

# NEXT LEVEL MOBILITY FOR ALL

# About this Report

2023/24 NEXEN TIRE ESG Report includes financial and non-financial performance achieved based on the company's management philosophy titled, 'NEXEN UNIVERSE'. Since its first publication in 2020, we have been issuing ESG Reports annually, continuing communication with stakeholders about sustainability management.

This report contains information necessary for each issue in accordance with global standards and initiatives, and includes opinions from stakeholders and related industries in Korea and abroad. NEXEN TIRE will continue to practice ESG management through enhancing medium to long-term strategy goals, crises and opportunities.

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Publication Date	July 2024
Publication	NEXEN TIRE
Verification	Korea Management Registrar, Inc.

## Reporting Scope

The report mainly covers activities from NEXEN TIRE's domestic and foreign production sites(Yangsan, Changnyeong, Qingdao and European production sites) and R&D centers(Magok Central Research(THE NEXEN univerCITY), 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(K-IFRS). The report's quantitative environmental data is collected from all production sites(Yangsan, Changnyeong, Qingdao and European 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

This report focuses on sustainability management activities and achievements from January 1st to December 31st, 2023. In some cases, achievements from the first half of 2024 are included.

## Reporting Standards

This report aligns with global sustainability reporting standards and recommendations such as the Global Reporting Initiative(GRI) Standards 2021 Index, Sustainability Accounting Standards Board(SASB) industry standards, and the Task Force on Climate-related Financial Disclosures(TCFD) recommendations. Consolidated financial performance is reported in accordance with Korean International Financial Reporting Standards(K-IFRS).

## Reliability of the Report

To ensure reliability of the report preparation process and information disclosed, Korea Management Registrar(KMR), an independent assurance provider, conducted a third-party assurance as per the international verification standard AA1000AS v3 and KMR's SRV1000. The verification statement can be found on pages 136~137 of this report.

## Participating Teams

Business Management Team	Design Analysis Research Team	Compound Development Team	CP Engineering Team	OE Domestic Sales Team
Procurement Team	Facility Support Team	Pattern Design Research Team	CP Production Management Team	OE Overseas Sales Team
Global Sales Support Team	R&D Planning Team	Quality Management Team	CP Human Resources Management Team	RE Development Team 1
Planning&Coordination Team	Raw Material Development Team	Quality Assurance Team	CP Global Safety&Environment Team	RE Development Team 2
Labor Relations Team	Ethics Management Team	Domestic OE PM Team	EP Global Safety&Environment Team	SHE Planning Team
Cultural Innovation Team	Human Resources Team	Korea Customer Satisfaction Office	ESG Team	YP Engineering Team
Future Strategy Team	Finance Team	Domestic Sales Planning Team	Global OE Quality Team	YP Company Culture Team
Legal Affairs Team	Information Security Team	Accounting Team	NEXT LEVEL Team	YP Global Safety&Environment Team
Brand Communication Team	Product Test Team	(EU)OE PM Team	NVH Test Team	
Product Planning Team	Vehicle Dynamics Team	Corporate Communication Team	OE Sale Planning Team	



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# NEXEN TIRE's 2023

## UNGC(UN Global Compact) Activities



To strengthen and internalize ESG management, NEXEN TIRE joined the UNGC since April 2023. UNGC is the world's largest corporate sustainability initiative, launched in New York, USA in 2000, and has over 24,000 member companies worldwide actively participating. Member companies are required to adhere to the 10 principles in the areas of human rights, labor, environment, and anti-corruption, which are the core values of UNGC, and strive to achieve the Sustainable Development Goals(SDGs). As a result of joining UNGC, NEXEN TIRE will internalize the 10 principles of UNGC, including human rights, labor, environment, and anti-corruption, across all aspects of business management and continuously share the outcomes of sustainability management. NEXEN TIRE will execute company-wide ESG strategic tasks through the establishment of the ESG Committee, and identify internal and external human rights risks through the human rights impact assessment.



### Participation of the Accelerator Program

NEXEN TIRE participated in the Accelerator Program, a core program of the UNGC to conduct internalization training that enables activities linked to the 17 Sustainable Development Goals(SDGs). In 2023, we set science-based GHG reduction targets and participated in various specific accelerator programs including the 'Climate Ambition Accelerator(CAA)' to accelerate the transition to Net-Zero, the 'Business and Human Rights Accelerator(BHA)' to accelerate the implementation of commitments to respect human rights and labor rights, and the 'Target Gender Equality(TGE)' program to promote gender equality and expand female representation and leadership within the company. As a member of the UNGC, we plan to continually participate in the Accelerator Program in 2024 to enhance our ESG competency.

### Participation of the Working Group Program

NEXEN TIRE internalized ESG, human rights, and anti-corruption issues and enhanced staff capabilities by participating in working groups that discuss domestic and international trends, key agendas, and share progress among member companies. In 2023, NEXEN TIRE participated in the 'ESG Working Group' to strengthen corporate response capabilities to ESG issues, the 'Environmental Working Group' to strengthen capacity to respond to environmental regulations and share strategies for transitioning to low-carbon energy, the 'Human Rights/Labor Working Group' to share tasks and solutions for internalizing human rights management, and the 'Anti-Corruption Working Group' to discuss trends in ethical management and directions for reducing corporate anti-corruption. In 2024, we plan to participate in the 'Sustainable Finance Working Group' to activate sustainable finance, and through continuous participation in these working groups, we will expand NEXEN TIRE's sustainable ESG management activities.

### Participation of the GEK

NEXEN TIRE participated in the GEK(Gender Equality Korea) Women Leaders Network program, which aims to strengthen women's capacity and promote women's leadership. This provided an excellent opportunity to lay the foundation for the growth of future female leaders at NEXEN TIRE by sharing growth strategies and conflict resolution methods from women leaders active in various fields. Through this, NEXEN TIRE plans to establish and implement medium to long-term goals for increasing female leadership.

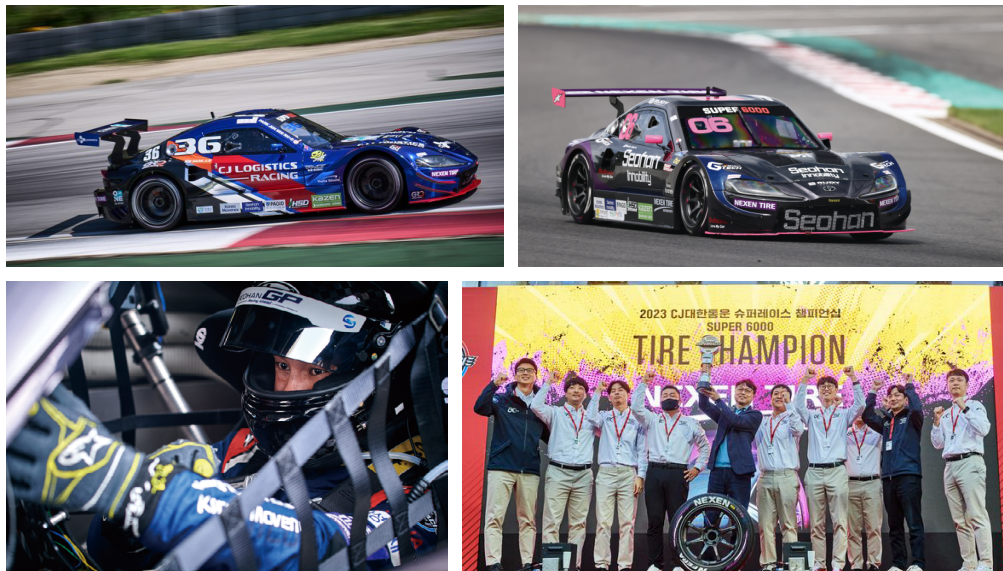


# NEXEN TIRE's 2023

## Passion for motorsports

### Challenge to Grow as a Global Top Tire Manufacturer

NEXEN TIRE participates in various competitions to enhance brand awareness through motorsports and to widely promote the excellence and technological capabilities of our products.



During the 2023 season, NEXEN TIRE was awarded the "Tire Manufacturer Champion" for the first time in over three years in Korea's top motorsports event, the Super Race Championship <SUPER 6000> class. For the 2023 season, NEXEN TIRE signed partnerships with three professional racing teams: Seohan GP, NEXEN-Volgas Motorsports, and CJ Logistics Racing, and achieved 2 first-place finishes, 6 second-place finishes, and 5 third-place finishes out of a total of 8 rounds, reaching the podium a total of 13 times and thus earning the title of the "Tire Manufacturer Champion." Furthermore, the Fastest Lap Award, presented to the player who achieves the fastest lap during each final race, was awarded 6 out of the 8 rounds held annually to players who utilized NEXEN's Tires. The "Tire Manufacturer Championship" is awarded to the tire manufacturer that accumulates the highest score through the allocation of points to the top-performing players from each tire manufacturer in the SUPER 6000 class. Points are awarded in each round, and the tire manufacturer with the highest total score throughout the season is crowned the champion. The "Tire Manufacturer Champion", an esteemed title awarded to the tire manufacturer that develops and supplies racing tires and not the racing team or players, is a prestigious recognition for companies that directly participate in motorsports through developing and supplying tires.

### Efforts to Develop Racing Tires

NEXEN TIRE is developing racing tires that deliver high performance and durability under extreme conditions based on accumulated experience. Through optimal structural design and profile research which maximizes grounding performance, as well as the application of reinforcement materials, we are incorporating specialized technologies that enhance braking performance, grounding performance, and handling performance compared to regular tires. Additionally, compound research and development are underway to ensure grip under extreme conditions. Based on this technology, we have proven the performance and durability of racing tires through achieving manufacturer championship title in one of Korea's most prestigious motorsports competitions, the SUPERRACE CHAMPIONSHIP Super 6000 class, being placed in on the podiums of Japan's Toyota-sponsored GAZOO RACING 86/BRZ CUP, and participating in Germany's NLS, ADAC Total 24H Race. In 2024 and in the future, we plan to secure momentum to lead NEXEN TIRE's overall technologies by adapting the advanced technology of racing tires to other product lines.



NEXEN TIRE is now taking on the challenge to grow into a top global tire manufacturer through motorsports. By leveraging technologies developed through relentless challenge and persevering within the extreme environments of motorsports, NEXEN TIRE aims to achieve further growth. As a steadfast partner in motorsports, NEXEN TIRE supports the pure passion and challenge towards reaching the podium.



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# CEO Message

## LEAP+

### Creating Tomorrow's Value through Leap Beyond Execution and Challenge

#### Dear Stakeholders of NEXEN TIRE,

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

Last year, despite the ongoing uncertainties in the business circumstances, NEXEN TIRE achieved significant milestones that set the stage for a new leap forward. We recorded highest sales for three consecutive years and restored profitability, establishing a stable financial structure. In 2023, the completion of the second phase expansion of our European plant has enhanced our global competitiveness by securing an annual production capacity of 52 million tires. Additionally, we were selected as 'The Green Tire' by the German magazine Auto Bild. We have been recognized for our technical and quality excellence in the global market, including winning the title of manufacturer champion just three years after participating in the Super Race Championship, Korea's top motorsport competition.

This year, NEXEN TIRE will continue to strive to become a top-tier global tire company by enhancing our competitiveness without being swayed by external environments. In addition to external growth through increased production capacity, we will continue to expand premium OE supply and accelerate global distribution downstream to expand sales. Furthermore, we will drive sustainable growth through research and development and investments, including concretizing the construction of our 5th plant and enhancing battery electric vehicle specialized products using AI technology.

NEXEN TIRE actively implemented ESG management activities by establishing the ESG Management Committee in 2023 with the approval of the Board of Directors, the highest decision-making body. The ESG Management Committee will serve as the highest decision-making body by managing and supervising response strategies and directions related to ESG issues. In addition, an ESG Strategy Committee composed of our executives and an ESG Operational Committee, consisting of 13 working groups have been set up, laying the groundwork for a full-fledged ESG management.

NEXEN TIRE is actively engaging in various activities to enhance human rights management. As a member of the United Nations Global Compact(UNGC), we are participating as accelerators in areas such as business and human rights and TGE(Target Gender Equality), and are involved in programs like the human rights working group and GEK(Gender Equality Korea) to enhance our capacity for internalizing human rights management. Additionally, we conduct human rights impact assessments based on the guidelines of the National Human Rights Commission of Korea and the International Labour Organization(ILO) to identify human rights-related risk within and outside the company to fulfill our responsibilities and roles in addressing these issues.

The escalating global environmental issues are transitioning from 'climate change' to a more severe 'climate crisis'. NEXEN TIRE is actively addressing global temperature rise by setting Carbon Neutrality goals by 2045. We are establishing various measures to accelerate the achievement of RE100, including enhancing energy efficiency at our business sites and increasing the adoption of renewable energy, as well as on-site power generation facilities to directly reduce carbon emissions. Additionally, we plan to further strengthen our ongoing communication with local communities to conserve natural ecosystems and promote biodiversity preservation.

Lastly, 2024 will be a year of greater maturity for NEXEN TIRE's ethical management. Starting off with the expansion and reorganization of the ethical management-related organization, we are enhancing ethical awareness of our employees through various case-study newsletters and regular corporate ethics training. By internalizing such ethical consciousness, we will do our utmost efforts to grow into a more trusted company.

NEXEN TIRE'S 2024 management keyword is 'Leap+'. We will strive relentlessly to create value for tomorrow, leaping beyond just executing and challenging ourselves. We ask for your generous interest and support through our journey.



Global CEO of NEXEN TIRE Co., Ltd.

**Ho-Chan Kang**

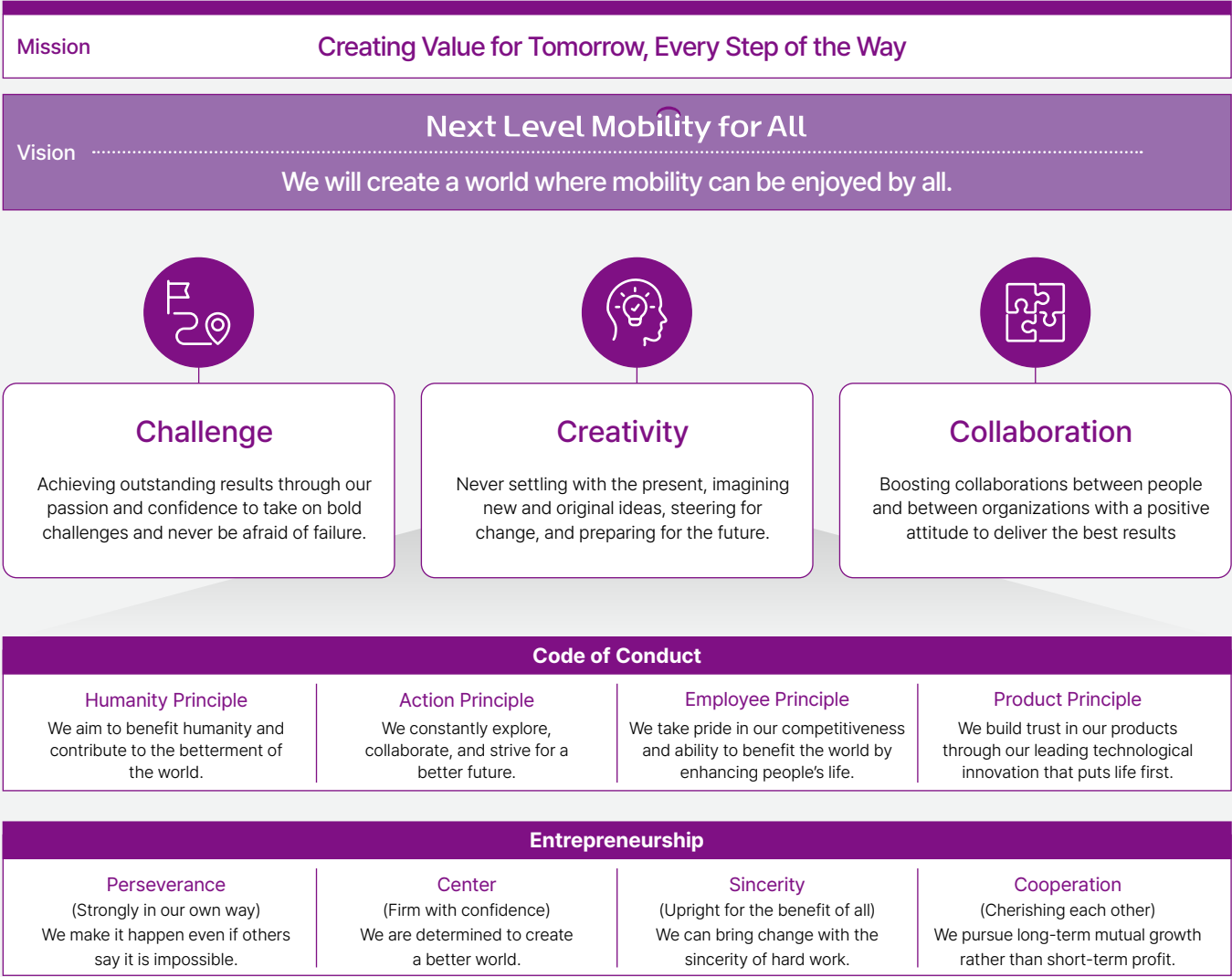
# Management Philosophy



NEXEN TIRE's 2024 keyword 'Leap Plus' does not simply mean a leap forward, but also embodies NEXEN TIRE's Brand Value Up, which indicates going beyond the leap in actions and challenges taken in order to provide premium product experience to more customers.

Company Name	NEXEN TIRE Co., Ltd.
Main Business	Tire Manufacturing/Sales/Rental
Date of Establishment	April 11, 1958
Listing Date	May 19, 1976
CEO	Kang Ho Chan
Total Assets	KRW 4.2327 trillion
Total Equity	KRW 1.7049 trillion
Operating Profit	KRW 186.99 billion
Operating profit rates	6.9%
Total Number of Employees	7,188 persons
Credit Rating	A(NICE Credit Rating), A(Korea Credit Rating)
Head Office Address	355 Chungnyeol-ro, Yangsan-si, Gyeongsangnam-do(Yusandong)
Main Phone	055-370-5114

## NEXEN UNIVERSE



# NEXEN TIRE Profile

## NEXEN TIRE Status

### 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, we marked our highest sales growth rate and gained recognition for technological leadership. To date, NEXEN TIRE expanded beyond Korea, operating four plants in China and Europe. Centered in the Magok R&D Center, we have established global R&D networks in the US, China, and Germany, responding rapidly to the diversifying market. NEXEN TIRE, operating in more than 150 countries based on our expertise and technologies accumulated over 70 years, will not slow down our 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 is establishing a global sales network in China, US, Europe, and Southeast Asia. With the completion of the second extension of the European plant in 2024, NEXEN TIRE has been providing best driving experience to customers around the world by supplying our products globally in a stable manner and enhancing our quality competitiveness with advanced productivity levels.

Headquarters/Sales
Headquarters
America Inc.
Europe Inc.
Qingdao Inc.
Canada Inc.
Russia Inc.
Australia PTY Ltd
Japan Inc.
Dubai branch
Kuala Lumpur Branch
SaoPaulo Branch
Bogota Branch
Cairo Brancch
Istanbul Branch
Lyon Branch
Milano Branch
Madrid Branch
London Branch
Praha Branch
Frankfurt Branch
Warsaw Branch
Shanghai Inc.
Production Plants
Yangsan Plant
Changnyeong Plant
Qingdao Plant
European Plant
R&D
Magok R&D Center
China Technical Center
Europe Technical Center
The United States Technical Center

# NEXEN TIRE Profile

## Brand Introduction

NEXEN TIRE's "We Got You" slogan expresses our commitment to always be on the side of our customers and partners, fueled by our belief in providing utmost convenience wherever they are. We take pride in leading innovative transformation to meet customers' satisfaction and transition into the age of digital convergence, and will work tirelessly to make them live life to the fullest.

we got you

### NEXEN TIRE Product Introduction

NEXEN TIRE is committed to technological development to produce products that satisfy customers. The brand lineup of NEXEN TIRE is structured as follows. Customers can select products that match their desired performance by checking the details of each pattern's performance on the official NEXEN TIRE website.

#### Ultra High Performance



#### N'FERA

Combination of the Latin word 'FERA', meaning sprint, and NEXEN's 'N'

##### Summer

- N'FERA Sport
- N'FERA Primus

##### All Seasons

- N'FERA Supreme

##### EV

- N'FERA Sport EV
- N'FERA Primus QX EV

#### High Performance



#### N'PRIZ

'Prize' representing products worthy of praise

##### All Seasons

- N'PRIZ S
- N'PRIZ AH5
- N'PRIZ AH8

##### EV

- N'PRIZ S EV



#### N'BLUE

Brand featuring the freshness and eco-friendliness of blue

##### Summer

- N'BLUE S
- N'BLUE HD Plus

##### All-Weather

- N'BLUE 4Season 2

#### High Mileage Performance



#### Milecap 2

High Mileage products for taxis

##### All Seasons

- Milecap 2

##### EV

- Milecap 2 EV



#### i.Q series1

Four seasons brand for economical and rational consumption

##### All Seasons

- i.Q Series 1



#### WINGUARD

Winter brand maintaining stability and safety during winter driving

##### Winter

- WINGUARD Sport 2
- WINGUARD Snow'G 3
- WINGUARD ice 3
- WINGUARD winSpike 3



#### ROADIAN

A Crossover/SUV brand aimed to dominate and conquer all roads

##### SUV

- ROADIAN GTX
- ROADIAN HTX 2
- ROADIAN ATX

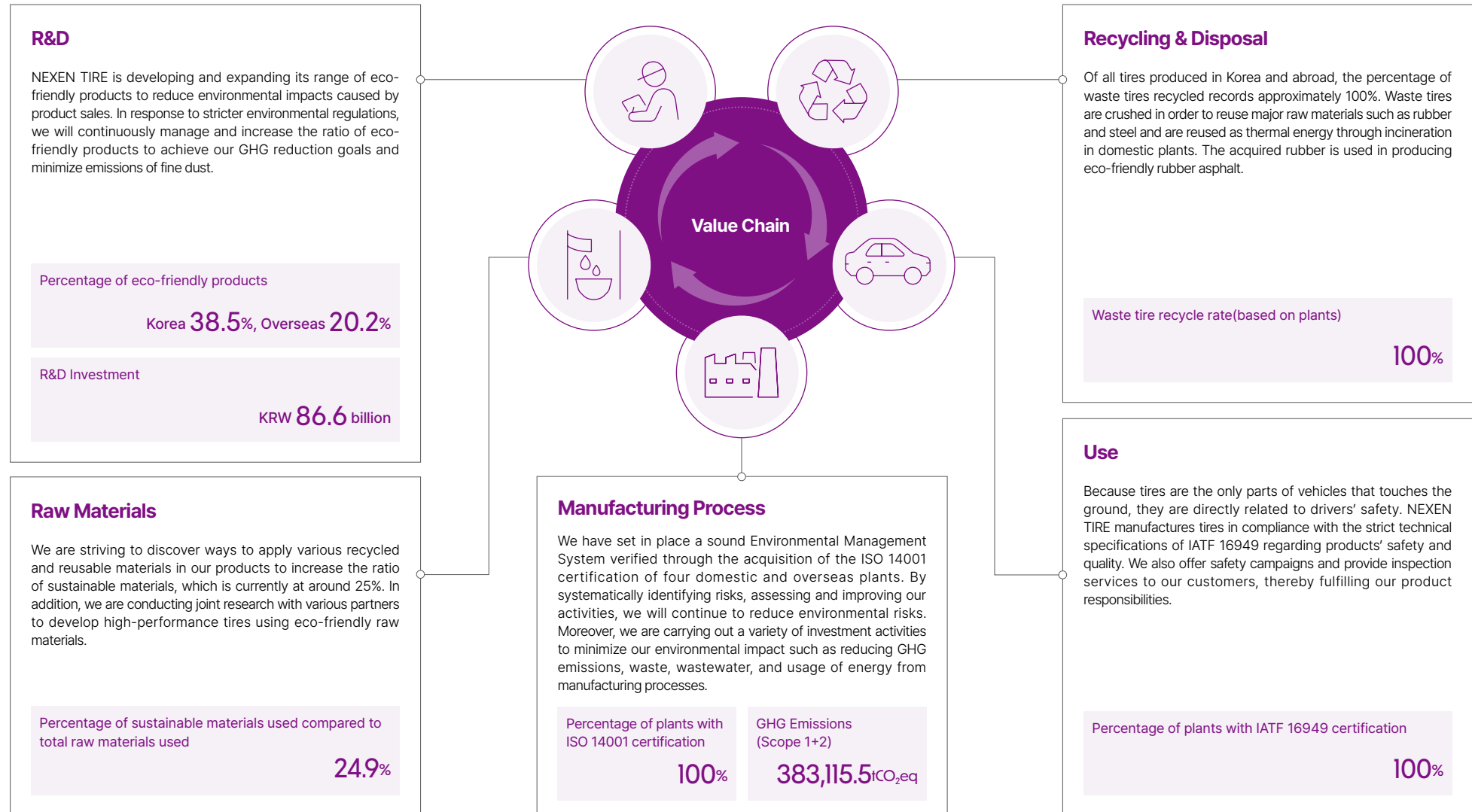
##### EV

- ROADIAN GTX EV

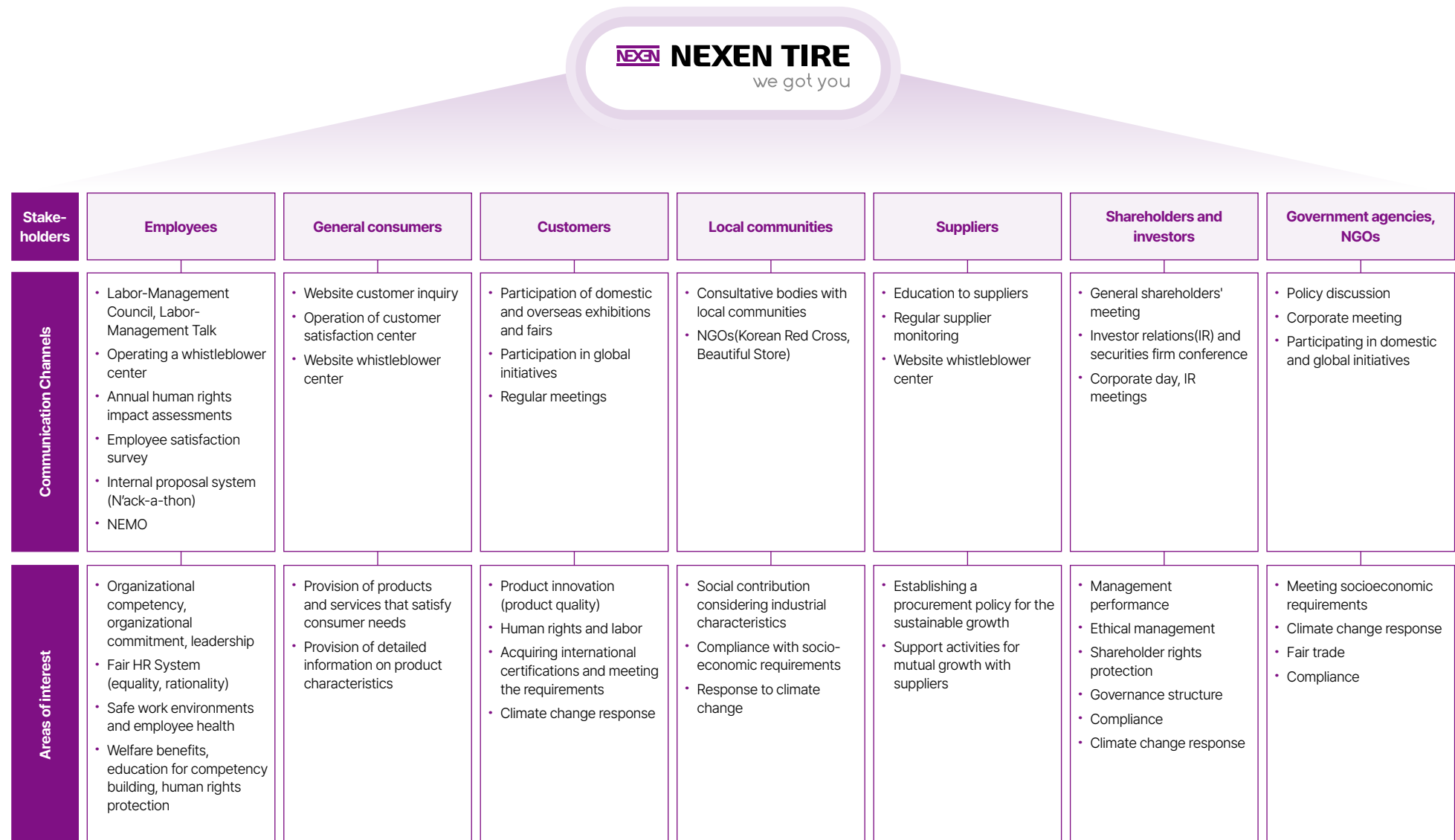


# NEXEN TIRE Profile

## Value Chain



# Stakeholder Communication







# SUSTAINABLE BUSINESS

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# ESG Highlights

## Economic Value

NEXEN TIRE achieved economic performance in 2023 with total sales of KRW 2.7017 trillion and operating profit of approximately KRW 200 billion. With the completion of the expansion of NEXEN TIRE's European plant located in the Czech Republic, we secured a production capacity of up to 52 million tires. In May 2023, we held an IR meeting to present and communicate our medium to long-term strategic direction to our domestic and international stakeholders. We will continue to strive to enhance the Brand Value-Up of NEXEN TIRE.

Total sales in 2023(consolidated basis)	Gross profit in 2023	R&D Investment in 2023
KRW 2.7 trillion	KRW 740 billion	KRW 86.6 billion
Tire production capacity(as of May 2024)	Sales record in 2023	High inch's sales percentage in 2023(18 inches or more)
52 million ea	42 million ea	23%
OE supply models	OE supply performance of Electric vehicle in 2023	OE sales record of Electric vehicles in 2023
115 models	21 models	520 thousand ea

## Sustainable Value

For sustainability management, NEXEN TIRE is dedicating our efforts towards improving our non-financial performance. We established the ESG Management Committee within the Board of Directors to reflect top management's decisions on ESG management and improve ratings from various ESG rating agencies, of which the results are shared to our stakeholders. In particular, we have conducted human rights impact assessments to make a commitment to our human rights management in the midst of repeated occurrences of human rights-related issues, and joined UNGC as a member company in 2023.

Maintained EcoVadis Silver medal	Received a B from CDP Climate Change	Establishment of ESG Management Committee under the Board of Directors
SILVER	B	ESG Committee
Percentage of sustainable raw materials used in 2023	Percentage of eco-friendly products compared to total sales	Attainment rate of RE100
25%	34%	18%
Acquired Information Security Certification	GCSI Global Customer Satisfaction Index - Tire Sector	Human rights impact assessment conducted in 2023
TISAX	1st place (14 consecutive years)	Human rights impact assessment

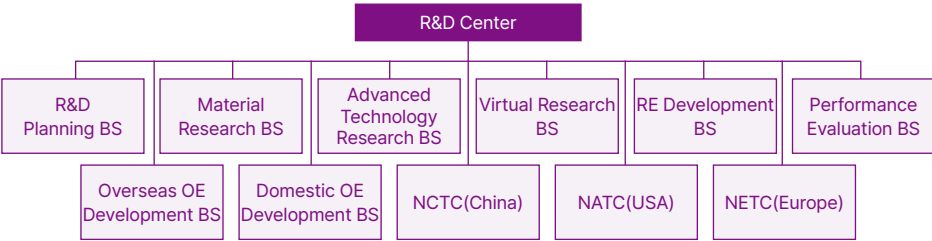
Innovation

Tire Research and Development Innovation

The R&D Implementation System

To enhance customer satisfaction and competitiveness in the domestic and foreign markets, NEXEN TIRE developed its R&D organization into a professional, function-oriented R&D organization in November 2023. We have strengthened the structure and functions of the organization in the field of technological development, and improved team operational efficiency by expanding the basic research workforce with specialized knowledge and skills in each department. The restructuring of function-oriented organization enabled faster decision-making and increased agility, allowing rapid response to environmental changes. The new R&D organization marks a major step forward for NEXEN TIRE to grow into a global tire company, advancing in performance competitiveness with its differentiated products and technologies.

R&D Center Organization



System for Strengthening R&D Capabilities

Program Name	Implementation Period	2023 Performance	Target	Education Overview	Education Content
R&D Academy	Annually	One session (May to July)	New employees	<ul style="list-style-type: none"><li>3 month course(approx.)</li><li>Provide work processes, system utilization, and technical know-how.</li><li>Promote quick adaptation and capacity building</li></ul>	<ul style="list-style-type: none"><li>Analysis of the tire BM pattern/design</li><li>Sustainable raw materials and synthetic/natural rubber types and characteristics</li><li>Tire performance/tread off research and real vehicle assessment</li></ul>
Technology exchange seminar	Quarterly	4 sessions	Researchers	<ul style="list-style-type: none"><li>Share research achievements, successes, and failure cases</li><li>Growth through the exchange of experiences</li></ul>	<ul style="list-style-type: none"><li>Status of EU Abrasion Regulation and analysis of actual vehicle/indoor wear test methods</li><li>Development on the direction of material/compound and development of analysis methods</li><li>NVH analysis based on structural rigidity</li></ul>
Professional technical seminar	Ongoing	15 sessions		<ul style="list-style-type: none"><li>Share accumulated know-how's in each specialty areas</li><li>Provide training systems to improve effective communication and collaboration skills</li><li>Enhancing creative problem-solving capacities through collaboration</li></ul>	<ul style="list-style-type: none"><li>Prototype uniformity improvement activities and sharing correlation factor analysis</li><li>Cases of current tire quality defects and improvements</li><li>Research on tire development AI and reviews from overseas trips, such as to Spain's IDIADA</li></ul>

R&D Personnel

NEXEN TIRE's R&D personnels work at four global R&D centers located in Korea, China, Germany, and the USA.

Employees at the R&D Centers

Centers	Unit	2021	2022	2023
Magok R&D Center	Persons	447	360	346
Overseas TC	Persons	113	109	97
Total	Persons	560	469	443

Strengthening R&D Capabilities

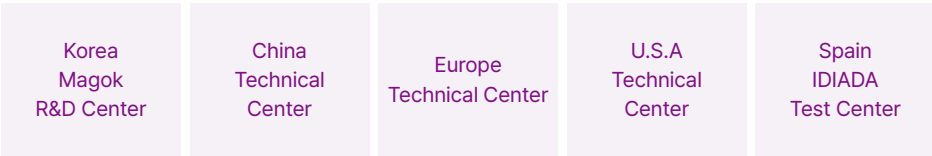
NEXEN TIRE operates various training and motivation-boosting activities to enhance the capabilities of our R&D personnels and to strengthen R&D innovation. Through various training systems, NEXEN TIRE continuously enhances the expertise and capabilities of its employees, and fosters collaboration and knowledge sharing among teams to drive organizational innovation and growth. In 2023, NEXEN TIRE held the 1st R&D Academy program, a 3-month course aimed at strengthening research and development capabilities, and conducting a total of 19 seminars.

# Innovation

## Tire Research and Development Innovation

### Global R&D Network

NEXEN TIRE is developing region-specific products through the global structure of its R&D centers, and is professionally responding to the regional demands of customers. Each individual R&D center of NEXEN TIRE analyzes local road conditions, climate, driving culture, and drivers' habits to develop the optimal product for that region. The research results from each region are shared through Korea's R&D Center, facilitating the effective exchange of diverse knowledge and experiences between regions. Additionally, at the IDIADA Test Center in Spain, we are evaluating the product's performance and are strengthening our capacity to provide directions on further development.



### Continuous Expansion of R&D Investments

NEXEN TIRE is continuously increasing R&D Investment to enhance our competitiveness.

R&D Investment				
Category	Unit	2021	2022	2023
R&D Investment	KRW 100 million	851	905	866

### Response to the Future through Research on Advanced Technologies

NEXEN TIRE conducts advanced research on factors influencing product performance and social issues. We monitor regulations that require future preparation, new materials, and new technology trends, and expand industry-academia- research to apply new materials and technologies in the development process. NEXEN TIRE is continuously striving to enhance our tires' core performance.

#### NEXEN TIRE's Industry-University Cooperation Performance



### Technology Development Using Virtual Reality

NEXEN TIRE is leading innovative changes in the tire industry, pursuing new approaches beyond traditional development methods. Through the active use of virtual development environments and virtual reality technology, we are driving innovative changes across all areas, from product design and manufacturing process to market research and improving customer experiences. In particular, based on virtual reality technology and business agreements with external research institutes, we are continuously strengthening the construction of a tire performance prediction and improvement system using real-time simulation and driving simulators. By utilizing precise tire modeling technology, product design and manufacturing processes, performance evaluations can be replicated indoors, minimizing the influence of external environments. This allows for the evaluation and improvement of performance by reflecting various design variables. Such technological innovations by NEXEN TIRE provide users with a virtual experience similar to real-life, offering benefits of saving cost and time while increasing satisfaction. The successful introduction of virtual tire development processes and virtual reality technology contributes not only to the development of competitive tire technologies but also to environmental protection during the development process, shaping the future of the tire manufacturing industry and leading innovative changes.

# Innovation

## Tire Research and Development Innovation

### MOU signing with the Korea Expressway Corporation Research Institute

NEXEN TIRE signed a memorandum of understanding(MOU) with Korea Expressway Corporation Research Institute in November 2023. The Korea Expressway Corporation Research Institute is currently operating a top-tier driving simulator for the development and dissemination of road traffic safety technology and advanced driver assistance systems. As virtual tires, virtual vehicles, and system operation technologies are essential components in driving simulation, we aim to share technology and infrastructure, expert knowledge, and secure technological competitiveness through strategic cooperation. Such cooperation is expected to lead the technological advancement in the road traffic automotive sector and enhance public interest.

### Product Development Research Applying Artificial Intelligence(AI) Technology

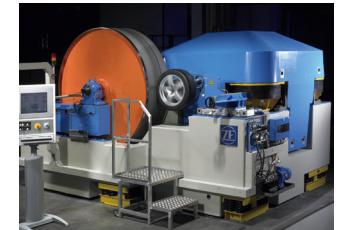
NEXEN TIRE is developing products using AI technology in various areas, including defect detection, big data analysis, and tire performance forecasting.

#### AI Algorithm-Based Program AI PPS Development

Tire performance prediction requires research in various aspects, including tire characteristics, handling, ride comfort, fuel efficiency, NVH and others. During the tire design phase, it is necessary to determine the values of complex design variables such as parts and materials. Moreover, each design variable exhibits significant changes in tire performance depending on the combination and has a trade-off relationship with others, thus requiring complex calculations. Therefore, the application of AI technology is now an essential element in deriving excellent design specifications. Accordingly, NEXEN TIRE developed an AI algorithm utilizing vast amounts of test data accumulated over a long time through PLM(Product Lifecycle Management), and conducted verification of the developed algorithm. We improved accessibility by configuring the UI(User Interface) so that non-AI experts can also use the algorithm easily. Currently, NEXEN TIRE's tire developers are using the AI PPS(AI Performance Prediction System), an algorithm-based program, for performance verification. Through AI PPS, tire developers can predict various performances in a short time with high accuracy. NEXEN TIRE plans to continuously expand the application of AI technology, and as of 2024, we are in the process of building a system that proposes optimal design solutions using XAI(eXplainable AI) technology.

### Utilization of new equipment for Virtual Simulation

In 2023, NEXEN TIRE introduced the Spindle Force measurement tester. In addition to responding to the customer's strategy of 'standardizing tire models and developing system evaluation methods', we are actively utilizing equipment to support testing for the development of virtual simulations related to ride comfort and NVH, creating a conducive environment for research and development.



Spindle Force Tester

# Innovation

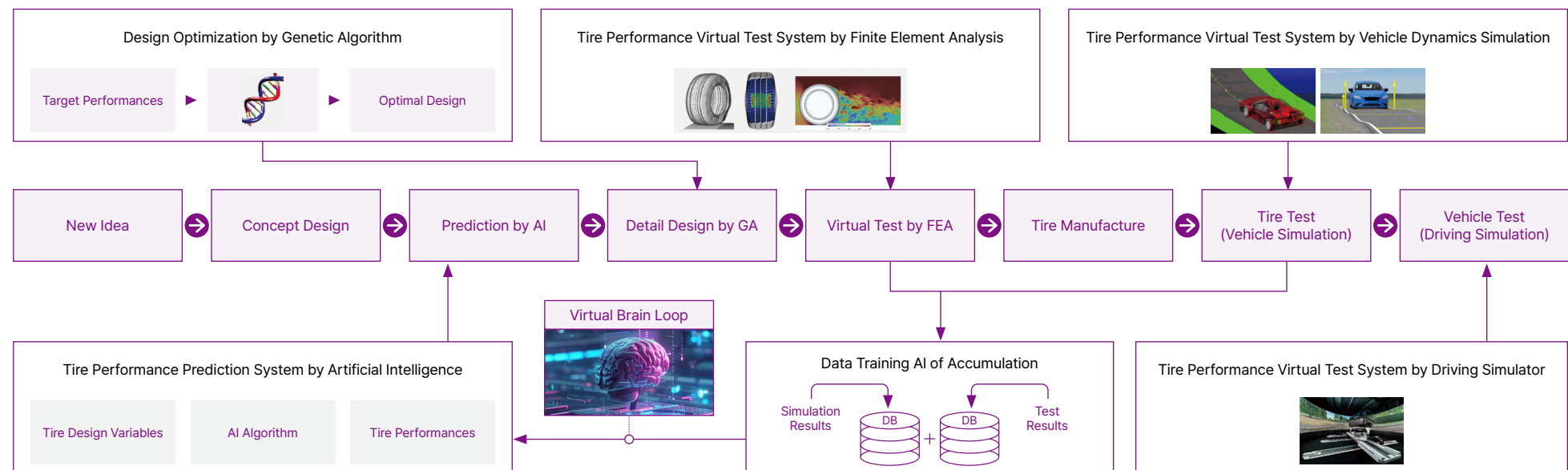
## Tire Research and Development Innovation

### Virtual Tire Development Process

NEXEN TIRE is continuously developing the virtual tire development process to improve tire performance using Artificial Intelligence(AI), Finite Element Analysis(FEA)<sup>1)</sup>, and driving simulation. The tire performance prediction system that applies machine learning technology allows accurate and quick predictions of key performances(fuel efficiency, noise, handling, grounding strength, etc.) considered during tire development at the concept design phase of the tire development process. Based on these results, optimal design is conducted using genetic algorithms, and overall tire performance prediction is carried out using FEA for selected tire versions. Subsequently, vehicle dynamics simulation is performed to predict characteristics from the vehicle's perspective. Finally, we are currently in the process of implementing a driving simulator to simulate real driving conditions and predict tire performance. As we progress beyond the design phase, the accumulated test and prediction data is stored in the PLM(Product Lifecycle Management) system and used as training data for periodic AI learning. NEXEN TIRE plans to continually invest and focus our capabilities on the Virtual Brain Loop, the overall flow of virtual data.

1) Finite Element Analysis: A numerical method that divides structure into a finite number of elements to find an approximate solution.

### Tire Development System in a Virtual Environment, Virtual Brain Loop





# Innovation



## Future Industry Innovation

### Future Industry Innovation Promotion System

In November 2023, NEXEN TIRE established the Future Strategy Team to devise strategies in preparation for the future mobility market. With the goal of operational efficiency, the Future Strategy Team is discovering companies that reflect various items such as sustainable raw materials, manufacturing, distribution, and recycling in their medium to long-term company strategies and value chain, and is analyzing their feasibility.

### Sustainable Technology Investment Strategy

NEXEN TIRE is focusing on discovering and applying sustainable raw materials to minimize environmental impact and is continuously developing sustainable tires technology. We plan to increase investments in sustainable technology by more than 40% by 2035. Additionally, in order to discover innovative technology companies that can provide specific solutions for achieving Net-Zero, we are establishing ongoing relationships with startups from various countries. Through these relationships, we strive to exert positive influence.

### Mobility Market Response Strategy

NEXEN TIRE is establishing a data-based roadmap to prepare for the mobility market and is detailing the specific timing of strategy implementation and key items. Through this, from the perspective of a strategic investor in venture capital operations, we are discovering and analyzing the feasibility of key companies within the mobility ecosystem to build effective collaborative relationships and internalize capabilities that align with future societies.

### Promotion of Business Diversification

NEXEN TIRE is striving to expand its business portfolio and clearly establish the direction for future tires. We are pursuing business diversification from the perspective of financial investors to that of strategic investors. We are examining various entry methods, including greenfield investments, mergers and acquisitions(M&A), strategic alliances, and venture investments. Such strategies are thoroughly reviewed through specific business models and feasibility studies. Once completed, they will be subject to the approval of the Board of Directors, followed by public announcement and IR activities for public information provision.

#### Business diversification promotion



### Exploring Future Opportunities through Next Century Ventures

Next Century Ventures, a corporate venture capital founded by NEXEN TIRE in March 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, 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), and in March 2024, the Company entered into a strategic partnership with the Estonian Aviation Academy to expand its business.



**May Mobility** is a US-based 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 five U.S states and plans to launch services in Detroit and San Francisco by the second quarter of 2024. Additionally, they are expanding their business in Japan with NTT and Toyota within this year.



**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. In the first quarter of 2024, the business expanded to Canada, and in the second half of the year, Automotus plans to enter the international airport business in the U.S.



# ESG Management System

## ESG Management

### ESG Management Strategies

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 framework that integrates with our overall corporate value, and defined directions we pursue in each ESG area. NEXEN TIRE aims to achieve sustainable management through an ESG strategy framework that encompasses the company's mission, vision, and core values.

