



This emblem was created in celebration of the 70th anniversary of foundation.

HANKOOK TIRE CSR REPORT 2009



Driving CSR, Driving Sustainable Mobility



# Driving CSR, Driving Sustainable Mobility

HANKOOK TIRE CSR REPORT 2009



[hankooktire.com](http://hankooktire.com)

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# About This Report

## Reporting Purpose

The 2009 Hankook Tire CSR Report covers the economic, social and environmental performance of the company. As a direct communication channel with stakeholders, this report presents the Corporate Social Responsibility (CSR) performance and future plans for the sustainable development of the company reflecting our stakeholder satisfaction management practices.

## Reporting Guidelines & Principles

The 2009 Hankook Tire CSR Report has been compiled using GRI-G3 Guidelines as they pertain to the company's reporting principles. Hankook Tire's reporting principles stipulate the reliability, relevance, transparency and completeness of the contents of this report. They ensure compilation veracity while also giving this report its own creative identity. These principles apply not only within this report, but to all information disclosed by the company.

## Reporting Period & Scope

This report covers Hankook Tire's CSR activities from January 1st, to December 31st, 2009, in chronological order. For compatibility and reliability, it also contains information from 2007 and 2008, as well as some of the significant events that occurred earlier in 2010. The scope of this report includes the headquarters, the Daejeon and Geumsan plants, the R&D Center and all domestic business operations of Hankook Tire. Future reports will gradually expand to include overseas CSR performance as well. Information and data regarding the subsidiaries of Hankook Tire are available in the Company Profile chapter.

## An Independent Assurance Statement

This is the first issue of Hankook Tire's CSR Annual Report. In publishing the company's CSR management practices, this report describes the performances and plans regarding key managerial issues, encouraging stakeholders' opinions. The contents of the report and the reporting process have been verified by an independent assurance agency, The Korea CSR Consulting Group. The Independent Assurance Statement is available at the end of this report.

## Prospective Readers

This report provides information and data of interest to our primary stakeholders—our customers, employees, local communities, the environment-ecosystem-climate, shareholders-investors and suppliers, as well as secondary stakeholders including non-profit organizations (NPOs), civic groups, students, the next generation, national and municipal government bodies, the media & press, and our competitors.

For more information or questions regarding the content of this report, please contact:

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## Hankook Tire Drives Toward a Sustainable Future.

Hankook Tire employees have incorporated CSR initiatives into their day-to-day activities in life and work. This has brought about changes to our corporate culture. Customer value has risen to the top of our priority list, environmental protection has become our greatest concern, and we strive to contribute to the development of those societies in which we operate. The commitment to these CSR values propels us forward, toward a brighter future as a sustainable company.



This report is printed on paper certified as sustainable by the Forest Stewardship Council using soy ink.

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## A New Way to Drive

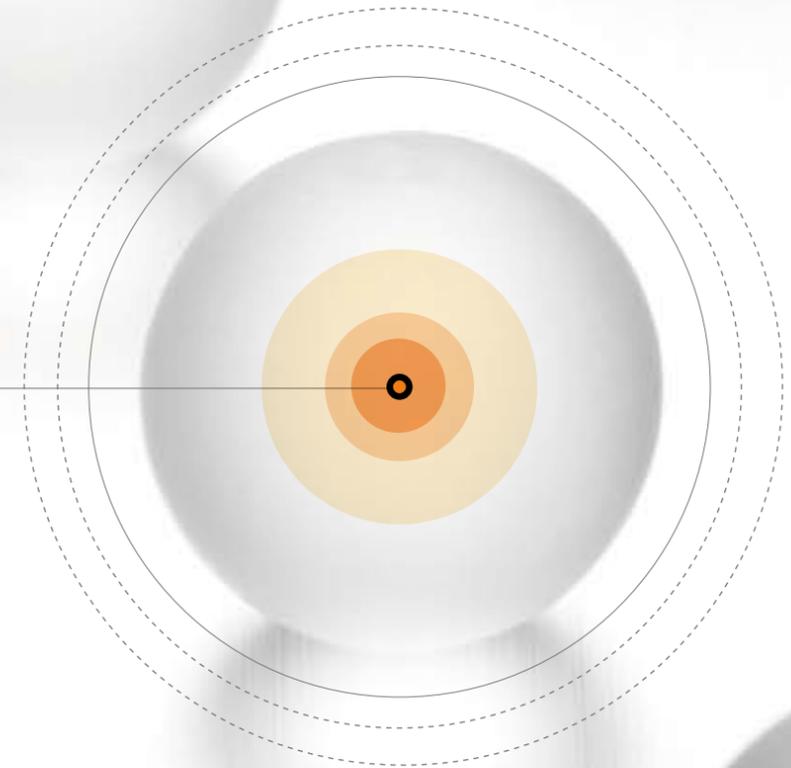
Hankook Tire's commitment to CSR originates from its steadfast dedication to developing the best tires, concern for its customers and communities, and the hope for a brighter future. We are dedicated to a sustainable future for all our stakeholders through systematic and strategic CSR management. In advanced CSR policies and management, Hankook Tire leads the way.

# FUNDAMENTAL THINKING & CHANGE

**“Hankook Tire’s CSR originates from its attention to the smallest of things.”**



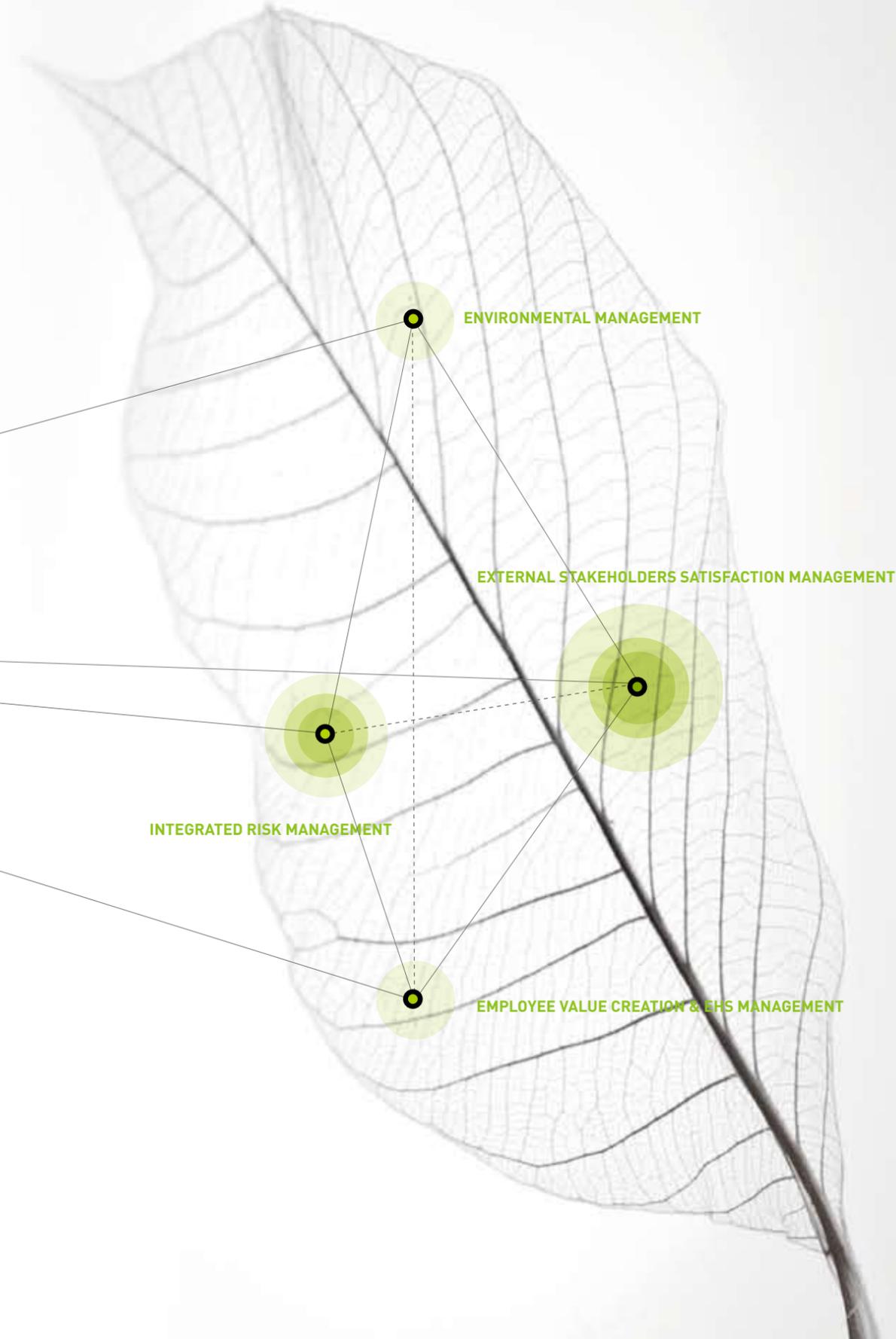
PERFORMANCE  
SAFETY  
COMFORT  
ENVIRONMENT



From the smallest of synthetic molecules that realize our high performance technologies to the patterns on our tire treads, every product and process carries our concern about the environment and care for customer value. Our materials and technologies combine to create the best possible high performance, safe, fuel-efficient and comfortable driving experience. That is why we believe CSR begins with the smallest things. Caring for the small but fundamental details, Hankook Tire works tirelessly to fulfill its CSR responsibilities.

# OPEN COMMUNICATION & COMMITMENT

“Hankook Tire communicates with its stakeholders and upholds its promises.”



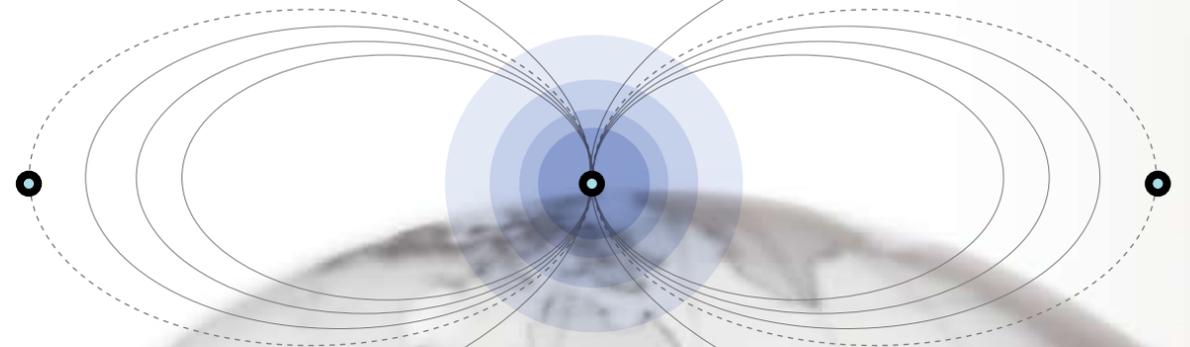
A single leaf reveals the patterns of the universe; therein lies the providence of nature. Soil, water, sunlight and wind harmonize and interact to direct and nurture each leaf bud into being. The relationship between Hankook Tire and its stakeholders resembles this natural relationship, too. In response to the expectations and requirements of its stakeholders, the company commits to its missions and goals. Through keeping its word, the company grows and earns the trust and support of its customers, contractors, employees and local communities. Hankook Tire’s CSR initiatives enable harmonious and close stakeholders relationships.

# DRIVING CSR, DRIVING SUSTAINABLE MOBILITY

“Hankook Tire’s CSR Management seeks growth and brighter future.”



INTEGRATED CSR INTO CORPORATE CULTURE  
VALUE CREATION FOR STAKEHOLDERS  
GLOBAL CSR LEADER



Hankook Tire’s CSR practices allow it to make better quality tires, expand its customer base and advance into the global markets. The ultimate goal is to weave CSR activities into the corporate culture as part of the day-to-day job obligations of our employees. Throughout our business activities, putting CSR initiatives into practice will provide the best possible value to our diverse stakeholders. As a corporate citizen, we will take the global lead in sustainable development in the mobility industry. Hankook Tire will show everyone the road ahead in the drive for a brighter future.

# Global CEO Message

**Driving CSR,  
Driving Sustainable Mobility**



Dear Stakeholders,

I am proud to report that Hankook Tire realized historical business results in 2009. This achievement is all the more significant, given the adverse business environment following the global financial crisis and slowdown in the automobile industry. One can cite several factors behind this remarkable accomplishment: augmented production capacity at our plants in Hungary and China, improved competitive quality through customer satisfaction and the launch of eco-friendly products. Above all these accomplishments, however, nothing would have been possible without our employees' endeavors towards business diversification and increased brand recognition, as well as the unwavering support of our stakeholders.

Hankook Tire has devoted itself to sustainable management practices and economic performance. While enhancing our long-term corporate values, Hankook Tire keeps our hands on the wheel of social responsibility and social contribution. Alert to environmental and climate change issues, we are proactively involved in volunteer and social contribution programs. Workplace safety and health concerns are always at the top of our priority list. For organized and efficient operation of these sustainability management activities, we have set up the CSR Team, launched the CSR Strategy Committee and the CSR Steering Committee that report directly to top management.

**“Hankook Tire’s CSR pursues stakeholder value.”**



Today, business paradigms are different from those of the past. Economic performance, social responsibility, and environmental stewardship are critical qualifications for corporate citizenship. Hankook Tire will double its efforts to meet the expectations and requirements of its stakeholders. While disclosing achievements and progress in a transparent manner, we will seek out meaningful dialogue with our stakeholders for a supportive partnership.

This is Hankook Tire's first CSR Report, a barometer of the company's strong dedication to CSR and sustainability. This report stipulates the CSR performance and future plans of Hankook Tire and specifies the company's pledge to implement its CSR initiatives. It will also demonstrate our potential for sustainable growth to our stakeholders. In the future, Hankook Tire will continue its efforts to increase corporate and stakeholder value for our mutual growth, along with all our stakeholders. As expressed in the slogan, "Driving CSR, Driving Sustainable Mobility," Hankook Tire aims to take the lead in the sustainability management of the mobility industry as a responsible corporate citizen. We invite your support and encouragement in our leap towards becoming a "Leading Global Tire Company" that gives value and joy to its customers through sustainability management. Thank you.

Suh Seung-hwa  
Vice Chairman & Global CEO

# Top Management Message

## President, CTO/CPO Kim Hwi-joong

Around the world, the business sector faces the challenge presented by current and future environmental crises. The advancement of transportation technology brought about diverse economic rewards and growth at the price of environmental issues.

Environmental issues, such as climate change and carbon emissions call for change in business activity for the mobility industry, including car and tire makers. We are now expected to add an environmentally friendly aspect to our products and services. Hankook Tire strives to develop eco-friendly products and production processes while creating new business opportunities.

By redefining the eco-friendliness of our products, we will take environmental factors into account at the planning and designing stages of our products, in order to promote eco-friendly, energy efficient products, while enhancing the environmental value of our products.

In addition, we will make efforts to build a sustainable "Value Chain" by controlling hazardous substances and establishing green purchase practices, while ensuring the health and safety of our employees.

"We are dedicated to enhancing the environmental value of our products and processes."

President, Kim Hwi-joong



## President, COO/Korea Regional Headquarters Cho Hyun-shick

Hankook Tire's stakeholders include customers, shareholders and investors, employees, suppliers, local communities, the environment, ecosystem and climate. Of these stakeholders, our employees are the driving force of the company's growth and of the win-win partnerships with our stakeholders. Therefore, employee satisfaction and constructive corporate culture constitute integral parts of our CSR initiatives.

Based on this notion, "Employee Value Creation" and "EHS management" were selected as one of the focus areas for our CSR system that was introduced in 2009. While holding dialogues with our employees and listening to their suggestions and opinions, we have assisted them to improve their knowledge base with our customized training programs and integrated HR services. At the same time, we invested in building an integrated EHS system to improve health management. In 2009, Hankook Tire realized outstanding achievements, leveraging the excellent trouble shooting capacity of its employees amid the adverse global business environment during the financial crisis.

Discontent to rest on these achievements, we will make efforts to build a great workplace, where employees can realize their full potential and achieve work-life balance, while contributing to the development of local communities.

"Hankook Tire employees are the primary stakeholders and the facilitators of its CSR practices."

President, Cho Hyun-shick



## Executive Vice President, CSFO Cho Hyun-bum

Hankook Tire's CSR activities can be characterized as a "stakeholder-oriented model." The rapidly-changing global business environment increased stakeholders' influence on the company. Therefore, a cooperative relationship with stakeholders plays an important role in dealing with unpredicted risks and realizing sustainable development.

To that end, we have adopted the CSR commitment for all management activities by setting up a dedicated team and a company-wide system. Our mid-to long-term CSR goals are to incorporate CSR practices into day-to-day business activities, while effectively addressing key managerial issues.

In 2009, to establish CSR management practices, we selected focus areas—which require long-term approaches—through materiality tests, stakeholder dialogues and the analysis of across-the-board CSR practices. We also fine-tuned the roles and responsibilities of relevant teams to each managerial issue. In the future, we will strive to incorporate the CSR policies into every business activity. At the same time, we ask our stakeholders for their unwavering support of and engagement in our efforts to establish this report as an efficient channel for communication with our stakeholders and for transparent disclosure on our CSR efforts.

"Hankook tire's business activities are oriented to the value of our stakeholders."

EVP, Cho Hyun-bum



## Union Leader, Labor Union Moon Gi-sun

The employees of Hankook Tire are invaluable constituents of the company and members of society. As we are highly aware of our economic, social and environmental responsibilities as global corporate citizens, we are actively volunteering to fulfill our responsibilities. Hankook Tire's Labor Union is open to all its employees. Our autonomous operation speaks for the members' interest, setting the guidelines for the sustainable development of the company.

Furthermore, all Hankook Tire employees strictly abide by the company's CSR principles in their fulfillment of daily duties. We also endeavor to fulfill our roles and responsibilities, as set forth in this report, to the satisfaction of our stakeholders.

Within the company, we will make every effort for our health management and competence building activities to realize individual life goals and prevent risks. As members of society outside the company, we will contribute responsibly in creating social and environmental value.

"We will build up our CSR competences."

Union Leader, Moon Gi-sun



## 2009 Business Highlights

Despite an adverse business environment, Hankook Tire realized considerable economic success in 2009. While the market was mired under the debris of the global financial crisis and the recession in the global automotive industry wore on, Hankook Tire improved its growth engines and business infrastructure to cope with the changing global business environment. While fairly distributing the economic gains to stakeholders, Hankook Tire reinvested its share into new products and technologies, creating a virtuous circle of growth. The year 2009, in particular, was significant in terms of our CSR management development. We improved our CSR mechanisms and strengthened communication with our diverse stakeholders. At the same time, we transformed our management schemes to timely respond to customers' social and environmental demands. This activity will set the standard for the company in its endeavors to carry on with economic success and build up global competences.

※ 2009 financial performance records are available in the Appendix at the end of this report as well as in the Hankook Tire Annual Report 2009.



## 2009 Awards & Recognition

In 2009, Hankook Tire maintained leadership in both domestic and global business sectors. Our consistent innovation and quality improvement activities were widely recognized, winning several awards. The top-grade performances in several magazine test results attest to our leadership in design and quality.

### Associations & Memberships

#### Organization

Korea Industrial Technology Association  
 Korea Human Resources Development Association  
 Korea Automobile Manufacturers Association  
 Korea Automobile Importers and Distributors Association  
 Daedeok Innopolis Corporate R&D Center Council  
 Daedeok Innopolis Safety Council

Korea Fire Safety Association  
 Korea Environmental Preservation Association  
 Korea Tire Manufacturers Association  
 The Federation of Korean Industries  
 Korea Chamber of Commerce & Industry  
 Korea Management Association

Korea International Trade Association  
 Korea Industrial Safety Association  
 Korea Gas Safety Corporation  
 Korea Electric Engineers Association

\* Based on the Global headquarter and domestic operational framework of Hankook Tire-holding memberships and subscriptions to major organizations and associations  
 \* See page 102 for WBCSD/TIPG activities

**2009 Awards :** Hankook Tire won a number of awards for its successful innovation practices.

<p>One of Deloitte Top 250 in the Consumer Products Industry</p>	<p>Korea's Most Admired Tire Maker</p>	<p>1st in K-BPI for Tires and Services for 8 consecutive years</p>	<p>1st in the Tire category of the 2010 National Brand Competition Index</p>	<p>Green Product Winner for the 2nd Year by Korea Management Association Registration and Assessments Inc.(2008, 2009)</p>
<p>2010 Reddot Design Award in the product design segment</p>	<p>iF Product Design Award 2009 in the product design category</p>	<p>Good Design Mark for "Magazine Test Motion Graphic Brochure" for the Enfren</p>	<p>Platinum recipient of the LACP 2009 Vision Awards for the 2007 Annual Report</p>	<p>Grand Prize for Global Website at the Web Awards Korea 2008</p>

### Technical Journal Test Results

- Icebear W440** • This winter tire received a "Highly Recommended" rating, the highest possible, from ADAC, Europe's most prestigious automotive industry journal(Sep. 2009)
- Optimo 4S** • Auto Bild rated the Optimo 4S "Highly Recommended" the top mark, in a tire performance comparison test(Sep. 2009)
- Ventus S1 evo** • This tire received the highest score on a performance comparison test by Auto Motor und Sport(Mar. 2010)
  - A "Highly Recommended" mark was received in the Gute Fahrt performance comparison test(Mar. 2010)
  - "Highly Recommended" the top rating, was received on a performance comparison test by Auto Zeitung(Apr. 2009 )
  - Ventus S1 evo was declared the Test Winner and granted a "Highly Recommended" rating on a performance comparison test by Auto Bild Sportscars(Mar. 2009)
  - "Highly Recommended" the top rating, was received on a performance comparison test by Sport Auto(Mar. 2009)
- Ventus V12 evo** • The US magazine Car and Driver named Ventus V12 evo an "Outstanding Product"(Jul. 2009 )
  - This tire received Auto Motor und Sport's "Highly Recommended" evaluation in a performance comparison test(Mar. 2009)
- Ventus Prime** • Ventus Prime was declared the Test Winner and granted a "Highly Recommended" rating on a performance comparison test by Auto Bild(Mar. 2009)

\* Some 2010 performances are included.

## Company Profile

Hankook Tire was established as the first tire maker in Korea in 1941. Since then it has achieved remarkable growth, becoming a global tire manufacturer, now providing its products to 180 countries around the world. In 2009, despite the challenging business environment, we realized unprecedented business results—KRW 5,145.1 billion in global consolidated sales, KRW 620.2 billion in operating profit, and 12% of the operating profit ratio. These remarkable achievements also brought us closer to our vision of becoming a leading global tire company. Although pleased by this economic growth, everyone at Hankook Tire is fully aware of their corporate responsibilities and makes strenuous efforts to build a sustainable society. The company, for its part, mounted its unique lifestyle campaign called H-LOHAS(Hankook Lifestyle of Health and Sustainability) and set up the CSR Team, completing a company-wide integrated CSR management framework. We will continue our efforts towards sustainable development in accordance with our stakeholders' values to become a respected and trusted global company.

### Company Overview

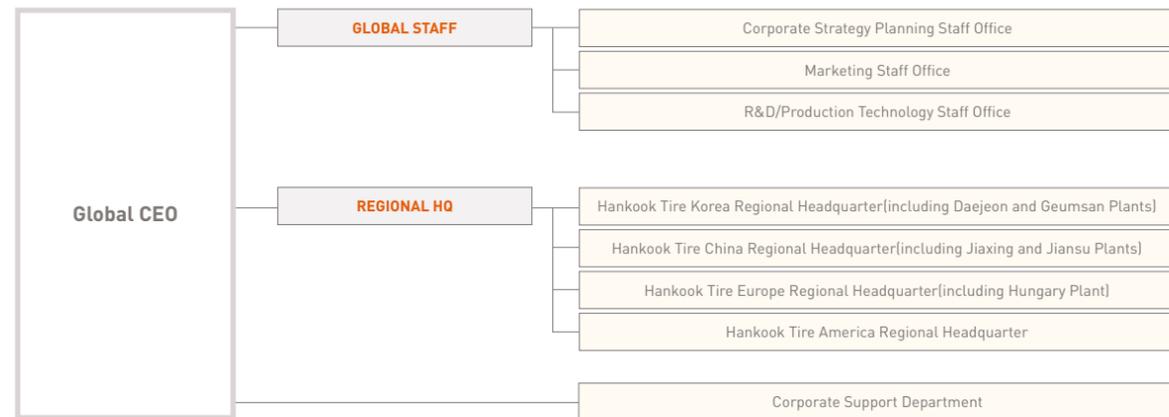
## HANKOOK TIRE SUMMARY

<b>Company Name</b>	Hankook Tire Co., Ltd
<b>Establishment</b>	May 10, 1941
<b>IPO</b>	December 27, 1968
<b>Global CEO</b>	Suh Seung-hwa
<b>Business Type</b>	Manufacturing, reproduction and sales of tires, tubes and components
<b>Address</b>	647-15, Yeoksam-dong, Gangnam-gu, Seoul
<b>Telephone no.</b>	+82-2-2222-1000
<b>Total Assets</b>	KRW 5,002.9 billion
<b>Sales</b>	KRW 5,145.1 billion
<b>Operating Profit</b>	KRW 620.2 billion
<b>Total Shareholders' Equity</b>	KRW 2,113.5 billion

[as of the end of 2009, on a consolidated basis]



### Organization Chart



### Affiliates



The Hankook Tire Group is led by Hankook Tire, the dedicated tire producer, and includes ATLASBX(automotive batteries), Daehwa Engineering & Machinery(tire manufacturing equipment), emFrontier(system integration) and Frixal(brake pads). The Group today is firmly established as Korea's largest enterprise, specialized in automotive parts and accessories.

### Mission & Vision

Hankook Tire's Mission & Vision framework has been redefined to articulate its corporate identity, core values and future direction, so as to take the lead in the rapidly-changing global business environment.

**MISSION**

Contribute to Advancement in Driving

**BUSINESS PRINCIPLE**

Voice, Environment, People, Innovation, Ethics, Execution

**CORE VALUE**

Passion, Innovation, Trust, Global Competencies

---

**VISION 2020**

A Leading Global Tire Company Providing Customers with Value and Pleasure

**MID-TERM GOAL**

5-Global 5th Tire Maker | Global M/S Over 5%(based on sales amount)

1-Global EBITDA 1 Bil. USD | 1st in Profitability

1-Global Production 1 hundred Mil. Tires | 1st in Quality & Productivity

**STRATEGIC DIRECTION**

Brand Value-up

Global Growth Acceleration

Global Operation Excellence

### Core Values

Our core values are the standards that all employees must respect and follow in order to realize our Missions & Vision. The core values for Hankook Tire can be summed up in one word: "Proactive". Hankook Tire's "Proactive Leaders" are employees who faithfully follow our core values.

PASSION	INNOVATION	CUSTOMER	GLOBAL
<p><b>Passionate Organization Man</b></p> <ul style="list-style-type: none"> <li>We know we can meet any challenge.</li> <li>We set challenging goals and do not back away from adversity.</li> <li>We fulfill our roles and responsibilities as organization men.</li> </ul>	<p><b>Creative Innovator</b></p> <ul style="list-style-type: none"> <li>We create value through original thinking.</li> <li>We flexibly embrace changes.</li> <li>We bring about company-wide changes through new ways of practicing business.</li> </ul>	<p><b>Trustworthy Customer Service</b></p> <ul style="list-style-type: none"> <li>We earn trust through responsible and honest behavior.</li> <li>We care about others and listen to their opinions.</li> <li>We provide both value and pleasure to our customers.</li> </ul>	<p><b>Global Leader</b></p> <ul style="list-style-type: none"> <li>We encourage open minds and uphold diversity.</li> <li>We continue to expand our knowledge and language bases to fulfill global business activities.</li> <li>We keep up with global trends and stay ahead of our competitors.</li> </ul>

## Brands & Products



“Kontrol Technology” is Hankook Tire’s unique technological philosophy and principle that underlies the entire value chain: from research and development to production, ensuring the highest controlled driving experience. The “K” denotes “kinetic” and reflects the idea that the interaction of the tire with the road, while in motion, lies at the heart of driving control and automotive performance. Fundamental to Hankook Tire’s business, to provide enhanced benefits to customers, is the application of the highest standards of quality to all products in terms of safety, driving comfort, handling, performance and environmental friendliness. No matter what the situation, whether performing at the highest level of world motor sports or driving your children to school on a rainy day, Hankook Tire strives to provide its customers with tires that control the vehicle perfectly.

### Kontrol Technology Benefits

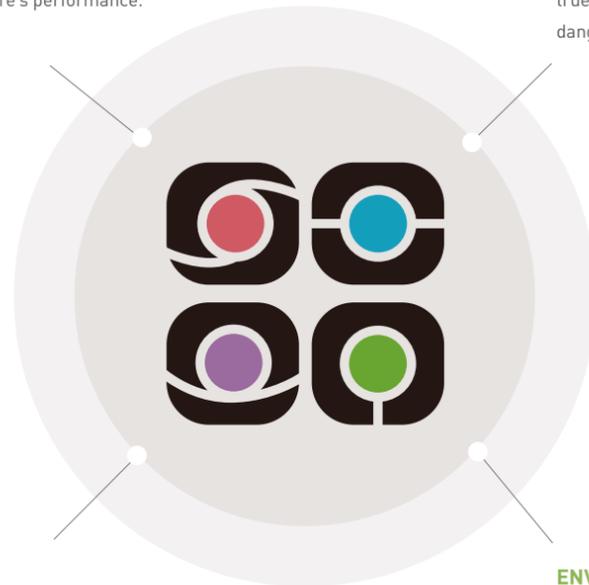
The result of Kontrol Technology is tire that provides a range of driving benefits across four areas that customers name as being of key import: Performance, safety, comfort, and its impact on the environment.

#### PERFORMANCE

Performance technologies improve handling, driving stability and durability under any condition that pushes the limits of a tire’s performance.

#### SAFETY

Safety technologies ensure that the integrity, design and material composition of our tires remain true when most needed: during stressful and dangerous driving conditions.



#### COMFORT

Comfort technologies remove stress from the driving experience by reducing noise and vibrations based on an intimate understanding of tire performance and behavior in real world situations.

#### ENVIRONMENT

Environmental technologies minimize our tires’ environmental impact and save customers money by increasing the durability and longevity of our tires.

Hankook Tire has three global tire brands. The original Hankook name is used worldwide. *Aurora* is used for passenger car tires. *Kingstar* is for customers, outside of Korea, who prefer affordable tires. Our global flagship brand, *Hankook*, has several product-brands that cover diverse segments in terms of applications and compatible vehicle types: *Ventus*(an ultra high performance tire line and racing tires), *Optimo*(for premium sedans), *Enfren*(Korea’s first eco-friendly tire), *Dynapro*(for sport utility vehicles), *Smart*(economy-line sold inside Korea) and *Vantra*(for vans). Winter tire lines include *Winter i\*pike*(studded tires, sold outside Korea), *Winter i\*cept*(studless tires, sold outside Korea) and *Nordic*(a winter tire line for the Korean market). We will launch a new eco-friendly line, *Kinergy*(Kinetic + Energy), in 2011, starting in Europe and then in other markets. We will further develop diverse brands and products that reflect global trends and regional requirements, strengthening our global stance as a leading global tire company.

VENTUS S1evo



Ventus S1 evo is a luxury premium ultra high performance summer tire with improved durability at high speeds and high temperatures. Regardless of road conditions, dry or wet, it ensures outstanding handling and grip. It also minimizes hydroplaning and noise and reinforces driving stability, ensuring a superior driving experience.



RADIAL K109



Aurora Radial K109 is a premium ultra high performance tire, developed especially for customers looking for an unparalleled sport driving experience. Its exquisite handling, outstanding braking performance, as well as its stylish asymmetric pattern design ensure an excellent, comfortable driving experience.



ROAD FIT SK10



Kingstar Road Fit SK10 is an ultra high performance tire developed for perfect interaction between vehicle and road. Its outstanding handling, low noise and high comfort provides an optimal experience for its drivers.

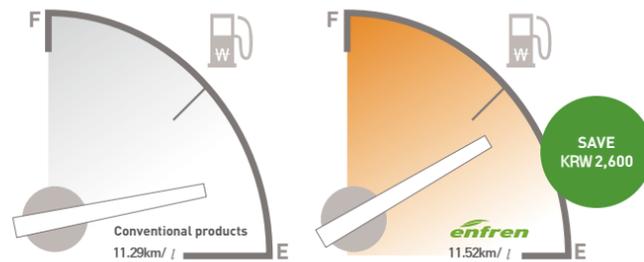


## Eco-friendly Products

Hankook Tire's dedication to innovative, green technologies is realized with eco-friendly Enfren technology. New structural designs, production facility technologies and silica compounds have been utilized to reduce rolling resistance, ensuring high fuel efficiency. In 2010, we continue our efforts to redefine our design process for eco-friendly products to create not only economic but also environmental value.

### Economic Benefits

Hankook Tire's Enfren technology reduced rolling resistance and improved fuel efficiency in an innovative way. When driven on a full fuel tank, it saves KRW 2,600 per rotation, consuming just 70 liters. Annually, this equates to 35.4 liters in total, saving KRW 66,000 annually in fuel costs.



SAVING 35.4 LITERS (WORTH KRW 66,000) OF ENERGY EVERY YEAR

35.4 ↓

**The Korea Automotive Technology Institute(KATECH) Test Results**  
 Tester: KATECH  
 Test Criteria: "Vehicle Fuel Economy Regulations in Korea" (notification No. 2006-93 of the Ministry of Commerce, Industry & Energy)  
 Placing the driving axis of the vehicle on a single roll and collecting and analyzing the exhaust gas from driving, in accordance with the speed profile to calculate back the fuel cost

- NF SONATA 2.0 gasoline-fueled vehicle
- 70L fuel tank
- 20,000km coverage/year
- At KRW1,860/l(based on the average fuel expenses as of May 27, 2008)
- Test model: 215/60R16

REDUCING CO<sub>2</sub> BY 4.1G/KM COMPARED TO CONVENTIONAL PRODUCTS

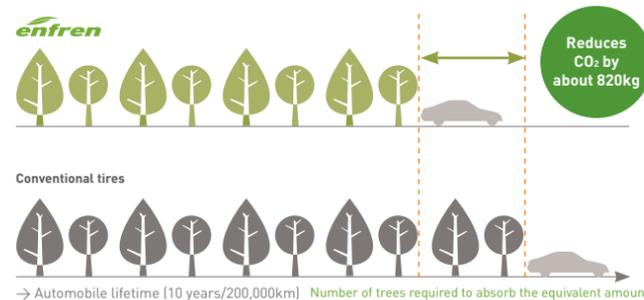
4.1 g/km ↓

**The Korea Automotive Technology Institute(KATECH) Test Results**  
 Tester: KATECH  
 Test Criteria: "Vehicle Fuel Economy Regulations in Korea" (notification No. 2006-93 of the Ministry of Commerce, Industry & Energy)  
 Placing the driving axis of the vehicle on a single roll and collecting and analyzing the exhaust gas from driving, in accordance with the speed profile to calculate back the fuel cost

- NF SONATA 2.0 gasoline-fueled vehicle
- Mounting the test tire to test vehicle and leaving it in a constant temperature chamber(25°C) for 24 hours before testing
- Mounting the same wheel on the tested vehicle (the weight of wheels and balance lead ranges to within ±30g)
- Testing under the same air pressure under the test regulations
- To ensure the same weight, same fuels are injected after each round of tests
- Test model: 215/60R16

### Environmental Protection

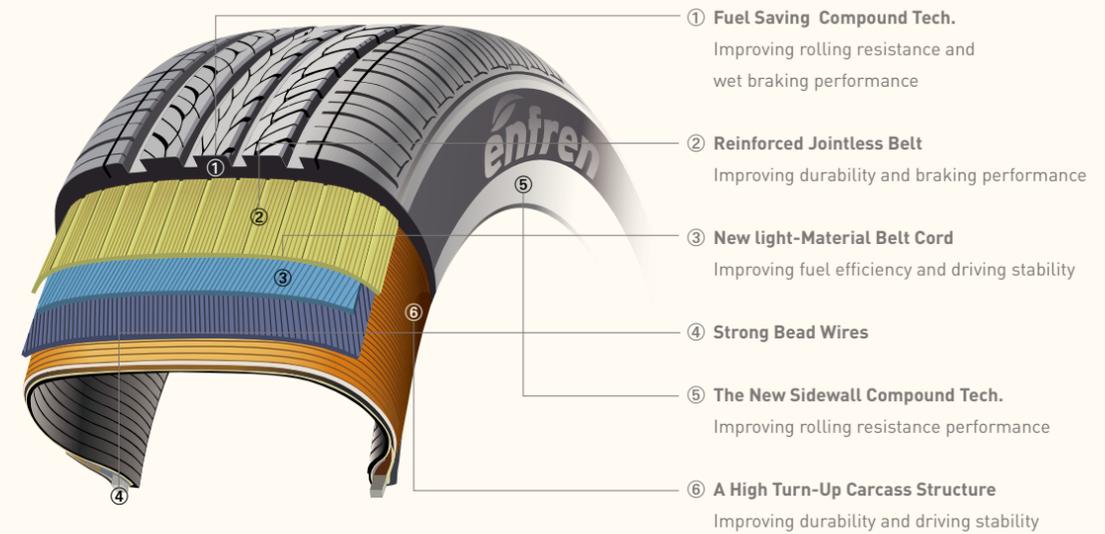
Fossil-fueled vehicles generate greenhouse gasses when driving. The eco-friendly technology of Hankook Tire has reduced the CO<sub>2</sub> gas emissions by 4.1g/km compared to other conventional products. Over the lifespan of a vehicle, this equates to a reduction of approximately 820kg CO<sub>2</sub>: equivalent to the amount of CO<sub>2</sub> absorbed by 146 trees per year.



## ECO-FRIENDLY PRODUCT



### Tire Structure



### Technology

#### ENVIRONMENT



Dynamic profile for Fuel Efficient  
Fuel Saving Compound Tech.

#### SAFETY



Hydro 2 Outstanding

#### COMFORT



Virtual Noise Tech.  
Ride Quality Control Tech.

#### PERFORMANCE



Optimized Contact Patch

# Responsible Corporate Governance

CG

Hankook Tire is one of Korea's first companies to adopt an exemplary governance system that clearly separates management activities from the vested interests of its business owners. This professional management system formed the basis for performance-oriented management practices and empowered the Board of Directors to hold the top management in check. As a result, the company was able to maintain sound corporate governance and transparent management practices.

**Major Shareholders :** The table below shows the ownership of shareholders holding more than 5% in shares as of Dec. 31, 2009.

Name	No. of Shares	Ownership(%)
Cho Yang-rai	24,335,507	15.99
Compagnie Financiere Michelin	15,195,587	9.98
Cho Hyun-bum	10,798,251	7.1
Cho Hyun-shick	8,817,786	5.79
Total	59,147,131	38.86

**Board of Directors Composition :** The Hankook Tire Board of Directors consists of seven members, three internal and four external directors, as of Dec. 31, 2009.

Directors	Name	Position	Relations with the Largest Shareholders	Total Payment	Approval by the General Shareholders' Meeting
Internal	Cho Yang-rai	Chairman	Largest shareholder	2,068	
	Suh Seung-hwa	Vice Chairman	Not applicable[Chairman of the Board of Directors]		
	Kim Hwi-joong	President	Not applicable		
External	Hwang Won-oh	Audit committee member	Not applicable	96	
	Min Hae-yung	Audit committee member	Not applicable		
	Lee Yong-sung	Audit committee member	Not applicable		
	Chang Sun-kon	Board director	Not applicable		

\* Unit: KRW million  
\* Compensations for service periods of registered directors

## Professional and Responsible Operation of the Board

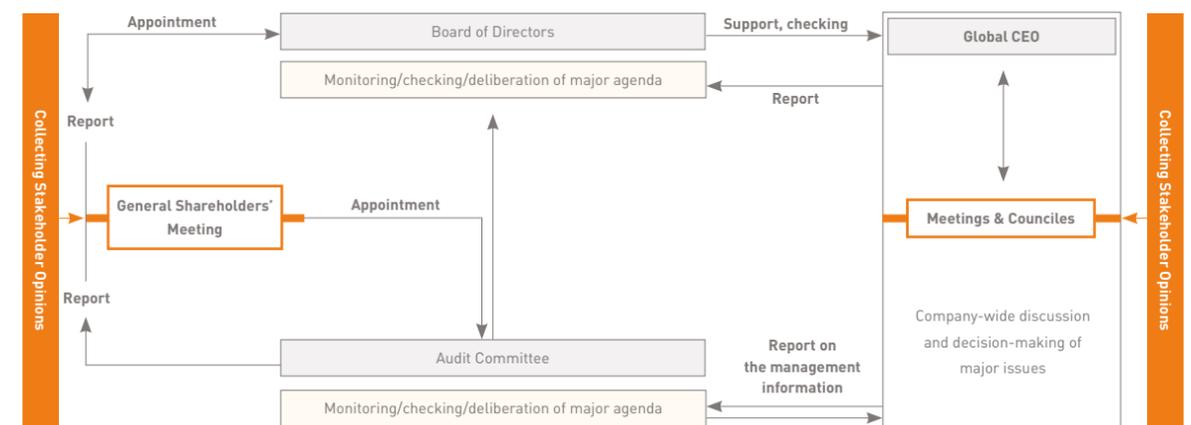
External directors make up the majority of the board. They are selected in a transparent and fair process by the External Director Nomination Committee. Experienced external directors can monitor and keep in check the decision-making of top management, while providing valuable advice.

## 2009 Board of Directors Meetings

Regular Meetings	Special Meetings	Major Agenda Items	External Directors' Participation Ratio
4	9	Approval of the financial statements, guaranty and capital increase of affiliated companies	98%

## Top Management Decision-Making Process

At the top of Hankook Tire's decision-making mechanism is its Board of Directors. Comprised of external directors, the Audit Committee ensures the transparency and independence of the decision-making process. We are also expanding communication channels to collect and reflect our stakeholder opinions in top management decision-making. For instance, the Global CEO web-site is the interactive communication channel through which employees can make their opinions known.



## Board-level Committees

Audit Committee	Management Committee	External Directors Nomination Committee
3 external directors	3 internal directors	2 internal directors 3 external directors
<b>Main Functions</b> <ul style="list-style-type: none"> <li>Audit on the accounting and business activities of the company</li> <li>Request reports from the Board of Directors</li> <li>Examination of the company's financial conditions</li> <li>Seconding a motion of the selection of an independent auditor</li> <li>Matters stipulated in the regulations or the Articles of Incorporation as well as those commissioned by the board</li> </ul>	<b>Main Functions</b> <ul style="list-style-type: none"> <li>Deliberation and resolution of general management affairs</li> <li>Deliberation and resolution of financial affairs</li> </ul>	<b>Main Functions</b> <ul style="list-style-type: none"> <li>Nomination of external directors</li> </ul>

### Subcommittees

Hankook Tire established a professional management mechanism early on that separated ownership and management, to maximize shareholder value. Every member of Hankook Tire's top management capitalizes on their extensive experience and knowledge to realize the best possible business performance. The company, for its part, ensures a global standard management system to assist efficient and timely decision-making by executives, while maximizing transparency in all management practices.



#### Global Executive Innovation Committee

The Global CEO and senior executives attend the Global Executive Innovation Committee(GEIC) to discuss the overall objectives and processes at each regional headquarters. The GEIC convenes to decide on companywide strategies in innovation. The meeting of this committee is an opportunity for senior management to ascertain performance results from a global perspective and deliberate on the operational improvements achieved. In-depth discussions of corporate-level decisions and issues requiring a consensus provide a unified direction for the company.

#### Regional Executive Committee

The Regional Executive Committee(REC) is a meeting of the Regional Headquarters COO and their Vice Presidents to convey regional performance results and discuss the objectives and progress of management activities in innovation at the regional level. This is also a forum for launching management activities in innovation for implementation in regional strategies. The Global CEO or other senior executives may sit in on the REC to coordinate strategies between the Global Headquarter and the Regional Headquarters, offering decision-making support on pending issues at the Regional Headquarters.

