

HANKOOK TIRE CSR REPORT 2010

DRIVING CSR, DRIVING SUSTAINABLE MOBILITY

For the last 70 years Hankook Tire and its shareholders have journeyed together conjointly on a path dotted with fascinating developments and evolution.

With our CSR initiatives deeply ingrained in our corporate culture, we usher in a sustainable future where we abound in alliance with all of our stakeholders.

We unceasingly take the first step towards a better world and a brighter tomorrow.

About This Report

(Detailed Information on the Report)

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Application of ISO 26000

We actively incorporate ISO 26000 that went into effect November 1, 2010 into our company-wide CSR operations. In particular, we use this international CSR guideline as an indicator to carry out CSR self-evaluations and identify key managerial issues. We also use it as a supplement to the GRI guidelines to make our CSR Report more comprehensive. (Refer to the GRI-G3, ISO 26000 Checklist on page 98) We plan to make even better use of ISO 26000 for our CSR to concur with multinational standards and we are to help our suppliers to monitor and evaluate their CSR activities.

Purpose

This report is to present our overall CSR (Corporate Social Responsibility) performance in economy, society and in the environment during the 2010 year and present our detailed mid-term plans and commitments for 2011 and beyond. We intend to use this report as a communication channel with our esteemed stakeholders to reflect their expectations and appeals in every aspect of our business operation.

Reporting Standards and Principles

We report against the GRI-G3 guidelines in order to satisfy global standards and to ensure that this report is better utilized as our in-house disclosure document. In so doing, we aim to satisfy the expectations and demands of wide-ranging stakeholders both domestically and abroad as a global company. Our CSR reporting principles mark reliability, appropriateness, content completeness and procedural transparency. This is our second CSR Report to date and such reports are set to be published annually. The third report is slated for publication in April of 2012.

Reporting Period and Scope

This report covers the period between January 1 2010 and December 31 2010. To further substantiate the information in this report, key sections of this content include extended data coverage between 2008 and March 2011. To assist stakeholders in understanding what we are to improve against the 2010 achievements and what the detailed action plans are, this report presents our mid-term roadmap in each Key Managerial Issue and our 2011 action plans in concrete terms. The report primarily covers our Korean worksites including the headquarters in Seoul, plants in Daejeon and Geumsan and the R&D Center. The content also includes pertinent information regarding our overseas sites in Hungary and China on such areas of Environmental Management, Community Involvement and Development and Employee Value Creation. We aim to expand the reporting coverage continuously to comprehensively reflect our CSR initiative and achievements at our overseas sites.

Independent Assurance

This report was confirmed by an independent assurance provider. This confirmation was received to fully ensure the appropriateness and completeness of the reporting process as well as the transparency and comprehensiveness of the disclosed information. Entire CSR reporting assurance (including interviews, data reviews and physical inspections of worksites) of the whole reporting process and report content as well as critical information and data in this report was performed by KoreaCSR (www.koreacsr.com), an independent assurer-(statement included at the end of this report.)

Target Audience

For our core stakeholders (customers, employees, suppliers, local communities, nature/ecology/climate, shareholders and investors) and general stakeholders (civil organizations, students, central/local governments, competitors, and media agents), we ensure transparent disclosure of our CSR performance and welcome their candid feedback.

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FOCUS AREAS

STAKEHOLDERS

FOCUS 01 Environmental Management 32~43

		Customers	Employees	Suppliers	Local Communities	Nature/ Ecology/ Climate	Shareholders/ Investors
01-1 Integrated Environmental Management System	32						
Resources Recirculation Environmental Management	34	•	•	•	•	●	•
Minimizing the Environmental Impact	35	•	•	•	●	●	•
Expanding Eco-friendly Products	36	●	●	●	•	●	•
01-2 Climate Change & GHG Management	38						
Identifying GHS Emission Sources and Reducing Emissions	40	•	•	•	•	●	•
Setting Goals to Specifically Lower Each Emission Source	41	•	•	•	•	●	•
Disclosing Emissions and Communicating Reduction Efforts	42	•	•	•	•	●	•
Establishing the Supply-chain Carbon Management System	43	•	•	●	•	●	•

FOCUS 02 Health & Safety Management 44~51

		Customers	Employees	Suppliers	Local Communities	Nature/ Ecology/ Climate	Shareholders/ Investors
Strengthening Employee Health Management	46	•	●	•	•	•	•
Strengthening Safety Management Systems	48	•	●	•	•	•	•
Establishing Integrated EHS Management Systems	50	•	●	•	•	●	•

FOCUS 03 External Stakeholder Satisfaction Management 52~77

		Customers	Employees	Suppliers	Local Communities	Nature/ Ecology/ Climate	Shareholders/ Investors
03-1 Win-Win Supply-chain Partnership	52						
SRM (Supplier Relation Management)	54	•	•	●	•	•	•
Communication with Suppliers	55	•	•	●	•	•	•
Win-win Partnership Program	56	•	•	●	•	•	•
Promoting Eco-friendly Green Purchasing	57	•	•	●	•	●	•
03-2 Community Involvement & Development	58						
Establishing the Enterprise-wide Philanthropy System	60	•	•	•	●	•	•
Expanding the Employee Consensus and Strengthening Competencies	60	•	●	•	●	•	•
Glocalizing Philanthropic Activities	61	•	•	•	●	•	•
Developing and Branding Representative Programs	64	•	•	•	●	•	•
Strengthening Community Communication and Identifying Local Agenda	65	•	•	•	●	•	•
03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)	66						
Strengthening the Sales Competency and Supporting Sales Activities	68	●	●	•	•	•	•
Conducting Proactive Communication	68	●	●	•	•	•	•
Maximizing Customer Satisfaction and Value	70	●	●	•	•	•	•
03-3-2 Customer Satisfaction & Quality Management (Car Makers)	72						
Strengthening Product Competency	74	●	●	•	•	•	•
Establishing Global Standard Process	75	●	●	•	•	•	•
Expanding Communication	76	●	●	•	•	•	•

FOCUS 04 Integrated Risk Management 78~83

		Customers	Employees	Suppliers	Local Communities	Nature/ Ecology/ Climate	Shareholders/ Investors
Identifying Integrated Risk Management Issues	80	●	●	●	●	●	●
Establishing Integrated Risk Management Systems	81	●	●	●	●	●	●
Regular Updates of Risk Management Issues and Manuals	82	●	●	●	●	●	●
Strengthening Training on and Establishing a Culture for Enterprise-wide Risk Responses	83	●	●	●	●	●	●

FOCUS 05 Employee Value Creation 84~91

		Customers	Employees	Suppliers	Local Communities	Nature/ Ecology/ Climate	Shareholders/ Investors
Open Communication-based Corporate Management	86	•	●	•	•	•	•
HR Systems Offering Fair Opportunities	87	•	●	•	•	•	•
Growth-fostering Competency Development Systems	89	•	●	•	•	•	•
Healthy and Happy Employees	91	•	●	•	•	•	•

Principle

CSR Principle

- ¹ **Purpose and Intent** The CSR Principles are fundamental guidelines to redefine our corporate social responsibility and build CSR into our company culture to serve as the bedrock of our business operations. These principles base our endeavors on providing the best-possible values to our stakeholders and in fulfilling our roles and responsibilities as a corporate citizen in leading sustainable development and growth beyond the tire industry into even larger mobility trade.
- ² **Regular Review and Report** Our CSR Strategy Committee annually reviews the CSR Principles and modifies or updates detailed operational guidelines if it deems necessary through materiality analyses including stakeholder dialogue.
- ³ **Integrated CSR Management** To propel our CSR activities forward more systematically on a company-wide level, we established the integrated CSR management system as follows: first, our CSR Strategy Committee functions as the top CSR decision-making body attended by the board of directors and top management. Second, our CSR Steering Committee is run under an integrated management system, as a working-level association comprised of executives and employees in charge of respective CSR issues. Third, our dedicated CSR Team defines CSR roles and responsibilities such as company-wide CSR planning, operations and CSR report publication.
- ⁴ **Stipulation of CSR Policy** Our CSR policies, systems and issue-specific action plans must be clearly stipulated and disseminated both internally and externally so that they are executed across the board.
- ⁵ **Regular CSR Diagnosis and Monitoring** With our in-house CSR self-evaluation model covering relevant global standards and local regulations, we perform regular diagnoses and evaluations annually and the CSR Team consistently monitors progress and outstanding issues working with the CSR Steering Committee.
- ⁶ **Company-Wide CSR Training and Consensus-Building** To disseminate CSR and build consensus among employees, we set up and carry out annual enterprise-wide CSR training plans.
- ⁷ **Dialogue with Stakeholders and Information Disclosure** Our definition of core stakeholders includes customers, employees, suppliers, local communities, nature/ecology/climate, shareholders and investors. We provide regular and official venues for stakeholder dialogue by building permanent communication channels and annual communication plans. Such activities are utilized prosperously in setting future business and CSR initiatives. In addition, our CSR and business achievements and plans are disclosed in a transparent and thorough manner through our annual CSR Reports, corporate website and diverse communication channels customized for different stakeholder associations.
- ⁸ **Integrated Risk Management** We ensure systemic management of and appropriate response to non-financial risks (ex) SEE (Social, Environmental, and Ethical) Risk as well as consistent management of financial risks. In particular, we define all CSR Focus Areas as risk issues and encourage company-wide response measures under the integrated management system of the CSR Steering Committee.

Environmental Management Guidelines

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

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

Corporate Philanthropy Charter

Our Statements

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

Characteristics and Direction

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

Global CEO Message

Driving CSR —

“At Hankook Tire, we abound together with our stakeholders and continuously deliver economic, social and environmental values in a sustainable way with our CSR.”

Dear Stakeholders,

It is with great pleasure to announce that Hankook Tire posted KRW 5.8 trillion in global sales in 2010 after navigating our corporation through a deteriorating business environment and fierce competition amongst industry peers in the aftermath of the 2008 financial crisis. This remarkable accomplishment was all possible through the passion and dedication of our employees. Moreover, it demonstrates that our CSR activities initiated in 2009 are reaping incremental benefits, laying the foundation for sustainable development of our company.

Today’s global business environment presents increasing expectations and demands of corporate social and environmental performance, which translates that we cannot expect a sustainable growth with our sole focus on economic performance. Our renewed competitiveness



and sustainable development comes from moving beyond simple economic values towards a social and environmental sphere of influence and fulfilling our CSR responsibilities through dialogue with wide-ranging stakeholders.

To this end, our integrated CSR management system is up and running and based on the materiality test. Intense efforts are under way on Focus Areas that require mid and long-term improvements in relevant key managerial issues in each Focus Area. Detailed targets and achievements are set and managed by the CSR Strategy Committee attended by the CEO and top management. Under the 10 CSR Strategy Sub-committees, relevant departments convene to discuss the aforementioned targets and make concerted efforts to achieve them.

We ensure we align with and communicate with our stakeholders in driving CSR initiatives forward and in encouraging our employees in various ways to see CSR as an inherent part of our corporate culture. Our second CSR Report describes our CSR activities and accomplishments promised to stakeholders in the previous year's report. Spe-

cifically, it presents a detailed picture of our endeavors and plans unfolded to firmly establish our CSR framework.

We celebrate the 70th anniversary of Hankook Tire's foundation in 2011. With our unwavering commitment toward sustainable development, we are determined to grow into a global company and prepare for another 70 years of monumental accomplishment built upon the bedrock of our past 70 year history.

At Hankook Tire, we flourish together with our stakeholders and continuously deliver economic, social and environmental values in a sustainable way with our CSR.

Thank you.

Suh Seung-hwa
Vice Chairman & Global CEO



— Driving Sustainable Mobility

Company Profile

Since our inception in 1941 as Korea’s pioneer tire producer, Hankook Tire has continued to progress beyond a local player into the world’s 7th largest tire manufacturer serving customers in 180 countries.

The challenges of 2010 failed to hinder our endeavors towards sustained growth. Hankook Tire took a step closer to becoming an international tire leader, as it posted KRW 5.8133 trillion in global sales, KRW 670.2 billion in operating profit and a 12% increase in operating profit. We are also fully aware of our responsibility as a corporate citizen and strive for a sustainable society where everyone has the opportunity to live a contented and fulfilling life. Our unique lifestyle campaign ‘H-LOHAS (Hankook Lifestyle of Health and Sustainability)’ and our company-wide integrated CSR management system provide an added boost to our CSR activities. Hankook Tire will continue its journey in its transformation into a global company that is respected and trusted for its commitment to a sustainable future through harmonious growth with all of its stakeholders.

Company Profile

Company Name	Hankook Tire Co., Ltd.
Establishment	May 10, 1941
IPO (Initial Public Offering)	December 27, 1968
Global CEO	Suh Seung-hwa
Business Type	Manufacturing, reproducing and selling tires, tubes and components
Headquarters	647-15 Yeoksam-dong, Gangnam-gu, Seoul
Telephone	82-2-2222-1000
Total Assets	KRW 5.7582 trillion
Sales	KRW 5.8133 trillion
Operating Profit	KRW 670.2 billion
Total Capital	KRW 2.5304 trillion
Affiliates	ATLASBX Co., Ltd./Daehwa Engineering & Machinery Co., Ltd./emFrontier Co., Ltd./FRIXA Co., Ltd.

(as of the end of 2010, including both our Korean and overseas sites)

Brands & Products



Enfren is environmentally friendly product that reduces CO₂ emissions while driving. Its structural engineering, manufacturing technology and silica compound deliver excellent fuel efficiency with less rolling resistance between the road surface and the tire.



Ventus S1 evo² is our high performance premium tire that meets both performance and environmental requirements. It guarantees remarkable handling and grip performance under indiscriminate road conditions and provides customers with the best-possible driving performance.



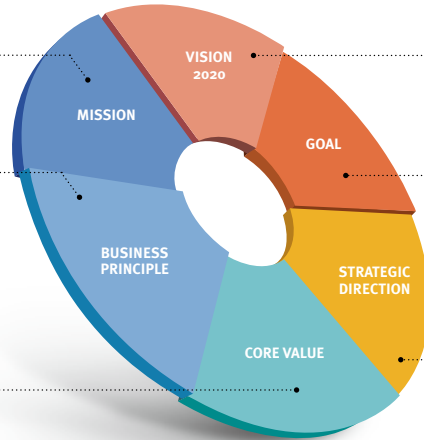
Mission and Vision

MISSION FRAME

MISSION
Contribute to Advancement in Driving

BUSINESS PRINCIPLE
Voice, Environment, People, Innovation, Ethics and Execution

CORE VALUE
Passion, Innovation, Trust, Global



VISION FRAME

VISION 2020
Leading Global Tire Company Providing Customers with Value and Pleasure

MID-TERM GOAL
5- Global 5th Tire Maker |
Over 5% in Global M/S (value-wise)
1- USD 1 billion in Global EBITDA |
1st in Profitability
1- 100 million units in Global Production |
1st in Quality & Productivity

STRATEGIC DIRECTION
Brand Value-up
Global Growth Acceleration
Global Operation Excellence

AURORA

Aurora Radial K109 is our ultra supercharged premium tire for consumers who want to enjoy sport driving. It delivers precise handling and excellent braking performance.

KINGSTAR

Kingstar Road Fit SK10 is our ultra high performance tire that ensures perfect contact between the vehicle and the road surface. It delivers outstanding handling, noise reduction and a comfortable ride.

RADIAL **K109**

ROAD FIT SK10



1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1954 1955 1956 1957 1958 1959 1960 1961 1962 1963 1964

A

Industrialization

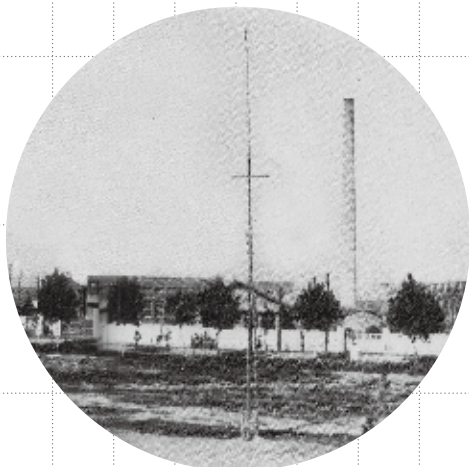
B



Expansion of retail store network

C

Korea's first tire maker 'Chosun Tire' established



D

E

F

Hankook Tire Labor Union set up



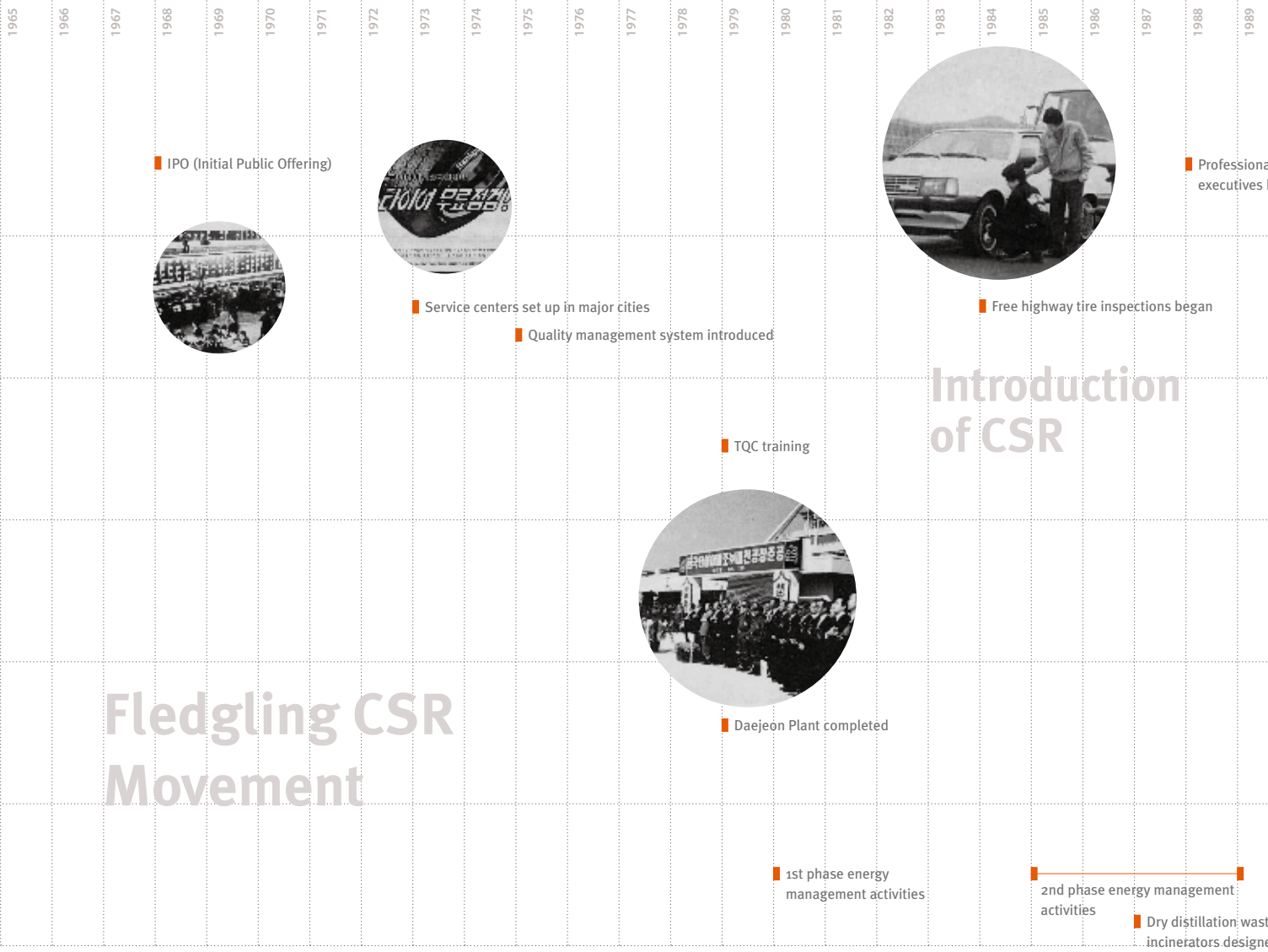
CSR in 70 Years of Hankook Tire



Our 70-year history follows the same trajectory as the growth of Korea's automobile/transport industry and national economy. Since 1941, we have made substantial progress with sustained quality improvements and capacity building. Our CSR initiatives will unceasingly bridge the coming 70 years with continued development in satisfying wide-ranging stakeholders and maximizing social and environmental values.

*The following is a list of our major CSR activities over the last seven decades by stakeholder groups who served as cornerstones to our continued growth.

A Shareholders and Investors We went public on December 27, 1968 with a total capital of KRW 50 million by listing 50,000 shares that were KRW 1,000 face value. The first-ever Initial Public Offering initiated in the Korean tire industry was a starting point for us in building a transparent corporate culture. The radical decision to hire professional executives, which was incredibly rare in Korea, was a choice made as early as February of 1988 when the Vice President Hong Geon-hee was appointed as the CEO. Since then, the principle of separation of ownership from management has been the organizational lynchpin of our company to ensure we conduct our business responsibly. The Ethics Management Audit Team (Business Ethics) recently created in 2007 and directly responsible to our Global CEO plays a key role in promoting and practicing ethics management based on the code of ethics.



B Customers Under the motto of ‘The Right Tire, The Right Service’ and our customer-oriented management philosophy, we unrelentingly aim for the highest reaches in customer satisfaction. The expansion of retail stores in major cities during the 1960’s completed our nation-wide sales network. The network ignited the establishment of service centers in major cities and the first-time operation of service cars in Korea by 1973. This demonstrates how much we care about the safety of our customers. The opening of the premium tire retail franchise T-Station in 2003 allowed us to provide basic repair services such as tire services as well as oil, battery and pad changes in an integrated and seamless manner. Our highly localized franchise Tire Town and TBX further drove our efforts forward to enhance customer satisfaction with more segmented services. Since 2010, Hankook Tire has operated 247 T-Stations, 355 Tire Towns and 191 TBXs across the nation.

*TBX: Truck Bus Express

C Employees In 1941, we started small with only 200 Korean nationals. Now, we have grown into a multinational company with 15,700 staff at the domestic/overseas sites and suppliers. Such an impressive 80-fold growth over the last 70 years is attributed to the relentless endeavors of our employees. We have done our utmost to reciprocate such dedication by sharing our vision through candid dialogue with our employees. Our labor union was established on May 31, 1962 and it set up the first labor-management meeting on July 30, 1967. The labor union has been in operation ever since as a regular and reliable communication channel. The first TQC training was initiated by the enterprise-wide TQC Secretariat in 1979 and we have been offering position-specific capacity-building courses under the leadership of the HR Department since July 1, 1988. Presently, we offer career guidance to our individual staffs with online lectures and group education including a learning contract system. The measures of our efforts



Promotion of CSR

to ensure the health and wellbeing of our employees include the opening of Sumin Herbal Clinic within our Daejeon Plant on April 9, 2003, Kyunghee Oriental Clinic at our Geumsan Plant on May 26, 2003, an in-house clinic at the Daejeon Plant on August 12, 2010 and the Geumsan Hospital in April of 2011. More recently, Hankook Tire has introduced the integrated EHS (Environment, Health and Safety) management system to ensure its staff remains healthy and that our workplace environment is properly managed.

*TQC: Total Quality Control
*EHS: Environment Health and Safety

D Suppliers We aim for win-win partnerships and co-prosperity together with some 1,800 suppliers including 340 raw material and facility suppliers domestically and abroad. We evaluated the performance of these suppliers in 2009 to determine who would qualify for our incentives (top-performing sup-

pliers were included here) and the outcome was reflected in our 2010 purchasing agreements. Those outstanding facility material suppliers were awarded as well. We set up the 'Charter on Win-Win Partnerships with Suppliers' in 2010 to outline the vision and practices constituting win-win partnerships. The charter emphasized the importance of transparent, fair trade and competitive suppliers who thrive through open dialogues. We will continue to drive our supply value chain forward by building a globalized business supply chain and promoting win-win partnerships with our suppliers.

E Local Communities Since we opened our doors in Seoul in 1941, we have been built plants in Daejeon in 1979, Geumsan in 1997, Jiangsu and Jiaying in China in 1999 and Hungary in 2007. With our continued growth, Hankook Tire anticipates that more local communities will become our material stakeholders.

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011



T-Station, Tire Town and TBX opened

Kontrol Technology

Ethics Management Audit Team (Business Ethics) directly responsible to Global CEO newly create

Internalization of CSR

Sumin Herbal Clinic in Daejeon Plant opened
Kyunghee Oriental Clinic in Geumsan Plant opened



Learning contract system began

In-house clinic in Daejeon Plant opened

Geumsan Hospital opened

Incentives offered to top-performing suppliers

'Charter on Win-Win Partnerships' set up

Outstanding facility suppliers awarded

Plant in Hungary completed



Publication of CSR report

This is why we are determined to light the way to address critical local issues with on-going communication with civic communities. Since 1998, our Daejeon Plant has been offering tours of its facilities and presentations to shed some light on the mutual concerns of the local people. Since opening in 1997, our Geumsan Plant has been supporting traditional local cultural events. Our Hankook Tire Welfare Foundation was set up on December 10, 1990 with KRW 3 billion. Today, the foundation has KRW 20 billion in fund and is working with the CSR Team in carrying out a whole spectrum of social-giving activities including assistance to the needy, academic and R&D projects regarding social welfare and culture, scholarships and medical assistance.

F Environment Our energy management activities began in the 1980's. The 1st phase between 1980 and 1984 focused on simple energy-saving measures such as streamlining facility

operation and management, enhancing thermal management, increasing thermal efficiency, and power-saving campaigns including the lights-out. The 2nd phase between 1985 and 1989 advanced to include more fundamental ways of saving energy such as creating better use of waste heat, introducing high-efficiency facilities and phased-in plant automation. As Hankook Tire became highly invested in more efficiently treating waste tire, we designed incinerators in 1987. Followed by the pilot operation in 1988, these incinerators have been in full operation ever since. In 1990, we upgraded our duct system and installed web scrubbers, which improved the working environment and helped prevent air pollution. With the introduction of the environmental management system in 1988, we began full-fledged attempts to integrate environmental concerns into our operations and in turn, became ISO 14001-certified.

Integrated CSR Management System

Our integrated CSR management system entails CSR declarations, operation guidelines and structure, major achievements and plans based on a systemic and analytic approach. This becomes the very backbone for Hankook Tire to perform its own authentic CSR initiatives, communicating and exchanging with stakeholders. To identify material CSR issues in both internal and external contexts, our in-depth and multi-phase communication continues with stakeholders such as customers, employees, suppliers and local communities through diverse channels. These efforts bring our integrated CSR management system a step closer to perfection.

2010 Achievements

●: Completed ●: Partially Completed ○: Not Implemented ↻: Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
IC1	Building CSR Management System	Operation and monitoring of the CSR Committee	Operation and monitoring of the CSR Committee	●	16
		Company-wide CSR performance evaluation and constant monitoring	Reporting to top management activities and progress made by 10 sub-committees under the CSR Steering Committee	●	16
			CSR Team's monitoring of activities of the 10 sub-committees	●	16
IC2	Building Company-wide Consensus and strengthening Due Competency among Staff	Enhancing company-wide staff training and communication	Training on CSR definition and requirements (new recruits, working-level staff/assistant managers)	●	17
		TFT workshop and working-level staff training	Training to understand and respond to ISO 26000	●	17
IC3	Building CSR Reporting System and Enhancing Stakeholder Dialogue and Engagement	Building domestic company-wide CSR reporting system and expanding identification of R&R	Building CSR plan and achievement reporting system/ Clarifying departments in charge and R&R in each managerial issue	●	18
		Regular CSR progress reporting	Establishing and operating regular performance reporting system	●	18
		Year-round stakeholder dialogue process	Gathering opinions from core stakeholders/ Stakeholder review and feedback of the CSR Reports	●	18, 19
IC4	Expanding the Global Integrated CSR Management System	Understanding results of CSR status at overseas sites	Identifying CSR issues at overseas sites (China, Hungary)	●	19
		CSR training at overseas sites and strengthening due competency	Distributing CSR Report 2009 and educating on the integrated CSR management system	●	19

Declaration

We aim to build CSR into our corporate culture and into our staff’s everyday operations. With our integrated company-wide CSR management, we gladly provide wide-ranging stakeholders with the best-possible values and contribute to sustainable development of the mobility industry.

Management Responsibility and Structure

The enterprise-wide CSR initiatives at Hankook Tire are directed from the integrated CSR management system, which is established and operated by the CSR Team under strategy executives. The CSR Steering Committee, made up of 10 sub-committees, ensures our CSR goals and achievements are shared through communication between the CSR Team and relevant teams so that our CSR plans are put into practice.

Mid-term Roadmap

Hankook Tire guarantees that the integrated CSR management system takes firm root across the board and extends into its overseas sites. In addition, we will continue to assist our internal/external stakeholders to build consensus on and take part in the management system.

	2011	2012	2013
	Operation of Integrated CSR Management System	Establishment of Integrated CSR Management System	Initiation of Global Integrated CSR Management System
Operation of Integrated CSR Management System	Facilitating and establishing the company-wide CSR Steering Committee		>
	Enhanced regular CSR reporting and monitoring		>
Building Company-wide CSR Consensus and Strengthening Due Competency among Staff	Stronger online CSR communication	Company-wide CSR training for all staff	>
	Training for staff in charge in each sub-committee	Position-specific capacity building training	>
Enhancing Stakeholder Dialogue and Engagement	Setting stakeholder-specific communication channels	Facilitating communication channels	>
	Enhancing stakeholder engagement within the CSR Report		>
Expanding Global Integrated CSR Management System	Evaluation of current CSR performance levels	Building CSR infrastructure and capacity	>

2011 Plans

Code	Key Managerial Issue	2011 Commitments	Key Index	Deadline	Department in Charge
IC1	Operation of Integrated CSR Management System	Operation and monitoring of the CSR Steering Committee (10 sub-committees)	4 meetings	○	CSR Team
		Holding Strategy Committee meetings	2 meetings	○	CSR Team
		Strengthening in-house/external communication		○	CSR Team
IC2	Building Company-wide CSR Consensus and strengthening Due Competency among Staff	Training for staff in charge in each sub-committee	1 round of training in each sub-committee	○	CSR Team/ Culture & HRD Team
		Capacity-building training for CSR departments		○	CSR Team
		Capacity-building training for CSR departments		○	CSR Team
IC3	Enhancing Stakeholder Dialogue and Engagement	Stakeholder dialogue	1 round of dialogue in each core stakeholder group	June	CSR Team
		Stakeholder review of the CSR Report	1 round of review in each stakeholder group	November	CSR Team
IC4	Expanding the Global Integrated CSR Management System	Evaluation of results of CSR status at overseas sites	One evaluation in Hungary and China	October	CSR Team
		CSR training at overseas sites	One round of training in Hungary and China	October	CSR Team

- Changes in Key Managerial Issues: Building CSR infrastructure in IC1 was completed and changed into operation of integrated CSR management system. Building CSR reporting system in IC3 was also completed and changed into enhancing stakeholder dialogue and engagement.

IC 1 Building CSR Management System

Hankook Tire set up the CSR Steering Committee made up of the 10 sub-committees to carry out enterprise-wide CSR activities. The CSR Strategy Committee served as a channel for us to report our CSR performance to top management and discuss future ways to go.

Operation and Monitoring of the CSR Committee

Our CSR Team, under the leadership of strategy and planning executives, takes charge of integrated CSR implementation and management. Our CSR sub-committees are to ensure that CSR is naturally embedded in day-to-day operations of our staff. Each sub-committee convenes relevant departments to discuss plans for key managerial issues and share progress made so far. These deliberations made at sub-committees are reported to top management through CSR Strategy Committee meetings held in May and November.

Company-wide CSR Performance Evaluation and Constant Monitoring

Hankook Tire's 10 CSR sub-committees are responsible for detailed CSR plans and achievements. Sub-committee meetings held in the first half gather together relevant departments to discuss and modify key managerial issues and share concrete goals for the concerned year. In the second half, these meetings let each team report and share their performance and talk about next year's CSR goals and directions. The CSR Team takes part in all of these sub-committee meetings to check on the progress.

CSR Committee



CSR Meeting

Meeting Organization	Meeting Schedule	Responsibility	2010 Agenda	Participant
CSR Strategy Committee (first-half)	May	Setting company-wide CSR directions	Reporting 2010 key managerial issues and management plans of each sub-committee	Top management, Relevant departments, CSR Team
Sub-committee	1~3 meetings per year	Setting plans and sharing performance	Identifying departments in charge and discussing detailed plans for each key managerial issue	Relevant departments, CSR Team
CSR Strategy Committee (second-half)	November	Reporting company-wide CSR progress and discussing future ways forward	Reporting progress in each sub-committee and setting 2011 plans	Top management, Relevant departments, CSR Team

IC 2 Building Company-wide CSR Consensus and Strengthening Due Competency among Staff

Hankook Tire aims to build CSR into its corporate culture so that it is practiced in day-to-day operations of all of our staff. This is why we developed training modules to help our employees understand what CSR means and what its requirements are.

Enhancing Company-wide Staff Training and Communication

Our enterprise-wide CSR training aimed to assist our staff in understanding the concept of CSR and our CSR initiatives. For newly-hired employees, the training focused on basics of CSR including its definition and our overall CSR directions. For assistant managers and under, we offered workshop-format training to let them discuss CSR activities that are workable in their daily operations as well as training on our CSR initiatives in 2009.

TFT Workshop and Working-level Staff Training

To ensure immediate response to and company-wide consensus of ISO 26000 that went into effect in November 2010, we set up staff training plans in the second half of 2010 and started training and workshops for key CSR working-level staff in January 2011. The CSR Team members and staff in charge of environment safety, HR, win-win partnership, and customer relations got together to discuss ways to respond to the 7 key managerial issues including corporate governance, human rights, labor practices, environment, fair trade, consumer issues and local community. They also evaluated the level of our performance in managing these managerial issues using checklists. Our future plan is to encourage more in-depth discussions on the key managerial issues in each sub-committee.



Understanding and Practicing ISO 26000

CSR Training

Course Name	Content	Target	Participant	No. of Course Round	Hour
The concept and understanding of CSR	Understanding Hankook Tire's CSR directions Sharing Hankook Tire's CSR activities and CSR initiatives in daily business operations	New recruits Working-level staff Assistant manager	102 97 82	1st 4th 4th	2 2 2

ISO 26000 Training

Course Name	Content	Target	Participant	No. of Course Round	Hour
Understanding and practicing ISO 26000	Understanding key managerial issues and diagnosing Hankook Tire's current level of performance	CSR Team Assistant administrations in sub-committees	5 9	1st 1st	8 8

IC 3 Building CSR Reporting System and Enhancing Stakeholder Dialogue and Engagement

Hankook Tire strives to share its CSR plans and achievements with stakeholders and operates multiple communication channels to ensure our stakeholders can make their voices heard.

Building Domestic Company-wide CSR Reporting System and Expanding Identification of R&R

We define our CSR Steering Wheel annually so that our CSR issues are systematically managed and improvements are made. In 2010, we focused on the 4 Focus Areas identified through the materiality analysis, 2 Constant Monitoring Areas, and the integrated CSR management system. In addition, departments in charge of each managerial issue were designated and their R&R were defined. To ensure closer alignments between CSR initiatives and company's business operations, we set up 10 sub-committees attended by relevant departments and quarterly sub-committee meetings help us share our CSR progress.

Regular CSR Performance Reporting

Our CSR activities are driven by sub-committees that address respective key managerial issues as their distinctive agenda. Relevant departments set up plans for key managerial issues and share achievements delivered against those plans through sub-committee meetings. Plans and achievements discussed at quarterly sub-committee meetings are collected and managed by the CSR Team and finally reported to the CSR Strategy Committee meeting attended by the Global CEO and top management. The meeting also deliberates on company-wide CSR directions as well.

Year-round Stakeholder Dialogue Process

Identification of Stakeholders We further clarified our definition of stakeholders by dividing them into core stakeholders and general stakeholders through analysis of wide-ranging stakeholders who are related with our business activities and analysis of internal/external environments surrounding us. Our core stakeholders who have direct impact on our corporate activities and business include customers, staff, suppliers, local communities, nature/ecology/climate and shareholders/investors.

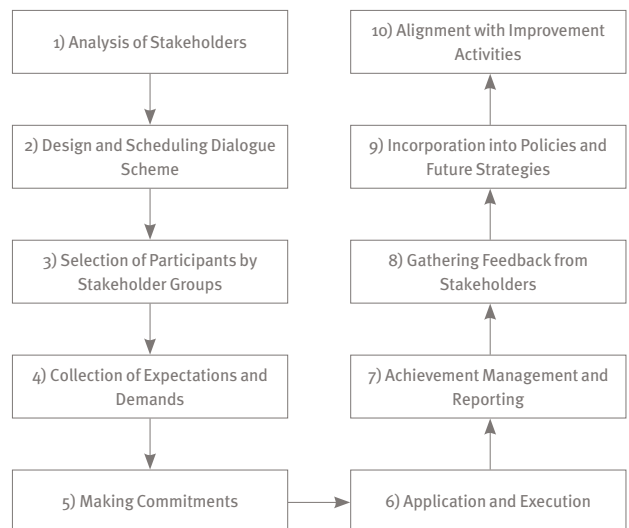
Year-round Stakeholder Dialogue Process We set up the 10-step process to perform year-round dialogue with stakeholders in order to hold stakeholder dialogue systematically and align its outcomes with our CSR strategies.

Analysis of Issues by Stakeholder Communication Channel We take into account characteristics and propensities of our stakeholders in expanding communication channels in an effort to enable diverse stakeholders to present their opinions easily whenever they want to as well as to gather their opinions constantly.

Stakeholder Model



Year-round Stakeholder Dialogue Process



Communication Channels by Stakeholder Groups

Core Stakeholders	Communication Channel	Key Issue Raised
Customers	Retail Shop Meeting, Franchise member satisfaction survey, Tire Family magazine, etc.	Actively communicating with customers and reflecting their opinions, ensuring product quality and safety, enhancing product liability, complying with global standards and quality requirements in a timely manner
Employees	Labor-management consultative meeting, in-house IR (business performance presentation), HANA (Hankooktire Agora) site, etc.	Upgrading the working environment including worksite safety, improving internal communication and sharing of business information, acceptance of diversity, work/life balance, etc.
Suppliers	Quality and environment workshop, regular survey, Supplier Partnership Day	Fair trade and win-win partnership, proactive communication and information sharing, competitiveness enhancement programs for suppliers (training and technical support, etc.)
Local Communities (including nature/ ecology and climate)	Meeting with local people, meeting with local government agencies and NGOs, collecting complaints from local communities	Working with NGOs in addressing critical local issues, participating in local festivals, promotion for local communities, minimizing environmental impact
Shareholders/ Investors	Board of directors meeting, shareholder general meeting, overseas conference	Maximizing business results and shareholder values, ensuring organizational transparency and managing sustainability, integrated risk management, etc.

IC 4 Expanding the Global Integrated CSR Management System

Hankook Tire has successfully applied the 2009 integrated CSR management system to the domestic sites while striving to stabilize its systems on multiple fronts. Hankook Tire is set to be at the forefront of global CSR systems expansion and establishment through painstaking analysis of overseas facilities and stable infrastructure setup.

Understanding Results of CSR Status at Overseas Sites

In preparation of establishing the integrated CSR management system, the CSR Team convened with the regional headquarters in China in September and the Hungary Plant in October of 2010. Through conducting interviews with the local on-site work staff, the team analyzed how CSR was being functionally applied in practice. On identifying the status of CSR implementation and the feedback responses for 10 CSR categories on employees, outside stakeholders and environmental management, it was discovered that constituting CSR infrastructure was essential especially with increasing risks in the non-financial sector for overseas as well as domestic sites.

CSR Training at Overseas Sites and Strengthening Due Competency

In addition to distributing the 2010 CSR Report to our overseas business locations, our staff was also methodically trained on the CSR directions and system. Employee acumen of CSR at the local, functional level raised awareness to the value of on-site CSR. Consequently, our staff came to realize the importance of catering to the needs of overseas stakeholders for non-financial risks that may arise in the future.

CSR Steering Wheel 2011

Hankook Tire designated 5 CSR Focus Areas based on the integrated CSR management system: Environmental Management, Health and Safety Management, External Stakeholders Satisfaction Management and Employee Value Creation.

