

Sustainable Natural Rubber Policy

Background and Purpose

With the global population increasing and strong economic growth in emerging markets, demand for automobiles is expected to rise. Industry experts predict that the resulting growth in the automotive industry will lead to increased global demand for tires and an expansion of the natural rubber market.

In this context, Nexen Tire recognizes the importance of securing sustainable natural rubber as a top priority through sustainable supply chain management, in order to prevent deforestation, land degradation, and climate change caused by increased natural rubber harvesting.

Accordingly, Nexen Tire joined the Global Platform for Sustainable Natural Rubber (GPSNR) initiative in 2020 to participate in a global certification system aimed at enhancing sustainability within our supply chain. Furthermore, based on the European Union Deforestation Regulation (Regulation (EU) 2023/1115, hereinafter “EUDR”) and relevant legislation, Nexen Tire has established this policy. Through this policy, Nexen Tire aims to proactively identify and prevent environmental and human rights risks that may arise during the harvesting and production of natural rubber. We are committed to protecting the environment and human rights in natural rubber-producing regions and to building a sustainable natural rubber supply chain.

Basic Principles

[Supply Chain Management] As a tire manufacturer, Nexen Tire does not own natural rubber farms or processing facilities. However, the company contributes to the management of a sustainable natural rubber supply chain by cooperating with stakeholders within the supply chain when necessary.

[Human Rights Protection] Nexen Tire respects international human rights standards, including the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the rights of indigenous peoples as outlined in the United Nations Declaration on the Rights of Indigenous Peoples.

[Environmental Protection] To combat climate change, Nexen Tire prohibits deforestation and the degradation of High Conservation Values (HCVs) during the harvesting, production, and procurement of natural rubber. The company seeks management strategies that maximize resource efficiency, strives to prevent air, water, and soil pollution, and supports initiatives that preserve and enhance biodiversity.

[Improvement of Agricultural Practices] Ensuring the quality of natural rubber through improved agricultural practices is a top priority. Nexen Tire promotes the empowerment of farm owners and seeks ways to enhance their economic, social, and cultural conditions.

[Consideration of Resource Sustainability] Nexen Tire actively participates in global efforts to improve the sustainability of natural rubber. This includes identifying social and environmental risks in the supply chain, taking steps to reduce them, and openly disclosing the results in compliance with applicable laws and regulations.

Scope

The natural rubber supply chain consists of various actors, including farms/producers, intermediaries, processors, trading companies, and manufacturers. This policy applies to Nexen Tire and its affiliates (hereinafter collectively referred to as 'Nexen Tire') as manufacturers operating globally, as well as to partners (hereinafter, 'partners') who supply rubber subject to the EUDR or provide related services to Nexen Tire. Based on this policy, Nexen Tire is committed to enhancing the sustainability of the natural rubber supply chain and will promote supply chain improvements and deforestation prevention activities to preserve forests and protect human rights.

Implementation Plan

Nexen Tire, based on its sustainable management framework, is committed to tracking every stage of the natural rubber supply chain from raw material sourcing to the production process. This approach is designed to identify and address potential environmental and social risks at each stage, and is carried out through a structured process that includes:

- ① Defining environmental and social responsibilities related to natural rubber production for suppliers,
- ② Assessing compliance with domestic and international environmental, labor, and human rights regulations,
- ③ Identifying risks and setting improvement targets for each stage,
- ④ Implementing risk mitigation activities, and
- ⑤ Monitoring and evaluating performance.

If any significant environmental or social risks are identified during this process, Nexen Tire shall request immediate corrective actions and improvements from the relevant partners.

Specific Policies

To achieve the above core principles and further enhance its strategic implementation, Nexen Tire defines the following detailed principles for each stage of the supply chain and requires its partners to comply with this policy and all relevant laws and regulations.

Suppliers are also expected to encourage and guide their own partners and sub-suppliers to adhere to this policy and applicable legal requirements.

Compliance with this policy may serve as a key criterion in Nexen Tire's supplier selection process. If a supplier is found to be in violation of the policy and fails to take appropriate corrective actions, it may result in the discontinuation of business relations with Nexen Tire.

① Natural Rubber Production (Farmers/Producers)

- Ensuring human rights and a safe working environment for all workers is a universal and fundamental principle. Compliance with international labor laws and human rights principles shall be verified, and any identified violations of these principles shall not be tolerated. Active measures shall be taken to ensure prompt remediation and improvement
- To enhance productivity through sustainable farm management, training and support shall be provided to help build operational manuals and management systems. Producers shall be actively encouraged to implement the values outlined in this policy.
- Potential risk factors that could cause harm to local communities or the environment shall be proactively managed. If any damage occurs, appropriate actions shall be taken to mitigate, remedy, and prevent further impact.
- Prior to engaging in activities that may affect the land, territory, or resources of Indigenous Peoples or local communities, Free, Prior and Informed Consent (FPIC) shall be obtained.
- Other requirements such as environmental protection, anti-corruption, and non-discrimination based on race shall be followed in accordance with the EUDR and GPSNR Policy Framework, as well as applicable laws and regulations.
- Rubber that complies with the EUDR shall be strictly separated and managed from non-compliant rubber. Relevant evidence shall be provided upon request by Nexen Tire.

