



2016 Coway Sustainability Report

coway

About This Report

Reporting Overview

This report is a summary of the 12th '2016 Coway Sustainability Report' for this year, and the full report is published online.

- Sustainability report site address is <http://sustainability.coway.co.kr>, and it is available in Korean and English.
- The site is optimized for both desktop computers and mobile devices.(Responsive web Design)

Reporting Scope

Focusing on the head office in Seoul, research institutes and production plants Including overseas operations for a portion of the data.

Reporting Standards

This report is compiled in line with G4, the sustainability reporting guidelines, of the Global Reporting Initiative (GRI). It also meets the core compliance (in accordance with) conditions of the GRI G4 Guidelines.

Reporting Assurance

This report received third party assurance for the audits of financial information through an independent audit corporation, while the non-financial information received third party assurance from Korea Management Registration(KMR).

Cover Story



Coway TRUST

Coway has set the management guideline "Coway TRUST" in 2017.

We are committed to restore customer trust.

AS a company is to take responsibility for the everyday life of our customers by giving them clean water, clean air, sound sleep, and beauty.

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CEO Message

*Coway is making the world a better place
by pursuing the value of "trust."*

June 2017
President of Coway

이 해 선



Clean water and air are essential to daily life in Korea, and it's very common now to have air and water purifiers in our homes. Our customers value health and happiness highly, and with your support, we have continued to grow and overcome all challenges since our establishment in 1989.

As an industry leader, Coway realizes the value of a healthy life and has developed a wide range of innovative products—from household appliances such as water purifiers, air purifiers, and bidets, to mattresses, cosmetics, and convenience appliances.

Coway is also considered a marketing innovator, especially because of its rental service. Through rentals, more people can use expensive water purifiers at a low cost. Coway was also the first in the industry to cultivate professionally trained service specialists, or "Codys". These Codys have gained the trust and respect of our customers by sharing their expertise in our products and caring for their health.

Coway is already positioned as a leader in the market, but we are always striving to improve customer satisfaction. We venture out of our comfort zone to confront new challenges, take on new projects, and develop innovative products to better our customers' lives. Our products and services have evolved to the extent that they are available 24/7 through the use of the IoT (Internet of Things) and big data. Our insight and novel way of thinking have enabled Coway to maintain first place in market share, brand power, and sales rates. I believe our dedication and commitment to providing the highest-quality prod-

Coway grows as we improve the quality of the water you drink and the air you breathe. Providing clean water and air is what Coway does best—it's the reason we exist.

Building "Coway Trust" among our customers is our first priority in all our business activities including product development, design, quality, and service. We work with a strong sense of duty in realizing people's desire for healthier living, and we proactively solve problems for our customers as they occur. Coway will continue to improve our customers' daily lives through our products and heartfelt customer service.

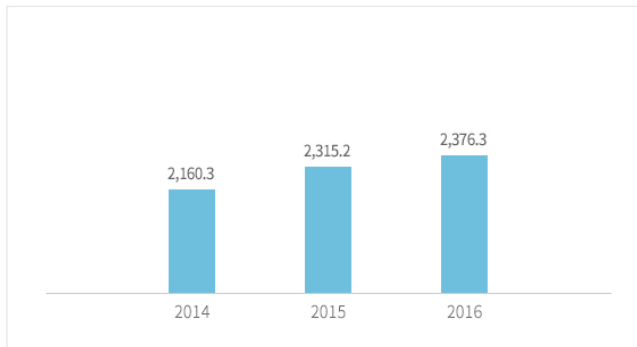
Coway makes meaningful contributions to society as we fulfill our corporate social responsibility. We will share the value of clean water—Coway's core competence—by providing water purifiers domestically and clean and safe drinking water overseas. We are also committed to helping our community. One way that we do this is the "Coway Wi School," a program designed to support one-man start-ups and guided by Coway's experience in cultivating one-man businesses called Codys.

Please join us on our journey to make the world a better place.

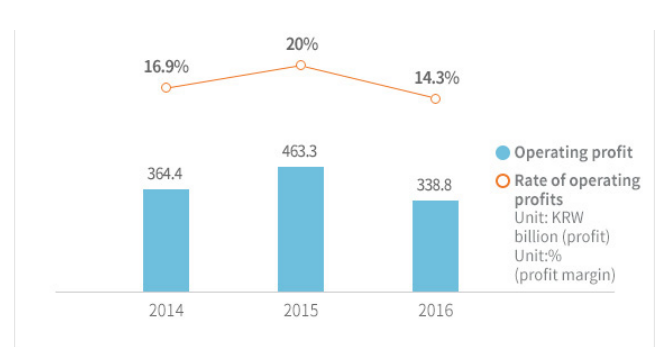
Business Area

Coway promotes continuous and stable growth by creating new profits while maintaining its market share in the environment home appliance business. We are continuing to expand our lineup of products including water and air purifiers, bidets, and mattresses, and are making efforts to provide customized service. As of the end of 2016, Coway's revenue was KRW 2,376.3 billion, with an operating profit KRW 338.8 billion. Coway also has a strong sales and service organization of some 18,000 personnel and some 5,700,000 rental users and membership holders.

Sales (K-IFRS consolidated basis, KRW billion)



Operating profit and margin (K-IFRS consolidated basis)



Home Wellness Appliances Business

Our Home Wellness Appliances Business has grown from the goodness that 'expensive water purifiers are rented for a small amount of fee to allow many people to enjoy clean water every day'. Since initiating water purifier rental service for the first time in the world, we have driven innovation and led the market by expanding our rental business and coordinator service (called cody service) to cover air purifiers, bidets, water softeners and mattresses.

Overseas Business

Coway's overseas business is based on taking different approaches region by region. In 2016, we maintained our strategic partnership with ODM partners and signed new contracts. We also established a strategic partnership structure for three product groups. We will actively target overseas markets in China and the United States in 2017.



Cosmetics Business

After establishing the cosmetics institute, we entered the cosmetics market in earnest in 2010 to deliver healthy beauty to customers by focusing on the development of high-functional premium products. We initiated door-to-door sales and secured the customer base through home wellness appliance business. Since then, we have expanded distribution channels to home shopping, department stores, and online malls, thereby continuing to achieve sustainable development.

Sustainability overview

Strategy

“Putting the ‘Goodness’ philosophy into action for a better world” is our vision that we pursue in our sustainability management. Since our business deals with water, air, sound sleep, and beauty, we deeply recognize the impact of our work on people’s lives. As a life care company, we wish to add value and make life better for all stakeholders throughout all stages of our business activities.



Philosophy

"We cheerfully pursue unexplored paths together,
believing that all of
our actions can help create a better world."

Mission

Healthy Environment Happy People

Vision

Cordial Life Care Science & Solution Company

Core Values

Coway Trust

Health

Coway Pride

Convenience

Coway Fresh

Pure Beauty

Sustainability Management Structure

Coway has set up the Infinite Responsibility Committee with the CEO as Chairman to realize our vision of sustainability management and strengthen responsible management for our stakeholders. The Committee convenes once a week to strengthen customer trust.

The Sustainability Management CFT—which is made up of the heads and persons in charge of the CSV Team, Ethics Management Office, HR Development Team, Environmental Management Team, and Win-win Cooperation Team—focuses on monitoring various sustainability management issues. It also conducts internal assessments, establishes improvement measures, and reports their results.

Issues that are identified to have potentially critical influence are reported to the Infinite Responsibility Committee and the Management Committee under the Board of Directors. The improvement measures are then implemented accordingly.

The Environmental Management Committee, Occupational Safety and Health Committee, and Goodness Council (a consultative body of partners) also convene each quarter.



Secure Sustainability Management Leadership



Coway has been consistently named in DJSI Asia-Pacific since 2013 and has been newly added to the DJSI World index in 2016. In particular, Coway was highly acclaimed for responsible activities such as environmental policies and systems, occupational safety & health activities, and community contributions.

