

## Ethical Management and Code of Ethics

NEXEN TIRE Co., Ltd. (hereinafter “NEXEN TIRE”), which thinks about tomorrow, prepares for tomorrow and creates values from tomorrow, is achieving a clean and transparent corporate culture based on ethical management as the top priority.

NEXEN TIRE's ethical management philosophy, which has not changed since its foundation, has been recognized both internally and externally through the Transparent Accounting Awards (Korean Accounting Association), the Model Taxpayer Minister Awards (Ministry of Economy and Finance), and the Presidential Citation for labor-management win-win cooperation (Ministry of Employment and Labor). In addition, based on trust from customers, shareholders, employees, and partners through the operation of the Wolseok Scholarship Foundation, community relationships in rural development, and implementation of clean factory and environment/safety policies, we are taking a strong step toward becoming a global top 10 in the industry.

NEXEN TIRE focuses on practicing ethical minds of all executives and employees. All executives and employees of NEXEN TIRE are responsible for correctly understanding and complying with this Code of Ethics, and we also recommend compliance to our partners who do business with NEXEN TIRE.

### 1. Code of Ethics

NEXEN TIRE intends to grow into a global top company by thinking about tomorrow, preparing for tomorrow and creating values from tomorrow. We are aware that a fair and transparent corporate culture is essential for this and we establish and practice the code of ethics as a standard for correct behavior and value judgement that all employees must observe.

- 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.

#### Supplementary provision

1. This Code of Conduct is revised and effective as of June 1, 2019.
2. Separate code of conduct and detailed enforcement regulations should be operated so that employees can properly understand and implement the code of ethics.

### 2. Code of conduct

#### 1) Compliance with legal regulation

- A. NEXEN TIRE employees comply with relevant laws and regulations in conducting work and business. In particular, special attention should be paid to laws and regulations related to fair trade, employment and labor, industrial safety and environmental protection.

#### 2) Basic ethics of employees

- A. NEXEN TIRE employees must perform all duties given with pride, honestly and faithfully and act for the benefit of the company in a direction that contribute to organizational harmony.
- B. Employees do not engage in any immoral or unethical behavior that may be blamed by society in relation to their daily life and duties and strive to maintain dignity and honor of individuals.
- C. For the prosperity of a company where all employees are beneficiaries, company's assets must

be fully preserved. Therefore, employees shall protect these assets from damage, theft and embezzlement and do not use them for personal benefit.

- D. Employees have the duty and responsibility to promote their own safety, comply with all safety regulations and create a clean and comfortable working environment by keeping their area neat and tidy.
- E. Employees shall not engage in verbal or physical acts that offend others including sexual harassment that infringes on individual human rights.
- F. Any paid work outside the company must not conflict with interest of the company. Therefore, all employees must consult with department manager in advance when they want to engage in paid activities outside the company.
- G. Employees may engage in political activities only in their private capacity out of hours, outside the workplace and employees shall not engage in activities related to political parties or social interest groups under the name of the company.

### **3) Respect and protection of employees**

- A. The company does not discriminate against any reason in the employment relationship and treats each employee with dignity by respecting individual lives.
- B. The company takes all necessary measures by prioritizing the protection of the health and safety of its employees and does not use any form of coercive or forced labor.
- C. The company provides an environment of fair opportunities for employees to develop and strengthen individual abilities and skills.

### **4) Transparent management**

- A. The company's accounting books and financial statements must be accurately recorded in conformity with facts and accounting principles.
- B. Employees must provide accurate and precise information and data in performing their work and do not intentionally provide insufficient or manipulated information and documents.
- C. Employees may not disclose important information of the company without prior consultation with related departments and approval from head of the department, and shall not pursue private benefits or provide them to others using disclosed information acquired from work.
- D. The company's funds must always be transparently executed in accordance with principles and budget execution that does not meet the regulations should not be performed.

### **5) A fair trade**

- A. NEXEN TIRE adheres to a sound and fair trade in dealing with customers.
- B. All businesses should be done in an equal and fair position and we do not engage in any form of unfair behavior using superior status.
- C. NEXEN TIRE provides equal opportunities for all qualified companies to participate in business with suppliers.
- D. We endeavor to improve product quality by providing technical cooperation when suppliers perform work such as design, manufacture, construction and testing products to be delivered to the company.
- E. NEXEN TIRE contributes to the increase of customers' profit through fair competition in the market and does not engage in unethical acts that seek profits by exploiting weaknesses.
- F. Business with companies that have illegal activities such as tax evasion, accounting corruption and environmental pollution is restricted.

