system and Establishing a Pleasant Work Environment

NEXEN UNIVERSE

NEXEN TIRE operates 'NEXEN UNIVERSE', a corporate value system enabling individuals to think and act together for the organization. Through this, we are striving to foster competent members that can uphold the company's fundamental values while continuously upgrading their abilities.

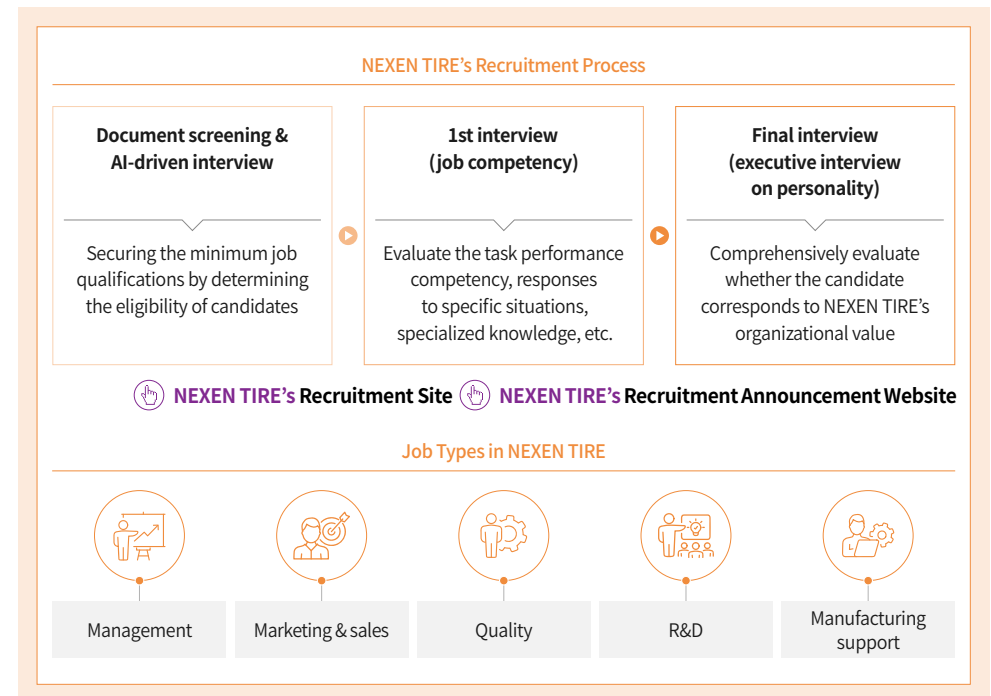
In addition, we make various investments for nurturing competent talents starting with a diverse range of training opportunities for self-development after recruitment, as well as fair evaluation and compensation systems.

NEXEN TIRE's Ideal Personnel (NEXEN Tri-C)



Fair Recruitment

NEXEN TIRE has set NEXEN Tri-C as the company's ideal personnel and established a system for recruiting human resources accordingly. We recruit talented personnel based on their experiences and job characteristics. We conduct an open recruitment, and we've adopted the AI interview system to ensure fairness of recruitment and to provide opportunities to a large number of applicants. The detailed recruiting process varies according to our recruitment criteria for new domestic employees, employees for domestic sales positions, and experienced employees. For gender equality, the interviewers receive training in prior to interviewing applicants.



Employees



Improving System to Enhance Employee Productivity

With the idea that the happiness of employees is the competitiveness of the company, we are making a variety of investments. We are innovating our HR system to create a highly-satisfying and highly-productive corporate culture through the implementation of various systems, from revolutionizing working methods to create a workplace that meets employees' satisfaction to offering welfare benefits tailored to the lifestyles of the Millennials. We also conduct surveys on work concentration level for our employees on a regular basis to reflect their voices(feedback) in improving our human resources system. (Survey conducted: Once every two years)

Fair Workplace without Discrimination

NEXEN TIRE is striving to secure and nurture outstanding talents regardless of gender and provides various opportunities for employees' growth by creating a culture that respects diversity. Throughout the operation of the HR system, we apply equal standards to both male and female workers in terms of position, performance management, and promotion systems so that employees' capabilities are not discriminated.

N-Change system

Since June 2020, we have been implementing the N-Change system, which recommends the use of leave at least once a month(refresh once a month)for domestic business executives and team leaders as a way to improve the work capacity of employees and develop leadership. As of the end of 2022, 110 employees have used the system, which contributes significantly to improving the work concentration of the workers and creating an atmosphere where employees can freely use their holidays.



Working Hour Monitoring Campaign

NEXEN TIRE implements a working hour monitoring campaign to abide by the statutory 52-hours-a-week working system. Since 2019 in particular, we have introduced and are operating a clock-in and clock-out registration system to inspire quality improvement through quantitative management of working hours. Extended hours and working on holidays are only possible through pre-approval. We are encouraging our employees to gradually improve their working hours by having each organization share the status of working hours each month.



Activating the Flexible Working Hours System

Since September 2020, the R&D Center has been implementing a flexible working hours system that allows workers to adjust their working hours. As of the end of 2022, 503 employees are using the system, which significantly contributes to maintaining the employees' work-life balance and improving performance.



Implementing the Quarter-day Leave System

Since September 2020, we have been using the quarter-day leave system where the employees of our domestic business sites can use the existing half-day leave by dividing it into two hour-leaves. As of the end of 2022, 1,048 employees are using the system, which contributes significantly to creating a flexible working environment and maintaining the work-life balance of employees with long commuting hours.



Employees



Job and Career Development Support System

Operating the Job Transfer Support Program “Purple Challenge” Since 2019, NEXEN TIRE has been operating the “Career Challenge” system to provide employees with an opportunity to transfer jobs. From 2022, we have been operating this system under the new name of “Purple Challenge”, where all of our employees can set their own career goals, and the company determines the demand for job transfer according to the employees’ individual career goals and reflects the results to the annual personnel appointment or vacant positions.

Service to Support Reemployment In addition, NEXEN TIRE strives to provide reemployment support services such as training and consulting on future career design, job placement, re-employment or training on start-ups through diagnosis of career experiences and aptitude for workers that are scheduled to leave for reasons such as contract expiration, retirement, etc.

Status of Reemployment Service

(Unit: Persons)

Category		2020	2021	2022
Reemployment service	Job placement consultation	-	6	8
	Support for previous job	-	3	5
	Success in employment and start-ups	-	3	-

※ As a short-term service, the success rate of the job placement consultation is not confirmed

※ As of 2022, we are still offering services to 5 former employees



Fair Compensation

NEXEN TIRE has established a transparent and objective personnel evaluation and compensation system to fairly assess the efforts of its employees. In particular, through external global consulting in 2021, we have promoted a change to a more reasonable evaluation and compensation system that fairly rewards the best outcomes and is relatable and acceptable to our employees. In 2022, we made our attempt for a change to improve the fairness and feasibility of assessment by reflecting the performance report and difficulty levels of each target. In terms of the assessment grades, we introduced and are implementing an absolute assessment system in conjunction with the relative assessment.

The results of the human resources evaluation are used for promotion, compensation, nurturing, leader selection, etc., and as the results of the evaluation determine the salary adjustment rate and bonus pay, we strive for compensation based on work performance without any discrimination on age and gender. In order to ensure the successful implementation of the changes in the system, we held a presentation in March of 2022, and the Human Resources Team is faithfully responding to individual inquiries from employees.

NEXEN TIRE's Compensation Process



Employees



Competency Building and Talent Fostering

NEXEN TIRE selects future-type talent in line with the rapidly changing industrial environment and operates educational programs to foster “NEXEN-type talents” that can get through the waves of the rapid changes in the management environment and work structure. In order to provide the best and optimal learning opportunities for our employees, we are constantly researching, examining, and making changes.

Creating an Environment for Employees' Self-initiated Learning

Operating NLA, NEXEN Learning Academy NEXEN TIRE operates NLA (NEXEN Learning Academy) where employees can engage in learning at anytime, anywhere using PC and mobile. Through the program, we consistently offer various content in which our employees can use to improve their work and leadership capabilities. We have recently begun offering foreign language content and also provide YouTube and micro learning contents that are appropriate for our company through partnerships.



Total training hours

69,372 hours*

Average training hours per employee

16.7 hours*

Average training sessions per employee

2.8 sessions

* Subject to employees of domestic worksites and dispatched workers (expatriates, advisers, non-executive directors, security staff, and vehicle drivers excluded)

Building Global Competency

We offer a variety of learning programs through NEXEN Learning Academy so that our employees can freely speak and communicate in foreign languages, and support intensive video learning to strengthen global capabilities. In addition, we are strengthening our expatriate training programs with programs in global language skill improvement and intercultural education.

Fostering NEXEN-type Talent

For talent fostering, NEXEN TIRE operates a variety of training programs such as common competency education, job education, leadership education, etc. In line with the non-face-to-face era, we conduct online training using learner-oriented learning platforms so that our employees can autonomously lead their own growth at any time. We also operate face-to-face education programs such as mentoring and reverse mentoring.

NEXEN UNIVERSE Leaders' Training

To support leaders in the position of team manager or higher that leads NEXEN TIRE's future, we offer the “NEXEN TIRE Leadership Program.” The program consists of leadership-oriented courses such as organization management, performance management, personnel management, and competency building. In addition, we are constantly developing new training programs to reinforce leader-follower communication that have been weakened in the COVID-19 era.

In-house Talent Management System for Talent Fostering

NEXEN TIRE has expanded its mentoring target to experienced employees and newly appointed team leaders to support their adaptation to new organizations as well as to their new duties. Also, to facilitate active participation of mentors and mentees, we provide a sharing site for mentoring activities as well as letter services. In addition, by conducting reverse mentoring, we promote communication between executives and employees from the MZ generation, enhancing mutual understanding.

Employees

Organizational Culture

NEXEN TIRE is improving the employee's work efficiency by setting and executing BG-specific goals on processes and methods that are unnecessary or need to be improved in terms of work duties. The operation of the flexible working system, telecommuting, and 'Core Time' for two hours a day provide a work style that is optimized for individual situations, while providing an environment where our employees can dedicate themselves to work without any interruptions.

Usage of the flexible working system*



* Survey conducted for employees at Magok. Tallied employees' attendance from the original commute time(Group B) as well as 7 am(Group A) and 10 am(Group C).

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

In 2020, NEXEN TIRE launched the "NEXEN Gathering - NEMO" website. NEMO is being used as a platform for promoting small gatherings among employees where they share used goods, as well as notify employee benefits through corporate partnerships. In addition, we continue to develop and share programs that employees can participate in, such as regular in-house broadcasting, video content production for intergenerational understanding, and in-house radio broadcasting during lunchtime.

Activities for Organizational Culture Improvement

NEXEN TIRE is making efforts to revitalize its members' communication that have been stagnant due to COVID-19.

Vertical Communication Program, 'Purple Mentoring' Through NEXEN TIRE's original 'reverse mentoring' program called 'Purple Mentoring', a special event for mentors(team members) and mentees(executives) was held under the topic of 'Fashion and Music' this year. With the leadership of the mentors, mentees were able to challenge themselves to latest fashion and hip-hop music. Through the program, we created a platform for communication of mutual understanding and respect.

Horizontal Programs NEXEN TIRE is also expanding its communication programs for individuals and teams.

- 'Picnics' for Teams** This program is operated by each business site, where we select teams that have submitted applications and support them with picnics at nearby theme parks and attractions.
- 'One-day Class', Members' Casual Fellowship** We operate a 'One-day Class' by investigating our employees' areas of interest in advance. Members from different organizations gather to talk to each other about their interests, which promotes a sense of togetherness.

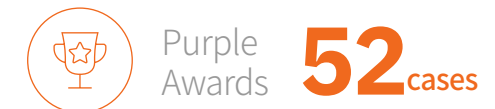
Proactive Proposals and Feedback, N'Dea This year, N'Dea has revamped numerous content by placing its focus on feedback for submitted proposals. In addition, we are paying incentives of up to KRW 100 million for those that were proven to have an influential effect, and if there is feedback from the executing organization about the proposal, we allocate extra points as a way to enhance communication. Collaboration with outdoor shoes using tire materials that was achieved through N'Dea in 2022 was a huge success. Through collaboration with a domestic outdoor brand EIDER, we created four new products (Chalet Hive TT, Light Hike TT, Nomad Light TT, and Quintum Neo Leather TT) which have been applied with compound properties used in manufacturing real tires and therefore have strong points of top grounding strength and wear resistance. The four new products of the collaboration were funded by Wadiz for the initial two weeks. With a successful funding of KRW 16 million, which is equivalent to 1080% of the original target amount, the products are now displayed in EIDER stores across the country and sold to general consumers. NEXEN TIRE's excellent technology based on the ideas of our employees were not only uniquely delivered through the outdoor shoes, but since this project initiated the upcycling of rubber byproducts from the tire manufacturing process, it is judged to have had great significance from an ESG management perspective as well.



'Purple Awards' for Nexen Members The Purple Awards consist of 'Go', 'Best' categories, which awards individuals or organizations for success cases in the year, and a 'Try Again' category, which supports the challenge itself although the result of the project may not have been a success. In 2023, this award will be expanded to the proposal system, the N'Dea sector as well as the ESG sector.

Other Activities for Organizational Culture Improvement In addition to the complimenting program, 'Purple Point', we operate a variety of communication events such as in-house table tennis tournaments, camping, lunch time song requests, surprise events, etc.

Cases of N'Dea, Purple Awards Received



Employees



Labor and Management for Shared Growth

Labor Union

NEXEN TIRE's labor-management wage bargaining is executed every year and collective bargaining, every two years. For the wage and collective bargaining agreement of 2020, labor and management agreed on a wage freeze without negotiation to share hardships caused by the global economic stagnation and the company's sales decrease as a result of the COVID-19 pandemic. For wage bargaining in 2021, labor and management came to a quick agreement based on mutual trust and has been contributing to accelerating the company's sustainable development and the productivity of all employees through improvements in working conditions and welfare. For the 2022 wage and collective bargaining, labor and management have increased wages and made improvements to various welfare benefits in consideration of one another even in an uncertain internal and external environment, such as skyrocketing logistics costs and the prolonged Russian-Ukrainian war, etc. In addition, we regularly discuss on improving the health, safety, working environment, and welfare facilities of our employees by conducting a quarterly labor-management council, and labor and management executives communicate with the CEO through the annual meeting of the board of representatives. NEXEN TIRE's labor and management have recorded zero strikes for 31 consecutive years.

Many of the automotive industry's businesses, which are highly associated with the tire industry, are falling within the sphere of influence of militant labor unions. And as a result, strikes that occur every year and the establishment of multiple unions create conflict between the labor unions. However, NEXEN TIRE has achieved an outstanding record of no disputes for 31 consecutive years. This is because, although the owner of the company was replaced several times before the company's name was changed to NEXEN TIRE, there has always been a deep sense of belief that "a stable company guarantees employees' stability" in the minds of the employees. We have been putting communication between labor and management first based on the common knowledge that the company and the employees cannot develop without mutual cooperation. We can proudly say that we have achieved this based on mutual communication and trust between labor and management, such as transparently disclosing the management status and sharing key issues with the labor union for agreement.



2022 Wage agreement signing ceremony in 2022

Status of the Labor Union

Category	Description
Name of union	NEXEN TIRE's Labor Union of the Federation of Korean Rubber Industry Trade Unions
Date of establishment	June 2, 1961
Number of members*	2,945 (as of the end of March 2023)

* Based on technical workers (excluding assistant managers and those in higher positions, persons performing specific duties, commissioned workers, day laborers, etc.)



Zero-strikes **31 years**



Membership rate of the labor union **99.7 %**



Number of items processed through the labor management council **20 cases**

Activities for Labor-Management Harmony and Stabilization

Labor-Management Communication The labor-management culture built on communication also contributes to leading an organizational culture of trust and harmony. The union respects the right of the company to manage its business and does not interfere in the company's rightful exercise of this right, and the company also faithfully provides documents or materials necessary for the union's work, assisting in coming to conclusions. In order to ensure smooth communication between labor and management, the company conducts labor-management council meetings and labor-management talks every quarter. Through these meetings, labor and management cooperatively engage in activities to improve the working environment as well as the company's welfare facilities. We also actively support our employees' club activities by granting support funds twice a year to registered clubs for each business site, once in the first half and another in the second half.

Labor-Management Council

- Labor-management council meetings held by the labor-management executives every quarter
- Items on improving the internal work environment and employees' safety and welfare discussed and agreed upon

Labor-Management Talk

- Quarterly meetings held with the attendance of labor union executives and team/part leaders of each department
- Labor-management talks conducted to improve suggestions and complaints from department members, the work environment and conditions
- Feedback on items discussed in the previous quarters are included in the labor-management talk

Activities for Labor-Management Harmony Around October each year, NEXEN TIRE's labor and management host a sports day event by each department to promote regular engagement and to encourage harmony among participants. In addition, we are making efforts to expand the scope of the event, to include competing for the award by the labor-management council chairperson and the head of the Global Manufacturing BG(Business Group), etc. to create a platform for interaction on a company-wide level.

Outcomes of Labor-Management Cooperation In May 2021, NEXEN TIRE won the grand prize at the '33rd Labor-Management Cooperation Award' hosted by the Korea Enterprises Federation as a result of prioritizing trust between labor and management, which led to the result of zero strikes for 31 consecutive years. Moving forward, we will continue to do our best to create a collaborative culture where labor and management can mutually develop so that our employees can work more joyfully and contribute to the local community.

Employees



Effort to Resolve Employees' Grievances

NEXEN TIRE's CA(Change Agent) is working proactively in various ways to enhance communication among members in each sector.

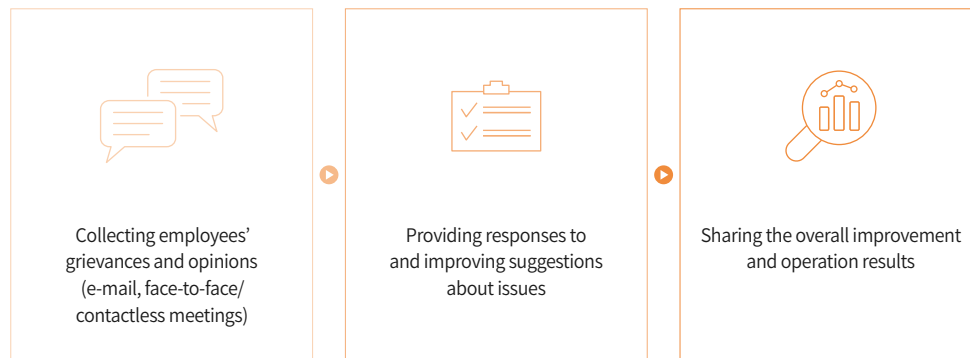
Catch-up Relay The Global Sales Business Group operates a communication program where they share and encourage the lives of expats via email in a monthly relay format.

Jeo-gi-yo The Global Production Business Group host a special time each month where two teams share a conversation over delivered food. We usually pair up teams that have wanted to share gratitude or get acquainted with one another.

Korean Sales Business Sector HERO This is a campaign where one member of the Korean Sales Business Sector is selected every month to send mails to members, sharing work-related or personal grievances and compliments for encouragement.

'I am ground' Let me introduce myself We are running a program at the R&D Center where a team is introduced every month. It consists of an introduction to team's duties, as well as unique introductions of its members.

Activity Process of the Change Agent

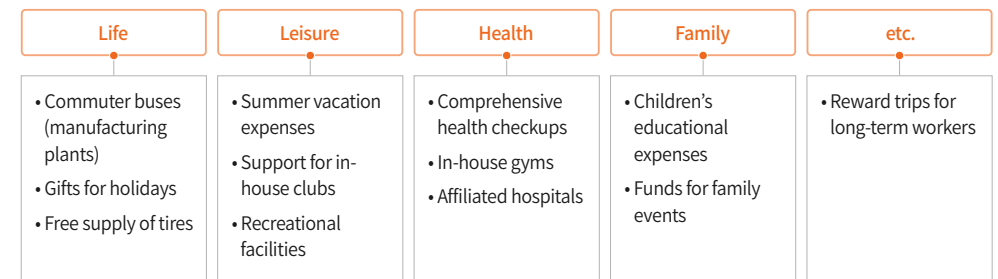


Support System for Employees' Welfare and Benefits

Support for Work-family Balance NEXEN TIRE complies with the law on supporting the work and family balance set under the Labor Standards Act by the Ministry of Employment and Labor. When our employees need to go through infertility treatments, they can use 'infertility treatment leaves'. Also, when their families are in need of caretaking due to illnesses, accidents, old age, etc., they can take advantage of 'family care leaves'.

One-day of unpaid menstrual leave per month and 90-day leave when pregnant (120 days when pregnant with more than one baby) before and after birth are also available. Our employees can also use a leave for a minimum of 45 days (60 days if pregnant with more than one baby) after birth. If pregnant or if they are having to nurture children younger than second grade in elementary schools, they can take advantage of our 'childcare leave'.

Welfare and Benefits



In-house Childcare Center NEXEN TIRE operates in-house childcare centers at the R&D Center and the main sites of manufacturing plants so that the employees can work in confidence after dropping off their children. To ensure quality education and the safety of their children, we maintain a number of age-specific teachers above the legal standards, utilize programs from specialized educational institutions, and provide a nutritious diet using separate catering facilities. All operating expenses other than support from the government, are borne in full by the company to create a work environment where child care is also provided. As a result, in the parent satisfaction survey we conducted in 2021, we received a total score of 4.85(out of 5) points: 4.9 points for childcare environment, 4.8 points for childcare process and interaction, 4.8 points for the openness of operations and family connection, and 4.9 points for nutrition, safety and health.

Customers

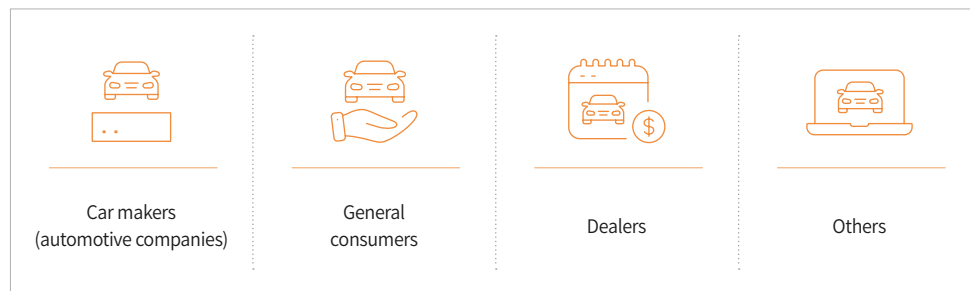
Customer Satisfaction Management

Customer Satisfaction Promotion System

NEXEN TIRE continues to pursue consistent communication and secure product competencies to provide higher-quality products and services to customers (car makers, general consumers, and dealers). We also strive to understand the needs of various customers to reflect them in our company's products. We have been continuously collecting VOCs especially from general consumers (claiming customers), and are making efforts to reflect the needs identified through consumer feedback to our after-sales service system and product development. Our customer satisfaction call center, a VOC collection channel, also conducts regular collection and analysis of data so that the customer VOCs can be reflected in detail.