TRUST Report

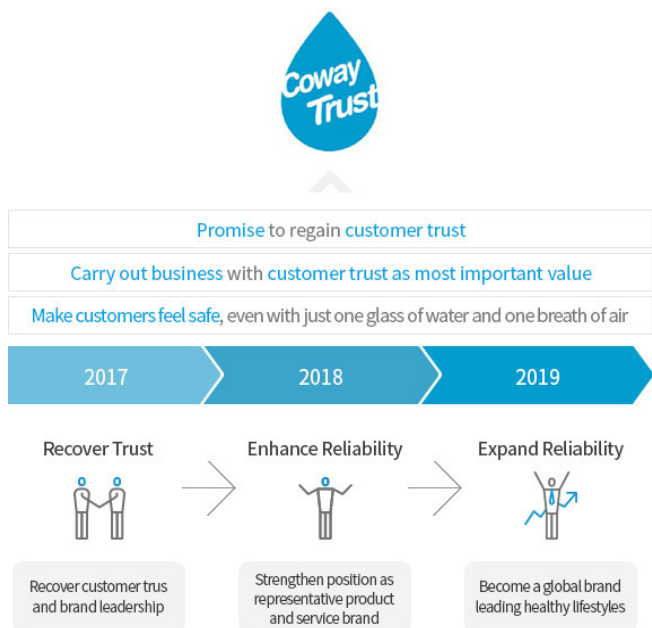
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Building Coway TRUST

Implementation of Customer Trust Management

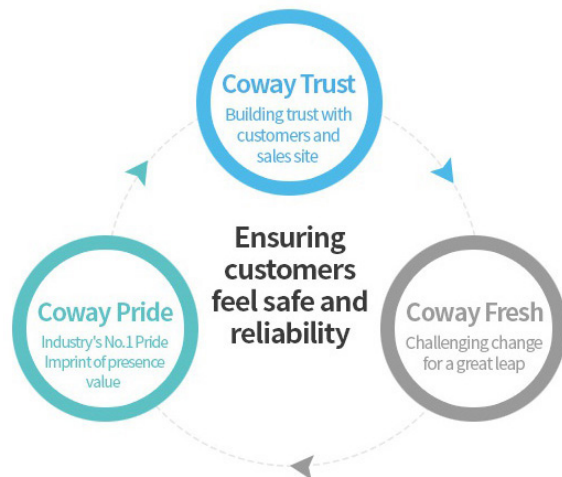
Determined to make 2017 the year of regaining customer trust and taking a new leap forward, Coway has selected “Coway TRUST” as the keyword for its business direction in 2017. Coway TRUST signifies our determination and commitment as a life care company to carry out all business activities to restore customer trust. The reason we exist as a company is to take responsibility for the everyday life of our customers by giving them clean water, clean air, sound sleep, and beauty. For us to continue pursuing this value, people’s trust and confidence in Coway must stand strong.

With customer trust as our top priority in all our business activities, Coway will continue its efforts to be a part of your daily life through clean water, clean air, sound sleep, and beauty.



Establish a TRUST-based management direction

In 2017, we established the management direction as ‘Coway TRUST’. Based on the core values of Coway TRUST, Coway PRIDE, and Coway FRESH and we are actively conducting management activities to restore trust with stakeholders and to achieve this goal.



Stable growth of home wellness appliances business by building trust with customer and Field	Securing growth engine through market leading innovation products and technology	Expansion of global business, Changing of the cosmetic business
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Establishment of the Infinite Responsibility Committee

Coway has established the Infinite Responsibility Committee to comprehensively review and proactively improve issues of product safety and customer trust so that customers feel safe using our products. Recovery of customer trust is highly important for Coway’s longevity and continued growth.

Support for “Infinite Responsibility Quality Management”

The Infinite Responsibility Committee is a consultative body under the direct control of the CEO. Its main areas of concern are product safety and customer trust. For prompt decision-making, the Committee convenes once a week, bringing together all executives and Committee members to share the agenda. Diverse perspectives based on cooperation among headquarters are brought to the table, leading to dynamic discussion and exchange of opinions. Matters discussed at the Committee are directly applied to the business process, allowing for prompt solution of problems and ultimately the strengthening of customer trust.





Major Agendas(2016)

Oct	<ul style="list-style-type: none"> Policy for refund, exchange, and collection of ice water purifiers
Nov	<ul style="list-style-type: none"> Active solutions for customer complaints Organization of TQA Center for enhancing product reliability (Higher product quality) Recurrence prevention measures Stronger management system for harmful substances Measures to verify product reliability and enhance durability
Dec	<ul style="list-style-type: none"> Measures to support health consultation for users with recalled products and support dermatitis treatment expense (Higher service quality) Recurrence prevention measures Measures to strengthen service quality standards and monitoring Measures to improve service-related evaluation index (Better process) Recurrence prevention measures Measures to improve VOC management system Measures to improve recurrent prevention process

○ Infinite Responsibility Communication

Coway has created the “Infinite Responsibility Committee” website to share Coway’s various activities for the recovery of customer trust with stakeholders through real-time communication. Through photos, videos, and other media, the website shows Coway’s innovative efforts to secure product safety and reliability.

Main Contents

<p>About Infinite Responsibility Committee (IRC) Intro</p> 	<p>Infinite Responsibility NEWS Read about IRC news</p> 
<p>Infinite Responsibility LAB Find out about IRC’s activities through webtoons</p> 	<p>Infinite Imagination FACTORY Share your ideas on safe products and services with us</p> 

Q BUSINESS STORY

Establishment of “TQA Center” for Reinforced Implementation of Quality Innovation

Coway has established the Trust and Quality Assurance Center (TQA Center) as center for product and service innovation for restoring trust and ensuring that customers feel safe using our products and services. The TQA Center is an independent body combining former quality verification divisions, such as the R&D Center and Production Operation Division. The Center focuses on minimizing inconvenience to customers by finding and proactively responding to potential quality-related issues.

TQA Center’s Vision and Strategy

Mission | Trust & Quality Assurance for Customer Satisfaction and Value Creation

Vision | Do things the right way from the customers' point of view
Customer trust is central to quality

Strategy

Product

- Product quality innovation centered on customer values
- Product assurance from customers' point of view
- Develop/Verify service-oriented and convenient new products

Process

- Operate quality assurance system
- Innovate Q-DR process for new products
- Establish first-class quality assurance system of global top companies
- Upgrade system for overseas quality assurance

People

- Operate mandatory quality-related training
- Secure quality/reliability experts
- Operate programs for improving of quality capacity

Product Safety and Reliability

1 Our Approach to the Issue



Business Relevance & Our Approach

The importance of product safety is gaining attention amid rising concerns over the harmfulness of various household supplies and home appliances. In this light, consumers' interest in wellness* care beyond well-being is increasing. When choosing products, consumers consider whether it is harmless to health, helpful to healthcare, and environmentally friendly. Such tendencies are bringing changes not only into the food and cosmetics industry, but also to the home appliances and electronics industry.

Coway's products handle water and air, and they are used in everyday life over a long period of time. This is why the safety and enhanced performance of our products are particularly important. "Quality management" pursued by Coway is a process in which we actively take responsibility for our products so that they are safe and harmless and continue to function well throughout the course of their use by our customers.

When developing products, reliability and safety verification is carried out at each stage in accordance with relevant regulations. In 2016, all business processes and activities were realigned to enable quality management from a "customer-oriented" and "broad" perspective. The Trust and Quality Assurance (TQA) Center, newly established as our control tower for quality management, has carried out efforts to enhance product safety and quality, including strengthening our chemical substance management system and improving service quality from the customers' point of view.

Business Case

- Proactive research on chemical substances
- Providing special care service

Activities



Strengthen management system for chemical substances in products



Apply technologies and product structure for higher safety



Enhance quality of service from customers' point of view

Performance

114cases

Number of consumer goods electrical safety certification

15places

Number of official testing lab licenses under the International Safety Certification Center

2 Strengthening Management System for Chemical Substances in Products

Coway strengthens its capacity for managing hazardous substances through various means, such as strengthening standards and processes for managing the safety of chemical substances, clearly assigning the manager in charge, hiring experts, and receiving external consultations.



Establishment of Chemical Substance Review and Management System

○ Re-establishment of Chemical Substance Management System

Having acquired the Hazardous Substances Processing Management (HSPM) certification, Coway strengthens chemical substance management following the cycle of planning, execution, review and continuous improvement of the HSPM system. Since 2010, Coway voluntarily applies the EU/K-RoHS standard to all parts used and has their conformity verified. In 2015, Coway expanded K-RoHS response by registering 100% of service part codes and having the conformity of all products verified.

In 2016, Coway built a database to examine and inspect the use of chemical substances at business sites. The company also expanded the existing database on domestic and international laws and regulations. In 2017, Coway will expand the subject of chemical substance management from business sites to products, and actively respond to demands regarding global environmental regulations and use of chemical substances by client companies.