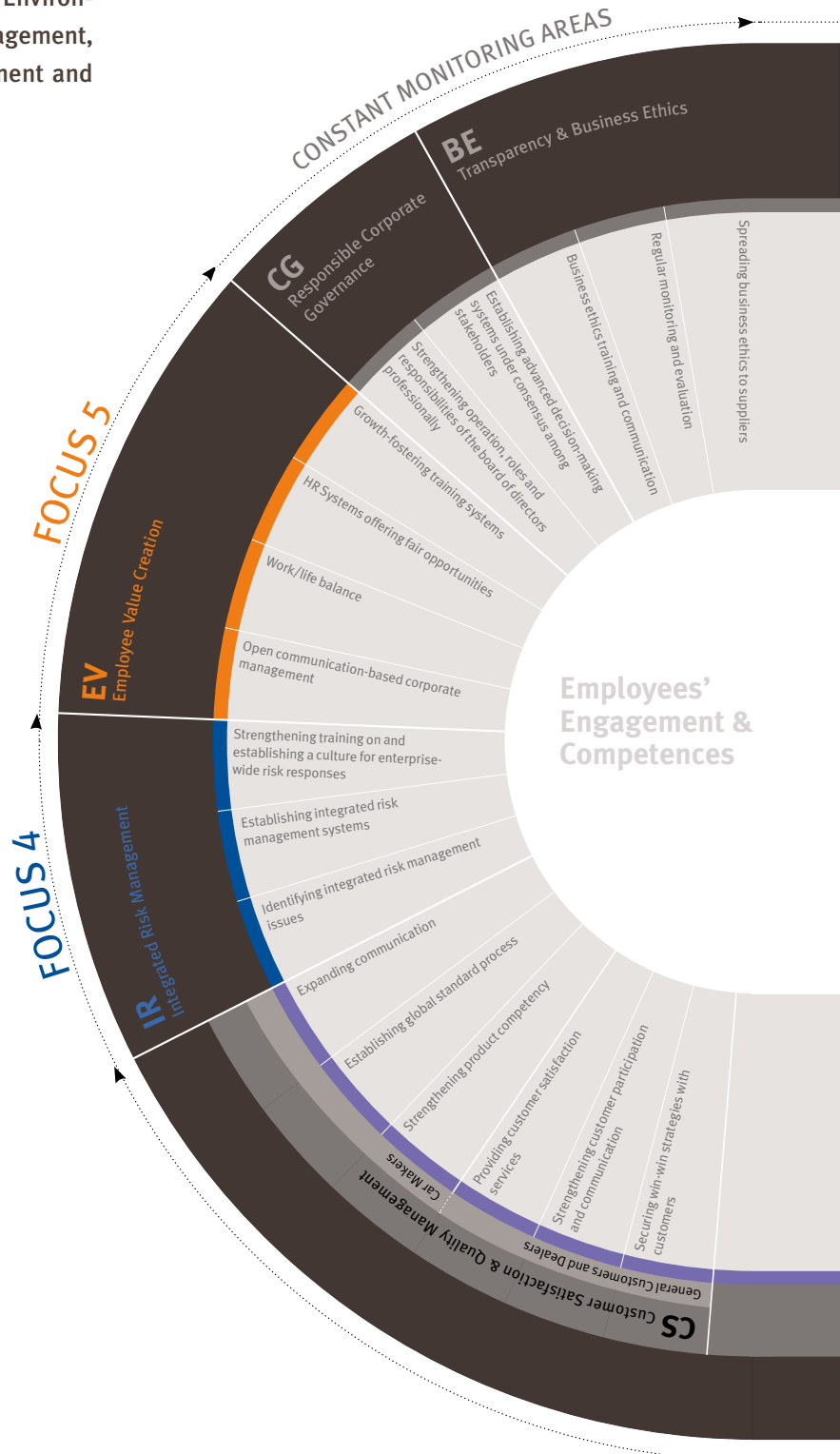
Stronger Participation of External Stakeholders in the Materiality Analysis and Reporting Process

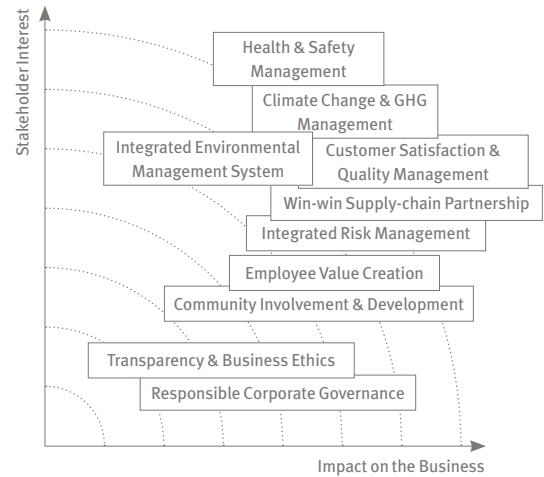
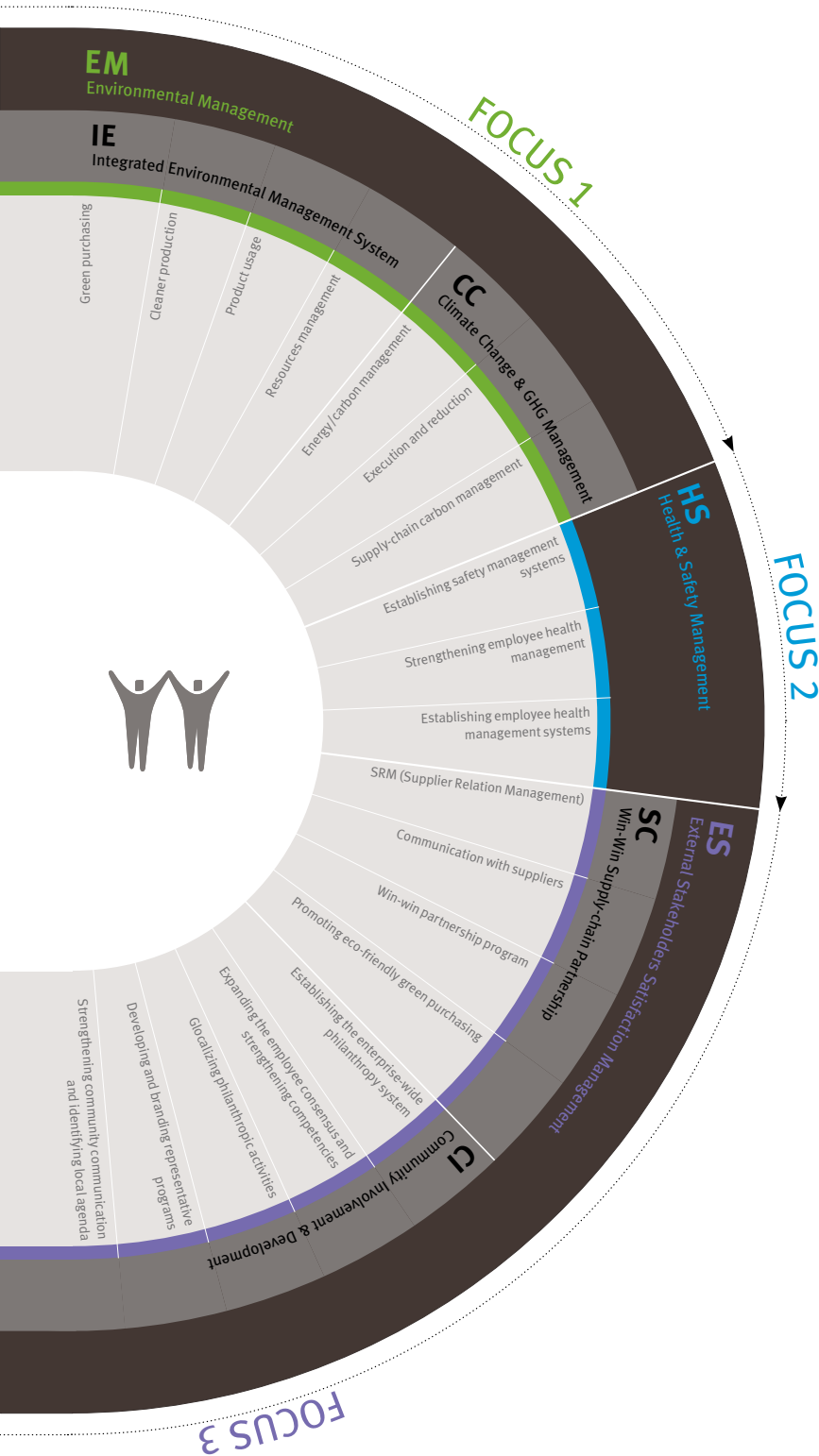
As in 2009, we conducted the Materiality Analysis in 2010 to identify Hankook Tire's CSR Focus Areas and Key Managerial Issues subject to intensive focus throughout 2011. Hankook Tire's materiality analysis is conducted by extracting a pool of issues resulting from regular annual CSR analysis, evaluation of stakeholder interest on each of the issues in the agenda, and evaluation of each issue's impact on the business. Most notably in the 2010 report, we ensured that the composition was more stakeholder-friendly. Not only were the reports expanded and improved upon through stakeholder participation in the reviews, their contents were substantiated with the implementation of third-party verification throughout the whole processes. Stakeholders' feedback on Hankook Tire's CSR activities are attached at the end of each Focus Area, which will continue to be aligned with the CSR program and facilitate specific improvement throughout the course.

*Hankook Tire Materiality Analysis Process is specified on p.43 of the CSR Report 2009.

Materiality Analysis Matrix

Results of the Materiality Analysis from the 2010-end to early 2011 revealed stakeholders' common interest in the management of employee safety and health. Consequently, the category: 'Health and Safety Management' was affixed to the Focus Areas. The addition of this category is expected to project stronger prominence and more intensive management in the area. Under greater stakeholder interest in eco-friendly products in the face of climatic changes, win-win supply-chain partnerships and integrated risk management, we systematically specified improvement efforts and plants to such managerial issues. Aiming for stakeholder-centered strategic CSR activities, we recognize key managerial concerns and scopes to be prioritized in our response and management. Such issues and scopes will be the bedrock of our corporate activities and enterprise. The points are specified in the form of the CSR Steering Wheel, according to which a process to manage them is in place.





Systematic Issue Management through the CSR Steering Wheel

The CSR Steering Wheel 2009-2010 consists of i) 4 Focus Areas: Environmental Management, External Stakeholders Satisfaction Management, Employee Value Creation and EHS Management, ii) 38 key managerial issues, and iii) 2 constant monitoring areas of transparency & business ethics and responsible corporate governance. Hankook Tire's 2011 CSR Steering Wheel has been greatly revamped through the enterprise-wide CSR analysis and the Materiality Analysis conducted from the end of 2010 to early 2011.

As previously stated, 'Health and Safety Management' is expected to be the subject of intensive efforts as it has been newly included to the Focus Areas due to its tremendous impact on business and high stakeholder interest. Moreover, key managerial issues pursuant to the newly defined 5 Focus Areas are specified into 37 sub-categories. Each sub-category explains the importance of the issue, the performance against the previous plans and the expectations of the stakeholders. We also expanded the scope of enterprise-wide CSR by strengthening its alignment while establishing a practical management system. Transparency and business ethics and responsible corporate governance were ensured to be vigilantly handled as constant monitoring areas in both 2009 and 2010. Moreover, we guaranteed that actual, tangible improvements would be made by such operational upgrades.

The CSR Steering Wheel serves as the most critical cornerstone for Hankook Tire's CSR strategies. It is through our faithful commitment to our stakeholders that we strive to further advance our annual key area operations. The Focus Areas and managerial matters regarding the wheel may be added or rectified upon the enterprise-wide review and consent of the agenda: annual stakeholder meetings, the Materiality Analysis, CSR status quo diagnosis and business environment analysis. The results are regularly reviewed and announced by the top CSR decision-making body-the CSR Strategy Committee whose chairperson is a global CEO.

Roles & Responsibilities by Focus Area in Each Department

Focus Areas & Codes	Key Managerial Issues 2010—38 Issues	Key Managerial Issues 2011—37 Issues
IE Integrated Environmental Management System	<ul style="list-style-type: none"> Resources recirculation environmental management Minimizing the environmental impact Expanding eco-friendly products 	<ul style="list-style-type: none"> Green purchasing Cleaner production Product usage Resources management
CC Climate Change & GHG Management	<ul style="list-style-type: none"> Identifying GHS emission sources and reducing emissions Setting goals to specifically lower each emission source Disclosing emissions and communicating reduction efforts Establishing the supply-chain carbon management system 	<ul style="list-style-type: none"> Energy/carbon management Execution and reduction Supply-chain carbon management
HS Health & Safety Management	<ul style="list-style-type: none"> Strengthening employee health management Strengthening safety management systems Establishing integrated EHS management systems 	<ul style="list-style-type: none"> Establishing safety management systems Strengthening employee health management Establishing employee health management systems
SC Win-Win Supply-chain Partnership	<ul style="list-style-type: none"> SRM (Supplier Relation Management) Communication with suppliers Win-win partnership program Promoting eco-friendly green purchasing 	<ul style="list-style-type: none"> SRM (Supplier Relation Management) Communication with suppliers Win-win partnership program Promoting eco-friendly green purchasing
CI Community Involvement & Development	<ul style="list-style-type: none"> Establishing the enterprise-wide philanthropy system Expanding the employee consensus and strengthening competencies Globalizing philanthropic activities Developing and branding representative programs Strengthening community communication and identifying local agenda 	<ul style="list-style-type: none"> Establishing the enterprise-wide philanthropy system Expanding the employee consensus and strengthening competencies Globalizing philanthropic activities Developing and branding representative programs Strengthening community communication and identifying local agenda
CS Customer Satisfaction & Quality Management (General Customers and Dealers) (Car Maker)	<ul style="list-style-type: none"> Strengthening the sales competency and supporting sales activities Conducting proactive communication Maximizing customer satisfaction and value <hr/> <ul style="list-style-type: none"> Strengthening product competency Establishing global standard process Expanding communication 	<ul style="list-style-type: none"> Securing win-win strategies with customers Strengthening customer participation and communication Providing customer satisfaction services <hr/> <ul style="list-style-type: none"> Strengthening product competency Establishing global standard process Expanding communication
IR Integrated Risk Management	<ul style="list-style-type: none"> Identifying integrated risk management issues Establishing integrated risk management systems Regular updates of risk management issues and manuals Strengthening training on and establishing a culture for enterprise-wide risk responses 	<ul style="list-style-type: none"> Identifying integrated risk management issues Establishing integrated risk management systems Strengthening training on and establishing a culture for enterprise-wide risk responses
EV Employee Value Creation	<ul style="list-style-type: none"> Open communication-based corporate management HR systems offering fair opportunities Growth-fostering competency development systems Healthy and Happy Employees 	<ul style="list-style-type: none"> Open communication-based corporate management Work/life balance HR Systems offering fair opportunities Growth-fostering training systems
CG Responsible Corporate Governance	<ul style="list-style-type: none"> Strengthening operation, roles and responsibilities of the board of directors professionally Establishing advanced decision-making systems under consensus among stakeholders 	<ul style="list-style-type: none"> Strengthening operation, roles and responsibilities of the board of directors professionally Establishing advanced decision-making systems under consensus among stakeholders
BE Transparency & Business Ethics	<ul style="list-style-type: none"> Business ethics training and communication Regular monitoring and evaluation Spreading business ethics to suppliers 	<ul style="list-style-type: none"> Business ethics training and communication Regular monitoring and evaluation Spreading business ethics to suppliers

ROLES & RESPONSIBILITIES BY FOCUS AREA

FOCUS 1

EM Environmental Management

FOCUS 2

HS Health & Safety Management

FOCUS 3

ES External Stakeholders Satisfaction Management

FOCUS 4

IR Integrated Risk Management

FOCUS 5

EV Employee Value Creation

CG Responsible Corporate Governance

BE Transparency & Business Ethics

Hankook Tire clearly designates high-profile managers and departments in charge in accordance with Focus Areas in implementing CSR. These managers subsequently go on to further define the roles and responsibilities for each of their departments, which are then used as models for strategic guidance. We negotiate on and proceed with strategies through enterprise-wide CSR systems such as the CSR Strategy Committee, CSR Steering Committee (consisting of 10 sub-committees) and the CSR Meetings.

Key
ActivitiesHigh-profile Managers /
Department in Charge2010
Achievements

<ul style="list-style-type: none"> Defining eco-friendly products, establishing and applying development processes Reviewing and applying new technologies to reduce hazardous materials and pollutants Maximizing the efficiency of operating environmental facilities/ Managing various emissions Developing and managing the eco-friendly guideline 	<ul style="list-style-type: none"> Vice President of R&D Division/ R&D Strategy Team Vice President of Daejeon Plant/ Daejeon Plant Environment & Safety Team 	<ul style="list-style-type: none"> Setting goals to develop eco-friendly products and implementing them Expanding the recycling of wastewater from the Daejeon Plant Increasing high-efficiency odor removal facilities
<ul style="list-style-type: none"> Establishing the GHG inventory Setting reduction goals for each identified source/ Disclosing emissions for each source Strengthening disclosure of information in response to climate change Expanding and monitoring carbon management in supply chain 	<ul style="list-style-type: none"> Vice President of Corporate Strategy Department/CSR Team Vice President of Production & Engineering Division/ Manufacturing Technology Team 1 	<ul style="list-style-type: none"> Establishing GHG inventory Registering GHG emission reductions Disclosing emission sources and emissions through the CDP 2010 Making a draft for guidelines on purchasing low carbon products
<ul style="list-style-type: none"> Managing employees with health issues/ Prevention of safety accidents and disasters Initiating employee health management programs Establishing EHS systems and individually managing them 	<ul style="list-style-type: none"> Vice President of Daejeon Plant/ Daejeon Plant Environment & Safety Team 	<ul style="list-style-type: none"> Intensively managing employees with health issues and reducing the possibility of health complications Initiating health management programs such as reducing the smoking rate among employees Acquiring the KOSHA and OHSAS 18001 certifications Acquiring the PSM 'S' rating/Establishing the ESH integrated management systems
<ul style="list-style-type: none"> Improving supplier selection and evaluation systems Evaluating and monitoring suppliers' CSR implementation Strengthening communication with suppliers Initiating win-win supply-chain and win-win growth programs 	<ul style="list-style-type: none"> Vice President of Purchasing Department/ Purchasing Planning Team 	<ul style="list-style-type: none"> Selecting categories to evaluate suppliers' CSR implementation Strengthening regular surveys for suppliers and communication with them Running the Supplier Partnership Day Expanding the usage of eco-friendly raw materials
<ul style="list-style-type: none"> Establishing enterprise-wide philanthropy activities Developing and executing representative philanthropy programs Strengthening communication with community Identifying local agenda around business sites Expanding the employee participation and consensus 	<ul style="list-style-type: none"> Vice President of Corporate Strategy Department/ CSR Team 	<ul style="list-style-type: none"> Establishing mid-and long-term strategies and road maps for philanthropy Conducting workshops on philanthropy and training new hires Identifying the community agenda Establishing communication channels with community Setting themes for representative social philanthropy activities
<ul style="list-style-type: none"> Strengthening dealers' sales competency and extending sales support Intensifying customer communication activities Expanding customer participation and customer satisfying services/ Strengthening customer accountability and information provision Strengthening product competency and technological competitiveness Strengthening OE communication and consensus reaching Strengthening level of responses to comply with carmaker technology requirements 	<ul style="list-style-type: none"> Vice President of Marketing & Sales Department/ CRM Team Vice President of Global OE Division/ OE Strategy Team 	<ul style="list-style-type: none"> Running the Dealer Academy and Dealer Awards Strengthening customer experiences and communication Expanding the safety campaigns and services for customer satisfaction Developing next-generation technologies including LRR and sound absorbers Establishing OE quality management systems Establishing OE supply chain network
<ul style="list-style-type: none"> Analyzing risk history/Identifying, defining and classifying, enterprise-wide risk issues Establishing risk response and management processes/ Developing manual to respond to each risk issue Devising possible cases and scenarios/ Establishing processes to explore and respond to such cases Training on countering risks and strengthening the training 	<ul style="list-style-type: none"> Vice President of Corporate Strategy Department/ Corporate Strategy Team 	<ul style="list-style-type: none"> Analyzing enterprise-wide risk history and identifying the response status Classifying enterprise-wide risk types and establishing analysis frameworks Setting up and running sub-committees on risks
<ul style="list-style-type: none"> Strengthening communication within the enterprise Establishing integrated HR services and portal sites/ Setting up global training contract program Extending support for customized training for individuals Respecting and supporting human rights, labor and diversity/ Supporting the establishment of a trust-based labor management culture 	<ul style="list-style-type: none"> Vice President of Corporate Innovation Department/ Human Resource Management Team 	<ul style="list-style-type: none"> Devising programs to improve human rights and labor-management culture/ Strengthening communication within the enterprise Initiating the global training contract program and facilitating informal learning Expanding employee health programs e.g. quit smoking and nutrition Strengthening in-house childcare centers and family-friendly management
<ul style="list-style-type: none"> Actively reflecting stakeholders' ideas to the management's decision-making process Fully operating committees within the board of directors based on expertise and accountability 	<ul style="list-style-type: none"> Vice President of Finance & Management Division/ Accounting Team 	<ul style="list-style-type: none"> Establishing and operating the CSR Strategy Committee Expanding communication channels between the management and employees Actively taking stakeholders' ideas in the decision-making process
<ul style="list-style-type: none"> Improving the Online Ombudsman Service by training and monitoring on business ethics/Extending rewards for reporting VMS (Vendor Monitoring System)/ Spreading business ethics among suppliers and monitoring Establishing systems for self-check on business ethics 	<ul style="list-style-type: none"> Vice President of Finance & Management Division/ Audit Team 	<ul style="list-style-type: none"> Reviewing and complementing the Codes of Ethics Making and distributing the Business Ethics Guidebook Surveying the status on business ethics implementation (conducting a survey) Distributing letters of notice on business ethics among suppliers

CSR Key Index

2011 Commitments

Recycling waste water in the Daejeon Plant

520 m³/day

Recycling rate

7.4%

- Developing and applying the green purchasing guideline
- Adopting clean fuel to the Geumsan Plant
- Introducing the entire lifecycle evaluation for representative products
- Reducing waste and expanding the recycling of treated water

Completed the setup at the headquarters, the Daejeon and Geumsan Plants, R&D Centers and Academy House. (Completed the setup of the domestic GHG inventory)

GHG emission reduction

14,963 tCO₂eq

- Establishing the GHG inventory for all business sites
- Disclosing emission sources and amount through the CDP 2011
- Establishing mid-and long-term reduction goals for domestic sites
- Developing win-win programs for suppliers in their carbon reduction efforts

Reducing the number of employees with health issues

6.2%

Lowering the incidence rate of occupational injury

48.6%p

Lowering the smoking rate

11%

- Conducting safety training for all employees and high-level managers
- Establishing safety management system based on the integrated the EHS system
- Implementing the personal health record management/Operating musculoskeletal disease prevention programs
- Improving the team-specific safety level evaluation

Regularly conducting surveys for suppliers

134 companies

Usage amount of synthetic rubber with low PAH

3.5 times

- Developing supplier modules for online purchasing systems
- Setting up the evaluation system on suppliers' CSR implementation and monitoring
- Establishing communication channels with suppliers
- Expanding the purchasing of eco-friendly raw materials

Public agency and related institution meetings

1 Monthly

Visiting local residents to gather input

15 times a month on average

- Running enterprise-wide sub-committees on social contribution
- Running online charity sites
- Identifying the agenda for overseas local community
- Developing Korea's representative social contribution programs
- Strengthening communication channels with the community

No. of dealers that have completed training on branch management

434 dealers

Free automotive safety checks on highways in summer

17,597 drivers

- Strengthening the dealer training and sales support programs
- Establishing the CRM integrated system and expanding communication with customers
- Expanding the Eco Drive campaign and customer satisfying services

Acquiring the highest rating from the tire tests of magazines

11 cases

No. of sending global OE newsletter

4 times

- Identifying the OE technology trends and reviewing responsive measures
- Setting CSR policies for car makers and systematizing responses
- Intensively conducting OE communication and receiving feedback

Identifying the enterprise-wide risk history and response status

Strategic risks

20%

Operational risks

55%

Financial risks

10%

Hazard risks

15%

- Designating and monitoring key managerial risks
- Running a process to respond to enterprise-wide risks
- Establishing a manual to respond to key managerial risks

Training hours per head

76 hours

Conducting mentoring programs

108 participants

- Facilitating employee communication and participation in the HANA site/ Expanding the employee health programs such as countering obesity and anti-smoking
- Devising managerial issues for human rights and labor, establishing monitoring systems
- Establishing the Global HR systems for the Regional Headquarters in China
- Expanding mentoring and initiating CoP activities

Opening the CSR Strategy Committee

2 times

External director attendance rate

82.1%

- Complying with global corporate governance standards and adjusting policies
- Facilitating the operation of the CSR Strategy Committee
- Expanding the employee communication and reflecting in the decision-making process

Making and distributing the guide-book on business ethics

545 copies

No. of new employees and managers that have completed business ethics training

354 people

- Strengthening global enterprise-wide business ethics training and communication
- Establishing and running internal control and risk monitoring systems
- Distributing the Business Ethics Guidebook among suppliers
- Regularly diagnosing business ethics and conducting monitoring systems

HANKOOK TIRE CSR FOCUS AREAS

Hankook Tire has identified five CSR Focus Areas based on the integrated CSR management system: Environmental Management, Health and Safety Management, External Stakeholders Satisfaction Management and Employee Value Creation. In a bid for systematic reporting, each Focus Area consists of a Declaration, Key Managerial Issues, Operational Guidelines, Organization, a Mid-term Roadmap, 2010 Achievements and 2011 Commitments.

Constant Monitoring Areas

CG	RESPONSIBLE CORPORATE GOVERNANCE	25~26
BE	TRANSPARENCY & BUSINESS ETHICS	27~31

CSR Focus Areas

FOCUS 01	EM	ENVIRONMENTAL MANAGEMENT	32~43
01-1 Integrated Environmental Management System			32
01-2 Climate Change & GHG Management			38
FOCUS 02	HS	HEALTH & SAFETY MANAGEMENT	44~51
FOCUS 03	ES	EXTERNAL STAKEHOLDERS SATISFACTION MANAGEMENT	52~77
03-1 Win-win Supply-chain Management			52
03-2 Community Involvement & Development			58
03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)			66
03-3-2 Customer Satisfaction & Quality Management (Car Makers)			72
FOCUS 04	IR	INTEGRATED RISK MANAGEMENT	78~83
FOCUS 05	EV	EMPLOYEE VALUE CREATION	84~91

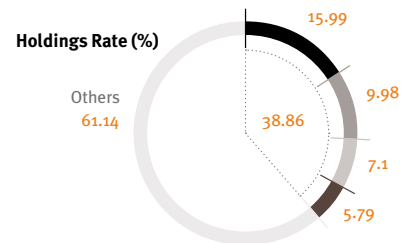
Declaration

Hankook Tire is an exemplary company that adopted a professional corporate management scheme and a thoroughly independent corporate ownership and management. We maintain sound corporate governance and practice rational, transparent management.

Major Shareholders

This is a list of shareholders with stock holdings of 5% and over as of December 31, 2010.

Name of Shareholders	No. of Stocks
Cho Yang-rai	24,335,507
Compagnie Financiere Michelin	15,195,587
Cho Hyun-bum	10,798,251
Cho Hyun-shick	8,817,786
Total	59,147,131



Board of Directors

Hankook Tire's board of directors consists of 7 directors, that is, 3 internal directors and 4 external directors as of December 31, 2010.

Type	Name	Position	Relationship with the Largest Shareholder	Note
Internal Directors	Cho Yang-rai	Chairman	Largest shareholder	
	Suh Seung-hwa	Vice Chairman	Not applicable	Chairman of the Board of Directors
	Cho Hyun-shick	President	First son	
External Directors	Hwang Won-oh	Audit committee member	Not applicable	
	Min Hae-yung	Audit committee member	Not applicable	
	Lee Yong-sung	Audit committee member	Not applicable	
	Chang Sun-kon	Board director	Not applicable	

*Update: President and internal director Kim Hwi-joong resigned, and new President Cho Hyun-shick was selected in 2010 as internal director at the board of directors.

Compensation for Directors

Unit: KRW million

Amount Approved at the Shareholders' Meeting	5,700
Total Amount for Internal Directors	2,439
Total Amount for External Directors	140

*Compensation is for registered directors during their tenure.

*Total amount increased with enterprise-wide wage increases under a higher compensation scheme.

Professionally Operating the Board of Directors and Strengthening Accountability

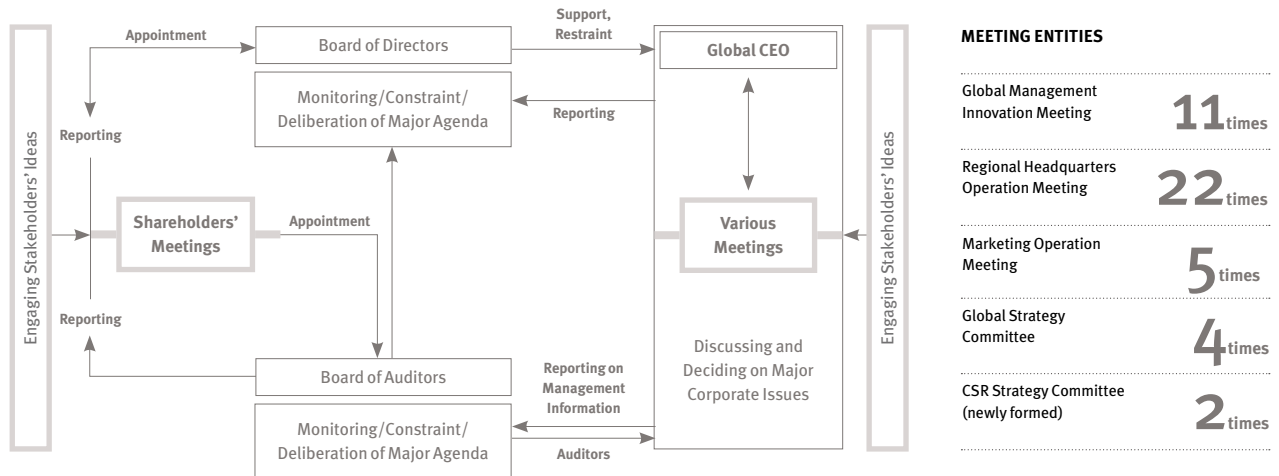
External directors take up the majority of the board of directors, and their appointment is in compliance with transparent and fair procedures at the External Directors Nomination Committee under the board of directors. Hankook Tire appoints external directors with seasoned experience who can extend support to the decision-making powers of the CEO by overseeing and supervising the management through sound advice and consultation.

Launching the CSR Strategy Committee

The CSR Strategy Committee is a critical decision-making body with 10 sub-committees including the Global CEO and the CSR Steering Committee. They report on CSR activities and discuss enterprise-wide CSR directions. The CSR Strategy Committee is held semi-annually. The plans of each sub-committee are reported in the first half of the year and activities and performance of each committee are shared and confirmed in the second half of the year.

The Top Management's Decision-Making Process

The board of directors at Hankook Tire spearheads the decision-making structure of our corporation. We continue to expand open communication channels in a bid to proactively reflect the aims of our stakeholders' ideas in managerial decision-making.



Records of the 2010 Board of Directors' Meetings

1) Regular Meetings: 4 meetings	2) Ad-hoc Meetings: 10 meetings	3) Major Agenda: Approval of financial statements, payment guarantee for subsidiaries and related companies, capital increase, etc.	4) Attendance Rate of External Directors: 82.1%
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Committees under the Board of Directors

Type	Composition	Major Functions
Audit Committee	3 external directors	Auditing on the corporate accounting and business Requiring to report on business operations to the Audit Committee Inspection on the corporate financial condition Request for appointment of external directors Handling of matters stipulated in the corporate regulations and articles of incorporation and matters consigned by the board of directors
Management Committee	3 internal directors	Deliberation and resolution on general management affairs Deliberation and resolution on financial matters
External Director Nomination Committee	2 internal directors/ 3 external directors	Nomination of external director candidates

Declaration

Business ethics of Hankook Tire aims to further advance ethical awareness among individual employees and stakeholders and enable them to conduct ethical practices. We apply business ethics to corporate missions and visions, seeking to establish a transparent and sound corporate culture void of any and all bribery or corruption.

Responsibilities and Governance

The Audit Team at Hankook Tire is solely in charge of business ethics under the Global CEO. The team assumes diverse roles and responsibilities in diagnosing corporate management, auditing online and offline reports, internal control and activities of the Business ethics Sub-committee. The team also responds to ethical risks that might happen in daily business operations through year-round monitoring and checks out the operational issues.

Mid-term Roadmap

Hankook Tire's business ethics aims to set long-term goals of preemptively countering ethical risks and focuses on intensifying infrastructure to systematically practice business ethics by developing the Business Ethics Index and establishing the RMS in 2011. We strive to spread ethical management for suppliers and intensify communication with them starting from 2012.

	2011 Strengthening Infrastructure for Ethical Management	2012 Competencies to Practice Ethics	2013 Spreading Ethical Management	
Business Ethics Training and Communication	Regularly reviewing and improving the Code of Ethics			>
	Distributing the Business Ethics Guidebook	Opening and expanding the business ethics website		>
	Sharing cases of expanding business ethics			>
Regular Monitoring and Evaluation	Establishing the RMS (Risk Management System)	Operating the RMS	Embedding the RMS	>
	Developing the Business Ethics Index	Evaluating the business ethics level and strengthening monitoring		>
Spreading Business Ethics to Suppliers	Expanding the scope of sending official letters refusing gifts	Conducting programs to strengthen ethical practices among suppliers		>
	Diagnosing and surveying business ethics among suppliers			>

2010 Achievements

●: Completed ◐: Partially Completed ○: Not Implemented ↻: Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Code	page
BE1	Business Ethics Training and Communication	Complementing Codes of Ethics	Completing the review and complementation of the Codes of Ethics/ Completing the documentation of specific provisions of codes of action	●	28
		Producing and distributing the Business Ethics Guidebook	Making the Business Ethics Guidebook/Distributing to regional offices in Korea and subsidiaries	●	28
		Training and sharing managers	Training 354 employee with 6 courses	●	28
		Sharing cases of applying the Codes of Ethics	Posting cases twice (prohibiting personal usage of corporate credit cards, strengthening the criteria for using departments' expense)	●	28
BE2	Regular Monitoring and Evaluation	Surveying on business ethics	Conducting a survey twice (on employee commitment levels and strengthening business ethics)	●	29
		Improving the Online Ombudsman Service	Conducting a whistleblower system/Revising the Online Ombudsman Service (including the website)	●	29, 30
		Strengthening the Management Diagnosis Committee functions	Conducting the Management Diagnosis Committee meetings 4 times	●	29
		Establishing the RMS	Developing initial monitoring reports and completing the application of the results to the trial stage /Completing the revision of the RMS draft	●	29
BE3	Spreading Business Ethics to Suppliers	Expanding business ethics to suppliers	Completing notice on business ethics (Purchasing Planning Team)	●	30
		Setting guidelines to practice business ethics	Completing the inclusion of the notice in the Business Ethics Guidebook	●	30

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
BE1	Business Ethics Training and Communication	Realigning business ethics on global and local websites	Reviewed once and revised	June	Audit Team
		Distributing the Business Ethics Guidebook to overseas sites		June	Audit Team
		Expanding the training for newly promoted and high-level managers	More than once	↻	Audit Team/Culture & HRD Team
		Sharing cases of violation on business ethics		↻	Audit Team and the department in charge alike
BE2	Regular Monitoring and Evaluation	Establishing and operating RMS	Establishing RMS	December	Audit Team
		Leveling up the Business Ethics Index	Developing and reviewing the Business Ethics Index	↻	Audit Team
BE3	Spreading Business Ethics to Suppliers	Distributing the Business Ethics Guidebook	Once	February	Audit Team/Purchasing Planning Team
		Expanding business ethics among suppliers		↻	Purchasing Planning Team

BE1 Business Ethics Training and Communication

Hankook Tire complements provisions for the Code of Ethics and produces and distributes action plans. It is to forge a consensus among employees on business ethics through online and offline training. Through such training, it is our aspiration to encourage employees to practice such ethics in their daily life. We seek to enhance employees' ethical mindset by sharing management audit cases and other business ethics information through the intranet.

Complementing Codes of Ethics

Hankook Tire regularly reviews its Code of Ethics and action plans while improving and complementing their contents. The 2010 Code of Ethics is amended with such newly declared missions. Moreover, we have included an established guideline to respond to violations and have appointed a specialized unit to do monitoring and procedural reporting on the boundaries within 3 categories (bribery, extortion and hospitality).

Producing and Distributing the Business Ethics Guidebook

We produced the Business Ethics Guidebook consisting of business ethics practices (i.e., 7 categories including fair business operation, basic ethics for employees and fair transactions with suppliers) and Q&A (i.e., 10 categories including internal trading, sexual harassment and non-disclosure of major information). The purpose of this guidebook is to disperse business ethics and action plans enterprise-wide based on our visions and missions. We distributed 430 copies to 224 departments and 115 copies to 4 subsidiaries.

Training and Sharing Managers

Hankook Tire has run business ethics courses for new employees and newly promoted managers in 2010 in a bid to forge a continued consensus on business ethics and strengthen the execution competency among employees. In total, we ran 6 courses and 354 employees completed them. The course consisted of Hankook Tire's application of business ethics and action plans, case studies and Q&As.

Sharing Cases of Applying the Codes of Ethics

In 2010, we began selecting cases in business ethics and share them in a bid to prevent various ethical risks and distribute consensus among employees regarding the application of business ethics. First, we have strictly prohibited them to be used outside of business purposes. Moreover, we created guidelines on the proper usage of business trip expenditures by proposing case-by-case examples of expenditure handling to prevent any excessive use or misuse.

Business Ethics Guidebook (practices of business ethics through cases)

Fair business operation	Prevention of sexual harassment	Fair transactions with suppliers
Leakage of reports	Unfair orders on selecting vendors	Usage of illegal software

Sharing Cases of Applying Business Ethics

Prohibition of using corporate credit cards for personal usage	Disclosure of guideline on handling domestic business trip expenditures	Disclosure of guideline on handling vehicle maintenance expenditures
----------------------------------------------------------------	-------------------------------------------------------------------------	----------------------------------------------------------------------

BE2 Regular Monitoring and Evaluation

Hankook Tire monitors business ethics and conducts surveys based on regularly revised protocols, process revisions and reporting from the Cyber Audit Division. This enables Hankook Tire to evaluate the ethical mindset of employees. We consistently aspire to be openly advised in order to eradicate unfair competitions and monopolies. Through fair and transparent competitions throughout all business procedures, Hankook Tire is wholeheartedly dedicated to become an ethically run role model for other enterprise.

Surveying on Business Ethics

Hankook Tire conducts annual surveys for employees in order to regularly monitor the level of business ethics within the company. The 2010 survey was complete with 5 categories and 18 items for 2,916 employees at the headquarters, R&D centers and domestic business sites. The survey gauged their ethical mindset towards the company, society and its customers. A total of 2,668 employees out of 2,916 responded (response rate of 91.5%). While the responses were encouraging, it also came to our attention that ethical training for employees at R&D centers and for operators needed to be boosted.

Improving the Online Ombudsman Service

Whistleblower System The whistleblower system was designed to establish a solid ethical corporate culture at Hankook Tire. Its purpose is to foster employees' voluntary will to become more ethical and financially reward whistleblowers reporting on the following points to prevent unethical acts:

- ¹ Exchanging money or gifts from outside stakeholders for business purposes
- ² Acts of doing harm to the company, intending to acquire unreasonable favors or having unethical means or intention by taking advantage of one's rank
- ³ Other unethical acts in association with external stakeholders, etc.

Revising the Online Cyber Audit Division With the renewal of the website, the Cyber Audit Division is now open on our global site where we have had a whistleblower system in place from April 6, 2010. Internal unethical acts are eliminated and processes are improved through whistleblowers in and outside the company under this system. As such, employees' unfair business operations, unreasonable requests by taking advantage of one's rank and corruption and irregularities are reported. Results of the reports can be easily viewed on the website by reporting, and the confidentiality of each reporter fully protected. The website maintains a high standard and rejects all ungrounded slander and malicious reporting.

Strengthening the Management Diagnosis Committee Functions

The Management Diagnosis Committee conducts monitoring of the Audit Team I, informing Hankook Tire of unfair practices, spreading preventive measures and conducting follow-up measures to improve processes. From 2010, we have operated the committee on an ad-hoc basis by improving the operating schemes (held four times per year) held from July 2008. The aim is to intensify prior monitoring functions and ex-post management (i.e., process improvement and communication of evaluation results) and to operate the committee flexibly. In 2010, the committee met four times to discuss the following issues: monitoring the usage of domestic business trip expenditures, the Daejeon Plant's reporting on quality stabilization, reviewing the corporate labeling for promotional products sold in China and improving the process of annually contracted repair costs.

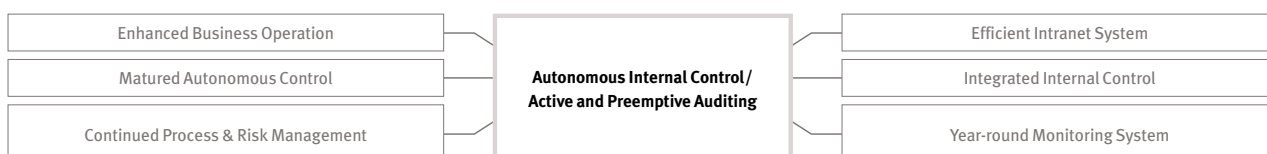
Establishing the RMS

Hankook Tire requires early warning programs amid greater exposure to risks as well as increases in the scope of evaluation due to corporate expansion. We seek to ferret out unethical behaviors and improve inefficient operations by establishing the RMS and utilizing it as a 24/7 monitoring channel so that all corporate data can be utilized under the current enterprise-wide resource management system. In 2010, we established the VMS (Vendor Monitoring System) as the first step towards building the RMS. The VMS is a management system used to maintain business continuity and prevent inefficient elements and diverse risks into the corporation. By intensively managing risks for vendors with a higher frequency of accidents as a result of internal auditing, we are able to pinpoint risk indicators on vendors and monitor them.



