

DRIVING
CSR,
DRIVING
SUSTAINABLE
MOBILITY

Reporting Purpose

Hankook Tire's CSR Report 2015/16 aims to disclose its achievements in fulfilling Corporate Social Responsibility (CSR) in 2015, including its endeavors to create economic, social and environmental values while elaborating on its action plans and commitments for 2016. Furthermore, this report, as a communication channel with wide-ranging stakeholders of Hankook Tire, intends to provide transparent information and gather stakeholder feedback.

Reporting Guidelines and Principles

This report was prepared in accordance with the GRI G4 Guidelines to abide by global standards and enhance its usability by international readers, as well as satisfy Hankook Tire's internal reporting and disclosure standards. In addition, we ensure the reliability, appropriateness, and completeness of the report content, the transparency and integrity of the reporting process and the originality and uniqueness of the report itself. These principles apply to all our disclosure documents as well as this report. This is our seventh CSR Report and we plan to publish such reports annually.

Reporting Period

This report spans the period between January 1, 2015 and December 31, 2015. To offer more reliable information through the time-series comparison of our CSR-related track records, major sections of this report span the period from 2012 to April of 2016. In addition, this report details our 2016 action plans for each key managerial issue to help our stakeholders better understand future improvements to be made against our 2015 achievements.

Reporting Scope

This report focuses on the accomplishments and plans of Hankook Tire Worldwide (holding company) and Hankook Tire that operates the tire business. Concerning Hankook Tire, this report covers its Korean business sites at the Head Office in Seoul, plants in Daejeon and Geumsan, and the RGD Center, as well as information and data on its overseas worksites in Hungary, China and Indonesia. We will continue to extend the scope of our reporting to ensure that our endeavors and achievements in undertaking global CSR initiatives at our overseas sites are fully and comprehensively presented in our CSR reports. Data on Hankook Tire affiliates are described in the Company Profile section.

Independent Assurance Statement

To ensure the reliability of reporting contents, this report was assured by EY, an independent external assurance provider who conducted a Moderate, Type 2 assurance engagement of this report in accordance with the AA1000 standards. The assurance findings are summarized and organized at the end of this report in the Independent Assurance Statement section.

Target Audience

This report is intended for our key stakeholders (customers, employees, suppliers, local communities, and shareholders & investors) and general stakeholders (civil organizations, students, central and local governments, competitors and media).

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CEO Message

Dear Valued Stakeholders

I deeply appreciate your unwavering support for Hankook Tire in our pursuit of sustainable growth.

The year 2015 saw the tire industry posting a sluggish growth due to intensifying competition arising from tough challenges such as the sustained low growth and low prices, China risk, and so on. Despite such unfavorable business conditions, Hankook Tire has continued to enhance its global competitiveness based on stakeholders' supports, recording KRW 6.4282 trillion in sales and KRW 885 billion in operating profit.

Hankook Tire completed production facilities expansion in Hungary, Indonesia, and Chongqing, China, further strengthening the foothold for sustainable growth. Moreover, we supplied OE tires for Porsche Macan and BMW's flagship 7-series sedans, which proved our state-of-the-art technology and took our brand awareness as a premium tire manufacturer to the next level once again. Not just this, our vision for future driving and design capability has been recognized by the most prestigious design festival 'Red Dot Award: Design Concept 2015' when our future-oriented concept tires won Red Dot: Luminary.

We have also made a concerted effort to create social and environmental values. For example, following the CSR activities in Korea, Hankook Tire has launched localized CSR programs in China, Europe, and the ASEAN-India region. In particular, as part of our efforts to closely engage with local stakeholders in China, Hankook Tire officially published the Chinese version of CSR Report, which presented our CSR initiatives and their outcomes in China, in 2015. On the social responsibility management front, the Company established the 'Hankook Donggeurami Partners', a subsidiary company whose mission is to generate jobs for the disabled.

Hankook Tire is committed to contributing to sustainable growth of our society by abiding by the 10 principles suggested by the UN Global Compact, and supporting and fulfilling UN SDGs (Sustainable Development Goals).

As we present the 7th CSR Report this year, Hankook Tire hopes to share our commitments to sustainability management, milestones we have reached and the path we will take on our journey toward a sustainable future with you in a transparent manner. In preparation for this report, we expanded survey targets for more active communication and also conducted group interviews. The feedbacks collected from those channels are reflected on Hankook Tire's management strategies and operations.

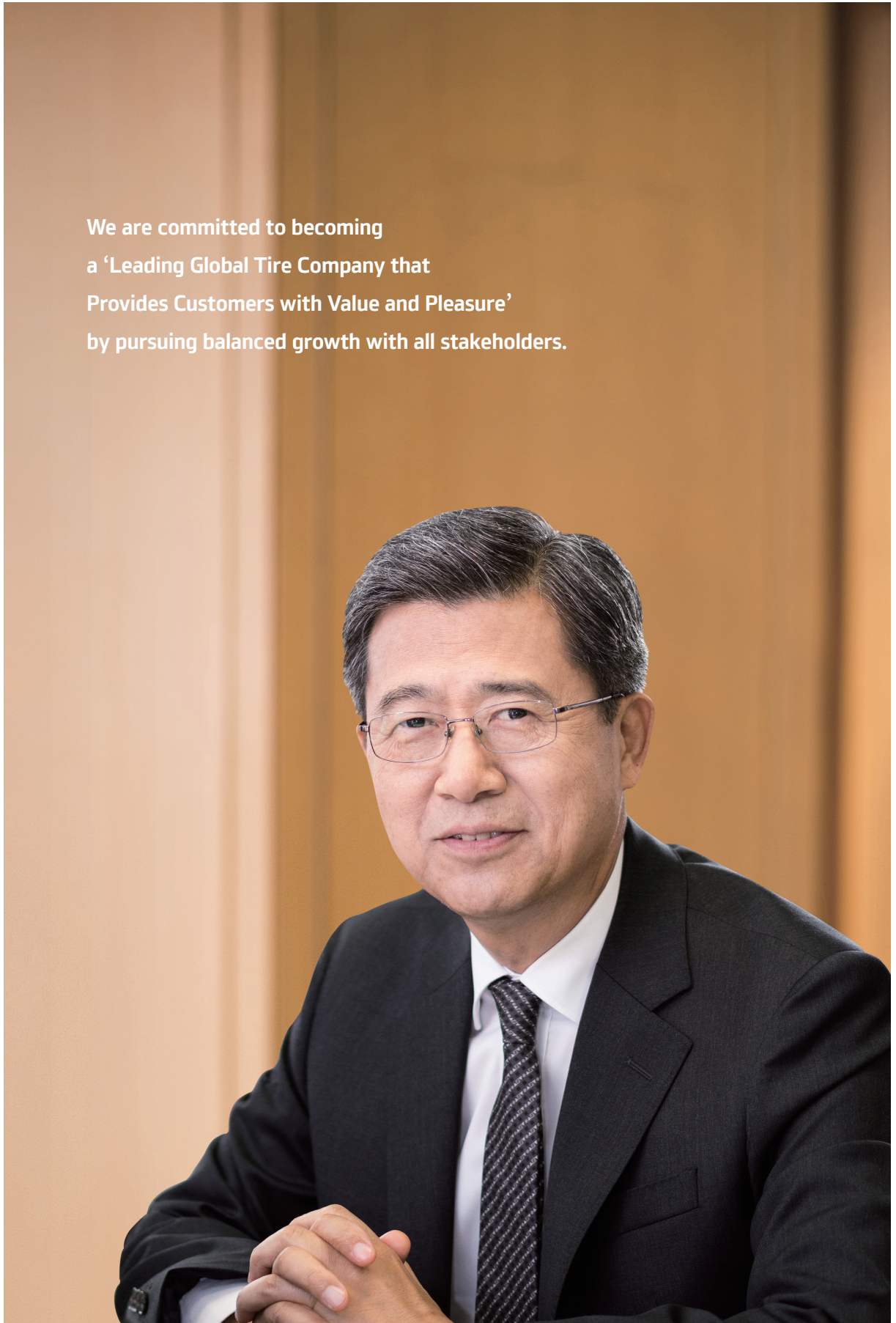
All Hankook Tire employees will make a concerted effort for daring innovation in all areas to enhance quality competitiveness and our brand value while pursuing balanced growth with all stakeholders. By doing so, we will advance to realize the vision of becoming a 'Leading Global Tire Company that Provides Customers with Value and Pleasure'. Hankook Tire pledges to continue sustainable and substantial growth with your trust and support.

Your lasting interest and encouragement would be greatly appreciated.
Thank you.

Vice Chairman & CEO
Seung Hwa Suh



We are committed to becoming
a 'Leading Global Tire Company that
Provides Customers with Value and Pleasure'
by pursuing balanced growth with all stakeholders.



Company Profile

Company Overview

Since its establishment in 1941, Hankook Tire has evolved to become the world's 7th largest tire company that boasts competitive edge in quality and brand value, exercising its leadership in technology to deliver the best-possible driving experience to customers in more than 180 countries around the world.

In the challenging year of 2015, we continued to invest in R&D and technological prowess so as to grow into a 'Leading Global Tire Company that Provides Customers with Value and Pleasure'. Based on such a firm commitment, we were able to post KRW 6.4282 trillion in sales and KRW 885.0 billion in operating income. Furthermore, we faithfully fulfill our responsibility as a corporate citizen to usher in a sustainable society where people can live with harmony and contentment.

Company Name	Hankook Tire Co., Ltd.
Global Sales	KRW 6.4282 trillion
Operating Income	KRW 885.0 billion
Operating Margin	13.8%
Total Assets	KRW 9.4961 trillion
Total Equity	KRW 5.1407 trillion
Date of Establishment	September 3, 2012*
IPO (Initial Public Offering)	October 4, 2012*
CEO	Seung Hwa Suh
Type of Business	Manufacturing, reproducing, processing and selling automobile tires, tubes and components
Headquarters	133, Teheran-ro, Gangnam-gu, Seoul, Korea (Yeoksam-dong)
Telephone	82-2-2222-1000

* Established as a result of the spin-off of the tire operation of former Hankook Tire as of September 1, 2012, and listed on the stock market on October 4, 2012

Global Network

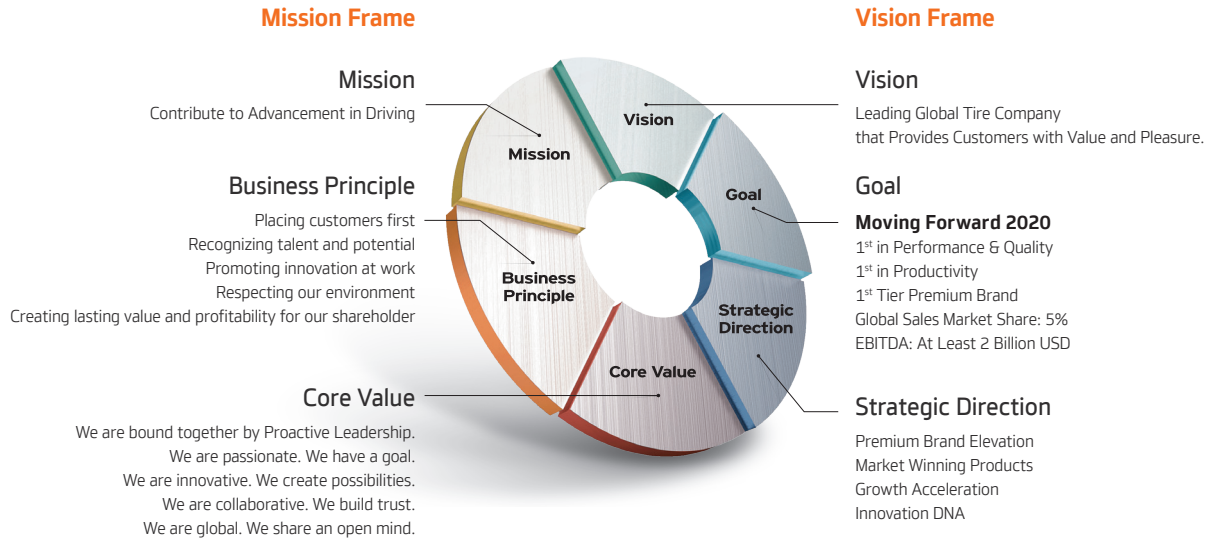
We are committed to providing customers with differentiated value and convenience based on our business portfolio that creates customer satisfaction through foremost interaction with them.

Our global business is operated in five segmented regions - Korea, China, Europe, the Americas and the Middle East & Africa/Asia-Pacific - and driven by fully localized strate-

gies, which ensures balanced growth both in advanced and emerging automobile markets. We supply products tailored to the needs and characteristics of local customers through vast sales network in each region. The OE Office, a communication channel for OE tire, established in Korea, China, Germany, U.S., Japan and Indonesia helps us keep close cooperation with global leading car makers.



Mission & Vision



Brand & Product



ventus

Ultra-high performance tires and racing tires

KINERGY^{ECO}

Eco-friendly tires for the global market

entfren eco

Korea's 1st eco-friendly tires

Dynapro

SUV tires

Smart

Economical tires for the domestic market

vantra

VAN tires

Winter i*cept

Winter tires (Studless)

Winter i*Pike

Winter tires (Stud)

ventus S1 noble²



Hankook represents all Hankook Tire brands both in Korea and overseas. We offer wide-ranging sub-category brands to match the segmentation of vehicle models and products that reach out to diverse customers across the globe.

As a trend-setter that always stays ahead of the times, we launched Kinergy (Kinetic + Energy) as our eco-friendly tire brand for the global market, as well as entfren eco, which became Korea's 1st to gain Grade 1 in rolling resistance under the tire energy consumption efficiency rating scheme. Such accomplishments demonstrate our continued commitment to developing products that reflect the latest trends.



Laufenn was created in an aim to deliver a practical and economical driving experience to drivers and was designed to meet the needs of consumers who pursue a simple yet sophisticated lifestyle. Laufenn has wide-ranging product brands of S, G, X, and I Fit.

Aurora

Aurora, which means 'tires that know the road well', is better known among our overseas clients and carries the product brand name 'Route Master'.

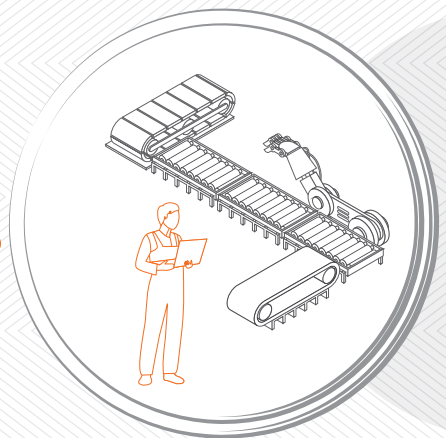
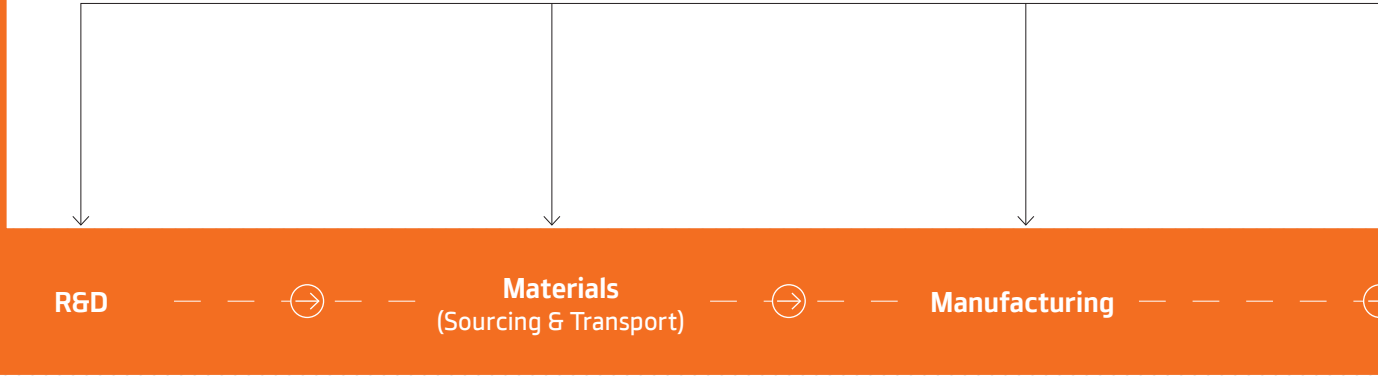


Kingstar means 'tires that best fit the road conditions', and carries the product brand name 'Road Fit'.



Sustainable Value Chain

Hankook Tire efficiently distributes its economic, social and environmental values generated from the value chain comprised of R&D, material sourcing, manufacturing, sale, use, recycling and disposal, ensuring sustainable growth with all stakeholders.



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- R&D investment: KRW 149.0 billion

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- 1,878 patents granted in Korea and abroad
- Developing products with improved durability, safety and comfort

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- 21.6% of the products conducted product life cycle assessment (LCA)

₩

- Purchasing (goods & services): KRW 3,339.2 billion

♥

- 69.3% of the purchases made for community development
- Establishing a culture of shared growth and win-win partnerships
- Strengthening purchasing ethics
- Promoting and expanding CSR with suppliers

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- Expanding green purchasing

₩

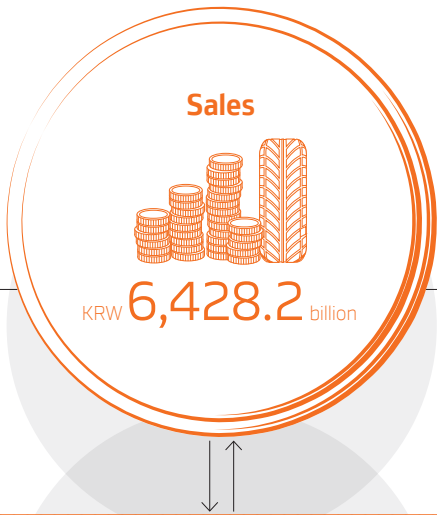
- Training expense: KRW 1.9 billion*
- Wages, welfare & benefits: KRW 851.5 billion

♥

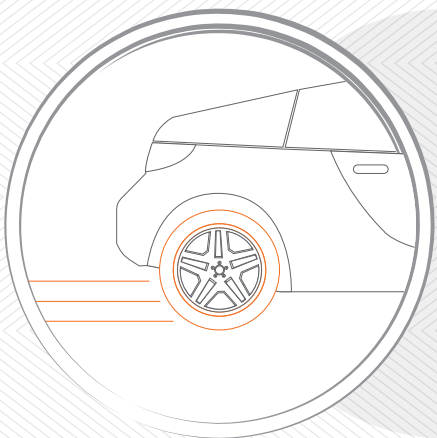
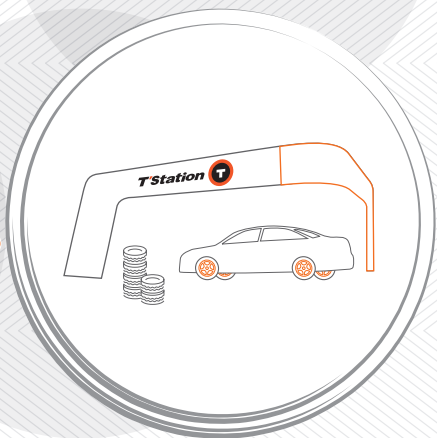
- Job creation (3,368 new hires)
- Average length of service: 12.7 years (In Korea)
- Strengthening workplace safety and employee health care
- Mutually-beneficial labor relations
- Support for the growth of employees
- Family-friendly management

🌱

- Expansion of eco-friendly worksites
- 0.2% y-o-y increase in energy intensity
- 1.2% y-o-y increase in GHG intensity
- 3.5% y-o-y decrease in treated water intensity
- 77.0% in waste recycling



Marketing & Sales Use Recycling & Disposal



- Packaging & transport: KRW 476.4 billion
- Advertising: KRW 197.2 billion
- Other expenses: KRW 50.9 billion

- Approximately 4,300 worldwide stores in the retail network
- Establishing a culture of shared growth and win-win partnerships
- Providing accurate product information
- Establishing a culture of traffic safety

- Corporate tax, other taxes & dues: KRW 210.5 billion
- Donation to local communities: KRW 3.8 billion*
- Financial and other expenses: KRW 41.8 billion
- Dividends to shareholders: KRW 49.5 billion
- Depreciation costs: KRW 447.2 billion
- Retained earnings: KRW 607.0 billion

- Improving customer satisfaction
- Enhancing shareholder value
- Growth of local communities
- Legal compliance

- Percentage of eco-friendly products: 47.1%

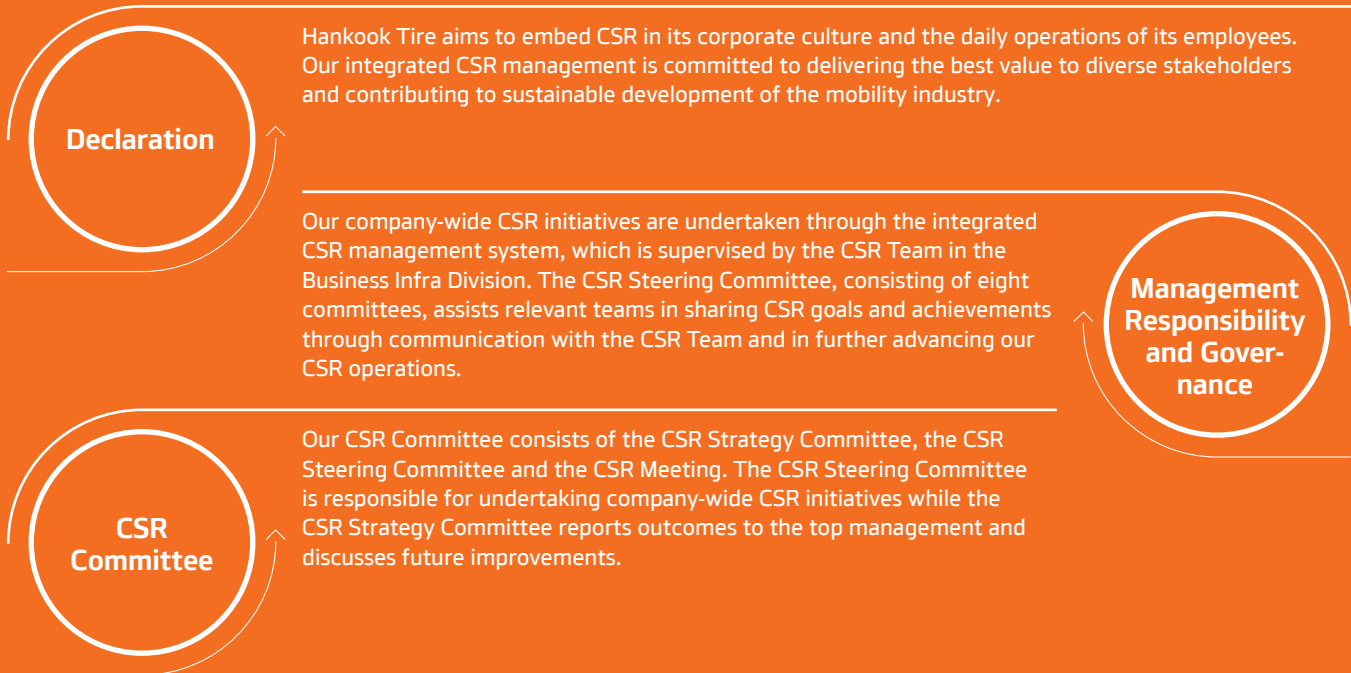
- Contributions made to recycling in accordance with the Extended Producer Responsibility scheme: KRW 2.2 billion

- 27,913 retread tires sold
- 73.5% of the waste tires collected and disposed
- Expanding the retread tire business

* As these figures were based on consolidated financial statements in the Company's business report, real training expense and corporate philanthropy related expense were partially reflected.



INTEGRATED CSR MANAGEMENT SYSTEM



CSR Strategy Committee



CSR Steering Committee



CSR Meeting



* Comprehensive risk management is implemented by the Corporate Strategy Team and the results are regularly reported to the Sustainability Committee under the BOD. Thus, the former Risk Management Committee that had managed compliance risks was renamed to the Compliance Committee.

** The Customer Committee was dissolved in 2016 with the transfer of its existing practices to each team. Going forward, the Corporate Philanthropy Committee will be in charge of planning and operating customer communication programs through its role for providing and supporting CSR consultation services.

Operation of the CSR Committee and Monitoring

To ensure that our CSR initiatives are performed in an integrated manner on a company-wide level, our CSR Strategy Committee and eight CSR Steering Committees are operated under our CEO's leadership. Through regular reports and reviews, we strive to align our CSR achievements with plans.

The CSR Committees aim to seamlessly incorporate CSR initiatives into the daily operations of our employees. Every January, each relevant team is notified of adjustments made by the committee, and requested to initiate their committee operation. In February, CSR tasks for each committee are selected out of the pool of key managerial issues in consultation with the CSR Team, and action plans are established as a way to improve the efficiency of CSR Committees. Each committee convenes on a quarterly basis to allow relevant departments to share outcomes on key managerial issues and the progress details of CSR tasks. These meetings also allow us to discuss newly identified issues as well as targets and directions for the following year. The CSR Team attends every committee meeting to review the progress made and offer advice when needed based on material issues that are identified through surveys of internal/external stakeholders, evaluation outcomes made by external professional organizations, and benchmarking of industry leaders. As such, all matters discussed at the committee meetings are reported to the CEO and the CSR Strategy Committee at the CSR Strategy Committee meeting held in November to determine future ways to move forward. In November 2015, the meeting was held to approve annual achievements and plans for the following year. Not just this,

agenda like 'business and trust', and 'brand-linked corporate philanthropic activities' were further explored to set the future course for Hankook Tire's CSR activities.

Monthly Operation Results of the CSR Committee

Time	Results	Supervised by	
		CSR Team	Committees
January	Request CSR Committee coordination and activity guides	●	
	Notify coordination made by the CSR Committee and request committees to initiate their activity	●	
February	Notify selected CSR tasks (from each supervising team in the committee to CSR Team)		●
	Consult on the details of CSR tasks and schedule plans	●	●
After the end of each quarter	Summarize and notify the outcomes of CSR task activities (from each supervising team in the committee to CSR Team)		●
October	Distribute CSR strategic guides	●	
	Set plans for the following year on the basis of CSR strategic guides		●
November	Host CSR Strategy Meetings (CEO's approval of annual achievements and plans for the following year)	●	●

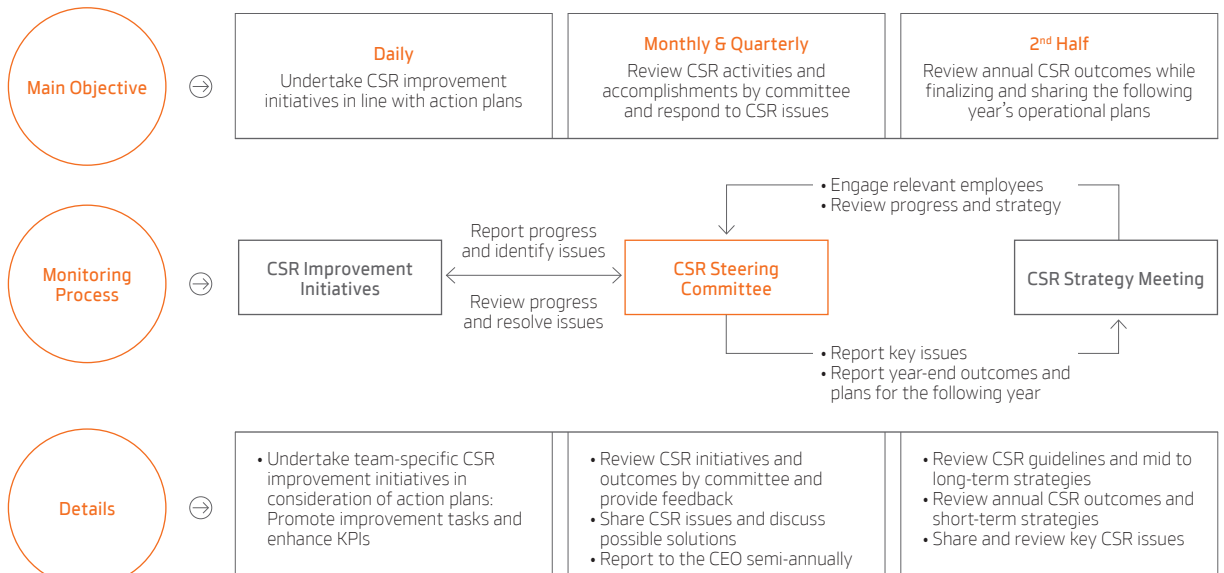
CSR Strategy Meeting in 2015

- Date: November 5, 2015
- Participants: Members of the CSR Strategy Committee, Chairpersons of the CSR Committee, and Directors of related departments (quality, marketing, corporate communications, etc.)

• Agenda

Item	Issues and Follow-up Actions
1. CSR trend check	• Review the application of UN SDGs (Sustainable Development Goals)
2. 2015 performances and 2016 plans by committee	• Share external evaluation results by committee and make decisions on improvement plans
3. Discussion of CSR issues	• Business and trust (ex. Volkswagen scandal) • Brand-linked corporate philanthropic activities • Activate in-company communication channels

Annual Operation of the CSR Committee and Monitoring Process



IC-1.1

Operation of the Chinese CSR Committee

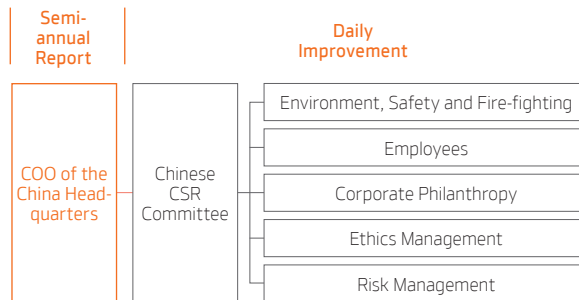
Hankook Tire operates the Chinese CSR Committee under the China Headquarters. The COO supervises the CSR Strategy Meeting to disseminate and establish CSR in the Chinese market.

Our China Headquarters set up its own CSR Committee in March 2012 to identify and respond to key issues in consideration of local political, economic, social and environmental conditions. Four committees and one team for general tasks manage a total of five CSR areas – Environment, Safety & Fire-fighting, Employees, Corporate Philanthropy, Ethics Management and Risk Management.

In 2015, the Chinese CSR Committee hosted meetings under the supervision of the CHN) Corporate Strategy Team. At the end of the year, the Chinese CSR Strategy Meeting was held to share and discuss committee-specific achievements. Its 2016 plans were drawn up by referring to the Chinese strategic guides distributed by the Korean CSR Team. These strategic guides were prepared in order of materiality and priorities on the basis of internal/external stakeholder surveys, evaluation outcomes of external professional organiza-

tions, and the benchmarking of advanced businesses. To better communicate and share information with local stakeholders, the China Headquarters published an independent CSR Report that dealt with its CSR achievements, reflections and future plans with the support of the Korean CSR Team in 2015. Prior to compiling the report, internal CSR reports had been created in 2013 and 2014 during the preparation period. In September 2015, an improved version of the CSR Report officially came out in China, fortified with the benchmarking of other businesses and in accordance with the international guidelines. Reviewed by the Chinese Academy of Social Sciences on standards regarding publication process, reporting structure and corporate philanthropic activities, the China CSR Report was highly recognized for credibility by obtaining 4 points out of the full 5.

Operational Organization



Operational Status

CSR Category	Supervised by	Participating Teams	Performances in 2015	Plans for 2016
Environment, Safety and Fire-fighting Committee	Environment & Safety Team	JP) HP) CP) Environment & Safety Team, JP) HP) CP) Facility Maintenance Team, CTC) Material Development Team	<ul style="list-style-type: none"> Standardized wastewater emissions control Adopted criteria on cleanliness in danger areas Conducted diverse fire drills 	<ul style="list-style-type: none"> Strengthen waste emissions control Improve and invest in fire-fighting equipment Continue fire drills
Employees Committee	CHN) Human Resource Management & Education Team	JP) HP) Human Resource Team, CP) Corporate Management Team	<ul style="list-style-type: none"> Activated internal communication Adopted preemptive business methods Operated competency enhancement system by job Improved the LMS system Completed leadership and basic competency systems Raised employees' awareness of health management 	<ul style="list-style-type: none"> Enhance competency enhancement education by job Offer expertise enhancement education to salespersons Embed preemptive corporate culture Activate employee welfare benefit policies
Corporate Philanthropy Committee	CHN) Human Resource Management & Education Team	CHN) Corporate Strategy Team, CHN) Marketing Strategy Team, JP) HP) CP) Environment & Safety Team	<ul style="list-style-type: none"> Encouraged employees' participation Invigorated regular volunteer activities for welfare and nursing facilities Continuously managed educational supports (tuition) Supported communications with local communities Enhanced the effectiveness of 'Neighborhood Heroes' activity Supported tires 	<ul style="list-style-type: none"> Efficiently manage expenses for philanthropic activities Encourage employees' participation Develop activities related to automobile industry
Ethics Management Committee	CHN) Corporate Management Team	JP) HP) Human Resource Team, CP) Corporate Management Team	<ul style="list-style-type: none"> Built a database of education contents through the intranet Localized the e-learning flash contents about HQ's ethics management Reinforced education materials for operators Updated PR materials for ethics management and re-launch Posted ethics management cases Provide education about ethics management to new office staff 	<ul style="list-style-type: none"> Operate the RMS system Launch the Ethics Management Help Desk Reinforce education materials for operators Post ethics management cases
Risk Management Committee	CHN) Corporate Strategy Team		<ul style="list-style-type: none"> Strengthened risk area management Updated risk manuals 	<ul style="list-style-type: none"> Build an organization system for risk control Materialize risk management process Expand the scope of risks and enhance risk management

* JP: Jiaxing Plant, HP: Jiangsu Plant, CP: Chongqing Plant, CTC: China Technical Center

IC-1.2

Operation of the CSR Committee in Europe

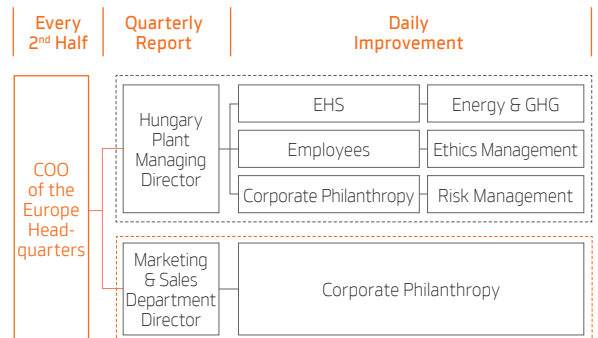
Our Europe Headquarters established its own CSR operation system which encompasses the Hungary Plant and Marketing & Sales operations in Europe, while undertaking diverse CSR initiatives in six areas in consideration of local conditions and situations.

