

WON FASHION, ONE IMPACT

2024 ShinWon Sustainability Report



About this Report

Report Overview

ShinWon proudly presents its first sustainability report. The 2024 ShinWon Sustainability Report discloses the Company's strategies, activities, and key outcomes for sustainability management. We will publish sustainability reports annually to communicate our efforts to fulfill social responsibility and the value we create in the process with all our stakeholders.

Reporting Principles

This report was prepared according to the international sustainability reporting standard of the GRI (Global Reporting Initiative) Standards 2021, and is in full compliance with the four sustainability assurance principles of the AA1000AP (inclusivity, materiality, responsiveness, and impact). This report also aligns with the UN Sustainable Development Goals (SDGs) providing key global metrics

Reporting Period

This report spans the period between January 1 and December 31 of 2023. And this extends to the first half of 2024 for some qualitative performance. Quantitative performance covers the three-year period from 2021 to 2023 to capture yearly changes and trend for economic, environmental, and social topics that significantly impact ShinWon.

for social responsibility as well as metrics presented by the TCFD (Task Force on Climate-related Financial Disclosures), and the SASB (Sustainability Accounting Standards Board). Financial information was prepared on a consolidated basis in accordance with the K-IFRS, and non-financial information was prepared according to our own disclosure system based on the fiscal year (Dec. 31, 2023).

Reporting Scope

ShinWon's business consists of export operations and fashion operations: we produce and export knitwear and sweater products through OEM/ODM while operating our owned brands. This report covers our Headquarters and overseas operations (7 overseas manufacturing subsidiary in Guatemala, Vietnam, Indonesia, and Nicaragua and others), which is identical to the reporting scope of our business reports. It should be noted, however, the reporting scope is limited to our domestic operations (Headquarters) for some qualitative and quantitative data.

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<https://www.shinwon.com/>  **ShinWon**

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WON FASHION, ONE IMPACT

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Message from the CEO

Dear Fellow Shareholders,

Let me begin by expressing my sincere gratitude for your steadfast encouragement and support for ShinWon. I am especially delighted to present to you our first sustainability report which outlines our commitment to and efforts in advancing ESG management. Our corporate name 'ShinWon' signifies the dedication to reach new heights, and this value is deeply embedded in each and everyone at ShinWon. It is this underlying dedication and our management philosophy of Trust, Rightness, and Forward that have fueled our evolution into a global fashion company since our foundation in 1973.

As a leader in the Korean fashion industry, we have been broadening our reach around the world, leveraging our innovative management and robust business strategy. With 2023 marking the beginning of our ESG management, we strive towards sustainable goals; we have already joined the UN Global Compact (UNGC) and defined our company-wide ESG vision house and strategies to fulfill corporate social responsibility. Such initiatives will steer our efforts to identify core values in the Environmental, Social, and Governance areas and to continue with activities to act on these values.

Sustainable Fashion Partner

In the Environmental area, we work on multiple fronts to reduce our GHG emissions. We are going paperless at all our global operations and are introducing photovoltaics, biomass-powered boilers, electric boilers, and stormwater use facilities at each of our production sites to lower carbon emissions. To minimize our environmental impact, we are deploying a range of environmental conservation facilities, including EV chargers and sewage treatment plants. We also develop eco-friendly products and pursue digital transformation to produce and sell apparel in a way that benefits both the environment and society.



Serving Our People

In the Social area, our focus is on seeking both economic and social values in parallel. We progress towards sustainable development and create social value together with our shareholders, and uphold the principles of fair trade and mutual growth management as a member of the UN Global Compact. Our DE&I (Diversity, Equity & Inclusion) Committee and Supporters are up and running to embed diversity, equity, and inclusion into the cultural fabric of our organization, which will ultimately render it more flexible. We are a member of the Steering Board of RISE (Reimagining Industry to Support Equality), a global business collaborative initiative launched to improve the working environment for women and advance gender equality, and we also joined the RISE Supplier membership in March 2024. As such, we remain committed to promoting the wholesome growth of our employees and local communities while profiting as a business backed by its competent team of employees and vibrant corporate culture.

Responsible Governance

In the Governance area, we ensure that our entire decision-making process remains transparent to all stakeholders so as to build a credible management system. This involves stipulating policies governing our Board of Directors and its committees to establish transparent decision-making and implementing electronic voting to protect shareholder rights. Furthermore, we disclosed the performance assessment criteria for individual directors to further underscore the importance of transparency in our operations.

Under the ESG vision of 'Won Fashion, One Impact', ShinWon will continue to lend an ear to our shareholders and establish advanced sustainability management with the aim to champion sustainable fashion. We vow to earnestly stand by our shareholders as a company respecting each individual employee and as a trusted brand fulfilling our social responsibility.

By fully implementing ESG management, we will continue with sustainability efforts that garner even greater respect from our stakeholders. We remain ever grateful for your involvement in and support for ShinWon. Thank you.



June 28, 2024.

CEO, ShinWon

Jung Joo Park

Company Overview

About ShinWon

Since our founding in 1973, ShinWon has led the development of the Korean fashion industry, ceaselessly unveiling new fashion and culture. We have continued to broaden our export markets across the world and have emerged as a globally-recognized fashion company along the way. Building on our 50+ years of export know-how, we are operating seven subsidiaries in Guatemala, Nicaragua, Vietnam, and Indonesia for our export business. The knit, sweater and other garment products manufactured at our overseas manufacturing subsidiary reach export markets around the world and are favorably received by leading global buyers. In fashion business, we operate a total of seven brands (BESTI BELLI, SI, VIKI, and ISABEY for women, SIEG, FAHRENHEIT for men, and MARKM for street casual) and cemented our position as a top-tier fashion company. To diversify our fashion business and pursue global brand licensing business, we established ShinWon Global to operate Canali as an Italian luxury men's lifestyle brand and GCDS as a high-end streetwear brand.

Name of company	ShinWon Co., Ltd.	Year of establishment	1973
CEO	Jung Joo Park	Headquarters	320, Dokmak-ro, Mapo-gu, Seoul, Republic of Korea
Main business	Manufacturing of textile products and sales of textile and apparel, import&export		
Largest shareholder	T&M Communications (shareholding: 25,005,753 shares / 24.35%)		
Employees	742 persons	Overseas subsidiary / Branch office	Domestic: 7 subsidiaries Overseas: 25 subsidiaries / 2 branch offices
Sales	KRW 834,478 million		
Operating profit	KRW 23,430 million		
Credit rating	BBB- (corporate bond, Korea Investors Service, date of rating: Apr. 17, 2024)		

Main Business



Key Financial Performance

(unit: KRW million)



Management Philosophy

ShinWon's management philosophy is anchored on the three key pillars of Trust, Rightness, and Forward. This drives our efforts to make a positive difference in the lives of customers through innovative and sustainable fashion and to contribute to the development of the global fashion industry.

ShinWon's Management Philosophy



Our History

“Trust built for the past 50 Years, vision for the upcoming 100 years”

Since our foundation in 1973 as Shinwon Trade Corporation, we have continued with stable growth over the past half-century in Korea's history of apparel and fashion export. Looking into the next 100 years, we aim to emerge as an unrivaled global apparel and fashion export company, leaving a lasting and proud legacy of our own in history.

1973~1988

Foundation and Inception

Sep. 1973	Established Shinwon Trade Corporation
Feb. 1976	Received the Overseas Market Pioneer Award
Dec. 1981	Received the Tin Tower Industrial Service Merit Award
Nov. 1985	Received the Bronze Tower Industrial Service Merit Award
Nov. 1986	Awarded the US\$ 100 million Exports Tower
Nov. 1987	Received the Golden Tower Industrial Service Merit Award
Aug. 1988	Listed Shinwon Trade Corporation on the stock market

1989~1998

Growth and Expansion

Aug. 1990	Launched BESTI BELLI and SI as women's fashion brands
Sep. 1990	Renamed from Shinwon Trade Corporation to ShinWon Co., Ltd.
Sep. 1991	Established "PT.Shinwon Ebenezer" as a local subsidiary in Indonesia
Jul. 1993	Established "Shinwon Qingdao Co., Ltd." as a local subsidiary in Qingdao, China
Jun. 1994	Awarded at the Korea Management Awards hosted by the Korea Management Association
Nov. 1994	Joined the list of prospective 100 leading corporations by the Forbes
Feb. 1995	Launched SIEG as a men's fashion brand
Aug. 1995	Launched VIKI as a women's fashion brand
Feb. 1997	Constructed a distribution center in Gwangju
Jun. 1997	Established "Shinwon Guatemala S.A" as a local subsidiary in Guatemala

1999~2020

Basis for Sustainable Growth

Feb. 2002	Established "Shinwon Ebenezer Vietnam" as a local subsidiary in Vietnam
May 2006	Established "Shinwon Shanghai Co., Ltd." as a local subsidiary in Shanghai, China
Jan. 2008	Launched SIEG FAHRENHEIT as a men's fashion brand
Aug. 2009	Established ShinWon Global Co., Ltd.
Sep. 2009	Established a second local factory "Shinwon Ebenezer Hanoi" in Vietnam
Apr. 2011	Established "PT. Shinwon Indonesia" as a local subsidiary in Indonesia
Apr. 2011	Rolled out SIWY as a premium denim brand in the USA
Aug. 2011	Launched ISABEY and Vanhart di Albazar
May 2015	Established a USA branch office, "Bentonville"
Apr. 2016	Established a joint venture with Golden Eagle International Group, a large distributor in China
Mar. 2019	Launched MARKM as a street casual brand
Aug. 2020	Established the USA Local Branch, "Bentonville Office"
Sep. 2020	Opened "SHOWINDOW" as ShinWon's online shopping mall

2021~

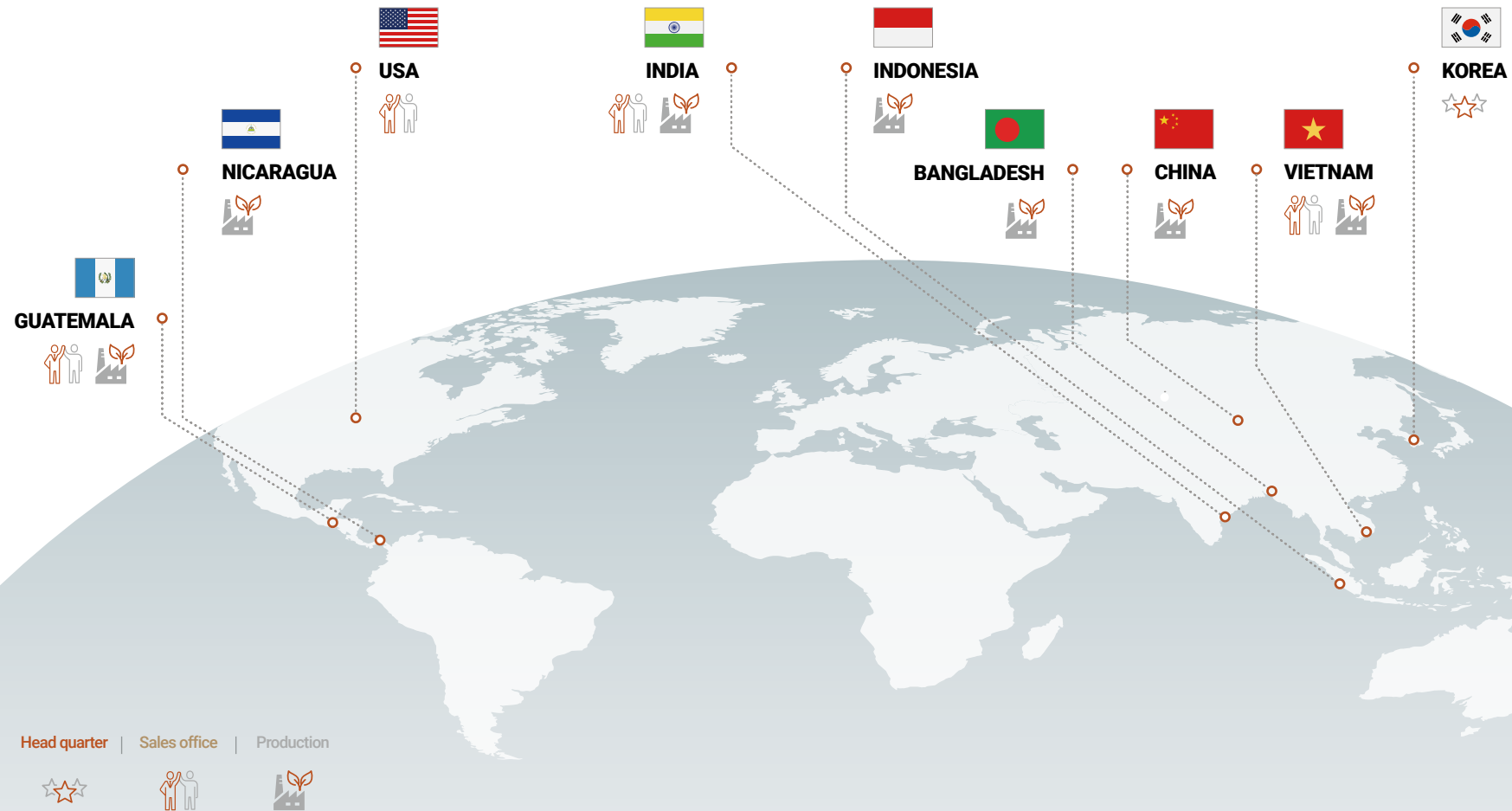
Global Advancement

May 2021	Established "Fashion Stitch Noah" as a local subsidiary in Nicaragua
May 2021	Established "Fashion Stitch Joshua" as a local subsidiary in Indonesia
Aug. 2021	Established "Ebenezer Managua, S.A" as a local subsidiary in Nicaragua
Apr. 2022	Operated the DE&I Committee
Dec. 2022	Selected as a member of the Steering Board of "RISE", an organization working to improve women workers' human rights
Jun. 2023	Established the Guatemala branch office, "Shinwon Central America S.A"
Jun. 2023	Rolled out the Italian luxury brand Canali as the exclusive licensee in Korea
Aug. 2023	Rolled out GCDS as an Italian high-end streetwear brand as the exclusive licensee in Korea
Sep. 2023	Established "Shinwon Ebenezer India" as a local subsidiary in India
Mar. 2024	Joined the RISE supplier membership
Apr. 2024	Established "Fashion Stitch Guatemala" as a local subsidiary in Guatemala
May 2024	Established "Shinwon Ebenezer New York Inc"

Global Network

Global Network

ShinWon has established its business footprint in 10 countries across Asia, the Americas, and Europe, and is building growth drivers while tapping into wider apparel export markets.



BUSINESS OVERVIEW

Our Business and Products

About Our Export Business

ShinWon exports apparel to 40 countries across the globe as Korea's leading ODM/OEM company on the back of its diversified product portfolio ranging from knitwear and sweaters catering to all age groups of men and women to waders for fishing. Ensuring flexible operations across Asia and Central America including Guatemala, Nicaragua, Vietnam, Indonesia, and Bangladesh, we serve as a reliable supplier of high-quality apparel for global customers. We also operate offices in the USA and Guatemala and in other regions of the world, and employ trend researchers in the USA and the UK to keep current with the latest trends and provide tailor-made brand styling.



Our Business and Products

About Our Export Business

Core Technology

Knit Division

The Knit Division, operating production locations across Asia and Central America including Guatemala, Nicaragua, Vietnam, and Indonesia, is manufacturing knitwear at our Industry 4.0 smart factories. Not only is the Division establishing a vertically integrated environment for transparent supply chains and quality management, but it also remains committed to keep close tabs on emerging global trends and reach closer to customers with the help of our offices in Guatemala, the USA, and India. Furthermore, we are increasing R&D investments to embrace 2D/3D styling, VR stores, and other cutting-edge digital technologies to pursue design innovation. A case in point is our 3D virtual studio where our employees can render graphics on virtual mannequins to preview how their design may realize in reality. The 3D virtual studio also offers interactive features such as 360-degree zoom-in and zoom-out to create life-like experience of design implementation effects. Apart from this, we are providing buyers with future trend prediction solutions by analyzing preferred colors and designs based on actual sales data by market and by category, and by combining such data with machine learning and deep learning technology.



Sweater Division

Our Sweater Division draws on its 50+ years of operational know-how and market trust in manufacturing products in Bangladesh and Indonesia. The Division harnesses 3D technology to expedite its efforts to create a range of eco-conscious design proposals, has continued to serve as our core business since day one, standing on its competitive cost structure and differentiated sourcing capabilities.

Key Business Strategy

End-to-End Solutions

To deliver best-in-industry products to global customers, we are building a vertically-integrated environment and continue to advance our eco-friendly product and manufacturing processes. This involves the vertical integration of the entire production processes, from the market intelligence phase to the fabric handling, sewing, post-processing, and shipping phases. We also operate garment dyeing facilities equipped with eco-friendly washing machines to reduce water and energy consumption while continuously upgrading our eco-friendly dyeing technology using natural dye materials.

Smart Factory

We are establishing Industry 4.0 smart sewing factories to pursue digitalized production and maximize our production efficiency. Our R&D Team also provides future trend prediction solutions which leverage AI-assisted platforms to forecast upcoming trends through AI analysis results, which is positively reviewed by global buyers.

Our Business and Products

Domestic Brands

ShinWon has evolved into a top-notch fashion company on the strength of its domestic brand portfolio encompassing BESTI BELLI, SI, VIKI, and ISABEY for women, SIEG and FAHRENHEIT for men, and MARKM as a street casual brand. Establishing the global sales network for our owned brands, diversifying production locations, and enhancing overseas sourcing, we are bolstering the competitive edge of our domestic fashion brands.

BESTI BELLI

Elegance and comfort for beautiful and confident professionals

BESTI BELLI, meaning 'the most beautiful' in Italian, prioritizes elegance and comfort for women, offering timeless styles while embodying the inherent value of fashion and everyday versatility. BESTI BELLI couples minimal silhouettes with contemporary details to offer stylish items that transcend generations.



Visit the brand website

SI

Trendy styles appealing to all generations

The brand name SI means 'yes' in Italian. Combining its unique emotional qualities with a contemporary mood, SI caters to a broad range of customers, from trendy 20-year-olds to discerning women in their 40s and beyond through its broadening line-ups and diversifying product categories presenting relaxed, minimally stylish, and feminine looks.



Visit the brand website

viki

LOVE YOUTH, Lovely casual

VIKI sets the trend at reasonable prices for consumers enjoying bold and free-spirited fashion.

This lovely casual brand blends youthful, trend-leading energy and confidence with unique styling to add refreshing layers to everyday life.



Visit the brand website

ISABEY

'Urban French Chic' basic yet trendy

ISABEY pursues minimalism with a focus on practicality as a business casual brand.

Based on an Urban French Chic look, ISABEY offers contemporary women elegant and modern trendy designs to create their own leisurely styling.



Visit the brand website

Our Business and Products

Domestic Brands

Sieg

**SIEG for tomorrow,
DER SIEG VON MORGEN**

Under the slogan 'DER SIEG VON MORGEN (victory of tomorrow)' signifying 'SIEG of Tomorrow', SIEG releases seasonal collections manifesting its wish to progress into the future. Divided into the Young Commuter line for young professionals and the Weekender line for consumers enjoying their weekends, SIEG emphasizes the distinction between formal and casual wear expressed with its unique styling. With free-spirited yet versatile looks that suit any occasion SIEG offers comfortable items for casual travel as well as business items that also effortlessly cater to everyday needs.



Visit the brand website

FAHRENHEIT

**New interpretation for contemporary men's
fashion Current Wear**

FAHRENHEIT targets contemporary men highly interested in arts and culture to present styling directions, going beyond merely offering clothing options. While unveiling collections that are highly trendy yet easily relatable, FAHRENHEIT also engages in curating collaborations with artists and rising brands to establish its distinctive styling that extends beyond the narrow definition of Masstige Brands. High quality, refined hues, and reasonable prices make FAHRENHEIT a readily accessible brand serving as a styling starter for fashion-conscious consumers.



Visit the brand website

markm™

**Daily casual wear for memorable moments
'Mark the Moment'**

Just as its slogan 'Mark the Moment' signifies, MARKM wishes to create memorable moments for consumers choosing this daily casual wear brand.

MARKM reinterprets military looks, workwear, denim and other practical items from the viewpoint of leisure as the keyword, offering its own distinctive silhouettes and styling.



Visit the brand website

Our Business and Products

Global Brands

ShinWon launched two Italian brands of Canali and GCDS in Korea to diversify its portfolio. As the exclusive license holder of these prestigious global brands, we bring high-end products to the Korean fashion market.

CANALI

Italian luxury men's lifestyle brand

Founded back in 1934 as a luxury men's lifestyle brand in Italy, Canali has continued to set the paradigm for Italian luxury and elegance for over 90 years now. Leveraging its outstanding craftsmanship since its inception, Canali is publicizing the excellence of Made in Italy by delivering exceptional wearability and comfort made possible through the perfect harmony among culture, history, styling and other varying considerations.



Visit the brand website [🔗](#)

GCDS

High-end streetwear brand

Our high-end Italian streetwear brand GCDS was launched by the Giuliani and Giordano Calza brothers in 2015. Making its fashion statement as a luxury streetwear brand, GCDS emphasizes its '100% Made in Italy' identity to present Milan-inspired streetwear. Unleashing new line-ups combining vivid colors, diverse materials, wild imaginations of designs, and uncompromising craftsmanship each season, GCDS commands a strong global base of loyal enthusiasts.



Visit the brand website [🔗](#)

ESG MANAGEMENT

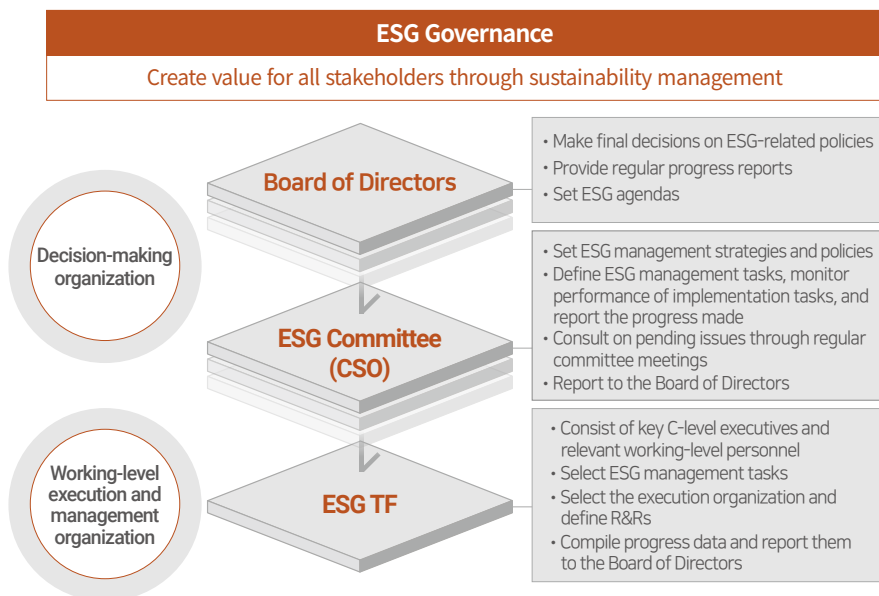
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ESG Governance

ESG Governance System

To establish a company-wide, integrated ESG management system, ShinWon is bolstering its sustainability management system with the ESG Task Force taking the lead as the control tower within the Board of Directors, the highest decision-making body. We developed our ESG strategy in 2023 to establish a company-wide governance system, and provided training to associated departments to integrate ESG into employees' day-to-day routines and enhance their ESG expertise. We also endeavor to engage all our employees in our ESG management efforts by developing ESG management metrics as part of our employee KPIs to progress towards our ESG goals over the mid to long-term.

ESG Governance System



ESG Committee

Pursuant to Article 18 of our Board of Directors Regulations, we established the ESG Committee as the highest decision-making body under the Board of Directors. The ESG Committee reviews major agendas in alignment with our company-wide ESG implementation directions, reports key ESG strategies to the Board of Directors, and manages and oversees their implementation. As stipulated in the Regulations, six directors were appointed, and two of whom are independent directors. Director Jung Joo Park, who chairs the Committee, also serves as the CEO of ShinWon. His long-term involvement in our export business has earned him extensive experience in our overall production, sales, and export operations. In appointing Park as the Chair of the Committee, we expect that his expertise will not only contribute to our business operations but also play a pivotal role in risk management and the identification and implementation of our mid/long-term ESG strategies.

ShinWon's ESG Committee is responsible for deciding and reporting on overall ESG management agendas, from strategy setting to implementation. This includes setting ESG goals and key implementation tasks, responding to non-financial risks, and integrating ESG performance metrics at the relevant department and company-wide levels.