BUSINESS STORY

Proactive Research on Chemical Substances

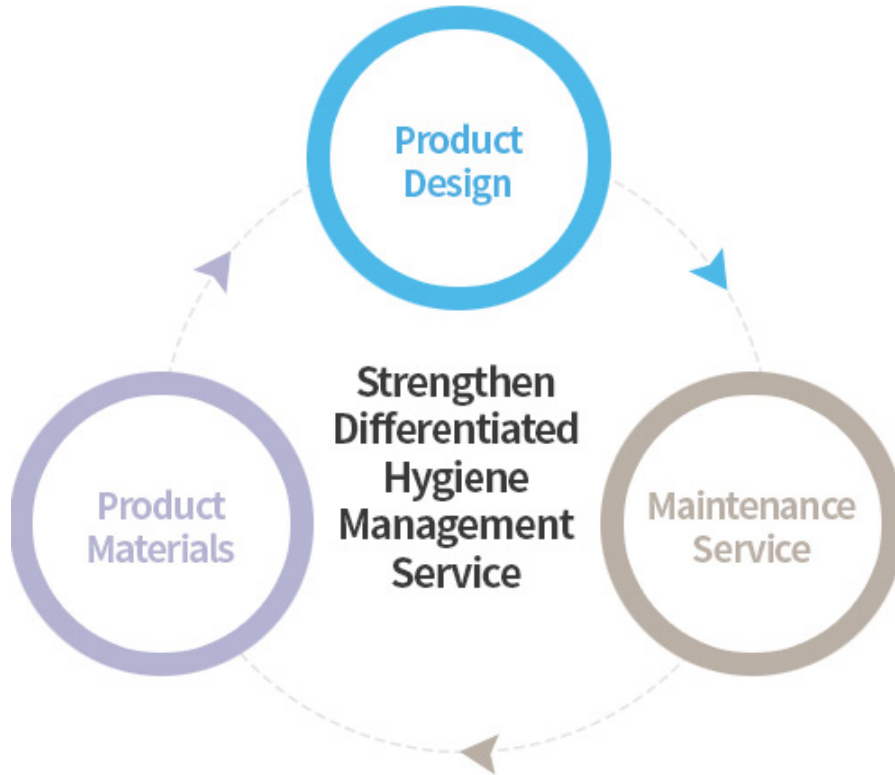
The United States Environmental Protection Agency (EPA) recently announced that it will include five Nitrosamine compounds on its list of regulated contaminants. Coway has confirmed that the substances in question brought no harmful effects to its products.

Coway is currently conducting research on developing a technology that will not only detect but also remove certain substances in products. As a standard deliberation committee member of the National Sanitation Foundation (NSF), Coway has requested preliminary research and testing of the actual removal performance of carbon filters beyond EPA standards for index material Nitrosodimethylamin (NDMA), as well as discussion on adding a claim for removal performance within NSF standards.

3 Applying Technologies and Product Structure for Higher Safety

Strengthening Values of Hygiene and Safety through Technological Innovation

Coway makes continuous efforts to secure hygiene and safety from the product planning stage. A detachable cork, which can be easily cleaned and replaced for hygiene management, has been applied to all models. Water purifier parts have different maintenance and life cycles depending on the customers' lifestyle patterns. To meet those needs, Coway is developing technologies that will enable "customized customer care service."



Introducing New Materials for Higher Safety

- Develop and apply product materials so harmful substances are absolutely not used
- Notable outcome: Developed HEPA and humidifier filter material, as well as original technology for tankless instant cooling with ice thermal storage



Designing Standard Module for Easy Replacement of Parts

- Use of detachable cork in all water purifier products to enable easy cleaning and replacement for hygiene management
- Complete care service through easy to regularly clean and replace internal parts



Developing Smart Signaling Service Technology

- Sound alarm at each service stage
- Apply hygiene monitoring and warning system: Apply technology that shows warning signals on products at regular intervals for maintenance
- Provide information on product conditions, water quality before and after filter change, and product usage patterns by applying IoT technology

4 Enhancing Quality of Customer-oriented Service



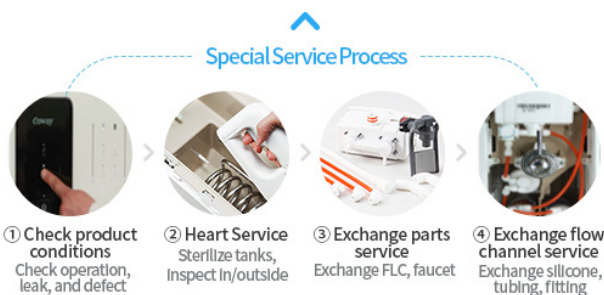
Proactive Hygiene Care

Coway seeks to give customers a feeling of safety by re-establishing service maintenance standards, examining products, and handling hygienic risks in advance. Coway further enhances product hygiene by making it possible to clean and replace more parts.

Special Care Service

Through the “Special Care Service,” Coway replaces all major hygiene-related parts in water purifiers free of charge for customers who have rented water purifier products for 29 months. In addition to Cody’s regular maintenance service every 2 - 4 months, both the inside and outside of water purifiers are sterilized and major hygiene-related parts (water level controller, corks) and flow channels (silicone, connection line, etc.) are replaced.

- ✓ Provide value through product inspection and prior examination of hygiene risks
- ✓ Strengthen product hygiene by making it possible to clean and replace more parts



Water Quality Inspection Service

Coway actively provides a “water quality inspection service” so that our customers can feel safe using their water purifiers. Water collected from the customer’s water purifier is sent to Coway Environmental Technology R&D Center, a government-certified water research institute, where it is analyzed by professional researchers. The results are then delivered to the customer by Cody.

Visualization of Service

Coway enhances customer trust by visually explaining its services through stage-by-stage images. These images are categorized into 13 product groups (ice, coffee, dehumidifier/humidifier, etc.). Customers can feel safe using their products through images that show each stage of maintenance service.

Major Contents (Detailed)



Innovative Product and Service

1 Our Approach to the Issue



Business Relevance & Our Approach

In the era of the 4th Industrial Revolution, the words virtual reality (VR), artificial intelligence (AI), and Internet of Things (IoT) have rapidly changed the trend of industry innovation and become part of our everyday lives. In the course of these changes and innovations, Coway is quickly transforming its strategy to pursue future growth.

IoCare is a new service created by combining our core competencies based on the Internet of Things (IoT). Through this, we are adding new value to Coway's expertise in water and air, and care services.

In 2016, Coway concentrated on developing innovative products, placing the utmost importance on restoring customer trust. New values were added by applying IoT technologies to the functions and services of our main products such as water and air purifiers and bidets. Various convenience home appliances were newly launched, and service innovation efforts were made to increase customer satisfaction.

Business Case

- Adding 'Safety' and 'Innovation' to Your Everyday Life, Coway participates in CES 2017
- Coway provides tailored customer service through digitalizing

Activities



Develop innovative products and secure technology competitiveness



Provide tailored customer service

Performance



2017 CES Innovation Award
(2 consecutive years) Hosted by the American Consumer Products Association (CTA)



2016 Korea Innovation Grand Prize - 13th New Technology Innovation Award
Hosted by Korea Standards Association

2 Securing Product and Technology Competitiveness

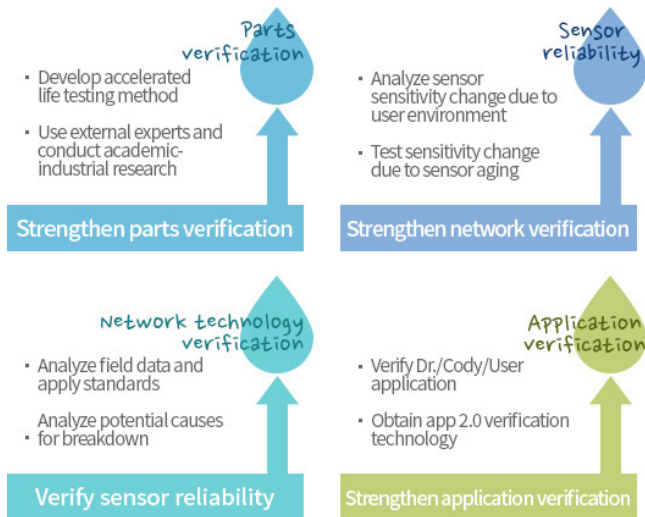
Establishment of New Division to Expedite loCare Development

In November 2016, Coway newly established the “ICT Strategy Division” and brought in experts to create new value in customer-based IoT service and strengthen its role as a care solution. Through loCare, Coway seeks not only to provide differentiated customer care solution using easy and convenient IT technology but also to share information such as quality of indoor/outdoor air quality, weather, and amount of water intake through environmental home appliances. Coway also plans to apply loCare solution to our cosmetics business.

Strengthen Reliability of loCare Products

As more IoT-based products are developed, Coway expands infrastructure, such as test facilities and equipment to verify the reliability of IoT-related technologies, and strengthens verification activities. Coway will reinforce the reliability of its loCARE products by improving its capacity to respond to the demands for development of various products using IoT technologies.

Key activities



Launch of loCare Products

Coway continues to launch IoT-based products with better convenience, hygiene and energy efficiency. “Coway HANDSPAN Water Purifier loCare,” for instance, monitors water-purifying performance and water usage 24 hours a day. It self-sterilizes the inside of the product, so that customers can drink clean water at any time. In 2017, Coway plans to apply Wi-fi technology for real-time connection to products and introduce the “Digital Mirror”** for our cosmetics brand Re:NK.

* Mirror using IoT technology. Sensor reliability When a customer looks at the mirror, it shows skin moisture index, uv index and makeup tips for the day

loCare main products



BUSINESS STORY

“Adding ‘Safety’ and ‘Innovation’ to Your Everyday Life” Coway Participates in CES 2017

Coway provides value to customers’ experience by introducing its groundbreaking, innovative products and care service— based on customer safety and trust—to the global market. In 2016, it showcased various innovative products at CES 2017, the world’s largest consumer technology show, proving its potential as a global hidden champion. Coway’s motto at the CES was “Coway connective collaboration,” meaning expansion of its competitiveness and business platform through active collaboration with top companies in their respective fields such as Amazon and Google.