 **NEXEN TIRE's Customer Satisfaction and Quality Management Policy**

Definition of 'Customer' in Customer Satisfaction Management



Organization for Customer Satisfaction

NEXEN Tire has developed and is operating customized response strategies for customers by region and type at various BGs, including the Brand Communication Team, Global OE Quality Team, NEXEN LEVEL Team, Customer Satisfaction Team, and Europe OE Technical Team, etc.

Customer Satisfaction Promotion Activities for Car Makers

Promotion Activities for Customer Satisfaction

Our Global OE Business Subdivision supplies technologically innovative products to automotive companies, forming a relationship based on trust. In addition, we provide customers with high-value-added products optimized for new vehicles through continuous improvement of our R&D capabilities. With continued technological progress, we have been recognized by a number of global automotive companies for our stable supply and technical value, and we are still proving our value by supplying new car tires(OE) to a number of new vehicle models. In addition, in line with the global electric vehicle market dynamics, we are providing our supply to major electric vehicles such as Hyundai IONIQ6 and Kia EV6, and are making various efforts to provide supply to a number of upcoming electric vehicles. Instead of stopping here, we plan to continuously strive to achieve sustainable shared growth through our proactive efforts to fulfill social responsibility and mutual trust with our customers.

Sharing the Product Operation Policy with Car Makers Through company-wide OE supply contract review and deliberation, NEXEN TIRE is reinforcing the stability and reliability of the quality of products supplied to its customers. With the goal to develop and supply products that meet the carmaker's needs in a timely manner, we develop products in advance and share them regularly with our customers to maximize customer satisfaction. In addition, we are building a collaboration system with relevant subdivisions so that these product operating policies can be reflected in our mid- to long-term product strategy and development policies with our customers.

Supplying Products that Meet the Technical and Quality Requirements

Supplying Tires to Germany's 3rd generation BMW X1 and EV, iX1 We have begun supplying tires to the Germany's premium car manufacturer, BMW's X1 3rd generation and iX1 vehicles. Based on the technology and quality accumulated through continued investment, we plan to further expand our supply to Germany's premium car manufacturers.

Continuous Satisfaction of Customers' Quality Requirements through R&D

We have begun supplying tires to Wrangler and Gladiator vehicles, which are icons that symbolize the second-to-none Jeep and represent off-road SUVs. After being selected as the '2020 Best Supplier of the Year', we plan to continue promoting our quality and technology through continuous research and development, further increasing customer satisfaction in the North American market and strengthening our product competitiveness.

Customers

Customer Satisfaction Promotion Activities for General Consumers

In South Korea, where car ownership is common, customers' interest in tire services is very high. Customers sharing their experiences and feedback on social media affect the tire consumption trends, demanding innovations and changes in the tire industry. Tire services are increasingly evolving into new service platforms, presenting a model of customer satisfaction on a whole new level. NEXEN TIRE is constantly striving for diverse and reliable customer service to satisfy customers' needs and consumption trends.

Improving Customer Satisfaction

Claim Consultation NEXEN TIRE operates 137 stores nationwide for after-sales(AS) services to provide technical consultation and services to customers(general consumers), where one-on-one customized consultation with customers are provided. In addition, we strive to improve customer satisfaction through periodic CS training for AS designated stores that act as a point of contact for the customers in order to provide high-level consultation services.

Happy Call In order to evaluate customers' feedback, quality of consultations, and comprehensive satisfaction levels after consultation, we conduct Happy Calls to customers who have received our services and claim consultations to continuously monitor our service quality for effective post-management.

Product Warranty

With confidence in our products and service quality, NEXEN TIRE has been operating a special warranty program for 17 years since 2007, targeting customers that have purchased N'FERA and winter tire products. For customers that have purchased products covered by the special warranty, we offer a one-time replacement of 4 new tires when claims are raised, even if the defect is caused not by manufacturing negligence but user negligence.

Customer Complaint Handling

Category	Unit	2020	2021	2022
Customer complaints received	Case	2,418	1,755	1,930
Complaints handled	Case	2,420	1,754	1,929
Complaint handling rate	%	99.3	99.9	99.9

Strengthening Communication with Customers

By planning events that provide our customers with a variety of experiences they can directly participate in, we have developed NEXEN TIRE into a more customer-friendly brand. By conducting a variety of brand events, we hope to create a closer relationship with our customers in the future.

The NEXEN TIRE NEXT LEVEL Golf Day NEXEN TIRE held a 'NEXEN TIRE NEXT LEVEL Golf Day' at the Gaya Country Club in Gimhae-si, Gyeongsangnam-do on April 24th, 2023 where we invited our customers. The event was aimed at customers that have purchased NEXEN TIRE's premium product, 'N'FERA Supreme' and the all-season tire 'ROADIAN GTX' for SUVs. Guests who participated in the event were given the opportunity to play in the 10th NEXEN-Sainttrine Masters course and small gifts were presented through various events.

The N'FERA Championship Amateur Golf Tournament NEXEN TIRE held an amateur golf tournament under the name of 'N'FERA Championship' at the Icheon Blackstone GC in Gyeonggi-do on November 7th, 2022. The N'FERA Championship is an amateur golf tournament set up by NEXEN TIRE to strengthen golf marketing and to expand point-of-contacts with its consumers. The tournament where 2 guests form one team, was joined by 208 people. The tournament was conducted in a manner where the teams departed in a sequential order due to COVID-19, and the awards ceremony was also conducted separately where the award was delivered directly to the winner. The awards consisted of a total of 13 categories to produce as many winners, and the winner of the tournament was given a ticket for 'NEXT LEVEL GO', a visiting tire installation service.



NEXT LEVEL Golf Day



N'FERA Championship

Customers

'Next Safety' Advertising Campaign NEXEN TIRE was the first in South Korea to introduce 'NEXT LEVEL GO'; a non-face-to-face tire installation service, and 'NEXT LEVEL Rental'; a tire rental program, as its innovative attempts to satisfy customers' needs that continue to evolve. Following the "Let NEXEN do it for you" campaign in 2022, we plan to showcase technological innovations for sustainable safety for customers through the "Protect with NEXEN, NEXT Safety" campaign in 2023. By going beyond safety through the products and reaching future-oriented safety that considers the consumers' concerns, we hope to deliver NEXEN TIRE's value of safety that is unlike any other.



Advancing Customer Service

NEXT LEVEL GO NEXT LEVEL GO is a customer-oriented service that reflects the needs of our customers, suggesting reasonable tire purchases and providing a customized service that allows anyone to easily and conveniently replace tires by minimizing the inconvenience of the tire replacement process. Having launched this service in January 2020, we achieved continuous growth by providing a 'non-face-to-face visiting tire replacement' service in line with customers' needs for 'contactless exchanges' during the COVID-19 pandemic. As a result, the NEXT LEVEL GO service was used by 42,836 customers in 2022. Since moving into the COVID-19 endemic phase where we are slowly transitioning into the usual routines, we are still recording high customer satisfaction rates with regard to time-saving and purchasing-convenience. From reviews written by customers that have used the service in 2022, we found that about 97% of the customers are satisfied with the service, and based on high customer satisfaction, customers who have used NEXT LEVEL GO are returning to the service when having to repurchase the products. We are committed to securing and promoting a variety of sales channels so that customers can make choices on tire-purchasing more easily and use our services more conveniently through NEXT LEVEL GO.

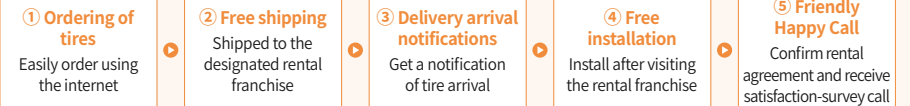
Number of NEXT LEVEL GO Customers



[NEXT LEVEL Website](#)

NEXT LEVEL Rental NEXT LEVEL Rental, the first tire rental service in Korea, places priority on providing customized tire services that are optimal from customers' perspectives by breaking away from the one-off payment method, thereby reducing the initial cost burden. We are currently providing customers that are signing the contract for rental products not only with replacement of new tires but also with NEXT LEVEL Rental's differentiated, highly-satisfying services. Firstly, we operate a warranty service where we replace damaged tires due to customer negligence free-of-charge during the contract period. Secondly, we provide customers using the relief assurance service(economic assurance product + alignment service) with an additional early-wear warranty service for vehicles with mileage of less than 30,000km since the last replacement where we offer a tire replacement free-of-charge for early wears. We also offer a 'NEXT LEVEL CHECK' service that allows our customers to regularly check tire conditions and air pressure by visiting the rental franchise.

Installation Guide for Rental Tires



Guide to Rental Tire Products

Recommended Rental Products

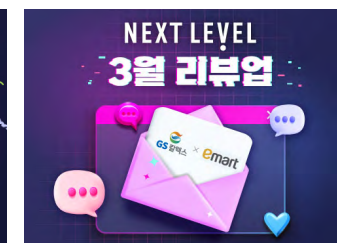
Economic Assurance Rental

- Tire rental- 1 tire rotation
- NEXT LEVEL CHECK (Checking service at dealers)
- Free damage guarantee

Relief Assurance Rental

- Economic assurance rental
- 1 alignment (Alignment quality assured)
- Free damage guarantee - Free early wear guarantee

[NEXT LEVEL Rental Website](#)



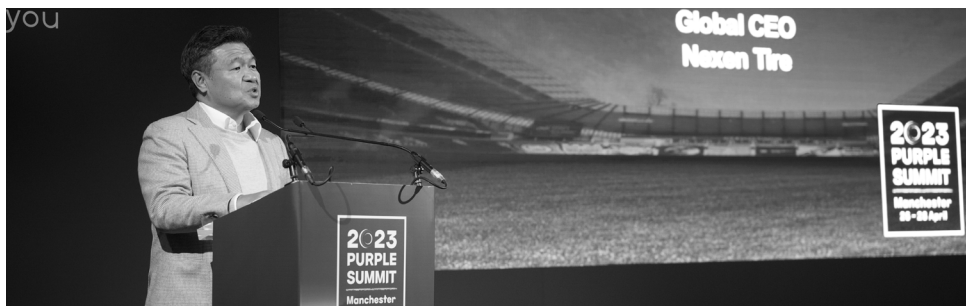
Promotional Materials for Sales Channels

Customers

Customer Satisfaction Promotion Activities for Customers

Marketing Activities for Customers

NEXEN TIRE's Purple Summit event, a global hospitality program for the customers, has been held a total of five times this year since it was first held in 2016. In particular, as a partner of Manchester City F.C., NEXEN TIRE invites customers to Manchester City in the U.K when hosting the Purple Summit event to enhance their understanding of the company's marketing platform while watching Manchester City's matches, and utilizes the event as a platform to improve relations and inspire a winning spirit through various programs such as conferences, stadium tours, dinners, etc. We included a diverse array of programs for the 2023 Purple Summit event, such as watching the match with Arsenal, a big match of the Premier League's top two teams in the 22/23 season, an introductory conference on the company's products and OE status, a football session with Manchester City's legend player Shaun Wright-Phillips, and a tour of Manchester City's studios and stadium.



2023 PURPLE SUMMIT Event

2023 Golden Tire Awards NEXEN TIRE organizes an annual event where we invite dealers and suppliers that promote and sell its products in the Korean market to thank them for the year's efforts and to encourage them to grow together. To comply with COVID-19's ban on group gatherings, the awards for 2021-2022 were conducted in a manner in which we visited the customers directly, and also in 2023, we visited the dealers by each region to deliver the awards, focusing on strengthening royalties with them. At the 2023 Golden Tire Awards conducted in April of the same year, we presented awards to a total of 51 customers. The awards included plaques, gift certificates, and the finest type of the N'FERA Supreme tires. Moving forward, NEXEN TIRE will continue to hold awards events to increase friendly relations and expand trust with its dealers.



2023 GOLDEN TIRE AWARDS

Customers

Customer Satisfaction Performance

NEXEN TIRE values trust with customers and strives to realize customer satisfaction.

Winning the National Service Award for Three Consecutive Years NEXEN TIRE's NEXT LEVEL won the National Service Awards, hosted by the IPS(Institute for Industrial Policy Research) in the category of general tire service for the third consecutive year.

The National Service Awards is an award system that evaluates the services that have been chosen by consumers for different sectors each year to provide the right guide to consumers and to contribute to the development of South Korea's economy as well as the improvement of the competitiveness of the service industry. For companies and institutions that have been chosen by consumers, the award can increase their brand value and reinforce the services they offer, and for consumers, the award presents new values and significance for more reasonable consumer activities.

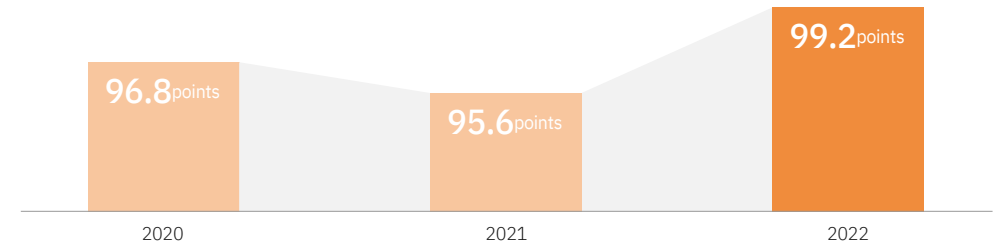
NEXEN TIRE launched 'NEXT LEVEL', a tire rental service in 2015. This service has set a unified price by the products' class regardless of tires' specifications, reducing the customers' cost burden especially when replacing tires on medium-sized or larger vehicles. In addition, we offer a warranty system where tires can be replaced free-of-charge during the contract period in the event of damages and early wear due to consumer negligence. In addition to tire rental services, we provide a 'NEXT LEVEL CHECK' service where customers can visit a rental franchise and regularly receive checks on tire condition and air pressure.



2022 National Service Awards



Customer Satisfaction Index(NEXEN TIRE's Customer Satisfaction Scores)



Maintaining Top Ranking in GCSI (Global Customer Satisfaction Competency Index)

Ranked No. 1 in GCSI's Tire Category for 14 Consecutive Years NEXEN TIRE pursues the obtainment of the GCSI certification issued by the Global Management Association, a research and assessment subsidiary of the Ministry of Trade, Industry, and Energy, in order to monitor and ensure brand reliability and loyalty to its international customers.

* What is GCSI (Global Customer Satisfaction Competency Index)?

This is a global assessment system established with the goal of enhancing the awareness of global customer satisfaction management and supporting high-quality customer satisfaction management by providing indicators for global industrial competitiveness. The 2023 assessment was conducted online targeting approximately 96,000 valid samples. The assessment items consist of customer value, global competency, and loyalty as well as customer satisfaction elements.



2023 GCSI Certification Ceremony (June 8th, 2023)

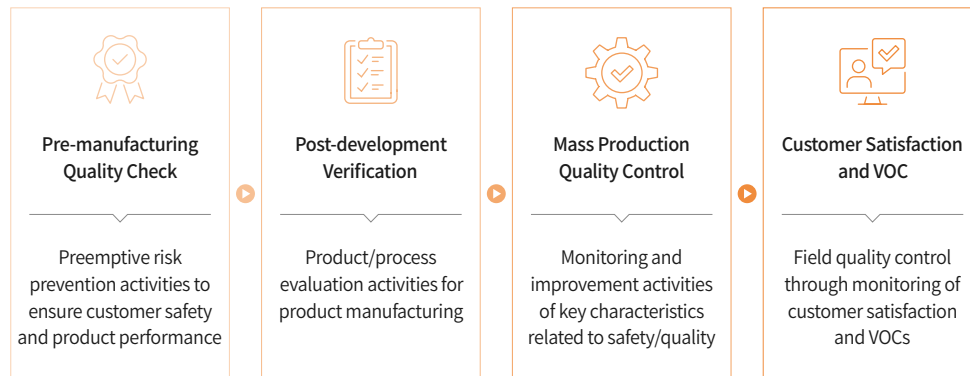
Customers

Quality Management System

Quality Management System

In order to realize customers' safety as well as contentment, NEXEN TIRE strives to secure customers' safety through a dual checking system where pre-manufacturing quality checks and post-development verifications are conducted.

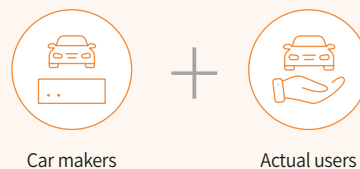
Through this system, we actively listen to the voice of customers even after launching our products and strive to secure customer satisfaction and quality improvement.



Quality Management Organization

NEXEN TIRE's quality management organization consists of a sector that monitors Korean and international customers' complaints and safety, a sector that plans product's pre-manufacturing quality, and a sector that monitors the manufacturing process.

Definition of "Customers" in Quality Management



NEXEN TIRE's Quality Assurance

NEXEN TIRE Corporation considers the safety of its customers its first priority and does its best to eliminate and prevent elements that may disturb the safety of its customers. Going beyond this, all of our employees are concentrating on ensuring a quality level that can impress our customers. For this, we regularly check products and manufacturing processes and conduct safety-related statutory tests and inspections.

To ensure efficient operation, continuous maintenance and improvement of the quality system for the production activities of all products, the CEO bears overall responsibility and authority for personnel and resource management. He also appoints a quality management agent to ensure that the requirements of the quality system are fulfilled and maintained. As the CEO, he does his best for continuous improvement regarding all items related to quality.

NEXEN TIRE's Quality Assurance

"NEXEN TIRE is an advanced enterprise that pursues customer delight through continuous quality innovation activities to secure the world's top-notch quality."

The quality policy of NEXEN TIRE Corporation is described above. To implement the policy, quality goals shall be established and reflected to the management plan, with all employees dedicating efforts to fulfilling the goals. To this end, NEXEN TIRE has established a quality system that complies with the IATF 16949 and the PL law, with the CEO declaring supply only of products that comply with product and environmental laws and regulations and which can satisfy customers through continuous R&D based on product safety and reliability as well as accumulated technological power.

In relation to the quality management system, all organizations and employees shall observe the following:

1. Actively respond to customer requirements
2. Improve competitiveness by eliminating elements generating waste in the process of design and manufacturing

Customers

Quality Management Improvement Activities

Pre-manufacturing Quality

Strengthening the Internal Quality System NEXEN TIRE conducts comprehensive monitoring to identify the needs of its stakeholders, and also executes enhanced internal audits for all processes, continuously improving what is found, and undergoes verification annually through third-party certification. NEXEN TIRE conducts its own inspections and audits for its products' entire life-cycle each year to autonomously manage quality risks. With this, we are able to renew the international quality system regulation each year, IATF16949, and we also conduct internal checks to manage tire-specific risks on a more stringent basis. Through self-led audits and inspections, we are committed to ensuring customer safety and increasing quality satisfaction until the last phase of NEXEN TIRE's products' life-cycle.

Strengthening Risk Management of Products To achieve zero-defect quality assurance, NEXEN TIRE strives to conduct quality management on prototypes in the stage of development, quality management of raw and subsidiary materials based on strengthened quality control of suppliers, and manages risks that can occur throughout the entire manufacturing process.

System Ensuring Pre-manufacturing Quality We verify to check whether design requirements and safety have been secured at each development stage. By creating a process for such activities, we are ensuring the quality and safety of all new developments and changes in design.

Manufacturing Quality

Introducing the Error Proof System NEXEN TIRE has introduced the Error Proof System to each process to fundamentally prevent potential defects caused by operators' mistakes and unexpected malfunction of production equipment during standard operations.

Ensuring Reliability on Quality/Safety In order to ensure the quality and safety of products, reliability engineering tools are applied to interpret and prevent potential defects. The experience accumulated on field and in processes is reflected in FMEA(Failure Mode and Effects Analysis) so that we can leverage NEXEN TIRE's unique and advanced quality/safety system.

Promoting Zero Quality Issues We strive to achieve zero quality issues by establishing a quality assurance system for semi-finished products and mixing agents based on reinforced statistical quality control and a quality assurance system for finished products based on strengthened reliability tests.

Customer Quality

Constant Quality Monitoring Through Alarm Operation We continue to conduct regular and systematic quality monitoring to ensure quality reliability in the global market, and utilize the alarm function to deliver rapid feedback to the research, production and management departments in the event of quality issues.

Quality Management of Developed Products We examine the characteristics of the sales target markets to reflect this from the planning stage of product development, and assess the required performance at each stage from the nurturing phase of product performance to the development of finished products. Through this, we strive to provide products that are optimized for the market.

System for Responding to Recalls When a significant defect in a product is detected, we promptly determine the need for a recall, and then report it to relevant agencies and notify customers and sellers of the recall data. We inform customers so that the customers that have purchased the defective products can receive a free replacement to normal tires in the market and we also provide other relevant services.

Systemization of Change Management for Mass-produced Products NEXEN TIRE operates a structured system for change management of raw materials and semi-finished products as well as processes and the design stages. Through standardized quality verification for changes of mass-produced products, we continuously manage the consistency of quality.

Supporting Customers with Quality Services We provide customers with technical/training materials they need for product quality performance and vehicle safety to offer customers quality services for safe and economical use until the last phase of the product's life.



Materials for Customer Service Support

Customers

Quality Expert Fostering

To ensure the customers' safety and product quality, NEXEN TIRE is committed to fostering experts needed for each sector. In particular, to foster tire experts, we produce and distribute training materials with various cases and review various advanced training of professional educational institutions to apply advanced quality techniques and then conduct training for employees.

14. 덴트/벌지(Dent/Bulge) NEXEN TIRE

3. 벌지(Bulge) – 조인트 과다에 의한 벌지

1) 정의
- 곡은 윤곽의 Sidewall 고무 접합부로 인하여 Air 주입시 외부적으로 팽창되어 보이는 현상(산타인 특공은 위치에도 발생)

2) 현상



3) 발생원인



고객만족팀

14. 덴트/벌지(Dent/Bulge) NEXEN TIRE

2. 덴트(Dent)

1) 정의
- Body ply 및 Sidewall Joint 과다 결합으로 인하여, Air 주입 시 Sidewall부의 일부가 팽창되는 현상

2) 현상



3-1) 발생원인



고객만족팀

Training materials

Support for Innovation Activities in Manufacturing Plants

Based on TPM(Total Productive Maintenance), NEXEN TIRE has revitalized working team activities to pursue the productivity improvement of technical employees as well as efficient development and innovation of its plants.

We are solving issues in the areas of production, quality, loss, cost, delivery, and safety(PQLCDS) by making improvements in the manufacturing environment and sites based on the 3R 5S activities. In 2022, we conducted the first time proposer encouragement event for the revitalization of field improvement activities and increased the rate of participation in making proposals, and conducted training for the acquirement of certificates for equipment maintenance as a way to continue our company-wide improvement activities.

Quality Management Performance

Implementing Benchmarking Exchanges for Quality Innovation

In 2023, NEXEN TIRE Corporation's Changnyeong Plant conducted a benchmarking exchange with the Poongsan Corporation, which is widely known for its innovative activities, in order to collect on-site opinions regarding quality innovation activities at business sites, interact with outstanding innovation sites, and actively develop on-site innovation activities.