#### Marketing Steering Committee

The Marketing Steering Committee(MSC) deliberates on regional market issues as well as on sales and marketing results for the Regional Headquarters. The MSC is attended by senior executives from the Global Headquarter as well. They carefully analyze market conditions and Regional Headquarters performance results and explore action plans for maximizing sales and profitability within each region. The Global CEO or other senior executives may join the MSC to accelerate decision-making on pending issues.

#### Global Strategy Committee

Hankook Tire has also installed a Global Strategy Committee, consisting of expert groups, separate from the Board of Directors. The Committee facilitates a global management system, establishes a transparent operational environment and enhances efficiency in company-wide decision-making. The Committee is tasked with promoting professional decision-making on major issues.

#### Executive Personnel Committee

The Executive Personnel Committee was established to make decisions on all issues pertaining to Hankook Tire executives, including their promotions, appointments, evaluations and compensation. The committee is attended by the Global CEO and CTO/CPO. The members evaluate the competencies of each executive, select new people for executive positions and promote, as well as assign positions to currently serving executives. Unlike many other companies, the Hankook Tire personnel management system handles executives separately from the lower level employees, helping to improve transparency and fairness in personnel affairs.

#### Performance Management Committee

The Performance Management Committee is not technically a subcommittee of the Board. However, like the Executive Personnel Committee, this internal decision-making body is attended by the Global CEO, CTO/CPO and other key executives. Committee members decide on categories for performance monitoring and evaluate performance results. They decide compensation for organizational performance calculate the global weighted average cost of capital and sharing rates, settle on incentives and related financial resources and determine incentive payments.

#### HR & Organization Management Committee

The HR & Organization Management Committee is responsible for establishing, abolishing, integrating or restructuring organizational units. Committee decisions also cover whom to hire, train and assign to those units. The Committee is chaired by the CSFO and attended by key executives. Their duties include assessing the organization and personnel, examining and determining the organizational structure, calculating the number of people required, assigning people to their respective positions and authorizing middle management transfers and expatriate assignments.

#### HR Evaluation & Compensation Committee

The HR Evaluation & Compensation Committee convenes each quarter to decide major issues related to non-executive personnel policy. The committee meeting is led by the CSFO and attended by key executives. They examine requests to adjust the performance evaluations of middle managers(team managers) and annual salaries for employees. They also decide on middle management promotions. In addition to their regular meetings, the committee may be called to deliberate and decide on such issues as the Hankook Tire Code of Ethics, rewards and disciplinary actions or selecting employees to attend training programs outside the company.

## Transparency & Business Ethics

BE

Hankook Tire's business ethics aims to create an ethical framework for every member of the company and to put them into practice. By incorporating business ethics into the corporate mission and vision, we strive to establish a corporate culture of anti-bribery and corruption. Hankook Tire aims to become a socially responsible, leading, global tire company through transparent and ethical management practices.

### Operational Framework

Continued training and monitoring as well as self-regulated operation will instill an ethical framework for our employees and suppliers, incorporating business ethics in day-to-day business practices. In this way, we will be able to realize a high ethical standard.



### Mid-term Roadmap

Conventional ethics practices have been after-the-fact treatments involving amendments to the Code of Ethics or audits on ethical practices. We will bolster the preventive function of ethical risk management and establish preemptive mechanisms through constant training and monitoring.

Key Managerial Issues	2010	2011	2012
<b>Reinforcing business ethics training and communication(code of ethics)</b>	<ul style="list-style-type: none"> <li>Ethics training to managers</li> <li>Distributing guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the number of target classes for ethics training</li> </ul>	<ul style="list-style-type: none"> <li>Cyber business ethics</li> <li>Operating a dedicated website</li> </ul>
<b>Establishing a system of regular monitoring and diagnosis</b>	<ul style="list-style-type: none"> <li>Bolstering the functions of the Cyber Auditor website</li> <li>Reinforcing the functions of the Management Diagnosis Committee</li> </ul>	<ul style="list-style-type: none"> <li>Evaluating the compliance of business ethics by employees</li> </ul>	<ul style="list-style-type: none"> <li>Running a business ethics practice self-monitoring program</li> </ul>
<b>Spreading business ethics to suppliers</b>	<ul style="list-style-type: none"> <li>Increasing the number of official notices rejecting any kind of gift</li> <li>Setting ethics guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the number of participating suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Conducting surveys on business ethics practices by suppliers</li> </ul>

### Organization

Dedicated to establishing a transparent and ethical corporate culture, Hankook Tire operates a dedicated business ethics organization under the direct control of the Global CEO. The Audit Team audits management activities, conducts online audits, internal controls and promotes business ethics, as well as various other policies and plans, to ensure ethical practices. The team monitors ethical practices and the responses to ethical risks and reports to the Management Diagnosis Committee and Global CEO. It also notifies the HRM Committee of the results for appropriate HRM measures.

Reinforcing Business Ethics Training & Communication

We will complement the code of ethics and distribute behavioral guidelines, while giving on- and off-line training programs on business ethics and sexual harassment prevention. The management diagnosis results and other business ethics information is shared via our internal intranet, further improving our employees' ethical focus.

### 2009 Activities & Performances

Business ethics practices have conventionally been concentrated on after-the-fact issues detected by system examination. Analysis of the causes behind regulatory and other violations provided countermeasures to make the required improvements. This mechanism, however, stopped short of effectively promoting business ethics, as it lacked opportunity for information sharing or the ability to differentiate from irrelevant cases. In addressing this issue, Hankook Tire has developed systematic training and promotion policies. The new policies prevent various ethics risks during the day-to-day fulfillment of duties. As such, the promotion of business ethics can now be established in a sound and transparent manner throughout our corporate culture.

2009

#### Business Ethics Training

##### 2009 Major Activities: 6 times

- Major targets: employees involved in procurement and outsourcing
- Direct training of individual workers on putting the code of ethics into practice
- Special sessions on entertainment provided by suppliers, compliance with regulations on budgets and expenses and other scenarios with a potential for irregularities by employees

#### Communication

##### Officially notifying the results of internal audits to the department in question

- Sharing the six cases of 2009
- Sharing the detected cases with the person in question, as well as their supervisors and executives

### 2010 Plans

In 2010, we will emphasize preemptive prevention in our business ethics training and communications, channeling our resources into reinforcing the programs for the entire workforce.

2010

First, we will amend our code of ethics and distribute behavioral guidelines to our employees. The guidelines will be published based on consultation with relevant teams on details, scopes of inquiry and case studies. In addition, regular review and revision of the codes will keep the regulations up-to-date.

Second, we will reinforce our business ethics training programs. The case studies on the implementation of both the code of ethics and sexual harassment prevention programs will further improve their effects. At the same time, on- and off-line courses will ensure across-the-board understanding of the importance of ethical business practices.

Third, we will publish the business ethics case studies and information. The official website will function as an effective communication channel for sharing managerial diagnoses and business ethics information, instilling an ethical mindset in our employees.

Global CEO Message



This is the comment of the Global CEO on embezzlement by an executive of a construction company in Oct. 2009:

"In order to prevent risks and unnecessary losses arising from moral hazards, I reiterated the necessity of inspections and reviews of systems and processes at each position of responsibility. Based on the results, we have to keep reinforcing training and communication plans as preventive measures."

Employee Training & Cultural Programs

Directions

- Enhancing the employees' ethical focus and commitment to ethical business practices
- Continuous training to complement the code of ethics and regulations
- Special training on business ethics by duty and class
- Operating round-the-clock communication channels on pending issues

Business Ethics Training System

On-line Training	Year-round	Target: All employees Subjects: Concept and regulation of business ethics
Off-line Training	Year-round	Business ethics training by the internal ethics lecturers and newly promoted - regulations and case studies
Ethics Manual	Continual	Target: Office and production workers Method: Distribution of the business ethics manual
Interactive Communication	Continual	On-line: Short messages on the bulletin board Off-line: Guidebooks, etc.

Establishing Regular Monitoring and Diagnosis Systems

The business ethics monitoring systems have been operated with regular diagnosis, process examination and reports to the Cyber Auditor. Detected violations are reflected in performance evaluations. In the near future, we plan to give regular surveys on the ethical focus of our employees. In addition, Hankook Tire will strive to establish a fair and transparent competition across the entire chain of operational framework, with no tolerance for irregularities or monopolies in the competition.

2009 Activities & Performances

The 2009 internal audit examined the regular audit results and seven reported cases. We conducted regular and special internal audits and monitored ethical practices across the board. Regular audits involved the inspection of processes based on the annual plan. Special audits were conducted based on the commissioned audit outcomes and reports that passed through the Cyber Auditor, as well as written and online channels. These activities have successfully reduced reporting to the Cyber Auditor and reported employee corruptions each year.

Business Ethics Monitoring System Operation Process

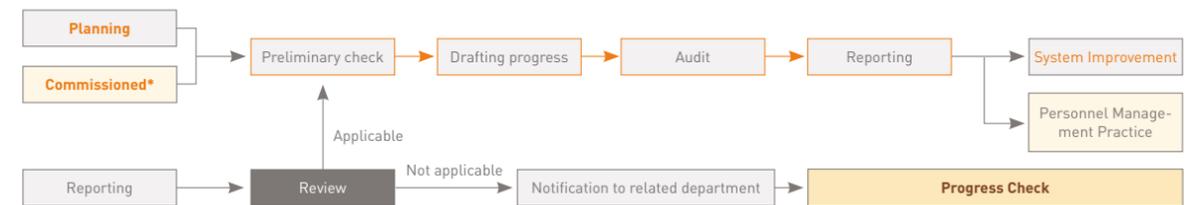


Regular internal audits examine systems to realize transparent management practices and business ethics.

Regular Business Ethics Monitoring Operation Process

Internal Audits	Focus Areas	Descriptions
Plan	Work Process	Inspecting work processes based on internal regulations
Regular audits		- Work efficiency - Appropriate use of budget - Compliance with regulations
On Occasion	Employees' corruption monitoring	Inspection of budget spending, outsourcing and order-placing
Commissioned	Internal duties Procurement/outsourcing	- Evidence of budget use - Bribery and entertainment by suppliers - Compliance with processes of procurement and outsourcing
Reported	Sexual harassment cases	Internal and external sexual harassment cases involving employees - About female employees - About sexual cases involving the corporate image

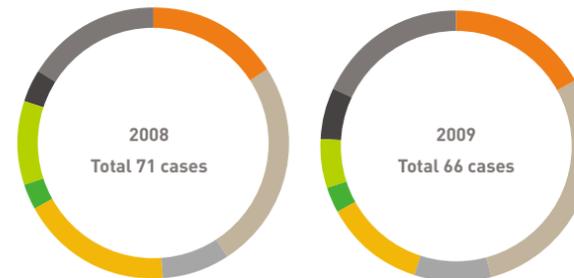
Internal Audit Process



\* Audit on the commission of top management in addition to planning or reporting

The Cyber Auditor Operation

The analysis of annual trends found that reports on unethical practices by employees are declining. We believe this is the result of our vigilant monitoring and training programs over the past years.



Section	2008 Total 71 Cases	2009 Total 66 Cases
Product after sales service	16%	17%
Customer service	25%	29%
Unskilled	8%	9%
Wrongdoing	18%	12%
Employee compliment	3%	3%
Report coverage	10%	6%
Proposals	4%	6%
Others	16%	18%

2010 Plans

Departing from the after-the-fact internal audit and betterment procedures, we will improve monitoring functions to preemptively detect and prevent irregularities. To achieve this, we will phase in an order specification monitoring system to control irregularities in transactions with suppliers and contractors in 2010. In addition to regular meetings, the Management Diagnosis Committee will hold special meetings for round-the-clock monitoring during the preliminary diagnosis.

Vendor Monitoring System	Reinforcing the Functions of the round-the-clock Management Diagnosis Committee	Improving Cyber Auditor Operational Framework
<p><b>Risk management of suppliers who have a high risk potential based on our internal audit, phasing in the program into domestic and overseas operational framework, setting up the global risk management system in the mid- to long-term</b></p> <ul style="list-style-type: none"> <li>- Selecting risk management indicators of suppliers and outsourcers of facilities, materials, maintenance and procurement</li> <li>- Setting up an SAP-based monitoring system</li> <li>- Intensive risk management on transactions with suppliers with high accident frequency according to the results of internal audit</li> </ul>	<p><b>Objectives</b></p> <ul style="list-style-type: none"> <li>Improving the operational system for management diagnosis activities</li> <li>24 hour monitoring of preliminary diagnosis</li> <li>Announcing irregular cases and improving prevention activities</li> <li>Continuing follow-up measures on process improvements</li> </ul> <p><b>Descriptions</b></p> <p>Examining the results of the preliminary diagnosis</p>	<p><b>Reviewing the reporting systems</b></p> <ul style="list-style-type: none"> <li>Setting up a round-the-clock risk management system</li> <li>Ensuring employee self-discipline</li> <li>Incorporating preventive measures into corporate culture</li> </ul> <p><b>Earmarking pages dedicated to the code of ethics</b></p> <ul style="list-style-type: none"> <li>Separating the inconvenience in services</li> </ul>

Promoting Business Ethics to Suppliers

We declared our strong dedication to business ethics in 2009 with an official letter rejecting gifts of any kind from our suppliers. In the future, we will improve upon this, turning it into an anti-bribery and corruption campaign.

2009 Activities & Performances

Hankook Tire is dedicated to establishing fair and transparent commercial transactions with its suppliers in procurement, outsourcing and other services. In articulating this strong dedication, we will send official letters to our suppliers, explaining why we will decline gifts. We take a tough line on any under the table transactions between our employees and suppliers detected during internal audits.

The behavioral guidelines for our employees and suppliers establish systemic standards, setting the cases and limits for the teams requiring high ethical standards in their business practices.

2009

Promoting Business Ethics to Suppliers

Section	Practices	Descriptions
Status Quo (~2009)	Official letter rejecting seasonal gifts[occasional]	Sending official letters rejecting seasonal gifts[occasional]
Plan (2010~)	Official letter rejecting gifts[periodic]	Rejecting any kind of gift or money Periodically[2~3 times] each year Included in business ethics practice
	Setting guidelines for ethical business practices	Setting guidelines for select details of ethical business practices Listing of possible cases Setting standards case by case



Official letters declining gifts from suppliers

2010 Plans

Hankook Tire will establish the Vendor Monitoring System(VMS) for round-the-clock monitoring of high risk factors, preventing risks through real-time control of potential risks. By improving the functionality of the Management Diagnosis Committee, we will establish 24-hour monitoring of the preliminary diagnosis. The committee will increase preventive measures and evaluate the ethical standards of the company.

2010



Until 2009, business ethics practices at Hankook Tire had been after-the-fact measures, based on the results of internal audits. Therefore, the practice has focused on improving process and encouraging employees to comply with the code of ethics. In 2010, we will shift our focus to preventive measures. To that end, we plan to offer of-line courses on business ethics, information-sharing on the best practices of business ethics, system improvements for regular monitoring of those practices and promoting business ethics to our suppliers' operational framework.

Jin Myung-sik  
Manager, Audit Team

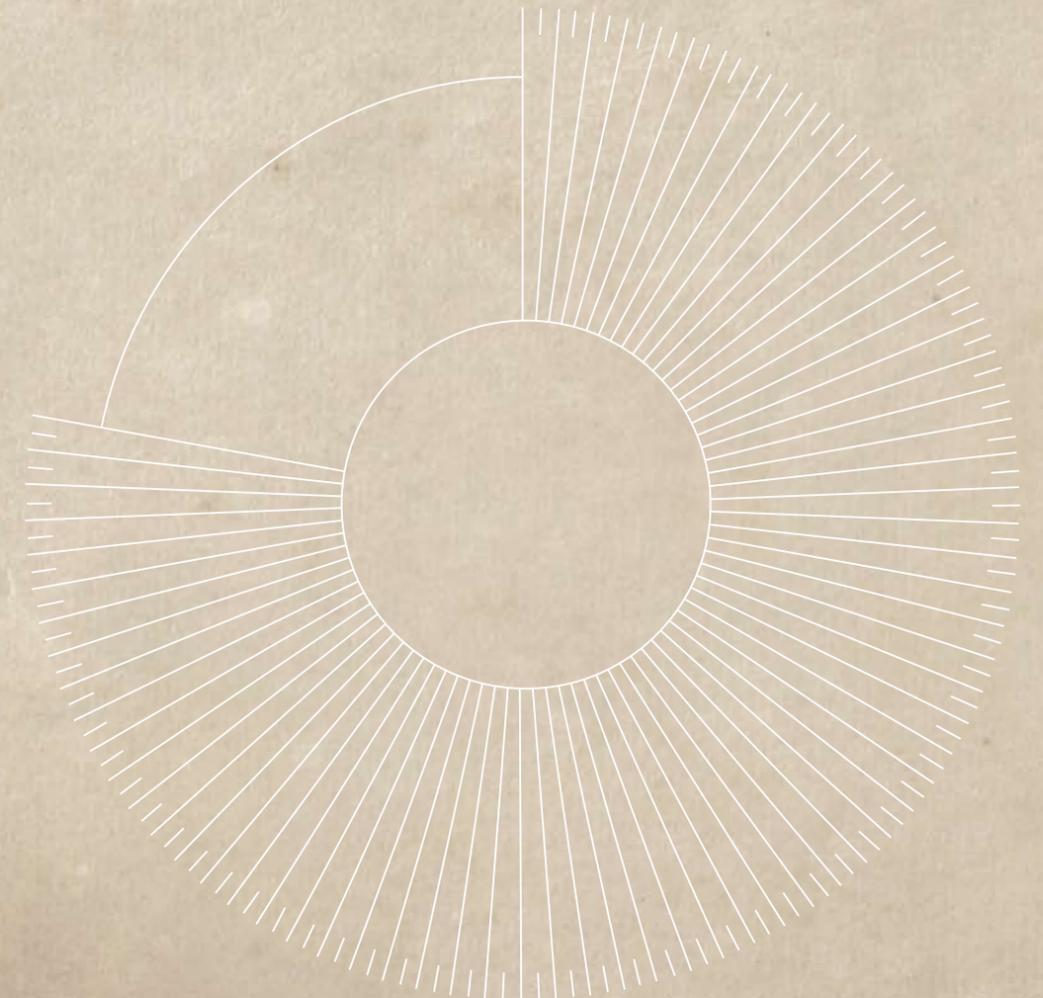
interview

# Hankook Tire CSR 2009

Hankook Tire mobilized its integrated CSR Management System to determine CSR issues.

Then, four CSR focus areas and the CSR Steering Wheel 2009 were selected through input from stakeholders and materiality analysis. The four CSR focus areas are environmental management, external stakeholders satisfaction management, integrated risk management and employee value creation & EHS management.

Through effective, integrated management of these four areas, Hankook Tire will build up sustainable competences and continue to create value for its stakeholders as a leading company in the global mobility industry.



## 01 Setting up the dedicated CSR Team

Hankook Tire expanded the existing EHS Team to serve the CSR Team for more efficient CSR activities. The CSR Team develops CSR strategies, plans, compiles the CSR Report content and oversees EHS and CSR management activities on Hankook Tire's domestic and global operational framework.

## 03 Improving CSR competences

In 2009, Hankook Tire invited CSR experts to help our CSR team staff and CSR TF staff build up their competences. CSR experts trained our CSR staff on developing CSR strategies and CSR Report publication at workshops and through training programs. Furthermore, we planned special courses for all employees to help them better understand and put into practice CSR-related activities.

## 02 Launching a taskforce team for EHS system-building

Hankook Tire has been working on building an EHS Integrated Management System since 2008. In 2009, we launched a taskforce team for the efficient management of data required for building the system. The TFT will control and manage company-wide EHS data, improve working conditions, manage employee health and build and oversee the EHS management system.

## 04 Assessing the CSR practices of Hankook Tire through Materiality Analysis

We, Hankook Tire, take self-assessments of its CSR practices every year. We have also developed our own CSR diagnosis model for materiality analysis to identify key managerial issues. This model is designed to cover all CSR-related international guidelines and indexes, and to benchmark best practices in order to identify weak points and suggest improvements.

## 05 Benchmarking CSR international authorities and collecting CSR experts' opinions

Hankook Tire visited and benchmarked overseas best practices and CSR authorities to develop its own CSR strategies. The review of CSR best practices in global markets and research on the global CSR guidelines and trends contributed to setting our own CSR strategies and directions, to cope with changing global markets.

## 07 Expanding employee health programs

Dedicated to efficient health management and promotion programs for our employees, Hankook Tire has been involved in various activities under the slogan, "You Are Our Joy". These activities include improving working conditions and implementing various health management programs.

## 06 Expanding eco-friendly product lines

Launched in 2008, the Enfren epitomizes our Kontrol Technology: Hankook Tire's high efficiency, fuel-saving technology principle. In 2009, we expanded the 3 existing Enfren lines to 17, in order to meet our customers' demands for eco-friendly products. This move reflects our commitment to creating environmental value through eco-friendly products.

## 08 H-LOHAS Campaign

Following the successful launch of the campaign in 2008, Hankook Tire employees were involved in the campaign in 2009. H-LOHAS reflects our hopes for a happier society for all. Accordingly, all our employees engaged in various health, safety, environmental and volunteer programs.

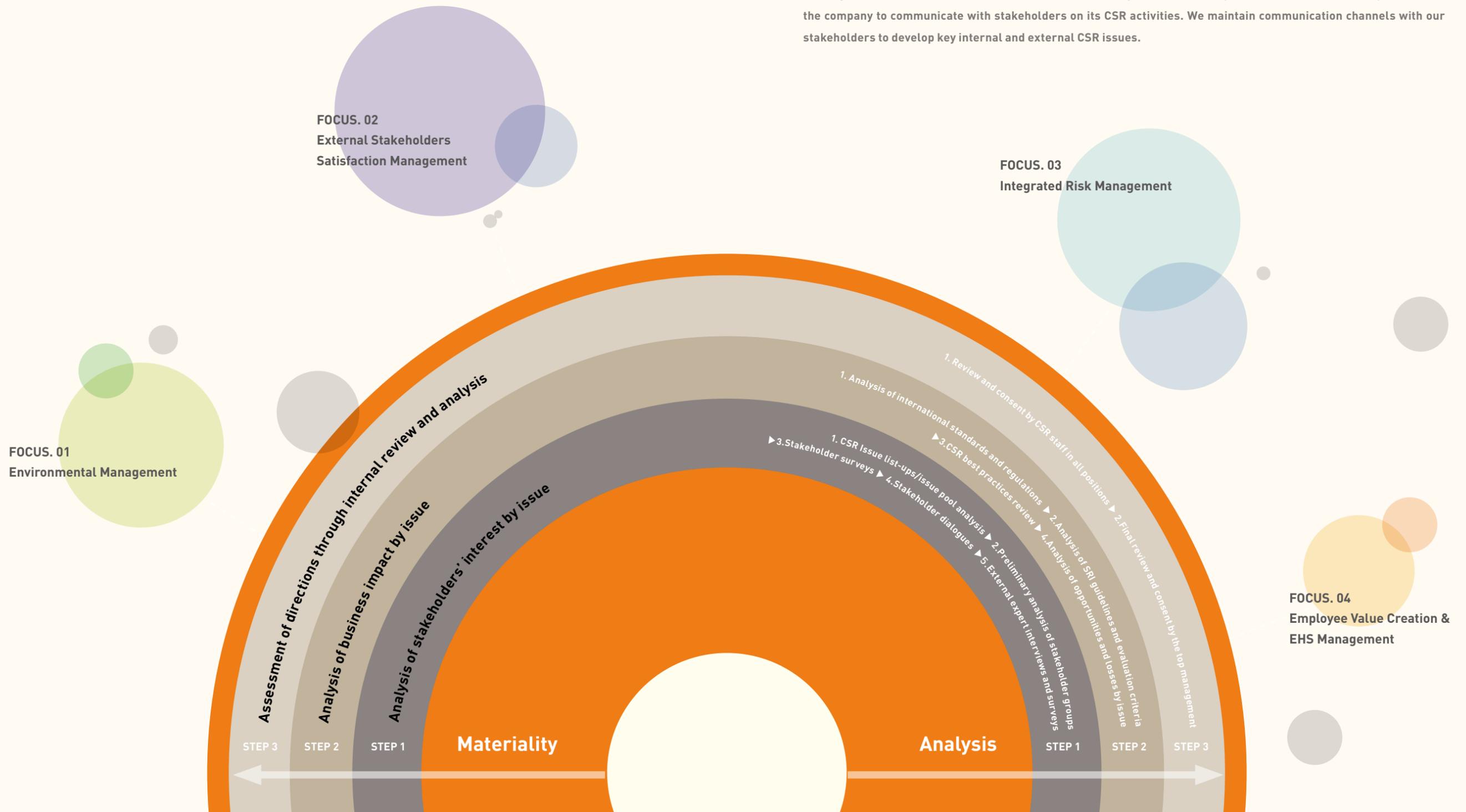
# 2009 CSR Highlights



# Hankook Tire Integrated

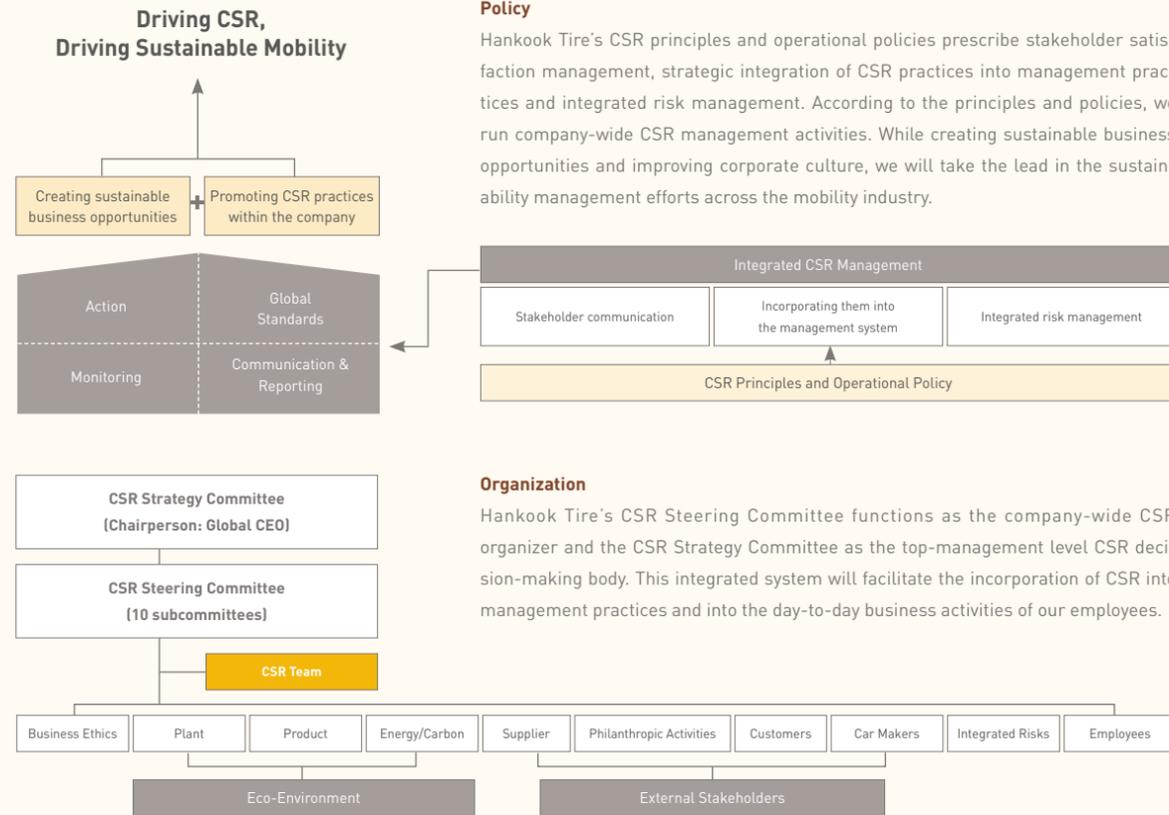
# CSR Management System

Hankook Tire took a systematic and analytical approach to develop an integrated CSR management system. The system served as the platform for our declaration of commitment to CSR activities, developing operational principles and organization, and review and reflection of the 2009 major activities and plans. It also serves as the platform for the company to communicate with stakeholders on its CSR activities. We maintain communication channels with our stakeholders to develop key internal and external CSR issues.



# Integrated CSR Management System

## OPERATIONAL FRAMEWORK



### Statement

Hankook Tire is aware that CSR forms the platform for sustainable growth. The ultimate goal of CSR is, therefore, to incorporate CSR practices into the company's corporate culture and the daily fulfillment of duties by our employees. Hankook Tire operates a company-wide integrated CSR management system to provide the best possible value for its stakeholders. At the same time, we will fulfill our corporate responsibilities to the sustainable development of the global mobility industry.

### Policy

Hankook Tire's CSR principles and operational policies prescribe stakeholder satisfaction management, strategic integration of CSR practices into management practices and integrated risk management. According to the principles and policies, we run company-wide CSR management activities. While creating sustainable business opportunities and improving corporate culture, we will take the lead in the sustainability management efforts across the mobility industry.

### Organization

Hankook Tire's CSR Steering Committee functions as the company-wide CSR organizer and the CSR Strategy Committee as the top-management level CSR decision-making body. This integrated system will facilitate the incorporation of CSR into management practices and into the day-to-day business activities of our employees.

### Key Managerial Issues

- Establishing CSR Management Infrastructure
- Ensuring that all employees are on the same page and building CSR competences
- Establishing CSR-reporting practices and promoting dialogue and engagement with stakeholders
- Expanding global integrated CSR management systems

### Mid-Term Roadmap

Hankook Tire has selected the following mid- to long-term missions to improve its practices; Reinforcing CSR infrastructure with an aim at a global integrated CSR management system; ensuring that all employees are on the same page with the CSR initiatives and competences; setting up a company-wide CSR Reporting system and promoting stakeholder communications.



	2010 Constructing an integrated CSR management scheme	2011 Building CSR competences	2012 Establishing a global integrated CSR management
Establishing the CSR management infrastructure	Constructing a CSR system	Normalizing the operation of company-wide CSR Strategy & Steering Committees	
	Articulating the CSR Principles and Policies	Complementing and regular review of related policies	
	Articulation of, management and review of company-wide CSR key managerial issues(including the materiality analysis)		
	CSR practice assessment & monitoring		
Ensuring that all employees are on the same page and building CSR competences	Company-wide employee training	Competence-building training by job and position	Expanding training programs at overseas operational framework
	Promoting top management engagement (Global CEO Message, etc.)	Developing employee engagement programs	Fostering CSR experts in overseas operational framework
Establishing CSR-reporting practices and promoting dialogue and engagement with stakeholders	Constructing a periodic performance report scheme		Establishing the database on CSR management performances
	Constructing communication channels by stakeholder group and maintaining regular communications		
Expanding global integrated CSR management systems	Assessing CSR practices in overseas operational framework	Reinforcing the CSR infrastructure at overseas operational framework	Publishing global CSR Reports

## 2009 Performance

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
IC 1	Establishing CSR Management Infrastructure	Setting up the CSR organization and defining its role	●	CSR Team	36
		Setting integrated CSR management directions and the annual CSR practices process	●	CSR Team	36
		Instituting Hankook Tire's CSR Principles	●	CSR Team	37
IC 2	Ensuring that all employees are on the same page and building CSR competences	Conducting employee surveys	●	CSR Team	38
		CSR capability-building training and TFT workshops	●	CSR Team	38
		Benchmarking best practices of competitors and European CSR authorities	●	CSR Team	38
IC 3	Establishing CSR-reporting practices and promoting dialogue and engagement with stakeholders	Collecting and compiling CSR performance data on domestic operational framework	●	CSR Team	39
		Redefining stakeholder groups and establishing processes for dialogue	●	CSR Team	41-42
IC 4	Expanding global integrated CSR management systems	Conducting CSR training and competence-building programs in overseas operational framework	●	CSR Team	40
		Developing the diagnosis model and assessment of CSR practices for domestic operational framework	●	CSR Team	40

## 2010 Plans

● : Completed    ◐ : Partially achieved    ↻ : Continuous

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
IC 1	Establishing CSR Management Infrastructure	Managing and monitoring of CSR Committees & monitoring	↻	CSR Team	37
		Company-wide CSR practice assessment and 24 hour monitoring	↻	CSR Team	37
IC 2	Ensuring that all employees are on the same page and building CSR competences	Communication with and training for employees, company-wide	↻	CSR/Culture & HRD Team	38
		TFT workshops and working-level training	↻	CSR Team	38
IC 3	Establishing CSR-reporting practices and promoting dialogue and engagement with stakeholders	Establishing the company-wide CSR Reporting system and articulating roles and responsibilities	Jun.	CSR Team	39
		Reporting on CSR performances regularly	↻	CSR Team	39
IC 4	Expanding global integrated CSR management systems	Maintaining an annual stakeholder dialogues	↻	CSR Team	41-42
		Collecting CSR data on overseas operational practices	Oct.	CSR Team	40
		CSR training and competence-building in overseas operational framework	Dec.	CSR Team	40

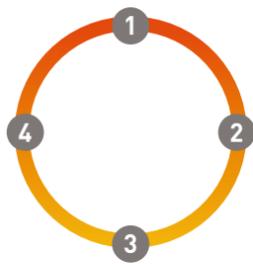
Establishing  
CSR Management  
Infrastructure

## FOCUS OVERVIEW

Hankook Tire has established the CSR infrastructure, furthering its CSR competences. We also instituted CSR principles and organizations in order to incorporate CSR practices into the daily routines of our employees.

### IC 1

( Our Four Major CSR Management Directions )



- ① Establishing CSR policies and systems
- ② Constructing an integrated CSR management system
- ③ Building a database system of CSR activities
- ④ Reporting & communication

#### CSR Management Organization & Functions

Hankook Tire launched the CSR Strategy Committee, led by the Global CEO and CSR Steering Committee, which oversee CSR practices in the Focus Areas beginning in May 2010. These new institutions will ensure that all management activities are linked to business strategies in terms of CSR and sustainability policies. The Committees will review CSR-related issues, suggesting measures to improve and make CSR decisions and develop action plans.

#### Launching the CSR Team

Hankook Tire promoted the EHS Team to fulfill the role of a CSR Team in 2009 for more organized operational framework and management of its CSR activities. The CSR Team will develop and set CSR directions and strategies, oversee CSR performance and publication of CSR Report, while monitoring company-wide CSR practices.

#### Integrated CSR Management Directions

In 2009, Hankook Tire developed the four CSR Management Directions, annual plans and processes to incorporate CSR practices into our business activities and corporate culture. Above all, we have concentrated on establishing an integrated CSR management platform for an organic cooperation among departments.

( Developing Annual CSR Working Processes )

Activities	May	June	July	August	September	October	November	December	January	February	March	April
<b>Committees</b> (strategic committee)	█					█						
(steering committee)	█						█					
<b>Stakeholder Dialogues</b>	Developing dialogue plans			First round of dialogue (collecting stakeholders' opinions)		Recording the dialogues	Reflecting on strategies					
	Selecting stakeholder groups and conducting preliminary analysis		Creating a list of issues			Development of the Commitments			Second round of dialogue (feedback from stakeholders)			
<b>Major CSR Activities</b>	Improvements to issues according to annual plans (including ad-hoc subcommittee meetings)											
				Employee training			Diagnosis of company-wide CSR practices and developing improvement plans					
<b>Publishing the CSR Report</b>	Publication	Planning the publication of the report					Compiling the data on performance		Editing/designing			
	Assurance by an independent auditor on the entire procedure of report compiling											

... IC 1  
Establishing  
CSR Management Infrastructure

#### Instituting the Hankook Tire CSR Principles

The Hankook Tire CSR Principles prescribe the company-wide CSR directions, reflect the ultimate goals of the company and articulate the roles and responsibilities of related organizations, ensuring the binding force of the CSR initiatives as well as their efficient operation.

#### Hankook Tire CSR Principles

##### I. Purpose

The CSR Principles redefine the corporate social responsibility of Hankook Tire and prescribe the basic rules for incorporating CSR initiatives into corporate culture, as the underlying foundation of business operational framework. Based on the Principles, Hankook Tire will strive to provide the best possible value to its stakeholders and fulfill its roles and responsibilities as a corporate citizen in industry-wide moves towards the sustainable development of the tire and mobility industry.

##### II. Periodic Review and Revision to the Principles

The Hankook Tire CSR Strategy Committee annually reviews and makes appropriate amendments, when necessary, to the details of operational guidelines based on results from stakeholder dialogues and materiality analysis.

##### III. CSR Management System

Hankook Tire runs an integrated CSR management system consisting of the CSR Strategy Committee, the CSR Steering Committee and the CSR Team. The CSR Strategy Committee functions as the CSR decision-making body at the Board of Directors and top management level. The CSR Steering Committee is the working group for CSR executives and staff in charge of the practice of CSR initiatives. The CSR Team takes care of planning and performing company-wide CSR initiatives and publishes the CSR Report.

##### IV. Articulating the CSR Policies

All CSR policies and systems, as well as the measures to address CSR issues shall be expressly stipulated in the text and promoted for company-wide application and practice.

##### V. Regular CSR Diagnosis & Monitoring

Hankook Tire develops and applies its own CSR diagnosis model to reflect international standards and regulations. In addition to annual diagnosis and evaluation, the CSR Team monitors CSR performance through the CSR Steering Committee.

##### VI. Strengthening CSR Training

We shall prepare and put into place annual training plans to promote CSR initiatives and to ensure that all employees are aware of the CSR policy.

##### VII. Stakeholder Dialogue and Disclosure

Hankook Tire classifies its primary stakeholders as customers, employees, suppliers, local communities, the environment, ecosystem, climate, shareholders and investors. We maintain communication channels with the primary stakeholders and develop annual forums to create opportunities for regular and official dialogue, and to apply our future business activities and CSR directions. At the same time, we run various effective communication channels such as the CSR Report and website to disclose our CSR and business performance and plans.

##### VIII. Integrated Risk Management

Hankook Tire mobilizes organized management and responses to take control of the financial and non-financial risks—SEE[social, environmental and ethical] risks. The CSR Focus Areas are all classified as risk issues requiring an across-the-board response through the integrated risk management system by the CSR Steering Committee.

## 2010 plan...

#### CSR Strategy/Steering Committee Operational Framework & Monitoring

Comprised of the Global CEO, the directors of each division and executive officers, the CSR Strategy Committee discusses and determines the company-wide CSR strategies and as these strategies and directions apply to the entire company, from top management to the lowest of the rank-and-file, we will mobilize the CSR Steering Committee for constant monitoring to ensure the CSR practices across the value-chain of our business.

Ensuring that All Employees are on the Same Page and Building CSR Competences

## IC 2

### [ CSR Awareness Survey Results ]

	Response Rate	Awareness Rate
The public	97%	62%
CSR staffs	93%	75%
Executives	95%	80%

Period Nov. 23, 2009~Nov. 27, 2009

\* Respondents: 10% of office workers from domestic operational framework



CSR staff TFT workshop  
Henderson, Hyewon Kong/BITC, David Halley

## 2010 plan...

### [ Employee CSR Competence-building Training ]

Understanding our missions in a globalized business environment		
Programming	Operation	Review & Assessment
Training planning ↓ Training policies ↓ Training guidelines ↓ Planned Improvements	<b>Training for employees</b> Executives: lectures (seminars) CSR Officers: intensive course(workshop, off-line) Employees: general course(cyber, off-line) PR and information sharing	Case studies ↓ Effectiveness assessment ↓ Propagating best practices ↓ Training performance analysis
Improved understanding of CSR concepts companywide		

## FOCUS OVERVIEW

Hankook Tire runs annual, self-regulated CSR diagnoses and identifies key managerial issues. We aim to incorporate CSR activities into our daily business activities in order to attain global competitiveness. We endeavor to make all employees aware of the issues and will run continuing training programs encouraging change and innovation.

### Employee Survey

In 2009, Hankook Tire surveyed the employees on their CSR practices to better understand their awareness of CSR and sustainability management. The survey results shall be reflected in the development of future CSR training content and in the strategy-building procedures for the following years, to ensure that all employees are aware of the issues.

### CSR Competence-building & TFT Workshops

In 2009, Hankook Tire invited CSR experts to assist our CSR staffs from the CSR Team and CSR TFTs in better understanding sustainability management, planning future directions for CSR and compiling the CSR Report.

### Benchmarking Best Practices

In preparation for the international move to standardize CSR, such as ISO 26000 and our competitors' engagement in CSR activities, the Hankook Tire CSR Team conducted an extensive benchmarking of domestic and overseas practices and had meetings with global CSR experts and assessment agencies. Based on these engagements, we developed efficient and differentiated CSR strategies. In the future, we will learn from the CSR best practices, both domestically and overseas, to better our own CSR initiatives.

### CSR Training and Communication with Employees

Our employees constitute one of the primary stakeholder groups of our CSR and sustainability management. They are also the main group that translates the CSR management initiatives into action. Therefore, it is imperative to help our employees understand CSR management policies and be cognizant of their necessity. We will operate diverse training and communication activities to reflect CSR and sustainability management in the daily duties of our employees.

### TFT Workshop & Training

Hankook Tire plans an intensive course for its staff involving the four major CSR Focus Areas—environmental management, external stakeholder satisfaction management, integrated risk management and employee value creation & EHS management. The course program covers global trend analysis and case studies, providing practical assistance to actual CSR practices.

Establishing CSR-Reporting Practices and Promoting Dialogue and Engagement with Stakeholders

## IC 3

## FOCUS OVERVIEW

Hankook Tire maintains diverse, periodic communication with its stakeholders on its CSR performance and plans. We will strive to ensure that the actual demands and expectations of our stakeholders are reflected in our management activities, to increase stakeholder value and satisfaction.

### Collecting Data on CSR Performance of Domestic Operational framework

Hankook Tire has successfully developed its own CSR management indicators based on the essential elements of global CSR standards. In preparing this report, we collected data and interviewed staff from relevant departments on our 2009 performance.

### [ CSR Performance Indicators & Collected Data Sheet Sample ]

Key Managerial Issues	Number	Descriptions of Data Collected	Data Management(y)				Specifications
			Managed	Not Managed	Not Applicable	Partially Managed	
1. Key managerial issues related to environmental management	1	- Key managerial issues related to environmental management and the reasons for the selection process				v	- Odor/working conditions controls (improving corporate image/risk prevention) installing high efficiency prevention facilities, improving and adding to the air distribution system
2. Stipulating environmental policies and systems	2	- Stipulating environmental management policies and systems	v				- Environmental Policies(six directives)
3. Voluntary environmental management improvement programs	3	- Detailed data on the company-wide energy conservation campaign					- Three Imperative, Six Actions Campaign (the essential amounts where necessary)
	4	- Fostering and assigning environmental experts	v				- Hiring environmental certificate-holders and receiving regular, specialized training
	5	- The contents of employee training on environmental management				v	- Environmental training on new employees/team & group OJTs*
4. Environmental management systems, high-profile accountability and definition of roles and responsibilities, etc.	6	- Details of the internal and external environmental improvement campaigns	v				- "One Company, One Stream" clean-up campaign, neighborhood clean-up activities by clubs and environmental campaigns, collaboration with NGOs on environmental campaigns, etc.
	7	- Environmental management-related departments' operational mechanisms	v				- Environment & Safety Teamat each site
8	8	- Stipulating high profile accountability and their roles, including the board of directors					- Stipulating the roles and responsibilities of team managers, plant managers and the CEO under the environmental management systems(environmental manual)
	9	- Goals and strategies for the improvement of key managerial issues related to environmental management	v				- Developing and operating environmental goals by the relevant teams
5. Goals and strategies for improving major environmental management on key managerial issues	10	- The assessment of the environmental impact of our products and production processes				v	- The carbon emission amount by Enfren products
6. Reports on the environmental impact of our products and production processes	11	- The documents for acquiring the ISO 14001 certifications and the activities and processes for maintaining the certification	v				- Process management required by ISO14001
7. Documentary inspection to win ISO 14001 certification and periodic reviews							

\* OJT: On the Job Training

## 2010 plan...

### Company-wide CSR Reporting System & R&R Stipulation

In 2010, we will establish a company-wide reporting system stipulating the roles and responsibilities of CSR-related departments. The scope of CSR Reporting will include issue detection and countermeasures provisions for use in future CSR plans.

