Pulmuone

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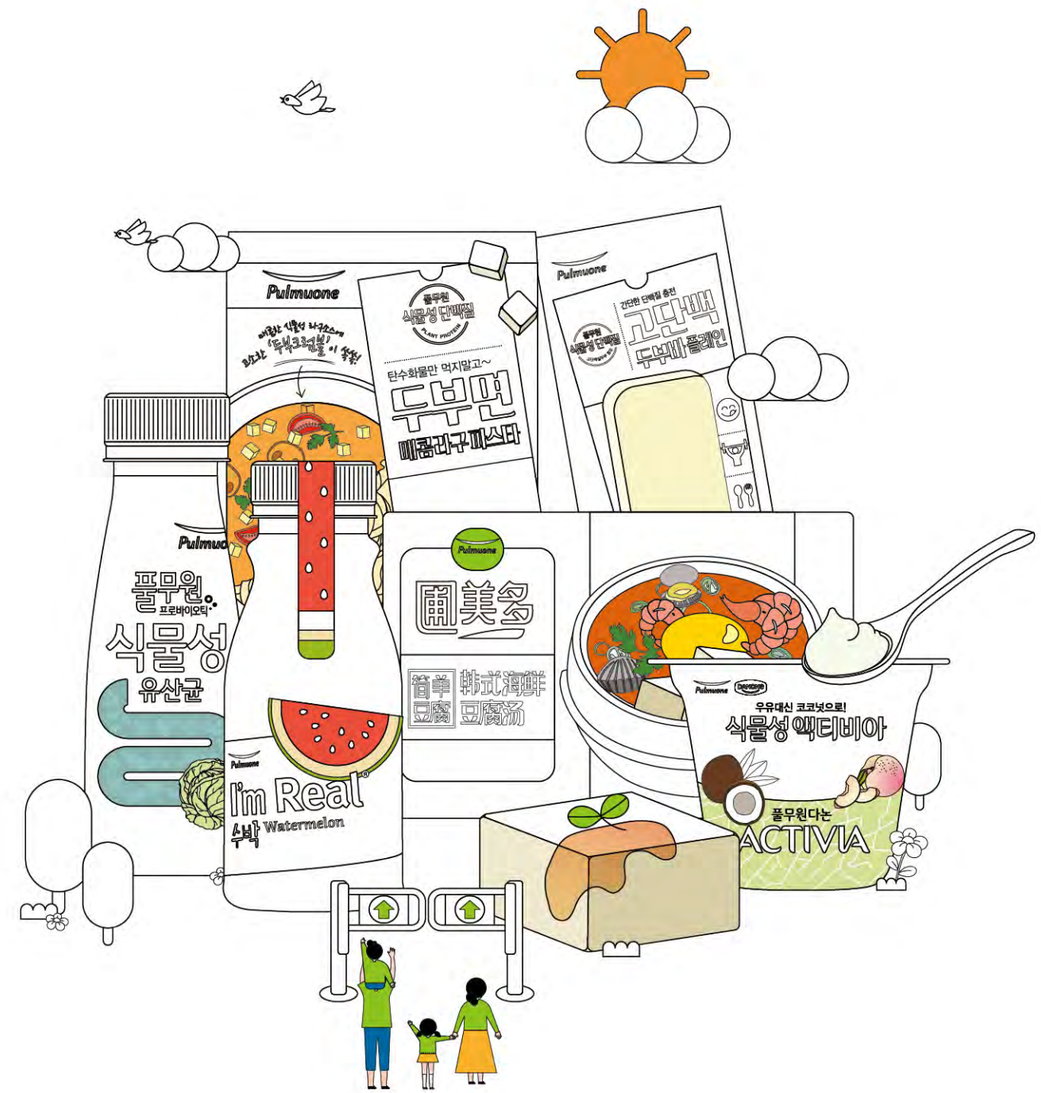
PULMUONE INTEGRATED REPORT

PULMUONE INTEGRATED REPORT 2020

Pulmuone



About this Report

Overview of 2020 Integrated Report

This report is a comprehensive compilation of Pulmuone's financial performance and Corporate Social Responsibilities (CSR) activities and performances for the reporting period. It is organized by dividing activities, outcomes, and performances in terms of the company's social responsibility related to stakeholders such as customers, stockholders, communities, suppliers, and corporate members and made in an endeavor to report its financial and non-financial outcomes concerning the creation of economic, social and environmental values, etc. in a balanced perspective.

Principles and Standards

This report was prepared based on the Integrated Reporting Framework of International Integrated Reporting Council (IIRC) and the Core Option of Global Reporting Initiative (GRI) Standards. In addition, it covers Pulmuone's management directions by Sustainable Development Goals (SDGs) of the United Nations Global Compact (UNGC). Financial data in the report is presented in accordance with the standards of the Korean version of International Financial Reporting Standards (K-IFRS) for consolidated financial statements.

Reporting Scope, Targets, Period

The reporting scope includes the company's key place of business or the Republic of Korea and countries where it established subsidiaries such as the U.S., China, Japan, and Vietnam as well as affiliates for which Pulmuone holds over 50% of stakes. The content of the CSR activities as well as the outcome is illustrated to clarify the target and boundary of the report. The reporting period is from January 1st to December 31st, 2020. Major quantitative data covers the past three years for quick and easy understanding of recent trends and changes. Furthermore, it also includes some of the content until June 2020 to provide more timely information.

Third-party Assurance of the Report

To ensure the report's content to be objective, fair and reliable, we commissioned Korea Productivity Center (KPC) to assure the report, and the assurance statement can be found on the ---page of this report.

Changes from the Previous Year

The 2019 report is organized around CSR topics. The 2020 report distinguishes between activities and outcomes by stakeholders under the company's CSR.

Data Coverage

The social sector's data coverage is 80.7%. This is the scope of Pulmuone's total sales in 2020, excluding sales in the overseas business sector. Overseas businesses have been reported only for major businesses and ESG activities. Data coverage in the environmental sector is 86.7%. Of the 15 sites that have environmental impacts during Pulmuone's 2020 management activities, 13 sites are reported, and the reported environmental impacts include water, waste, energy, greenhouse gas, and chemicals.

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Pulmuone to realize and spread LOHAS values

Dear respected stakeholders,

This integrated report comprehensively portrays Pulmuone's activities and performances to generate economic, social, and environmental values to be shared (or CSV, Creating Shared Value) for the 2020 year. (deleted)

Last year, Covid-19 quickly brought humankind to the brink of a tremendous catastrophe. It brought uncertainty to the global economy, and the domestic economy faces unprecedented, continued challenges such as weak domestic spending, declined exports and employment, etc. In these circumstances, the role and responsibility of a business that forms an organic relationship with social communities have been brought to the fore.

Pulmuone specifies in its Statutes of the Corporation that "Corporate Social Responsibilities (CSR)" as an economic, social and environmental Creating Shared Value (CSV) and defines its corporate identity as a "commercial company in pursuit of social benefits," thereby proactively practicing stakeholder capitalism. The endeavor to create shared values was recognized since the company was selected as one of Korea's Most Admired Companies for 15 consecutive years. In the ESG assessment conducted by the Korea Corporate Governance Service (KCGS) that evaluates the level and performance of a corporation's non-financial achievement including environmental and CSR management, governance, etc., was the first domestic food company that acquired the A+ rating in the overall ESG sector for 4 consecutive years and won the best business award in the ESG sector. It also earned the top rating in the mutual growth index assessment by the National Commission for Corporate Partnership.

Despite the daunting challenge faced by the management in 2020, Pulmuone made a concerted effort to come through in the clutch and secured a meaningful outcome with KRW 2 trillion and 311.2 billion in overall sales, enhancing its operating profits by 50.4% from the year before.

Although differing from other businesses, the domestic sector of the company found the momentum to overcome the crisis from the company's preemptively explored online business, the launch of new products in line with new trends, and profit improvement strategies. In the overseas sector, businesses in China recorded a double-digit profit rate, while the ones in the U.S. also successfully turned a profit.

Due to Covid-19, as many have renewed their interest in wholesome foods and the environment, Pulmuone's mission, LOHAS (Lifecycles Of Health And Sustainability)for value, realizing activities for people's health and sustainability of Earth, is attracting attention. As there is a growing interest in wholesome foods for better health and the sake of the environment and LOHAS products among the young generation across the globe, our pressing task is to secure competitiveness by swiftly responding to the changing market environment.

To be able to endure against the new waves of transformation that will come, we will focus on a plant-forward business based on our mid and long-term strategy to take the lead in changing the future food industry. In addition, we will expand our e-commerce business based on our continuously honed, competitive edge in online channels and mobile apps. In doing so, we can actively respond to changing consumption patterns and the future digital environment.

We anticipate sizable challenges ahead due to upcoming changes in the global management environment in 2021. We will do our utmost best to realize Pulmuone's LOHAS missions based on our business plans, which aim not just at economic value, but also social and environmental values, and our mid and long-term roadmap.

We expect that if we respond to business environment changes and internal and external risks with concerted efforts, we will be able to overcome any crises early and take another huge leap forward. We sincerely appreciate your continued interest and support for Pulmuone as we spread our wings wide and fly toward our goal of becoming the No.1 global LOHAS enterprise in the world. Thank you.

2021 August

Pulmuone Co., Ltd. General CEOLee Hyo-yul

Pulmuone Co., Ltd.

Pulmuone is a leading Korean company that provides fresh wholesome food and beverages, operating business in a wide range of fields including health functional food, school meal service, concession, eco-friendly food distribution, spring drinking water, and fermented dairy products. Starting from its establishment of the U.S. in 1991, Pulmuone penetrated other overseas markets, including China in 2010, Japan in 2013, and Vietnam in 2019. The company is consolidating its status as the No. 1 tofu company in the world and growing as a global enterprise.

Company name	Pulmuone Co., Ltd.
Business entity type	Joint-stock corporation
Headquarter's site	730-27, Samyang-ro, Daeso-myeon, Eumseong-gun, Chungcheongbuk-do
Business site	280, Gwangpyeong-ro, Gangnam-gu, Seoul

Foundation date	May 12, 1984
CEO	General CEO Lee Hyo-yul
Total number of employees	5,850 persons
Key business countries	Republic of Korea, the U.S., Japan, China, Vietnam
Website	www.pulmuone.co.kr

Meaning behind Pulmuone

Just like "Pulmu" that renews aged tools by blowing air to a forge in a blacksmith's workshop, Pulmuone blows with the bellows for LOHAS that takes care of not just us and our families, but also the health of the earth.

Pulmuone

Corporate Identity(CI)

Symbol

The symbol of Pulmuone depicts a harmonious life of people pursued by Pulmuone, "LOHAS" company that loves both humans and nature. The smiling curve was inspired by the light reflected on the lower part of the healthy earth.

Logotype

Flexible, friendly, natural, and pleasant Pulmuone The letter shape with serifs gives the feel of elaborate, friendly handwriting. It expresses Pulmuone's wish to take a step closer to customers to deliver what they want from their perspectives.

2020 Pulmuone's financial status and performance

Total Assets	Credit Rating ranking	Sales	Operating profit	Net profit
KRW 1.6936 trillion	Korea Investors Service A- NICE Investors Service A-	KRW 2.3112 trillion	KRW 46 billion	KRW 11.8 billion

Mission · Vision · Core Value

Pulmuone Spirit

Love towards neighbors and respect for life

Mission

A LOHAS company that deeply cares for both humans and nature

*LOHAS : Activities to create values for my health and sustainability of Earth

Vision

Global New DP5.

By 2022

Five medium-term management goals to be achieved by 2022

01	02	03	04	05
Economic value	Social value	Socio-environmental value	Environmental value	Environmental value
Accomplish KRW 3 trillion of sales across the company	Reduce accident rate by 40%	Obtain B-Corp certification	Increase the ratio of products with animal welfare certification by 200%	Achieve 100% for ratio of products and apply high recyclability packaging

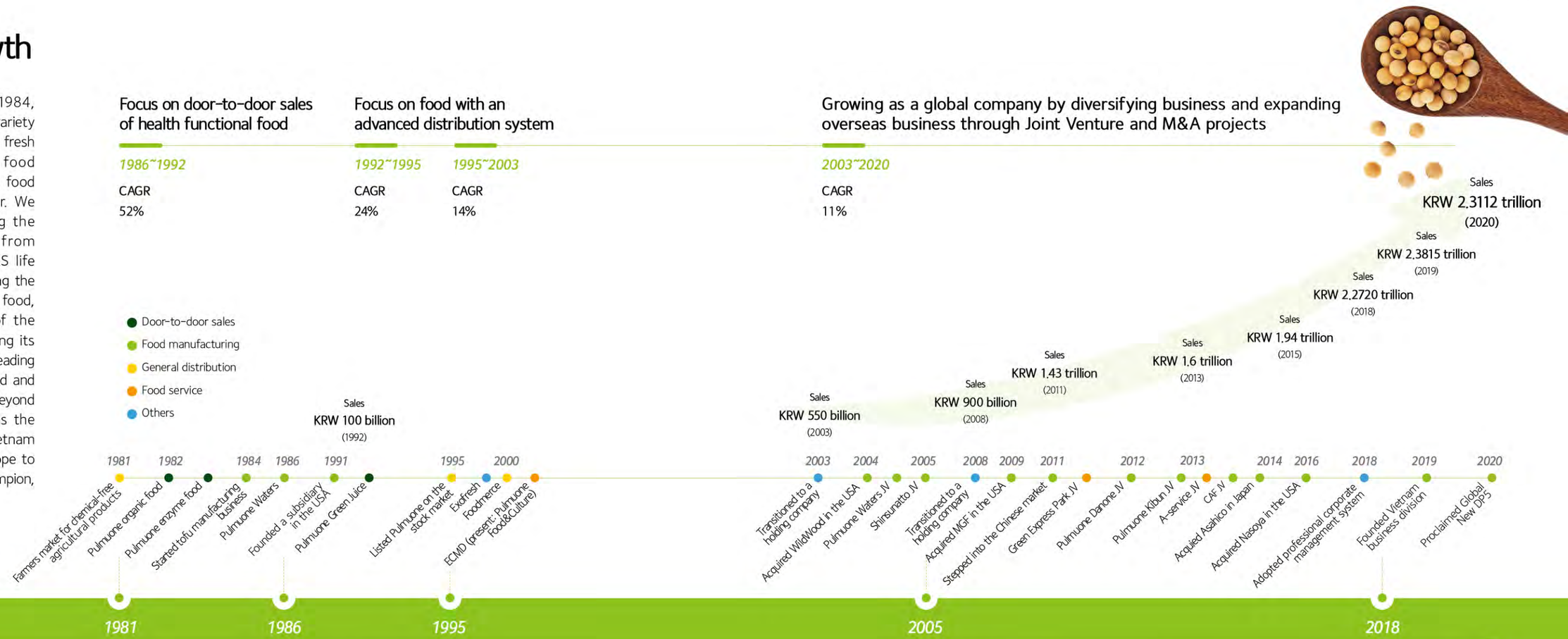
Core value

Passion with TISO

Trust	Integrity	Solidarity	Openness	Passion
Work on tasks consistently in accordance with the pledges and rules, setting a higher standard for professional behavior	Always conduct tasks diligently with earnestness and maintain transparency in the process and outcome	Understand Pulmuone's LOHAS values and apply them to the company's objectives and strategies	Respect different perspectives, and encourage open sharing of opinions and constructive criticism to accelerate creative cooperation	Understand the purpose and implication of work, focus on tasks with a professional attitude to contribute to creating shared values

Path of Growth

Since its foundation in 1984, Pulmuone has grown in a variety of business areas including fresh food, health functional food (manufacturing and sales), food service, and mineral water. We are constantly expanding the scope of our business, from wholesome food to LOHAS life service. Setting and pursuing the higher value standards for food, changing the paradigm of the food industry, and stabilizing its position in the market as a leading company of wholesome food and LOHAS, Pulmuone will go beyond global big markets such as the USA, China, Japan, and Vietnam to Southeast Asia and Europe to become a global hidden champion, a global LOHAS company.



Changes in CI

(Corporate Identity)

Pulmuone's CI was designed to reflect the company's entrepreneurial spirit, staying true to good traditions while keeping up with changes in society, environment and customer demands.

풀무원

The triangle represents the company's entrepreneurial spirit of the right mindset, the right farming, and the right diet. The green color and blooming buds signify our passion for providing nature-based wholesome food.

풀무원식품

This symbol represents the buds that bloom as energized by the earth and the rising sun.

Pulmuone

This symbol signifies the Pulmuone people that hold up Earth and indicates 'One Big Bowl Full of Nature' The English name of the company is used to show our determination to become a global company.

Pulmuone

Smooth changes in the color (light green), shape (wave), and font (serif) express the image of a young and friendly Pulmuone.

The color gradation from light green to dark green highlights clarity as a LOHAS company and our willingness to integrate and unify the whole company.

Pulmuone

A modern and neat font (Sans Serif) is used to show our desire to reach out to and talk with customers, with consideration of their perspective.

Pulmuone

It clearly shows Pulmuone's LOHAS spirit and drive to achieve harmony between Earth (nature) and human beings.

Implication and Values

Pulmuone

A healthy smile of nature and human beings. It symbolizes 'One Big Bowl Full of Nature'

Pulmuone started as a farmers market that sold chemical-free organic agricultural products from Pulmuone Farm in 1981.
Our brand spirit inherited the passion of farmer Won Gyeong-seon, who put right and ethical farming into practice without using pesticides and chemical fertilizers throughout his life, as well as his love toward neighbors and respect for all life.
Upholding and developing his spirit into a mission of the company "A LOHAS company that deeply cares for both humans and nature," Pulmuone promotes harmony between nature and human beings as one of the most respected, global LOHAS company in Korea.

Pulmuone, the most beloved brand name in Korean

Specialized survey agency Brand Major stated in its 2011 report on "Awareness Status of Korean-named Brands" that Pulmuone is the most beloved Korean brand name among the Korean people.

Pulmuone, one of the "top 50 impressive Korean Design projects" chosen by professional designers

According to DESIGN, a monthly magazine that is a major influence on the Korean design industry, Pulmuone's CI was included in the top 50 impressive Korean design projects chosen by professional designers in 2011 for its truthfulness, sincerity, and willingness to reach out to customers.

Business and Brand

Pulmuone's business, starting with wholesome food products, is now expanding beyond dietary habits and culture to the scope of LOHAS life service.

Subsidiary	CI	Corporation Information		Business Model	Master/Individual/Store Brand
Pulmuone Foods	Pulmuone 풀무원식품		Pulmuone's representative company specialized in the fresh food and beverage business	Manufacture and sell tofu, vegetables, raw noodles, and frozen rice and provide logistics service for cold, frozen, and room temperature storage	풀무원 소가 I'm Real
Pulmuone Foodmerce	Pulmuone 풀무원푸드머스		A company specialized in providing food brands tailor-made to customers' life cycles and total food materials based on LOHAS value	Supply food ingredients for meal service, restaurants, and raw material markets	풀스키친 풀스키즈 풀스케어 풀스쿡 Cook
Pulmuone Health & Living	Pulmuone 풀무원건강생활		LOHAS company that leads wholesome lifestyles for customers	Sell health functional food, skin care products, kitchen appliances, health appliances, and pet food	풀무원로하스 PULMUONE LOHAS 仪希莲 이씰린 풀무원아이오 amio
Pulmuone Food & Culture	Pulmuone 풀무원푸드앤컬처		A total lifestyle service specialist that provides customers with a happy and cheerful cultural space with its LOHAS oriented food culture, lifestyle, customized spatial service.	Provide cooking and meal service at school, expressway rest areas, and concession facilities with necessities and convenient services	자연는 맛있다 CHANJANG BRUSCHETTA 명가의 뜰 FLAVOUR NATURAL SOUL KITCHEN 동경마루 OSHIKI KITCHEN 무쇠화반 FOOD PALACE MARKET HALLEY
Pulmuone Waters	Pulmuone 풀무원샘물		No. 1 in the global drinking water market a drinking water companyestablished by joint venture between Nestle Waters and Pulmuone	Manufacture and sell drinking water products	풀무원샘물 by Nature
Pulmuone Green Juice	Pulmuone 풀무원녹즙		A manufacturer and seller of natural green vegetable juice, delivering nutrients from fresh fruits and vegetables	Manufacture and sell functional beverages and food for babies and adults	풀무원녹즙 풀무원 베이비밀 eat slim 잇슬림
Pulmuone Danone	Pulmuone DANONE 풀무원다논		A specialized yogurt company established by the joint venture between Danone, the No. 1 company in the field of fermented milk products, and Pulmuone	Manufacture and sell fermented milk products	액티비아 I love Yogurt GREEK I'm Real 풀무원 매일아침
Pulmuone U.S.A.	Pulmuone nasoya		A total food company that boasts the No. 1 market share in the Tofu and Kimchi markets in the U.S.-based on its strong brand power and about 20,000 supply chains	Produce and sell tofu, Kimchi, Meat Alternative, chilled/ frozen pastas, sauces, etc.	WILDWOOD Emerald Valley ORGANIC MONTEREY Gourmet Foods CIBO NATURALS Azumaya Soya 山水
Pulmuone Foods (China)	Pulmuone 圃美多		Based on corporations in Beijing and Shanghai, this fresh food company is specialized in selling refrigerated noodles, foods, Home Meal Replacement(HMR), etc. throughout China	Produce and sell various foods such as noodles, rice cakes, Kimchi, frozen dumpling, tofu, etc.	圃美多
Pulmuone (China)	Pulmuone 圃美多乐活		A Chinese subsidiary of Pulmuone Health & Living, thatsells health functional foods, LOHAS lifestyle products, skincare products in the Chinese market	Manufacture and sell health functional food, LOHAS daily necessities, and skin care products	圃美多乐活 PULMUONE LOHAS 仪希莲 이씰린 BRI.
Asahico Co.	Asahico すこやかに食べよう		A fresh food specialized company with the best tofu and fried tofu manufacturing technology in Japan	Manufacture and sell tofu and fried tofu products	TOFU PROTEIN
ORGA Whole Foods	ORGA WHOLE FOODS		"LOHAS Fresh Market" delivering nature's nutrients and tastes to customers	Sell eco-friendly food and daily necessities at directly managed stores and franchise stores	ORGA ORGA mom 올가홀 키친 MEISTER WHOLE SEED

Network and Infra

Pulmuone provides customers who want wholesome foods with the value standards and principles on foods and further leads a paradigm of the food industry. It has explored the big global markets such as the U.S., China, and Japan and further makes inroads into Europe and East Asian countries to spread the LOHAS values.

Korea

The company undertakes its business in a range of areas such as fresh foods and beverages, health functional foods, cooking and meal service at school and concession facilities, eco-friendly food distribution, drinking water, fermented milk through its business subsidiaries including Pulmuone Food, Foodmerce, Pulmuone Food & Culture, Pulmuone Health & Living, ORGA Whole Foods, Pulmuone Waters, Pulmuone Danone, etc.

Name	Category	Production Items
PPEC Chuncheon	Production	Tofu, ice
PPEC Uiryeong		Tofu
PPEC Eumseong Saengmyeon		Raw noodles, ramen, RM
PPEC Eumseong Namul		Vegetables
PTA Agricultural Union Corporation		Salad
PPEC Global Kimchi		Kimchi
Shinsunatto		Natto
Pulmuone Kibun		Fish cake
Exofresh Logistics	Logistics	
GAP Center	Management of Agricultural Products	
Pulmuone Health & Living, Pulmuone Green Juice	Production	Health functional food, Foods and Beverages (green vegetable juices)
Pulmuone Danone	R&D, Production	Fermented milk

Key Infra

Pulmuone Corporate Technology Office

Pulmuone Institute of Technology develops fresh and safe new products in compliance with the company's principle of wholesome foods, using safe ingredients and healthy materials for balanced nutrients. In addition, the institute introduces advanced food processing technologies, explores natural ingredients, and plays the role of maintaining food safety and quality control to achieve the best quality to satisfy LOHAS consumers at home and abroad.

Global kimchi plant

Global kimchi plant applies "Kimchi Pot cooling system" that accumulates Pulmuone's own Kimchi fermentation know-how in the entire process from manufacturing, distribution, to delivery, to produce crispy and fresh Kimchi filled with live Kimchi lactobacillus. In particular, the company takes the lead in Kimchi globalization with its "Korean-made Kimchi," made mostly with Korean ingredients.

HMR wet noodle plant

The company has established an infrastructure that enables three key innovations of wet noodle HMR, such as product, menu, and package innovations, by building a cutting-edge HMR wet noodle plant. It produces high-quality HMR wet noodle products based on state-of-the-art facilities and noodle-making technology, knowhow, and data accumulated from the global market such as the U.S., China, d Japan.

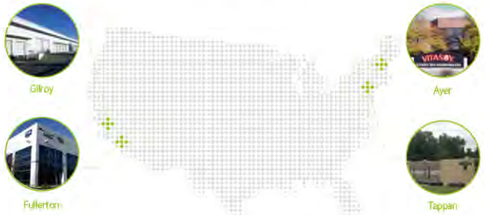
Japan

After acquiring the local food company with the No. 1 fried tofu and the No. 4 tofu products in Japan in 2013, the company merges the finest technologies in Korea and Japan to newly develop and offer the best quality products to Japanese customers.

Name	Category	Production Items
Kyoda	Production	Tofu, fried tofu
Kanagawa		
Azumino		Tofu
Omachi		Fried tofu
Tsukiyono		Tofu, fried tofu, noodles

U.S.A.

Since the establishment of the corporation in Los Angeles in the U.S. in 1991, the company had acquired two local food companies to lay a foundation for business operation. It also took over the top tofu brand in the U.S. to secure its position as the No. 1 company in the tofu market in the North American market.



Name	Category	Production Items
Gilroy	Production	Pasta, RM
Fullerton		Tofu
Tappan		
Ayer		

China

The company founded corporations of Pulmuone Foods in both Beijing and Shanghai and established a Pulmuone Health & Living corporation in Chongqing, China in 2013. Thus, the company is stepping up exploring the large market based on these three footholds.

Name	Category	Production Items
Pulmuone(China)	Production	Health functional food
Pulmuone Foods(China)		Tofu, noodle, RM

Vietnam

Following the U.S., China, and Japan, the company selected Vietnam as its stronghold to target overseas markets and completed the establishment of a local corporation in September 2019. Pulmuone is planning to solidify its status as a premium food company in the Vietnam market.

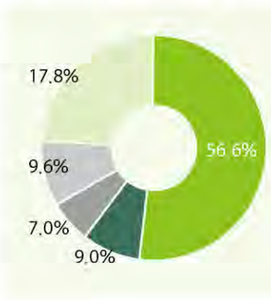
Name	Category	Production Items
Pulmuone Vietnam Limited Liability Company	Imports/exports and Sales	HMR(Home Meal Replacement)

Governance

Pulmuone is a company listed on the stock market, and its stocks are held by majority shareholders and specially related persons (54.9%), minority shareholders (less than 1% by each) (18.5%),and other shareholders (1% or over and less than 10% by each) (26.6%) (including buybacks and preferred stocks). The total number of shares is 42,125,530 (38,090,950 common stocks and 4,034,580 preferred stocks).

Status of Stock Distribution

As of December 31, 2020



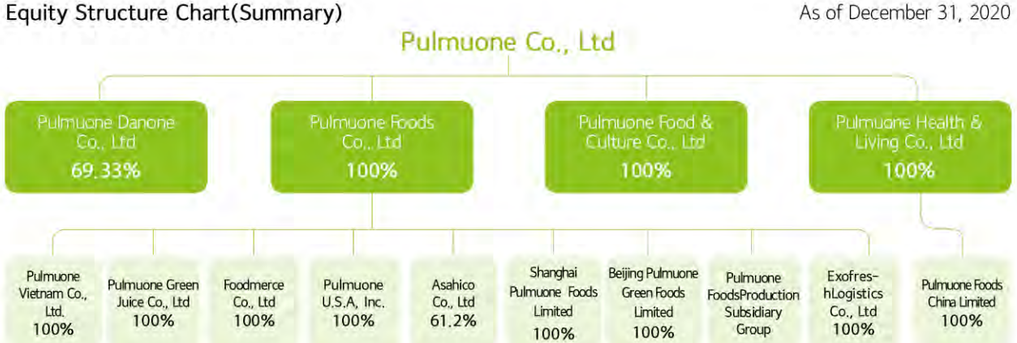
Category	Shareholders	No. of owned stocks	Percentage(%)
	Nam Seung-woo and related persons	23,848,580 stocks	56.6%
	Hanmaeum Peace Research Foundation	3,809,060 stocks	9.0%
	National Pension Corporation	2,967,391 stocks	7.0%
	IBK Green Private Equity Funds Joint Venture	4,034,580 stocks	9.6%
	Other shareholders	7,495,508 stocks	17.8%

Equity Structure of Pulmuone Co., Ltd.

Pulmuone has an established an operating holding company that meets global standards since it holds 100% of the stakes of all of its subsidiaries and sub-subsidiaries, excluding joint ventures. Its quick and effective decision-making system prevents any conflicts of interest among shareholders, unifying the company. One of the major changes of the company's equity structure during the year 2020 is the increased stakes by the acquisition of 345,000 stocks of Pulmuone Waters that had been held by Nestle Waters, and seasoned equity issues at Asahico, Japan.

Equity Structure Chart(Summary)

As of December 31, 2020



- As for the subsidiaries of Pulmuone U.S.A., Inc., there are Pulmuone foods U.S.A., Inc., Nasoya foods U.S.A., LLC, and Korea Biotech Investment Capital.
- Manufacturing subsidiaries include PPEC Chuncheon/Uiryeong/Eumseong Saengmyeon/Eumseong Namul, PPEC Global Kimchi Co., Ltd., Shinsunatto Co., Ltd., PTA Agricultural Union Corporation, Pulmuone Kibun Co., Ltd., and Pulmuone IN.

Composition of the BoD (As of December 31, 2020)

Pulmuone invests utmost efforts to build an advanced governance with reviewing and balancing between the BoD and the management. We also run eight subcommittees within the BoD for major management affairs to increase efficiency and effectiveness.

