



2019 COWAY SUSTAINABILITY REPORT

Coway maximizes the value of the customer experience, driving digital-based innovation such as big data, A.I., and IoT.



Water Map Service

Applying big data analyzed with collected water form all over the world, we recommend the optimal product for the customer's water quality environment and provide the new experience of water.



Air Simulation System

Applying 196 billion air quality big data, we suggest the optimal product and installation place and provide the best air quality.

SUSTAINABILITY ISSUES 2020

Coway conducts a materiality assessment every year with a methodology that meets global reporting standards. As a result of the materiality assessment in 2020, three topics were identified as the main contents to be managed to become a sustainable company: Product and Service Innovation, Product Responsibility, and Information Security and Privacy Protection. Coway's goals, achievements, and efforts related to these three topics are reported in this section.

Recent global social and environmental issues such as the spread of the pandemic and increasing fine dust are driving the change in consumer life patterns, affecting home appliance market significantly.

While a growing number of people are interested in sanitation of healthy indoor living environment, consumers put nonmaleficence to the human body, sanitation quality, and environmental impacts as priorities for product selection.

As much as the applicability of data and information-based Infrastructure is maximized through the rapid development of ICT technology, there are rising concerns for social issues such as information leakage and cyber-attack.

Product and Service Innovation

Product Responsibility

Information Security and Privacy Protection



KEY FIGURES 2019

Since water and air are directly related to life, Coway's sustainability management starts with taking responsibility for what we do. Coway strives to pursue sustainability in the entire business process; from product and service development, production, marketing, and sales. Coway's key economic, environmental, and social performance indicators for 2019 can be seen at a glance.

Economic Performance

Coway focuses on the essence of purifying water and air and continues to grow with constant innovation to improve the value of customer experiences and services.

Revenue (Unit: billion KRW)

2,320.5
2,707.3
3,018.9



Product and Service Innovation

With product and service innovation that enhances the essential value, we received "CES Innovation Award" for 5 consecutive years.

7.79

million Accounts



As of the end of 2019, with an account of 7.79 million customers, we combine long-researched data with future technology to provide customers with a more accurate and convenient new service experience.

Social Performance

1,000 million KRW

We donated 1 billion KRW to the communities in need due to COVID-19. The donation was used to provide medical aid to national medical staffs with scarce medical supplies, such as protective items and diagnostic kits and medical welfare facilities with preventive measures against COVID-19.

Sharing Water and Air (Accumulated support for water purifiers and air purifiers from 2015 to 2019)



Sharing the Water of Life

825 units



Sharing the Clean Air

450 units

Mutual Growth Activities with Suppliers

Coway intends to lead a healthy trading culture in the industry by promoting close cooperation and win-win activities with suppliers. Through open communication with suppliers, we promote diverse win-win growth activities such as strengthening the foundation for management stability and supporting growth infrastructure.

Environmental Performance

Developing Eco-friendly Products

Coway designs eco-friendly businesses that reduce negative environmental impacts throughout the product development process, clean production, rental services, recovery, and recycling.

GHG emissions in 2019 is 0.234 tCO₂e/100 million KRW compared to 0.357 tCO₂e/100 million KRW in 2010. We have undertaken our best efforts to reduce GHG emissions that it is reduced by about 70% compared to the base year. In 2020, we set medium and long-term goals of 2030 based on SBTi(Science Based Targets Initiative).

99.1%



Waste recycling rate

Eco-Friendly Product Sales

552.9 billion KRW



2017

0.253 tCO₂e/100 million KRW

2018

0.254 tCO₂e/100 million KRW

2019

0.234 tCO₂e/100 million KRW

Coway contributes to the establishment of a circular economy by recycling industry waste and waste products generated during product manufacturing and disposal after use.

* 99.1%: Ratio of recycled waste among product, service, and business waste (total amount of recycled waste/total amount of waste x 100)

SUSTAINABILITY NEWS

News related to Coway's efforts to add new value with major stakeholders and sustainability can be found here.



Coway's water purifier ranks the "Top 100 Brands of Korea"

- Ranked 33rd by achieving 862 points at the BSTI - Launched the AIS water purifier and focus on researching tasty



Participate in the "Vulnerable Class Environmental Disease"

Coway participated in a business agreement ceremony for the "Vulnerable Class Environmental



Win the Korea's New Technology Innovation Award

Coway's Hanppyeom Tankless Water Purifier (CHP-8300R, CP-8300R) won the new technology innovation award for



MATERIAL TOPICS

To Help People Live A Healthy and Peaceful Life With Clean Water And Air Anytime, Anywhere Is The Consistent Path That Coway Has Walked.

Product and Service Innovation

Activity

- Product Innovation
- Service Innovation
- Research Capability Improvement

Performance



2019 R&D Expenditure
37.671 billion KRW
(Up 2.3% YoY, 1.25% of Sales)



5 Consecutive Years
Received CES Innovation Award

Business relevance & Approach

Recent global social and environmental issues such as the spread of the pandemic and increasing fine dust are driving the change in consumer life patterns, affecting home appliance market significantly. As people stay in their home longer, not only needs for health and hygiene increased but also needs for products and service that reflects each consumer's lifestyle. Moreover, as digital technology became part of our everyday life, Smart Home implementation with A.I. and IoT technology in living spaces became an element of competition.

Coway takes this shift as a new opportunity for home appliance rental business, promoting activities that strengthen the core principle of Coway: "For Cleaner Water and Air". In 2019, Coway launched "HANDSPAN CIROO Tankless Water Purifier" with maximized sanitation, provided "Water Map Service," a big data-based customized product recommending service, and promoted innovative activities such as the establishment of "Water Taste Evaluation & Research Lab" within R&D Center to reinforce research as a global leader for pure and tasty water. Moreover, Coway is undertaking efforts to improve customer value and secure a competitive advantage in the market by unveiling smart home appliances, combined with ICT technology through open innovation.

Business Cases



2020 CES Innovation Award, Four-Season Double-Care FWSS(Fresh Wear Styling System)



Launched "Water Taste Evaluation & Research Lab"

Product Innovation

As the most eminent water and air company in South Korea that provides the new value of "Cleanness" to customers, Coway, focused on its essential value, developed "HANDSPAN CIROO Tankless Purifier" with strengthened sanitation. HANDSPAN CIROO Tankless Purifier is an integration of innovative technology that aggregates Coway's effort to innovate hygiene and efficiency and minimize the environmental effects. Moreover, to enhance the intrinsic value of the rental business centered on customer experience, Coway provides customized products and services.



Innovative Technology, HANDSPAN CIROO

Through the continuous evolution of technology, in 2019, Coway launched "HANDSPAN CIROO Tankless Purifier". HANDSPAN CIROO Tankless Purifier is an upgraded version of "CIROO Tankless Purifier", which implemented RO membrane filter with Tankless technology, featuring effective pollutant removal and abundant flow. It is equipped with the "CIROO 2.0 Filter", the culmination of filter technology, that increases the area by 6 times and the amount of water filtered by 30 times the existing tankless filters. Its improved sanitation with a water path drainage mode that discharge remaining water in the faucet whenever the product is used and the automatic drainage system that discharges all water in the water purifier if it is not used for 24 hours. Moreover, the space utilization was improved by reducing the size by about 30% compared to the previous CIROO Tankless Purifiers (CHP-7300R, CP-7300R) and by applying a small cooling system and instantaneous hot water system, the energy consumption efficiency was improved to the 1st grade, enhancing the eco-friendly features as well.

Case. 2020 CES CES Innovation Award, Four-Season Double-Care FWSS(Fresh Wear Styling System)

Coway participated in the CES(Consumer Electronics Show) 2020 to showcase innovative home appliance products and services. Coway has been recognized for innovation by winning the CES Innovation Award for 5 consecutive years.

CES, where innovative companies from around the world showcase new ideas and products every year, is an indicator of the technologies that will drive the year. The CES Innovation Award is an annual award at CES, where experts from the CTA(Consumer Technology Association) in the USA comprehensively evaluate innovations such as technology, design, and customer value to select and award excellent products. Coway has been awarded the CES Innovation Award for 5 consecutive years since its first participation in 2016.

2020 Coway’s award-winning “Four-Season FWSS Double Care” is an innovative product with versatile useful functions for all year long such as indoor air purification and dehumidification function accompanied by cloth drying function which differentiates itself from existing products that only offer basic clothing management functions in general.

* CES(Consumer Electronics Show): Global consumer electronics exhibition hosted by the Consumer Technology Association(CTA)

Concept	2016 Composite Function	2017 IoT(Internet of Things)	2018 AI(Artificial Intelligence)	2019 Innovation of Original Technology	2020 Future Home
Contents	Improved usability of a product with a composite product that adds functions to the existing product.	Emphasizing usability through connection between products. IoCare technology that enables product operation and data verification through mobile.	Technology that provides services with its own judgement utilizing big data and AI.	Emphasizing the essential value of "Cleansess", Technological differentiation.	Showcase future home appliances, the main trend in the residential environment.
Awarded Products	Dual care air purifier, self-sterilizing water purifier, barista ice water purifier, clinic bidet, car air purifier, portable air purifier	Self-sterilizing water purifier, HANDSPAN water purifier	FWSS(Fresh Wear Styling System), active action air purifier, smart bed system, beauty platform, nano tankless purifier	CIROO Tankless purifier (CHP-7300R), CIROO Stand purifier (CHP-5700R), oriental style premium massage chair (MC-S01), body refresher water softener	Four-season FWSS double care
Number of Awards Received	6	2	5	4	1



Four-Season FWSS Double Care FAD-01S



2020 CES

Diversification of Innovation

In Coway, we develop customized products for various life environments to innovate customer lifestyles. In 2019, Coway developed customized products, starting from the air purifier product line. As a growing number of customers seek the quality of life in the living space, Coway developed wall-mounted air purifier (AP-1519B, AP3519A), interior air purifier (AP-1019D), that can be used for different living environments, to reflect customer’s needs for building personalized space. Moreover, we have developed a self-care air purifier cartridge (AP-1019C) that allows users to easily clean and replace filters by notifying them with filter replacement notifications in light of the recent growing need for non-face-to-face services in the domestic and foreign markets.

Coway Customer Satisfaction¹⁾

(Unit: %)

	Customer Satisfaction
2017	76.0
2018	79.0
2019	75.1
2020 Target	77.0

1) Customer satisfaction is measured through NPS (net recommendation index = recommended customer ratio-non-recommended customer ratio)

2) In 2019, the survey method was changed to mobile.

Meanwhile, we are pursuing market-specific technology development in line with strategies to strengthen competitive advantage in overseas markets centered

on Malaysia and North America. To secure water purifier technology and systems suitable for the local environment, we have established "Water Map," and conduct filter life evaluations and user satisfaction surveys. Moreover, for the bidet products, we developed an I-Wave Water Flow System that provides optimized cleaning according to user conditions. We plan to fortify our presence in the overseas market with innovative products with diversity by equipping children-customized mode and Braille notation for the visually impaired.

Service Innovation Based on Future Technology

As of 2019, Coway, which has 5.69 million domestic customer accounts in rental services leading the home appliance industry, provides new service experiences to customers based on future technologies: The Water Map service that recommends water purifier products suitable for local water quality using big data, and the Air Doctor service that let customers experience the air purifier ideal for the living environment through virtual simulation. Coway provides a more accurate and convenient experience with long-running research data.

Big Data-based Water Map Service

Water Map Service constructs a water quality database by collecting and analyzing waters from different regions all over the world to identify customized filters for different water qualities in customer environments. It considers numerous variables for customers to eventually recommend the most compatible product. We provide differentiated value that customers can use filters and products compatible with the customer's regional characteristics through a recommendation service based on big data analysis.



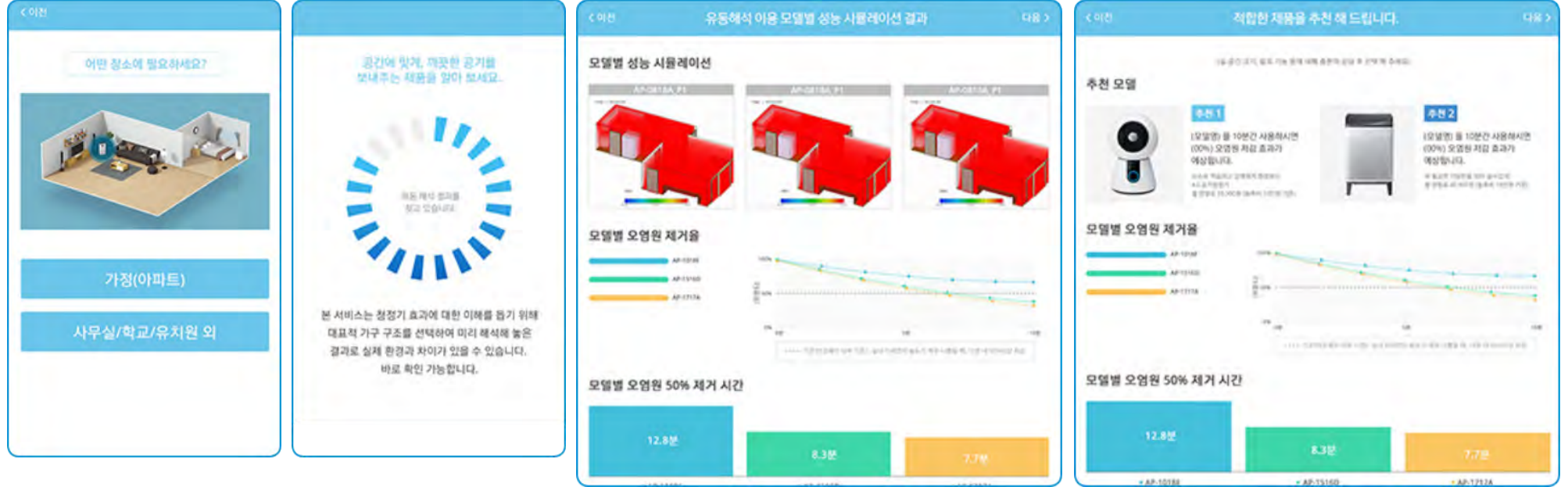
Coway Global Water Map / Domestic Water Map

Step 1: Access "Mobile Water Map Service Page" → Step 2: Enter specific information: the region, the age of the building, and the type of raw water → Step 3: Analyze the water quality environment using the water quality database based on the input information → Step 4: Identify the right filter and recommend a customized water purifier considering the place of use, required functions, number of users

* Big data analysis categories: Turbidity, a standard for drinking water quality, TDS (Total Dissolved Solid), pH, 17 types of cation, 4 types of anion, etc.

The Simulation Experience, Air Doctor Service

Coway utilizes the air simulation system to show how air clean performance varies from space to space for different service environments according to the structure of the space, furniture, and the number of people, and to provide "Air Doctor Service" that suggests proper product type and optimal location. The Air Doctor Service predicts the movement of air or water through computer simulation using approximately 196 billion air quality big data and checks the effect of air purification every hour through the installed air purifiers. Customers can visually experience the product through virtual simulation, and purchase products optimized for their living environment with high satisfaction.



Mobile QR Service

Coway implements a 24-hour mobile care service to resolve customer complaints and communicate with customers quickly and accurately. Through this, customers can view information such as product inspection schedule, inspection history, user manual on mobile anytime, anywhere and easily apply for customer service as well as product consultation through Kakao Biz Messaging Service. Distinctively, application installation, membership registration nor authentication procedures are required, enhancing the accessibility and convenience of the service. In addition, customers can access through the QR attached to the product, and continuously improving to expand customer usability.

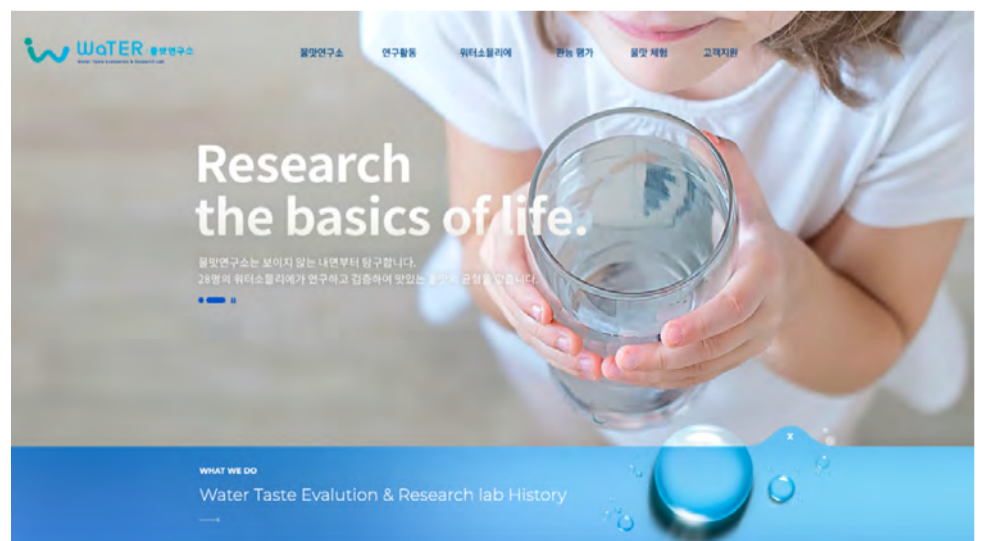
Research Capability Improvement for Innovation

Coway strives to develop innovative products and secure new technology for healthy living environments through responsibility and expertise on water and air. From technology research to product development and reliability verification, Coway continuously expands R&D investment and manage new technology and product Innovation Committee 365 (NIC 365), a corporate board to discuss prior technologies and design to find future value, promoting corporate innovation. In addition to strengthening existing technologies for water and air, we are focusing on grafting new technologies into new products such as FWSS and mattresses. We are also exploring new growth engines through open innovation and technical alliances.

Water Taste Evaluation & Research Lab

To research clean and tasty water and establish the standard for water taste of water purifier, Coway founded "Water Taste Evaluation & Research Lab" within R&D Center. 28 water sommeliers certified by KISA (Korea International Sommelier Association) and K-water (Korea Water Resources Corporation), 23 CWS (Certified Water Specialists) certified by Water Quality Association in the US, and 45 Coway researchers with technical specialties related to water are registered and actively working at Water Taste Evaluation & Research Lab.

Since 2009, Coway formed a task force team to start researching for water taste study. In 2011, we set the direction of water taste through global research, and since 2017, we established GPT (Good Pure Tasty) water Indices as Coway's own strict water taste standard, utilizing in product assessment. Moreover, we continued to lift the level of a water taste study with various initiations such as introducing "Water Sensory Evaluation Room" and "Sensory Evaluation Specialized Statistical Program," and training water taste professional panels. Hereafter, Water Taste Evaluation & Research Lab at its core, Coway plans to conduct research activities such as 1) defining attributes of water purifier water taste, 2) scientifically proving correlations between water taste and performance of each water purifier filter, 3) establishing a new standard for tasty water of water purifier.



Open Innovation

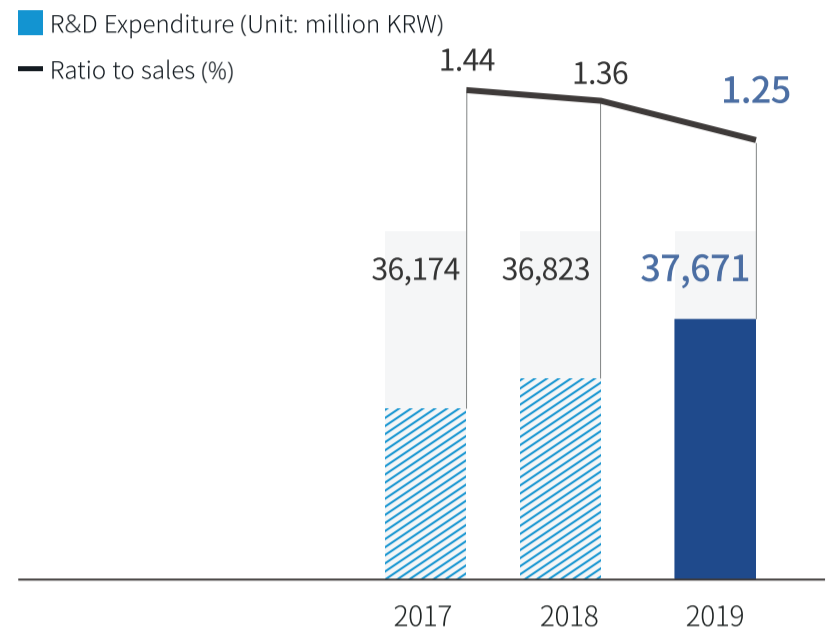
Coway reinforced customer product usage environment through cooperation with Amazon. To maximize customer convenience, we adapted Alexa, the AI platform of Amazon, to air purifiers of which filter replacement at an appropriate timing for usage environment is necessary. In 2017, Amazon's Alexa was first adapted to Coway air purifier Air Mega, and in 2018, Dash Replenishment Through Alexa (DRS), Amazon's automatic consumable-shipping program was applied that in 2019 Coway product sales in North American market marked 120,000 units, a 267% growth compared to sales 2017.

As of today, May of 2020, Coway and Amazon provide filter order through voice command and filter lifespan and product status check through air purifier technology applied with DART service, the 3rd generation version of DRS. Also, Coway plans to adapt Alexa in Aqua Mega, Coway water purifier, to enhance its usability.

Cooperation with Amazon served as a momentum to promote Coway's expertise on water and air not only in the North American market but also in the global market. Especially, implementing IoT through AI platform service application provided customer life care with a much higher standard, offering differentiated service in a rapidly growing subscription economy.



R&D Investment and Performance



Intellectual Properties (Unit: Cases)

Category	2017	2018	2019
Patent	799	930	1,107
Utility Model	182	17	10
Brand	2,645	2,841	3,124
Design	641	668	785
Total	4,267	4,456	5,026

MATERIAL TOPICS

To Help People Live A Healthy and Peaceful Life With Clean Water And Air Anytime, Anywhere Is The Consistent Path That Coway Has Walked.

Product Responsibility

Activity

- **Product Responsibility Governance – Infinite Responsibility Committee, PIC 360, TQA Center**
- **Reliability Test Standard and Verification Capacity**
- **Safety Certification and Customer Service**

Performance



13 Testing Laboratories

Approved by International Safety
Certification Center
(As of the end of 2019)



0 Case of Violations
of product liability regulations in 2019

Business relevance & Approach

While a growing number of people are interested in sanitation of healthy indoor living environment, consumers put nonmaleficence to the human body, sanitation quality, and environmental impacts as priorities for product selection. This growing purchase tendency reinforces product liability on manufacturing and sales corporations, and the significance of product liability rises as a key management element that directly affects company's brand and financial value.

As Coway's main products deal with water and air, which are closely related to health and daily life, we manage product safety, sanitation, and consistency of performance as the top priority of product liability. Coway actively fulfills product responsibility to ensure safe and harmless product use and consistent performance and strives to build customer trust.

Coway actively fulfills product responsibility with corporate committees such as Infinite Responsibility Committee and TQA(Trust & Quality Assurance) Center, a supervising department. We conduct verification process on quality, reliability, safety, and environmental impact through every step from product planning to design, manufacturing, and service. To strengthen global quality verification capability and expand into new overseas markets, we established data by analyzing the global usage environment and set regional reliability standards. Moreover, to strengthen service hygiene, we are expanding service inspection standards and scope to strengthen services from the customer's perspective and respond proactively.

Business Cases

"Manufacturing Sector Grand Prize" at the 2019 Korea Reliability Award

Prime Minister's Citation for excellent service quality at "Korean National Quality Award" in 2019



Product Responsibility Governance

For product responsibility and quality management, Coway organized the Infinite Responsibility Committee, direct consultation with the CEO, and PIC 360, a company-wide CEO-attending committee. Moreover, TQA Center, an integrated quality verification organization, is organized for consistent and efficient quality innovation management through integrated quality management.

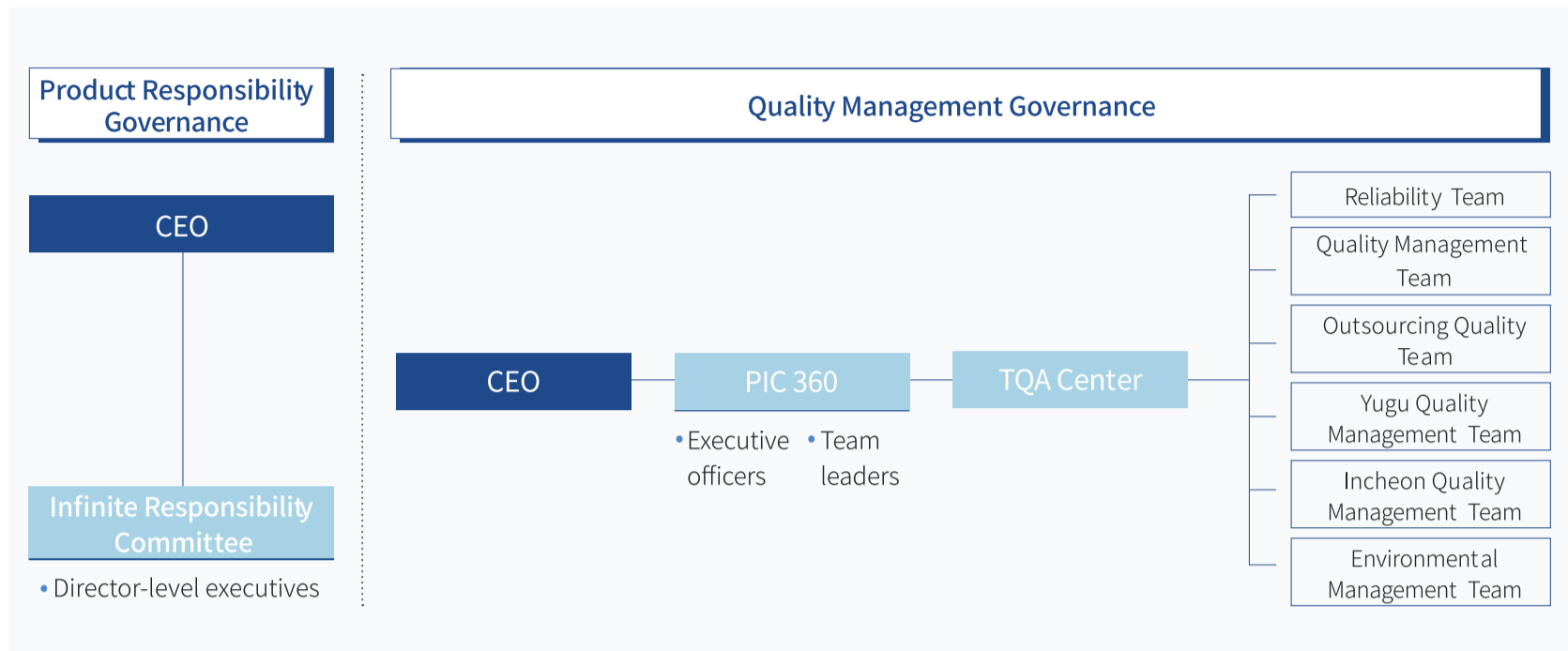
Infinite Responsibility Committee, PIC 360

We organized the "Infinite Responsibility Committee" to strengthen customer trust by fulfilling product responsibility. To provide the best quality, we comprehensively review product quality, safety, and customer trust issues, and proactively examine and improve related matters. The Infinite Responsibility Committee, which consists of director-level executives, directly reports to the CEO, and gathers the agenda once a month and implement in the corporate-wide process to promptly resolve issues and ultimately boost customer trust.

Since August 2018, the R&D Committee and Quality Committee are merged to form Product Immersion Committee 360 (PIC 360), a corporate-wide committee. Once a month, senior executives, and team leaders attend to discuss product responsibility in every angle (360 degrees) through the entire process from product planning to post-launching step for bolstering executive ability.

Trust & Quality Assurance Center

To restore customer trust and assurance, we organized the Trust & Quality Assurance Center as a quality innovation propellant. TQA center is an independent organization that integrates the Environmental Technology Research Center, and the quality verification department divided into the production and operation division. It incorporates quality-related strategies and functions, bolsters capacity and executive ability to discover potential quality issues in advance, and proactively responds.



Case. "Manufacturing Sector Grand Prize" at the 2019 Korea Reliability Award

Coway received the grand prize in the “Manufacturing Sector” in the 20th Korea Reliability Award. In this evaluation, Coway was awarded the Grand Prize in the manufacturing sector in recognition of its contribution to establishing a high-level reliability verification system and developing test standards for various domestic and overseas usage environments.

Centered on the TQA (Trust & Quality Assurance) Center, the department in charge of overall quality verification, Coway is reinforcing quality and reliability in every step from product planning to design, production, and service. Coway is conducting field tests at home and abroad to evaluate product suitability from the actual usage environment and customer's perspective and improves product reliability by applying it to product design. HALT (Highly Accelerated Limit Test) is applied to measure product and component limits under stricter conditions than actual usage standards to improve durability. Failure prediction and cause analysis processes are performed for each product function to prevent potential defects and expand product design completion.

We were highly appraised for constructing data and established reliability standards for each region by analyzing different water quality, temperature, and air pressure usage environment in each region at home and abroad to strengthen global quality verification capabilities and expand into new overseas markets.

Coway owns approximately 300 test standards, and each year, we establish and revise reliability test methods in keeping with changes in customer usage environment and technological development. Additionally, we are conducting reliability test standards verifications in partnership with global companies and quality certification in overseas markets.

* The Korea Reliability Award, organized by the Korea Reliability Society, selects companies that contribute to the economic development of industries and countries and enhance customer satisfaction by improving the reliability of materials, parts, and products.



Product Reliability

To improve product reliability, Coway holds reliability test equipment for various fields such as environment, packaging/transportation, failure analysis, material/chemistry, software verification, and continuously introduced and operated more than 40 state-of-the-art analysis equipment. Moreover, wireless technology measurement equipment has been acquired to improve the reliability of IoCare products and the infrastructure to respond to various product development using IT technology secured by obtaining the IAQ (Indoor Air Quality) sensing technology verification capability.

Reliability Infrastructure Investment

(Unit: million KRW)

Coway Reliability Infrastructure

(Unit: Cases)

Measuring Equipment	Testing Equipment	Test Zig	Total
263	207	130	600



Reliability Test Standards

We are actively adopting external standards to obtain product and part reliability test capacity that satisfies global standard, we reviewed 6 advanced companies, International Standards (IEC, ISO), National Standards (KS, MIL, JIS, BS) and related organization standard (JEDEC, EIAJ) and developed test standards suitable for our products. Each year, we consistently establish and revise field failure cases and reliability test methods according to the customer usage environment, promptly responding to changes in the environment, technological development, and expansion of business scope and area.

Category	Unit	2017	2018	2019
Reliability Test Standards holding status	cumulative cases	289	294	302
The number of revisions in the year	cases	18	6	15

* Reliability test items: 9 items including common, water purifier, purifier, bidet, electric range, and clothing purifier

Since 2009, HALT (Highly Accelerated Limit Test) has been implemented to analyze the correlation between the product load and the product life when severe stress is applied for accurately estimation of the product life in different product usage environments. We are improving the standards to secure accurate reliability in the actual usage environment by conducting comparative verification with actual field data.

Category	Unit	2017	2018	2019
HALT (Highly Accelerated Limit Test) holding status	cumulative cases	33	35	36
The number of revisions in the year	cases	1	2	1

Reliability Verification Capacity

Based on the prediction and analysis process of product failures in advance, we increase the level of design completeness and prevent defects and failures to improve product reliability.

DFMEA(Design Failure Modes and Effect Analysis)

Through DFMEA system operation, we can more effectively prevent failures through systematically extract and analyze failure modes of each product structure. The process improves the product design completeness by evaluating the accuracy of the predicted failures and improvement measures. In 2019, a total of 32 DFMEA deliberations, including AIS3.0, were conducted that about 1,200 failure modes and causes of failures were predicted and proceeded with preventive designs.

SSM(Stress-Strength Model)

Through SSM system establishment, we have structured and managed various knowledge such as past failure cases, usage environment data, and chemical use standards to improve efficiency in developing new products and parts and preventing recurrence of failure cases. Moreover, by collecting knowledge on failures related to the quality and development process, we structure and construct knowledge to improve repetitive design and verification due to failure, unit cost, and delay in the development schedule. Since the introduction from 2016 to 2019, we have registered and managed a total of 835 knowledge in various fields, such as market quality, polymer materials, and electronic parts.

Moreover, through the internal expert training program, R-Campus (Reliability Campus), essential training items are selected for each field of expertise and position to cultivate reliability experts. Externally, through cooperation with various external professional organizations such as Reliability Association of Korea, Korean Standards Association, and the FITI Test Research Institute, we provide opportunities for professional training to testers. We are striving to improve individual capabilities by supporting the acquisition of international certifications such as CRE(Certified Reliability Expert) and ISTA CPLP(International Safe Transit Association Certified Professional in Learning and Performance).

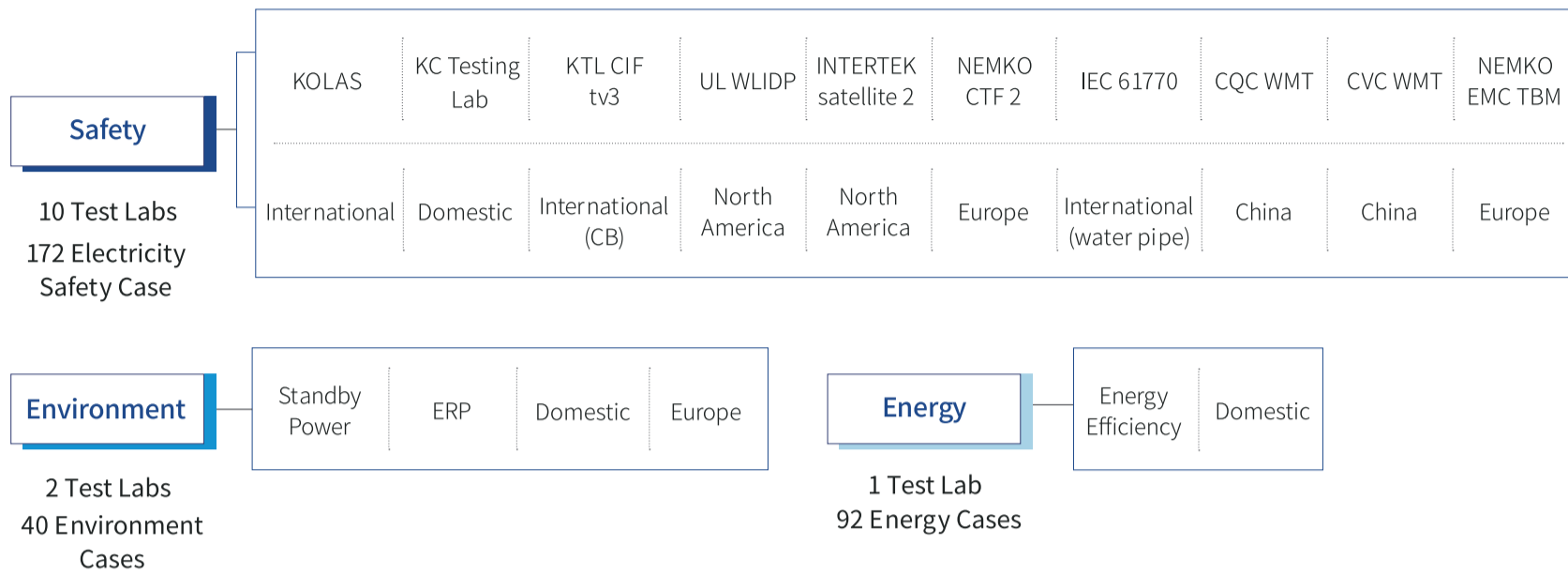
Safety Certification and Customer Satisfaction

Coway expands the scope of safety certification acquisition based on an active safety certification laboratory and promotes rapid, proactive preparation for product safety. We provide reliable information to our customers through safety certification and secure agility in market competition. Also, by providing comprehensive safety and hygiene services to customers, we fulfill product responsibilities at the use stage.