#### NEXEN TIRE's ESG Strategy System

Mission

Creating Value for Tomorrow, Every Step of the Way

Vision

Next Level Mobility for All

Pillar

Environment

Society

Governance

Strategic  
Direction  
and  
Tasks

Strategic Direction Initiatives

Establish the basis for eco-friendly management

- Establishing an environmental management policy and the organization in charge
- Managing the environmental management performance

Enhance employee happiness

- Improving employee satisfaction
- Expanding the basis for human rights management

Establish transparent governance

- Upgrading the governance system
- Improving social operating systems

Create an eco-friendly ecosystem

- Activating eco-friendly communication
- Strengthening the new eco-friendly business

Expand win-win management

- Implementing responsible supply chain operation
- Improving customer satisfaction and expand social contribution

Strengthen the ESG risk management system

- Strengthening ethical management
- Strengthening internal control and risk management

### ESG Policy

NEXEN TIRE 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, environment, health and safety, and supply chain management.

#### 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, Health and Safety

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 health and safety 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 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 a conflict minerals policy 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.

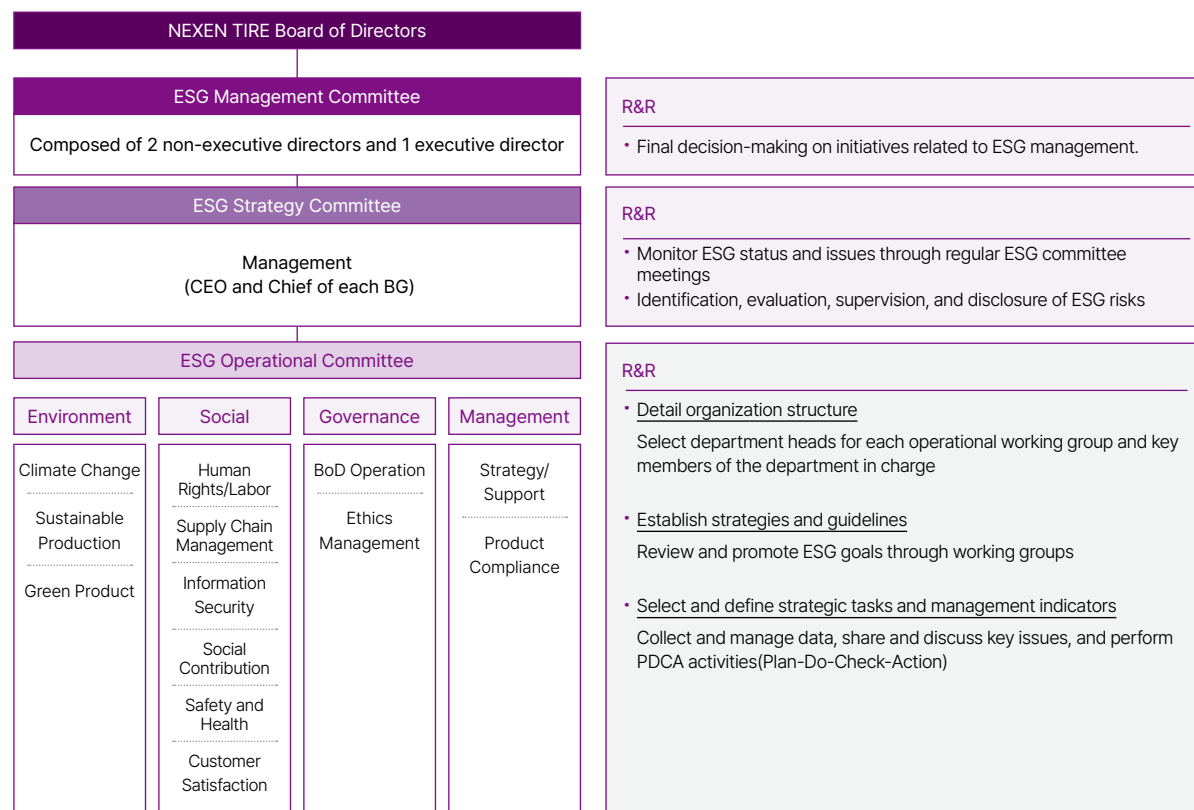
# ESG Management System

## ESG Management

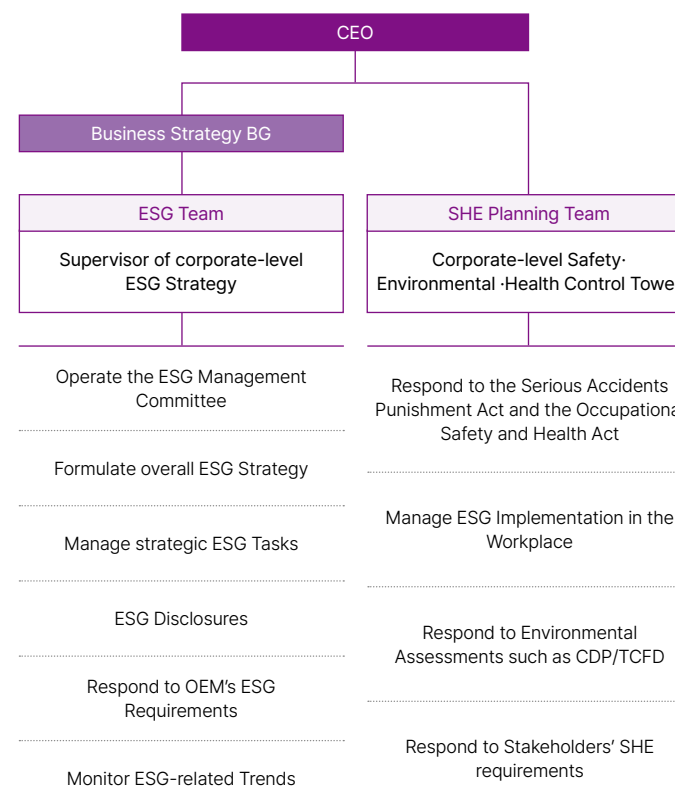
### ESG Decision Making System

NEXEN TIRE established a decision making framework for ESG in 2023 that serves 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. The ESG management committee, established within the board of directors is responsible for making final decisions on key initiatives and overseeing overall ESG management. The ESG Strategy Committee, composed of the COO and chief of each BG(Business Group), holds regular quarterly meetings to review the ESG status and issues, and monitors the implementation of strategic tasks and management indicators of the ESG Operational Committee's working groups.

ESG Committee Organizational Chart



Dedicated Organization to ESG and Environment



# ESG Management System

## ESG Metrics and Goals

### Key Roles and Management Metrics by ESG Operational Committee's working groups

Working groups		Roles	Key Strategic Tasks and Management Metrics	Medium to Long Term Goals and Implementation Performance			
				2030 Goals	Achievement Rate	Achievements in 2023	Action plans for 2024
Environment	Climate Change	Advancement of environmental management implementation system	<ul style="list-style-type: none"> <li>Establishment of environmental management implementation system and policies</li> <li>Setting and implementing carbon neutrality goals</li> <li>Calculation of GHG emissions and, established and implemented reduction goals</li> <li>Internalization of LCA(Life-cycle Assessment) analysis and reduce environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of 42% in Scope 1+2 and 25% in Scope 3 compared to GHG Emissions in 2023</li> </ul>	○○○○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of an environmental management policy</li> <li>Public announcement of carbon-neutral goals(domestic worksites by 2039, overseas worksite by 2045</li> <li>Completion of GHG emissions source inspection at domestic and Chinese plants</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of greenhouse gas reduction goals through pursuing membership in SBTi</li> <li>Internalization of GHG Emissions calculation across all worksites(scope: Scope 1, 2, 3)</li> <li>Establishment of LCA calculation methods</li> </ul>
	Sustainable Production	Building sustainable worksites	<ul style="list-style-type: none"> <li>Minimization of emission of pollutants</li> <li>Reduce and optimize energy consumed</li> <li>Reduction in water consumption and increase in recycled water consumption</li> <li>Compliance with environmental law and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of emissions of pollutants across all worksites</li> </ul>	●○○○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of biodiversity policy</li> <li>Inspection of emission sources of pollutants at all worksites</li> <li>Investments in facilities for reducing energy consumption</li> <li>Installation and enhancement of dust collectors to reduce emission of air pollutants</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of recycling water usage and management plans</li> <li>Review the introduction of ZWTL to reduce waste emissions</li> </ul>
	Green Product	Expanding sales of eco-friendly products	<ul style="list-style-type: none"> <li>Increase in the application rate of sustainable raw materials</li> <li>Increase in the ratio of certified eco-friendly products and services</li> </ul>	<ul style="list-style-type: none"> <li>Application of 40% sustainable raw materials</li> <li>65% sales of eco-friendly products</li> </ul>	●●●○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of sustainable product policy</li> <li>Development of concept tires using 52% sustainable raw materials</li> <li>Redefine the definition of eco-friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of goals for the use of sustainable raw materials(40% in 2030)</li> <li>Establishment of medium to long-term sales goals for eco-friendly products(65% in 2030)</li> </ul>
Social	Human Rights/Labor	Building a sustainable working environment	<ul style="list-style-type: none"> <li>Establishment of human rights management system and policies</li> <li>Establishment of human rights risks assessment system and implementation of improvement tasks</li> <li>Expansion of female manager ratio to ensure employee diversity</li> <li>Guarantee of freedom of association</li> </ul>	<ul style="list-style-type: none"> <li>Internalization of human rights impact assessments</li> <li>The ratio of female managers is more than 10%</li> </ul>	●●●○○	<ul style="list-style-type: none"> <li>Human rights management, establishment and public announcement of DE&amp;I policy</li> <li>Conducting human rights impact assessment in 2023 and implementation of improvement tasks</li> <li>Enhancement of internal employee capabilities related to diversity(UNGC's business and human rights accelerator, participation in working groups)</li> </ul>	<ul style="list-style-type: none"> <li>Establishment and internalization of evaluation system for a regular human rights impact assessment</li> <li>Setting goals for female manager ratio to secure diversity(10% in 2030)</li> </ul>
	Supply Chain Management	Expanding win-win management through responsible supply chain operations	<ul style="list-style-type: none"> <li>Establishment of supply chain-related policies</li> <li>Implementation of supplier ESG assessment</li> <li>Advisory support on ESG management for supplier</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular ESG assessment for supply chain</li> <li>Publication of NEXEN TIRE's supply chain management report.</li> </ul>	●●○○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of suppliers' Code of Conduct and sustainable procurement policy</li> <li>Conducting ESG evaluations for suppliers and provide advisory support through field inspection</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of supply chain ESG assessment system and expansion of evaluation targets</li> <li>Supplementation of procurement policy reflecting ESG assessment results</li> </ul>

# ESG Management System

## ESG Metrics and Goals

### Key Roles and Management Metrics by ESG Operational Committee's working groups

Working groups		Roles	Key Strategic Tasks and Management Metrics	Medium to Long Term Goals and Implementation Performance			
				2030 Goals	Achievement Rate	Achievements in 2023	Action plans for 2024
Social	Information security	Enhancement of information security and management system	<ul style="list-style-type: none"> <li>Establishment of information security system and policy</li> <li>Expansion of certification rate of information security system</li> <li>Monitoring of risk of information security incident and management of certification rate</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining zero certification rate in information security incident</li> </ul>	●●●●●	<ul style="list-style-type: none"> <li>Establishment and public announcement of information security policy</li> <li>Maintenance of information security system certification(TISAX)</li> <li>Maintaining zero privacy breaches</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining zero certification rate in information security incident</li> <li>Expand training to prevent cyber terrorism, including hacking, for executives and employees</li> </ul>
	Social Contribution	Expanding social contribution to practice win-win management	<ul style="list-style-type: none"> <li>Establishment of social contribution promotion strategies and policies.</li> <li>Expansion of employee participation in volunteering activities.</li> </ul>	<ul style="list-style-type: none"> <li>Promoting social contribution activities based on medium to long-term planning</li> </ul>	●○○○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of donation and supporting policies</li> <li>Operate a non-face-to-face volunteer activity program for employees</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a social contribution strategy system for all worksites</li> </ul>
	Safety and Health	Enhancement of employee health and safety	<ul style="list-style-type: none"> <li>Establishment of health and safety implementation system and policies</li> <li>Establishment of a medium to long-term roadmap for preventing serious accidents</li> </ul>	<ul style="list-style-type: none"> <li>Advancement of the health and safety management system</li> </ul>	●○○○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of a health and safety management policy</li> <li>Establishment of a roadmap for preventing serious accidents</li> </ul>	<ul style="list-style-type: none"> <li>Review of system introduction for systematic health and safety management</li> </ul>
	Customer Satisfaction	Operating a response system to enhance customer satisfaction	<ul style="list-style-type: none"> <li>Establishment of customer satisfaction and quality management policy</li> <li>Provision of product safety information to consumers</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of certification related to customer satisfaction</li> </ul>	○○○○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of customer satisfaction and quality management policy</li> </ul>	<ul style="list-style-type: none"> <li>Review of methods to provide information related to consumer safety</li> </ul>
Governance	BoD Operation	Establishing transparent governance structures Improving the Board of Directors' operating system and advancing the governance system	<ul style="list-style-type: none"> <li>Establishment of policies for transparent BoD Operation</li> <li>Discussion and resolution of ESG-related issues within the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Operating the Board of Directors that ensures independence, diversity, and expertise</li> </ul>	●●●○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of policies on independence, diversity, and expertise of the Board of Directors</li> <li>Public announcement of the corporate governance charter</li> <li>Reporting two ESG-related issues and completing one resolution within the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Review of improvement plans through analysis of requirements related to internal and external operations of the Board of Directors</li> </ul>
	Ethics Management	Strengthen the ESG risk management system Strengthen ethical management Strengthen internal control and risk management	<ul style="list-style-type: none"> <li>Establishment of ethical management policies</li> <li>Expand training to enhance employee ethical awareness</li> </ul>	<ul style="list-style-type: none"> <li>Obtain certification related to anti-corruption and compliance management</li> </ul>	●●○○○	<ul style="list-style-type: none"> <li>Establishment and public announcement of ethical management and Code of Ethics</li> <li>Establishment and public announcement of NEXEN TIRE's policy for no harassment and sexual harassment in the workplace</li> <li>Regular newsletter distribution to enhance ethical awareness</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of ethical management training to strengthen employee ethical awareness</li> </ul>





# MATERIAL TOPICS

Double Materiality Assessment .....	025
Topic 1. Development of Eco-Friendly Products and Sustainable Raw Materials .....	027
Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management .....	032
Topic 3. Supplier ESG Management .....	044

# Double Materiality Assessment

## Double Materiality Assessment Methodology

### Criteria of Double Materiality Public Announcement

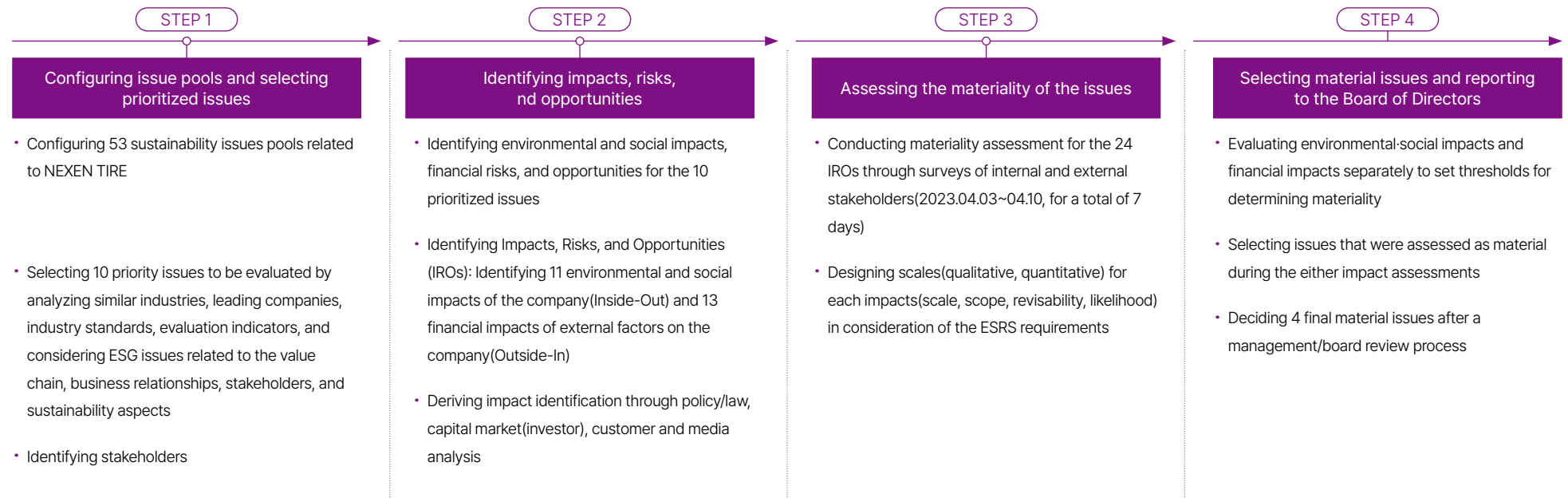
NEXEN TIRE selected material issues that affect the company's business and the stakeholders by applying the Double Materiality concept required by the GRI(Global Reporting Initiative) Standards, an international sustainability reporting guideline, and the ESRS(European Sustainability Reporting Standards). We have derived material issues for each impact, considering both the environmental and human impact of a company's business activities(social/ environmental impact, impact materiality) and the financial and business impact(financial risk and opportunities, financial materiality).

### Stakeholder Participation and Public Announcement of Material Issues

To derive 2023 material issues, we identified internal and external stakeholders relevant to NEXEN TIRE's sustainability activities. Stakeholder opinions were reflected based on written feedback and surveys during Steps 2 and 3 of the process of the double materiality assessment. NEXEN TIRE's response activities and plans for the derived material issues are disclosed on pages 27~50 of the report. Considering similar impacts and response strategies, we edited into three report sections and structured in the format of governance, strategy, risk management, and metrics and goals according to the ISSB Framework.

### Process of the Double Materiality Assessment

To ensure objectivity of the double materiality assessment, NEXEN TIRE conducted the assessment with external experts and incorporated stakeholder opinions in advance. Continuous discussions were held throughout the process, and the results of the final selection of material issues were reported to the Board of Directors for final confirmation.





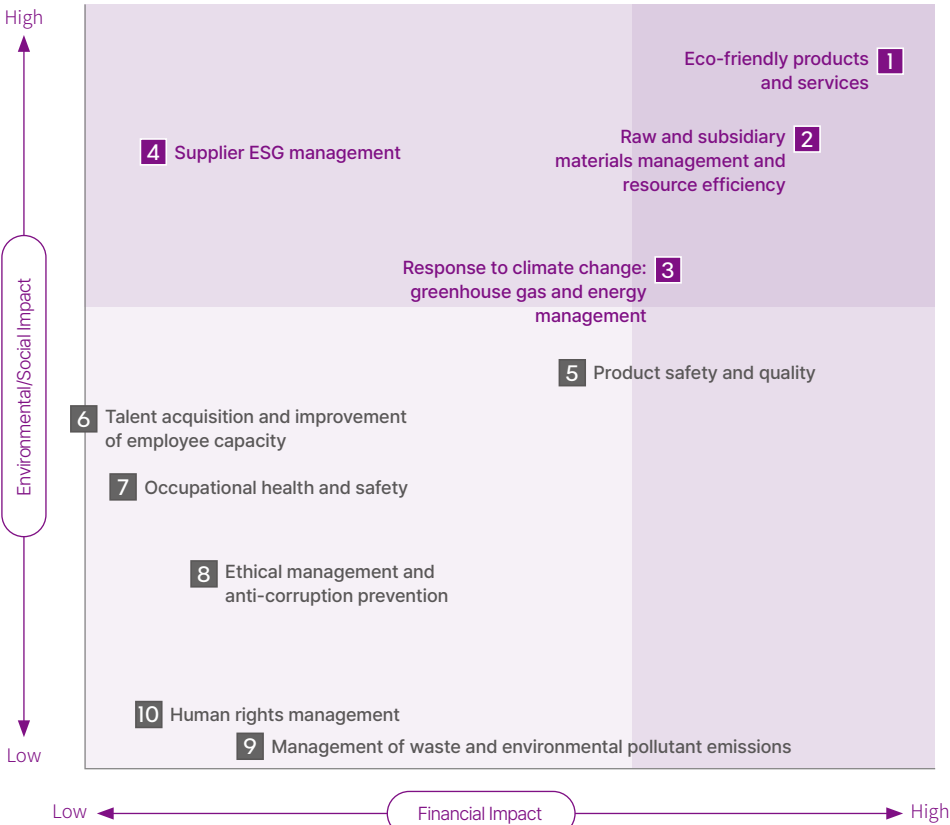
# Double Materiality Assessment

## 2023 Double Materiality Assessment Results

### Comprehensive Results of Double Materiality Assessment

NEXEN TIRE individually analyzed the environmental, social, and financial impacts related to its value chain. As a result, 4 issues have been identified as material issues for NEXEN TIRE in 2023: eco-friendly products and services, raw and subsidiary materials management and resource efficiency, response to climate change and supplier ESG management.

Double Materiality Assessment Matrix



2023 NEXEN TIRE Material Issues

●●● High ●●○ Mid ●○○ Low						
Rank	Area	Issue	Materiality of environmental and social impacts	Materiality of financial impacts	Change in rank from previous year	GRI
1	E	Eco-friendly products and services	●●●	●●●	▲ 7	302
2	E	Raw and subsidiary materials management and resource efficiency	●●●	●●●	(New)	301, 306
3	E	Response to climate change: greenhouse gas and energy management	●●●	●●●	-	302, 305, 306
4	S	Supplier ESG management	●●●	●○○	▲ 4	308, 414
5	S	Product safety and quality	●●○	●●○	▽ 4	416, 417
6	S	Talent acquisition and improvement of employee capacity	●●○	-*	▲ 3	401, 404
7	S	Occupational health and safety	●●○	●●○	▽ 1	403
8	G	Ethical management and anti-corruption prevention	●○○	●○○	(New)	205, 206
9	E	Management of waste and environmental pollutant emissions	●○○	●○○	▽ 7	303, 306
10	S	Human rights management	●○○	●○○	▽ 3	402, 405-411

\*In the case of talent acquisition and improvement of employee capacity, it was excluded from the identification of financial risks and opportunities by comparing its materiality with other issues.



# Topic 1. Development of Eco-Friendly Products and Sustainable Raw Materials

## In Brief

### Material Issue 1. Eco-Friendly Products and Services



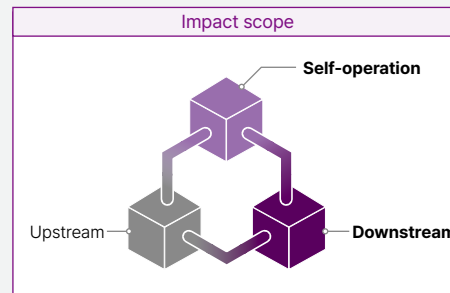
NEXEN TIRE sells products with low environmental impact throughout the production and disposal stages, and continues to develop eco-friendly products and invest in new facilities.

Definition of Impact	Inside -Out	Impact	Contribute to reducing indirect greenhouse gas emissions through selling energy-efficient tires and producing electric vehicles	Long-term
	Outside -in	Risk	Increase in costs and liabilities due to continuous development and investment	Short-term
		Opportunity	Increase in sales of eco-friendly products and future cash flow	Mid-term

#### Response strategy to the impact of NEXEN TIRE

We define eco-friendly product policies and produce products that comply with regional environmental regulations and car makers' requirements. We identify and monitor risks and opportunities, and established a sustainable technology development management organization to strengthen NEXEN TIRE's eco-friendly products and services.

Related stakeholders
Customer



#### Measures to respond to impacts in 2023

01	Advance eco-friendly product development/management process
02	Redefine eco-friendly products to reflect environmental changes
03	Expand research and sales of eco-friendly tires
04	Conduct external cooperation and research to comply with EURO 7 regulations

#### Sales goals and performance of eco-friendly products

65% (FY2030)

→ In 2023, achieved a 33.7% sales share for eco-friendly products relative to our total sales.

### Material Issue 2. Raw and Subsidiary Materials Management and Resource Efficiency



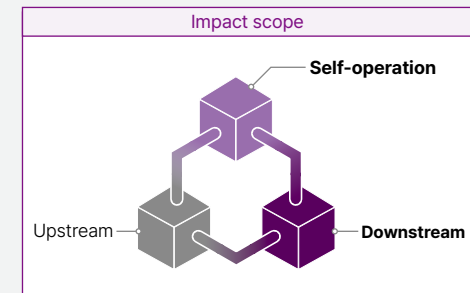
By developing new material and new technologies, we reduce the use of raw and subsidiary materials and enhance resource efficiency by using sustainable raw materials and recycling raw and subsidiary materials.

Definition of Impact	Inside -Out	Impact	Contribute to the conservation of direct and indirect natural capital and minimization of negative environmental impacts	Long-term
	Outside -in	Risk	Increase in purchase costs and liabilities for products manufactured from raw materials that are petroleum/chemical products	Short-term

#### Response strategy to the impact of NEXEN TIRE

To minimize the environmental impact of our products during the manufacturing process, we research, develop, and utilize sustainable raw materials in our production process. In 2023, we will systematically enhance resource efficiency by establishing targets for sustainable raw material usage relative to the total amount of raw materials used.

Related stakeholders
Customer
Government
Local Community



#### Measures to respond to impacts in 2023

01	Discover sustainable raw materials
02	Expand percentage of sustainable raw materials input
03	Develop tires using sustainable raw materials
04	Establish sustainable raw materials input goals

#### Goals for usage rate of sustainable raw materials

40% (FY2030)

→ In 2023, achieved 24.9% use of sustainable raw materials out of total raw materials used.

# Topic 1. Development of Eco-Friendly Products and Sustainable Raw Materials

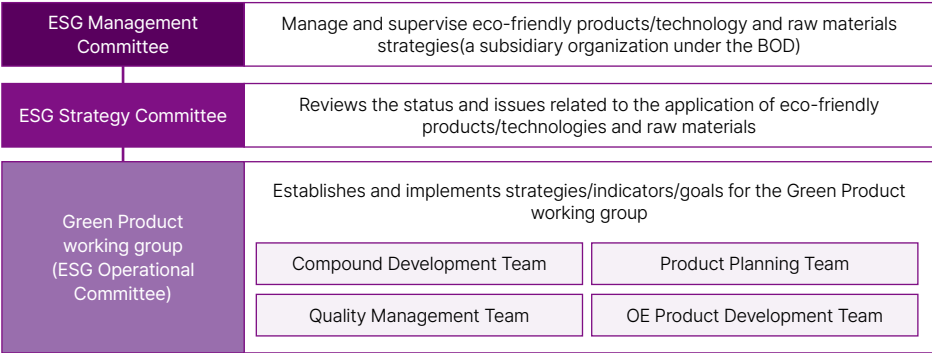


## I. Governance

### Operation of the Green Product Working Group

NEXEN TIRE is organizing and operating a green product working group in 2023 for sustainable business. The working group holds monthly regular meetings to share strategies related to eco-friendly products and sustainable raw materials, including the status of development of eco-friendly raw material. The Green Product working group reports the discussion points of the working group meetings to the ESG Strategy Committee, which is composed of the management, and important issues are reported to, managed, and supervised by the ESG Management Committee, an organization under the Board of Directors.

#### Eco-Friendly Product Governance



### Linking Executive Performance and Compensation

NEXEN TIRE has established a KPI related to the development of eco-friendly raw materials to expand the development and use of eco-friendly products and sustainable raw materials, which is reflected in management's performance evaluation. Since 2023, KPIs related to sustainable raw material development have been established and operated as KPIs for the department head of the Green Product working group.

## II. Strategy

### Sustainable Product Policy

NEXEN TIRE has established a sustainable product policy that applies to all relevant departments involved in the process from raw material extraction to disposal, including marketing, R&D, raw materials, purchasing, manufacturing, usage, and disposal. This policy focuses on environmental aspects such as the use of environmental raw materials, recycling or renewable materials, the adoption of renewable energy, and activities to reduce environmental impact. Additionally, we encourage all suppliers and stakeholders to implement this policy.

### Eco-Friendly Product Policy

NEXEN TIRE has advanced the definition of eco-friendly products and redefined the scope of eco-friendly products as follows: ① products that maximize vehicle range(low rolling resistance) and incorporate low-noise design to prevent noise pollution, ② products with improved wear performance to reduce tire dust, and ③ products that reflect sustainable raw materials. We plan to expand the proportion of eco-friendly products and introduce dedicated products while establishing goals to meet CO<sub>2</sub> reduction targets, tighten rolling resistance requirements, and minimize tire dust in line with strengthening environmental regulations.

#### Definition of Eco-Friendly Products

NEXEN TIRE defines eco-friendly products as follows:

- 1 Energy-efficient and noise-reducing products:** products that maximize the vehicle range(low rolling resistance) and incorporate low-noise design to prevent noise pollution.
- 2 Products with improved wear performance:** products with enhanced wear performance to reduce tire dust
- 3 Products manufactured using sustainable raw materials**

#### Sales Performance of Eco-Friendly Products in 2023

Sales quantity of eco-friendly products

12,625 thousand units

Sales of eco-friendly products

KRW 906.1 billion

Percentage of eco-friendly products compared to sales

34%

# Topic 1. Development of Eco-Friendly Products and Sustainable Raw Materials



## II. Strategy

### Identified Risk and Opportunity Related to Eco-Friendly Products and Sustainable Raw Materials

NEXEN TIRE has identified key risk and opportunity related to products and raw materials, and is developing eco-friendly products and sustainable raw materials to respond to them.

Risk/Opportunity Factors		Impact	Impact on Business/Finance	Short/Medium/Long-term	Response
Risk	Policy	<ul style="list-style-type: none"> <li>Tire dust regulation of EURO 7 scheduled to take effect in 2025</li> </ul>	<ul style="list-style-type: none"> <li>Increase in research and development costs for tire wear</li> <li>Increase in development costs for eco-friendly production technologies</li> </ul>	Short-term	<ul style="list-style-type: none"> <li>Monitor tire regulations such as the EURO 7</li> <li>Prepare for the introduction of an efficient tire development environments using virtual simulation technology</li> </ul>
		<ul style="list-style-type: none"> <li>Increase in carbon emission costs for the petrochemical sector due to the strengthening of the carbon emissions trading schemes and the implementation of the Carbon Border Adjustment Mechanism(CBAM)</li> </ul>	<ul style="list-style-type: none"> <li>Increase in product production costs due to the transfer of purchasing costs of petrochemical product raw materials such as synthetic rubber and carbon black</li> <li>Increase in development costs for sustainable raw materials</li> </ul>	Medium/Long-term	<ul style="list-style-type: none"> <li>Participate in internal and industry-academia joint research for the development of sustainable raw materials including recycled materials</li> <li>Set a goal of utilizing 40% sustainable raw materials by 2030</li> </ul>
	Market/Environment	<ul style="list-style-type: none"> <li>Decrease in natural rubber production due to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Increase in purchasing costs of natural rubber</li> <li>Decrease in production due to reduced supply of natural rubber</li> </ul>	Medium/Long-term	<ul style="list-style-type: none"> <li>Join and participate in the Global Platform for Sustainable Natural Rubber(GPSNR)</li> </ul>
	Market	<ul style="list-style-type: none"> <li>Increase in production demands for eco-friendly tires from customers</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet customer requirements resulting in lost contracts</li> <li>Increase in costs for developing eco-friendly production technologies</li> <li>Rise in tire manufacturing costs</li> <li>Increase in purchasing costs of eco-friendly raw materials</li> </ul>	Short/Medium/Long-term	<ul style="list-style-type: none"> <li>Develop and sell noise-reducing and high-efficiency tires</li> <li>Secure technology for manufacture of eco-friendly raw materials and eco-friendly tires</li> <li>Plan for efficient transitions into eco-friendly tires</li> </ul>
Opportunity	Technology	<ul style="list-style-type: none"> <li>Increase in demand for electric vehicles-specific tires from car makers and general consumers due to the expansion of the electric vehicles market</li> </ul>	<ul style="list-style-type: none"> <li>Increase in research and development costs for electric vehicles-specific tires</li> </ul>	Medium/Long-term	<ul style="list-style-type: none"> <li>Expand supply through developing technology and products for electric vehicles-specific tires</li> <li>Expand electric vehicles-specific tire brands</li> <li>Develop replacement(RE) electric vehicle-specific platform tires</li> </ul>
	Market	<ul style="list-style-type: none"> <li>Increase in demand for products with eco-friendly characteristics such as eco-friendly raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Rise in sales of eco-friendly tires</li> </ul>	Medium/Long-term	<ul style="list-style-type: none"> <li>Expand participation in eco-friendly tire OE projects to secure market share(M/S) for eco-friendly tires</li> <li>Launch eco-friendly tire brands</li> </ul>

# Topic 1. Development of Eco-Friendly Products and Sustainable Raw Materials



## II. Strategy

### Roadmap for the Development of Eco-Friendly Products

From raw materials to production and disposal, NEXEN TIRE is continuously expanding its research and development efforts across various fields to minimize the environmental impact of its products. For the development of sustainable raw materials, we are recycling waste products and researching raw materials that do not affect the ecosystem and resource depletion, acquired from bio-based sources. Additionally, as tires are critical components directly related to user safety and require several years of development, we actively utilize virtual tire development and AI technologies to reduce the resources used and waste generated during this process. This technological development is expected to reduce the number of trial car tires disposed of and allow for research into a broader range of performances. In 2023, NEXEN TIRE achieved the development of tires applying 52% sustainable raw materials and plans to continuously strive for the development of eco-friendly products and invest in eco-friendly technology and research and development.

### Roadmap for the Development of Sustainable Raw Materials

NEXEN TIRE aims to source 40% of its raw materials from sustainable sources by 2030 and 100% of its raw materials by 2045. To achieve this, NEXEN TIRE is exploring a variety of natural raw material-based raw materials such as synthetic rubber, green silica, natural resins and oils using raw materials derived from bio-sources, including natural oils that can replace conventional oil and mineral resources. In addition, we are conducting research to apply waste tires and recycled materials from various industries as raw materials for tires.

NEXEN Tire plans to achieve the target of using 40% sustainable raw materials by 2030 by first applying synthetic rubber, silica, bead wire, and PET cord, which have low barriers to entry, and then gradually secure carbon black, chemicals, oil, steel cord, and textile cord through additional research and development. All raw materials will be replaced with sustainable raw materials by 2045.

In 2023, a total of 24.9% of NEXEN TIRE's raw materials used were sustainable, an increase of 1.7%p from 2022(23.2%). In the short term, NEXEN TIRE plans to keep pace with customer demands for the use of sustainable raw materials, while using raw materials that are competitively priced to prevent the higher cost of sustainable raw materials from being passed on to users. In the long term, we will continue to introduce competitive products to the RE market to accelerate the transition.

## III. Risk Management

### Risk Management and Management System of Sustainable Raw Materials

As the importance of sustainability emerges, external stakeholders are increasingly demanding and regulating the environmental friendliness of products. NEXEN TIRE continues to develop sustainable raw materials to minimize environmental impact at the production, sales, and use stages, and has set medium to long-term goals for the application rate of sustainable raw materials. The Green Product working group shares the status of sustainable raw material development through monthly meetings, analyzes possible risks such as expected cost increases and stabilization of raw material supply and demand, and reports the issues to the ESG Strategy Committee, which is composed of executives, to discuss countermeasures.

#### Performance Related to Sustainable Raw Materials in 2023

Percentage of sustainable materials used compared to total raw materials used

24.9%

Exploration of reusable/recycled raw materials

17 types, 34 ea

# Topic 1. Development of Eco-Friendly Products and Sustainable Raw Materials

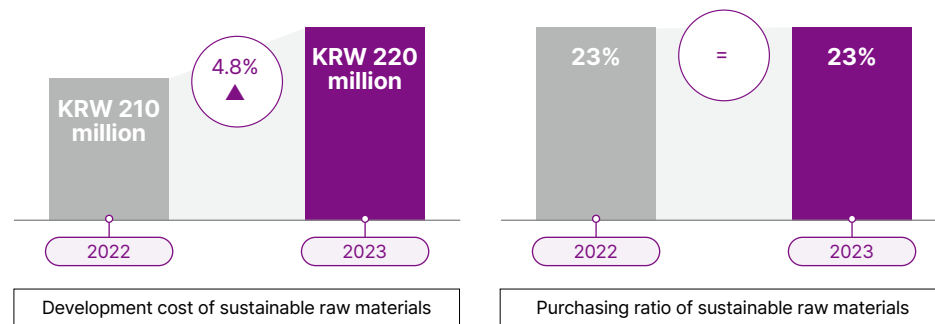


## IV. Metrics and Goals

### Sustainable Raw Materials Development Indicators

NEXEN TIRE is striving to find ways to apply recycled and renewable raw materials to expand the proportion of sustainable raw materials. In 2023, the purchase of sustainable raw materials was approximately KRW 196 billion, accounting for 23% of total raw material purchases.

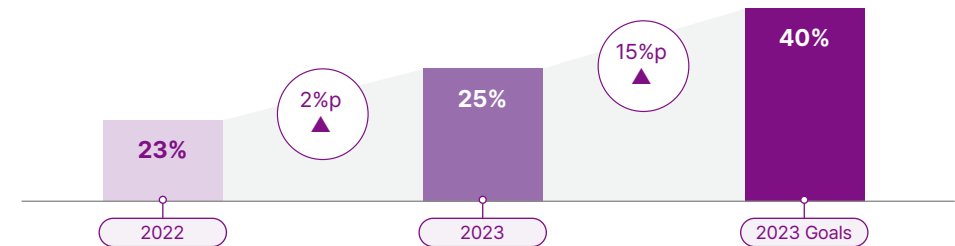
Development cost and purchasing ratio of sustainable raw materials (Scope: All manufacturing plants)



### Sustainable Raw Materials Procurement Goals

NEXEN TIRE established a roadmap for the use of sustainable raw materials in December 2023 and aims to apply 40% of all raw materials to sustainable raw materials by 2030 and 100% by 2045.

Application rate of sustainable raw materials and medium to long-term goals(based on weight) (Scope: All Manufacturing plants)



### Percentage of Eco-Friendly Products Sold

In the future, we plan to manage and continuously increase the proportion of eco-friendly products and targets that meet CO2 reduction targets, rolling resistance requirements, and minimizing tire dust in line with strengthening environmental regulations.

Category		Unit	2021	2022	2023*	2030
Total sales		KRW million	2,079,407	2,597,424	2,701,720	65% of total sales
Eco-Friendly Products	Amount	1,000 ea	3,070	5,963	12,625	
	Sales	KRW million	148,132	337,302	906,104	
Percentage of eco-friendly products compared to total sales		%	7.1	13.0	33.5	

\* Reflected the revised definition of eco-friendly products since 2023

#### What is sustainable raw material?

Sustainable raw materials are those that can be used without depleting non-renewable resources and causing environmental destruction, taking into consideration their impact on the environment, economy, and society as a whole throughout their lifecycle from production to disposal. They can be broadly categorized into two types: renewable raw materials, which are continuously produced from renewable sources, and recycled raw materials, which are produced from materials recovered from discarded products.

#### Status of Sustainable Raw Material Usage

- Recovered carbon black, recycled PET cord, rice husk silica, and bio-oil
- Various natural raw materials, including natural rubber, green silica, natural resins and oils etc.

# Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



## In Brief

### Material Issue 3. Response to Climate Change: Greenhouse Gas and Energy Control Management



NEXEN TIRE minimizes risks related to climate change by reducing both direct and indirect GHG Emissions and managing energy consumption throughout the entire value chain, from raw materials procurement to product production, use, and disposal.

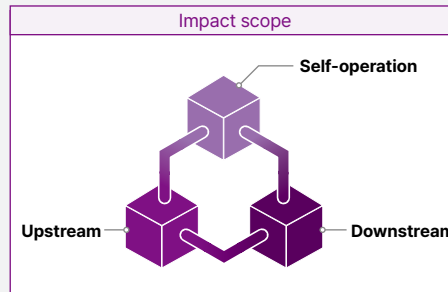
Definition of Impact	Inside-Out	Impact	Increase in extreme weather events and natural disasters delay achievement of carbon emissions reduction goals.	Medium to Long-term
	Outside-in	Risk	Increase in costs and liabilities due to investment in energy-saving facilities and purchase costs of emission rights and renewable energy power	Short-term

### Response strategy to the impact of NEXEN TIRE

To join the global climate change response, including the Paris Climate Agreement, we have established climate change-related governance to manage our energy and greenhouse gas emissions. We analyze and evaluate transition and physical risks based on scenario analysis to identify and monitor risks and opportunities, and implement strategies to achieve carbon neutrality and RE100 goals.

#### Related stakeholders

Customer   Government   Local Community



### Measures to respond to impacts in 2023

01	Establish highest decision-making body for carbon neutrality
02	Conduct scenario analysis on transition and physical risks
03	Expand purchase of renewable energy power
04	Monitor energy consumption targets and performance by manufacturing plants

#### Greenhouse gas emissions reduction goal

42.0% (FY2030)

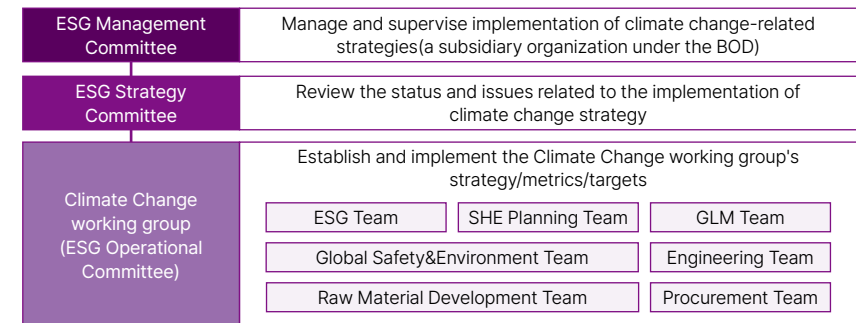
→ Established GHG emissions reduction goals compared to GHG emissions(scope 1+2) in 2023

## I. Governance

### Climate Change Governance

NEXEN TIRE has established the ESG Management Committee under the Board of Directors to manage and supervise climate change response from the highest decision-making body. The ESG Strategy Committee under the ESG Management Committee and the Climate Change working group for practical consultation are established to implement and manage climate change response goals on site. On a quarterly basis, the Climate Change working group reports the goals and implementation details to the ESG Strategy Committee, which in turn reports to the ESG Management Committee. NEXEN TIRE has established a GHG inventory for corporate-level climate change management, assigning a person in charge of source management, monitoring, and accounting for each production site and organizing an organizational chart. We have revised the GHG Management Procedures to respond to climate change risks and manage monthly and annual GHG emissions to strive for a more systematic response to climate change.

#### Climate Change Governance



## II. Strategy

### Climate Change Related Policies

#### Environmental Management Policy

In June 2023, NEXEN TIRE established an environmental management policy that encompasses responsibilities of the ESG Strategy Committee and ESG Operational Committee regarding environmental management and strategies for climate change response such as carbon emission, enhancing energy efficiency, and expanding the use of renewable energy.

## Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



### II. Strategy

#### Identified Risks and Opportunities Related to Climate change

NEXEN TIRE conducts annual risk assessments to identify and address material management issues related to climate change. The risks and opportunities identified as a result of the assessment are as follows:

Risk/Opportunity Factors		Impact	Impact on Business/Finance		Short/Medium/Long-term	Response
Transitional Risks	Policies and Regulations	<ul style="list-style-type: none"> <li>Increase in CER(Certified Emission Reductions) purchasing fees due to strengthened GHG emission regulations and policy enactment in various countries</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the paid allocation of CER(Certified Emission Reductions)</li> <li>Increase in CER(Certified Emission Reductions) purchasing fees</li> </ul>	Cost	Short-term	<ul style="list-style-type: none"> <li>Perform activities related to energy and greenhouse gas reduction at each business sites</li> <li>Purchase low-cost CER(Certified Emission Reductions)'s.</li> </ul>
		<ul style="list-style-type: none"> <li>Strengthening regulations on carbon neutrality, such as the EU Directive on Corporate Sustainability Due Diligence, Carbon Border Adjustment Mechanism(CBAM) and Digital Product Passport(DPP)</li> </ul>	<ul style="list-style-type: none"> <li>Increase in costs for regulatory compliance</li> <li>Occurrence of fines and sales restrictions due to non-compliance</li> </ul>	Cost	Medium/Long-term	<ul style="list-style-type: none"> <li>Monitor laws/regulatory trends continuously</li> <li>Share information with relevant departments and establish response plans upon announcement of new regulations</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>Increase in demand for electric vehicles-specific tires due to the expansion of the electric vehicles market</li> </ul>	<ul style="list-style-type: none"> <li>Increase in R&amp;D expenses for electric vehicles-specific tires</li> </ul>	Cost	Medium/Long-term	<ul style="list-style-type: none"> <li>Expand supply through the development of technologies and products for electric vehicles-specific tires</li> <li>Expand tire brands for electric vehicles</li> </ul>
		<ul style="list-style-type: none"> <li>Increase in demand for reduction of carbon emissions throughout the product lifecycle</li> </ul>	<ul style="list-style-type: none"> <li>Increase in R&amp;D expenses for eco-friendly technology</li> <li>Increase in costs for constructing low-carbon production facilities</li> </ul>	Cost	Medium/Long-term	<ul style="list-style-type: none"> <li>Introduce development of technologies to reduce carbon emissions during the manufacturing process</li> <li>Adopt and internalize life-cycle environmental impact assessment calculation techniques</li> </ul>
	Market	<ul style="list-style-type: none"> <li>Increase in customer demand for eco-friendly tire production</li> </ul>	<ul style="list-style-type: none"> <li>Increase in costs of RE100 implementation</li> <li>Increase in demand for carbon footprint calculation by product</li> <li>Loss of contracts due to failure in fulfilling customer requirements</li> </ul>	Cost	Short/Medium/Long-term	<ul style="list-style-type: none"> <li>Commit to reduce carbon emissions in product production</li> <li>Plan product-specific LCA analysis</li> </ul>
Physical Risks	Reputation	<ul style="list-style-type: none"> <li>Strengthening score/grades evaluation criteria by ESG evaluation agencies</li> <li>Decrease in initiative score/grades related to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in investments due to declines in scores/grades</li> <li>Decline in company awareness levels due to lower scores/grades</li> </ul>	Sales	Short/Medium/Long-term	<ul style="list-style-type: none"> <li>Disclose environmental management performance through GHG external verification and CDP</li> <li>Arrange to join SBTi</li> </ul>
	Acute	<ul style="list-style-type: none"> <li>Increase in occurrence of disasters around worksites due to increased abnormal temperature phenomena</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in sales due to reduced production</li> </ul>	Sales	Short-term	<ul style="list-style-type: none"> <li>Conduct regular workplace safety inspections and repairs</li> <li>Organize specialized crisis response teams for fire, gas, electricity, etc.</li> <li>Create an emergency response manual and conduct response drills and education</li> </ul>
	Chronic	<ul style="list-style-type: none"> <li>Decrease in natural rubber production due to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Increase in purchase costs of natural rubber</li> <li>Decrease in production due to reduced supply of natural rubber</li> </ul>	Cost/Sales	Medium/Long-term	<ul style="list-style-type: none"> <li>Join and participate in the Global Sustainable Natural Rubber Supply Chain Management Platform(GPSNR)</li> </ul>
Opportunity	Market	<ul style="list-style-type: none"> <li>Respond to the greenhouse gas emissions trading system</li> </ul>	<ul style="list-style-type: none"> <li>Generate revenue through the surplus of CER(Certified Emission Reductions) sales</li> </ul>	Sales	Short-term	<ul style="list-style-type: none"> <li>Activities to reduce energy and greenhouse gas at worksites to sell surplus CER(Certified Emission Reductions)'s.</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>Increase in need for development of technologies reflecting increasing temperature variations</li> </ul>	<ul style="list-style-type: none"> <li>Incurrence of investment costs in developing tire technologies that reflect climate change</li> </ul>	Cost	Short/Medium/Long-term	<ul style="list-style-type: none"> <li>Collect and search big data to predict winter tire sales and adjust production rates</li> <li>Continue development of tires with unique characteristics to adapt to environmental changes caused by climate change</li> </ul>



# Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management

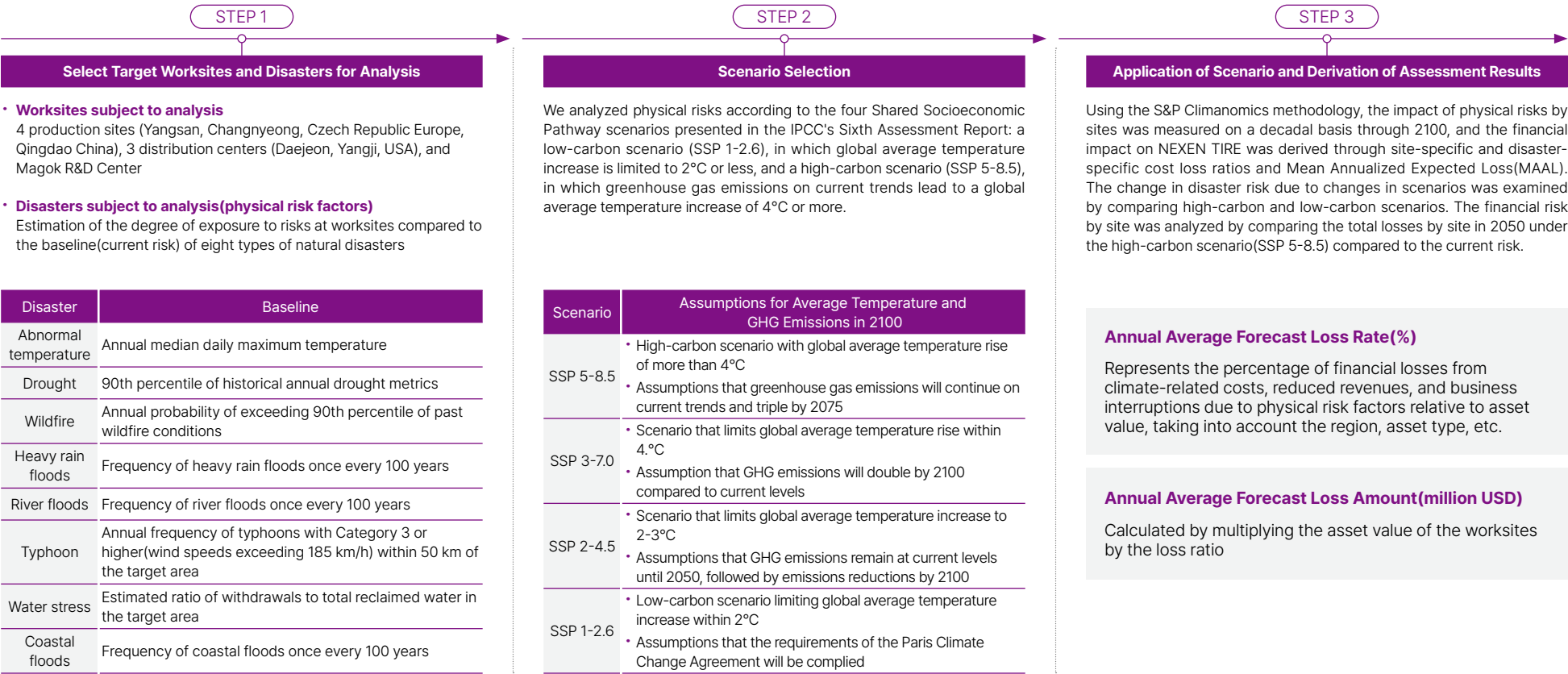


## II. Strategy

### Physical Risk Analysis and Assessment Results

NEXEN TIRE conducted a scenario analysis to assess the risk and financial impact of acute and chronic extreme weather events due to climate change on its operations. To elaborate the analysis, S&P Global Climonomics methodology developed in accordance with the IPCC 6th Report was used to quantitatively measure the financial impact of eight physical risk factors on NEXEN TIRE. The analysis included four domestic and international production sites(Yangsan, Changnyeong, Europe, and Qingdao), three logistics centers(Daejeon, Yangji, and the USA), and the Magok R&D Center. The impact of physical risk was analyzed by calculating the Modeled Average Annual Loss(MAAL) for each site.

#### Physical Risk Assessment Procedures





# Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



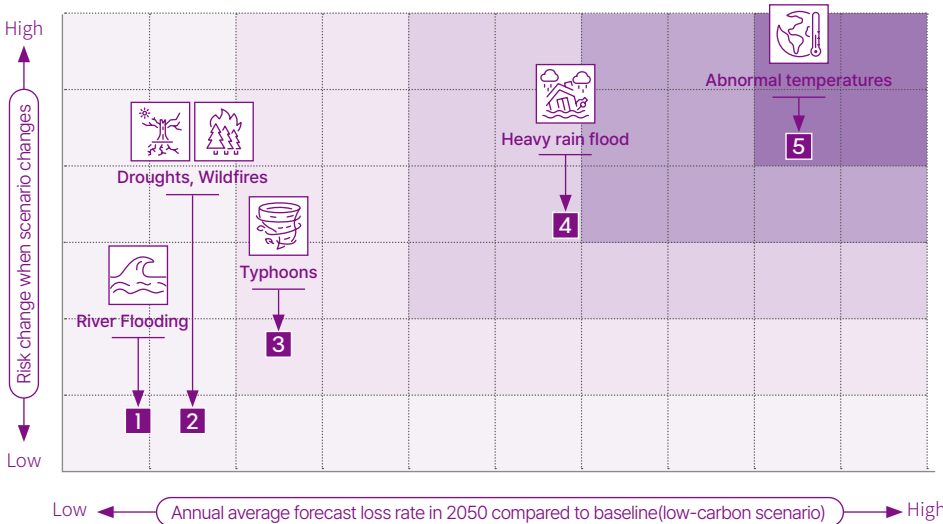
## II. Strategy

### Physical Risk Analysis and Assessment Results

#### Analysis Results

Based on the climate scenarios, we analyzed the impact of each disaster for eight sites, and found that NEXEN TIRE is affected by extreme temperatures, heavy rainfall flooding, river flooding, wildfires, typhoons, and droughts, in that order. All sites are exposed to the risk of extreme temperatures and heavy rainfall flooding disasters, with the highest level of change in risk from a low carbon(SSP1-2.6) to a high carbon scenario(SSP5-8.5), with the highest level of change in risk from extreme temperatures. When looking at the year-by-year trends, the average annual cost of disaster losses across all sites shows an upward trend by 2050 in all four scenarios. Linked to geographic location, extreme temperature risk is expected to continue to have a significant impact on major operations. While all sites show the largest losses from extreme temperatures, Magok R&D Center has the highest exposure, reflecting the high cost of cooling and heating relative to the asset value and the nature of its location in the metropolitan area.

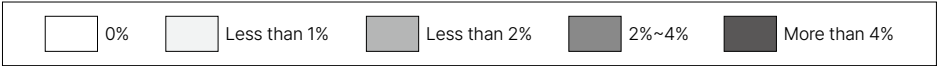
Scenario-based average annual predicted loss rate and risk<sup>1)</sup>



1) Change in the annual average forecast loss rate per disaster when switching from a low-carbon scenario(SSP1-2.6) to a high-carbon scenario(SSP5-8.5)

Scenario-based average annual predicted loss rates by major facilities and disasters in 2050 (Unit: %)

Disa-ster	Abnormal temperature		Heavy rain flood		Typhoon		Wildfire		Drought		River flooding	
	Low Carbon	High Carbon	Low Carbon	High Carbon	Low Carbon	High Carbon	Low Carbon	High Carbon	Low Carbon	High Carbon	Low Carbon	High Carbon
Magok	3.89	5.24	0.37	0.6	0.01	0.01	-	-	-	0	0.37	0.59
Yang-san	1.33	2.01	0.34	0.54	0.05	0.08	0.09	0.13	0	0.01	-	-
Chang-nyeong	1.45	2.12	0.38	0.61	0.03	0.04	0.08	0.15	0	0.01	-	-
Europe	1.48	2.17	0.16	0.24	-	-	-	-	0.04	0.06	-	-
Qing-dao	1.52	1.99	0.22	0.33	0.02	0.02	-	-	0	0.01	-	-



## Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



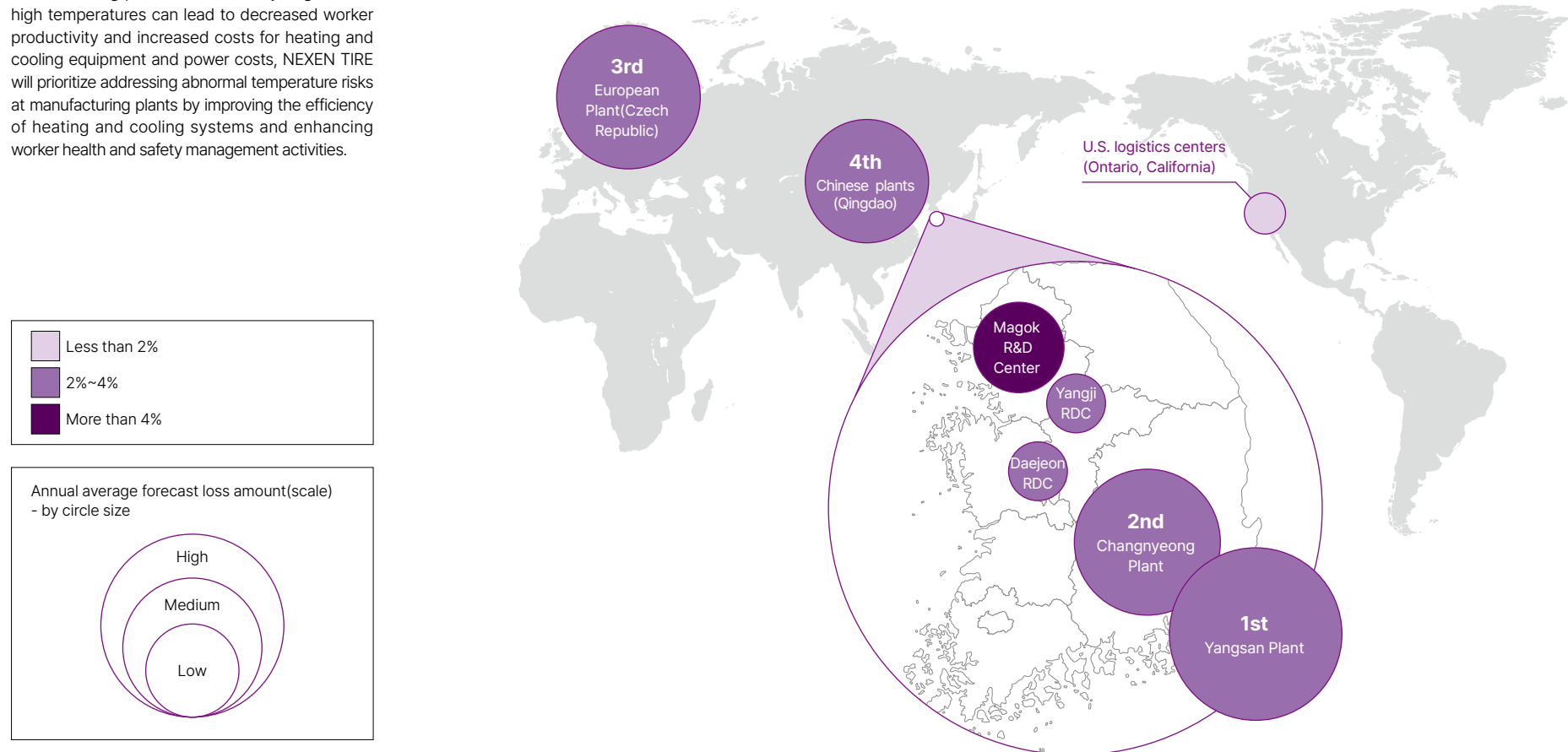
### II. Strategy

#### Physical Risk Analysis and Assessment Results

##### Assessment Results

The results of aggregating the annual average costs by worksite reveal that the cost scale of manufacturing plants was relatively large. Since high temperatures can lead to decreased worker productivity and increased costs for heating and cooling equipment and power costs, NEXEN TIRE will prioritize addressing abnormal temperature risks at manufacturing plants by improving the efficiency of heating and cooling systems and enhancing worker health and safety management activities.

Annual average forecast loss amount by worksite(based on a high-carbon scenario for 2050)



# Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



## II. Strategy

### Analysis and Assessment Results of Transition Risks

#### Conducting Analysis of Carbon Price Risk

To reduce greenhouse gas emissions that contribute to climate change, governments worldwide, including those in Korea, have established Nationally Determined Contributions(NDCs) as targets for greenhouse gas reduction. They are managing national GHG Emissions through emission trading schemes or carbon tax systems targeting worksites and corporations. As a company subject to the domestic emission trading scheme, NEXEN TIRE measures and verifies its carbon emissions annually and strives to minimize carbon price risks.

NEXEN TIRE conducted scenario analysis on carbon pricing risks to review external policy risks related to climate change. The analysis covered four domestic and overseas plants owned by NEXEN TIRE(Yangsan, Changnyeong, Europe, Qingdao) and three logistics centers(Daejeon, Yangji, USA) along with the Magok R&D Center, totaling eight sites. Using the transition risk analysis tool provided by S&P Climonomics, the cost risks associated with carbon pricing were derived. The carbon prices per year are based on the four SSP scenarios used in the IPCC sixth assessment report, and the scenarios are broadly divided into five regions<sup>1)</sup>, applying different carbon prices accordingly.

As of 2023, the annual average forecast carbon costs were measured as a financial impact by multiplying the carbon price with the Scope 1+2 carbon emissions per worksite. This report contains the analysis results for the four manufacturing plants with higher cost losses among the eight analysis targets, under high-carbon and low-carbon scenarios for carbon price risks in 2050.

#### Scenario-specific policy implementation levels and carbon pricing conditions

Scenario	Carbon Pricing Scenario
SSP 5-8.5 (High-Carbon Scenario)	<ul style="list-style-type: none"><li>• A low-intensity policy scenario where greenhouse gas emissions and climate change-related policies are not implemented as per current trends</li><li>• Assumes carbon prices range from about \$8/ton to \$82/ton by 2100, averaging about \$29/ton by 2050</li></ul>
SSP 1-2.6 (Low-Carbon Scenario)	<ul style="list-style-type: none"><li>• A high-intensity reduction scenario, implementing policies to reduce greenhouse gas emissions to limit temperature rise to within 2°C by 2100</li><li>• Assumes carbon prices range from about \$8/ton to \$880/ton by 2100, averaging about \$180/ton by 2050</li></ul>

1) OECD, REF(Eastern Europe and former Soviet countries), ASIA(East Asia and most Asian countries excluding former Soviet countries), MAF(Middle East and Africa), LAF(Latin America and the Caribbean)

#### Analysis Results

The carbon price risk analysis shows that Yangsan Plant has the highest average annual predicted carbon cost, which is due to the highest carbon emission level of Yangsan Plant among the four production sites. Compared to the high-carbon scenario, the carbon price risk increases by about 6.4 times in the low-carbon scenario, which means that the company is exposed to greater carbon risk in the event of tighter carbon regulations.

The carbon price per ton is 1.66 times higher in Europe than in Korea and China under the low-carbon scenario, and we have plans to expand production capacity in Europe. Currently, Qingdao and European production sites are not subject to carbon regulations, but we will continue to reduce carbon emissions by reducing energy usage across all production sites and sourcing renewable energy to prepare for future financial risks.

#### Climate Resilience

NEXEN TIRE is discussing key response measures through regular monitoring and meetings via the Climate Change working group to secure climate resilience against potential natural disasters around our worksites due to climate change. For domestic plants, we have established procedures for managing business continuity operations and developed a response action plan for recovery in the event of a disruptive incident. To manage risks caused by abnormal temperatures, we inspect cooling and heating facilities monthly, improve the efficiency of cooling and heating systems through inspection and repair of refrigeration equipment throughout the process, and continuously replace old cooling and heating equipment. In addition, Yangsan Plant is preparing for potential increases in fuel prices by maximizing supply of external STEAM. Furthermore, NEXEN TIRE is establishing a real-time monitoring system to prevent risks caused by heavy rain and floods, organizing and operating a company-wide flood response team, and forming ad-hoc TFT organizations to conduct inspections inside and outside the worksites by dividing them into preliminary/focused management periods. Furthermore, at the Changnyeong production facility, a flood prevention system has been established through the installation of reservoirs to prevent flooding within the site. At the Yangsan Plant, the existing drainage impermeable wall were reinforced and expanded in 2020, and flood barriers were installed at each factory entrance to prepare for flooding. This initiative was followed by the completion of flood barrier installations in front of the external substation in 2023. In 2023, KRW 1.9 billion was invested in roof waterproofing at manufacturing plants to prevent leaks, and an investment of KRW 2.3 billion is planned for 2024.

Based on the results of this analysis, we plan to continue to strengthen risk management for abnormal temperatures, heavy rain, and floods by considering climate resilience. We also intend to expand these practices to our overseas worksite and establish related procedures and response measures.

## Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management

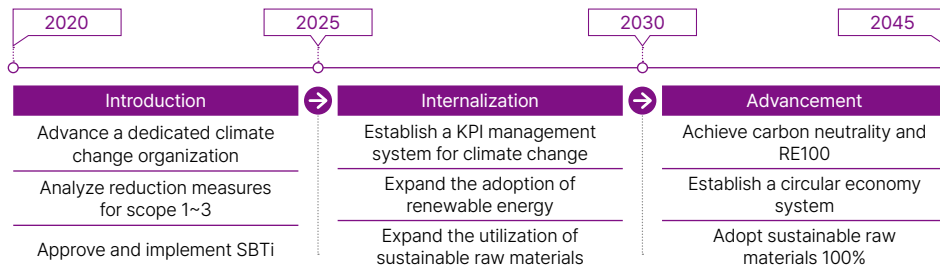


### II. Strategy

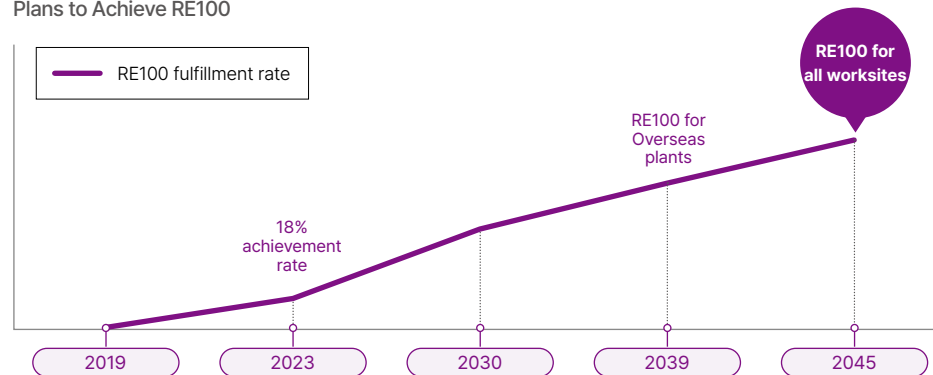
#### Establishment of the Net-Zero Roadmap

NEXEN TIRE is exploring ways to achieve Net-zero across all worksites to reduce carbon emissions, which has a serious impact on the climate crisis. We are aiming to reduce carbon emissions by 42% by 2030 and achieve carbon neutrality by 2045 for domestic operations and 2039 for overseas operations.

##### Net-Zero Roadmap



##### Plans to Achieve RE100



#### Establishment of the RE100 Roadmap

NEXEN TIRE has established a medium to long-term carbon neutral roadmap for systematic implementation and has formed a dedicated climate change organization to carry out strategic tasks related to climate change. Currently, we have implemented 18% of RE100 as of 2023 through the purchase of green premium for **domestic plants** and I-REC and G.O for **overseas plants**, and plan to expand the introduction of renewable energy through self-generation and PPA in the long term.

#### Purchase of Renewable Energy Power

NEXEN TIRE is striving to achieve RE100 in order to actively respond to climate change and has purchased renewable energy certificates equivalent to about 18% of the total electricity consumption of all manufacturing sites in 2023.

**Domestic plants(Yangsan and Changnyeong)** have participated in the Green Premium system since 2021, the year of implementation, and have purchased renewable energy power. Through this, both Yangsan and Changnyeong plants achieved an RE100 fulfillment rate of 6% in 2023. **The Qingdao plant** is striving to achieve RE100 by purchasing I-REC, and achieved an RE100 fulfillment rate of 76% in 2023. **European plants** are implementing RE100 through GO purchases and have achieved an RE100 fulfillment rate of 6% in 2023.

##### Status of achieving RE100 through the purchase of renewable energy certificates

(Unit: GWh, %)

Category	Method of fulfillment	2021			2022			2023		
		Energy consumption	Purchased renewable energy amount	Fulfillment Rate	Energy consumption	Purchased renewable energy amount	Fulfillment Rate	Energy consumption	Purchased renewable energy amount	Fulfillment Rate
Yangsan	Green Premium	163.7	0	0%	172.0	10.0	6%	172.7	10.0	6%
Changnyeong	Green Premium	126.9	0.1	0.1%	128.5	6.7	5%	133.5	7.6	6%
Qingdao	I-REC	82.5	0	0%	74.8	50.0	67%	83.3	63.0	76%
Europe	GO	64.4	0	0%	66.7	0.5	1%	72.7	4.4	6%
Total		437.5	0.1	0.0%	442.1	67.2	15%	462.2	85.0	18%

# Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



## II. Strategy

### Energy Consumption Diagnosis at Worksites

NEXEN TIRE is conducting an assessment of energy usage at all domestic and overseas plants. We select priorities by considering the possible introduction period, investment cost, and expected effects of each reduction plan according to the emission source. We apply reduction measures and monitor monthly emissions performance and goals by worksites, and if goals are not met, we review improvement measures based on cause analysis. Additionally, we transparently disclose our environmental management performance annually through external verification of GHG Emissions and CDP.

#### Energy Audit

In **the domestic plants(Yangsan, Changnyeong)**, we manage greenhouse gas emissions by establishing a greenhouse gas inventory for each manufacturing plant, and have designated teams in charge of managing GHG emission sources and monitoring GHG emissions. In addition, we have established QA/QC procedures for calculating and reporting greenhouse gas emissions and frequently revise them when changes occur to manage monthly and annual greenhouse gas emissions trends by greenhouse gas emission source. Greenhouse gas emissions are being managed in relation to the production volume through the management of the emission source's unit basis.

In **the Qingdao plant**, an energy audit was conducted in 2018 in accordance with government regulations, and a workplace energy management plan was established for the first half of the year(summer, winter), based on which the energy consumption of the worksites is managed.

In **the European plant**, energy audit is conducted every four years by TUV- SUD in accordance with the Czech legislation of 2021-2022 (40/2021 Sb , EA Typ 2.). Based on the results of the energy audit conducted in May 2022, we have established medium and long-term energy saving action plans and will continue to invest in energy savings to proactively respond to climate change.

### Energy-saving Activities at Manufacturing Plants

#### Energy Saving Activities at Worksites

NEXEN TIRE identifies and implements energy-saving activities and measures at domestic and overseas manufacturing plants through energy-saving activities and meetings. In the tire manufacturing process, the curing process involves high temperature and pressure, which requires sufficient ventilation due to the steam (fume) generated during tire production. To minimize energy consumption and greenhouse gas emissions, NEXEN TIRE explored options by adopting vapor cooling systems for the curing process. At our **Yangsan site**, 76 units have been installed from 2019 to 2023, and will be installed in the entire curing process by 2026. At our **European sites**, we are operating optimized energy-efficient systems with inverters in most of our production facilities. These activities are reducing the energy used in our production facilities.

#### Energy saving measures at plants

- 1 Diagnosis and replacement of faulty steam trap
- 2 Insulation work on equipment piping with heat loss
- 3 Maintenance of boilers
- 4 Replacement of LED lights

#### Energy saving activities effect at domestic plants(Yangsan, Changnyeong) in 2023

Project name and number of cases	Energy source	Reduction amount	Savings (KRW million /year)	Annual Reduction (tCO <sub>2</sub> eq)
Replacement of old compressors and 6 other cases	Electricity	1,673.4 MWh	169.9	791
Insulation work on equipment piping with heat loss and 2 other cases	LNG	29,339 Nm <sup>3</sup>	41.7	63
Disruption management of supply of idle equipment steam	Steam	17,925 kg	34.4	3
Total greenhouse gas reductions in 2023(11 cases total)				857

## Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



### II. Strategy

#### Energy Efficiency at Worksites

##### Replacement and operation with high-efficiency equipment

**The Yangsan Plant** was selected as a candidate for the "Reduction Equipment Support Project for companies participating in the Emissions Trading System" organized by the Korea Energy Management Corporation in 2022, and replaced the existing old reciprocating compressor with a speed-variable Screw Compressor. The newly introduced compressor is a VSD(Variable Speed Drive) drive, which is expected to save about KRW 200 million in electricity costs per year by eliminating wasteful factors such as 'unloading' by operating at different speeds according to the amount of compressed air load changes at the site.

The new compressor at **Changnyeong Plant** 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. The energy-saving activities will be funded through self-financing and government-supported projects.

**The Qingdao Plant** is operating a project in which outdated Y-series motors are replaced with Y3E-series high-efficiency motors each year. In 2023, 12 Y-series motors of 55KW or less were replaced. Additionally, to prevent energy loss, the RPCC(Reactive Power Compensation Cabinet) was upgraded, reducing energy consumption.

**The European Plant** is applying LSS(Load Sharing System) and operating four inverter-type compressors and one screw compressor. This system minimizes excessive air production through alternate operation and reduces the operating power of compressors, thereby expecting a reduction in carbon emissions.

##### Improving Process Energy Efficiency

**The Yangsan Plant** is running a proposal program to improve energy efficiency and reduce carbon emissions through productivity enhancement and energy saving. The program classifies grades based on energy saving amount and the possibility of horizontal deployment, awarding accordingly. Major achievements in 2023 include standardizing the mixer equipment cycle through PLC software improvements in the refining process and reducing energy consumption through improved energy efficiency such as replacing fluorescent lights in all processes and offices with high-efficiency certified LED lights, replacing old condensers and reactors, and managing ESS facilities to effectively reduce consumption during peak load times.

**The Changnyeong Plant** continuously checks and inspects whether efficiency has improved through replacement of transformers whose efficiency has decreased due to aging and precision diagnosis of power distribution facilities. In 2023, KRW 250 million was invested annually to pursue process energy efficiency improvements. NEXEN TIRE continues to seek ways to enhance energy efficiency and reviews and applies energy-saving technology cases used domestically and internationally, continuously strengthening efforts to improve energy efficiency and reduce carbon emissions.



## Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



### II. Strategy

#### Energy Efficiency at Worksites

##### Minimization of Energy Leakage

At the **Domestic plants(Yangsan, Changnyeong)**, we are contributing to the reduction of greenhouse gas emissions by minimizing energy leaks through various measures. These include inspections of cooling tower inverters, long-term operational shutdown vulcanizer valve, changing condensate water recovery lines, insulation work on uninsulated parts, and maintenance of piping and steam facilities. These efforts result in fuel and energy savings, ultimately helping to reduce greenhouse gas emissions.

In the **Qingdao plant**, monthly inspections/cleaning of steam traps and replacements, along with continuous checks and remuneration of air leakage and steam leakage, have reduced electricity and LNG usage. Additionally, enhancements in piping and valve insulation covers have further reduced LNG usage.

At our **European plant**, we continue to replace old steam traps and insulate steam pipes to minimize energy leakage and heat losses in the process. We are conducting case studies on how to reuse waste steam discharged from boilers, and plan to proceed with these cases by establishing investment plans for each year in the future. In addition, we are using Spirax Sarco to diagnose the steam insulation part through thermal imaging cameras once a year and minimize steam leakage through periodic steam trap management.

##### Reviewing the Application of FEMS(Factory Energy Management System)

The **Yangsan plant** participated in the energy management system infrastructure construction support project hosted by the Korea Energy Management Corporation in 2021, and established compressed air measurement infrastructure to minimize compressed air leaks and minimize the energy consumption of air compressors and dryers for each process equipment. Our Yangsan Plant monitored the compressed air consumption amount in relation to the production volume for each facility up until August 2022 throughout the infrastructure 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 quickly 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.

The **Changnyeong plant** plans to apply for a government-supported project selection contest in 2024, and with the introduction of the FEMS, it will be possible to prevent energy losses by immediately discovering wasteful elements and taking timely action through a monitoring system that can analyze the usage and efficiency of each use based on energy types such as fuel, electricity, steam, water, and air. The investment cost will be approximately 400 million won, and will be funded through self-financing and government support.

#### 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 m<sup>2</sup> 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 building's central green space, the Courtyard, and the multi-helix green roof-like promenade that surrounds it were realized as a place of continuous idea expression that connects the spaces, especially the ground floor to the third floor, which is open as a public space for employees, residents, and the local community to interact. As an R&D control tower and hub that integrates European Institute of Technology in Germany, the American Institute of Technology, and the China Institute of Technology, THE NEXEN univerCITY reflects NEXEN's identity and values.

## Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management

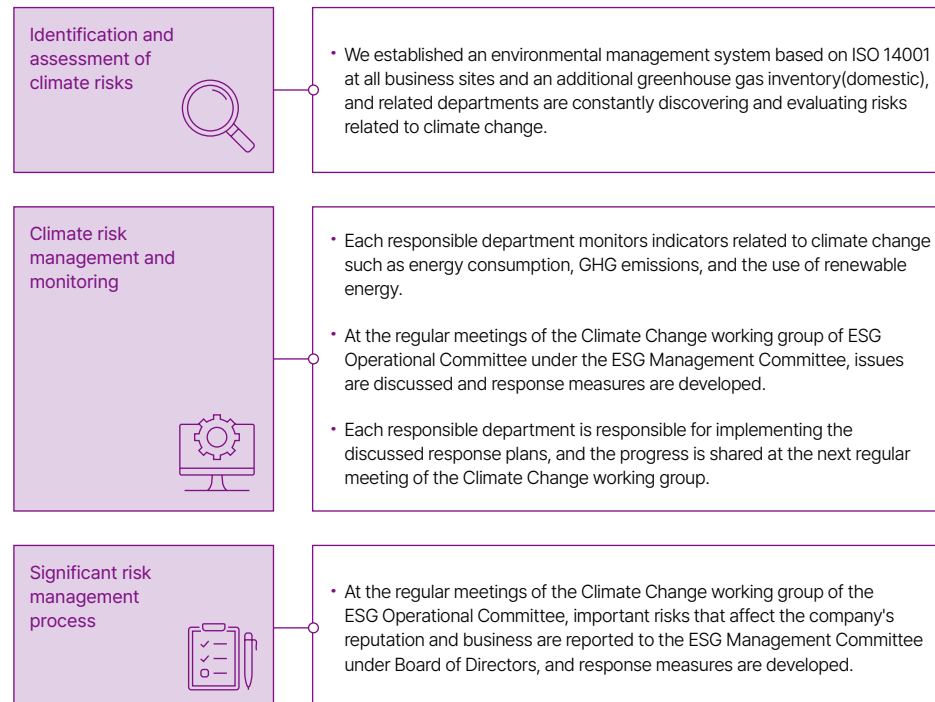


### III. Risk Management

#### Climate Risk Management Process

All NEXEN TIRE's worksites are certified under the ISO 14001 environmental management system, which serves as a basis for continuously assessing climate-related risks. Additionally, domestic worksites have designated division managers for each source of greenhouse gas emissions to periodically monitor risks associated with climate-related laws and regulations. When an issue arises, the Climate Change working group of the ESG Operational Committee prepares a response plan, and when a significant issue occurs, it is reported to the ESG Management Committee and a response plan is prepared. NEXEN TIRE reports identified potential risks, including climate risks, by department to the ESG Strategy Committee for company-wide risk management.

#### NEXEN TIRE Climate Risk Management Process

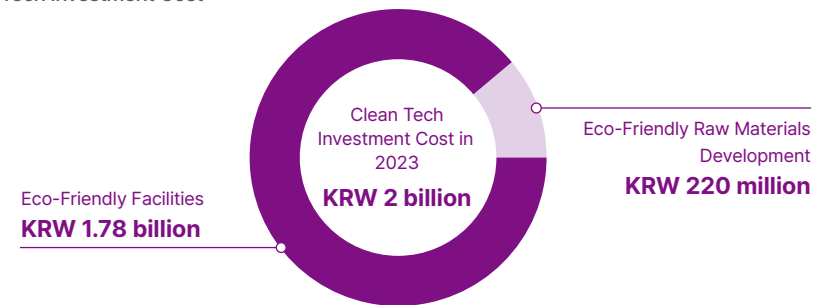


### IV. Metrics and Goals

#### Continuous Clean Tech Investments

NEXEN TIRE invests annually in energy-saving facilities and eco-friendly facilities and manages these investments. In 2023, investments were made in replacing outdated facilities and high-efficiency energy devices to save energy, and improvements were made in emission reduction facilities for eco-friendly facilities. We will continue to invest in clean tech every year and make continuous efforts to reduce the impact on the external environment.

#### Clean Tech Investment Cost



#### GHG Emissions at Worksite(Scope 1 + 2)

NEXEN TIRE is annually calculating and managing the direct and indirect greenhouse gas emissions from our worksites, and is exploring various ways to reduce greenhouse gases through facility investment, facility improvement, and introduction of new technologies.

#### GHG Emissions

Category	Unit	2021	2022	2023
Scope 1	tCO <sub>2</sub> eq	67,533	72,872	66,860
Scope 2	tCO <sub>2</sub> eq	300,763	291,846	316,256
Total	tCO <sub>2</sub> eq	368,296	364,719	383,116

## Topic 2. Response to Climate Change: Greenhouse Gas and Energy Management



### IV. Metrics and Goals

#### Scope 3 GHG Emissions

NEXEN TIRE has established its own Scope 3 calculation tool using the GHG Protocol and estimated emissions for nine categories. We collect the necessary basic data for each category and use this data to calculate emissions. We have participated in the SBTi to build a more accurate calculation method and enhance reliability for Scope 3 emissions alongside Scope 1 and 2 emissions, and are promoting verification within the period.

#### Scope 3 GHG Emissions

Category	Unit	2023 Emissions
Category 1	Purchased product or service	tCO <sub>2</sub> eq
		957,604
Category 2	Capital goods	tCO <sub>2</sub> eq
		3,026
Category 3	Fuel and Energy-Related Activities not included in Scope 1, 2	tCO <sub>2</sub> eq
		208,848
Category 4	Upstream Transportation and Distribution	tCO <sub>2</sub> eq
		72,078
Category 5	Disposal generated in Operation	tCO <sub>2</sub> eq
		1,006
Category 7	Employee commuting	tCO <sub>2</sub> eq
		21,579
Category 9	Downstream Transportation and Distribution	tCO <sub>2</sub> eq
		74,522
Category 11	Use of Sold Products	tCO <sub>2</sub> eq
		8,316,542
Category 12	End-of-Life Treatment of Sold Products	tCO <sub>2</sub> eq
		47,980
Total	tCO <sub>2</sub> eq	9,703,185

#### Emissions Target Management by Each Production Plant

The GHG emissions for domestic plants(Yangsan, Changnyeong) in 2023 were 212,619 tCO<sub>2</sub>eq, achieving the emissions target of 216,312 tCO<sub>2</sub>eq by 3,693 tCO<sub>2</sub>eq.

#### GHG emissions target and performance in domestic plants

Category	Unit	Target Emissions	Actual Emissions	Changes
Yangsan Plant	tCO <sub>2</sub> eq	131,046	126,975	-4,071
Changnyeong Plant	tCO <sub>2</sub> eq	85,266	85,644	378
Total	tCO <sub>2</sub> eq	216,312	212,619	-3,693

#### Climate Control metrics and Internal Carbon Pricing

NEXEN TIRE currently applies KPIs for fuel usage, electricity usage, and GHG emissions for each person in charge, and each person in charge manages using indicators within their team. In the future, NEXEN TIRE plans to review and set up an "internal carbon pricing system" that will be used to determine the direction of corporate investments and the company's opportunities and risks.

#### Energy consumption targets and performance in raw units

(Scope: Domestic and Overseas Plants)

Category	Unit	2021			2022			2023			2024*
		Target	Performance	Reduction Amount	Target	Performance	Reduction Amount	Target	Performance	Reduction Amount	Goal
Fuel	GJ/ton	4.22	4.1	0.12	4.1	4.06	0.04	4.06	4.07	-0.01	4.03
Power	GJ/ton	3.86	3.77	0.09	3.74	3.75	-0.01	3.73	3.83	-0.1	3.83

\* Temporary increase in energy consumption per unit for 2023-2024 due to the completion of the second expansion of the European Plant in 2024

\*\* Negative reduction values indicate an increase in consumption

# Topic 3. Supplier ESG Management



## In Brief

### Material Issue 4. Supplier ESG Management



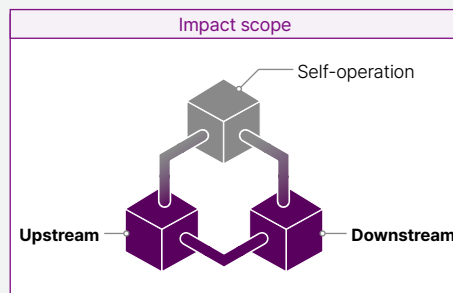
NEXEN TIRE regularly conducts ESG assessments of its partner companies to prevent, manage, and mitigate ESG risks within its supply chain.

Definition of impact	Inside-Out	Impact	Contribution to the establishment of a sustainable society through mutual growth with suppliers	Long-term
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### NEXEN TIRE's Impact Response Strategy

We manage supplier ESG risks to minimize the impact of purchased raw materials on the environment and society, and to make a positive contribution to society. We identify and assess ESG risks from the supply chain and enhance the capabilities of suppliers to promote mutual growth with them.

Related stakeholders
Suppliers



### 2023 Impact Response Measures

01	Sign ethical management commitments with new trading suppliers
02	Conduct ESG evaluation of suppliers and expand the scope of the evaluation
03	Implement medium to long-term supply chain management plan
04	Conduct fair trade training for employees
05	Provide training and consulting to suppliers

### Supply chain ESG due diligence

Conduct at least once a year

## I. Governance

### Supplier ESG Management Organization

NEXEN TIRE operates a management supervision organization for mutual growth with suppliers in accordance with 'fair trade implementation and compliance with social responsibilities'. NEXEN TIRE operates a Supply Chain Management working group within the ESG Operational Committee to monitor ESG risks distributed throughout the supply chain and identify and manage risks that are exposed to potential dangers. The Supply Chain Management working group analyzes internal and external regulations and requirements related to ESG in the supply chain and establishes response measures for the ESG management of suppliers. Based on the annual ESG assessment results conducted for suppliers, we develop and enhance internal procurement policies and focus on reducing ESG-related risks in the supply chain.

### Supplier ESG Management Governance

ESG Management Committee	Control and supervise supply chain management strategies (sub-organization under the BOD)				
ESG Strategy Committee	Review supply chain management status and issues				
Supply Chain Management working group (ESG Operational Committee)	Establish and implement strategy/indicators/goals for the Supply Chain Management working group <table> <tr> <td>Procurement Team</td><td>GLM Team</td></tr> <tr> <td>Quality Management Team</td><td>ESG Team</td></tr> </table>	Procurement Team	GLM Team	Quality Management Team	ESG Team
Procurement Team	GLM Team				
Quality Management Team	ESG Team				

## II. Strategy

### Sustainable supply chain policy

NEXEN TIRE is operating sustainable purchasing policies since 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, as part of the process to establish a sustainable supply chain, we have revised the sustainable procurement policy into a code of conduct for our partner companies. We have also developed a new sustainable sourcing policy, which has been made publicly available online. Additionally, we are signing a 100% ethical management pledge with suppliers at the initiation of new transactions for the purposes of complying with fair trade and corporate ethics. In the future, we will do our best to raise and spread ESG awareness throughout the supply chain and realize carbon neutrality.

# Topic 3. Supplier ESG Management



## II. Strategy

### 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 distributed the sustainable natural rubber policy and action plans for member companies, and in line with this, NEXEN TIRE will continue to implement GPSNR activities accordingly. 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 the handling of conflict minerals with our suppliers before developing new raw materials, and strive to build a responsible supply chain by signing contracts that include a clause prohibiting the use of conflict minerals before regular transactions. Additionally, when required, we communicate the conflict minerals management details of NEXEN TIRE suppliers to stakeholders to prevent conflict minerals-related risks.

#### Definition of Conflict Minerals

Conflict minerals refer to 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 of these conflict minerals not only leads to human rights abuses, such as child labor and forced labor, but also to social issues, such as the money generated from the mining process being used to fund armed forces that perpetrate civilian massacre, etc. within the country.

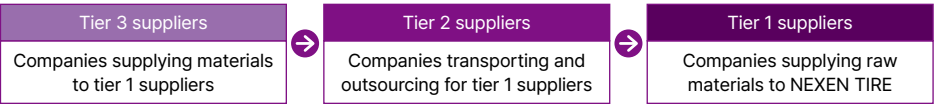
\* For NEXEN TIRE, the mineral subject to conflict mineral management is tin, which is used in the manufacture of beadwires.

### Identification and Assessment of Supplier 's ESG Risks and Opportunities

#### Background and Purpose of Supply Chain ESG Due Diligence Promotion

NEXEN TIRE recognizes the importance of responsible supply chain management and has been accordingly promoting supply chain ESG due diligence since 2020. The purpose of the supply chain ESG due diligence is to identify potential ESG risks with suppliers and to establish and implement appropriate solutions to prevent and mitigate these risks. NEXEN TIRE focuses on making consensus on the importance of ESG management during the ESG due diligence process and supporting the sustainable growth of suppliers.

#### NEXEN TIRE's Supply Chain



#### Target and Procedure of Supply Chain ESG Due Diligence

In 2023, NEXEN TIRE expanded the scope of ESG Assessments from tier 1 raw material suppliers to our entire supply chain including subsidiary material, logistics, distribution, and services. In addition, we introduced an online ESG assessment platform for the first time to conduct more systematic supply chain ESG due diligence. The supply chain ESG due diligence in 2023 consisted of (1) an online assessment (self-diagnosis/diagnostic assessment) and (2) an on-site inspection, with the assessment questions and answers being reviewed by a third-party assurance by ESG due diligence specialists. The self-diagnosis is a process to check suppliers' awareness of the importance of ESG management and consists of questions to assess the level of management of key ESG areas such as environment, labor/human rights, and ethics. The diagnostic assessment was a process to collect ESG data and identify specific ESG risks in NEXEN TIRE's supply chain, and to verify the validity of ESG data and supporting documents. Finally, field inspection was conducted with a third-party ESG auditor to verify the ESG management system and data management level of the supplier.

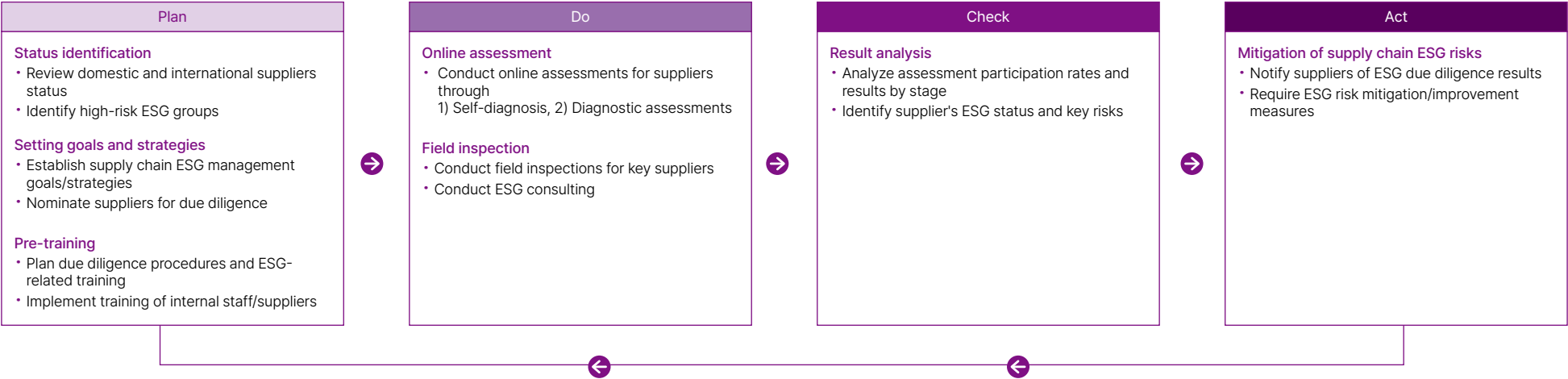
#### Supply Chain ESG Assessment Criteria and Elements

ESG Assessment questions have been customized to reflect the materiality based on the industry type and size of the suppliers according to the SASB(Sustainability Accounting Standards Board), and are composed of categories such as business ethics, labor and human rights, health and safety, and environmental management.