The CSR operation system of our Europe Headquarters was established in November 2013 to advance its CSR management in an integrated manner. It consists of the six areas of EHS, Energy & GHG, Employees, Ethics Management, Corporate Philanthropy and Risk Management. CSR initiatives are managed on a team level for each work area for their efficient operation, and CSR outcomes are reported quarterly to the Hungary Plant Managing Director. Furthermore, annual CSR achievements and plans for the following year are reported each year to the COO of the Europe Headquarters, who then approves the directions to undertake future CSR initiatives. In 2015, the CSR Team at the Korean Head Office assisted our Hungary Plant in setting CSR plans by referring

to the strategic guidelines prepared on the basis of internal/external stakeholder surveys, evaluation outcomes of external professional organizations, and the benchmarking of advanced businesses. The team also reviewed progress through quarterly monitoring and discussed issues. Such commitment resulted in an effective CSR operation that reflected both our global common CSR strategy and the local conditions of Hungary. In 2015, corporate philanthropy of the Europe Headquarters Marketing & Sales as well as the Hungary Plant was included in the scope of management areas for more systematic CSR operations. Starting from 2016, the plan drawn up at the end of 2015 will be acted upon in a systematic manner.

Operational Organization

----- Started in 2014 - - - - - Started in 2015



Operational Status

CSR Category	Supervised by	Performances in 2015	Plans for 2016
EHS	MP) Human Resource Management & Education Team	<ul style="list-style-type: none"> Operated the Safety Committee Conducted improvement initiatives on the basis of internal diagnosis results Prepared the adoption of OHSAS18001 Invested in fire drills and fire prevention Cleaned up fire prone areas 	<ul style="list-style-type: none"> Operate the Safety Committee Conduct improvement initiatives on the basis of internal diagnosis results Check the Concentrator & Flameless Regenerative Thermal Oxidizer (CFRTO) Obtain the OHSAS18001 Invest in fire drills and fire prevention Monitor working environment (noise, fine dust, etc.) in the plant
Energy & GHG	MP) Human Resource Management & Education Team	<ul style="list-style-type: none"> Checked energy consumption every day Invested in reducing LNG consumption 	<ul style="list-style-type: none"> Reduce LNG consumption Reduce electricity consumption (by adopting LEDs)
Employees	MP) Human Resource Management & Education Team	<ul style="list-style-type: none"> Built and operated the Grievance Handling Committee rules Analyzed job fitness for hiring the disabled Operated mentoring and theme project programs 	<ul style="list-style-type: none"> Operate the Grievance Handling Committee Cultivate staff responsible for human rights and educate employees Manage HR diversity related indices Operate mentoring and theme project programs Hold recreational camp for families of employees
Ethics Management	MP) Human Resource Management & Education Team	<ul style="list-style-type: none"> Completed and announced the amendment of the Code of Ethics Trained all employees about ethics management Received written pledge to practice ethics management 	<ul style="list-style-type: none"> Educate employees about ethics management Send out ethics management letters Activate tip-off system Implement self-diagnosis of ethics management
Corporate Philanthropy	MP) Corporate Management Team	<ul style="list-style-type: none"> Expanded employee volunteer group Donated tires Conducted training about safe driving and maintenance Participated and supported English Camp and local campaigns Supported children with disabilities 	<ul style="list-style-type: none"> Expand employee volunteer group Donate tires Conduct training about safe driving and maintenance Participate and support English Camp and local campaigns Support children with disabilities Support disaster areas
Risk Management	MP) Corporate Management Team	<ul style="list-style-type: none"> Implemented SWOT analysis of the plant and risk assessment Developed stakeholder map by risk Analyzed relevant policies and safety regulations 	<ul style="list-style-type: none"> Establish and operate risk management regulations
Corporate Philanthropy	EUR) Corporate Communications Team	<ul style="list-style-type: none"> Supported children with cancer Trained road safety and sponsored community child centers Carried out environmental protection campaign 	<ul style="list-style-type: none"> Support children with cancer Train road safety and sponsor community child centers Carry out environmental protection campaign Support experiential activities for low-income family children (UEL Flag Carrier, invite to DTM, etc.)

* MP: Magyar Plant in Hungary

IC-1.3

Activation of CSR Operation at Indonesia Plant and ASEAN-INDIA

Our global CSR operation system was broadened to include the Indonesia Plant and ASEAN-INDIA Marketing & Sales operations to ensure that our CSR initiatives are undertaken systematically in consideration of local conditions and situations.

To disseminate and establish our global CSR operation system, we developed the CSR operation systems in Indonesia and the ASEAN-Indian region in 2014, following Korea, China, and Europe. As a result of reflecting local conditions and status, our Indonesia Plant covers the four areas of EHS, Corporate Philanthropy, Employees, and Ethics Management while the ASEAN-India Marketing & Sales operations address the two areas of Corporate Philanthropy and Ethics Management. We carried out diversified CSR activities to establish a CSR operation system at the Indonesia Plant. The activities in 2016 will expand to cover the ASEAN-India Marketing & Sales.

Operational Organization - - - - - Started in 2014 - - - - - Started in 2016



Operational Status

CSR Category	Super-vised by	Performances in 2015	Plans for 2016
EHS	IP) Corporate Management Team	<ul style="list-style-type: none"> Made trainings of forklift drivers and their license acquisition mandatory Obtained the "Green Level" at the corporate environmental management evaluation 	<ul style="list-style-type: none"> Conduct emergency drills against three major environmental accidents (oil spill, hazardous substances leakage and wastewater leakage) Distribute handbook for environmental management (government, local people, schools, Korean-Indonesian Association, etc.)
Corporate Philanthropy		<ul style="list-style-type: none"> Supported free medical services to children Provided living water to low-income families Repaired local school buildings 	<ul style="list-style-type: none"> Educate local people about road safety Support clothes, foods, and school supplies to needy children Repair local school toilets
Employees	IP) Human Resource Team	<ul style="list-style-type: none"> Strengthened employee communication channels 	<ul style="list-style-type: none"> Expand the scope of HR index management (education expense, education hours, etc.)
Ethics Management		<ul style="list-style-type: none"> Published and distributed cards for ethics management Educated about ethics management and awarded excellent employees 	<ul style="list-style-type: none"> Expand education on business ethics (targets and hours)

* IP: Indonesia Plant, AI: Asean-India

IC-2

Reinforcement of Company-wide Employee Training and Communication

Diverse CSR trainings were offered to all employees to embed CSR into their daily life. We plan to reach company-wide consensus on CSR and build more robust CSR execution capabilities.

We provided CSR training to all our employees to ensure that they are on the same page in understanding and undertaking CSR. Also, our new and experienced recruits received CSR training so that they could learn the basics on the meaning of CSR and our CSR initiatives at Hankook Tire. Furthermore, advanced training content was delivered in each CSR area as part of the job courses intended for new recruits. Such training was also offered to volunteer leaders of the 'Donggeurami Volunteering Team', a group of Hankook Tire employee volunteers, to help them better understand volunteer work and feel empowered from these activities. As the human rights management system is established at Hankook Tire in 2015, all of the managers at domestic operations received education on definition of human rights management and raised their awareness of the human rights management system. Such diverse training programs have resulted in deepening employees' understanding of CSR while building a company-wide consensus.

Company-wide CSR Training

Training Course	Details	Target	Trainees	Times	Hours
Meaning and Understanding of CSR	· CSR at Hankook Tire	New employees	96 persons	2 Sessions (Jan. Aug.)	4
		New career employees	22 persons	3 Sessions (Jan. Apr., Jul.)	6
		Career executives	4 persons	1 Session (May)	1
Meaning and Understanding of CSR (Advanced Course)	· CSR planning · Stakeholder communication · Health and safety · Understanding of integrated environmental management	New humanities employees	28 persons	1 Session (Feb.)	4
		Donggeurami Volunteering Team Volunteer Leader Training	Volunteer leaders at the Head Office, sales offices, regional headquarters and logistics centers (excluding reappointed leaders in 2014)	29 persons	2 Sessions (Mar. Aug.)
Training on Human Right	· Introduction of human right and related management cases · Human right management system at Hankook Tire	Managers	129 persons	6 Sessions (Mar.-Oct.)	12

Stakeholder Communication and Engagement

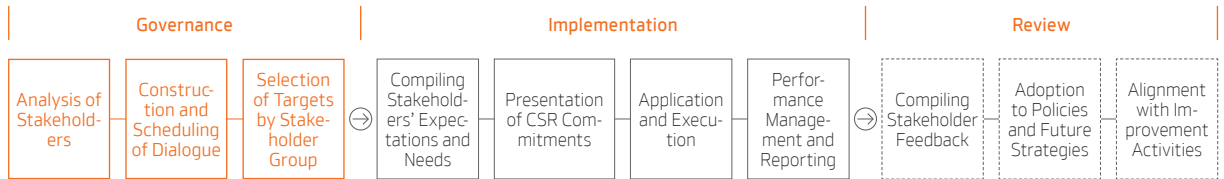
To clearly define our stakeholders, we have categorizing standards depending on their impact on management activities. We strive to generate sustainable values by sharing key issues identified via a variety of channels among employees and reflecting inputs from stakeholders in our management activities.



Hankook Tire categorizes stakeholders into core group (those who are most closely related to our business conduct and directly interact with us) and general group (those who interact indirectly with potential impact), clearly defining CSR issues through the analysis of various stakeholders and external/internal business environments. Furthermore, we are dedicated to sharing our CSR accomplishments and plans with our stakeholders and to operating multiple communication channels to gather their candid and honest feedback.

Open here

Annual Stakeholder Dialogue Process



Core Stakeholder	Communication Channel	Details of Communication	Pages
Customers (General customers & dealers, car makers)	<ul style="list-style-type: none"> Discussion meetings with agencies Customer satisfaction surveys Technology exchanges Exhibitions Sustainability assessment, etc. 	<ul style="list-style-type: none"> Enhance product quality and secure safety Extend product responsibility and conduct responsible marketing Secure consumer safety and health in using products Carry out proactive communication with customers and adopt their opinions Respond to sustainability assessment (society, environment, supply chain, etc.) 	30~37
Employees	<ul style="list-style-type: none"> Labor-management consultative meetings Discussion meetings In-house IR HANA website In-house idea proposal system Vision 2020 Concert Proactive Conference (R&D communication), etc. 	<ul style="list-style-type: none"> Recognize diversity and enhance prohibition on discrimination Strengthen training that supports employee development Ensure pleasant workplace Facilitate internal communication and enhance labor-management relations Improve safety and working environment at sites 	38~47
Suppliers	<ul style="list-style-type: none"> Training about quality and CSR Regular supplier assessment HANKOOK PARTNER's day Hankook Tire's e-Procurement System (HePS) 	<ul style="list-style-type: none"> Operate programs to enhance suppliers' competitiveness (training, technological support, etc.) Fair trade and win-win partnerships Enhance proactive communication and information sharing 	62~65
Local Communities	<ul style="list-style-type: none"> Meetings with local people Meetings with local government agencies and NGOs Collection of civil complaints and needs of local communities 	<ul style="list-style-type: none"> Invigorate local economy Provide educational and livelihood supports to the marginalized in local communities Carry out corporate philanthropic activities as a way of making social investments 	48~57, 66~71
Shareholders & Investors	<ul style="list-style-type: none"> Board of Directors General shareholders' meeting Overseas conferences IR activities, etc. 	<ul style="list-style-type: none"> Maximize operating performances and shareholder value Manage organizational transparency and sustainability Sustain transparent and ethics management, and integrated risk management 	22~29, 58~61



Interview with Stakeholders

We sat down with key stakeholders to explore sustainability issues that matter to them. The stakeholder groups' needs identified through the person-to-person interviews will be adopted to our management strategies and business operations.

A1



As a local environmental expert, I work for local communities in calling for comprehensive environmental measures.

Nature/Ecology/Climate

Sun Tae Kim,
DaeJeon University Professor

Local Community


A2



We do volunteer work for the welfare for our community, communicating with the staff at Daejeon Plant over the surrounding environment.

Chair Director Yeon Ok Lee,
Managing Director Jong Seo Park,
Moksang-dong Community Welfare Committee

A3




We evaluate the ESG of listed companies and provide consultancy services to social responsibility investors.

Shareholder & Investor

Young Jae Ryu,
CEO of Sustinvest

A4



I work with employees for local marketing activities mainly in Spain, Italy, and France.

Employee

Ji Yoon Park,
Assistant Manager, Global Marketing Team

A5



We supply carbon black used for rubber reinforcement.

Supplier

Young Ho Choi,
Manager, Sales Team of
Orion Engineered Carbons Co., Ltd.

A6



I have been running Hankook Tire franchise shop, T'station in Seoknamdong, Seogu, Incheon since June 2013.

Customer

Hey Yung Park,
President of T'station Incheon Seogu Shop

Q1 | What should Hankook Tire do to achieve sustainable development?

- A1** If production used to the top priority for Hankook Tire, the company today pursues diverse environmental initiatives in a preemptive manner. In fact, a lot of concerns were raised over plant environment or worksite safety during the early project in 2003. The odor treatment system was inadequate either. However, Hankook Tire has invested around KRW 50 billion in environmental improvement while developing in-house technology to reduce odor. As the technology has been introduced in plants in China and Hungary, these efforts appear to have reached an important milestone. It is time to take a step further.
- A2** We watched Hankook Tire for the past 20 years and we know that the company's environmental activities have made progress in many fronts. We are grateful to Hankook Tire for delivering on its environmental improvement plans and keeping promises. It is thanks to such efforts that residents in Moksang-dong turn favorable to Hankook Tire. We also thank the company for vehicles it provided on the picnic of senior citizen centers, support for nursery center, and the supplies for the District Day held every year. However, the philanthropic activities have yet to grow in size and most of them are coordinated exclusively by the company or end up as a one-time event at the request from beneficiaries. I hope that the activities are better aligned with mutual needs.
- A3** For responsible corporate governance, the independence and expertise of non-executive directors should be guaranteed. Those non-executive directors who can speak out from an objective viewpoint with no interest with Hankook Tire should be appointed to represent shareholders. Hankook Tire currently has in place the declaration on safety policy for in-house suppliers on industrial accident but has yet to disclose specific management activities.
- A4** Our employees do not appear to be well aware of the diverse CSR activities Hankook Tire carries out. I hope that the in-house promotion is reinforced so that employees become better familiar with the CSR activities. Furthermore, we should expand the employment of female workers and disabled people for the sake of diversity.
- A5** I believe Hankook Tire puts stress on future-oriented mutual communication in relationship with suppliers and considers us as a partner for sustainable growth beyond just the relationship as a consumer and a supplier. Meanwhile, there is still a lack of opportunities for each supplier to exchange opinions at regular meetings and many suppliers look forward to further sharing information on technology, management system, and market changes.
- A6** When I learned that Hankook Tire gained OE fitment from BMW 7 series and Mercedes-Benz S-Class, I felt proud as a dealer of Hankook Tire products that the company has been recognized as a premium brand not just in Korea but globally. But, in general, customers do not seem to know very well about the CSR activities Hankook Tire carries out. So, as much as the improved brand awareness, I hope that the company reinforces CSR activities that can consistently impress customers.

Q2

What do you think is the solution to the issue you pointed out?

- A1 To maximize the outcome from voluntary investment, Hankook Tire has to continue to develop on the internal outcome management model. In addition, Hankook Tire needs to realize 'Smart Factory'. Having overcome a significant environmental challenge, the company now should establish a greater frame encompassing production and environmental response.
- A2 Rather than entirely managed by the company, the impact of philanthropic activities will be greater if local residents are allowed to involve in setting up plans according to budget. The annual transfer rate for Moksang-dong is around 30%. We have worked hard to improve environment in the area for the past 20 years but there is still a lot to do. If Hankook Tire needs cooperation and understanding from us for a long-term environmental improvement, I ask for friendly relationship and interest in the welfare for the residents.
- A3 The independence of the Non-executive director Nomination Committee should be reinforced. To do so, appointment of executive directors has to be kept to the lowest possible level. Besides, the safety management system of in-house suppliers should be on a par with that for employees at Hankook Tire.
- A4 CSR should be one of the top priorities embedded in the company's strategy. Please make sure that sustainable management is integrated into the corporate strategy that all employees can relate to. I also hope that there are policies to reinforce diversity, for example, increasing the employment of female workers and disabled people and hiring foreign talents at the headquarters in Korea.
- A5 More investments in joint R&D with suppliers will be a great help to their technological progress. Hankook Tire holds one-on-one meetings with suppliers as well as a regular conference to share global market information and its annual business plans every year. If these events expand and mutual communication continues to be invigorated, not only Hankook Tire but also suppliers will enjoy stable and valuable growth in the future.
- A6 Rather than common CSR programs, it's important that Hankook Tire performs differentiated activities. Besides, one major philanthropic event is more likely to generate a greater impact on customers compared to a number of smaller charity activities. I hope that Hankook Tire undertakes an enterprising and bold investment that is commensurate to its heightened status to deliver positive values to society.

Q3

Please share with us if you have anything to add.

- A1 For Hankook Tire, investment in environment is no longer cost. The company has reached a point where it needs to pursue balance between environment and development. Hankook Tire recognizes that environmental issues should be taken seriously even as it strives to boost profit. However, integration that goes beyond balance is what global corporations endeavor to attain because that is an ideal and sustainable goal. If a company is to achieve sustainability, it is expected to fulfill corporate responsibility as a member of the community. Of course, that will result in an increase in production cost, but a respected company should accept this to grow and prosper. I am certain that if Hankook Tire engages with local community in solving environmental issues and delivering positive values, it will grow into a lasting corporation respected by stakeholders.
- A2 Seeing people in Moksang-dong genuinely worrying about Hankook Tire during the 2014 fire at Daejeon Plant, I could realize that we had turned favorable to the company and we are ready to seek co-existence. I hope that Hankook Tire, on its part, strives to boost chances for shared growth, for example, by introducing prior employment for local talents or welfare programs for local communities.
- A3 CSR report is not a promotional literature. It should be concise but honest and disclose even a single fault while describing its corrective action. I also hope that Hankook Tire considers an integrated report which incorporates financial outcomes with non-financial performance.
- A4 The length of service of many local employees at overseas offices is usually shorter than those in Korea. We need to build an infrastructure to deliver the vision, values, HR philosophy, and education of the HQ in Korea to overseas regional offices. In addition, as we grow into a global corporation, it is time for us to think about how to better accommodate local cultures.
- A5 The rapidly changing market environment requires for both Hankook Tire and suppliers to closely communicate with each other and activate technological exchange. I believe the growth of suppliers will ensure the growth of Hankook Tire, thereby looking forward to working together to maintain a good relationship.
- A6 Hankook Tire has to listen to customers' voices if it is to become a sustainable company. After all, a complaint may spark inspiration for product improvement which, in turn, brings about increase in customer satisfaction. Maintaining a relationship for shared growth with franchise shops will also contribute to Hankook Tire's sustainability.

Hankook Tire will implement the initiatives as follows:

Each of our seven plants is carrying out activities to reach the long- and short-term goals established based on the global environmental goals in 2015. In addition, we will continue to strive to improve the environment of local communities by setting up a mid- to long-term environmental investment plan on the basis of the evaluation results from the expiration of voluntary agreement on stench reduction with Daejeon Metropolitan City and self-investigation of stench conditions.

The Company launched the 'Donggeurami Co-prosperity Council' consisting of local residents, experts, city councilors, and environmental groups. The council engages in creating environmental value (reduction of stench emissions), sharing activities, and supporting needy people. We will continue to develop diverse philanthropic contents and form a consensus with local people for shared growth with local communities.

Existing Management Committee under the BOD renamed into the Sustainability Committee, which enabled the BOD to discuss ESG risks and make decisions on its own. We will pursue changes to build transparent and responsible corporate governance. Hankook Tire observes the same safety standards on the employees from suppliers working in Hankook Tire as those applied to our employees. Detailed contents are included in this report.

We will add corporate philanthropy category to our global intranet to be open this year, to create a channel for employees to share ideas on sustainability management. A subsidiary for the disabled was established last year to enhance diversity as we continue to hire more disabled workers. Recently, we are exploring ways to nurture female employees and plan to develop institutional programs.

We hold HANKOOK PARTNER'S Day to share our management strategies and vision and host one-on-one meeting to offer tailored supports to suppliers through the Partner's Performance Review (PPR). Not only one-on-one meeting but joint R&D projects will be further enhanced to reinvigorate mutual communication and create opportunities for shared growth.

Hankook Tire operates three major Mobility projects – Car Sharing, Tire Sharing, and Tui-eum Bus – by focusing on our core competence. In 2016, we will prepare corporate philanthropy programs to be promoted more sustainably and expand volunteering services for local communities.



Materiality Analysis

We identified issues that were material to our stakeholders and businesses to be intensively managed in 2016. Those issues which are recognized to be relatively more important are strictly managed through the form of CSR Steering Wheel.

Materiality Analysis Process

[Phase 1] Compile Relevant Issues

A pool consisting of 36 issues in 9 categories was created through the application of the economic, social and environmental aspects suggested by the GRI G4 Guidelines, a global framework of social responsibility management, media research, review of CSR issues in the industry, and identification of Hankook Tire's core CSR issues.

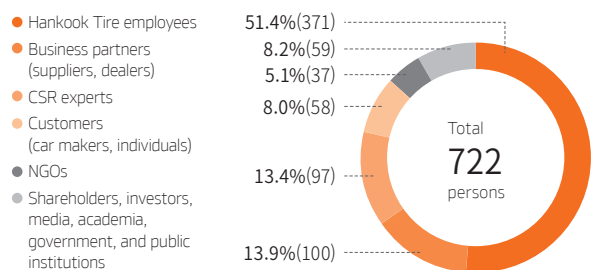
[Phase 2] Identify the Level of Interest and Significance

We investigated the level of stakeholder interest and business significance about 36 identified issues. Surveys were conducted to check the level of stakeholder interest. We also reviewed our internal corporate policies and norms & regulations while analyzing media articles and benchmarking global standards and industry peers to identify the level of business significance.

[Phase 3] Prioritize Identified Issues

We prioritized the above issues in line with stakeholder interest and business significance. This report aims to provide a more detailed and transparent disclosure of top issues.

Survey Targets



* Survey period: From Feb. 24 to Mar. 11, 2016 (targets: 722 persons)

Most material issue:

Customer Satisfaction and Quality Management - Development of products to foster customer safety and health

Why this issue is important to Hankook Tire.

As the quality and performance of the tire are directly related to safe driving, Hankook Tire has been putting quality and safety at the forefront in R&D. With the recent interest in safe driving, tires featuring advanced technologies have been developed to ensure safe driving in emergency situations. These include run flat tires, which are capable of being driven a certain distance even when a tire blows out, and seal guard tires, which its sealant materials applied inside goes out and immediately block punctures in a tire, ensuring vehicle safety.

Business Strategies

To supply safe and healthy products to customers, Hankook Tire focuses on the following three strategies: continuing the development of runflat tire technology, developing technologies to enhance brake performance and fuel efficiency, and securing 1st-tier-level quality. All of these are aligned with the evaluation and compensation of executives in charge of R&D, materials, product, and quality divisions.

1. Continuing the Development of Runflat Tire Technology

Our 1st-generation runflat tire (RFT) with just basic runflat function had been far behind general tires in riding comfort and fuel efficiency. However, the 2nd-generation RFT was developed with the focus on reducing weight, and the latest third-generation RFT achieved greater rolling resistance and fuel efficiency while maintaining existing performances. Particularly, Hankook Tire operates the RFT Project TFT to spur the development of cutting-edge RFT technologies. Our 3rd-generation RFT is highly recognized for its riding comfort, which is indistinguishable

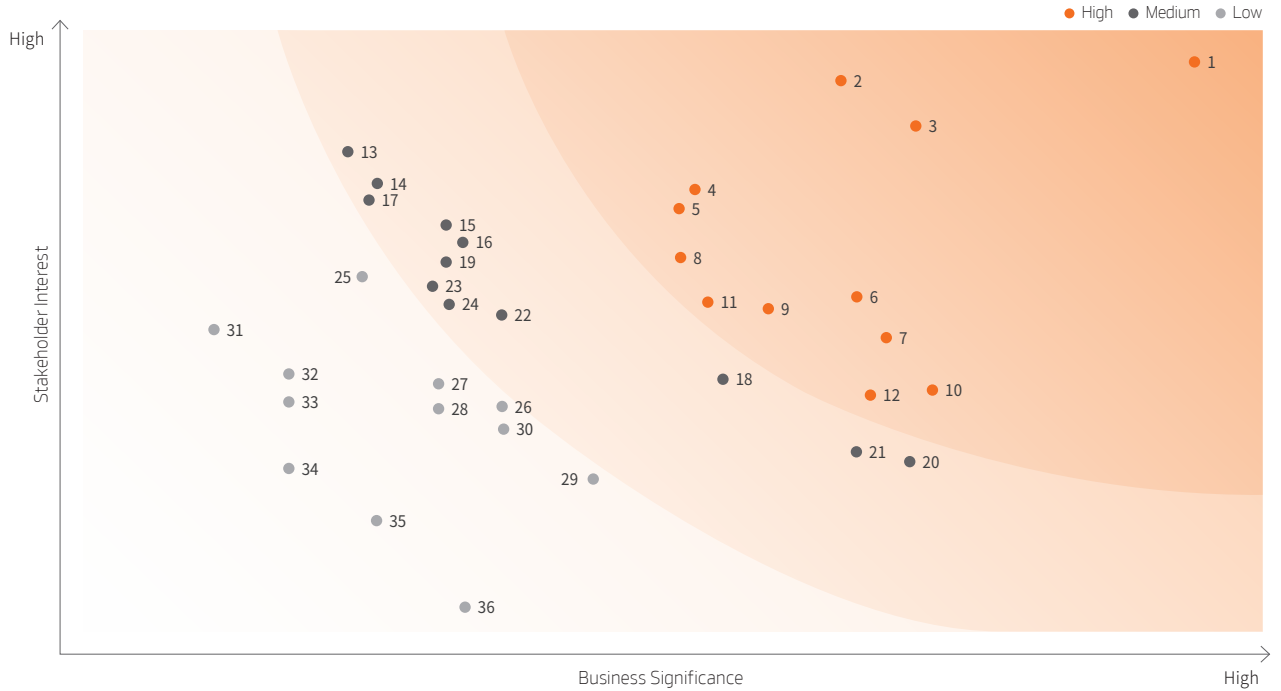
from normal tires, and creates a new segment of high-performance RFT in Korean tire industry. Currently, the 3rd-generation RFT 'Ventus S1 evo2 Run Flat' is equipped on Mercedes Benz C Class and BMW MINI for the first time in Korean tire industry.

2. Developing Technologies to Maximize Brake Performance and Fuel Efficiency

It is very difficult to enhance the brake performance and fuel efficiency simultaneously as they have trade-off relationships. Hankook Tire operates the Innovation Braking Technology (IBT) Project TFT in charge of research on technologies related to friction, brake, traction, and materials in order to develop new tires that ensure excellence in both brake performance and fuel efficiency by capitalizing on our own technologies. In addition to this, we also preemptively respond to the labelling system related with rolling resistance and wet grip performance.

3. Securing 1st-tier-level Quality

Hankook Tire implements strategic quality policies in the aspects of manufacturing and market. From a manufacturing perspective, we established quality standards in 2010 to attain the goal of 'One Quality' and has strived to strengthen processing capability of both semi-manufactured and finished products. We also conduct diverse strategic tasks such as finding causes of performance issue and applying improvements to worksites, and expanding quality indices to upgrade the uniformity of product quality. From a market perspective, we comprehensively analyze customer needs and proactively adopt those to our new products.

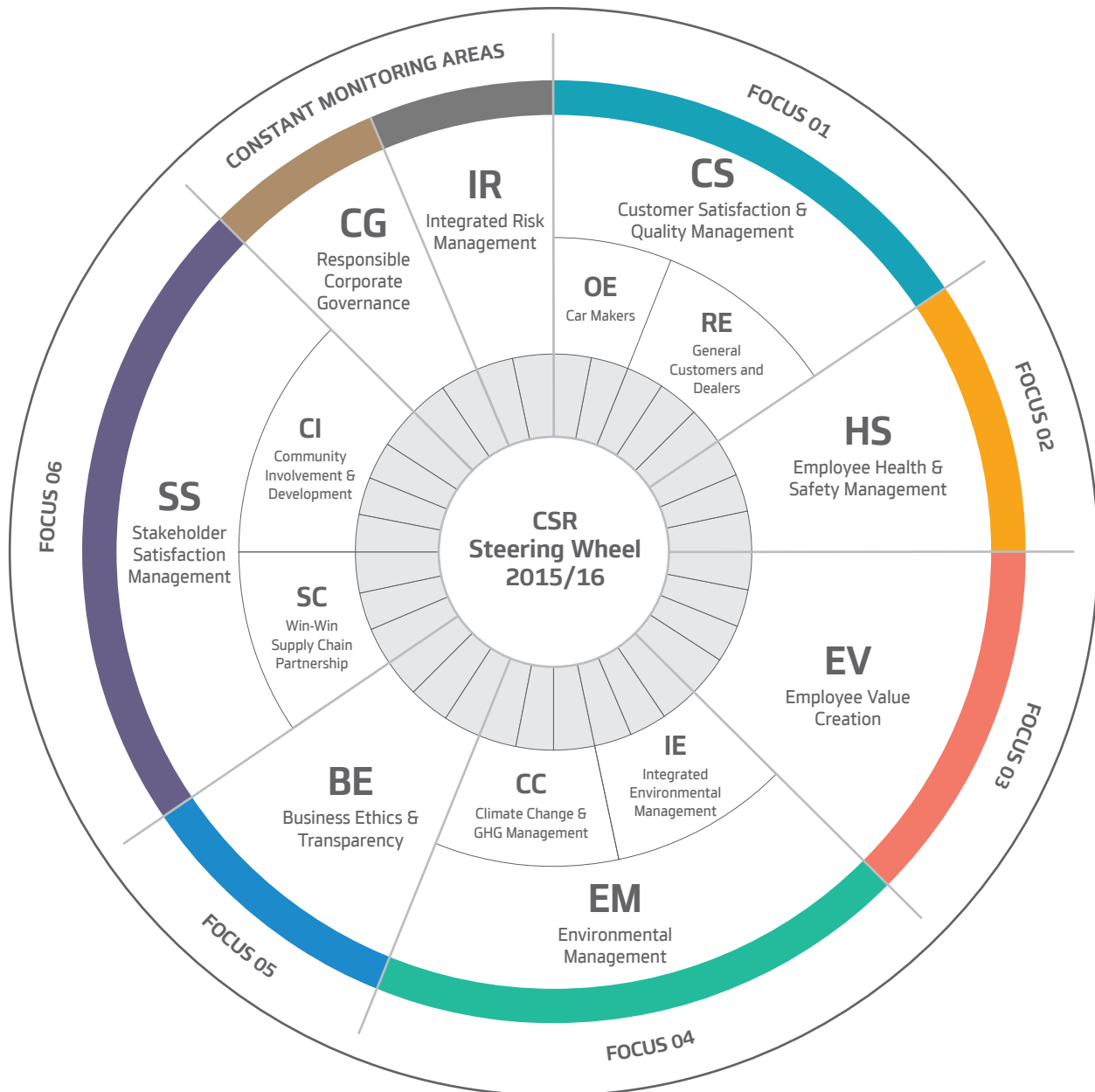


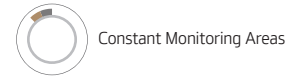
Category	Matrix No. & Materiality	Issue	Page
Leadership & Responsible Corporate Governance	8 ●	Risk and crisis management	28~29
	11 ●	Responsible corporate governance	22~23
	17 ●	Vision and executive leadership	4~7
	23 ●	Communication with stakeholders	16~17
Creation and Distribution of Economic Value	2 ●	Direct economic performances (sales, operating income, etc.)	6, 76
	5 ●	Indirect economic performances (creation of jobs in local communities, contribution to expanding tax revenues, etc.)	76~78
	13 ●	Distribution of created values	8~9
Customer Satisfaction and Quality Management	1 ●	Development of products to foster customer safety and health	7, 18, 33, 51~52
	3 ●	Communication with customers	34~37
	14 ●	Provision of accurate product information (Discouragement of exaggerated advertising, environmental information, etc.)	7, 33, 51~52
	19 ●	Personal information protection	27
Employee Value Creation	7 ●	Win-win labor-management relations through open communication	44
	6 ●	Employee health and safety management	38~41
	9 ●	HR system to offer equal opportunities	45~47
	16 ●	Great workplace and work-Life balance	
Environmental Management	18 ●	Educational systems to support the development of employees	
	10 ●	Minimization of environmental impact throughout the entire product life cycle (collection/transport of resources, manufacturing, use, recycling, disposal)	51~52
	12 ●	Eco-friendly products	
	20 ●	Conservation of energy and reduction of GHG emissions	54~57
Business Ethics and Transparency	21 ●	Conservation and protection of resources (raw materials, water, etc.)	48~53
	36 ●	Biodiversity management and protection of endangered species	-
	4 ●	Elimination of all kinds of corruption and bribery	58~61
	15 ●	Reception and resolution of complaints regarding unethical behavior	
Respect for and Protection of Human Rights	24 ●	Prohibition of anti-competitive and monopolistic/oligopolistic practices	
	25 ●	Education and dissemination of ethics management	
	22 ●	Prohibition of discrimination on religion, gender, etc. and respect for diversity	42~47
	26 ●	Guarantee of freedom of association and rights to collective bargaining	
Win-Win Supply Chain Partnership	27 ●	Prohibition of forced and child labor, guarantee of minimum wage, and compliance with work hour regulations	
	33 ●	Prevention of (sexual) harassment	26
	28 ●	Support for suppliers in evaluating and improving CSR practices	62~65
	31 ●	Win-win partnership programs	
Community Involvement & Development	32 ●	Preferred consideration of local suppliers	
	29 ●	Support for the growth of local communities (enhancement of self-dependency and competency, employment of local talents, protection of the rights of indigenous people, etc.)	66~71
	30 ●	Corporate philanthropic activities linked with core competencies	
	34 ●	Establishment of the corporate philanthropic system	
	35 ●	Facilitation of employee engagement in corporate philanthropic activities	



CSR Steering Wheel 2015/16

Based on the integrated CSR management system, Hankook Tire set up customer satisfaction and quality management, employee health and safety management, employee value creation, environmental management, business ethics & transparency, and stakeholder satisfaction management as the six major CSR Focus Areas.





