

2020 Coway Sustainability Report

coway Sustainability 2020

CEO Message

We will make this world into a better place to live in with healthy and convenient solutions.

Dear Valued Stakeholders,

The COVID-19 pandemic has changed not only our daily lives, but also the business environment around the world. It has brought unpredictable crises, such as a rapid downturn and changes in the consumer market, decrease in face-to-face services, and uncertainty in global supply chain procurement. In response to these changes, Coway has promptly formulated strategies to resolve business uncertainty in preparation for the prolongation of the corona virus.

Our journey has always been to search for something innovative and challenging. As a market leader, we have strived to step out of our comfort zone without resting in our laurels to introduce a variety of products that would make life more convenient and safer. Thanks to the Internet of Things (IoT) and big data, our services have evolved significantly, enough to manage the people's living conditions around the clock. Despite the COVID-19 crisis, we have mobilized our capability to introduce contactless services, launched self-managing products, and strengthened our online marketing services to meet the needs of our customers. Through our digital collaboration with our parent company Netmarble, we have upgraded our services and focused on developing innovative products to strengthen business continuity.

As a result, Coway's 2020 annual sales reached KRW 3,237.4 billion, a 7.2 percent growth, and operating profits increased by 32.3 percent to hit KRW 606.4 billion. In particular, sales in overseas branches jumped to KRW 896.1 billion, up 38.4 percent from the previous year, despite COVID-19, driving high growth.

However, as the business environment becomes increasingly uncertain, the lifespan of a company is getting shorter and the current leading position does not guarantee sustainable growth. Accordingly, we have set future-oriented strategies to focus on creating customer-centric new value by continuously learning and challenging ourselves boldly. In 2021, we plan to focus on enhancing our competitiveness as the best life solution provider by creating synergy with Netmarble with the goal of realizing a smart home subscription economy.

In addition, we, as a corporate citizen, are acutely aware of the importance of corporate roles in building a sustainable society. We are working hard to build social trust by listening to our stakeholders from all walks of life, including customers, employees, and local communities. As a business dedicated to water and air, we pay special attention to climate change and join the effort to build a low-carbon society by cutting greenhouse gas emissions according to the mid- and long-term goals we have set. In addition to responding to climate change, we will commit ourselves to the ESG principles firm wide in all aspects of our activities to become a sustainable business.

Coway has grown based on the water and air that people drink, wash, and breathe. To safeguard clean water and air is our strongest suit. It is our mission to fulfill the aspirations of people for a healthy lifestyle by putting our heart and soul into providing quality products and services.

We look forward to you joining us on our journey to create a better world with healthy and convenient lifestyle solutions.

CEO

Hae-Sun Lee · Jang-Won Seo



Value Creation Story

We present a value-creation story through business models and Coway “Care.”

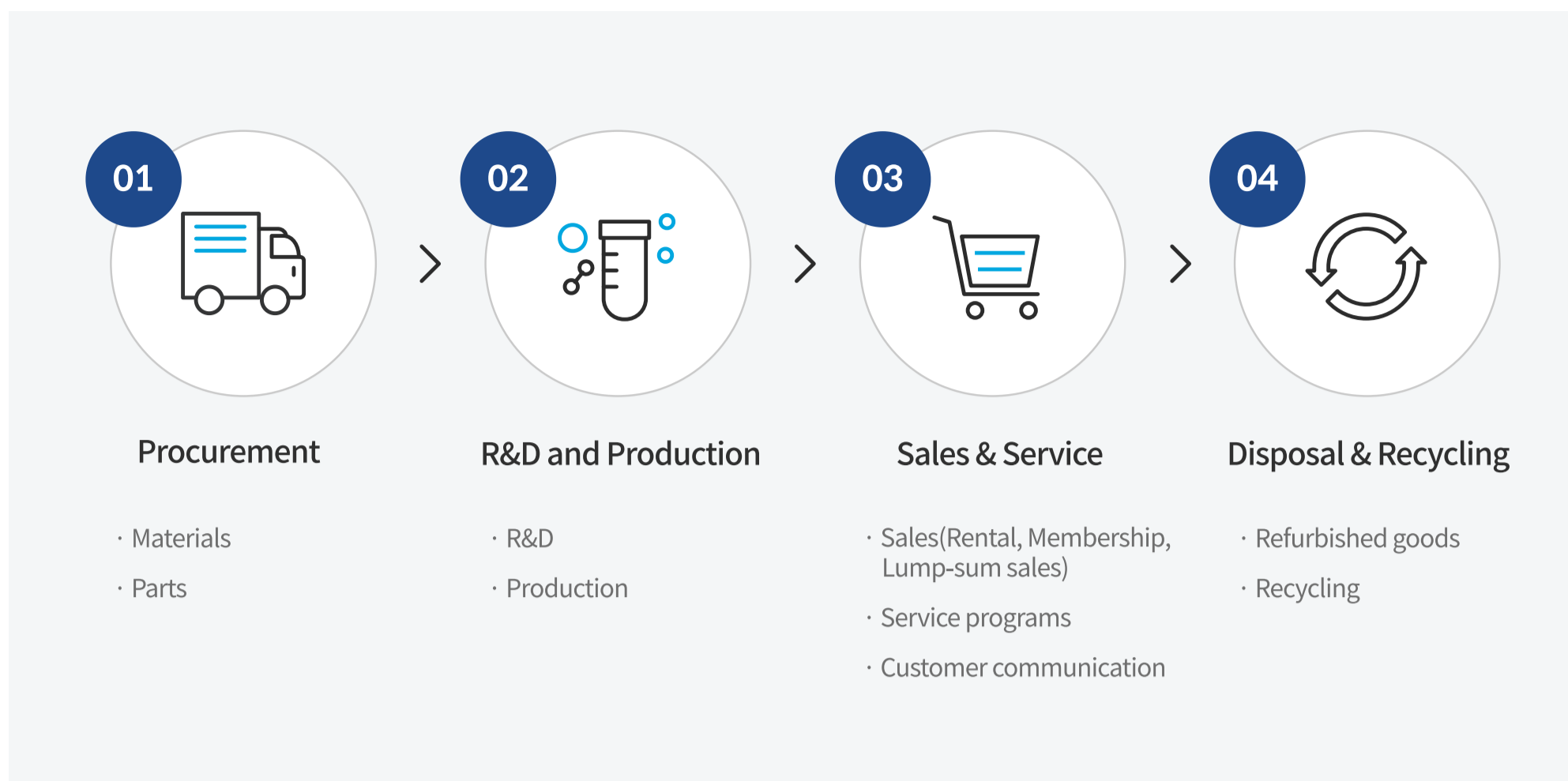
Business Model

Established in 1989, Coway is a lifecare company that cares for the entire living environment, combining professional services with product rental as the differentiated business model. 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 8.27 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, home care, living care products to help customers to relax and enjoy every daily environment, including air, water and sleep. In addition, we are sharpening our competitive edge in the service area with our “loCare” Solutions, which combine long-term research data with IT, on the one hand, while on the other hand consistently expanding our rental product line-up and increasing our presence in the global market. This will enable us to create a new customer base and markets, thereby developing an engine for sustainability growth. 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 brands ultimately aim to provide life solutions based on customer trust and product innovation so that customers can enjoy a sage and healthy life anytime, anywhere. 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		2020	
Financial Capital	Input	Total capital	KRW 100 million	14,900	
		Asset		30,290	
	Output	Revenue	KRW 100 million	32,374	
		Operating profit		6,064	
Manufactured Capital	Input	Amount of purchasing products and raw materials	KRW 100 million	6,228	
	Output	Amount of product production ¹⁾	1,000 units	27,702	
		Average operation rate ²⁾	%	80.5	
Human Capital	Input	Investment in education for employees	KRW 100 million	58	
		Total hours of employee training ³⁾	hour	109,735	
	Output	Productivity per person ⁴⁾	1 million KRW/person	493	
Intellectual Capital	Input	R&D cost	KRW 1 million	41,937	
		Number of R&D personnel		person	368
		Output	Intellectual property right	Patents&Utility	case
	Trademark				3,283
	Design				841
Social Capital	Input	Number of employees in the volunteer group	person	1,795	
		Commercial initiatives	KRW 100 million	21.5	
	Output	Total volunteer work time	hour	1,331	
		Technology protection and lease for Suppliers	case	20	
Natural Capital	Input	Environmental investment ⁵⁾	KRW 1 million	1,716	
		Consumption of raw materials	ton	16,100	
		Consumption of energy	GJ	116,267	
	Output	Greenhouse gas emissions Intensity	tCO ₂ eq/KRW 100 billion(Sales)	0.221	
		Amount of recycling waste	ton	23,219	

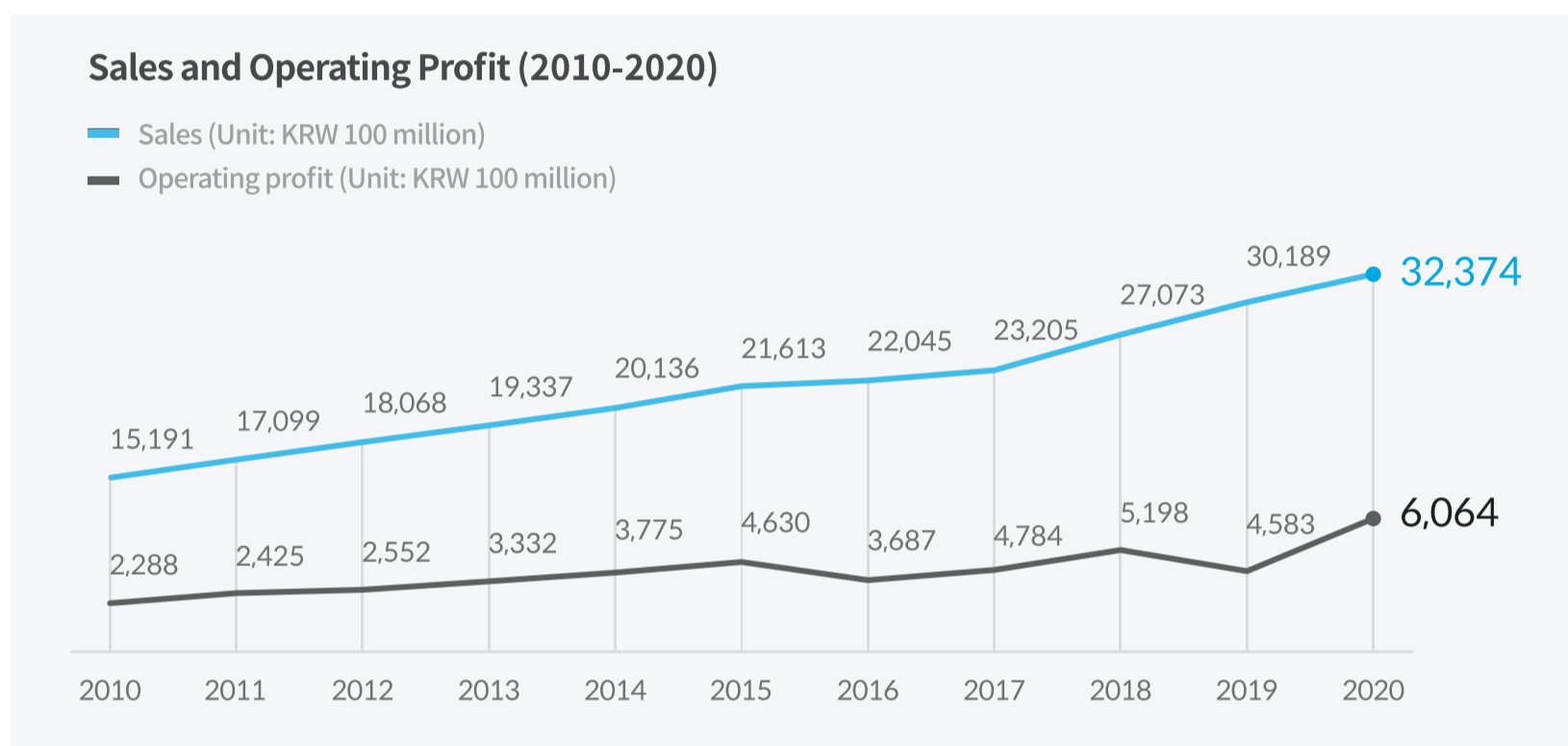
1) Productivity per person: product production + filter production

- 2) Average operation rate: Actual production / Maximum production capacity x 100
- 3) Total hours of employee training: Excluding Sales personnel
- 4) Productivity per person: Sales / No. of employees as of the end of 2020
- 5) Environmental investment: Excluding environmental R&D cost

Economic Value Creation

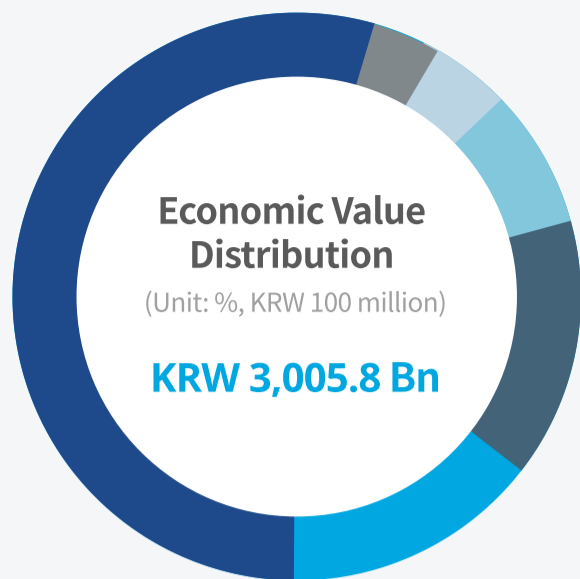
Coway continued to record sales growth in 2020 and achieved a record-high sale of KRW 3,237.4 billion, an increase of 7.2% over the previous year. The operating profit stood at KRW 606.4 billion, with net income reaching KRW 404.7 billion — up 32.3 percent and 21.8 percent, respectively. The total number of customer accounts in 2020 hit 8.27 million (including 6.34 million local accounts and 1.93 million overseas accounts), an increase of 480,000 from the previous year.

Amid COVID-19 and the aftermath of the service managers union strike, however, the domestic home appliance division saw a slight increase in sales — from KRW 2,112.2 billion in the previous year to KRW 2,127.3 billion — while the overseas subsidiaries saw sales increase to KRW 896.1 billion, up 38.4 percent from the previous year. The COVID-19 pandemic hit our business activities hard, but sales jumped in Malaysia and the USA, driving our consistent growth.



Economic Value Distribution

In 2020, Coway created a total economic value of KRW 3,289.6 billion by combining sales of KRW 3,237.4 billion and other revenues and financial revenues based on consolidation in 2020. Of the created value, KRW 3,005.8 billion 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 KRW 67.5 billion 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

Suppliers

15,530 KRW 100 million

52%

Employees

4,604 KRW 100 million

15%

Partners

3,568 KRW 100 million

12%

Other

4,128 KRW 100 million

14%

Government

1,357 KRW 100 million

5%

Shareholders and Investors

871 KRW 100 million

3%

Tax Report

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, USA, and China. In international transactions with overseas subsidiaries, Coway complies with applicable local tax laws and OECD transfer pricing guidelines. Coway fulfills its tax obligations based on local laws.

Tax Payment Status and Effective Tax Rate

Country-by-Country Tax Reporting (Unit: KRW 1,000)

Category	Important Business activities	Sales	Profit before tax	Income tax accrued	Income tax paid
Korea		2,639,686,535	540,379,082	138,242,247	135,668,222
Malaysia	Rental and sale of products such as water purifiers and air purifiers and service provision to members	708,492,771	130,170,689	48,966,467	31,212,713
USA		152,443,148	19,860,617	4,533,719	6,555,950
Thailand		28,931,944	-2,142,020	0	0
Indonesia		4,178,496	-5,710,946	0	0
China		2,019,278	-722,037	0	0

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

Category	2018	2019	2020
Net income before income tax expenses	468,567,061	451,418,558	540,379,082
Corporate tax burden ¹⁾	118,493,942	113,778,104	138,242,247
Tax credit	-142,015	-182,651	-4,474
Permanent difference	-432,685	6,146,218	-3,187,694
Deferred tax unrecognized among temporary differences	5,910,785	1,869,336	7,707,974
Change effect of feasibility judgment	1,087,653	-	-
Corporate tax payment (refund)	-4,770,130	627,398	-7,928,719
Others	-1,391,977	-3,027,522	838,888
Income tax expense ³⁾	118,755,573	119,210,883	135,668,222
Nominal tax rate ⁴⁾ (Unit: %)	25.29	25.20	25.58
Effective tax rate ⁵⁾ (Unit: %)	25.34	26.41	25.11

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

Stakeholder Engagement and Material Topics

This is a summary of the sustainability issues for the year 2020 reflecting our consistent communication with stakeholders.

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 • 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	4 times or more a Year	<ul style="list-style-type: none"> • Fair performance evaluation and compensation • Competency development • Work-life balace • Diversity-based corporate culture
	In-house Online Consultation Channel	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 Disclosure 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	Disclosure to Financial Supervisory Service and Fair Trade Commission	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. Above all, we create an issue pool based on changes in the internal strategies we formulated in order to respond to the rapidly changing business environment at home and abroad. We then identify the business relevance of each issue and its impact on our stakeholders to determine priorities. 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 analyzes various indicators to reflect the ever-changing industry and business environment and identify key issues in terms of sustainability management. Based on the analysis, we create an issue pool. First of all, we analyze the global sustainability standards and initiatives to identify the latest industrial trends and changes in the industrial environment. We also analyze the key words related to media and communication to understand both internal and external changes. Through this, the number of issue pools for Coway was 21 in 2020.

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)
- DJSI (Dow Jones Sustainability Indices)
- KCGS (Korea Corporate Governance Service)
- Sustainalytics

Media and Communication Key Word Analysis

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

- Exposure period: 2020.01.01~2020.12.31
- Media : 164 press including 27 major daily newspapers nationwide

Main keyword Analysis of External Communication Materials

- IR data and performance announcement

Step 2. Analysis & Assessment

We analyzed the 21 core issues of the issue pool we created and analyzed them in terms of their relevance to our business activities and their impact on our stakeholders in order to determine priority. Above all, we analyzed business relevance by comprehensively applying the internal issue analysis of our sustainability management and the 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. Furthermore, we found material issues by evaluating 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

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

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 5 overseas companies and 1 domestic company
- DJSI (Dow Jones Sustainability Indices) Household Durables industry evaluation requirements analysis
- MSCI Household Durables industry evaluation requirements analysis, etc.

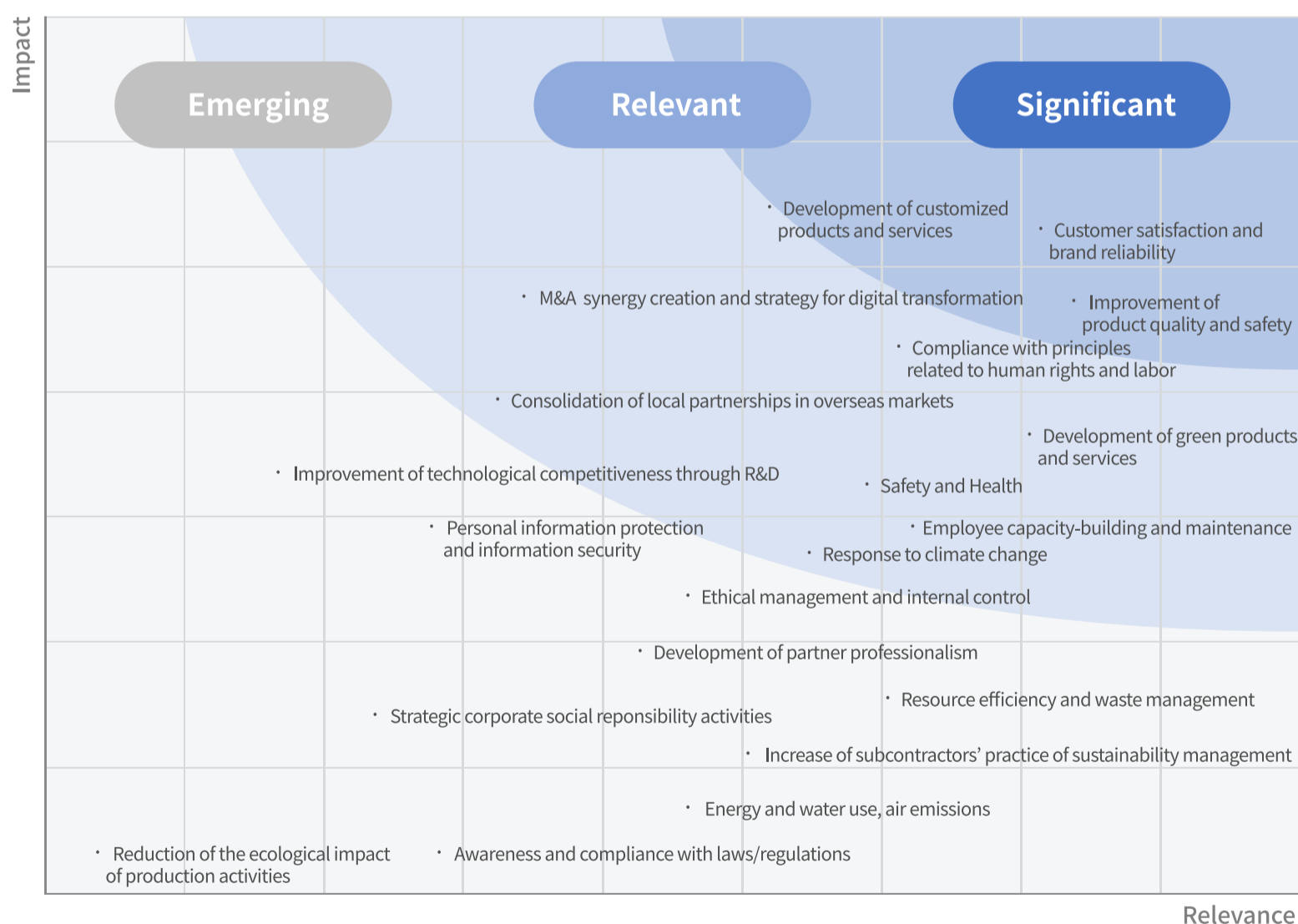
Impact Analysis – Stakeholder Survey

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: 2021.03.23~2021.04.06
- 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 top 10 material topics. Coway reports on the business-social background and key KPIs of each important topic. In addition, we state our management strategy and activities, major achievements and business performance relevant to the issues in question throughout this web report.



●: High, ◐: Medium, ○: Low

No	Material Topics	Report topics	Business impact		
			cost	revenue	risk
1	Customer satisfaction and brand reliability	Customer Satisfaction	◐	●	◐
2	Development of customized products and services	Innovation	●	●	◐
3	Improvement of product quality and safety	Product Responsibility	●	◐	●

No	Material Topics	Report topics	Business impact		
			cost	revenue	risk
4	Compliance with principles related to human rights and labor	Human Rights	●	◐	●
5	Development of green products and services	Life Cycle Management	◐	◐	◐
6	M&A synergy creation and strategy for digital transformation	Value Creation Story	◐	○	●
7	Safety and Health	Safety and Health	●	●	◐
8	Employee capacity-building and maintenance	Employee	◐	◐	◐
9	Consolidation of local partnerships in overseas markets	Innovation	◐	○	◐
10	Response to climate change	Climate Change	◐	◐	●

Materiality Context and Long-term Target

Customer Satisfaction and Brand Reliability

Coway is committed to providing the best possible products and services so that our customers can have access to the clean water and air they trust, making customers' lives more prosperous through our products. As a result, we obtained the customer satisfaction management system (ISO 10002) certification for two consecutive years since 2019, which means that we have been internationally recognized for providing the services that meet the needs and expectations of our customers. We are ranked first in diverse surveys in the customer satisfaction category, such as the National Customer Satisfaction Index (NCSI), the Korean Industry Customer Satisfaction Index (KCSI), the brand customer satisfaction index, the Korean Standard Service Quality Index (KS-SQI), and the business recommended by customers, gaining solid customer trust. We will continue to work hard to meet customers' needs and expectations by keeping customers in mind, and remain a business with a solid base of loyal customers. To that end, we will achieve 87 on a 100-point scale by 2030 in the long term, to increase customer value even more.

Performance & Activities

Coway Customer Satisfaction (Unit: %)

Category	2018	2019 ²⁾	2020
Customer Satisfaction ¹⁾	79.0	75.1	82.5

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.

[Customer satisfaction management system \(ISO 10002\) certification](#)

[Visible counseling services](#)

[Real-time voice of customer \(VOC\) system](#)

Development of Customized Products and Services

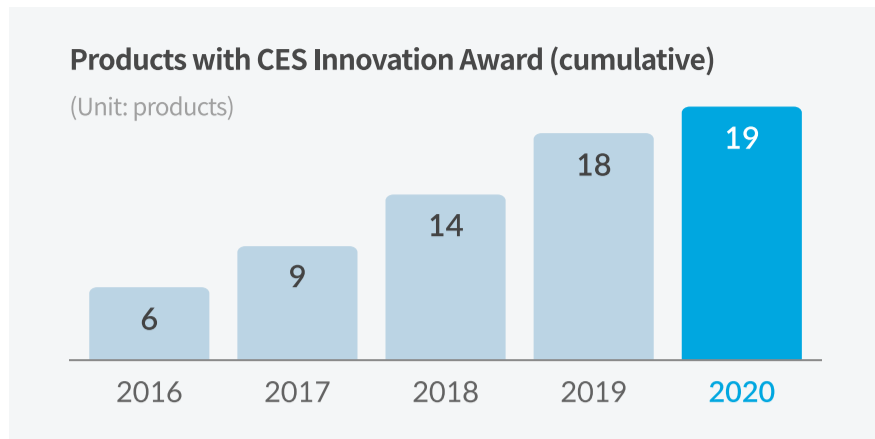
Coway has wrestled with the idea of helping customers live a better life. We have conducted research on the lifestyles of customers by starting a day with fresh water and air and ending the day by reclining on a comfortable bed for a good night's sleep. We have consistently made bold investments in R&D and taken the lead in introducing innovative products and services by applying our expertise. To give an example, we launched a free-standing air purifier that can be wall-mountable to overcome limitations of space. We also released a self-managing water purifier to satisfy the growing demand for contactless services, which was well received by customers. Our consistent and unwavering efforts toward innovation were recognized globally, and we won the CES Innovation Awards for six years in a row. Without resting on our laurels, we will continue to develop products and services tailored to meet the needs of customers to increase the value of their lives in a rapidly changing society.

Performance & Activities

[CES Innovation Award for 6 consecutive years](#) 

[Self-managing water purifier](#) 

[Stylish air purifier and air purifier humidifier](#) 




Improvement of Product Safety and Reliability


With the outbreak of COVID-19 and prevalence of fine dust, public interest in hygiene and safety in our daily lives has increased rapidly and the demand for household appliances for clean water and air has also grown. Coway has paid special attention to product and service-safety and quality control, while introducing the products to meet customers' needs as such. We internally operated an unlimited liability committee under direct control of the CEO and the Product Immersion Committee (PIC 360) to take action for tighter quality control. We also operate a testing lab for product safety certification for tighter product safety control. As a result of such efforts, we won the Minister of Health and Welfare Award at the Consumer Trust Awards in 2020 and obtained product conformation in the drinking water analysis capacity-assessment by Environmental Technology R&D Center for 13 consecutive years. Moreover, we possess a variety of reliability-testing equipment, and conduct safety performance certification conformance assessments for various products from parts to finished products every year, and increasing the number of products and parts for conformance testing. In 2020, we conducted a conformity test on electricity, environment, and energy for 304 products. We will keep our effort to improve product safety and provide customers with safe and reliable products.

Performance & Activities

Int'l Accredited Test Center & Certification status (Unit: site, product)

Category	Electricity	Environment	Energy	
nt'l accredited test center		7	3	1
Certified products		172	40	92

[Implementation of voluntary agreements on safety management](#) 

[Development of energy consumption efficiency proficiency program](#) 

[Quality Management System](#) 

Corporate Governance

Equipped with a transparent and sound governance structure, we make management decisions for a better future.

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.

Status of the BOD

Name	Position	Gender	Professional Experience	Appointed Date
Jun-Hyuk Bang	Chairman	Male	<ul style="list-style-type: none">• 2020 ~ Current BOD Chairman, Coway• 2014 ~ Current BOD Chairman, Netmarble• 2011 ~ 2014 Executive advisor, Game Business Division, CJ E&M	2020.02.07
Hae-Sun Lee	CEO	Male	<ul style="list-style-type: none">• 2020 ~ Current CEO, Coway• 2019 ~ 2020 President, Business Technology Group, Coway• 2016 ~ 2019 CEO, Coway	2020.02.07
Jang-Won Seo	CEO	Male	<ul style="list-style-type: none">• 2021 ~ Current CEO, Coway• 2020 ~ 2021 Head of Corporate Management Division, Coway• 2020 ~ 2020 Head of Coway TF, Netmarble• 2019 ~ 2019 Officer in Investment Strategy and Communication, Netmarble• 2015 ~ 2018 Officer in Management Strategy, Netmarble• 2001 ~ 2015 Senior U.S. Attorney, Sejong Law Firm	2020.02.07
Jin-Bae Kim	Independent Director	Male	<ul style="list-style-type: none">• 2001 ~ Current Professor in Business Administration, Korea University• 1997 ~ 2001 Assistant Professor, Boston University	2020.02.07
Kyu-Ho Kim	Independent Director	Male	<ul style="list-style-type: none">• 2021 ~ Current Professor of Global Leaders College, Yonsei University• 2015 ~ 2021 Professor (focused on academic-industrial cooperation), Sogang University• 2013 ~ 2014 Executive Director, Media Solution Center of Samsung Electronics	2020.02.07

Name	Position	Gender	Professional Experience	Appointed Date
Bu-Hyun Yoon	Independent Director	Male	<ul style="list-style-type: none"> • 2020 ~ Current Advisor, LG Display • 2018 ~ 2020 Advisor, LG Uplus • 2012 ~ 2018 Executive Director, Management Planning of MC Business Group, LG Electronics • 2009 ~ 2011 Managing Director in Charge of Finance, LG Electronics • 2007 ~ 2008 Managing Director in Charge of Management Planning, LG Electronics 	2020.02.07
Da-Woo Lee	Independent Director	Male	<ul style="list-style-type: none"> • 2018 ~ Current Attorney, Yulchon Law Firm • 2016 ~ 2018 Senior Judge, Chuncheon District Court • 2015 ~ 2016 Judge, Seoul Central District Court 	2020.02.07

Independence and Expertise of the BOD

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. The proportion of non-executive directors at Coway is 57.1%.

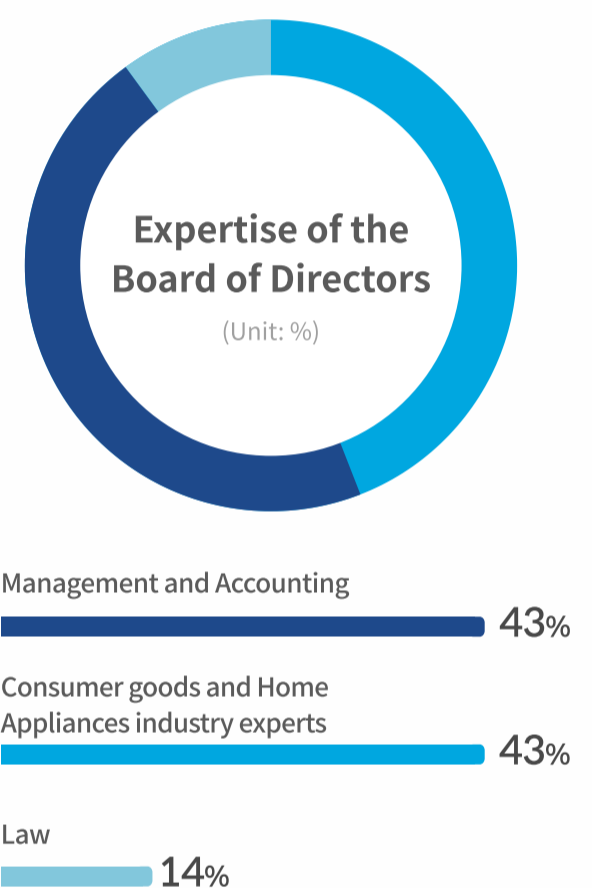
Directors are appointed at the general shareholders' meeting under Article 382 of the Commercial Act, and the Board of Directors is composed of at least 3 to maximum 9 members according to the Board's Articles of Incorporation. As of the end of 2020, Coway Board of Directors consists of 3 executive director and 4 non-executive directors.

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, those with expertise in management, economics, accounting, and other fields are appointed 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.

Independence of the BOD

Coway makes sure that the boards of directors (BODs) we appoint meet the qualifications required by the relevant laws and articles of association. Also, we impose restrictions on appointing those who are responsible for damaging corporate value or infringing shareholders' rights and interests as executives by revising the "Personnel Management Regulations for Executives." We operate the Independent Director Candidate Recommendation Committee, which consists of two non-executive directors (Da-Woo Lee and Kyu-Ho Kim) and one executive director (Jang-Won Seo) in accordance with the relevant law and regulations that requires that the majority of directors should be non-executive directors. The Independent Director Candidate Recommendation Committee selects candidates for non-executive directors among those who have no conflicts of interest with the company and its largest shareholder and, consequently, can supervise the company's business management independently from the management.



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

BOD Activities in 2020

In 2020, total of 8 board meetings were held, with an average attendance rate of 100%.

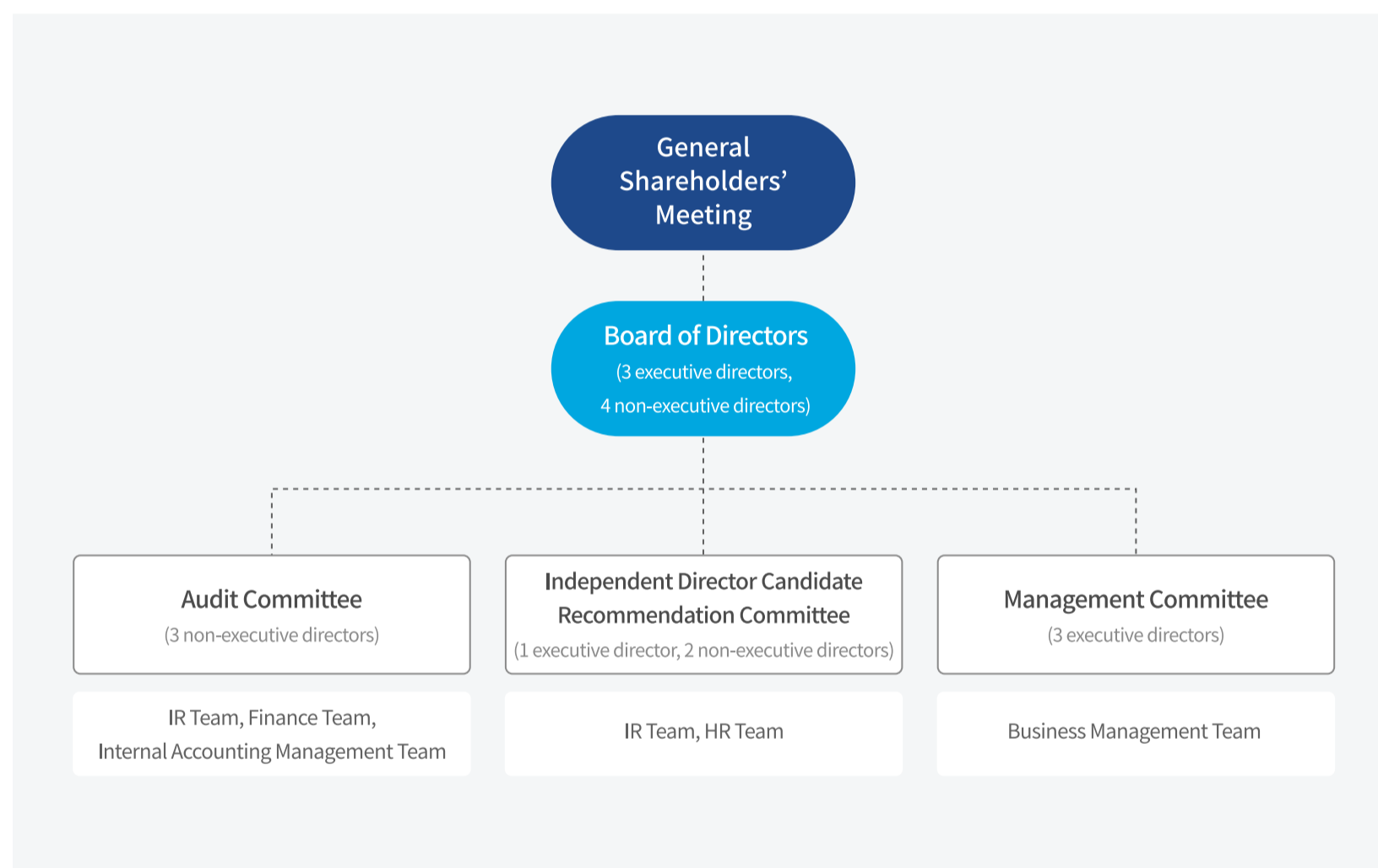
Round	Date	Agenda	Result	Attendance rate
1	2020.01.23	Convocation of the 1st extraordinary general meeting in 2020	Approved	100%
		Decision on the stock option grant method	Approved	
2	2020.02.07	Appointment of the new chairperson of the BODs	Approved	100%
		Appointment of the new CEO	Approved	
		Appointment of the Independent Director Candidate Recommendation Committee members	Approved	
		Revision of the regulations for the Management Committee	Approved	
		Appointment of the Management Committee members	Approved	
		Concurrent position of an executive of other company	Approved	
		Decision on the stock option grant method	Approved	
3	2020.02.14	Approval of the 31st financial statements and business report	Approved	100%
		Approval of transactions with stakeholders	Approved	
		Decision on the method of granting stock options	Approved	
		Revision of the BODs operational regulations	Approved	
		Report on the status of internal accounting management operation by the CEO and internal accounting manager	-	
		Report on the evaluation of the internal accounting management system by the Audit Committee	-	
4	2020.03.06	Convocation of the 31st annual general meeting	Approved	100%
		Approval of the 2020 business plan	Approved	
		Concurrent position of an executive of another company	Approved	
		Decision on the stock option grant method	Approved	
		Revision of internal accounting management regulations	Approved	
5	2020.05.07	Appointment of Compliance Officers	Approved	100%
		Revision of the regulations for the Management Committee	Approved	
		The 1st quarter 2019 performance report	-	
6	2020.08.04	Approval of transactions between directors and the company (Netmarble)	Approved	100%
		Approval of transactions between directors and the company (MNB)	Approved	
		Appointment of compliance officers	Approved	
		The 2nd quarter 2020 performance report	-	
7	2020.11.03	Report on the approval of the Management Committee	-	100%
		The 3rd quarter 2020 performance report	-	
8	2020.12.17	Approval of transactions between directors and the company (INDISair)	Approved	100%
		Approval of transactions between directors and the company (Netmarble/G-Squire FPV)	Approved	

Approval and authorization of the limit of bond issuance in 2021	Approved
Approval of the business plan for 2021	Approved
Report on the completion of the conversion of service managers to full-time employees	-

[BOD activities in the past \(2008~2020\)](#)

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 2021, 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. The non-executive directors hold the majority in the BOD so that they can carry out their function of keeping the management in check, and they also have the majority in the Independent Director Candidate Recommendation Committee and Audit Committee under the BODs. 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.