# Topic 3. Supplier ESG Management

## II. Strategy

### Supply Chain ESG Due Diligence Process



### Supply Chain ESG Due Diligence Results Analysis

In 2023, NEXEN TIRE conducted ESG due diligence on 330 suppliers covering NEXEN TIRE's entire supply chain, including raw and subsidiary materials, logistics, distribution, and services. The results of the due diligence showed that the majority of suppliers were at satisfactory levels regarding ESG risks, but about 15% of suppliers had low ESG management awareness and potentials for ESG risks, indicating a need for proactive improvement activities. Based on the results of ESG due diligence, NEXEN TIRE provides incentives such as market share(M/S) priority and development opportunities to key suppliers. We also plan to support suppliers with low ESG capabilities through appropriate improvement measures and thus prevent ESG risks from occurring.

### Risk Mitigation Measures for Supply Chain ESG

NEXEN TIRE requested the establishment of a Corrective Action Plan(CAP) for ESG risks identified during the ESG field inspection and received a total of 32 plans. NEXEN TIRE will strengthen communication with suppliers and continuously monitor the implementation of the corrective action plans to maintain a collaborative relationship that mitigates ESG risks within the supply chain.



## Topic 3. Supplier ESG Management

### II. Strategy

#### 2023 Supply Chain ESG Due Diligence Results

	Category	Unit	2023
Supply Chain ESG Due Diligence	Self-diagnosis target companies	ea	330
	Self-diagnosis participating companies	ea	171
	Self-diagnosis participation rate	%	52
	Diagnostic evaluation target companies	ea	74
	Diagnostic evaluation Participating Companies	ea	50
	Diagnosis Participation Rate	%	68
	Field inspection target companies	ea	5
	Field inspection participating companies	ea	5
	Field inspection participation rate	%	100
	Companies Submitting Improvement Plans	ea	5
	Groups with high ESG risk	ea	27
	Raw materials	ea	10
	Subsidiary materials	ea	12
	Logistics	ea	4
	Distribution	ea	1
	Other services	ea	0
	ESG consulting participating companies	ea	5

#### ESG Training and Support Activities for Suppliers

NEXEN TIRE conducted ESG training and consulting for its suppliers in 2023 to strengthen their ESG capabilities and promote sustainable growth together. The online training, themed 'Understanding ESG Management and Regulations for a Sustainable Supply Chain', was attended by executives and ESG managers from 51 key domestic suppliers. For overseas suppliers, we distributed English lecture videos and training materials separately to raise ESG awareness in NEXEN TIRE's global supply chain. In addition, we held a One Day consulting with ESG experts for five domestic suppliers participating in on-site inspections to share their grievances and suggest ways to improve ESG management.

#### Supplier ESG Risk and Opportunity Response Strategy

##### Medium to Long-Term Supply Chain Management Plan

NEXEN TIRE 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.

##### Medium to Long-Term Supply Chain Management Plan



##### Sustainable Raw Material Procurement Strategy

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.

# Topic 3. Supplier ESG Management

## II. Strategy

### Enhancement of Communication with Suppliers

To support ESG management along with the ESG assessment of suppliers, NEXEN TIRE selected companies with high ESG risks among those subject to ESG assessment, distributed materials to educate them on ESG trends and ESG management strategies, and opened a communication channel to provide advice on ESG assessment responses and related matters. In the future, NEXEN TIRE plans to share its performance and strategies for implementing the UNGC 10 Principles with suppliers to enhance the sustainable supply chain system.

Category	Unit	2021	2022	2023
Number of grievances received	Case	1	0	5
Number of grievances handled	Case	0*	1*	5
Grievance handling rate	%	0%	100%	100%

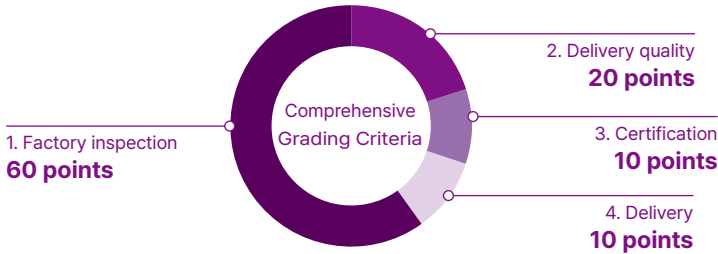
\* Due to the time required for facility improvement work for the grievances received in 2021, the processing was completed in 2022

### Supplier Management Status

#### 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.

#### Comprehensive Grading Criteria(Weights)



#### Regular Field Inspections Grading Criteria

Grades	Grade A	Grade B	Grade C	
Criteria	90-100%	80-89%	70-79%	69% or less
Incentives/ Penalties	Review upgrade of payment conditions and M/S	Conduct improvement activities for inadequacies	① Perform special factory inspections ② Require attaining a grade of B or higher in the future (unenrolled if grade 3 is maintained for two consecutive years)	Suspension of transaction

## Topic 3. Supplier ESG Management



### II. Strategy

#### Technical Exchange with Suppliers

NEXEN TIRE conducts regular technical exchanges with its suppliers for mutual growth. In particular, with the aim of developing eco-friendly raw materials, NEXEN TIRE holds regular meetings with its major raw material suppliers to share the goals of developing eco-friendly products and applying eco-friendly raw materials, and to discuss specific ways to achieve them. In addition to direct(Tier 1) suppliers, we also verify process/quality/environmental management areas for indirect(Tier 2) suppliers. We will continue to do our best to improve the competitiveness of the entire supply chain linked to NEXEN TIRE.

#### Strengthening Responsibility for Sustainable Supply Chain

NEXEN TIRE, as a global tire company encompassing markets worldwide, strives to build a sustainable supply chain by pursuing environmental and social values within the supply chain. As part of these efforts, in 2023, NEXEN TIRE conducted expert lectures for its employees to convey the importance of sustainable supply chain and to strengthen their sense of responsibility. A total of 88 trainees, including key members of the ESG Operational Committee and new employees, attended the lecture on "ESG Management and Sustainable Supply Chains". The invited experts shared with the trainees the strategies of various countries and companies to manage environmental and social risks within their supply chains.

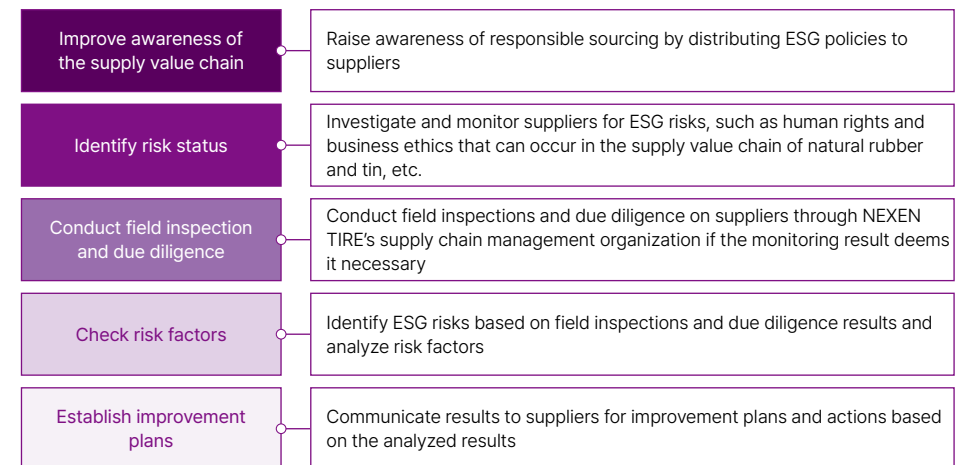
#### Results of Employee Participation in Sustainable Supply Chain Management Training

Education topic	Target	Schedule	Time	Participants
ESG Management and Sustainable supply chain	New employees and persons in charge of the ESG Operational Committee	2023. 07	2 hours	88 persons

#### Supply Chain Management System

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.

#### NEXEN TIRE's Supply Chain Management System



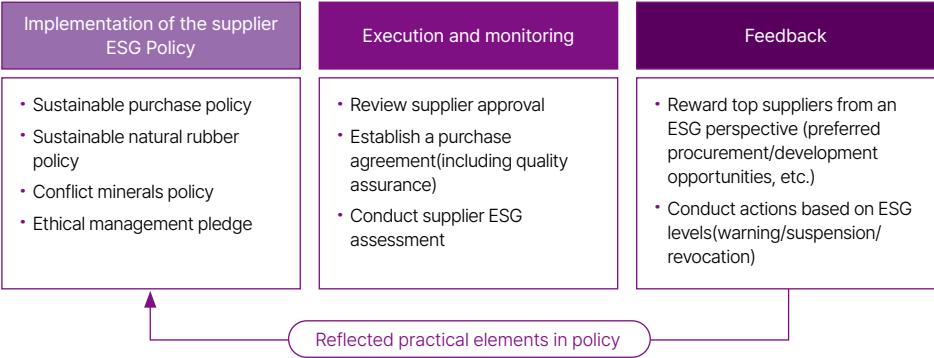
# Topic 3. Supplier ESG Management

## III. Risk Management

### Sustainable Procurement Process

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 Procurement Process



## IV. Metrics and Goals

### Suppliers' ESG Management Indices and Goals

NEXEN TIRE 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. Based on this supply system, we proactively prevent the ESG risk and strengthen traceability of raw materials. In 2023, we included ESG sectors in the common key performance indicators(KPIs) for employees under the procurement division to foster an ESG management mindset and ensure responsible purchasing. The procurement team and the ESG team have set KPIs for expanding the purchase of ESG raw materials and conducting field inspection of the ESG supply chain, respectively.

### Suppliers' ESG Management Goals

NEXEN TIRE selected management indices for 2023 to manage suppliers' ESG, and established medium to long-term goals to measure and manage annual performance. The indices for supplier ESG management include the 'Supplier ESG Management' indicator, which measures the level of the organization's efforts to establish a supplier ESG risk management system and continuously manage it through evaluation and due diligence, and the 'Supplier Mutual Growth Support' indicator, which measures the level of the organization's efforts to specifically and systematically promote ESG-related support for suppliers, and are discussing medium to long-term goals with the Supply Chain Management working group. We plan to regularly report on the performance of the indicators to the ESG Management Committee, the highest decision-making body.





# ENVIRONMENTAL

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# Environmental Management

## I. Governance

### Establishment of Environmental Management Governance

NEXEN TIRE established the ESG Management Committee under the BOD to manage and supervise environmental management issues. The committee monitors the status and issues related to production waste and waste tires, air and water pollution, and biodiversity protection activities from the manufacturing process. The environmental management strategies established by the ESG Management Committee are implemented by the SHE planning team, the environmental control tower of the ESG Operational Committee and the ESG Strategy Committee.

#### Environmental Management Governance

ESG Management Committee	Manage and oversee strategy implementation(Under the BOD)		
ESG Strategy Committee	Review ESG status and issues (Chair: COO)		
ESG Operational Committee	Establish and implement divisional environmental management strategies/metrics/targets		
	Climate Change working group	Sustainable Production working group	Green Product working group
SHE Planning Team	Company-wide environmental management control tower <ul style="list-style-type: none"><li>Respond to ESG management/environmental assessments such as the CDP</li><li>Evaluate the level of implementation of health and safety management officers by each production plant</li><li>Respond to stakeholder SHE requirements and LCA analysis and management</li></ul>		

### KPIs Linked to Environmental Performance

To strengthen ESG Management, NEXEN TIRE established KPIs related to environmental management and linked them to making performance and remuneration of the management. In 2023, we has established environmental KPIs for the management of production plant and implemented it. In particular, for environmental KPIs, we established KPIs related to the defect rate of finished products to reduce the use of limited resources and the amount of discarded product. This was established as a separate KPI for ESG management, apart from the productivity enhancement KPIs established separately to reduce production costs and maximize profits, and we aim to achieve these goals.

## II. Strategy

### Environmental Management Policy and System

In order to promote environmental management, NEXEN TIRE established environmental management policies that encompass overall environment activities, such as greenhouse gas and energy consumption, water, waste, air pollution, recycling, raw materials, biodiversity protection, and reduction of regional pollution, as well as biodiversity policies for coexistence with various species and sustainable product policies related to the production of eco-friendly products.

### Medium to Long-term Roadmap for Environmental Management

NEXEN TIRE manages medium to long-term goals and performances until 2025 to practice overall environmental management including greenhouse gas and energy, water resources, waste, pollutants, and biodiversity.

#### Status and Roadmap of Eco-Friendly Management Promotion

~2022	2023~2024		2025
Short-term goals	Medium-term goals	2023 performance	Long-term goals
Establish environmental policies and goals	Expand use of renewable energy(implement RE100)	<ul style="list-style-type: none"><li>Achieved 18% renewable energy(based on manufacturing plants)</li></ul>	<ul style="list-style-type: none"><li>Advance VOC processing technology</li></ul>
Establish organization dedicated to environmental management	Promote reduction activities for environmental impact such as water pollution prevention activities and hazardous waste reduction programs	<ul style="list-style-type: none"><li>Established waste management policies</li><li>Increased waste tires recycling ratios</li><li>Implemented reduction activities for emission of air pollutants</li></ul>	<ul style="list-style-type: none"><li>Use waste energy</li><li>Implement biodiversity protection activities</li></ul>
Introduce a product LCA(Life Cycle Assessment)	Establish climate change response policies	<ul style="list-style-type: none"><li>Enacted and amended environmental management policies</li><li>Operated the Climate Change working group within the ESG Operational Committee</li></ul>	<ul style="list-style-type: none"><li>Establish climate change response processes</li></ul>



# Environmental Management

## II. Strategy

### ISO 14001 Certification

NEXEN TIRE has obtained the ISO 14001 certification, an international standard for environmental management systems, for tire production at its domestic and overseas plants and research centers, and continues to maintain the certification through renewal.

#### ISO 14001(Environmental Management System) Certificates



### Environmental Training

NEXEN TIRE provides training to new supervisors in technical positions on the management of the company's air emission facilities, wastewater emission facilities and prevention facilities, waste discharge status, recycling methods for residential waste, management methods for stormwater pipelines, and the odor reduction status. We also strive to increase the recycling rate of waste at the workplace by providing regular waste education to all employees.

#### Environmental training completion status\*

Category	Unit	2021	2022	2023
Target employees	Persons	3,541	3,598	3,629
Trained employees	Persons	3,541	3,598	3,629
Training completion rate	%	100	100	100

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

## III. Risk Management

### Environmental Risk Monitoring

NEXEN TIRE is working to minimize environmental risks by enhancing the medium to long-term environmental safety management system and activating communication among employees. We have established dedicated environmental safety departments at each production plants and conduct regular monitoring and implement improvement measures to ensure compliance with environmental regulation and prevent environmental incidents. We also establish and proceed mutual inspection procedures between worksites to assess compliance with environmental regulation.

#### Environmental Regulation Violation Incidents and Improvement Measures

Category	Unit	2021	2022	2023
Violation incidents	Cases	0	3*	2
Fines	Thousand KRW	-	3,922	1,080

\* In 2022, one case of domestic environment regulation violation was confirmed to be unrelated to NEXEN TIRE and thus not included in the count

Category	Violation	Improvement Measures
2022	Domestic <ul style="list-style-type: none"> <li>1 Failed to report changes in wastewater discharge facilities</li> <li>2 Exceeded the permissible level of emission for water pollution substances by N'zel Withus</li> </ul>	<ul style="list-style-type: none"> <li>1 Reported the implementation of wastewater discharging criteria(ABS)</li> <li>2 Achieved permissible discharge level through the use of eco-friendly detergents</li> </ul>
	Overseas <ul style="list-style-type: none"> <li>3 Delayed in submitting greenhouse gas emissions information</li> </ul>	<ul style="list-style-type: none"> <li>3 Appointed the person in charge of calculation and submission of greenhouse gas emissions</li> </ul>
2023	Domestic <ul style="list-style-type: none"> <li>1 Detected new specific air pollutants</li> <li>2 Failed to report changes in wastewater discharge facility</li> </ul>	<ul style="list-style-type: none"> <li>1 Reported changes in emission criteria for dust collectors, chrome, and hydrogen cyanide.</li> <li>2 Reported changes in wastewater discharge criteria</li> </ul>

# Waste Management



## Worksite Waste Management Strategies

### Promotion System

NEXEN TIRE's waste management activities are controlled and supervised under environmental management governance.

### Waste Management Policy

NEXEN TIRE disclosed its commitment and direction towards the importance of environmental management and minimizing environmental pollution through the enactment and amendment of environmental management policies in 2023. The policy includes principles to expand eco-friendly products, reduce waste, and conserve resources to minimize environmental pollution, and discloses policies on reducing the waste generation and managing the disposal of waste.

### Circular Economy for Waste Resource Circulation

**Domestic production plants(Yangsan, Changnyeong)** are targets for circular economy performance management. Every year, they receive recycling targets and prepare implementation plans to increase the recycling rate, identifying and separating recyclable items such as waste PCBs, waste circuit breakers, waste wires, waste batteries, and forklift waste batteries to raise the recycling rate. Yangsan plant entrusts 96% of generated waste to recycling companies, of which 88% is recycled, while Changnyeong plant entrusts 96% and recycles 83% of it. Additionally, they separate plastics and waste pallets that were previously discarded as general trash and separately process them through intermediate waste processing manufacturers, contributing to resource circulation. Moving forward, we will continuously identify recyclable items and collaborate with intermediate waste processing manufacturers to increase the recycling rate of generated waste.

### Waste Battery Recycling

With the announcement of various national policies such as the 'Sustainable Battery Act', 'Sustainable Eco-Design Regulations', and 'Critical Raw Materials Act' in Europe, NEXEN TIRE is committed to eco-friendly waste battery management for the circular economy of batteries. We collect and submit waste batteries from expired operations and electric vehicles to professional collection companies or local governments for recycling. In 2023, 21.8 tons of waste batteries were recycled at overseas production plants(Europe, Qingdao), and in 2024, domestic production plants(Yangsan, Changnyeong) will also participate, expecting an increase in the waste battery recycling rate across all NEXEN TIRE production plants.

### 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 particular, at our Qingdao production plant, we revised our waste program to supplement the qualification criteria for general solid waste companies.

### Efforts to Reduce Waste

NEXEN TIRE strives to manage and reduce the emissions of residential waste generated in its production plants. The proportion of residential waste emissions compared to product production weight at the Yangsan and Changnyeong plants was 0.22% and 0.33%, respectively, showing a decrease in 2023 compared to 2022.

Proportion of Residential Waste Generated as Compared to Production Weight

Production plants	Category	Unit	2021	2022	2023
Yangsan(YP)	Production Weight	ton	182,156	192,408	188,220
	Residential waste*	ton	495	493	418
	Proportion** %	%	0.27	0.26	0.22
Changnyeong (CP)	Production Weight	ton	105,147	106,544	108,419
	Residential Waste*	ton	348	360	353
	Proportion** %	%	0.33	0.34	0.33

\* Weight of non-recyclable waste(residential waste)

\*\* Proportion of residential waste compared to production weight

### Conducting Waste Reduction Education and Campaigns

The Yangsan plant conducted education and campaigns at least once every six months for all employees on waste reduction measures within the production plant and promoting recycling through waste separation. In 2023, education was provided on proper waste separation methods, the impact of waste on the climate environment, additional installation of waste bins for each recycling item, and special management item due to biannual bidding price changes of waste. We will continue to strengthen workers' awareness through regular education and campaigns and work together to solve environmental issues.

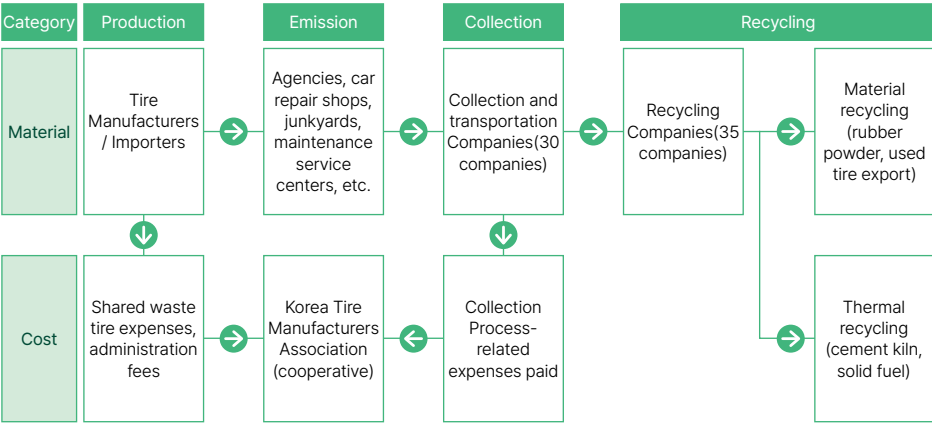
# Waste Management

## Waste Tire Management Strategies

### Domestic and Overseas Waste Tire Recycling

The Korea Tire Manufacturers Association, of which NEXEN TIRE participates as a member, achieved a recycling performance of approximately 102% compared to the mandatory recycling target of 80% of waste tire generation in 2022, a figure approved by the Korea Environment Corporation. In 2023, it recycled about 317,000 tons compared to the annual mandatory amount of about 300,000 tons, achieving a performance rate of 105%, and continues to cooperate to increase material recycling.

#### EPR(Extended Producer Responsibility)



#### Status of Waste Tires recycled

Category	Content
Thermal recycling	Used as alternative fuel in cement manufacturing, paper industry, and combined heat and power generation
Material recycling	Crushed and processed for use in median strip on roads, anti-slip for pedestrians, tactile blocks for the visually impaired, and elastic blocks in playgrounds/sports fields
Export	Processed into chips for export. Approximately 6,000 tons(2% of total exports) were exported in 2023.

#### Status of Tire Recycled

Category	Unit	2021	2022	2023
Target set by the government*	%	79.6	80	80
Recycling rate**	%	76.3	81.7	84.5***
Achievement rate	%	95.8	102.2	105.7

\* Value changed annually by the Ministry of Environment

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

\*\*\* Estimated recycling rate for waste tires in 2023; finalized value will be confirmed by the Korea Environment Agency in September 2024

- **Recognized recycling performance :** Performance excludes weight of certain heat-using sectors due to specific standards of waste tire utilization (Only 70% of the mandatory amount is approved for thermal areas).
- **Volume of Waste Tire Generated** = Quantity of new products launched x Wear rate(0.85)

#### Domestic Collection and Disposal of Waste Tires

NEXEN TIRE is fulfilling its responsibilities and obligations as a producer in handling the domestically-generated waste tire collection, disposal, and cost settlement operations. 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. NEXEN TIRE actively carries out tasks necessary for the selection and operation of related businesses, such as thermal/recycling companies and used/retreaded tire exporters, to ensure the continuous collection and recycling of waste tires.

# Waste Management

## Waste Tire Management Strategies

### Overseas Disposal and Recycling

**NEXEN TIRE's European Plants** work with certified companies to collect and process waste tires in accordance with local laws in Europe. We handle waste tires with certified companies to shred waste tires so that they can be recycled as necessary resources, contributing to a circular economy.

#### Overseas Waste Disposal and Recycling Process



## Indicators and Goals

### Waste Management Goals

In order to reduce waste generated in the production process and systematically manage emissions, NEXEN TIRE identifies the amount of waste generated and establishes waste reduction targets through process-specific environmental impact assessments. In 2023, we set our own target for the waste recycling rate at our domestic production plants (Yangsan and Changnyeong) to be 5% higher than the government's resource recycling target.



# Environmental Impact Reduction

## Governance and Strategy

### System for Managing Air Pollution and Water Pollution

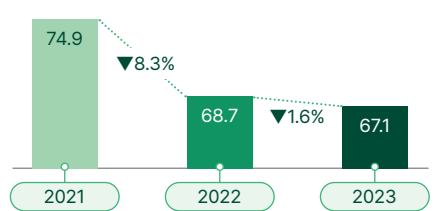
NEXEN TIRE's activities in managing air and water pollutants are controlled by the ESG Operational Committee's Sustainable Production working group.

### Investments to Minimize the Impact of Air Pollution

NEXEN TIRE strictly applies emission management standards to minimize air pollutant emissions. We manage the emission concentrations through monthly air self-assessments, and control for dust at 30% of the legal emission limit by applying internal standards. In addition to various activities to reduce environmental pollution, we contribute to creating a pleasant living environment for the local community by periodically replacing active carbon in activated carbon adsorber to reduce volatile organic compound, as well as using liquid deodorizer spray and solid deodorizers.

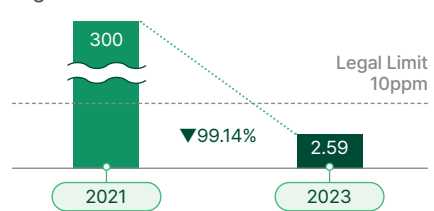
The **Domestic plants(Yangsan and Changnyeong)** invest a certain amount of money every year to improve dust collection efficiency, and in 2023, we invested KRW 90 million in Yangsan and KRW 160 million in Changnyeong. The **Qingdao plant** invested KRW 1.231 billion to install a CCRTO(Concentrator Concentrator Regenerative Thermal Oxidizer) to reduce odors and reduce VOC substances. As a result, VOC emissions were reduced by about 99.1% from 300 ppm before the installation to 2.59 ppm, which is lower than the legal standard of 10 ppm in China. The **European plant** have installed a high-efficiency air pollution prevention system(CFRTO, Concentrator Flameless Regenerative Thermal Oxidizer) in the first and second stage refining process to prevent air pollution by burning VOCs, which are volatile organic compounds that can be generated from mixers and SPM, and releasing them into the atmosphere.

Trend of VOC Emissions across the Entire Production Plants\* (Unit: ton)



\* Yangsan/Changnyeong/Qingdao/European production plants

VOC Emissions Concentration at Qingdao Plant (Unit: ton)

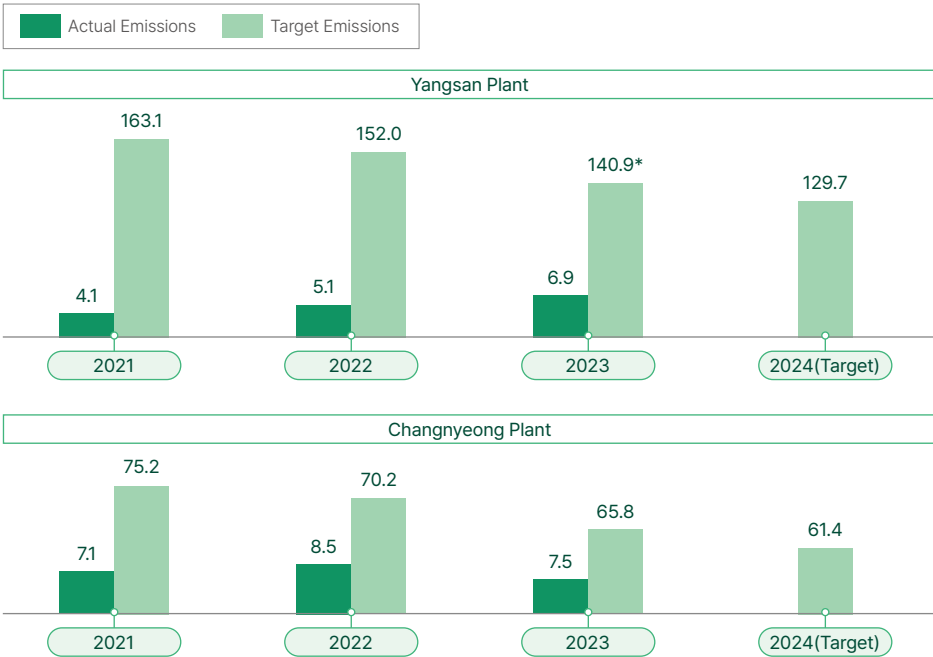


### Particulate Matter Reduction Agreement Implementation

NEXEN TIRE 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 four consecutive years. As proven by the assessment on the implementation in 2023, 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 2023. Especially, the **Yangsan Plant** has made significant efforts in enhancing environmental technology and cleaning the surrounding area, and for actively participating and cooperating in various environmental projects led by Yangsan City, we were awarded a citation by the Mayor of Yangsan City.

Targets, Performance, and Achievement for Reducing Particulate Matter

(Unit: ton)



\* Revised emissions targets for mass production facilities in 2023 to account for decimal differences compared to the disclosed figures from the previous year.

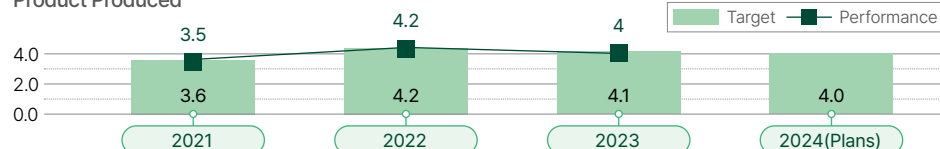
## Environmental Impact Reduction

### Water Stewardship Strategies

#### Industrial Water Usage Management

NEXEN TIRE manages the usage plans and actual performance of industrial water used annually for product manufacturing. In 2023, the **Changnyeong plant** established a plan to use 4.1 tons of water for the production of 1 ton of rubber and achieved a reduction to 4.0 tons of water per ton of rubber through conservation efforts. Additionally, we are minimizing the impact on the water resources environment and reducing the occurrence of risks by managing water usage and wastewater pollution concentration, while also improving processes to increase the reuse rate of water. The **Yangsan plant** draws and utilizes groundwater for industrial water in plant and residential water in welfare buildings, and manages water resources through the monitoring of groundwater extraction volumes.

Yearly Performance compared to Target in Terms of Industrial Water per Unit of Product Produced (Unit: m<sup>3</sup>/ton)



#### 2023 Major Changes per Unit

Content	Reduction amount(m <sup>3</sup> )	Reduction amount (thousand KRW)	Application period(months)
Reduction of industrial water usage through production adjustments	12,845	9,424	12
Reduction of usage by appropriate maintenance of extrusion spray water quality	9,281	6,871	6
Reduction of usage by analyzing water quality of water treatment plant followed by drain adjustment	9,438	6,984	12
Total	31,564	23,280	-

#### Wastewater and Water Pollution Management

To strengthen the management of pollutants and concentrations in wastewater, we conduct wastewater measurements bi-monthly within the respective industrial complexes, compared to the legal standard of once every six months. Also, we manage risks regarding rising pollution concentrations through dredging of wastewater collection tanks three times a year. In 2023, NEXEN TIRE conducted a replacement of the internal filter in the non-point pollution reduction facilities and manages the water quality discharged from non-point pollution sources monthly.

#### Environmental Protection Challenge

NEXEN TIRE, in collaboration with the Yangsan Facility Management Corporation, performs an environmental protection challenge to practice ESG eco-friendly management, aiming to raise environmental awareness among employees and spread an eco-friendly culture within the company.



#### Groundwater Environmental Impact Assessments to Minimize the Impact of Water Pollution

NEXEN TIRE's **domestic production plants (Yangsan, Changnyeong)** regularly conduct environmental impact assessments on groundwater and reservoir through specialized agencies, analyzing about 20 test items to assess the groundwater quality. They also identify the appropriate amount of water withdrawal as well as impact on nearby areas and rivers, and in 2023, the assessment verified that we do not wield any impact on nearby rivers. In addition, NEXEN TIRE regularly cleans and disinfects the plants according to the Water Supply Act and the reservoir disinfection methods established by Korea Water and Wastewater Works Association, thoroughly managing the groundwater and reservoirs.

#### Water Pollution Emissions by Domestic Production Plants

Category	Unit	2021	2022	2023
Yangsan production plant	SS	ton	0.6	2.1
	BOD	ton	0.8	0.8
	COD	ton	0.4	-
	TOC	ton	-	0.8
	<b>Total</b>	<b>ton</b>	<b>1.8</b>	<b>3.7</b>
Changnyeong production plant	SS	ton	2.7	4.1
	BOD	ton	3.2	1.7
	COD	ton	2.4	-
	TOC	ton	-	1.1
	<b>Total</b>	<b>ton</b>	<b>8.3</b>	<b>6.9</b>
				<b>10.4</b>



# Biodiversity Protection



## Governance

### Promotion System

NEXEN TIRE's biodiversity protection activities are managed and overseen by the ESG Operational Committee's Sustainable Production working group and the Social Contribution working group. Biodiversity is an issue that is being considered by all of our plants, and each plant has an organization in charge of implementing activities.

## Strategy

### Establishment of Biodiversity Policy

NEXEN TIRE, as a manufacturer with domestic and overseas production plants, strives to minimize the negative impact of its production activities on the local community and to protect the ecosystem. In 2023, we established and announced a biodiversity policy, expressing our commitment to coexist with various species.

### Beautiful Forest Creation Project

NEXEN TIRE conducted a 'beautiful forest creation project' alongside the Beautiful Store for creating a sustainable environment by reducing greenhouse gases, improving air quality and restoring ecosystems. The forest creation project is planting trees on land that lacks natural purification capabilities and the area where we conducted this activity is Nanjido Noeul Park, located in Mapo-gu, Seoul, which was the existing garbage landfill. For ongoing forest creation and management, we support the maintenance of a pleasant environment by donating a total of 250 trees of 8 indigenous ecological species for the wood-uninhabited areas where the exiting garbage still remains through this project.

### Operation of Voluntary Environmental Protection Participation System

Employees from the Seoul and Changnyeong worksites participated in the Zero Waste goods donation campaign and N'Fund, the employee participation donation system, raising funds through voluntary employee contributions. In 2023, a total of KRW 1.12 million was raised.

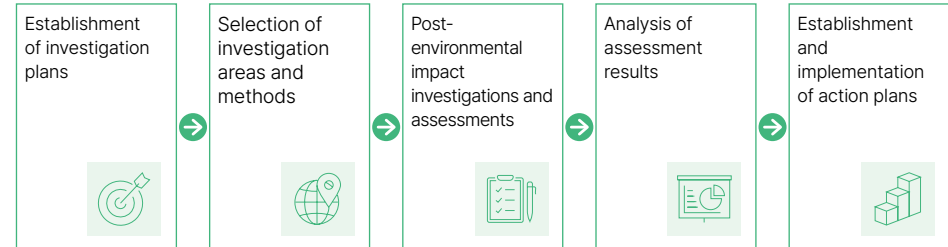
## Risk Management

### Protection of the ecosystem near the business site

NEXEN TIRE has completed environmental impact assessments and modification/consultation procedures to identify and analyze the impact of NEXEN TIRE's business activities on the natural environment and residents nearby when additionally constructing or expanding domestic and overseas sites. We are implementing plans for post-environmental impact surveys(including topography and geology, flora and fauna, air quality, odor, water quality, noise and vibration) established during the environmental impact assessment and change and consultation process, and are in the process of reporting the results.

**The Changnyeong Plant**, one of NEXEN TIRE's production sites, is located near the Nakdong River, the longest river in Korea, and is under the jurisdiction of the Nakdong River Basin Environmental Office, strives to comply with environmental laws and regulations and preserve biodiversity. Although not included in the distance of direct environmental impact, the Changnyeong Plant is characterized by the presence of Korea's largest wetland, Wupo Swamp, about 7km from the plant(13 km by land). Since the temporary use approval in 2010, the Changnyeong plant has been conducting annual environmental impact surveys, and during the surveys, endangered wildlife such as "bird hawks" and "otters" were found, and measures have been taken in accordance with relevant laws. NEXEN TIRE's European production site in the Czech Republic also conducts annual biomonitoring in relation to biodiversity conservation and reports the results of the assessment to national government agencies.

### Environmental Impact Assessment and Post-Environmental Impact Assessment Process in the Field of Natural Ecology



### Status of Species in NEXEN TIRE Changnyeong Plant and the Nearby Area

Mammals	Amphibians and Reptiles	Birds	Terrestrial Insects	Fish
6 species	3 species	23 species	20 species	5 species



# Eco-Friendly Technology Development

## Research for the Development of Eco-Friendly Tires

### Development of 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 the third year, 2023, in addition to the recycled carbon black and rice husk silica applied in 2022, we developed tires with more than 35% sustainable raw materials through the application of natural oils and recycled PET cords, achieving all performance goals in durability, fuel efficiency, wet braking, and wear. In 2024, the final phase of this research will proceed with the development of tires applying over 50% sustainable raw materials that meet performance targets.

### Development of Concept Tires with Sustainable Raw Materials

The eco-friendly Concept Tire 'Eco Tech' is exactly what it sounds like: a tire that incorporates NEXEN TIRE's eco-friendly technology. The exterior of the tire depicts a leaf that flows in a directional manner, highlighting the eco-friendly nature of the tire, while also evoking the dynamic image of NEXEN TIRE. The concept tire is made of 52% sustainable materials through joint research with customers. Despite the high content of sustainable raw materials, the tire is on par with conventional products in most of its individual and vehicle performance.

#### 'Eco Tech' Concept Tire



### Research on Driving Simulators

NEXEN TIRE accelerates the establishment of a virtual development environment to secure development competitiveness and reduce resources(time, cost) consumed in the traditional tire development process. Moving away from the traditional offline simulation for tire handling performance forecast and development, we are preparing to introduce a Driving simulator that enables real-time simulation for performance forecast and development.

The Driving simulator is a device that can replicate vehicle/tire performance assessments indoors conducted at actual proving grounds, allowing for more accurate application of vehicle model and tire model technologies during the development process and minimizing external environmental impacts during the assessment process.

As the tire model can reflect various design variables technically, high-precision virtual tire model technology allows simulator drivers to use tire models considering various design variables just like on an actual test track, enabling them to assess tire performance and determine directions for performance development.

NEXEN TIRE strengthens its collaborative system with carmakers by signing MOUs with external research institutions for expanding the application of the Driving simulator. If the virtual tire development process using the Driving simulator successfully settles, it will contribute to environmental conservation through reduced fossil fuel usage, dust reduction, and energy reduction.

### Tire Performance Prediction Simulation Program

NEXEN TIRE is actively utilizing tire performance prediction simulation programs to minimize the use of resources and energy, thereby reducing environmental impact. In particular, we have strengthened the tire performance prediction process by incorporating AI-powered programs. This enhancement allows for more detailed performance verification before tire manufacturing, thereby reducing the raw materials and energy consumption associated with the production, use, and disposal of test tires. Currently, test data is continuously being accumulated, and we plan to enhance the capabilities of our AI programs through periodic learning based on this data.

Additionally, the tire performance prediction simulation contributes to governance by enhancing the decision-making process, leading to quick and transparent outcomes. It has innovated the workflow by automation of unnecessary internal tasks conventionally performed. The enhancement of the performance prediction simulation program not only supports sustainability goals for the products but also positively impacts both time and resource efficiency by reducing tasks that typically take about 20 days to just 15 days.

# Eco-Friendly Technology Development



## Research for the Development of Eco-Friendly Tires

### Research on Tire Noise Reduction

NEXEN TIRE addresses social concerns related to noise pollution by incorporating research activities for noise reduction technology into tire development, contributing to a more pleasant and environmentally friendly transportation ecosystem. The integration of noise reduction research incorporated noise reduction research into performance prediction simulation programs, and has contributed to lowering the noise decibels(dB) of vehicles from renowned car makers, thereby increasing the OE approval rate. Additionally, NEXEN TIRE researches indoor PBN(Pass-by Noise) test methods that allow for the performance verification tests, which were previously conducted outdoors, to be measured indoors. Rapid verification of PBN performance can lead to shorter tire development periods and cost reductions.

### Tire Wear Research

Europe has announced a new regulation, EURO 7, concerning the emission of air pollutants from vehicles, and plans to add a tire dust item to the regulation to reduce particulate matter. In response, NEXEN TIRE has been participating as a member of the ETRTO Abrasion Working Group since April 2022, performing monitoring of new wear test methods and improvement activities for application to NEXEN TIRE.

#### ETRTO Abrasion Working Group

##### Subject

- ETRTO(The European Tyre and Rim Technical Organisation)
- \* Agency within European Union(EU) managing pneumatic tire and tire rim standards across the EU

##### Participants

- Bridgestone, Continental, Goodyear, Michelin, Pirelli, Nokian, Apollo, Prometeon, NEXEN

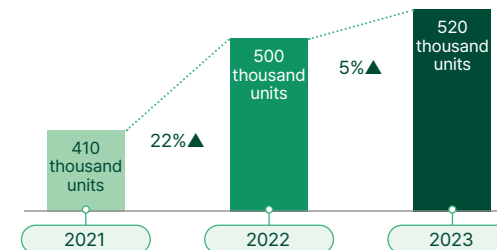
##### Activity

- Development of abrasion testing methods and market assessment
- Review and implementation of regulatory levels
- Consultations between the European Commission(EC) related to EURO 7 and Japan Automobile Tire Manufacturers Association(JATMA), Indian Tyre Technical Advisory Committee(ITTAC), and United States Tire Manufacturers Association(USTMA)

### Sales Performance of Tire for Electric Vehicles

As consumer awareness of eco-friendly electric vehicles and environmental protection increases, we are continuously developing and supplying products exclusively for electric vehicles for OE Supply. In order to broaden the consumer's understanding as well as the choices of products, we develop RE(replacement) platform tires exclusively for electric vehicles. NEXEN TIRE will develop a brand exclusively for electric vehicle that is distinct from existing brands and plans to supply it to the market.

#### Supply Performance of OE Tires for Electric Vehicles



### High-efficiency Tire Distribution Performance

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.



# SOCIAL

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# Respect for Human Rights and Diversity

## Human Rights Management

### Human Rights Management Governance

NEXEN TIRE systematically implements human rights management to ensure that all stakeholders, including employees, are respected for their dignity and value as human beings in all business activities. The ESG Management Committee, the highest decision-making body comprised of internal and external directors, and the ESG Strategy Committee, ESG Operational Committee, Human Rights/Labor working group, and related departments organically and systematically manage human rights issues related to NEXEN TIRE. The Human Rights/Labor working group, a dedicated human rights management organization headed by the Chief Human Resources Officer (CHRO), integrates and manages related issues at the corporate-level, and departments closely related to human rights are constantly identifying risks and improvement tasks related to their respective work.

#### Human Rights Management Governance



### Human Rights Management Policy

Following the announcement of the Human Rights Policy(2023) and Declaration(2021) that supports domestic and overseas human rights norms to enable employees and stakeholders to practice global citizenship, NEXEN TIRE complies with these policies across all business areas. NEXEN TIRE's Human Rights Policy and Declaration applies to all employees and stakeholders involved in business operations, and includes the human rights principles defined in the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Additionally, we adhere to the Ten Principles of the UN Global Compact and abide by the key agreements of ILO(International Labour Organization), which includes strict prohibition of child labor and forced labor. Since its establishment, NEXEN TIRE has had zero cases of human rights-related issues such as child labor, forced labor and human trafficking.

NEXEN TIRE, based on its Human Rights Management Policy, identifies and improves potential domestic and overseas human rights risks that could affect all worksites, employees, and stakeholders. We are committed to continuously working to prevent human rights violations and protect human rights for all stakeholders within the Group.

#### Implementation of Human Rights Management Policy

##### 1. Risk management to establish a human rights culture

- Prevent the causes of negative impacts on human rights from the company's management activities and address them appropriately if occurred.
- Even if the company has not directly caused human rights violations, it shall strive to prevent negative impacts on human rights occurring due to the management activities of stakeholders.

##### 2. Responsibility to respect human rights

- NEXEN TIRE's human rights policy applies to NEXEN TIRE's employees. In addition, NEXEN TIRE adheres to the Human Rights Management Policy when dealing with its partners, including suppliers and subcontractors, and suggests and supports its partners to respect international standards and NEXEN TIRE's Human Rights Policy in relation to human rights.





# Respect for Human Rights and Diversity

## Human Rights Management

### Human Rights Management Roadmap

NEXEN TIRE has also included its human rights management policy in its ESG strategy and established a mid-to long-term roadmap to actively implement and practice its human rights management policy. The steps for implementing human rights management are divided into annual phases, with direction and major tasks set for each phase, and monitoring and feedback tasks set to check the implementation of applicable major tasks.

#### Human Rights Management Roadmap

Promotion Phase	Internalization phase(~2025)	Growth phase(~2027)	Maturation phase(~2030)
Strategic direction	<b>Establishment and stabilization of the human rights management system</b>	<b>Dissemination of a culture that respects human rights</b>	<b>A leading company in human rights management</b>
Strategic tasks	<ul style="list-style-type: none"><li>Establish systems and regulations, etc.</li><li>Establish human rights management system</li><li>Establish remedy procedures for human rights violations</li><li>Systematize human rights training</li></ul>	<ul style="list-style-type: none"><li>Heighten human rights management standards and systematize performance management</li><li>Improve the effectiveness of relief procedures</li><li>Spread human rights management, for example to suppliers</li></ul>	<ul style="list-style-type: none"><li>Advance human rights management system</li><li>Create a human rights management ecosystem for communities and suppliers</li><li>Spread best practices in human rights management</li></ul>
Monitoring and Feedback	<b>Discovery of issues</b> <ul style="list-style-type: none"><li>Regularize human rights management index(human rights impact, human rights reality) assessments</li></ul>	<b>Analysis and diagnosis</b> <ul style="list-style-type: none"><li>Human Rights Index assessment results</li><li>Stated issues on human rights violations</li><li>Carry out environmental analysis, including business-related laws and systems, and derive implications</li></ul>	<b>Feedback</b> <ul style="list-style-type: none"><li>Advance regulations and systems</li><li>Strive to implement human rights Index assessments</li><li>Enhance members' sensitivity to human rights, strengthen training</li><li>Spread human rights management internationally</li></ul>

### Human Rights Risks Management

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 on human rights in general, including prevention of sexual harassment and improvement of awareness of the disabled. We strive to establish an organizational culture that respects human rights.