Constant Monitoring Areas



CSR Focus Areas

Constant Monitoring Areas

Code	Key Managerial Issues		Pages
CG	Responsible Corporate Governance	1. Develop an advanced decision-making system through proactively collecting stakeholder feedback 2. Operate the professional BOD and enhance its responsibility and role	22~23
IR	Integrated Risk Management	1. Implement risk management activities by detailed issue 2. Operate crisis management system	24~29

Focus Areas

Code	Key Managerial Issues		Pages	
CS	OE	FOCUS 01 Customer Satisfaction & Quality Management 1. Car Makers	1. Continuous communication 2. Reinforcement of product competency	30~33
	RE	2. General Customers and Dealers	1. Co-prosperity with customers 2. Impressive customer experience 3. Communication with customers	34~37
HS		FOCUS 02 Employee Health & Safety Management	1. Establishment of voluntary safety management system 2. Enhancement of employee health management 3. Development of fire safety system	38~41
EV		FOCUS 03 Employee Value Creation	1. Open communication 2. HR system to offer fair opportunities 3. Growth-fostering Training Systems 4. Work-life balance	42~47
EM	IE	FOCUS 04 Environmental Management 1. Integrated Environmental Management	1. Management of environmental production infrastructure 2. Resource management 3. Product environment	48~53
	CC	2. Climate Change & GHG Management	1. Energy & GHG management 2. Reduction of energy consumption and GHG emissions 3. Introduction of new technologies	54~57
BE		FOCUS 05 Business Ethics & Transparency	1. Training and communication on ethics management 2. Regular monitoring and evaluation 3. Dissemination of ethics management to affiliates	58~61
SS	SC	FOCUS 06 Stakeholder Satisfaction Management 1. Win-Win Supply Chain Partnership	1. Supplier management and supplier relations policies 2. Establishment of ethics in purchasing 3. Improvement of suppliers' ESG	62~65
	CI	2. Community Involvement & Development	1. Expansion of company-wide promotion 2. Employees' engagement 3. Concentration on core capabilities 4. Supports for the growth of local communities	66~71

RESPONSIBLE CORPORATE GOVERNANCE



Declaration

Hankook Tire has set a great example in separating the ownership and management by adopting the Chief Executive Officer system in early stage. We are also committed to maintaining responsible corporate governance and ensuring reasonable and transparent business conduct.

Major Shareholders

The following table indicates the status of major shareholders and their ownership as of December 31, 2015.

(Unit: shares, %)

Major Shareholders	No. of Shares	Ownership
Hankook Tire Worldwide Co., Ltd.	31,174,527	25.16
Yang Rai Cho	13,007,897	10.50
Hyun Bum Cho	2,561,241	2.07
Hyun Shick Cho	799,241	0.65
Others	76,332,163	61.62
Total	123,875,069	100.00

BOD Composition

Our Board of Directors (BOD) consists of five directors: two executive directors and three non-executive directors.

Board of Directors	Name	Position	Relationship with the Largest Shareholder	Remark
Executive director	Seung Hwa Suh	Vice Chairman	Executive at an affiliate	BOD Chairman
Executive director	Hyun Bum Cho	President	Executive at an affiliate	-
Non-executive director	Kun Ho Cho	Audit Committee member	N/A	-
Non-executive director	Choong Hwan Cho	Audit Committee member	N/A	-
Non-executive director	Seong Phil Hong	Audit Committee member	N/A	-

BOD Evaluation and Remuneration

Our directors and auditors are compensated according to in-company rules within the annual limit of KRW 7 billion which was approved at the general shareholders' meeting. Their bonus is determined by management performances measured in accordance with economic, social and environmental indicators. Their average annual remuneration is approximately 5.6 times the average wage of our employees. The annual salary levels of all our employees including the BOD are finalized in view of market levels surveyed by an external consulting firm biannually and the internal rate of pay increase.

Remuneration of the BOD Members and Auditors

(Unit: persons, KRW in millions)

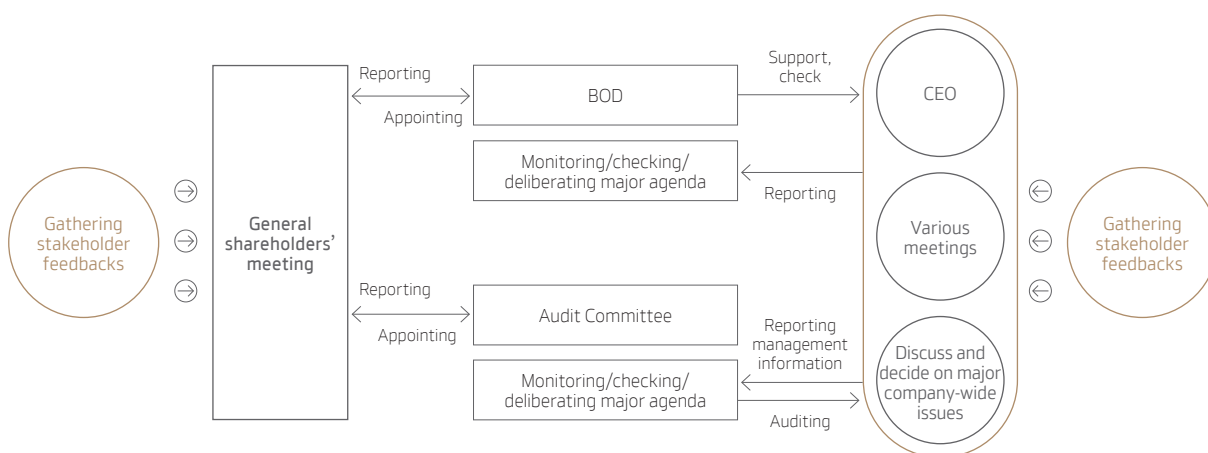
Board of Directors	No. of Persons	Total Remuneration	Average Remuneration per Person
Executive director	2	1,696	848
Non-executive director (Audit Committee member)	3	126	42
Total	5	1,822	364

Operation of the Professional BOD and Enhancement of Its Responsibility and Role

Hankook Tire appoints exemplary figures who have worked at government agencies or companies for a long time and greatly contributed to the community as its non-executive directors. Non-executive directors hold a majority of the BOD and their appointment follows transparent and fair procedures through the Non-executive Director (NED) Nomination Committee under the BOD. By capitalizing on rich experiences and knowledge in the areas of management, legal affairs and related businesses, they assist the CEO in making accurate decisions through advice and consultation as well as check and supervise top management.

Top Management's Decision-making Process

The BOD is at the core of our decision-making structure at Hankook Tire. We strive to fully gather stakeholder feedbacks and align them to actual outcomes by identifying necessary tasks at various meetings. We also continue to build a corporate culture where stakeholder feedbacks are reflected in the top management's decision-making through active communication.



BOD Meetings

In 2015, four regular and seven ad-hoc BOD meetings were held.

BOD Meetings for the Past Four Years

(Unit: times, %)

FY	Regular Meeting	Ad-hoc Meeting	Attendance Rate of Non-executive directors
2012	1	3	100
2013	4	7	93.9
2014	4	6	93.3
2015	4	7	78.8

Operation of Committees under the BOD in 2015

We operate four committees under the BOD: Audit Committee, Sustainability Committee, Non-executive Director Nomination Committee and the Internal Transactions Committee. These committees meet both on a regular and ad-hoc basis.

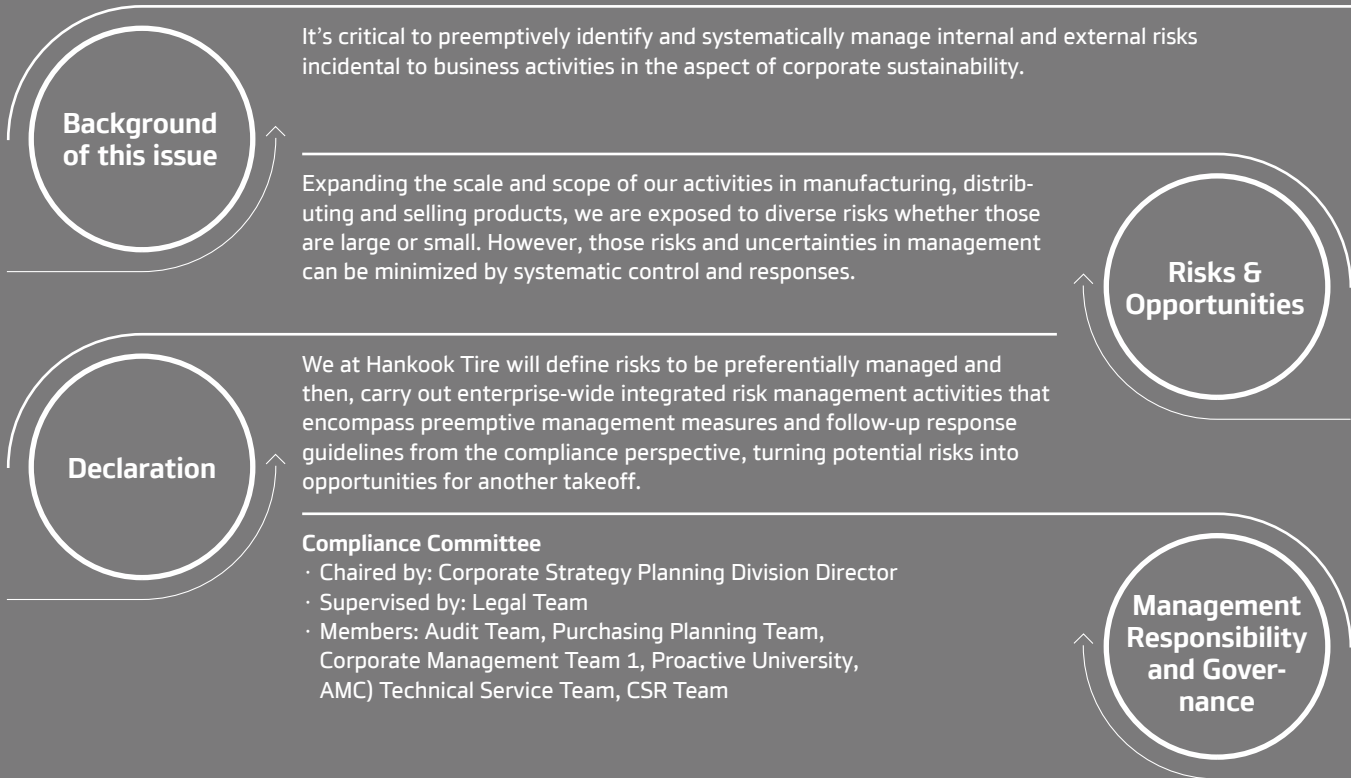
Board Committees	Composition	Key Function	Operation
Audit Committee	3 non-executive directors	- Audit accounting and business operations - Investigate corporate financial assets - Handle matters stipulated in government regulations and the articles of incorporation as well as matters commissioned by the BOD - Request directors to report business operations - Request the appointment of non-executive directors	4 regular and 2 ad-hoc meetings
Sustainability Committee*	2 executive directors	- Deliberate and decide on general management matters - Deliberate and decide on financial matters	28 meetings
Non-executive Director Nomination Committee	2 executive and 3 non-executive directors	- Recommend non-executive director candidates	2 meetings
Internal Transactions Committee	3 non-executive directors	- Approve large-scale internal transactions	2 meetings

* With the aim of preventing risks in overall management activities and ensuring our sustainability, the Management Committee was changed to the Sustainability Committee in 2016. The roles of the Sustainability Committee include not only handling administrative and financial matters but also deliberating and deciding on internal and external risk factors and sustainability issues in order to preemptively figure out and prevent risks against our sustainability.





INTEGRATED RISK MANAGEMENT



Key Managerial Issues

- Anti-Dumping
- Fair Trade
- Prevention of Sexual Harassment
- Labor-Management Culture
- Protection of Customer Information
- Disputes over IP (Intellectual Property) & Trademark Rights
- Product Liability (PL)
- Affiliates Management

Key Achievements

Conducted training about sexual harassment prevention at overseas headquarters



Checked the status of trademark rights registration



Amended the regulatory guidebook to comply with US labor regulations and published English version



Once a year in the US, Europe, Hungary and Indonesia

Total 9,297 items

Future Plans and Outlook

Our commitment lies in preemptively responding to risks through sustained and systematized risk management activities. To this end, we will continue to define new risks to be managed in addition to eight key risks in 2016. Ultimately, we will establish an integrated company-wide risk management system to effectively identify, analyze and flexibly respond to the company's internal and external risks.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
IR1 Risk Man- age- ment by De- tailed Issue	Anti-Dumping	· Simulate the Chinese domestic/ EU-export prices of our products manufactured in China and verify anti-dumping risks	· Calculated and analyzed dumping margin of tires manufactured in China by key export countries	●	26
	Fair Trade	· Inspect and improve compliance with Subcontracting Act	· Inspected conditions and status of payment to subcontractors related to the Fair Transactions in Subcontracting Act	●	26
	Sexual Harassment Prevention	· Regularize prevention trainings conducted at overseas headquarters in 2014 · Implement prevention trainings at Hungary and Indonesia Plants	· Conducted trainings at worksites (HQs in Korea, US and Europe, and their affiliates) once a year · Expanded trainings to Hungary and Indonesia Plants and several affiliates of the Europe headquarters	●	26
	Labor-Management Culture	· Revise the TP Employment · Labor Law Compliance Guideline	· Distributed English version of the 'TP Employment · Labor Law Compliance Guideline' · Revised the 'TP Employment · Labor Law Compliance Guideline' (focus on references in practices and add precedents)	●	26
	Customer Information Protection	· Diagnose our compliance concerning the collection of personal information and provide legal opinion	· Examined and supplemented the personal information collection and utilization system	●	27
	Disputes over IP (Intellectual Property) & Trademark Rights	· Register trademark rights and manage relevant disputes · Establish a trademark rights asset management system (regular asset management methods, etc.)	· Managed the application and registration of trademark rights in each country and took legal actions to infringement of trademark rights (306 applications and 181 registrations) · Registered a new trademark and took legal actions to disputes (Laufenn)	●	27
	Product Liability (PL)	· Manage PL risks regarding Tennessee Plant (TP) establishment	· Set up R&R for responses to PL lawsuits in the US · Analyzed and managed the PL insurance conditions in North America	●	27
	Affiliates Management Risk	· Manage the governance structure of affiliates	· Supported compliance activities with regard to expanding the equity of emFrontier owned by Hankook Tire Worldwide	●	27



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
IR1 Risk Man- age- ment by De- tailed Issue	Anti-Dumping	· Manage the issue at the 'Chinese Antitrust Laws Risk' level	Review the Chinese Antitrust Laws	Oct.	Legal Team
	Fair Trade	· Build a company-wide fair trade education system	Systematize trainings about fair trade at the company level	Oct.	Legal Team
	Prevention of Sexual Harassment	· Check regulations of each country with regard to sexual harassment prevention and adopt the results to trainings · Diagnose the status of sexual harassment prevention trainings at overseas headquarters	Conduct trainings about sexual harassment prevention and make diagnostic reports	Oct.	Legal Team
	Labor-Management Culture	· Complete and distribute the guideline version 2.0 and support compliance with labor laws at TP	Complete and distribute the guideline version 2.0	Oct.	Legal Team
	Protection of Customer Information	· Comply with mandatory certification for the information protection management system in accordance with the amendment of the Information & Communication Network Act (expected enforcement on Jun. 2, 2016)	Obtain the certification on information protection management system	Oct.	Legal Team
	Disputes over IP (Intellectual Property) & Trademark Rights	· Improve monitoring of the same or similar trademarks	Monitor the application of similar trademarks	Oct.	Legal Team
	Product Liability (PL)	· Manage PL risks in relation to products manufactured in China	Respond to PL risks in relation to products manufactured in China	Oct.	Legal Team
	Affiliates Management Risk	· Materialize affiliates' fair trade risks	Prevent affiliates' fare trade risks	Oct.	Legal Team

IR-1

Risk Management by Detailed Issue

We selected eight key risks that require company-wide management and are undertaking preemptive responses in each of these areas. This enables us to move beyond merely managing these risks to actually turning them into new opportunities.

Anti-dumping Risk Management

Simulate the Chinese Domestic/EU-export Prices of Our Products Manufactured in China and Verify Anti-dumping Risks • In 2013 and 2014, Hankook Tire investigated anti-dumping regulations and trends in two of our key markets, the US and the EU. In 2015, we chose to diagnose the anti-dumping risks on locally produced goods in the major regulatory country, China. Looking into more details, we divided goods produced in China into PCR (Passenger Car Radial), LTR (Light Truck Radial), and TBR (Truck Bus Radial) based on the existing standards and calculated the estimated dumping margin by each major exporting destinations. For markets such as the US and Brazil where the estimated dumping margin was relatively high, we reviewed the necessity for further research in consideration of anti-dumping regulation trends. However, we decided not to take further measures in countries where countermeasures were already in place. As such decisions were notified to relevant departments, anti-dumping risk management activities ended in 2015 except for the trend monitoring of each market. Starting from 2016, the anti-trust risk management in China will substitute for the anti-dumping risk management.

Fair Trade Risk Management

Inspect and Improve Compliance with Subcontracting Act • In accordance with the 「Fair Transactions in Subcontracting Act」 (hereinafter 「Subcontracting Act」), Hankook Tire has observed separate payment criteria on our suppliers which fell into the category of manufacturing subcontractor. In 2015, as prescribed by the amended 「Subcontracting Act」 (enforced on Jan. 25, 2016), we confirmed the changes of subcontracting suppliers while investigating the payment criteria and payment history for existing and new suppliers. In 2016, Hankook Tire plans to offer regular fair trade education for employees in a diversified manner in order to manage risks involving fair trade.

Sexual Harassment Prevention Risk Management

Regularize Sexual Harassment Prevention Trainings at Overseas Headquarters • We started to offer the training on a regular basis in our Head Office in Korea and the overseas regional headquarters in America and Europe from 2015. Also, we extended the scope of this training to include our Indonesia and Hungary Plants. In 2016, Hankook Tire plans to review local statutes regarding sexual harassment and reflect them on our curriculum while conducting trainees' satisfaction survey to improve the quality of the training.

Sexual Harassment Prevention Trainings at Overseas Headquarters in 2015

Training Area	Training Date	Training Details	
America Headquarters	5/26~5/29	1. Introduce the necessity of sexual harassment prevention in workplace and relevant regulations 2. Instruct the definition, examples and legal restrictions of sexual harassment in the workplace 3. Introduce Hankook Tire's relevant policies	
Europe Headquarters	Netherlands Sales Subsidiary		7/17, 8/6
	Italy Sales Subsidiary		7/31
	Spain Sales Subsidiary		9/25
Indonesia Plant	4/14~4/29, 5/4		
Hungary Plant	4/23~4/24		



Sexual Harassment Prevention Training at the Italy Sales Subsidiary

Labor-Management Culture Risk Management

Revise the TP Employment·Labor Law Compliance Guideline • In the run-up to the completion of a plant in Tennessee, the U.S., scheduled for the end of 2016, we developed compliance guidelines on employment & labor issues of the U.S. Labor Laws in 2015. The guideline comes with added content that compares practical issues of labor laws between the US and Korea and includes the US court rulings on actual labor cases. The guidelines are also available in English version at the Tennessee Plant covering the preparation and post-operation of the plant. In 2016, the second edition of the guidelines will be published in cooperation with the Tennessee Plant.

Customer Information Protection Risk Management

Diagnose Our Compliance Concerning the Collection of Personal Information and Receive Legal Advices • In 2014, Hankook Tire checked the database for customer information in the HQ in Korea and overseas regional headquarters and evaluated their management risks. In 2015, we identified and improved the status of customer information collection and management system. For example, we revised the information consent form to be more specific. The required personal information was minimized as date of birth in the consent form was replaced with year of birth only. Furthermore, the company limited employees' access to customer DB to ensure that only those with authority can refer to the minimum information provided that their purpose meets the intended use. Pursuant to the Article 49 (2) 3 of the 「Enforcement Decree of the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc.」, notified for legislation by the Ministry of Science, ICT & future Planning and scheduled to enter into force on June 2nd, 2016, Hankook Tire will conduct tasks to acquire the certification on information protection management system.

Dispute over IP (Intellectual Property) · Trademark Right Risk Management

Establish System to Register Trademark Rights and Manage Disputes over IP and Asset • Our patent rights on tire structures, ingredients and production facilities, utility model rights and design rights, as well as trademark rights on Hankook Tire brands & sub-products brands, are registered in countries worldwide, including in Korea. In 2015, we endeavored to manage IP rights as we continued to monitor similar trademarks, taking legal actions to the infringement of trademarks rights arising from this process. We recognize IP rights as intangible corporate assets and manage it in an IT system. We have divided our asset data into trademark registration status and investment history and input them into the IT system, improving the efficiency of the IP management. This data will enable us to manage trademarks electronically going forward. Our goal for 2016 is to monitor and take legal actions to identical or similar trademarks and take preemptive counteractions on any attempt to violate our trademark rights.

Product Liability (PL) Risk Management

Manage PL Risks in Regard to TP Establishment • We anticipate that the initiation of our Tennessee Plant operations will strengthen the awareness of our brand in the US. But, at the same time, it will likely expose us to the danger of increase in lawsuits. To enhance PL risk response system which so far the HQ in Korea handled for the most part, we reorganized the roles of relevant departments of the subsid-

aries in the U.S. in 2015 to ensure swift measures are taken locally. Hankook Tire also completed a close examination of PL insurance terms as, unlike general liability insurance, PL insurance provides protection against disputes over PL in addition to insurable risk. As such, we looked into whether the key terms including limit of liability of existing PL insurance are efficiently aligned with our PL litigation defense system, taking improvement measures. Our plan for 2016 is to carry out risk management activities on goods produced in China Plant.

Affiliates Risk Management

Manage the Governance Structure of Affiliates • As of the end of 2015, Hankook Tire has 12 affiliates except for Hankook Tire Worldwide, the holding company as prescribed by the 「Monopoly Regulation and Fair Trade Act」 (hereinafter 「Fair Trade Act」), and consistently engage in activities to comply with relevant laws and regulations. 2015 marks the second anniversary since Hankook Tire Worldwide's transition into a holding company. As the 'grace period for restrictions on activities by holding companies' pursuant to the Article 8-2 (2) 2 (a) of the 「Fair Trade Act」 has expired, we adjusted the ratio of share owned by affiliates. The key issue of 2016 is expected to be the 'fair trade management risk on affiliates'.

Establishment of a Company-wide Crisis Management System

CASE STUDY

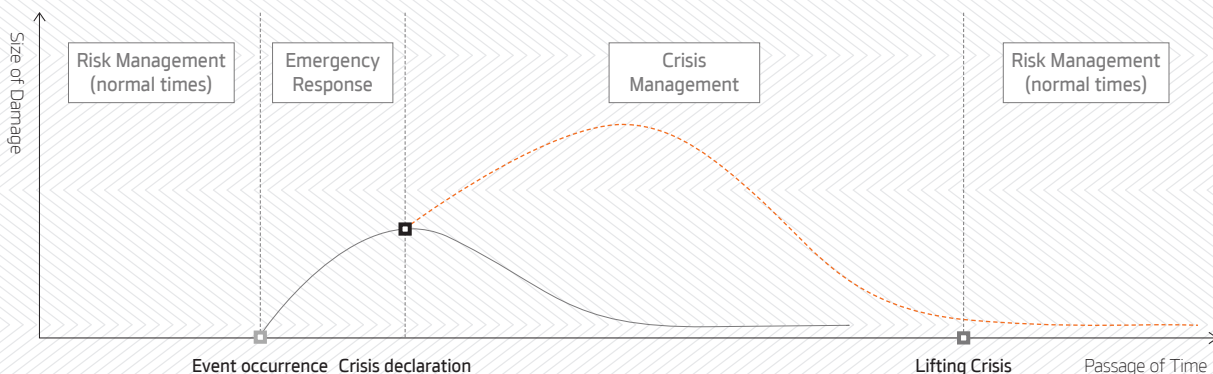
A number of accidents occurring in Korea and abroad has alerted us to the need of company-wide crisis management. As such, we established the Crisis Management Headquarters in 2014 and set forth operational principles. In 2015, we took action to match up with the established improvement plans to elevate the overall level of risk management, emergency response and crisis management and to operate our company-wide crisis management system in a substantial and integrated manner

1. Overview of the Crisis Management System

We defined the key components of any crisis management system as: risk management, emergency response and crisis management. Then we categorized them in line with time flow and the extent of damage. Ordinarily, we monitor danger factors through continued risk management. When accidents or events do occur, immediate emergency response measures are undertaken to minimize their damage. When such measures start to take effect and bring gradual recovery, we resume to our default risk management phase. If it is impossible to repair the damage and the extent of it continues to escalate, the Crisis Management Headquarters may declare a crisis and initiate crisis management to focus on repairing the damage and normalizing business conduct. In the case where it is determined that normal business conduct resumes with the passage of time, the head of the Crisis Management Headquarters lifts the crisis and our operations go back to normal.

- * Risk Management:**
 - Risks refer to uncertain future events that may impact the attainment of an organization's strategic, operational or financial goals. From a broader perspective, risks can be threats to corporate sustainability.
 - Risk management is to identify and assess these risks and to lower their possibility while devising countermeasures through monitoring.
- * Emergency Response:**
 - Emergency responses refer to immediate response activities, including rescuing lives, preventing accidents from worsening, along with other basic-level recovery measures that are undertaken in the case of accidents or precarious events until long-term or permanent solutions take hold.
- * Crisis Management:**
 - When the impact and damage from such crises are not expected to decrease in spite of emergency response, action must be taken to normalize business conduct so that an appropriate company-wide response can overcome them.
- * Crisis Management System:**
 - The risk management system was created to effectively manage the risks and crises that a company could face through the organic alignment of risk management, emergency response and crisis management

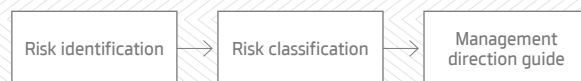
Crisis Management System



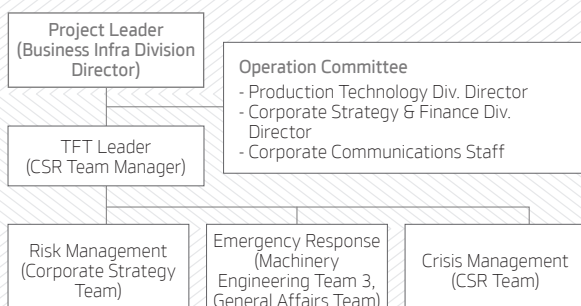
2. Crisis Management System Improvement Activities

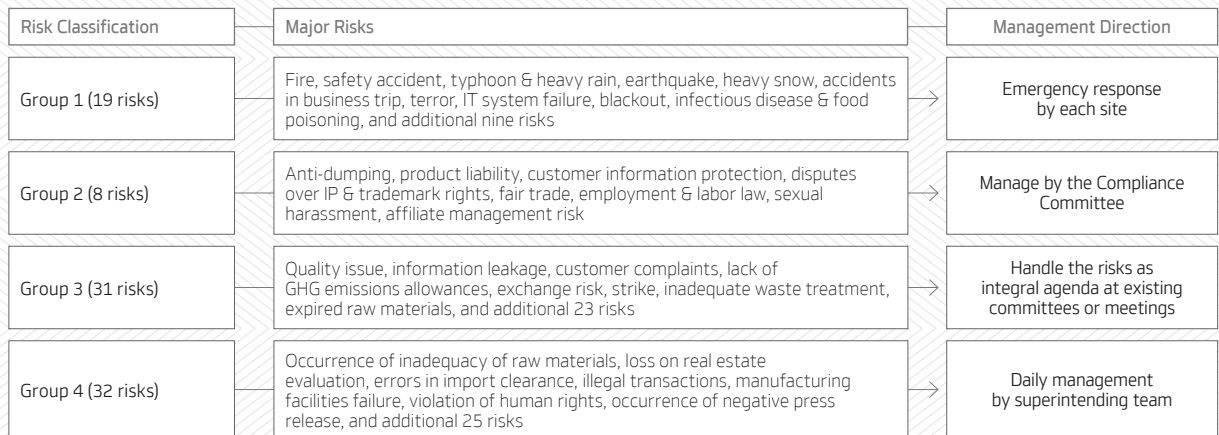
We set up a separate TFT organization in 2015 to improve our crisis management system. Such improvement activities are undertaken for each of the crisis management system areas: risk management by the Corporate Strategy Team, emergency response by the Machinery Engineering Team 3 and General Affairs Team, and crisis management by the CSR Team.

① Risk Management

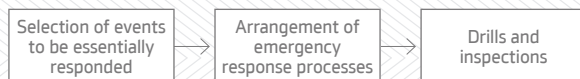


We selected responsible teams and staff for each job function who surveyed all risks that may pose threat to management. As a result, a total of 90 potential risks have been identified. These risks identified were classified into four groups as follows with risk management direction for each group shared among responsible teams.





2 Emergency Response



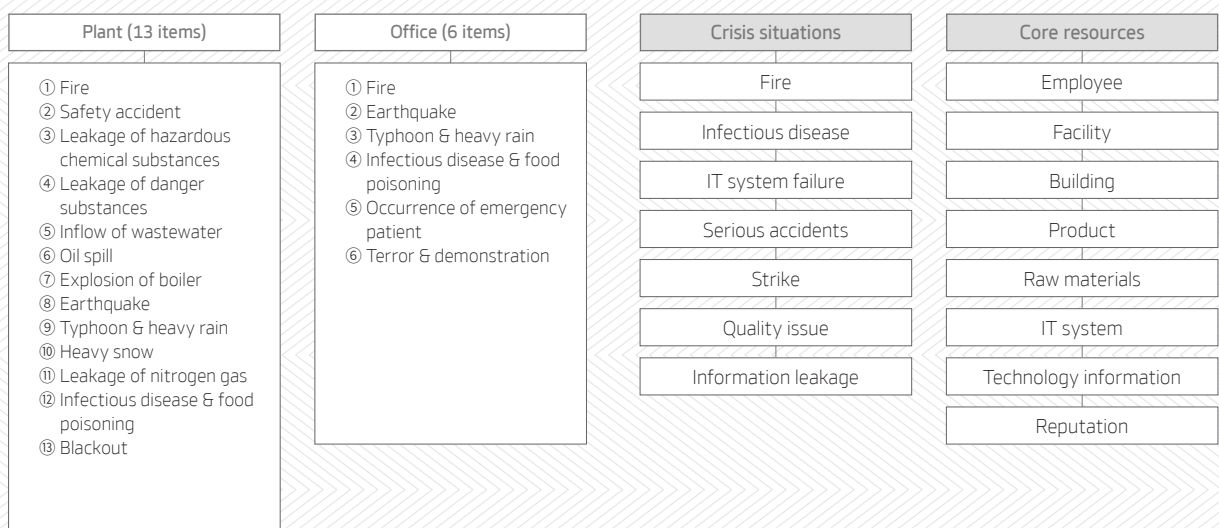
Based on the conditions of operations, we selected essential response events– 13 events for plant and 6 for office - while organizing emergency response scenarios for each event in line with on-site conditions. This allowed us to set up scenarios for all events in seven global operations based on standardized format. For offices, the ‘Safety Guide for Office’ was created and applied in the HQ with priority. For plants, in the meantime, drills for existing scenarios were conducted, which complemented our emergency response scenarios. We plan to continue to develop emergency response scenarios to take swift actions in case of unexpected events.

