

Pulmuone

2021 Pulmuone Integrated Report



About this Report

This report is a comprehensive compilation of Pulmuone's financial performance and Corporate Social Responsibilities (CSR) activities during the reporting period. We have strived to report our value-creating activities, financial and non-financial outcomes, and performances in each ESG management (Environment, Social, Governance) from a balanced perspective in terms of the company's social responsibility related to stakeholders such as customers, shareholders, local communities, suppliers, and corporate members.

Principles and standards

This report was prepared based on the framework of International Integrated Reporting Council (IIRC) in accordance with the Core Option of Global Reporting Initiative (GRI) Standards. In addition, it covers Pulmuone's business activities by the United Nations Sustainable Development Goals (SDGs), indices pursuant to the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations, the global disclosure standards for non-financial reporting requirements, and SASB (Sustainability Accounting Standards Board) standards. 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, and cycle

The reporting scope includes the Republic of Korea, the company's key business site, 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 scope of environmental data reporting includes 14 domestic production facilities and logistics centers. (Pulmuone Foods, PPEC Uiryeong, PPEC Chuncheon, PPEC Eumsung Fresh Noodle, PPEC Eumsung Sprout, Sinseon Natto, Pulmuone Kibun, Pulmuone Health & Living, Pulmuone Green Juice, PPEC Global Kimchi, Danone Pulmuone, Pulmuone Waters, Exofresh Logistics, Foodmerce) The content of the CSR activities as well as the according outcome are illustrated to clarify the target and boundary of the report. The reporting period is from January 1st, 2021 to December 31st, 2021. Major quantitative data covers the past two years before 2021 to help better understand recent trends and changes. Furthermore, it also includes some of the content until June 2022 to provide more timely information. The Pulmuone Integrated Report has been published every year since 2006.

Third-party assurance of the report

To ensure the report's content to be objective, fair and reliable, we commissioned Korean Standards Association (KSA) to assure the report's reliability. The assurance statement can be found on Page 115 of this report.

Changes from the previous year

The 2020 Integrated Report was structured around the activities and performance for each stakeholder subject to corporate social responsibility. The 2021 report is organized around ESG topics in relation to Pulmuone's corporate social responsibility.

※ Inquires: If you have any questions or comments about this report, please contact us using the contact information below.

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Pulmuone

We make products based on **plant forwardness and animal welfare**.

We design customer-centered **services to provide a healthy experience**.

We practice all processes and outcomes that consider **environmental benefits**.

Pulmuone’s sustainable products and biodiversity

The dangers of factory farming and livestock feed production



5.2 billion tons of annual greenhouse gases reduced with the help of plant-forward food production and consumption (FAO State of Food and Agriculture Report 2021)

KRW 95 trillion of global plant-based alternative food market by 2025 (estimated by Samjong KPMG)



outbreaks of epidemic zoonoses



Threats to the dignity and health of livestock

Part **01** ABOUT **PULMUONE**

Greetings from General CEO

Company Profile

Our Business / Business Portfolio



Practicing corporate
social responsibility
management



Pulmuone to practice and spread sustainable management values



Greetings from General CEO

Dear respected stakeholders,

I'm very pleased to publish Pulmuone's 2021 Integrated Report on our ESG performance. This is the 15th report since the first Sustainability Report in 2006, and it is summarized to better understand Pulmuone's financial and non-financial performance, focusing on ESG management activities. The report consists of three major parts: Introduction to Pulmuone, the 2021 Key Topic, and ESG Fundamental. In addition, this report was prepared based on Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB), which are the global ESG guidelines, to cover a more detailed description of non-financial performance. I sincerely wish that this Integrated Report will help all stakeholders to better understand Pulmuone's year-over-year performance and major business activities at a glance.

Dear valued stakeholders,

Despite the prolonged COVID-19, all employees of Pulmuone overcame the crisis with one heart and one mind, and in 2021, we achieved KRW 2.5189 trillion in company-wide sales and continued to create more meaningful growth. We have expanded the scope of the core value of Wholesome Foods into "Sustainable Food" to secure a competitive edge in the rapidly changing global market, generating results at home and abroad by establishing our strategic direction and strengthening our execution skills. We've also made significant achievements in the area of corporate social responsibility for sustainability. Pulmuone received the "ESG Grand Prize," the highest honor of "Top ESG Companies for 2021" chosen by the Korea Corporate Governance Service (KCGS).

Since the KCGS started the ESG evaluation, Pulmuone was the first company to receive the "ESG Grand Prize," that wouldn't be considered a large company or financial company. In addition, Pulmuone has been selected as "ESG Innovation Leader" at Korea Management Association Consulting (KMAC)'s Korea Management Awards, and

was the only food company to be chosen as "Korea's Most Admired Companies" for 16 consecutive years. These are our valuable achievements that we have accomplished consistently by practicing corporate social responsibility based on the spirit of love for neighbors and respect for life since our foundation.

Dear respected stakeholders!

Pulmuone declared a new value system including mission, core strategies, and core values in order to take a bigger leap forward as a sustainable, future-oriented global food company in celebration of its 38th anniversary this year. Our new mission is to become a "company that makes a healthy tomorrow for people and the planet with wholesome foods." It clearly highlights the value of wholesome foods, Pulmuone's core value, and reinterprets the existing LOHAS missions that focus on health and sustainability of the planet in an easy-to-understand manner. We have four core strategies for implementing the new mission: Plant Forward, Animal Welfare, Healthy Experience, and Eco-Caring.

We also have three new core values: Trust, Passion, and Excellence. Pulmuone will keep its principles based on its promises with customers(Trust) and create differentiated results for customer creation and satisfaction(Excellence) based on continuous challenges and innovation towards its goals(Passion).

In times of rapid transition, based on a new mission, core strategies, and core values, we will pursue change and innovation as a future-oriented general food company, going beyond a traditional food company. I would like to ask for your unwavering encouragement and supports from our stakeholders so that Pulmuone can be reborn as a global ESG company loved and trusted by people not only in Korea, but also in the global market. Thank you.



Company Profile

Pulmuone Co., Ltd.

Introduction and overview



- ▶ Pulmuone is a leading Korean company that provides fresh wholesome foods, tofu in particular, and beverages, operating sustainable food business in a wide range of fields including health functional food, school meal service, concession facilities, eco-friendly food distribution, spring drinking water, and fermented dairy products. Starting from its establishment of the U.S. in 1991, as well as in Korea, Pulmuone advanced to other overseas markets, including China in 2010, Japan in 2014, and Vietnam in 2019. The company is consolidating its status as the No. 1 tofu company in the world and growing as a global company.

Meaning behind Pulmuone

"Pulmu" is a tool that blows air to a forge in a blacksmith's workshop. Aged tools are given new life as they are heated and forged during the process. The late Director Won Kyung-sun came up with the name "Pulmuone," in hope that his farm could breathe new lives into people, just like "Pulmu." Pulmuone blows with the bellows that take care of not just us and our families, but also the health of the Earth.

Symbol

The symbol of Pulmuone visualizes a harmonious life of people and nature pursued by Pulmuone, meaning that the company "makes a healthy tomorrow for people and the planet with wholesome foods". The rhythmic curve with slightly raised ends symbolizes a healthy smile of nature and people and "One Big Bowl Full of Nature."



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 its customers to deliver what they want from their perspectives.

Company name	Korean : (주)풀무원 English : Pulmuone Co., Ltd.
Headquarter location	730-27, Samyang-ro, Daeso-myeon, Eumseong-gun, Chungcheongbuk-do
Business site	280, Gwangpyeong-ro, Gangnam-gu, Seoul
Founded	May 31, 1984
Number of affiliates	31 companies(1 listed company, 30 unlisted companies / based on the 38th business report)
CEO	Lee Hyo-yul
Win-win growth index	'Excellent'(Pulmuone Foods)
Total number of employees	5,816 persons
Key business countries	Korea, U.S., Japan, China, Vietnam
Website	www.pulmuone.co.kr

Financial status and performance

(as of December 31, 2021, consolidated)

Total assets : KRW 1,969,372,521,092

Credit rating ranking : Korea Investors Service **BBB+** / NICE Investors Service **BBB+**

Sales : KRW 2,518,896,106,070

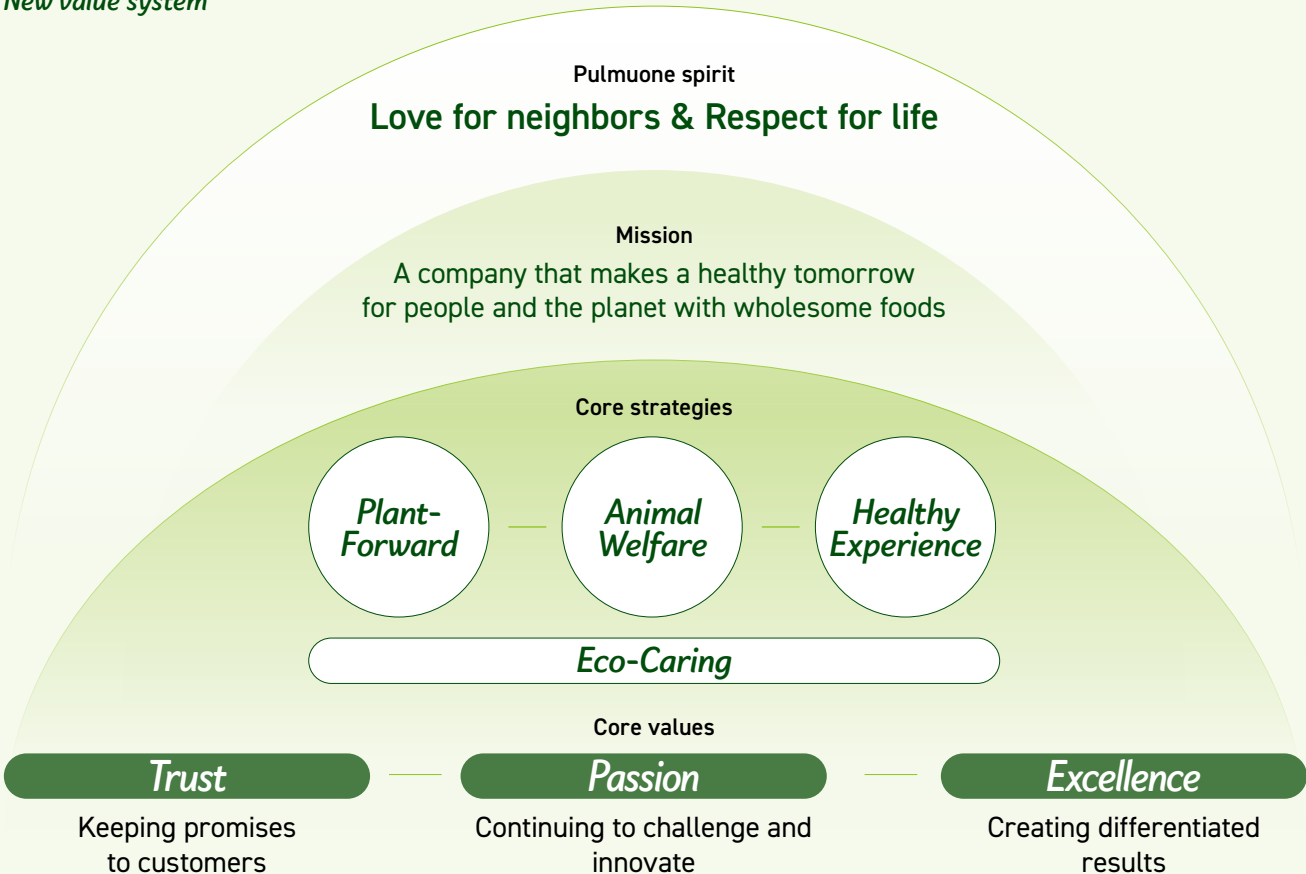
Operating profit : KRW 38,513,882,668

R&D investment : 28.3 billion(1.12% of sales)

Pulmuone’s value system

Based on our corporate spirit of love for neighbors and respect for life, Pulmuone has established a new value system that newly defines our mission, core strategies, and core values, which are the foundation of the company's identity. Our mission is to become a “company that makes a healthy tomorrow for people and the planet with wholesome foods.” Pulmuone’s mission to make wholesome foods is to innovate the entire supply chain, select and develop methods that are more beneficial to people, animals and the environment, and make a healthy and sustainable tomorrow for people and the planet with its best efforts and practices. We promote “Plant-Forward, Animal Welfare, Healthy Experience, and Eco-Caring” as our core strategies to achieve our mission. We focus on plant-forward and animal welfare products to provide a healthy experience through customer-oriented services, and consider whether all processes and results are beneficial to the environment. In order to put our strategies into practice, we pursue 'Trust' that keeps promises to customers, 'Passion' that continues to challenge and innovate, and 'Excellence' that creates differentiated results as our way of work and core values to achieve business goals. All employees strive to keep their promises, principles, and regulations with our customers, which are Pulmuone's starting point, and take the initiative in pursuing their own goals. We provide new and differentiated values for our customers through continuous challenges and innovation.

New value system



Pulmuone's corporate social responsibility

Pulmuone defines the creation of economic, social, and environmental values as its social responsibility. We pledge to thoroughly fulfill our corporate social responsibility in all business activities through our Articles of Incorporation and Charter. In addition, the top management is taking the lead in the company-wide internalization through its commitment to practicing corporate social responsibility.

Corporate social responsibility in Pulmuone's Articles of Incorporation

In March 2019, Pulmuone stated that it would fulfill its corporate social responsibility through continuous innovation and create shared values for stakeholders by reflecting economic, social and environmental values in its articles of incorporation.

From Pulmuone's Articles of Incorporation

Pulmuone Co., Ltd. (hereinafter "Pulmuone" or "Board of Directors") defines the creation of economic, social, and environmental values as its social responsibility, and promotes sustainable growth by creating shared values through continuous innovation.



Economic Value

We generate economic profits through innovative products and services that create the sustainable values of safety, safe, health and the planet.



Social Value

Social value: We contribute to the co-existence and sustainability of our society with fair, transparent, human rights-respecting corporate management and inclusive corporate management that consider stakeholders.



Environmental Value

Environmental value: We identify and minimize any corporate management factors

Practicing corporate social responsibility management

The Pulmuone's TISO Charter is practical guidelines aimed at fulfilling its corporate social responsibilities towards customers, shareholders, local communities, suppliers, and employees, who are our key stakeholders. At the last mid-term strategy meeting in 2020, top management including the CEO and members of the Board of Directors took an oath and officially declared their will and commitment to put their principles into practice. In addition, we encourage all employees to submit an oath every year and practice corporate social responsibility across all business areas throughout the company.

Economic Value

We pledge to follow the directives below to fulfill our corporate social responsibility.



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 working with suppliers

We trade with suppliers on an equal footing in a fair manner as their companion that pursues LOHAS values. We support suppliers 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 foods

Pulmuone conforms to its own standards for wholesome foods for the health and happiness of our 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.