Category	Function	Member	Executive director	Independent director
Board of Directors (BoD)	Top decision-making body (rights to the general meeting of shareholders excluded)	11 members	Nam Seung-woo, Lee Hyo-yul, Lee Sang-boo, Lee Woo-bong	Yoon Jang-bae, Won Cheol-woo, Choi Jong-hak, Kim Young-joon, Jo Hwa-joon, Jang Jae-sung, Lee Gyeong-mi
Audit Committee	Monitor and support the management through reviews and balancing to maximize corporate values	4 Independent directors	-	Choi Jong-hak*, Won Cheol-woo, Jo Hwa-joon, Kim Young-joon
Independent Directors Recommendation Committee	Ensure fairness and independence in the appointment process of Independent directors	4 Independent directors	-	Won Cheol-woo*, Choi Jong-hak, Jo Hwa-joon, Kim Young-joon
Compensation Committee	Deliberate remuneration and compensation for directors based on objectivity, transparency and expertise	4 Independent directors	-	Yoon Jang-bae*, Kim Young-joon, Won Cheol-woo, Jang Jae-sung
Independent Director Evaluation Committee	Evaluate activities done by the BoD and independent directors from the objective perspective	3 Independent directors	-	Yoon Jang-bae*, Jang Jae-sung, Lee Gyeong-mi
Business Management Committee	Handle business management affairs delegated by the BoD	3 executive directors	Lee Hyo-yul*, Lee Sang-boo, Lee Woo-bong	-
Strategy Committee	Provide consultation and make decisions for investment affairs regarding medium-term business strategies, new business, and new overseas markets	7 directors including 4 independent directors	Nam Seung-woo*, Lee Hyo-yul, Lee Sang-boo	Yoon Jang-bae, Choi Jong-hak, Jang Jae-sung, Lee Gyeong-mi
Pulmuone General CEO Recommendation Committee	Manage and recommend capable candidates for General CEO position	3 directors including 2 independent directors	Nam Seung-woo*	Yoon Jang-bae, Jo Hwa-joon
ESG Committee	Identify major issues about environment, society and governance (ESG), examine sustainability strategies and directions, and provide consultation	3 independent directors	-	Won Cheol-woo*, Jo Hwa-joon, Lee Gyeong-mi

(Bod Chairman: Nam Seung-woo / Independent Lead Director: Kim Young-joon / CISO: Kim Young-hwan)

* Committee Chairperson

Part. 02. Highlights

- Pulmuone's Social Responsibility
- TOPIC 1. Pulmuone's Value Creation for Customers
- TOPIC 2. Pulmuone's Value Creation for Shareholders
- TOPIC 3. Pulmone's Value Creation for Local Community
- TOPIC 4. Pulmuone's Value Creation for Business Partners
- TOPIC 5. Pulmone's Value Creation for Corporate Members

Pulmuone's Social Responsibility

Pulmuone defines the creation of economic, social, and environmental values as its social responsibility.

Economic Value

Social Value

Environmental Value

To fulfill our social responsibility,
we pledge to follow the directives below through
goal-oriented management and TISO management

Pulmuone trusted by customers	We innovate corporate business management by pursuing the health and happiness of customers as our top priority. We listen to our customers to provide products and services that enhance their satisfaction.
Pulmuone appealing to shareholders	We oppose all forms of corruption and release the data of business management in a transparent way under reasonable governance. We comply with laws and regulations and increase our corporate value to provide shareholders with sustainable benefits.
Pulmuone loved by local communities	We efficiently use resources and protect the environment across the entire process from sourcing to manufacturing, sales, and disposal. We take the initiative in philanthropic activities for the sustainable growth of local communities.
Pulmuone cooperating with partners	We trade with partners on an equal footing in a fair manner as their companion that pursues LOHAS values. We support partners to strengthen their competitiveness and cooperate with them for mutual growth.
Pulmuone whose employees are happy	We protect human rights, respect diversity, and provide fair opportunities to support the growth of employees. We guarantee the safety and health of employees and support them to improve work-life balance.

Wholesome Food Principles

Wholesome food for the health and happiness of our family

Pulmuone conforms to its own standards for wholesome food for the health and happiness of our own families, which are more stringent than the relevant government regulations. In addition, we transparently release information of all procedures from manufacturing to distribution so that anyone can see what ingredients and processes were used in the production stage.

바른 먹거리

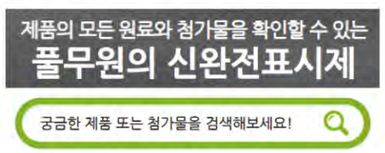
"Pulmuone products are made by people with a sincere mindset. We follow our own strict rules. We make Pulmuone products In pursuit of wholesome food, based on the right mindset."

New wholesome food principles for me and Earth

1. We make products and diet for nutritional balance.
2. For the happiness of both human beings and nature, we use more ingredients with animal welfare certification.
3. For me and Earth, we pursue sustainable use of plant-based raw materials.
4. We comply with eco-friendly manufacturing process and packaging principles.
5. We increase the use of ingredients that are traceable for their production history.
6. We follow strict principles with minimum use of additives.
7. From production to distribution, we comply with strict standards for hygiene in the manufacturing process and temperature control.
8. We disclose information about the type and usage of all ingredients and raw materials used in our products.

New Full Labeling System (product.pulmuone.co.kr/main.asp)

True wholesome foods conceal nothing. Pulmuone discloses all information of the place of origin and production history under the new full labeling system. We are responsible for providing accurate information of our food products, and customers have the right to fully understand products before making their choice.



Main webpage of the new full labeling system

Traceability System (www.pulmuonestory.com)

Pulmuone provides information about the procedures from producing areas to supermarkets to show how wholesome food are made through its traceability system. We employed this traceability system for organic tofu and bean sprout products for the first time in Korea in 2006, introduced it for marine products in 2007, and expanded this system's use to domestic tofu and bean sprout products in 2008.

Main webpage of the traceability system

Sustainable Food Standards

Pulmuone's sustainable food standards lie in the principle of expanding the use of plant-based materials. If we use animal-based materials, it should be done with respect for life, and the materials should be produced in environmentally friendly conditions. Pulmuone's sustainable foods are composed of: plant-based foods that were solely processed with plant materials such as beans, tofu, crops, and vegetables, plant-forward foods that contain over 85% of plant materials with some proportion of animal materials, and animal welfare foods that use sustainable animal materials (animal welfare meats, ASC/<SC) as main ingredients.

Pulmuone's Sustainable Foods System

Sustainable Foods

Category	Plant-Based Foods	Plant-forward Foods	Animal Welfare Foods
Definition	Processed foods made by plant ingredients only	Processed foods that reduce animal materials and seek to use more plant materials	Food group with an emphasis on sustainable animal materials
Specific Standards	• 100% plant materials (including seaweed) used • No animal materials used (including product sauces) • Seek to usesustainable materials	• Use more than 85% of plant materials • Endeavor to continuously lower the use of animal materials • Includeanimal meats,and seafoods • Seek to usesustainable materials	• Ingredient type foods (single-ingredient such as eggs) or meat-based processed foods • Animal materials contained in the products are 100% sustainable • Organic, animal welfare, ASC/MSC

* ASC(Aquaculture Stewardship Council), MSC(Marine Stewardship Council)

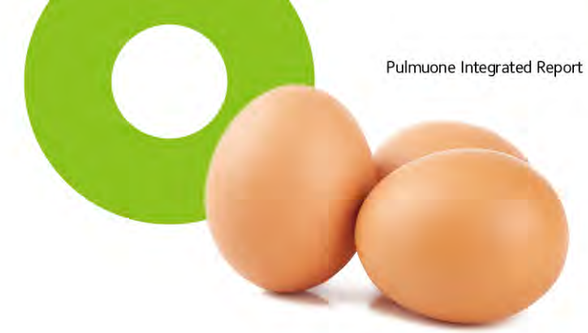
CERTIFIED SUSTAINABLE SEAFOOD MSC www.msc.org

MSC certificate for sustainable fishing

FARMED RESPONSIBLY asc CERTIFIED ASC-AQUA.ORG

ASC certificate for sustainable farmed seafood

Animal Welfare



Animal Welfare Mission

'As a LOHAS company that deeply cares for both humans and nature', Pulmuone sets animal welfare and plant-forward ingredients as major themes of its six major strategies. Based on this, we enact constant efforts to enhance animal welfare so that their lives as living creatures can be respected.

LOHAS strategies (animal welfare and plant-oriented)

Animal Welfare

Provide products that can ensure the integrity of animals as living creatures and reduce harm to the health and ecosystem caused by factory-type livestock farming practices.

Plant-Forward

Create desirable products and diet by minimizing the use of meat for the health of both humans and Earth (if inevitable, using meat from animals raised in an eco-friendly manner or with an animal welfare certification) and using sustainable plant-based raw materials.

Pulmuone's trust in animal welfare

"What's good for animals is also good for human beings and Earth"
Pulmuone believes that not only safety must be ensured in the process of raising animals to provide good food, but we should also provide an environment where animals can lead happy lives because they are part of nature and cohabitate with human beings. Pulmuone promotes animal welfare, believing that what's good for animals is also good for human beings and earth.

Animal welfare principles

Five animal welfare principles

① Freedom from Hunger and Thirst
② Freedom from Discomfort
③ Freedom from Pain, Injury, and Disease
④ Freedom to Express Normal Behavior
⑤ Freedom from Fear and Distress

Principles for safe livestock products

① Free of Antibiotics
② Free of growth accelerators and other hormone substances
③ Marking of the date of lay

Products with animal welfare certification

Fertilized eggs produced in an eco-friendly way with animal welfare certification

Eggs from grass-fed hens with animal welfare certification

Pay Taxes in a Transparent and Deligent Manner

Pulmuone abides by the country's tax laws and fulfill its duty to pay taxes imposed on its profits. To this end, we established the tax policy and regularly provide the relevant education program to employees in charge of accounting and tax affairs. If necessary, we receive consultation from external experts, including law, accounting and taxation firms.

Pulmuone's Tax Policy

- Pulmuone pledges to comply with domestic and overseas tax laws and regulations and file a tax report and pay taxes in a transparent and fair way.
- In accordance with its TISO management principles, Pulmuone responds to requests from the tax authorities sincerely with mutual respect, and fulfills its duty to cooperate in tax affairs without concealment, distortion, or exaggeration.
- Pulmuone will actively respond to changes in tax laws in each region and swiftly apply those changes in its business.

Tax risk management

- Pulmuone will minimize unexpected tax risks across all business operations.
- Pulmuone will make company-wide efforts constantly to build the external compliance inspection system, provide internal education, and set consistent business management standards. Based on this, tax policies will be reviewed regularly and revised after approval by the board of directors if necessary.
- Pulmuone will meet all tax reporting and payment deadlines and store the evidence and grounds for decisions made for business contracts in the form of documents.

Eradication of tax avoidance

- Pulmuone will maintain a normal investment and trade structure that conforms to the intent of the tax law in regard to transactions with third parties and/or special affiliated parties.
- We will maintain fair prices in trade with third parties and/or special affiliated parties in accordance with the relevant regulations in Korea, while following the OECD guidelines and BEPS standards for international trades at normal prices.
- Pulmuone does not use a tax structure without tax havens and commercial substance to avoid taxes.

Transfer price policy

The transfer price refers to the price applied to an international transaction of raw materials, products, and services with overseas subsidiaries or affiliates. Global companies often adjust the transfer price to alleviate their tax burden, which is arising as an issue in the industrial sector. Upholding our principles of transparent and sincere tax payment, Pulmuone prohibits transfer pricing in favor of the company under any circumstance. We set the transfer price strictly in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and local tax laws in each country. We therefore pay tax under the national tax law for our business profits. As of 2020, our overseas subsidiaries are located in the USA, China, and Japan. We comply with the tax laws, principles, and standards in each of these countries.

[Tax payment details by country in 2020]

Category	Unit	Korea	USA	China	Japan	Vietnam	etc**	total
Revenue	KRW million	2,609,721	256,112	60,492	126,698	99	(741,922)	2,311,200
Operating Profit		54,762	782	5,636	(7,992)	(398)	(6,820)	45,970
Tax*		3,450	2,454	-	214	-	4	6,122

* The criteria for the occurrence of K-IFRS / ** Reflects internal transactions and connection adjustments between the connecting entities.
In the case of total amount, there is a difference due to rounding

Fair Management

Pulmuone abides by the country's tax laws and fulfill its duty to pay taxes imposed on its profits. To this end, we established the tax policy and regularly provide the relevant education program to employees in charge of accounting and tax affairs. If necessary, we receive consultation from external experts, including law, accounting and taxation firms.

Pulmuone's fair management system

Business management philosophy under which we uphold consumer rights and interests, build a fair and just collaborative relationship with our business partners, and establish a trade environment that guarantees a level playing field and trustworthy trade practices based on our corporate principles and applicable laws.

Protect consumer rights
Pulmuone contributes to enhancing the rights of consumers by providing LOHAS products and services, as well as correct and ethical information.

Fair trade with business partners
Pulmuone pursues common interests and balanced growth in an equal position based on mutual trust with business partners.

Fair competition with rival companies
Pulmuone respects the market economy practices by engaging in competition in good faith and leads fair trade practices.

Pulmuone Fair Management Guidelines

Consumers	
Provide distinctive values	- We increase productivity through process innovation and provide high-quality products and services at a reasonable price. - We make products and services in accordance with Pulmuone's principles to help realize healthier living for our customers.
Correct labeling and advertising	- We honestly disclose information under the New Full Labeling System. - We avoid false, deceptive, or exaggerated labeling and advertising.
Protect consumers	- We swiftly and properly respond to consumers' reasonable demands. - We limit our use of consumers' information, and do not collect or leak such information without their consent.
Business partners	
Select partners in accordance with the predetermined standards	- We provide equal opportunities based on our principles and procedures. - We choose business partners in accordance with the transparent and objective criteria defined by an internal council.
Comply with trade principles	- We avoid unfair transactions that abuse our position, including unfair refusal of business deals, forced conditions, and discriminatory treatment. - We comply with the internal processes in each stage of business transactions and voluntarily examine these procedures using checklists.
Mutual growth	- We devise and provide customized programs to strengthen capacity of business partners, including training and technical support. - We make occasions for interactions with business partners on a regular basis for win-win growth and cooperation.
Competitors	
Prohibit unfair collective actions	- We do not set trade conditions jointly with other enterprises regarding the prices, types, and standards of products. - We comply with the "Pulmuone Guidelines for Communication with Competitors" when dealing with rival companies.
Prohibit attracting clients and customers in an unfair method	- We do not provide or receive unfair requests, money, gifts, or entertainment offerings, especially in regard to stakeholders related to business deals. - We do not provide excessive benefits compared to normal practices to attract the clients and customers of rival companies.
Engage in competition in good faith	- We do not collect, misuse, or leak the technologies and data of business rivals. - We do not circulate false information to slander other companies.

Respect for Human Rights

Management System with Respect for Human Rights

Pulmuone formed a business management system with respect for human rights to lay the groundwork for sustainable growth through the human rights respect culture based on its brand spirit, "love toward neighbors" and "respect for life," and its mission, "a LOHAS company that deeply cares for both humans and nature." Business management with respect for human rights is aimed at creating an environment where every stakeholder affected by our business can be respected as a human being without any mentally or physically disrespectful treatment. We are spreading ten principles (respect for human rights, prohibition of ;discrimination, forced labor and child labor, assurance of industrial safety, trust for consumers, etc.) throughout the entire supply chain as well as Pulmuone.Based on these principles, we invest continuous efforts to enhance animal welfare so that their lives as living creatures can be respected.

Scope and definition of management with respect for human rights

1. Respect for human rights

We respect all stakeholders affected by our business as human beings and actively prevent any mentally or physically disrespectful treatment to them.

2. Prohibition of discrimination

We prohibit discrimination based on gender, age, religion, social status, regional origin, educational background, marriage, pregnancy, childbirth, disease or disability. We do not require unnecessary physical conditions or marital status for jobs.

3. Prevention of discriminatory practices against women

We make efforts to eradicate discriminatory practices against women in employment and work processes.

4. Prohibition of forced labor

We do not force labor against free will and prohibit forced labor by mental or physical confinement.

5. Prohibition of child labor

We support eradication of child labor. We never engage in business with companies that accept child labor.

6. Compliance with predetermined working (labor) hours

We comply with labor laws and regulations for regular and extra working hours in each country or region.

7. Wages and welfare

Workers should be able to pay at least living wages* in compliance with all relevant laws and regulations, such as the minimum wage, overtime work allowance, and welfare items prescribed by law.

* Wages sufficient for workers to solve essential food, clothing, and shelter and lead a human life.

8. Freedom of association and collective bargaining

We recognize the freedom of association and collective bargaining of our employees and try to build an environment where labor and management communicate with each other in regard to working (labor) conditions.

9. Industrial safety

We consider safety and health as top priority at business sites. We comply with industrial safety regulations to protect employees from any hazard and strive to provide a safe work environment.

10. Consumer trust

We set our own strict principles for the development of products and provision of services and try to comply with them to pursue LOHAS lifestyle for the health and happiness of consumers.

Eco-friendly Packaging

For me and for Earth

A place that contains more plastic waste than fish.This could be what children think of the ocean in the future. We believe that children deserve to indulge in the greatness of nature as we know it.To create a sustainable earth where human beings and nature coexist, Pulmuone applies eco-friendly packaging principles to all our wholesome food products. By 2022, we will reduce the consumption of plastics by 500 tons and CO_2 emissions by 900 tons, while increasing the number of products made with easily recyclable packaging materials to 400 million.

Creating Shared Value (CSV)

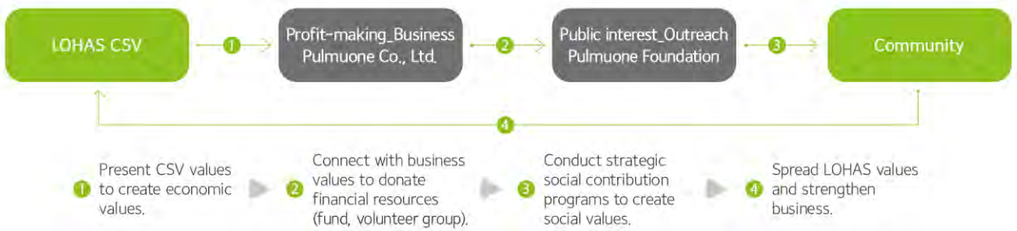
CSV system

We set and implement CSV strategies for Pulmuone Co., Ltd. and Pulmuone Foundation to create economic values and even meaningful social values through our intrinsic business. Pulmuone Co., Ltd. generates economic values by providing products and services with LOHAS spirit to customers, while Pulmuone Foundation contributes to creating social values through LOHAS social contribution programs. Both the company and foundation build a virtuous circle structure for CSV through their key business, thereby contributing to enhancing the health of human beings and sustainability of Earth.

Flow of CSV values

Pulmuone

Pulmuone Co., Ltd. secures funds in connection with its LOHAS business values to provide to Pulmuone Foundation, while the foundation spreads the LOHAS values through its key business to create shared values in a virtuous circle.



Pulmuone Foundation (www.pulmuonefoundation.org)

Pulmuone Foundation addresses challenges and carries out public interest and charity projects in a strategic way to add LOHAS values to the lives of human beings, thereby contributing to the coexistence and sustainable future of human beings and nature.

[Mission and project goals]

Mission	A foundation that adds LOHAS value to human life		
Vision	Output Reached 600,000 trainees	Outcome 80% change in trainees	Impact Vision of socially disseminating the LOHAS campaign
Project area	Eating habits	Lifestyle habits	Eco-friendly habits
	Proper food	Environment	
Project details	• Proper food education for children • Proper food education for adults • Proper food education for seniors • Global proper food business • Kimchi school education	• Properly cleaning the classroom • Viruses and earth environment class	• Blue sea class • Clean-up campaign • Monitoring flight for marine environment protection (Pulmuone Foundation & Korea Marine Environment Management Corporation)

Strategic Social Contribution

Social contribution system

Pulmuone is a profit-making company that also pursues social benefits. To carry out a wide range of social contribution activities in a more effective and efficient manner, we launched "LOHAS TOGETHER," a social contribution brand. "LOHAS TOGETHER" is aimed at facilitating cooperation between the company and society to conduct activities for the health of human beings and sustainability of Earth. Pulmuone's mission is to promoting the values of a LOHAS company that deeply cares for both humans and nature.

Direction of social contribution activities

Pulmuone carries out various activities that create social and environmental values focusing on three core directions to pursue LOHAS TOGETHER in a strategic way.

LOVE TOGETHER

"LOVE TOGETHER" is our social contribution program led by LOHAS TOGETHER Members, a company-wide volunteer group of Pulmuone. Since its establishment in July 2009, the volunteer group has carried out environmental protection and sharing activities and supported the disadvantaged across a wide range of fields with a 95% participation rate among our employees. We will spread this value of sharing further through open volunteer activities with local community residents.

HOPE TOGETHER

"HOPE TOGETHER" is our program aimed at creating values with a focus on education for a better future of the society. Under the lead of Pulmuone Foundation, we promote education for healthy food, society, and environment and will provide a variety of education and pro bono programs to help the older generations get jobs again and the younger generations find jobs.

VISION TOGETHER

"VISION TOGETHER" is our strategic social contribution program designed to create sustainable shared values. Pulmuone makes efforts to strengthen strategic social contribution activities through impactful business that tackles social and environmental issues. For example, our Uri Maul bean sprout project in Ganghwado helps the disabled stand on their own feet by creating jobs for them. We also support the growth of rural economies through development of I'm Fruit beverage products using fallen fruits.

TOPIC. 1

Pulmuone's Value Creation for Customers

Pulmuone solely owes its continued existence to our customers. Therefore, in our business, we pursue the goal or bringing better health and wholesome living to our customers' lives. We will continuously strive to be an enterprise cherished by customers by providing them with LOHAS values through innovative products and services.

2020 Reporting Items

Items	Major performance in 2020	Plans
Improve customers' health and convenience	Launch plant-forward new products and a customizing service	Expand the plant-forward product line-ups and establish the standards for sustainable foods
Improve the sustainability of products and services	Increase the proportion of MSC · ASC certified seafoods and animal welfare products	Set up the quantitative sales targets for MSC · ASC certified seafood and animal welfare products
Deliver the values of safety, assurance, and health	Food poisoning prevention and management system (advancement)	Inspect the current status of suppliers' food poisoning prevention management and share Pulmuone's food poisoning prevention management technology
Communication with customers	Customer Satisfaction Index (CSI) 93.2 points acquired	Voice Of Customer (VOC) counseling response rate 100% acquired

Launch products and services to promote customers' health and convenience

As foods are directly related to customers' health, Pulmuone sets its corporate mission as "a LOHAS enterprise that loves both humans and nature" and continues to provide products for Earth. As with the recently established global consumption standards associated with organic, environmental, animal-protecting, vegan, etc., Pulmuone's plant-forwards products become extremely popular. In addition, the company reflects the social trend and consumers' needs in pursuit of health and convenience due to Covid-19 and launched products that feature excellent tastes, differentiated quality, and tailor-made subscription service.

Launch Products in line with Vegan Trend and Plant-Forward Foods

Due to Covid-19, there is a rising interest in health and environment , and the emergence of the millennial generation who expresses their values through what they consume. All these factors converge on vegetarian diets becoming a prominent lifestyle trend. To help more and more consumers to choose a plant-based protein, Pulmuone developed and launched the most common plant-based protein, tofu, in a variety of forms and continues to work to replace animal materials with plant substitutes. As a result, the company's various new vegan products such as tofu noodles, vegan ramen, plant yogurt, vegan skincare, etc., began to show strong performance. The company's various plant-forward products are dispelling the idea that plant-based proteins lag behind animal-based ones in terms of nutrients and taste. Pulmuone plans to promote healthy and eco-friendly dietary habits for more consumers with its diligent research efforts and new products.

[Newly Launched Plant-forward Products]

'Tofu noodles replete with health benefits'

High-protein products help consumers to relish the most common plant-based protein, tofu, in a range of noodle dishes

Nature is delicious, 'Jeong noodles'

"Jeong noodles" launched by Pulmuone's ramen brand, "Nature is delicious," is the first vegan ramen to acquire the vegan food certificate by the Korea Agency of Vegan Certification and Services in Korea

'Diced, fresh tasting, vegan kimchi'

Vegan Kimchi with an excellent clean taste made only by plant-based ingredients without salted seafood (animal material)

'Plant-based Activia'

Vegan certified yogurt that uses plant-based ingredients such as coconut, bean, and oat, instead of milk

'Bri.N'

Vegan certified skincare products characterized by beneficial ingredients and sustainable value

Leading the domestic frozen pizza market

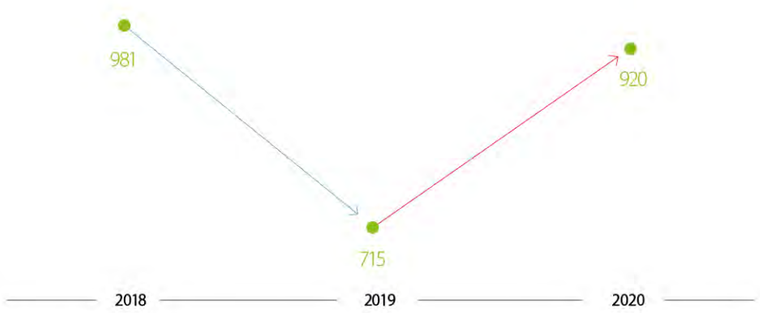
With the increase in eating at home, consumers are looking for convenient foods to save time and effort, and are more inclined to purchase high-quality convenience foods regardless of the cost. Thus, Pulmuone is leading the market by launching convenience home meals that embody convenience, health and taste. In particular, Pulmuone Foods has boosted the domestic frozen pizza market by releasing products that significantly improve the problems of "hard dough" and "insufficient topping," which are chronic problems with frozen pizza. "No Edge and Crust Pizza" surpassed 1 million cumulative sales in just two months since its launch and reached 33.5 billion won in sales in 2020. According to Nielsen Korea, the domestic frozen pizza market, which peaked at 98.1 billion won in 2018, fell 27% to 71.5 billion won in 2019. In 2020, the size of the domestic frozen pizza market was about 92 billion won, growing about 30% year-on-year and succeeding in a V-shaped rebound. Pulmuone is considered to have played the de facto "leader" role in the domestic frozen pizza market and contributed to reversing the domestic frozen pizza market toward growth.

No Edge Full Topping Pizza, Bacon & Five Cheeses, Grilled Bulgogi, Pepperoni Combination

[Annual trend of the frozen pizza market in Korea]

V-shaped rebound in the domestic frozen pizza market after Pulmuone entered the frozen pizza market

(Unit: 100 million won)



* Source: Nielsen Korea

Launch an individually customized nutrient service to lead a tailor-made market

There is a steady increasein demand for tailor-made food for individuals that recommend customized diets and nutrients for customers' health. With the launch of a health functional food brand, PERPACK, Pulmuone Health & Living started a "small segment of personalized health functional food sales and services" for the first time in Korea in 2020. "PERPACK" is short for "Personal One Pack," which provides customers with optimized health functional foods tailor-made for individuals in one pack a day. Pulmuone Health & Living's expert nutritionists analyze the individuals' health conditions, lifestyle, genetic tests, etc., via surveys. They recommend health functional foods in consideration of essential nutrients and offer services to prepare and sell appropriate amounts of foods.
In addition, the company launched a "personalized nutrition" health care app that allows customers to check their health conditions to get a recommendation for proper health functional foods. The app suggests personalized health functional foods for individuals and allows customers to select online subscription services to conduct pre-emptive self-health management at reasonable prices.

Health functional food brand, PERPACK

"Personalized nutrition" and health functional food line-up for subscription

Launch of Personalized Nutrition Subscription Service

Pulmuone Green Juice launched a subscription diet, "Design Meal" that supports individuals' health management with a customized scientific design based on clinical research data. "Design Meal" is a personalized diet guide and subscription diet based on the specialty of Pulmuone, and it consists of vegetables, protein, whole grains in the proportion of 2:1:1 as a single meal according to the "211 diet" developed by Pulmuone
"Design Meal" is designed in consideration of not just calories, energy, and nutrition rates, but also the "sugar absorption expecting model" developed from years of clinical research data. It also recommends a customized diet guide and diet details obtained from the survey of individuals' health information, including height, weight, active mass, metabolism health index, diagnosed history, dietary habit, etc. It also launched a "customized green juice subscription service" that recommends appropriate green juices for customers, based on medical check-up results. The service analyzes individuals' health index, "bio-age," based on medical check-up data built upon clinical big data provided from Mediage, a specialized company in health care data analysis, and the nutrition survey. It recommends personalized nutrition solutions and tailor-made green juice products.

"Design Meal," personalized diet for health management

Personalized green juice subscription service

Improve the Sustainablity of Products and Services

As the younger generation that focuses onthe value behind consumption has emerged as a new consumer group, only good and ethical corporations can hope to survive. These consumers can be characterized by: their pursuit of value consumption to consider if a product or brand they intend to purchase contributes to environmental protection, practices ethics management, or corresponds to their beliefs. Pulmuone has figured out in advance that producing and selling goods exerts direct and indirect impact on the surrounding environment. The company thus strives to provide its products in an environmentally friendly and ethical manner. In addition,the company makes an effort to minimize adverse factors against the environment in the entire production process from raw materials, manufacturing, packaging, sales to disposal.

Broadening MSC·ASC Certified Marine Products for Sustainable Sea

To prevent the depletion of marine resources and keep the marine ecosystem healthy, as well as to contribute tothe supply ofsustainable marine products, Pulmuone is increasing the proportion of marine products that acquired MSC and ASC certificates. Since 2010, Olgahas been interested in sustainable marine products and started to introduceMSC·ASC certificates, credible international certifications in the field of marine product, to its products. In September 2019, the company laid a foundation to secure extensive eco-friendly marine products by forming a cooperative relationship with Chungsan Bada, or Fisheries Association Corporation of Wando-gun via MOU. The company has brought about a range of sustainable marine products with international certificate, its list of items for sustainable marine products for the first half of 2020 (Jan. - Jun.) was increased by 242.2% compared to the year before. In addition, the proportion of these items in the total marine product sales was 33.1% (10.8% in 2019), indicating a 22.3% rise from the previous year.

[Pulmuone MSC·ASC certificate fishery products]

ASC-certified Norway Raw Salmon

Raw salmon fromNorway's Grieg Seafood that operates salmon farms under strict production management standards

ASC-certified Whiteleg Shrimp

Healthier shrimps that are not grown in a heavily clustered farm with restricted use of drugs such as antibiotics and growth-promoting substances.

ASC-certified Fresh Live Abalone

Fresh abalone cultivated by feeding natural sea tangle and brown seaweed provided under an MOU with Chungsan Bada, Fisheries Association Corporation of Wando-gun.

MSC certified 'Delicious Cuisine Love'

Liquid seasoning sauce based on MSC certified codfish extracts from Alaskan waters

ASC-certified 'Gijang Brown Seaweed'

Brown seaweed produced in the coastal area of Gijang, Busan where the East Sea and the South Sea meet.