3 Crisis Management



We selected the eight key assets regarded most integral to the company’s sales activities, specifying the subject to be protected with priority in case of emergency. Of the 90 risks identified, seven risks were designated as key emergencies which require emergency management. We also identified key assets which are likely to be affected by emergencies and their relevant functions, and responsible teams and set up a 3-step response: first, risk identification; second, emergency and crisis stage, and third, normalization. We already have the response manual in place for fire, infectious disease, and IT system failure. For the remaining 4 cases, we will create manuals one at a time. Hankook Tire plans to adopt the ISO22301 (BCMS*) to domestic plants based on its crisis management system in 2016 and phase it in all plants to elevate company-wide crisis management capabilities.

* BCMS: Business Continuity Management System



CUSTOMER SATISFACTION & QUALITY MANAGEMENT

1. Car Makers



Background of this issue

Global car makers demand that their suppliers conduct business responsibly in addition to fulfilling existing essential requirements such as quality, pricing, delivery and philanthropy as part of their global cooperative relationships.

Hankook Tire meets car makers' requirements through continuous technology development and amicable communication. To broaden business opportunities and enhance relationship with car makers, we are willing to satisfy even more stringent CSR requirements.

Risks & Opportunities

Declaration

As a business partner of global car makers, Hankook Tire is dedicated to maintaining a sustainable business relationship by developing technologies that meet their requirements and by securing competitive edge in eco-friendliness and quality, based on well-managed systems that satisfy global standards.

- Chaired by: Global OE Division Director
- Supervised by: Global OE Planning Team, Global OE Technical Team
- Cooperated with: Global OE Sales Department, Global OE Sales Team 1 & 2, OE Teams in Europe, America, China and Japan, PC Development Team, TB Development Team, Global OE Quality Team, Technical Centers in Europe, America, Japan and China

Management Responsibility and Governance

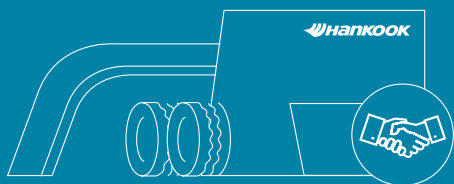
Key Managerial Issues

Continuous communication

Reinforcement of product competency

Key Achievements

Communication with car makers



Participation in auto shows such as Auto China and IAA

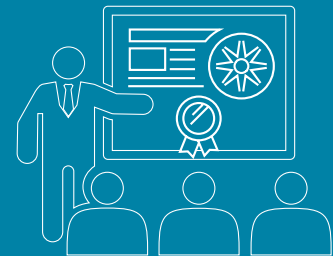
* IAA (International Automobile Ausstellung)
: World-class auto show held in Germany

Securing new technologies and quality competitiveness



Continuous development and mass production of future-oriented tires

Trainings for enhancing mindset toward quality



Total **2,823** persons

Future Plans and Outlook

Hankook Tire will develop and supply products in time that satisfy the optimal performance and quality requirements requested by car makers through exhibitions, exchanges with customers, and other multi-faceted communication channels. In addition, we will proactively respond to the sustainability evaluations of car makers and take follow-up measures to build sustainable business relationships with them.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
OE1	Continuous communication	Increase mutual trust through facilitating communication with car makers	· Conducted 7 major PRM activities such as attendance in a charity event for the Childhood Diabetes Foundation, invitation to DTM race, and collaboration for developing concept tires by joining hands with 10 car makers	●	32
			· Won the 2015 GM Supplier Quality Excellence Award	●	32
			· PR activities through news release of 10 new vehicles equipped with our tires and execution of the Hankook Tire Experience Day	●	32
			· Held media events and showcased OE tires at Auto China and IAA	●	32
		Satisfy the requirements of car makers	· Took follow-up measures with regard to sustainability evaluation results	●	32
OE2	Reinforcement of product competency	Promptly develop products meeting advanced performance requirements	· Supplied state-of-the-art SEALGUARD® tire to Volkswagen's Touran and Passat	●	33
			· Newly supplied tires to Toyota Tacoma, Ford F-650/750, Mercedes-Benz Truck Actros, and many others	●	33
		Respond to audit on quality requested by global car makers	· Responded to audit request on plants and working conditions made by Hyundai Motor Company, BMW, Fiat, Ford, and Toyota	●	33
		Develop a flawless quality assurance system	· Launched a TFT to respond to requests on quality of premium OE tires manufactured in China	●	33
		Elevate all employees' mindset toward quality	· Implemented trainings for elevating mindset toward quality at home and abroad	●	33



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
OE1	Continuous communication	Increase mutual trust through facilitating communication with car makers	· No. of targets for CRM and practices	Dec.	Global OE Sales Team, Global OE Technical Team
			· Strategic advertising and PR activities	Dec.	G.OE Planning Team
			· Marketing communication performed through attending more than two major exhibitions	Dec.	G.OE Planning Team
		Satisfy the requirements from car makers	· Follow-up measures with regard to sustainability evaluation results	Dec.	CSR Team
OE2	Reinforcement of product competency	Promptly develop products meeting advanced performance requirements made by critical car makers	· Supply expansion of OE tires for future-oriented eco-friendly vehicles	Dec.	Global OE Sales Team, Global OE Technical Team, Development Team
			Develop a flawless quality assurance system	· Product development process innovation in the angle of quality	Dec.
		Elevate all employees' mindset toward quality	· Elevation of mindset toward quality	Dec.	Global Quality Planning Team, Global OE Quality Team, QA

OE-1

Continuous Communication

We undertake strategic marketing communication to form mutually-beneficial relationships with global car makers while attending international exhibitions to reinforce such relationships.

Increase Mutual Trust through Facilitating Communication with Car Makers

Hankook Tire has won excellent supplier awards from MAN truck, Honda, and other new car makers in 2013 and 2014, and the Suppliers Quality Excellence Award from GM in 2015. We are maintaining close communication with customers by hosting business meetings in response to their specific demand.

Communication through PRM • In 2015, we performed seven types of Partner Relationship Management (PRM) activities by joining hands with 10 car makers. As part of our social philanthropic activities, we participated in a charity event for the Childhood Diabetes Foundation hosted by Ford while inviting European car makers to the DTM*, which we also attended. We joined Opel's concept car project in developing concept tires to be displayed in an exhibition.

* DTM: The Deutsche Tourenwagen Masters car racing

Communication through Exhibition and Event • We have diversified our portfolio as we started to supply tires for 10 car models including Porsche Macan, Mercedes-Benz C-class hybrid, MAN trucks, and Ford trucks. In addition, we carried out strategic PR activities on local and global newspapers, while attending exhibitions organized by Auto China and IAA. We also hosted Hankook Tire Experience Day* on two occasions, sharing our supply achievements and offering test driving in efforts to strengthen relationships with car makers.

* An event to invite media outlet announcing new tire supply records and offering test driving

Satisfy the Requirements of Car Makers

Car makers regularly assess our sustainability management as a supplier. In 2015, we responded to the CSR performance evaluations conducted by Peugeot, BMW, Nissan, and other car makers in such fields as social, human rights, labor, safety, environment, suppliers, supplier diversity management, emergency response and more. For items that showed room for improvement, we used the CSR Strategic Guide distributed in October 2015 to set improvement directions for each relevant team and to help take improvement measures accordingly.

In May 2015, Ford conducted an on-site evaluation at our Geumsan Plant on such fields as working conditions, environment, health, safety, wage, working hours, human rights, and ethics management. Evaluation outcomes revealed that our performance was positive in general. However, we submitted corrective action plans as demanded by Ford on periodic assess program and management review with regard to human rights management and ethics management. Hankook Tire embarked on human rights management in 2014. On the foundation anniversary in May 2015, Hankook Tire announced human rights declaration and human rights management. Our plan for 2016 is to introduced a practical and comprehensive process in promoting human rights and management review. We also plan to overhaul our system for ethics management to live up to the demands from car makers.



Opel's Concept Tire



Auto China



IAA Exhibition

OE-2

Reinforcement of Product Competency

It is through the development of next-generation technology and ceaseless endeavors for better quality that we expediently supply the optimal products required by car makers. In so doing, we further solidify our cooperation with car makers as their strategic partner and contribute to the development of the automobile industry.

Promptly Develop Products Meeting Advanced Performance Requirements

Develop and Supply SEALGUARD® Tire • Hankook Tire has independently developed Prime2 SEALGUARD® tires, the first in Korea to adopt sealant. Hankook Tire was selected as the OE supplier to the Volkswagen Group's Touran and Passat having built the capacity to manufacture and supply such tires. In 2014, we supplied runflat tires to Mercedes-Benz and BMW, followed by the supply contract of the state-of-the-art SEALGUARD® tire in 2015. We will remain committed to solidifying our technology leadership to increase the supply of special high-performance tires.

Expand OE* Business and Diversify the Supply Portfolio •

The year 2015 witnessed a remarkable growth thanks to co-operations with Japanese car makers and expansion of OE tire supply. Our tire supply portfolio for new cars and business channels have been greatly diversified as we started supplying PCR** to car makers in the US and Europe, following the TBR*** OE business expansion. Despite the temporary drop

in the total OE sales to Japanese car makers due to a market slowdown in China, we expanded the supplying portfolio by concluding new fitment contract for Toyota Tacoma, Honda Civic, and Nissan Frontier. Specifically, in TBR OE business, new fitments were initiated for Ford F-650/750, Mercedes-Benz Truck Atego and Actros, which allowed us to exceed our initial sales target for overseas TBR OE by 33%.

* OE (Original Equipment): Tire for new car
 ** PCR (Passenger Car Radial): Tire for passenger car
 *** TBR (Truck Bus Radial) Tire: Tires for trucks and buses

Sophisticate Our Premium OE Quality Management System

Respond to Audit on Quality Requested by Global Car Makers •

In 2015, we responded to the audits on plants and working conditions undertaken by Hyundai Motor Company, Fiat, Ford, and Toyota. We obtained 'Pass' in the two audits carried out by Chinese OE on BMW China Plant. We will strive to attain the quality that meets the global level in the coming years.

Develop a Flawless Quality Assurance System •

Hankook Tire launched a TFT in charge of quality in Jiaying Plant to efficiently respond to the increase in supply of tires manufactured in China to premium brands such as Mercedes-Benz and Audi. We attended training to meet the demands of car makers and organized networking events. We also secured a process to meet increasing demands for premium OE products to effectively manage production and quality.

Elevate all Employees' Mindset Toward Quality •

Hankook Tire offers quality mindset training, which is expanded every year. In 2015, we organized quality innovation conference, where we offered general education aimed at enhancing the quality mindset of 1,177 operators at local plants and 1,646 operators in Jiangsu, China.

List of New OE Tire Supply in 2015

Brand	Vehicle Model	Size	Product Features
Porsche	Macan	Ventus S1 evo2 SUV	High-performance tire to deliver the highest-possible performance for SUVs
Mercedes-Benz	C-Class Plug in Hybrid	Ventus S1 evo2	High-performance tire to deliver the highest-possible performance
Audi	A4	Ventus S1 evo2	
Volkswagen	Touran	Ventus Prime2	High-end, high-performance tire
Toyota	Tacoma	Dynapro HT	Premium all-season tire specially designed for light trucks, vans and SUVs
Lincoln	MKX	Ventus S1 noble2	High-quality premium tire to deliver the highest-possible silence and comfort
Ford	Mustang	Ventus S1 noble2	
Mercedes-Benz Truck	Actros	F-650 / F-750	Tire designed for trucks that run middle distances
		AH11, AH22, DH07, DH15	Tire designed for trucks that run mid- to long distances
		AM06, AM06D, AM15, DM03	Tire designed for trucks that run off-road
Mercedes-Benz Truck	Atego	DH31, DH33+, DH81+, DL10, DL10+	Tire designed for rear-wheel-drive trucks
		AH11, AH22+, DH05+, DH05W	Tire designed for trucks that run middle distances and muddy and snowy roads



CUSTOMER SATISFACTION & QUALITY MANAGEMENT

2. General Customers & Dealers



Background of this issue

There is a growing interest in the quality of tires which is directly connected to vehicle safety and drivers' requirements for performance and design are diversified. Customers are impressed when their satisfaction exceeds their expectations, and they consequently become recurring customers.

A company cannot achieve business success with just excellent products. Impressive management to deliver value and pleasure to customers is essential today. It can be realized when proactively listening to customers' voices by diversifying VOC channels and then, adopting those to management activities. Fulfilling this commitment will ensure both quantitative and qualitative growth at the same time.

Risks & Opportunities

Declaration

Hankook Tire will be proactive in meeting customer expectations and requirements through conducting differentiated marketing and communication activities. By doing so, we will provide customers with true satisfaction and maximize customer value.

Customer Committee

- Chaired by: KOR) Marketing & Sales Department Director
- Supervised by: KOR) TBR Marketing Team
- Members: Global Sales Training Center, KOR) Retail Marketing Team

Management Responsibility and Governance

Key Managerial Issues

Co-prosperity with customers

Impressive customer experience

Communication with customers

Key Achievements

MOU for industry-academy cooperation



Hired **4** persons from schools that signed the MOU

Doubled the coverage of tire safety insurance scheme



8,000km for **6** month (2014) 16,000km for **12** months (2015)

Distributed posters to inform tips for tire management



6,396 dealers nationwide

Future Plans and Outlook

Hankook Tire conducts systematic trainings for dealers to help them provide customers with the value of safe driving. From 2016, we will focus our efforts on further increasing service quality with the aim of redoubling customer satisfaction and benchmarking best service practices at home and abroad, through which we will deliver premium services exceeding customer expectations.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
RE1	Co-prosperity with customers	Adopt a retail manpower pool	<ul style="list-style-type: none"> 4 employees hired from partner universities in 2015 are working at company-owned shops Visited 47 retail franchise shops to offer onsite trainings twice at each shop Provided retail franchise shop workers with the sales management course to enhance their job competency (total 127 workers) 	●	36
RE2	Impressive customer experience	Undertake three strategic SMART CARE tasks (10 major safety checks, real-name maintenance program, tire safety insurance scheme)	<ul style="list-style-type: none"> Upgraded the design of 10 major safety check sheet Launched real-name maintenance program Doubled the coverage of tire safety insurance scheme (156% increase in admission rate year-on-year) 	●	36
RE3	Communication with customers	Launch the Drive Safely campaign	<ul style="list-style-type: none"> Implemented a campaign to prevent driving while drowsy (Apr. to May) <ul style="list-style-type: none"> Offered canned coffees and anti-sleeping patches to 2,400 drivers Offered anti-sleeping patches to drivers of 17 direct customers Carried out trainings about safe driving (Jul.) <ul style="list-style-type: none"> 67 social workers at welfare facilities for Car Sharing Informed tips for tire management (Aug. to Sep.) <ul style="list-style-type: none"> Distributed leaflets to 1,500 customers who visited retail franchise shops Delivered posters to 6,396 dealers nationwide 	●	37
		Undertake outbound call system	<ul style="list-style-type: none"> Conducted outbound surveys of initial quality survey targeting 265 customers who bought one of 3 new products launched in 2015 	●	37



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
RE1	Co-prosperity with customers	<ul style="list-style-type: none"> Offer training courses to help dealers better manage their shops Implement on-site trainings by visiting 	<ul style="list-style-type: none"> Operation of training courses 	Dec.	G.STC
RE2	Impressive customer experience	<ul style="list-style-type: none"> Continue SMART CARE campaign 	<ul style="list-style-type: none"> Implementation of the campaign 	Dec.	KOR) Retail Marketing Planning Team
RE3	Communication with customers	<ul style="list-style-type: none"> Carry out the safety inspection campaign at expressway service areas Free care service by visiting 	<ul style="list-style-type: none"> Implementation of the campaign Conduct of free care service 	Dec.	KOR) TBR Marketing Team

RE-1

Co-prosperity with Customers

We strive to solve youth unemployment by concluding industry-academia MOUs and hosting career programs for college graduates. We also offered systemic training course through Hankook Tire's educational infrastructure to improve job capabilities of retail store staff.

Adopt a Retail Manpower Pool

The survey on the retail workforce pool of 522 retail stores in 2014 showed that they were suffering from a severe workforce shortage. Hankook Tire seeks to conclude industry-academia agreement with technical high school and community colleges, contributing to easing youth unemployment. We held job offerings and tire expertise classes at the Busan Institute of Science and Technology and two other industrial high schools, raising positive awareness of tire service jobs. As a result, we newly hired 4 students of the schools and they are working at our franchise stores. Furthermore, we organized on-site education sessions at 47 underperforming retail stores to help improve job capabilities of staff while inviting 127 retail store staff to education on sales management.

RE-2

Impressive Customer Experience

Hankook Tire introduced real-name maintenance program and expanded the coverage of safe insurance scheme to strengthen customer trust.

Undertake Three Strategic SMART CARE Tasks (10 Major Safety Checks, Real-name Maintenance Program, Tire Safe Insurance Scheme)

Hankook Tire has posted the manual for 10 major safety checks on the POS bulletin board for retail stores while distributing the safety check-list sheet with an improved visibility to T'Stations across the nation in October 2015. The manual for 10 major safety checks describes guidelines on actions from the point customers enter the store to when they leave. The manual also clarifies how to explain each items in the check list to customers to ensure T'Stations provide standardized services. The real-name maintenance program requires engineers to enter their real name on the sheet's bottom. Besides, the coverage of safe insurance scheme has doubled from the existing 8,000km for 6 months to 16,000km for 12 months. We also replaced resident registration number with date of birth on the customer information form.

RE-3

Communication with Customers

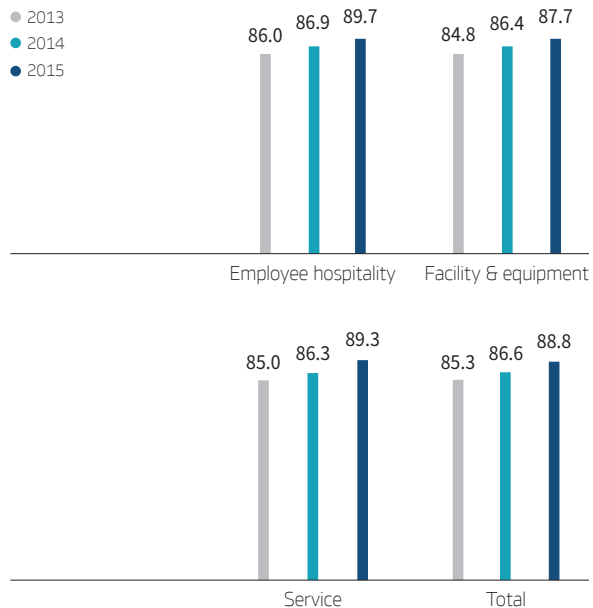
Hankook Tire carried out the three major safety driving campaigns to promote safety driving culture, followed by an out-bound survey to reflect customers' opinions on product development.

T'Station Customer Satisfaction Survey

Hankook Tire conducts customer satisfaction surveys to identify the competitiveness of T'Stations, our retail franchise stores. The survey consists of Employee Hospitality, Facility & Equipment, and Service. In the 2015 survey, Employee Hospitality, Facility & Equipment, and Service rose by 2.8 points, 1.3 points, and 3.0 points, respectively, recording a 2.2-point increase on average from the previous year. The survey result will serve as a basis to examine customer satisfaction level and hospitality of T'Station and to identify improvement tasks on future sales and service strategy.

Customer Satisfaction

(Unit: points)



Launch the Drive Safely Campaign

Hankook Tire carried out the three Drive Safely campaigns on prevention of driving while drowsy, safe driving education, and tire management tips from April 2015 to September.

Campaign to Prevent Driving while Drowsy • Hankook Tire implemented campaigns to prevent driving while drowsy in connection with the regular highway campaigns to stop drowsy driving caused by spring fever. The campaign ran for two days at seven service areas, respectively, from April 2015 to May, giving out canned coffees and anti-sleeping driving patch to around 2,400 drivers. Banners were put up to give tips on sleeping driving prevention to customers who came for car maintenance. We also visited our 17 directly-affiliated bus operators and distributed anti-drowsy sleeping patches to bus drivers.

Trainings about Safe Driving • Hankook Tire offered safety driving education to 67 social welfare workers from 40 welfare centers selected as part of our Donggeurami car sharing project in July 2015. The two-hour course, intended for female and beginning drivers, consisted of introduction and practice for self-diagnosis of car and tire and safety driving tips on highway. We plan to continue to provide safety driving training as the education satisfaction survey recorded as high as 4.8 points out of the full 5.

Tips for Tire Management • We carried out the summer highway campaign for four days from July 31 to August 3, 2015, during which Hankook Tire distributed 1,500 leaflets on tire management tips to visitors. We also put up banners explaining how to check wear indicator and air pressure of tire. In September 2015, we distributed 6,396 posters on checking wear indicator developed by the three local tire manufacturers and the Korea Tire Manufacturers Association to franchise retail stores across the nation.

Undertake Outbound Call System

Hankook Tire's Initial Quality Survey (IQS) aims to ensure quality stabilization for new products. In April and June 2015, we conducted the IQS on three new products (H452D, H308, H449). Besides, we carried out on-site quality surveys on the 26 selected retail stores which were highly cooperative in both IQS and the initial test drive, securing the reliability of the survey. Customer satisfaction call center, on its part, implemented the IQS on 265 customers out of the 625 people who actually bought our products. In 2016, we added subjective questions to the questionnaire, enhancing the survey's effectiveness to identify customer response. We share the results of the IQS with marketing and quality teams in order to ensure an early establishment for new products in markets.



A Campaign to Prevent Driving While Drowsy



Safe Driving Education



Tire Management Poster

EMPLOYEE HEALTH & SAFETY MANAGEMENT



Background of this issue

A series of recent safety, health and disaster related accidents have sparked social attention to health and safety of employees. This means that it is even more critical to remain focused and do our utmost to protect the health of our employees and prevent them from being involved in any accident.

Failure to ensure safety in workplace may seriously jeopardize human resources, the greatest asset to any company. Therefore, it is essential to build a corporate culture where employee health and safety comes first and to make continuous improvements to prevent accidents, which will ensure safe workplace and productivity enhancement.

Risks & Opportunities

Declaration

Hankook Tire stands behind the belief that the health and safety of its employees is a key CSR component and the fundamental driving force behind its sustainable growth. Thus, we are committed to creating a safe and enjoyable workplace for all employees based on our management philosophy that places employee health and safety before anything else.

EHS Committee

- Chaired by: Daejeon Plant Managing Director
- Supervised by: DP) Environment & Safety Team
- Members: KP) Environment & Safety Team, Machinery Engineering Team 3, DP) KP) Facility Maintenance Team, Material Research Team 2, R&D Corporate Management Team, CSR Team

Management Responsibility and Governance

Key Managerial Issues

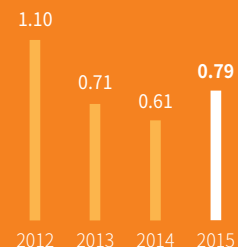
Establishment of voluntary safety management system

Enhancement of employee health management

Development of fire safety system

Key Achievements

Accident & Illness Rate



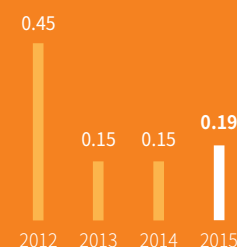
* Accident & Illness Rate: An incidence rate of accidents and illnesses per 100 employees (No. of accidents and illnesses/ No. of employees) x 100

* 2014 average in the manufacturing industry: 0.64, 2014 average in the rubber product manufacturing industry: 0.83 (Source: Ministry of Employment and Labor)

* Company-wide data including our Chongqing and Indonesia Plants from 2014 (These two plants were excluded in total as they were still in the facility testing phase, without manufacturing tires before 2014.)

* Historical data were slightly changed due to recalculation

Severity Rate



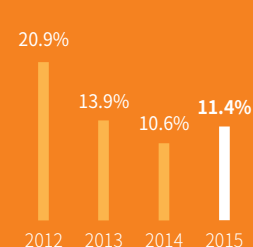
* Severity Rate: Lost working days caused by injuries per 1,000 work hours (Lost working days/work hours) x 1,000

* 2014 average in the manufacturing industry: 1.87, 2014 average in the rubber product manufacturing industry: 2.14 (Source: Ministry of Employment and Labor)

* Company-wide data including our Chongqing and Indonesia Plants from 2014 (These two plants were excluded in total as they were still in the facility testing phase, without manufacturing tires before 2014.)

* Historical data were slightly changed due to recalculation

Smoking Rate



* Based on our Daejeon, Geumsan Plants, Production & Engineering Division, and R&D Center

* 2014 average smoking rate of Korean adults: 24.4% (Source: Ministry of Health and Welfare, Korea Centers for Disease Control and Prevention)

* 2014 figure was adjusted due to the change of data gathering criteria

Future Plans and Outlook

We will be proactive in improving working environment and removing risk factors with a sense of responsibility for creating a safe and enjoyable workplace for all our employees. We will also run diverse programs to raise employees' awareness of safety and build a voluntary safety and health management mechanism.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
HS1	Establishment of Voluntary Safety Management System	Develop survey questionnaires on safety awareness and perform surveys	<ul style="list-style-type: none"> Interviewed employees joined since 2010 Offered trainings for safety awareness enhancement to employees joined since 2010 	●	40
		Operate the quantitative assessment system for safety accident prevention activities	<ul style="list-style-type: none"> Evaluated the levels of safety and health 	●	40
HS2	Enhancement of Employee Health Management	Establish musculoskeletal disease prevention programs	<ul style="list-style-type: none"> Operated musculoskeletal system rehabilitation programs Launched a TFT for mitigating musculoskeletal impacts 	●	40
		Operate programs to address health hazard factors related to night work (gastroenteric disorders, sleep disorders, obesity)	<ul style="list-style-type: none"> Operated programs to address health hazard factors related to night work Promoted interviews with occupational safety and health professionals and evaluated job suitability 	●	40~41
		Reduce potential health hazards in workplace (PM (Particle Matter)-10, rubber fume)	<ul style="list-style-type: none"> Improved local ventilation systems Installed diesel particulate filters on forklifts 	●	41
HS3	Development of Fire Safety System	Adopt the global standards on fire safety and management	<ul style="list-style-type: none"> Adopted fire safety management standards (14 items) 	●	41
		Improve fire-fighting facilities (invest KRW 16.1 billion)	<ul style="list-style-type: none"> Invested in improving fire-fighting facilities (KRW 5 billion) 	●*	41
		Nurture fire-fighting experts (hire 8 new employees for disaster prevention and conduct trainings for all members)	<ul style="list-style-type: none"> Hired 8 new employees for disaster prevention Conducted trainings on fire safety management 	●	41

* Plan for continuous investments in improving fire-fighting facilities in 2016



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
HS1	Establishment of Voluntary Safety Management System	Build a system to regularly monitor the compliance activities	Safety awareness level	Dec.	DP) KP) Environment & Safety Team
		Promote the acquisition of emergency medical technician certificate	Acquisition rate	Dec.	DP) KP) Environment & Safety Team
		Revise emergency response scenarios and expand the scope of trainings	Operation of such system	Dec.	DP) KP) Environment & Safety Team
HS2	Enhancement of Employee Health Management	Revamp facilities that put strain on musculoskeletal system	Establishment of such system	Dec.	DP) KP) Environment & Safety Team
		Operate health improvement programs to manage metabolic syndrome	Operation of such system	Nov.	DP) KP) Environment & Safety Team
		Improve working environment (local ventilation facilities, noise generation process)	Improvement rate	Oct.	DP) KP) Environment & Safety Team
HS3	Development of Fire Safety System	Continuously invest in the advancement of fire safety system	Execution rate	Dec.	Machinery Engineering Team 3
		Enact global fire safety regulations	Consultation on enactment	Jul.	Machinery Engineering Team 3
		Diagnose fire safety system at the global level and enhance technical support systems	Diagnosis report	Oct.	Machinery Engineering Team 3
HS4	Establishment of Business Continuity Management Systems (BCMS)	Establish ISO22301 system at Daejeon and Geumsan Plant and acquire the certification	Acquisition of the certification	Oct.	DP) KP) Production Management Team, CSR Team

HS-1

Establishment of Voluntary Safety Management System

We established a more systematic company-wide health & safety management system by strengthening employees safety awareness and performing regular assessment with an aim to manage safety and to prevent major accidents.

Develop Survey Questionnaires on Safety Awareness and Perform Surveys

To raise safety awareness, 665 employees hired since 2010 at our Geumsan Plant had person-to-person safety and health interview and completed safety training. For the training, safety officials sat down with on-site operators discussing risk factors and improvement measures. The interview helped us identify potential risks factors at plants while examining the status of employees' safety awareness. We also invited an outside expert to offer lectures on eight occasions on safety tips necessary not just at home but also in the community. Our goal is to offer diversified programs designed to reinforce employees' awareness of safety and to address risk factors.

Operate the Quantitative Assessment System for Safety Accident Prevention Activities

We conducted monthly health & safety 'level' assessments to establish work standards and enhance safety awareness at our domestic plants. Team-specific quantitative assessments were made on a total of 9 items that included disaster indicator, committee activities, and risk assessment. We made sure that improvement was made on these identified issues. Furthermore, we introduced recognition program for teams who perform excellently in assessment to boost employee engagement in safety activities. We will follow up with diverse assessments and initiatives so we can develop a culture where employees practice self-directed safety management with fully embedded safety awareness, and ultimately reduce the accident rate by 0.33 by 2020.

Safety and Health Level Assessment*

Assessment	Inspection Items	Score
1 Accident Indicators	Accident rate	10
2 Smoking rate management	Smoking rate	10
3 Safety & Health Committee	Activities of the committee	20
4 Voluntary safety and health activities	Safety training and stretching before work	10
5	Check of facility safety devices	10
6 Check of safety standards	Activities to upgrade standards	10
7 Check of facility safety devices	Review of check sheets	10
8 Plan for safety and health promotion	Promotion plans and performances	10
9 Emergency response drill	Implementation of education and training	10
	Total	100

* Level assessment: In order to establish a voluntary safety management system and increase the level of safety and health management, we developed our own 9 inspection items. Those are used for evaluating and awarding the level of safety and health for manufacturing related departments on a monthly basis.

HS-2

Enhancement of Employee Health Management

We have in place musculoskeletal disease prevention programs and PM (Particle Matter)-10 improvement activities to protect employees from potential health hazards at work. We also continue to invest in our facilities and improve our work environment to ensure that our employees can count on safe and enjoyable working conditions.

Establish Musculoskeletal Disease Prevention Programs

To relieve employees of work involving repeated jobs and heavy lift in proportion to their length of service, we run musculoskeletal disease prevention programs. This program comes largely in two parts - medical management and facility improvement.

Medical Management • We surveyed and selected employees with musculoskeletal pains to engage them in musculoskeletal disease rehabilitation programs which included consultation with health manager, physical strength evaluation by sports curer, and diagnosis by occupational medicine specialists. The rehabilitation program also came with in-house herbal treatment, physical therapy, exercise therapy, psychology consultation, treatment at outside rehabilitation clinic, and surgical treatment. Occupational medicine specialists in the rehabilitation program conducted Assessments of Fitness for Work.

Plans for TFT to Improve Facilities • We conducted team-specific survey for status of the work-related musculoskeletal disorders by cooperating with the Institute for Occupational Health of Yonsei University College of Medicine. This program has resulted in drawing up facility improvement measures and long-term improvement plan, laying the groundwork to address risks involving musculoskeletal disease.

Operate Programs to Address Health Hazard Factors Related to Night Work (Gastroenteric Disorders, Sleep Disorders, Obesity)

All employees doing shiftwork take special check-up. For example, in-house medical institutes – clinic, herbal clinic, physical consultation office, and health promotion center – undertake individual health management.

Gastroenteric Disorders • All employees take gastrointestinal endoscopic examination on a yearly basis and endoscopic examination every two years. As such, employees with gastroenteric disorders can benefit from follow-up care including treatment and prescription by health managers.

Sleep Disorders Management • Employees who experience sleep disorder have consultations with psychological counselors on finding the cause, and then receive psychology consultation, stress relaxation therapy and educations to overcome sleep disorder.

Obesity Management • We provided consultation for obese employees including dietary therapy by health manager, weight control, and exercise. The employees also had access to the in-house health promotion center where sports curers assisted them in voluntary health management. Their health status is monitored through the blood test conducted on a quarterly basis.

Reduce Potential Health Hazards in Workplace (PM (Particle Matter)-10, Rubber Fume)

We installed emissions reduction devices on indoor diesel forklifts operated for the mixing process to address PM (Particle Matter)-10, one of the potential health hazards at Daejeon Plants. In addition, we strive to fundamentally reduce fumes generated in operation as we buy electricity-powered forklifts which emit less fumes. We also installed additional clean wet scrubbers to remove PM (Particle Matter)-10 (Fume) generated in extruding / calendaring process and improved local ventilation system*, raising the removal efficiency of Fume in workplaces. We promise to commit to protecting our employees from potential health hazards by continuing to improve working environment.

* Local ventilation system: A system that captures PM (Particle Matter)-10 (Fume), gas, evaporation, and other pollutants at the location they are generated and releases them outdoors to ensure they are not spread indoors.

Manage Health and Safety of In-house Suppliers

Hankook Tire manages safety and health of suppliers' employees residing in the plants as well as its employees. We make regular patrols to prevent their safety accidents, figure out risk factors in advance and revamp facilities if necessary, and hold the 'Supplier Safety & Health Improvement Council' to listen to diverse opinions about safety, health, and working conditions. We also set up plans to improve safety and health of suppliers through the 'Co-existence Cooperation Program'* hosted by the Korea Occupational Safety and Health Agency, and then offer technological and financial supports. Other activities include the operations of in-house hospitals and oriental medicine clinics, psychology consultation programs, smoking clinics, fitness centers, and so on.