1. Management Committee

Member	Directors	Purpose and Main Activity
3 executive directors	Jun-Hyuk Bang(Chairperson), Hae-Sun Lee, Jang-Won Seo	Regulations necessary for the organization and efficient operation <ul style="list-style-type: none"> • Matters delegated by the board of directors among the company's important management matters • Matters delegated by the BOD from time to time • Other matters that the committee has decided to refer to as important management matters of the company

2. Independent Director Candidate Recommendation Committee

Member	Directors	Purpose and Main Activity
1 executive director 2 non-executive directors	Da-Woo Lee, Gyu-Ho Kim, Jang-Won Seo	Nomination of non-executive director candidates

3. Audit Committee

Member	Directors	Purpose and Main Activity
3 non-executive directors	Jin-Bae Kim, Bu-Hyeon, Lee Da-Woo	Audit work <ul style="list-style-type: none"> • Review of accounting-related documents such as financial statements and the procedures and results of the audit of accounting firms • Review of the operation status of the internal accounting management system

Performance Evaluation and Remuneration

Coway appoints excellent experts 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. Coway sets basic remuneration for executive directors considering the job and position, longevity, leadership, professionalism, company contribution according to the resolution of the Board of Directors. Coway evaluates the achievement rate by calculating the overall score according to the quantitative indicator task and qualitative indicator task evaluation for incentives.

CEO–Employee Remuneration Ratio in 2020

Category	Remuneration (Unit: KRW 1,000)	Ratio (Unit: times)
CEO Remuneration	776,947	14.8
Average Employee Remuneration	52,427	

Remuneration of Directors and Auditors

Classification	No. of people	Total remuneration (Unit: KRW 1,000)	Average remuneration per person (Unit: KRW 1,000)
Registered Director	3	1,783,196	594,399
Non-executive Director	1	50,810	50,810
Audit Committee Member	3	122,017	40,672

1) The above number of people is based on the number of people in office as of the base date of the report.

2) The total amount of remuneration includes all income tax paid by registered directors, non-executive directors, and audit committee members who have been in office or retired in accordance with Article 159 of the Capital Markets and Financial Investment Business Act and Article 168 of the Enforcement Decree of the Act.

3) The average amount of remuneration per person was calculated by dividing the total amount of remuneration by the number of people as of the base date, and it is different from the actual average amount of remuneration per person.

Directors Remuneration

Name	Category	Total (Unit: KRW 1,000)	Standards and Methods
Jun-Hyuk Bang	Salary	629,712	The total annual salary is set at KRW 700 million by comprehensively reflecting the duty (chairman of the BODs), leadership, expertise, and contribution to the company and 1/12 is paid monthly during the period from Feb. 7 to Dec. 31, 2021. In addition, KRW 114,000 was paid with taxes reflected.
	Incentive	-	
	Profit by Exercising Stock Option	-	
	Note	Other earned income, retirement income and other income are not applicable	
Hae-Sun Lee	Salary	504,947	The total annual salary is set at KRW 500 million by comprehensively reflecting the duty (CEO), position (president), tenure, leadership, expertise, and company contribution, among others, all of which are comprehensively reviewed and paid. In addition, KRW 4.947 million, including benefit points, was paid.

Name	Category	Total (Unit: KRW 1,000)	Standards and Methods
Incentive	272,000	Bonuses were paid based on the key performance indicators (KPIs) consisting of quantitative and qualitative indicators. The KPIs evaluate quantitative indicators (sales, customer accounts, etc.), which consist of growth potential, profitability, and stability, and qualitative indicators (leadership, growth engines, etc.), which include strategic tasks for the year, based on the comprehensive evaluation table to calculate the overall scores.	
Note		Profits from the exercise of stock options, other earned income, retirement income and other income are not applicable.	

Stock Option Granted for Directors

Recipient	Title	Granted Date	Type of Stock	Initial Granted Amount	Current variable option shares		Total variable option shares		Non-exercised Amount	Exercise Period	Exercise Price
					Exercise	Cancel	Exercise	Cancel			
19 executives including Jong-Bae Kim	Non-registered Director	Feb. 2013	Common Stock	852,000	233,410	-	361,240	482,640	8,120	Feb. 2015 ~Feb. 2022	50,000
2 executives including Jae-Ho Lee	Non-registered Director	Nov. 2013		261,800	16,820	-	165,812	95,988	-	Nov. 2015 ~Nov. 2022	60,160
6 executives including Jong-Bae Kim	Non-registered Director	Mar. 2014		261,500	-	69,800	31,180	230,320	-	Mar. 2016 ~Mar. 2023	71,470
11 executives including Yong-Ju Park	Non-registered Director	Mar. 2015		571,500	-	154,195	103,240	449,080	19,180	Mar. 2017 ~Mar. 2024	88,670
5 executives including Seon-Yong Lee	Non-registered Director	Mar. 2016		155,000	-	86,740	-	155,000	-	Mar. 2018 ~Mar. 2025	95,810
Hae-Sun Lee	Registered Director	Oct. 2016		300,000	-	-	240,000	60,000	-	Nov. 2018 ~Oct. 2025	92,640
2 executives including Jin-Hyuk Ahn	Non-registered Director	2017.03		87,000	-	1,160	-	48,140	38,860	2019.03 ~2026.03	90,460
22 executives including Jae-Ho Lee	Non-registered Director	Apr. 2017		216,972	-	-	-	206,122	10,850	Apr. 2019 ~Apr. 2026	98,590
6 executives including Jae-Young Park	Non-registered Director	Mar. 2018		104,400	-	6,496	-	39,556	64,844	Mar. 2020 ~Mar. 2027	88,330
2 executives including Hyun-Joo Song	Non-registered Director	Mar. 2019		69,600	-	6,032	-	5,744	63,568	Mar. 2021 ~Mar. 2028	96,030

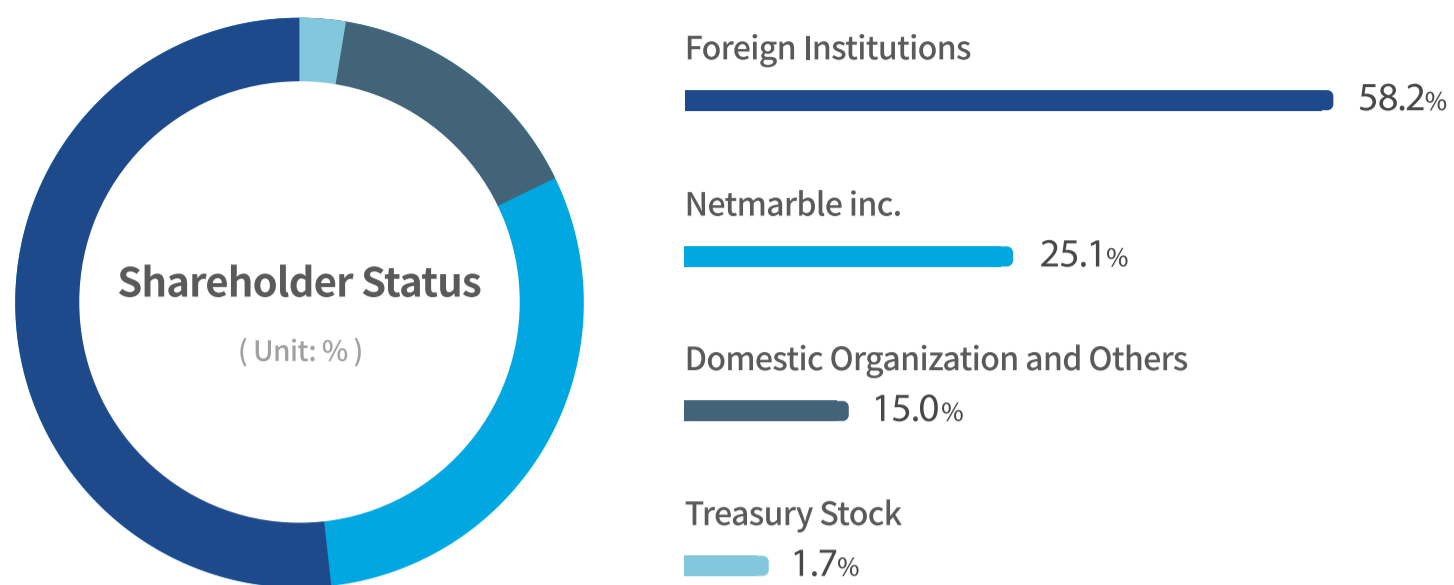
1) Stock option grant methods: selection among issuance of new shares, treasury stock issuance, and difference compensation

Ownership Structure and Voting Rights

As of the end of 2020, Coway's shareholders consisted of 25.1% of Netmarble inc., 15.0% of national organization and others, 1.7% of treasury stock, and 58.2% of foreigners.

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 2020, 72,555,625 shares (98.31% of the total issued shares) had voting rights. Coway does not introduce a written or electronic voting system.

Shareholder Status



Voting Rights *

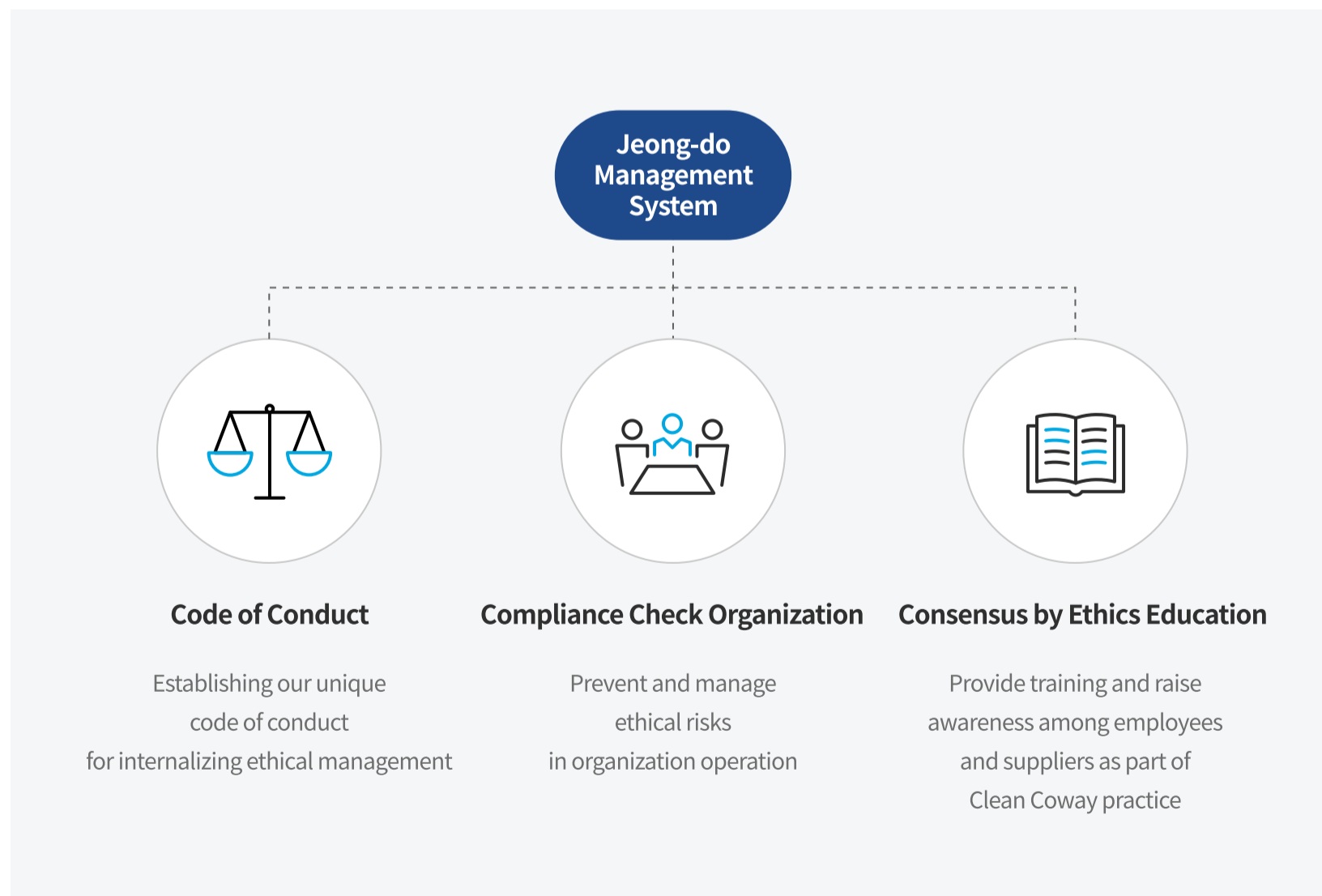
Category	Number of Stocks (unit: share)	Rate (unit: %)	Note
Preferred Shares	0	0	Without voting rights
Common Shares - voting stock	72,555,625	98.31	With voting rights
Common Shares - treasury stock	1,243,994	1.69	Without voting rights
Total	73,799,619	100	-

1) As of the end of December 2020

Ethical Management

Coway is creating a Jeong-do management (Ethical management) culture with the vision of 'Clean Coway' for responsible ethical practice.

Coway pursues "Jeong-do management (Ethical management)" based on 3C(Code of Conduct, Compliance Check Organization, Consensus by Ethics Education).



Code of Conduct

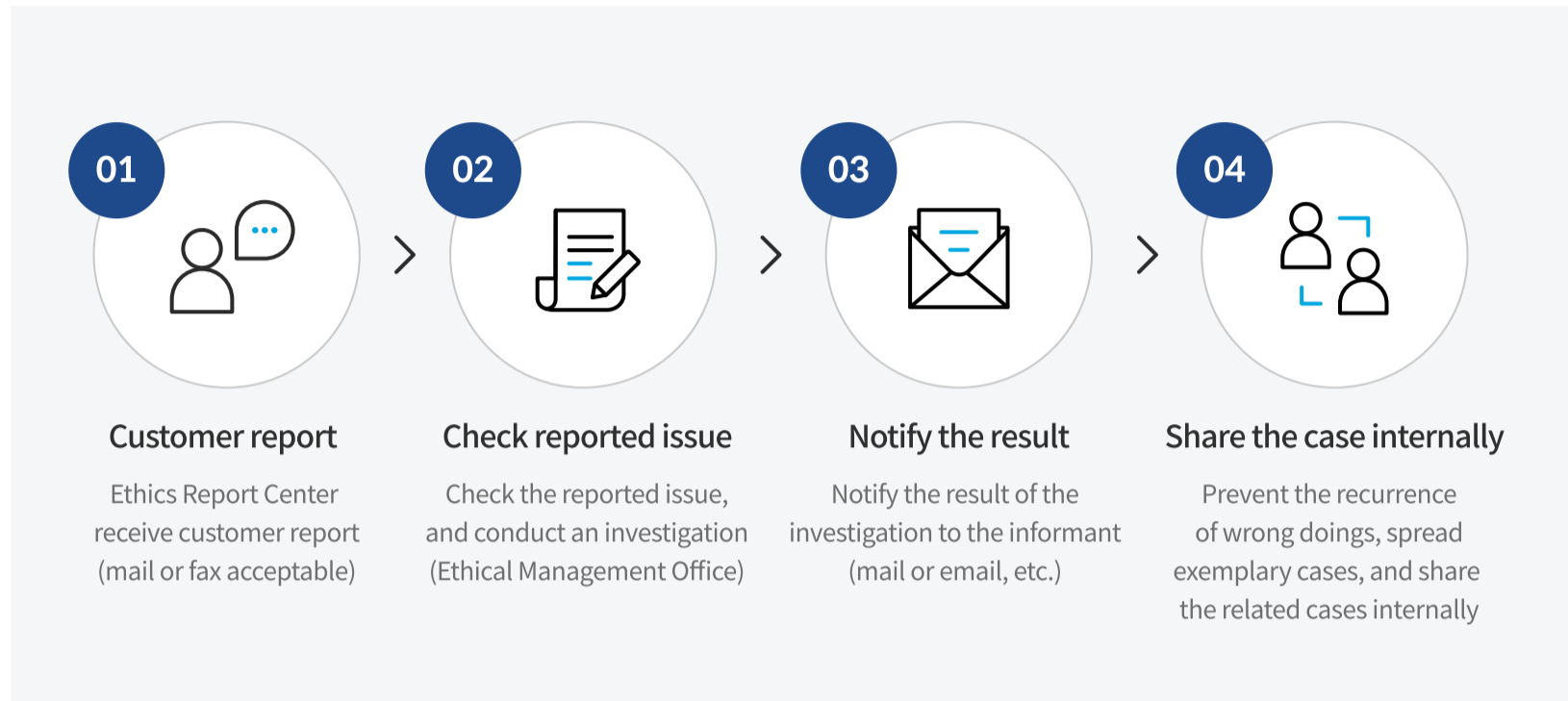
Coway's important roles and responsibilities for Jeong-do management are included in the Code of Conduct. Coway's Code of Conduct consists of the charter of ethics, the regulations of ethics, and the code of ethics, and specifies the ethical behavior and value judgment standards of executives, employees, and stakeholders.

[The Charter of Ethics](#) 📄

[The Regulations of Ethics](#) 📄

[The Code of Ethics](#) 📄

Ethics Reporting Process



The reported issues to Ethics Reporting Center are processed quickly and fairly, and guidelines for the protection and reward of informants are established and applied to protect informant.

[Ethics Reporting Center](#) 📄

2020 Ethics Reports and Measures

Category	Unit	Other Complaints ¹⁾	Unlawful Sales	Others (such as money transactions)	Total
Ethics Reports in 2020	case	69	44	1	114

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

Compliance Check Organization

Coway conducts regular or occasional ethics assessments to prevent ethical risks based on the code of conduct. In 2020, Coway conducted 13 assessments, and all workplaces were under scrutiny for corruption diagnosis. Coway took action against nine workplaces that violated the code of conduct.

Anti-corruption Diagnosis and Action Status

Category	Unit	2017	2018	2019	2020
Percentage of workplaces that finished corruption diagnosis	%	100	100	100	100
Actions for violation of the code of conduct ¹⁾	case	46 ²⁾	4	5	9

1) Number of cases of Personnel Committee Actual Disciplinary Actions

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

Consensus by Ethics Education

As an internalized ethical culture, Coway regularly conducts ethics education to create a "Clean Coway," raising awareness and commitment to ethical management. Coway has instituted a system that requires all employees to complete compulsory ethics education every other year. Based on these in-house rules, all employees, including service managers, received online/offline ethics management training in 2020, and a total of 5,944 employees participated in the ethics education.

Ethical Management Training for Employees

Category	Unit	2017	2018	2019	2020
Ethical management training participants	person	4,290	4,245	196	5,944
Ethical management training participation rate ¹⁾	%	94	89	-	90

1) Participation rate compared to the total number of employees (6,751 people)

2) In 2019, ethics education has been conducted biennially, reducing the training participation rate.



Risk Management

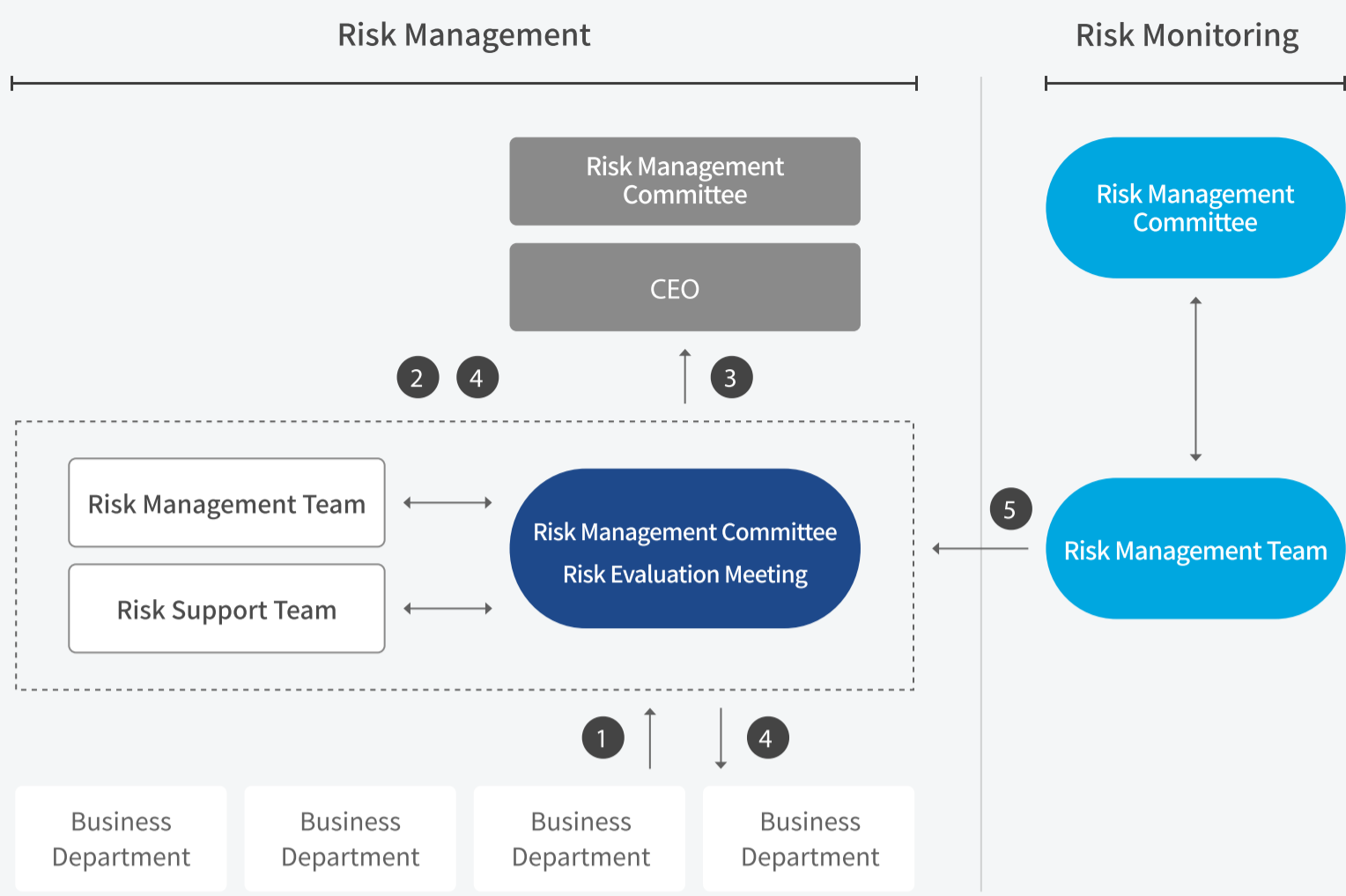
The Risk Management Committee comprehensively manages financial and non-financial risks and strategically responds to risks.

Risk Management System and Organization

Coway operates the Crisis Management Committee to manage risks proactively that may occur during management activities. 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 is under 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 headquarter 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



1 Risk Awareness and Reporting	<ul style="list-style-type: none"> Each department collects real-time information and prepares for a crisis evaluation meeting
2 Impact Analysis and Establish Response System	<ul style="list-style-type: none"> Risk information analysis, impact level evaluation, and crisis warning Determine response direction and main guidelines, and establish countermeasures
3 Report to Executive	<ul style="list-style-type: none"> Report risk issues and make key decisions Report on progress and response
4 Promote Response Actions	<ul style="list-style-type: none"> Conduct risk response activities based on mutual cooperation
5 Risk Response Status Monitoring	<ul style="list-style-type: none"> Risk Monitoring and Auditing

Emerging Risks Management

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 2020 are (1) changes in consumption patterns of environmental home appliances, and (2) COVID-19 pandemic.

Changes in Consumption Patterns of Environmental Home Appliances(Economic/Social)	<p>With the growth of the e-commerce market, the forms of purchase of environmental home appliances are also diversifying. As a result of a survey conducted by the National Statistical Office, the online sales of home appliances and electronic and communication devices in September 2020 was KRW 1.416 trillion — an increase of 29.2 percent (KRW 320.4 billion) compared with the same month of the previous year. In addition, purchases of home appliances, electronics, and communication devices online from overseas are also on the rise, as shown by the fact that direct overseas purchases online amounted to KRW 114.4 billion in the fourth quarter of 2020. This can pose a significant risk to Coway's market share based on rental-based face-to-face services.</p>	<p>Though, 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.</p> <p>Meanwhile, we are expanding our online business 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.</p>
COVID-19 Pandemic (Social/Geological)	<p>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.</p>	<p>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.</p> <p>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 untact services. Coway plans to expand not only to provide a simple home appliance but also to apply IT solutions to online customized marketing and contactless management services using the Internet of Things (IoT) technology.</p>

Customer Satisfaction

Business relevance & Approach

Prolonged COVID-19 continues to significantly affect the global home appliances market and people's lifestyles and consumption patterns. Businesses are developing various contactless services in variety of business areas, ultimately leading to digital transformation in the service industry. The competitiveness of a business now lies in its capacity to incorporate digital technology to upgrade its products, services, and customer satisfaction.

Coway continues to make every effort to improve its customers' living environment amid COVID-19 based on the expertise and responsibility for the air and water. We launched the "Smart Catalog App" by incorporating AR technology to actively communicate with customers regarding the value provided by our products, technologies, and services. We could also increase the customers' convenience by introducing the "Visible Counseling Service," a contactless video counseling service, and the "Kakao Talk Counseling Service" on mobile devices. As a result, Coway was ranked first in the water purifier category in the "2020 Korean Customer Satisfaction Index(KCSI) Survey" as well as first in both the water purifier and air purifier categories in the "2020 Korean Standard-Service Quality Index(KS-SQI) Survey." Additionally, Coway was elected one of "Top 100 brands in Korea" in the first quarter of 2021 by Brandstock, a brand value assessment company.

Activity

- Customer satisfaction principles and strategies
 - Customer satisfaction activity
-

Performance

2020 Customer satisfaction

82.5 point

Business Cases

2020

Customer Satisfaction Management System (ISO 10002) Certification

Korean Customer Satisfaction Index(KCSI) First Prize (water purifier)

Korean Standard-Service Quality Index(KS-SQI) First Prize (water purifier, air purifier)

1st quarter of 2021

One of top 100 brands in Korea

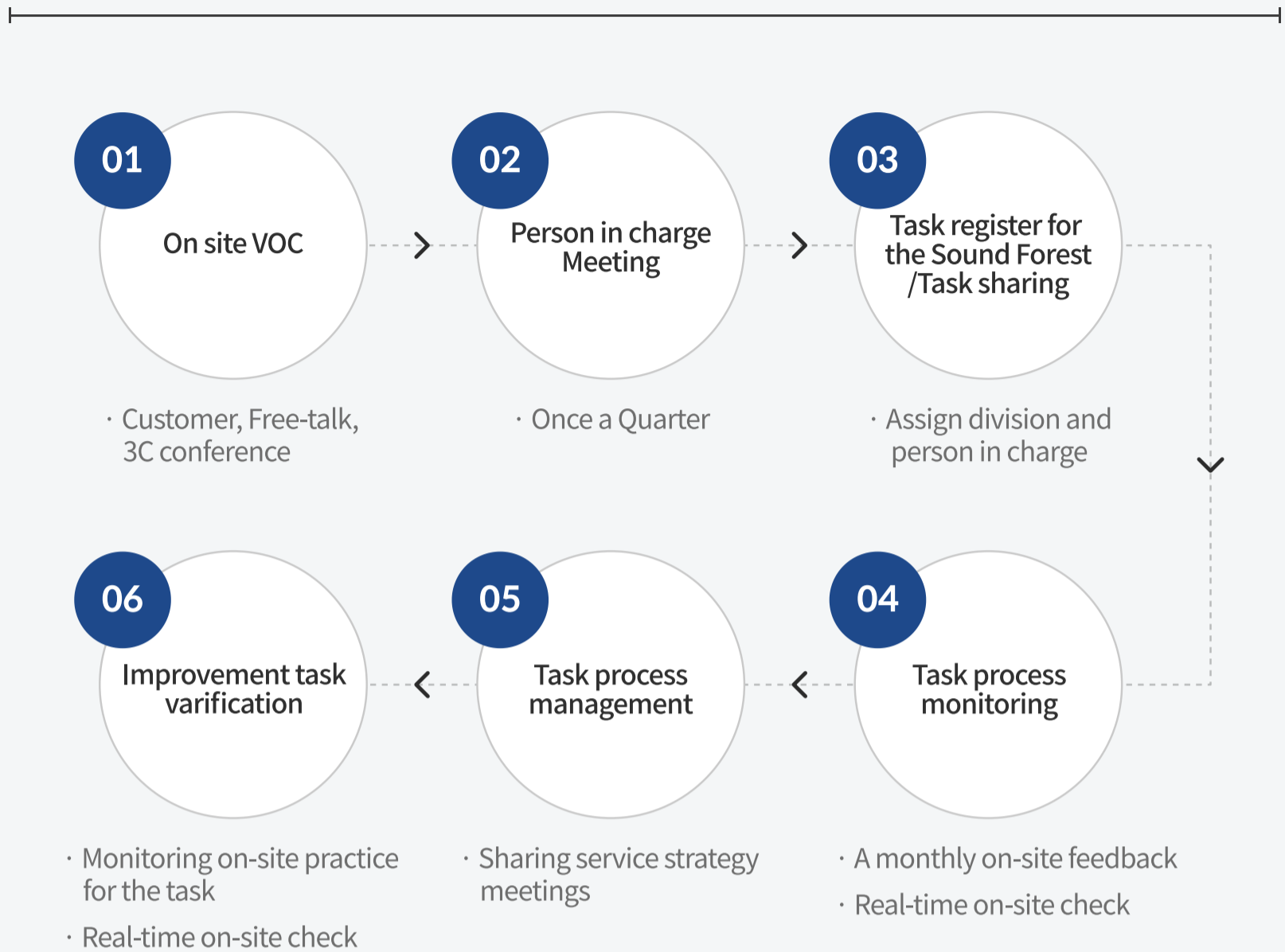
Principle and Strategy

Coway aims to increase our brand value, based on the long-term trust we have built with our customers. To this end, we are always ready to listen to our customers' feedback and make customer satisfaction a top priority in taking decisions and actions. Also, we strive to provide the best possible products and services and respond promptly and accurately to customers' needs.

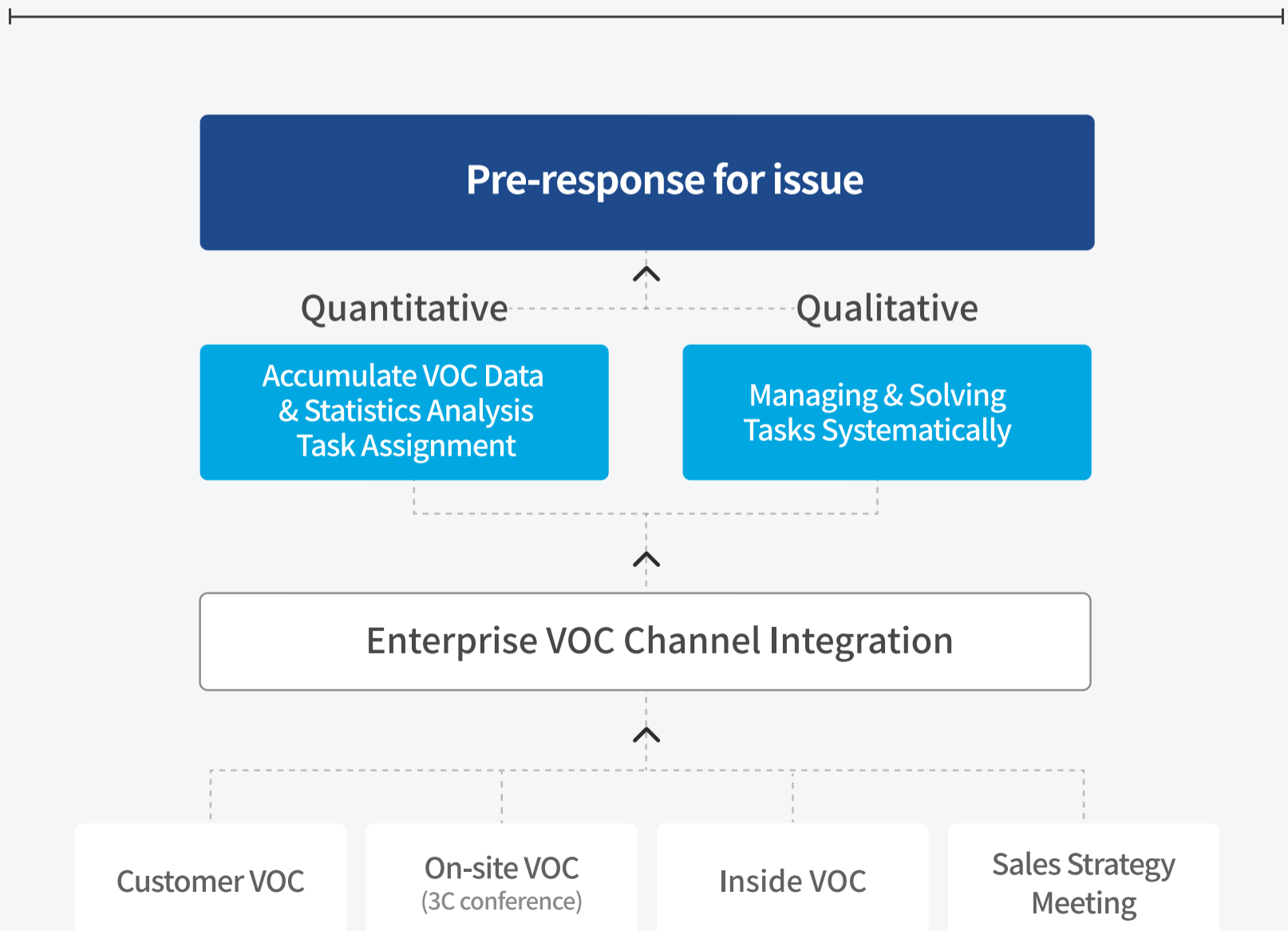
Governance: VOC channel

Coway has integrated the existing Voice of Customer (VOC) channels for efficient VOC management. We use the integrated VOC channel to manage issues proactively by building a process that comprises data collection and analysis, and task identification and fulfillment. The tasks identified through the VOC channel are assigned to the relevant departments and their progress is monitored periodically for improvement. Even after the tasks have been fulfilled, we continue on-site monitoring on a regular basis and conduct a satisfaction survey to ensure the effectiveness of the task fulfilled.

VOC Process



Enterprise VOC Channel Integration



Activity for Customer Satisfaction

Coway's business model continues to gain customer trust and continuously evolve with customers by providing customers with products and services at customer touchpoints. We thrive with customers while offering customers new experiences and enhancing their quality of life. We also increase customer satisfaction by providing customers with customized care in their everyday lives through consistent research on customer needs.

Coway Customer Satisfaction

Customer Satisfaction Survey Results (NPS)

Category	2017	2018	2019	2020
Customer satisfaction survey result	76.0	79.0	75.1	82.5

Case. All ranked first in major consumer surveys(KNPS, KCSI, and KS-SQI) in 2020, solidifying their status as service companies.

Coway has been ranked the first in the water purifier category for four consecutive years in the "2020 Korean Net Promoter Score(KNPS)" which is hosted by KMAC. KNPS is an index that models the customer's willingness to recommend the company's products and services to others. The survey is conducted annually on about 10,000 consumers living in the Seoul metropolitan area and six major metropolitan cities nationwide. Coway has been highly recommended by customers in recognition of increasing customer value and improving customer satisfaction with differentiated services through continuous innovation. In particular, we received a higher recommendation score than our competitors in the water taste and water composition of the Coway water purifier. Coway has solidified its status as a trusted service company by ranking first in this year's major consumer surveys, the KCSI and KS-SQI as well as KNPS.

Customer Satisfaction Management Certification

Customer Satisfaction Management System (ISO 10002) Certification

Coway has been recognized for its customer-service quality by obtaining the 'Customer Satisfaction Management System (ISO 10002)' certification from the Korean Management Registrar (KMR) for two consecutive years. The ISO 10002 certification is an international certification that recognizes a company that systematically and reliably responds to customer needs and expectations according to the customer satisfaction management system standard established by the International Organization for Standardization (ISO). Coway obtained the ISO 10002 certification in Sept. 2019 and passed the evaluation again this year.

Service Quality (SQ) Certification

Coway obtained the Service Quality (SQ) certification from the Korea Association for Service in Dec. 2020, which marks the 6th year since Coway won it for the first time in 2006. Introduced in 2001 to sharpen the competitive edge of the service industry, the SQ certification objectively assesses the service quality of businesses and institutions based on the assessment indicators developed by the Korean Agency for Technology and Standards affiliated with the Ministry of Trade, Industry and Energy. The certification is given to the businesses and institutions that have passed the rigorous assessment process which comprises document screening, on-site assessment, and mystery shopping assessment. In this assessment, Coway, as a experienced service corporate with experienced know-hows, has been highly recognized for operating professional services by dividing them into "before service (B/S)" and "after service (A/S)" and by separating the B/S team from A/S team.

Customer Satisfaction Programs

AR Smart Catalogue

We developed the "AR Smart Catalogue" app designed to enhance customer convenience by enabling customers to have easy access to product information. The app not only provides product information but also allows customers to order the product they want after they have virtually experienced the product in real size, increasing contactless sales and customer convenience.

스마트 카탈로그 내 AR 실행



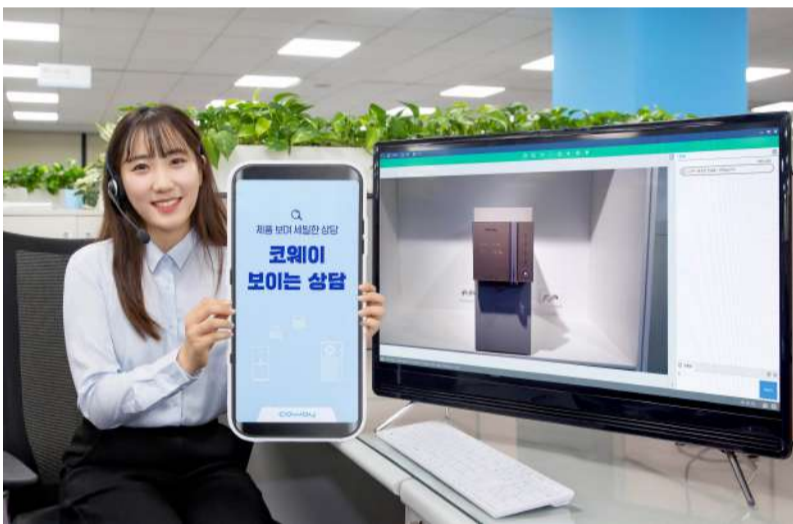
희망 장소에 제품 배치

필터 교환 시현

정수 과정 시현

복수의 제품 비교 (최대 3개 배치 가능)

Video Counseling Service



Coway introduced the “Video Counseling Service” to enhance customer convenience based on matchless services. The Video Counseling Service enables a service representative to diagnose the problems precisely and provide prompt solutions by examining the product using the consumer’s smartphone camera. The Video Counseling Service is especially effective when the problem is readily fixed according to the guidance provided by the service representative, thus saving time and money.

Real-time VOC system

The real-time VOC system converts all calls to the customer service center into the text to analyze customer complaints about prompt response in real-time. Also, it allows for the quantitative and qualitative management of customer needs, making it possible to formulate effective strategies for customer response and ultimately build long-term customer trust. In addition, we operate a chatting channel on Kakao to enhance customer convenience.