New wholesome food principles for me and the 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 the 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 the strict principles of the minimum use of additives.
- ⑦ From production to distribution, we comply with the 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.

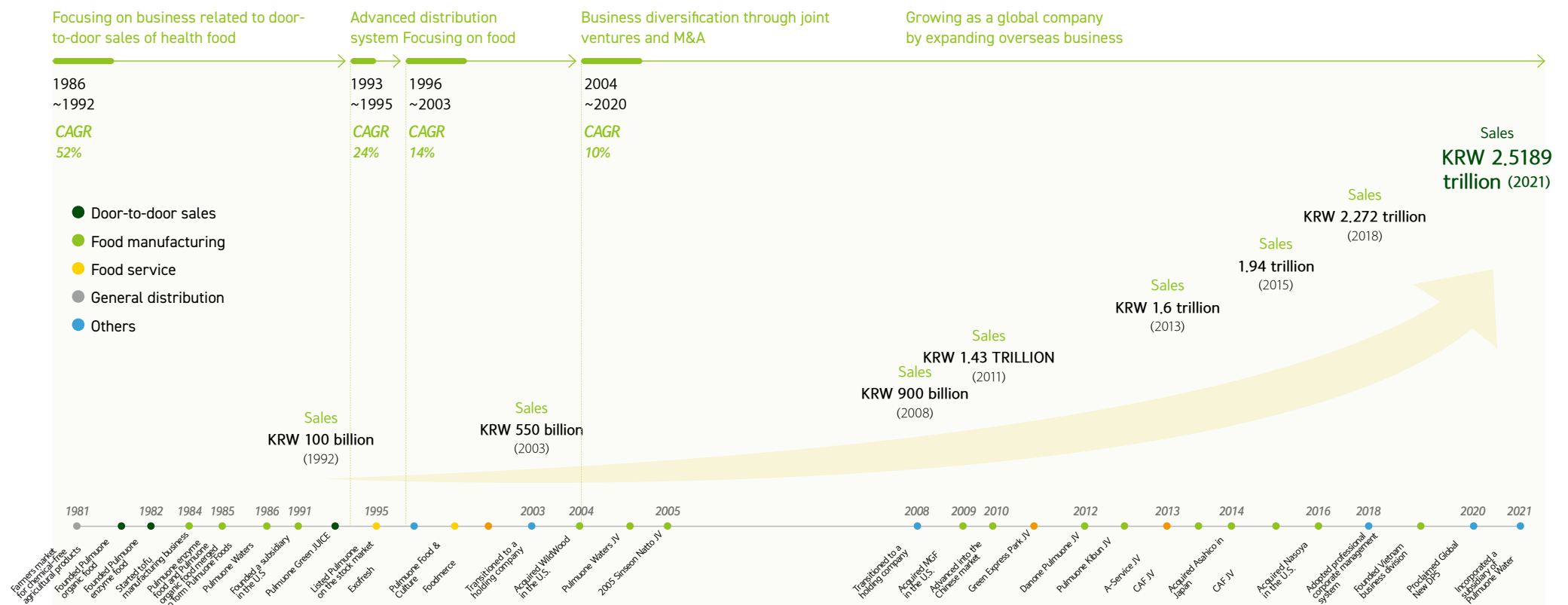
QR code food traceability system

It enables consumers to scan the QR code on tofu, egg, or seaweed products from Pulmuone on their cameras, transparently disclosing the process of making whole foods from production to manufacturing, as well as relevant information. Consumers can check not only the production process, but also information about products and recipes that are available for those products. Pulmuone will disclose the production history of our wide variety of products to ensure a safe and wholesome food supply.

Path of growth

Company History

Based on products and services that add the values of “safety,” “safe,” and “health” in accordance with the principles of wholesome foods. As of 2021, Pulmuone has grown into Korea's leading comprehensive food company with annual sales of more than KRW 2.5188 trillion (on a consolidated basis).



Global network

Strengthening the competitiveness in the global market

Pulmuone entered the global market in earnest with the establishment of its U.S. corporation in 1991. Since the establishment, we have established overseas corporations in China, Japan, and Vietnam, and have continued to expand our business. Pulmuone provides customers with wholesome foods based on high value standards and principles, leading new paradigms for health in food industry. It has explored major global markets such as the U.S., China, and Japan and is making inroads into European and East Asian countries. In addition, we will continue our endeavor to launch innovative products so that the growing demand for plant protein and HMR (Home Meal Replacement) in the global market can lead to actual sales for Pulmuone. In particular, for the meat alternative business, we will focus on locality by closely analyzing the food culture and identity of each country.

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 Foods, Foodmerce, Pulmuone Food & Culture, Pulmuone Health & Living, Pulmuone Waters, Danone Pulmuone, etc. The status of major business sites is as follows, and 12 of the business sites are also manufacturing sites.

Business sites	Category	Items
Pulmuone Foods(Eumsung Tofu Plant)	Production	Tofu
PPEC Chuncheon / Ice		Tofu
PPEC Uiryeong		Tofu
PPEC Eumsung Fresh Noodle		Raw noodles, ramen, RM
PPEC Eumsung Sprout		Vegetables
PPEC Global Kimchi		Kimchi
Sinseon Natto		Natto
Pulmuone Kibun		Fish cake
Pulmuone Health & Living		Health functional food
Pulmuone Green Juice		Foods and beverages(green juices)
Pulmuone Waters	Production, R&D	Beverages
Danone Pulmuone		Fermented milk
Exofresh Logistics	Logistics	Logistics
Foodmerce		Fresh foods, beverages
PTA Agricultural Union Corporation	Others	Salad
GAP Center	-	Management of agricultural products



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 consumers at home and abroad.



LOHAS Academy

LOHAS Academy is a mission experience hall where you can participate in the habit training program to learn and practice LOHAS values. It is a healthy and educational place in nature that promotes sustainable growth, and it helps employees learn and understand the company's mission. The training course is focused on practice with six LOHAS strategies and five habits (dietary, body, mind, environmental, and learning habits).



Museum Kimchigan

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.

U.S.



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. Pulmuone, which declared a leading plant-forward food company in 2021, launched "plantspired," a brand specialized in plant forward foods, through its U.S. subsidiary, Pulmuone USA. We are also expanding our plant-forward meat alternative business by opening "WaBa Grill," a well-being restaurant chain in the U.S., in all 200 local stores. In addition, we are targeting the U.S. market by expanding our business area to the frozen dumpling, Asian meal kit and sauce markets.



Plantspired

Plant-inspired products



WaBa Grill

Steak deopbap / steak & veggie deopbap / steak set (Plantspired meat alternative dishes)

Business sites	Category	Items
Gilroy (Gilroy, California) Fullerton (Fullerton, California)	Production	Frozen dumpling, meal kit, sauce
Tappan (Tappan, New York)		
Ayer (Ayer, Massachusetts)		Organic tofu, processed tofu, PBP

Japan



Asahico, a Japanese subsidiary of Pulmuone, was established in 2014 by acquiring the local food company with the No. 1 fried tofu and the No. 4 tofu products in Japan. It jointly combines the finest technologies of Korea and Japan to produce and provide the best quality products with new technologies. The "Tofu Bar," a plant-based protein product newly launched in November 2020 with Asahico's differentiated manufacturing method and packaging technology, was selected as "CVS (Convenience Store) Best Hit Product of 2021" by Nikkei Trend, the Japan's leading monthly business magazine, just a year after its launch. The Tofu Bar is a stick type tofu that contains 2.7 times more proteins than Kinugoshi tofu*. It receives positive reviews as a product that accurately understands the needs of Japanese consumers looking for a healthy and convenient snack. Although it was only sold exclusively at certain convenience stores in Japan, the cumulative sales exceeded 10 million units in just over a year since the launch, recording excellent sales performance. Asahico plans to expand its sales channels by adding two lines at its local plants to further spread tofu bars and plant-forward products.

* Tofu cut after hardening the high-concentration soymilk



Business sites	Category	Items
Kyoda	Production	Tofu, fried tofu, tofu bar
Kanagawa		Tofu
Azumino		Tofu
Omachi		Fried tofu
Tsukiyono		Tofu, tofu bar

China



Pulmuone founded corporations of Pulmuone Foods in both Peking and Shanghai and established a Pulmuone Health & Living corporation in Chongqing, China in 2013. And so, the company is stepping up exploring the large market based on these three footholds. We are expanding our influence in China by participating in the China International Import Expo held in Shanghai in November 2021 for 4 consecutive years. The China International Import Expo, the largest trade fair in China, has been held under the leadership and planning of President Xi Jinping. At the expo, Pulmuone introduced about 30 products in four categories, including frozen HMR products, pasta and healthy foods, focusing on sustainable foods with the message and mission of providing "pure and safe food." A cooking show and tasting event, where Korean chefs make various dishes in person, received a positive response not only on the site but also on SNS, and about 40,000 visitors visited the Pulmuone Pavilion for six days.



Tasting and other events at Pulmuone Pavilion

Business sites	Category	Items
Pulmuone Foods Co., Ltd. (China)	Production	Health functional food
Pulmuone Green Foods Co., Ltd. (Peking)		Tofu, noodles, RM
Pulmuone Foods Co., Ltd. (Shanghai)		

Vietnam



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






































Pulmuone Zone in LOTTE Mart Vietnam

Business sites	Category	Items
Pulmuone Vietnam Limited Liability Company (LOTTE Mart Vietnam, Operation of the Pulmuone Zone)	Imports/ exports and sales	HMR (Home Meal Replacement)

Our Business / Business Portfolio











Main business

Pulmuone's business, starting with wholesome food products, is now expanding beyond dietary habits and culture to the lifestyle and well-being area.

Classification	Mata Brand	Corporation information	Business model	Master · Product brand · Store brand
Pulmuone Foods	 Pulmuone 풀무원식품	Pulmuone's representative company specialized in the fresh food and beverage business	Manufactures and sells tofu, vegetables, raw noodles and frozen rice, provides logistics service for cold, frozen and room temperature storage, and delivers personalized diet subscription service	    
Pulmuone Health & Living	 Pulmuone 풀무원건강생활	A business that provides solutions for customers' healthy lives and sustainable values	Sells health functional food, skin care products, kitchen appliances, healthy lifestyle appliances and pet food	    
Pulmuone Food & Culture	 Pulmuone 풀무원푸드앤컬처	A business that provides healthy experiences of daily life through sustainable healthy eating and realization of diverse and happy cultural spaces	Provides food service at school, expressway rest areas and concession facilities, and healthy daily life experiences in cultural spaces	             
Pulmuone Waters	 Pulmuone 풀무원샘물	No. 1 in the global spring drinking water market a drinking water company established by joint venture between Nestle Waters and Pulmuone	Manufactures and sells spring drinking water products, sells deep-sea mineral water and soft drinks	   
Pulmuone Green Juice	 Pulmuone 풀무원녹즙	A manufacturer and seller of natural green vegetable juice, delivering nutrients from fresh fruits and vegetables to customers	Manufactures and sells functional beverages	 



Pulmuone

Classification	Mata Brand	Corporation information	Business model	Master · Product brand · Store brand
Danone Pulmuone		A specialized yogurt company established by the joint venture between Danone, the No. 1 company in the field of fermented milk products, and Pulmuone	Manufactures and sells fermented milk products	
Pulmuone Foodmerce		A company specialized in providing food brand tailor-made to customers' life cycles and total food materials	Supplies food ingredients for meal services, restaurants and raw material markets	
Pulmuone U.S.A.		A comprehensive food company that produces and sells tofu, soybean, processed food, pasta, sauce and bakemeal products	Manufactures and sells tofu, Kimchi, meat alternatives, chilled/frozen pastas, sauces, etc.	
Pulmuone Foods (China)		A comprehensive food company that retails fresh refrigerated foods such as soybean foods, noodles, home meal replacements (HMRs), etc., and room temperature health-oriented foods such as beverages and snacks throughout China.	Manufactures and sells various foods such as noodles, rice cakes, Kimchi, frozen dumpling, tofu, etc.	
Asahico		A fresh food specialized company with the best tofu and fried tofu manufacturing technology in Japan	Manufactures and sells tofu and fried tofu products	

Part 02 2021 Key Topic

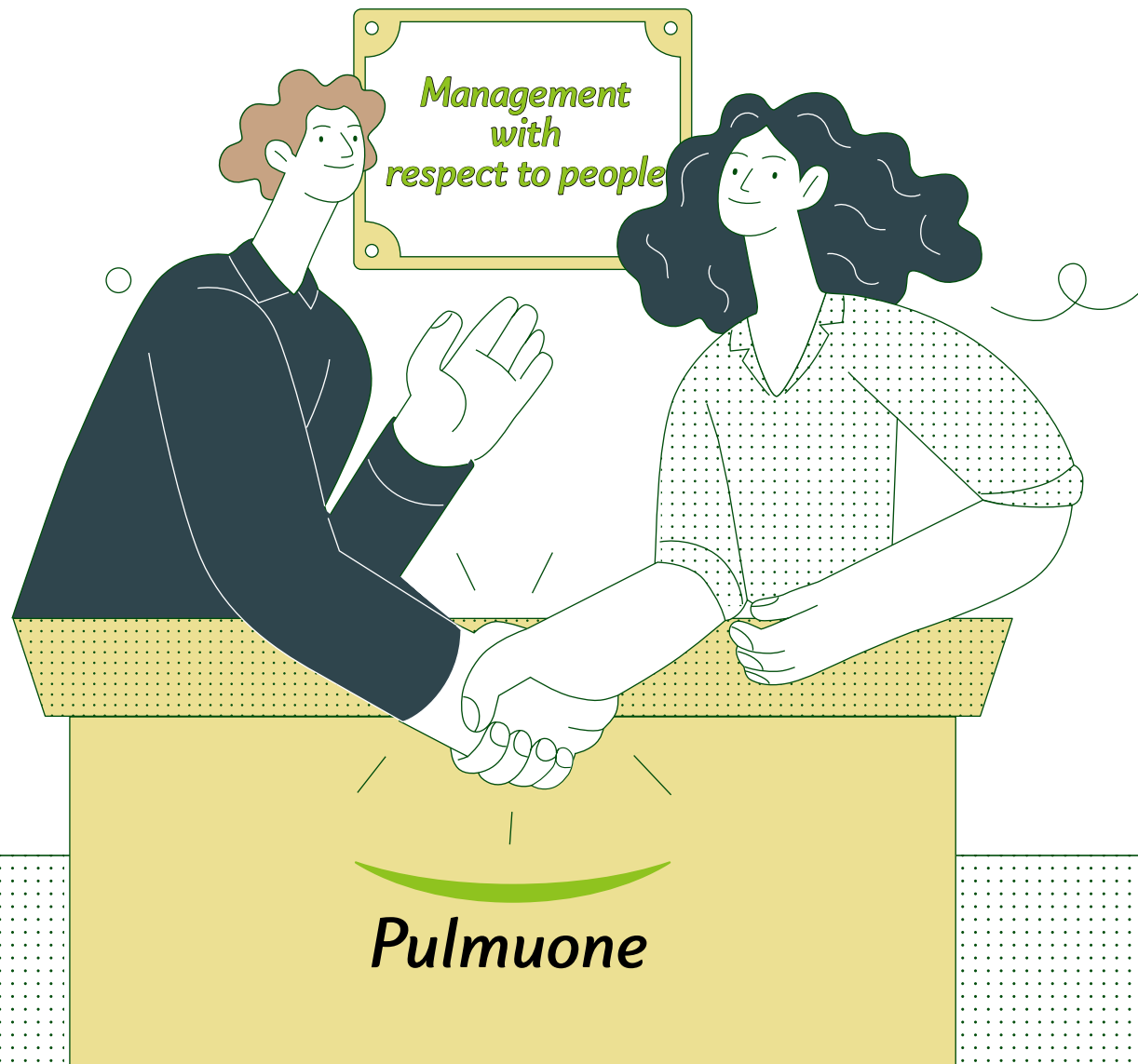
Sustainable products and services

Customer health & safety

Digital transformation (DX)

Respect for Human Rights Management

Eco-friendly packaging





Sustainable products and services

Why it matters

Recently, as the COVID-19 pandemic has increased the importance of ESG, people are becoming increasingly interested in foods that focus on our health and the planet. Interest in healthy eating is leading to interest in reliable ingredients as well as high interest in sustainable environment. In addition, issues regarding carbon emissions from meat consumption and interest in animal welfare have led to plant-forward food trends such as vegetarianism (vegan), and consumers' access to vegan products and vegan restaurants have been on the rise. As the awareness that healthy agricultural and livestock products are directly linked to human health has led to interest in organic, GMO (Genetically Modified Organism) and animal welfare foods, the sustainable food market is growing and developing in a rapid manner. Pulmuone makes all its products based on the values of love for neighbors and respect for life, which consider the "health for us and our families and sustainability of Earth." Going forward, we will lead the future food market by putting the world's best tofu production and plant-based protein R&D technology and potential as our driving force.

