

About This Report

Overview

This report is a summary of the 13th `2017 Coway Sustainability Report' for this year, and the full report is published online.

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

Reporting Scope

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

Reporting Period

Jan. 1, 2017 - Dec. 31, 2017

To ensure there is enough data to provide comparable referencing, three years' worth (in some case five years' worth) of data was disclosed. In the case of quantitative activities related to core issues, activities conducted until 2018 were included.

Reporting Standards

Core option of the GRI Standards Guidelines and IIRC's Integrated Reporting Framework

Reporting Assurance

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

Inquiry

Address 100-759, 11~17F, JoongAng Ilbo Bldg., 88, Seosomun-ro, Jung-gu, Seoul

Department CSV Team

e-Mail sustainability@coway.co.kr

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OVERVIEW

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CEO Message



I would like to express my sincere gratitude for your support over the years and wish good health and happiness for you and your family. The seed of our innovation began to sprout when we decided to provide our water purifier rental service at a low cost. Now, we are seeing the benefits our purifiers are bringing to people around the world.

Since our incorporation in 1989, we have been dedicated to improving the purity of the air and water we all consume. Rather than relying on conventional business models, we created a new market and expanded our business through innovation. As a market leader, we have led changes and technological innovation and set a new standard by hiring service specialists known as “Codys.” We recognize the true value of clean air and water, which is the foundation of our business. “Coway Trust” is our first and utmost top priority in all our business processes from product development and design to quality and service.

“Coway Trust Re:BLUETION” is our commitment for 2018 to making the world a better place to live. Trust is the value we continue to build and pursue while “Re” in “Re:BLUETION” represents the challenge we face. “Blue” in “BLUETION” is the color that symbolizes clean air and water. This year, we celebrate two decades of doing what we do best, which is our rental and Cody service. By focusing and further improving the core of our business, we will continue to lead innovation and change the world.

Innovation that you can experience

At Coway, we are reinforcing our core competencies and improving the quality of our products to solidify the trust our customers place in us. With such technological innovations as CIROO, the standalone filtration system that can filter ultrafine particles, and Air Dynamics, which creates pure flow of air, we are introducing innovative products that will revolutionize the industry and further increase our corporate value as a life care company. It is our job to help people lead healthy lives by providing clean air and water. With this belief, we will lead innovation to improve the quality of people’s lives. Looking toward the future, we are going to take advantage of the 4th Industrial Revolution by incorporating ABC—AI, Big Data, and Cloud technology—into our business. For example, AI can tell us the

quality of air. It can also collect indoor air quality data through machine learning and tell us the best way to ventilate air. These new technologies can be also used by Codys in the field. Such technological innovation will benefit both customers and Codys and increase the value of what they do.

Breaking the limit through open innovation

When the paradigm shifts, we have to change the way we work. The key aspects of the 4th Industrial Revolution are openness and connectivity. Just like we’ve done in our collaboration with Amazon, we are going to enhance the platform for open connection. Our business model deals with life essentials, such as the air, water and sleep, so our vision for the future must be solid. As more global companies recognize our value, there will be more opportunities for partnership to realize for open innovation. Such connection will change people’s lives not only in Korea but also around the world. With products that can meet the varying needs of people, we will share the true value of healthy lifestyle. In addition to our existing product lineup, including water and air purifiers, bidets, mattress and cosmetic products, we will continue to introduce new and innovative products such as FWSS (Fresh Wear Styling System) that will provide new user experiences and innovate lifestyle. We will set no limit to our approach and vision for the market and customer experience.

Promoting the value of healthy lifestyle

Our commitment to the world and its sustainability will be also reflected in our social responsibility programs as we share clean air and water with our neighbors. In 2016, we founded the startup school for youths, Wi School, based on our core competencies to provide support for lone entrepreneurs to start their own businesses. Coway too was founded as a one-man startup, and we believe it is our responsibility to help others realize their dreams while creating new shared values through core competencies. We appreciate your continuous interest and support in our efforts to make the world a better place to leave.

Our history shows that the quality of people’s lives has improved as our business grew. We are now able to drink clean water and breathe clean indoor air 24 hours a day. Our bidets and mattress care service make our lives even better and healthier. These changes are now a regular part of daily life. We are excited about the way we are changing the world and creating value for our customers. With this mission in mind, we will continue to bring customers new and better experiences and help improve the quality of people’s lives.

June, 2018
 president of Coway

이재선

Company Profile

Business Areas

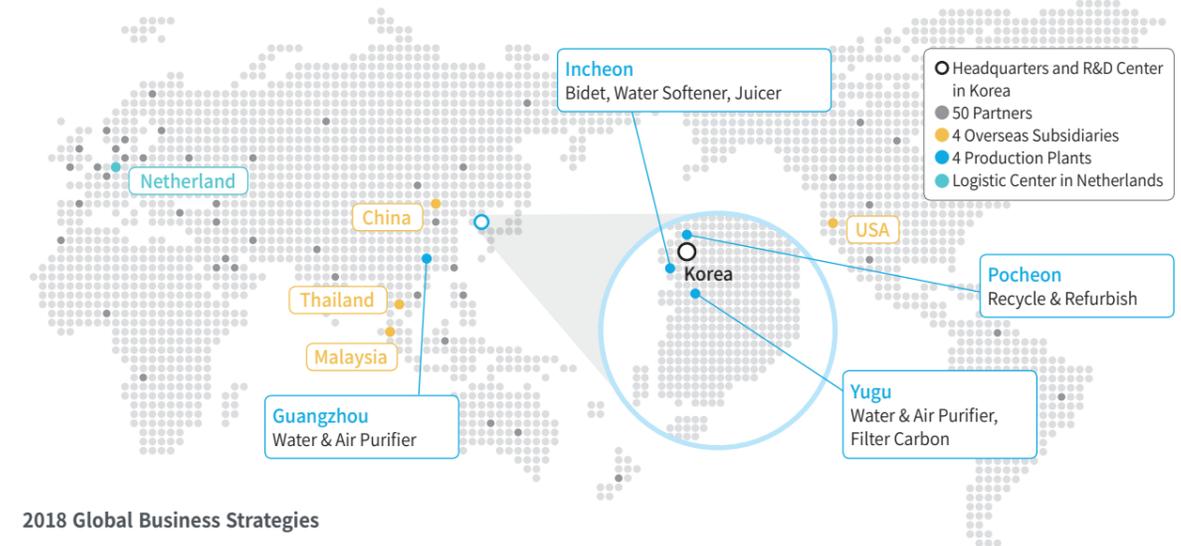
Home Wellness Appliances Business

Our business was founded and has grown based on the idea of providing expensive water purifiers at low cost so more people can drink clean water every day. As the world’s first water purifier rental service provider, we expanded our business portfolio to include air purifier, bidet, water softener and mattress and innovate our service through Cody as we lead the industry and market.

Global Business

At Coway, we are expanding our global presence based on our world class R&D infrastructure. As a leader in home wellness appliances such as air purifiers, water purifiers, and bidets, we drive our Global business by enhancing competitive advantages in local market and forming partnerships with global manufacturers.

Global Network



2018 Global Business Strategies

| [Local Subsidiary] Drive growth through localization | [Strategic Market Development] Develop new strategic market through market sales | [Sales Channel Development] Develop sales channels and prospect |
|---|--|---|
| <ul style="list-style-type: none"> Malaysia : secured 1 million customers so far by release customer base with new products US/Thailand : expanding strategic sales base and localized services | <ul style="list-style-type: none"> Form Amazon Partnership to drive sales in the US Expand brand business in China Develop new sales channels (e.g. online) | <ul style="list-style-type: none"> Develop key sales channels in Taiwan and Saudi Arabia Expand business with focus on new brand Focus on the efficiency of the existing ODM |

Cosmetics Business

After we established Cosmetics Research Lab in 2003, we entered the cosmetics market in full force in 2010 focusing on the development of premium products for healthy and beautiful lifestyle. Based on the customer base we built on the home wellness appliance line, we started with door-to-door sales and expanded our distribution channels to home shopping network, department stores, duty-free shops, and online malls. With the anti-aging product brand, “Re:NK”, bio-fermented herbal brand, “Allvit” and health food brand “Healthygru”, we provide customers with a lifestyle that is healthy and beautiful.