Scope of Mandate for the ESG Committee

Establish ESG strategies and policies	Assess, manage, and oversee ESG management goals, implementation status, and performance	Provide support for other ESG issues
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2023 Operational Outcomes of the ESG Committee



ESG Governance

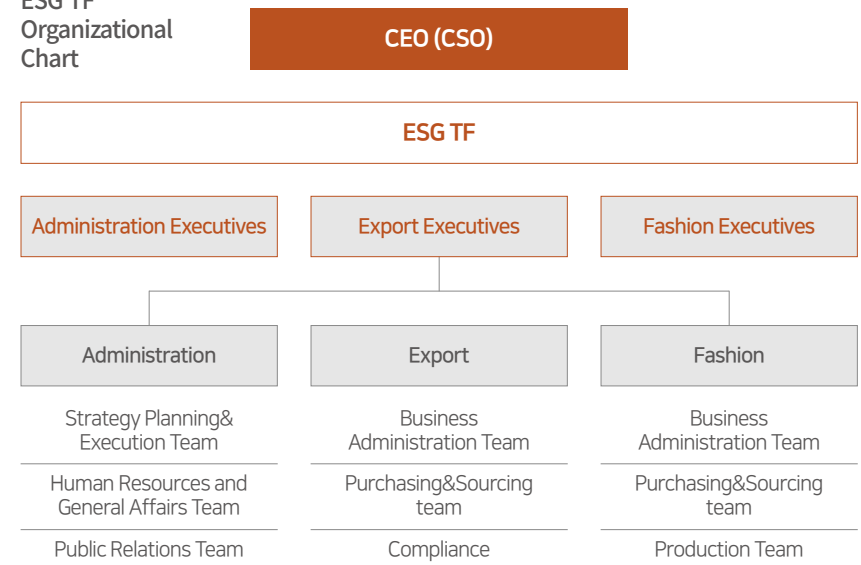
Deliberations and Discussions Made at the ESG Committee

Date of Meeting	Agenda	Approval
Feb. 9, 2023	Appointing the Chair of the ESG Committee	Approval
	Reporting 2023 ESG work plans	Approval
Mar. 17, 2023	Reporting 2023 health and safety management plans	Approval
Apr. 23, 2023	Regular ESG Committee meeting for Q1 2023	Approval
Jul. 5, 2023	Regular ESG Committee meeting in Q2 2023	Approval
Aug. 3, 2023	Approving the Company's UNGC membership	Approval
Sep. 25, 2023	Regular ESG Committee meeting in Q3 2023	Approval
	Implementation of company-wide ESG strategy consulting	Approval
Oct. 31, 2023	Reporting GHG emissions measurement plans for domestic operations	Approval
	Reporting carbon emissions management and measurement plans	Approval
	Regular ESG Committee meeting in Q4 2023	Approval
Jan. 4, 2024	Reporting annual energy consumption	Approval
	Reporting annual waste discharges	Approval
	Reporting annual electricity consumption	Approval
	Reporting 2023 ESG activity results	Approval

Organizing the ESG Task Force

We organized the ESG Task Force to advance ESG management at all levels. This Task Force serves as a consultative body for decision-making, led by the CEO and attended by all C-level executives and working-level personnel from relevant departments. It is responsible for setting key policies, identifying tasks, and implementing these policies and tasks in conjunction with the ESG Committee. This enables us to engage in discussions on overall ESG issues, including setting short-term ESG implementation tasks, developing mid/long-term ESG management strategies, and responding to ESG assessments while facilitating the sharing of progress made on specific implementation tasks with working-level personnel in relevant departments.

ESG TF Organizational Chart



ESG Strategy

ESG Strategy Framework

ShinWon has implemented ESG management since 2022 with the belief that creating positive impact on the environment and society through business operations is the essential prerequisite for the shared growth of all stakeholders. While we previously focused on financial performance, we are now prioritizing corporate sustainability from the mid/long-term perspective to identify and manage material ESG issues.

In 2023, we defined our ESG vision as 'Won Fashion, One Impact' and are working to advance ESG management in alignment with our distinctive ESG strategies. To drive our ESG strategies, we developed 11 strategic tasks and defined short-term (1 year or less), mid-term (1-5 years), and long-term (5 years and beyond) goals to integrate ESG management into our daily business routines. These 11 strategic tasks align with the UN SDGs, contributing to the implementation of these global goals through sustainable management.

ShinWon's ESG Roadmap

Horizon	2023~2024	2025~2026	2027 and Beyond
Phase	Laying the ESG management system and foundation	Implementing ESG management at all levels	Establishing and advancing ESG management
Key Activity	Assess ESG management performance and set strategies Develop and amend ESG policies Manage 3-year activity performance	Implement mid-term strategic tasks and review performance Establish a dedicated ESG department	Implement long-term strategic tasks and review performance

ShinWon's ESG Strategy Framework

Management Philosophy

Trust & Rightness & Forward

VISION

A global, top-tier fashion culture company

We deliver the utmost satisfaction to customers through sustainable apparel development and innovation, contributing to the happiness of humanity and society.

ESG Vision

"Won Fashion, One Impact"

Key Strategy

Responsible Governance

Sustainable Fashion Partner

Serving Our People

Strategic Task

Facilitate stakeholder communication



Establish a company-wide ESG management system



Reinforce execution for anti-corruption and integrity



Develop measures to minimize environmental impact



Expand eco-friendly products



Bolster climate change response capabilities



Transition to a resource circularity system



Ensure sustainable supply chain management



Bolster health and safety management across all operations



Provide a thriving work environment



Establish a culture of respecting human rights



ESG Infrastructure Task

Bolster ESG governance

Systematize ESG management

Advance compliance and human rights management



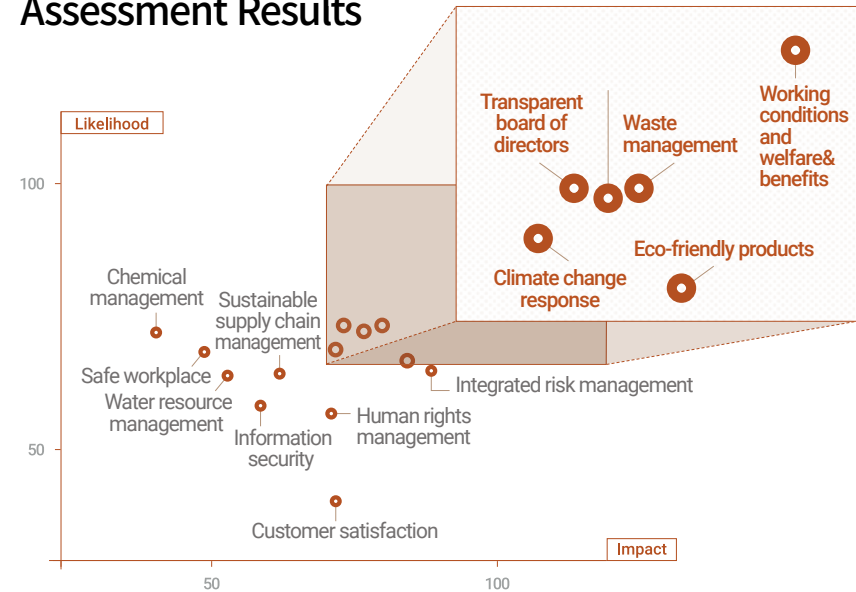
Materiality Assessment

Materiality Assessment Process

We conducted a materiality assessment to systematically identify ESG (Environmental, Social, Governance) risks and opportunities that impact our business operations. This assessment helps us pinpoint material issues from the ESG perspective and integrate these issues into our business operations at all levels. To perform a materiality assessment in 2023, we established a process that aligns with global ESG disclosure and assessment standards laid out by the global sustainability reporting guidelines of the GRI Standard 2021, the SASB, and the MSCI. This steered our efforts to analyze industry peers and comprehensively review our ESG strategic approaches, resulting in the identification of six material issues. These issues were finalized through review and approval by the ESG Committee under the Board of Directors.

Step 1	Step 2	Step 3
Pool ESG issues together	Analyze social and environmental impacts	Identify material issues
Create a pool of 14 issues	Analyze likelihood/impact	Identify 6 key material issues
Sustainability management standards and assessment metrics: Analyze GRI Standard 2021, SASB, and MSCI	Analyze our current status through surveying 762 internal/external stakeholders on non-financial issues	Environment: Waste management, climate change response, eco-friendly products
Benchmark industry peers in Korea and abroad and analyze global leading companies	Benchmark industry peers	Social: Working conditions and welfare & benefits
Pool together 14 issues through the analysis of our internal data	Analyze our internal level of ESG response	Governance: Ethics and compliance management, a transparent Board of Directors

Materiality Assessment Results



Material Issues by Area

As part of our strategic approach to improving efficiency in ESG management and integrating sustainability as the core value of our business conduct, we identify material issues from the vantage points of each business area and manage them internally. For instance, we consider domestic regulations and consumer trends for our fashion business, while reflecting global market trends, international standards, and requirements from overseas buyers for our export business in identifying ESG issues.

Material Issues by Area in 2023

● Ethics and compliance management	● Climate change response	● Sustainable supply chain management
● Working conditions and welfare & benefits	● Integrated risk management	● Human rights management
● Waste management	● Eco-friendly products	● Material issue for export business
		● Material issue for fashion business

Stakeholder Communication

ShinWon defines key stakeholder groups as employees, customers, suppliers, local communities, shareholders & investors, and governments. We identify issues of interest to all our stakeholders and manage key communication issues through communication channels specific to each group. We incorporate stakeholder feedback into our business plans to provide values that bring direct and tangible benefits to stakeholders. We also actively seek out stakeholder feedback through group-specific communication channels, such as Chambit Voice and the customer bulletin board on our official website, to manage and monitor relevant ESG issues.

Category	Employees	Customers	Suppliers	Local Communities	Shareholders&Investors	Governments
Definition	<ul style="list-style-type: none"> Employees are key members who drive ShinWon's success and growth and play a crucial role as human resources in realizing ShinWon's vision and value. 	<ul style="list-style-type: none"> Customers refer to end consumers who purchase ShinWon's products and services, and their satisfaction and trust determine ShinWon's sustainable growth. 	<ul style="list-style-type: none"> Suppliers are partners who work together with ShinWon in producing and supplying products, and mutual trust and cooperation with them enable us to improve quality and efficiency. 	<ul style="list-style-type: none"> Local communities include people and organizations in areas where ShinWon operates, and we engage in wide-ranging CSR activities for the development and welfare of local communities. 	<ul style="list-style-type: none"> Shareholders and investors include individual and institutional investors who expect financial success and long-term growth from ShinWon, and transparent management and sustainable performance are key to building trust with them. 	<ul style="list-style-type: none"> Governments refer to both national and local governments who regulate and support ShinWon's business activities, and we maintain fair business practices in full compliance with laws and regulations.
Key Concerns	<ul style="list-style-type: none"> Work-life balance Welfare & benefits Employee communication Support for competency enhancement Grievance handling Protection of various rights and non-discrimination 	<ul style="list-style-type: none"> Product quality and stability Customer satisfaction Data privacy Eco-friendly products 	<ul style="list-style-type: none"> Fair trade Health and safety Fair selection criteria 	<ul style="list-style-type: none"> Environmental protection in local communities Health and safety in local communities Local community development 	<ul style="list-style-type: none"> Financial performance Governance transparency Business management and outlook ESG risk management 	<ul style="list-style-type: none"> Taxation Regulatory compliance Environmental compliance Climate change response
Communication Channel	<ul style="list-style-type: none"> Labor-Management Committee Grievance mechanisms Health and safety personnel Proposal bulletin board 	<ul style="list-style-type: none"> Customer satisfaction center Online channels(Social Media) Media reports Company website and ShinWon's owned brand shopping mall(SHOWINDOW) 	<ul style="list-style-type: none"> Chambit Voice Internal Transactions Review Committee for subcontracting 	<ul style="list-style-type: none"> Local community councils 	<ul style="list-style-type: none"> Annual general meeting of shareholders Business reports IR events Stock exchange disclosures 	<ul style="list-style-type: none"> Business reports IR events Company website
Our Response	<ul style="list-style-type: none"> Promote mutual understanding through expanding communication channels Protect the rights of employees Establish a fair assessment and compensation system Provide training for competency development Expand welfare & benefits 	<ul style="list-style-type: none"> Collect customer feedback and handle grievances Accept customer proposals Respond to inquiries Provide responsible products 	<ul style="list-style-type: none"> Ensure sustainable supply chain management Create a culture of fair trade Create value of mutual growth Support green procurement 	<ul style="list-style-type: none"> Undertake CSR activities Review ways to promote co-prosperity with local communities Implement activities to reduce environmental pollution (reduce waste and water use) 	<ul style="list-style-type: none"> Ensure ethical management Prevent corruption in business conduct Maximize business performance Improve shareholder value Provide corporate management information 	<ul style="list-style-type: none"> Comply with regulations Faithfully pay taxes

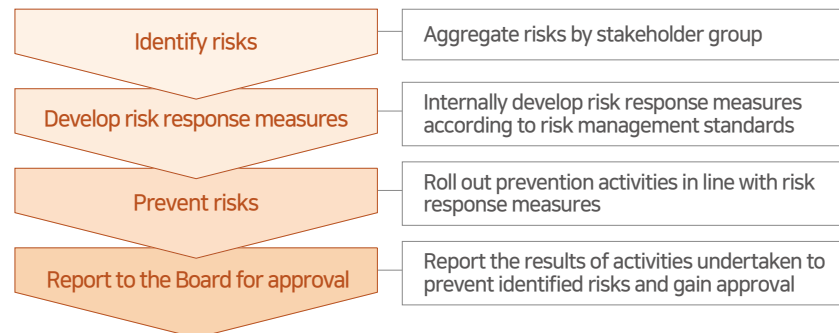
Integrated Risk Management

Risk Management System

Risk Management Governance

To prioritize risk management in our business operations, our working-level departments, the Business Administration Team, the ESG Task Force, and the ESG Committee closely communicate and have established an integrated risk management system. For business risks that specifically require agility in responding to fluctuating market conditions, working-level departments play a leading role in identifying and preventing risks to ensure prompt risk detection and response. The risk management activities of working-level departments are reviewed by senior management, and the activities and results are reported to the Board of Directors to strengthen our risk reporting system and proactively prevent risks. Additionally, we have established a process to regularly report risk occurrences to the ESG Committee, and these risks are managed by respective responsible working-level departments.

Risk Management Process

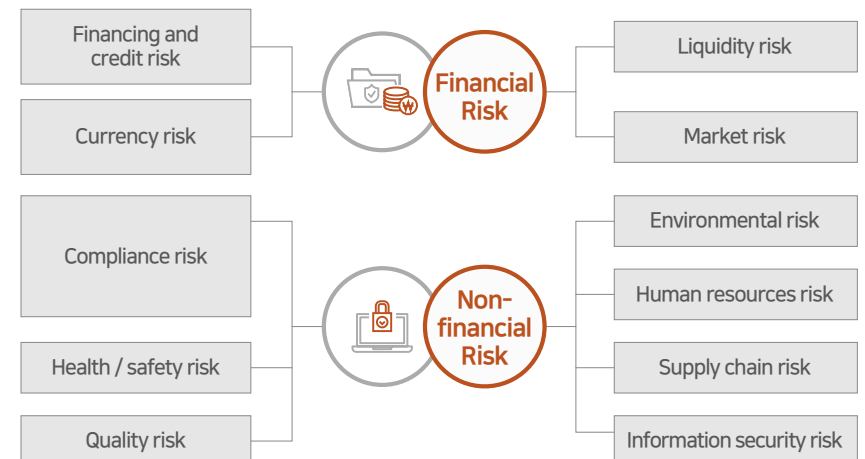


Risk Management Activity

ShinWon's 11 Key Risks

Internal and external risks, such as market uncertainties and climate change, may have material impacts on ShinWon's business operations. We categorize risks into 11 areas requiring intensive management and systematically manage these risks in accordance with area-specific management standards. The working-level departments associated with these 11 risk areas ensure risks are prevented through risk identification and prediction and continue to monitor relevant situations.

11 Key Risks



Integrated Risk Management

Key Risk Management

ShinWon has classified 11 risk management areas and strategically responds to risks to ensure stable business operations even in the face of potential financial and non-financial risks, and to mitigate the external impact of such risks on the environment and society.

Financial Risk

Key Risk	Description	Potential Impact on ShinWon		Our Response
		Positive Impact	Negative Impact	
Capital and liquidity risk	Risk resulting from instability and abrupt changes in capital risks, credit ratings, interest rates, and taxes	Maintaining a sound capital structure and capital risk management	Decreased competitiveness in the capital market due to increasing debt ratios, risk of cost fluctuations due to change in interest rates	Ensure appropriate levels of asset/debt ratios, manage tax risks through regulatory compliance
Currency risk	Exchange rates that apply in importing raw materials and exporting finished products	Securing competitive costs through stable currency management	Change in profit/loss due to fluctuating currency values	Subscribe to currency fluctuation insurance for proactive risk aversion
Liquidity risk	Investments in new equipment and procurement of raw/subsidiary materials among others	Securing competitiveness through new equipment investments	Lost opportunity to procure raw materials, default due to lack of funds	Ensure cash flow forecasting and constant cash management
Market risk	Deteriorating profit structure due to price fluctuations in raw/subsidiary materials and the declining consumer sentiment	Expanding new business opportunities and bolstering procurement/research capabilities	Costs incurring due to fluctuations in raw/subsidiary material prices, declining sales due to shrinking market sizes	Monitor market conditions for raw/subsidiary materials and diversify their supply channels, diversify distribution and pursue new business

Non-financial Risk

Key Risk	Description	Potential Impact on ShinWon		Our Response
		Positive Impact	Negative Impact	
Environmental risk	Risk of increasing business costs due to tightening regulations in Korea and abroad, risk of non-compliance with national climate change response policies and waste management policies	Increased motivation for eco-friendly management, implementation of eco-friendly management for regulatory compliance	Increased costs of equipment investments to reduce GHG emissions Increased environmental management costs to pay penalties and make equipment investments	Establish and operate internal management standards for raw / subsidiary material consumption, manage GHG emissions management
Compliance risk	Risk of unfair trade and corruption	Ensuring corporate trust through fair and transparent management	Declining corporate reputation	Have all employees sign the pledge to abide by the code of ethics
Health and safety risk	Risk of accidents occurring due to the non-implementation of safety accident / industrial injury prevention activities	Providing a safe workplace for employees and suppliers	Personnel / physical / follow-up costs incurring due to accidents	Focus on safety risk management under the leadership of the CEO, manage employee health through CPR training
Quality risk	Increasing consumer dissatisfaction due to insufficient quality management	Acquiring regular customers and maintaining sales through continued repurchases and use	Management costs incurring for repairs/exchanges due to increasing consumer claims	Improve quality through rigorous inspection in the production process
Human resources risk	Talent turnover and inadequate talent acquisition	Strengthening bond and solidarity among employees	Lost future growth drivers	Launch campaigns to build a wholesome corporate culture
Supply chain risk	Supply instability and unfair trade	Building long-term, mutually-beneficial partnerships with suppliers	Disruptions to production / supply, fair trade non-compliance	Establish supplier communication channels
Information security risk	Risk of internal information breach through spam e-mails and leak of consumers' personal data	Earning trust from customers	Social costs incurring due to data leaks	Notify data privacy regulations across the board

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Responsible Governance



Joining the UNGC

ShinWon joined the UN Global Compact (UNGC) to further our efforts in driving sustainable growth and fulfilling social responsibility. This commitment publicly demonstrates our strong dedication to environmental protection, social responsibility, and compliance with ethical management principles. The UNGC's 10 Principles will be integrated into our business operations and ESG strategies to progressively enhance our corporate sustainability. This, in turn, will lead to improved corporate governance and increased trust with stakeholders across the world, firmly positioning us as a company fully committed to ESG management.



Joining the UNGC

UNGC 10 Principles

Human Rights	Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2 : make sure that they are not complicit in human rights abuses.
Labour	Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4 : the elimination of all forms of forced and compulsory labour; Principle 5 : the effective abolition of child labour; and Principle 6 : the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7 : Businesses should support a precautionary approach to environmental challenges; Principle 8 : undertake initiatives to promote greater environmental responsibility; and Principle 9 : encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery.

Won Story



Declaring Our ESG Management Vision

In March 2024, we announced our ESG management vision, 'Won Fashion, One Impact,' anchored in our management philosophy of 'Trust, Rightness, and Forward.' The vision declaration ceremony was attended by our leadership and employees, presenting the three key strategies of Responsible Governance, Sustainable Fashion Partner, and Serving Our People, to mark the beginning of our ESG management system. This ESG vision will propel our continued growth as a sustainable company and support our efforts to evolve into a socially responsible leader in ESG management.



ESG management vision declaration ceremony

Sustainable Fashion Partner



PT. Fashion Stitch Joshua's Achieving LEED Gold Certification

PT. Fashion Stitch Joshua, our factory located on a 9.4-ha land (with a total floor area of 6.9 ha) in Kuningan, Indonesia, was awarded LEED (Leadership in Energy and Environmental Design) Gold certification by the USA Green Building Council (USGBC) in April 2024. PT. Fashion Stitch Joshua was designed to maximize energy efficiency and will be central to our manufacturing operations in the country, alongside our existing factory in Subang. We will rigorously maintain our LEED certification as part of our ongoing efforts to create an eco-friendly workplace.



PT. Fashion Stitch Joshua's LEED Gold certification

Ways to Upgrade LEED Certification

1	Optimize energy performance	Maximize building energy efficiency by minimizing energy consumption
2	Produce renewable energy	Facilitate the generation of renewable energy through the use of solar panels and others
3	Advanced energy metering	Save operational costs through precision data measurement and management
4	Reduce indoor/outdoor water consumption	Reduce in-process water consumption and introduce efficiency improvement methods
5	Manage stormwater resources	Collect stormwater for reuse and establish a sustainable stormwater use system
6	Pursue innovation	Adopt innovative approaches to sustainable construction to maintain and enhance LEED certification

Won Story



Establishing an Eco-friendly Workplace Overseas

We remain committed to establishing an eco-friendly workplace by installing solar panels and EV chargers. Notably, solar panels help us reduce our electricity consumption by nearly 67% per year. As of the first half of 2024, our operations in Guatemala, Indonesia, and Nicaragua are equipped with solar panels to increase their energy efficiency. Moving forward, ShinWon will continuously expand the use of renewable energy to reduce carbon emissions from our operations.



EV charger



Solar panels

Annual Power Self-generation Ratios

Noah, S.A.
Fashion Stitch **49%**

Tex, S.A.
Daniel **68%**

Shinwon GT, S.A. **70%**



Screenshot of monitoring power generation through solar panels

Sustainable Fashion Partner



Building Smart Factories

In the textile fashion market, digitalization provides an essential tool for creating new business opportunities. Shin Won is increasingly automating our production facilities to remain agile to the varying needs of global buyers in each of our processes, including dyeing and sewing. Our smart factory, powered by our proprietary automation system named SWIMS (ShinWon Intelligent Manufacturing System), deploys AMRs (Autonomous Mobile Robot) at every step of the entire process. This involves unmanned, on-demand transport of a wide range of materials (fabric, garments, and others) and automatic transport and stacking of packaged products through the use of AGFs (Automated Guided Forklift). All data are monitored and managed through the control tower, and IoT

devices manage all environmental factors impacting the garment manufacturing process. The data collected are also used to maintain and enhance product quality through big data analytics. For ShinWon, our smart factory initiative is just the first step; our ultimate goal is to achieve digital twins, and we will pursue optimization throughout our shop floor operations to this end. This will be coupled with our efforts to predict short/long-term production volumes and prevent accidents, making our production system competitive, flexible, and speedy. To achieve this goal, we will extend the application of the SWIMS across our entire overseas operations to serve as a responsible leader in advancing ESG management.

Control Tower



Won Story

Expected Benefits from Smart Factory Operations

E (Environmental)	- Monitor carbon-intensive processes to implement decarbonization strategies
	- Minimize environmental footprint through optimal energy use and efficient resource management
S (Social)	- Ensure quality management through real-time data analytics and monitoring to reduce defects and improve customer satisfaction
	- Perform high-risk work with automated equipment and robots to ensure the safety of workers and prevent accidents
G (Governance)	- Analyze data collected through wide-ranging sensors and IoT devices to support management in making more accurate and swift decisions



Shopfloor photo from ShinWon's Indonesian factory

Serving Our People



Serving on the RISE Steering Board

ShinWon joined RISE (Reimagining Industry to Support Equality), a collaborative initiative to advance equality for women workers, in 2022 and serves on its Steering Board as the sole global apparel vendor. This role continuously propels us toward an equitable and socially responsible global textile industry.

“As a member of RISE, we represent the global apparel supply chain and promote gender equality and the rights and interests of our workers. Our top priority this year is to closely cooperate on training for women workers at our overseas production operations, helping them enhance their competencies and receive better treatment..”

- From the interview with CEO JJ Park -



Celebrating International Women's Day

At our domestic operations, women account for 30% or more of executives and 60% or more of employees. The percentage of women at our overseas operations is as high as 80%. Given this high proportion of women workers, we launch various campaigns under the slogan 'With Us,' embodying our commitment to heeding the voices of women and making a positive difference together. The 'With Us' campaign, which we launch each year in commemoration of International Women's Day designated by the UN, encourages our employees to join in our efforts to enhance women's status and promote their rights.