2021 performances

21% of animal welfare foods (eggs, livestock)/
KRW 29 billion in sales,
Tofu Noodles 2021 sales / **KRW 10.9 billion**

2022 key issues

Expansion of plant-forward foods and
animal welfare foods

Approaches

Origin of sustainable foods

Pulmuone started from Pulmuone Farm, which was established and operated by the late Director Won Kyungsun in 1955. Pulmuone Farm was a community where people who had nowhere to go, including war orphans, lived together. In 1976, he formed the "Jeong Nonghoe" and started an organic farm for the first time in Korea. The spirit of "love for neighbors, respect for life" was the basis for introducing organic farming methods, which was novel and unfamiliar at the time. In 1981, Pulmuone opened Pulmuone Organic Produce Farm Shop, Korea's first organic specialty store in Apgujeong-dong, and established Pulmuone Foods in 1984. To this day, the spirit of "love for neighbors, respect for life" has been inherited and developed into "Pulmuone's spirit," and reflected in every product and service that we provide. Based on its spirit, we pursue our mission – A company that makes a healthy tomorrow for people and the planet with wholesome food.

Sustainable food strategies

Pulmuone has set its mid- to long-term top priority to establish itself as the No. 1 wholesome food company in consumer awareness through the expansion of sustainable foods that reflect the sincerity of Pulmuone. We launched our "Earth Diet" brand as a key strategy. The Earth Diet brand is a "delicious" plant-based convenience food brand developed based on Pulmuone's original ingredients and technological competitiveness. It is composed of an accessible portfolio targeting the growing vegan market as the values-driven consumption trend spreads rapidly among the MZ generation. Pulmuone's Earth Diet products plan to build a fan base by presenting a variety of menus through active investments, such as establishing a mass production system.



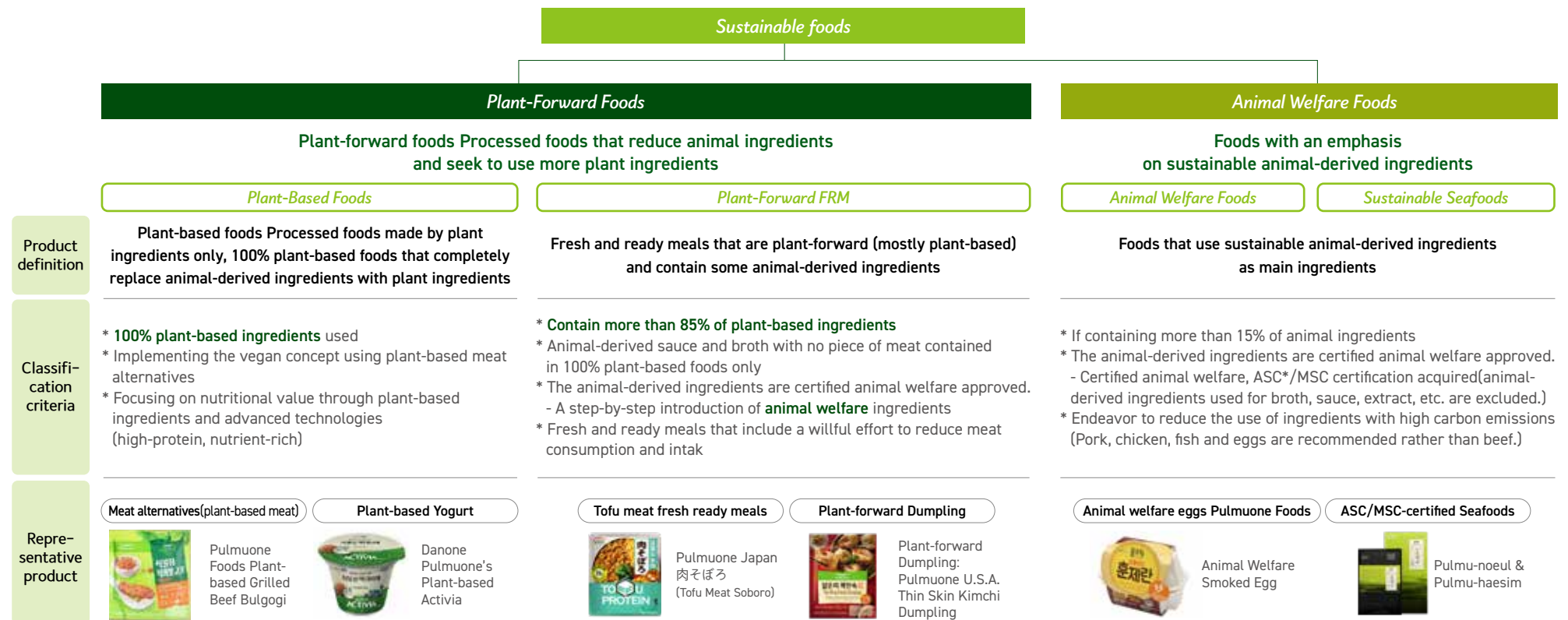
▶ 2 types of frozen fried rice
from plant-based Earth Diet
(Teppan Jeyuk Bokkeum Fried Rice,
Teppan Bulgogi Fried Rice)

2 types of Korean Gyoja
(Shiitake Mushroom &
Vegetables, Tofu & Kimchi) ◀



Sustainable food system

Pulmuone has evolved from “wholesome foods for the health and happiness of our families” to “sustainable foods that are good for our bodies and the Earth,” which started with its spirit of love for neighbors and respect for life. The main categories are divided into “plant-forward foods” with the aim of reducing the use of animal-derived ingredients while using plant-based ingredients, and “animal welfare foods,” which emphasize animal-derived ingredients with sustainable properties.



* ASC: Aquaculture Stewardship Council (Certification for sustainable farmed seafood)
 MSC: Marine Stewardship Council (Certification for sustainable fishing)

Major performances

Declaration of a leading plant-forward food company

After the COVID-19 pandemic, the related market size is growing rapidly along with the growing market preference for plant-based foods that focus on health and the planet. In line with this trend, Pulmuone announced the "Plant-forward Food Strategy" in March 2021, using plant-based protein and plant-based meat alternatives as future growth engines. Plant-forward foods mean products and diets that minimize the use of meat (if inevitable, using eco-friendly marine products or meat from animals raised on farms with animal welfare certifications) and use sustainable plant-based ingredients. We have launched plant-forward brands not only in Korea but also overseas subsidiaries in the U.S., Japan, and China to release our products. Pulmuone has established a mid- to long-term strategy by 2026, aiming to increase the share of sustainable foods in sales to more than 50% of total sales. We will expand and strengthen our sustainable product lines as a main business strategy by launching various products.

MSC/ASC certification

(※ MSC: MSC certification for sustainable fishing / ASC: ASC certification for sustainable farmed seafood)

To prevent the depletion of marine resources and keep the marine ecosystem healthy, as well as to contribute to the supply of sustainable marine products, Pulmuone acquired MSC and ASC certifications in August 2021. After 14 years of R&D, Pulmuone's independently developed premium seaweed "Pulmu-noeul & Pulmu-haesim" obtained the world's first ASC-MSC seaweed certification for sustainable seaweed and ASC-CoC (Aquaculture Stewardship Council - Chain of Custody) certification for processed and distributed products. The ASC-MSC Seaweed certification is the global standard granted to sustainable seaweed farms, and the marine environment around the farming sites should be managed and maintained at a certain level of cleanliness. These farms should pass a strict screening process including feed, water quality, use of antibiotics and workers' rights. The ASC-CoC certification is a standard that proves that ASC-certified seafood products are transparently managed according to the sustainable history from production to distribution. With this certification, the company is entitled to produce and distribute secondary processed products made from sustainable seafood.

Animal welfare

In order to provide good foods, we should not only ensure safety in the process of raising animals, but we should also provide an environment where animals can live freely without pain because they are part of nature and harmoniously coexist with people. Pulmuone understands the dignity of animals and applies animal welfare principles to reduce health risks and ecological damage caused by the factory farming, believing that what's good for animals is also good for people and the planet.

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

Sales of ASC-MSC/CoC-certified products
('Pulmu-noeul & Pulmu-haesim') for three years (fisheries)

Category	2021	2020	2019
Sales(KRW million)	161	161	70
Percentage (%, as of December)	0.26	0.25	0.09

Animal welfare food
trends over the past 3 years (unit: million, %)

Category	2021	2020	2019
Animal welfare eggs	24,782	19,314	16,738
Animal welfare meat	3,306	1,673	1,383
Sales	28,089	20,987	18,120
Proportion	20%	16%	14%

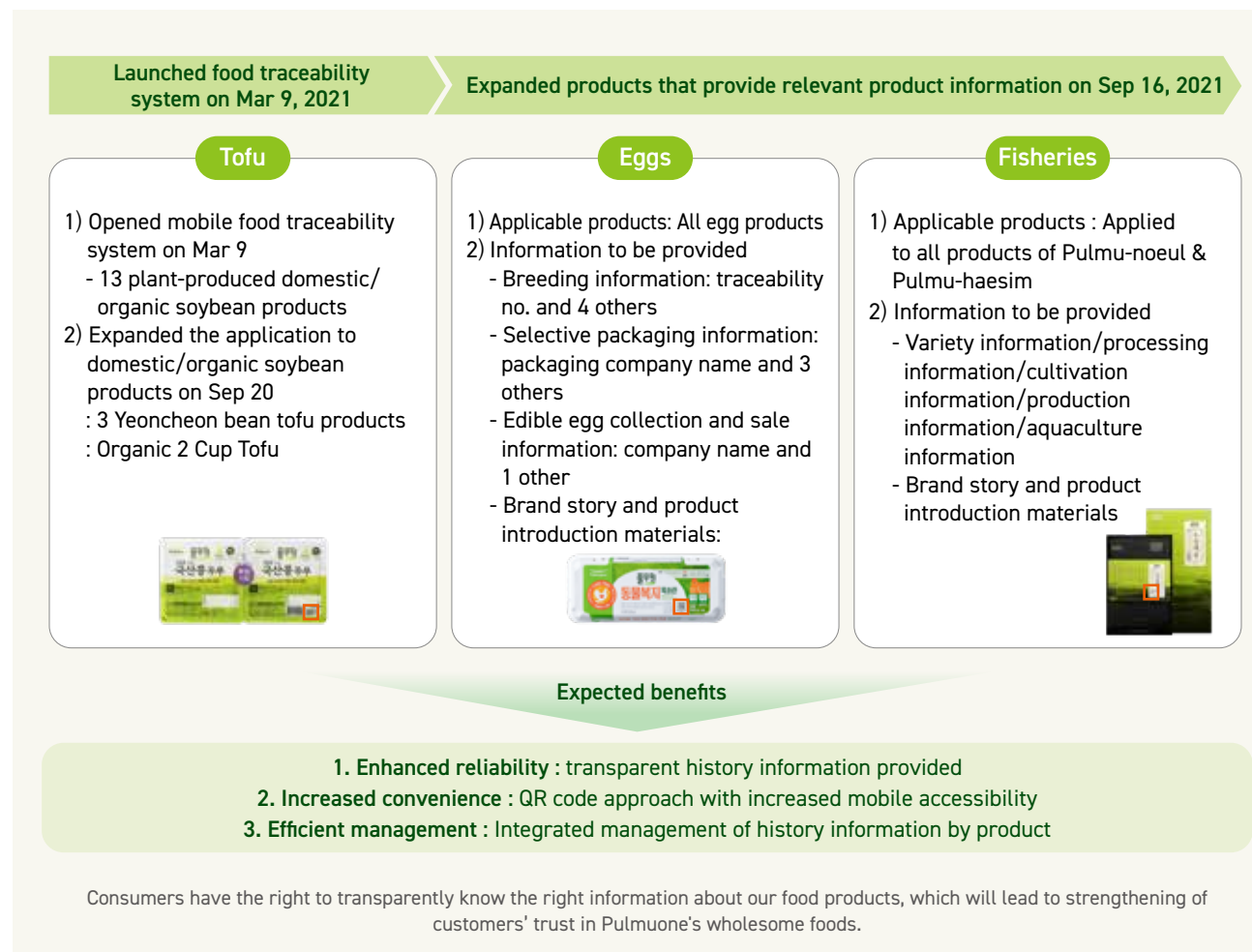
※ The proportion of animal welfare products in the total egg and livestock product sales

Food traceability system

Pulmuone transparently discloses the process of wholesome food production to consumers by allowing checking production history with QR codes. Since we employed this traceability system for organic tofu and bean sprout products for the first time in Korea in 2006, we introduced it for marine products in 2007. We then expanded this system's use to domestic tofu and bean sprout products in 2008. In 2021, we opened the mobile food traceability system and diversified the menu to disclose production traceability information, such as food history, product introduction, brand story, recipe, and E-shop connection. The traceability information for each product was integrated into the company's website to enhance reliability and convenience in system operation. It allows consumers to check production information by scanning the QR code on the product, and we plan to gradually disclose the production traceability in a variety of Pulmuone products in our pursuit of providing safe and wholesome food.