Safety Certification

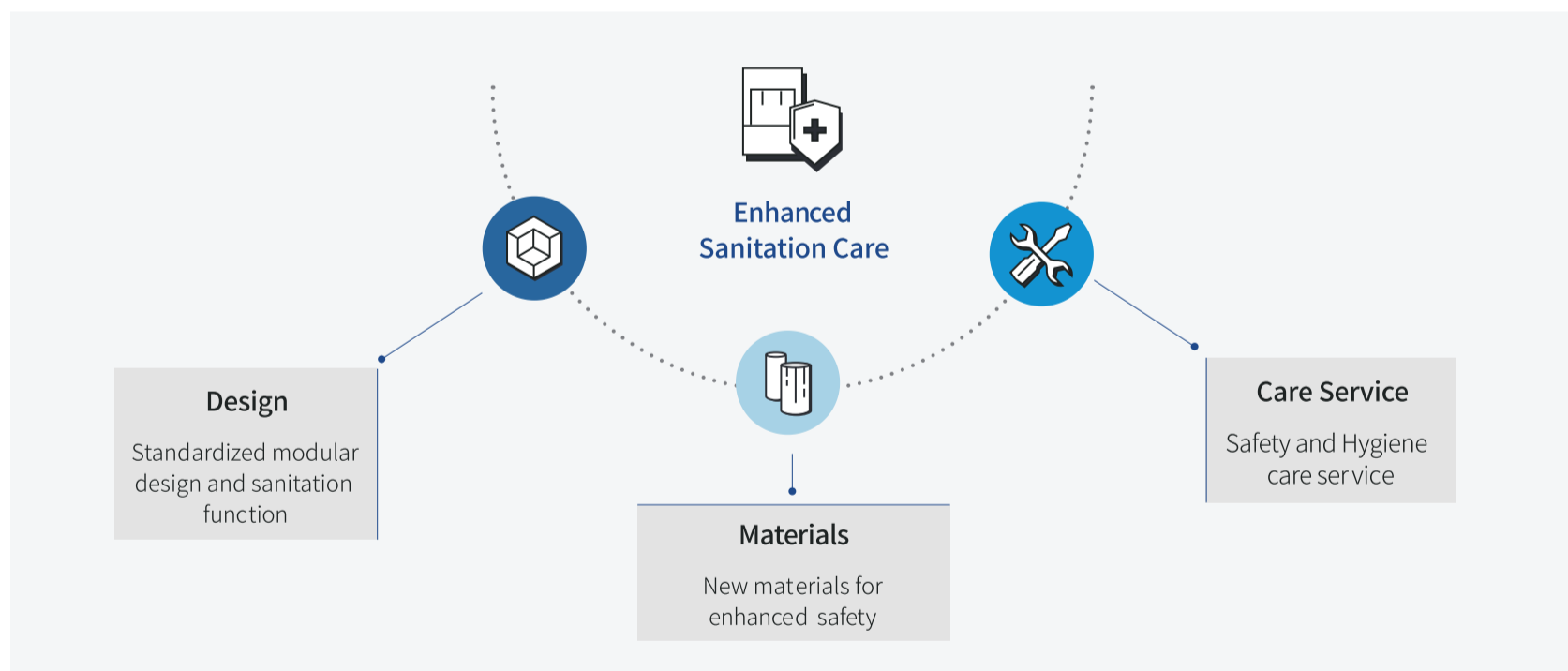
Coway TQA Center operates 13 accredited laboratories related to product safety and responds to rapidly changing domestic and international safety trends and certification regulations. In 2019, the CTF(Customer's Testing Facility) test center, jointly operated by NEMKO(electric equipment manufacturing safety testing supervisory authority), a European accredited testing institute, was renewed to acquire ENEC and CB certifications, safety certifications for electrical and electronic products exported overseas. Cooperation was strengthened to make management more efficient. In 2019, the number of internal NEMKO ICSE(International Certified Safety Engineer) certified personnel were expanded to 4, and safety certification based on expertise was acquired.

International Accredited Test Center Operation and Certification Status



Safety and Hygiene Management Service

Coway promotes integrated management from product design to material selection and management services to ensure product hygiene and safety. In the product design process, hygienic maintenance and automated hygiene management systems such as parts replacement and cleaning are applied. In the case of a water purifier where water hygiene management is essential, we installed water path drainage mode, which automatically discharges the remaining amount of water in the faucet when using the water purifier, and introduced an automatic drainage system that automatically releases all water in the water purifier when it is not used for 24 hours. Also, to use safe materials, we examine the chemical content of all parts and develop new materials to replace them with safe materials. Also, for safety and hygiene management at the customer use stage: 1) we provide professional hygiene management tools for each product, 2) special care service for the full replacement of hygiene parts, 3) hygiene monitoring and warning alarms, 4) IoT technology-based product status information and other complex services.



Case. Prime Minister's Citation for Excellent Service Quality at "Korean National Quality Award" in 2019

At the 2019 Korean National Quality Management Convention, Coway received the Prime Minister's Citation for Excellent Service Quality and recognized as the "Company with Excellent Quality Competitiveness", for its service competitiveness and product reliability. Coway strengthened the service from the customer's perspective by expanding the standard and scope of service inspection and highly regarded for taking proactive hygiene care. We introduced the "CODY Service Kit", which informs the contents of the service that manages the inside of the water purifier with sterilized water through sounds and screens to improve service expertise and hygiene. Moreover, we strengthened our management level by implementing the "Special Care Service", which replaces the main sanitary parts of the water purifier 1 ~ 2 times free of charge during the rental period.

Coway was recognized for improving product safety by establishing a systematic quality management system that developed the industry's highest level of reliability test standards and introduced a "Quality Verification System" that examines completeness in all processes from new product development to production. Coway will continue to strive for product responsibility and quality management through the "Infinite Responsibility Committee," which will comprehensively discuss ways to improve product safety and service.

* National Quality Management Convention: A competition that recognizes companies that have contributed to the competitiveness of the national industry by increasing customer satisfaction and achieving excellent management performance through continuous service and manufacturing quality innovation activities. (Organized by the National Institute of Technology and Standards by the Ministry of Trade, Industry and Energy, hosted by Korean Standards Association)

MATERIAL TOPICS

To Help People Live A Healthy and Peaceful Life With Clean Water And Air Anytime, Anywhere Is The Consistent Path That Coway Has Walked.

Information Security and Privacy Protection

Activity

- **Thorough Management Based on Information Security and Privacy Protection Principles**
- **Response to Global Information Protection Regulations**
- **System-Based Monitoring and Due Diligence**

Performance



0 Violations for
3 Consecutive Years

Related to Information Protection and
Cybersecurity



100%

Participated in Employee Information
Security Training in 2019

Business relevance & Approach

As much as the applicability of data and information-based Infrastructure is maximized through the rapid development of ICT technology, there are rising concerns for social issues such as information leakage and cyber-attack that both domestic and international information security and privacy protection laws are being reinforced.

Coway collects personal information from many customers due to its characteristics as a rental business. Therefore, safely managing customer information is the essential for building trust with customers and for sustainable business. Furthermore, customer information inflows through various methods due to the expansion of service and online distribution channels through IT technology, stimulating the necessity for appropriate reinforcement for the information protection system.

Coway operates an information security department centered on the information protection committee, information protection chairperson, and privacy protection manager. We are undertaking every effort to protect information based on the information protection system in the entire process of information; collection, storage, and disposal. We operate a 24-hour external attack detection and monitoring system and reinforce privacy management and security training for trustees and employees. In addition, we are proactively responding to global information protection regulations, such as the EU GDPR(The General Data Protection Regulation), as we expand into the global market.

Business Cases



Information Security Certification Status

Principles and Organizations

Considering that the rental business collects many customer's personal information, Coway establish and share information security principle and personal information protection principle for information security in overall business sectors. Coway has established information security principles and guidelines to make it easy to apply information security policies to practice. In 2019, related information was added in line with changes in laws and regulations such as the Information and Communication Network Act and the Personal Information Protection Act. The duplication regulations were simplified and the information protection regulations were revised by specifying the implementation guide.

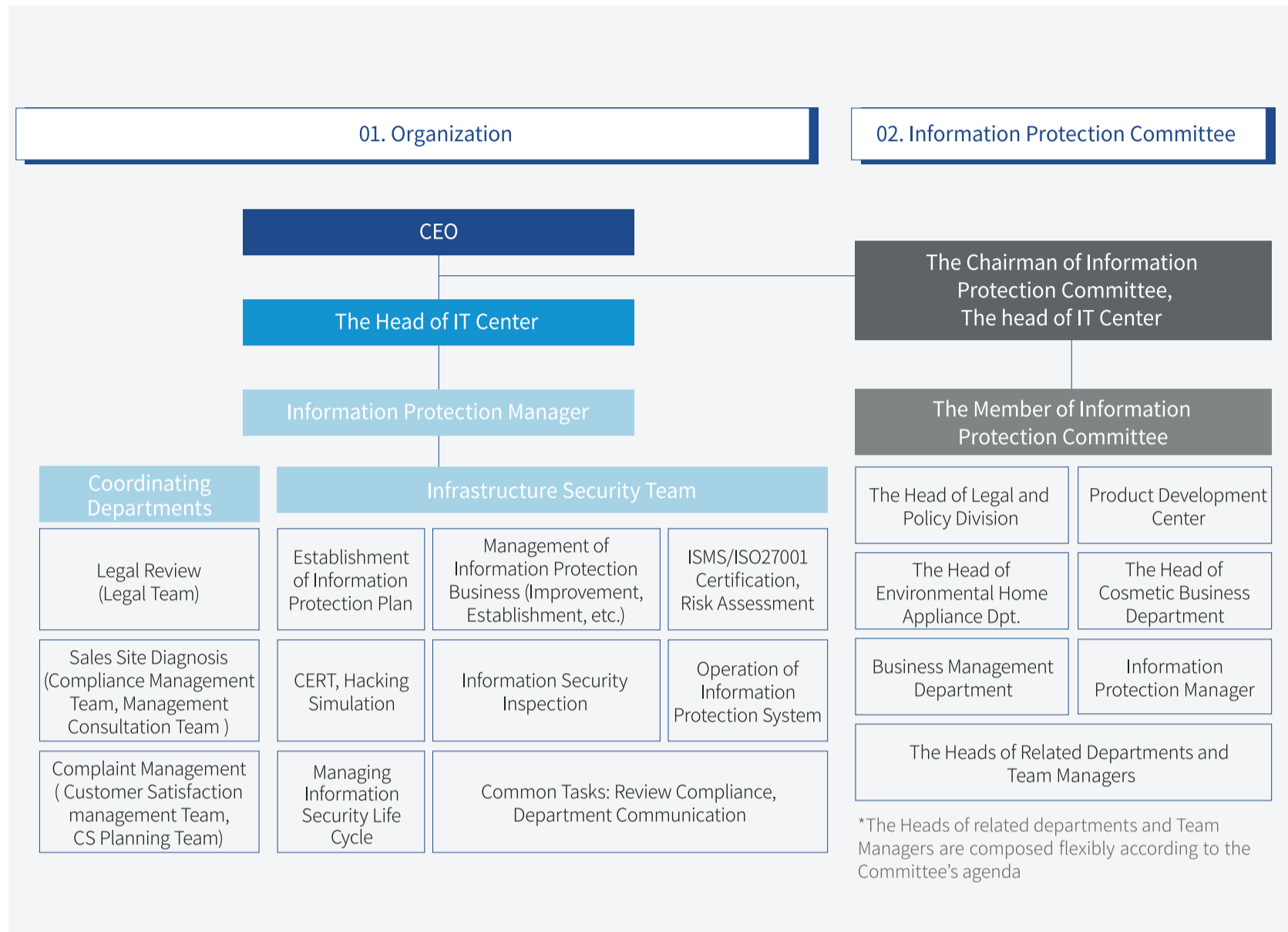
Information Security and Privacy Protection Principles

The information protection principle applies to all employees and includes internal data management and cybersecurity compliance principles, countermeasures and reporting systems in the event of an information breach, and violations of the principles.

The principle of privacy protection consists of a guide to the collection and use of minimal personal information, safe management, and compliance with laws and regulations. According to the legislation and revision of the Privacy Protection Act in 2019, the privacy protection guidelines and privacy processing policies were revised to provide announcement and education. Coway leads thorough information management by applying all guidelines and policies related to privacy to trustees and suppliers including sales organizations as well as direct business areas.

Information Protection Organization

Coway operates an information protection organization centered on the Information Protection Committee. The Information Protection Committee is an executive-level committee operated with the head of the IT Center in the center and the head of each business sector as members of Information Protection Committee. The Information Protection Committee has established an integrated management system in the areas of information security and privacy protection to increase management efficiency. Information security practices are centered on the security team, and we have privacy protection managers within the organization to ensure that all employees participate autonomously and actively in the information protection system under a clear division of duties.

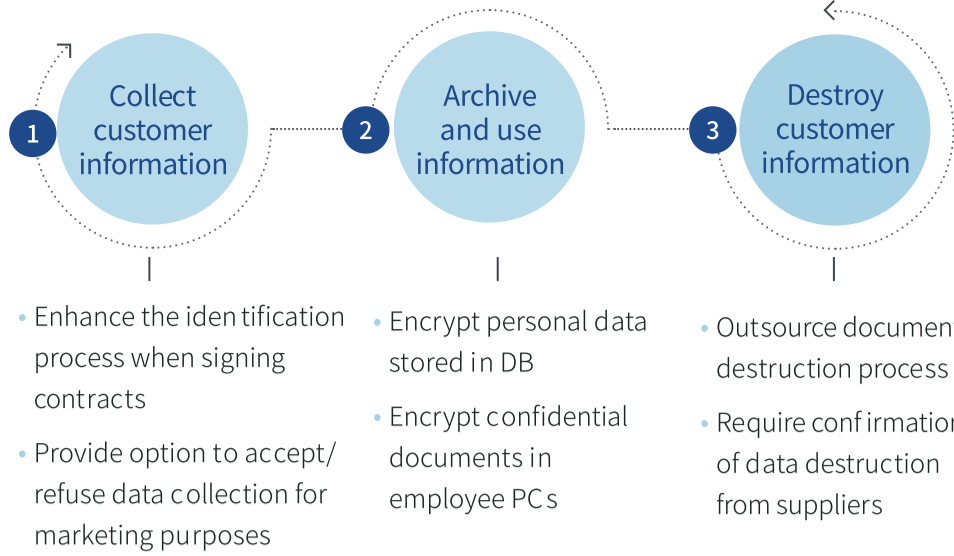


Information Security Management System

To maintain thorough data security and protect customer's privacy, Coway is pursuing various information protection activities. To protect personal information, we introduced a lifecycle management system from information collection, storage, and utilization to disposal, and continue to systematically manage the system based on international information protection certifications such as ISMS and ISO27001. Additionally, to respond to global information protection regulations, we prepared a guideline to comply with the profiling protection measures of the EU GDPR(General Data Protection Regulation).

Personal Information Life Cycle Management

Coway promotes privacy protection lifecycle management to safely manage information in the entire process of collection, storage, utilization, and disposal of personal information. In addition, information security measures are implemented in the management area, physical area, and technology area for further information protection throughout the lifecycle. the management area promotes human security through information protection education along with information handling according to information asset classification, and diagnoses, controls, and recovers IT systems-based technology in the technology area to secure overall system control and resilience beyond physical management limits.



Management Area	
External Asset Security	Information Asset Classification
Information Protection Training	Human Security
Physical Area	
Physical Security	
Technology Area	
System Development Security	Password Control
Access Control	Operation Security
Infringement Management	IT disaster recovery

Collection and Consent of Privacy

In the process of collecting customer's personal information and seeking consent to collect the information, we take the best effort to prevent misunderstandings by complying with laws and regulations and by providing a clear explanation of the contents. In particular, from 2018, a more rigorous collection process was applied, including augmenting the process of confirmation if the customers understand the consent in the existing personal information collection and consent process. Also, a procedure has been added to send a separate text before consent to collect personal information so that customers can be informed of the information to be agreed upon. In the future, if development or modification occurs in the privacy processing system with personal information, we plan to process and proceed to check the security of privacy based on a checklist in the testing stage.

Response system in case of personal information infringement

In the case of a personal information infringement, we have established an accident response system to minimize damage through prompt initial response and to prevent further damage and regularly distributed and trained in relevant departments. First of all, we report the suspected security incident to the information protection department (information operation team) and information protection manager (CISO) immediately after the accident and form an accident response team. Next, we initiate a four-step incident response process: first initial action, second cause analysis, third problem resolution, and fourth follow-up, and report the status to the appropriate authorities. Finally, after establishing and applying preventive measures against recurrence, follow-up management is conducted.

Steps	Process	Action Plan
Aware of the accident	Notify the security issue	① The department awares of the security issue: Report possible security issues to Information Protection Manager ② Information Protection Department (Information Management Team): Figure out the cause of security issue
	Organize Accident Response Team	① Information Protection Manager: Primary report to CISO ② Related Department: Emergency placement of Accident Response Team members ③ Accident Response Team: Prepare to response to security issue
Accident Response Team Response Process (Performed by members of Information Protection Department) <div style="text-align: center; margin-top: 10px;"> 1st Step (First Response Action) > 2nd Step (Cause Analysis) > 3rd Step (Resolve the issue) > 4th (Follow-up) </div>		
Report the accident	Report to the Infringement Response Agency	① Information Protection Department: Identify the severity of the security incident and report it to the Korea Information Security Agency's Internet Infringement Response Support Center at 118 or the National Cyber Safety Center at 111.
Follow-up	Recurrence Prevention Measures	① Accident Response Team: Establish prevention plans for each cause of accident and apply plans according to the measures
	Measure Application Monitoring	① Accident Response Team: Intensive monitoring and regular reporting of recurrence prevention measures

Response to Global Data Protection Regulations(GDPR)

While the adaptations of new products and services utilizing big data and IoT technologies are expanding, the regulation on personal information protection in the global market, led by the European Union, is strengthening. Accordingly, Coway has established a countermeasure to respond to global privacy regulations such as GDPR. Before launching the IoCare service in Europe in 2019, Coway has reviewed regulations, terms, and processes related to privacy protection to fulfill GDPR requirements. The result of analyzing the status of personal information processing was notified through the IoCare app, and the standard process contract item for the processing of personal information in Europe was reflected in the supplier contract. In addition, we prepared a guideline to comply with GDPR profiling protection measures in case of providing analysis services based on the collected data in the future.

In preparation for the strengthened global data protection regulations, we established a response system for regulations on overseas privacy protection and prepared an integrated checklist by reviewing the personal information protection requirements by country of entry for the global expansion possibility.

Case. Information Protection Certification Acquisition

Coway renewed its domestic certification system, Information Security Management System (ISMS) certification, and acquired ISO27001, the international information security management system certification standard to safely protect customers' information assets.

ISMS Information Protection Management System Certification

ISMS is an information security management system certification provided by the Korea Information and Communication Promotion Association and Korea Internet & Security Agency. Among the range of online customer service operations, we have certifications for home appliances and cosmetics and plan to expand the scope to the "cloud" sector by 2020. After obtaining the renewal in 2017, we conducted a post-examination in 2019. 3 years after the current renewal, the renewal screening will be conducted in 2020.

ISO27001 (International Standard for Information Security Management System) certification

ISO27001 is an international standard certification for the information security management system established by the International Organization for Standardization (ISO). Currently, it holds certifications in IT areas including IT planning, operation, development, and maintenance related to life care and sales systems. After the first acquirement in 2017, 3 years have passed and the first screening will be conducted in 2020.

Internalization Through Information Security Training

Coway conducts information security training for its employees and trustees to raise information security awareness and strengthen its capabilities. Since 2013, we have been conducting an information security e-learning course, an essential course for all employees every year, and in 2018, we provided training on the importance of personal information protection to approximately 15,000 partners who process customer information in the workplace. In 2019, online information protection training was provided to all employees as well as offline training for new employees. Coway is striving to develop training methods and contents to raise the information security awareness of trustees as well as employees.

Information Security Training Participation Status¹⁾

Category	Unit	2017	2018	2019	2020 Goal
Number of participating employees	person	4,684	4,038	4,888	-
Participation Rate	%	100	90	100	100
Contractor Participation Rate ²⁾	%	100	90	100	100

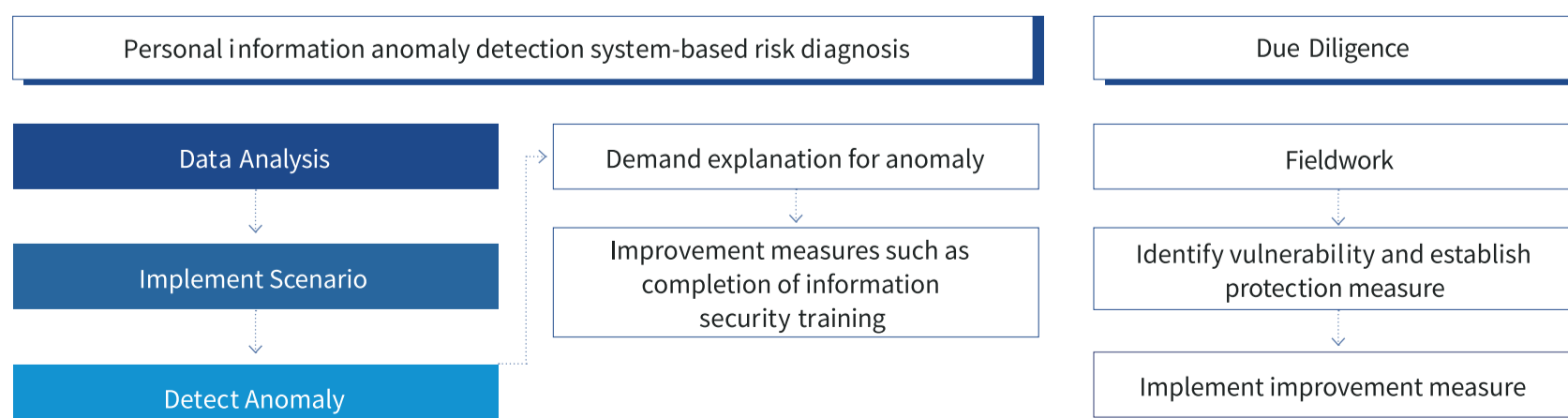
1) Including online and offline customer information protection training

2) 2) The ratio of the number of participants among contractor training subjects. The information security training target scope of the contractor training subjects are people who resides inside and works in the contractor company and has access the system related to personal information.

Monitoring and Due Diligence Process

To implement the information protection system, we regularly monitor data security and privacy protection. In addition to operating information encryption and security systems to respond to external cyber-attacks and data breaches, we also conduct regular annual mock hacking training. Also, to ensure the safety of internal data management, an anomaly detection system for personal information detects risks and due diligence is conducted in high-risk areas to mitigate risks.

System-based Risk Inspection and Due Diligence



Coway selected 15 high-risk offices and conducted on-site inspections based on excessive possession of personal information, personal information inquiry outside office hours, and personal information export through the personal information anomaly detection system in 2019. We have been able to identify and improve cases of abuse that violate information security. During the inspection, 24 items were examined based on the checklist. To increase the security awareness of employees, we strengthened online and offline training, and internal announcement of the personal information cycle to share standard policies for handling personal information. Periodically, we raise awareness of personal information handling and management through "Personal Information Detection Solution" and visit selected branch offices once a year to share standards for handling personal information through regular due diligence and to provide information on processing policy, reducing the risk of handling personal information.

PII (Personal Identifiable Information)

Coway operated PII (Personal Identifiable Information) in PCs at main sales branches and sales offices. When a file containing personal information is stored above the standard value in PC, we detect personal information storage history with periodic inspection of PII and notify the user through the PC notification pop-ups and request to take appropriate measures such as seclusion, deletion, and encryption.

Monitoring Activities and Performances in 2019

Operation of information protection management system	<ul style="list-style-type: none"> Operation of information protection management system 	<ul style="list-style-type: none"> Strengthen information protection system Reinforce the maintenance and management of ISMS, ISO27001 certification to respond government regulations Update the important evaluation of the asset list
Internet Data Center (IDC) ¹⁾	<ul style="list-style-type: none"> Mock hacking (twice a year) Vulnerability diagnosis (once a year) 	<ul style="list-style-type: none"> Identify risks that can be exposed to malicious attackers through mock hacking and eliminate risks Vulnerability diagnosis and complementary measures of the entire system
Customer Information DB Monitoring	<ul style="list-style-type: none"> Personal information encryption Data control management in DB 	<ul style="list-style-type: none"> Personal information anomaly monitoring system Establish and distribute personal information guide Improvement of personal information collection and consent process
PC and document Security	<ul style="list-style-type: none"> PC security system operation 	<ul style="list-style-type: none"> Integrated Active Directory authentication system Internet centralization system and Internet security Construction of central management system
Employee training	<ul style="list-style-type: none"> Information security training 	<ul style="list-style-type: none"> Implementation of online training for employees Implementation of offline training for executives, new employees and production workers
Disaster recovery response training	<ul style="list-style-type: none"> Verification of disaster recovery system and procedure accuracy ²⁾ 	<ul style="list-style-type: none"> Corresponsive training to prevent confusion and minimize damage caused by the suspension of information system operation from disasters
Infringement incident response training	<ul style="list-style-type: none"> Verification of response procedures by assuming an infringement incident on the web server ³⁾ 	<ul style="list-style-type: none"> System establishment and training to respond quickly in case of infringement

1) IDC (Internet Data Center): Integrated security control system that collects and manages the logs of the entire system to process distributed customer personal information more securely and efficiently monitor it.

2) Verification from judgment to completion of recovery according to disaster recovery procedures such as start-up check of damaged server and check of file system and integrity of server

3) Training is conducted in procedures from recognition of infringement to response and recovery, checking of system vulnerabilities and establishing preventive measures

2019 Personal Information Protection Principle Investigation

Category	Diagnosis Range	Number of anomalies	Number of cases with action taken ¹⁾	Number of cases with due diligences ²⁾ conducted	Response rate for taking actions after conducting due diligence(%)
Risk examination based on personal information anomaly detection system	100% (Corporate-wide)	60 (Basic Information:20, Sensitive Information:20, Information Output:20)	14 (Basic Information:5, Sensitive Information:5, Information Output:4)	28	14/28 (50% response complete)

1) Out of the number of anomalies, the number of cases with actions taken only

2) Out of the number of anomalies, the number of cases with actions taken after conducting due diligences

Violation of Information Protection Related Laws/Regulations

Category	2017	2018	2019
Number of violations related to information protection and cybersecurity	0	0	0
Number of incidents involving customer personal information violations	0	0	0
Number of customers affected by data breach (Unit: persons)	0	0	0
Total fines/penalties/penalties issued due to violations related to information protection and cybersecurity (Unit: KRW)	0	0	0

2019 personal information related complaints

Subjects of Complaints	Number of complaints	Number of confirmed complaints	Number of handled complaints
External stakeholders	0	0	0
Regulatory agencies	0	0	0

CARE FOR SUSTAINABILITY

Practicing Goodness Toward A Better World, Coway Sustainability Management Vision

Message from the CEO

We will head for the better world
with Beginner's heart



Dear valued shareholders and customers,

I extend my best wishes for health and happiness of all stakeholders.

Recently, the world is suffering from severe dislocation due to the global pandemic called COVID-19. I want to express my respect and gratitude to all of you who are keeping your nose to the grindstone every day, enduring this unprecedented difficult time. As we have done many times in the past, Coway will prudently overcome this crisis and take it as an opportunity for the greater leap forward.

In 2020, the beginning of "New Coway", we will leap as the leader of the global home appliance market with Beginner's heart, the driving force which made Coway today.

Trend-Driven Innovation, The World-Changer of Today.

As "subscription economy" is attracting the eyes of the global community, Coway is at the center of it today. The rental system that Coway launched for the first time 20 years ago, now became an ordinary and mundane aspect of our lives. The innovation that Coway has shown so far has been well received in overseas markets beyond South Korea and we expect to secure approximately 8 million customer accounts this year.

Customer expectations are rising day after day, no matter what industry or experience is. Above all, rapidly changing customer behavior patterns and trends provide a direction for the company's future strategy. That's why to lead the market a company must focus on customers pattern and adapt flexibly and quickly. Developing a habit of putting customers first, we will be reborn as Coway that provides a higher level of inspiration to customers.

Among "South Korea's Top 100 Brands" announced by Brand Stock in March 2020, "Coway Water Purifier" was ranked 33rd recognized as a representative brand in South Korea. Coway brand power is the result of customer-centric innovative products and service quality. Now, Coway's tomorrow is not only in South Korea but we will continue to meet the strict standards of Coway and advance toward the global market with our inimitable quality and competitive advantage. Coway's constant challenge toward leading technology and the highest quality for abundant life is the power to conquer today and march toward tomorrow, and shortcut to secure leadership in the global home appliance market.

Future-Oriented Innovation, the Future of Coway.

As the business environment becomes unpredictable, the average lifespan of a company is gradually shortening. The

current lead does not guarantee the company's sustainable growth and permanence. As a result, the constant exploration and efforts for the sustainable growth have become the mission of the company. That is why we must establish a future-oriented strategy, constant learning, bold challenges, and new customer-centric values.

As a company dealing with water and air, Coway pays close attention to climate change and strives to minimize the environmental impact of corporate activities. When we all pushed the pause button for a while due to the COVID-19 pandemic, the environment became surprisingly clean again. It tells us how to deal with environmental pollution in the future. There is a growing consensus that green consumption must be practiced for the future. It will soon be the time that people would choose companies that consider the environment and society.

A study from Kingston University shows that organizations that have a history of over 100 years have a common trait; "It is traditional in that it is firmly defending its core, but it is surprisingly radical and terrifyingly dynamics."

For Coway's tomorrow, our core values that "Customer First Value" and "We help the life of our family, neighbors, and even the life of every mankind healthier and more convenient" will be firmly maintained while building a forward-looking roadmap and prompt executive ability.

Coway's 31-year history of growth has always been on the road not taken by anyone. We will continue to grow following the new era and business environment by utilizing our accumulated innovation capabilities.

I hope stakeholders would take part in Coway's move toward the better future with us.

CEO

Hae-Sun Lee



CARE FOR SUSTAINABILITY

Practicing Goodness Toward A Better World, Coway Sustainability Management Vision

Value Creation Story

Business Model

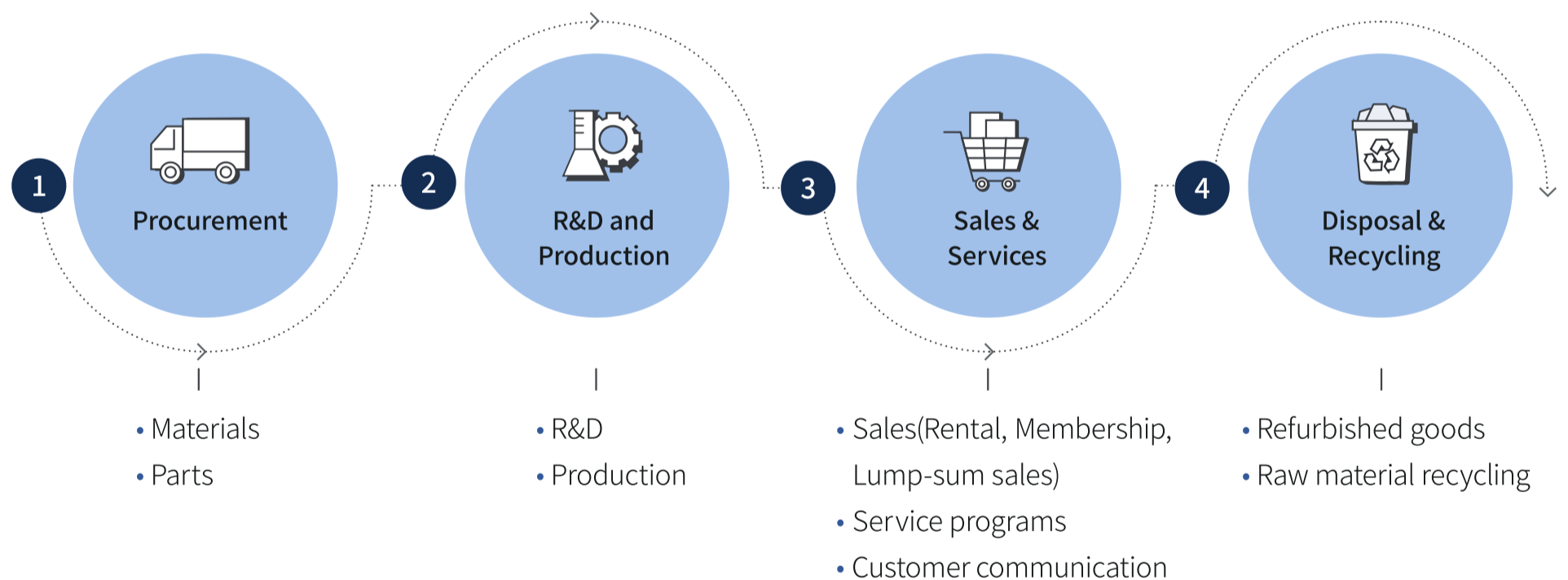
Established in 1989, Coway is a lifecare company that cares for the entire living environment. We have a differentiated business model which combines professional services with product rental. We built a structure to rent home appliances without burden on the initial purchase cost maintaining the value of the product through regular care services at the same time. Based on this structure, we have secured 7.2 million customer accounts at domestic and global and created stable cash flow which is the driving force for sustainable growth.

By expanding the value of care, the key competence of Coway, we strive to provide water care, air care, body care, sleep care and home care products to help customers to relax and enjoy every daily environment, including air, water and sleep. In addition, we combined IoT technology with the products and developed new customized solution IoCare (Internet of Care) to reinforce our original competitive advantage and created new customer base through strengthening our new product lines and launching self-care products to develop as an engine for sustainability.

With the unique DNA for differentiated innovation, we constantly endeavor to create sustainable value for stakeholders and distribute values.

Business Value Chain

Coway's products and services ultimately aim to create the value for making environment healthy and people happy. In particular, we input economic, social and environmental values from the perspective of sustainability management in the entire supply chain from material and part supply to product sales to achieve happy customers and healthy environment and output social values.



Integrated Capital Table

Category			Unit	2019
Financial Capital	Input	Total capital	100 million KRW	10,772
		Asset	100 million KRW	28,550
	Output	Revenue	100 million KRW	30,189
		Operating profit	100 million KRW	4,587
Manufactured Capital	Input	Amount of purchasing raw materials for environmental home appliance business	100 million KRW	4,096
	Output	Amount of product production ¹⁾	1,000 units	24,661
		Average operation rate ²⁾	%	72.0
Human Capital	Input	Investment in education for employees	100 million KRW	114
		Total hours of employee training	hour	109,735

Category			Unit	2019	
	Output	Productivity per person ⁴⁾	1 million KRW/person	605	
Intellectual Capital	Input	R&D cost	1 million KRW	37,671	
		Number of R&D personnel	person	366	
	Output	Intellectual property right	Patents & Utility	case	1,117
			Trademark	case	3,124
Design			case	785	
Social Capital	Input	Number of employees in the volunteer group	person	1,586	
		Output	Volunteer work time per employee	hour	22.1
			Technology protection and lease for Suppliers	case	6
Natural Capital	Input	Environmental investment ⁵⁾	1 million KRW	1,502	
		Consumption of raw materials	ton	17,670	
		Consumption of energy	GJ	118,627	
	Output	Greenhouse gas emissions Intensity	tCO ₂ e /Sales(100 million KRW)	0.234	
		Amount of recycling waste	ton	23,486	

1) Productivity per person: product production + filter production

2) Average operation rate: Actual production / Maximum production capacity x 100

3) Total hours of employee training: The Training cost is accumulated with total number of employees. (Based on the business report) Sales personnel are excluded from total training hours and training hours per person.

4) Productivity per person: Sales / Number of employees as of December 2019

5) Environmental investment: Excluding environmental R&D cost

CARE FOR SUSTAINABILITY

Practicing Goodness Toward A Better World, Coway Sustainability Management Vision

Stakeholder Engagement and Material Topics

Stakeholder Engagement

Coway defines stakeholders as the internal and external entities that influence corporate activities and classifies them into 7 groups. By operating various communication channels for each stakeholder group, we enhance management transparency and establish reliable relationships. Coway's communication channels for each stakeholder are operated by each department, and major issues are reviewed through the management committee.

Stakeholder Communication Channels

 Customers	Company Website	Frequently	<ul style="list-style-type: none"> • Product safety and quality responsibility • Thorough privacy protection • Product and service experience and experience • Immediate resolution of customer complaints
	Media and News	Frequently	
	VOC/ Call Center	Frequently	
 Shareholders and Investors	Regular General Shareholders' Meeting	Once a Year	<ul style="list-style-type: none"> • Build corporate value • Increase shareholder value • Sound governance • Business opportunity and risk management
	IR Meeting	Frequently	
	Investors/Analysist Conference Call	Frequently	
	IR Webzine	Once a Month	
 Employees	Labor Management Council	Once a Year	<ul style="list-style-type: none"> • Fair performance evaluation and compensation • Competency development • Work-life balance • Diversity-based corporate culture
	In-house Online Consultation Channel	Frequently	
	Idea Proposal System (Imagination Ocean)	Frequently	
 Partners and Suppliers	Supplier Committee	4 Times a Year	<ul style="list-style-type: none"> • Win-win cooperation with partners • Support suppliers' sustainability development • Create a healthy working environment
	Supplier Online Win-Win portal	Frequently	
	Partner Meeting	Frequently	
 Local Community	Local Committee	4 Times a Year	<ul style="list-style-type: none"> • Participate in social contribution and community activities • Job creation in the region • Sustainable regional development
	NGO Meeting	Frequently	
	Social Contribution Business and Projects	Frequently	
 Academia and Media	Corporate Governance Report	Once a Year	<ul style="list-style-type: none"> • Transparent information disclosure • ESG data and performance communication
	Regular Disclosures such as Business Reports	5 Times or more a Year	
	Participation in Global ESG Evaluation	6 Times or more a Year	
	Participation in Sustainability Initiatives	4 Times or more a Year	
 Government	Financial Supervisory Service Disclosure	Frequently	<ul style="list-style-type: none"> • Distribution of economic value such as tax payment • Compliance and ethical management
	Legal/Regulatory Compliance	Frequently	
	Public-Private Partnership Business Projects	Frequently	

Materiality Assessment

Coway conducts Materiality Assessment to identify material topics of sustainability management. Coway defines important topics by organizing an issue pool based on changes in the external environment and Coway's strategy, deriving priority topics by identifying business relevance and influence on stakeholders. Each priority topic is defined as an important topic along with the level of impact on Coway's business value creation aspect. Throughout this report, business importance and social value creation impact, management strategies and goals, and activities are reported in detail.

Step 1. Configuring The Issue Pool

Coway configures an issue pool by analyzing various indicators to derive important topics that reflect changes in the industrial and corporate environment and reflect key issues in terms of sustainability management. Through the analysis of global sustainability standards and initiatives, we identify the latest trends and changes in the macro-industrial environment and analyze media and communication keywords that closely reflect changes in Coway to draw key issues. Through this, the number of issue pools for Coway was 26 in 2019.

Global Sustainability Standards and Initiatives

Information disclosure requirements of sustainability management reporting standards, reflect global sustainability standards and initiatives major issues

- GRI (Global Reporting Initiative) Standards
- SASB (Sustainability Accounting Standards Board)
- UN SDGs (UN Sustainable Development Goals)
- ISO26000
- DJSI (Dow Jones Sustainability Indices)

Media and Communication Key Word Analysis

Analysis of Coway's sustainability management issues and positive/negative issues through media research

- Exposure period: 2019.01.01~2019.12.31
- Media : 132 press including 14 major daily newspapers nationwide

Main keyword Analysis of External Communication Materials

- IR data and performance announcement data

Step 2. Analyze & Assessment

Identifying business relevance and impact on stakeholders among the 26 issue pools, we drew priority management issues. To derive business relevance, we applied an internal analysis of Coway's sustainable management and closeness of issues within the industry. To identify the level of stakeholder impact on each issue, we analyzed the priority of issues by seven major stakeholders through an online survey. In addition, we evaluated how the priority issues derived through the analysis of relevance and impact will affect Coway's business value creation in three categories: (1) Cost, (2) Revenue, and (3) Risk.