The PPS Team of Poongsan Corporation visited the Changnyeong Plant on March 13th to benchmark NEXEN TIRE's excellent automation facilities and thorough work management and expressed their satisfaction. On April 6th, NEXEN TIRE's TPM part visited the Poongsan Corporation to observe their 'consistent production system'. It is the flexible production system that are organically connected to the phases of raw materials of ammunition to development design, manufacturing, inspection, and shipment. And they benchmarked best practices based on 3R 5S activities.

Participants in both exchanges displayed great interest and proactively asked questions about specific site improvement activities of the other party and showed high satisfaction. We will further expand these benchmarking exchanges to continuously identify excellent cases of on-site innovation activities and motivate our employees.



Benchmarking exchange meeting

Customers

Designated as Excellent Company in Quality Competitiveness at the 48th National Quality Management Convention in 2022

The 48th National Quality Management Competition held at the Kintex Convention Center on November 23th, 2022, is a competition organized by the Ministry of Trade, Industry, and Energy's subsidiary, Korean Agency for Technology and Standards, and organized by the Korean Standards Association. This award is presented to excellent quality management companies that have greatly contributed to the enhancement of Korean industry's competitiveness by producing outstanding management performances through quality innovation activities. In this convention, NEXEN TIRE's Changnyeong Plant was selected as a quality competitive company for the second consecutive year. Companies with excellent performance in quality competitiveness and continuous innovation are selected, and in 2022, a total of 39 companies were selected. 13 items such as strategy and management system, information management, logistics, small group and proposal activities, etc. are reviewed to qualify as excellent companies. As a result of continuous provision of next-level customer satisfaction services such as thorough quality control, various activities for quality innovation, visiting tire installations, and rental services, NEXEN TIRE was certified as an Excellent Company.

Won the Presidential Medals at the National Quality Control Circles Contest for 12 Consecutive Years

NEXEN TIRE operates company-wide quality innovation improvement activities and internally holds a quality control circles contest once a year. Since 2011, we have also been participating in the National Quality Control Circles Contest through regional preliminaries, winning Presidential medals each year. In 2022, we were recognized for our excellent on-site capabilities, proven by winning the Presidential Silver Medal in the category of field improvement under the theme of 'work time reduction through improvements in the mold preparation process.'



Award Certificate from the Circles Contest

Year	Department	Quality Control Circle	Presidential medal (Category)	Number of Medals
2011	(YP) Curing Part	Himmoa	Presidential silver medal (TPM)	1
2012	(YP) Materials Part	Cheoeum	Presidential gold medal (site improvement)	1
2013	(YP) Curing/Mixing Part	C1/ Standard operation	Presidential gold medal (TPM)/ Presidential bronze medal (site improvement)	1 1
2014	(YP) Materials/Curing/ Electricity Part	Bangatgan/ Gamasot/ Beongae	Presidential silver medal (TPM) (site improvement/ TPM/preservation management)	3
2015	(YP) Materials/PCR Part	Yangsancheon/ Dure	Presidential gold medal (freestyle)/ Presidential silver medal (site improvement)	1 1
2016	(YP) PCR/Facility Preservation 1Part	BMN1/ Tachyon	Presidential gold medal (field improvement)/ Presidential bronze medal (preservation management)	1 1
2017	(YP) PCR/ (CP) Materials Part	Banggeul Banggeul/ Myeongpum	Presidential silver medal (site improvement/freestyle)	2
2018	(YP) Pressing/ (CP) Quality Inspection Part	Ganeumsoe/ Spillover	Presidential bronze medal (TPM/service, non-manufacturing)	2
2019	(YP) Curing/ (CP) Materials, Curing Part	Ttambangul/ Myeongpum/ Garam	Presidential gold medal (site improvement)/ Presidential silver medal (freestyle)/ Presidential bronze medal (TPM)	1 1 1
2020	(YP) Bead/ (CP) PCR Part, Quality Inspection Team	Bangatgan/ Hero/ Spillover	Presidential gold medal (site improvement)/ Presidential gold medal (freestyle)/ Presidential bronze medal (non-manufacturing)	2 1
2021	(CP) Mold Part/ (CP) Logistics Management Team	Didimdol/ Geobugi	Presidential silver medal (site improvement)/ Presidential silver medal (non-manufacturing)	2
2022	(CP) Mold Part	Mujigae	Presidential silver medal (site improvement)	1
Total	14 parts	24 quality control circles	Presidential medals won 24 times	7 12 5

Suppliers



Policy for Shared Growth with Suppliers

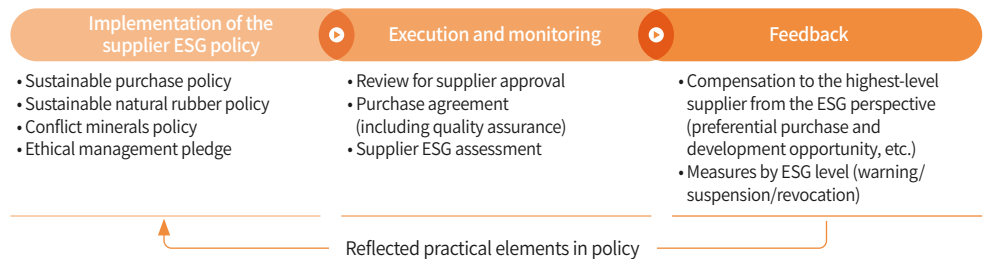
Responsible Supply Chain Management

Responsible supply chain management means not only establishing a procurement system for high-quality raw materials but also completing a supply chain through which the company's economic, social, and environmental values can be delivered to the stakeholders. NEXEN TIRE has established such sustainable procurement process, and based on this, we will grow into a sustainable global company by tracking procurement processes and transparently disclosing them within our supply chain.

Sustainable Purchase Policy for Suppliers

NEXEN TIRE has established and operates sustainable purchasing policies in 2021 in order to create a sustainable future with its stakeholders. In 2022, we signed an agreement for the purchase policy implementation for tier 1 raw material suppliers we are in trading relationships with, and in 2023, we disclosed our supply chain policies and our sustainable purchasing policies online to enhance purchasing transparency. In the future, we will do our best to raise and spread ESG awareness throughout the supply chain and realize carbon neutrality.

Sustainable Procurement Process



Sustainable Natural Rubber Policy

As a member of the natural rubber value chain and a responsible buyer, NEXEN TIRE joined the GPSNR(Global Platform for Sustainable Natural Rubber) in 2020. In 2021, the GPSNR Committee has distributed the sustainable natural rubber policy and action plans for member companies, and in line with this, we will continue to promote GPSNR activities. In the long run, we will select natural rubber suppliers by taking into account their GPSNR membership and ESG competency levels when purchasing natural rubber.



Conflict Minerals Policy

NEXEN TIRE is committed to responsible supply chain management by establishing an internal policy to ensure that conflict minerals* are not included in the supply chain in manufacturing its products, closely monitoring the supply chain of its suppliers, conducting on-site audits, and implementing timely corrective actions when necessary. To this end, we check to see if potential suppliers handle conflict minerals before the development of new raw materials, and sign a contract that includes the ban on conflict minerals before going into a regular transaction relationship, as a way to establish a responsible supply chain.



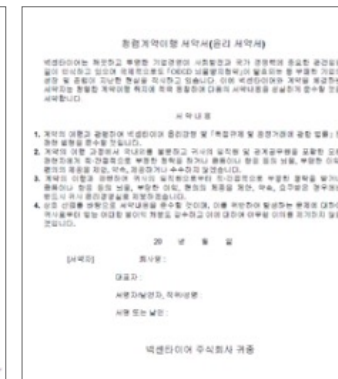
* What are Conflict Minerals?

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

※ For NEXEN TIRE, conflict minerals management is required for tin, which is used in the manufacture of bead wire.



Agreement for Supplier Purchase Policy Implementation



Ethical Management Pledge



Suppliers



Technical Exchange with Suppliers

NEXEN TIRE conducts continuous technical exchanges with its suppliers for shared growth, and through consistent communication with major raw material suppliers, especially for the development of eco-friendly raw materials, we create a platform where we can share our eco-friendly product development goals and our eco-friendly raw material application goals to discuss ways to cooperatively achieve them. In addition, we proactively pursue meetings with companies that are not our direct supplying companies or suppliers to implement activities to evaluate and improve the development of new eco-friendly raw materials.

ESG Training and Support Activities for Suppliers

In order to support our suppliers' ESG management in addition to ESG assessments, we have selected companies with major ESG risks among those that are subject to ESG assessments, distributed training materials on ESG trends and ESG management strategies, and opened a communication channel to provide responses to ESG assessments as well as relevant consultations. In the future, we plan to share our performances and strategies on implementing the ten principles of UNGC with our suppliers to enhance our sustainable supply chain system.

Suppliers' Communication Channel for Advisory on Sustainability Management

Supplier Management

NEXEN TIRE autonomously manages shared growth with its suppliers through regular internal reporting at the executive level based on "fair trade and fulfillment of social responsibilities". We are strengthening mutual competitiveness through supplier management, and are working to create a sustainable supply chain as well as construct a healthy industrial ecosystem.

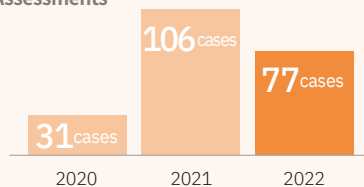
Development and Selection of Suppliers

As a way to meet global market demands and prepare for future tire market changes, NEXEN TIRE evaluates and discovers high-quality raw and subsidiary material suppliers and processing companies. When selecting raw material suppliers, we take into account not only the performance of the materials supplied, but also the companies' quality, environmental, and safety aspects as a whole in accordance with our raw material development procedures.

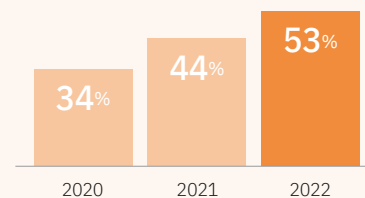
Field Inspection for Suppliers

NEXEN TIRE regularly conducts quality assessments based on the results of manufacturing plant inspections, quality evaluations, certifications(ISO/IATF 16949), delivery performances, etc. The list of approved suppliers is updated twice a year, and suppliers must regularly undergo factory inspections based on their quality grades. NEXEN TIRE's factory inspectors are those with qualifications as internal inspectors within the purchasing, quality management, and R&D departments and must obtain the VDA 6.3 certification, and conduct factory inspections based on their in-depth understanding of suppliers' production processes. Factory inspections are conducted in the form of on-site inspections, but in the case of companies that have obtained grades of A and B in the previous inspections, the on-site inspections may be replaced by written assessments under the condition that there are no special issues, such as defects or noncompliance with the delivery terms.

Number of Suppliers Receiving Quality Assessments



Percentage of Grade A Suppliers



Comprehensive Grading Criteria

Grade	Grade A	Grade B	Grade C	
	Criteria	90-100%	80-89%	70-79%
Incentives/ Penalties	Review upgrade of payment conditions and M/S	Continue performing improvement activities	① Perform special factory inspections ② Required for grade 2 or higher (registration canceled if grade 3 is maintained for two consecutive years)	Cancel registration

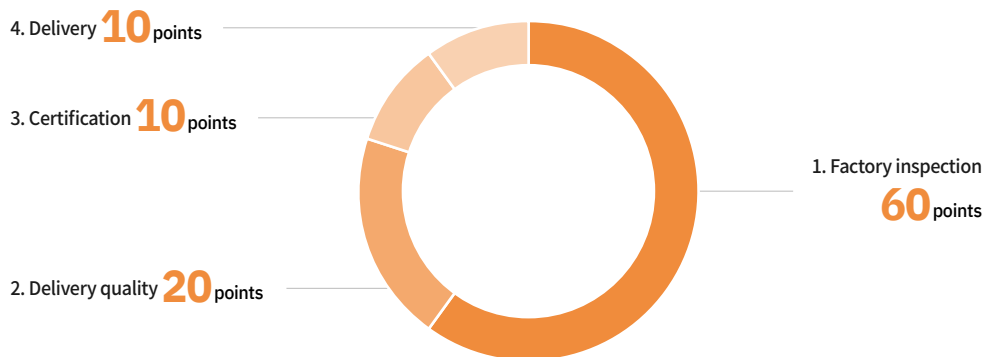
Suppliers



Suppliers' Risk Assessments

NEXEN TIRE evaluates internal and external risks by comprehensively considering suppliers' delivery terms and quality, management activities, and impact on the company. In particular, suppliers engaging in socially unacceptable conducts or purposely violating the terms of contract may be permanently barred from trading with NEXEN TIRE. In addition, to reinforce the mutual risk management system, we reexamine the qualifications for approval for suppliers obtaining grade 3 or 69 points or less at the regular inspections for two consecutive years.

Comprehensive Evaluation Items (Points Allocated)



Grading Criteria for Regular Factory Inspections

Grade	Grade 1	Grade 2	Grade 3	
Criteria	90-100%	80-89%	70-79%	69% or less
Description	Management for maintenance	Improvement required for inadequacies	Improvement required for inadequacies and grade B or higher required (suspension of transaction if grade C is obtained in two consecutive regular inspections)	Suspension of transaction

Supplier's ESG Assessment

Suppliers Subject to ESG Assessments Since 2020, NEXEN TIRE has been conducting ESG assessments targeting tier 1 raw material suppliers. The purpose of the ESG assessment is to enable our suppliers to recognize the importance of ESG management and improve their ESG capabilities. In 2022, ESG assessments were conducted for 135 tier 1 suppliers of our manufacturing plants in Korea, China, and Czech Republic. The evaluation found that most suppliers were well equipped with basic competencies, such as corporate ethics and health/safety, but were lacking in environmental response and responsible purchasing, which have been revised in accordance with recent industry trends and stakeholder requirements. In addition, for small-scale suppliers with difficulty in securing a base for ESG, we have found that there is a significant deviation in capacity compared to larger suppliers. Therefore, we plan to conduct ESG awareness-raising training for high-risk ESG companies under the leadership of our ESG Team in the first half of 2023. Moving forward, we will enhance our assessment indicators in line with the needs of our internal and external stakeholders and global response to climate change, and ensure that we build a sustainable supply chain system through continuous ESG competency assessments for our suppliers.

Assessment and Result Management ESG assessments for suppliers are conducted in the form of questionnaire surveys, and points are given according to the internal scoring criteria based on their response and supporting documents. After the assessment, suppliers are graded by their competency level, and incentives such as preferential right for market share(M/S) and development opportunities are provided to key suppliers. In addition, we plan to support suppliers with low ESG competency so that they can improve their ESG capabilities and prevent ESG-related risks through the provision of appropriate remediation measures. In the long term, we plan to expand the assessment system and scope to tier 2 and 3 suppliers.

Assessment Criteria and Elements Supplier's ESG assessments are based on our company's Supplier Code of Conduct and Code of Ethics. The elements of the assessment consist of business ethics, labor and human rights, safety and health, environment, responsible purchasing, and ESG competency.

ESG Assessment Items for Suppliers

Total Number of Suppliers

2020

133 ea

2021

131 ea

2022

135 ea

Suppliers

Sustainable Raw Material Procurement

Supply Chain Management Status and Plan

NEXEN TIRE has established sustainable raw material purchasing guidelines and supplier ESG competency development plans, and we plan to expand the development of outstanding suppliers of eco-friendly materials in the mid- to long-term.

NEXEN TIRE's Supply Chain



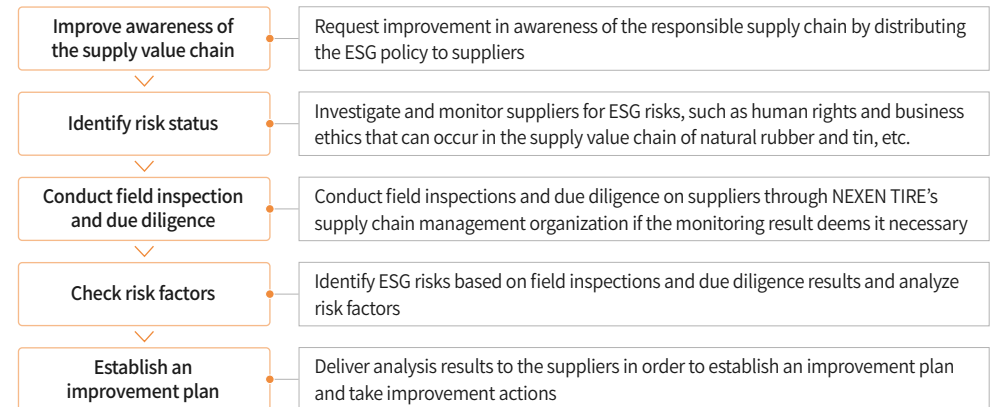
Supply Chain Management Status

Internal Policy	
Sustainable Purchase Policy for Suppliers	Establish a sustainable purchase policy considering business ethics and social responsibilities between NEXEN TIRE and suppliers
Establishment of Sustainable Natural Rubber Policy	Join the global platform for natural rubber sustainability
Supply Chains' Assessment and Training	
Supplier Review (inspection/written assessment)	For supplier approval, give additional points to suppliers that have obtained related certifications (ISO 14001, etc.) - Regularly check for certificate renewal
Suppliers' ESG Assessment	Measure and assess suppliers' ESG competency - Scheduled to establish compensation and training systems by suppliers' ESG competency level through in-depth analysis of ESG assessment results

Enhancing the Traceability of Raw Materials

NEXEN TIRE has defined the supply process by each stage in order to enable suppliers to fulfill their social, economic, and environmental responsibilities from manufacturing to the procurement stage, providing better value to its stakeholders. To prolong our responsible supply chain management, we will strengthen supply chains' ESG risk management and traceability of raw materials based on our supply chain management system.

NEXEN TIRE's Supply Chain Management System



Mid- to Long-term Supply Chain Management Plan



Social Contribution

Social Contribution Promotion System

Social Contribution Strategy Development

NEXEN TIRE established a social contribution operation plan to promote employees' interest and voluntary participation in social contribution activities. This includes points for volunteering and quarterly participatory programs. In 2022, we promoted a project that utilizes our industry's characteristic by supporting social welfare organizations with tires for the vehicles they use. In 2023, we plan to explore and expand social contribution projects that are linked to the UN SDGs. Focusing on the keywords such as biodiversity and deforestation, we will conduct customized programs for each business site. In addition, for our mid- to long-term social contribution strategy, we plan to build a sustainable management system set towards shared growth with external stakeholders(communities) and advance it with ESG-related customized strategies.

NEXEN TIRE's Social Contribution Promotion Portfolio

Social contribution activities reflecting the characteristics of the tire industry

Social contribution activities according to the characteristics of local communities

Employees' donation and supporting activities

Operation of foundations

Core Values of N'ERGY

Tires are the source that generates movement by being in contact with the ground. Through this movement, NEXEN TIRE seeks to grow into a company that brings energy to all parts of the society and shares the 'energy' it needs. Energy that encompasses the belief that a company should be trusted by the nation and contribute to the nation's economic development, and strive for the happiness of all people that it comes into contact with and thereby adds richness to the world, will be shared through NEXEN TIRE's 'N'ERGY'.

Neighbor

Environment

Recover
Medical,
culturalGlobal
Pan-nationalYouth
Children,
youths

Creating an Environment that Inspires Employee Engagement

Welfare Points for Volunteer Work By offering welfare points by section according to the accumulated annual volunteer service hours, we established a systematic foundation to revitalize social contribution activities through employees' voluntary participation. (Up to 100,000 points)

Participation-based Volunteer Programs In October 2021, NEXEN TIRE organized a variety of volunteer programs with specialized organizations to increase engagement in social contribution activities. We broadened the scope of participation to include not only employees but also their family members, and we also established a system so that employees can conveniently register to participate in volunteer programs through a page dedicated to employees on a platform run by a specialized organization.

Volunteer Programs

Cumulated Annual Number of Volunteers

272 employees

Total Number of Volunteer Hours

1,808 hours

Volunteer Hours per Employee

6.6 hours

Social Contribution



Social Contribution Activities

Social Contribution That Reflects the Characteristics of the Tire Industry

NEXEN TIRE leverages the characteristics of the tire industry to fulfill its corporate social responsibility through shared growth and interaction with the community.

Tire Donations for Social Welfare Vehicles To create a safe mobility environment for social welfare centers, NEXEN TIRE launched a tire donation project in 2022 through cooperation with local social security councils and welfare foundations in regions where each worksite is based, to which we replace outdated tires or donate new tires. We have donated tires for approximately 70 welfare centers in regions where each of our plants are located. In addition, we plan to conduct tire safety training for the employees of social welfare centers.

Operation of Children's Safety Protection Centers at Chain Stores under Direct Management Since October 2021, NEXEN TIRE has been conducting a social contribution activity where we operate Children's Safety Protection Centers* at regular chain stores under direct management located across the country, to temporarily protect children from potential danger.

* Children's Safety Protection Center: A system established to protect children through cooperation with the police and local communities

Signing an MOU for Supplying Tires to the Private Taxi Union in Busan and Yangsan NEXEN TIRE and the Private Taxi Union of Busan and Yangsan entered into an MOU in February of 2019 and have maintained the agreement to this day. The MOU outlines the supply and use of tires manufactured at NEXEN TIRE's Changnyeong Plant for approximately 14,300 vehicles. For the MOU, NEXEN TIRE has been steadily supplying tires for the taxis of Busan and Yangsan's Private Taxi Union. With this, NEXEN TIRE was able to create a virtuous cycle of corporate development and employment increase by encouraging local consumers to use local company's products. The agreement was signed successfully with the Vice Chairperson of the Yangsan City Council leading communication with NEXEN TIRE's labor and management. This opened new doors to the possibility that mutual cooperation with local businesses could boost the regional economy.

Social Contribution According to the Characteristics of Local Communities

Operation of Volunteer Clubs by Worksite NEXEN TIRE operates clubs at each worksite, striving for social contribution activities in local regions. The Hope Sharing Club signed an MOU with the Yangsan-si Welfare Center for the Disabled, and has been carrying out various activities such as delivery of side dishes, donating heating equipment kits, and participating in the Yangsan-si Children with Disabilities Day events. Also, at our Changnyeong Plant, we established an outreach club to actively participate in social contribution activities in accordance with the characteristics of the area through an MOU with the Changnyeong-gun General Welfare Center for the Disabled.

Blood Donation Promotion with the Korean Red Cross We have continuously been conducting social contribution activities in accordance to the MOU with the Korean Red Cross. In order to promote not only in-house blood donation campaigns but to expand this outside of the company through shared growth with the community, we have been carrying out blood donation promotion activities every year since 2020, where we offer local residents a discount on tires when they participate in blood donation. So far, we have conducted seven seasons and approximately 44,000 donors have participated in the promotion. Moving forward, we plan to continuously exert our efforts to revitalize blood donation by consulting with the Korean Red Cross for various promotions in addition to tire discounts.



Tire Donations for Social Welfare Centers



MOU for Supplying Tires to the Private Taxi Union

Social Contribution



Employees' Donation and Supporting Activities

Operating N'Fund, a Voluntary Employee Donation System N'Fund, a voluntary employee donation system is being autonomously operated for NEXEN TIRE's employees. Our employees can participate in the program by laying down the amount they wish to donate on the donation application form and the monthly operation status is transparently shared through the in-house community channel. The accumulated donations are given to recipients selected through the participant's votes.