Evolution of Newer and Better Care

Coway’s exhibition booth included the “big data zone,” where visitors could experience tailored solutions and big data analysis through water map, air map and sleep map. “care consulting zone,” where visitors could experience consulting by professional life care groups affiliated with Coway, “care zone” for each of 5 core product groups, e.g., air care, water care, sleep care, skin care, and body care, and “overseas sales zone,” where we shared Coway’s values of care with booth visitors.

A New World of Life Care with Robots and AI



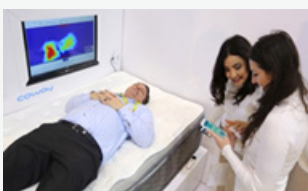
Finding Polluted Air around the House “Robot Air Purifier”

- Finds and cleans polluted air around the house
- Monitors real-time indoor air quality in rooms, living room, and kitchen, then moves to polluted areas to purify air



Voice Recognition Air Purifier “Air Mega”

- First air purifier in the world to use an artificial intelligence (AI) voice recognition platform
- Operates product and provides information instantly through voice control



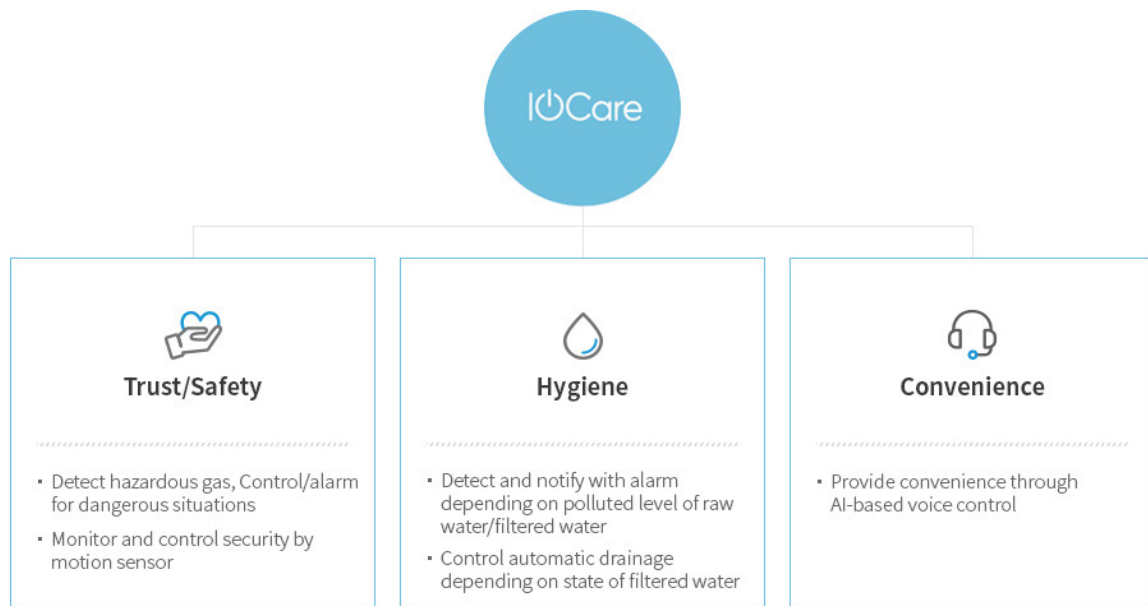
Detecting Body Type and Snoring “Coway Air Mattress”

- Offers superior sleep experience and tailored care through analysis of user’s body type/pressure and sleep patterns
- Enhances quality of life by correcting wrong sleeping habits and alleviating snoring

3 Providing Customized Solutions

Strengthening Customer-friendly IT Service

Coway's IoCare products seek to provide real-time care, connected to our customers anytime, anywhere. Moving beyond simply connecting devices to IoT and having control over remote devices, our products provide customized solutions to customers by collecting, storing, and managing existing information, and then analyzing big data. In 2017, we will continue our efforts in Intelligence Wellbeing Care service using voice recognition and AI service based on an evolved service platform that will enable connection among independent devices.



o Strengthening Smart Control Function

Coway's products are equipped with smart control functions, enabling customers to control their devices with their smartphones anytime, anywhere. They also detect air quality and sound a yellow dust/ventilation alert, as well as provide electricity consumption reports. Other functions include monitoring and analysis of indoor/outdoor air quality, provision of information on water tank sterilization and self-humidifier cleaning service. Customers can also check the services they have received including customized care service.

o IoCare Air Quality Diagnosis Service

Coway's IoCare Air Quality Diagnosis Service is a unique service that integrates IoT technology to provide customers with care solutions by diagnosing and analyzing indoor/outdoor air quality. After one week of monitoring and real-time checking of air quality, consultants deliver the results of their diagnosis to customers.

o Providing Big Data-based Customized Solution

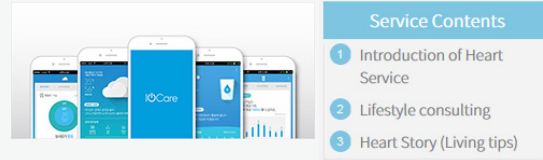
Coway provides big data-based customized solutions to customers using the IoCare Platform. Based on collected data on the amount of water intake through water purifiers, indoor/outdoor air quality through air purifiers, and sleep patterns through mattresses, Coway's care solution helps customers to form healthy habits.

Q BUSINESS STORY

Coway Provides Customized Customer Service through Digitalizing

IoCare Service Design

Coway strengthens customer service through its IoCare service design, regularly providing customized content for each customer's home, as well as information through three core messages and three-minute communication.



Operation of Level-by-Level Proactive Service Scenario

In order to proactively prepare for product errors, Coway operates service scenarios for each error level. Errors detected by sensors within products are categorized into Levels 1 to 3, depending on which customers are matched up with CS Dr. or provided with Heart Service through application notices and technical consultation with consultants.

Creating Trust-based Site Culture

1 Our Approach to the Issue



Business Relevance & Our Approach

As services for customers diversify and more sales channels are developed, the importance of close communication with the sale site is increasingly highlighted for better understanding of customers. The site is where Coway is rooted and has its core base, since that is where we build customer trust and provide optimum service close at hand with our customers. We believe that increasing income on the site by strengthening professionalism of the site workers and establishing a reasonable compensation structure is essential for Coway's continued growth.

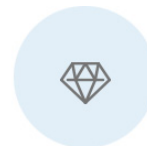
Accordingly, Coway actively listens to the voice of consumer (VOC) for a better understanding of customers and the site, and supports professional and stable service and sales activities by providing partners with systematic training and settlement support.

In 2016, efforts were made to better understand and improve communication between the sales site and customers by holding "3C Meetings" and running the "Heart Trust Companion" program. Along with these efforts, we try to provide better service by identifying matters for improvement and carrying out improvement activities. Coway also held the "Dongchimi Festival" with participation of Coway employees and on-site partners to create a dynamic on-site culture.

Business Case

- On-site Morale Boosting Program
- The 'Heart Trust Accompany' for understanding the on site and customers

Activities



Strengthening sales site vision and professionalism



Understanding on-site culture through VOC

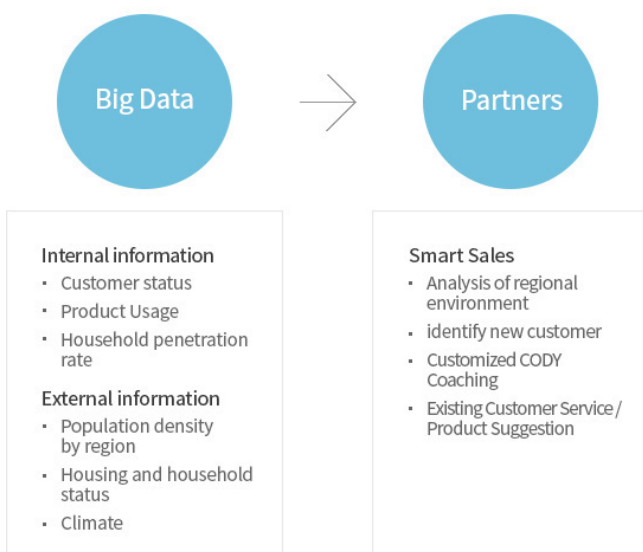
2 Strengthening Sales Site Vision

Creation of Long-term Sales Environment for Partners

Coway seeks to create a stable on-site sales environment and boost the morale of its partners. Coway also maintains a healthy relationship with its partners, based on mutual trust that will endure various changes in business environment, by enhancing their professionalism through systematic training and strengthening vision of the sales site. In this reason, Coway seeks to create a stable environment in which our partners such as Cody and CS Dr. can carry out long-term sales activities and services. For instance, Coway has created a performance and ability-driven organizational structure to enhance partners' productivity and potential for promotion, and established a reasonable compensation structure to encourage partners to earn higher income. In addition, Coway supports systematic training and mentoring programs for newly hired Cody members to smoothly settle into their job and carry out sales activities.