Responsibility Program

Introduced in 2017, the customer-response responsibility program is designed to promptly handle customer complaints by giving the branch chief authority to respond to them.

Case. Included in the list of Korea’s 100 brands in the first quarter of 2021

Coway was selected as one of “Korea’s Top-100 Brands” in the first quarter of this year by Brandstock, a brand-value evaluator. Korea’s Top-100 Brands selects the top-100 brands with the highest scores out of 1,000 brands in 230 major industries in Korea based on the BSTI (Brand Stock Top Index), a patented brand valuation model. In this survey, Coway was ranked 39th, with a total of 860.4 points (out of 1,000) in the BSTI, rising one step from the previous quarter thanks to the development of innovative products and increase in user convenience.

Innovation

Business relevance & Approach

As many aspects of our daily lives are changing due to the COVID-19 pandemic, the expectations and demand for digital technology-based innovation in the home appliances sector are also increasing. With people complying with COVID-19 related stay-at-home orders, there is a growing need for home appliances that reflect efficient space management and diverse lifestyles. Also, more and more consumers are aware of environmental and social sustainability in everyday life. This is contributing to the spread of consumption patterns that take account of not only the functional excellence of products and services but also the possibility of creating environmental and social values.

Coway launched the “Digital Transformation (DX) Center” in 2021 to turn these changes into new opportunities to maximize customer value. The DX Center will be equipped with a product and service platform that incorporates cutting-edge technologies such as the IoT and AI and will lead all-round IT innovation in business areas. In addition, we will continue striving to produce competitive products and services and improve customer value through open innovation with competitive organizations and companies in diverse areas.

Activity

- Care technology with the environment and society in mind
- Digital innovation led by the DX Center
- More opportunities through open innovation

Performance

41,937 KRW M

R&D expenditure
(up 11.3% YoY, 1.3% of sales)

6-consecutive-year

Awarded CES Innovation
Award

Business Cases

2021

DX (Digital Transformation) center launched

Innovation of Care Technology

Icon Water Purifier (CHP/NP-7210N)

Coway developed the “Icon Water Purifier,” which is designed to provide added value to customers through cleanliness. The Icon Water Purifier offers increased user-convenience and environmental and social values through innovative space and noise management.



Quiet (Q) mark through innovative cooling technology

Coway obtained the Quiet (Q) Mark, an international low-noise certification mark granted by the Britain-based Noise Abatement Society (NAS) by replacing the compressor with the electronic cooling system.

Improvement of space use and resource efficiency

Coway succeeded in reducing the size of this water purifier by over 17 percent compared to the HANDSPAN Water Purifier (CHP-243N, CP-243N) launched in 2017. It not only improved spatial efficiency in the kitchen but also cut resource use.

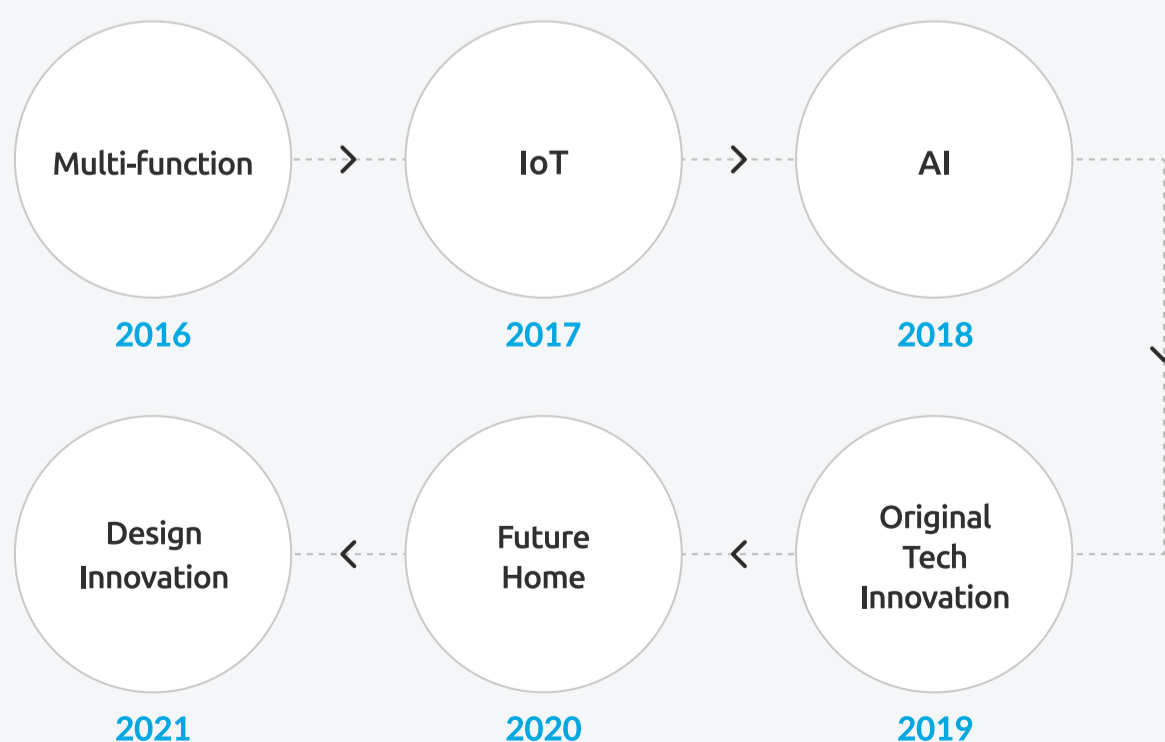
Adoption of AI technology and improvement of social functions

The introduction of AI technology made it possible for the product to improve user convenience by diagnosing the product condition and provide better solutions to customers for itself (Self-management service optional). This product alerts users to dangerous situations, such as hot water spills, by utilizing a voice service system, thereby reinforcing safety while using it. Also, the “Silver Care” function alerts registered users when no water is used for 48 hours.

Development of Innovative Technology

With the recent development of various IT technologies (e.g., SMART, IoT, AI, etc.) and the growth of the subscription economy, today's global home appliances market is rapidly changing in line with this trend, and is ultimately headed toward the “Future Home” that stresses the residential environment.” In order to keep up with these market trends, we participate in the CES (Consumer Electronics Show) every year to showcase our technology to the world. As a result, we have won the CES Innovation Awards for six consecutive years since 2016, which means our technological prowess is being recognized on the global stage.

Development Process of Innovative Technology



- In 2016, we focused on improving product efficiency by launching multi-purpose products, such as the Barista Ice Water Purifier and car air purifiers.
- In 2017, new technologies such as SMART and IoT emerged, emphasizing product efficiency by linking products to one another. To keep up with these trends, we developed a product with loCare technology so that users can manipulate the product using their mobile devices.
- In 2018, the technology that quickly processes information such as big data and AI came to the fore. We developed an AI air purifier with new function

called active action and a smart-bed system helping users sleep better.

- In 2019, Coway launched a direct piping water purifier, Ciroo Water Purifier, which highlights product cleanliness as new technology. Also, the electric shiatsu massage chair and water softener that incorporate Oriental medicine technology attracted attention in the global healthcare and bathroom markets.
- In 2020, as the future home became a new trend, Coway introduced Double Care, which is designed to care for clothing all year round by using air filtration technology, which could get us awarded the Innovation Awards for five years in a row.
- In 2021, in terms of growing interest in living spaces, Coway introduced the Icon air purifier, which pushes the limits of the design of the air purifier. The fabric materials and the front cover in diverse designs blend in well with modern interiors, proving that an air purifier can be an effective home décor item.

CES Innovation Awards



Year	Awarded Products
2016	Dual Care air purifier, Self-sterilizing water purifier, Barista ice water purifier, Clinic bidet, car air purifier, portable air purifier
2017	Self-sterilizing water purifier, HANDSPAN water purifier, loCare Beauty
2018	FWSS(Fresh Wear Styling System), Active Action air purifier, Smart bed system, Beauty platform, nano tankless purifier
2019	CIROO Tankless purifier (CHP-7300R), CIROO Stand purifier (CHP-5700R), oriental style premium massage chair (MC-S01), body refresher water softener
2020	Four-season FWSS Double care
2021	Icon air purifier

R&D Capacity Improvement

DX (Digital Transformation)

As the digital technology has been getting more and more important in lifestyle, the concept of a smart home that combines AI and IoT technology has become a competitive factor. Driven by such changes as an opportunity for the household appliances rental business, Coway is undertaking digital transformation of the entire business based on big data and AI and does R&D to maximize customer value. Specifically, we sold products and services with smart technologies and services. We are also focusing on reinforcing communication among headquarters and responding promptly to the latest trends at home and abroad by building a strategic R&D implementation system.

In 2021, Coway established the DX (Digital Transformation) Center, an integrated IT center and a digital innovation hub. We launched the DX Center with the aim of accelerating digital transformation in all business areas through user-centric product and service innovation using big data and AI. With the DX Center-based IT innovation under our belt, we will strive to maximize customer satisfaction by upgrading our smart home platforms and introducing superior products and services based on IT innovation.

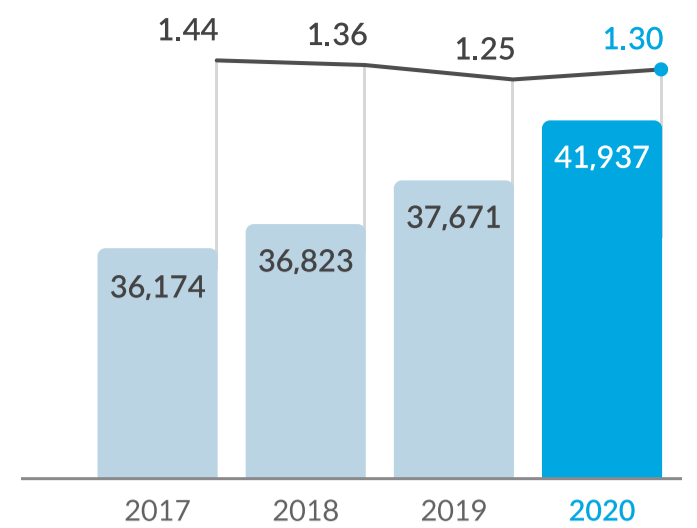
Discovery of New Growth Engines and Global Market Expansion

Due to the sluggish home appliances market and fierce domestic market competition, Coway is striving to discover new growth engines constantly. We pay special attention to expanding our presence in the market for bedroom, kitchen, and bathroom-related new product groups, and developing new products with peerless technology. In accordance with our global market expansion strategy, we plan to work in partnership with overseas research centers to form a team for each nation and channel in Southeast Asia, including Malaysia and Indonesia, to develop customized products to reflect local cultures and requirements.

R&D Investment and Performance

- R&D Expenditure (Unit: KRW 1 million)
- Ratio to Sales (Unit: %)

environments.



Intellectual Property Rights (Unit: rights)

Category	2017	2018	2019	2020
Patents	799	930	1,107	1,147
Utility models	182	17	10	3
Trademarks	2,645	2,841	3,124	3,283
Design	641	668	785	841
Total	4,267	4,456	5,026	5,274

Open Innvation

Coway is striving to develop new technologies and innovative products for a healthy living environment with its expertise in water and air, and responsibility for the green environment. We are working hard to upgrade our water and air-related technology, on the one hand, and develop new product groups, incorporating new technology, and discovering future-oriented products through open innovation, such as joint development and industry-academia partnerships.

Joint Development with Supplier and Industry-Academia Cooperation

Coway is developing new products, such as electric shiatsu massage chairs and mattresses, with suppliers for mutual prosperity. First, the Coway R&D Center has continued undertaking industry-academia research activities jointly with the Seoul National University Industry-Academia Cooperation Team. Since 2012, we have been conducting product development and research on new trends through joint research with Seoul National University's Consumer Trend Analysis Center every year. In addition, we launched an electric shiatsu massage chair (MC-S01) that incorporates oriental medicine through industry-academia partnerships with Dongguk University Oriental Medical Center by conducting joint clinical trials in 2019. Hence, these Coway's cases are expected to strengthen synergy in the market for environmental appliances, where new services are converging, through cooperation between leading companies and academia.

Water Taste Quality Certification System

Coway introduced the water taste and quality certification system by developing a set of accredited evaluation indexes in cooperation with the Korea International Sommelier Association to ensure objectivity in assessing the water taste and quality from Coway water purifier products. As of 2021, Coway has obtained 47 certifications (32 for RO filters and 15 NT filters). Additionally, the Icon Water Purifier (CHP-7210N) and HANDSPAN Piped-in Water Purifier (CHP-8300R) were selected for the gold grade at the 'Fair for the Taste of Water from Water Purifiers' hosted by the Korea International Sommelier Association. We will continue researching to achieve objectivity in assessing water taste and provide the best possible water by obtaining certifications for all product models.

Application of IoT Technology and Market Expansion

Coway applied IoT and AI technology to its products by collaborating with Amazon, the U.S.-based eCommerce powerhouse, to increase customer convenience. We incorporated the Amazon AI platform Alexa into the air purifier Air Mega in 2017, DRS (Dash Replenishment through Alexa), an automatic system for reordering supplies and replacement parts, into its products in 2018, and Alexa into the water purifier Aqua

Mega in 2020, expanding our presence in the international market as well as enhancing customer convenience.



Product Responsibility

Business relevance & Approach

Amid growing interest in product safety and hygiene due to COVID-19, Coway has developed a management system for the best product quality in order to consistently provide safe and clean water and air. Coway's commitment to quality stems from a sense of responsibility to take care of customers' health and improve the quality of their lives.

Coway verifies products quality, safety, reliability, and environmental friendliness in all stages of planning, manufacturing, and using them. In particular, we operate international certification testing labs for product safety certification and rigorously review quality by diversifying testing institutions. We also operate the Infinite Responsibility Committee and the Trust & Quality Assurance (TQA) Center to promptly respond to issues related to quality and customer satisfaction. In doing so, we have earned customers' unwavering trust and recognition, and we are thus growing into a leader in the life solution service area.

Activity

- Infinite Responsibility Committee, TQA Center
- Operation of int'l certification testing labs
- Enhancement on product quality competitiveness

Performance

90 models

Completion of the Verification of the safety (up to 132% from 2020)

Company-wide integrated certification

Organization of Cross Functional Team

Business Cases

- WQA (Water Quality Association)
- Acquisition of the certification for bacterial removal
- Selection as Outstanding business with quality competitiveness

Product Responsibility Governance

For product responsibility and quality management, Coway organized the Infinite Responsibility Committee, which is direct consultation with the CEO, and PIC 360, which is 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

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 and directly reports to the CEO, gathers the agenda, implements in the corporate-wide process to promptly resolve issues, and ultimately boosts customer trust.

Trust & Quality Assurance Center

Coway operates the TQA Center (Trust & Quality Assurance Center), a quality-innovation initiative to restore customer trust and realize customer safety. Affiliated with the Environmental Technology R&D Center, the TQA Center formulates product reliability and quality-related strategies and turns them into action, identifying quality-related potential issues and proactively responding to them.



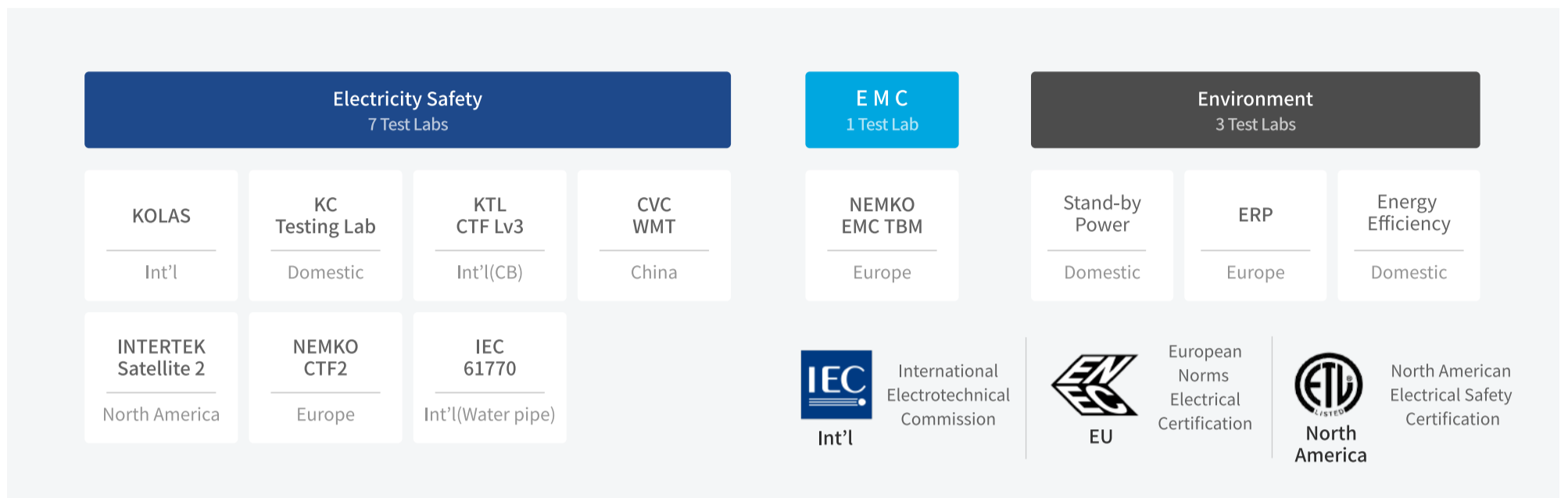
Product Reliability

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. We are actively adopting external standards to obtain product and part reliability test capacity that satisfies global standards, we reviewed 6 advanced companies, International Standards (IEC, ISO), National Standards (KS, MIL, JIS, BS), and related organization standards (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

Safety Certification

International Accredited Test Center Operation and Certification Status

Coway operates 11 accredited labs to promptly respond to ever-changing safety trends and certification regulations at home and abroad. We also operate the Customer's Testing Facility (CTF) in partnership with the Norges Elektriske Materiellkontroll (NEMKO), a Norwegian safety testing lab, to obtain European safety certifications, such as ENEC and CB, for our electric and electronic products in the European market. We also recruited four safety experts, who are also NEMKO ICSEs (International Certified Safety Engineers) to ensure product safety from customers' perspectives.



Electrical/Electromagnetic Safety Verification and Diversification of Testing Institutions

Coway completed electrical/electromagnetic safety verification for 146 models of its products in 2020. We were able to minimize external nonconformity risks by verifying the models in advance and shorten the product development cycle in order to prevent certification nonconformities. We also operate our testing lab and, consequently, can promptly respond to the needs for the urgent certification.

Moreover, Coway has diversified partner organizations that can verify external radiation tests in order to improve the quality of wireless certification tests for IoT products, which have recently been receiving the most attention. We conducted verification tests in partnership with accredited external testing organizations, including Nemko Korea, Intertek Korea, UL Korea, and Korea Testing Laboratory (KTL) to compare the results and ultimately minimize the risks related to non-certification and delay in development schedules.

Development of the Program for the Energy Efficiency Proficiency of Hot and Cold Water Purifier

Since 2020, Coway has carried out a national project to develop jointly an energy-efficiency proficiency program for hot and cold water purifiers together with the Korea Conformity Laboratories (KCL). Previously, there was no accredited institution to assess the energy-efficiency proficiency of hot and cold water purifier. Coway, however, became the first to succeed in developing the program in March 2021. Up until now, Coway has verified and assessed energy efficiency independently as an accredited testing institution for hot and cold water purifier energy efficiency. With the development of the program, Coway is expected to contribute to improving the objectivity and reliability of the test results.



Safety Verification for the Risk-zero Safety of Mass-produced Products

Coway thoroughly inspects the safety of its mass-produced products, aiming to achieve zero-risk safety. In 2019, we conducted safety verification on 68 models. In 2020, we aimed to conduct safety verification on more than 90 models. As a result, we achieved the target for a total of 90 models, including 65 domestic models and 25 overseas models. We have conducted the test a total of 1,196 times.

Safety Verification for Mass-produced Products

Classification	Target	Progress	No. of Tests Conducted
Domestic	65 models	100%	1,196 cases

Classification	Target	Progress	No. of Tests Conducted
Total	90 models		

Integrated Certification System

Coway launched the company-wide Cross Functional Team (CFT) for certification management from 2019 for consistent management and maintenance of product safety and performance. Based on the experience, we developed the company-wide certification management standards tool for the certification process standardization to lay the foundation for the certified performance management system in the product development area. In addition, we established a periodic certification and performance monitoring system for mass-produced products to ensure product safety and performance reliability. As the establishment of an integrated control department that supervises the certification process as well as the entire system improvement and certification management process is needed, Coway started undertaking the reorganization of the certification management system through the company-wide integrated certification CFT in Dec. 2020, and the reorganization project is scheduled to end Aug. 2021.

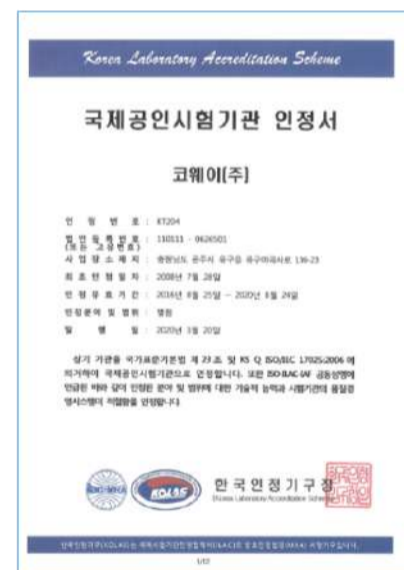
Company-wide Integrated Certification CFT

Certification analysis	Process analysis	Establishment of the integrated certification management standards	Development of an integrated certification IT System	Risk monitoring (integrated control)
Current management analysis Unmanaged certification analysis	Review of each development step	Establishment of the integrated certification management procedure	Formation of a computing system for integrated certification Computing system stabilization	Supervision of risk monitoring

In 2020, we especially started integrating the 77 certifications we have obtained and innovating the process in order to minimize the cost of failure due to product non-conformity in the market as well as to respond to the market promptly by performing as a company-wide certification command center. Based on this effort, we plan to develop an integrated control computer system based on an optimized process to eliminate and prevent risks in real-time.

Consolidation of Reliability through Safety Certification

Coway has been recognized as an internationally accredited testing institution by the Korea Laboratory Accreditation Scheme (KOLAS) in 2008. In other words, Coway's quality management system in terms of technical competency is officially recognized as appropriate according to the Framework Act on National Standards, Act 23, and KS Q ISO/IEC 17025: 2006. This accreditation of Coway as a testing institution is a great help in minimizing the risks of the safety verification of Coway products. Coway not only conducts verification according to product standards but also conducts safety inspections by applying stricter standards for its products. Based on this, Coway can confidently demonstrate the safety of the products at home and abroad.



Safety Verification System

Coway strives to produce items that customers can use with trust through its own strict management system. We roll out only the products that have passed our rigorous testing processes to ensure that they are designed for safety, they are safe from electric and electromagnetic waves, the parts used are safe and appropriate, and they are not defective.

Verification system	Description
Preliminary safety design assurance	<ul style="list-style-type: none"> Verification of the sufficient usability and safety since the development of the product in question Introduction of Coway's own safety test standards more rigid than the standard criteria
Electrical and electromagnetic safety assurance of the developed products	<ul style="list-style-type: none"> Verification of the products' fulfillment of the safety standard criteria at home and abroad (utilize Coway's internationally accredited testing labs) Cross-verification through externally accredited testing organizations
Verification of parts validity	<ul style="list-style-type: none"> Verification of the safety (certification) of parts used in the products
Verification of mass-produced products	<ul style="list-style-type: none"> Periodic sampling of mass-produced products and re-verification through Coway's testing labs Review of the product safety management system of each plant and operation of the improvement process

Case. Microbial removal certification from overseas certification WQA (NSF P231)

The Water Quality Association (WQA) is an organization that not only participates in the process of establishing the performance and safety standards, including research activities on various products related to the household, commercial, and industrial water treatment industry but also conducts product certification. The WQA is one of the organizations which grants certification for water-related products and its Gold Seal mark through WQA product certification. In general, water-related product testing uses the NSF/ANSI standards. This standard is formulated and revised by the standards deliberation committee consisting of testing and certification institutions, governments, academia, and consumers, and is classified according to performance items and safety, among others.

P231 is an evaluation standard that tests the microbial removal performance of water of unknown microbial contamination and includes performance for removing protists, bacteria, and viruses. As P231 is known to be 1,000 times higher than the microorganism removal performance for domestic water purifiers and includes a wide range of microorganisms, it is tough to pass the performance standard.

A total of five direct piping RO water purifier models (CHP-5700R, CP/CHP-7300R, and CP/CHP-8300R), including the Coway Cirroo Direct Piping Water Purifier, utilize the RO membrane technology and direct pipe method. These models overcame the weaknesses of the existing water purifier while reinforcing the excellent filtering capacity of the RO water purifier. As a result, they have passed the P231 test and have been certified for their microorganism removal performance from the WQA.

The only water purifier that has passed P231 in Korea is the Coway Cirroo Direct Piping Water Purifier, the only one of its kind in Korea to pass P231 proving its capacity to ensure customer safety and the excellence of the Coway Cirroo filter.

Case. Voluntary implementation of the Safety Management Agreement: Faithful Implementation of Safety Management of Household Chemical Products

In accordance with the growing national concerns about the safety of household chemical products (so-called 'chemophobia') after the humidifier disinfectant scandal, the Ministry of Environment established government-wide "Safety Management Measures for Household Chemicals" to prevent the recurrence of the accidents and emphasized corporate responsibility by signing the "Voluntary Agreement for Safety Management of Household Chemicals." The first-phase agreement started in the first quarter of 2017 and the second-phase agreement in 2019. Coway is voluntarily participating in the second-phase agreement (June 25, 2019~June 25, 2021).

Over 20 organizations, including manufacturing and distributing businesses, civic groups, and government institutions, have joined the voluntary effort to tighten the safety management of household chemicals. Through this agreement, it is expected to disclose all constituents of household chemicals and analyze the harmful effect of the entire raw materials. Especially, we are not only making voluntary efforts to help consumers use safer household chemicals by promoting improvement activities to safe raw materials through the assessment of the harmfulness of raw materials, but also securing consumers' right to be informed through the disclosure of all ingredients.

In accordance with the agreement, Coway is disclosing the ingredients of its five types of filter-type preservatives available on the market and assesses the harmfulness of the ingredients in an effort to replace them with safer ingredients. Coway is actively participating in the government's safe household chemical product management policy by undertaking voluntary agreement activities. We will continue to promote corporate social responsibility for the safety management of household chemical products and the protection of public safety and health.

Quality Management System

Quality Management Principles

Coway formulated its quality management principles to maintain product safety and consistent product performance. From the R&D stage to product-use to disposal, we conduct an assessment of each step of the process in the value chain in terms of reliability, safety, and environmental friendliness.

Quality Management Program

Coway has operated various programs designed to produce the products with the best possible quality. We believe that maintaining the quality of our products at the highest level and promptly resolving customer complaints leads to customer trust in and satisfaction with Coway. While we are confident that our products are the best, we are aware that we should not rest on our laurels. We endeavor to resolve any problems customers complain about, and collect relevant data to take our products to the next level.

Program	Description
Daily quality control net	We operate an analysis center designed to analyze important quality-related data, including customer service, and return, and monitor the results daily to take action to improve quality promptly and properly.

Program	Description
QS7 (Quality 7 Days)	When a quality issue occurs, we form an 'emergency TFT' to address the issue and improve customer satisfaction.
Quality VOC council	We have integrated quality VOC channels to promptly solve problems via relevant departments and meetings regularly.
Responsibility system for the Worst	We select defective products by product group and take measures to solve the problems by forming a TFT for each problem.
Quality-improvement system	We monitor the problem-solving process via a computerized system and keep working on quality improvement by collecting failure data.

Quality and Capacity Building

We developed a professional training program related to quality control in order to build quality improvement capacity internally. We also support suppliers to provide their relevant employees with quality control training. As of 2020, employees from 30 Coway suppliers completed the training.

Quality-Control Capacity-Building Training

Program	Eligibility	Duration	Employees in training (unit: person)
Smart factory and 4th industrial revolution(Group)	Employees relevant to production and quality	Once a year	92
Reliability tests and capacity-building for failure analysis(Online)	Employees relevant quality and reliability	Six times a year	210
Quality-control workforce production for supplier(Online)	Employees relevant to quality control with suppliers(30 suppliers)	Twice a year	30

Quality Management Certification

Certification types	Certification Standards	Eligibility for Certification (Certification Realm)	Certification Rate (Unit: %)
External Certificate	ISO 9001	Yugu/Incheon/Pocheon plants, R&D center, Seoul headquarters	100

Case. The Eighth Selection of a Company with Excellent Quality Competitiveness

Coway was selected as the eighth "Quality Competitive Company" in history at the 46th National Quality Management Competition hosted by the Korean Agency for Technology and Standards in the Ministry of Trade, Industry and Energy and organized by the Korea Standards Association. Coway was highly appreciated for establishing a systematic quality management system and strengthening its ability to develop and verify test standards.

Coway has strengthened quality and reliability based on verification systems from product planning to design, production, and service, and annually enacted and revised reliability testing laws in accordance with changes in customer usage environment and technology. It was also well received for its rapid response to rapidly changing domestic and international safety trends and certification regulations by operating the industry's best testing equipment infrastructure and product safety-related certified laboratories. Coway has strengthened its compliance assessment every year to ensure that safety and performance at the time of initial development are maintained for continuous management and customer confidence.

Privacy Protection and Information Security

We integrate financial and non-financial risks under the leadership of the Crisis Management Committee and strategically respond to risks.

Information Protection and Security Policy

Information Protection Policy

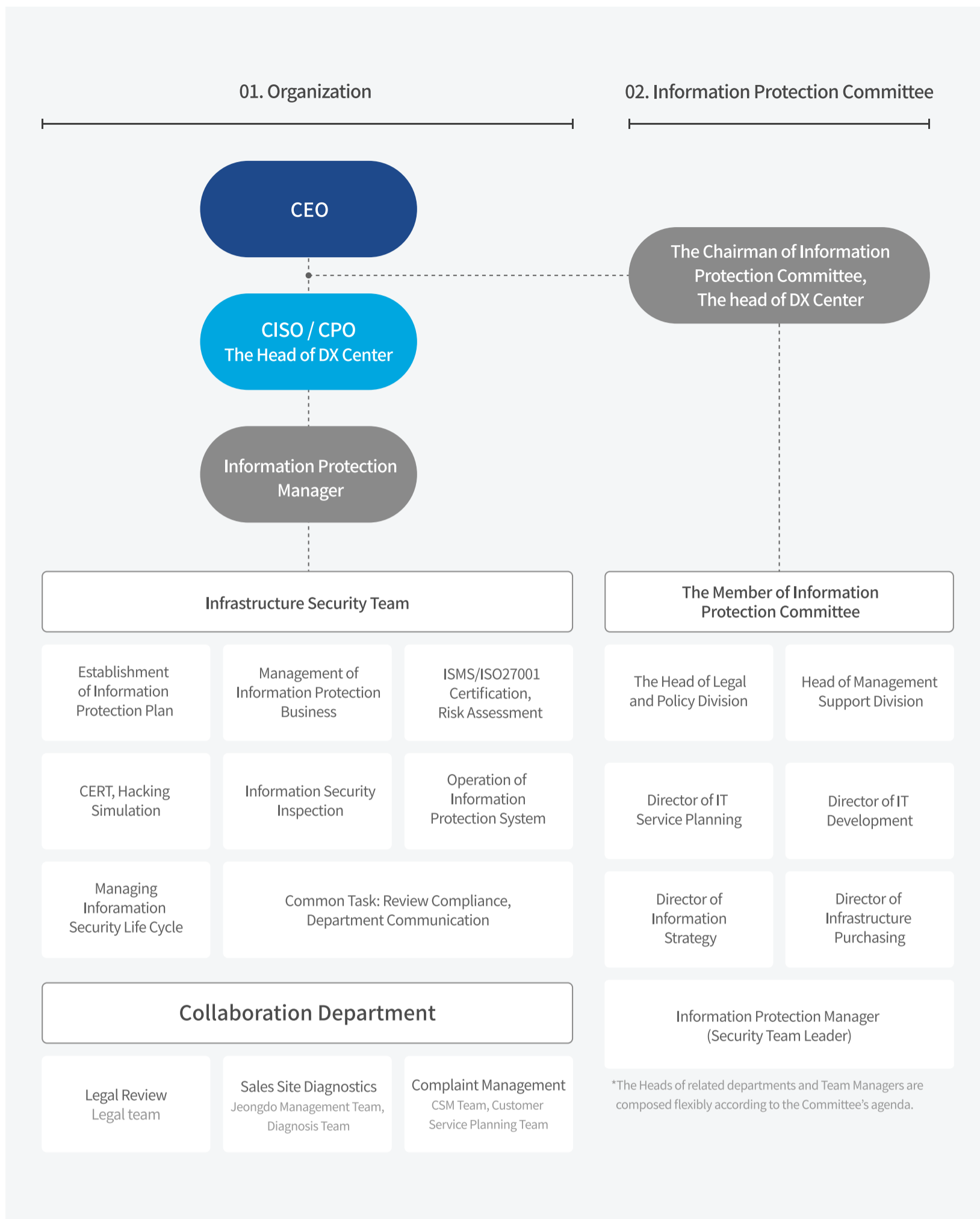
Considering that the rental business collects many customer's personal information, Coway establish and share information security principles and personal information protection principles for information security in overall business sectors. Coway has established information security principles and guidelines to make it easy to apply information security policies to practice. 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. 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.

[Coway Privacy Policy](#) 

Information Security Management System

Information Protection Organization

Coway operates the Information Protection Committee centered on an information protection organization. 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 the Information Protection Committee in accordance with the agenda. 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 infrastructure 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.



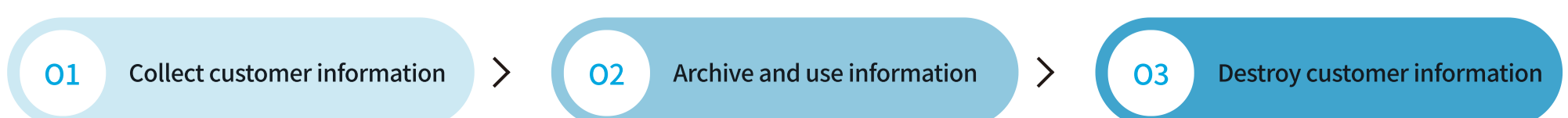
Information Protection Committee Activities in 2020

In 2020, we reported on changes in the information security environment, the formation of an integrated resources management system, the information security and infrastructure environment, and policy improvement. In 2021, we plan to re-establish the risk assessment standards, launch new services and consequent increase in targets for information protection, and tighten the management of in-house information security.

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.

Privacy Protection Lifecycle Management System

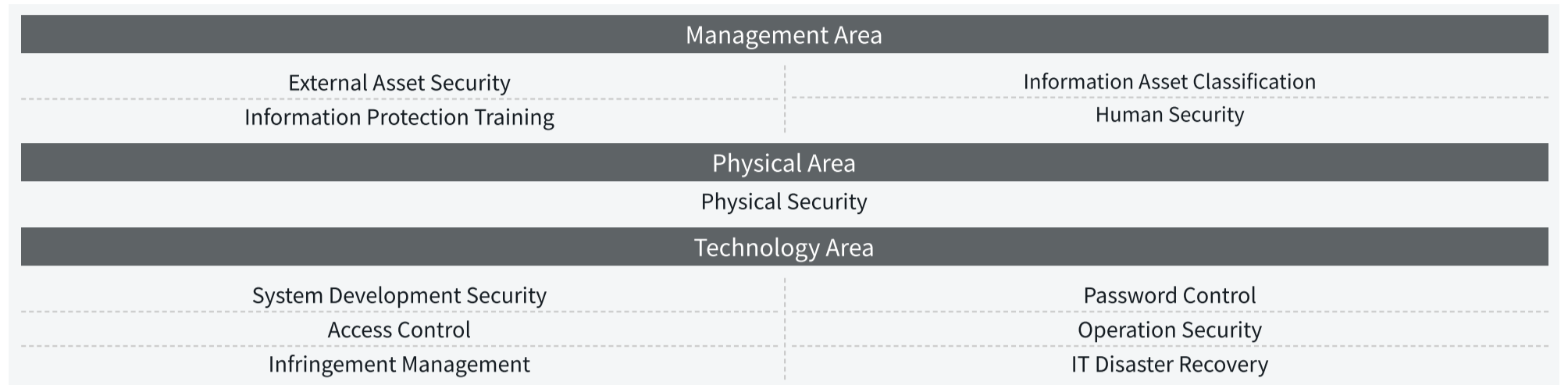


- Enhance the identification process when signing contracts
- Provide option to accept/refuse data collection for marketing purposes

- Encrypt personal data stored in DB
- Encrypt confidential documents in employee PCs

- Outsource document destruction process
- Require confirmation of data destruction from suppliers

Details of Information Protection Measures



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 text message before consent to collect personal information so that customers can be informed of the information to be agreed upon.

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 (infrastructure security 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: 1st 'first response action', 2nd 'cause analysis', 3rd 'resolve the issue', and 4th '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 aware of the security issue: Report possible security issues to Information Protection Manager ② Information Protection Department (Infrastructure Security 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 respond to security issue
Accident Response Team Response Process (Performed by members of Information Protection Department)		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; background-color: #e0f2f7;">1st Step (First Response Action)</div> > <div style="border: 1px solid black; padding: 5px; background-color: #e0f2f7;">2nd Step (Cause Analysis)</div> > <div style="border: 1px solid black; padding: 5px; background-color: #e0f2f7;">3rd Step (Resolve the issue)</div> > <div style="border: 1px solid black; padding: 5px; background-color: #e0f2f7;">4th (Follow-up)</div> </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 the 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)

Coway has obtained domestic and international information security management system certifications to secure the reliability of personal information protection. We hold domestic and international security standards certifications to lay the foundation for a reliable cyber ecosystem in preparation for digital transformation. We obtained 'Information Security Management System Certification (ISO 27001: 2013), an international standard for information security management systems established by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), complying with global standard security for all control items, including information protection policies, physical security, access control, and customer management system. In doing this, we encourage all employees to voluntarily participate in information protection and increase awareness of the importance of information protection.

Case. Information protection certifications

Certifications Coway holds	ISMS	ISO 27001: 2013
Standard	Domestic	International
Expiration date	2021.04.22 ~ 2024.04.21	2020.12.20 ~ 2023.12.20
Certification scope	Managerial, technological, and physical information protection management system for Coway online customer service	Coway internet shopping mall service (Coway, Re-nk)
Certification effect	Increase of business stability, compliance with information protection laws for ethical and transparent management, and minimization of social and economic damage caused by infringement of private information and class action lawsuits	Compliance with laws related to information protection in accordance with international standards. Provision of a systematic risk management environment for information protection against security threats, improvement of external reliability with the acquisition of certification for information leakage prevention effect
Contribution and effect on business	<p>(Domestic) Amid COVID-19 and consequent demand for changes in contact business, Coway is undergoing digital transformation, stressing the importance of information protection. We contribute to business continuity through security standard certifications at home and abroad and consequently consistent management of security risks.</p> <p>(International) Systematic prevention and improvement by holding certifications in order to protect personal information from hacking and threats to internal infringement. Also, contribution to business stability through protection from violation of related laws risks related to financial aspects (fines, etc.) and reputation.</p>	

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. In 2020, we provided online information protection education for all employees and education for partners and trustees to raise awareness of the importance of information protection.