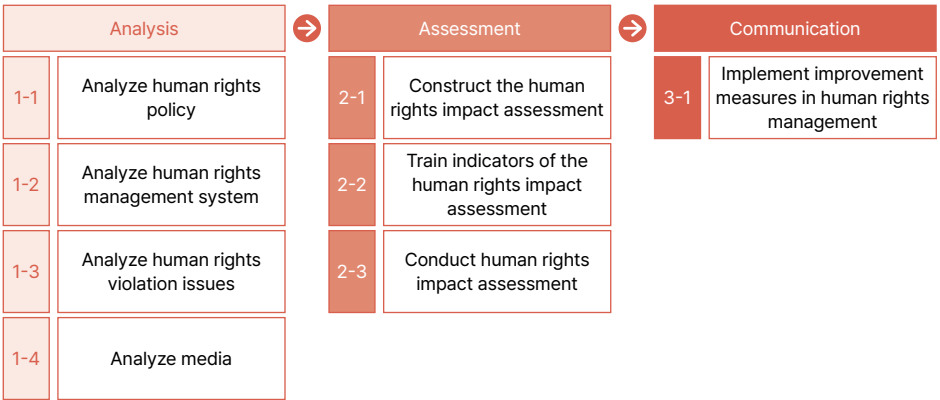
#### Human Rights Impact Assessments Process

The purpose of human rights impact assessments is to identify the impact of NEXEN TIRE's business activities on the human rights of internal and external stakeholders, including employees, suppliers, and local communities. Through these assessments, we identify and address factors that negatively impact or may potentially impact human rights, develop improvement measures to resolve and prevent these issues, and use this information to set future directions for human rights management.

Prior to the human rights impact assessment, we identified and analyzed global human rights issues, internal human rights-related issues, and potential human rights risks through media analysis. The assessment indicators were developed for NEXEN TIRE based on the Human Rights Management Guidelines of the National Human Rights Commission of Korea and the checklists of the International Labor Organization(ILO), and were based on 195 questions consisting of 37 items in 11 categories. In addition, we conducted third-party verification through on-site inspections by an external expert to add expertise to the assessment.

Through the assessment, we identified possible human rights risks at NEXEN TIRE, selected improvement tasks and adopted them as strategic tasks of the social sector's Human Rights/Labor working group under the ESG Management Committee, and continuously reviewed the improvement direction.

#### Human Rights Impact Assessments Process



# Respect for Human Rights and Diversity



## Human Rights Management

### Human Rights Risks Control

#### Human Rights Impact Assessments Results

NEXEN TIRE conducted 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. 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. In 2023, NEXEN TIRE implemented tasks such as 'revision of the ESG surveys', 'monitoring of workplace bullying', and 'creation of a workplace sexual harassment manual' from the eight improvement tasks identified through the human rights impact assessments.

NEXEN TIRE plans 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. Human rights impact assessments are scheduled for the third quarter of 2024, and from 2025, we aim to internalize and regularly conduct these assessments by developing the capabilities of the person in charge of human rights.

### Implementation of 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	2021	2022	2023
Employees subject to training**	Persons	3,979	4,042	4,039
Employees who completed training	Persons	3,937	4,026	4,039
Training completion rate	%	98.9	99.6	100

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

\*\* Based on domestic worksites

#### Improvement tasks derived and implemented regarding human rights management

Field	Division	Contents	Results of implementing enhancements
Establishment of a human rights management system	Measures required to institutionalize human rights management	<ul style="list-style-type: none"> <li>Secure designated personnel for human rights by deploying departments/personnel dedicated to human rights management/setting clear R&amp;R, etc.</li> <li>Conduct surveys for ethical management/expand scope of ethical management letters to human rights</li> <li>Expand the ethical management reporting center to human rights or establish a separate 'concerns' channel</li> </ul>	Institutionalized and secured accessibility of human rights management
No discrimination in recruitment	Non-discrimination of gender in employment	<ul style="list-style-type: none"> <li>Promote plans to train female managers, including training for female managers' competency building</li> </ul>	Continuously trained female managers
Responsible supply chain	Implementation of monitoring	<ul style="list-style-type: none"> <li>Include human rights-related items in the monitoring item of suppliers' ESG assessment surveys(protection of pregnant and disabled employees, working hours, wages, etc.)</li> </ul>	Revised ESG surveys
	Prevention of human rights violations by the security staff	<ul style="list-style-type: none"> <li>Include compliance with human rights protection obligations and training of security personnel in contracts with external security companies</li> </ul>	Reviewed supplementation of external security vendor contracts
Protection of human rights in the workplace	Prevention of harassment in the workplace	<ul style="list-style-type: none"> <li>Prepare measures to prevent human rights violations through monitoring of occurrences of harassment in the workplace in advance by conducting regular surveys and consultations, etc.</li> </ul>	Regularly monitored ethical management
	Prohibition of sexual harassment in the workplace	<ul style="list-style-type: none"> <li>Create and utilize manuals including consultations, investigations, reporting of results, victim support, etc.(for all workplace harassment incidents)</li> <li>Introduce EAP(Employee Assistance Programs) and support with psychological counseling and treatment for the workers(for all workplace harassment incidents and emotional laborers)</li> </ul>	Published manuals. Reviewed introducing employee assistance programs
	Protection of workers with disabilities	<ul style="list-style-type: none"> <li>Expand recruitment of workers with disabilities by creating suitable jobs(in compliance with legal obligations)</li> </ul>	Reviewed job development for people with disabilities
	Protection of emotional laborers	<ul style="list-style-type: none"> <li>Create and utilize manuals that contain systems for preventing and responding to human rights violations of emotional laborers</li> </ul>	Reviewed publication of manuals

# Respect for Human Rights and Diversity



## Respect for Diversity

### Creating a Culture that Embraces Diversity

NEXEN TIRE operates systems that respect diversity to make an inclusive culture where talents from various backgrounds can grow. We are promoting activities considering the diversity factors such as gender, age, and disability, and established N'zel Withus, a subsidiary-type standard business for the disabled, in 2017, to provide stable jobs to people with disabled workers and fulfill our social responsibility. N'zel Withus supplies bakery and confectionery products to Nexen at its Yangsan and Changnyeong production sites and Nexen, and employs a total of 83 people with disabilities as of 2023, practicing a hiring policy that respects diversity.

### Providing Diversity Training

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

#### Class on Diversity Training

- 1 DE&I Now, a new type of organizational culture is coming.
- 2 [Formula for Happiness] Achieving a fair society and a human rights society
- 3 Into the Field\_Gender equality and policy formulation based on gender cognitive competence
- 4 [Book Learning] The Discriminator in Me(Written by Laura Wiesböck)

### Diversity in NEXEN TIRE

Category		Unit	2021	2022	2023
Female	Female Employees Ratio	%	9	10	11
	Managers Ratio*	%	3	5	4
People with Disabilities**		Persons	73	77	84
Foreigners		Persons	2,803	2,963	2,993
People of Old Age***		Persons	692	765	906

\* Managers refer to supervisory level and above

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

\*\*\* Employees over 50 years of age

### Prohibition of Discrimination and Harassment

NEXEN TIRE strictly prohibits all forms of discrimination and harassment among employees. Grievances regarding discrimination or harassment can be reported through various reporting channels such as the ethical management reporting center. Upon the occurrence of any discrimination or harassment issue, the person in charge analyzes the case based on the evidence and a Personnel Disciplinary Committee is convened. In cases of workplace bullying or sexual harassment, the case is investigated according to the procedure by case, and we implement appropriate measures such as issuing a warning to the perpetrator or transferring them to another department.

# Health and Safety

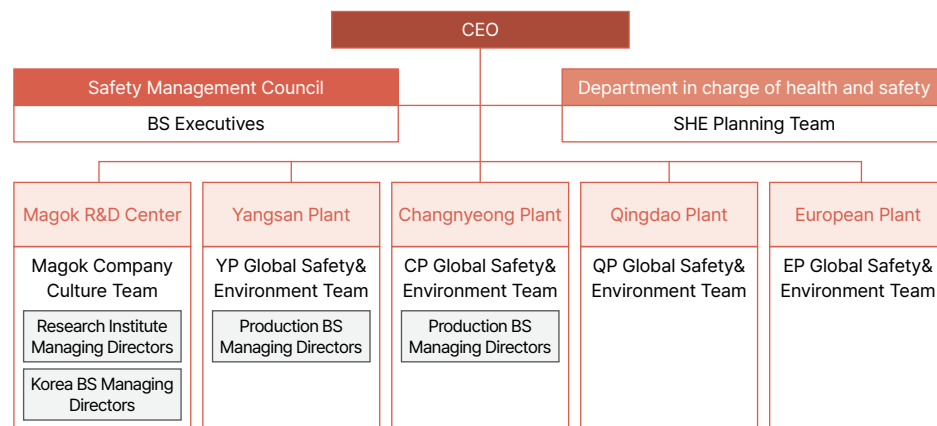
## Occupational Health and Safety Governance

### Health and Safety Management Organization

For implementation of its health and safety obligations, NEXEN TIRE operates a dedicated health and safety organization directly under the CEO. Through the health and safety system, we oversee the establishment of health and safety policies and the monitoring of obligations to ensure health and safety at a company-wide level. Additionally, we have been holding the 'Safety Management Council', consisting of the CEO and the executives twice a year to review health and safety issues, strategies, and performance, thereby maximizing quick and reasonable decision-making and execution power.

Each site is actively conducting activities to comply with laws and regulations and prevent industrial accidents, and in 2023, BS Korea appointed supervisors for each region(15) and research division(17). We are minimizing safety and health risks by establishing a system for executing safety and health management duties and conducting safety and health education, and are striving to strengthen the safety and health promotion system not only at production sites but also at the company level.

#### Occupational Health and Safety Organization and its R&R



Safety Management Council	<b>Composition: Management leaders &amp; Executives of each BS / Held once, biannually</b>
	1 Establishment of worksite health and safety management targets and deliberation and decision-making of policies
	2 Decision-making on the implementation of obligations to secure safety and health and the establishment of the system
	3 Report on SHE goals, performance, and major issues by each worksites to the head of management

SHE Planning Team	<b>Company-wide SHE(safety, health, environment) Control Tower</b>
	1 Manage response to the Fatal Accident Punishment Act and inspect-evaluate safety and health implementation levels
	2 Establish corporate-level safety and health policies and medium to long-term strategies
	3 Standardize corporate-level safety and health work guides
Safety & Environment Team in each plant	4 Oversee corporate-level environmental work and respond to ESG and CDP environmental assessments, etc.
	<b>SHE legal task in each plant</b>
	1 Establish safety and health goals for each workplace and implementing them in accordance with the establishment of the system
	2 Conduct in accordance with relevant laws and regulations on safety, health, fire, environment, etc. at each workplace
	3 Carry out activities to prevent disasters and accidents at workplaces

### Health and Safety Management Policy

NEXEN TIRE recognizes the importance of health and safety management and has established a health and safety management policy based on the slogan "At the core, there will always be people". The policy reflects the health and safety management guidelines and the requirements of internal and external stakeholders, aiming to protect the health and safety of all stakeholders, including employees at all worksites, customers, and suppliers.

The policy includes the fundamental principles of creating a safe working environment, establishing a safety and health management system, complying with laws and regulations, voluntary participation, establishing a safety culture, and supporting and cooperating with safety and health activities, which are the top priorities, and we have established detailed policies and a promotion system to ensure that all employees are aware of the policy and practice it.

#### Detailed Policy on Health and Safety Management

Intensively prevent and manage serious accidents	Secure a safety culture	Advance the health and safety management system	Safety and health activities
01	02	03	04

# Health and Safety

## Occupational Health and Safety Governance

### Medium to Long-term Roadmap for Serious Accident Prevention

#### Safety and health management system certification

In order to achieve 'Healthy employees, Safe workplaces', NEXEN TIRE systematically operates the health and safety management system. Through internal and external audits, two domestic production plants(Yangsan, Changnyeong) and two overseas production plants(Czech Republic, China) have obtained ISO 45001 and KOSHA-MS Certification, and we strive to implement sustainable safety management through systematic safety management system operations.

#### Establishment and achievement of zero fatalities and 30% phased reduction goals in occupational injuries

NEXEN TIRE has established the goal of 'continuous achievement of zero serious accidents' to prevent serious accidents and set a 'five-year phased 30% reduction' target from 2022 to 2026. In 2023, the number of major accidents at domestic production plants was zero, and the comprehensive accident index was 1.05, a 6% reduction from the previous year's performance of 1.12. We set a target of 1.05 for 2023 and achieved a performance of 0.97, a 7% reduction from the target.

#### Phased implementation according to the serious accident prevention roadmap

NEXEN TIRE has established a medium to long-term roadmap for serious accident prevention and actively implements the phased strategies and tasks. The medium to long-term roadmap is divided into three stages: establishment phase(2022), Internalization phase(2023-2024), and advancement phase(2025-2026).

In the internalization phase, from 2023 to 2024, we promoted key issues for each of the three core safety and health activities, including work safety standards, identifying potential risks, and strengthening training through risk assessment, in order to standardize the safety and health management system and create a voluntary and practice-oriented safety culture. In the future, we plan to establish and gradually implement safety and health investment plans, including the introduction of SHE integrated management system and smart ILS, and improvement of safety facility infrastructure, in order to establish a safety culture and advance the safety and health management system.

### Health and Safety Management System Certification Status



**Certification scope** Entire production facilities(YP, CP, EP, QP)

**Validity period** October 12, 2026(YP), March 11, 2027(CP), December 19, 2025(QP), November 26, 2026(EP)

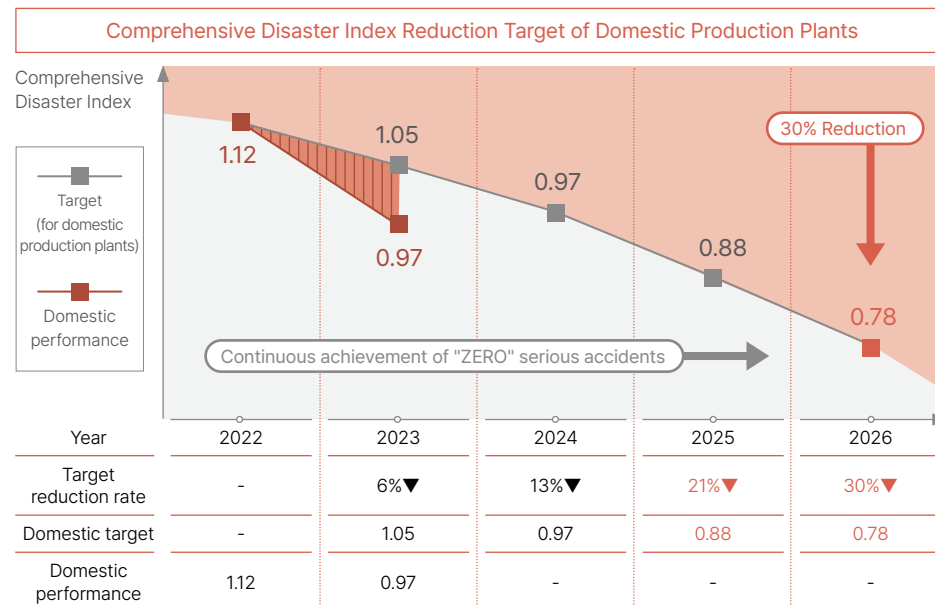


# Health and Safety

## Occupational Health and Safety Governance

### Medium to Long-term Roadmap for Serious Accident Prevention

#### Medium to Long-term Roadmap for Serious Accident Reduction



#### Medium to Long-term Action Plan for Serious Accident Reduction

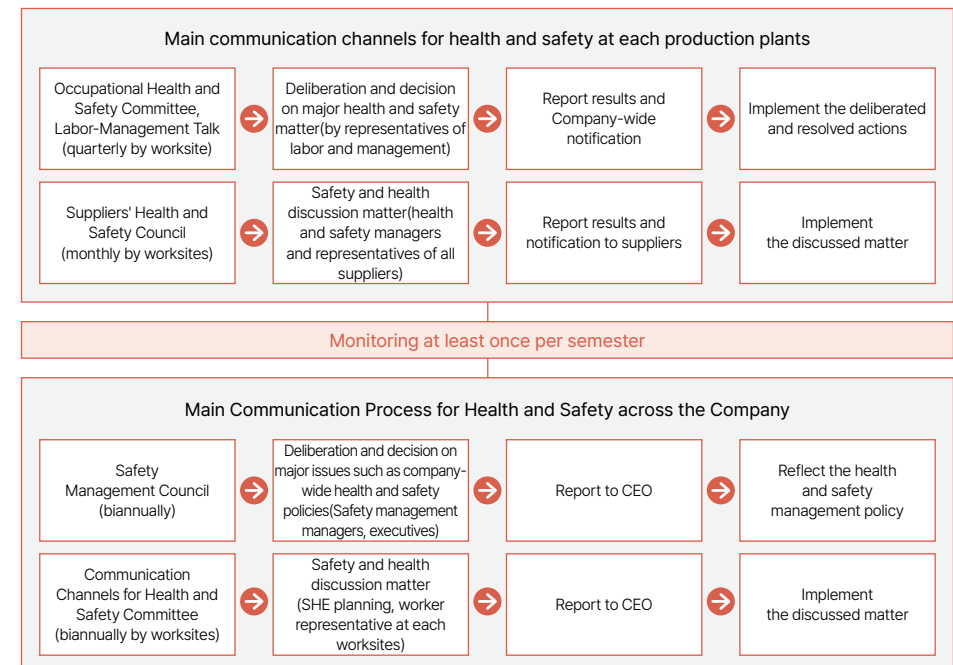


### Expansion of Communication Channels for Health and Safety

NEXEN TIRE operates an organization to listen to opinion related to health and safety and expands channels to prevent accidents. Each worksite holds a quarterly Occupational Health and Safety Committee and Labor-Management Talk, and a monthly suppliers' council to discuss major health and safety activities, and the creation and revision of safety rules at each worksite, as well as listening to the health and safety opinions of suppliers and implementing necessary actions.

Furthermore, we have been holding a Safety Management Council, consisting of the CEO and the executive twice a year to maximize quick and reasonable decision-making and execution power of safety management. In addition, the SHE Planning Team, a corporate-level organization dedicated to safety and health, and the Health and Safety Communication Committee, composed of representatives from the employee's side, operates biannually to actively communicate about the status of health and safety implementation, issues, health and safety management strategies, and performance.

#### Operation Process of Communication Channels for Health and Safety



# Health and Safety

## Enhancement of Health and Safety at Worksites

### Strengthening Education and Training

NEXEN TIRE systematically conducts safety and health education and training to minimize safety and health-related risks and raise safety awareness among employees.

#### Regular education for production employees

NEXEN TIRE provides over 12 hours of mandatory regular training biannually to production employees, covering risk factors and accident cases specific to each site process. In addition, we enhance the effectiveness of health and safety training and its application in the field to strengthen the safety capabilities of workers and to prevent accidents.

#### Customized educational content by hazardous risk and tier

NEXEN TIRE systematically provides in-house trainings by developing education contents for reinforcement of special safety training for hazardous risk operations, improvement of the professionalism of risk assessment, and cultivation of professional skills of managing directors. In 2023, special safety training for hazardous risk operations was provided to 101 target employees, with each session lasting over 16 hours per task. Training for managing directors was conducted for 265 target employees, with a minimum of 16 hours annually, and specialized training on field risk assessment was carried out for 52 target employees.

#### Health and Safety Risk Management at the Magok R&D Center

Magok R&D Center conducts specialized and customized training on safety training in relation to the handling of chemicals and test types in prior to commencing tests to ensure safe operations of the institute. Additionally, the Institute conducts daily safety inspections, yearly in-house safety inspections in addition to external safety inspections conducted by professional institutions to proactively identify and mitigate potential hazards within the institute, aiming to improve conditions and prevent accidents.

#### Occupational Health and Safety Education\* Completion Status

Category	Unit	2021	2022	2023
Target Persons	Persons	3,330	3,315	3,873
Persons Who Completed Training	Persons	3,300	3,315	3,873
Training Completion Rate	%	100	100	100

\* Scope of health and safety education: Domestic production plants

### Operation of a Risk Management System Based on Autonomous Cooperation between Labor-Management

NEXEN TIRE proactively conducts health and safety activities through the autonomous participation and cooperation of labor and management.

#### Regular inspection of hazardous and dangerous machinery, equipment, and facility management systems

NEXEN TIRE's domestic production plants completed regular safety inspections on a total of 599 pieces of machinery and equipment in 2023 to prevent safety accidents and disasters caused by hazardous and dangerous machinery, equipment, and facilities, maintaining and managing the pass results. Additionally, when installing new or additional equipment or restarting them, a joint inspection team composed of labor representatives and experts conducts preliminary inspections to establish improvement measures and work safety procedures to ensure the safety of machinery, equipment, and facilities.

#### Site-centric key risk management system

Domestic production plants operate monthly departmental 'Safety and Fire Inspection Days' and joint labor-management inspections at each workplace. After conducting intensive inspections of core risk factors (falls, pinching, collisions, cuts) and major risky processes on site, as well as risk inspections in areas where accidents occur, comprehensive improvement measures are established. In 2023, a total of 149 risk factors were identified through joint labor-management inspections, and improvements were completed for 135 of them.

#### Identification and improvement of potential risk factors(risk assessment)

NEXEN TIRE continuously identifies potential risks through risk assessments conducted across all production plants and operates a health and safety communication channel where employees can constantly provide opinion. The Yangsan Plant has improved 155 risk factors based on regular risk assessment results and strengthened 463 work procedures through Job Safety Analysis(JSA). Additionally, for the proactive risk response, it operates the voluntary participation of employees in initiatives such as the 'Health and Safety Suggestion Box' and 'Hidden Risk Identification(QR Reporting System)', with a total of 810 potential risks identified in 2023. The Changnyeong Plant prioritized 26 items for improvement through risk assessment and discovered and improved 83 safety suggestions as part of the Total Productive Maintenance(TPM) activities, striving to maintain a safe work environment.

# Health and Safety

## Enhancement of Health and Safety at Worksites

### Enhancing Health and Safety Capabilities and Cooperation with Suppliers

NEXEN TIRE is committed to protecting the health of suppliers and all stakeholders and preventing accidents for realizing the value of respect, coexistence and togetherness. Domestic production plants comprehensively assess the capabilities of suppliers in preventing industrial accidents to select appropriate suppliers. Based on the Occupational Health and Safety Act, we conduct suppliers' field safety inspections once every two days, and monthly health and safety councils are held for continuous communication. Additionally, field joint inspections are performed quarterly to actively support suppliers in preventing safety accidents and disasters. In 2022, the Yangsan Plant was selected as one of the top 10% outstanding worksite nationwide in the 'Symbiotic Cooperation Program' organized by the Ministry of Employment and Labor and Korea Occupational Health and Safety Agency, and in 2023, it supported health and safety activities of 11 suppliers, being selected as an excellent support workplace in the 'Win-win Cooperation Project for Large and Small and Medium-sized Enterprises for Health and Safety'.

Main activities included the transfer of on-site risk assessment techniques based on win-win cooperation projects. We identified and improved a total of 138 sites of our suppliers, and obtained 100% certification for five companies that were eligible for risk assessment certification. We also conducted monthly safety and health trainings for our suppliers, and held safety and health seminars and safety campaigns to improve and raise the safety awareness of business owners and supervisors. In addition, we actively support our suppliers to strengthen their capabilities to prevent serious accidents, including the production and distribution of safety and health signs.

### Work Environment Management

#### Work environment measurement and ventilation system management

NEXEN TIRE conducts work environment measurement twice a year to protect workers from harmful factors in the workplace and create a comfortable working environment. In 2023, the results of hazardous factor measurements at all domestic production sites were rated below the legal standard. We inform employees about the results and the harmfulness of exposure to hazardous factors, and actively invest and support improvements to facilities and equipment. In 2023, we invested KRW 196 million to regularly inspect local exhaust systems in the workplace and replace and repair filters, and we are actively making efforts to minimize exposure to harmful factors through efficient management of the ventilation system in the workplace, such as operating real-time auto HVAC (Heating, Ventilating, and Air Conditioning) to manage the working environment of the gasification process.

## Management of Chemicals

### Managing and Training Chemicals

NEXEN TIRE complies with domestic and international laws(environmental law, Act On Registration and Evaluation of Chemical Substances, Chemical Substance Control Act, Occupational Health and Safety Act, High-Pressure Gas Safety Control Act, etc.) and regulations(EU-REACH, etc.) throughout the entire process of registering, using, and assessing chemicals, and manages these processes through establishing in-house standard procedures. In 2023, we conducted preliminary assessments including MSDS review, chemical substance licensing regulation review, as well as control measures for hazardous risks during the use for a total of 22 new chemicals before usage phase.

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 a training course once a year on the methods of responding to chemical accidents, the company's criteria for handling hazardous substances used in the plants, and directions for using accident prevention and personal protective equipment. As of 2023, 3,629 employees, 100% of target, completed the training.

### Managing and Monitoring Hazardous Chemicals

NEXEN TIRE continuously monitors external regulations for the management of hazardous substances. In the process of developing and approving new raw materials, all raw materials suppliers must submit a non-use commitment form stating that they do not use hazardous substances surpassing the criteria. Products containing oil and oil-based materials are managed to ensure they contain Polycyclic Aromatic Hydrocarbons(PAHs) below the criteria, and products containing minerals and mineral-based materials are managed by receiving certificates below the criteria for End-of-Life Vehicles(ELV) or Restriction of Hazardous Substances(RoHS). NEXEN TIRE periodically collects and manages test reports from external certification agencies to check whether the raw materials supplied contain hazardous substances below the criteria. We report through IMDS\* that the products sold to customers contain hazardous substances below the criteria.

\* IMDS(International Material Data System): A registration system for chemicals included in automotive parts



## Health and Safety



### Employees' Health and Safety Promotion Activities

#### Promotion of Employees' Health and Disease Prevention

NEXEN TIRE supports the early detection of diseases, prompt treatment and appropriate management through providing special and general health checkup to prevent occupational diseases and support a healthy life for employees. In 2023, a 100% of 3,642 employees that were subject to special and general health checkups have undergone examinations. We support with a comprehensive health examination package for all employees over the age of 35 as well as their spouses.

After the examination, a health manager conducts systematic management for employees as well as customized consultations, thereby proactively supporting the employees' daily health routines and prevention of work-related diseases. Additionally, through work-related stress assessments, brain and cardiovascular disease risk assessments, and assessment and analysis system for musculoskeletal diseases, we operate health promotion programs such as quitting smoking, obesity clinics, healthy drinking(Liver Love) campaign, musculoskeletal management programs.

In particular, at the Yangsan Plant, we conduct a musculoskeletal symptom survey for all employees every year to continuously manage relevant data, develop 31 customized stretches for each process and apply them on-site, and operate and support a proactive musculoskeletal disease management system to prevent musculoskeletal diseases, including classes utilizing small tools such as foam rollers and Thera-Bands, myofascial stretching education, and customized rehabilitation physiotherapy and exercise prescriptions for symptom complainants.

#### Performance of Health Promotion Programs in 2022

Category	Unit	Non-Smoking Fund		Obesity Clinic			
			Chang-nyeong		Yangsan	Chang-nyeong	Magok Office
Applied employees	Persons	4	4	203	40	122	41
Succeeded employees	Persons	1	1	83	9	59	15
Success rate	%	25	25	40.9	22.5	48.4	36.6
Prize money	Thousand KRW	400	400	3,950	800	3,150	-

#### Strengthening Safety Education of THE NEXEN univerCITY

NEXEN TIRE conducted CPR training for 100 employees of THE NEXEN univerCITY to enhance their safety awareness. The training, which included practical sessions on CPR, the use of automated external defibrillators(AEDs), and emergency first aid methods, was carried out in cooperation with the Gangseo Health Center and received high satisfaction ratings from the participating employees. Consequently, a second CPR training session is planned for 2024.

#### Operating Health Management Rooms

NEXEN TIRE operates health management rooms to promote the health of both its employees and Suppliers' employees. Each worksite's health management room conducts preliminary surveys for health promotion programs throughout the year and carries out various health promotion activities such as obesity clinics, quitting smoking programs, and small tool exercise classes, as well as health-related campaigns. Additionally, we actively support health promotion activities by selecting and awarding participants who successfully complete missions and excel in activities, providing them with awards and prizes.

The health management rooms at **domestic production plants** provide prompt first aid to workers in case of safety accidents. In addition to health counseling, we also operate a physical therapy room equipped with a body composition meter, full body massager, foot massager, limb compression circulation therapy machine, and infrared therapy machine. On average, 350 employees actively use the health management room every month.

In particular, the Yangsan Plant was selected as an 'Excellent Workplace for Health Promotion Activities' by the Ministry of Employment and Labor and the Korea Safety and Health Institute in recognition of its excellence in health promotion activities. The designation is based on a comprehensive evaluation of 43 items, including the establishment of a safety and health system, awareness level, organizational culture, health promotion activities, environmental management, program operation, and supplier management, as well as the accident rate of work-related illnesses, and will be renewed in 2023.

The Health Management Office at the **Magok R&D Center** provides health counseling as well as various health management programs in cooperation with external organizations. We run metabolic syndrome management programs and experiential health campaigns in cooperation with local public health centers and contract hospitals, and provide eye examinations and hydrotherapy tasting programs for employees who have difficulty visiting hospitals due to their busy schedules. We also provide health information on seasonal factors and other health issues through health posts under the monthly health theme "NEXEN TIRE Health ON" to raise awareness of the importance of health management.

#### Health Management Room Usage in 2023(Monthly average)

Use	Unit	Yangsan Plant	Changnyeong Plant	Magok R&D Center
Health Consultation & Management	Persons	373	342	131
Physical therapy	Persons	208	182	-*
Total	Persons	581	524	131

\* Magok R&D Center: Physical therapy room not operated

# Health and Safety



## Enhancement of Emergency Response System

### Emergency Response Training

NEXEN TIRE established emergency response scenarios to respond promptly to emergencies such as fires, explosions, natural disasters, and serious industrial accidents. The company also organizes an in-house self firefighting team, conducting comprehensive firefighting training with the local fire station at least once a year and systematic in-house firefighting training by process each quarter. The in-house firefighting training by each process involves emergency situation drills that simulate actual emergencies, including training on evacuation procedures in case of fire, the use of fire extinguishers and fire hydrants, as well as CPR and AED usage training for emergency patient relief. Following the training, performance evaluations are conducted to select and award excellent departments, and we strive to improve the level of emergency response capabilities. Suppliers' employees are also included in emergency response training and education, distinguishing their duties and roles and strengthening the emergency response training system to minimize damage through mutual cooperation in emergencies.

### Fire Prevention Activities

NEXEN TIRE conducts comprehensive precision inspections and operational checks annually through fire-fighting inspection specialists and actively engages in various activities to continuously improve facilities and fire accident prevention and strengthen response systems when accident occurs, through risk assessments by the Fire Insurance Association. In 2023, special detectors such as flame sensors were installed in vulnerable areas of domestic and overseas plants, and improvements were made to emergency broadcast systems, fire hydrants, and on-site fire shutters. Following the results of self-inspections of firefighting facilities, we conducted 191 cases of improvement activities, with an investment of approximately KRW 590 million. In addition, we operate a disaster management center staffed with dedicated personnel 24 hours a day to monitor emergencies in real time and respond quickly in the event of an accident, and we also manage the prevention system for secondary environmental pollution accidents caused by toxic substances and firefighting water spills due to large fires to the best of our ability. As a result, in 2023, the Changnyeong Plant was selected as an 'Excellent Building for Fire Safety Management' by the Changnyeong Fire Chief of the Gyeongnam Fire Headquarters in recognition of its proactive fire prevention activities and its own fire drills, and received the Fire Chief's Citation on Fire Day.



# Pleasant Work Environment

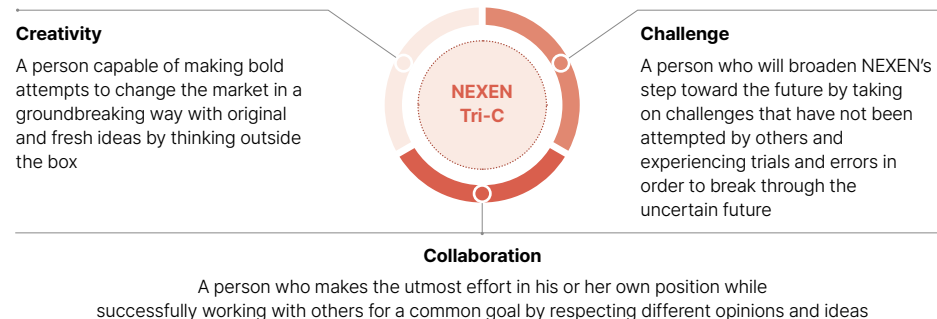


## Recruitment

### NEXEN UNIVERSE

NEXEN TIRE strives to think and act as an organization based on the 'NEXEN UNIVERSE', a corporate value system that brings together individuals to think and act as one. In this way, we support the growth of NEXEN people who value fundamental values and continuously develop and improve their individual abilities. In addition, we provide various training opportunities for self-development even after being selected in the recruitment process, and continuously invest in fostering talent through fair evaluation and compensation.

#### NEXEN TIRE's Core Values(NEXEN Tri-C)



### Fair Recruitment

NEXEN TIRE has a systematic recruitment process to select talented employees based on our core values, the 'NEXEN Tri-C'. We recruit excellent talents by considering their work experience and job characteristics, and all recruitment processes are transparent and open to the public. In addition, we have introduced an AI interview system to enhance the fairness of recruitment and provide opportunities to more applicants. The specific recruitment process is based on differentiated selection criteria depending on the job and environment, including new/experienced employees, domestic and overseas recruitment, and sales, research, and production. As part of our efforts to promote gender equality, we also provide relevant training for our interviewers before each interview.

## Talent Development

NEXEN TIRE recruits the talents who can lead the innovation and change of future mobility industry and operates a diverse range of training systems and programs to foster 'NEXEN-type talents'. Online training programs are provided to all employees including contract workers and dispatched workers, allowing them to engage in a variety of learning programs such as leadership education and job education.

### In-house Talent Management System for Talent Development

NEXEN TIRE reorganizes the talent development system to systematically foster internal talents. The first step in talent development involves reflecting NEXEN TIRE's corporate culture in the On-the-Job Training(OJT) and mentoring of new employees, focusing on fostering internal talents. In the future, we plan to train experts specialized in fostering talents for each organization and establish separate development programs that reflect the characteristics of each organization.

### Leadership Programs

#### Fostering NEXEN-type Talent

NEXEN TIRE offers various educational programs to foster talents. Through the 'onboarding program' conducted during the first year after joining, we support employees to acquire the corporate culture, basic work knowledge, and skills of NEXEN TIRE, helping them grow into NEXEN-type talents. Additionally, through new educational programs, we support leaders and members of the organization to properly understand the core values of NEXEN TIRE, leading to positive changes in communication and work methods, and transforming them into NEXEN-type talents.

#### Fostering NEXEN UNIVERSE Leader

NEXEN TIRE conducts the NEXEN TIRE Leadership educational programs annually to support leaders at the team manager level and above. The program focuses on developing key components of leadership, including organization, performance, and human resource management. Starting from 2024, the target of the leadership program will be expanded to include part leaders, increasing attention and support for the future leaders of NEXEN TIRE and laying the foundation for a succession management program.

# Pleasant Work Environment

## Talent Development

### Program that Strengthens the Work Capacity

#### Job-specific Training

NEXEN TIRE operates the Tire Academy to strengthen the job competency and industry expertise. In 2023, the curriculum was expanded from 8 to 14 courses, reorganizing the programs that foster tire experts. The curriculum of the Tire Academy is designed based on NEXEN TIRE's Value Chain, targeting junior employees with less experience, covering everything from planning, development, production, sales to customer satisfaction. The instructors consist of top experts within the company who have completed internal instructor training, sharing core knowledge and know-how. The trainees are helped to re-recognize the value of their roles through this program, enabling them to achieve a different level of communication and work performance than before.

#### Creating an Environment for Employees' Self-Initiated Learning

NEXEN TIRE operates NLA(NEXEN Learning Academy) where employees can engage in their self-development at anytime, anywhere. Through the program, we regularly update various contents to enable learners to develop their capabilities anytime, anywhere, and enhances learning participation and immersion through various events, thereby improving trainee satisfaction.

#### NEXEN Learning Academy(NLA)



### Program that Strengthens the Capacity

#### Programs Linked to Educational Institutions and Scholarship Funds

NEXEN TIRE, in collaboration with Seoul Digital University(SDU), provides opportunities for all NEXEN members to get degrees through self-development and operates its own scholarship system to alleviate the financial burden of employees.



#### Building Global Competency

NEXEN TIRE supports its global business by offering various foreign language learning aids to its employees. Through our own learning platform, NLA, we provide the latest trend contents related to global mindset and foreign language learning, and operates a separate video language program which consists of a curriculum appropriate for NEXEN TIRE's business model. In addition, we strengthen the global competency by advancing our expatriate training programs.

#### Competency Enhancement Program Training Hours\*

Category	Unit	2022	2023
Total Training Hours	Hours	69,372	86,510
Average Training Time per Employee	Hours	16.7	20.8
Average Number of Training Sessions per Employee	Sessions	2.8	2.64

\* Range of Training Participants: Includes all employees, including contract and dispatched workers



# Pleasant Work Environment

## Employee Compensation

### Fair Compensation

NEXEN TIRE established a transparent and objective employee evaluation and compensation system to fairly acknowledge and reward the processes and outcomes of its members through fair assessment. In 2021, we completed the establishment of a reasonable evaluation and compensation system through external global consulting, and starting from 2022, we introduced changes to improve the fairness and accuracy of assessment by reflecting the performance report and difficulty levels of each target, as well as implementing an absolute assessment system in conjunction with the relative assessment.

The results of the employee 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. Once bonus pay is determined, it is paid to all members, including both regular and irregular employees.

In order to ensure the effective implementation of the changes in the HR system, we held a presentation in March of 2022, and the Human Resources Team is faithfully responding to individual inquiries. In 2023, a structured interview format was developed for objective promotion examination, where external assessors conduct competency interviews with internal members directly. This aims to establish a more transparent and fair promotion process.

#### NEXEN TIRE's Compensation Process



## Healthy Corporate Culture

### Fair Workplace without Discrimination

NEXEN TIRE pursues a corporate culture that respects diversity, ensuring that all talents receive fair opportunities to grow without discrimination based on factors other than job capabilities. 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 all members' capabilities are not discriminated.

### Improving System to Enhance Members' Productivity

At NEXEN TIRE, we believe that the happiness of our employees is the key to our competitiveness, and are making various investments to ensure this. We are building an organizational culture that enhances employee satisfaction and productivity by introducing innovative ways of working to create a satisfying work environment and benefits tailored to the Millennials and Generation Z. In addition, we regularly conduct an Employee Satisfaction Survey (ESI) every two years and reflect the opinions of our employees in our HR system to continuously improve it.

### N-Change System

NEXEN TIRE implemented the N-Change system, which recommends the use of leave at least once a month(refresh) for domestic business executives and team managers as a way to improve the work capacity of employees and develop leadership. As of the end of 2023, approximately 130 employees have used the system, which contributes to improving the work concentration of the workers and creating an atmosphere where members can freely use their holidays.

### Working Hour Monitoring Campaign

NEXEN TIRE implemented a working hour monitoring campaign to abide by the 52-hours-a-week working system. Aiming for the qualitative improvement in working hour management, we have used a system that systematically manages the clock-in and clock-out time, and in 2023, we introduced an improved attendance management system. Extended hours and working on holidays are possible through preapproval. We are encouraging our employees to gradually improve their working hours by having each organization share the status of working hours each month.



# Pleasant Work Environment



## Healthy Corporate Culture

### Improving Systems for Enhanced Member Productivity

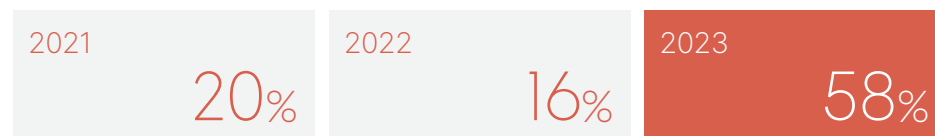
#### Implementing the Quarter-day Leave System

NEXEN TIRE has been using the quarter-day leave system where the members of its domestic business sites can use the existing half-day leave by dividing it into two hour-leaves. As of the end of 2023, approximately 1,200 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.

#### Activating the Flexible Working Hours System

NEXEN TIRE expanded the system to allow not only members working at center but all members to utilize the flexible working hours system. Members can choose their commuting times from seven types set at 30-minute intervals between 7 am and 10 am. As of the end of 2023, approximately 1,000 members are using the system, which supports the harmony between work and family and enhances work productivity, significantly contributing to the improvement of the members' performance.

#### Usage of the Flexible Working Hours System\*



\* Survey conducted for employees at Magok. Tallied employees' attendance from 7 am and 10 am excluding the original commute time 08:30

### Conducting Employee Satisfaction Index(ESI)

NEXEN TIRE regularly conducts Employee Satisfaction Index(ESI) targeting all global members working for NEXEN TIRE, and based on the results, strives to create an organization where members can enjoy working. Based on the 2023 ESI results, we are improving the working environment for continuous growth through Employee Experience(EX) and Employee Value Proposition(EVP). Additionally, to gather members' opinions, EVP activities were conducted through ESI on vision, leadership, risk management, collaboration and communication, culture, and process innovation, and plans are being established to gradually improve these areas.

#### Employee Satisfaction Index(ESI) Results

Category	Unit	2021	2022	2023
Employee Satisfaction Score(Positive response status)	Score(%)	3.3(44)	-	3.58(46)
Final Goal for Employee Satisfaction Score(for the reporting year)	Score	5	-	5
Employee Engagement	%	68	-	46

\* Corporate culture diagnosis is being conducted on a biennial cycle and diagnosis for 2023 is being implemented after implementation in 2021

### Career Transition and Reemployment Support

#### Operation of Career Transition Support Program 'N'Career Challenge'

NEXEN TIRE is providing opportunities for members to transition to new job through the career transition program, N'Career Challenge. This is an internal competitive system that allows all company members to accumulate diverse work experiences and enhance their expertise and capabilities by taking initiative and embracing challenges. The system is operated with a focus on promoting job transfer among members, reflecting this to the Annual Personnel Appointment.

#### Provision of Reemployment Support Services

NEXEN TIRE is providing 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 members who are scheduled to leave for reasons such as contract expiration, retirement, etc

#### Status of Re-employment Support Services

Category	Unit	2021	2022	2023
Number of job placement consultation	Persons	6	8	-
Number of support for previous job	Persons	3	5	8
Number of success in employment and start-ups	Persons	3	-	4

\* Scope of services supported: Includes all employees, including contract and dispatched workers

# Pleasant Work Environment

## Healthy Corporate Culture

### Employee Communication Activities

#### Operating NEMO, a Gathering of NEXEN Members

Since its launch in 2020, NEXEN TIRE has been operating a community site called 'NEMO, a gathering of NEXEN members'. NEMO is being used a platform for promoting small gatherings, used goods sharing, as well as notifying employee benefits through corporate partnerships. In addition, we continue to develop and share programs that employees can participate in, such as such as regular in-house broadcasting, video content production for intergenerational understanding, and in-house radio broadcasting during lunchtime.

#### Complimenting Program, 'Purple Point'

NEXEN TIRE is operating the Purple Point system to foster a culture of compliment among employees by expressing their gratitude. Each month, 10,000 points are automatically credited and gifted to the praised employee, resulting in high participation and satisfaction among all employees.

#### Reverse Mentoring 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' in 2023. With the leadership of the mentors(millennials), 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 Communication Program

NEXEN TIRE is expanding its communication programs for individuals and teams. Picnics for teams 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. Also, 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. In addition, we operate a variety of communication events such as in-house table tennis tournaments, camping, lunch time song requests, surprise events, etc., which enable to strengthen the teamwork among members.

#### '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. During the year ended December 31, 2023, this award has been expanded and operated by including the proposal system, the NDEA sector as well as the ESG sector, with a total of 33 cases submitted.

#### Proactive Proposals and Feedback, NDEA

NEXEN TIRE operates an internal proposal system called 'NDEA' that reflects new opinions in areas such as work, systems, and new business ventures based on the proposals of employees. Opinions can be freely submitted through the in-house community channel, and the system is continuously strengthened to gather various suggestions and facilitate communication between proposers and implementing departments. In 2023, a total of 69 ideas were received through NDEA. The significantly revamped NDEA, centered around proposal feedback, offers incentives of up to KRW 100 million for effective ideas and encourages active communication by awarding additional points when feedback is received from the implementing organization.

#### Mentoring Program for New Employees

NEXEN TIRE is making an active use of the in-house broadcast system to share and expand communication among the employees. For new employees at manufacturing plants, a mentoring system is implemented to help them quickly adapt to the field, providing advice on work and company life, and handling grievances. The mentoring program for new employees prevents early resignations and allows for efficient human resource management. In 2023, out of the 59 newly hired employees, 100% of the temporary employees were converted to permanent positions, excluding those who quit.



# Pleasant Work Environment



## Labor and Management for Shared Growth

### Labor Union

NEXEN TIRE conducts annual Labor-Management Wage Bargaining and Collective Bargaining every two years to facilitate smooth communication between labor and management. In the 2021 wage negotiations, based on mutual trust between labor and management, an agreement was reached in a short period, resulting in improvements in working conditions and Welfare Benefits. In the 2022 wage and collective bargaining, considering the instability of the Domestic and International environment due to soaring logistics costs and prolonged war, a mutually concessive agreement was reached. Additionally, quarterly Labor-Management Council meetings and annual delegate conferences are held for communication talks between the CEO and union executives. As a result, while issues such as strikes and labor disputes frequently occur in the automotive industry, which is closely related to the tire industry, NEXEN TIRE's labor and management have continued a 32-year record of no strikes until 2023. We believe this is due to a shared sense of belief that “a stable company guarantees employees’ stability” in the minds of the employees. Recognizing that neither the company nor the employees can develop without mutual prosperity between labor and management, communication between them is highly valued. The company has achieved results based on transparent disclosure of management situations and agreements with the Labor Union on major issues, emphasizing communication and trust between labor and management. The 2024 wage and collective bargaining are scheduled to begin with a preliminary meeting in the second quarter, based on mutual trust between labor and management, aiming to reach a reasonable labor-management agreement to create a mutually beneficial workplace that allows the company to conduct stable management activities.