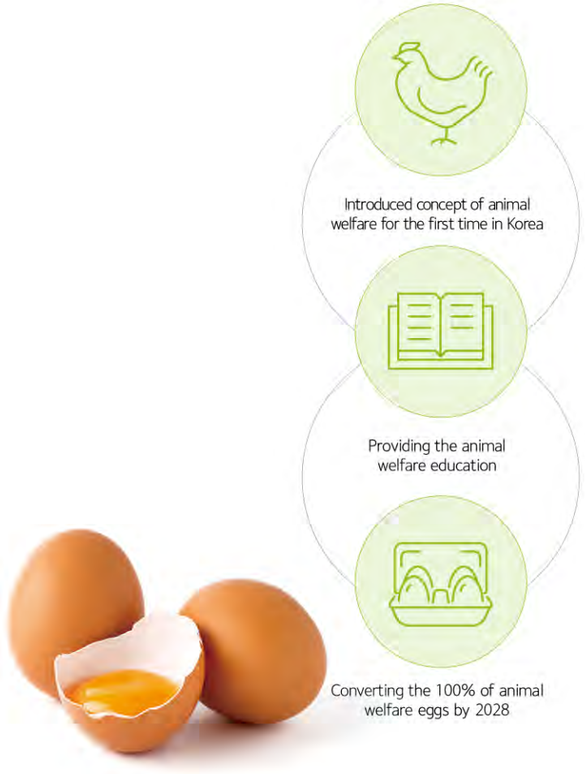
'Chilli Fried Shrimps Made by Whole Shrimps'

Home meal replacement product made with ASC certified shrimps

Increase in the proportion of animal welfare products for Earth

There is a growing awareness about the necessity and importance of animal welfare. Building on its philosophy that what is good for humans is equally beneficial to the earth environment, Pulmuone has adopted in 2007 the concept of animal welfare for the first time in Korea. The company launched "animal-welfare grass-feed eggs," "animal welfare moist eggs," "animal welfare smoked eggs," thereby continuously increasing the proportion of animal welfare eggs. Also, the company announced that it would replace all edible eggs with animal welfare eggs, leading the domestic animal welfare food market. The "animal welfare moist eggs" launched in 2020 by Pulmuone Foods is a half-boiled egg product made from animal welfare certified eggs from healthy hens in a pleasant environment at a European aviary. It is the second animal welfare eggproduct for convenience stores, followed by Pulmuone animal welfare smoked eggs launched in 2018. Pulmuone Health & Living also launched three types of "nature filling diets" of Amio, chicken based dog foods made from healthily grown chickens in European aviaries. Aside from product launches , Pulmuone also runs "animal welfare egg farms for kids" in Seoul and Busan to educate children about the concepts and necessity of animal welfare. "Children's Animal Welfare Education" organized by Pulmuone Foundation takes the form of visiting elementary schools to offer lectures on animal welfare and proper dietary habits for the earth's environment.

[Pulmuone, a leading animal welfare company]



Eggs from grass-fed hens with animal welfare certification

'Animal welfare moist eggs'

Kidzania Busan's Animal Welfare Egg Farm

Control the Quality of Products

Since the foundation, Pulmuone has been committed to providing only wholesome foods consumers can confidently feed their family and established rigorous food safety management schemes and infrastructure to maintain these standards. To achieve the highest possible level of food safety and quality, Pulmuone created a safety system that can prevent accidents before they occur. For this goal, we continuously conduct regular monitoring for food safety information and carry out food safety innovation activities by identifying any safety issues.

Activities for exclusion of GMO (Genetically Modified Organism) products

In response to growing consumer anxiety about GMO products, laws, and regulations are growing stricter across the globe to protect consumers. Pulmuone has reinforced analytical management for ingredients and products by securing analysis capacity for all GM beans. We also strengthened the analysis technology for products and ingredients by carrying out additional development activities, such as analysis for newly approved overseas GM potatoes and salmon and the development of a quantitative analysis method for GM beans. Based on the specialized technology, we have continued regular monitoring for our various products, as well as on-site inspection for overseas beans and ingredient IP (Identity Preservation) document review. We also prepared and provided a report on a quarterly basis to stakeholders for more proactive communication.
The government of the Republic of Korea has set an acceptable level of unintended GMO presence of 3%. Pulmuone is maintaining a level of 0.9% or below, as indicated in the question about the agricultural products we purchase as raw materials. The remainder, as subsidiary raw materials, are managed within Korea's GMO standard of 3%.

[Unintentional mixing of 0.9% or less GMO product revenue]

Category	Unit	Revenue of unintentional mixing of 0.9% or less GMO products	Revenue of Non-GMO products	Total
Revenue	KRW million	670,536	1,141,724	1,812,260

Food poisoning prevention and management system

We operate a team in charge of food poisoning management to systemically manage food poisoning, which is caused by toxic bacteria in foods. The food poisoning control team has classified foods which are manufactured, distributed, and sold in all of our business sectors. This classification work is based on the types of ingredients, possibility to affect the hazardous level in manufacturing foods, and ways of consuming foods by consumers. We also conducted more rigorous food poisoning prevention management for high-risk products. For these activities, we have benchmarked the USDA's on-site management system at its production front-line by dispatching monitoring personnel to partner companies who use or produce ingredients with the risk of food poisoning to conduct on-site quality management. We also launched the Internet of Things (IoT)-based real-time monitoring system to control CCP processes and microorganisms in the production process.

Increase Value for Customers

For customers who purchase our products and use our services based on their trust in Pulmuone, we always value their VOCs (Voice Of Customer). We listen to customers' opinions and complaints, receive suggestions, and try to improve our products and services based on them through various channels, including customer service calls, the 1:1 bulletin board on our website, SNS, the bulletin board on our online shop, and the CS center. We embrace all VOCs as our precious assets as we work to realize the happiness and satisfaction of customers and reflect them in our business management.

VOC performance

In 2020, the number of VOCs reported to our Customer Satisfaction (CS) Center was about 390,000 cases. Among the registered VOCs are 68,000 cases about research before purchase, 102,000 cases about orders and payment, 75,000 cases about delivery, 70,000 cases about the use of products, 15,000 cases about service management, and 57,000 cases about the company. The scope of Pulmuone VOC collection includes Pulmuone Foods, Foodmerce, Food&Culture, Pulmuone Health&Living, and Pulmuone Green Juice based on business units, those covers 89.1% of total sales. Pulmuone's CS Center systematically analyzes registered VOCs and develops and applies measures to address customer complaints about our products and distribution processes.

[VOC data in 2020]

Category	Research before purchase	Orders and payment	Delivery	Use of products	Service mana-gement	Company
2020	68,000 cases	102,000 cases	75,000 cases	70,000 cases	15,000 cases	57,000 cases

In 2020, Pulmuone's CS Center set the goals of communicating with all customers without anyone left out through more various channels including calls, online and mobile. To this end, we carry out a range of programs, regarding the lead time management in responding to customers, dispatch of professional online counselors, additional convenience for customers in getting through to a CS staff, and quality assurance of CS processes. For those who fail to get through to CS staff, our counselors make outbound calls in person for active communication with customers so they're not left out.

Result of CS Center's customer satisfaction survey

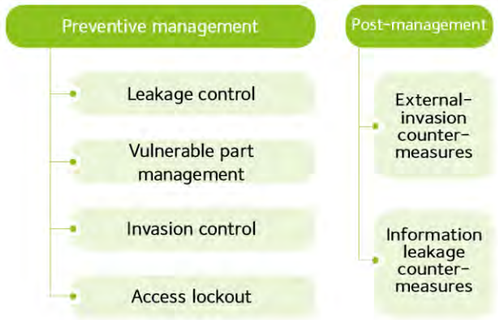
We undergo the annual customer satisfaction survey conducted by Gallup Korea for objective and fair assessment of our CS service at the center. The survey consists of the Customer Satisfaction Index (CSI) and the Monitoring Index (MI). For CSI assessment, Gallup Korea conducts a survey of customers who have used Pulmuone's CS service. For MI, assessment, Gallup Korea survey agents make mystery calls to our CS Center pretending to be our customer to see if our counselor comply with the CS service quality standards. According to Gallup Korea's customer satisfaction survey of our center in 2020, we achieved 93.2 points for CSI and exceeded the target (90 points) for MI. In addition to conventional CS service through calls, we run ChatBot, SNS, and the bulletin board at the website to help customers easily and quickly contact our CS Center. We also upgraded the response process to reduce the time for handling VOCs.

Manage Information Security in a Systematic Way

With growing cyber security threats due to the rapid advancement of IT, Pulmuone runs the IT Office to comprehensively protect the personal information of customers and the company's data assets. In addition, we established the information protection management system for systematic and efficient management of the company's data assets and designated the staff in charge of information protection and personal information management in each business division to minimize potential risks of information security. To comply with the Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc. amended as of June 2019, we appointed the head of the IT Office as CISO (Chief Information Security Officer) and reported the designation result.

Structure and functions of the information protection department

Risk management system for information security



Key information security activities

Bolster the information protection management system | Pulmuone is committed to ensuring the safety of various information systems to effectively respond to cyber threats and attacks, which are evolving and becoming more complex, and build a preventive system across the company. We try to keep our own customized information security model, rather than a temporary countermeasure, and internalize a high level of thhe information protection system for medium- and long-term advancement of information protection.

Improve capacity to respond to cyber invasion | We analyze potential risks to distinguish security threats at our plants and take preemptive actions, thereby identifying the trend and making an optimal operating environment for security solutions to increase our capacity in dealing with cyber invasion. We are also preparing to achieve the certification of ISMS-P (Personal Information & Information Security Management) to build a safe e-commerce shopping culture.

Increase the awareness of information protection among employees | To encourage all employees to be aware of the significance of information protection, we provide education programs for each position and conduct campaigns, thereby increasing awareness about information security and personal information protection.

Pulmuone's website has been granted an OPA PRIVACY certificate from the Personal Information Protection Association.

ePRIVACY Certification

Product Performance

Pulmuone Thin Skin Dumpling, nominated as the best "innovative food" in East Asia by Nielsen

"Thin Skin Dumpling (TS Dumpling)" was selected as the "2020 the BEST FMCG Food Industry Innovation in East Asia" by Nielsen, an integrated global data analysis company. "TS dumpling," the only dumpling to be selected as an innovative food was received applaud in that it dominatedthe domestic frozen dumpling market and led the trend with its hand-made dumpling specialist style as it used 0.7mmultraslim translucent skin to wrap filling. The TS dumpling's innovativeness was once again recognized in the Nielsen review.

Pulmuone Danone Sold one million "Yogurtok" in just two months after the launch

Pulmuone Danone reached accumulated sales of one million "Yogurtok," flip-type topping yogurt, launched on September, two months after the introduction. "Yogurtok" is a flip-type product that allows consumers to flip the side of the container for toppings selected from a European manufacturer to mix with delicious plain yogurt. As it has a generous amount of topping, 23g per cup(for Yogurtak Starball), consumers can relish perfect blends of taste with yogurt from start till finish.

Pulmuone Foods achieved one million sales of frozen pizza just in two months after the introduction

"No Edge Crust Pizza" launched on December 2019 by Pulmuone Foods recorded one million sales in two months after the launch, adding a catalyst to the domestic frozen pizza market. Although Pulmuone Foods had originally set up the 2020 sales target for the pizza as KRW 15 billion at the beginning of the year, it modified the target to KRW30 billion thanks to the unexpected brisk sales and favorable customer feedback.

Pulmuone Green Juice won "Pack Star Awards" from the 28th Korea Package Design Award.

In recognition of excellent aesthetics, user convenience, and eco-friendliness, Pulmuone Green Juice's three Cleanse Lab(Green, Red, Yellow) and three healthy vegetable juices such as Pomegranate Gain, Power of Mountain Deer Antlers and Ginseng and Noni & Clear received Pack Star Awards from the "28th Korea Package Design Award" hosted by the Korea Package Design Association.

TOPIC. 2

Pulmuone's Value Creation for Shareholders

Pulmuone does its utmost best to lead the domestic and overseas markets with its innovative management activities. In so doing, we will spread "LOHAS value for us and the sustainability of Earth" and strive to create values for shareholders by maximizing business profits.

2020 Reporting Items

Items	Major performance in 2020	Plans
Aggressive facility investment	Foundation of the state-of-the-art HMR wet noodle plant	Facility investment accompanied by the measurement methodology development for not just economic but also social and environmental value creation
Substantial performance in the global market	Turned a profit in the U.S. and Chinese markets, launched global market targeting products	Make profits in the stable global market and keep on launching innovative products
R&D	R&D expenditure - KRW 33,083 million	Develop and launch innovative products and services to generate social and environmental values
ESG Capacity Building	Achieve A+ rating in the ESG assessment by KCGS and the best business award	Maintain the ESG assessment result and newly respond to Morgan Stanley Capital International (MSCI)'s ESG rating

Establish a foothold to create greater value

Pulmuonehas constructed more production facilities for sustainable growth and continues to increase investment in new technology development. The effect of such investment is not limited solely to business profit-making—it boosts the local economy and employment, contributing to the socio-economic value increase of the local community and the country.

Construction of the state-of-the-art HMR wet noodle plant

Based on its noodle-making technology, Pulmuone invested KRW 60 billion in 2021 to build a "cutting-edge HMR wet noodle plant" of three stories and 20,237m^2 wide (about 6,051-pyeong) so as to put HMR wet noodle products on the domestic wet noodle market. In the future, Pulmuone plans to grow the domestic wet noodle market of KRW 240 billion scales per year by over two times in five years to reach KRW 500 billion by accomplishing the innovations for HMR wet noodle products in the three fields of "quality," "menu," and "package."

HMR wet noodle plant

Wet noodle manufacturing equipment

5 types of HMR cold noodles are going to be produced

Recognition of Food Safety Center as the Internationally Accredited Testing Organization

Food Safety Center at the Pulmuone Institute of Technology was newly established in 2006 and has been playing the role of a food safety hub for overall products such as the testing of product nutritions, petricide and heavy metal residues, and the determination of products' expiration dates, etc. In 2021, Food Safety Center was recognized as an internationally accredited testing organization by the Korea Laboratory Accreditation Scheme (KOLAS) under The Trade, Industry and Energy Ministry, which proves its R&D capability. It allows Pulmuone to issue the internationally acknowledged test records on its own and secure international credibility and reliability on its testing (measurement) results.

Substantial performance in the global market

With localization strategies custom-made to individual markets and steady investment, Pulmuone has improved its profit structure by ramping up sales and cost improvement of its overseas corporations. In particular, the U.S. market exhibited an abrupt growth of the tofu market with the increase of consumers who are seeking healthy and affordable protein sources due to Covid-19. The company is actively engaged in product R&D and the establishment of production centers and facilities. In China, the company has raised its brand awareness by locally customized marketing strategies, and its high-quality pasta and tofu products are especially popular. Also in Japan, Pulmuone is working to improve its profitability by broadening the plant-forward category.

Growth in the U.S. Market

Since the Covid-19 pandemic in 2020, the tofu demand skyrocketed, thanks to people's preference for home meals and plant-based protein. The Pulmuone U.S.A. took over Nasoya Brand, the No. 1 brand in the U.S. tofu market in 2016, and has a high market share (75%) in the U.S. As a result of the preemptive response to the tofu market, the annual sales of Pulmuone U.S.A. in 2020 reached KRW200 billion. To steer the market trends for plant-based protein foods in the U.S., the company launched a plant-forward food brand, Plantspired, and intends to lead the plant-based protein food trend in the U.S. by developing a variety of high protein, processed tofu, and plant-based meat products.

Plantspired, the brand for USA market

Expansion of Product Line-up for the U.S. Market

As the company broadens its product line-up for tofu, Asian noodles, and kimchi, it experienced significant growth in the tofu and wet noodle HMR. The company is widening its business boundary to fermentation food, kimchi, based on its fresh food supply chain and know-how. Among Korean food companies, Pulmuone is the only manufacturer that can supply kimchi across the entire region of the U.S., and offer kimchi to around 10,000 stores in the U.S. According to Nielsen, Pulmuone's U.S. Kimchi market share is 42.8% (as of Feb. 2020), boasting its unparalleled no. 1 position.

Premium fresh noodles. Asian noodles.
"Korean black bean noodles" and "Teriyaki stir-fried udon"

'Sliced Spicy Kimchi', 'Sliced Plain Kimchi',
'White Kimchi', 'Cubed Plain Radish Kimchi'

Participation in the 3rd China International Import Expo for 3 consecutive years

Pulmuone joined the "China International Import Expo" on November 2020 for three consecutive years to publicize its characteristics as a "globalLOHAS enterprise." The China International Import Expo is the world's largest export (330,000m^2) directly planned by President Xi Jinping and celebrated the 3rd anniversary in 2020 after its first inauguration in 2018. To successfully tap into the Chinese market, Pulmuone installed the largest booth(108m^2) for "Pulmuone Pavilion" among Korean food industry participants. For six days, about 40,000 visitors including 3,000 persons who sampled the foods stopped by the pavilion to enjoy Korean food culture and Pulmuone's flagship products. And as the company set the theme of the expo as "tact" and undertook aggressive online PR, it served to raise awareness about the Pulmuone brand and products for those who could not visit the expo.

"Pulmuone Pavilion" in the 3rd China International Import Expo

JAPAN

Pulmuone's Japanese subsidiary, Asahico's growth is backed up by the launch of new products such as "desert tofu" a product of a new category developed by differentiated manufacturing technique, tofu, and fried tofu products with freshness maintaining packaging technology "High Protein Stick" reflecting consumer needs, to name a few. The company aims to provide customers with healthy dietary life by launching "Tofu protein,"a plant-forward food brand in line with the increasing interest in alternative meat as a way to seek a wholesome lifestyle in Japan.

Three types of High Protein Stick (Tofu Bar)

Facilitate R&D Efforts

R&D for realizing healthy food products for our family's health and happiness is systemically conducted under the leadership of professional researchers at the Corporate Technology Office. Pulmuone's goal for R&D to develop new fresh and safe products by using secure and healthy ingredients, securing balanced nutrition, and complying with our principle for healthy foods. R&D conducts various activities to ensure the best quality to satisfy Korean and global LOHAS consumers, including introducing new advanced food processing technologies, discovering natural materials, and managing food safety and quality. We also carry out various R&D activities, such as developing carbon reduction package technology, expanding animal welfare products, reducing sodium and sugar, etc.

CTO's vision and mission

Vision: Global No.1 LOHAS R&D Center

Mission: To develop innovative technology for humans and nature and provide LOHAS products and services

Key activities

CTO conducts R&D and five major activities including innovation, globalization, safety management and knowledge hub, to develop differentiated products and services.

Activity	Description		
1. R&D	· Develop creative new products	· Enter a new market and category	· Secure new ingredients and materials
2. Innovation	· Develop independent technology and facility	· Standardize processes	· Improve productivity
3. Globalization	· Support pioneering into the overseas market	· Spread core technology abroad	· Introduce advanced technology and excellent ingredients
4. Safety Management	· Manage food safety and quality	· Manage and prevent risks	· Establish safe manu-facturing environment
5. Knowledge Hub	· Establish in-company principles and standards	· Create and share information and knowledge	· Accumulate and utilize intellectual property rights

R&D performance

Pulmuone spares no effort to invest in developing secure, safe, and healthy food products for consumers. We strive to develop LOHAS products and services for ensuring nutritional balance, protecting the environment and allowing for sustainable living.

Category	Unit	2018	2019	2020
R&D cost	KRW million	23,476	26,832	33,083
Government subsidies		24	43	156
R&D staff	Person	171	205	201
R&D cost/sales	%	1.03	1.13	1.43

Key R&D Performance in 2020

Products

Ready Meal

"Soft tofu cheese gratin," a kit-type healthy alternative meal that is easy to cook in the microwave

"Square pizza," a mini-sized, edgeless square pizza heavy on toppings

Plant-based alternative foods

The launch of "Tofu noodles," an excellent alternative to carbohydrate food that is low in carbohydrate and high in protein

Completed the development of "Bulgogi and Jangjorim made by plant-based proteins," side dishes made with alternative meats that realize texture very similar to real meat by using textured soy protein

Noodles

The launch of "Jeongbeakhong" characterized by non-fried, healthy, and chewy noodle soup, maximizes the flavor of natural ingredients captured by a roasting technique

The launch of "two types of Nengmyeon (cold noodles in broth with hot sauce)" featured by fresh and chewy noodles made by three layers of dough that are flattened with the right amount of strength

Technology

Ready Meal

Develop a manufacturing technology to produce braised fish with no need to debone by cooking it with a saturated steam cooker

Plant-based alternative foods

Develop a technology to soften the texture for leathery tofu noodles by applying steamed brine and brine filling package

Egg

Prolong a product's expiration date by applying a tublular pasteurizing technology liquid eggs (7 days in refrigerator → 20 days in refrigerator)

Business Innovation through Digital Technology

At present, the corporate response against the Covid-19 induced challenges, and new ways to surmountthe crisis have beenbrought to the fore as one of the most important management issues. As with the unprecedented rise of online shopping, the company strengthens and broadens the online sales of its products while selling a range of Pulmuone products in various e-commerce channels to establish a stable status in the e-commerce food market. Also, conforming to the ever-growing trend of "untact consumption," the company meets challenges by launching a smart vending machine that takes advantage of digital technology, "Chulchul Box," starting a personalized subscription service, etc.

Reinforcing E-commerce Channels including Pulmuone Sh

Pulmuone products areavailable in its official online mall, "Pulmuone Shop"(www.pulmuoneshop.co.kr) and most of the domestic open markets including the 11st, Coupang, Tmon, Wemakeprice, etc. The product groups that occupy the top rankings of the sales in the key domestic open markets including Pulmuone Shop, 11st, and Coupang, etc. aremostly Home Meal Replacement (HMR) To generate greater sales of the HMR product line, the company sealed the Memorendum of Understanding (MOU) with the 11st in 2020 and set out to pursue 'Joint Business Plan (JBP)'together. The JBP is a strategic partnership that aspires to increase sales by sharing from consumer analysis to marketing strategies based on the partner companies' core competencies, and it will contribute tothe expansion of the online shipping market as Pulmuone and the 11st make the most out of their business know-how and consumer data to develop HMR products to satisfy the needs for the millennial generation.

Business Model Innovation Ideal for the Covid-19 Era

Pulmuone made a full-scale advance into an unmanned sales platform business by launching a smart unmanned vending machine, "Chulchul box," in 2019. Chulchul box applies the Internet of Things (IoT) technology and Information & Communication Technology (ICT) to a vending machine to supply fresh foods with short shelf life and chilled/frozen ready meals, etc. The company opened an unmanned kiosk with six units of Chulchul boxes in the Seoul Metropolitan Police Agency in May 2020. Considering the fact that the policy agency is stationed with employees for 24 hours a day, this unmanned kiosk is very popular since it allows access to fresh fruits, salads, and lunch boxes, etc. without face-to-face contact at any time during the day or night.

Introduction of "Smart Glass," Untact Inspection System

Pulmuone sets"Digital Transformation" as its company-wide coretask to get ready for the changes that will brought about by digital innovation. As the company introduced a non-face-to-face inspection system using "Smart Glass," it bolstersthe product quality and food safety management. Against the backdrop of the spreading Covid-19, as the access of outside personnel has been restricted to production sites such as plants, the company swiftly came up withthe measures to inspect the quality and safety management of the field by applying smart glass.

"Smart Glass" enabled untact inspection

Strengthening ESG Capacity

The criteria to evaluate business performance, gauge its value, and determine whether or not to invest in has been rapidly switched from financial standards such as assets, sales, and operating profits to non-financial ones represented by Environmental, Social, and Governance (ESG). Traditional criteria for a business to accomplish their goals was mostly on "outcomes" related to financial performance, but Pulmuone pays more attention to "process" to generate financial performance under stakeholder capitalism. As Pulmuone defines its social responsibility is to create "economic value," "social value," and "environmental value" based on "love for neighbors" and "respect for life," and engages in a systemic undertaking of ESG activities.

[Pulmuone's direction for ESG undertaking in each division]

Category	Concept
E(Environmental)	Minimize any adverse environmental impact by Pulmuone's management activities and concurrently protect and preserve the natural environment as the base for the lives of future generations through various environmentally friendly activities.
S(Social)	Contribute to solving social problems and social development based on fair and transparent management, and further provide products and services to promote consumers' health.
G(Governance)	Establish and operate the top decision-making system where the choices and decisions are made for Pulmuone's continued growth and healthy development.

Efforts to create environmental values

Pulmuone strives to minimize its impact on the environment across all business activities in pursuit of its mission of serving the people as "a company that deeply cares for both humans and nature." We have a standardized environmental management system, which systematically controls emissions and discharged substances by regularly monitoring the discharge route and amount of air pollutants, harmful chemicals, and waste. We are also expanding relevant facilities and carrying out environmental improvement activities.

2020 Environment (E) Sector Pulmuone's rating

[Pulmuone's key eco-friendly infrastructure]

Design 70%of the total lighting and 45% of total heating are to use photovoltaic energy and geothermal energy

Heat preserving Eco-friendly passive house design to allow, compared to an ordinary building, 10 - 20% energy consumption

a cutting-edge energy efficiency cooling technology and smart factory design to achieve energy saving for 20% or more

Creation of social values

2020 Social (S) Sector Pulmuone's rating

Based on independently developed LOHAS food and nutrition standards, Pulmuone strives to develop health-promoting products and services for customers. The company is involved in solving the difficulties and problems of its suppliers together with them as part of its commitment to attaining win-win growth and co-prosperous cooperation with suppliers. In addition, the company is contributing to the local community development with its social contribution activities that make the most out of its occupational forte as a food and beverage maker, distributor, and seller. In particular, the company endeavors to teach future generations about proper dietary habits and the importance of environmental preservation.

Nutrition Balance

Develop nutritionally balanced products according to life cycles for the nutritionally vulnerable(the elderly, babies, and children)

풀스키즈 풀스키친 풀스케어

Prolong expected lifespans by supporting metabolic disease preventionsuch as hyperlipidemia and diabetes and contribute to reducing social costs for the treatment of geriatric diseases

Pulmuone I'm Fruit (commercialization of dropped fruits)

Make products from dropped fruits that are to be discarded to minimize damage and create profits for fruit farmhouses

Accumulated sales:
KRW 28 billionTotal output: 830.7tons

Education for local community development

Pulmuone's general public education program contributing to proper dietary habits and a healthy Earth

Children Wholesome food education
Total no. of persons who took the wholesome food education (accumulated)
166,960 persons

Blue Sea Class
Healthy environment education
Total no. of persons who took the class (accumulated) 64,979 persons

Establishment of an advanced governance system

2020 Governance (G) Sector Pulmuone's rating

The essential conditions for Pulmuone's continued growth and development can be found in establishing and operating a sound, transparent, and reasonable governance system. To be able to make the best decision among numerous options in the course of management activities, the role, and function of the company's top decision-making body, BoD are of great importance. Thus, Pulmuone has various systems in place to build an advanced governance system, and its BoD do their utmost to make the best choices based on their expertise.

[Characteristics of Pulmuone Board of Directors (BoD)]

Voluntary establishment of subcommittees in BoD | Although the establishment of an "outside director candidate recommendation committee" and "audit committee" is mandatory only for listed companies with assets exceeding KRW2 trillion. Although Pulmuone is not a corporation that has over KRW two trillion of total assets, the company still autonomously installed the committees to enhance its governance transparency and reinforce the independence of its audit function.

Establishment of ESG committee | committeelThe ESG committee in the BoD has already been in place in Pulmuone in 2017 while other major companies are now scrambling to establish their own committees. The ESG Committee is responsible for reviewing the direction of the ESG strategies of Pulmuone, and for conducting an in-depth discussion on ESG related agenda and risks to determine appropriate countermeasures.

Separation of BODs' chairperson from CEO & introduction of senior outside director system | To reinforce the independence of the BODs, the company officially separated the CEO and BOD chairperson in 2018 and adopted a senior outside the director system to effectively back up outside directors and review and evaluate the function and activities of the subcommittees in the BoD.

Organization of open shareholder meetingl | Pulmuone held its first open shareholder meeting in 2008 in an effort to shed the monotonous general meeting culture and turn it into a platform of communication where shareholders are treated as owners, and successfully completed the 13th open shareholder meeting on March 27, 2020. Pulmuone management shared its business performance and future plan, and is creating a differentiated general meeting culture through the active participation of shareholders and open communication.

Gender diversity in the BoD | The diversity in the BoD is one of the rising agendas for ensuring a sound governance system. In consideration of the best practice recommendation for governance structure and global trend, Pulmuone appointed one of two new outside directors as female director (Sim Su-ok) to assure gender diversity in the BoD in 2020. At present, the number of directors of Pulmuone BoD is 11, and three of them are female outside directors, out of the 27.3% in proportion.

Risk Management

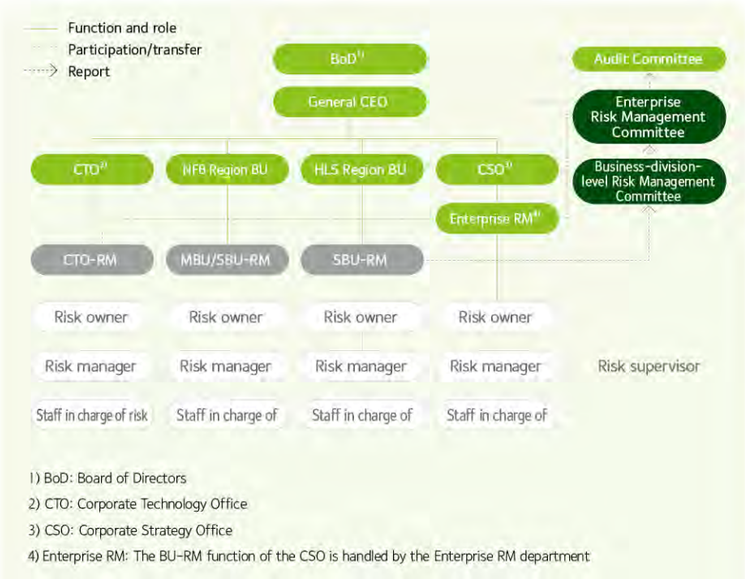
Enterprise Risk Management(ERM)

As the business management environment including industries, regulations, society and technology are rapidly changing with growing uncertainties, it is crucial to manage potential risks in business management in a systematic way and ensure crisis management capacity. Pulmuone has an enterprise risk management in operation as part of its management strategies, which is aimed at managing risks that may have a negative impact on the company's sustainable growth, strengthening agility through analysis of crisis and opportunity factors, accumulating resilience for potential crisis of business closure, and building competitiveness for survival and growth.

Risk management system

We run the risk management committee for effective monitoring and management, including prevention and post-management of risk factors. The committee is composed of the management including the CEO, devises risk management policies and strategies, monitors current risks on a regular basis, and supervises prevention and post-management activities. We specifically have a risk management committee for each business division to select a pool of risks to be managed, build response strategies, and monitor the progress at the business division level. We report the result of the integrated risk management activities to the audit committee. In addition, we have a department exclusively for efficient risk management to define risk management policies and procedures and conduct prevention and post-management activities for risks that may harm the company's sustainability.

Governance and system of risk management



Bolster the Risk Management System

For ongoing risk management, Pulmuone has identified the risk pool to monitor, based on its business characteristics, through risk identification, evaluation, response, and monitoring. Prevention and follow-up measures are also in in place. To identify risks without any duplication or omission, and enhance efficiency of management, Pulmuone divides the risks into four types: Strategy and externalcondition-related risks (strategic directions, business plans, investment, changes in customers, rival companies, government policies, pandemic risks), management risks (food safety, occupational safety, product development, supply chain, security risk), financial risks (market, liquidity, profits, loss, credit, tax risk), and legal and compliance risks (contracts, lawsuit, dispute, relevant laws and regulations, supervision risks). We have devised an optimized response plan after categorizing the identified risks into four types, based on the level of uncertainty and controllability: Contingency Plan, Response by Scenario, Indicator Management, and More Rigorous Control.