Information Security Training Participation Status¹⁾

Category	Unit	2018	2019	2020
Number of participating employees	person	4,038	4,888	4,729
Participation rate of participation partners	%	90	100	100
Contractor participation rate ²⁾		90	100	100

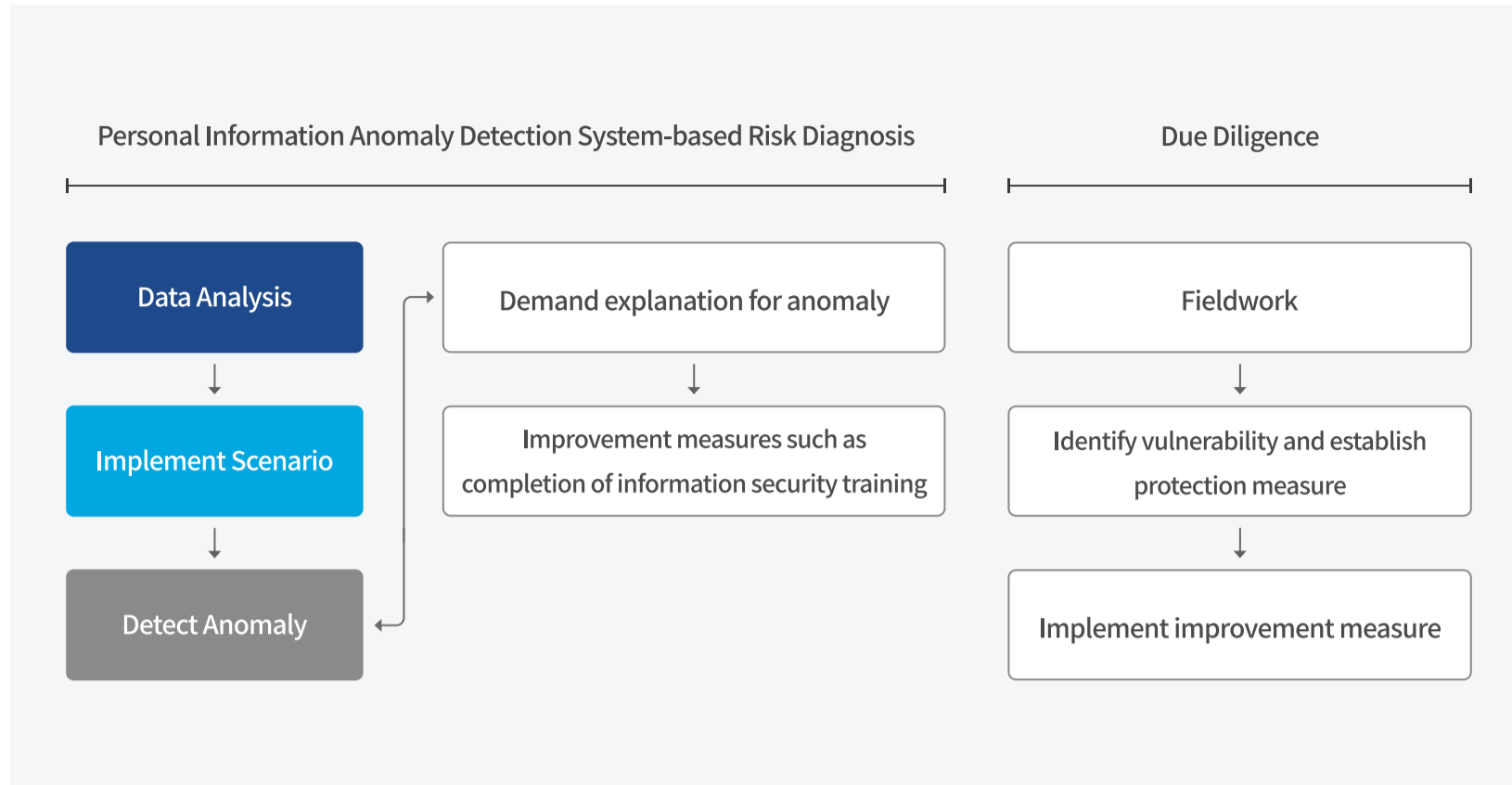
1) Including online and offline customer information protection training

2) Training for contractors and subcontractors (the ratio of the total number of eligible people to the total number of participants)

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



In 2020, we appointed an expert on personal information protection to conduct a remote inspection on excessive private information data collection, after-hours access to personal information, and export of personal information. We identified several suspicious incidents and removed the risk elements during the inspection based on a checklist consisting of 24 items. In addition, we provided online education on information security for employees and shared policy for the private information access standards through an internal memorandum. We also strive to raise awareness of the importance of private information protection and management through the “Solutions for Personal Information Leakage Detection” on a regular basis. We also notified employees on the importance of self-monitoring on a regular basis and provided guidance on handling private information to minimize risks.

Monitoring Activities and Performances

Category	Content	Major Activities and Performances
Operation of information protection management system	<ul style="list-style-type: none"> Operation of information protection management system 	<ul style="list-style-type: none"> Revision of guidelines and instructions following the enforcement of the three data-related acts Definition of standards for handling personal information in case of overseas transfer of personal information Reinforce the maintenance and management of ISMS, ISO 27001 certification to respond to government regulations
Internet Data Center (IDC) ¹⁾	<ul style="list-style-type: none"> Mock hacking (twice a year) Vulnerability diagnosis (once a year) Infringement incident response training (once a year) 	<ul style="list-style-type: none"> Complete two mock hacking trainings and one vulnerability diagnosis
Customer Information DB Monitoring	<ul style="list-style-type: none"> Personal information encryption Data control management in DB 	<ul style="list-style-type: none"> Reinforcement of separate storage of customer personal information Monitoring of personal information file destruction
PC and Document Security	<ul style="list-style-type: none"> PC security system operation 	<ul style="list-style-type: none"> Maintenance of the integrated certification system
Employee Training	<ul style="list-style-type: none"> Information security training 	<ul style="list-style-type: none"> Anti-malicious mail mock training completed (5,004 employees participated)
Disaster Recovery Response Training	<ul style="list-style-type: none"> Verification of disaster recovery system and procedure accuracy²⁾ 	<ul style="list-style-type: none"> Revision of guidance for information protection once per year
Infringement Incident Response Training	<ul style="list-style-type: none"> Verification of response procedures by assuming an infringement incident on the web server³⁾ 	<ul style="list-style-type: none"> Training for personal information emergency response completed once a year (www.coway.co.kr)

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 monitors 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 the server

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

Violation of Information Protection Related Laws/Regulations

Category	Unit	2017	2018	2019	2020
Number of violations related to information protection and cybersecurity	case	0	0	0	0
Number of incidents involving customer personal information violations	case	0	0	0	0
Number of customers affected by data breach	person	0	0	0	0
Total fines/penalties/penalties issued due to violations related to information protection and cybersecurity	KRW	0	0	0	0

Environmental Management

Making the environment healthy and people happy is the core value of Coway's environmental management.

Environmental Management Strategy and System

Coway's environmental management begins with a vision of the 'Best Life Solution Company' and a mission of 'making a healthy and convenient living environment with our innovation.' Based on this, Coway is trying to make the living environment healthy and convenient through products and services. We recognize and actively practice environmental management as the core value of environmental management that makes the environment healthy and people happy in the business process.

In order to minimize the environmental impact in the entire business process, Coway has established a mission, vision, environmental management policy, and goals, and established an environmental management committee and a dedicated department to practice company-wide eco-friendly management. As the importance of climate change increases, in 2020, we looked back on the climate change goals and achievements established in 2010 and set goals for new challenges after 2020.

Principle and Strategy for Environmental Management

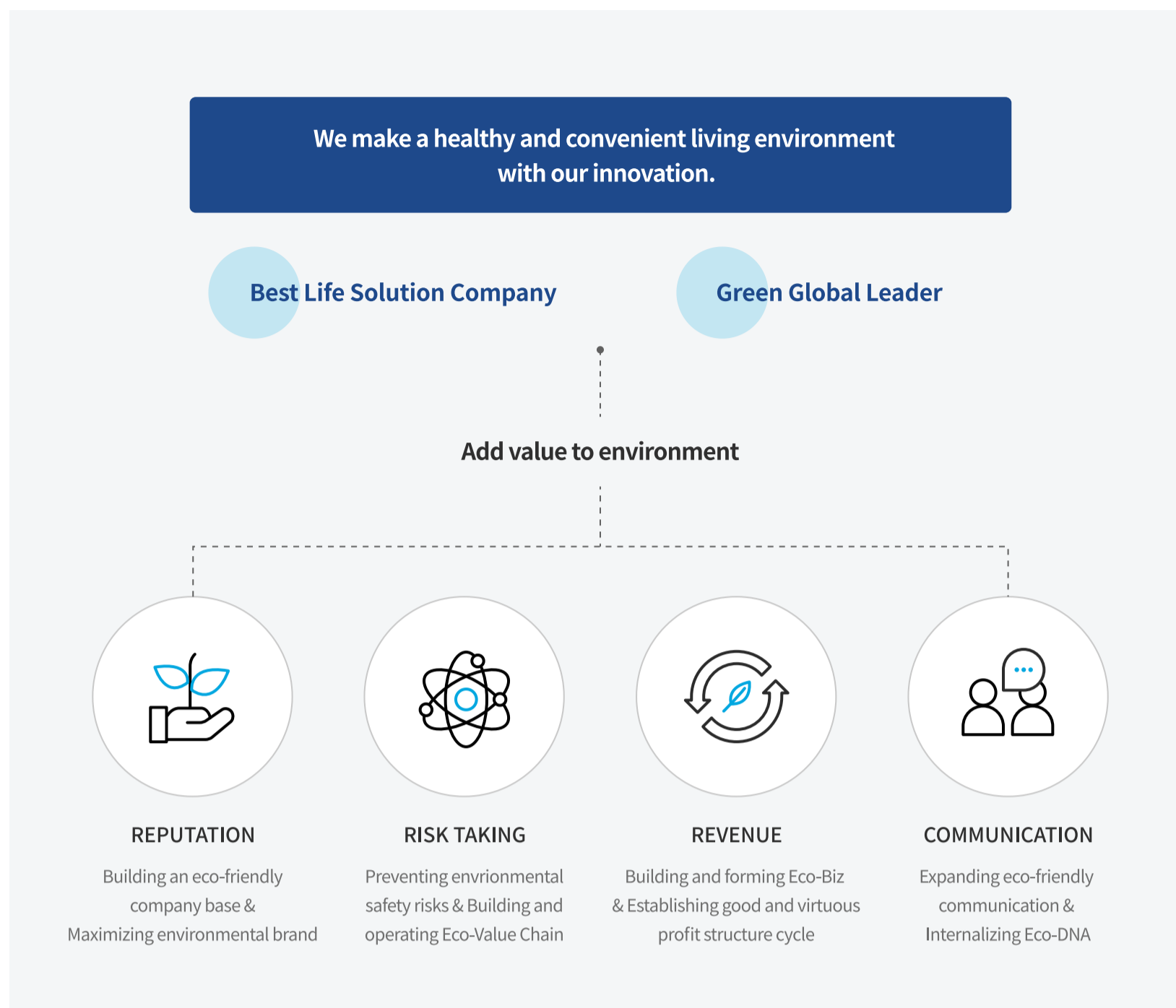
- 1 Secure the Development of Coway's sustainability and global eco-friendly corporate leadership through continuous investment and innovation in eco-friendly business.
- 2 Secure continuous value creation in environmental management and driving force of future growth through complying with environmental laws and building advanced environmental management systems.
- 3 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.
- 4 Lead the research and development of green products, services, and technology, considering environmental feasibility through every step of product and service.
- 5 Reveal all environmental management 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 for its customers through products and services that consider the environment. Also, Coway respects humans and nature and maintains mutual balance as our top priority. Coway intends to continue sustainable management that fulfills our social and environmental responsibilities.

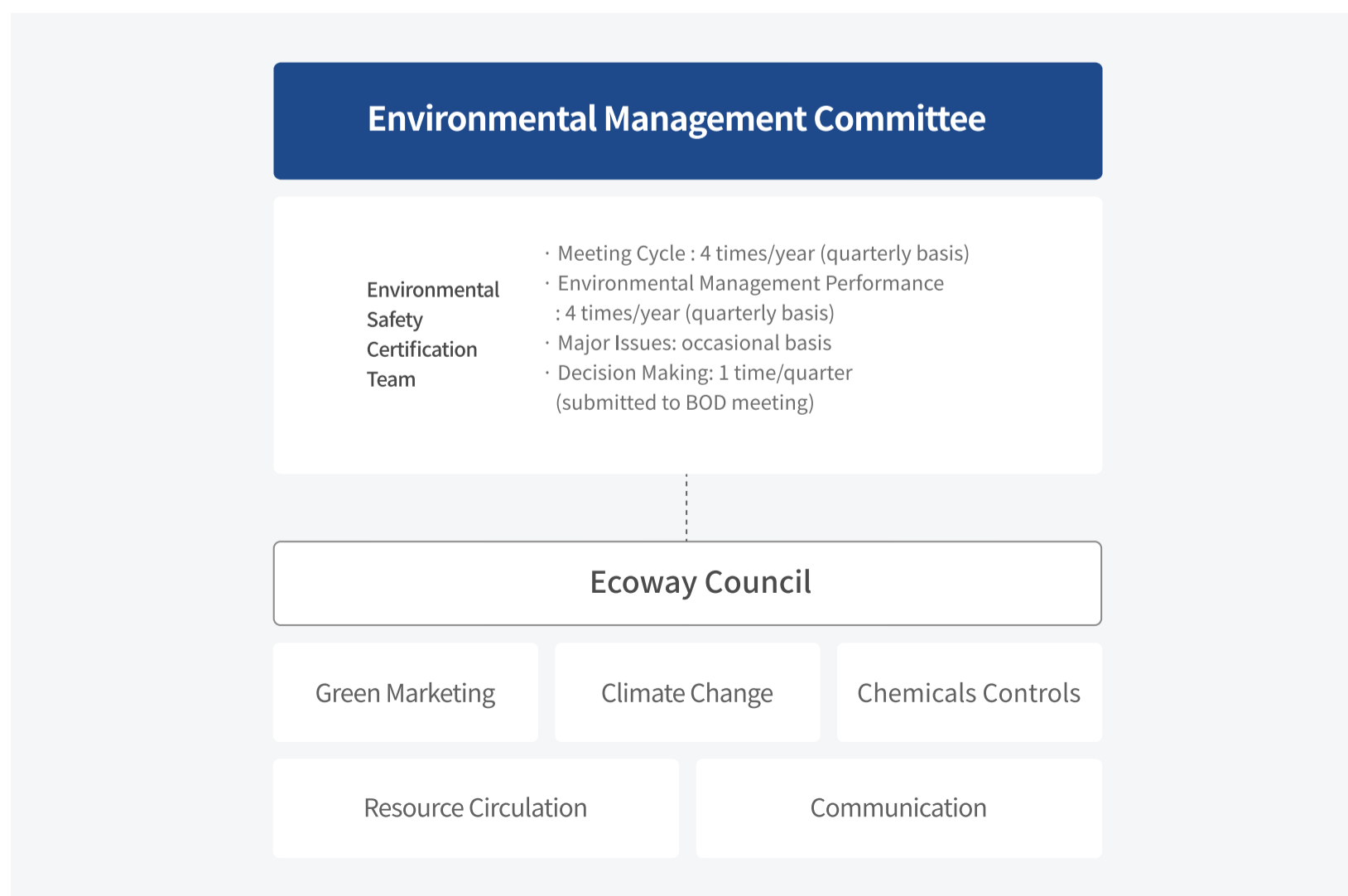
Our mid to long-term goal for environmental management after 2020 is to reduce greenhouse gas emissions by 50 percent by 2030, go carbon neutral by 2050, achieve a 100 percent waste recycling rate by 2030, and a 100 percent water resource recycling rate by 2050. In doing so, Coway

aims to contribute to the fulfillment of the sustainable development goals (SDGs) by maintaining the balance between a sustainable global environment and prosperous human life and the provision of eco-friendly technologies and products and services.



Environmental Management System

Coway's workplaces have obtained the environmental management system (ISO 14001) certifications for more efficient management in terms of environmental health and safety, and are strengthening legal compliance and self-management systems. We operate the Environmental Management Committee to practice management. The Environmental Management Committee has appointed the head of the Environmental Technology R&D Center as the chief environmental management officer and is formulating the environmental strategy under the leadership of the Environmental Safety Certification Team. We have also created 'the Ecoway Council' to discuss environmental issues with each sector on a regular basis to make environmental management second nature.



Environmental Internal Review

Coway comprehensively manages all plants by adopting the environmental management system based on international eco-friendly management standards. We conduct an annual internal review based on ISO 14001: 2015 standards and are periodically verified by a certification body. All Coway plants have passed the rigorous certification process. We continue managing our plants by developing standards more rigorous than that of international standards beyond our comfort zone.

Environmental Competence Building

Coway provides offline training programs every year for all employees and suppliers and also offers online consultation services so that they can respond to the ever-tightening environmental regulations and safety appropriately. We are striving to minimize risks caused by tightening restrictions through practical and consistent supports, such as “global trends of environmental restrictions,” “corporate responses to environmental restrictions,” and “methodology for responses to environmental restrictions,” and the building competence to respond to these restrictions. In 2020, we provided training to the 18 relevant staffers of suppliers.

Environmental Training Given in 2020

Program	Eligibility	Description	Participant	Training Duration hours
Eco-friendly external working staff competency building course	Environmentally-related staffer with suppliers	Coway Chemical Substance Management Standards and Measures to Respond to Environmental Regulations	37 people	113 hours in total (3 hours per person)

1) The training period is extended because only a minimum number of people received the training due to the spread of the COVID-19 pandemic.

Environmental Management System Certifications

Category	Scope of certification
Environmental Management System (ISO 14001)	100%

Environmental Investment

Category	Unit	2018	2019	2020 Note
Facility operation ¹⁾	KRW 1 million	377.4	850.2	447.9 Refers to high-efficiency facility replacement, new facility investment.
System operation ²⁾		407.8	302.5	290.6 Refers to IT construction and operation, internal audit, benchmarking, training, verification.
Communication ³⁾		327.6	227.4	165.0 Responding to laws and regulations, national projects, promotion/event/education, donation, social contribution.
New environmental business ⁴⁾		80.0	121.6	812.5 External consulting, new and renewable energy investment.
Total		1,192.8	1,501.7	1,716.0

1) Facility operation: stabilization of the facility operation

2) System operation: decrease in the acquisition of environmental mark certifications

3) Communication: reduction of internal and external communications due to COVID-19

4) New environmental business: investments in renewable energy

Environmental Law Violations and Fine

Category	Unit	2018	2019	2020
Number of violations of environmental regulations	case	0	0	0
Fine for violation	KRW	0	0	0

Climate Change

For the 2050 carbon neutrality, Coway voluntarily takes the lead in managing greenhouse gas emissions and energy targets.

Climate Change Goals and Scenario Management

Recognizing that climate change and changes in the global environment have an important impact on corporate management activities, Coway established a greenhouse gas inventory in 2009 and set a target for reducing greenhouse gas emissions by 2020 compared to 2010. We are striving to adapt to climate change and beyond responding to it by setting a new goal of cutting greenhouse gas emissions by 2030, 2040, and 2050. In addition, we are actively participating in addressing the climate change crisis by setting mid to long-term goals for reducing greenhouse gas emissions and taking action to fulfill those goals although we are not required to do energy target management. We also voluntarily disclose information through objective verification by external agencies.

GHG Emissions and Mid to Long-term Goals

Coway has established a goal of reducing GHG emissions up to 50% by 2020 compared to those in 2010. As a result, total greenhouse gas emissions increased by about 7% from 5,356tCO₂e in 2010 to 5,735tCO₂e in 2020, but GHG emissions intensity in 2020 decreased by 38% to 0.221tCO₂e/KRW 100 million from 0.357tCO₂e/KRW 100 million in 2010, which means that this is a 76% reduction when converting the 2020 target to 100 percent.

Science-Based Target Plan

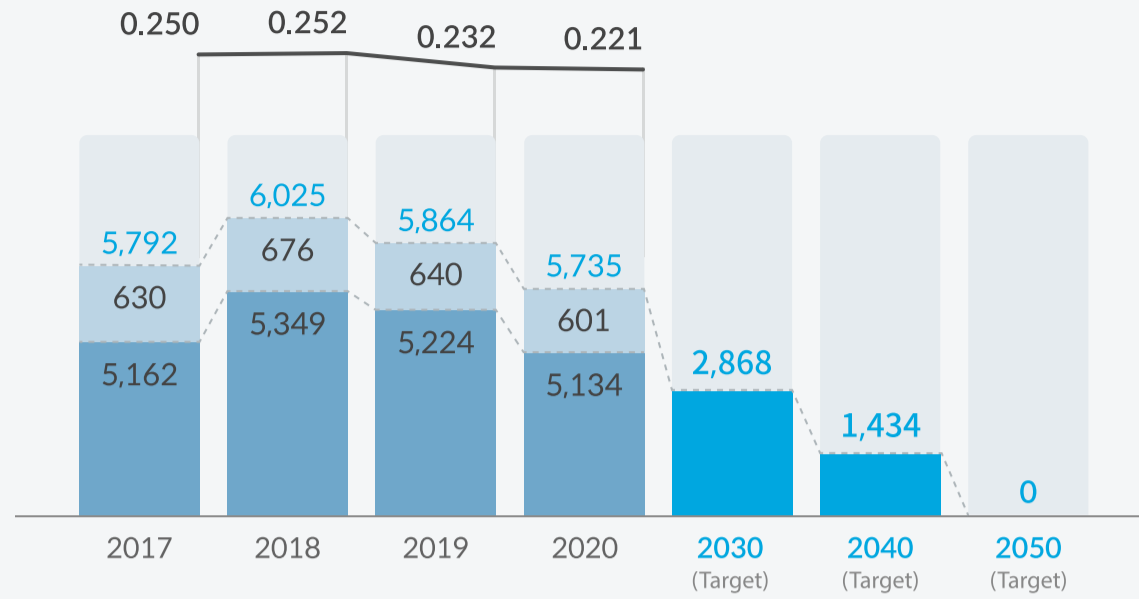
Coway went further to set a new mid to long-term greenhouse gas emissions reduction target in a bid to adapt to the climate change regime according to the science-based target. In doing so, Coway consulted with the Korea Sustainability Investing Forum, the operating body of the Carbon Disclosure Project (CDP) Korea Committee, and set a new goal of cutting scope1 and 2 of the greenhouse gas emissions by 2030 and 2050. To elaborate, we aim to cut greenhouse gas emissions up to 50 percent by 2030 and go carbon neutrality (Net-Zero) by 2050 as compared to 2020. This goal reflects Coway's determination to join the global and national effort to overcome the climate change crisis.

GHG Emissions and 2030 Goals

■ GHG Emissions Intensity (Unit : tCO₂e/KRW 100 million)

Emission (Unit : tCO₂e)

■ Scope 1
■ Scope 2
■ Scope 1 + Scope 2



GHG Emissions and Targets

Category	Unit	2017	2018	2019	2020	2020 Target	2030 Target	2050 Target
Scope1	tCO ₂ e	630	676	640	601	-	-	-
Scope2		5,162	5,349	5,224	5,134	-	-	-
Total		5,792	6,025	5,824	5,735	-	2,868	0
GHG emissions intensity	tCO ₂ e/ KRW 100 million	0.250	0.252	0.232	0.221	0.179	-	0

GHG Emissions by Business Site

Category	Unit	2017	2018	2019	2020
Yugu Factory	tCO ₂ e	2,151	2,439	2,412	2,555
Incheon Factory		598	651	695	639
Pocheon Factory		359	189	202	220
Environmental Technology R&D Center		1,708	1,889	1,849	1,660
Cosmetic Research Institute		203	126	0	0
Seoul Office		485	439	427	396
Logistics Center		287	292	279	265
Total		5,792	6,025	5,864	5,735

1) The greenhouse gas emission figures for each Business site are calculated as Scope1 + Scope2.

GHG Emissions according to the Use of Refrigerant

Category	Unit	2017	2018	2019	2020
R-134a Refrigerant usage in product manufacturing	kg	46,580	51,230	46,360	38,530
R-600a, R-436B Eco-friendly refrigerant usage in product manufacturing		800	5,320	4,010	3,331

Other Indirect GHG (Scope 3) Emissions

Category	Unit	2017	2018	2019	2020
Domestic logistics/transportation	tCO ₂ e	5,047	5,420	5,491	5,127
Commuter vehicle		71	71	70	72

GHG Emissions Reduction Activity and RE100

In order to achieve the mid to long-term goals stated above, Coway is preparing measures to minimize its greenhouse gas emissions using the life cycle assessment from product designing to disposal, and all employees are joining the effort. In addition, we are consistently reducing total greenhouse gas emissions by introducing renewable energy and improving our business operations efficiency.

Coway installs and operates solar power at Yugu factory (49.5KWh scale), Incheon factory (39KWh scale), Pocheon factory (45KWh scale), and logistics center (48.8KWh scale). Through this, three factories and distribution centers produced about 227MWh of electricity in 2020, reducing the GHG emission by about 106 tons. The energy storage system (ESS) introduced at the Yugu factory reduces peak loads and contributes to the distribution of energy consumption and has saved about KRW 127 million annually. Although Coway currently relies on electricity as our major energy source, we plan to steadily achieve our goal of reducing greenhouse gases by formulating strategies to increase investments in renewable energy facilities and to purchase carbon credits starting 2021.

Carbon Partnership with Supplier

For suppliers' carbon competitiveness, Coway recommended them to set the goal of cutting greenhouse gas emissions up to 50 percent by 2020 as compared to 2010, which is equivalent to the goal Coway set for itself, in consideration of Coway's growth in sales, and encouraged them to maintain carbon partnerships consistently. As a result, Coway's suppliers succeeded in reducing by 53.6 percent, exceeding the 50 percent reduction target, which translates into 107.2 percent out of 100 percent. Starting 2020, the suppliers will work on their own to join the effort to solve the climate change crisis.

Partner Greenhouse Gas Emissions

Category	Unit	2010	2018	2019	2020
GHG emissions ¹⁾	tCO ₂ e	5,356	6,025	5,864	5,734
GHG emissions intensity	tCO ₂ e/KRW 100 million	0.357	0.252	0.232	0.221 ²⁾

1) The figures are calculated by Scope1 + Scope2.

2) The figure in 2020 emissions is data prior to third-party verification and may be subject to some changes depending on the results of verification.

Risks and Opportunities of Climate Change

Coway analyzes and discloses specific climate change risks and opportunities following the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). In order to set new goals for 2020, Coway looked back over the past 10 years and analyzed the potential risk factors and opportunities for Coway in relation to climate change after 2020. Specific details are shown in the table below.

Potential Risks from Climate Change

Risk Factors	Context	Term
Transition risk Policy and law	Korea has implemented an energy efficiency management system to improve the efficiency of devices using energy and increase the supply of high-efficiency products. Regulations and management of energy-using products are being tightened by the energy efficiency management system. 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
Technology	As policies and laws increasingly restrict the use of the substances that cause global warming, new or alternative technologies should be developed. Especially, we have developed alternative technologies for wider use that do not use contributors to global warming. Also, we have drawn up a plan to use substances with low global warming potential as a substitute by 2025. To that end, we are increasing corporate operating expenses such as R&D and investments in facilities.	Short Term

Risk Factors	Context	Term	
Market	Sales of single-function products are expected to decrease due to the changes in the consumer purchasing patterns triggered by climate change. Also, products with multiple functions that can respond to climate change simultaneously are expected to form a new market. Moreover, with contactless consumption increasing recently due to the COVID-19 pandemic and others, we may have to fall behind in the global market or face challenges in entering new markets if we fail to predict the new market and come up with new products and services. We are developing multi-function products and untact services, and actively engaging in marketing activities in order to respond actively to the changes in the buying patterns, leading to the formation of a new market. Accordingly, we expect a continuous increase in corporate costs, including investments in research and service development.	Mid Term	
Reputation	Consumers are increasingly demanding corporate responsibility from an ESG point of view, including climate change, which affects sales. In the past, customers in the consumer goods market were viewed as passive consumers who consume the products produced by businesses. However, “consumers” have evolved into those who drive changes in the products and their strategies. In this respect, businesses that fail to keep up with the needs of customers will inevitably fall behind in the market. Accordingly, we are striving to carefully monitor the entire business process and solve the problems that are identified, and fulfill our corporate tasks.	Mid Term	
Physical Risk	Acute risks	Problems in the production of parts and supply of raw materials by suppliers due to heavy rain or snow, abnormal temperature triggered by climate change, may lead to the disruption of products and, consequently, affect product supply. Coway is acutely aware of these problems and strives to diversify its supply chains.	Mid Term
	Chronic risks	Climate change is affecting the precipitation patterns in Korea. Accordingly, Korea is expected to pay special attention to the water resource management policy in preparation for water shortages. Conflicts among local communities in relation to the development and use of groundwater are likely to increase as well. Coway is developing production technology designed to replace the water usage process. To that end, we continue making investments in facilities.	Mid Term

Potential Opportunity from Climate Change

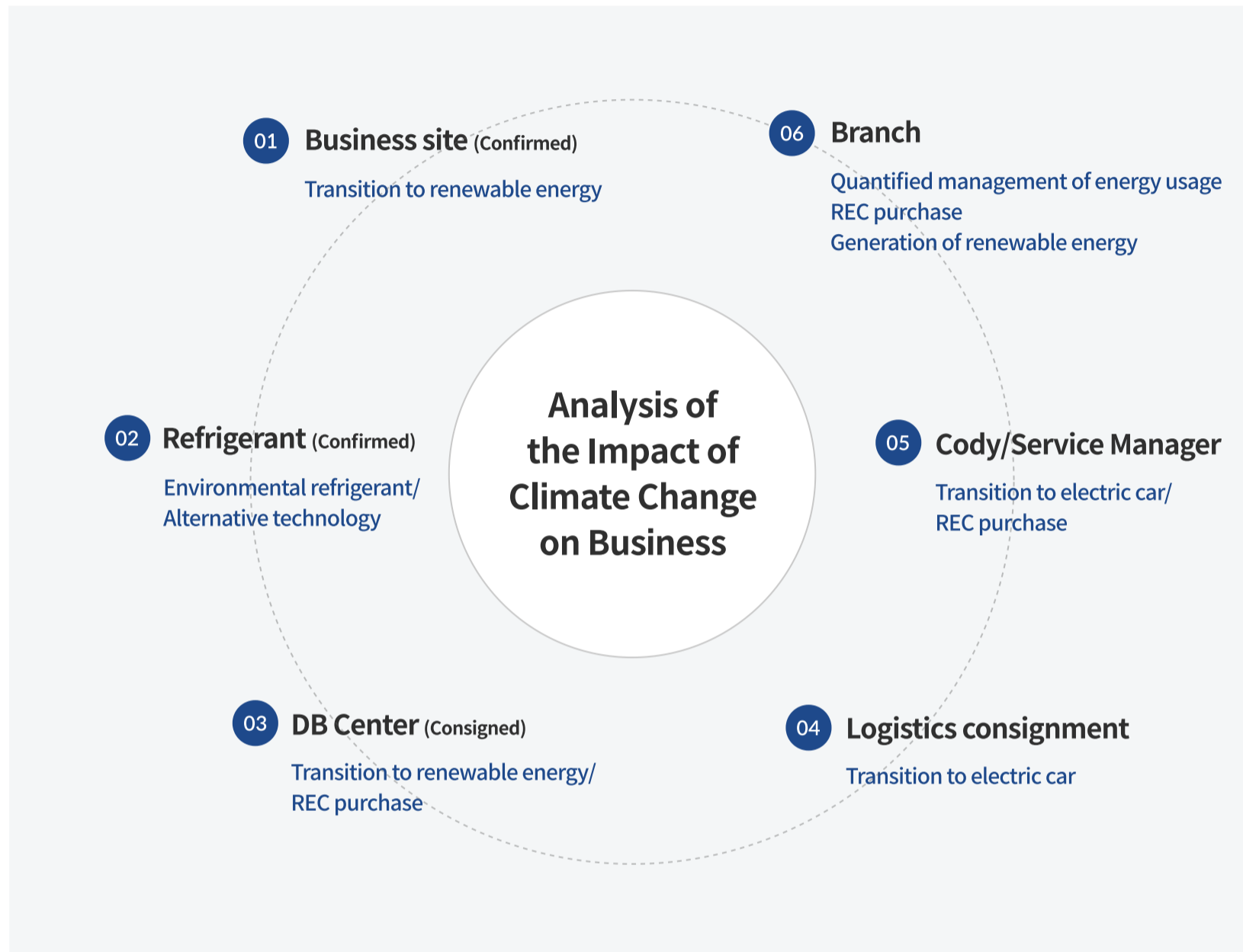
Opportunity Factors	Context	Term
Resource efficiency	Climate change may cause difficulties in the supply of raw materials and ultimately the production of products. In order to minimize the environmental impact on business activities and adapt to climate change, Coway operates a waste collection and recycling system. Currently, we sell recycled materials to others, but we are developing technologies that enable us to use recycled materials for our products to improve our resource efficiency.	Short Term
Energy sources	In 2020, Coway emitted around 6,000tCO ₂ e of greenhouse gases, over 90 percent of which were produced by the plants or factories that use electricity as a major energy source. Energy supply due to climate change and transition to renewable energy are favorable to Coway as well. Coway operates small-scale photovoltaic power generation facilities and high-efficiency facilities (ESS, energy storage system) and has verified their effectiveness. We will cut greenhouse gas emissions up to 50 percent by 2030 as compared to 2020 and continue investing in solar power generation with proven effectiveness, and purchasing carbon credits, contributing to a low-carbon society.	Mid Term
Product/service	Climate change and the COVID-19 pandemic are changing the consumers’ buying patterns. As untact consumption is increasing, businesses will be likely to fall behind in the existing market unless they develop the products and services suitable for contactless consumption. Having been acutely aware of such changes in the consumption patterns, Coway is entering new markets by introducing self-cleaning products that reflect the recent untact consumption trends.	Short Term
Market	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 the world, providing Coway with a new opportunity to enter the market. In addition, climate change causes water shortage which eventually contributes to expanding the global water market. Coway is already acknowledged as a leading player in the water purifier/dispenser market. We are now expanding our presence in the neighboring nations in Southeast Asia.	Mid Term
Resilience	Although we have been doing a platform-based business, we are responding flexibly to climate change and consequent changes in the consumption patterns and the need to enter new markets. With the recent increase in contactless consumer behaviors triggered by COVID-19, Coway is transforming its business into an AI-based subscription business that provides the best possible customized products and services to customers through digital and online channels.	Mid Term

Climate Adaptation Plan

As the goal of responding to climate change centered on the existing manufacturing sites ends in 2020, Coway has identified the business-related climate change issues and established new goals to adapt to the climate change regime. First of all, we aim to reduce greenhouse gas emissions by half until 2030 as compared to 2020 by participating in national policies and overcoming the climate change crisis and declare Net-Zero by 2050. To this end, we are willing to achieve our goals by increasing investments in renewable energy, achieving low-carbon energy transition, and becoming a member of the RE100 group.

In the second phase, we are developing new and alternative technologies to develop and implement application plans related to products. Specifically, Coway aims to expand the application of new technology, refrigerant-free cooling technology, and replace existing refrigerants with eco-friendly refrigerants by 2024. For other items, if climate change policies, social consensus, and infrastructure environments are created to some extent, business-related impacts will be minimized by purchasing eco-friendly electric vehicles or emission rights.

Identification of the Impact of Climate Change on Businesses



Life Cycle Management

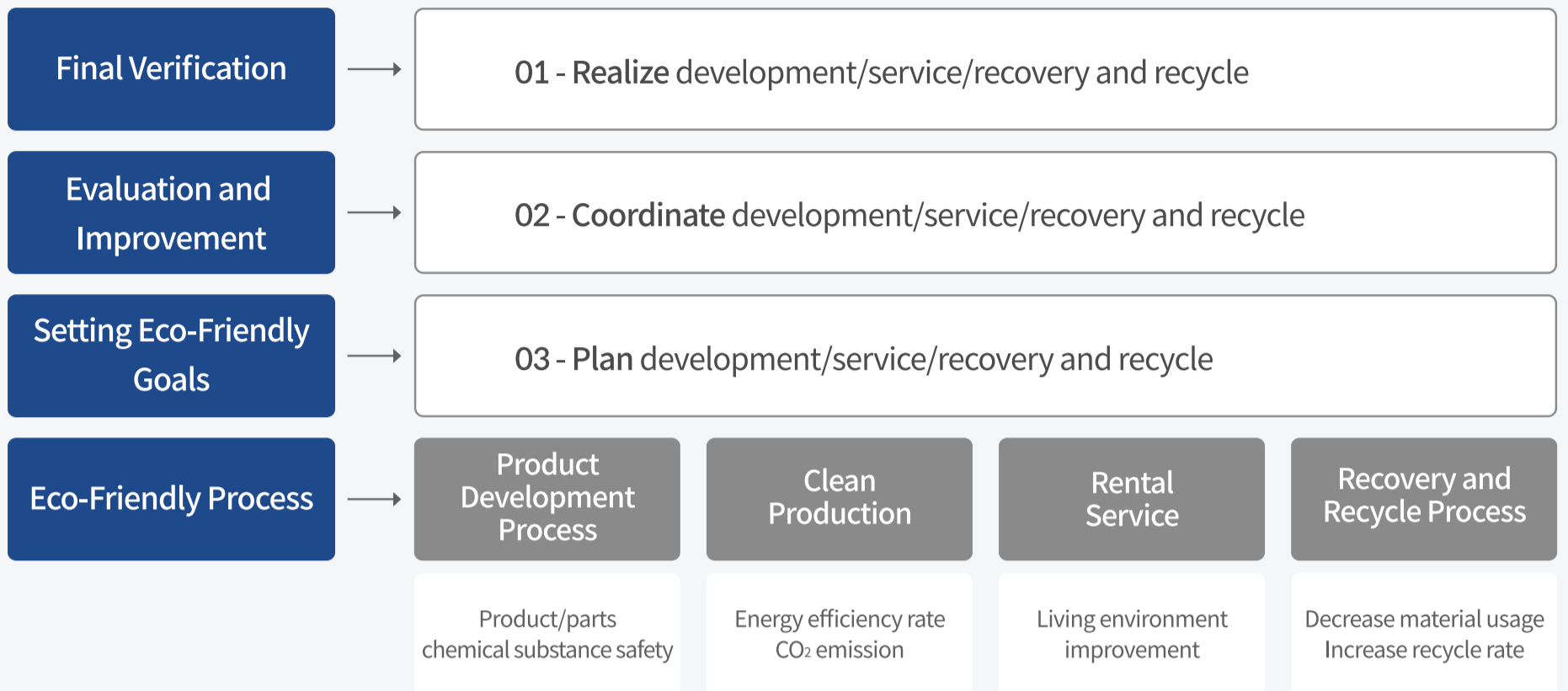
We care about the environment in all stages of a product's lifecycle

Eco-friendly Product and Service Development

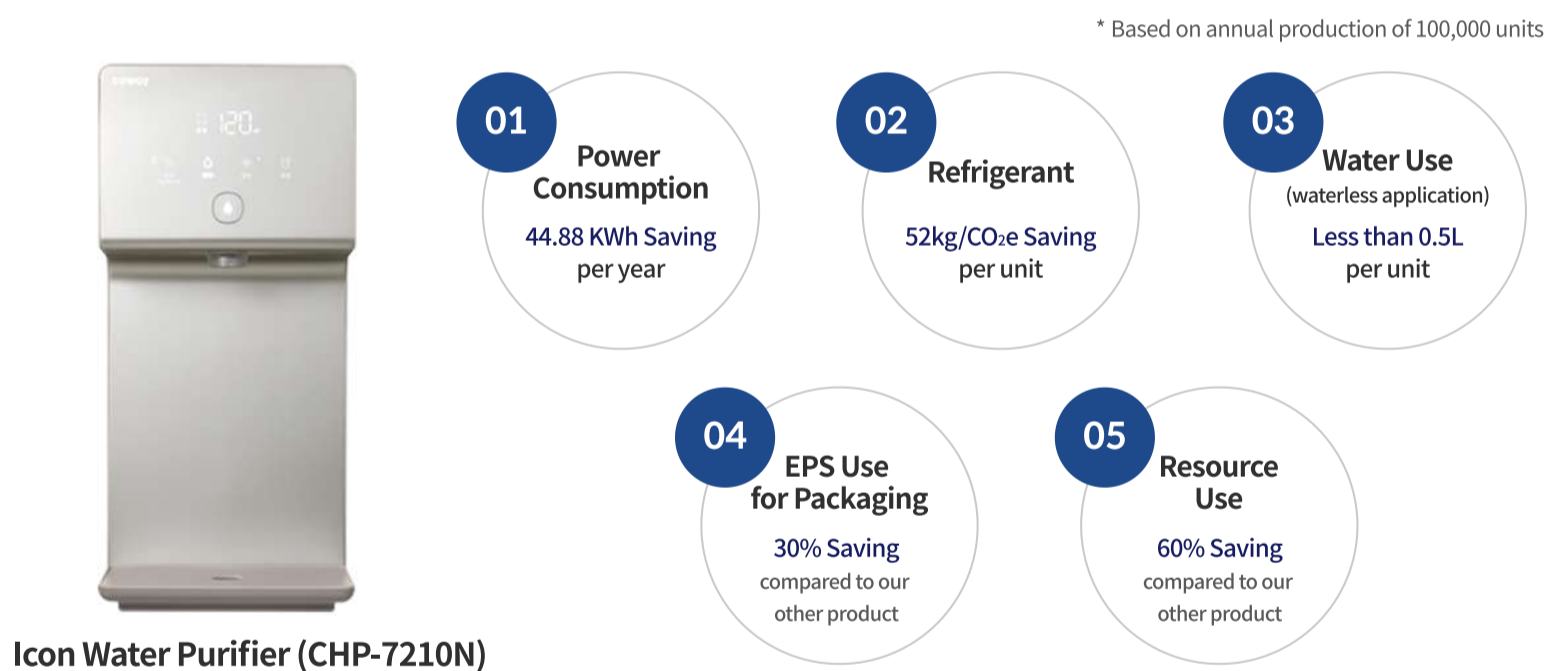
Coway is carrying out diverse activities to reduce negative impacts while increasing positive impacts in the entire process from product development to clean production, rental service, collection, and recycling by achieving high energy efficiency, reducing carbon footprint, improving living conditions, conserving resources, and increasing recyclability.