Won Story

In Nicaragua, female employees were given bread and roses representing International Women's Day. In Guatemala, a local band performed live during the morning commute of our employees, celebrating International Women's Day and boosting their morale. In Vietnam, the 'Spring of Love (XUÂN ẤM TÌNH THƯƠNG)' gala show was hosted to improve welfare for women workers and socially underprivileged groups, celebrating efforts to uphold women's rights and interests, and gender equality. At our Korean operations, roses were distributed to encourage employees to voluntarily reflect on the significance of International Women's Day. Moving forward, ShinWon will continue to launch campaigns on International Women's Day to enhance employees' gender sensitivity and create an equitable, non-discriminatory workplace for all.

Indonesia



Vietnam



Guatemala



ShinWon HQ in Seoul

Serving Our People



Ensuring Inclusive, Equitable, High-quality Education

ShinWon actively pursues mutually beneficial activities with local communities across various areas, including economic revitalization, educational support, and environmental protection. Leveraging our extensive global network of production sites, we engage in close and continuous communication with the local communities where our overseas subsidiaries are based. In May 2023, our Vietnam factory donated garments to students from low-income families at Thanh Lãng A Elementary School in celebration of Children's Month. Additionally, 150 books covering science, fairy tales, and teaching aids were donated to libraries to promote equitable access to education for local children.



CSR activity for Thanh Lãng A Elementary School

Our Indonesian factory visited a special education school in its vicinity (Kalijati in Subang) to engage in recreational activities and donate daily necessities for children with disabilities. Despite the challenges posed by the COVID-19 pandemic, we have continued to support children with developmental disabilities and single-parent homes in 2022, and a special education school in 2023, under the slogan "Shinwon peduli lingkungan (ShinWon cares about its local communities)."

By doing so, we extend a helping hand to children who are the future leaders of local communities and reciprocate the support we receive from these communities, fostering a corporate culture of love.



CSR activity for a special education school in the vicinity of our Indonesian factory

Won Story



Ensuring an Inclusive and Safe Living Environment

Our Vietnamese factory implemented the Building Houses of Love project for employees who lost their homes due to a fire last December, constructing houses on their owned land to provide shelter. This CSR project was initiated in 2017 to improve the residential environment for low-income groups in the region where the factory is based, and we cover the construction costs to build houses for those in need. In 2023, we prioritized financially-strapped households and provided much-needed shelter to a total of eight households.



Building Houses of Love



Expanding Social Inclusion

Using premium fabric left over after manufacturing, we produced lap blankets to keep seniors warm in winter and swaddle blankets for newborns, which we donated to the Mapo Senior Welfare Center and an organization supporting single mothers.

In doing so, we took the first step toward launching a range of activities to promote and expand social and economic inclusion for all.



Donating lab blankets to seniors to keep them warm in winter

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Environment

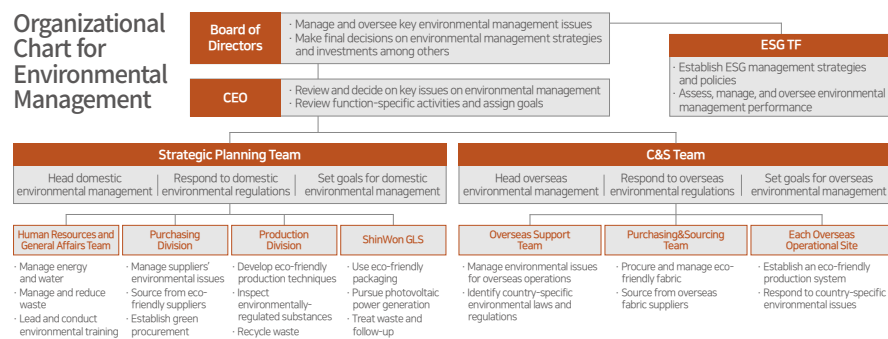
Environmental Management

Environmental Management System

Management Governance

ShinWon's Board of Directors receives reports on company-wide ESG updates and relevant activities through the ESG Committee. The ESG Committee manages and oversees key environmental management issues, including climate change response and waste management. The ESG Task Force establishes management strategies and policies to implement specific tasks to advance environmental management. These tasks include developing an environmental management system, responding to environmental laws and regulations at respective working level departments, and identifying measures to reduce environmental impact. The task performance assessments and relevant details are regularly reported to the CEO through monthly meetings presided over by the CEO.

Organizational Chart for Environmental Management



Environmental Management Guidelines

We established five environmental management guidelines to minimize our environmental impact throughout the entire process, from product manufacturing to disposal. These guidelines drive our efforts for environmental management

ShinWon's Declaration for Environmental Management

Environmental Management Guidelines

1	Pollution prevention and environmental protection	We minimize environmental loads by considering environmental impact from product development and design to manufacturing, transport, delivery, and disposal while reducing the discharge of substances that impact the environment to take the lead in environmental protection.
2	Compliance with environmental obligations	We rigorously comply with environmental laws and regulations that directly apply to manufacturing and transport, requirements from customers and other stakeholders, and other pertinent requirements.
3	Continuous improvement of the environmental management system	We identify environmental impacts that arise from the sourcing of raw materials to procurement, manufacturing, transport, use and disposal to continuously pursue environmental improvements.
4	Foundation for environmental goals	We disseminate our environmental management guidelines to all employees to set and achieve environmental goals to abide by these guidelines.
5	Public environmental management	We disclose our environmental management guidelines and information to stakeholders to encourage their proactive participation and advance transparent environmental management.

ShinWon's Key Management Metrics for Environmental Management

Environmental impact activity	Environmental training	GHG management	Waste reduction and recycling
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Environmental Management

Establishing a Strategic System for Environmental Management

Under the environmental management goal of establishing an eco-conscious fashion ecosystem, we are implementing four strategic tasks. Alongside developing eco-friendly technologies, we will reduce the environmental impact of our entire business operations and identify improvement tasks for resource conservation.

ShinWon’s Strategic System for Environmental Management

Goal	Establish an eco-conscious fashion ecosystem			
Strategic Task	Develop measures to minimize environmental impact	Expand eco-friendly products	Strengthen climate change response capabilities	Transition to a resource circularity system
	Strengthen the environmental management system to minimize environmental impact and continue with performance management	Expand eco-friendly business and R&D to broaden business footprint and build a sustainable eco-conscious fashion ecosystem	Bolster company-wide capabilities under the new climate system through global climate change response management and increased employee participation in GHG emissions reduction	Strengthen capabilities for environmental protection through reduced waste generation and increased recycling and resource circularity
Implementation Strategy				
Phase 1	Establish an environmental management system	Internally define eco-friendly products	Establish a climate change response system	Expand resource circularity
Phase 2	Implement management activities	Calculate eco-friendly sales	Disseminate climate change activities	Secure circular competitiveness
Phase 3	Continue with monitoring	Expand eco-friendly sales	Monitor climate change responses	Facilitate the circular economy

Eco-friendly Investments

We engage in a wide array of eco-friendly investment activities towards a sustainable future. At our overseas operations, we ensure eco-friendly facility management to minimize the environmental impact of our business activities. These investments represent our strong commitment to environmental protection and lay a critical foundation for our sustainable growth. We will continuously expand our eco-friendly investments to contribute to achieving global environmental goals.

Eco-friendly Investments Made by Our Overseas Subsidiaries

Key Activity	Expected Benefits
Installing stormwater storage facilities	We reduce wasted water resources through effective stormwater use, facilitate the sharing of water resources with local communities, and minimize the environmental impact of our business operations.
Installing solar panels	We reduce carbon emissions and energy costs while expanding the use of clean energy through photovoltaic power generation as renewable energy. Solar panels have been installed in our Nicaraguan, Guatemalan, and Indonesian operations.
Operating EV chargers	PT.Fashion Stitch Joshua in Indonesia is currently operating EV chargers. We plan to expand the use of EVs across our entire operations in Korea and abroad.

Environmental Management

Responding to Environmental Accidents and Regulations

Environmental Compliance

To mitigate risks arising from environmental laws and regulations, we have established a monitoring system to respond to pertinent laws and regulations. This enhances our environmental management capabilities by developing response measures for respective environmental laws and regulations and implementing relevant activities.

ShinWon's Environmental Law/Regulation Response System

Stage	Activity	Responsible Organization
Identify environmental laws / regulations	Check enactments and amendments of environmental laws	Strategy Planning & Execution Team Legal Affairs Team
Conduct internal reviews on laws / regulations	Verify the content of laws and request the responsible department to review	Strategy Planning & Execution Team C & S Team Legal Affairs Team
Issue internal notice and apply to operations	Distribute and apply to operations	Strategy Planning & Execution Team Overseas Support Team ShinWon GLS Overseas operational sites

ShinWon's Response to Environmental Management Regulations

1	Framework Act on Carbon Neutrality and Green Growth	We calculate and compile GHG emissions data at each operational site to respond to GHG emissions regulations. We regulate the use of fossil fuels to reduce GHG emissions, and are progressing towards our SBTi-verified GHG emissions targets.
2	Wastes Control Act	We set waste reduction targets by source of waste, develop measures to reduce and improve waste discharges, and properly sort out waste and maximize its recycling to advance environmental management.
3	Framework Act on Resources Circulation	We contribute to establishing a circular economy, produce eco-friendly products, promote eco-friendly sourcing, and extend product service life through after-sales services, minimizing the generation of waste and expanding its recycling.
4	Chemical Substances Control Act	We internally regulate the use of hazardous chemicals, and strive to minimize their use.
5	Clean Air Conservation Act	We actively participate in and cooperate with the government's policy efforts to reduce the emission of precursors to particulate matters(nitrogen oxides, sulfur oxides, dust, etc.), reduce the use of fossil fuels, and actively invest in a range of pollutant emission control and photovoltaic facilities.
6	Water Environment Conservation Act	We efficiently manage water resources through the identification and prediction of water resource risk, and engage in activities to reduce wastewater discharges and water consumption. We will build sewage treatment facilities to continue with our efforts for water resources conservation.

Responding to Environmental Accidents and Regulations at Overseas Operations

We assign personnel responsible for country-specific environmental laws and regulations to proactively review and respond to regulatory enactments and amendments. Regular inspections are conducted to identify potential risks and develop countermeasures to prevent environmental accidents. In the event of an accident, a response team is immediately organized to establish and implement prompt and effective response procedures. This ensures that we faithfully comply with the environmental regulations of the countries where we operate and supports their environmental protection efforts, ultimately reducing the likelihood of accidents. If an environmental incident occurs, our internal system is activated to analyze its causes and identify necessary improvements to prevent similar accidents from ever occurring.

Climate Change Response

GHG Management

Joining More Net Zero Initiatives

We continue to implement efficient measures to manage GHG emissions across our operations in Korea, Vietnam, Indonesia, Guatemala, and Nicaragua. To this end, we set GHG emissions reduction targets to improve energy efficiency while increasing the use of renewable energy. At our overseas operations, we have deployed the Higg Index FEM since 2014 to monitor energy consumption and Scope 1&2 emissions, verifying the accuracy of the data with the help of third-party organizations. This has allowed us to establish energy consumption and GHG emissions reduction targets at the overseas site level and develop specific implementation measures. Our goal is to further reduce our GHG emissions through REC purchases and solar panel installation. To define a science-based net zero roadmap and achieve substantial reductions in carbon emissions, we submitted our SBTi Commitment Letter in October 2022 to set our 2050 net zero goal. We aim to have our net zero goal verified by the SBTi by October 2024 and are building a company-wide GHG measurement and management system that covers Scope 3 as well as Scope 1 and 2 emissions. Looking ahead, we will identify GHG emissions across the entire value chain and collaborate in attaining global net zero goals to articulate our carbon emissions reduction strategies.

Reducing GHG Emissions through Switching to EVs

As of the end of December 2023, we have verified the GHG emissions of a total of 27 corporate fleet vehicles powered by internal combustion engines, based on their monthly distances traveled (fuel consumption). Moving forward, we will transition to electric vehicles (EVs) to gradually reduce the proportion of ICE vehicles in our corporate fleet.

Energy Reduction Activity

Establishing an Energy Consumption Management System

Guided by our 2050 net zero goal, we have been calculating our energy consumption within the scope of our business operations using scientific methods since 2022. We will ensure continuous data management to engage in various energy-saving activities.

Implementing Energy Saving Activities

At our domestic operations, we monitor our electricity and heating energy consumption at offices each month. When there is any change in consumption, we analyze its causes to develop energy-saving measures. Communal spaces, such as cafeterias and parking lots, are operated with the minimally required electricity, and heating/cooling temperatures are set at appropriate levels. We have also initiated lights-off activities during breaks. Our overseas operations engage in key activities such as data monitoring, solar panel installation, and REC purchases to systematically manage energy consumption at the country level.

Energy Use Reduction Activities at Overseas Operations

1	Monitor monthly electricity and water consumption, and identify the reasons for any increases and make improvements
2	Monitor the amount of waste generated and treated each month
3	Installed solar panels at 3 subsidiaries in Central America and at 1 subsidiary in Indonesia (capable of meeting nearly 67% and 15% of power needs respectively)
4	Our Indonesian factory purchased RECs (Renewable Energy Certificate), purchased 3,056MWh of energy to meet total annual electricity needs

Sustainable Products

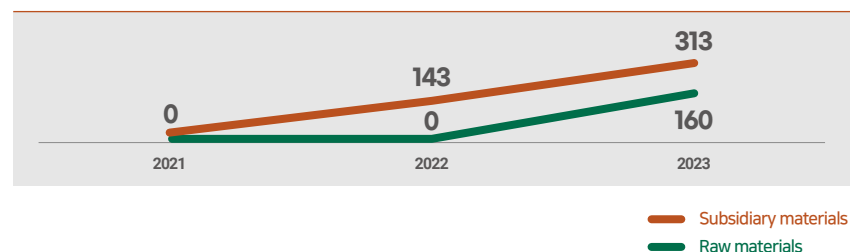
Green Procurement

Definition of Green Products and Procurement Criteria

We have internally developed our definition of green products in accordance with the K-ESG Guidelines, the EU's Ecodesign for Sustainable Products Regulation, and Korea's Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis. Our definition includes products that were awarded eco-friendly certifications (Environmental Mark), products recognized for their contribution to minimizing energy and resource input as well as GHG emissions and pollutants (Environmental Product Declaration), products made from recycled raw materials or through eco-friendly processes, and products verified for their eco-friendly packaging and labeling. Our working-level departments track procurement criteria each year and continuously monitor procurement status to establish and achieve green product procurement goals.

ShinWon's Green Procurement Trajectory

(unit: KRW million)



Green Procurement Guidelines

We are independently establishing our green procurement guidelines to identify suppliers who provide eco-friendly products and services while adhering to environmental laws and regulations. These guidelines ensure that green products are considered equal to general products, allowing us to source the most appropriate products based on quality and pricing criteria. We will continue to advance our green procurement guidelines and make them accessible to stakeholders.

Implementing Green Procurement

Expanding the Use of Sustainable Subsidiary Materials

We aim to implement green procurement to minimize our environmental impact throughout the lifecycle of our products, from sourcing raw materials to production and sales. To this end, we are switching to recyclable materials, starting with subsidiary materials such as shopping bags, product poly bags, and delivery bags that are essential to apparel manufacturing and sales. From 2024 onwards, we will progressively increase the sourcing of recycled or recyclable raw materials to further expand our green procurement efforts.

ShinWon's Efforts to Advance Green Procurement

- 1 Maximize reductions in dye and water consumption in the fabric production process
- 2 Opt for eco-friendly fabric emitting less carbon than general fabric
- 3 Purchase recycled cotton to reduce water consumption
- 4 Procure polyester yarn made from recycled PET bottles and recycled cotton yarn to minimize environmental loads
- 5 Use recycled boxes, poly bags, hangers, labels, tags, and thread to improve resource efficiency
- 6 Proactively procure organic, BCI-certified, linen, and Tencel materials
- 7 Ensure traceability of eco-friendly certifications - GRS/ RCS/ GOTS/ OCS/ USCTP/ FSC/ OEKOTEX/ HIGG/ CANOPY/ BCI - and achieve such certifications

Expanding Our Eco-friendly Product Portfolio

We proactively identify eco-friendly raw and subsidiary materials that comply with global standards to diversify our portfolio and ensure these efforts translate into eco-friendly procurement. All our overseas manufacturing subsidiary as well as the Headquarters have achieved a broad array of eco-friendly certifications granted by third-party certification bodies. This enables us to transparently disclose the environmental information of our products and set the conditions to encourage sustainable consumption.

Environmental Impact Mitigation

Eco-friendly Certifications Achieved by Each Site

Site	Eco-friendly Certification			
	GRS ¹	GOTS ²	RCS ³	OCS ⁴
HQ	○	○	○	○
Vietnam	○	○	○	○
Indonesia	○	○	○	○
Guatemala	○	○	○	○
Nicaragua	○	○	○	○

1. An international standard for the certification of final products made from recycled fibers, stipulating these products must contain at least 20% recycled material, and certifying the company's social and environmental practices
2. An international standard for the certification of final products made from organic fibers, stipulating these products must contain at least 70% organic materials, and certifying the company's social and environmental practices
3. An international standard for the certification of final products made from recycled fibers, stipulating these products must contain between 5% and 100% recycled materials
4. An international standard for the certification of raw materials and final products made from organic fibers, stipulating these products must contain between 5% and 100% organic materials

Expanding the Recycled Yarn Program

In alignment with our ESG campaign, we offer both non-recycled poly and recycled poly options in our internal development program, encouraging customers to make greener choices. This is paired with our ongoing efforts to discover recycled cotton suppliers. As of 2023, recycled polyester-containing fabric accounted for nearly 37% of our total fabric sourcing, representing a 9% year-over-year increase from 28% the previous year.

Waste Recycling and Reduction

Waste Reduction

We are streamlining our administrative work processes to transition from paper-based reporting to digital reporting. While we provided employees with disposable meal boxes during the pandemic, our in-house cafeterias have resumed operations as the pandemic ended, and we are working to reduce single-use and plastic products. At our overseas operations, we are optimizing our production processes to minimize waste generated during manufacturing and are developing measures to properly sort and manage recyclable resources.

Reducing Waste through the 3R Campaign

ShinWon GLS launches the 3R campaign to reduce and recycle waste. As part of this campaign, the shipping lines on the second and third floors were integrated for new product shipping to streamline the process, reducing the number of shipping boxes used and saving logistics costs as a result. Delivery boxes are reused, and boxes that are unusable are recycled through scrap paper companies.

ShinWon's 3R Campaign

Reduce Save resources and reduce waste	Reuse Use items for as long as they last and reuse them	Recycle Recycle used items
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Waste Management at Overseas Operations

Our overseas operations dispose of waste generated from the production process, including leftover fabric, through third-party outsourcing companies. We will monitor key subsidiary to track their waste treatment practices going forward.

Environmental Impact Mitigation

Water Management and Conservation

Wastewater and Water Management

At our overseas operations, we have introduced wastewater recycling and stormwater storage systems to manage and conserve water resources. The wastewater recycling system collects, purifies, and recycles domestic wastewater generated from business operations, allowing us to efficiently use resources while mitigating environmental impact. The stormwater storage system directs collected stormwater to washrooms for reuse and regularly monitors the amount of usable stormwater through metering. Throughout our entire overseas operations, we assess water risk levels using the World Resources Institute (WRI) methodology and plan to implement water management and conservation activities according to the identified risk levels. Regular inspections are conducted for wastewater discharge, and the wastewater purification system is operated to minimize substances that may adversely impact the environment. We also ensure the systematic management of chemical substances through the MSDS¹ and MRSL² to comply with laws and regulations governing chemical substances.

1. MSDS: Material Safety Data Sheet

2. MRSL: Manufacturing Restricted Substances List

Pollutant Management and Reduction

We are committed to developing measures and policies to minimize, manage, and reduce the discharge of pollutants. Pursuant to the Act on Registration and Evaluation of Chemical Substances, we register chemicals used in our processes in advance and manage them accordingly. If any chemical substances we currently use are designated as hazardous, we either modify the process or switch to non-hazardous alternatives to maintain a safe working environment.

Natural Capital Management

We preemptively identify biodiversity risks in the vicinity of our overseas operations to protect biodiversity and address potential risks from environmental destruction. According to the WWF (World Wildlife Fund)'s criteria, five of our seven overseas sites were rated high in terms of biodiversity risk. In line with the WRI (World Resources Institute)'s criteria, three of our seven overseas sites are at high water risk. Through our proactive efforts for risk identification, we have strengthened our water resources management and protection while identifying potential risks from water scarcity and pollution. We will take this a step further by assessing the impact of our business operations on natural capital, including biodiversity and water resources, and by managing these risks through regular monitoring. This proactive approach will set our business operations on the path toward a sustainable future and make a positive difference in local communities and the environment.

Biodiversity and Water Risk Levels at Each Overseas Site

Factory	2023 Biodiversity Risk (WWF)	Number of Endangered Species ¹	2023 Water Risk (WRI)
SHINWON GUATEMALA, S.A	High	3	High
DANIEL TEX	High	4	High
FASHION STITCH NOAH	High	4	Medium-High
SHINWON EBENEZER VIETNAM	High	20	High
SHINWON EBENEZER HANOI	High	23	Extremely High
PT SHINWON INDONESIA	Medium	27	Extremely High
PT FASHION STITCH JOSHUA	Medium	22	Extremely High

1. Calculation criteria: Critically endangered, within 50km, IUCN Red List, IBAT

Social

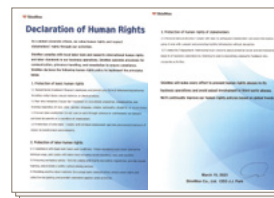
Serving Our People

Human Rights Management

Human Rights Management System

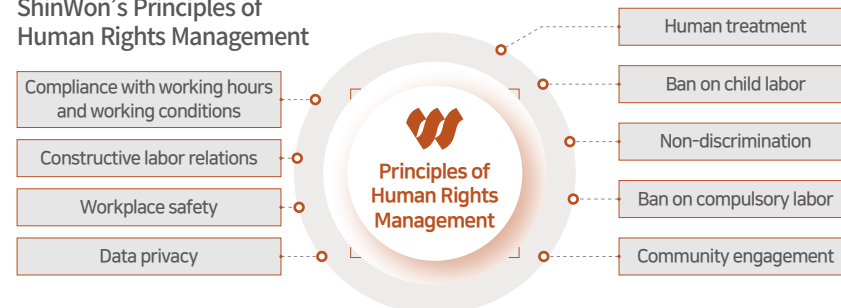
Establishing Our Human Rights Management Policy

To prioritize human dignity above all else, we endorse international human rights principles laid out by the UN, ILO, and other relevant bodies, and we adhere to applicable laws and regulations. In this regard, we have established our Human Rights Charter to prioritize human rights as our utmost value across all operations. The nine principles outlined in this Charter guide our commitment to upholding human dignity in all our actions.



ShinWon's Human Rights Charter

ShinWon's Principles of Human Rights Management



Rights Management Organization

We operate a human rights management organization to respond to human rights risks. Personnel are assigned to each operational site to regularly gather feedback from field operations, and collaborating departments continuously monitor pertinent laws and regulatory non-compliance. The issues collected as such are periodically reported to the Board of Directors.

Governance for Human Rights Management



Human Rights Management

Human Rights Management Strategy

To make human rights the foundational pillar of our business operations, we will establish and implement a mid/long-term human rights management roadmap. As part of such efforts, we will conduct self-assessments to engage all employees in making improvements, and elaborate on topic-based approaches that align with detailed implementation guidelines. Additionally, we plan to perform human rights impact assessments to regularly track the effectiveness and risks of our internal human rights management programs, while developing a monitoring system to establish human rights management at all levels of the Company.

ShinWon's Human Rights Management Strategic System

VISION	Uphold the value of human dignity through trust and discipline		
PHASE	PHASE 1 (2024) Internalization	PHASE 2 (2025-2026) Upgrade	PHASE 3 (beyond 2026) Maintenance and advancement
IMPLEMENTATION TASK	Establish a human rights management system <ul style="list-style-type: none"> - Announce CEO's human rights management declaration - Revise the human rights management declaration - Revise the human rights management policies for each key stakeholder group - Survey employees on human rights management - Strengthen employee human rights training - Improve grievance mechanisms 	Disseminate human rights management across the board <ul style="list-style-type: none"> - Establish the human rights management committee - Provide employees with awareness-raising training based on human rights management survey results - Conduct human rights impact assessments on domestic employees - Identify human rights risks and improvements - Publish newsletters and the communication guidebook 	Expand human rights management across overseas operations and achieve certification <ul style="list-style-type: none"> - Publish human rights management reports - Conduct human rights impact assessments on overseas operations - Continue to manage identified risks - Achieve human rights management certifications
OUTPUT	<ul style="list-style-type: none"> - Global human rights management declaration - Human rights impact assessment - Employee human rights training plan 	<ul style="list-style-type: none"> - Establishment of the human rights management committee - Improvement plans and activities by human rights risk 	<ul style="list-style-type: none"> - Human rights management report - Continuous monitoring of human rights risks - Human rights impact assessments on overseas operations

Human Rights Risk Management

Ban on Child Labor and Compulsory Labor

ShinWon does not tolerate any form of compulsory labor or child labor and abides by the minimum working age set by the countries where we operate as well as by international standards. We strive to comply with the OECD Guidelines for Multinational Enterprises, the UN Convention on the Rights of the Child, the UN Universal Declaration of Human Rights, and other international human rights principles and norms. Additionally, we adhere to the labor standards of the countries and regions where we are based to provide all our employees with legally appropriate working hours and living wages.