Zero Waste Environmental Campaign NEXEN TIRE conducts a donation event for goods donated by its employees in connection with the Beautiful Store each year, once in the first and another in the second half. The donated items are sold to consumers at the Beautiful Store, which serve the purpose of sharing recycled goods and using proceeds from sales to protect the environment and making donations. The Zero Waste Environmental Campaign launched by The NEXEN UniverCITY has expanded to the Changnyeong Plant in the second half of 2022. We hope that the program will become an icon for the expansion of a donation culture through continuous operation moving forward.

In-house Blood Donation Center NEXEN TIRE operates a program where its employees voluntarily donate their blood donation cards to support those who are in need of blood transfusion. On the occasion of World Blood Donor Day(June 14th), which expresses respect and gratitude to blood donors who have practiced sharing life with others, we plan to deliver about 300 blood donor cards that have been collected through voluntary activities to date.

Donation for Earthquake Relief in Türkiye NEXEN TIRE took the lead in making donations to help local people affected by the Earthquake in Türkiye in February, 2023. Our Istanbul branch made a donation to the Disaster and Emergency Management Authority(AFAD) under the Ministry of Interior of Türkiye, and the branch's locally-hired personnel also joined in the donation with their personal funds. These donations have been used for those who have been largely affected by the earthquake. We plan to continue offering a helping hand to those who have been affected by environmental changes and natural disasters.

공간 부족으로 이미지 삭제하였습니다.

Biodiversity

As a social contribution activity to strengthen ESG management, NEXEN TIRE conducted a beautiful forest creation project alongside the Beautiful Store with the aim of creating a sustainable environment by planting trees on land that lacks natural purification capabilities as well as improving air quality, such as reducing greenhouse gases, and also restoring ecosystems. The area where we conducted this activity is Nanjido Noeul Park, located in Mapo-gu, Seoul, which was recreated into a park in 2002 after covering up the existing garbage landfill with a reinforced film and adding soil on top of it. Many trees are currently growing in the park, but the exiting garbage still remains and requires ongoing forest creation and management. Therefore, we have decided to donate a total of 250 trees of eight indigenous ecological species for the uninhabited wood through this project.

Through the zero waste donation campaign targeted to employees at the Seoul and Changnyeong Plants as well as the N'FUND, the voluntary employee donation system operated to expand the in-house donation culture, we collected a total of KRW 5,170,000 for the cost of operation, which is even more significant as it was achieved through voluntary participation. In reviewing the regulations of biodiversity and deforestation, which are key issues in ESG in the recent years, the beautiful forest creation project has become a major management indicator, and we are looking forward to its progress in the future.

NEXEN TIRE's Biodiversity Policy



Social Contribution



Operation of Foundations

NEXEN TIRE has been practicing sharing management for the development of local communities and the enhancement of local culture through three cultural foundations, including NEXEN Wolsuk Cultural Foundation, Wolsuk Busan Leading Scholarship Committee, and the KNN Cultural Foundation where chairman Byung-Joong Kang serves as the chairperson. Established with the goal of returning profits back to our society, each foundation actively supports projects in the education, arts, culture, and academic fields. In particular, we provide scholarships and financial support to schools in Busan and the Gyeongsangnam-do region annually, contributing to the development and fostering of talents that will lead the future.

NEXEN Wolsuk Cultural Foundation The Wolsuk Cultural Foundation was founded in January 2008 with the support of chairman Byung-Joong Kang and NEXEN Group, under the purpose of returning corporate profits to society. Starting with carrying out sharing events for the socially underprivileged groups where we donated rice of love, the foundation has been continuously expanding the target and scope of its support, contributing to the promotion of academic, cultural and artistic development of the community.

Wolsuk Busan Leading Scholarship Committee Founded in 2003, the Wolsuk Busan Leading Scholarship Committee has been providing scholarships and living allowances twice a year for middle and high school students in Busan that are doing well in school but are living under difficult circumstances. We have practiced such sharing with more than 2,000 students to date.

KNN Cultural Foundation Founded in 1995, the KNN Cultural Foundation has been involved in major social and public interest projects such as cultural awards, scholarship projects, etc. to foster local talents in the science field, as well as other academic activities. Among local private broadcasters, the KNN Cultural Foundation with the highest amount of donations, is highly regarded in terms of corporate profit return to society.

Scholarship Funds and Scholarship Beneficiaries

NEXEN TIRE's Donation and Sponsorship Policy

Category		Unit	2020	2021	2022
Total Operating Expenses	NEXEN Wolsuk Cultural Foundation	KRW million	595	766	621
	KNN Cultural Foundation	KRW million	155	177	184
	NEXEN Wolsuk Busan Leading Scholarship Committee	KRW million	60	60	60
Scholarship Beneficiaries	NEXEN Wolsuk Cultural Foundation	Persons	497	525	483
	KNN Cultural Foundation	Persons	154	176	184
	NEXEN Wolsuk Busan Leading Scholarship Committee	Persons	80	80	80

Sponsorships for Sports Competitions

Motorsports NEXEN TIRE participates in various motorsports competitions to enhance brand awareness and widely promote its products' excellence. In the 2021 season, we made our first appearance with our first set of racing tires in one of the most prestigious motorsports competitions in Korea, the SUPERRACE CHAMPIONSHIP Super 6000 class, and achieved an unprecedented record of winning the opening race. In the 2022 season, we produced excellent results despite our short history, with a first and a second-place win, achieving double podium. In the 2023 season, we have entered into partnerships with professional racing teams such as Seohan GP, NEXEN-Volgas Motorsports, and the CJ Logistics Racing Team and supplied them with our racing tires, fully participating in racing competitions and are achieving excellent results.

In addition, we are competing with global tire manufacturers by participating in the TOYOTA GAZOO GR86/BRZ CUP competition, a Japanese motorsport competition. Also, by continuously competing in the ADAC Total 24H Race in Nürburgring, Germany, we are showcasing the excellent durability of our racing tires.



Social Contribution

Football NEXEN TIRE is officially sponsoring Manchester City in the 2022 - 2023 season, maintaining a partnership with the team for the 8th season since 2015. Since extending our partnership with Manchester City in the Premier League in 2017, we have been strengthening our point-of-contact with fans and consumers by uploading various content for the MZ generation such as “Away From Home”, “Road Trip Roulette” and “Tire Skills Challenge” on NEXEN TIRE and Manchester City’s official YouTube channels. NEXEN TIRE utilizes not only offline events and social media activities but also advertising campaigns and TV commercials as a marketing platform to communicate with the fans.

NEXEN TIRE sponsors a variety of clubs, other than Manchester City. Since 2011, we have been sponsoring SG Eintracht Frankfurt, a prestigious German football club, and have been an official sponsor of SK Slavia Praha, Czech Republic’s First League team from the 2021-2022 season to the 2022-2023 season. We are also the official sponsor of AC Milan, an Italian Serie A team, from the 2021-2022 season to the 2022-2023 season.

Golf Since 2013, NEXEN TIRE has been hosting the “NEXEN-Saintnine Masters” KPGA Golf Competition with NEXEN Corporation. As the only KPGA golf competition in Busan and the Gyeongsangnam-do region, we are holding the NEXEN-Saintnine Masters at the Gaya Country Club located in Gimhae, Gyeongsangnam-do. By hosting the competition, we hope to contribute to the development of the local culture as well as the golf industry. In 2023, NEXEN-Saintnine Masters reached its 10th year and to celebrate its 10th anniversary, we held a screen golf tournament for the fans. In addition to sponsoring domestic golf competitions, we have been sponsoring an LPGA rookie, Yae-Eun Hong since 2020 to contribute to the better future of the golf industry. And in 2023, we began sponsoring Haru Nomura, who has a record of winning three LPGA tournaments.

Hockey Following the sponsorship of Anaheim Ducks of the NHL(National Hockey League) in 2021, NEXEN TIRE has also been sponsoring the Chicago Blackhawks Team since 2022. Founded in 1992, Anaheim Ducks won the “Stanley Cup(Playoffs of the North American Ice Hockey League)” in 2007, being the first team from California to win the Stanley Cup. The Chicago Blackhawks is a team founded in 1926 in Chicago, Illinois, USA, and is a member of the Original Six, which refers to one of the first teams of the North American Ice Hockey League, and have a record of winning the Stanley Cup six times. By sponsoring the “Anaheim Ducks” and the “Chicago Blackhawks”, NEXEN TIRE is promoting its brand on major advertising boards in the rinks and practice rinks as well as outdoor advertisements. We are developing a variety of marketing activities through our sponsorship activities, securing a foothold in the U.S. market.

Snowboarding NEXEN TIRE founded the NEXEN Winguard Snowboard Team in November 2022. The NEXEN Winguard Snowboard Team is composed of players: Sang-ho Lee, who ranked number 1 in the world rankings in the Alpine Division for the 2021/2022 season and was the first runner-up in the Alpine Division of the Canadian World Cup in the 2021/2022 season; Seung-young Hong, who ranked number three in the FISU World University Games in the 2022/2023 season; Yong-hwi Kwon, a national representative runner-up; with Byeong-Jun Hyun as the coach. By launching a snowboard team, NEXEN TIRE is contributing to the expansion of winter sports. In addition to team operations, we plan to carry out various marketing activities, such as running a snowboard academy and holding competitions for the general public.



Manchester City



Sponsoring the American Ice Hockey Team, Chicago Blackhawks



Launching of the NEXEN Winguard Snowboard Team



Information Security



Information Security Management System

The importance of information security and the responsibility for data protection technology is being more emphasized by the fast-changing cyber environment and business based on large volumes of big data. For information security, NEXEN TIRE has established an information security management system by establishing the principles of information security and privacy protection, and pledges to implement information security on a global top-tier level.

 [NEXEN TIRE's Information Security Policy](#)

Information Security Policy

NEXEN TIRE operates information security policies in accordance with domestic and international laws, such as the Act on the Promotion of Information and Communications Network Utilization and the Information Protection and Personal Information Protection Act and other regulatory changes, and recently re-established its policy based on the security framework of the ISO(International Organization for Standardization). In addition, based on the information security policy, we established the ISMS(Information Security Management System) to continuously conduct security control activities and monitoring, ensuring the stability and reliability of the information system through risk management.

Information Security and Privacy Protection Regulations*

[SNX-M-0001] Information Security Regulations

[SNX-P-0001] Staff Security Guidelines

[SNX-P-0002] Information Asset Management Guidelines

[SNX-P-0003] Security Incident Response Guidelines

[SNX-P-0004] Information Security Organization Operation Guidelines

[SNX-P-0005] User Security Guidelines

[SNX-P-0006] Technical Security Guidelines

[SNX-P-0007] Physical Security Guidelines

[SNX-P-0008] Information Security Risk Management Guidelines

[SNX-P-0009] Subcontractor/Supplier Security Management Guidelines

[SNX-P-0013] Personal Information Protection Guidelines

Information Security Incident Response System

We have an incident response system set in place to minimize damages caused by information security incidents and to prevent additional damage through swift response. In addition, through regular simulation training, we are working to internalize the incident response system.

Information Security Incident Response Process

Recognize incident

Report suspected details
(To the information security department and information security officer)

Organize an incident response team

Four-stage incident response process

Stage 1
Initial action

Stage 2
Cause analysis

Stage 3
Troubleshooting

Stage 4
Follow-up action

(If necessary)
Report the status to the relevant reporting agency

Establish and apply recurrence prevention measures

Conduct monitoring and implement follow-up action

* Established the ISO/IEC 27001 standard

Information Security



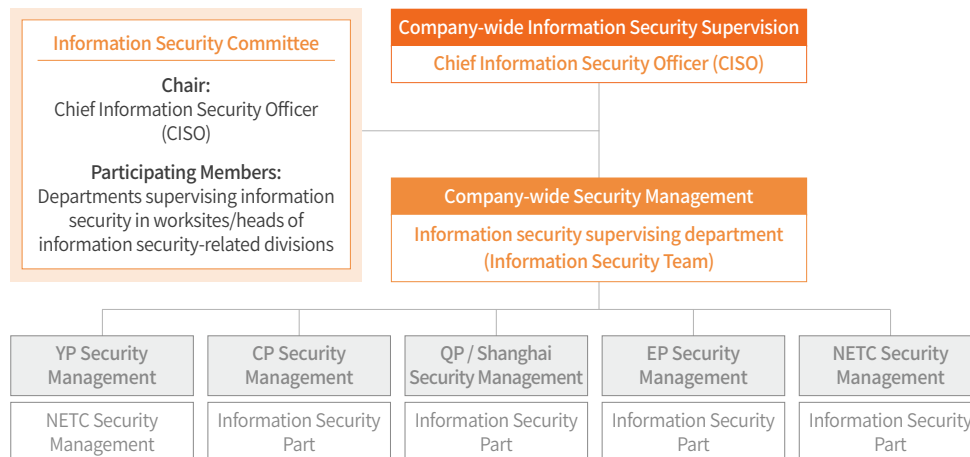
Information Security Operating Organization

To act upon the significance of information security and domestic and international compliance, NEXEN TIRE operates an exclusive information security organization governed directly by the COO under the CEO. The company-wide information security organization is entrusted with the responsibility and authority regarding information security, and handles all operations related to information security, such as operating the information security management system, managing the information security business, and responding to incidents. In order to ensure the same level of information security as the headquarters, we have established new information protection parts for each overseas worksite.

Designation of Chief Officers for Information Security/Privacy Protection We have appointed a company-level CISO(Chief information security officer) and a CPO(Chief privacy officer), and have complied with our CISO reporting obligations in March of 2023.

Designation of Managers for Information Security/Privacy Protection By designating information security and privacy protection managers in each organization, we make an effort to assign information security tasks and encourage employees' autonomous and proactive participation in the information security system.

Information Security Management Organization



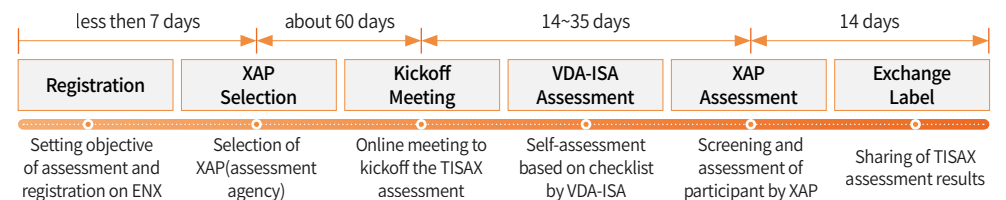
Information Security Certification Management

Acquisition of TISAX* In 2022, NEXEN TIRE acquired a global information security certification, the TISAX (Trusted Information Security Assessment eXchange) certification, as it was recognized by the VDA(German Association of the Automotive Industry) for the company's information security management system. TISAX is based on the VDA ISA catalog developed by VDA, and the ISO/IEC 27001 of the ISO(International Organization for Standardization), more specifically the "Control" section, which is a reference measure in Appendix A. The requirements of a VDA ISA can be divided into four major categories of Information Security, Supplier and Vendor Management, Data Protection, Prototype Protection.

VDA has set mandatory assessment standards for all TISAX registered members and conducts assessments on standardized security assessment standards for automotive companies worldwide based on VDA ISA's criteria. There are no certificates issued to all organizations that exchange information on the assessments through TISAX, and the issued label is registered on the ENX Portal(European Automotive Industry). Five of our major global businesses (Korea Magok Office, European Research Center, European Plant, Qingdao Plant, Shanghai Corporation) acquired the label, with the Qingdao and Shanghai Corporation in China acquiring the TISAX Label In the first half of 2023. A company needs to operate its security management system based on stringent standards to obtain the TISAX certification because it is issued only when there is no non-conforming element in the company's information security system based on a standardized security process. NEXEN TIRE has been officially recognized for its highest level of security management capabilities as the certification was acquired for not only domestic R&D centers but also key manufacturing plants and R&D centers abroad. In the future, we will continue to develop our information security management system further and develop into a global company with the highest level of security on top of our technical skills.

Companies Subject to Information Protection Disclosure Obligations In June 2022, as we were included in the list of companies subject to information security disclosure obligations, we have submitted our report on information security disclosure on KISA(Korea Internet Promotion Agency)'s portal.

Steps of the TISAX Assessment



Information Security



Information Security Activities

Information Security Monitoring

In addition to the stability of the information system, NEXEN TIRE conducts regular data security and personal information protection monitoring to ensure the internal and external reliability of the information system. We operate a high-level security system to respond to cyber attacks from the outside, and also conduct regular risk assessments, vulnerability diagnostics, and remediation operations.

Information Security and Cyber Security-related Compliance

Category	Unit	2020	2021	2022
Penalties/Fines due to information security and cyber security-related violations	KRW	0	0	0
Number of customers suffering damage due to data violations	Persons	0	0	0

Information Security Policy

NEXEN TIRE operates information security policies in accordance with domestic and international laws, such as the Act on the Promotion of Information and Communications Network Utilization and the Information Protection and Personal Information Protection Act and other regulatory changes, and recently re-established its policy based on the security framework of the ISO(International Organization for Standardization). In addition, based on the information security policy, we established the ISMS(Information Security Management System) to continuously conduct security control activities and monitoring, ensuring the stability and reliability of the information system through risk management.

Number of Information Security and CyberSecurity-related Violations



Number of Violations Concerning Customers' Personal Information



Information Security Monitoring Activities and Achievements in 2022

Category	Operation of the information security management system	Vulnerability and legal compliance checks	Training for violations	Personal information DB monitoring	Document security	Employee training	Campaign activities	Disaster recovery and response training
Description	Systematically operate the information security management system (ISMS)	Carry out vulnerability diagnosis and remediation measures	Provide training for violations through cooperation with external institutes	Encrypt personal information and control and manage data within DB	Upgrade the document security system	Provide information security and privacy protection education	Improve and provide training for employees' awareness of information security	Provide training on recovery from disaster upon occurrence
Key Activities and Achievements in 2022	<ul style="list-style-type: none"> Operating an organization in charge of information security Strengthening the information security policy system Assessing and improving on information security risks 	<ul style="list-style-type: none"> Carrying out vulnerability diagnosis on servers and implementing remediation measures Checking for legal compliance to personal information protection laws and preparing for implementation plans 	<ul style="list-style-type: none"> Holding simulation e-mail hacking training targeting employees Providing map training for violations 	<ul style="list-style-type: none"> Encrypting all personal information in DB Monitoring DB access and control through the DB access control system 	<ul style="list-style-type: none"> Investing in and upgrading the document security system (DRM) 	<ul style="list-style-type: none"> Providing information security and privacy protection education to employees Conducting personal information protection training for employees that handle personal information Conducting information protection and personal information protection training for new employees 	<ul style="list-style-type: none"> Waging an information security campaign using noticeboard and electronic boards Measuring the effectiveness of the monthly Information Security Day 	<ul style="list-style-type: none"> Providing training on accident response and minimization of damage upon suspension of information system operation

Information Security



Simulation Training on Response to Cyber Threats

In the second half of 2022, we conducted a simulation training on responding to cyber crisis in association with the KISA(Korea Internet & Security Agency) to inspect the organization's internal information security management system. Our training included sending social engineering hacking e-mails to our employees, which have recently emerged as an issue, and enhancing their security awareness. In addition, by having our employees participate in the incident response mock training, we checked and improved the company's security threat detection system as well as the response system.

Simulation Training with KISA(Korea Internet & Security Agency) In the second half of 2022, we participated in all cyber crisis response simulation trainings organized by the KISA. Employees subject to training participated in all 3 types of training including: 1) simulation training on APT hacking mails, 2) simulation training on DDoS response, and 3) simulation training on web service hacking, conducting diagnosis on the organization's internal information security management system and enhancing employees' caution to security threats. We also participated in real-world-type simulation hacking accidents to check and reinforce NEXEN TIRE's security detection/response systems.

Information Security Audits

Every year, we conduct vulnerability checks on representative websites and information systems to secure external reliability, and based on the results, we operate all information systems so that the highest level of security can be maintained.

Revising Information Security and Privacy Regulations

In 2021, NEXEN TIRE revised and integrated 15 existing information protection policies, regulations and guidelines, and privacy protection guidelines into 11 information security regulations and guidelines and privacy protection guidelines, and updated its regulatory response and management measures.

Information Security Risk Assessments

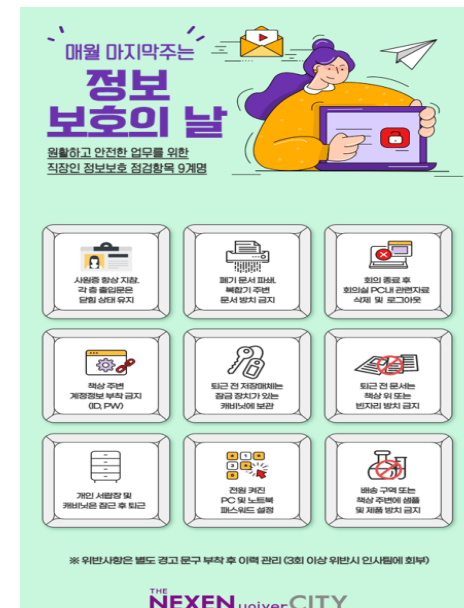
We have been carrying out information security risk assessments every year, and in order to minimize external security risks, we established and applied preemptive security reviews and security control procedures for a safe working environment.

Activities to Improve Awareness of Information Security

To raise our employees' awareness on information security, NEXEN TIRE conducts various campaign activities. Also, by designating an Information Security Day for each month, we are constantly checking the status of our employees' information security.

Information Security Training for Employees

Since 2013, NEXEN TIRE has been providing information security education to all employees every year. In 2021, we provided information security education not only to the incumbent but also to newly recruited employees. We are committed to internalizing awareness of employees that handle personal information on information security through measures such as conducting education on the Personal Information Protection Act, one of the four compulsory education programs. Starting in 2022, we are requesting all employees' security pledges and signatures of personal information handlers every year.



Status of Information Security Education Completion (Compulsory Education)

Category	Unit	2020	2021	2022
Target Persons*	Persons	929	1,037	999
Persons who Completed Education*	Persons	859	987	895
Education Completion Rate	%	92	95	90

* Based on domestic worksites

Status of Completion of Education on the Personal Information Protection Act (Internal Education)

Category	Unit	2020	2021	2022
Target Persons*	Persons	82	101	133
Persons who Completed Education**	Persons	79	93	123
Education Completion Rate	%	96	92	92

* Education subject to personal information handlers

** Based on domestic worksites

Information Security



Privacy Protection

Privacy Protection Policy

NEXEN TIRE monitors domestic and foreign personal information protection laws in each country where our plants are located in and continuously manages so that the services we provide to customers do not violate legal requirements, exerting our best efforts to protect customers' information and ensure the rights of the owners of the information.

In addition, through the diagnosis of legal compliance to personal information laws of B2C businesses we conducted in the first half of 2023, we identified a personal information protection policy system as well as items of non-compliance. With this, we established an implementation plan and are carrying out improvement activities.