### Periodic CSR Performance Reporting

We will develop a periodic reporting and monitoring system on our CSR performance. This will enable a more systematic and strategic practice of CSR initiatives at all worksites.

Expanding Global Integrated CSR Management System

# IC 4

( CSR Improvement Planning Process )



## FOCUS OVERVIEW

Hankook Tire worked hard to promote the CSR management system, established in 2009, for its domestic operational framework. It covered some of the major issues related to global operation performance as well. We will expand the scope of reporting to our global operational framework in the future. Using our domestic experience, we will reinforce our competences through global efforts to expand our CSR initiatives.

**Developing a Model for Analyzing CSR Practices for Domestic Operational Framework**

We reviewed international standards such as the GRI, ISO 26000, UNGC, DJSI and FTSE4Good Indexes and the integrated CSR analysis models developed by other domestic institutions. We also interviewed the staff in charge of relevant departments. Based on those findings we developed our own integrated CSR analysis model consisting of 144 detailed guidelines in 28 categories grouped into 11 themes. In addition to the annual analysis of CSR performance, the system also compares Hankook Tire's CSR practices against those of other global companies and competitors.

## 2010 plan...

**Implementing CSR Practices in Global Operational Framework**

Hankook Tire will review the current status of its CSR practices on all overseas operational framework as part of its move to establish a global, integrated CSR management system. In particular, the internal CSR analysis model developed in 2009 satisfies all international CSR standards, covering industrial supplements catered to the tire industry. This will serve as a useful tool in the effort to identify CSR management issues and missions on our overseas operational framework.

**CSR Training and Competence-building at Overseas Operational Framework**

Hankook Tire cites employees' understanding of and competence to practice CSR as one of the critical factors to successful CSR management. Therefore, we created a training program for all our domestic operational framework employees from 2009 to 2010. Starting with managerial staff, we will also provide these training programs to our global operational framework employees, to build their understanding of CSR. Most importantly, we will expand our communication with employees on CSR managerial issues. The CSR principles will facilitate the incorporation of CSR practices into our corporate culture.



I was proud to take part in developing an integrated CSR management system and publishing this first CSR Report. We have successfully established an integrated system of controlling and reporting CSR activities as an organized initiative. CSR management has become the underlying principle of Hankook Tire's business activities. Still, we are well aware that we have a long way to go to incorporate CSR practices into the daily duties of our employees. Incorporated into every aspect of our business activities, CSR activities serve as a strategic framework for creating sustainable business opportunities and optimal value for our stakeholders.

Park In,  
Assistant Manager, CSR Team

interview

# Stakeholder-Oriented CSR

**Definition of Stakeholder Group**

Hankook Tire made an extensive analysis of all stakeholders affected by its business activities and the internal and external business environment which affect the company in order to conduct a self-evaluation that reflects global standards. Based on those results, we classified our stakeholder groups into two broad categories: primary and secondary stakeholders. The primary stakeholders have direct relations with the company and are directly affected by its activities, while the secondary stakeholders are affected indirectly or are potentially influenced by its activities. This grouping facilitates organized responses to stakeholders' demands and needs. At the same time, stakeholder dialogues and communication serve as the platform for setting the direction and guidelines for business activities.

Our stakeholders are classified into primary and secondary groups, allowing the company to apply different responsive mechanisms to create value. While the primary stakeholders have direct interests in and impact on our corporate and business activities, the secondary stakeholders have indirect, but mid- to long-term influence on our corporate value creation and sustainability activities. In 2009, Hankook Tire communicated and conducted analysis on stakeholders' needs, before developing its own integrated CSR management system. Based on those findings, we categorized customers, employees, suppliers, local communities, the environment, ecosystem and climate as well as investors and shareholders as the primary stakeholder group. NPOs, civic groups, students and next generation governmental bodies, local governments, competitors, media and press are secondary stakeholders.

Furthermore, relevant departments and the CSR Team discussed the CSR Focus Areas and key managerial issues with stakeholders. This helped us reflect stakeholders' needs in our management, then to set the standards for our endeavors towards stakeholder satisfaction. In addition to ongoing stakeholder dialogues, Hankook Tire will expand its communication channels to heed and reflect on our stakeholders' opinions of CSR strategies, while setting the guidelines for a sustainable, win-win partnership model that maximizes stakeholder satisfaction.

( Stakeholder Model )



## Stakeholder Communication

All corporate and business activities at Hankook Tire provide value and satisfaction to its diverse stakeholders. Hankook Tire's CSR activities are organized responses to diverse stakeholders' demands and needs, creating sustainable value. To that end, We listen to the stakeholders' opinions and have expanded its ability to conduct direct communication with stakeholders. In 2009, Hankook Tire interviewed employees and suppliers, reflecting their opinions in our CSR strategies. The front-line departments maintained open communication channels with customers, local communities, shareholders and investors. In particular, we developed a 10-step dialogue process with stakeholders, for effective reporting and implementation of the items brought up.

### Annual Dialogues with Stakeholders

Beginning in 2010, Hankook Tire will expand the scope of stakeholder dialogues to include the primary stakeholder group. We have developed a 10-step process for conducting dialogues with our stakeholders to better focus those discussions and enable strategic reflection upon the conclusions of those discussions. For instance, the first of the two sessions of stakeholder dialogues aggregate the demands and needs of stakeholders to develop missions and action plans to deal with these issues. During the second session, the company brings up its plans, with targets to show commitment to addressing issues raised. This process serves as the basic foundation for collecting and reflecting on the actual voices of our stakeholders, satisfying our stakeholder management and corporate value enhancement activities.

#### [ Stakeholder Dialogue Process ]



### Stakeholder Communication Channels

While heeding stakeholders' opinions, Hankook Tire is expanding its communication channels targeted towards the different needs of stakeholders. Each stakeholder communication channel is under the direct supervision of relevant, front-line departments. Discussions, conclusions and significant suggestions are shared and the company's CSR management system mobilizes to address those issues through the CSR Strategic Committee and CSR Steering Committee.

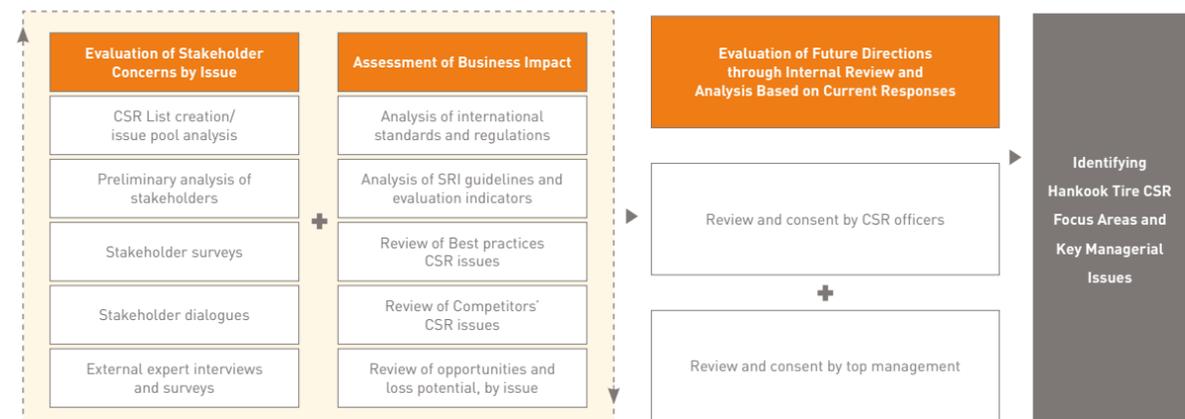
#### [ Stakeholder Communication Channel ]

Primary Stakeholders	Communication Channels	Key Issues in Demand
Customers	Talks with agencies and retail shops Dealer Satisfaction Survey, Tire Newsletter, etc.	Proactive communication with customers, reflecting their opinions on quality and product safety, reinforced product responsibility, timely responses to changing global standards and quality requirements, etc.
Employees	Labor-management Council, internal relations program, etc. Global CEO website	Improving working conditions, strengthened internal communication & sharing management information, diversity, balance between life and work, etc.
Suppliers	Quality and Environment Workshops Periodic surveys, Supplier Partnership Day	Fair transactions and win-win partnerships, proactive communication and information disclosure, competence-building programs for suppliers (ex. training, technology transition, etc.)
Local communities	Invitation to the Plants Hearings for local communities, receiving complaints from local communities	Community engagement and solution discovery on issues, contribution to local economic development through job creation, etc., social contribution activities and minimizing environmental impact
Shareholders & Investors	Board of directors meeting, general shareholders' meeting, overseas conferences	Maximizing business results and shareholder value, transparency and sustainability management, integrated risk management, etc.

# Materiality Analysis

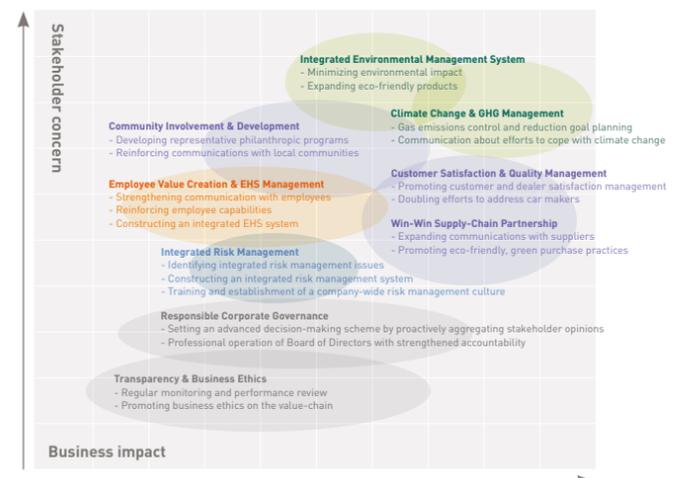
## Materiality Analysis Process

It is critical to identify the issues and areas of high interest to stakeholders, particularly those that directly influence business activities, for an integrated CSR management system. Therefore, Hankook Tire has developed a systematic materiality analysis process to conclude key CSR issues. The process involves three steps. The first step involves evaluation of stakeholder concerns through stakeholder dialogues and communications. This step identifies major managerial issues based on stakeholders' demands and needs. The next step analyzes and evaluates the impact of major CSR issues on business activities and attendant opportunities. This step covers external environmental factor analysis, such as international standards and regulations as well as evaluation of corporate indicators and a review of CSR key managerial issues by other companies and competitors. The third step prioritizes areas under consideration for internal action and future directions regarding CSR. Those areas are categorized before selecting the CSR Focus Areas and those to be monitored. We devised the CSR Steering Wheel as the core of our integrated CSR management system to control these Focus Areas.

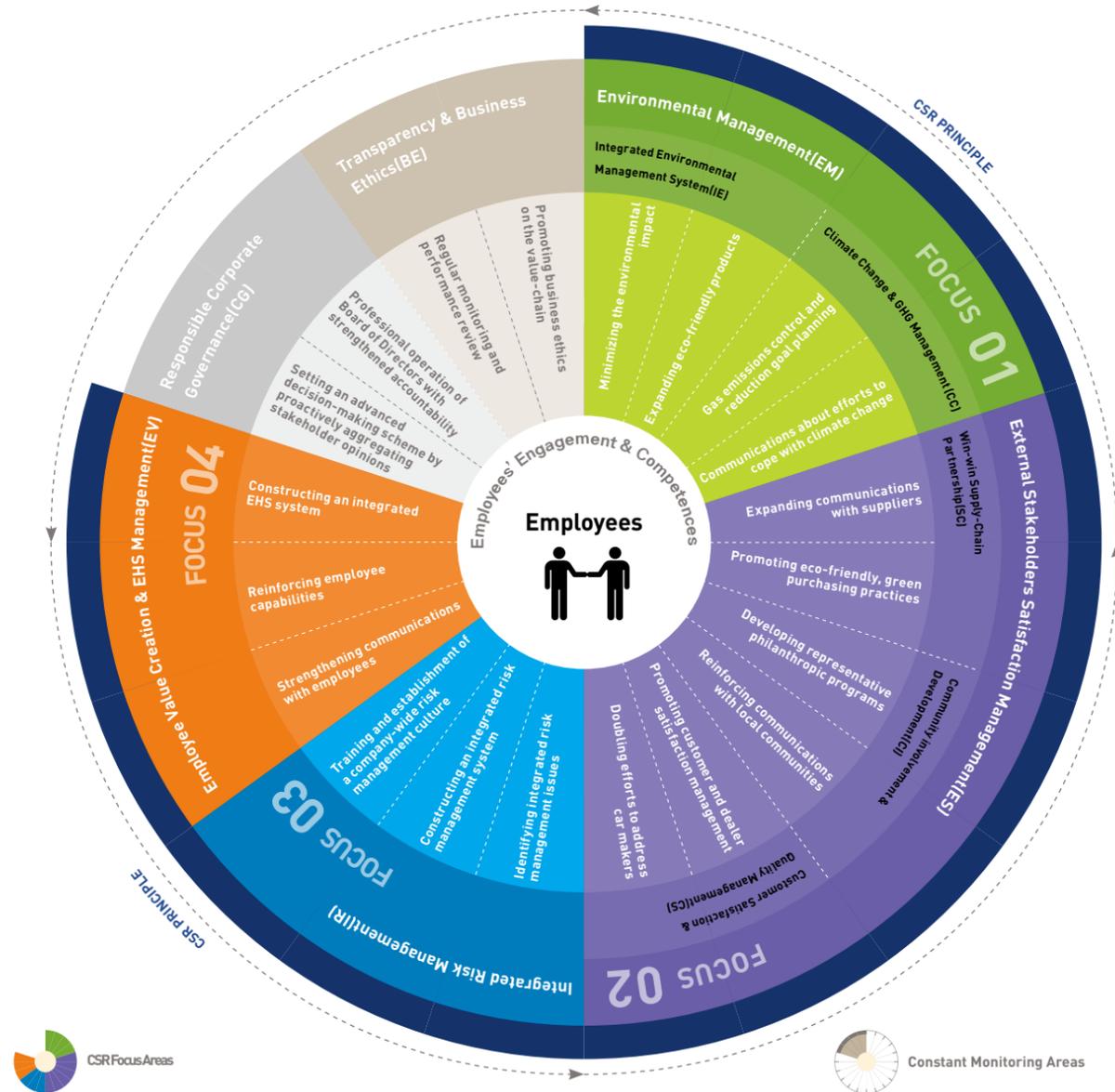


### CSR Issue Materiality Matrix

In accordance with the process stipulated in the new Hankook Tire Materiality Analysis Process, developed in 2009, we held direct dialogues with both employees and external experts early in 2010. We also maintain regular communication channels with other primary stakeholders, such as customers, suppliers, local communities, shareholders and investors. We continually collect their opinions and build managerial issues around them. At the same time, we evaluated diverse CSR areas, weighing them against their impact on our business operational framework. The results of these two procedures were applied to a single matrix, putting the CSR Focus Areas and priority areas in perspective.



## Hankook Tire CSR Steering Wheel 2009



### CSR Steering Wheel Systematic Management of Issues

Hankook Tire identified representative CSR managerial business issues from 2009 to 2010. We conducted an extensive analysis of trends and regulations in domestic and global CSR practices through dialogues with our stakeholders and materiality tests. Then, we reduced those issues to the four Focus Areas and the 16 key managerial issues of these areas requiring mid- to long-term approaches and constant attention by the company. These Focus Areas and managerial issues not only have significant influence on Hankook Tire's business activities, both directly and indirectly, but are also of key interest to our stakeholders. Although not included in the Focus Areas, responsible corporate governance, transparency and business ethics are the basic elements of Hankook Tire's CSR activities. Therefore, we classify these as priority issues, requiring constant monitoring, with high importance attached to our general business activities. The Focus Areas and key managerial issues can be added or changed by the Hankook Tire CSR Steering Wheel through annual stakeholder dialogues, materiality tests, CSR practice diagnosis and business environment analysis. Any changes or revisions shall be reviewed by the CSR Strategic Committee before they are announced. Above all, the individual determination and competences towards CSR initiatives are the integral part and driving force of the CSR Steering Wheel. Therefore, the company operates year-round training programs to help our employees build their CSR competences. Starting from 2010, we plan to hold annual programs to enhance our employees' CSR awareness.

# Hankook Tire CSR Focus Areas

# 1. 2. 3. 4.

### The Reporting System

Hankook Tire identified the four CSR Focus Areas—environmental management, external stakeholders satisfaction management, integrated risk management, employee value creation and EHS management. For a systematic reporting scheme, Hankook Tire set forth an operational plan consisting of a statement, key managerial issues, policy, organization, a mid-term roadmap, 2009 achievements and 2010 plans for each of the four Focus Areas. In particular, the achievements and plans are detailed with achievements against goals and departments in charge, as well as a comparison of annual trends. In addition, we designated individual codes to each area, facilitating the report on accomplishments and ensuring planning consistency.

### FOCUS AREA Code

<b>FOCUS 01</b>	<b>EM</b>
Environmental Management	
Integrated Environmental Management System	IE
Climate Change & GHG Management	CC
<b>FOCUS 02</b>	<b>ES</b>
External Stakeholders Satisfaction Management	
Win-Win Supply-Chain Partnership	SC
Community Involvement & Development	CI
Customer Satisfaction & Quality Management	CS
<b>FOCUS 03</b>	<b>IR</b>
Integrated Risk Management	
<b>FOCUS 04</b>	<b>EV</b>
Employee Value Creation & EHS Management	

Focus Area & Code		Key Managerial Issues	Key Activities	High-profile Managers/ Department in Charge	2009 Achievements	2010 Plans
Environmental Management EM	Integrated Environmental Management System IE	Minimizing environmental impact	- Reviewing and applying new technologies for reducing hazardous substances and pollutants - Maximizing operational efficiency of environmental facilities	Vice President of Daejeon Plant/ Daejeon Plant Environment & Safety Team	- Revising environmental management operational policy - Supplementing resource cycling and environmental management systems, including reusing wastes and wastewater - Stipulating the major environmental managerial issues for an EHS system	- Constant supplement of systems and programs to expand and establish environmental management practices - Consistent efforts to detect environmental risk factors in our products and processes - Expanding investment in eco-friendly facilities
		Expanding eco-friendly products	- Definition of eco-friendly products - Developing and applying an eco-friendly product development process	Vice President of R&D Division / R&D Strategy Team	- Defining eco-friendly products and designing a development process	- Constructing an integrated management system for environmental data by building an environmental issue management system - Company-wide application of the eco-friendly product development process and specifying production goals
Climate Change & GHG Management CC	Climate Change & GHG Management CC	Gas emissions control and reduction goal planning	- Building a GHG inventory - Setting emission reduction goals through source detection	Vice President of Production & Engineering Division / Facility Support 1 Team	- Constructing a company-wide framework for addressing climate change and supplementing the infrastructure for fighting climate change through realignment of management organizations - Enhancing energy efficiency by refueling boilers and replacing facilities with energy-efficient ones	- Building GHG inventory and identifying the source of emissions for fighting climate change - Analyzing reduction potential by source and setting reduction goals - Setting the guidelines and implementation schemes for low-carbon, green purchases
		Communication about efforts to cope with climate change	- Disclosing the emission amount by source - Disclosing the information on our initiatives to fight climate change			
External Stakeholders Satisfaction Management ES	Win-Win Supply-Chain Partnership SC	Expanding communications with suppliers	- Improving the system of selecting and evaluating suppliers (adding CSR performances to criteria) - Reinforcing regular and ad-hoc communications with suppliers	Vice President of Purchasing Department / Purchasing Strategy Team	- Developing win-win strategies for suppliers while realigning the organization for supporting suppliers, and adding CSR performance to the criteria for selecting and evaluating suppliers - Heightening communications and opinion-collecting activities with suppliers through workshops and discussions for suppliers	- Establishing indicators and processes for evaluation of suppliers' CSR practices - Supplementing regular and ad-hoc communication channels with suppliers - Constructing an eco-friendly, green purchase system and creating environmental value in the value chain
		Promoting eco-friendly, green purchasing practices	- Constructing an eco-friendly, green purchasing system (establishing research processes to identify and purchase eco-friendly materials)			
	Community Involvement & Developmet CI	Developing representative philanthropic programs	- Reinforcing company-wide infrastructure - Developing and implementing representative programs	Vice President of Corporate Innovation Department / CSR Team	- Establishing a company-wide infrastructure by instituting the philanthropic activities charter as well as through dedicated organization - Providing training to help employees build competences - Developing a mid-term roadmap and defining the roles of relevant departments for organized philanthropic activities	- Operating training programs to help employees build their competences and to better understand philanthropic activities initiatives - Developing representative programs under the themes of safety, environment, sharing and health as well as globalization strategies - Supplementing the regular and ad-hoc communication channels with local communities
		Reinforcing communications with local communities	- Constructing regular and special communication channels with local communities - Catching the pending issues in the neighborhoods of our operations			
Customer Satisfaction & Quality Management CS	Customer Satisfaction & Quality Management CS	Promoting customer and dealer satisfaction management	- Supporting dealers' sales competence-building and sales activities - Reinforcing customer communication activities	Vice President of Marketing & Sales Department / CRM Team	- Developing customer satisfaction management policies based on the trusted relationships with customers and dealers - Reinforcing the sales capabilities and sales support programs to enhance customer satisfaction	- Supporting sales competence-building programs and sales activities through sales matters programs and internal radio broadcasting, as well as improving the sales management system - Expanding customer communication channels and information-sharing
		Doubling efforts to address car makers	- Strengthening product and technological competitiveness - Bolstering communications and opinion-collecting from car makers	Vice President of Global Original Equipment Division / OE Strategy Team	- Honing the competitive edge on products that meet international standards and car makers' demands by developing next-generation LRR technologies and run-flat tires - Constructing a supply chain network with car makers and expanding communications with client companies	- Constant updates on global carmaker trends, technological developments, and establishing a process to prevent quality risks - Constructing a response system to international standards and car makers' CSR demands - Increasing regular and periodic communication activities with domestic and overseas carmakers, such as newsletters, etc.
Integrated Risk Management IR	Integrated Risk Management IR	Identifying integrated risk management issues	- Analysis of the history of risk occurrence - Stipulating, defining and classifying company-wide risk issues	Vice President of Corporate Strategy Department / Corporate Strategy Team	- Defining the company-wide risk patterns for enhanced risk management • Contingency Plan in response to the global financial crisis and unfavorable business environments • Defining the eco-friendly products and their development processes in response to eco-friendly global trends • Timely responses to employee health risks, such as the global epidemic of H1N1 • Alerting primary stakeholders to internal risk management plans by obtaining integrity pacts from suppliers and reinforcing the internal relations programs and internal and external communication channels	- Establishing an integrated risk management system for an organized management and response to financial and non-financial risks • History analysis by risk issues and constant risk monitoring • Company-wide risk control, issue management systems, and standardizing response processes • Stipulating scenarios to respond to risks by category and developing manuals • Planning training programs for employees to establish efficient risk control practices
		Constructing an integrated risk management system	- Establishing processes for responding to and managing risks - Developing a manual for responding to risks by issue			
		Training and establishment of a company-wide risk management culture	- Compiling incident cases and developing scenarios - Supplementing risk response training			
Employee Value Creation & EHS Management EV	Employee Value Creation & EHS Management EV	Strengthening communication with employees	- Supplementing the top-down communication channels - Constructing an integrated HR service and portal	Vice President of Corporate Innovation Department / HRM Team	- Constructing the employee value creation systems and a mid-term roadmap focused on the health and happiness of employees and their competence-building through open communications and equal opportunities for all • Building the CEO website, reinforcing internal communications, including the internal relations programs • Constantly improving infrastructure to support employees, building their competences through contract training programs and through the HRD Center • Constructing an integrated EHS management system and promoting health management programs, such as the smoking-cessation campaign	- Global CEO meeting for office-workers and technicians to promote internal communications - Enhancing compliance and monitoring of international standards and regulations regarding human rights and labor issues - Expanding the employee competence-building programs and the HRD Center at our global operations - Completing and operating an integrated EHS management system
		Reinforcing employee capabilities	- Developing a global training contract program - Supporting employees with customized competence-building programs			
		Constructing an integrated EHS system	- Establishing an integrated, computerized EHS management system - Fortifying hazardous substance control and employee health management	Vice President of Daejeon Plant / Daejeon Plant Environment & Safety Team		
Responsible Corporate Governance CG	Responsible Corporate Governance CG	Setting an advanced decision-making scheme through proactively collecting stakeholder opinions	- Reflecting stakeholder opinions in executive decision-making procedures	Vice President of Finance & Management Division / Accounting Team	- Reflecting stakeholders' opinions in the top management decision-making process through the Global CEO website and communication channels with top management - Reinforcing the accountability of Board of directors operations, establishing professional management systems and performance-oriented management systems	- Compliance with the global corporate governance standards and supplementing policies to ensure a transparent, sound corporate governance - Diversifying and promoting the accountability of the Board of directors and its subcommittee operations - Expanding communication channels between top management and employees and establishing a system to reflect stakeholder opinions in top management decision-making procedures
		Professional operation of Board of Directors with strengthened accountability	- Supplementing specialties and accountability in Board of directors subcommittee operations			
Transparency & Business Ethics BE	Transparency & Business Ethics BE	Regular monitoring and performance review	- Strengthening ad-hoc Management Diagnosis Committee functions - Improving the Cyber Auditor and whistleblower systems	Vice President of Corporate Support Department / Audit Team	- Supplementing infrastructure for training and communications on business ethics - Periodic monitoring of ethics practices and system-building for performance reviews - Developing no tolerance policies for bribery and system-building for management	- Employee training and improving processes for company-wide prevention of ethical risks (identifying ethical risks and response training) - Supplementing the system, including the code of ethics, and spreading business ethics practices within and without the company - Constructing the vendor monitoring system (VMS) to enable constant monitoring of areas of high potential ethical risks - Periodically diagnosing business ethics practices by reinforcing the functions of Management Diagnosis Committee
		Promoting business ethics on the value-chain	- Applying the vendor monitoring system (VMS) - Developing guidelines for practicing business ethics			

# FOCUS 01

EM

P.47~64

Environmental Management

# FOCUS 02

ES

P.65~102

External Stakeholders Satisfaction Management

# FOCUS 03

IR

P.103~114

Integrated Risk Management

# FOCUS 04

EV

P.115~130

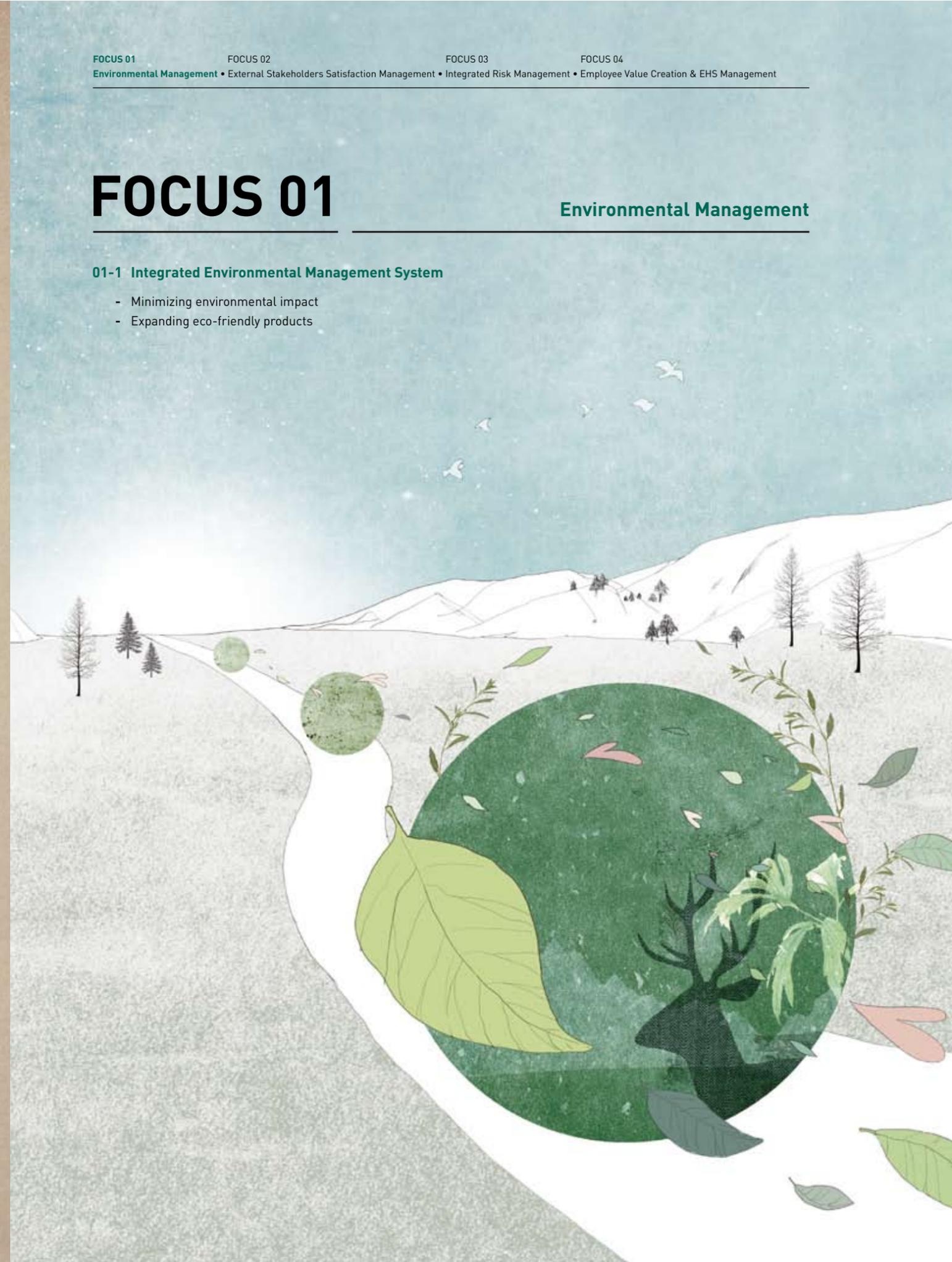
Employee Value Creation & EHS Management

# FOCUS 01

Environmental Management

## 01-1 Integrated Environmental Management System

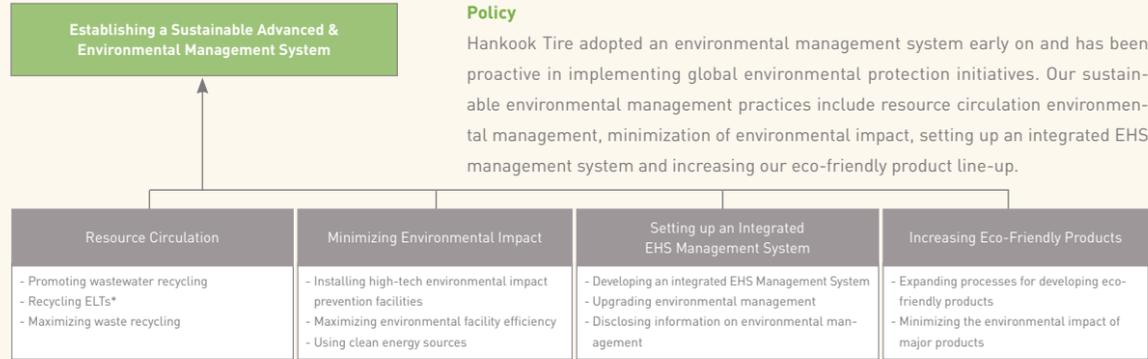
- Minimizing environmental impact
- Expanding eco-friendly products



FOCUS 01-1  
Integrated Environmental Management System  
Turn this inside out to make a tab!

# Integrated Environmental Management System

## OPERATIONAL FRAMEWORK



## 2009 Performance

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
IE 1	Environmental management by recycling	Promoting wastewater recycling	●	Environment & Safety Team	50
		- Expanding the wastewater recycling system(Geumsan Plant → Daejeon Plant)	●	Environment & Safety Team	50
		- Implementing the "5R" initiative for waste elimination	●	Environment & Safety Team	50
IE 2	Minimizing environmental impact	Waste control & recycling	●	Facility Maintenance Team	51
		- Generating steam energy from the incinerator's waste heat	●	Facility Maintenance Team	51
		Air quality control	●	Environment & Safety Team	52
		- Application of high efficiency regenerative combustion methodology(2 units of CRCO*)	●	Raw Material Development Team	53
		- Pilot test of new technologies(biofilters, etc.) to reduce odors	●	Environment & Safety Team	53
		- Intensive analysis of environmental facilities	●	Environment & Safety Team	53
		Water quality control	●	Environment & Safety Team	54
		- Setting up and monitoring nonpoint pollution source management system	●	Facility Maintenance Team	54
		- Installing new belt press dryer at wastewater treatment plant	●	Environment & Safety Team	54
		- Installing and operating a real-time, water quality telemonitoring system(TMS)	●	Environment & Safety Team	54
IE 3	Increasing eco-friendly products	Hazardous substance control	●	Environment & Safety Team	55
		- Signing a voluntary agreement to reduce use and discharge of chemical substances	●	Facility Maintenance Team	55
		- Improving processes to protect flying pollutants	●	Product Planning/R&D Strategy Team	56
IE 3	Increasing eco-friendly products	Redefining eco-friendly products and the development process	●	Product Planning/R&D Strategy Team	56

\* CRCO : Concentrator With Regenerative Catalytic Oxidizer

## Key Managerial Issues

- Environmental management by recycling
- Minimizing environmental impact
- Increasing eco-friendly products

## Mid-Term Roadmap

Environmental protection activities start with conserving resources and minimizing environmental impact. Hankook Tire will manage qualitative data on these practices through our Integrated EHS Management System.



# MID-TERM ROADMAP 2010 ~ 2012

	2010 Establishing an environmental management infrastructure	2011 Reinforcing eco-friendly process management	2012 Setting up a global environmental management system
Environmental management by recycling	Promoting wastewater recycling	Recycling ELTs	Promoting waste recycling
Minimizing environmental impact	Expanding high-tech prevention facilities	Using clean energies at all plants	Maximizing the efficiency of environmental facilities
Increasing eco-friendly products	Applying eco-friendly product development processes and setting goals	Expanding the SKU* of eco-friendly products and developing qualitative measurements on the environmental impact of our products through Life Cycle Assessment(LCA)	Continuing to expand our eco-friendly product line-up and minimizing the environmental impact of major products

\* SKU(Stock Keeping Unit): The minimal unit of classification for product and inventory management

## 2010 Plans

● : Completed   ● : Partially achieved   ○ : Year-round

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
IE 1	Environmental management by recycling	Promoting wastewater recycling			
		- Installing a wastewater recycling system at the Daejeon Plant	Apr	Facility Maintenance Team	51
		Expanding the resource circulation system	Jun	Environment & Safety Team	51
IE 2	Minimizing environmental impact	Adding prevention facilities in response to strengthened emission permit on air pollutant emissions	Aug	Facility Maintenance/ Facility Development Team	49, 55
		Reviewing and applying new technologies to reduce pollutants	Dec	Environment & Safety/ Machinery Development Team	49, 55
		Maximizing the operational efficiency of environmental facilities			
		- Timely replacement of expendables, such as packing materials, activated carbon, etc.	○	Environment & Safety Team	49, 55
IE 3	Increasing eco-friendly products	Regular removal of pollutants and improving the combustion conditions within the incinerators	○	Facility Maintenance Team	49, 55
		Setting and implementing goals for developing eco-friendly products	Jul	R&D Strategy Team	57
		Developing and applying processes for eco-friendly products	Aug	Product Planning Team	57

Environmental Management  
by Recycling

# IE 1

[ Environmental Management Goal ]

Quantitative Activities

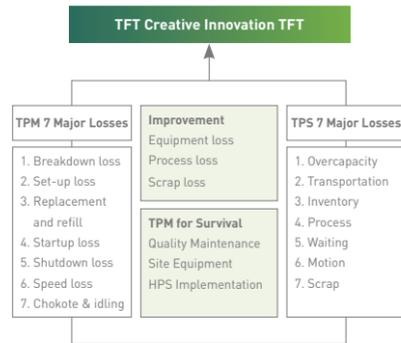
- Improving waste factors
  - Process loss(replacement loss)
  - Rework loss(nonadjusted ratio)
  - Scrap loss(fallout ratio)
- 3 necessity campaign
- Enhancing efficiency
- Improving energy unit load

Qualitative Activities(HPS 3.5 points)

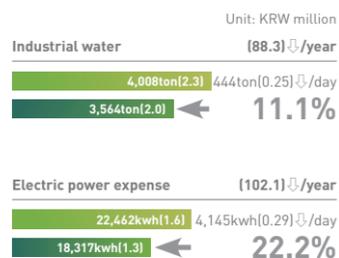
\* HPS 3.25 points in 2008

- Establishing the Andon system
- Improving the fool-proof
- Improving the watermill

[ Green Growth & Environmental Management Initiatives ]



[ The Effects of Installing Wastewater Recycling System at Daejeon Plant ]



## FOCUS OVERVIEW

Hankook Tire implements a HPS campaign, Creative Innovation TFT and the elimination of waste "5R" campaign to strengthen our capabilities in sustainability as a green growth leader.

Resource Circulation Environmental Management

In a preemptive response to diminishing tire sales and rising costs, Hankook Tire launched the Creative Innovation TFT. We also set the groundwork for green growth through the "5R"(Reuse, Recycle, Reduce, Recover, and Reutilize.)

Creative Innovation TFT Organization & Performances

Covering strategy, cost, logistics, quality, equipment and improvement, the Creative Innovation TFT has implemented waste elimination initiatives and the "TPM\* for survival" program to improve both the TPM and TPS\*\* seven major losses. Waste elimination initiatives include improving facility efficiency and recycling ratios as well as reducing process losses. In addition to various innovation initiatives, costless improvement, fool-proof promotion and visible management activities were implemented and reviewed against Hankook Tire Production System(HPS) indicators.

\* TPM: Total Productivity Management/\*\* TPS: Toyota Production System

[ Green Growth & Environmental Management Performances ]

Elimination of Waste	
Improving losses	Improving the scrap and rework and process losses
Conserving energy use	Ensuring flexibility in the boiler fuel(Bunker-C oil → LNG) Enhancing the efficiency of facilities
Maximizing recycling	5R campaign(instilling conservation mindset) 3 Necessities 6 Implementation Campaign(improving energy consumption)
TPM for Survival	
Plant Innovation	Quality maintenance, Equipment sites, Individual improvements costless improvement, Fool-proof expansion
Raising the HPS Indicators score	Replacement loss improvement, Visible management improvement

Installing a Wastewater Recycling System at the Daejeon Plant

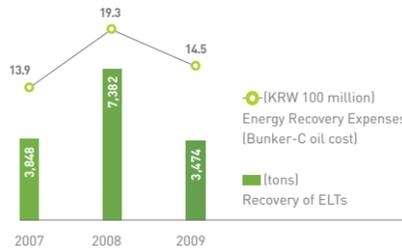
Hankook Tire installed a wastewater recycling system at the Daejeon Plant in 2009, to minimize water usage. We expect the new system to save 700 tons of water daily, starting from 2010. The system processes the treated wastewater before its use in environmental facilities and extrusion, as indirect coolant. In 2010, we will expand this to reprocessing water and cleaning incinerators.

5 tons in 2007-2009 → 700 ton/day in 2010



Notification of water recycling system installation and repair Dioxin Test Result Report(2009)

[ Waste Heat Energy Efficiency ]



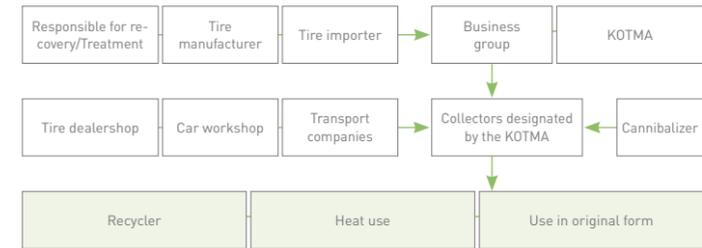
Maximizing the Recovery of Waste Heat Energy

Under an agreement with the KOTMA\*, we retrieve ELTs from our contracted car workshops and outsourced collectors to fuel our pyrolysis incinerators. With this system, we recycle 5,000 tons of ELTs every year. In 2009, the Daejeon and Geumsan Plants recovered steam from the waste heat and reused it in the manufacturing process, saving approximately KRW 1.45 billion in annual Bunker-C oil fuel costs.

\* KOTMA: Korea Tire Manufacturers Association

[ External ELTs Recovery/Treatment System ]

Hankook Tire recycles 2-3% of its ELTs, annually.



## 2010 plan...

Promoting the Wastewater Recycling System

We will proceed with the second phase in 2010, in participation with the government's water control initiatives.

Phase 1(2009)	Phase 2(2010)	Phase 3(2011)
<b>1. Target:</b> Environmental facilities(14 types) <b>2. Reused amount:</b> 1) Summer: 800 tons/day 2) Winter: 500 tons/day <b>3. Saved:</b> KRW 190 million annually	<b>1. Target:</b> Incinerator retreatment water, etc. <b>2. Reused amount:</b> 1) Incineration: 50 tons/day 2) Dilator: 20 tons/day <b>3. Saved:</b> KRW 10 million annually	<b>1. Target:</b> Logistics for cleaning water in environmental facilities(curing 2-type) <b>2. Reused amount:</b> To be reflected in 2011 investments

Setting up a Resource Circulation System

In 2009, we will implement cost reduction activities and quality enhancement to expedite our waste elimination "5R" campaign and lay the foundation for green growth.

Category	Implementation	Effect	2010 Goal	2011 Goal	2012 Goal
Reduction	Minimizing the source of waste by process(semi-finished goods/others) Improving source facilities - Reducing the moisture content of dehydrated sludge	20% reduced in wastes	10% ↓	15% ↓	20% ↓
Recycling	Continued improvement of waste treatment methodologies - New technologies for recycling wastes	Recycling ratio 48%	42% ↑	45% ↑	48% ↑
Reuse	Installing a wastewater recycling system - Reprocessing water for the incinerator and dilator shaft cleaning water	Saving KRW 100 million annually	KRW 190 million	KRW 250 million	
Recovery	Recovering heat energy from waste at mid-treatment facilities - Increased production of steam(4.5 tons/hr → 5.0 tons/hr) Cost reduction through self-treatment of wastes	Additional KRW 250 million annually	Incinerator operation ratio 70	90% ↑	
Reutilization	Best practices for recycling and reducing waste(Ministry of Environment) Computerizing waste control(legal treatment system/Korea Resources Corporation)	Waste reduction Selected best practice			by Ministry of Environment

Minimizing Environmental Impact

IE 2

**DAEJEON**



**Daejeon Plant CRCO Operation**

**Mechanism:** Burning the concentrated source of odors generated from the synthesis of rubber

**Installation period:** Dec. 2008 – Mar. 2009

**Investment:** KRW 6.6 billion(KRW 3.3 billion/unit)

**Effect:** More than 90% treatment efficiency → test runs completed: 7 times by 6 institutions

FOCUS OVERVIEW

Hankook Tire strives to minimize its pollutant emissions through constant investment in environmental facilities, improvements to manufacturing processes and with the use of advanced technologies.

Grounds for the Construction of an Integrated Environmental Management System

- External**
  - Addressing global warming and climate change calls for sustainable, low-carbon, green growth initiatives.
  - An innovative approach is required to deal with strengthened, international environmental regulations following the December 2009 Conference of the Parties in Copenhagen.
    - National GHG Mid-Term Goal(2020) Confirmed: reducing emissions by 4% of 2005 emissions levels(30% of emissions in 2020)
- Regional**
  - Growing demand for sustainable living conditions from local communities neighboring industrial complexes
  - An increasing need for facility investment, in response to initiatives to renovate old industrial complexes

Environmental Management Performances

In a preemptive response to global environmental issues and regulations, Hankook Tire's main R&D Center is cooperating with the Yeonsei University Institute for Environmental Research to zero out pollutants at source. In a bid to eliminate environmental pollutants at our worksites, we installed High-efficiency CRCOs and conducted an intensive inspection on all our environmental facilities. We ensured the timely replacement of filling materials and activated carbons and replaced three 40-ton boilers with LNG-fueled ones.