Company Profile

Business Performance

At Coway, we work hard to maintain our market share in the home wellness appliance market while developing new growth engines for continued revenue generation and sustainable growth. To this end, while expanding our product lineup for water purifiers, air purifiers, bidets, and mattresses, we offer personalized services to our customers. 2017 has been a record-breaking year for us as our consolidated sales reached KRW 2,516.8 billion, an increase of 5.9% over the past year, maintaining steady growth in sales. Meanwhile, our operating profit increased by 39.5% to KRW 472.7 billion with an operating profit margin of 18.8%. In 2018, we will further strengthen our market position and build trust with more competitive products based on the exclusive filter system, CIROO, which filters air to ultrafine particulate matters, and Air Dynamics technology which will put us as No. 1 technological innovator in the air and water appliance industry.

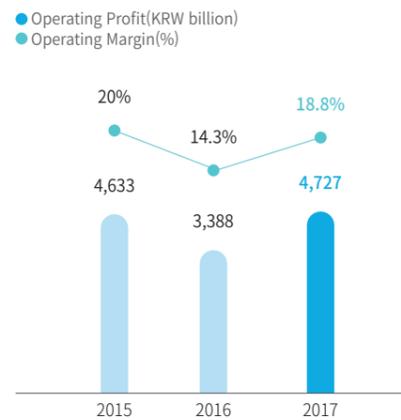
Sales

(K-IFRS Consolidated, Unit : KRW billion)



Operating Profit & Margin

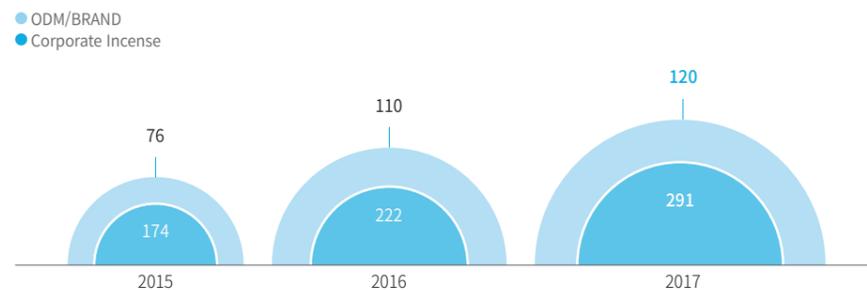
(K-IFRS Consolidated, Unit : KRW billion, %)



Meanwhile, we are maintaining a strong momentum for growth through localized product and service development, and marketing strategy with focus on the subsidiaries in the US, Malaysia, China and Thailand. In 2017, we built a foundation for mid- to long-term growth by forming a partnership with Amazon and reached KRW 410.8 billion in sales based on the strategies we developed for each company.

Global Business Performance

(K-IFRS Consolidated, Unit : KRW billion)



Sustainability Management Overview

Sustainability Management Strategy

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



Sustainability Management Structure

The Sustainability Management CFT—which is made up of the heads and persons in charge of the CSV Team, Ethics Management Office, HR Development Team, Environmental Management Team, and Win-win Cooperation Team—focuses on monitoring various sustainability management issues. It also conducts internal assessments, establishes improvement measures, and reports their results. Issues that are identified to have potentially critical influence are reported to the Infinite Responsibility Committee and the Management Committee under the Board of Directors. The improvement measures are then implemented accordingly.

The Environmental Management Committee, Occupational Safety and Health Committee, and Goodness Council (a consultative body of partners) also convene each quarter. On the other hand, in 2017, we established the ‘Infinite Responsibility Committee’ with the CEO as the chairman in order to realize sustainability management vision and strengthen responsibility management for stakeholders in 2017 and the meetings are held once a week to solidify the trust our customers.



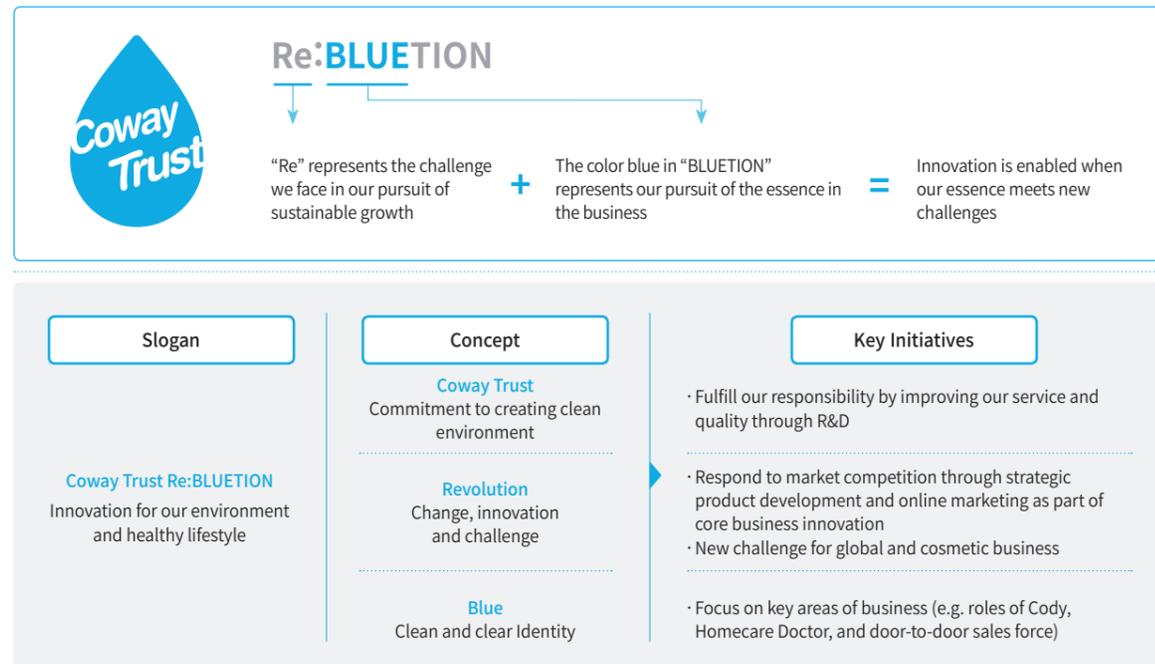
Re: BLUETION Story

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Coway Trust Re:BLUETION

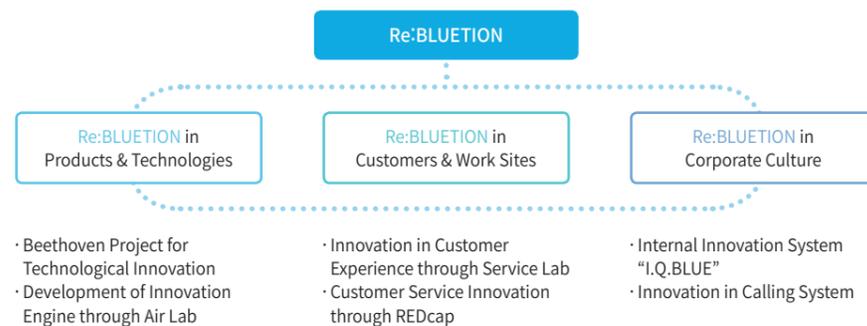
What is Re:BLUETION

In 2017, we aimed to build trust in our business practice. Our vision for 2018, however, is to further strengthen this trust and use it as a foundation as a leader in the industry and take our responsibility for the air, water and people's health to the next level. To this end, we have established Coway Trust Re: BLUETION in 2018 as our guide for the future. Unlike the innovations that other companies pursue, our approach to innovation focuses on revolutionizing our strength and developing new ways of doing business.



Direction of Re:BLUETION

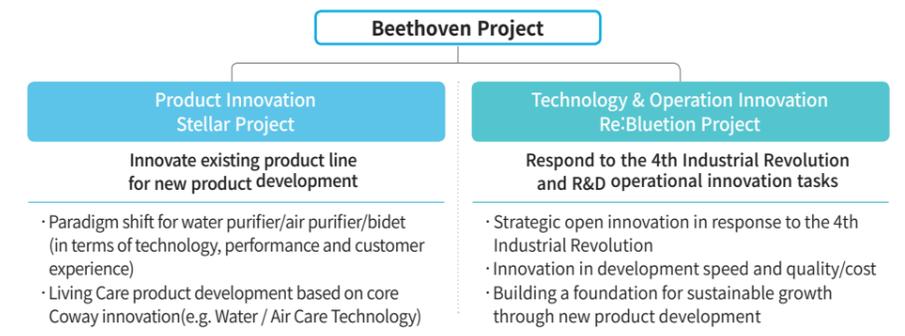
We are innovating our technologies, products and the way we provide service for our customers and work in the field. Through innovation in every aspect of our business, we are dedicated to making the world a better place to live.