Privacy Protection Life Cycle Management

In order to manage information safely throughout the entire process of information collection, storage, use, and destruction, NEXEN TIRE promotes a life cycle management on privacy protection. In addition, to further enhance information security throughout the entire life cycle, information security measures are implemented in administrative, physical, and technical areas. By disclosing the Privacy Protection Policy on our website, NEXEN TIRE has allowed the owners of the information to easily check on the status of privacy information such as the collection, retention, use, and destruction of personal information acquired by the company. NEXEN TIRE strictly complies with laws and regulations related to personal information in Korea and abroad, such as the "Personal Information Protection Act" and the "GDPR", and provides a safe and reliable personal information protection environment for its customers.

 [Privacy Policy](#)



Collecting and Handling Privacy-related Complaints

Through its privacy policy, NEXEN TIRE specifies that the owners of the information can exercise their rights to request viewing, correcting, deleting, and suspending of processing of their personal information at any time. We also set in place various channels to receive complaints related to personal information including our website, written letters, telephone, and e-mail. NEXEN TIRE processes personal information-related complaints quickly without delay and in accordance with the procedures, and also provides guidance on the results of the handling procedures. The company also collects reports on violations of not only general laws and company rules but also those of the privacy policy and ethical codes through the ethical management reporting center and operates an internal whistle blowing process.

Processing of Privacy-related Reports (External Stakeholders)

Category	Unit	2020	2021	2022
Complaints confirmed	Cases	0	0	0
Complaints handled	Cases	0	0	0
Response rate	%	-	-	-

Processing of Privacy-related Reports (Regulatory Organizations)

Category	Unit	2020	2021	2022
Complaints confirmed	Cases	0	0	0
Complaints handled	Cases	0	0	0
Response rate	%	-	-	-

GOVERNANCE DIMENSION

- 79 Transparency of the BOD
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Transparent Board Operation

Healthy BOD

NEXEN TIRE upholds a stable and efficient governance structure to ensure sustainable growth and to protect the interests of stakeholders. The company's decision-making and business execution are delegated exclusively to the BOD(Board of Directors) and management, and stable governance is established through checks and balances. In addition, our BOD consists of members with a variety of expertise based on the judgment that the diversity of expertise and perspectives of its members create an efficient governance structure. We hold regular and irregular meetings between members and comply with disclosure principles to ensure transparency in business processing standards, procedures and results, as a way to practice transparent governance.

Organization of the BOD

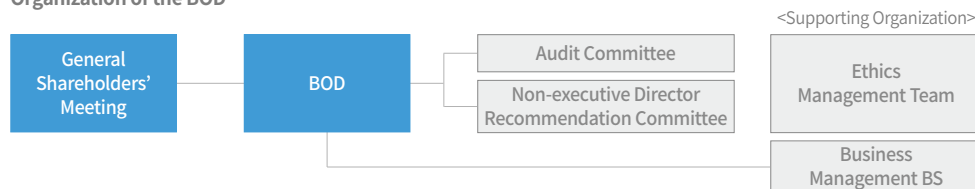
 **NEXEN TIRE BOD's Independence, Diversity and Expertise Policy**

NEXEN TIRE's Board of Directors may consist of three or more, and no more than nine members in accordance with the Articles of Association, and the majority of the members must be non-executive directors. As of the end of December 2022, the BOD consists of three executive directors and four non-executive directors. All non-executive directors shall have no relations with the company, management, and major shareholders. Detailed information of the BOD is disclosed on our website.

Composition of the BOD

Category	Name	Gender	Date of Appointment	Expiration of Term
Executive Director	Byung-Joong Kang	Male	1999.6.	2026.3.
	Ho-Chan Kang	Male	2001.3.	2025.3.
	Hyun-Jong Lee	Male	2022.3.	2025.3.
Non-executive Director	Seung-Hwa Kwon	Male	2020.3.	2026.3.
	Gak-Kyu Hwang	Male	2022.3.	2025.3.
	Yong-Taek Hong	Male	2022.3.	2025.3.
	Han-Ik Yoo	Male	2021.3.	2024.3.

Organization of the BOD



Committee within the BOD

Operation of BOD Committees

Category	Composition	Functions	Operation Status
Audit Committee	Non-executive directors (4)	<ul style="list-style-type: none"> Review accounting documents, audit procedures and results of accounting firm Request additional review of accounting books and related documents to accounting firm and review results Review the operational status of internal accounting control system after receiving reports from the internal accounting manager 	9 sessions in 2020, 5 sessions in 2021, 7 sessions in 2022
Non-executive Director Recommendation Committee	Executive director (1 person) Non-executive directors (2)	<ul style="list-style-type: none"> Recommend non-executive director candidates at the general shareholders' meeting 	2 sessions in 2020, 1 session in 2021, 1 session in 2022

Non-executive Director Recommendation Committee Committee Candidates for executive directors are recommended and appointed by the Board of Directors, while candidates for non-executive directors are recommended and appointed by the Non-executive Director Candidate Recommendation Committee, both through transparent and fair procedures. All directors serve three-year terms, and individual appointments are made through the General Shareholders' Meeting in the event of a mid-term resignation, expiration, or other vacancies among directors.

Composition and Purpose of Establishment of the Non-executive Director Recommendation Committee

Name of Committee	Category	Name	Purpose of Establishment and Delegated Authority
Non-executive Director Recommendation Committee	Executive Director	Ho-Chan Kang	<ul style="list-style-type: none"> To meet the regulations specified in Article 542-8 (4) of the Commercial Act
	Non-executive Director	Seung-Hwa Kwon, Han-Ik Yoo	<ul style="list-style-type: none"> To recommend non-executive director candidates at the General Shareholders' Meeting

Audit Committee The Audit Committee within the BOD consists of non-executive directors with expertise in each field and serves to monitor, diagnose, evaluate management activities and provide reasonable alternatives. This ensures management transparency and competitiveness, as well as minimizes management risks and protects the interests of stakeholders such as shareholders and customers.

Transparent Board Operation

BOD Operation

NEXEN TIRE's BOD is the company's highest permanent decision-making body. For checks and balances among its members, the company's decision-making and business execution are delegated exclusively to the BOD and management, and the management's business execution status is reported to the BOD. As a result, the BOD's independence is secured and a decision-making structure centered on the BOD is set in place. In addition, the Articles of Association stipulate that a pre-convening notice of the BOD shall be made one week in advance. In 2022, the directors' liability insurance was purchased at the company's expense. The regulations set out for the BOD and committees under the BOD are disclosed in our Governance Report and can also be found on our website via a link to the IR data.

 [Shortcut to IR Data](#)

BOD Convocation All matters concerning the BOD operation, such as authority and responsibilities of the BOD as well as the BOD operating procedures are laid out in the Articles of Association and the Regulations for BOD Operation. In accordance with Article 38 of the Articles of Association and Article 6 of the Regulations for BOD Operation, BOD meetings are held in two ways, regular and temporary meetings. In 2022, a total of 9 sessions of the BOD meetings were held. NEXEN TIRE strives to ensure in-depth and efficient BOD operations by distributing data on the proposed issues to the directors in advance prior to the BOD meeting convocation and also by providing additional explanations when needed.

Category	Unit	2020	2021	2022
Number of meetings	Session	14	10	9
Number of cases voted on	Case	14	10	14
Attendance rate	%	99	98	100

BOD Assessment System

The remuneration of the directors is determined by taking into account the nature of the delegation tasks and the results of the performance, etc. Incentives for the year are paid in consideration of the annual remuneration of the previous year, the coefficient of management performance, and the rate of increase by assessment grade. To the extent that it does not impair the independence of each director, we are considering the establishment of fair internal evaluation standards by carrying out regular evaluation of activities in accordance with comprehensive standards such as attendance rate, independence, and contribution. We plan to establish a way to reflect the results of the evaluation in making remuneration as well as re-election decisions.

Independence of the BOD

In order to secure the effectiveness of the board's oversight function over management, the authority to appoint and dismiss the CEO is granted in line with applicable laws and Articles of Incorporation. The BOD consists of a majority of non-executive directors with proven independence so that the function of the BOD is not weakened by its relationship with the management during the operating process. In addition, if a director has special interest in a particular issue, his voting rights cannot be exercised.

BOD Compensation System

The remuneration of directors is paid after calculating their management performance according to economic, social and environmental performance indicators. In addition, separate stock options are not provided to non-executive directors.

Remuneration Limit Directors' remuneration is paid in accordance with the regulations within the annual remuneration limit of KRW 6 billion approved at the General Shareholders' Meeting.

Remuneration of Directors

Category	Unit	Total	Executive Director	Non-executive Director
Number of Executives	Persons	7	3	4
Total Remuneration	KRW million	2,104	1,936	168
Average Remuneration per Person	KRW million	690	645	45

CEO-to-Employee Compensation Ratio

Category	Unit	2020	2021	2022
Total Remuneration of the CEO	KRW million	998	1,068	987
Average Compensation of Employees*	KRW million	63	66	78
CEO-to-Employee Compensation Ratio	Times	16	16	13

*Based on domestic worksites

Transparent Board Operation

BOD Diversity and Expertise

NEXEN TIRE does not place any restrictions on nationality, gender, religion, race, etc. in the appointment of non-executive directors. In addition, we compose the BOD with directors with a variety of experience and backgrounds so that they can represent the interests of stakeholders, such as shareholders, and make management activities and important decisions that consider social value.

Expertise of Non-executive Directors

Category	Name	Gender	Position	Expiration of Term	Field of Expertise	Career Highlights
Executive director	Byung-Joong Kang	Male	• CEO • Chairman of the Board	2026.3.	General company management	• Chairman of NEXEN TIRE • Chairman of the Wolsuk Scholarship Foundation • CEO of NEXEN Corp.
	Ho-Chan Kang	Male	• CEO • Chairman of the Non-executive Director Recommendation Committee	2025.3.	General company management	• Vice President of NEXEN TIRE • CEO of NEXEN Corp.
	Hyun-Jong Lee	Male	• CEO	2025.3.	General company management	• President of NEXEN TIRE
Non-executive director	Seung-Hwa Kwon	Male	• Chairperson of the Audit Committee • Member of the Non-executive Director Recommendation Committee	2026.3.	Accounting, audit	• Current, Advisor of Lee Young Advisor Co., Ltd. • CEO of EY Hanyoung Accounting Corporation
	Gak-Kyu Hwang	Male	• Member of the Audit Committee	2025.3.	General company management	• Current, Advisor of Lotte Corp. • Vice President, CEO, Lotte Corp.
	Yong-Taek Hong	Male	• Member of the Audit Committee	2025.3.	Material Technology	• Current, Professor, Department of Electrical and Computer Engineering, Seoul National University • Non-executive Director of Kolon Industries Co., Ltd.
	Han-Ik Yoo	Male	• Member of the Audit Committee • Member of the Non-executive Director Recommendation Committee	2024.3.	General company management	• Current, CEO of RXC PRIZM (founder) • Chairperson of the BOD of TMON

Training to Enhance the Expertise of Non-executive Directors

NEXEN TIRE appoints individuals with specialized knowledge and extensive experience in management and accounting. In addition, in order to enhance the expertise of non-executive directors, we consistently provide education necessary for business execution regarding key issues such as internal accounting management systems, audit issues, accounting policy changes, etc., and we plan to broaden the scope of the education we provide in the future. In 2022, four training sessions were conducted. Additionally, non-executive directors can receive support from experts according to Paragraph 10, Article 10 of the Regulations for BOD Operation. To that extent, we conducted an ESG training with educational data produced by the ESG team to ensure the ESG expertise of non-executive directors. The main content of the education covered ESG trends, regulations, and ESG internalization strategies throughout corporate management.

Education for Non-executive Directors

Date	Education Provided by	Content of Education
2022.04.	Business Management Team, NEXEN TIRE	Training on company's major status
2022.06.	Internal Accounting Control Team, NEXEN TIRE	Training on the Internal Accounting Management System
2022.10.	Ethics Management Team, NEXEN TIRE	Visit to European Plant(Czech Republic) and training on major status
2022.10.	Ethics Management Team, NEXEN TIRE	Visit to European Sales Corp. and NETC(Germany) and training on major status
2023.03	Business Management Business Sector, NEXEN TIRE	Financial statement approval process and training on related laws
2023.05	ESG Team, NEXEN TIRE	Training on ESG Trends and ESG management strategies

Transparency of the BOD

In order to ensure the transparency of the BOD, NEXEN TIRE maintains a ratio of three executive directors and four non-executive directors out of a total of seven directors on the BOD. We also established and operate an Audit Committee consisting of non-executive directors from the BOD. The Audit Committee receives and reviews reports on the operating status of the internal accounting management system from the internal accounting manager in order to prepare and disclose transparent and reliable accounting information. In addition to this, the committee oversees the work of directors and the management and is responsible for the approval of the selection of external auditors. Through the Non-executive Director Recommendation Committee, NEXEN TIRE appoints competent directors with expertise and accountability using a transparent process. The Non-executive Director Recommendation Committee comprehensively reviews independence, competency, etc. in accordance with relevant laws, the company's Articles of Association as well as the BOD regulations, and recommends non-executive directors to the general shareholders' meeting. To reinforce the transparency of the appointment process of non-executive directors, the committee once again deliberates the results of the verification of non-executive director candidates within the BOD.

Shareholder Rights



Shareholders and Investors

Shareholder Policy

NEXEN TIRE complies with the provisions of Article 361 of the Commercial Act regarding the convocation of the General Shareholders' Meeting, and in order to maximize shareholders involvement and expressing of their opinions, NEXEN TIRE sends a convocation notice and discloses/announces details such as date and time, location, and agenda items of the General Shareholders' Meeting on Electronic Disclosure System, DART, as well as our website two weeks prior to the meeting. The company ensures that shareholders can exercise their voting rights in writing(letter of attorney), which allows them to achieve the same purpose as using the electronic voting system. In order to provide our shareholders with a more diverse method of exercising their voting rights, we are reviewing the introduction of an electronic voting system and voting by proxy.

Shareholder Status

(As of the end of Dec. 2022)

Category	Unit	Description
NEXEN Corp.	Shares	43,904,160
Byung-Joong Kang	Shares	19,001,037
Ho-Chan Kang	Shares	3,174,222
Other Shareholders	Shares	31,588,458

Persons with shareholding by 5% or more excluding majority shareholder and affiliated persons

(As of the end of Dec. 2022)

Category	Unit	Description
National Pension Service	Number of shares	6,047,132
	Ownership ratio	6.2
	Transaction relationship with the company	-

General Shareholders' Meeting

In order to enhance shareholders' convenience, the company was the first to hold a General Shareholders' Meeting for 20 years from 2000 to 2019, among listed companies undergoing settlement at the end of December, even before the compliance program for the dispersion of General Shareholders' Meeting was implemented in 2018. In the last three fiscal years, with the exception of the 2021 General Shareholders' Meeting, which was inevitably held on the day of the General Shareholders' Meeting considering the consolidated settlement schedule of overseas subsidiaries due to COVID-19, we held the General Shareholders' Meetings on dates when meetings were not concentrated to encourage the shareholders' participation.



65th General Shareholders' Meeting (Mar. 2023)

Shareholding Status by Management*

(As of the end of Dec. 2022)

Category	Unit	Description
Byung-Joong Kang	Shares	19,001,037
Ho-Chan Kang	Shares	3,174,222

*Based on executive directors

Shareholder Rights



Providing Cash Dividend

In order to increase shareholder value, the company pays dividends based on our annual management performance despite uncertain environmental factors that adversely affect the tire industry, such as COVID-19, semiconductor supply shortages, the war in Ukraine, and logistics issues. The dividend payout is determined by taking into account investments for the company's sustainable growth and management performance as well as the overall cash flow situation.

Implementation of IR Meetings

NEXEN TIRE held an Investor Insight Day on May 18th for analysts of security companies, institutional investors, etc. to transparently disclose our management status and future direction. In particular, this IR meeting provided the opportunity for the company's CEO to communicate directly with shareholders and investors, explaining its sales performance and future plans. He also presented mid- to long-term sales goals for 2027 and methods to achieve them (new U.S. Plant, increasing production at European Plant, expanding overseas distribution networks, expanding tires of EVs, etc.). In 2023, we not only held the IR meeting but also continually conducted 1-on-1 face-to-face meetings and conference calls as a way to solidify communication with shareholders and investors. We always disclose disclosure information on our website, and publish an IR report every quarter to disclose quarterly results, striving to enhance the convenience of our shareholders.

기업설명회 (IR) 개최 (안내공시)			
1. 일시 및 장소	일시	2023-05-18	15:00
	장소	넥센타이어 마곡 사옥	
2. 참가 대상자	증권사 애널리스트 및 기관 투자자		
3. 계획목적	2023년 1분기 실적설명회		
4. 개최방법	증권사 애널리스트 및 기관 투자자 대면 미팅		
5. 후원기관	하나증권		
6. 주요 설명회내용(요약)	2023년 1분기 실적 및 중장기 계획, Q&A		
7. 결정일자	2023-05-09		
8. IR 자료	공개일시	2023-05-18	
	관련 홈페이지	http://www.nexentire.com	
9. 기타 투자관련과 관련한 중요 사항	1. 자료는 실적설명회 당일 당사 홈페이지에 게시 예정입니다. (http://www.nexentire.com > 투자정보 > IR Report) 2. 상기 일정은 당사 사정에 따라 변경될 수 있습니다. ※ 관련공시 -		

Announcement Board for 2023 IR Meeting



IR Meeting

Ethical Management

Ethical Management System

NEXEN TIRE strives to foster a transparent, fair, and mature corporate culture based on our Code of Ethics and management philosophy which pursue mutual development and the value of consideration, coexistence, and cooperation with our stakeholders including shareholders, customers, suppliers, local communities and employees. We are committed to continuous practice of business management, such as conducting ethical management surveys for employees, regular training, and operating a reporting center for violations of ethical standards.

 [NEXEN TIRE's Ethical Management Policy](#)

Declaration of Ethical Management

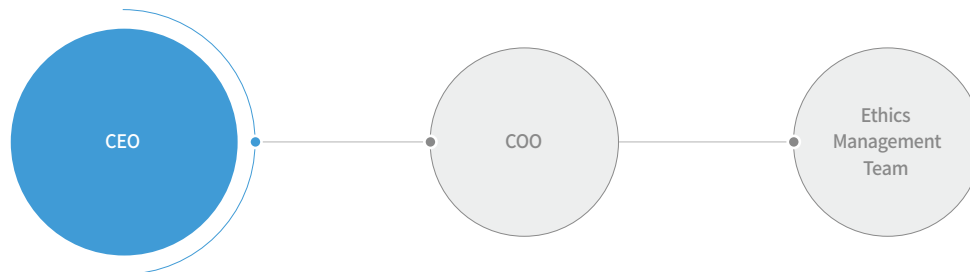
We established our Code of Ethics in 2013 and revised in June 2019, underscoring our commitment to ethical management by publishing it on the NEXEN TIRE's website.

Ethical Management Organization

To practice ethical management, NEXEN TIRE has established an Ethics Management Team directly under the COO(Chief Operating Officer). The team supports ethical management by acting as the secretariat of the BOD and the Audit Committee, assessing the status of internal accounting operations, operating the whistleblowing system, and inspecting employees' corruptions. The team serves as a central department that disseminates ethical management, such as notifying via CEO's message announcements and providing education on ethical management.

Ethical Management Organization

(as of May 2023)



Code of Ethics

Code of Ethics and Conduct NEXEN TIRE strives to grow into a top-notch global enterprise. To do so, we have established 10 code of conducts and detailed rules as the basis for upright behavior and value judgment which needs to be upheld by all executives. We recognize that fostering a fair and transparent corporate culture is essential. The Code of Ethics and Conducts are posted on the company's website for easy access.

NEXEN TIRE's Code of Ethics

- We give customers satisfaction and trust by providing safe and good quality tire.
- We constantly strive for technology improvement and contribute to local communities through investment and growth.
- We maintain an honest and sincere work attitude and disclose the company's management information in a transparent manner.
- We establish a trusted corporate image by breaking inefficient business practice.
- We shall not seek our own benefit or abuse our position in relation to our duties.
- We take pride in that both labor and management are the owners of the company and build a partnership based on trust and harmony.

Code of Conduct

Compliance with legal regulation	Basic ethics of employees	Respect and protection of employees	Transparent management	A fair trade
Prohibition of money and goods and treat	Environmental preservation	Labor management relations	Contribution to the country and society	Compliance with code of ethics

Ethical Management



Improving Ethical Management

Ethics Education for Employees

Ethical management is a corporate culture that establishes transparent and efficient organizations. NEXEN TIRE's employees are the driving force for its ethical management practice. We conduct ethics education to fortify ethical management among the employees each year. In 2022, we offered online training related to ethical management (sexual harassment prevention, disability awareness improvement, ESG management) for all employees, which more than 99% of our employees completed.

 [NEXEN TIRE's Policy for No Harassment and Sexual Harassment in the Workplace](#)

Ethics Education Completion Status in 2022

Category		Unit	Number of Employees	Remarks	
Legal Education	Sexual harassment prevention, Disability awareness improvement	Target employees	Employees	4,042	For all domestic office and production employees
		Completed employees	Employees	4,026	
	Education hours	Hours/session	2		
ESG Training	Requirements to become a sustainable company, ESG management	Target employees	Employees	976	For all employees at domestic offices (excluding production)
		Completed employees	Employees	995	
	Education hours	Hours/session	3		

Diagnosis of Ethical Management

NEXEN TIRE conducts regular diagnoses across the company each year to evaluate the ethical standards of each department and prevent corruption. We utilize employee surveys and monitoring data to conduct practical diagnostics of ethical standards for each department and provide specialized training based on the results. In 2022, the Ethics Management team conducted two regular audits and one irregular audit, completing the diagnostics on the status of sales operations and inventory management. Post-audit improvements and recommendations are followed up on a quarterly basis and reported to the COO.

Operation of the Whistleblower Center

NEXEN TIRE receives reports on all acts that violate or are likely to violate the Code of Ethics, such as fraud related to its employees' duties, damage to the company's brand image, and impairment to its employees' reputation. Such reports can be submitted by all NEXEN TIRE employees as well as external stakeholders on our website. As of 2022, 8 reports have been received in which 7 of them have been corrected and 1 additional investigation is under way. If there are facts that need to be published after review on reports on employees' compliance to ethical regulations, we publish them in accordance with the company's regulations. We also implement punishments in accordance with Article 16 of the detailed rules of the Code of Ethics as ways to declare the management's dedication in implementing the Code of Ethics.

 [Shortcut to Reporting Website](#)

WhistleBlower Protection

In accordance with Article 15 of the detailed rules of the Code of Ethics, the identity, details of the report, and results remain undisclosed according to the whistleblower's intention. We protect the whistleblower regarding his or her personal information collected at the time of reporting by announcing the purpose of collection and retention period in advance.

Reporting Method

Internal e-mail for reporting	ethics@nexentire.com
Website	Click "Report" at the top of the website → External e-mail for reporting (nexenethicscenter@gmail.com)
Written report	Ethical Management Team, 7F THE NEXEN univerCITY, 177, Magokjungang-ro, Gangseo-gu, Seoul, Korea

Status of Ethical Report in Process

Category	Unit	2020	2021	2022
Number of Reports	Cases	6	5	7
Processing rate	%	100	100	100

Ethical Management

Report Handling Process



Compliance Management

Appointment of Compliance Officer and Operation

To inspect whether the compliance criteria are being met, NEXEN TIRE appoints a compliance officer with legal qualifications and discloses the facts in its business reports.