Design Eco-Friendly Product, Service, and Business

PRODUCT & SERVICE



Eco-friendly Product Development Case in 2020



Eco-friendly Packaging Case in 2020

Case. Reduce raw material usage & Use eco-friendly materials

Coway has carefully packaged its products to deliver them safely to customers. However, the fact that polystyrene packaging (EPS), which is used once and thrown away and puts a lot of pressure on the environment, made us think about packaging again. "If polystyrene is used for packaging, can we reduce the amount of usage?", "If it can be replaced with other materials, what are the recyclable materials?" As a result of these considerations, Coway has found a solution.

First, the EPS used at the top of the water purifier was changed from a form of sandwiching each left and right to a single roof. Thanks to this idea, the use of polystyrene was reduced by 30%, and dust and powder generated during the polystyrene cutting process were also reduced by 30%. Next, the EPS packaging used for the top packaging of the electric range was replaced with a corrugated cardboard cushion made of 100% eco-friendly paper. This has resulted in a 50% reduction in EPS usage. Furthermore, consumers can easily create a multi-purpose paper box by assembling the paper package along the marked scale on the cardboard. This up-cycling has helped to raise awareness among consumers that they have made eco-friendly and good consumption.

EPS(Polystyrene) Usage
30~50% reduction

Packaging of eco-friendly materials
(corrugated cardboard)

Add Upcycling elements

It is a natural task for us to provide satisfaction for customers through the best products, but if purchasing our products makes them think that their consumption is likely to be environment-friendly, customers can be more satisfied with their choices. Although it is a small change, Coway intends to lead eco-friendly consumption in the future.

Life Cycle Assessment

Coway conducts a life cycle assessment to quantitatively evaluate the environmental impact of products and reflect them in product development. Simplified LCA technique is used during life cycle assessment according to ISO 14040 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.

Implementation of Life Cycle Assessment

01. Development and Purchase	<ul style="list-style-type: none"> • Design eco-friendly products that are easy to decompose and recycle • Securing the safety of chemicals in manufacturing and parts
02. Production	<ul style="list-style-type: none"> • Introduction of renewable energy such as solar power generation facilities at business sites • Activities to promote energy efficiency of partner companies • Reducing greenhouse gas emissions generated in the production process
03. Distribution	<ul style="list-style-type: none"> • Calculation and management of greenhouse gases from logistics hubs according to the transportation of products
04. Use	<ul style="list-style-type: none"> • Development of technology to reduce energy, greenhouse gas, and water consumption and calculation of reduction effect due to product use • Minimize electricity consumption & maximize energy efficiency by applying instantaneous hot water system and high-efficiency inverter cold water system
05. Reclamation and Recycling	<ul style="list-style-type: none"> • Recycling of parts and materials, operation of refurbishment system • Quantitative management of the entire process to minimize waste generation

Eco-friendly Product Certification

Coway strives to reduce environmental impacts and greenhouse gas emissions by increasing eco-friendly products. We are consistently developing technologies that minimize the environmental impact that occurs when customers use our products. Coway's products have been certified for energy-saving and its carbon emissions reduction effects by various stakeholders, including accredited organizations.

Environmental Certifications that Coway Have Obtained

Certification	2016	2017	2018	2019	2020
Eco Label Certification ¹⁾	17	31	25	22	17
Water Footprint ²⁾	0	1	1	1	1
Carbon Neutral Product Certification ³⁾	0	1	1	0	0
Carbon Balloon ⁴⁾	2	2	2	0	0

1) Eco Label Certification: 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 the International Organization for Standardization.

- 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

Category	Unit	2016	2017	2018	2019	2020
Eco-friendly product sales	KRW 100 million	7,025	6,858	5,869	5,529	8,002

Chemical Management System

Coway is tightening management by planning, implementing, reviewing, and consistently improving the chemical substances management system based on the definition and process of global quality and environmental management system. We manage the chemical substances by forming a global chemical substances restriction monitoring system, a development process of chemical substances management system and IT, and mass-produced chemical substances management system, making a special effort to prevent the risks of chemical hazards through consistent improvement. We also proactively respond to restrictions related to chemical substances, such as RoHS II. In 2020, we established and verified the “Food Equipment and Packaging Standards”, and the domestic and overseas biocide management system. To ensure continued chemical safety, we plan to focus on managing all areas ranging from electronic and electric household appliances and home furnishings such as mattresses.

2010

- Compliance with EU RoHS & Resource Recycling Act 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.

2017

- Expand chemical management to product units
- Proactively respond to global environmental regulations and customer demands related to chemical use

2019

- Strengthen the ability to respond to pre-regulation by establishing a system for monitoring the pre-regulation of chemical substances
- Proactive response and verification of RoHS II regulation for all products and parts

2016

- Establish a related database to identify and check the use status of chemicals in the workplace
- Established DB related to domestic/overseas regulations and laws

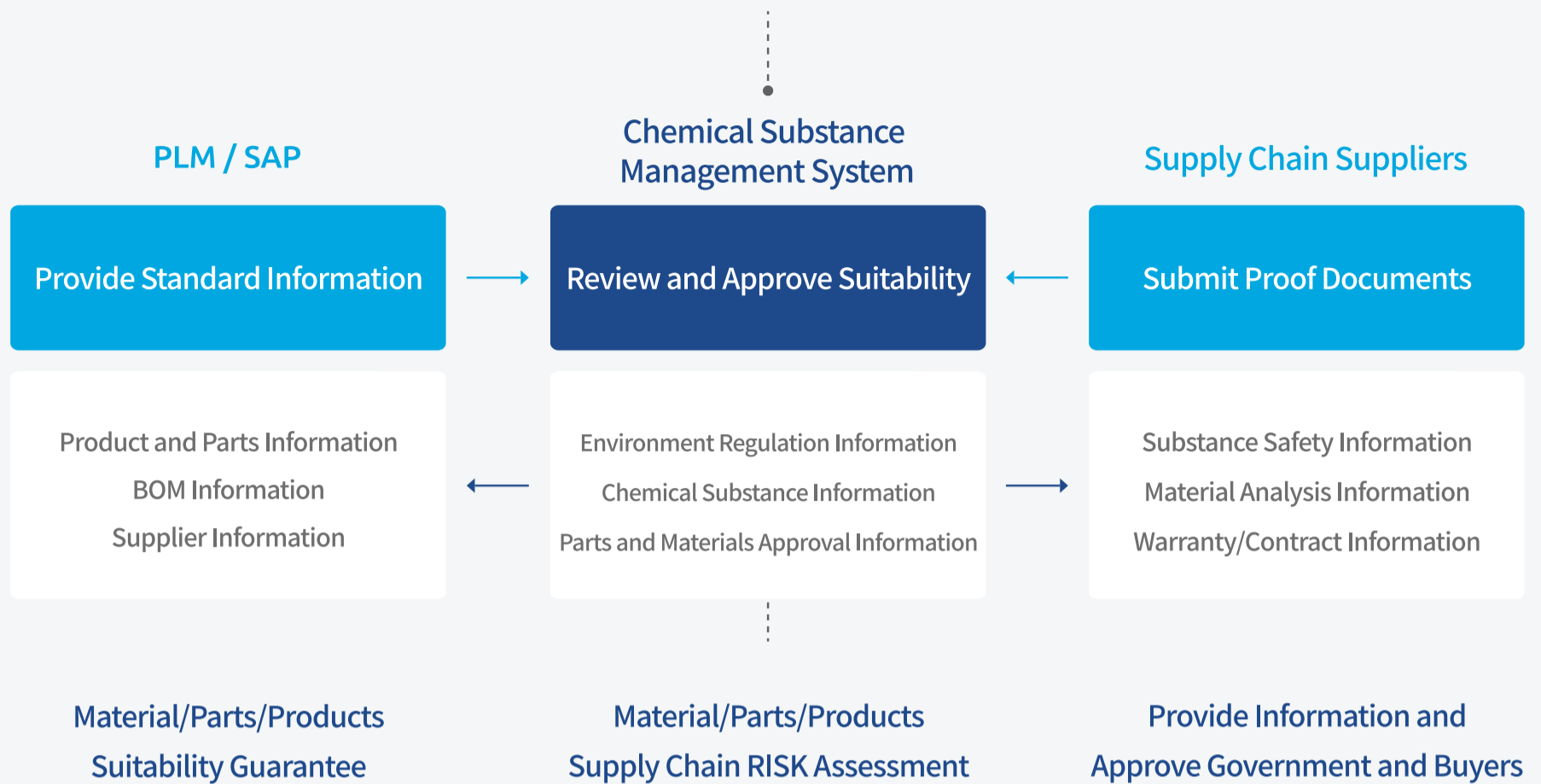
2018

- In accordance with the strengthening of laws and regulations by country and 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.

2020

- Segmentation of the chemical substance management system and improvement and tightening of the integrated management system
- Establishment of a domestic biocide management system and verification

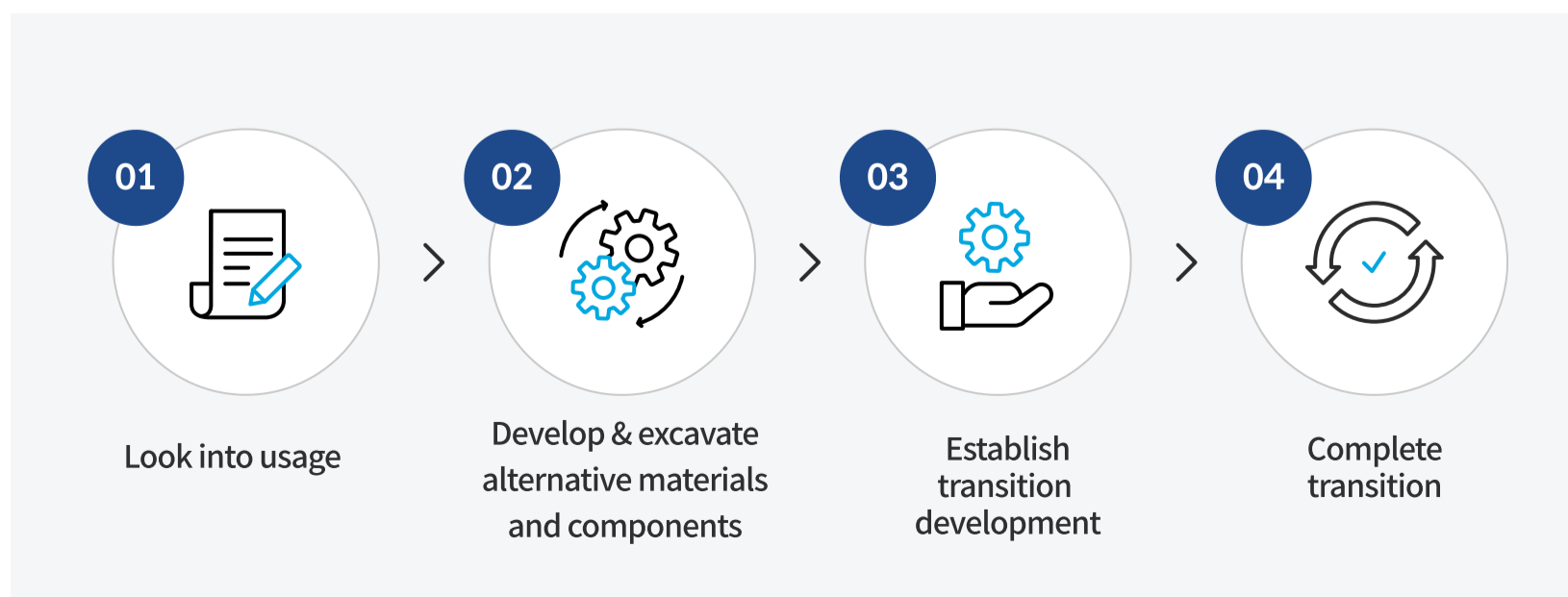
Product Chemical Substance Management System



- Currently, products manufactured by Coway comply with chemical management standards and regulations under the “Coway Chemicals 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.

PVC & BFR FREE application

Polyvinyl chloride (PVC) is known to produce toxic substances and environmental hormones in large amounts during production, use, and disposal. Brominated flame retardants (BFRs) may also be absorbed by the human body when exposed during production, known to cause chronic toxicity or cancer. Because of these risks, there is a worldwide trend to ban or voluntarily reduce the use of PVC and BFR in home appliances. In line with this trend, Coway also plans to apply “PVC Free & BFR Free” to all air purifiers and is conducting continuous monitoring and analysis for disuse.



Resource Efficiency

We seek ways to efficiently use resources in all processes from product production to use by customers.

In order to improve resource efficiency, Coway not only strives to reduce the consumption of water, energy, and resources in the manufacturing process of products and services, but also makes great efforts so that resources can be reused continuously through recovery and recycling after products are used. It reduces greenhouse gases and pollutants generated from waste incineration through the circular economy system such as the operation of the refurbishment system, recycling of materials and parts materials, zero landfill, and turning waste generated in the entire process into energy, and groundwater contamination are also prevented.

Resource Reduction Efforts

When developing new products, Coway checks whether the recycling rate per unit satisfies 75% or more, and if it is calculated to be less than 75%, it is replaced with a recyclable material or thoroughly reviewed in advance whether recycling is possible in the actual recycling process. We are working to improve the recycling rate by each product line. In addition, in 2021, we plan to apply recycled resin at a level of 5% by weight of plastic only to the bidet product line.

Material Usage

Category	Unit	2017	2018	2019	2020
Non-renewable raw materials					
Plastic (Filter, 5 Product lines) ¹⁾	ton	9,123	10,100	10,947	9,982
Metal ²⁾		4,398	4,537	4,419	4,159
Packaging ³⁾		2,160	2,131	2,304	1,959
Renewable raw materials		0	0	0	0
Total		15,681	16,768	17,670	16,100

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

2) Apply metal/plastic theoretical weight to some models

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

Water Reduction Efforts

Coway does not consume much water and does not discharge wastewater because of the high proportion of final assembly and inspection in the entire production process. However, Coway continuously undertakes efforts to reduce 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 Usage

Category	Unit	2017	2018	2019	2020
Industrial water	ton	0	0	0	0
Underground water		26,084	21,962	29,904	16,777
Surface water		45,901	49,385	60,519	64,751
Total water resource consumption		71,985	71,347	90,423	81,528
Discharged wastewater		0	0	0	0
Water consumption intensity	ton/KRW 100 million	3.102	2.987	3.573	3.145

Water Resource Usage by Business Site

Category	Unit	2017	2018	2019	2020
Yugu Factory	ton	37,879	34,501	44,357	30,420
Incheon Factory		6,482	4,401	5,725	4,827
Pocheon Factory		134	594	1,771	3,221
Environmental Technology R&D Center		22,597	26,045	33,183	32,748
Logistics Center (Yugu)		4,893	5,806	5,387	10,312

Water Resource Reduction through Waterless Systems

	Unit	2017	2018	2019	2020
Waterless Systems	ton	5,028	6,306	5,957	5,133

Energy Reduction Efforts

Based on the 2020 management scope, Coway's greenhouse gas emission is about 6,000 tons of CO₂e, and electricity accounts for more than 90% of its main energy source at its manufacturing sites. It is also advantageous for energy supply and demand due to climate change and the transition to renewable energy. Coway has introduced and operated small-scale solar power generation facilities and high-efficiency facilities (ESS, energy storage devices) at manufacturing sites. As Coway sets a new goal of reducing greenhouse gas emissions up to 50% by 2030 compared to 2020, to achieve this goal, Coway is actively reviewing sustainable investment in solar power generation, which has proven effective to achieve a goal of becoming a low-carbon society, or the purchase of emission rights, and wants to continue contributing to the transition.

Current Status and Planning of Renewable Energy

Category	Unit	Pocheon Factory	Yugu Factory	Incheon Factory	Logistics Center	Total
Power generation capacity	KW	45.0	49.5	39.0	48.8	182.3
Date of operation	-	August, 2013	September, 2014	July, 2015	June, 2017	-
Cumulative power generation	KWh/year	417,949	362,751	288,268	237,975	1,306,943
Cumulative greenhouse gas reductions	tCO ₂ eq	194.9	169.2	134.4	111.0	609.0
Power generation efficiency (average)	%	99	94	106	108	102

Category	Unit	Pocheon Factory	Yugu Factory	Incheon Factory	Logistics Center	Total
Power generation in 2020	KWh/year	54,125	57,383	50,336	64,997	226,841
Greenhouse gas reduction in 2020	tCO ₂ eq	25.2	26.8	23.5	30.3	106.0

1) As of December 31, 2020

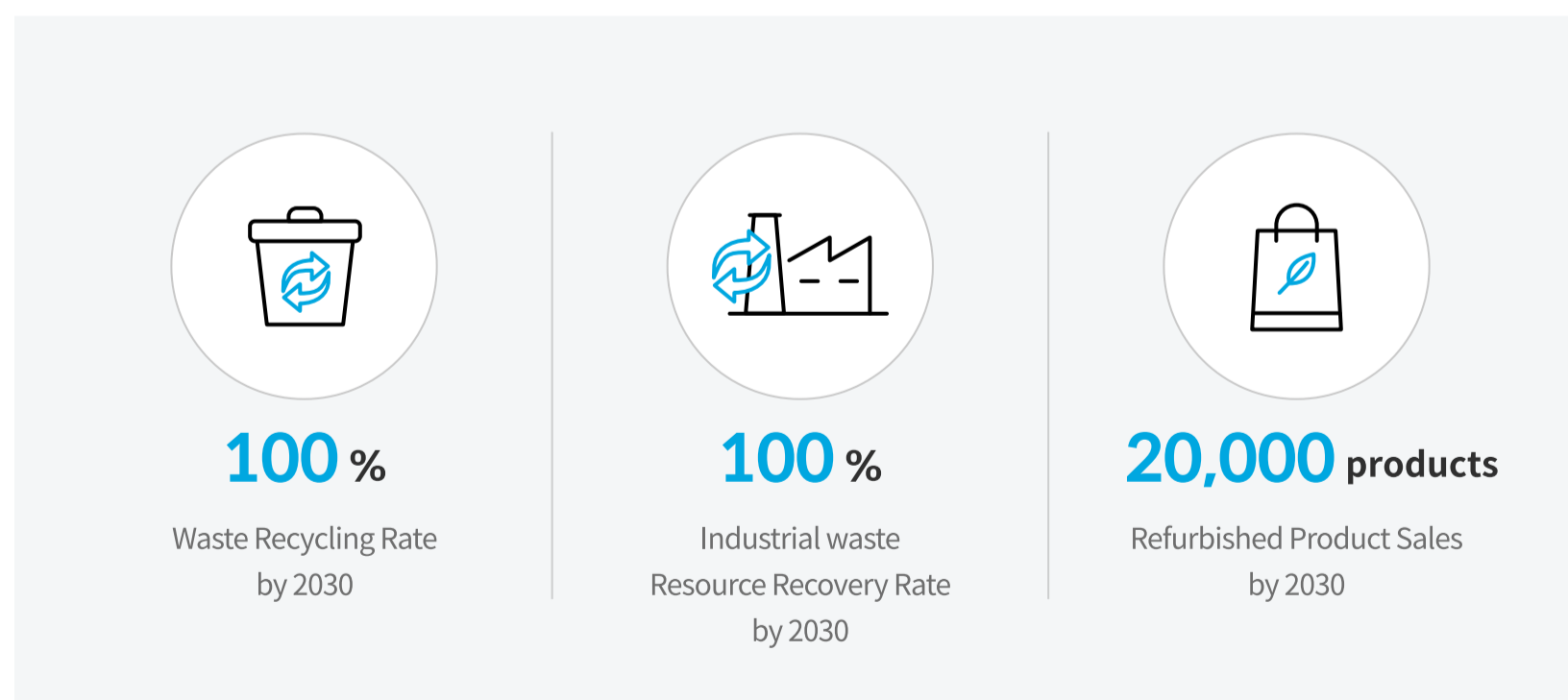
Energy Usage

Category	Unit	2017	2018	2019	2020	2020 Target	2030 Target
Direct ¹⁾	GJ						
LPG		84	41	0	0	-	-
Gasoline		2,423	2,533	2,587	2,109	-	-
Diesel		2,458	2,540	2,773	2,726	-	-
LNG		323	554	201	184	-	-
Lamp oil		432	225	338	148	-	-
Propane		5,294	5,908	5,163	5,398	-	-
Direct total		11,014	11,801	11,062	10,565	-	-
Indirect	Electricity	106,275	110,142	107,564	105,702	-	-
Indirect total		106,275	110,142	107,564	105,702	-	-
Total energy usage		117,290	121,943	118,627	116,267	124,558	64,020
Energy Intensity	GJ/Sales(KRW 100 million)	5.055	5.091	4.687	4.485	4.576	1.479

1) Direct energy consumption is calculated as 'Direct emission (Scope1) due to fixed combustion and movement combustion + Employee Commuting (Scope3)'.

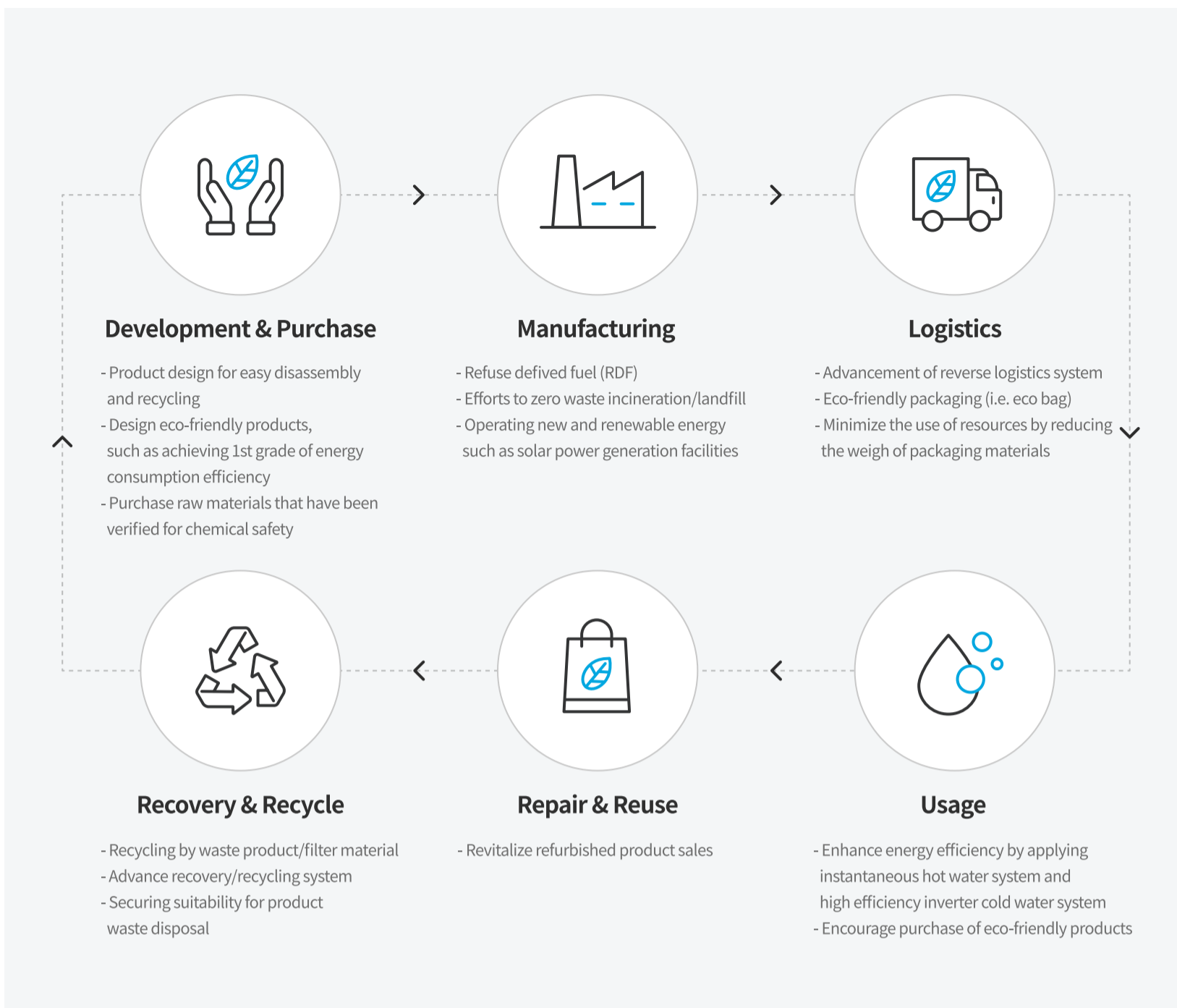
Resource Circulation

Resource Efficiency KPI



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). We are developing technology to apply recycled materials products, and we expect that if this technology is commercialized, it will have a positive effect on reducing the environmental load in terms of circular economy.

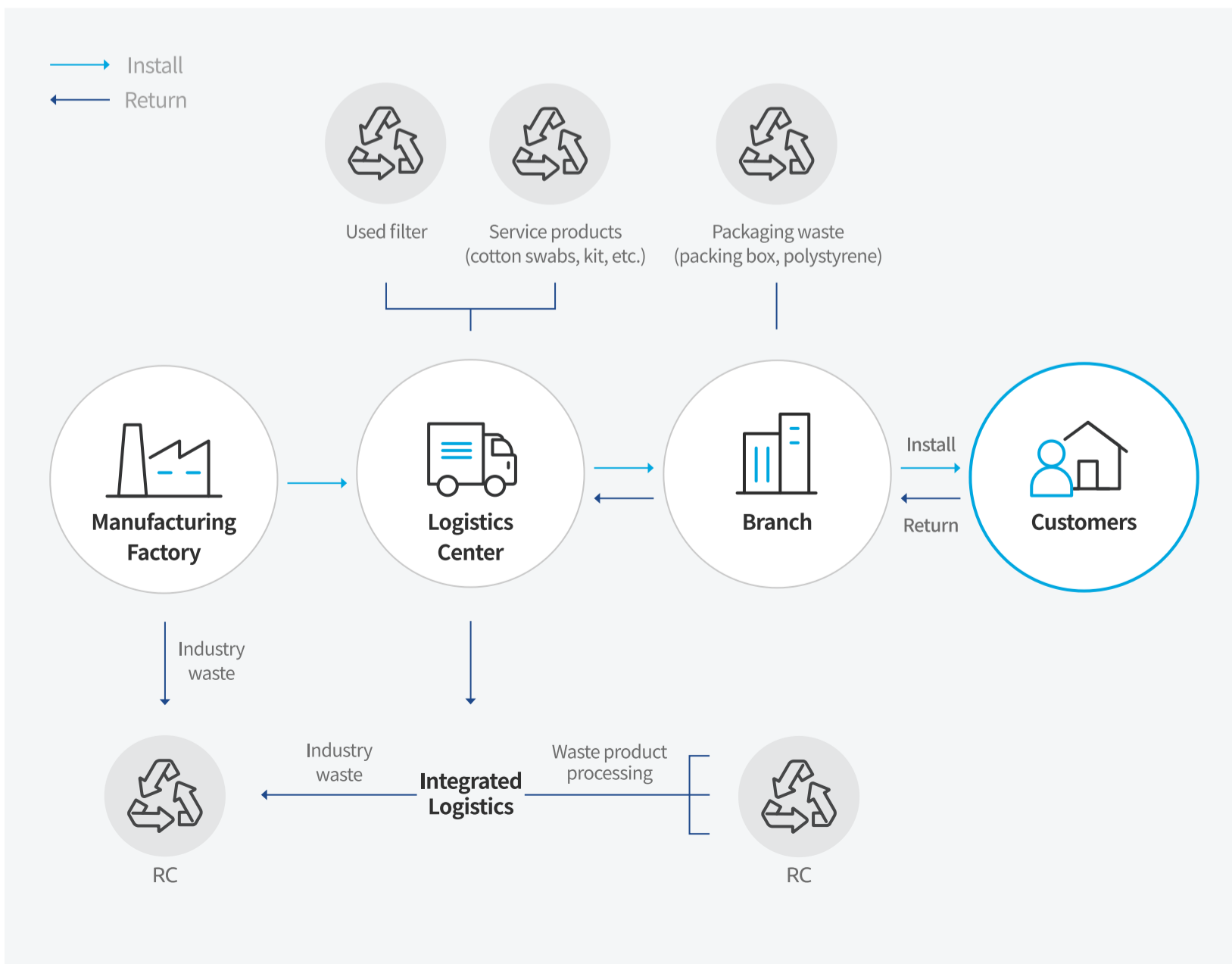
Resource Circle



Recovery Operating Systems

To circulate resources, Coway collects packaging materials when installing products, consumables and service wastes during use, and products that have been used through its own recovery process for free, refurbishing, recycling, and disposal.

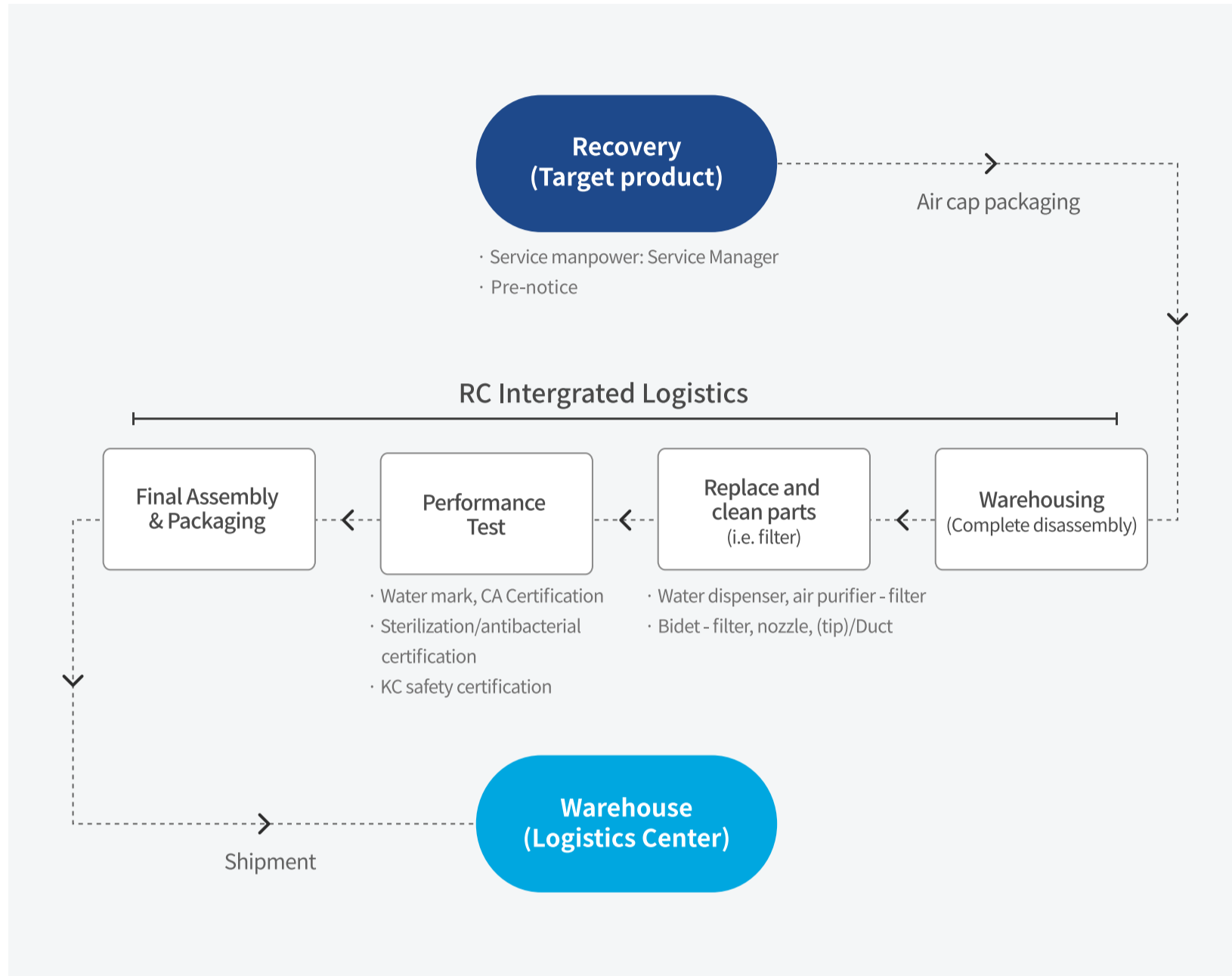
Recovery and Recycling Process



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. Through parts replacement and thorough performance testing, the quality is the same as the new product and contributes to the circular economy. By introducing the refurbishment system for the first time in the rental home appliance industry in 2007, we are creating value by reducing rental waste internally and externally by operating a price-competitive model and recycling resources. Refurbished products are sold at a 20% discount based on the average rental price compared to the normal price.

Refurbishing Process



Refurbished Product Sales

Category	Unit	2017	2018	2019	2020
Water purifier	product	4,267	1,757	1,239	4,342
Air purifier		8,533	5,708	1,838	8,245
Softener		-	-	-	-
Bidet		4,548	3,144	3,048	5,203
Total		17,348	10,609	6,125	17,790

1) Increased sales significantly compared to the previous year as products with high sales volume were converted to refurbished products.

Waste and Recycling

Coway strives to contribute to the circular economy and fulfill its environmental responsibilities by recycling product and service waste, consumables and packaging materials, and business site waste according to its own recovery and recycling process. Recently, sales of products with self-management technology are increasing, so we are reviewing the application of collecting and recycling waste filters generated in this process.

Recovery and 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 2020, about 5.7 tons of refrigerant were recovered and recycled.

Refrigerant Recovery and Recycling Amount

Category	Unit	2019	2020
Refrigerant recovery	kg	6,170	5,770
Refrigerant recycling		6,170	5,770

Amount of Waste Generated by Type and Recycling Rate

Category	Unit	2017	2018	2019	2020		
Product	Incineration	ton	0	0	0	0	
	Landfill		0	0	0	0	
	Recycle		13,770	13,866	13,609	13,204	
	Subtotal		13,770	13,866	13,609	13,204	
Service	Incineration	ton	0	0	0	0	
	Landfill		0	0	0	0	
	Recycle		9,307	8,823	9,124	9,191	
	Subtotal		9,307	8,823	9,124	9,191	
Business Site (Manufacturing factory)	General	Incineration	ton	160	157	217	231
		Landfill		0	0	0	0
		Recycle		1,271	694	753	825
		Subtotal		1,431	851	970	1,056
	Designated	Incineration	ton	0	0	0	0
		Landfill		0	0	0	0
		Recycle		28	0	0	0
		Subtotal		28	0	0	0
Total amount of waste generated		ton	24,536	23,540	23,703	23,450	
Waste recycling amount			24,376	23,383	23,486	23,219	
Waste recycling rate		%	99.3	99.3	99.1	99.0	

1) Environmental household waste generation (excluding cosmetics and mattresses)

2) Since 2016, all service waste has been solidified fuel. Most of the business waste become refuse-derived fuel → more than 99% of the amount of generated waste is recycled.

3) Due to the Pocheon factory recycling business's return in 2018, the amount of product waste recycled is counted as Coway's recycling.

4) Reduction of waste in the business site due to return of recycling business in Pocheon factory in 2018.

5) Recycling rate: (Products, Services, Business Site Recycling) / (Products, Services, Business Site amount generated) * 100

Employee

We strive to create a corporate culture and a safe work environment where all employees can give their best performance and take pride in themselves.

Based on the principle that the future value of a company comes from talent, Coway practices fairness, work-life balance, and talent management. 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 various training programs so that employees can actively develop their competencies. Additionally, we provide an environment where employees can balance work and life by fostering a family-friendly atmosphere.

Employee Empowerment

Coway supports its employees' growth based on systematic training programs, so-called STEP system. Our educational program is divided into four major categories, which specifically comprise leadership, job, onboarding, and mandatory training. Coway also provides e-learning, which is open to all employees interested in learning and developing themselves, and outsourced training to increase job competency. In order to prevent the spread of COVID-19, Coway converted offline training to online programs using videos. We plan to focus more on untact, online education for the safety and health of all employees while expanding occupational safety and health training company-wide at the same time.