Human Rights Training

We encourage all our employees to attend statutory training on preventing workplace bullying and sexual harassment and on improving perceptions of disability. To help them enhance awareness of human rights and gender sensitivity, we make a variety of training materials available through the training bulletin board on our intranet.

Human Rights Training Completed

Category	Unit	2021	2022	2023
Total training hours	Hours	Mandatory to take at least 1 hour of training per year (excluding duplicate training attendance)		
Improvement in perceptions of disability	Persons	561	690	686
Prevention of sexual harassment	Persons	561	690	686

Diversity, Equity & Inclusion

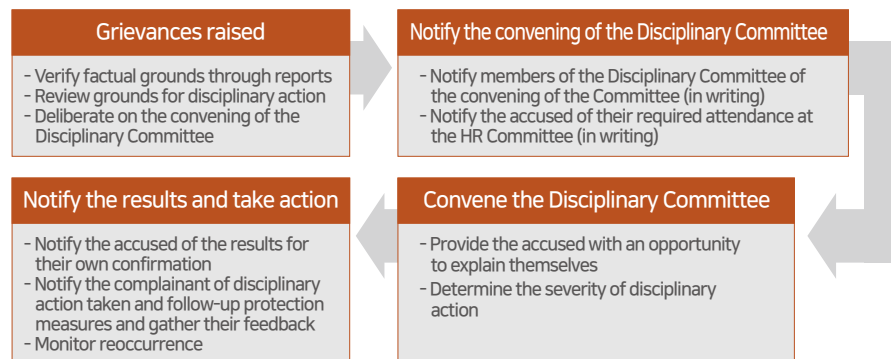
Grievance Mechanism

To prevent human rights risks and remedy the resulting harms, our Rules of Employment explicitly prohibit workplace bullying and sexual harassment, ensuring that such violations do not occur. Since 2021, we have operated the Grievance Committee to effectively gather and handle employee grievances. In tandem with this, internal area-specific grievance committees are up and running each comprising one male and one female member to enhance accessibility to our grievance mechanism. In the event of a human rights violation, its details are reviewed and factual grounds are verified before disciplinary action is taken according to pertinent regulations. By ensuring that internal grievances are handled efficiently in accordance with the set regulations, we minimize the harm caused by human rights violations.

Grievance Handling Process



Disciplinary Action Process for Human Rights Violation



DE&I Policy and Its Implementation System

ShinWon established the Diversity, Equity, and Inclusion (DE&I) Committee comprising employees from various job levels to embed DE&I into our corporate culture and continue with our efforts to enhance DE&I across the board.

DE&I Roadmap

DE&I 1.0	DE&I 2.0	DE&I 3.0
Change mindset	Initiative setting and execution	Corporate culture policy and continuous improvement
Launching	Definition, planning, and execution	Review, revision, and maintenance

DE&I Activity

We have been providing all our employees with regular DE&I training since 2023. Our DE&I Supporters at Headquarters have also assisted employees at all levels since 2023 in contributing their diverse ideas and approaches, directly engaging in and promoting our DE&I corporate culture.

Employee DE&I Enhancement Activity

Training	#EmbraceEquity	Wise Language Life
Date	Mar. 10, 2023	Mar. 15, 2024
Activity	Special lecture on International Women's Day	Special lecture on respectful communication skills
Outcomes	Attended by nearly 80 persons (offline)	Attended by 350 persons (on+offline)



DE&I Supporters activity poster



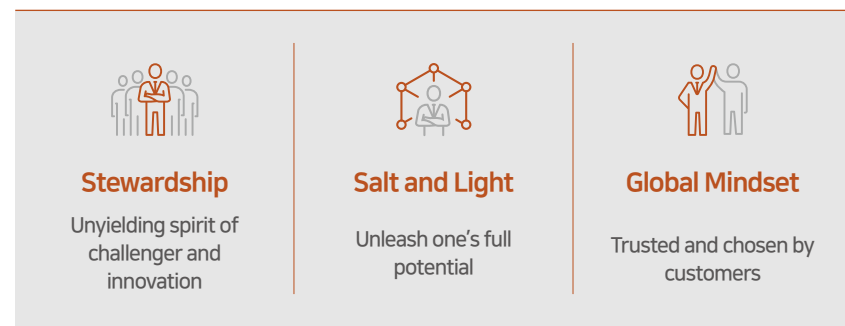
DE&I Supporters' 1st cohort members working on campaign slogans

Talent Management

Talent Recruitment

Building on our continuous sales growth and business expansion, we actively hire and nurture key talent to join us on our journey toward unbounded growth. To remain flexible to the rapidly evolving global market, we employ multiple approaches to talent recruitment, including open recruitment, need-based hiring, and internal referrals. All new hires undergo a four-month internship before becoming permanent employees, during which they are evaluated for job competency including their job fit through AI-assisted competency tests. To systematically assess employees' job competency, we conduct personality and aptitude tests, along with interviews by working-level employees and executives. Both experienced and non-experienced job candidates can upload their resumes on our recruitment webpage at any time. Our talent referral system helps us hire individuals with high job fit and ensure their swift adaptation upon recruitment to produce synergy in the process. Additionally, our internal job posting program provides existing employees with the opportunity to explore new career paths. To enhance the fairness and transparency of the recruitment process, we have developed our own recruitment system to manage the entire process.

ShinWon's Ideal Employee



Employee Performance Assessment

We objectively and fairly assess employees based on their performance and competency. The assessment results inform our decisions on promotions, compensation, and talent development. We have also established an area-specific assessment system, and continuously upgrade and manage this system to ensure fair assessment outcomes for all employees.

Corporate Culture Activity

To facilitate open communication across generations and job levels, we plan and organize a variety of events such as One Heart Training and Happy Crew. Additionally, our in-house hobby clubs promote interactions that transcend generational and hierarchical differences.



Happy Crew in activity

Talent Development System

We provide onboarding training and mentoring to help new hires quickly adapt to their roles and pursue personalized career development. This is paired with continuous competency enhancement training and relevant policies to foster employees' growth as global leaders. All our employees receive a variety of competency training and are supported in discovering and developing their unique capabilities.

ShinWon's Talent Development Goals

1	Achieve business goals	2	Nurture next-generation leaders	3	Develop job experts
4	Ensure early strategic integration of experienced/non-experienced new hires	5	Advance knowledge-based management	6	Bolster global capabilities

Talent Management

Employee Training Program

We provide a wide array of on/offline training to nurture key talent and global leaders.

Training Programs

Training	Target	Purpose of Training
1 Anti-sexual harassment, occupational safety, and improvement in perceptions of disability	All employees	Protecting the labor rights and interests of workers and prepare for accidents in the changing working environment
2 Ethical management		Disseminating a culture of sustainability management in line with fair trade principles Building a systematic compliance culture to advance ethical management
3 Human rights		Highlighting the importance of holding the value of human dignity and taking action to prevent discrimination
4 Environmental protection	Employees handling personal data	Recognizing the importance of environmental protection and developing executive capabilities
5 Data privacy		Raising employees' ethics awareness
6 Mobile English	All employees	Bolster global and working-level capabilities through enhanced foreign language skills
7 Job training	Promoted employees	Enhance working-level capabilities through training for the purpose of self-development irrespective of business unit or function
8 Training for promoted employees		Offering strong motivation through tailor-made training in the shifting business environment Enhancing a sense of pride and belonging in the Company and presenting vision Developing understanding one's new role and corresponding attitudes
9 Internal accounting control system	Employees working in relation to internal accounting	Establishing, maintaining and managing policies and procedures that reflect the purpose of the internal accounting control system

Welfare & Benefits Programs

We provide comprehensive welfare and benefits programs to promote the quality of life for our employees both personally and professionally. These programs include support for hobby clubs, regular vacations, and condominium memberships. Additionally, we offer maternity and parental leave as well as female-only rest areas and nursing rooms. Our tuition program assists employees in covering their children's educational expenses. In 2024, we modernized and re-opened our in-house cafeterias to offer nutritious and balanced meals. Our employees are entitled to annual comprehensive health check-ups to promote their health, and our expatriates receive support in subscribing to accident insurance plans to cover a range of accidents and injuries that may occur during their overseas assignments. Furthermore, we offer zero-interest housing loans and allowances for family events, providing a multi-faceted welfare and benefits program that helps employees thrive in both their personal and professional lives.

Welfare and Benefits Programs

Leisure	<ul style="list-style-type: none"> Hobby clubs, annual leave/summer vacation Condominium memberships across the nation 	Self-development	<ul style="list-style-type: none"> Support for foreign language learning In-house library Full support for external offline/outourcing training
Livelihood	<ul style="list-style-type: none"> Housing loans/Christian Fellowship loans Disaster relief compensation 	Health Management	<ul style="list-style-type: none"> Health check-up support (specialized general health check-up institutions) Comprehensive check-up support for employees' families Subscription to accident insurance for all employees and support for hospitalization expenses
Work life	<ul style="list-style-type: none"> Lunch/dinner (in-house cafeteria) Support for mobile phone charges/parking/fuel costs Gift certificates for birthday Apparel voucher for new hires Points redeemable at the Company shopping mall Apparel voucher for school entrance of employees' children 	Family-friendly program	<ul style="list-style-type: none"> Allowances, in-kind compensation Tuition support for employees' children National holiday gifts Childbirth leave (maternal/paternity) Parental leave Family Day every Wednesday
Rewards	<ul style="list-style-type: none"> Rewards for long-term employees /exemplary employees Sabbatical leave 		
Amenities	<ul style="list-style-type: none"> In-house cafeteria Employee rest areas/nursing rooms 		

Talent Management

Welfare and Benefits Programs Tailormade to Countries Where We Operate

We provide welfare and benefits aligned with the local cultures and institutions of our overseas operations. Our top priority is to ensure a healthy and stable life for our employees, going beyond mere regulatory compliance to enhance their welfare and job satisfaction.

Welfare and Benefits Programs by Overseas Site

Site	Program
Vietnam	Events for various anniversaries
	Events to celebrate International Women's Day/Vietnam Women's Day, and in-house sports events
	Support for maternity protection
	Childbirth leave, reduced work hours, breastfeeding rooms, paternity leave, family care leave
Indonesia	Comprehensive health check-ups and disease management training before joining the Company
	Comprehensive health check-ups upon employment (reflected in factory assessment), disease prevention training for all employees
	Anniversary events
	Events to celebrate International Women's Day, support for childcare supplies for expecting employees
Guatemala	Cervical cancer screening
	Cervical cancer screening for female employees, subscription of vitamins and others (every two years)
	Events for various anniversaries
	Celebration of International Women's Day, lucky draws for Christmas/year-end holidays, rewards for long-term employees
Nicaragua	Protection and free-of-charge health check-ups for expecting employees
	Flexible work arrangements, free-of-charge flu and COVID-19 vaccinations, free-of-charge first-aid medicines, 24/7 medical services
	Events for various anniversaries
	Special meals for Women's Day and Mother's Day

Retirement Support

We provide retirement pension plans to help middle-aged employees plan for their future retirement and embrace new challenges. To ensure they remain active members of society even after retirement, we offer a retirement package that grants an additional year of compensation for every five years served. For locally hired employees at our respective overseas operations, their retirement benefits follow country-specific retirement systems.

Association and Collective Bargaining

Labor-Management Committee

Our Labor-Management Committee meets each quarter, with three employee members and three employer members attending. These meetings serve to enhance mutual interests and labor rights while discussing key matters related to business conditions and labor relations.

Labor-Management Committee Outcomes in 2023

Meetings held **4** meetings

Agendas discussed **9** Agendas

Overview of Association and Collective Bargaining by Country

Country	Description
Nicaragua	<ul style="list-style-type: none"> - Convene semi-monthly regular meetings attended by labor union members, HR personnel, and employer representatives - Discuss and decide on business conditions and key labor-management issues
Vietnam	<ul style="list-style-type: none"> - Established a labor union at the Vietnamese subsidiary - Organize the Labor-Management Committee primarily with shopfloor employees
Indonesia	<ul style="list-style-type: none"> - Operate a Labor-Management Committee consisting of 9 employee and 9 employer representatives

Workplace Health and Safety

Health and Safety Management System

Health and Safety Management Declaration

To achieve 'Zero High-Consequence Injuries' in the workplace, we established our health and safety management guidelines, covering our employees worldwide and all stakeholders doing business with us, including subsidiaries, suppliers, partners, and distributors. These guidelines are regularly evaluated and verified for appropriateness, playing a crucial role in strengthening health and safety management at the operational site level and preventing high-consequence injuries. Not only do we comply with legal requirements, we create a safe workplace to support the sustainable development of our organization and improve the quality of life for workers.

Health and Safety Management Declaration

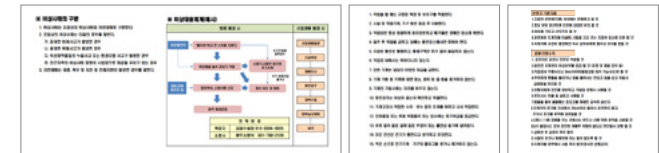


ShinWon's Health and Safety Management Guidelines

- 1 The Chief Executive Officer (CEO) pursues the 'protection of workers' lives' and the 'establishment of workplace safety' as the ultimate goals of business operations.
- 2 The CEO establishes a health and safety management system to provide sufficient human/physical resources for eliminating and controlling hazards and risks in the workplace.
- 3 We set health and safety goals, and develop and implement specific plans to achieve these goals.
- 4 We establish internal regulations in compliance with health and safety laws and regulations and faithfully implement these regulations.
- 5 We identify hazards and risks through workers' participation, make sure identified hazards and risks are addressed, and share them through training.
- 6 We ensure all employees recognize hazards and risks associated with their duties, and provide trainings and drills on the elimination, substitution and control of hazards and risks.
- 7 We ensure all suppliers and contractors parties abide by ShinWon's health and safety guidelines and safety requirements.
- 8 All employees of ShinWon faithfully fulfill their health and safety responsibilities and obligations.

ShinWon GLS' Health and Safety Management System

ShinWon GLS is establishing a systematic safety management system in line with our health and safety policy, which applies to our distribution centers, employees, subsidiaries, suppliers, and subcontractors. ShinWon GLS is expanding health and safety activities focused on the prevention of high-consequence and accidental injuries in response to tightening governmental policy initiatives, including the Serious Accidents Punishment Act and the Occupational Safety and Health Act. To prevent risks that may occur during business operations, we have further segmented our health and safety regulations and guidelines, including safety management guides for high-risk work.



Emergency preparation and response manuals

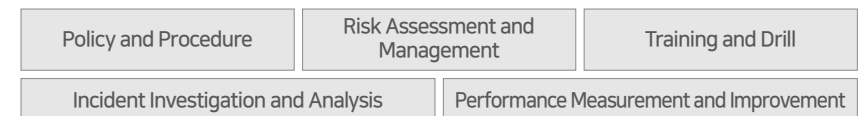
Health and safety rules

Forklift safety rules

Health and Safety Management System for Overseas Operations

A systematic health and safety management system is up and running across all our overseas operations to implement health and safety management at the organizational level. This ensures the integrated management and traceability of data, policies, procedures, and training related to health and safety to create a safe workplace.

Composition of the Health and Safety Management System for Overseas Operations

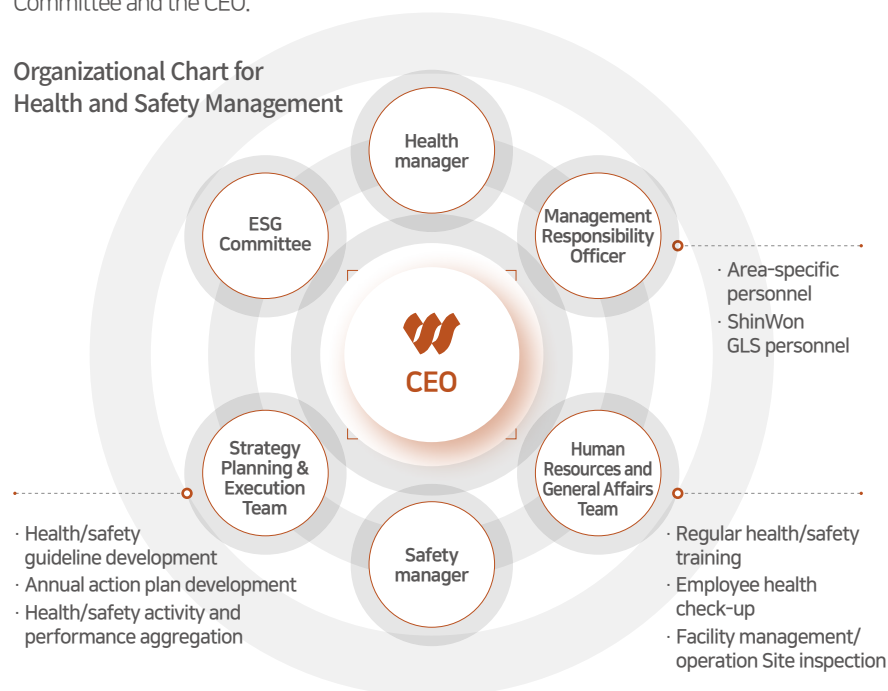


Workplace Health and Safety

Health and Safety Management Organization

To strengthen health and safety management, ShinWon's health and safety management organization is headed by the CEO. Monthly meetings are held to review the health and safety management system, and suggestions and improvements are reported to the CEO. Pursuant to Article 15 of the Occupational Safety and Health Act, health and safety managers are appointed at each affiliate to oversee workplace improvement and occupational injury prevention activities, employee health and safety training, and health management programs. The issues gathered are brought to the Human Resources and General Affairs Team at Headquarters, and the proposed improvements and policy recommendations are regularly reported to the ESG Committee and the CEO.

Organizational Chart for Health and Safety Management



Health and Safety Management Strategy

We organize health and safety teams across all our overseas operations to prioritize organizational health and safety and seek continuous improvements. We prioritize health and safety as a focus area of our management strategy, and ensure that all our employees work and live in a safe environment.

ShinWon's Health and Safety Management Strategy

1	Management support	Management provides full support to successfully implement health and safety management.
2	Effective leadership	Health and safety leaders exercise effective leadership in developing and implementing safety improvement plans, and disseminate them across the organization to establish a safety-first culture.
3	Clear assignment of responsibilities and obligations	The clear assignment of responsibilities and obligations is key to the successful implementation of health and safety management. All employees understand their roles and responsibilities, and actively participate in health and safety matters.
4	Continuous improvement and innovation	ShinWon's Health and Safety Team focuses on improving safety through continuous improvement and innovation. We introduce new methods and technologies and pursue continuous performance improvement to prevent incidents and illnesses.
5	Enhanced engagement and communication	We create a safety-first culture by enhancing engagement and communication with all employees in relation to health and safety. Workers share ideas on health and safety and engage in joint endeavors to establish a safe workplace.
6	Learning and training	Our health and safety management organization provides necessary trainings and drills to employees to create a safe working environment. Incidents and cases are also analyzed to provide learning opportunities and prevent similar issues from reoccurring.

Workplace Health and Safety

Health and Safety Risk Management

Site Safety Inspection and Monitoring

To identify accidents and injuries that occur in the workplace and prevent hazards and risks, we conduct routine and non-routine risk assessments. Regular risk assessments are conducted each year to cover the entire processes in the categories of working environments, work management, and health management. Non-routine risk assessments are conducted when the need arises to install new machinery, modify existing equipment, or when safety risks occur. Additionally, we perform weekly checks on potential risks throughout the workplace using a health and safety checklist to improve identified risks.

ShinWon's Classification of Health and Safety Risk Assessments

Assessment	Assessment Cycle and Target
Routine risk assessment	<ul style="list-style-type: none"> Conduct regularly on overall operations (yearly) Identify all hazards and risks within the workplace, estimate and determine the likelihood (frequency) and significance (severity) of injuries or illnesses attributable to these hazards and risks, and develop mitigation measures
Non-routine risk assessment	<ul style="list-style-type: none"> Conduct when introducing or installing new machinery/equipment/facilities Conduct when modifying existing machinery/equipment/facilities Conduct when additional risk factors occur due to change in the working environment Conduct when there is change in hazardous factors or chemicals Conduct when occupational injuries occur
On-demand inspection	<ul style="list-style-type: none"> Conduct weekly patrol inspections using a checklist Check necessary improvements on an ongoing basis and review compliance with safety regulations in day-to-day work environments

Risk Assessment and Monitoring

ShinWon GLS conducts routine risk assessments each year to identify high-risk work based on the level of risk and to develop systematic reinforcement measures for employees performing high-risk work to prevent various safety accidents. This is complemented by continuous monitoring to prevent accidents from recurring, safety training conducted at least once every month, and dissemination training along with relevant safety training in the event of minor accidents. In 2023, a total of 14 hazards and risks were identified and improved. These routine health and safety risk assessments help us identify potential risks in the workplace and establish appropriate countermeasures.

Improvements Made for Hazards and Risks in 2023

Hazard/Risk	Improvement
1 Caught-in	Shut down power, place work notice signs
2 Fall	Install fall protection nets
3 Forklift overspeeding	Provide forklift safety rule training, adjust speed limits
4 Falling loads	Ensure proper loading and conduct regular operator training
5 Head collision with equipment and trolleys	Place safety signs saying 'Watch Your Head'
6 Slips and collision on ramps	Provide regular safety training for employees, ensure employees move in pairs or more
7 Slips on tiled floors	Wear non-slip shoes and install anti-slip tapes
8 Missteps when getting off a work platform	Provide training on the use of assistive devices
9 Falls during carrier maintenance	Place safety signs saying 'Employees are forbidden from riding'
10 Falls during ladder work	Ensure employees work in pairs and wear protective equipment appropriate for their working height
11 Strain of overhead work	Perform stretching before and after work
12 Falls involving moving cars	Replace ladders and provide training to ban the use of moving carts
13 Collision with forklifts	Provide walkways in the workplace
14 Pedestrian accidents during vehicle docking in the receiving area	Assign guides during docking

Workplace Health and Safety

Health and Safety Grievance Mechanism

We organize the Occupational Health and Safety Committee to ensure the health and safety of our employees by implementing health and safety management regulations and improving risks affecting our working environment, along with conducting patrol inspections and joint inspections with suppliers. We also hire health and safety managers to heed and collect employee feedback on occupational health and safety. ShinWon GLS gathers employee feedback through a variety of communication channels. Cargo traffic meetings held each morning, semi-monthly part leader meetings, and post-safety training suggestion sessions all serve to identify and address work-related inconveniences and safety risks that affect our employees. Specifically, safety issues take precedence in our improvement efforts, and work-related inconveniences are remedied through various methods.

ShinWon's Health and Safety Grievance Mechanism

Mechanism	Cycle	Participant
Cargo traffic meeting	Monthly	Department heads, team heads, logistics planning personnel building management personnel(8 persons)
Part leader meeting	Semi-monthly	Department/team/part heads(15 persons)
Post-safety training suggestion session	Monthly	All employees

Health and Safety Grievance Handling Process at Overseas Operations

Establish a grievance mechanism	Establish clear procedures and systems to handle health and safety grievances within the organization
Receive and investigate grievances	For health and safety grievances, identify the causes through swift and fair investigation
Resolve and mediate grievances	Confirm the grievance and take appropriate action for its resolution, conduct mediation between the involved parties
Offer feedback and improve	Analyze the issue and identify improvements for its prevention, take action to prevent similar incidents

Health and Safety Activity

Safety Management Activities at Domestic Operations

ShinWon GLS has signed health and safety outsourcing contracts with the Korea Industrial Safety Association and the Korea Public Health Association. For safety management, safety inspections are performed and reports are submitted through semi-monthly visits. We also ensure health management and provide health counseling to employees through monthly nurse visits, quarterly industrial hygienist visits, and semi-annual doctor visits.

Health and Safety Activities at Overseas Operations

At our overseas operations, we engage in a wide array of activities to keep our employees healthy and safe and to establish and maintain a safety-first culture within the organization.

Health and Safety Activities Undertaken at Overseas Operations

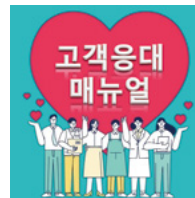
Activity	Description
Risk assessment and management	Identify and assess risks for all tasks and activities to develop appropriate management measures to prevent accidents and illnesses
Safety trainings and drills	Provide training on safety regulations and procedures and on the proper use of necessary safety equipment to raise safety awareness and support the learning of safe work methods
Working environment improvement	Improve the working environment to enhance employee health and safety and ensure appropriate lighting, ventilation and noise & vibration management
Accident investigation and analysis	Thoroughly investigate accidents to identify their causes and develop measures to prevent similar accidents
Health checks and exams	Regularly check employees' health status and provide exams to prevent illnesses
Regulatory compliance and monitoring	Ensure pertinent laws and regulations are abided by and safety regulations are observed to maintain an appropriate level of safety performance
Participation and feedback gathering	Facilitate employee participation and feedback collection to raise organizational health and safety awareness and engagement

Workplace Health and Safety

Employee Health Management

Believing that a company can only be healthy when its employees are physically and mentally well, we prioritize health management for our employees. We offer annual health check-ups through specialized comprehensive health check-up service providers. For employees diagnosed with certain medical conditions, we provide follow-up management to promote their health. We also regularly measure job stress factors to create a working environment that alleviates employees' physical fatigue and mental stress.