### **6) Prohibition of money and goods and treat**

- A. NEXEN TIRE employees may not offer or receive bribes in any cases related to work and do not give or receive any kind of money or gifts other than ordinary souvenirs and gifts.
- B. Employees do not receive special conveniences from business partners for themselves, their families or people around them.
- C. Employees do not directly or indirectly have benefits in abnormal ways using information from business partners.
- D. Employees do not accept loans, guarantees or solicitations that may interfere with fair business

with business partners.

#### **7) Environmental preservation**

- A. NEXEN TIRE employees recognize the importance of environmental issues and strive to minimize the impact of the company's business activities on the environment.
- B. We pursue environmental protection in all business activities of product development, production, distribution and disposal, endeavor to develop and distribute eco-friendly technologies such as resource saving and energy efficiency

#### **8) Labor management relations**

- A. Both labor and management take pride in being the owners of the company and build a partnership based on trust and harmony.
- B. The company guarantees the activities of the trade union permitted by law and the trade union cooperates for the development of the company.
- C. Labor and management make a concerted effort to improve employees work and balance through improvement of working conditions.

#### **9) Contribution to the country and outside the company**

- A. We contribute to the development of the country and society by fulfilling our responsibilities and duties as a global citizen.
- B. We endeavor to communicate through the participation of stakeholders in the process of management activities related to the national society.
- C. The company fulfills its obligations in the community by creating and maintaining stable jobs and paying taxes sincerely.
- D. We actively participate in community services such as volunteer work and disaster relief and conduct public interest activities in various fields such as culture, art, sports and academics.

#### **10) Compliance with code of ethics**

- A. NEXEN TIRE employees must comply with code of ethics as a standard for behavior and value judgement.
- B. When employees find out that they or others violated the code of ethics, they must report it to their superior or ethics management report center.
- C. The company shall protect the person who reported the above facts and shall not be penalized.

#### **Supplementary provision**

1. This code of conduct is revised and effective as of June1, 2019.

### **3. Rules for Operation**

#### **Chapter 1 General provisions**

##### **Article 1 (Purpose)**

The purpose of this rules for operation is to stipulate the extent to which all benefits such as money and valuables, entertainment and convenience allowed from stakeholders and the standard of conduct to be observed for the efficient operation of Code of Ethics.

##### **Article 2 (Application scope)**

This standard applies to all employees of the company.

##### **Article 3 (Definition of a term)**

Definition of a term used in these rules for operation are as follows:

1. Money and valuables: Money (cash, securities, gift certificates, coupons, etc.), economic benefits such as goods
2. Entertainment: Provision of treatments such as meals, drinking, golf, performances, entertainment
3. Conveniences: Transportation, accommodation, tourism, support for event, employment, job placement, etc.

4. Stakeholders: Employees, customers, business partners, affiliates, domestic and foreign public officials and other organizations who may be directly or indirectly affected by their rights, interest or obligation due to their work.

## **Chapter 2 Compliance**

### **Article 4 (Prohibition of accepting bribery)**

1. Employees shall not receive or request money or other valuables from stakeholders for any reason. However, souvenirs and promotional items distributed to an unspecified number of people within the normal level (30,000 won) are excluded.
2. If employees inevitably receive money or other valuables, they must return it immediately.
3. If it is unavoidably difficult to return the money or valuables received, employees shall keep the money and valuables in a way that they do not mix with their own property and report them to the head of their department.
4. Upon receiving the above report, head of the department must report to the department in charge of ethical management immediately and follow the instructions of the department in charge of ethical management.

### **Article 5 (Prohibition of entertainment)**

5. Employees can treat or be treated with meals within the usual level (30,000won) with stakeholders. However, industries that combine personal services such as entertainment bars and massage is excluded.
6. If employees inevitably get treated that exceeds the usual level, they must report it to the head of department.
7. If employees provide entertainment in excess of the usual level to stakeholders or participate in stakeholders' event that include entertainment in excess of the usual level, they must report to the head of department in advance.

### **Article 6 (Prohibition of convenience provision)**

1. Employees should not receive conveniences such as transportation, accommodation and tourism from stakeholders. Conveniences generally provided to all participants at events organized by stakeholders is excluded.
2. If an employee is provided with a convenience that inevitably exceeds the permitted range, they shall report it to the head of department.
3. In all cases, direct or indirect, employees must report to the head of department about any special accommodations provided or offered to them.