Relevance Analysis – Corporate Internal & Industrial Context

Internal Relevance

Identify internal major issues based on Coway's sustainability management strategy, policy and status analysis

- Review Last year's report on sustainability management
- Check the strategy and policy documents related to sustainability management
- Mid- to long-term sustainable management goal and performance analysis for sustainable management

Industrial Relevance

In-depth issues and context review of corporate reports of other companies in same industry and analysis of industry-specific evaluation indicators for global sustainability assessment

- In-depth analysis of the report status and issues of 2 overseas companies and 3 domestic companies
- DJSI (Dow Jones Sustainability Indices) Household Durables industry evaluation requirements analysis
- MSCI Household Durables industry evaluation requirements analysis, etc.

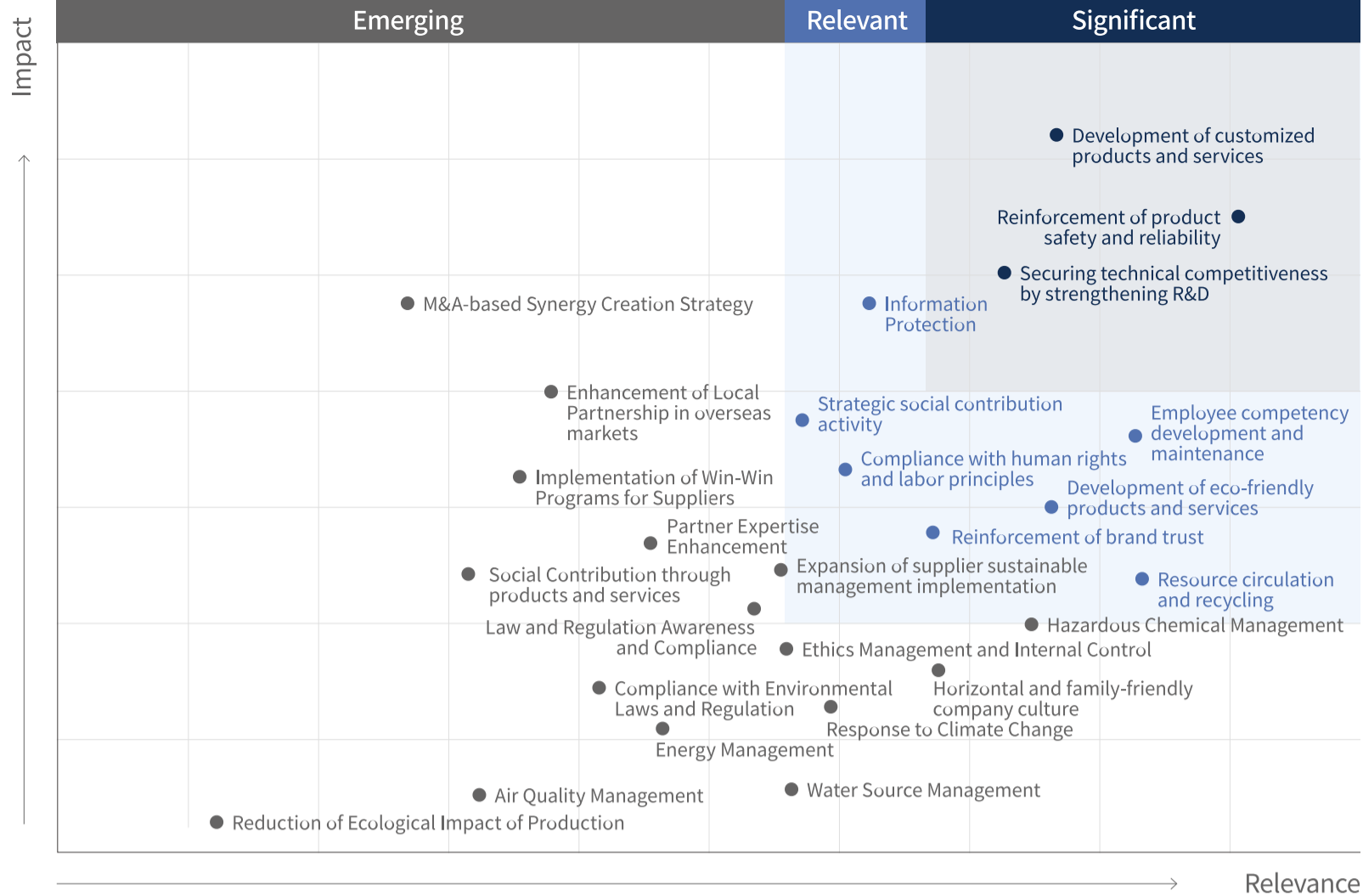
Impact Analysis – Stakeholder Survey

Conduct online surveys to assess the level of impact, importance and response priorities for stakeholders on each issue

- Target: 7 major stakeholders (customers, shareholders and investors, employees, partners, government, academia and media, and local communities)
- Period: 2020.03.16~2020.03.23
- Survey Method: Online Survey
- Questionnaire: Selection of material topics, evaluation of priority of issues, context investigation of issue selection

Step 3. Reporting

Based on the results of Materiality Assessment, there are total 10 material topics in Coway. Coway reports on the business-social background and key KPIs of each important topic, and reports on the overall strategy and activity, performance, and business case throughout this Sustainability Web Report.



No	Material Topics	Report topic	Business impact		
			Cost	Revenue	Risk
1	Development of customized products and services	Product and Service Innovation	○	○	
2	Reinforcement of product safety and reliability	Product Responsibility	○		○
3	Information Protection	Information Security and Personal Information Protection	○	○	
4	Securing technical competitiveness by strengthening R&D	Product and Service Innovation	○		○
5	Employee competency development and maintenance	Employee-Oriented Culture, Safe and Healthy Workplace - Systematic Empowerment	○	○	
6	Development of eco-friendly products and services	Eco-friendly Product Development and Life Cycle Management	○	○	
7	Strategic social contribution activity	Local Community	○		
8	Compliance with human rights and labor principles	Human Rights Report	○		○
9	Reinforcement of brand trust	Product and Service Innovation		○	○
10	Resource circulation and recycling	Eco-Friendly Product Development and Life Cycle Management - Resource Efficiency and Circular Economy	○		○

Materiality Context and Long-Term Target

Customized Products and Services

Activities	Progress								
<ul style="list-style-type: none"> Develop innovative products and services based on customer needs and lifestyle Provide innovative services based on future technologies such as big data and virtual simulation Reinforce customer value innovation capabilities through R&D and open innovation 	<p>Coway Customer Satisfaction¹⁾ (Unit: %)</p> <table border="1"> <thead> <tr> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020 Target</th> </tr> </thead> <tbody> <tr> <td>76.0</td> <td>79.0</td> <td>75.1</td> <td>77.0</td> </tr> </tbody> </table> <p>1) Customer satisfaction is measured through NPS (net recommendation index = recommended customer ratio-non-recommended customer ratio) 2) In 2019, the survey method was changed to mobile.</p>	2017	2018	2019	2020 Target	76.0	79.0	75.1	77.0
2017	2018	2019	2020 Target						
76.0	79.0	75.1	77.0						

Coway's business model continues to gain trust from customer satisfaction through providing products and services at the customer's level, evolving with customers continuously. Coway grows together with customers by providing new experiences and enhancing the value of life through the innovation of products and services. As a result, we continued to innovate our products to increase the essential value of cleanliness based on our expertise in water and air that we were awarded the CES Innovation Award for the fifth consecutive year in 2019. Moreover, we undertake efforts to show future technology-based services by recognizing changes in customer lifestyles and proactively reflecting them in services. In 2019, we introduced "Water Map Service", a big data-based product recommendation service, and "Air Doctor Service", which allows ydoctorou to experience an air purifier suitable for your personal living environment through virtual simulation.

Coway continues to improve customer satisfaction by providing customized care for the daily life of customers through continuous research on customers. Based on the effort, we plan to increase customer value by establishing the goal to achieve 77 points of customer satisfaction in 2020 in the short term and 87 points of customer satisfaction in 2030 in the long term.

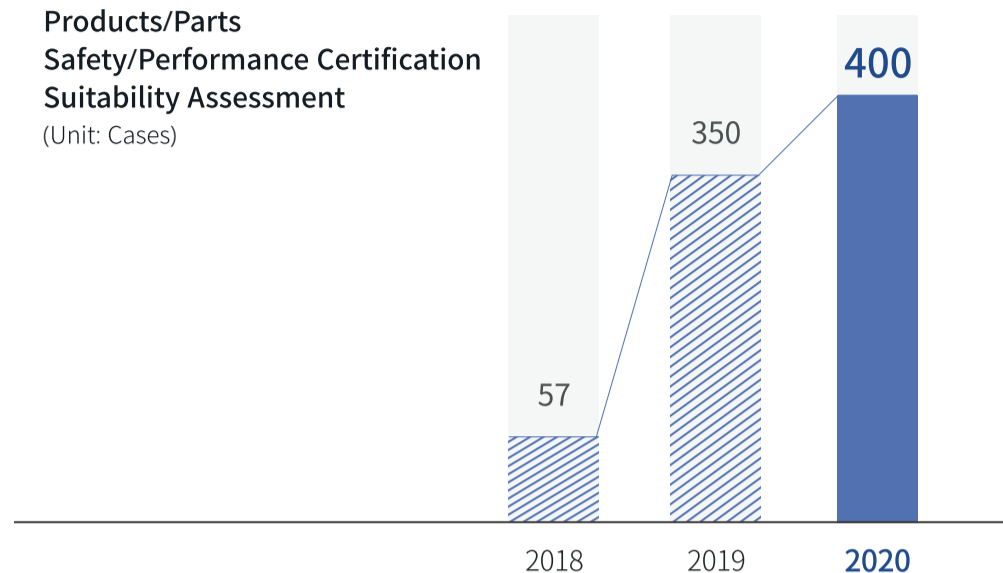
Product Safety and Reliability

Activities

- Product Responsibility Governance-Infinite Responsibility Committee, PIC 360, TQA Center
- Reliability test standard development and verification capability enhancement
- Increased safety certification and customer safety service

Progress

Products/Parts Safety/Performance Certification Suitability Assessment (Unit: Cases)



As lifestyle changes, household appliances that are essential for daily life are diversifying, and the number of environmental household appliances used in home and living environments is gradually increasing. Accordingly, the importance of safety and quality control of environmental home appliances has become ever more important. In response, Coway proved its excellence in product responsibility by receiving the Korea Reliability Awards, "Manufacturing Sector Grand Prize" and "Service Quality Excellence Award" by the Prime Minister of South Korea. As a company-wide product responsibility governance, Coway operates the Infinite Responsibility Committee, which directly reports to the CEO, and strengthens its ability to execute by operating the Product Immersion Committee 360(PIC 360), a company-wide quality management committee. Moreover, with the TQA Center, we are developing and verifying product reliability testing standards, and operating an accredited testing laboratory for product safety certification to expand the scope of safety certification.

To improve product reliability, Coway has established reliability test equipment in various fields such as environment, packaging and transportation, failure analysis, material and chemistry, and software verification, and has continuously introduced and operated about 40 state-of-the-art analysis equipment. To ensure customer trust and safety, Coway evaluates whether standard safety and performance effectiveness at the time of its initial development continues. The safety/performance certification suitability assessment of the finished product unit increases annually, and 57 safety cases were verified in 2018. In 2019, the infrastructure was expanded to evaluate about 350 cases for safety and performance certification of products and parts, which significantly increased the level of management of mass production products. In 2020, we will establish more than 400 evaluation plans to prevent social issues and strengthen product safety. Based on this, we will put our best efforts to provide products that customers can use with confidence.

Information Protection

Activities

- Thorough management based on information protection and personal information protection principles
- Respond to global information protection regulations
- System-based monitoring and due diligence

Progress

Employee Information Protection Training Participation Rate



*2020 Target: 100%

As data and information infrastructure become an essential asset for society as a whole, the importance of information protection and personal information protection is rising in all areas of life. With the 4th industrial revolution, the utilization of data is rapidly increasing, and as the Internet of Things, which connects ICT domains beyond specific devices to the area of environmental home appliances, is becoming more common, now is time to thoroughly manage information security. Furthermore, due to the nature of the rental business, the collection and use of personal information from a large number of customers have a significant impact on customer trust. Thus, Coway operates a strong information security system based on the principles of information protection and personal information protection. In 2019, Coway established a guide to respond to global data protection regulations such as the European Union Data Protection Act (GDPR). In addition, risk factors are diagnosed and mitigated through regular mock hacking and vulnerability diagnosis, and system-based personal information risk inspection and due diligence are conducted for maintaining thorough management.

CARE FOR SUSTAINABILITY

Practicing Goodness Toward A Better World, Coway Sustainability Management Vision

Corporate Governance

Coway maintains and develops an independent governance structure centered on the Board of Directors to conduct efficient management activities based on checks and balances. The Board of Directors aims to improve transparency, independence, diversity, professionalism, and efficiency to improve long-term corporate value, such as shareholders' returns through stable management activities and profit creation and growth strategies through strategic decision-making.

Responsible Management Centered on the Board of Directors

Coway's Board of Directors has the highest decision-making power regarding corporate management from shareholders under laws and Articles of Incorporation. It has responsibility and role as a top organization to coordinate various interests with stakeholders and approve management decisions. Board of Directors reviews and approves investment plans, conflicts of interest such as internal transactions, and transparent compensation. It also takes responsibility for the overall long-term risk management of the company.

Current Status of the BOD

Jun-Hyuk Bang	Chairman	Male	• 2020 ~ Current • 2014 ~ Current • 2011 ~ 2014	BOD Chairman, Coway BOD Chairman, Netmarble Executive advisor, Game Business Division, CJ E&M	2020.02.07
Hae-sun Lee	CEO	Male	• 2020 ~ Current • 2019 ~ 2020 • 2016 ~ 2019	CEO, Coway President, Business Technology Group, Coway CEO, Coway	2020.02.07
Jang-Won Seo	Executive Director	Male	• 2020 ~ Current • 2020 ~ 2020 • 2019 ~ 2019 • 2015 ~ 2018 • 2001 ~ 2015	Head of Corporate Management Division, Coway Head of Coway TF, Netmarble Officer in Investment Strategy and Communication, Netmarble Officer in Management Strategy, Netmarble Senior U.S. Attorney, Sejong Law Firm	2020.02.07
Jin-Bae Kim	Non-executive Director	Male	• 2001 ~ Current • 1997 ~ 2001	Professor in Business Administration, Korea University Assistant Professor, Boston University	2020.02.07
Kyu-Ho Kim	Non-executive Director	Male	• 2015 ~ Current • 2013 ~ 2014	Professor (focused on academic-industrial cooperation), Sogang University Executive Director, Media Solution Center of Samsung Electronics	2020.02.07
Bu-Hyun Yoon	Non-executive Director	Male	• 2020 ~ Current • 2018 ~ 2020 • 2012 ~ 2018 • 2009 ~ 2011 • 2007 ~ 2008	Advisor, LG Display Advisor, LG Uplus Executive Director, Management Planning of MC Business Group, LG Electronics Managing Director in Charge of Finance, LG Electronics Managing Director in Charge of Management Planning, LG Electronics	2020.02.07
Da-Woo Lee	Non-executive Director	Male	• 2018 ~ Current • 2016 ~ 2018 • 2015 ~ 2016	Attorney, Yulchon Law Firm Senior Judge, Chuncheon District Court Judge, Seoul Central District Court	2020.02.07

* As of June 2020

Independence and Expertise of the BOD

The proportion of non-executive directors at Coway is 57.1%, which is higher than that of major companies in South Korea (51.3%, announced by the Fair-Trade Commission in December 2019). Coway's criteria for determining the independence of non-executive directors are specified in the articles of association of the Board of Directors under domestic, commercial law, fair trade law, and other laws.

Directors are appointed at the general shareholders' meeting under Article 382 of the Commercial Act. The Board of Directors is composed of at least 3 to maximum 9 members according to the Board's Articles of Incorporation. As of the end of 2019, Coway Board of Directors consists of 1 executive director, 5 non-executive directors, and 1 non-registered director, but after the change of significant shareholders following the acquisition on February 7, 2020, 3 executive directors and 4 non-executive directors have been newly appointed.

Evaluation Standard for Independence and Conflicts of Interest

Disqualification Criteria

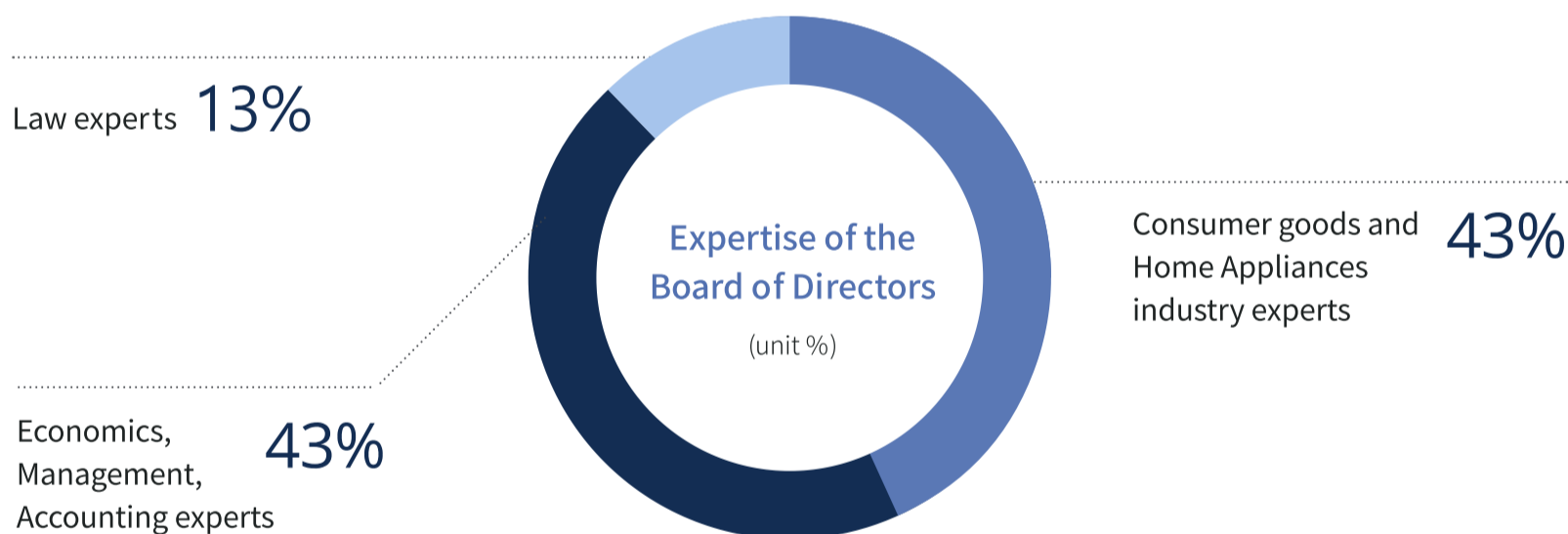
- ① Directors, executive officers, and employees engaged in the company's business affairs, or directors, auditors, executive officers and employees engaged in the company's business affairs within the past two years
- ② The largest shareholder himself, spouse, and direct ancestor or descendant
- ③ In case the largest shareholder is a corporate body, its directors, auditors, executive officers, and employees
- ④ The spouse and the direct ancestor or descendant of directors, auditors, and executive officers
- ⑤ Directors, auditors, executive officers and employees of the company's parent company or subsidiaries
- ⑥ Directors, auditors, executive officers and employees of corporations with important interests, such as the company's business relationships
- ⑦ Directors, auditors, executive officers and employees of other companies whose directors, executive officers are directors, executive officers and employees of the company

Conflicts of Interest

- ① The same person and people related to the Fair-Trade Act that governs a company in competition with the company
- ② Employees of a company that compete with the company and those belonging to the same corporate group under the Fair-Trade Act or a person who has been an employee within the past two years
- ③ The company's largest shareholder or the second-largest shareholder of a company in a competitive relationship with the company, and an employee of a company belonging to the same corporate group under the Fair-Trade Act, or a person who has been an employee within the past two years

Executive directors are nominated through a careful review process and by candidates for final selection at the general shareholders' meeting. Non-executive directors are appointed by the Independent Director Candidate Recommendation Committee, established under Article 542-8 of the Commercial Act, by transparent procedures, and then selected at the general shareholders' meeting. For corporate governance diversity and expertise, Coway appoints those with expertise in management, economics, accounting, and other fields as non-executive directors.

The non-executive director's qualifications, such as independence and other mandates, are confirmed and submitted to the Korea Exchange. In the publicly announced process at the general meeting of shareholders' meeting, the non-executive director's eligibility requirements are verified through the confirmation of eligibility, laws and regulations. Qualification requirements are transparently disclosed to shareholders and stakeholders.



Committees under the BOD

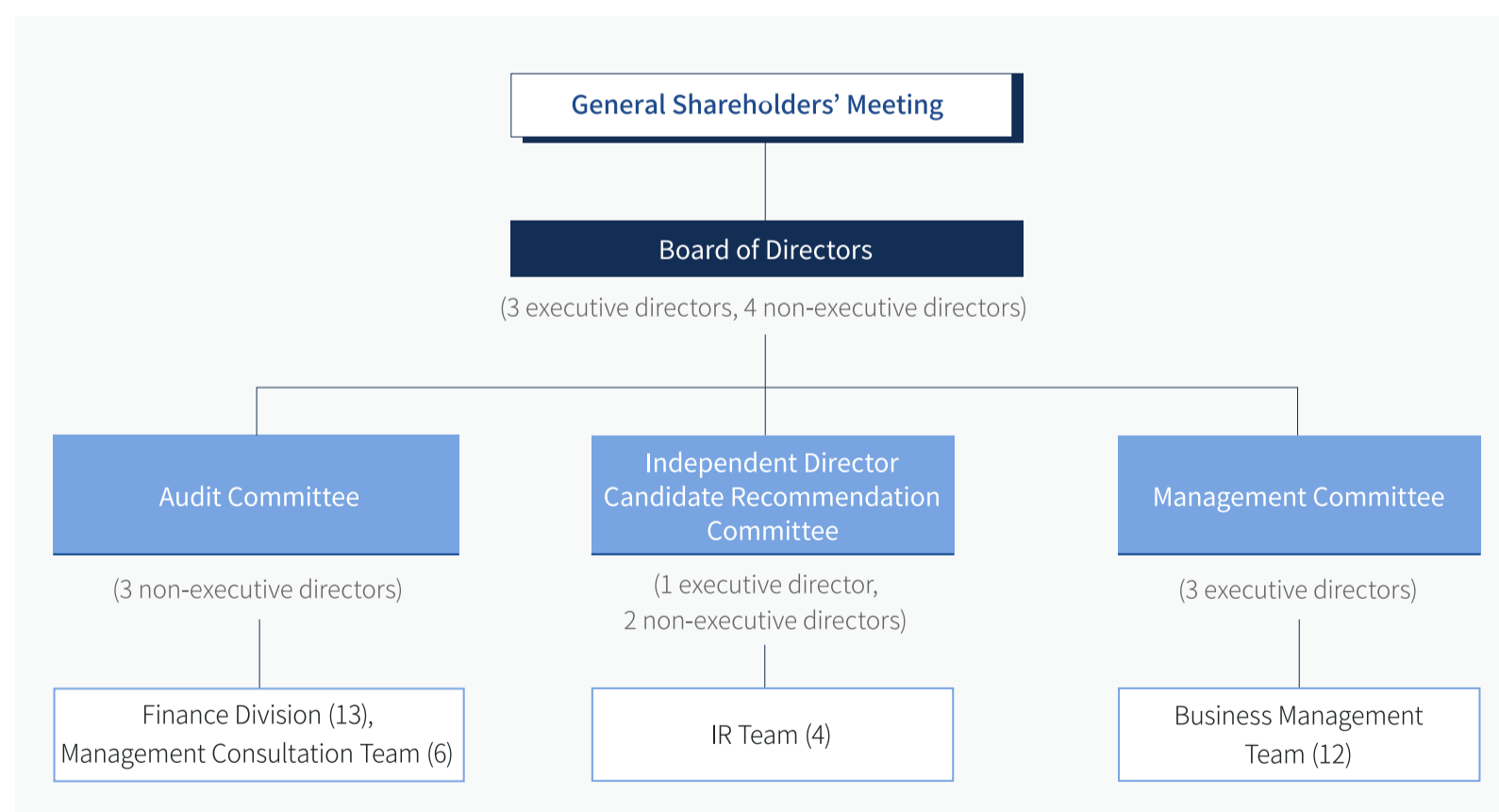
Coway operates the Management Committee, Independent Director Candidate Recommendation Committee, and Audit Committee as committees under the BOD to fulfill the responsibilities and roles of the BOD efficiently and professionally. As of March 2020, the committee under the BOD consisted of 3 executive directors for the Management Committee, 3 non-executive directors for the Audit Committee, and 1 executive director and 2 non-executive directors for the Independent Director Candidate Recommendation Committee. For the Board of Directors to effectively exercise restraint ability, the ratio of non-executive directors in the Board of Directors is more than half. In particular, the Chairman of the Audit Committee is an accounting/financial expert, and it consists of one consumer and consumer electronics industry expert and one legal expert to enhance the expertise of the Audit Committee.

In 2019, total of 13 board meetings were held, with an average attendance rate of 98.9%.

Board of Directors Main Activities in 2019

Round	Agenda	Category	Date	Attendance
1st	<ul style="list-style-type: none"> • Establishment of annual business plans and budget for 2019 • Report on operating performances in 2018 	Temporary	2019.01.23	7/7
2nd	<ul style="list-style-type: none"> • Determination of basic date of closing the shareholder list for an extraordinary shareholders' meeting 	Temporary	2019.01.31	7/7

Round	Agenda	Category	Date	Attendance
3rd	<ul style="list-style-type: none"> • Convocation of the 30th general shareholders' meeting • Conclusion of dividends for the 30th fiscal year • Approval of transactions with affiliated persons including the largest shareholder • Establishment of new branches • Report on operating status of the internal accounting management by the responsible manager except the CEO • Report on compliance with internal accounting regulation by the Audit Committee • Report on operating performances in 4Q 2018 	Regular	2019.02.13	7/7
4th	<ul style="list-style-type: none"> • Convocation of the 1st extraordinary shareholders' meeting in 2019 • Conclusion of the CEO's incentives and the number of exercisable stock options for 2018 and compensation for 2019 • Determination of stock option grant methods • Determination of basic date of shareholder list for quarterly dividend • Amendment of the internal accounting management regulation 	Temporary	2019.03.06	6/7
5th	<ul style="list-style-type: none"> • Appointment of the members of the Outside Director Candidate Recommendation Committee • Amendment of the Management Committee regulation • Appointment of the members of the Management Committee 	Temporary	2019.03.29	8/8
6th	<ul style="list-style-type: none"> • Conclusion of dividends in 1Q 2019 • Determination of stock option grant methods • Disbandment of the International Advisory Committee and abolishment of the Committee regulation • Amendment of the Management Committee regulation • Amendment of the BOD regulation • Change of the internal accounting officer • Report on operating performance in 1Q 2019 	Regular	2019.04.29	8/8
7th	<ul style="list-style-type: none"> • Contract for rental business transfer with Woongjin Corporation • Contract for the payment of brand loyalty 	Temporary	2019.05.17	7/8
8th	<ul style="list-style-type: none"> • Determination of basic date of stockholders' list for quarterly dividend payment 	Temporary	2019.06.12	8/8
9th	<ul style="list-style-type: none"> • Conclusion of dividends in 2Q 2019 • Reappointment of the Compliance Officer • Installation of branches • Approval and delegation of the limit of debenture issuance • Conclusion of a contract for executive director appointment • Report on operating performances in 2Q 2019 	Regular	2019.07.29	7/8
10th	<ul style="list-style-type: none"> • Appointment of the new CEO 	Temporary	2019.08.12	8/8
11th	<ul style="list-style-type: none"> • Approval of the revision of internal accounting management regulation • Determination of basic date of stockholders' list for quarterly dividend payment 	Temporary	2019.09.19	7/8
12th	<ul style="list-style-type: none"> • Conclusion of dividends in 3Q 2019 • Amendment of the Management Committee regulation • Report on major performances in sustainability management (ESG-based) in 201 and 2019 • Report on operating performances in 3Q 2019 	Regular	2019.10.28	8/8
13th	<ul style="list-style-type: none"> • Decision of the base date of shareholder list for extraordinary shareholders' meeting • Conclusion of the method to grant stock options • Cancellation of granting stock options 	Temporary	2019.12.30	7/7



Performance Evaluation and Remuneration

We appoint excellent experts as non-executive directors with a reasonable pay, considering the level of remuneration in the industry, and guarantee that excellent experts can actively engage in task-actions. We set basic remuneration for executive directors considering the job and position, longevity, leadership, professionalism, company contribution according to the resolution of the Board of Directors. We evaluate the achievement rate by calculating the overall score according to the quantitative indicator task and qualitative indicator task evaluation for incentives.

Coway approved the total annual remuneration to the directors at 4 billion KRW in the 30th regular general shareholder meeting in 2019 and increased the annual remuneration total to 5 billion KRW at the 31st regular general shareholder meeting in 2020.

CEO–Employee Remuneration Ratio

Category	Remuneration (Unit: 1,000 KRW)	Ratio (Unit: %)
CEO Remuneration	671,364 ¹⁾	11.06
Average Employee Remuneration	60,697	

1) Based on the remuneration of President Hae-sun Lee, who served as CEO until October 2019. After his tenure, the executive director served as general manager of the business technology (as a non-registered executive). The disclosure amount is calculated based on the total amount of remuneration, including the working period as a non-registered executive, excluding the gains from exercising the stock option granted in 2016. For details, including profits on the exercise of stock option, please refer to the status of individual directors remuneration below.

Directors Remuneration

Name	Category	Total (Unit: 1,000 KRW)	Standards and Methods
Hae-Sun Lee	Salary	411,364	Reflects the job/position(CEO), longevity, leadership, expertise, and company contribution comprehensively.
	Incentive	260,000	Calculate overall scores by evaluating quantitative KPIs composed of growth potential, profitability and stability, and qualitative KPIs composed of strategic tasks for the year based on the comprehensive evaluation table. In 2018, we consider the company's sales increased by 7.6% from 2.52 trillion KRW in 2017 to 2.71 trillion KRW in 2018. The increase of net profit by 7.4% from 325.6 billion KRW in 2017 to 349.9 billion KRW in 2017. Also, considering the qualitative and strategic indicators, such as securing growth engines through the launch of new product groups, and laying the foundation for entering overseas businesses, we calculated and paid 260 million KRW, which is 65% of the total salary.
	Profit by Exercising Stock Option	2,460,285	Exercised at the difference between the exercise price of the stock purchase option (92,640 KRW) granted by the resolution of the general meeting of shareholders and the sale price (102,891 KRW) of the change in management rights (per share) under the special provisions in the contract for granting the share purchase option according to the largest shareholder change Multiplied by quantity (240,000 shares) to calculate 2,460,285,000 KRW.
	Note		- Other earned income, retirement income and other income are not applicable
Ji-Yong Ahn	Salary	260,203	According to the resolution of the Board of Directors, the total salary is set at 245,440,000 KRW, reflecting the job, position(head of division), longevity, leadership, professionalism, company contribution, etc. According to the promotion and the board decision, the annual salary amount is increased to 400,000,000 KRW. During his work as the head of division, 6,518,156 KRW per year were paid for welfare benefits and other tax credits including 500,000 KRW per month.
	Incentive	1,500,000	As the head of the Marketing Division, he was paid 1,500,000,000 KRW by the board of directors' resolution as he undertakes major review, decision-making, and responsibility to achieve the company's management/financial/marketing goals as written in a senior executive contract.
	Note		- Income by exercising stock option, Other earned income, retirement income and other income are not applicable

Stock Option Granted for Registered and Non-registered Directors

Recipient	Title	Granted Date	Type of Stock	Granted Amount	Exercise	Cancel	Non-exercised Amount	Exercise Period
Jin-Hyuk Ahn and 1 other	Non-registered Director	2017.03	Common Stock	87,000	-	46,980	40,020	2019.03 ~ 2026.03
Jae-Ho Lee and 21 others	Non-registered Director	2017.04	Common Stock	216,792	-	206,122	10,850	2019.04 ~ 2026.04
Jae-Young Park and 5 others	Non-registered Director	2018.03	Common Stock	104,400	-	33,060	71,340	2020.03 ~ 2027.03
Hyun-Joo Song and 1 other	Non-registered Director	2019.03	Common Stock	69,600	-	-	69,600	2021.03 ~ 2028.03

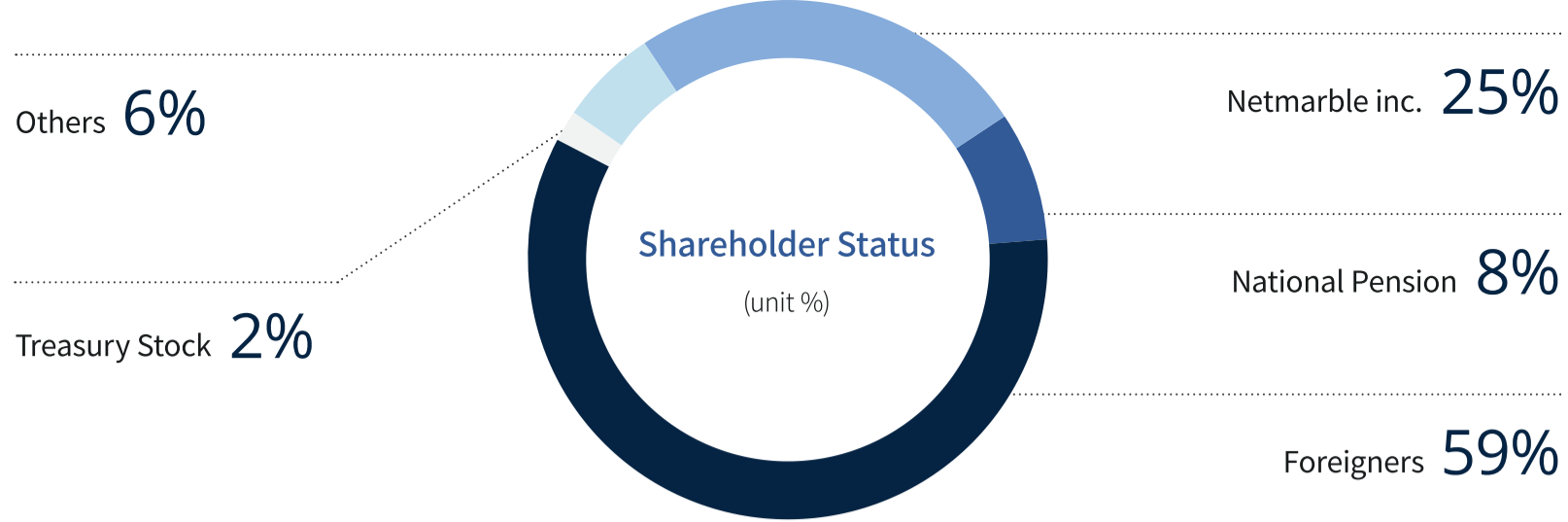
* Notation Period: January 1st, 2017 ~ December 31st, 2019

Ownership Structure and Voting Rights

As of the end of 2019, Coway's shareholders consisted of 25.08% of Woongjin Thinkbig, 8.08% of National Pension, 2.14% of treasury stock, 58.87% of foreigners, and 5.83% of others. On the February 7, 2020, the transaction to sell 18,511,446 shares (25.08% stake) owned by Woongjin Thinkbig to Netmarble was closed. Accordingly, after February 11, 2020, the largest shareholder was changed to Netmarble Co., Ltd.

The total number of shares issued by Coway is 73,799,619 shares, which consist of 100% common shares without preferred shares. Coway follows the principle of 1 voting per share and does not have a differential voting system that grants multiple voting rights to specific stocks. However, voting rights of treasury stocks held as treasury stocks are limited by commercial law. As of the end of December 2019, 72,218,395 shares (97.85% of the total issued shares) were voting rights. Coway does not introduce a written or electronic voting system.