* Contractor-led safety and health cooperation system aimed at supporting accident prevention of suppliers with a lack of investment in and information on safety and health

HS-3

Development of Fire Safety System

We continue to invest in our facility and conduct internal/external fire-fighting diagnoses so as to build our own fire safety system. Furthermore, we nurture fire staff to help our employees strengthen their fire safety response capacity.

Adopt the Corporate Standards on Fire Safety and Management

We adopted the corporate standards on fire safety and management on a total of 14 items including fire pump, sprinkler, auto fire detector and others. The unified standards company-wide has enhanced the efficiency of fire safety management while improving the fire facilities inspection and maintenance capability. In 2016, we promise to build up fire safety capability by adding more standard items.

Improve the Fire-fighting Facilities

It is based on the outcomes of the fire-fighting system diagnosis in 2014 that we are following up on the investment into the 7 plants in Korea and abroad. The initial schedule of 2015 to invest about KRW 16.1 billion in fire-fighting project was partially modified based on 'investment priority'. As a result, we spent about KRW 5 billion on fire-fighting facilities improvement in 2015 and an additional KRW 25 billion will be invested in 2016. We promise to remain committed to enhancing fire response and fire-fighting system through continued investment in fire facilities, diagnosis, and drills.

Nurture Fire-fighting Experts

We hired and trained additional fire-fighting staff in 2015. The additional eight employees to head fire and safety have reinforced the company's capability to prevent human and property damage. All the fire-fighting staff attended external training on fire facility investigation, sharpening their job-related expertise. Going forward, we promise to continue to train highly-competent fire-fighting staff capable of performing professional fire and safety duties.



EMPLOYEE VALUE CREATION



Background of this issue

It is the fundamental element to respect the rights and diversity of employees and support them with capacity building for the company growth as well as its employees. In various areas, especially in human resource management, it is required to pursue strategies that focus on value creation to foster and retain global talent.

Failures to continuously absorbing employees in their works due to a lack of communication may bring about the outflow of talents, a key factor in corporate business, as well as negative impacts on corporate reputation. Thus, fair HR systems and capacity-building programs designed to nurture and retain excellent personnel serve to fuel a company's growth.

Risks & Opportunities

Declaration

Hankook Tire shares its vision through open communication and provides its employees with fair opportunities. This commitment ensures shared growth between the organization and individual and healthy and pleasant workplace.

Employee Committee

- Chaired by: Human Resource Management Department Director
- Supervised by: HRM Team
- Members: CSR Team, Proactive University, Corporate Communications Team, (DP) (KP) Human Resource Team, (KOR) Culture Planning Team, (DP) (KP) Labor Relations Team, (KOR) Culture Communications Team, R&D HR Team, Production & Engineering Corporate Management Team, Global Production Innovation Education Team

Management Responsibility and Governance

Key Managerial Issues

- Open communication
- HR system to offer fair opportunities
- Growth-fostering Training Systems
- Work-life Balance

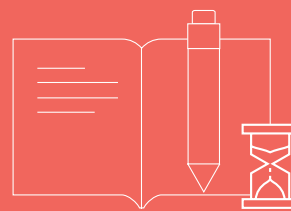
Key Achievements

Publication of the Global CEO Letter

Trainings on human rights management

Average annual training hours per person

Test operation of the flexible working hour system



Quarterly

129 team managers

34.3 hours

Future Plans and Outlook

We will increase the employment of the disabled in the short term to improve the diversity of our workforce and to advance our diversity management system in the long term. In addition, we will focus on protecting human rights of our employees through the establishment of human rights management system.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
EV1	Open communication	Enhance global communication contents	<ul style="list-style-type: none"> Completed the digital workplace (DWP) development plan Published the Global CEO Letter every quarter Published the Executives' Insight every month 	●	44
		Publish mobile corporate magazine	<ul style="list-style-type: none"> Published mobile corporate magazine (from Jun.) 	●	44
		Establish a labor-management culture pursuing trust and co-prosperity through diverse communication channels	<ul style="list-style-type: none"> Hosted the Communication Day event and discussion meetings Installed mini boxes for compliment and suggestion 	●	44
EV2	HR system to offer fair opportunities	Establish the global HK human rights management system guided by the 'UN "Protect, Respect and Remedy" Framework for Business and Human Rights'	<ul style="list-style-type: none"> Established the human rights management system and registered it as a standard Declared the human rights management Trained team managers on human rights 	●	45
		Continue to manage the global diversity of workforce (hire more female and disabled employees and offer training on diversity)	<ul style="list-style-type: none"> Established a subsidiary company for the disabled and increased disabled recruitment 	●	45
EV3	Growth-fostering Training Systems	Develop CDP for employee competency enhancement (reinforce the CDP of R&D workforce and design the CDP of engineers)	<ul style="list-style-type: none"> Designed and arranged the CDP for new R&D employees Selected target employees for job rotation 	●	-
		Cultivate experts with production technology (strengthen educations on machinery and electricity through operating GTR)	<ul style="list-style-type: none"> Completed the construction of GTR room (GEC) Trained about the craftsman plant maintenance, hydraulic control and PLC 	●	46
		Expand common training courses offered in Korea to global business sites (promote the capacity-building of locally-hired staff)	<ul style="list-style-type: none"> Cultivated in-house instructors in the core value internalization course Conducted the Proactive Leadership (PL) course for operators at Korea and Indonesia Plants 	●	46
EV4	Work-life balance	Enhance family-friendly management	<ul style="list-style-type: none"> Operated a family experience program ('Daddy, Where Are We going?': 204 participants) Invited families to plant tour (214 participants) 	●	47
		Launch the flexible working hour system (mainly for female staff)	<ul style="list-style-type: none"> Test operation of the flexible working hour system 	●	47



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
EV1	Open communication	Enhance global communication contents	<ul style="list-style-type: none"> Enhance communication channels linked with DWP Upgrade visuals and create new contents 	Dec.	Corporate Communication Team
		Improve mobile corporate magazine	<ul style="list-style-type: none"> Expand visual contents such as films Add communication function to mobile corporate magazine 	Dec.	Corporate Communication Team
		Create 'Fun & Smart' working environment	<ul style="list-style-type: none"> Increase employee satisfaction by creating great workplace (GWP campaign, etc.) Build creative office infrastructure to increase concentration (Smart Mail, Green Desk, etc.) Listen to opinions of Indonesia and Tennessee Plants, respond to complaints, and share GWP best practices 	Dec.	Production & Engineering Corporate Management Team
EV2	HR system to offer fair opportunities	Settle the global HK human rights management system and reinforce human rights promotion	<ul style="list-style-type: none"> Settle the global HK human rights management system by enhancing competency of staff in charge of human rights and training employees Improve human rights assessment tools and adopt zero tolerance for effective human rights management 	Dec.	Human Resource Management Team
		Establishment of diversity management system	<ul style="list-style-type: none"> Subdivide management indices Regular monitoring 	Dec.	Human Resource Management Team
EV3	Growth-fostering Training Systems	Expand the Proactive Leadership (PL) course throughout the company	<ul style="list-style-type: none"> Nurture in-house instructors among local operators and implement PL course Develop locally tailored education materials 	Dec.	Proactive University
		Develop capabilities to cultivate experts with production technology	<ul style="list-style-type: none"> Secure infrastructure for practical trainings and develop curricula to sharpen competitiveness of global plants 	Dec.	Global Production Innovation Education Team
EV4	Work-life balance	Expand the flexible working hour system and support infant and senior citizen care	<ul style="list-style-type: none"> Expand the flexible working hour system (OE division in 2015 → female employees and development & test department staff in 2016) 	Dec.	R&D HR Team

EV-1

Open Communication

Hankook Tire's greatest competitive edge lies in its trust-based labor relations. We are building on this relationship further by taking a joint journey to discover and communicate diverse improvements to be made to maximize employee value.

Enhance Global Communication Contents

Completed the Digital Workplace (DWP) Development Plan • As we expand our presence across the world, Hankook Tire is developing an integrated global intranet, the Digital Workplace (DWP), to facilitate the seamless communication among employees in different countries and their work efficiency. The DWP whose development plan was completed in 2015, will contribute to creating a workplace where employees can fully engage in work in a convenient and pleasant manner. Among others, the DWP is expected to: first, promote communication among employees globally to solidify the identity of 'Hankook Tire people'; second, enhance operational efficiency and productivity by streamlining document work and offering social network service on intranet; third, expedite knowledge sharing as the searching system is integrated into the in-house system to make it easier to find information; and lastly, establish the 'Proactive Culture' company-wide by encouraging networking activities such as company clubs and volunteering activities which are accessible via mobile devices.

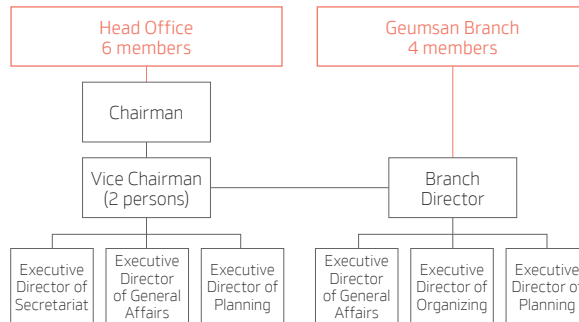
Published the Global Mobile Company Newsletter, 'Hankook Tire Magazine' • Hankook Tire launched the global mobile newsletter, 'Hankook Tire Magazine' in June 2015, a redesigned version of its former printed magazine 'Donggeurami World.' Published to deliver messages from the top management and to share news among employees at our global plants, 'Hankook Tire Magazine' comes in five languages – Korean, English, Chinese, Hungarian, and Indonesian. The 'Hankook Tire Magazine' will serve as the open communication channel accessible to all employees.

Establish a Labor-Management Culture Pursuing Trust and Co-prosperity through Diverse Communication Channels

To establish the culture of mutual prosperity and communication and boost employee's work engagement, we diversified the communication channels for the production & engineering division. We introduced three channels into the communication channel in the division - organization, team, and individual - with strategic action plans set for each category. For the Organization category, key issues and event schedule were shared among employees including 'Plant Competitiveness Improvement Committee', 'Production & Engineering Division Technology Exchange', and 'Facilities Maintenance Innovation Forum'. The Team channel introduces teams and members at the Production & Engineering Division by using

the 'Digital Board', helping understand team's roles and functions. Heads of division and employees hold meetings on a regular basis to reinforce communication channels at individual level. The monthly meeting discussed priority tasks to improve employees' engagement in work, exploring ideas to improve work-family balance, interpersonal communication, work engagement, and challenge. Our plan is to establish the culture of open communication company-wide through a variety of activities.

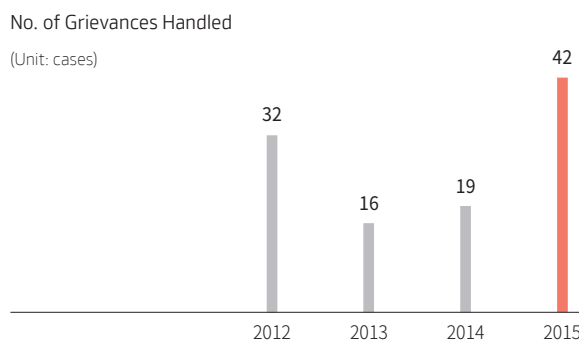
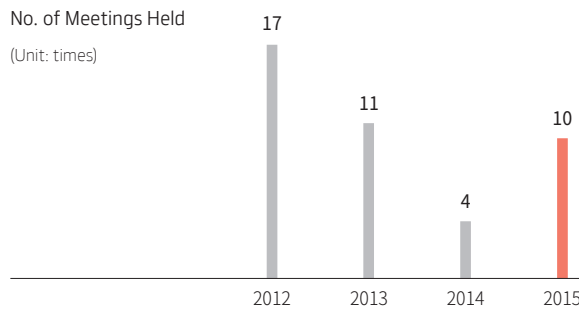
The 1st Labor Union Organization Chart (As of the end of 2015)



Members of the 1st Labor Union

Labor Unions	Worksite	No. of union members	Percentage(%)
Labor Union at the Head Office	Head Office (including sales and logistics)	94	2.2
	R&D Center (including production & engineering)	242	5.6
	Daejeon Plant	2,198	50.7
Geumsan Branch	Geumsan Plant	1,803	41.6
Total		4,337	100.0

Outcomes of Grievance Committee Activities



EV-2

HR System to Offer Fair Opportunities

Our growth is driven by the talent and capacity of our employees, which stems from our fair and transparent HR policies. Specifically, our HR system is taking a firm root to provide fair opportunities (according to international standards), strengthening employee human rights and increasing the employment of the disabled.

Establish the Global HK Human Rights Management System Guided by the UN “Protect, Respect and Remedy” Framework for Business and Human Rights

We strive to fulfill the social responsibility requested upon us in the field of human rights management and comply with international human rights standards. In 2015, we conducted the human rights assessment in all of our operations to come up with improvement tasks, laying the foundation to establish our own human rights management system. On the following anniversary of our foundation, we introduced human rights management principles initiated by the CEO’s human rights management declaration, while offering human rights education to 129 team managers on the meaning and significance of human rights management. Furthermore, the Grievance Committees which were set up in certain operations has been expanded following the finalization of the regulations for the Grievance Committee at the HQ. These activities were carried out as part of our commitment to establishing the human rights management system. Our plan

for 2016 is to develop company-wide human rights education content and promote the activities of the Grievance Committee at overseas regional headquarters and plants.

Continue to Manage the Diversity of Workforce

To facilitate the employment of disabled employees, Hankook Tire has cooperated with the Korea Employment Agency for the Disabled on establishing a subsidiary company since 2014. As a result, ‘Hankook Donggeurami Partners’ was founded on March 2, 2015 and it was certified as the standard site for disabled employees on April 19, 2016. In creating this type of business site, we can indirectly recruit people with disabilities through our subsidiary to provide stable employment to those with severe disabilities. This also ensures that we satisfy the mandatory ratio of disabled employees and fulfill our social responsibility. The ‘Hankook Donggeurami Partners’ hired 9 disabled persons in 2015 and plans to give additional 59 disabled persons jobs in 2016. Hankook Tire promises to remain committed to generating jobs for people with disability.



*Cafe operated by the Hankook Donggeurami Partners

Hankook Tire Human Rights Policy

Hankook Tire recognizes the significance of human rights as a universal value of humankind. Moreover, we acknowledge that value can be realized through business activities. With such acknowledgement, Hankook Tire will respect and protect the rights of its own employees and stakeholders associated with its operations, products and services.

In order to fulfill the responsibility to respect human rights, Hankook Tire shall support and endeavor to observe the principles of the Universal Declaration of Human Rights, the UN Global Compact and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

Hankook Tire shall also support the UN Guiding Principles on Business and Human Rights and implement human rights management system which includes assessments, taking appropriate action and tracking responses, internal and external communications and operation of grievance mechanisms and remediation procedures.

Hankook Tire, as an enterprise that is dedicated to fulfilling its social responsibilities and pursuing the happiness of all employees and stakeholders, shall comply with the laws of each country where it operates under all circumstances and by protecting and respecting human rights, it will contribute to the healthy development of society.

Seung Hwa Suh
Vice Chairman & CEO, Hankook Tire
May 2015

Signature

EV-3

Growth-fostering Training Systems

To assist our employees, the key component of our competitive edge, in building capacity and engaging in their work, we offer basic leadership training and job training that are based on capacity requirements. In addition, we are building our global HRD network to promote the growth of our employees on a global level.

Cultivate Experts with Production Technology (Strengthen Educations on Machinery and Electricity through Operating GTR)

To improve working-level capacity of our employees, Hankook Tire operates the GTR (Global Training Room) where employees can acquire skills on electric hydraulics, electro pneumatics, and PLC (Programmable Logic Controller) by using the latest training equipment through diverse educational courses. In 2015, 19 out of the 24 operators who participated in the 2-session license course on Craftsman Plant Maintenance obtained the license. These training courses will be expanded continually so that we can foster more working-level experts.



Operation of the Global Training Room

Expand Common Training Courses Offered in Korea to Global Business Sites (Promote the Capacity-building of Locally-hired Staff)

To enhance employee's engagement in work and stay abreast of the fast changing business environment, Hankook Tire has redefined the mission and vision system established back in 2009, conducting a wide array of activities aimed at clarifying and internalizing the renewed core values. In 2013, we developed the Proactive Leadership course consisting of in-house cases, offering the course to office staff Korea. Then in 2015, the Proactive Leadership course was expanded as a total of 4,283 operators in Korea completed the training. In the meantime, we trained in-house instructors to promote the roll-out of common training courses to global business sites while developing teaching plan customized for overseas regional headquarters. Based on the teaching plan, we offered locally programmed training to 533 team managers and heads of divisions in China in 2014 and 978 operators at Indonesia Plant in 2015. Our plan for 2016 is to improve educational content and cases to offer advanced courses for office staff in Korea while organizing the Proactive Leadership for operators at China HQ and Hungary Plant.

Average Annual Training Hours per Person

Hankook Tire provides employees with opportunities to upgrade their job competency through collective and online trainings. And leadership trainings for each position leader deliver core values and proactive leadership. Going forward, we will continue to expand training session for employees through our global HRD network and learning contract program, offering 50 training hours per employee by 2020.



* The figure of 2014 differs from that of the previous report due to the extension of data gathering criteria to office staff and operators.

EV-4

Work-life Balance

We strive to create a workplace where all our employees attain a fair work-life balance to lead healthy and happy lives and make progress both at home and in the workplace. We believe that such endeavors will be translated into enhanced trust and engagement with the company, as well as improved health and reduced job stress.

Enhance Family-friendly Management

We hosted diverse events to help our employees and their families better understand the company and our work environment. 'Daddy, Where Are We Going?' is an experience-based trip program for employees and their children. It was joined by 204 participants from 81 families. And the 'Plant Tour for Employee Families' program attended by 214 employees and their families allowed them to better understand our work environment. We also offered diverse programs such as cultural lecture for employee's wife and cooking class.

Launch the Flexible Working Hour System

To help researchers engage in their work and support the work-life balance, we launched a new flexible working hour initiative in 2015. This program was designed to allow our employees to choose working hours while working 8 hours a day if they inevitably need to adjust the hour to come to and leave office. This serves as an institutional tool that prevents accumulation of fatigue and enables our researchers to engage in their work. The flexible working hour system, partially adopted as a pilot program in 2015, will be expanded for all female workers and researchers in 2016.



1, 2 'Daddy! Where Are We Going?' Program
3, 4 Plant Tour for Employee Families

5 Culture Lectures for Employees' Wives
6 Cooking Class

ENVIRONMENTAL MANAGEMENT

1. Integrated Environmental Management



Background of this issue

It is a fundamental responsibility of a company to minimize the environmental impact caused by business activities. Therefore, the environmental issue is recognized as a risk at many companies in spite of their sustained efforts for improvement.

Legal standards for environmental issues such as air pollutants, wastewater, and waste in manufacturing business are being tightened and stakeholders' interest in environment is also growing. They also require considerable efforts to reduce environmental impacts in whole product lifecycle ranging from manufacturing to disposal. We are committed to fulfilling our responsibility through clean manufacturing and development of eco-friendly products.

Risks & Opportunities

Declaration

Being fully aware of environmental impacts generated throughout its entire product life cycle encompassing the acquisition of raw materials, production, use, recycling and disposal, Hankook Tire is committed to minimizing them at every stage of product life cycle. Hankook Tire will focus on developing eco-friendly products to help customers enjoy eco-friendly consumption and lifestyle.

EHS Committee

- Chaired by: Daejeon Plant Managing Director
- Supervised by: DP) Environment & Safety Team
- Members: KP) Environment & Safety Team, Machinery Engineering Team 3, DP)KP) Facility Maintenance Team, R&D Corporate Management Team, Material Research Team 2, CSR Team

Product Environment Committee

- Chaired by: R&D Planning Department Director
- Supervised by: R&D Planning Team
- Members: PC Development Team 3, TB Development Team 2, Research Team 3, CSR Team

Management Responsibility and Governance

Key Managerial Issues

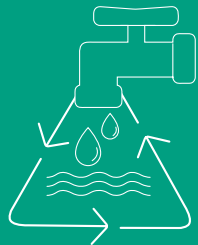
Management of environmental production infrastructure

Resource management

Product environment

Key Achievements

Ratio of recycling treated water



32.5%

Ratio of eco-friendly products



47.1% (as of sales)

Ratio of recycling waste



77.0%

Future Plans and Outlook

Recently tightening environmental regulations may usher in the technical barriers to trade in the world. Hankook Tire will be proactive in responding to environmental regulations to create new markets and business opportunities. In addition, we will upgrade our environmental management system to world-class level and beef up our image as an eco-friendly company through active communication with local communities.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
IE1	Management of environmental production infrastructure	Strengthen response capability to deal with tightening environmental regulations	<ul style="list-style-type: none"> Investigated the status of odor emissions at Daejeon Plant Improved the efficiency of odor prevention facilities for mixing and curing process at Daejeon Plant Installed weather system and adopted atmospheric diffusion modeling to Geumsan Plant Renewed the ISO14001 certification 	●	50
		Prevent environmental accidents	<ul style="list-style-type: none"> Adopted new chemicals to treat wastewater 	●	50
		Expand activities for co-prosperity with local communities	<ul style="list-style-type: none"> Indemnified for fire accident Expanded communication with local communities ('Green Environment Class') Supported small local companies for environmental management 	●	50
IE2	Resource management	Lay the foundation for installation tire derived SRF(solid refuse fuels) pyrolysis facilities	<ul style="list-style-type: none"> Held 11 public hearings and 48 meetings with relevant institutions for installing facilities that use solid fuels 	●	-
IE3	Product environment	Reduce tire rolling resistance	<ul style="list-style-type: none"> Expanded tire lineups with high-rated labeling - PCR: 58% with B/B & C/A ratings and over - TBR: 27% with B/B rating and over 	●	51
		Develop eco-friendly products	<ul style="list-style-type: none"> Researched EV tire development technology - Developed preceding products of narrow & tall tires - Ensured 99% performance of comparison targets (rolling resistance: 115%, C_q*: 93%) - Developed a new definition of eco-friendly products - Renewed the carbon footprint labeling of enfren eco 	●	51~52
		Develop safety-driven products	<ul style="list-style-type: none"> Secured technology for the development of eco-friendly runflat tire** - 106% in weight and 95% in driving comfort compared with tires below 45 Series 	●	52

* C_q (cornering stiffness): Stability in handling

** Runflat tire is designed to resist the effects of deflation when punctured and to enable the vehicle to be driven at reduced speeds for limited distances to ensure the safety of drivers.



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
IE1	Management of environmental production infrastructure	Strengthen response capability to deal with tightening environmental regulations	<ul style="list-style-type: none"> Follow-up on results from the study of odor emissions status Apply the technology for removing oil in inflow air of odor prevention facilities. Replacement of old wastewater treatment facilities at Geumsan Plant 	Dec.	DP) KP) Environment & Safety Team, Machinery Engineering Team 3
		Prevent environmental accidents	<ul style="list-style-type: none"> Introduction of free tester raw materials use process for research 	Dec.	R&D Corporate Management Team
		Expand activities for co-prosperity with local communities	<ul style="list-style-type: none"> Operation of the Donggeurami Co-prosperity Council 	Dec.	DP) KP) Environment & Safety Team
IE2	Resource management	Build facilities that use solid fuels	<ul style="list-style-type: none"> Efforts for acquiring licenses and stabilization of facility operation 	Dec.	DP) KP) Environment & Safety Team
IE3	Product environment	Develop eco-friendly products	<ul style="list-style-type: none"> Expansion of tire lineups with high-rated labeling - Development of lightweight tires 	Dec.	PC Development Team 3, TB Development Team 2
		Develop eco-friendly raw materials	<ul style="list-style-type: none"> Development of natural resources and application technologies 	Dec.	Anti-Abrasion Performance Enhancement Project
		Develop runflat tires	<ul style="list-style-type: none"> Development of runflat tires - H462 model for domestic sales (6 sizes) 	Dec.	RFT Project

IE-1

Management of Environmental Production Infrastructure

We aim to minimize any possible environmental impact resulting from our production activities by investing in and improving environmental facilities. We also strive to introduce new technology to reach pollutant reduction goals and carry out environment protection activities.

Strengthen Response Capability to deal with Environmental Regulations

Investigate the Status of Odor Emissions at Daejeon Plant •

Following the designation of the Daejeon Plant as odor control area in 2008, we have been working to meet odor reduction target by concluding the voluntary agreement with the Daedeok-gu (where the plant is located) to resolve odor-related complaints since 2009. From late 2014 and on, we have hosted consultations with relevant agencies and experts to establish a rigorous set of odor release standards in odor control area in Daejeon. As a result, we agreed to enhance monitoring of odor-releasing company and, at the same time, proceed intensive odor investigations. In compliance with the agreement, Hankook Tire's Daejeon Plant commissioned a survey of odor release quantity and odor impact on surrounding area to the odor VOC center at Woosong University from September 2015 to March 2016.

Improve the Efficiency of Odor Prevention Facilities for Mixing and Curing Process at Daejeon Plant •

Our Daejeon Plant had first installed two CRCOs*, the high-efficiency LNG combustion facilities, in 2009 in order to control the odor generated in the mixing process. We later set up two additional CFRTOs** in the mixing and curing lines. In 2015, we replaced the second CRCO concentrator in the mixing line and CFRTO heat storage materials in the curing line to maintain the efficiency of odor reduction facilities. Our plan for 2016 is to replace the first CRCO concentrator. Given the characteristic of tire manufacturing process, the air coming into the odor reduction facilities is likely to contain oil component. Our Daejeon Plant plans to test pre-treatment technology to prevent such component in air from affecting facility efficiency and the lifecycle of component.

* CRCO (Concentrator & Regenerative Catalytic Oxidizer): Odor-containing air is absorbed by the zeolite concentrator, and then the concentrated odor substances are desorbed. Then the catalytic oxidizer is used to oxidize the odors at low temperatures (near 400°C) before releasing them into the air

** CFRTO (Concentrator & Flameless Regenerative Thermal Oxidizer): Odor containing air is absorbed by the zeolite concentrator. The thermally desorbed odors are burnt at high temperatures (near 800°C) through RTO (regenerative thermal oxidizer) and then released into the air.

Install Weather System and Adopt Atmospheric Diffusion Modeling to Daejeon and Geumsan Plant •

We set up meteorological observation facilities and atmospheric diffusion modeling program at the Daejeon Plant in 2011 to assess the environmental impact on the surrounding area. These facilities were also installed in Geumsan Plant in September 2015. The data on wind direction, wind velocity, temperature, humidity, atmospheric pressure, and solar radiation obtained from the meteorological observation facilities at the two plants are used for atmospheric diffusion modeling.

Establish Global Environmental Goals • Since 2012, we have been monitoring the selected global EHS indicators quarterly. In 2015, we set a global EHS goal by creating indicators and the base year to be applied to all business sites, and then established mid to long-term goals of each site. We plan to monitor the implementation activities for the realization of the goals.

Prevent Environmental Accidents

Adopted New Chemicals to Treat Wastewater •

Daejeon and Geumsan Plants have used sodium hydroxide, classified as toxic substances, as pH-regulating agents when treating water. To protect operators who work with sodium hydroxide and prevent environmental accidents, we developed and tested alternate substances for three months. The test results showed that our new substance was as effective in treating water as sodium hydroxide, thus we completely replaced sodium hydroxide with the new substance. We also obtained the approval from the Geumgang River Basin Environmental Office to exclude sodium hydroxide from permission to toxic use.

Expand Partnerships for Prosperity with Local Communities

Expand Communication with Local Communities •

We invited local residents by hosting 'Green Environment Class'. They had a chance to take a glimpse into our tire manufacturing process and our achievements in environmental improvement. In addition, we organized Donggeurami Concert, Donggeurami Festival, One Stream for One Company (16 occasions), in-house medical service (520 people), odor evaluation (2 occasions), and Geumgang LOHAS Park cleaning activities (12 occasions). Daejeon Plant and the Geumgang River Basin Environmental Office visited seven SMEs, and provided on legal requirements regarding atmosphere, water quality, and wastes and facilities maintenance, laying the groundwork for a win-win growth with local businesses.

IE-2

Resource Management

We are committed to the efficient use of resources and the expansion of recycling to prevent the depletion of limited resources

Comply with the Mandatory Tire Recycling Ratio

In compliance with the Extended Producer Responsibility (EPR), we fulfill our recycling responsibility through the Korea Tire Manufacturers Association (KOTMA), and make contributions to the fund required for recycling. The KOTMA spends the contributions to collect and process waste tires and undertake accompanying recycling projects. As of 2014, most of waste tires are processed via thermal consumption (74%) and material recycling (24%). We work together with the KOTMA to increase the ratio of material recycling in a more environmentally-friendly manner.

increase fuel efficiency may degrade braking, handling and wear performance, we continue to research compounds for the optimized balance between tire-surface contact pressure and performance, in addition to product eco-friendliness.

- * PCR (Passenger Car Radial) Tire: Comparison of 'Ventus prime 3' against 'Ventus prime 2' (specifications: 215/55R16V)
- ** TBR (Truck Bus Radial) Tire: Comparison of 'TL10+' against 'TL10' (specifications: 385/65R22.5)
- *** Ratings of wet grip and rolling resistance under the tire energy consumption efficiency rating scheme

Develop Eco-friendly Products

Research on Tire Technology for EV • We are committed to developing EV tires to respond to an increasingly growing demand for eco-friendly vehicles. EV tires demand unique requirements such as heavy load support for vehicle battery and wear-resistant against frequent braking. Our sustained R&D allowed us to develop lightweight materials with low rolling resistance and high-strength. As a result, compared to products from 2014, our new EV tires are 7% more resistant to rolling while maintaining the same load-carrying capacity.

New Definition of Eco-friendly Products • We had set the ratio of eco-friendly products based upon the standards established back in 2010. Meanwhile, as the existing ones specified no more than the European labeling criteria, we added the labeling criteria of Korea and Japan in 2015. The use of Low PAH* oil and silica, which are widely used now, was deleted. In the meantime, such items as improved wear resistance, improved recyclability, and adoption of new eco-friendly technology were added to the existing standards on eco-friendly products. The revenue of eco-friendly products in 2015 after the redefined standards rose by 6.8% from 2014.

* PAH: Polycyclic Aromatic Hydrocarbons

IE-3

Product and Environment

Hankook Tire endeavors to develop eco-friendly tires across the entire life cycle of our products, from procurement of raw materials, manufacturing and use to disposal. We aim to increase the ratio of eco-friendly products by 65% by 2020.

Reduce Tire Rolling Resistance

To improve fuel efficiency by reducing rolling resistance, we continue to research platform technology on tire structure, raw materials, ingredients and production. Such research outcomes enabled us to improve our rolling resistance performance by 12%* in PCR and 11%** in TBR. For PCR products, we increased the ratio of B/B- and C/A-rated*** products to 58% through rate improvement of existing products and new product development. We expect to draw upon the research outcomes to develop new product which will replace our European flagship eco-friendly product 'Kinergy Eco' in 2016. For TBR, meanwhile, we newly developed products which are rated B/B or higher in 2015, achieving the market share of 27%. We expect the market share to continue to increase. Since simply reducing rolling resistance to

Aspects of Eco-friendly Product (when satisfying any of the following aspects)

Prevention of global warming	Contribution to improving fuel efficiency
Improvement of wear resistance performance	Long-term use by enhanced durability
Replacement of raw materials with natural resources	Minimization of resource depletion
Improvement of recyclability	Easy retread and regrooving (TBR)
Reduction of noise	Low noise
Application of new eco-friendly technologies	Non-pneumatic tire, etc.
User safety*	Satisfaction of tire's basic function

* User safety must be satisfied under any circumstances.

Renew the Carbon Footprint Labeling of Enfren Eco • We had obtained the carbon labeling certification on ‘enfren eco’ products in the process of lifecycle assessment at our Geumsan Plant in 2012 from the Korea Environmental Industry & Technology Institute, and renewed it 2015. Our efforts at developing lightweight tires and improving manufacturing environment have resulted in us reducing GHG emissions (1.15kgCO₂-eq) compared to 2012.

Carbon Labeling Certification (Unit: CO₂ emissions (Kg))

Product name	Certified in	Total emissions	Before manufacturing	Manufacturing
enfren eco (195/65R15H)	2012	25.75	17.86	7.89
	2015	24.60	17.22	7.39

Develop Safe Products

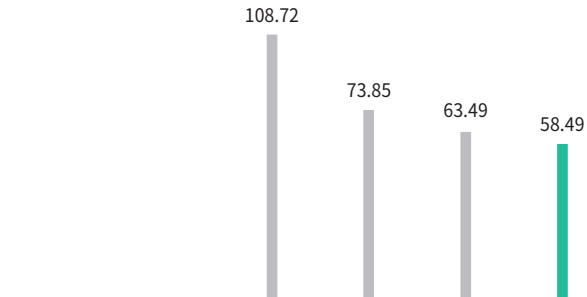
Runflat tire is designed to enable the vehicle to be driven at a certain speed despite the effects of deflation when punctured due to the road surface conditions or wear. With runflat tires fitted, the weight of a car is reduced without having to carry spare tires, hence raising the fuel efficiency. It is thanks to those benefits that 60% of premium cars come with runflat tires. Recognizing this trend, Hankook Tire has developed new products whose weight and comfort are 106% and 95%, respectively, compared to general tires* of 45 series or below through researches on lightweight models with high durability.

* Pattern and specification: K117B 245/45R18W

COD Emissions

COD emissions in 2015 decreased 8% from the previous year due to the reduction of treated water emissions.