Re:BLUETION in Products & Technologies

Beethoven Project for Technological Innovation

There are about 40 research labs and 17 conference rooms at our Environment Technology Lab where about 250 researchers are working on the research and development of new technology for products such as air purifiers, water purifiers, bidets, and mattresses using more than 410 state-of-the-art devices and equipment. Since 2017, we have selected key projects for our new growth engines as part of the Beethoven Project where our CTO serves as a project manager. The project is largely divided into Stellar Project for product development and Re:Bluetion Project for operational innovation while the CTO oversees the progress on a weekly basis, makes decisions and sets the directions.



Development of Innovation Engine through Air Lab

At Coway, we operate Air Lab with the concept of "everything about the air". Through this, we promote our expertise and leadership in air quality management. The site provides hands-on content, air quality self-diagnosis, and useful information (e.g. Air Lab Report) to raise awareness of the importance of air quality care program.

Big Data

Since 2014, we have accumulated 120 billion pieces of data collected from the air purifiers installed at our customers and used this data to classify the indoor air quality into 24 categories and provide customized filters. Using this Big Data, we are able to identify the indoor and outdoor air quality at home and the trend of change by time of day, and even provide healthcare service through the application.



* 2015-2016 Korea's air quality data collected through IoCare air quality devices and air purifier IoCare

Global Industry-Academy Research Projects

At Coway, we carry out joint research with colleges, research labs and governments around the world on air quality and flow to make sure that clean air flows everywhere under any circumstances.



Coway Trust Re:BLUETION

Re:BLUETION in Customers & Work Sites

Innovation in Customer Experience through Service Lab

At Coway, we established Service Lab to design and improve customer experience. The Service Lab operates under the slogan “see from the customer’s perspective and innovate their experience through new ideas”. By understanding their perspectives, we turn their negative experience into a positive one and gain competitive advantages in the market by commercializing the experience they have in our brand.

What Service Lab Does

- Divided into 4 areas: CX* Report, CX Research, CX Project, and CX Platform.
- Define and perform our key tasks such as customer experience analysis on new product/service, CS Barometer with real-time access to service status, service research activities, service innovation projects, and customer experience innovation forum.

* CX : Customer Experience



Service Lab Space Concept

Welcome Zone

Show the identity concept of Coway & Service Lab

Open Heart Zone

Communicate with customers and service agents for improvement

Service Exhibition Zone

Symbolize Coway's approach in service

Creating Idea Zone

Produce new, creative ideas (Project Space)

Real-time Coway Zone

Share Coway's service status in an accurate and timely manner (Digital Wall)

Building Trust Zone

Validate ideas from the customers' perspectives (Through the prototypes of the ideas)

Customer Service Innovation through REDcap

In July, 2017, we established “REDcap” to innovate customer experience and implement customer-oriented business management. As an organization fully prepared to meet the needs of our customers, they handle complaints and provide service on site in case of emergency.

To make sure that REDcap is operated efficiently, we have changed our system so that emergency issues that may affect safety and health are handled within 24 hours. We also have a Blue Whistle system to keep REDcap informed of any emergency situation and complaints identified during the service for immediate action.



REDcap

Represent 'Ready', 'Emergency', and 'Deployment'

Re:BLUETION in Corporate Culture

Internal Innovation System “I.Q.BLUE”

At Coway, we established I.Q.BLUE ((Infinita Quest Blue) through which our employees share their ideas for the development of new products and business models as part of our sustainable growth strategies. In addition, we have implemented a platform to share their ideas online without feeling any pressure or restriction.

Infinita
(Latin : infinite)

+

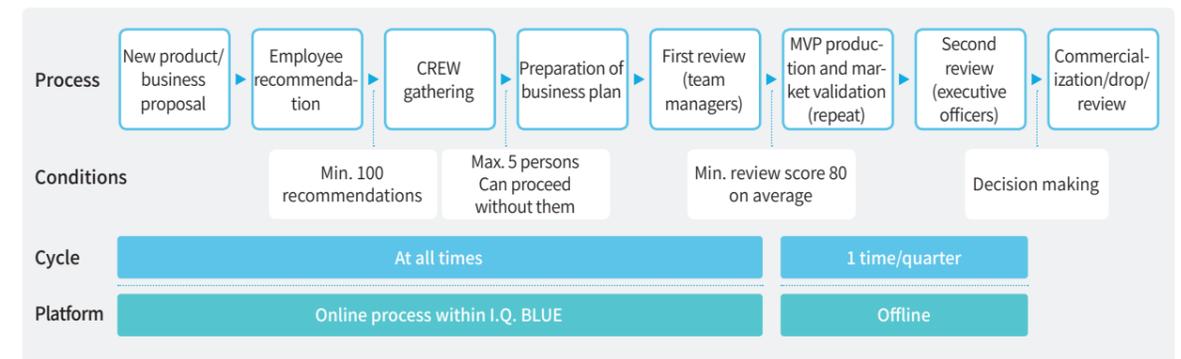
Quest
(English : Quest)

=



- Foster pioneering spirit
- Create a creative environment
- Develop new business/product ideas

Suggestion Process



Performance



120 cases

Registration status
— 99 in progress, 11 applied in practice, 10 in Quest Box



3 cases

Sample production ideas, commercialization under review

Innovation in Calling System

In order to respond to a changing market environment in a prompt, flexible manner with a high level of creativity and autonomy, we have introduced a new title system. By separating the job title/position from what we call each other, we standardize it to “OOO nim” to promote mutual respect and open-minded communication while developing innovative ideas. The new system was applied to the entire company, while the existing title-based form of address is used for sales and production jobs due to their specific job and organizational circumstances.

“ The new calling system is expected to promote an open, creative and horizontal organizational culture and increase the level of job satisfaction among employees. ”

HR Support Team Manager of Coway

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Issue 1 **Market Leadership**

Our Approach



Business Relevance & Approach

Our business environment is undergoing dramatic changes with increasing demands for home appliances in response to declining air quality, diversified needs of customers, and advancement of digital technologies such as artificial intelligence and internet of things. Companies around the world are investing in R&D and increasing their intangible assets such as intellectual property rights, while strengthening their foundation for revenue generation by providing personalized service.

In line with this trend, we are continuing our R&D projects and creating new values for our products and services based on our expertise, IoT technology and big data in order to lead changes and innovation. In 2017 in particular, we upgraded our IoT applications and incorporated them into our flagship products such as water purifiers, air purifiers and bidets while creating new values through local partnership with such companies as Amazon and Apple. In addition, we focus our resources in service innovation to provide unparalleled service for our customers.

Activities

- Continuous R&D Innovation
- Development of Competitive Products and Technologies
- Personalized Solution for Customers

Business Case

- Fostering Specialist “Water Sommeliers”
- Service Quality Assurance System

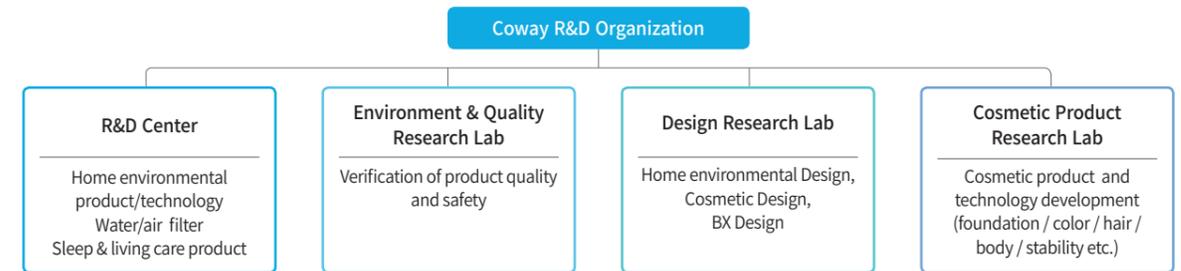
Performance



Continuous R&D Innovation

R&D Organization

At Coway, we focus our resources on technological innovation to help people enjoy clean air and water with our superior technological expertise and state-of-the-art research facilities. There are 361 researchers dedicated to advancing life-dependent technologies in our R&D Center, the Environment and Quality Research Lab, Design Research Lab, and Cosmetic Product Research Lab.



