

Kumho Tyre (Australia) Pty Ltd

ACN 46 003 300 678

Modern Slavery Statement

Reporting Period Jan 2020 - Dec 2020

Introduction

Kumho Tire was established in 1960 and is now ranked as one of the top ten tyre companies in the world. Kumho has a global presence across 180 countries and produce more than 68 million tyres every year.

Kumho defines itself through innovation and quality. Research and Development centres are spread across three continents, with facilities in Korea, China, Europe and the USA enabling Kumho to lead the world with the latest in tyre technology, safety and performance.

Kumho has been selling tyres in Australia for over 40 years. We have expanded locally over time through carefully managed growth and development. Over 1.3 million tyres are distributed annually from our five warehouses in Australia.

Kumho Australia have developed several Policies and Procedures to assist its compliance management to legislation and allow it to operate as a responsible corporate citizen. To this end, Kumho Australia have implemented a Safety (WHS) system, Human Resource Management, Consumer Law and Anti-Bribery Policies and an Operational Environmental Management Plan. These business fundamentals are now supported by a commitment to reduce and eliminate any risk of modern slavery in our operations.

Structure, Operations & Supply Chain

Kumho Tyre (Australia) Pty Ltd is a wholly owned subsidiary of Kumho Tire. Kumho Tire is a public, industrial conglomerate chaebol. Kumho Tire manufactures a full range of tyres under the Kumho and Marshal brands and employs over 5000 people.

Kumho Tire runs three manufacturing facilities in South Korea, the Pyeongtaek Plant, the Gokseong Plant and the Gwangju Plant which includes the Kumho Research and Development centre. There are a further three plants in China: the Tianjin Plant, the Gaoxin Plant (in Nanjing) and the Changchun Plant. There is also one plant in Vietnam in the Binh Duong Province and one plant in the United States (Macon, Georgia).

Kumho Tire exports tyres worldwide and has a global network of sales organizations.

It has three centres for research and development, with the largest in Gwangju, South Korea. The other two centres are in Akron, Ohio and Birmingham, England. These service the US and European tyre markets respectively. Other research centres are located in Buchholz (Germany) and Tianjin (China)

Australian Structure & Operations

Kumho operates a separate entity in Australia under the name Kumho Tyre (Australia) Pty Ltd and their operations are represented by a Head Office in Bella Vista (Sydney NSW) as well as five state offices in Sydney, Melbourne, Adelaide, Perth and Brisbane.

Our Bella Vista (NSW) office markets and sells tyres to customers in all Australian states and territories as well as New Zealand. The Bella Vista office operates a national sales centre for Australian customers where orders are phoned through to them and arrangements made to invoice and distribute the products. Kumho typically operates business accounts with its customers and also enters into more formal contractual arrangements in relation to supply and terms with larger customers.

Kumho employ approximately 80 people nationally in Australia. Kumho has implemented recruitment and induction policies and procedures to ensure all new employees meet minimum employment requirements and are eligible to work under Australian Law. Kumho has established a safety system to manage the safety welfare of employees and to reduce risk. These controls are audited regularly and reported to senior management to address any deficiencies and work toward our strategic goal of 'zero-harm'.

Australian Operations



Risks

As with any Australian company sourcing products from overseas, there is a potential risk that these products may have been produced with slave or child labour.

Fortunately, all products sourced by Kumho Australia come from Kumho factories, (with a small proportion originating from Doublestar Tire.) There are no examples of Kumho Australia sourcing overseas products from suppliers other than their parent or associated companies.

Other risks may present as third party suppliers of raw materials prior to the manufacturing process which falls under the responsibility of Kumho Tire and is covered by their sourcing policies. The only other major supplier is the supply of the freight services to transport the tyres from Asia to Australia. These arrangements are also made by the parent company and is also covered by their sourcing policies.

As a general rule, Kumho Tire have been engaging the major shipping transport company, Maersk, who provide transportation of tyres from the factories to Australian ports. Maersk have announced policies in recent Modern Slavery Statements they have published which demonstrate their commitment to eliminating modern slavery:

“We have zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values we ensure that all those involved in our supply chain are made aware of our requirements for compliance with slavery and human trafficking legislation.”

<https://maersklogisticspro.com/modern-slavery/index.html>

Risk Mitigation

As previously mentioned, the parent company (Kumho Tire) supplies all of our products. Kumho Tire is a founding member of the Global Platform for Sustainable Natural Rubber, (GPSNR). Essentially, the GPSNR aim to improve the supply chain in respect of human rights, prevent land grabbing, protect biodiversity and water resources, improve yields and increase supply chain transparency and traceability.

GPSNR members adhere to the GPSNR Statutes and Code of Conduct and must commit to a set of 12 principles set out in the founding members' statement.