Customer service
manual



Employee Health Support Programs

Program	Description
Health check-up	Provide all employees with annual health check-ups to regularly check their health status
Accident insurance for expatriates	Subscribe to accident insurance to support medical expenses for accidents and illnesses that occur during expatriate assignments
Musculoskeletal risk investigation	Identify risks and improve the working environment through ergonomic work analyses on workers' musculoskeletal diseases
Emotional labor assessment	Provide mental health support for employees performing emotional labor (CS) in line with the emotional labor level assessment table
Smoking cessation clinic	Provide support for smoking cessation to encourage employees to quit smoking to reduce smoking rates and promote health
CPR training	Acquire knowledge and receive relevant technical trainings and drills required to give first aid for heart attack patients to promote the safety of one's family members and co-workers
Rest areas for female employees	Operate rest areas for female employees to provide them with improved working conditions for rest and relaxation



CPR training

Health and Safety Training

To raise employees' safety awareness and reduce safety risks, we provide safety training to all our employees and relevant departments. Our safety training is organized by target group and includes regular health and safety training, statutory training for supervisors, job training, and specialized training to establish a culture of health and safety and bolster our risk prevention and response system. Health and safety supervisors are appointed at each operational site and receive 16 hours of regular supervisor training per year, while health and safety managers receive separate training. ShinWon GLS conducts regular health and safety training for employees at its domestic distribution sites and overseas manufacturing subsidiary. This training covers the roles and responsibilities of on-site managers, response to emergency situations, and risk assessment methods. Furthermore, we perform regular drills, including fire evacuation drills and disaster response drills.

Health and Safety Training Outcomes



Sustainable Supply Chain

Supplier Code of Conduct

Establishing the Supplier Code of Conduct

To establish sustainable supply chains, ShinWon signs the agreement with 10 key suppliers to abide by four major action principles. We will take one step further by communicating our Supplier Code of Conduct to our suppliers to ensure they acknowledge this Code when signing contracts with us. The Supplier Code of Conduct will be disclosed and applied starting from the latter half of 2024. For overseas operations, our Code of Conduct (CoC) manifests the values we uphold at ShinWon throughout the entire value chain.



CoC (Code of Conduct)
for overseas operations

ShinWon's Supplier Code of Conduct

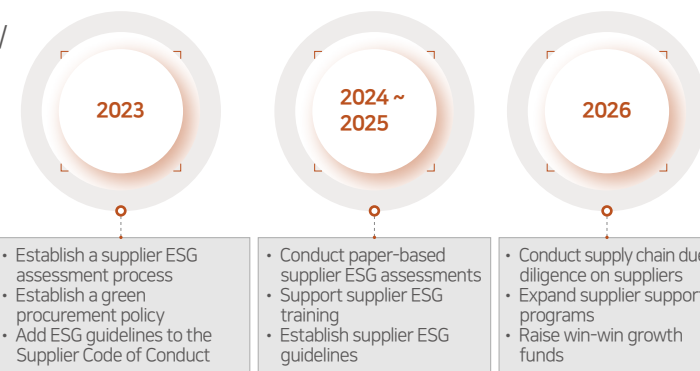
Category	Description
Mandate	Specify basic norms that ShinWon expects its suppliers of products and services to abide by
Purpose	<ul style="list-style-type: none"> - Request that suppliers establish best operating practices in the fields of ethics, environment, labor/human rights, health/safety, and management system - Ensure the entire supply chain, including suppliers, adheres to the code of conduct to earn greater admiration from society and pursue mutual growth
Target	All suppliers (recommend them to abide by the code)
Responsibilities and Roles	Suppliers: Abide by the code of conduct ShinWon: Conduct inspections and due diligence to recommend improvements for identified risks

Supply Chain ESG Implementation System

Supply Chain ESG Management Policy

We have stipulated the Supplier Code of Conduct to identify and prevent potential ESG risks, and we are working to establish our supply chain ESG management policy to abide by this Code. We plan to conduct supplier ESG assessments over the mid- to long-term and will ensure that suppliers who receive improvement recommendations based on assessment results develop and implement plans to mitigate identified risks, which will help us establish sustainable supply chains.

Setting mid-/long-term goals for mutual growth of supply chains



Supplier ESG Management Areas

Environmental	<ul style="list-style-type: none"> Enhanced eco-friendliness of materials and production processes Carbon emissions reduction, energy efficiency, sustainable packaging, and waste management Environmental training and awareness-raising
Social	<ul style="list-style-type: none"> Protection of worker rights and safety Corporate culture of diversity and inclusion Fair trade practices and supply chain governance
Governance	<ul style="list-style-type: none"> Transparency, ethics, and anti-corruption

Action guidelines for fair supplier selection (registration)

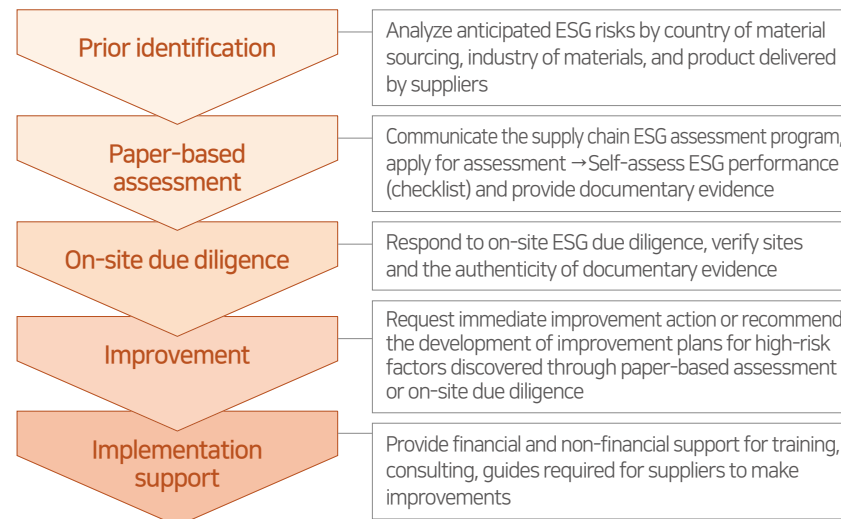
Sustainable Supply Chain

Developing Supplier ESG Assessment Plans

We have established ESG assessment implementation plans to evaluate and manage suppliers' ESG performance with a focus on risk improvement, which lies at the core of ESG. This will drive our efforts to conduct supplier ESG risk assessments and due diligence, enhancing the sustainability of our supply chains. Our goal is to render our entire supply chain even more sustainable by tying incentives to ESG performance and providing risk assessment and support.

ShinWon will share improvement guides to assist suppliers in developing ESG risk improvement plans and taking necessary actions. We will also support on-site improvement consulting to help suppliers acquire ESG risk management and improvement capabilities.

Supplier ESG Assessment Process



Support for Suppliers' ESG Implementation

To help suppliers develop and implement ESG risk improvement plans, we are designing our ESG implementation support programs that emphasize capacity building and awareness improvement. We will support level-specific programs based on supplier ESG assessment results, aligned with our mid- and long-term goals.

Supplier ESG Implementation Support Program

ESG assessment/ assessment response competency enhancement	Support on-site improvement consulting to acquire ESG risk management and improvement capabilities
ESG online training	Provide content associated with ShinWon's supply chain ESG risk assessment and due diligence items in the areas of ethics, environment, labor, human rights, and health & safety (ESG concept, internal/external trends, and best practices, etc.)
Training to enhance supply chain net zero capabilities	Provide information on net zero initiatives (overview and internal/external trends), GHG emissions calculation methods and carbon disclosure response measures while helping suppliers continuously improve their carbon management to achieve net zero
Distributing health and safety management guides	Distribute 'health and safety management guides' to help suppliers establish a health and safety management system

Mutual Growth with Suppliers

ShinWon is committed to cementing the foundation for mutual growth to lead win-win partnerships in the fashion industry, and to building mutual growth models by assisting suppliers in enhancing their competencies in quality, technology, and overall management and by establishing fair trade practices. We value our suppliers as partners on the journey towards mutual growth based on mutual trust and cooperation. Recognizing that the competitiveness of our suppliers is the driving force behind our sustainable growth, we remain dedicated to this path towards mutual growth.

Supplier Mutual Growth Programs

Semi-monthly payment	We maintain amicable business relationships with suppliers through healthy interactions and forge sustainable win-win partnerships. We make payments to raw material suppliers twice a month to aid in their financial flexibility, and implement transparent and clear payment procedures, which is positively reviewed by suppliers.
Reflection of exchange rates in making payments in foreign currency	We apply the exchange rate of the shipment date in making payments in foreign currency for raw materials to ease suppliers' burden in the event of unexpected fluctuations of exchange rate and to support their mutual growth.
Training support	We support training programs for tier-1 suppliers to help with competency development to enhance their competitiveness.

Supplier Communication Channels and Activities

With the goal of achieving sustainable growth with suppliers, we openly accommodate negative feedback and operate various communication channels to remedy their grievances. Our suppliers are free to raise concerns through our website, email, post, or fixed phone. It is mandatory that we inform suppliers of our grievance mechanism that they can use to report concerns such as corrupt practices during the contracting process, and this mechanism is also specified in the contract form. Upon receiving grievances and reports on violations of rights and interests, we follow the set process to verify and review the concerns raised and take appropriate action. This includes providing full explanations of the grievance handling process and evaluating the effectiveness of stakeholder feedback and grievance handling measures to ensure responsible solutions that prevent similar risks from recurring and provide feedback to suppliers. Such efforts allowed us to achieve zero negative evaluations submitted by suppliers between 2021 and 2023. Going forward, ShinWon will remain committed to fostering win-win partnerships with our suppliers.

Supplier grievance mechanism

Supplier Grievance Handling Process



Win-Win Partnership with Local Communities

CSR Implementation System

Guided by the core value of 'beautiful sharing for a thriving and flourishing society,' ShinWon is committed to disseminating messages of trust and hope and creating a wholesome and thriving community. Our CSR initiatives go beyond the mere pursuit of profit and focus on tangible efforts to achieve growth and development hand-in-hand with local communities. We strive to promote social advancement and serve as a force for good, delivering solutions to some of the most pressing challenges our society faces today. Furthermore, we contribute to sustainable social development in alignment with the UN Sustainable Development Goals (UN SDGs), creating social value in the areas of education, health, and environmental protection to expedite the sustainable development of local communities and fulfill our social responsibility.

Undertaking CSR initiatives is one way we forge closer cooperation with stakeholders and proactively cater to the varying needs of local communities. We also strengthen social partnerships to improve our expertise in assuming responsibility for a sustainable society. At ShinWon, we vow to act on the value of sharing for a thriving and flourishing society and lead the charge in promoting social advancement and prosperity.

Core Value		
Beautiful sharing for a thriving and flourishing society		
Implementation Strategy		
Align with our core business and brands	Engage employees and local communities	Partner with governments and private sector organizations
Implementation Method		
Undertake CSR activities that align with ShinWon's 'apparel products'	Engage employees and their families in volunteering for local communities	Establish a cooperation network with relevant institutions and organizations to strengthen our CSR implementation

Win-Win Partnership with Local Communities

CSR Governance

'Under the vision of 'ShinWon Journeying Together with Communities,' a dedicated CSR organization is up and running under the leadership of management to systematically implement CSR activities. This organization engages in a variety of activities, including establishing company-wide CSR strategies, operating CSR programs in partnership with local communities, and making cash and in-kind donations through non-profits. The ESG Committee, the Headquarters, and operational sites select recipients within local communities and set specific schedules concerning the quantities of donation items and support activity plans. These schedules guide our efforts to secure and deliver donation items to continuously undertake CSR activities. As such, ShinWon conducts business in a way that engages all members of society through continuous communication.

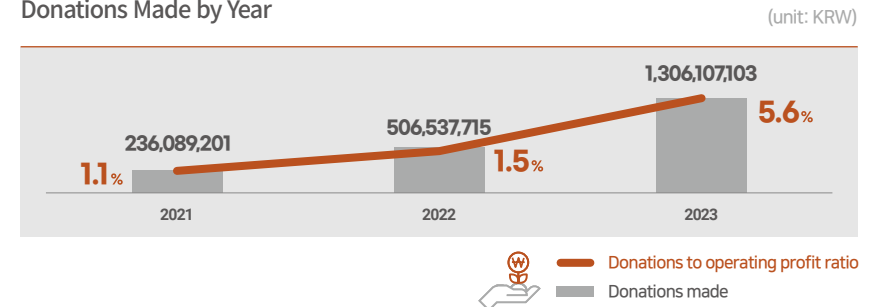
ShinWon's CSR Organizational Chart



CSR Activities

Along with our CSR programs, ShinWon has consistently donated to government and private organizations as part of our efforts to give back to society. Since 2021, we have made cash and in-kind donations worth nearly KRW 2 billion to over 30 organizations. In 2023, our donations amounted to approximately KRW 1.3 billion, representing over 5.6% of our operating profit.

Donations Made by Year



ShinWon Ebenezer Choir, Beautiful Voices to Sing Love

The ShinWon Ebenezer Choir was established back in 1994 to give back to society and perform missionary work through music. It is Korea's exclusive professional choir comprised of top-notch vocalists. The Choir specifically serves vulnerable and underprivileged groups across the globe, and performed five times in 2023.

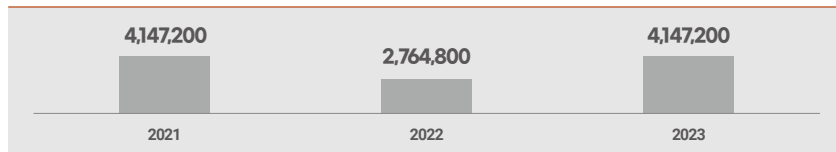
Choir Activities in 2023

Date	Occasion
Jun. 3, 2023	Billy Graham's 50th anniversary
Jun. 10, 2023	Kookmin Daily's Vision Club
Jul. 1, 2023	Podowon Church's summer assembly
Oct. 28, 2023	Kookmin Daily's Vision Club
Dec. 14, 2023	ShinWon's 50th anniversary

ShinWon Cultural Foundation, Moving Together Towards a Flourishing Society

Since its inception in 1994, the ShinWon Cultural Foundation has undertaken a wide array of projects serving the public good. Each year, the Foundation provides scholarships to high school students to help them overcome financial challenges and access broader opportunities to continue their education. To discover and nurture talented individuals and promote equal learning opportunities, the Foundation has implemented the scholarship program for over three decades, benefiting more than 2,000 students as of 2024.

Scholarships Provided by the ShinWon Cultural Foundation by Year (unit: KRW)



Donating Clothing for People Affected by Heavy Rainfall

We provide full support in the event of disasters to fulfill our corporate social responsibility. When the heavy downpour hit in July 2023, we donated garments worth KRW 500 million to affected individuals. More than 4,400 pieces of clothing were delivered through Kookmin Daily and the Central Women's Association of Saemaul to provide emergency relief for displaced people who could not wash their clothes as their homes were flooded. Going forward, ShinWon will continue to aid disaster-stricken areas with recovery efforts and promote a culture of donation, taking the lead in fulfilling corporate social responsibility.



Donating clothing for people affected by heavy rainfall

Win-Win Partnership with Local Communities

Quality Management

ShinWon operates a well-organized quality management system to enhance customer safety and satisfaction, and delivers safe products and services through rigorous quality tests. We conduct physicochemical tests and physical property tests with the help of accredited testing labs to ensure the safety of raw and subsidiary materials while our Quality Management Team performs comprehensive product inspections during the product phase to improve customer satisfaction. We provide a one-year after-sales warranty and operate our own customer service center to offer consultations, free-of-charge alterations, refunds, and other product-related services. We abide by the Fair Trade Commission's standards in handling consumer disputes, and each of our brands independently operates a customer Q&A bulletin board to ensure swift customer communication.

Compensation for Consumer Damage

We fully disclose the status of handling customers' after-sales claims on our website. In accordance with our exchange and refund policy, compensation is provided in the order of free-of-charge alterations, exchanges, and refunds. Exchanges or refunds are available within seven days of purchase provided the product is undamaged. We inform consumers of the compensation period by product item and material in conformity with our consumer damage compensation regulations. Additionally, we have established a process to prevent customer claims from recurring by sharing and analyzing the details and causes of customer claims with relevant departments to make necessary improvements.

Status of Handling customers' after-sales claims

Customer Claims Submitted

(unit: Cases)

Year	Total Claims Submitted	Exchange	Alteration	Non-adjustable
2021	16,324	1,134	13,396	1,794
2022	15,899	1,043	13,356	1,500
2023	14,660	1,089	12,165	1,406

Win-Win Partnership with Local Communities

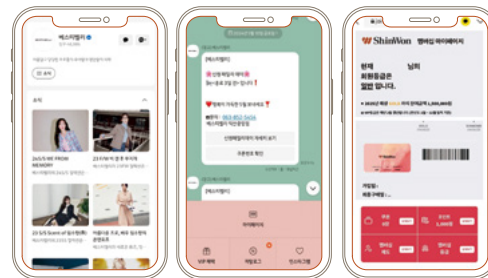
Customer Communication Activity

Operating the Customer Service Center

Our customers may seek consultations to improve their product satisfaction and handle complaints and grievances through phone, website, email, and chat available on our own shopping mall, and we ensure they are promptly addressed. To facilitate customer communication and transparency in grievance handling, we inform customers who raised concerns throughout each phase of the grievance handling process through emails and other methods.

Reaching Out to Consumers through Social Media

Each of our brands operates its own Instagram and Kakao channels to stay in touch with consumers.



Consumer activities by social media channel

Customer-Engaging ESG Activity

Secondhand Clothing Donation Campaign

Since 2021, we have launched the annual 'Donate & Take' campaign to engage customers in donating secondhand clothing, promoting the value of sharing with less-privileged individuals in Korea and abroad. This regular ESG campaign reflects our commitment to reusing resources, promoting eco-friendly consumption, and building a culture of donation.

In 2024, we will launch this campaign twice. During the first campaign held between March and April, customers who donated secondhand clothes were provided with discount vouchers immediately redeemable when they donated ShinWon-branded clothes, or with 10,000 points or eco-bags made of recycled cotton, promoting resource circularity. This initiative aims to foster a culture of eco-conscious consumption among consumers and bring to life the value of sharing. Moving forward, ShinWon will continue to identify and implement various ideas to lend a helping hand to local communities in need.

Donate & Take Process



Customers donate worn-out clothes to ShinWon stores

Stores collect donated clothes

Deliver collected clothes to OTCAN, check their condition and prepare for donation

Donate clothes for the underprivileged in Korea and abroad

ShinWon

Plan and operate the campaign, encourage and manage customer participation

OTCAN

Sort out donated clothes and provide them to the less-privileged

Donations Made

2021	2022	2023	2024 (ongoing)
1,387 pieces 77 boxes	2,092 pieces 120 boxes	3,378 pieces 199 boxes	1,740 pieces 99 boxes

Information Security

Information Security Policies and Guidelines

To fend off unauthorized access to our information assets, we establish and operate a range of security systems and regularly inspect and update our information systems for technical vulnerabilities. Our security system serves to verify network access security as well as PC and document security, while conducting annual security checks on servers, networks, databases, and information systems. By embedding information security into our day-to-day routines, we safeguard our intellectual property and customers' personal data.



ShinWon's Information Security Guidelines

Information Security Implementation System

Information Security Management System

To keep our intellectual property and customers' personal data safe, we have established our information security process anchored on the four pillars of governance, system development, control & monitoring, and internalization. This process is implemented in line with our annual plans to ensure continuity and integration.

We enforce information security and cybersecurity guidelines that stipulate specific rules for each area, and our Information System Team plays a pivotal role in fulfilling roles and responsibilities for company-wide information security operations. Internally, we conduct regular employee training and security audits to ensure compliance with information security regulations and to raise awareness of regulatory compliance. In tandem with this, we consistently elevate our security performance across physical, administrative, and technical areas.

Information Security Organization

To reinforce the roles and responsibilities of information security operations, we appointed the Chief Information Security Officer (CISO) and the Chief Privacy Officer (CPO), and operate the Information Security Committee. We also established the Group-wide Information Security Committee composed of the CISOs of Group affiliates to promote swift decision-making in the rapidly evolving information security landscape.

ShinWon's Information Security Organization



Information Security Activity

Information Security Investment

The amendments to the information security disclosure regulations under the Act on the Promotion of Information Security Industry introduced voluntary disclosures for companies to publicly disclose their information security operations, including investments, personnel, certifications, and activities.

Information Security

In response, ShinWon transparently disclose our information security investment activities. As of 2023, 8.1% of our total IT budget, nearly KRW 480 million, was invested in security personnel, outsourcing, physical security services, and other related areas. We also conduct annual information security management system audits to prevent information leaks.

Information Security Training

In preparation for ransomware, Advanced Persistent Threats (APTs), and other various security attacks, we provide regular information security training to raise employees' security awareness. We also conduct security audits to verify our compliance with information security regulations and guidelines to make continuous improvements. This ensures that we integrate information security regulations into our daily routines while conducting security risk drills for all employees to keep us vigilant against information security threats.

Information Security Training Provided



Data Privacy

We recognize customers' personal data as invaluable assets and have established our information security breach response process to keep personal data safe and ensure prompt responses should such breaches occur. Upon detecting anomalies during business operations, the relevant department reports them to the information security department, which then promptly addresses the incident and conducts follow-up training and drills to prevent recurrence.

Information Security Breach Response Process



Governance

Board of Directors

Composition of the Board of Directors

ShinWon is establishing reliable and efficient governance to pursue sustainable growth and protect the interests of stakeholders. The Board of Directors and top management are delegated to make business decisions and conduct business accordingly, with efforts made to establish stable governance through checks and balances. To ensure efficient governance, our Board of Directors is composed of specialists known for their expertise and broad perspectives. Directors are guaranteed their term of office during their tenure and are authorized to decide on matters delegated by the Annual General Meeting (AGM) of shareholders, oversee management on overall business operations and related transactions, and appoint/dismiss the CEO. Considering its unique corporate characteristics, ShinWon has appointed Jung Joo Park as the Chair of the Board of Directors, recognized for his expertise built through over 20 years of experience in the fashion industry. As of May 31, 2024, our Board of Directors consisted of five executive directors and two independent directors. To ensure area-specific expertise and maintain checks on management, directors are guaranteed to serve their term during their tenure. In 2023, the attendance of directors at Board meetings was 100%, exceeding the minimum attendance rate of 90%. We also make it a rule to disclose the Board of Directors' operating standards, procedures, and results to advance transparent governance.

Composition of the Board of Directors



ShinWon's Corporate Governance Charter

ShinWon's Board of Directors Bylaws

ShinWon's Board of Directors Regulations

Committees under the Board of Directors

To enhance the efficiency and expertise of the Board's operations, we decided to establish committees under the Board at the 49th AGM held in March 2022, and have since been operating the Management Committee, the Audit Committee, the Independent Directors Recommendation Committee, the ESG Committee, the Compensation Committee, and the Internal Transactions Review Committee. The purpose and responsibilities of each of these committees are detailed on our official website. These committees support the Board in faithfully fulfilling its primary function of overseeing management. They operate in accordance with the stipulated regulations, and the meetings held and decisions made are reported to the Board of Directors.

Responsibilities of Board Committees

Committee	Responsibility	Composition (◆: Chair)	Meetings Held	Agendas	Regulations
Management Committee	Executive tasks related to management matters delegated by the Board - Report and deliberate on annual business plans, deliberate on mid-term business plans - Deliberate on financial statements and key M&A deals in advance	Nam Woo Cho (◆) Jung Bin Park / Jung Joo Park Wan Young Choi / Tae Hyung Kim Choong Kyu Yoo	5 meetings	11 agenda items	🔗
ESG Committee	Review and analyze ESG-related strategies and key matters on major corporate decision-making - Review and monitor sustainability management strategies/directions - Review ESG strategies and mid/long-term plans	Jung Joo Park (◆) Jung Bin Park / Wan Young Choi Tae Hyung Kim / Nam Woo Cho Choong Kyu Yoo	8 meetings	15 agenda items	🔗
Internal Transactions Review Committee	Deliberate on key large-scale internal transactions in advance - Deliberate on loan investments, loans, and other investments - Report on internal transactions regularly on a quarterly basis	Choong Kyu Yoo (◆) Jung Bin Park / Jung Joo Park Wan Young Choi / Tae Hyung Kim Nam Woo Choi	9 meetings	15 agenda items	🔗
Compensation Committee	Deliberate on executive compensation, severance pay, and stock options, deliberate and decide on temporary special compensation, deliberate on compensation limits and the compensation system for registered directors	Jung Joo Park (◆) Sung chul Park / Jung Bin Park Wan Young Choi / Tae Hyung Kim Nam Woo Cho / Choong Kyu Yoo	7 meetings	10 agenda items	🔗
Independent Directors Recommendation Committee	Recommend independent director candidates and deliberate on their qualifications in advance	Jung Joo Park (◆) Jung Bin Park / Wan Young Choi Tae Hyung Kim / Nam Woo Cho Choong Kyu Yoo	2 meetings	3 agenda items	🔗
Independent Director Evaluation Committee	Conduct independent, regular assessments on independent directors' activities and the Board	Wan Young Choi (◆) Jung Bin Park / Jung Joo Park Tae Hyung Kim	3 meetings	4 agenda items	🔗

Board of Directors

Independence of the Board of Directors

To ensure our Board of Directors properly performs checks and balances, we review the qualifications of independent directors to verify their independence. In appointing independent directors, we check whether they meet any disqualification criteria pursuant to applicable laws and regulations, and independently develop guidelines and seek approval from the Board of Directors. The Board of Directors serves to verify the independence of both independent director candidates and incumbent independent directors. The Chair of the Board is directly elected by the Board of Directors. Each director or auditor may request the Chair to convene a Board meeting as the Chair has the authority to do so. If the Chair does not meet such requests without any justifiable reason, the requesting director or auditor may convene a Board meeting. Going forward, ShinWon will strive to enhance the independence of the Board of Directors.