#### 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*	2,979

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

Zero-strikes

32 years

Membership rate of the labor union

99.7 %

Number of agendas processed through the Labor Management Council

21 cases

### Operation of a Meeting Body for Labor Relations

#### Labor-Management Council

NEXEN TIRE conducts the Labor-Management Council every quarter, which is attended by both management and labor representatives. The agendas of the council include discussions and consultations on proposals for improving the overall work environment within the company, such as employee health, safety, and welfare.

#### Labor-Management Talk

NEXEN TIRE holds a Labor Management Talk every quarter with the participation of union leaders and team/part managers from each department. At the meetings, we discuss the difficulties and suggestions of department members, improvements to the working environment and conditions at the site, and provide feedback on the previous quarter's agenda.

2023 Status of Labor-Management Talk Agendas by Department at Domestic Manufacturing Plants(Yangsan, Changnyeong)

Category	Unit	Q1	Q2	Q3	Q4
Number of new agenda	Cases	130	93	207	177
Number of agenda in previous year	Cases	149	130	93	207
Completed	Cases	122	106	77	155
Processing rate	%	82	82	83	75

#### Welfare Association

The Labor Union Welfare Office and Company Culture Team of NEXEN TIRE regularly conduct welfare-related meetings every quarter. Whenever improvements related to welfare benefits are identified, the details are shared and enhanced as needed. Additionally, quarterly meetings are held to discuss improvements in in-house welfare facilities and welfare benefits, and feedback on agendas from previous quarters is also shared.

# Pleasant Work Environment

## Labor and Management for Shared Growth

### Activities for Labor-Management Harmony and Stabilization

#### Labor-Management Communication

NEXEN TIRE is building a corporate culture of trust and harmony based on smooth communication between labor and management. The labor 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 we also faithfully provide documents or materials necessary for the union's work, assisting in coming to conclusions. Based on mutual respect and cooperation, we conduct labor-management council meetings and labor-management talks every quarter in order to strengthen the communication between labor and management. Through these regular 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.

#### 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 chief 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 32 consecutive years. Additionally, we were acknowledged for our efforts in establishing a win-win labor-management culture, realizing worksites with zero strikes, and improving negotiation culture, rectifying unreasonable labor-management practices, and contributing to workplace innovation. On Labor Day 2021, the labor-management council chairperson received the industrial service medal, a government award, for these contributions. Through the prevention of industrial disasters and enhancement of ESG activities, 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.

### Labor-Management Communication Enhancement Program

NEXEN TIRE's Change Agent(CA) is collecting opinions from employees in each department and based on this information, is operating improvement activities and various communication enhancement programs.

#### Labor-Management Communication Enhancement Program

Category	Description
Catch-Up Relay	<ul style="list-style-type: none"> <li>Operate a monthly relay program to share expatriate's lives via email and encourage communication</li> </ul>
Hey There	<ul style="list-style-type: none"> <li>Monthly team meals for two teams to communicate with each other(Share thank you's, pair up with each other)</li> </ul>
Korea Sales BS HERO	<ul style="list-style-type: none"> <li>Run a campaign where one employee is selected each month and mailed to the organization.</li> <li>Share professional and personal struggles, complements and encouragement</li> </ul>
'I am ground' Let me introduce myself	<ul style="list-style-type: none"> <li>Run a program where a team is introduced every month</li> <li>Introduce team work and members</li> </ul>

#### Activity Process of the Change Agent(CA)

Collect employee grievances and suggestions (email, in-person/contactless meetings)



Implement changes on suggested issues and provide responses on reviews



Share overall improvement and operational results

# Pleasant Work Environment

## Labor and Management for Shared Growth

### Support System for Employees' Welfare and Benefits

#### Support for Work-Family Balance

NEXEN TIRE complies with the Equal Employment Opportunity and Work-Family Balance Assistance Act(Equal Employment Act) under the Labor Standards Act by the Ministry of Employment and Labor. We provide maternity protection through prenatal and postnatal leave, spouse's maternity leave, and infertility treatment leaves, and support work-family balance through parental leave, reduced working hours during childcare, and operation of in-house childcare centers. We also offer benefits such as family care leave and reduced work hours if a family member needs care due to illness, accident, or old age.

#### 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. We maintain a number of teachers that exceeds the legal standard for each age group, and introduce programs from professional institutions to ensure quality education and safety. We also have separate catering facilities for nutritious meals, and all operating costs are fully covered by the company except for government subsidies.

#### Employee Apartments and Lease Deposit Support

NEXEN TIRE provides rental apartments for its employees or supports rental deposits to facilitate relocation when employees need to move due to career transition.

#### Welfare Mall Operation

NEXEN TIRE provides welfare points that can be used at the company's welfare mall during holidays such as Lunar New Year and Chuseok, the company's anniversary, and Family Month to support employees in having a joyful time with their families and people around them.

#### Support for In-house Clubs

NEXEN TIRE supports the voluntary circle activities of employees based on internal circle regulations. We accept official circle registrations annually for both existing and newly registered circles, and provide circle support funds twice a year, in the first and second half, to facilitate smooth circle activities. Additional support is provided to circles that are performing excellently to encourage their activities.

#### Welfare Benefits

Life	Leisure	Health	Family	ETC.
<ul style="list-style-type: none"><li>• Commuter buses (manufacturing plants)</li><li>• Gifts for holidays</li><li>• Free tires given</li><li>• Employee apartments provided</li><li>• Support on lease deposits</li></ul>	<ul style="list-style-type: none"><li>• Summer vacation expenses</li><li>• Support for in-house clubs</li><li>• Recreational facilities</li></ul>	<ul style="list-style-type: none"><li>• Comprehensive health checkups</li><li>• In-house gyms</li><li>• Affiliated hospitals</li></ul>	<ul style="list-style-type: none"><li>• Support on children's educational expenses</li><li>• Funds for family events</li><li>• Operate In-house childcare centers</li><li>• Points distributed during May (Korea's Family Month)</li></ul>	<ul style="list-style-type: none"><li>• Reward trips for long-term workers</li><li>• Travel Provided</li><li>• Special points distributed for volunteer activities</li></ul>

\* Scope of services supported: All employees, including contract and temporary workers(except Life/Leisure temporary workers)

# Customer Satisfaction and Quality Management

## Customer Satisfaction and Quality Management Policy

NEXEN TIRE has established and systematically manages policies to realize customer satisfaction based on the highest quality products. Through the establishment of policies, we have disclosed six management principles and responsibilities that employees must fulfill. The CEO of NEXEN TIRE holds the overall responsibility and authority for operations to maintain production activities and services overall, and employees are responsible for striving to comply with the policy principles and related laws and regulations.

Proactive Acceptance of Customer Requirements



Securing Customers' Safety



Advancement of Quality Levels through Continuous Improvement Activities



Enhancing Competitiveness by Eliminating Waste in Design and Manufacturing Processes



Compliance with Import and Export Safety Policies



Disclosure of Necessary Information on Customer Complaints, Quality, Safety, and Import/Export Safety to stakeholders



## Customer Satisfaction

### Customer Satisfaction Promotion System

NEXEN TIRE strives to provide superior service to its customers through continuous communication, product enhancement, and fostering mutual growth with its partners. With a customer satisfaction-oriented management approach, customers are classified into four categories: car makers, general consumers, dealers, and others, in order to understand their specific requirements and continuously incorporate them into product development efforts. Currently, feedback and claims from general consumers are collected through various channels such as the website and customer satisfaction call center, and actively integrated into the after-sales service system and product development. In particular, the customer satisfaction call center conducts regular data collection and analysis activities.

### Organization for Customer Satisfaction

NEXEN TIRE is establishing a Global Service Network both domestically and internationally, and is dedicated to enhancing customer satisfaction by directly listening to the voices of customers through the website channel. Customized response strategies are being developed and implemented for each customer in various regions and types by multiple BGs including the Brand Communication Team, Global OE Quality Team, NEXT LEVEL Team, Customer Satisfaction Office, and OE PM Team.

### Organization for Quality Management

- 1 Organization that manages the development and maintenance of the company's quality management policies and procedures
- 2 Organization that ensures products are produced in accordance with appropriate procedures and quality standards
- 3 Organization that inspects and guarantees that the produced products meet customer's performance requirements
- 4 Organization that enhances customer satisfaction through customer management and service activities

# Customer Satisfaction and Quality Management

## Customer Satisfaction for Car Makers

### Activity Overview

NEXEN TIRE builds trust by supplying technologically innovative products to automakers. We also provide customers with high value-added products optimized for new vehicles by continuously improving our R&D capabilities. Through steady technological advancements, we have been recognized by many global automobile manufacturers for our supply reliability and technological value, and are currently supplying original equipment(OE) tires for many new vehicles.

In addition, in line with the global electric vehicle market, we are currently supplying major electric vehicles such as Hyundai IONIQ 6 and Kia EV9, and are making various efforts to supply many upcoming electric vehicles. NEXEN TIRE will not be satisfied with this, but will continue to make active efforts to fulfill its social responsibilities and maintain mutual trust with customers for sustainable shared growth.

### 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 medium to long-term product strategy and development policies with our customers.

### Partnership with Global Car Makers

NEXEN TIRE has entered into a contract for supplying tires for new automobiles through partnerships with global car makers. In 2023, we began supplying tires for new cars to the 8th generation of the BMW 5 Series, a premium German automobile manufacturer. We have also started supplying tires for new cars to 'Atlas' vehicle of Volkswagen, a global automobile manufacturer. The newly face-lifted 'Atlas' model is a large SUV specialized for the North American market and is the largest model based on Volkswagen's latest platform MQB. We plan to expand our supply to premium automobile manufacturers based on our accumulated technology and quality.

### Development of Tires for New Cars

#### Tires for Electric Vehicles

The supply of the next-generation ICE&EV models of the iconic Dodge Charger/Challenger, the symbol of the American muscle car, has been confirmed, starting with the Wrangler. Development is underway for the Recon EV dedicated tires for pure electric SUV models in line with Stellantis's Global SUV Electrification Plan, as well as tires for the Cherokee PHEV. Leveraging NEXEN TIRE's solid technological capabilities, preparations are being made for supply in 2025. In addition, NEXEN TIRE has completed the development of tires for LDV (Lifestyle Delivery Vehicle), used by the EV startup CANOO, catering to various lifestyle needs. NEXEN TIRE has also supplied tires for the NASA-CANOO Artemis project, showcasing its technological prowess. NEXEN TIRE is making generous investments and efforts in the development of advanced tires such as eco-friendly tires and high-efficiency tires for electric vehicles to prepare for the new future of the mobility industry.

#### Development of Tires for High-Performance Vehicle

In collaboration with Hyundai Motor, NEXEN TIRE has pursued the development of tires for AVANTE N and Kona N RE, aiming to enhance brand recognition and technological capabilities. The N brand requires a robust design that can withstand harsh driving performance, unlike general tires. The performance of Ride and Handling(R&H) was conducted at the Nürburgring in Germany, and the performance of NVH(Noise, Vibration, and Harshness) was conducted at Hyundai Motor's Namyang R&D Center, and NEXEN TIRE's high-end summer new pattern, N'FERA SPORTS PTN, received performance approval at a level equivalent to Top Tier products. This has provided an opportunity to enhance NEXEN TIRE's technological capabilities and brand recognition among car makers and consumers.

### Participation in Customers' Suppliers Inventory Management System

NEXEN TIRE has been participating in the 'Supplier Inventory Management System' operated by carmakers since July 2022 to stabilize the supply of parts to customers. By sharing the current inventory levels of all parts supplied by NEXEN TIRE through the customer's own system, we are actively working together to ensure that there are no problems in the production of the customer's products.

In addition, by participating in our customers' inventory management systems, we contribute to the stabilization of their supply chains and maintain a trusting relationship with them.



# Customer Satisfaction and Quality Management

## Customer Satisfaction for General Consumers

### Activity Overview

NEXEN TIRE is striving to meet the high consumers’ interest in tire services in the domestic environment where car ownership is common. The purchase experiences shared online significantly affect the tire consumption trends, demanding changes in the tire distribution 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.

### Advancing Customer Service

#### Claim Consultation

NEXEN TIRE operates 125 stores nationwide for after-sales(AS) services to provide technical support and services, where one-on-one customized consultation with general customers are provided. In addition, we strive to improve customer satisfaction through periodic CS training for staffs working at AS designated stores in order to provide high-level consultation services that meet the customers’ expectations.

#### 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.

#### Production of Tire Safety Inspection Guide

To ensure safe usage of tires, we have created a 'Tire Safety Inspection Guide' and distributed it to major agencies, where posters are displayed in customer waiting areas for easy recognition and identification by consumers. We provide QR codes for videos that explain the major types of claims that occur frequently, making it easier to understand.

### NEXT LEVEL GO Service

NEXEN TIRE is providing a customer-oriented service, Next Level Go, which simplifies the process of purchases and replacement of tires. We are gaining high customer satisfaction with regard to time-saving and purchasing-convenience through this services, achieving over 100,000 cumulative users since its launch in 2020 and recording a customer satisfaction score of 4.9 out of 5. Customers who have used NEXT LEVEL GO are returning to the service when having to repurchase the products. Based on high customer satisfaction, 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.

### Product Warranty

With confidence in our products and service quality, NEXEN TIRE has been operating a special warranty program for 18 years since 2007, targeting customers that have purchased N'FERA and winter tire products. For customers that have purchased products and raised claims, we offer a one-time replacement of 4 new tires.

### Customer Complaint Handling

2021	2022	2023
Customer complaints received1,755 cases	Customer complaints received1,930 cases	Customer complaints received2,168 cases
Complaint handling rate99.9%	Complaint handling rate99.9%	Complaint handling rate100%

# Customer Satisfaction and Quality Management

## Customer Satisfaction for General Consumers

### Strengthening Communication with Customers

#### NEXEN TIRE Speedway Motor Festival

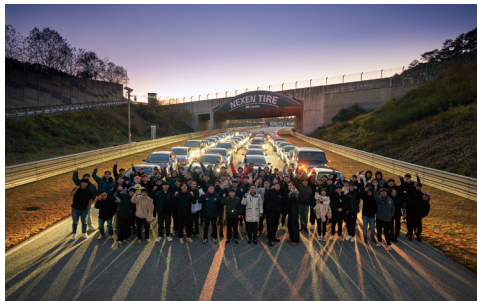
The NEXEN TIRE Speedway Motor Festival is jointly organized by NEXEN TIRE and Samsung C&T Resort Division, and was first held in 2023 under the sanction of the Korea Automobile Racing Association(KARA). Since 2006, NEXEN TIRE has been working to expand and develop motorsports in Korea, and in 2023, the event was held at Samsung Everland Speedway located in Yongin, Gyeonggi-do. Open to all those interested in motorsports, the NEXEN TIRE Speedway Motor Festival allowed amateur racers and others who enjoy track driving, beginners to circuit driving who need a driving academy, car clubs and general family enthusiasts to experience the circuit and various programs. We are striving to create a festival of participatory multidisciplinary motorsports to make motorsports more accessible to the masses.

#### NEXT LEVEL Concert

NEXEN TIRE's NEXT LEVEL Concert was held in collaboration with the retail media platform 'PRISM' to strengthen communication with the Millennials. The concert featured 'dance' as a theme, which is popular among the Millennials, and included a dance performance and talk concert at the NEXEN univerCITY building with the representative dance team 'Hook' and announcer Yoon Tae-jin. The NEXT LEVEL Concert served as an opportunity to communicate closely with the Millennials, the potential consumer for our tire rental and visiting tire installation service 'NEXT LEVEL'.

#### 'The N'FERA Duo Championship' Amateur Golf Tournament

NEXEN TIRE held an amateur golf tournament under the name of 'N'FERA Duo Championship' at the Star Hue GC in Gyeonggi-do in October 2023. The N'FERA Duo 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, and joined by 144 people. This year, the tournament was conducted in a shotgun start format, where participants began simultaneously from different tees, and a new awards ceremony and dinner were organized. A total of 15 prizes were awarded to ensure that many participants could win, and the winner of the competition received an 'invitation to the NEXEN-Saintnine Masters in 2024'. We also provided convenience by checking the air pressure and appearance of participants' vehicles on site.



# Customer Satisfaction and Quality Management

## Customer Satisfaction for Dealers

### Marketing Activities for Customers

#### Purple Summit Korea

NEXEN TIRE's Purple Summit is a hospitality program for global customers that has been held since 2016, and in April 2024, in conjunction with the Manchester City FC partnership, the event was held for the first time in Korea. The Purple Summit Korea featured the amateur event of the 'NEXEN-Saintnline Masters', the only KLPGA golf tournament in the Busan-Gyeongnam region, as well as the opportunity to experience the beautiful natural scenery and culture of Korea's second largest city, Busan. In addition, a tour of NEXEN TIRE's Changnyeong manufacturing plant to see the company's state-of-the-art manufacturing technology and a visit to 'The NEXEN univerCITY' in Seoul, the R&D control tower and hub of NEXEN TIRE's four global bases, provided a variety of experiences about Korea and NEXEN TIRE, and was a meaningful event for the delegates to pledge a future of growth together.

#### 2024 Tire Cologne Exhibition Participation

NEXEN TIRE is scheduled to participate in 'The Tire Cologne 2024', a global exhibition held in June 2024 in Germany. This three-day event will host participants from over 100 countries and attract around 12,000 visitors, featuring companies from the tire industry, including tires, wheels, and automotive parts. NEXEN TIRE, participating for the third time since 2018, will showcase products optimized for the European environment and further strengthen our position as a global premium brand.

#### 2023 Family Love Campaign

NEXEN TIRE organizes a Family Love Campaign targeting approximately 200 excellent agencies that promote its brand and sell its products in the Korean market to thank them for their efforts and to encourage them to grow together. The Family Love Campaign includes giving a KRW 50,000 Shinsegae mobile gift certificate on a spouse's birthday, a KRW 50,000 dining voucher for a child's graduation, support for funeral products in case of a family member's death, and wreath support in case of a funeral or condolence event. NEXEN TIRE plans to continue the Family Love Campaign to maintain and strengthen its bond and loyalty with agencies.

#### Client Promotion through Agency Support

NEXEN TIRE continuously promotes the mutual growth with its agencies through promotional support to agencies. In 2023, four seasonal promotions were conducted for purchasing customers, and various gifts such as Starbucks gift cards, Manchester City FC home game tickets, fuel gift cards, and winter bedding were provided to support the sales activities of the agencies. In addition, we have conducted an event in collaboration with 'TIRE TECH', the exclusive distribution brand of NEXEN TIRE, through the specialized multi-tire distribution brand 'TIREBANK'. We will continue to strive for mutual growth with agencies and expand promotions through agencies so that more customers can experience NEXEN TIRE and feel our brand value.



# Customer Satisfaction and Quality Management

## Customer Satisfaction Achievements and Awards

### Customer Satisfaction Evaluation

NEXEN TIRE prioritizes customer trust and strives to provide satisfactory services. NEXEN TIRE launched 'NEXT LEVEL', a tire rental service in 2015. This service has set a unified price by the products' class, 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 regularly receive checks on tire condition and air pressure.

Furthermore, 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. NEXEN TIRE has offered convenience by launching and operating continuous customer-oriented services and recorded 93 points in customer satisfaction in 2023.

### NEXEN TIRE's Customer Satisfaction Scores

Category	Unit	2020	2021	2022	2023
Customer Satisfaction	Score	97	96	99	93

### Customer Satisfaction Awards

#### Winning the National Service Award for Four 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 fourth 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 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 for more reasonable consumption.

#### Top Ranking in Tire Category of GCSI(Global Customer Satisfaction Competency Index)

NEXEN TIRE continuously monitors and enhances the brand reliability and loyalty to its customers, achieving No. 1 in GCSI's tire category for 14 consecutive years as of 2023. As a certification issued by the Global Management Association, a research and assessment subsidiary of the Ministry of Trade, Industry, and Energy, GCSI 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 assessment model determines the ranking based on a comprehensive total score that considers functional, emotional, and service quality satisfaction, product satisfaction relative to price, global competitiveness, and potential secondary sales. The 2023 assessment was conducted online targeting approximately 96,000 valid samples, and NEXEN TIRE was ranked No. 1 in three categories: quality satisfaction, product satisfaction, and global competitiveness, and No. 2 in loyalty, achieving No. 1 overall.



# Customer Satisfaction and Quality Management

## Quality Management

### Quality Management System

In order to produce products that ensure and 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. Also, we operate a system that secures a pre-manufacturing quality to develop high quality tires that can satisfy the customers. With the first step in OE supply contract review, we analyze the quality issues raised in the past to reflect them in the design and verify the performance and reliability of the product at each stage. Even after the product launch, we continuously collect customer feedback to strive for ongoing customer satisfaction and quality improvement.

### Organization for Quality Management

NEXEN TIRE operates a separate quality management organization to provide quality products that satisfy customers. Based on the life cycle of a product, we perform tasks in all areas related to product quality, from the planning stage to the manufacturing process to customer management. The quality management organization is divided into four main areas depending on the nature of the tasks.

#### Organization for Quality Management

- 1 Organization that manages the development and maintenance of the company's quality management policies and procedures
- 2 Organization that ensures products are produced in accordance with appropriate procedures and quality standards
- 3 Organization that inspects and guarantees that the produced products meet customer's performance requirements
- 4 Organization that enhances customer satisfaction through customer management and service activities

### NEXEN TIRE's Quality Assurance

At NEXEN TIRE, the safety of our customers is our top priority, and we are committed to eliminating and preventing risks to them while maintaining the highest quality. To this end, we regularly inspect our products and manufacturing processes, and conduct tests and inspections in accordance with safety-related legal requirements.

To ensure that the quality system is effectively operated, maintained, and improved in the production of all products, the CEO has overall responsibility for manpower and resource management. In addition, to ensure that the requirements of the quality system are met and maintained, the CEO has appointed a quality management representative who is committed to continuous improvement in all matters related to quality.

## 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. 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 perfect 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

NEXEN TIRE thoroughly verifies whether design requirements and safety have been secured at each development stage to create a process that ensure the quality and safety of products in all new developments and changes in design. Through this, we aim to provide customers with more reliable products.

### IATF 16949(International Quality System) Certification



#### Certification Scope

All manufacturing plants  
(YP, CP, EP, QP)

#### Expiration Date

October 30, 2025(YP)

July 24, 2025(CP)

February 25, 2027(QP)

March 12, 2026(EP)



# Customer Satisfaction and Quality Management

## Quality Management Improvement Activities

### Manufacturing Quality

#### Introducing the Error Proof System

NEXEN TIRE operates a process-specific Error Proof System to eliminate potential defects that can occur in standard operations, such as malfunctions of production equipment and operator errors.

#### 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.

#### Manufacturing Quality Risk Management

NEXEN TIRE addresses and prevents potential accidents such as facility and manpower shortages, and accidental contingency of main production equipment. In the event of an accident, we strive to supply products reasonably to continuously meet the customers' requirements. To respond to unexpected threats or changing internal and external conditions, we plan and implement response measures at each stage of the production process sector and support function sector based on the Minimum Business Continuity Objective(MBCO), ensuring the continuity of operations.

#### Improving Manufacturing Quality for Customer Satisfaction

NEXEN TIRE systematically detects customer complaints through global Service Network monitoring, and to address this, we are committed to enhancing manufacturing quality capabilities to ensure that customers are satisfied with our products.

### Product Quality

#### Constant Quality Monitoring Through Alarm Operation

NEXEN TIRE continuously strives to improve quality by consulting with the research, production, and quality sectors based on the results of quality monitoring collected through the global Service Network.

#### Quality Management of Developed Products

NEXEN TIRE develops products by prioritizing customers' safety and satisfaction improvement from the planning stage, in consideration of various factors of the global market. We analyze the market environment and customer requirements to identify potential risks in advance and design optimized products that prevent them. We thoroughly validate these products at each stage.

#### System for Responding to Recalls

When a significant defect in a product is detected, NEXEN TIRE promptly determines the need for a recall, and then reports 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.

#### Supporting Customers with Quality Services

NEXEN TIRE educates and provides information on safe tire usage through business partners with whom it is trading, to ensure that customers can use tires safely. Additionally, we publicly announce the guideline for safe product usage in our website.

# Customer Satisfaction and Quality Management

## Quality Management Improvement Activities

### 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.

### Support for Innovation Activities in Manufacturing Plants

NEXEN TIRE is strengthening working team activities based on Total Productive Maintenance(TPM) to effectively promote productivity improvement of technical employees and innovative improvement of its plants. Through suggestion activities that encourage manufacturing environment and site improvement activities based on the 3 pillars of 5S, we are solving problems from the perspective of PQLCDS (Pro-duction, Quality, Loss, Cost, Delivery, Safety).

As a way to motivate the self-improvements of our technical employees, we expand and reorganize training programs for the acquirement of certificates for equipment maintenance as a way to support the self-improvements of our technical employees. In 2023, out of 30 trainees, 16 passed the written exam, and 5 passed the practical exam. Furthermore, to prevent safety accidents and reduce products with inappropriate quality, we conducted safety and quality training for all working team members during the 12th training session in the first half of 2024.

### Implementing Benchmarking Exchanges for Quality Innovation

In 2023, NEXEN TIRE’s Changnyeong manufacturing plant selected 10 core QCCs(Quality Control Circles) out of 82 QCCs for more effective innovative activities at business sites. The core QCCs received intensive trainings from experts of the Korean Standards Association to standardize on-site works and actively run environmental improvement activities that clean up the contaminated equipment and areas. By interacting with other outstanding innovation sites, we visited the Poongsan Corporation to observe 3R 5S activities and benchmarked best practices based on 3R 5S activities to the Changnyeong manufacturing plant. In December 2023, the production director and department leader recognized the achievements of 9 certified QCCs, encouraging and awarding them, and promised to continuously maintain the cleanliness of the equipment and areas in charge.

## Quality Management Performance and Awards

### Designated as Excellent Company in Quality Competitiveness at the 49th National Quality Management Convention in 2023

NEXEN TIRE’s Changnyeong Plant was selected as a quality competitive company for the three consecutive years in recognition of its excellent performance through quality management and continuous innovation in the 49th National Quality Management Competition held in November 2023. The National Quality Management Competition is a competition organized by the Ministry of Trade, Industry, and Energy’s subsidiary, Korean Agency for Technology and Standards. 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. 13 items such as strategy and management system, information management, logistics, small group and proposal activities, etc. are reviewed to qualify as excellent companies. Companies with excellent performance in quality competitiveness and continuous innovation are selected, and in 2023, a total of 43 companies were selected. As a result of continuous provision of high 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 the greatest company-wide quality innovation improvement activities in the country and has been recognized for its achievement for 12 consecutive years. We hold a quality control circles contest once a year to select an excellent working team. Since 2011, we have also been participating in the National Quality Control Circles Contest through regional preliminaries, winning Presidential medals each year. In 2023, 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 ‘reduction in the rate of defective products through improvements in the tread head’ and in the category of non-manufacturing under the theme of ‘work time reduction through improvements in the performance testing process’.

#### Awards in the past 5 years

Year	Department	Quality Control Circle	Presidential Medal(Category)	Number of Medals		
				Gold	Silver	Bronze
2019	(YP) Curing/ (CP) Material/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(smart plant)/Presidential silver 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	Mold Part	Mujigae	Presidential silver medal(site improvement)		1	
2023	(CP) Mixing Part/ (CP) Quality Inspection Team	Athena / Chollian	Presidential silver medal(site improvement)/ Presidential bronze medal(non-manufacturing)		1	1

# Social Contribution



## Social Contribution Governance

### Establishment of Social Contribution Strategy

NEXEN TIRE has established an operational plan for Social Contribution based on the active participation and interest of employees, conducting Welfare Points For Volunteer Work and quarterly participation programs. In 2022, we conducted volunteer services utilizing our business by providing tires to vehicles of Social Welfare Centers, and in 2023, we expanded our Social Contribution projects linked with the UN's Sustainable Development Goals(SDGs). Projects specialized at each Worksites were carried out focusing on key keywords such as Biodiversity and prevention of deforestation. Moving forward, we aim to establish a sustainable management system in harmony with the local community and enhance and develop our ESG Strategy.

2023 Social Contribution Activities Details	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	10 DECENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	15 LIFE ON LAND
Social Welfare Centers Tire Support Project								
Participation-Based Social Contribution Kit Making	●				●	●		
Blood Donation Campaign	●		●			●		
CPR Training			●					
Beautiful Forest Creation Project							●	●
Zero Waste Campaign							●	●
Rural Volunteer Activities						●		
Coal Briquette Sharing	●	●				●		
Dream Start(1:1 child matching)	●			●	●	●		
Bread Sharing Project for vulnerable group		●				●		
Hope Sharing Side Dish Service Delivery Volunteering	●	●				●		
Plogging						●	●	●
Home Environment Improvement Project for vulnerable group	●	●				●		
Traffic Accident Prevention Campaign(Reflective Sheets on Trucks)						●		
Wheelchair Support for Elderly Facilities						●		
HaHaDongDong Community Day Mobile Welfare Center Volunteering	●				●	●		

### Enhancement of Employee Welfare Participation Environment

#### Welfare Points For Volunteer Work

NEXEN TIRE encourages voluntary participation in volunteer activities by employees by offering up to 100,000 welfare points depending on the annual cumulative volunteer hours. The system contributes to inducing employee participation and strengthening the institutional foundation to activate Social Contribution Activities.

#### Planning of Participation-Based Volunteer Programs

NEXEN TIRE has planned various volunteer programs in collaboration with professional agencies to promote participation in Social Contribution Activities. Through these programs, opportunities for participation have been expanded for employees and their families, and an employee-exclusive application page was created on the professional agency's platform to enhance accessibility and convenience.

#### Volunteer Programs

### 4분기 참여형 사회공헌 프로그램

소아암 어린이를 위한 내란구 나뭇잎 만들기

나뭇잎 만들기 키트를 직접 만들어 기부하는 따뜻한 봉사활동입니다

신청기간  
OPEN ~ 10.30(월)  
~ 11.03(금)

키트배출  
DELIVERY ~ 11.06(월)  
~ 11.08(수)

제약 및  
참용  
ACTIVITY ~ 11.24(금)

임직원과 함께 하는 따뜻한 사랑 나눔

평균 30여만 원의 후원금과 후원금에 대한 조달금도 함께 기부할 예정입니다. 후원금  
을 받고 있습니다. 내란구 나뭇잎 캠페인은 어린이를 위한 사회적 책임을 실천하며  
이제까지 소아암 어린이를 위해 후원한 10여만 원의 후원금도 함께 기부합니다.

신청방법

1. 아래에 QR코드로 참여 신청
2. 동봉된 신청서를 참고하여 제작
3. 완성된 키트를 임직원 발송

\* 임직원만 키트 1개만 신청가능(주요)

봉사시간 2시간 인정 (비영리활동확인서)

키트에 동봉된  
봉사활동 확인서 발급  
신청을 꼭 잊지주세요.  
주요 후원금에 대한  
송부드립니다.

담당자 문의

문화재단 담당  
주혜은 책임  
25-내선(0962)

#### 2023 Number of Volunteers Performance

##### Annual Cumulative Number of Volunteers

440 persons

##### Total Number of Volunteer Hours

2,560 hours

##### Volunteer Hours Per Employee

5.8 hours

##### Monetary Value of Volunteer Time\*

KRW 24.6 million

\* Value Conversion Formula = Total Number of Volunteer Hours x Annual Minimum Wage Rate(Public Announcement by the Ministry of Employment and Labor, 2023 Minimum Wage: 9,620 KRW)

## Social Contribution

### Social Contribution Activities

#### Social Contribution Activities That Reflect the Characteristics of the Tire Industry

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

##### Tire Donations for Social Welfare Vehicles

To create a safe mobility environment for social welfare centers, NEXEN TIRE has launched a tire donation project since 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 conducted tire safety training for the employees of social welfare centers in 2023.

##### Signing an MOU for Supplying Tires to the Private Taxi Union in Busan and Yangsan

By entering into an MOU with the Private Taxi Union of Busan and Yangsan, NEXEN TIRE has offered tires manufactured at NEXEN TIRE's Changnyeong Plant for approximately 14,300 taxis for business contracted to this day from 2019. 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. Based on communication with NEXEN TIRE's labor and management, this agreement 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 at Worksites

NEXEN TIRE operates volunteer clubs at each plant for social contribution activities in the local community. At the Yangsan Plant, we operate the YP Hope Sharing Club, which has been in partnership with the Yangsan Disabled Welfare Center since 2018, and has been carrying out activities such as delivering side dishes to the Yangsan City Hall, participating in the Yangsan Children with Disabilities Day events, healing music concerts for disabled families, and renting camping cars for memorable moments. At the Changnyeong Plant, we established a plan to support the local neighbors in need, providing goods and participating in employee activities in collaboration with the Changnyeong County Welfare Center for the Disabled. Employees voluntarily participate in activities such as Kimchi making and blood donation campaigns, and actively promote activities that meet the needs of the local community.

##### Tire Discount Voucher for Local Residents Who Donate Blood

NEXEN TIRE has continued its social contribution activities through an agreement with the Korean Red Cross. Beyond internal blood donation campaigns, since 2020, NEXEN TIRE has held annual blood donation promotions that provide discount coupons for tires to local residents who donate blood to promote public participation in blood donation. To date, about 44,000 blood donors have participated in the seven promotions. We plan to continuously work with the Korean Red Cross to encourage blood donation through various promotions other than tire discounts.

Tire Support for Social Welfare Centers



Private Taxi Union MOU



# Social Contribution

## Social Contribution Activities

### 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, and in 2023, a total of KRW 3,050,000 was raised through N'Fund.

#### Zero Waste Environmental Campaign

NEXEN TIRE holds 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, realizing the value of social contribution, 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. We plan to deliver about 300 blood donor cards that have been collected through voluntary activities to Korea Childhood Leukemia Foundation to be used for pediatric cancer patients requiring transfusions.

#### Donation for a Great Flood in Libya

NEXEN TIRE, in collaboration with its Libyan business partner Doroub, delivered relief supplies to help local people affected by the great flood in Libya occurred in September 2023. We urgently supported medicine through sea routes and relief supplies including food and blankets through land transport.

### 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

Category			Unit	2021	2022	2023
Scholarship Program	Operating Expenses for Scholarship Support	NEXEN Wolsuk Cultural Foundation	KRW million	766	621	529
		KNN Cultural Foundation	KRW million	177	184	175
		NEXEN Wolsuk Busan Leading Scholarship Committee	KRW million	60	60	60
	Scholarship Beneficiaries	NEXEN Wolsuk Cultural Foundation	Persons	525	483	437
		KNN Cultural Foundation	Persons	176	184	175
		NEXEN Wolsuk Busan Leading Scholarship Committee	Persons	80	80	80
Welfare Projects	Operating Expenses for Welfare Support	NEXEN Wolsuk Cultural Foundation	KRW million	240	260	260





# Social Contribution

## Social Contribution Activities

### Sports Competitions Sponsorship

#### Football

NEXEN TIRE is officially sponsoring Manchester City in the 2023 - 2024 season, maintaining a partnership with the team for the 9th season since 2019. In 2023, Manchester City visited Korea on their Asia tour and participated in the 'Football Academy' event with children, providing an opportunity to experience coaching from one of the world's top clubs. In addition, we have been strengthening our point-of-contact with fans and consumers by uploading collaborative content with the YouTube channels called 'MMTG'. We utilize not only offline events and social media activities but also advertising campaigns and TV commercials as a marketing platform to communicate with the fans, and support clubs in various ways. 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 since 2021. Also, we have been the official sponsor of Juventus FC, an Italian Serie A team, since 2023.

#### Golf

Since 2013, NEXEN TIRE has been hosting the "NEXEN-Saintnine Masters" KLPGA Golf Competition with NEXEN Corporation. As the only KLPGA golf competition in Busan and the Gyeongsangnam-do region, celebrating its 11th event in 2024, 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 addition, we have held an amateur golf tournament under the name of 'N'FERA Duo Championship' since 2022. In addition to sponsoring domestic golf competitions, we have been sponsoring Haru Nomura, who has a record of winning three LPGA tournaments.

#### Snowboarding

NEXEN TIRE founded the NEXEN Winguard Snowboard Team in November 2022 to actively promote winter sports. The NEXEN Winguard Snowboard Team is composed of players: Sang-ho Lee, who won a silver medal at the 2018 Pyeongchang Winter Olympics and won the top of men's parallel slalom in 23/24 FIS Snowboard World Cup; 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. NEXEN TIRE exposes its brand through the athletes' uniforms, boards, and helmets, and also engages in various marketing activities such as running a snowboard academy to expand winter sports. In particular, we have been conducting various CSR activities, including an academy and mentoring class with the NEXEN Winguard Snowboard Team for registered youth athletes of the Korea Ski Association, and providing snowboarding lessons for children from socially disadvantaged groups.

#### Hockey

Following the sponsorship of Anaheim Ducks and Chicago Blackhawks of the NHL(National Hockey League), NEXEN TIRE has also been sponsoring the New York Rangers Team since 2023. Founded in 1992, Anaheim Ducks won the "Stanley Cup" 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. The New York Rangers, also a member of the Original Six founded in 1926, have won the Stanley Cup four times. By sponsoring these three hockey teams, 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.



# Social Contribution

## Social Contribution Activities

### Youth Sports Sponsorship

#### NEXEN Winguard Snowboard Academy

In February 2023, NEXEN TIRE held a snowboard academy event for youth and adolescents at Yongpyong Resort in Gangwon Province. This was the first CSR event conducted since the establishment of the NEXEN Winguard Snowboard Team, aimed at expanding the base of the snowboarding discipline. Team members Sang-ho Lee, Seung-young Hong, Yong-hwi Lee, and coach Byung-jun Hyun served as one-day instructors, providing one-point lessons to the young snowboarders. The event included snowboarding lessons, autograph sessions with the athletes, Q&A sessions, and the distribution of various souvenirs, offering significant motivation to the young snowboarders to grow like Sang-ho Lee, the 2018 Pyeongchang Winter Olympics silver medalist.

#### NEXEN Happy Sharing Snowboard Camp

In December 2023, NEXEN TIRE also conducted the Happy Sharing Snowboard Camp, a snowboarding lesson and experience program for children from socially disadvantaged backgrounds, at Yongpyong Resort in Gangwon Province. Leading the expansion of winter sports, NEXEN TIRE, along with Sang-ho Lee, Seung-young Hong from the NEXEN Winguard Snowboard Team, coach Byung-jun Hyun, and other professional instructors, provided introductory lessons on how to wear snowboarding equipment, basic postures, movement, and direction changing to about 40 children. Participants were also presented with various souvenirs.

#### NEXEN TIRE-Manchester City Football Academy

In July 2023, NEXEN TIRE hosted a football academy at a futsal court in Paju, inviting 40 elementary school students who are members of football classes operated by Gangseo District Office and Songpa District Office in Seoul. As a partner of Manchester City F.C. during their visit to Korea, NEXEN TIRE organized the 'NEXEN TIRE-Manchester City F.C. Football Academy' to provide domestic children with a world-class big club coaching experience. The event featured a one-day football coaching program by Manchester City F.C.'s coaching staff and legend player Shaun Wright-Phillips, including autograph sessions and photo opportunities, creating a special experiential event for the children.

#### Youth Soccer Tournament for NEXEN-Manchester City Cup(San Diego, USA)

In May 2023, NEXEN TIRE, in collaboration with Manchester City F.C., conducted the NEXEN-Manchester City Cup, a youth soccer tournament in San Diego, USA, over five days. As one of the various projects for youth soccer players, NEXEN TIRE has been annually hosting the NEXEN-Manchester City Cup youth tournament in San Diego. The 2023 tournament contributed to enhancing the brand recognition of NEXEN TIRE in the USA and the development of soccer culture through various events and the provision of memorabilia, in addition to stadium branding.



# Information Security

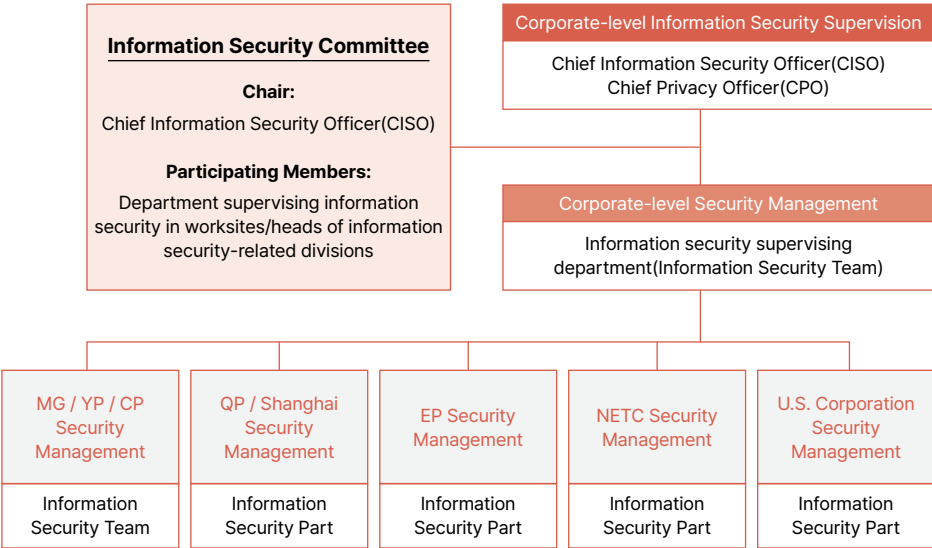
## Information Security Governance

### Information Security Operating Organization

NEXEN TIRE has established a comprehensive corporate-level information protection organization to manage information protection-related issues. We have appointed a Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) with experience in information security and privacy protection to oversee the organization, and we fulfilled our CISO reporting obligation in March 2023.

Under the CISO and CPO, we have a department in charge of corporate-level security management, which is responsible and authorized for information protection. The department is responsible for all aspects of information security, including operating the information protection management system, managing information protection business, and responding to infringement incidents. In addition, information security and privacy protection managers have been designated separately for each organization to ensure that employees actively participate in the information protection management system. In order to ensure that employees actively participate in the information security management system, we have designated separate information security and privacy managers for each organization not only in domestic sites but also in overseas sites.

#### Information Security Management Organization



### Information Security Policy

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 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 Privacy 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

Information Security Regulations			
SNX-P-0001	Staff Security Guidelines	SNX-P-0006	Technical Security Guidelines
SNX-P-0002	Information Asset Management Guidelines	SNX-P-0007	Physical Security Guidelines
SNX-P-0003	Security Incident Response Guidelines	SNX-P-0008	Information Security Risk Management Guidelines
SNX-P-0004	Information Security Organization Operation Guidelines	SNX-P-0009	Subcontractor/Supplier Security Management Guidelines
SNX-P-0005	User Security Guidelines		

Privacy Protection Management System	
PKR-P-0001	Privacy Protection Guidelines

# Information Security

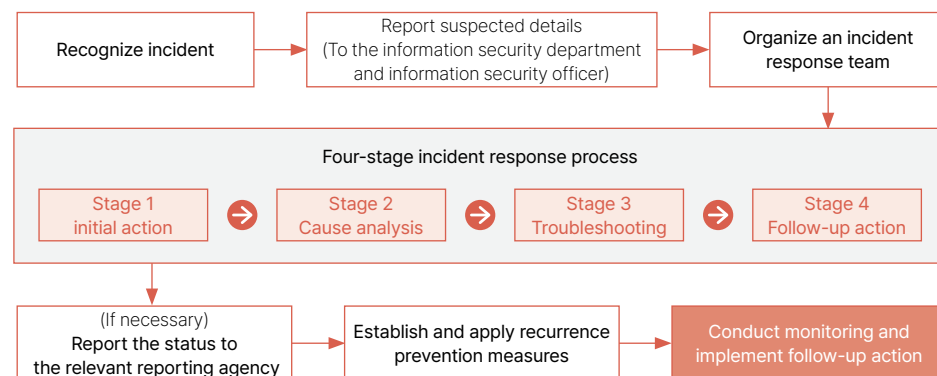
## Information Security Governance

### Information Security Management System

#### 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 ensure that employees can respond correctly in the event of an actual incident.

#### Information Security Incident Response Process



### Information Protection Certification Management

#### Acquisition of TISAX

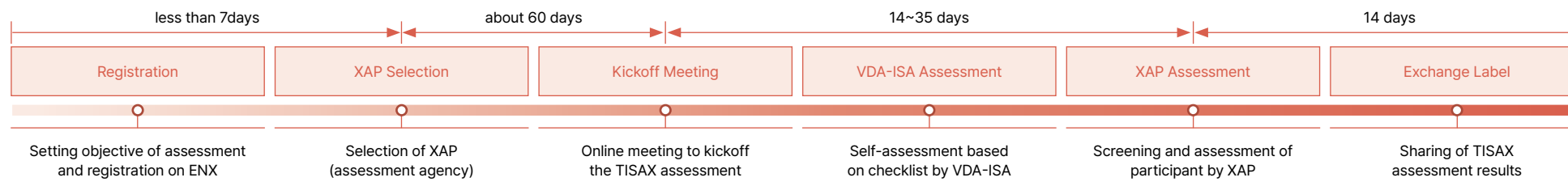
NEXEN TIRE has been recognized for its information security management system by the German Association of the Automotive Industry (VDA) in 2022 and has obtained the global information security system label called "TISAX" (Trusted Information Security Assessment eXchange). TISAX is based on the VDA ISA catalog developed by the VDA and incorporates the reference actions in Annex A of ISO/IEC 27001, which is a standard from the International Organization for Standardization (ISO). TISAX evaluates various aspects, including information security systems, supplier security systems, data protection systems, and prototype protection systems\*, while considering specific requirements of the automotive industry. The VDA defines mandatory assessment criteria for all TISAX registered members. The evaluation is based on the company's comprehensive automotive information security evaluation(VDA ISA) recognized globally. NEXEN TIRE's five major global businesses(Magok, European Research Center, European Plant, Qingdao Plant, and Shanghai Inc.) have earned the label, and the America Inc. is expected to earn the label in the first half of 2024. TISAX is awarded only when there are no deficiencies in the standardized security processes, hence requiring a highly advanced security management system to obtain such a label. 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.