[Risk management system]

Monitoring and management of Key Risk Indicator(KRI)

For systematic control of risks, Pulmuone has developed key risk indicators (KRI) to measure and monitor risk factors to make predictive and proactive response to risk. KRI development and monitoring are aimed at managing risks with a focus on expansion and improvement of the preemptive risk management functions. Not only do we monitor financial risk management (interest/exchange rate and credit ratings), we also conduct monthly monitoring of non-financial risks such as raw material supply and consumption trends, as well as setting KRI for both types of risk. KRI has four stages (Attention, Caution, Alert, Danger). When a risk event escalates and exceeds the KRI boundary, we respond by referring to the predetermined step-by-step guidelines.

Spread risk management culture

Pulmuone recognizes the need for risk management by individuals along with the company-wide risk and offering on/offline training programs for risk mindset in order to understand and utilize management methods for corporate and task risks. Preemptive management that prevents contingency situations is emphasized, while at the same time, contingency-plan development and emergency drills are taught to minimize damage.

Risk-based audit system as the 3rd line of defense

The Management Diagnosis Secretariat in charge of risk management evaluates the design adequacy to see if the company-wide risk management system is properly designed. The secretariat also checks the operational effectiveness to identify if the designed system and process are operated well. The team selects risks for audit and adds new risks identified during the process to increase risk handling and implementation capacity. In this way, a complementary virtuous cycle is created to include and manage new risks in the risk pool.

TOPIC. 3

Pulmone's Value Creation for Local Community

For a world where everyone is happy, Pulmuone will realize, spread, and share "LOHAS value for us and the sustainable earth." As a corporate citizen, Pulmuone will fulfill its duty and role to achieve the healthy and warm growth of our society.

2020 Reporting Items

Items	Major performance in 2020	Plans
Prepare environmentally friendly facilities in the business premises	Support employees' bike commutes with the bike storage and shower facilities in Suseo Office	Facility investment accompanied by the measurement methodology development for not just economic but also social and environmental value creation
Products and services to create environmental values	Acquire carbon footprint certifications for ten tofu products	Make profits in the stable global market and keep on launching innovative products
Social contribution	Continued implementation of wholesome food education and environmental education projects	Upgrade the I-O-O-I model, a quantitative measuring tool of the impact of wholesome food education and environmental education
Volunteer work	Donation of KRW 70 million was raised through untact volunteer work in three organizations	Volunteer work that requires employees' participation will be resumed if the pandemic situation permits

Minimizing environmental impact

Pulmuone is striving to minimize the environmental impact that occurs in all business activities based on the mission of "a LOHAS company that loves people and nature." To this end, it has set up and operates a standardized environmental management system, regularly monitors air pollutants, hazardous chemicals, waste emission routes, and emission amount in business activities, and systematically manages emissions by expanding environmental management facilities and through environmental improvement activities. In addition, it regularly conducts environmental cleanup activities near the workplace.

[Promotion strategies and goals]

Category	Contents
Reducing water use	• Reduce the use of directly produced water by 55% compared to 2008 (based on manufacturing and production) • Maintain discharge water quality at 50% or less of the legal standard • Water discharge based on agricultural water use (businesses that directly discharge into rivers)
Response to Climate Change	• Reduce greenhouse gas emissions in response to climate change by 50% compared to 2008 (based on manufacturing and production) • Reduce energy use by 28% compared to 2008 (based on manufacturing and production)
Zero waste	• Reduce waste emissions by 74% compared to 2008 (based on manufacturing and production) • Expand application of resource recycling • Zero filling of plastic packaging materials (based on the company's standard) • Increase waste recycling rate
Expand sustainable products	• Use 100% recycled high-quality packaging materials for all products • 100% use of solvent-free packaging material • Increase certification of products' carbon footprint

Environmental management operation system

To systematically respond to environmental safety-related issues, Pulmuone operates a consultative body consisting of top management, factory managers, and working-level staff individually.
Session E, presided over by the CEO, checks the performance and plans of each business unit; the Environmental Safety Committee checks the performance and target levels, makes decisions on environmental safety policy directions and investment, reviews and discusses details and implementation of each workplace through factor managers' workshops and working-level meetings.

[Pulmuone Environment & Safety Consultative Body]

Category	Objective and function	Decision-maker
Board of Directors	Reports on environmental management promotion investment plan and activity results Board of Directors	Board of Directors
Session E	Shares environmental safety promotion performance and reviews plans for each business unity	General CEO
Environmental Safety Committee	Review of the company's environmental safety strategies and major implementation plans	General CEO
ES workshop	Workplace environmental safety issues and climate change response tasks	ESH Executive
Manufacturing/Logistics ES Working Council	Creates ESH action plan safety culture and discusses legal compliance	ESH Executive
Non-manufacturing ES Working Council	Builds safety culture, dissemination of eco-friendly products, and discusses communication strategies	ESH Executive

2020 Plan and Performance Results

Pulmuone's main goal in 2020 is to reduce energy and water per unit. To this end, we aim to reduce energy consumption by 1.7% and water by 1.0% year-on-year. To achieve this goal, solar heating and cooling systems were introduced into major production facilities and high-efficiency equipment was installed, and water reuse was increased and the water-saving lines were improved in the manufacturing process. The environmental investment plan was 14.3 billion won but actually spent 10.4 billion won, and due to the expansion of the business, energy consumption decreased 0.2% compared to the target while water increased 6.1%.

Category	2020 Goal	2020 Performance	Promotion Items
Reduction of energy per unit	155.5kgOE/product ton	155.2kgOE/product ton	Replacement of old facilities and productivity improvement
Reduction of water use per unit	19.30ton/product ton	20.48ton/product ton	Reduce water use through water recovery and automated cleaning Installing a smart factory monitoring facility for water and wastewater

Environmental policies and guidelines

Pulmuone has established an enterprise-level environmental policy to minimize the environmental impact in the process of facility operation, product manufacturing, and production and applies it in all business activities.

[Policies and guidelines]

Category	Contents
Green purchase guidelines	The goal is to consider the eco-friendliness of suppliers and materials from the early stages of purchase to minimize the impact of food on the human body and the environment, use finite resources efficiently, create a pleasant environment, and lead a sustainable life for humankind.
Guidelines for sourcing eco-friendly ingredients	It is a standard and principle for purchasing ingredients used to produce Pulmuone products such as soybeans, green juice ingredients, flour, and GAP agricultural products for the purpose of producing ingredients that conform to the spirit of Pulmuone LOHAS and to purchase responsibly to practice the LOHAS value.
Global packaging policy	As a policy that applies to all Pulmuone product packaging at home and abroad, it contains information on applying all life cycle analysis-based evaluations (LCA) and how to conduct environmental impact evaluations.
Guidelines for using packaging materials	The guidelines were set up to actively respond to global environmental regulations on packaging materials such as the European Union, the United States, and Japan, and to protect the environment and save resources through the design and production of eco-friendly packaging materials, and contain content that need to be applied in the design, purchase, and consumption stages of Pulmuone packaging.

Promotion activities by environmental management sector

Air Management | Pulmuone strives to minimize greenhouse gas emissions in response to climate change and address related problems, and regularly measures and analyzes air pollutant emissions and concentrations to use it as data for planning and conducting air management activities. We have established and are operating stricter internal management standards than legally mandated standards, and we are reducing the use of ozone-destroying substances by expanding the use of eco-friendly refrigerants.

Per unit reduction rate of greenhouse gas emissions in the manufacturing sector		
2018	2019	2020
68%	66%	72%

Resource recycling | Pulmuone strives to recycle and reuse resources used in the every stage of production activity. In particular, tofu residue, a by-product of tofu manufacturing, is used to recycle resources through the Ministry of Environment's circular resource recognition system and contributes to reducing the environmental impact by converting wastes that are buried or incinerated to recycled waste resources.

Waste recycling rate		
2018	2019	2020
99.1%	99.0%	98.8%

Chemical management | Pulmuone is making every effort to manage chemicals given that it operates in an industry that manufactures, produces, and sells food products. We regularly conduct examinations on all chemicals used in the workplace and continuously strengthen management standards such as lowering concentrations and replacing them with harmless proven substances to reduce the chemical hazard.

[Activities to minimize chemical effects by affiliates]

Category	Contents
Pulmuone Foods	• Reduce the concentration of hydrochloric acid used to adjust the hydrogen ion concentration (PH) in the wastewater treatment plant within the production facility, and use water ink for the ink and diluent used to stamp expiration dates to minimize the environmental impact of chemicals
Pulmuone Kibun	• Minimize environmental impacts from the use of chemicals by lowering the concentration of cleaning chemicals and sodium hydroxide for facility cleaning, which are used to remove oil from manufacturing facilities
Exo Fresh Logistics	• Installation of scrubbers to prevent the release of toxic gases caused by the use of ammonia refrigerators and installation of neutralization treatment facilities in case of possible leaks
Other production facilities	• Change the ink components of the expiration date stamp device, which are commonly used in the manufacturing of products from Methyl Ethyl Ketone (MEK) to Methyl Isopropyl Ketone (MIPK). • Change the detergent for cleaning manufacturing facilities, change the chemicals and disinfectants used in the operation of wastewater treatment plants

To prevent environmental pollution and environmental accidents caused by the use of chemicals, Pulmuone approves and permits the use of new chemicals strictly in accordance with internal precautionary principles. All chemicals used in the workplace are thoroughly managed according to legal standards such as storage, use, and disposal.

Water quality control | As Pulmuone uses tap water, groundwater, and river water where the facilities are located, it is striving to analyze water quality regularly, reduce wastewater, and increase water reuse with the aim of discharging wastewater that does not affect the natural ecosystem. Wastewater is physically and chemically treated before discharge to minimize the environmental impact, and workplaces that directly discharge into rivers are managed based on agricultural water quality standards.

Recycling and reusing water | Because Pulmuone is in the food production business, it is difficult to directly reuse the water used in production, but we are trying to increase the indirect reuse of water for utilities, cleaning water, and toilets. Our facilities recycle and reuse unit cooler water to reuse water, and uses RO backwash and washing water from the vegetable packaging line as cleaning water. In addition, we are striving to reuse water for each facility such as reusing soybean juice cooling water from the tofu manufacturing process in wastewater treatment plants, cooling towers, ebacons, and toilets.

Waste management | To minimize the environmental impact of waste, Pulmuone applies the principle of waste separation thoroughly to all facilities and systematically treats waste by designating a specialized consignment company. In addition, we have reduced the amount of waste generated by reusing tofu residue as a resource, once it was recognized as a recycling resource. Pulmuone will do its best to create a cleaner environment by continuously promoting proper disposal of waste, increasing recycling, and reducing waste generation.

Participation in external projects of the greenhouse gas emission trading scheme

Although Pulmuone is not a company subject to regulations on greenhouse gas and energy target management and greenhouse gas emissions trading as of 2020, it recognizes climate change as a critical global issue and has registered and participated as an external business operator of the greenhouse gas emission trading scheme to actively respond to regulations related to climate change, and it is expanding the use of new and renewable energy sources by installing solar power generation and solar heat collecting facilities at manufacturing sites and the Pulmuone Institute of Technology.

[Corporations with solar power generation and solar heat collection]

Category		Installation capacity (unit: kW, MWh)	Year started to use
Solar power generation	Pulmuone Healthy Life & Pulmuone Green Juice	195	2015
	PPEC Eumsung Fresh Noodles	48	2018
	Sinseon Natto	50	2018
	Pulmuone Foods (Eumsung tofu factory)	50	2019
	Pulmuone Kibun	50	2019
	PPEC Uiryeong	50	2019
	Pulmuone Institute of Technology	102	2019
	PPEC Global Kimchi	100	2020
Solar heat collection	PPEC Chuncheon	6.8	2017
	PPEC Eumsung Herbs	23.7	2019
	PPEC Uiryeong	12.1	2020

ISO14001 certification

ISO45001 certification

Securing of global certifications

Pulmuone has an environmental management system in place that meets ISO14001, a global environmental management system standard, and ISO45001, a safety and health management system standard, and has obtained certifications for the standards. ISO14001 and ISO45001 are international standards established by the International Standard Organization (ISO) and provide standards for company operation in general, including management systems, production, and service provision in the environmental, safety, and health sectors. Pulmuone obtained the ISO14001 certification in 2015 and the ISO45001 certification in 2018 for all of its businesses and has maintained them.

Response to climate change

It has been proven scientifically that the increase in the frequency of disasters such as abnormally high temperatures, cold waves, tropical storms, droughts, and floods is due to climate change. Pulmuone is working on scenarios for responding to climate change and analyzing opportunities and crisis factors to minimize the impact of climate change on business activities. In addition, it strives to reduce fossil fuel use and increase the use of renewable energy sources to reduce greenhouse gas emissions that precipitate climate change. To assess climate change risks and establish strategies, Pulmuone participated in customized climate adaptation tasks for private companies using the climate change risk assessment system (CRAS) technique together with the Korea Environmental Policy Evaluation Institute and assessed the level and impact of climate change risks on Pulmuone projects and partner companies and is establishing and managing countermeasures, including long-term risks.

Support for partner companies' environmental management

Pulmuone actively supports its partners to create environmental value. As ESG (Environment, Society, and Governance) factors are reflected in the evaluation of our partners when extending the contract in 2020, we will inform them with Pulmuone's environmental management evaluation standards to avoid bringing disadvantages to suppliers and conduct online and offline advisory activities to prepare them sufficiently before evaluation. In addition, Pulmuone's LOHAS Mission Experience Center "LOHAS Academy" program is provided to the employees of partner companies to emphasize the importance of eco-friendly management and minimizing the environmental impact. In particular, on Pulmuone Partners Day, which has been held every year since 2007, excellent partner companies that practiced eco-friendly management and created environmental value were selected and awarded. In 2020, we were not able to hold an offline Pulmuone Partners Day due to COVID-19, but we selected three excellent partners in the environmental and safety management categories and delivered plaques of appreciation. In 2020, not only was the Pulmuone Partners Day canceled, but the employees of partner companies were restricted from entering the LOHAS Academy due to the pandemic. Pulmuone plans to develop and provide contactless programs to support and encourage the environmental management of its partners.

Products and services to implement environmentally friendly practices

Production of eco-friendly products in consideration of the global environment

Pulmuone applies the "3R packaging principle (Reduce, Recycle, Remove) for environment " tothe entire stages of product manufacturing anddisposalwith a view to reduce carbon emissions (e.g., decreasing plastic packages, introducing recyclable packaging materials, using water-based ink without any chemical residue, etc.) The company has applied "eco-friendly packaging" principles and standardsto its main products including bottled water, soft tofu, natto, ramen, and beverages, etc. and intends to minimize adverse environmental impact by adopting them to all launched products by 2022. In addition, Pulmuon Waters entered an MOU on the use of transparent PET bottles with the Ministry of Environment on February 2021 and plans to switch its products to labelless ones from the first half of 2021.

Products with eco-friendly packages

Aquisition of "Carbon Footprint Certification" for Korean soybean tofu

Ten types of Pulmuone's tofu made of domestic soybeans acquired "Carbon Footprint Certification" by the Carbon Trust, the UK-based environmentally friendly certification agency in November 2020. "The Carbon Trust" is a non-profit organization established by the UK government to respond to climate change and decrease carbon emissions. "Carbon Footprint" is a certification conferred after estimating the total carbon emissions generated from the pre-production to disposal of a product. As the overseas tofu business expands, Pulmuone is increasing the number of products awarded with creditable and environmentally friendly certifications in the global market. After releasing ten types of tofu products for domestic demand, the company will broaden the range of products with carbon footprint certifications to export tofu products in the next year. It also plans to reduce carbon emissions from tofu products to secure "low carbon certification" from the Carbon Trust in 2022.

Acquisition of "Carbon Footprint" Certification

Develop the First Containers using Bio-PET materialin Korea

Pulmuone succeeded in developing an eco-friendly salad container made by Bio-PET material for the first time in Korea. The bio-PET container is applied to Pulmuone's salad products for sales. The bio-PET developed by Pulmuone Institute of Technologythat is committed to making packaging innovation is a packaging material featuring high eco-friendliness since part of its components comes from sugar cane extract. While ordinary PET is made of 100% petroleum-based material, 30% of the bio-PET contains sugar cane extract. Therefore, it serves to cut down CO2 emissions by about 20% in the entire process of manufacturing, distribution, and incineration and is 100% recyclable. The environmentally friendly salad containers are used in business meal service halls, "ORGA Whole Foods" stores, and Pulmuone's smart unmanned restaurant, "Chulchul Kitchin," etc.

Widen the value consumption accessibility, Operate the first domestic green specialized store in OLGA

OLGA has led the way for spreading eco-friendly consumption culture and started torun a pilot "green specialized store" for the first time in Korea in 2020. "Green specialized store" is an upgraded and developed concept of the "green store" operated by the Ministry of Environment. It is also a "Zero-Waste" store that minimizes waste generation to promote green consumption culture that prioritizes the environment. As with the first domestic green specialized store designation in Korea, OLGA organizedthe store in four different themes including "sustainability zone," "eco-friendly packaging zone," and "LOHAS kitchen zone" in order for consumers to directly experience and participate in eco-friendly consumption. In addition, the company carried out a "zero foodwaste campaign" toslash food waste to protect the earth's environment. The zero foodwastecampaign providedconsumers with useful tips to use ugly agricultural products (fruits and vegetables that are not defective in terms of nutrition or taste but in appearance or weight) to make dishes so as to inform them about the effect of food waste in climate change.

Green specialized store, OLGA Bangi branch

OLGA Zero WasteCampaign(https://youtu.be/yp82hPauA0o)

OLGA, Open the Largest Environmentally-friendly Food Storein "NAVER Shopping" in Korea

Korea's leading environmentally friendly food store, OLGA opens the store in "NAVER shopping" to meet more customers through Online for Offline (O4O) service in line with the Untact era in February 2021. At the OLGA Bangi branch, which is the largest eco-friendlyfood store in Korea enters "NAVER Shopping," customers can indirectly experience the OLGA food store Bangi Branch (Off-line) in "NAVER shopping" (On-line). At present, about 1,000 items including fresh foods, processed foods, daily necessities, health functional foods, etc. are available in the store. It is planned to supply differentiated products that are supplied only in the Bangi branch, starting from about 200 directly cooked and ready-to-eat foods to all items available in the offline store.

OLGA Food Store in NAVER Shopping

Creating a safe working environment

Pulmuone is making every effort for the industrial safety and health of its employees under the important goal of employees' safety and health based on its mission to practice LOHAS value in all business activities. To this end, we are conducting various activities such as education, campaigns, and regular inspections, centered on the safety planning team, which is in charge of the personal safety and industrial safety, and health of Pulmuone as a whole. In addition, major agendas such as discovery and improvement of harmful and dangerous factors, improvement of the working environment, and various safety and health activities are being improved quarterly through the Industrial Safety and Health Committee.

[2020 Activities by the Pulmuone Industrial Safety and Health Committee]

Category	Major agendas	Total number of members	Composition of committee
Chuncheon factory	• Consultation on the revision of the Industrial Safety and Security Act and the Safety and Health Management Regulations • Cooperation in establishing HSOP and LOTO procedures • Survey on near-accidents and improvement activities to prevent accidents	10	5 from company 5 from labor union
Eumsung Tofu Factory	• Management supervisor's participation in education plans and risk assessment activities • Consultations on changes in safety and health regulations following the revision of the Industrial Safety and Security Act	8	4 from company 4 from labor union
Eumsung Fresh Noodle Factory	• Consultation on risk assessment results and participation in reduction activities • Management supervisors' participation in risk assessment	10	5 from company 5 from labor union
Doan Factory	• Consultation on health checkups and work environment measurement • Participation in risk assessment activities to prevent accidents of all employees	10	5 from company 5 from labor union
Doan Green Juice Factory	• Conduct risk assessment and identify harmful risk factors • SIP cooperation for ESH work	10	5 from company 5 from labor union
Pulmuone Institute of Technology	• Consultation on the revision of the Industrial Safety and Security Act and the Safety and Health Management Regulations • Encourage examination for those subject to special health examinations, selection of protective zone	10	5 from company 5 from labor union
Pulmuone Danone	• Environmental safety policy, encouragement of risk assessment • Cooperation in health examination, encouragement of discovering and improving harmful risk factors	8	4 from company 4 from labor union

Goal for safety accidents

Safety is the beginning and top priority of our business, and we will protect the safety and health of all personnel, including those in Pulmuone and partner companies, with recording zero safety-related accidents. To this end, our goal is to reduce the total disaster incident rate by 40% by 2022. To increase sensitivity to accidents and strengthen the application of cause analysis and countermeasures, the CEO will be reported in the event of a disaster causing more than one day of work loss, and the same standards will be applied to partner companies working at Pulmuone facilities. To create a safe workplace without accidents, effective preventive management was carried out by establishing and managing quarantine management guidelines, providing flu vaccination, and introducing ZOOM meetings to prevent infectious diseases in the workplace when COVID-19 was spreading nationwide, automated facilities were introduced for processes that turned out to have a high risk in the musculoskeletal hazard survey to lower the risk of accidents and to prevent musculoskeletal diseases.

Initiatives for Social Contribution Activities

Implementation system

As a LOHAS company that deeply cares for both humans and nature, Pulmuone established the Pulmuone Foundation in April 2012 for more strategic and systematic social contribution activities that reflect our business characteristics. The foundation serves as a control tower of the company's social contribution programs. It defines the direction of such programs, sets strategies, makes and implements project plans, conducts various activities based on LOHAS values, addresses social issues, and contributes to social growth.

Wholesome food education project

In 2010, the wholesome food education program was implemented to promote proper dietary habits. It is widely recognized as national dietary life education since it is targeted not only to children but also adults and seniors.

Target	Children	Parents - Children	Adults(Parents, Teachers)	Seniors
Pro-gram	Wholesome food education for kids	Wholesome food education for parents	Wholesome food education for adults	Wholesome food education for the elderly
Goal	Understand wholesome food and form good dietary habits early in childhood	Establish proper dietary habits at home	Parents and teachers' healthy dietary habit as good food guides	Develop a good dietary lifestyle for the elderly to improve their health
Target	• Preschool children (6 – 7 years old) • Elementary school children(8 - 13 years old) • Low-income elementary school children(8 - 13 years old)	• Elementary school children(9 - 13 years old) and their parents	• Adults (20 - 50 years old)	• Seniors (65 years old or above)
Desc-ription	• Two sessions for target • Palate, nutrition balance, food label checkup Four education programs on animal welfare • Education on wholesome dietary habit, cooking practice	• One session • Table manners, how to communicate with your child Learn • 211 diet, cooking practice	• One session • Dietary habit to lower sugar absorption • Education on GL diet theory • 211 diet, cooking practice	• Customized diet for seniors, village dinning table • Education on dietary lifestyle, nutrition counseling • Provision of essential health functional foods, etc. • Integrated dietary habit improvement program

Value System

Mission	A foundation that adds LOHAS values to the lives of human beings		
Vision	Output Achieved 600,000 trainees	Outcome Achieve 80% improvement rate among trainees	Impact Promote the LOHAS campaign across the society
Scope of business	Dietary habit	Lifestyle habit	Eco-friendly habit

Establishing biodiversity principles

Pulmuone has specified efforts to reduce environmental impact by selecting biodiversity as one of the key areas for creating core values in the environmental sector in 2020. To improve the sustainability of the global ecosystem, Pulmuone's biodiversity principles apply to management activities, product production, and service provision based on the "World Heritage Area, IUCN Category I-IV protected Area." Starting with the first enactment in 2020, we will continue to supplement the principles.

Environmental education project

The environmental education project of Pulmuone Foundation revolves around "Good Cleaning Class," "Blue Sea Class," and "Cleanup Campaign." "Good Cleaning Class" is the only domestic cleaning habit training in Korea and has been implemented since 2015. The education program covers preschool to elementary school children.

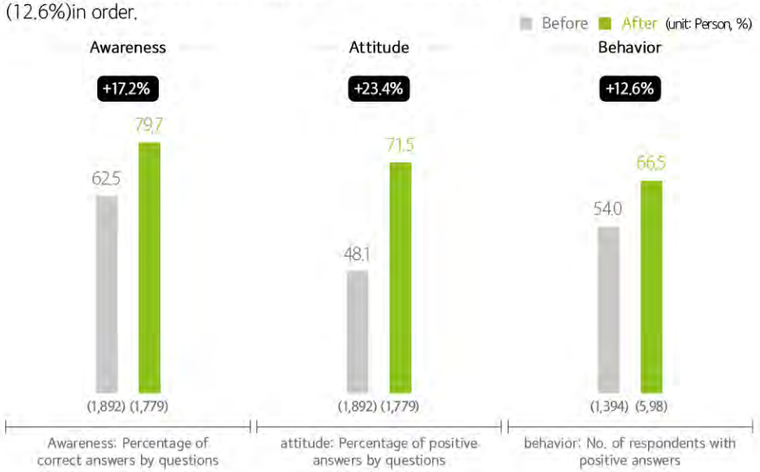
Target	Children		Parents - Children
Pro-gram	Good Cleaning Class	Blue Sea Class	Cleanup Campaign
Goal	A healthy lifestyle education program to build cleaning habits in early childhood	Take part in marine environmental protection by raising awareness about the importance of the sea and the severity of maritime pollution	Spread the culture of environmentally friendly practice through voluntary environmental cleanup activities
Target	• Preschool children (6 - 7 years old) • Elementary school children (8 - 13 years old)	• Elementary school children (11 - 13 years old)	• Preschool children (6 - 7 years old) • Elementary school children (8 - 13 years old)
Desc-ription	• One session for target • Cleaning habit education for helping children to enjoy the daily cleanup • How to ventilate, tidy up, sweep, and wipe away and tackle the problem of fine dust	• One session for target • Learn the importance of the sea • Learn how serious the problem of marine plastic pollution • Teach how to care for and preserve the sea	• School cleanup: Cleaning activity around the school • Parents and children waste pickup: Daily environmental cleanup activity for me and my neighbors for 100 days

Principles and evaluation of social contribution programs

Pulmuone makes constant efforts to plan and carry out social contribution programs based on our principles. Our purpose is to present fundamental measures to resolve issues, not as a one-off, temporary activity for promotion outside the company. Based on such principles and sincerity, Pulmuone Foundation conducts education programs with a focus on two themes: food and environment. It also measures the impact of its activities, not simply completing the projects after the relevant events. The measurement result is used to analyze how each program contributes to society, identify the programs' problems, and find ways to make them more effective. Pulmuone Foundation's impact of social contribution is measured by the Input-Output-Outcome-Impact (I-O-O-I) model, which is a popular method to gauge the business performance of non-profit organizations throughout the globe.

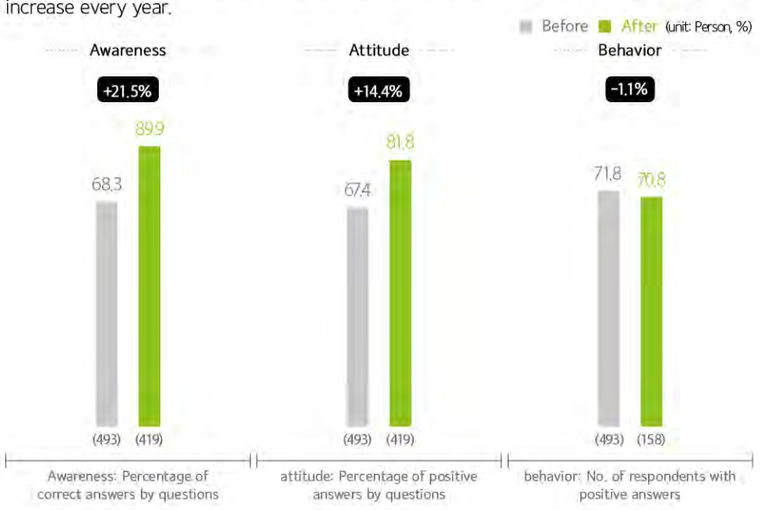
[The result of 2020 wholesome food education project evaluation]

The awareness, attitude, and behavioral change of the trainees of wholesome food education was increased by over 17.7%p in average after taking the session (compared to the previous), the index increase rates were attitude(23.4%p), awareness (17.2%p),behavior (12.6%)in order.



[The result of 2020 environmental education evaluation]

After participating in the education program, the trainees showed improved awareness and attitude while demonstrating slightly declined change in behaviors. It was indicated that the rising rate of awareness, attitude, and behavioral change makes a steady increase every year.



Kimchi School

The Museum Kimchigan, the first of its kind in Korea run by Pulmuone, provides the Kimchi School program for kids, foreign tourists, and multicultural families. Its customized content helps participants learn what the program has to offer. As the surge of the Covid-19 in 2020 stopped the operation of Kimchi School, we planned an untact online interactive education program using a Zoom app. To conduct the online Kimchi school, the company developed a Kimchi Edu Kit with the World Institute of Kimchi to distribute to applicants for the program in advance.

A Kimchi Edu Kit jointly developed with the World Institute of Kimchi

[Introduction of Museum Kimchikan]

MUSEUM KIMCHIKAN 뮤지엄 김치칸

Kimchi Museum to Publicize Korean Food Culture

Pulmuone acquired the Museum Kimchigan in 1987 to promote one of the most popular traditional Korean foods to both Korean and foreigners by providing lively interactive exhibitions and various experience programs.

About Kimchikan

In the traditional Korean society, the place where side dishes are made was called Chankan, where the king's meal was prepared was called Surakan, and where foods are stored was named Guttkan. As inspired by the suffix, "Kan," we name the museum as "Kimchikan" as we wanted this place to be a platform where various aspects and stories of kimchi are kept and where people can feel, enjoy and experience kimchi to the fullest.

Representative Korean Food Museum Recognized by the World

The museum Kimchikan provides visitors with an opportunity to delve into Korean kimchi, fermented food made by various seasonings and vegetables and get access to kimchi related artifacts such as Jangdokdae (for kimchi storage), and learn about various types of kimchi differing from regions and seasons, and places such as royal families and Buddhist temples. It is the only Korean food museum to be appointed as one of the world's 11 food museums voted by CNN, the U.S., in 2015, and one of the world's 12 food museums selected by Elle Deco Magazine in 2017.

Volunteer work performance

Conduct non-face-to-face volunteer work

In 2020, it was virtually impossible to engage in face-to-face volunteer service with no glimpse of improvement in the Covid-19 calamity. Thus, Pulmuone planned a non-face-to-face volunteer activity, "Walking Challenge" involving all of its employees. "Walking Challenge" is a program that promotes walking, which can be easily practiced in our daily life for our health and environment, instead of driving a car, using stairs instead of an elevator, and so on. The company set up a group mission to donate to the local community if the combined number of walks reached more than 100 million. The employees use mobile apps to calculate their steps. As a total of 1,028 employees encouraged each other to join the challenge for two weeks, they exceeded the target to reach around 123 million walks, raising KRW 70 million in the end.
The contributions were given to three organizations including "Ganghwado Uri Maul," an occupational rehabilitation facility for the developmentally disabled, "Rice Sharing Campaign Center," a free meal service provider for the underprivileged, and "Peace Forest," which is devoted to forest ecosystem restoration.