Director Appointment

In the director appointment process, we verify candidates for their expertise and personal capabilities before proposing them to the AGM. For independent directors, we ensure that candidates noted for extensive subject matter knowledge and practical experience in areas such as management oversight, financial and management planning, and risk management are recommended by the Independent Directors Recommendation Committee. In assessing candidate competencies and appointing directors, we do not discriminate against or impose undue limitations on the grounds of age, gender, education, or place of origin.

Activities of the Independent Directors Recommendation Committee in 2023

Date	Attendance	Agenda	Reporting to the Board
Feb. 9, 2023	100%	Appointing the Chair of the Independent Directors Recommendation Committee	○
		Reporting the deliberation results of new independent director candidates	○
Dec. 6, 2023	100%	Recommending new independent director candidates	○

Board of Directors Activity

Operation of the Board of Directors

Our Articles of Incorporation and the Board of Directors Regulations specify matters related to the operation of the Board of Directors, including its authorities, responsibilities, and operational procedures. Pursuant to Article 38 of the Articles of Incorporation and Article 6 of the Board of Directors Regulations, Board meetings are categorized into ordinary and extraordinary meetings. Before Board meetings, the agendas and their detailed information are communicated through certified letters or emails, allowing directors to review them well in advance and engage in in-depth discussions.

Operational Outcomes of the Board of Directors in 2023

	Board meetings held 44 meetings	Resolution items 61 items	Reporting items 58 items
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Agendas for the Board of Directors in 2023¹⁾

Date of Meeting	Agenda	Approval	Attendance
Feb. 9, 2023	Reporting and approving ShinWon's non-consolidated financial statements for 2022	Approved	100%
Feb. 23, 2023	Reporting on the operational status evaluation of the internal accounting control system in 2022	Approved	100%
Mar. 31, 2023	Determining the limit of director compensation	Approved	100%
Jun. 13, 2023	Establishing a Guatemala Office	Approved	100%
Nov. 24, 2023	Establishing a Chennai, India Office	Approved	100%

1) The full list of agenda items addressed by the Board of Directors in 2023 is made available on page 233 of the business report.

Board of Directors

Board Performance Assessment

The expertise of independent directors is a key determinant of our governance performance. As such, we operate the Independent Director Evaluation Committee to assess independent directors for their competencies and activities. The assessment is conducted twice a year across four areas and 25 items, and the results inform our decisions on the reappointment of independent directors.

Independent Director Assessment Results in 2023

(unit: Points)

Area		Average Score	Area		Average Score
Roles and responsibilities of the Board of Directors	Roles of the Board	5.0	Operation of the Board of Directors	Operational procedures of the Board	4.9
	Responsibilities and obligations of the Board	4.9		Agendas for the Board	5.0
Structure of the Board of Directors	Composition of the Board	5.0		Collection of information	5.0
	Independence of the Board	4.0	Reflection of assessment results	Board assessment	4.6
				Improvement	4.1

Key Agendas for the Independent Director Evaluation Committee in 2023

Date	Attendance	Agenda	Reporting to the Board
Feb. 9, 2023	100%	Appointing the Chair of the Independent Director Evaluation Committee	○
		Reporting independent director assessment results for 2022	○
Jul. 31, 2023	100%	Assessing the performance of independent directors in H1 2023	○
Dec. 6, 2023	100%	Assessing the performance of independent directors in H2 2023	○

Compensation Policy for the Board of Directors and Executives

Compensation for executive directors is paid differentially based on a comprehensive consideration of annual performance assessments, individual achievement assessments, and other factors. This takes into account the frequency of Board meetings held, appointments to Board committees, the time committed to reviewing agenda materials, and the level of legal responsibilities involved. The compensation determined accordingly is paid in monthly installments in accordance with our annual compensation payment procedures.

Director Compensation Provided in 2023

Type of Director	Number of Directors	Total Compensation	Average Compensation per Person
Executive director	5 persons	KRW 2,247 million	KRW 449 million
Independent director	2 persons	KRW 24 million	KRW 12 million

Compensation Committee

The Compensation Committee deliberates on the compensation limit for directors and auditors to be proposed at the AGM. Compensation is determined within the limit approved according to legitimate procedures. The Committee also conducts prior reviews on the payment of performance pay and special bonuses for management and employees.

Key Agendas for the Compensation Committee in 2023

Date	Attendance	Agenda	Reporting to the Board
Jan. 4, 2023	100%	Appointing the Chair of the Compensation Committee	○
		Conducting prior reviews on the payment of special bonuses for executives	○
Feb. 9, 2023	100%	Conducting prior deliberations on executive performance pay in 2022	○
		Reporting the payment of employee bonuses in 2022	○
Feb. 23, 2023	100%	Deliberating on the limit of director compensation in 2023	○
		Deliberating on the annual salary of executive directors in 2023	○
Aug. 30, 2023	100%	Conducting prior deliberations on special bonuses for executives	○
Oct. 13, 2023	100%	Conducting prior deliberations on special bonuses for executives	○
Dec. 1, 2023	100%	Conducting prior deliberations on special bonuses for executives	○
Jan. 4, 2024	100%	Reporting the employee bonus payment plan for 2024	○

Shareholder-friendly Management

Shareholding by Related Parties

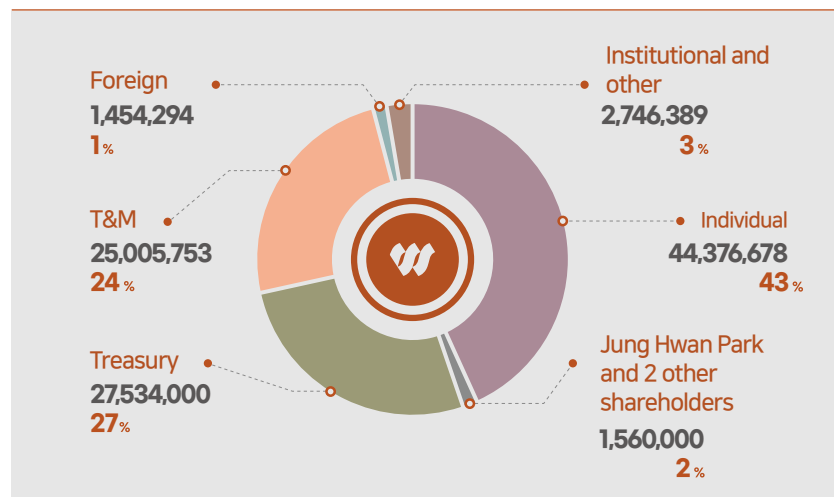
ShinWon's Articles of Incorporation specify internal regulations aiming to protect the basic rights of shareholders in accordance with the Commercial Act and other applicable laws and regulations. We have introduced electronic voting to protect the rights and interests of shareholders and have established our mid- to long-term shareholder return policy to improve shareholder value.

Issuance of Shares

As of December 31, 2023, a total of 102,677,096 shares were issued, of which 27,534,000 shares were treasury shares. Our largest shareholder is T&M Communications, holding 24.4% ownership.

Overview of Shareholders (as of Dec. 31, 2023)

(unit: Shares, %)



Shareholder Rights Protection Policy

Shareholder Communication

To protect the rights of shareholders, we provide comprehensive information on the Annual General Meeting (AGM) of shareholders. Matters related to the AGM are disclosed three weeks prior to the meeting on DART, the electronic disclosure system of the Financial Supervisory Service, and on our website to assist shareholders in reviewing relevant materials well in advance to exercise their voting rights. The AGM convocation notice is sent to all shareholders to ensure equality of information. Furthermore, information is provided on director and auditor candidates, and the appointment of auditors is proposed separately from director appointments to enhance the independence of independent directors and auditors and establish fair and transparent governance.

Shareholders' Exercise of Voting Rights

ShinWon follows the one share, one vote rule and has adopted electronic voting since the 50th AGM held on March 31, 2023, to facilitate shareholders' exercise of voting rights. The Korea Securities Depository is entrusted with operating electronic voting, and 2.51% of the shares carrying voting rights were exercised through electronic voting in 2023. We also recommend proxy solicitation for all shareholders to facilitate decision-making at the AGM. Looking ahead, we will take the lead in providing a wide range of channels for exercising voting rights so that shareholders can actively engage in our business operations.

Shareholder-friendly Management

Shareholder Return Policy

In the face of uncertain conditions, from COVID-19 to the Russo-Ukrainian war, which adversely affect the overall industry, ShinWon has paid dividends for three straight years since 2021 based on solid business performance as part of our shareholder return policy. We plan to set and maintain the annual dividend payout ratio at a minimum of 50% in the upcoming years. In addition to these dividend policies, we also implement share buyback policies to take a consistent and flexible approach to repurchasing shares when our stock price falls below the appropriate corporate value as determined by management to enhance shareholder value.

Share Buyback by Year

(unit: Shares)



Annual General Meeting

Exercise of Voting Rights and Agendas for the 51st AGM

At the 51st AGM held on March 29, 2024, three reporting items and four deliberation items were handled as initially presented in the convocation notice. Shares representing 38.28% of the total issued shares, excluding non-voting shares such as treasury shares, were present at the AGM to exercise their voting rights.

Issuance of Shares

(unit: Shares)

Total shares issued	Shares Carrying Voting Rights	Shares Present at the AGM
102,677,096	75,052,356	28,728,641

Resolutions Adopted by the AGM

(unit: %)

Order	Agenda	Out of Total Shares Present at the AGM		
		Attendance	Votes for	Votes against/ Abstained
Agenda No. 1	Approving the financial statements	38.28	99.62	0.38
Agenda No. 2-1	Appointing directors	38.28	98.69	1.31
Agenda No. 2-2		38.28	99.48	0.52
Agenda No. 3	Approving the limit of director compensation	38.28	99.20	0.80
Agenda No. 4	Approving the limit of auditor compensation	38.28	99.20	0.80

Overview of Dividends

Category	Unit	2021	2022	2023
Total cash dividends paid	KRW 100 million	41	81	53
Cash dividends per share	Common share	KRW 50	100	70
	Preferred share	KRW 55	105	75
Cash Dividend payout ratio	%	31.21	44.21	77.19
Dividend yield	Common share	% 1.91	6.21	5.11
	Preferred share	% 0.14	-	-

Ethical Management

Ethics Regulations and Code of Conduct

Ethical Management

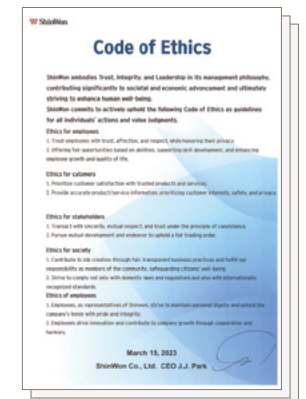
To prioritize ethical management as our core value and establish fair and transparent business relationships, we have stipulated our ethics regulations to set standards for the Company and our employees to abide by in making value judgments. The underlying foundation of ethical management is fairness, transparency, and accountability, which are integrated into our entire business operations. In advancing ethical management, ShinWon builds trust with customers, leads in creating social value, and drives sustainable management. These ethics regulations are made available on our internal groupware for all employees to easily access and are internalized into our corporate culture through rigorous compliance. Furthermore, every employee at ShinWon signs the ethics pledge each year.

ShinWon's Ethics Regulations

Basic Ethics for Employees <ul style="list-style-type: none"> 1. Faithful performance and regulatory compliance 2. Resolution of conflicts of interest 3. Protection and proper use of corporate assets 4. Gift, entertainment, and monetary transaction 5. Mutual respect 6. Whistleblowing 	+	Responsibilities and Obligations towards Customers <ul style="list-style-type: none"> 1. Attitudes towards customers 2. Provision of accurate and reliable information 3. Protection of customers 	+	Responsibilities towards Shareholders <ul style="list-style-type: none"> 1. Respect for shareholders 2. Protection of shareholder interests
Fair Trade <ul style="list-style-type: none"> 1. Obligations towards suppliers 2. Regulatory compliance and prohibition of corruptive practices 3. Pursuit of mutual development 	+	Responsibilities towards Employees <ul style="list-style-type: none"> 1. Respect for employees 2. Fair treatment 3. Talent development 	+	Responsibilities towards the Nation and Society <ul style="list-style-type: none"> 1. Sound business conduct 2. Contribution to national and social development 3. Eco-friendly management

Code of Ethics

In declaring our ESG management vision on March 15, 2024, we also announced a new Code of Ethics that specifies our stronger social and environmental responsibilities and clarifies employees' responsibilities in the entire business operation. This Code of Ethics applies to all our employees and sets standards for proper ethical conduct. Its key provisions include ethics towards employees, ethics towards customers, ethics towards stakeholders, and ethics towards society. ShinWon aims to create social value and build trust-based relationships with stakeholders through sustainable growth and responsible business conduct. We vow to abide by this new Code of Ethics as the overarching guidelines for taking specific actions and making value judgments.



Ethical Management

Ethical Management Activity

All our employees sign the ethics pledge to commit themselves to creating an ethical and fair corporate culture in accordance with the Code of Ethics and ethics regulations and to set an example for others to follow. Since 2022, our employees have pledged to abide by these ethics norms each year through pop-ups made available on our in-house groupware.

Ethical Management Activity Outcomes in 2023

Employees who signed
the ethics pledge
(732 persons in 2023)

100%



ShinWon's ethics pledge

Overview of Ethical Management



Ethical Management Organization

Ethics Committee

Our Ethics Committee systematically manages and efficiently implements our ethics regulations and Code of Ethics. The Committee grants rewards and disciplinary actions in conformity with our company regulations which stipulate the procedures for rewards and disciplinary actions. The Ethics Committee is composed of the CEO, auditors, and one independent director, and plays a leading role in fostering a corporate culture that upholds ethical responsibilities throughout all business operations and employees' day-to-day routines and in advancing systematic and proactive ethical management.

Organizational Chart of the Ethics Committee



Compliance and Anti-corruption Management System

Internal Control System

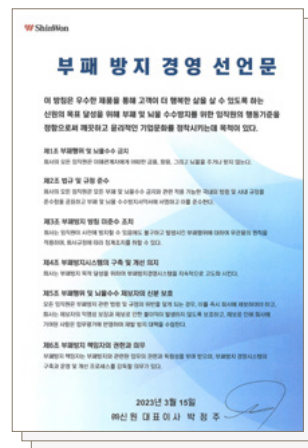
ShinWon operates an internal accounting management department and established internal accounting control guidelines in 2022 to improve the credibility of accounting information. Our internal accounting control system is evaluated annually for its operational status, and the results are reported to the Board of Directors and the Annual General Meeting of shareholders by the CEO and the internal accounting manager.

Ethical Management

Corruption Risk Assessment

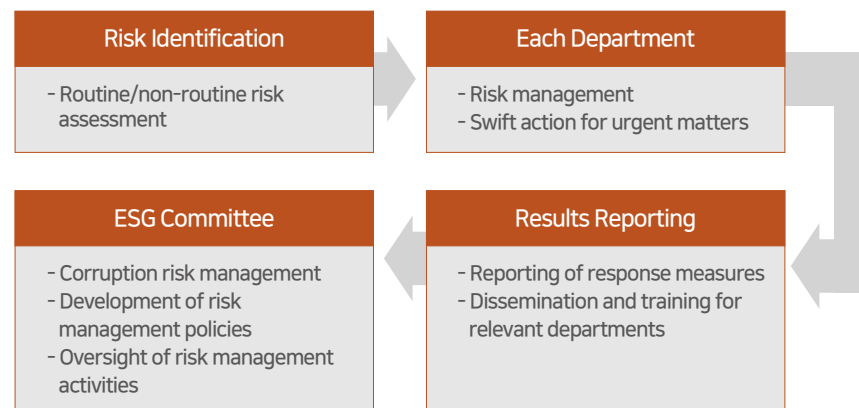
Corruption Risk Management

We classify and handle legal risks and corruption risks into urgent risks and risks requiring long-term management. Urgent risks are referred to the Human Resources Team, the Legal Affairs Team, and other relevant departments for swift investigation and action. Risks that should be managed over the long term are proposed to the ESG Committee under the Board of Directors, led by the Compliance Team and other relevant departments. This ensures risk monitoring and rigorous risk management.



ShinWon's Anti-corruption Management Declaration

Corruption Risk Management Process



Anti-corruption Activity

Operating the Internal Subcontract Review Committee

We established the Internal Subcontract Review Committee to promote the fairness and legality of subcontracting. The Committee meets regularly each month to ensure fairness in the subcontract signing and price determination process.

Organizational Chart for the Internal Subcontract Review Committee



Training on the Internal Accounting Control System

Each year, we provide training programs to employees involved in internal accounting to strengthen our internal accounting system. This helps keep internal accounting personnel up to date with the latest accounting laws and regulations and equips them with the expert knowledge required for accurate accounting handling and reporting. Such training also enhances the competency of internal accounting personnel, ultimately making our financial reporting more transparent and credible. These training programs are instrumental in improving the efficiency of our internal accounting system while reducing potential risks to ensure the quality of our corporate finances.

Ethical Management

Internal Accounting Control System Training Provided



Disciplinary Action for Ethical Misconduct and Alignment with Compensation

Disciplinary Action for Ethical Misconduct

We operate a disciplinary system to handle employees' ethical misconduct. Upon detecting ethical non-compliance, our audit function is delegated to initiate investigations and produce disciplinary recommendations. Decisions are made by convening relevant departments and the Disciplinary Committee. After taking disciplinary action, we ensure that similar ethical misconduct does not occur. Matters related to the disciplinary actions taken are made public on the groupware so that all employees are aware and remain vigilant. These efforts help us prevent the recurrence of ethical misconduct and maintain high ethical standards throughout our business operations.

Whistleblowing Mechanism

Chambit Voice

ShinWon's official ethics whistleblowing channel, supports employees and suppliers in raising concerns about unfair practices at any time and location. Our stakeholders are free to anonymously submit whistleblowing reports on non-compliance with the Code of Ethics encountered during business conduct, including unjustified demands, bribery, and sexual harassment. The operation of Chambit Voice puts the protection of whistleblowers first to ensure that concerns raised are handled with full confidentiality so that whistleblowers do not suffer any disadvantages. ShinWon remains committed to upholding fairness in society through our whistleblowing mechanism.

Operational Status of Chambit Voice

Category	Unit	2021	2022	2023
Concerns submitted	Cases	1	2	2
Concerns submitted and handled	Cases	1	2	2
Percentage of concerns submitted and handled	%	100	100	100

Screenshot of
ShinWon's Chambit Voice

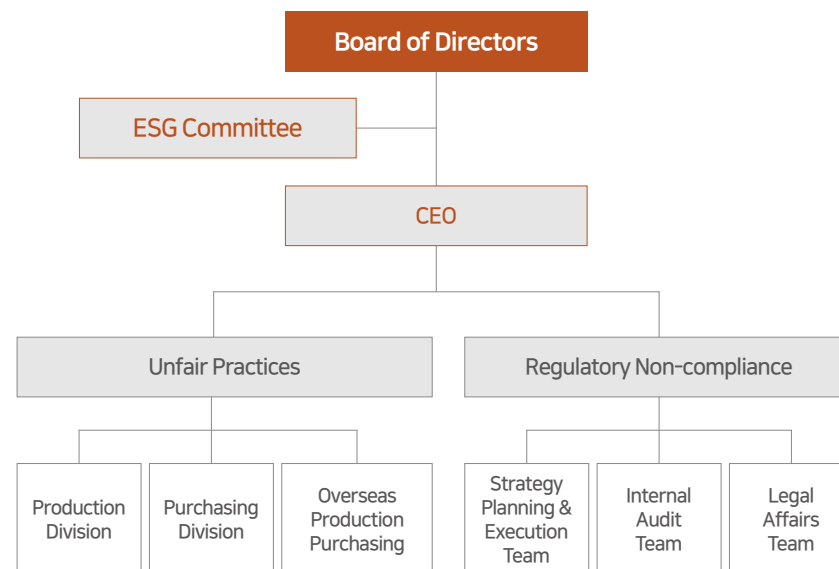


Compliance Management

Compliance Management System

We raise employees' compliance awareness by managing the risk of legal non-compliance, providing fair trade training, and seeking relevant advisory services. Our internal audit team helps elevate employees' awareness of compliance management and ensures full compliance with applicable laws and stakeholder requirements. The internal audit team responds to legal issues that arise in the field and performs constant monitoring and review to manage legal risks. The team also conducts compliance training for all employees, assesses our compliance status, and reports the results to the Board of Directors.

Compliance Management Organization



Compliance Risk Management

Ethics Whistleblowing Channel

We operate Chabbit Voice that serves as a channel to raise concerns involving our employees, including unjustifiable practices, unfair business conduct, human rights violations, unfair demands irrelevant to one's duties, and corruption. Chabbit Voice is available to all our stakeholders, including employees, distributors, suppliers, and consumers, and it allows concerns to be submitted online for improved convenience and anonymity. This whistleblowing channel is primarily used to report harm caused by non-compliance with internal guidelines or detected misconduct. Concerns related to sexual ethics or workplace bullying submitted through our groupware are jointly handled by the internal Grievance Committee.

Whistleblower Protection Policy

To protect whistleblowers, concerns are made accessible to responsible personnel only. Whistleblowers using Chabbit Voice have the option to disclose their identity directly, but if they choose not to provide such information, the reports are handled anonymously, making it impossible to confirm the whistleblower's personal information. If the whistleblower reports under their real name but wishes to remain anonymous during the investigation process, we do not disclose their personal information and rigorously protect their identity. When concerns are submitted to Chabbit Voice, personnel at the Strategy Planning & Execution Team respond to them directly, and this is made accessible to the whistleblower. The actions taken are continuously managed until the case is closed.

Ethics and Compliance Training

Ethical management training provided

2022
690 persons
1 hour of training per person

2023
686 persons
1 hour of training per person

Compliance Management

Internal Control and Audit

Ethics Audit System

The Audit Team is an independent organization that supervises investigations into employees' misconduct and whistleblowing reports concerning all business units and affiliates. It also oversees overall ethics audits including conducting internal control training to raise awareness.

Internal Audit Cycle and Compliance and Ethics Index Review

Our compliance monitoring system operates 24/7, and internal audits are performed when deemed necessary. These internal audits cover our entire operations and affiliates. Audit results are reported to auditors each quarter, and improvement measures are developed to address specific findings to strengthen incident prevention training.

Key Internal Audit Matters

Key Matters
Organizational management, legal non-compliance, grievance handling, corruption and misconduct
Specific Matters
12 detailed items segmented into general items (constant inspection items), focus items (intensive inspection items for specific periods), and special items (items organized in consideration of organizational characteristics)

Non-routine Audits

Non-routine audits are conducted as needed when whistleblowing reports are submitted or the Audit Team deems it necessary to investigate risks or incidents. For non-routine audits, we make it a rule to complete the investigation within the set period. If the issue proves to be significant or requires further investigation based on the results, it is transferred to scheduled audits, and scaled-up audits are conducted on the entire relevant operations.

Ethics Audit Process



Fair Trade

Fair Trade Policy

To promote fairness and transparency in business conduct as specified in the Fair Trade Act, we identify and pursue necessary improvements in our business operations to prevent non-compliance with fair trade laws and regulations and establish a corporate culture that respects competitive norms. Pursuant to Article 13 of the Fair Transactions in Subcontracting Act (Subcontract Payment), we make subcontract payments to suppliers within the set deadlines. To prevent any legal non-compliance from occurring, we visit suppliers along with the Fair Trade Deliberation Committee to conduct inspections as part of our ongoing efforts to identify unfair trade and corrupt practices.