Shareholder Status



* Netmarble acquired a 25.08% share of Woongjin Thinkbig on February 11, 2020

Voting Rights*

Category	Number of Stocks	RateNote
Preferred Shares	0	0%Without voting rights
Common Shares - voting stock	72,218,395	97.86%With voting rights
Common Shares - treasury stock	1,581,224	2.14%With voting rights
Total	73,799,619	100%-

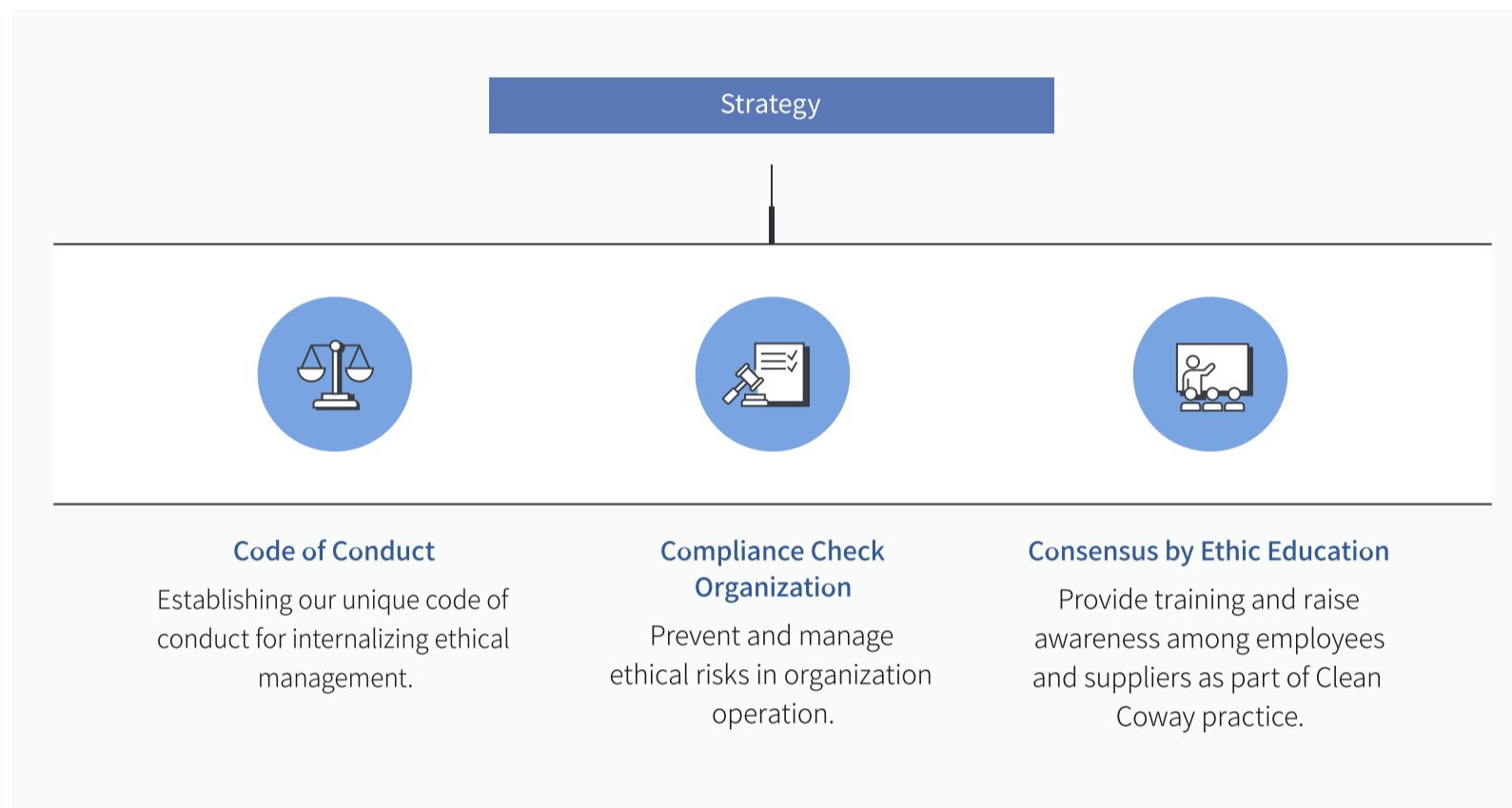
* As of the end of December 2019

CARE FOR SUSTAINABILITY

Practicing Goodness Toward A Better World, Coway Sustainability Management Vision

Ethical Management

Coway pursues and achieves the Clean Coway as a transparent corporate culture based on our ethical management way, 3C(Code of Conduct, Compliance Check Organization, and Consensus by Ethic Education).



Code of Conduct

Coway creates an ethical management culture with a vision of "Clean Coway" to practice responsible ethics. Coway has established the Charter of Ethics, Regulations on Ethics, and Code of Ethics to clearly define and apply ethical behavior guidelines for employees and stakeholders. The Charter of Ethics establishes the basic principles of Clean Coway and sets standards for ethical behavior and value judgment of employees and stakeholders through Regulations on Ethics. Also, according to the Code of Ethics, specific practice matters are prescribed to prepare guidelines to address various ethical issues.

[The Charter of Ethics](#)

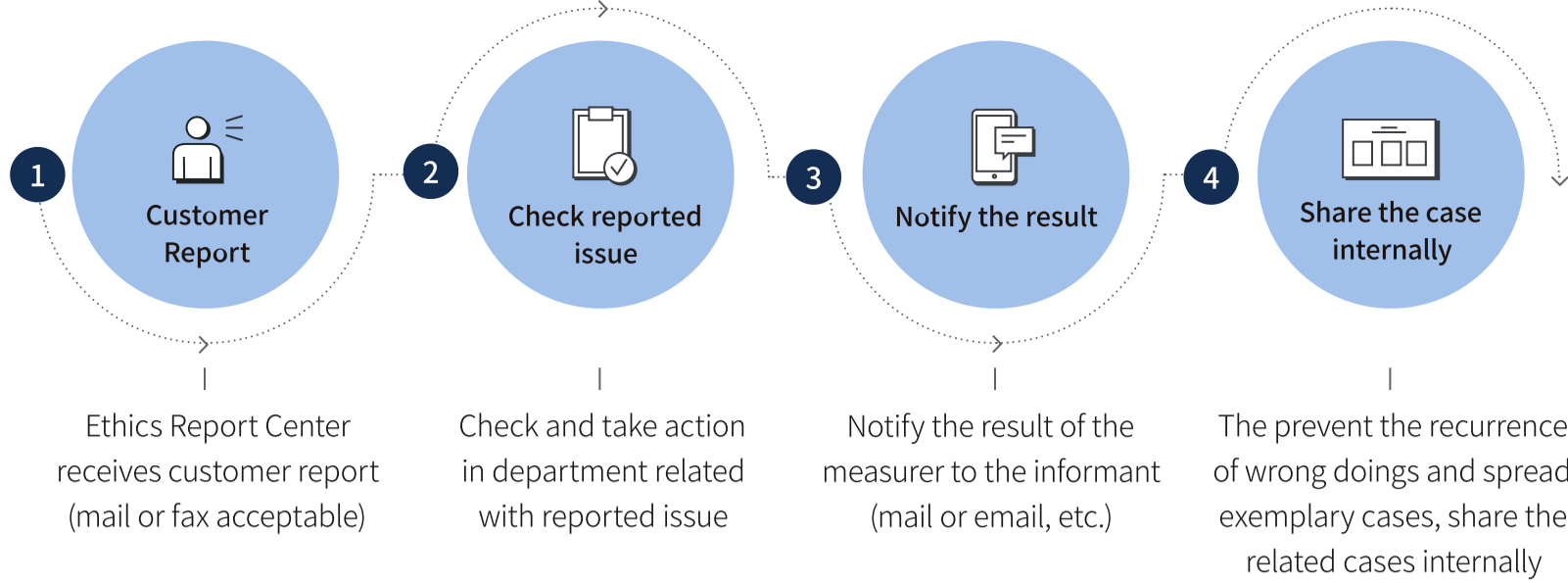
[The Regulations on Ethics](#)

[The Code of Ethics](#)

Coway operates an Ethics Reporting Center that receives improvement suggestions to the wrong practices or policies reported by stakeholders on its website. Coway receives reports via mail, fax, and online. When a report is received, the Ethical Management Office determines the matter and conducts an investigation. If necessary, we share the case and conduct training to prevent the recurrence of the same or similar matter.

[Ethics Reporting Center](#)

Ethics Reporting Process



2019 Ethics Reports and Measures

Category	Other Complaints ¹⁾ (Ethics-unrelated reports)	Unlawful Sales	Others (such as money transactions)	Total
Ethics Reports in 2019	77 cases	50 cases	3 cases	130 cases

1) Other Complaints (Ethics-unrelated reports): Informants report complaints on products and services in the appropriate ways

Compliance Check Organization

Coway conducts regular ethics assessments to prevent ethical risks based on the Code of Ethics. A total of 12 diagnoses were conducted in 2019, and related information is regularly notified to workplaces to prevent unethical behavior.

Anti-corruption Diagnosis and Action Status

Category	Unit	2017	2018	2019
Percentage of workplaces that finished corruption diagnosis	%	100%	100%	100%
Actions for Violation of the Code of Ethics ¹⁾	case	46 ²⁾	4	5

1) Number of cases of Personnel Committee Actual Disciplinary Actions

2) 2017 category is a figure that includes sanctions due to anomalous operations. Excluded since 2018

Consensus by Ethic Education

As an internalized ethical culture, Coway regularly conducts ethics education to create a "Clean Coway," raising awareness and commitment to ethical management. As biennial basis compulsory training was conducted for all company employees, in 2019, the internal accounting management system offline training was provided for internal control directors, managers, executives, and audit committees.

Ethical Management Training For Employees

Category	Unit	2017	2018	2019
Ethical Management Training Participants	person	4,290	4,245	196
Ethical Management Training Participation Rate ¹⁾	%	94	89	4 ²⁾

1) Participation rate compared to the total number of employees (4,988)

2) Since 2019, Consensus by Ethic Education was conducted biennially, reducing the training participation rate.

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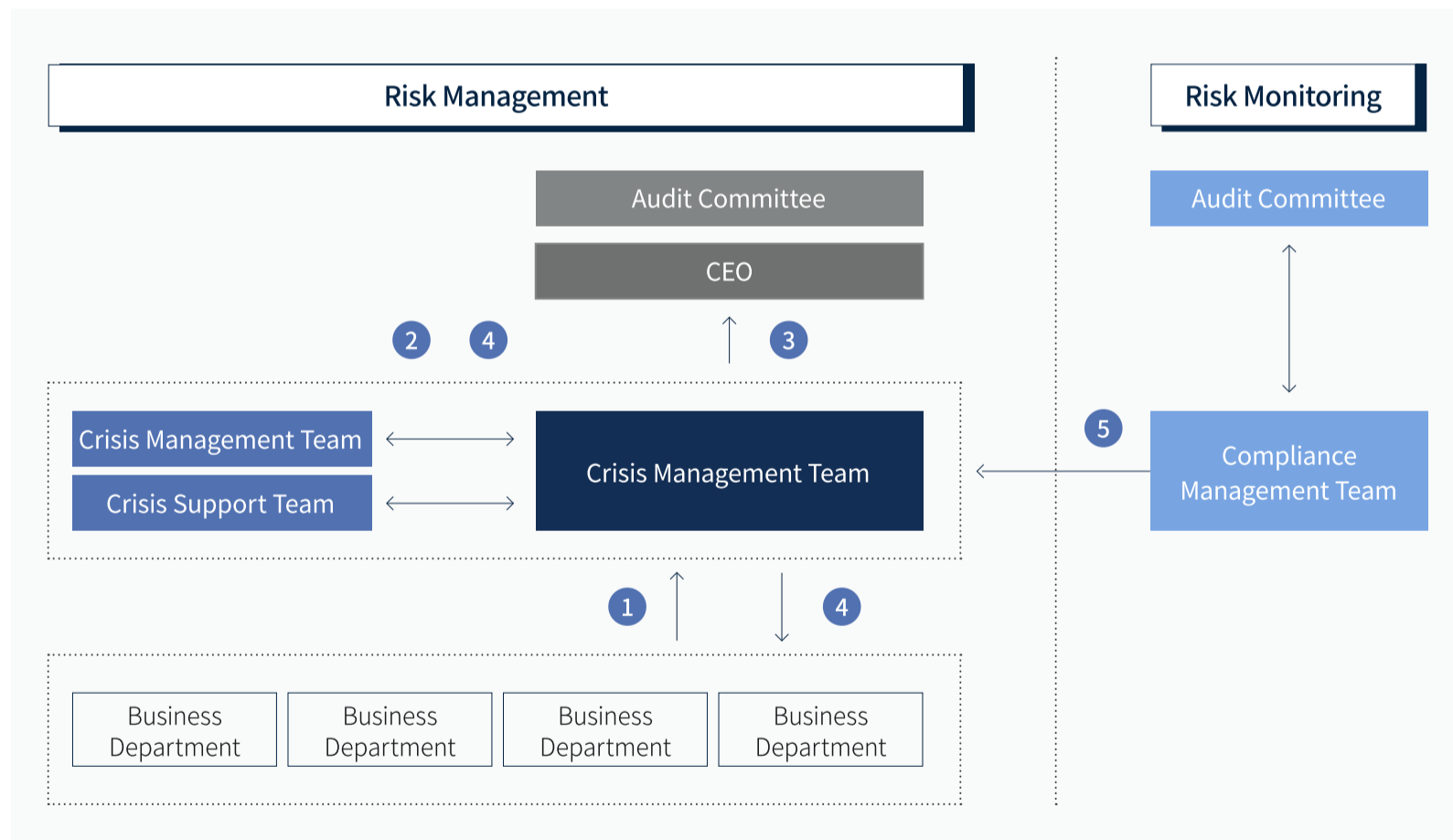
Risk Management

Company-Wide Risk Management System

Coway operates the Crisis Management Committee to manage risks that may occur during management activities proactively. The Crisis Management Committee diagnoses risk levels in the decision-making process for each major management issue. It makes decisions on the company's exposure to relevant risks and response strategies. Company-wide risk management and operation are centered around the Crisis Management Committee. The Crisis Management Committee is responsible for collecting risk issues, analyzing the impact, establishing countermeasures, recognizing and disseminating risks, and conducting risk response through cooperation with the department in charge. The Crisis Management Committee has the power to report to the management committee and CEO, which are committees within the Board of Directors, in the event of emergencies and substantial risks, and to convene a crisis assessment meeting as a company-wide risk response organization.

Coway's risk management scope covers financial risks such as market, credit and liquidity, and non-financial risks such as compliance, regulation, and policy. For proactive management of the major risks related to management activities, each business headquarters conducts clear responses and reports in the event of a crisis based on risk management policies. It promotes close cooperation between departments to mitigate risks.

Risk Response Process



01

Risk Awareness and Reporting

- Each department collects real-time information and prepares for a crisis evaluation meeting

02

Impact Analysis and Establish Response System

- Risk Information Analysis, Impact Level Evaluation, and Crisis Warning
- Determine response direction and main guidelines, and establish countermeasures

03

Report to Executive

- Report risk issues and make key decisions
- Report on Progress and Response

04

Promote Response Actions

- Conduct Risk Response Activities Based on Mutual Cooperation

05

Risk Response Status Monitoring

- Risk Monitoring and Auditing

Emerging Risks

Coway analyzes risks that have a significant impact in the mid- to long-term in the business environment and recognizes emerging risks to promote strategic responses. We proactively identify emerging risks and create a sustainable management environment for new opportunities based on regular risk monitoring. Coway's key emerging risks for 2019 are 1) increased threats to data protection, and 2) the growth of the online consumer services market.

Information Security and Personal Information Leakage



The 4th Industrial Revolution, which connects an object-to-object or object-to-people, emerges beyond the age of people-to-people. Therefore, data and information have become a vital infrastructure of the entire process of the industry in the production, distribution, and use of products and services.

The main products of Coway's rental business are home appliances, providing new experiences to customers based on the Internet of Things (IoT). Data and information security are secured in the production process by introducing a smart factory based on advanced automation technology - the essential element of competitiveness.

Also, due to the nature of the rental business, the direct collecting and utilizing process of customer personal information increases the risk sensitivity. Information security and privacy are not only the foundation of customer trust but also a service provider's primary obligation. Therefore, Coway is responsible for mitigating and managing risk.

Coway established a preemptive response system for external cyberattacks and information security infringements. We are strengthening its risk response capabilities by conducting substantial preventive activities and monitoring. Internally, sales and service employees and partners are provided with regular training on privacy protection. The Information Protection Committee puts the best efforts to protect customer information in all processes: from collection to storage and disposal of personal information.

As we expand into the global market, we establish and promote an effective response system for privacy protection regulations such as the European Union's Privacy Protection Regulations (GDPR).

[See Details of "Information Security and Privacy Protection"](#) 

COVID-19 Pandemic



COVID-19 is spreading rapidly around the world. Although South Korea where Coway's main office is located has successfully prevented the spread through active initial quarantine and secure social isolation. Still, it needs attention to prevent further spread due to interpersonal contact.

With COVID-19, the health and safety issues of Coway employees have emerged as a vital issue for securing business continuity. Coway's main business models, such as rental and visiting care, can have long-term effects on the spread of social culture that avoids interpersonal contact.

To protect employees from COVID-19, Coway took various responses such as flexible work and telecommuting and physical measures such as prohibiting outsiders from entering the office building, using masks and hand sanitizers, and installing thermal detectors. By May 2020, there were no COVID-19 contributors among Coway employees.

Avoiding interpersonal contact to fundamentally respond to concerns about a decrease in sales and profits due to long-term social changes caused by the spread of social culture, we are strengthening non-face-to-face and digitalization strategies. In January 2020, Coway launched a self-manageable purifier that allows users to replace parts by themselves without visiting service. In particular, as Netmarble's major shareholder changed, Coway was equipped with a technology base and know-how to expand non-face-to-face services. Coway plans to expand not only to provide a simple home appliance but also to apply IT solutions to online customized marketing and non-face-to-face management services using the Internet of Things (IoT) technology.

Increased Regulations on Resource Circulation



Waste disposal and neglect are spreading as a severe global social problem, and regulations on resource circulation at home and abroad are being strengthened.

Coway has been affected by environmental regulations such as the European E-Waste Prevention Directive (WEEE) and Hazardous Substances Restriction Directive (EU RoHS) since 2006, as about 70% of sales are based on environmental home appliances. The importance of the recovery and recycling of waste resources has increased as it is included as a target for compliance with the Regulation on the Recycling of Electricity, Electronics, and Automotive Resources.

As there is a growing number of ethical consumers who consider the socio-environmental impacts of products and services in decision-making along with strengthened regulations, the responsibility for resource recycling also rises.

Coway continues to strive to establish a virtuous cycle of resources throughout the product life cycle, from product development to sales, recovery, and recycling.

Since 2014, we have been pursuing and recycling products such as filters, water purifiers, blue regulars, bidets, water softeners, and food waste processors. In 2016, we solidified fuel for recovered waste to maintain a recycling rate of over 99%.

In 2019, we continued to reduce absolute resource consumption, such as the development of the "HANDSPAN CIROO Tankless Water Purifier", which reduced material usage compared to the previous one.

[See Details on "Value Chain Environmental Competencies"](#) 

Changes in Consumption
Patterns of Environmental
Home Appliances



With the growth of the e-commerce market, the forms of purchase of environmental home appliances are also diversifying. According to the National Statistical Office's survey, in September 2019, the number of online shopping transactions of home appliances, electronics, and telecommunications devices increased by 40.8% (321.1 billion KRW) compared to the same month last year. Also, the online-based consumption culture is rapidly spreading, with the purchase rate through online overseas direct purchases also growing by about 76% compared to 2017.

This can pose a significant risk to Coway's market share based on rental-based face-to-face services.

Coway is recording steady growth based on a professional and reliable service network.

We provide a customer experience that online purchase cannot suffice, solve problems at customer touch points, and increase value to maximize the retention rate of existing customers and expand new customers.

In particular, customized customer relief care service provides a differentiated customer experience from online purchases.

Meanwhile, we are expanding our online business in 2019 to take advantage of e-commerce to create new opportunities.

Coway will continue to innovate to create customer value based on rental services and seek new values through the strategic online entry.

CARE FOR SUSTAINABILITY

Practicing "Good faith" toward a better world, Coway Sustainability Management Vision

Economic Value Creation and Distribution

Economic Value Creation

Coway, which has continued to grow steadily for the past 10 years, continued to record sales growth in 2019 and achieved a record-high sale of 3018.9 billion KRW, an increase of 11.5% over the previous year. Domestic environmental home appliance business sales are 2111.2 billion KRW, and detailed sales are 1. rental sales, 2. lump sum sales, and 3. membership program. As of 2019, the total management account was 7.79 million (6.28 million domestic, 1.51 million overseas).

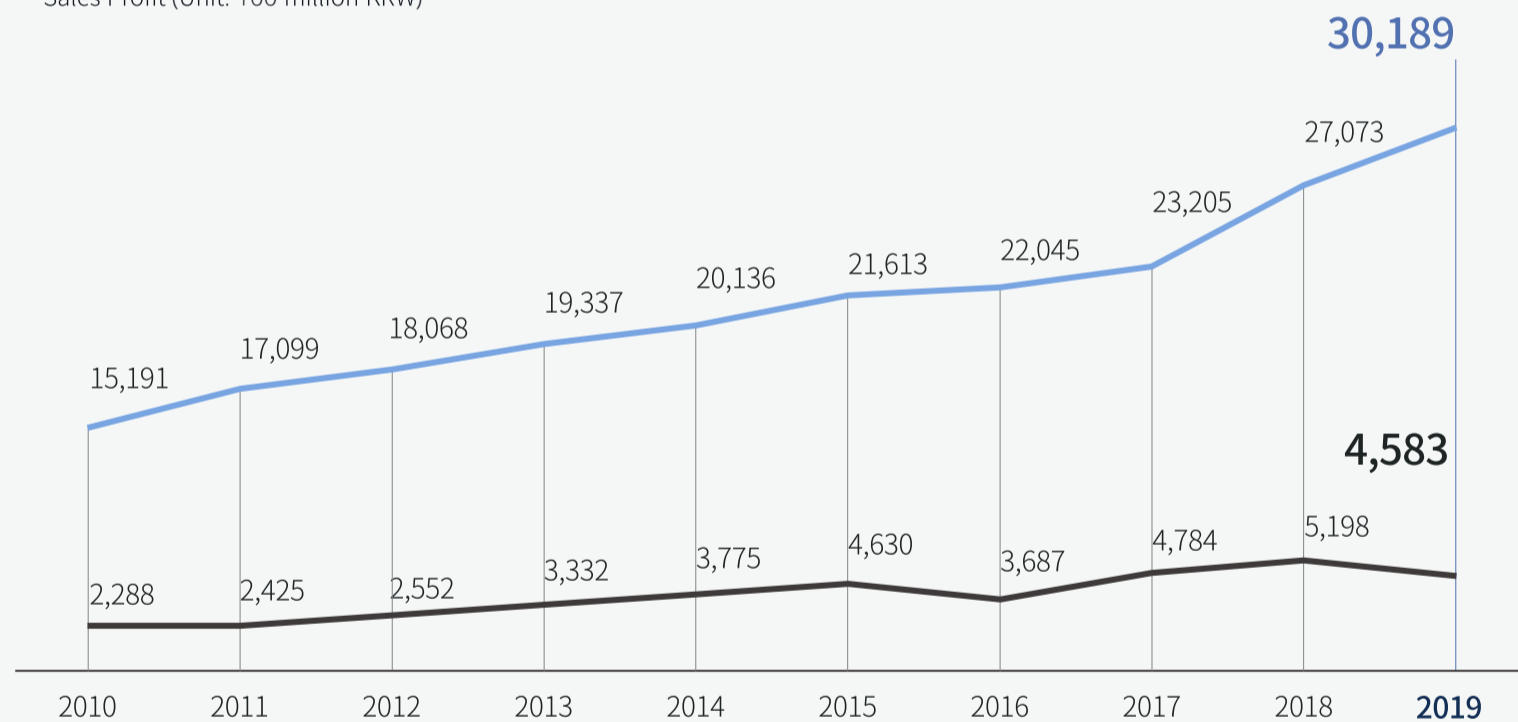
Rental sales increased by 8.4% year-on-year, from 1.45 million units last year to 1.57 million units in 2019. The largest sales were achieved with growth in sales of existing and new products. sales of air purifiers increased and new product lines such as mattresses expanded.

The customer cancellation rate is also on a long-term decline trend to 1.01%, and rental asset disposal is also minimizing losses by 2.5% of sales.

Sales and Operating Profit Trend(2010-2019)

— Sales (Unit: 100 million KRW)

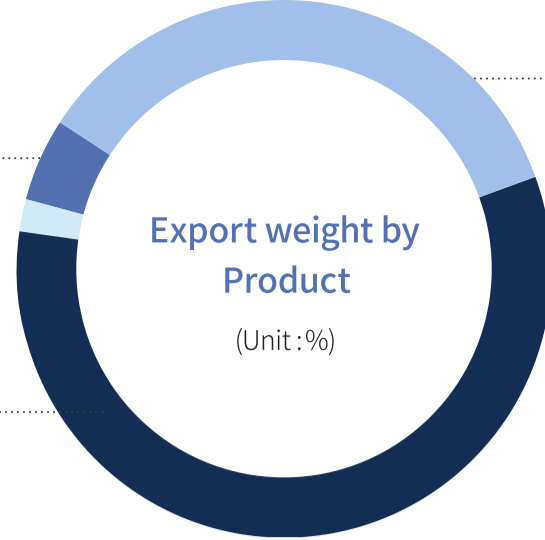
— Sales Profit (Unit: 100 million KRW)



Steady Expansion of Overseas Business

In 2019, overseas business sales amounted to 749.1 billion KRW, up 37.7% from the previous year. Sales in Malaysia and the U.S. increased significantly, and overseas subsidiaries continue to proliferate. For each major subsidiary, Malaysian subsidiaries' sales increased by 48.9%, reaching 532.6 billion KRW, from the previous year's sales 353.4 billion KRW, and the accounts increased by 38.8% from 976,000 accounts in 2018 to 1,354,000 accounts. The U.S. maintains substantial growth, reaching 97.3 billion KRW in sales, 29.7% over the previous year's sales of 80.5 billion KRW, and the accounts increased by 4.7% from 114,000 to 120,000 accounts

Bidet 4%



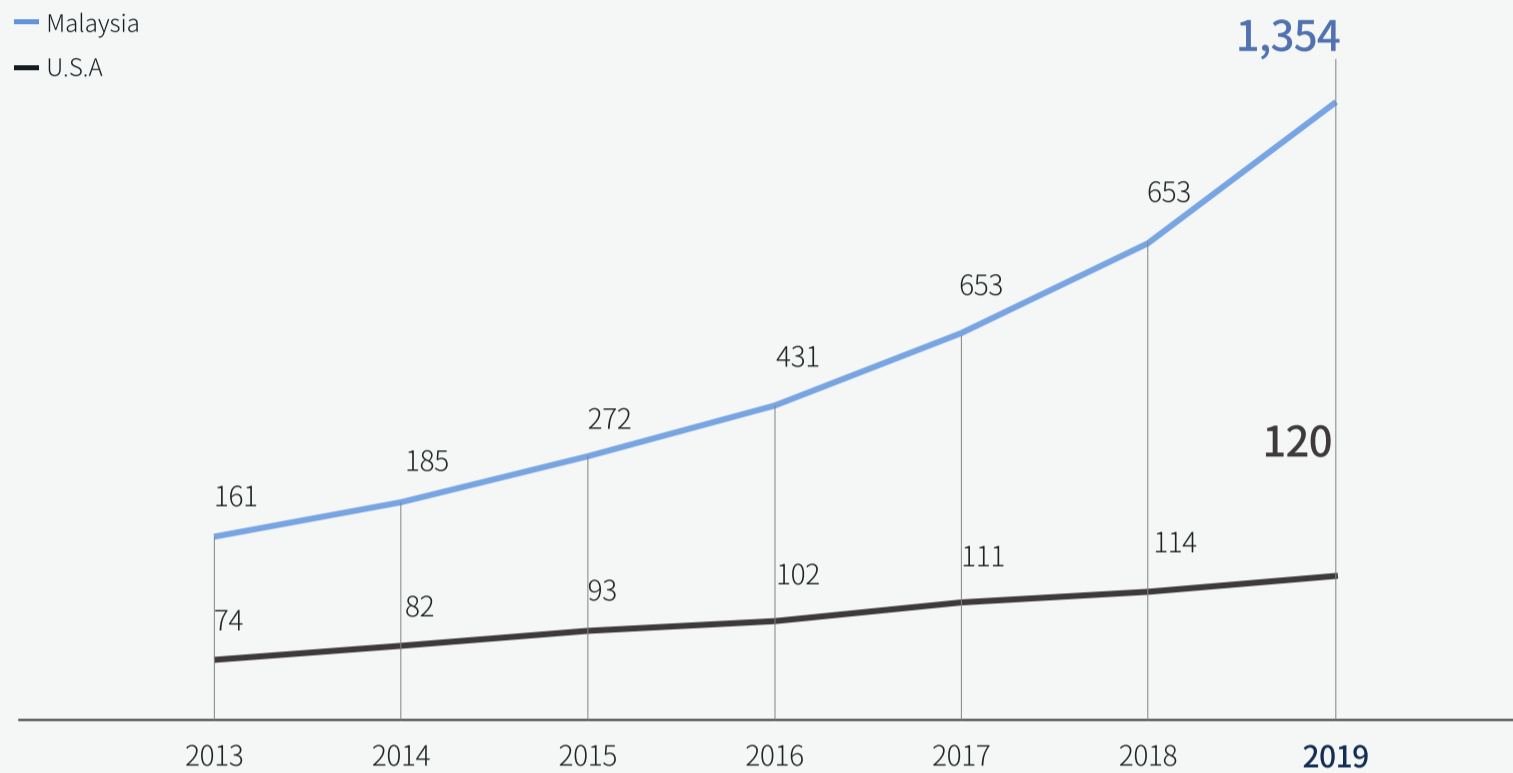
Air purifier 36%

Water purifier 59%

* As of 2019

Overseas Corporation Management Account (Unit: 1,000 accounts)

— Malaysia
— U.S.A



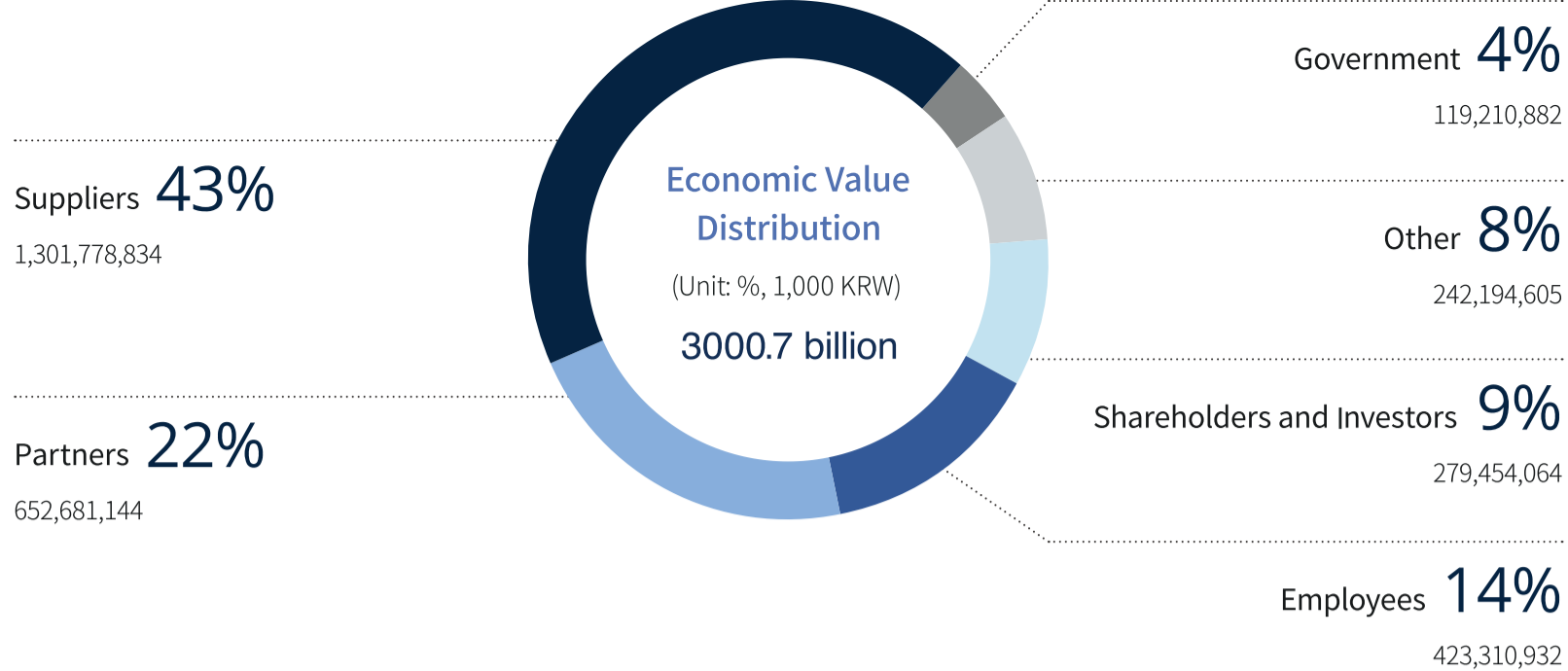
* Figures for 2014 and beyond exclude free membership accounts

Subscription Economy Synergy with Netmarble

In February 2020, Netmarble acquired 25.08% of Coway's shares, becoming the largest shareholder. Netmarble's purchase of Coway's management rights opens up the possibility of incorporating the significant data operation know-how acquired by Netmarble in the game business into Coway products in the medium to long term. The rental industry is intensifying competition in items such as water purifiers. It is expected to create new values such as a smart home subscription economy through diversification of rental items and integration with the data industry.

Economic Value Distribution

In 2019, Coway created a total economic value of 3068.3 billion KRW by combining sales of 3018.9 billion KRW and other revenues and financial revenues based on consolidation in 2019. Of the created value, 3000.7 billion KRW was reasonably allocated to stakeholders in consideration of the company's future value and investment efficiency. After all allocations, the economic value of the total reserve of 67.5 billion KRW was added to the total amount of capital.



- Suppliers: products and raw materials usage (material costs), outsourcing services, consumables, payment fees, depreciation costs, advertising costs, etc.
- Partners: Promotion fee, sales fee
- Shareholders and investors: Annual and interim dividends
- Employees: Salary and Incentives, Retirement Salary, Benefits
- Government: Income tax expense
- Other: Other comprehensive income

Tax Policy

Coway faithfully fulfills its tax reporting and payment obligations based on its reasonable tax strategy. Coway's tax information is transparently disclosed through regular disclosure in the Financial Supervisory Service's disclosure system (<http://dart.fss.or.kr/>). In the financial statements and notes in the audit report, one can check the income tax expense calculation criteria, deferred income tax assets and liabilities, and the composition and tax rate of income tax expenses, and secure transparency and objectivity through external audits. Not only in South Korea but also overseas, we faithfully fulfill the tax obligations of corporations and contribute to the creation of a virtuous cycle structure, such as the government's tax revenue and public service increase.

- Uphold and observe tax reporting and payment policies.
- Comply with local tax laws and regulations,
- Prohibit transfer of value to areas with a low level of tax jurisdiction,
- Avoid taking advantage of tax structures for the purposes of evasion,
- Avoid the use of confidential jurisdictions, "tax havens" including previous price.
- The Board of Directors provides documented policies on overall risk management, as well as specific areas such as foreign exchange risk, interest rate risk, credit risk, derivative and non-derivative financial instruments, and investments in excess of liquidity.
- When it comes to corporate tax information, we disclose it through the Sustainability Management Report, and the Audit Report which is available at the DART (Data Analysis, Retrieval and Transfer System) of the Financial Supervisory Service

At Coway, we take a proactive approach in our response to tax risks by monitoring changes in tax regulations and policies. Risk management is conducted by the Funding Department in accordance with policies approved by the Board of Directors. The Funding Department works closely with the business units of associated companies to identify, evaluate, and offset financial risks. The Board provides documented policies on overall risk management as well as specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investments in excess of liquidity. Meanwhile, we ensure compliance with the National Tax Service's policies on voluntary reporting on international transactions. In particular, we prohibit tax evasion using falsified overseas transactions and tax havens. Coway has branches or local subsidiaries in Malaysia, the the United States, and China. In international transactions with overseas subsidiaries, it complies with applicable local tax laws and OECD transfer pricing guidelines. It fulfills its tax obligations based on local laws.

Tax Payment Status and Effective Tax Rate

Overseas Tax Payment by Region (Unit: 1,000 KRW)

Category	2018	2019
Asia ¹⁾	9,815,520	21,562,805
U.S.A ²⁾	222,997	-2,617,299

* The cost of corporate tax for overseas corporations by region, calculated by applying the annual average exchange rate in 2019 for local payments

1) Malaysia Corporation, Thailand Corporation, Indonesia Corporation, China Corporation

Main Composition of Corporate Tax Expenses (Unit: 1,000 KRW)

Category	2018	2019
Net Income Before Income Tax Expenses	468,567,061	451,418,558
Corporate tax burden ¹⁾	118,493,942	113,778,104
Tax credit	-142,015	-182,651
Permanent difference	-432,685	6,146,218
Deferred tax unrecognized among temporary differences	5,910,785	1,869,336
Change effect of feasibility judgment	1,087,653	-
Corporate tax payment (refund)	-4,770,130	627,398
Others	-1,391,977	-3,027,522
Income tax expense ³⁾	118,755,573	119,210,883
Nominal tax rate ⁴⁾	25.29%	25.20%
Effective tax rate ⁵⁾	25.34%	26.41%

1) Corporate tax burden: Current corporate tax

2) Deferred income tax: expected tax effect due to temporary difference between accounting income and taxable income

3) Income tax expense = current corporate tax + deferred corporate tax

4) Income tax burden / Net income before income tax expense

5) Income Tax Expense / Net Income Before Income Tax Expense

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01

Environmental Management for Clean Water and Air



Business Relevance & Approach

Not only the product delivered to the customer but also the operating environment must be efficient. Coway produces approximately 3.7 million units of water purifiers and air purifiers in factories in home and abroad, such as the Yugu Plant, Incheon Plant, and Pocheon Plant. We also have a production capacity of approximately 30.5 million units per year for the filters used in the products. We also operate large logistics centers and logistics networks for nationwide delivery. As a result, there are impacts related to the efficiency of the direct operating environment, such as resource conservation, pollution emission, and climate change and we are undertaking our best effort to minimize such impacts.