[Donation Details]

Pulmuone has donated KRW 30 million to support Ganghwado Uri Maul to equip auxiliary facilities for producing bean sprouts on a consignment basis. The donations are used for preparing fixtures in lounges, offices, and change rooms, and other ways to help the developmentally disabled working in the bean sprout work sites.

"Rice Sharing Campaign" is a charity organization to provide the vulnerable, such as seniors living alone, free meals operated by "Dail Community" from 1988. As social distancing has been in effect due to Covid-19, the center switched the method of providing meals from directly distributing foods in the center to delivering lunch boxes. As the rice sharing campaign center's existing vehicles could not pass through every nook and corner of narrow alleys for a delivery, Pulmuone donated KRW 15 million for them to purchase an eco-friendly small-sized electric vehicle that emits no exhaust.

"Tree Planting for the Peace Forest" is a project to promote public interest values of the co-existence between nature and humans by restoring forest ecosystem in the borderland marred by dispute and conflicts. Pulmuone donated KRW 25million to the "Peace Forest" project to be created in the borderland in Paju, Gyeonggi-do for saplings, fertilizers, and overall tools and labor costs.

TOPIC.4

Pulmuone's Value Creation for Business Partners

The goal of the "Global No.1 LOHAS enterprise" to which Pulmuone aspires can only be realized when backed up by an unwavering business ecosystem with its business partners. Pulmuone is cranking up efforts to foster an environment where it can grow and develop with its business partners together based on mutual growth and co-prosperous collaboration.

2020 Reporting Items

Items	Major performance in 2020	Plans
Strengthen shared growth	Signing a campaign agreement to bridge the wage gap between large companies and SMEs	Planning and implementing shared growth activities that are practically helpful to partner companies
Communication with business partners	Achieved zero reporting and acceptance regarding suggestion or dispute resolution	Expand the communication channel to hear the voice of business partners and strengthen PR activities for the relevant channels
Code of Conduct for business partners	Completion of the pledge to comply with the code of conduct for new and contract extension partners in 2020	Examine if it is necessary to amend Code of Conduct after getting feedbacks from business partners
Support programs for business partners	Diagnosed the ESG levels of three business partners and carried out due diligence on human respect management in five partners	Continue to diagnose the ESG level and human respect management (human rights) and expand the improvement targets

Achieve Mutual Growth with Partner Companies

Pulmuone makes every effort to realize mutual growth with partner companies. We operate various mutual growth programs based on the principle of creating fair trade culture and establish and run channels to listen to opinions from partners. In the fair and transparent trade culture, we are creating a virtuous cycle where mutual cooperation boosts competitiveness in quality and price with technology and product development. This ensures that the growth of partners leads to the growth of Pulmuone and vice versa.

[Pulmuone's partner companies in 2020]

Category	OEM	Ingredients & raw materials	Packaging materials	Total
Number of partners (Unit: number of companies)	175	368	68	611

* OEM partners are based on Pulmuone Food, Foodmus, Pulmuone Danon, and Pulmuone Green Juice, while raw and packaging partners are based on Pulmuone Company

Mutual growth implementation system

Pulmuone operates the Mutual Growth Division and Mutual Growth Committee as its consultative body with the aim of implementing fair subcontracting and realizing mutual growth with partners. The Mutual Growth Committee holds a fair trade meeting on a monthly basis to prevent any violation in subcontracting and deal with partners' opinions proactively and operates and supports various programs for mutual growth.

Introduction and operation of four key points for fair trade

With the aim of ensuring fair subcontracting with partners, Pulmuone has launched and operated four key points for mutual cooperation among large companies and SMEs (guideline) stated by the Fair Trade Commission.

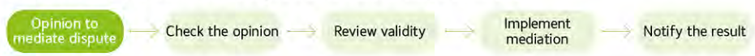
Category	Description
Practices to conclude desirable contracts for mutual cooperation between large companies and SMEs	• Establish infrastructure to conclude a contract • Conclude a contract guaranteeing self-determination • Diligently carry out contract based on the agreement and relevant laws and regulations
Practices to ensure fair selection (registration) of partner companies	• Fairness in the standards and procedures for selecting a partner • Standards for canceling a partner and fairness in procedures
Practices to install and operate internal subcontracting review committee	• Organize an internal subcontracting review committee • Conduct pre-review for selecting a partner, contracting and determining price • Conduct pre-review for the standards and procedures for termination of contract with partners
Practices to correctly issue and conserve documents in subcontracts	• Issue various documents in the process of subcontracting • Conserve issued documents • Establish the practice of issuing and conserving documents

Operation of channels for communication and dispute resolution with partners

Pulmuone operates a communication channel to allow partner companies to deliver perspectives and opinions for any issues, problems, incidents, or accidents in the process of transaction. This channel takes any inquiries or suggestions 24 hours a day. We also run a channel to listen to the voices of partners in case of any dispute, which are reasonably mediated.

[Process for partners to report a case/suggestion]

[Process for partners to apply and handle a dispute case]



Supporting industrial ecosystem's development

Apart from contributions for political purposes, Pulmuone is actively participating in non-taxable organizations such as Korea Food Industry Association, Fair Competition Federation, Korea Enterprises Federation, Korea Industrial Safety Association and etc. for the sustainable development of the industrial ecosystem. In 2020, the expenditure of activities is 174.1 KRW Million, with subscription and membership fees. Among them, 158.3 Million KRW is used in 2020 for developing the food industry and spread the culture of fair management. The major tax-exempt organizations
Pulmuone joined are Korea Food Industry Association, Korea Fair Competition Association, Korean Executive Federation, Environmental Preservation Association, and Industrial Safety Association.

[Expenditure for the development of the Korean food industry]

Category	1st	2nd	3rd	4th	5th
Unit	KRW million				
Organizations	Korea Food Industry Association	Korea Fair Competition Association	Korean Executive Federation	Environmental Preservation Association	Industrial Safety Association
Expenditure	64.9	37.5	28.9	11.3	10.7

Code of Conduct for Business Partners

Pulmuone established a "Code of Conduct for business partners" to help its business partners to fulfill their corporate social responsibility. The Code of Conduct for business partners specifies Pulmuone's requirement for its partners to build a safe working environment, respect their employees' human rights, and fulfill their environmental obligation, and, at the same time, ethically conduct their management activities. Pulmuone can amend the Code of Conduct through ongoing communication with business partners and visit the partner companies to check if they abide by the Code of Conduct.

Prohibition of Discrimination

- Pulmuone's business partners strive to create a working environment where employees do not suffer from illegal discrimination and harassment (harassed by illegal discrimination). Employees shall not be discriminated against due to their gender, age, religious belief, social status, place of residence or academic background, marital status, etc.

Wages and Job Benefits

- The company shall abide by all relevant laws and rules on minimum wages, extra work allowance, and legally required job benefits specified by the local laws.
- Wages should be provided in the language understood by the employees in the form of a pay stub or letter indicating the wage detail, etc.

Freedom of Association

- Pulmuone's business partners shall respect the employees' rights to establish and join an organization for a labor union or other associations and freely form an organization with other employees for collective bargaining. They also respect the employees' rights not to partake in such activities.
- They shall foster an environment where employees and their representatives can freely communicate with the management about working conditions and opinions on management policies without any concerns about discriminatory treatment, retaliation or threat, harassment, etc.

Consumer Assurance

- We set our own strict principles for the development of products and provision of services and try to comply with them to pursue LOHAS lifestyle for the health and happiness of consumers. Therefore Pulmuone's business partners should strictly observe the product quality and safety management standards required by the relevant laws or the company's internal procedure or standards.
- To preclude any situation where the health of its consumer is threatened by a defect in its products, the company pays extra attention in accordance with the standards stipulated by the pertinent laws. Nevertheless, when the company found that a product may harm consumers' health, it accurately informs consumers of the products' safety issue and takes the necessary action such as recall.

Labor

- Pulmuone's business partners shall not enforce labor to any employees against their free will and involve them in slavery by physical restriction and any forms of forced labor.
- Child labor is strictly prohibited. When the company runs a student apprentice program, they are able to hire teenage workers who are older than the legally permitted minimum age without violating the relevant laws or rules. However, it is still mandatory to take necessary steps to protect workers under 18 years old (prohibition of overtime work, night shift, etc.) from potential dangers.
- It is necessary to comply with labor laws and regulations for regular and extra working hours in each country or region. If workers require them, the company should provide legal holidays and vacations stipulated in the pertinent laws.

Safety & Health

- Pulmuone's business partners are responsible for the safety and health of their employees in the course of business. In this regard, they should eliminate potential risks and take measures, or identify any possible emergency and accidence in advance and establish the ways to tackle the problems.
- The company should preparea safe work procedure (safety harness, protective gear, etc.) for employees exposed to occupational risk (e.g., fire, electric shock, fall hazards, etc.) to control risk factors and provide employees with ongoing safety training. If hazardous factors cannot be fully controlled by the measures mentioned above, they shall offer enough Personal Protective Equipment (PPE) for employees.
- The company shall take reasonable measures to shield the employee from risk factors by excluding the vulnerable class to health and safety from hazardous works.

Respect for Human & Grievance Procedures

- Pulmuone's business partners shall manage their business premises to be free from inhuman behaviors (sexual harassment, corporal punishment, mental/physical abuse, verbal abuse, threats, etc.)
- Pulmuone's business partners shall operate a communication channel that business stakeholders can report or consult any legal violation, grievance issues concerning labor and occupational safety, and have a procedure or countermeasure in place to protect the identity of the person who made the report (or asked for consultation

Observing the Payment Date for Subcontract Consideration

In accordance with Article 13 (Payment, etc. of Subcontract Consideration) of Fair Transactions in Subcontracting Act that specifies, "Where a prime contractor entrusts a subcontractor with manufacturing, etc., he/she shall pay the subcontract consideration by no later than the earliest date for payment fixed within the extent of 60 days from the date of receipt of subject matter, etc."Pulmuone keeps the payment date for the subcontract consideration for its business partners. In addition, the company is committed to preventing violation of unfair practices in advance by regularly holding a fair transaction deliberation meeting and visits partner companies to inspect if there are any of unfair transactions or corrupt practices. The inspections by Pulmuone's compliance team confirmed that there was not a single case of payment issue, unfair contract, undue return, inactive inventory, etc. in 2020.

Amendment to Subcontract Agreement

To ensure fair trade with business partners, the company amended its subcontract agreement by adding a provision of "protection of business partner's rights." Pulmuone will continue to strictly comply with the relevant subcontracting laws, and strive to foster sound transaction culture, and enhance fairness and transparency.

- Detailed revisions -

1. Stipulate the payment and means of payment for subcontracts (Article 38 of the Basic Agreement)

- Stipulate that delivery payments should be made within 60 days from the date of receipt of the item
- In the case of an advance payment from the ordering party, the payment shall be made according to the content and proportion
- When using alternative payment methods such as corporate purchase-only carts and credit sales receivables, a fee is required for the period from the payment due date to the actual payment date for the delivery
- For payments made after 60 days from the date of delivery, it is stipulated that delayed interest shall be accrued according to the notice of the Fair Trade Commission

2. Additional provisions

1) Stipulate the reasons and methods for the contractor to directly request payment from the ordering party (Article 39 of the Basic Agreement)

2) If there is a confirmed receivable to be paid mutually, it can be offset by mutual agreement (Article 40 of the Basic Agreement).

3) Prohibits acts such as unfair payment claims, compulsory purchase of goods, etc. (Articles 41 and 42 of the Basic Agreement)

Mutual Growth Support Program

Pulmuone runs various mutual growth support programs for its business partners, including technology and management support. In 2020, the company sealed an agreement on "the innovation-driven movement to bridge the wage gap" for its business partners by investing KRW 27.1 billion for three years. The company strives to contribute to the greater competitiveness of its business partners and establish a sound mutual growth ecosystem through smart factories, wage support, and financial support, etc.

[How to support for partner companies]

Management Support
- CCP monitoring system
- Human rights management
- Future filling deduction
- FSC22000, HACCP Certificate

Education / welfare
- Strengthen food safety capabilities
  - Pre-prevention management system

Financial Support
- Direct and special support
- Mixed and indirect support

Technical support / protection
- Technology data deposit system and patent

[Management Support Program for Key Business Partners]

ESG Consulting
As a part of the establishment of a sustainable supply chain, implement and support "ESG (environmental, social, governance) diagnosis project for partners"

CCM Certification Support
Consulting support for business partners to acquire Consumer Centered Management (CCM) upon request

FSSC 22000 Certification Support
Consulting support for business partners to acquire the FSSC 22000 (Food safety systems certification) upon request

Technology Protection Expert Consulting
Support business partners with the costs for technology protection expert's consulting to protect their technology and know-how

Establishment Support for CCP Monitoring System
Support business partners to build a Central Control Point (CCP) monitoring system as a part of social responsibility effort to build business partners' quality capacity and realize safe food assurance

Support for Accessing Exclusive Online Malls
Support the employees of business partners to access exclusive online malls that have been only available for Pulmuone employees as one of their job benefits

Support Medical Checkup Discount
Support the employees of business partners to get medical checkup discounts that are identical to those offered for Pulmuone employees

Employment linkage for Co-prosperous Job
Support recruitment of its business partners by screening candidates through Job Fair and training them to be hired by the businesses.

Implementation of the Campaign to Bridge the Wage Gap between Large Enterprises and SMEs

Pulmuone Foods entered into the agreement on "the innovation-driven movement to bridge the wage gap" with the Korea Commission for Corporate Partnership and its partner SMEs in December 2020 and concluded the agreement to invest KRW 27.1 billion for three years. This agreement aims to sharpen the competitive edges of its partner SMEs and narrow the wage gap between the large and small enterprises to eventually foster a sound industrial ecosystem where large and small enterprises grow together.

Partner SMES Support for Wages and Job Benefits	KRW 110 million
Partner SMES Support for the innovation-driven mutual growth program(smart factory construction and management innovation, etc.)	KRW 840 million
For management stability support for financial fund	KRW 26.1 billion

The innovation-driven movement to bridge the wage gap Agreement ceremony

Training for domestic lablab producers

To improve the quality of ingredients, Pulmuone provided 213 domestic lablab farming producers with training from May 13 to 15, 2020. Although there was some concern over COVID-19, the quarantine system in daily life was implemented as of May 6th. Considering the importance of quality improvement, we successfully completed on-site education by ensuring thorough preparation and applying countermeasures.

[Farmhouses and number of people participating in Pulmuone education for domestic lablab producers in 2020]

Category	Gimnyeong Agricultural Cooperative	Hagwi Agricultural Cooperative	Jeju Branch of Korea Domestic Bean Producer Association	Total
Number of persons	93	93	27	213

[Key measures to cope with COVID-19 in Pulmuone training for domestic lablab producers in 2020]

Category	Measure 1	Measure 2	Measure 3
Description	Mandatory to sanitize hands and wear a mask	Distribute chairs with a sufficient space in between	Intensive short education based on key points

Door-to-door Sales Members and "Jadam Teo" Launch for Mutual Growth

While franchisees and agents engaged in door-to-door sales business facean extreme hardship due to the Covid-19, Pulmuone introduced anewbusiness model that may help franchisees to attain mutual growth. The company newlylaunched an online shopping mall called "Jadam Teo (nature holding marketplace)" where anyone can easily access Pulmuone's health functional products and skincare products that have been exclusively provided to customers for the door-to-door sales, while the franchisees can share the profits from the online sales. The new online mall allows consumers to purchase Pulmuone LOHAS products without face-to-face contact in a simple and fast way, the door-to-door sales franchisees can secure some sharesof online sales profits. The Jadam Teo business will provide amomentum for the company and franchisees to attain a win-win growth.

"Jadam Teo" online mall of Pulmuone Health & Living

Support for Business Partners to Establish CCP Monitoring System

CCP is an acronym for Critical Control Point. It refers to a more hygienic, systemic, and scientific product safety management system achieved by preemptively preventing or removing a potential risk factor or setting up some key points at each stage where product safety can be secured. CCP real-time monitoring system provided by Pulmuone to its business partners makes it possible for a company to swiftly take action against any abnormality through standard information management of CCP processes, automatic data collection, alarm feature for a detection of deviation from the limit, etc., thereby contributing to strengthening the product safety management capacity of the company. As of 2020, a total of 10 business partners participate in Pulmuone's CCP real-time monitoring system support project for business partners to further enhance their product management.

ESG Diagnosis Support Project for Business Partners

Pulmuone planned and implemented a project for ESG (Environmental, Social and Governance) diagnosis support targeting its business partners in order to pass on its experience and know-how to partners in pursuit of ESG. The ESG diagnosis project designed to promote the sustainable growth and development of the company's business partners aims to promote ESG, one of the most important issues of the management circle home and abroad, in strengthening the competitiveness not just of large enterprises but of SMEs. Participating companies will have a clear understanding of their ESG level and capacity. In addition, it enables companies to preemptively respond to the domestic and international legal institutional changes concerning ESG in and out of Korea.

[ESG diagnosis process for partner companies]

ESG Diagnosis Support Project Application → ESG Diagnosis Support Project Selection of Participating Business Partners → Conduct due diligence business partners upon request → Find out the ESG Capacity of Business Partners, Define the Direction of Improvement & Tasks, Support Improvement

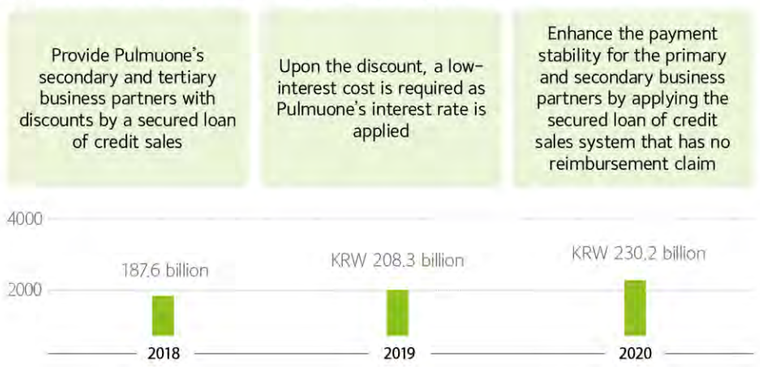
Donation for Ganghwado Uri Maul & Support for the Re-construction of Plant

To assist rehabilitation and self-reliance of the developmentally challenged, Pulmuone has made a contract with "Gangwhado Uri Maul" to produce bean sprouts on a consignment basis since 2011. However, its production factory has been burnt down by fire in October 2019. To ensure that developmentally challenged workers reignite their hope for self-reliance, Pulmuone donated money worth KRW 150 million for recovery and helped the facility to reconstruct the factory to return to normal.

Expand the Payment Made through the Win-Win Payment System

Pulmuone is increasing the use of the win-win payment system for payment. The system is recommended by the Fair Trade Commission and the Korea Commission for Corporate Partnership and stipulated by Article 22 of the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises. Through the win-win payment system, Pulmuone's business partners can monetize the due payment by applying Pulmuone's credit rating at low financial costs. The size of payments made through the win-win payment system by the company is continuously increasing: KRW 187.6 billion in 2018, KRW 208.3 billion in 2019, and KRW 230.2 billion in 2020.

[Characteristics of the win-win payment system]



Financial support for business partners

Pulmuone actively assists its excellent partners by offering financial support that is required to stabilize management, facility investments, and others. The scale of financial support has grown from KRW 4.9 billion in 2018, KRW 7.4 billion in 2019, to KRW 19.1 billion in 2020. In 2020, the company spent KRW 1,487 million for direct support (management stabilization, etc.), KRW 13 million for special assistance (consulting, etc.), KRW 3 billion for mixed support, and KRW 14.6 billion for indirect support.

Evaluation of partner companies with ESG elements

ESG, which represents the sustainability of companies such as the environment (E), society (S), and governance (G), is an important management agenda not only for Pulmuone but also for its partner companies. Pulmuone conducted a diagnosis "Sustainable Management Level of Partner Companies" in 2018 to identify the ESG level of its partners, and in 2019 it selected new partners and reflected the ESG level of existing partners when extending contracts. This work was completed in January 2020. Considering the conditions of partners that are still unfamiliar with the concept of ESG and find it difficult to reflect it in their corporate management, the evaluation of ESG was designed in a way that gives additional points when Pulmuone's standards are met instead of deducting points. All 59 newly selected partners or extended contracts in 2020 were evaluated for ESG factors.

[Evaluation of partner companies reflecting ESG factors]

Category	Method	Evaluation Factors
Reflecting ESG factors when evaluating partner companies (new and contract extensions)	Points are not deducted even if Pulmuone's standards are not met, and up to 5 points can be added if standards are met	Five questions in three areas consisting of labor (including human rights), the environment, and social contribution (to be expanded later)

Due diligence on human respect management of partner companies

Pulmuone's human respect management as part of its corporate social responsibility (CSR) is defined as "creating an environment in which all stakeholders affected by Pulmuone's business activities are respected as humans and do not suffer unfair treatment mentally or physically." In line with the global trend of human rights management, Pulmuone's due diligence activities on human respect management in partner companies were conducted in 2020 to promote the compliance of Pulmuone's principles and standards of human respect management and the practice of code of conduct. Prior to the due diligence on the current status of partner companies, Pulmuone managers and external human rights experts were dispatched to partner companies that wanted education and advice to fully understand the principles, standards, and code of conduct of human respect management, after which we conducted due diligence to derive improvement tasks based on the results and provided advisory service.

[Due Diligence Process]

As a result of the 2020 Pulmuone due diligence for human respect management in partner companies, it was found that most partner companies needed to improve in the management of regulations such as employment rules, management of signatures by participants of legal education, such as education on safety and sexual harassment prevention, risk assessment in the safety area, we provided directions for improvement in the sector by deriving improvement tasks tailored to the situation of each partner company and providing consulting through external human rights management experts.

Category	Result of due diligence	Suggestions for improvement after consulting
Compliance with working hours	• Consent form for overtime work not filled out	• Establishment of employment rules related to overtime work and creation of consent forms for overtime work
Wages and benefits	• No separate language statement for foreigners when providing a written statement of salary-related details	• Creation of separate language statements for foreign workers, such as using standard contracts for each country provided by the Ministry of Employment and Labor
Association and collective bargaining	• No activity of the labor-management council	• Establishment and implementation of alternative measures to allow employees to discuss issues such as work and the working environment (recommended)
Industrial safety	• Separate environmental/safety representative not appointed	• Appoint environmental/safety managers and persons in charge
	• Absence of a safety inspection process	• Reviewing safety-related risk factors at the site and establishing a response plan
	• Absence of regulations on safety management processes	• Establishing an inspection system or an internal inspection system through a third party
	• Absence of safety and health education and guidance signs in the native language of foreign workers	• Conduct safety and health education that foreign workers can understand • Attach health and safety signs in foreigners' native language or English
Process human rights and grievances	• Grievance handling system not established	• Appoint a person in charge of handling grievances and establish a process for handling grievances (recommended)

Site of the consultative meeting on human respect management of partner companies

Pulmuone believes that the management philosophy that values people in corporate management cannot be overemphasized for healthy personal growth and development. We will further strengthen and expand due diligence and improvement of human respect management in partner companies to create a culture in which workers' rights are fully respected.

Letter for Business Partners to Foster a Fair Trade Culture

Management objectives and key points to its business partners to foster a fair trade culture. It illustrates the definition and intent of Pulmuone Right Mind Management, how to report breaches, and the holiday gift return policy for a fair management.

[September 2020 Proper Mind Management Letter]

Hello, I'm Lee Hyo-yul, CEO of Pulmuone.
On the national holiday of Chuseok, I would like to thank you for your kindness and support for Pulmuone. The world is experiencing an unprecedented crisis due to the unexpected spread of COVID-19.
First of all, I would like to give a word of encouragement to those who are having a hard time due to the health of family members and concerns about company management. With human health and Earth's sustainability becoming more important, Pulmuone's LOHAS value, which puts health, society, and the environment first, will become more important.
On May 12, marking its foundation anniversary, Pulmuone announced its Pulmuone Charter of Social Responsibility, which contains promises for economic, social, and environmental values.

Our LOHAS partners are collaborators in Pulmuone's social responsibility management. To practice LOHAS values that consider health, society, and the environment, and also overcome the current COVID-19 crisis, our faith and the cooperation between us must remain solid.

Pulmuone will continue to refine systems and work processes inside and outside the organization to build a fair and transparent partnership and a trading environment based on mutual trust.

Dear Pulmuone LOHAS partners, I ask you to put in practice small but meaningful deeds for the Chuseok holiday.

Pulmuone's executives and employees comply with the prohibition of receiving gifts from all stakeholders, including business partners, based on the Proper Mind Management principle. The company's ban on receiving gifts is an expression of a strong will not to create any conditions that distort Pulmuone's Proper Mind Management principle.

I hope you have a great Chuseok holiday this year, and I wish you endless progress and peace at home.
Thank you.

Lee Hyo-yul
September 2020
Pulmuone CEO

Reports on violation of the proper mind management
Proper Mind Management Office
Address: 724 Rosedale Building, 8th Fl., Suseo-dong, Gangnam-gu, Seoul
Phone:
Fax:
E-mail:

TOPIC. 5

Pulmone's Value Creation for Corporate Members

It is Pulmuone's employees that underpin the very basis of the company for developing and launching differentiated products and services based on LOHAS value. Pulmuone has a range of systems and programs in place to create a happy and joyful work environment.

2020 Reporting Items

Items	Major performance in 2020	Plans
Building a win-win labor-management relationship	Achieved 75.8% of employees joined the labor union(%p increase compared to the previous year)	Bolster the follow-up for the result of the open committee and encourage employees' participation
Foster Great Work Place	LOHAS nutrition counseling program conducted 918 times	Improve LOHAS nutrition counseling program & increase employee participation
Strengthen the capabilities of employees	Completed building an integrated learning platform	Improve educational programs regarding the fourth industrial revolution and digital transformation
Family-friendly system	Renew the family-friendly certification by the Ministry of Gender Equality and Family	Plan and promote a child care leave for male employees to realize a genuine gender equality

Internalize TISO management

Code of Conduct

In pursuit of TISO management, we have established and operate our Code of Conduct, which stipulates behavioral rules for employees to follow. It consists of 15 clauses: How to handle orders that hampers fair work practices, no preferential treatment, no anti-competition acts (e.g., collusion with competitors), no wielding of unfair influence for personal interest, no receiving of corrupt profit, no other incorrect actions with stakeholders, prohibition of other acts that harm the company, no personal use of classified information, no hiring of employees in other companies, no forgery of document or statistics, no false reports, external activities, and consumer information security.

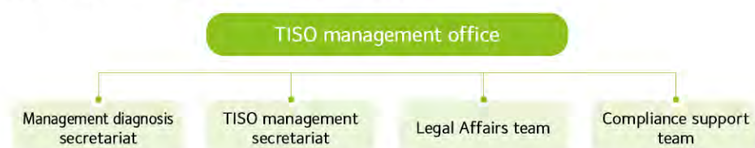
Code of Practice

The "Code of Practice Handbook" has been prepared to help employees better understand the "TISO Code of Conduct" by offering more detailed explanations about fair and transparent work processes, prohibition of using one's authority at work for personal gain, work discipline, behaviors between employees that should be avoided, making accurate and faithful reports, company & consumer information protection, whistleblowing, and rewards. It defines types of misconduct that can be unknowingly committed, as well as material breaches, such as bribery or corruption, that undermine TISO principles. Employees are under supervision to comply with these clear rules and procedures.

Fair management

Fair management system | Pulmuone designates the TISO Manager as the Chief Compliance Officer (CCO) in charge of the overall fair business management of the company. The CCO is supported by the management diagnosis secretariat, the TISO management secretariat, the compliance support team, and the legal affairs team in handling relevant tasks.

[Pulmuone fair management governance]



Political fund contribution

Both Pulmuone Co., Ltd. and Pulmuone Foundation define the objective and scope of its fund contribution in their internal policy. The policy dictates political neutrality and prohibits expression or provision of support to a specific political party or candidate. It also stipulates that contributions from charity groups must comply with applicable laws, including the Political Funds Act of Korea, and that contributions to the entities are categorized as social contributions rather than political contributions.
In accordance with Chapter 6, Article 31 (limit on contribution) of the Political Funds Act and its own rigorous policy, Pulmuone and Pulmuone Foundation do not contribute any types of political/campaign fund that can affect policy design in any direct way, nor do they offer any fund for lobbying to a specific political entity/party. There was not a single instance of political fund contribution in 2020.

Whistle-blowing system | Pulmuone operates its own internal whistle-blowing system. Any violator is punished with a strict HR measure in accordance with the disciplinary standards. Employees and external stakeholders of Pulmuone have access to the Cyber Audit Room on Pulmuone's website and to the "Green Table," the internal policy-proposal system for whistle-blowing.

[Corruption report and counseling center]
If any of Pulmuone employees violates fair and transparent work standards, please contact our reporting center. Confidentiality is guaranteed.
> Phone : 02.2040.4441 / 02.6327.3435.
> E-mail : wmyu@pulmunoe.com / gbweon@pulmunoe.com
> Mail : Pulmuone TISO office, 8th floor of Rosedale Building, 280 Gwangpyeong-ro, Gangnam-gu, Seoul
> Pulmuone website (Cyber Audit Room) : cp.pulmuone.kr:3444/cyber/
> Internal Groupware (Green Table for employees of Pulmuone) : greentable.pulmuone.com/front/audit/audit.do

Internal whistle-blowing system and actions | The top priority for the internal reporting system is to protect whistle-blowers. This is essential for building a positive image of whistle-blowing among employees, who need to trust that their identities will be protected. To this end, Pulmuone is making diverse efforts to facilitate the internal reporting system by offering regular training, reinforcing internal communication, and upgrading the management scheme and process on an ongoing basis.

[Corruption report and actions in 2020]

Category	Reported cases (Unit: Number of cases)	Penalized cases (Unit: Number of cases)	Description
Embezzlement	0	0	-
Sexual harassment	1	0	-
Verbal abuse	4	0	-
Others	9	0	-
Total	14	0	-

Corruption assessment of business site | All our business sites must undergo regular/frequent audits based on the plan reported to and approved by the management early each year. This is intended to prevent the potential risk of corruption and violation of the policies, increase efficiency of risk management activities and processes, and assess and improve the adequacy of expenditures. This process analyzes the cause of risks and issues and provides reasonable measures for improvement, focusing on the prevention of recurrence and risk factors.