Coway STEP (Self Teaching & Education Plan) System

Leadership Training

- Manager training(Executives, Team managers)
- New manager training
- Promotion training
- e-Learning

Job Training

- Global language education support
- Outsourcing training
- Course for understanding products
- e-Learning

Onboarding Training

- Course for new employees
- Course for new employees in a career position

Mandatory Training

- Sexual harassment prevention training
- Bullying in the workplace prevention training
- Training for improving the awareness of the people with disabilities in the workplace
- Information security training

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 timely training for new leaders is also provided. Moreover, pre-leadership training is provided to support the promotion of employees and training for employees to check individual growth and develop necessary competencies.

Job Training

Job training is a set of programs for common competency training. Specifically, it consists of several programs, such as global language education support, outsourcing training, course for understanding products, job-related training, etc. Those who want to take any training programs can access them through an always-learning environment, e-Learning setting.

Onboarding Training

Coway provides new employees, whether experienced or not, with onboarding training to help them to get familiar with company culture through various customized programs. In-house lecturers provide the history of Coway and major projects as well as organizational culture, allowing new hires to understand Coway better and form a network among them.

Education and Training Investment

Category	Unit	2017	2018	2019	2020
Total training cost ¹⁾	KRW 1 million	11,740	11,693	11,425	5,803
Training cost per person ¹⁾	KRW 1 million/person	2.4	2.4	2.3	0.8
Total training hours ²⁾	hour	106,436	106,796	107,564	109,735
Training hour per person ²⁾	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 on the 2020 business report.

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

Performance Assessment and Compensation

Coway is operating an evaluation process for fair and reasonable personnel evaluation while achieving the fundamental purpose of evaluation of human resources production. We stress communication among decision-makers in the process of human resources evaluation and carefully monitor each process in order to prevent unfairness, such as discrimination and disadvantages, in advance. The evaluation committee works together with the personnel department to conduct the evaluations based on fair standards, and to establish a direction for talent development.

Evaluation Process



Fair Remuneration: Average by Gender

Category	Unit	2019	2020
Ratio of female salary to male salary ¹⁾	%	72.1	102.1

1) Reporting is based on the total pay amount includes basic salary and performance salary.

Corporate Culture

Family-friendly Program and Policy

Coway operates various programs to ensure work-life balance and a family-friendly corporate culture. As a result of these efforts, we were re-certified as a 'family-friendly certified company' by the Ministry of Gender Equality and Family in 2020.

Program	Description
Fixed Time Work Policy	The PC-Off system encourages employees to leave the office at a fixed time and supports employees to spend more time with their families.
Elementary School Entry Leave	Five-day paid leave is provided to employees to help their children start elementary school.
Shortened Work Hour during Pregnancy	During the early and late stages of pregnancy when there is a high risk, 2 hours shorter work hours.
Medical Leave	Employees who take a medical examination are allowed to have a paid half-day leave.
New Employees Coway Day	In commemoration of the 100th day of the new employees, we are inviting their families to join business events such as field trips.
Science Camp	We invite the children of our employees twice a year to provide an opportunity to feel and experience the value of water and air.



Coway Day



Science Camp

Parental Leave Status

Category	Unit	2017	2018	2019	2020
Number of male parental leave employees	person	7	16	15	23
Number of female parental leave employees		108	136	146	150
Total number of parental leave employees		115	152	161	173
Return rate of work after parental leave	%	97	99	96	88
Retention rate for 12 months after returning from parental leave		78	78	87	84

1) As of 2019, it has changed to parental leave.

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 2020, through a total of 5 Joint Labor-Management Council meetings, 9 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.

Labor-Management Council

Category	Unit	2018	2019	2020
Joint Labor-Management Council Meetings	meeting	5	4	5
Discussed agenda	case	8	7	9
Processed agenda		8	7	9

Received Employee Grievance Status

Category	Unit	2018	2019	2020
Received grievances	case	59	28	46
Resolved cases		59	28	46
Rate of grievance resolution	%	100	100	100

Diversity Policy and Activity

Diversity Policy

Although we have yet to have stipulated a diversity policy, we do have regulations that promote diversity and non-discrimination in employment, personnel relations, training, and ethics. Especially, the Regulations of Ethics and Chapter 2, Paragraph 4, stipulate the basic principles and standards related to the prohibition of discrimination and sexual harassment in the ethics of executives and employees. In addition, Chapter 8 of the Code of Ethics specifies basic principles on the prevention of sexual harassment in the workplace, reporting procedures, handling, and punishment procedures. We operate the mandatory “Prevention of Sexual Harassment and Workplace Bullying” program for all employees in an effort to create a robust organizational culture.

According to Chapter 2 Paragraph 4 of the Regulations of Ethics titled “Employee Ethics,” the prohibition of discrimination and prevention of sexual harassment is stipulated. It says, “Employees shall not discriminate against anyone on the grounds of gender, religion, social status, political status, economic ability, body, school ties, blood ties, or regionalism in any form.” “As sexual harassment in the workplace causes irreversible damage, such as victims’ loss of motivation for work, a decrease of on-the-job productivity, damage to the corporate image, legal disputes, and social harm, it is essential to take firm measures for prevention.”

Ratio of Female Management Positions

Category	Unit	2019	2020
Female workforce rate	%		49.2
Manager-level female workforce rate		-	33.3
- Junior manager		51.2	48.4
- Senior manager		38.5	15.6
- Managers of the sales-related departments ¹⁾		-	56.4
Female workforce in STEM ²⁾		-	15.4

1) Female workforce with the departments other than HR, IT, and legal departments

2) Percentage of females in STEM(Science, Technology, Engineering, Mathematics)-related departments

Employee Data

Total Employee Status

Category	Unit	2017	2018	2019	2020	
Total workforce	person	4,879	4,927	4,988	6,571	
Business area	Production	person	264	300	321	323

Category		Unit	2017	2018	2019	2020
	Research		361	355	366	368
	Office		830	835	868	888
	Service		-	-	-	1,504
	Others		27	31	31	32
Employment type	Full-time	person	4,007	4,627	4,733	6,356
	Temporary		872	300	255	215
Gender	Male	person (%)	1,685 (34.5)	1,773 (36.0)	1,809 (36.3)	3,337 (50.8)
	Female		3,194 (65.5)	3,154 (64.0)	3,179 (63.7)	3,234 (49.2)
Minority group	Foreigners	person	5	5	5	6
	People with disability		51	49	51	68
Nationality	Korea	person	-	-	-	6,565
	New Zealand		-	-	-	1
	USA		-	-	-	2
	Japan		-	-	-	1
	China		-	-	-	1
	Australia		-	-	-	1

Global Employee Status

Category	Unit	2017	2018	2019	2020
Total workforce	person	1,177	1,428	1,673	1,751
Overseas dispatch		15	16	24	26
Local employment		1,162	1,412	1,649	1,725

Employee Status by Age

Category	Gender	Unit	2017	2018	2019	2020
Executives over 50	Male	person	15	16	17	17
	Female		0	0	1	2
Employees over 50	Male		78	78	185	401
	Female		849	795	1,131	1,272
Executives between 30-50	Male		11	13	13	10
	Female		1	2	0	3
Employees between 30-50	Male		1,489	1,539	1,513	2,816
	Female		2,107	2,144	1,903	1,837
Employees under 30	Male		92	127	81	93
	Female		237	313	144	120

Recruitment Status

Category		Unit	2017	2018	2019	2020
New Recruits		person	683	666	595	1,961
Position	Employee	person	-	-	-	1,947
	Executive		-	-	-	14
Age	Under 30	person	-	-	-	94
	Between 30-50		-	-	-	1,641
	Over 50		-	-	-	226
Gender	Male	person	-	-	-	1,689
	Female		-	-	-	272
Nationality	Korea	person	-	-	-	1,960
	New Zealand		-	-	-	1

Turnover and Longevity Status

Category		Unit	2017	2018	2019	2020
Turnover rate		%	14.1	12.6	10.7	6.7
- Voluntary turnover ¹⁾			97.6	99.5	95.6	95.7
Position	Employee	person	-	-	-	352
	Executive		-	-	-	5
Age	Under 30	person	-	-	-	80
	Between 30-50		-	-	-	238
	Over 50		-	-	-	39
Gender	Male	person	-	-	-	149
	Female		-	-	-	208
Nationality	Korea	person	-	-	-	357
- Involuntary turnover ²⁾		%	2.4	0.5	4.4	4.3
Position	Employee	person	-	-	-	8
	Executive		-	-	-	8
Age	Over 30	person	-	-	-	0
	Between 30-50		-	-	-	12
	Over 50		-	-	-	4
Gender	Male	person	-	-	-	8
	Female		-	-	-	8
Nationality	Korea	person	-	-	-	16
Average years of employment		year	7.2	7.5	8.1	6.8

1) Resignation

2) Death, retirement, dismissal

Partners

We work together with the lifestyle service providers who understand customers best and serve as the first point of contact.

Service 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.

Service Partner Configuration

Category		Contents
Before Service	Cody (About 12,200)	Provide inspection and hygiene management service for environmental home appliances such as water purifiers and air purifiers by visiting customers' houses
	Home-care Doctor (About 1,200)	Provide regular mattress hygiene management service to Care Service members
Sales	Door-to-door salesmen (About 2,200)	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 programs consist of technical training and service training to acquire product and service knowledge. 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 service partners to develop a service mindset that treats customers with an overall understanding of the job. Also, a mentoring program is provided for the steady start of new Codys.

University Cooperation Academy: Coway-Ewha Academy

Coway operates a university cooperation academy to help service partners strengthen their capabilities. Coway has been operating the 'Coway-Ewha Academy' in collaboration with Ewha Womans University since 2010, and this program was co-developed to strengthen the consumer service capabilities of service partners. Through the academy program, service partners can participate in programs to improve customer management and service competitiveness such as understanding consumer psychology, creative thinking and self-development, and customized healing stress management methods for 9 weeks. Based on this, Coway's service partners who provide the best visit management service can further enhance

their expertise.



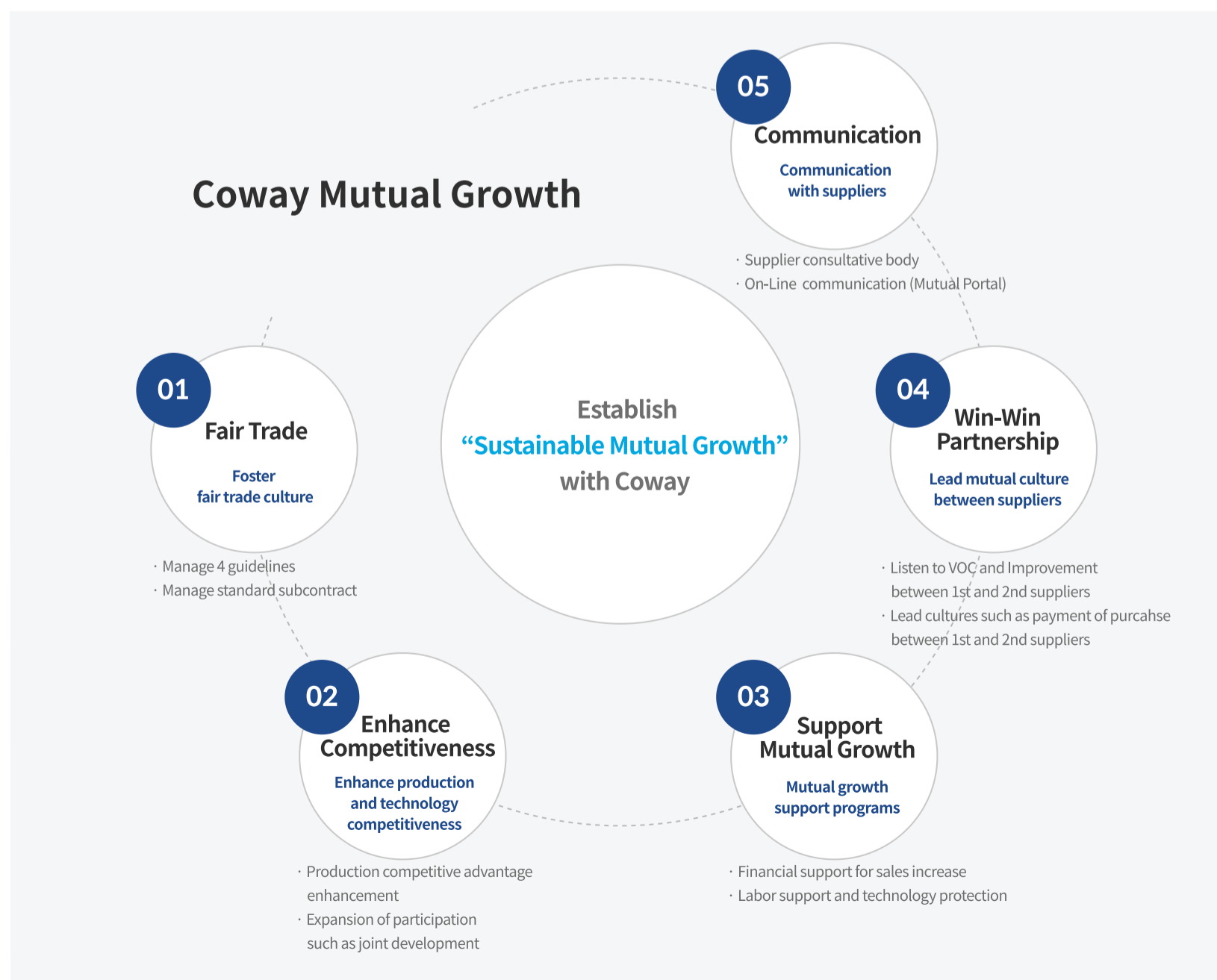
Case. Support for improving service competitiveness: Smart sales system

Coway helped service partners improve their competitiveness by building a new smart sales service platform. The new system not only minimizes the existing unnecessary steps, but also provides customers with easy information about the product, and service partners are able to quickly order and process contracts through intuitive procedures.

Mutual Growth

Mutual Growth with Supply Partner

Coway promotes mutual growth with its suppliers to create a robust industrial ecosystem. Coway's strategies for mutual growth include: (1) Foster fair trade culture; (2) Enhance production and technology competitiveness; (3) Mutual growth support programs; (4) Lead mutual culture between suppliers; and (5) Communication with suppliers. We are turning these strategies into action for mutual growth.



Establishment of Fair Trade

Coway operates four guidelines about fair trade for mutual cooperation to reflect the rights and interests of suppliers fair and to prevent the abuse of superior bargaining power by the principal-agent. To comply with this requirement, we continuously monitor, document, and manage relevant employees' compliance with the guidelines.

The four guidelines for fair trade

1	2	3	4
Signing a desirable contract	Ensuring fairness and transparency in the selection and operation of suppliers	Observing guidelines for a proper contract between large and medium-sized enterprises	Establishing and operating a transaction review committee

Specifically, Coway has established and has been operating an internal unfair trade monitoring organization to internalize and operate fair trade guidelines. The Subcontract Transaction Review Committee is composed of each team leader of the win-win cooperation team, material management team (Yugu, Incheon), equipment purchasing team, and electric field purchasing team. Through the Fair Trade Autonomous Deliberation Committee, Coway monitors the overall details of supply partners' transactions 12 times a year, including unit price fluctuations.

Support for Supply Partner

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

Strengthening The Management Stability

Category	Promotion Contents	2020 Promotion Results
Financial (Funding) Support	Manage KRW 20 billion mutual funds, and upper KRW 3 billion limits interest and fund support system	Funding: KRW 8.35 billion
Payment	100% cash payment within 10 days of delivery transaction	Payment day: 11.9 days Early payment for 8 companies as COVID-19
Method of Payment	Cash Payment Rate: 100%	Payment method: 100% cash payment
Dispute Mediation Procedures Establish and Operate	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: 100% Increase performance: 22%
Improve working conditions for workers at supplier companies	Safety and health support for workers due to COVID-19	Providing quarantine products to partners (1st Suppliers: 130 companies, 2nd Suppliers: 106 companies)

Infrastructure Support

Category	Promotion Contents	2020 Promotion Results
Education and Recruitment	Supplier business site improvement activities and recruitment support	Smart Factory Education, FTA Education
Technical Support and Protection	Operate technical support and protection programs to secure technological competitiveness of supplier	Technical support/joint technology development: 15 cases (KRW 374 million) Technology protection/technical mission: 4 cases
Productivity Enhancement	Enhance productivity through supplier business site innovation support	Productivity Enhancement: 5 companies, 5 cases On-site innovation support (fair innovation)

Lead 1st Suppliers to Support 2nd Suppliers

Category	Promotion Contents	2020 Promotion Results
Agreement signed	Signed the agreement for mutual cooperation between 1st	1st suppliers: 51 companies

Category	Promotion Contents	2020 Promotion Results
Funding	Lead financial support for 2nd suppliers	Support 6 companies (Total KRW 3.5 billion)
Support 2nd suppliers	Introduce an improved system for better payment conditions	Complete monitoring KRW 123.5 billion
	Degree of improvement in payment conditions	Average payment days: 23 days Cash Ratio: 81%



Safety and Health


A safe and robust work environment is a solid basis for Coway's growth.

Safety and Health Management System

Coway regards 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. In 2021, we plan to update the company-wide safety and health organization and consolidate the safety and health management system by tightening control and building capacity internally.

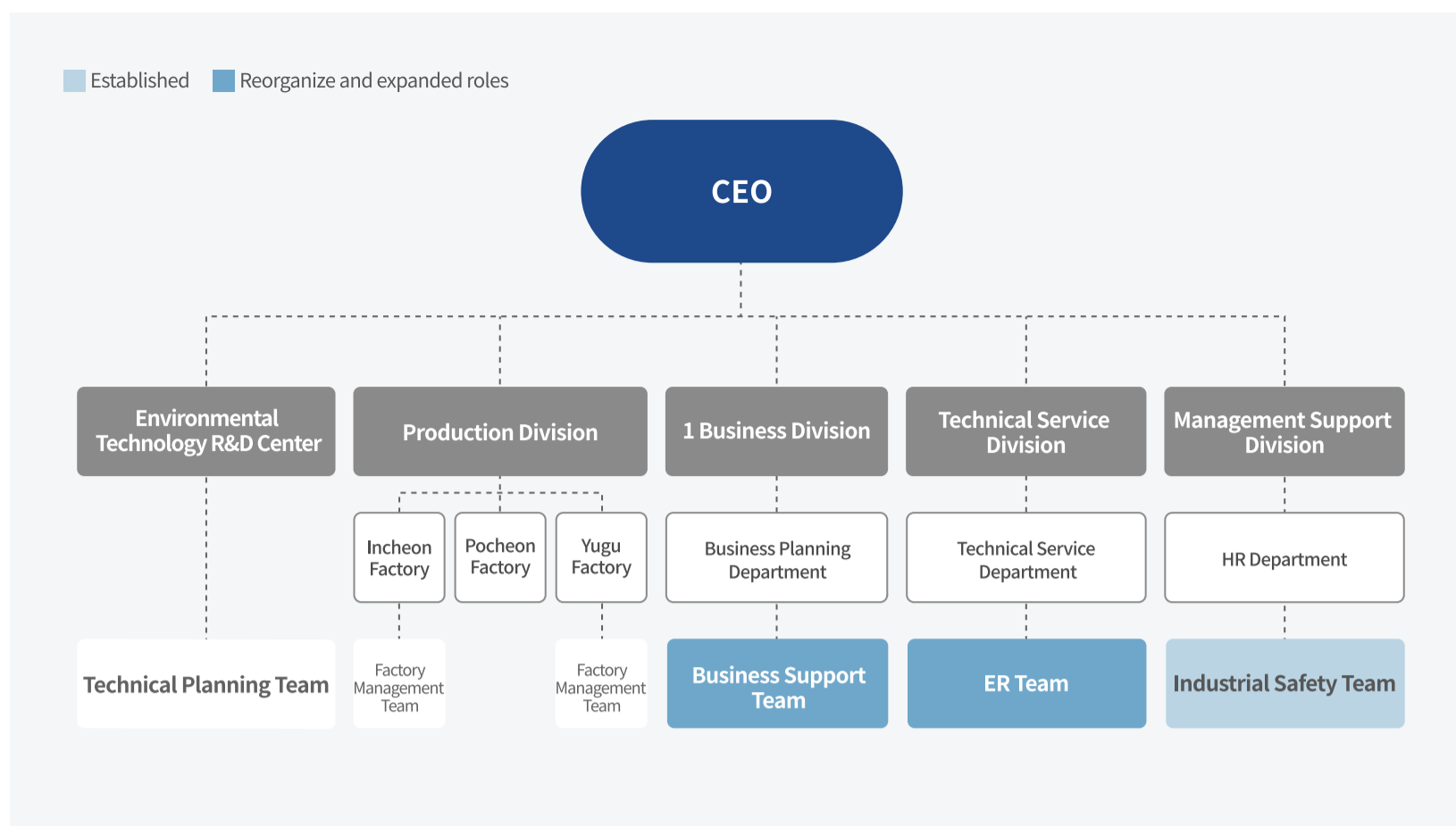
Safety and Health Management Policy

In order to strengthen safety and health management, Coway has established a separate safety and health management policy that meets the requirements of ISO 45001, an international safety and health management system standard. In accordance with the safety and health management policy, Coway strives to establish a pleasant and safe working environment for its employees, provide appropriate education and training programs, and strictly observe safety and health-related laws and regulations in all business activities Coway conducts. In addition, for continuous environmental improvement and internal safety and health management, we promise to periodically check our goals and carry out improvement activities.

[Coway Safety and Health Management Policy](#) 

Health and Safety Organization

To create a safe work environment and reinforce safety and health management, Coway established the Industrial Safety Team in March 2021 and expanded and reorganized related organizations and duties. Coway plans to promote more systematic safety and health management by increasing the existing four relevant teams in three head offices to one working group and five relevant teams and five head offices.



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 and 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. Coway held committee meetings four times in 2020 to discuss ① safety and health education measures in relation to the COVID-19 pandemic, ② changes in safety and health-related laws and policies, ③ elaboration of safety and health management plans, and ④ revision of safety protection equipment provision standards.

Safety and Health Certification and Results

Coway has a safety and health management system (OHSAS 18001 and KOSHA 18001) certification, based on which it operates an integrated safety and health system of the factories (Yugu and Incheon) in Korea. In 2021, we converted the certifications into ISO 45001 and KOSHA MA certifications for Yugu, Incheon, and Pocheon factories in accordance with changes in certification standards. Also, we operate a safety and health council to inspect safety conditions jointly with suppliers for the safety in supply chain. As a result of the safety inspection held jointly with subcontractors in 2020, we found a total of 97 problems and solved them all by the end of 2020 through discussions with the Occupational Safety and Health Committee. In 2021, we will continue follow-up monitoring the problems identified and solved last year.

Safety and Health Management Certification

Category	Business Site	Certification	Expiration Date
ISO 45001	Yugu, Incheon, Pocheon Factories	Certified	2021.06.03 ~ 2022.06.29
KOSHA MS	Yugu, Incheon, Pocheon Factories	Certified	2021.06.30 ~ 2023.05.29

1) As the OHSAS 18001 and KOSHA 18001 certifications expired in July and Sept. 2020, respectively, we obtained new certifications with revised certification standards.

Ratio of Safety Inspection with Suppliers

Category	Unit	2018	2019	2020
Number of risk factors	case	156	133	97
Rate of improved risk factors in the current year	%	100	100	100

Safety and Health Training

In order to raise safety awareness and reduce safety risks in advance, we are conducting safety training for all employees and especially employees in related departments. This consists of general safety and health training such as regular safety and health training sessions, legal education for managers and supervisors, job training and special training, etc. to establish a safety and health culture and reinforce our risk prevention and response system.

Health Care for Employees

Healthy and energetic Coway comes from the healthy body and mind of executives and employees. All Coway's business activities are possible because some executives and employees are silently taking on their roles even in the dark. Therefore, for the healthy body and sound mind of all Coway members, Coway supports the physical and psychological health of its executives and employees, and various systems are in place for this. The details are as follows in the following table.

Employee Health Support System

Classification	Description
Health checkups	Coway offers annual health check-ups to all employees. Also, Coway provides employees who are exposed to risk factors with special health checkups.
Recharging break	Coway provides long-term employees with long-term breaks and cash bonuses to recharge.
Gym, Health room	Coway operates a gym and a health room for employees to reduce stress at work and prevent musculoskeletal diseases.
Counseling room	Coway operates a "counseling room," where employees can receive counseling service for various emotional concerns they have at work or in personal life. Psychological tests, one-on-one counseling, meditation, and group discussions on specific topics, among others, are available.

Fatalities

Category	Unit	2017	2018	2019	2020
Employees	case	0	0	0	0
n-house subcontractors and suppliers	case	0	0	0	0

Industrial Accidents

Category	Unit	2017	2018	2019	2020 ²⁾
Employees	case	0	0	1	10
Accident rate ¹⁾	%	0	0	0.02	0.15
n-house subcontractors and suppliers	case	0	0	0	0

1) Accident rate = Number of victims/Number of workers X 100

2) The total number of accidents increased as the service manager switched to workers and the overall accident rate increased.

Response to the COVID-19 pandemic

Coway is undertaking diverse activities to prevent the spread of the COVID-19 pandemic. We have communicated with all employees and stakeholders via various channels, installing bulletin boards in all workplaces and providing all employees with literature on safety measures for the creation of a safe environment for all.

Coway makes it mandatory for all employees and visitors entering the workplaces to check their temperature, sanitize their hands, and wear masks. We also voluntarily disinfect all workplaces twice per week. In addition, Coway provides masks to our employees, partners, and suppliers so that there are no difficulties in prevention activities. For cafeterias as multi-purpose facilities with high risks, we recommend employees to form a queue or take other measures to minimize close contact while prohibiting them from talking. We also encourage 30 percent of the employees to work from home to minimize the risk of virus transformation. Coway also allows employees to take paid vaccination leave (for two days) starting May 2021 to help them manage their health in preparation for possible adverse reactions that may occur after taking the COVID-19 vaccination.

Coway keeps working hard to ensure a healthy life for all stakeholders, a rapid end of COVID-19, and minimal damage.

Human Rights

Coway complies with human rights and labor standards in all regions and countries around the world, and prevents violation elements on human rights in advance.

Human Rights Management Principles and Guide

Coway respects the UN Human Rights Commission's Universal Declaration of Human Rights and the Guiding Principles of Business and Human Rights, and strives to abide by the basic principles. Furthermore, Coway abides by every labor, human rights, and work condition standard of every country and region in which we conduct business. Coway Human Rights Policy is applied to all employees as well as every stakeholder such as customers, suppliers, sales/service partners, and the local community.

UN Guiding Principles on Business and Human Rights present corporations and stakeholders with a clear framework for promoting human rights in the business process. The principles are "Protect", "Respect", and "Remedy", expecting companies to respect human rights, exert every effort to prevent any violation of rights, and 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 Policy](#) 

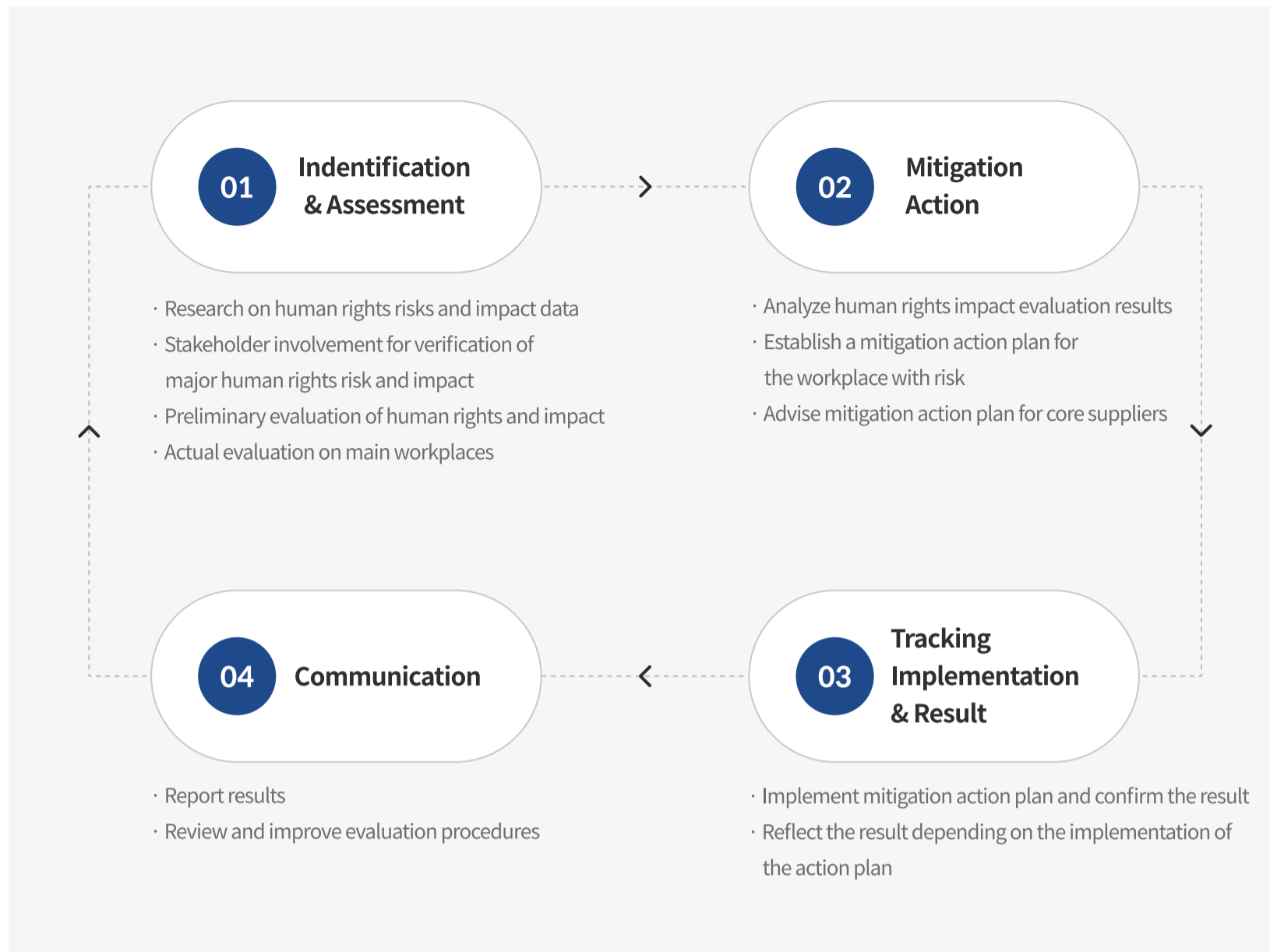
Risk Identification and Mitigation Process

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, and (4) Communication.

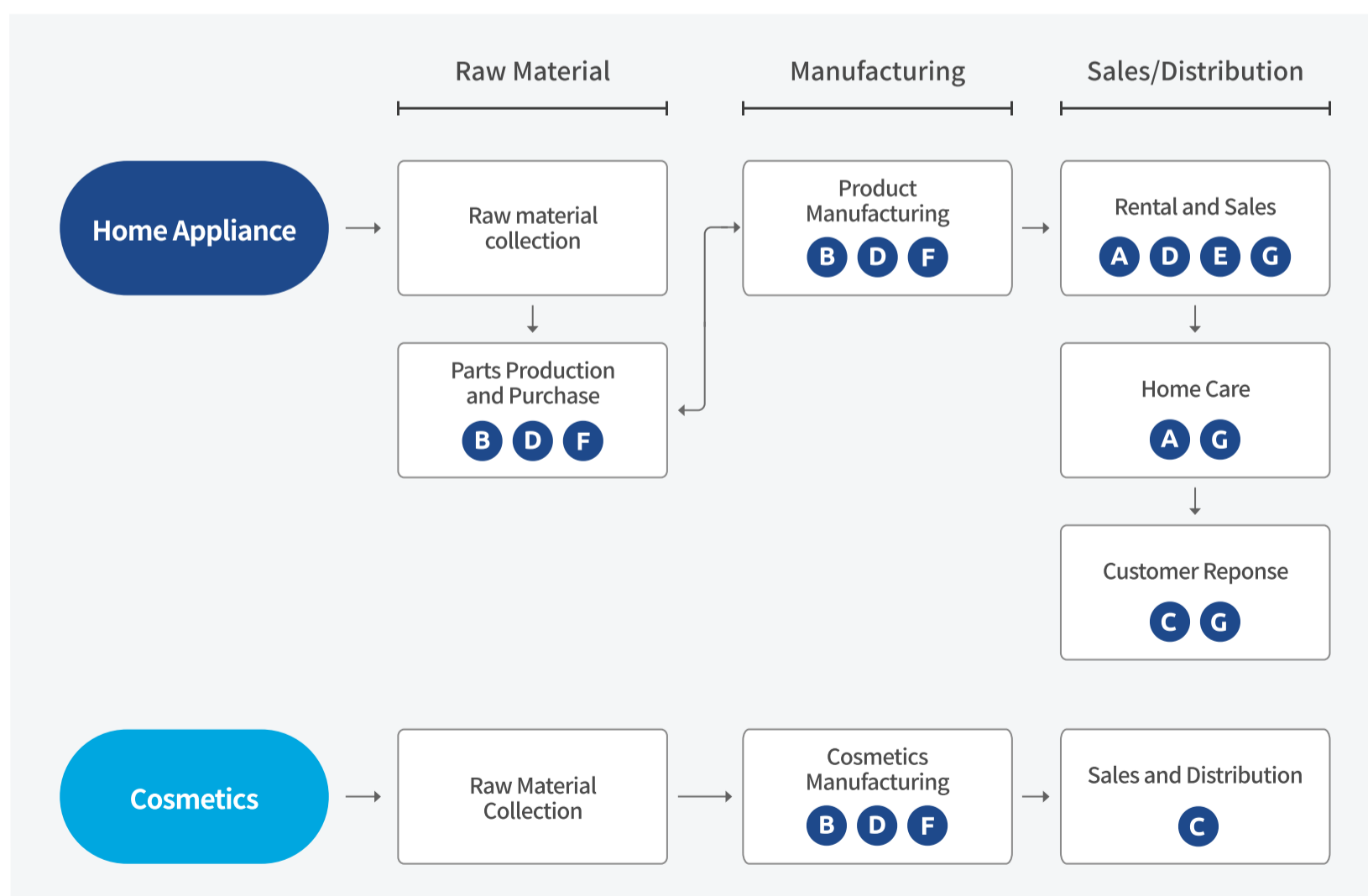
In the risk identification stage, we identify human rights risk by analyzing data for human rights risk and impacts and by conducting stakeholders survey, including suppliers, customers, and local organizations. If a significant risk is found in the evaluation results of human rights impact, we advise the workplace and the supplier to establish a mitigation action plan. The mitigation action process and outcome of measure are disclosed in

Coway Process for Risk Identification and Mitigation



Results of Measures on Key Human Rights Factors

The main human rights issues and results of due diligence in the value chain implemented in 2020 are as follows.



Human Rights Issues and Actions Taken

Classification	Human rights issue	Disadvantaged groups	Actions taken in 2020
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Classification	Human rights issue	Disadvantaged groups	Actions taken in 2020
A	Sexual harassment prevention activities	Employees, Sales/service partners	<ul style="list-style-type: none"> Sexual harassment prevention and disability awareness improvement education for all employees, sales and service partners Operation of reporting channels <p>Sexual harassment prevention and disability awareness education completion rate in 2020: 100%</p>
B	Legal working hours management	Components manufacturing suppliers, Entire employees	<ul style="list-style-type: none"> Improve organizational culture and system with 52-hour week policy initiation Pursuit of work-life balance <p>Risks related to working hours according to a supplier survey in 2020: 4.7% (As a result of a survey of 86 suppliers, four of them were found to have risks related to working hours and labor practices, and steps are being taken to strengthen standards.)</p>
C	Violence and verbal abuse	Call center employees, Sales/service partners	<ul style="list-style-type: none"> Business etiquette training in leadership training and character-building education Call center announcement on respect for human rights
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
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: 1.2% (As a result of 86 suppliers, it was found that 1 supplier needs 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

Supplier ESG

Coway works together with suppliers to practice responsible management for the better society.

Supplier Code of Conduct

Coway is aiming for mutual growth with suppliers on the belief that our works contribute to creating a better world. We practice responsible management to build a sustainable society and require our suppliers to fulfill their responsibilities to society. Accordingly, we created the “Coway Supplier Code of Conduct” based on the EICC Code of Conduct and other global guidelines. We share those guidelines with our suppliers to improve the work environment, practice respect for human rights, fulfill environmental responsibilities, and implement ethical management.

[Supplier Code of Conduct](#) 

Supplier Sustainability Assessment

Preliminary Screening on Supply Chain Sustainability

Coway categorizes and manages core suppliers by comprehensively considering transaction size, non-substitution potential, core technology, and potential non-financial risk. In addition, in order to comprehensively manage the sustainability of the supply chain, Coway identifies potential sustainability risks from the supplier registration stage and requires them to be addressed. Specifically, we recommend that all suppliers comply with the Coway Supplier Code of Conduct during the preliminary evaluation of suppliers, and if a supplier does not meet certain criteria in evaluation items, measures are taken, such as being excluded from Coway's supplier registration stage.

Purchase Analysis

Category	Unit	Number of Suppliers		Purchase Proportion		
		2019	2020	2019	2020	
1st	Total	company	122	116	100%	100%
	Core		69	69	80%	84%

Category	Unit	Number of Suppliers		Purchase Proportion	
		2019	2020	2019	2020
2nd and above	Core	87	87	80%	84%
Total	Core	140	134		

Supplier Risk Assessment

Coway assesses the 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. The outstanding suppliers in A and B grades get incentives like increased ordering volume and qualification for the seat in the Board of Directors. On the other hand, suppliers in C and D grades are likely to get penalties such as development restriction and reduction in order volume, and if any supplier which 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 contains five categories, and the details of each category are as follows.

Coway Supplier Code of Conduct Details by Area

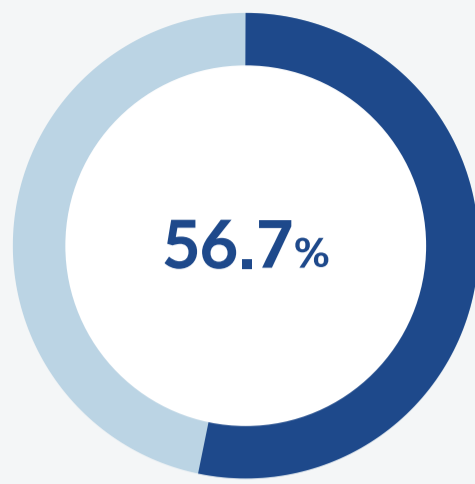
Domain	Details
Labor	Prohibition of discrimination, prohibition of child labor, voluntary work, observance of working hours, humane treatment, etc.
Health and Safety	Occupational safety and health, preparedness for emergency, etc.
Environment	Compliance with environmental laws and pollution prevention and regulation of product-containing substances, etc.
Ethics	Anti-corruption, fair trade, responsible mineral procurement, protection of personal information, etc.
Management System	Compliance with relevant laws and customer requirements, compliance with this code, identification of operational risks, etc.

With the code of conduct mentioned above as the basis, Coway conducted a sustainability assessment of 86 suppliers. The assessment consisted of five categories, including labor, safety and health, environment, and ethics, along with conflict minerals as an independent category.