Activity



Establish Eco-friendly and Kind Brand



Establish Eco-Business



Establish and Operate Eco-Friendly Value Chain



Expand Eco-Friendly Communication and Participation

Business Cases



Quantify All Biz Generated Waste

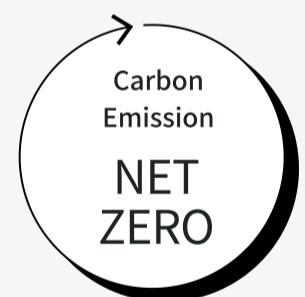


Reduce Water Resources Usage in All Processes

Performance

RE100 (Renewable Energy 100%) & Carbon Emissions Net Zero by 2050

(50% Renewable in 2030, 75% in 2040, 100% in 2050)

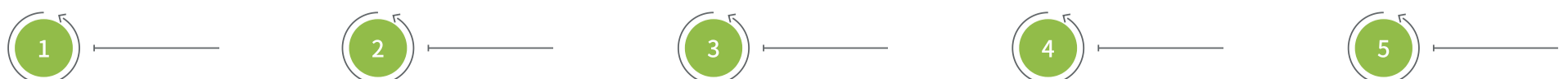


Environmental Management

Coway's environmental management starts with a management spirit of "Goodness". Also, Coway participates in supporting and practicing the 10 principles of UNGC. Through the products and services made by Coway, we recognize that making the environment healthy and making people happy is a core value of the company and actively implementing it.

To minimize the environmental impact in the course of business operation, Coway declared environmental management since 2006, set missions, visions, environmental policies, and environmental goals, established the Environmental Management Committee and dedicated departments to practice company-wide eco-friendly management. In 2019, we were focusing on strengthening product safety by reflecting consumer needs and social requirements, following climate change, resource circulation, and eco-friendly product design based on existing environmental management strategies.

Environmental Management Policy



Secure the Development of Coway's sustainability and global eco-friendly corporate leadership through continuous investment and innovation in eco-friendly business.

Secure continuous value creation in environmental management and driving force of future growth through complying with environmental laws and building advanced environmental management systems.

Provide a clean environment for our children by minimizing environmental impacts through preventive activities such as building a clean manufacturing system to decrease pollutants and GHG emissions.

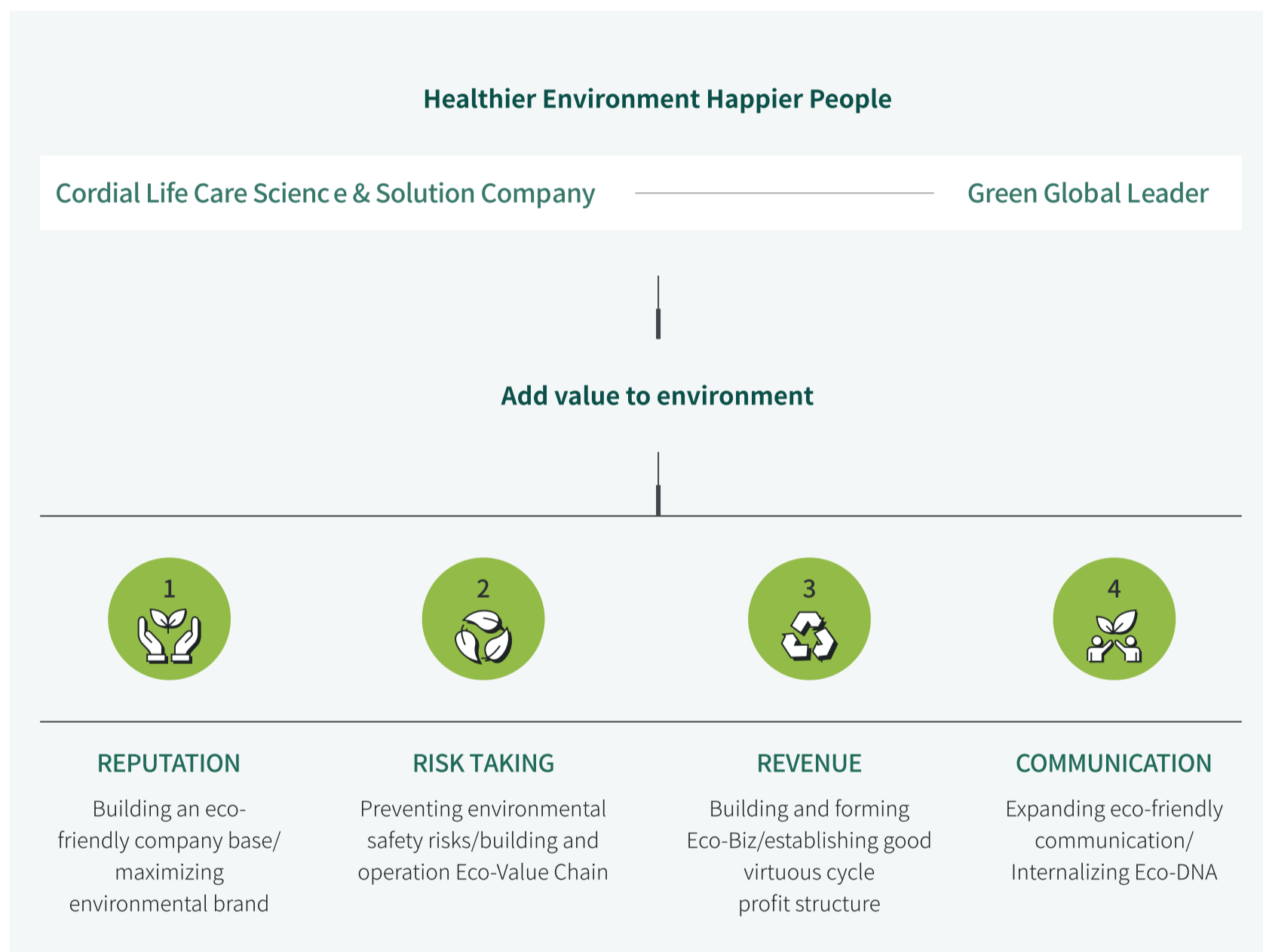
Lead the research and development of green products, services and technology, considering environmental feasibility through every step of product and service.

Reveal all environmental management related information to stakeholders transparently and actively participate in environmental conservation plans for local communities with constant communication.

Environmental Management Strategy

Coway strives to provide eco-friendly values to its customers through products and services that consider the environment. Also, we respect humans and nature and maintain mutual balance as our top priority. We intend to continue sustainable management that fulfills our social and environmental responsibilities.

In terms of operational eco-efficiency, the core of Coway's long-term environmental goals is to achieve 100% renewable energy and carbon neutrality by 2050, 100% waste recycling rate by 2030, and 100% water resource recycling rate by 2050. The aim of Coway's long-term environmental goals is to contribute to the realization of SDGs. It contributes to maintaining the balance of the global environment, maintaining a balance of prosperous human life, and providing a sustainable global environment by providing eco-friendly technologies, products, and services.



Environmental Management System

Coway operates the Environmental Management Committee to practice environmental management across the company. The Environmental Management Committee appointed and operated the head of the TQA Center as the chief environmental officer, promoting an environmental strategy centered on the environmental management team. To internalize the company-wide environmental management, the 'Ecoway Council' is formed as a consultative body participating in each sector to discuss environmental issues regularly.

In 2019, the Ecoway Council reported operational activities and performance reports on four key indicators related to company-wide environmental management (climate change, resource recycling, eco-friendly design, and chemical safety evaluation). First, to respond to climate change, the establishment and disclosure of mid- to long-term targets and the establishment of investment plans for reduction were discussed. In the resource circulation response sector, waste generation performance, cost, and waste improvement activities were discussed in the entire business process. In the eco-friendly design sector, refrigerant conversion and energy consumption efficiency status and analysis were reported as major agendas. Lastly, in the product environment and chemical substance management safety evaluation section, we reported measures to improve the operation of the product chemical substance management system (CSMS), activities to establish a regulatory network, and plans.

Value Chain Environmental Competence

To cope with the ever-increasing product environmental regulations and safety, Coway provides offline training programs to all employees and suppliers of Coway every year and provides online guidance and support at any time. We aim to strengthen regulatory response and implement risk-free by providing practical and continuous help, such as "Global Environmental Regulatory Trends," "Corporate Environmental Regulatory Response," and "Environmental Regulatory Response Methodology." In 2019, we completed training for 390 employees in charge and 77 employees in charge. Also, it has been evaluated as excellent and applicable to more than 90% of suppliers in training contents and work use.

Status of Internal and External Education Support

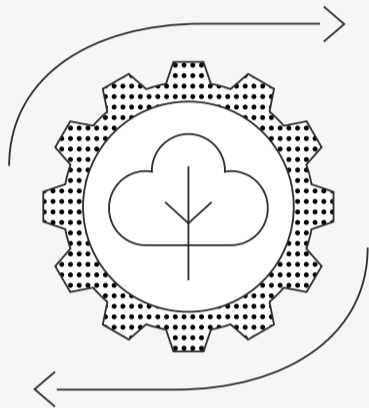
Education Program	Education Target	Education Context	Number of Participants	Education Time	Education Period
Eco-friendly internal worker capability improvement process	Employees	Raise awareness of environmental regulations	390	Total 1,560 hours (4 hours/person)	11 days
Eco-friendly external worker capacity building process	People in charge of environment in supplying companies	Coway hazardous chemicals requirements and countermeasures	77	Total 616 hours (8 hours/person)	2 days
		Plans to improve energy efficiency	10	Total 40 hours (4 hours/person)	5 days

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02

Eco-friendly Product Development and Life Cycle Management



Business relevance & Approach

Coway is an environmental home appliance company that directly produces home appliances, such as water purifiers and air purifiers, that make customers' lives easier by delivering clean water and air. The air purifier market grew from 1 million units in 2010 to about 2.5 million units in 2020. Consumers' interest in environmentally friendly products leads to green consumption. According to the survey by the Ministry of Environment, product sales of products and services that reduce energy and resource consumption and minimize pollutants in the entire process of producing, consuming, and disposing of products have increased by an average of 20.1% over the past four years.

Coway produces better products in the product design and lifecycle management sector, such as designing eco-friendly products, strengthening product responsibilities through life cycle evaluation, and improving resource efficiency, protecting humans from ever-deteriorating water and air, and creating more eco-friendly values. We will undertake our utmost for eco-friendly products and services to deliver to customers.

Activity



Establish Eco-Friendly, Good Brand Concept



Improve Resource efficiency and Realize Circular Economy Through Eco-Friendly Management Throughout The Entire Process

Business Cases



Refrigerant Recovery and Recycling, Expanded Sales of Refurbished Products

Performance

6,125 products

2019 Refurbished Product Sales (Aim to reach 10,000 units in 2020)

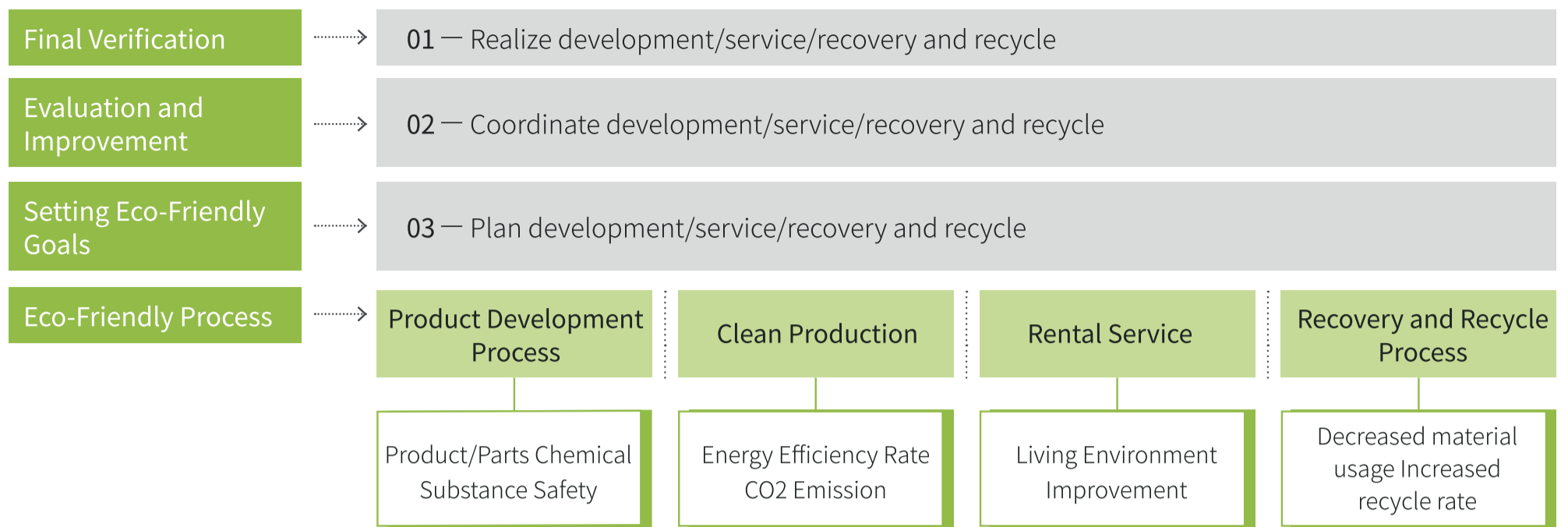
100%

Recycling rate of recovered refrigerants in 2019

Eco-friendly Product, Service, and Business Design

Coway designs eco-friendly products, services, and businesses through the product development process, eco-friendly manufacturing, rental service, recovery, and recycling. We undertake various activities to reduce negative impacts and expand positive impact throughout the entire process by securing chemical safety, achieving high energy efficiency, reducing carbon emissions, improving the living environment, reducing resource use, and increasing recyclability.

PRODUCT & SERVICE



Life Cycle Assessment and Product Responsibility

Coway conducts a full-scale evaluation to quantitatively evaluate the environmental impact of products and reflect them in product development. Simplified LCA technique is used during life cycle evaluation according to ISO14040 standard. Coway will actively implement product stewardship, which quantifies raw material consumption and optimizes the production process through all process evaluations while reducing environmental loads during use and disposal, leaving a sustainable planet for future generations.

Eco-friendly Product Certification

Coway continues to provide consumers with information on improving the environment of products through carbon labeling and environmental mark certification systems.

Certification	2016	2017	2018	2019
Eco Label Certification	17	31	25	22
Water Footprint	-	1	1	1
Carbon Neutral Product Certification	-	1	1	0
Carbon Balloon	2	2	2	0

- 1) Cumulative Eco-friendly products with valid certification in the year (Including mattress)
- 2) Water footprint: Quantified environmental impacts by adding up the total amount of water used directly and indirectly for the entire process of product and service such as the acquirement of raw material, production, distribution, usage, and disposal and verified through ISO 14046 requirements, the verification requirement of International Standard Organization.
- 3) Carbon Neutral Product Certification: Certification given to products that purchase carbon credits corresponding to greenhouse gas emissions generated in the entire process from product production, distribution, and disposal, or products with zero carbon emissions through greenhouse gas reduction activities.
- 4) Carbon Balloon: Carbon labeling calculates the environmental impact of the entire production process as carbon according to Korean certification standards, but Carbon Balloon is an international carbon labeling certification that is certified by calculating the carbon emissions of the entire process according to the more stringent ISO 14044 & PAS 2050 standard.

Eco-friendly Products Sales (Unit: 100 million KRW)

Category	2016	2017	2018	2019
Eco-friendly product sales	7,025	6,858	5,869	5,529

Chemical Management System

Coway introduced the basic structure and concepts of global quality and environmental management systems and acquired certification to strengthen chemical management through a cycle of planning, execution, review, and continuous improvement. Through the establishment of a chemical substance pre-regulatory monitoring system, we have strengthened our ability to respond to regulatory information from pre-monitored and analyzed with CSMS(Cheical Substances Management System), so that we can develop products and parts that have been reflected and regulated from the product planning stage.

Reinforcement of the pre-regulatory response system led to the completion of the pre-response for the regulation of RoHS II before the regulation was enforced. Management and verification have been strengthened under biocide production standards.



standards for all parts to verify the compatibility

- To verify the suitability of all products internally, register the service part code 100% by expanding the response to the Resource Recycling Act.

check the use status of chemicals in the workplace

- Established DB related to domestic/overseas regulations and laws

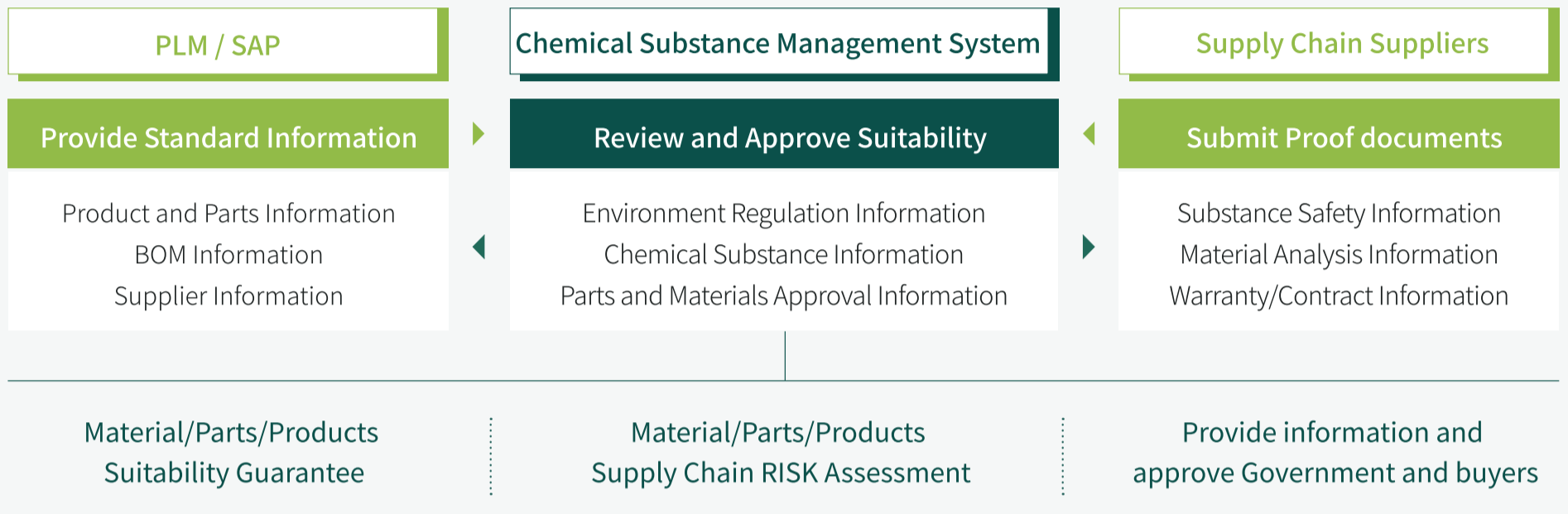
- Proactively respond to global environmental regulations and customer demands related to chemical use

the expansion of the scope of management, the scope of laws and regulations has been expanded from electrical and electronic products to food and hygiene safety.

monitoring pre-regulation of chemical substances

- Proactive response and verification of RoHS II regulation for all products and parts

Product Chemical Substance Management System



- Currently, products manufactured by Coway comply with chemical management standards and regulations under the Coway Chemical Management Guidelines.

- Substances regulated by the Coway Chemicals Management Guidelines are Class I (Prohibited Substances), Class II (Restricted Substances), and Class III (Coway Voluntary Use Prohibited Substances), which apply to all processes of Coway product development and production.

Resource Efficiency and Circular Economy

Resource Efficiency KPI



100%

Waste Recycling Rate by 2030



100%

Industrial waste Resource Recovery Rate by 2030



20,000 products

Refurbished Product Sales by 2030

Coway focuses on a new concept, the circular economy, to protect the world's crisis and prevent wasting resources. Coway goes beyond the traditional method of consuming and disposing of resources and makes great efforts to ensure that resources are reused through recovery and recycling even after they are used. Through the circular economic system such as operating refurbished product systems, recycling products and parts, zero landfill, and generating energy with waste from the entire production process, we reduce greenhouse gases and pollutants caused by waste incineration, and soil and groundwater pollution caused by landfill.

Coway Resource Circle

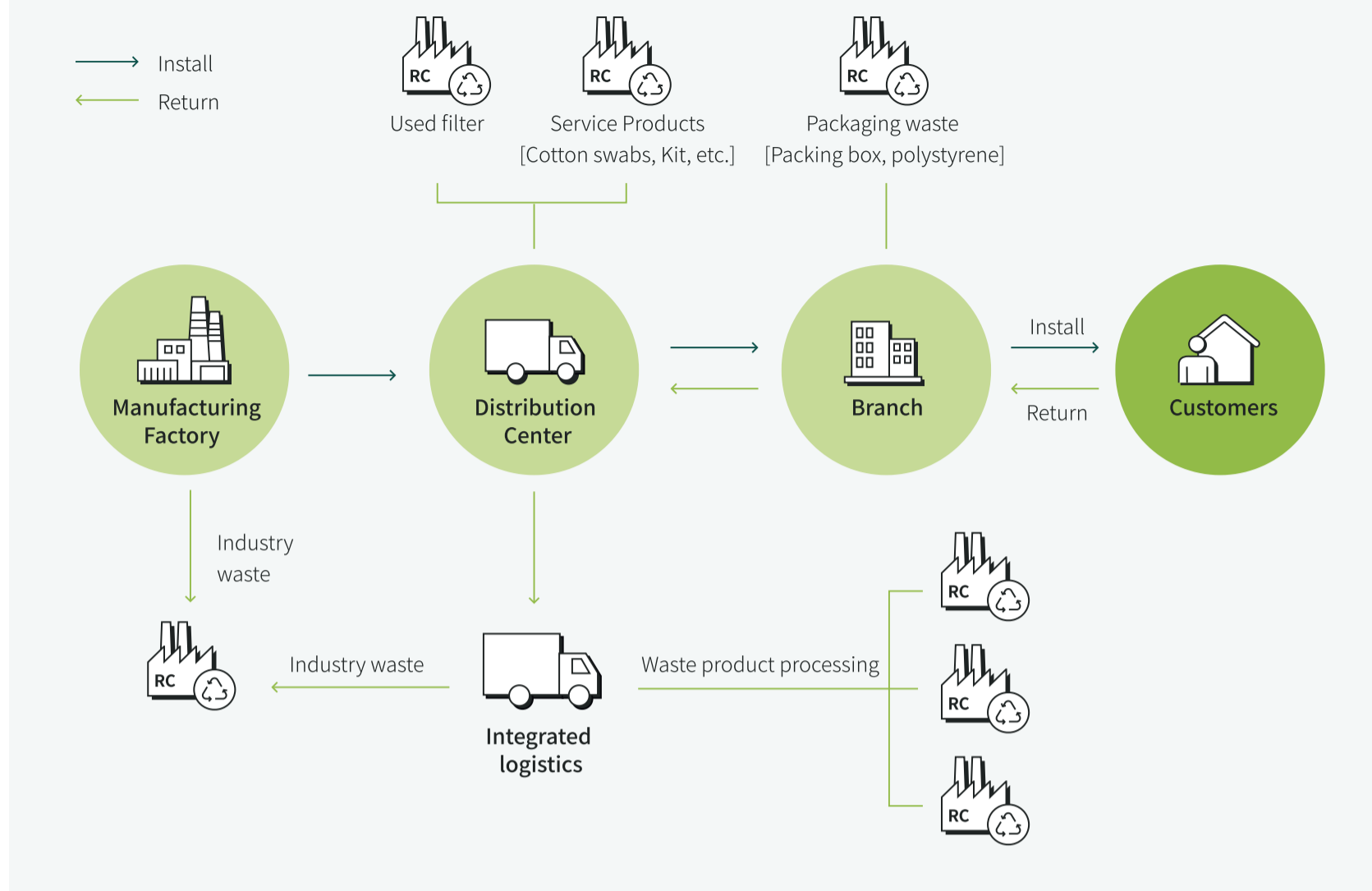


Coway pursues various activities for transitioning to establishing a resource recycling society from the existing resource consumption structure in which resource is used once and discarded. When developing new products, we undertake efforts to improve the recycling rate of each product line. We check whether the recycling rate per unit satisfies 75% or more. If it is calculated as 75% or less, it is replaced by a recyclable material or carefully reviewed whether it is recyclable in the actual recycling process.

Also, Coway continues to make efforts and activities to extend recycling, zero wastes, and minimize costs through continuous quantification and management of waste generated in all areas of business. In particular, we promote zero waste by processing 99% of business and service wastes with living waste disposal (RDF, Refuse Derived Fuel). Our living environment appliances are closely related to the safety and health of customers i.e. drinking and inhaling. Therefore, currently, recycled raw materials are not applied. However, we will review and apply parts for recycled raw materials in the future.

Coway contributes to the circular economy by reusing the products. In 2007, we introduced the refurbishment system for the first time in the rental consumer electronics industry, creating value through internally reducing rental disposal and operating a price competitiveness model externally and recycling resources. Refurbished products are sold at a 20% discount from the average rental price compared to the regular price. In 2019, it accounted for 0.4% of the total sales. In the future, we plan to promote communication with customers by delivering messages that conform to the concept of resource recycling, eco-friendly, and good consumption to promote sales of refurbished products and raise customer awareness.

Recycling Process



Amount of Waste Generated by Type (Unit: ton)

Category			2017	2018	2019
Product	Incineration		0	0	0
	Landfill		0	0	0
	Recycle		13,770	13,866	13,609
	Subtotal		13,770	13,866	13,609
Service	Incineration		0	0	0
	Landfill		0	0	0
	Recycle		9,307	8,823	9,124
	Subtotal		9,307	8,823	9,124
Business Site (Manufacturing factory)	General	Incineration	160	157	217
		Landfill	0	0	0
		Recycle	1,271	694	753
		Subtotal	1,431	851	970
	Designated	Incineration	0	0	0
		Landfill	0	0	0
		Recycle	28	0	0
		Subtotal	28	0	0
Total amount of waste generated			24,536	23,540	23,703
Waste recycling amount			24,376	23,383	23,486
Waste recycling rate (%) ¹⁾			99.3	99.3	99.1

1) Recycling rate: The ratio of recycled waste among products, services, and business waste (total amount of recycled waste / total amount of waste x 100)

- Environmental household waste generation (excluding cosmetics and mattresses)
- Since 2016, all service waste has been solidified fuel. Solidified fuel, except part of the business waste → Recycling of more than 99% of the amount of waste generated
- Due to the Pocheon factory recycling business's return in 2018, the amount of product waste recycled is counted as Coway's recycling company.
- Reduction of waste in the business site due to return of recycling business in Pocheon factory in 2018
- Increasing production sites and service waste due to increased production

Material usage (Unit: ton)

Category		2017	2018	2019
Non-renewable raw materials	Plastic (Filter, 5 Product lines) ¹⁾	9,123	10,100	10,947
	Metal ²⁾	4,398	4,537	4,419

Category	2017	2018	2019
Packaging ³⁾	2,160	2,131	2,304
Renewable raw materials ⁴⁾	-	-	-
Total	15,681	16,768	17,670

1) Filter (water purifier and bidet filter), 5 Product lines (water purifier, air purifier, bidet, water softener, food processor)

2) Theoretical weight applied

3) Packaging material standard: paper box, packaging vinyl/packaging film, EPS (buffer)

4) Generated imported products and parts added and managed since 2019

- Renewable raw materials: Our living environment appliances are closely related to the safety and health of customers i.e. drinking and inhaling. Therefore, currently, recycled raw materials are not applied. However, we will review and apply parts for recycled raw materials in the future.

Recovery & Recycling Refrigerant

In order to minimize environmental pollution caused by refrigerants, we use eco-friendly refrigerants while recovering refrigerants (R-134a) used in our products at the time of their disposal and dispose of them through a company designated by the Ministry of Environment. Since 2018, Coway has expanded and operated refrigerant and oil recovery from 1 to 2 locations. Recycling operators are continuously monitoring for proper management and operation of water purifier and dehumidifier refrigerant and oil recovery and recycling. In 2019, about 6.1 tons of refrigerant was recovered and recycled.

Refrigerant Recovery and Recycling Amount (Unit: kg)

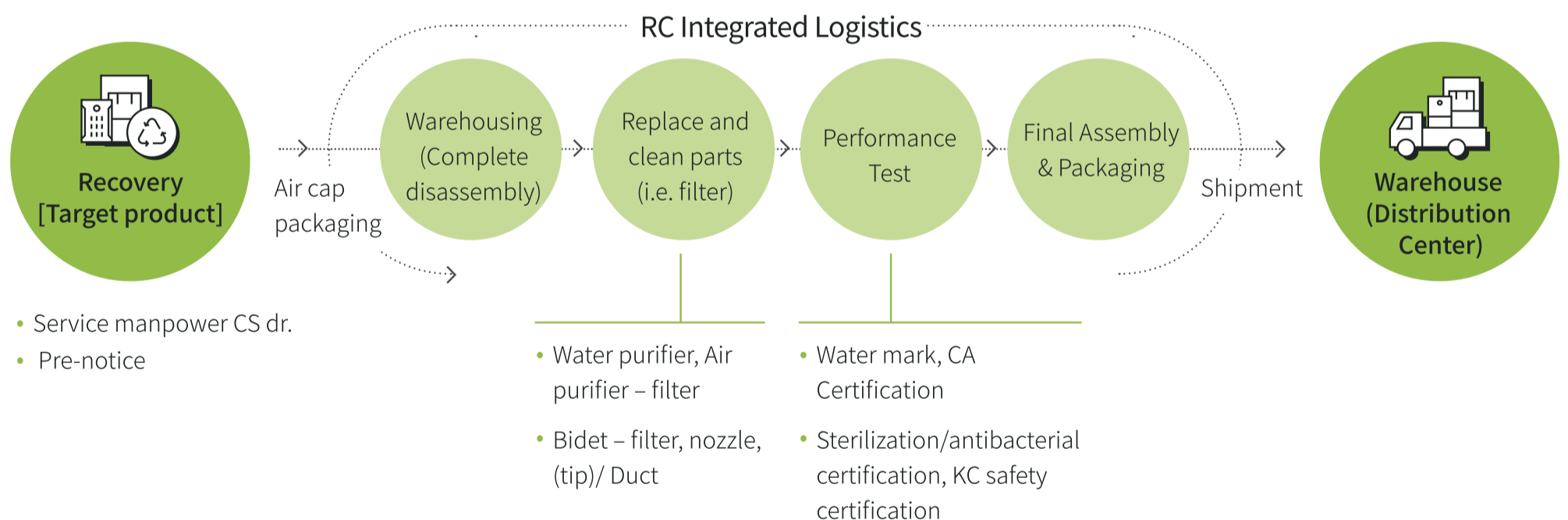
Category	2019 Recovery Amount	2019 Recycling Amount
Refrigerant Recovery and Recycling	6,170	6,170

- All recovered refrigerants are recycled.

Refurbished Product Policy

Refurbished products refer to repackaged products that are returned by the consumers or displayed at stores. They are re-processed and resold to the consumer at a reasonable price. After replacing parts and performing thorough performance tests, the quality is the same as new products, contributing to environmental protection. In the future, we plan to induce customers with "conscious consumption" through Coway's unique, differentiated refurbished product line communication. We strive to promote sales by expanding the product line and securing product price competitive advantage.

Refurbishing Process



2020 Refurbished Product Sales Strategy

2020 Goal Sales

- Bidet
- Air purifier
- Water purifier

1

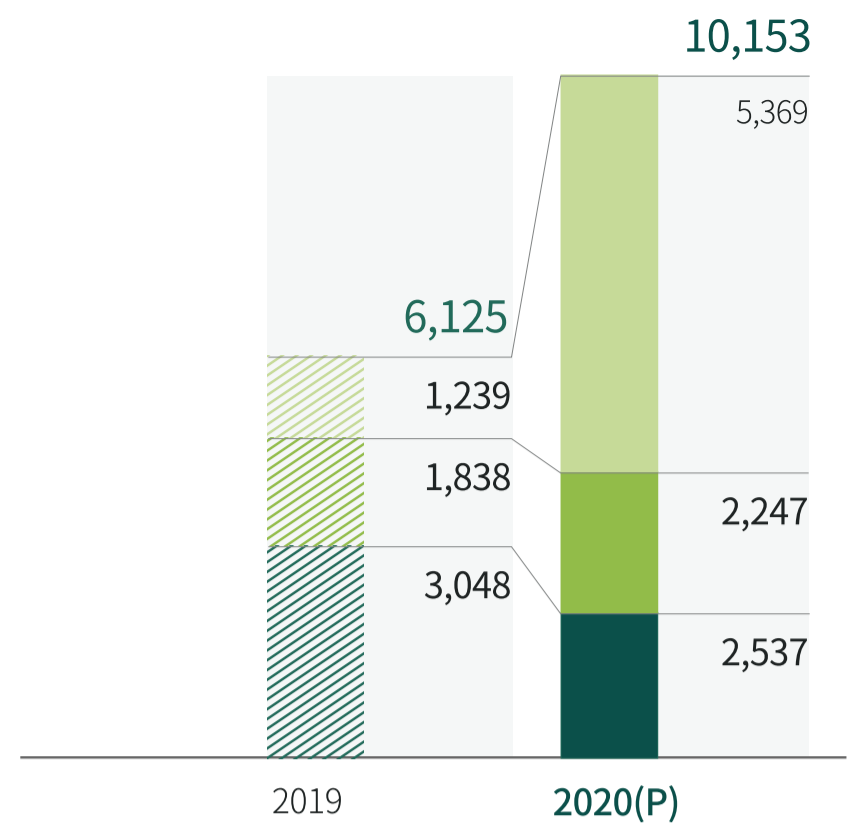
Reinforcing the image of eco-friendly companies by expanding refurbished products
→ Inducing customers with “conscious consumption.”

2

Expanding product reuse rather than simple disposal

3

Providing environmental protection and environmental value and cost-effectiveness to consumers



Refurbished Product Sales (Unit: pieces)

Category	2017	2018	2019
Water purifier	4,267	1,757	1,239
Air purifier	8,533	5,708	1,838
Bidet	4,548	3,144	3,048
Total	17,348	10,609	6,125

Reduction of Water Consumption

Coway has a high proportion of final assembly and inspection processes, so it does not consume much water in the production process and does not discharge wastewater. However, we continuously undertake efforts to manage water consumption by improving the water use process to minimize the environmental impact of using water resources and introducing a "waterless" system with nitrogen and vacuum instead of water.

Water Resource Reduction Through Waterless Systems (Unit: ton)

	2017	2018	2019
Water Resource Reduction Through Waterless Systems	5,028	6,306	5,957

Water Resource Usage

Category	Unit	2017	2018	2019
Industrial Water	ton	0	0	0
Underground Water		26,084	21,962	29,904
Surface Water		45,901	49,385	60,519
Total Water Resource Consumption		71,985	71,347	90,423
Discharged Wastewater		0	0	0
Water Consumption Intensity	ton/100 million KRW	3.102	2.987	3.573

Water Resource Usage by Business Site (Unit: ton)

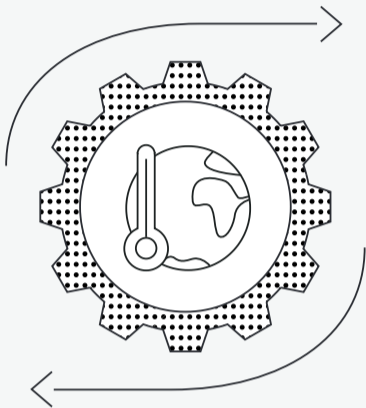
Category	2017	2018	2019
Yugu Factory	37,879	34,501	44,357
Incheon Factory	6,482	4,401	5,725
Pocheon Factory	134	594	1,771
Environmental Technology Research Center (R&D Center)	22,597	26,045	33,183
Logistics Center (Yugu)	4,893	5,806	5,387

- As the scope of verification of water resource data in 2020 is expanded, the data from Pocheon factory in 2018 is different from the previous year's report data. [Check Verification Statement](#)

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03 Climate Change



Business relevance & Approach

The 2nd Basic Plan for Climate Change Response was established to reduce global greenhouse gas emissions to 536 million tons by 2030. South Korea is further strengthening its responsibilities as a greenhouse gas emission company through the emission trading system. According to the 2030 National Greenhouse Gas Reduction Roadmap, the current 3% emission allowance rate will increase to more than 10% by 2025, and incentives for companies with high reduction efficiency will be allocated relatively more emissions. These institutional changes mean that the company's greenhouse gas emissions turn into institutional and manageable risks that directly impact financial performance, not just uncertainties or pure regulatory risks.

Coway is a company that provides products and services that improve the customer's living environment and aims to actively support GHG reduction and climate change adaptation by countries and societies. To this end, we will actively analyze climate scenarios, set clear greenhouse gas reduction targets, increase energy efficiency in the workplace, and reduce emissions from refrigerants.