[Result of the regular/process/expense audit in 2019]

Category	Number of audits (Unit: Times)	Actions taken(Unit: Number of Cases)	
		Process improvement/ correction	Risk management improvement addition
Routine Audit	1	9	-
Risk Based Audit	3	6	-
Internal control (accounting) Audit	23	-	11
Total	27	15	11

Category	Requests for vindication (Unit: Times)	Process improvement/ correction	Risk management improvement addition
Company card monitoring	1,088	848	0

* Routine Audit: An audit process conducted repeatedly, focusing a particular theme every year
* Risk Based Audit: An audit process aimed at identifying and evaluating major risk factors of the company to control such factors and improve processes
* Process Based Audit: An audit to analyze the work process of a functional department/team registered in PAMS (rocess Assets Management System) and elaborate the process
* Remote Risk Audit: An audit to manage blind spots in remote areas
* Expense Audit: An audit to examine the validity of processes related to expenses
* Company Card Monitoring: An audit to monitor the validity of expenses on company cards, targeting all employees on a daily basis, and take proper actions for issues

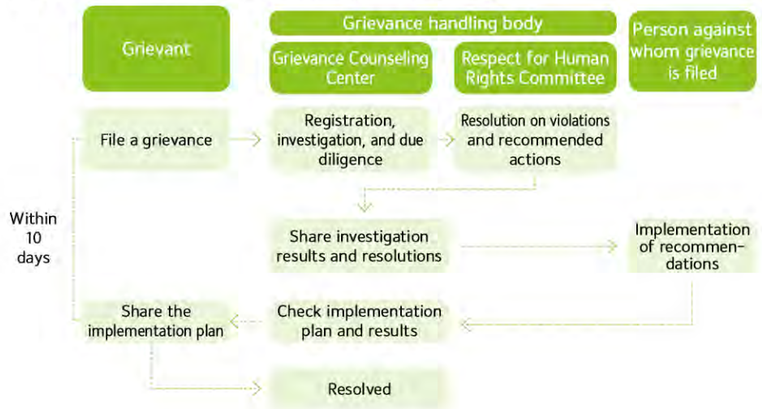
Respect for Human Rights

While Pulmuone's Risk Management Committee draws up "Respect for Human Rights" management principles and responses to potential issues, the Respect for Human Rights Committee handles breach and grievance cases to ensure their objective and neutral review. Any stakeholders who have witnessed or experienced a violation against the human respect principles can file a case to the grievance counseling center and ask for immediate cease and desist action.
Pulmuone expressly states in Article 5 of its employment rules that there should be no discrimination based on race, gender, age, religion, social status, hometown, alma mater, marriage, pregnancy, childbirth, medical history, nationality, or physical/mental challenges. Only just and rational criteria such as career experience and performance evaluations should be considered for employment, education, compensation, promotion, and other personnel decisions, in accordance with the labor-related laws including the Labor Standards Act and the Equal Employment Opportunity and Work-Family Balance Assistance Act. Pulmuone has worked hard to eliminate discrimination for many years, opening the Gender Equality Center in 2018 as a one-stop solution, offering counseling and dealing with sexual harassment. Its scope has expanded to cover gender discrimination.

Due Diligence

Pulmuone conducts due diligence at least once every two years to identify potential issues or vulnerable groups, and to prevent and mitigate factors that may adversely affect implementing human-respect principles. Due diligence is conducted to analyze potential risks related to "Respect for Human Rights" management and vulnerable groups, supporting the stabilization of the culture of respect for human rights.

[Process of measures on human rights violations]



Fair and Rational Wages

Pulmuone conducts performance evaluations once a year so that all members of the organization can receive fair compensation and pays reasonable compensation by thoroughly complying with relevant laws and regulations. In addition, wages sufficient for workers to solve essential food, clothing, and shelter and lead a human life are defined as "living wages," and the compensation of members is evaluated based on living wages in Seoul. We checked 100% of the payment rate above living wages in 2020.

Prohibition of child labor

Working to abolish child labor, Pulmuone is in full compliance with Global Compact Principle 5 (the effective abolition of child labor), and with the ban on child labor or forced labor stipulated in the Labor Standards Act and the standards of ILO (International Labor Organization). There is no employee under age 18 in Pulmuone business, and there is no Pulmuone partner that exploits child labor. Pulmuone makes a firm, principled stand to never transact with those who exploit child labor.

Prohibition of forced labor

Pulmuone does not permit or condone any types of forced labor in line with the prohibition on forced labor in the Labor Standards Act. It is expressly stipulated in Global Compact Principle 4 ("Businesses should uphold the elimination of all forms of forced and compulsory labor."). During its annual labor inspection, the company looks for any violation of this principle, especially regarding forced labor of vulnerable groups (female, underage, migrant workers). Pulmuone always seeks consent for overtime work from a female worker in accordance with the Labor Standards Act when it has been less than a year since she gave birth to a child.

Build Win-win Labor-management Relations

As stipulated in Global Compact Principle 3 ("Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining"), Pulmuone guarantees its employees freedom of association and the right to collective bargaining. In accordance with the Constitution and the Trade Union and Labor Relations Adjustment Act, Pulmuone fully guarantees its employees the right to establish a labor union or another form of representative body, giving every employee the right to join a labor union. Pulmuone will continue to protect its employees' freedom of association and the right to collective bargaining and make efforts to develop win-win industrial relations to build mutual trust.

Open labor-management committee

Every quarter, Pulmuone holds the Open Committee, a labor-management council defined by the Act on the Promotion of Worker Participation and Cooperation. Employees can raise issues and make complaints to inform the management about unjust or ineffective labor practices and find solutions.

[Grievance handling process]

Step 1. Complaint raised	Step 2. Complaint handled	Step 3. Feedback	Step 4. Objection to the outcome
A labor commissioner raises a complaint on behalf of members, which is included in the agenda	After confirming the facts, the issue is assigned to relevant departments to take necessary measures	Describe how the issue was handled and its outcome at the next quarterly labor-management council meeting	Employees who do not agree with the outcome can object

[Resolution rate of the Open committee agendas in 2020]

Category	Agenda(no. of cases)	Resolved agenda (no. of cases)	Resolution rate(%)
Performance	241	220	91.3%

Principle and standards of information sharing between labor and management

Employees' understanding and cooperation are crucial for the company to successfully make major decisions and implement its policies. With this in mind, Pulmuone engages its union representatives in the communication process by sharing information through a quarterly labor-management council meeting in which any structural changes are discussed. In addition, Pulmuone leverages multiple communication channels to share corporate vision, aspiration, management status, and other information with employees, giving them ownership and a chance to engage with the management process. The diverse communication channels include the Revenue Daily and real-time (internal/external) news delivery via KWP (corporate intranet), Meeting with general CEO, monthly corporate newsletters, quarterly industrial safety health committee meetings, complaint redress programs, and the annual integrated report.

Status of the labor union

In accordance with the Trade Union and Labor Relations Adjustment Act, Pulmuone employees are entitled to join a labor union and can also establish a labor union themselves. Pulmuone's labor union has defined its qualifications for membership in its own provisions, and those entitled to labor unions are free to join any unions of their choosing to carry out activities as members.

[Labor union membership status in 2020]

Category	Subjects (persons)	Members (persons)	Membership rate (%)
Labor union membership status	620	470	75.8

Collective bargaining policy

Collective bargaining takes place when renewing the collective agreement and determining a wage increase. Wage and collective agreements are determined in even-numbered years; odd-numbered years have wage agreements only. Every union member is subject to the collective bargaining agreements made by each respective union, and the company maintains good faith in collective bargaining with labor unions.

Insurance and pension system

Pulmuone follows the regulations regarding the medical insurance, occupational health and safety insurance, employment insurance, and national pension systems run by the government. In addition, we have our own insurance and pension system to support a stable life of employees after retirement and prepare for any potential accidents in our business sites.

[Overview of the insurance and pension system]

Collective insurance	Individual pension
Provide compensation in the case of death due to any injury or disease occurring in the work period for the welfare of employees and support part of insurance contribution with special options	Guarantee this support by the time of retirement to support the life of employees after retirement and possible to pay after retirement

[Pension operation details(As of December 31, 2020)]

Type	Scale	Direction of operation
Defined Benefit (DB)	KRW 138 billion	Stability-based

* Calculation of the number of members: Consolidated, domestic only

Foster Great Work Place (GWP)

Pulmuone runs various systems to build a flexible work environment where employees can focus on their work. In 2017, we renovated a space in the Rosedale Building, where Pulmuone, Pulmuone Foods, and Pulmuone Foodmerce are located, as a smart office and expanded this change to other local business sites by early 2019. The hot-desking system helps employees make reservation for any desks they want by using their smartphones. Employees can also apply a particular work style as they desire with no limitation using newly arranged spaces such as meeting rooms and wider staff lounges.

[Pulmuone's smart offices]

Customer Service Center

Open meeting space in the Suseo office

Office in Daejeon

We run a flexible working hours system to consider the work style and commuting distance of employees. Employees can set their working hours within the scope of one hour prior to or later than the official working hours from 9 a.m. to 6 p.m. This flexible system allows employees to make a request without approval of senior staff and immediately apply working hour changes on the next day. We also provide the flexible working hours system especially for employees whose child is a preschooler or a lower-grade elementary school student.

LOHAS nutrition counseling

The LOHAS Nutrition Counseling program provides employees with a customized health solution through a clinical dietician, based on the results of physical checkup (body composition, blood pressure, and other information) and the LOHAS diet survey conducted by clinical dietitians visiting its business sites. A basic 8-week program (open every two weeks with five sessions in total) and additional follow-up counseling (monthly meetings with four sessions in total) are offered. Anyone at Pulmuone can apply for the service. In 2020, 258 employees used this program to check their health conditions and received optimized health solutions.

Category	Unit	2018	2019	2020
Participants	No. of persons	231	96	258
No. of sessions	Sessions	897	702	918

LOHAS nutrition counseling

Employee Assistance Program (EAP)

In accordance with Article 83 of the Framework Act on Labor Welfare, all domestic companies are encouraged to provide their workers with the Employee Assistance Program (EAP). Pulmuone implements this program to enhance its employees' quality of life, help them concentrate on work, and boost their productivity by addressing any emotional challenges they experience. Each employee can take up to eight EAP counseling sessions per year, and group counseling sessions are also provided. EAP support is also provided for issues raised by the Gender Equality Center, the Win-wi Growth Office, and partner companies so that such issues are addressed in a proactive manner. In 2020, we provided the program to both our employees and those of partner companies.

[EAP activities in 2020]

Category	Description
Individual	Providing customized programs to restore quality of life and improve work commitment
Gender Equality Center	Additional support for workers' support programs (EAP) to members who want counseling due to gender discrimination, verbal violence, sexual harassment, etc
Employees of partner companies	Received requests for EAP from employees of partner companies dealing with emotional work and provided the program to those selected

LOHAS Academy Program

LOHAS Academy, an education agency that helps Pulmuone employees internalize LOHAS values through hands-on learning, has a boarding program for Pulmuone employees and their family, local youth, and employees of partner companies. It provides education programs for forming four major daily habits for healthy and sustainable living (dietary, body, mind and eco-friendly habits).

LOHAS Academy

LOHAS Academy lounge

LOHAS Academy terrace

Expansion of facilities to increase use of public transportation

To reduce the environmental impact of employees who use their own cars or public transportation for commuting, Pulmuone promotes a campaign for walking or riding bicycles for those who live in close proximity to the company's business sites. We are planning to expand bicycle racks and shower booths at our Suseo office.

Strengthen Capacity of Employees

For strengthening the capacity of employees, Pulmuone aims to improve productivity by creating the environment where all employees can concentrate on their work by maintaining the optimal HR structure. To achieve this goal, the company has established a capacity-building system for employees, and it also develops and provides various programs.

[Performance in 2020]

Category	Unit	Performance
Education hours per employee	Hour	42
Education cost per employee	KRW	338

Main capacity building program

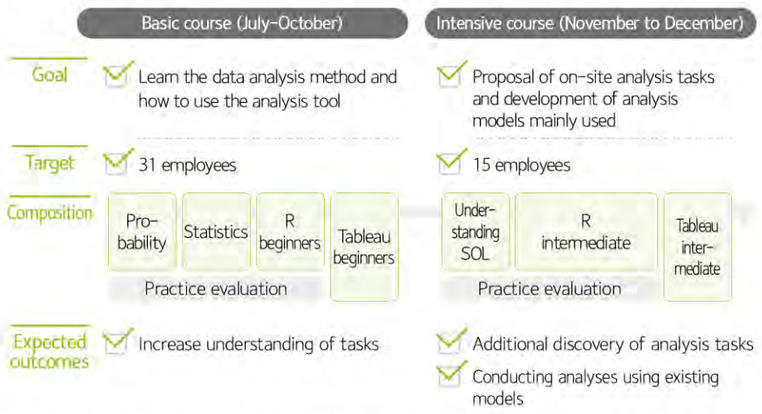
Establishing integrated learning platform | We have established an integrated learning platform to strengthen One Pulmuone by responding to new learning methods and integrating learning platforms used separately by each business unit following the rapid environmental changes caused by the Digital Transformation. The new learning platform is cloud-based and features integrated content provision (standardized content + self-produced content), curation and social learning (curation according to learners' interests and sharing work know-how between learners), and various educational methods (e-learning, micro-learning, flipped-learning, learning organization). Through the quarterly company-wide education consultative body meeting, we continue to strengthen our educational capabilities by sharing excellent content and platform use cases by each company unit.

[Learning structure]

[Platform structure]

Digital Transformation Education Program | To strengthen digital capabilities across the company and support the performance of digital transformation tasks, we develop and operate common capabilities such as data analysis and app planning education. The data analysis training consists of a basic course focusing on understanding the value and basic analysis process of data-based decision-making by selecting managers and positions who perform digital transformation tasks, and an advanced course to propose current analysis tasks and develop and evaluate appropriate analysis models. The basic course assesses learning achievement through assignments and practices, and those who earned more than a certain score were selected as candidates for the advanced course. The advanced course selected individual analysis tasks that can be performed within four weeks, and a report was produced in the order of data collection - preprocessing - exploratory data analysis - model development - analysis results summary - implications. The best trainees are trained further by being assigned related tasks and take charge of new analysis tasks the following year, and we are preparing a timely analysis system by discovering the necessary tasks for each department and cooperating with big data teams or utilizing existing analysis models according to our work by expanding the number of working-level officials with analysis capabilities. App planning training is operated for mobile service workers and marketing and sales managers to understand mobile services and plan apps that suit Pulmuone's strategy. Employees learn about UX/UI and understand mobile service characteristics and latest trends from a user's point of view. In particular, it is characterized by case studies that specifically analyze domestic and foreign food-related apps that are creating results based on the nature of online services.

[Composition of data analysis education]



Lifelong design education program | Pulmuone provides professional training courses to support and encourage the second stage of employees' life before retirement. We support participants to systematically design their post-retirement life through education consisting of skills acquisition for re-employment as well as leisure activity.

Run a Family-friendly System for Employees to Achieve Success Both at Work and at Home

For healthy growth and continuous development of the organization, Pulmuone has launched and operates various family-friendly systems for balance between work and home and strive to minimize career interruption for women with childbirth and childcare. Considering the trend of emphasizing gender equality, we set a goal of reaching the target of 30% for female executives by 2020 and are making great efforts to cultivate female leaders. Operating family-friendly systems and developing female leaders are not only for female employees, but aim to establish organizational culture for both men and women by focusing on realizing genuine gender equality.

Key Family-friendly programs

Extension of reduced working hours during pregnancy The legally stated reduced working period during pregnancy is within 12 weeks and after 36 weeks in pregnancy. In case employees find out late about their pregnancy or have the concern over miscarriage in the early stage of pregnancy or use maternity leave in advance right before childbirth, we have extended the period by 2 weeks from the legal requirement to consider the intention and efficiency of the system. Female employees can reduce their work hours by up to 2 a day without cutting wages within 14 weeks or after 34 weeks in pregnancy.

Prenatal examination leave for spouses Pulmuone operates prenatal examination leave for spouses to secure equality with female employees and reflect the current trend of increasing roles of men in childbirth and childcare.

Child admission care leave Employees are allowed to apply for leave once in March when their child enters an elementary school and choose either work from home or take five days of unpaid leave, which contributes to easing the burden of employees who have preschoolers.

Pregnancy gift We give congratulatory gifts (electromagnetic shielding blanket) for pregnancy to pregnant female employees and male employees who have a pregnant spouse. As other workers often give congratulatory news to the HR department, it can create an atmosphere to congratulate pregnancy and help male workers feel reassured about being at home.

Considerate sign for pregnant women (online/offline) We have added a pregnancy icon to employee information in searching for employees in the intranet so that other employees can recognize and consider pregnant workers when communicating with them. We also add a pink cover on the chair headrests for pregnant women. However, considering workers who would not like to notify pregnancy, the workers can decide whether to use online/offline pregnancy sign.

Operation of the in-house daycare center Pulmuone operates a 495m^2 in-house daycare center on the fourth floor of its Suseo Office in Seoul under the management of Hansol Hope for Education Foundation. The daycare center uses eco-friendly materials and has an open space (Dodamtteul) where parents and children can play together, taking the health and emotional development of children into account. Above all, we put a top priority on guaranteeing the continuity of education from ages 1 to 5. The faculty members, including the center director, are making efforts to introduce various education methods and develop education programs. Their excellent and systematic curriculum is internally and externally well recognized.

Part. 03.

Performance

- 2020 Highlights
- Value creation process of Pulmuone
- Consolidated Financial Performance
- Non-financial Performance
- Acquisition of Awards and Certificates
- MOU Performance

2020 Highlights

Pulmuone

January

The First Functionality Label Product in Korea Registration and Launch

In accordance with the enactment of the food functionality labeling system for general food the company launched General Product No. 1 and No. 2 with the functionality labels.

February

Selected as the "most admired companyin Korea" for 14 consecutive years

The company was appointed as the most admired company in Korea on Feb. 26, 2020, in recognition of its genuine endeavor in the "Wholesome Food Campaign" for customers' health and ESG activities.

March

Held the Open Shareholder Meeting in 2020

Pulmuone successfully held the 2020 open shareholder meeting on 27 March 2020 to revamp the monotonous general meeting culture and turn it into a platform where shareholders become the owners.

April

Won a Carbon Management Special Award by the CDP (Carbon DisclosureProject)

In recognition of Pulmuone's preemptive and voluntary efforts and performance the company received the special carbon management award.

May

Pulmuone Institute of Technology Acquiredthe U.S. environmentally friendly LEED Certification

Pulmuone Institute of Technology is the first Korean food research institute to acquire a globally recognized green building certification, LEED GOLDstatus.

June

Pulmuone Waters, Apply Good Package for Recycling "Easy Peel" Label

As the "Easy Peel" label is free from the adhesive on the upper part, it is easy to remove the label by pulling it, as well as convenient for separate collection for recycling waste.

July

Frozen Pizza "No Edge Pizza" Determined to increase its production by 50%

Five types of premium frozen pizzas won the hearts of customers, leading the growth of the market, the company decided to increase the production volume of the frozen pizzas by 50% so as to meet the demand.

August

Thin Skin Gyoza Dumpling reached the record sales of 1,070 thousand packs in just one month after the launch

Thin Skin Gyoza Dumpling recorded sales of 1,070 thousand packs in the first month after launch, provingthe unrivalled popularity of thin dumpling skin (0.7 mm).

September

Pulmuone Foods, won "Excellent" rating in the Win-Win Growth Index Evaluation

Cooperation and trust building with business partners The company has secured an "Excellent" rating in the win-win growth index in recognition of its various co-prosperous activities.

October

Achieve A+ rating in the ESG assessment by KCGS and the Best Business Award

In recognition of environmental, social and governance (ESG) activities and performance undertaken in earnest, the company won the Best Business Award in the ESG sector.

November

Participation in the China International Import Expo in Shanghai for three years in a row

To penetrate the Chinese market, the company partook in the China International Import Expo in Shanghai, one of the major government-driven events in China.

November

Nature is delicious, "Jeong noodles" Acquired the official vegan ramen certification

Pulmuone's new product "Jeong noodles" that made a big splash in the market with a new noodle made from a roasting technique acquired a vegan certification for the first time for ramen in Korea.

Value creation process of Pulmuone

Pulmuone

To grow as the No.1 global LOHAS company, Pulmuone uses a wide range of financial and non-financial capital across all aspects of its value chain in a strategic way. All capital used in our business drives the economic, social, and environmental values that we create, and these values are reinvested in our efforts for our company's sustainable growth. We also use this capital to address social issues and accelerate the growth of our society.

Capital Input
(6 Capital Inputs)

Financial Capital
Capital raised by financing, management, and investment for product manufacturing and service provision

Production Capital
Tangible assets used for product manufacturing and service provision including buildings, facilities, and equipment

Intellectual Capital
Knowledge-based intangible assets including patent rights, copyrights, licenses, and other rights

Human Capital
Employees' capacity, experience, enthusiasm, and collective intelligence are assets in achieving our goals

Social Relationship Capital
Intangible assets including the relationships and trust with stakeholders, brand awareness, and reputation

Environmental Capital
Renewable or non-renewable environmental resources used for product manufacturing and service provision

Pulmuone's Business Model and Value Chain

Business Model

Food and beverage manufacturing/distribution
Food, beverage, and food service business that makes and sources health-oriented fresh food and beverages and provides them to the Korean, North American, Chinese, Japanese, and other markets

&

Health&Living solution business
Business that provides rational alternatives that encompass a wide range of products and services that present solutions for healthier living

Value Chain

R&D
Actively conduct R&D projects to develop innovative products and distinctive services

Marketing
Design distinctive products and services, conduct market research, and explore strategies to commercialize outcomes and sell them as products

Procurement
Purchase fresh agricultural, fishery, and livestock products that meet Pulmuone's raw material and ingredient sourcing policy

Production
Establish the optimal system to manufacture high-quality products and increase production efficiency

merchandise
Take charge of various activities including advertising, PR, and promotion to effectively publicize the excellence and distinctiveness of Pulmuone products and services

Sale
Run various sale channels including department stores, markets, CVS, meal service, concession, rest stop areas, directly managed stores, and franchise stores where customers can easily and quickly buy Pulmuone products

Transport and logistics
Set the temperature standards stricter than the relevant laws (2℃ for chilled food, -20℃ for frozen food) to provide the best and freshest logistics service

Customer service
Listen to customer opinions (VOCs) through various channels, such as phone calls and 1:1 query board, social network services, and stores, and actively use them to improve business activities Activities for major stakeholders

Management support
(overall value chain)
Handle various tasks (strategy, legal affairs, finance, HR, procurement, IT, PR, etc.) to assist Pulmuone's management and business activities

Pulmuone

Key Performance in 2020

Capital Output
(Key indices by capital type)

Financial Capital
Sales
KRW 2.3112 trillion
Operating profit
KRW 46.0 billion

Production Capital
Major product performance
Tofu: 119.7 million
Vegetable: 49.6 million
Raw noodle: 318,4 million

Intellectual Capital
Trademark applications
104 cases
Patent rights
82 cases

Human Capital
Training hours per employee
42 hours
Total number of new employees
538

Social Relationship Capital
Fundraising money
KRW 70 million
Financial support for partners
KRW 19.1 billion

Environmental Capital
Energy consumption
690,646GJ
GHG emissions
95,299tCO_2eq

Awards
(Award-winning performance)

2020 KOREA'S Most Admired Companies

Selected as one of the most admired companies in Korea for 14 consecutive years
(Won largest number of prizes as a Korean general food company)

Dow Jones Sustainability Indices
Powered by the S&P Global CSA

DJSI
(Dow Jones Sustainability Indices)
Appointed the Sustainability Yearbook Member

ESG (environment, society, governance)
Selected as a company of excellence
(achieved the overall A+ grade for four years in a row)

CDP
DISCLOSURE INSIGHT ACTION

Won the CDP Carbon Management Special Award

Consolidated Financial Performance

Performance based on consolidated one_ K-IFRS

In accordance with the standards of the Korean version of International Financial Reporting Standards (K-IFRS) for consolidated financial statements, Pulmuone accomplished KRW 2.3112 trillion in sales and KRW 46 billion in operating profits in 2020.

Financial statement

(Unit: KRW 100 million)

Category	2018	2019	2020	Increase/decrease from 2019	
				Amount	Percentage(%)
Current assets	4,705	4,679	6,304	1,625	34.7
Non-current assets	7,441	10,167	10,632	465	4.6
Total assets	12,146	14,846	16,936	2,090	14.1
Current liabilities	5,253	6,212	7,769	1,557	25.1
Non-current liabilities	2,495	4,003	4,038	35	0.9
Total liabilities	7,748	10,215	11,807	1,592	15.6
Equity attributable to owners of parent	3,311	3,970	4,501	531	13.4
Non-controlling interests	1,087	661	628	(33)	-4.9
Total equity	4,398	4,631	5,129	498	10.8

Income statement

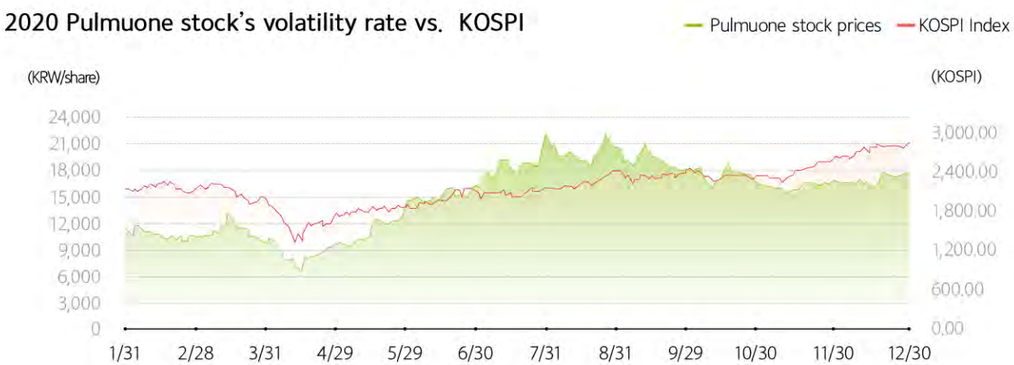
(Unit: KRW 100 million)

Category	2018	2019	2020	Increase/decrease from 2019	
				Amount	Percentage(%)
Sales	22,720	23,815	23,112	(703)	-2.9
Operating profit	402	306	460	154	50.4
EBITDA	1,129	1,413	1,671	258	18.2
Net profit (loss) for the year	126	(75)	118	194	257.0
Total comprehensive profit (loss)	60	25	172	147	586.7

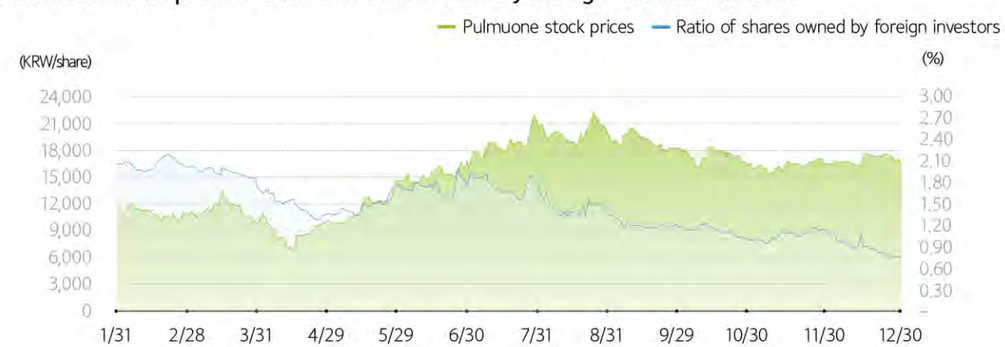
Stock information

Category	Unit	2018	2019	2020
Par value	KRW	5,000	500	500
Total issued shares	share	4,212,553	42,125,530	42,155,119
Stock price				
- Highest price	KRW	179,500	13,700	21,100
- Lowest price	KRW	78,000	8,650	7,300
- Closing price	KRW	79,600	11,250	16,550
Ratio of shares owned by foreign investors	%	1.65	2.05	0.81

2020 Pulmuone stock's volatility rate vs. KOSPI



Pulmuone stock price and ratio of shares held by foreign investors in 2020



Non-financial Performance

Standards and principles

To define the indicators for the non-financial performance realized by Pulmuone, we utilized GRI standards, sustainability reporting standards for Global Reporting Initiatives (GRI), and <IR> framework of the International Integrated Reporting Committee (IIRC) based on the concepts of ESG (Environmental, Social, and Governance). GRI provides the standards for report topics and disclosure to help stakeholders understand the performance of an organization from the economic, social, and environmental perspectives recognized by the international community. On the other hand, the <IR> framework of the International Integrated Reporting Committee (IIRC) proposes a reporting methodology on how an organization's strategies, governance, performance, and prospects connect to its short-term, mid-term, and long-term value creations.

[Pulmuone's ESG]

Category	Description
E(Environmental)	Identify and minimize any corporate management factors that exert an adverse impact on the ecosystem to contribute to the maintenance and improvement of sustainability for Earth's environment.
S(Social)	Contribute to the co-existence and sustainability of our society with fair, transparent, human rights-respecting corporate management and inclusive management that considers stakeholders.
G(Governance)	Secure the sustainability of business operation and realize wholesome growth and development based on the establishment and operation of a sound, reasonable, and top decision-making system.

1. Environment (E)

1.1 Harmful substance control

To observe the environmental regulations on products, Pulmuone establishes a set of items and standards for harmful substance management to systemically control them.

Category	Unit	2018	2019	2020
Amount of discharged harmful substances	Ton	495	329	377

1.2 Energy use intensity

To accomplish the 2020 target for energy intensity, a 27% decrease (from the year 2008), the company is improving the effective use of energy and adopting the use of more renewable energy.

Category	Unit	2018	2019	2020
Energy intensity	kgOE/ product-ton	157.4	158.2	155.2

1.3 GHG use intensity

We introduced the solar power water heating system and are increasing investment in the solar power generation facilities to reduce GHG emissions.

Category	Unit	2018	2019	2020
GHG Intensity	$kgCO_2e$/ product-ton	305.4	295.2	319.8

1.4 Water use intensity and reuse rate

To ensure the effective use of water resources for production, the company invests in facility replacement to save water and water reuse, and more.

Category	Unit	2018	2019	2020
Water use intensity	m^3/ product-ton	19.7	19.5	20.5
Water reuse rate	%	1.6	1.7	1.8

1.5 Waste intensity

To lower waste generation, the company endeavors to minimize the waste generated from the production process. It also makes efforts to switch waste treatment from landfill or incineration to recycling, thereby minimizing the environmental impact.

Category	Unit	2018	2019	2020
Waste intensity	kg/ product-ton	107	104	98
Waste recycling rate	%	99.1	99.0	98.8

1.6 Eco-friendly procurement

Pulmone sets up an eco-friendly procurement principle to minimize its business impact on customers and the environment, as well as use resources more effectively. It also strives to increase its procurement scale all the time.

Category	Unit	2018	2019	2020
Eco-friendly procurement performance	KRW 100 million	33.1	35.7	41.3

1.7 Plastic packaging material

Pulmuone strives to reduce the amount of plastic put into product packaging and tries to convert it into biodegradable materials and recyclable materials.

Category	Unit	2018	2019	2020
Total weight of plastic packaging	ton	2,561	2,788	2,638
Percentage of recyclable plastic packaging	%	95.3	93.1	96.2
Percentage of recycled content within plastic packaging	%	5.1	4.9	5.5

2. Society (S)

2.1 Employment status

The employment status is a barometer indicating how many jobs are created or retained in Pulmuone. The total number of employees indicates the number of regular and temporary (contract) workers under the direct employment contract with Pulmuone.