ShinWon's 4 Action Guidelines for Fair Trade

Compliance Management

Fair Trade Action Programs

Target	Area	Description
Consumer	Differentiated value	- Improve productivity through process innovation and provide high-quality products at reasonable prices - Provide products made in line with ShinWon's principles for a flourishing life of consumers
	Ethical advertisement	- Prohibit false, deceptive, exaggerated advertising - Provide accurate information on product safety
	Customer protection	- Ensure prompt and appropriate responses to customers' justifiable demands - Prohibit the collection or third-party provision of consumers' personal data without their consent
Supplier	Selection	- Offer equal opportunity to participate according to the set principles and procedures - Select suppliers according to the transparent and objective criteria set by the internal selection deliberation committee
	Compliance with business principles	- Prohibit unfair business practices, including the unjustified denial of transactions using one's dominant position, the forced imposition of business conditions, and discriminatory treatment - Comply with the internal process in each phase of the transaction and conduct voluntary reviews using the checklist
	Mutual growth	- Establish and support tailor-made programs for training and technical support to help business partners with competency enhancement - Engage in regular exchanges to promote mutual cooperation with business partners
Competitor	Ban on unfair collusive practices	- Ban any collusion with other businesses for price fixing - Comply with 'ShinWon's guidelines on contact with competitors' in communicating with competitors
	Ban on unfair solicitation of customers	- Ban any provision or proposal of unjustifiable favors, money & valuables, or entertainment to transactional stakeholders - Ban the solicitation of competitors' customers by offering excessive profits against standard business practices
	Fair competition	- Ban unjustifiable collection, misuse or third-party provision of competitors' technology or information - Ban the distribution of false information for the purpose of defaming competitors

Tax Policy

ShinWon abides by tax-related laws in the countries where we operate. By doing so, we achieve stable operations and sustainable growth to create value for stakeholders. We faithfully file taxes and fulfill our tax obligations in accordance with applicable laws while prioritizing the assessment and management of various tax risks that may arise in business conduct. We also proactively identify and respond to tax-related risks, including tax evasion and the transfer of sales.

Taxes Paid by Country

(unit: KRW million)

Category	Country	2021	2022	2023
Total revenue	Korea	882,715	996,858	836,001
	Vietnam	81,942	75,759	66,795
	Indonesia	21,624	30,357	24,662
	Guatemala	47,608	54,035	59,971
	Nicaragua	3,737	7,583	12,413
	USA	8,312	25,327	5,503
	China	1,060	1,15	863
	Total	1,046,996	1,191,073	1,006,208
Income tax expenses	Korea	5,350	7,963	2,841
	Vietnam	375	(57)	1,039
	Indonesia	13	0	35
	Guatemala	0	0	0
	Nicaragua	0	0	0
	USA	0	0	295
	China	0	7	27
	Total	5,738	7,913	4,238

Compliance Management

Tax Risk Management

Tax Management Policy

As a responsible global company operating in six countries including Korea, ShinWon establishes tax management policies that honor the spirit of legal compliance to ensure transparency throughout our business operations. Adhering to the principles of legal compliance, tax filing and payment, and risk management, we do our utmost to prevent risks that may arise due to differences in country-specific tax laws and their interpretations.



ShinWon's tax management principles

Organizational Chart for Tax Management



Prepare transfer pricing reports each year/ compile country-specific regulations and case laws / tax authorities management and tax payment

Tax Risk Management Strategy

Tax-related Legal Compliance

ShinWon abides by the tax laws and regulations in the countries where we operate in accordance with our internal tax management policies, and honors the spirit of regulatory compliance. We establish and apply transfer pricing policies in conformity with global standards by taking into account the functions and risks of respective subsidiaries. We strictly prohibit cross-border income transfer that takes advantage of differences in tax structures, do not rely on tax evasion or tax havens, and faithfully adhere to the principles of good faith and sincerity to fulfill our responsibility as a taxpayer. Furthermore, we neither unjustifiably reduce tax burdens nor use tax structures with no economic substance.

Faithful Tax Filing and Payment

For all transactions we enter into, we file taxes and fulfill our tax obligations within the set deadlines in compliance with country-specific laws and regulations. We also promptly submit factual and evidence documents upon the request of competent tax authorities in respective countries.

Proactive Tax Risk Management

We identify tax issues early on to reduce or eliminate relevant uncertainties. To this end, we hire tax specialists with knowledge and understanding of our business to properly navigate differences in country-specific tax laws and proactively prevent tax risks.

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Financial Data

Income Statement

Category	Unit	2021	2022	2023
Sales	1 million KRW	879,418	995,440	834,478
Cost of Goods Sold	1 million KRW	681,923	754,484	609,112
Gross Profit (Loss)	1 million KRW	197,495	240,956	225,366
SG&A or Operating Expenses	1 million KRW	175,856	207,587	201,936
Operating Profit (Loss)	1 million KRW	21,639	33,369	23,430
Other Income	1 million KRW	16,986	32,024	25,032
Other Expenses	1 million KRW	17,319	33,796	26,850
Financial Income	1 million KRW	239	1,151	1,581
Financial Expenses	1 million KRW	5,291	7,275	13,021
Equity Method Investment Gains	1 million KRW	0	0	0
Income Before Tax (Loss)	1 million KRW	16,254	25,474	10,173
Corporate Tax Expense	1 million KRW	5,738	7,913	4,238
Net Income (Loss) from Continuing Operations	1 million KRW	10,516	17,561	5,935
Net Income from Discontinued Operations	1 million KRW	0	0	0
Net Income or Profit	1 million KRW	10,516	17,561	5,935

Economic Value Distributed

Category	Unit	2021	2022	2023
Shareholder Dividends	1 million KRW	4,058	8,067	5,260
Employee Salaries and Bonuses	1 million KRW	50,851	58,264	62,357
Employee Welfare Expenses	1 million KRW	2,684	3,440	3,770
Employee Retirement Benefits	1 million KRW	3,180	3,649	3,142
Corporate Tax	1 million KRW	5,738	7,913	4,238
Penalties	1 million KRW	3	4	5
Community/Social Contribution Funds and Investments	1 million KRW	236	507	1,306
Economic Value Retained	1 million KRW	26,168	25,875	11,289

Environmental Data

Eco-friendly Investments

Category	Unit	2021	2022	2023
Amount of Eco-friendly Investments ¹⁾	\$ (USD)	-	2,030,000	340,000

1) Cost of installing solar panels in overseas subsidiaries

Environmental Regulations¹⁾

Category	Unit	2021년	2022년	2023년
Number of Environmental Regulation Violations	Cases	0	0	0

1) Scope of calculation: Domestic operations

Green Procurement¹⁾

Category		Unit	2021년	2022년	2023년
Domestic	Amount of Green Procurement ²⁾	1 million KRW	-	143	313
	Proportion of Green Procurement ³⁾	%	-	1.6	3.6
Overseas	Amount of Green Procurement ⁴⁾	1 million KRW	197,677	267,899	249,345
	Proportion of Green Procurement	%	48	65	75

1) Calculation criteria: Purchase amount of products covered by ShinWon's definition of green procurement, including products awarded eco-friendly certifications (Environmental Mark), products recognized for their contribution to minimizing energy and resource input as well as reducing GHG emissions and pollutants (Environmental Product Declaration), products made from recycled raw materials or through eco-friendly processes, and products verified for their eco-friendly packaging and labeling.

2) Calculation criteria: Purchase amount of FSC-certified boxes (subsidiary materials).

3) Purchase of subsidiary materials in 2022: KRW 88 million; purchase of subsidiary materials in 2023: KRW 86 million.

4) Calculation criteria: Applied the annual average exchange rate based on the transaction reference rate, and calculated purchase amounts for yarn and fabric based on Organic, Recycled, Tencel, USCTP certifications and physical properties, and for subsidiary materials based on Recycled and FSC certifications and physical properties.

Environmental Data

Greenhouse Gas Emission¹⁾

Category			Unit	2021	2022	2023
Greenhouse Gas Emissions ⁴⁾	Total ²⁾	Scope 1+2	tCO ₂ eq	-	11,946	11,457 ³⁾
		Total	tCO ₂ eq	-	1,694	1,482
	Domestic	Scope 1	tCO ₂ eq	-	306	240
		Scope 2	tCO ₂ eq	-	1,388	1,242
		Total	tCO ₂ eq	-	10,252	9,975 ³⁾
	Overseas	Scope 1	tCO ₂ eq	-	1,806	2,599
		Scope 2	tCO ₂ eq	-	8,446	7,376 ³⁾
Greenhouse Gas Emission Intensity ⁵⁾			tCO ₂ eq/ billion KRW	-	12.00	13.73

1) Have collected data since 2022 following the submission of the SBTi Commitment Letter in October 2022

2) Calculation criteria: Include CO₂, CH₄, N₂O emissions in calculating GHG emissions

3) Calculation criteria: Exclude REC offsets (1,944 tCO₂eq)

4) Calculation criteria: 14 subsidiaries in Korea and abroad based on consolidated financial statements

5) Calculation criteria: Based on consolidated sales disclosed in business reports

Energy Consumption

Category		Unit	2021	2022	2023
Energy Consumption	Total	TJ	52.7424	58.3943	51.2877
	Domestic	TJ	-	0.0105	0.0099
	Overseas	TJ	52.7424	58.3838	51.2778
Energy Consumption Intensity ¹⁾		TJ/ billion KRW	-	0.0587	0.0615

1) Calculation criteria: Based on consolidated sales disclosed in business reports

Raw Material Usage

Category		Unit	2021	2022	2023
Usage of Renewable Raw Materials and Packaging	Domestic ¹⁾	Ton	149.84	159.98	168.00
	Overseas ²⁾	Ton	13,361.47	14,466.87	13,818.29
Usage of Non-renewable Raw Materials and Packaging	Overseas ³⁾	Ton	44,025.41	31,972.74	34,736.79
Percentage of Recycled Raw Materials Usage	Overseas	%	23	31	29

1) Calculation criteria: Include recycled or recyclable raw materials and packaging materials

2) Calculation criteria: Include recycled raw materials considering the characteristics of export vendors

3) Calculation criteria: Include non-recycled raw materials considering the characteristics of export vendors

Waste Generation

Category			Unit	2021	2022	2023	
Waste Generated	Domestic	HQ	Total	Ton	11.25	11.25	11.25
			General Waste	Ton	11.25	11.25	11.25
		Shinwon GLS	Total ¹⁾	Ton	161.54	186.36	161.46
			General Waste	Ton	161.54	186.36	161.46
	Overseas	Waste Generated	Total	Ton	5,953	4,398	4,632
			General Waste	Ton	5,943	4,389	4,626
			Hazardous Waste	Ton	10	9	6
			Total	Ton	166.5202	158.821	154.62
Amount of Waste Reused / Recycled	Domestic	Shinwon GLS	Reused	Ton	23.2902	9.531	7.75
			Recycled ²⁾	Ton	143.23	149.29	146.87
			Recycling Performa	%	88.67	80.11	90.96

1) Calculation criteria: Sum of general waste and food waste

2) Calculation criteria: Sum of scrap paper and scrap metals sold

Water Management

Category		Unit	2021	2022	2023
Water Intake ¹⁾	Total ²⁾	Mega Liters	3,577	3,397	3,402
Water Usage	Total ³⁾	m ³	-	218,997	213,137

1) Calculation scope: Distribution centers in Korea

2) Calculation criteria: Sum of tap water withdrawals

3) Calculation scope: Exclude GT corporation

Social Data

Employee General Status

Category		Unit	2021	2022	2023	
Domestic	Total no. of employees ¹⁾	Persons	681	725	742	
	By contract type ²⁾	Regular	Persons	332	366	367
		Contract	Persons	49	43	54
		Full-time	Persons	381	409	421
		Part-time	Persons	0	0	0
		Regular	Persons	276	287	293
	Male	Contract	Persons	24	29	28
		Full-time	Persons	300	316	321
		Part-time	Persons	0	0	0
	Workers managed by the organization besides employees	Persons	15	16	16	
	Senior management ⁴⁾ hired locally at major business site ³⁾	Persons	6	6	6	
	Percentage of senior management ⁴⁾ hired locally at major business site ³⁾	%	100	100	100	
Overseas	Total no. of employees	Persons	12,912	12,943	15,028	
	By age	Under 30	Persons	4,100	4,113	5,364
		30~50	Persons	8,606	8,559	9,288
		51 and above	Persons	206	271	376
		Female	Persons	10,682	10,363	11,799
	By gender	Male	Persons	2,230	2,580	3,229
		Female	%	83	80	79
	Percentage by gender	Male	%	17	20	21
		Regular	Persons	9,800	9,874	10,620
	No. of employees	Contract	Persons	3,112	3,069	4,408
		Part-time	Persons	0	0	0
		Employees with Unsecured Working Hours	Persons	0	0	0
	Workers managed by the organization besides employees	Persons	14	41	41	

Employee General Status

Category		Unit	2021	2022	2023
Overseas	Senior management hired locally at major business site	Persons	1	2	4
	Percentage of senior management hired locally at major business site	%	6	11	21

1) Calculation criteria: Number of employees including independent directors, auditors, and advisors

2) Calculation criteria: Exclude interns, freelancers and other workers in similar types of employment as their numbers vary significantly year to year and they represent a minimal proportion of the total workforce

3) Calculation criteria: ShinWon's Headquarters in Seoul

4) Calculation criteria: Executives (Chairman, Vice-Chairman, President, Vice-President)

5) Calculation criteria: Include permanent and contract employees only as the form of employment varies from country to country

New Hire Status

Category			Unit	2021	2022	2023
Domestic	Total		Persons	315	277	210
	By age	Under 30	Persons	156	121	104
		30~50	Persons	147	129	100
		51 and above	Persons	12	27	6
	Percentage by age	Under 30	%	49	44	49
		30~50	%	47	46	48
		51 and above	%	4	10	3
	By gender	Female	Persons	189	173	130
		Male	Persons	126	104	80
	Percentage by gender	Female	%	60	62	62
		Male	%	40	38	38
Overseas	Total		Persons	5,256	4,217	6,299
	By age	Under 30	Persons	3,389	2,991	4,021
		30~50	Persons	1,796	1,215	2,207
		51 and above	Persons	71	11	71
	Percentage by age	Under 30	%	64	71	64
		30~50	%	34	29	35
		51 and above	%	1	0	1
	By gender	Female	Persons	3,978	2,980	4,326
		Male	Persons	1,278	1,237	1,973
	Percentage by gender	Female	%	76	71	69
		Male	Persons	24	29	31

Employee Turnover Status

Category		Unit	2021	2022	2023	
Domestic	Total no. of departed employees ¹⁾	Persons	219	225	193	
	By age	Under 30	Persons	102	97	75
		30-50	Persons	107	105	104
		51 and above	Persons	10	23	14
	Percentage by age	Under 30	%	47	43	39
		30-50	%	49	47	54
		51 and above	%	4	10	7
	By gender	Female	Persons	121	144	118
		Male	Persons	98	81	75
	Percentage by gender	Female	%	55	64	61
		Male	%	45	36	39
	Voluntary Turnover Rate ²⁾	Total	%	21	18	17
Overseas	Total no. of departed employees	Total	Persons	3,820	4,113	5,118
	By age	Under 30	Persons	1,845	1,949	2,721
		30-50	Persons	1,902	2,125	2,325
		51 and above	Persons	73	39	72
	Percentage by age	Under 30	%	48	47	53
		30-50	%	50	52	46
		51 and above	%	2	1	1
	By gender	Female	Persons	2,515	2,652	2,919
		Male	Persons	1,305	1,461	2,199
	Percentage by gender	Female	%	66	64	57
		Male	%	34	36	43
	Voluntary Turnover Rate	Total	%	8	10	13

1) Calculation criteria: Number of employees who left as of the end of the concerned year

2) Calculation method: (Number of employees who voluntarily departed/total number of employees)*100

Parental Leave Status

Category			Unit	2021	2022	2023
Domestic	No. of employees eligible for parental leave ¹⁾	Total	Persons	681	725	742
		Female	Persons	381	409	421
		Male	Persons	300	316	321
	No. of employees who used parental leave ²⁾	Total	Persons	12	8	21
		Female	Persons	12	7	19
		Male	Persons	0	1	2

Parental Leave Status

Category			Unit	2021	2022	2023
Domestic	No. of employees returning from parental leave	Total	Persons	6	7	8
		Female	Persons	6	7	7
		Male	Persons	0	0	1
	No. of employees who worked for more than a year after parental leave	Total	Persons	5	3	2
		Female	Persons	5	3	2
		Male	Persons	0	0	0
	Percentage of returning after parental leave ³⁾	Total	%	54.5	77.8	66.7
		Female	%	60	77.8	63.6
		Male	%	0	0	100
	Percentage of employees who worked for more than a year after parental leave ⁴⁾	Total	%	83.3	42.9	25
		Female	%	83.3	42.9	28.6
		Male	%	0	0	0
Overseas ⁵⁾	No. of employees eligible for parental leave	Total	Persons	2,645	2,833	3,101
		Female	Persons	2,258	2,340	2,660
		Male	Persons	387	493	441
	No. of employees who use parental leave	Total	Persons	81	119	103
		Female	Persons	67	90	79
		Male	Persons	14	29	24
	No. of employees returning after parental leave	Total	Persons	57	92	98
		Female	Persons	45	69	75
		Male	Persons	12	23	23
	No. of employees who worked for more than a year after parental leave	Total	Persons	8	15	15
		Female	Persons	8	15	15
		Male	Persons	0	0	0
	Percentage of returning after parental leave	Total	%	70	77	95
		Female	%	56	58	73
		Male	%	15	19	22
	Percentage of employees who worked for more than a year after parental leave	Total	%	100	100	71
		Female	%	100	100	100
		Male	%	0	0	0

1) Calculation scope: All employees

2) Calculation criteria: Number of employees who applied for parental leave which started in the concerned year

3) Calculation method: (Number of employees who returned in the concerned year/number of employees on parental leave which ended in the concerned year)*100

4) Calculation method: (Number of employees who worked 12 months in the concerned year/number of employees who returned after parental leave in the concerned year)*100

5) Calculation scope: Subsidiaries in Indonesia and Nicaragua (for other operational sites, there is no parental leave system implemented at the national level and only childbirth leave is supported)

Social Data

Labor-Management Relationship

Category	Unit	2021	2022	2023
Domestic ¹⁾	Percentage of employees covered by collective bargaining agreements	%	100	100
Overseas ²⁾	Percentage of employees covered by collective bargaining agreements	%	100	100

1) Calculation criteria: All employees (There's no labor union at ShinWon, and the Labor-Management Committee serves to discuss a variety of agendas.)

2) Calculation criteria: Calculated data based on all employees as subsidiaries covered by this metric are subsidiaries 1 and 2 in Vietnam and the Nicaraguan subsidiary only

Employee Diversity Status

Category	Unit	2021	2022	2023
Domestic	Percentage of female employees	%	56	57
	Percentage of female managers	%	40	42
	Percentage of female executives ¹⁾	%	22	19
	Percentage of employees with disabilities	%	0.1 ²⁾	0
Overseas ³⁾	Percentage of female employees	%	82.7	80.1
	Percentage of female managers ⁴⁾	%	67.5	66.3
	Percentage of female ⁴⁾ executives	%	34.5	26.5
	Percentage of employees with disabilities	%	0.3	0.2

1) Calculation criteria: Director-equivalents, Directors, Senior Executive Director, Executive Managing Director, Vice President, President, Vice-Chairman, Chairman

2) Calculation criteria: Include those who resigned during their tenure in 2021

3) Calculation scope: 7 overseas subsidiaries (subsidiaries 1 & 2 in Vietnam, subsidiaries 1 & 2 in Indonesia, subsidiaries 1 & 2 in Guatemala, a subsidiary in Nicaragua)

4) Calculation criteria: In accordance with the HR system standards of each operational site

Retirement Planning Program¹⁾

Category	Unit	2021	2022	2023
Calculated Amount of Liabilities for Defined Benefit Pension Plan ²⁾	1 million KRW	23,626	26,351	30,574
Percentage of Contributions Paid by Employees or Employers to the Defined Benefit Pension Plan ³⁾	%	23	22	23

1) Calculation scope: Include domestic sites only as this metric is not applicable to overseas subsidiaries

2) Calculation criteria: Based on retirement benefit obligations as of the end of the concerned year (total estimated severance pay)

3) Calculation method: (Total retirement pension amount of the concerned year/total estimated severance pay)*100

Remuneration¹⁾

Category	Unit	2021	2022	2023
Female-to-male pay ratio for new hires	%	97	99	99
Newcomer employee pay ratio to minimum wage	%	161	161	157

1) Calculation scope: ShinWon's Headquarters in Seoul

Employee Training Performance

Category	Unit	2021	2022	2023
Total training costs	KRW	425,778,816	374,010,177	461,937,719
Average training cost per employee	KRW	699,144	570,137	699,906
Average training hours per employee	Total	Hours	3.94	9.19
	Female	Hours	4.57	9.56
	Male	Hours	3.14	8.71
	Job level 1 ¹⁾	Hours	2.92	5.81
	Job level 2 ²⁾	Hours	3.08	9.51
	Job level 3 ³⁾	Hours	10.85	7.95

1) Calculation criteria: Executives, independent directors, auditors, advisors, etc.

2) Calculation criteria: Employees ~ General Manager

3) Calculation criteria: Contract employees, interns, and others

Performance Evaluation Results

Category	Unit	2021	2022	2023
Percentage of employees who received regular performance evaluations ¹⁾	Total	%	73.4	79.2
	Female	%	72.5	80.4
	Male	%	74.5	77.7
	Job level 1 ¹⁾	%	56.7	50
	Job level 2 ²⁾	%	83.4	88.6
	Job level 3 ³⁾	%	2.6	12.3

1) Calculation criteria: HR assessment

2) Calculation criteria: Executives, independent directors, auditors, advisors, etc.

3) Calculation criteria: Employees ~ General Manager

4) Calculation criteria: Contract employees, interns, and others

Human Rights Grievances

Category	Unit	2021	2022	2023
No. of Human Rights Grievances Received from Stakeholders	Cases	0	0	0
No. of Human Rights Grievances from Stakeholders Resolved	Cases	0	0	0
No. of Resolved Human Rights Grievances from Stakeholders	%	0	0	0
No. of Discrimination Cases	Cases	0	0	0

Occupational Health and Safety Management System Implementation Status

Category		Unit	2021	2022	2023
Domestic ¹⁾	No. of Employees Covered by the Occupational Health and Safety Management System	Persons	37	39	40
	Percentage of Employees Covered by the Occupational Health and Safety Management System	%	100	100	100
Overseas	No. of Employees Covered by the Occupational Health and Safety Management System	Persons	9,000	9,500	11,000
	Percentage of Employees Covered by the Occupational Health and Safety Management System	%	100	100	100

1) Calculation criteria: ShinWon GLS

Occupational Accidents Status

Category		Unit	2021	2022	2023
Domestic HQ	No. of fatal occupational accidents	Persons	0	0	0
	Fatal occupational accident rate	-	0	0	0
	No. of occupational disease cases	Persons	1	0	0
	No. of deaths from occupational diseases	Persons	0	0	0
	No. of injured ¹⁾	Persons	2	1	0
	Injury rate ²⁾	%	0.29	0.13	0
	Frequency rate	No. of injuries per million hours worked	0	0	0
	Lost Time Injury Frequency Rate(LTIFR)	No. of lost workdays per million hours worked	0	0	0

1) Calculation criteria: Based on the document confirming whether employees were approved or denied medical treatment due to occupational injuries in the concerned year (redundant with the number of employees suffering work-related illnesses)

2) Calculation method: (Number of injured employees/number of employees by year)*100

Occupational Accidents Status

Category		Unit	2021	2022	2023	
Domestic	Shinwon GLS	No. of fatal occupational accidents	Persons	0	0	0
		Fatal occupational accident rate	-	0	0	0
		No. of occupational disease cases	Persons	0	0	0
		No. of deaths from occupational diseases	Persons	0	0	0
		No. of injured ¹⁾	Persons	0	0	0
		Injury rate ²⁾	%	0	0	0
		Frequency rate	No. of injuries per million hours worked	0	0	0
	Lost Time Injury Frequency Rate(LTIFR)	No. of lost workdays per million hours worked	0	0	0	
Overseas	No. of fatal occupational accidents	Persons	0	0	0	
	Fatal occupational accident rate	-	0	0	0	
	No. of deaths from occupational diseases	Persons	0	0	0	

1) Calculation criteria: Based on the document confirming whether employees were approved or denied medical treatment due to occupational injuries in the concerned year (redundant with the number of employees suffering work-related illnesses)

2) Calculation method: (Number of injured employees/number of employees by year)*100

Occupational Accidents Status of Partners

Category		Unit	2021	2022	2023
Domestic ¹⁾	No. of fatal occupational accidents	Persons	0	0	0
	Fatal occupational accident rate	-	0	0	0
	No. of occupational disease cases	Persons	0	0	0
	No. of deaths from occupational diseases	Persons	0	0	0
	No. of injured	Persons	0	0	0
	Injury rate	%	0	0	0
	Frequency rate	No. of injuries per million hours worked	0	0	0
	Lost Time Injury Frequency Rate(LTIFR)	No. of lost workdays per million hours worked	0	0	0

1) Calculation criteria: ShinWon GLS (An upgrade is ongoing for the status of occupational injuries affecting suppliers. As to the ShinWon Headquarters, the number of occupational injuries of each supplier will be aggregated and disclosed for top five suppliers based on annual transaction value.)