The Online Ombudsman Service

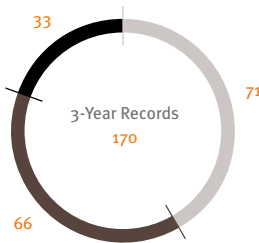
Layout of Performance Reporting



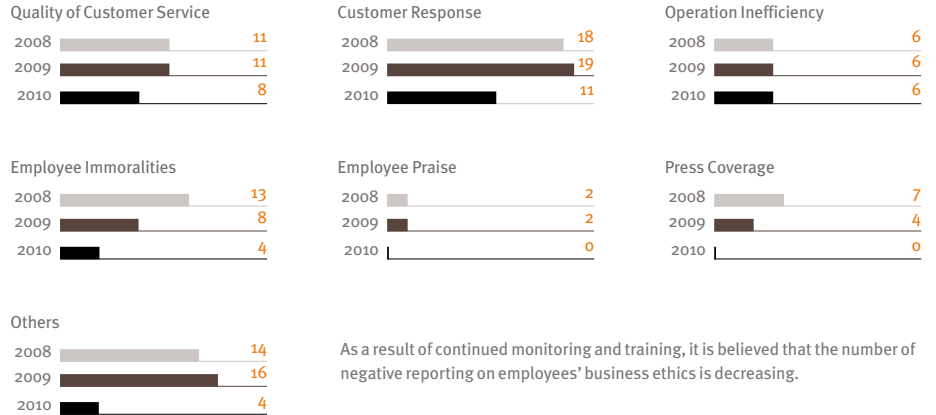
Operation of the Online Ombudsman Service for the Past 3 Years

Total No. of Cases

- 2008
- 2009
- 2010



Category



As a result of continued monitoring and training, it is believed that the number of negative reporting on employees' business ethics is decreasing.

BE3 Spreading Business Ethics to Suppliers

Hankook Tire endeavors to build more constructive relations with suppliers for sustainable development and to establish win-win development systems under transparent and trusting relationships. We seek to expand ethical management practices on the value chain through diverse support and the monitoring of suppliers to practice business ethics and information sharing.

Expanding Business Ethics to Suppliers

We have sent and shared the supplier-related Code of Ethics in an official form in a major way in order to spread and expand ethical management practices. The Code aims to prevent unfair transactions with employees in suppliers who purchase and outsource as well as wide-ranging ethical risks via official documentation.

Setting Guidelines to Practice Business Ethics

Upon producing and distributing the Business Ethics Guideline, we reflected on the guidelines regarding business ethics related to suppliers in our code of actions. We specified on the permissible amount and handling procedure for 3 categories of bribery, extortion and hospitality. Hankook Tire is hopeful this will enable transparent transactions with suppliers and ethical management practices.



Sending a Letter of Notice on Business Ethics among Suppliers

HANKOOK TIRE'S CODES OF ETHICS (MAJOR POINTS)

- Hankook Tire shall regard the Codes of Ethics as the standard for all employees' acts and decision-making.
- Hankook Tire shall build mutual trust with all stakeholders by practicing business ethics.

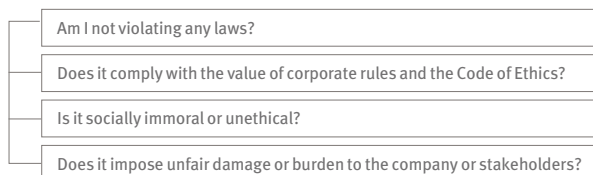
The Underlying Spirit

Hankook Tire pursues the '21st Century Global Standard' that contributes to the safety and happiness of humanity by creating the world's best products and services based on the grand vision of "Stretching Trust and Value to the World." This goal can be only achieved when individual employees at Hankook Tire share the utmost ethical values and practice them in similar directions.

As such, we institute the Code of Ethics based on the new 21st Century Grand Vision and Hankook Tire's core values, which are, creativity, professionalism, goal orientation and accountability. Hankook Tire seeks to parallel the following values and encourage stakeholders to do so as well through sound by business practices:



All employees at Hankook Tire are respected and treated with dignity. Each employee at Hankook Tire complies with and practices business ethics voluntarily according to the following criteria: belief that they are representing their company and keeping the reputation of the company and themselves pure and thriving at all times.



Chapter 1 Hankook Tire's Management Activities

Hankook Tire seeks prosperity for all based on mutual trust with stakeholders, customers, employees, shareholders, partners and the society that its management activities are targeting.

Chapter 2 Work Life of Employee at Hankook Tire

Hankook Tire's employees maintain their own reputation by mutually respecting one another, embodying high moral standards and proper manners, and believing in the maxim, "Honest, fair and proper business ethics shall be prioritized." While respecting individual expertise and creativity to the utmost and striving to make profits for the company, employees seek to initiate and maintain their own individual growth and corporate development alike.

Chapter 3 Operation and Practices of Business Ethics

Business ethics at Hankook Tire aim to create a corporate culture of trust and value by actively taking part in ethical activities: ethics campaigns, seminars on ethics for partners and enterprise-wide fair transactions.

Chapter 4 Appendix

- ¹ Hankook Tire's Codes of Ethics shall take effect from August 1, 2001.
- ² Hankook Tire's Codes of Ethics shall take effect from February 1, 2005.
- ³ Hankook Tire's Codes of Ethics shall take effect from July 15, 2007.
- ⁴ In the event that these Codes of Ethics overlap or run counter to the previous similar codes, these shall outweigh them in any decision.

FOCUS 01 Environmental Management

FOCUS 01-1

IE Integrated Environmental Management System



2010 Achievements

● : Completed ◐ : Partially Completed ○ : Not Implemented ↻ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
IE1	Resources Recirculation Environmental Management	Expanding wastewater recycling	Recycling wastewater at Daejeon Plant: 520m ³ /day	●	34, 35
		Expanding the systems for resources recirculation	Reducing slaked lime consumption (recycling dust collected in the company)	●	34
IE2	Minimizing the Environmental Impact	Installing pollution prevention facilities	Added one unit of *CRCO	●	35
		Reviewing and adopting new technologies to reduce pollutants	Introducing air movement modeling to identify odors' routes	●	35
		Maximizing efficiency in operating environmental facilities	Appropriately replacing expendables (filling materials, activated carbons)	●	36
		Improving conditions by regularly cleaning up/ Improving burning conditions for incinerators	for facilities to prevent air pollution Removing cumulative dust within ducts/ Improving burning conditions for incinerators	◐	36
		Setting goals to develop eco-friendly products	Approximately 7.4% for eco-friendly products	◐	36, 37
IE3	Expanding Eco-friendly Products	Developing a process to develop eco-friendly products	Adopting a process to develop eco-friendly products	◐	37

*No. of cases and amount of leakage of major hazardous materials in 2010 –Zero

*CRCO: Concentrator Regenerative Catalytic Oxidizer

01-1 Integrated Environmental Management System

01-2 Climate Change & GHG Management

Declaration

Hankook Tire will continue to contribute to the environmental preservation of the planet by carrying out environmental management activities ranging from product development to purchasing, production, usage, recycling and disposal.

Responsibilities and Governance

Hankook Tire operates the CSR Environment Committee under the leadership of the head of the Daejeon Plant to establish and execute the environmental management system. The committee strives to minimize the environmental impact by establishing policies and changing issues. It also identifies Key Managerial Issues by setting policies in consultation with the headquarters, each business site and teams in association with R&D centers of Hankook Tire. We plan to regularly evaluate/report performance by establishing enterprise-wide environmental goals and developing programs to attain them.

Mid-term Roadmap

Hankook Tire identified green purchasing, cleaner production, product usage and resource management as its new Key Managerial Issues and it continues to advance through the following mid-and long-term roadmap.

	2011 Building Environmental Management	2012 Upgrading Environmental Management	2013 Leading Environmental Management	
Green Purchasing	Introducing green purchasing (making and executing a guideline)	Expanding green purchasing (expanding its scope of application)	Expanding green purchasing (expanding its scope of application for sites)	>
Cleaner Production	Applying LNG as boiler fuel (for domestic sites)	Applying LNG as boiler fuel (for overseas sites)	Innovatively reducing emissions of major environmental pollutants	>
Product Usage	Adopting life-cycle assessment for major products	Quantifying reduction in environmental impact (in usage stage)	Expanding scope of products subject to life-cycle assessment	>
Resources Management	Recycling rate of recycling wastes	Introducing and applying eco-efficiency	Introducing the eco-SCM	>

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
IE1	Green Purchasing	Developing and applying a guideline for green purchasing	Developing a guideline for green purchasing	December	CSR Team
IE2	Cleaner Production	Introducing clean fuel (Geumsan Plant)	Replacing boilers	May	Machinery Engineering Team 1
		Increasing number of facilities that remove odors-inducing materials	Installing facilities to eliminate odors in curing process	November	Machinery Engineering Team 1
		Minimizing emission of environmental pollutants		December	Environment & Safety Team
IE3	Product Usage	Introducing life-cycle assessment for major products		December	CSR Team
		Specifying processes to develop eco-friendly products	Developing a specific guideline	November	R&D Strategy Team
IE4	Resources Management	Expanding efforts to reduce waste	Reducing disposed wastes over 7% per production ton	December	Environment & Safety Team
		Expanding efforts to recycle wastewater	Recycling over 500m ³ per day (Daejeon Plant)	December	Environment & Safety Team

- Changes in Key Managerial Issues: As green purchasing, cleaner production, product usage and resources management to minimize environmental impact through product life cycle.

IE1 Resources Recirculation Environmental Management

Hankook Tire uses substantial resources due to its massive production volume. Despite this, we make every effort to minimize the usage of limited resources by recycling wastewater/waste and reducing debris. By doing so, we gradually scale down the emissions of aquatic pollutants in producing each tonnage of products as well as the amount of major raw material usage.

Expanding Wastewater Recycling

Operating Wastewater Recycling Systems Wastewater generated in producing tires and operating related facilities is discharged below the stringent internal levels vis-à-vis the legally permissible levels after being purified at the wastewater treatment plants. As for the Daejeon Plant, wastewater recycling systems were established in 2009 and driven by efforts to expand the recycling volume, over an average of 500m³ of wastewater are utilized to cleanse air pollutants, helping to save the industrial water and protecting water resources.

Expanding the System for Resources Recirculation

Reducing Waste by Recycling Dust The Daejeon Plant operates the high-efficiency Concentrator Regenerative Catalytic Oxidizer (CRCO) to reduce odors. Filter dust collectors are installed to remove particulates in advance so that the CRCO operational efficiency is boosted.

Adhesive materials (such as oil ingredients) are attached to filter bags of dust collectors to possibly lower removal efficiency. To prevent this, filter bags are covered with powder. Initially, slaked lime was used as powder, but is now replaced by collected dust in removing SOx as air pollutants. By doing so, we reduce the amount of dust treated as waste and the amount of using slaked lime simultaneously.

How to Collect Water for Each Source As for domestic sites, most of the water comes from Daechung Dam for the Daejeon Plant and from the Geum River for the Geumsan Plant. For other purposes of using water, underground water is used (information to be reported later for overseas sites).

Preservation Activities of the Geumsan Plant at the Water Protection Area

Type	Content
River Clean-up During Dry Season	The Geumsan Plant is located near a water protection area where protected fish species like the hemibarbus mylodon and the golden mandarin fish inhabit. Pollutants are removed to protect the upstream of the Geum River during dry season. Such clean-up activities were conducted three times with 100 participants in total.
River Refurbishing	Water-friendly spaces were formed on the riversides for residents to both easily access the river and arouse their interest in river preservation. To this end, approximately KRW 30 million was invested to install a sports zone and to refurbish the riversides. The water quality at Gisa Stream has been steadily monitored through water quality assessment to determine its status. To this end, KRW 4 million is spent per year to analyze five water quality indicators including *BOD.

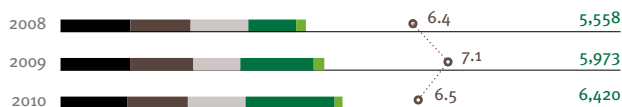
*BOD: Biochemical Oxygen Demand

Amount of Water Usage

Unit: 10³m³ (● : Amount of Water Usage (10³m³)/Product (ton))

- Daejeon Plant
- Geumsan Plant
- Gangso Plant
- Gaheung Plant
- Hungary Plant
- Amount of Water Usage/Product

The total amount of water used increases gradually due to greater production volumes, but the increase rate is eased as we strive to recycle wastewater. Consequently, the amount of water used to manufacture one ton of products has dropped by approximately 5.8% from 2009.



Amount of Each Raw Material Used

Unit: 10³ton (● : Amount of Raw Material Usage (10³m³)/Product (ton))

- Natural Rubber
- Synthetic Rubber
- Carbon Black
- Textile-Cord
- Steel-cord
- Bead Wire
- Amount of Raw Material Usage/Product

Major raw materials for tires include rubber (natural/synthetic), carbon black, cords and beads. The amount of raw material usage swells along with greater production volumes, but the quantity of used raw materials vis-à-vis manufacturing volumes steadily drops due to higher efficiency in using raw materials. Among recycled materials at Hankook Tire, the total quantity of recycled isoprene-isobutylene rubber amounts to approximately 1,880 tons, taking up only about 0.4% among the total rubber usage.



01-1 Integrated Environmental Management System

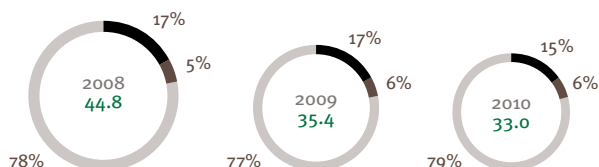
01-2 Climate Change & GHG Management

Waste Treatment Quantities

Unit: Amount of Waste Treated (Kg)/Product (ton)

- Consigned Landfill
- Consigned Incineration
- Consigned Recycling
- Amount of Waste Treated/Product

The recycling rate among waste treatment methods is progressively rising, and the amount of waste treated per product ton dropped by 7% from 2009.



Amount of Energy Usage

Unit: GJ/Product (ton)

- Direct Energy: Fuel spent to generate steam inside (such as LNG)
- Indirect Energy: Electric power or steam supplied from outside

The amount of energy usage to manufacture one ton of products is gradually increasing. It is because the fact pilot operations and initial work take place because of new facilities. As such, once production efficiency is stabilized, energy efficiency is expected to improve significantly.



IE2 Minimizing the Environmental Impact

Hankook Tire seeks to minimize environmental impact by classifying priorities for each plant: odor prevention at the Daejeon Plant and water management at the Geumsan Plant. In 2010, the Daejeon Plant replaced the existing Bunker-C oil for boilers with LNG (Liquefied Natural Gas), a type of clean fuel, thus dramatically reducing major air pollutants. The Geumsan Plant, meanwhile, does the utmost to manage the water quality by conducting the One Company One River Clean-up campaign and evaluating the aquatic toxicity.

Installing Pollution Prevention Facilities

After installing one unit of high-efficiency CRCO in 2009, odor reduction effects were immediately recognized. Consequently, one additional unit of CRCO was installed in the rubber mixing process in 2010. In 2011, another odor prevention facility will be installed for curing. Meanwhile, at the Daejeon and Geumsan plants, efforts are underway to minimize environmental impact on the surrounding region by minimizing air pollutants, removing odors and preventing odors from spreading apart.



Reviewing and Adopting New Technologies to Reduce Pollutants

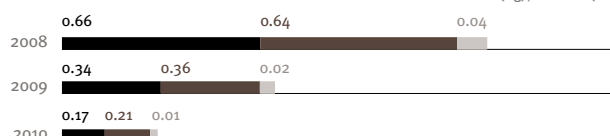
Environmental Impact Analysis for the Sites' Surroundings Hankook Tire has conducted research regarding the possible environmental impact on our plants' surrounding in conjunction with expert agencies for three years. In 2010, we designated major odor-inducing materials (such as hydrogen sulfide and acetaldehyde) as the odor indicators, and analyzed their impact on the air based on meteorological data in the Daejeon area. Such analytical results are utilized as rationale for predicting possible complaint from community, installing air pollution prevention facilities and also for the analyses of operational effects. The existing meteorological data in Daejeon could not yet be easily utilized for predicting the local meteorological impact. However, more accurate predictions are now possible as the Daejeon Plant is equipped with its exclusive meteorological measuring systems. Furthermore, we plan to perform additional research regarding the removal of fundamental causes of odors by developing odor-reducing materials and processes.

Emissions of Air Pollutants

Unit: Emissions (Kg)/Product (ton)

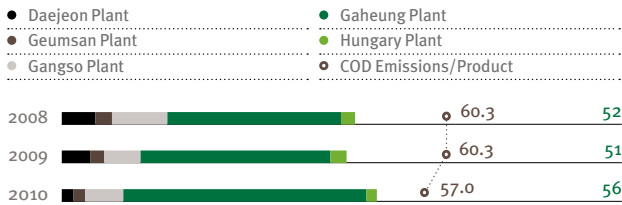
- SOx
- NOx
- Dust

The existing Bunker-C oil for boilers has been replaced with LNG, the clean fuel, while incinerators are closed and air pollution prevention facilities have been added. Thus pollutant emissions have been dramatically reduced.



COD (Chemical Oxygen Demand) Emissions

Unit: ton (● : COD Emissions (g)/Product (ton))



Although the quantity of water pollutants has increased overall, COD emissions vis-à-vis manufacturing volumes have steadily improved by about 5.5% from 2009. Nevertheless, since emissions from the Gaheung Plant in China have increased, inspection and measures have been taken to reduce the levels.

The Daejeon Plant, meanwhile, discharges wastewater at the wastewater treatment plant at a complex after treating it primarily at its treatment plant, while the Geumsan Plant treats wastewater in its own wastewater treatment plant and then discharges it to the Gisa Stream, a branch of the Geum River.

Maximizing Efficiency in Operating Environmental Facilities

We have designated the optimal replacement cycle for expendables for inner and outer parts and operate this cycle accordingly in order to maintain the optimal treatment efficiency for pollution prevention facilities.

Wet Scrubber	Activated Carbon Dust Collectors	Bag Filter
Replacing Demisters/ Replacing Packing Materials	Replacing Filters/ Replacing Mesh	Cleaning the Inner Part/ Replacing Filters

Minimizing the Impact of Non-point Sources At the Geumsan Plant, rainwater is discharged into rivers through rainwater routes when it rains. We installed oily water separators as precautionary measures in major spots to prevent any possible river pollution due to environmental accidents, and trained on using these devices. Additionally, by minimizing the dispersal of carbon black and regularly cleaning up roads and drainages, we also safeguard against any possible river pollution via road pollution at the plants.

Strengthening Communication with Local Residents Regarding Environmental Issues

The Daejeon Plant seeks to facilitate communication with its local residents by regularly attending and organizing seminars with local residents. This started in 2009 in accordance with the 2008 Voluntary Agreement on Odor Reduction. Invitees are local residents, professors, environmental organizations and public officials. They are introduced to our odor reduction activities and plans, while site inspections to reduce odors are underway. Meanwhile, the Geumsan Plant, continues to hold field trips to environmental facilities for students at neighboring schools. Additionally, we will also improve the river water quality under the Once Company One River Clean-up campaign.

Amount of Usage of Ozone Depleting Materials In 2010, the Daejeon Plant used a coolant called ‘R22’ which has been applied to other domestic plant. If the usage amount of R22 is converted into CFC-11, the equivalent usage of ozone depleting materials is 92kg.

*No ozone depleting materials were used between 2007 and 2009- the 2009 CSR Report reported on the total coolant usage amount due to an error in data compilation.

IE3 Expanding Eco-friendly Products

Hankook Tire contributes to the environmental protection of the earth by striving to prevent global warming. To this end, we save resources through all product life cycles of design: production, usage and disposal. Moreover, we use eco-friendly resources as we produce eco-friendly tires with high performance (safety and convenience) and green standards.

Setting Goals to Develop Eco-friendly Products

Contributions to the Prevention of Global Warming Hankook Tire has endeavored to improve the rolling resistance of our tires in confidence that it will directly impact automotive fuel efficiency and help in the fight to slow down the global warming. Since early 2000, we have conducted research on new materials, new processing technologies, pattern imaging and optimizing the tire structure. As such, as of 2010, the rolling resistance has improved by about 30% compared to the 2007 figures.

Resource Conservation Hankook Tire seeks to conserve resources through developing optimal tire structures. To this end, we minimized resource waste by lowering the product weight by approximately 6% compared to that of 2007 while maintaining/enhancing performance, e.g. applying new belts.

Usage of Eco-friendly Resources Hankook Tire has nearly completed the application of eco-friendly oil to tires in compliance with the EU Regulations, while minimizing *PAH used to manufacture products.

*PAH: Polycyclic Aromatic Hydrocarbons

01-1 Integrated Environmental Management System

01-2 Climate Change & GHG Management

User Safety Upgrade and Noise Reduction Raising the bar on wet road controllability begins with accurate measurement. The Gumsan Plant is now equipped with all user safety facilities such as special EU-certified roads and equipment to evaluate wet road performance. We also conduct noise reduction research in all aspects ranging from road-specific inquiry to tire pattern design in a bid to reduce noise on the move.

Eco-friendly Product Sales Eco-friendly products among tires sold at Hankook Tire account for about 7.4% of all tires sold. The percentage dropped from last year's 21% because at that time, we limited eco-friendly product sales to the domestic market alone. In 2011, we plan to doubly expand our 2010 eco-friendly tire sales by 15%.

Basic Requirements for Eco-friendly Products

Purpose	Measures for Eco-friendliness
Prevention of Global Warming	Lowering rolling resistance: Lowering CO ₂
Resources Saving	Optimal structures: Minimizing wasting of resources by developing optimal tire structures
Usage of Eco-friendly Resources	Usage of eco-friendly materials: Low PAH Oil etc. Expanding usage of natural resources
User Safety/Convenience	Enhancing performance on wet roads Low noise

Composition of Eco-friendly Products

Region	*PCR Performance & Premium	PCR Standard	*TBR
Europe	Optimo (K415)		AL10 e-Cube
	Enfren (K715) →→		DL10 e-Cube
	Kinergy eco (K425) (2011)		TL10 e-Cube
America	Optimo (H418, H426)	Enfren (H725)	AL07+, 11
	Optimo (H430, H433)		TL01, DL11
	Enfren (H727)		Z35A
Middle East		Optimo (H418, K406, K415, K424),	AL10 e-Cube
ASEAN		Optimo (H429)	DL10 e-Cube
South America		Enfren (H714, H715, H724)	TL10 e-Cube
		Optimo (H439, H429)	AH25 e-Cube
Korea	Ventus S1 noble (H430, H432, H433/H418,		DH25 e-Cube
Japan	H425, H426)		TH25 e-Cube
China			

*PCR: Passenger Car Radial
*TBR: Truck, Bus Radial

Composition and Certification of Eco-Friendly Products

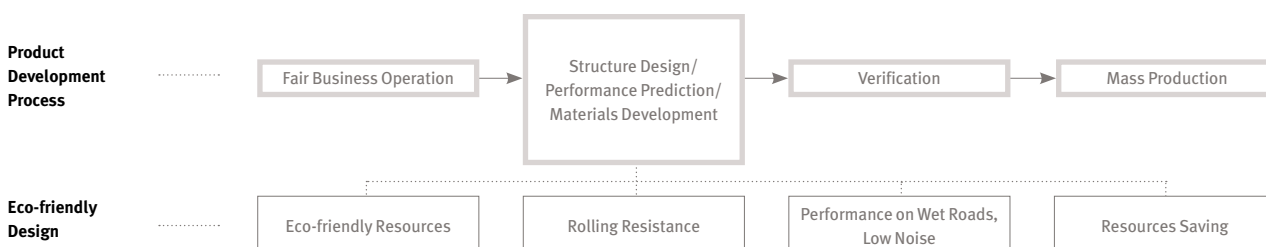
Region	Product	Environmental Labeling	Others
Domestic	Enfren	Certified by Japanese Green Act (2009), Green Winner Award (2008/2009)	
		Environmental labeling by the German UBA 'Blue Angel'	• Excellence approved for three areas: low rolling resistance, low noise and wet grip
		Swedish environmental labeling 'Nordic SWAN'	• Excellence approved for three areas: low rolling resistance, low noise and wet grip
Europe	Optimo 4S (H730)	Swedish environmental labeling 'Nordic SWAN'	• Evaluating production process' eco-friendliness
		Swedish environmental labeling 'Nordic SWAN'	
America	Ventus S1 evo (K107)	R.R. performance certified by America	
	Ventus V4 ES (H105)	Consumer Report	
	Optimo H418	Certified by Smart	• AH24, DH06 and
	AL07+, AL11, Z35A, TL01, DL11	Way™ of North America	USS awaiting certification

Developing a Process to Develop Eco-friendly Products

Hankook Tire has introduced wide-ranging eco-friendly products to the market based on eco-friendly product development processes. As such, eco-friendliness of our products has been highly recog-

nized as we strive to enhance rolling resistance and the like. Our eco-friendly product development process is designed to consider green aspects from the initial development planning stage in the product development cycle.

Eco-friendly Product Development Process



FOCUS 01 Environmental Management

FOCUS 01-2

CC Climate Change & GHG Management



2010 Achievements

● : Completed ● : Partially Completed ○ : Not Implemented ↻ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
CC 1	Identifying GHG Emission Sources and Reducing Emissions	Establishing the GHG inventory	Completing the initiatives at the headquarters, domestic sites, R&D centers and academy houses	●	40
		Registering the GHG emission reduction levels	Completing the registration of 2 cases	●	40
		Improving facilities to optimize energy efficiency	Improving site-specific facilities	↻	40, 41
CC 2	Setting Goals to Specifically Lower Each Emission Source	Forming and operating the climate change task force	Establishing the Energy/Carbon Sub-committee and engaging in corresponding activities	●	41,42
		Analyzing reduction potentials per emission source on domestic sites	Carrying over to 2011 plans	○	-
		Setting reduction goals per emission source on domestic sites	Carrying over to 2011 plans	○	-
CC 3	Disclosing Emissions and Communicating Reduction Efforts	Disclosing emission sources and emission levels	Disclosing emission sources and emission levels through the CDP (Carbon Disclosure Project) 2010	●	42
CC 4	Establishing the Supply-chain Carbon Management System	Introducing a low carbon product purchasing system (producing and executing a guideline)	Reviewing a draft of a guideline for purchasing of low carbon products (Carrying over to 2011 plans)	●	43

Declaration

Hankook Tire recognizes that countering climate change on the global, regional and national levels is essential for a sustainable future. We are committed to bolster our competitiveness by preventing climate-change related business risks.

Responsibilities and Governance

Hankook Tire established a sub-committee for energy/carbon management which is supervised by a head chief of the Production & Engineering Division. To more efficiently respond to climate change, the sub-committee consists of teams in charge of planning for managing energy/carbon, monitoring and conducting R&D and lowering emissions.

Mid-term Roadmap

Hankook Tire recently formed a Mid-term Roadmap to managing and promoting initiatives for energy/carbon management. Main categories are classified into management (planning), execution and their application to the overall supply chain. We also seek to pour in continued endeavors to build, manage and promote energy/carbon management initiatives by recognizing 2010 as the first year to take such needed action.

	2011 Building Carbon Management	2012 Managing Carbon Management	2013 Promoting Carbon Management	
Energy/Carbon Management	Establishing the GHG inventory (on all sites)	Applying the IT system to support energy/carbon management (on all sites)	Identifying goal achievement levels and making improvement	➤
	Setting site-specific reduction goals	Analyzing and communicating opportunities and risks		
Execution and Reduction	Geumsan Plant: Replacing with clean (low carbon) fuel (Bunker-C oil→LNG)	Reviewing the introduction of new and renewable energies	Introducing new and renewable energies	➤
Supply-chain Carbon Management	Setting up a low carbon purchasing policy (producing and executing a guideline thereof)	Introducing low carbon management for the supply chain (for domestic sites)	Introducing low carbon management for the supply chain (for sites in Europe)	➤

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
CC1	Energy/Carbon Management	Establishing the GHG inventory on all sites	Five sites	July	CSR Team/Related teams on each site
		Establishing support systems (China site)	System set-up	December	CSR Team/Related teams on each site
		Disclosing GHS emission sources and emission levels through the CDP 2011	Registered	June	Energy/Carbon Sub-committee
		Establishing mid-to long-term reduction goals on domestic sites	Registered	December	Energy/Carbon Sub-committee
CC2	Execution and Reduction	Achieving energy saving (energy consumption amount per one tonnage of manufacturing)	Improvement rate of 0.5%	🔄	Energy management sub-team on each site
		Replacing fuel at the Geumsan Plant	Operation	April	Manufacturing Technology Team 1/ Facility Maintenance Team
CC3	Supply-chain Carbon Management	Developing win-win supply-chain partnership programs to reduce carbon	Developing/Reporting	November	CSR Team/Purchasing Planning Team

- Changes in Key Managerial Issues: In order to adopt and build the energy/carbon management, issues that have already generated performance were excluded from Key Managerial Issues to streamline the composition.

CC1 Identifying GHG Emission Sources and Reducing Emissions

Hankook Tire established the GHG inventory for the head office and its affiliates under Hankook Tire Korea Headquarters in order to identify the GHG emission sources in 2010. To this end, we sought for opportunities to reduce the GHG, and paved the way to take part in various GHG programs, including emission trading.

Establishing the GHG Inventory

Hankook Tire established the GHG inventory for the head office, the Daejeon Plant, the Geumsan Plant, the Main R&D Center and the academy houses. From 2007 to 2009, we also came up with guidelines to continuously maintain and improve the inventory and an internal process guidebook to verify and guarantee data reliability. Moreover, we were verified on the GHG emission certification from the British Standards Institution Korea for the first time in the history of our industry which thereby officially authenticated Hankook Tire's efficient and systematic management of GHG emissions (refer to p.63 of the CSR Report 2009 for details on GHG emission sources). In 2011, we plan to establish the GHG inventory for production facilities in China and Hungary. Additionally, we will continue to apply the inventory to a broader scope in order to identify emission sources and levels for all types of GHG emissions throughout our operations by 2013. Total GHG emissions for domestic affiliates of Hankook Tire stood at approximately 46,200 tons in 2008 and 45,800 tons in 2009. These figures are set to increase again in 2010 to approximately 51,800 tons after a slight drop in 2009. This is largely attributable to the increase in production volume. Most of the GHG emissions derive from electrical power consumption (58.2%) and steam generating fuel (33.8%), taking up a total of approximately 92% of all emissions. The increase in GHG emissions between 2009 and 2010 can be attributed to two factors: the continual additional construction of production facilities and the CRCO operation to ease odors in the surrounding environment. The establishment of the GHG inventory enables us to gauge major emission sources for Hankook Tire. As such, we endeavor to minimize the environmental impact, particularly regarding consequences relating to climate change, by enhancing operational efficiency and replacing energy sources with low carbon-intensive alternatives.

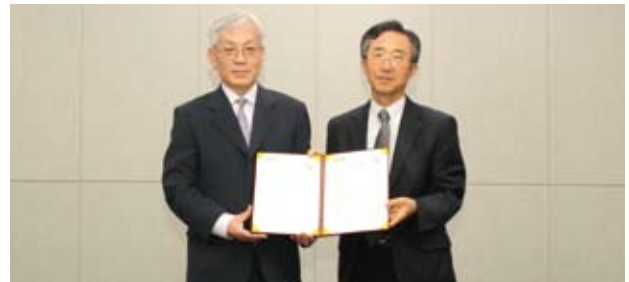
Registering the GHG Emission Reduction Levels

The Daejeon Plant has installed and operated five boilers to produce the steam to manufacture tires. Starting with the replacement of the existing fuel for the boilers, the Bunker-C oil into the clean fuel of LNG (Liquefied Natural Gas) from January 2009, we have completed the fuel replacement for five boilers by June of 2010. Such efforts were recognized at the government level as voluntary actions in assistance to reduce GHG emissions. We registered a total of four boilers to be subject to reduction plans. Estimated GHG emission reductions were set to reach approximately 73,000 t*CO₂eq for a total of five years, and in 2010, our successful reduction of 14,963 tCO₂eq was recognized. A portion of the recognized reductions will be utilized to achieve reduction goals allocated under the 'GHG energy Goal Management System.'

*CO₂eq: The converted value of various types of GHG into the equivalence of the representative GHG of CO₂.

Improving Facilities to Optimize Energy Efficiency

Most of the GHG emissions at Hankook Tire are attributable to the use of direct or indirect energy. The quantity of energy used (or GHG emissions) has increased for the past few years due to increases in the operation of production facilities. However, the amount vis-à-vis the production of product volume continues to grow through our continued commitment to raise facility efficiency and reduce energy use. The Gangso Plant in China is a case in point. There, the plant has resourcefully improved its facilities to reduce energy use by recovering the steam (or waste heat) emitted externally in the process of manufacturing. Consequently, the plant not only recycles the high-pressure steam and condensed water after its recovery in each pressuring stage but it also recovers the steam emitted for water heating and supply for boilers.



GHG Emissions Certificate Awards Ceremony

GHG Emissions

Unit: tCO₂eq

GHG Emissions



GHG Emissions per 1 Tonnage Production

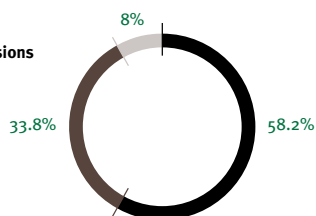
Direct/Indirect GHG Emissions

- Direct Emissions: Boilers, emergency generators, CRCOs, incinerators, vehicle, air conditioners, etc.
- Indirect Emissions: Electric power and steam purchased externally

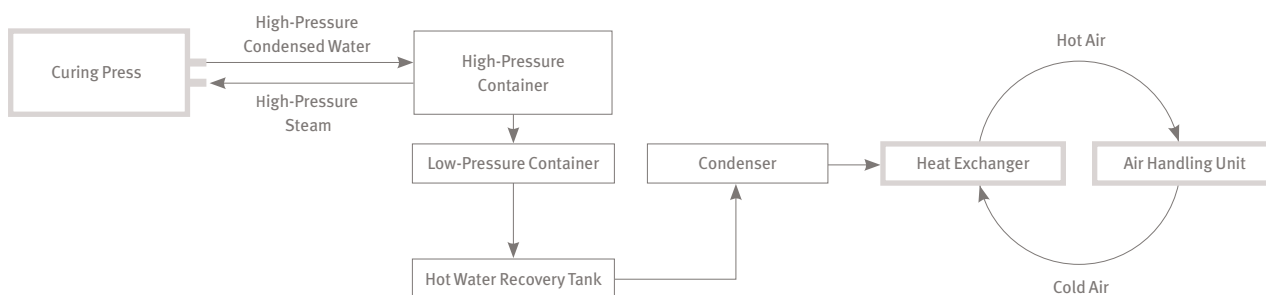


Breakdown of GHG Emissions

- Electric Power
- Fuel
- Others



Waste Heat Recycling Process



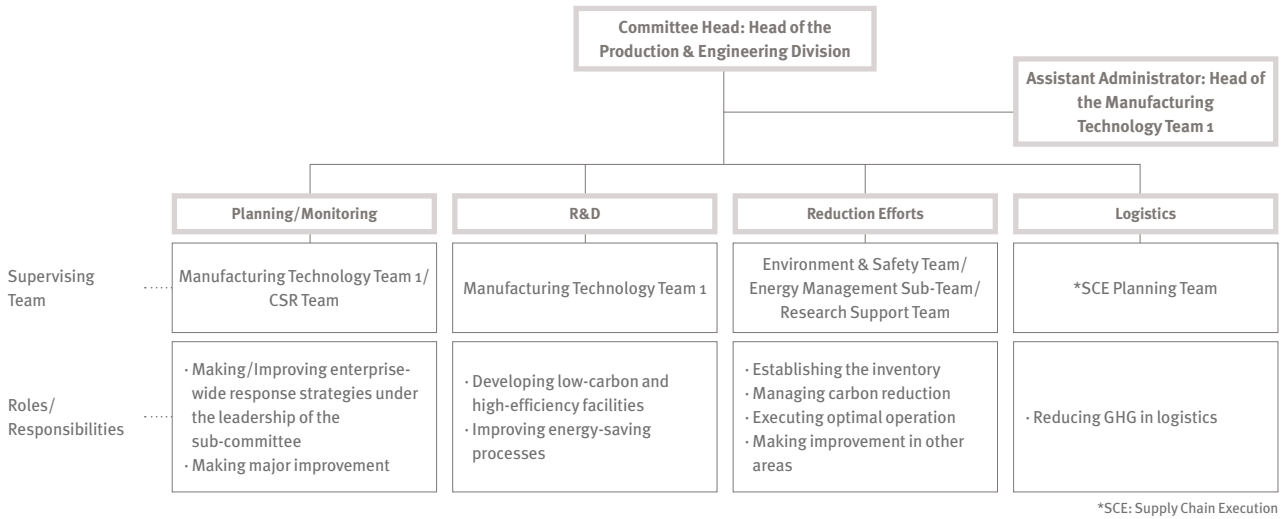
CC2 Setting Goals to Specifically Lower Each Emission Source

In 2010, we did not set specific reduction goals for each emission source because although we established the GHG inventory and identified the emission sources for the GHG, extensive time allotments and manpower were required for classifying applicable technologies and calculating investment expenses/cost benefits. However, in attempts to step closer towards our reduction goals, we formed a sub-committee to manage the carbon/energy in 2011 so that the allocated staff to do the job could move towards our goal. We firmly plan to establish specific reduction goals in 2011.

Forming and Operating the Climate Change Task Force

Hankook Tire formed the Energy/Carbon Sub-committee to supervise and manage energy and carbon issues under the CSR Committee. The sub-committee fulfils the various roles and corresponding teams under it covering plans and monitoring, R&D, business sites and purchasing/logistics in association with the energy/carbon. The aim is to more readily and efficiently respond to climate change.

Energy/Carbon Sub-committee



CC3 Disclosing Emissions and Communicating Reduction Efforts

Hankook Tire’s climate change activities start from identifying physical/regulatory risks and opportunities and then setting strategies to utilize them. Since calculating GHG emissions is one of the essential tasks to be implemented at Hankook Tire, set policies to transparently disclose GHG emissions and abide by them, while disclosing its reduction efforts.

Disclosing Emission Sources and Emission Levels

Hankook Tire has established the GHG inventory to identify GHG emission sources, and transparently disclose the results in a special section of the 2009 CSR Report. In 2010, we suggested information on the GHG emissions and climate change efforts upon the request of the Carbon Disclosure Project (CDP). Since then, we have been able to identify the positive/negative impact of climate change and align our corporate management activities as closely to environmental concerns as possible. Hankook Tire vigilantly advocates the creation and application of policies in conjunction with government and government-related agencies. At the same time, we practice the policies in consultation with domestic specialists in participation of pilot projects and government policies

guidelines of the system to achieve our allocated reduction goals taking effect from 2012, and confirmed roles and responsibilities of related teams. In 2011, we will set business site-specific GHG reduction potentials and reduction cost to set more specific goals.



Disclosing the CDP

Regulatory Opportunities and Risks International and regional regulations on climate change may significantly impact corporate business activities. Hankook Tire is well aware of its subject to government regulations under the ‘GHG Energy Goal Management System.’ As such, we have organized in-house seminars on the operational

CC4 Establishing the Supply-chain Carbon Management System

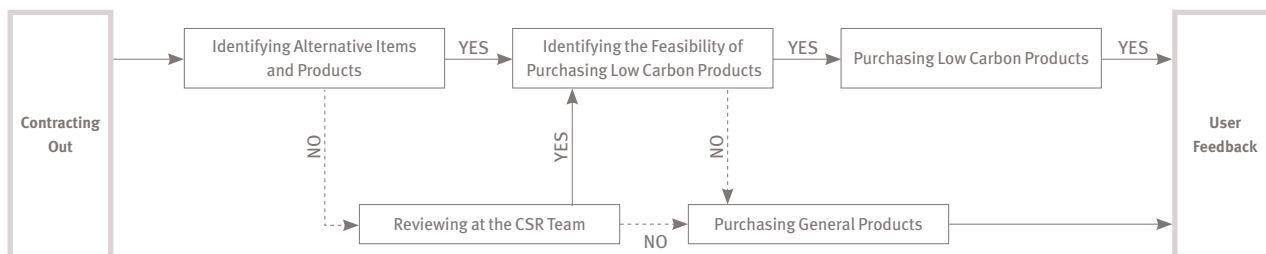
Hankook Tire entered the phase of establishing a guideline for low carbon product purchasing in 2010 in order to establish the supply-chain carbon management system. By doing so, we sought to lower carbon emission levels as we endeavor to develop win-win supply-chain programs in assisting our suppliers to lower carbon emissions under a broader scheme, while solidifying the basis for the supply-chain carbon management system.

Introducing a Low Carbon Product Purchasing System (Producing and Executing a Guideline)

We benchmarked various examples of companies who proved to excel in low carbon product purchasing so that we may purchase low-carbon products. In addition, we formed a guideline (draft) to

purchase low-carbon products accordingly. We seek to execute low-carbon purchasing according to the guideline starting from 2011 after revising the feasibility of its execution with related teams. Details on low carbon product purchasing will be covered in the Win-win Supply-Chain Partnership under the Response to External Stakeholders.