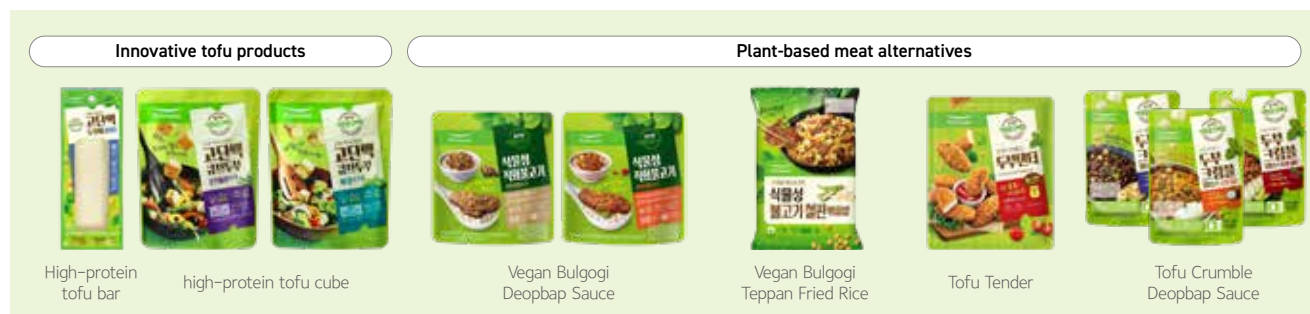
Food traceability process



Major programs

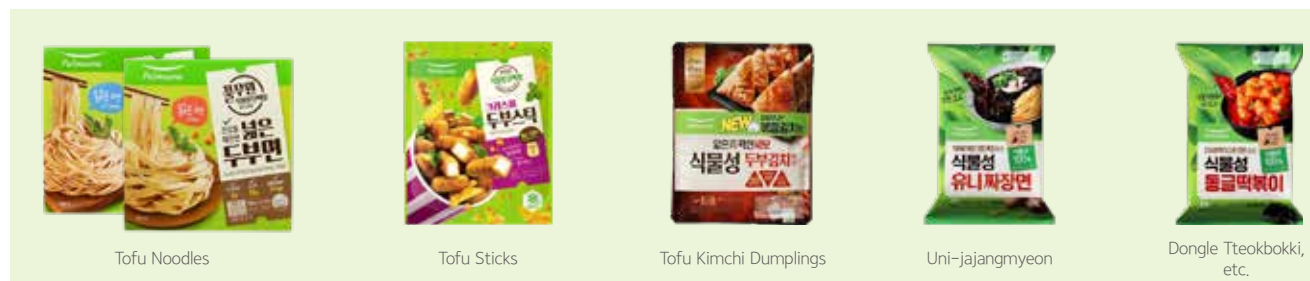
Sustainable foods

Based on the world's best tofu manufacturing and plant-based protein R&D technology, Pulmuone has established our sustainable food strategy, branded it, and launched relevant products. In particular, by expanding high-protein, plant-based sustainable foods using tofu, we have gained a competitive advantage, leading future trends in food market as well as the health of us and our families and sustainability of the planet.



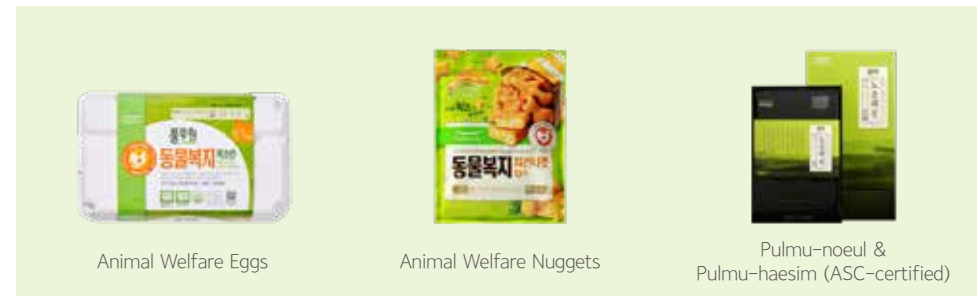
Plant-forward foods

Pulmuone's plant-forward foods are divided into plant-based foods and plant-forward FRM. Plant-based foods are high-protein foods with a high nutritional value that have replaced animal-derived ingredients with plant-based ones through advanced technology. They are 100% plant-based and contain only a small portion of animal-derived sauce and broth with no meat in consideration of the Korean diet.



Animal welfare products

Pulmuone's animal welfare foods adhere to use only sustainable animal-derived ingredients, and are divided into animal welfare foods and sustainable seafoods. Animal welfare foods and sustainable seafood foods are foods that contain animal-derived ingredients that have received sustainability certifications such as animal welfare or ASC/MSC certification. In particular, for animal-derived ingredients, Pulmuone uses pork, chicken, fish and eggs rather than beef, and strives to reduce the use of ingredients with high carbon emissions. In order to expand animal welfare, Pulmuone is pursuing strategies such as increasing the percentage of animal welfare at the producers of ingredients for related products and discovering new animal welfare farms.



Vegan restaurants

In May 2022, Pulmuone launched "Plantude," its vegan restaurant certified by the Vegan Standard Certification Institute for the first time in the industry among large food companies, providing a service where everyone can experience and enjoy delicious and casual vegan diets. "Plantude," which is a compound word made up of "Plant" and "Attitude," means providing delicious and enjoyable plant-forward meals and aiming at an attitude that cares about the planet and the environment. Vegan restaurant certification can only be obtained when all vegan menu items are certified, and Pulmuone is introducing 13 menus using Pulmuone's plant-forward foods, including plant-based meat alternatives. "Plantude" is taking the lead in popularizing plant-forward menus by exceeding the sales of 20,000 menus within two months since its opening under the concept of "veganism that everyone can enjoy."



Plantude

Customer health & safety

Why it matters

Food safety, which is one of the major risks in the food industry, is a factor that not only harms the health of customers, but is also directly linked to the company's reliability. Food safety failures can lead to a boycott, which can greatly reduce the company's value. In particular, in the case of food products, as thorough proper hygiene, safety, and nutrition must be considered throughout the entire process, including ingredients production, packaging, logistics, and storage process, a company-wide management system is required for sustainable management. Since the foundation, Pulmuone has been committed to providing only wholesome foods that consumers can confidently feed their families. The company has established rigorous food safety management schemes and infrastructure to maintain these standards.

2021 performances

Conducting safety and health impact assessment on products and services - **22,000** cases

Adopting a non-face-to-face DX technology inspection system in real-time

2022 key issues

Enhancing healthy experience

Approaches

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 suppliers who use or produce ingredients with the risk of food poisoning to conduct on-site quality management. We also launched the Internet of Things-based (IoT) real-time monitoring system to control CCP processes and microorganisms in the production process.

Food poisoning prevention and management process

Step	Classification	Description
1	Evaluation of potentially hazardous foods	Evaluating potentially hazardous foods for new products, evaluating potentially hazardous foods for retail products
2	Resident management	Conducting resident management of production suppliers based on the results confirmed through Pulmuone's evaluation of potentially hazardous foods
3	Preventive care	Applying EPM (Engineering Project Management) to suppliers that manufacture "ready-to-eat (RTE) foods with no sterilization process after packaging" and "foods that can become re-contaminated in the environment from heat treatment to packaging process"
4	Full inspection	Conducting full inspection of potentially hazardous foods that are manufactured, produced, and distributed in Steps 1-3
5	Real-time monitoring	Establishing and operating CCP real-time monitoring system

*U.S. Department of Agriculture,

**Hazard Analysis and Critical Control Point

Health and nutrition promotion policy

Pulmuone has established the Pulmuone's Nutrition Management Standards for nutritional management of its own products to implement a policy to reduce sodium and sugar intakes, reflecting the national nutrition policy to reduce high sodium and sugar intakes from processed foods. Pulmuone Corporate Technology Office, the supervision organization, has selected product lines that are easy to add sodium, sugar, saturated fat in the process of processing and seasoning products in accordance with the Pulmuone's Nutrition Management Standards. We also set the maximum content per serving for each product line to ensure that products do not exceed the maximum content and that they comply with the standards. Pulmuone Corporate Technology Office and Food Safety Center conducts safety and health impact assessment on products and services. In 2021, we have conducted 22,017 cases of the safety and health impact assessment on our products and services by utilizing a LIMS of the Food Safety Center.

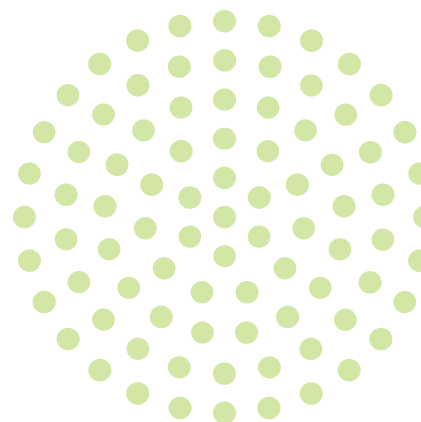
Major performances

Activities for exclusion of GMO(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 its analytical management for ingredients and products by securing analysis capacity for six major GM ingredients (soybean, corn, cotton, canola, sugar beet, and alfalfa) that are commercially approved. In addition, 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. The Korean government has set an unintended GMO mix import by 3% by applicable law. In line with the regulation, Pulmuone maintains a level of 0.9% or less for agricultural products directly purchased as raw materials. The rest are managed within 3% of the Korean GMO standard as sub-materials.

Introduction of “Smart Glass”(remote management)

As part of “Digital Transformation (DX),” Pulmuone has introduced a non-face-to-face inspection system using “Smart Glass” at production sites. As the access to domestic/overseas factories and logistics sites has been restricted due to the spread of COVID-19, Pulmuone swiftly inspects the status of product quality and safety management by applying Smart Glass that enables non-face-to-face monitoring. The Smart Glass is a HMD (Head Mounted Display) wearable device that can be worn like regular glasses and allows the person in charge to conduct inspections. When they wear it,, they can check on the object or place that is in need of on-site inspection. Since the video recorded with the Smart Glass is transmitted in real time to the monitoring device, such as the PC, laptop, or smartphone, of the person in charge of quality and safety management, the person in charge can check the site without visiting.



Expected benefits of Smart Glass

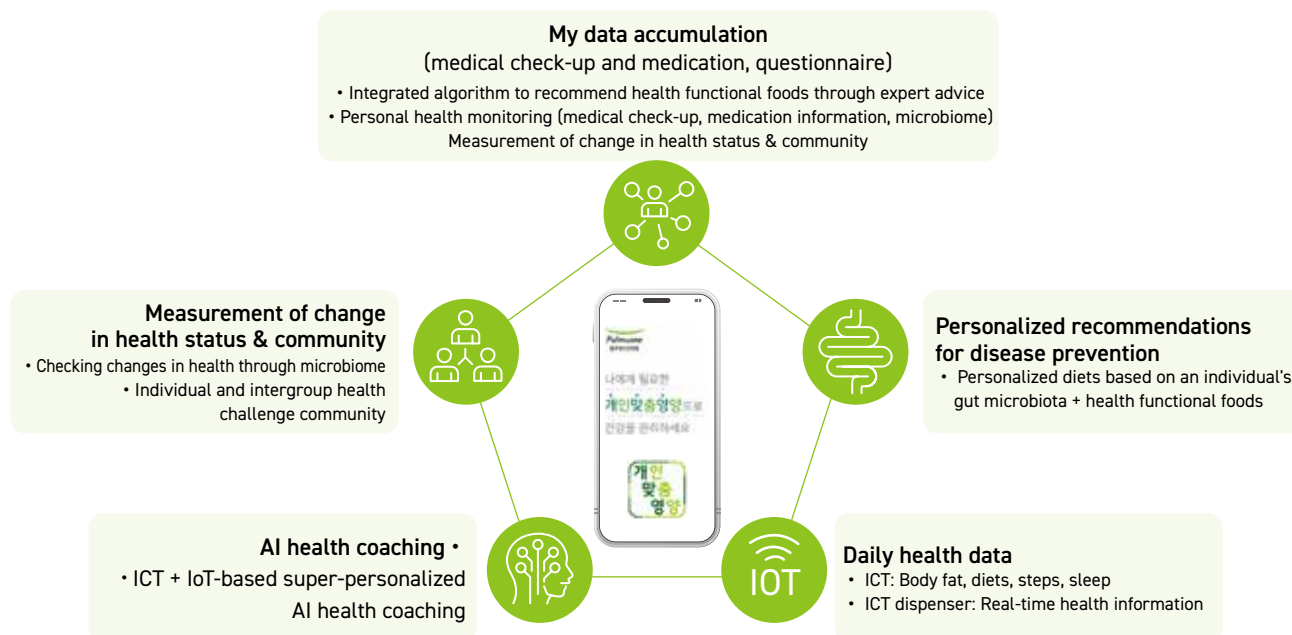


- Non-face-to-face management
- Real-time response to issues at domestic and overseas business sites
- 1:N inspection
- Strengthening suppliers' quality management capabilities

Major programs

Promoting personalized health functional food market programs

There is a steady increase in demand for tailor-made foods 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. In July 2022, it has been renewed into the "my personalized nutrition assistant" app as part of the digital transformation (DX). The personalized nutrition assistant app recommends data-based tailored health functional foods by analyzing personal health data, including medical check-up results, medication information and allergy information, with a custom AI algorithm. In addition, by analyzing medicine information that has been prescribed within the last 6 months, it provides personalized recommendations that can alleviate the health concerns such as mutual conflicts in nutrition and excessive nutrient intakes by consuming various types of health functional foods. It also enables users to check the trend of changes in health check-up results and changes in intestinal health over the past 10 years. If users are in need of professional health advice, they can get video counseling from a professional dietitian.



Personalized Nutrition APP



Expanding care diets through customized “Design Meal” and dietary management platform

Pulmuone's dietary management healthcare platform “Design Meal” offers customized meals for infants (baby foods, infant foods), care meals (Medi Care, Senior Care), and meals with balanced nutrition/calories (weight control meal plan, etc.) designed for customers with different life cycles. In particular, it is leading the Medi Care food market with Diabetes Care Meal, a medical nutrition products for dietary management, and securing product excellence in the senior care market by expanding its foothold in recognition of its senior friendly products. In Senior Care diets, a total of 8 Pulmuone products were certified as senior friendly foods by Senior Friendly Certificate System which was first implemented in October 2021. We've already achieved two additional certifications in the first half of 2022, and are planning to get 14 additional certifications in the second half. In Medi Care diets, Diabetes Care Meal, which was launched in July 2021 to suggest an appropriate diet to diabetic patients, has shown a 3.4 times increase in sales in the first half of 2022 compared to the second half of 2021. In particular, Pulmuone has been the first in the industry to decide on providing expert dietary education, dietary consultation, diet recommendation and delivery, and follow-ups to form healthy eating habits for residents on a semi-annual basis by 2024. This will be a personalized dietary management project led by the local government and conducted with the support of the Wellness Center, a medical health care facility in Busan Eco Delta City. We are also leading the Medi Care market by signing an MOU with the Korean Diabetes Association. Furthermore, in accordance with the Dietary Food Standards for Cancer Patients announced in June 2022, we will continue to expand our customized diet healthcare by preparing the launch of Cancer Care Meal, a dietary management food for cancer patients in the second half of 2022, and signing an MOU with the Korea Cancer Association.