Social Data

Partners Status

Category	Unit	2021	2022	2023
Domestic ¹⁾	No. of Tier 1 Partners	Companies	2	3
	No. of Tier 2 Partners	Companies	2	2
	No. of Tier 3 Partners	Companies	0	0
Overseas ²⁾	No. of Tier 1 Partners	Companies	172	165
	No. of Tier 2 Partners	Companies	192	199
	No. of Tier 3 Partners	Companies	30	32

1) Calculation criteria: Based on the transaction value of raw/subsidiary materials (Tier 1: KRW 1.5 billion or above, Tier 2: KRW 1 billion~under KRW 1.5 billion, Tier 3: KRW 500 million ~ under KRW 1 billion)

2) Calculation criteria: Based on purchase amounts (Tier 1: Fabric, Tier 1: Subsidiary materials, Tier 3: Yarn)

Partners Grievance Handling Performance

Category	Unit	2021	2022	2023
No. of health and safety-related grievances	Cases	0	0	0
No. of health and safety-related grievances resolved	Cases	0	0	0
Resolution percentage of health and safety-related grievances	%	0	0	0
No. of complaints	Cases	0	0	0
No. of complaints resolved	Cases	0	0	0
Resolution percentage of complaints	%	0	0	0

Partners Procurement Performance

Category	Unit	2021	2022	2023
Domestic	Percentage of expenditure paid to local suppliers(in major business site areas)	%	100	100
Overseas	Percentage of expenditure paid to local suppliers(in major business site areas)	%	100	100

Violation of Local Residents' Rights

Category	Unit	2021	2022	2023
Domestic	No. of violations of residents' rights	Cases	0	0
Overseas	No. of violations of residents' rights	Cases	0	0

Labeling/Marketing Regulation Violation

Category	Unit	2021	2022	2023
Percentage of products/services evaluated for labeling procedure compliance	%	0	0	0
No. of products/services fined or penalized for labeling regulation violations	Cases	0	0	0
No. of products/services warned for labeling regulation violations	Cases	0	0	0
No. of self-regulation violations related to product/service labeling	Cases	0	0	0
No. of fines or penalties for marketing regulation violations	Cases	0	0	0
No. of warnings for marketing regulation violations	Cases	0	0	0
No. of self-regulation violations related to marketing	Cases	0	0	0

Information Security Investment Performance

Category	Unit	2021	2022	2023
Percentage of information security investment relative to total IT budget	%	3.1	5.9	8.1

Personal Information Protection Regulation Violation

Category	Unit	2021	2022	2023
No. of personal information protection regulation/standard violations	From external stakeholders	Cases	0	0
	From regulatory agencies	Cases	0	0
No. of customer data leaks, thefts, or losses	Cases	0	0	0

Governance Data

Board of Directors Status

Category		Unit	2021 ¹⁾	2022	2023
Total no. of Board members	Total	Persons	4	7	7
No. of Board members	External directors	Persons	2	2	2
	Female	Persons	0	0	0
	Male	Persons	4	7	7
	Under 30	Persons	0	0	0
	30~50	Persons	1	2	2
	50 and above	Persons	3	5	5
No. of members in the External Director Nomination Committee		Persons	-	6	6
No. of external directors in the External Director Nomination Committee		Persons	-	2	2
Attendance rate of external directors in the External Director Nomination Committee		%	-	100	100
No. of members in the Remuneration Committee		Persons	-	7	7
No. of external directors in the Remuneration Committee		Persons	-	2	2
Attendance rate of external director in the Remuneration Committee		%	-	100	100
No. of members in the Sustainability Management Committee		Persons	-	6	6
No. of external directors in the Sustainability Committee		Persons	-	2	2
Attendance rate of external directors in the Sustainability Management Committee		%	-	100	100

1) The Independent Directors Recommendation Committee, the Compensation Committee, and the ESG Committee were established in 2022.

Remuneration Status

Category	Unit	2021	2022	2023
CEO's annual total compensation compared to the average employee compensation	1 million KRW	9.9	8.7	8.3
CEO's annual total compensation growth rate compared to all employee	%	(34)	2	0
Audit fees paid to external auditors	1 million KRW	299	432	521
Non-audit fees paid to external auditors	1 million KRW	237	87	67

Remuneration Status

Category	Unit	2021	2022	2023
Number of shares by major shareholders	Share	0	0	0
Shareholding percentage by major shareholders	%	0	0	0

Notice Date of Regular Shareholders' Meeting Venue and Agenda

Category	Unit	2021	2022	2023
Notice Date of Regular Shareholders' Meeting Venue and Agenda	Days prior	14	14	14

Anti-corruption Policy Sharing

Category		Unit	2021 ¹⁾	2022 ¹⁾	2023
No. of Board members informed of anti-corruption policy		Persons	-	7	7
Percentage of Board members informed of anti-corruption policy		%	-	100	100
No. of employees informed of anti-corruption policy	Total	Persons	-	604	716
	Job level 1 ²⁾	Persons	-	25	26
	Job level 2 ³⁾	Persons	-	557	653
	Job level 3 ⁴⁾	Persons	-	22	37
Percentage of employees informed of anti-corruption policy	Total	%	-	100	100
	Job level 1 ²⁾	%	-	100	100
	Job level 2 ³⁾	%	-	100	100
	Job level 3 ⁴⁾	%	-	100	100

1) Have shared anti-corruption policies since 2022

2) Calculation criteria: Executives (Director-equivalents~Chairman), independent directors, auditors, advisors, etc.

3) Calculation criteria: Employees ~ General Manager

4) Calculation criteria: Contract employees (part-timers, interns, etc.)

Report Channel

Category	Unit	2021	2022	2023
No. of reports received via report channel	건	1	2	2
No. of reports resolved via report channel	건	1	2	2
Percentage of reports resolved via report channel	%	100	100	100

Governance Data

Corruption Risk Assessment

Category	Unit	2021	2022	2023
Percentage of business sites that conducted corruption risk assessments	%	100	100	100

Anti-corruption Training

Category	Unit	2021	2022	2023
No. of Board members trained in anti-corruption	Persons	-	5	5
Percentage of Board members trained in anti-corruption	%	-	71	71
No. of employees ¹⁾ trained in anti-corruption	Total	Persons	-	685
	Job level1 ²⁾	Persons	-	23
	Job level2 ³⁾	Persons	-	629
	Job level3 ⁴⁾	Persons	-	41
	Nation1	Persons	-	681
	Nation2	Persons	-	14
	Nation3	Persons	-	2
Percentage of employees trained in anti-corruption	Total	%	-	97.9
	Job level1 ²⁾	%	-	100
	Job level2 ³⁾	%	-	97.8
	Job level3 ⁴⁾	%	-	97.1
	Nation1	%	-	97.9
	Nation2	%	-	100
	Nation3	%	-	100

1) Calculation criteria: Employees who completed ethical management training which started in 2022

2) Calculation criteria: Executives (Director-equivalents ~ Chairman), independent directors, auditors, advisors, etc.

3) Calculation criteria: Employees – General Manager

4) Calculation criteria: Contract positions (part-timers, interns, etc.)

Fair Trade Training

Category	Unit	2021	2022	2023
No. of participants in fair trade training	Persons	0	0	0
Hours of fair trade training	Hours	0	0	0

Corruption Cases Status

Category	Unit	2021	2022	2023
No. of corruption case	Cases	0	0	0
No. of cases where employees were fired or disciplined due to corruption	Cases	0	0	0
No. of cases where contracts with partners were terminated or not renewed due to corruption	Cases	0	0	0

Political Contributions¹⁾

Category	Unit	2021	2022	2023
Lobbyists/Lobbying organizations	1 million KRW	0	0	0
Political campaigns/Political Organizations	1 million KRW	0	0	0
Others	1 million KRW	0	0	0

1) Do not provide any political donations pursuant to the Political Funds Act and other applicable laws

Government Financial Support

Category	Unit	2021	2022	2023
Tax reductions and credits	1 million KRW	0	0	0
Government subsidies	1 million KRW	0	0	0
Technology fee exemptions	1 million KRW	0	0	0
Financial support from export credit agencies	1 million KRW	2,200	2,700	2,700
Other Financial subsidies	1 million KRW	5,227	2,570	2,386

Legal Violation Status

Category	Unit	2021	2022	2023
No. of legal violations	Total	Cases	0	0
	No. of penalties imposed	Cases	0	0
	No. of non-financial sanctions	Cases	0	0
Penalties for legal violations	1 million KRW	0	0	0
No. of legal actions for anti-competitive or monopoly regulatory violations	Cases	0	0	0

Management Approach to Key ESG Issues

Issue	Opportunity and Risk	ShinWon's Response	Performance Indicator	Mid/long-term Goal
Climate change (GRI 305)	<ul style="list-style-type: none"> - Increased stakeholder interest in climate change - Growing negative perceptions on carbon-intensive businesses 	<ul style="list-style-type: none"> - Improved energy efficiency through smart factory deployment - Submitted the Commitment Letter to the SBTi and set the 2050 net zero goal 	<ul style="list-style-type: none"> - Reduction in GHG emissions - GHG emissions 	<ul style="list-style-type: none"> - Establish short/mid/long-term reduction roadmaps - Monitor performance against the set goals
Eco-friendly products (Non-GRI)	<ul style="list-style-type: none"> - Increased consumer awareness on responsible consumption - Enhanced green washing regulations 	<ul style="list-style-type: none"> - Defined green products and established internal standards for green procurement - Expanded the use of sustainable subsidiary materials 	<ul style="list-style-type: none"> - Percentage of green products - Percentage of eco-certified products - Consumption of eco-friendly raw materials - Percentage of green products out of total sales 	<ul style="list-style-type: none"> - Establish business strategies to increase the sales of eco-friendly products - Measure environmental and social performance resulting from eco-friendly products
Waste management (GRI 306)	<ul style="list-style-type: none"> - Enhanced waste regulations - Growing demand for establishing a resource circulation system 	<ul style="list-style-type: none"> - Optimized the production process through waste minimization - Developed measures to use recyclable resources through sorting and storage of waste by type 	<ul style="list-style-type: none"> - Waste generation - Waste recycling rate - Transition to recycled subsidiary materials 	<ul style="list-style-type: none"> - Establish a circular economy transition roadmap - Identify the resource circularity performance of key products - Continue to reduce waste through process improvement
Labor conditions and welfare & benefits (GRI 401)	<ul style="list-style-type: none"> - Weakened market competitiveness resulting from reduced employee engagement - Strengthened corporate growth driver resulting from improved employee satisfaction 	<ul style="list-style-type: none"> - Diversified employee welfare & benefits programs to cater to country-specific conditions - Fully supported employee training expenses to provide and support self-development opportunities 	<ul style="list-style-type: none"> - Percentage of employees who take parental leave - Employee engagement - Employee training expenses - Labor-Management Committee meetings held 	<ul style="list-style-type: none"> - Evaluate the outcomes of employee training - Design measures to improve employees' job satisfaction - Reinforce and promote employee welfare & benefits
A transparent Board of Directors (GRI 2)	<ul style="list-style-type: none"> - Customer churn stemming from decreased reputation and difficulty in acquiring new customers - Earning trust from stakeholders through transparent business conduct 	<ul style="list-style-type: none"> - Established the Independent Directors Recommendation Committee - Transparently disclosed non-financial performance data through sustainability reporting - Introduced electronic voting 	<ul style="list-style-type: none"> - Progress rates of ESG KPIs - Key stakeholders' use of communication channels 	<ul style="list-style-type: none"> - Disseminate and monitor company-wide ESG activities
Ethics and compliance management (GRI 205)	<ul style="list-style-type: none"> - Enhanced regulations for legal compliance and misconduct prevention - Potential corporate risk management through ethics and compliance management 	<ul style="list-style-type: none"> - Conducted corruption risk assessments on the entire operations - Operated the Internal Subcontract Review Committee - Operated a permanent compliance monitoring system 	<ul style="list-style-type: none"> - Corruption risk assessment - Employee ethics training - Use of whistleblowing channels to report corrupt subcontracting practices 	<ul style="list-style-type: none"> - Establish measures to prevent the reoccurrence of regulatory non-compliance - Establish a global code of ethics - Conduct self-assessment on ethical management on the entire operations and remedy vulnerabilities

GRI Content Index

Statement of use ShinWon reported on our sustainability management in accordance with the GRI Standards for the period from January 1 to December 31 of 2023.

GRI 1 used GRI 1: Foundation 2021

Applicable GRI Sector Standard(s) Not applicable (as of June 2024 when this report was published, standards governing the industry which ShinWon is associated with were not released.)

GRI 2: General Disclosures				
Category	Index	Content	Pages	Remarks
GRI 2: The organization and its reporting practices	2-1	Organizational details	6~8	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	Not Applicable	Since this is the first report, there are no corrections to report.
	2-5	External assurance	84	
GRI 2: Activities and workers	2-6	Activities, value chain and other business relationships	8, 10~14	
	2-7	Employees	72	
	2-8	Workers who are not employees	72	
GRI 2: Governance	2-9	Governance structure and composition	77	
	2-10	Nomination and selection of the highest governance body	56, 77	
	2-11	Chair of the highest governance body	56	
	2-12	Role of the highest governance body in overseeing the management of impacts	16, 21	
	2-13	Delegation of responsibility for managing impacts	16~17	
	2-14	Role of the highest governance body in sustainability reporting	16~17	
	2-15	Conflicts of interest	57	The board is operating in compliance with the requirements of the Commercial Act.

GRI 2: General Disclosures				
Category	Index	Content	Pages	Remarks
GRI 2: Governance	2-16	Communication on critical concerns	21~22	
	2-17	Collective knowledge of the highest governance body	Refer to Business Report pg.238	All internal directors are participating in mandatory legal education and related seminars, and this will be extended to external directors starting in 2024.
	2-18	Evaluation of the performance of the highest governance body	58	
	2-19	Remuneration policies	58	Pursuing mid-to-long term strategic tasks
	2-20	Process to determine remuneration	58	
	2-21	Annual total compensation ratio	77	
	2-22	Statement on sustainable development strategy	4~5	
GRI 2: Strategy, policies and practices	2-23	Policy commitments	37, 43, 54, 61, 68	
	2-24	Embedding policy commitments	37, 48	Plans to diversify and validate the effectiveness of communication channels to improve accessibility
	2-25	Processes to remediate negative impacts	50, 52	
	2-26	Mechanisms for seeking advice and raising concerns	39, 64	
	2-27	Compliance with laws and regulations	70, 76, 78	
	2-28	Membership associations	85	
	2-29	Approach to stakeholder engagement	20	
	2-30	Collective bargaining agreements	42	

GRI Content Index

Material Topics & Topic Standards				
Category	Index	Content	Pages	Remarks
GRI 3: Disclosures on material topics	3-1	Process to determine material topics	19	
	3-2	List of material topics	19	
	3-3	Management of material topics	79	
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	78	
	205-2	Communication and training about anti-corruption policies and procedures	78	Anti-corruption clauses are specified in the contracts, and the Strategic Planning Team and Legal Team are reviewing them
	205-3	Confirmed incidents of corruption and actions taken	78	
	3-3	Management of material topics	79	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	71	
	305-2	Energy indirect (Scope 2) GHG emissions	71	
	305-3	Other indirect (Scope 3) GHG emissions	Insufficient information	Data will be calculated based on 2024 standards, and reporting is scheduled from 2025
	305-4	GHG emissions intensity	71	
	305-5	Reduction of GHG emissions	Insufficient information	Disclosure scheduled from 2025.

Material Topics & Topic Standards				
Category	Index	Content	Pages	Remarks
GRI 305: Emissions	305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	ODC emissions within the industry not identified.
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Insufficient information	
GRI 306: Waste	3-3	Management of material topics	79	
	306-1	Waste generation and significant waste-related impacts	35	
	306-2	Management of significant waste-related impacts	35	
	306-3	Waste generated	71	
	306-4	Waste diverted from disposal	71	
GRI 401: Employment	306-5	Waste directed to disposal	Insufficient information	Insufficient information on disposal methods by third-party contractors.
	3-3	Management of material topics	79	
	401-1	New employee hires and employee turnover	72~73	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	41~42	
	401-3	Parental leave	73	

SASB Index

ShinWon discloses data in accordance with the SASB (Sustainability Accounting Standards Board) standards for the Apparel, Accessories & Footwear industry of the Consumer Goods sector under the SASB framework.

Category	Code	Accounting Index	Pages
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	36
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	36
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement(%)	-
	CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment(%)	33
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor(%)	-
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits(%)	-
	CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks within the supply chain	48
Raw Material Sourcing	CG-AA-440a.1	Description of environmental and social risks associated with the sourcing of priority raw materials	22
	CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	35

TCFD Index

ShinWon is engaging in a broad range of corporate activities to respond to climate change and brace for environmental challenges. Our climate change response strategies include the installation of solar panels and a shift to EVs to reduce carbon emissions and pioneer the eco-friendly fashion ecosystem. We will turn climate-related risks into opportunities to assist the global community in achieving the net zero goal.

Recommendations		Page
Governance	A. Describe the board's oversight of climate-related risks and opportunities.	16~17
	B. Describe management's role in assessing and managing climate-related risks and opportunities.	16~17
Strategy	A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	22
	B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	22
	C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	25~26, 33
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	21
	Describe the organization's processes for managing climate-related risks.	21
Metric and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	30
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	71
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	33

UN SDGs Index

ShinWon is progressing towards the UN Sustainable Development Goals (UN SDGs) to tackle the economic, environmental, and social challenges facing the global community and to deliver on international commitments to achieve these goals. We have created tangible social value in alignment with five of the 17 Goals and will further broaden the scope of our activities to contribute to even more Goals.

Goal	Target	ShinWon's Activity	Page
	[3.4] By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	We provide employees with annual health check-ups, and regularly measure job stress factors to create a workplace alleviating employees' physical fatigue and mental stress.	47
	[4.5] By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	Our Indonesian subsidiary donated daily necessities and held recreational events for special education institutions accommodating children with disabilities. Our Vietnamese subsidiary donated a total of 150 books covering science and fairy tales, to engage more children in education throughout local communities.	28
	[5.4] Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate	Our overseas subsidiaries operate a range of family-friendly welfare & benefits programs to help maintain work-life balance, through childbirth leave and childcare supplies provided to expecting employees.	42
	[7.3] By 2030, double the global rate of improvement in energy efficiency	PT.Fashion Stitch Joshua reduces its electricity consumption by nearly 67% through the installation of solar panels.	25
	[12.5] By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	We continue to increase the use of subsidiary materials made from sustainable materials, including the use of FSC-certified delivery boxes and recyclable poly bags.	34

UN Global Compact

The UN Global Compact (UNGC) was proposed by Kofi Annan, former Secretary-General of the UN, in 2000 as an international agreement to encourage and support corporate sustainability. This Compact includes 10 principles in the four areas of human rights, labor, the environment, and anti-corruption. ShinWon endorses the 10 principles of the UNGC and is committed to abiding by these principles throughout our business operations.

Principles	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 37
	2. make sure that they are not complicit in human rights abuses. 38
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 42
	4. the elimination of all forms of forced and compulsory labour; 38
	5. the effective abolition of child labour; and 38
	6. the elimination of discrimination in respect of employment and occupation. 40
Environment	7. Businesses should support a precautionary approach to environmental challenges; 30, 33
	8. undertake initiatives to promote greater environmental responsibility; and 25~26
	9. encourage the development and diffusion of environmentally friendly technologies. 25~26
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery. 61~62, 65

Third Party Assurance Statement

THE CSR was requested by ShinWon Corporation to assure “2023 ShinWon Sustainability Report” (hereinafter “Report”). THE CSR submits the results of its review of the publication process and contents of the Report to the management and stakeholders of ShinWon.

Assurance Standards

We conducted the assurance evaluation by reviewing whether the Report complies with AA1000AS v3 assurance standard and reporting principle of GRI Standards which are internally used for assurance.

- Application of principles of stakeholder inclusivity, materiality and responsiveness in AA1000AS
- Fulfillment of the principles for defining report content and report quality of the GRI Standards
- Fulfillment of GRI Standards 2021

Assurance Level

For the assurance, we performed a moderate-level evaluation by applying the principles of AA1000AS evaluation and conducted document review and site interviews at limited level. The assurance is Type 1. The assurance process includes the following major activities.

- Review of the feasibility of the materiality assessment process
- Review of reporting based on criteria for selected major topics
- Review of stakeholder participation
- Review of consistency with business report

Limitations

THE CSR confirmed the reliability of the Report through the limited level of site-interviews and document reviews. However, it does not mean that the Report is 100% accurate.

Independence

THE CSR is an independent third-party institute and presents its opinions with the ethical and independent status secured.

Opinions

THE CSR submits following opinions after a series of processes to verify compliance with assurance standard of the AA1000AS and the principles of internationally recognized reporting guideline.

Fulfillment of GRI Standards 2021

THE CSR reviewed whether the Report fulfilled GRI Standards 2021 which was the international guideline for report publication and confirmed that the Report met the reporting criteria of 3 Universal Standard and 4 Topic Standard. The following table shows the assurance indices of 52 through the assurance procedure.

Universal Standard	1. Foundation & 2. General Disclosures	<ul style="list-style-type: none"> ■ The organization and its reporting practices 2-1~5 ■ Activities and workers 2-6~8 ■ Governance 2-9~21 ■ Strategy, policies and practices 2-22~28 ■ Stakeholder engagement 2-29~30
	3. Material Topics	<ul style="list-style-type: none"> ■ Material Topics 3-1~3

Topic Standard	205 Anti-corruption 2016	■ Anti-corruption 1-1, 205-1~3
	305 Emissions 2016	■ Emissions 1-1, 1-2, 305-1~7
	306 Waste 2020	■ Wastes 1-1, 306-1~5,
	401 Employment 2016	■ Employment 1-1, 401-1~3

Application of principles of AA1000AS v3

THE CSR confirmed that the Report applied four principles of AA1000 accountability standards.

Inclusivity

Does ShinWon adhere to the principle of stakeholder engagement in order to ensure a responsible and strategic response in advancing sustainability management?

-THE CSR checked ShinWon's stakeholder selection process and did not find any significant stakeholder groups that were intentionally omitted in the stakeholder participation process conducted by each department.

Materiality

Does ShinWon report the issues important to stakeholder?

- THE CSR checked ShinWon's procedure for identifying the issues to report and reviewed the materiality assessment procedure and did not find any problem.

Responsiveness

Does ShinWon respond appropriately to stakeholders' requirements and expectations?

- THE CSR confirmed that ShinWon had acknowledged the impact of its business decisions on stakeholders and that the Report appropriately described crucial issues of sustainability.

Impact

Does ShinWon monitor, measure, and be accountable for how its actions affect its broader ecosystems?

- THE CSR confirmed that ShinWon had reported its performance based on quantitative indices and managed its actions with regard to its material topics.

Recommendations

The fashion industry, which operates manufacturing factories and sells products globally, has a significant impact on the environment, human rights and the economy. Its effects extend beyond regional boundaries. ShinWon Corporation addresses ESG risks and opportunities by establishing ESG committee and task force at the regional level. THE CSR recommends managing the performance of overseas factories and business partners comprehensively by setting goals and monitoring their performance, particularly with regard to their impact on the environment and human rights.

Eligibility of the Assurance Institute

THE CSR requested by ShinWon Corporation to assure the Report is the specialized global sustainability assurance institute and has the AA1000AS assurance license officially certified by the UK-based AccountAbility which is the global sustainability management standard firm and is the Gold Community Member of the Global Reporting Initiative(GRI). Multinational CSR experts who have CSR research achievements in many countries including Korea, the US, the UK, and Germany participate as members of the THE CSR Expert Committee.






Aug. 2024
CEO of THE CSR
Se-woo Cheong

Awards and Initiative Activities

Awards

Date	Award
Feb. 1976	Multiple Markets Exploration Award
Dec. 1980	Prime Minister's Citation
Dec. 1981	Stone Tower Order of Industrial Service Merit
Feb. 1983	Multiple Markets Export Award
Nov. 1984	USD 50 Million Export Tower
Nov. 1985	Bronze Tower Order of Industrial Service Merit
Nov. 1987	Golden Tower Order of Industrial Service Merit
May 1994	Best Company Award
Oct. 2012.	Macy's_Five Star Supplier Awards
Oct. 2015	Gap Inc_Outstanding Vendor Performance
Nov. 2015	Target_Partner Award of Excellence
Oct. 2019	Walmart_Supplier of Year
Nov. 2023	Prime Minister's Citation on 37 th Textile Day
Apr. 2024	24 th Korean Fashion Quality Awards

Initiative Memberships and Activities

Category	Activity
UN SDGs (UN Sustainable Development Goals) 	ShinWon joins hands in progressing towards the UN's Sustainable Development Goals (UN SDGs). Together with our customers, suppliers, employees, shareholders, and other stakeholders, we will continue with sustainable management based on people, prosperity, earth, peace, and partnerships under the overarching pillars of environmental protection, social advancement, and economic growth.
UNGC (UN Global Compact) 	ShinWon joined the UN Global Compact (UNGC), the world's largest voluntary corporate citizenship initiative, and has since championed the principle of sustainability. We abide by the 10 principles in the areas of human rights, labour, the environment, and anti-corruption that form the core value of the UNGC, and work together with global companies to promote sustainability.
CDP (Carbon Disclosure Project) Climate 	ShinWon has participated in the Carbon Disclosure Project (CDP) since 2014 to disclose our carbon emissions data. We are also setting specific carbon emissions reduction targets for the future. To achieve these targets, we will establish and implement our environmental management system and strategies on par with global standards.
SBTi (Science Based Targets initiative) 	ShinWon joined the SBTi, jointly launched by the CDP, the UNGC, the WRI (World Resources Institute), and the WWF (World Wildlife Fund) back in 2015 as a global initiative to take a science-based approach to reducing GHG emissions with an aim to implement the Paris Agreement, and will engage in scientific and multi-faceted efforts.