\* Information Security, Supplier and Vendor Management, Data Protection, Prototype Protection

#### Companies Subject to Information Protection Disclosure Obligations

Since June 2022, NEXEN TIRE has been included in the list of companies subject to information security disclosure obligations, and have submitted our report on information security investment, human resources and activities on KISA(Korea Internet Promotion Agency)'s portal every year.

#### The steps of a TISAX Assessment



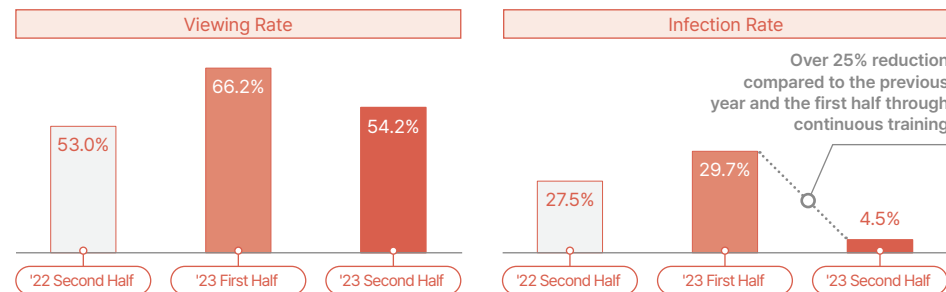
# Information Security

## Information Security Activities

### Information Security Monitoring

In addition to the stability of the information system, NEXEN TIRE conducts regular data security and privacy 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. As a result of these efforts, there were no incidents or financial damages related to information security, cyber security, or breach of customer privacy in 2023.

#### Viewing and Infection Status for 2022-2023



#### Information Security and Cyber Security-related Compliance

Category	Unit	2021	2022	2023
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

#### Number of Information Security and Cyber Security-related Violations

2021	2022	2023
0 cases	0 cases	0 cases

#### Number of Violations Concerning Customers' Privacy

2021	2022	2023
0 cases	0 cases	0 cases

#### Information Security Monitoring Activities and Achievements in 2023

Category	Operation of the information security management system	Measures to secure safety	Training for violations and disaster recovery and response training	Activities to improve awareness of information security
Description	<ul style="list-style-type: none"> <li>Operate a well-structured Information Security Management System(ISMS)</li> </ul>	<ul style="list-style-type: none"> <li>Carry out vulnerability diagnosis and remediation measures</li> <li>Encrypt privacy databases</li> <li>Control access and monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate Incident Response Training with external agencies</li> <li>Perform Disaster Recovery Training's</li> </ul>	<ul style="list-style-type: none"> <li>Provide employees with information protection and privacy training</li> <li>Operate information protection campaign activities</li> </ul>
Key Activities and Achievements in 2023	<ul style="list-style-type: none"> <li>Operated a dedicated information security organization</li> <li>Strengthened the information security policy system</li> <li>Assessed and improved information security risks</li> </ul>	<ul style="list-style-type: none"> <li>Carried out vulnerability diagnosis on servers and implemented remediation measures</li> <li>Encrypted all privacy DBs</li> <li>Controlled access and monitoring through information protection solutions</li> </ul>	<ul style="list-style-type: none"> <li>Operated employee Simulation Training on APT hacking emails</li> <li>Operated response training on recovery and damage of information system disruptions in the event of a disaster</li> </ul>	<ul style="list-style-type: none"> <li>Trained employees on information security and privacy protection</li> <li>Conducted privacy protection training for employees who handle privacy</li> <li>Conducted information protection and privacy protection training for new employees</li> <li>Organized information protection campaigns utilizing in-house bulletin boards, billboards, etc.</li> </ul>



# Information Security

## Information Security Activities

### Simulation Training on Response to Cyber Threats

In the first and second half of 2023, we conducted a ‘simulation training on APT(Advanced Persistent Threat) hacking mails’ to inspect the organization’s internal information security management system and enhance security awareness of employees. In 2023, a total of 1,051 employees participated in the cyber crisis response simulation training organized by the KISA. The training aimed to deliver precautions that employees should take when receiving malicious emails. As a result of continuous training, the infection rate decreased by 25% compared to the first half of 2023, and employees developed the capability to respond agilely in actual attack situations.

### Information Security Audits

NEXEN TIRE secures objectivity and external reliability in its information security activities by conducting third-party information security consulting and audits annually through collaborations with external agencies. In 2023, a total of three information security audits were conducted, achieving enhanced reliability in customer service and stability of information assets, while reducing potential information security risks.

### Information Security Risk Assessments

NEXEN TIRE carries out annual security risk assessments on key information assets to proactively identify and mitigate risks. These activities are conducted regularly, either on its own initiative or upon internal request, contributing to the creation of a safe working environment and enhancing the overall level of security.

### Activities to Improve Awareness of Information Security

NEXEN TIRE enhances the information security awareness of employees by producing information security posters annually and placing them at all worksites. In 2023, a poster containing Chat GPT security rules was distributed to all employees, informing them of the precautions to be taken while using Chat GPT, aiming to prevent privacy and corporate confidential information leakage. In addition, we are conducting various activities, including an Information Security Day for each month to check information security across the company.

### Information Security Training for Employees

NEXEN TIRE provides privacy training to all employees upon joining the company to raise their awareness on privacy and strengthen their capabilities. In 2023, a total of 1,078 employees completed the legally mandated privacy training. In addition, apart from the corporate-wide training, we provide additional training on the Privacy Protection Act to those who handle privacy to strengthen their privacy protection capabilities. In addition, we have been collecting security pledges and privacy handling signatures from all employees every year since 2022 to internalize their sense of responsibility for privacy protection and to ensure that all employees recognize that they are subject to privacy protection.

#### Information Security Education Status(Compulsory Education)

Category	Unit	2021	2022	2023
Target Persons*	Persons	1,037	999	1,094
Persons who completed education*	Persons	987	895	1,078
Education completion rate	%	95	90	98.5

\* Based on domestic worksites

#### Status of Completion of Education on the Privacy Protection Act(Internal Education)

Category	Unit	2021	2022	2023
Target Persons*	Persons	101	133	329
Persons who completed education	Persons	93	123***	329
Education completion rate	%	92	92	100

\* Education subject to privacy handlers

\*\* Based on domestic worksites

\*\*\* Correction of the number of participants due to data error in the disclosed data for the year 2022.

# Information Security

## Privacy Protection

### Privacy Protection Policy

NEXEN TIRE monitors domestic and foreign privacy 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 privacy laws of B2C businesses we conducted in the first half of 2023, we identified a privacy 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, use, storage, and destruction, NEXEN TIRE strives to manage 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 privacy acquired by the company. NEXEN TIRE strictly complies with laws and regulations related to privacy in Korea and abroad, such as the "Privacy Protection Act" and the "GDPR", and provides a safe and reliable privacy protection environment for its customers.

### 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 privacy at any time. We also set in place various channels to receive complaints related to privacy including our website, written letters, telephone, and e-mail. NEXEN TIRE processes privacy-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

Category		Unit	2021	2022	2023
External Stakeholders	Complaints confirmed	Cases	0	0	0
	Complaints handled	Cases	0	0	0
	Response rate	%	-	-	-
Regulatory Organizations	Complaints confirmed	Cases	0	0	0
	Complaints handled	Cases	0	0	0
	Response rate	%	-	-	-
Next Level Service*	Complaints confirmed	Cases	-**	13	212
	Complaints handled	Cases	-**	13	212
	Response rate	%	-**	100	100

\* Customer complaints received by NEXEN TIRE through the Korea Internet & Security Agency

\*\* Membership withdrawal processes related to the NEXT LEVEL service has been in progress since November 2022



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# Transparent Board Operation

## Healthy BOD

NEXEN TIRE is committed to building a sustainable management system based on a transparent and sound governance structure, aiming for the growth of the company and the creation of value for 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, to maintain an efficient governance structure, our BOD is composed of a diverse group of professionals to ensure expertise and diversity. In December 2023, NEXEN TIRE established an ESG Management Committee within the BOD to review and deliberate on major strategic directions related to the environment, society, and governance, and to systematically respond to NEXEN TIRE's ESG material issues.

### Organization of the BOD

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 April 2024, 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

(As of April 2024)

Category	Name	Gender	Date of Appointment	Expiration of Term	Remarks
Executive Directors	Byung-Joong Kang	Male	1999. 06	2026. 03	Chair of the BOD
	Ho-Chang Kang	Male	2001. 03	2025. 03	
	Hyun-Jong Lee	Male	2022. 03	2025. 03	
Non-executive Directors	Seung-Hwa Kwon	Male	2020. 03	2026. 03	Reelected
	Gak-Kyu Hwang	Male	2022. 03	2025. 03	
	Yong-Taek Hong	Male	2022. 03	2025. 03	
	Hank-Ik Yoo	Male	2021. 03	2027. 03	Reelected

### Organization of the BOD



### ESG Management Committee

NEXEN TIRE established the ESG Management Committee at the end of 2023 with the approval of the Board of Directors after about a year of review to systematically manage and supervise ESG management by the highest decision-making body. Since the first meeting of the committee in January 2024, the committee has been responsible for managing and supervising ESG issues, including establishing carbon neutrality goals and implementation plans, reviewing sustainable disclosures and material issues, and managing the implementation of other ESG-related strategic tasks.

### Audit Committee

The Audit Committee consists of non-executive directors with expertise in various fields and serves to monitor, diagnose, evaluate and suggest reasonable alternatives for the management activities of NEXEN TIRE. This ensures transparency in management activities, minimizes management risks, enhances competitiveness and protects the interests of stakeholders. In addition, the finance department of NEXEN TIRE implements a continuous monitoring and control system based on analyses with external experts to ensure that internal transactions between the headquarters and subsidiaries, or between NEXEN TIRE and its affiliates are conducted fairly within the appropriate market value and profit margin range.

### Non-executive Director Recommendation Committee

NEXEN TIRE operates the Non-executive Director Recommendation Committee in accordance with the regulations specified in Article 542-8(4) of the Commercial Act. 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 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.

# Transparent Board Operation

## Healthy BOD

### Committee within the BOD

Operation of BOD Committee		
Category	Functions	Operation Status
ESG Management Committee (1 executive director, 2 non-executive directors)	<ul style="list-style-type: none"><li>Deliberation and resolution on key ESG-Related Factors</li></ul>	Newly established in December 2023
Audit Committee (4 non-executive directors)	<ul style="list-style-type: none"><li>Review accounting documents, audit procedures and results of accounting firm</li><li>Request additional review of accounting books and related documents to accounting firm and review results</li><li>Review the operational status of internal accounting control system</li></ul>	5 sessions in 2021 7 sessions in 2022 7 sessions in 2023
Non-executive Director Recommendation Committee (1 executive director, 2 non-executive directors)	<ul style="list-style-type: none"><li>Recommend non-executive director candidates at the general shareholders' meeting</li></ul>	1 session in 2021 1 session in 2022 1 session in 2023

### BOD Operation

NEXEN TIRE's Board of Directors is the highest permanent decision-making body of NEXEN TIRE, and to maintain stable governance of checks and balances among its members, decision-making and business execution are delegated exclusively to the Board of Directors and management, with management reporting the status of business execution to the Board of Directors. The Articles of Association stipulate that the BOD must be convened one week in advance, and from 2022, directors' liability insurance has been purchased at the company's expense. The rules of the BOD and its committees are disclosed in the Corporate Governance Report, which can be accessed through the Disclosure link on our website.

### 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 to systematically manage the overall 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 2023, 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.

### BOD Operation

Category	Unit	2020	2021	2022	2023
Number of meetings	Sessions	14	10	9	9
Number of cases voted on	Cases	14	10	14	13(1*)
Attendance rate	%	99	98	100	86

\* Number of revised opinions provided



# Transparent Board Operation

## Healthy BOD

### Independence of the BOD

In order to strengthen the authority of the BOD and 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. To strengthen the board's checks and balances and prevent ties to management, a majority of the board is comprised of non-executive directors with proven independence. In addition, the BOD maintains fairness and transparency of the Board by prohibiting directors with a conflict of interest from voting on certain issues.

### Transparency of the BOD

To ensure transparency of the BOD, NEXEN TIRE maintains a total of seven directors, three executive directors and four non-executive directors, and the Audit Committee is composed entirely of non-executive directors. The BOD is responsible for supervising the work of directors and management and approving the selection of external auditors, while the Audit Committee receives and reviews reports on the operation of the internal accounting control system to ensure the transparency and reliability of accounting information. In addition, the Non-executive Director Recommendation Committee appoints competent directors with expertise and responsibility in accordance with relevant laws and regulations, the Articles of Association, and the Regulations of the BOD. The committee comprehensively evaluates the independence and competence of non-executive director candidates and recommends them to the general meeting of shareholders, and reviews the results of candidate verification to enhance the transparency of the selection process.

### BOD Assessment System and Compensation System

#### BOD Assessment

NEXEN TIRE is considering establishing internal evaluation standards to regularly assess the activities of directors based on comprehensive criteria such as meeting attendance, independence, and contribution, within the limits of ensuring the independence of directors. The results of the evaluation are planned to be reflected in the calculation of remuneration and re-election decisions.

#### BOD Remuneration

NEXEN TIRE's remuneration of directors is determined by comprehensively considering the nature of the delegated tasks and the results of their work, as well as the results of measuring management performance based on economic, social, and environmental performance indicators. In addition, bonuses for the current year are paid based on the previous year's annual remuneration, management performance coefficient, and increase rate for each evaluation grade. Compensation is paid within the annual compensation limit of KRW 6 billion approved by the general meeting of shareholders in accordance with the regulations, and no separate stock option rights are granted to non-executive directors.

#### Remuneration of Directors

Category	Unit	Total	Executive Director	Non-executive Director
Number of Executives	Persons	7	3	4
Total Remuneration	KRW million	2,108	1,928	180
Average Remuneration per person	KRW million	301	643	45

#### CEO-to-Employee Compensation Ratio

Category	Unit	2021	2022	2023
Total Remuneration of the CEO	KRW million	1,068	987	987
Average Compensation of Employees*	KRW million	66	78	76
CEO-to-Employee Compensation Ratio	Multiples	16	13	13

\* Based on domestic worksites

# Transparent Board Operation

## Healthy BOD

### BOD Diversity and Expertise

NEXEN TIRE does not place any restrictions on nationality, gender, religion, race, etc. in the appointment of nonexecutive 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.

#### Competency of the BOD

Category		Executive director			Non-executive director			
Name		Byung-Joong Kang	Ho-Chang Kang	Hyun-Jong Lee	Seung-Hwa Kwon	Gak-Kyu Hwang	Yong-Taek Hong	Han-Ik Yoo
Competency indicator	Management	●	●	●	●	●		●
	Finance/Accounting			●	●			
	Risk Management			●				
	Marketing							●
	Material Technology						●	
	Related Industry Experience	●	●	●				
General Status	Gender	Male	Male	Male	Male	Male	Male	Male
	Position	CEO	CEO	CEO				
Committee	Audit Committee				◎	●	●	●
	Non-executive Director Recommendation Committee		◎		●			●
	ESG Management Committee			●		◎	●	

◎ Chair    ● Committee

### Training to Enhance the Expertise of Non-executive Directors

NEXEN TIRE appoints professionals with a high level of expertise and experience in management, accounting, and other fields to serve as non-executive directors. In addition, to enhance their expertise in NEXEN TIRE and related industries, NEXEN TIRE continuously provides training on key issues such as the internal accounting management system, audit issues, and changes in accounting policies. In 2023, a total of six trainings were provided, and we plan to further expand the scope of trainings in the future.

NEXEN TIRE provided ESG training for non-executive directors to secure their ESG expertise. The main contents of the training included internal and external ESG trends and regulations, and strategies for internalizing ESG throughout corporate management. In addition to this, non-executive directors can exercise the right to seek expert advice when necessary in accordance with the decision on expert assistance of directors in Article 10, Subsection 10 of the Regulations for BOD Operation.

#### 2023 Education for Non-executive Directors

Date	Performing Entity	Education Details
23.03	Business Management Business Sector, NEXEN TIRE	Financial statement approval process and training on related laws
23.05	EY Hanyoung Accounting Corporation	Training on non-audit services of the audit firm according to the revised international ethical standards
23.05	ESG Team, NEXEN TIRE	Training on ESG trends and ESG management strategies
23.06	EY Hanyoung Accounting Corporation	Training on consolidated ICFR and treasury control
23.09	Ethics Management Team, NEXEN TIRE	Training on the evaluation of the Internal Accounting Management System
23.12	EY Hanyoung Accounting Corporation	Training on ESG issues and ESG management related to the tire industry



# Shareholder Rights

## Shareholders and Investors

### Status of Stock Issuance

NEXEN TIRE stipulates that each share issued grants one voting rights per share, ensuring that all shareholders have equal voting rights. In addition to common shares, we issue one class of non-voting preferred shares, and non-voting preferred shares and treasury shares have limited voting rights. As of the end of December 2023, we had approximately 104.17 million shares issued, consisting of approximately 97.67 million shares of common shares, and 6.5 million shares of preferred shares.

#### Shareholder Status

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

#### Shareholders of 5% or more, excluding largest shareholders and related parties

Category	Unit	Description
National Pension Service	Number of shares	7,348,517
	Ownership ratio	7.5
	Transaction relationship with the company	N/A

### Providing Cash Dividends

NEXEN TIRE is continuously providing dividends to increase shareholder value. 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. In order to enhance the predictability of return to shareholders, we improved the dividend process by revising the Articles of Association to allow shareholders to decide whether or not to invest by looking at the amount of the dividend at the General Shareholders' Meeting held in March 2024.

### General Shareholders' Meeting

NEXEN TIRE complies with the provisions of Article 361 of the Commercial Act regarding the convocation of the General Shareholders' Meeting, and holds the General Shareholders' Meeting. In order to maximize shareholders involvement and expressing of their opinions, NEXEN TIRE sends a convocation notice and discloses details such as date and time, location, and agenda items of the General Shareholders' Meeting on the Electronic Disclosure System, DART, as well as our website two weeks prior to the meeting. We ensure 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.

#### Shareholding Status by Management\*

Category	Unit	Description
Byung-Joong Kang	Number of shares	Shares 19,001,037
Ho-Chang Kang	Number of shares	Shares 3,174,222

\*Based on executive directors

### Implementation of Earnings Release

Starting with the establishment of the Corporate Communication Team in May 2023, NEXEN TIRE quarterly held an Earnings Release Events for analysts of security companies, institutional investors, etc. to transparently disclose our management status and future direction, and actively communicating with stakeholders such as shareholders. In addition, we strive to build trust with various market participants by providing various channels to communicate with shareholders, such as opening a hotline exclusively for IR and operating communication channels through email and website. In 2023, we held a total of 370 IR meetings for investors, more than doubling the number compared to the previous year (149 times). In particular, during the Q1 2023 earnings call (held in May 2023), we provided the opportunity for the NEXEN TIRE's CEO to communicate directly with shareholders and investors, explaining its sales performance and future strategies. He also presented medium to long-term sales goals for 2027 and detailed plans such as the construction of new plant, increasing production capacity, expanding overseas distribution networks and sales of EV tires, etc. In 2024, we plan to expand IR activities for foreign investors. NEXEN TIRE is planning to expand qualitatively and quantitatively communication with our stakeholders through various channels of external communication, such as industrial tour and C-Level Round Table.





# Ethical Management

## Ethical Management System

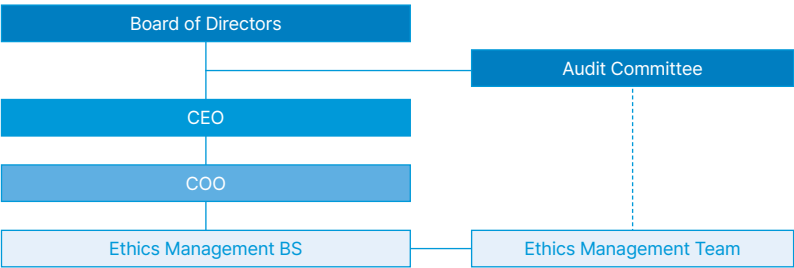
NEXEN TIRE is building a transparent and fair corporate culture based on a management philosophy and our Code of Ethics which pursues mutual development and the value of consideration, coexistence, and cooperation with our various stakeholders. To this end, we have declared our commitment to ethical management by publishing our Code of Ethics on our website. We are dedicating our efforts toward conducting ethical management surveys for employees, and emphasizing ethical values and their importance through regular training. Additionally, we are sending out an ethics newsletter monthly in order to raise awareness for employees and prevent incidents in advance.

Furthermore, NEXEN TIRE operates whistleblowing channels for violations of ethical standards to handle prompt and effective responses. We continuously report the results of the whistleblowing channels to the Audit Committee biannually, and comprehensively manage ethical management by reporting to the Board of Directors on significant matters discussed in the Audit Committee.

### Ethical Management Organization

NEXEN TIRE has established an Ethics Management BS directly under the CEO to practice ethical management. It also plays a supporting role for the Audit Committee by reporting ethical and corruption issues, managing and supervising these matters, and continuously monitoring internal risks. To support this, it performs tasks such as assessing the status of internal accounting operations, operating the whistleblowing channels, and inspecting employee misconduct. As the central department for promoting ethical management, it disseminates the value of ethical management through CEO messages and ethics management training. In the event of an ethical management issues, the Ethics Management BS reports to the Board of Directors through the COO, CEO, and Audit Committee.

Ethical Management Organization



### Code of Ethics

#### Code of Ethics and Conduct

NEXEN TIRE aims to grow into a global enterprise and recognizes the importance of fostering a fair and transparent corporate culture. Accordingly, we have established 10 code of conducts and rules for operation to establish the basis for upright behavior and value judgment which needs to be upheld by all executives. 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

NEXEN TIRE conducts education to strengthen employees' ethical awareness and internalize a culture of ethics. In 2022, we conducted legal education such as sexual harassment prevention, disability awareness improvement, and ESG Management, which more than 99% of our employees completed. In 2023, we created a newsletter covering ethical cases and trends, and distributed it to all employees to enhance ethical awareness.

#### Ethics Education Completion Status in 2023

Category	Curriculum	Training Method	Target employees	Completed employees
Legal Education	Sexual harassment prevention, Disability awareness improvement	Online	For all domestic office and production employees	4,039
ESG Training	ESG Management and Sustainable supply chain	Offline	New employees and persons in charge of the ESG Operational Committee*	88
	The necessity of Sustainability management and the importance of Disclosure	Offline	For target employees of ESG Report TF*	90
	The importance of Corporate Human rights management and Risk management	Offline	Human rights impact Assessments TF*	15
	Sustainability strategy and ESG management	Online	For all domestic and overseas office employees	1,029

\*Conducted post-education by sharing educational materials with non-participants in offline education

### Diagnosis of Ethical Management

NEXEN TIRE conducts regular and occasional audits annually on all business sites, including overseas operations, to check compliance with ethical management, violations of anti-corruption policies, etc. Through audit activities, we thoroughly diagnose and manage corporate-level risks such as compliance to ethical regulations(Code of Ethics) and occurrences of corruption, and strengthen the overall risk management system through identified violations and improvement measures.

In addition, NEXEN TIRE conducts employee ethics surveys to form employees' empathy for ethical awareness, to monitor the status and derive improvements. The results of survey are utilized to conduct practical diagnostics of ethical standards for each department and provide specialized training based on the results. In 2023, we conducted two regular audits, completing the diagnostics on the status of production and sales operations. Post-audit improvements and recommendations are monitored on a quarterly basis and reported to the CEO.

# Ethical Management

## Improving Ethical Management

### Operation of Whistleblowing Channels

NEXEN TIRE receives reports through whistleblowing channels about all acts that 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 reputation. We operate internal and external whistleblowing channels, including e-mail, written report, etc., and these channels provide guidance on the scope of whistleblowing such as ethics, human rights and anti-corruption, along with provisions for whistleblower protection. As of 2023, a total of 9 reports have been received, and all of them have been corrected. If there are facts that need to be published after review on reports on compliance to ethical regulations, we publish them in accordance with the company's regulations. We also implement rewards and punishments in accordance with Article 16 of the detailed rules of the Code of Ethics as ways to strengthen ethical management and declare the management's dedication in implementing the Code of Ethics.

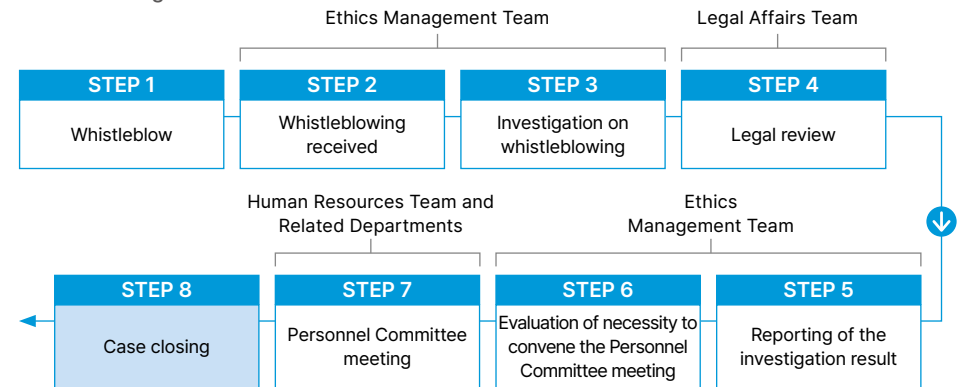
#### Whistleblowing Method

E-mail for whistleblowing (internal/external)	nexenethicscenter@gmail.com
Website	Click "Report" at the top of the website
Written report	Ethics Management Team, 7F THE NEXEN univerCITY, 177, Magokjungang-ro, Gangseo-gu, Seoul, Korea

#### Status of Ethical Whistleblowing in Process

Category	Unit	2021	2022	2023
Number of Whistleblowing	Cases	5	7	6
Number of human rights-related whistleblowing	Cases	4	4	3
Processing rate	%	100	100	100

#### Whistleblowing Process



#### Signing of an Employee Ethics Pledge

NEXEN TIRE is requesting ethics pledges from employees to ensure compliance and implementation of ethical regulations. The pledge specifies the guidelines that employees must adhere to for proper conduct and ethical judgment. We achieved a pledge rate of 97.2% in 2022 and 100% in 2023 based on domestic office workers. In addition, in 2023, we expanded the scope of signatures of the ethics pledge to include key overseas office employees, and we plan to continuously expand the scope of signatures of the employee ethics pledges in the future.

#### Whistleblower Protection

In accordance with Article 15 of the detailed rules of the Code of Ethics, NEXEN TIRE remains the confidentiality of whistleblower's identity, details of the whistleblowing, and results according to the whistleblower's intention. Additionally, we protect the whistleblower regarding his or her personal information collected at the time of whistleblowing by announcing the purpose of collection and retention period in advance.



# Ethical Management



## Compliance Management

### Appointment of Compliance Officer and Operation

NEXEN TIRE appoints a legally qualified compliance officer through a resolution by the BOD and discloses it in the business report. The Compliance Officer faithfully supports NEXEN TIRE's organization and business through various compliance support activities, and conducts continuous compliance education to strengthen the compliance awareness of the management and employees.

### Compliance Management Education

NEXEN TIRE continuously checks major law revisions and case trends related to the business it conducts, including the Fair-Trade Act, Subcontracting Act, Fair Agency Transactions Act, Unfair Competition Prevention Act, Improper Solicitation and Graft Act, Financial Investment Services and Capital Markets Act, Lease Protection Act, and the Serious Accidents Punishment Act. We conduct compliance education for all employees through sharing the incidents of noncompliance and distribution of precautions in order to prevent and manage legal risks and encourage their compliance with laws and regulations within business execution. In 2023, we conducted compliance education for employees nine times a year, including distributing educational data to prevent unfair subcontracting practices. The education included analysis of major laws, regulation, case law and regulatory trends, related cases, and key points.

### Content of Compliance Educations in 2023

1	Education on the revised content of the Fair Trade Commission's 'Guidelines for Examination of Unfair support practice'
2	Compliance education to prevent collusive acts(introduction of recent cases and law enforcement trends)
3	Education on the reporting system for executives' stockholding
4	Compliance education to prevent unfair subcontracting practices
5	Education on the requirements for Board of Directors' approval for transactions between affiliates
6	Compliance education on the implementation of 'EU Foreign Subsidies Regulation'
7	Education on the implementation of the 'Delivery price indexation system' by the Ministry of SMEs and Startups and the Korea Fair Trade Commission
8	Education on personnel and labor considerations when signing subcontracting, service, and consignment agreement
9	Education on the revised 'Corporate Governance Report Guidelines' of the Financial Services Commission and the Korea Exchange

### Implementation of Fair Trade Education for Compliance Management

NEXEN TIRE conducts education by monitoring related laws and distributing legal trends to relevant departments in order to pursue compliance management and fair trade based on mutual respect and trust with various stakeholders, including customers and suppliers. In 2023, we conducted transparent ethics education for personnel in departments closely related to fair trade in response to external requirements and plans to expand the scope of the education in the future.

### Status of Compliance Education in 2023

Topic	Target	Schedule	Participants
Transparent ethics for fair trade and eradication of corruption	Sales/Quality/Research	December 2023	39 persons

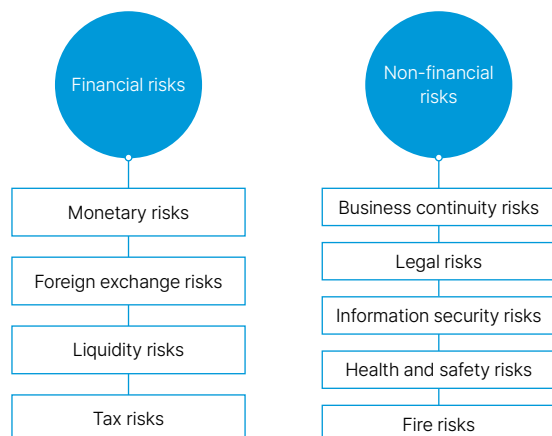
# Integrated Risk Management System

## Integrated Risk Management Governance

### Corporate-level Risk Management Organization

NEXEN TIRE has been proactive in identifying and analyzing various risk factors in the business environment since 2020. To manage these risks preemptively and reactively, it has designated a Chief Risk Officer (CRO) and established a Risk Management Department. As of 2023, we are systematically monitoring and managing a total of 57 risks, including financial, credit, and operational risks. Results from risk monitoring are reported to the CEO each month, ensuring accurate understanding and response to corporate-level risk situation. Additionally, as the importance of ESG increases, we established an ESG Management Committee centered on executive and non-executive directors in 2023. In the future, we plan to strengthen non-financial risk management and actively fulfill social responsibilities to pursue conditions and development of business activities.

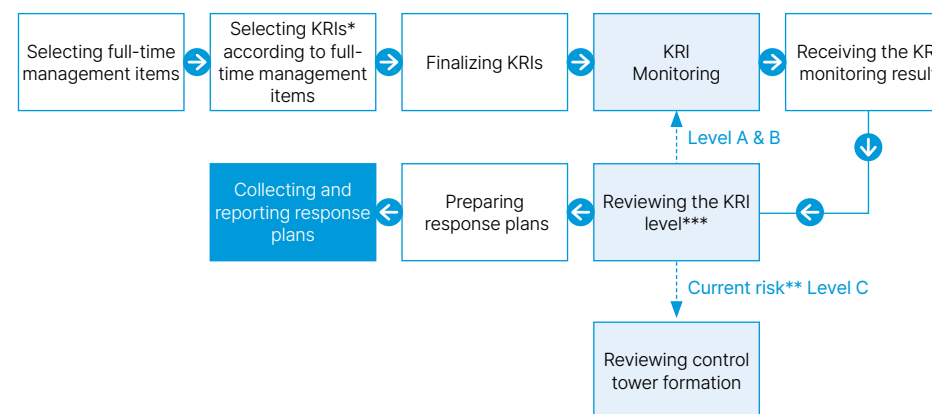
### Corporate-level Risk Classification



### Corporate-level Risk Management Process

NEXEN TIRE operates a risk management process to prepare for various risks while pursuing sustainable growth and development. To do so, we thoroughly conduct risk monitoring occurring at its global business sites in accordance with risk management processes and manuals in each area of finance, credit, and operational risks, and prepare countermeasures accordingly.

### Corporate-level 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 expansion in global businesses, NEXEN TIRE is exposed to various financial risks, foreign exchange risks, liquidity risks, and tax-related risks, and continuously monitors and manages these risks. We are frequently monitoring and identifying risks, reviewing major issues and establishing response strategies in order to enter a transitional period and build a stable financial foundation through the operation of European plants and the construction of additional plants.

### Monetary Risks

In 2023, prices of raw materials and ocean freights stabilized due to the slowdown in inflation caused by the intense tightening of monetary policy, but borrowings are increasing due to secondary investments in European plants. In response, we strengthened financial stability by increasing the proportion of stable long-term and short-term borrowings, and established a stable financial structure and financial risk structure by borrowing using swaps.

### Foreign Exchange Risks

NEXEN TIRE's exports accounted for approximately 84% of its sales in 2023, and as its global operations expanded, its exposure to exchange risk from collecting and managing various foreign currencies increased. In order to minimize exchange risk, NEXEN TIRE adheres to the principle of matching assets and liabilities in each currency, and separately manages exchange risk for surplus currencies based on cash flow analysis by currency. Recently, we have been internally reviewing how to manage exchange rate risk through more sophisticated derivative transactions compared to existing products, and plan to establish a more specialized management strategy.

### Liquidity Risks

NEXEN TIRE is preparing for liquidity crises that are difficult to predict through integrated and organic liquidity management across domestic and foreign business sites. We are focusing on setting a stable financial structure that allows us to respond immediately to global economic upheaval by selling export bonds and utilizing a large-scale limited credit loan that can be borrowed and repaid as needed. Additionally, we can reduce financials costs and reduce risks that may arise from reliance on 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 increase the interests of stakeholders such as customers, shareholders, society, and government finance, and are a necessary element of sustainability management. In response, we manage tax businesses and tax risks. We implement processes to monitor and manage transfer pricing on a monthly, quarterly, and annual basis between the headquarters and subsidiaries or between NEXEN TIRE and affiliated companies to ensure that excessive profits or losses are not passed on to one party, and that fair transactions occur within the market-level profit margin.

### 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



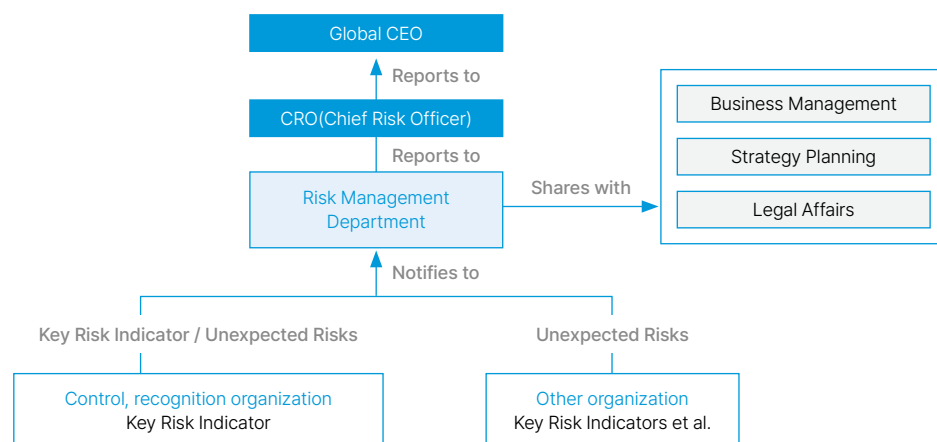
# Integrated Risk Management System

## Non-financial Risk Management

### Business Continuity Risks

NEXEN TIRE has established a process for systematic response to current risks (fire at plants, natural disasters, disease, war, etc.) by immediately establishing a control tower and designating a dedicated department under the head of CRO. We are committed to overcoming risks through efficient responses to current risks and seizing new opportunities to grow together with our stakeholders, including employees, shareholders, and customers.

#### Risk Management Governance Structure



### Legal Risks

NEXEN TIRE is exposed to a variety of legal risks in Korea and abroad such as product liability, privacy protection, fair trade, e-commerce, and intellectual property rights. To prevent these legal risks, we cooperate with the legal team before executing tasks that are with legal risks, which include reviewing contracts related to domestic and foreign businesses, legal advising, and pre-checking legal issues in promoting new projects. Additionally, we continuously monitor changes in revised laws and regulations at home and abroad, major case law updates, regulatory trends, and incidents of noncompliance. We also provide compliance education by producing and distributing relevant materials to all employees so that our working departments can easily understand and comply with the laws.

### Information Security Risks

NEXEN TIRE complies with stricter laws and regulations related to information security in Korea and abroad and strives to enhance information security, which is growing crucial in the automotive industry. In order to protect customer data and internal technology from cyber-attacks, we have established an information security management system and are promoting information security activities that align with domestic and overseas systems and security standards. In addition, we consistently monitor security risks throughout the company, prepare improvement and remediation measures for vulnerabilities. Our work sites that are across Korea and abroad also have specialized security operation personnel set in place to continuously conduct information protection checks in cooperation with the headquarters and execute improvement activities.

### ESG Risks

NEXEN TIRE's Risk Management Department collects and selects newly arising ESG-related risks annually. The identified ESG risks are managed by establishing countermeasures.

### Health and Safety Risks

NEXEN TIRE has been conducting cross-inspections between processes subject to safety management procedures to level up the overall operating situation and prevent fire, explosion, and leakage accidents. In 2023, we strived to minimize safety and health risks by conducting workplace cross-checks on all procedures to prevent noncompliance.

### Fire Risks

NEXEN TIRE invests in facilities at least once a year to reduce fire risks, regularly manages facilities, and conducts internal and joint fire drills. Each fire-handling facility is equipped with various fire extinguishing equipment, and fire facilities are inspected monthly by a specialized fire protection company. We also conduct voluntary inspections and statutory inspections on Fire Prevention Day. In 2023, we continued to invest in facilities, including replacing fire detectors, to maintain a fire surveillance system, and supervisors perform daily inspections of safety conditions and fire extinguishers to reduce the risk of fire risks. In addition, on Fire Prevention Day, on the second Wednesday of every month, we fill out a self-inspection form for priority management targets and submit it to the fire department, and operate our own 24-hour fire prevention room to maintain a fire surveillance system that enables us to respond at all times.



- Description**
- 1 N/A : Not applicable if the data is not measurable
  - 2 0 : When the data figure is zero
  - 3 -(Hyphen) or(Measurement Not Available) : When measurement is difficult
  - 4 (Confidential) : Where measurement is possible but difficult to disclose

# APPENDIX

Initiatives and Awards .....	115	GRI Index .....	132
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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)	2022	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	2022	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

Category	2023	2022
Sustainalytics	Low Risk	Low Risk
MSCI	BB	BB
EcoVadis	Silver	Silver
KCGS	Overall	B+
	Environment	A
	Social	A
	Governance	B
CDP Climate Change	B	C



## Awards

Date	Description
2024.01	Selected as an Excellent Workplace for Health and Safety and Win-win Cooperation Program
2023.11	Selected as Excellent Company in Quality Competitiveness at the National Quality Management Convention for 3 consecutive years
2023.10	Won the 'Good Design Award' in Japan
2023.09	Selected as an Excellent Building for Fire Safety Management at Changnyeong Plant in 2023
2023.08	Won the 'International Design Excellence Awards(IDEA Awards)' in the U.S.
2023.07	Obtained the 'Green Tire' rating in the test by AutoBild magazine, a German automotive specialist magazine
2023.07	Won the 2023 National Service Award for Comprehensive Tire Service
2023.06	Ranked No. 1 in the tire category of the GCSI(global customer satisfaction index) for 13 consecutive years
2023.04	Won the 'iF Design Award' Main in Germany

## 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				
 ITALY A'DESIGN AWARD				
 ASIA DESIGN PRIZE				

# ESG Data

## Economic Performance\*

### Financial Performance

Category	Unit	2021	2022	2023
Sales	KRW 100 million	20,794.1	25,974.2	27,017.2
Cost of Sales	KRW 100 million	16,398.0	21,658.9	19,624.3
Gross Profit	KRW 100 million	4,396.1	4,315.3	7,392.9
Logistics Cost	KRW 100 million	616.6	765.5	941.1
Sales and Administrative Expenses	KRW 100 million	3,735.6	4,092.3	4,581.9
Operating Profit	KRW 100 million	43.9	-542.5	1,869.9
Net Profit Before Income Tax	KRW 100 million	164.8	-403.1	1,496.8
Continued Operating Profit	KRW 100 million	46.3	-275.1	1,031.2
Net Income	KRW 100 million	46.3	-275.1	1,031.2
Other Comprehensive Income	KRW 100 million	585.6	315.2	155.2
Total Comprehensive Income	KRW 100 million	631.9	40.2	1,186.4
Current Assets	KRW 100 million	14,760.0	14,420.9	15,560.8
Non-current Assets	KRW 100 million	23,474.1	25,022.5	26,765.8
Total Assets	KRW 100 million	38,234.1	39,443.4	42,326.6
Current Liabilities	KRW 100 million	10,417.3	14,317.2	13,299.6
Non-current Liabilities	KRW 100 million	11,817.6	9,163.8	11,978.2
Total Liabilities	KRW 100 million	22,234.9	23,481.0	25,277.8
Total Equity	KRW 100 million	15,999.2	15,962.3	17,048.8

### Performance by Business Sectors

	Category	Unit	2021	2022	2023
Total	Sales	KRW 100 million	20,794.1	25,974.2	27,017.2
	Operating Profit(Loss)	KRW 100 million	43.9	-542.5	1,869.9
	Assets	KRW 100 million	38,234.1	39,443.4	42,326.6
	Liabilities	KRW 100 million	22,234.9	23,481.0	25,277.8
Tires	Sales	KRW 100 million	29,058.3	39,803.5	42,072.0
	Operating Profit(Loss)	KRW 100 million	-327.0	-315.8	1,578.8
	Assets	KRW 100 million	46,984.8	52,672.3	57,267.2
	Liabilities	KRW 100 million	25,927.6	29,523.6	32,728.6
Non-tire (transportation and storage)	Sales	KRW 100 million	99.7	139.8	149.0
	Operating Profit(Loss)	KRW 100 million	13.1	20.4	22.4
	Assets	KRW 100 million	396.0	381.5	367.7
	Liabilities	KRW 100 million	164.9	136.5	106.5
Non-tire (molds)	Sales	KRW 100 million	48.6	30.0	32.0
	Operating Profit(Loss)	KRW 100 million	-1.7	-5.3	-4.6
	Assets	KRW 100 million	50.1	41.2	38.5
	Liabilities	KRW 100 million	6.6	2.7	3.4
Non-tire (bakery, etc.)	Sales	KRW 100 million	10.8	11.3	11.8
	Operating Profit(Loss)	KRW 100 million	-0.2	-1.7	-3.0
	Assets	KRW 100 million	170.0	83.1	88.9
	Liabilities	KRW 100 million	1.2	2.3	2.2
Internal Transaction removal	Sales	KRW 100 million	-8,423.3	-14,010.4	-15,247.5
	Operating Profit(Loss)	KRW 100 million	359.7	-240.1	276.5
	Assets	KRW 100 million	-9,213.8	-13,734.7	-15,435.7
	Liabilities	KRW 100 million	-3,865.4	-6,184.1	-7,562.7

\* Reporting scope of financial performance: Consolidated

## ESG Data

### Economic Performance\*

#### Stakeholder performance distribution

Category		Unit	2021	2022	2023
Purchase Cost <sup>1)</sup>		KRW 100 million	8,727.0	11,354.0	10,368.9
Wage and Welfare Benefits	Wage	KRW 100 million	3,925.8	4,233.9	4,640.1
	Welfare Benefits Expense <sup>2)</sup>	KRW 100 million	513.6	532.9	620.5
	Total (Wage and Welfare Benefits)	KRW 100 million	4,439.4	4,766.8	5,260.6
	Excluding CEO All Employees Wage				
	Median	KRW	68,119,033	70,854,325	76,395,048
	Average	KRW	65,715,783	77,607,618	75,809,240
Return to Shareholders and Creditors	Dividends and Interest Expenses	KRW 100 million	300.0	384.0	727.0
	Repurchased Shares	-	0	0	0
	Retired Shares	-	0	0	0
	Shareholder Return Amount	KRW 100 million	108.1	103.0	118.4
	Shareholder Return Ratio	%	224.4	-	11.5
Income Tax		KRW 100 million	118.5	-128.1	465.7

1) Revised cost criteria in 2023 due to the consolidation of tire and non-tire purchasing costs.

2) Consolidated four major social Insurances, health check ups, and other welfare expenses.