Activity



Recalculate medium to long-term targets for climate change



Promote science-based target (SBT) for reduction methodology

Business Cases



Voluntary carbon reduction of a supplier in the supply chain

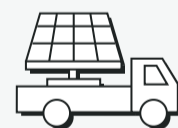


Active participation in global initiatives such as CDP (Carbon Disclosure Project)

Performance

-50%

Reduction in GHG emissions per sales (KRW) in 2020 compared to 2010



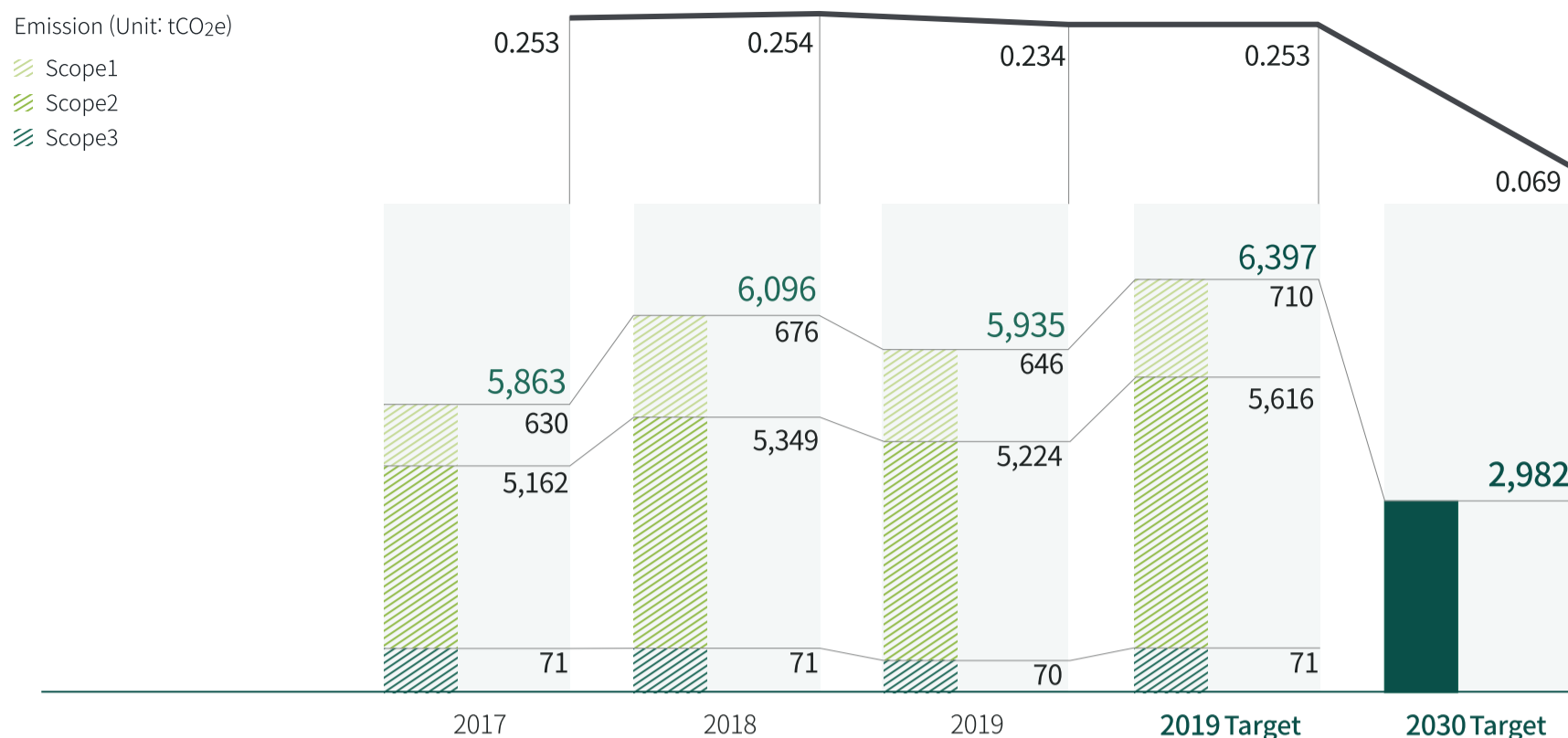
1st Implementation of renewable energy (Solar) in Logistics Center

Climate Change Goals and Scenario Management

Coway declared environmental management in 2006, recognizing that climate change and changes in the global environment have a significant impact on corporate management activities. Coway has established a mid- to long-term goal of reducing GHG emissions up to 50% by 2020 compared to the 2010s. Even though GHG emissions increased by 10.81% but GHG emissions compared to sales increase in KRW decreased by about 70% from 2010 to 2019—from 5,356 tCO₂e and 0.357 tCO₂e/100 million KRW in 2010 to 5,935 tCO₂e and 0.234 tonCO₂e/100 million KRW in 2019. (when the internal emission calculation standards were applied as same as those of 2010, the GHG emissions increased by 4.13% and the GHG emissions compared to sales increase was reduced by approximately 77%.)

GHG Emissions and 2030 Goals

— GHG Emissions Compared to Sales Increase (Unit: tCO₂e/100 million KRW)



1) 2019 target is estimated by calculating increase in energy use by 5% compared to the previous year as sales (production) increase.

2) 2030 target is estimated by calculating increase in sales and energy use by 5% per year.

3) As the scope and standards of greenhouse gas management were changed from the internal standards to national standards according to the 'GHG and Energy Target Management System', there was a difference in reports and data from the previous year. The data in this report is a revalidation of emissions from 2017 to 2019 on a national basis.

Coway uses energy efficiently through its GHG reduction activities and business operation efficiency. We maximize energy efficiency by continuously introducing new and renewable energy, solar power generation. Coway installs and operates solar power at Yugu Plant (49.5KWh scale), Incheon Plant (39KWh), Pocheon Factory (45KWh scale), and Logistics Center (48.8KWh scale). Through this, 3 factories and distribution centers produced about 237MWh of electricity in 2019, reducing the GHG emission by about 110 tons. The energy storage system (ESS) introduced at the Yugu plant reduces peak loads and contributes to the distribution of energy consumption. Also, it has an energy cost-saving effect, saving approximately 120 million KRW in 2019. The LED lighting introduced in the Yugu Plant and Logistics Center improved the working environment in the workplace, reduced energy costs by more than 65 million KRW in 2019 based on the logistics center, and about 264 tons of GHG.

Science Based Target Plan

Since 2020, Coway has set targets for 2030 and 2050 based on the Science-Based Target initiative to respond to the new climate change system. Since most of the energy relies on electric power, we are setting goals that substantial reductions can be made, such as the continuous installation, purchase, and reduction purchase of new and renewable energy. To this end, we changed the standard for calculating GHG emissions from our internal standard to the target system for energy and GHG in South Korea and recalculated GHG emissions in the last 3 years. As soon as the external GHG emissions verification of the last 3 years is completed, the targets for GHG reduction for 2030 and 2050 will be finalized and disclosed.

Risks and Opportunities of Climate Change

Coway analyzes and discloses specific climate change risks and opportunities following the recommendations of Taskforce on Climate-Related Financial Disclosures (TCFD). Coway's 2019 climate change risks and opportunities analysis are as follows:

Potential Risks from Climate Change

Strengthened product policy and legal regulations	Regulations on energy-using products are strengthened by the efficient management equipment operation regulations under the Energy Use Rationalization Act. Therefore, the standard of energy consumption efficiency of Coway's flagship water purifier is being strengthened. If Coway does not respond by developing technology to improve the energy consumption efficiency of products, it will inevitably weaken its competitiveness in the market. As a result, it is expected that the company's operating costs, such as R&D investment costs will increase.	Short Term
Conversion costs for low carbon emission technologies	Currently, R-134a refrigerant is used in the water purifier product produced by Coway. The international agreement is tightening regulations on the use of refrigerants that deplete the ozone layer. R-12 refrigerants have already been banned from manufacturing and sales. R-134a refrigerants also have a high GWP, making them a regulatory risk. Therefore, if Coway does not develop materials and new technologies to replace R-134a refrigerant, it can be a considerable risk to the water purifier business.	Short Term

Market uncertainty	In South Korea, precipitation patterns are changing due to climate change. Therefore, the nation's water resource management policy is expected to be strengthened due to water shortages. Water is used in Coway's water purifier, and it is expected that this water purifier product will be affected by national water resource management policies. As a result, it is expected that Coway will increase its operating expenses, such as R&D and facility investment.	Mid Term
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Potential Opportunity from Climate Change

Access to new markets	Precipitation patterns are changing due to climate change. The frequency of yellow dust and fine dust is increasing due to severe drought caused by changes in precipitation patterns. Due to this climate change, the air purifier market has expanded to China, providing Coway with a new opportunity to enter the market.	Short Term
Business diversification opportunities	Due to climate change, energy consumption is increasing, and the type of electricity supplied to homes is also expected to change. Coway has a platform business that is convenient to introduce new types of business or products. It is predicted that new businesses or products related to climate change will provide Coway with opportunities to enter new markets.	Mid Term

Carbon Partnership with Supplier

Coway's carbon partnership suppliers have also implemented reduction activities to decrease 50% of GHG emissions compared to sales increase by 2020 compared to 2010. Coway continues to support its carbon partnership suppliers to minimize energy use compared to their sales growth, thereby strengthening the energy competitiveness of carbon partner suppliers, striving to prevent supply chain risks related to climate change. For the 2020 GHG reduction target, starting from 2018, the GHG emissions compared to sales increase exceeded the mid- to long-term target by reducing 110% of the reduction target and 7.55% of emissions. Since 2019, it has been converted to voluntary management of each supplier. In 2019, GHG emissions information will be disclosed through CDP Q&A and carbon report, if necessary.

Carbon Partner Support Status

Category	Participating Partners	Term	Main Contents
Energy Cooperation Project of Corporate Cooperation Group	5 Companies	2019.04 ~ 2019.10	Energy diagnosis support to business sites (Induce conversion to high-efficiency energy)
<ul style="list-style-type: none"> - In June 2014 installed 29.7KWh solar power to Coway supplier [Jesung Co., Ltd.] - In July 2015, installed 29.4KWh solar power to Coway supplier [ID System Co., Ltd.] - We continue to participate in the Energy Cooperation Project of the Corporate Cooperation Group from 2012 to 2019, and 39 partners are participating for 8 years. 			

GHG · Energy and Other Environment Data

GHG Emissions

Category	Unit	2017	2018	2019	2019 Goals	2030 Goals
Scope1	tCO ₂ e	630	676	640	710	-
Scope2		5,162	5,349	5,224	5,616	-
Scope3		71	71	70	71	-
Total		5,863	6,096	5,935	6,397	2,982
GHG Emissions Compared to Sales Increase	tCO ₂ e/100 million KRW	0.253	0.254	0.234	0.253	0.069

1) 2019 target is estimated by calculating increase in energy use by 5% compared to the previous year as sales (production) increase.

2) 2030 target is estimated by calculating increase in sales and energy use by 5% per year.

3) As the scope and standards of greenhouse gas management were changed from the internal standards to national standards according to the 'GHG and Energy Target Management System', there was a difference in reports and data from the previous year. The data in this report is a revalidation of emissions from 2017 to 2019 on a national basis.

GHG Emissions by Business Site

Category	Unit	2017	2018	2019
Yugu Factory	tCO ₂ e	2,178	2,466	2,438
Incheon Factory		609	663	707
Pocheon Factory		375	205	218
Environmental Technology Research Center (R&D Center)		1,708	1,889	1,849
Cosmetic Research Institute		203	126	0

Category	Unit	2017	2018	2019
Seoul Office		502	456	444
Logistics Center		287	292	279
Total		5,863	6,096	5,935

1) GHG emissions in 2019 is zero due to closure of the Cosmetic Research Institute

2) Due to changes in the scope of verification of GHG data in 2019, it differs from last year's reporting data.

GHG Emissions Scording to the the Use of Refrigerant

Category	Unit	2017	2018	2019
R-134 Refrigerant usage in product manufacturing	kg	46,580	51,230	46,360
R-600a, R-436B Refrigerant usage in product manufacturing		800	5,320	4,010

- R-134a in 2018 is modified as follow: 49,320 → 51,230 / R-600a, 3,220 → 5,320kg for R-436B

Other Indirect GHG (Scope 3) Emissions

Category	Unit	2017	2018	2019
Domestic Logistics/Transportation	tCO ₂ e	5,047	5,420	5,491

- Domestic logistics/transport is voluntarily provided by consigned partner companies, and external verification is not conducted.

Energy Usage

Category	Unit	2017	2018	2019	2019 Goals	2030 Goals
Direct						
LPG	GJ	84	41	0	-	-
Gasoline		2,423	2,533	2,587	-	-
Diesel		2,458	2,540	2,773	-	-
LNG		323	554	201	-	-
Kerosene		432	225	338	-	-
Propane		5,294	5,908	5,163	-	-
Direct Total		11,014	11,801	11,062	12,391	-
Indirect						
Electricity		106,275	110,142	107,564	-	-
Indirect Total		106,275	110,142	107,564	115,649	-
Total Energy Usage		117,289	121,943	118,627	128,040	64,020
Total Energy Intensity	GJ/Sales	5.055	5.091	4.687	5.059	1.479

1) 2019 target is estimated by calculating increase in energy use by 5% compared to the previous year as sales (production) increase.

2) 2030 target is estimated by calculating increase in sales and energy use by 5% per year.

3) As the scope and standards of greenhouse gas management were changed from the internal standards to national standards according to the "GHG and Energy Target Management System," there was a difference in reports and data from the previous year. The data in this report is a revalidation of emissions from 2017 to 2019 on a national basis.

4) The total heat generated is applied to the coefficient applied to the energy consumption calculation.

5) All of Coway's business sites do not have air emission facilities. Therefore, they do not emit air pollutants such as nitrogen oxide(NOx) and sulfur oxides(SOx).

6) Greenhouse gas emissions are zero due to the absence of LPG vehicles among the rental vehicles in 2019.

Environment/Quality Certification Rate

Category	Certification Scope
Environmental Management System (ISO14001)	100%
Quality Management System (ISO9001)	100%

Environmental Investment

Category	Unit	2017	2018	2019	Note
Facility Operation ¹⁾	1 million KRW	86.5	377.4	850.2	Expansion and construction of environmental safety facilities at business sites
System operation ²⁾		253.3	407.8	302.5	Reduced system investment due to stabilization of verification of conformity to parts
Communication ³⁾		229.2	327.6	227.4	Cost reduction due to stabilization of legal response
New Environmental Business ⁴⁾		50.8	80.0	121.6	Expand regulatory network
Total		619.8	1192.8	1501.7	

1) Facility operation: refers to high-efficiency facility replacement, new facility investment.

2) System operation: Refers to IT construction and operation, internal audit, benchmarking, training, verification.

3) Communication: Responding to laws and regulations, national projects, promotion/event/education, donation, social contribution.

4) New Environmental business: external consulting, new and renewable energy investment.

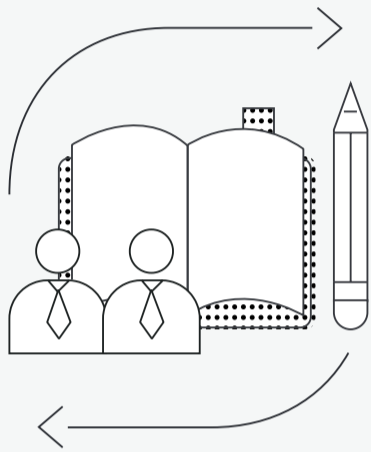
Environmental Law Violations and Fine

Category	2016	2017	2018	2019
Number of violations of environmental regulations	0	0	0	0
Fine for violation (KRW)	0	0	0	0

CARE FOR SOCIETY

We Make Healthier Environment, Happier People, and Healthy and Convenient Life.

01 Employee-Oriented Culture, Safe and Healthy Workplace



Business relevance & Approach

A corporate culture in which employees can exercise their competencies without restrictions is an essential factor for maintaining corporate competitive advantage. Coway selects excellent talents through a transparent and fair recruitment process and runs a systematic training program to help employees develop their competencies voluntarily. Also, based on active communication with employees, we build a corporate culture with horizontal communication and talent management that pursues independent work capabilities and balances work and life. Moreover, we promote safety and health management to create a safe working environment to minimize workers' illnesses and accidents. Based on the Occupational Safety and Health Committee, we have established a safety and health system, operating an integrated safety and health system at all domestic factories.

Activity



STEP Policy-Based Enhancement



Regular communication through a Joint
Labor-Management Council



Occupational Safety and Health Committee

Business Cases



Digital-based Work Innovation
Support



COVID-19 Efforts to prevent the
spread of COVID-19

Performance

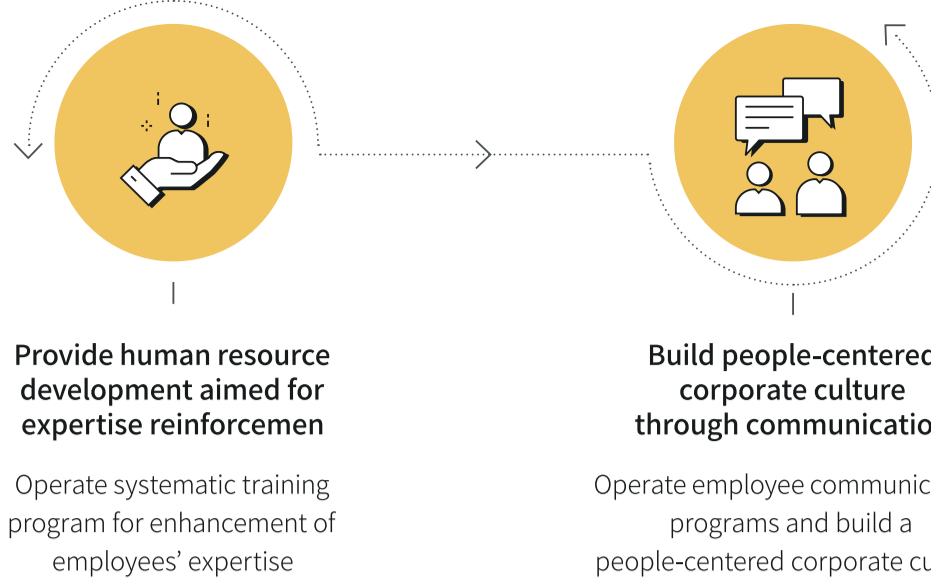
100%

2019 Employee Grievance
Annual Processing Rate

100%

2019 Safety Improvement Rate
(Through Joint Safety Inspection with
Suppliers)

Based on the principle that the future value of a company comes from talent, Coway practices fairness, work-life balance, and talent management that reinforces expertise. Coway is building a diverse support system to develop their capabilities based on fair opportunities and rewarded for their performance. With a transparent and fair recruitment process, we recruit talented people who fit Coway and provide various learning opportunities based on the STEP (Self Teaching & Education Plan) system so that employees can actively develop their competencies. Also, by building a corporate culture based on communication and participation, we provide an environment where employees can balance work and life.



Systematic Empowerment

Coway supports the growth of employees based on the STEP (Self Teaching & Education Plan) system. STEP is a mandatory education system for employees, and it is strictly managed to reflect whether it has been completed in the promotion evaluation. The STEP system consists of leadership training, job training, onboarding training, and mandatory training. In 2020, we plan to strengthen our employees' leadership competencies and training to improve job competencies in line with business changes.

Coway STEP (Self Teaching & Education Plan) Policy			
Leadership Training	Job Training	Onboarding Training	Mandatory Training
<ul style="list-style-type: none"> · Manager Training (Executives, Team Managers) · New Manager Training · Promotion Training · Training for employees who has been in the position for 3 years 	<ul style="list-style-type: none"> · Common Competency Training · Headquarter Training · Outsourcing Training · Global Language Education Support · Special lectures by famous lecturer 	<ul style="list-style-type: none"> · Training for new employees from public recruitment · Training for new employees in career positions 	<ul style="list-style-type: none"> · Sexual harassment prevention training · Information protection training · Training for improving the awareness of the disabled in the workplace · Training for prevention of bullying in the workplace

Leadership Training

Leadership training is conducted to foster leaders who will lead the future and to develop competencies for positions. Customized training and online content training are provided regularly to executives and team leaders, and new leader training is provided to new positions. Moreover, pre-leadership training is provided to support the promotion of employees and training for employees who has been in the position for 3 years to check individual growth and develop necessary competencies.

Job Training

Job training consists of a program of common competency training, departmental training, outsourcing training, global language education support, and special lectures to strengthen the professionalism necessary for job performance, and built to provide an always-learning environment for employees to listen to e-learning voluntarily. In particular, common competency training consists of expert lectures in various fields such as business planning, financial accounting, OA, and in-house lectures to learn Coway's products and technologies and practice services. The special training with prominent lecturers such as Professor Kim Nan-do of Seoul National University and architect Yoo Hyun-jun has been continuing since 2013 and has been presenting insights on various topics to employees.

Education and Training Investment

Category	Unit	2016	2017	2018	2019
Total Training Cost 1)	1 million KRW	11,227	11,740	11,693	11,425
Training Cost Per Person 1)	1 million KRW/person	2.4	2.4	2.4	2.3
Total Training Time 2)	hour	106,436	106,796	107,564	109,735
Training Hour Per Person	hour/person	88.7	89.0	89.6	61.4

1) Total training cost and training cost per person are counted as the total number of employees.

2) Total training hours and training hours per person excluded sales positions.

Digital-based Work Innovation

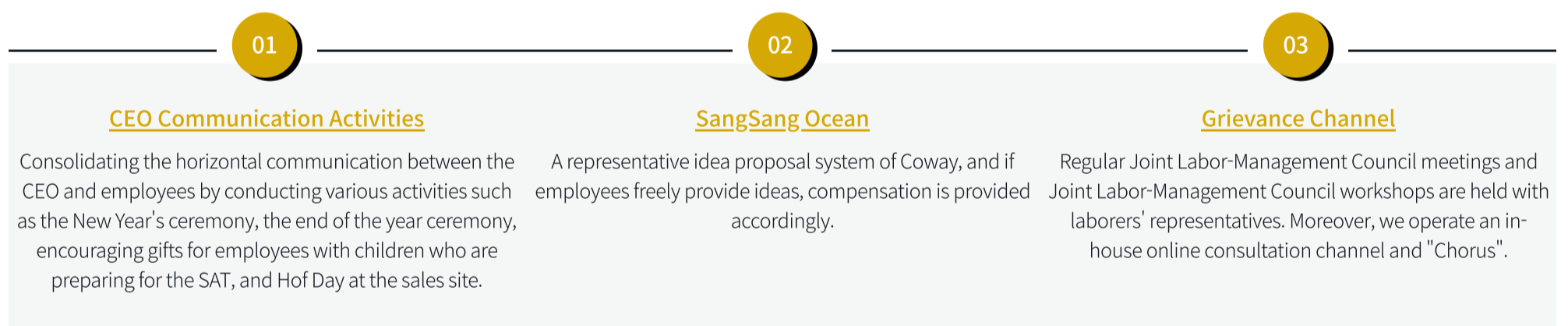
Coway is running a Work Smart campaign to minimize unnecessary work processes and practices and improve work productivity. The Work Smart Campaign is an activity to improve the space, time, performance, knowledge, and method which creates a reasonable working culture, and flexible utilization of workspace and time to increase employee satisfaction. In particular, by maximizing work efficiency within working hours, we are doing our best to prevent overtime work over 40 hours a week and to balance work and life.



To increase work efficiency through digital business innovation, we introduced Robotic Process Automation (RPA) systems for major tasks such as accounting and analysis since 2018. Robot Process Automation is a system that robot software automatically handles simple tasks that have been repeatedly executed. Through this system, employees can move away from simple tasks and concentrate on high-value added work to improve work efficiency. We applied RPA to about 40 tasks, such as current account status monitoring, sales results counting, rental asset status, and billing history. It improved the overall processing speed by more than 50%, with a total of 70 robots operating. We plan to review and sequentially apply the possibility of introducing RPA throughout the entire work area and strive to increase the quality of work and work-life balance.

Communication-based Company Culture

Various programs are underway to strengthen communication between employees to create a horizontal corporate culture. Based on the CEO's active participation in communication, we are operating various communication programs to promote mutual exchange between the management and employees. Moreover, to actively listen to employees' grievances and to improve work efficiency and job satisfaction through immediate resolution, we are operating an employee grievance counseling channel and an in-house webzine (Chorus). In 2019, a total of 28 employee grievances were filed, and 100% of these were processed and improved throughout the year.



Received Employee Grievance Status

Category	Unit	2016	2017	2018	2019
Received Grievances	case	28	52	59	28
Resolved Cases	case	28	52	59	28
Rate of Grievance Resolution	%	100	100	100	100

Communication Based on The Labor-Management Council

Coway communicates important decisions and changes related to corporate management through regular Joint Labor-Management Council meetings with representatives of all employees. When significant business changes occur in the company, they are transparently shared in advance. In 2019, through a total of 4 Joint Labor-Management Council meetings, 7 issues were discussed, including the operation and promotion of the evaluation committee, annual salary setting, payment of year-end incentives, and improvement of the corporate culture and education system.

Number of a Joint Labor-Management Council and Agenda Items

Category	Unit	2016	2017	2018	2019
Joint Labor-Management Council Meetings	meeting	5	5	5	4

Category	Unit	2016	2017	2018	2019
Discussed Agenda	case	8	9	8	7
Processed Agenda	case	8	9	8	7

Employee Satisfaction through Work Life Balance

Coway promotes work-life balance with a family-friendly corporate culture through various programs. The PC-Off system encourages employees to leave the office at fixed time, and Family Day is to help employees have more time with their families. Also, Coway operates a program that allows employees and their families to have a happy time together through family participation activities and events. Accordingly, Coway was first certified as an excellent family-friendly company in 2012 and re-certified in 2017.

Support System for Work-family Compatibility

01	02	03	04
<p>Fixed Time Work Policy</p> <p>The PC-Off system encourages employees to leave the office at a fixed time and support employees to spend more time with their families.</p>	<p>Efficient Working Culture</p> <p>To build an efficient and productive way of working for Coway, we established the slogan “Gyeol Seung Jeong Gyeol” to create an environment where employees can concentrate on the work through guidelines and codes of conduct related to meetings / reports / collaboration.</p>	<p>Elementary School Entry Leave</p> <p>Five-day paid leave is provided to employees to help their children starting elementary school.</p>	<p>Shortened Work Hour During Pregnancy</p> <p>During the early and late stages of pregnancy when there is a high risk, 2 hours shorter work hours.</p>

Employee Family Engagement Activities

01	02	03	04
<p>Family Invited Coway Day</p> <p>We invite employees' families to enjoy a happy time by conducting various programs such as field trips, rail bikes, and glamping.</p>	<p>New Employees Coway Day</p> <p>In commemoration of the 100th day of the new employees, we are inviting families to join business events such as field trips.</p>	<p>Science Camp</p> <p>We invite the children of our employees twice a year to provide an opportunity to feel and experience the value of water and air.</p>	<p>Coway Family Farm</p> <p>Every year from April to October, we operate a family farm, contributing to the employees to feel small happiness through organic vegetable farm.</p>



Coway Day



Science Camp

Employee Data

Domestic Employee Status

Category		2015	2016	2017	2018	2019
Total Workforce		4,780	4,771	4,879	4,927	4,988
By Business Area	Production	250	249	264	300	321
	Sales	3,331	3,358	3,397	3,406	3,402
	Research	368	358	361	355	366
	Office	805	779	830	835	868
	Other	26	27	27	31	31
By Employment Type	Full-time Employees	3,936	3,920	4,007	4,627	4,733
	Temporary Employees	844	851	872	300	255
Gender	Male	1,572 (32.9%)	1,588 (33.3%)	1,685 (34.5%)	1,773 (36.0%)	1,809 (36.3%)

Category		2015	2016	2017	2018	2019
	Female	3,208 (67.1%)	3,183 (66.7%)	3,194 (65.5%)	3,154 (64.0%)	3,179 (63.7%)
Minority Group ¹⁾	Foreigners	-	6	5	5	5
	Disabled	-	44	51	49	51

1) Data has been systematically managed and reported since 2016

Employee Status by Age

Category	Sex	2016	2017	2018	2019
Executives over 50	Male	11	15	16	17
	Female	1	0	0	1
Employees over 50	Male	37	78	78	185
	Female	581	849	795	1,131
Executives between 30-50	Male	14	11	13	13
	Female	1	1	2	0
Employees between 30-50	Male	1,462	1,489	1,539	1,513
	Female	2,352	2,107	2,144	1,903
Employees under 30	Male	64	92	127	81
	Female	248	237	313	144

Global Employee Status

Category		2016	2017	2018	2019
Total Personnel		1,631	1,177	1,428	1,673
By Type	Overseas Dispatch	13	15	16	24
	Local Employment	1,618	1,162	1,412	1,649

Ratio of Female Management Positions

Category		Unit	2018	2019
Female Managers	Females in junior management positions ¹⁾	%	54.9	51.2
	Females in senior management positions ²⁾	%	37.3	38.5

1) Junior management positions: Office/research general manager or above, sales branch manager or above

2) Senior management positions: Office manager/research team leader or higher, sales manager general director or above

Fair Remuneration

Category	2019
Ratio of female salary to male salary	72.1%
Ratio of new employee's wage to legal minimum wage	173%

- As of 2019, reporting is based on the total pay amount includes basic salary and performance salary.

Parental Leave Status

Category	Unit	2016	2017	2018	2019
Number of male parental leave employees	person	2	7	16	15
Number of female parental leave employees	person	127	108	136	146
Total number of parental leave employees	person	129	115	152	161
Return rate of work after parental leave	%	95	97	99	96
Retention rate for 12 months after returning from parental leave	%	85	78	78	87

Recruitment, Turnover and Longevity Status

Category	Unit	2016	2017	2018	2019
New Recruits	person	668	683	666	595
Turnover Rate	%	14.1	11.8	12.6	10.7
- Voluntary Turnover ¹⁾	%	96.5	97.6	99.5	95.6
- Involuntary Turnover ²⁾	%	3.5	2.4	0.5	4.4

Category	Unit	2016	2017	2018	2019
Average Years of Employment	year	6.8	7.2	7.5	8.1

- 1) Resignation
- 2) Death, retirement, dismissal

Safe and Healthy Workplace

Coway considers worker safety as a top priority that we operate various safety and health programs to prevent safety accidents at workplaces and create a healthy working environment. In particular, the Occupational Safety and Health Committee is operated for workplaces that may cause safety accidents, such as factories and R&D centers, to respond to potential safety risks proactively.

Occupational Safety and Health Committee

The Occupational Safety and Health Committee has been in operation since 2005 for overall consultation and consensus on safety, health, and hygiene. It consists of six management representatives and six worker representatives. It promotes rational and agile responses to safety issues. The Committee establishes a quarterly plan to prevent industrial accidents, discusses and resolves the preparation and modification of safety and health management regulations, and safety and health training for workers. Based on a total of four committee meetings in 2019, we focused on discussing noise improvement and musculoskeletal disease improvement by measuring workers' health and working environment. As a result, we eliminated disasters by automating the packaging process.

Safety and Health Management and Safety Culture

Coway holds the Occupational Health and Safety Management System (OHSAS18001 and KOSHA 18001) certifications. Based on the certifications, we operate the safety and health systems of all domestic factories (Yugu, Incheon, Pocheon). Moreover, every year, we jointly work with suppliers to check and evaluate safety conditions to ensure safety throughout the supply chain. As a result of the joint safety assessment in 2019, we found a total of 133 risk factors, and through discussions with the Industrial Safety and Health Committee, we improved 100% of issues by the end of 2019. In 2020, we plan to continue the status inspection along with follow-up monitoring on the issues that have been drawn up and improved last year.

Safety and Health Management Certification

Category	Business Site	Certification	Expiration Date
OHSAS18001	Seoul Office, R&D Center, Yugu, Incheon, Pocheon Factories	Certified	2017.8.17 ~ 2020.07.13
KOSHA18001	Yugu Factory	Certified	2017.09.27 ~ 2020.09.26
	Incheon Factory	Certified	2019.05.25 ~ 2022.05.24

Ratio of Safety Inspection with Suppliers

Category	2018	2019
Number of Risk Factors	156	133
Rate of Improved Risk Factors In The Current Year	100	100

Coway not only provides a safe workplace but also conducts safety culture-building activities so that employees can voluntarily create a safe environment. As a representative activity for building a safety culture, "Happiness Keeper" is an organization composed of field managers, representatives, and workers, that performs safety and health-related prevention and improvement activities such as voluntary facility inspections and environmental improvement campaigns twice a month. In 2019, a total of 133 risk situations were identified through inspection, and 100% of them were immediately improved against all risk situations. Also, to promote awareness for safety and health, we conducted promotional activities such as factory safety and health work system standardization activities, fire prevention and health promotion programs, and projects to prevent musculoskeletal disorders.

Case. Coway's Efforts to Prevent COVID-19

As much as there is not much specific information on COVID-19, to prevent the distribution of incorrect information and deliver accurate information, we continuously notify the number of new confirmed cases and daily occurrence status, officially aggregated from the Central Disaster and Safety Countermeasures Headquarters, and guideline for preventive measures. Based on the recognition of the correct information and behavior rules, we communicated through various channels such as providing display bulletin boards and safety regulations promotional materials to all business sites so that all employees and stakeholders can create a safe environment for themselves.

It is compulsory to check fever, hand sterilization, masks of visitors at all workplaces, and conduct self-disinfection twice a week. In the cafeteria, a multi-use facility with high infection risk, we implemented regulations to minimize close contacts, such as standing in a line one by one and banning conversations. For pregnant women and children with elementary school age or younger, employees are encouraged to work at home to minimize the risk of virus transmission.

Coway, as a care company for the healthy life of all stakeholders, will endeavor to end COVID-19 and minimize damage quickly.

Fatalities

Category	2016	2017	2018	2019
Employees	0	0	0	0
In-House Subcontractors and Suppliers	0	0	0	0

Industrial Accidents

Category	2016	2017	2018	2019
Employees	0	0	0	1
Accident Rate ¹⁾	0	0	0	0.02
In-House Subcontractors and Suppliers	0	0	0	0

1) Accident rate = Number of Victim/Number of Workers*100

LTIFR (Lost Time Injury Frequency Rate)¹⁾

Category	Unit	2016	2017	2018	2019
Employees	case/million working hours	0	0	0	0.38
In-House Subcontractors and Suppliers	case/million working hours	0	0	0	0

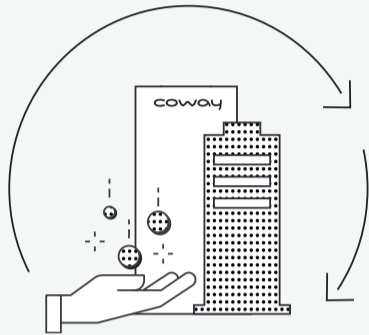
1) Lost Time Injury Frequency Rate = Number of cases / Annual working hour x 1,000,000

CARE FOR SOCIETY

We Make Healthier Environment, Happier People, and Healthy and Convenient Life.

02

Lifecare Professional Partners



Business relevance & Approach

As a life care service leader, Coway provides continuous care services with professional service partners to build trust with customers and build brand value. Partners are the main agents that can deliver the best value contained in Coway's products and services, based on expertise not only in Coway's technology but also in its service philosophy. Coway provides a systematic training system to improve its partners' professionalism and actively supports them to solve issues in a workplace.

Activity



Partner Technical Training and Service Training



Expertise Improvement Through Monitoring Field Issue

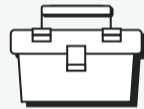


Mutual Growth Communication

Business Cases



Operate Academy with Universities



Provide Partner Service Tool Bag



Initiate Partner Communication 3C* Meeting

* 3C: Cody, CS Dr., Call center

Performance

Emergency Relief for Partners in COVID-19 Special Disaster Areas

9 Types of VOC Improvements Based on 3C Meeting

Partner Expertise Enhancement

Coway is pursuing mutual growth with partners who provide Coway products and services the closest to customers. Partners play an essential role in communicating at the customer interface and improving brand value and satisfaction. Accordingly, Coway supports sales and service partners in the field to facilitate smooth service and sales activities for customers.

Partner Configuration

Before Service		After Service	Sales
Cody About 12,200	Homecare Doctor About 1,200	CS Doctor About 1,600	Door-to-door salesmen About 2,200
Provide inspection and hygiene management service for environmental home appliances such as water purifier and air purifier by visiting customers' houses	Provide regular mattress hygiene management service to Care Service members	Maximize customer satisfaction by providing customer services such as installment, moving, and disassemble of the products	Blue Birds, a young sales organization representing the company, provide product information and sales activities to the customers

Expertise Improvement Training

Coway offers systematic training programs to help partners build job skills and work in the long run. Training consists of technical training and service training to acquire product and service knowledge and technical training is the process of having a basic knowledge of Coway's products and services and mastering how to perform "heart service" through practical training. Service training is a process that allows you to develop a service mindset that treats customers with an overall understanding of the job. Also, a separate mentoring program is provided for steady start of new Codys.

0~20 days	0~3 months	4 months~
Introductory Training	New CODY Intense Course	On-Site Close-up Training
<p>① Technical Training</p> <ul style="list-style-type: none"> · Understanding the differentiation of Coway Service · Complete "Heart Service" · Understand & Practice IoCare <p>② Service Training</p> <ul style="list-style-type: none"> · Understanding CODY's work · Business Manner · Service Mind 	<p>Intense Training through 18 special educational institution all around the country</p> <ul style="list-style-type: none"> · Product Training · Standard Service Technique Training · Sales Training <p>Cody Mentoring Policy</p> <p>1:1 Matched with Experienced exemplary Cody</p> <ul style="list-style-type: none"> · Mentoring for 5 months · Work Mentoring (3 months) + Emotional Mentoring (2 months) 	<ul style="list-style-type: none"> · Onsite Issue Training · Total or branch-customed training · Video training for each themes

Coway operates a university cooperative academy to help strengthen partner competencies. The academy consists of two programs: "Coway-Ewha Academy", a consumer service capacity building program with Ewha Womans University, and "Coway-Yonsei Leadership Academy," a leadership program with Yonsei University. Coway-Ewha Academy offers 9 weeks of customer management and service competitiveness improvement programs, including understanding consumer psychology, creative thinking and self-development, and customized healing stress management. The Coway-Yonsei Leadership Academy provides training on leaders' competencies, such as humanities, philosophy, human relations, and business management, over 8 weeks for leaders who demonstrate excellent leadership skills in sales.

Supporting Partner with Field Issues

Coway provides effective support for sales and service partners such as Cody, CS Doctor, and HP/GHP through an immediate reflection of field issues. Providing a service tool bag is a prime example of improving partner expertise through listening to field issues. The service tool bag is produced through research on the use of service items and partner opinions as a kit dedicated to professional service tools that can manage, transport, and move various service tools. We have diversified tools by application and tool bags to provide specialized tools for each product line of water purifiers, bidets, mattresses, and clothing cleaners. This not only improved the efficiency of service delivery from partners but also minimized fatigue from work.

Cooperation and Communication

To clearly understand the site, Coway holds a 3C (Cody, CS Dr., Call center) meeting and listens to VOC and shared across the company. The 3C meeting is a regular meeting consisting of Codys, CS Doctors, and representatives of call centers working at Coway's primary customer interfaces. In 2019, Coway drew up tasks based on nine types of VOCs through 3C meetings, including products, Customer Service, and education, and promoted improvement activities with related departments.