Design Meal APP



Digital transformation(DX)

Why it matters

The rapid evolution and development of digital technology are emerging as new opportunity factors for business activities. Pulmuone started to implement our digital technology-based business structure transformation, i.e., digital transformation-based (DX) strategic planning, operating system establishment, business model planning, management, and support planning, and then applied them to its business sites. We will continue to promote digital innovation and lead the future business of Pulmuone through technological convergence.

2021 performances

Pulmuone's five major DX platform strategies to advance digital transformation

- DCX(Digital Customer Experience),
- SRM (Supplier Relationship Management),
- SCM (Supply Chain Management), DSF (Digital Smart Factory),
- CDA (Central Data Analysis)

2022 key issues

Pulmuone's company-wide / business unit DX platform data-based decision-making system and ESG data management system (available around 2025)

Approaches

Effective communication with customers is a key factor in influencing customers' purchasing decisions and leveraging the company's product improvements. In particular, customer reviews are important data that can contribute to sales growth by launching products that meet consumers' needs and enhancing competitiveness of the company. In the past, however, there were no tools to analyze reviews scattered across multiple shopping malls, so it was difficult to analyze customer data. As a result, Pulmuone has built a DX (Digital Transformation) -based VOC/review analyzing system to solve these problems. In order to create digital transformation (DX) effects throughout the company's core business processes, we have defined the DX platform model by organizing the areas of DCX (Digital Customer Experience), SRM (Supplier Relationship Management), SCM (Supply Chain Management), DSF (Digital Smart Factory), and CDA (Central Data Analysis). By doing this, we strive to be a leading DX company from a traditional food company by establishing a data management system based on the mutual convergence of platform data.

#Pulmuone



Chul Chul Box



Airs



Major performances

#Pulmuone

Pulmuone integrated its online malls independently operated by each brand, and opened “#Pulmuone (Shop Pulmuone)” in early August 2021. It is Pulmuone’s online shopping mall that integrates and provides all products manufactured and produced by Pulmuone Foods, Pulmuone Health & Living, Pulmuone Green Juice and ORGA Whole Foods, enabling consumers to purchase all Pulmuone products and services in a more convenient way. In addition, in order to deliver the value of “sustainability,” which has become more important than ever due to COVID-19, to consumers, we have established a new LOHAS section to selectively provide LOHAS products. Shop Pulmuone, which reflects sustainable values, is growing rapidly and is establishing itself as a new model for a food company’s own mall.



Chul Chul Box

In the first half of 2022, Pulmuone entered POSCO Pohang and Seoul National University Hospital and has been providing simple snacks, fresh foods with a short shelf life, regular meals and Design Meal, a personalized meal plan, etc. through a 24-hour unmanned service. Moreover, in a joint effort with the personalized dietary management project for residents of the Busan Smart Village Wellness Center, we are providing a service that allows residents to pick up personalized meals from the Chul Chul Box through the “Chul Chul Box Mobile App.” In the second half of 2022, we plan to further improve and upgrade the Chul Chul Box platform by continuing to expand our branches mainly to other companies and public institutions, introducing a self-cooking unmanned meal kit restaurant model for universities and developing a cooking vending machine for heating and selling products.



#Pulmuone's growth rate

(as of August 2021 to March 2022)



Sales
86%▲



Average monthly growth rate
35%▲



No. of new subscribers
259%▲



No. of customers
102%▲

#Pulmuone (Shop Pulmuone) was ranked first (85.66 points) out of 7 food malls in the 2021 Internet shopping mall evaluation for fair competition and consumer satisfaction announced by the Seoul Metropolitan Government. Pulmuone will continue to work on stabilization of the website to minimize inconvenience to site users, and actively accept customer feedback to increase user satisfaction.

Major programs

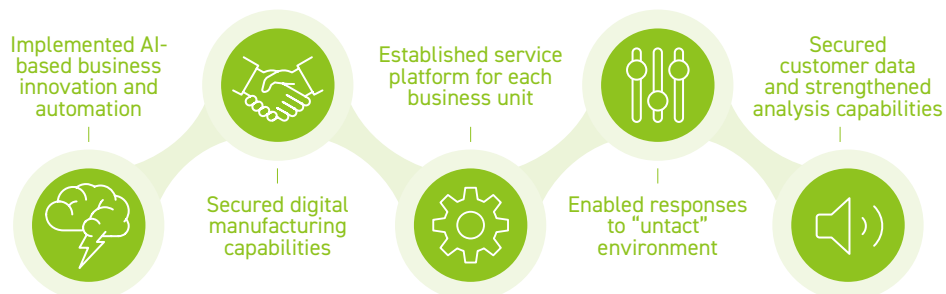
DX-based customer satisfaction

VOC/review analysis system "Airs"

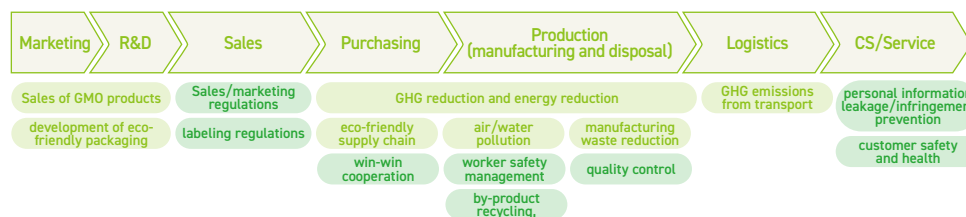
In an effort to establish DCX* platform, Pulmuone opened its own AI-based "VOC**/review analysis system" service in 2021. The VOC/review analysis system systematically and scientifically analyzes big data such as customer feedbacks reported to the Customer Friendly Center and customer reviews (product reviews) from online malls using AI technologies such as machine learning*** and natural language processing****. After the Beta stage in December 2021, we officially launched "Airs (AI Review Analysis System)" service in June 2022. It visualizes the analyzed results in the web UI, and provides eight highly useful contents based on the results of in-depth analysis of customer experience. The VOC/review analysis system has not only improved the accuracy of analysis results, but also reduced the time required for analysis by 21 times from 3 weeks to less than 1 day, increasing work efficiency.

*DCX: Digital customer experience / **VOC: Voice of customers / ***Machine Learning: A system and an algorithmic skill that learn and make predictions based on empirical data / ****Natural language processing: A technology that analyzes and processes human language to develop a computer capable of understanding the content.

Major achievements of DX in 2021



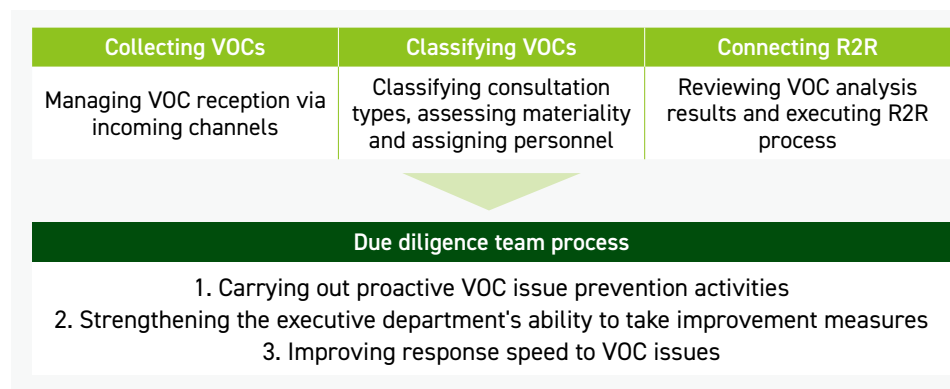
Pulmuone's digital ESG platform system (to be completed by 2025)



Automatic classification of VOCs and R2R integrated connection

Pulmuone specifies the cause classification of VOCs collected from the VOC/review analysis system and standardizes the action results. This allows us to prevent product and service issues in advance and to speed up our response to the same VOC. In addition, through rapid improvement and development of products to meet customer needs, we have strengthened improvement measures of the department in charge and its R2R* execution capabilities.

VOC digital analysis process and analysis utilization plan



* R2R: Result to Reaction, responding to market reaction after the launch of products and services

Strengthening communication with customers

For customers who purchase our products and use our services based on their trust in Pulmuone, Pulmuone 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 service calls of Customer Friendly Center, the 1:1 bulletin board on our website, SNS, the bulletin board on our online mall, and Chatbot, etc. We actively 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. Aiming to zero customer complaints, Pulmuone systematically analyzes registered VOCs from its Customer Friendly Center and is committed to addressing customer complaints about its products and distribution processes. VOCs received in 2021 were 100% responded.

Customer complaint handling process



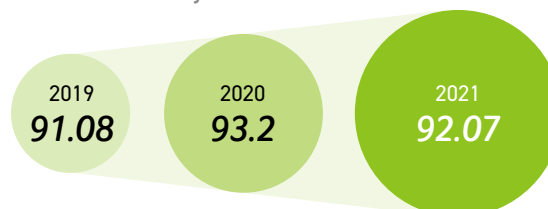
VOC data results in 2021

(Unit: 1,000 cases)

Total	Research before purchase	Orders and payment	Use of products	Delivery	Service management	Company
162	18	35	27	25	15	41

Result of CS Center's customer satisfaction survey

(unit: point)



VOC improvement cases

Changed the product name in response to customers' concern about the bias in the expression of "delicious even if made by Dad"

〈Before〉

〈After〉

Changed the packaging form of "10 Moisture Eggs" in response to the customer's opinion that the protruding incision was often damaged

〈Before〉

〈After〉

Respect for Human Rights in Management

Why it matters

A sustainable company starts with respect for human rights and diversity of stakeholders. These days, the issues relating to human rights and diversity of stakeholders such as customers, shareholders, employees, suppliers and local communities lead to legal regulations, and are becoming more important than ever. Pulmuone has officially upheld international human rights and labor standards based on the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization conventions, and has enacted the principles of Respect for Human Rights Management to comply with it. We are striving to spread the principle across the supply chain, including not only employees but also suppliers.

2021 performances

Participation in human rights impact assessment pilot program

2022 key issues

Establishing detailed strategies, including human rights due diligence, task identification, and risk identification and improvement

Approaches

Respect for human rights and diversity Pulmuone makes utmost efforts to pursue the global level of human-rights-based management for human rights, labor and anti-corruption. It is doing its utmost to root out discrimination in employment and work processes under its principles and standards, while providing relevant frameworks and education programs. Pulmuone has rational criteria such as career experience and performance evaluations 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. In addition, 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, and has been working to eliminate discrimination for many years. Furthermore, since 2018, we have launched and are operating the Gender Equality Center and the Grievance Counseling Center to address workplace sexual harassment or grievance counseling in a one-stop process.

Respect for Human Rights Management Pulmuone formed a business management system with respect for people to lay the groundwork for sustainable growth by building a culture where people respect other people based on its spirit, "love for neighbors" and "respect for life," and its mission to become "a company that makes a healthy tomorrow for people and the planet with wholesome food." Business management with respect for people is aimed at creating an environment where all stakeholders affected by our business can be respected as people without any mentally or physically disrespectful treatment. We are spreading ten principles (respect for people, 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.

Scope and definition of management with Respect for Human Rights

NO.	Category	Content
1	Respect for human rights	We respect all stakeholders affected by our business as people 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. Moreover, 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	We provide wages and welfare for employees at a level that exceeds the minimum requirement set by the laws and regulations in each country or region.
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 hazards and strive to provide a safe work environment.
10	(as of Oct 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 "sustainable lifestyle" for the health and happiness of consumers.

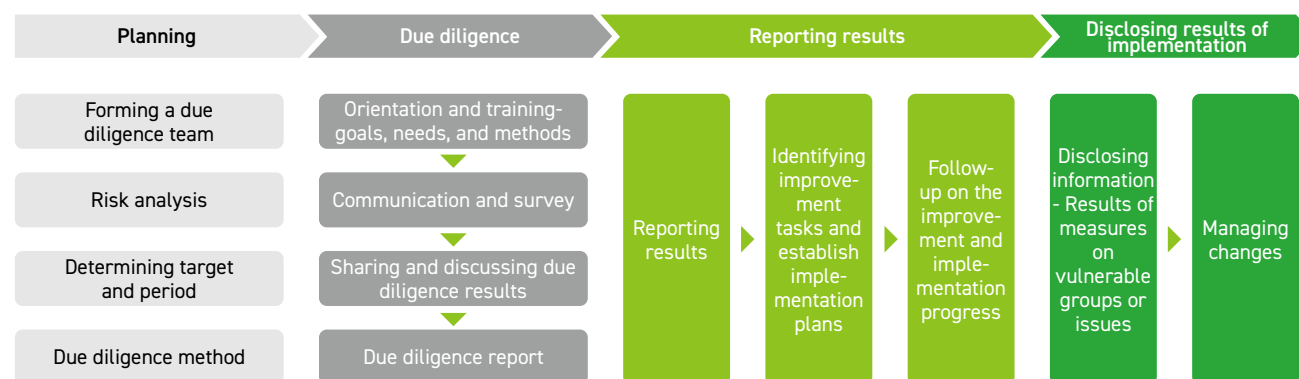
Major performances

Identifying Human Rights risks and establishing improvement strategies

Pulmuone has enacted the principles of Respect for Human Rights Management and strives to create an environment where all stakeholders, such as employees, suppliers, customers and local communities, affected by our business activities can be respected as people without any mentally or physically disrespectful treatment.

*Due diligence process on Respect for Human Rights Management
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 Respect for Human Rights Management principles. Due diligence is conducted to analyze vulnerable groups and potential risks related to "Respect for Human Rights Management" supporting the stabilization of the culture of Respect for People.

Due diligence process on Respect for Human Rights Management*



Implementing human rights impact assessment

In March 2022, Pulmuone participated in the "Private Company's Human Rights Management Pilot Program" hosted by the National Human Rights Commission of Korea. Pulmuone has conducted a human rights management due diligence project to identify potential human rights violations in the entire value chain, from manufacturing and production to sales and distribution of Pulmuone's tofu products. After our self-diagnosis, the National Human Rights Commission advisory group presented the assessment results and improvement tasks. Through the human rights impact assessment, the company's efforts on human rights of key stakeholders were checked and the negative impact was assessed to identify improvement tasks.