R&D Investment and Performance

At Coway, we strengthen our competitive advantages by investing our resources in R&D efforts. Our R&D investment in 2017 reached KRW 36.2 billion, accounting for 1.44% of sales. Of the researchers working at the Coway R&D Center, 18 of them were certified by WQA (Water Quality Association) as CWS (Certified Water Specialists). This ranked first in Asia and third in the world, and our CWS conduct in-depth research on water while renewing their qualifications by taking the test each year. As a result, we have registered 150 patent rights out of 315 we have applied for over the years.

Research on Water and Air

At Coway, we conduct research on water and air with a sense of responsibility and pride in how we take care of the essential part of life. At our Environmental Analysis Center, we collect and analyze water from more than 40 countries around the world and establish our own “Coway World Water Map” based on which we respond to the conditions of water quality that changes depending on geography and environment.

Meanwhile, we are carrying out the “IAQ (Indoor Air Quality)” field test where we analyze the air quality on-site at the customers to make sure they can enjoy clean indoor air everywhere in response to increasing concern on particulate matters. The test is designed to study indoor air quality in the actual environment we live in, not a controlled environment. Twenty-four air quality indicators were developed based on more than 110 billion cases of data collected from 1,300 households, used to quantify the health effects of pollutants and provide customized filters for our customers. Our dedication and efforts led to product innovation and patented technologies.

BUSINESS CASE

Fostering Specialist “Water Sommeliers”

We encourage our researchers to become certified for “water sommelier” to provide clean water for our customers. Those who are qualified play a key role in evaluating water taste for the development of water purifiers. In 2017, 26 researchers qualified as water sommeliers through the Water Sommelier Training Program*. 20 of them received the Intermediate (Level 3) which is the basic level of water sommelier while 6 of them have acquired the Advanced (Level 2) which allows them to train others. We are the only company in the country that has water sommeliers of Advanced level. We plan to develop our water sommelier training programs for the researchers of the Environmental Technology Research Lab and strengthen our competitive advantages in the market.



* The Water Sommelier Training Program is organized by the Korea International Sommelier Association with an aim to enhance the expertise of researchers and strengthen our brand reputation as a leading water company in Korean.

Development of Competitive Products and Technologies

Advanced Filter Technology

The filter technology is a key to making water clean and healthy to drink. In order to meet the needs of consumers, we have researched filter technology for over 30 years to ensure continuous innovation. As a result of these efforts, we have developed CIROO (Coway Intensive Reverse Osmosis) which has exceptional performance. By using superior intensive membrane materials, processing technology, and carbon filter system, we are able to provide clean water that tastes better thanks to advanced RO filter technology. In 2018, we will launch RO direct water purification system featuring the CIROO2.0 Filter which is designed to maintain filter performance and provide water with great taste thanks to self-cleaning system.

Innovative Products based on Digital Technology

At Coway, we are developing human-centered products that incorporate cutting-edge technologies based on IoT (Internet of Things), AI (artificial intelligence) and Big Data. In particular, we present a new paradigm in creating value for our customers through the IoCare (Internet of Care) solutions which combine customer care and IoT technology as our growth engine for the future.

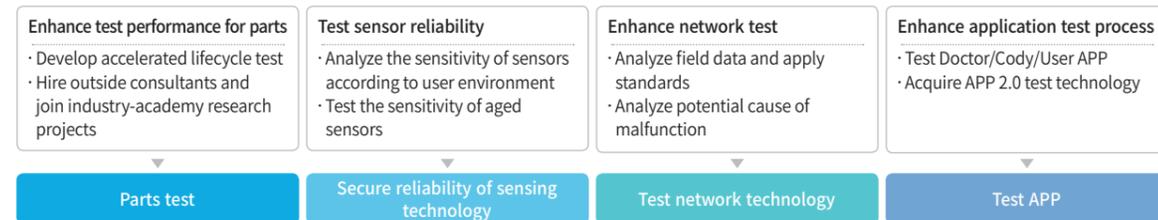
IoCare Product Development

Coway HANDSPAN Water Purifier IoCare is designed to monitor the performance and water usage 24 hours a day and automatically sanitize itself to make sure that clean water is available at all times. In addition, its smart system connects to the IoT and monitors performance in real time, notifies the user and our service center if any abnormality is detected. If the system is not used for more than 48 hours, it notifies the user accordingly and also features customized care system for silver generation.

Reliability of IoCare Series

In response to increasing demand for IoT-based product development, we are expanding our testing facilities and equipment as part of our quality assurance process. We will continue to improve the reliability of our IoCARE series to meet the demand for product development.

Key Activities to Enhance Reliability



Strategic Partnership with Global Companies

At Coway, we form strategic partnerships with global IT companies to improve our customer service standards and market position. We will continue to strengthen our customer care programs through collaboration with top global companies, setting a new standard and paving the way for the future.



- Launched "Air Mega" air purification system for the North American market, which supports Alexa, Amazon's voice recognition platform in 2017.
- In 2018, we are launching new products that support Amazon's IoT-based order service known as "DRS (Dash Replenishment Service)" and place orders automatically if the filter needs to be replaced at the end of its lifecycle.



- "Coway Tower", the world's first air purifier that connects to Apple's smart platform, "Home Kit", is scheduled to launch.
- The users can control the system through iOS apps and Siri.



- Smart air purification system with the Naver AI platform "Clova" support will be launched.
- Features voice control through Clova speakers and smart phone applications.

BUSINESS CASE

Presenting Future of Life Care Industry at 2018 CES

At Coway, we create values by introducing innovative total life care solutions and cutting-edge technologies. In 2017, we showcased our products and service solutions based on big data platform that will innovate the lifestyles of consumers in the 2018 CES (Consumer Electronics Show) we have entered for 3 consecutive years.



Life Changing Technology

With "new life-changing technologies" as our concept for this year's exhibition, we showcased 25 innovative products and customized care solutions including FWSS (Fresh Wear Styling System).

FWSS(Fresh Wear Styling System) offers intensive clothing management and cleans the storage space.

- Provides a total clothing management solution and maintains perfect storage conditions for clothes that require intensive care, e.g. suits, coats and knits.
- Features an air purification system at the bottom to provide air cleaning and dehumidification for not only storage space but also the surrounding area and create the perfect storage environment for all clothes all year long.

Incorporated with AI deep-learning technology, "Active Action Air Purifier"

- Provides innovative air purification solutions through in-depth indoor pollution pattern analysis and customized AI air care for the area where clean air does not reach.
- Features Coway's first deep learning-based AI mode using big data on indoor air quality.

IoT-based "Coway Smart Bed" provides the best sleeping experience.

- Helps those who have trouble sleeping due to irregular sleeping patterns develop healthy sleeping habits by combining the mattress and IoT.
- Monitor the user's sleeping pattern and surrounding environment in real-time to remove any factors that interfere with sleeping and create the perfect conditions for sleeping.



2018 CES Award Winners

| Model | Categories | Concept |
|--------------------------|-------------------------|---|
| Giga(P-5600N) | Home Appliances | <ul style="list-style-type: none"> Sufficient direct water supply using nano technology Detachable faucet for easy maintenance |
| Active Action (AP-0818A) | Smart Home | <ul style="list-style-type: none"> Omni-directional circulation care Double-sided suction system Customized space care using motion sensor |
| Smart Bed System | Tech For A Better World | <ul style="list-style-type: none"> Personalized mattress hardness setting Snoring relief feature |
| Beauty Platform (CBD-01) | Smart Home | <ul style="list-style-type: none"> Optimize conditions for cosmetic products External environment notification |
| Le Grandbleu FWSS | Home Appliances | <ul style="list-style-type: none"> Intensive apparel care Space care (air purification, dehumidification) |

Personalized Solutions for Customers

At Coway, we focus on the innovation of our service to provide unparalleled customer experience while adding more services to our Heart Service as part of our customer care program.

Heart Service Overview

In addition to the basic Cody care service, we provide such services as Cody-on, Special Care, and IoCare product innovation and after-sale care service as part of our new Heart Service.