Category		Unit	2018	2019	2020
Total number of employees		Person	6,650	6,911	6,475
Employment types	Regular	Person	5,487	5,339	5,064
	Temporary	Person	1,163	1,572	1,411
Gender	Male	Person	2,604	2.730	2,542
	Female	Person	4,046	4.181	3,933

2.2 Development of female talent

The ratio of female employees as a major diversity index increased from 2019 by 0.2%p.

Category	Unit	2018	2019	2020
Ratio of female employees1[1)]	%	55.7	60.5	60.7
Ratio of female managers2[2)]	%	18.8	18.7	20.6

1) Ratio of female staff to the total number of employees

2) Ratio of female managers to the total number of managers (part leader or higher position)

2.3 Recruitment and turnover rate

The number of new employees and those moving to other companies covers regular and temporary (contract) workers under the direct employment contract with Pulmuone. These figures are managed separately by age and gender.

Category		Unit	2018	2019	2020
Total new recruitment		Person	1,128	811	538
Gender	Male	Person	411	426	245
	Female	Person	717	385	293
Age	Lower than 30	Person	260	344	196
	Older than 30 Younger than 50	Person	520	386	271
	50 or over	Person	348	81	71

Category		Unit	2018	2019	2020
Total turnover rate		%	17.1	23.5	21.8
Gender	Male	Person	470	605	512
	Female	Person	467	650	593
Age	Lower than 30	Person	289	355	383
	Older than 30 Younger than 50	Person	506	623	506
	50 or over	Person	142	277	216

2.4 Maternity leave and parental leave

Pulmuone provides a wide range of support for childrearing, including a lactation room, bonus for celebrating childbirth, support for children's school expenses, in-house daycare center, and the flexible working hour system, by which employees can alleviate their burden of childbirth and childrearing.

Category	Unit	2018	2019	2020
Employees on maternity leave	Person	120	92	90
Rate of employees who returned from maternity leave	%	97	92	94
Employees on parental leave	Person	124	141	166
- Female		–	109	125
- Male		–	32	41
Rate of employees who returned from parental leave	%	78	94	76
Ratio of employees serving for consecutive years		86	72	44

2.5 Talent development

We design various measures to strengthen employees' capacity and provide education and training programs to help them accomplish the best outcomes for their tasks.

Category	Unit	2018	2019	2020
Training cost per employee	KRW 1,000	600	349	338
Education hours per employee	Hour	41.5	47.0	42.0

2.6 Employee satisfaction

We conduct an annual organization diagnosis to identify the satisfaction level of employees regarding their work and Pulmuone. The result is used for the purpose of improving the work environment. The analysis of each category/question helps us understand differences between groups, genders, and positions.

Category	Unit	2018	2019	2020
Employee satisfaction	Point	3.32	3.38	3.51

* 5 points is the top score

2.7 Labor practices

As stipulated in the UN Global Compact Principle, Pulmuone guarantees its employees freedom of association and the right to collective bargaining. In accordance with the Constitution and the Trade Union and Labor Relations Adjustment Act, Pulmuone fully guarantees its employees the right to establish a labor union or another form of representative body, giving every employee the right to join a labor union.

Category	Unit	2018	2019	2020
Labor union membership rate	%	73.8	79.0	75.8

2.8 Industrial safety

We consider safety and health as the top priority at business sites. We comply with industrial safety regulations to protect employees from any hazards and strive to provide a safe work environment.

Category		Unit	2018	2019	2020
Number of injuries		%	0.34	0.46	0.45
Accident rate			1.57	2.12	2.07
LTIFR	Employees		2.00	2.33	2.33
	Contractors		5.55	5.08	4.03
OIFR	Employees		0.22	0.30	0.16

2.9 R&D

Pulmuone spares no effort to invest in developing secure, safe, and healthy food products for consumers. We strive to develop LOHAS products and services for ensuring nutritional balance, protecting the environment and promoting sustainable living.

Category	Unit	2018	2019	2020
R&D cost	KRW million	23,476	26,832	33,083
R&D staff	Person	171	205	201
R&D cost/sales	%	1.03	1.13	1.43

2.10 Trademark and patent

Pulmuone is well aware of the significance of trademarks and patent rights and manages them in a systematic manner in its business process.

Category	Unit	2018	2019	2020
Trademark applications	Case	100	90	104
No. of registered trademarks		108	94	95
No. of Patent rights		78	81	82

2.11 Customer satisfaction

Pulmuone requests Gallup Korea to conduct an annual customer satisfaction survey to address weaknesses and highlight strengths, thereby meeting the expectations of customers.

Category	Unit	2018	2019	2020
Customer satisfaction index	Point	88.7	91.8	93.2

2.12 Social contribution

Pulmuone carries out social contribution activities in three fields: healthy food, healthy nature, and healthy community. In doing so, the company contributes to making a healthy future based on its philosophy, "Love for Our Neighbors and Respect for Life."

Category		Unit	2018	2019	2020
Earth Love Fund		KRW 100 million	10.50	10.96	10.73
Love for Neighbor Fund	Amount of subscriptions raised	KRW 100 million	1.75	1.83	1.81
	Participation rate	%	85.8	89.0	86.3
Volunteer work	Participation rate	%	93.3	96.4	N/A*

3. Governance (G)

3.1 Proportion of outside directors in BoD

Pulmuone's BOD comprises 11 directors in total. There are a total of seven outside directors (63.6%), which makes them majority.

Category	Unit	2018	2019	2020
No. of outside directors	Person	7	7	7
Proportion of outside directors	%	63.6	63.6	63.6

3.2 Proportion of female directors in BoD

Pulmuone strives to ensure gender diversity within the BoD in consideration of the recommendation for corporate governance code and the global trend for enhanced gender equality in BoD. As of 2020, there are three female directors among all seven outside directors.

Category	Unit	2018	2019	2020
No. of female directors	Person	1	2	3
Proportion of female directors	%	9.0	18.1	27.3

3.3 No. of BOD meeting held

In accordance with Pulmuone's Governance Charter, the BOD meeting is conducted on a regular basis (six times a year), and temporary meetings can be held for any urgent agenda. The company held the BOD meeting a total of nine times in 2020.

Category	Unit	2018	2019	2020
Number of meetings	Session	8	9	9

3.4 BOD meeting participation rate

As the meeting plays an important role and function to discuss the management direction of Pulmuone and decide on major issues, the BOD members must join the meeting in principle, except in unavoidable circumstances.

Category	Unit	2018	2019	2020
Attendance rate of registered directors excluding outside directors	%	88.3	100	100
Attendance rate of outside directors	%	96.4	97.2	84.6

3.5 Korea Corporate Governance Service (KCGS) ESG Evaluation Score

Pulmuone is the only Korean food company that obtained an overall A+ grade for four consecutive years in the ESG evaluation by the Korea Corporate Governance Service (KCGS) for its CSR management activities and outcomes.

3.6 Separation between CEO and Chairperson of BODs and operation of a senior outside director system

To bolster the independence of the BODs, the company officially separated between the general CEO and the BOD chairperson and runs a senior outside director system. The senior outside director is responsible for supporting other outside directors to perform their jobs effectively, as well as reviewing, evaluating, and reporting the efficiency of each committee in terms of functions and activities.

Category	Unit	2018	2019	2020
Environment(E)	Grade	A	A	A
Society(S)		A	A+	A+
Governance(G)		A+	A+	A+
Overall ESG		A+	A+	A+

Acquisition of Awards and Certificates

February

26th

Pulmuone has selected as one of "the most admired companies" in Korea

Pulmuone was selected as one of 30 Top All Stars for Korea"s Most Admired Companies 2020, surveyed and published by the KMAC (Korea Management Association Consulting). Since the first selection as one of the Top 30 All Stars for Korea"s Most Admired Companies in 2004, Pulmuone set the record in terms of the number of awards among the domestic total food companies from 2007 to 2020, receiving awards a total of 16 times.

April

28th

Pulmuone, won "Special Carbon Management Award" by CDP

Pulmuone won a special award in the CDP Climate change in "Best Companies for Climate Change Response and Water Management Award Ceremony" held by the Korean Commission of the Carbon Disclosure Project (CDP), recognized for its continued investment and performance to mitigate the environmental impact including the increased renewable energy introduction to cut down GHG emissions.

May

22th

Pulmuone Institute of Technology becomes the first food research institute to obtain the eco-friendly 'LEED" certification in Korea

Pulmuone's new state-of-the-art R&D center, "Pulmuone Institute of Technology" has acquired a Gold Rating from "LEED (Leadership in Energy and Environmental Design)," a global eco-friendly building certification system as the first food research institute in Korea. As the gold rating is the second highest to the Platinum rating, it is very difficult to obtain. The acquirement of LEED gold rating by Pulmuone is a first for a food research institute in Korea, and it is the highest rating ever received by any R&D centers including non-food sectors in Korea.

September

10th

Pulmuone Foods, Won "Excellent" rating in the Win-Win Growth Index

Pulmuone Foods won "excellent" rating in the win-win growth index by the Korea Commission for Corporate Partnership in 2020. Pulmuone Foods has been included in the evaluation target since 2017 and secured the top rating, "excellent, just in three years of participation in recognition of its assiduous operation of co-prosperity program and system, and the establishment of win-win cooperation and reliability with the business partners propelled by the will of its management.

October

27th

Acquired ESG Evaluation 4years in a rowA+ ratings and the Best Company Award

In the ESG evaluation quantifying non-financial performance other than financial performance, such as environmental management, socially responsible management and governance structure in terms of measuring company's performance, Pulmuone received the level A+ for three consecutive years as the only company among domestic food companies. It was also selected as an ESG excellent company in recognition of its efforts for operating a global-level risk management system and establishing a transparent governance structure.

November

30th

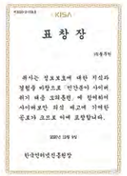
Ten types of Pulmuone Korean Soybean Tofus Acquired "Global Carbon Footprint Certification'

Ten types of Pulmuone's tofu made of domestic soybeans acquired "Carbon Footprint Certification by the Carbon Trust, the UK based environmentally friendly certification agency. "The Carbon Trust" is a non-profit organization established by the UK government to respond to climate change and decrease carbon emissions and isactivelyconducting "environmental footprint certification project for businesses and public organizations in the world.

December

10th

Pulmuone, Selected as "Excellent Company" for Cyber Emergency Response Drill



Pulmuone was selected as an "excellent company" for demonstrating outstanding performance in the "Late 2020 Cyber Emergency Response Simulation Drill in the Private Sector" jointly organized by the Korea Internet & Security Agency and the Ministry of Science and ICT. Cyber Emergency Response Simulation Drill was planned to comprehensively inspect businesses' ability to take action against cyber threats capitalizing on increasing non-face-to-face services due to Covid-19.

18th

Four affiliates of Pulmuone acquired CCM(Consumer Centered Management) certification

In the "2020 CCM Evaluation" certified by the Fair Trade Commission and operated by the Korea Consumer Agency, four Pulmuone affiliates, including Pulmuone Health & Living, ORGA Whole Foods, Pulmuone Foodmerce, and Pulmuone Green Juice acquired the CCM(Consumer Centered Management) certification. Pulmuone Health & Living, ORGA Whole Foods, and Pulmuone Foodmerce first won the CCM certification in 2010 and have maintained the certification for a decadePulmuone Green Juice was split off as an independent corporation in 2019 and secured the first CCM certification in 2020.

MOU Performance

January

16th

Signed a Joint Business Plan with 11Street

Pulmuone sealed a Joint Business Plan with 11Street, the leading commerce portal in Korea. Pulmuone and 11Street have been engaged in temporary joint cooperations such as pre-launch of new products and exclusive product arrangement. This Joint Business Plan will lay a foundation for both companies to strategically provide differentiated products and storytelling content that will set new trends in the food industry.

February

17th

Sealed an MOU with "Wiz Island" by Kyowon Wiz to provide wholesome foods

Pulmuone Foodmerce entered an MOU with Kyowon Wiz, a specialized enterprise in baby education, to supply wholesome food and undertake joint projects. Pulmuone Foodmerce plans to supply eco-friendly foods to company-owned and member stores of "Wiz Island," a playschool run by Kyowon Wiz, and also provide differentiated "special infant and young kid diets" based on its expertise in wholesome foods and know-how accumulated in the kids' meal service market.

March

6th

Concluded an MOU to develop food materials using forest resources

Pulmuone Food & Culture signed an MOU to develop food materials using forest resources to explore new food and beverage and living service.
With this MOU, Pulmuone Food & Culture and the Korean Society of Forest Science agreed on engaging in various mutual exchanges and cooperation to enhance a wholesome ecosystem. Through this collaboration, people and nature co-exist through mutual cooperation for forest resource-based food commercialization. The companies will exchange advanced forestry technology and information for a healthy lifestyle, provide forest environment education to realize life-respecting value, and work together in other activities.

July

9th

Sealed an MOU to commercialize cell-cultured seafood

Pulmuone signed an MOU with BlueNalu, innovative food enterprise producing seafood by culturing fish cells on cell-cultured seafood business. BlueNalu is a U.S.-based startup that seeks to mass produce and commercialize cell-cultured seafood in years. Pulmuone is the first domestic food enterprise that sealed an MOU with a cell-cultured seafood manufacturer. It plans to conduct a range of activities to move up the launching date of cell-cultured seafood products that satisfy the needs of Korean consumers in terms of taste, texture, and nutrition. In doing so, they will contribute to the health of families and the earth against the background of an ever exacerbating supply and demand imbalance in global seafood.

August

28th

Signed an MOU to revitalize an industry-academy cooperation

Pulmuone Foodmerce concluded an MOU with the Creative Culinary Institute of Korea, an educational institute to foster talent in Korean foods, to promote research in the industrial fields. The company will provide practical training of the students to sharpen the competitive edge of the domestic food industry and revitalize the industry-academy cooperation. The MOU involves various activities in an arranged manner including the development of education and curriculum to cultivate talent to lead the domestic food industry, the shared use of facilities, equipment, and testing tools and equipment, exchanges of academic information and periodicals, mutual invitations to various cultural events, distribution of local agricultural products, and initiatives to revitalize the local dining and food industry.

September

3th

Concluded an MOU to reinforce food and beverage industry competitiveness in the era of "untact'

The MOU with WECOOK aims to develop plant-protein-based healthy menus and to expand a delivery service and pursued against the backdrop that while a food delivery service is rapidly becoming a part of our society, the foods serviced are mostly calories-rich, spicy, or strong-tasting. Thus we agreed on the need to develop wholesome menus and services.

October

27th

Sealed an MOU for supporting the employment of discharged military officers

Pulmuone Food & Culture concluded an MOU with the ROK Army Personnel Command to support army food service specialists who served in the military to get a job in their specialization for their adjustment in society. Under the MOU, Pulmuone Food & Culture will hire those who meet its recruitment criteria among army food service specialists recommended by the Army.

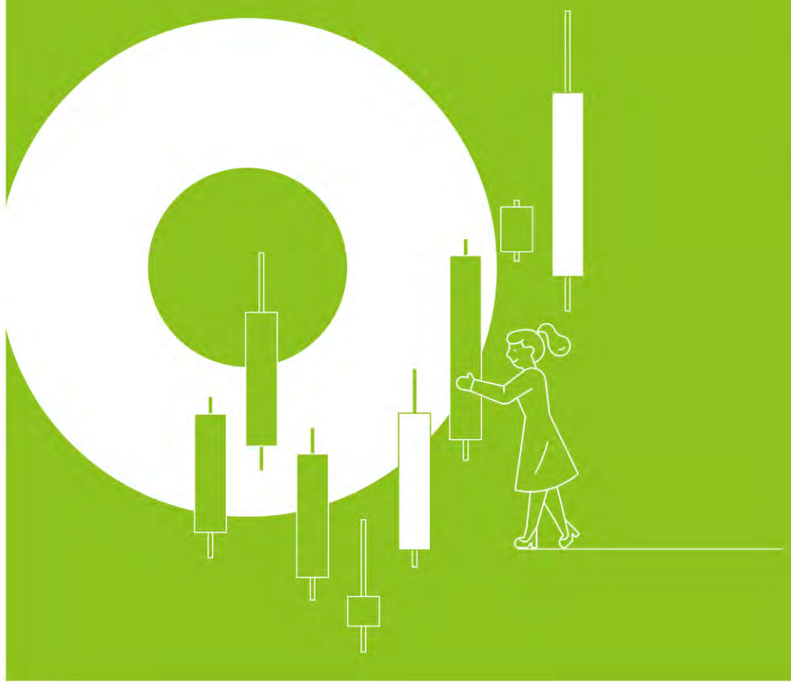
10th

Signed an MOU to revitalize senior food care

To assist seniors to improve their quality of life, Pulmuone sealed an MOU with Aria Care, an enterprise specialized in care tech & senior platform. With the goal of developing food care products and services tailor-made for seniors, Pulmuone started a pilot project to offer food care packs for long-term care insurance beneficiaries. Following the project, the company undertakes a range of projects such as joint research for the elderly-targeted care products with Big Data analysis, the supply and distribution of food care products, information exchanges on the responses to super-aged society, linkage with education via human resources, product and service PR cooperation and more, while planning to expand its food care service to "home-visit nursing care service" after the pilot project.

Appendix

- Value System
- Global New DP5
- Management Methodology
- Materiality Assessment
- Communication with Stakeholders
- Sustainable Development Goals (SDGs)
- Financial Statement
- Independent Auditor's Report
- Report on the operation status of the internal accounting management system
- Internal Accounting Management System Evaluation Report
- Independent Assurance Statement
- GHG Emissions Verification Statement
- GRI Standards Index



Value System

Pulmuone Spirit

Love towards neighbors	Respect for life
It is our desire to deliver fresh and safe food as it is. It is a promise between people (Pulmuone) and people (customers), and it is Pulmuone's will to produce wholesome food that our families can eat with confidence.	It is the heart to love and save nature, the source of life, in order to realize the spirit of love towards neighbor. It is a promise between people and nature to create a natural environment where even the smallest of life can live with peace of mind.

Goal-oriented Management

Mission

A LOHAS company that deeply cares for both humans and nature

[*LOHAS : Activities to create values for my health and sustainability of Earth]

Vision

Global New DP5.

Five medium-term management goals to be achieved by 2022

Goals

Product Leadership	Customer Intimacy	Operational Excellence
Distinguish Pulmuone's products and business models from other competitors in the market	Understand customer needs in detail and provide superior service to earn their affection and loyalty for Pulmuone brands	Establish the optimal management infrastructure to ensure product leadership and customer intimacy

Strategies

Nutrition Balance | Animal Welfare | Plant Forward | Health & Hygiene | Wellness

Eco-friendly

TISO Management

Compliance Program (Fairness/ Transparency)	Employment (Respect for people)	Philanthropy (Social contribution)

Customers, shareholders, employees, partners, local communities

Core value
(standards of conduct)

Passion, Trust, Integrity, Solidarity, Openness

Global New DP5

01	02	03	04	05
Economic value	Social value	Social value	Socio-environmental value	Environmental value
Accomplish KRW 3 trillion of sales across the company	Reduce accident rate by 40%	Obtain B-Corp certification	Increase the ratio of products with animal welfare certification by 200%	Achieve 100% for ratio of products and apply high recyclability packaging

The five goals of Global New DP5 are as follows.

01. Accomplish KRW 3 trillion of NNR

Pulmuone will realize KRW 3 trillion of NNR by 2022 through strategic development and innovation as responding to environmental change, solidifying its position as the 'Global No. 1 LOHAS' company.

02. Reduce accident rate by 40%

The safety of our members is the starting point of Pulmuone's business and is our top priority.
Pulmuone will establish a 'safety culture in daily life' with the goal of zero accident rate at all business sites.

03. Obtain B-Corp certification

Pulmuone will obtain B-Corp certification by 2022 by continuously developing business models and strategies to create shared values.

(*B-Corp Certification: Global certification scheme for 'The best for the world' companies)

04. Increase the ratio of products with animal welfare certification by 200%

Pulmuone plans to increase the proportion of eggs for animal welfare to 50% and actively promote the application of animal welfare to the FRM product line, thereby increasing the proportion of animal welfare by more than 200% compared to 2019.

05. Achieve 100% for ratio of products and apply high recyclability packaging

Pulmuone will apply 100% recycled and superior packaging materials to all products that we produce and sell by 2022 through 'Environmental Eco-Friendly Packaging Process Innovation'.

Management Methodology

Pulmuone fulfills its mission of 'A LOHAS company that deeply cares for both humans and nature' through 'Goal-oriented management' and 'TISO management'. A LOHAS company is defined as a company that provides products and services that reflect LOHAS values with those who want to realize LOHAS.

Goal-oriented Management

Provide the best products and services in line with LOHAS values, which is to spread our values throughout our society.

Purpose

Spread the value of LOHAS to our society

Management Goals

* Practical purpose of each functional department and individual work (interim purpose)

Product Leadership
Distinguish Pulmuone's products and business models from other competitors in the market

Customer Intimacy
Understand customer needs in detail and provide superior service to earn their affection and loyalty for Pulmuone brands

Operational Excellence
Establish the optimal management infrastructure to ensure product leadership and customer intimacy

Business Definition

Wholesome Food(Dietary life) | Healthy Life(Personal and social life)

Six LOHAS Strategies for carrying out Goal-oriented Management

Promotion Strategy	Definition
Nutrition Balance	Create balanced products and diet by reducing excess and complementing shortages to adjust dietary imbalance due to unhealthy eating habits and lifestyle diseases.
Animal Welfare	Provide products that respect the integrity of animals as living creatures and reduce harm to health and damage to the ecosystem caused by industrial livestock farming practices, indiscriminate capture, and factory-type fishing culture.
Plant Forward	Recommend desirable products and diet by minimizing the use of meat for the health of both humans and Earth (if inevitable, use meat from animals raised in an eco-friendly manner or with animal welfare certification) and using sustainable plant-based raw materials.
Health & Hygiene	Provide products and services that can improve the hygiene of individuals and their living environment and help people develop healthy and hygienic life habits.
Wellness	Offer integrated health and living solution services that support customers and enhance their quality of life through healthy mind & body and well-balanced social relationship.
Eco-friendly	Eliminate or minimize harmful factors across the business value chain, from sourcing to production, packaging, sales, and disposal, that impact the health of the ecosystem.

TISO Management

Based on the core value, Passion with TISO, it is a management method that embraces stakeholders in corporate management. We aim to realize fairness, transparency, respect for people, and social contribution, and implement strategies that focus on suppliers, employees, and local communities in particular.

Goal & Orientation

Fairness — We comply with laws and regulations and Pulmuone's principles to protect consumers' rights and interests, establish fair cooperative relationships with business partners, and create a fair competitive order and a reliable transaction environment.

Trans-parency — The progress, plans and performance of the business are disclosed to the stakeholders of the company, and the facts are disclosed through annual Integrated Reports, etc.

Respect for people — We create an environment in which all stakeholders affected by Pulmuone's business activities are respected as human beings, and mental or physical inhumane treatment does not occur.

Social contri-bution — For the community, the foundation of Pulmuone's business, we contribute to the sustainable development of the local community by promoting social contribution based on the spirit of love forward neighbor and respect for life.

Strategies for TISO Management

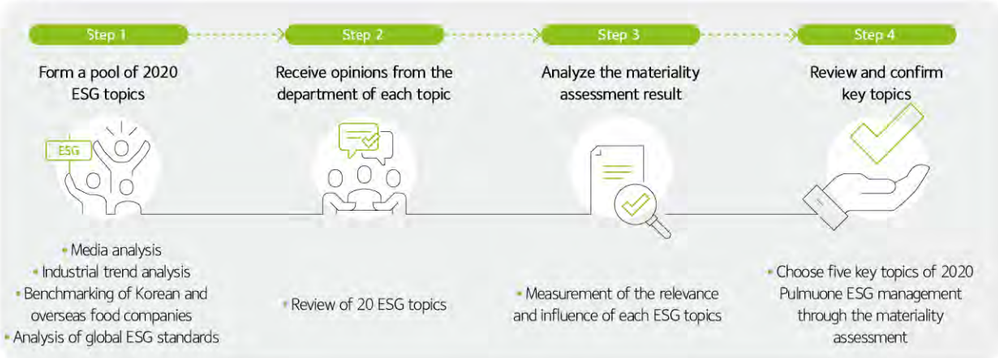
Promotion Strategy	Definition
Compliance Program	The Compliance Program represents the strategy of TISO Management for business partners. For fair and transparent corporate activities pursued by the Fair Trade Act, Pulmuone discovers management improvements and voluntarily improves them to prevent violations of fair trade laws. It would make us establish an organizational culture that adheres to competition standards.
Employment	Employment is a representative strategy of TISO Management for employees. Pulmuone is pursuing corporate strategies in the areas of human rights, labor, environment, and anti-corruption as abiding by the principles of the UN Global Compact. We are concentrating on protecting gender equality and human rights for the Great Workplace while continuously managing whether there are any discriminatory factors in our personnel system.
Philanthropy	Philanthropy is the strategy for promoting the TISO Management for the local community. Along with the volunteer activities of LOHAS Together Members, a volunteer group of our employees, the Love for Neighbor Fund, which is a voluntary donation by employees, and the Earth Love Fund, which is created by donating 0.1% of sales of the Pulmuone brand corporation, are secured as financial resources. Using this, we are promoting systematic social contribution projects through the Pulmuone Foundation and the Hanmam Foundation, which are specialized organizations for social welfare projects that share the spirit of Pulmuone.

Materiality Assessment

Materiality Assessment methodology

We conducted a materiality assessment to select key report topics of 2020 for the sound growth of Pulmuone. In particular, we introduced the <IR> framework method considering the characteristics of an integrated report that combines an annual report and a sustainability report.

[Process]



Total ESG topic pool

We carried out the media analysis, sustainability-related trend analysis in the food industry, benchmarking, and the analysis of global ESG standards to derive a pool of 20 topics. Based on our ESG management system, we will manage a wide range of ESG topics in a systematic way.

[List of 2020 Pulmuone ESG topics]

Category	issue	Category	issue
1	Promoting customers' health and convenience	2	Improve the Sustainablity of Products and Services
3	Control the Quality of Products	4	Increase Value for Customers
5	Information Security	6	Substantial performance in the global market
7	Facilitate R&D Efforts	8	Innovation through Digital Technology
9	Strengthening ESG Capacity	10	Enterprise Risk Management
11	Bolster the Risk Management System	12	Achieve Mutual Growth with Partners
13	Disputing resolution with partners	14	Observing the Payment Date for Subcontracts
15	Mutual Growth Support Program	16	Internalize TISO management
17	Build Win-win Labor-management Relations	18	Foster Great Work Place
19	Strengthen Capacity of Employees	20	Run a Family-friendly System

Materiality assessment frame

We designed the materiality assessment to measure the relevance between various ESG topics and our business and their influence on stakeholders. We quantified the degree of relevance by analyzing the correlation between each topic and the financial performance of the company and their impact on stakeholders by analyzing the level of interest for each topic.

[Materiality assessment result]

Key topics of 2020 Pulmuone ESG

As a result of the materiality assessment, we chose the following five topics as the key topics of 2020 Pulmuone ESG: "Substantial performance in the global market", "Promoting customers' health and convenience", "Innovation through Digital Technology", "Strengthening ESG Capacity," and "Improve the Sustainablity of Products and Services." We prepared this 2020 integrated report with a focus on these five topics.

[Category of stakeholders related to key topics]

2020 key ESG topics	Category of stakeholders					Reporting page
	Customers	Shareholders	Business Partners	Local Communities	Employees	
• Substantial performance in the global market	○	●	○	○	●	40 ~ 41
• Promoting customers' health and convenience	●	○	○	○	●	29 ~ 31
• Innovation through Digital Technology	●	●	○	○	○	44
• Strengthening ESG Capacity	●	●	●	●	●	45 ~ 47
• Improve the Sustainablity of Products and Services	●	●	○	●	○	32 ~ 33

Strengthening Communication with Stakeholders

Establishment and operation of the communication system

We are committed to effectively communicating with various stakeholders that affect and are affected by Pulmuone's business in direct and indirect ways. In principle, we disclose the information of business strategies, major activities and performance, and future plans. Our stakeholders can look up the data of our company's overall business management anytime, anywhere on our website and through social network services. We will keep communicating sincerely with our stakeholders to achieve healthy growth for the company.

[Communication channel for each stakeholder]

Category	Overview	Communication channel	
		Common channel	Channel for each category
Shareholder and investor	An individual (or institution) that owns or is planning to own one or more shares of stock in Pulmuone	• Pulmuone website (www.pulmuone.co.kr) • Pulmuone SNS (Facebook, Twitter, Instagram, etc) and blog Integrated Repor • Brochure 'One Pulmuone' • Social contribution white paper • Social Contribution Report	• Open general meeting of shareholders • Integrated report of the open general meeting of shareholders • NDR, IR meeting
Customer	A consumer who purchases products and services manufactured and provided by Pulmuone		• Customer Satisfaction Center • e-fresh monitor • Household monitoring • Customer satisfaction survey • One Big Bowl Full of Nature (company PR magazine)
Employee	All members of the company who work together to achieve the mission and vision of Pulmuone		• Company portal (KWP, Knowledge Worker Platform) • Labor-management Council • Meeting with the General CEO • Grievance redress center • Respect for Human Rights Committee • Occupational Safety Committee
Partner	All companies and their employees involved in the process of procurement, manufacturing, sales, transport, and facilities of Pulmuone products and services		• Meeting with partner companies • Partners Day • Pulmuone Sourcing Portal (sp.pulmuone.co.kr)
Local community	All individuals and institutions that affect and are affected by Pulmuone's business, including the government, relevant institutions, NGOs, volunteer organizations, and local residents of regions of its business sites		• Work-related meetings (at the request of relevant institutions and organizations) • Meeting with local residents (at the request of residents living near the company's business sites) • Meeting hosted by General CEO • Associations, workshops and conference • Regular meetings with volunteer organizations

Sustainable Development Goals (SDGs)

Strategy aligned UN SDGs

Pulmuone makes strategic efforts to fulfill its roles and responsibilities by contributing to the accomplishment of the SDGs, the global goals for economic growth and harmony between human beings and nature. The SDGs were designed by the UN to achieve sustainable growth of the international community by dealing with common issues around the world from environmental, economic, and social perspectives.