Human Rights Impact Assessment Checklist used in the Private Company's Human Rights Management Pilot Program	(1) Corporate Human Rights Benchmark Methodology: Food and agricultural products sector (2021) (2) National Human Rights Commission of Korea - Human Rights Impact Assessment Checklist (3) Checklist developed by the Project Implementation Advisory Group
Human Rights Impact Assessment Checklist item (total of 22 categories, 66 sub-categories, 230 detailed questions)	(1) Human rights management system (2) Categorized into forward supply chains, consisting of a total of 22 categories, 66 sub-categories, and 230 detailed questions (3) Business sites (4) Consumers (5) Local communities

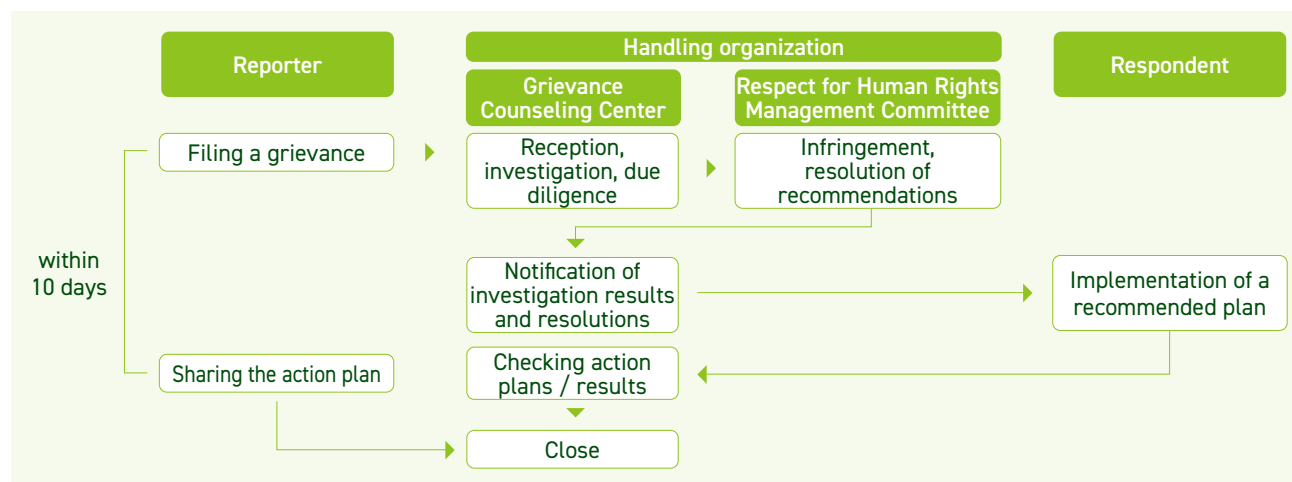
Major programs

Compliance with the principles of Respect for People in Management

While Pulmuone's Risk Management Committee draws up Respect for Human Rights Management principles and responses to potential issues, the Respect for Human Rights Management Committee handles breach and grievance cases to ensure their objective and neutral review. Any stakeholders who have witnessed or experienced a violation against the Respect for Human Rights Management principles can file a case to the Grievance Counseling Center and ask for immediate cease and desist action.



Grievance counseling and reporting procedures



Education to implement respect for people

Pulmuone conducts statutory education on prevention of sexual harassment in the workplace and education on improving disability awareness every year. In 2018, Pulmuone established the Gender Equality Center offering counseling and dealing with sexual harassment as a one-stop solution, and its scope has expanded to cover gender discrimination counseling and education. In 2021, in addition to compulsory education, we developed our own training course on Prevention and Elimination of Bullying in the Workplace, and 5,215 employees, including temporary employees, completed the training. Moreover, to strengthen the awareness of employees and to encourage them to act on the issue, we publish letters about bullying and sexual harassment in the workplace and gender equality twice a month. The topics include human rights laws, company regulations, reported cases, and guidance on relief process.

Eco-friendly packaging

Why it matters

The importance of the impact of business activities on the environment in corporate sustainability management is increasing. In particular, the rising need to reduce the environmental impact of the subsidiary materials used in the product, as well as in production processes, is leading to stricter regulations on the use of plastic bags and plastic products. In order to proactively respond to regulatory trends, such as increasingly stringent requirements on recycling grade standards, beyond simply reducing plastic usage and using alternative materials, Pulmuone is focusing on development and expanded application of eco-friendly, hygienic, and recyclable materials.

2021 performances

100% improvement in packaging materials with Excellent grade in recycling (as of 2021)

2022 key issues

Development of eco-friendly, biodegradable, and recyclable packaging materials

Approaches

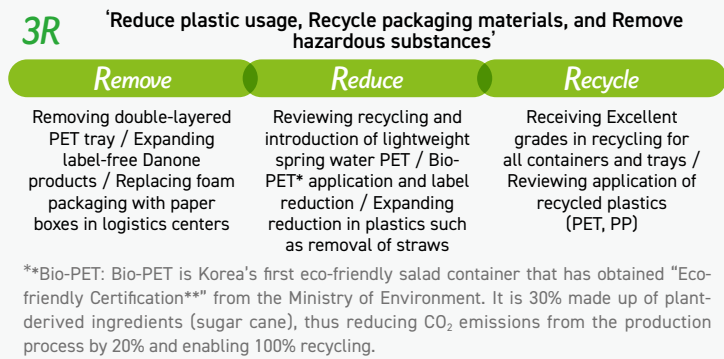
To create a sustainable earth where people and nature coexist, Pulmuone applies “eco-friendly packaging principles” to all our wholesome food products. We will contribute to a sustainable environment by practicing carbon neutrality and reducing the use of plastics. Pulmuone also plans to reduce costs due to regulations on recycling laws by expanding packaging materials with Excellent grades in recycling. We will strive to make continuous efforts to do the right things for the Earth today will eventually result in a better tomorrow, so we continue to our best for ourselves and the Earth.

Eco-friendly packaging policy

Pulmuone has established the 3R (Reduce, Recycle, Remove) standards as part of its eco-friendly policy to quickly adapt to the sustainable environment and respond to changes in laws and expanded the package that can reduce carbon emissions. In 2021, we developed a salad container using eco-friendly bio-based materials for the first time in Korea, simplified logistics packaging and introduced biodegradable packaging materials. From 2022, as part of Eco-Caring, our enhanced environmental policy, we have been pursuing our goals to lead packaging for the circular economy, such as the expansion of recycled plastics (containers, rPP, rPET).

Eco-friendly packaging governance

The packaging research team at the PIP Center under the Pulmuone Corporate Technology Office (CTO) establishes mid-to long-term goals and implementation strategies such as packaging material R&D and conversion of recycled packaging materials to expand Pulmuone's eco-friendly packaging materials. In this regard, we go through the Environment and Safety Committee on a quarterly basis. The general CEO and executives of each business attend the Session E meeting, focusing on company-wide environmental issues to establish strategies and make decisions on major issues. In addition, major environmental issues and investment plans at the ESG management level are put on the agenda of the Board of Directors after going through the ESG committee.



Pulmuone's environmental and safety management decision-making process

Major environmental safety issues collected by Pulmuone and environmental departments of each affiliate

Environment and Safety Committee (quarterly)

Session E (semiannually) / ESG Committee

Board of Directors

Major performances

Products with eco-friendly packages

Pulmuone achieved 100% improvement in receiving Excellent grades in recycling as of 2021. In February 2022, as the existing Excellent grade was changed to a normal grade with the reinforced regulation of the Packaging Material Recyclability Rating Standards, we re-established the goal of increasing the ratio of packaging materials with Excellent grades in recycling by 30% by the end of 2022.

Achieved 100% improvement in recycling grades of the company products in 2021



I'm Real
Legal heat-alkaline adhesive and adhesive area applied



Kimchi
Vinyl packaging_iron clip → replaced with plastic materials / Container packaging_legal heat-alkaline adhesive and adhesive area applied



ICE Cup
Cap structure for the easy removal of heat-adhesive lead paper developed and applied



Green juice
Shrink labels replaced with belt labels



Danone Pulmuone
Product label changed from paper to synthetic resin material composition

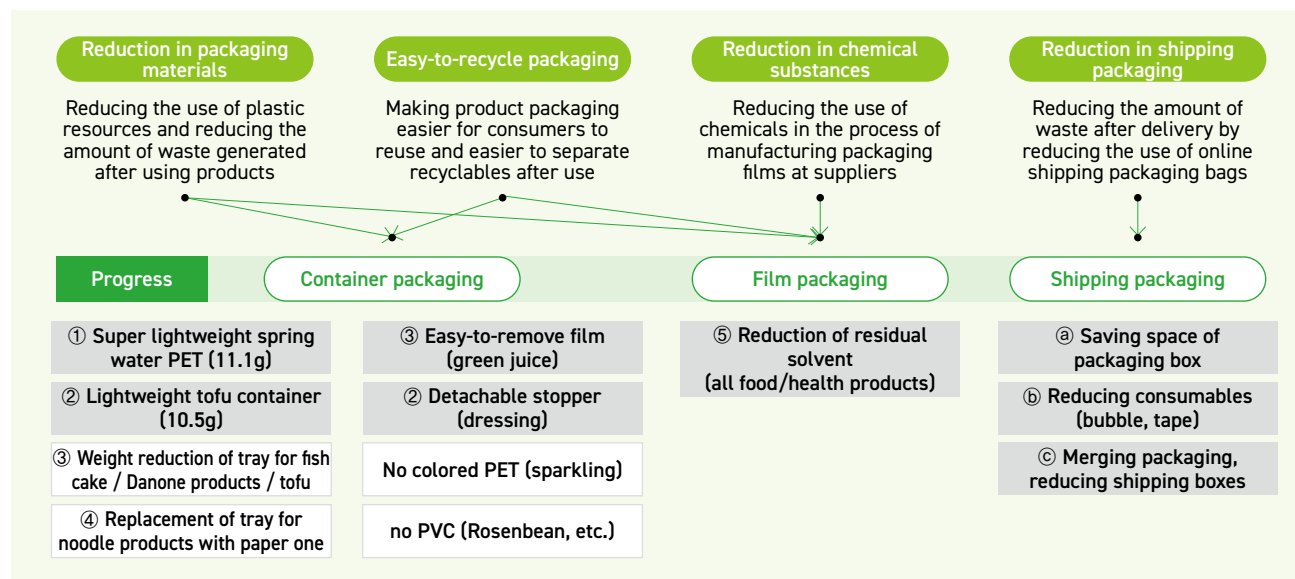
Ratio of products with eco-friendly packaging to total products (as of 2021)

Improvement of packaging materials with Excellent grades in recycling

Classification	Excellent	Normal	Difficult
2021	97.7%	2%	0.3%
2020	93%	5%	2%

Major programs

Execution programs for packaging eco-friendly products

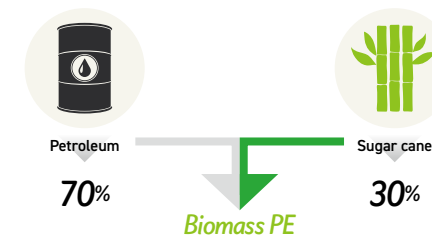


Development of eco-friendly packaging materials

Pulmuone is promoting the development and commercialization of eco-friendly bio-based materials, such as expanding packaging materials that can reduce carbon emissions and developing detachable CAPs for light weight and easy recycling.

Petroleum-based ingredients

Bio-based ingredients



Eco-friendly logistics innovation

Pulmuone strives to minimize environmental impact in the logistics process by adopting eco-friendly subsidiary materials for online logistics packaging and applying simple packaging.

Expansion of eco-friendly packaging for early-morning deliveries

Classification	Description
Eco-friendly subsidiary materials applied in August 2021	Plastic air cap pouch → replaced with biodegradable materials / Plastic air cap cushioning material → replaced with paper materials Plastic bag → replaced with biodegradable materials / OPP tape → replaced with paper tape
The principle of online logistics simplification applied	PET for beverages: Air cap + taping excluded Open box for fruits: Taping the paper board on top instead of air cap Bottles: Paper materials, biodegradable cushioning materials applied (minimum packaging) PP case: Air cap + taping excluded



MOU for Eco-friendly packaging

Pulmuone signed an MOU with the Korea Institute of Industrial Technology to further strengthen carbon neutrality and ESG management in the food industry. We strive to achieve the common goal of developing innovative packaging for foods based on eco-friendly green packaging technology, eco-friendly packaging R&D and better sustainable packaging industry.

Classification	Description
Joint research project	Development and application of innovative biodegradable plastics / Development of alternative packaging materials for EPS boxes / Development of plastic materials using food by-products (tofu residue, green juice)
Consigned research project	Discovery of packaging materials and standardization of refrigerants for eco-friendly distribution of food (collection of eco-friendly packaging information for logistics/ research for the standardization of refrigerants by distribution environment)



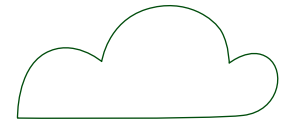
Part 03 ESG Fundamental

ESG Fundamental

Governance and economy

Environment

Society



E

Environment

S

Social

G

Governance



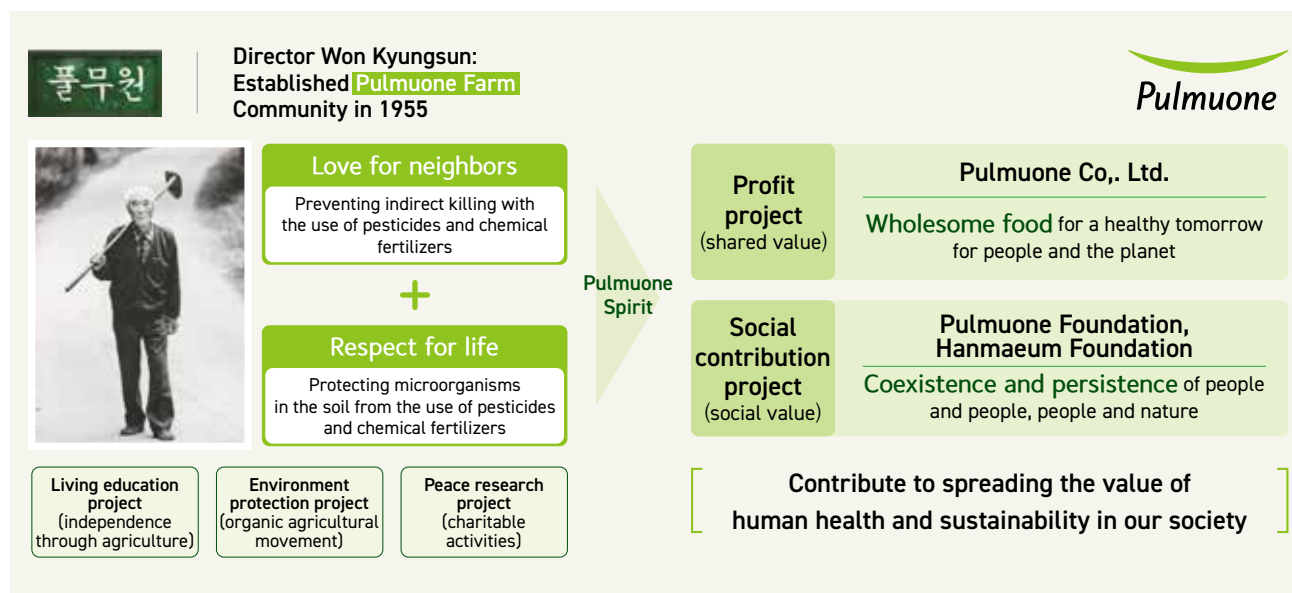


Pulmuone with ESG

Pulmuone spirit and ESG management

Internalization of Pulmuone spirit and ESG management

Pulmuone started from Pulmuone Farm, which was established and operated by the late Director Won Kyungsun in 1955. Pulmuone Farm was a community where people who had nowhere to go, including war orphans, lived together. In 1976, he formed the "Jeong Nonghoe" and started an organic farm for the first time in Korea. The spirit of "love for neighbors, respect for life" was the basis for introducing organic farming methods, which was novel and unfamiliar at the time. In 1981, Pulmuone opened Pulmuone Organic Produce Farm Shop, Korea's first organic specialty store in Apgujeong-dong, and established Pulmuone Organic Food in 1984. To this day, the spirit of "love for neighbors, respect for life" has been inherited and developed into "Pulmuone's spirit" that must be followed to provide products and services. Based on its spirit, we pursue our mission – A company that makes a healthy tomorrow for people and the planet with wholesome food.