How Heart Service Work

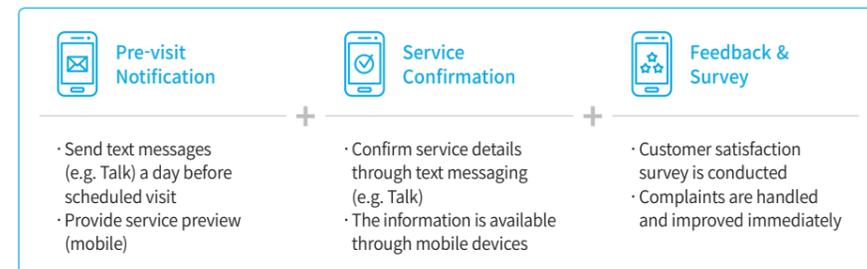
Cody-On Service for Peace of Mind

Coway "Cody-On Service" is designed to visualize and provide the details of product inspection at a glance through mobile devices. Previously, it was difficult for our Codys to explain their service results to customers after conducting Heart Service. However, with the Cody-On Service, customers can understand the outcome of the service they carried out. It also provides a quick service preview in advance through notifications.

Coway Cody-on Service



Cody explains the service carried out using the "Cody-on Service".



Coway service engineers known as Special Doctors replace parts to be sanitized on site as part of Special Care Service.

Special Care Service for Replacement

As part of our "Special Care Service", we replace parts of water purification systems. Previously, we provided this service for rental customers after 29 months of use. As of May 2017, this service applied to all models on cold/hot/purified water flow, tubing and faucet. Our specialized service engineers known as "Special Doctors" visit customers and conduct necessary maintenance including check-up, sanitation, cleaning and replacement of parts.

BUSINESS CASE

Service Quality Assurance Program

At Coway, we take a survey on our Heart Service to identify their level of satisfaction and monitor feedback as part of "After-Sale Service". We introduced a one-stop quality assurance system from complaints handling to follow-up on improvement. In addition, our Quality Committee consisting of managers in charge of product development, production, customer service and quality control carries out improvements while enhancing our competitive advantages in service through real-time management based on IoCare.



Issue 2 Product Safety & Reliability

Our Approach



Business Relevance & Approach

At Coway, we recognize the importance of product safety and consistent performance as our products are designed for processing air and water and are used for an extended period of time. Therefore, our quality management is a series of processes we rely on to fulfill our responsibilities in terms of quality and safety.

From quality planning and management to assurance and improvement, we focus our resources on the overall improvement at each stage of our quality management. In 2017, we redefined all our business processes and activities to implement quality management practice from the "customers' perspective" and "broad perspective". In particular, we continued to enhance our commitment to the safety and quality of our product through the activities of the Infinite Responsibility Committee, CICS renewal, chemical substance control system and customer-oriented service quality improvement.

Activities

- Product Safety Enhancement
- Customer-oriented Quality Management

Business Case

- Enhanced Product Validation throughout the Entire Process
- Safety Specifications Prevention and Management System

Performance

Consumer Electricity Safety Certifications

128cases



Public Test Labs for International Safety Certification Center

12cases

Product Safety Enhancement

Technological Innovation for Enhanced Safety and Sanitation

At Coway, we are committed to maintaining the highest level of safety and sanitation for our products from their design stage. Through technological innovation, we apply easy-to-clean and replaceable detachable cork tips for all models with safety warning displays for a check-up even if the customers are not subject to regular care service.



Chemical Process Control System

With the HSPM (Hazardous Substances Processing Management) certification, we reinforce our chemical process control system based on a cycle of planning, execution, review, and continuous improvement. We ensure compliance with EU / K-RoHS standards for all parts used since 2010. In 2015, we expanded K-RoHS compliance and registered all our service parts codes for internal validation of conformity. In 2016, we built a database in order to identify chemical substances used in our workplaces, and a database for compliance with domestic and overseas regulations and requirements. In 2017, we applied our chemical process control system to each product to meet the demands of our customers for chemical process and ensured compliance with global environment regulations.

Safety Certification

At Coway, we maintain our safety certifications even after the product is launched and expand the scope of certification to a corporate-wide level as part of certification management practice. In 2017, we conducted post-certification of electrical safety and electromagnetic compatibility, and reviewed the energy efficiency of our water purifiers to prevent inconsistencies between our certifications and actual performance. Meanwhile, we make sure our products comply with local regulations from their development phase. In 2018, we plan to expand the scope of our performance certification management such as Clean Air (CA) and Healthy Humidifier (HH) to maintain its status.

approx. **250** types

Specialized testing devices/equipment (e.g. electrical safety, electromagnetic, standby power)

8 cases

New safety test guidelines

BUSINESS CASE

Safety Specifications Prevention and Management System

As part of our efforts to enhance product certification management, we prepared for the renewal of CICS for certification management website and identification of certificates that required corporate-wide management in 2017. Based on this, in 2018, we will establish and implement a system and process to maintain the initial status of certifications as well as the integrated management of our safety and performance certification.

Customer-oriented Quality Management

Quality Management Program

At Coway, we internalize our quality-management activities throughout the entire business process from development to sales and disposal to ensure safety of our products.

| | | |
|--|--|--|
| <p>Daily Quality Monitoring</p> <p>Key quality-related data (e.g. after-sale service and return) is analyzed and monitored on a daily basis for effective and timely quality improvement.</p> | <p>QS7 (Quality Solution 7 Days)</p> <p>“Emergency Residence TFT” is issued in response to quality issues to make sure they are resolved within 7 days to keep customers satisfied.</p> | <p>Quality VOC Council</p> <p>On-site quality VOC channels are unified and regular meetings of the council held for effective and timely quality improvement.</p> |
| <p>Worst Improvement Assurance System</p> <p>The “Worst” defects are identified and TFT is organized for the improvement of each product category.</p> | <p>Quality Improvement Progress Management</p> <p>The progress made for improvement is managed in real time and failure cases are kept in the database for continuous improvement.</p> | <p>Quality Forecast</p> <p>Any risks that may have an impact on manufacturing quality are managed according to weekly production plan.</p> |

* 4M(Man, Machine, Method, Materials)

Infinite Responsibility Quality Management

In October 2016, we organized “Infinite Responsibility Committee” to make sure our product safety and reliability are reviewed comprehensively and a proactive approach is taken for maintenance and improvement. Consisting of executive officers of the company, the committee directly reports to the CEO and discusses the safety issues of our products every week to expedite the decision-making process. Matters are discussed from multiple perspectives based on the coordination between divisions and the results are incorporated into the corporate-wide process. By the end of 2017, 130 issues have been discussed in 47 meetings. In addition, we established “Coway Infinite Responsibility Committee” website to communicate with our stakeholders on various activities we carry out to build trust.

Infinite Responsibility Committee ▶ <http://trust.coway.co.kr/about.html>

BUSINESS CASE

Enhanced Product Validation throughout the Entire Process

At Coway, we conduct product validation throughout the entire process even in consideration of its operating environment as well as safety, hazard and sanitation.

Enhanced Validation

| | | | |
|--|---|--|---|
| <p style="text-align: center;">Pre-Design Review</p> <p>In order to improve our product design, we implement PDR (Pre-Design Review) throughout the entire product development process from planning to design and development. In particular, we are monitoring new quality-related risks by coordinating with experts outside the company and identify the areas of improvement in our review system.</p> | <p style="text-align: center;">Reliability Test Planning Fair</p> <p>Risk factors are assessed through the fair designed for in-depth analysis of the reliability of new products, parts and functions while reducing deviations among test teams. After the development phase, we review all progress made during the process to identify the areas of improvement in our test standards and review procedures. Meanwhile, failures are documented through a system and shared at a corporate-wide level.</p> | <p style="text-align: center;">Reliability of Foreign Substance</p> <p>We collect information on the foreign substances produced in water and air purifiers and review it to develop new test processes. In 2017, we completed analysis of 48 foreign substances, while incorporating this process to the service items for safety.</p> | <p style="text-align: center;">Failure and Defect</p> <p>In order to prevent product failures and defects, we carry out in-depth analysis using state-of-the-art equipment and processes. In 2017, we analyzed the causes by reviewing 23 cases and standardized the design to prevent recurrence.</p> |
|--|---|--|---|

Issue 3 **Environmental Impact**

Our Approach



Business Relevance & Approach

In response to environmental problems such as depletion of natural resources due to consumption, increase of waste such as plastics, and climate change, the importance of circular economy where resources are recycled and reused for less environmental impact, over the consumption-based linear economy is recognized.