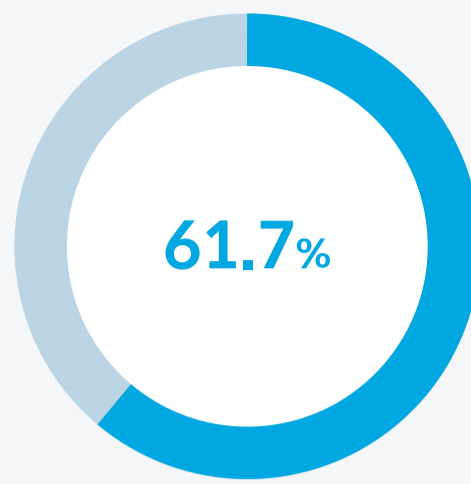
As the result of the assessment based on the 20 detailed standards we presented, 61.7 percent of our suppliers met the standards, up 5 percent points from the previous year. To be more precise, the assessment showed improvements in all categories except the safety and health area. Specifically, labor rose by 8.8 percent points, environment 7.5 percent points, ethics 11.7 percent points, and conflict minerals 7.5 percent points, while safety and health fell by 10.2 percent points.

Supplier CSR Risk Assessment Result

2020-2021 Standard Satisfaction Rate



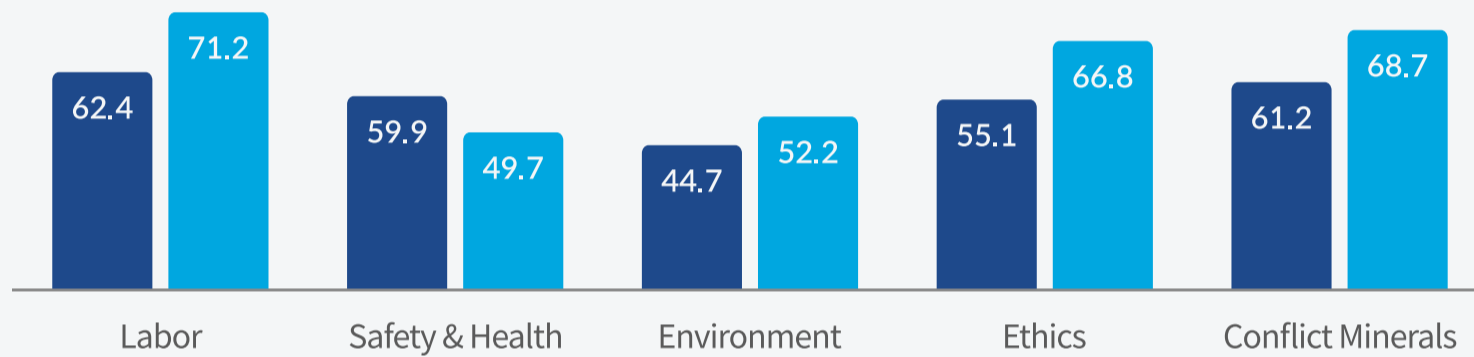
2020 Standard Satisfaction Rate



2021 Standard Satisfaction Rate

Supplier CSR Risk Assessment Result

■ 2019 ■ 2020



Category	Unit	2019	2020
Labor	point	62.4	71.2
Safety and Health		59.9	49.7
Environment		44.7	52.2
Ethics		55.1	66.8
Conflict Minerals		61.2	68.7
Total		57.0	61.7

Supply Chain CSR Evaluation Status (by Risk Factor)

Category	Risk Factors	Evaluation Scope (Unit: company)		Suppliers Exposed to Sustainability Risk Factors (Unit: %)	
		2019	2020	2019	2020
Human Rights/Labor	Working hours	67	86	4.4	8.5
	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	2.1
	Safety and health policy				
Environment	Water			1.4	2.1

Category	Risk Factors	Evaluation Scope (Unit: company)		Suppliers Exposed to Sustainability Risk Factors (Unit: %)	
		2019	2020	2019	2020
	Toxic substance and hazardous waste				
	Wastes				
	Violation of environmental cases and regulations				
Ethics	Fair competition			0.8	0
	Violations of corporate ethics-related cases and regulations				
	Anti-corruption and ethical management				
	Information protection				
Conflict Minerals				3.0	4.3

Corrective Action

Coway recommends establishing a corrective action plan for supply partners who need improvement based on the evaluation results. Based on the established corrective action plan, we require improvement of risk factors based on evaluation results, including ESG risk. As previously reported, there is no continuous improvement, and for low-rated partners, strong measures such as suspension of transactions will be taken.

Conflict Minerals

Declaration of Restriction on the Use of Conflict Minerals

Coway puts 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	· Established Article 12 in Supplier Code of Conduct for Responsible Mineral Procurement · Integrated management of conflict minerals registration system in CSMS(Chemical Substance Management System)

Coway Code of Conduct Article 12

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

Local Community

Coway efforts to make the world a better place through what we do.

Coway-like Social Contribution

Coway promotes Coway-like social contribution 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 on water, 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 on the basis of what Coway can do best.

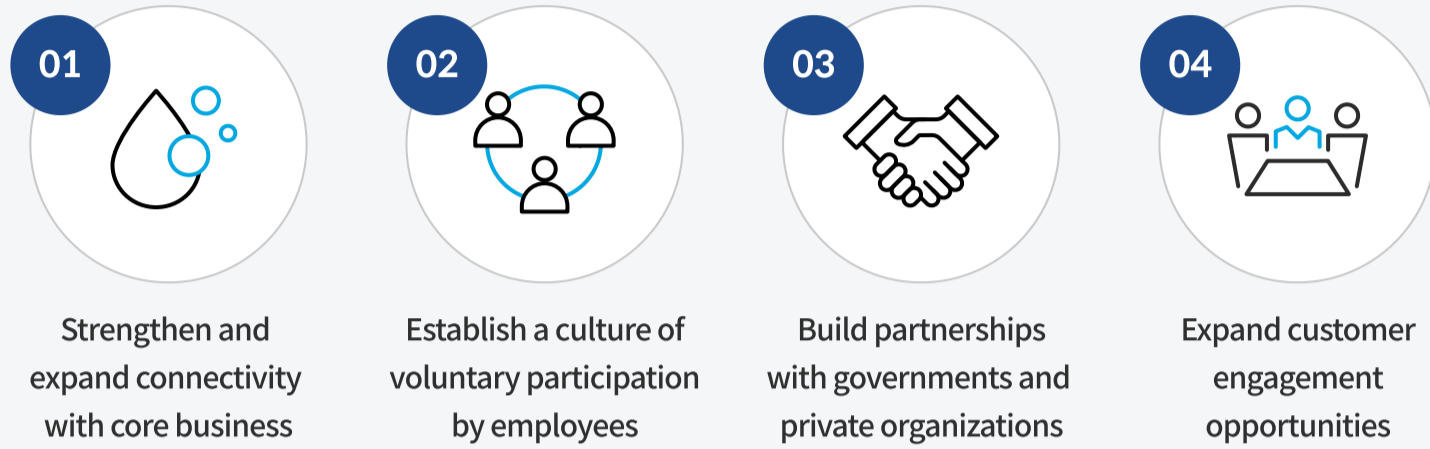
[Coway Social Contribution Website](#) 

Coway Social Contribution Strategy

Vision

Best Life Solution Company

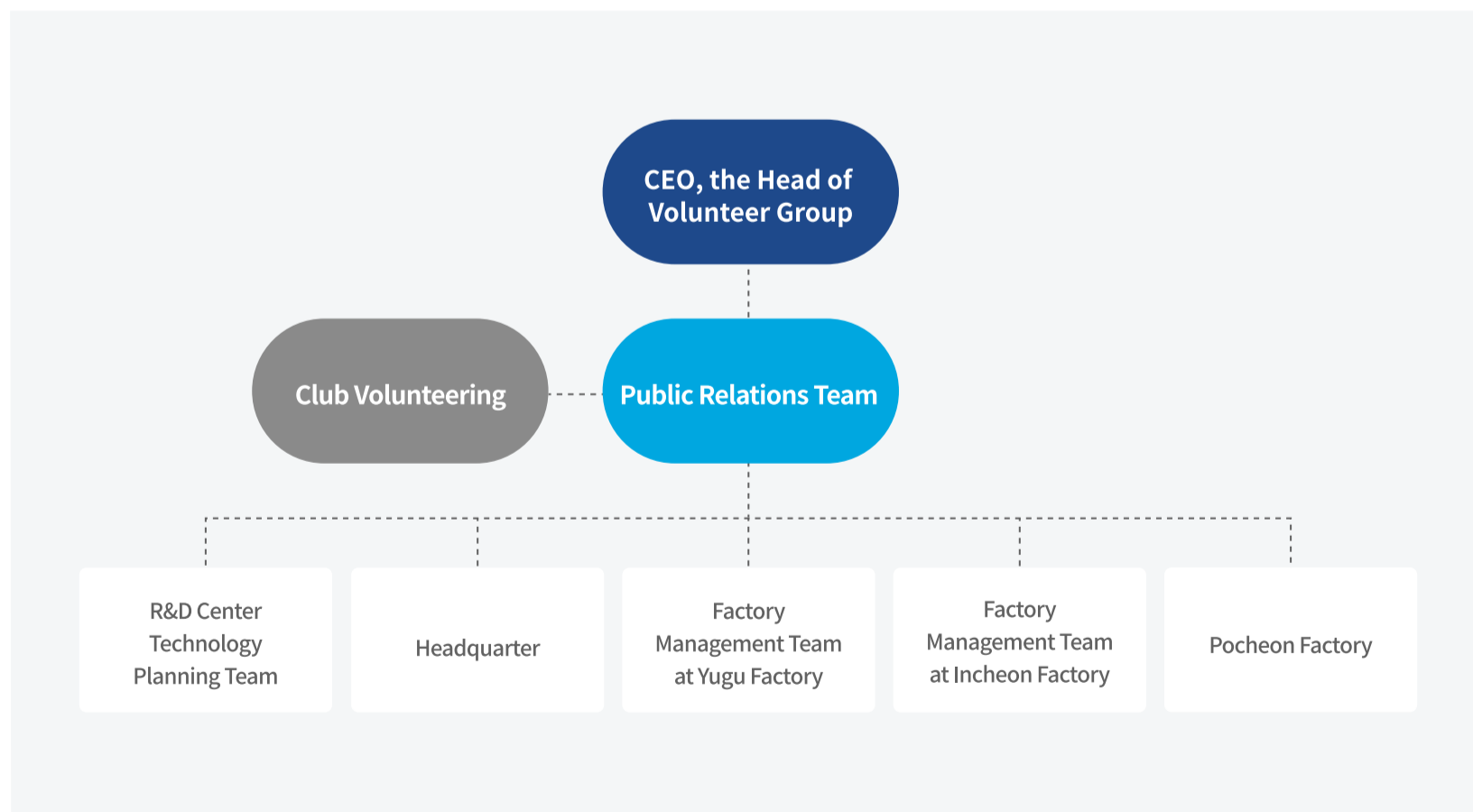
Strategy Directions



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
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Practice Organization



Social Contribution Investment Ratio

Category	Unit	2017	2018	2019	2020
Commercial initiatives	KRW 100 million	10.5	8.4	6.5	21.5
Charitable donations	%	50	55	56	74

Category	Unit	2017	2018	2019	2020
Commercial initiatives		6	13	5	5

Employee Volunteer Activities

Category	Unit	2017	2018	2019	2020
Number of employees in the volunteer group	person	1,482	1,713	1,586	1,795

Case. Participated in the environmental disease prevention project for the socially vulnerable held by the Ministry of Environment

On June 24, 2020, Coway signed a business agreement with the Ministry of Environment and the Korea Environmental Industry and Technology Institute to undertake the environmental disease prevention project for the socially vulnerable. This project is designed to provide 1,700 financially disadvantaged families with consulting services designed to detect harmful factors that affect indoor air quality and donate products from Coway and other related businesses to improve air quality in their houses. Coway has signed an agreement with the Ministry of Environment for three consecutive years, taking the initiative in preventing environmental diseases. Under this agreement, Coway will offer air purifiers and maintenance services, such as filter replacement, for free for two years.



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

Water
- Sharing the water of life
SDGs 6.1

Air
- Sharing clean air
SDGs 3.9

People
- Sharing dreams and visions
SDGs 8.3, 8.5, 8.6

2020 Achievements

Provided water purifier

Total **950** units

Jan. 2015 to Dec. 2020

Provided air purifier

Total **464** units

May 2018 to Dec. 2020

Participants in start-up
support projects

Total **2,300** people

Dec. 2016 to Dec. 2020

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	Since 2015, Coway has 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.
Safe Groundwater Water Welfare Project	In 2015, Coway signed an agreement with the Ministry of Environment to provide water purifiers for rural groundwater contaminated areas. Likewise, Coway signed an agreement with South Chungcheong Province and donated 472 water purifiers and maintenance services for free to underprivileged families. As of 2021, we have donated 980 water purifiers, and plan to increase donations of up to 1,300 water purifiers by 2025.
Malaysia Rainwater Supply System	Since 2017, 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



SDGs 3 – Good Health and Well-Being

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

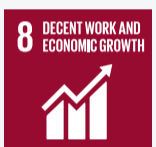
Major Activities

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. As of the end of 2020, we donated a total of 464 air purifiers and we will provide over 1,700 air purifiers by 2025.

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 Academy: Wi School Coway is a representative partner of a "One-person company," where there are about 20,000 entrepreneurs such as Cody, Service Manager, Home Care Doctor, HP, Bluebird, and BP. Coway operates the Wi School, or the academy of entrepreneurship, 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. By 2025, Coway plans to support over 5,300 young entrepreneurs through Wi School.

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

Case. “Sharing the Water of Life” by donating water purifiers for people living in areas where tap water is not supplied

On May 27, 2020, Coway installed a water purifier in the community hall in Geumbuk-ro, Hongseong-gun, South Chungcheong Province, an area without access to fresh water. Since 2015, Coway has undertaken the “Water Sharing” project in partnership with the Ministry of Environment, as part of the CSR activity, and donated water purifiers for people living with no access to clean drinking water services. In some of those areas, nitrate-nitrogen and total coliform bacteria were detected in groundwater. In general, nitrate-nitrogen leaks into groundwater through livestock manure, compost, and domestic sewage in agricultural areas. The RO reverse osmosis water purifier supplied by Coway removes various harmful substances including nitrate-nitrogen and heavy metals as well as natural radioactive substances in the water, allowing people to drink water safely. Coway also signed an agreement with South Chungcheong Province and Chuncheon and donated 506



Public Policy Participation

Political Contributions and Association Contributions

Category	Unit	2017	2018	2019	2020
Political contributions	KRW 1,000	0	0	0	0
Association donations		541,822	430,162	505,759	481,636

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

Association Donation Details

Group Name	Category	Expenditure Purpose	Unit	Amount
Daejeon Chamber of Commerce	Association	Comprehensive Economic and Industrial Development	KRW 1,000	103,200
Korea Packaging Recycling Business Mutual Aid Association	Association	Home Appliance Industry Development		51,173
Korea Direct Sales Industry Association	Association	Comprehensive Economic and Industrial Development		30,000
Korea Exchange (KRX)	Association	Comprehensive Economic and Industrial Development		15,047
Korea Listed Companies Association	Association	Comprehensive Economic and Industrial Development		10,790

ESG DATA

[Sustainability](#)

[Materiality](#)

[Environment](#)

[Society](#)

Value Creation Story Data

Summarized Consolidated Balance Sheet (Unit: KRW)

Classification	2018	2019	2020
Current assets	843,718,066,082	766,943,433,301	896,854,450,336
Non-current assets	1,535,185,010,977	2,088,011,360,579	2,132,168,622,166
Total assets	2,378,903,077,059	2,854,954,793,880	3,029,023,072,502
Current liabilities	1,234,310,147,963	1,586,823,434,426	1,417,278,130,467
Non-current liabilities	56,894,696,679	190,935,774,920	121,736,050,829
Total liabilities	1,291,204,844,642	1,777,759,209,346	1,539,014,181,296
Total equity	1,087,698,232,417	1,077,195,584,534	1,490,008,891,206
Total liabilities and shareholders' equity	2,378,903,077,059	2,854,954,793,880	3,029,023,072,502

Summarized Comprehensive Consolidated Income Statement (Unit: KRW)

Classification	2018	2019	2020
Sales	2,707,315,204,077	3,018,912,502,707	3,237,411,475,094
Cost of sales	878,256,396,789	1,010,411,575,802	1,043,913,994,271
Gross income	1,829,058,807,288	2,008,500,926,905	2,193,497,480,823
Selling and administrative expenses	1,309,231,592,487	1,550,225,463,327	1,587,058,764,243
Operating income	519,827,214,801	458,275,463,578	606,438,716,580
Other income	23,461,552,800	47,989,744,467	50,930,613,654

Classification	2018	2019	2020
Other expenses	58,173,262,609	34,218,846,210	96,994,906,816
Financial income	1,232,780,295	1,351,748,020	1,208,650,675
Financial expenses	17,781,224,022	21,979,551,633	21,203,992,027
Net income before income tax	468,567,061,265	451,418,558,222	540,379,082,066
Corporate tax expenses	118,755,572,156	119,210,881,686	135,668,222,416
Net income	349,811,489,109	332,207,676,536	404,710,859,650
Total comprehensive income	343,930,243,225	329,878,039,128	395,538,651,848

Integrated Capital Table

Category		Unit	2020		
Financial Capital	Input	Total capital	KRW 100 billion	14,900	
		Asset		30,290	
	Output	Revenue	KRW 100 billion	32,374	
		Operating profit		6,064	
Manufactured Capital	Input	Amount of purchasing products and raw materials	KRW 100 billion	6,228	
	Output	Amount of product production ¹⁾	1,000 units	27,702	
		Average operation rate ²⁾	%	80.5	
Human Capital	Input	Investment in education for employees	KRW 100 billion	58	
		Total hours of employee training ³⁾	hour	109,735	
	Output	Productivity per person ⁴⁾	1 million KRW/person	493	
Intellectual Capital	Input	R&D cost	KRW 1 million	41,937	
		Number of R&D personnel	person	368	
	Output	Intellectual property right	Patents&Utility	case	1,150
			Trademark		3,283
			Design		841
Social Capital	Input	Number of employees in the volunteer group	person	1,795	
		Commercial initiatives	KRW 100 million	21.5	
	Output	Total volunteer work time	hour	1,331	
		Technology protection and lease for Suppliers	case	20	
Natural Capital	Input	Environmental investment ⁵⁾	KRW 1 million	1,716	
		Consumption of raw materials	ton	16,100	
		Consumption of energy	GJ	116,267	
	Output	Greenhouse gas emissions Intensity	tCO ₂ eq/Sales(KRW 100 billion)	0.221	
		Amount of recycling waste	ton	23,219	

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: Excluding Sales personnel

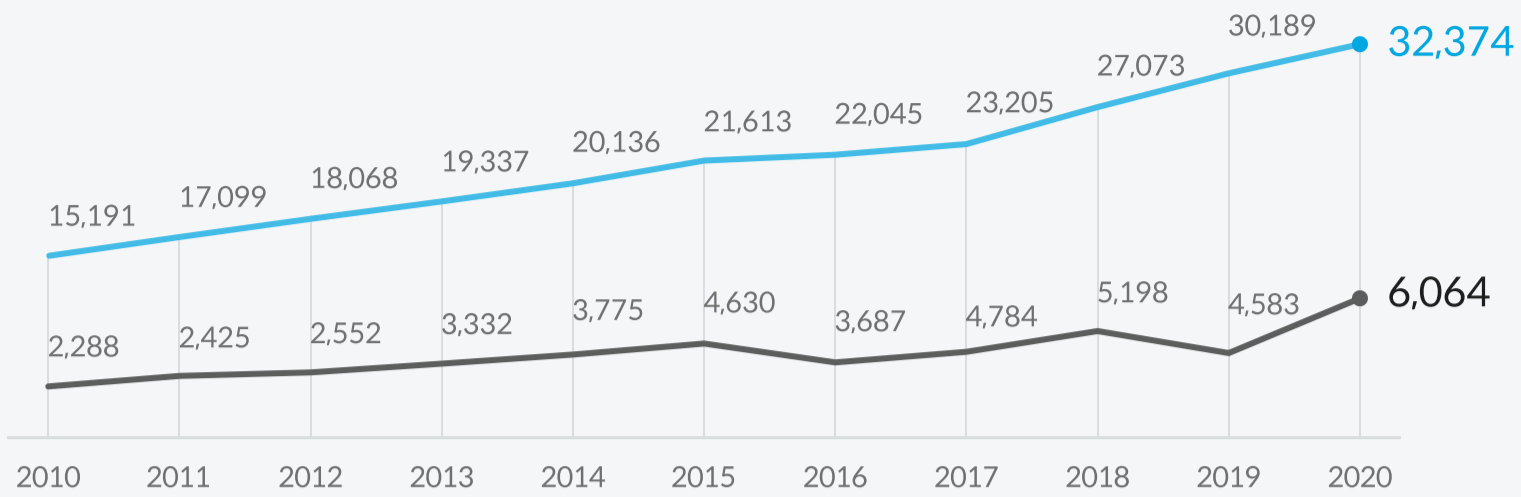
4) Productivity per person: Sales / No. of employees as of the end of 2020

5) Environmental investment: Excluding environmental R&D cost

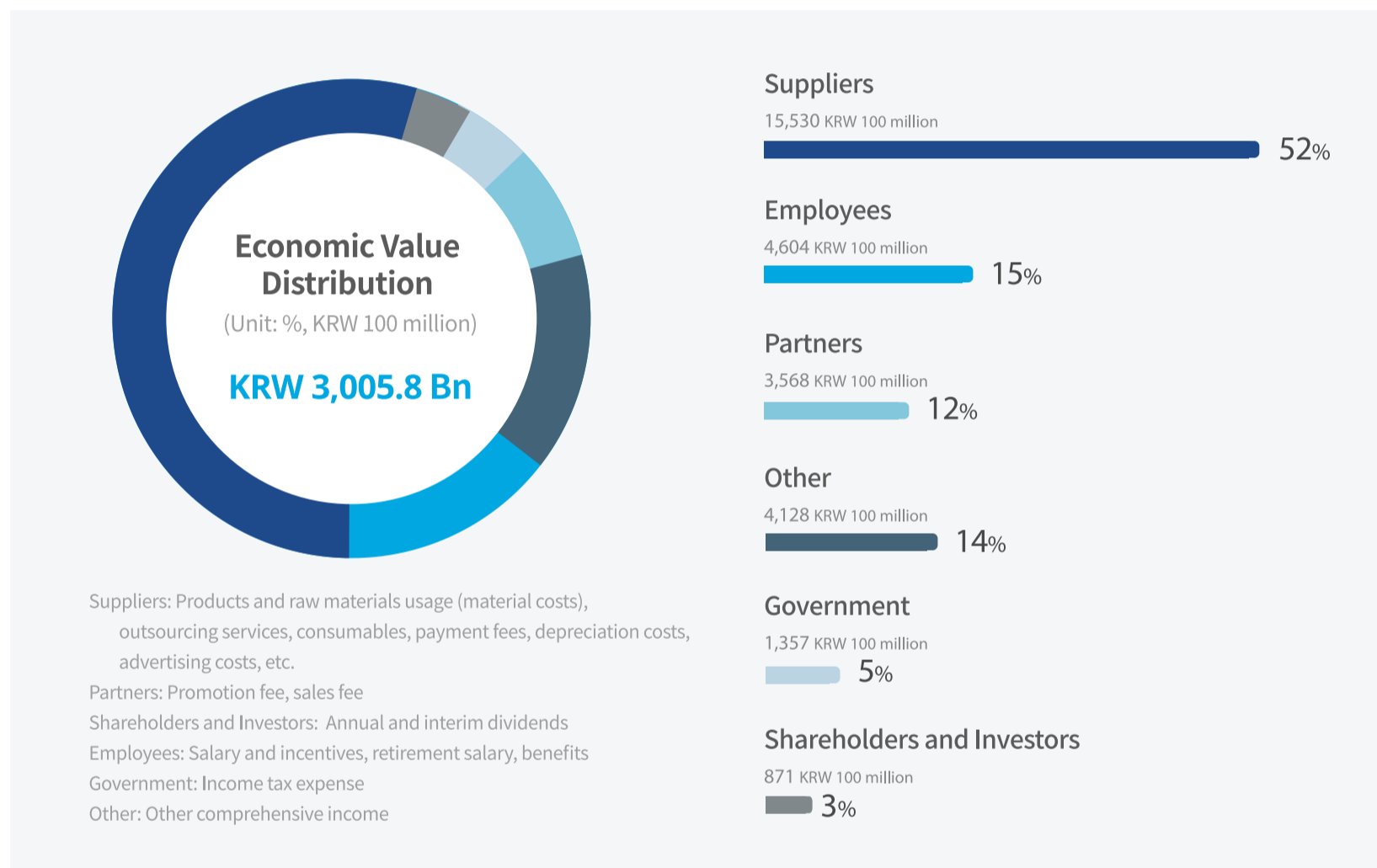
Sales and Operating Profit

Sales and Operating Profit (2010-2020)

— Sales (Unit: KRW 100 million)
— Operating profit (Unit: KRW 100 million)



Economic Value Distribution



Tax Payment Status and Effective Tax Rate (Unit: KRW 1,000)

Category	Important business activities	Sales	Profit before tax	Income tax accrued	Income tax paid
Korea		2,639,686,535	540,379,082	138,242,247	135,668,222
Malaysia	Rental and sale of	708,492,771	130,170,689	48,966,467	31,212,713
USA	products such as water purifiers and air purifiers	152,443,148	19,860,617	4,533,719	6,555,950
Thailand	and service provision to	28,931,944	-2,142,020	0	0
Indonesia	members	4,178,496	-5,710,946	0	0
China		2,019,278	-722,037	0	0

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

Category	2018	2019	2020
Net income before income tax expenses	468,567,061	451,418,558	540,379,082

Category	2018	2019	2020
Tax credit	-142,015	-182,651	-4,474
Permanent difference	-432,685	6,146,218	-3,187,694
Deferred tax unrecognized among temporary differences	5,910,785	1,869,336	7,707,974
Change effect of feasibility judgment	1,087,653	-	-
Corporate tax payment (refund)	-4,770,130	627,398	-7,928,719
Others	-1,391,977	-3,027,522	838,888
Income tax expense ³⁾	118,755,573	119,210,883	135,668,222
Nominal tax rate ⁴⁾ (Unit: %)	25.29	25.20	25.58
Effective tax rate ⁵⁾ (Unit: %)	25.34	26.41	25.11

1) Corporate tax burden: Current corporate tax

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

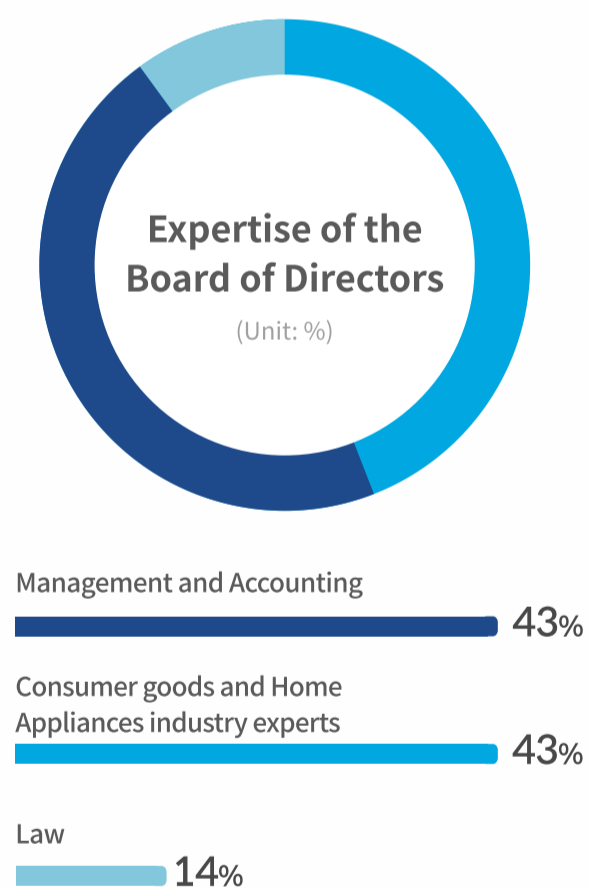
3) Income tax expense = current corporate tax + deferred corporate tax

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

5) Income tax expense / Net income before income tax expense

Corporate Governance Data

Expertise of the Board of Directors



CEO–Employee Remuneration Ratio in 2020

Category	Remuneration (Unit: KRW 1,000)	Ratio (Unit: times)
CEO Remuneration	776,947	14.8
Average Employee Remuneration	54,427	

Remuneration of Directors and Auditors

Classification	No. of people	Total remuneration (Unit: KRW 1,000)	Average remuneration per person (Unit: KRW 1,000)
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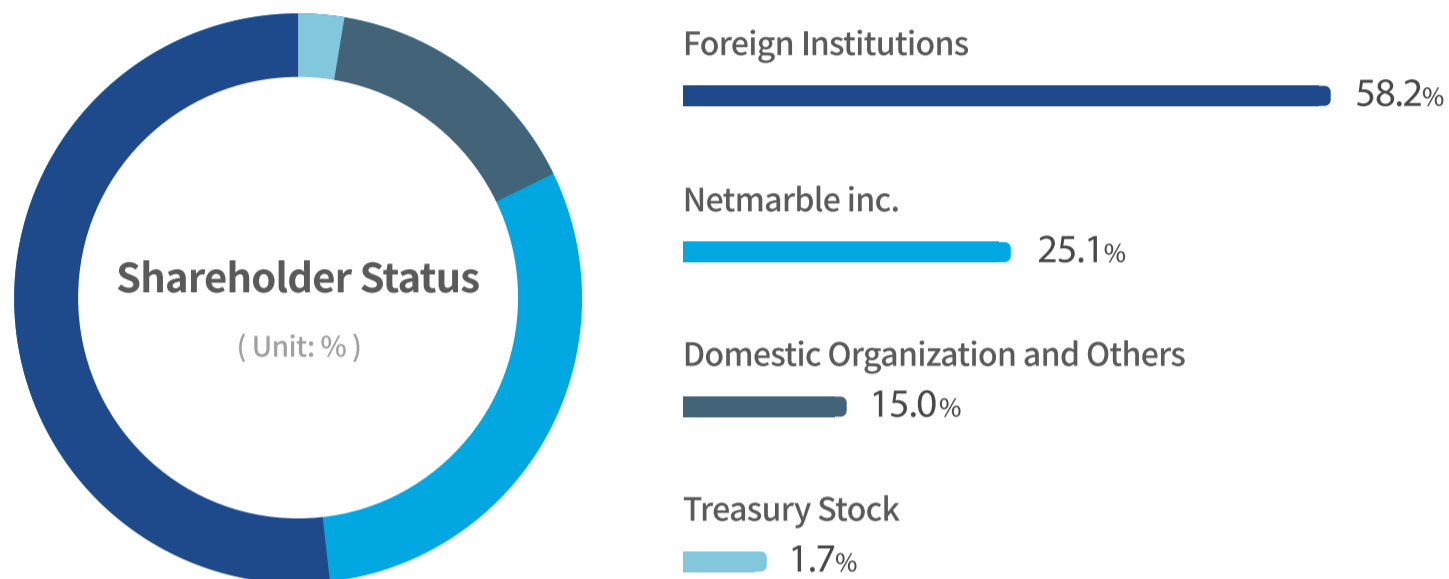
Classification	No. of people	Total remuneration (Unit: KRW 1,000)	Average remuneration per person (Unit: KRW 1,000)
Non-executive Director	1	50,810	50,810
Audit Committee Member	3	122,017	40,672

1) The above number of people is based on the number of people in office as of the base date of the report.

2) The total amount of remuneration includes all income tax paid by registered directors, non-executive directors, and audit committee members who have been in office or retired in accordance with Article 159 of the Capital Markets and Financial Investment Business Act and Article 168 of the Enforcement Decree of the Act.

3) The average amount of remuneration per person was calculated by dividing the total amount of remuneration by the number of people as of the base date, and it is different from the actual average amount of remuneration per person.

Shareholder Status



Voting Rights *

Category	Number of Stocks (unit: share)	Rate (unit: %)	Note
Preferred Shares	0	0	Without voting rights
Common Shares - voting stock	72,555,625	98.31	With voting rights
Common Shares - treasury stock	1,243,994	1.69	Without voting rights
Total	73,799,619	100	-

1) As of the end of December 2020

Ethical Management Data

2020 Ethics Reports and Measures

Category	Unit	Other Complaints ¹⁾	Unlawful Sales	Others (such as money transactions)	Total
Ethics Reports in 2020	case	69	44	1	114

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

Anti-corruption Diagnosis and Action Status

Category	Unit	2017	2018	2019	2020
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Category	Unit	2017	2018	2019	2020
Percentage of workplaces that finished corruption diagnosis	%	100	100	100	100
Actions for violation of the code of conduct ¹⁾	case	46 ²⁾	4	5	9

1) Number of cases of Personnel Committee Actual Disciplinary Actions

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

Ethical Management Training for Employees

Category	Unit	2017	2018	2019	2020
Ethical management training participants	person	4,290	4,245	196	5,944
Ethical management training participation rate ¹⁾	%	94	89	-	90

1) Participation rate compared to the total number of employees (6,751 person)

2) Since 2019, ethics education has been conducted biennially, reducing the training participation rate.

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Customer Satisfaction Data

Customer Satisfaction Survey Results (NPS)

Category	2017	2018	2019	2020
Customer satisfaction survey result	76.0	79.0	75.1	82.5

Innovation Data

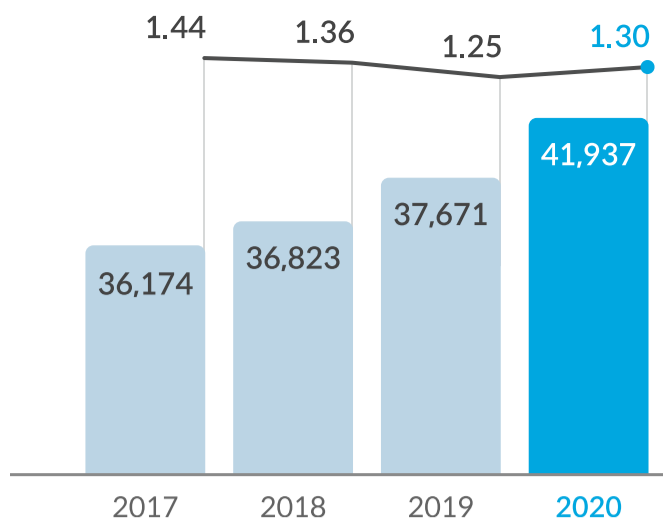
Intellectual Property Rights (Unit: rights)

Category	2017	2018	2019	2020
Patents	799	930	1,107	1,147
Utility models	182	17	10	3
Trademarks	2,645	2,841	3,124	3,283
Design	641	668	785	841
Total	4,267	4,456	5,026	5,274

R&D Investment and Performance

■ R&D Expenditure (Unit: KRW 1 million)

Ratio to Sales (Unit: %)



Product Responsibility Data

Safety Verification for Mass-produced Products

Classification	Target	Progress	No. of Tests Conducted
Domestic	65 models	100%	1,196 cases
Overseas	25 models		
Total	90 models		

Quality-control Capacity-building Training

Program	Eligibility	Duration	Employees in training (unit: person)
Smart factory and 4th industrial revolution(Group)	Employees relevant to production and quality	Once a year	92
Reliability tests and capacity-building for failure analysis(Online)	Employees relevant quality and reliability	Six times a year	210
Quality-control workforce production for supplier(Online)	Employees relevant to quality control with suppliers(30 suppliers)	Twice a year	30

Quality Management Certification

Certification types	Certification Standards	Eligibility for Certification (Certification Realm)	Certification Rate (Unit: %)
External Certificate	ISO 9001	Yugu/Incheon/Pocheon plants, R&D center, Seoul headquarters	100

Privacy Protection and Information Policy Data

Information Security Training Participation Status¹⁾

Category	Unit	2018	2019	2020
Number of participating employees	person	4,038	4,888	4,729

Category	Unit	2018	2019	2020
Participation rate of participation partners	%	90	100	100
Contractor participation rate ²⁾		90	100	100

1) Including online and offline customer information protection training

2) Training for contractors and subcontractors (the ratio of the total number of eligible people to the total number of participants)

Violation of Information Protection Related Laws/Regulations

Category	Unit	2017	2018	2019	2020
Number of violations related to information protection and cybersecurity	case	0	0	0	0
Number of incidents involving customer personal information violations	case	0	0	0	0
Number of customers affected by data breach	person	0	0	0	0
Total fines/penalties/penalties issued due to violations related to information protection and cybersecurity	KRW	0	0	0	0

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Environmental Management Data

Environmental Training Given in 2020

Program	Eligibility	Description	Participant	Training hours	Duration
Eco-friendly external working staff competency building course	Environmentally-related staffer with suppliers	Coway Chemical Substance Management Standards and Measures to Respond to Environmental Regulations	37 people	113 hours in total (3 hours per person)	18 days

1) The training period is extended because only a minimum number of people received the training due to the spread of the COVID-19 pandemic.