In addition to monitoring the compliance status of management and employees and observing the legality of the company's management activities, the compliance officer faithfully supports the company's organization and businesses through various compliance support activities and reports the results of such activities to the BOD.

Moreover, NEXEN TIRE conducts compliance education through the distribution of matters on the Fair-Trade Act, Fair Agency Transactions Act, Lease Protection Act, and the Serious Accidents Punishment Act in order to strengthen the compliance awareness of its employees and encourage their compliance with laws and regulations within business execution. In 2023, we will further reinforce our legal risk management by checking the company's regulations related to compliance and adding guidelines and education about major law revisions and case trends that employees should be aware of.

Anti-corruption and Anti-bribery

In addition to creating and distributing guidelines regarding compliance with the Improper Solicitation and Graft Act, NEXEN TIRE conducts regular inspections to ensure fair execution of operations by preventing any violations of the Act. In addition, we select business sites to conduct regular and occasional diagnostics on corruption every year, and collaborate with the compliance officer to take appropriate measures when corruption is detected. In 2022, three diagnoses were performed and no serious corruption cases were found. In addition, we have conducted training on various anti-corruption laws in Korea as well as abroad and had all executives and employees sign a pledge. NEXEN TIRE also complies with the domestic Political Funds Act and does not provide any political contributions, such as political funds, campaign funds, and lobbying funds for specific political organizations. However, we contribute to the development of public policies and interests through regular sponsorship of associations with public interest purposes that have proven their political neutrality.



Anti-corruption
examinations
conducted

3 cases



Serious
corruption
cases detected

0 cases

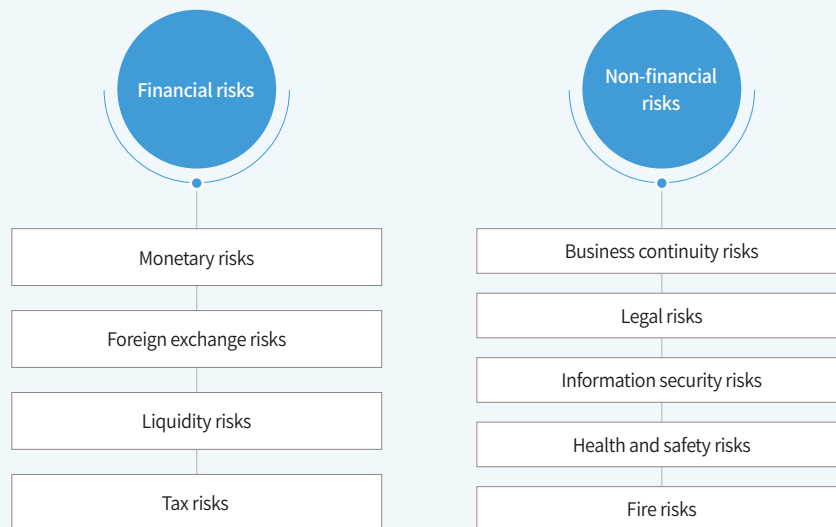


Integrated Risk Management System

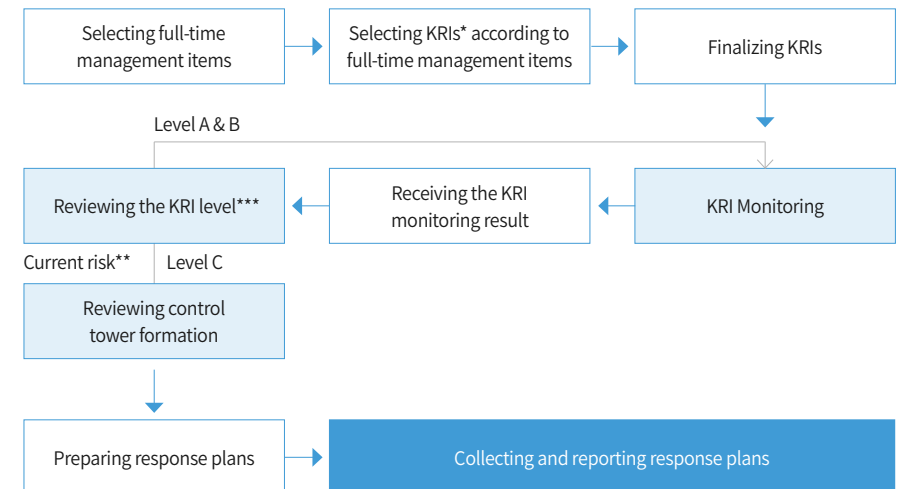
Risk Management Organization and Reporting System

Since 2020, NEXEN TIRE has designated and operated a CRO (Chief Risk Officer) and a Risk Management Department to ensure proactive and reactive risk management through early identification, analysis, and response to potential management environmental risks and factors. As of 2022, we are systematically monitoring and managing a total of 54 risks, including financial, credit, and operational risks. Results from risk monitoring are reported to the CRO each month and efforts are being made to ensure regular management conditions and stable development. In addition, we are renewing risk items every year based on a company-wide agreement.

Company-wide Risk Classification



Company-wide Risk Management Process



* KRI: Key risk indicator

** Current Risk: Risk identified through recognition of unexpected risk occurrence or worsening of KRI that requires immediate management/control

*** KRIs are divided into levels A, B, and C

KRI Level		Definition
A	Normal	Ordinary risk (average over the last three years)
B	Caution	Requiring caution/monitoring
C	Warning	Requiring active response

Integrated Risk Management System

Financial Risk Management

With its engagement in global businesses, NEXEN TIRE is exposed to various financial risks, foreign exchange risks, liquidity risks, and tax-related risks. Especially, to enter into the second major growth phase through the operation of the European plant and to establish a stable financial basis, risk management is essential. To this end, we exert our efforts in a variety of ways, constantly monitoring risks, reviewing key issues identified, and preparing response strategies.

Monetary Risks

Since 2021, the cost of global raw materials and ocean freight have increased, raising the required amount of operating fund.

Also, borrowings have also been increasing following our second investment in the European manufacturing plant. In addition, financial costs have skyrocketed due to global inflation, such as increased standard interests. In order to strengthen financial stability under such circumstances, we have established a financial risk management structure by expanding the proportion of stable long- and short-term borrowings, while maintaining a stable financial structure with borrowings using the swap system. In addition, we strive to stabilize fund liquidity by repaying borrowings using cash generated from sales as a financial source and by constantly monitoring market conditions.

Foreign Exchange Risks

As we are expanding our global operations, exports account for about 85% of NEXEN TIRE's 2022 sales. As a result, we are exposed to foreign exchange risks in relation to the collection and operation of foreign currencies. In order to minimize foreign exchange risks, we match assets and liabilities for each currency as a principle. We also implement foreign exchange risk management for surplus currencies separately based on currency-specific cash flow analysis. Currently, we are reviewing our foreign exchange risk management internally through more sophisticated derivatives trading compared to the existing products, and we plan to create a more specialized strategy using the results.

Liquidity Risks

We are preparing for liquidity crises that are difficult to predict through integrated and organic liquidity management between the headquarters and overseas subsidiaries. We are focusing on setting a stable financial structure that allows us to respond immediately to global upheaval by selling export bonds and having a large-scale limited credit loan that can be borrowed and repaid at any time. We not only can reduce financials costs but also reduce risks from specific financial institutions with distributed transactions through multiple financial institutions under this credit line.

Tax Risks

NEXEN TIRE recognizes that compliance with tax laws and tax risk management contribute significantly to the interests of stakeholders(customers, shareholders, society, and government finance) and are a necessary element of sustainability management. In response, we establish and conduct tax businesses and tax risk management as follows:

 **NEXEN TIRE's Tax Policy**

Tax Policy

- ① NEXEN TIRE fulfills its tax declaration and payment obligations in accordance with the laws and regulations set based on reasonable tax strategies at its domestic and foreign business sites. In addition, we provide relevant evidence in good faith at the request of the tax authority to ensure transparency in tax affairs.
- ② In compliance with the tax laws and regulations of the country where our business site is located, we prohibit the transfer of value to areas with low tax jurisdiction. We do not use tax structures for tax avoidance, and we do not use secrecy jurisdictions or tax havens.
- ③ We continuously monitor changes in tax-related regulations and tax policy to pre-emptively identify and manage tax-related risks.
- ④ We establish and implement a legal and reasonable documented transfer pricing policy that takes into account the functions and risks of overseas corporations and the local tax system.

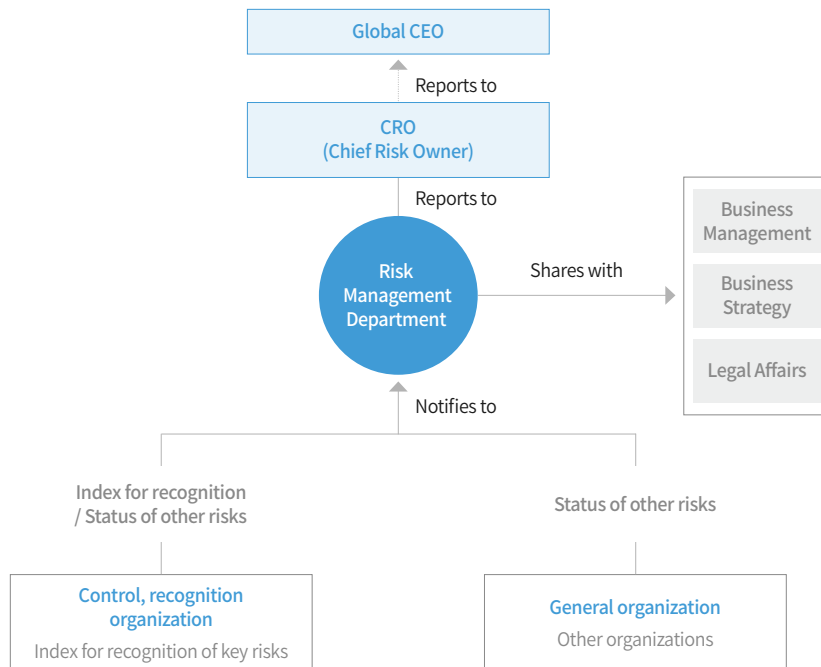
Integrated Risk Management System

Non-financial Risk Management

Business Continuity Risks

NEXEN TIRE is currently operating by establishing a process and specifying a dedicated department so that CRO can immediately configure a control tower to respond systematically in the event of a current risk (fire in the manufacturing plant, natural disasters, diseases, war, etc.). When a current risk occurs, we will try to overcome the risk through efficient response and take the new opportunity to grow alongside our employees and stakeholders, including shareholders and customers.

Risk Management Governance Structure



Legal Risks

As a global business, NEXEN TIRE is exposed to a variety of legal risks in Korea and abroad. Potential legal risks may be derived from (i) non-compliance with domestic and 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 the business conducted by NEXEN TIRE, legal issues may arise in areas such as product liability, privacy protection, fair trade and e-commerce, international trade, etc. and the consequences of legal risks in these areas may result in significant monetary damages and adversely affect the company's sales activities and brand image.

In 2019, NEXEN TIRE was issued a penalty by the Fair Trade Commission for the case of "resale price maintenance" but since the event, to prevent the occurrence of the same or similar violations, we have been monitoring fair transaction compliance regarding agencies, subcontracting, and internal transactions through the ethics management organization and the legal organization. Furthermore, we have been establishing effective response plans for potential legal risks and implementing them within our operations.

In addition, we are continuously producing and distributing relevant materials so that our working departments can easily understand and respond to potential legal risks that may arise in the course of their work, encouraging compliance with the law. Moreover, NEXEN TIRE ensures that every member cooperate with the legal team when executing tasks that are in close contact with legal risks. We also constantly and systematically manage legal risks by supporting legal activities such as reviewing contracts related to domestic and foreign businesses, advising on various legal issues related to the working department's performance of duties, pre-checking legal issues in promoting new projects, and identifying revised laws, regulations, and regulatory trends at home and abroad.

Integrated Risk Management System

Information Security Risks

In addition to stricter compliance with laws and regulations related to information security in Korea and abroad, the importance of information security in the automotive industry is also growing day by day. NEXEN TIRE is exerting its efforts from diverse perspectives to protect customer data and internal technology from cyber-attacks. NEXEN TIRE established an information security management system to promote information security activities that align with domestic and overseas systems and security standards. In addition, we consistently monitor management, technology, and physical security risks throughout the company and carry out remediation measures for areas that need attention to protect them from threats.

Our work sites that are spread across Korea and abroad also have specialized security operation personnel set in place to organically conduct information protection checks with the headquarters and execute improvement activities.

ESG Risks

The risk managing department of NEXEN TIRE collects and selects potential ESG-related risks each year to manage them and establish countermeasures.

Health and Safety Risks

We carried out a cross inspection between procedures subject to safety management of procedures as well as upward leveling of the overall operation status and conducted prevention activities for fire, explosion and leakage accidents. In 2023, we will conduct a cross inspection for our worksites regarding the entire procedure to prevent omission of legal practices and to minimize health and safety risks.

Fire Risks

NEXEN TIRE invests in facilities, conducts facility management through daily inspections, and provides internal and joint fire training with fire departments at least once a year to minimize fire risks.

NEXEN TIRE obtains a variety of fire-fighting equipment for each fire-handling facility, and conducts inspections on fire-fighting equipment with fire-fighting specialists, self-inspections on Fire Prevention Day, and other statutory inspections on a monthly basis. In 2023, we continuously invested in equipment such as replacing fire detectors to ensure that the fire monitoring system is well maintained, and are reducing the risk of fire through measures such as assessing safety conditions and checking fire extinguishers to prevent fire from occurring during the day-to-day operations of the management supervisor.

In addition, on Fire Prevention Day, the second Wednesday of the month, we prepare a self-inspection report and submit it to a fire department. We also operate an internal disaster prevention center to maintain a 24-hour fire monitoring system.



Award of Merit for Industrial Disaster Prevention



Governor's Commendation for Fire Safety Management



Appendix

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Initiatives and Awards



Response to Initiatives

Initiative	Year of Membership	Description
UNGC (UN Global Compact)	2023	The world's largest UN-affiliated corporate citizen initiative to help companies comply with the Ten Principles of human rights, labour, environment, and anti-corruption and fulfill their social responsibilities
ETRMA (European Tyre & Rubber Manufacturers' Association)	2021	An organization representing the regulations and interests of tire and rubber manufacturing companies in Europe and international society
FKI (Federation of Korea Industries) K-ESG Alliance	2021	An environmental, social, and governance (ESG) federation launched under the leadership of FKI
GPSNR (Global Platform for Sustainable Natural Rubber)	2020	A global platform for sustainable natural rubber established through cooperation among tire manufacturers, NGOs(non-government organizations), rubber producers, and rubber processing companies

Performance in External Initiative Responses

Classification	Rating	
Sustainalytics	Low Risk	
MSCI	BB	
EcoVadis	Silver	
KCGS	Overall	B+
	Environment	B+
	Social	A
	Governance	B
CDP	Climate Change	C



Awards

Date	Description
2022.12	Selected as top 10% in the nation for Health and Safety and Win-win Cooperation Program with 'A' rating
2022.11	Awarded the Governor's Commendation for fire safety management at the 60th Anniversary commemorating Fire Prevention Day
2022.11	Selected as Excellent Company in Quality Competitiveness at the National Quality Management Convention for 2 consecutive years
2022.11	Won the Presidential Award at the National Quality Control Circle Contest for 12 consecutive years
2022.7	Won the 2022 National Service Award for Comprehensive Tire Service
2022.6	Won the Grand Prize for 12 consecutive years at the Gyeongsangnam-do Quality Control Circle Contest 2022 (Yangsan Plant, Changnyeong Plant) Ranked No. 1 in the tire category of the GCSI(global customer satisfaction index) for 13 consecutive years
2022.1	Won Best Worker Improvement Award in 2021 (Changnyeong Plant)

Design Awards

GERMAN RED DOT DESIGN AWARD	
GERMAN IF DESIGN AWARD	
INTERNATIONAL DESIGN EXCELLENCE AWARDS	
JAPANESE GOOD DESIGN AWARD	



AMERICA'S GREEN GOOD DESIGN AWARD



AMERICA'S GOOD DESIGN AWARD



GERMAN DESIGN AWARD



EUROPEAN PRODUCT DESIGN AWARD



ITALY A'DESIGN AWARD



ASIA DESIGN PRIZE



KOREA GOOD DESIGN AWARD



PIN UP GOOD DESIGN AWARD

ESG Data

Economic Performance

Financial Performance

Classification	Unit	2020	2021	2022
Sales	KRW 100 million	16,981.2	20,794.1	25,974.2
Cost of Sales	KRW 100 million	12,598.0	16,398.0	21,658.9
Gross Profit	KRW 100 million	4,383.0	4,396.1	4,315.3
Logistics Cost	KRW 100 million	472.9	616.6	765.5
Sales and Administrative Expenses	KRW 100 million	3,516.0	3,735.6	4,092.3
Operating Profit	KRW 100 million	394.0	43.9	-542.5
Net Profit Before Income Tax	KRW 100 million	-126.8	164.8	-403.1
Continued Operating Profit	KRW 100 million	-166.0	46.3	-275.1
Net Income	KRW 100 million	-166.0	46.3	-275.1
Other Comprehensive Income	KRW 100 million	156.2	585.6	315.2
Total Comprehensive Income	KRW 100 million	-9.8	631.9	40.2
Current Assets	KRW 100 million	12,002.7	14,760.0	14,420.9
Non-Current Assets	KRW 100 million	23,408.1	23,474.1	25,022.5
Total Assets	KRW 100 million	35,410.8	38,234.1	39,443.4
Current Liabilities	KRW 100 million	7,667.5	10,417.3	14,317.2
Non-Current Liabilities	KRW 100 million	12,273.8	11,817.6	9,163.8
Total Liabilities	KRW 100 million	19,941.3	22,234.9	23,481.0
Total Equity	KRW 100 million	15,469.5	15,999.2	15,962.3

Performance by Business Sector*

Classification	Unit	2020	2021	2022	
Total	Sales	KRW 100 million	16,981.2	20,794.1	25,974.2
	Operating Profit / Loss	KRW 100 million	394.3	43.9	-542.5
	Assets	KRW 100 million	35,410.8	38,234.1	39,443.4
Tire	Liabilities	KRW 100 million	19,941.3	22,234.9	23,481.0
	Sales	KRW 100 million	24,347.5	29,058.2	39,803.5
	Operating Profit / Loss	KRW 100 million	177.7	-327.0	-315.8
Non-tire (transportation and storage)	Assets	KRW 100 million	44,315.0	46,984.8	52,672.3
	Liabilities	KRW 100 million	23,640.4	25,927.6	29,523.6
	Sales	KRW 100 million	100.0	99.7	139.8
Non-tire (molds)	Operating Profit / Loss	KRW 100 million	19.9	13.1	20.4
	Assets	KRW 100 million	424.3	396.0	381.5
	Liabilities	KRW 100 million	200.1	164.9	136.5
Non-tire (bakery, etc.)	Sales	KRW 100 million	59.8	48.6	30.0
	Operating Profit / Loss	KRW 100 million	2.1	-1.7	-5.3
	Assets	KRW 100 million	54.0	50.1	41.2
Internal transaction removal	Liabilities	KRW 100 million	14.6	6.6	2.7
	Sales	KRW 100 million	8.7	10.8	11.3
	Operating Profit / Loss	KRW 100 million	-0.5	-0.2	-1.7
Internal transaction removal	Assets	KRW 100 million	4.3	170	83.1
	Liabilities	KRW 100 million	0.9	1.2	2.3
	Sales	KRW 100 million	-7,534.8	-8,423.3	-14,010.4
Internal transaction removal	Operating Profit / Loss	KRW 100 million	195.1	359.7	-240.1
	Assets	KRW 100 million	-9,386.8	-9,213.8	-13,734.7
	Liabilities	KRW 100 million	-3,914.8	-3,865.4	-6,184.1

* Revised 2020 and 2021 figures due to the correction of tire and non-tire business classification standards from previous year's disclosure

ESG Data

Performance Distribution to Stakeholders

Classification	Unit	2020	2021	2022		
Purchase Cost	KRW 100 million	5,481.0	8,609.0	11,224.0		
Wage and Welfare Benefits	Wage	KRW 100 million	3,929.9	3,925.8	4,233.9	
	Welfare Benefits* (subtotal)	KRW 100 million	489.7	513.6	532.9	
	Total (Wage and Welfare Benefits)	KRW 100 million	4,419.6	4,439.4	4,766.8	
	Excluding CEO	Median	KRW	62,181,491.0	68,119,033.0	70,854,325.0
	All employees	Average	KRW	63,458,938.0	65,715,783.0	77,607,618.0
Shareholder Return	Dividend and Interest Expenses	KRW 100 million	291.0	300.0	384.0	
	Repurchased Shares	-	-	-	-	
	Retired Shares	-	-	-	-	
	Shareholder Return Amount	KRW 100 million	108.0	108.0	103.0	
	Shareholder Return Ratio	%	-	224%	-	
Income Tax	KRW 100 million	39.2	118.5	-128.1		

* Consolidated (four major insurances, health checkups, and other welfare expenses)

Audit Expenses for External Auditors

Classification	Unit	2020	2021	2022
Remuneration for Audit Services	KRW 100 million	5.3	5.3	5.3
Remuneration for Non-audit Services	KRW 100 million	-	-	-
Ratio of Remuneration for Non-audit Services compared to Remuneration for Audit Services	%			

Environmental Performance

Greenhouse Gas

Classification	Unit	2020	2021	2022	
Total	tCO ₂ eq	309,222.0	368,296.2	364,718.5	
Direct GHG emissions (Scope 1)	Yangsan Plant	tCO ₂ eq	5,046.0	5,801.4	14,786.1
	Changnyeong Plant	tCO ₂ eq	20,158.0	23,412.0	23,629.2
	Qingdao Plant	tCO ₂ eq	21,410.0	24,842.0	22,283.0
	Europe Plant	tCO ₂ eq	9,757.0	13,177.0	11,951.7
	Others*	tCO ₂ eq	264.0	301.0	222.2
	Subtotal	tCO ₂ eq	56,635.0	67,533.4	72,872.1
Indirect GHG emissions (Scope 2)	Yangsan Plant	tCO ₂ eq	100,045.0	114,891.7	111,293.8
	Changnyeong Plant	tCO ₂ eq	50,003.0	58,300.1	59,031.7
	Qingdao Plant	tCO ₂ eq	58,539.0	66,271.0	60,782.8
	Europe Plant	tCO ₂ eq	41,977.0	58,539.0	57,353.0
	Others*	tCO ₂ eq	2,023.0	2,761.0	3,385.0
Subtotal	tCO ₂ eq	252,587.0	300,762.8	291,846.3	
GHG emissions reduced	tCO ₂ eq	38,564.0	-59,074.2	3,577.7	
GHG emissions Intensity (Scope1+2)	Yangsan Plant	ton	157,313.0	182,156.0	192,408.0
	Changnyeong Plant	ton	85,661.0	105,147.0	106,544.0
	Qingdao Plant	ton	74,650.0	88,985.0	79,984.0
	Europe Plant	ton	24,385.0	41,886.0	46,381.0
	Others*	ton	-	-	-
	Subtotal	ton	342,009.0	418,174.0	425,317.0
GHG emissions Intensity (Scope1+2)	Yangsan Plant	tCO ₂ eq/ton	0.668	0.663	0.655
	Changnyeong Plant	tCO ₂ eq/ton	0.819	0.777	0.776
	Qingdao Plant	tCO ₂ eq/ton	1.071	1.024	1.039
	Europe Plant	tCO ₂ eq/ton	2.122	1.712	1.494
	Others*	tCO ₂ eq/ton	-	-	-
Subtotal	tCO ₂ eq/ton	0.904	0.881	0.858	