Smart Sales System using Big Data

Coway has developed a 'Smart Sales System' that can analyze big data at the local level by utilizing internal information accumulated over 30 years and external information by region. Internal information is about customer such as customer status of Coway, product usage, household penetration rate. External information is about the local environment such as population density by region, housing and household status, climate, etc. The Smart Sales System is used by the Coway's sales organization and will be utilized in identifying new customer and existing customer management.



On-site Morale Boosting Program

Coway boosts on-site morale and adds the value of sharing love with our neighbors through events attended by the headquarters, divisions, and on-site partners. The "Dongchimi Festival," first held in 2016, is an event in which Coway's employees and partners make Dongchimi, or water-based kimchi, using water filtered with Coway's water purifiers. In 2016, approximately 250 employees and partners participated in the Dongchimi Festival, making some 14,000 liters of Dongchimi. Some of it was donated to social welfare organizations, and some of it was given to on-site partners in appreciation for their efforts throughout the year. Coway will continue its efforts to create a dynamic on-site culture through encouragement and morale-boosting programs.



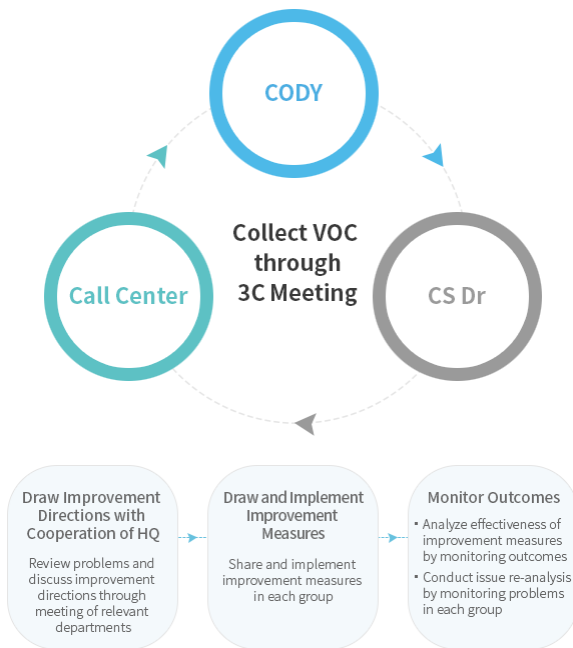
3 Understanding On-site Culture through VOC



Conducting of 3C Meeting

Through site-oriented management of VOC, Coway shares VOC collected on site throughout the company. Coway makes an effort to resolve conflicting problems that may arise among Cody who directly deal with customers and to create an environment where each group can concentrate on their areas of work such as sales and service. In 2016, Coway organized the “3C Meeting”, a regularly held meeting of representatives of Cody, CS Dr., and call center agents, providing the participants with an opportunity to better communicate and understand each other’s role and working environment. In 2016, through the 3C Meeting, a total of xx tasks were drawn from 9 categories including product, A/S, and training. Improvement was made in xx tasks through improvement activities in cooperation with the relevant departments. In addition, the effectiveness of improvements made were analyzed through further monitoring and issue re-analysis.

Improvement Activity Process through 3C Meetings



BUSINESS STORY

Activities to Better Understand the Site and Customers Heart rust Companion

Coway operates the “Heart Trust Companion” experience program to promote a proper understanding of the site and clients by all our employees. Based on this, we can enhance customer trust by developing customer-centered services and products. In this program, one employee and one Cody pair up and visit customers’ homes, where they provide Heart Service (regular product maintenance, etc.) and identify matters that need improvement by listening to the customers’ opinions. After the program, the participating Cody is interviewed, identifying matters that require improvement on site to enhance product and service quality.



Creating Value with Society

1 Our Approach to the Issue



Business Relevance & Our Approach

Today, companies are required to actively fulfill their social responsibility by using their core competencies and carry out social activities as a responsible member of the community.

Coway's business is based on water and air, basic elements of life, as we seek to provide everyone with clean water and air through our products. For this reason, we carry a high sense of responsibility for our work. As a company growing together with other members of the community, we make various efforts to build a healthier world for them by demonstrating our care for their lives and the environment.

With this view in mind, Coway supports the establishment and settlement of a corporate culture where all employees voluntarily participate in social contribution activities and contribute to the development of their community. Through our CSV activities, we pursue both Coway's values and our social responsibility by doing what we do best where it is most needed.

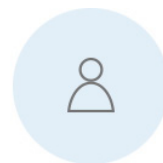
Business Case

- Support for water-purifying facilities in Cambodia

Activities



Sharing value through water and air



Value-sharing toward people

2 Sharing Value through Water and Air

Research on Water and Air

Coway conducts research on water and air, carrying both heavy responsibility and pride that our business helps provide the fundamental elements of life. With the Environment Analysis Center playing a central role, Coway has established a database of global water and air quality. Based on this database, we can provide clean water and air anytime, anywhere and under any circumstances. We have created the World Water Map using our own data from collecting and analyzing water from over 40 countries worldwide. This enables us to respond to different geographical or environmental conditions affecting water quality. In dealing with rising concerns over micro dust and differing air quality in different spaces, Coway conducts IAQ (Indoor Air Quality) field tests, where we visit our customers' actual living space and analyze air quality so that they can enjoy clean air anywhere. The IAQ field test is an important research activity where we study the indoor air quality of where we actually spend time, as opposed to the controlled environment of a laboratory. The 16 air quality index—developed from over 100 million data items on air quality we collected from approximately 1,300 households—enables us to measure the effect of pollutants on health and provide our customers with optimum customized filters. Moreover, we provide care solutions by diagnosing and analyzing indoor and outdoor air quality based on the data collected.

Improvement Activities for Quality of Local Drinking Water

○ Support for Enhanced Water Welfare in Community

As Korea's representative water company, Coway continues to work closely with government agencies to enhance the local community's water welfare.



Sharing Water Purifier Pilot Research Project

Since 2013, Coway has worked in cooperation with the Ministry of Environment. Through this project, approximately 200 small water purifiers capable of removing uranium, nitric nitrogen, and colon bacillus in underground water were distributed. Regular inspection of water quality and water purifier performance tests were also conducted in cooperation with the Ministry of Environment.



Safe Underground Water Project

Coway has continued to cooperate with government agencies to enhance the local community's water welfare. In 2015, Coway signed an agreement with the Ministry of Environment to provide water purifiers to 500 households in agricultural region with polluted underground water and has carried out technical support and research for improving the quality of underground water. In 2016, vulnerable households were selected, and we provided an additional 150 water purifiers. Coway will continue to lead the way in making efforts to solve drinking water problems in the community.



Water Welfare Project

Coway is striving to improve the welfare of water supply areas in Chungcheongnam-do. Representatively, about 600 water purifiers equipped with reverse osmosis filters will be distributed to vulnerable groups by 2020. Furthermore, we will be provide with free 5-year regular maintenance services.

Spreading the Value of Water to the Global Community through Clean Water

As a member of the global community, Coway participates in solving global water issues by providing rainwater supply devices in overseas communities with a poor water environment due to polluted water resources and water shortage, continuing the Cambodia well-digging project, and supporting water-purifying facilities.

○ Providing Rainwater Supply Devices in Malaysia

Coway provides rainwater supply devices in regions with low water access in Malaysia for sustainable water supply. For this pilot project, undertaken in 2016 jointly with a local company in Malaysia, one village comprising 17 households and 73 families was selected. By providing a rainwater harvesting and purifying device in this village, Coway was able to provide water for 327 people. In 2017, we plan to continue our value-sharing efforts overseas by increasing the number of beneficiaries through medium and long-term planning and supporting continuous monitoring.

○ Well Digging in Cambodia

Since 2006, Coway has built 1,000 pump wells in Cambodia, providing over 50,000 of its people in 14 states with clean and safe water through a 10-year-long well-digging project. In addition, Coway works in cooperation with the World Wildlife Fund (WWF) for the maintenance of the wells, aiming to fundamentally improve the water environment in Cambodia and help its people access safe drinking water. Coway will continue to share with the world the value of clean water through its global philanthropic activities based on trust and sincerity.