(Unit: COD emissions (g)/product (tons))



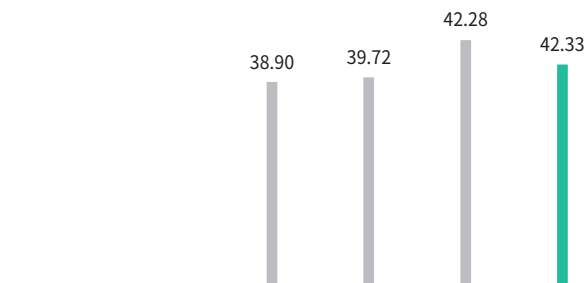
Sites	2012	2013	2014	2015
(Unit: tons)				
Daejeon Plant	4.00	3.25	3.11	3.96
Geumsan Plant	3.03	3.88	4.84	3.58
Jiangsu Plant	10.30	9.32	6.12	10.96
Jiaying Plant	97.75	61.53	55.11	43.61
Chongqing Plant	-	4.21	1.33	3.13
Hungary Plant	3.14	2.89	3.31	3.29
Indonesia Plant	-	1.48	0.21	0.08
Total	118.21	86.56	74.04	68.62

* Figures in 2014 in the table below are a little different from those of the previous report due to errors in calculating the amount of treated water emissions at Daejeon and Geumsan Plant.

Waste Treated

The intensity of waste treated increased 1% compared with 2014. We plan to achieve a 5% decrease in the intensity compared with 2014 by 2020.

(Unit: waste treated (kg)/product (tons))



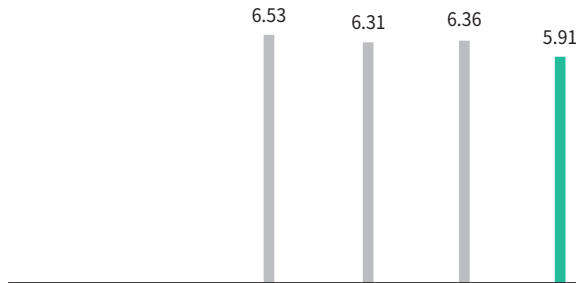
Treatment	2012	2013	2014	2015
(Unit: tons)				
Consigned recycling	31,258	35,855	38,576	38,245
Consigned incineration	6,061	5,603	4,777	6,146
Consigned landfill	4,977	5,096	5,945	5,270
Total	42,296	46,554	49,298	49,661

* The intensity and recycling ratio in 2014 in the table below are a little different from those of the previous report due to errors in calculating the amount of waste emissions at Daejeon Plant.

Water Intake

The intensity of water intake in 2015 decreased 7% from the previous year due to the reduction of water intake at Jiangsu Plant and Jiaxing Plant. We aim to decrease the intensity by 10% compared with 2014 by 2020.

(Unit: water intake (m³)/product (tons))



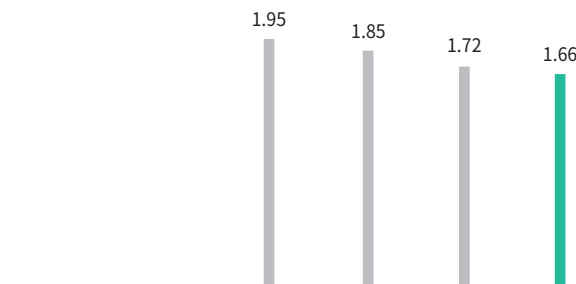
Sites	2012	2013	2014	2015
(Unit: m ³)				
Daejeon Plant	1,666,929	1,768,189	1,587,821	1,584,524
Geumsan Plant	1,674,990	1,627,982	1,662,331	1,542,081
Jiangsu Plant	1,401,553	1,458,024	1,740,099	1,358,341
Jiaxing Plant	1,979,275	1,593,809	1,491,204	1,149,976
Chongqing Plant	-	256,774	321,351	493,872
Hungary Plant	358,793	324,965	342,075	342,075
Indonesia Plant	-	372,524	275,483	463,776
Total	7,081,540	7,402,267	7,420,364	6,934,645

* The intensity data in 2014 in the table below are a little different from those of the previous report due to errors in calculating the amount of water intake at Daejeon Plant.

Discharge of Treated Water

The intensity of treated water discharge in 2015 fell by 3% from the previous year backed by a decrease of water intake and an increase of recycled wastewater at Chongqing Plant.

(Unit: discharge of treated water (m³)/product (tons))

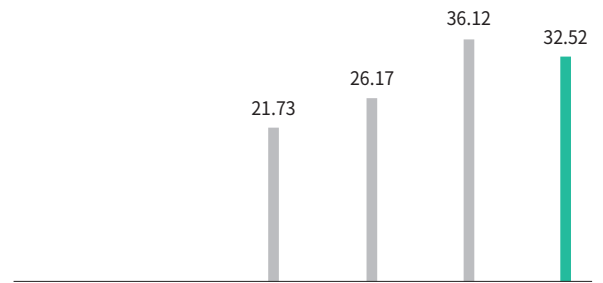


Sites	2012	2013	2014	2015
(Unit: m ³)				
Daejeon Plant	328,644	295,399	253,185	268,262
Geumsan Plant	365,421	446,286	569,614	455,443
Jiangsu Plant	228,800	227,200	154,930	211,267
Jiaxing Plant	1,090,919	869,131	742,769	608,292
Chongqing Plant	-	167,620	168,140	224,299
Hungary Plant	104,511	96,260	110,359	178,000
Indonesia Plant	-	65,936	11,102	3,342
Total	2,118,295	2,167,832	2,010,099	1,948,905

Recycling Rate of Treated Water

The recycling rate of treated water in 2015 decreased 10% from the previous year due to a drop in treated water recycling at Daejeon, Geumsan, and Jiangsu Plant. Our goal is to increase the recycling rate of treated water up to 40% by 2020.

(Unit: %)

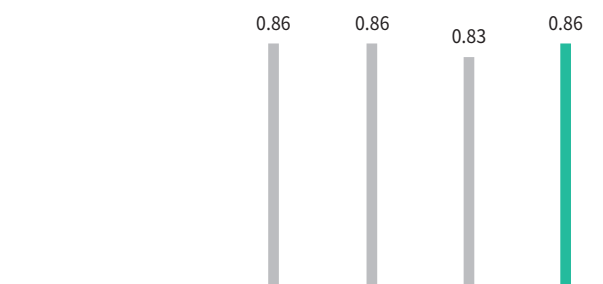


Sites	2012	2013	2014	2015
(Unit: %)				
Daejeon Plant	48.34	51.69	55.46	51.50
Geumsan Plant	43.44	39.04	34.57	31.47
Jiangsu Plant	0	0	57.23	34.57
Jiaxing Plant	0	0	0	0
Chongqing Plant	-	16.86	24.40	24.66
Hungary Plant	0	0	0	0
Indonesia Plant	-	66.75	95.89	98.73
Total	21.73	26.17	36.12	32.52

Use of Major Raw Materials

Tires are primarily made from rubber, carbon black, steel cords, textile cords and bead wires. Use of those materials in 2015 rose compared with the previous year due to a slight increase of production volume.

(Unit: use of raw materials (tons)/product (tons))



Raw Materials	2012	2013	2014	2015
(Unit: tons)				
Natural Rubber	284,169	312,692	297,994	306,394
Synthetic Rubber	225,448	238,875	230,526	251,255
Carbon Black	253,852	268,791	259,115	265,971
Textile-Cord	38,459	41,011	42,155	45,590
Steel-Cord	85,930	95,898	93,312	98,158
Bead Wire	43,366	47,297	47,253	46,482
Total	931,224	1,004,564	970,355	1,013,850



ENVIRONMENTAL MANAGEMENT

2. Climate Change & GHG Management



Background of this issue

Increasing GHG emissions cause global-level risks such as ecosystem disruptions and rising sea levels. In response, the whole world signed the Paris Agreement, a new climate system, at the COP21 held in December 2015. The agreement emphasizes corporate role and responsibility for limiting the rise of world temperatures to no more than two degrees centigrade compared to preindustrial level.

Our business scale has been growing backed by the expansion of global production facilities. This trend inevitably exposes us to environmental risks such as emission trading scheme and energy resource depletion. However, increasing energy efficiency through new technologies and committing to reducing GHG emissions will bring such positive benefits as production cost savings

Risks & Opportunities

Declaration

Hankook Tire is fully aware that endeavors and initiatives to address climate change on the global, regional and national level constitute critical prerequisites for a sustainable future. Thus, Hankook Tire is ever committed to minimizing any impact from climate change.

Energy & GHG Committee

- Chaired by: Production & Engineering Division Director
- Supervised by: Machinery Engineering Team 3
- Members: CSR Team, Global Facility Maintenance Operations Team, DP) KP) Facility Maintenance Team, R&D Corporate Management Team

Management Responsibility and Governance

Key Managerial Issues

Energy & GHG management

Reduction of energy consumption and GHG emissions

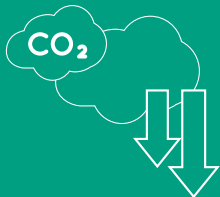
Introduction of new technologies

Key Achievements

Reduction of GHG emissions

Reduction of energy costs

Exceeded the energy intensity goal



6,514 tCO₂-eq (domestic sites)



KRW 1.79 billion (domestic sites)



1.65 %

Future Plans and Outlook

The Paris Agreement, a new climate system, will require companies more obligations and regulations on climate change & GHG management. Moreover, dwindling energy resources and accompanying cost increase may become obstacles to business activities. In response, Hankook Tire is committed to improving energy efficiency and developing alternative energy sources to ensure our sustainability and proactively join the efforts to prevent global warming.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
CC1	Energy & GHG management	Win the Carbon Management Sector Winners at the CDP Korea Awards 2015	Won the Carbon Management Sector Winners in Consumer Discretionary Sector for 2 years in a row	●	56
		Establish the e-Saver (energy management system) - Phase II	Completed the e-Saver (Phase II for steam, N ₂ gas, and compressed air) project at the domestic plants	●	56
		Set up criteria to estimate the cost benefits from GHG emissions reduction within the investment process	Set criteria to estimate GHG reductions and apply the internal price of carbon	●	56
CC2	Reduction of energy consumption and GHG emissions	Implement the 4Re initiatives (Phase II)	· Renovation (adoption of high energy-efficiency equipment)		
			- Improved main pipelines for compressed air supply	●	56
			- Replaced with high efficiency LED lights	●	56
			- Replaces old chillers	●	56
			- Improved curing pump control	●*	-
			· Reuse (maximization of energy recovery)		
			- Spread the booster of recovered and reused steam from curing waste heat	●**	-
- Installed white smoke removal devices	●	56			
- Replaced old condensate water recovery devices	●	56			
· Recycling (recreation of value from waste)					
- Installed a low-temperature pyrolysis system	●***	56			
· Replace (review of alternative energy sources)					
- Reviewed the economic feasibility of solar power generation system for the domestic plants	●	56			
CC3	Introduction of new technologies	Develop and review the technology to convert waste heat to steam	Reviewed the economic feasibility of devices to convert waste heat to steam	●	57

* Extend the period to 2016 due to precise diagnosis and additional design for better effectiveness

** Extend the period to 2016 due to precise diagnosis and additional design for better effectiveness

*** Under test due to design modification and additional requirements to complete in 2016



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
CC1	Energy & GHG management	Establish the e-Saver (energy management system) in Indonesia Plant	Energy management system	Oct.	G. Facility Maintenance Operations Team
CC2	Reduction of energy consumption and GHG emissions	Adjust time for Platen & Jacket Drain in curing process	Reduction of GHG emissions and energy consumption	Dec.	DP)KP) Facility Maintenance Team
		Replace with high efficiency LED lights		Sep.	DP) Facility Maintenance Team
		Improve curing pump control through high efficiency of facilities		Aug.	Machinery Engineering Team 3
		Improve the curing waste heat reuse system (installation of steam compressor)		Sep.	G. Facility Maintenance Operations Team, DP)KP) Facility Maintenance Team
		Install decompressed energy reuse facilities (decompressed turbine generator)		2017	Machinery Engineering Team 3
CC3	Introduction of new technologies	Implement the feasibility study of installing photovoltaic power generation facilities	Review of new technologies	Oct.	Machinery Engineering Team 3
		Review the economic feasibility of installing ESS (Energy Storage System)		Oct.	Machinery Engineering Team 3

CC-1

Energy & GHG Management

To manage our energy consumption more systematically and lay the basis for energy & GHG management, we established the plant energy management system and integrated the standards of greenhouse gas emissions into our investment process. In recognition of such efforts, we won the Winners Award in the carbon management sector at the CDP Korea Awards 2015.

Won the Carbon Management Sector Winners at the CDP Korea Awards 2015

Since 2010 when we joined the global climate change initiative of CDP (the former Carbon Disclosure Project), Hankook Tire has continued transparent disclosure of information on its climate change responses. In recognition of its transparent and proactive response to climate change, Hankook Tire was honored with the Carbon Management Sector Winners by CDP Korea Awards for two consecutive years in 2014 and 2015.

Establish the e-Saver (Energy Management System) - Phase II

In 2015, we further upgraded our e-Saver (energy management system) to constantly monitor energy consumption by process unit and facility at the Daejeon and Geumsan Plants. Following the completion of Phase 1 (fuel, electricity, water) in 2014, Phase 2 (steam, N₂ gas, compressed air) was finished in 2015. Tracking and managing energy consumption allowed us to save a considerable amount of energy use. In 2016, our Indonesia Plant will be our first overseas plant to adopt this system. We will continue to establish energy saving infrastructure in a sustainable and systematic manner by expanding e-Saver to our entire plants.

Set up Criteria to Estimate the Cost Benefits from GHG Emissions Reduction within the Investment Process

With the implementation of emissions trading scheme in Korea, Hankook Tire, as a business entity eligible for allocation of emissions allowances, is expected to make a thorough review of cost benefits from greenhouse emission reduction before undertaking facilities investment. As such, we began to apply the internal standards established in 2015 on the estimation of GHG reductions and the internal price of carbon starting from 2016.

CC-2

Reduction of Energy Consumption and GHG Emissions

In an aim to minimize energy consumption and GHG emissions from the product manufacturing process, we implement diverse initiatives to improve facility efficiency and to recover and reuse energy.

Implement the 4Re Initiatives (Phase II)

Renovation (Adoption of High Energy-efficiency Equipment) • The installation of storage facilities of compressed air between air dryer and air pressure allowed us to remove moisture from compressed air, hence reducing electricity power consumption while shortening the operating hours of air dryer. We have replaced old chillers with high-performing facilities, minimizing energy consumption required for facility operation. Since 2014, we have been phasing in highly-efficient LED lights in our plants. By undertaking process improvement and enhancing power consumption efficiency, we were able to reduce approximately 2,185tCO₂-eq in GHG emissions and save KRW 531 million in energy costs in 2015.

Reuse (Maximization of Energy Recovery) • To reduce energy consumption, we installed white smoke removers to reuse waste heat released into air to warm water. Also, the replacement of aging condensate water recovery devices let us reuse a large volume of heat energy. Such diverse initiatives implemented in 2015 to recover energy enabled us to reduce approximately 4,326tCO₂-eq in GHG emissions and save KRW 1.261 billion in energy costs.

Recycling (Recreation of Value from Waste) • We are currently installing a new low-temperature pyrolysis system to turn waste tires into solid fuel. The carbon, oil and gas generated through such pyrolysis facilities will be used to heat boilers so as to replace fossil fuels, and the substances generated through the pyrolysis process will be sold and supplied to other industries as raw materials. The facility, scheduled to be completed in 2016, is under test as pilot facilities following the design changes.

Replace (Review of Alternative Energy Sources) • We are proactively reviewing the Installation of new & renewable energy sources in order to contribute to the Government's climate change policies and reduce GHG emissions. In 2015, we conducted an economic feasibility review of the photovoltaic power generation facilities in Daejeon and Geumsan Plants. In 2016, we plan to carry out its feasibility study of installation based on the result.

CC-3

Introduction of New Technologies

We are reviewing the development and adoption of new technology to drastically reduce GHG emissions.

Develop and Review the Technology to Convert Waste Heat to Steam

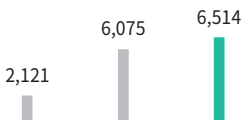
We have completed the economic feasibility review of the technology to convert waste heat to steam. Once introduced in the curving process of domestic plants, the technology is anticipated to save us about KRW 100 million in energy cost by reusing waste heat. We plan to undertake the introduction of the technology once a sufficient volume of hot water is secured for operation in plants.

Reduction of GHG Emissions and Energy Consumption between 2013~2015 (Domestic Sites)

Our Daejeon and Geumsan Plants are active in developing and investing in GHG emissions and energy consumption reduction projects every year, achieving tangible results since 2013. The plants reduced GHG emissions of 6,514tCO₂-eq and saved KRW 1.79 billion through energy consumption reduction in 2015.

Reduction of GHG Emissions

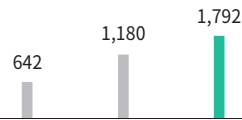
(Unit: tCO₂-eq)



Sites	2013	2014	2015
Daejeon Plant	974	1,931	3,896
Geumsan Plant	1,147	4,144	2,618
Total	2,121	6,075	6,514

Annual Savings

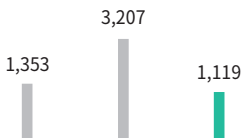
(Unit: KRW in millions)



Sites	2013	2014	2015
Daejeon Plant	361	577	1,096
Geumsan Plant	281	603	696
Total	642	1,180	1,792

Investments

(Unit: KRW in millions)



Sites	2013	2014	2015
Daejeon Plant	432	1,178	840
Geumsan Plant	921	2,029	279
Total	1,353	3,207	1,119

GHG Emissions and Energy Consumption between 2013~2015

GHG emissions and energy consumption was compiled from two domestic and five overseas production sites. Our Daejeon and Geumsan Plants build a reliable data through annual 3rd-party verification. We recalculated the 2013~2014 energy consumption based on lower heating value instead of higher heating value.

GHG Emissions

(Unit: tCO₂-eq/product (tons))



Sites	2013		2014		2015	
	Scope1	Scope2	Scope1	Scope2	Scope1	Scope2
Daejeon Plant	100,546	149,198	95,036	146,151	84,161	143,065
Geumsan Plant	82,325	191,953	80,433	188,916	76,051	189,141
Jiangsu Plant	8,852	219,101	8,647	197,733	9,188	198,473
Jiaxing Plant	2,740	255,511	2,335	258,185	2,075	231,503
Chongqing Plant	8,974	44,827	8,180	38,169	11,319	48,480
Hungary Plant	33,688	42,147	36,626	47,912	45,493	61,635
Indonesia	16,278	49,714	16,642	56,086	22,551	79,101
Total	253,403	952,451	247,899	933,152	250,838	951,398

Energy Consumption

(Unit: GJ/product (tons))



Sites	2013	2014	2015
Daejeon Plant	2,884,249	2,822,958	2,604,220
Geumsan Plant	2,938,769	2,885,363	2,810,085
Jiangsu Plant	1,903,075	1,804,304	1,781,512
Jiaxing Plant	2,149,917	2,144,818	1,928,908
Chongqing Plant	367,232	322,363	428,545
Hungary Plant	1,082,671	1,200,848	1,513,518
Indonesia Plant	524,289	568,606	778,031
Total	11,850,202	11,749,260	11,844,819



BUSINESS ETHICS & TRANSPARENCY



Background of this issue

Business ethics, built on the basis of transparency, serves as the bedrock for establishing relationships with diverse stakeholders. In particular, increasing social interest in corporate responsibility requires higher standards for business ethics and transparency.

Rapidly-changing business environments bring about a host of global ethical risks. Therefore, continuous commitment to ethics management and a sound organizational culture will be the impetus to the enhancement of stakeholder trust and global competitiveness.

Risks & Opportunities

Declaration

Hankook Tire's ethics management aims to assist employees in developing and practicing ethics awareness to gain greater credibility with stakeholders. To this end, we make a concerted effort to build a transparent and sound corporate culture on the basis of our mission and vision frame.

Ethics Management Committee

- Chaired by: Audit Department Director
- Supervised by: Audit Team
- Members: Global Marketing Planning Team, Corporate Management Team 1, Purchasing Planning Team, R&D Planning Team, Global Quality Assurance Team

Management Responsibility and Governance

Key Managerial Issues

Training and Communication on Ethics Management

Regular Monitoring and Evaluation

Dissemination of Ethics Management to Affiliates

Key Achievements

Established a whistleblower protection system



69.2% increase in no. of reports compared with 2014

Conducted trainings on ethics management



Approximately 2,400 persons

Disseminated ethics management to affiliates



1,422 persons from 4 affiliates

Future Plans and Outlook

We will develop the ethics management system where business ethics are come into action in line with the PDCA (Plan, Do, Check and Act) cycle. Other plans include making ethics trainings compulsory, expanding ethics trainings to overseas subsidiaries, and launching the Help Desk to activate internal communication. These efforts will consolidate our employees' commitment to business ethics.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
BE1	Training and communication on ethics management	Build a whistleblower protection system	· Set up policies for protection of whistleblowers and compensations	●	60
		Offer regular ethics management training	· Offered online ethics management training to office staff (including expatriates)	●	60
		Disseminate ethics management training to overseas subsidiaries	· Implemented ethics management training in China (Trainings for other overseas headquarters are planned in 2016.)	●	-
		Update the Ethics Guidebook	· Plan to update after enacting ethics management rules in 2016	○	-
		Send the E-ethics Letter (monthly)	· Sent the E-ethics Letter (six times)	●	60
		Launch the 'No Holiday Gift' campaign	· Conducted the 'No Holiday Gift' campaign on the New Year and Korean Thanksgiving holidays	●	61
		Operate the RMS in Korea and China	· Operated the RMS in Korea and China	●	61
BE2	Regular monitoring and evaluation	Perform self-diagnosis on ethics management	· Performed self-diagnosis on ethics management	●	61
		Perform self-diagnosis on ethics management for affiliates	· Not implemented self-diagnosis on ethics management (biennial plan)	○	-
BE3	Dissemination of ethics management to affiliates	Launch the 'No Holiday Gift' campaign	· Conducted the 'No Holiday Gift' campaign on the New Year and Korean Thanksgiving holidays	●	61
		Offer ethics management programs for affiliates	· Offered online ethics management training to office staff and operators	●	61
		Perform self-diagnosis on ethics management for affiliates	· Not implemented self-diagnosis on ethics management (biennial plan)	○	-



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
BE1	Training and communication on ethics management	Set up ethics management framework	Ethics management regulations	Jun.	Audit Team
		Update the Ethics Guidebook	Guidebook	Aug.	Audit Team
		Offer regular ethics management training	No. of trainees and training hours	Apr.	Audit Team, Proactive University, DP) KP) Human Resource Team, RGD HR Team
		Disseminate ethics management training to overseas headquarters	Training contents	Aug.	Audit Team
		Launch the Help Desk for business ethics	Help Desk	Feb.	Audit Team
		Send the E-ethics Letter	Details of letter delivery	Year-round	Audit Team
		Launch the 'No Holiday Gift' campaign	Notice	Feb., Sep.	Audit Team
BE2	Regular monitoring and evaluation	Operate the RMS in Korea and China	Report	Monthly	Audit Team, CHN) Corporate Management Team
		Perform self-diagnosis on ethics management	Diagnosis result report	Oct.	Audit Team
BE3	Dissemination of ethics management to affiliates	Launch the 'No Holiday Gift' campaign	Notice	Feb., Sep.	Audit Team, Ethics Management Team at each affiliate
		Offer ethics management training to affiliates	No. of trainees and training hours	Oct.	Audit Team, Ethics Management Team at each affiliate
		Perform self-diagnosis on ethics management for affiliates	Diagnosis result report	Oct.	Audit Team, Ethics Management Team at each affiliate

BE-1

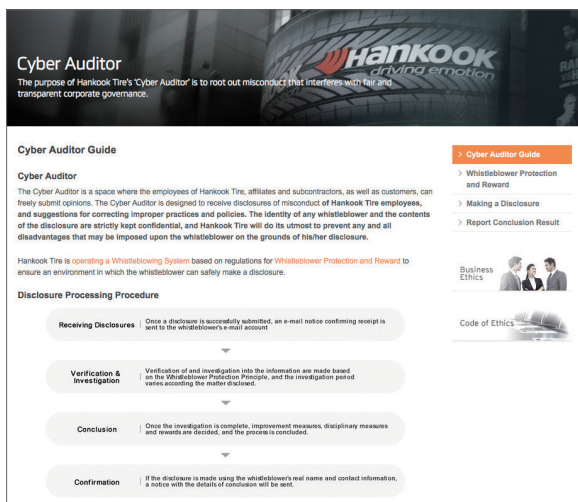
Training and Communication on Ethics Management

We reestablished our Whistleblowing System to ensure that not just our employees but a third party can freely report violations and shared the fact throughout the company. We also offered regular business ethics training sessions to help them raise the awareness of business ethics.

Build a Whistleblower Protection System

We revised our Whistleblowing System to ensure that our employees, affiliates and a third party can freely report violations and to completely protect whistleblowers' identity. The 'operation guide on the Whistleblowing System' has been organized so that employees are familiar with obligation to whistleblowing, whistleblowing process, and whistleblower protection and reward. In particular, exemption provisions have been defined to encourage voluntary report. The purpose of the system is to prevent property damage caused by irregularities or unreasonable business practices. The revised system was publicized to our employees, affiliates and subsidiaries on the pop-up window of intranet and on posters. The Cyber Audit menu on Hankook Tire's global website has been redesigned to be more accessible to whistleblowers. Post-mails, e-mails, a call center and other diverse channels are available for anyone to report to, by either declaring their identity or choosing to remain anonymous. Reports such as complaints over quality or service are handled separately, for example, at the customer satisfaction call center.

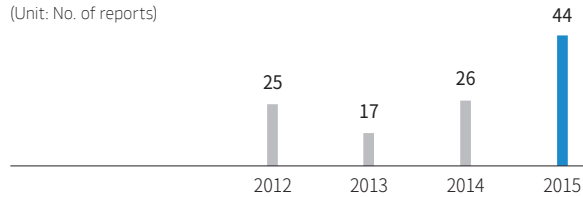
Information Framework



Cyber Audit Office on Hankook Tire Website

Reports Submitted for 4 Years

(Unit: No. of reports)



Reports Submitted in 2015 by Type

(Unit: No. of reports)



Offer Regular Ethics Management Training

We developed an online ethics management training system within our intranet to offer regular training to all office staff who have access to PCs (including overseas expatriates). Covering topics on business ethics theory, actual examples, implementation methods, and global ethical business, the regular training system aims to prevent irregularities in advance by raising employees' awareness of job ethics. In 2015, online ethics management training was attended by approximately 2,400 office staff. In addition, around 230 employees received such training in diverse group training formats: mandatory job-specific training; training for overseas expatriates on management; training for those assigned for overseas expatriate positions; introductory training for new hires; and training for purchasing operations that require a particularly high level of ethics awareness.

Send the E-ethics Letter

Our E-ethics Letter, launched in 2011, reinforced its function as a communication tool to enhance ethics management. The bi-monthly 'E-ethics Letters' are sent to all our employees (including the CEO), to highlight business ethics trends (stronger anti-corruption initiatives, increased use of social media, etc.). Once delivered, these letters were also posted on the 'Business Ethics' section of our intranet so that our employees could access them anytime they wanted. This section was also directly linked to the reporting channel to enhance its accessibility and to help employees report on relevant issues immediately.

E-ethics Letter List

No.	Major Contents
2015-1 st	'No Holiday Gift' campaign
2015-2 nd	Ethical consumers are coming.
2015-3 rd	Necessity of report (whistle-blowing) and requisites for success
2015-4 th	Hankook Tire's report system
2015-5 th	Report cases inside and outside Korea
2015-6 th	Corporate reputation risk management

Launch the 'No Holiday Gift' Campaign

We strive to avoid any type of unfair transaction with internal/external stakeholders, and to prevent diverse ethical risks to establish mutually fair and transparent business relationships. We encouraged all our employees to join the 'No Holiday Gift' campaign by posting it on our intranet. In particular, we made it easy for our suppliers to report any issue by posting the campaign on our HePS (Hankook Tire e-Procurement System) with a direct link to a reporting channel and we made it clear that the reporting channel was run independently from our purchasing operation.

BE-2

Regular Monitoring and Evaluation

We prevent ethical risks by regularly monitoring our regulations and work processes. We also conduct self-initiated ethics management surveys each year.

Operate the RMS (Risk Monitoring System) in Korea and China

As our organizational segmentation and integration accelerated, our risk exposure increased accordingly. This prompted us to develop an RMS as an early warning program to conduct year-round monitoring. Our Korean RMS, since its development in 2011, has been monitoring indicators in the five areas of HR, sales, accounting, expenditure and purchase. As of 2015, logistics was added to broaden the scope of monitoring to six areas. Our Chinese RMS (established in 2012), was initially operated by the Corporate Management Team 2 at the Korean Head Office for its stabilization, advancement and monitoring. In 2014, its supervision was transferred to the Chinese Corporate Management Team. Our RMS in Korea and China aims to analyze risks monthly to provide information necessary to improve operation.

Perform Self-diagnosis on Ethics Management

In 2015, we conducted annual surveys to independently assess our level of ethics management based on the improved evaluation indicators which were renewed back in 2014. In spite of our diverse systems and programs, the 2015 evaluation outcomes revealed the existence of some vulnerable areas. These outcomes, paired with the fact that not all of the sectors were uniform in their levels of execution and performance, showed us that the overall ethics management system needs to be institutionalized. The survey outcome was identical to the previous year as the employee sector was diagnosed as the most urgent area for improvement, followed by the customer sector. We will share the outcomes with relevant teams to further raise the bar on our business ethics standards.

BE-3

Dissemination of Ethics Management to Affiliates

To ensure we grow hand-in-hand with our affiliates - both qualitatively and quantitatively - we operate just as many business ethics programs for our affiliates.

Launch the 'No Holiday Gift' Campaign and Offer Ethics Management Programs for Affiliates

All our five affiliates launched the 'No Holiday Gift' campaign during the New Year and Korean Thanksgiving holidays. In 2015, all our affiliate employees (including office staff and operators) participated in the business ethics programs by using the online business ethics training content that we produced last year. We also publicized our new reporting policies to raise the awareness of ethics management among affiliates.



PR Poster about 'the Whistleblower Protection System'



STAKEHOLDER SATISFACTION MANAGEMENT

1. Win-Win Supply Chain Partnership



Background of this issue

Good products and services begin with high-quality raw materials and parts. Therefore, the quality of our suppliers has a decisive effect on our competitiveness.

We are clearly aware that our product competitiveness can be strengthened when suppliers are committed to sustainability management. Ensuring transparent and fair transactions and making efforts for improving competitiveness mutually will drive the shared growth and development of both Hankook Tire and our suppliers.

Risks & Opportunities

Declaration

Hankook Tire pursues co-prosperity with its suppliers on the basis of transparent and fair relationships.

Supplier Committee

- Chaired by: Purchasing Department Director
- Supervised by: Purchasing Planning Team
- Members: Purchasing Team 1 & 2, Raw Material Development Team, Global Quality Assurance Team, Engineering-related Teams

Management Responsibility and Governance

Key Managerial Issues

Supplier management and supplier relations policies

Establishment of ethics in purchasing

Improvement of suppliers' ESG

Key Achievements

Held the PARTNER's Day for natural rubber suppliers



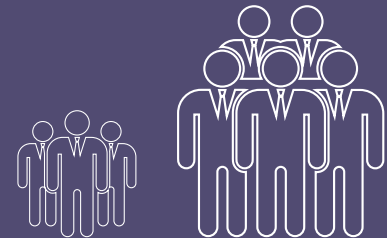
63 persons from 32 suppliers

Figured out how many suppliers have the code of ethics



155 suppliers

Expanded evaluation on CSR for suppliers



159 suppliers in 2014

322 suppliers in 2015

Future Plans and Outlook

We intend to build a follow-up process after the evaluation on suppliers' CSR and promote systematic management and monitoring system beyond just feedbacks in order to increase their performances in ESG (Environment, Social and Governance). Benchmarks of best practices will also be carried out to set up eco-friendly purchasing policies and action plans.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
SC1	Supplier management and relations policy	Set up purchasing policies for the development of local communities	· Managed the percentage of purchasing from regions where production sites are located	●	64
		Promote co-prosperity through communication with suppliers (new)	· Held the PARTNER's Day for natural rubber suppliers	●	64
SC2	Establishment of ethics in purchasing	Disseminate ethics management to suppliers	· Figured out how many suppliers have the code of ethics	●	64
SC3	Improvement of suppliers' ESG	Review the evaluation methods for selecting new suppliers	· Adopted the CSR evaluation results in selecting suppliers · Enacted and amended regulations for selecting suppliers	●	65
		Expand the scope of suppliers subject to CSR evaluation and review additional evaluation items	· Expanded the scope of suppliers subject to CSR evaluation · Added CSR evaluation items	●	65
		Establish a feedback process following supplier CSR evaluations and monitor improvements	· Provided suppliers with feedbacks on CSR evaluation results through GHePS	◐	65



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
SC1	Supplier management and supplier relations policies	Grasp the current situation to build green sourcing policies	Benchmark of best practices	Sep.	Purchasing Planning Team
SC2	Establishment of ethics in purchasing	Disseminate ethics management to suppliers	Dissemination of the code of ethics	Apr.	Purchasing Planning Team
SC3	Improvement of suppliers' ESG	Enhance supports for suppliers' sustainability management	Expansion of evaluation targets	Jul.	Purchasing Planning Team
		Enhance corrective action and follow-up process after the evaluation on suppliers' CSR	Monitoring of improvements	Year-round	Purchasing Planning Team, Purchasing Team 1 & 2
		Request the setup of BCP (Business Continuity Planning) to critical suppliers	Establishment of plans by step	Oct.	Purchasing Planning Team

SC-1

Supplier Management and Relations Policy

We are analyzing and monitoring our ratio of purchasing in each region to ensure a shared growth with our suppliers. Furthermore, we communicate with our suppliers with diverse channels and strive to create more opportunities to pursue a mutual growth.