* Daegu PG, THE NEXEN univerCITY, sales offices nationwide

ESG Data

Air Pollutants

Classification	Unit	2020	2021	2022	
Total	ton	255.6	150.2	106.7	
NOx Emissions	Yangsan Plant	ton	48.2	41.0	5.1
	Changnyeong Plant	ton	87.7	7.1	8.5
	Qingdao Plant	ton	16.4	7.4	7.7
	Europe Plant	ton	6.4	4.7	5.0
	Subtotal	ton	158.8	60.2	26.4
	SOx Emissions	Yangsan Plant	ton	0.1	-
Changnyeong Plant		ton	0.2	-	-
Qingdao Plant		ton	0.4	0.2	0.2
Europe Plant		ton	-	-	-
Subtotal		ton	0.7	0.2	0.2
Particulate matter (PM) emissions		Yangsan Plant	ton	3.3	1.7
	Changnyeong Plant	ton	7.6	7.2	4.7
	Qingdao Plant	ton	0.2	4.3	4.8
	Europe Plant	ton	0.7	1.7	0.6
	Subtotal	ton	11.9	14.9	11.5
	VOC(Volatile Organic Compound) emissions	Yangsan Plant	ton	-	0.4
Changnyeong Plant		ton	-	-	0.1
Qingdao Plant		ton	52.6	58.2	35.0
Europe Plant		ton	31.6	16.3	32.9
Subtotal		ton	84.2	74.9	68.6

Energy

Classification	Unit	2020	2021	2022	
Total	TJ	4,490.7	5,332.0	5,352.30	
Fuel (LNG, LPG, diesel, etc.)	Yangsan Plant	TJ	95.0	111.0	288.8
	Changnyeong Plant	TJ	396.0	460.0	464.1
	Qingdao Plant	TJ	196.0	238.0	352.4
	Europe Plant	TJ	329.0	440.0	215.9
	Others*	TJ	4.0	4.6	3.4
	Subtotal	TJ	1,020.0**	1,253.6	1,324.6
	Purchased Electricity Consumption	Yangsan Plant	TJ	1,349.0	1,571.2
Changnyeong Plant		TJ	1,030.0	1,218.3	1,233.5
Qingdao Plant		TJ	262.0	297.0	272.0
Europe Plant		TJ	176.0	232.0	240.1
Others*		TJ	41.7	57.0	59.1
Subtotal		TJ	2,858.7**	3,375.5	3,456.3
Purchase Steam Consumption	Yangsan Plant	TJ	612.0	703.0	571.4
	Changnyeong Plant	TJ	-	-	-
	Qingdao Plant	TJ	-	-	-
	Subtotal	TJ	612.0	703.0	571.4
Renewable Energy Consumption	Yangsan Plant	TJ	-	-	-
	Changnyeong Plant	TJ	-	-	-
	Qingdao Plant	TJ	-	-	-
	Subtotal	TJ	-	-	-
Energy Intensity	Yangsan Plant	TJ/ton	0.013	0.013	0.013
	Changnyeong Plant	TJ/ton	0.017	0.016	0.016
	Qingdao Plant	TJ/ton	0.006	0.006	0.008
	Europe Plant	TJ/ton	0.021	0.016	0.010
	Subtotal	TJ/ton	0.013	0.013	0.013

* Daegu PG, THE NEXEN univerCITY, sales offices nationwide

** Total energy consumption data of 2020 changed due to additional disclosure

ESG Data

Water Resources

Classification			Unit	2020	2021	2022
Total			m ³	1,720,395.0	1,873,523.0	2,101,301.0
Water Consumption	Yangsan Plant	Groundwater	m ³	906,529.0	953,111.0	1,127,115.0
		Potable Water	m ³	27,313.0	29,760.0	32,760.0
		Subtotal	m ³	933,842.0	982,871.0	1,159,875.0
	Changnyeong Plant	Industrial Water	m ³	318,023.0	369,249.0	437,321.0
		Domestic Water	m ³	68,379.0	77,457.0	83,186.0
		Subtotal	m ³	386,402.0	446,706.0	520,507.0
	Qingdao Plant	Potable Water	m ³	300,856.0	337,193.0	294,506.0
	Europe Plant	Surface Water	m ³	99,295.0	106,753.0	126,413.0
	Total		mg/L	289.5	519.1	395.7
	Concentration of water pollutant discharge	Yangsan Plant		mg/L	75.7	85.7
Changnyeong Plant			mg/L	59.4	61.6	58.3
Qingdao Plant			mg/L	23.0	29.5	4.5
Europe Plant			mg/L	6.4	9.7	-
BOD	Yangsan Plant		mg/L	33.3	42.6	58.9
	Changnyeong Plant		mg/L	33.5	74.5	24.5
	Qingdao Plant		mg/L	2.1	4.2	3.9
	Europe Plant		mg/L	-	28.8	-
COD	Yangsan Plant		mg/L	21.3	57.6	61.4
	Changnyeong Plant		mg/L	29.2	55.5	15.7
	Qingdao Plant		mg/L	5.6	7.4	7.1
	Europe Plant		mg/L	-	62.0	-
Total		ton	402,955.5	243,622.0	299,497.9	
Wastewater Discharge	Yangsan Plant	Wastewater	ton	2,615.0	7,268.0	13,087.0
	Changnyeong Plant	Wastewater	ton	24,236.5	43,080.0	69,878.9
	Qingdao Plant	Wastewater	ton	300,856.0	113,481.0	143,827.0
	Europe Plant	Wastewater	ton	75,248.0	79,793.0	72,705.0

Waste

Classification			Unit	2020	2021	2022
Total			ton	8,608.5*	10,323.2*	10,047.2
General Waste Discharge	Recycling	Yangsan Plant	ton	2,160.8	2,480.1	2,881.7
		Changnyeong Plant	ton	1,797.0	2,268.8	2,563.2
		Qingdao Plant	ton	554.7	1,273.8	1,036.2
		Europe Plant	ton	2,142.7	2,241.8	1,772.0
	Incineration	Yangsan Plant	ton	-	-	-
		Changnyeong Plant	ton	-	-	-
		Qingdao Plant	ton	-	-	-
		Europe Plant	ton	-	-	-
	Landfill	Yangsan Plant	ton	61.1	54.3	65.6
		Changnyeong Plant	ton	25.0	32.5	38.6
Qingdao Plant		ton	-	18.9	-	
Europe Plant		ton	998.7	866.4	655.9	
Subtotal		ton	7,740.0	9,236.5	9,013.3	
Hazardous Waste Discharge	Recycling	Yangsan Plant	ton	157.0	161.0	190.5
		Changnyeong Plant	ton	133.0	192.6	189.2
		Qingdao Plant	ton	150.0	183.1	120.1
		Europe Plant	ton	203.1	195.4	213.8
	Incineration	Yangsan Plant	ton	54.2	65.0	-
		Changnyeong Plant	ton	33.0	80.7	138.2
		Qingdao Plant	ton	138.0	152.2	125.6
		Europe Plant	ton	-	56.7	56.5
Landfill	Yangsan Plant	ton	0.2	-	-	
	Changnyeong Plant	ton	-	-	-	
	Qingdao Plant	ton	-	-	-	
	Europe Plant	ton	-	-	-	
Subtotal		ton	868.5	1,086.7	1,033.9	

* Figures for waste discharge in 2020 and 2021 corrected due to display error

ESG Data

Raw Materials

Classification	Unit	2020	2021	2022			
Total	ton	213,016	260,628	259,347			
Raw Material Consumption	Yangsan Plant	Natural Rubber	ton	33,640	39,797	40,951	
		Synthetic Rubber	ton	33,057	40,423	37,215	
		Carbon Black	ton	34,412	40,005	38,485	
		Silica	ton	6,322	7,565	8,444	
		Textiles	ton	6,949	8,273	8,661	
		Steel Cord	ton	12,463	15,202	15,975	
		Bead Wire	ton	5,921	6,925	7,268	
		Subtotal	ton	132,764	158,189	156,998	
		Changnyeong Plant	Natural Rubber	ton	19,671	24,991	25,832
			Synthetic Rubber	ton	22,254	27,518	26,241
Carbon Black	ton		16,667	22,146	21,587		
Silica	ton		7,459	10,350	11,039		
Textiles	ton		4,053	4,974	4,991		
Steel Cord	ton		6,437	7,880	8,012		
Bead Wire	ton		3,711	4,579	4,648		
Subtotal	ton	80,252	102,439	102,349			

Investment in Energy Reduction Business

Classification	Unit	2020	2021	2022
Yangsan Plant	KRW Million	-	-	329.0
Changnyeong Plant	KRW Million	-	-	30.0
Qingdao Plant	KRW Million	-	-	-
Europe Plant	KRW Million	-	-	-
Subtotal	KRW Million	-	-	359.0

Environmental Management

Classification	Unit	2020	2021	2022	
EMS(Environmental Management System) Implementation Rate	All plants	ea	4	4	4
	Implementing Worksites	ea	4	4	4
	Ratio	%	100.0	100.0	100.0
ISO 14001 Certification Rate	All plants	ea	4	4	4
	Implementing Worksites	ea	4	4	4
	Ratio	%	100	100	100
Environmental Risk Assessment Rate	All plants	ea	4	4	4
	Implementing Worksites	ea	4	4	4
	Ratio	%	100.0	100.0	100.0

Environmental Training

Classification	Unit	2020	2021	2022	
Environmental Training Completion Rate	Total Environmental Training Hours	Hours	6,744.0	7,082.0	7,162.0
	Target persons*	Persons	3,372	3,541	3,598
	Persons Who Completed Training**	Persons	3,372	3,541	3,598
	Training Completion Rate	%	100.0	100.0	100.0

* Based on domestic worksites

** Disclosure for environmental training completion status changed from calculating new entrants to all managers

Hazardous Materials Training

Classification	Unit	2020	2021	2022	
Hazardous Materials Training Completion Rate	Total Hazardous Materials Training Hours	Hours	1,648.0	1,520.0	2,560.0
	Target Persons	Persons	103	95	160
	Persons Who Completed Training	Persons	103	95	160
Training Completion Rate	%	100.0	100.0	100.0	

ESG Data

Social Performance

Safety, Industrial Hygiene

Classification	Unit	2020	2021	2022		
Lot Time Injuries Frequency Rate(LTIFR)	Yangsan Plant	Cases/one million working hours	0.670	2.002	3.603	
	Employees	Changnyeong Plant	Cases/one million working hours	0.295	2.385	4.769
		Korea (Yangsan, Changnyeong)	Cases/one million working hours	0.509	2.13	3.994
	Suppliers	Yangsan Plant	Cases/one million working hours	-	2.215	3.788
		Changnyeong Plant	Cases/one million working hours	-	3.295	-
	Korea (Yangsan, Changnyeong)	Cases/one million working hours	-	2.649	1.992	
Accident Rate	Yangsan Plant	%	0.146	0.479	0.831	
	Employees	Changnyeong Plant	%	0.084	0.498	0.984
		Korea (Yangsan, Changnyeong)	%	0.123	0.486	0.886
	Suppliers	Yangsan Plant	%	-	0.599	0.758
		Changnyeong Plant	%	-	0.917	-
	Korea (Yangsan, Changnyeong)	%	-	0.725	0.398	
Workplace Environment Measurement	Number of cases surpassing the criteria	Cases	-	-	-	

Safety and Health Training

Classification	Unit	2020*	2021*	2022	
Total Health and Safety Training Hours	Hours	78,960	79,200	79,560	
Total Health and Safety Training Completion Rate	Target Persons	Persons	3,290	3,300	3,315
	Persons Who Completed Training	Persons	3,290	3,300	3,315
	Training Completion Rate	%	100	100	100

* Revised target persons for health and safety training and persons who completed training due to improved health and safety training management system in 2020 and 2021

Safety and Health Management

Classification	Unit	2020	2021	2022	
Health and Safety System Application Rate	Target Persons	Persons	4,171	4,088	3,984
	Persons Covered by the System	Persons	3,837	3,860	3,984
	Application Rate	%	92.0	94.4	100.0
Internal Audit Rate	Target Persons	Persons	4,171	4,088	3,984
	Number of Employees Subject to Implementation	Persons	3,837	3,860	3,984
	Ratio	%	92.0	94.4	100.0
KOSHA-MS Certification Rate	Target Persons (Total)	Persons	2,107	2,089	2,095
	Target Persons for Certification	Persons	2,107	2,089	2,095
	Certification Rate	%	100.0	100.0	100.0
Safety and Health Risk Assessment Rate	All plants	ea	4	4	4
	Implementing Worksites	ea	4	4	4
	Ratio	%	100.0	100.0	100.0

Size of Organization

Classification	Unit	2020	2021	2022
Total Number of Employees	Persons	6,198	6,808	7,005
Total Number of Plants	ea	15	18	19
Number of products / services launched	ea	269	309	474

ESG Data

Employees

Classification		Unit	2020	2021	2022
Gender	Male	Persons	5,738	6,162	6,281
	Female	Persons	460	646	724
Age	Under the age of 30	Persons	739	958	999
	30-50 years of age	Persons	4,848	5,158	5,241
	Over 50 years of age	Persons	611	692	765
Region	South Korea	Persons	3,821	4,005	4,042
	Others	Persons	2,377	2,803	2,963
Total		Persons	6,198	6,808	7,005

New Recruitment

Classification		Unit	2020	2021	2022
Gender	Male	Persons	417	765	500
	Female	Persons	154	300	222
Age	Under the age of 30	Persons	225	511	386
	30-50 years of age	Persons	324	531	313
	Over 50 years of age	Persons	22	23	23
Region	South Korea	Persons	157	285	262
	Others	Persons	414	780	460
합Total계		Persons	571	1,065	722

Employee Turnover

Classification		Unit	2020	2021	2022
Employee Turnovers (Gender)	Male	Persons	626	668	676
	Female	Persons	78	156	239
Employee Turnovers (Age)	Under the age of 30	Persons	287	331	353
	30-50 years of age	Persons	360	423	497
	Over 50 years of age	Persons	57	70	65
Employee Turnovers (Nationality)	South Korea	Persons	152	266	262
	Others	Persons	552	558	653
Total		Persons	704	824	915
Turnover Rate	Total Employees	Persons	6,669	6,860	7,005
	Employee Turnovers	Persons	704	824	915
	Turnover Rate	Persons	10.6	12.0	13.1
Voluntary Turnover Rate	Total Employees	Persons	6,669	6,860	7,005
	Employee Turnovers	Persons	331	463	370
	Turnover Rate	%	5.0	6.7	5.3

Average Number of Years of Continuous Service

Classification		Unit	2020	2021	2022
Gender	Male	Years	9.8	10.2	10.5
	Female	Years	4.6	4.4	4.3

ESG Data

Employee Diversity

Classification		Unit	2020	2021	2022		
Total Number of Employees by Gender	Male	Under the age of 30	Persons	602	727	735	
		30 - 50 years of age	Persons	4,543	4,768	4,817	
		Over 50 years of age	Persons	593	667	729	
		Subtotal	Persons	5,738	6,162	6,281	
	Female	Under the age of 30	Persons	137	231	264	
		30 - 50 years of age	Persons	305	390	424	
		Over 50 years of age	Persons	18	25	36	
		Subtotal	Persons	460	646	724	
	Total	Persons	6,198	6,808	7,005		
	Total Number of Employees by Nationality	Korea	Under the age of 30	Persons	241	330	362
30 - 50 years of age			Persons	3,112	3,148	3,114	
Over 50 years of age			Persons	468	527	566	
Total			Persons	3,821	4,005	4,042	
Overseas		Under the age of 30	Persons	498	628	637	
		30 - 50 years of age	Persons	1,736	2,010	2,127	
		Over 50 years of age	Persons	143	165	199	
		Total	Persons	2,377	2,803	2,963	
		Korea	Under the age of 30	Persons	213	243	273
			30 - 50 years of age	Persons	3,100	3,112	3,038
Over 50 years of age	Persons		461	520	562		
Total	Persons		3,774	3,875	3,873		
Number of Employees According to Employment Contract Type by Region	Permanent	Under the age of 30	Persons	197	180	152	
		30 - 50 years of age	Persons	1,108	1,220	1,237	
		Over 50 years of age	Persons	27	15	38	
		Total	Persons	1,332	1,415	1,427	
	Czech Republic	Under the age of 30	Persons	244	417	425	
		30 - 50 years of age	Persons	385	577	672	
		Over 50 years of age	Persons	57	78	96	
		Total	Persons	686	1,072	1,193	
	Other Countries	Under the age of 30	Persons	21	21	37	
		30 - 50 years of age	Persons	192	210	234	
Other Countries	Over 50 years of age	Persons	69	66	72		
	Total	Persons	282	297	343		

Classification		Unit	2020	2021	2022		
Number of Employees According to Employment Contract Type by Region	Korea	Under the age of 30	Persons	28	87	89	
		30 - 50 years of age	Persons	12	36	39	
		Over 50 years of age	Persons	7	7	4	
		Total	Persons	47	130	132	
	Temporary	China	Under the age of 30	Persons	-	-	-
			30 - 50 years of age	Persons	-	-	-
			Over 50 years of age	Persons	-	-	-
			Total	Persons	-	-	-
		Czech Republic	Under the age of 30	Persons	39	12	27
			30 - 50 years of age	Persons	37	7	5
Number of Employees According to Employment Contract Type by Gender	Full-time	Over 50 years of age	Persons	1	-	5	
		Total	Persons	77	19	37	
		Male	Under the age of 30	Persons	602	727	735
			30 - 50 years of age	Persons	4,543	4,767	4,816
	Over 50 years of age		Persons	593	524	561	
	Total		Persons	5,738	6,018	6,112	
	Female	Under the age of 30	Persons	137	231	217	
		30 - 50 years of age	Persons	305	390	412	
		Over 50 years of age	Persons	18	3	36	
		Total	Persons	460	624	665	
Hourly		Under the age of 30	Persons	530	617	623	
		30 - 50 years of age	Persons	3,670	3,885	3,941	
	Over 50 years of age	Persons	361	429	500		
	Total	Persons	4,561	4,931	5,064		
Female	Under the age of 30	Persons	65	105	139		
	30 - 50 years of age	Persons	207	272	302		
	Over 50 years of age	Persons	16	23	32		
	Total	Persons	288	400	473		
Female Employees	Number of Female Executives	Persons	-	-	-		
	Female Manager Ratio (Manager or Higher)	%	2.3	3.5	4.6		
Employees with Disabilities	NEXEN TIRE	Persons	55	57	61		
	N'zel Withus	Persons	11	16	16		
Ratio of Internal Recruitment		%	98%	98%	98%		

ESG Data

Parental Leave*

Classification		Unit	2020	2021	2022
Maternity Leave	Male	Persons	165	160	138
	Female	Persons	5	8	2
Rate of Return After Maternity Leave	Total Number of Employees taking Maternity Leave	Persons	170	168	140
	Employees who Returned After Parental Leave	Persons	170	168	140
	Rate of Return After Parental Leave	%	100.0	100.0	100.0
Parental Leave	Male	Persons	22	24	63
	Female	Persons	4	10	3
Rate of Return After Parental Leave	Total Number of Employees taking Parental Leave	Persons	26	34	66
	Employees who Returned After Parental Leave	Persons	18	18	24
	Rate of Return After Parental Leave	%	78.3	69.2	70.6

* Number of persons on leave corrected due to improvement in HR management system in 2022

Labor-management Relationship

Classification		Unit	2020	2021	2022
Labor Union	Number of employees subject to labor union membership	Persons	2,954	2,928	2,953
	Number of employees who have joined the labor union (Korea)	Persons	2,946	2,920	2,945
	Percentage of employees who have joined the labor union (those subject to labor union membership)	%	99.6	99.7	99.7
Labor-Management Council	Items Handled	Case	20	21	20
	Total Number of Labor-Management Representatives	Persons	16	18	18

Organizational Culture Diagnosis

Classification		Unit	2020*	2021	2022*
Employees' Satisfaction Score (Positive response status)	Score (%)		-	3.3 (Positive response rate 44)	-
	Score		-	5	-
Employee Engagement	%		-	68	-

* Organization culture diagnosis is being conducted on a biennial cycle and will be implemented in 2023 after 2021

Employee Training

Classification		Unit	2020	2021	2022
Average Training Sessions per Employee	Annual Training Sessions per Year (total)	Sessions	5,419.0	7,717.0	11,398
	Number of Employees	Persons	4,138	4,099	4,150
	Average Training Sessions per Employee	Session/Person	1.3	1.9	2.8
Training Hours per Employee	Total Training Hours	Hours	27,385.00	46,333.00	69,372
	Number of Employees	Persons	4,138	4,099	4,150
	Training Hours per Person	Hours/Persons	6.6	11.3*	16.7

* Corrected training hours per person due to display error in 2021

ESG Data

Human Rights Education

Classification	Unit	2020	2021	2022
Total Human Rights Education Hours	Hours	2.0	2.0	2.0
Persons who Completed Education	Total Number of Employees	4,027	3,979	4,042
	Persons who Completed Education	4,005	3,937	4,026
	Completion Rate	99.5	98.9	99.6

Social Contribution (Foundation Operation)

Classification	Unit	2020	2021	2022	
Total Operating Expenses	NEXEN Wolsuk Cultural Foundation	KRW Million	595	766	621
	KNN Scholarship	KRW Million	155	177	184
	Wolsuk Busan Leading Scholarship Committee	KRW Million	60	60	60
Scholarship Beneficiaries	NEXEN Wolsuk Cultural Foundation	Persons	497	525	483
	KNN Scholarship	Persons	154	176	184
	Wolsuk Busan Leading Scholarship Committee	Persons	80	80	80

Customer Satisfaction and Quality Management

Classification	Unit	2020	2021	2022	
Ratio of R&D cost to sales	Ratio	%	5.4	4.1	3.5
	Sales	KRW 100 million	16,981	20,794	25,974
	R&D Cost	KRW 100 million	915	851	905
General and Policy Compensations	Cases	Sessions	154	127	122
	Compensation	Products/ Services	364	353	376
Special Warranty Compensations	Cases	Sessions	704	583	733
	Compensation	Products/ Services	733	619	761

Customer Satisfaction

Classification	Unit	2020	2021	2022	
Customer Satisfaction Score	Points	96.8	95.6	99.2	
Customer Complaint Handling Rate	Customer Complaints	Case	2,418	1,755	1,930
	Customer Complaints Handled	Case	2,402	1,754	1,929
	Customer Complaint Handling Rate	%	99.3	99.9	99.9