Removing Odor Pollution Sources through High Efficiency CRCOs at the Daejeon Plant

Hankook Tire employed an innovative technology to eliminate the source of odors at its Daejeon Plant, adopting two units of high efficiency, concentrated regenerative catalytic oxidizers(CRCO). A joint review by Hankook Tire's Main R&D Center and an outside institute found that odors at the facility were reduced by 90%.

Category	Average	Goal
Removal Effect	92~93%	90% ↑
Air Dilution Factor	135~174 times	200 times ↓

\* Legally required air dilution factor: 500 times

( Controlling the Environmental Impact of Transport & Migration )

As part of its efforts to reduce energy use and GHG emissions, Hankook Tire encourages video conferences to reduce transportation and business trips by our employees. In the future, we will actively adopt various measures to reduce carbon emissions from the transport of our products and raw materials.

IE 2 Minimizing Environmental Impact

**GEUMSAN**



**Geumsan Plant Wet Dust Collectors**

**Mechanism:** After bumping into the shield plate, emitted pollutants are removed by the cleansing bath as they pass through slots

**Installation period:** Jan. 2009 – Dec. 2009

**Investment:** KRW 2.52 billion

**Effect:** More than 97% of dust processed

( Wet Dust Collector Mechanism )



- ① Filtering dust, oil mist, and moisture from polluted gasses
- ② Cleansing bath sprayer embedded inside the cleansing tower
- ③ Removing pollutants by spraying a cleansing bath through polluted gasses

( Environmental Facilities Precise Analysis Procedures )

Checking the local exhaust ventilation system and process → Drawing the system diagram of local exhaust ventilation → Checking the hood/duct exhaust flow rate and the exterior → Wind tunnel and dust collector → Reporting on the results

- Checking the process and their practices
- Locating the worksites and local exhaust ventilation
- Measuring air current through the smoke tube
- Interior & exterior checking
- Measuring flow rate control
- Measuring the flow absorbed by or released from hood
- Dimensional measurements
- Checking specification
- Measuring differential pressure of the dust collector
- Measuring the flow, constant pressure and rpm of exhaust gas
- Exterior checking of wind tunnel and dust collector

\* Used hot-wire anemometry and pitot tubes to check the hood and duct exhaust flow rate and the exterior



Installing Environmental Facilities at the Geumsan Plant

In 2009, we added four wet dust collectors in order to minimize any pollutant emissions during the rubber mixing process. We also increased the frequency of replacing supplies such as filters and air conditioning units.

Pilot Test of New Technologies for Reducing Odors

Hankook Tire runs pilot tests of new technologies designed to reduce odor and other pollutant factors every year. The Hankook Tire Main R&D Center constantly researches new technologies to eliminate odors at their source and has successfully developed eco-friendly compounds and pollutant insulators. The Center also reviews and tests new environmental technologies and environmental facilities before installation, preemptively preventing environmental risks.

( New Technologies Pilot Test Performances )

Reduction Technology	Effect	Conclusion	Process Mechanism
Peroxide	33%	Insufficient	Oxidative decomposition by peroxide cleansing bath
Catalytic oxidation	33%	Insufficient	Electrochemical partition utilizing a catalyst
Ion exchange cleansing	31%	Insufficient	Adsorption by ion exchange resin and a caustic soda cleansing bath (VOC reduced: 61%)
Arc plazma	33%	Insufficient	Electrochemical process using ozone + plazma + catalyst
CCO*	93%	Sufficient	Oxidization by separating the adsorbed odors with a small airflow

\* CCO: Concentration catalytic oxidizer

Precise Analysis of Environmental Facilities

Hankook Tire runs joint research with Changwon University's Industrial Ventilation Laboratory on local exhausts and the overall ventilation system, ensuring the efficient operation of its environmental facilities.

IE 2  
Minimizing  
Environmental Impact



Web-based Monitoring



Installation of Oil-Water Separator  
Replacement of wornout dehydrator at the wastewater treatment plant of Daejeon Plant

**Environmental Facilities Management Standards**

We ran the LCA test on the emission and prevention facilities in order to minimize pollutant emissions. Before installation, the environmental facilities LCA is jointly run by the Environment & Safety, Facility Maintenance and the Machinery Development Team. After installation, we run intensive tests on the facilities' hood, rpm, wind tunnel, and smoke tube and operate these facilities only when they have passed the tests. Outsourcing the inspection of our environmental facilities to external agencies, checklists is done based on the results, to ensure the best operating conditions of our environmental facilities.

**Non-Point Source Management System at the Daejeon and Geumsan Plant**

Hankook Tire established a round-the-clock monitoring system by installing an oily water separator and CCTVs on the rainwater drainage in 2009.

**Replacement of Old Dryer at the Wastewater Treatment Plant of Daejeon Plant**

In 2009, Daejeon Plant replaced the well-used normal dryer with pressure filtration for sludge dewatering, to reduce the moisture content.

Category	Goal	Performance	Attainment
Dryer type	Belt Press Type NPMT-1500 (BELT : 1,500mm)	Belt Press Type NPMT-1500 (BELT: 1,500mm)	Completed
Filtering speed	Max, 120 kg, DS/hr and lower [Existing dryer: Max, 40 kg, DS/hr]	Max. 140kg, DS/hr and lower (Dry Solid THK 5mm, Belt speed 1.5m/min, moisture content reduction rate: 22.3%)	116.7%

**( Environmental Facilities Management Standards Process )**

- Design review before installation
- Review of installing additional ventilation
- In case of expansion or ventilation maintenance
- Pre-use inspection
- Before the initial use after expansion or maintenance
- Testing layout, hood flow, wind tunnel flow & constant pressure, wind tunnel rpm, the differential pressure of the air purifier and smoke tube, etc.
- Self-inspection
- Self-inspection - once a year

Testing layout, wind tunnel flow & constant pressure, the differential pressure of the air purifier, the exterior and smoke tube

**Water Quality Auto TMS at the Geumsan Plant**

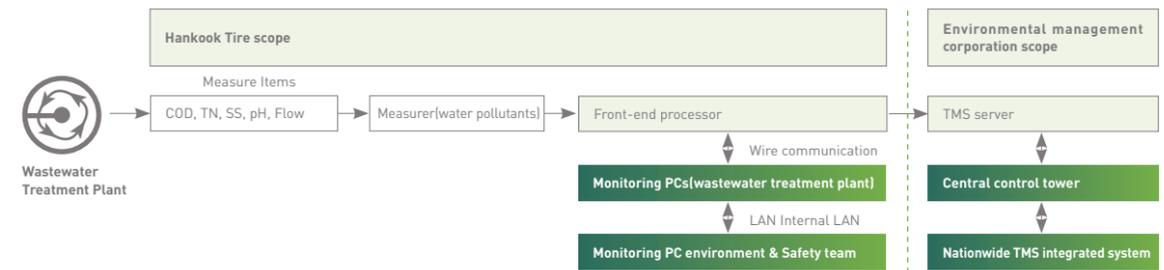
The Geumsan Plant runs a water quality auto telemonitoring system(TMS), which monitors the concentration of PH, COD, SS, T-N and T-P in the effluent to report to the Ministry of Environment and Korea Environment Corp.

**Air Quality Auto TMS at the Daejeon and Geumsan Plant**

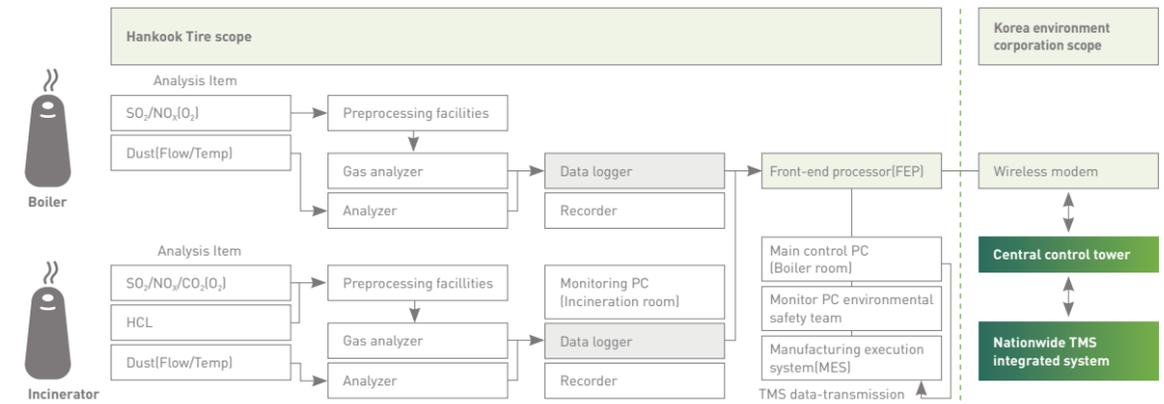
The Daejeon Plant embedded the air quality TMS on the smokestacks of its boilers and incinerators. The boilers replaced fuel source with LNG in 2009. We now report the air quality monitoring results of incinerators to the environmental authorities. The Geumsan Plant has shut down the distillation-type incinerator and now runs its air quality monitoring system only on the boilers.

IE 2  
Minimizing  
Environmental Impact

**( The Operational Process of the Water Quality Auto Measuring System at the Geumsan Plant )**



**( The Operational Process of the Air Quality Auto Measuring System at the Daejeon & Geumsan Plant )**



**Hazardous Substance Control**

In 2005, Hankook Tire signed a voluntary agreement with the Ministry of Environment to reduce the emissions of chemical substances by 30% and 50% on the base year level(2001) by 2007 and 2009, respectively. To that end, Hankook Tire improved its manufacturing processes and facilities, as well as its pollutant prevention facilities in order to eliminate any source pollutants. In response to global trends, such as REACH, we consulted with external experts and worked on the Chemical Management Services(CMS).

**2010 plan...**

**Establishing the Chemical Management Services System**

In 2010, Hankook Tire will establish the CMS, which encompasses all activities involving chemical substance use from warehousing, to use, storage, transport and disposal. We will also set up an efficient management system by computerizing the safety check reports, in preparation for REACH.

Increasing Eco-Friendly Products

## IE 3

### [ Qualifications for Hankook Tire's Eco-Friendly Products ]

Objectives	Environmental Measures
Fighting the greenhouse effect	Lowering rolling resistance(reduced CO <sub>2</sub> emissions)
Conserving resources	Optimal structure – minimizing waste by developing an optimal tire structure
Using eco-friendly resources	Utilizing eco-friendly substances such as low-PAH oils, etc. Expanding the use of natural resources – replacing petroleum-based raw materials with eco-friendly materials
Caring about user safety & convenience	Enhancing performances on the wet road Low noise

### [ Composition and Certification of Eco-Friendly Products ]

At the moment, eco-friendly tires account for 21% of the tires sold in Korea and the figure is expected to grow in the future.

Region	Ultra High Performance	High Performance	Environmental Labeling
Europe	Ventus S1 evo(K107)	Optimo K415	Optimo 4S(H730): "Blue Angel" environmental labeling by the German UBA
	Ventus V12 evo(K110)	Optimo K715 → Kinergy eco(K425)[2010]	Winter i*Pike(W409): Swedish environmental labeling, "Nordic SWAN"
	Ventus Prime(K105)		Winter i*Pike(W605): Swedish environmental labeling, "Nordic SWAN"
America	Ventus V12 evo(K110)	Enfren(H430: due in 2011)	
	Ventus V4 ES(H105)	Optimo(H418) → Optimo H426	
Korea	Ventus S1 noble(H432)	Enfren(H430)	Enfren: Certified by Japanese Green Act in 2009
Japan/China	Ventus S1 evo(K107)	Optimo(H426)	
	Ventus Prime(K105)		

## 2010 plan...

Hankook Tire will develop innovative processes to develop eco-friendly products. We will also continually expand our eco-friendly product line-up.



Departing from the old stop-gap measures regarding environmental issues, our environmental policies take a more far-sighted and global approach. Dedicated to minimizing its environmental impact, Hankook Tire has improved its manufacturing processes, adopted eco-friendly facilities, established a resource recycling system and invested in high efficiency pollution prevention facilities. We will continue our endeavors to contribute to a sound and sustainable environment.

Song Il-kwon,  
Assistant Manager, Environment & Safety Team

## interview

## FOCUS OVERVIEW

Hankook Tire remains committed to preventing global warming and protecting the environment. We apply eco-friendly resources to the entire lifecycle of our products, from their design to use and final disposal.

### Redefining Eco-Friendly Products

Hankook Tire's environmental assessment criteria has four categories: preventing global warming, resource conservation, eco-friendliness and user-friendliness. Each category is broken down into detailed eco-friendly qualifications.

### Environmental Management Activities

Hankook Tire's ceaseless endeavors led to the successful reduction of the rolling resistance of its tires by 31% on the 2007 performance, thereby improving vehicle fuel efficiency. Through R&D into new materials, as well as structure and manufacturing technologies, we are making 3~4% lighter tires with higher overall performance. Our products are designed in consideration of their eco-friendliness for the duration of their lifecycle, therefore we minimize the use of polycyclic aromatic hydrocarbons(PAH) and apply eco-friendly oils that meet EU regulations.

FOCUS 01

Environmental Management

FOCUS 02

External Stakeholders Satisfaction Management

FOCUS 03

Integrated Risk Management

FOCUS 04

Employee Value Creation & EHS Management

# FOCUS 01

## Environmental Management

### 01-2 Climate Change & GHG Management

- Gas emissions control and reduction goal planning
- Communication about efforts to cope with climate change



# Climate Change & GHG Management

## OPERATIONAL FRAMEWORK



### Statement

Hankook Tire participates in actions to cope with climate change, at home and abroad, with an understanding that our sustainable future depends on these efforts and actions.

### Policy

Throughout its business activities, Hankook Tire will proactively address climate change issues and strive to reduce GHG emissions.

### Organization

In a bid to efficiently address climate change, Hankook Tire organized an Energy/Carbon Subcommittee under our CSR Strategy Committee in May of 2010. Under the director of the Product & Engineering Division's control, the Machinery Engineering 1 Team, Production Strategy Team, Environment & Safety Team, Energy Operations Sub Team, Purchase Strategy Team and CSR Team collaborates to develop policies and tactics, to monitor and review performance.



## 2009 Performance

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
CC 1	Identifying the source of GHG emissions and reducing emissions	Changed the fuel source for 3 boilers: Bunker-C oil → LNG(clean energy)	●	Facility Maintenance Team	60
		Improved the feed water control system of the boilers	●	Facility Maintenance Team	60
		Enhanced efficiency of pumps for elevated water tanks	●	Facility Maintenance Team	60
		Improved the low-pressure steam recovery from the distillation platen's drain water	●	Facility Maintenance Team	61
		Replaced with high efficiency refrigerators	●	Facility Maintenance Team	61

### Key Managerial Issues

- Identifying the source of GHG emissions and reducing the emissions
- Setting specific reduction goals by the source of emission
- Disclosing emission amounts and communication on the reduction initiatives
- Establishing carbon management scheme on the supply chain

### Mid-Term Roadmap

We will develop a mid-term roadmap to address key managerial issues in dealing with climate change while continuing to monitor our performance and make required improvements.



## MID-TERM ROADMAP 2010 ~ 2012

	2010 Introduction of carbon management	2011 Expansion of carbon management	2012 Establishment of carbon management
Identifying the source of GHG emissions and reducing the emissions	Building GHG Inventory(domestic operations/headquarters)	Constructing an IT system to support overseas operations(domestic operations)	Expanding the IT system for maintenance (at all business premises)
Setting specific reduction goals by source of emission	Setting reduction goals by source of emission(at domestic operations)	Verifying the attainment of reduction goals at all business premises	Verifying and supplementing achievements
Disclosing emission amounts and communication on the reduction initiatives	Disclosing on the source and amount of emissions	Disclosure on the source and amount of emissions(CDP*2011)	Opportunity/Risk analysis and communication
Establishing carbon management scheme on the supply chain	Adopting low-carbon green purchase practices(at domestic operations) - Setting and implementing guidelines	Expanding low-carbon, green purchase practices(at our overseas operations), Introducing low-carbon management practices into the supply chain(at our domestic operations)	Expanding low-carbon management practices(to our overseas operations)

\* CDP: Carbon Disclosure Project

## 2010 Plans

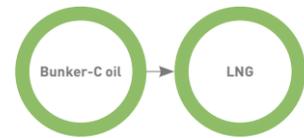
● : Completed ○ : Partially achieved ↻ : Year-round

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
CC 1	Identifying the source of GHG emissions and reducing emissions	Building GHG inventory(domestic operations, Global HQ, R&D Centers)	May	CSR/Energy Operations Sub/Environment & Safety Team	63
		Registering the reduction of GHG emissions	May	CSR/Energy Operations Sub Team	63
		Improving facilities for optimal energy efficiency	Dec	Energy Operations Sub/Machinery Engineering 1 Team	61
CC 2	Setting specific reduction goals by source of emission	Setting up a company-wide climate change TFT	Aug	CSR/Machinery Engineering 1 Team	62
		Reduction potential analysis at domestic operations by source of emissions	Sep	Energy Operations Sub/Machinery Engineering 1 Team	62
		Setting goals for reduction of emissions at domestic operations by source	Oct	Energy Operations Sub/Environment & Safety/ Machinery Engineering 1 Team	62
CC 3	Disclosing emission amounts and communication on the reduction initiatives	Disclosing the sources and amounts of emissions	Jun	CSR Team	62
CC 4	Establishing carbon management scheme on the supply chain	Adopting low-carbon green purchase practices(setting and implementing guidelines)	Dec	CSR/Purchasing Planning Team	62

Identifying the Source of GHG Emissions and Reducing Emission Amount

# CC 1

[ Breakdown of Investment in Boiler Fuel Replacement ]



- Laying the LNG pipeline
- Replacing oil burners with gas burners
- Installing gas-supplying economizer(boiler water temperature heater)
- Acquired certification on 9,600 tons CO<sub>2</sub> annually

Category	Fuel Source	No. and Capacity of Boilers	Investment
Phase 1 (2009)	LNG	#3(30T/H)	KRW 840 million
		#4(30T/H)	
		#5(40T/H)	
Phase 2 (2010)	LNG	#1(20T/H)	KRW 560 million
		#2(40T/H)	
Subtotal		5(160T/H)	KRW 1.4 billion

## FOCUS OVERVIEW

The low-carbon green growth initiative plays an important role in sustainability management. As a result of our dedication to energy efficiency and the adoption of eco-friendly, low-carbon fuel sources, we attained our carbon reduction goals in 2009.

### Adopting LNG-fueled Boilers at the Daejeon Plant

Our endeavors to mitigate climate change includes replacing the boiler fuel with a more eco-friendly LNG. We invested KRW 477 million to replace the fuel for three of a total of five boilers, saving more than 10,000 tons of GHG emissions annually. We also reported about 9,600 tons/year voluntary reduction of GHG emissions to the Korean Ministry of Knowledge Economy, obtaining certification for reduction of about 48,000 tons of GHG over a period of five years. Follow-up measures will involve replacing our fuel sources with eco-friendly, low-carbon fuels. In 2010, we plan to replace the fuel supply for the other two boilers at the Daejeon Plant with LNG, install one denitrification facility, and two LNG-fueled boilers at the Geumsan Plant.

### Adding a Water Level Control System to the Boilers at the Daejeon Plant

We built a level adjustment system to prevent the overflow of condensed water that is retrieved through the course of the water level adjustment made to the boiler feed water tank, saving an annual KRW 23.8 million in energy costs.

- Installing three electric control valves( one new and two repaired)
- One level transmitter: one(M610K, 3,200mm H<sub>2</sub>O)
- One level controller: one(SX90)

### Enhanced Elevated Water Tank Pump Efficiency at the Daejeon Plant

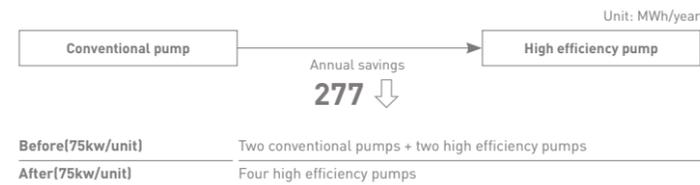
We invested KRW 30 million to replace worn out elevated water tank pumps with two, high efficiency pumps, saving an annual 277MWh of energy(130 ton CO<sub>2</sub>-eq). Average efficiency of elevated water tank #2 and #6 improved from 50% to 70%(up 20%p)



Before and after improving elevated water tank pump

[ Effect ]

Replacing the pumps of the elevated water tank with high efficiency pumps



... CC 1 Identifying the Source of GHG Emissions and Reducing Emission Amount

[ Major Improvements with the Refrigerator Replacement at the Geumsan Plant ]

1. Replaced with turbo refrigerators
2. Pipelining for cool water and coolant
3. Manufacture by mobility elements and power/instrumentation work

### Improving Low-Pressure Steam Recovery System at the Geumsan Plant

We saved an annual KRW 12 million in fuel costs by recovering all the low-pressure steam that is forced out from the distillation platen\*. We improved the recovery system by adding lines to recover the condensed water and re-use it for heating the worksite during the winter.

Improved the lines for recovering condensed water from the heat panels of PCR, UHPT, TBR distillation  
\* Platen: heat panel to heat the distillation mold

### High Efficiency Refrigerators at the Geumsan Plant

The absorption refrigerators use steam from the boilers as an energy source, costing KRW 195.1 million annually and consuming 227l/hour of energy. In 2009, the new replacement turbo refrigerators saved KRW 135 million and reduced annual GHG emissions to 388 tons from the previous year's 1,000.

[ Replacement of High Efficiency Refrigerators ]



Category	Absorption Refrigerators(before)	Turbo Refrigerators(after)	Remarks
Energy source	Steam(Bunker-C oil)	Electricity	
Energy consumption	227 V/hr	569 kw/hr	Based on the specification of refrigerators
Total hours of refrigerators operation in 2009	1,456 hr	1,456 hr	Operational performances in 2009
Energy consumption in 2009	330,512 l/year	828,464 kw/year	

## 2010 plan...

### 2010 Energy Conservation and Efficiency Improvement Plan

In 2010, Hankook Tire plans various energy saving initiatives as follows:

Category	Improvement Plan	Details
Energy	Improving the energy consumption structure	Expanding low-carbon energy use(Bunker-C oil↓, LNG↑)
		Expanding low-cost energy use
	Substituting fuel sources	Expanding the operation ratio of incinerators(80% → 87%)
	Building a gas emissions inventory	-
Pleasant working conditions	Maximizing the recovery of waste heat	Rearrangement of the lines improved the recovery rate of condensed water
		Maximizing recovery of waste heat from boiler exhaust gas
	Improving the air conditioners	Adjusting the location of lights and replacing them with energy efficient bulbs
	Improving worksite lighting	Applying user-oriented supply methods and expanded the individual supply
	Improving utilities quality	Constructing an industrial water treatment system
		Improved the steam dryness fraction

.... CC 2  
~ CC 4

# 2010 plan...

Setting Specific Reduction Goals by Source of Emission

## CC 2

### Setting up a Company-wide Climate Change TFT

We plan to operate a dedicated TFT consisting of internal experts in each field for pre-emptive responses to climate change while pursuing new opportunities. The TFT will devise mid- to long-term strategies and action plans to fight climate change and review performance.

### Reduction Potential Analysis by Source of Emissions

By analyzing energy sources of major facilities on our business premises, we will identify the reduction factors and analyze further reduction potential based on the reviews of the latest technologies.

### Setting Goals for Reduction of Emissions

Based on our review of global trends and industrial benchmarking, as well as the analysis of risk and opportunity by GHG emissions, we will conduct research on the amount and costs of GHG reduction methods.

Disclosing Emission Amounts and Communication on the Reduction Initiatives

## CC 3

### Disclosing on the Source and Amount of Emissions

The disclosure of the GHG inventory constructed in 2010 will enable us to proactively respond to stakeholders' demand for information and to reduce our GHG emissions.

Introducing Carbon Management Scheme on the Supply Chain

## CC 4

### Adopting Low-Carbon Green Purchasing Practice[Setting and Implementing Guidelines]

In order to make our products low-carbon, green products in the true meaning of the words, we will guide and encourage our suppliers to use low-carbon materials by setting guidelines beginning in 2010.



An intensive analysis from late 2009 to early 2010 revealed both strengths and weakness in our sustainability management practices. Notably, the findings showed that we lacked systematic responses to climate change. In order to address this issue, we devised a company-wide plan and ran specific programs one after another, establishing a systematic response to climate change. As we have discovered our weak points, we have a clear goal to pursue. We will make a concerted effort to increase our ability to address climate change.

Kim Jong-yune,  
Manager, CSR Team

# interview

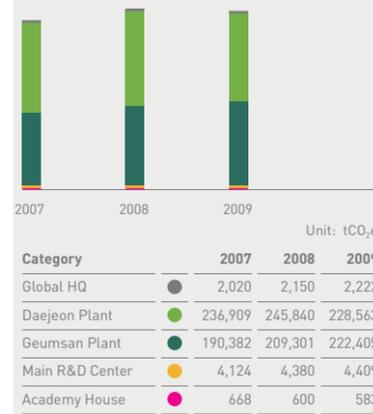
## Reporting on the GHG Inventory-Building

We completed building the GHG inventory at all business premises in early 2010. This was the initial stage of improving our systems to deal with climate change. We have also had our emissions and systems assured by the British Standard Institute Korea(BSI Korea).

### Building the GHG Inventory

Hankook Tire has built the GHG inventory, encompassing all its business premises, from the main office, its two plants, the R&D Centers, academy houses and has had each assured by an independent agency(BSI Korea).

### ( Yearly GHG Emissions )



### ( GHG Emissions by Source )



Total GHG emissions by Hankook Tire fell in 2009 after a slight increase in 2008, recording 434,000 tons in 2007, 462,000 tons in 2008 and 458,000 tons in 2009. 90% of the total GHG emissions came from electrical(57.7%) and fuel use, to generate steam(33.1%). By building the GHG inventory, we learned about these major sources of emissions. Based on these findings, we are now able to minimize our impact on global warming by improving efficiency and replacing energy sources.

### Source of GHG Emissions

<b>Purchased Electricity</b>	Electricity purchased from outside
<b>Fixed</b>	LNG-fueled boilers, Bunker-C oil-fueled boilers, emergency generator, regenerative catalytic oxidizer, etc
<b>Process</b>	Incinerators
<b>Purchased Steam</b>	Steams purchased from outside
<b>Mobility</b>	Vehicles for business use and manufacturing support
<b>Fugitive</b>	Extinguisher, refrigerators, insulated circuit breakers, etc.

Our first effort at minimizing global warming involved building a GHG Inventory, in early 2010. For the efficient operation of this inventory, we have developed a manual for data collection, ensuring reliability of the system.

### ( GHG Inventory-Building Process )



Verification Opinion

**Hankook Tire Co., Ltd.**  
**Seoul HQ, Daejeon Plant, Geumsan Plant,**  
**R&D Center and Academy House**



**Scope:**

The annual GHG emissions for 2007 to 2009 calendar years(inclusive).  
 The physical scope is within the boundary of the 5 sites mentioned above.  
 GHG emissions for Scope 1(Direct-emissions from the plant) and Scope 2(indirect-energy related)  
 As defined in WBCSD/WRI GHG protocol Chapter 4, "Setting Operational Boundaries"

**Data Verified:**

The green House Gas Emissions for the 2007 to 2009 calendar years were as follows:

Unit: tCO<sub>2</sub>e

Sites	2007 Year	2008 Year	2009 Year
Seoul HQ	2,020	2,105	2,222
Daejeon Plant	236,909	245,840	228,563
Geumsan Plant	190,382	209,301	222,405
R&D Center	4,124	4,380	4,409
Academy House	668	600	583
<b>Total(tCO<sub>2</sub>e/yr)</b>	<b>434,102</b>	<b>462,228</b>	<b>458,182</b>

**GHG Criteria & Protocols used for Verification:**

The verification was carried out at the request of the Hankook Tire Co., Ltd. using:

- The GHG Protocol of the WBCSD/WRI – Revised March 2004
- IPCC Guideline for National Greenhouse Gas Inventories – Revised 2006
- ISO 14064 Part 1&3 – Issued 2006
- BSI GHGEV Manual – Issued 15 September 2009

As the principle reference documents.

BSI Group Systems standard confidentiality arrangements were in force for all verification.

**Verification Opinion:**

As a result of carrying out verification in accordance with the protocols and best practices mentioned above, and the principles of ISO/IEC 17021; 2006, it is the opinion of BSI that:

- No material misstatements in calculations were revealed, good record keeping was demonstrated and
- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.

BSI Group Korea  
 21F, Jongno Tower Building, 6 Jongno 2-ga, Jongno-gu, Seoul  
 Tel: +82-(0)2-777 4123



J. K. Cheon/BSI Group Korea President

Date: May 25, 2010

Signed:

# FOCUS 02

## External Stakeholders Satisfaction Management

### 02-1 Win-Win Supply-Chain Partnership

- Expanding communications with suppliers
- Promoting eco-friendly, green purchasing practices



# Win-Win Supply-Chain Partnership

## OPERATIONAL FRAMEWORK



### Statement

Hankook Tire's Win-Win Supply-Chain Partnership pursues transparent, fair, reciprocal and trusting partnerships with its suppliers, realizing mutually beneficial sustainable growth.

### Policy

Hankook Tire employs transparent, fair, win-win supply-chain partnerships and procedures for selecting and evaluating suppliers. It maintains open communication and provides continued support for its suppliers. It practices sustainability management in terms of quality, price and technologies and promotes green purchasing practices.



### Organization

Supplier management and relationships are under the control of purchasing officers, who develop and implement win-win partnership policies, as well as monitor and provide feedback on performance to maintain win-win partnership assurance.



## 2009 Performances

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
SC 1	Supplier management and relationship policies	Developing supplier relationship policies	●	Purchasing Planning Team	68
		Instituting Hankook Tire Code of Ethics	●	Purchasing Planning Team	68
		Improving the procedures of selecting and evaluating suppliers	●	Purchasing Planning Team	68-69
SC 2	Communications with suppliers	Implementing win-win supply-chain partnership policies	●	Quality Management Team	70
SC 3	Win-win partnership programs	Holding supplier workshops	●	Purchasing Planning Team	71
		Supporting supplier management	●	Purchasing Planning/Quality Management Team	71
		Inviting excellent Chinese suppliers	●	China) Purchasing Team	71-72
SC 4	Promoting eco-friendly, green purchasing practices	Supporting green purchasing and eco-friendly development	●	Material Purchasing Team	73

### Key Managerial Issues

- Supplier management and relationship policies
- Communications with suppliers
- Win-win partnership programs
- Promoting eco-friendly, green purchasing practices

### Mid-Term Roadmap

Our supplier relationship policy is based on win-win partnerships. We will improve the supplier relationship policy, expand communication channels, support the win-win program and establish eco-friendly, green purchasing plans, while solidifying the platform for green purchasing. Furthermore, we aim to promote and upgrade policies and programs to realize specialized supplier relationships and to establish sustainability management practices.



## MID-TERM ROADMAP 2010 ~ 2012

	2010 System-building & Improvement	2011 Promotion & Upgrade	2012 Systemization & Internalization
Supplier management and relationship policies	Improve supplier relationship	Upgrading the supplier relationship policy	Organize specialized suppliers
Communications with suppliers	Expand communication channels	Promoting communication channels	Incorporate communication practices
Win-win partnership programs	Expand win-win program	Upgrading the win-win program	Maximize win-win partnerships
Promoting eco-friendly, green purchasing practices	Establish eco-friendly, green purchasing system	Promoting eco-friendly, green purchasing practices	Expanding eco-friendly, green purchasing practices

## 2010 Plans

● : Completed ○ : Partially achieved ↻ : Year-round

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
SC 1	Supplier management and relationship policies	Instituting the win-win supply-chain partnership charter	Dec	Purchasing Planning Team	69
		Improving the procedures for selecting and evaluating suppliers - Evaluation of suppliers' CSR practices	Dec	Purchasing Planning Team	69
SC 2	Communications with suppliers	Operating communication channels with suppliers	↻	Purchasing Planning Team	70
		Conducting regular surveys with suppliers	↻	Purchasing Planning Team	70
		Holding "Supplier Partnership Day"	↻	Purchasing Planning Team	70
SC 3	Win-win partnership programs	Developing customized win-win partnership programs	Dec	Purchasing Planning Team	72
SC 4	Promoting eco-friendly, green purchasing practices	Developing an eco-friendly, green purchasing system	Dec	Purchasing Planning/CSR Team	74

FOCUS 02-1 Win-Win Supply-Chain Partnership  
Turn this inside out to make a Tab!

Supplier Management & Relationship Policies

# FOCUS OVERVIEW

Hankook Tire values win-win partnerships with its suppliers. Complying with all ethics regulations, we select and evaluate suppliers in a transparent and fair manner. In 2010, we will institute Win-Win Supply-Chain Partnership Charter Partnerships and promote CSR management in our suppliers.

## SC 1

[ Hankook Tire Supplier Relationship Policies ]



### Hankook Tire Supplier Relationship Policy

Hankook Tire fosters trust based on win-win partnerships with its suppliers through transparent and fair evaluation and selection of them and respectful two way communications.

### Supply-Chain Partnership Code of Ethics

Hankook Tire values integrity in its relationships with suppliers, striving for mutual development. Our ethics code eliminates all kinds of unfair business practices. Our "Clean Partnership Pledge" with major suppliers carries a binding force on these principles.

### Supplier Selection System

Applying fair and transparent standards and procedures, we select suppliers of materials, equipment, MRO items, and other services through our "e-sourcing" electronic bidding system. Furthermore, an environmental management system is an important qualification for the selection of raw material suppliers for our products.

### Supplier Evaluation System

Aware of the high significance of innovations in purchasing win-win supplier partnerships, we reformed our supplier evaluation system and strengthened our win-win partnerships with them in late 2007. While reinforcing the expertise of evaluators, we also evaluated the technological features of supplied goods and the differentiated capabilities of suppliers. Furthermore, using results from the evaluation, we were able to improve the selection and contracting of suppliers process.

### [ Detailed Evaluation Methodology & Application ]

Items	Criteria	Apply Evaluation Process and Results
Raw	Maintenance,	Annual Evaluation
Materials	technology, quality, co-operation, punctuality, price, relationship	Weighted grading criteria, based on evaluation groups, of suppliers Apply different evaluation periods/methods and supplier support/favorable treatment policies according to their grade
Equipment	Results of the price cooperation, quality evaluation, supplier management system	Adopt the e-sourcing system for order-placement of major items Grading based on weighted results of price cooperation, quality evaluation and documented audit of supplier management system Applying qualifications and weighted points for supplier selection based on their grade

[ Improving the Supplier Evaluation System ]



- 1 Specialized evaluators**  
Evaluation by new purchasing departments and evaluation by experts
- 2 Rationalization of Evaluation System**  
Grouping suppliers by features of supplied goods  
Define the evaluation criteria based on global standards  
Differentiating the evaluation criteria and methods by evaluation groups
- 3 Solidifying the execution power of evaluation results**  
Reflected in the selection of suppliers supplier's purchasing practices, support and cooperation policies

... SC 1  
Supplier Management & Relationship Policies

### Hankook Tire Code of Ethics: Codevelopment with Partners

(1) We select partners based on our fair and transparent evaluation criteria: Factors considered are quality, price and reliability of goods and services provided. (2) We maintain fair and transparent transactions in consideration of our reputation. We explain the idea of Hankook Tire Code of Ethics to our partners and encourage their compliance. (3) We provide our suppliers with technology evaluation and business consulting, supporting an increased knowledge base, across the supply chain, in the long term.



### [ Evaluation of Suppliers CSR Practices ]

Hankook Tire conducts comprehensive monitoring and evaluation of the CSR practices of its suppliers in terms of ethical management, employment change management and environmental management.

Criteria	Definition of Criteria
Ethics management	Training on ethical management & performance according to the plans
Employment change management	Whether activities to deal with the turnover rate are in place
Environmental management	Whether appropriate environmental goals are set and practiced by each section of the organization Whether the environmental management plans are in line with the environmental goals Whether pollutants and dangerous substances are under special purview and subject to periodic inspection by an external agency

### [ Supplier Selection & Purchasing Procedures ]



## 2010 plan...

### [ Win-Win Supply-Chain Partnership Charter Scheme ]



### Supplier Relationship Policies

We reiterated our determination towards win-win partnerships by instituting and declaring the "Win-Win Supply-Chain Partnership Charter," enabling trust-based, win-win partnerships.

### Supplier Evaluation & Monitoring

Adding the CSR criteria to our supplier selection and evaluation criteria, we enter into and maintain mutually beneficial partnerships with our socially responsible suppliers.

### [ Detailed Evaluation Methods & Application ]

	Supplier Qualifications	Criteria
Current	<ul style="list-style-type: none"> <li>Financial conditions &amp; pricing competitiveness</li> <li>Quality and delivery management</li> <li>Conformity with environmental &amp; safety regulations and eco-friendliness</li> </ul>	<ul style="list-style-type: none"> <li>Materials: Management, technology, quality, cooperation, punctuality, price, relationship</li> <li>Equipment: Price cooperation, quality evaluation, supplier management system</li> </ul>
Plan	<ul style="list-style-type: none"> <li>Present criteria + CSR criteria[The existing environmental performance criteria was incorporated into CSR criteria]</li> </ul>	<ul style="list-style-type: none"> <li>Present evaluation criteria + CSR criteria</li> </ul>

Communications  
with Suppliers

## FOCUS OVERVIEW

In 2009, we held workshops to improve mutual understanding and lay the groundwork for win-win partnerships. In 2010, we will maintain regular communication channels, conduct regular surveys with our suppliers and institute a "Supplier Partnership Day" to further solidify supplier partnerships.

### 2009 Quality & Environment Workshops

In September of 2009, we held workshops for our outsourcing partners to present Hankook Tire's vision, our supplier evaluation system, our quality and environmental management policies and our global environmental initiatives, reiterating our dedication to quality innovation initiatives and environmental management practices. The program also included inviting suppliers to a hands-on experience of our manufacturing processes, showing how their supplied goods are used and aggregating suggestions from suppliers through surveys.



## SC 2

[ Workshops ]



## 2010 plan...

### Regular Communication Channels with Suppliers

We will open a dedicated webpage on our intranet to introduce our suppliers to our corporate vision, management policies, CSR guidelines, environmental management policies, supplier relationship policies and systems and to listen to their complaints, suggestions and ideas for win-win partnerships. All suggestions will be reviewed and answered with additional feedback given by relevant departments.

### Regular Surveys on Suppliers

Hankook Tire will conduct regular surveys with our major suppliers to measure satisfaction and hear suggestions on our purchasing and supplier relationship management practices.

### Supplier Partnership Day

Hankook Tire relies on 1,800 suppliers at home and abroad including 340 suppliers who provide raw materials and equipment. In 2010, we will introduce our major materials and equipment suppliers to our corporate vision, management policies, Code of Ethics, CSR guidelines, environmental management policies, supplier relationship policies and systems as well as our sustainability management practices. During "Supplier Partnership Day" we will select and award excellent performers in these areas.

[ Suggestion Handling Process ]



Win-Win Partnership  
Programs

## FOCUS OVERVIEW

Hankook Tire developed the win-win partnership policies in 2007 and has provided incentives and supports to major suppliers ever since then. In 2010, we plan to create customized win-win partnership program.

## SC 3

### Supplier Win-Win Partnership Policies

Dedicated to win-win partnerships with suppliers, Hankook Tire has promoted win-win policies in late 2007.

[ Hankook Tire's Win-Win Partnership Policies ]

Raw Materials	Equipment
Selecting Excellent "Supplier of the Year"	Selecting "Supplier of the Year"
Giving additional points when selecting suppliers	Giving additional points when selecting suppliers
Increasing purchasing volumes	Selecting candidates for designated RFP
Privilege in settlement conditions	Carrying out joint development projects
Consent to reform	Consent to reform

[ 2009 Win-Win Partner Selection Results ]

Based on the evaluation of suppliers, we selected excellent performers to qualify for incentives in 2009. In addition to the awards, the selected win-win partners received preferential treatment when entering into purchase agreements in 2010.

Category	Win-Win Partnership Policy	Descriptions
Raw Materials	Selecting "Supplier of the Year"	The 9 selected companies will be awarded in 2010
	Increasing volume of purchase	The 3 selected companies will get a 10% raise in purchasing amounts
Equipment	Selecting "Supplier of the Year"	The 23 selected companies will be recognized as "Core Suppliers" in 2010
	Giving additional points when selecting suppliers	Suppliers were selected for 13 percentage points based on the total number of purchase cases

### Supplier Management Support

Hankook Tire visited 71 suppliers in 2009, to offer our support in their efforts to build environmental management capabilities, to check their quality and environmental management practices and to consult on sustainability systems (Seven of our suppliers acquired the environmental management system certification in 2009).

### Invite Excellent Chinese Suppliers to Global Headquarter

Hankook Tire invited three of its Chinese suppliers in September 2009 to its Seoul Headquarters, its R&D Center and domestic plants.

[ Supplier Management Support ]



.... SC 3  
Win-Win Partnership  
Programs

## Support for Win-Win Partnerships

### Supporting Suppliers in Win-Win Partnerships

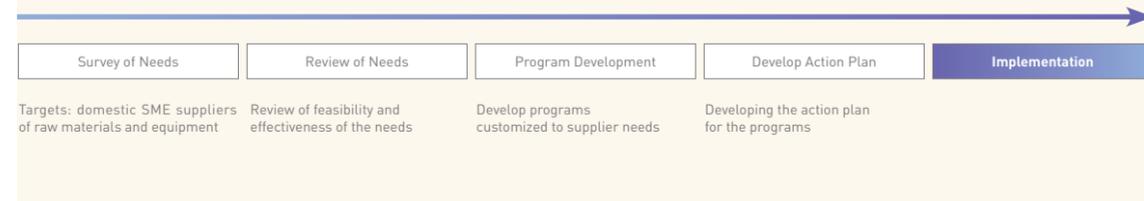
In 2009, we selected and awarded excellent performers in our win-win partnership practice review with various incentives. We also invited the excellent performers among our Chinese suppliers to Seoul, our R&D Center and domestic plants, exchanging opinions and solidifying partnerships.



## 2010 plan...

### Customized Win-Win Partnerships

In 2010, Hankook Tire will customize its win-win partnership programs to the diverse needs of its suppliers, enhancing our win-win supply chain partnership activities.



Promoting Eco-Friendly,  
Green Purchasing Practices

## FOCUS OVERVIEW

As part of our eco-friendly, green purchasing practices, Hankook Tire replaced the toxic aromatic PAH-containing raw materials with Low-PAH\* materials in 2009. In 2010, we will utilize more environmentally friendly materials, promoting eco-friendly, green purchasing practices.

\* Low-PAH: Aromatic eco-friendly materials with low content of polycyclic aromatic hydrocarbon(PAH)

## SC 4

### Green Purchasing and Encourage Suppliers to Go Green

Since 2007, Hankook Tire has been replacing PAH-containing oils and synthetic rubbers with the low-PAH oils and synthetic rubbers in a bid to develop environmentally friendly products. As a result, in 2009 we were able to create products that using low-PAH raw materials. As of 2010, we have replaced all raw materials, helping us to manufacture environmentally harmless products. In addition to this, we have encouraged suppliers to shift to low-PAH materials by entering into agreements with them regarding standards and the quality warranty of raw materials.

### ( Eco-friendly Raw Material Purchase \_ Low-PAH Materials )

## RAW MATERIAL

Category	High PAH Material Unit Price(Index)	Low-PAH Material Unit Price(Index)	Expected Increase in the Price(2010, USD)
Synthetic Rubbers	100	112	8,000,000
Oils	100	200	2,300,000
<b>Total</b>			<b>10,300,000</b>

### Eco-friendly Product Development

Under the management principle of "Environment First," Hankook Tire concentrates its energies into eco-friendly products. Notably, we developed the fuel-efficient tire, Enfren, in 2009, which was awarded the "Green Product Winner" at the Global Green Management Awards for the second year in a row due to its significant contribution to reducing carbon emissions. These fuel-efficient tires use silica instead of carbon black, significantly lowering the rolling resistance of the tires. Hankook Tire continues to increase production of its fuel-efficient tires, while sustaining eco-friendly purchasing policies. In addition, Hankook Tire strives to reduce tire weight in order to save fuel. As part of a two-year joint study with suppliers we have successfully replaced the heaviest steel cord with a lighter type of the same quality, resulting in considerable fuel savings.