Environmental Management System Certifications

Category	Scope of certification
Environmental Management System (ISO 14001)	100%

Environmental Investment

Category	Unit	2018	2019	2020	Note
Facility operation ¹⁾	KRW 1 million	377.4	850.2	447.9	Refers to high-efficiency facility replacement, new facility investment.
System operation ²⁾		407.8	302.5	290.6	Refers to IT construction and operation, internal audit, benchmarking, training, verification.
Communication ³⁾		327.6	227.4	165.0	Responding to laws and regulations, national projects, promotion/event/education, donation,

Category	Unit	2018	2019	2020 Note
New environmental business ⁴⁾		80.0	121.6	812.5 External consulting, new and renewable energy investment.
Total		1,192.8	1,501.7	1,716.0

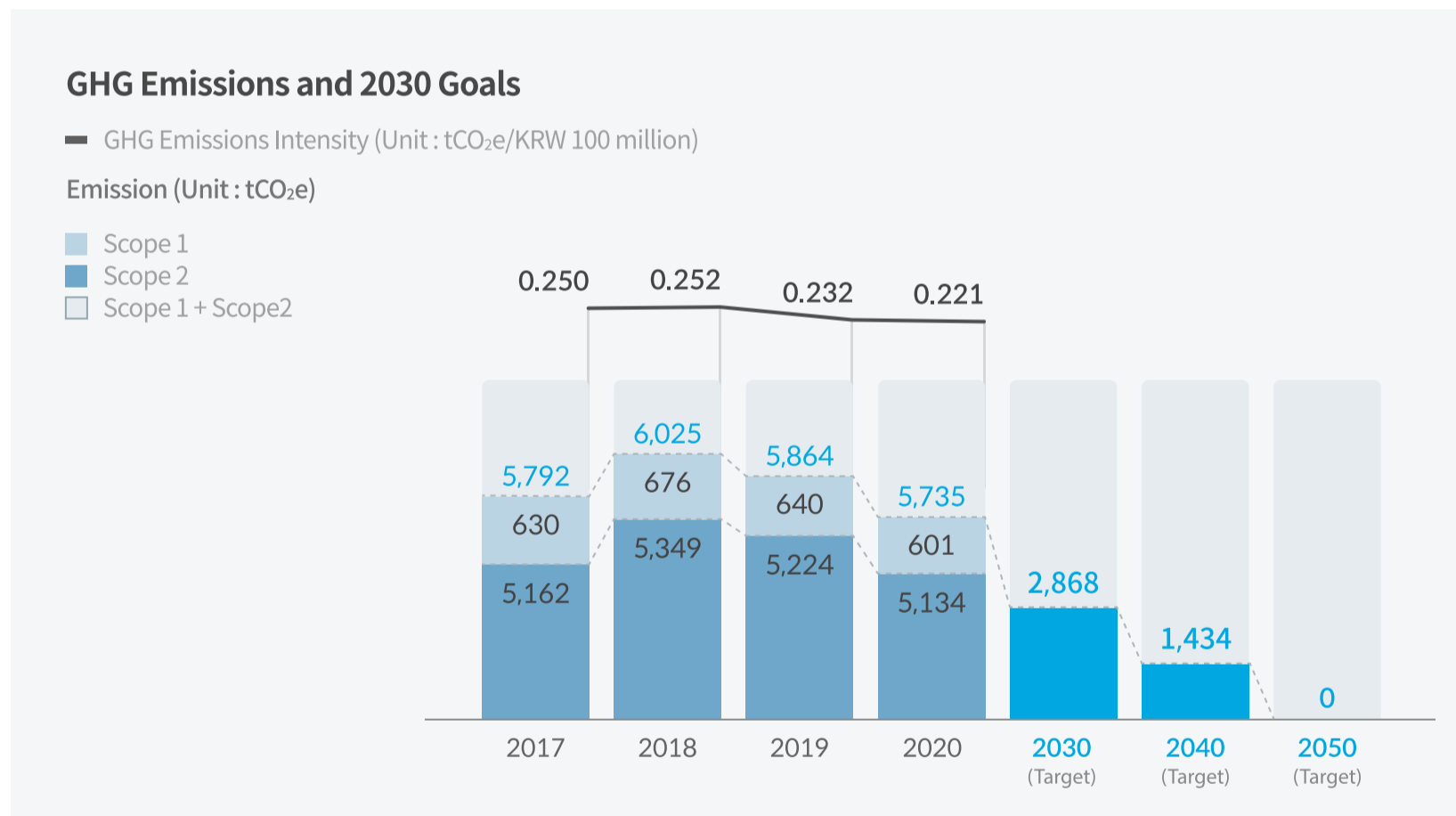
- 1) Facility operation: stabilization of the facility operation
- 2) System operation: decrease in the acquisition of environmental mark certifications
- 3) Communication: reduction of internal and external communications due to COVID-19
- 4) New environmental business: investments in renewable energy

Environmental Law Violations and Fine

Category	Unit	2018	2019	2020
Number of violations of environmental regulations	case	0	0	0
Fine for violation	KRW	0	0	0

Climate Change Data

GHG Emissions and Targets



Category	Unit	2017	2018	2019	2020	2020 Target	2030 Target	2050 Target
Scope1	tCO ₂ e	630	676	640	601	-	-	-
Scope2		5,162	5,349	5,224	5,134	-	-	-
Total		5,792	6,025	5,824	5,735	-	2,868	0
GHG emissions compared to sales	tCO ₂ e/ KRW 100 million	0.250	0.252	0.232	0.221	0.179	-	0

GHG Emissions by Business Site

Category	Unit	2017	2018	2019	2020
Yuyu Factory	tCO ₂ e	2,151	2,429	2,412	2,555

Category	Unit	2017	2018	2019	2020
Incheon Factory		598	651	695	639
Pocheon Factory		359	189	202	220
Environmental Technology R&D Center		1,708	1,889	1,849	1,660
Cosmetic Research Institute		203	126	0	0
Seoul Office		485	439	427	396
Logistics Center		287	292	279	265
Total		5,792	6,025	5,864	5,735

1) The greenhouse gas emission figures for each Business site are calculated as Scope1 + Scope2.

GHG Emissions according to the Use of Refrigerant

Category	Unit	2017	2018	2019	2020
R-134a Refrigerant usage in product manufacturing	kg	46,580	51,230	46,360	38,530
R-600a, R-436B Eco-friendly refrigerant usage in product manufacturing		800	5,320	4,010	3,331

Other Indirect GHG (Scope 3) Emissions

Category	Unit	2017	2018	2019	2020
Domestic logistics/transportation	tCO ₂ e	5,047	5,420	5,491	5,127
Commuter vehicle		71	71	70	72

Partner Greenhouse Gas Emissions

Category	Unit	2010	2018	2019	2020
GHG emissions ¹⁾	tCO ₂ e	5,356	6,025	5,864	5,734
GHG emissions compared to sales increase	tCO ₂ e/KRW 100 million	0.357	0.252	0.232	0.221 ²⁾

1) The figures are calculated by Scope1 + Scope2.

2) The figure in 2020 emissions is data prior to third-party verification and may be subject to some changes depending on the results of verification.

Life Cycle Management Data

Environmental Certifications that Coway Have Obtained

Certification	2016	2017	2018	2019	2020
Eco Label Certification ¹⁾	17	31	25	22	17
Water Footprint ²⁾	0	1	1	1	1
Carbon Neutral Product Certification ³⁾	0	1	1	0	0
Carbon Balloon ⁴⁾	2	2	2	0	0

1) Eco Label Certification: 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 the International Organization for Standardization.

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

Category	Unit	2016	2017	2018	2019	2020
Eco-friendly product sales	KRW 100 million	7,025	6,858	5,869	5,529	8,002

Resource Efficiency Data

Material Usage

Category	Unit	2017	2018	2019	2020	
Non-renewable raw materials	Plastic (Filter, 5 Product lines) ¹⁾	ton	9,123	10,100	10,947	9,982
	Metal ²⁾		4,398	4,537	4,419	4,159
	Packaging ³⁾		2,160	2,131	2,304	1,959
Renewable raw materials		0	0	0	0	
Total		15,681	16,768	17,670	16,100	

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

2) Apply metal/plastic theoretical weight to some models

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

Water Resource Usage

Category	Unit	2017	2018	2019	2020
Industrial water	ton	0	0	0	0
Underground water		26,084	21,962	29,904	16,777
Surface water		45,901	49,385	60,519	64,751
Total water resource consumption		71,985	71,347	90,423	81,528
Discharged wastewater		0	0	0	0
Water consumption intensity	ton/KRW 100 million	3.102	2.987	3.573	3.145

Water Resource Usage by Business Site

Category	Unit	2017	2018	2019	2020
Yugu Factory	ton	37,879	34,501	44,357	30,420
Incheon Factory		6,482	4,401	5,725	4,827
Pocheon Factory		134	594	1,771	3,221
Environmental Technology R&D Center		22,597	26,045	33,183	32,748
Logistics Center (Yugu)		4,893	5,806	5,387	10,312

Water Resource Reduction through Waterless Systems

	Unit	2017	2018	2019	2020
Waterless Systems	ton	5,028	6,306	5,957	5,133

Current Status and Planning of Renewable Energy

Category	Unit	Pocheon Factory	Yugu Factory	Incheon Factory	Logistics Center	Total
Power generation capacity	KW	45.0	49.5	39.0	48.8	182.3
Date of operation	-	August, 2013	September, 2014	July, 2015	June, 2017	-
Cumulative power generation	KWh/year	417,949	362,751	288,268	237,975	1,306,943
Cumulative greenhouse gas reductions	tCO ₂ eq	194.9	169.2	134.4	111.0	609.0
Power generation efficiency (average)	%	99	94	106	108	102
Power generation in 2020	KWh/year	54,125	57,383	50,336	64,997	226,841
Greenhouse gas reduction in 2020	tCO ₂ eq	25.2	26.8	23.5	30.3	106.0

1) As of December 31, 2020

Energy Usage

Category	Unit	2017	2018	2019	2020	2020 Target	2030 Target	
Direct ¹⁾	LPG	GJ	84	41	0	0	-	
	Gasoline		2,423	2,533	2,587	2,109	-	
	Diesel		2,458	2,540	2,773	2,726	-	
	LNG		323	554	201	184	-	
	Lamp oil		432	225	338	148	-	
	Propane		5,294	5,908	5,163	5,398	-	
Direct total		11,014	11,801	11,062	10,565	-	-	
Indirect	Electricity		106,275	110,142	107,564	105,702	-	-
Indirect total		106,275	110,142	107,564	105,702	-	-	
Total energy usage		117,290	121,943	118,627	116,267	124,558	64,020	
Total energy usage to sales increase	GJ/Sales(KRW 100 million)	5.055	5.091	4.687	4.485	4.576	1.479	

1) Direct energy consumption is calculated as 'Direct emission (Scope1) due to fixed combustion and movement combustion + Employee Commuting (Scope3)'.

Refurbished Product Sales

Category	Unit	2017	2018	2019	2020
Water purifier	product	4,267	1,757	1,239	4,342
Air purifier		8,533	5,708	1,838	8,245
Softener		-	-	-	-
Bidet		4,548	3,144	3,048	5,203
Total		17,348	10,609	6,125	17,790

1) Increased sales significantly compared to the previous year as products with high sales volume were converted to refurbished products.

Refrigerant Recovery and Recycling Amount

Category	Unit	2019	2020
Refrigerant recovery	kg	6,170	5,770
Refrigerant recycling		6,170	5,770

Amount of Waste Generated by Type and Recycling Rate

Category		Unit	2017	2018	2019	2020	
Product	Incineration	ton	0	0	0	0	
	Landfill		0	0	0	0	
	Recycle		13,770	13,866	13,609	13,204	
	Subtotal		13,770	13,866	13,609	13,204	
Service	Incineration	ton	0	0	0	0	
	Landfill		0	0	0	0	
	Recycle		9,307	8,823	9,124	9,191	
	Subtotal		9,307	8,823	9,124	9,191	
Business Site (Manufacturing factory)	General	Incineration	ton	160	157	217	231
		Landfill		0	0	0	0
		Recycle		1,271	694	753	825
		Subtotal		1,431	851	970	1,056
	Designated	Incineration	ton	0	0	0	0
		Landfill		0	0	0	0
		Recycle		28	0	0	0
		Subtotal		28	0	0	0
Total amount of waste generated		ton	24,536	23,540	23,703	23,450	
Waste recycling amount			24,376	23,383	23,486	23,219	
Waste recycling rate		%	99.3	99.3	99.1	99.0	

1) Environmental household waste generation (excluding cosmetics and mattresses)

2) Since 2016, all service waste has been solidified fuel. Most of the business waste become refuse derived fuel → more than 99% of the amount of generated waste is recycled.

3) Due to the Pocheon factory recycling business's return in 2018, the amount of product waste recycled is counted as Coway's recycling.

4) Reduction of waste in the business site due to return of recycling business in Pocheon factory in 2018.

5) Recycling rate: (Products, Services, Business Site Recycling) / (Products, Services, Business Site amount generated) * 100

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Employee Data

Education and Training Investment

Category	Unit	2017	2018	2019	2020
Total training cost ¹⁾	KRW 1 million	11,740	11,693	11,425	5,803
Training cost per person ¹⁾	KRW 1 million/person	2.4	2.4	2.3	0.8
Total training hours ²⁾	hour	106,436	106,796	107,564	109,735
Training hour per person ²⁾	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 on 2020 business report.

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

Fair Remuneration: Average by Gender

Category	Unit	2019	2020
Ratio of female salary to male salary ¹⁾	%	72.1	102.1

1) Reporting is based on the total pay amount includes basic salary and performance salary.

Parental Leave Status

Category	Unit	2017	2018	2019	2020
Number of male parental leave employees	person	7	16	15	23
Number of female parental leave employees		108	136	146	150
Total number of parental leave employees		115	152	161	173

Category	Unit	2017	2018	2019	2020
Return rate of work after parental leave	%	97	99	96	88
Retention rate for 12 months after returning from parental leave		78	78	87	84

1) As of 2019, it has changed to parental leave.

Labor-Management Council

Category	Unit	2018	2019	2020
Joint Labor-Management Council Meetings	meeting	5	4	5
Discussed agenda	case	8	7	9
Processed agenda		8	7	9

Received Employee Grievance Status

Category	Unit	2018	2019	2020
Received grievances	case	59	28	46
Resolved cases		59	28	46
Rate of grievance resolution	%	100	100	100

Ratio of Female Management Positions

Category	Unit	2019	2020
Female workforce rate	%		49.2
Manager-level female workforce rate		-	33.3
- Junior manager		51.2	48.4
- Senior manager		38.5	15.6
- Managers of the sales-related departments ¹⁾		-	56.4
Female workforce in STEM ²⁾		-	15.4

1) Female workforce with the departments other than HR, IT, and legal departments

2) Percentage of females in STEM(Science, Technology, Engineering, Mathematics)-related departments

Total Employee Status

Category	Unit	2017	2018	2019	2020
Total workforce	person	4,879	4,927	4,988	6,571
Business area	Production	264	300	321	323
	Sales	3,397	3,406	3,402	3,456
	Research	361	355	366	368
	Office	830	835	868	888
	Service	-	-	-	1,504
	Others	27	31	31	32
Employment type	Full-time	4,007	4,627	4,733	6,356
	Temporary	872	300	255	215
Gender	Male	1,685	1,773	1,809	3,337

Category		Unit	2017	2018	2019	2020
	Female		3,194 (65.5)	3,154 (64.0)	3,179 (63.7)	3,234 (49.2)
Minority group	Foreigners	person	5	5	5	6
	People with disability		51	49	51	68
Nationality	Korea	person	-	-	-	6,565
	New Zealand		-	-	-	1
	USA		-	-	-	2
	Japan		-	-	-	1
	China		-	-	-	1
	Australia		-	-	-	1

Global Employee Status

Category	Unit	2017	2018	2019	2020
Total workforce	person	1,177	1,428	1,673	1,751
Overseas dispatch		15	16	24	26
Local employment		1,162	1,412	1,649	1,725

Employee Status by Age

Category	Gender	Unit	2017	2018	2019	2020
Executives over 50	Male	person	15	16	17	17
	Female		0	0	1	2
Employees over 50	Male		78	78	185	401
	Female		849	795	1,131	1,272
Executives between 30-50	Male		11	13	13	10
	Female		1	2	0	3
Employees between 30-50	Male		1,489	1,539	1,513	2,816
	Female		2,107	2,144	1,903	1,837
Employees under 30	Male		92	127	81	93
	Female		237	313	144	120

Recruitment Status

Category		Unit	2017	2018	2019	2020
New Recruits		person	683	666	595	1,961
Position	Employee	person	-	-	-	1,947
	Executive		-	-	-	14
Age	Under 30	person	-	-	-	94
	Between 30-50		-	-	-	1,641
	Over 50		-	-	-	226
Gender	Male	person	-	-	-	1,689
	Female		-	-	-	272

Category	Unit	2017	2018	2019	2020
	New Zealand	-	-	-	1

Turnover and Longevity Status

Category	Unit	2017	2018	2019	2020	
Turnover rate	%	14.1	12.6	10.7	6.7	
- Voluntary turnover ¹⁾		97.6	99.5	95.6	95.7	
Position	Employee	person	-	-	-	352
	Executive		-	-	-	5
Age	Under 30	person	-	-	-	80
	Between 30-50		-	-	-	238
	Over 50		-	-	-	39
Gender	Male	person	-	-	-	149
	Female		-	-	-	208
Nationality	Korea	person	-	-	-	357
- Involuntary turnover ²⁾	%	2.4	0.5	4.4	4.3	
Position	Employee	person	-	-	-	8
	Executive		-	-	-	8
Age	Over 30	person	-	-	-	0
	Between 30-50		-	-	-	12
	Over 50		-	-	-	4
Gender	Male	person	-	-	-	8
	Female		-	-	-	8
Nationality	Korea	person	-	-	-	16
Average years of employment	year	7.2	7.5	8.1	6.8	

1) Resignation

2) Death, retirement, dismissal

Partners Data

Service Partner Configuration

Category	Contents	
Before Service	Cody (About 12,200)	Provide inspection and hygiene management service for environmental home appliances such as water purifier and air purifier by visiting customers' houses
	Home-care Doctor (About 1,200)	Provide regular mattress hygiene management service to Care Service members
Sales	Door-to-door salesmen (About 2,200)	Provide product information and sales activities to the customers

Strengthening The Management Stability

Strengthening the Management Stability

Category	Promotion Contents	2020 Promotion Results
Financial (Funding) Support	Manage KRW 20 billion mutual funds, and upper KRW 3 billion limits interest and fund support system	Funding: KRW 8.35 billion
Payment	100% cash payment within 10 days of delivery transaction	Payment day: 11.9 days Early payment for 8 companies as COVID-19
Method of Payment	Cash Payment Rate: 100%	Payment method: 100% cash payment
Dispute Mediation Procedures Establish and Operate	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: 100% Increase performance: 22%
Improve working conditions for workers at supplier companies	Safety and health support for workers due to COVID-19	Providing quarantine products to partners (1st Suppliers: 130 companies, 2nd Suppliers: 106 companies)

Infrastructure Support

Category	Promotion Contents	2020 Promotion Results
Education and Recruitment	Supplier business site improvement activities and recruitment support	Smart Factory Education, FTA Education
Technical Support and Protection	Operate technical support and protection programs to secure technological competitiveness of supplier	Technical support/joint technology development: 15 cases (KRW 374 million) Technology protection/technical mission: 4 cases
Productivity Enhancement	Enhance productivity through supplier business site innovation support	Productivity Enhancement: 5 companies, 5 cases On-site innovation support (fair innovation)

Lead 1st Suppliers to Support 2nd Suppliers

Category	Promotion Contents	2020 Promotion Results
Agreement signed	Signed the agreement for mutual cooperation between 1st and 2nd suppliers	1st suppliers: 51 companies 2nd suppliers: 83 companies signed
Funding	Lead financial support for 2nd suppliers	Support 6 companies (Total KRW 3.5 billion)
Support 2nd suppliers	Introduce an improved system for better payment conditions Degree of improvement in payment conditions	Complete monitoring KRW 123.5 billion Average payment days: 23 days Cash Ratio: 81%

Safety and Health Data

Safety and Health Management Certification

Category	Business Site	Certification	Expiration Date
ISO 45001	Yugu, Incheon, Pocheon Factories	Certified	2021.06.03 ~ 2022.06.29
KOSHA MS	Yugu, Incheon, Pocheon Factories	Certified	2021.06.30 ~ 2023.05.29

1) As the OHSAS 18001 and KOSHA 18001 certifications expired in July and Sept. 2020, respectively, we obtained new certifications with revised certification standards.

Ratio of Safety Inspection with Suppliers

Category	Unit	2018	2019	2020
Number of risk factors	case	156	133	97
Rate of improved risk factors in the current year	%	100	100	100

Fatalities

Category	Unit	2017	2018	2019	2020
Employees	Case	0	0	0	0
In-house subcontractors and suppliers	Case	0	0	0	0

Industrial Accidents

Category	Unit	2017	2018	2019	2020
Employees	case	0	0	1	10
Accident rate ¹⁾	%	0	0	0.02	0.15
In-house subcontractors and suppliers	case	0	0	0	0

1) Accident rate = Number of victims/Number of workers X 100

2) The total number of accidents increased as the service manager switched to workers and the overall accident rate increased.

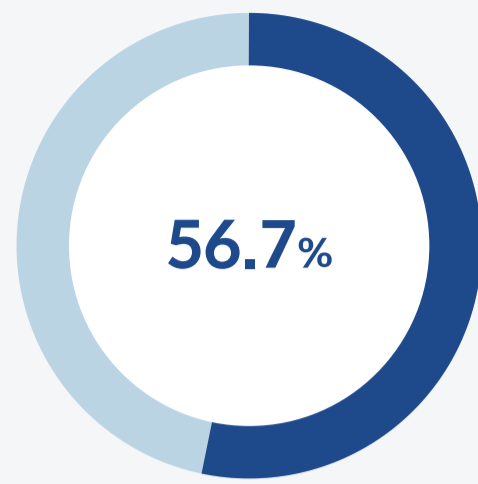
Supplier ESG Data

Purchase Analysis

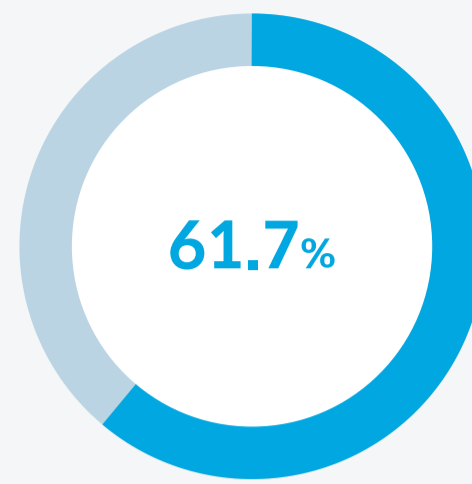
Category	Unit	Number of Suppliers		Purchase Proportion	
		2019	2020	2019	2020
1st	Total Company	122	116	100%	100%
	Core	69	69	80%	84%
2nd and above	Core	87	87	80%	84%
Total	Core	140	134		

Supplier CSR Risk Assessment Result

2020-2021 Standard Satisfaction Rate



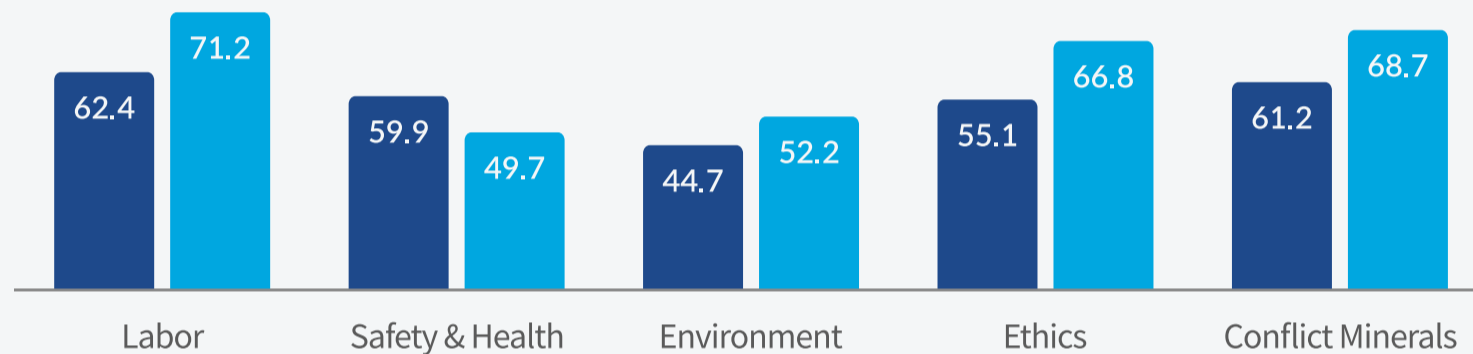
2020 Standard Satisfaction Rate



2021 Standard Satisfaction Rate

Supplier CSR Risk Assessment Result

■ 2019 ■ 2020



Category	Unit	2019	2020
Labor	point	62.4	71.2
Safety and Health		59.9	49.7
Environment		44.7	52.2
Ethics		55.1	66.8
Conflict Minerals		61.2	68.7
Total		57.0	61.7

Supply Chain CSR Evaluation Status (by Risk Factor)

Category	Risk Factors	Evaluation Scope (Unit: company)		Suppliers Exposed to Sustainability Risk Factors (Unit: %)	
		2019	2020	2019	2020
Human Rights/Labor	Working hours	67	86	4.4	8.5
	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	2.1
	Safety and health policy				
Environment	Water			1.4	2.1

Category	Risk Factors	Evaluation Scope (Unit: company)		Suppliers Exposed to Sustainability Risk Factors (Unit: %)	
		2019	2020	2019	2020
	Toxic substance and hazardous waste				
	Wastes				
	Violation of environmental cases and regulations				
Ethics	Fair competition			0.8	0
	Violations of corporate ethics-related cases and regulations				
	Anti-corruption and ethical management				
	Information protection				
Conflict Minerals				3.0	4.3

Local Community Data

Social Contribution Investment Ratio

Category	Unit	2017	2018	2019	2020
Commercial initiatives	KRW 100 million	10.5	8.4	6.5	21.5
Charitable donations	%	50	55	56	74
Community investments		44	32	39	21
Commercial initiatives		6	13	5	5

Employee Volunteer Activities

Category	Unit	2017	2018	2019	2020
Number of employees in the volunteer group	person	1,482	1,713	1,586	1,795

Political Contributions and Association Contributions

Category	Unit	2017	2018	2019	2020
Political contributions	KRW 1,000	0	0	0	0
Association donations		541,822	430,162	505,759	481,636

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

Association Donation Details

Group Name	Category	Expenditure Purpose	Unit	Amount
Daejeon Chamber of Commerce	Association	Comprehensive Economic and Industrial Development	KRW 1,000	103,200
Korea Packaging Recycling Business Mutual Aid Association	Association	Home Appliance Industry Development		51,173
Korea Direct Sales Industry Association	Association	Comprehensive Economic and Industrial Development		30,000
Korea Exchange (KRX)	Association	Comprehensive Economic and Industrial Development		15,047

Group Name	Category	Expenditure Purpose	Unit	Amount
Korea Listed Companies Association	Association	Comprehensive Economic and Industrial Development		10,790


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[Global Initiatives](#)


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Sustainability Policies


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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](#) 


Safety and Health Policy

Coway Safety and Health Management Policy (Korean) [Download](#) 

Coway Safety and Health Management Policy (English) [Download](#) 


Supplier CSR

Supplier Code of Conduct (Korean) [Download](#) 


Supplier Code of Conduct (English) [Download](#) 

Environment

Carbon Report 2019 (Korean)

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Carbon Report 2018 (Korean)

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POLICIES & INITIATIVES

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Participate in Global Initiatives



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.

ASRA(Asia Sustainability Reporting Awards)

Coway's 2020 Sustainability Web Report won the Silver Award in the Asia Sustainability Reporting Awards (Digital) category in 2020.

REPORTING FRAMEWORKS

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GRI ▾

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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	15-20th floor, Coway, 38, Digital-ro 26-gil, Guro-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 - Diversity Policy and Activity - Employee Data

Topic	GRI indicator	Description	Contents
	102-9	Organization's supply chain	Supplier ESG , Partners
	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 - Responsible Management Centered on the Board of Directors - Committees under the BOD
	102-23	Chair of the highest governance body	Corporate Governance - Responsible Management Centered on the Board of Directors - Current Status of the BOD
	102-24	Nominating and selecting the highest governance body	Corporate Governance - Responsible Management Centered on the Board of Directors - Independence and Expertise of the BOD
	102-25	Conflicts of interest	Corporate Governance - Responsible Management Centered on the Board of Directors - Independence and Expertise of the BOD
	102-27	Collective knowledge of highest governance body	Corporate Governance - Responsible Management Centered on the Board of Directors - 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 - Stakeholder Engagement
	102-41	Collective bargaining agreements	Employee - 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 9 Entities: COWAY(Thailand) Co., Ltd. COWAY(Malaysia) SDN. BHD. Coway USA. Inc. Coway China Co., Ltd. PT COWAY INTERNATIONAL INDONESIA COWAY VINA Co., Ltd. Pocheon Clean Water Co., Ltd. Coway EnTech Co., Ltd. Michuhol Clean Water 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	2020.01.01 ~ 2020.12.31

Topic	GRI indicator	Description	Contents
	102-51	Date of most recent report	2020 Coway Sustainability Report (2020.07)
	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 - Materiality Context and Long-Term Target
	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	Value Creation Story
	201-1	Direct economic value generated and distributed	Value Creation Story - Economic Value 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 - Performance Assessment and Compensation
	202-2	Proportion of senior management hired from the local community	Employee - Diversity Policy and Activity - Employee Data
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Local Community - Coway-like Social Contribution
	203-2	Significant indirect economic impacts	Value Creation Story
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
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Topic	GRI indicator	Description	Contents
Materials	301-1	Materials used by weight or volume	Resource Efficiency - Effort for Resource Reduction
	301-2	Recycled input materials used	Resource Efficiency - Effort for Resource Reduction
	301-3	Reclaimed products and their packaging materials	Resource Efficiency - Effort for Resource Reduction
Energy	MA	Energy Management Approach	Resource Efficiency - Effort for Energy Reduction , Climate Change - GHG Reduction Performance and Plan for Achievement to RE100
	302-1	Energy consumption within the organization	Resource Efficiency - Effort for Energy Reduction
	302-2	Energy consumption outside of the organization	Climate Change - Carbon Partnership with Supplier
	302-3	Energy intensity	Resource Efficiency - Effort for Energy Reduction
	302-4	Reduction of energy consumption	Resource Efficiency - Effort for Energy Reduction
Water	303-1	Water withdrawal by source	Resource Efficiency - Effort for Water Reduction
	303-2	Water sources significantly affected by withdrawal of water	Resource Efficiency - Effort for Water Reduction
	303-3	Water recycled and reused	Resource Efficiency - Effort for Resource Circulation - Recycling
Emissions	305-1	Direct GHG (Scope 1) emissions	Climate Change - Climate Change Goals and Scenario Management - GHG Emission and Mid to Long-Term Goal
	305-2	Indirect GHG (Scope 2) emissions	Climate Change - Climate Change Goals and Scenario Management - GHG Emission and Mid to Long-Term Goal
	305-3	Other indirect GHG (Scope 3) emissions	Climate Change - Climate Change Goals and Scenario Management - GHG Emission and Mid to Long-Term Goal
	305-4	GHG emissions intensity	Climate Change - Climate Change Goals and Scenario Management - GHG Emission and Mid to Long-Term Goal
	305-5	Reduction of GHG emissions	Climate Change - Climate Change Goals and Scenario Management - GHG Reduction Performance and Plan for Achievement to RE100
	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 - Environmental Management Strategy and System
	306-1	Water discharge by quality and destination	All water resources are discharged to the sewage treatment plant after being used as utility water. Resource Efficiency - Effort for Water Reduction
	306-2	Waste by type and disposal method	Resource Efficiency - Effort for Resource Circulation
	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.
	306-5	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. Resource Efficiency - Effort for Water Reduction
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	There were no violations of environmental regulations during the reporting period.
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.

Topic	GRI indicator	Description	Contents
	308-2	Negative environmental impacts in the supply chain and actions taken	SupplyChain ESG - ESG Evaluation
Social (GRI 400)			
Topic	GRI indicator	Description	Contents
Employment	401-1	New employee hired and employee turnover	Employee - Diversity Policy and Activity - 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 Employee - Communication-based Company Culture - Family-friendly Program and Policy , Safety and Health - Employees' Health Care
	401-3	Parental leave	Employee - Communication-based Company Culture - Family-friendly Program and Policy
Labor-Management Relations	402-1	Minimum notice periods regarding operational changes	Employee - Communication-based Company Culture - Family-friendly Program and Policy
Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	Employee - Communication-based Company Culture - Family-friendly Program and Policy
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety and Health - Employee's Health Care
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Safety and Health - Employee's Health Care
	403-4	Health and safety topics covered in formal agreements with trade unions	Safety and Health - Safe and Health Management System
Training and Education	404-1	Average hours of training per year per employee	Employee - Employee Empowerment
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee - Employee 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 - Diversity Policy and Activity - Employee Data
	405-2	Ratio of basic salary and remuneration of women to men	Employee - Performance Assessment and Compensation
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Human Rights - 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 ESG - Supplier Sustainability Assessment - Supplier Risk Assessment
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supplier ESG - Supplier Sustainability Assessment - Supplier Risk Assessment
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 - Risk Identification and Mitigation Process - Risk Identification

Topic	GRI indicator	Description	Contents
	412-2	Employee training on human rights policies or procedures	Human Rights
	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 compliance with regulations related to environment and society are applied to the screening criteria.
	414-2	Negative social impacts in the supply chain and actions taken	SupplyChain ESG - ESG Evaluation
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
	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 & Privacy Protection - Monitoring and Due Diligence Process - Monitoring Activities
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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SASB

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The SASB (Sustainability Accounting Standards 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.

Topic	SASB Code	Accounting Metric	Contents
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. Life Cycle Management - 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. Life Cycle Management - Eco-friendly Product Certification
	CG-AM-410a.3	Description of efforts to manage products' end-of-life impacts	Resource Efficiency - Effort for Resource Circulation

Topic	SASB Code	Activity Metric	Contents
Activity Metric	CG-AM-000.A	Annual production	Production as of December 2020 is 27,702,455 units, including water purifiers, purifiers, filters, bidets, water softeners and other products. - ↗

Professional and Commercial Service - Sustainability Disclosure Topics & Accounting Metrics

Topic	SASB Code	Accounting Metric	Contents
Data Security	SV-PS-230a.1	Description of approach to identifying and addressing data security risks	Privacy Protection & Information Security - Information Security Management System , Monitoring and Due Diligence Process
	SV-PS-230a.2	Description of policies and practices relating to collection, usage, and retention of customer information	Privacy Protection & Information Security - Information Security Management System
	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. Privacy Protection & Information Security - Monitoring and Due Diligence Process - Monitoring Activities and Performances in 2020
Workforce Diversity & Engagement	SV-PS-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	Corporate Governance - Responsible Management Centered on the Board of Directors - Current Status of the BOD , Employee - Diversity Policy and Activity - Employee Data
	SV-PS-330a.2	(1) Voluntary and (2) involuntary turnover rate for employees	Employee - Diversity Policy and Activity - 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 - Code of Conduct , Ethical Management - Consensus by Ethic 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 - Diversity Policy and Activity - Employee Data
	SV-PS-000.B	Employee hours worked, percentage billable	N/A

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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 S&P Global CSA, 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 5 consecutive years from 2016 to 2020 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 - Responsible Management Centered on the Board of Directors
	1.1.2	Non-executive Chairman/Lead Director	Corporate Governance - Responsible Management Centered on the Board of Directors - Current Status of the BOD
	1.1.3	Diversity Policy	Corporate Governance - Responsible Management Centered on the Board of Directors - Independence and Expertise of the BOD
	1.1.4	Gender Diversity	Corporate Governance - Responsible Management Centered on the Board of Directors - Current Status of the BOD
	1.1.5	Board Effectiveness	Corporate Governance - Responsible Management Centered on the Board of Directors

Criteria	Num.	Questions	Contents
	1.1.6	Average Tenure	Corporate Governance - Responsible Management Centered on the Board of Directors - Current Status of the BOD
	1.1.7	Board Industry Experience	Corporate Governance - Responsible Management Centered on the Board of Directors - Independence and Expertise of the BOD
	1.1.8	Executive Compensation - Success Metrics	Corporate Governance - Performance Evaluation and Remuneration
	1.1.9	Executive Compensation - Alignment with Long-Term Performance	Corporate Governance - Performance Evaluation and Remuneration
	1.1.10	Management Ownership	Corporate Governance - Performance Evaluation and Remuneration
	1.1.11	Management Ownership Requirements	N/A
	1.1.12	Government Ownership	Corporate Governance - Ownership Structure and Voting Rights
	1.1.13	Family Ownership	Corporate Governance - Ownership Structure and Voting Rights
	1.1.14	Dual Class Shares	Corporate Governance - Ownership Structure and Voting Rights
	1.1.15	Disclosure of Median or Mean Compensation of all Employees & CEO Compensation	Corporate Governance - Performance Evaluation 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	Customer Satisfaction - Activity for Customer Satisfaction
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
Supply Chain Management	1.7.1	Supplier Code of Conduct	Supplier ESG - Supplier Code of Conduct
	1.7.6	Transparency & Reporting	Supplier ESG - Supplier Sustainability Assessment
Tax Strategy	1.9.1	Tax Strategy	Value Creation Story - Tax Report - Tax Policy
	1.9.2	Tax Reporting	Value Creation Story - Tax Report - Tax Payment Status and Effective Tax Rate
	1.9.3	Effective Tax Rate	Value Creation Story - Tax Report - Tax Payment Status and Effective Tax Rate
Information Security/Cybersecurity & System Availability	1.10.1	Information Security/Cybersecurity Governance	Privacy Protection & Information Security - Information Security Management System - Information Security Organization
Privacy Protection	1.12.1	Privacy policy: Systems/Procedures	Privacy Protection & Information Security - Principles and Policy
	1.12.2	Customers' Information	Privacy Protection & Information Security - Information Security Management System - Personal Information Life Cycle Management, Privacy Protection & Information Security - Monitoring and Due Diligence Process - Monitoring Activities and Performances in 2020
	1.12.3	Breaches of Customer Privacy: Complaints	Privacy Protection & Information Security - Monitoring and Due Diligence Process - Monitoring Activities and Performances in 2020
Environmental Reporting	2.1.1	Environmental Reporting - Coverage	About This Report and Assurance

Criteria	Num.	Questions	Contents
	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 - Environmental Management Strategy and System
	2.2.3	Return on Environmental Investments	Environmental Management - Value Chain Environmental Competence
	2.2.4	Environmental Violations	Environmental Management - Value Chain Environmental Competence
Operational Eco-Efficiency	2.3.1	EP - Direct Greenhouse Gas Emissions (Scope 1)	Climate Change - GHG Emission and Mid to Long-Term Goal
	2.3.2	EP - Indirect Greenhouse Gas Emissions (Scope 2)	Climate Change - GHG Emission and Mid to Long-Term Goal
	2.3.3	EP - Energy Consumption	Resource Efficiency - Effort for Energy Reduction
	2.3.4	EP - Water Consumption	Resource Efficiency - Effort for Water Reduction
	2.3.5	EP - Waste	Resource Efficiency - Effort for Resource Circulation
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 - Diversity Policy and Activity
	3.2.2	Equal Remuneration	Employee - Performance Assessment and Compensation
	3.2.3	Freedom of Association	Employee - Communication-based Company Culture - The Labor-Management Council
Human Rights	3.3.1	Human Rights - Commitment	Human Rights - Human Rights Management Principles and Guide
	3.3.4	Human Rights - Disclosure	Human Rights
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 - Coway-like Social Contribution , Local Community - Commitment for Clean Water and Air
	3.6.3	Input	N/A
Occupational Health and Safety	3.7.1	Health & Well-being	Safety and Health - Employee's Health Care
	3.7.3	Lost-Time Injury Frequency Rate (LTIFR) - Employees	Safety and Health - Employee's Health Care
	3.7.4	Lost-Time Injury Frequency Rate (LTIFR) - Contractors	Safety and Health - Employee's Health Care
	3.7.5	Occupational Illness Frequency Rate (OIFR) - Employees	N/A

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About This Report

This report is the 16th Coway Sustainability Report. Since 2015, 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 2020 report is the second 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 July 15, 2021, 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, 2020, to December 31, 2020. 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 2021.

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

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Department IR Team

E-mail sustainability@coway.co.kr

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Independent Assurance Statement

To the Management of Coway Stakeholders

QuantifiedESG (hereinafter the "Verifier") has undertaken 3rd party assurance engagement on the "2020 Coway Sustainability Web Report" (hereinafter "Report") from Coway (hereinafter the "Reporting Authority"), and submit a verification statement (hereinafter "Verification opinion") as follow:

- ▶ Verifying Target: 2020 Coway Sustainability Web Report, <http://sustainability.coway.co.kr>
(As of July 15, 2021, reporting period: January 2020 to December 2020)

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, 201-3, 201-4
Market Presence	202-1, 202-2
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
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
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
Diversity and Equal Opportunity	405-1, 405-2
Non-Discrimination	406-1
Child Labor	408-1
Forced or Compulsory Labor	409-1
Human Rights Assessment	412-1, 412-2

GRI Topic	Disclosures
Supplier Social Assessment	414-1, 414-2
Public Policy	415-1
Customer Health and Safety	416-1
Marketing and Labeling	417-1
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 2021

CEO Ikhyun Bae
QuantifiedESG, Inc.

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