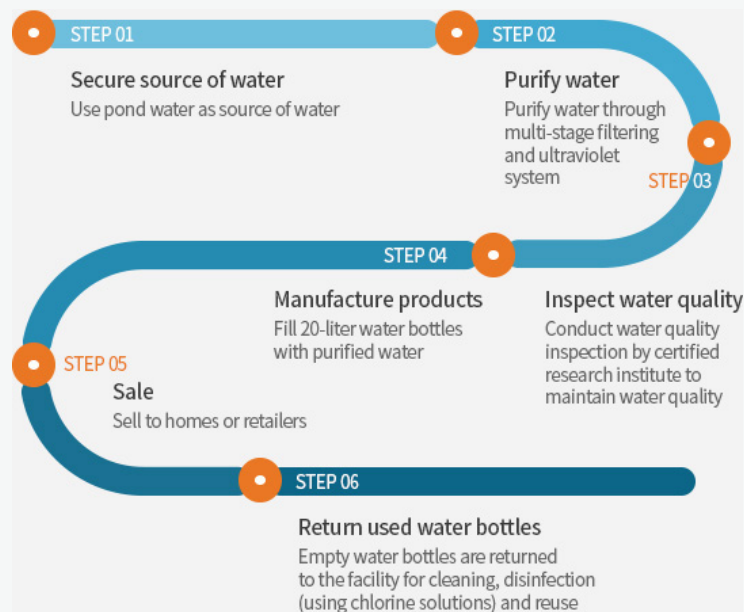
BUSINESS STORY

Support for Water-Purifying Facilities in Cambodia

During the last ten years, Coway has built 1,000 wells through its “Happy Well Project” in Cambodia, where the water environment is poor and water shortage is a severe problem. Not stopping there, we have begun a new project, as part of our “Hanppyum (handspan) Sharing” project, which will provide support for installing and operating water-purifying facilities in Cambodia for a dependable and sustainable water supply. Based on the field survey we conducted in cooperation with the global NGO World Vision, we provided support for the installation and operation of water-purifying facilities in the Sangkum Thmey district, where there is no water supply system. The drinking water business that is operated using the water-purifying facilities installed is a social business directly run by the local community. The business makes continuous profit, helping the local people’s self-support. In addition, purified water from the facilities is provided for free to four elementary schools in the region, protecting children from waterborne diseases such as dengue fever, typhoid, and dysentery.

Water produced from the water-purifying facilities is regularly inspected by an ISO-certified industrial research center in Cambodia, while World Vision Cambodia makes various efforts to bring about fundamental changes in water management by carrying out awareness-raising activities among local people for managing clean and safe drinking water. Through our support of water-purifying facilities in Cambodia, 1,234 households and 5,496 people including children in Sangkum Thmey are now able to access clean water.

Operation Process of Water-purifying Facility Support Project in Cambodia



3 Value-sharing toward People

Coway Wi (What is Start Up) School

Coway works to realize growth together with society by providing societal support through Coway's business and competence development activities and demonstrating care for their lives. Representatively "Wi School" is a new Creating Shared Value (CSV) project in an effort to solve the youth unemployment issue, which is an issue of growing concern in Korean society. Through the Wi School program, Coway provides mentoring to participants who are considering and preparing for one-man startups, shares Coway's know-how gained through operating the Cody (one-man business) network, and arranges lectures of experts in various fields such as business start-ups, marketing, and investment. The program provides effective training to its participants by supporting management consulting for start-ups and providing useful ideas and insight on establishing a business model, marketing strategy, and business presentation. In 2016, 100 young future business owners were selected as participants of the First Wi School, learning the basics of entrepreneurship and gaining confidence for successfully starting a business. By running and improving the Wi School program, Coway will continue to share Coway's experience and business capacity with the young generation, who are preparing to create one-man start-ups, as a way of contributing to solving the youth unemployment problem.



Coway's CSV Project to Solve Youth Unemployment. Coway shares its know-how as a "company of one-man businesses" with youth considering and preparing for one-man and small-scale start-ups.

Many young founder(one-man and small-scale start-ups) face a variety of challenges due to their lack of experience and skills in the process of founding. I also saw the curriculum of Coway Wi School, which was included as a lecturer by experts who wanted to listen to the usual lectures while struggling.

Especially, in the lecture of Wi School, it is reminiscent of the lecturer who said, "Failure to start a business in its 50s is hard to recover, but if you start a business when you are young, you can keep it or start a new business again. Also, I got the comfort of "I did not go wrong with the way I chose to start a business" and made a promise to work harder. We hope that you will continue to run the Wi School program so that we can become a company that grows with society in the future.

In addition, I got the comfort of "I did not go wrong with choosing a business" and made a commitment to work harder. I hope that Coway will continue to run the Wi School program so that we can become a company that grows with society in the future.

Program participant. Jeong Woon

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Data Disclosure

1 Economic

Organizational Scope

Financial Data

Summary of Consolidated Financial Statements
(based on K-IFRS) (Unit : KRW Won)

Category	2014	2015	2016
Non-current assets	1,024,838,930,313	1,122,079,124,795	1,234,573,817,352
Current assets	596,810,515,755	653,318,017,710	733,134,075,994
Total Assets	1,621,649,446,068	1,775,397,142,505	1,967,707,893,346
Share capital	40,662,398,000	40,662,398,000	40,662,398,000
Share premium	97,773,449,148	97,773,449,148	97,773,449,148
Retained earnings	985,875,249,525	1,177,049,753,285	1,179,735,672,647
Other equity items	-85,768,352,752	-78,122,382,059	-135,356,489,548
Non-controlling interest	892,285,334	864,612,421	528,728,310
Total shareholders' equity	1,039,435,029,255	1,238,227,830,795	1,183,343,758,557
Non-current liabilities	56,173,184,972	64,287,230,555	48,973,368,952
Current liabilities	526,041,231,841	472,882,081,155	735,390,765,837
Total liability	582,214,416,813	537,169,311,710	784,364,134,789

Summary of Income Statement
(based on K-IFRS) (Unit : KRW Won)

Category	2014	2015	2016
Sales	2,160,315,530,683	2,315,242,282,662	2,376,328,167,259
Cost of sales	726,567,159,312	728,843,092,565	812,176,526,166
Gross income	1,433,748,371,371	1,586,399,190,097	1,564,151,641,093
Selling and administrative expenses	1,069,319,801,501	1,123,060,003,421	1,225,354,188,064
Operating income	364,428,569,870	463,339,186,676	338,797,453,029
Other gains	17,610,070,502	24,447,251,232	28,737,581,966
Other expenses	40,697,496,626	30,407,140,043	38,890,265,528
Finance income	2,703,459,518	1,423,176,277	1,212,324,916
Finance costs	11,598,016,713	4,339,055,128	6,103,169,863
Net income before income tax	332,446,586,551	454,463,419,014	323,753,924,520
Income tax	82,778,174,443	111,343,034,229	80,442,692,413
Net income	249,668,412,108	343,120,384,785	243,311,232,107
Other comprehensive income	-8,567,485,642	-8,832,592,426	-804,069,601
Total comprehensive income for the year	241,100,926,466	334,287,792,359	242,507,162,506

Comparison of New Employees' Remuneration and the Legal Minimum

Category		2014	2015	2016
New Employee Monthly Wages Compared to the Legal Minimum	Legal Minimum Wage (monthly, KRW 10,000)	108.8	116.6	126.0
	New Employee Wages (monthly, KRW 10,000)	307.5	316.7	316.7
	Rate(%)	282	272	251

○ Features of Resource Procurement

Coway has been successful in producing most of the parts it requires in Korea through constant R&D efforts by the company's Environmental Technology Institute and Quality Management Institute, or by purchasing them from numerous suppliers within Korea. Today, the company is also equipped with automatic production lines for filters. Furthermore, core parts used for water purifiers are ultra-precision filters, so competitors have had to work hard to increase the number of more technologically advanced products they produce in Korea to keep up with Coway.

○ Intellectual properties (2016)

Total	Patents	Utility models	Brands (Including overseas)	Designs (Including overseas)
3,940	718	182	2,244	796

○ Coway's Supply Chain

Coway engages in trade with a total of 273 suppliers in order to procure raw materials and parts for manufacturing products. In 2016, Coway purchased approximately KRW 50.90 billion worth of parts and materials for production.

Category		2014	2015	2016
No. of Suppliers	Total	224	288	273
	Tier 1 suppliers	151	193	178
	Tier 2 suppliers	73	95	95

○ Research and Development Status

Category	Unit	2014	2015	2016
R&D Expense	KRW million	31,775	34,029	36,520
R&D Cost Proportion (vs Sales)		1.47%	1.47%	1.54%

○ Economic Performance Creation and Distribution (2016)

Total (KRW ten million)	Government	Shareholder	Employees	Communities	Suppliers
98,952	Income taxes	Dividends	Wages, bonuses, employee benefits, etc.	Social contribution expenses	Purchase cost of raw materials
	8,044	20,803	33,168	63	36,874

2 Social

Employment Indicators

Business Sites and No. of Employees

Category		2014	2015	2016
Domestic				
Total No. of Employees		4,768	4,780	4,771
No. of Employees by Business Area	Production	249	250	249
	Sales	3,344	3,331	3,358
	R&D	354	368	358
	Clerical work	796	805	779
	Others	25	26	27
No. of Employees by Employment Type	Regular	3,898	3,936	3,920
	Temporary	870	844	851
No. of Gender	Male	1,535 (32.2%)	1,572 (32.9%)	1,588 (33.3%)
	Female	3,233 (67.8%)	3,208 (67.1%)	3,183 (66.7%)
No. of minority group*	Foreigner	-	-	6
	Disabled	-	-	44
Overseas				
Total No. of Employees		991	1,292	1,631
No. of Employees by Employment Type	Overseas dispatch	17	15	13
	Local recruitment	974	1,277	1,618

* Systematically manage and report the data from 2016

New Employment, Turnover, and Average year of service

Coway is fulfilling its social responsibility through creating employment for vulnerable groups such as people with disabilities, as well as to recruit excellent human resources to maintain its leading position in the market and strengthen the company's competitiveness.