Low Carbon Product Purchasing Process



Stakeholders Opinion (IE/CC)

The ECO/CEO Yang In-mok

Q.1 How are the 2010 performances in the report evaluated?

We systematically classified items and enhanced clarity by using tables in disclosing the 2010 performances. If you add quantifiable performances vis-à-vis where the goals are, the report would be evaluated more highly. Specifically, mostly emission-related performances are favorable, but performances in association with input need further improvement. I think water usage, energy usage and GHG emissions are critical in environmental risks.

Q.2 How are the mid-to long-term roadmap and 2011 plans of the report evaluated?

I recommend disclosure of quantifiable goals in the 2011 report. The goal to raise the portion of eco-friendly products currently standing at 7.4% in 2010 up to 15% by 2011 in eco-friendly products is disclosed, but other goals are not specific enough. In GHG, in particular, it could be reduced in the manufacturing stage, so goals and emissions must be managed in direct and indirect emission stage and the usage stage. Moreover, Key Managerial Issues have changed since 2011, so their relatedness with the previous would be better explained for stakeholders to understanding the strategic flow of environmental and climate change.

FOCUS 02 Health & Safety Management

HS Health & Safety Management



2010 Achievements

● : Completed ● : Partially Completed ○ : Not Implemented ○ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
HS1	Strengthening Employee Health Management	Offering intensive care for health care recipients and reducing the number of health care recipients	A 6.2% decline in the number of staff diagnosed with specific medical conditions	○	46, 47
		Strengthening staff health management programs	A 11% smoking rate decrease	○	46, 47
HS2	Strengthening Safety Management Systems	*OHSAS 18001 certification	*KOSHA & OHSAS 18001-certified (November)	●	48
		Daejeon Plant's *PSM certification	Rated PSM 'S' (June)	●	48
		Reducing injury rates by 50%p	A 48.6%p cut in injury rate	○	48, 49
HS3	Establishing Integrated *EHS Management Systems	Building EHS IT system	Opening and applying EHS IT system	●	50, 51
		Operating EHS innovation TFT	Building integrated EHS management system	●	50, 51

*EHS: Environment Health and Safety

*OHSAS (Occupational Health & Safety Assessment Series) 18001

*KOSHA (Korea Occupational Safety & Health Agency) 18001

*PSM: Process Safety Management

Declaration

Hankook Tire believes that the fair work/life balance is a key factor in CSR and that their health and safety is the fundamental driving force behind our sustainable growth. We earn trust from our staff by enhancing the quality of their work life and delivering contentment that comes from a company that cares.

Responsibilities and Governance

At Hankook Tire, the CSR Team and Human Resource Management Team take charge of health and safety issues. This is done under control of strategy and planning executives. At the Daejeon and Geumsan Plants, these issues are supervised by plant managers and managed by respective Environment & Safety Teams. At R&D and production technology Divisions, these issues are supervised by respective Vice Presidents and managed by R&D Operation Team and Production Strategy Team.

Mid-term Roadmap

Hankook Tire is to initiate a health and safety risk evaluation system that allows individual staffs to check on their personal health history. Starting from 2011, the system will be aligned with the integrated EHS management system to ensure real-time reporting and management. In addition, customized health care programs and systemized management of staff health and safety risks will enable us to prevent accidents and reduce the number of health care recipients. We aim to help our staffs to lead a healthier life by making integrated EHS systems easily accessible, and demonstrating their importance in a healthy life style.

2011 Building Integrated EHS Management Systems **2012** Promoting Customized Health Management **2013** Enhancing Health and Safety Management Systems

Establishing Safety Management Systems	Application of IT integrated system	Running a work-related risk factor reporting program	>
		Eliminating fundamental risk factors (conducting risk evaluations)	>
Strengthening Employee Health Management	Providing customized health care services	A 50% cut in risk factors of special medical exam recipients	>
Establishing Employee Health Management Systems	Improving ergonomics in facilities and work processes		>
	Operation of musculo-skeletal disease prevention committee and rehabilitation programs		>

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
HS1	Establishing Safety Management Systems	Offering safety training to all staffs and management supervisors	Reduction in injury rates	November	Environment & Safety Team
		Holding events to raise awareness		December	Environment & Safety Team
		Encouraging employee participation by using IT system		April	Environment & Safety Team
		Improving safety evaluation schemes in respective teams		March	Environment & Safety Team
		Conducting *V-TPM safety diagnosis/Selecting safety accident target groups and ensuring their intensive management		December	Environment & Safety Team
HS2	Strengthening Employee Health Management	Facilitating communication between staff and health managers	Employee health management and maintenance	April	Environment & Safety Team
		Offering individual health history management/Managing health care recipient groups by disease category/		December	Environment & Safety Team
		Improving facilities whose noise level is above 85dB			
		Building integrated EHS management infrastructure by installing in-house clinics		April	Environment & Safety Team
HS3	Establishing Employee Health Management Systems	Supporting group-level anti-smoking activities		December	Environment & Safety Team
		Running muscle and bone disease prevention programs/Operating return-to-work rehabilitation programs/	Reduction in injury rates	December	Environment & Safety Team
		Creating the musculo-skeletal disease prevention committee			
		Upgrading facilities based on mid and long-term plans		December	Manufacturing Technology Team

- Changes in Key Managerial Issues: Fully aware of the importance of safety and health management issues and the need to carry out management and prevention activities, new Key Managerial Issues for 2011 were identified according to the mid and long-term roadmap.

*V-TPM: Value Total Productive Maintenance

HS1 Strengthening Employee Health Management

Hankook Tire considers employee health as one of its most important management factors. Our top priority in 2010 was to reduce the number of health care recipients suffering from such conditions as hypertension, dyslipidemia, hearing loss and liver disease by building the integrated EHS management system and carrying out wide-ranging health promotion programs. Our investments and endeavors in weight management and smoking cessation campaigns also help reduce the number of smoking staff and prevent various health risks.

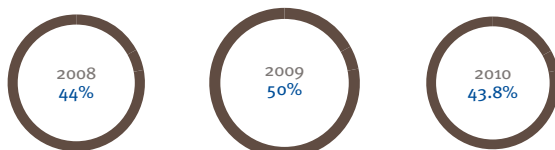
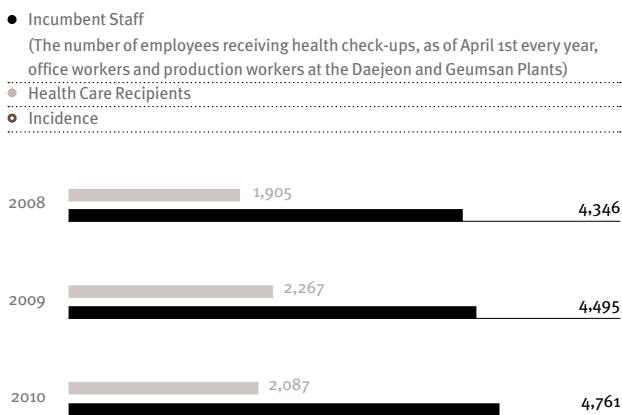
Offering Intensive Care for Health Care Recipients and Reducing the Number of Health Care Recipients

Our closely connected cooperation framework amongst line-staffs created in 2010 ensured a sustained reduction in the number of employees diagnosed with brain and cardiovascular diseases such as hypertension, dyslipidemia and diabetes. Additionally, we hired medical doctors responsible for respective work sites and expanded our management efforts for those with high risks of brain and cardiovascular diseases. Such intensive care led to a 6.2% decline in the number of health care recipients from 2009. With the establishment of the integrated EHS management system, enhanced company-wide management of health issues and sustained improvements in work conditions, we put the framework and system in place to further reduce the number of health care recipients and improve the health conditions.

Strengthening Staff Health Management Programs

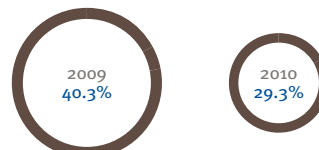
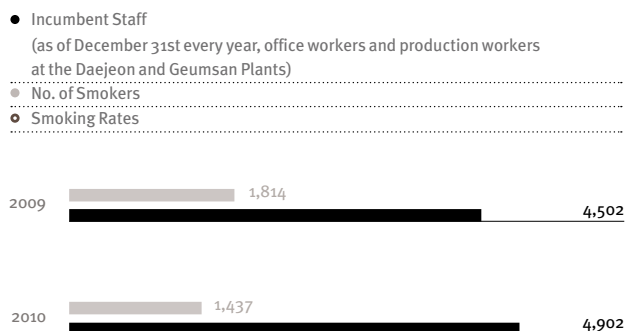
Anti-Smoking Programs In 2010, we strove to prevent smoking-related diseases, create more comfortable working environments and make our worksites smoking-free for the personal health of all our employees. Our Global CEO's anti-smoking message was sent to all the smokers among our staff to help them quit smoking. We also encouraged their family members to write caring and loving letters to further motivate them to quit. Anti-smoking banners were put up all around the work sites and to further commit smokers to quit. Additionally, each worksite was declared a non-smoking place and smokers signed pledges to quit smoking. We also eliminated cigarette vending machines and provided anti-smoking supplements and acupuncture treatment and encourage a smoke-free environment. As a result, our Geumsan Plant was recognized as a top-performing smoke-free site. The Geumsan Plant made a good start to growing into a healthier work site. Our new recruits are required

Year-on-Year Comparison of Health Care Recipients Unit: No. of persons



While the number of employees receiving health check-ups dramatically increased, the number of health care recipients decreased.

Year-on-Year Comparison of Smoking Rates Unit: No. of persons



While the number of incumbent staff increased, their smoking rates sharply dropped.

to sign a written pledge to stop smoking upon employment and to take random urine tests to check whether they have been faithful to their promise. This ensures that our staffs maintain a healthier life during their employment at Hankook Tire. While the number of employees grew by 400, the number of smokers decreased by more than 10% from 2009. Our anti-smoking efforts extend beyond the company and we work with external organizations such as the Ministry of Labor and Korea Occupational Safety and Health Agency for stop-smoking campaigns.

Employee Overweight Management Programs At the Daejeon Plant, 17 employees were found to be overweight and in need of weight loss management through medical check-ups. We supported them with physical examinations, exercise guidance and nutrition education. On average, they were able to lose 5% body fat and 9 kg in weight. Our headquarters also selected 20 out of the 30 applicants to be provided with one-hour work-out programs three times a week led by professional health trainers. We plan to further facilitate such programs by installing locker rooms and shower stalls.

Weekly 3-Minute Health Programs Every Thursday, we run the ‘3-Minute Health Program’ to offer diverse health information on health check-ups, disease hazards and prevention. So far, the program has been broadcast 48 times, and it encourages our staff to take action on their own to stay healthy.

Promotion of a Healthy Work Culture (Culture Coupons) We have a culture coupon system to create a healthier culture at work-related dinners

and cocktail hours. Each month, one team is chosen to receive coupons worth KRW 100,000 that can be used for such diverse cultural activities as watching movies, sports events and skiing.

Other Activities to Manage and Promote Employee Health In 2010, our Daejeon Plant started an on site clinic in addition to the oriental herbal clinic. The plant also hired industrial physicians to effectively manage staff diagnosed with specific medical conditions. In addition, the Daejeon Plant has fitness rooms available for plant workers where they can take muscle and body type tests to help prevent obesity and muscle and bone diseases. Such fitness rooms are to be installed at the Geumsan Plant in 2011. To prevent brain and cardiovascular diseases, we encourage our operators in various ways to raise their awareness of these diseases. In addition, we evaluated the risk levels of contracting brain and cardiovascular diseases to identify high-risk groups. We supported these groups through encouraging them to develop healthy eating habits by offering nutrition guidance. Process-wise, we strive to deliver more comfortable working conditions by installing ventilation systems for the refining process and by building noise barriers for finishing process. Since high blood pressure is a major risk factor for brain and cardiovascular disease, our blood pressure measurement system is operated in connection with the EHS online website. In this way, more employees can check their blood pressure and we can ensure year-round monitoring of their participation rate in post management programs.

HEALTH PROMOTION PROGRAMS

The image displays four vertical posters for health promotion programs. Each poster features the Hankook logo at the top left and a cartoon illustration of a person. The first poster has a large smiley face and the text '당신은 기쁨입니다 Healthy 2010'. The second poster shows a person lifting weights and says '건강은 [행복]입니다.' The third poster shows a person smoking and says '금연은 [사랑]입니다.' The fourth poster shows a person drinking from a bottle and says '모두가 즐길 수 있는 기쁨 화식은 [문화]입니다.'

<p>Catchphrase 'You Create Happiness.'</p>	<p>'Stay Healthy, Stay Happy' campaign</p>	<p>'Stop Smoking and Show Your Love' campaign</p>	<p>Build Your Team Spirit, Not with Alcohol but with Culture</p>
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HS2 Strengthening Safety Management Systems

Hankook Tire was certified with OHSAS 18001 and KOSHA 18001 for safety and health management in order to build a stronger safety management system. We also built a fatal industrial accident prevention framework through obtaining a PSM certification and taking wide-ranging actions to reduce injury rates by 50%p.

OHSAS 18001 Certification

All of our operations in Korea were certified with OHSAS 18001 in November of 2010. Our Daejeon and Geumsan Plants were also certified with KOSHA 18001. In order to obtain these safety and health management certifications, we revised 30 on-site regulations and internal standards including safety and health manuals. We also carried out risk evaluations at all plant facilities. Immediate actions were taken for 224 risk cases out of 3,817 evaluated cases and 168 improvement tasks were identified through internal audits. Our Chinese plant was certified with OHSAS 1800 and operates its own safety and health management system.

Daejeon Plant's PSM Certification

After we changed our boiler fuel from Bunker C to LNG in September of 2008, we were mandated to submit safety process reports in December of the same year. This initiated the preliminary work for the PSM certification from January of 2009. We passed the report evaluation in July of 2009 and the on-site inspection in February of 2010.

Our staff working in relation with the certification held a workshop in May of 2010 to gain the PSM 'S' rating. After the on site audit in early June and the progress evaluation in late June, we were successfully rated 'S'. We plan to operate a more complete prevention framework for fatal industrial accidents with more stringent check systems and predictive management so that we can gain the highest rating of 'P' in the upcoming years.

Reducing Injury Rates by 50%p

Our efforts to prevent fatal industrial accidents were widely recognized with the safety and health management certifications and the PSM certification. These preventive measures led to a 50%p drop in injury rates. With our OHSAS 18001-certified and PSM 'S'-rated industrial accident prevention and management system, we further promoted safety initiatives including sub-committee activities and risk evaluations, which lower accident indicators drastically. Our endeavors to make our worksites injury-free will continue down the road.

Safety and Health Management Certifications

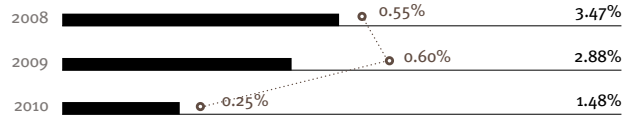
OHSAS (Occupational Health & Safety Assessment Series) 18001	This health and safety management system certification stipulates the minimum requirements to identify and continuously manage risk factors in order for an organization to prevent industrial accidents on its own.
KOSHA (Korea Occupational Safety & Health Agency) 18001	This is the safety and health management system certification established by the Korea Occupational Safety & Health Agency to build safety and health management systems at worksites. Management system of a worksite is evaluated according to the certification criteria to determine whether the site meets required standards.
PSM (Process Safety Management)	This is a management system to prevent fatal industrial accidents that may injure workers immediately or damage surrounding areas due to leakages of hazardous materials, fires or explosions from the concerned facilities.

Preventive Activities

Category	Details	Results
Occupational Health & Safety Committee (OHS Committee)	The OHS Committee is made up of 9 members from the labor union and top management and meets quarterly to set up response measures for respective staff health and safety issues and to minimize potential risks.	69 agenda items completed out of the 88 (completion rate 78.4%)
Fire Drill	We conduct private-public joint fire drills once every year and on site smoke-bomb training monthly in order to build readiness for actual fire accidents and to minimize injury and damages.	One round of private-public joint fire drill, 60 rounds of in-house smoke-bomb training
Risk Evaluation	All employees engage in risk evaluations of the entire facility and working environment. High-risk cases are improved to decrease their risk levels and sustained improvements are made through frequent risk assessments.	All of the 224 high-risk cases out of the total 3,817 evaluated cases were completed
OHSAS 18001 Internal Audit	Worksites carry out cross-checks according to the OHSAS 18001 certification criteria to identify and address incongruencies, establishing safety and health management.	All of the 168 identified incongruencies were addressed
Safety and Health Sub-committee	Workers from manufacturing departments at each work site hold meetings and perform improvement activities more than once every month, ensuring autonomous safety and health activities for concerned manufacturing processes and staff health and safety as well.	Some 200 unreasonable items are discovered and improved monthly

Changes in Injury and Severity Rates

- Injury Rates: The number of injuries that took place per 100 workers
- Severity Rates: The number of lost working days per 1,000 working hours a year



INJURIES AND FATALITIES With the integrated EHS management system, we are to make all of our worksites injury-free and promote health of our staff.

Injuries and Fatalities in 2010

In 2010, there were no work-related fatalities that took place at Hankook Tire. The number of total fatalities stands at 6: 1 supplier staff died in a forklift accident, 2 from acute myocardial infarction, 1 from ischemic heart disease, 1 from pancreatic cancer and 1 from lung cancer. The one fatal accident happened as the supplier employee clashed with a forklift carrying tire molds while working at the supplier company. As for the 5 disease fatalities, 4 applied for industrial accident compensation, 3 were denied and the remaining one fatality is still under epidemiological investigation.

Work-related Injuries and Fatalities over the Last 3 Years

Between 2008 and 2010, the total fatalities were 4 in 2008, 4 in 2009 and 6 in 2010. The work-related fatalities which happened at supplier companies were 2 (one in 2009 and one in 2010). The 4 fatalities from diseases or suicide in 2008 all applied for industrial accident compensation at the Korea Workers' Compensation & Welfare Service and were not approved. In 2009, the 3 disease fatalities were also all denied their compensation claims except for the 1 job-related fatality that took place at our supplier company. In 2010, all of the fatalities proved to be either non-work-related or were not determined yet-(aside from the 1 accident fatality).

Hankook Tire's Response to Injuries and Fatalities

We thoroughly investigated the cause of the forklift accident. This was followed by installation of safety measures such as stop-signs at the cross roads and safety zones including pedestrian passages. We also built an integrated EHS management system with professionals to prevent brain and cardiovascular diseases. This enabled us to improve working conditions and manage individual employee brain and cardiovascular disease risk levels by creating job exposure matrixes and brain and cardiovascular disease risk assessment tools. Our efforts to promote employee health are not limited to this. As mentioned before, we also carry out anti-smoking campaigns, a healthier work-related dinner culture, provide overweight management support that includes work-out programs, enhance work environments that include the installation of ventilation sys-

tems, hire more medical professionals (industrial physicians and nurses) and continue to build more medical facilities (on site clinics). What's more, we gained safety and health management system certifications (OHSAS 18001 & KOSHA 18001) and the PSM (Process Safety Management) certification to build a stronger accident prevention system. We will continue to work to make all the worksites injury-free.

Future Plans

We plan to offer more specialized safety training to raise the personal safety awareness of our staff. Our health and safety risk evaluation system allows individual employees to check and manage their own health management history. They inspect the entire facility and working space before their work begins and they perform regular risk assessments to identify potential risk factors and address them in advance. In addition, our integrated EHS management system allows us to manage the health conditions of our staff systemically. Not just the company but employees can check their health data anytime they want to and take care of their health conditions on their own.

Fatalities and Injuries Unit: No. of persons

- Total Fatalities and Injuries
- Job-related Fatalities and Injuries (Hankook Tire)
- Job-related Fatalities and Injuries (Suppliers)



HS3 Establishing Integrated EHS Management Systems

Hankook Tire built its EHS IT system to ensure the intensive and professional management of EHS issues. This allows us to address work conditions, safety, health and staff health management in a more integrated and systemized way. With the integrated EHS management system, we aim to improve individual employee health and safety management continuously to create a work place where all our staff can work safely and happily.

Building EHS IT System

Our EHS IT system will deliver effective job management by establishing environmental, safety, health and business processes. In addition, it will ensure systemized and efficient chemical management and global regulatory compliance frameworks by building chemicals and EHS database. The EHS IT system enabled us to integrate EHS information resources that had before been fragmented and share EHS data. It also offered us an opportunity to build an effective regulatory compliance framework both domestically and globally by making the information management more efficient. We also operate a system that is closely connected with our legacy backbone system to assist faster and more accurate EHS processes.

Operating EHS Innovation TFT

Our integrated EHS management system is built and operated in conjunction with professional external organizations in order to establish information infrastructure to prevent environmental, health and safety risk factors and to make our EHS operations standardized and more efficient.

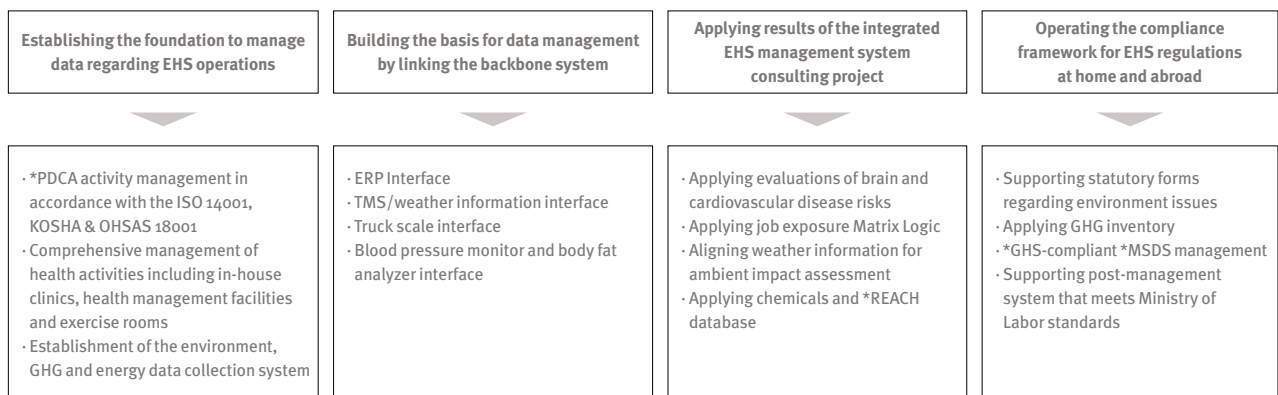
Benefits of EHS	Prevention of potential risk factors
Innovation TFT	Provision of highly efficient, eco-friendly work conditions Investments and facility improvements to deal with complaints and promote company's brand image
Progress	Investments in improving EHS: KRW 40 billion KRW 14.4 billion to be invested in 2011



Integrated EHS System Dashboard

EHS IT System

We incorporated outcomes of our EHS management system consulting project in establishing to-be processes and operating detailed functions in order to comply with Korean and overseas regulations, build EHS job management capacities and to manage information resources in an integrated manner.



*PDCA: Plan-Do-Check-Action

*REACH (Registration Evaluation and Authorization and Restriction of Chemicals): EU Parliament-led new chemicals management regulations that mandate registration, evaluation and approval for those chemicals imported in quantities over 1 ton per year depending on their volume, and hazardousness

*GHS (Globally Harmonized System of classification and labeling of chemicals): Globally-agreed system to have the same criteria in communicating properties, status and hazard warnings of chemicals

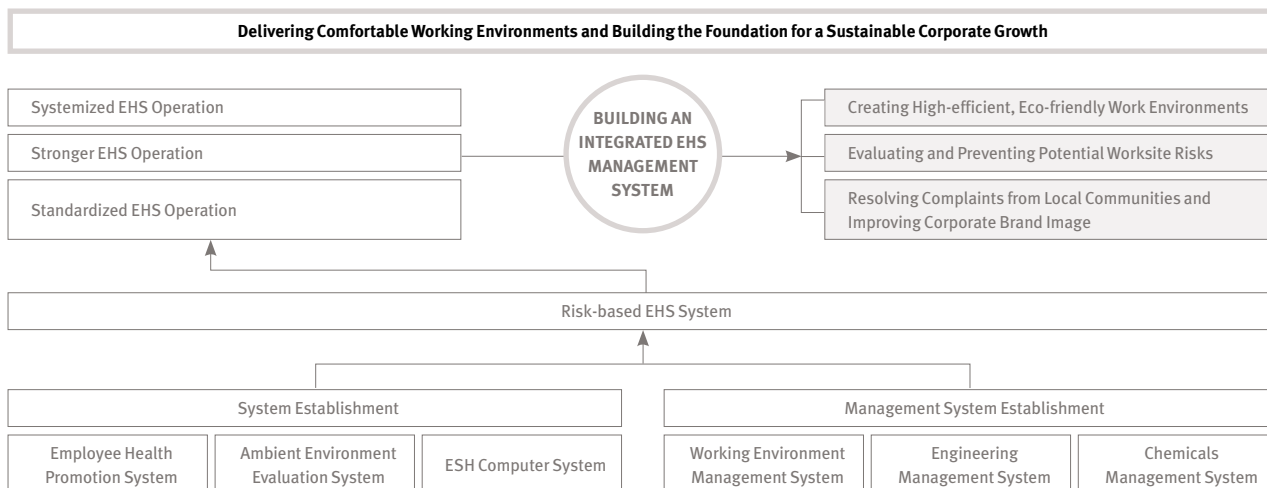
*MSDS (Material Safety Data Sheet): Material safety and health data

EHS Innovation TFT

Category	Details
Establishing Integrated Management System	Building IT system for integrated EHS management – job standardization and integrated information management
	Building EHS system framework and database, proposing future operation measures for EHS management
	Strengthening safety and health management organizational capacities – hire more EHS managers and industrial physicians
Improving Working Environments	Controlling heat and noise - heat: 39℃ → 32℃/noise threshold: 98.6dB → 95dB
	Controlling fine dust particles (*PM10) - 300µg/m ³ → 100µg/m ³ (vulcanizing process at the Daejeon Plant)
	Controlling odour – 1,000~1,500 multiple numbers → less than 300 multiple numbers (refinery process at the Daejeon Plant)
Enhancing Health Management and Safety Certification	Creating the environment for health management – installing exercise rooms, running health promotion programs (obesity, anti-smoking, etc)
	Stronger management of health care recipients – 2009: 2,267 recipients → 2010: 2,087 recipients
	Gaining Korean and overseas safety and health certifications – Daejeon Plant PSM-certified, KOSHA & OHSAS 18001-certified
	Reducing injury rates by 50%p-2009: 2.88% → 2010: 1.48%

*PM (Particle Matter)₁₀: Atmospheric dust particles which are less than 10µm in size

Benefits of the Integrated EHS Management System



Stakeholders Opinion (HS)

Deputy Director, the Institute for Environmental Research,
Yonsei University College of Medicine/Professor Lim Young-wook

Q.1 How are the 2010 performances in the report evaluated?

The company certainly made plenty of progress in managing the health of its staff and in preventing injuries and accidents. In particular, I'd like to note that its injury rates dropped greatly. These accidents often happen out of human error and having a 50% cut in injury rates shows that the company made tremendous efforts in achieving this figure. Still, though, the company needs to work harder to reduce the number of health care recipients. Given the recent growth in the interest of health maintenance, it is recommended that the company extend greater efforts into promoting the health of their staff in the future by carrying out diverse health promotion policies and investing in staff welfare and benefits.

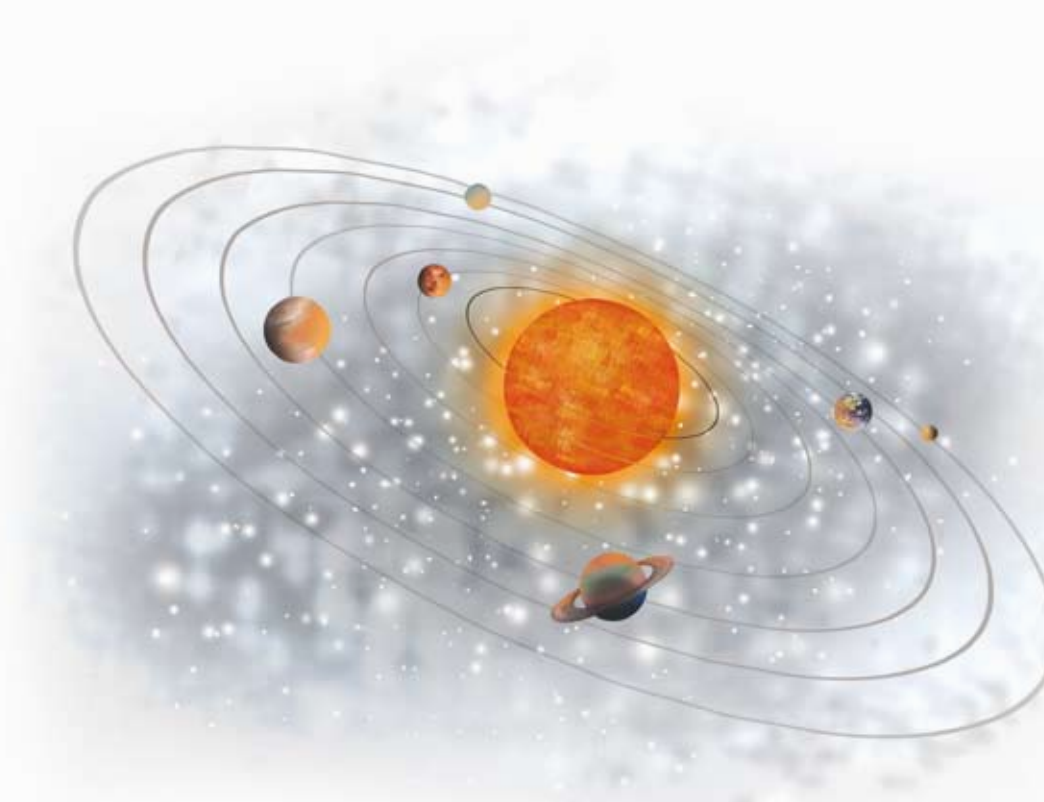
Q.2 How are the mid-to long-term roadmap and 2011 plans of the report evaluated?

I think that the 2011 plans need to make up for the shortcomings of 2010 and present new directions. Hankook Tire's 2011 plans demonstrate that the company is willing to improve these less-than-satisfactory issues but I'm worried that the 2011 plans have slightly deviated from the overall mid and long-term plans. Particularly, I think that there should be more detailed measures taken for the management of employee health.

FOCUS 03 External Stakeholder Satisfaction Management

FOCUS 03-1

SC Win-Win Supply-chain Partnership



2010 Achievements

● : Completed ◐ : Partially Completed ○ : Not Implemented ↻ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
SC1	SRM (Supplier Relation Management)	Instituting a charter of win-win supply-chain partnership	Drafting the charter and surveying cases of other companies	●	54
		Improving the system in selecting and evaluating suppliers	Selecting items to evaluate suppliers' CSR activities	◐	54
SC2	Communication with Suppliers	Operating year-round communication channels	Approving the establishment of electronic purchasing systems and benchmarking other companies	◐	55
		Regularly conducting supplier surveys	Regularly conducting supplier surveys (134 companies involved in raw materials/facilities and outsourcing)	●	55
		Operating the Supplier Partnership Day	17 machinery companies: April/47 raw material companies: September	●	55
SC3	Win-win Partnership Program	Establishing customized win-win partnership programs	Applying price incentives for high-performing companies (2 or 4%) Payment (191 cases, KRW 25,9 billion)	↻	56
SC4	Promoting Eco-friendly Green Purchasing	Establishing the eco-friendly green purchasing system	Increasing the usage of eco-friendly raw materials & improving them	↻	57

03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

Declaration

Hankook Tire seeks for a win-win supply-chain partnership that enables sustainable growth and development based on trust-based relationships with suppliers.

Responsibilities and Governance

The Supplier Sub-committee is in charge of supplier management and networking under the leadership of vice president in charge of purchasing department. The Purchasing Planning Team is in charge that makes policies for the sub-committee, and supports policies for teams to operate to purchasing, quality, R&D and *ENG.

*ENG: Engineering

Mid-term Roadmap

We set up several goals under supplier value-chain policies based on win-win supply-chain partnerships: improving the supplier management system, expanding communication and win-win partnership programs and paving the way for green purchasing. We seek to develop win-win partnership-based management and sustainable management systems over the medium and long term by promoting related policies and programs in 2011.

	2011 System Establishment and Improvement	2012 Upgrading & Promotion	2013 Upgrading & Promotion
SRM (Supplier Relation Management)	Improving SRM policies	Promoting the upgraded parts of value-chain policies	
Communication with Suppliers	Expanding communication channels	Promoting communication	
Win-win Partnership Program	Establishing win-win programs	Upgrading Win-win cooperation	
Promoting Eco-friendly Green Purchasing	Promoting green purchasing	Continuously expanding green purchasing	

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
SC1	SRM (Supplier Relation Management)	Computerizing supplier management tool	Developing	August	Purchasing Planning Team
		- Developing a supplier evaluation module in e-procurement system			
		Improving a system to select/evaluate suppliers	Evaluating suppliers'	November	Purchasing Planning Team/
SC2	Communication with Suppliers	- Establishing a system to evaluate suppliers' CSR implementation and evaluating it	CSR once		CSR Team
		Operating year-round communication with suppliers	Developing and applying	August	Purchasing Planning Team
		- Applying within the electronic purchasing system	communication channels		
		Regularly conducting supplier surveys	Once	December	Policy Operation Team 4
SC3	Win-win Partnership Program	Operating the Supplier Partnership Day	Twice	December	Material Purchasing Team/ Machinery Purchasing Team
		Establishing win-win supply-chain partnership, sharing performances and setting strategies		June	Purchasing Planning Team
SC4	Promoting Eco-friendly Green Purchasing	Expanding the purchasing of eco-friendly raw materials	57p Checking the trends of eco-friendly raw materials	December	Purchasing Planning Team

SC1 SRM (Supplier Relation Management)

Hankook Tire seeks for win-win partnership management with suppliers. To this end, we comply with codes of ethics and instituted a win-win partnership charter, thus managing a fair and transparent supplier management system. In 2011, we will computerize the supplier evaluation management system and improve the evaluation process in a bid to promote value-chain policies for suppliers in 2011.

Instituting a Charter of Win-win Supply-chain Partnership

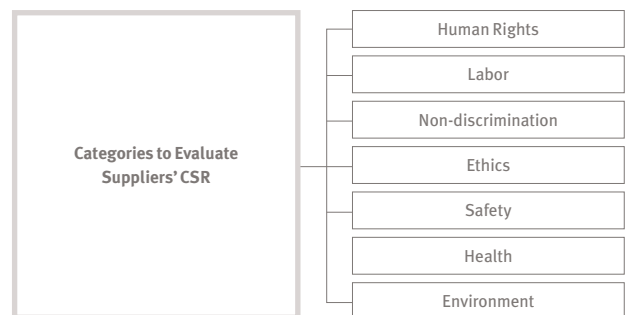
Hankook Tire institutes charters for win-win partnerships, recognizing suppliers as its partners and seeks for mutual development under its commitment to sustainable management. This suggests principles and directions in pursuit of win-win partnerships for Hankook Tire. We continue to jump higher as a leading global tire company through actions that drive us forward.

Improving the System in Selecting and Evaluating Suppliers

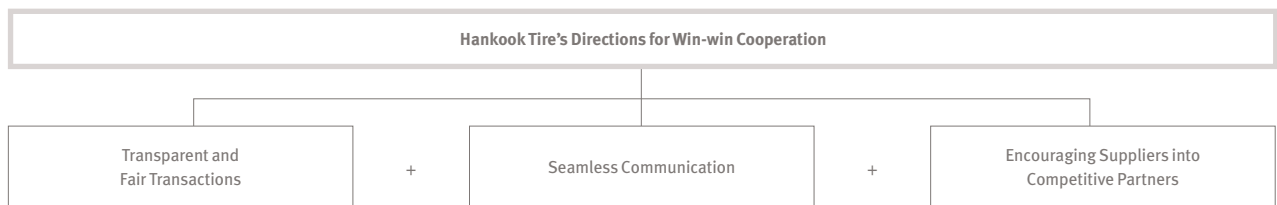
Hankook Tire selects and evaluates suppliers by applying fair and transparent selection criteria and procedures. We select suppliers through e-bidding that provides raw materials, machinery, *MROs and related services. We also guide our partners through quality control and operate differentiated win-win supply-chain programs in alignment with evaluation results. In particular, we broadly improved the CSR evaluation tool for suppliers to include seven categories: human rights, labor, non-discrimination, ethics, safety, health and environment. As such, we plan to specifically review the CSR implementation levels for major suppliers and monitor their performance from 2011. This is to encourage the major suppliers directly transacting with us to implement socially responsible management.

*MRO: Maintenance Repair Operation

Categories to Evaluate Suppliers' CSR



Win-win Cooperation Charter



Codes of Action

- We shall practice transparent and fair transactions based on trust and integrity.
- We shall always strive for seamless communication, while remaining open to the requirements from suppliers.
- We shall extend passionate support for our suppliers to enhance their competitiveness as long-term partners and through cooperation seek mutual growth.

03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

SC2 Communication with Suppliers

Hankook Tire is engaged in various forms of communication to broaden the scope of understanding with and lay the foundation for mutual cooperation with suppliers. In 2010, we shared our visions and CSR activities with major suppliers by holding a Supplier Partnership Day. We also conducted a survey to improve our supplier value-chain policies, plan win-win supply-chain programs and come up with directions to operate such programs.

Operating Year-round Communication Channels

We established a separate communication channel within the integrated e-procurement system. The purpose was to introduce our visions, management policies, code of ethics, charter for win-win cooperation and supplier value-chain policies/programs. It also helped us gather suggestions and ideas as well as complaints throughout the year for the purpose of mutual development.

Regularly Conducting Supplier Surveys

Hankook Tire regularly conducts a survey on suppliers' satisfaction and suggestions for purchasing and supplier value-chain policies. This survey is then utilized to identify and improve problems, so that we may modify our policies to develop greater win-win partnerships. In 2010, we conducted a survey with 30 questions that included: purchasing systems, evaluation systems, differentiation systems and win-win partnerships for 134 major suppliers. As a result, 83% of our suppliers were satisfied with their transactions with Hankook Tire. Meanwhile, they responded that continued improvement and adjustment must be established for service and systems. They said this must comply with the pricing standards and results of supplier evaluation. Through the survey, voices of the suppliers are taken into account and are then reflected in our win-win growth policies and programs for win-win partnerships.

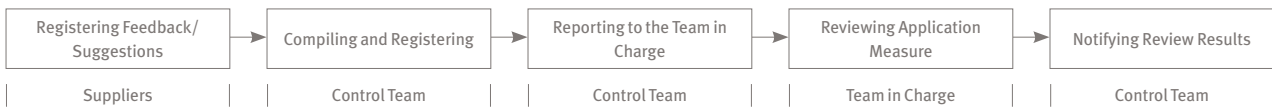
Operating the Supplier Partnership Day

Hankook Tire transacts with 1,800 suppliers including 350 companies involved with raw materials and machinery both at home and abroad. In April of 2010, we held an award ceremony to honor suppliers of excellence among machinery suppliers. A total of 17 companies were received awards for contributing to Hankook Tire based on excellent evaluation results. In September, we invited the management of the suppliers that supply 47 of our major raw materials to our company in order to express our gratitude for their efforts and cooperation. We shared our visions, management policies and CSR records. We will continue to strengthen communication with suppliers by regularly holding Supplier Partnership Day.



Supplier Partnership Day

Year-round Supplier Communication System and its Operational Process



Major Details of the Supplier Survey Results

Purchasing System	Satisfied with transactions at Hankook Tire (83%)
	Highly evaluations on fairness and transparency, but needs to raise price satisfaction
Supplier Evaluation System	Requires an evaluation system (51%)
	Highly demanding merit and improvement policy depending on the evaluation result (54%)
Supplier Differentiation System	Merit policies: Guaranteeing long-term transactions/increasing the transaction volumes/ more favorable payment condition
	Improvement policies: Stronger evaluation/conducting *QA
Win-win Supply-chain Cooperation	Active in strengthening supplier partnerships with Hankook Tire (93%)
	Guaranteeing long-term transactions/Sharing performances/Conducting objective evaluation is critical in supplier partnerships

*QA: Quality Assurance

SC3 Win-win Partnership Program

Hankook Tire provides differentiated incentives and extends support to strategically important suppliers of excellence to strengthen the competitiveness of the supply chain. We have developed win-win supply-chain programs that can be executed through communications with suppliers. Through such programs, we seek to form cooperation through forging strategic alliances with key suppliers and strengthening win-win cooperation activities with them.

Establishing Customized Win-win Partnership Programs

Hankook Tire operates programs to support suppliers of excellence in hopes of establishing win-win cooperation and growth by extending price incentives, paring down payments and expanding purchasing volumes. In 2010, the number of cases that paid down payments to the suppliers increased to 191 cases and KRW 25.9 billion. We also supported suppliers in establishing logistical equipment for 2 suppliers through strategic alliances. Besides these alliances, various forms of win-win cooperation and growth programs have been undertaken including price incentives and jumping on the bandwagon of government-level win-win growth policies. We will systematically receive the feedback from suppliers through distinctive and eager communication in year-round channels, and align it to customized win-win supply-chain programs on an expansive scale.

establishment of environmental management systems and making improvements accordingly. Other activities included the enhancement of the mindset of suppliers regarding quality and strengthening the product quality by conducting workshops and seminars on quality with suppliers. This will reduce the risks of Hankook Tire in the value chain and improve business continuity, thus contributing to sustainability growth.