Set up Purchasing Policies for the Development of Local Communities

We operate seven production facilities in Korea, China, Hungary and Indonesia, and we grow hand-in-hand with our suppliers based on these locations. We continue to analyze the purchasing practices at our local business sites, and in so doing, we are monitoring our contribution to the revitalization of the local economy. Such analyses revealed that we engage in transactions with more than 86% of local suppliers where our operations are based, which represents about 70% of our purchase. Furthermore, we trade with over 38% of suppliers in OECD member countries who in total take up about 45% of our total purchase. We will continue to maintain and evolve our local purchasing policy.

Breakdown of Local Purchasing in 2015 (Unit: %)

Countries			Local Purchasing	Suppliers*
OECD members	Asia	Korea	37.3	38.0
		Others	3.7	1.7
	Europe	Hungary	2.5	14.8
		Others	9.5	6.2
	North America		2.2	1.0
Subtotal			55.2	61.6
Non-OECD members	Asia	China	19.4	26.4
		Indonesia	10.1	7.2
		Others	15.3	4.8
	Subtotal			44.8
Total (OECD : Non-OECD)			55:45	62:38

* The location of suppliers is based on the location of production facilities.

Promote Co-prosperity through Communication with Suppliers

The 'NR PARTNER's Day' is held every three years under the supervision of our top management, serving as a chance to invite our natural rubber suppliers. The event was held from October 19 to 20, 2015 and was attended by a total of 63 participants from 32 suppliers in Thailand, Indonesia, Singapore, and Korea. They took a tour of our domestic plants and the central R&D center, making themselves familiarized with our management strategy and vision. Hankook Tire's top management and the suppliers of natural rubber, the main material of tire, reinforced their cooperative ties through this event, reaffirming the win-win partnership rooted in active mutual communication.



2015 NR PARTNER's Day*
* Event for natural rubber suppliers (held first in 2012, triennially)

SC-2

Establishment of Ethics in Purchasing

Hankook Tire examined the status of Code of Ethics of our major suppliers. For those without a set of ethics regulations, we encourage the establishment of ethics code after confirming the reason while offering support for relevant activities.

Disseminate Ethics Management to Suppliers

Hankook Tire has surveyed the status of Code of Ethics of the top 155 suppliers in terms of the annual purchase volume. The results showed that 77 suppliers, or 52%, of the 149, excluding 6 which did not respond to the survey, had Code of Ethics. 72 suppliers, or 49%, did not have business ethics established, most of which turned out to be small-sized suppliers. Our plan is to disseminate the Code of Ethics based on our own to those who are without such ethical norms. Hankook Tire will continue to support our suppliers to ensure that they are aligned with our ethics standards.

SC-3

Improvement of Suppliers' ESG

Hankook Tire's ESG evaluation system continues to evolve. We evaluate ESG not only of local suppliers but also of those overseas based on improved evaluation sheet. We also manage ESG status in accordance with the revised provisions so that the CSR evaluation results serve as basis to select suppliers.

Review the Evaluation Methods for Selecting New Suppliers

Hankook Tire takes CSR performance into consideration from the phase of selecting new suppliers. Our suppliers are evaluated on raw/subsidiary materials, facilities, quality, price, service, transaction history, as well the CSR practices (human rights, ethics management, safety, and environment). To that end, we revised the relevant provisions for respective items and integrated them into the purchasing regulations and guidelines. Suppliers of raw/subsidiary materials are classified into those subject to the 「Registration and evaluation, etc. of Chemical Substances」 and the others subject to the standards of the use and management of conflict materials. Furthermore, we manage our suppliers' CSR performances as we reflect the CSR evaluation result in the general evaluation of suppliers conducted every year.

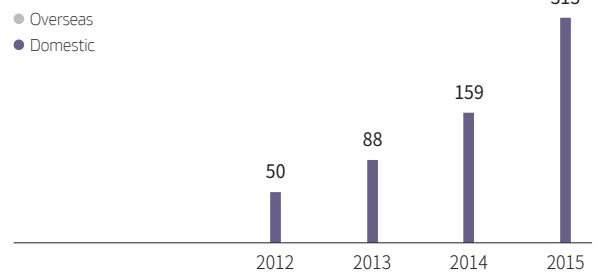
Expand the Scope of Suppliers Subject to CSR Evaluations and Review Additional Evaluation Items

Hankook Tire has conducted the CSR evaluations of our suppliers so that we can assist them in improving their ESG (Environment, Social, and Governance). List of the suppliers subject to the CSR evaluation, formerly conducted on key

10 suppliers of raw/subsidiary materials, has been expanded every year to local suppliers and facility maintenance partners in 2013, and then to indirect suppliers in 2014. In 2015, the first CSR evaluation was carried out on 9 overseas suppliers with the number of local suppliers evaluated increasing nearly two times from the previous year. We will continue to expand the scope of CSR evaluation to all of our suppliers to manage their ESG status. Furthermore, we made improvements in the evaluation sheet of CSR items. Such criteria as the standard working hours, minimum wage, employment contract, prohibition of physical and verbal abuse, and corporate philanthropic activities have been newly introduced.

Suppliers Subject to CSR Evaluation

(Unit: No. of suppliers)



Establish a Feedback Process Following Supplier CSR Evaluations and Monitor Improvements

We conduct CSR evaluations of our suppliers on a yearly basis and share the feedbacks on the results. Suppliers have access to GHePS, our electronic purchasing system, to check the result themselves. The 'Suppliers Status' menu was upgraded so that suppliers can refer to the results of general evaluation, credit assessment, and CSR evaluation. Going forward, we plan to develop the tools and supporting system to provide feedbacks on evaluation results by individual items including human rights, ethics management, and environment.

CSR Evaluation Items

Human Rights / Labor / Prohibition of Discrimination	Human Rights	· Accept and guarantee freedom of association and the right for collective bargaining
	Labor	· Child labor · Forced labor · Working hours and minimum wage (new) · Hotline & follow-up · Employment contract (new)
Ethics	Prohibition of Discrimination and Sexual Harassment	· Prohibition of discrimination · Prevention of sexual harassment · Prohibition of violence
	Ethics Management System and Practices	· Establishment of the code of ethics · Elimination of corruption and bribery · Ethical trainings · Philanthropic activities (new)
	Monitoring & Follow-up on Ethics Management	· Regular audit on ethics management · Follow-up in case of violation
Safety / Health	Information Protection	· Protection of client or customer information
	Safety	· Safety inspection · Safety and Health Committee · Personal protective equipment · Safety management of suppliers
	Fire Prevention	· Fire prevention management
Environment / Greenhouse Gas	Health	· Measurement and improvement of working environment · Treatment of chemical substances
	Environment	· General management · Waste management · Prevention of soil pollution
	Greenhouse Gas	· Energy and greenhouse gas management



STAKEHOLDER SATISFACTION MANAGEMENT

2. Community Involvement & Development



Background of this issue

Companies are required to conduct diverse value-oriented activities for coexistence with local communities as well as profit generation. Thus, it is increasingly critical to amicably and continuously communicate with local communities and support their sustainable growth.

If a company is negligent in developing and involving in its local communities, it may lose its source of social support. Proactive involvement in resolving social issues, as a global corporate citizen, beyond merely fulfilling its economic responsibility will give a chance not only to contribute to the development of local communities but also to enhance corporate value.

Risks & Opportunities

Declaration

Hankook Tire is committed to taking the lead in addressing local issues through consistent communication with local communities as well as directly and indirectly contributing to national economic growth through its businesses. We will also fulfill our role and responsibility as a corporate citizen and create social value by being proactive in distributing economic value generated from our businesses.

Management Responsibility and Governance

Corporate Philanthropy Committee

- Chaired by: Business Infra Division Director
- Supervised by: CSR Team
- Members: Corporate Communications Team, (KOR) Culture Communications Team, (DP) Environment & Safety Team, (KP) Human Resource Team, Hankook Tire Welfare Foundation

Key Managerial Issues

Company-wide Expansion of Social Contribution

Participation of Employees

Focusing on Core Competence

Fostering Local Community's Sustainability

Key Achievements

Total investments in philanthropic activities



KRW 7.34 billion

No. of vehicles provided to social welfare facilities



307 units (2008~2015)

Volunteer hours per employee



2.7 hours (Korea, Hungary)

Future Plans and Outlook

To reach our mid/long-term goal of 'contributing to the growth of local communities and enhancement of corporate brand value', we will undertake social-giving initiatives on the basis of 'four strategic directions': company-wide expansion of social contribution, participation of employees, focusing on core competence, and fostering local community's sustainability. Specifically in 2016, we will focus on establishing a communication system to create philanthropy programs centered on developing local communities, which will allow us to exactly understand their needs and forge closer and more truthful relations.



Achievements in 2015

● Completed ● Partially Completed ○ Not Completed

Code	Key Managerial Issues	Goals	Achievements	Completion	Page
C11	Company-wide expansion of social contribution	Monitor and report corporate philanthropic performance indicators	· Monitored performance indicators and reported them to the Corporate Philanthropy Committee	●	68
		Reorganize expenditure structure for philanthropic activities	· Integrated expense accounts regarding domestic philanthropic activities (donations and non-donation expenditure)	●	68
C12	Participation of employees	Motivate employees to participate in volunteering more actively	· Established an IT system for philanthropic activities	○*	-
		Expand the scope of target volunteers	· Implemented volunteer activities by employee families five times (twice in Seoul and thrice in Daejeon) - Participants: 27 families (70 persons in total) - Volunteer hours: 420 hours (6 hours per person)	●	69
C13	Focusing on core competence	Develop children's traffic safety maps	· Region: Seoul, Gyeonggi-do, Incheon, Daejeon, Chungnam - Participants: 3,000 students from 20 primary schools - Cooperated with: SAFIA	●	69
		Undertake three major Mobility projects (Car Sharing, Tire Sharing, Tuieum Bus)	· Car Sharing: Donated 40 units to social welfare facilities (accumulative 307 units) · Tire Sharing: Supported 2,192 units to social welfare facilities (accumulative 11,754 units) · Tuieum Bus: Operated 463 units (accumulative 1,300 units)	●	69~70
C14	Fostering Local Community's Sustainability	Support for strengthening competence and foundation for economic independence	· Supported marginalized women to get driver's license (including self-sufficiency) - Targets: 86 women - Obtainment of driver's license: 57 women (12 test-takers / 17 quitters) - Type of license: Class 1 Large (2 women) / Class 1 Common (12 women) / Class 2 Common (43 women)	●	70
		Support the protection of youths at risk and their self-sufficiency	· Protection: Group home 'Wild Flower Youth World' · Self-sufficiency: Cafe to support youths 'The 1 st Coffee Zoo'	●	70
		Set up manuals to respond to disasters on a corporate philanthropic level	· Set up manuals	●	70

* We had planned to build a platform to encourage employees' participation in 2015. However, the plan was shelved due to the incompleteness of detailed action plans with regard to system operation.



Plans for 2016

Code	Key Managerial Issues	Commitments	Key Index	Deadline	Team in Charge
C11	Company-wide expansion of social contribution	Establish a communication system to create philanthropy programs centered on developing local communities	· Understanding of community needs by materialize targets, period, and methods - Identification of stakeholders in local communities - Confirmation of stakeholders' requirements - Setup of solutions of requirements - Practice and management	Dec.	CSR Team
		Conduct philanthropic activities at overseas sites	· Major philanthropic programs at overseas sites - China: Supports for libraries in small cities, scholarships to low-income university students - Europe: Sponsorship to traffic improvement in Africa (UK), support for child cancer (Germany) - Hungary Plant: Tire supports, volunteering team - Indonesia Plant: Material supports to local people, free medical service, delivery of drinking water, school rebuilding, environmental cleanup - US: Support to DAV · 70 philanthropic activities in the world (budget: KRW 1.06 billion)	Dec.	CSR Team, CHN) Corporate Strategy Team, EUR) Corporate Communications Team, MP) Corporate Management Team, IP) Corporate Management Team, AMC) Marketing Strategy Team
C12	Participation of employees	Build a platform to encourage employees' participation	· Establishment of an IT system for philanthropic activities	Oct.	CSR Team
		Launch volunteering team at overseas sites	· Launch of volunteering team at Indonesia Plant	Dec.	CSR Team
		Participate in global volunteer activities	· Joint volunteer activities conducted by domestic volunteering teams and overseas sites	Dec.	CSR Team
C13	Focusing on core competence	Expand volunteer activities by employees' families	· Activities: Family volunteers (Seoul, Daejeon), family camp (Seoul, Daejeon), couple volunteers, Donggeurami Daycare Center (Seoul, Daejeon, Geumsan), regular service (Seoul, Daejeon) - No. of services: 21 times (80 hours) - Participants: 560 persons from 160 families	Dec.	CSR Team, KOR) Culture Communications Team, Volunteer related Teams
		Develop children's traffic safety maps	· Region: Seoul, Gyeonggi-do, Incheon, Daejeon, Chungnam - Participants: 3,000 students from 20 primary schools - Cooperated with: SAFIA	Dec.	CSR Team
		Undertake three major Mobility projects (Car Sharing, Tire Sharing, Tuieum Bus)	· Car Sharing: Plan to donate 40 units to social welfare facilities · Tire Sharing: Plan to support 2,120 units to social welfare facilities · Tuieum Bus: Plan to operate 420 units	Dec.	CSR Team, Hankook Tire Welfare Foundation
C14	Fostering Local Community's Sustainability	Support for strengthening competence and foundation for economic independence	· Upgrade of the project to support marginalized women to get driver's license	Dec.	CSR Team
		Support the protection of youths at risk and their self-sufficiency	· Protection: Social Fam. 'Wonderland' · Self-sufficiency: Cafe to support youths 'The 2 nd Coffee Zoo' · Education: Humanities for youths	Dec.	CSR Team, Hankook Tire Welfare Foundation
C14	Fostering Local Community's Sustainability	Donggeurami House	· Leasing-type Housing Supply for Residence Stability of Youths at Risk - Goal: Supply of about 20 houses (33~46.2m ²) - Method: Reinvestment in SH's or LH's purchased rental housing projects - Feature: Sustainable operation without budget exhaustion as a cyclical philanthropic program	Dec.	CSR Team, Hankook Tire Welfare Foundation

CI-1

Company-wide Expansion of Social Contribution

In 2015, the Corporate Philanthropy Committee at Hankook Tire monitored performance indicators of the company-wide social contribution activities and evaluated the achievement level. Moreover, we unified budget accounts which were used for philanthropic activities of the domestic and overseas subsidiaries to ensure an efficient and accurate expenditure.

Monitor and Report Corporate Philanthropic Performance Indicators

Hankook Tire embarked on the development of corporate philanthropic performance indicators in 2013 and identified plans to utilize these indicators in 2014. In 2015, we carried out performance monitoring based on the finalized indicators. The monitoring in accordance with the performance indicators is two-pronged - 'organization' and 'business'. The organizational performance indicators consist of social philanthropic cost, education hours, ratio of net philanthropy, ratio of investment for local communities, and ratio of social philanthropic expenditure against sales revenue while business indicators include hours of employees' participation in volunteer activities, net ratio of participation in volunteer activities, and hours of volunteer activities per person.

Organizational Performance Indicator	No. of in-house trainings about philanthropy (Korea)	18 times
	Average in-house training hours per person (Korea)	0.54 hour
	Total investments in philanthropy	KRW 7.34 billion
	Philanthropy expenditure to sales	0.11%
	Percentage of charitable donations	78.7%
Business Performance Indicator	Percentage of investments in local communities	19.2%
	Total volunteer activities hours (Korea and Hungary)	27,353 hours
	Volunteer activities hours per person (Korea and Hungary)	2.7 hours
	Attendance rate in volunteer activities (Korea)	33.4%

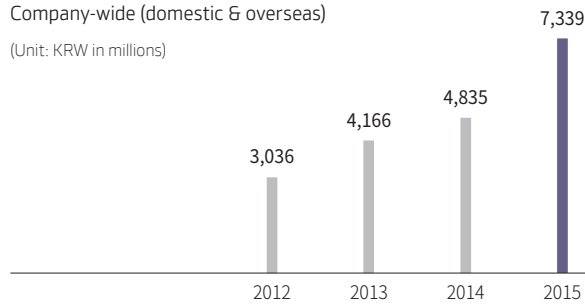
Reorganize Expenditure Structure for Philanthropic Activities

In 2015, Hankook Tire integrated the diverse channels to execute social philanthropic expenditure in order to systematically manage its company-wide social contribution activities. We categorized budget items into donation and non-donation expenditure, requiring donation receipt only. This has allowed to raise the efficiency in spending company-wide social philanthropic budget.

Expenditure for Global Corporate Philanthropy

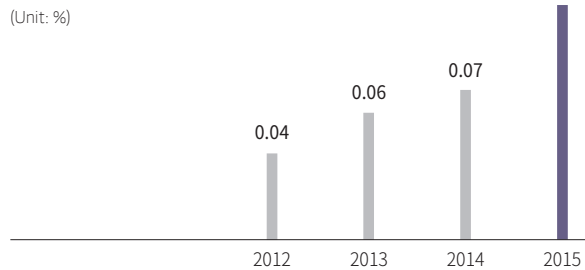
Company-wide (domestic & overseas)

(Unit: KRW in millions)



Compared with Sales

(Unit: %)



CI-2

Participation of Employees

In 2015, Hankook Tire expanded social philanthropic efforts to make employees' family engage in social contribution programs.

Operate the Online Donation Website 'Dreamfull'

'Dreamfull' is an online donation website that we jointly operate with the Corporation Leftovers Love Sharing Community, a private non-profit organization, to help with the healthy growth of children and teens from low-income families. The website allows diverse stakeholders (employees, customers and other businesses) to conveniently make donations. As joint donation initiatives, we undertake the 'Going to School with Excitement' campaign every May and the 'Matching Grant' donation campaign at the end of every year on 'Dreamfull'. In the 5th 'Going to School with Excitement' campaign in 2015, 55 bikes were donated for children from low-income families to help them commute to school. Through the 'Matching Grant' campaign hosted between November and December each year, Hankook Tire matches the donations raised by employees and the general public. In the 2015 Matching Grant campaign, launched under the slogan of 'Salary, Please Hear My Wish', employees donated a certain proportion of their salary to help children in need making dreams come true. We donated a total of KRW 400 million for children in 2015: KRW 200 million donated through the campaign, KRW 200 million donated by Hankook Tire.

Expand the Scope of Target Volunteers and Programs

The scope of participants of volunteer activities has been expanded to employees and their family to promote our social philanthropic activities. Employees' children in Seoul and Daejeon participated in voluntary activities during the summer vacation (July and August) including outdoor activities and pizza cheese making experience with handicapped children. From 2016, the temporary volunteer activities participated by employees' family in summer months of 2015 are expected to be running throughout the year. Furthermore, we plan to collect opinions on the volunteer activities participated by employee's family to diversify the scope of activities to volunteer camp, volunteer activities in our in-house daycare center, club volunteer activities, and regular volunteer activities.

Activities of Donggeurami Volunteering Team

Hankook Tire, in 2013, launched the Deonggeurami Volunteering Team consisting of employees working at Hungary Plant and domestic plants and the team has implemented a variety of volunteering services. Our Indonesia Plant also plans to launch an independent volunteering team in 2016. We aim to expand the volunteering hours per capita up to 4.5 hours by 2020 through continuously encouraging volunteering activities.

Korea

	2013	2014	2015
Total volunteer hours	20,054	27,103	25,312
Total volunteers (persons)	5,316	7,493	6,051
Net participants (persons)	2,671	3,020	2,416
No. of volunteer activities	345	396	356

Hungary Plant

	2013	2014	2015
Total volunteer hours	1,600	2,227	2,041
Total volunteers (persons)	66	104	314
Net participants (persons)	58	93	106
No. of volunteer activities	10	18	23

Korea and Hungary Plants

	2013	2014	2015
Total volunteer hours	21,654	29,330	27,353
Total volunteers (persons)	5,382	7,597	6,365
No. of volunteer activities	355	414	379
Volunteer hours per employee (hours)	2.3	3.0	2.7

CI-3

Focusing on Core Competence

Hankook Tire created children's traffic safety maps and undertook three major Mobility projects that reflect the inherent features of the tire industry.

Align with Business Characteristics

Develop Children's Traffic Safety Maps • We undertook the 'Safe Driving, Safe Children' project with the 'Korean Association of Safe Communities' to develop traffic safety maps for children, helping elementary school students (high-risk group prone to traffic accidents) improve their capacity to cope with risky situations while creating a community safe from such accidents. For 10 months since August 2015, we developed such maps with primary school students in upper grades (4~6 grade) in 5 regions (Seoul, Gyeonggi, Incheon, Daejeon, and Chungnam). In addition, we suggested the improvement of regional traffic environment to public offices and police stations. Our efforts resulted in revamping traffic lanes and crosswalks, installing reflectors and traffic lights, and tightening parking enforcement. Our social-giving initiative related to children's traffic safety will continue in the upcoming years.

Undertake Three Major Mobility Projects

1) Donggeurami Car Sharing: We have provided vehicles (compact cars) to social welfare centers since 2008 to help improve the mobility convenience for their users. Introduced to help enhance the efficiency of social welfare service, car sharing is one of our key social philanthropic activities related to the Mobility area. In 2015, 40 vehicles have been donated through this project. As a result, social welfare centers across the nation currently operate a total of 307 vehicles. Also we compile operational report in cooperation with participating centers every year to add to the impact of the project. Our analyses of the operational reports discovered such benefits as reduced operational expenses, and increased mobility in residential areas. These benefits significantly increased the operational capacity of these centers. The operational



Children's Traffic Safety Maps



Donggeurami Car Sharing



Donggeurami Tuieum Bus

reports serve as basis to identify needs to add convenient interior functionalities and safety options on car, enhancing the effect of vehicle operations through incentives (support for vehicle maintenance), and support for social welfare programs that use these vehicles.

2) Donggeurami Tire Sharing: Our tire sharing initiative is a common global corporate philanthropic program undertaken in Korea, China and Hungary. In Korea, we replace old tires and offered wheel alignment services for compact cars with Hankook tires as well as vans owned by social welfare centers for business purposes. In Korea, 2,192 tires were offered to 548 vehicles in 2015. These activities are undertaken in China and Hungary. In China, 674 tires were offered to the One Foundation Rescue Union for one year from September 2014. In Hungary, where such tire support began in 2012, 2,770 tires were provided in 2015 to public and small charity organizations. In so doing, we assist social welfare centers in using our tires to operate vehicles safely and improve their mobility in Korea, China and Hungary.

3) Donggeurami Tuieum Bus: Our Tuieum Bus project began in 2013 to provide large-size buses to social welfare centers that face mobility challenges to help the underprivileged enjoy diverse experiences in culture, history, ecology and education. The pilot project named 'Donggeurami Bus' was undertaken in 2012 and the highly positive response from participants inspired us to officially launch this project under the name of 'Tuieum Bus' in June 2013. We broadened the scope of this project from merely offering vehicles to supporting annual theme-based programs. We also provide special buses equipped with lifts near the beach camping sites open to the disabled free-of-charge in Yangyang, Gangwon to enable these mobility-challenged individuals to enjoy their holiday. In 2014, we signed an MOU with Seoul City to use Tuieum Buses in sending volunteers to disaster-stricken areas to help with swift on-site emergency response. In 2015, we offered 463 buses in support of experience mobility and the number of Tuieum Buses supported for 4 years since 2012 amounted to 1,300 units. We will expand our Tuieum Bus support to provide the freedom of mobility to even more people.

CI-4

Fostering Local Community's Sustainability

Hankook Tire developed diverse new programs to support the sustainable growth of local communities.

Upgrade Programs to Support the Sustainable Growth of Local Communities and Launch New Projects

Support Marginalized Women to Get Driver's License (including Self-sufficiency) • Hankook Tire undertook the 'projects to support underprivileged women in obtaining drivers' license' in 2014 in consideration of our Mobility project and the increasing number of female drivers. To that end, we have joined hands with the Human Rights Commission of Korea to select underprivileged women from across the nation to help them obtain driver's license while carrying out other activities to support their self-sufficiency. In 2015, we supported 86 women from 5 regions (Seoul and Gyeonggi, Gangwon, Chungcheong, Jeolla, and Gyeongsang) in getting driver's license. Our plan is to expand the project to provide follow-up support to ensure that the beneficiaries become fully independent.

Support the Protection of Youths at Risk and Their Self-sufficiency • Hankook Tire has developed an integrated program to support teenagers at risk of running away from home, dropping out of school, or committing crimes due to economic or social circumstances to ensure that they establish themselves as a proud member of our society. The Hankook Tire Welfare Foundation has been carrying out programs to support at-risk teenagers' protection, self-sufficiency, and education since 2015. We plan to secure more partners on this program going forward according to project evaluation.

Set up Manuals to Respond to Disasters on a Corporate Philanthropic Level • We experience major and small disasters each year. Hankook Tire has established a disaster response manual so that the local communities can cope with emergency by taking swift countermeasures. Referring to manuals developed by the Ministry of Public Safety and Security and other relief rescue agencies, Hankook Tire's disaster response manual was specifically built around local communities as it defines supporting level and process depending on the types, region, and damage scale of disasters. We plan to observe the manual should a disaster at the national or global level ever break out.

Hankook Tire Welfare Foundation

CASE STUDY

We established the Hankook Tire Welfare Foundation in December 1990 with a mission to reciprocate the value created through our business conduct and to fulfill our social responsibility. Over the past 25 years, the foundation has been consistently endeavoring to bring about a positive change in our society by pursuing sharing initiatives. Our social philanthropic activities, aimed at delivering values and happiness to the communities and the lives of children and teenagers, are centered on our core capability, the Mobility projects, as well as activities to support the communities and neighbors. The Hankook Tire Welfare Foundation pledges to commit itself to delivering sustainable social values as we keep 'driving' towards a better tomorrow.

Mobility Project

Three Major Mobility Project • 'Donggeurami Car Sharing', 'Donggeurami Tire Sharing', and 'Donggeurami Tuieum Bus' are the three major Mobility projects undertaken in conjunction with Hankook Tire in reflection of its inherent characteristics as a tire company.

* For more details, please refer to CI-3

Community Engagement

Support for Free Hospitals • Hankook Tire provides free-of-charge treatment, surgeries and prescriptions to socially marginalized groups who are not protected within the institutional medical welfare boundary. We have been operating free charity hospitals operated purely on donations, void of any assistance from the Government for 25 years since 1991. In 2015, we supported a total of five such hospitals (Seongga Bokji Hospital, Joseph Clinic, Raphael Clinic, Clinic for Immigrant Workers at the Sharing Love in the Global Village and Daegu Seongshim Hospital) to help such individuals lead healthy life.

Support for Social Welfare Centers • We have supported social welfare centers to help improve the living conditions and the quality of life for the disabled, the elderly, children and many other underprivileged individuals in our society since the establishment of the foundation. Our activities in 2015 include family camp for leukemia children, support for teenage runaway centers, and learning support for North Korean refugee teenagers.

Establishment of Free Hospitals in Third World Countries • Since our establishment in 2007, we have supported the construction of free hospitals in third-world countries. We have built such hospitals in East Timor, two countries in Africa, and Paraguay. Following the completion of a free hospital in Indonesia in 2014 after four years of support, this project was finished with a follow-up program in 2015.

Support for Children and Teens

Dream With • Hankook Tire offers 'Dream With', a project that brings together businesses, broadcasting systems, and college students to instill positive values in the minds of children from local children's centers while supporting the shared growth between them. The 'Dream With', which ran from March 2015 through November, saw 347 college students from volunteering teams visit a total of 21 regional children's centers spending time with 350 kids in science, movie, marathon, humanities, and musical programs. Dream With has emerged as an exemplary collaboration model between business, broadcasters, and NGOs.

Support for At-risk Teenagers • This project aims to establish an integrated program to support teenagers at risk of running away from home, dropping out of school, or committing crimes due to economic or social circumstances, ensuring that they establish themselves as a proud member of our society.

* For more details, please refer to CI-4

Support for Children and Teens from Low-income Families • We continue to support children and teens who, due to economic and environmental factors, have difficulties in affording education or finding a career path. We provide livelihood assistance and mentor-matching service so that they can lead a happy life both emotionally and physically. In 2015, we provided monthly living expenses to 30 children and teens from low-income families.

Scholarship Support • Since our foundation in 1990, we have been offering scholarships to high school and college students who face hardships in continuing their education due to financial challenges. In 2015, we granted quarterly tuition subsidies to 19 students in 14 high schools and semester scholarships to 3 college students. Moving beyond financial support, we also ran emotional support programs through scholarship group activities. The Foundation promises to expand its supporting activities for teenagers so that they unleash their full potential.

Achievements in 2015 and Plans for 2016

(Unit: KRW in thousands)

Projects	Project Details	Achievements in 2015	Plans for 2016
Mobility Project	Three major Mobility projects*	1,119,259	1,300,000
Engagement in Local Communities	Support for free hospitals	110,000	120,000
	Support for social welfare centers	40,000	40,000
	Construction of free hospitals in third-world countries	30,000	-
Support for Children and Youths	'Dream With'	250,000	250,000
	Support for youths at risk*	234,700	300,000
	Donggeurami House*	-	3,050,000
	Support for children and youths from low-income families	65,347	46,000
	Scholarship	46,333	60,000
Total		1,895,639	5,166,000

* Our three major Mobility projects, supports for youths at risk, and Donggeurami House program are sourced from Hankook Tire's budget.



Appendix

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CORPORATE SOCIAL RESPONSIBILITY PRINCIPLE

Purpose and Intent

The CSR Principles are fundamental guidelines to redefine our corporate social responsibility and build CSR into our company culture that serves as the bedrock of our business operations. These principles are the essence of our endeavors for providing the best-possible value to our stakeholders and in fulfilling our roles and responsibilities as a corporate citizen in leading sustainable development and growth beyond the tire industry.

Regular Review and Report

Our CSR Strategy Committee annually reviews the CSR Principles and modifies or updates detailed operational guidelines if deemed necessary through materiality analyses including stakeholder dialogue.

Integrated CSR Management

To propel our CSR activities forward more systematically on a companywide level, we established the integrated CSR management system in the following way. First, our CSR Strategy Committee functions as the top CSR decision-making body attended by the board of directors and top management. Second, our CSR Steering Committee is operated under an integrated management system as a working-level association comprised of executives and employees in charge of respective CSR issues. Third, our dedicated CSR Team defines CSR roles and responsibilities such as company-wide CSR planning, operations, and CSR report publication.

Stipulation of CSR Policy

Our CSR policies, systems and issue-specific action plans must be clearly stipulated and disseminated both internally and externally so that they are executed across the board.

Environmental Policy

Our environmental guidelines aim to deliver proactive environment management practices across the entire spectrum of our business activities from production to sales and services in line with our management philosophy and vision, thereby making significant contributions towards a cleaner environment. To this end, we are determined to follow these policies.

1. We recognize the environment as a critical factor in management strategy.
2. With sustained investments, process improvements and appropriate technology, we fundamentally minimize emissions of environmental pollutants and promote recycling.
3. We apply in-house environmental regulations, rules, and standards that are more stringent than what is required by law from product manufacturing to sales and services to disposal.
4. Our environmental goals and detailed targets are fixed and performed based on the pre-evaluation of our environmental impact, which enables sustained improvements.
5. We train and educate all employees on environmental issues in the confidence that they will come to recognize the impact of their respective responsibilities.
6. To ensure transparency in our environmental management, our guidelines are made available to stakeholders. Moreover, we encourage our affiliated companies to conduct business with a more eco-friendly approach.

Regular CSR Diagnosis and Monitoring

With our in-house CSR self-evaluation model covering relevant global standards and local regulations, we perform diagnoses and evaluations every year while the CSR Team works with the Steering Committee to constantly monitor progress and outstanding issues.

Company-Wide CSR Training and Consensus Building

To propagate CSR policies and build consensus among employees, we set up and carry out annual enterprise-wide CSR training plans.

Dialogue with Stakeholders and Information Disclosure

Our definition of core stakeholders includes customers, employees, suppliers, local communities, nature/ecology/climate, shareholders, and investors. We provide regular and official venues for stakeholder dialogue by building permanent communication channels and annual communication plans. Such activities are utilized successfully in setting future business and CSR initiatives. In addition, our CSR and business achievements and plans are disclosed in a transparent and thorough manner through our annual CSR Reports, corporate website, and diverse communication channels customized for different stakeholder associations.

Integrated Risk Management

We ensure systemic management of and appropriate response to nonfinancial risks (e.g. SEE, which stands for Social, Environmental, and Ethical risk) as well as consistent management of financial risks. In particular, we define all CSR Focus Areas as risk issues and encourage companywide response measures under the integrated management system of the CSR Steering Committee.

Social Contribution Charter

Our Statements

1. We continuously propagate our social and environmental values through economic and business activities and contribute to local economies.
2. We promote superior product quality and client safety through customer-oriented management practices.
3. We do our utmost to minimize our environmental footprint throughout the entire business sector and in the communities we operate in.
4. We fully commit ourselves to supporting socially vulnerable and underprivileged populations by bestowing to society the values we generate.
5. We are pioneers in making our society healthier through promoting the welfare of our employees and providing local communities with medical support based on our human-focused management philosophy.