Under these circumstances, we are implementing “Refurb” system to satisfy customers who want reasonable and prudent consumption and minimize environmental impact by reusing our resources. We are also working on reducing environmental burdens and greenhouse gas emissions by expanding our eco-friendly product lineup. In particular, we continue developing eco-friendly technologies to minimize the environmental impact while maintaining our certification on carbon emission and energy saving.

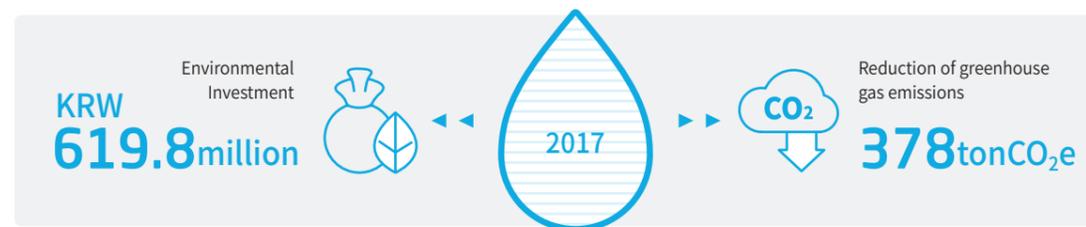
Activities

- Circular Economy
- Eco-friendly Product Development

Business Case

- Implementation of the Product LCA (Life-Cycle Assessment)
- Energy Winner of the Year “CO₂ Emission Reduction”

Performance



Circular Economy

Refurb System

At Coway, we manufacture and sell refurbished products, and recycles plastics from waste to save resources and minimize environmental impact. We collect waste products free of charge from our customers and recycle the materials or refurbish them for reproduction and sale through our recycling center.

Refurbished Products Sold

(Unit : Item)



Plastic Recycling

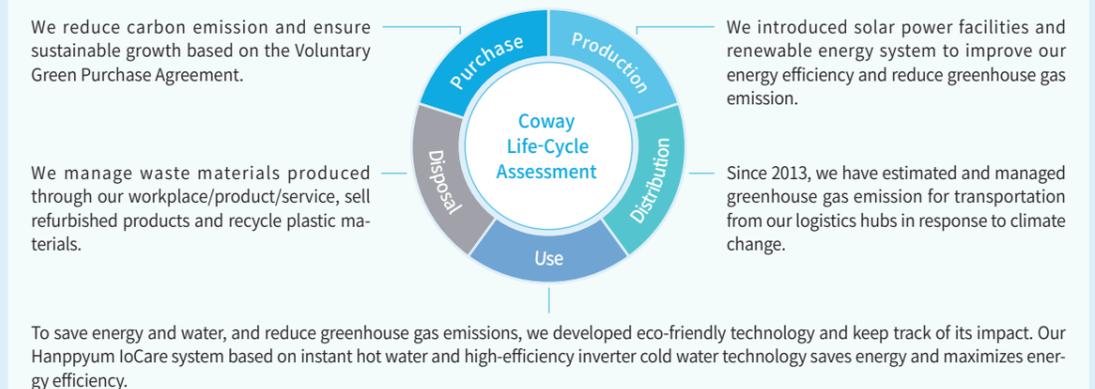
As our products are subject to the Act on the Resource Circulation of Electrical and Electronic Equipment and Vehicles as of 2014, we established a waste collection and recycling system to ensure compliance with applicable laws and regulations (including voluntary agreements on collection and recycling of plastic waste). In particular, our Codys collect and recycle waste filters so that we can manage not only products but also service wastes. In addition, we collect and recycle all our product wastes as part of our voluntary recycling program.

| Category | 2015 | 2016 | 2017 |
|---------------------------------|-------|-------|-------|
| Recycled Plastic Materials(ton) | 6,353 | 6,902 | 6,515 |
| Recycling Rate(%) | 69 | 69 | 71 |

BUSINESS CASE

Implementation of the Product LCA (Life-Cycle Assessment)

At Coway, we identify greenhouse gas produced throughout our purchase, production, distribution, use and disposal process and apply it to our product design through LCA (Life-Cycle Assessment).



Eco-friendly Product Development

Eco-friendly Products

The most significant environmental impact of our products is energy and water consumption when they are used. In order to minimize the impact, we are committed to improving the energy efficiency and reducing water consumption of our products by using vacuum insulation materials and Nano-trap filters. In particular, we are incorporating instant heating and semiconductor cooling technologies in our product development for better energy efficiency.

Models with Improved Energy Efficiency

Water Purifier (Model: CHP -480L)

- 1 Energy Efficiency Rating: Class 1
- 2 Improvement
 - Inverter compressor → 65% energy saved compared to the existing compressor
 - 3-step instant water heating control technology (85°C, 70°C, 45°C)



Models with Reduced Packaging Weight & Eco-friendly Package

Lighter Packaging Materials

AP-1013F: packaging box materials (double layer → single layer)

Eco-Friendly Packaging

Acquired GP certification mark for bidet packing in 2017
Model: BASH30-A
Improvement: Compact design of bidet packing material



Air Purifier (AP -1515D)

- 1 Energy Efficiency Rating: Class 1
- 2 Improvement from previous models
 - Double-suction flow design : 50% energy saved compared to existing multi-suction type

Eco-friendly Product Certification

Through carbon label/environmental mark certification system, we share the progress we made on environmental sustainability in our products.

Eco-friendly Product Certification Status (Unit: Case)

| Models | 2015 | 2016 | 2017 |
|--|------|------|------|
| Carbon Emission Certification | 4 | - | - |
| Environmental Mark Certification | 7 | 4 | 7 |
| Water Footprint ¹⁾ | 1 | - | 1 |
| Carbon Neutral Product Certification ²⁾ | 1 | 2 | - |
| Carbon Balloon ³⁾ | - | 2 | - |

1) Water Footprint : quantifies the environmental impact based on the total amount of water used directly or indirectly for the entire process from acquisition of raw materials, production, distribution, use and disposal, and verified in accordance with ISO 14046 requirements

2) Carbon Neutral Product Certification : certification given to products that have acquired CER (certified emission reduction) equivalent to the greenhouse gas emitted throughout the entire production, distribution, use and disposal process or offsets the carbon emission through greenhouse gas reduction activities

3) Carbon Balloon : whereas Carbon Label calculates the environmental impact made throughout the entire process under Korean certification standards, Carbon Balloon is an international carbon certification that calculates the carbon emission under more stringent ISO14044 & PAS 2050 standards.

Eco-friendly Product Sales (Unit: KRW 100M)

| Category | 2015 | 2016 | 2017 |
|----------------------------|-------|-------|-------|
| Eco-friendly Product Sales | 5,972 | 6,292 | 5,983 |

* We are aiming to achieve 50% share of eco-friendly products relative to total sales of Home Wellness Appliances product.

BUSINESS CASE

HANDSPAN Water Purifier
IoCare (CHP-482L)

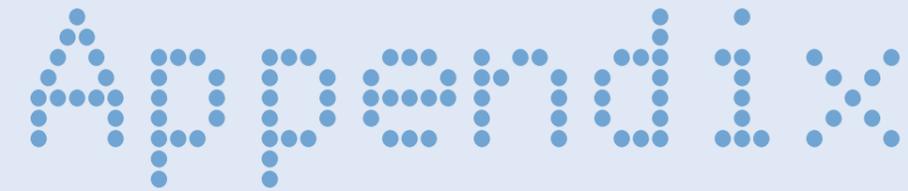


Save up to 83% energy
(compared to standard hot/cold
water purification systems)

Energy Winner of the Year “CO2 Emission Reduction”

Coway HANDSPAN Water Purifier IoCare won the “CO2 Emission Reduction Award” at the 20th Energy Winner of the Year hosted by the Korea National Council of Consumer Organization and Ministry of Commerce, Industry and Energy. The award recognizes products and technologies with excellent energy efficiency.

The HANDSPAN Water Purifier IoCare uses the “instant water heating system” and “high-efficiency inverter water cooling system” to minimize energy consumption by heating the water when it is needed. It provides hot water for the convenience of users depending on situation and use.