Emergency Relief for Partners in COVID-19 Special Disaster Areas

In the case of partners working in the COVID-19 special disaster areas, economic impacts were issued due to limitations in service provision and product sales. Accordingly, Coway paid 70% of the commission in advance to partners in some parts of Daegu, North Gyeong-Sang Province (Gyeongbuk), which was declared the special disaster zone in March 2020. We provided a total of approximately 600 million KRW in disaster emergency living expenses.

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03 Mutual Growth



Business relevance & Approach

Promoting mutual growth within the industry and creating a sound and fair-trading culture are the cornerstone of secure competitive advantage and sustainable market growth. Coway promotes a healthy trading culture within the industry by promoting close cooperation with suppliers and economic life throughout the entire value chain. To this end, we are pursuing open communication with our suppliers to promote diverse mutual growth activities such as strengthening the foundation for management stability, supporting growth infrastructure, and secondary partners for primary suppliers.

Activity



Communication with Suppliers Through The Goodness Council and Mutual Growth Portal



Support for Strengthening Mgt. and Stability



Support Growth Infrastructure



Support Secondary Suppliers of Primary Suppliers

Business Cases



Create Transparent Trading Culture Based on 4 Guidelines for Fair Trade

Performance

Mutual Growth Committee Mutual Growth Index

Received The Excellent Grade in 2019

Received The Most Excellent Grade for 5 Consecutive Years Until 2018

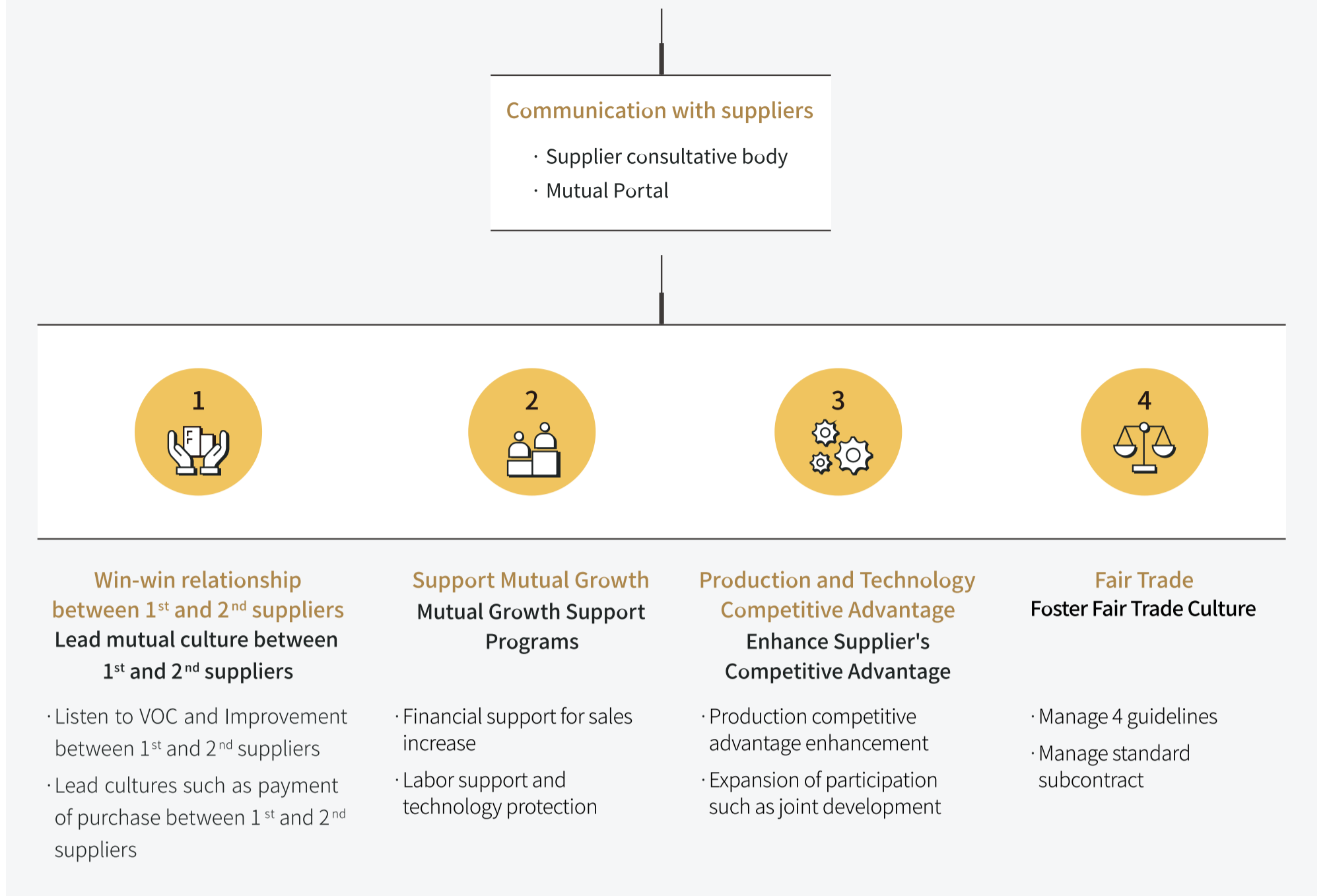
64 cases

Achieved Mutual Cooperation Between The 1st and 2nd Suppliers

Support for Growth through Communication

Coway is pursuing mutual growth to create a healthy industrial ecosystem based on open communication with suppliers. Coway's strategy for promoting mutual growth is to secure global competitive advantage is as follows: 1) secure competitive advantage in quality/cost/technology/productivity, 2) strengthen the foundation for sustainable management, 3) secure management stability. Accordingly, Coway is pursuing open communication with its suppliers as a key strategy in implementing the shared growth strategy.

Establish "Sustainable Mutual Growth" created with Coway



Coway runs the Goodness Council, a general consultation channel, to lead changes in the industrial environment through horizontal communication with suppliers. We also operate a mutual growth portal as an online communication channel for smart communication. Since 2011, we have been running the "Goodness Council" to help horizontal and autonomous suppliers communicate aside from formal communication. Major 1st and 2nd suppliers of Coway participate in the Goodness Council. In 2019, 67 companies participated in the Goodness Council, which carried out activities to strengthen corporate competitiveness, such as productivity Improvement activities and benchmarking of excellent overseas companies. The key topics of the Goodness Council activities in 2019 were the Smart Factory and productivity improvement. We held the training program "SMART DAY" 4 times and conducted benchmarking training for companies that introduced excellent Japanese smart factories.

The online mutual growth community "Mutual Growth Portal" functions as a platform for sharing various information in the industry and promoting mutual growth strategies and innovation activities. In 2019, 6,541 employees of partner companies were connected to conduct 12,636 comments and communicate, leading to active information sharing.



[Coway Mutual Growth Portal](#)

Coway provides support for strengthening the management stability base, infrastructure support, and 2nd supplier support for mutual growth with suppliers.

Strengthening The Management Stability

Category	Promotion Contents	2019 Promotion Results
Financial (Funding) Support	Manage 20 billion KRW mutual fund and 3 billion KRW upper limit interest and fund support system	Funding: 8.401 billion KRW
Payment	100% cash payment within 10 days of delivery transaction	Payment day: 9.8 days
Method of Payment	Cash Payment Rate: 100%	Payment Method: 100% Cash Payment
Dispute Mediation Procedures	Establish and operate dispute resolution procedures	Ethics Reporting Center Private Regulation and Website Notice
Adjust Purchase Amount	The ratio of actual purchase adjustment (increase) in response to requests to increase the purchase amount to suppliers	Increase Rate: 99.9%
Improve working conditions for workers at supplier companies	Increase the wage of suppliers' workers against the consumer price rise rate	Wage Increase Rate: 9.6%

Infrastructure Support

Category	Promotion Contents	2019 Promotion Results
Education and Recruitment	Supplier site improvement activities and recruitment support	Supplier competency development training: 243 people completed (12 subjects in total)
Technical support and protection	Operate technical support and protection programs to secure technological competitiveness of supplier	Technical support/joint technology development: 2 cases (471 million KRW) Technology protection/technical mission: 6
Productivity Enhancement	Enhance productivity through supplier site innovation support	On-site innovation support (fair innovation): 5 cases 5 companies

Lead 1st Suppliers to Support 2nd Suppliers

Category	Promotion Contents	2019 Promotion Results
Agreement Signed	Signed the agreement for mutual cooperation between 1st and 2nd suppliers	64 companies signed
Funding	Lead financial support for 2nd suppliers	5 companies support 1.7 billion KRW
Support 2nd Suppliers	Introduced improved system for better payment conditions	Completed monitoring 135.5 billion KRW
	Degree of improvement in payment conditions	Average payment days: 25.4 days Cash Ratio: 77%

Promoting Fair Trade Practices

Coway operates 4 guidelines about fair trade for mutual cooperation to rightfully reflect the rights and interests of suppliers and to prevent the abuse of superior bargaining power by the principal-agent.

The 4 guidelines for fair trade are as follows: 1) Signing a desirable contract, 2) Ensuring fairness and transparency in the selection and operation of suppliers, 3) Observing guidelines for a proper contract between large and medium-sized enterprises, 4) Establishing and operating a transaction review committee. To comply with this, we are continuously monitoring and documenting compliance with the guidelines centered on fair trade managers. In 2019, a new bidding system was introduced to select transparent suppliers, and training on system use was provided to suppliers.

For fair trade, Coway has established and operated an internal unfair trade monitoring mechanism to internalize and operate the guidelines provided by the Fair Trade Commission. The unfair trade monitoring organization is composed of the mutual cooperation team managers, material management team (Yu-gu, Incheon), machinery purchasing team, and electronic equipment purchasing team. Monitor the overall details. Coway will create a transparent trading culture in the supply chain to create an industrial ecosystem that can grow together.

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04 Local Community



Business relevance & Approach

Coway acts upon the "Goodness" that we make a better world by doing what we do, sharing for people and the environment. Based on our expertise in clean water and air, Coway focuses on "Coway-like" social contributions that contribute to where it is needed most through what we can do best. Coway makes healthy changes with clean water, helps people to enjoy clean air freely, and shares dreams and visions with young entrepreneurs.

Activity



Contribute to Society Through Water, Air, and People

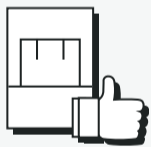


Operate Employee Volunteer Group with CEO



Promote Malaysia's Global Social Contribution

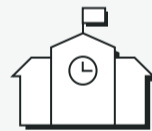
Business Cases



"Good Water Purifier" Campaign



Environment Improvement Project for Vulnerable Groups



Youth Start-up Academy
COWAY Wi School

Performance

22.1 hours

Volunteer Participation per Employee

Coway-like Social Contribution

Coway promotes social contribution based on the management spirit of "Goodness" to protect the precious nature of water and air and make life healthy and enriched in a sustainable way. Based on Coway's core business capabilities, water and air, and employees, we are pursuing strategic social contributions to create new social values in the local community. The core value of Coway's social contribution is to create a better life and society by contributing to where it is most needed based on what Coway can do best.

[Coway Social Contribution Website](#)

Coway Social Contribution Strategy

Vision

Cordial Life Care Science & Solution Company

Strategy Directions



Strengthen and expand connectivity with core businesses



Establish a culture of voluntary participation by employees



Build partnerships with governments and private organizations



Expand customer engagement opportunities

Strategy Direction Executive Summary

Conduct social contribution by connecting 'Water', the core business of Coway, and 'CODY', the core competency

Support for social volunteering, in which employees voluntarily participate in volunteer activities, club talent donation, etc.

Establish a cooperative system with related organizations and groups to enhance social contribution execution ability and dispersion

Establish a trust relationship with customers by expanding opportunities for customer participation in social contribution activities

Social Contribution Investment Ratio (Unit: %)

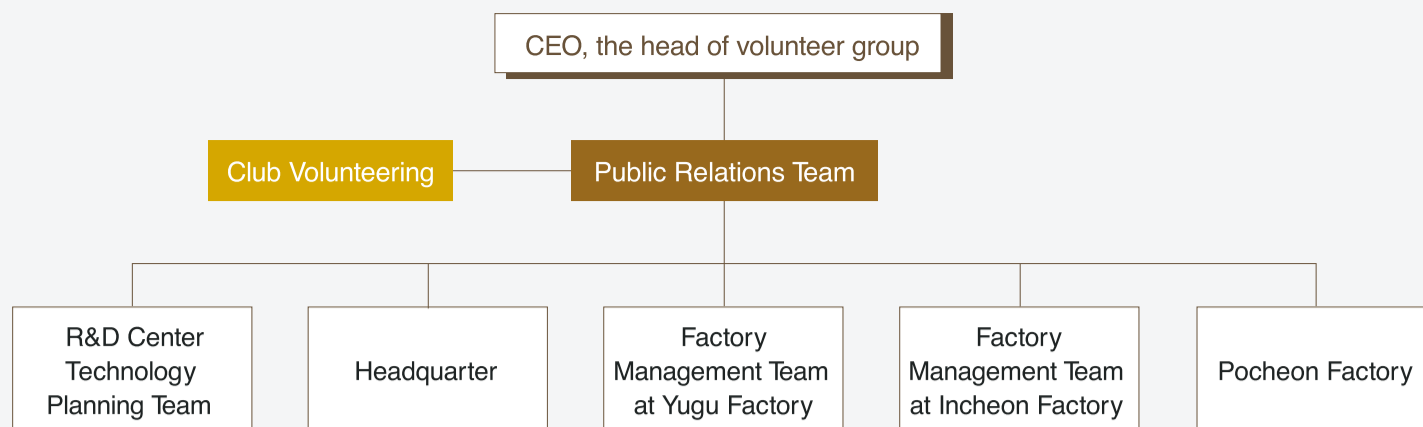
Category	2017	2018	2019
Charitable donations	50	55	56
Community investments	44	32	39
Commercial initiatives	6	13	5
Total	100	100	100

Case. COVID-19 Emergency Disaster Donation

Coway donated a donation of 1 billion KRW to Hope Bridge of the National Disaster Relief Association and its parent company Netmarble to add support and encouragement to our communities that need much support due to COVID-19. This donation was used by the National Disaster Relief Association to provide medical aid to nationwide medical personnel in the face of a shortage of medical supplies, such as protective items and diagnostic kits, and to prevent medical and welfare facilities. Also, the Malaysian Coway Corporation delivered 300,000 MYR (Malaysian Ringgit) to the Malaysian government to overcome the COVID-19. Coway will spare no effort to help the whole world work together to overcome the difficulties caused by COVID-19 and regain a safe living environment.

Practice Sharing with All Employees

Coway practices sharing through employees' social contribution activities. We operate an employee volunteer group led by the CEO, based on the active participation of all employees, including R&D centers and factories, as well as the head office.



Employee Volunteer Activities

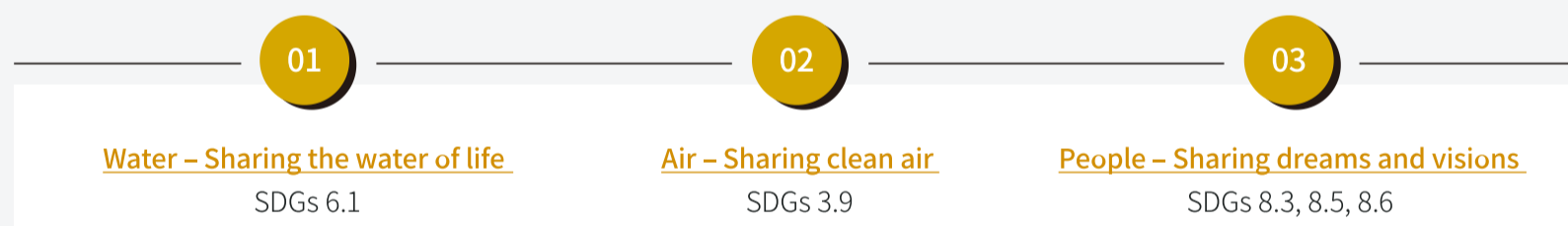
Category	Unit	2017	2018	2019
Number of employees in the volunteer group	person	1,482	1,713	1,586
Volunteer Hours per Person	hour	24	19.9	22.1
Value Conversion ¹	1,000 KRW	1,034,211	1,009,912	1,108,055

1. Value conversion: Average hourly salary (estimated value) x Volunteer group employees x Volunteer hours per person

Commitments for Clean Water and Air

Coway promotes three promises of water, air, and people as major social contribution areas to improve the quality of life by improving access to clean water and air to all communities and providing a sanitary environment. As a result, we provide water purifiers and air purifiers to the vulnerable groups at home and abroad as a key initiative to share the value of cleanliness, while supporting youth entrepreneurs in the lifestyle sector to create youth jobs and innovate industries.

Water, Air, People Key Performance



(2019 Achievements)

Provided Water Purifier

Total **825** units

Jan. 2015 to Dec. 2019

Provided Air Purifier

Total **450** units

May 2018 to Dec. 2019

Participants in start-up support projects

Total **2,300** people

Dec. 2016 to Dec. 2019

(Mid- and long-term goals)

Provided Water Purifier

Total **1,300** units

by 2025

Provided Air Purifier

Total **1,700** units

by 2025

Participants in start-up support projects

Total **5,300** people

by 2025

Commitment 1. Water - Sharing the Water of Life



SDGs 6 – Clean Water and Sanitation

6.1 Secure access to safe drinking water for everyone

Major Activities

"Good Water Purifier" Project	Safe Groundwater/Water Welfare Project	Malaysia Rainwater Supply System
Since 2015, we have been launching the "Good Water Purifier" campaign in collaboration with Naver Happybean, a public interest foundation. We donate refurbished water purifiers and provide regular management services to 136 organizations in 49 regions across the country, including children's centers, volunteer facilities, free hospitals, and disability protection centers.	In 2015, the Ministry of Environment signed an agreement with the Ministry of Environment to provide a water purifier to rural groundwater contaminated areas. We provide free water purifiers to the end of 2019, we donated rainwater supply to 155 about 500 households so that residents in the groundwater pollution area can drink clean water with confidence. We are also conducting technical support and research to improve groundwater.	Since 2018, Coway has been supporting local rainwater supply devices by selecting local water vulnerable areas with local subsidiaries in Malaysia. At the end of 2019, we donated rainwater supply to 155 households. We plan to expand access to clean water by providing rainwater supply to 1,000 households by 2023.

Social Impact and Business Impact

Social impact: Improve access to sanitary drinking water by supporting water purifiers and rainwater supply systems in vulnerable areas with poor access to clean drinking water.

Business Impact: Expand market opportunities based on increased product awareness within the region

Commitment 2. Air - Sharing Clean Air



SDGs 3 – Good Health and Well-Being

3.9 Reduce disease and death from the air, water quality, soil pollution, and hazardous chemicals

Major Activities

Environment Improvement Project For the Vulnerable Groups

To help vulnerable groups unable to improve their living environment despite increased air pollution and fine dust, we are providing free air purifiers based on the 2018 Ministry of Environment's "Vulnerable Group Environmental Disease Prevention Project" business agreement. As of the end of 2019, a total of 400 air purifiers are provided free of charge to 50 local governments, including the metropolitan area, such as Seoul City and 5 metropolitan cities. Management services are provided to help improve the living space of the vulnerable.

Social Impact and Business Impact

Social Impact: Reduce human health effects due to fine dust and the prevention of respiratory diseases in vulnerable groups

Business Impact: Expand market size through the necessity of living environment of air purifier products

Commitment 3. People - Sharing Dreams and Visions



SDGs 8 – Decent Work and Economic Growth

8.3 Promote creative and innovative policies for job creation and promote SME growth

8.5 Total and productive employment and job creation for all classes, including young people and people with disabilities

8.6 Minimizing the proportion of young people who are not employed or learning

Major Activities

Youth Entrepreneurship – Youth Entrepreneurship Academy Wi School

Coway is a representative partner of "One-person company," There are about 20,000 entrepreneurs such as Cody, CS Doctor, Home Care Doctor, HP, Bluebird, and BP. Coway operates the Wi School, a sergeant entrepreneurship school, to support young people preparing for start-ups related to lifestyle. Wi School provides professional and practical help by supporting business model mentoring, management consulting, and overseas advancement. In 2019, Coway supported a total of 2,300 young entrepreneurs through Wi School and provided Coway mentoring courses to 30 teams.

Social Impact and Business Impact

Social Impact: Expand youth job creation and secure business continuity for start-ups

Business Impact: Industry growth through diversification of lifestyle business areas

Public Policy Participation

Coway does not contribute political contributions under Article 31 of the Political Funding Act (limited donations).

Political Contributions and Association Contributions

Category	Unit	2017	2018	2019
Political Contributions	1,000 KRW	0	0	0
Association Donations	1,000 KRW	541,822	430,162	505,759

Association Donation Details

Group Name	Category	Expenditure Purpose	Amount(KRW)
Daejeon Chamber of Commerce	Association	Comprehensive Economic and Industrial Development	103,200,000
Korea Packaging Recycling Business Mutual Aid Association	Association	Home Appliance Industry Development	54,575,000
Korea Direct Sales Industry Association	Association	Comprehensive Economic and Industrial Development	30,000,000
Korea Exchange(KRX)	Association	Comprehensive Economic and Industrial Development	15,147,600
Korea Listed Companies Association	Association	Comprehensive Economic and Industrial Development	10,640,000

CARE FOR SOCIETY

Supplier CSR Report

Supplier CSR Report

Supplier Code of Conduct

Coway is aiming for mutual growth with suppliers on the cornerstone of "Goodness" philosophy that our works contribute to creating a better world. As a part of responsible management for building a sustainable society, we established Coway Supplier Code of Conduct. This Code of Conduct proposes what Coway requires to the suppliers, such as improving the working environment and respect for human rights, environmental responsibility, and ethical management.

Coway Supplier Code of Conduct was developed with reference to the ELCC Code of Conduct and other global guidelines.

[Supplier Code of Conduct](#) 

Supplier Sustainability Assessment

Coway categorizes and manages core suppliers by comprehensively considering transaction size, non-substitution potential, core technology, and potential non-financial risk.

Preliminary Screening on Supply Chain Sustainability

To manage supply chain sustainability comprehensively, Coway requires all supplier to comply with Supplier Code of Conduct in the preliminary supplier evaluation. When a supplier does not meet specific criteria in the evaluation, it will be excluded from Coway supplier registration. Through the initial evaluation, we manage potential sustainability risks from the supplier registration stage.

Supplier Risk Assessment

Coway assesses current state, performance, management safety of suppliers adding points to suppliers with innovative activities, and excellent communication. According to the assessment results, suppliers are divided from A to D grades. For the outstanding suppliers in A and B grades, ordering volume increases and qualification for the seat in the Board of Directors. On the other hand, for suppliers in C and D grades, penalties such as development restriction and reduction in order volume are given, and if a supplier receives D grades two years in a row, the transaction will be terminated.

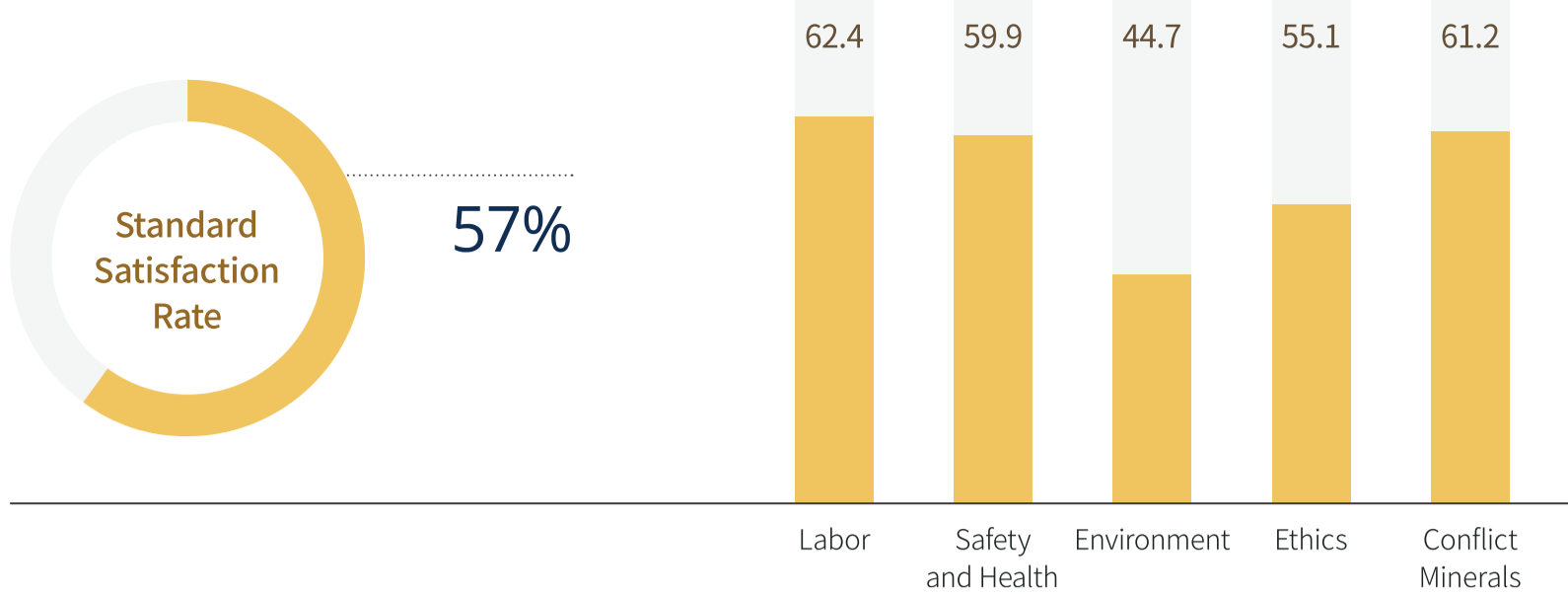
Coway is drawing core risks through non-financial factors promoting improvement activities for the risks. Coway Supplier Code of Conduct comprises five categories: Labor, Safety and Health, Environment, Ethics, and Management System. In the Labor section, the Prohibition of discrimination, child labor, and forced labor, compliance with working hour policy, and humane treatment are the main subsections. In Safety and health section, industry safety and health, emergency preparedness are assessed. In Environment section, compliance with environmental laws and regulations, pollution prevention, and substance regulations in products are essential subsections. In the Ethics section, anti-corruption, fair trade, responsible mineral procurement, and personal information protection are the primary evaluation factor.

In 2020, a new standard is established in labor, safety and health, environment, ethics, and conflict minerals on a total of 67 suppliers, assessing suppliers' sustainability risks. According to the evaluation with 23 detailed standards presented by Coway, 56.7% of Coway suppliers satisfied the criteria.

Supplier CSR Risk Assessment Result

(Unit: %)

 Satisfaction Rate



Corrective Action

Coway establishes a corrective action plan and requests to improve risk factors (including ESG risks) for suppliers that need improvement based on the supplier evaluation results.

Conflict Minerals

Declaration of Restriction on The Use of Conflict Minerals

Coway put human dignity first and limits the use of conflict minerals to drive sustainable consumption and production. Furthermore, we will endeavor to avoid any economic damage to Congo and neighboring countries by using legal minerals produced in conflict areas. To this end, we are conducting a continuous and scrupulous investigation on conflict mineral use and continually manage the conflict mineral issue through policy and management systems for the use of conflict minerals, and internal and external examinations.

Conflict Minerals Response Status

2012-2013	· Conflict mineral use restriction items added to purchasing policy and restricted substances list
2014-2016	· Partner training and system construction · Investigate conflict mineral usage and refinery information
2017-2018	· Establish Article 12 in Supplier Code of Conduct for Responsible Mineral Procurement · Integrated management of conflict minerals registration system in CSMS

Coway Code of Conduct Article 12

A supplier does not use raw materials obtained through illegal and unethical methods (minerals mined from armed-occupied mines, timber harvested in forest conservation and logging bans, etc.). A supplier does not use any minerals such as tantalum, tin, tungsten, gold, etc., contained in raw materials included in any parts and products that provide resources or benefits either directly or indirectly to armed forces that violate serious human rights in the Democratic Republic of the Congo or neighboring countries.

Purchase Analysis

Category		Number of Suppliers
1st Suppliers	All 1st Suppliers	180
	Core Suppliers	67
2nd and Above Suppliers	Core Suppliers	82
Total Suppliers	Core Suppliers	262

Supply Chain CSR Evaluation Status (by Risk Factor)

Category	Risk Factors	Assessed Suppliers	
		Evaluation Scope	Suppliers exposed to Sustainability Risk Factors
Human Rights/Labor	Working hour	67 Suppliers	4.4%
	Violation of labor-related cases and laws		
	Prohibition of child labor and youth labor		
	Foreigner and migrant workers		

	No discrimination	
Safety/Health	Safety and Health Management	5.0%
	Safety and Health Policy	
Environment	Water	1.4%
	Energy and GHG	
	Toxic Substance and Hazardous Waste	
	wastes	
	Violation of environmental cases and regulations	
Ethics	Fair Competition	0.8%
	Violations of corporate ethics-related cases and regulations	
	Anti-corruption and ethical management	
	Information protection	
Conflict Minerals		3.0%

CARE FOR SOCIETY

Human Rights Report

Human Rights Report

Management Principles and Guide

Globally there are growing concerns in human rights such as preventing discrimination and respecting diversity reinforcing human rights regulations and guidelines gradually. Many corporations take human rights management as a fundamental principle that assures sustainability. On the cornerstone of "Goodness" that our works contribute to creating a better world, Coway faithfully fulfills human rights management activities. Furthermore, Coway abides by every labor, human rights, and work condition standards of every country and region in which we conduct business. Coway human rights policy is applied to not only employees but also every stakeholders such as customers, suppliers, sales/service partners, and the local community.

UN Guiding Principles on Business and Human Rights present corporations and stakeholders a clear framework for promoting human rights in the business process. The principles are "Protect", "Respect", and "Remedy", expecting companies to respect human rights, to exert every effort to prevent any violation of rights, and to eliminate negative human rights issues. Coway trust guideline is comprised of 14 categories: 1) No discrimination, 2) No child labor, 3) No forced labor, 4) Compliance with working hours policy, 5) Humane treatment, 6) Safety and health, 7) Consumer safety and hygiene, 8) Responsible marketing, 9) Privacy protection, 10) Anti-corruption, 11) Fair competition, 12) Environmental responsibility 13) Human rights protection of local residents, 14) Shared value creation.

Coway human rights management is comprised of 1) Gap analysis which compares to UN Guiding Principles on Business and Human Rights, 2) Tracking human rights issue on 3rd parties such as Global Human Rights Action Platform and NGOs, 3) Identification of issues through annual stakeholder surveys, 4) Comprehensive review of integrated grievance resolution through CSR issue-raising channel.

[Coway Human Rights Policy](#) 

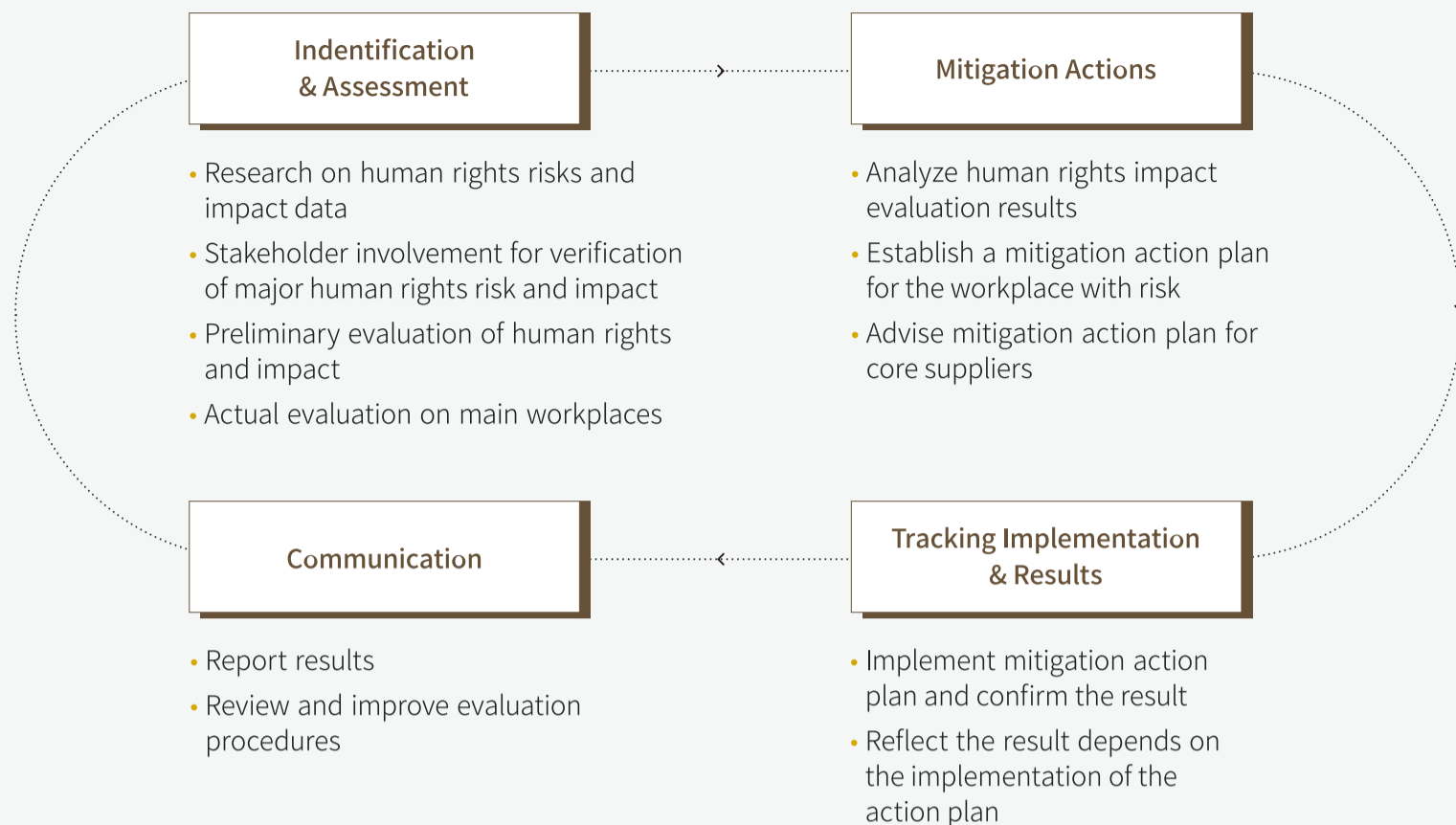
Risk Identification and Mitigation Process

Risk Identification

Built on the human rights risk identification and mitigation process, Coway minimizes human rights risk by eliminating any human rights violations with routine examination on human rights status. Coway human rights risk identification and mitigation process proceed in 4 steps: 1) Risk identification and evaluation, 2) Establishment of proper mitigation action, 3) Action implementation and result confirmation, 4) Communication.

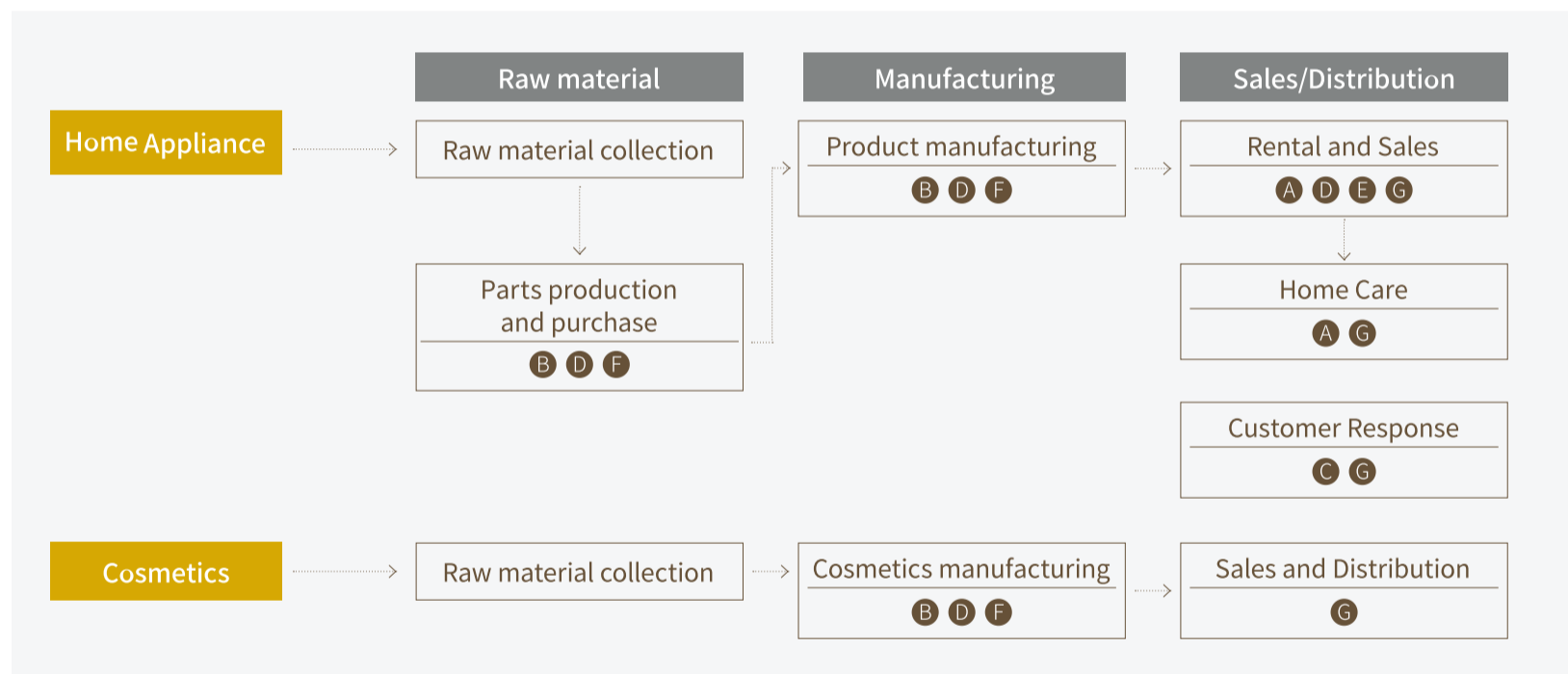
In the risk identification stage, we identify human rights risk by analyzing data for human rights risk and impacts and by conducting stakeholders survey, including suppliers, customers, and local organizations. Particularly, in 2019, an online-based human rights survey was conducted with core suppliers, identifying critical risks. If a significant risk is found in human rights impact evaluation results, we advise the workplace and the supplier to establish a mitigation action plan. The mitigation action process and outcome of measure are disclosed in this report.