Pulmuone spirit and ESG management

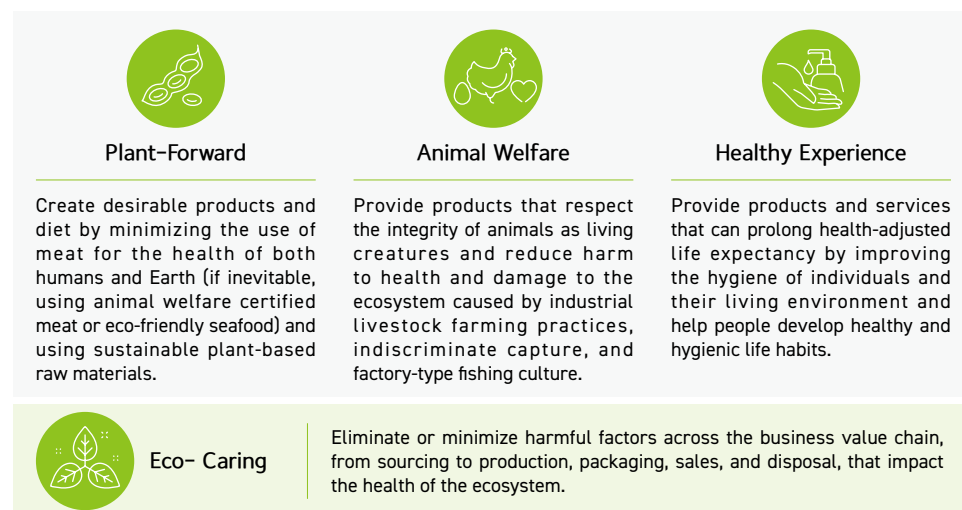
Pulmuone spirit is in line with ESG management. "Love for neighbors" is a promise between people (Pulmuone) and people (customers), and it is Pulmuone's will to produce wholesome food that our families can eat with confidence. It is our desire to deliver fresh and safe food as it is. It is a promise between people (Pulmuone) and people (customers), and it is Pulmuone's will to produce wholesome food that our families can eat with confidence. "Respect for life" leads to having the heart to love and save nature, the source of life. 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. It contains our commitment to respond to the climate crisis, reduce the use of natural resources, and create environmental values such as biodiversity. In this way, ESG management is not a new task for Pulmuone. From starting a business, Pulmuone has pioneered the role of a company pursued by ESG management in its brand spirit and mission. Going forward, Pulmuone defined economic, social, and environmental value creation as corporate social responsibility in the Articles of Incorporation, stipulating that it will promote sustainable growth.

Internalization of ESG management

ESG management strategy

Pulmuone's ESG management is embedded in the company's mission, core strategies and values. Our core strategies for fulfilling the corporate mission, "Plant-forward," "Animal welfare," "Healthy experience," and "Eco-caring," are to pursue a sustainable tomorrow where both people and the planet by considering plant-forward and animal welfare-based products, services to offer a healthy experience to customers, and processes and results that are beneficial to the environment.

Core strategies



ESG management system

Pulmuone has established and operated its management system for strengthening company-wide non-financial (ESG) performance and strategic application. We are striving to maximize economic, social, and environmental value creation by systematically managing non-financial performance through efficient operation of the ESG committee under the BOD and CEO meeting and working group. We aim to become an exemplary ESG management company that leads the global market by implementing internalization tasks to achieve ESG management goals and establishing a non-financial performance management process based on the ESG Department.

ESG management decision-making process



ESG performance

2021 ESG Highlight



Won the **Excellence Prize** in Water Security program in CDP Korea Award

Recognized for excellence in water policy and business strategy



KCGS ESG Winning the **Grand Prize** for Outstanding Companies

The only food company with an A+ rating for five consecutive years



Awarded Korea's **innovative** ESG leader in KMAC

Recognized for performance in plant-forward food business






E Environment	Specifying strategies for strengthening sustainable food systems Set a strategy to achieve the goal of increasing sustainable food NNR (Net Net Revenue) to 50% by 2026	Expanding renewable energy Added renewable energy facilities at two manufacturing sites (a total of 12 manufacturing logistics sites)	Pulmuone Waters, Korea's first drinking water company to acquire AWS (Alliance for Water Stewardship) certification Recognized for responsible Water Management	Pulmuone Corporate Technology Office, received Level 1 in installation of BEMS (Building Energy Management System) Reflected technology for efficient energy use and reducing environmental impact from the design stage
S Social	R&D investment increased more than 1% to total expenses for 3 consecutive years 1.13% in 2019, 1.43% in 2020, 1.13% in 2021 (KRW 28.4 billion)	Created a mutual growth fund for mutual growth KRW 10 billion (KRW 2.5 billion from Pulmuone, KRW 7.5 billion from a financial institution)	The number of technical support cases for suppliers increased by 159% compared to the previous year 37 cases in 2020 → 59 cases in 2021	16,662 employees who have completed Whole Food education at Pulmuone Foundation Training to improve children's healthy eating habits and cognitive ability to choose the whole food on their own
G Governance	Enhancing BOD's independence Separation between the General CEO and Chairperson of BOD, Operation of a senior independent director system	Leading the ESG Committee within the Board of Directors Operating the highest decision-making body to strengthen ESG management	Enhancing BOD's diversity 3 female independent directors out of 11 members of the board (27.3%)	Convening a general meeting of shareholders for 15 consecutive years Leading a culture of active communication with shareholders through an open general meeting of shareholders

Stakeholder communication

All stakeholders affect and are affected by Pulmuone's sustainable business activities in direct and indirect manner. In principle, we disclose information about business strategies, major activities, performance, and future plans to our stakeholders. Our stakeholders can look up the data of our company's overall business management anytime, anywhere via multiple communication channels such as our website and social media. We will keep communicating sincerely with our stakeholders to achieve healthy growth for the company.



Status of communication channels for each stakeholder

Category	Overview	Communication channel	
		Common channels	Individual channels
 Shareholders and investors	Individuals(or institutions) that own or are planning to own one or more shares of stock in Pulmuone	<ul style="list-style-type: none"> Pulmuone website (www.pulmuone.co.kr) Social media (Facebook, Twitter, Instagram, etc.) and Blog Integrated Report Brochure 'One Pulmuone' Social contribution white paper Official Youtube channel (https://www.youtube.com/user/pulmuonelove) 	<ul style="list-style-type: none"> Open general meeting of shareholders Integrated report of the open general meeting of shareholders NDR, IR meeting
 Customers	Consumers who purchase products and services manufactured and provided by Pulmuone		<ul style="list-style-type: none"> Customer Friendly Center e-fresh monitor Housewife monitor Customer satisfaction survey
 Employees	All members of the company who work together to achieve the mission and vision of Pulmuone		<ul style="list-style-type: none"> Company portal(KWP, Knowledge Worker Platform) Labor-Management Council Meeting with the General CEO Grievance Counseling Center Respect for Human Rights Management Committee Environmental Safety Committee
 Suppliers	All companies and their employees involved in the process of procurement, manufacturing, sales, transport, and facilities of Pulmuone products and services		<ul style="list-style-type: none"> Meeting with suppliers Partners Day Pulmuone Sourcing Portal(sp.pulmuone.co.kr)
 Local communities	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		<ul style="list-style-type: none"> 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

UN SDGs

Pulmuone has declared an active participation in achieving the UN Sustainable Development Goals (SDGs) and carried out various activities. The Sustainable Development Goals are the common goals of the international community to promote universal peace and create a sustainable planet through not only economic growth but also harmony between people, the environment and society. The UN has proposed 17 goals and 169 detailed indicators as an action plan for sustainable development by 2030.



- 1 End poverty in all its forms everywhere** : Provide education and support for the poorest and most vulnerable to overcome poverty
- 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture** : Invigorate the agricultural ecosystem by expanding the introduction of GAP for agricultural products and promoting mutual growth
- 3 Ensure healthy lives and promote well-being for all at all ages** : Spread good dietary habits and healthy lifestyle based on sustainable wholesome foods
- 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all** : Strengthen capacity of employees and encourage self-development
- 5 Achieve gender equality and empower all women and girls** : Cultivate female managers and help women achieve success both at work and at home
- 6 Ensure availability and sustainable management of water and sanitation for all** : Build a system for quantity and quality control of water resources
- 7 Ensure access to affordable, reliable, sustainable, and modern energy for all** : Use eco-friendly energy sources and expand the ratio of renewable energy
- 8 Promote sustained-inclusive-sustainable growth, full and productive employment and decent work for all** : Constantly create jobs for youth and increase the employment of the elderly and the socially disadvantaged
- 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation** : Strengthen internal and external activities for food industry development
- 10 Reduce inequality within and among countries** : Implement and spread human rights business management with respect for human rights management
- 11 Make cities and human settlements inclusive, safe, resilient and sustainable** : Contribute to the creation of a sustainable living culture by spreading the brand spirit of love for neighbors and respect for life
- 12 Ensure sustainable consumption and production patterns** : Develop and expand sustainable foods such as plant-forward and animal welfare
- 13 Take urgent action to combat climate change and its impacts** : Establish a risk management system for climate change and come up with countermeasures
- 14 Conserve and sustainably use the oceans, sea and marine resources for sustainable development** : Strengthen education programs about water and environment and expand the MSC/ASC certification for fishery products
- 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss** : Minimize the impact of business on the environment
- 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels** : Realize justice through compliance and ethical management
- 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development** : Conduct joint R&D projects with governmental agencies and cooperate with NGOs to promote CSV

Governance and economy

Governance

Status of stock distribution

Pulmuone is a company listed on the stock market, and the total number of shares as of December 31, 2021 is 42,155,122 (38,120,542 common stocks and 4,034,580 preferred stocks). The total number of shares to be issued is 200,000,000 shares, and the par value per share is KRW 500. Pulmuone's corporate information is available on the website (<https://www.pulmuone.co.kr>), the Financial Supervisory Service's DART (Electronic Disclosure System) (<https://dart.fss.or.kr>), and the Korea Exchange's electronic disclosure system (<https://kind.krx.co.kr>).

Equity structure

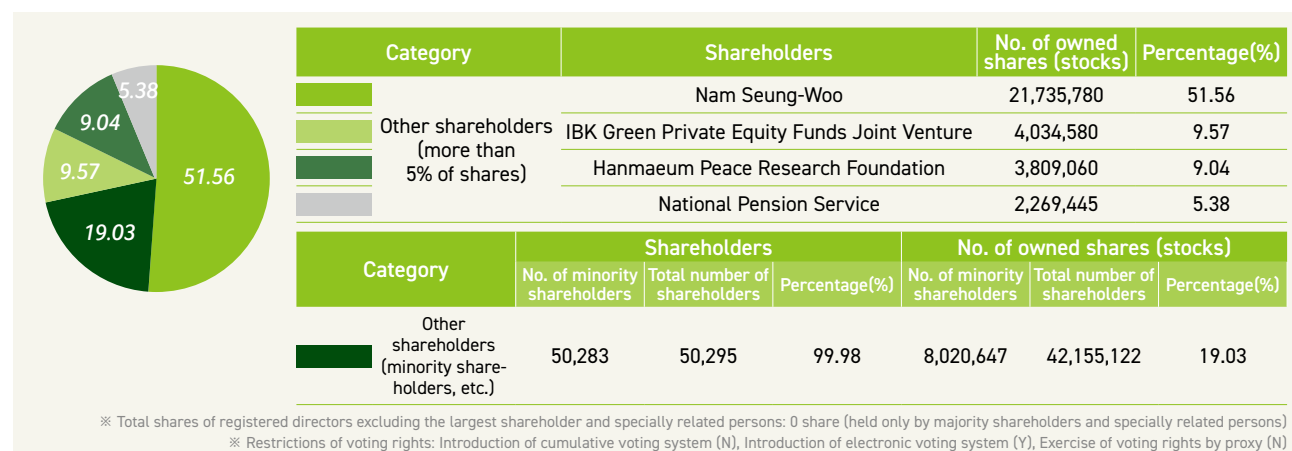
Pulmuone has an established an operating holding company that meets global standards since it holds 100% of the shares of all of its subsidiaries and sub-subsidiaries*, excluding joint ventures. Its quick and effective decision-making system prevents any conflicts of interest among shareholders, unifying the company by establishing the "One Company" system. In February 2021, the shares of Pulmuone Waters that had been held by Nestle Waters were additionally acquired and incorporated as a subsidiary of Pulmuone to improve the management efficiency.

*Except for Joint Ventures (JVs)

Stock ownership status

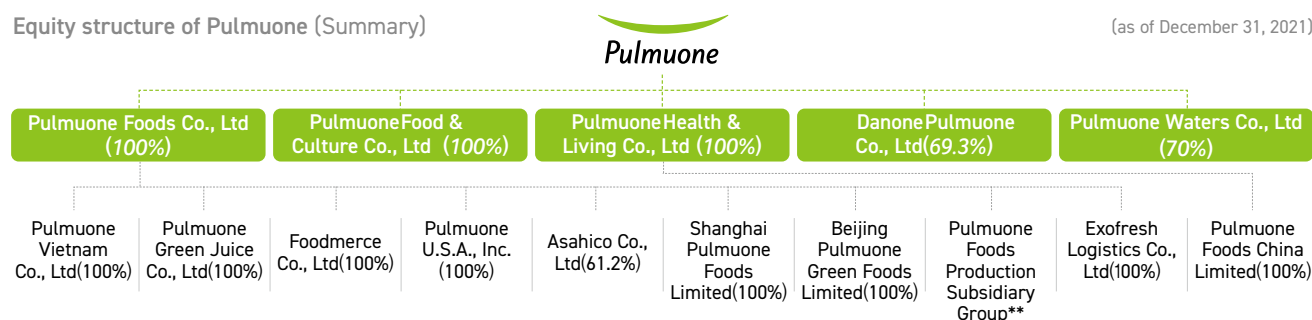
Majority shares and specially related persons : 22,924,660 shares (54.38%)

(As of December 31, 2021 / Unit: stocks)



Equity structure of Pulmuone (Summary)

(as of December 31, 2021)



**The companies included in the manufacturing subsidiaries and its shares are as follows.
 PPEC Chuncheon/Uiryeong/Eumsung Fresh Noodle/Eumseong Namul (100%), PPEC Global Kimchi Co., Ltd. (50%), Sinseon Natto Co., Ltd. (81%), PTA Agricultural Union Corporation (99.9%), Pulmuone Kibun Co., Ltd. (66%), and Pulmuone IN (100%).