1 NO POVERTY
End poverty in all its forms everywhere
Provide education and support for the poorest and most vulnerable to overcome poverty

2 ZERO HUNGER
End hunger, achieve food security and promote sustainable agriculture
Invigorate the agricultural ecosystem by expanding the introduction of GAP for agricultural products

3 GOOD HEALTH AND WELL-BEING
Ensure healthy lives and promote well-being for al
Spread good dietary habits and healthy lifestyle based on LOHAS values

4 QUALITY EDUCATION
Ensure inclusive and equitable quality education
Strengthen capacity of employees and support their career management systematically

5 GENDER EQUALITY
Achieve gender equality and empower all women
Cultivate female managers and help women achieve success

6 CLEAN WATER AND SANITATION
Ensure availability and sustainable management of water and sanitation
Build a system for quantity and quality control of water resources

7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all
Use eco-friendly energy sources and expand the ratio of renewable energy

8 DECENT WORK AND ECONOMIC GROWTH
Promote sustainable sconomic growth and secure quality employement
Constantly create jobs for youth and increase the employment of the elderly and the socially disadvantaged

9 INDUSTRY, INNOVATION, AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialization
Become a great workplace (GWP)

10 REDUCED INEQUALITIES
Reduce inequality within and among countries
Internalize business management with respect for human rights and promote such business practices

11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements safe, resilient, and sustainable
Support a sustainable lifestyle by spreading the brand's spirit

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns
Provide wholesome food and services to spread LOHAS values

13 CLIMATE ACTION
Take urgent action to respond climate change
Establish a risk management system for climate change

14 LIFE BELOW WATER
Conserve and sustainably use the oceans, seas and marine resources
Strengthen education programs about water and environment and expand the MSC/ASC certification

15 LIFE ON LAND
Protect, restore and promote sustainable use of ecosystems
Minimize the impact of business on the environment

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote peaceful and inclusive societies for sustainable development
Contribute to realizing judicial justice

17 PARTNERSHIPS
Strengthen the means of implementation and revitalize the global partnership
Conduct joint R&D projects with government institutions and cooperate with NGOs

Financial Statement

1. Consolidated Statement of Financial Position

37th period (current year) as of December 31, 2020
36th period (prior year) as of December 31, 2019

Pulmuone Co., Ltd. (former Pulmuone Holdings Co., Ltd.) and its subsidiaries (unit: KRW)

Category	37th period (current year)	36th period (prior year)
Assets		
Ⅰ.Current assets	630,382,847,891	467,836,335,564
Cash & cash equivalents	98,982,331,585	120,740,918,674
Short-term financial assets	10,483,322,391	4,743,383,215
Trade and other receivables	214,990,828,692	214,277,675,761
Current lease payment receivables	1,161,262,922	1,342,258,535
Current long-term investments	139,115,660,912	11,044,917,367
Short-term investments	32,653,896,795	552,934,033
Current tax assets	123,111,435,690	105,967,509,480
Inventory assets	9,884,108,904	9,166,738,499
Other current assets	1,063,190,328,379	1,016,720,118,185
Ⅱ.Non-current assets	3,380,906,466	3,348,707,604
Long-term financial assets	30,844,990,990	38,105,417,721
Long-term trade and other receivables	448,466,046	2,108,172,951
Lease payment receivables	6,215,002,710	10,158,592,259
Long-term investments	32,989,293,984	30,113,403,541
Investments in subsidiaries	907,713,831,710	847,207,722,958
Tangible assets	774,152,376	566,210,423
Investment properties	48,172,708,989	54,198,350,005
Intangible assets	26,533,050,231	24,205,023,481
Deferred tax assets	6,117,924,877	6,708,517,242
Other non-current assets	1,693,573,176,270	1,484,556,453,749
Total Assets		
Liabilities and equity	776,833,225,058	621,185,641,614
Ⅰ.Current liabilities	266,643,835,033	264,635,605,753
Account payable and other payables	430,527,292,043	253,059,234,200
Short-term debt	24,838,508,583	41,271,238,336
Finance lease obligations	100,793,986	109,885,432
Derivative liabilities	10,876,022,316	14,304,742,198
Current tax liabilities	34,473,491,483	35,990,352,381
Other allowance	-	590,001,962
Other current liabilities	9,373,281,614	11,224,581,352
Ⅱ.Non-current liabilities	403,801,424,346	400,268,852,423
Long-term account payable and other payables	886,935,201	890,001,618
Long-term debt	136,157,659,873	169,434,233,488
Long-term finance lease obligations	209,101,651,870	179,844,400,984
Net defined benefit liabilities	29,208,118,270	29,383,209,239
Other allowance	9,997,737,077	4,885,265,494
Other non-current financial liabilities	18,223,200,131	15,201,107,563
Deferred tax liabilities	226,121,924	630,634,037
Total liabilities	1,180,634,649,404	1,021,454,494,037
Ⅰ.Controlling company shareholder's equity	450,085,072,035	397,029,923,849
Capital	21,077,559,500	21,062,765,000
Other paid-in capital	186,139,407,540	145,050,958,699
Elements of other stockholder's equity	279,375,728	6,255,167,060
Retained earnings	242,588,729,267	224,661,033,090
Ⅱ.Non-controlling interests	62,853,454,831	66,072,035,863
Non-controlling interests	62,853,454,831	66,072,035,863
Total Assets	512,938,526,866	463,101,959,712
Total liabilities and equity	1,693,573,176,270	1,484,556,453,749

2. Consolidated Statement of Comprehensive Income

37th period (current year) as of December 31, 2020
36th period (prior year) as of December 31, 2019

Pulmuone Co., Ltd. (former Pulmuone Holdings Co., Ltd.) and its subsidiaries (unit: KRW)

Category	37th period (current year)	36th period (prior year)
Sales	2,311,199,992,424	2,381,451,203,138
Cost of goods and services sold	1,699,705,812,302	1,791,427,155,384
Gross profit	611,494,180,122	590,024,047,754
Logistics expenses	163,929,907,602	165,476,701,157
Sales management expenses	368,666,852,842	367,187,207,170
R&D cost	32,927,353,793	26,789,474,555
Operating profit	45,970,065,885	30,570,664,872
Net other expense	-4,061,154,617	-481,960,762
Financial income	4,636,122,763	4,477,651,972
Financial expenses	31,517,775,768	30,256,738,113
Investments in associates income (loss)	2,928,083,850	2,576,871,377
Net income before deducting corporate tax	17,955,342,113	6,886,489,346
Tax expense (income)	6,121,563,638	14,421,914,713
Net profit (loss) for the year	11,833,778,475	-7,535,425,367
Other comprehensive income (loss)	5,329,187,716	10,034,729,255
Remeasurements of the net defined benefit liabilities	11,821,349,505	3,288,488,334
Fluctuation in the fair value of equity instrument measured by fair value through other comprehensive income	-328,077,715	-180,673,798
Remeasurements of the net defined benefit liabilities	12,149,427,220	3,469,162,132
Items that are subsequently reclassified to profit or loss:	-6,492,161,789	6,746,240,921
Fluctuation in the fair value of debt instrument measured by fair value through other comprehensive income	0	-6,279,000
Gain (loss) on foreign currency translation of foreign operations	-6,447,059,710	5,694,172,811
Equity in fluctuations in equity from investments in subsidiaries	-52,193,407	1,083,424,919
Gain/Loss on valuation of derivative	7,091,328	-25,077,809
Total comprehensive profit (loss)	17,162,966,191	2,499,303,888
Net income (loss) attributable to:		
Controlling interest	16,280,287,543	3,491,546,701
Non-controlling interests	-4,446,509,068	-11,026,972,068
Comprehensive income (loss) attribute to:		
Controlling interest	23,076,466,041	12,287,262,841
Non-controlling interests	-5,913,499,850	-9,787,958,953
Earnings per share:		
Basic earnings per share	399	56
Diluted earnings per share	394	56

3. Statement of Financial Position

37th period (current year) as of December 31, 2020
36th period (prior year) as of December 31, 2019

Pulmuone Co., Ltd. (unit: KRW)

Category	37th period (current year)	36th period (prior year)
Assets		
Ⅰ.Current assets	170,285,786,768	22,399,562,546
Cash and cash equivalents	4,678,500,255	9,410,570,315
Accounts, notes receivables, and other bonds	39,091,174,943	9,512,061,680
Current lease payment receivables	989,856,724	977,800,699
Current long-term investments	116,083,124,894	0
Short-term investments	17,745,398	18,167,933
Inventory assets	9,425,384,554	2,480,961,919
Other current assets	479,636,562,464	483,060,520,933
Ⅱ.Non-current assets	3,500,000	3,500,000
Long-term financial assets	6,872,858,460	6,783,976,678
Long-term trade and other receivables	1,062,629,409	1,650,192,494
Lease payment receivables	1,903,045,703	2,460,803,540
Long-term investments	398,076,469,373	401,792,703,337
Investments in subsidiaries	16,630,017,723	16,630,017,723
Investments in subsidiaries	43,603,353,385	43,426,618,902
Tangible assets	6,463,738,507	6,130,933,982
Investment properties	4,485,530,066	4,181,774,277
ntangible assets	535,419,838	0
Deferred tax assets	649,922,349,232	505,460,083,479
Total Assets		
Liabilities and equity	108,132,525,855	38,815,347,761
Ⅰ.Current liabilities	14,399,009,790	19,179,231,814
Account payable and other payables	78,000,000,000	12,000,000,000
Short-term debt	2,768,491,229	2,585,193,215
Current lease liabilities	8,921,478,586	2,999,585,609
Current tax liabilities	0	20,001,962
Other allowance	3,900,009,843	1,885,006,926
Other current financial liabilities	143,536,407	146,328,235
Other current liabilities	36,578,805,214	10,786,904,782
Ⅱ.Non-current liabilities	30,000,000,000	5,000,000,000
Long-term debt	4,219,174,347	4,098,698,402
Long-term lease liabilities	0	890,657,185
Pension liabilities	2,312,132,250	749,210,877
Other allowance	47,498,617	48,338,318
Other non-current financial liabilities	144,711,331,069	49,602,252,543
Total liabilities	505,211,018,163	455,857,830,936
Ⅰ.Controlling company shareholder's equity	21,077,559,500	21,062,765,000
Capital	277,251,771,924	233,423,894,817
Other paid-in capital	-133,465,009	301,586,104
Elements of other stockholder's equity	207,015,151,748	201,069,585,015
Retained earnings	0	0
Ⅱ.Non-controlling interests	505,211,018,163	455,857,830,936
Total Assets	649,922,349,232	505,460,083,479
Total liabilities and equity	170,285,786,768	22,399,562,546

4. Statement of comprehensive income

37th period (current year) as of December 31, 2020
36th period (prior year) as of December 31, 2019

Pulmuone Co., Ltd. (unit: KRW)

Category	37th period (current year)	36th period (prior year)
Sales	108,571,593,556	79,033,026,035
Cost of goods and services sold	839,483,184	1,061,541,783
Gross profit	107,732,110,372	77,971,484,252
Sales management expenses	12,408,281,208	2,492,722,993
R&D cost	45,594,019,356	39,694,536,767
Operating profit (loss)	29,427,330,112	23,459,455,925
Net other expense	20,302,479,696	12,324,768,567
Financial income	-4,781,365,465	466,068,609
Financial expenses	1,113,538,813	572,117,564
Profit (loss) before income tax	2,350,838,798	1,942,852,131
Tax expense (income)	14,283,814,246	11,420,102,609
Net profit (loss) for the year	-255,162,093	1,224,366,205
Other comprehensive income (loss)	14,538,976,339	10,195,736,404
Items that are not subsequently reclassified to profit or loss:	2,096,100,477	917,594,390
Remeasurements of the net defined benefit liabilities	2,096,100,477	923,873,390
Fluctuation in the fair value of equity instrument measured by fair value through other comprehensive income	2,351,151,590	1,155,709,652
Items that are subsequently reclassified to profit or loss:	-435,051,113	-231,836,262
Net gains (losses) reclassified as financial instruments at fair value through other comprehensive income	0	-6,279,000
Fluctuation in the fair value of debt instrument measured by fair value through other comprehensive income	0	14,820,000
Total comprehensive profit (loss)	0	-21,099,000

5. Statement of disposition of retained earnings

37th period (current year) Jan. 1 – Dec. 31, 2020 (Expected date of appropriation: March 25, 2021)
36th period (prior year) 2019. Jan.1. – Dec.31 (Confirmed date of appropriation: March 27, 2020)

Pulmuone Co., Ltd. (unit: KRW)

Category	37th period (current year)	36th period (prior year)
I.Unappropriated retained earnings	160,012,056,574	154,066,489,841
1.Unappropriated retained earnings at the beginning of year	148,867,883,081	145,491,053,474
2.Net profit	14,538,976,339	10,195,736,404
3.Remeasurements of the net defined benefit liabilities	2,531,151,590	1,155,709,652
4.Dividends on hybrid security	-5,925,954,436	-2,590,000,000
5.Adjustment made in application of K-IFRS No. 1116	0	-186,009,689
II.Appropriations of retained earnings	5,201,624,838	5,198,606,760
Cash dividends on common stock (Dividend Per Share: Current year: KRW 102 Prior Year: KRW 102)	3,801,625,578	3,798,607,500
Cash dividends on preferred stock (Dividend Per Share: Current year: KRW 347 Prior Year: KRW 347)	1,399,999,260	1,399,999,260
III.Unappropriated retained earnings to be carried over to subsequent year	154,810,431,736	148,867,883,081

In accordance with the board resolution, the 37th period (Jan. 1 – Dec. 31, 2020) report on final accounts is presented as above.

2021. 3. 25
Pulmuone Co., Ltd.

CEO	Lee Hyo-yul	Non-executive director	Nam Seung-woo
Director	Lee Sang-boo	Director	Lee Woo-bong
Outside director	Choi Jong-hak	Outside director	Kim Young-joon
Outside director	Jo Hwa-joon	Outside director	Jang Jae-sung
Outside director	Lee Kyung-mi	Outside director	Kim Young-hwan
Outside director	Sim Su-ok		

Opinion on Audit by Auditors

Pulmuone Co., Ltd.

To Shareholders and BODs March 17, 2021

Opinion on Audit

We have audited the accompanying consolidated financial statements of Pulmuone Co., Ltd. and its subsidiaries (herinafter referred to as "Consolidated Company"), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, the consolidated statements of changes in stockholders' equity, the consolidated cash flow statements, for the years that have since ended, and notes to the consolidated financial statements including a summary of significant accounting policies. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Consolidated Company as of December 31, 2020 and December 31, 2019 and its financial performance and its cash flows for the years that have since ended in accordance with Korean International Financial Reporting Standards.

Basis for Audit Opinion

We conducted our audits in accordance with the Korean Standards on Auditing. Our responsibilities under those standards are further described in the Our Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in the Republic of Korea as required by prevailing audit regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

Without qualifying our conclusion, we draw attention to Note 43 for the consolidated financial statements of the Company.

Uncertainty Due to Ramifications of the Covid-19 Pandemic

In regards to the consolidated financial statements as explained in 2.(3), the presumptions and the estimations building upon them on impairment test on cash generating unit by Consolidate company including sales right may vary, depending on the future duration and severity of the Covid-19 pandemic. It is difficult to predict the future duration and severity of Covid-19 and the ultimate influence caused by this uncertainty may result in a discrepancy in estimated values reflected in the consolidated financial statements, such as the consolidated financial state and performance. On the other hand, our opinions are not affected by the matter.

Our Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon. We do not provide a separate opinion on these matters.

1) Impairment test on cash generating unit with signs of impairment

The Consolidated Company recognizes the signs of impairment in the food business division, meal service division and dining business division out of its major business divisions, and the amounts of the property and intangible assets pertaining to these divisions are important. As discussed in Note 4 (12) and Note 22 for the consolidated financial statements, when the recoverable amount of the cash generating unit does not exceed the book value, the Consolidated Company recognizes the impairment loss on the non-current assets.The recoverable amount used in the current impairment test as of the end of the current year is the value in use, which is calculated based on the selected test methodology, and the estimated sales, operating expenses, permanent growth rate, and discount rate. In assuming the value in use of the Consolidated Company, we took into account the possibility of convenience for the management regarding significant judgment and the potential impact of the amount of impairment loss. We thus identified the impairment review of business divisions with signs of impairment as the key audit matters.

Our Responsibilities for the Audit of the Consolidated Financial Statements

- Review of completeness of cash generating units with signs of impairment
  We examined the adequacy of the standards for impairment signs determined by the Consolidated Company and made sure whether cash generating unit with signs of impairment was completely identified based on the established standards.
  The Consolidated Company identified the value in use by using the cash generating unit and evaluated the value in use for each cash generating unit with a cash flow discount model.We examined the adequacy of this methodology adopted by the Consolidated Company in identifying the cash generating unit and assessing the value in use.
- Examination of quality of the financial assumption used by the Consolidated Company in estimating the value in use
  In order to examine the quality of the financial assumption used by the Consolidated Company in estimating the value in use, we evaluated the rationality of the estimated discount rate as the financial assumption used for testing the value in use of the cash generating unit. We also evaluated the rationality of the assumption and permanent growth rate regarding the fluctuations in the predicted cash flow within the estimation period, considering the financial and operating conditions of the Consolidated Company. In addition, to review the reliability of the presented data regarding the fluctuations in the estimated cash flow, we compared previous performance and industry reports and evaluated the rationality of major assumptions used to estimate the value in use, including the assumed sales, operating expenses, and growth rate.

Responsibilities of the Management and the Governance Body for the Consolidated Financial Statements

The management is responsible for the preparation of the accompanying consolidated financial statements and fair disclosure of the data in accordance with K-IFRS and for such internal control as they determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, the management of the Consolidated Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The governance body is responsible for overseeing the Consolidated Company's financial reporting process.

Our Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in the Republic of Korea will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in the Republic of Korea, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting. Based on the audit evidence obtained, we also conclude whether there exists a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We are solely responsible for our audit opinion.

We communicate with the governance body of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the governance body of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to affect our independence, and where applicable, related safeguards.

From the matters communicated with the governance body, we determined matters that were of the most significance in the audit of the financial statements of the current period, therefore making them the key audit matters. We determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Yong-ho Lee.

삼정 KPMG

152, Teheran-ro, Gangnam-gu, Seoul (27th Floor, Gangnam Finance Center)
Kyo-tae Kim, CEO of Samjong KPMG LLC

This report is effective as of March 19, 2020, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time when the auditors' report is read. Such events or circumstances could significantly affect the financial statements and may result in modifications to the auditors' report.

Report on the operation status of the internal accounting management system by the CEO and the internal accounting manager

To the shareholders, the board of directors, and the audit committee of Pulmuone Co., Ltd.

The CEO and the internal accounting manager evaluated the design and operation status of our internal accounting management system for the fiscal year ending December 31, 2020. Responsibility for the design and operation of the internal accounting management system rests with the management of the company, including the CEO and the internal accounting manager.

For the preparation and disclosure of reliable financial statements, the CEO and the internal accounting manager evaluated whether the company's internal accounting management system is effectively designed and operated to prevent and detect errors or irregularities that may cause distortion of financial statements.

The CEO and the internal accounting manager used the "Internal Accounting Management System Design and Operation Concept System" presented by the Internal Accounting Management System Committee as a reference for the design and operation of the internal accounting management system.

In addition, the "Exemplary Standards for Evaluation and Reporting of the Internal Accounting Management System" presented by the Internal Accounting Management System Committee was used as an evaluation standard in evaluating the design and operation status of the internal accounting management system.

The evaluation of the design and operation status of the internal accounting management system by the CEO and the internal accounting manager has found that as of December 31, 2020, our internal accounting management system is effectively designed and operated in terms of importance based on the "Internal Accounting Management System Design and Operation Concept System."

The CEO and the internal accounting manager confirmed that the report was not falsely stated or indicated, and that the matters to be stated or indicated were not omitted. In addition, the CEO and the internal accounting manager confirmed that the report does not contain or indicate facts causing any significant misunderstanding, and the report was checked and reviewed in person with sufficient care.

February 25, 2021

CEO Lee Hyo-yul

Internal audit manager Won Gwang-beom

Audit Committee's Internal Accounting Management System Evaluation Report

Audit Committee's Internal Accounting Management System Evaluation Report

To the shareholders and the board of directors of Pulmuone Co., Ltd.

The audit committee evaluated the design and operation status of the company's internal accounting management system for the fiscal year ending December 31, 2020.

Responsibility for the design and operation of the internal accounting management system rests with the management of the company, including the CEO and the internal accounting manager, and the audit committee is responsible for management and supervision.

Based on the report on the operation status of the internal accounting management system submitted to the audit committee by the CEO and the internal accounting manager, the audit committee evaluated whether it is effectively designed and operated to prevent and detect errors or irregularities that may cause distortion of financial statements and whether the internal accounting management system actually contributes to the preparation and disclosure of reliable accounting information for the preparation and disclosure of reliable financial statements under the company's internal accounting management system.

In addition, the audit committee checked whether anything was falsely stated or indicated, or whether any matters to be stated or indicated were omitted in the internal accounting management system operation report, and reviewed whether the correction plan of the internal accounting management system could actually contribute to the improvement of the company's internal accounting management system.

The company used the "Internal Accounting Management System Design and Operation Concept System" presented by the Internal Accounting Management System Committee as a reference for the design and operation of its internal accounting management system.

The audit committee used the "Exemplary Standards for Evaluation and Reporting of the Internal Accounting Management System" presented by the Internal Accounting Management System Committee as an evaluation standard in evaluating the design and operation status of the internal accounting management system.

The audit committee has found that as of December 31, 2020, the company's internal accounting management system is effectively designed and operated in terms of importance based on the "Internal Accounting Management System Design and Operation Concept System."

February 25, 2021

Choi Jong-hak Chairman of the Audit Committee

Independent Assurance Statement

Pulmuone Co., Ltd.

To: Pulmuone S takeholders

Pursuant to the request for third-party assessment by Pulmuone ("Client") ("assessment service"), Korea Productivity Center ("Assessor") hereby submits the third-party assurance statement on its '2020 Integrated Report ("Report").

Responsibility and Independence

The Client is fully responsible for the reliability and accuracy of all the information and opinions presented in the Report. The Assessor, the independent assessment institution, was not involved in the writing of the Report, and shall only be responsible for maintaining an objective attitude in its assessment service for assessing the prior written report. The Assessor has no interests in the Client that could hamper the independence of its assessment service.

Assessment Criteria and Method

We carried out the assessment in accordance with Type 1 and the moderate level of assurance based on AA1000 Assurance Standard (AA1000AS, 2008) with 2018 Addendum. Furthermore, the Assessor reviewed whether the Client complied with the four principles of inclusivity, materiality, responsiveness, and impact presented by AA1000AP (2018). Based on the four-principle composition method1 we carried out the assessment service. On the basis of documents and information presented by the Client and in the field interviews, we checked all indicators and information specified in the Report to confirm their balance, comparability, accuracy, timeliness, clarity, and reliability.

The assessment service was carried out using the following method.

- We confirmed whether the Report met the requirements of the core 'in accordance' criteria under the GRI Standards.
- We confirmed whether the Report complied with the principle of determining the report content and quality presented by the GRI Standards.
- We confirmed whether the Report properly dealt with the key topics for the Client and its stakeholders.
- We confirmed the grounds of major data and information through field assessment. We also confirmed the internal processes and system through interviewing relevant staff.
- We checked the suitability of the contents described in the Report and the errors of expression therein by comparing it to other sources.

Assessment Results

We confirmed that the Report met PulmuonePulmuone's sustainable management activities and pe rformance faithfully and fairly . In addition, we confirmed that the Client met the requirements of the core 'in accordance' criteria (core option) of the GRI We confirmed that the written Universal Disclosures met the requirements of the core option of the GRI Standards and that the written TopicTopic-specific Standards disclosed the following material topics according to the materiality evaluation results.

Material Topic	GRI Disclosures
Creating performance in the global market	201-1
Improving the health and convenience of customers	416-2
Innovatinnovation through digital technology	N/A
Enhancing the sustainability of products and services	302-5
Building ESG capacity	102-29, 306-2, 413-1

Opinions with regards to the principles presented by AA1000AP (2018) are made below;

Inclusivity: Stakeholders' Engagement

The Client defines the five categories of its major stakeholders as shareholders/investors, suppliers, customers, communities, and employees and engages with them through the communication channel of each group that considered the different characteristics of each stakeholder. In addition, we confirmed that the Client collects their opinions and reflects their major interests in its management policies.

Materiality: Selection and Report of Major Issues

IssuesWe confirmed that the Client organizes its sustainability management issues with 20 items, including the international standards for sustainability management GRI Standards, ISO 26000, DJSI, to issues derived from media analysis, benchmarking of the same industries, etc. The Client identified five main issues that are important to be managed by Pulmuone and we confirmed that these issues were reflected in each page of the Report in a balanced manner.

Responsiveness: The Organization's Response to Issues

We confirmed that the Client identifies major expectations that may impact the performance of stakeholders so that they conduct activities in response to the identified issues, and that the corresponding contents were properly described in the Report. In particular, the Client clearly discloses its activities by issue through its approach to important issues, performance, and mid-to-long term goals.

Impact: Consideration of the Organization' Impacts on Society

Considering the organization's impacts on the society, the Client sets boundaries on the impacts of major issues. We confirmed that the Client focuses on the environmental and safety impacts of the product and social issues and di scloses its product and development activities to minimize negative effects in the Report. Not only this, but efforts to improve value for stakeholders through management activities, such as employee participation and supplier proliferation with respect to ESG, are also included in this report.

Limitations

- The scope and boundary of the assessment service follow the report's temporal, regional, and value chain reporting boundary. Accordingly, the scope of the assessment service fully met all domestic workplaces criteria and data of subsidiaries and overseas subsidiaries are included. The data on the supply chain was not included in the scope of assessment unless otherwise noted.

- In regards to the environmental and social performance data, in the case of actual values, the reliability of data collection and calculation process, as well as the accuracy of the collected baseline data were confirmed. Additionally, in the case of the calculated values, the rationality of the assumption and calculation proc ess was confirmed. For financial data, consistency was confirmed with the financial statements audited by external auditors, disclosure data, and the like.

- We carried out the field assessment targeting the HQ of Pulmuone based in Seoul. We also indicated that if additional assessment procedures are conducted in the future, results may differ.

kpc 한국생산성본부 AA1000 Licensed Assurance Provider 000-81

August 2021

Wan-Gi Ahn, CEO Seung-tae Cheong, Director

Verification Statement Greenhouse Gas(GHG) Inventory

DNV

DNV BUSINESS ASSURANCE

VERIFICATION STATEMENT GREENHOUSE GAS (GHG) INVENTORY

No.: AS_PRJN-222529-2021-AST-KOR

PULMUONE

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by PULMUONE to verify its Greenhouse Gas Inventory Report for the calendar year 2020 ("the report") based upon a limited level of assurance. PULMUONE is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol: 2004 and 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the principles set out in ISO 14064-1:2018. Our responsibility in performing this work is to the management of PULMUONE only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions), Energy indirect emissions (Scope 2 emissions) and Other indirect emissions (Scope 3 emissions) from following sites;

- Pulmuone Foods Eumseong Tofu, Pulmuone Kibun, Pulmuone Health&Living, Pulmuone Green Juice, Pulmuone Danone
- PPEC Eumseong Namul, PPEC Eumseong Saengmyeon, PPEC Uiryeong, PPEC Chuncheon, PPEC Global Kimchi
- Exofresh Logistics, Foodmerce, Shinsunnatto

Verification Approach

The verification has been conducted by DNV from 2nd March through 29th March 2021 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2019. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO_2 equivalent. As part of the verification process;

- We have reviewed and verified the Greenhouse Gas Inventory Report of PULMUONE (including activity data, GHG emission calculation results, emission factors, and other parameters)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the GHG Emissions from domestic sites of PULMUONE for the year 2020 below;

Greenhouse Gas Emissions of PUMUONE from Yr 2020

2020	Greenhouse Gas emissions (tCO_2-eq)					Energy consumption (GJ)				
								Renewable Energy		
	Scope 1	Scope 2	Scope 3	Total (Scope 1,2)	Total (Scope 1,2,3)	Fuel	Electricity	Solar Photovoltaic energy	Solar Thermal energy	Total
PULMUONE	18,470	42,895	33,934	61,365	95,299	350,836	336,130	2,121	1,559	690,646

※ In order to report the GHG emissions as an integer, the value on the statement might be different from the actual number with ± 1 tCO_2-eq

29th March 2021

Lee, Jang Sup
Country Representative
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance (29th March 2021). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of PULMUONE is subsequently brought to our attention.
In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

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GRI Universal Standards

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Environmental Performance

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	306-1	Water discharge by quality and destination	54
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	306-3	Significant spills	N/A
	307-1	Non-compliance with environmental laws and regulations	N/A
	308-1	New suppliers that were screened using environmental criteria	100%
	308-2	Negative environmental impacts in the supply chain and actions taken	73

Social Performance

Standard	Disclosure	Contents	Page	비고
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	403-6	Promotion of worker health	69,83	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58	
	403-8	Workers covered by an occupational health and safety management system	58	
	404-1	Average hours of training per year per employee	85	
	404-2	Programs for upgrading employee skills and transition assistance programs	-	100%
	404-3	Percentage of employees receiving regular performance and career development reviews	-	100%
	405-1	Diversity of governance bodies and employees	-	3 female directors
	412-1	Companies and partners at workplaces subject to human rights evaluation and impact assessment	73,74,79,80	
	412-3	Major investment agreements and contract partners, including the implementation of human rights provisions or human rights examinations	73	100%
	413-1	Operations with local community engagement, impact assessments, and development programs	-	100%
	414-1	New suppliers that were screened using social criteria	72	
	414-2	Negative social impacts in the supply chain and actions taken	-	N/A
	416-2	Assessment of the health and safety impacts of product and service categories	N/A	
	417-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	
	417-3	Incidents of non-compliance concerning marketing communications	N/A	
	419-1	Non-compliance with laws and regulations in social and economic areas	N/A	

Membership of Associations & Report Preparation Departments

Major Membership of Associations

Korea Health Supplements Association	International Life Science Institute Korea	Korea Dairy Committee
Korea Pulse Foodstuffs Association	Korean Bean Sprouts Association	Kimchi Association of Korea
Korea Industrial Safety Association	Korea Chamber of Commerce and Industry	Korea Fish Meat Paste Product Cooperative
Korea Bakers Association	BEST Forum (Business Ethics and Sustainability Management for Top Performance)	Korea Egg Distribution Association
Korea Fair Competition Federation	Korean Society of Food Service Sanitation	Korean Society for Microbiology and Biotechnology
Korea Industrial Technology Association	Korean Society for Biotechnology and Bioengineering	Korea Fire Safety Institute
Korean Society of Food Science and Technology	Korea Food Industry Association	Korean Society of Food Science and Nutrition
Korean Society of Food Hygiene and Safety	Korea Energy Engineers Association	Korea Federation of Culture Collections
Korea Direct Selling Industry Association	Korea Chainstores Association	Korea Soybean Foodstuffs Association
Korea Soybean Society	Korea Special Sales Financial Cooperative Association	Korea Environmental Preservation Association

Departments/Divisions Participating in the Publication of the Report

Department

Management Strategy Office	Mutual Growth Office	Digital Innovation Office
TISO Office	Brand Management Office	Gender Equality Center
R&D Planning Team	R&D Support Office	HR Planing Office
Financial Management Office	Strategic Procurement Office	IT Office
Packaging R&D Office	Public Relations Office	CS Center

Division

Integrated Food Market BU	ORGA SBU	Pulmuone Health&Living SBU
Pulmuone Green Juice SBU	Pulmuone Danone SBU	Pulmuone Waters
Pulmuone Foundation	Pulmuone Food&Culture Market BU	China SBU
Japan SBU	North America SBU	Pumeiduo LOHAS SBU

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LOHAS

Lifestyles Of Health And Sustainability

Pulmuone's pledge and commitment
to all people and Earth
is to provide products and services
that promote wholesome food and a healthy lifestyle
and spread LOHAS values.

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