Relevantly, the statement includes the following principles that relate to the commitment to eliminate Modern Slavery:

- To comply with applicable labor laws for employees and contractors and fulfill the intent of the International Labor Organization's eight core conventions.
- To recognize and promote human rights within the natural rubber value chain, including alleviating poverty by promoting programs that improve smallholders' livelihoods.

Kumho Tire has also released a global Natural Rubber Policy which states that all stakeholders in our supply chain must comply with its stipulations with regard to the protection of human rights, and corruption. As this is Kumho's first Modern Slavery Statement the Natural Rubber Policy is reproduced in full below:

Kumho Tire's Policy for a sustainable natural rubber ecosystem

I. Purpose

- Kumho Tire has interests in the sustainability of natural rubber as a tire manufacturer that uses natural rubber.
- Kumho Tire has to ensure the sustainability of natural rubber in order to supply high-quality tires reliably to its current and future customers
- Kumho Tire also has an obligation to inform consumers that they are participating in socially responsible consumption.
- Kumho Tire will therefore join in the efforts to achieve the implementation of natural rubber sustainability of global peer industries and double its effectiveness.

II. Direction

- Kumho Tire prioritizes the preservation and regeneration of resources, including natural rubber, when making decisions throughout the entire process of tire manufacturing and distribution.
- We recognize that we can also directly or indirectly affect the upstream of the value chain, and act in a direction to drive the qualitative growth of the entire value chain in the use of natural rubber.
- To stakeholders, we regularly and transparently disclose our business performance related to the natural rubber value chain.
- We promote the value chain issue of natural rubber to end consumers, thus promoting proper consumption
- We are always listening to the issues regarding natural rubber, and continue to explore the ways that Kumho Tire can contribute to the value chain.

III. Policy by subject

1. Protection of human rights

Of all values, human rights should be the first priority.

All stakeholders across the value chain must comply with local legislations on the protection of human rights or the relevant United Nations standards.

We must protect children and comply with working wages and times to ensure that labor is not forced and that employment is free from discrimination.

▪Kumho Tire never violates human rights in the process of manufacturing and distributing tires. In accordance with national laws and company regulations, we do not discriminate by any standards in relation to employment, and comply with working wages and times regarding compensation.

▪We also have a safety and health management policy to improve the working environment of workers. We are always prepared with a safety management, health care, and emergency stance in order to improve the health of employees and accident-free workplaces.1)

▪We also operate programs to serve the socially disadvantaged. Executives and employees participate in this program and promote a sharing culture.

2. Anti-corruption

There should be no corruption at any stage in the value chain to ensure that the proper compensation is made according to the value of the labor and product input by sector.

All stakeholders across the value chain must meet the ethical expectations of society as well as the legal responsibilities associated with anti-corruption.

▪Kumho Tire defines the standards of desirable behavior and value judgment that each employee should obey through the Code of Ethics. Accordingly, we maintain an equal relationship with our partners and prohibit influential actions of Kumho Tire employees. 2)

▪We are also assessing common partners for fair competition. The same guidelines, including quality and environmental safety sectors, are fairly assessed annually, as specified in the contract.3)

▪In order to promote vertical participation, we encourage our partners to take part in ethical management. 4)

Kumho Tire's Policy for a sustainable natural rubber ecosystem

3. Grievances

In order to smoothly achieve quality growth of the ecosystem, there must be a grievance process for each stage of the value chain. To do this, we must try to listen to the upstream difficulties, which is the previous stage of each.

Appropriate measures for grievances will facilitate smooth supply and ensure enjoyment for working in the industry. This will ultimately lead to the production of high-quality products.

▪Kumho Tire conducts annual service satisfaction surveys for its partners. The suggestions of business partners through the satisfaction surveys are actively reflected in our win-win management policies and activities.

▪We also operate an online channel where partners can report on Kumho Tire's ethical management status at any time.5)

4. Shared Growth

For the efficient flow of the value chain, shared growth must be achieved in all areas.

Step-by-step tracking is important because every part of the value chain is woven into a single finished product. This management is only possible with mutual encouragement at each stage.

▪Kumho Tire supports systematic training for its partners every year with the goal of achieving shared growth of the value chain. Through education on technology, quality, and management, we develop stable business relationships with companies and continue to improve sustainability mutually.

▪We regularly send inspectors to natural rubber suppliers to conduct quality assessment to improve their technology and quality of suppliers.

▪While providing training to business partners on the management and importance of originality, Kumho Tire also tracks and manages the distribution process of resources used. We also continue to pay attention to the communities involved.6)

Kumho Tire's Policy for a sustainable natural rubber ecosystem

5. Resource Conservation

Water resources and forests must be managed for the sustainability of natural rubber. All stakeholders have an obligation to minimize their environmental impact and strive to recycle resources.