Category	2014	2015	2016
No. of New Employees	645	643	668
Rate of New Recruitment(%)	16.5	13.4	14.0
No. of Retirees	655	628	677
Turnover Rate(%)	13.6	13.1	14.1
Average year of service	6.0	6.5	6.8

Diversity Indicators

Employees by Gender and Age

Coway is an equal opportunity provider and does not discriminate based on age or gender. In 2016 there were no violations related to child and forced labor, and in 2016 we established a global CSR Guide containing human rights, labor, environment and overall safety principles.

Category (Unit:Persons)	Gender	2014	2015	2016
Aged 30-50	Male	14	12	14
	Female	2	2	1
Over 50 years of age	Male	11	11	11
	Female	-	1	1
Under 30 years of age	Male	74	69	64
	Female	295	252	248
Aged 30-50	Male	1,421	1,465	1,462
	Female	2,374	2,448	2,352
Over 50 years of age	Male	42	38	37
	Female	562	508	581

Basic Remuneration Comparison between Men and Women

Coway does not adopt different remuneration policies for male and female employees, but pays the same salaries to both from the time they begin working at the company.

Category(Unit:Persons)	2014	2015	2016
Basic annual salary for a new male employee	36,908,592	38,000,000	38,000,000
Basic annual salary for a new female employee	36,908,592	38,000,000	38,000,000

Safety & Health Related Indicators

○ Safety & Health Related Certification

With a high portion of clerical and sales employees, Coway tends to have a lower industrial accident rate compared to other manufacturing industry companies. However, at business sites which have a higher potential for safety accidents, such as Coway's Yugu and Incheon plants as well as its R&D Center, Coway operates an Industrial Safety and Health Committee for each business site to respond to potential risks. At the same time, it upholds rigid safety management standards by meeting the very highest requirements for renowned safety and health management system certificates. In 2016, Coway had no industrial accident case.

Category		Remark
Safety & Health Certification	Yugu Plant	<ul style="list-style-type: none"> • OSHAS 18001: 2007(2011.07.14~2014.07.13) • KOSHA 18001
	Incheon Plant	<ul style="list-style-type: none"> • KOSHA 18001

Indicators Related to Handling Employee Grievances

○ Operation of the Labor-Management Council

Coway discusses its major decisions and changes it implements regarding corporate management through regular meetings of the Labor-Management Council. If significant operational changes occur, we transparently share them in advance.

Category	2014	2015	2016
No. of Council Meetings	5	7	5
No. of Agenda Issues Discussed	9	10	8
No. of Agenda Issues	9	10	8

○ Operation of the Grievance Counseling Program

Category	2014	2015	2016
No. of Grievances Submitted	61	51	28
No. of Grievances Handled Handling Rate	61	51	28
Handling Rate	100	100	100
Major Grievances	HR, Sales, Job, Private Matters		

Anti-corruption Related Indicators

○ Anti-corruption Training

Category	2014	2015	2016
Anti-corruption Training (Ethics Management, Proper Business Practices)	65	40	39

○ Corruption-related Monitoring and Responses

Category		2014	2015	2016
Analysis of Corruption Risks	Measures against Corruption Cases	7	7	7
No. of inspected business sites	Suspension with pay and other measures	50	54	40

Indicators Related to Social Contribution

○ Social Contribution and Volunteer Activities

On top of company-wide social contribution programs which reflect Coway's business scope, Coway also works hard to create tangible social value for every body. For example, the company encourages employees to volunteer at least 16 hours a year.

Category	2014	2015	2016
No. of Volunteer Groups	1,495	1,189	1,412
Volunteer Hours per Employee	20.0	19.7	20.0
Social Contribution Costs & Donations(unit: KRW 100 million)	13.4	15.2	6.3

3 Environmental

Natural Resources Used in Business Activities

o Use of Materials(Unit: tons)

Category		2014	2015	2016
Non Renewable Raw Materials	Plastics ¹⁾	8,724	9,185	10,017
	Metal ¹⁾	4,056	4,332	5,096
	Theoretical weight applied ²⁾	354	368	358
Renewable Raw Materials		-	-	-
Total		14,763	15,783	17,448

1) Water filtration systems, air purifiers, bidets, water softeners. And food waste treatment appliances

2) Packaging materials; paper boxes, plastics & protective films, and use of EPS in 2016

o Energy Use

In order to increase the efficiency of energy use, Coway installed photovoltaic generators at its production facilities and is expanding its use of renewable energy. The company also joined the Win-Win Energy Companion project, and offered energy quantification equipment to reinforce suppliers' energy competitiveness.

Category	Energy Source	2014	2015	2016
Direct	Butane(GJ)	7	2	0.4
	LPG(GJ)	44	-	-
	Diesel(GJ)	250	268	265
	LNG(GJ)	1,567	1,601	402
	LNG(GJ)	209	267	250
	Propane (GJ)	1,135	4,126	5,394
Direct Total(GJ)		3,212	6,264	6,311
Indirect	Electricity (GJ)	103,944	103,640	101,543
Indirect Total(GJ)		103,944	103,640	101,543
Total(GJ)		107,155	109,903	107,854

- Joongang Ilbo Building (Seoul Office), Seoul National University Environmental Technology Research Institute, Cosmetics Research Center, Yugu Logistics Center, Production Plant(Yugu, Incheon, Pocheon)_Excluding water environment division according to company division

- LPG is classified as propane according to the verification of the GHG target management standard.

- 2016 Verification Standard: [Scope1 + 2] x 115,175GJ. At the time of external verification, Data are presented based on the previous year's coefficient of application for comparison with the previous year

o Water Use(Unit: tons)

According to features of manufacturing facility that operates the product assembly-oriented and inspection processes, so the company's environmental impact on water resources through its water use or the discharge of waste water is not significant. Still, Coway is adamant about reducing its water use. One way it has done this is by developing a "waterless" water purifier test system that uses nitrogen and vacuum conditions instead of water. Additionally, Coway was the first Korean company to become a signatory of the UNGC CEO Water Mandate, and has done its best to protect water resources throughout the production process.

Category	2014	2015	2016
Yugu Plant	31,221	30,916	40,083
Incheon Plant	12,151	16,603	16,711
Pocheon Plant	340	235	146
Environmental Technology Institute (R&D Center)	19,995	15,104	19,358
Logistics Center(Yugu)	2,340	3,386	4,071
Total	66,047	66,244	80,369

*In 2016, water use increased due to the increase in the production amount of Yugu factory and strengthen test by water purifier.

Category	Energy Source	2014	2015	2016
Energy Use per Unit (GJ/KRW 100 million)		5.32	5.08	4.54
Total energy use(GJ)/Total sales(KRW 100 million)				
Adoption of Renewable Energy	installation costs(KRW 100 million) ¹⁾	2.0	1.7	11.9
	Reduction in power consumption(kw) ²⁾	71,528	189,457	900,435

- 2013 - Pocheon plant → Solar energy generation

- 2014 - Yugu Factory, 1 Supplier → Solar energy generation

- 2015 - Incheon Plant, 1 Supplier → Solar energy generation

- 2016 - Yugu Factory → Installation ESS, Yugu Factory, Logistics Center → Installation LED

- Comparison of LEDs in the logistics center around 1 year [From 2016.03 to 2017.02] = 562,190KWh / year

- Yugu Factory (32-17W) x3,200EAx8hx220 days = 84,480KWh / year

- ESS [including government subsidies], LED [total investment cost of investment company]

1) Amount of reduction of renewable energy facilities in the year - Solar energy generation by 2016 : 174,709 (Coway) +79,056 (Supplier) = 253,765KWh / year

Environmental Impact due to Business Activities

GHG Emissions

Coway is the only Korean company which declared its support for the 'UN Framework Convention on Climate Change' agreed by 195 countries at the COP21 held in Paris in 2015 and has been participating in the corporate voluntary carbon reduction plan scheme. Coway plans to reduce the GHG emission per unit by 50% of the year 2010 by the year 2020 in order to accomplish the mid & long term reduction goal of greenhouse gas established in 2009. Accordingly, Coway has developed the energy saving activity participated in together by staff & employees and partners to minimize the greenhouse gas emission at all manufacturing and sales fields.