Characteristics and Direction

1. We ensure that our social charity activities stand congruent with our core business practices so that our corporate action may promote social benefit.
2. We focus our company-wide capacities on our main philanthropic programs to ensure that our social contribution activities are executed with clear purpose.
3. Our philanthropic activities are performed practically in ways that can resolve concerns and problems in local communities.



UN Sustainable Development Goals

Hankook Tire is committed to joining and fulfilling the UN Sustainable Development Goals. In particular, we will further focus on the following major four goals: achieve gender equality and empower all women and girls; promote inclusive and sustainable economic growth, employment and decent work for all; reduce inequality within and among countries; and take urgent action to combat climate change and its impacts.

No.	Sustainable Development Goals	Activities of Hankook Tire
5	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> · Elimination of gender discrimination through sexual harassment prevention trainings and monitoring by the Compliance Committee · Ensure gender equality and empower women and girls by establishing the human rights management system based on the UN Guiding Principles on Business and Human Rights
8	Promote inclusive and sustainable economic growth, employment and decent work for all	<ul style="list-style-type: none"> · Contribution to economic development by investing KRW 990,177 million in 2015 <ul style="list-style-type: none"> ① Korea: KRW 320,004 million ② China: KRW 257,594 million ③ US: KRW 160,256 million ④ Europe: KRW 54,752 million ⑤ Asia: KRW 194,848 million ⑥ Others: KRW 2,723 million · Contribution to job creation by hiring 3,368 persons in 2015 <ul style="list-style-type: none"> ① Korea: 210 persons ② China: 1,492 persons ③ US: 97 persons ④ Europe: 802 persons ⑤ Asia: 767 persons
10	Reduce inequality within and among countries	<ul style="list-style-type: none"> · Reduction of economic and cultural inequality of low-income handicapped people, senior citizens, and local residents through volunteering activities: 6,365 employees/379 activities/27,353 hours · Supports for underprivileged children through Dreamfull, an online donation platform: 39,245 donations/KRW 679,164,773 · Supports for underprivileged women for acquiring drivers' licences to help their self-sufficiency: 86 women in Seoul, Gyeonggi-do, Jeolla-do, Chungcheong-do, Gyeongsang-do, and Gangwon-do · Operation of the Allkidstra Geumsan Chubu Brass Band consisting of children with cultural disadvantage: 45 children · Car sharing to solve inequality of mobility of low-income group in the local communities: a total of 307 cars from 2008 to 2015 · Tire sharing to improve the mobility of social welfare facilities and solve risks from decrepit tires: a total of 11,754 tires for 2,939 cars from 2010 to 2015 · Supports for people with cultural disadvantage through the Tuieum Bus project: 1,300 buses from 2012 to 2015 · Pursuit of co-prosperity between local children's centers and university students through the Dream With project: diverse programs for 350 children of the community childcare centers conducted by a total of 347 participants from 21 university clubs · Operation of shelters and cafes to help at-risk teenagers' safety and self-sufficiency: 12 teenagers benefited from safe home and barista training
13	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> · Reduction of more than 60,000 tCO₂-eq GHG emissions annually by replacing boiler fuels at plants with LNG, installing high energy-efficiency equipment, recovering waste heat, and improving processes · Reduction of GHG emissions in transporting finished products by optimizing transport routes · Improvement of fuel efficiency through continuous R&D: Our Enfren Eco and Kinergy Eco tires which are low carbon products save 16% fuel consumption and reduce more than 1,506,920 tCO₂-eq GHG emissions compared with existing tires.

UN Global Compact

Hankook Tire joined the UN Global Compact (UNGC) in December 2012. We respect the 10 principles suggested by the UNGC and thus report our achievements and future plans concerning our compliance with the UNGC principles through this report. We will fully comply with these principles, and in doing so we will fulfill our role as a responsible corporate citizen.

Principle	Report Content	Page
Human Rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights	Employee Value Creation 42~47
	Principle 2. Businesses should ensure they are not complicit in human rights abuses.	Win-Win Supply Chain Partnership 62~65
Labor	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Employee Value Creation 42~47
	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	Employee Value Creation 42~47
	Principle 5. Businesses should uphold the effective abolition of child labor.	Win-Win Supply Chain Partnership 62~65
	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Employee Value Creation 42~47, 76~77
Environment	Principle 7. Businesses should support a precautionary approach to environmental challenges.	
	Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental Management 48~57
	Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	Business Ethics & Transparency 58~61



Awards and Certifications

As of December 2015

Areas	Award	Details
Sustainability & Environmental Management	 <p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p>	<p>Dow Jones Sustainability Indices</p> <ul style="list-style-type: none"> · Supervised by the Korea Productivity Center · Included in the DJSI Asia Pacific for three consecutive years · Included in the DJSI Korea for five consecutive years
	 <p>CDP DRIVING SUSTAINABLE ECONOMIES</p>	<p>CDP (the former Carbon Disclosure Project)</p> <ul style="list-style-type: none"> · Supervised by CDP Korea · Received the Carbon Management Sector Winners Award for two consecutive years
	 <p>GREEN STAR</p>	<p>Green Star</p> <ul style="list-style-type: none"> · Supervised by the Korea Management Association Registrations & Assessments (KMAR) · Awarded for eight consecutive years
Corporate Reputation & Culture	 <p>Korea's Most Admired Companies</p>	<p>Korea's Most Admired Companies</p> <ul style="list-style-type: none"> · Supervised by the Korea Management Association Consulting · Awarded for six consecutive years
Quality & Technology	 <p>Excellent Quality Competitiveness Enterprise</p>	<p>Excellent Quality Competitiveness Enterprise</p> <ul style="list-style-type: none"> · Supervised by the Korean Standards Association · Awarded for six consecutive years
	 <p>INNO STAR INNOVATION LEADER</p>	<p>Inno Star</p> <ul style="list-style-type: none"> · Supervised by the Korea Management Association Registrations & Assessments (KMAR) · Awarded for four consecutive years
	 <p>Korean Standard-Quality Excellence Index (KS-QEI) (Hankook Tire, T'Station)</p>	<p>Korean Standard-Quality Excellence Index (KS-QEI) (Hankook Tire, T'Station)</p> <ul style="list-style-type: none"> · Supervised by the Korean Standards Association · Hankook Tire: Awarded for seven consecutive years · T'Station: Awarded for two consecutive years
Brand Value	 <p>Service Quality Certification (SQ)</p>	<p>Service Quality Certification (SQ)</p> <ul style="list-style-type: none"> · Supervised by the Korea Association for Service · The second certification in 2014
	 <p>Korea Brand Power Index (K-BPI) (Hankook Tire, T'Station)</p>	<p>Korea Brand Power Index (K-BPI) (Hankook Tire, T'Station)</p> <ul style="list-style-type: none"> · Supervised by the Korea Management Association Consulting · Hankook Tire: Awarded for 13 consecutive years · T'Station: Awarded for seven consecutive years
	 <p>NBCI 국가브랜드경쟁력지수</p>	<p>National Brand Competitiveness Index (NBCI)</p> <ul style="list-style-type: none"> · Supervised by the Korea Productivity Center · Awarded for seven consecutive years
	 <p>Best Korea Brands 2015</p>	<p>Best Korea Brands</p> <ul style="list-style-type: none"> · Supervised by Interbrand · Awarded for three consecutive years
Design	 <p>reddot award 2015 best of the best</p>	<p>Red Dot Award</p> <ul style="list-style-type: none"> · Supervised by Design Zentrum Nordrhein Westfalen (Essen, Germany) · Winner Award: Winter i*cept evo2 and Smart Control AWO2 · Luminary Best of Best Award: Boostrac
	 <p>IDEA INTERNATIONAL DESIGN EXCELLENCE AWARDS</p>	<p>IDEA</p> <ul style="list-style-type: none"> · Supervised by the Industrial Design Society of America (IDSA) · Awarded to: Alpике, hyBlade, Boostrac
	 <p>GOOD DESIGN AWARD 2015</p>	<p>Good Design Award</p> <ul style="list-style-type: none"> · Supervised by the Korea Institute of Design Promotion (KIDP) · Awarded to: Winter i*cept evo2
	 <p>iF DESIGN AWARD 2015</p>	<p>iF Design Award</p> <ul style="list-style-type: none"> · Supervised by iF international Forum Design GmbH Winner Award · Winter i*cept evo2, Alpике, Boostrac · Gold Award: hyBlade

Membership

Korea Industrial Technology Association	Korea Fire Safety Association	Federation of Korean Industries	Korea International Trade Association	Korea Electric Engineers Association
Human Resource Development Forum	Korea Environmental Preservation Association	Korea Tire Manufacturers Association	Korea Industrial Safety Association	Korea Chamber of Commerce & Industry
Korea Management Association	BEST Forum	Korea Business Council for Sustainable Development (KBCSD)	WBCSD-TIPG*	

* TIPG refers to the Tier Industry Project Group under the World Business Council of Sustainable Development. In 2005, we formed a consultative body along with 10 other global tire manufacturers to perform research and work together for the sustainable future of the tire industry. Research topics include the identification of the impact of tire particulate matters generated in tire use on the environment and human body as well as requirements for the eco-friendly re-collection, recycling and disposal of used tires and the environmental impact of tire materials. In so doing, we at Hankook Tire contribute to the sustainable development of the tire industry.



Performance Summary

Item	Unit	2012	2013	2014	2015		
Economic performance (consolidated)							
Sales	KRW in millions	2,317,223	7,069,238	6,680,848	6,428,173		
Cost of sales		1,561,773	4,710,851	4,280,801	4,084,046		
Gross income		755,450	2,358,387	2,400,047	2,344,127		
Operating income		308,592	1,031,006	1,031,637	884,990		
Income before tax		293,528	989,675	935,634	839,374		
Income tax		62,514	254,644	236,339	182,870		
Net income		231,014	735,032	699,295	656,504		
Other comprehensive income		(74,107)	17,159	(57,417)	17,352		
Total comprehensive income		156,907	752,191	641,878	673,856		
Total assets		7,182,454	7,776,713	8,320,082	9,496,138		
Total liabilities		3,960,969	3,852,578	3,803,609	4,355,350		
Total equity		3,221,486	3,924,136	4,516,473	5,140,788		
Patent registration	Domestic	Items	172	206	273	79	
	Overseas		27	29	25	19	
Patent application	Domestic		246	141	116	62	
	Overseas		36	43	44	49	
Environmental performance							
Energy	Consumption	GJ	10,653,603	11,850,202	11,749,260	11,844,819	
	Intensity	GJ/tons	9.82	10.11	10.08	10.10	
Greenhouse gas	Scope 1	tCO ₂ -eq	233,632	253,403	247,899	250,838	
	Scope 2		829,392	952,451	933,152	951,398	
	Total		1,063,024	1,205,854	1,181,051	1,202,236	
	Intensity	tCO ₂ -eq/tons	0.980	1.029	1.013	1.025	
COD	Emissions	tons	118.21	86.56	74.04	68.62	
	Intensity	g/tons	108.72	73.85	63.49	58.49	
Waste	Treated	tons	42,296	46,554	49,298	49,661	
	Intensity	kg/tons	38.90	39.72	42.28	42.33	
	Recycling rate	%	73.90	77.02	78.25	77.01	
Water	Consumption	m ³	7,081,540	7,402,267	7,420,364	6,934,645	
	Intensity	m ³ /tons	6.53	6.31	6.36	5.91	
Treated water	Emissions	m ³	2,118,295	2,167,832	2,010,099	1,948,905	
	Intensity	m ³ /tons	1.95	1.85	1.72	1.66	
	Recycling rate	%	21.73	26.17	36.12	32.52	
Raw materials	Consumption	tons	931,224	1,004,564	970,355	1,013,850	
	Intensity	tons/tons	0.86	0.86	0.83	0.86	
Ratio of eco-friendly products*		%	21.47	24.12	44.11	47.14	
Ratio of LCA-performed products			0.62	6.58	27.31	21.57	
Social performance							
Employees	Total employees	Domestic	Persons	6,598	6,897	6,911	6,934
		Overseas (Korean)		249	270	295	302
		Overseas (Local)		12,662	13,759	14,134	14,500
		Total		19,509	20,926	21,340	21,736
	New recruits	Office staff (Korea)	Persons	321	266	194	178
		Operators (Korea)		255	311	62	32
		Office staff (Local)		558	550	478	373
		Operators (Local)		4,470	3,776	3,564	2,785
		Total		5,604	4,903	4,298	3,368
	Job category	Office staff	Persons	4,607	5,010	5,153	5,268
		Operators		14,902	15,916	16,187	16,468
	Employment type (Korea)	Regular	Persons	6,834	7,146	7,178	7,210
		Non-regular		13	21	28	26
Non-regular rate		%	0.2	0.3	0.4	0.4	
Parental leave (Korea)	Applicants	Persons	15	22	19	26	
	Return to work		15	20	16	24	
	Rate of return	%	100	90.9	84.2	92.3	
Employees (overseas)	Applicants	Persons	31	35	43	66	
	Return to work		24	29	38	13	
	Rate of return	%	77.4	82.9	88.4	19.7	

* Re-established the eco-friendly product calculation criteria since 2014

Item			Unit	2012	2013	2014	2015	
Employees	Female	Office staff	Persons	771	878	927	948	
		Operators		571	601	573	577	
		Ratio of female workers	%	6.9	7.1	7.0	7.0	
		Ratio of female managers*		5.0	6.3	6.5	7.1	
		New recruits (Korea)	Persons	75	72	51	22	
	Diversity	Handicapped (Korea)	Persons	83	83	82	88	
	Local recruits	Total employees overseas	Persons	12,911	14,029	14,429	14,802	
		Korean expatriates		249	270	295	302	
		Local employees		12,662	13,759	14,134	14,500	
		Ratio of local employees	%	98.1	98.1	98.0	98.0	
		Local managers	Persons	533	618	677	735	
		Ratio of local managers	%	4.1	4.4	4.7	5.0	
	Employees by region	Korea	Persons	6,597	6,897	6,911	6,933	
		China		8,775	9,192	8,751	8,285	
		Europe		2,700	3,028	3,742	3,876	
		America		241	263	287	351	
		Middle East, Asia-Pacific		1,196	1,546	1,649	2,291	
		Total		19,509	20,926	21,340	21,736	
	Local employees by region	China	Persons	8,697	9,109	8,668	8,202	
		Europe		2,619	2,943	3,655	3,794	
		America		209	228	232	279	
		Middle East, Asia-Pacific		1,137	1,479	1,579	2,225	
		Total		12,662	13,759	14,134	14,500	
	Retirement	Office staff	Persons	343	375	491	593	
		Operators		2,853	2,163	2,130	2,475	
	Avg. service years (Korea)		Years	11.5	11.5	12.0	12.7	
	Performance & Compensation (Korea)	Ratio of regular performance evaluatees	%	99.8	99.7	99.6	99.6	
	Grievance handling (Korea)	No. of grievances handled	Cases	32	16	19	45	
	Labor union (Korea)	Union member targets	Persons	6,598	6,897	6,911	6,934	
		Union members (1 st Labor Union)		4,731	4,813	4,801	4,337	
	Health & Safety	Accident rate	-	1.10	0.71	0.61	0.79	
		Accident severity rate	-	0.45	0.15	0.15	0.19	
		Smoking rate	%	20.9	13.9	10.6	11.4	
Employee training**	No. of trainees	Office staff	Persons	-	-	5,002	4,974	
		Operators		-	-	16,116	16,390	
		Total		-	-	21,118	21,364	
	Training hours	Office staff	Hours	-	-	313,335	330,927	
		Operators		-	-	389,069	401,949	
		Total		-	-	702,404	732,876	
	Training hours per capita	Office staff	Hours	-	-	62.6	66.5	
		Operators		-	-	24.1	24.5	
		Total		-	-	33.3	34.3	
		Training on sexual harassment (Korea)	Office staff	Persons	-	-	1,356	1,773
		Training on human rights			-	-	-	129

* No. of female managers/No. of total managers

** The figures differ from those of CSR Report 2014/15 due to the expansion of data criteria to company-wide office staff and operators. The changed data criteria will be used in the future.

Performance Summary

Item		Unit	2012	2013	2014	2015	
Suppliers	Percentage of local purchasing	Raw materials	%	-	-	61.9	63.1
		Facilities		-	-	87.0	97.2
		Indirect		-	-	97.5	96.1
		Total		-	-	67.9	69.3
	CSR evaluation of suppliers	Raw materials	Items	-	13	14	30
		Facilities		-	57	71	183
		Indirect		-	18	74	109
Total			-	88	159	322	
Customers	Customer satisfaction	Points	-	85.3	86.6	88.8	
	No. of complaints regarding personal information	Cases	4	2	3	0	
Ethics management	No. of reports	Cases	25	17	26	44	
	Self-diagnosis score	Points	71	82	75	73	
	No. of regulation violators	Cases	0	0	0	0	
	No. of fair trade violations*		0	0	0	1	
Corporate Philanthropy	Expenses for corporate philanthropy	KRW in millions	3,036	4,166	4,835	7,339	
	Philanthropic expenses to sales	%	0.04	0.06	0.07	0.11	
	Volunteer activities (Korea, Hungary)	Volunteer activities	Hours	-	21,654	29,330	27,353
		Participants in volunteer activities	Persons	-	5,382	7,597	6,365
		No. of volunteer activities	Cases	-	355	414	379
		Volunteer activities hour per capita	Hours	-	2.3	3.0	2.7

* The Fair Trade Commission ordered us not to exceed the limit of giveaway in March 2015 due to an overpayment at our previous customer appreciation event. In accordance with this corrective measure, we frequently monitor all events to prevent the occurrence of the same violation.

Government-led R&D Projects and Government Investments

Name of Project	Details	Supervising Team	Total R&D Period	Government Investment (KRW in thousands)	Role
Development of Clean Industrial Source Technology	Developing eco-friendly tire manufacturing technology through the use of urethane uni-material	New Concept Tire Project Team	Jun. 1, 2010~ Mar. 31, 2015	4,271,900	Participation
Carbon-Reducing Ketone-Based Premium Fiber and Resin	Developing polyketone fiber composite materials	Raw Material Development Team	Sep. 1, 2010~ Mar. 31, 2019	1,041,910	Participation
Development of Grade Y Fuel-Saving Runflat Tires for Passenger Vehicles	Developing grade Y fuel-saving runflat tires for passenger vehicles	Runflat Project Team	Dec. 1, 2011~ Mar. 31, 2016	2,353,000	Supervision
R&D Project to Develop High-End Automobile Parts Brands under the Economic Region-Specific Base Organization Support Project	Securing core technology for motorsports tires and developing ultra high-performance racing tires that meet F1 requirements	TOP, G Project Team	Sep. 1, 2013~ Aug. 31, 2017	2,600,000	Supervision
Development of Core Platform Technology for Foam-Type Polymer Fuel Cell Stacks	Developing graphite metal-form hybrid separators	Proactive LAB	Dec. 1, 2014~ Nov. 30, 2017	180,000	Participation

GRI G4 Guideline Index

General Standard Disclosures					
Indicators	Contents	Page	Assurance	Note	
Strategy and Analysis	G4-1	A general strategic view of the organizations's sustainability, in order to provide context for subsequent, more detailed reporting against other sections of the Guidelines.	4, 10~15	✓	
	G4-2	A description of key impacts, risks, and opportunities	24~29	✓	
Organizational Profile	G4-3	Name of the organization	6	✓	
	G4-4	Primary brands, products, and services	7	✓	
	G4-5	Location of the organization's headquarters	6	✓	
	G4-6	The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	6	✓	
	G4-7	Nature of ownership and legal form	6	✓	
	G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	6	✓	
	G4-9	Scale of the organization	6, 75	✓	
	G4-10	Total number of employees by employment contract, gender, region, work scope of non-permanent employees, significant changes in number of employees	76~77	✓	
	G4-11	Percentage of total employees covered by collective bargaining agreements	77	✓	
	G4-12	The organization's supply chain	62~65	✓	
	G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership or supply chain	-	✓	N/A
	G4-14	Reporting whether and how the precautionary approach or principle is addressed by the organization	10~15, 73	✓	
	G4-15	Externally developed economic, environmental and social charters, or other initiatives to which the organization subscribes or which it endorses	74	✓	
	G4-16	Memberships of association and national or international advocacy organizations	75	✓	
Identified material Aspects and Boundaries	G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	76	✓	Please refer to the business report
	G4-18	Process for defining the report content and the Aspect Boundaries and how they are implemented	18~19	✓	
	G4-19	All the material Aspects identified in the process for defining report content		✓	
	G4-20	Report on whether the Aspect is material within the organization		✓	
	G4-21	Report on whether the Aspect is material outside of the organization		✓	
	G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	38, 46, 52~53, 57, 76, 77	✓	
	G4-23	Significant changes in the Aspect Boundaries and the Aspect in post-reporting period	-	✓	N/A
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization	15~17	✓	
	G4-25	Basis for identification and selection of stakeholders with whom to engage	15	✓	
	G4-26	The organization's approach to stakeholder engagement	15~19	✓	
	G4-27	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns	15~17	✓	
	Report Profile	G4-28	Reporting period for information provided	2	✓
G4-29		Date of most recent previous report		✓	
G4-30		Reporting cycle		✓	
G4-31		Contact point for questions regarding the report for its contents	85	✓	
G4-32		Report on 'in accordance' option the organization has chosen, the GRI Content Index for the chosen option, the reference to the External Assurance Report, if the report has been externally assured	79~83	✓	
G4-33		Report on the organization's policy and current practice with regard to seeking external assurance for the report, the relationship between the organization and the assurance providers, and whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report		✓	
Governance		G4-34	The governance structure of the organization, including committees of the highest governance body	10~15	✓
	G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	22~23	✓	
	G4-36	(1) Report on whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body (2) System that enable responsible executives directly report to governance organization		✓	
	G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body		✓	
	G4-38	Composition of the highest governance body and its committees	22~23	✓	
	G4-39	Report on whether the Chair of the highest governance body is also an executive officer		✓	
	G4-40	Report on the nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting highest governance body members		✓	
	G4-41	Report on processes for the highest governance body to ensure conflicts of interest are avoided and managed		✓	
	G4-42	The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	10~15 22~23	✓	
	G4-44	(1) The processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics (2) Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice		✓	
	G4-45	(1) The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities (2) Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities		✓	
G4-46	The highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics		✓		

GRI G4 Guideline Index

Indicators	Contents	Page	Assurance Note	
Governance	G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	10~15 22~23	✓
	G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered		✓
	G4-49	The process for communicating critical concerns to the highest governance body	22~23	✓
	G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them		✓
	G4-51	(1) The remuneration policies for the highest governance body and senior executives for the below types of remuneration (2) How performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives		✓
	G4-52	Report on the process for determining remuneration and relationship which the remuneration consultants have with the organization		✓
	G4-54	The ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country		✓
Ethics and Integrity	G4-56	The Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	58~61	✓
	G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as advice lines		✓
	G4-58	Internal and external mechanisms for seeking advice on unethical and unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines		✓
Specific Standard Disclosures				
Economic				
Disclosures on Management Approach	G4-DMA	(1) Why the Aspect is material. Report the impacts that make this Aspect material (2) How the organization manages the material Aspect or its impacts (3) The evaluation of the management approach	18, 24, 30, 34, 38, 42, 48, 54, 58, 62, 66	✓
	G4-EC1	Direct economic value generated and distributed	8~9, 75	✓
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	54~57	✓
Economic Performance	G4-EC3	Coverage of the organization's defined benefit plan obligations	-	✓ Retirement pension program (DC and DB types)
	G4-EC4	Financial assistance received from government	78	✓
Market Presence	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	77	✓
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	66~71	✓
	G4-EC8	Significant indirect economic impacts, including the extent of impacts		✓
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	64	✓
Environmental				
Material	G4-EN1	Materials used by weight or volume	53	✓
	G4-EN2	Percentage of materials used that are recycled input materials	52~53	✓
Energy	G4-EN3	Energy consumption within the organization	54~57	✓
	G4-EN5	Energy intensity		✓
	G4-EN6	Reduction of energy consumption		✓
	G4-EN7	Reductions in energy requirements of products and services		✓
Water	G4-EN8	Total water withdrawal by source	53	✓
	G4-EN9	Water sources significantly affected by withdrawal of water		✓
	G4-EN10	Total water withdrawal by source		✓
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions	57	✓
	G4-EN16	Indirect greenhouse gas (GHG) emissions		✓
	G4-EN18	Greenhouse gas (GHG) emissions intensity		✓
	G4-EN19	Reduction of greenhouse gas (GHG) emissions intensity		✓
	G4-EN20	Emissions of ozone-depleting substances (ODS)		✓
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	52~53	✓
	G4-EN23	Total weight of waste by type and disposal method		✓
	G4-EN24	Total number and volume of significant spills		✓
	G4-EN25	Weight of transformed, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally		✓
	Products and Services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	48~53
G4-EN28		Percentage of products sold and their packaging materials that are reclaimed by category	9	✓
Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	-	✓ No violation
Overall	G4-EN31	Total environmental protection expenditures and investment by type	57	✓
Supplier	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	65	✓
Environmental Assessment	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	65	
Environmental Grievance Mechanisms	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	44	✓
Social				
Labor Practices and Decent Work				
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	77	✓
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		✓
	G4-LA3	Return to work and retention rates after parental leave, by gender		✓
Labor/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	44	✓

Indicators		Contents	Page	Assurance	Note
Occupational Health and Safety	G4-LA5	Percentage of total work force represented in formal joint management-worker health and safety commitments that help monitor and advise on occupational health and safety programs	38~41	✓	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender		✓	
	G4-LA7	Workers with high incidence of or high risk of diseases related to their occupation		✓	
	G4-LA8	Health and safety topics covered in formal agreements with trade unions		✓	
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	46, 77	✓	
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		✓	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category		✓	
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees		✓	
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	-	✓	No difference for the same position
Supplier Assessment for Labor Practices	G4-LA14	Percentage of new suppliers that were screened using labor practice criteria	65	✓	
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken		✓	
Labor Practices Grievance Mechanisms	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	44	✓	
Human Rights					
Investment	G4-HR1	Total number and percentage of significant investment agreements and contracts that included human rights clauses or that underwent human rights screening	14, 45	✓	
	G4-HR2	Total number of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		✓	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	-	✓	No violation
Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	45	✓	
Child Labor	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		✓	
Forced or Compulsory labor	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		✓	
Assessment	G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments		✓	
Supplier Human Rights Assessment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	65	✓	
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken		✓	
Human Rights Grievance mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	44	✓	
Society					
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	66~71	✓	
	G4-SO2	Operations with significant actual and potential negative impacts on local communities		✓	
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	58-61	✓	
	G4-SO4	Communication and training on anti-corruption policies and procedures		✓	
	G4-SO5	Confirmed incidents of corruption and actions taken		✓	
	G4-SO6	Total value of political contributions by country and recipient/beneficiary	-		None
Anti-competitive Behavior	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	78	✓	
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	-	✓	No violation
Supplier Assessment for Impacts on Society	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	65	✓	
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken		✓	
Grievance Mechanisms for Impacts on Society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	44	✓	
Product Responsibility					
Customer Health and Safety	G4-PR1	Percentage of significant products and services categories for which health and safety impacts are assessed for improvement	51~52	✓	
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	-	✓	No violation
Product and Service labeling	G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	51~52	✓	
	G4-PR4	Total number of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	-	✓	No violation
	G4-PR5	Results of surveys measuring customer satisfaction	36	✓	
Marketing Communications	G4-PR6	Sale of banned or disputes products	-	✓	None
	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	-	✓	No violation
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	27	✓	None
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	✓	No violation



Independent Assurance Statement

To the management of Hankook Tire

At request of Hankook Tire (the “Company”), we have reviewed the information presented in the CSR Report 2015/16 (the “Report”). The management of the Company is responsible for preparing the Report. Our responsibility is to carry out a limited assurance engagement on the Report and to provide opinions on it based on our review.

Procedures performed

We conducted our engagement in accordance with ISAE 3000* and the requirements of a Type 2 assurance engagement as defined by AA1000AS (2008)**.

We performed the following procedures to form our conclusion on the Report:

- Reviewed the Company’s stakeholder engagement and materiality assessment process.
- Reviewed media sources addressing sustainability issues during the Reporting period that are relevant to the Company.
- Searched the media coverage of the Company’s sustainability issues during the applicable reporting period.
- Analyzed latest sustainability reports published by industry peers.
- Interviewed a selection of people in charge to understand the current status of sustainability performance and the Reporting process during the Reporting period.
- Reviewed selected data regarding the Company’s sustainability performance, supporting evidence for assertions, and information from corporate-wide systems.
- Reviewed The Company’s process for collecting and consolidating sustainability performance data.
- Reviewed whether financial performance data has been extracted properly from the Company’s audited financial statements.

* International Standard on Assurance Engagement (Revised) : Assurance Engagements other than Audits or Reviews of Historical Financial Information from International Auditing and Assurance Standards Board

** AA1000AS(2008) : The second edition of the AA1000 Assurance Standard from AccountAbility

Level of assurance

We undertook a limited assurance engagement in accordance with ISAE 3000. The nature, timing and the extent of procedures for gathering sufficient, appropriate evidence are deliberately limited relative to a reasonable assurance engagement. Consequently, the limited assurance of ISAE 3000 is in accordance with the moderate level as defined by AA1000AS (2008).

The limitations of our review

We excluded GHG (Greenhouse Gas) emissions in our limited assurance engagement. And, we did not review environmental and social performance data prior to 2013. However, we reviewed financial performance data based on the Company’s 2015 audited financial statements.

Our conclusions

The result of our review is outlined below.

Inclusivity

Has the Company engaged with stakeholders across the business to develop and implement its approach to sustainability?

- We are not aware of any key stakeholder groups that have been excluded from the stakeholder engagement process outlined in the Report.
- We are not aware of any matters that would lead us to conclude that the Company has not applied the inclusivity principle in developing its approach to sustainability.

Materiality

Has the Company provided a balanced representation of material issues concerning its sustainability performance?

- We are not aware of any material aspects concerning the Company’s sustainability performance which have been excluded from the Report.
- Nothing has come to our attention that causes us to believe that the Company’s management has not applied its processes for determining material issues to be included in the Report.

Responsiveness

Has the Company responded to the stakeholder concerns?

- We are not aware of any matters that would lead us to conclude that the Company has not applied the responsiveness principle in considering the matters to be reported.

Completeness and accuracy of performance information

How complete and accurate is the economic, social, and environmental performance data in the Report?

- We are not aware of any that have been excluded from the economic, social, and environmental performance data.
- Nothing has come to our attention that causes us to believe that the data relating to the above topics has not been collated properly from the Company's reporting processes.

How plausible are the statements and claims within the Report?

- We are not aware of any misstatements of information or explanation used to support statements and claims on the Company's sustainability activities presented in the Report.

Observations and areas for improvement

Without prejudice to our conclusions presented above, we believe the following matters require attention in order to improve the Company's CSR Report.

- It is recommended that the Company establishes specific objectives regarding each of its CSR areas, manages achievements and reports their progress. Such endeavors are significant in terms of internal management of each area, that also ensure to be more systematic and credible for reporting CSR achievements.
- The scope of the Report covers the Head Office, all domestic operations as well as overseas businesses regarding some limited quantitative and qualitative data. Considering the Company's initiative to expand global operations, it is necessary to expand the reporting scope to both domestic as well as overseas operations.

Independence

We comply with the Ethical Standard issued by IFAC (International Federation of Accountants).

Our assurance team

The assurance engagement was performed by the engagement team with a long history of experience and expertise in sustainability area.

Jin-Sug Suh

Regional Managing Partner

EY Han Young

Seoul, Korea

May 2016



AA1000

Licensed Assurance Provider
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Hankook Tire Employees Involved in the Preparation of the CSR Report 2015/16

<p>General Management of the CSR Report</p>	<p>General Management of the Report Publication Jong Yune Kim, Seong Ha Yoon Planning of the Report Publication Na Lee Gu, Hwan Hee Kim General Design Management Dong Wook Kim Design Planning Jone Ha</p>
<p>CG Responsible Corporate Governance</p>	<p>Board of Directors Dae Won Hong</p>
<p>IR Integrated Risk Management</p>	<p>Risk Management Eun Kyu Lee Crisis Management System Yoo Seong Choi</p>
<p>CS Customer Satisfaction & Quality Management</p>	<p>Car maker Soo Jin Kim General Customers and Dealers Yun Jae Lee</p>
<p>HS Employee Health & Safety Management</p>	<p>Safety & Health Management Seon Uk Kim</p>
<p>EV Employee Value Creation</p>	<p>Employee Value Creation Sang Hoon Moon HRM, HRD, Communication Kang Hyun Yoo, Tae Min An</p>
<p>EM Environmental Management</p>	<p>Integrated Environmental Management Sun Mi Jang Climate Change & GHG Management Yoo Seong Choi, Hyo Geun Lee Environmental Management at Worksites Il Kwon Song, Ji Hun Lee Eco-friendly Produce Development Da Eun Park</p>
<p>BE Business Ethics & Transparency</p>	<p>Business Ethics & Transparency Min Seo Kim</p>
<p>SS Stakeholder Satisfaction Management</p>	<p>Win-Win Supply Chain Partnership Soo Eun Lim Corporate Philanthropy Yoon Mo Yang Hankook Tire Welfare Foundation Seong Youn Jeon</p>
<p>Appendix</p>	<p>Brand & Product Ji Sue Choi Government-Commissioned R&D Projects Da Eun Park</p>

Detailed Information on the Report

For more information or inquiries on this report, please contact us at:

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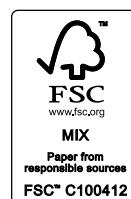
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This report was printed in soy ink on FSC-certified socially responsible paper. Hankook Tire's commitment to a cleaner environment starts with small, yet significant steps.