Extending Support to Manage the Sustainable Management of Suppliers In 2010, we paid visits to 73 suppliers and identified the status of the quality of management and the environmental management of those suppliers. We did this while continuously extending advice on quality management for sustainable management,

Forming and Operating the Supplier Sub-committee In 2010, the Supplier Sub-committee was formed to establish and operate CSR strategies for suppliers under the leadership of executives in charge of purchasing. The sub-committee plays a central role in establishing and operating strategies for win-win cooperation and growth. The sub-committee consists of departments in purchasing and quality, and engages in various activities to improve the win-win cooperation and growth of suppliers through collaboration and negotiation. In 2010, we instituted a charter for a win-win cooperation and reviewed cases of excellence in the same field. We regularly conducted surveys for 134 suppliers to facilitate communication with suppliers.

Win-win Supply-chain Program

Policies	Price Incentives	Payment of Down Payment	Strategic Alliance
Benefits	Applying 2 or 4% of winning price for different grades for electronic bidding	Paying 30% of down payment in contracting out a construction contract worth over KRW 100 million	Integrating the purchasing volumes, forming strategic partnerships, sharing price and technologies
Achievements	No. of winning bids for high-grade companies (payment to be additionally paid by Hankook Tire: KRW 16.5 million) 5 cases	No. of paying down payment (paying down payment totaling KRW 25.9 billion) 191 cases	Logistical equipment 2 companies

03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

SC4 Promoting Eco-friendly Green Purchasing

Hankook Tire seeks to facilitate green purchasing by expanding the usage of eco-friendly raw materials that are not harmful to the body and producing high-efficiency tires that cut down on the consumption of fuel. Green purchasing is the most critical first step in not only enhancing the environmental value of the products but also in applying CSR throughout the business cycle that ranges from raw materials and processes.

Establishing the Eco-friendly Green Purchasing System

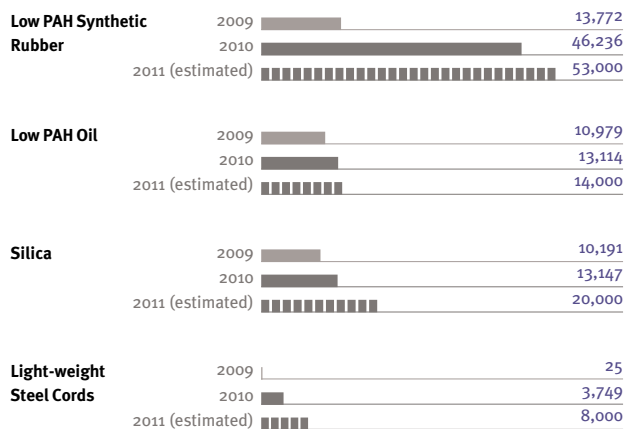
Using Eco-friendly Raw Materials Hankook Tire has continued to replace the PAH (polycyclic aromatic hydrocarbon)-containing oil and synthetic rubber that are harmful to the body with products low in or without PAH since 2007. We have produced products that are not harmful to the body by using materials low in PAH in accordance with regulations since 2010. We also strive to improve raw materials and develop alternative products to reduce odors generated in the process of tire production.

Extending Support to Develop Eco-friendly Products Hankook Tire continuously expands the purchasing silica- the raw material required to produce tires that encourage lower fuel consumption. By applying silica to products with high-efficiency performance, we have improved the fuel efficiency of vehicles. In 2010, we expanded the usage of synthetic rubber low in PAH by over 3.5 times year on year. In 2010, we used 13,157 tons of silica for lightweight tires, up 3,000 tons in 2009. We have replaced the steel cords, which before took up the greatest portion of the weight of a tire for passenger cars with lighter-weight cords of the same quality. In 2010, we could

successfully reduce the fuel consumption by using lightweight steel cords of over 3,700 tons to a greater extent in 2010.

Usage of Eco-friendly Raw Materials

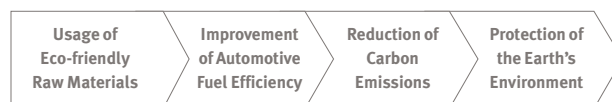
Unit: Ton



Eco-friendly Green Purchasing



Expected Results by Promoting Eco-friendly Green Purchasing



Stakeholders Opinion (SC)

Kumho Petrochemical/Assistant Manager Kim Su-myeong
(Synthetic Rubber Sales Team)

Q.1 How are the 2010 performances in the report evaluated?

The report reflected the commitment of Hankook Tire to create win-win supply-chain growth with outstanding specific actions to enhance ties with suppliers, unlike other companies'. Despite the achievements already gained in win-win supply-chain growth, improvements could be made in 2 areas. First, the survey results could be disclosed to suppliers, and ideas to make improvement and suggest directions in weak parts could be discussed. Second, although it is critical to pay rewards to companies of excellence as a one-time event in a short period, long-term rewards should be added.

Q.2 How are the mid-to long-term roadmap and 2011 plans of the report evaluated?

The report did not specifically reveal the 2011 plans but there seems to be no major changes compared to 2010. I hope the company would come up with more specific programs eligible to be shared. The part about establishing year-round communication channels with suppliers is not easy to understand. It is not clear if the company will establish new channels besides purchasing. The plans must be more specifically drafted.

FOCUS 03 External Stakeholder Satisfaction Management

FOCUS 03-2

CI Community Involvement & Development



2010 Achievements

● : Completed ● : Partially Completed ○ : Not Implemented ○ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
C1	Establishing the Enterprise-wide Philanthropy System	Establishing mid-and long-term strategies and roadmap for philanthropy	Establishing mid-and long-term strategies and roadmap for philanthropy and completing the roadmap setup	●	60
		Instituting a charter for philanthropy and checking out on infrastructure	Instituting a charter for philanthropy and aligning business site-specific R&R	●	60
C12	Expanding the Employee Consensus and Strengthening Competencies	Initiating staff training and spreading success cases	Conducting workshops on philanthropy/Training new hires	●	60, 61
		Strengthening staff communication on philanthropic activities	Sharing activities through the intranet and company newsletter	○	60, 61
C13	Glocalizing Philanthropic Activities	Identifying the local community agenda in overseas sites	Identifying the local community agenda through public agencies in the local community	○	61
		Establishing a system to report on global philanthropic activities	The department in charge to report on achievements on an irregular basis, and executing the setup of a system to report on global philanthropy efforts	●	61~64
C14	Developing and Branding Representative Programs	Developing representative philanthropy themes and programs	Defining four themes for philanthropic activities	●	64
C15	Strengthening Community Communication and Identifying Local Agenda	Identifying community-specific agenda	Identifying the local agenda in conjunction with local governments and related institutions	○	65
		Establishing year-round communication channels with the community	Holding seminars with public agencies and related institutions on average once a month/ Visiting local residents and reaching consensus 15 times per month/ Strengthening communication channels within the community	●	65

03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

Declaration

Hankook Tire not only contributes to the national and local economic development both directly and indirectly through business operations but also stands at the forefront to resolve key local issues. We make sure to fulfill our roles and responsibilities as a corporate citizen through win-win partnerships with those in need of social interest by sharing our values with the society.

Responsibilities and Governance

Hankook Tire's CSR Team, under the executives in charge of strategy and planning, is in charge of the oversight and management of setting strategies and directions as well as developing programs for philanthropic activities. The team also operates the Philanthropy Sub-committee on a quarterly basis- which consists of the CSR Team, the Cultural Communication Team, the Corporate Communication Team and the Operations Support Team. Our philanthropic activities take place in a cycle of planning, execution, review and reporting.

Mid-term Roadmap

By expanding the system operations for philanthropy systems, we plan to develop representative philanthropy programs and solidify the basis to facilitate communication with the community in 2011. In 2012 and 2013, we plan to execute representative programs, encourage more staff to participate and facilitate communication with the community.

	2011 Paving the Way for Philanthropy	2012 Promoting Philanthropic Activities	2013 Making Representative Programs Strategic	
Establishing the Enterprise wide Philanthropy System	Operating an enterprise-wide philanthropy system	Promoting the enterprise-wide philanthropy system	Upgrading the enterprise-wide philanthropy system	>
Expanding the Employee Consensus and Strengthening Competencies	- Developing a scheme to support employee volunteering - Spreading consensus among staff by expanding online donation	Training staff to strengthen their competency to execute philanthropic activities	Distributing a letter of notice on executing representative programs	>
Glocalizing Philanthropic Activities	Developing representative philanthropy programs	Executing representative philanthropy programs	Localizing representative philanthropy programs	>
Developing and Branding Representative Programs		Expanding and strengthening the competency to execute representative philanthropy programs		>
Strengthening Community Communication and Identifying Local Agenda	Establishing regular/irregular communication channels in the community and reaching consensus on local agenda	Promoting communication with the community	Stabilizing the operation of communication channels	>

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
C11	Establishing the Enterprise-wide Philanthropy System	Operating an initiating system and organization	Holding sub-committee meetings 4 times	November	CSR Team/Local-related Team
		Unifying the budget for enterprise-wide philanthropic activities and activity performance management		August	CSR Team
C12	Expanding the Employee Consensus and Strengthening Competencies	Running an online donation site		☉	CSR Team/Corporate Communication Team
		Waging a campaign to facilitate the participation in donation	Twice	November	CSR Team/Corporate Communication Team
		Initiating staff training and spreading success cases	Training Twice	☉	CSR Team/Cultural & HRD Team
C13	Glocalizing Philanthropic Activities	Identifying the agenda of the local community abroad		☉	CSR Team/Local-related Team
		Initiating philanthropic activities continuously at home and abroad		☉	CSR Team/Cultural Communication Team/ Operations Support Team
C14	Developing and Branding Representative Programs	Developing representative philanthropy programs at home		November	CSR Team
C15	Strengthening Community Communication and Identifying Local Agenda	Strengthening year-round communication channels with the community		September	CSR Team/Cultural Communication Team/ Operations Support Team
		Initiating communication with the community and sharing agenda	Holding seminars 12 times/Holding year-round meetings 100 times	☉	CSR Team/Cultural Communication Team/ Operations Support Team

CI1 Establishing the Enterprise-wide Philanthropy System

Hankook Tire strives to establish mid-and long-term plans for philanthropy based on a charter for philanthropy and to ensure that the activities can be systematically conducted. The goal is to establish a system to carry out realistic and systematic philanthropic activities to encourage staff participation. To this end, we engaged the expectations and demands of stakeholders including the community, in particular and reflected them in our policies and programs for philanthropic activities.

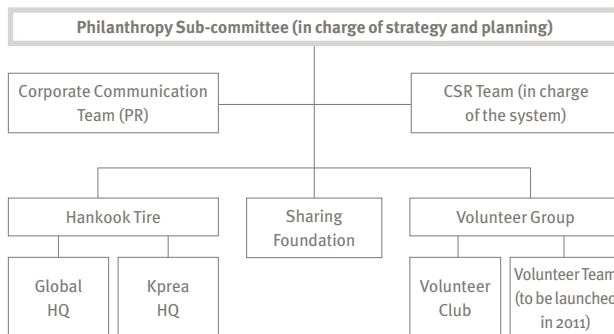
Establishing Mid-and Long-term Strategies and Roadmap for Philanthropy

In 2010, Hankook Tire established mid-and long-term strategies as well as the roadmap to give the brand value for philanthropy. We will lay the foundation for philanthropic activities by developing representative programs and forming consensus among staff in 2011. We will plan to execute these representative programs by establishing a philanthropy system in 2012. Accordingly, we will offer our utmost efforts and investment so that our representative philanthropy programs can be upgraded and integrated into our corporate brand.

Instituting a Charter for Philanthropy and Checking out on Infrastructure

In 2010, Hankook Tire instituted a charter for philanthropy in consideration of the corporate vision and values, relatedness with key businesses and stakeholder interest. We also clarified Roles & Responsibilities for each division by reflecting on the characteristics of each site. In 2011, we hope to launch a staff volunteer group so that our philanthropic activities can be more systematically implemented.

Layout of the Philanthropy System



Major Points of the Philanthropy Charter

Active contributions to quality satisfaction and customer safety
Minimization of environmental impact and resolution of local environmental impact
Active returns on the profits for the socially vulnerable within the community
Establishment of a healthy society through staff health management and medical support for the community
Creation of social and environmental values and facilitation of the regional economy

CI2 Expanding the Employee Consensus and Strengthening of Competencies

Hankook Tire fully understands that forming consensus among staff and facilitating voluntary participation in philanthropy is essential in executing philanthropic activities. In order to execute, we operate wide-ranging communication activities including staff training and the spread of success cases.

Initiating Staff Training and Spreading Success Cases

In October of 2010, managers in charge of philanthropy at the CSR Team and on each business site held workshops in a bid to institute an integrated standard for philanthropy and seek directions for phil-

anthropic activities. We shared the outcome with the Philanthropy Sub-committee and reviewed the philanthropic plans for 2011. By doing so, we established philanthropic plans for 2011 that reflect site-specific issues and features in order for efficient operation and

03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

management of enterprise-wide philanthropy. We also integrated expenses for philanthropy so that the CSR Team could manage and operate the expenses, which had before been managed by each site. In 2011, we expect to expand our activities to share the ideas and success cases of the staff. We will also include philanthropic activities in training programs.

Staff Training on Philanthropy

Title	Workshop on Philanthropy Practices
Period	October 26, 2010.10.26 (8 hours)
Targets	11 people
Topics Covered	Types of activity expenditures, sharing the 2011 business plan

Strengthening Staff Communication on Philanthropic Activities

In 2010, Hankook Tire's newsletter introduced various philanthropic activities to its staff in a special section: staff volunteering, supporting the socially vulnerable, inviting live-alone elderly people to cultural programs and donating goods. Through such staff communication activities, employee interest in philanthropy and their expectations towards representative philanthropy was greatly enhanced. In 2011, we seek to intensify communication for staff and engage in various feedback regarding improvement measures and ideas on philanthropy programs. Moreover, we seek to induce voluntary communication for staff by operating an online donation site regarding philanthropic activities where any employee is free to participate.

CI3 Globalizing Philanthropic Activities

Hankook Tire carries out diverse philanthropic activities for community development by sharing their genuine values with the society. We strive to ensure that our efforts are sustainable over the long term by developing enterprise-wide global philanthropic activities and theme. We also reflect site-specific local culture and features under the same directions.

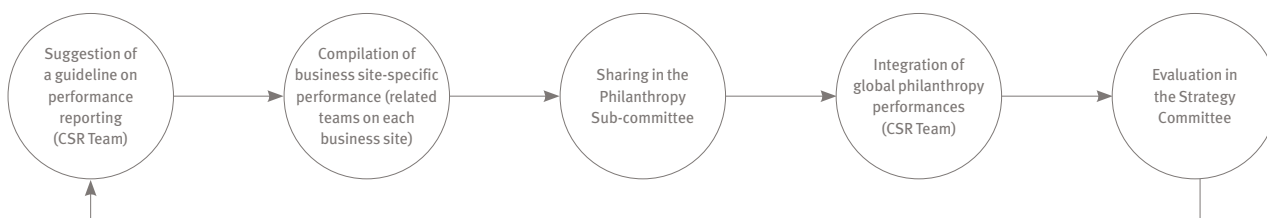
Identifying the Local Community Agenda in Overseas Sites

In 2010, we conducted continued communication with local public agencies in order to identify local community issues and resolve related problems. Efforts were made in Hungary and China where we have overseas sites, and New Jersey where Hankook Tire America Corp. is located. Accordingly, we identified such local agenda as: natural disasters, education and security. Moreover, we extended immediate support to emergency issues related to natural disasters, including the flood and the red sludge leakage in Hungary as well as the earthquake in Yushu, Qinghai in China. In 2011, we will form a closer-knit network led by our overseas sites and local public agencies. This will enable us to listen more carefully to the local agenda and refer them to the appropriate philanthropic programs.

Establishing a System to Report on Global Philanthropic Activities

In 2010, we established a system to report on the philanthropy performance at domestic sites. Plans and performances of philanthropic activities are discussed and shared through the sub-committee. The CSR Team manages the Philanthropy Sub-committee through performance monitoring. Performances of the sub-committee are reported to the top management of the Strategy Committee. In 2011, the reporting system for domestic sites will be expanded to global sites.

Layout of Performance Reporting



MAJOR PERFORMANCES OF PHILANTHROPIC ACTIVITIES

Hankook Tire shares its values for the development of the community, enhancing philanthropic activities along with greater participation from the staff.

Domestic Activities (Seoul, Daejeon, Geumsan)

Supporting Social Welfare Organizations Hankook Tire provides tires free of charge to 700 social welfare organizations nationwide that work to support the socially vulnerable. This enables welfare organizations to deliver services more efficiently.

Supporting the Socially Neglected Hankook Tire provides free meals to children of low-income families during their school vacations to prevent malnutrition in Daejeon and Geumsan in Chungcheong Province where our domestic sites are located. We continue to support the socially vulnerable in the community. We also support 75 multi-cultural households to go on trips to enjoy their life in Korea.

Supporting Residents and Organizations Hankook Tire strengthens communication and builds bonding with local residents. For the past six years since we aligned with Barisil Village in Geumsan under the One Company One Village campaign, we have practiced in the cooperation with the community. For instance, we extended our support in the community farm work regularly on weekends, and operated market places for direct transactions. As such, we have continued to support the development of the community's cultural events and practices.

On-site Volunteering Groups Hankook Tire's philanthropy is further enhanced through the participation of all its employees. A total of 15 volunteer groups within Hankook Tire are engaged in wide-ranging activities such as community clean-ups, house repairs for the live-alone elderly and further supports to low-income households in bracing for the upcoming winter season. In 2011, we plan to expand various endeavors and investment for the development of representative philanthropic activities along with the current activities.

Overseas Activities (Europe, America and China)

At our overseas sites, we extend supporting activities in 15 public institutions and schools in Europe and America for community development. We also support local cultural events to facilitate communication with the community and local residents to forge bonding with them. Moreover, we also conducted emergency rescue operations for local residents struck by natural disasters such as the flood in north Hungary, the red sludge leakage in west Hungary and the earthquake in China. As such, we pave the way for win-win partnerships with the community, and will focus further on globalization of philanthropic activities in 2011.

SOCIAL CONTRIBUTION ACTIVITIES



Extending Free Tires to Social Welfare Organizations



Supporting Local Residents and Organizations



Activities of On-site Volunteering Groups

03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

OPERATING THE SHARING FOUNDATION

Hankook Tire operates The Sharing Foundation to fulfill its social responsibilities and duties. Our efforts to live in harmony with society are amplified as we reach out to the socially neglected with love and care.

Scholarship and Education Projects

Extending Scholarships We extend scholarships to financially vulnerable high school and university students that cannot afford to study further despite their strong desire to learn. We also extend tuition fees so that students can grow into competent members of society.

Operating After-school Classrooms We operate after-school classrooms for middle school students in low-income families with weak educational infrastructure and strive to improve the educational environment, which is one of the top priorities on community agenda. As such, educational gaps among students can be eased and high-performance talents can be fostered.

Healthcare Projects

Supporting Free-of-charge Charity Hospitals We extend support for the operational expenses and medical equipment to Seongga Welfare Hospital in Seoul. The hospital is a free-of-charge charity hospital for socially underprivileged citizens who cannot afford to receive proper healthcare services.

Constructing Free-of-charge Hospitals in the Third World Hankook Tire’s respect for mankind is not only practiced at home but also in the least developed countries of the Third World. To this end, we have constructed free-of-charge charity hospitals in East Timor, Africa and Latin America since 2007.

Supporting Children and Youths of Low-income Families

Extending Livelihood Funds for Children of Low-income Families We extend monthly livelihood funds to children of low-income families, including orphaned children, families living in the care of grandparents, single-parent families, families under foster care and families with members affected by car accidents. The purpose of our aid is to enable such children to grow up with hope in their heart.

Supporting Under-nourished Children We support under-nourished children in areas of low-income households with meal fees so that they can grow up healthily without hunger.

Supporting Social Welfare Organizations

Supporting Social Welfare Organizations We extend various types of support to social welfare organizations nationwide such as charity organizations for children and the elderly, welfare facilities for the disabled, ‘Group Homes’ for the needy and neighborhood child-care centers. By doing so, we ensure a decent living and learning environment for such populations as we improve and repair facilities for their safety and provide educational, medical and living items.

Providing ‘Vehicles’ for Social Welfare Organizations We provide charity vehicles for welfare organizations that conduct domiciliary

welfare services such as lunch delivery, accompanying charity patients to hospitals, at-home nursing and at-home medical diagnosis. These services are for the socially vulnerable-such as the elderly living alone, dysfunctional families and the disabled who are in need of assistance to go on outings.

Providing ‘Tires’ to Social Welfare Organizations We also provide tires for the vans of social welfare organizations that are used for business purposes so that we may support their business operations.

2010 Achievements and 2011 Plans Unit: KRW 1,000

Academic and Training Projects	2010 Achievements		2011 Plans	
	No. of Recipients	Amount	No. of Recipients	Amount
University Scholarships	5	25,975	5	36,000
High School Tuition Fees	79	80,000	80	84,000
Operating After-school Classrooms	5 schools	30,240	5 schools	40,000
Total		136,215		160,000

Medical Welfare Projects	2010 Achievements		2011 Plans	
	Recipients	Amount	Recipients	Amount
Supporting Free-of-charge Charity Hospitals	7 hospitals	120,392	5 hospitals	100,000
Establishing free-of-charge hospitals in the Third World	Tanzania	30,000	Paraguay	30,000
Total		150,392		130,000

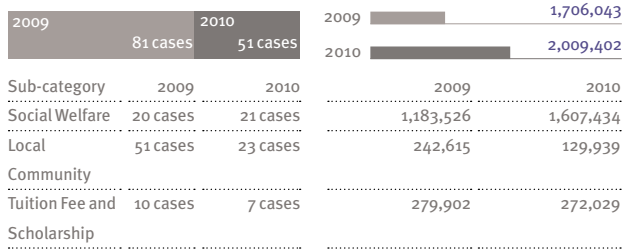
Supporting Children and Youths of Low-income Families	2010 Achievements		2011 Plans	
	No. of Recipients	Amount	No. of Recipients	Amount
Extending Child Livelihood Funds	100	180,000	100	180,000
Supporting Starving Children	250	50,000	250	50,000
Total		230,000		230,000

Social Welfare Projects with Charity Organizations	2010 Achievements		2011 Plans	
	Recipients	Amount	Recipients	Amount
Recipients at Social Welfare Facilities	71 institutions	330,155	60 institutions	330,000
Sharing ‘Vehicles’ in Social Welfare Organizations	32 institutions	292,833	70 institutions	700,000
Sharing ‘Tires’ with Social Welfare Organizations	701 organizations	362,904	500 organizations	260,000
Total		985,892		1,290,000

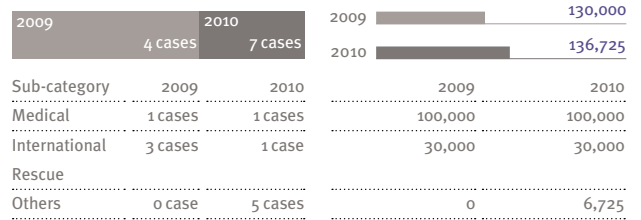
Performance of Philanthropic Activities

Unit: KRW 1,000

Sharing



Health Recipients of Expenditures to Enhance the Health of Local Residents



Environment The total amount dropped as the environmental programs were carried out mostly in the form of staff volunteering instead of donation



Safety Executing activities befitting safety under four themes of philanthropic activities



Others



Total Among the existing scattered philanthropic activities, the number of strategic philanthropic activities for each of the four themes decreased, but their amounts increased



CI4 Developing and Branding Representative Programs

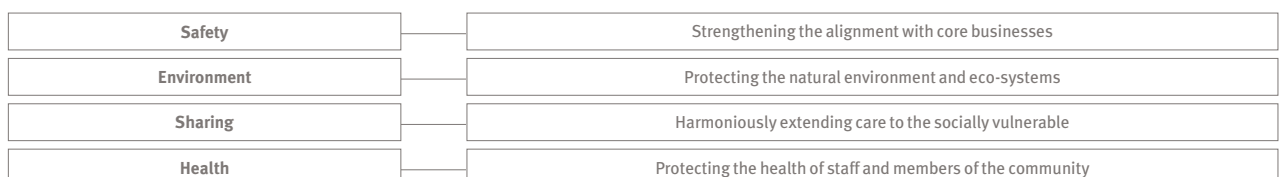
Hankook Tire selected the four major themes of safety, environment, sharing and health in a bid to strengthen expertise and actions in philanthropy, align with key businesses and resolve issues within the community. By doing so, we will practice a brand of philanthropy that continues to flourish by developing mid-and long-term representative programs that can practically solve problems within the community.

Developing Representative Philanthropy Themes and Programs

Hankook Tire selected the four major themes of safety, environment, sharing and health to conduct efficient and sustainable philanthropic activities over the mid-and long-terms. Accordingly, we designated managers in charge of philanthropy on each site, and concentrated

on establishing the infrastructure by facilitating the Philanthropy Sub-committee. As such, we paved the way for developing representative programs. In 2011, we plan to continually develop, manage and foster representative programs with greater expertise and actions based on the related infrastructure.

Four Themes of Philanthropic Activities



03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

CI5 Strengthening Community Communication and Identifying Local Agenda

Hankook Tire creates diverse communication opportunities with local residents and organizations for win-win growth based on trust. We will strive to solve various issues with the community by establishing year-round communication channels and networks.

Identifying Community-specific Agenda

Hankook Tire makes diverse efforts to identify local community issues around each business site. At the Daejeon Plant, we held meetings with PR managers of the Daejeon Administrative Office and held workshops with managers of philanthropy at the regional NGOs, including the Daejeon Welfare Charity Fund. We also met with aides to lawmakers in administrative areas in Daejeon, and opened our civic channels for local organizations and residents online and offline (via phone or Internet). By doing so, we came up with several agendas, including environmental issue agendas around the Daejeon Plant and an agenda to address the lack of philanthropic activities. Meanwhile, at the Geumsan Plant, we held meetings with the Geumsan Country Governor and working-level meetings with public agencies in Geumsan, as well as the chief of the Geumsan Police Station and his staff. We also held meetings with community representatives, invited the socially vulnerable to the plant, and paid visits to surrounding villages to identify local agendas. As a result, we were able to identify local agendas such as the economic downturn in Geumsan, the struggle for livelihood of the socially vulnerable, the lack of educational infrastructure, and the environmental issues around the Geumsan Plant. We will fulfill our corporate social responsibility by standing at the forefront of identifying local agenda and resolving such issues by meeting with community representatives.

Establishing Year-round Communication Channels with the Community

Hankook Tire shared measures in establishing communication channels on each business site in 2010 to establish year-round communication channels with the community. Accordingly, in 2011, we will continue to strengthen our efforts and investments on each business site by establishing year-round communication channels so that we may identify the top agendas and specific issues for the community

Establishing Communication Channels



Stakeholders Opinion (CI)

Geumsan County/Park In-ho (head of the Geumsan Administrative Affairs)

Q.1 How are the 2010 performances in the report evaluated?

I thank Hankook Tire's greater interest in their proactive volunteer work for the welfare of the elderly and the socially vulnerable in Geumsan. I wish that the company could also reach out with local educational and cultural programs.

Q.2 How are the mid-to long-term roadmap and 2011 plans of the report evaluated?

Efforts to find fundamental solutions and actions for environmental issues such as dust, noise and odors must be added. Moreover, the company's support for local festivals and scholarships could expand.

FOCUS 03 External Stakeholder Satisfaction Management

FOCUS 03-3-1

CS Customer Satisfaction & Quality Management (General Customers and Dealers)



2010 Achievements

● : Completed ◐ : Partially Completed ○ : Not Implemented ↻ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
CS1	Strengthening the Sales Competency and Supporting Sales Activities	Running promotional programs and supporting joint marketing	Conducting joint marketing with Lotte Giant	●	68
		Improving integrated MD systems and music manager programs	Continuously operating MD systems and music manager programs	●	68
CS2	Conducting Proactive Communication	Operating the Dealer Academy and Dealer Award	Conducting sales training for dealers/ Holding the Sales Guinness Award and completing the tour programs to give incentives	●	68, 69
		Publishing newsletters and operating the Customer Service Center	Publishing (The Hoop) (Tire Family) / Continuously operating the Customer Service Center	●	69
		Running the online community and conducting activities within the sales management IT system	Organizing activities for customer panels / Conducting programs such as H-LOHAS Slow Walking Program	●	70
		Expanding the customer care & safety campaigns	Waging campaigns for safety checks for air pressure, campaigns for highway safety in summer and campaigns aligned with public interest *Conducting free-of-charge safety checks in Islands NEW	●	70, 71 71

*New: Additional achievements besides those under the goals

03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

Declaration

Hankook Tire maximizes customer satisfaction and value by proactively responding to customer expectations and needs through differentiated marketing communication.

Responsibilities and Governance

The Customer Sub-committee at Hankook Tire maximizes the satisfaction and value for general customers and dealers. The Customer Sub-committee consists of 5 teams under the Hankook Tire Korea Headquarters' Sales Department: CRM Team, Retail Marketing Team, Retail HRD Team, TBR Marketing Team and Technical Service Team. Among them, the Retail HRD Team formed in 2011, is expected to intensively expand dealer competencies and sales support. As such, the Customer Sub-committee fulfills responsibilities in service of supporting dealer sales competency and sales, promoting communication and maximizing customer satisfaction and value.

Mid-term Roadmap

Hankook Tire continues to strive in solidifying its prestige as Korea's top brand based on *customer value and satisfaction.

	2011 Systematizing Customer Satisfaction Management	2012 Solidifying Enterprise-wide Customer Satisfaction Management	2013 Securing Customer Loyalty	
Securing Win-win Strategies with Customers	Establishing a system to develop sales competency	Expanding the sales under stronger sales competencies	Realigning the No.1 brand distribution network	>
Strengthening Customer Participation and Communication	Expanding the operation of communication channels	Actively communicating	Strengthening customer intimate management	>
Providing Customer Satisfying Services	Enhancing customer experiences and values	Conducting enterprise-wide customer management activities	Securing customer satisfaction and loyalty	>

*Customers (domestic business): Hankook Tire's customers are categorized into consumers and dealers. Consumers refer to end-users that purchase our products, direct clients and retailers. Dealers refer to the intermediary shops that purchase products from us and sell them to consumers.

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
CS1	Securing Win-win Strategies with Customers	Operating training and sales support programs	Operation	December	Retail HRD Team/Retail Marketing Team
		Operating customer upgrade programs	Operation	September	Retail Marketing Team
		Innovating and specializing TBX operation		September	TBR Marketing Team
		Establishing the sales skill-up programs		December	TBR Marketing Team
CS2	Strengthening Customer Participation and Communication	Establishing the integrated CRM system, and conducting public interest campaigns and those aligned with public interest	Establishment and operation	December	CRM Team
		Sharing customer praise cases on the website/Conducting channel satisfaction surveys		December	Retail Marketing Team
		Opening the customer reservation system on the website	System establishment and operation	December	Technical Service Team
		Waging the Eco-Drive campaign		December	CSR Team
CS3	Providing Customer Satisfying Services	Conducting six F/A services		December	TBR Marketing Team/Technical Service Team
		Conducting marketing to prevent quality issues		December	Technical Service Team
		Opening new customer service center/Conducting 'Before Service' /		December	Technical Service Team
		Operating the 2-year warranty			

- Changes in the Key Managerial Issues: Only the titles within the Key Managerial Issues that had the same content were changed by the Sub-committee.

CS1 Strengthening the Sales Competency and Supporting Sales Activities

Hankook Tire pours forth numerous efforts in strengthening the sales competency of dealers and in supporting sales as we define dealers as a group of core customers. We also believe that their competency buildup leads to the satisfaction of end-users.

Running Promotional Programs and Supporting Joint Marketing

Hankook Tire carried out joint marketing with Lotte Giant, a professional baseball team, from May to October of 2010. The purpose of the joint marketing was to raise brand recognition for Hankook Tire while supporting the sales of dealers in Busan and the other Gyeongnam areas. We invited our customers and dealers to a baseball game at the Sajik Baseball Stadium and provided them with VIP tickets. We will continue to conduct events in conjunction with dealers so that various joint marketing activities may enhance higher product sales.

Improving Integrated MD Systems and Music Manager Programs

The Lifestyle Shop is an online MD system to support the efficient promotion of dealers and franchises as well as to raise the brand value of Hankook Tire. The sales order system operated offline was converted into an online system. The online version enables a more efficient search and product-ordering capacity. As a result, dealers are now able to search for and purchase products freely, and are more satisfied with quality and quantity of the products. Their satisfaction led to higher sales, so sales grew 30% from 2009 to 2010, reaching KRW 300 million per month.

Revenues from the Lifestyle Shop

Unit: KRW 100 million/month

2009	2.3
2010	3.0

Operation of Music Manager Program Hankook Tire has supported the music manager program free of charge in 2010. It is a music service for all franchises for the purpose of creating a vibrant and comfortable shop ambience. The music pieces selected are comforting for customers while they wait and it is also joyful for workers to listen to. The music program helps in creating a friendly space with a focus on promptness and politeness.



Hankook Tire Lifestyle Shop

CS2 Conducting Proactive Communication

Hankook Tire annually conducts the Dealer Award as well as providing overseas tour incentives for franchises of excellence. As such, we conduct seamless communication with dealers. We also provide diverse experiences to customers by distributing newsletters, and organizing experience programs for customer panels as well as a slow walking campaign.

Operating the Dealer Academy and Dealer Award

The Dealer Academy conducted training on sales management systems and sales skills for sales masters to strengthen the sales competency of dealers. It also seeks to engage requests in sales support.

1 **FCS (Franchise System) Training** FCS is a T-Station shop management system (warehousing/delivery and customer management) for systematic shop management. FCS Training is conducted upon the request of renewal opened shops or re-training in the existing ones. In 2010, 249 training hours were carried out at

83 sites (including re-training) nationwide. We plan to hold training for newly opened shops as well as those shops that applied for re-training, while expanding training for sales representatives in 2011.

2 **NHL (New Hanta Line) Training** NHL is a branch management system that enables accurate information collection on buying, selling and inventory. The NHL Training aims to offer guidance on the professional use of systems, and in 2010, 434 employees completed the training sessions, which were comprised of 3 group sessions and 7 on-site training sessions.

03-1 Win-Win Supply-chain Partnership

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03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

3 Sales Skill Training for Sales Masters Sales Master conducts training for franchises to embody the requirements of running shops. The training focused on the operation of shops to facilitate the sales in low-performing shops and to enable new shops to have stable sales. As of February 2011, 10 sales masters, (an increase of 2 from the previous year) have provided training in one store a week for a total of 5 days. This number will increase to 20 by December of 2011.

Dealer Award Hankook Tire provides overseas tours as an incentive for dealers of excellence in Korea. This not only enhances their loyalty but also provides time for our staff and dealers to contemplate effective sales strategies.

1 Sales Guinness Award Hankook Tire holds a New Year's Meeting to review the performance of our major dealers and to strengthen communication with these dealers every January. At the of the 2010 New Year's Meeting, 72 excellent franchises in each region were awarded based on their sales performance in the previous year in 3 incidences.

2 Overseas Tours as Incentives for Franchises of Excellence Hankook Tire annually conducts overseas tours as incentives in order to strengthen the loyalty and sales commitment of high-performing dealers in Korea. In the first half of 2010, 78 dealers of excellence in sales were selected for trips to Spain, Hungary, Hawaii and China. Particularly in Spain, the dealers visited the plant and shops in Soledad, the big dealer at the Hungary Plant in Spain and benchmarked advanced sales strategies. In the latter half of 2010, 35 excellent dealers and 19 excellent sales representatives were selected to benchmark the automobile industry in Osaka, Japan. It was a time of unity and sales strategy networking among sales representatives and dealers.

Publishing Newsletters and Operating the Customer Service Center

Hankook Tire eagerly communicates with customers and dealers by publishing the newsletters: <The Hoop> and <Tire Family> as well as operating the Customer Service Center.

Publication of <The Hoop> and <Tire Family> Hankook Tire's <The Hoop>, a free newsletter first published in 1989, proposes guidance on eco-friendly tours along with beautiful scenery pictures which can be reached by cars at home and abroad. <The Hoop> provides a culture of mobility to customers beyond the world of tires. <Tire Family> launched in 1991, is distributed to franchises of Hankook Tire and to automobile and component franchises.. The magazine contains corporate information, products and diverse sales/marketing information. The magazine has recently posted general tips on tires and waged a safety campaign as its readership has expanded to include general customers who visit franchises.

Operating the Customer Service Center Hankook Tire operates the Customer Service Center so that employees may directly communicate with customers in addressing their needs upon inquiry. When technical issues or customer complaints on tires occur, we align such issues or complaints with the crew of our 45 member CS (Customer Service) staff nationwide. As such, we operate a CS network that responds kindly and promptly.

Running the Online Community and Conducting Activities within the Sales Management IT System

We conduct various campaigns so that customers may easily understand our brand and products and so that we may listen to their impressions and comments regarding Hankook Tire. These campaigns include a customer panel program and a slow walking campaign.

Records of Newsletter Publication

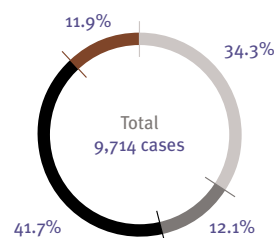
Type	The Hoop	Tire Family
No. of Copies	25,000 copies	19,000 copies
Publication Cycle	4 times/year	6 times/year
No. of Copies Distributed	24,200 copies (to customers)	16,400 copies (to dealers)

Operation of the Customer Service Center

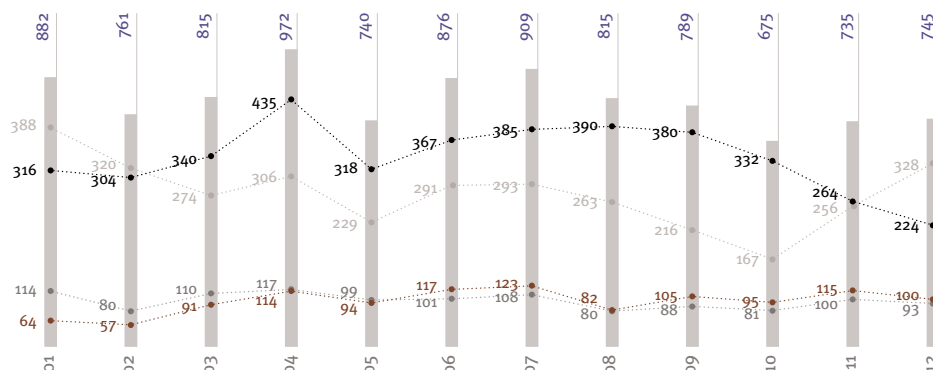
Performance of Call Centers

A total of 9,714 cases (approximately 810 cases per month) registered/handled

- Inquires on Purchasing
- Inquires on Customer Service
- Inquires on Products
- Others



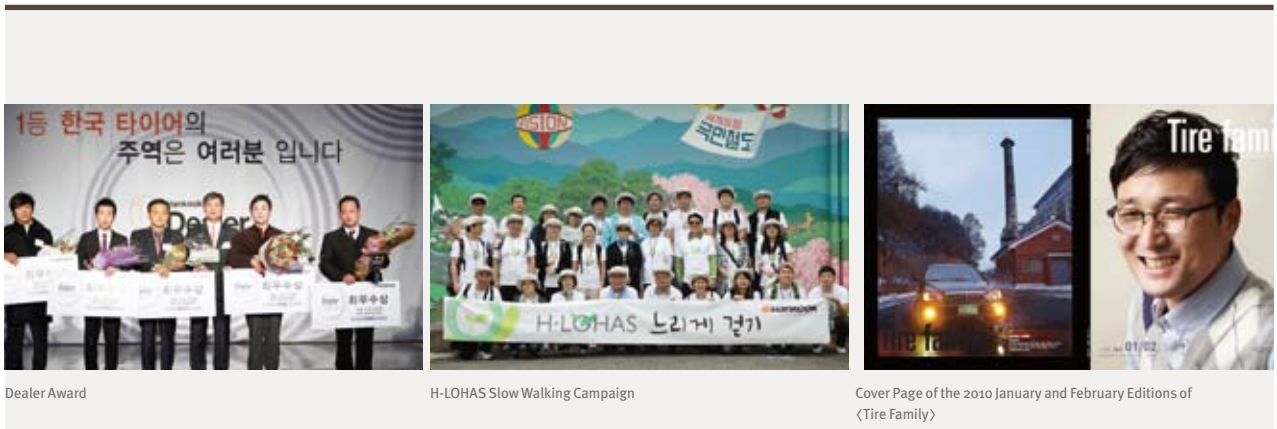
No. of Monthly Customer Inquiries



Customer Panels Activitie Hankook Tire's customer panels are run via Hankook Tire's brand community on the portal engines of Daum, Naver, and facebook. The panels are given the status of online journalists, which enables our product explanations to be more customer-friendly and more smoothly communicated. As the customer panels experience new products and are informed of various experiences and know-how, we are able to communicate with our customers more intimately. In 2011, we plan to run "motor sport maniac" panels to boot.