② Intermediaries (Including Logistics/Distribution)

- Intermediaries shall provide transparent information regarding the origin and procurement methods of natural rubber. To ensure the credibility of such information, intermediaries shall provide their background and reputation details upon request by Nexen Tire.
- The legitimacy of contractual terms and transaction details, as well as the transparency of pricing, shall be reviewed to prevent unfair trading practices and to uphold the principles of fair trade.
- Rubber that complies with the EUDR shall be strictly separated and managed from non-compliant rubber. Relevant evidence shall be provided upon request by Nexen Tire.

③ Processing Company

- Processors shall actively comply with applicable domestic and international environmental laws and regulations related to the processing of natural rubber to prevent environmental pollution and regulatory violations..
- Odors, waste, and chemicals generated during the processing stage shall be handled in accordance with relevant laws. Appropriate methods and technologies shall be implemented to minimize impact on surrounding communities.

- A safe and lawful working environment shall be ensured for all workers in processing facilities, with human rights and occupational safety duly protected. Any corrupt practices identified shall not be tolerated and shall be promptly addressed through corrective actions.
- To prevent deterioration of product quality, processors shall establish a quality management system, use certified raw materials and additives, and prohibit the use of any additives that undermine the sustainability of the product. Adoption of technologies and practices that enhance environmental performance and product quality is encouraged.
- Rubber that complies with the EUDR shall be strictly separated and managed from non-compliant rubber. Relevant supporting documents shall be provided upon request by Nexen Tire.

④ Trading Company

- Maintain thorough records of the origin and processing of industrial rubber products to ensure transparency and traceability throughout the natural rubber supply chain. This supports compliance with global regulatory requirements and helps maintain transparency across the supply chain.
- Comply with global import/export regulations and provide, upon Nexen Tire's request, credible information on the origin of the natural rubber, intermediary stages, and trading companies, including their background and reputation.
- Ensure strict segregation and management of EUDR-compliant and non-compliant rubber, and provide relevant supporting documentation when requested by Nexen Tire.

⑤ Manufacturer (Nexen Tire)

- Nexen Tire corresponds to the final stage in the natural rubber value chain as a manufacturer. The company conducts supply chain mapping to prioritize risk mitigation efforts and assesses social and environmental risks of its suppliers.
- EUDR-compliant and non-compliant rubber shall be stored in separate physical spaces, and strict segregation procedures shall be followed to prevent mixing. All transactions, transport, and storage processes shall be documented, and compliance shall be continuously monitored throughout the entire process.
- Ensuring EUDR compliance and the sustainability of natural rubber requires active participation from stakeholders at each stage of the supply chain. Nexen Tire encourages adherence to this policy and its sustainability guidelines, and when necessary, risk prevention measures will be implemented through third-party on-site audits.
- To ensure effective implementation and achievement of the policy objectives, Nexen Tire may develop additional guidelines outlining specific actions, and distribute educational materials in English to raise awareness on responsible trade practices.

Implementation System

(1) Governance (Role of Executive Leadership)

The ESG Strategy Committee reviews and makes decisions annually through a strategic meeting to ensure the achievement of sustainable natural rubber goals. Its key responsibilities include overseeing and managing risks related to natural rubber, reviewing and revising policies, and determining strategic responses.

[In particular, sustainability goals for natural rubber are established with consideration of the geographical and variable characteristics of each production region, and any updates to goals or policy provisions are transparently disclosed to stakeholders.]

(2) Implementation Body (Role of Dedicated Management Teams)

The dedicated department is responsible for identifying strategic tasks that require improvement across the supply chain to enhance the sustainability of natural rubber. It manages performance and implements necessary actions at each stage of the supply chain. Working closely with the ESG Operations Committee, the team functions as a control tower to achieve Nexen Tire's sustainable natural rubber objectives.

(3) Training and Dissemination

a. ESG-Specific Training

Nexen Tire provides sustainability awareness training to stakeholders directly involved in the production, processing, and procurement of natural rubber, supporting improvements in supply chain sustainability.

b. External Collaboration

Where necessary, Nexen Tire collaborates with external experts or third-party organizations to integrate professional knowledge and best practices into the supply chain, particularly through cooperation with Tier-1 suppliers. This strengthens the overall sustainability framework across all stakeholder levels.

Supplementary Provisions

- ① This Biodiversity Policy shall come into effect as of September 1, 2021.
- ② This policy is prepared in Korean, English, and Chinese, and in the event of any discrepancy between the Korean version and the translated foreign versions, the Korean version shall prevail.
- ③ The detailed risk management policies referenced in this Biodiversity Policy shall be governed by Nexen Tire's internal guidelines and procedures.

This policy has been confirmed as stated below and is implemented with the approval of the CEO of Nexen Tire Corporation.

Document Title	Sustainable Natural Rubber Policy	Version	3.0
Date of Enactment	2021.09.01	Date of Revision	2024.11.01
Established by	Purchasing Team	Managed by	ESG Team

< Revision History >

Ver	Date	Details	Drafting Department	Managing Department
V1.0	2021. 09. 01	Initial Establishment	Purchasing Team	ESG Team
V2.0	2023. 06. 26	Revision to The Sustainable Natural Rubber Policy	Purchasing Team	ESG Team
V3.0	2024. 11. 01		Purchasing Team	ESG Team