

Hankook Tire Canada Corp.

Report Under the Fighting Against Forced Labour and Child Labour in Supply Chains Act

(FY2024)

Introduction

This report is submitted on behalf of Hankook Tire Canada Corp. ("HKCA") in compliance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") for the fiscal year ending December 31, 2024.

HKCA complies with the corporate practices of its parent company, Hankook Tire & Technology ("HTT"). We recognize the importance of human rights as a universal value and the potential to act on this value in our day-to-day business operations. In making our human rights management declaration, we commit to respecting and protecting the human rights of all workers (contract, temporary, and foreign national workers), customers, communities, and all other stakeholders who interact with us through our products, services, and business activities.

Furthermore, we will ensure that we endorse and honour the international human rights protection principles and that we are not involved in any human rights violation. As a company that fulfills its social responsibility and pursues the satisfaction of all its stakeholders, we will respect and safeguard human rights under all circumstances to promote the wholesome development of our society.

Structure, Activities and Supply Chain

HKCA is a business entity that imports and supplies tires within Canada. HKCA's ultimate parent company, HTT, is located in Seoul, Republic of Korea with eight (8) production facilities in five (5) countries (Korea, China, USA, Hungary, and Indonesia). There is no production facility in Canada.

HKCA imports tires produced exclusively at the production facilities owned and operated by HTT. Tires produced from overseas facilities are imported to Canada via Ocean Carrier. We request that our suppliers perform ESG self-assessments to continuously evaluate their ESG capabilities and enhance their own ESG management.

HKCA employees 3PL warehouse management services in the provinces of Alberta (Calgary) and Ontario (Brampton). Apps Cargo (AB) and Glovis (ON) employee staff in the warehouse and handle delivery on behalf of Hankook. Adhering to our HR declaration, we uphold our business partners to the same ethical labour practices.

Policies and Due Diligence Processes

Policies

The policy on Forced and Child Labour that HKCA adheres to, which is in line with HTT's practices, is as follows:

1. Human rights management declaration: HTT endorses and respects the protection of internationally proclaimed human rights, and fully endeavors to avoid any involvement in the human rights violations. This declaration and principle apply to all workers (Contract workers, temporary workers, foreign workers, migrant workers, etc.) of all global business sites of HTT (including subsidiaries), as well as all stakeholders we encounter through our business activities, including partners, customers, and local communities. Human rights management principles include the following: (1) Prohibition of Forced Labour, (2) Prohibition of Child Labour, (3) Respect for diversity, equity, inclusion and non-discrimination, (4) Gender Equality Achievement, (5) Guarantee of Freedom of Association and the Right to Collective Bargaining, (6) Decent Wage Payment and Stabilization of Livelihood, (7) Working Hours, (8) Health and Safety.

This prohibits all forms of forced labour that unjustly restrict physical or mental freedom. It also prohibits child labour, adhering to the legal minimum employment age in the relevant country, and commits to ensuring that no harmful or hazardous work is assigned to employees under the age of eighteen (18) in compliance with health and safety standards.

2. Code of Conduct: HTT has established an ethical code of conduct to ensure compliance with domestic and international laws and company management policies, and to practice ethical management. The ethical code applies to all stakeholders, including employees and suppliers.

3. Supply Chain Policies: HTT operates the following key policies to ensure a sustainable supply chain: **Global Sustainable Purchasing Policy**, which specifies our responsibility to respect and protect human rights in its supply chain; **Supplier Sustainability Guidance**, which provides guidelines for suppliers regarding the respect and protection of human rights; and **Sustainable Natural Rubber Policy**, which focuses on human rights protection and minimizing negative impacts in the supply chain of its main raw material, natural rubber. Furthermore, we have a **Conflict Minerals Policy** that prohibits sourcing raw materials from conflict regions where human rights are severely threatened.

Due Diligence Processes

HTT continuously works to identify the human rights impacts across all its business activities, including those of HKCA, and strives to mitigate and prevent these impacts. Additionally, we operate a system that allows all stakeholders in the supply chain to raise concerns and receive remedial support.