H-LOHAS Slow Walking Campaign The Slow Walking campaign under the H-LOHAS campaign is an event where we walk with our customers on various beautiful Korean paths twice a year. In 2010, 60 customers participated in walking the Blue Road in Yeongdeok and Jarak Road on Sobak Mountain. We informed our customers of our philosophy that cherishes the environment as we collected garbage. As we walked, we also donated birdhouses to the sites along the way.

COMMUNICATION WITH CUSTOMERS



Dealer Award

H-LOHAS Slow Walking Campaign

Cover Page of the 2010 January and February Editions of <Tire Family>

CS3 Maximizing Customer Satisfaction and Value

Hankook Tire conducts air pressure check training as well as tire management advice for long-distance travel. We consider customer safety as our first priority beyond waging campaigns. As such, we maximize customer value in various ways.

Expanding the Customer Care & Safety Campaigns

In 2010, we started the 'Customer Care & Safety Campaigns' to provide training and services to consumers on tire safety management.

Safety Check Campaign-Air Pressure From March 15th to December 31st, 2010, we trained on the importance of regular tire air pressure checks for customers visiting our shops. We also waged a campaign to raise customer awareness regarding safety. In 2011, we plan to conduct training and a campaign under the theme of seasonal tire safety management.

Summer Highway Campaign Hankook Tire conducts free-of-charge tire safety check services at major rest stops in Korea for customers who are traveling long distances while on their summer holidays. In 2010, for 5 days from July 20th to August 3rd, 48 head office employ-

ees and service operators conducted safety checks on summer rides for 17,597 customers. Moreover, we provide information on tire management for driving on highways to raise awareness about safety.

Public Interest-aligned Campaign We actively take part in public interest campaigns organized by public agencies for customer safety. Tires significantly impact the automobile safety on the road but lack in customer interest. We took part in 8 campaigns organized by the Ministry of Knowledge Economy, Korea Energy Management Corporation and the Ministry of Land and Transport/Maritime Affairs. As a result, customer awareness regarding tire safety was greatly improved, and we expect that proper information on tire management will further aid in the protection customer road safety. In 2011, we will continue to wage campaigns with Korea Tire Manufacturers Association and Korea Transportation Safety Authority.

03-1 Win-Win Supply-chain Partnership

03-2 Community Involvement & Development

03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)

03-3-2 Customer Satisfaction & Quality Management (Car Makers)

Conducting Free-of-charge Safety Checks for Islands NEW In 2010, we performed safety checks on automobile and tires for island residents who lacked tire shops and found it difficult to receive professional services. Free checks were conducted for 140 vehicles in Ulleung-do in June and 303 vehicles were checked in Baekryeong-do in July so that customers could drive safely and free from inconvenience and discomfort. In 2011, we plan to expand such services to Heuksan-do as well as Ulleung-do and Baekryeong-do.

Type	Ulleung-do	Baekryeong-do
Population	10,398 people	5,006 people
No. of Vehicles Registered	3,901 units	2,298 units
Period of Safety Check	June 8 ~ 10	July 9 ~ 11
No. of Vehicles Checked	140 units	303 units
Significant volumes of irregular wears due to many slopes and curves		70% of vehicles checked lack in tire maintenance (lack of air pressure, irregular wear, excessive wear, etc.)

'SAFETY' THEME PROGRAMS



Free-of-charge Summer Safety Check Campaign on Highways



Traffic Safety Campaign of the Ministry of Land, Transport and Maritime Affairs



Free-of-charge Safety Check Campaign in Islands (Ulleung-do/Baekryeong-do)

Stakeholder Opinion (CS – General Customers and Dealers)

Office Worker / Jeon Chang-hun

Q.1 How are the 2010 performances in the report evaluated?

I feel that the core message of Hankook Tire's customer satisfaction lies in 'customer safety.' Such efforts of Hankook Tire can be evidenced in the '2010 Safety Campaigns for Customers': 'Air Pressure Safety Check Campaign' where tire checks and training opportunities were given to customers lacking in the awareness of safety checks; and in the 'Free-of-charge Safety Check Campaign on Highways in Summer' where employees visited gas stations in summer to provide free tire safety checks. However, it was regrettable that while customer convenience and safety was emphasized, ethical consumption (that has emerged as a socially important issue) is not actively practiced.

Q.2 How are the mid-to long-term roadmap and 2011 plans of the report evaluated?

More customers express their thoughts by participating in ethical consumption and communicating with companies more. Hankook Tire's 2011 Plans manifest various activities to expand communication with customers such as 'Establishing the Integrated CRM System, Customers' Praises on the Website, and Channel Satisfaction Survey.' The 2011 Plans also include activities to expand customer participation regarding ethical consumption such as 'Public Interest Campaigns, Public Interest-aligned Campaigns and the Eco-Drive Campaign.' Through such campaigns, the company proved that it listens to its customers and fulfills its responsibilities.

FOCUS 03 External Stakeholder Satisfaction Management

FOCUS 03-3-2

CS Customer Satisfaction & Quality Management (Car Makers)



2010 Achievements

● : Completed ◐ : Partially Completed ○ : Not Implemented ↻ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
CS4	Strengthening Product Competency	Developing next-generation technologies demanded by the automotive market	Newly developing next-generation LRR technologies	◐	74
		Developing new technologies continuously and launching products	Continuously responding to magazine testing	●	74
			Completing the development of sound absorbers	●	74
			OE Quality Management System establishment	◐	74
CS5	Establishing Global Standard Process	*AIAG Response	Attending the Green House Gas Symposium 2010	●	75
		Maintaining cooperative relations with car makers	Establishing a supply-chain network with car makers and applying it broadly	●	75
			Strengthening CSR-related responses to customers	●	75
CS6	Expanding Communication	Holding events to invite car makers and expand related programs	Holding events to invite Ford	●	76
		Taking complains and requests of car makers	Regularly conducting technology exchange meetings	●	76
		Distributing the Global OE Newsletter and developing content	Distributing the Newsletter 4 times to domestic car makers	●	76

*AIAG: Automotive Industry Action Group

- 03-1 Win-Win Supply-chain Partnership
- 03-2 Community Involvement & Development
- 03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)
- 03-3-2 Customer Satisfaction & Quality Management (Car Makers)**

Declaration

Hankook Tire supplies high quality tires to car-makers based on its technology and product quality which befits the needs of car-makers and its global standards management system alike. At the same time, Hankook Tire maintains sustainable business relations based on mutual trust.

Responsibilities and Governance

The activities of Hankook Tire to satisfy car makers in global *OE businesses are supervised by the Car Maker Sub-committee under the head of the Global OE Division. The Car Maker Sub-committee supports in-depth discussions and makes decisions based on the strategic directions of the CSR Strategy Committee's following 4 aspects: differentiated product development in major related departments on R&D, quality and marketing; global standards catering to customer needs; strengthening communication with car makers; and establishing CSR policy directions to raise the satisfaction of car makers.

*OE: Original Equipment

Mid-term Roadmap

Hankook Tire designated the raising of the global OE business levels through customer satisfaction as its mid-term goal. We will improve the quality of the business and lay the foundation for sustainable management by initiating 3 key tasks: Strengthening Product Competency, Establishing Global Standard Processes, and Expanding Communication.

2011 Expanding Efforts to Respond to Global Car Makers **2012** Systematizing Activities to Respond to Car Makers' CSR **2013** Systematizing Activities to Respond to Car Makers' CSR

Strengthening Product Competency	Developing new products reflecting performance requirements of major car makers	Expanding the development of new products reflecting performance requirements of major car makers		>
	Upgrading the OE Quality Management System	Applying the upgraded parts of car maker-specific OE Quality System		>
Establishing Global Standard Process	Establishing CSR policies and strengthening responses for customer satisfaction	Establishing the CSR-related infrastructure (communication channels, manpower, etc.)	Upgrading CSR responses for car makers	>
Expanding Communication	Establishing the basis for B2B communication	Expanding the application of the B2B communication	Expanding the application of the B2B marketing communication	>

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
CS4	Strengthening Product Competency	Identifying technology trends of car makers and reviewing responsive measures	Continuously analyzing new car trends	↻	OE Strategy/Global OE Technology/OE Development
		Developing new technologies to respond to car makers	Securing technological competitiveness in developing the OE	↻	Global OE Technology/OE Quality/OE Development
		Making measures to secure quality to respond to premium OE	Ranking 5th in JD Power of North America	↻	OE Quality/Global OE Technology/OE Development
		Establishing Global Standard Process	Establishing car maker-related CSR policies	Establishing CSR policies	December
CS5	Establishing Global Standard Process	Making CSR responses regarding car makers	Responding to car makers' requests on CSR	↻	CSR Team/Global OE Division/Hankook Tire Europe and America Headquarters
		Expanding Communication	Strengthening communication with car makers and of B2B	Expanding technology exchange meetings	↻

CS4 Strengthening Product Competency

Hankook Tire secures product competencies befitting the demands of car-makers. To this end, we develop the next-generation technologies that are demanded by the auto market and enhance our product quality continuously. In particular, the technicalities of our tires are improving in the auto market-which are driven by the development of next-generation low-rolling tire resistance and by the responsiveness to the technology trends of car-makers. At the same time, we satisfy the needs of car-makers through continued quality improvement.

Developing Next-generation Technologies Demanded by the Automotive Market

Newly Developing Next-generation LRR Technologies Hankook Tire focuses on developing new technologies regarding the Low Rolling Resistance (LRR) as one of the next-generation technologies demanded by the auto market. The LRR is a critical technology that reduces the rolling resistance of the ride, thus lowering the environmental impact while improving the fuel efficiency. Hankook Tire continues to enhance the technology competency for the LRR by taking part in developing green cars, first and foremost. In 2010, we carried out development projects in three aspects of next-generation design, enhancement in control and materials for new technology.

Developing and Applying Sound Absorbers We have continued to explore materials and conduct research on how to apply them. Particularly in 2010, we completed the review on applying sound absorbers to tires. The sound absorbers we developed showed outstanding performance in effectively lowering the Tire Cavity Noise generated by air-tight pressure in a shut-off space due to the tire and wheel.

Developing New Technologies Continuously and Launching Products

Continuing to Respond to Magazine Testing Hankook Tire showed favorable results in the stringent tire testing of prestigious auto magazines. This was achieved through the development of high-quality products and product innovation. In 2010, we underwent 19 magazine tests including 15 cases for the Summer Tire products and 4 cases for the Winter Tire products. As a result, the Summer Tire products acquired the highest rating of 'Very Recommendable' for 9 cases, 'Recommendable' for 4 cases, and 'Limited Recommendable' for 2 cases.

for 2 cases. For the Winter Tire products, we acquired the highest rating of 'Very Recommendable' for 2 cases, and 'Limited Recommendable' for 2 cases.

OE Quality Management System Establishment We are equipped with the OE Quality Management System to satisfy the requirements regarding the product quality of car-makers and to continuously provide high-quality products. For prompt responses for possible quality problems, our nearest local office makes the first-stage response. The second-stage response is made by technical sales managers at the Hankook Tire Europe Headquarters and by managers at the head office. The feedback is then accepted and reflected in product quality improvements. As a result of such OE quality enhancement efforts, we ranked fifth in the number of stars given by 'JD Power of North America' on 'all OE product categories' in 2010. This puts us 4 tiers up from 2009. In particular, among many companies, we had the highest point increase. The biggest increase was in the wear resistance among all evaluation categories where our points rose overall.

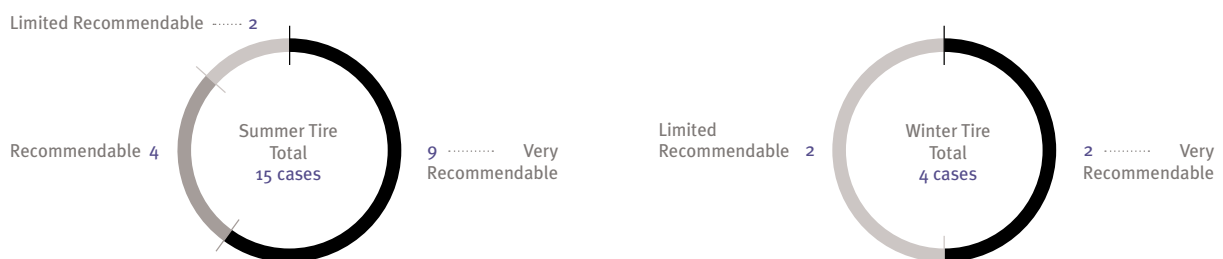
Results of JD Power of North America

Unit: ranking

Type	2008	2009	2010
All Product Categories	9th	9th	5th
*PCR	7th	4th	4th

*PCR: Passenger Car Radial

Magazine Testing Results



CS5 Establishing Global Standard Process

Hankook Tire continues to establish response systems at the global level, while forging ties with car-makers worldwide. To this end, we share global standards with car-makers by taking part in the activities of AIAG (Automotive Industry Action Group) and in maintaining cooperative ties by applying the required systems.

AIAG Response

Attending the Green House Gas Symposium 2010 The AIAG is mostly led by Japanese car-makers such as Toyota and Honda as well as the top 3 US car-makers: Ford, General Motors and Chrysler. The AIAG is engaged in wide-ranging activities to spread global standards and sustainable management to suppliers worldwide. In 2010, we attended the symposium to share our major improvements in reducing GHG with car-makers and their major suppliers.

Maintaining Cooperative Relations with Car Makers

Establishing Supply-chain Networks with Car-Makers-the Broad Application Car-makers have recently focused on supply-chain management to supply components at the global level in a stable way and to secure management systems. As such, we aligned the MMOG (Material Management Operations Guide), a part of the EDI (Enterprise Resource Planning) to the logistics center at the Hankook Tire Europe Headquarters for major car-makers such as Ford and Volkswagen. Particularly in 2010, we expanded the system application in many European subsidiaries and branches. As a result, we were able to enhance the compatibility of the logistics system between car-makers and Hankook Tire. This enabled car-makers to identify information regarding our tire supply status, place orders for new volumes, and deliver other logistical information in real time.

Strengthening CSR-related Response Towards Customers Hankook Tire proactively responds to the demands of car-makers on CSR. In particular, we made appropriate responses to Ford's requirement regarding working conditions as our strategic partner. We also conducted training regarding the work environment for our staff and major suppliers to improve the level of working conditions. In addition, we continue to conduct responses for car-makers: Renault's survey on CSR, Ford's MSA (Manufacturer Site Assessment), BMW's PSE (Process Series Evaluate) audit, and General Motors's QSB (Quality System Basic) and PCPA (Process Control Plan Audit).

Construction of Additional Plants Hankook Tire plans to construct new plants and expand the existing plants in response of tire-market demand as well as the increasing demands of car-makers to expand the supply. By constructing new plants in the emerging markets of Indonesia and China, we seek to stabilize the supply of OE tires. We plan to provide high-quality tires that are produced through our sophisticated quality management systems in our Indonesian and Chinese plants from 2013. Moreover, we plan to increase the production capacity for run-flat tires at the Hungary Plant that can be easily aligned with car-makers due to increasing demands for run-flat tires designed for premium vehicles.



Hungary Plant

Evaluating the Environmental Impact in the Construction of New Plants

Hankook Tire's financial performance continues to improve as we construct new plants to produce tires at the same time. We also strive to minimize the environmental impact by reviewing the environmental impact due to the construction.

Type	Major Points
Environmental Impact Evaluation Plans	Before evaluating the environmental impact, local environmental laws and laws of the industrial complex are reviewed, and the environmental impact factors due to business features of Hankook Tire are analyzed. Accordingly, we establish plans so that the environmental impact evaluation can be effectively carried out. External consulting companies take part in this course. In the impact evaluation for constructing a plant in Indonesia in 2010, EnviroSolution & Consulting (Singapore) took part.
Execution of the Environmental Impact Evaluation	In evaluating the environmental pact, internal and external experts first review features of environmental materials and their measurement data emitted from Hankook Tire's existing plants. We conduct local inspection to acquire information needed for the impact evaluation such as topology and climate information. We also conduct modeling evaluation to identify the movement of odorous materials, their routes and impact due to our industrial features.
Environmental Impact Evaluation Results	As a result of the final review on the environmental impact evaluation of experts in the external consulting company (EnviroSolution & Consulting) and internal experts, most of the environmental impact has reached satisfying levels. However, we suggested installing appropriate facilities to lower odors and noise. These results will be reflected in constructing new plants.

CS6 Expanding Communication

Hankook Tire focuses on identifying the demands of car makers and on communicating immediate responses through continued our relations. Through securing communication opportunities with car makers, we have exchanged information on the global OE and sent the newsletter as a part of our marketing communication.

Holding Events to Invite Car Makers and Expand Related Programs

Hankook Tire has striven to build cooperative ties by holding invitation events and programs for major car-makers. In particular, we hold invitation events in Detroit every year, building cooperative business ties with Ford, our strategic partner. By doing so, we listen to the opinions of car-makers, find solutions and present our products. Through various opportunities, we can broaden our communication and will reflect their feedback to our action.

Taking Complains and Requests of Car Makers

Hankook Tire promptly responds to the requests of car makers and reflects them in its business. We develop and share major content related to our technological prowess and tire market trends by reflecting the requests of car makers in exchanging technologies with them. For instance, we provided appropriate feedback by discussing major issues on tire quality and by providing information regarding car makers' demands. For instance, we held technology exchange meetings in the wheel and tire section that is held annually at Hyundai Motors. For other companies, we also promptly respond to their complaints, which are managed by departments and staff in charge in each local office.

Distributing the Global OE Newsletter and Developing Content

Hankook Tire not only conducts direct communication through invitation events and regular meetings it also makes various efforts to effectively provide our information to car-makers. In 2010, we sent the Global OE Newsletter 4 times to domestic car-makers. Moreover, we have selected optimized communication channels and provided information by approaching it via B2B marketing communication. In particular, we continue to expose the information of our brand with greater printed advertisement coverage for car makers in North America and Europe. We also develop and operate content that manifests our product and technological competency at major auto shows in various regions: the Sema Show in the U.S., Auto China, Moscow Auto Salon of Russia and the Essen Motor Show in Germany.



Moscow Auto Salon, Russia



B2B Print Advertisement (Europe/America)

- 03-1 Win-Win Supply-chain Partnership
- 03-2 Community Involvement & Development
- 03-3-1 Customer Satisfaction & Quality Management (General Customers and Dealers)
- 03-3-2 Customer Satisfaction & Quality Management (Car Makers)**





QUALITY GUIDELINES

Hankook Tire’s Quality Guideline aims to maximize corporate development and customer satisfaction by creating the highest product and service quality under corporate missions and visions. To this end, we ensure the following commitments and act accordingly:

- We shall identify customer needs and reflect them in our business.
- We shall prevent defects and waste elements through continuous improvement activities.
- We shall abide by designated rules and establish a quality management system in daily business.
- We shall grow along with our customers by developing new technologies and creating high added values.

All staff shall understand this Quality Guideline and fulfill their roles by doing their utmost to establish, execute, maintain and improve the system of quality management.

Benefits of Control Technology

 <p>PERFORMANCE</p>	 <p>SAFETY</p>	 <p>COMFORT</p>	 <p>ENVIRONMENT</p>
<p>We maximized the tire performance by enhancing the tire handling, control stability and durability.</p>	<p>We protect the safety of drivers and their vehicles by maintaining the tire integrity and material composition as they are even during most dangerous emergencies on the road.</p>	<p>We eliminated the stress of driving by reducing shock, noise and vibration by fully understanding how tires perform and operate in actual situations.</p>	<p>We not only minimized tires’ environmental impact but also reduced consumers’ expenses by elongating tires’ durability and life.</p>

Stakeholder Opinion (CS - Car Maker)

Hyundai Motors/General Manager Lee Byeong-eung
(Chassis Component Purchasing Team 1)

Q.1 How are the 2010 performances in the report evaluated?

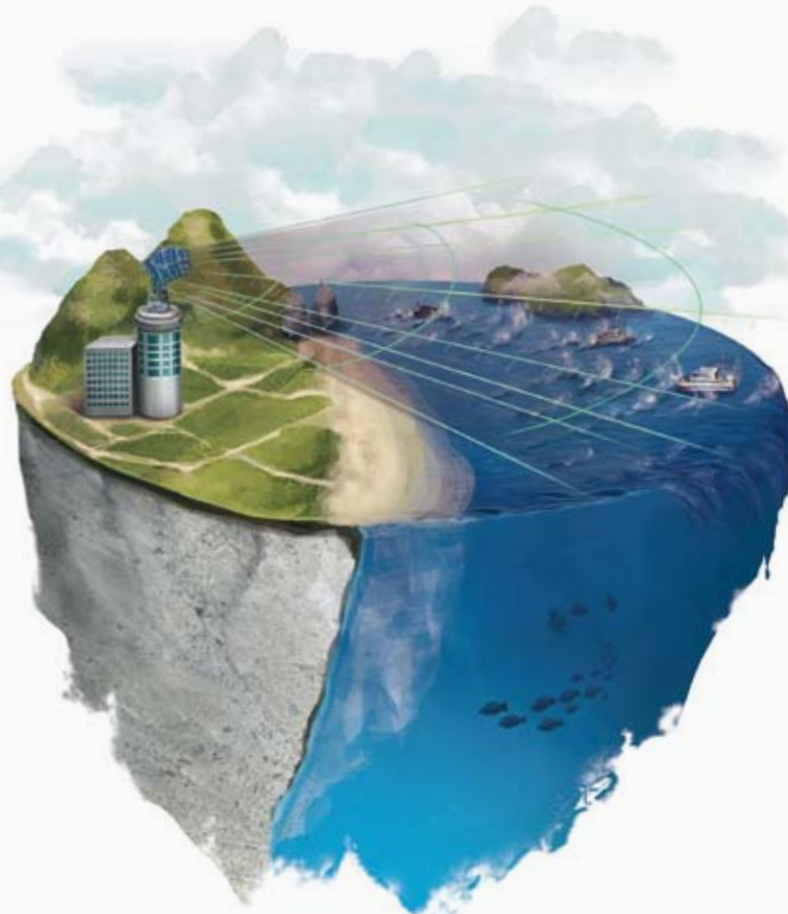
Hankook Tire touts the most advanced technologies among Korea’s top 3 tire makers. It truly stands out from its competitors in developing the LRR compounds. It also has a more stable supply chain in its product supply. However, its OE pricing competitiveness must be enhanced.

Q.2 How are the mid-to long-term roadmap and 2011 plans of the report evaluated?

I had an impression that Hankook Tire was advancing into the global market in full swing. In particular, it has unparalleled competencies in supplying product volumes in plants abroad (Hungary, Indonesia, China, etc.) This is done under aggressive management to tap into the overseas market as Hankook Tire recently announced the expansion of its market share.

FOCUS 04 Integrated Risk Management

IR Integrated Risk Management



2010 Achievements

● : Completed ● : Partially Completed ○ : Not Implemented ↻ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
IR1	Identifying Integrated Risk Management Issues	Monitoring risks	Monitoring risk factors according to environment changes	↻	80
		Understanding risk history and current response measures	Understanding current risk responses/ Daily management risk responses	●	80, 81
IR2	Establishing Integrated Risk Management Systems	Defining risks and their classification criteria	Classifying integrated risk management by risk types and response departments	●	81
		Risk *ETA	Defining ETA analysis framework	○	81, 82
		Building risk communication channels	Setting and operating the Risk Sub-committee	●	81
IR3	Regular Updates of Risk Management Issues and Manuals	Setting risk response processes	Distributing risk response process guides	●	82, 83
		Creating integrated risk management manuals	Understanding respective risk response departments and their characteristics	●	82
IR4	Strengthening Training on and Establishing a Culture for Enterprise-wide Risk Responses	Building Employee consensus on integrated risk responses	Educating executives and team leaders on case studies of other companies/Sharing at the CSR Strategy Committee/Distributing mid/long-term strategy guides	●	83
		Setting training plans	Function-specific training under way	●	83

*ETA (Event Tree Assessment): Analytic methodology to understand the possibility of one single risk leading to multiple risks and to analyze risks types and their threat levels in each stage

Declaration

Hankook Tire will prioritize risks that come with uncertainties in business conduct and build the company-wide integrated risk management system which entails both proactive management measures and follow-up response guidelines, turning crisis into opportunity.

Responsibilities and Governance

At Hankook Tire, the integrated risk management is performed by the Risk Sub-committee meetings held under the supervision of the Corporate Strategy Department. These meetings gather together financial, legal affairs, HR, marketing, communication, product quality, R&D, production technology teams and respective CSR teams to discuss their Roles and Responsibilities regarding major risks and future response directions.

Mid-term Roadmap

Hankook Tire plans to run the integrated risk management system through identifying enterprise-wide Corporate Level Risks and setting guidelines in 2011. Our goal for 2012 and 2013 is to create headquarter/division-specific risk management guidelines and ensure full-fledged operation of the risk management system.

	2011 Building Integrated Risk Management Infrastructure	2012 Enhancing Risk Response Capacity	2013 Enhancing Risk Response Capacity
Identifying Integrated Risk Management Issues	Identifying company-wide Corporate Level Risks	Updating Corporate Level Risks according to environment changes	
	Identifying headquarter-specific major risks	Supplementing risk-related policies and systems	Reviewing policies and systems
Establishing Integrated Risk Management Systems	Operating the integrated risk management system	Facilitating the integrated risk management system	
	Operating the Risk Sub-committee		
	Creating key management issue response manuals	Guiding and supporting manual writing in each headquarter	Guiding and supporting function-specific manual writing
		Updating company-wide key managerial issue manuals	
Strengthening Training on and Establishing a Culture for Enterprise-wide Risk Responses	Setting training plans	Monitoring training programs and supporting implementation	

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
IR1	Identifying Integrated Risk Management Issues	Selecting and monitoring Corporate Level Risks that require company-wide management efforts		☺	Corporate Strategy Team
		Strengthening alignments between risk issues and strategies (identifying major risks by headquarter in setting strategies)	More than 3 in each headquarters	November	Corporate Strategy Team
IR2	Establishing Integrated Risk Management Systems	Operating company-wide risk response processes		☺	Corporate Strategy Team/Risk Sub-committee
		Running the Risk Sub-committee	4 meetings	☺	Corporate Strategy Team/Risk Sub-committee
		Risk ETA of Corporate Level Risks	Within 5	☺	Corporate Strategy Team/Risk Sub-committee
		Setting management manuals for Corporate Level Risks		☺	Corporate Strategy Team/Risk Sub-committee
IR3	Strengthening Training on and Establishing a Culture for Enterprise-wide Risk Responses	Setting and supporting integrated risk training plans		☺	Corporate Strategy Team/Culture & HRD Team

- Changes in the Key Managerial Issues: Updating risk management issues and manuals in IR3 was changed as it was deemed more efficient that it is managed within the category of establishing integrated risk management systems.

IR1 Identifying Integrated Risk Management Issues

Hankook Tire keeps its eye on change factors in internal/external environments and monitors relevant risks to ensure proactive responses to wide-ranging risks. We also identified risk management issues based on our research of company-wide risks that we face today.

Monitoring Risks

Changes in External Business Environments The year 2010 brought both good and bad news: the global economy recovered but raw material prices surged. To cope with this, we strove to secure demands by observing signs of economic recovery in advanced markets and economic growth in emerging markets. We also addressed the increasing raw material prices by making our operation more cost-effective and dispersed risks by diversifying our sales portfolio in responding to the economic crisis in Southern Europe. In addition, we were faced with policy risks to deal with: we discovered and responded to various opportunity and crisis factors that emerged due to lowered trade barriers in transnational free trade agreements. We continued to invest in R&D to be more proactive in responding to the tightening environmental regulations in advanced nations as well.

Changes in Internal Business Environments Not only did we deal with risks that were brought about by external environmental factors but we also dealt with risks caused by internal factors. In order to prevent shortages in production capacity, a risk that may come as we grow further in size, we carried out in-depth reviews and risk analyses of diverse candidate nations and regions. After much consideration, we made the final decision to build new plants at two sites: one in Indonesia and the other in Chongqing, China.

Non-financial Risks Non-financial risks were monitored by the CSR Sub-committee and the CSR Strategy Committee. The integrated CSR system allowed us to systematically manage climate change, GHG emissions, win-win partnerships with stakeholders, employee value creation, corporate governance and ethics management. The monitoring of non-financial risks aligned with CSR activities enabled us to lay the foundation to make our business more sustainable and prosper longer.

Understanding Risk History and Current Response Measures

Our company-wide research of current risk management practices in 2010 produced about 100 risks to address. These risks were categorized by their characteristics as follows: 20% strategic risks, 55% operational risks, 10% financial risks and 15% hazard risks. Non-financial items accounted for 8% of the total. We identified which departments were first in responding to these risks and we planned to define more detailed Roles & Responsibilities to clarify responsible departments and cooperative departments.

Strategic Risks In an effort to review our own strategies and business operations for 2010, we looked into study cases of recalls made by industry peers, analyzed their causes and disseminated analysis outcomes and respective functions among our staffs and

team leaders. We also ensured company-wide seamless communication when such policy issues as free trade agreements or environmental labeling by creating task force teams made up of relevant departments. The risk diversification and insurance subscription that we maintained as a daily practice has allowed us to keep the supply and demand of raw materials in good balance. This was the case even when the earthquake hit Japan in March 2011 as it helped us minimize financial damages resulted from the tragic disaster.

Operational Risks We are fully aware of the importance of risk management in day-to-day operations and our respective departments put plenty of efforts into preventing risks in advance. In a bid to ensure safety management at our plants, various health and safety meetings are held regularly and serve as constant communication channels. These meetings are attended by the Occupational Health and Safety Committee, Supplier Occupational Health and Safety Committee, etc. These efforts enabled all of our Korean sites to be OHSAS 18001-certified, the international standard in safety and health management systems, in November 2010. We also endeavored to obtain the PSM (Process Safety Management) certification to prevent fatal industrial accidents that could happen due to the change in boiler fuel from bunker C oil to LNG. We passed the on-site evaluation in February 2010 and were rated 'S'. We will continue to strive to reach the highest rating of 'P' in the upcoming years. When it comes to product quality, we run the Global Quality Academy under the vision of 'World Best Quality to Customer' to educate our staff to develop a quality-oriented mindset. We also perform wide-ranging improvement activities such as HPS (Hankook Tire Production System) and Six Sigma. In addressing legal risks, we make better use of the LAMP (Legal Affairs Management Portal) to manage enterprise-wide legal issues. This system allows us to prevent and deal with similar legal cases effectively and study important cases in Korea and overseas and to understand trends in dispute resolution. We are also highly thorough with our HDSM (Hankook Tire Document Security Management). We are utilizing DRM (Document Rights Management) more effectively and managing security-critical documents, core technology, drawings, and specifications very stringently. As a member of the Korea Association for Industrial Technology Security (KAITS), we offer security training to our employees.

Financial Risks We address financial risks on a regular basis. In particular, we are building exhaustive readiness for dollar exposure and liquidity risks. Our Currency Management Committee meets regularly every quarter and we constantly monitor the cash flow of local and overseas sites to ensure stable fund management. In particular, we expanded our global fund management system to cover China and Europe in 2010.

Hazard Risks We carry out wide-ranging management diagnosis activities to make our business conduct more transparent and healthier. We published the 'Hankook Tire Ethics Management Guidebook' in 2010 and provided relevant training to our staff in order to establish a more transparent culture. We built fire prevention systems at all our worksites due to the inherently high fire risks

of the industry and conducting in-house training and private-public joint training as well as regular patrols, safety checks and safety training. We also operate the fire control system that enables immediate response to all kinds of likely situations based on emergency response scenarios.

RISK MANAGEMENT ACTIVITIES



Quality Management Monitoring



Safety Management Training at Plant



Regular General Shareholder Meeting in 2010

IR2 Establishing Integrated Risk Management Systems

Hankook Tire built the integrated risk management system to measure risks from a macro-level perspective. We also identify and manage key risks based on the definitions and classification criteria that we set for respective risks. Our Risk Sub-committee is up and running to enable company-wide risk sharing and risk responses.

Defining Risks and Their Classification Criteria

Our risk management system is composed of 3 different levels of risk characteristics, managerial importance and response process. First of all, risks were classified into 4 categories of Strategic, Operational, Financial and Hazard according to their characteristics. Their Risk Level was set according to their possible occurrence and influence as follows: Corporate Level Risks that should be addressed with company-wide capacity, Headquarter Level Risks that each headquarters should respond to, Function Level Risks that should be primarily dealt with by each Function, and Working Level Risks that should be addressed by the respective working-level teams. Response departments were also identified for each of these risk categories.

Risk ETA

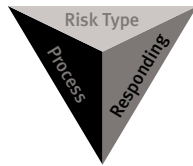
Risk ETA (Event Tree Analysis) starts with an effort to identify risk triggers and aims to visualize the flow between different responses made in the case of an event and the corresponding outcomes that may have varied according to the initial response. To successfully respond to risks, damages should be limited to the minimum once

an event happens and wide-ranging response scenarios should be established that reflect previous responses as a reference point. In 2011, our goal is choose a section of the Corporate Level Risks and analyze them with the risk ETA.

Building Risk Communication Channels

The Risk Sub-committee created in 2010 serves as a communication channel set specifically for risk management. The sub-committee identifies and regularly monitors Corporate Level Risks whose management requires company-wide concerted efforts rather than daily management risks. We also communicate with our stakeholders in various ways in addition to internal risk communication activities. We create dialogue channels with stakeholders year-round and disclose management information regularly. Further, we hold the Supplier Partnership Day for suppliers to share a wide spectrum of risks common to those in the industry.

Integrated Risk Management Framework



Our company-wide risks are managed from the 3 perspective of type, process and response group. The initial research of current practices revealed 20 Corporate Level Risks whose management requires enterprise-wide concerted efforts. These risks will be managed continuously once they are confirmed through feasibility reviews and communication.

Risk Type Classification by Risk Type

Strategic	Operational
Financial	Hazard

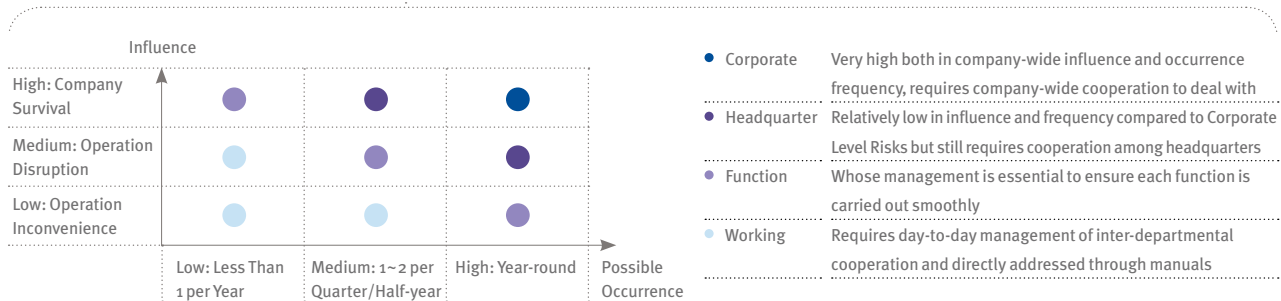
Responding Response Department by Risk Levels

Corporate
Headquarter
Function
Working

Process Risk Response Process

Internal/External Environment Analysis	Goal Setting	Risk Definition	Risk Analysis	Risk Evaluation and Prioritization	Risk Control/Management	Reporting and Communication	Monitoring
----------------------------------------	--------------	-----------------	---------------	------------------------------------	-------------------------	-----------------------------	------------

Risk Diagnosis Map



IR3 Regular Updates of Risk Management Issues and Manuals

Hankook Tire built basic guidelines and processes to respond to risks as external/internal environments change constantly and risk factors and response measures change as well.

Setting Risk Response Processes

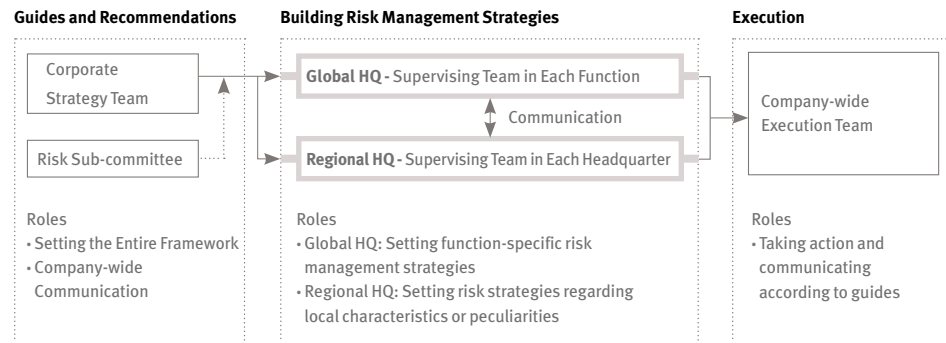
We turned to macro-level approaches to address risks as their occurrence is aligned with the whole spectrum of business operations. This is why risk response guides and risk factor reviews are linked with strategy-building processes at Hankook Tire. In so doing, we make sure that possible risk factors are examined and studied when we establish major functions such as financial, purchasing, HR, marketing, communication, quality, R&D and production technology. Our regional headquarters in Korea, China, America and Europe follow the same procedures in building strategies. Risk factors produced through the aforementioned process are identified at the Risk Subcommittee and these identified risks are addressed by respective operation teams with either day-to-day monitoring or special actions.

Creating Integrated Risk Management Manuals

In the past, our “business-as-usual” approach in dealing with media reports was mainly based on micro-level perspectives and we often created risk management manuals with the mere focus on crisis. Our risk responses also centered around the changes in external environments and daily management issues. Nowadays, our risk coverage has been expanded into possible internal risks and even non-financial risks with more comprehensive perspectives on risk handling. We collected ideas on current company-wide practices to address risks, relevant Roles & Responsibilities and best/worst cases to finalize the draft manual. Corporate Level Risks that rank higher in significance and urgency among these risk issues will be determined and their management manuals will be written in the upcoming years.

Risk Response System

In 2010, we partially improved our risk response process to make it part of the integrated risk management system. We analyzed internal/external environments first as changes in such environments have grave impact on risk occurrence today and the goal-setting process to deal with risks also became part of the integrated risk management system. In addition, processes to build risk response strategies and to address risks were incorporated into the risk control/management process.



IR4 Strengthening Training on and Establishing a Culture for Enterprise-wide Risk Responses

Hankook Tire is fully aware that risks can happen anytime. We are determined to deal with risks more effectively by building the awareness that risk management requires not short-term but long-term perspectives and efforts are needed on an enterprise-wide level as well as individual staff level.

Building Employee Consensus on Integrated Risk Responses

Our CSR Strategy Committee helped all of our staff to share basic guidelines to address risks and emphasized the necessity of company-wide cooperation. We allowed our executives and team leaders study the causes behind recalls made by Hankook Tire and other industry peers and educated the importance of day-to-day risk management. Guides entailing risk response processes for company-wide strategy building were distributed to support each regional headquarters in creating their own risk response strategies.

Setting Training Plans

We continue to educate our staff on function-specific risk responses. As part of daily risk management, each worksite performs fire training and scenario-based training regularly as well as occupational health and safety training. All of our staffs are briefed on information security and product quality regularly and those employees who deal with financial/legal risks that are highly sensitive to policy changes and demand expertise are trained continuously to build their capacity to effectively respond to these risks. Our efforts to manage non-financial risks include CSR training courses and in-house ethics training.

FOCUS 05 Employee Value Creation

EV Employee Value Creation



2010 Achievements

● : Completed ● : Partially Completed ○ : Not Implemented ⌚ : Year-round Activity

Code	Key Managerial Issues	2010 Goals	2010 Achievements	Completion	Pages
EV1	Open Communication-based Corporate Management	Improving the Global CEO website	HANA (Hankooktire Agora) website, an improved version of the Global CEO website, completed	●	86
		Holding Global CEO meetings	3 meetings with R&D staffs and one meeting with domestic sales staffs	⌚	86
		*Laying the basis for a creative labor-management culture NEW	Programs to build and improve a creative labor-management culture	⌚	86
		*Building human rights management systems NEW	Human rights management policies and improvement programs/Ombudsman Center	⌚	87
EV2	HR Systems Offering Fair Opportunities	Advancing strategies and systems to obtain top talents	Improving recruitment systems	●	87
		Redefining HR processes and building HR IT systems	Advancing performance management systems/improving job management systems/developing the HR portal website**HANE-HR'	●	88
		Setting up Global HR directions and operation systems	Setting Global HR operation directions and action plans	●	88, 89
EV3	Growth-fostering Competency Development Systems	Building global learning contract programs	Supporting Chinese and European sites with introducing *LMS	●	89, 90
		*Encouraging Informal Learning NEW	Offering mentoring programs for all new recruits/establishing Book Cafes	●	89, 90
EV4	Healthy and Happy Employees	Building integrated EHS management systems	Stipulated in the 'Focus Area 2 Employee Health and Safety Management	●	50, 51
		Expanding health programs	Providing weight-loss programs/apnoea treatment programs	⌚	91
		Creating and operating on-site child care centers	Creating and operating child care centers at the Global headquarters and R&D centers	⌚	91

*New: Additional achievements besides those initially planned

**HANE-HR: HR portal website created for enterprise-wide staff by the HR service improvement project

*LMS: Learning Management System

Declaration

Hankook Tire shares its vision through open communication and offers fair opportunities to grow together with employees. We also endeavor to create a healthy and pleasant working environment.