### ( Eco-Friendly Raw Material Purchasing Trends \_ Silica )

## SILICA

Carbon Black Unit Price(Index)	Silica Unit Price(Index)	Increased Purchasing Price(2009, USD)
100	112	15,450,000

### ( Eco-Friendly Raw Material Purchasing Trends \_ Steel Cord )

## STEEL CODE

Conventional Steel Cord Unit Price(Index)	Light Steel Cord Unit Price(Index)
100	111

.... SC 4  
Promoting Eco-Friendly,  
Green Purchasing Practices

## 2010 plan...

### Establishing an Eco-Friendly, Green Purchasing Platform

In 2010, Hankook Tire aims to further solidify its green purchasing platform through continuous research on eco-friendly raw materials. While entering into the "Green Management Agreement" with suppliers whose products have significant environmental impact, we will support selected suppliers to establish eco-friendly, green purchasing practices.



I believe that societies can live harmoniously. Hankook Tire practices sustainability management and the win-win supply-chain partnership plays a pivotal role in fulfilling our corporate social responsibility. Hankook Tire's win-win partnerships pursue fair and transparent, trust-based, mutual cooperation through constant communication with suppliers as well as eco-friendly, green purchasing practices. In the future, we will further improve upon these win-win partnership programs, contributing to the sustainable development of society and mankind.

Yun Jae-hun,  
Manager, Purchasing Planning Team

# interview

# FOCUS 02

## External Stakeholders Satisfaction Management

### 02-2 Community Involvement & Development

- Developing representative philanthropic programs
- Reinforcing communications with local communities



# Community Involvement & Development

## OPERATIONAL FRAMEWORK

CI

### Statement

As a responsible corporate citizen, Hankook Tire will strive to continue to make direct and indirect contributions to the economic development of the nation and local communities, while at the same time proactively addressing local community issues and listening to their concerns.

### Policy

Hankook Tire's community engagement programs are operated under three major principles. First, we make philanthropic activities by capitalizing on our business resources. Second, we strategically develop representative programs, to efficiently channel resources and capacities into the philanthropic activities. Lastly, we develop various programs to address local issues. Based on these principles, we are able to implement diverse projects under themes of safety, environment, welfare and health. As a respected corporate citizen, we will continue to fulfill our corporate social responsibilities.



### Organization

Hankook Tire's CSR organization consists of four cycles that follow a process flow; planning, implementing, checking and reporting. The CSR Team develops company-wide its strategies and programs. It also supports philanthropic programs that represent the individual features and cultures of each worksite. All employees of Hankook Tire volunteer for diverse philanthropic activities, through our extensive network of nationwide contact points.



## 2009 Performance

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
CI 1	Building a company-wide philanthropic practice scheme	Setting up the social contributions TF	●	CSR Team	78
CI 2	Promoting employees' understanding and competence-building	Training for main staffs Benchmarking best practices	●	CSR/Culture & HRD Team	79
CI 3	Glocalization of philanthropic activities	Supporting and implementing activities in Korea	●	Production Operations/CSR Team	80-81
CI 4	Developing representative programs and brands	Constructing infrastructure to develop representative programs	●	CSR Team	82
CI 5	Expanding communications with local communities and grasping local issues	Receiving and handling local residents' complaints	●	Cultural Communication/ Production Operations Team	83

\* Glocalization: Globalization + Localization

### Key Managerial Issues

- Building a company-wide philanthropic practice scheme
- Promoting employees' understanding and competence-building
- Glocalization of philanthropic activities
- Developing representative programs and brands
- Expanding communications with local communities and grasping local issues

### Mid-Term Roadmap

The year 2010 began with the building of a strategic philanthropic activities system and the developing of mid- to long-term strategies. While integrating and realigning our existing programs, we will develop representative programs for our overseas operations, starting 2011. We will focus on building our brands on these programs by 2012.



## MID-TERM ROADMAP 2010 ~ 2012

	2010 Systemizing philanthropic activities	2011 Expanding philanthropic activities to overseas operations	2012 Making representative program brands
Building a company-wide philanthropic practice scheme	Building a company-wide philanthropic practice system Developing mid- to long-term strategies	Constructing a global philanthropic activities infrastructure	Glocalization of representative programs
Promoting employees' understanding and competence-building	Helping employees to understand philanthropic activities Training to build competences to practice	Helping employees at global operations understand the purpose of philanthropic activities initiatives	Developing and distributing philanthropic activities guidelines
Glocalization of philanthropic activities	Developing and implementing representative programs	Developing and applying glocalization strategies	Building global brands into representative programs
Developing representative programs and brands		Expanding the representative programs to global operations	
Expanding communications with local communities and grasping local issues	Constructing regular and occasional communication channels with local communities	Understanding local communities' pending issues and collecting opinions	

## 2010 Plans

● : Completed ○ : Partially achieved ↻ : Year-round

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
CI 1	Building a company-wide philanthropic practice scheme	Developing mid- to long-term strategies and roadmap	May	CSR Team	77
		Instituting the principles of philanthropic activities and rearranging the infrastructure such as reorganization and redefining of R&R	Aug	CSR Team	78
CI 2	Promoting employees' understanding and competence-building	Training employees and sharing case studies	↻	CSR/Culture & HRD Team	79
		Expanding communications with employees on philanthropic initiatives	↻	CSR Team	79
CI 3	Glocalization of philanthropic activities	Grasping the current status of local communities' pending issues at global operations	Nov	CSR/Relevant Team	81
		Developing a reporting scheme on the global philanthropic practices	Nov	CSR Team	81
CI 4	Developing representative programs and brands	Developing representative philanthropic activities theme and execution program	Dec	CSR/Production Operations Team	82
CI 5	Expanding communications with local communities and grasping local issues	Grasping the pending issues of local communities	Sep	CSR/Cultural Communication/ Production Operations Team	83
		Constructing communication channels with local communities	Sep	CSR/Cultural Communication/ Production Operations Team	83

FOCUS 02 - 2  
Community Involvement & Development  
Turn this inside out to make a tab!

Building a Company-wide Philanthropic Practice Scheme

## FOCUS OVERVIEW

Hankook Tire realigned its company-wide philanthropic practices to facilitate voluntary participation by employees in philanthropic activities in line with its philanthropic activities vision and strategies. The system provides a platform for our employees and all interested stakeholders to participate in philanthropic activities.

### CI 1



The CSR Team was set up for an organized and effective practice.

#### Setting up the CSR Team

In 2008, Hankook Tire set up the CSR Team and added philanthropic activities to its major functions. In 2009, the CSR Team integrated the individual philanthropic activities of each worksite into a company-wide, organized program. The Team also held six meetings over the year with associated departments to develop effective programs to spur the interest and voluntary participation of our employees. This was done through the review and study of every philanthropic activity conducted at each worksite, then by benchmarking the best practices in the industry, to ultimately develop future directions for our philanthropic initiatives.

Hankook Tire Principles of Philanthropic Activities	Characteristics and Directions of Hankook Tire's Philanthropic Activities
01 Hankook Tire contributes to the financial development of local communities by creating social and environmental value through economic and business activities.	01 Hankook Tire's philanthropic activities are closely related to its core business areas, transferring its corporate competences into social value.
02 Hankook Tire proactively engages in philanthropic activities for quality satisfaction and customer safety as part of its customer-oriented business activities.	02 Departing from sporadic and random philanthropic activities, Hankook Tire channels all available resources into representative programs
03 Hankook Tire strives to minimize the environmental impact of its value-chain and proactively engages in local communities' initiatives to deal with environmental issues.	03 Hankook Tire's philanthropic activities practically and effectively address the pending issues and problems that local communities are faced with.
04 Hankook Tire strives to support the underprivileged by returning economic value to society.	
05 Hankook Tire leads the efforts to build a healthy society by providing health management programs to its employees and medical support to local communities.	

## 2010 plan...

#### Instituting a Philanthropic Activities Charter & Realigning Infrastructure

In early 2010, Hankook Tire instituted the Hankook Tire principles of philanthropic activities, in consideration of its corporate vision, core values, relevance to our core businesses and stakeholder interests. The Charter states Hankook Tire's definition of philanthropic activities, the directions and its commitment to philanthropic activities. We will use this Charter as the driving force behind our organized execution of philanthropic activities and of the infrastructure realignment involved, including the reorganization and redefinition of our roles and responsibilities.

Promoting Employees' Understanding and Competence-Building

## FOCUS OVERVIEW

Hankook Tire is bolstering employee training and communication channels to enhance employee interest and to encourage voluntary CSR participation in philanthropic activities.

### CI 2



Training employees to build their competences

#### Training for Main Staffs

In 2009, Hankook Tire held a "In-Service Training & Workshop for Strategic Philanthropic Activities" for our main staffs. The program provided main staffs, from every worksite, with opportunities to communicate and exchange ideas for better ways to encourage philanthropic activities. We will keep expanding these programs to help our staffs build their competences.

#### Trainees:

24 employees from ten departments and the Hankook Tire Welfare Foundation

#### Objectives:

- 1) Enhancing the awareness of CSR and sustainability management
- 2) Global philanthropic trend analysis and understanding the point of strategic philanthropic activities
- 3) Acquiring strategic competences in desirable philanthropic activities
- 4) Defining the value, roles, and responsibilities of philanthropic activities staffs

#### Benchmarking Best Practices

Hankook Tire benchmarked and studied the success stories of best practices. The benchmarking and case studies were particularly focused on developing our own infrastructure for an organized philanthropic practice, representative programs, and inducing employee participation and knowledge-building opportunities.

## 2010 plan...

#### Training Employees and Sharing Success Cases

The voluntary participation and understanding of CSR by employees is imperative for successful philanthropic activities. Therefore, we will bolster philanthropic activities in our company-wide training programs, as well as give annual training sessions and workshops for main staffs, providing our employees with opportunities to exchange ideas and success cases.

#### Expanding Employee Communication about Philanthropic Activities Initiatives

In 2010, we will improve communication with our employees to raise their interest and increase voluntary participation. In particular, we plan a "Philanthropic Program Idea Contest," inviting our employees to participate in the development of philanthropic programs.

Glocalization of Philanthropic Activities

# CI 3



( Investments by Theme )

Unit: KRW 1,000



Theme	Amount
The Company	722,171
Employees	42,050
Hankook Tire Welfare	1,273,046
Foundation	

## FOCUS OVERVIEW

Committed to the development of local communities, Hankook Tire engages in diverse philanthropic activities. Taking a mid-term approach in our philanthropic activities, we ensure that the individual needs and cultural features of our local worksites are fully reflected in our philanthropic activities.

### 2009 Community Engagement Program Overview

As a leading global company that operates in local communities, Hankook Tire remains committed to its various community engagement programs. While taking a globalized approach to developing strategies and themes, we localize the basic points of our programs to fully reflect the regional needs and characteristics of our beneficiaries. We named this approach "glocalization." In 2009, we focused our philanthropic activities on our domestic operations, while building a company-wide practices plan that applies to our global operations, as well. For instance, we sponsored vehicles to local charities' home-visiting services and supported free meals to those in need. We aided local communities, local governments, and civic groups with such events as the Anmeyondo International Flower Expo and the Geumsan Ginseng Festival. While our volunteer groups offered diverse volunteer activities, the company also expanded facilities at its Geumsan Plant, creating jobs and contributing to local economic development. In 2010, we will focus our efforts and investments into laying the foundation for philanthropic activities glocalization.

### 2009 Community Engagement Program Investments

( Investments by type )

Unit: KRW 1,000

Type	No. of cases	Amount
Welfare	Social Welfare	20
	Scholarship	10
	Community Program	51
<b>Subtotal</b>	<b>81</b>	<b>1,706,043</b>
Environment	Environmental Protection	5
<b>Subtotal</b>	<b>5</b>	<b>5,724</b>
Health	Medical Support	1
	International Relief	3
<b>Subtotal</b>	<b>4</b>	<b>130,000</b>
Others	Other Expenses	3
<b>Subtotal</b>	<b>3</b>	<b>195,500</b>
<b>Total</b>	<b>91</b>	<b>2,037,267</b>

### H-LOHAS(Hankook-Lifestyle of Health and Sustainability) Campaign

As a leading company in the practice of low-carbon green growth initiatives, Hankook Tire participates in the Tire Industry Project Group (TIPG) to further global sustainability initiatives related to social welfare and environmental protection. While pursuing a healthier society through the H-LOHAS campaign, we also carry out environmental management practices using eco-friendly technologies.



Signing up for the H-LOHAS Campaign event  
Manufacturing H-LOHAS souvenirs

### Supporting the Underprivileged

We subsidize living expenses for financially-distressed families in Daejeon and Geumsan, where our plants are located. To entertain our hard-working neighbors, we invited local residents to our plants to spend time with our employees. As of the end of 2009, we spent a total of KRW 180 million to help 100 needy households.



Supporting the mobility of the disabled  
Delivering scholarships to Geumsan students

### Inviting Local Residents to our Plants

Hankook Tire invites local students, residents and environmental experts to its plants to showcase environmental management practices. From 1998 to 2009, a total of 8,600 people visited the Geumsan Plant to learn about our environmental facilities. The program includes water purification, a demonstration of water quality test, and a briefing about environmental facility mechanisms for treating pollutants. These events help students and communities to become more aware of environmental issues and provide valuable information to environmental experts to learn about our environmental management practices.



Local residents' visit to our plants  
Cultural events for local residents

### Protecting Local Environments

While actively participating in various local environmental protection activities, Hankook Tire has transferred its accumulated knowledge in environmental and safety management to local SMEs. The "One Company, One Stream, One Mountain Protection Campaign" is one of the major environmental protection activities participated in by our employees. They clean up and test the water quality of local watercourses and pick up litter along hiking trails on a regular basis.



Wall painting event  
Cleaning up the Gyeryong Mountain National Park

### Supporting Local Charities and Welfare Centers

We sponsor local cultural and sporting events such as the Geumsan Ginseng Festival and the Daejeon Sports Festival. The Geumsan Plant began sponsoring local events in 1997, the year it became operational. Our employees also volunteer for these events.



The Geumsan Plant, "Nanumhoi"  
The Daejeon Citizen soccer club sponsorship

### Technical Transfer and Environmental Training to SMEs

Hankook Tire actively transfers its knowledge and technology to SMEs. In 2009, we visited the Hansol Papers Daejeon Plant and Se-gang M.Tech, providing technologies for calculating and reducing chemical substance emissions. We also provided safety check services to local charities, improving and mending dangerous factors. At the same time, we gave our employees an EMS educational course, enhancing their environmental awareness.



Safety & Health Protector agreement signing ceremony  
EMS education programs for our employees

## 2010 plan...

### Grasping Local Issues for Global Operations and Building a Reporting System on the Global Philanthropic Practices

Understanding local issues is a critical factor to successful glocalization of philanthropic activities. In 2010, we will catch the problems and pending issues at both our domestic and global operations and build effective communication channels with local communities. In that vein, we will expand communication channels with local communities at each of our worksites and proactively listen to our locally-employed foreign staff to develop practical philanthropic programs. We will also establish systematic global reporting procedures by the end of 2010. Then, we will be able to periodically collect and monitor our philanthropic activities, while promoting communication among global main staffs and building an integrated philanthropic management system.

Developing Representative Programs and Brands

## FOCUS OVERVIEW

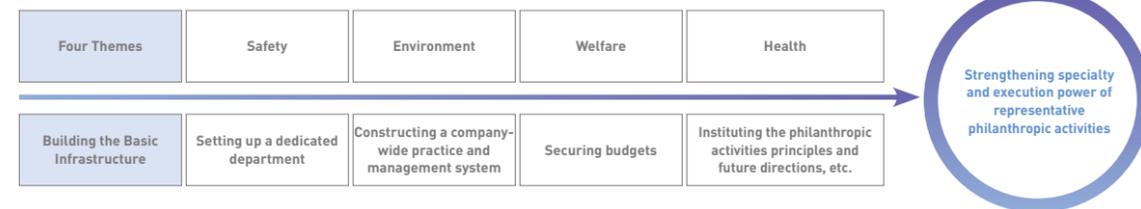
Hankook Tire developed four priorities: *Safety, Environment, Welfare and Health*, for its philanthropic activities. We will develop representative programs for each of these priorities in the future.

### CI 4

#### Constructing an Infrastructure to Develop Representative Programs

Hankook Tire has focused on constructing the basic infrastructure to develop representative programs which efficiently allocate our workforce and resources. We will develop representative programs under the four philanthropic themes of safety, environment, welfare and health. The theme, "Safety" is closely related to our core business. We have led a "Traffic Safety Campaign" and a "Free Tire-Checking Service." To address "the environment," we have engaged in the H-LOHAS campaign with an aim to protect the environment and its ecosystems. "Welfare" encompasses diverse contribution activities to benefit the socially underprivileged. Finally, the "Health" theme reflects firm dedication of Hankook Tire to employees' health and healthy society.

#### [ CSR Infrastructure and Its Objectives ]



## 2010 plan...

#### Developing Representative Philanthropic Themes and Execution Programs

Under the philanthropic infrastructure and practice planning developed from 2009 to early 2010, we will create representative programs and action plans for each of the four major priorities: safety, the environment, welfare and health. The representative programs will be those closely related to our core businesses, with the goal of being easily executed in the long-range, addressing practically local issues and problems. In particular, these programs will represent our company's commitment to its responsibilities and will ensure consistent communication between the company and its stakeholders.

Expanding Communications with Local Communities and Grasping Local Issues

## FOCUS OVERVIEW

Hankook Tire is building trust with its stakeholders through regular communication programs with local residents, authorities and civic groups. In the future, we will strive to present solutions to local issues as a community-friendly corporate citizen and for the local community development.

### CI 5

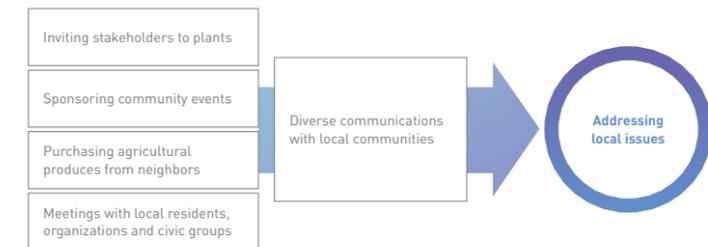


Making Kimchi for the people in need  
Farmer's market

#### Expanding Communications with Local Communities and Grasping Local Issues

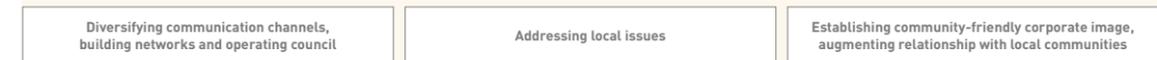
In addressing local issues, Hankook Tire invites stakeholders to its plants, sponsors community events, farmer's markets for local residents and various other communication channels into local communities.

#### [Strengthening Communication with Local Communities]



## 2010 plan...

In 2010, Hankook Tire plans community engagement programs through diversified communication channels to address local issues, close network with local communities through operation of councils.



Corporate social responsibility means considering one's philanthropic activities and environmental stewardship into corporate strategies. Therefore, we must listen to local opinions and address their issues and demands. That is why constant communication channels are required for trust-based partnerships and regular communication with local communities. In addition, voluntary participation by employees is an integral part of an efficient philanthropic practice by Hankook Tire. In the future, we will faithfully fulfill our responsibilities as a corporate citizen, developing local communities.

**interview** Choi Jae-heug, Senior Manager, Cultural Communication Team

Overview of Hankook Tire Welfare Foundation

Hankook Tire Welfare Foundation is another important tool to fulfill our corporate social responsibilities. Extending our helping hands to the underprivileged, we shed lights on the needy places.



Medical Service in Africa  
Sponsoring vehicles for home-care services

Scholarship Programs

**Scholarship** – Hankook Tire provides academic scholarships to promising high school and university students who can't afford tuition.

**Educational equipment support** – We provide educational equipment to schools in remote areas.

Support for Medical Expenses

**Support for charity hospitals** – Hankook Tire provides financial support and medical equipment to Seongga Welfare Hospital(Seoul) and other charity hospitals that offer free medical services to the medically underserved, such as the homeless.

**Free hospitals in the third world** – Hankook Tire builds state-run charity hospitals in the third world countries. We constructed hospitals in East Timor in 2007 and in Africa in 2008 and 2009. In 2010, we will build a hospital in Paraguay.

Support for Children from Low-Income Families

**Subsidizing low-income children with living expenses** – Hankook Tire subsidizes the living expenses to children from financially distressed families, supporting their upbringing and fostering the next generation of responsible citizens.

**Subsidizing meals for hungry children** – We subsidize lunch expenses to undernourished students during school vacations.

Support for Social Welfare Centers

**Support for social welfare centers** – We repair facilities at local welfare centers for children, senior citizens and the disabled. We also provide educational, medical and living supplies to local child care centers and afterschool.

**Donating vehicles to home-visiting services** – We donate vehicles to social welfare centers that offer homecare services to those in need. These vehicles are used for important social tasks such as lunch deliveries, hospital chaperoning, home nursing services and patient house-call services.

[ Scholarship Programs ]				
Category	2009 Performance		2010 Plan	
	No. of beneficiaries	Amount	No. of beneficiaries	Amount
Scholarship for university students	5 persons	25,975	5 persons	40,000
Scholarship for high school students	79 persons	80,000	80 persons	80,000
Supporting educational equipment	5 schools	30,240	5 schools	35,000
<b>Total</b>		<b>136,215</b>		<b>155,000</b>

[ Support for Medical Expenses ]				
Category	2009 Performance		2010 Plan	
	No. of beneficiaries	Amount	No. of beneficiaries	Amount
Charity Hospital Fund	7 hospitals	115,000	5 hospitals	100,000
State-run Hospitals in the Third World	Tanzania	30,000	Paraguay	30,000
<b>Total</b>		<b>145,000</b>		<b>130,000</b>

[ Support for Children from Low-Income Families ]				
Category	2009 Performance		2010 Plan	
	No. of beneficiaries	Amount	No. of beneficiaries	Amount
Living expenses subsidies	100 persons	180,000	100 persons	180,000
Free meal subsidies	500 persons	50,000	500 persons	50,000
<b>Total</b>		<b>230,000</b>		<b>230,000</b>

[ Support for Social Welfare Centers ]				
Category	2009 Performance		2010 Plan	
	No. of beneficiaries	Amount	No. of beneficiaries	Amount
Supporting social welfare centers	47 institutions	208,985	60 institutions	345,000
Supporting vehicles to home-visiting services	40 institutions	383,646	30 institutions	300,000
<b>Total</b>		<b>592,631</b>		<b>645,000</b>

# FOCUS 02

## External Stakeholders Satisfaction Management

### 02-3 Customer Satisfaction & Quality Management

- Promoting customer and dealer satisfaction management
- Doubling efforts to address car makers



# Customer Satisfaction & Quality Management (Customers & Dealers)

## OPERATIONAL FRAMEWORK

CS

### Statement

Hankook Tire proactively responds to customer demand through differentiated marketing activities, maximizing customer satisfaction.

### Policy

Taking pride as "Korea's leading tire manufacturer," Hankook Tire strives to provide differentiated customer services and maximize customer value through diverse marketing activities. We will take advantage of the trust that exists between the company, customers and dealers in our constant pursuit of customer satisfaction.



### Organization

In order to maximize customer and dealer satisfaction and value creation, Hankook Tire operates Customer Subcommittees at the four regional headquarters within the eight head office teams, supporting branches and franchises across the nation.



\* CRM: Customer Relationship Management

## 2009 Performance

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
CS 1	Supporting dealers to improve sales capability and sales activities	Sales masters & supervisor program	●	Retail Marketing Team	88
		Hands-on experiences at contact points	●	Retail Marketing Team	88
		Integrated online MD system and music manager program	●	CRM/Retail Marketing Team	89
CS 2	Active communication	Published TBX News and PR magazines	●	TBR Marketing/Corporate Communication/CRM Team	91
		New Year's town meetings and Retail Shop meetings	●	CRM Team	91-92
CS 3	Customer satisfaction & Value creation	Free safety check campaign on the road and mobile safety check campaign	●	CRM/Technical Service Team	93
		Overseas incentives and green company tours for excellent performers	●	CRM Team	94
		A/S and monitoring for quality satisfaction	●	Technical Service Team	95-96

### Key Managerial Issues

- Supporting dealers to improve sales capability and sales activities
- Active communication
- Customer satisfaction & value creation

### Mid-Term Roadmap

As Korea's leading tire brand, Hankook Tire will maximize customer value by supporting our dealers' sales capability building, sales activities, maintaining constant communication with our customers and participating in customer satisfaction activities.



## MID-TERM ROADMAP 2010 ~ 2012

	2010 Building capabilities and systems	2011 Establishing a system for customer satisfaction management	2012 Establishing a company-wide customer satisfaction management practice
Supporting dealers to improve sales capability and sales activities	Establishing training and support systems	Establishing a sales capability improvement system	Expanding sales through sales capability building
Active communication	Building communication channels	Expanding communication channels	Interactive communication
Customer satisfaction & Value creation	Constructing a customer satisfaction service infrastructure	Improving the customer experience and value	Company-wide customer relationship management

### ※ Definition of Hankook Tire Customers

Hankook Tire classifies our customers into two categories: customers and carmakers. Our customers include dealers, direct and retail franchises as well as our retail customers. Therefore, this section covers our endeavors to increase customer value and support dealers' capability-building and sales activities.

## 2010 Plans

● : Completed ○ : Partially achieved ↻ : Year-round

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
CS 1	Supporting dealers to improve sales capability and sales activities	Various promotion programs and supporting co-marketing activities	↻	CRM/Retail Marketing/TBR Marketing Team	90
		Improving the integrated online MD system and music manager program	↻	CRM/Retail Marketing/Channel Distribution Planning Team	90
CS 2	Active communication	Dealer Academy and Dealers' Award	↻	CRM/Retail Marketing/Technical Service Team	91
		Company & PR magazines and customer service centers	↻	Corporate Communication/CRM/Technical Service Team	92
		Online communities and sales management IT systems	↻	Corporate Communication/CRM/Retail Marketing Team	92
CS 3	Customer satisfaction & Value creation	Promoting the Customer Care & Safety Campaign	↻	CRM Team	97

FOCUS 02-3 Customer Satisfaction & Quality Management Turn this inside out to make a tab!

Supporting Dealers to Improve Sales Capability and Sales Activities

# CS 1

[ Sales Master Store Consultants ]

Total: 7[Seoul: 2/Mid-Korea:1/Western: 2/Southern: 2]  
 Touring stores from Tuesday to Saturday (visiting a couple of stores per week)



Sales Masters' Activities

[ Our Supervisors ]

Total: 6[Seoul: 1/Mid-Korea: 1/Western: 2/Souther:2]  
 Occasional visit to retail franchises and competitors



Supervisors' Activities

## FOCUS OVERVIEW

Hankook Tire supported its franchises and employees to build their capabilities, improve shop atmospheres, and provided technical support. The integrated online MD system expanded the marketing opportunities of franchises. In the future, we will double our customer satisfaction activities.

Consulting Service to Sales Master Shops

In a bid to promote sales of retail franchises(Retail FC), Hankook Tire offers a sales master service, a sales consultant program. The sales master improves the visibility of shop, sales skills, customer service, marketing activities, and mindset, thereby increasing sales. Introduced first among Korean tire franchises, this program garnered positive support from the FCs.

[ Role of Sales Masters ]

Shop Helper	Requests for upgrades by shops
Shop Educator	Education on sales skills, customer service and FCs
Shop Assistant	Observation and consulting services
Shop Detailer	Practice and sales on-site



Supervisor Program

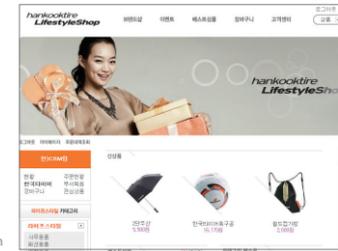
Supervisors are Hankook Tire's retail store managers, overseeing cleanliness, service, training and sales management. They support franchise owners with solutions to general administrative issues. Hankook Tire's unique, detailed store management support service functions as a communication tool between the company and dealers.

[ Role of Supervisors ]

Store atmosphere analysis	Checking the interior & exterior of stores and 4P-based analysis
Interview with branch managers	Understanding market trends, grievances & suggestions
Town-meetings	
Evaluation	Visiting underperforming stores to provide consulting service



... CS 1 Supporting Dealers to Improve Sales Capability and Sales Activities



Integrated on-line MD system

Integrated On-line MD System(life style shop)

Hankook Tire supports our internal customers(franchises) in their sales activities and enhances our brand values through an integrated online MD system, which provides free access to the company's promotional items by franchises and departments. A separate delivery infrastructure provides real-time communication and delivers quality items, maximizing user satisfaction.

Category	Functions	Descriptions
Operations	Integrated online management of promotional items	<ul style="list-style-type: none"> <li>Strategic building of product line-up(developing products as brand communication tools)</li> <li>Real-time online communication with customers</li> <li>Streamlining circulation: maximizing dealers' price satisfaction by reducing costs</li> </ul>
	Selecting the administrative agency(EMCNC)	<ul style="list-style-type: none"> <li>Adopting competitive products</li> <li>production/quality maintenance</li> <li>continued R&amp;D on new products</li> </ul>
Plans	Expanding the scope of operations and redefining the MD identity	<ul style="list-style-type: none"> <li>CI and BI management to enhance our brand strength with customers and the brand loyalty of our partners</li> </ul>
	Opening lifestyle shops overseas	<ul style="list-style-type: none"> <li>Plans to build an integrated MD system encompassing overseas subsidiaries and branches</li> </ul>

Music Manager Program

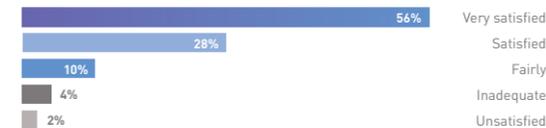
Hankook Tire offers a free music service for an energetic and agreeable store atmosphere. Coupled with speedy and friendly service, the cozy and engaging sales floor gives customers a pleasurable experience while waiting and makes the working hours pass by quickly for the working engineers. Hankook Tire's corporate messages are also aired, serving as an efficient PR tool. This service satisfies our franchise owners with its synergistic effects.

[ Franchise Satisfaction Survey ]

Objective	Program evaluation and improvement through the user satisfaction surveys on the music manager program
Target	127 T-Stations using the music manager program(as of Dec. 2009)
Period	Jan. 4 ~ 15, 2010
Measurement	FCS Survey
Response Rate	50 T-Stations(response rate: 39%, user stores: 127)

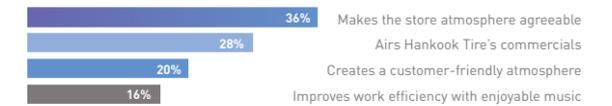
Q. Are you satisfied with the music manager program?

A. Respondents were satisfied, in general, with 56% answering, "Very satisfied."



Q. What are you most satisfied about?

A. 36% of respondents were satisfied with the atmosphere the music creates.



.... CS 1  
 Supporting Dealers to  
 Improve Sales Capability  
 and Sales Activities

# 2010 plan...

### Channeling Resources into the Retail FCs(T'Stations/Tire Towns)

In 2010, we plan to begin an intensive support program to help our retail franchises (T'Station/Tire Town) to build their sales capabilities. By dispatching our employees to support the sales activities of dealers and give face-to-face seminars at each store, we will strengthen the marketing power of our retail franchises and standardize our service protocols, realizing win-win partnerships among the company, customers and dealers.



Employees		Franchises	
Training selected FC managers - Reinforcing FC organization - Cultivating a retail service mindset - Contributing to store management and standardization	Sales masters training - Reinforcing sales competitiveness - Fully understanding duties and developing MOT* by scenario - Instilling a customer service mindset	Intensive sales seminars for underperforming FC stores - Intensive Training - Training to improve sales skills - Establishing effective sales strategies	Expanding concentrated training programs - Traveling seminars and town meetings from April to May - Intensive management of underperforming stores to improve strength of sales

\* MOT: Moment of Truth

### Inserting the Hankook Tire's Internal Broadcast into the Music Manager Program

We will put the company's internal broadcast into the music manager program. Internal broadcast programs will facilitate communication with customers on events and marketing messages. They will help communicate the internal educational programs such as knowledge of tire and repair as well as notices and other messages from the head offices with dealers. While increasing customer engagement and satisfaction with various events and quizzes, we will develop various programs to enhance sales efficiency in our store management and strengthen our brand image.



Customer satisfaction	Internal training programs	Delivering advertising messages
- Communicating with customers through interactive broadcasting programs - Dj programs - Maximizing the engagement and satisfaction of visitors	- Delivering notices from the head offices - Broadcasting training programs	- Delivering events and marketing messages - Reinforcing brand recognition with brand advertisements

Active  
 Communication

# CS 2



TBX News  
 New Year's meeting with franchisees

## FOCUS OVERVIEW

Hankook Tire mobilizes diverse channels to communicate with customers and dealers: dealer magazines [Tire Family] and [TBX News], eco-friendly travel magazines [the Hoop], New Year's meetings with franchisees and regular retail shop meetings. We maintain active communication through diverse media.

### Publishing [TBX News\*]

Hankook Tire has issued the monthly magazine [TBX News] since January 2010 for TBX, to instill them with pride as a specialized chain. TBX is a distribution channel specialized in truck and bus tires.

<b>Objective</b>	Connecting the nationwide TBX network and sharing information through publication
<b>Period</b>	January issue circulated in Jan. 2010
<b>Descriptions</b>	Product introductions, technologies, distribution and promotion

\* TBX(Truck & Bus Express): Workshop chain specialized in truck and bus tires

### Publishing and Distributing PR Magazine [Tire Family]

Hankook Tire publishes a bimonthly marketing and PR magazine for dealers, [Tire Family]. Providing information on new products, marketing campaigns, corporate and franchise news, the magazine serves as an active communication channel with dealers.

<b>Objective</b>	Building a community spirit with dealers through PR
<b>Descriptions</b>	Size: 5 X 7 Issuance: 19,000 copies Pages: 44 pages Period: bimonthly(odd number months)/six issues per year

### New Year's Franchise Meeting

Hankook Tire invites our franchisees to New Year's meetings every January. At the beginning of each year, we share seasonal greetings and our corporate vision and strategies with franchisees. During that time, we also hold "Dealer Awards," awarding our excellent sales performers. We will increase the number of these programs to encourage and reinforce our dealers' sales activities.

<b>Objective</b>	Opportunities to build community spirit and harmony at the beginning of each year by sharing Hankook Tire's corporate vision and strategies
<b>Target</b>	Hankook Tire branch managers and employees
<b>Schedule</b>	Jan. 9, 2009 Seoul Ritz Carlton Hotel for franchisees in Seoul and Central-Korea region Jan. 12, 2009 Daejeon Yubera Hotel for franchisees in the Western region Jan. 13, 2009 Gyeongju Hilton Hotel for franchisees in the Southern region
<b>Details</b>	New year's greetings 2008 Hankook Tire Sales Guinness Awards Declaring 50 + campaign/"Proper Tire, Proper Service Campaign" Introducing the 2009 business strategies and policies Special lectures by outside experts, introducing new products and events

.... CS 2  
Active  
Communication

**Retail Shop Meetings**

Hankook Tire holds annual meetings with its branches, direct franchises and their retailers nationwide to introduce and promote new products, exchange information on market trends and communicate with retailers.

<b>Objectives</b>	Communication with retailers on market trends
<b>Target</b>	Hankook Tire branches, franchises, and their retailers National tour meetings with retail shops were held from March to May in 2009, attended by 765 people. Regular retail shop meetings were held at other times of the year, attended by 492 people.
<b>Schedule</b>	Year-round

**Retail FC(T'Station/Tire Town) Meetings**

Hankook Tire holds maintains communication with retail FC though meetings on the tire retail market trends and the company's strategies.

<b>Objective</b>	Information exchange and communication with retail FCs
<b>Target</b>	543 T'Stations and Tire Towns across the nation(as of April)
<b>Schedule</b>	Apr ~ Jun. 2009
<b>Details</b>	Key points on recent market trends and retail business Best practices of bank and Hankook Tire

**2010 plan...**

**Expanding Communication Channels with Customers**

In response to the rapidly-changing market and customer demands, Hankook Tire maintains diverse programs to keep a close relationship with its customers. It is expanding major communication channels with dealers, while continuing meetings with various stakeholder groups, in pursuit of more interactive communication with its customers.

<b>Expanding communication channels</b>	<b>Holding meetings</b>
Airing internal broadcasting at stores, establishing TBX News, encouraging readers' participation in the PR magazine[Tire Family] Franchise care system/Addressing suggestions and opinions through the Hankook Tire Line, Distributing PR magazine[Hoop]	Maintaining communication through meetings with franchises, T'Station, Tire Town, TBX and retail branches

Customer Satisfaction & Value Creation

**FOCUS OVERVIEW**

Hankook Tire communicates with passenger car drivers to provide mobile marketing and offers before service to commercial vehicle drivers and conducts quality monitoring to enhance customer satisfaction.

**CS 3**



Free automotive safety check service  
Mobile free automotive safety check

**Free Automotive Safety Check(on the road)**

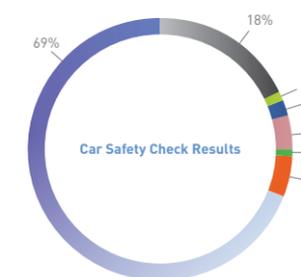
Hankook Tire provides long-distance car travelers with free automotive safety checks at service areas on highways across the nation, every summer. This service includes air pressure and abrasion checks on tires, washer fluid refills, valve and cap checks, spare tire replacement, and others. This service earned a good response from customers.

<b>Concept</b>	Brand power ranked first for seven consecutive years
<b>No. of Participants</b>	56 in total: 32 CS technicians/12 head office staff/12 interns
<b>Schedule</b>	Jul. 30 ~ Aug. 3, 2009
<b>Venues</b>	6 service areas across the nation Manhyang and Chupungryeong Service Areas on the Gyeongbu Express Highway, Seosan Service Area on the Seohae Express Highway, Yeosu and Hoengseong Service Areas on the Yeongdong Express Highway, and Jinyeong Service Area on the Namhae Express Highway
<b>Descriptions</b>	Free Automotive Safety Check: all visitors to the event venues PR: Visitors to the event venues Checking mounting rates of tires by manufacturer Giveaway events: After the service, prize winners receive spare tires

**Mobile Free Automotive Safety Check**

Hankook Tire's mobile car visits customers at Apartment Complexes, business locations and at wholesale markets to provide free tire safety checks. T'Station and other Hankook Tire franchises jointly provide car repair services. With the growing number of customers who request this regular service, the free checks have garnered good responses from customers.

**2009 Activities** - 5 mobile cars checked 18,924 cars for 625 days



No.	Check Item	No. of Cases	Percentage
1	Insufficient air pressure	2,516	18%
2	Flat tire	118	1%
3	Excessive air pressure	251	2%
4	Abnormal abrasion	548	4%
5	Exterior scratch	196	1%
6	Excessive abrasion	723	5%
7	All right	9,860	69%
	Total	14,212	100%

\* 69% of 14,212 cars checked out, the rest were found to have insufficient air pressure or excessive abrasion.

.... CS 3  
Customer Satisfaction &  
Value Creation



Green Company Tour

**2009 Overseas Incentive Tour for Excellent Performers**

Hankook Tire sends well-performing franchise personnel on overseas incentive tours, enhancing dealers' loyalty and reinforcing their sales capabilities. Despite the adverse business environment in 2009, we kept our promise to our dealers, reinforcing our dealer's trust. The Hankook Tire Night events further bound the franchises and the company together in trust and good faith.

<b>Objective</b>	Reinforcing the loyalty and sales capabilities of the franchisees
<b>Target</b>	First event: 95 participants from 48 franchisees in Seoul and Central Region Second event: 107 participants from 43 franchisees in the Western and Southern regions of Korea (totaling 202, including the seven guides)
<b>Schedule</b>	Feb. 12 ~ 16, 2009 (first) / Feb. 13 ~ 17, 2009 (second)
<b>Venue</b>	Cebu, the Philippines

**Green Company Tour**

In 2009, Hankook Tire launched the Green Company Tour, a plant-visitation program for our dealers. This eco-friendly plant observation program allowed dealers to personally visit the plants, promoting our production quality and enhancing dealers' loyalty.

<b>Target</b>	Applicants that had not been to the Hankook Tire plants before
<b>Schedule</b>	Sep. 23, 2009
<b>Venues</b>	Geumsan Plant
<b>Descriptions</b>	Introduction to the company & PR/briefing on the business strategies/ touring the plant and hands-on experiences/recreation/events

**[ No. of Participants and Participation Ratio of Green Company Tour ]**

Total 213 persons → 153 dealers + 36 from franchisees, 4 from regional headquarters and 20 from head office Unit: persons

Category	Dealer				
	Seoul	Central Region	Western Region	Southern Region	Total
Invited	21	32	58	51	162
Participants	18	26	62	47	153
Participation Rate	86%	81%	107%	92%	94%

Category	Employees			
	Franchisees	Regional Headquarters	Global Headquarter	Total
Invited	36	4	27	67
Participants	36	4	20	60
Participation Rate	100%	100%	74%	90%

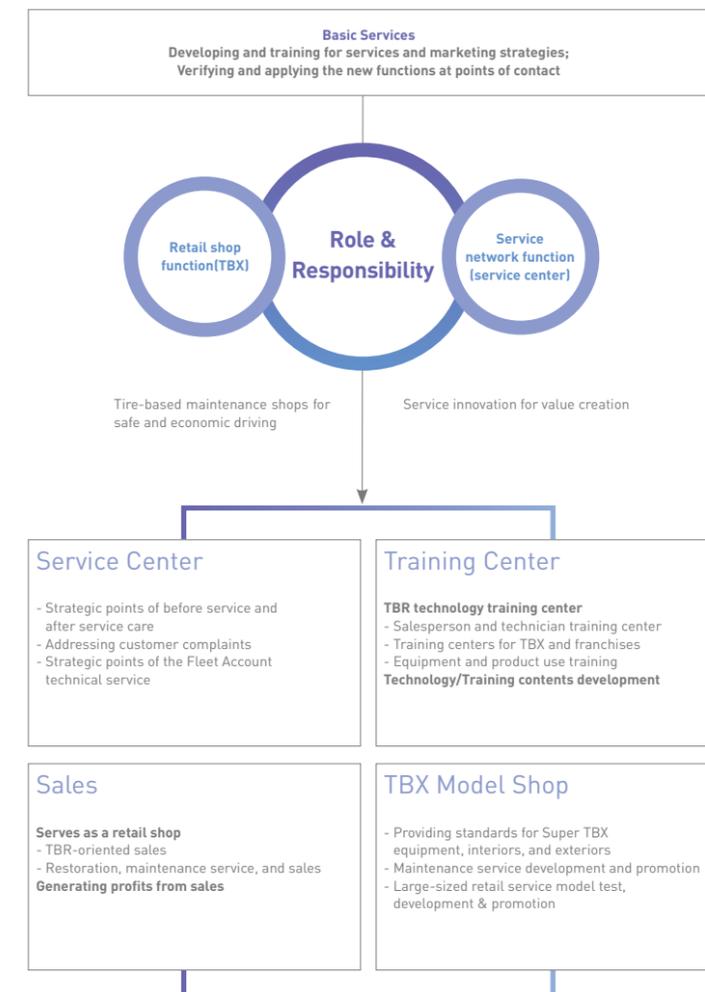
.... CS 3  
Customer Satisfaction &  
Value Creation



TBX direct-run service center

**TBX Direct-Run Service Centers**

The direct-run service centers are super TBX that serve the dual functions of sales and service including a wholesale market, model shop, service center and training center.