ESG Data

Suppliers

Classification		Unit	2020	2021	2022
Percentage of Suppliers Pledged to Sustainable Procurement Agreements	Total Number of Suppliers	Suppliers	-	-	135
	Number of Suppliers Pledged to Agreement	Suppliers	-	-	72
	Rate of Suppliers Pledged to Agreement	%	-	-	53
Percentage of Suppliers that Implemented the ESG assessment	Total Number of Suppliers	ea	133	-	135
	Number of Suppliers Assessed	ea	121	-	76
	Percentage of Suppliers Assessed	%	91	-	56
Purchase Cost		KRW 100 million	5,481.0	8,609.0	11,224.0
Suppliers that Participated in ESG Management Training		Suppliers	-	-	13
Partners that Participated in General Assembly ESG Training		Suppliers	-	-	13
Suppliers that Received Safety Support (Training/diagnosis, etc.)		Suppliers	12	12	12

Win-win Cooperation

Classification		Unit	2020	2021	2022
Companies that Signed the Fair Trade Agreement	Target Company	Company	-	-	74
	Purchase Amount	KRW 100 million	-	-	5,816.0

Information Security Education

Classification		Unit	2020	2021	2022	
Information Security Education	Total Information Security Education Hours	Hours	1.0	1.0	1.0	
	Target Persons	Information Security Education	Persons	929	1,037	999
Information Security Education Completion Rate		Privacy Protection Education	Persons	82	101	133
	Persons Who Completed Education	Information Security Education	Persons	840	987	895
		Privacy Protection Education	Persons	79	93	93
	Education Completion Rate (Domestic Worksites)	Information Security Education	%	90.4	95.2	89.6
Certified Worksites	Privacy Protection Education	Sessions	96	92	69	

ESG Data

Governance Performance

BOD Operation

Classification		Unit	2020	2021	2022
Number of BOD Sessions		Meetings	14	10	9
Number of Audit Committee Meetings		Meetings	9	5	7
Attendance Rate of Non-executive Directors	Total Number of Non-executive Directors	Persons	3	3	4
	Number of Non-executive Directors that have Attended BOD Meetings	Persons	3	3	4
	Attendance Rate	%	100.0	96.7	100.0

Organization of the BOD

Classification		Unit	2020	2021	2022	
Executive Directors	Gender	Male	Persons	2	2	3
		Female	Persons	-	-	-
	Age	Under the age of 30	Persons	-	-	-
		30 - 50 years of age	Persons	1	-	-
		Over 50 years of age	Persons	1	2	3
Subtotal		Persons	2	2	3	
BOD	Gender	Male	Persons	3	3	4
		Female	Persons	-	-	-
	Age	Under the age of 30	Persons	-	-	-
		30 - 50 years of age	Persons	1	1	1
		Over 50 years of age	Persons	2	2	3
Subtotal		Persons	3	3	4	
Total		Persons	5	5	7	

Shareholders and Investors

Classification		Unit	2020	2021	2022
Shareholder Status	NEXEN Corp.	Shares	43,217,425	43,217,425	43,904,160
	Byung-Joong Kang	Shares	19,001,037	19,001,037	19,001,037
	Ho-Chan Kang	Shares	3,174,222	3,174,222	3,174,222
	Other Shareholders	Shares	32,275,193	32,275,193	31,588,458
Shares Held by Founders	Byung-Joong Kang	Shares	19,001,037	19,001,037	19,001,037
	NEXEN Corp.	Shares	43,217,425	43,217,425	43,904,160
Shareholding Status by Management	Byung-Joong Kang	Shares	19,001,037	19,001,037	19,001,037
	Ho-Chan Kang	Shares	3,174,222	3,174,222	3,174,222
CEO-to-Employee Remuneration Ratio	Total Remuneration of CEO	KRW Million	998	1,068	987
	Average Compensation of Employees	KRW Million	63	66	78
	CEO-to-Employee Compensation Ratio	%	16	16	13

Ethical Management

Classification		Unit	2020	2021	2022	
Ethical Management Training Completion Rate	Target Persons	Legal Education	Persons	1,010	1,048	1,046
		ESG Training	Persons	-	1,026	976
	Persons Who Completed Education	Legal Education	Persons	1,010	1,036	1,030
		ESG Training	Persons	-	1,000	995
Education Completion Rate (Domestic Worksites)		%	100.0	98.2	100.1	
Rate of Ethical Risk Assessment Implementation	Target Worksites	ea	2	6	3	
	Implemented Worksites	ea	2	6	3	
Ratio		%	100.0	100.0	100.0	
Number of Corruption Cases Identified	Disciplinary Measures Due to Corruption	Disciplinary Measures	Case	-	-	-
		Dismissal	Case	-	-	-
	Contract Termination by Partner Due to Corruption		Case	-	-	-
	Legal Measures Due to Corruption		Case	-	-	-
Total Number of Corruption Cases		Case	-	-	-	
Penalties	Total monetary loss due to unfair trading practices, such as anti-competition, monopoly, etc.	KRW 100 million	-	-	-	

SASB Standards Index

Domestic and overseas plants

Classification	Index	Unit	Code	Page	2021	2022	Remarks
Energy Management	(1) Total energy consumed	GJ		94	5,322,000	5,352,300	
	(2) Percentage grid electricity	%	TR-AP-130a.1	-	63.3	64.6	
	(3) Percentage renewable	%		-	0	0	
Waste Management	(1) Total amount of waste from manufacturing	Metric Tons(t)		95	10,323.2	10,067.3	
	(2) Percentage hazardous	%	TR-AP-150a.1	-	10.5	10.3	
	(3) Percentage recycled	%		35-36	87.1	82	
Product Safety	Number of recalls issued, total units recalled	Case	TR-AP-250a.1	60	Undisclosed	Undisclosed	
Design for fuel efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	KRW 100 million	TR-AP-410a.1	-	1,057	1,654	Global sales of products that acquired certification of compliance with the EU labeling requirements converted into KRW
Materials sourcing	Description of management of risks associated with the use of critical materials	-	TR-AP-440a.1	63	Maintained	Maintained	Refer to the NEXEN TIRE Conflict Minerals Policy
Materials efficiency	Percentage of products sold that are recyclable (based on sales)	%	TR-AP-440b.1	-	100	100	
	Percentage of input materials from recycled or remanufactured content	%	TR-AP-440b.2	-	0.6	0.6	Percentage of reclaimed butyl rubber among the input materials in 2022
Competitive behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	KRW 100 million	TR-AP-520a.1	103	-	-	

Classification	Index	Unit	Code	Page	2021	2022	Remarks
Activity Metrics	Number of parts produced by the company	1,000	TR-AP-000.A	-	40,795	40,752	Based on the production of tires
	Weight of parts produced by the company	Metric Tons(t)	TR-AP-000.B	-	418,174	425,317	Based on the production of tires
	Area of manufacturing plants	m ²	TR-AP-000.B	-	1,858,134	1,858,134	Based on the site area (Yangsan, Changnyeong, Qingdao, Europe (Czech Republic))

TCFD Standards Index



Classification		Index	CDP Index	Note
Governance	Disclose the organization's governance around climate-related risks and opportunities	a. Describe the board's oversight of climate-related risks and opportunities	C1.1b, C1.2, C1.2a	2022/23 NEXEN TIRE ESG Report p. 16-17, 26, 104
		b. Describe management's role in assessing and managing climate-related risks and opportunities		2022/23 NEXEN TIRE ESG Report p. 16-17, 26
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 identified by the organization over the short, medium, and long terms	C2.1a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.2b, C3.3, C3.4, C-FS3.7, C-FS3.7a	2022/23 NEXEN TIRE ESG Report p. 27-28
		b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		2022/23 NEXEN TIRE ESG Report p. 26-28
		c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario		
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	C1.2, C2.1, C2.2, C2.2a, C-FS2.2b, C-FS2.2c, C-FS2.2d, C-FS2.2e	2022/23 NEXEN TIRE ESG Report p. 26
		b. Describe the organization's processes for managing climate-related risks		2022/23 NEXEN TIRE ESG Report p. 25, 27-28
		c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		2022/23 NEXEN TIRE ESG Report p. 26, 87-90
Metrics and Targets	Disclose the metrics and targets used to assess and manage the relevant climate-related risks and opportunities where such information is material	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	C4.1, C4.1a, C4.1b, C-FS4.1d, C4.2, C4.2a, C4.2b, C6.1, C6.3, C6.5, C6.5a, C9.1, C-FS14.0, C-FS14.1, C-FS14.1a, C-FS14.1b	In order to assess risks and opportunities, NEXEN TIRE monitors and manages greenhouse gas emissions, environmental investment costs, and number of ISO 14001-certified worksites, etc.
		b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and related risks		2022/23 NEXEN TIRE ESG Report p. 94
		c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets		Having established the greenhouse gas inventory in 2022, NEXEN TIRE has been managing monthly and yearly greenhouse gas emissions and allocating—and consequently managing—the target reductions.

GRI Standards 2021 Index

Index	Details	Page	Remarks
General Disclosures			
GRI 2: General Disclosures			
2-1	Organizational Details	7	
2-2	Entities included in the organization's sustainability reporting	7,8	
2-3	Reporting period, frequency and contact point	2	
2-4	Restatements of information	2	
2-5	External assurance	2, 111-112	
2-6	Activities, value chain and other business relationships	10	
2-7	Employees	99, 100	
2-8	Workers who are not employees	99	
2-9	Governance structure and composition	17, 79	
2-10	Nomination and selection of the highest governance body	79, 80	
2-11	Chair of the highest governance body	81	
2-12	Role of the highest governance body in overseeing the management of impacts	17, 79, 89	
2-13	Delegation of responsibility for managing impacts	17, 79, 89	
2-14	Role of the highest governance body in sustainability reporting	17, 79, 89	
2-15	Conflicts of interest	Business report	
2-16	Communication of critical concerns	80	
2-17	Collective knowledge of the highest governance body	81	
2-18	Evaluation of the performance of the highest governance body	80	
2-19	Remuneration policies	80	

Index	Details	Page	Remarks
2-20	Process to determine remuneration	80, 94	
2-21	Annual total compensation ratio	94	
2-22	Statement on sustainable development strategy	5, 6, 16	
2-23	Policy commitments	16, 40	
2-24	Embedding policy commitments	16-17, 21-22, 40	
2-25	Processes to remediate negative impacts	16-20, 26, 40, 54, 64, 68, 79, 85, 87-90	
2-26	Mechanisms for seeking advice and raising concerns	16-20, 26, 40, 54, 64, 68, 79, 85, 87-90	
2-27	Compliance with laws and regulations	104	
2-28	Membership associations (Initiatives)	92	
2-29	Approach to stakeholder engagement	23	
2-30	Collective bargaining agreements	53	
Material Topics			
GRI 3: Material Topics			
3-1	Process to determine material topics	19	
3-2	List of material topics	20	
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	13, 82-83, 93-94	
201-2	Financial implications and other risks and opportunities due to climate change	28	
201-3	Defined benefit plan obligations and other retirement plans	-	
201-4	Financial assistance received from government	-	

GRI Standards 2021 Index

Index	Details	Page	Remarks
GRI 202: Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	
202-2	Proportion of senior management hired from the local community	-	
GRI 203: Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	64-67	
203-2	Significant indirect economic impacts	68-72	
GRI 204: Procurement Practices			
204-1	Proportion of spending on local suppliers	67	
GRI 205: Anti-corruption			
205-1	Operations assessed for risks related to corruption	86	
205-2	Communication and training about anti-corruption policies and procedures	84-86	
205-3	Confirmed incidents of corruption and actions taken	86	
GRI 206: Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	86, 104	
GRI 207: Tax			
207-1	Approach to tax	88	
207-2	Tax governance, control, and risk management	88	
207-3	Stakeholder engagement and management of concerns related to tax	-	
207-4	Country-by-country reporting	-	

Index	Details	Page	Remarks
GRI 301: Materials			
301-1	Materials used by weight or volume	10, 97	
301-2	Recycled input materials used	10, 32	
301-3	Reclaimed products and their packaging materials	32	
GRI 302: Energy			
302-1	Energy consumption within the organization	95	
302-2	Energy consumption outside the organization	-	
302-3	Energy intensity	95	
302-4	Reduction of energy consumption	26-31, 35	
302-5	Reductions in energy requirements of products and services	33	
GRI 303: Water and wastewater			
303-1	Interactions with water as a shared resource	38, 96	
303-2	Management of water discharge-related impacts	38	
303-3	Water withdrawal	38	
303-4	Water discharge	70	
303-5	Water consumption	70	
GRI 304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	70	
304-2	Significant impacts of activities, products and services on biodiversity	70	

GRI Standards 2021 Index

Index	Details	Page	Remarks
304-3	Habitats protected or restored	70	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations 11	-	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	94	
305-2	Energy indirect (Scope 2) GHG emissions	94	
305-3	Other indirect (Scope 3) GHG emissions	-	
305-4	GHG emissions intensity	94	Scope 1+2
305-5	Reduction of GHG emissions	29-31, 94	
305-6	Emissions of ozone-depleting substances (ODS)	-	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	38, 95	
GRI 306: Waste			
306-1	Waste generation and significant waste-related impacts	10, 21, 36-37	
306-2	Management of significant waste-related impacts	10, 21, 36-37	
306-3	Waste generated	36-37, 96	
306-4	Waste diverted from disposal	36-37, 96	
306-5	Waste directed to disposal	36-37, 96	
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	65-67	
308-2	Negative environmental impacts in the supply chain and actions taken	65-67	

Index	Details	Page	Remarks
GRI 401: Employment			
401-1	New employee hires and employee turnover	99	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	49-50, 54	Four social insurances, health management, compensation for injuries, parental leave, retirement pay, reward for continuous service
401-3	Parental leave	101	
GRI 402: Labor-management Relations			
402-1	Minimum notice periods regarding operational changes	-	
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	25, 43	
403-2	Hazard identification, risk assessment, and incident investigation	43-45	
403-3	Occupational health services	45-46	
403-4	Worker participation, consultation, and communication on occupational health and safety	44-46, 53	
403-5	Worker training on occupational health and safety	44	
403-6	Promotion of worker health	46-47	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44-45	
403-8	Workers covered by the occupational health and safety management system	25, 98	
403-9	Work-related injuries	44-45, 90, 98	
403-10	Work-related ill health	44-45, 98	

GRI Standards 2021 Index

Index	Details	Page	Remarks
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	51, 101~102	
404-2	Programs for upgrading employee skills and transition assistance programs	50~51	
404-3	Percentage of employees receiving regular performance and career development reviews	-	
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	42, 79, 100	
405-2	Ratio of basic salary and remuneration of women to men	-	
GRI 406: Non-Discrimination			
406-1	Incidents of discrimination and corrective actions taken	Not applicable	0 cases
GRI 407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers where the right to freedom of association and collective bargaining may be at risk	40~41, 53, 64~67	No applicable worksites and suppliers
GRI 408: Child Labor			
408-1	Operations and suppliers at significant risk of incidents of child labor	40~41, 64~67	No applicable worksites and suppliers
GRI 409: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk of incidents of forced or compulsory labor	40~41, 64~67	No applicable worksites and suppliers
GRI 410: Security Practices			
410-1	Security personnel trained on human rights policies or procedures	-	
GRI 411: Rights of Indigenous Peoples			
411-1	Incidents of violations involving the rights of indigenous peoples	Not applicable	0 cases

Index	Details	Page	Remarks
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	68~72	
413-2	Operations with significant actual and potential negative impacts on local communities	46, 90	No applicable worksites and suppliers
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	65~66	
414-2	Negative social impacts in the supply chain and actions taken	65~67	
GRI 415: Public Policy			
415-1	Political contributions	86	No political donations
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	10	
416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	Not applicable	0 cases
GRI 417: Marketing and Labeling			
417-1	Requirements for product and service information and labeling	33	
417-2	Incidents of noncompliance concerning product and service information and labeling	Not applicable	0 cases
417-3	Incidents of noncompliance concerning marketing communications	Not applicable	0 cases
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	75	

Third Party Assurance

To readers of 2022/23 NEXEN TIRE ESG REPORT

Introduction

Korea Management Registrar (KMR) was commissioned by NEXEN TIRE to conduct an independent assurance of its 2022/23 ESG REPORT (the "Report"). NEXEN TIRE and its management bears the responsibility for the data and its presentation of the Report. KMR's responsibility lies in complying with the contracted duties and performing an assurance as stated in the agreement.

Scope and Standards

NEXEN TIRE describes the organization's performance and activities related to sustainability in its Report. Our Assurance Team applied the AA1000AS v3 and KMR's assurance standard, SRV1000 in conducting the assurance and using Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, as well as the reliability of the information and data provided in the Report by using the Global Reporting Initiative (GRI) Index provided below. For materiality, the professional judgment of the Assurance Team was applied.

Confirmation of the satisfaction of the reporting requirements of GRI Standards 2021 was included in the scope of the assurance, and the detailed indicators of important topics derived through the double materiality procedure were as follows:

- GRI Reporting Standard Principles 2021
- Universal Standards
- Topic Specific Standards
 - GRI 201: Economic Performance
 - GRI 202: Market Presence
 - GRI 203: Indirect Economic Impacts
 - GRI 302: Energy
 - GRI 305: Emissions
 - GRI 306: Waste

- GRI 308: Supplier Environmental Assessment
- GRI 401: Employment
- GRI 403: Occupational Health and Safety
- GRI 404: Training and Education
- GRI 406: Non-discrimination
- GRI 408: Child Labor
- GRI 409: Forced or Compulsory Labor
- GRI 414: Supplier Social Assessment
- GRI 416: Customer Health and Safety

Data and information beyond the organization, such as those of NEXEN TIRE' partners, suppliers and any third parties are not included in the reporting boundary.

KMR's Approach

To perform the assurance within the agreed scope of assessment using the standards outlined above, our Assurance Team conducted the following activities:

- Reviewed the overall Report
- Reviewed methodology and the results of the materiality assessment;
- Evaluated sustainability strategies, performance data management system, and processes;
- Interviewed persons in charge of preparing the Report;
- Reviewed the reliability of the Report's performance data through data sampling;
- Assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Third Party Assurance

Limitations and Recommendations

KMR's assurance has been conducted based on the assumption that the data and information provided by NEXEN TIRE to us as part of our review were provided in good faith. Data assurance was carried out within a limited scope using the standard derivation method including inquiry, analysis, and limited sampling for the data collected by NEXEN TIRE. Additionally, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to verify the quality and reliability of the information provided.

Conclusion and Opinion

The Assurance Team had several discussions with NEXEN TIRE on the revision of the Report based on the results of document reviews and interviews. 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 verification, it is our opinion that the Report was drafted according to the Core Option of the GRI Standards. There was no evidence that suggests that the Report was not prepared in accordance with the AA1000AP (2018) principles. The conclusion of the Assurance Team on the principles are as below:

Inclusivity

NEXEN TIRE has developed and operates stakeholder communication channels of various forms and levels in order to commit to the organizational responsibility for its stakeholders and to practice it.

The Assurance Team was not able to find any key stakeholder groups omitted in this process and has confirmed that the company is working to ensure that the stakeholders' views and expectations are properly reflected in the organization's strategy.

Materiality

NEXEN TIRE determines the importance of material issues on the organization's sustainability performance through a unique assessment process, and the Assurance Team has not found any important issues missing from this process.

Responsiveness

NEXEN TIRE prioritizes the material issues derived and reports on the performance of the activities, response cases, and future plans in a comprehensive and balanced manner, and the Assurance Team has found no evidence that NEXEN TIRE's response activities were improperly listed in the Report.

Impact

NEXEN TIRE is identifying and monitoring the direct and indirect impact of the material topics identified through the materiality assessment, and we have confirmed that the company is reporting the impacts in a quantified form to the extent possible.

Reliability of Specific Sustainability Performance Information

In addition to compliance with the AA1000AP(2018) principles, the Assurance Team conducted a verification of the reliability of economic, environmental, and social performance information related to the company's sustainability performance. We conducted interviews with representatives to verify the information and data, and confirmed its reliability through data sampling and basis documents, as well as external sources and public databases. The Assurance Team did not find intentional errors or incorrect statements in the company's sustainability performance data.

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. The Assurance Team consists of sustainability assurance professionals, and other than providing a third-party assurance, KMR has no other contract with NEXEN TIRE and has not provided any services to NEXEN TIRE that could compromise the independence of our work.

June 2023
South Korea, Seoul

CEO *E. J. Hwang*



NEXEN ESG History

1995

- Established KNN Cultural Foundation

2003

- Established the NEXEN Wolsuk Busan Leading Scholarship Committee

2007

- Acquired certification as an excellent workplace with health promotion activities (Yangsan) (for 13 consecutive years from 2007 to 2021)

2008

- Established the NEXEN Wolsuk Cultural Foundation

2009

- Ranked No. 1 in the global customer satisfaction index (GCSI) (for 13 consecutive years up to 2022)

2011

- ISO 14001
- Conducted CO₂ reduction target management (Yangsan)
- Won the Grand Prize in the Gyeongnam QCC Contest (Yangsan, Changnyeong) (for 10 consecutive years from 2011 to 2021)

2013

- Participated for the first time in CDP (climate change)
- Won the GM 'Supplier Quality Excellence Award' (for eight consecutive years from 2013 to 2021)

2015

- Conducted CO₂ reduction target management (Changnyeong, Yangsan)

2017

- Participated in NQC SAQ

2019

- Won 'the Grand Prize in the National Service Awards' for NEXT LEVEL service (for 3 consecutive years from 2019 to 2021)
- Participated in EcoVadis for the first time
- THE NEXEN univerCITY acquired certification as an eco-friendly green office building

2020

- Joined the Global Platform for Sustainable Natural Rubber (GPSNR)
- Designated as an excellent workplace for reducing particulate matter
- Established a supplier CSR policy
- Named '2020 Best Supplier of the Year' by Stellantis
- Participated in CDP (Climate Change) (Yangsan, Changnyeong)
- Published the first ESG Report (2020)

2021

- Received the Grand Prize at the 33rd Korea Labor-Management Cooperation Awards
- Received the Bronze Medal from EcoVadis
- Participated in CDP (Climate Change) (Yangsan, Changnyeong, Czech Republic)
- 'N'FERA Sport' ranked No. 1 in the summer tire performance test conducted by German automobile magazine 'ACE Lenkrad'

2022

- Acquired the information security certification TISAX (Magok, Europe Plants, NETC)
- Joined ETRMA (European Tyre and Rubber Manufacturers' Association)
- Joined K-ESG Alliance
- Obtained a third-party certification for LCA(Life-cycle Assessment) (International EPD® System certification, as the first domestic tire company)
- Participated in CDP (Climate Change) (Yangsan, Changnyeong, Czech Republic)
- Participated in CDP (Water Security) (Yangsan, Changnyeong, Czech Republic)

2023

- Officially joined UNGC (United Nations Global Compact)
- Received the Silver Medal from EcoVadis (Apr. 2023) for 2 consecutive years
- Established the Sustainability Management Committee
- Introduced the human rights impact assessment
- ISO 45001(Health and Safety Management System) acquired by all plants
- ISO 14001(Environmental Management System) acquired by all plants
- IATF 16949(Automotive Quality Management System) acquired by all plants