Responsibilities and Governance

The Employee Sub-committee supervised by the Human Resource Management Team under the Corporate Innovation Department classifies relevant issues into 4 categories and relevant teams (the Culture & HRD Team, the Corporate Communication Team) responsible for each category address target items. The HRM Team is in charge of monitoring and giving feedback to these target items managed by respective relevant teams. Additionally, the Employee Sub-committee meets bi-monthly to share progress and improve issues so that the company may create values and pleasant working conditions for employees.

Mid-term Roadmap

Hankook Tire took wide-ranging actions to improve the quality of life for its staff and communication between the company and staff in 2010. We are working hard to build on these activities to expand our focus from Korea into our overseas sites, making them more sustainable and upgradable. Our plan for 2011 is to create a venue for stronger employee engagement and communication. With this, we are to create and improve employee values starting from 2012.

	2011	2012	2013
	Strengthen Employee Engagement and Communication	Expand Employee Value Creation	Sustained Expansion and Monitoring of Employee Value Creation
Open Communication-based Corporate Management	More opportunities for employee communication and engagement	Encouraging horizontal communication	>
	Maintaining trust-based labor-management culture		>
Work/Life Balance	Ensuring and expanding family-friendly management	Boosting family-friendly management programs	>
HR Systems Offering Fair Opportunities	Building open recruitment systems	Expanding and improving open recruitment systems	>
	Identifying and managing key issues in labor rights	Improving conditions for labor rights and building improvement programs	Expanding programs to improve labor rights practices >
	Building a Global HR system in the Chinese regional headquarters	Expanding the system to Europe and America	>
Growth-fostering Training Systems	Stronger leadership training (performance management & Work Smart)	Offering customized leadership training	>
	Stronger Informal Learning activities	Expanding Informal Learning across the board	>
	Improving content for position-specific job training	Expanding and improving position-specific job training	Developing new job training courses customized for each position >

2011 Plans

Code	Key Managerial Issues	2011 Commitments	Key Index	Deadline	Department in Charge
EV1	Open Communication-based Corporate Management	Encouraging participation in the HANA website	Participation	○	Culture & HRD Team
		Improving company-wide IR content	4 rounds	○	Culture & HRD Team
		Maintaining a trust-based labor-management culture	Survey of corporate culture	○	Labor Relations Support Team
EV2	Work/Life Balance	Running weigh management and anti-smoking programs	Overweight tests/Reducing company-wide smoking rates to 0%	○	CSR Team
		Writing and drawing contests for staff's families	Participation	April	Human Resource Operations Team (Daejoen Plant/Geumsan Plant)
		Facilitating on-site child care centers		○	Human Resource Management Team
EV3	HR Systems Offering Fair Opportunities	Developing programs to hire top talents		June	Human Resource Management Team
		Identifying managerial issues in human rights and labor practices and building relevant monitoring systems		November	Human Resource Management Team
		Setting Global HR systems in the Chinese regional headquarters	Global HR systems	○	Global HR Team
EV4	Growth-fostering Training Systems	Improving position-specific leadership training content (performance management, Work Smart)		July	Culture & HRD Team
		Expanding mentoring programs, initiating CoP activities/	On-going activities	○	Culture & HRD Team
		Upgrading job training course content			

EV1 Open Communication-based Corporate Management

Hankook Tire builds and expands online and offline communication channels in an effort to establish a creative corporate culture based on open communication with staffs and to find what can be improved to deliver maximum values to its staff. These channels not only gather our staffs' opinion, but also serve as a venue for them to make their voices heard in business conduct.

Improving the Global CEO Website

We changed the name of the Global CEO website to HANA (Hankooktire Agora) to encourage stronger communication with our staff. HANA received its new name and design through an internal contest, and was revamped as a communication website where our staffs become both creators and users. Unlike the previous one, HANA further clarified the purpose of respective bulletin boards by allotting a section for management strategy discussions as well as a section for sharing diverse internal issues. The website also enables all of our staff to talk with each other while the Global CEO plays a pivotal role, directly providing their ideas on corporate strategies. The Culture and HRD Team will be in charge of managing and improving HANA in 2011, helping build a 'Hankook Tire Corporate Culture'.

Holding Global CEO Meetings

Global CEO meetings have served as a representative communication channel to discuss management visions and business activities through direct dialogue and communication between our CEO and staffs and to reflect voices of our staff in decisions made by top management. The meetings were attended by diverse employees from each site including our R&D center. They were greatly helpful in sharing our corporate vision and building trust among our staff.

Laying the Basis for a Creative Labor-management Culture NEW

Hankook Tire and its Labor Union, a member of the National Federation of Labor Unions of the Rubber Industry, have been forging cooperative and productive relationships based on mutual trust and respect. In particular, both sides agreed to introduce the 'Time-off system' in order to comply with the revised labor act of the Korean government, which proved our strong labor-management relationship once again. The two sides also agreed to operate a joint task force team to deal with labor issues and communicate with each other constantly. Besides, labor-management meetings and Occupational Health and Safety Committee meetings are held every 3 months at each worksite to address staff

complaints and improve working conditions. Our labor union is also growing more active in social giving activities: the company encourages labor union members to take part in wide-ranging internal/external volunteer activities and the labor union offers opportunities for cultural trips and volunteer work to the children of the staff families.

Programs to Build and Improve a Creative Labor-management Culture

Hankook Tire and its labor union are fully committed to their respective roles to contribute to the national economy and achieve shared goals based on mutual respect and trust. Established in May 1962, our labor union has its head office at the Daejeon Plant and branch at Geumsan Plant with 7 full-time staffs dedicated to union work under the Time-off system. All our employees are eligible to join the labor union upon employment and they are free to engage in any activities within the legally defined boundaries. Both sides run various institutionalized labor-management bodies including labor-management meetings which aim to prevent labor conflicts and deal with such conflicts in a timely manner. We also put in place the Ombudsman Center that keeps staff grievances in check in conformity with the act on employee participation and co-operation promotion. We are running wide-ranging programs to create a labor-management culture that promotes a fair work/life balance. We offer trips to the parents of our employees, hold liberal arts classes for the wives of our employees and drawing contests and volunteer activities for the children. In the upcoming years, we plan to introduce such family support programs as legal consultations for daily matters.



HANA Main Webpage



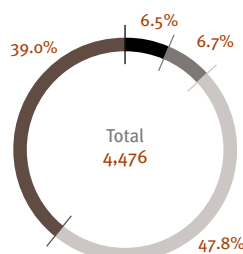
Global CEO Meeting with Researchers (Main R&D Center)

Hankook Tire Labor Union

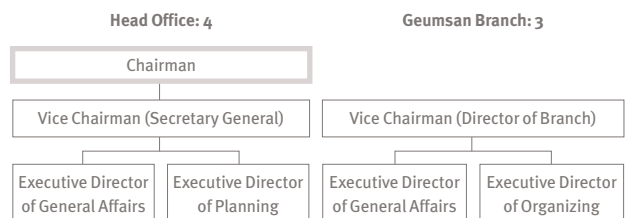
Unit: people

Membership in Each Worksite

● Head Office	291
● R&D Center	299
● Daejeon Plant	2,141
● Geumsan Plant	1,745
Total	4,476



Organization Chart



Building Human Rights Management System NEW

Human Rights Management Policies and Improvement Programs We faithfully abide by what is laid down in the Labor Standards Act in conducting business. We update the details of employee rights based on mutual agreements between labor and management once every year through collective salary bargaining. We also regularly check whether our human rights policies and relevant policies are stipulated, ban and monitor child labor and forced labor, support diversity and equality and ensure equal opportunities for female employment with the help of ISO/TS 16949 for product quality system audits, ISO 14001 for environmental system audits, KOSHA 18001 for occupational Health and Safety system audits and inspections by car makers such as Ford, Volkswagen, Hyundai/Kia Motors. The outcome is integrated in our continued efforts to manage and improve these issues so that we may properly conduct our business and give back to society.

Ombudsman Center We protect all human rights and prohibit child labor and forced labor in conformity with the Labor Standards Act of Korea. As a company with unionized members, we make sure that no unfair practices occur regarding the aforementioned issues through mutual respect between the company and labor union and monitoring. If such practices are found, they are dealt with through our Ombudsman Center.

Complaints Handling

The number of complaints is calculated based on the number of cases submitted and they are primarily focused on operators

● No. of Complaints ● No. of Resolved Cases ● No. of Unresolved Cases Unit: No. of cases



The majority of the submitted complaints have to do with personnel relocation and the availability of company housing/dormitory. Complaints about relocation and the company dormitory were completely resolved aside from 2 issues about company housing that is already fully occupied. We are considering to build new dormitories or expand existing ones and planning to expand our company housing or dormitory within the next 3 years.

Support for Diversity and Equality, Equal Opportunities for Female Employment

As a global tire company, we have 2 plants in China and 1 in Hungary in operation and we plan to build a new plant in Indonesia and another plant in China and expand capacity of our Hungarian plant in 2011. This is why we endeavor to hire local citizens, offer various educational and practical training courses to them and also guarantee equal opportunity so that they may enjoy the same benefits as their Korean colleagues. In responding to the increasing pace of globalization, we newly built the Global HR Team at the Korean headquarters in December 2010 to hire and retain top overseas talents who will lead a new engine of growth. Our internal policy to ensure equal opportunities regarding female employment is based on the article in our recruitment regulation which says ‘no gender discrimination is tolerated in terms of recruitment and employment, salary, money and other articles besides salary, education, placement and promotion, retirement age, resignation and dismissal’. Besides, we never hire children under 18.

Fair HR Policies

Category	Detail
Language/ Region/ Country	As a global tire maker, we export to countries around the world. We operate manufacturing bases for global sales in China and Hungary and in addition to 200 sales subsidiaries, sales offices and dealerships around the world, creating jobs in those countries and regions where we operate. We ban any types of discrimination in recruitment.
Training/ Development	We require specific academic requirements in each employment type but prohibit discrimination on the grounds of school names or other discriminatory factors. 1) Office staffs: Those with Bachelor's Degree or above (vocational college graduates are eligible for certain positions) 2) Operators: High school graduates and those with vocational college education and under
Gender	Gender discrimination is strictly prohibited in terms of recruitment and employment, salary, money and articles besides salary, education, placement, promotion, retirement age and resignation and dismissal as stipulated in our internal employment regulations.
Physical Requirement	We have a positive discrimination policy in favor of the physically challenged in recruitment. The percentage of physically-handicapped staffs at Hankook Tire is higher than other companies and it is increasing every year.

EV2 HR Systems Offering Fair Opportunities

We are determined to make our HR policies fair and transparent for all of our staff in an effort to put into practice one of our key management philosophy principles that makes employees a top priority in everything we do.

Advancing Strategies and Systems to Obtain Top Talents

Improving Recruitment Systems With the overhaul of our recruitment system in 2009, our top priority has been to hire top talents. In 2010, we defined who those top talents are in a bid to become more strategic in hiring, building on the improvements we made in 2009 and came up with detailed recruitment processes accordingly. This is a long-term

project that requires continued reviews and improvements for more than 3 years. What we focused on in 2010 was to build a recruitment strategy framework by analyzing current practices and identifying needed improvements.

Redefining HR Processes and Building HR IT Systems

Advancing Performance Management Systems Our HR policy is performance-oriented to ensure transparent management of individual staff's performance. Under such policies, respective employee's performance forms the basis upon which HR decisions are made, which in return encourages our staff to be fully committed to performance and builds our organizational capacity. We keep training performance assessors and assesses so that performance management becomes part of our corporate culture. In 2010, we reinforced performance-based remunerations and introduced performance-based incentives. We are evaluating the competitiveness of our salary and welfare/benefits levels against the comparison group companies selected based on the turnover rate and the number of employees. The results are then reflected in setting remuneration policies.

Improving Job Management Systems We built a job/capacity-centered HR strategy framework in accordance with the performance-based HR policy and improved our job management systems accordingly. Currently, we have 5 job groups, 16 job series and jobs in a hierarchical order. Detailed job classification is yet to be complete and our 2011 plan is to further advance our job-based HR policy system by organizing individual staff's job history and clarifying job descriptions.

Developing the HR Portal Website 'HANE-HR' HANE-HR is our human resources management system that aims to make our HR services efficient and strategic by utilizing the intranet or internet that enables two-way communication. Our e-HR is not a system solely dedicated to the HR department but rather serves as an integrated service system that supports respective user groups with HR-related information search, data entry and work process. HANE-HR is built as our HR portal system to meet the aforementioned purpose of e-HR. In particular, this on-line system is to allow our staffs to make applications and receive benefits under the internal personnel and welfare/benefits systems. We expect that this will bring about an increased accessibility to and satisfaction of the HR system on the part of our staff. We will first launch and stabilize the HANE-HR for our Korean sites and then expand its application out to our global sites to make it our global HR system infrastructure.

Introducing Retirement Pension Systems In an effort to guarantee our staff's pensionable rights and their old age income, we initiated the introduction of retirement pension systems in 2010. Under the system, external financial institutions will manage retirement funds and our staff will choose between retiring with regular pension payments or with a single lump sum payment. We plan to hold presentations to build consensus among our employees about these systems in the first half of 2011 and start full-fledged operations in the second half of the year.

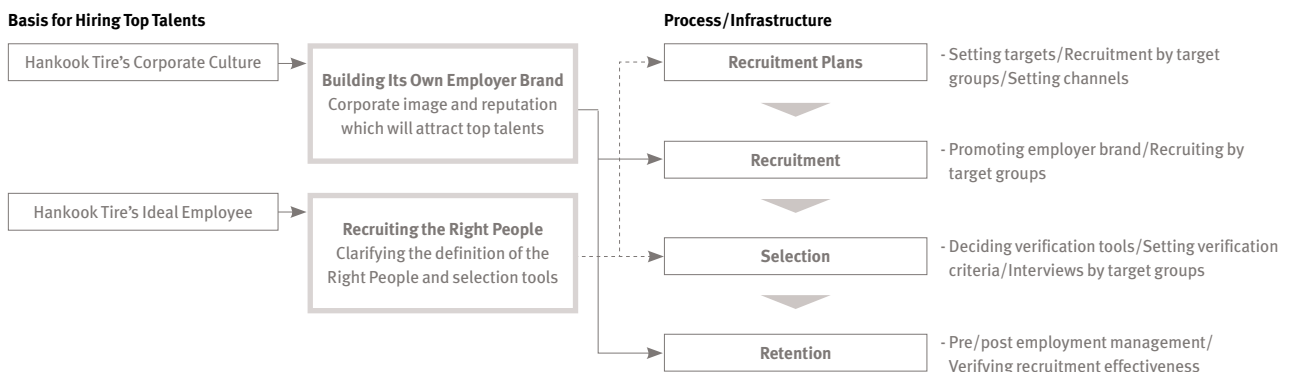
Setting up Global HR Directions and Operation Systems

Setting Global HR Operation Directions and Action Plans Our global business that has been growing continuously will further speed up its pace to achieve the 2015 5-1-1 mid-term goals and the 2020 vision to become a 'Leading Global Tire Company. In an effort to contribute to our global business vision by providing the right people to all our global worksites, we set the directions of our HR policy through the Global HR diagnosis in 2010 and initiated the Global HR project starting from 2011. The Global HR diagnosis in the second half of 2010 revealed that our overseas sites need to further reflect Korean headquarters' HR philosophy and principles in their HR systems and that we need to build HR integration and support systems on a global level. Especially, we were in urgent need of competent talented individuals who could support our rapidly-growing global business. Our Global HR project covers the Global HR systems, establishment of the Global HR governance, and the localization of HR systems at overseas sites. Our plan is to make sure that our HR system plays a stronger role and is more closely related with our global business so that it can support and manage overseas sites in an integrated manner. We are also to make overarching HR systems stronger by establishing an integrated HR framework which aims to build 'One Company'. With localized HR systems, we will motivate and encourage our local staff to fully commit themselves to work and present a vision that allows them to take the lead in local business.

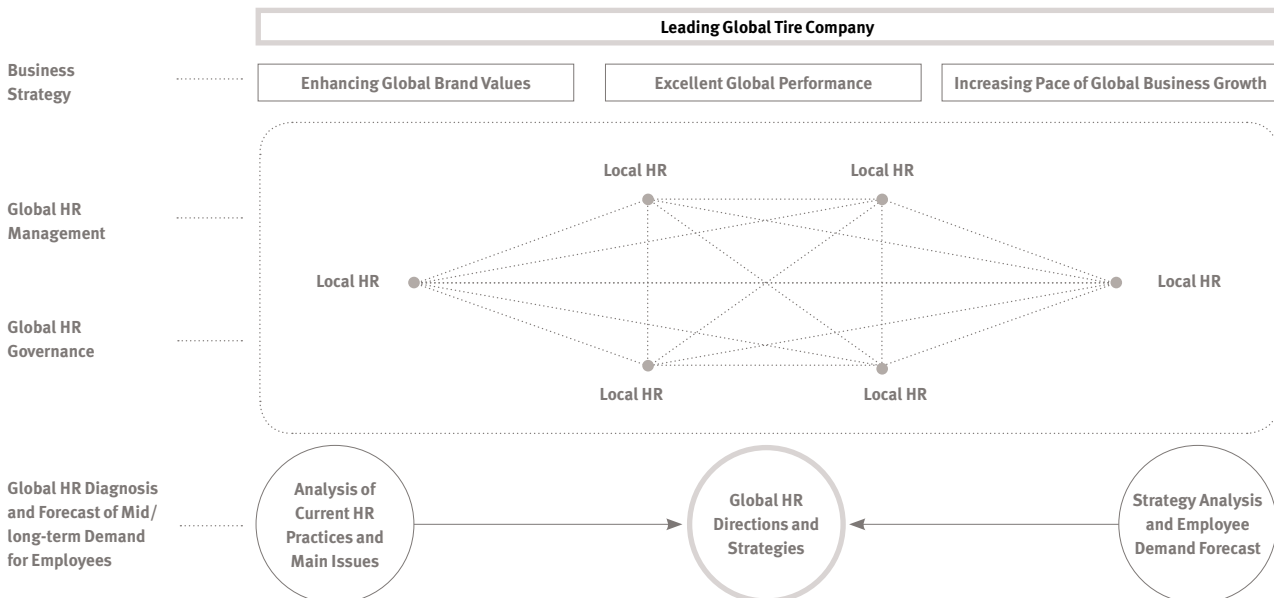


Main Webpage of HANE-HR

Hiring System



Global HR System



We are to hire and retain competent talented individuals by setting localized HR operation strategies and running systems and organizations accordingly based on the Global HR infrastructure and to make use of these in an integrated manner on a global level, contributing towards the corporate strategy and vision.

EV3 Growth-fostering Competency Development Systems

Hankook Tire initiated the learning contract program in 2009 to help our employees, the primary source of our growth engine, in building their competency and supported plants in China and Hungary with the LMS introduction in 2010 to expand the scope of the program into overseas sites. We also run mentoring programs and Book Cafes to encourage our staff to improve competencies on their own and to build a more lively corporate culture.

Building Global Learning Contract Programs

We helped overseas regional headquarters in introducing the HRD and LMS systems based on Korean sites' HRD, laying the foundation to provide learning contract programs within the LMS. Our plan for 2011 is to assist our Chinese regional headquarters in improving on-line competency development programs in an effort to encourage overseas regional headquarters to offer more of such programs.

Encouraging Informal Learning NEW

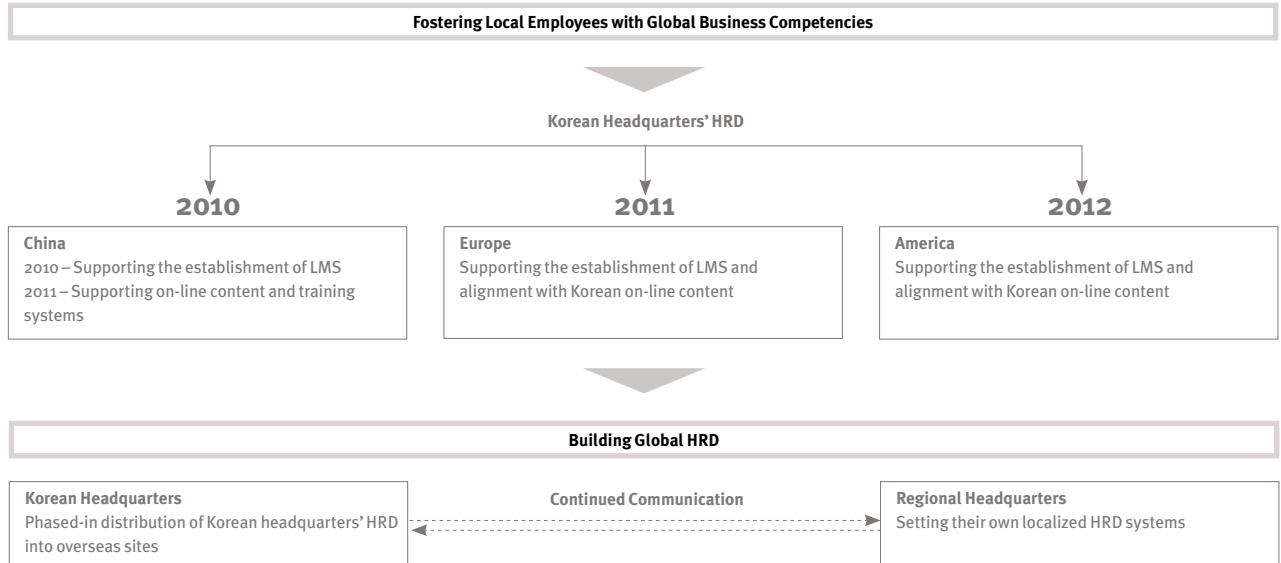
Offering Mentoring Programs for All New Recruits We provided mentoring programs to 108 new university graduate recruits, who were hired through the open recruitment in the second half of 2009 and the first half of 2010 for 6 months between March and August 2010 to help these new employees settle down as early as possible. Our 2011 goal is to offer these programs regularly and offer them to a total of 138 staffs including 112 new recruits in 2011 and 26 current staffs in the Rookie position.

Establishing the Book Cafe We opened the Book Cafe on the 18th floor of the main office building in December 2010 where all of our staff can borrow newly published books and magazines that we purchase monthly. We also installed 3 meeting rooms where they can read books and have discussions.

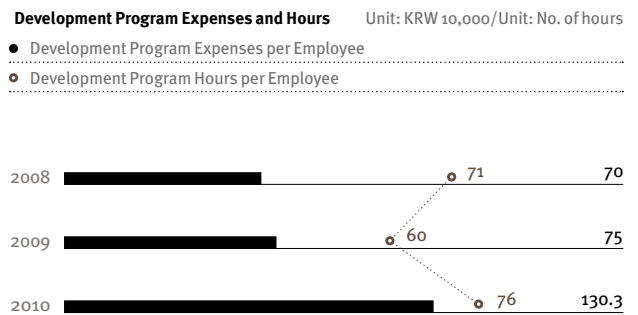
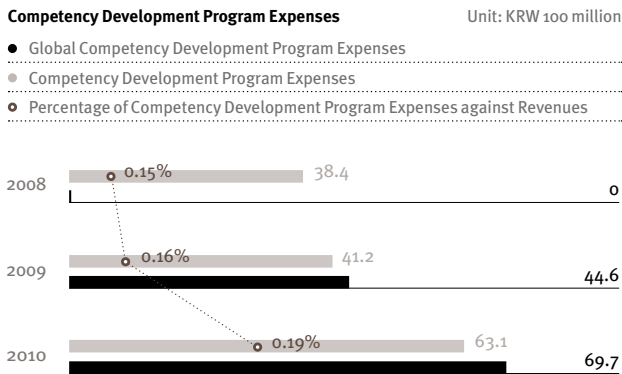


Panoramic View of the Book Cafe

Directions for Establishing Global HRD Systems



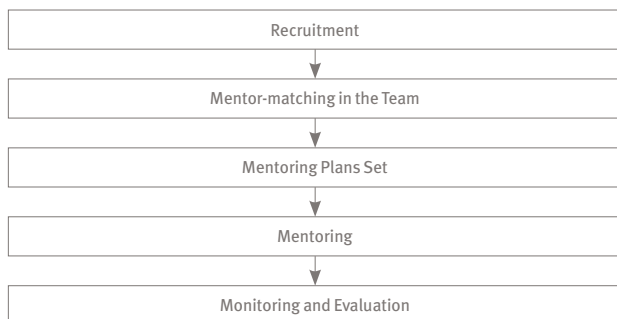
Annual Competency Development Program Expenses



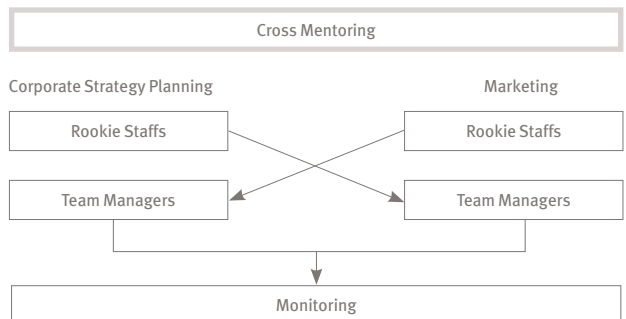
The learning contract programs started in 2009 to help our staff build their competency. We saw a 60.8% increase in competency development program expenses in 2010 from 2008 and with this, training hours per employee are also increasing.

Mentoring Process

New Recruits



Current Employees



EV4 Healthy and Happy Employees

Hankook Tire, under the management principle that puts people at the center of business conduct, strives to support all of our employees in having a fair work/life balance, increasing the quality of their work life and enjoying the contentment that comes from a company that cares. We expect that such endeavors will earn us trust from our employees, improve their satisfaction at the workplace and prevent wide-ranging risks including health hazards and mental stress.

Expanding Health Programs

Providing Weight-loss Programs We expanded health care programs for our staff's happier and more pleasant work life and started personalized weight-loss programs led by professional trainers for all employees. Under the weight-loss programs, our employees set aside about 1 hour from their work schedule to recharge themselves and stay healthy. This led to increased satisfaction in work life and we are to continue running these programs which began in 2010 in the upcoming years.

- **Interview Kim Jae-woo, Team Managers (BI Team at the Global Headquarters)**_ For office employees like me who are so busy, the weight-loss program offered by the company for free is such an attractive benefit. Thanks to the program, I lost 10 kg and went from 110kg to less than 100 kg. The company will continue running this program and I have no doubt that this will definitely help me stay healthy.

Providing Apnoea Treatment Programs Snoring used to be thought of a common sleeping habit but it has emerged as a highly serious condition called 'sleep apnoea' recently. As this condition can have negative impact on the muscular/cardiovascular systems and breathing in the long term, we receive applications every quarter and offer these applicants apnoea treatment programs. With the help of professional medical institutions, we analyze and improve their sleeping habits, and ultimately treat sleep apnoea so that our employees may lead a healthier work life.

- **Interview Choi Yoon-jin (Design Team at the Global Headquarters)**_ I could not get a good night's sleep as the very sound of my own snoring woke me up in the middle of the night every day. I had to go to work lacking in sufficient sleep, and

I had those dark bags under my eyes and I was so tired every single day. Since I took part in the sleep apnoea program in the 4th quarter of 2010, these dark circles have gone away and the program brought back comfortable sleeping. The feeling that the company really cares about me and the other employees makes my work life even better and more pleasant.

Creating and Operating On-site Child Care Centers

Our on-site child care centers at the Global Headquarters and R&D center (Dongguerami Childcare Center) have been in operation to make sure that we share child care burden with our employees, support them with a fair work/life balance and create a working environment where they can focus on their work.

- **Interview Yoon Seong-hee, Department Head (Design Team at the Global Headquarters)**_ For most people, it's never easy to juggle work and family life. Having children to care for adds a challenge to work life. Before the company opened the child care center, I had to depend on the child care facilities near my house or ask my family members and relatives for help. Now, I feel so relieved. It's very convenient to take my children to the child-care center that is relatively close by to my work. I know that these on-site child-care centers are some of the best in terms of facility quality. This assures me that I can focus solely on my work and not have to worry about my children.



Dongguerami Childcare Center (opened on December 1, 2010)

Opinion of Stakeholders (EV)

Hankook Tire/Assistant Manager Lee Sun-min (OE Planning Team)

Q.1 How are the 2010 performances in the report evaluated?

I think that Hankook Tire made a very unique and noticeable achievement in increasing diverse programs and welfare facilities for the fair work/life balance of its staff, which is critical in delivering work conditions that satisfy employees. The company needs to present a more detailed picture of the Global Company that it wants to become by establishing more advanced HR/HRD systems on a global level.

Q.2 How are the mid-to long-term roadmap and 2011 plans of the report evaluated?

I believe that the company set its plans in a way that is highly systemized including improved processes to reflect staff opinions and more sophisticated HR/HRD systems to create employee values. Relevant examples would include the HANA website and improvements in internal IR. But the company needs to come up with a roadmap for improvement to elevate these Korean site-centered activities into global activities covering overseas sites.

APPENDIX

Hankook Tire has always been committed to CSR over the last 70 years, delivering economic performance and environmental values and giving back to society. With the integrated CSR system established in 2009, our CSR activities are growing more systemic and professional. We are determined to make our CSR even more trustworthy, taking a step closer to our valued stakeholders.

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Awards and Recognitions

2010 Awards

In 2010, Hankook Tire maintained its position as a business leader in Korea and overseas through its activities in wide-ranging associations and organizations. Our continued endeavors for innovation and improved product quality won us a variety of meaningful awards. In particular, our products demonstrated design and quality excellence as they were rated best in class in the performance comparison tests of prestigious automobile industry journals.

Selected as one of the Deloitte 250 Global Consumption Goods Company



'Tire Manufacturer of the Year Award' at the 'Tire Technology Award for Innovation and Excellence 2011'



1st in 'K-BPI' for Tire and Services for 9 consecutive years/1st in the Tire category of the 'National Brand Competition Index for 2010, 2011' for 2 consecutive years/ 'Korea's Highest Brand' by Brand Stock



'Korea's Most Admired Tire Maker' for 2 consecutive years in 2010 and 2011



'Green Product Winner' for 3 consecutive years in 2008, 2009 and 2010 by Korea Management Association Registration & Assessments Inc.



1st in the Automobile Tire's category for the 2010 KS-QEI (Korea Standard-Quality Excellence Index)



Certified by Japan's 'Green Purchasing Law' / Won the Eco-Label of the Korea Environmental Industry & Technology Institute



'2010 red dot Design Award' in the product design segment



'iF Design Awards 2010' for the Motion Graphic Brochure to introduce tire manufacturing process/ 'iF Design Awards 2010' for the CSR Report 2009



'Good Design (GD) mark' for the Motion Graphic Brochure introducing tire technology



Platinum recipient of the LACP 2009 Vision Awards for the 2009 Annual Report



Technical Journal Test Results

Icebear W440



Rated 'Very Recommendable', the highest rating, by '**ADAC', Europe's most prestigious automotive industry journal (September 2009)

Optimo 4S



Rated 'Very Recommendable', the top mark, in a performance comparison test by 'Auto Bild' (September 2009)

Ventus S1 evo



Rated 'Very Recommendable', the highest rating, in a performance comparison test by 'Auto Bild Sportscars', Selected as the 'Test Winner' (March 2009)

Rated 'Very Recommendable', the top mark, in a performance comparison test* by 'Sport Aut' (March 2009)

Rated 'Very Recommendable', the highest rating, in a performance comparison test by 'Auto Zeitung' (April 2009)

Rated 'Very Recommendable', the top rating, in a performance comparison test by 'Auto Motor Und Sport' (March 2010)

Rated 'Very Recommendable', the top rating, in a performance comparison test by 'Gute Fahrt' (March 2010)

Rated 'Very Recommendable', the highest rating, in a performance comparison test by 'Auto Zeitung' (March 2011)

Ventus V12 evo



Rated 'Very Recommendable', the top mark, in a performance comparison test by 'Auto Motor Und Sport' (March 2009)

Named as an 'Outstanding Product' by the US premium automobile magazine 'Car and Driver' (July 2009)

Ventus Prime



Rated 'Very Recommendable', the top mark, in a performance comparison test by 'Auto Bild',

Chosen as the 'Test Winner' (March 2009)

Ventus R-53



Won the tire test held by Japan's leading modified car magazine 'Rev Speed' (July 2010)

*ADAC: Allgemeiner Deutscher Automobil-Club

Membership of Organizations and Associations

Organization

Korea Industrial Technology Association	Korea Fire Safety Association	Federation of Korean Industries	Korea International Trade Association	Federation of Korean Industries	Korea Electric Engineers Association
Human Resource Development Forum	Korea Environmental Preservation Association	Korea Tire Manufacturers' Association	Korea Industrial Safety Association	Korea Chamber of Commerce & Industry	*WBCSD-TIPG
Korea Automobile Manufacturer's Association	Korea Chamber of Commerce & Industry	Korea Management Association	Korea Tire Manufacturers' Association	Korea Gas Safety Corporation	

*TIPG refers to the Tire Industry Project Group under the World Business Council for Sustainable Development and has conducted research since 2006 on the 2 overarching topics: 1) evaluation of generated chemicals during tire manufacturing process that have potential impact on health or the environment, 2) understanding of the characteristics, properties and impact of tire particulate matters generated in normal tire use and installation. We are a member of the TIPG and took part in joint research on the two topics of End-of-Life Tires (ELTs) and Tire Wear Particles (TWP) in 2010.

Government Grants

Government-commissioned R&D Projects

Unit: KRW 100 million

Project Name	Period	Hankook Tire's Assignment
Development of high-functional polyester materials	June 2007~December 2010	5
Development of lightweight thin-walled separators for unmanned aerial vehicles	April 2009~December 2014	1.7
Development of intelligent tire systems	June 2009~May 2012	3.9
Development of commercialization technology for residential fuel cell separators	December 2009~November 2012	54.6
Development of eco-friendly tire from urethane uni-materials	June 2010~March 2015	45

Regulatory Violations

Regulatory Violations in Korean and Overseas Worksites

Hankook Tire is fully committed to delivering not only economic but also social and environmental values, communicating with wide-ranging stakeholders, and fulfilling its social responsibility. The most fundamental prerequisite here is to comply with relevant legal requirements. Despite our best efforts to be completely legally compliant, the following violations took place and they are reported below.

Korea (Daejeon Plant) – 1 case

Regulation	Violation	Penalty Imposed	Actions Taken
Clean Air Conservation Act	Exceeding the legally allowed threshold of atmospheric emissions (SOx limit for the incinerator)	Improvement order and penalty of KRW 2,210 imposed in June 2010	Training managers and incinerator operators 5 times and paying the penalty (training content: understanding the concerned act and learning incinerator operation know-how, emergency response scenarios)

Overseas (Hungary Plant) – 2 cases

Regulation	Background	Violation	Penalty	Actions Taken
Labor Act	Mr. Bognal Ferenc petitioned to *ETA in August 2009	· Insult to labor union executives (management executives and office workers' yelling at those union members during meeting or on the phone)	Penalty of 1 million Forints (KRW 6 million) imposed	· Paying the penalty in October 2010 · Cautioning office workers to be more careful in the way they talk and behave that may lead to insults
Labor Act	Labor audit performed in September 2009 (requested by the labor union)	· Labor union executives' access to company premises · Availability of labor union office and bulletin board · Compensation for hours spent for labor union activities	Penalty of 1 million Forints (KRW 6 million) imposed	· Paying the penalty in October 2010 · Labor union executives' complete access to company premises · Providing office space for the labor union · Making financial compensations for hours spared for union activities

*ETA: Equal Treatment Authority

Financial Data Summary

Consolidated Financial Positions

Unit: KRW million

Category	2010	2009	2008
Current assets	2,992,993	2,368,151	2,534,713
1) Quick assets	2,014,689	1,472,846	1,287,928
2) Inventories	978,304	895,305	1,246,785
Non-current assets	2,765,242	2,634,779	2,840,096
1) Investment assets	46,493	43,568	35,404
2) Property, plants and equipment	2,555,096	2,426,193	2,661,338
3) Intangible assets	33,242	23,858	20,828
4) Other non-current assets	130,411	141,160	122,526
Total assets	5,758,235	5,002,930	5,374,809
Current liabilities	2,709,845	2,186,107	2,887,919
Long-term equipment	517,891	703,316	719,005
Total liabilities	3,227,736	2,889,423	3,606,924
Capital	76,095	76,095	76,095
Capital surplus	624,004	624,004	624,004
Capital adjustments	-57,507	-58,462	-58,462
Accumulated other comprehensive income	101,635	118,567	123,570
Earned surplus	1,636,128	1,239,637	919,228
Minority interests	150,144	113,666	83,450
Total equity	2,530,499	2,113,507	1,767,885
Total liabilities and stockholders equity	5,758,235	5,002,930	5,374,809

(As of December 31, 2010/2009/2008)

Consolidated Statements of Income

Unit: KRW million

Category	2010	2009	2008
Sales	5,813,382	5,145,136	4,461,209
Cost of sales	4,104,077	3,626,696	3,395,034
Gross margin	1,709,304	1,518,440	1,066,175
Selling and administrative expenses	1,039,058	898,235	857,391
Operating income	670,246	620,205	208,783
Non-operating income	251,353	251,131	351,705
Non-operating expenses	274,617	359,152	479,759
Income before income tax	646,982	512,184	80,730
Income tax expense	169,502	136,515	57,187
Net income	477,480	375,668	23,542

(As of December 31, 2010/2009/2008)

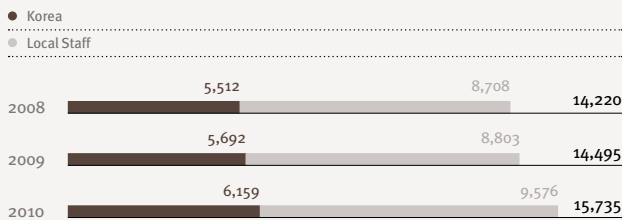
Employee Data Summary

1. Total Staff

Our R&D/Production & Engineering Staff Office was divided into 2 in 2011 and currently, we operate a total of 6 Staff Offices. The number of staffs including locally-hired employees showed a 3.5% average increase between 2007 and 2010 and we contribute to employment security in Korea and overseas with continued job creation. In particular, the number of local staffs will rise continuously with the planned expansion of a third plant in China and establishment of a new plant in Indonesia.

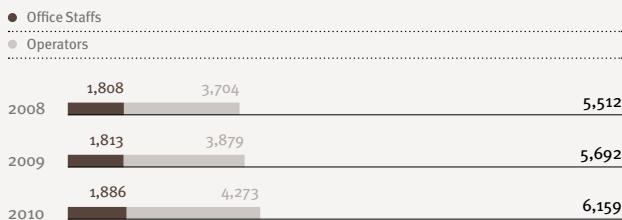
(1) Employees on a Global Scale

Unit: No. of persons



(2) Employees by Positions in Korea

Unit: No. of persons



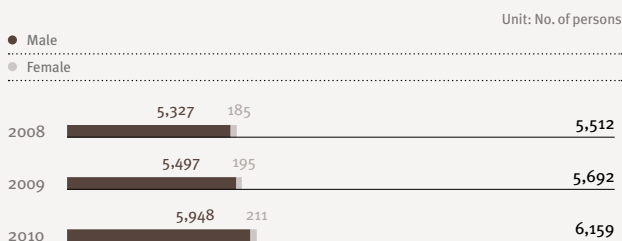
*The data are based on Korean sites

2. Employees by Employment Types

Our employees are classified into office staffs and operators. With the sustained corporate growth, the number of staffs is increasing accordingly in both of these employment types. We will further increase the number of employees to meet our mid and long-term business goals.

3. Gender Composition

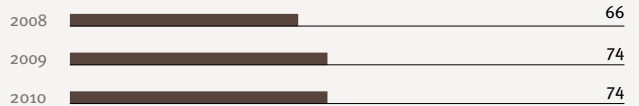
Although there are much fewer female employees due to the inherent characteristics of the industry, their number is rising gradually. Female staffs account for 3.4% of the total as of 2010 and we are working hard to deliver a working environment where these female employees can work happily, relieved from the worries of child care by offering child care center services at the headquarters and the worksites.



4. Physically-challenged Employees

We meet more than 60% of the statutory standards regarding employment of the physically-challenged and plan to ensure we hire a sufficient number of physically-handicapped employees that meets legal requirements. We are fully committed to delivering proper working environments for these employees and raising their number.

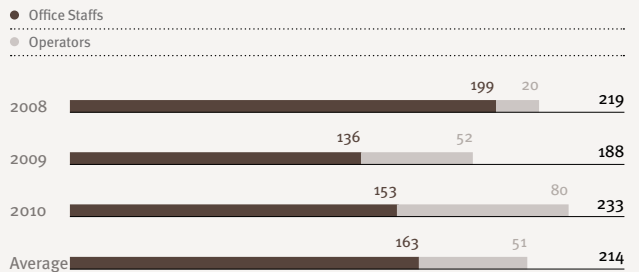
Unit: No. of persons



5. Resigned Employees

With increasing vitality in the job market, we saw a slight rise in the number of resignations including transfers to other companies. We strive to encourage our staffs to be fully committed to their job and the company based on our management principle that puts people at the center of business conduct. With this, we are to deliver a lively workplace by reducing staff resignation.