**[ Incheon and Jecheon Service Centers ]**

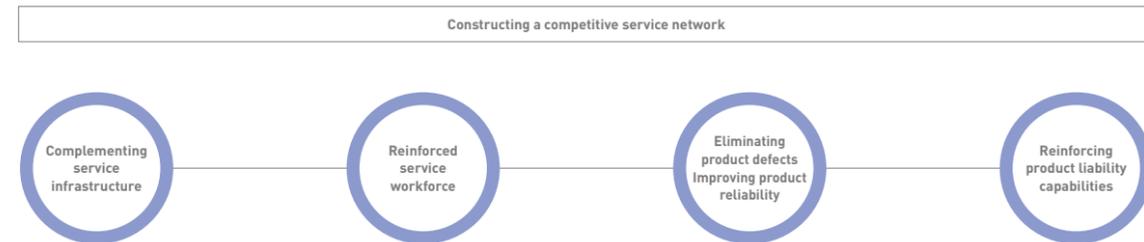
<b>Category</b>	<b>Incheon Service Center</b>
<b>Layout</b>	Workshop(PCR/TBR), customer lounge, office, training room, shower room
<b>Workforce</b>	Manager, mechanics, support staff
<b>Address</b>	Seoknam-dong, Seo-gu, Incheon, Korea

<b>Category</b>	<b>Jecheon Service Center</b>
<b>Layout</b>	Workshop(PCR/TBR), customer lounge, office, training room, shower room
<b>Workforce</b>	Manager, mechanics, support staff
<b>Address</b>	Gangje-dong, Jecheon, Chungcheongbuk-do, Korea

.... CS 3  
Customer Satisfaction &  
Value Creation

**Addressing Customer Claims**

Hankook Tire has established regional service networks to rapidly address customer complaints. At the same time, we have reinforced our service infrastructure, built up our service capabilities, improved reliability by eliminating product defects and reinforced our product liability capabilities.



**Before Service Care**

Hankook Tire visits truck and bus drivers to provide "Before Service Care." The service reinforces customer satisfaction by offering the opportunity to experience our products and service before use. As part of the service, we provide technical services such as wheel balance and alignment at cargo terminals and for bulk buyers.

2009 Activities – Visited 207 customers to provide B/S Care

**Quality Monitoring Activities**

We check and address customer complaints through constant quality monitoring and improve our products to better perform under any given driving or geographical conditions. As part of quality monitoring, we host monthly quality meetings, referring defect feedback to the relevant departments, requesting appropriate improvement.

2009 Activities – A total of 10 quality meetings and two quality workshops addressed improvements to 100 quality issues

[ Quality Monitoring Service Process ]



.... CS 3  
Customer Satisfaction &  
Value Creation



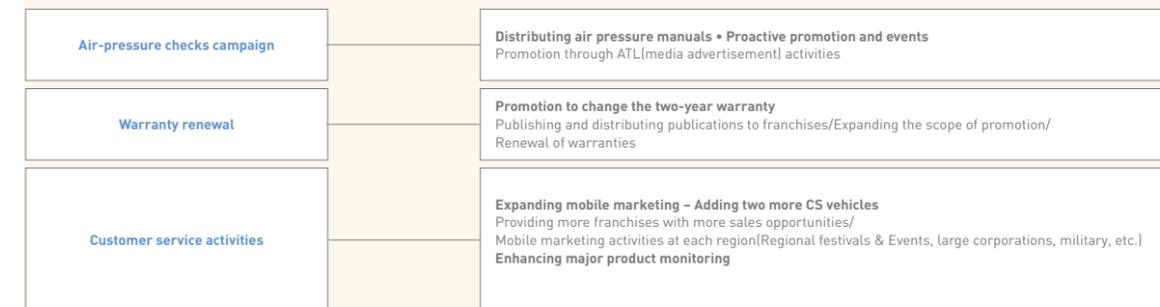
Reinforcing the roll-out inspection

**2010 plan...**

**Customer Care Safety Campaign**

As part of the "Proper Tire, Proper Service" campaign, Hankook Tire mounted the "Customer Care Safety Campaign" in 2010. Noting that incorrect air pressure accounts for the majority of customer tire-safety issues, the campaign starts with tire safety checks. We will carry out this campaign for our customers' safety and satisfaction.

[ Proper Tire, Proper Service "Customer Care Safety Campaign" ]



The ultimate value that companies should pursue in this rapidly-changing, modern society is customer satisfaction. Even those companies armed with highly advanced technologies, products and management processes cannot survive if they fail to satisfy customer needs. We are obligated by the times to meet the needs of our society— our customers; to give them what they want. Therefore, the true goals of these philanthropic activities shall be satisfying our old partners, franchises and the end users of our products, based on relationships built upon trust mutual respect. In the future, Hankook Tire will redouble its efforts to proactively address customer demands and needs through marketing communication and to maximize customer satisfaction and value.

Lee Eun-sung,

Staff, Customer Relationship Management Team

interview

# Customer Satisfaction & Quality Management (Car Makers)

## OPERATIONAL FRAMEWORK

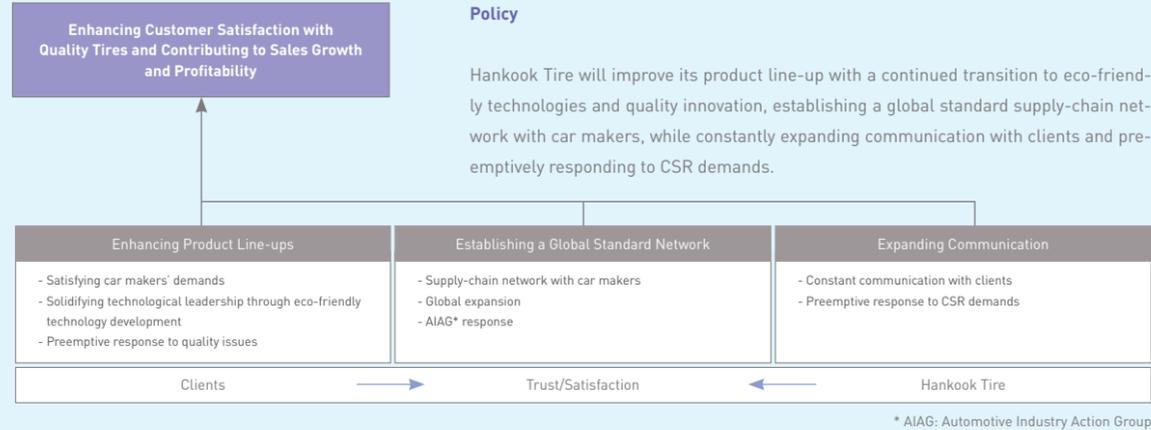
CS

### Statement

Hankook Tire is committed to a sustainable business partnership with car makers. We maintain trust-based partnerships by supplying quality tires ensured through technology, quality control and with a product line-up that meets our customers' demands, supported by a management system that satisfies global standards.

### Policy

Hankook Tire will improve its product line-up with a continued transition to eco-friendly technologies and quality innovation, establishing a global standard supply-chain network with car makers, while constantly expanding communication with clients and preemptively responding to CSR demands.



### Organization

We conduct customer satisfaction activities for sustainable management at our OE business through the Car Maker Subcommittee. Chaired by the director of the Global OE\* Division, the Committee cooperates with relevant departments in order to make decisions regarding product development, global standards, communications and CSR planning.



## 2009 Performance

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
CS 4	Enhancing product line-ups	Developed next-generation low rolling resistance(LRR) technology and run-flat products	🔄	Global OE Technical/OE Development/Product Planning Team	100
		Reviewing new technologies	🔄	Global OE Technical/OE Development Team	100
		Response and follow-ups to magazine tests	🔄	OE Development/Corporate Communication Team	100
CS 5	Establishing global standard process	AIAG response	●	Global OE Division	101
		Establishing supply-chain network with car makers	●	OE Sales Team/Europe Headquarter	101
CS 6	Expanding communication	Strengthening communication with clients	🔄	OE Sales/America, Europe OE Team	102
		Participating in sustainability management global initiatives	●	CSR/Corporate Strategy Team	102
		Planning Global OE newsletter	●	OE Strategy Team	102

### Key Managerial Issues

- Enhancing product Line-ups
- Establishing global standard process
- Expanding communication

### Mid-Term Roadmap

Hankook Tire set the mid- to long-term goal at enhancing its Global OE business through customer satisfaction. Three initiatives involved in this expansion include enhancing product line-up, establishing global standard processes and expanding communication for a sustainable management infrastructure.



## MID-TERM ROADMAP 2010 ~ 2012



## 2010 Plans

● : Completed    ◐ : Partially achieved    🔄 : Year-round

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
CS 4	Enhancing product line-ups	Developing next-generation technologies such as LRR and run-flat	🔄	Global OE Technical/OE Development/Product Planning Team	100
		Continued new technology and product R&D	🔄	OE Development/Corporate Communication Team	100
CS 5	Establishing global standard process	AIAG response(working conditions, CSR, audit practice, etc.)	🔄	CSR Team/Global OE Division	101
CS 6	Expanding communication	Maintaining cooperative partnership	🔄	CSR/OE Strategy Team	101
		Inviting car makers to the plants	🔄	OE Sales/America, Europe OE Team	102
		Addressing client complaints and requests	🔄	CSR/OE Strategy Team	102
		Publishing Global OE newsletter publishing and developing contents	🔄	OE Strategy Team	102

Enhancing Product Line-ups

# CS 4

( Automobile Magazine Tire Test Results )

## Ventus S1 evo

Magazine	Auto Motor und Sport
Size	243/45R17
Vehicle	Mercedes Benz E-Class
Grade	Highly Recommendable

Magazine	Gute Fahrt
Size	205/55R16
Vehicle	Volkswagen Golf TDI
Grade	Highly Recommendable

## Radial RA14

Magazine	Promobil
Size	235/65R16C
Vehicle	Mercedes Benz Sprinter Van
Grade	Highly Recommendable

# 2010 plan...

### Enhancing Customer Satisfaction through Constant Development of New Technologies and Products

In 2010, Hankook Tire will further enhance its value to car makers' with quality products that meet their demands and advanced new products which employ the latest technology. In addition to our old clients, we will diversify our supply chain and expand our client base to include global car makers such as BMW and others. To that end, we will expedite R&D on next-generation new technologies such as LRR technology, run-flat tires and many more, state-of-the-art, eco-friendly tires. To prevent risks during the mass production of these new products, we will keep checking our risk-prevention processes and will consider developing new quality management processes, if necessary.

# FOCUS OVERVIEW

Hankook Tire enhances its product line-up to allow constant expansion of its Global OE business, based on technologies, quality control and product line-ups that meet car makers' demands. In accordance with the growing demand for eco-friendly technologies, we are developing new products and technologies, such as low rolling resistance(LRR) technology.

### Developing Next-Generation Technologies that Car Makers Demand

The car industry has caused breathtaking changes, over the past century. Still, car makers are faced with another raging wave of change, triggered by the recent global financial crisis. In response to changing car manufacturing markets, Hankook Tire has developed advanced technologies through dedicated work done within the R&D Center. In step with growing clients' demands for state-of-the-art, eco-friendly technologies, we are developing such technologies as LRR and run-flat tires.

### Leading Tire Technologies in Global Magazine Tests

Hankook Tire has been participating in tire tests by German tire magazines since 2000. In the spring of 2010, we earned the top grade in the tire performance tests conducted by three world-renowned German automobile magazines: Auto Motor und Sport, Gute Fahrt, and Promobil. In addition, Hankook Tire's UHP tire was highly touted at the test runs by a Japanese car tuning magazine, Rev Speed. Our Ventus S1 evo, mounted on Benz E-Class, topped the performance test by Auto Motor und Sport magazine. The same tire earned the "Highly Recommended" grade at the Gute Fahrt tire test for excellent handling, breaking and RR performance. Mounted on Benz Sprinter Van, the Radial RA14 was awarded the "Test Winner" at the tire tests by Promobil, scoring an average of 8.9 points. Our products were also selected as fuel-efficient and eco-friendly by a renowned, U.S. customer group.

Establishing Global Standard Process

# CS 5



Global Working Conditions Guide

# FOCUS OVERVIEW

Since our first Global OE business partnership with Ford, Hankook Tire has developed a global standard process based on business partnerships with the world's leading car makers in the America, Japan, China and Europe. Furthermore, we will establish a global standard process with leading global car makers.

### Global Standard Training Programs

Comprised of Ford, GM, Chrysler, Toyota and Honda, the Automotive Industry Action Group(AIAG) promotes global standards and sustainability management through various training programs and systems-building activities. As a strategic supplier for Ford, Hankook Tire has participated in training courses on "Working Condition" global standards since 2009, upon the request by the AIAG and Ford. The training course is aimed to promote sustainable and ethical management for suppliers and their employees, in terms of minority labor, forced labor, freedom of association, anti-discrimination, safety and health, wages and benefits, working hours, anti-corruption, community engagement and environmental protection. In addition to the Working Condition Assessment, we will mobilize various global standards and sustainability management training courses, further enhancing customer and stakeholder satisfaction through transparent management practices.

### Building Supply-Chain Networks with Car Makers

Car makers strive to ensure a stable supply of components and a reliable management system with suppliers through their supply chain networks. The need for a globalized supply-chain of components pushed car makers to build global supply-chain networks with their suppliers, based on their enterprise resource planning(ERP). As a strategic supplier for Ford, Hankook Tire has established the Material Management Operations Guide(MMOG), a sort of Electronic Data Interchange(EDI), in the logistics center of our European Regional Headquarters to connect with Ford's ERP system. The two companies' ERP systems closely interface with each other, updating the current status of tire supply with order backlog and delivery status. This synergy also enabled us to make long-ranging forecasts and analysis order and supply trends. Tapping into our connection to these supply chain with car makers, we will minimize inventories and supply products to our customers in a timely manner, stabilizing the supply chain network.

# 2010 plan...

### Maintaining Cooperative Partnerships

In 2010, Hankook Tire will sustain cooperative partnerships with major car makers, as part of our global business expansion plan. The Germany-based global leading car maker BMT has recently announced that its new models will be equipped with Hankook Tires. In response to other car makers' demands, Hankook Tire will maintain business partnerships with our clients through a diversified business infrastructure.

Expanding  
Communication

# CS 6



Casual meeting with Ford



The Emblem of the World Business Council for Sustainable Development(WBCSD)



OE Newsletter

## FOCUS OVERVIEW

Hankook Tire devotes itself to on sustainability management and enhancing our corporate image through constant communication with car makers. In the future, we will expand our communication channel to successfully expand our Global OE business.

### Reinforcing Communication Channels with Clients

Since our selection as a strategic supplier of Ford, we have hosted casual meetings every year with Ford to address their needs and introduce our new products. This effort was one of the main reasons why Ford has maintained a partnership with Hankook Tire amid its own management crises. In the future, we will expand our communication with other clients, which includes BMW and Audi, to proactively address their suggestions and complaints.

### Participating in the Global Initiative for Sustainability Management

In 2006, we joined the World Business Council for Sustainable Development (WBCSD) and play an active role in the Tire Industry Project Group.

### Publishing Global OE Newsletter as Part of Global PR

Hankook Tire has issued OE Newsletter since March 2010, for information exchange and active communication with global car makers. Serving as our PR instrument and client communication channel, the newsletter will cover our business performance and address car makers' questions and inquiries.

## 2010 plan...

### Diversifying Communication Channels with Clients

In 2010, we will further expand our client communication, in proportion to our premium OE business expansion. The OE newsletter will update our clients with the latest Hankook Tire news. We will also expand the casual meeting programs with Ford to other clients, to address client needs promptly.



Despite its short history, Hankook Tire's Global OE business has realized remarkable growth. Our global standard products made us Korea's first strategic supplier of Ford and won consecutive supply contracts with leading global car makers, such as Volkswagen and BMW. In the future, we will focus on win-win, supply-chain partnerships with our clients through constant communication, as well as product and R&D activities. At the same time, we will endeavor to establish sustainability and ethical management practices.

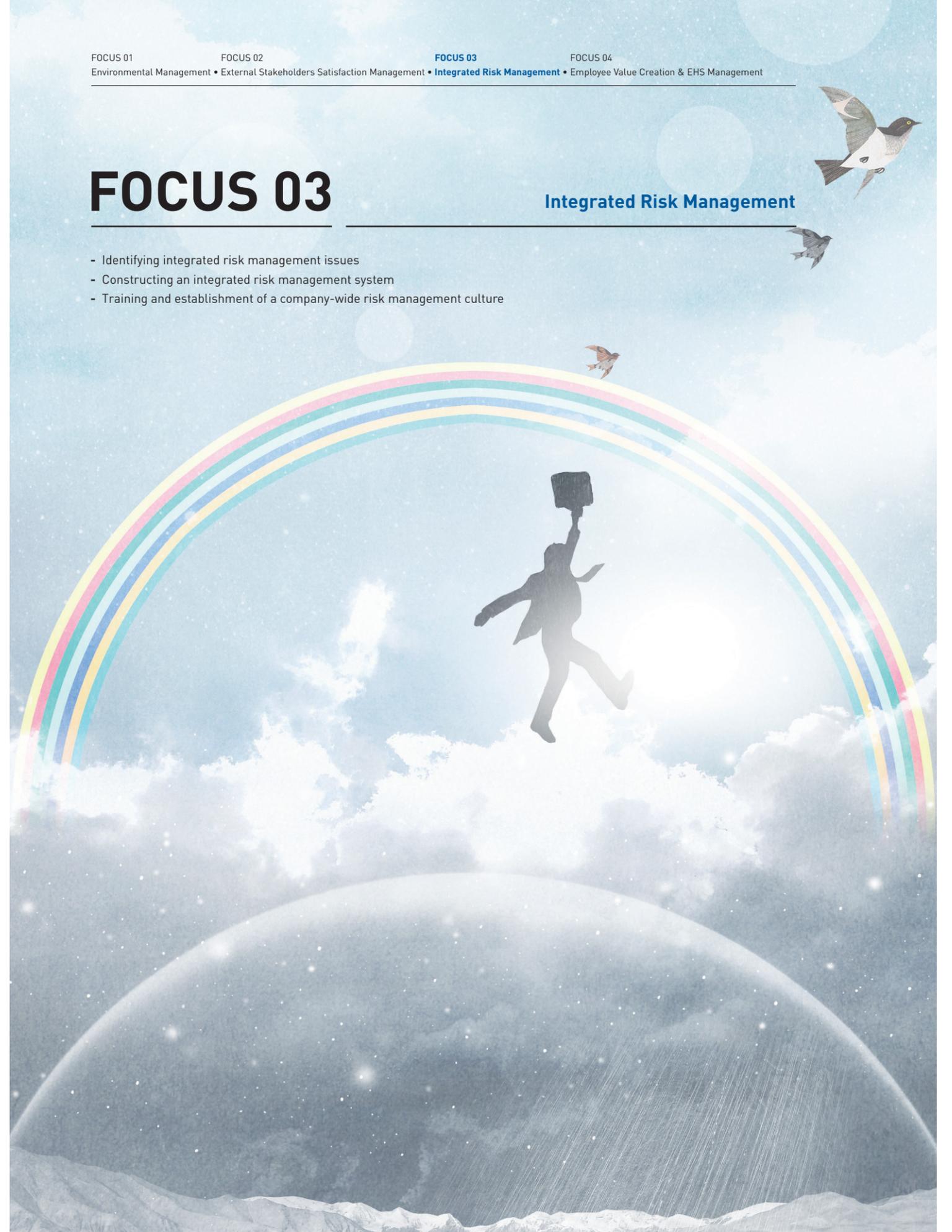
Kim Eung-soo,  
Assistant Manager, OE Strategy Team

# interview

# FOCUS 03

## Integrated Risk Management

- Identifying integrated risk management issues
- Constructing an integrated risk management system
- Training and establishment of a company-wide risk management culture



FOCUS 01

FOCUS 02

FOCUS 03

FOCUS 04

# Integrated Risk Management

## OPERATIONAL FRAMEWORK

IR

### Statement

Hankook Tire is working on an integrated risk management system, including preventive and follow-up measures to create opportunities by efficiently addressing risks.

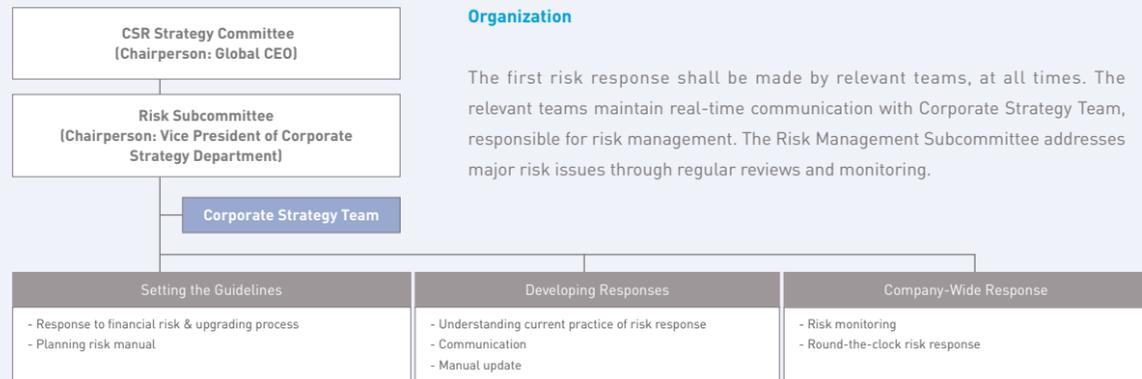
### Policy

In response to increasing risk factors, we will develop an integrated risk management system to enhance risk response capabilities and to create opportunities from risks.



### Organization

The first risk response shall be made by relevant teams, at all times. The relevant teams maintain real-time communication with Corporate Strategy Team, responsible for risk management. The Risk Management Subcommittee addresses major risk issues through regular reviews and monitoring.



FOCUS 03 Integrated Risk Management  
Turn this inside out to make a tab!

## 2009 Performance

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
IR 1	Strategic risk	Response to global financial crisis	●	Corporate Strategy Team	107
		Response to the U.S. car market crisis	●	OE Strategy Team	107
		Response to global eco-friendly trend	●	Product Planning/R&D Strategy Team	107
-2	Operational risk	Plant safety management	⦿	Environment & Safety Team	108-109
		Quality management	⦿	Quality Management Team	109
		Legal risk management	⦿	Legal Affairs Team	110
		Corporate and customer information security	⦿	Corporate Communication/Corporate Strategy Team	110
		External and internal communication	⦿	IT Strategy Team	110
-3	Financial risk	Currency risk	⦿	Finance Team	111
		Liquidity risk	⦿	Finance Team	111
		Disclosure issues	●	Finance/Accounting/Corporate Strategy Team	111
-4	Hazard risk	Internal management analysis	⦿	Audit Team	112
		Fire prevention system	⦿	Environment & Safety Team	112-113
		Response to epidemic disease	●	HRM* Team	113

\* HRM: Human Resource Management

### Key Managerial Issues

- Identifying integrated risk management issues
- Constructing an integrated risk management system
- Regular updates of risk management issues and manuals
- Training and establishment of an company-wide risk management culture

### Mid-Term Roadmap

Based on the current risk response system, we will redefine and classify risk factors, establishing a system and manual for an integrated risk management. Furthermore, we will maintain communication on our risk management practice through the CSR Risk Subcommittee, while building up our risk response capabilities.



## MID-TERM ROADMAP 2010 ~ 2012



## 2010 Plans

● : Completed    ⦿ : Partially achieved    ⦿ : Year-round

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
IR 1	Identifying integrated risk management issues	Risk monitoring	⦿	Corporate Strategy Team	114
		Understanding the history of risk occurrence and responses	Jul	Corporate Strategy Team	114
IR 2	Constructing an integrated risk management system	Redefining risks and developing classification standards	Aug	Corporate Strategy/CSR Team	114
		Risk ETA(Event Tree Assessment)	Oct	Corporate Strategy Team	114
		Developing risk communication channels	Jul	Corporate Strategy Team	114
IR 3	Regular updates of risk management issues and manuals	Standardizing risk response process	Nov	Corporate Strategy/ Corporate Innovation Team	114
		Developing an integrated risk management manual (updating crisis management manual)	Jun	Corporate Strategy Team	114
IR 4	Training and establishment of an company-wide risk management culture	Building solidarity of employees on integrated risk response	⦿	Corporate Strategy Team	114
		Developing educational programs	⦿	Corporate Strategy/ Culture & HRD Team	114

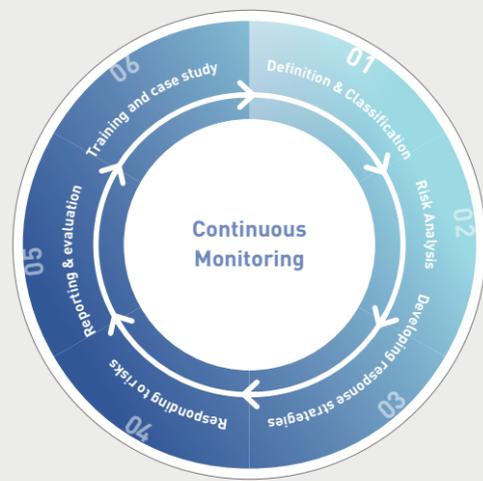
### Identifying Integrated Risk Management Issues

The increased volatility in the market environment gave rise to uncertainty to future prospects. As a result, effective risk management has emerged as the key issue to successful business management. Hankook Tire effectively addressed various risks in 2009 and will further enhance its capabilities through an integrated risk management system.

#### Establishing an Integrated Risk Management Process

Hankook Tire has redefined the categories of its risks into legal, financial, quality, labor, safety and security, into strategic, operational, financial and other hazard risks and developed a prompt and effective process for preemptive and follow-up measures to deal with these risks. These processes are articulated in the responsibilities of each department to each risk.

#### ( Risk Response Process )



## RISK MANAGEMENT PROCESS

- 01 Defining and classifying risks**
  - Classifying into external, internal and concurrent risks according to the origin
  - Classifying into operational, financial, strategic and crisis risks according to the type
- 02 Analysis of likelihood and impact of risks**
  - Risk analysis using the matrix of likelihood and impact
  - Establishing risk cases by phase
- 03 Developing strategies by case**
  - Case studies and expected benefits
  - Classifying by task duration into instant, short-term, and mid-term correction while developing strategies accordingly
- 04 Practice and communication of response strategies by risk type**
  - Articulating the roles and responsibility of risk response and communication among relevant departments
  - In case of a company-wide response, a TFT is set up by the consent of Corporate Strategy Team
- 05 Reporting & Improving**
  - Establishing the reporting system and improving shortcomings in risk management practices
- 06 Developing a manual of risk response, training, and case studies**
  - Developing manual for risk response
  - Training & propagation

#### Definition of Non-Financial Risks and Increasing Competences

Conventional risk management practices have concentrated on financial or legal risks. However, the management of non-financial risks such as ethical, environmental, health, employee and community relationships has grown important. Therefore, Hankook Tire plans to reinforce its non-financial risk management capabilities in 2010.

### Strategic Risk

## IR 1-1

#### ( Strategic Risk Factors )

Risk Factors	Cases
Changes in the general environments	Global financial crisis
	Global eco-friendly trends
Changes in the industrial environments	U.S. car market crisis
Changes in the market competition	Market competition compromised
Changes in the internal environment	M & A



#### ( Emergency Management Process )



## FOCUS OVERVIEW

Strategic risks are the most unpredictable and this was particularly so during last year's challenging business environment. Despite this, Hankook Tire shrewdly responded to numerous strategic risks, such as the global financial crisis, U.S. car market crisis and eco-friendly market trends.

#### Response to the Global Financial Crisis

In response to the global financial crisis, Hankook Tire mobilized the Emergency Management Scheme and collaborated with employees to overcome the crisis. The Emergency Management Scheme was a corporate endeavor to stabilize liquidity and minimize inventories in the short-term. These efforts included: prioritizing budget-spending, aggressive marketing campaigns, constant efforts to improve management efficiency and a company-wide innovation drive to improve productivity.

#### Response to the U.S. Car Market Crisis

In a proactive effort to address the US car market crisis, we developed various possible scenarios and contingency plans. First, we focused on optimizing our accounts receivable management. We strived to minimize risk by cutting down on accrued receivables and therefore established an extensive credit management system that included the publishing of manuals and training of employees. Following the Chapter 11 Bankruptcy Protection filing by GM and Chrysler, we applied for the supplier protection program and proactively diversified our supply chains by increasing our supply to other car makers with lower risks. As a result, our sales remained steady in the OE segment.



#### Response to the Global Eco-Friendly Trend

In a preemptive response to global environmental regulations, we have successfully developed 50 low-PAH compounds and plan to apply them to our products by 2010. We have also established an air quality analysis system, helping to further reinforce our analysis capacity. Applying new odor-prevention systems in 2009 at our Daejeon Plant in Korea and Jiaying Plant in China, the odor control rates of these two plants rose 91% and 90%, respectively, in 2009 from 2008. In addition, we have also developed analytical methods for five more legally-designated odor compounds as part of efforts to eliminate the sources of odor-causing particles. The total number of analytic methods developed in-house currently stands at 22. Our research into the odor characteristics of compounds—namely, volatile organic compounds(VOC)—and raw materials have allowed us to identify and treat 84 odor substances. As a result, we have become the first Korean company to acquire the EU Technical Service authorization for environmental protection.

Operational Risk

## FOCUS OVERVIEW

Hankook Tire controls operational risks through systematic measures regarding safety, quality, information, legal affairs and communication as well as training programs.

# IR 1-2

### Plant Safety Management

Hankook Tire fully abides by all stipulations regarding health and safety at workplaces as stated under the Korea Occupational Safety and Health Act(KOSHA). We also and operate diverse safety campaigns and safety councils. As a result, the Daejeon and Geumsan plants have reduced workplace accidents by more than 50% from the previous year, as of July 2010. We are currently working to obtain safety management certifications, while continuing to conduct training and monitor safety conditions at our workplaces.

**Obtaining the OHSAS 18001 & KOSHA 18001 Certifications** - Hankook Tire came under the spotlight during the EHS issue and voluntarily returned the KOSHA 18001, a Korean health and safety management certification, in May 2008. In response to the growing accident ratio and increased demand by car makers, we are working to establish a self-regulated health and safety system with the aim of obtaining the OHSAS 18001 and KOSHA 18001 in October 2010.

### ( Health & Safety Councils )

Plant Health & Safety Activities				
Category	Period	Functions	Members	Remarks
Occupational Health and Safety Committee	Quarterly	Consulting and improving labor issues upon request	9 labor representatives and 9 management representatives	Legal issues
Supplier Occupational Health and Safety Committee, Joint health and safety checking, consulting suppliers on safety management	Monthly, Quarterly, half-yearly	Communication with suppliers, Supplier's Health and safety management	Hankook Tire & suppliers	Legal issues
Daejeon Plant Safety Day	Monthly	Presentation, evaluation and award of health and safety performance, On-site safety checks, etc.	Plant managers, team mangers, health & safety officers	Based on the "Safety Check Day," on the fourth of every month, as designated by the government
Health & Safety Working Group	Occasionally	Delivering safety management initiatives and issues to departments and providing assistance	Safety managers, health & safety officers	-
Disaster Damage Investigation Committee	In the event of disasters	Collaboration to identify the causes of accidents and to develop countermeasures	Executive in charge, Environment & Safety Team, Facility Maintenance Team, Labor union and the department at issue. Etc.	-
Health & Safety Subcommittee	Activities: All times Report: Monthly	Improvements and suggestions to near-miss accidents, losses, risk potential assessment and other self-regulated safety campaigns training programs	Health & Safety Subcommittee	Environment & Safety Team makes monthly evaluations and reports on safety performance

IR 1-2  
Operational Risk



Quality Management monitoring  
Plant Safety Management training

**Process Safety Management(PSM) Certificate** – As we have recently replaced the boiler fuel source with LNG, we plan to achieve the PSM certification to prevent serious industrial accidents. The PSM certification was introduced in 1995 for the prevention of serious industrial accidents for chemical processes such as fire, explosion or leakage. Our Daejeon and Geumsan plants are legally required to acquire the PSM certification. At the moment, the two plants are in the process of completing the final grading stage.

**In-house Environment, Health and Safety(EHS) Daily and Disaster Control Center** – Hankook Tire has issued EHS Daily since December 2009, covering incident case studies, safety check results, EHS plans, the No Smoking Campaign, cerebrovascular and cardiovascular disease control, blind spot checks for fire hazards and all other daily news regarding health and safety issues. The Disaster Control Center is also in place for enacting swift countermeasures to emergencies. The Disaster Control Center is on patrol 24-hours a day, on all premises, to detect uncertainties, risks and to monitor for safety incidents, fire, disease and other emergencies around the clock. The Center also operates ambulances and fire trucks for prompt countermeasures and to prevent any emergencies from spreading.

### Quality Management Plan

With an aim to become the world's leading tire manufacturer, Hankook Tire strives to provide the "World's Best Quality to Customers." The Global Quality Academy increases the quality awareness of our employees and suppliers. It also makes aggressive investments in quality enhancement and to the flawless quality warranty system. We have adopted the Hankook Tire Production System(HPS), are implementing Six Sigma initiatives, and have upgraded operational processes. We remain committed to providing customers with the best-quality products by increasing internal communication on the importance of quality.

### ( Quality Improvement Initiatives & Activities )



### ( Quality Management Process )



IR 1-2

Operational Risk



LAMP System  
Global CEO Interview in November 2009  
(The Wall Street Journal; Managing in Asia)

**Legal Risk Management**

Hankook Tire prevents and manages legal risks through the Legal Affairs Management Portal(LAMP). All legal issues are reviewed through the LAMP to find resolutions to any disputes that arise. The review results are stored in the database for future reference. Under the control of the Legal Affairs Team, which takes care of all legal affairs, such as legal review of contracts, consulting services and settlements, the LAMP conducts case studies of domestic and overseas regulations, judicial precedents and legislations for settlement trend analysis and legal risk management.

**Corporate & Customer Information Security**

Airtight control of information regarding Hankook Tire's Document Security Management(HDSM) ensures future corporate competitiveness. Management flaws pose a threat to the going concerns of the company. Therefore, we have developed a Digital Rights Management(DRM) system for secure document management, drawings and specifications. As a member of the Korea Association for Industrial Technology Security(KAITS), we give regular training sessions to our employees on the importance of information security. In addition, we apply a Secure Sockets Layer(SSL) certificate system to encrypt customer information, under the revised Information Network Act(2007).

**External and Internal Communication**

In 2009, we established the quarterly Internal Relations(IR) program and launched the Global CEO's webpage for efficient internal communication on management performance and activities with our employees. At the same time, we engaged in proactive communication with renowned overseas media outlets such as CNBC, The Wall Street Journal, and Reuters. We will remain committed to preventing communication risk potential through interactive communication with internal and external stakeholders, under the guidelines set forth in the "Crisis Management Manual."

Financial Risk

IR 1-3



General shareholders' meeting 2009

**FOCUS OVERVIEW**

**Hankook Tire thoroughly manages its financial risks. In particular, liquidity risks are controlled based on periodic cash flow prediction. Coupled with liquidity risk management, the Currency Management Committee effectively backed the company to realize considerable performance in the aftermath of the global financial crisis.**

**Financial Risk Management**

At Hankook Tire, financial risk management focuses on currency risk, liquidity risk and disclosure issues. Hankook Tire monitors and takes great care to monitor financial expenditures and currency exposure positions to minimize financial risks. We also have a separate system to alert the company to volatility in the financial markets, enabling efficient management decision-making.

**Currency Risk**

As of the end of 2009, Hankook Tire was making transactions in eleven different currencies, including the U.S. Dollar and the Euro. We regularly calculate and assess the currency risk stemming from these activities, and then devise appropriate risk aversion methods. The Currency Management Committee, chaired by the Global CEO, convenes quarterly to decide the company's basic policy in this regard. Key internal methods for currency risk aversion include matching and netting foreign currency assets and liabilities. Externally, currency futures and derivatives are the primary ways to hedge against currency risk. Our risk aversion strategy focuses mainly on establishing a natural hedge by matching assets and liabilities. When necessary, we do not rule out the use of artificial hedges, such as financial products.

**Liquidity Risk**

We carefully monitor all borrowings, liquidity flows, and short- and long-term cash flows of our domestic and overseas operations to ensure operational stability. In addition to the monthly prediction of the six-month capital flows, we continue to adopt efficient capital management tools, in line with the development of new financial systems and products. As a result, we prepared a Global Cash Management System that links each Regional Headquarters and affiliated companies worldwide.

**Disclosure Issues**

Hankook Tire has faithfully fulfilled its responsibilities to disclose its management information. These activities include regular IR meetings, general shareholders' meetings, annual business reports, audit reports and annual reports. Starting from 2010, we will add our first CSR Report on the list.

Hazard Risk

# FOCUS OVERVIEW

An efficient and swift response to unexpected risks requires the correct guidelines. Therefore, Hankook Tire has set up an internal management diagnosis system to ensure that we are always thoroughly prepared for risks. This includes providing guidelines on how to deal with pandemics, such as the H1N1 flu outbreak.

## IR 1-4



Fire prevention training

### Internal Management Diagnosis

Hankook Tire has adopted a Code of Ethics to promote transparency and integrity in all its business affairs and to ensure stable profitability for shareholders over the long-term. While the Audit Team runs various management diagnoses to monitor process and prevent losses, the preliminary test by departments on the front-line is a powerful aid. The Management Diagnosis Committee has convened quarterly since 2008 in order to integrate individual diagnosis results with the diagnosis criteria.

Beginning in 2010, Extraordinary Committee meetings are held to review the effectiveness of follow-up corrective measures following an initial committee audit, therefore enhancing our preemptive monitoring.

### Fire Prevention Systems

Fire prevention systems are in place at all Hankook Tire business premises. The Daejeon and Geumsan Plants have their own fire brigades that patrol fire-prone zones day and night. Any work that involves the handling of fire on the premises must obtain approval in advance, with fire prevention procedures having to be confirmed before the work is allowed to begin. Each plant has Fire Safety Officers, who detect and eliminate fire risks in advance through safety patrols. Relevant departments and employees are immediately notified of any risks, which are then dealt with immediately. Areas prone to fire outbreak are subject to daily safety checks, while any blind spots are separately monitored. All newcomers to each plant are obligated to complete fire prevention training, in addition to the regular fire drills that are conducted. All fire prevention activities and employee performances are reported to the Global CEO, annually.

### ( Hankook Tire Performance Assessment System )



\* Targets: Global staff, Regional Headquarters(Korea, China, America and Europe)

## IR 1-4 Hazard Risk

### ( Fire Risk Management System )

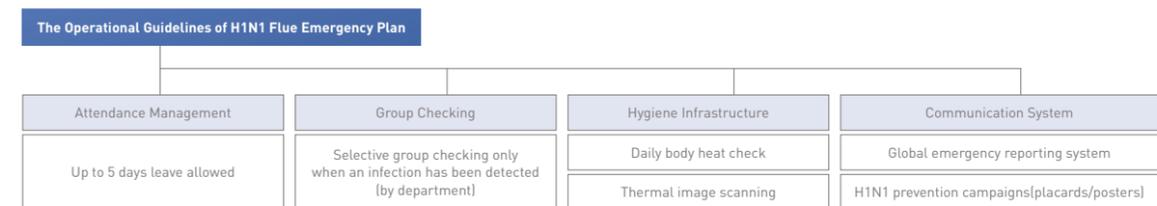


**Fire Safety Programs** – The Daejeon Plant is equipped with an automated fire extinguishing systems. The operational status of the fire safety facilities are delivered to our fire prevention staff via mobile phone, ensuring an immediate response. All processes at the Geumsan Plant prone to fire outbreak are also equipped with sprinkler systems, with additional fire extinguishing systems. Twenty-two of the 27 members of the fire brigade at the Jiangsu Plant have professional firefighting experience. The Jiangsu and Jiaying Plants are located within 5-minutes of local Fire Stations. The Hungary Plant is equipped with the latest technologies and is operated with the excellent management know-how of Hankook Tire. Every Plant is equipped with numerous reponse scenarios under the ISO14001 system, based on which trainings and fire drills are periodically carried out in cooperation with the relevant authorities.

### Response to Pandemic Disease

In 2009, the H1N1 flu, a contagious respiratory disease, became a global pandemic. It had numerous casualties, around the world. Hankook Tire declared a company-wide "H1N1 Flu Emergency Plan" in July 2009. Under the plan, we worked to minimize infection from the disease through constant monitoring, checking of body heat and other symptoms, while engaging in various employee health campaigns. This awakened us to the need for comprehensive standards to take control of legal, epidemic diseases such as the H1N1 flu. At the moment we are working on those standards to create a safer workplace. Although the H1N1 Flu Emergency Plan ended in April of 2010, we will continue operating a basic hygiene system, including the promotion and education on safety and hygiene and using hand sterilizers and hygiene soaps.

### ( Response to Contagious Disease )



- Mandate leave for periods exceeding the five days allowed
- Allowed leave includes legal holidays

IR 1  
- IR 4

# 2010 plan...

Identifying Integrated Risk Management Issues

## IR 1

**Risk Monitoring:** To promptly respond to increasing volatility in the business environment, we will continue to monitor and take preventive measures to risk potential, as well as the follow-ups.

**History of Risk Occurrence and Responses:** To develop more effective countermeasures, we will work to understand the history of countermeasures to major risk factors, analyzing their frequency and impact.

Constructing an Integrated Risk Management System

## IR 2

**Definition and Classification:** For an integrated risk management system, we will redefine and reclassify risks in 2010. Departing from the financial risk-oriented risk management scheme, we will augment our own non-financial risk management system.

**Risk Event Tree Assessment(ETA):** One risk factor can multiply into numerous ones and a single action at a given stage can make significant difference to the type or level of risk. Therefore, we will apply the ETA method so as to clearly define any possible risks.

**Risk Communication Channels:** The CSR Risk Subcommittee will be in place for the company-wide sharing and history-building of risks, as well as real-time risk communication.

Regular Updates of Risk Management Issues and Manuals

## IR 3

**Standard Risk Response Process:** We will standardize our risk response process in order to enhance flexibility. By designating the responsibilities of relevant departments, duties will be clarified and risk response knowledge will be accumulated and stored in a database.

**Integrated Risk Management Manual:** The current "Risk Management Manual" requires updates following changes in the organization and business environment. In 2010, all relevant departments will collaborate to update the manual and develop case-by-case scenarios.

Training and Establishment of an Company-wide Risk Management Culture

## IR 4

**Employees' Acceptance of Integrated Risk Response:** The CSR subcommittee will serve as the regular communication channel for the integrated risk response system. An integrated risk management manual will be developed for employees for their day-to-day business activities.

**Training Programs:** In 2010, we will seek to introduce education programs designed to enhance risk awareness and responsiveness. We will develop these programs in collaboration with relevant departments.



The management environment has grown unpredictable. The rapidly-changing business environments has given rise to various, unpredictable risks. In 2009, we witnessed simultaneous outbreaks of a number of risks. Those risks arising from the global economic recession, the U.S. car market crisis and the H1N1 flu pandemic crossed borders. Hankook Tire was shrewd in its risk responses. However, we still need to prepare more systematic and preemptive response protocols. An integrated risk management system will enable us to address risks more promptly and more thoroughly.