Appendix

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Economic Data

Organizational Scope

Financial Data

Financial Highlights(Consolidated basis)



Summarized Financial Position (Unit : KRW billion)

| Category | 2015 | 2016 | 2017 |
|---|--------------|--------------|--------------|
| Assets | | | |
| Non-current assets | 1,122 | 1,235 | 1,367 |
| Current assets | 653 | 733 | 791 |
| Total assets | 1,775 | 1,968 | 2,159 |
| Equity | | | |
| Shares of the controlling company | 1,237 | 1,183 | 982 |
| Paid-in capital | 41 | 41 | 41 |
| Capital surplus | 98 | 98 | 98 |
| Retained earnings | 1,177 | 1,180 | 963 |
| Other equity items | (78) | (135) | (119) |
| Non-controlling interest | 1 | 1 | - |
| Total shareholders' equity | 1,238 | 1,183 | 982 |
| Liabilities | | | |
| Non-Current liabilities | 62 | 49 | 52 |
| Current liabilities | 473 | 735 | 1,125 |
| Total liabilities | 537 | 784 | 1,177 |
| Total liabilities and shareholders' equity | 1,775 | 1,968 | 2,159 |

Summarized Income Statement (accum.) (Unit : KRW billion)

| Category | 2015 | 2016 | 2017 |
|-------------------------------------|-------|-------|-------|
| Sales | 2,315 | 2,376 | 2,517 |
| Cost of sales | 729 | 812 | 798 |
| Gross income | 1,586 | 1,564 | 1,718 |
| Selling and administrative expenses | 1,123 | 1,225 | 1,246 |
| Operating income | 463 | 339 | 473 |
| Net income before income tax | 454 | 324 | 440 |
| Net income | 343 | 243 | 326 |

Features of Resource Procurement

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

Coway's Supply Chain

Coway engages in trade with a total of 268 suppliers in order to procure raw materials and parts for manufacturing products.

| Category | 2015 | 2016 | 2017 | |
|------------------|------------------|------|------|-----|
| No. of Suppliers | Total | 288 | 273 | 268 |
| | Tier 1 suppliers | 193 | 178 | 173 |
| | Tier 2 suppliers | 95 | 95 | 95 |

R&D and Economic Performance Creation

Research and Development Status (Unit : KRW million, %)

| Category | 2015 | 2016 | 2017 |
|-------------------------------|--------|--------|--------|
| R&D Expense | 34,029 | 34,821 | 36,174 |
| R&D Cost Proportion(vs Sales) | 1.47 | 1.47 | 1.44 |

Intellectual properties (Unit : case)

| Total | Patents | Utility models | Brands(Including overseas) | Designs |
|-------|---------|----------------|----------------------------|---------|
| 4,267 | 799 | 182 | 2,645 | 641 |

Economic Performance Creation and Distribution

Coway distributes economic performance to various stakeholders, including shareholders, customers, employees, and suppliers. The amount distributed to stakeholders in 2017 is 124,473 ten million won

Social Data

Social Reporting KPI



Business Sites and No. of Employees

Domestic and Overseas (Unit : Persons)

| Category | | 2015 | 2016 | 2017 |
|-------------------------------------|-------------------|--------------|--------------|--------------|
| Domestic | | | | |
| Total No. of Employees | | 4,780 | 4,771 | 4,879 |
| Total No. of Employees | Production | 250 | 249 | 264 |
| | Sales | 3,331 | 3,358 | 3,397 |
| | R&D | 368 | 358 | 361 |
| | Clerical work | 805 | 779 | 830 |
| | Others | 26 | 27 | 27 |
| No. of Employees by Employment Type | Regular | 3,936 | 3,920 | 4,007 |
| | Temporary | 844 | 851 | 872 |
| No. of Gender | Male | 1,572(32.9%) | 1,588(33.3%) | 1,685(34.5%) |
| | Female | 3,208(67.1%) | 3,183(66.7%) | 3,194(65.5%) |
| No. of minority group* | Foreigner | - | 6 | 5 |
| | Disabled | - | 44 | 51 |
| Overseas | | | | |
| Total No. of Employees | | 1,292 | 1,631 | 1,885 |
| No. of Employees by Employment Type | Overseas dispatch | 15 | 13 | 15 |
| | Local recruitment | 1,277 | 1,618 | 1,870 |

* Systematically manage and report the data from 2016

Employees by Gender and Age (Unit : Persons)

Coway is an equal opportunity provider and does not discriminate based on age or gender. In 2017 we established a global CSR Guide containing human rights, labor, environment and overall safety principles and in 2017 there were no violations related to child and forced labor

| Category | Gender | 2015 | 2016 | 2017 |
|--------------------------------|--------|-------|-------|-------|
| Executive over 50 years of age | Male | 11 | 11 | 15 |
| | Female | 1 | 1 | 0 |
| Employee over 50 years of age | Male | 38 | 37 | 78 |
| | Female | 508 | 849 | 849 |
| Executive aged 30-50 | Male | 12 | 14 | 11 |
| | Female | 2 | 1 | 1 |
| Employee aged 30-50 | Male | 1,465 | 1,462 | 1,489 |
| | Female | 2,448 | 2,352 | 2,107 |
| Employee under 30 years of age | Male | 69 | 64 | 92 |
| | Female | 252 | 248 | 237 |

New Employment and Turnover

New Employment, Turnover, and Average year of service

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

| Category | 2015 | 2016 | 2017 |
|----------------------------|------|------|------|
| No. of New Employees | 643 | 668 | 683 |
| Rate of New Recruitment(%) | 13.4 | 14 | 14.1 |
| No. of Retirees | 628 | 677 | 574 |
| Turnover Rate(%) | 13.1 | 14.1 | 11.8 |
| Average year of service | 6.5 | 6.8 | 7.2 |

Remuneration

Basic Remuneration Comparison between Men and Women (Unit : KRW)

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

| Category | 2015 | 2016 | 2017 |
|---|------------|------------|------------|
| Basic annual salary for a new male employee | 38,000,000 | 38,000,000 | 38,000,000 |
| Basic annual salary for a new female employee | 38,000,000 | 38,000,000 | 38,000,000 |

Comparison of New Employees' Remuneration and the Legal Minimum

| Category | 2015 | 2016 | 2017 |
|---|-------|-------|-------|
| Legal Minimum Wage(monthly, KRW 10,000) | 108.8 | 116.6 | 126.0 |
| New Employee Wages(monthly, KRW 10,000) | 307.5 | 316.7 | 316.0 |
| Rate(%) | 282 | 272 | 251 |

Maternity Protection

Maternity Protection (Unit : Person)

| Category | 2015 | 2016 | 2017 |
|-------------------------------------|------|------|------|
| Employees using parental leave | 117 | 129 | 115 |
| Return to work after parental leave | 78 | 95 | 97 |

Operation of the Labor-Management Council and the Grievance Counseling Program

Operation of the Labor-Management Council

Coway discusses its major decisions and changes it implements regarding corporate management through regular meetings of the Labor-Management Council. If significant operational changes occur, we transparently share them in advance. In 2017, through 5 meetings of the Labor-Management Council we held discussions on 9 Agendas, including evaluation committee operations and promotion, annual salary adjustment, incentive payment, system improvement in corporate culture and education.

| Category | 2015 | 2016 | 2017 |
|--------------------------------|------|------|------|
| No. of Council Meetings | 7 | 5 | 5 |
| No. of Agenda Issues Discussed | 10 | 8 | 9 |
| No. of Agenda Issues | 10 | 8 | 9 |

* Issues discussed and voted on at the labor-management council apply to all employees.