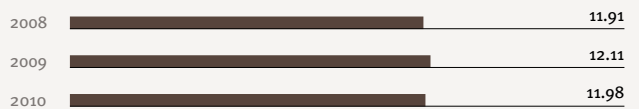
Unit: No. of persons



6. Average Length of Service

We boast a long history, celebrating the 70th anniversary this year. With sustained growth in Korea and overseas, we provide our employees with stable employment. The average length of service over the last 3 years stands at 12 years.

Unit: No. of years



7. Average Wage Level

Our employees are not discriminated in wage payment on the grounds of gender and guaranteed wage levels that are above the statutory minimum wage. There is no gender discrimination in terms of other policies or welfare/benefits as well as wage and we will make sure that our worksites remain discrimination-free in the upcoming years.

Additional Data

1. R&D Investments

We invest KRW 30 billion every year in developing new products with lower environmental footprints and increasing the capacity of our researchers.

Category	2008	2009	2010
R&D Investments	KRW 29.4 billion	KRW 29.1 billion	KRW 27.1 billion
Turnover	KRW 4.5 trillion	KRW 5.1 trillion	KRW 5.8 trillion

*R&D investments and turnover cover overseas worksites

2. Developing Researchers' Competency

We continue to raise our investments in common and special job training respectively in order to support our researchers with competency development.

Total Training Budget for 2009
(KRW 100 million)

2.4

63% rise

Total Training Budget for 2010
(KRW 100 million)

3.9

Training Expenses per
Researcher in 2009 (KRW 10,000)

70

43% rise

Training Expenses per
Researcher in 2010 (KRW 10,000)

100

3. Stress Management for Researchers

To help our researchers take care of excessive work-related stress, we offer keep-fit classes and yoga exercise programs every day. We have been operating the Book Café within the R&D Center since October 2010 so that our researchers can rest and be inspired to produce a variety of ideas through reading books.

4. Challenge 5.1.1. Program

Our Challenge 5.1.1. program is to help all of our operators to share company's mid and long-term visions and get to know each other better. In particular, this program is supervised by our Global CEO, providing a venue for better communication between the top management and employees.

Category	2009	2010	2011 (on-going)
Supervisor	Global CEO	Global CEO	Global CEO
Targets	Chief operators	All operators	All operators
No. of Programs Held	8	6	10
Participants	733	554	1,000 expected to attend
Training Hours	4 hours, a single day	8 hours, a single day	8 hours, a single day

5. Building EHS Capacity

We provide more than 16 hours of supervisor training to all of our managers to help them grow into EHS experts. Besides, we allow our employees from EHS departments to take external training courses more than once a year so that they can build their own capacity

and expertise. We also work with external organizations every year to benchmark overseas top EHS performers. We visited Shin-Nihon Steel, EHS Center of Kyoto University, Kyocera, Mitsubishi's chemical plant and My-tech Center in 2010 to learn from advanced EHS practices, accumulating a variety of knowledge and experiences.

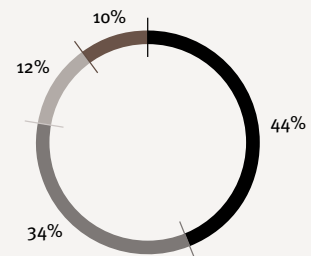
6. Local Purchasing Practices and Percentages in Major Overseas Sites

Our plants are based not only in Korea but also in China and Hungary. This is why we plan to encourage local purchasing of raw materials.



*Based on Korean worksites in 2010

*According to the 2010 purchase data of the raw materials, 44% came from Korea and 34% came from Southeast Asia, which is due to inherent characteristics of the tire industry where we operate.



GRI · ISO 26000 Index Table

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

GRI-G3

ISO 26000

Indicators	Hankook Tire Managerial Issues -Report Content	Page	Subjects & Themes	
Profile				
Strategy and Analysis	1.1 Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	Global CEO Message	6~7	6.2 Organizational Governance
	1.2 Description of key impacts, risks, and opportunities.	Global CEO Message, Company Profile, Integrated Risk Management	6~7, 8~9, 78~83	-
Organizational Profile	2.1 Name of the organization.	Company Profile	8~9	-
	2.2 Primary brands, products, and/or services.	Company Profile, Eco-friendly Products, Customer Satisfaction & Quality Management	8~9, 36~37, 66~77	-
	2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Company Profile	8~9	6.2 Organizational Governance
	2.4 Location of organization's headquarters.	Company Profile, Global Network	8~9, 106~107	-
	2.5 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, About This Report	8~9, 1	-
	2.6 Nature of ownership and legal form.	Responsible Corporate Governance	25	-
	2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Company Profile, Global Network	8~9, 106~107	-
	2.8 Scale of the reporting organization	Company Profile, Appendix (Employee Data Summary and Financial Data Summary)	8~9, 95~96	-
	2.9 Significant changes during the reporting period regarding size, structure, or ownership	Responsible Corporate Governance	25	-
	2.10 Awards received in the reporting period.	Appendix (Awards)	93	-
Report Parameters	3.1 Reporting period.	About This Report	1	-
	3.2 Date of most recent previous report.	About This Report	1	-
	3.3 Reporting cycle.	About This Report	1	-
	3.4 Contact point for questions regarding the report or its contents.	About This Report	1	-
	3.5 Process for defining report content.	About This Report, Integrated CSR Management System, Materiality Analysis	1, 14~19, 20~21	-
	3.6 Boundary of the report.	About This Report	1	-
	3.7 State any specific limitations on the scope or boundary of the report.	About This Report	1	-
	3.8 Basis for reporting that can significantly affect comparability from period to period and/or between organizations.	About This Report	1	-
	3.9 Data measurement techniques and the bases of calculations.	About This Report, Major Quantitative Indicators	1, 93~97, 104~107	-
	3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	About This Report (2008 and 2009 data were reinstated to compare data of multiple years and enhance reliability of the report content)	1	-
	3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods.	Responsible Corporate Governance, Integrated CSR Management System, CSR R&R, CSR Steering Wheel	25, 14~19, 22~Fold-out, 20~21	-
	3.12 Table identifying the location of the Standard Disclosures in the report.	GRI Index Table	98~103	-
	3.13 Policy and current practice with regard to seeking external assurance for the report.	Independent Assurance Statement	104~105	7.5.3 Verification
Governance, Commitments, and Engagement	4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Responsible Corporate Governance	25	6.2 Organizational Governance
	4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	Responsible Corporate Governance	25	-
	4.3 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 members.	Responsible Corporate Governance	25	-
	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Responsible Corporate Governance	25	-
	4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives.	Responsible Corporate Governance	25	-
	4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Responsible Corporate Governance	25	-
	4.7 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.	Responsible Corporate Governance	25	-
	4.8 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.	CSR Principle, Code of Ethics, Environmental and Quality Principles, Corporate Philanthropy Charter	4, 31, 5, 5	-
	4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	Integrated CSR Management System, Responsible Corporate Governance	14~19, 25	-
	4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Integrated CSR Management System, Responsible Corporate Governance	14~19, 25	-
	4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	CSR Principle, Integrated Risk Management, Integrated Environmental Management, Climate Change & GHG Management	4, 78~83, 27~32, 38~43	-
	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Appendix (Membership of Organizations and Associations)	93	-
	4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	Appendix (Membership of Organizations and Associations)	93	-
	4.14 List of stakeholder groups engaged by the organization.	Integrated CSR Management System (Building CSR Reporting System and Enhancing Stakeholder Dialogue and Engagement)	18~19	-
	4.15 Basis for identification and selection of stakeholders with whom to engage.	Integrated CSR Management System (Building CSR Reporting System and Enhancing Stakeholder Dialogue and Engagement)	18~19	-
	4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Integrated CSR Management System (Building CSR Reporting System and Enhancing Stakeholder Dialogue and Engagement)	18~19	-
	4.17 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.	Integrated CSR Management System (Building CSR Reporting System and Enhancing Stakeholder Dialogue and Engagement)	18~19, 22~Fold-out	-

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GRI-G3

ISO 26000

Indicators		Hankook Tire Managerial Issues -Report Content	Application Page Level	Subjects & Themes	
Economic Disclosure on Management Approach					
Economic Performance	EC1	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.	External Stakeholder Satisfaction Management, Appendix (Financial and Employee Data Summary, Additional Data), Community Involvement and Development (On-going financial support for corporate philanthropic activities)	● 52~77, 95~97, 62~64	- 6.8 Community involvement and development - 6.8.3 Community involvement - 6.8.7 Wealth and income creation - 6.8.9 Social investment
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Climate Change & GHG Management, Eco-friendly Products, Materiality Analysis	● 38~43, 36~37, 20~21	- 6.5.5 Climate change mitigation and action
	EC3	Coverage of the organization's defined benefit plan obligations	Employee Value Creation (Introduction of Retirement Pension System)	● 88	-
	EC4	Significant financial assistance received from government	Appendix (Government Grants)	● 94	-
Market Presence	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Appendix (Employee Data Summary-Average Wage Level)	● 96	- 6.4.4 Conditions of work and social protection - 6.8 Community involvement and development
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Appendix (Local Purchasing Practices and Percentages in Major Overseas Sites)	● 97	- 6.6.6 Promoting social responsibility in the value chain - 6.8 Community involvement and development - 6.8.5 Employment creation and skills development - 6.8.7 Wealth and income creation
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Employee Value Creation (Support for Diversity and Equality), Appendix (Employee Data Summary)	● 87, 96	- 6.8 Community involvement and development - 6.8.5 Employment creation and skills development - 6.8.7 Wealth and income creation
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Community involvement and Development (Wide-ranging corporate philanthropic activities), Health & Safety Management (Establishment of hospitals and clinics), Customer Satisfaction & Quality Management (Maximizing Customer Satisfaction and Value)	● 62~64, 47, 70~71	- 6.3.9 Economic, social and cultural rights - 6.8 Community involvement and development - 6.8.3 Community involvement - 6.8.4 Education and culture - 6.8.5 Employment creation and skills development - 6.8.6 Technology development and access - 6.8.7 Wealth and income creation - 6.8.9 Social investment
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Win-Win Supply-chain Partnership (Wide-ranging win-win partnership programs), Community Involvement and Development (various social philanthropic activities)	● 56, 62~64	- 6.3.9 Economic, social and cultural rights - 6.6.6 Promoting social responsibility in the value chain - 6.6.7 Respect for property rights - 6.7.8 Access to essential services - 6.8 Community involvement and development - 6.8.5 Employment creation and skills development - 6.8.6 Technology development and access - 6.8.7 Wealth and income creation - 6.8.9 Social investment

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GRI-G3

ISO 26000

Indicators	Hankook Tire Managerial Issues -Report Content	Application Page Level	Subjects & Themes	
Environment Disclosure on Management Approach				
Materials	EN1 Materials used by weight or volume.	Integrated Environmental Management System (Amount of Each Raw Material Used) ● 34	6.5 The environment	
	EN2 Percentage of materials used that are recycled input materials.	Environmental Management (Integrated Environmental Management System-quantity of used raw materials)-minimizing use of used raw materials as it affects safety of tire products ● 34	6.5.4 Sustainable resource use	
Energy	EN3 Direct energy consumption by primary energy source.	Environmental Management (Integrated Environmental Management System, Climate Change & GHG Management-Amount of Energy Usage) ● 32~37, 40		
	EN4 Indirect energy consumption by primary source.	Environmental Management (Integrated Environmental Management System, Climate Change & GHG Management-Amount of Energy Usage) ● 32~37, 40		
	EN5 Energy saved due to conservation and efficiency improvements.	Environmental Management (Integrated Environmental Management System, Climate Change & GHG Management-identifying sources of emission and reducing emissions) ● 32~37, 40		
	EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Environmental Management (Integrated Environmental Management System-Eco-friendly Products, Climate Change & GHG Management) ● 36~37, 38~43		
	EN7 Initiatives to reduce indirect energy consumption and reductions achieved.	Environmental Management (Integrated Environmental Management System-Resource Circulation Environmental Management, Climate Change & GHG Management) ○ 34~35, 38~43		
	Water	EN8 Total water withdrawal by source.	Environmental Management (Integrated Environmental Management System-Amount of Water Used and Environmental Impact) ● 34	
		EN9 Water sources significantly affected by withdrawal of water.	Environmental Management (Integrated Environmental Management System-Amount of Water Used and Environmental Impact) ● 34	
EN10 Percentage and total volume of water recycled and reused.		Environmental Management (Integrated Environmental Management System-Amount of Water Used and Environmental Impact) ● 34		
Bio Diversity	EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	N/A	6.5 The environment 6.5.6 Protection of the environment & biodiversity, and restoration of natural habitat	
	EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Environmental Management (Integrated Environmental Management System) ● 32~37		
	EN13 Habitats protected or restored.	Environmental Management (Integrated Environmental Management System) ● 32~37		
	EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.	N/A		
	EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N/A		
Emissions, Effluents, and Waste	EN16 Total direct and indirect greenhouse gas emissions by weight.	Environmental Management (Climate Change & GHG Management-GHG Emissions) ● 40	6.5 The environment	
	EN17 Other relevant indirect greenhouse gas emissions by weight.	Environmental Management (Climate Change & GHG Management-GHG Emissions) ● 40	6.5.5 Climate change mitigation and action	
	EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	Environmental Management (Climate Change & GHG Management) ● 38~43		
	EN19 Emissions of ozone-depleting substances by weight.	Environmental Management (Integrated Environmental Management System-Ozone Depleting Materials Usage) ● 40	6.5 The environment 6.5.3 Prevention of pollution	
	EN20 NOx, SOx, and other significant air emissions by type and weight.	Environmental Management (Integrated Environmental Management System-Emissions of Air Pollutants) ● 40		
	EN21 Total water discharge by quality and destination	Environmental Management (Integrated Environmental Management System-consumption of water resources, Environmental Impact, discharge of water pollutants) ● 34~36		
	EN22 Total weight of waste by type and disposal method.	Environmental Management (Integrated Environmental Management System-Amount of Waste Discharge) ● 35		
	EN23 Total number and volume of significant spills.	Environmental Management (Integrated Environmental Management System)-No leakage found ● 32		
	EN24 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.	Environmental Management (Integrated Environmental Management System)-N/A ● 35		
	EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Environmental Management (Integrated Environmental Management System-consumption of water resources, Environmental Impact, discharge of water pollutants) ● 34~36	6.5 The environment 6.5.4 Sustainable resource use 6.5.6 Protection of the environment & biodiversity, and restoration of natural habitat	
	Products and Services	EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Environmental Management (Integrated Environmental Management System)-Eco-friendly Products, Customer Satisfaction & Quality Management ● 36~37, 66~77	6.5 The environment 6.5.4 Sustainable resource use 6.6.6 Promoting social responsibility in the value chain 6.7.5 Sustainable consumption
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.		N/A	6.5 The environment 6.5.4 Sustainable resource use 6.7.5 Sustainable consumption	
Compliance	EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Appendix (Regulatory Violations) ● 94	6.5 The environment	
Transport	EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Lack of process to understand relevant information ○ -	6.5 The environment 6.5.4 Sustainable resource use 6.6.6 Promoting social responsibility in the value chain	
Overall	EN30 Total environmental protection expenditures and investments by type.	Environmental Management (Integrated Environmental Management System, Climate Change & GHG Management), Appendix (On-going investments) ● 32~37, 38~43, 97	6.5 The environment	

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GRI-G3

ISO 26000

Indicators	Hankook Tire Managerial Issues -Report Content		Application Page Level	Subjects & Themes	
Labor Practices & Decent Work Disclosure on Management Approach					
Employment	LA1	Total workforce by employment type, employment contract, and region.	Employee Value Creation, Appendix (Employee Data Summary)	● 85-91, 96	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.3 Employment and employment relationships
	LA2	Total number and rate of employee turnover by age group, gender, and region.	Appendix (Employee Data Summary)	● 96	
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Employee Value Creation (Healthy and Happy Employees)	● 91	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection
Labor/ Management Relations	LA4	Percentage of employees covered by collective bargaining agreements.	Employee Value Creation (Hankook Tire Labor Union)	● 86	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.4.5 Social dialogue 6.3.10 Fundamental principles and rights at work
	LA5	Minimum notice period (s) regarding significant operational changes, including whether it is specified in collective agreements.	Employee Value Creation (Open Communication-based Corporate Management, Programs to Build and Improve a Creative Labor-Management Culture)	● 86	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection 6.4.5 Social dialogue
Occupational Health and Safety	LA6	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.	Health & Safety Management (Operation of the Occupational Health & Safety Committee in each worksite)	● 48	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.6 Health and safety at work
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Health & Safety Management (injury rates, fatal accident management)	● 48	
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Health & Safety Management (Staff Health Management Programs, Improving on-site hospital facilities and opening them to local communities, developing EHS experts)	● 46-47	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.6 Health and safety at work 6.8 Community involvement and development 6.8.3 Community involvement 6.8.4 Education and culture 6.8.8 Health
	LA9	Health and safety topics covered in formal agreements with trade unions.	Health & Safety Management (Operation of the Occupational Health & Safety Committee in each worksite) – Integrated Risk Management	● 80	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.6 Health and safety at work
Training and Education	LA10	Average hours of training per year per head by employee category.	Employee Value Creation (Growth-fostering Training System-Annual Competency Development Program Expenses)	● 90	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.7 Human development and training in the workplace
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Employee Value Creation (Growth-fostering Training System)	○ 89-90	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.7 Human development and training in the workplace 6.8.5 Employment creation and skills development
	LA12	Percentage of employees receiving regular performance and career development reviews.	Employee Value Creation (HR Systems Offering Fair Opportunities-Advancing Performance Management Systems)	● 88	<ul style="list-style-type: none"> 6.4 Labour practices 6.4.7 Human development and training in the workplace
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Employee Value Creation (Support for Diversity and Equality, Equal Opportunities for Female Employment), Appendix (Employee Data Summary), Responsible Corporate Governance (Board of Directors)	● 87, 96, 25	<ul style="list-style-type: none"> 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4 Labour practices 6.4.3 Employment and employment relationships
	LA14	Ratio of basic salary of men to women by employee category.	Employee Value Creation (Support for Diversity and Equality, HR Systems Offering Fair Opportunities), Appendix (Employee Data Summary)	● 87, 87-89, 96	<ul style="list-style-type: none"> 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4 Labour practices 6.4.3 Employment and employment relationships 6.4.4 Conditions of work and social protection

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

GRI-G3

ISO 26000

Indicators	Hankook Tire Managerial Issues -Report Content		Application Page Level	Subjects & Themes	
Human Rights Disclosure on Management Approach					
Investment and Procurement Practices	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Win-Win Supply-chain Partnership (Supplier Management and Relationship Policies)-No. of cases and percentages are not reported	○ 54	<ul style="list-style-type: none"> 6.3 Human rights 6.3.3 Due diligence 6.3.5 Avoidance of complicity 6.6.6 Promoting social responsibility in the value chain
	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Win-Win Supply-chain Partnership (Supplier Management and Relationship Policies)	○ 54	<ul style="list-style-type: none"> 6.3 Human rights 6.3.3 Due diligence 6.3.5 Avoidance of complicity 6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain
	HR3	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.	Integrated CSR Management System (Building Company-wide CSR Consensus and Strengthening Due Competency among Staff)/ Transparency & Business Ethics (Business Ethics Training)	● 17 28	<ul style="list-style-type: none"> 6.3 Human rights 6.3.5 Avoidance of complicity
Non-Discrimination	HR4	Total number of incidents of discrimination and actions taken.	Employee Value Creation (No discrimination reported, Ombudsman Center, Building Human Rights Management System, Support for Diversity and Equality, Equal Opportunities for Female Employment)	● 87	<ul style="list-style-type: none"> 6.3 Human rights 6.3.6 Resolving grievances 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships
Freedom of Association and Collective Bargaining	HR5	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.	Employee Value Creation (Laying the basis for a creative labor-management culture, Ombudsman Center, Building Human Rights Management System, Support for Diversity and Equality, Equal Opportunities for Female Employment)	● 86-87	<ul style="list-style-type: none"> 6.3 Human rights 6.3.3 Due diligence 6.3.4 Human rights risk situations 6.3.5 Avoidance of complicity 6.3.8 Civil and political rights 6.3.10 Fundamental principles and rights at work 6.4.3 Employment and employment relationships 6.4.5 Social dialogue
Child Labor	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Employee Value Creation (Ombudsman Center, Building Human Rights Management System, Support for Diversity and Equality, Equal Opportunities for Female Employment)	● 87	<ul style="list-style-type: none"> 6.3 Human rights 6.3.3 Due diligence 6.3.4 Human rights risk situations
Forced and Compulsory Labor	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Employee Value Creation (Ombudsman Center, Building Human Rights Management System, Support for Diversity and Equality, Equal Opportunities for Female Employment)	● 87	<ul style="list-style-type: none"> 6.3.5 Avoidance of complicity 6.3.7 Discrimination and vulnerable groups 6.3.10 Fundamental principles and rights at work
Security Practices	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Employee Value Creation (Ombudsman Center, Building Human Rights Management System, Support for Diversity and Equality, Equal Opportunities for Female Employment)	● 87	<ul style="list-style-type: none"> 6.3 Human rights 6.3.5 Avoidance of complicity 6.4.3 Employment and employment relationships 6.6.6 Promoting social responsibility in the value chain
Indigenous Rights	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Employee Value Creation (Building Human Rights Management System, Support for Diversity and Equality, Equal Opportunities for Female Employment)	○ 87	<ul style="list-style-type: none"> 6.3 Human rights 6.3.6 Resolving grievances 6.3.7 Discrimination and vulnerable groups 6.3.8 Civil and political rights 6.6.7 Respect for property rights

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

GRI-G3

ISO 26000

Indicators	Hankook Tire Managerial Issues -Report Content	Application Page Level	Subjects & Themes	
Society Disclosure on Management Approach				
Community Corruption	SO1 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 and Development, Integrated Environmental Management System, Climate Change & GHG Management	● 58~65, 32~37, 38~43,	<ul style="list-style-type: none"> 6.3.9 Economic, social and cultural rights 6.8 Community involvement and development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation 6.6.7 Respect for property rights
Corruption	SO2 Percentage and total number of business units analyzed for risks related to corruption.	Lack of process to understand relevant information	○ -	<ul style="list-style-type: none"> 6.6 Fair operating practices 6.6.3 Anti-corruption
	SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.	Transparency & Business Ethics (Business Ethics Training & Communication)	● 28	
	SO4 Actions taken in response to incidents of corruption.	Transparency & Business Ethics (Regular Monitoring and Evaluation)	● 29~30	
Public Policy Behavior	SO5 Public policy positions and participation in public policy development and lobbying.	Climate Change & GHG Management (proactive response to the GHG Energy Goal Management System of the Korean government)	○ 40	<ul style="list-style-type: none"> 6.6 Fair operating practices 6.6.4 Responsible political involvement 6.8.3 Community involvement
	SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Relevant data to be managed and reported in the upcoming years	○ -	
Anti- Competitive	SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Transparency & Business Ethics (Spreading Business Ethics to Suppliers, Code of Ethics), Win-Win Supply-chain Partnership	● 30	<ul style="list-style-type: none"> 6.6 Fair operating practices 6.6.5 Fair competition 6.6.7 Respect for property rights
Compliance	SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Appendix (Regulatory Violations), Integrated Risk Management	● 94, 78~83	<ul style="list-style-type: none"> 6.6 Fair operating practices 6.6.7 Respect for property rights 6.8.7 Wealth and income creation
Product Responsibility Disclosure on Management Approach				
Customer Health and Safety	PR1 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.	Customer Satisfaction & Quality Management (Strengthening Product Competency, Establishing Global Standard Process)	○ 74, 75	<ul style="list-style-type: none"> 6.3.9 Economic, social and cultural rights 6.6.6 Promoting social responsibility in the value chain 6.7 Consumer issues
	PR2 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.	Customer Satisfaction & Quality Management (No violations)	● 94	<ul style="list-style-type: none"> 6.7.4 Protecting consumers' health & safety 6.7.5 Sustainable consumption
Product and Service Labeling	PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Company Profile/Eco-friendly Products, Customer Satisfaction & Quality Management (Expanding Communication, providing information and product specifications on the corporate website, Taking Complaints and Requests of Car Makers)	● 8~9, 36~37, 68~70, 76	<ul style="list-style-type: none"> 6.7 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices 6.7.4 Protecting consumers' health & safety 6.7.5 Sustainable consumption
	PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Customer Satisfaction & Quality Management (No violations)	● 94	<ul style="list-style-type: none"> 6.7.6 Consumer service, support and compliant and dispute resolution 6.7.9 Education and awareness
	PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Customer Satisfaction & Quality Management (Expanding Communication, Maximizing Customer Satisfaction and Value, Customer Service Center, taking complaints and requests of customers)	● 68~71	<ul style="list-style-type: none"> 6.7 Consumer issues 6.7.4 Protecting consumers' health & safety 6.7.5 Sustainable consumption 6.7.6 Consumer service, support and compliant and dispute resolution 6.7.8 Access to essential services 6.7.9 Education and awareness
Marketing Communication	PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Customer Satisfaction & Quality Management-Complying with Korean regulations on marketing communication including the labeling and advertising act	○ 76	<ul style="list-style-type: none"> 6.7 Consumer issues 6.7.3 Fair marketing, factual and unbiased information and fair contractual practices
	PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Customer Satisfaction & Quality Management (No violations)	● 94	<ul style="list-style-type: none"> 6.7.6 Consumer service, support and compliant and dispute resolution 6.7.9 Education and awareness
Customer Privacy	PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Customer Satisfaction & Quality Management (No violations), Integrated Risk Management	● 94, 78~83	<ul style="list-style-type: none"> 6.7 Consumer issues 6.7.7 Consumer data protection and privacy
Compliance	PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Customer Satisfaction & Quality Management (No violations)	● 94	<ul style="list-style-type: none"> 6.7 Consumer issues 6.7.6 Consumer service, support and compliant and dispute resolution

Independent Assurance Report

Introduction

KoreaCSR was commissioned by Hankook Tire to assure the ‘Hankook Tire CSR Report 2010 (the ‘Report’ hereafter) which contains company’s progress and future plans regarding Corporate Social Responsibility (CSR hereafter) and sustainability management for 2010. The objective of this assurance engagement is to ensure transparency and completeness of the report by identifying issues and improvements to be addressed throughout the entire reporting process. This assurance covers everything from the reporting process to the report content. It presents independent opinions on any material errors, exaggerations or misstatements based on reviews of the information and data within the Report. Data aggregation and report writing for this Report was performed by Hankook Tire and the company is fully responsible for the contents and data presented in the Report.

Assurance Scope

1	Appropriateness of data aggregation processes and systems
2	Accuracy of quantitative data including financial information
3	Appropriateness and accuracy of quantitative non-financial data
4	Completeness of the reporting process including the materiality analysis
5	Initiative in stakeholder engagement and dialogue
6	Appropriateness and efficiency of frameworks, policies and systems established for making commitments
7	Needed improvements identified through the comprehensive review of the report content
8	Physical inspections of the Seoul headquarters, Daejeon Plant and Global R&D Center
9	Interviews with CSR reporting staffs

This Report primarily focuses on the 2010 achievements at the Korean worksites including the headquarters, Daejeon/Geumsan Plants, R&D Center and Academy House and partially includes achievements at the Hungary and China plants. The assurance work, however, is limited to Korean worksites. The assurance objective and scope was set in accordance with the agreement made with Hankook Tire and this assurance statement presents only summarized conclusions of the full assurance report drawn through sophisticated verification processes.

Assurance Guidelines

The review of this Report follows multiple methodologies basically used for independent assurance of CSR reports and is in full consideration of guidelines internationally adopted in sustainability management and CSR. The followings are the assurance guidelines that we utilized mainly for this assurance engagement.

*ISAE 3000	*AA 1000 APS (2008)	GRI-G3 Guideline	ISO 26000
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*ISAE 3000: International Standard on Assurance Engagements 3000
 *AA 1000 APS: Principles Standard 1000 (Accountability Principles Standard)

Assurance Process and Methodology

The verification of this Report is supported by a systemic review of the 5C principles, KoreaCSR’s assurance criteria, and constitutes a type 2 assurance with reference to the AA 1000 APS (2008) principles of Inclusivity, Materiality, and Responsiveness of the reporting process and content. In addition, we put our best efforts

into fully satisfying the assurance objective through such methods as collations of respective report content, actual inspections of support materials, physical inspections and individual interviews with the entire employees in charge and managers in each issue.

- We reviewed stakeholder engagement and dialogue processes to see whether stakeholder expectations and demands are fully reflected in material CSR managerial issues and that proper actions were taken.
- We reviewed processes and systems to collect and manage data used for reporting.
- We examined processes to identify key CSR managerial issues including materiality analysis to evaluate the appropriateness and effectiveness of these issues.
- We looked into top management’s decision-making processes, reporting processes and systems and also conducted interviews with top management and working-level staffs to see whether CSR activities are carried out in a substantial manner and embedded into business operations.
- We requested relevant support materials and performed comparative analysis of them to ensure the accuracy and transparency of the information and data presented in the Report.
- We verified whether the Report is fully incorporating indicators of internationally-used reporting guidelines such as the GRI Guidelines and whether the company is presenting appropriate reasons and future improvement plans for any omissions to help stakeholders understand them and make their own judgments.

KoreaCSR’s CSR Report Assurance Principles: 5C

Principles	Details
Contents	Including appropriate reporting issues to quality as disclosure document and reporting complete information required by stakeholders
Commitment	Collecting expectations and demands of stakeholders and presenting clear commitments and plans to meet those expectations and demands
Comparability	Presenting quantitative data and achievements that enable year-on-year, site-by-site comparative analyses
Credibility	Ensuring 100% reliability of the reporting content
Communication	Using readily accessible reporting methods and channels and easy-to-understand words for stakeholders

Overview

The Report demonstrates that the company built the integrated CSR management system as part of its core business activities and detailed key managerial issues were identified and intensively managed in the 5 Focus Areas of Environmental Management, Health & Safety Management, External Stakeholder Satisfaction Management, Integrated Risk Management and Employee Value Creation. Detailed key managerial issues reflect expectations and demands of stakeholders and include the majority of the major areas that should be considered to understand impact of the company’s business operations. Hankook Tire CSR Report 2010 made progress from the previous one in that 1) it created a new Focus Area of ‘Health & Safety Management’, which was found to be of the greatest concern to stakeholders through the materiality analysis and presented detailed descriptions of company’s efforts to make improvements in this Focus Area and 2) it made responsible corporate governance and transparency & business ethics part of the integrated CSR management system and explained mid and long-term roadmaps, concrete achievements and future plans for transparency & business ethics. Other noteworthy progress is that the Report itself can serve as operation manuals or guidelines in its own right with departments in charge and systems for each issue identified, corresponding Roles & Responsibilities clearly defined and unique Codes given. The reporting scope covers Korean

worksites including the headquarters and Daejeon/Geumsan Plants, the Global R&D Center and the Academy House and partially includes Hungary and China sites. As such, future CSR reports need to present progress and plans for key managerial issues in those overseas sites in more detail and describe them in a way that enables site-to-site comparisons. In addition, boosting CSR activities across the value chain including suppliers and reporting relevant achievements can further improve future reports. Another highly noticeable improvement in the Report is that major issues were identified through engagement of core stakeholders and that stakeholders themselves reviewed the reporting content in relevant Focus Areas and their candid opinions are included as part of this Report, in an effort to encourage direct participation of stakeholders in reporting process.

Recommendations by Focus Areas

*The followings are mainly recommendations for better CSR reporting in the upcoming years.

Integrated CSR Management System

Hankook Tire's 2nd CSR Report is highly evaluated in that the company-wide CSR and CSR reporting systems established in its 1st report were maintained as they are and that 10 Sub-committees are in operation to take action in each key issue. Our recommendation for the integrated CSR management system is that there need to be detailed presentations of how CSR activities and goals are aligned with and contribute towards core business strategies and organizational sustainability in addition to ensuring direct stakeholder engagement and stronger Sub-committee activities on an enterprise-wide CSR level. The company-wide CSR reporting system is also advised to make progress in a way that CSR reports can demonstrate that work processes are standardized to help responsible managers verify data integrity, data aggregation and management criteria are set up and site-specific achievements and data in integrated site management and respective managerial issues are presented.

FOCUS 1. Environmental Management

Our recommendation is that Hankook Tire needs to explain in the Report efforts to understand and improve its environmental impact throughout the entire business operations and that the company needs to manage environmental impact in a more intensive manner not just of its manufacturing process but also products themselves and the way they are consumed. Besides, all environmental data would be better presented on a site-by-site basis including overseas worksites.

Integrated Environmental Management System

- The company would benefit from including comparative presentations of core environmental risk issues and key environmental data of each site including overseas sites
- The company is advised to set up common company-wide definitions, management scopes and reporting criteria of key environmental data
- The company is required to describe more proactive efforts to protect the environment such as preservation of bio-diversity

Climate Change & GHG Management

- The company may need to present GHG emissions and reduction targets by emission sources identified in each site including overseas sites
- The company would benefit through the presentation of GHG emissions and reduction efforts regarding business activities such as transport and business trips and production consumption
- The company may need to describe activities and achievements to promote low-carbon green purchasing in addition to purchasing of eco-friendly materials

FOCUS 2. Health & Safety Management

- The company is advised to contain comparative presentations of detailed health and safety-related data including injury rates and severity rates by sites and injury types, endeavors to make progress and actual achievements including overseas sites as well
- The company is required to present core staff health and safety risk issues in each site, clearly identify causes of staff fatalities and communicate relevant information more actively to external stakeholders

FOCUS 3. External Stakeholder Satisfaction Management

Win-win Supply-chain Partnership

- The company would benefit from the description of the number of suppliers in accordance with supply management criteria such as supplier type or size
- The company is advised to present efforts to expand CSR throughout the entire value chain of the company and support and monitoring to encourage CSR of suppliers

Community Involvement & Development

- The company may need to include the number of participants and average volunteer hours per staff for each social philanthropic activity
- The company would benefit from the presentation of endeavors to evaluate and manage company's impact on local communities where it operates
- The company may be required to organize and describe methods to understand local issues and communicate with local communities and detailed opinions gathered

Customer Satisfaction & Quality Management

- The company may need to describe efforts to communicate with general customers as well as dealers
- The company would benefit through the inclusion of evaluations of the impact Hankook Tire products have on customer safety and health throughout the entire product life cycle
- The company may need to present efforts to provide complete production information and labeling

FOCUS 4. Integrated Risk Management

- The company is advised to manage and present opportunity factors and loss costs in each risk issue
- The company may need to present endeavors to build risk management manuals for each risk issue
- The company would benefit from describing training programs to educate staff on key risk issues and corresponding actions to be taken

FOCUS 5. Employee Value Creation

- The company is advised to present programs and training to protect and improve human and labor rights including diversity and equality
- The company may need to describe labor union activities, its detailed roles and responsibilities, and its roles and achievements in promoting CSR
- The company may be required to identify and improve HR risks in overseas sites such as efforts to address the labor union issue in Hungary and human rights issues in China

KoreaCSR's Competence and Independence

KoreaCSR was not involved in the writing of this Report and our assurance team made up of CSR and sustainability management experts operates with independence, autonomy and fairness, free from any conflict of interest or influence from Hankook Tire.

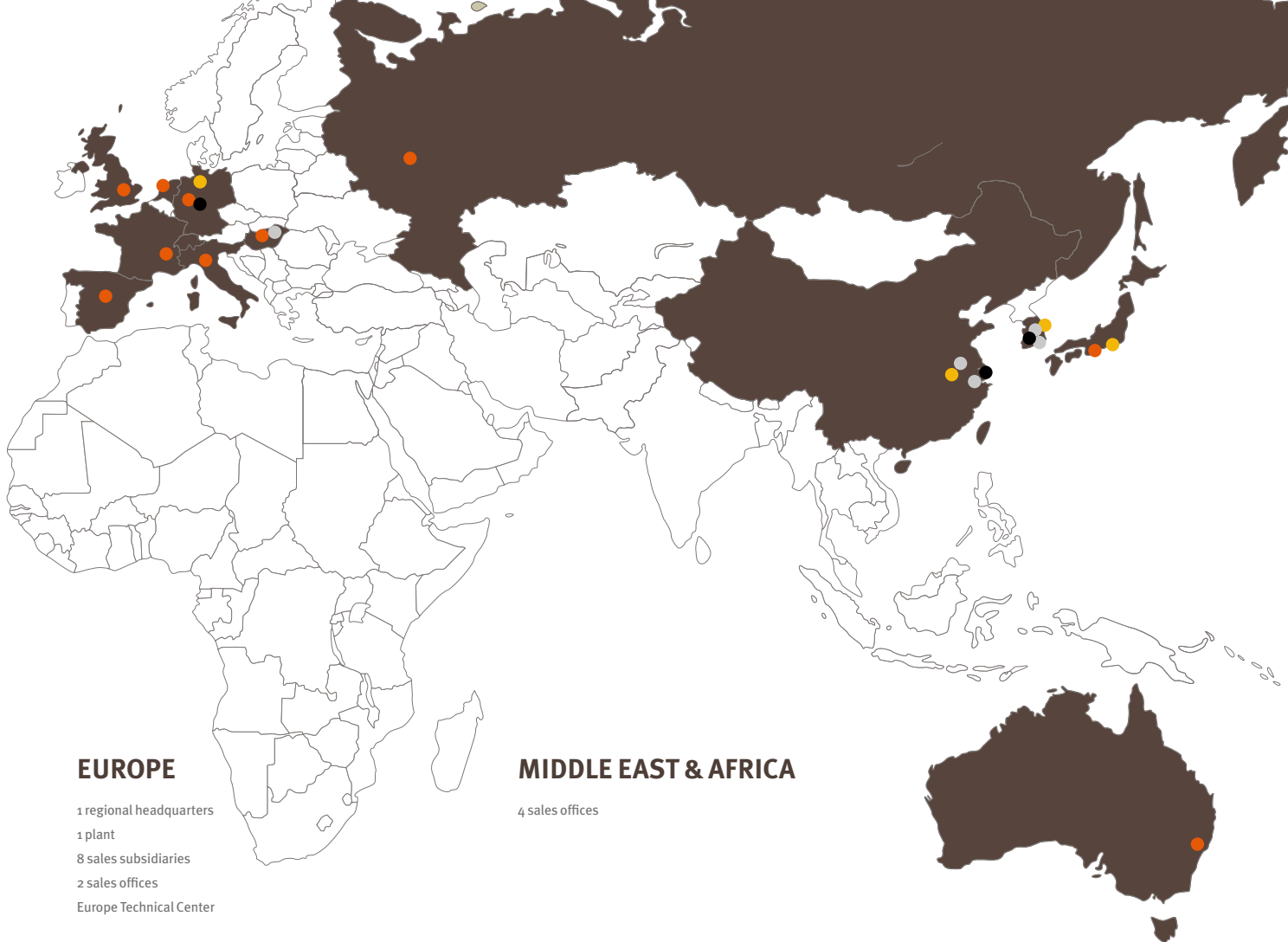
(Contact: 82-2-2069-3828/www.koreacsr.com)

KoreaCSR Sustainability

CSR Insight
CSR & Sustainability Global Think Tank

May 11, 2011
CEO & President of KoreaCSR,
Yoo, Myung-hoon

유 명 훈 .



EUROPE

- 1 regional headquarters
- 1 plant
- 8 sales subsidiaries
- 2 sales offices
- Europe Technical Center

MIDDLE EAST & AFRICA

4 sales offices

● Regional Headquarters ● Plants ● R&D Centers ● Subsidiaries & Sales Office

Global Network

We deliver tire products that enable safer and more comfortable driving, bringing an increased quality of life and pleasant experiences to our customers around the world. Our sales network spans not only Korea where our headquarters is located but also China, Europe, America, the Middle East, Africa and Asia Pacific, offering products that meet various local needs.

Our OE Tire Offices created in Europe (Hanover in Germany) and North America (Detroit, the U.S.A.) ensure even closer partnerships with major car makers and our Liaison Office in Singapore helps us address raw materials supply and demand in a swift manner. In 2010, we established offices in Jakarta, Indonesia and Johannesburg, South Africa, which will serve as strategic footholds for us to move into the ASEAN and emerging markets in the Sub-Saharan region, laying the basis to take a step forward to become the world's leading company.

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KOREA

1 regional headquarters
1 subsidiary
2 plants
37 sales offices
Main R&D Center

CHINA

1 regional headquarters
1 sales subsidiary
2 plants
14 sales offices
China Technical Center

ASIA-PACIFIC

2 sales subsidiaries
3 sales offices
Japan Technical Office

AMERICA

1 regional headquarters
3 sales subsidiaries
4 sales offices
Akron Technical Center

(As of December 31, 2010)

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We self-declare through our own evaluation that our CSR Report 2010 is prepared and presented in line with the requirements of the GRI G3 Guidelines application level A+ and this is confirmed by an independent assurance provider.

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