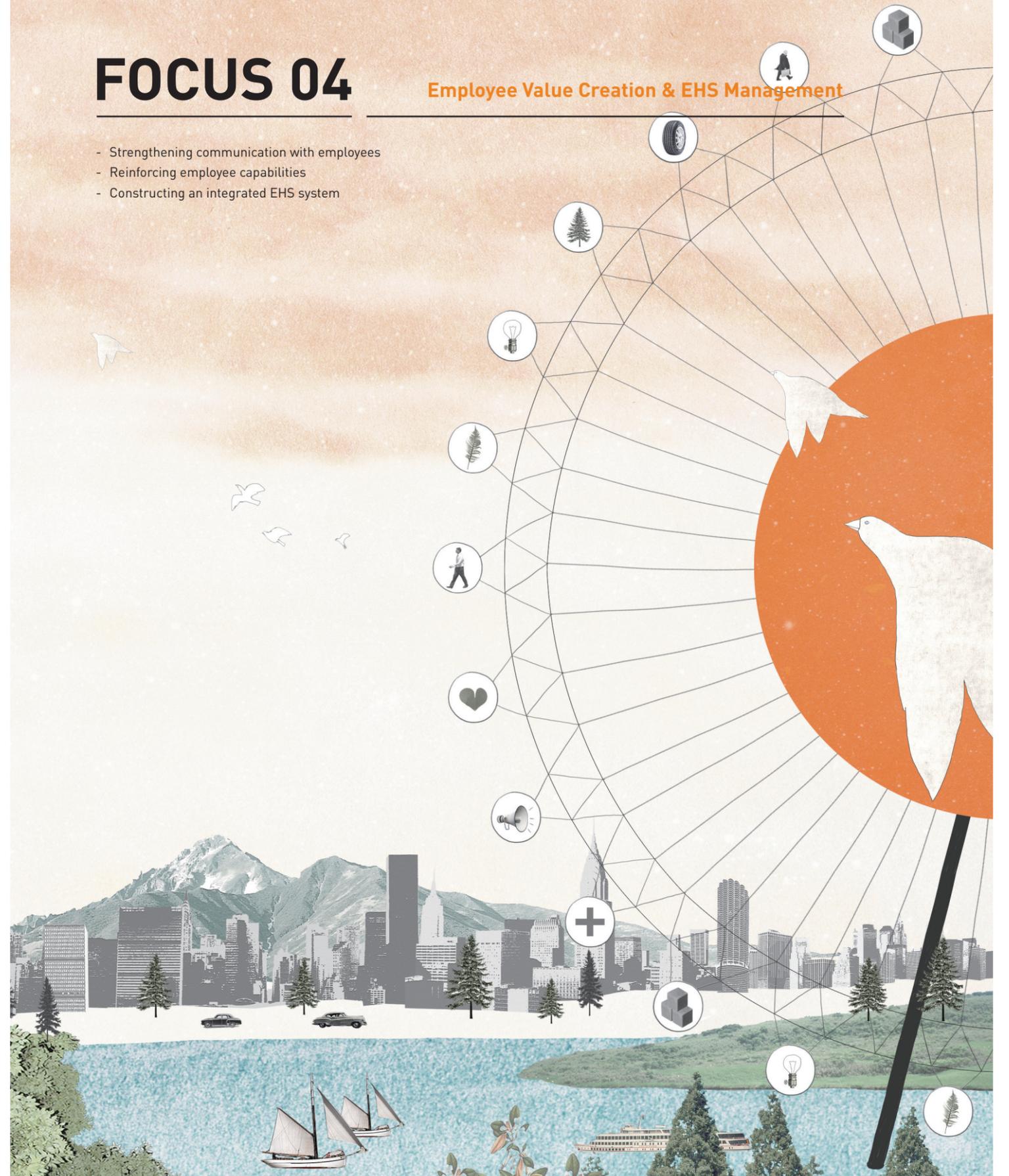
# interview

Choe Hyun-sil,  
Staff, Corporate Strategy Team

# FOCUS 04

## Employee Value Creation & EHS Management

- Strengthening communication with employees
- Reinforcing employee capabilities
- Constructing an integrated EHS system



FOCUS 01

FOCUS 02

FOCUS 03

FOCUS 04

# Employee Value Creation & EHS Management

## OPERATIONAL FRAMEWORK

EV



### Statement

Hankook Tire shares its corporate vision with its employees and strives to build a great workplace where all employees have equal opportunities and can grow, together with the company.

### Policy

Hankook Tire encourages open communication with all its employees. Committed to building a workplace where employees find a balance between their work and their lives, Hankook Tire endeavors to ensure equal opportunities in promotion and education.

### Organization



Dedicated to employee satisfaction, Hankook Tire has developed flexible communication channels among all relevant departments. The HRM Team monitors and reports on the cooperation among departments to the CSR Strategy Committee, the highest decision-making body.

## 2009 Performance

CODE	KEY MANAGERIAL ISSUES	2009 ACHIEVEMENTS	PROGRESS	DEPARTMENT IN CHARGE	PAGE
EV 1	Open communication management	Improved internal communication	●		
		- Established trust-based labor-management relationships	○	HRM/Labor Relations/ Labor Relations Support Team	118-119
		- Aet up the Global CEO website	●	Corporate Strategy Team	119
EV 2	Equal opportunities in personnel management	Retaining a capable workforce	○	HRM Team	120
		- Improved the recruitment system	○		
		Established a fair and transparent personnel management system	○		
		- Improved performance management system	●	HRM Team	121
		- Rearranged the job function management scheme	○	HRM Team	121
		Optimized employee services	○		
EV 3	Growth-oriented training system	- The first round of projects to reinforce employee services	●	HRM Team	121
		Constructing HRD Center and a training contract program	●	Culture & HRD Team	123-124
EV 4	Healthy and happy employees	Building an integrated EHS system infrastructure, planning and operating health programs	○	Environment & Safety/CSR/HRM Team	125-129

### Key Managerial Issues

- Open communication management
- Equal opportunities in personnel management
- Growth-oriented training system
- Healthy and happy employees

### Mid-Term Roadmap

Hankook Tire developed detailed plans for key managerial issues through 2012. With an aim to build a great workplace, we created a mid-term roadmap to enrich employee satisfaction, while augmenting our management systems and capabilities.



## MID-TERM ROADMAP 2010 ~ 2012



\* HRIS: HR Information System

## 2010 Plans

● : Completed ○ : Partially achieved ○ : Year-round

CODE	KEY MANAGERIAL ISSUES	2010 COMMITMENTS	TARGET	DEPARTMENT IN CHARGE	PAGE
EV 1	Open communication management	Improving the Global CEO website and conducting Global CEO	○	HRM Team	119
EV 2	Equal opportunities in personnel management	Upgrading the talent-retention system	○	HRM Team	122
		Renovating the HR process and establishing HRIS	○	HRM Team	123
		Renovating global HR directions and operational system operations	○	HRM Team	123
EV 3	Growth-oriented training system	Promoting the global training contract program	○	Culture & HRD Team	124
EV 4	Healthy and happy employees	Establishing an integrated EHS system and expanding health programs	○	Environment & Safety/CSR/HRM Team	129
		Installing child care centers within the workplace	○	HRM Team	118

FOCUS 04  
Employee Value Creation & EHS Management  
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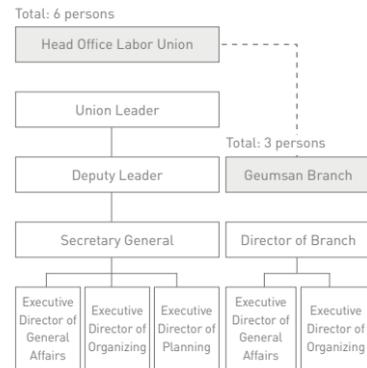
Open Communication Management

EV 1

[ Improving Welfare Programs ]

Under the theme of a "stable, healthy and pleasant life" Hankook Tire operates various employee welfare programs, such as school tuition subsidies, loan programs and leisure facilities. As part of a company-wide initiative to realize a balance between life and work, workplace child-care centers and retirement pension programs are being reviewed

[ Labor Union Organization Chart ]



[ 2009 Labor Union Membership ]

Category	Workplace	No. of Members	Ratio
Head Office	Head Office	262	6.6%
Union	R&D Center	227	5.7%
	Daejeon Plant	1,998	50.3%
Subtotal		2,487	62.6%
Geumsan Branch	Geumsan Plant	1,489	37.4%
Total		3,976	100%

FOCUS OVERVIEW

We will work to promote internal communication to encourage our employees to trust the company and enhance their involvement. This will establish a trust-based relationship between the company and employees.

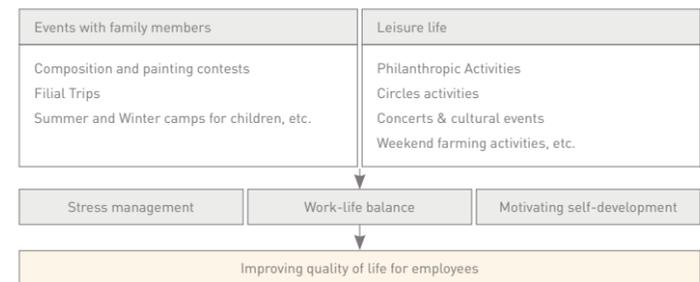
Establishing a Trust-based Labor-Management Relationship

**Strengthening the Labor-Management Relationship** – We renovated and renamed the labor-management relationship organization in order to build innovative labor-management relations. Active communication between the company and employees contributed to a trust-based relationship. While actively supporting employees' leisure activities and cultural events, we also run various events that family members can participate thus contribute to solidarity and the balance of life and work.

[ Internal Communication Channel ]

Between the company and labor union	Between the company and employees
Promoting trouble-shooting labor-management council	Sharing management information
<ul style="list-style-type: none"> <li>Labor-management council</li> <li>Occupational Health and Safety Committee</li> </ul>	<ul style="list-style-type: none"> <li>Online -Global CEO website</li> <li>-Meeting with the Global CEO/Challenge 511</li> </ul>
Supporting various improvement initiatives by the Labor Union	<ul style="list-style-type: none"> <li>Offline -Regular business results briefing Meetings</li> <li>Meetings with the Global CEO and executives</li> </ul>
<ul style="list-style-type: none"> <li>Facility safety check</li> <li>Addressing the complaints of labor union members</li> </ul>	

[ Work-Life Balance Program ]



**Operating the Labor Union & Handling Employees' Complaints** - The National Federation of Labor Unions of the Rubber Industry, the Hankook Tire Labor Union(hereinafter, Labor Union) cooperates with the company to achieve Hankook Tire's corporate vision, while the company strives for the development of the Labor Union. Hankook Tire endorses the union shop system, where all employees are entitled to union membership, and acknowledge the Labor Union as the only bargaining body representing its members. The company has transparently disclosed its business results and engaged in active communication with the Labor Union to address employees' complaints. As a result, the company has been able to develop a trust-based

EV 1  
Open Communication Management



The main page of the Global CEO website

[ Complaints Handling by Workplace ]

Workplace	No. of Grievances	No. of Cases Solved	No. of Pending Cases
Head Office	5	5	0
Union			
Geumsan	10	9	1
Branch			(rotation is impossible)
Total	15	14	1

\* No. of grievances: received by plant workers

relationship with the employees and has been free of labor disputes for the past 15 years. In 2009, there were 9 standing members of the union, including the chairman of the union.

**Ombudsman Center** - The Ombudsman Center prevents conflict between the company and employees. The Center keeps grievances and complaints in check under the six principles as stipulated in the Labor Standards Act. The Center listens to the voices of our employees and deals with their complaints, raising employee morale.

The Global CEO Website

Fully aware of the needs for open communication, we set up the Global CEO website: an interactive communication tool addressing the Global CEO's management philosophies and other corporate information and values. With better understanding of corporate management philosophies and policies, employees can trust and increase interaction with the company and their job.

2010 plan...

Constantly Reinforcing Internal Communication

In addition to the on- and off-line communication led by the Global CEO, we also plan to hold meetings with office workers from all operations, expanding the scope of our communication to a company-wide level.

Global CEO-led internal communication		Global CEO meetings for office workers	
Expected benefits	Direct communication contribute to building trust and solidarity among the employees	Name	Meeting with the Global CEO
Communication tool	On-line communication / Off-line communication	Target	Office Workers - by workplace - by class
		No. of persons	Within 15 participants
Target	All employees / Production workers / Office workers	Period	At least once a month(included in monthly schedule)
		Program	
Program	Global CEO website / Challenge 511 / Global CEO meetings	Classification	Program / Descriptions / Hours
		Training	The Global CEO's corporate vision / Explaining vision and briefing management information / 1.0
		Communication	Dialogue / Employees' questions and suggestions / 0.5
		Trust	Lunch and free conversations / 1.5

Equal Opportunities  
in the Personal  
Management

# FOCUS OVERVIEW

Pursuing our management principle of respecting personnel capability, we strive for fair and transparent personnel management.

## EV 2

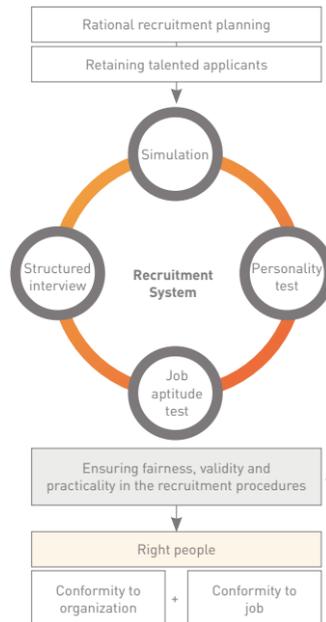
[ Upholding Diversity and Equality ]

There was not a single case of discrimination or unethical practice reported during the period covered in this report. In respect to diversity and equality in gender, race, religion and region, We will further strive to improve human rights and labor rights throughout the organization.

[ Training Security Guards on Human Rights Policy and Process ]

We give training to our security guards to prevent any violations or abuses of human rights.

[ Recruitment System Framework ]



Retaining a Capable Workforce

Employees are the company's most valuable assets, without which Hankook Tire would be unable to remain competitive. Therefore, we are committed to recruiting and retaining a capable workforce. In 2009, we reviewed our recruitment system and improved the strategies and processes for new hires. First, we tapped into various PR media such as those found at schools, online communities, job hunter websites to distribute our PR CDs and brochures. Second, our executives and staff organized task force teams to visit 14 universities across the nation for specialized campus recruiting. Lastly, we used the job openings page to promote on our core values and role models, as well as to present other recruitment content through the online recruitment system. Although we outsourced the recruitment webpage to leading recruitment portal service provider, we plan to build our own recruitment website in the future.

In the process of recruitment, we tried to ensure fairness, validity and effectiveness through an organized recruiting system. First, we used the core values and role models as the standards against which we screened applications, regardless of academic background or gender. Second, we developed our own aptitude test to verify applicants' suitability. Finally, we applied a multi-layered interview methodology, to test the applicants' conformity to our organization through competence-based interviews, presentations, as well as language tests.

[ Recruitment Process Improvement ]

Planning	Refining the framework of planning Operating the recruitment TFT
Pooling	Aggressive recruitment marketing Borrowing the marketing methodology for recruitment activities Reviewing the online recruitment system
Screening	Strengthening the screening function at each stage of the procedures Building and educating the pool of judges Designing the capability-checking interview based on the right people for Hankook Tire
Retention	Pre-recruitment programs → alumni gatherings, etc. Early adaptation program after joining the company Aftercare for the unsuccessful applicants

... EV 2  
Equal Opportunities  
in the Personnel  
Management

[ Elimination of Child Labor and Forced Labor ]

Hankook Tire eliminated child labor and forced labor at all its premises, in compliance with international and Korean labor regulations.

Preference to Local Employment

As for our overseas operations, our principle is to employ local residents. We aim to expand local employment, especially at the managerial level through constant management and training of locally-hired employees.

Fair and Transparent Personnel Management System

Hankook Tire established performance-based HRM policies early on, under the belief that individual performances have to be evaluated and compensated both fairly and transparently. The performance-based HRM means managing human resources based on their performance. This can enhance employee involvement and organizational competitiveness. As shown in the flowchart below, the Performance-Based HRM Framework evaluates employee performance, requiring the rearrangement of the job management system. Consequently, in 2009, we realigned our performance management and job management system to enhance fairness and transparency in our HRM system. In order to realize performance-based HRM, we also improved the evaluation process, enabling a fair and transparent reflection of employee performance in HRM practices. This also led to improved employee satisfaction by fairly reflecting the evaluators' opinions in the evaluation feedback.

[ Definition and Objective of Performance-Based HRM ]

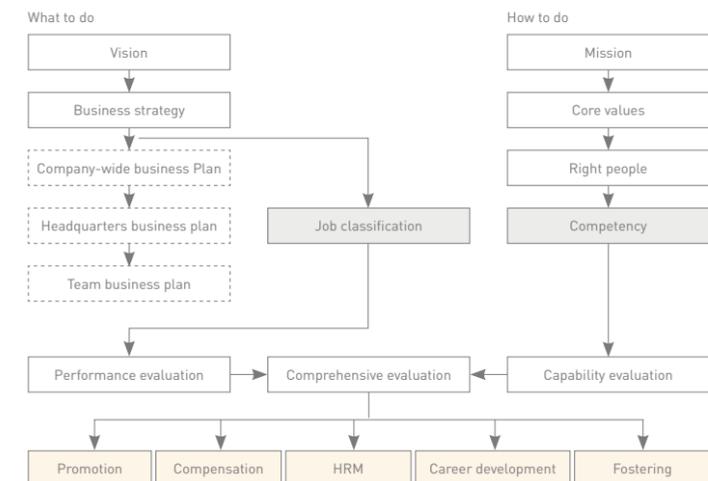
"Performance-based management" is a management paradigm that focuses on the ultimate results of business activities, such as sales or profits.

"Performance-based HRM" is an HRM methodology that focuses on the performances of employees.

The objective of the performance-based HRM



[ Performance-Based HRM Framework ]



... EV 2  
Equal Opportunities  
in the Personnel  
Management

## 2010 plan...

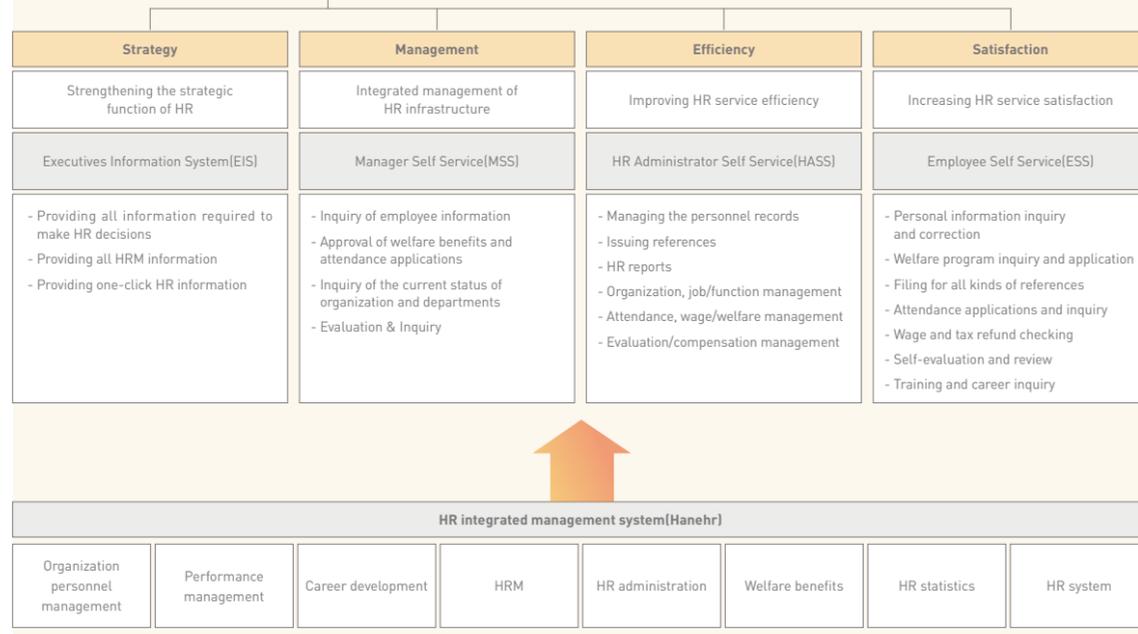
### Improving the Talent Retention System

In 2009, Hankook Tire renovated its entire recruitment system. In 2010, we plan another round of upgrades for a more rational and efficient operation of the same system. Talented workforce constitutes an integral part of our corporate competitiveness. Therefore, we will make the pooling process more sophisticated and improve our brand image as a pleasant and great workplace for talented people.

### Reinforcing HR Services by Integrating HR Processes

Based on the project that we implemented in 2009, we will build an infrastructure to improve our HR service functions for the integrated operation of HR processes by function. This will further enhance our employee satisfaction and efficiency with our HRM system, while setting the stage for an integrated HR service infrastructure and stimulating interactive communication within the organization, in the future.

Forming the base for an HR IT infrastructure



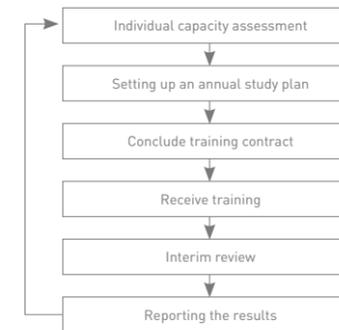
Growth-oriented  
Training System

## FOCUS OVERVIEW

Since our employees are the driving force behind our growth, Hankook Tire commits its efforts and resources into the recruitment and retention of capable workers. For that reason, we developed the HRD system and conducted a training contract program.

## EV 3

### ( Training Contract Program Process )



### ( Strategy-oriented Competencies )

Basic Competenc	Leadership Competence	Job Common Competence
Customer-oriented mindset	Planning	Planning skill
Creativity	Vision-setting	Teamwork
Ethical mindset	Transfer of authority	Trouble-shooting
Communication	Performance-oriented	Management leadership
Responsibility	Network-building	Professionalism
Flexibility	Adapting to foreign culture	

### Strategy-oriented Capability Scheme and Training Program Reformation

By defining the capabilities required for fulfilling strategies and realizing performances, we have developed the capability scheme for our employees. While realigning our old training programs and systems with the new capability scheme, we adopted the concept of mandatory and optional courses in the program.

### ( Mandatory Course System )

Grade	Basic Competency	Leadership Competency	General Competency
Manager	Core Value(online)	Leadership advance/ Leadership academy Leadership primary course	-
Leader	Core Value(online)	Leader leadership course	-
Senior	Core Value(online) Improving negotiation skills	Senior leadership course	Promotion candidate course Understanding* foreign cultures
Junior	Core value(online) Communication with customers	Junior leadership course	Promotion candidate course Presentation skill-up
Rookie	Core value(online) Developing creativity Communication with customers	-	Promotion candidate course Improving comprehensive planning skills

\* Understanding foreign culture: China/Hungary

### Building a System for a Training Contract Program

We set up the HRD Center as a company-wide training management system for customized training according to individual capabilities. The Center implements all training contract program processes, including the employees' capability assessment, annual education planning, curriculum development, course enrollment, and educational history checks.

### Training Contract Program for Employees

The training contract program explains the significance of the capability assessment and helps develop individually tailored annual study plans to fill in gaps based on the individual capability assessment results. The program significantly enhanced the efficiency of training, as it takes into account individual needs.

EV 3  
Growth-oriented  
Training System



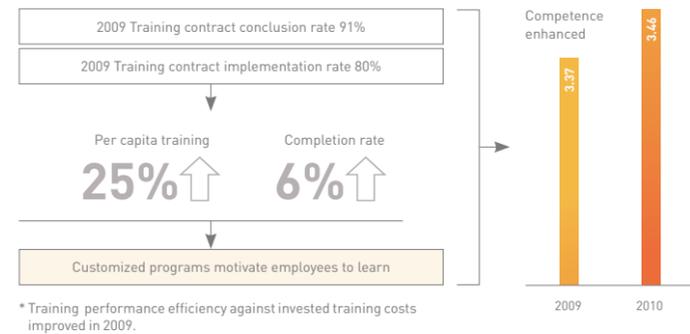
The main page of HRD Center website

[ Annual Average Employee Training Hours and Costs ]

Year	2007	2008	2009
Total Training	352,854	405,911	329,659
Hours(hrs)			
Per Capita Training	67.3	71.2	60.2
Hours(hrs)			
Total Training	2.3	5.14	4.12
Costs(KRW)	billion	billion	billion
Per Capita Training	607,000	1,016,000	53,000
Costs(KRW)			

\* Domestic workers

[ Training contract program performances ]

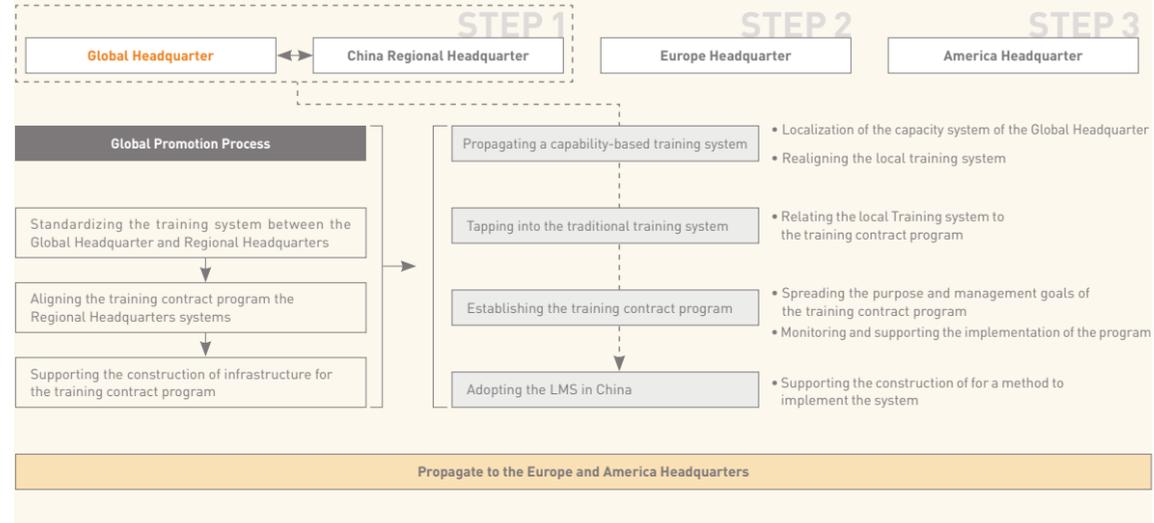


# 2010 plan...

Promoting a Global Training Contract Program

We plan to promote the training contract programs to our global operations, enhancing our corporate capabilities.

Current status



Healthy and Happy  
Employees

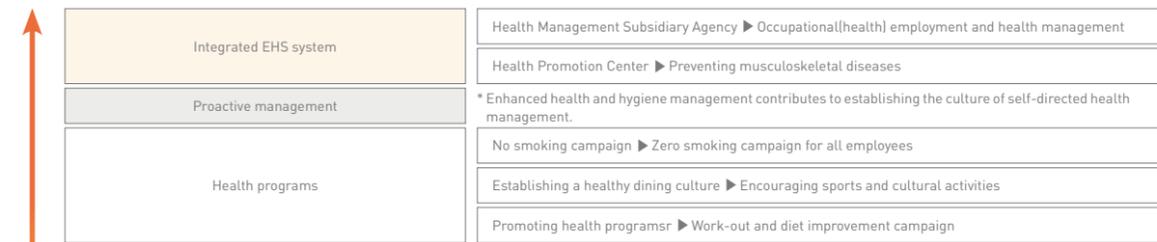
## FOCUS OVERVIEW

We fully support our employees to realize a balance between life and work and promote opportunities to improve their quality of life. This will further improve our employees' trust and loyalty to the company.

# EV 4

Infrastructure for an Integrated EHS System

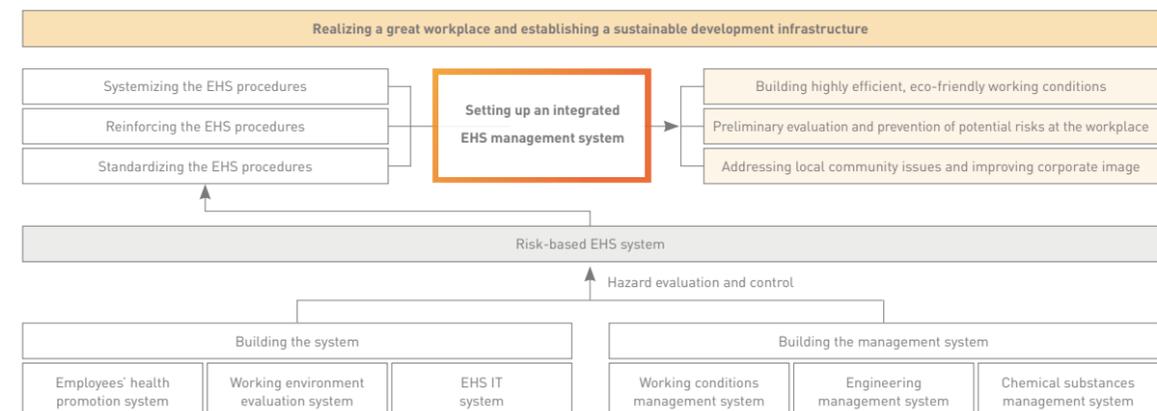
Dedicated to building a great workplace, we strive for healthy and pleasant working conditions for our employees, as well as a higher quality of life. To that end, we have augmented our health management programs for our employees.



The Background of Integrated EHS Management System

Hankook Tire's top management realizes the importance of the working environment and accident prevention for employees' health. In 2008, we constructed and began operating the Integrated EHS Management System. By consulting outside experts, we developed the policies and goals to ensure the continued maintenance, improvement and monitoring of working conditions, to safeguard the health and safety of our employees. An IT system is also under development for efficient implementation of the EHS Management System's objective data analysis.

[ The Benefits of the Integrated EHS Management System ]



[ Integrated EHS Management System Performance ]

Activities	First Year Accomplishments	Second Year Accomplishments
Health promotion system	Building a health database	Selecting intensive health care beneficiaries
- Realizing an advanced health management system by applying the health promotion system	Health check-up data analysis	Developing intensive health care beneficiaries plans
Working environment management system	Cardiovascular disease risk assessment	Developing health promotion programs
- Developing individual work management guidelines by completing a work exposure matrix	Working environment survey	Prioritizing the integrated management
Surroundings evaluation	Harm factor measurements and mapping out acoustic hazards	Organizing the work exposure matrix
- Building a reliable database through the environmental assessment/improvement programs	Selecting emission factors from processes	Process emissions analysis/evaluation
Engineering management system	Environmental impact assessment from manufacturing processes and the vicinity	Office/Surroundings environmental impact diagnosis & assessment
- Establishing an efficient management process based on an evaluation of the ventilation system	Self-test, problem prevention and developing test methods	Local exhaust ventilation self-check and process improvement standard ventilation planning
Chemical substance management system	Developing standard ventilation plans by process	Defining roles and responsibilities of Dept. for integrated MNGT.
- CMS-operation and preparing the REACH back-up system	Apprehending preventing current chemical substance control practices and developing new MSDS database	Building database on the harmfulness of chemical substances and the new MSDS reliability review and improvement suggestions
Integrated EHS management	Briefing of REACH preliminary registration	Establishing the REACH registration back-up system
- Developing an integrated system encompassing the six research areas	Awareness survey to develop communication programs for EHS management practice review	Developing EHS management content and the EHS database
	Hankook Tire risk factor review and analysis	Developing communication programs for the initial development and Operation of IT systems
		Suggesting an EHS organizational system

**Occupational Health & Safety Committee(OHS Committee)**

The OHS Committee comprises of nine representatives, all from the labor union and management. The Committee holds quarterly meetings to discuss employees' health and safety issues, such as industrial disaster prevention, working environment measurements and improvements, employee health check-ups and accident analysis and prevention. In particular, the committee discusses all key health and safety management issues in order to develop preventive measures.

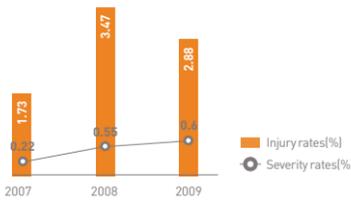
**Injury Rate Reduction Campaigns**

In response to the growing injury rate in 2007, Hankook Tire applied stricter industrial accident guidelines in order to comb out even the very slightest injuries and resulting in further increase in the injury rate from 2008. With an aim to acquire both the OHSAS 18001 and KOSHA 18001 in 2010, we have implemented various programs, including those to prevent musculoskeletal diseases and reduce the injury rate by 50%.

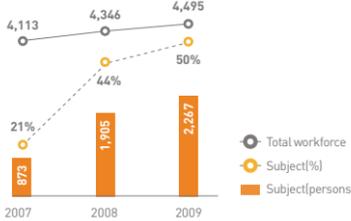
**Intensive Health Care Programs**

The stricter regulations on cerebro- and cardio-vascular diseases have led to a rise in the number of employees requiring intensive health care. In 2010, we created our Health Management Center and developed customized health management programs through use of a work-exposure matrix. Through these programs, in 2010 we aim to see a 30% decrease from 2009 in terms of the number of employees with health issues.

[ Safety Accident Injury & Severity Rates ]



[ Health Care Subjects ]



\* Health care subject: employees with health issues and those under observation for such diseases as high blood pressure, high blood fat, liver disease, and noise-induced hearing loss

... EV4  
**Healthy and Happy Employees**



Inside the Health Promotion Center

[ Operational Structure of the Health Promotion Program ]



\* The original slogan was "Your health is our joy" referring to the employees, their families and the company.

[ H1N1 Patients ]

Worksite	Employees	Family	Total
Head Office	19	15	34
Daejeon Plant	43	134	177
Geumsan Plant	165	125	290
R&D Center	48	40	88
Total	275	314	589

\* Employees and their families in Korea

**Integrated EHS Management System Research**

For the efficient development of Hankook Tire's Integrated EHS Management System, we allotted theme-based research missions to each team and check the progress every month: the EHS system(the EHS Development Unit), the Health Promotion System(the Health Promotion Unit), the Chemical Substance Management System(the Chemical Substance Unit), the Working Environment Management System(the Facility Improvement Unit), the Engineering Management System(the Ventilation Improvement Unit), and the Environmental Assessment System(the General Administration Team and Safety Control Unit).

**Establishing the Basic Infrastructure of an Integrated EHS Management System**

Benchmarking domestic and overseas integrated EHS management system practices, we will develop our own system and reorganize for the efficient operation of the system, establishing our basic EHS management infrastructure.

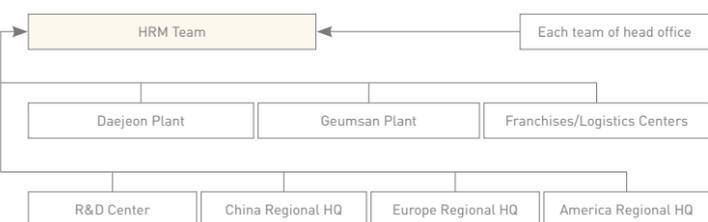
**Realizing the Integrated EHS Management System and the Efficient Operation Plan**

Based on the integrated EHS management database system, we worked to develop an efficient EHS system in line with the individual research findings on health promotion programs, workplace and environmental check database, work-exposure matrix, ventilation management system and chemical substance management system.

**Countering the H1N1 Flu**

In swift response to the global pandemic H1N1 flu over the year 2009, we developed countermeasures and comprehensive guidelines on how to deal with pandemics. Based on national guidelines and the criteria for pandemic crises, we devised a 3-step crisis response plan in order to prevent the disease from spreading and supported employees diagnosed with the flu in their recovery and return to work. In particular, we gave paid leaves to employees who thought they might be sick to get tested for and to recover from the illness. We also conducted compulsory health check-up for those returning from business trips and training. A company-wide emergency contact list enabled the swift update of global developments and the implementation of effective countermeasures. As a result, we were able to minimize the vector risk within the company without undue casualties.

[ H1N1 Emergency Contact List ]



EV 4  
Healthy and Happy  
Employees

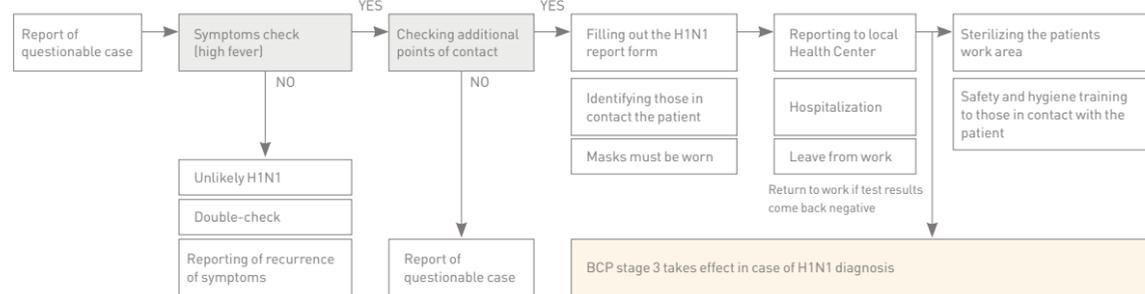


Hand sterilizers  
Thermo scanner

[ Emergency Management Scenario by Crisis Level ]

Category	S-1 stage	S-2 stage	S-3 stage
Crisis level	Normal	Crisis level	Pandemic stage
Signal(national criteria for pandemic diseases)	Caution, Warning	Watch	Serious
Action Plan	Communication Promotion(placards, posters)	Intensifying in-house health awareness - Company-wide H1N1 Flu training	Emergency Committee launched - Business Continuity Planning(BCP)
Hygiene infrastructure	Distributing hygienic paraphernalia - hand sterilizers, thermometers, masks	Increasing distribution of hygienic paraphernalia - Hand sterilizers, thermometers, masks, thermo scanners	Taking inventory of hygienic paraphernalia - Vaccination of the entire workforce
Attendance check	Business as usual Hygiene control in the event of business trips/dispatches/offsite training	Operating attendance guidelines for any abnormal cases Selective restriction on business trips/Dispatches/ Offsite training	Prohibition of business trips/ Dispatches/Offsite training
Health monitoring	Encouraging self-directed hygiene control	health monitoring of the entire workforce - Daily body heat checks and observation for other symptoms	Supplier and franchise management

[ Process ]



# 2010 plan...

For a healthy and happy workplace, we provide our employees with the Employee Value Proposition(EVP) to increase involvement. Our employee involvement goals aim to create a Great Workplace, where employees can realize a balance between life and work.



It was not until 2007 that I gained an interest in CSR. Participating in the process of preparing this report, I was able to better understand the conceptual idea of CSR. The era of capitalism has become part of history, giving way to a sustainable management era in which companies are expected to fulfill various social responsibilities. I have learnt that sustainable management benefits all parts of society, from the employees, local communities and the nation. Therefore, I am proud to be part of this valuable process of enlightening ourselves to the values of CSR.

Jung Hak-jae,  
Assistant Manager,  
Human Resource Management Team

## interview

## Reporting on the Hankook Tire EHS Issues

Since the first news coverage by a local newspaper of our employees' mortality from August 2007 to October 2009, the labor and management have jointly conducted self-regulated Health & Safety Check-ups under the supervision of the Daejeon Office of Ministry of Labor(MOL) and KOSHA from September to October in 2007. Based on the findings, we identified and treated 361 safety and 138 health issues.

[ Labor-Management Joint Self-Regulated Inspection ]

Category	Issues to be corrected	Sub-total	Total	Remarks	
Labor-management self-regulated inspection	Safety	General facilities(facility risks)	63	361	- Constant monitoring by the labor supervisor from the Daejeon Office of Ministry of Labor - Technical support by the KOSHA - Job stress assessment by Uji University Hospital
		Machinery safety(facility risks)	237		
		Electrical safety[electric shock risks including insufficient grounding]	34		
		Chemical engineering, U/T (pressurized container risks, etc.)	27		
Health	Health management (numbers of nurses on staff, etc.)	20	138		
		Working environment assessment (dust cleaning, etc.)		66	
		Musculoskeletal diseases (improving the body stress factors)		52	

[ KOSHA Epidemiology Research Schedule ]

Oct. 1, 2007	Oct. 1, 2007 ~ Feb. 20, 2008	Jan. 8, 2008	Feb. 20, 2008	Nov. 2008 ~ Apr. 2009
- Daejeon Office of Ministry of Labor - Request for Epidemiology Research	Research: a total of 50 visits (35 to Daejeon, 11 to Geumsan and 4 to R&D Center)	Interim report	Conclusion report	Additional research (fine dust, corporate culture)

In order to find the causes, KOSHA conducted thorough epidemiology studies twice from October 2007 to April 2009. The results were reported at the hearings in the presence of the mass media, labor(civic) groups, bereaved families and retirees from Hankook Tire. From Nov. 22 - Dec. 5, 2007, nine officers from the Daejeon Office of MOL and ten officers from KOSHA conducted special labor supervisions at each of our worksites. Their findings detected 1,394 violations and imposed a total of KRW 75.3 million in negligence fines.

Some cases regarding the failure to report industrial accidents are currently undergoing intermediate appeals. The Ministry of Labor and KOSHA has confirmed we have corrected the violations following additional inspections in 2008 and twice in 2009. According to the final findings of the epidemiology study, in February of 2008, the former and current laborers' death rate from 1996 to 2007 stood at 84.0, lower than the nation's mortality ratio based on the Standardized Mortality Ratio(SMR). We failed to identify the cause of these sudden deaths, though it was very unlikely to be cardiac failure due to organic solvents or other chemical substances. On the other hand, over exertion during their shifts and overtime were possible risk factors for coronary artery diseases. In the additional research findings released in April of 2009, the fine dust exposure level was found to be within the legal limit. The exposure to harmful factors in the workplace was found to be lower than it was in 2007.

Based on these findings, the Ministry of Labor and KOSHA distributed manuals to augment health management in the tire manufacturing industry and advised us to strengthen our health management system, improve our response to high fevers and cases of over exertion and to construct an integrated EHS management system.

In compliance with these recommendations, we hired doctors specialized in occupational health in 2010 as well as invested in environmental improvements and facilities to reduce incidents of high fever at our worksites. We now also control and monitor employees' working hours to prevent any over exertion. In order to help our employees' stress management, we support various club activities and hold cultural events for employees and their families, building a trust-based labor-management relationship. Through consulting with several external agencies, including Yeonsei University, we began constructing an integrated EHS management system in April of 2008. Spanning three years and expected to be complete in May 2011, the project is currently on schedule.

Communication with Employees at Global Operations

Hankook Tire Hungary and China Plants utilize diverse communication channels with employees to brief them on quarterly performance. Regional Headquarters also hold a number of gatherings and interviews to address any grievances or suggestions made by local employees.

HUNGARY



Business performance briefing

Under the Hungarian Labor Act, the Hungary Plant established a Work Council in 2006 for a constant partnership. At the moment, 11 members, including the chairman, elected by the local employees, represent the workforce in negotiations with the company over such issues as working conditions, welfare programs and others. The Hungary Plant also upholds the union shop system for the labor union and collaborates with the union.

Type	Target	Period	Descriptions
Business performance Briefing	All employees	Quarterly	Management issues including business results, production/Quality performance, quality & safety issues
Unit managers meeting	Unit Managers	Monthly	Sharing Production/Quality/Roll-out/Profits and goals
Supervisors meeting	Supervisors	Quarterly	Listening to grievances, correcting problems, sharing management policies
Chief operators meeting	Chief operators	Quarterly	Collecting employees' grievances and sharing management information
Labor-management council/Labor Union meeting	Labor-management council/Labor Union	Monthly/Occasionally	Collecting employees' opinions and discussing current issues (HR Operations and Education Team Manager)
	Labor-management council/Labor Union	Quarterly/Occasionally	Maintaining labor-management relationships and sharing company policies (Managing Director of Hungary Plant/Deputy Managing Director of Hungary Plant Operations)
PQ* meeting	Teal managers/Local employees	Weekly	Weekly quality and production issue consulting
Defect meeting	Technician, QC Team managers, local employees	Daily	Meetings for analysis on and countermeasure to defects that occurred the previous day

\* PQ: Product Quality

CHINA



Sports events

Based on the human rights and labor regulations, including the Chinese Labor Act, we operate various programs to invigorate open communications between the employees and the company, including the monthly gatherings, meetings, workshops, birthday parties, hearings and club activities.

Type	Target	Period	Descriptions
Clubs	Common	Month	Basketball, soccer, badminton, table tennis(company subsidies)
Regular health check-up	(all worksites)	Biannually	Regular health check-ups for the entire workforce
		Yearly	Regular check-ups to prevent occupational diseases
Workshop		Yearly	Spring workshops - a 2010 workshop program included an entire workforce's visit to an Expo (company and labor union subsidies)
Birthday parties		Monthly	Birthday parties for employees(plant workers can invite their families) Head office subsidizes birthday party expenses
Sports events		Yearly	Autumn sports events by worksite
Hearings	Plant	Monthly	In collaboration with the labor union, listening to the voices of plant worker representatives(in groups of 32 people)
Ombudsman		Monthly	Planting suggestion boxes at worksites to collect employees' opinions
Supervisors/Chief operators meeting		Monthly	Gatherings in the presence of plant manager, foremen and chiefs
Monthly meeting	Head Office	Monthly	In the presence of Division directors and executives, all employees attend monthly meetings
Labor-management collaboration meeting		Quarterly	Labor-management gatherings led by the Corporate Strategy Officer
Business strategy seminars		Semi-yearly	Led by the Division director and attended by team managers, labor union chairman and TPM secretary general

APPENDIX

Over the past 70 years, Hankook Tire has remained faithful to its social and environmental responsibilities, while making consistent and successful efforts towards economic success. The completion of an integrated CSR management system in 2009 brought those early CSR efforts into a more organized and specialized phase.