Social Data

Operation of the Grievance Counseling Program

| Category | 2015 | 2016 | 2017 |
|---|---------------------------------|------|------|
| Operation of the Grievance Counseling Program | 51 | 28 | 52 |
| No. of Grievances Handled Handling Rate | 51 | 28 | 52 |
| Handling Rate(%) | 100 | 100 | 100 |
| Major Grievances | HR, Sales, Job, Private Matters | | |

Safety & Health and Industrial Accident

Safety & Health Related Certification

With a high portion of clerical and sales employees, Coway tends to have a lower industrial accident rate compared to other manufacturing industry companies. However, at business sites which have a higher potential for safety accidents, such as Coway's Yugu and Incheon plants as well as its R&D Center, Coway operates an Industrial Safety and Health Committee for each business site to respond to potential risks. At the same time, it upholds rigid safety management standards by meeting the very highest requirements for renowned safety and health management system certificates

| Category | Remark |
|----------------------|---------------------------|
| Yugu / Incheon Plant | OSHAS 18001, KOSHAS 18001 |

Industrial Accident Case

| Category | Unit | 2015 | 2016 | 2017 |
|--|-------------------------|------|------|------|
| No. of Industrial Accident | Case | 0 | 0 | 0 |
| LTIFR(Lost-Time Injuries Frequency Rate) | n/million hours worked | 0 | 0 | 0 |
| | percentage of employees | 100 | 100 | 100 |

Ethics Management and Compliance Management

Anti-corruption Related Indicators

| Category | 2015 | 2016 | 2017 |
|--|--|------|------|
| Anti-corruption Training(Ethics Management, Proper Business Practices) | 40 | 55 | 49 |
| Analysis of Corruption Risks | Measures against Corruption Cases | | |
| | 7 | 7 | 7 |
| No. of inspected business sites | Suspension with pay and other measures | | |
| | 54 | 40 | 46 |

Social Contribution

Social Contribution and Volunteer Activities

| Category | 2015 | 2016 | 2017 |
|---|-------|-------|-------|
| No. of Volunteer Groups | 1,449 | 1,412 | 1,482 |
| Volunteer Hours per Employee | 24 | 20 | 24 |
| Social Contribution Costs & Donations(unit : KRW 100 million) | 15.2 | 6.3 | 10.5 |

Environmental Data

Environmental Reporting KPI

| Category | Target | Target Year |
|--|--|-------------|
| KPI 1. GHG Emissions reduction per Unit | Reduce GHG intensity by 50% by 2020 from the base year 2010. | 2020 |
| KPI 2. Improving occupancy rate of eco-friendly products | Achieved 50% share of eco-friendly products compared to total sales of environmental household appliances. | 2020 |
| KPI 3. Reduction of suppliers(GHG partnership) GHG Emissions & Emission per unit | Reduce GHG Intensity by 50% by 2020 from the base year 2010. | 2020 |

Natural Resources Used in Business Activities

Use of Materials (Unit : Ton)

| Category | 2015 | 2016 | 2017 | |
|-----------------------------|--|--------|--------|-------|
| Non Renewable Raw Materials | Plastics ¹⁾ | 9,185 | 10,017 | 9,123 |
| | Metal ²⁾ | 4,332 | 5,096 | 4,398 |
| | Theoretical weight applied ³⁾ | 2,266 | 2,335 | 2,160 |
| Total | 15,783 | 17,448 | 15,681 | |

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

2) Weight is applied as theoretical

3) Packaging materials : paper boxes, plastics & protective films, and use of EPS in 2017

Energy Use (Unit : GJ)

| Category | Energy Source ¹⁾ | 2015 | 2016 | 2017 |
|--|-----------------------------|---------|-----------------------|-----------------------|
| Direct | Butane | 2 | 0.4 | - |
| | LPG | - | - | - |
| | Diesel | 268 | 265 | 276 |
| | LNG | 1,601 | 402 | 323 |
| | Kerosene | 267 | 250 | 432 |
| | Propane ²⁾ | 4,126 | 5,394 | 5,407 |
| Direct Total(GJ) | | 6,264 | 6,311 | 6,438 |
| Indirect | Electricity(GJ) | 103,640 | 101,543 | 103,205 |
| Indirect Total(GJ) | | 103,640 | 101,543 | 103,205 |
| Indirect Total(GJ) | | 109,904 | 107,854 ³⁾ | 109,643 ⁴⁾ |
| Energy Use per Unit (GJ/KRW 100 million) | | | | 4.72 |

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

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

3) 2016 Verification Standard: [Scope1 + 2] x 115,175GJ. At the time of external verification, Data are presented based on the previous year's coefficient of application for comparison with the previous year

4) 2017 Assurance criteria energy use is the same as 108,312GJ

Water Use (Unit : Ton)

| Category | 2015 | 2016 | 2017 |
|--|--------|----------------------|--------|
| Yugu Plant | 30,916 | 40,083 | 37,879 |
| Incheon Plant | 16,603 | 16,711 | 6,482 |
| Pocheon Plant | 235 | 146 | 134 |
| Environmental Technology Institute(R&D Center) | 15,104 | 19,358 | 22,597 |
| Logistics Center(Yugu) | 3,386 | 4,071 | 4,893 |
| Total | 66,244 | 80,369 ¹⁾ | 71,985 |

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

Environmental Data

Environmental Impact due to Business Activities

GHG Emissions (Unit : tCO₂e)

| Category | 2015 | 2016 | 2017 |
|--|-------|-------|-------|
| Direct Emissions(Scope1) | 391 | 401 | 380 |
| Indirect Emissions(Scope2) | 5,369 | 5,261 | 5,012 |
| Total Emissions(Scope1+2) | 5,760 | 5,662 | 5,392 |
| Yugu Plant | 2,015 | 2,165 | 1,950 |
| Incheon Plant | 658 | 677 | 598 |
| Pocheon Plant | 349 | 387 | 359 |
| Environmental Technology Institute(R&D Center) | 1,565 | 1,588 | 1,708 |
| Cosmetics Research Institute | 174 | 183 | 203 |
| Seoul Office(JoongAng Dail yBuilding) | 390 | 382 | 287 |
| Logistics Center(Yugu) | 464 | 328 | 287 |
| Net Emissions(KRW100M) | 0.266 | 0.238 | 0.232 |
| Domestic Logistics and Transport(Scope 3) | 4,514 | 4,795 | 5,047 |
| Commuting Vehicles(Scope 3) | 49 | 49 | 49 |

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

* Since 2016, the Water Environment Division has been excluded from the calculation of emissions by the corporate division of the Coway.

GHG Emissions from the Use of Refrigerants

| Category | 2015 | 2016 | 2017 | |
|----------------|--|--------|--------|--------|
| R-134a | Use of Refrigerants in Product Manufacturing(kg) | 50,238 | 52,340 | 46,580 |
| | Use of Refrigerants in Product Disposal(Kg) | 15,562 | 20,188 | 13,452 |
| | GHG Emissions Caused by Refrigerants from Waste Products(tCO ₂ e) | 16,185 | 20,996 | 13,990 |
| R-600a, R-436B | Use of Eco-friendly Refrigerants in Product Manufacturing(kg) | 651 | 950 | 800 |

Waste Generation Amount

| Category | 2015 | 2016 | 2017 | |
|--------------------------------------|----------------------------|--------|--------|--------|
| Generation of Waste (Unit : Ton) | Products | 13,263 | 14,024 | 13,770 |
| | Business Site : General | 1,023 | 1,619 | 1,431 |
| | Business Site : Designated | 27 | 38 | 28 |
| | Services | 8,501 | 9,095 | 9,307 |
| | Total | 22,814 | 24,776 | 24,536 |
| Amount of Waste Recycled(Unit : Ton) | 12,837 | 13,559 | 13,294 | |
| Waste Recycling Rate(%) | | 55 | 54 | |

Hazardous Substance Process Management (Unit : %)

| Category | 2015 | 2016 | 2017 |
|--|------|------|------|
| Response Rate to Parts Containing Hazardous Substances | 100 | 100 | 100 |

Plastics Recycling

| Category | 2015 | 2016 | 2017 |
|------------------------------------|-------|--------|-------|
| Output(Ton) ¹⁾ | 9,185 | 10,017 | 9,123 |
| Amount Recycled(Ton) ²⁾ | 6,353 | 6,902 | 6,515 |
| Recycling Rate (%) ³⁾ | 69 | 69 | 71 |

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

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

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

Sales of Refurbished Products (Unit: No. of units)

| Category | 2015 | 2016 | 2017 |
|---------------------------------|--------|--------|--------|
| Water Filtration Appliances | 13,492 | 9,165 | 4,267 |
| Air Purifiers | 4,500 | 6,584 | 8,533 |
| Water Softeners | 49 | 1 | - |
| Bidets | 3,486 | 5,362 | 4,548 |
| Food Waste Treatment Appliances | - | - | - |
| Total | 21,527 | 21,112 | 17,348 |

Support for Global Initiatives



Joined the UNGC(United Nations Global Compact)

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



Supports the UN Framework Convention on Climate Change at the COP21

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



Selected as the Carbon Management Sector Honors

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



Listed as the Dow Jones Sustainability Indices(DJSI) World

Coway has been consistently named in DJSI Asia-Pacific since 2013 and has been added to the DJSI World index in 2017. In particular, Coway was highly acclaimed for responsible activities such as environmental policies and systems, occupational safety & health activities, and community contributions.



Sustainable Development Goals(SDGs) Implementation Declaration

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

coway