1. Risk Identification and Mitigation

- **Human Rights Impact Assessment:** We conduct annual human rights impact assessments throughout all global operations (Headquarters, domestic/overseas plants, R&D Center, and overseas subsidiaries and offices). By conducting annual assessments, we aim to proactively identify human rights concerns that may adversely impact employees and stakeholders and make improvements on identified issues to protect human rights. We analyzed the human rights grievances collected over the past two years to select vulnerable areas and developed an in-depth questionnaire specific to our human rights conditions. The human rights risks identified through the assessment are shared with relevant teams, who develop action plans and continue monitoring the situation.
- **Supplier Assessment:** HTT continuously monitors the ESG capabilities of its global suppliers and requests them to conduct self-assessments for ESG improvement. This assessment includes aspects of human rights and workers' rights protection. In 2024, 346 suppliers (raw materials, sub-materials, and equipment) underwent ESG assessments, achieving a 100% response rate. If a supplier is identified as high-risk, the company requests follow-up management and the development of improvement plans. In cases where severe risks are identified, penalties are applied in business transactions.

2. Grievance Mechanism

- **Grievance Committee:** We operate a grievance mechanism to resolve employee grievances, prevent disputes in the workplace to ultimately create a positive corporate culture. This mechanism helps us heed employee grievances through various channels and seek solutions to protect the human rights of workers and build a wholesome working environment. Our employees are free to request improvement actions for discriminatory treatment, sexual harassment in the workplace, unjustified actions taken in relation to parental leave, workplace harassment, or any other personal grievances in their professional and personal life.
- **Misconduct Reporting:** Misconduct reporting provides all stakeholders of HTT with a channel to report issues across the supply chain, wrong practices or policies, and misconduct by employees. The identity of the whistleblower and the content of the report are strictly confidential, and the whistleblower will not face any disadvantage because of their report.

Forced Labour and Child Labour Risks

According to the human rights impact assessments and supplier evaluations conducted by HTT, the parent company of HKCA, no significant human rights issues were identified within the supply chain. However, for natural rubber and conflict minerals, which are considered to have relatively high risks for forced and child labour, we are conducting the following risk assessments and management processes.

For the natural rubber supply chain, separate 'natural rubber supply chain ESG assessment items' were created in line with GPSNR (Global Platform for Sustainable Natural Rubber) standards and assessments were conducted to verify compliance with the sustainable natural rubber policy and prevent risks.

In addition, HTT employees a responsible sourcing system throughout its supply chain that includes not only 3TG (tin, tantalum, tungsten, and gold) but also responsible minerals such as cobalt, mica, and copper. The company conducts annual due diligence, including conflict mineral verification and risk assessments, to ensure that minerals associated with human rights violations or labour exploitation in conflict-affected and high-risk areas are not utilized. Furthermore, HTT has developed and publicly disclosed relevant policies on its official website. The 2024 assessment confirmed the absence of any issues related to conflict minerals, and the corresponding investigation results have been made available online.

Remediation Measures

HKCA has not identified forced labour or child labour risks in our supply chain, therefore no remediation measures have been taken.

Remediation of Loss of Income

HKCA has not identified forced labour or child labour risks in our supply chain, therefore no remediation measures have been taken.

Training

HKCA as a subsidiary of HTT endorses and respects the protection of internationally proclaimed human rights, and fully endeavors to avoid any involvement in the human rights violations.

HKCA develops training program in alignment with the Ethics and Compliance guidelines as well as the Human Rights Code of Canada. The training is to be implemented during the onboarding process and will require employees to take part when there are significant changes to the policy.

Assessing Effectiveness

We assess the effectiveness of our efforts to prevent forced and child labour using a variety of methods. These include managing the results of risk assessments on an annual basis, monitoring systems, and gathering feedback from stakeholders. We will integrate these results into our management system to further strengthen our efforts in preventing forced and child labour within our supply chain.

Approval and Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for Hankook Tire Canada Corp. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Seunghwan Hong

Managing Director, Hankook Tire Canada Corp.