Category(Unit : tCO ₂ e)	2014	2015	2016
Direct Emissions(Scope1)	196	391	401
Indirect Emissions (Scope2)	5,385	5,369	5,261
Indirect Emissions (Scope1+2)	5,581	5,760	5,662
Yugu Plant	1,919	2,015	2,165
Incheon Plant	634	658	677
Pocheon Plant	361	349	387
Environmental Technology Institute (R&D Center)	1,537	1,565	1,588
Cosmetics Research Institute	163	174	183
Seoul Office(JoongAng DailyBuilding)	399	390	382
Logistics Center(Yugu)	413	464	328
Net Emissions CO ₂ e/KRW100)	0.277	0.266	0.238
Domestic Logistics and Transport(Scope 3)	4,025	4,514	4,795
Commuting Vehicles (Scope3)	49	49	49

Domestic logistics and transport are carried out through subcontracts, which are excluded from the company's calculation of emissions (data is taken from subcontractors) and external verification.

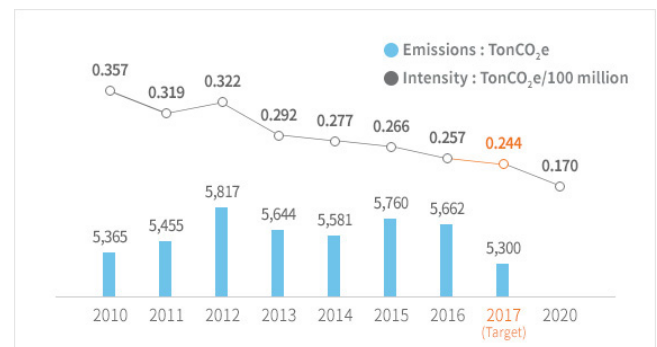
GHG Emissions from the Use of Refrigerants

In order to minimize the environmental pollution caused by the refrigerant used in the product, it switching to environmentally friendly refrigerants. Refrigerant (R-134a) used in existing products is handled through a company designated by Ministry of Environment.

Category	R-134a ¹⁾		
	2014	2015	2016
Use of Refrigerants in Product Manufacturing(kg)	43,867	50,238	52,340
Use of Refrigerants in Product Disposal(Kg)	13,558	15,562	20,188
GHG Emissions Caused by Refrigerants from Waste Products(tCO ₂ e)	14,073	16,185	20,996
Use of Eco-friendly Refrigerants in Product Manufacturing(kg) R-600a, R-436B	R-600a, R-436B		
	2,440	651	950

1) R-134a is a substance that has lower global warming potential (GWP) than R-12

Status of Mid & Long Term Accomplishment in Reduction Goal of GHG Emissions



Waste Generation Amount

Category	2014	2015	2016	
Generation of Waste	Products	12,808	13,263	14,024
	Business Site: General	1,028	1,023	1,619
	Business Site: Designated	26	27	38
	Services	7,024	8,501	9,095
Total (Unit: tons)	20,886	22,814	24,776	
Amount of Waste Recycled (Unit: tons)	12,228	12,837	13,559	
Waste Recycling Rate (%)	59	56	55	

The recycling rate decreased year-on-year due to increased waste from the process and waste product return

○ Sales of Refurbished Products

For customers who purchase new products and dispose of existing ones, Coway collects the used products free of charge. The recollected products are handled at the company's Recycling Center, where plastics are recycled, some of which are later sold as refurbished products. In 2013, Coway signed an MOU with the Ministry of Environment and the Korean Environment Corporation on this very issue and has been working hard to facilitate the sale of refurbished products since then.

Category (Unit: No. of units)	2014	2015	2016
Water Filtration Appliances	12,061	13,492	9,165
Air Purifiers	2,672	4,500	6,584
Water Softeners	366	49	1
Bidets	3,454	3,486	5,362
Food Waste Treatment Appliances	30	-	-
Total	18,583	21,527	21,112

🌿 Activities to Reduce Coway's Environmental Impact

○ Environmental Investments

In order to reduce the environmental impact of the business activities, Coway is striving to strengthen environment-friendly investments in facilities and systems and to comply with environmental laws and regulations. As a result of these efforts, there have been no cases of environmental regulations violations in 2016.

Category (Unit: KRW million)	2014	2015	2016
Facility Operations	186.5	71.3	322.1
System Operations	66.5	119.9	95.9
Communication	616.0	373.7	181.5
New Environmental Businesses	59.0	149.2	-
Total	928.0	714	599.4

* Environmental investments do not include investments made to improve products and service quality.

○ Plastics Recycling

Coway has expanded its management scope from the manufacturing and distribution of products to waste that occurs during its service process, as CODYs recollect waste filters after carrying out their services, thus enabling waste separation.

Category	2014	2015	2016
Output(tons) ¹⁾	8,724	9,185	10,017
Amount Recycled(tons) ²⁾	6,198	6,353	6,902
Recycling Rate (%) ³⁾	71.1	69	69

1) filter, water purifier, purifier, bidet, water softener, food processor

2) Recycling rate: (waste product / waste filter) Plastic recycling amount / (product / filter) Plastic delivery amount

3) The recycling rate is stagnant due to the continuous increase in product and maintenance service accounts.

○ Eco-friendly Product

Category (Unit: KRW 100 million)	2014	2015	2016
Sales	6,034	5,972	6,292

○ Hazardous Substance Process Management

Coway operates a hazardous substance process management system to minimize the amount of hazardous substances contained in its products. Since 2006, The company has responded to environmental regulations such as EU RoHS and WEEE for exports to Europe, and is responding to Korea's Act on the Resource Circulation of Electrical and Electronic Equipment and Vehicles ever since Coway products fell under the terms of the law in 2014.

Category(Unit: %)	2014	2015	2016
Response Rate to Parts Containing Hazardous Substances	100	100	100

Reducing Suppliers' Environmental Impact

o Green Partnerships

Coway's Green Partnership (GP) certification system helps Coway to produce eco-friendly products and offers Green Partner certificates for suppliers that meet Coway's stringent environmental & quality management standards.

Category	2014	2015	2016
Suppliers Certified with Coway's Green Partnership Certificate	55	55	100

o Suppliers' GHG Emissions

Coway has selected 26 suppliers that deliver major raw materials in large trade amounts and energy use, and now maintains carbon partnerships with them. Every year, the company measures these key suppliers' GHG emissions and emissions per unit, reinforcing their response capabilities to climate change.

Category	2014	2015
Win-Win Energy Partnership	May ~ September 2016	Diagnosis of energy issues at business sites (Encourage investment)

o Support for Carbon Partnerships

Coway continuously supports carbon partnership suppliers and reinforces their competitiveness by encouraging them to reduce energy use in relation to sales growth. In doing so, Coway is successfully reducing suppliers' environmental risks due to climate change.

Category	2014	2015	2016
GHG Emissions (tCO2e)	44,445	36,181	40,994
Emissions per Unit (tCO2e/KRW 100 million)	10.56	8.46	8.02

Support for Global Initiatives



Joined the UNGC(United Nations Global Compact)

We joined the UN Global Compact(UNGC) in June 2006 to abide by the 10 principles in the areas of human rights, labour, environment and anti-corruption and to fulfill our role as a corporate citizen - a citizen who not only pursues its own growth, but also does its part in meeting and going beyond its social responsibility. This online sustainability report represents our commitment to becoming what we aspire to be.



Supports the UN Framework Convention on Climate Change at the COP21

Climate change is one of the major challenges of our time. Coway wants to be a positive player in climate change, ensuring climate is kept on safe levels around the world for communities and environment. This demands important investments and collaborations. Coway is the only Korean company which declared its support for the 'UN Framework Convention on Climate Change' agreed by 195 countries at the COP21 held in Paris in December 2015. We've been participating in the corporate voluntary carbon reduction plan scheme.



Selected as the Carbon Management Sector Honors

Coway was selected as the Carbon Management Sector Honors by the CDP (Carbon Disclosure Project) Korea for eight consecutive years in recognition of its excellence in response to climate change.



Listed as the Dow Jones Sustainability Indices(DJSI) World

Coway has been consistently named in DJSI Asia-Pacific since 2013 and has been newly added to the DJSI World index in 2016. In particular, Coway was highly acclaimed for responsible activities such as environmental policies and systems, occupational safety & health activities, and community contributions.



Sustainable Development Goals (SDGs) Implementation Declaration

Following the adoption of the United Nations Sustainable Development Goals (SDGs) that are replacing the Millennium Development Goals (MDGs), we will endeavor to develop and implement solutions to attain the SDGs*, exploring new opportunities for sustainable growth.

- SDGs (Sustainable Development Goals) are a U.N. global initiative to be implemented from 2016 to 2030. It consists of 17 goals, pertaining to climate change, economic growth, and gender equality, and 169 targets.

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