### **Article 7 (Expenditure for congratulations and condolences)**

1. In principle, employees' congratulations and condolences should not be notified to the stakeholders and it is considered that the information notified through a third party is employees own responsibility.
2. It is a principle that employees do not receive congratulations and condolences from stakeholders. If employees inevitably receive congratulations and condolences, it is recommended to be within 50,000 won. If it exceeds 100,000won, employees must return some or all of it.
3. Employees should not receive wreaths as congratulations and condolences from stakeholders and even if received unavoidably, they are not allowed to display them.
4. Employees can use company's bulletin board to announce congratulations and condolences. However, the scope is limited to the grandparents, parents, children and spouse.
5. Congratulations and condolences between employees are recommended to be within 50,000 won and should not exceed 100,000 won in any special cases

### **Article 8 (Prohibition of sponsorship)**

1. In case of events supported by the company such as departmental events or club activities, money or valuables should not be received from stakeholders.
2. It is considered that money and valuables were received in exchange for receiving convenience such as vehicles, places and personnel related to the event.

3. If an employee inevitably receive support for an event, they must report to the head of their department immediately.

**Article 9 (Restrictions on transactions using job-related information)**

Employees shall not engage in any transaction or investment in property related to securities or real estate using undisclosed information acquired from work or to assist in trading or investment in property by providing such information to others.

**Article 10 (Confidentiality)**

1. Employees who have acquired inside information of the company must abide by the duty of confidentiality, recognizing that the leakage or early leakage of the information may infringe the company's interest.
2. Such information includes people, products, research, technical projects, industrial data, sales and financial planning and any factors that could cause leakage of industrial property rights and expertise.
3. Employees should be careful not to leak such information to outside or to internal employees who are not subject to information sharing.

**Article 11 (Budget use)**

1. Budgets for each department such as meeting expenses and work promotion expenses should be used in accordance with the purpose of budget establishment.
2. In principle, corporate credit card is used for expenses, but it is prohibited to use a corporate credit card for public holidays and personal use.

**Article 12 (Financial dealings)**

1. Employees should not engage in legal acts with stakeholders such as lending money, guaranteeing loans or leasing real estate.
2. If employees inevitably commit such legal acts with stakeholders, they must report to the head of department.

**Article 13 (Exclusion of special treatment and discrimination)**

Employees shall not give special treatment to a specific person or discriminate against a specific person because of regionalism, blood relationship, school tie or religion in performing their duties.

**Chapter 3 Responsibility and authority****Article 14 (Responsibility of department supervisor)**

1. The head of department should conduct training and counseling frequently so that employees can fully understand the rules for operation.
2. The head of department should take appropriate precautions to prevent its employees from violating rules for operation.

**Article 15 (Reporting obligations and confidentiality)**

1. Employees must report to the head of their department or to the department in charge of ethical management if they find out that they or other employees have violated rules for operation.
2. The head of department must report to the department in charge of ethical management immediately upon receiving a report of the violation.
3. No one shall divulge identity of the reporter or inflict disadvantage.
4. Anyone who discloses the identity of the reporter or inflicts disadvantage in violation of paragraph 3 above shall be subject to disciplinary action.

**Chapter 4 Reward and disciplinary action****Article 16 (Reward and disciplinary action)**

1. In accordance with the provision, company may reward employees who made contributions to achieving the purpose of rules for operation
2. Company may severely reprimand and discipline employees who violate the rules for operation in accordance with regulation.
3. Company may restrict access and transactions to employees who retired in violation of these operating rules.

**Article 17 (Interpretation)**

1. If an employee violates these guidelines by using relatives or acquaintances, such an act is regarded as an act of the employee.
2. For rules for operation that is not specifically determined, relevant laws and ordinances will follow.

**Article 18 (Operation of ethics management report center)**

Strengthening the foundation for ethical management through prevention of internal fraud and risk factors in timely recognition

1. Report center (Homepage report center)
  - Receiving reports from employees/customers/shareholders/partners regarding unethical conduct both internally and externally
  - Consultation on ethical issues
  - Internal Public E-mail for report ([ethics@nexentire.com](mailto:ethics@nexentire.com))
  - External Public E-mail for report ([nexenethicscenter@gmail.com](mailto:nexenethicscenter@gmail.com))
2. Informant protection program (Informant protection program)
  - All complaints or reports such as status/contents/processing results will be taken seriously and treated with respect and confidentiality (Article 15 of enforcement regulations of the Code of Ethics)
  - Pre-specify the purpose of collection and retention period for personally identifiable information collected when reporting
3. Reward and disciplinary action (reward and disciplinary action)
  - Regarding reporting in compliance with the Code of Ethics, reward and punishment for employees are executed according to the regulation after review (Article 16 of the enforcement regulations of the Code of Ethics)
  - Clarify top management's will of implementation of ethical management through reinforcement of reward and punishment to employees
  - If there is an announcement to be made, it will be announced in accordance with the company rules.

**Supplementary provision**

This code of conduct is revised and effective as of June 1, 2019.

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