#### Audit Expenses for External Auditors

Category	Unit	2021	2022	2023
Remuneration for Audit Services	KRW 100 million	5.3	5.3	6.7
Remuneration for Non-audit Services	KRW 100 million	0	0	0
Ratio of Remuneration for Non-audit Services compared to Remuneration for Audit Services	%	0	0	0

\* Reporting scope of financial performance: Consolidated

### Environmental Performance

#### Greenhouse Gas emissions(Scope 1, 2)

Category		Unit	2021	2022	2023
Total		tCO <sub>2</sub> eq	368,296.2	364,718.5	383,115.5
Direct GHG emissions (Scope 1)	Total	tCO <sub>2</sub> eq	67,533.4	72,872.2	66,859.9
	Yangsan Plant	tCO <sub>2</sub> eq	5,801.4	14,786.1	4,746.2
	Changnyeong Plant	tCO <sub>2</sub> eq	23,412.0	23,629.2	24,311.4
	Qingdao Plant	tCO <sub>2</sub> eq	24,842.0	22,283.0	23,605.0
	Europe Plant	tCO <sub>2</sub> eq	13,177.0	11,951.7	14,021.6
	Others <sup>2)</sup>	tCO <sub>2</sub> eq	301.0	222.2	175.7
Indirect GHG emissions (Scope 2)	Total	Europe Plant	300,762.8	291,846.3	316,255.6
	Yangsan Plant	tCO <sub>2</sub> eq	114,891.7	111,293.8	122,228.8
	Changnyeong Plant	tCO <sub>2</sub> eq	58,300.1	59,031.7	61,332.9
	Qingdao Plant	tCO <sub>2</sub> eq	66,271.0	60,782.8	67,057.0
	Europe Plant	tCO <sub>2</sub> eq	58,539.0	57,353.0	62,503.9
GHG emissions reduced <sup>1)</sup>	Total	tCO <sub>2</sub> eq	2,761.0	3,385.0	3,133.0
	Yangsan Plant	tCO <sub>2</sub> eq	-59,074.2	3,577.7	-18,397.0
	Changnyeong Plant	tCO <sub>2</sub> eq	-15,602.1	-5,386.8	-895.1
	Qingdao Plant	tCO <sub>2</sub> eq	-11,511.1	-948.8	-2,983.4
	Europe Plant	tCO <sub>2</sub> eq	-11,164.0	8,047.2	-7,596.2
	Europe Plant	tCO <sub>2</sub> eq	-19,982.0	2,411.3	-7,220.8
GHG emissions Intensity (Scope1+2)	Total	tCO <sub>2</sub> eq	-775.0	-545.2	298.5
	Yangsan Plant	ton	418,174.0	425,317.0	434,397.8
	Changnyeong Plant	ton	182,156.0	192,408.0	188,018.6
	Qingdao Plant	ton	105,147.0	106,544.0	108,195.0
	Europe Plant	ton	88,985.0	79,984.0	92,208.3
	Others <sup>2)</sup>	ton	41,886.0	46,381.0	45,975.9
	Total	ton	0	0	0
	GHG emissions Intensity (Scope1+2)	tCO <sub>2</sub> eq/ton	0.881	0.858	0.882
	Yangsan Plant	tCO <sub>2</sub> eq/ton	0.663	0.655	0.675
	Changnyeong Plant	tCO <sub>2</sub> eq/ton	0.777	0.776	0.792
GHG emissions Intensity (Scope1+2)	Qingdao Plant	tCO <sub>2</sub> eq/ton	1.024	1.039	0.983
	Europe Plant	tCO <sub>2</sub> eq/ton	1.712	1.494	1.664

1) Reduction in GHG emissions(Scope 1 + 2), compared to the previous year is positively noted.

2) Based on other domestic entities(THE NEXEN univerCITY, Daegu PG, and sales offices nationwide)



# ESG Data

## Environmental Performance

### Greenhouse Gas emissions(Scope 3)

Category <sup>1)</sup>	Unit	2021	2022	2023 <sup>2)</sup>
Total	tCO <sub>2</sub> eq	-	-	9,703,184.7
Category 1	tCO <sub>2</sub> eq	-	-	957,603.7
Category 2	tCO <sub>2</sub> eq	-	-	3,026.3
Category 3	tCO <sub>2</sub> eq	-	-	208,848.2
Category 4	tCO <sub>2</sub> eq	-	-	72,077.9
Category 5	tCO <sub>2</sub> eq	-	-	1,005.6
Category 7	tCO <sub>2</sub> eq	-	-	21,579.2
Category 9	tCO <sub>2</sub> eq	-	-	74,521.6
Category 11	tCO <sub>2</sub> eq	-	-	8,316,541.8
Category 12	tCO <sub>2</sub> eq	-	-	47,980.4

1) Calculated nine categories excluding Scope 3 categories(6, 8, 10, 13, 14, and 15)

2) Initiated calculation of Scope 3 in 2023

### Air Pollutants

Category	Unit	2021	2022	2023
Total	ton	150.2	106.7	112.5
NOx Emissions	Total	60.2	26.4	32.9
	Yangsan Plant	41.0	5.1	6.9
	Changnyeong Plant	7.1	8.5	7.5
	Qingdao Plant	7.4	7.7	13.7
	Europe Plant	4.7	5.0	4.8
SOx Emissions	Total	0.2	0.2	0.9
	Yangsan Plant	0	0	0.4
	Changnyeong Plant	0	0	0
	Qingdao Plant	0.2	0.2	0.2
	Europe Plant	0	0	0.3
Particulate matter (PM) emissions	Total	14.9	11.5	11.6
	Yangsan Plant	1.7	1.4	1.5
	Changnyeong Plant	7.2	4.7	9.9
	Qingdao Plant	4.3	4.8	0.2
	Europe Plant	1.7	0.6	0
VOC (Volatile Organic Compound) emissions	Total	74.9	68.7 <sup>1)</sup>	67.1
	Yangsan Plant	0.4	0.7	1.7
	Changnyeong Plant	0	0.1	0.6
	Qingdao Plant	58.2	35.0	34.7
	Europe Plant	16.3	32.9	30.2

1) Corrected figures for total VOC(Volatile Organic Compound) in 2022 due to calculation errors in the previous disclosure.

## ESG Data

### Environmental Performance

#### Energy

Category		Unit	2021	2022	2023
Total		TJ	5,332.0	5,352.3	5,777.1
Fuel(LNG, LPG, diesel, etc.) Consumption	Total	TJ	1,253.6	1,324.6	1,448.3
	Yongsan Plant	TJ	111.0	288.8	90.4
	Changnyeong Plant	TJ	460.0	464.1	477.3
	Qingdao Plant	TJ	238.0	352.4	521.4
	Europe Plant	TJ	440.0	215.9	356.5
	Others <sup>1)</sup>	TJ	4.6	3.4	2.7
Purchased Electricity Consumption	Total	TJ	3,375.5	3,456.3	3,558.8
	Yongsan Plant	TJ	1,571.2	1,651.6	1,658.0
	Changnyeong Plant	TJ	1,218.3	1,233.5	1,281.6
	Qingdao Plant	TJ	297.0	272.0	300.0
	Europe Plant	TJ	232.0	240.1	261.6
	Others <sup>1)</sup>	TJ	57.0	59.1	57.6
Purchase Steam Consumption	Total	TJ	703.0	571.4	770.0
	Yongsan Plant	TJ	703.0	571.4	759.7
	Changnyeong Plant	TJ	0	0	0
	Qingdao Plant	TJ	0	0	0
	Europe Plant	TJ	0	0	0
	Others <sup>1)</sup>	TJ	0	0	10.3

Category		Unit	2021	2022	2023
Renewable Energy Consumption <sup>2)</sup>	Total	TJ	0	0	0
	Yongsan Plant	TJ	0	0	0
	Changnyeong Plant	TJ	0	0	0
	Qingdao Plant	TJ	0	0	0
	Europe Plant	TJ	0	0	0
	Others <sup>1)</sup>	TJ	0	0	0
Energy Intensity	Total	TJ/ton	0.013	0.013	0.013
	Yongsan Plant	TJ/ton	0.013	0.013	0.013
	Changnyeong Plant	TJ/ton	0.016	0.016	0.016
	Qingdao Plant	TJ/ton	0.006	0.008	0.006
	Europe Plant	TJ/ton	0.016	0.010	0.013
	Others <sup>1)</sup>	TJ/ton	0.006	0.008	0.006
Investment in Energy Reduction Business	Total	KRW 100 million	0	3.6	10.7

1) THE NEXEN univerCITY, Daegu PG, sales offices nationwide

2) Excluded the purchased amount of renewable energy Certificates(REC, Green Premium, etc.)(Purchased amount of renewable energy certificates: 2021 128 MWh, 2022 67,166 MWh, 2023 84,965 MWh)

## ESG Data

### Environmental Performance

#### Water Resources

Category			Unit	2021	2022	2023
Water Consumption	Total		m³	1,873,523.0	2,101,301.0	2,042,964.0
	Yangsan Plant	Total	m³	982,871.0	1,159,875.0	1,051,821.0
		Groundwater	m³	953,111.0	1,127,115.0	1,012,132.0
	Yangsan Plant	Potable Water	m³	29,760.0	32,760.0	39,689.0
		Total	m³	446,706.0	520,507.0	521,672.0
	Changnyeong Plant	Industrial Water	m³	369,249.0	437,321.0	431,039.0
		Domestic Water	m³	77,457.0	83,186.0	90,633.0
	Qingdao Plant	Potable Water	m³	337,193.0	294,506.0	317,551.0
	Europe Plant	Surface Water	m³	106,753.0	126,413.0	151,920.0
Water pollutant <sup>1)</sup>	Total		ton	59.2	32.8	23.8
	Concentration of water pollutant discharge(SS)	Domestic	ton	3.3	6.2	5.3
		Overseas	ton	30.3	6.4	2.5
	BOD	Domestic	ton	4.0	2.5	3.2
		Overseas	ton	6.5	4.6	0.7
	COD <sup>2)</sup>	Domestic	ton	2.8	0	0
		Overseas	ton	12.3	11.2	9.8
	TOC <sup>2)</sup>	Domestic	ton	0	1.9	2.3
Wastewater Discharge	Total		ton	243,622.0	299,497.9	366,293.8
	Yangsan Plant		ton	7,268.0	13,087.0	9,478.0
	Changnyeong Plant		ton	43,080.0	69,878.9	106,902.8
	Qingdao Plant		ton	113,481.0	143,827.0	158,179.0
	Europe Plant		ton	79,793.0	72,705.0	91,734.0

1) Revised figures for water pollutant in 2021 and 2022 due to change in measuring units(mg/L → ton)

2) Managed as TOC from 2022 due to revised domestic water pollutant standards(COD → TOC)

#### Waste

Category			Unit	2021	2022	2023
Total			ton	10,323.2	10,047.2	9,677.1
General Waste Discharge	Total		ton	9,236.5	9,013.3	8,568.8
	Recycling	Yangsan Plant	ton	2,480.1	2,881.7	2,713.2
		Changnyeong Plant	ton	2,268.8	2,563.2	2,568.6
		Qingdao Plant	ton	1,273.8	1,036.2	1,079.5
		Europe Plant	ton	2,241.8	1,772.0	1,289.0
	Incineration	Yangsan Plant	ton	0	0	0
		Changnyeong Plant	ton	0	0	0
		Qingdao Plant	ton	0	0	92.3
		Europe Plant	ton	0	0	0
	Landfill	Yangsan Plant	ton	54.3	65.6	74.7
		Changnyeong Plant	ton	32.5	38.6	45.7
		Qingdao Plant	ton	18.9	-	10.4
		Europe Plant	ton	866.4	655.9	695.5
	Hazardous Waste Discharge	Total		ton	1,086.7	1,033.9
Recycling		Yangsan Plant	ton	161.0	190.5	221.7
		Changnyeong Plant	ton	192.6	189.2	219.0
		Qingdao Plant	ton	183.1	120.1	130.1
		Europe Plant	ton	195.4	213.8	222.5
Incineration		Yangsan Plant	ton	65.0	0	53.0
		Changnyeong Plant	ton	80.7	138.2	77.0
		Qingdao Plant	ton	152.2	125.6	129.2
		Europe Plant	ton	56.7	56.5	56.0
Landfill		Yangsan Plant	ton	0	0	0
		Changnyeong Plant	ton	0	0	0
		Qingdao Plant	ton	0	0	0.5
		Europe Plant	ton	0	0	0

## ESG Data

### Environmental Performance

#### Raw Materials

Category		Unit	2021	2022	2023
Raw Material Consumption	Total	ton	260,628	259,347	257,888
	Natural Rubber	ton	64,788	66,783	66,348
	Synthetic Rubber	ton	67,941	63,456	63,446
	Carbon Black	ton	62,151	60,072	58,557
	Silica	ton	17,915	19,483	19,995
	Textiles	ton	13,247	13,652	13,549
	Steel Cord	ton	23,082	23,987	24,037
	Bead Wire	ton	11,504	11,916	11,955

#### Environmental Training

Category		Unit	2021	2022	2023
Environmental Training Completion Rate	Total Environmental Training Hours	Hours	7,082	7,162	7,258
	Target Persons	Persons	3,541	3,598	3,629
	Persons Who Completed Training	Persons	3,541	3,598	3,629
	Training Completion Rate	%	100	100	100
Hazardous Materials Training Completion Rate	Total Hazardous Materials Training Hours	Hours	1,520	2,560	1,504
	Target Persons	Persons	95	160	94
	Persons Who Completed Training	Persons	95	160	94
	Training Completion Rate	%	100	100	100

#### Environmental Management

Category		Units	2021	2022	2023
EMS(Environmental Management System) Implementation Rate	All plants	ea	4	4	4
	Implemented Worksites	ea	4	4	4
	Ratio	%	100	100	100
ISO 14001 Certification Rate	All plants	ea	4	4	4
	Implemented Worksites	ea	4	4	4
	Ratio	%	100	100	100
Environmental Risk Assessment Rate	All plants	ea	4	4	4
	Implemented Worksites	ea	4	4	4
	Ratio	%	100	100	100

#### Environment Control

Category		Unit	2021	2022	2023
Environmental Investment Cost <sup>1)</sup>	Total	KRW 100 million	-	-	17.8
	Domestic	KRW 100 million	-	-	0.7
	Overseas	KRW 100 million	-	-	17.1
Number of Environmental Regulation Violations	Total	Cases	-	3.0	2.0
	Domestic	Cases	-	2.0	2.0
	Overseas	Cases	-	1.0	0
Eco-friendly Vehicle Ownership Rate	Total	%	-	-	17.6

1) Details of the Environmental Investment Cost 2023: CCRT0 installation fees to reduce VOC levels, and overhaul fees for dust collectors

## ESG Data

### Social Performance

#### Safety, Industrial Hygiene

Category			Unit	2021	2022	2023
Lost Time Injuries Frequency Rate(LTIFR)	Employee	Domestic	Cases/one million working hours	2.130	3.994	3.123
	Suppliers	Domestic	Cases/one million working hours	2.649	1.992	6.887
Accident Rate	Employee	Domestic	%	0.486	0.886	0.716
	Suppliers	Domestic	%	0.725	0.398	0.809
Working Environment Measurement	Number of cases surpassing the criteria	Total	Cases	0	0	0
		Domestic	Cases	0	0	0
		Overseas	Cases	0	0	0

#### Health and Safety Training(Domestic)

Category			Unit	2021	2022	2023
Total Health and Safety Training Hours			Hours	79,200	79,560	89,408
Total Health and Safety Training Completion Rate	Target Persons		Persons	3,300	3,315	3,905
	Persons Who Completed Training		Persons	3,300	3,315	3,905
	Training Completion Rate		%	100	100	100

#### Health and Safety Management

Category		Unit	2021	2022	2023
Health and Safety System Application Rate	All Target Worksites	ea	4	4	4
	Target Worksites for Application	ea	4	4	4
	Application Rate	%	100	100	100
Internal Audit Rate	All Target Worksites	ea	4	4	4
	Worksites subject to Implementation	ea	4	4	4
	Implementation Rate	%	100	100	100
KOSHA-MS Certification Rate	All Target Worksites	ea	4	4	4
	Target Worksites for Certification	ea	4	4	4
	Certification Rate	%	100	100	100
Health and Safety Risk Assessment Rate	All Worksites	ea	4	4	4
	Target Worksites	ea	4	4	4
	Target Rate	%	100	100	100



## ESG Data

### Social Performance

#### Size of Organization

Category	Unit	2021	2022	2023
Total Number of Employees	Persons	6,808	7,005	7,188
Total Number of Plants	ea	18	19	21
Number of products / services launched	ea	309	474	366

#### Employees

Category	Unit	2021	2022	2023
Total	Persons	6,808	7,005	7,188
Gender	Male	6,162	6,281	6,380
	Female	646	724	808
Age	Under the age of 30	958	999	1,088
	30-50 years of age	5,158	5,241	5,194
	Over 50 years of age	692	765	906
Region	South Korea	4,005	4,042	4,195
	Others	2,803	2,963	2,993

#### New Recruitment

Category	Unit	2021	2022	2023
Total	Persons	1,065	722	1,315
Gender	Male	765	500	957
	Female	300	222	358
Age	Under the age of 30	511	386	780
	30-50 years of age	531	313	477
	Over 50 years of age	23	23	58
Region	South Korea	285	262	354
	Others	780	460	961

#### Employee Turnover

Category	Unit	2021	2022	2023
Total	Persons	824	915	1,116
Employee Turnovers (Gender)	Male	668	676	852
	Female	156	239	264
Employee Turnovers (Age)	Under the age of 30	331	353	512
	30-50 years of age	423	497	517
	Over 50 years of age	70	65	87
Employee Turnovers (Nationality)	South Korea	266	262	340
	Others	558	653	776
Turnover Rate	Total Employees	6,860	7,005	7,188
	Employee Turnovers	824	915	1,116
	Turnover Rate	%	12.0	13.1
Voluntary Turnover Rate	Total Employees	6,860	7,005	7,188
	Employee Turnovers	463	370	418
	Turnover Rate	%	6.7	5.3

## ESG Data

### Social Performance

#### Average Years of Continuous Service

Category		Unit	2021	2022	2023
Gender	Male	Years	10.2	10.5	11.1
	Female	Years	4.4	4.3	4.3

#### Employee Diversity

Category		Unit	2021	2022	2023
Total Number of Employees by Gender	Total	Persons	6,808	7,005	7,188
	Male	Total	Persons	6,162	6,281
		Under the age of 30	Persons	727	735
		30 - 50 years of age	Persons	4,768	4,817
		Over 50 years of age	Persons	667	729
	Female	Total	Persons	646	724
		Under the age of 30	Persons	231	264
		30 - 50 years of age	Persons	390	424
		Over 50 years of age	Persons	25	36
	Total Number of Employees by Nationality	Korea	Total	Persons	4,005
			Under the age of 30	Persons	330
			30 - 50 years of age	Persons	3,148
			Over 50 years of age	Persons	527
		Overseas	Total	Persons	2,803
			Under the age of 30	Persons	628
			30 - 50 years of age	Persons	2,010
			Over 50 years of age	Persons	165

Category		Unit	2021	2022	2023
Number of Employees According to Employment Contract Type by Region	Permanent	Total	Persons	3,875	3,873
		Korea	Under the age of 30	Persons	243
			30 - 50 years of age	Persons	3,112
			Over 50 years of age	Persons	520
		China	Total	Persons	1,415
			Under the age of 30	Persons	180
			30 - 50 years of age	Persons	1,220
			Over 50 years of age	Persons	15
		Czech Republic	Total	Persons	1,072
			Under the age of 30	Persons	417
			30 - 50 years of age	Persons	577
			Over 50 years of age	Persons	78
	Temporary	Other Countries	Total	Persons	297
			Under the age of 30	Persons	21
			30 - 50 years of age	Persons	210
			Over 50 years of age	Persons	66
		Korea	Total	Persons	130
			Under the age of 30	Persons	87
			30 - 50 years of age	Persons	36
			Over 50 years of age	Persons	7
		China	Total	Persons	0
			Under the age of 30	Persons	0
			30 - 50 years of age	Persons	0
		Czech Republic	Total	Persons	19
			Under the age of 30	Persons	12
			30 - 50 years of age	Persons	7
			Over 50 years of age	Persons	0

## ESG Data

### Social Performance

#### Employee Diversity

Category		Unit	2021	2022	2023
Number of Employees According to Employment Type by Gender <sup>1)</sup>	Total	Persons	6,642	6,777	7,188
	Total	Persons	6,018	6,112	6,376
	Male	Under the age of 30	727	735	786
		30 - 50 years of age	4,767	4,816	4,731
		Over 50 years of age	524	561	859
	Female	Total	624	665	812
		Under the age of 30	231	217	302
		30 - 50 years of age	390	412	463
		Over 50 years of age	3	36	47
	Total	Persons	0	0	0
	Total	Persons	0	0	0
	Male	Under the age of 30	0	0	0
		30 - 50 years of age	0	0	0
		Over 50 years of age	0	0	0
	Female	Total	0	0	0
		Under the age of 30	0	0	0
		30 - 50 years of age	0	0	0
		Over 50 years of age	0	0	0
Female Employees	Number of Female Executives	Persons	0	0	0
	Female Manager Ratio (Manager or Higher)	%	3.5	4.6	3.7
Employment with Disabilities	NEXEN TIRE	Persons	57	61	63
	N'zel Withus	Persons	16	16	21
Ratio of Internal Recruitment		%	98	98	98

1) Revised 2021 and 2022 figures due to changes in criteria(Full-time/Hourly → Full-time/Part-time)

#### Parental Leave

Category		Unit	2021	2022	2023
Maternity Leave	Male	Persons	201	181	101
	Female	Persons	8	2	4
Rate of Return After Maternity Leave	Total Number of Employees taking Maternity Leave	Persons	168	140	105
	Employees who Returned After Maternity Leave	Persons	168	140	101
	Rate of Return After Maternity Leave	%	100	100	96
Parental Leave	Male	Persons	36	80	67
	Female	Persons	10	3	6
Rate of Return After Parental Leave	Total Number of Employees taking Parental Leave	Persons	34	66	73
	Employees who Returned After Parental Leave	Persons	18	24	53
	Rate of Return After Parental Leave	%	78	69	73

#### Labor Relations

Category		Unit	2021	2022	2023
Labor Union	Number of employees subject to labor union membership	Persons	2,928	2,953	2,979
	Number of employees who have joined the labor union(Korea)	Persons	2,920	2,945	2,971
	Percentage of employees who have joined the labor union(those subject to labor union membership)	%	99.7	99.7	99.7
Labor-Management Council	Items Handled	Case	21	20	21
	Total Number of Labor-Management Representatives	Persons	18	18	18

## ESG Data

### Social Performance

#### Organizational Culture Diagnosis

Category	Unit	2021	2022	2023
Employee Satisfaction Score <sup>1)</sup> (Positive response status)	Score(%)	3.3 (Positive response rate 44%)	-	3.58 (Positive response rate 46%)
Goal for Employees' Satisfaction Score(for the reporting year)	Score	5	-	5
Employee Engagement	%	68	-	46

1) Organization culture diagnosis is conducted biennially and has been implemented in 2023 after 2021

#### Employee Training

Category	Unit	2021	2022	2023
Average Training Sessions per Employee	Annual Training Sessions per Year(total)	Sessions	7,717	11,398
	Number of Employees	Persons	4,099	4,150
	Average Training Sessions per Employee	Session/Person	2	3
Training Hours per Employee	Total Training Hours	Hours	46,333	69,372
	Number of Employees	Persons	4,099	4,150
	Training Hours per Person	Hours /Persons	11.3	16.7

#### Human Rights Education

Category	Unit	2021	2022	2023
Total Human Rights Education Hours	Hours	2	2	3
Persons who Completed Education	Total Number of Employees	Persons	3,979	4,042
	Persons who Completed Education	Persons	3,937	4,026
	Completion Rate	%	98.9	99.6

#### Complaints Status of Human Rights

Category	Unit	2021	2022	2023
Human Rights Grievance Handling Performance	Processing Rate	%	100	100
	Complaints received	Cases	4	3
	Complaints handled	Cases	4	3

#### Social Contributions(Foundation Operation)

Category	Unit	2021	2022	2023
Scholarship Support Expenses	NEXEN Wolsuk Cultural Foundation	KRW million	766	621
	KNN Scholarship	KRW million	177	184
	Wolsuk Busan Leading Scholarship Committee	KRW million	60	60
Scholarship Beneficiaries	NEXEN Wolsuk Cultural Foundation	Persons	525	483
	KNN Scholarship	Persons	176	184
	Wolsuk Busan Leading Scholarship Committee	Persons	80	80
Welfare Support Operating Expenses	NEXEN Wolsuk Cultural Foundation	KRW million	240	260

## ESG Data

### Social Performance

#### R&D Cost

Category		Unit	2021	2022	2023
Ratio of R&D cost to sales	Ratio	%	4.1	3.5	3.2
	Sales	KRW 100 million	20,794	25,974	27,017
	R&D cost	KRW 100 million	851	905	866

#### Suppliers

Category		Unit	2021	2022	2023
Percentage of Suppliers Pledged to Sustainable Procurement Agreements	Total Number of Suppliers <sup>1)</sup>	Suppliers	-	135	207
	Number of Suppliers Pledged to Agreement	Suppliers	-	72	72
	Rate of Suppliers Pledged to Agreement	%	-	53.3	34.8
Percentage of Suppliers that Implemented the ESG assessment	Total Number of Suppliers	Suppliers	-	135	330
	Number of Suppliers Assessed	Suppliers	-	76	171
	Percentage of Suppliers Assessed	%	-	56.3	51.8
Purchasing Cost		KRW 100 million	8,609.0	11,224.0	8,526.3
Suppliers Participated in ESG Management Training		Suppliers	-	13	51
Suppliers that Participated in Safety Support Training	In-house	Suppliers	12	12	13
	Outdoor <sup>2)</sup>	Suppliers	-	-	4
Suppliers that Implemented Health and Safety Level Evaluation	In-house	Suppliers	12	12	26
	Outdoor <sup>2)</sup>	Suppliers	-	-	106

1) Raw and Subsidiary Material Suppliers

2) Managed supplier categories separately since 2023

#### Win-win Cooperation

Category		Unit	2021	2022	2023
Companies that Signed the Fair Trade Agreement	Target Company	Company	-	74	85
	Purchase Amount	KRW 100 million	-	5,816.0	4,281.8

#### Information Security Education

Category			Unit	2021	2022	2023	
Information Security Education	Average Information Security Education Hours per person		Hours	1	1	2	
Information Security Education Completion Rate	Target Persons	Information Security Education	Persons	1,037	999	1,370	
		Privacy Protection Education	Persons	101	133	1,792	
	Persons Who Completed Education	Information Security Education	Persons	987	895	1,284	
		Privacy Protection Education	Persons	93	93	1,792	
	Education Completion Rate	Information Security Education	%	95.2	89.6	94	
		Privacy Protection Education	%	92.1	69.9	100	
	Information Protection Certified Worksites <sup>1)</sup>			ea	5	5	5

1) Magok R&D Center, Europe Plant, Qingdao Plant, Shanghai Branch



## ESG Data

### Governance Performance

#### Operation of the BOD

Category		Unit	2021	2022	2023
Number of BOD Meetings		Sessions	10	9	9
Attendance Rate of Non-executive Directors	Total Number of Non-executive Directors	Persons	3	4	4
	Number of Non-executive Directors that have Attended BOD Meetings	Persons	3	4	4
	Attendance Rate	%	97	100	86
Number of Audit Committee Meetings		Meetings	5	7	7
Attendance Rate of Non-executive Directors of Audit Committee	Number of Non-executive directors	Persons	3	4	4
	Attendance Rate	%	93	100	97

#### Organization of the BOD

Category		Unit	2021	2022	2023
Total		Persons	5	7	7
Executive Directors	Total	Persons	2	3	3
	Gender	Male	Persons	2	3
		Female	Persons	0	0
	Age	Under the age of 30	Persons	0	0
		30 - 50 years of age	Persons	0	0
		Over 50 years of age	Persons	2	3
Non-executive Directors	Total	Persons	3	4	4
	Gender	Male	Persons	3	4
		Female	Persons	0	0
	Age	Under the age of 30	Persons	0	0
		30 - 50 years of age	Persons	1	1
		Over 50 years of age	Persons	2	3

#### Shareholders and Investors

Category		Unit	2021	2022	2023
Shareholder Status	NEXEN Corp.	Shares	43,217,425	43,904,160	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	31,588,458	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	43,904,160	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	1,068	987	987
	Average Compensation of Employees	KRW million	66	78	76
	CEO-to-Employee Compensation Ratio	%	16	13	13

# ESG Data

## Governance Performance

### Ethical Management

Category			Unit	2021	2022	2023
Performance in handling ethical management-related whistleblowing	Processing Rate		%	100	100	100
	Total Number of Whistleblowing Received		Cases	5	7	6
	Whistleblowing Handled		Cases	5	7	6
Rate of Ethical Risk Assessment Implementation	Target Worksites		ea	6	3	2
	Implemented Worksites		ea	6	3	2
	Ratio		%	100	100	100
Number of violation cases of the law	Fair Trade		Cases	0	0	0
	Anti-corruption		Cases	0	0	0
	Information Protection		Cases	0	0	0
Number of Corruption Cases Identified	Disciplinary Measures Due to Corruption	Disciplinary Measures	Cases	0	0	1
		Dismissal	Cases	1 <sup>1)</sup>	0	0
	Contract Termination by Partner Due to Corruption		Cases	0	0	0
	Legal Measures Due to Corruption		Cases	0	0	0
	Total Number of Corruption Cases		Cases	1	0	1
Penalties	Total monetary loss due to unfair trading practices, such as anti-competition, monopoly, etc.		KRW 100 million	0	0	0

1) Revised number of dismissals due to corruption figures in 2021 due to the inclusion of global business sites in the data scope

## SASB Index

### Domestic and Overseas Plants

Category	Index	Unit	Code	Pages	2021	2022	2023	Remarks
Energy Management	(1) Total energy consumed	GJ	TR-AP-130a.1	119	5,322,000	5,352,300	5,491,400	
	(2) Percentage grid electricity	%		119	63.3	64.6	59.6	
	(3) Percentage renewable	%		119	0	0	8	
Waste Management	(1) Total amount of waste from manufacturing	Metric Tons(t)	TR-AP-150a.1	120	10,323.20	10,047.2 <sup>1)</sup>	9,677.10	
	(2) Percentage hazardous	%		120	10.5	10.3	11.5	
	(3) Percentage recycled	%		120	87.1	89.2 <sup>2)</sup>	87.3	
Product Safety	Number of vehicles recalled	Case	TR-AP-250a.1	89	Undisclosed	Undisclosed	0	
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	KRW 100 million	TR-AP-410a.1	30~31	1,057	1,654	2,193	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	45	Owned	Owned	Owned	Refer to the NEXEN TIRE's Conflict Minerals Policy
Materials efficiency	Percentage of products sold that are recyclable (based on sales)	%	TR-AP-440b.1	55	100	100	100	
	Percentage of input materials from recycled or remanufactured content	%	TR-AP-440b.2	-	0.6	0.6	2.2	1) 2021-2022: Percentage of reclaimed butyl rubber among the input materials 2) 2023: Percentage of reclaimed butyl rubber and EAF Bead Wire* among the input materials *Materials recycled from scrap metal
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	129	0	0	0	

1) Revised data due to display error error(10,067.3)

2) Revised data due to display error error(82%)

Category	Index	Unit	Code	Pages	2021	2022	2023	Remarks
Activity Metrics	Number of parts produced by the company	1,000	TR-AP-000.A	-	40,802	41,465	41,989	Based on the production of tires
	Weight of parts produced by the company	Metric Tons(t)	TR-AP-000.B	-	418,174	425,317	434,390	Based on the production of tires
	Area of manufacturing plants	m <sup>2</sup>	TR-AP-000.B	-	1,858,134	1,858,134	1,858,134	Based on the site area (Yangsan, Changnyeong, Qingdao, Europe(Czech Republic))

# TCFD Index

Category		Index	CDP Index	Pages
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	32
		b. Describe management's role in assessing and managing climate-related risks and opportunities		32
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	33
		b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		33, 38~41
		c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario		34~37
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	42
		b. Describe the organization's processes for managing climate-related risks		42
		c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		38~42
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	43, 52
		b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas(GHG) emissions and related risks		42~ 43, 117~118
		c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets		43, 52

## GRI Index

Index	Details	Pages	Remarks
GRI 2: General Disclosures			
2-1	Organizational Details	8~11	
2-2	Entities included in the organization's sustainability reporting	2	
2-3	Reporting period, frequency and contact point	2	
2-4	Restatements of information	-	
2-5	External assurance	136~138	
2-6	Activities, value chain and other business relationships	8~12	
2-7	Employees	123~125	
2-8	Workers who are not employees	-	
2-9	Governance structure and composition	21, 102~105	
2-10	Nomination and selection of the highest governance body	102~105	
2-11	Chair of the highest governance body	102	
2-12	Role of the highest governance body in overseeing the management of impacts	21, 102~103, 111	
2-13	Delegation of responsibility for managing impacts	21, 102~103, 111	
2-14	Role of the highest governance body in sustainability reporting	21, 102~103, 111	
2-15	Conflicts of interest	104	
2-16	Communication of critical concerns	103	
2-17	Collective knowledge of the highest governance body	-	
2-18	Evaluation of the performance of the highest governance body	104	
2-19	Remuneration policies	104	
2-20	Process to determine remuneration	104	
2-21	Annual total compensation ratio	128	
2-22	Statement on sustainable development strategy	7, 20	
2-23	Policy commitments	20, 63	

Index	Details	Pages	Remarks
2-24	Embedding policy commitments	20~23, 63~64	
2-25	Processes to remediate negative impacts	65~66	
2-26	Mechanisms for seeking advice and raising concerns	109, 126	
2-27	Compliance with laws and regulations	129	
2-28	Membership associations(Initiatives)	115	
2-29	Approach to stakeholder engagement	12	
2-30	Collective bargaining agreements	79	
GRI 3: Material Topics			
3-1	Process to determine material topics	25	
3-2	List of material topics	26	
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	14, 106	
201-2	Financial implications and other risks and opportunities due to climate change	32~43	
201-3	Defined benefit plan obligations and other retirement plans	-	
201-4	Financial assistance received from government	-	
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	15~19, 91~96	
203-2	Significant indirect economic impacts	14, 91~96	
GRI 204: Procurement Practices			
204-1	Proportion of spending on local suppliers	31	



## GRI Index

Index	Details	Pages	Remarks
GRI 205: Anti-corruption			
205-1	Operations assessed for risks related to corruption	109, 111	
205-2	Communication and training about anti-corruption policies and procedures	108~111	
205-3	Confirmed incidents of corruption and actions taken	109	
GRI 206: Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	109, 129	
GRI 207: Tax			
207-1	Approach to tax	112	
207-2	Tax governance, control, and risk management	112	
207-3	Stakeholder engagement and management of concerns related to tax	-	
207-4	Country-by-country reporting	-	
GRI 301: Materials			
301-1	Materials used by weight or volume	121	
301-2	Recycled input materials used	31	
301-3	Reclaimed products and their packaging materials	31	
GRI 302: Energy			
302-1	Energy consumption within the organization	119	
302-2	Energy consumption outside of the organization	119	
302-3	Energy intensity	119	
302-4	Reduction of energy consumption	38~41	
302-5	Reductions in energy requirements of products and services	39~41	
GRI 303: Water and wastewater			
303-1	Interactions with water as a shared resource	58, 120	

Index	Details	Pages	Remarks
303-2	Management of water discharge-related impacts	58	
303-3	Water withdrawal	120	
303-4	Water discharge	120	
303-5	Water consumption	120	
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	59	
304-2	Significant impacts of activities, products and services on biodiversity	59	
304-3	Habitats protected or restored	59	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	59	
GRI 305: Emissions			
305-1	Direct(Scope 1) GHG emissions	117	
305-2	Energy indirect(Scope 2) GHG emissions	117	
305-3	Other indirect(Scope 3) GHG emissions	118	
305-4	GHG emissions intensity	117	
305-5	Reduction of GHG emissions	117	
305-6	Emissions of ozone-depleting substances(ODS)	-	
305-7	Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant air emissions	118	
GRI 306: Waste			
306-1	Waste generation and significant waste-related impacts	54~56	
306-2	Management of significant waste-related impacts	54~56	
306-3	Waste generated	120	
306-4	Waste diverted from disposal	55~56, 120	
306-5	Waste directed to disposal	54~56	

## GRI Index

Index	Details	Pages	Remarks
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	45~50	
308-2	Negative environmental impacts in the supply chain and actions taken	45~50	
GRI 401: Employment			
401-1	New employee hires and employee turnover	123	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	81	Four social insurances, health management, compensation for injuries, parental leave, retirement pay, reward for continuous service
401-3	Parental leave	81, 125	
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	67	
403-2	Hazard identification, risk assessment, and incident investigation	68~69	
403-3	Occupational health services	70~73	
403-4	Worker participation, consultation, and communication on occupational health and safety	69	
403-5	Worker training on occupational health and safety	70~71	
403-6	Promotion of worker health	72~73	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	70~73	
403-8	Workers covered by an occupational health and safety management system	122	

Index	Details	Pages	Remarks
403-9	Work-related injuries	70~73, 122	
403-10	Work-related ill health	70~73, 122	
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	126	
404-2	Programs for upgrading employee skills and transition assistance programs	15, 74~75	
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	124~125, 128	
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	109, 126	As of 2023, there are a total of 6 ethics reports, of which 3 are human rights-related.
GRI 407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	79~80, 125	No applicable worksites and suppliers
GRI 408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	20, 44~50	No applicable worksites and suppliers
GRI 409: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	20, 44~50	No applicable worksites and suppliers

## GRI Index

Index	Details	Pages	Remarks
GRI 410: Security Practices			
410-1	Security personnel trained in human rights policies or procedures	-	
GRI 411: Rights of Indigenous Peoples			
411-1	Incidents of violations involving the rights of indigenous peoples	N/A	0 cases
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	91~95	
413-2	Operations with significant actual and potential negative impacts on local communities	57~59, 70~73	No applicable worksites and suppliers
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	-	
414-2	Negative social impacts in the supply chain and actions taken	-	
GRI 415: Public Policy			
415-1	Political contributions	-	No political contribution

Index	Details	Pages	Remarks
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	-	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	0 cases
GRI 417: Marketing and Labeling			
417-1	Requirements for product and service information and labeling	-	
417-2	Incidents of non-compliance concerning product and service information and labeling	-	
417-3	Incidents of non-compliance concerning marketing communications	-	
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	

# Third Party Assurance

## To readers of 2023/24 NEXEN TIRE ESG Report

### Introduction

Korea Management Registrar (KMR) was commissioned by NEXEN TIRE to conduct an independent assurance of its ESG Report 2023/24 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of NEXEN TIRE. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with NEXEN TIRE and issue an assurance statement.

### Scope and Standards

NEXEN TIRE described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

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

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - Management approach of Topic Specific Standards
  - GRI 205: Anti-corruption
  - GRI 206: Anti-competitive Behavior
  - GRI 301: Materials
  - GRI 302: Water
  - GRI 303: Water
  - GRI 305: Emissions
  - GRI 308: Supplier Environmental Assessment
  - GRI 401: Employment

- GRI 402: Labor/Management Relations
- GRI 403: Occupational Health and Safety
- GRI 404: Training and Education
- GRI 405: Diversity and Equal Opportunity
- GRI 406: Non-discrimination
- GRI 407: Freedom of Association and Collective Bargaining
- GRI 408: Child Labor
- GRI 409: Forced or Compulsory Labor
- GRI 410: Security Practices
- GRI 411: Rights of Indigenous Peoples
- GRI 414: Supplier Social Assessment
- GRI 416: Customer Health and Safety
- GRI 417: Marketing and Labeling

- TCFD recommendations

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

### KMR's Approach

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

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

# Third Party Assurance

## To readers of 2023/24 NEXEN TIRE ESG Report

### Limitations and Recommendations

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

### Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with NEXEN TIRE on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

### Inclusivity

NEXEN TIRE has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

### Materiality

NEXEN TIRE has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

### Responsiveness

NEXEN TIRE prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of NEXEN TIRE's actions.

### Impact

NEXEN TIRE identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

### Reliability of Specific Sustainability Performance Information

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

### Competence and Independence

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

May 2024 Seoul, Korea



SRV1000  
Sustainability Committee Assurance



AA1000  
Licensed Report  
000-129/V3-ISRSO

CEO *E. J. Hwang*



# Third Party Assurance

## Scope 1, 2 Emissions Verification Statement(Domestic)

### GHG Verification Statement

Independent Verification Statement

#### Nexen Tire Corporation

The Korea Management Registrar Inc. (hereinafter "KMR") has conducted the verification on the greenhouse gas (hereinafter "GHG") emission (Scope 1, 2) of Nexen Tire Corporation (hereinafter "the Company") in 2023.

#### SCOPE

Verification of all places of business and emission facilities under the control of the company.

#### STANDARDS

- ISO 14064-1:2018, ISO 14064-3:2019
- WRI/WBCSD GHG Protocol
- IPCC Guidelines for National Greenhouse Gas Inventories
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme

#### PROCEDURE

We conducted a risk analysis approach and on-site verification based on data evaluation, and we identified the appropriateness of the data and factors applied to GHG emission calculations based on objective evidence. The verification team verified the GHG emissions during the reporting period in a reasonable way based on the verification guidelines.

#### INDEPENDENT

KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views. We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review

#### LIMITATIONS

The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

#### OPINION

- GHG verification has been performed to meet the reasonable assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an "unmodified" opinion.
- Criticality: meets the criterion, which is less than 5%

(Unit: tCO<sub>2</sub>eq/yr)

GHGs Emission	Direct emission (Scope1)	Indirect emission (Scope2)	Total (tCO <sub>2</sub> eq)
2023	29,233.273	186,694.725	215,924

Energy Consumption	Fuel	Electricity	Steam	Total (TJ)
2023	570.467	2,997.195	770.001	4,334

#### RESULTS

We confirm through verification that the emissions from major emission facilities have been calculated and reported without omission.

※ The abovementioned company is responsible for preparing verification data in accordance with the "Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)", and KMR's responsibility is limited to the party in the verification contract according to the agreed contract terms. and is not responsible for other decisions, including investment decisions based on this verification statement.

※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

March 2024  
Authorized By



CEO E. J. Hwang

# NEXEN TIRE UN SDGs

Sustainable Development Goals	Activities	Pages
 <b>No Poverty</b> End poverty in all its forms everywhere	<ul style="list-style-type: none"> <li>Establishing an environment that fosters employee welfare participation</li> <li>Employees' Donation and Supporting Activities</li> <li>Operating the Foundation</li> </ul>	91, 93
 <b>Good Health and Well-Being</b> Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> <li>Implementing the Particulate Matter Reduction Agreement</li> <li>Managing Chemicals and Strengthening the emergency response system</li> <li>Employee health and safety promotion activities</li> <li>Improving System to Enhance Employee Productivity</li> </ul>	57, 71~73, 76
 <b>Quality Education</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>Fair Recruitment</li> <li>Supporting job transition and re-employment</li> <li>Capacity building programs</li> </ul>	74~75, 77
 <b>Gender Equality</b> Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> <li>ESG policy</li> <li>Conducting Diversity Training</li> <li>Creating a Culture that Embraces Diversity</li> <li>BOD Diversity and Expertise</li> </ul>	20, 66, 105
 <b>Clean Water and Sanitation</b> Ensure access to water and sanitation for all	<ul style="list-style-type: none"> <li>Managing effluent and water pollution</li> <li>Conducting environmental impact survey on groundwater</li> </ul>	58
 <b>Decent Work and Economic Growth</b> Promote inclusive and sustainable economic growth, employment and decent work for all	<ul style="list-style-type: none"> <li>Exploring Future Opportunities through Next Century Ventures</li> <li>Technical Exchange with Suppliers</li> <li>Operating a Council for Labor-Management Cooperation</li> </ul>	19, 49, 79
 <b>Industry, Innovation and Infrastructure</b> Build resilient infrastructure, promote sustainable industrialization and foster innovation	<ul style="list-style-type: none"> <li>Strategy for investment in eco-friendly technologies</li> <li>Development of eco-friendly products and sustainable raw materials</li> <li>Development of eco-friendly tire materials</li> </ul>	19, 27~31, 60

Sustainable Development Goals	Activities	Pages
 <b>Reduced Inequalities</b> Reduce inequality within and among countries	<ul style="list-style-type: none"> <li>Fair Workplace without Discrimination</li> <li>Respecting diversity and providing human rights education</li> <li>Operating a reporting center</li> <li>Implementing the conflict minerals management policy</li> </ul>	45, 65~66, 76, 109
 <b>Sustainable Cities and Communities</b> Make cities inclusive, safe, resilient and sustainable	<ul style="list-style-type: none"> <li>Social contribution activities reflecting the characteristics of the tire industry</li> <li>Social contribution activities according to the characteristics of local communities</li> </ul>	92
 <b>Responsible Consumption and Production</b> Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> <li>Developing Sustainable Raw Materials</li> <li>Investing Continuous Clean Tech</li> <li>Sustainable supply chain and natural rubber policy</li> <li>Business site waste management strategy</li> </ul>	27~31, 42, 44~45, 54
 <b>Climate Action</b> Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> <li>Establishing a carbon neutrality roadmap</li> <li>Establishing the RE100 roadmap</li> <li>Greenhouse gas and energy management</li> <li>Managing the ratio of eco-friendly product sales</li> </ul>	31~43
 <b>Life Below Water</b> Conserve and sustainably use the oceans, seas and marine resources	<ul style="list-style-type: none"> <li>Managing effluent and water pollution</li> <li>Conducting environmental impact survey on groundwater</li> </ul>	58
 <b>Life on Land</b> Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	<ul style="list-style-type: none"> <li>Managing waste and discharge of hazardous materials</li> <li>Progressing beautiful forest creation</li> <li>Operating Voluntary Environmental Protection Participation System</li> </ul>	54, 59, 71
 <b>Peace, Justice and Strong Institutions</b> 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"> <li>Holding the general shareholders' meeting</li> <li>Diagnose Code of Ethics and Ethical Management Level</li> <li>Providing ethics education and compliance management education</li> <li>Operating the reporting center</li> </ul>	106~110
 <b>Partnerships for the Goals</b> Revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> <li>Participating as a member of UNGC(UN Global Compact)</li> <li>Status of initiative memberships</li> </ul>	4, 115

## NEXEN's ESG History

### 1995

- Established KNN Cultural Foundation

### 2003

- Established the NEXEN Wolsuk Busan Leading Scholarship Committee

### 2007

- Acquired certification of excellent workplace in health promotion activities(Yangsan).

### 2008

- Established the NEXEN Wolsuk Cultural Foundation

### 2009

- Ranked No. 1 in the global customer satisfaction index(GCSI)(for 14 consecutive years up to 2023)

### 2011

- ISO 14001
- Conducted CO2 reduction target management(Yangsan)
- Won the Grand Prize in the Gyeongnam QCC Contest(Yangsan, Changnyeong)(for 13 consecutive years from 2011 to 2023)

### 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 4 consecutive years from 2019 to 2022)
- Participated for the first time in EcoVadis
- 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(Water Security)
- Published the first ESG Report

### 2021

- Received the Grand Prize at the 33rd Korea Labor-ManagementCooperation Awards
- Received the Bronze Medal from EcoVadis
- Participated in CDP(Climate Change)(Yangsan, Changnyeong, Czech Republic)
- 'N'FERA Sport' ranked No.1in the summer tire performance testconducted 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 forLCA(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 the 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

### 2024

- Held the 1st ESG Management Committee under the BOD(2024.01.19)