Risk Identification and Mitigation Process



Results of Measures on Key Human Rights Factors

Key human rights issue and due diligence of value chain implemented in 2019 are as followed:



Key Human Rights Issues and Corrective Actions

Category	Key Human Rights Issue	Vulnerable Social Group	2019 Corrective Actions
A	Sexual Harassment Prevention Activity	Entire Employees, Sales/Service Partners	<ul style="list-style-type: none"> • Conduct education on sexual harassment prevention and awareness improvement of the disabled for entire employees, sales/service partners • Operate Reporting Channel <p>Completion Rate of Education on Sexual Harassment Prevention and Disability Awareness: 100%</p>
B	Legal Working Hour Management	Components Manufacturing Suppliers, Entire Employees	<ul style="list-style-type: none"> • Improve organizational culture and system with 52-hour week policy initiation • Pursue work and life balance <p>Research on suppliers found working hour risk: 3% (As a result of the survey on 34 suppliers, exposure to working hours and labor practices was found in 2 suppliers, and measures to strengthen the standards were being implemented.)</p>
C	Violence and Verbal Abuse	Call Center Employees, Sales/Service Partners	<ul style="list-style-type: none"> • Conduct business etiquette education in leadership education and personality education
D	Workplace Bullying	Entire Employees	<ul style="list-style-type: none"> • Announce and conduct education on prohibiting and preventing workplace bullying and operate reporting channel

Category	Key Human Rights Issue	Vulnerable Social Group	2019 Corrective Actions
E	Safety and Health	Entire Employees, Sales/Service Partners	<ul style="list-style-type: none"> • Service response manual for the safety of customer and partner in the event of an epidemic such as COVID-19 • Provide safety and hygiene equipment (Mask, gloves, sanitizers, etc.)
F	Industry Safety and Health	Production Workers	<ul style="list-style-type: none"> • Autonomous safety and health activities such as preventive inspection, implementation, and draw follow-up improving assignment • Operate health promotion programs for confirmed patients and those with high risks. <p>• Research on suppliers' industry safety and health management found risk: 5% (As a result of 32 suppliers, it was found that 5 suppliers need to reinforce the safety and health standards and measures being taken to reinforce the standards.)</p>
G	Personal information Leakage	Customers, Employees	<ul style="list-style-type: none"> • Conduct education on Information security and privacy protection • Inspect current privacy protection management • Operate abnormal symptom detection system • Operate Customer identification system

POLICIES & INITIATIVES


[Sustainability Policies](#)

[Global Initiatives](#)

View and Download Policies

Sustainability Policies

Coway Trust Guideline (Korean)

Download 

Coway Trust Guideline (English)

Download 

Ethical Management

The Charter of Ethics (Korean)

Download 

The Regulations on Ethics (Korean)

Download 

The Code of Ethics (Korean)

Download 

Supplier CSR

Supplier Code of Conduct (Korean)

Download 

Supplier Code of Conduct (English)

Download 

Environment

Carbon Report 2018 (Korean)

Download 

Corporate Governance

Governance Report 2019 (Korean)

Download 

POLICIES & INITIATIVES

[Sustainability Policies](#)

[Global Initiatives](#)

Participate in Global Initiatives



**United Nations
Global Compact**



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21-CMP11



**Dow Jones
Sustainability
Indices**
20th Anniversary

In collaboration with SAM

UNGC

Coway joined the United Nations Global Compact (UNGC) in June 2006. As a corporate citizen who fulfills social responsibility, we fulfill our duty by pursuing growth by adhering to and practicing the 10 principles of human rights, labor, environment, and anti-corruption. This Sustainability Report is a self-assessment and commitment to Coway's present and future.

SDGs(Sustainable Development Goals)

Coway seeks new growth opportunities and achieves sustainable growth by developing and implementing solutions to achieve SDGs as the United Nations announces Sustainable Development Goals (SDGs) that the international community must achieve, following the Millennium Development Goals (MDGs).

CDP(Carbon Disclosure Project)

Coway was recognized by the Korean Council of Nonprofit organization "Carbon Disclosure Project (CDP)" for excellence in responding to climate change and was selected as an excellent company in the selected consumer goods category "Carbon Management Sector Honors" for 10 consecutive years.

United Nations Conference on Climate Change (COP21)-Support for the Global Climate Change Convention

In December 2015, Coway declared support for the "Global Climate Change Convention" of the United Nations General Conference on Climate Change (COP21), which was reached in 195 countries in Paris, France, and established a voluntary carbon reduction plan.

DJSI(Dow Jones Sustainability Indices)

Coway's sustainability management has been recognized externally and has been included in the Dow Jones Sustainability Indices (DJSI) World Index for 4 consecutive years since 2016.

REPORTING FRAMEWORKS

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Search by Frameworks

GRI

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GRI

SASB

DJSI Public

The GRI(Global Reporting Initiatives) is an international standards organization that helps businesses, governments, and other organizations understand and disclose information on the impact of sustainability issues such as climate change, human rights, and corruption. Coway has prepared and released the report following the core compliance method of the GRI Sustainability Disclosure Standard.

Universal Standards (GRI 100)

Topic	GRI indicator	Description	Contents
Organizational Profile	102-1	Name of the organization	Coway
	102-2	Primary brands, products, and services	Product Introduction Service Introduction
	102-3	Location of the headquarters	11th-18th floor, Coway, 88, Seosomun-ro, Jung-gu, Seoul, Republic of Korea
	102-4	Location of operations	Domestic/overseas locations of operations
	102-5	Ownership and legal structure	Corporate Governance - Ownership and Voting Rights
	102-6	Business Area	Business Area
	102-7	Scale of the organization	Coway Profile
	102-8	Information on employees and other workers	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
	102-9	Organization's supply chain	Supplier CSR Report Lifecare Professional Partners Mutual Growth
	102-10	Significant changes regarding the organization and its supply chain	In February 2020, the largest shareholder was changed to Netmarble Co., Ltd.
	102-11	Precautionary Principle or approach	Coway supports the precautionary principle.
	102-12	External initiatives	Policies and Initiatives
	102-13	Membership of associations	Local Community - Public Policy Participation
Strategy	102-14	CEO Statement	Message from the CEO
	102-15	Key impacts, risks, and opportunities	Risk Management
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	Coway Value System Ethical Management
	102-17	Mechanism for Grievance Resolution and Announcement about Ethical Issues	Ethical Management - Code of Conduct
Governance	102-18	Governance structure	Corporate Governance
	102-22	Composition of the highest governance body and its committees	Corporate Governance - Committees under the BOD
	102-23	Chair of the highest governance body	Corporate Governance - Current Status of the BOD
	102-24	Nominating and selecting the highest governance body	Corporate Governance - Independence and Expertise of the BOD
	102-25	Conflicts of interest	Corporate Governance - Independence and Expertise of the BOD

Topic	GRI indicator	Description	Contents
	102-27	Collective knowledge of highest governance body	Corporate Governance - Independence and Expertise of the BOD
	102-35	Remuneration policies	Corporate Governance - Performance Evaluation and Remuneration
Stakeholder Engagement	102-40	List of stakeholder groups	Stakeholder Engagement and Material Topics
	102-41	Collective bargaining agreements	Employee-oriented Culture, Safe and Healthy Workplace - Communication based on the Labor Management Council
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement and Material Topics - Materiality Assessment
	102-43	Approach to stakeholder engagement	Stakeholder Engagement and Material Topics - Stakeholder Engagement
	102-44	Key topics and concerns raised	Stakeholder Engagement and Material Topics - Context and Long-term Targets
Reporting Practice	102-45	Entities included in the consolidated financial statements	Total 7 Entities: WOONGJIN COWAY(Thailand) Co., Ltd. WOONGJIN COWAY(Malaysia) SDN. BHD. Woongjin Coway USA. Inc. Coway China Co., Ltd. PT COWAY INTERNATIONAL INDONESIA Pocheon Clean Water Co., Ltd. Coway EnTech Co., Ltd.
	102-46	Defining report content and topic Boundaries	About This Report and Assurance
	102-47	List of material topics	Stakeholder Engagement and Material Topics - Step 3. Reporting
	102-48	Restatements of information	If there are significant changes, the information is marked as a footnote.
	102-49	Changes in reporting	There are no particular changes to the reporting policy.
	102-50	Reporting period	2019.01.01 ~ 2019.12.31
	102-51	Date of most recent report	2019 Coway Sustainability Report (2019.07)
	102-52	Reporting cycle	1 Year
	102-53	Contact point for questions regarding the report	sustainability@coway.co.kr
	102-54	Claims of reporting in accordance with the GRI Standards	GRI Standard Core Option
	102-55	GRI Index	Current page
102-56	External assurance	About This Report and Assurance - Independent Assurance Statement	
Management Approach	103-1	Explanation of the material topic and its Boundary	Stakeholder Engagement and Material Topics - Context and Long-term Targets
	103-2	The management approach and its components	Indicated separately in the MA column for each major subject in the GRI Table.
	103-3	Evaluation of the management approach	Indicated separately in the MA column for each major subject in the GRI Table.

Economic (GRI 200)

Topic	GRI indicator	Description	Contents
Economic Performance	MA	Economic Performance Management Approach	Economic Value Creation and Distribution
	201-1	Direct economic value generated and distributed	Economic Value Creation and Distribution
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Change - Risks and Opportunities of Climate Change
	201-3	Defined benefit plan obligations and other retirement plans	No Report
	201-4	Financial assistance received from government	No Report
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
	202-2	Proportion of senior management hired from the local community	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Local Community - Coway-like Social Contribution
	203-2	Significant indirect economic impacts	Economic Value Creation and Distribution

Topic	GRI indicator	Description	Contents
Anti-corruption	205-1	Operations assessed for risks related to corruption	Ethical Management - Compliance Check Organization
	205-2	Communication and training about anti-corruption policies and procedures	Ethical Management - Consensus by Ethic Education
	205-3	Confirmed incidents of corruption and actions taken	Ethical Management - Compliance Check Organization
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There have been no cases of unfair trading practices such as anti-competitive behavior, anti-trust, and monopoly.


Environmental (GRI 300)

Topic	GRI indicator	Description	Contents
Materials	301-1	Materials used by weight or volume	Eco-friendly Product Development and Life Cycle Mgt. - Resource Efficiency and Circular Economy
	301-2	Recycled input materials used	Eco-friendly Product Development and Life Cycle Mgt. - Resource Efficiency and Circular Economy
	301-3	Reclaimed products and their packaging materials	Eco-friendly Product Development and Life Cycle Mgt. - Resource Efficiency and Circular Economy
Energy	MA	Energy Management Approach	Climate Change
	302-1	Energy consumption within the organization	Climate Change - GHG, Energy and Other Environment Data
	302-2	Energy consumption outside of the organization	Climate Change - Carbon Partnership with Supplier
	302-3	Energy intensity	Climate Change - GHG, Energy and Other Environment Data
	302-4	Reduction of energy consumption	Climate Change - GHG, Energy and Other Environment Data
Water	303-1	Water withdrawal by source	Eco-friendly Product Development and Life Cycle Mgt. - Reduction of Water Consumption
	303-2	Water sources significantly affected by withdrawal of water	Eco-friendly Product Development and Life Cycle Mgt. - Reduction of Water Consumption
	303-3	Water recycled and reused	Eco-friendly Product Development and Life Cycle Mgt. - Reduction of Water Consumption
Emissions	305-1	Direct GHG (Scope 1) emissions	Climate Change - GHG, Energy and Other Environment Data
	305-2	Indirect GHG (Scope 2) emissions	Climate Change - GHG, Energy and Other Environment Data
	305-3	Other indirect GHG (Scope 3) emissions	Climate Change - GHG, Energy and Other Environment Data
	305-4	GHG emissions intensity	Climate Change - GHG, Energy and Other Environment Data
	305-5	Reduction of GHG emissions	Climate Change
	305-6	Emissions of ozone-depleting substances(ODS)	N/A
	305-7	Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant air emissions	All of Coway's business sites do not have air emission facilities, and therefore do not emit air pollutants such as NOx and sulfur oxides.
Effluents and Waste	MA	Effluents and Waste Management Approach	Environmental Management for Clean Water and Air - Coway Environmental Mgt. Policy
	306-2	Waste by type and disposal method	Eco-friendly Product Development and Life Cycle Mgt. - Resource Efficiency and Circular Economy
	306-3	Significant spills	There were no significant spills during the reporting period.
	306-4	Transport of hazardous waste	During the reporting period, there are no significant hazardous waste transportations or overseas exports.
	306-1	Water discharge by quality and destination	All water resources are discharged to the sewage treatment plant after being used as utility water. Eco-friendly Product Development and Life Cycle Mgt. - Reduction of Water Consumption
	306-5	Water bodies affected by water discharges and/or runoff	All water resources are discharged to the sewage treatment plant after being used as utility water. Eco-friendly Product Development and Life Cycle Mgt. - Reduction of Water Consumption
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	There were no violations of environmental regulations during the reporting period.

Topic	GRI indicator	Description	Contents
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	When selecting a new supplier, we apply environmental management policies & strategies, internal audit system for environmental/hazardous substances, management of hazardous substances (receipt-process-shipment), information sharing of environmental/hazardous substances, and training and education standards.
	308-2	Negative environmental impacts in the supply chain and actions taken	When selecting a new supplier, we apply environmental management policies & strategies, internal audit system for environmental/hazardous substances, management of hazardous substances (receipt-process-shipment), information sharing of environmental/hazardous substances, and training and education standards.

Social (GRI 400)

Topic	GRI indicator	Description	Contents
Employment	401-1	New employee hired and employee turnover	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Coway Recruitment Site-Welfare System
	401-3	Parental leave	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
Labor-Management Relations	402-1	Minimum notice periods regarding operational changes	Employee-oriented Culture, Safe and Healthy Workplace - Communication based on the Labor Management Council
Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	Employee-oriented Culture, Safe and Healthy Workplace - Occupational Safety and Health Committee
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Employee-oriented Culture, Safe and Healthy Workplace - Safe and Healthy Workplace
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Employee-oriented Culture, Safe and Healthy Workplace - Safe and Healthy Workplace
	403-4	Health and safety topics covered in formal agreements with trade unions	Employee-oriented Culture, Safe and Healthy Workplace - Safe and Healthy Workplace
Training and Education	404-1	Average hours of training per year per employee	Employee-oriented Culture, Safe and Healthy Workplace - Job Training
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee-oriented Culture, Safe and Healthy Workplace - Systematic Empowerment
	404-3	Percentage of employees receiving regular performance and career development reviews	N/A
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
	405-2	Ratio of basic salary and remuneration of women to men	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Human Rights Report - Results of Measures on Key Human Rights Factors
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No Report
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Supplier CSR Report
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supplier CSR Report
Security Practices	410-1	Security personnel trained in human rights policies or procedures	N/A
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	There have been no serious or needful infringements of Aboriginal rights within the reporting period.
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Human Rights Report - Risk Identification

Topic	GRI indicator	Description	Contents
	412-2	Employee training on human rights policies or procedures	Human Rights Report 
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	N/A
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Local Community 
	413-2	Operations with significant actual and potential negative impacts on local communities	There are no operations with serious or needing negative effects during the reporting period.
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	When selecting a new supplier, fair trade, written management of win-win growth contracts, labor relations, and turnover rates are applied to the screening criteria.
	414-2	Negative social impacts in the supply chain and actions taken	When selecting a new supplier, fair trade, written management of win-win growth contracts, labor relations, and turnover rates are applied to the screening criteria.
Public Policy	415-1	Political contributions	Local Community - Public Policy Participation 
Customer Health and Safety	MA	Customer Health and Safety Management Approach	Product Responsibility 
	416-1	Assessment of the health and safety impacts of product and service categories	Product Responsibility - Safety Certification and Customer Satisfaction 
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the reporting period, there were no violations of laws and autonomous regulations regarding labeling of product and service information.
Marketing and Labeling	417-1	Requirements for product and service information and labeling	Product Responsibility - Product Reliability 
	417-2	Incidents of non-compliance concerning product and service information and labeling	During the reporting period, there were no violations of laws and autonomous regulations regarding labeling of product and service information.
	417-3	Incidents of non-compliance concerning marketing communications	There were no violations of regulations related to marketing communication during the reporting period.
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection - Monitoring and Due Diligence Process 
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	During the reporting period, there were no significant violations of laws and regulations in the social and economic areas that required serious attention.

REPORTING FRAMEWORKS

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DJSI Public

The SASB (Sustainability Accounting Standard Board) is a non-profit organization that sets standards for non-financial reporting. Founded in 2011, it develops and spreads sustainability accounting standards. SASB suggests a topic of sustainability risk that is relevant to each industry and encourages companies to continuously report on the topic to communicate with investors and stakeholders. Coway, the core of the environmental home appliances rental business, reported under the standards of two industries due to its high connection to the consumer electronics manufacturing (Appliance Manufacturing) and consumer services professional and commercial services (Professional and Commercial Service) industries.

Appliance Manufacturing - Sustainability Disclosure Topics & Accounting Metrics

Topic	SASB Code	Accounting Metric	Contents
Product Safety	CG-AM-250a.1	Number of (1) recalls issued and (2) total units recalled	There were no recalls during the reporting period.
	CG-AM-250a.2	Discussion of process to identify and manage safety risks associated with the use of its products	Product Responsibility - Product Reliability
	CG-AM-250a.3	Total amount of monetary losses as a result of legal proceedings associated with product safety	In 2016, we recalled due to a structural defect in water purifiers(C(H)PI-380N, CHPCI-430N, CHSI-370N), and legal proceedings are pending. Financial losses due to fines or damages have not been confirmed.
Product Lifecycle Environmental Impacts	CG-AM-410a.1	Percentage of eligible products by revenue certified to the ENERGY STAR® program	We manage eco-friendly product certification such as environmental marks, water footprints, carbon neutral products, and carbon balloons as major KPIs, not ENERGY STAR certification. Eco-friendly Product Development and Life Cycle Mgt. - Eco-friendly Product Certification
	CG-AM-410a.2	Percentage of eligible products certified to an Association of Home Appliance Manufacturers(AHAM) sustainability standard	We manage eco-friendly product certifications such as environmental marks, water footprints, carbon neutral products, and carbon balloons as major KPIs, rather than home appliance sustainability standards (AHAM) certification. Eco-friendly Product Development and Life Cycle Mgt. - Eco-friendly Product Certification
	CG-AM-410a.3	Description of efforts to manage products' end-of-life impacts	Eco-friendly Product Development and Life Cycle Mgt. - Refurbished Product Policy

Topic	SASB Code	Activity Metric	Contents
Activity Metric	CG-AM-000.A	Annual production	Production as of December 2019 is 24,661,391 units, including water purifiers, purifiers, filters, bidets, water softeners and other products.

Topic	SASB Code	Accounting Metric	Contents
Data Security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks	Information Security and Privacy Protection 
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	Information Security and Privacy Protection - Personal Information Life Cycle Management 
	SV-PS-230a.3	(1) Number of data breaches, (2) percentage involving customers' confidential business information(CBI) or personally identifiable information(PII), (3) number of customers affected	There were no data breaches during the reporting period. Information Security and Privacy Protection - Monitoring Activities and Performances in 2019 
Workforce Diversity & Engagement	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data 
	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data 
	SV-PS-300a.3	Employee engagement as a percentage	N/A
Professional Integrity	SV-PS-510a.1	Description of approach to ensuring professional integrity	Ethical Management - Consensus by Ethics Education 
	SV-PS-510a.2	Total amount of monetary losses as a result of legal proceedings associated with professional integrity	Ethical Management - Compliance Check Organization 
Topic	SASB Code	Activity Metric	Contents
Activity Metric	SV-PS-000.A	Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data 
	SV-PS-000.B	Employee hours worked, percentage billable	N/A

REPORTING FRAMEWORKS

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DJSI

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DJSI (Dow Jones Sustainability Indices) is an index that comprehensively evaluates a company's economic performance and environmental and social aspects. Based on the evaluation results of SAM, a global evaluation agency specialized in global sustainability, companies with excellent sustainability are selected in a best-in-class manner, and S&P Dow Jones Indices operates an investment index. Coway has been included in DJSI World for four consecutive years from 2016 to 2019 and is recognized for its excellent sustainability performance.

DJSI Public Disclosure Requirements - Household Durables Industry

Criteria	Num.	Questions	Contents
Corporate Governance	1.1.1	Board Structure	Corporate Governance
	1.1.2	Non-executive Chairman/Lead Director	Corporate Governance - Responsible Management Centered on the BOD
	1.1.3	Diversity Policy	Corporate Governance - Independence and Expertise of the BOD
	1.1.4	Gender Diversity	Corporate Governance - Responsible Management Centered on the BOD
	1.1.5	Board Effectiveness	Corporate Governance
	1.1.6	Average Tenure	Corporate Governance - Responsible Management Centered on the BOD
	1.1.7	Board Industry Experience	Corporate Governance - Independence and Expertise of the BOD
	1.1.8	Executive Compensation - Success Metrics	Corporate Governance - Performance and Remuneration
	1.1.9	Executive Compensation - Alignment with Long-Term Performance	Corporate Governance - Performance and Remuneration
	1.1.10	Management Ownership	Corporate Governance - Ownership and Voting Rights
	1.1.11	Management Ownership Requirements	N/A
	1.1.12	Government Ownership	Corporate Governance - Ownership and Voting Rights
	1.1.13	Family Ownership	Corporate Governance - Ownership and Voting Rights
	1.1.14	Dual Class Shares	Corporate Governance - Ownership and Voting Rights
	1.1.15	Disclosure of Median or Mean Compensation of all Employees & CEO Compensation	Corporate Governance - Performance and Remuneration
Materiality	1.2.2	Materiality Disclosure	Stakeholder Engagement and Material Topics - Step 3. Reporting
Risk & Crisis Management	1.3.3	Emerging Risks	Risk Management - Emerging Risks
Codes of Business Conduct	1.4.1	Codes of Conduct	Ethical Management - Code of Conduct
	1.4.3	Corruption & Bribery	Ethical Management - Compliance Check Organization
	1.4.7	Reporting on breaches	Ethical Management - Compliance Check Organization
Customer Relationship Management	1.5.2	Satisfaction Measurement	Product and Service Innovation - Diversification of Innovation
Public Policy Participation	1.6.1	Contributions and Other Spending	Local Community - Public Policy Participation
	1.6.2	Largest Contributions and Expenditures	Local Community - Public Policy Participation

Criteria	Num.	Questions	Contents
Supply Chain Management	1.7.1	Supplier Code of Conduct	Supplier CSR Report
	1.7.6	Transparency & Reporting	Supplier CSR Report
Tax Strategy	1.9.1	Tax Strategy	Economic Value Creation and Distribution - Tax Policy
	1.9.2	Tax Reporting	Economic Value Creation and Distribution - Report on Tax Payment Status and Effective Tax Rate
	1.9.3	Effective Tax Rate	Economic Value Creation and Distribution - Report on Tax Payment Status and Effective Tax Rate
Information Security/Cybersecurity & System Availability	1.10.1	Information Security/Cybersecurity Governance	Information Security and Privacy Protection - Information Protection Organization
Privacy Protection	1.12.1	Privacy policy: Systems/Procedures	Information Security and Privacy Protection - Information Security and Privacy Protection Principles
	1.12.2	Customers' Information	Information Security and Privacy Protection - Personal Information Life Cycle Management
	1.12.3	Breaches of Customer Privacy: Complaints	Information Security and Privacy Protection - Major Activities and Performances in 2019
Environmental Reporting	2.1.1	Environmental Reporting - Coverage	About This Report and Assurance
	2.1.2	Environmental Reporting - Assurance	About This Report and Assurance - GHG Assurance Statement
Environmental Policy & Management Systems	2.2.1	Coverage of Corporate Requirements/Guidelines	Environmental Management for Clean Water and Air - Coway Environmental Mgt. Policy
	2.2.3	Return on Environmental Investments	Climate Change - GHG, Energy and Other Environment Data
	2.2.4	Environmental Violations	Climate Change - GHG, Energy and Other Environment Data
Operational Eco-Efficiency	2.3.1	EP - Direct Greenhouse Gas Emissions (Scope 1)	Climate Change - GHG, Energy and Other Environment Data
	2.3.2	EP - Indirect Greenhouse Gas Emissions (Scope 2)	Climate Change - GHG, Energy and Other Environment Data
	2.3.3	EP - Energy Consumption	Climate Change - GHG, Energy and Other Environment Data
	2.3.4	EP - Water Consumption	Eco-friendly Product Development and Life Cycle Mgt. - Reduction of Water Consumption
	2.3.5	EP - Waste	Eco-friendly Product Development and Life Cycle Mgt. - Resource Efficiency KPI
Social Reporting	3.1.1	Social Reporting - Coverage	About This Report and Assurance
	3.1.2	Social Reporting - Assurance	About This Report and Assurance - Independent Assurance Statement
Labor Practice Indicators	3.2.1	Diversity	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
	3.2.2	Equal Remuneration	Employee-oriented Culture, Safe and Healthy Workplace - Employee Data
	3.2.3	Freedom of Association	Employee-oriented Culture, Safe and Healthy Workplace - Communication based on the Labor Management Council
Human Rights	3.3.1	Human Rights - Commitment	Human Rights Report - Management Principles and Guide
	3.3.4	Human Rights - Disclosure	Human Rights Report
Talent Attraction & Retention	3.5.4	Trend of Employee Engagement	N/A
Corporate Citizenship and Philanthropy	3.6.1	Group-wide Strategy	Local Community - Coway-like Social Contribution
	3.6.2	Type of Philanthropic Activities	Local Community - Commitment for Clean Water and Air
	3.6.3	Input	N/A
Occupational Health and Safety	3.7.1	Health & Well-being	Employee-oriented Culture, Safe and Healthy Workplace - Safe and Healthy Workplace
	3.7.3	Lost-Time Injury Frequency Rate (LTIFR) - Employees	Employee-oriented Culture, Safe and Healthy Workplace - Safe and Healthy Workplace
	3.7.4	Lost-Time Injury Frequency Rate (LTIFR) - Contractors	Employee-oriented Culture, Safe and Healthy Workplace - Safe and Healthy Workplace
	3.7.5	Occupational Illness Frequency Rate (OIFR) - Employees	N/A

ABOUT THIS REPORT & ASSURANCE

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About This Report

This report is the 15th Coway Sustainability Report. Since 2016, Coway has published an online sustainability report every year. We gathered opinions of stakeholders in-depth about the company's risks and opportunities. We decided on the content through a materiality assessment process that considered social and environmental impacts. This report was prepared in compliance with the GRI Standards of the Global Reporting Initiatives (GRI).

The 2019 report is the first report centered on online reporting, breaking away from the structure centered on printed materials (books). To make it easy for stakeholders to access the information they need, we revisited the overall structure of the navigation (table of contents) and site map and introduced a search function to check the necessary information quickly. The site is available in Korean and English, and all content can be checked through the main menu button at the top. The site is optimized for both desktop PC and mobile, and it is implemented with Responsive Layout*.

This report was published on June 30, 2020, after a third-party assurance process.

*Responsive layout: Website that automatically optimizes the screen size according to the type of display.

Reporting Scope

Focused mainly in the office, research institute, and production headquarter in Seoul, the reporting scope is more than 75% of sales. Some achievements have included global business status. Financial data is based on consolidated performance.

Reporting Period

Sustainability management performance is reported from January 1, 2019, to December 31, 2019. Quantitative results are disclosed together with three-year results so that stakeholders can see the change. Some major issues or significant activities and achievements are also reported in 2020.

Reporting Standards

This report meets the core option of the GRI Standard of the Global Reporting Initiatives(GRI). Also, the International Integrated Reporting Council(IIRC) and the Sustainability Accounting Standard Board(SASB) were used together.

Reporting Assurance

The financial information contained in this report was prepared through an independent audit firm's accounting audit. Non-financial information was verified by QuantifiedESG, Inc., an independent professional organization, and KMR, a management certification provider to increase the report's accuracy and reliability.

Reporting Inquiry

Address	04511 11~18F, JoongAng Ilbo Bldg., 88, Seosomun-ro, Jung-gu, Seoul
Department	PR Team
E-mail	sustainability@coway.co.kr

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Independent Assurance Statement

To the Management of Coway Stakeholders

Quantified ESG (hereinafter the "Verifier") has undertaken 3rd party assurance engagement on the "2019 Coway Sustainability Web Report" (hereinafter "Report") from Coway (hereinafter the "Reporting Authority"), and submit a verification statement (hereinafter "Verification opinion") as follow:

- ▶ Verifying Target: 2019 Coway Sustainability Web Report <http://sustainability.coway.co.kr>
(As of June 30, 2020, reporting period: January 2019 to December 2019)

Limitations of the engagement

The verifier was limited to the information listed above. The verifier has not assessed the following information disclosed in the report:

- ▶ The financial information audited by external auditors.
- ▶ The forward-looking statements presented by the reporting body.

Responsibility of Coway's management

The management of Coway is responsible for the preparation of the report and the information contained therein in accordance with the applicable criteria. This responsibility includes the implementation of an internal control system to produce a report describing the correct information. The reporting agency prepared the report by the following criteria:

- ▶ GRI (Global Reporting Initiatives) Reporting Standard – Core Option¹⁾
- ▶ SASB (Sustainability Accounting Standard Board) Appliance Manufacturing and Professional and Commercial Service Standard

1) GRI In Accordance Criteria: GRI Standards classify GRI Report in Accordance with "Core Accordance" and "Comprehensive Accordance." Core Accordance Option is satisfied by reporting part of the general standard disclosure, all material aspects of management approach (MA), and at least one specific standard disclosure.

Independence and Quality Control

As an independent assurance agency, the verifier was not involved in the production or preparation of the report and is responsible for writing verification opinions based on objective verification work for the report. The verifier does not have any interests with the reporting agency that may impair its independence in performing the verification work.

Our responsibility

The verifier followed the assurance engagement process to achieve moderate level of assurance²⁾ in the AA1000AS (2008) Type II verification type³⁾ and reviewed compliance with the four principles of AA1000AP (2018); inclusivity, materiality, responsiveness, and impact. The balance, comparability, accuracy, timeliness, clarity, and reliability of indicators and information presented in the report were verified through document-based information and interviews presented by the reporting organization.

The verifier confirmed the comparability, accuracy, timeliness, clarity, and reliability of the indicators and information presented in the report through information and interviews based on the documents from the reporting agency.

Our limited assurance procedures included, amongst others, the following work:

- Interviews with representatives of senior management and employees regarding the sustainability strategy and the materiality matrix
- Review of material topics against key issues raised in stakeholder dialogues, areas of performance covered in external media reports and sustainability reports
- Interviews with employees responsible for preparing the GRI-based sustainability reporting to assess the process of preparing the report, the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for a review of the report
- Review of the documentation of the systems and processes for compiling, analyzing, and aggregating sustainability data and testing of the reporting agency on a sample basis
- Review of the application of the GRI Sustainability Reporting Standards in accordance with the Core Option
- Review of the material indicators of SASB (Sustainability Accounting Standard Board) Appliance Manufacturing and Professional and Commercial Service Standard
- Evaluation of the overall quality of sustainability information provided in the report

2) Level of Assurance: The assurance level of AA1000AS (2008) is divided into high level verification and moderate level verification. Moderate level verification focuses on verifying the validity of information through limited depth of evidence and low-level sampling to confirm evidence of the statement and draws conclusions through the assurance of the process in which the information is produced.

3) Type of Engagement: The AA1000AS (2008) verification type includes Type I verification for verifying conformity to the four principles (Inclusivity, materiality, responsiveness, and impact) suggested by AA1000AP (2018), and Type II verification for verifying the reliability of important indicators in addition to the principle verification.

GRI Verification Scope*

* Including MA for each subject

GRI Topic	Disclosures
Economic Performance	201-1, 201-2, 201-3, 201-4
Market Presence	202-1
Indirect Economic Impacts	203-1, 203-2
Anti-Corruption	205-1, 205-2, 205-3
Anti-Competitive Behavior	206-1
Materials	301-1, 301-2, 301-3
Energy	302-1, 302-2, 302-3, 302-4, 302-5
Water	303-1, 303-2, 303-3
Emissions	305-1, 305-2, 305-3, 305-4, 305-5
Effluents and Waste	306-1, 306-2, 306-3, 306-4, 306-5
Environmental Compliance	307-1
Supplier Environmental Assessment	308-1, 308-2
Employment	401-1, 401-2, 401-3
Labor/Management Relations	402-1
Occupational Health and Safety	403-1, 403-2, 403-3, 403-4
Training and Education	404-1, 404-2, 404-3
Diversity and Equal Opportunity	405-1, 405-2
Non-Discrimination	406-1
Freedom of Association and Collective Bargaining	407-1
Child Labor	408-1
Forced or Compulsory Labor	409-1
Human Rights Assessment	412-1, 412-2, 412-3
Local Communities	413-1, 413-2
Supplier Social Assessment	414-1, 414-2
Public Policy	415-1
Customer Health and Safety	416-1, 416-2
Marketing and Labeling	417-1, 417-2, 417-3
Customer Privacy	418-1
Socioeconomic Compliance	419-1

Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the report has been prepared inappropriately for all important aspects that may affect the relevant reporting standards and judgment of stakeholders.

Inclusivity: Stakeholder Engagement | The reporting authority conducts comprehensive stakeholder engagement related to sustainability management issues. The reporting authority defines key stakeholders into six groups: shareholders and investors, employees, partners and suppliers, local community, and academia and the media. We confirm that stakeholder's opinion is reflected in the management policy through active communication, through the clearly separated communication channel and expectations of each group.

Materiality: Identifying and Reporting Material Topics | The verifier confirms that sustainability management topics are organized into 26 topics based on the keyword analysis of media and external communication including global sustainability standards and initiatives such as GRI Standards and SASB. Moreover, we confirm that ultimately material topics are derived through the analysis of internal and external stakeholder's opinions, and they are reflected in each URL of the report in a balanced manner.

Responsiveness: Organization's Response to The Topic | The verifier confirms that the major expectations affecting the performance of the stakeholders are identified and the proper measures were taken to respond to the identified issues and the contents of the responses are appropriately described in the report.

Impact: Considering The Impact on The Organization | The reporting authority monitors the effect of management activities on the broader ecosystem. We recommend that the reporting authority undertake efforts to calculate quantitative indicators to advance the calculation of the impacts in the economic, social, and environmental sectors.

July 2020

CEO Ikhyun Bae

QuantifiedESG, Inc.



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2019 Sustainability Report




The cover of the 2019 Sustainability Report features the Coway logo in blue at the top. Below it, the title "2019 코웨이 지속가능경영보고서" is written in Korean. The background is a light blue gradient.

2019 Sustainability Report


Korean 


English 

Past Reports (2010-2018)




The cover of the 2018 Sustainability Report features a stylized tree graphic composed of various icons representing sustainability, such as a recycling symbol, a person, a house, and a leaf. The title "2018 웅진코웨이 지속가능경영보고서" is at the top. The Woongjin logo is at the bottom left.

2018 Sustainability (ENG) 



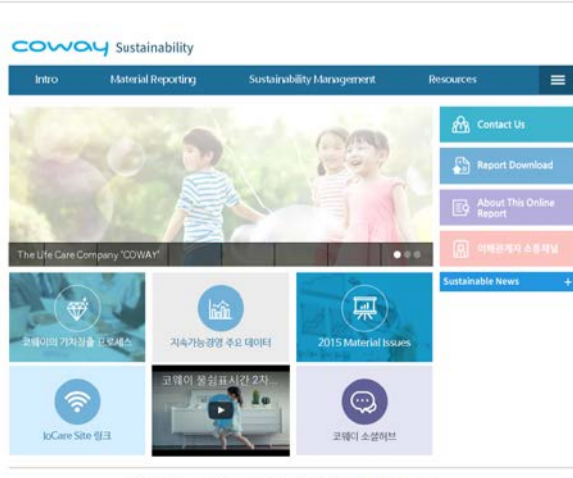
The cover of the 2017 Sustainability Report features a stylized tree graphic composed of various icons representing sustainability, such as a recycling symbol, a person, a house, and a leaf. The title "Re:BLUETION 2017 코웨이 지속가능경영보고서" is at the top. The Coway logo is at the bottom right.

2017 Sustainability (ENG) 



The cover of the 2016 Sustainability Report features the Coway Trust logo, which is a blue water drop shape containing the text "Coway Trust". Below it, the title "2016 코웨이 지속가능경영보고서" is written. The Coway logo is at the bottom.


2016 Sustainability (ENG) 



The cover of the 2015 Sustainability Report features a screenshot of the Coway Sustainability website. The website has a blue header with the Coway logo and "Sustainability" text. Below the header, there are several navigation buttons and a main content area with images of children.



The cover of the 2014 Sustainability Report features a colorful illustration of a modern office building with people working. The title "착한 믿음 2014 COWAY SUSTAINABILITY REPORT" is at the top.



The cover of the 2013 Sustainability Report features the Coway logo at the top. Below it, the title "착한 믿음 2013 COWAY SUSTAINABILITY REPORT" is written. The background is a light gray textured pattern.



2015 Sustianability (ENG)



2014 Sustianability (ENG)



2013 Sustianability (ENG)



2012 Sustianability (ENG)



2011 Sustianability (ENG)



2010 Sustianability (ENG)



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