- 132 Key Economic Data
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# Key Economic Data

## 1. Consolidated Statements of Income

Unit: millions of KRW

Category	2009	09.01.01~09.12.31	2008	08.01.01~08.12.31	2007	07.01.01~07.12.31
Sales		5,145,136		4,461,209		3,585,761
Cost of sales		3,626,696		3,395,034		2,603,678
Gross margine		1,518,440		1,066,175		982,082
Selling and administrative expenses		898,235		857,391		706,118
Operating income		620,205		208,783		275,964
Non-operating income		251,131		351,705		101,476
Non-operating expenses		359,152		479,759		155,428
Income before income tax		512,184		80,730		222,012
Income tax expense		136,515		57,187		62,321
Net income		375,668		23,542		159,691

## 2. Consolidated Financial Positions

Unit: millions of KRW

Category	2009	09.01.01~09.12.31	2008	08.01.01~08.12.31	2007	07.01.01~07.12.31
<b>Current assets</b>		2,368,151		2,534,713		1,617,352
1.Quick assets		1,472,846		1,287,928		927,016
2.Inventories		895,305		1,246,785		690,336
<b>Non-current assets</b>		2,634,779		2,840,096		2,511,928
1.Investment assets		43,568		35,404		29,726
2.Property, plants and equipment		2,426,193		2,661,338		2,382,836
3.Intangible assets		23,858		20,828		19,514
4.Other non-current assets		141,160		122,526		79,852
<b>Total assets</b>		<b>5,002,930</b>		<b>5,374,809</b>		<b>4,129,280</b>
Current liabilities		2,186,107		2,887,919		1,777,030
Long-term equipment		703,316		719,005		642,905
<b>Total liabilities</b>		<b>2,889,423</b>		<b>3,606,924</b>		<b>2,419,935</b>
Capital		76,095		76,095		76,095
Capital surplus		624,004		624,004		624,004
Capital adjustments		Δ58,462		Δ58,462		Δ12,398
Accumulated other comprehensive income		118,567		123,570		2,210
Earned surplus		1,239,637		919,228		978,876
Minority interests		113,666		83,450		40,558
<b>Total equity</b>		<b>2,113,507</b>		<b>1,767,885</b>		<b>1,709,345</b>

Δ: negative figures

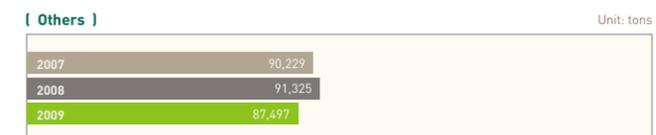
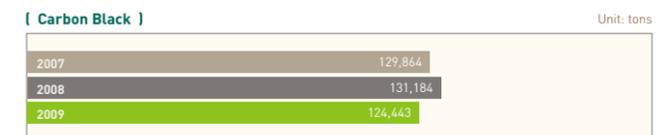
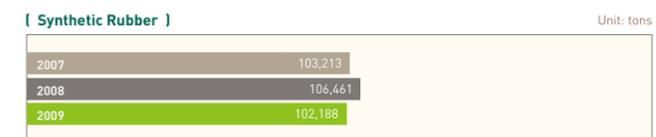
# 1.

# Key Environmental Data

# 2.

## 1. Raw Material Use

Raw material usage slowed in 2009 as plant operation decreased due to falling domestic tire sales in the aftermath of the 2008 global economic recession.



Hankook Tire used recycled materials for about 1.6% of synthetic rubbers in 2009.

## 2. Water Resource Use & Environmental Impact Management

### (1) Water Resource Use

Hankook Tire shortened the frequency of cleansing water replacement in order to minimize water use and improve our environmental facilities' operational efficiency. The Daejeon Plant adopted a wastewater recycling system in 2010, saving about 700 tons of water per day.



### (2) Environmental Impact on Water Sources and Local Ecosystems

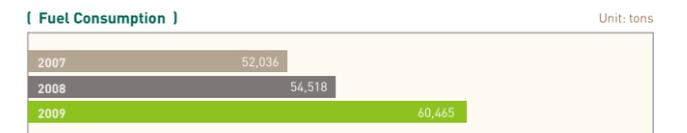
Hankook Tire relies on local utility providers for water resources for domestic operations. The Daejeon Plant's daily requirement of 3,800 tons of water comes from Daecheong Dam. The Geumsan Plant receives 3,200 tons of stream water from Bonghwang watercourse, every day. Bonghwang watercourse is the upstream branch of Geum River. While our water reuse minimizes environmental impact on the water source,

we also strive to reduce water pollutants emissions to minimize impact on the Deokam and Bonghwang watercourses(Average concentration of emissions COD\*: Daejeon Plant: 10.4ppm, Geumsan Plant: 7.6ppm).

\*COD: Chemical Oxygen Demand

## 3. Fuel and Energy Consumption

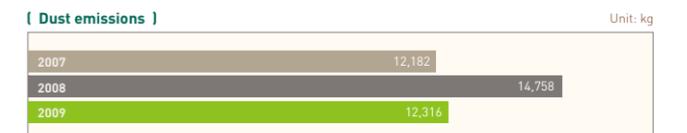
In 2009, Hankook Tire promoted creative innovation TFT activities to reduce energy consumption company-wide. Nonetheless, fuel use increased by 10.9% and electricity use by 0.43%, up from 2008 due to expansion of the Geumsan Plant and the installation of high efficiency pollutant prevention facilities.



## 4. Pollutant Emissions Management

### (1) Air Pollutants

In 2009, we improved our production process and installed efficient pollutant prevention facilities to reduce air pollutant emissions.



**[2] Water Pollutants**

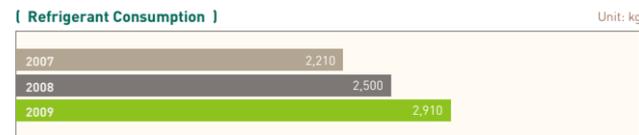
Hankook Tire's domestic operations realized a 13.6% decline in the unit load emissions of COD and increased SS\* by 20% in 2009, on the previous year. The SS emissions increased as the Geumsan Plant undermined filter media efficiency, the capacity of which was expanded over the summer.

\* SS: Suspended Solids



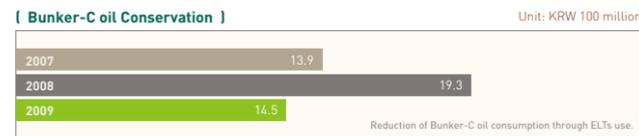
**[3] Ozone Depleting Substance**

Hankook Tire makes its best effort to refrain from using ozone depleting substances. Nevertheless, its use of coolants, the main culprit to ozone depletion, increased 16.4% on the previous year, due to increased refrigeration use.



**5. End-of-Life Tires Management**

Under the Resource Conservation and Recycling Promotion Act, Hankook Tire retrieves waste tires through contractors licensed by the Korea Tire Manufacturers Association(KOTMA) to reuse as fuel for its distillation-type incinerators at Daejeon and Geumsan Plants, saving KRW 1.45 billion worth of Bunker-C oil use.

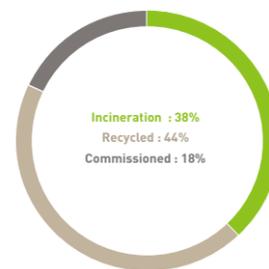


**6. Waste Discharge & Recycling**

For efficient use of scarce resources, Hankook Tire engaged in the 5R campaign: Reuse, Recycle, Reduce, Recover and Reutilize, reducing waste by 21.2% on the previous year. Furthermore, we are building a company-wide Resource Circulation System that enhances resource

usage and adds value through new technologies and diversified methods of waste recycling.

**[ Waste Management ]**



**[ Waste Discharge ]**



**7. Environmental Investment**

Hankook Tire classifies its environmental investment into seven categories and aggregates the related data accordingly. Environmental investment continued to grow by 155% and 138% from 2007 to 2008 and then to 2009, respectively.



**8. Violation of Environmental Regulations and Incidents of Significant Hazardous Substance Spills**

During 2009, Hankook Tire was not subject to fines or any other sanctions due to violation of environmental regulations. Nor were there any cases of spilling significant amounts of hazardous substances.

# Certification & Agreement

- 01. Certification of environmental management [ISO 14001] [Daejeon Plant]
- 02. Certification of environmental management [ISO 14001] [Geumsan Plant]
- 03. Major Stipulation of the Voluntary Agreement for Odor Reduction
- 04. Voluntary Agreement for Odor Reduction
- 05. Voluntary Agreement to Reduce the Use of Chemical Substances



**Internal and External Environmental Audit Results**

In 2009, Hankook Tire led 21 guided inspections on the practices of pollutant discharge, control of air and water pollutants, pollution prevention facilities, waste treatment, and toxic substances control at the Daejeon and Geumsan Plants. There were no records of sanctions for violation of environmental regulations.

**Daejeon Plant:** Inspected 15 times by Daedeok-gu office, 4 times by the Municipal Research Institute of Public Health & Environment, and 2 times by the Korea Environment Corporation

**Geumsan Plant:** Inspected 11 times by Geumsan-gu office, 5 times by the Geum River Basin Environmental Office, and one time by Chungcheongnam-do office

**Environmental Management Certification(ISO 14001)**

In tandem with the tightening global environmental regulations, a growing number of countries demand imported products to acquire environmental certifications. In response, Hankook Tire obtained the certification of environmental management systems [ISO14001] from the German TÜV Rheinland for its long-term, systematic management of the environmental impact of its products, services and manufacturing processes.

**Voluntary Agreement to Reduce the Use and Emission of Odorous & Chemical Substances**

Having signed a voluntary agreement with Daejeon City and Daejeon Federation for Environmental Movement, Hankook Tire makes concerted efforts to reduce the use and discharge of odorous and chemical substances. For instance, we improved processes and facilities and installed high efficiency pollutant prevention facilities.

# Key Human Resource Data

## 1. Workforce Status

Since 2008, when the L.A.A.M. Division was incorporated into the Marketing Staff Office, Hankook Tire reformed its organization into seven offices. Our total workforce including locally-employed foreign workers maintained annual average growth of 2.7% for three years, contributing to job security in the domestic and global markets. In particular, our completion of the Hungary Plant in 2006 created jobs in that country. Since then, our global employment has grown, along with our global expansion plan, with back-to-back completion of plants in China and Southeast Asia.

**( Global Workforce )** Unit: persons

Category	2007	2008	2009
Korean	5,161	5,512	5,692
Locally-employed	8,570	8,708	8,803
<b>Total</b>	<b>13,731</b>	<b>14,220</b>	<b>14,495</b>

**( Job Position Breakdown of Korean Employees )** Unit: persons

Position	2007	2008	2009
Office-workers	1,671	1,808	1,813
Production workers	3,490	3,704	3,879
<b>Total</b>	<b>5,161</b>	<b>5,512</b>	<b>5,692</b>

Note 1) Office workers include executives, managers, staff, CS staffs and contract-based workers  
 Note 2) Data covers only Korean workers

## 2. Workforce by Employment Type

Hankook Tire employees are classified as office and production workers. Over the past three years, we have continued to expand our employment of office workers, while the factory expansion at Geumsan Plant also increased the number of production workers. As a result, the workforce expanded by 10.3% from 2007 to 2009. All employees counted are permanent workers.

## 3. Workforce by Gender

Characteristic to its line of business, Hankook Tire has a relatively low portion of female workers, though that is now on the increase. In 2008, the portion of female workers under employ grew by 17.1%, slowing in 2009 due to fewer total hires. Most female employees are office workers, but we will gradually expand the roles for female production workers, in the future.

Unit: persons

Gender	2007	2008	2009
Male	5,003	5,327	5,497
Female	158	185	195
<b>Total</b>	<b>5,161</b>	<b>5,512</b>	<b>5,692</b>

## 4. Disabled Employment

Hankook Tire upholds the human rights of its employees based on its management philosophy that values highly competent people. In complying with the Employment Promotion Act for Disabled People our disabled employee numbers meet over 60%, required by Korean law. Any case of injury or results disability is fairly compensated or guaranteed with employment positions fitting their altered capabilities. Recently, we expanded our disability recruitment, to keep pace with government's employment policy.

Unit: persons

Category	2007	2008	2009
<b>Employment</b>	<b>59</b>	<b>66</b>	<b>74</b>

## 5. Retirement

In 2008, a growing number of workers left the company in search of other careers during a more flexible job market. In 2009, however, office worker retirement declined, as many were reluctant to leave in a bad job market, in the aftermath of the global financial crisis. The number of production workers grew in the same year; the number of workers reaching the retirement age doubled at the Daejeon Plant.

Unit: persons

Category	2007	2008	2009	Average	Total
Office workers	124	199	136	153	459
Production workers	37	20	52	36	109
<b>Total</b>	<b>161</b>	<b>219</b>	<b>188</b>	<b>189</b>	<b>568</b>

## 6. Average Service Year

Hankook Tire has been in operation for 68 years. There are only a handful of Korean companies that have steadfastly manufactured a single product for so long, providing job security to their employees. For instance, the average duration of employment stood at 12 years, for the past three years: higher compared to that of other companies.

Unit: years

Category	2007	2008	2009
<b>Average service year</b>	<b>11.93</b>	<b>11.91</b>	<b>12.11</b>

## 7. Average Wage

Hankook Tire does not discriminate payment based on gender whatsoever. Our wages well exceed the legal minimum wage. The initial wage of office and production workers are equal for both men and women. Neither is there gender discrimination in welfare benefits nor other personnel management policies.

# GRI Index Table

Profile Disclosure	Description	Hankook Tire Focus Areas - Reported	Page
Structure			
Strategy and Analysis	<b>1.1</b> Statement from the most senior decision-maker of the organization <b>1.2</b> Description of key impacts, risks, and opportunities	Global CEO Message, Top Management Message Global CEO Message, Top Management Message, Materiality Analysis, R & R by Focus Area, Integrated Risk Management Operational Framework	8-11 43, 45(fold-out), 104-105
Profile of Organization	<b>2.1</b> Name of the organization <b>2.2</b> Primary brands, products, and/or services <b>2.3</b> Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures <b>2.4</b> Location of organization's headquarters <b>2.5</b> Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Company Profile Brands & Products Organization Chart	14 16-19 14
	<b>2.6</b> Nature of ownership and legal form <b>2.7</b> Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Company Profile, Hankook Tire Global Network Expanding global integrated CSR management systems, Hankook Tire Global Network	14, 142-143 40, 142-143
	<b>2.8</b> Scale of the reporting organization <b>2.9</b> Significant changes during the reporting period regarding size, structure, or ownership	Responsible Corporate Governance, Major Shareholders, Board of Director Composition Global Network, Brands & Services	20-23 142-143, 16-19
	<b>2.10</b> Awards received in the reporting period	Company Profile, Appendix(Key Human Resource Data) 2009 CSR Highlights	14, 136 30-31
Report Parameters	<b>3.1</b> Reporting period for information provided <b>3.2</b> Date of most recent previous report <b>3.3</b> Reporting cycle <b>3.4</b> Contact point for questions regarding the report or its contents <b>3.5</b> Process for defining report content <b>3.6</b> Boundary of the report <b>3.7</b> State any specific limitations on the scope or boundary of the report <b>3.8</b> Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	2009 Awards & Recognition About This Report About This Report(published the first Hankook Tire CSR Report) About This Report About This Report, Back cover About This Report About This Report About This Report, Integrated CSR Management System About This Report	13 C2 C2 C2 C2, C4 C2 C2 C2, 32-45 C2
	<b>3.9</b> Data measurement techniques and the bases of calculations <b>3.10</b> Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement <b>3.11</b> Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	About This Report, Integrated CSR Management System About This Report(published the first Hankook Tire CSR Report) About This Report(published the first Hankook Tire CSR Report)	C2, 32-45 C2 C2
	<b>3.12</b> Table identifying the location of the Standard Disclosures in the report <b>3.13</b> Policy and current practice with regard to seeking external assurance for the report	GRI Index Table About This Report, Independent Assurance Statement	137-139 C2, 140-141
Governance, Commitments, and Engagement	<b>4.1</b> Governance structure of the organization <b>4.2</b> Indicate whether the Chair of the highest governance body is also an executive officer <b>4.3</b> For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive member. <b>4.4</b> Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body <b>4.5</b> Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance <b>4.6</b> Processes in place for the highest governance body to ensure conflicts of interest are avoided <b>4.7</b> Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics <b>4.8</b> Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation <b>4.9</b> Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance <b>4.10</b> Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance <b>4.11</b> Explanation of whether and how the precautionary approach or principle is addressed by the organization <b>4.12</b> Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses <b>4.13</b> Memberships in associations[such as industry associations] and/or national/international advocacy organizations in which the organization	Responsible Corporate Governance Board of Director Composition Board of Director Composition Top Management Decision-Making Process Board of Director Composition, Global Strategy Committee, Established a fair and transparent personnel management system Top Management Decision-Making Process Professional operation of Board of Director with strengthened accountability(need to enhance social and environmental expertise within the board) Hankook Tire CSR Principles Responsible Corporate Governance- Subcommittees, Hankook Tire CSR Principles Responsible Corporate Governance- Subcommittees, Hankook Tire CSR Principles Integrated CSR Management System, Integrated Risk Management, Climate Change & GHG Management Associations & Memberships, WBCSD-TIPG Associations & Memberships	20-23 20 20 21 20, 22-23, 121 21 20 37 23, 37 21-22, 37 32-45, 103-114, 57-64 13, 102 13
	<b>4.14</b> List of stakeholder groups engaged by the organization <b>4.15</b> Basis for identification and selection of stakeholders with whom to engage <b>4.16</b> Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group <b>4.17</b> Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Stakeholder-oriented CSR Stakeholder-oriented CSR Stakeholder-oriented CSR, Materiality Analysis Stakeholder-oriented CSR, Materiality Analysis, R&R by Focus Area	41-42 41-42 41-43 41-45

# 4.

●: Reported, ◐: Partially Reported, ○: Not Reported, N/A: Not Applicable

Profile Disclosure	Description	Hankook Tire Focus Areas - Reported	Coverage	Page
<b>ECONOMIC DISCLOSURE ON MANAGEMENT APPROACH</b>				
Economic Performance	<b>EC1</b> Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Creating economic value(plan to report on the distribution of economic value), Company Profile, Key Economic Data, 2009 Community Engagement Program Investments, Overview of Hankook Tire Welfare Foundation, Key Human Resource Data	◐	14, 132, 80, 84, 136
	<b>EC2</b> Financial implications and other risks and opportunities for the organization's activities due to climate change	Materiality Analysis, Climate Change & GHG Management	●	43, 57-64
	<b>EC3</b> Coverage of the organization's defined benefit plan obligations	Improving Welfare Programs	●	118
	<b>EC4</b> Significant financial assistance received from government	Not reported(plan to report on governmental supports and subsidies as well as national projects)	○	-
Market Presence	<b>EC5</b> Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Key Human Resource Data(Average Wage)	●	136
	<b>EC6</b> Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Promoting eco-friendly, green purchasing practices	●	73-74
	<b>EC7</b> Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Preference to Local Employment/Key human Resource Data (locally-employed Workforce)	●	121, 136
	<b>EC8</b> Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	Minimizing Environmental Impact, Customer satisfaction & value creation, Community engagement & development projects	●	52-55, 93-97, 75-85
	<b>EC9</b> Understanding and describing significant indirect economic impacts, including the extent of impacts	Community engagement & development projects	●	75-85
<b>ENVIRONMENT DISCLOSURE ON MANAGEMENT APPROACH</b>				
Materials	<b>EN1</b> Materials used by weight or volume	Key Environmental Data- Raw Material Use	●	133
	<b>EN2</b> Percentage of materials used that are recycled input materials	Key Environmental Data- Raw Material Use	●	133
Energy	<b>EN3</b> Direct energy consumption by primary energy source	Key Environmental Data- Fuel and Energy Use	●	133
	<b>EN4</b> Indirect energy consumption by primary source	Key Environmental Data- Fuel and Energy Use	●	133
	<b>EN5</b> Energy saved due to conservation and efficiency improvements	Key Environmental Data- Fuel and Energy Use, Identifying the source of GHG emissions and reducing emission amount	●	133, 60-61
	<b>EN6</b> Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Eco-friendly Products, Expanding Eco-Friendly Products	●	18-19, 56
	<b>EN7</b> Initiatives to reduce indirect energy consumption and reductions achieved	Resource Circulation Environmental Management, Identifying the source of GHG emissions and reducing emission amount	◐	50-51, 60-61
Water	<b>EN8</b> Total water withdrawal by source.	Key Environmental Data-Controlling Water Resource Use & Environmental Impact	◐	133
	<b>EN9</b> Water sources significantly affected by withdrawal of water	Key Environmental Data-Controlling Water Resource Use & Environmental Impact	●	133
	<b>EN10</b> Percentage and total volume of water recycled and reused	Installing a wastewater recycling system at the Daejeon Plant	●	50-51
Biodiversity	<b>EN11</b> Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Research and analysis of the details in plan	○	-
	<b>EN12</b> Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Research and analysis of the details in plan	○	-
	<b>EN13</b> Habitats protected or restored	Research and analysis of the details in plan	○	-
	<b>EN14</b> Strategies, current actions, and future plans for managing impacts on biodiversity	Research and analysis of the details in plan	○	-
	<b>EN15</b> Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Research and analysis of the details in plan	○	-
Emissions, Effluents, and Waste	<b>EN16</b> Total direct and indirect greenhouse gas emissions by weight	Building GHG inventory, Verification Opinion	●	63-64
	<b>EN17</b> Other relevant indirect greenhouse gas emissions by weight	Plan to measure and report on other indirect GHG emissions	○	-
	<b>EN18</b> Initiatives to reduce greenhouse gas emissions and reductions achieved	Identifying the source of GHG emissions and reducing emission amount	◐	60-61
	<b>EN19</b> Emissions of ozone-depleting substances by weight	Key Environmental Data- Ozone Depleting Substance Emissions	●	134
	<b>EN20</b> Green Management- Usage of Ozone-destroying substances	Key Environmental Data- Air Pollutant Emissions	●	133
	<b>EN21</b> Total water discharge by quality and destination	Key Environmental Data- Controlling Water Resource Use & Environmental Impact, Water Pollutants	●	133-134
	<b>EN22</b> Total weight of waste by type and disposal method	Key Environmental Data-Treatment of ELTs, Waste Discharge & Recycling	●	134
	<b>EN23</b> Total number and volume of significant spills	Key Environmental Data-Violation of Environmental Regulations and Discharge of Significant Hazardous Substances	●	134
	<b>EN24</b> Weight of transported, 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	Not applicable	N/A	-
	<b>EN25</b> Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and run off	Key Environmental Data- Controlling Water Resource Use & Environmental Impact, Water Pollutants	●	133-134
Products and Services	<b>EN26</b> Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Eco-friendly Products, Expanding Eco-Friendly Products	●	18-19, 56
	<b>EN27</b> Percentage of products sold and their packaging materials that are reclaimed by category	Key Environmental Data-Treatment of ELTs	●	134
Compliance	<b>EN28</b> Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Key Environmental Data-Violation of Environmental Regulations and Discharge of Significant Hazardous Substances	●	134
Transport	<b>EN29</b> Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Controlling the Environmental Impact of Transport & Migration	●	52
Overall	<b>EN30</b> Total environmental protection expenditures and investments by type	2009 Community Engagement Data, Key Environmental Data -Environmental Investment Expenses	●	80, 84, 134

Profile Disclosure	Description	Hankook Tire Focus Areas - Reported	Coverage	Page
<b>LABOR DISCLOSURE ON MANAGEMENT APPROACH</b>				
Employment	<b>LA1</b> Total workforce by employment type, employment contract, and region	Key Human Resource Data- Workforce	●	136
	<b>LA2</b> Total number and rate of employee turnover by age group, gender, and region	Key Human Resource Data- Retirement	●	136
	<b>LA3</b> Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Improving Welfare Programs, Work & Life Balance Programs	●	118
Labor/Management Relations	<b>LA4</b> Percentage of employees covered by collective bargaining agreements	Labor Union Membership & Labor Union Organization Chart, Operating the labor union & handling employees' complaints,	●	118-119
	<b>LA5</b> Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Open Communication Management, Operating the labor union & handling employees' complaints	◐	118
Occupational Health and Safety	<b>LA6</b> Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs	Occupational Health and Safety Committee	●	126
	<b>LA7</b> Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Injury Rates & Severity Rates	●	126
	<b>LA8</b> Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Opening the clinic to local community, Medical Support, Healthy and Happy Employees	●	81-84, 125-128
	<b>LA9</b> Health and safety topics covered in formal agreements with trade unions	Occupational Health and Safety Committee	●	126
Training and Education	<b>LA10</b> Average hours of training per year per employee by employee category	Annual Average Employee Training Hours and Costs	●	124
	<b>LA11</b> Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Growth-oriented Training System	●	123-124
	<b>LA12</b> Percentage of employees receiving regular performance and career development reviews	Equal opportunities in Personnel Management	●	120-122
Diversity and Equal Opportunity	<b>LA13</b> Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Board of Director Composition, Key Human Resource Data -Workforce	●	20-21, 136
	<b>LA14</b> Ratio of basic salary of men to women by employee category	Key Human Resource Data-Average Wage	●	136
<b>HUMAN RIGHTS DISCLOSURE ON MANAGEMENT APPROACH</b>				
Human Rights Disclosure on Management Approach	<b>HR1</b> Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Supplier Management & Relationship Policy	◐	68-69
	<b>HR2</b> Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Supplier Management & Relationship Policy	◐	68-69
	<b>HR3</b> Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Helping employees understand and build CSR competences	◐	38
Non-discrimination	<b>HR4</b> Total number of incidents of discrimination and actions taken	Upholding Diversity and Equality	●	120
Freedom of Association and Collective Bargaining	<b>HR5</b> Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Operating the labor union & handling employees' complaints	●	118-119
Child Labor	<b>HR6</b> Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Elimination of Child Labor and Forced Labor	●	121
Forced and Compulsory Labor	<b>HR7</b> Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor	Elimination of Child Labor and Forced Labor	●	121
Security Practices	<b>HR8</b> Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Training Security Guards on Human Rights Policy and Process	●	120
Indigenous Right	<b>HR9</b> Total number of incidents of violations involving rights of indigenous people and actions taken	Not applicable	N/A	-
<b>COMMUNITY DISCLOSURE ON MANAGEMENT APPROACH</b>				
Community	<b>S01</b> Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Community Involvement & Development	●	75-85
Corruption	<b>S02</b> Percentage and total number of business units analyzed for risks related to corruption	Analysis and management of related data in plan	○	-
	<b>S03</b> Percentage of employees trained in organization's anti-corruption policies and procedures	Business Ethics Training, Training programs that meets global standards	●	24-29
	<b>S04</b> Actions taken in response to incidents of corruption	Establishing a system of regular monitoring and diagnosis	●	26-27
Public Policy	<b>S05</b> Public policy positions and participation in public policy development and lobbying	Plan to report on the details in the future	○	-
	<b>S06</b> Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	Plan to report on the details in the future	○	-
Anti-Competitive Behavior	<b>S07</b> Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes	Transparency & Business Ethics	◐	27
Compliance	<b>S08</b> Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	Key Environmental Data-Violation of Environmental Regulations and Discharge of Significant Hazardous Substances	●	134
<b>PRODUCT RESPONSIBILITY DISCLOSURE ON MANAGEMENT APPROACH</b>				
Customer Health and Safety	<b>PR1</b> Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Brands & Services, Customer Satisfaction & Value Creation, Enhancing product line-ups	●	16, 93-97, 100
	<b>PR2</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	No violation(Brands & Products)	●	16
Product and Service Labeling	<b>PR3</b> Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Customer Satisfaction & Value Creation	◐	93-97
	<b>PR4</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	None	◐	139
	<b>PR5</b> Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Active Communication	●	91-92
Marketing Communications	<b>PR6</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	None	◐	139
	<b>PR7</b> Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	None	◐	139
Customer Privacy	<b>PR8</b> Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None(Operational Risk - Efforts to strengthen corporate and customer information security)	●	110
Compliance	<b>PR9</b> Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None	◐	139

# Independent Assurance Statement for Hankook Tire CSR Report 2009

## 5.

### Introduction

The KoreaCSR Consulting Group(KoreaCSR) was asked by Hankook Tire to conduct an independent assurance of its 2009 CSR Report(hereinafter the Report) on sustainability management performance and future goals. Our assurance involvement is aimed at 1) reviewing the overall reporting processes for any shortcomings or improvements 2) obtaining an assurance that the statements and data cited in the Report are free of material misstatement or bias to ensure the information is adequate and reliable. Hankook Tire is responsible for the preparation of and all information and claims contained within the Report, including data collection.

### Assurance Scope

1. Adequacy of the data collection procedures and systems
2. Accuracy of the financial information and qualitative data
3. Appropriateness and accuracy of qualified non-financial information
4. Inclusiveness of the report preparation process, including the materiality test
5. Responsiveness to stakeholder participation and communication
6. Efficiency of adequate implementation of system, policy and infrastructure commitments
7. Identification of improvements through entire report review

The scope of this report covers the Global headquarter, the Daejeon and Geumsan Plants, the R&D Center and the other domestic operations of Hankook Tire and their 2009 performance. Consequently, the scope of the assurance is also confined to the domestic operations of Hankook Tire. The Assurance does not include financial nor greenhouse gas data. By consent of Hankook Tire, the scope and objective of the Assurance was determined and this statement summarizes only the conclusion of the Assurance Statement that followed the detailed assurance process.

### Assurance Guidelines

The Assurance was conducted in accordance with the standards and methodologies widely used for CSR Reports independent assurance. In addition, internationally used guidelines for sustainability management and CSR reporting were also used as guidelines, including:

1. ISAE3000 / 2. AA1000AS and AA1000APS(2008) / 3. GRI-G3 Guideline

### Assurance Procedures and Methodology

The Assurance was conducted based on Korea CSR's Assurance Principles(5C) and the reporting principles set forth by globally used third party assurance guidelines: inclusivity, materiality, responsiveness of the process and contents of the Report. The contents of the Report reflect an analytic approach which verified the evidence reviewing documents and interviewed all staff responsible for individual issues to obtain assurance objectives. We reviewed the stakeholder involvement and dialogue processes to ensure that all stakeholders' expectations and demands regarding the company's material CSR issues are fairly addressed and reflected. We reviewed Hankook Tire's processes and systems for financial and non-financial data collection and management. We reviewed the process of identifying key CSR managerial issues, such as the materiality test, in order to assess the appropriateness and effectiveness of key managerial issues. In order to assess the actual practice and application of CSR activities in management activities, we have

reviewed the management's decision-making process, reporting procedures and systems, interviewing both top management and working-level staff. In review of the accuracy and transparency of information and data contained in the Report, we requested and analyzed the evidence. We also checked whether the Report complies with international reporting guidelines, including the GRI and if readers are fairly provided with plausible reasons for any omitted indicators or future plans not contained.

### Korea CSR's CSR Report Assurance Principles: 5C

#### 1.Contents

The Report's contents shall fairly disclose useful information and fairly present information that stakeholders demand.

#### 2.Commitment

The Report shall fairly represent commitments and action plans from stakeholders demands and expectations.

#### 3.Comparability

The Report's contents shall include comparable statistical data and performances each year and at each worksite.

#### 4.Credibility

The Report's contents shall be 100% credible.

#### 5.Communication

The Report shall be structured and written in a reader-friendly language.

### Overview

Hankook Tire applied the assurance process to all procedures, from establishing an integrated CSR management system, developing CSR strategies and planning the CSR Report to the publication of the Report. This third party review opinions to be applied to the process of the Report's preparation. In particular, Hankook Tire differentially reported on its response to stakeholders' demands by presenting the CSR Focus Areas identified in the materiality test, along with future plans and goals. In particular, the Report articulates the relevant departments and operational framework by issues and details the roles and responsibilities by giving unique codes to each issue. This also improved the utility of the Report as an action manual, enhancing the reliability of the Report. Hankook Tire has fairly reported on its performance in conformity with international guidelines including the GRI. However, the company is required to clearly state the reasons for not covering certain data or information in part or completely along with future plans to report. Furthermore, based on the assurance of the final copy, the Report does not contain any significant misstatement or bias.

### Conclusions

\*The conclusion is open to recommendations for future considerations for improvement to the quality of the Report.

### Integrated CSR Management Systems

1. The KoreaCSR Independent Assurance Team observed that Hankook Tire's stakeholder engagement and communication process contributed to developing material CSR management issues. However, the company is required to expand the scope of stakeholder communication and recommended to encourage stakeholders' participation in the review of the CSR Report.
2. Our review showed that the information and data contained in the Report are highly reliable. Nonetheless, the non-financial data collection, management and reporting system still needs operational improvement. As for the company-wide reporting system, standardized work processes, guidelines for data collection and integrated management schemes, these were incomplete, resulting in a waste of time and effort of data collection and management. Therefore, it is recommended that the company establish an IT-based CSR management system that is linked to the existing management systems and develop the infrastructure for systematic CSR data management, monitoring and performance evaluation.
3. Hankook Tire conducted a 10-step stakeholder communication process and sophisticated materiality test to identify the four CSR Focus Areas and their attendant issues. The procedures fairly reflected the social concerns, business impact and stakeholder concerns. Furthermore, the CSR Steering Wheel is the differentiated system that best represents the material issues of Hankook Tire.
4. All CSR activities at Hankook Tire are developed based on the relevance to the core functions of each department, ensuring that CSR initiatives are incorporated across the entire value chain of the company's business activities. Still, most of the employees, excluding the CSR staff, lack fair recognition in CSR initiatives and need training.

### Recommendations by Focus Area

#### 1. Environmental Management

- Integrated Environmental Management Plans
  - Recommended to present comparisons of environmental management issues and performance data by worksite
  - Recommended to present detailed goals for development and production of eco-friendly products
  - Recommended to present environmental impact, product risk and processes, and the company's initiatives to take control
- Climate Change & GHG Management
  - Recommended to present GHG reduction goals by sources of emissions at each worksite
  - Recommended to present environmental protection initiatives, including bio diversity
  - Recommended to present the initiatives to promote low-carbon, green purchasing practices

#### 2. External Stakeholders Satisfaction Management

- Win-Win Supply-Chain Partnerships
  - Recommended to present the number of suppliers by type, size and other relationship standards
  - Recommended to report the communication channels and the dialogue's results with suppliers
- Community Involvement and Development
  - Recommended to present the number of participants and annual average person-hours of philanthropic activities
  - Recommended to present the assessment of business impact on local communities and the company's efforts to solve such issues
  - Recommended to present feedback and opinions of local communities
- Customer Satisfaction & Quality Management
  - Recommended to present the company's efforts to communicate with dealers and consumers
  - Communicate not only with dealers but also customers as well
  - Recommended to present the company's initiatives, such as providing fairly product information and labels

#### 3. Integrated Risk Management

- Recommended to present the opportunities and losses by risk issues
- Recommended to present the company's efforts to develop a manual on how to deal with risks by issue
- Recommended to present the company's initiatives to train employees on major risk issues and its response to them

#### 4. Employee Value Creation & EHS Management

- Recommended to present programs and training to protect and improve human rights and labor rights, including diversity and equality
- Recommended to present detailed EHS-related data and strategies such as injury rate and frequency, as well as the number of industrial accident cases by worksite and type of accident

### Competence & Independence

KoreaCSR was not involved in the procedure of preparing the Report. Consisting of global CSR and sustainability experts, the Independent Assurance Team was able to ensure independence, autonomy and fairness, separate from interests in or influence by Hankook Tire.

Public Chain through  
Korea CSRSustainability

CSR Insight  
CSR & Sustainability Global Think Tank

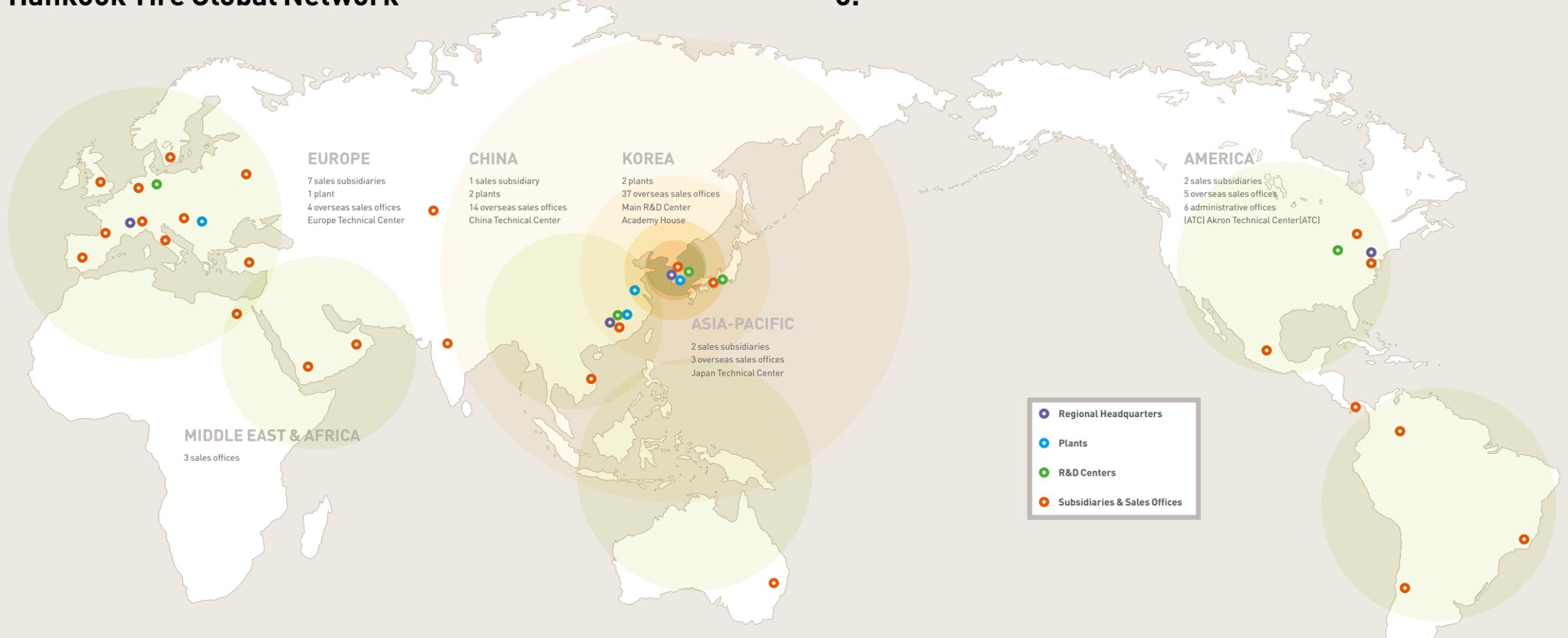
Seoul, July. 28, 2010

CEO & President / Yoo, Myung-hoon

유 명 훈 .

# Hankook Tire Global Network

6.



Hankook Tire expands our contact with consumers around the world through the extensive global network

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## Overseas Sales Subsidiaries

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 Siemens Strasse 5A 63263 Neu-Isenburg, Germany  
 T. +49-6102-599-82-00 / F. +49-6102-599-82-49

**Hankook Tyre U.K. Ltd.**  
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 T. +44-1327-304-100 / F. +44-1327-304-110

**Hankook France S.A.R.L.**  
 115 Boulevard Stalingrad, Central Parc 2 69100 Villeurbanne, France  
 T. +33-4-72-69-76-40 / F. +33-4-78-94-15-72

**Hankook Tire Italia S.R.L.**  
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**Hankook España, S.A.**  
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**Hankook Tire Budapest Kereskedemi KFT**  
 IP West Building, Budafoki ut 91-93, H-1117 Budapest, Hungary  
 T. +36-1-464 3661 / F. +36-1-464-3669

**Hankook Tire Co., Ltd. Moscow Office**  
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**Hankook Tire Canada Corp.**  
 30 Resolution Drive, Brampton, Ontario, L6W 0A3, Canada  
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**Hankook Tire America Headquarters**  
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**Hankook Tire Japan Corp.**  
 9F Naniwasuji honmachi MID Building, 2-3-2, Utsubo-honmachi, Nishi-ku, Osaka, 550-0004, Japan  
 T. +81-6-4803-8871 / F. +81-6-4803-8882

**Hankook Tyre Australia Pty., Ltd.**  
 Building A, Level 3, 11 Talavera Road, Macquarie Park, NSW 2113, Australia  
 T. +61-2-9870-1200 / F. +61-2-9870-1201

\*Please see the Hankook Tire 2009 Annual Report for more details.

# Hankook Tire Stakeholder Survey

Fill out the following questionnaire,  
providing your invaluable opinion about the  
Hankook Tire CSR Report 2009.  
Your ideas and suggestions will be reflected  
in our future CSR strategies and reports.

# Stakeholder Survey

## 01. Which of the following stakeholder groups are you a part of?

- |   |                                      |   |  |
|---|--------------------------------------|---|--|
| <input type="checkbox"/> Shareholders/Investors | <input type="checkbox"/> Employees   | <input type="checkbox"/> Customers                | <input type="checkbox"/> Civic groups and NPOs                     |
| <input type="checkbox"/> Suppliers              | <input type="checkbox"/> Companies   | <input type="checkbox"/> Local communities        | <input type="checkbox"/> Governmental bodies/<br>local governments |
| <input type="checkbox"/> Media/Press            | <input type="checkbox"/> CSR experts | <input type="checkbox"/> Students/Academic worker |  |
| <input type="checkbox"/> Others ( )             |                                      |   |  |

## 02. What is your primary concern among the following sections of the Hankook Tire CSR Report 2009? (multiple choice)

- |   |   |
|---|---|
| <input type="checkbox"/> 2009 CSR Highlights                                    | <input type="checkbox"/> Focus 01-2. Climate Change & GHG Management            |
| <input type="checkbox"/> Integrated CSR Management System                       | <input type="checkbox"/> Focus 02-1. Win-Win Supply-Chain Partnership           |
| <input type="checkbox"/> Stakeholder-Oriented CSR                               | <input type="checkbox"/> Focus 02-2. Community Involvement & Developments       |
| <input type="checkbox"/> Materiality Analysis                                   | <input type="checkbox"/> Focus 02-3. Customer Satisfaction & Quality Management |
| <input type="checkbox"/> Hankook Tire CSR Steering Wheel 2009                   | <input type="checkbox"/> Focus 03. Integrated Risk Management                   |
| <input type="checkbox"/> Role & Responsibility by Focus Area                    | <input type="checkbox"/> Focus 04. Employee Value Creation & EHS Management     |
| <input type="checkbox"/> Focus 01-1. Integrated Environmental Management System |   |

## 03. State your opinions and suggestions for any improvements that can be made to Hankook Tire CSR Report 2009.

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## 04. What is your overall evaluation of the content of the Hankook Tire CSR Report 2009?

- |               |                                  |                                      |                                     |
|---------------|----------------------------------|--------------------------------------|-------------------------------------|
| - Readability | <input type="checkbox"/> Easy    | <input type="checkbox"/> Normal      | <input type="checkbox"/> Difficult  |
| - Information | <input type="checkbox"/> To much | <input type="checkbox"/> Appropriate | <input type="checkbox"/> Incomplete |
| - Design      | <input type="checkbox"/> Good    | <input type="checkbox"/> Not bad     | <input type="checkbox"/> Bad        |

**Thank you.**

Please send the sheet by mail or fax to:

CSR Team, Hankook Tire, 647-15, Yeoksam-dong, Gangnam-gu, Seoul, Korea Tel.: +82-2-2222-1670-5, Fax: +82-2-2222-1721, e-mail: csr@hankooktire.com