Environmental Management

▪Kumho Tire is committed to establishing an environmental protection system through the selection and transportation of raw materials, the production, sales and disposal of tires, and is making its best efforts to

Kumho Tire's Policy for a sustainable natural rubber ecosystem

improve and manage the environment.7)

▪In order to manage the environmental protection system, we comply with the standards of accredited institutions in both system and product aspects, and we are sincerely engaged in due diligence.

Purchasing of eco-friendly materials

▪ We prefer to purchase eco-friendly products that save resources and use less pollutants for the same purpose. 8)

Efficient consumption

▪ Kumho Tire is endeavouring to reduce the weight of raw materials used for the efficient use of resources and to extend the life of products by limiting wear.

▪For the safety of our customers and in order to limit damages to our products, we are striving to enhance our quality and to reduce scrap during our production activities to prevent waste of resources.

▪We are also promoting consumer management methods to protect product life.7)

Resource recycling

▪We must strive to bring the resources that we used back to their original state. Kumho Tire strives for the recycling of used water resources through river cleanup activities near factories. We are also continuing activities to create carbon offsetting forests.

Kumho Tire

6. Disclosure of Information

For the information to be trusted, it must be written as it is and disclosed transparently.

For the sustainability of natural rubber, information regarding the ecosystem should be mutually shared to improve overall quality growth.

▪Kumho Tire always discloses the company's management policies and sustainability management performance to the public so that all stakeholders can see them.

▪We also operate channels for reporting all situations that violate this management policy through customers, business partners, internal employees, and other stakeholders by telephone, email, homepage, etc., and promote the availability of the channels through various reports and websites.9)

The above policy is subject to change depending upon the location, size, and changes of Kumho Tire in the future value chain, and will be updated.

IV. Notes

The following documents, which describe notes 1) to 9), provide a comprehensive description of sustainability policies, including Kumho Tire's natural rubber policy.

1) Safety and Health Management Policy of Kumho Tire

2) Ethics Management Policy of Kumho Tire

3) Regular Evaluation System of Kumho Tire's Business Partners

4) Ethics Management Pledge of Kumho Tire's Business Partners

5) Satisfaction Survey System of Kumho Tire's Business Partners

6) Training for Competitiveness Enhancement and FTA Origin Management of Kumho Tire's Business Partners

7) Environmental Management Policy of Kumho Tire

8) Raw Material Purchasing Process of Kumho Tire

9) Business Report and Sustainability Report of Kumho Tire

Policies, Procedures and governance approach

To assist in reducing moral risk, Kumho Australia have also implemented a number of policies and procedures to promote understanding of social issues and how to report concerns. These policies, which also incorporate a 'Whistle Blowing Policy' to protect employees who raise concerns and detail a process for investigation and resolution, are communicated to employees through regular training programs. The company has also implemented the position of 'Compliance and Protected Disclosure Officer' currently held by the General Manager, Operations to assist the monitoring, reporting and management of compliance concerns.

Training

Kumho Tyre (Australia) Pty Ltd provides training to foster understanding of the risk of modern slavery and human trafficking in our supply chain and our business amongst relevant members of staff. All directors have been briefed and made aware of the subject. The training is delivered (and remedial training provided regularly) as part of our compliance training suite which also includes Competition and Consumer Law and Anti-Bribery Law training.

australian consumer law
anti-bribery legislation and policy
modern slavery

KUMHO TYRE

Modern Slavery Awareness

TYPES OF EXPLOITATION
There are several broad categories linked to Modern Slavery
ALL prioritise profit over people.

- Sexual Exploitation
- Forced Labour
- Forced Criminality
- Domestic Servitude
- Organ Harvesting
- Child Exploitation

Haiti: 2.3%
Mauritania: 4.0%
DRC: 1.13%
India: 1.1%

Percentage of the population that is enslaved (2014)

0.04 0.2 0.3 0.4 0.7 0.75

Awareness Training Programs

Future planning

To assist the further development of the company's approach and compliance to Modern Slavery issues the following objectives are planned for the coming year:

- Briefings with all senior managers to advise on current status and opportunities of the company's Modern Slavery initiatives
- Further communication and dialogue with State Managers to obtain understanding and acceptance of Modern Slavery policies
- Rollout of Modern Slavery training to all managers
- Further interaction with parent company to understand their risk reduction policies and planning

Kumho Australia Policies that support Modern Slavery management

- Kumho Modern Slavery Policy
- Kumho Anti-Bribery Policy
- Kumho Whistle-Blower Policy
- Kumho Code of Conduct

This statement was approved by the members of the board of Kumho Tyre (Australia) Pty Ltd ACN 46 003 300 678 on 18th March 2021



John Jeon
Managing Director,
Kumho Tyre (Australia) Pty Ltd