Pulmuone Corporate Governance Charter

Pulmuone is committed to fair and transparent responsible management under the supervision of an independent board of directors in accordance with the Corporate Governance Charter. We strive to take the lead in establishing a sound governance structure that promotes the rights and interests of all stakeholders, including shareholders, customers, employees, and suppliers and local communities.

Business Management Committee

Pulmuone holds CEO meetings to intensively discuss major management issues by Session A (Mid-term strategy), B (Annual business plan), C (Talent management), D (Social responsibility, CSV, etc.) E (Environment-Safety). The CEOs of each business, including the general CEO, check the status of each major management issue, discuss related risks, and set goals and make decisions until the next meeting. Meetings for Sessions A to E are held twice on a semi-annual basis.

CEO meetings

Category	content
Session A	Establish strategies to achieve mid-term strategic goals and discuss major issues
Session B	Check the status of the annual business plan and discuss major issues
Session C	Check the status of talent management and discuss major issues
Session D	Check the status of social responsibility management such as CSV and discuss major issues
Session E	Check environment and safety-related status and discuss major issues



BOD-centered management

Composition of the committee

Pulmuone invests utmost efforts to build an advanced governance with reviewing and balancing between the BOD and the management and to enhance shareholder value. The ratio of independent directors is made up of more than half, and a senior independent director operates the BOD independently. Also, we are strengthening the expertise of the BOD by appointing directors with diverse backgrounds and experiences. The appointment of directors is decided at the general shareholders' meeting after candidates are recommended by the Board of Directors and the Independent Directors Recommendation Committee. As of the end of 2021, there are a total of 11 directors at Pulmuone, and the ratio of independent directors is approximately 72.7% (8 persons). Nam Seung-Woo, other non-executive director, was appointed as the chairman of the BOD, and Lee Kyung-Mi was appointed as the senior independent director at the general shareholders' meeting in March 2022. The term of directors is 3 years and may be re-appointed through a general meeting of shareholders. However, the term of an independent director cannot exceed six years in accordance with the Commercial Act.

BOD members

*Committee Chairperson ※ Internal accounting manager: Lee Jeong-Eon, Management Consulting, TISO Management Office of Strategic Management Office (full-time, unregistered)

Title	Name	Gender(Age)	Position	Term	Major experience	Specialized in	Committee
Executive Director	Lee Hyo-yul	Male(65)	General CEO	Mar 2022 to Mar 2025	Pulmuone Foods Co., Ltd. CEO, Present) Pulmuone Co., Ltd. General CEO	Business	Business*, Strategy
	Lee Sang-Boo	Male(60)	Director	Mar 2021 to Mar 2024	Head of Business Administration Office of Pulmuone Food & Culture, Present) Pulmuone Strategic Management Director	Business	Business, Strategy, ESG
Non-Executive Director	Nam Seung-Woo	Male(70)	Adviser	Mar 2021 to Mar 2024	Pulmuone Co., Ltd. General CEO	Business	Strategy*, General CEO candidate recommendation*
Independent Director	Lee Kyung-Mi	Female(48)	Director	Mar 2022 to Mar 2025	University of Illinois at Urbana-Champaign PhD, Professor at School of Business at Yonsei University Present) Professor at Dept. of Business Administration at Seoul National University	Business	Audit, Independent director candidate recommendation, General CEO candidate recommendation
	Kim Young-Hwan	Male(64)	Director	Mar 2020 to Mar 2023	KT Networks CEO Present) CEO of AI Research Institute, Present) Adjunct Professor of Dept. of Computer Science at KAIST	IT, Business	Independent director candidate recommendation*, Audit, General CEO candidate recommendation
	Shim Soo-Ok	Female(60)	Director	Mar 2020 to Mar 2023	Global Marketing Office Head of Samsung Electronics, VP, Professor at Business School of Sungkyunkwan University Present) Professor, Graduate School of Business at Sungkyunkwan University	Business	ESG*, Strategy, Independent director evaluation
	Won Hye-yeong	Male(71)	Director	Mar 2021 to Mar 2024	Mayor of Bucheon in Gyeonggi-do, The first leader of the Democratic Party of Korea Present) Co-Representative of the Well Dying Movement	Policy	Remuneration*, ESG, Strategy
	Kim Deok-Gyun	Male(47)	Director	Mar 2021 to Mar 2024	KEB Hana Bank Branch Manager/RM, Managing Director of Planning and Coordination Office, Tmax Group Present) Head Manager of PE Division at IBK Securities	Economy	Independent director evaluation*, Remuneration, ESG
	Han Chan-Sik	Male(54)	Director	Mar 2022 to Mar 2025	Chief Prosecutor at Seoul Dongbu District Public Prosecutor's Office	Legal Affairs	Audit, Remuneration, Independent director candidate recommendation
	Kim Woo-Jin	Male(52)	Director	Mar 22 to Mar 25	Finance Professor at Seoul National University Graduate School of Business	Finance, Accounting, Audit	Audit*, Strategy / Independent director candidate recommendation
	Lee Ji-Yoon	Female(57)	Director	Apr 2022 to Apr 2025	Chairperson at Seoul Facilities Corporation	Business	ESG, Strategy, Independent director evaluation

BOD independence, diversity and professionalism


Pulmuone has various systems in place to ensure diversity with no discrimination based on the professionalism and independence of BOD, and gender/race, nationality/cultural background, etc. We have separated the BOD chairperson and CEO positions, and appointed independent directors through the Independent Director Recommendation Committee. In addition, we encourage more exchanges and provide related material resources to ensure that only independent directors can attend the meeting. In particular, among the committees within the BOD, the Compensation Committee, Audit Committee, Independent Director Recommendation Committee, and Independent Director Evaluation Committee are made up of only independent directors to ensure the independence of the BOD and fair decision-making. In addition, in accordance with Article 5-2 of the Board of Directors Regulations, we have a senior independent director system that convenes and precedes over the independent directors to hear their opinions or to request a briefing on major business management issues from the top management. Also, Pulmuone strives to ensure gender diversity within the BOD in consideration of domestic and global trends to enhance diversity in BOD.

BOD operation system


Composition of BOD Committees(based on the general meeting of shareholders in March 2022)

Category	R&R	Appointment(plan)
Strategy Committee	Annual and mid-term business plan, Pre-deliberation on core M&A	Chairman) Nam Seung-Woo, Lee Hyo-Yul, Lee Sang-Boo, Shim Soo-Ok, Won Hye-Young, Lee Ji-Yoon, Kim Woo-Jin
Audit Committee	Auditing the company's accounting and business	(Chairman) Kim Woo-Jin, Kim Young-Hwan, Lee Kyung-Mi, Han Chan-Sik
Independent Director Recommendation Committee	Independent director recommendation	(Chairman) Kim Young-Hwan, Lee Kyung-Mi, Han Chan-Sik, Kim Woo-Jin
Compensation Committee	Pre-deliberation on executive remuneration, severance pay, and stock option grant, etc.	(Chairman) Won Hye-Young, Kim Deok-Gyun, Han Chan-Sik
Independent Director Evaluation Committee	Self-evaluation on activities of independent directors and the BOD	(Chairman) Kim Deok-Gyun, Shim Soo-Ok, Lee Ji-Yoon
ESG Committee	Monitoring sustainability management strategies and directions	(Chairman) Shim Soo-Ok, Lee Sang-Boo, Kim Deok-Gyun, Won Hye-Young, Lee Ji-Yoon
Pulmuone General CEO Recommendation Committee	Managing and recommending capable candidates for General CEO position	(Chairman) Nam Seung-Woo, Lee Kyung-Mi, Kim Young-Hwan
Business Management Committee	Handling business management affairs delegated by the BOD	(Chairman) Lee Hyo-Yul, Lee Sang-Boo

Accounting/finance experts appointed within the Audit Committee(Appointed at the general meeting of shareholders in March 2022)



Chairman of the Audit Committee
Director Kim Woo-Jin
Present) Professor of Finance, Graduate School of Business, Seoul National University
Present) Member of Discipline Committee, Market Monitoring Committee, Korea Exchange, Member of Samsung Compliance Committee



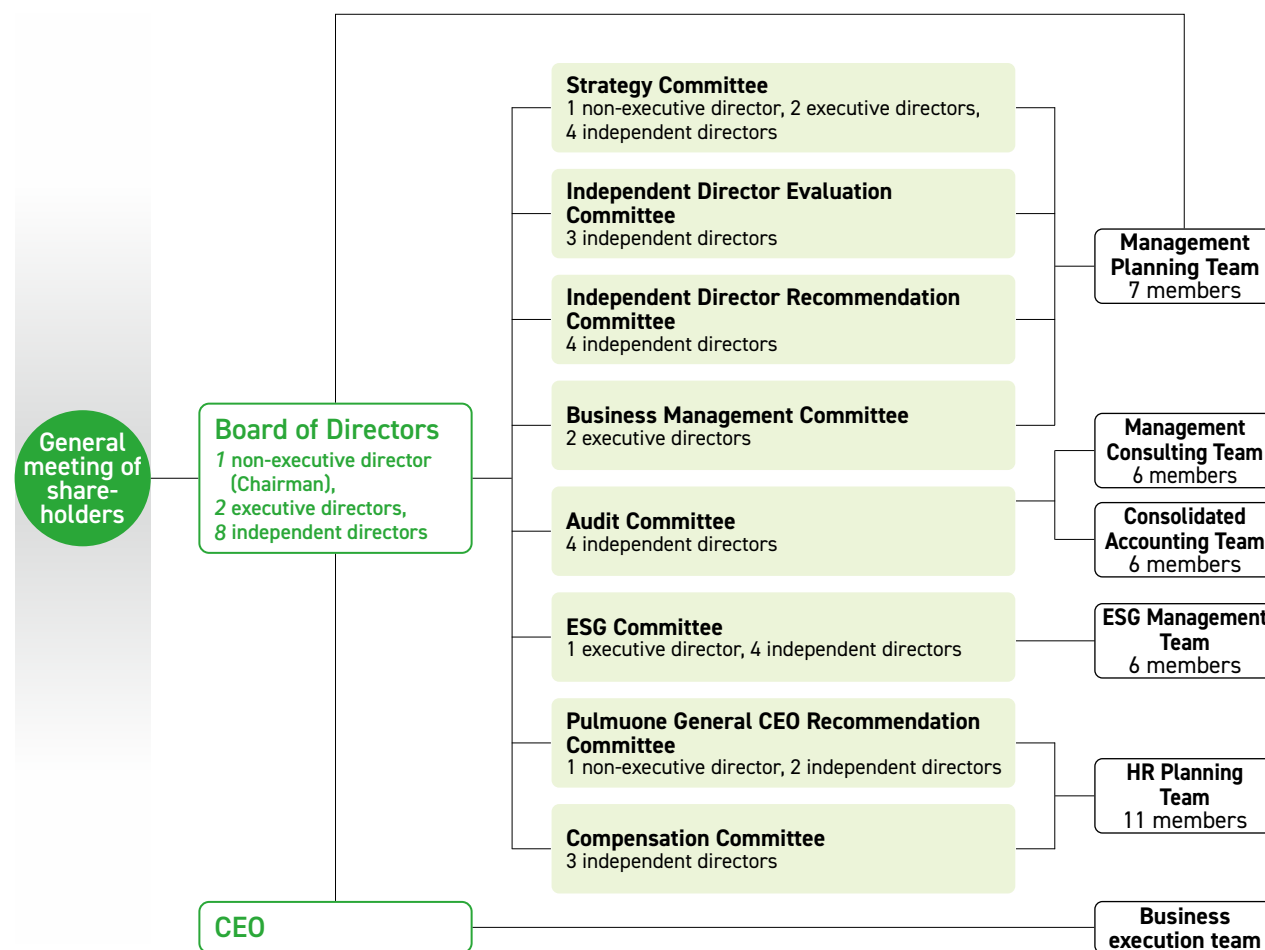
Senior independent director
Director Lee Kyung-Mi
Present) Professor at Dept. of Business Administration at Seoul National University
Present) Independent Director, Amorepacific Group
Present) Professor at Dept. of Business Administration at Yonsei University

Ratio of female independent directors



*Percentage of female directors out of the 11 directors: 27.3% / *Percentage of female directors out of the 8 independent directors: 37.5%

BOD Committee organization structure



Ten Principles of Board of Directors

- 1. Shareholders' rights**
Provide timely information for exercising rights and exercise rights according to appropriate procedures
- 2. Equitable treatment of shareholders**
Grant equitable voting rights and provide equitable corporate information
- 3. BOD functions**
Establish business management goals and strategies for corporate and shareholder sustainability, Supervise executive management
- 4. BOD composition**
Make efficient decision and supervise executive management, Reflect various shareholder opinions and appoint directors through a transparent process
- 5. Responsibilities of independent directors**
Make independent corporate management policy, and supervise and support executive management
- 6. Evaluation of activities of independent directors**
Encourage active task performance including fair evaluation, remuneration, and re-appointment
- 7. BOD operation**
Efficient and rational operation for making the best management decisions for companies and shareholders
- 8. Committee under the BOD**
Establish committees that perform specific functions and roles for efficient operation
- 9. Internal audit body**
Conduct sincere audits independently from executive management and controlling shareholders, Disclose major activities
- 10. External auditor**
Ensure credibility of accounting information through independent and fair auditing of companies subject to audit, executive management, and controlling shareholders

BOD performance

Procedure for appointment of director

Pulmuone appoints independent directors through the Independent Directors Recommendation Committee, and the Committee is only comprised of independent directors. In addition to the Audit Committee, the Independent Directors Recommendation Committee is obligated to establish only listed corporations with assets exceeding KRW 2 trillion under the Commercial Act. Pulmuone introduced it voluntarily to enhance transparency in the governance structure and to strengthen the independent audit function. In addition, in accordance with Article 5-2 of the Regulations of the Board of Directors, we appoint a senior independent director as a representative independent director. The senior independent directors are appointed by the independent directors themselves.

No. of meetings of the Board of Directors and major agenda in 2021

The 1st ordinary meetings of the Board of Directors :
Feb 25, 2021 / 9 reports and 11 resolutions including definition of plant-forward foods category

The 1st extraordinary meetings of the Board of Directors :
Mar 25, 2021 / 1 report and 3 resolutions including open interview of 2021 Pulmuone open shareholder's meeting, etc.

The 2nd ordinary meetings of the Board of Directors :

Apr 29, 2021 / 1 report on plant-forward food market

The 3rd ordinary meetings of the Board of Directors :

Jun 25, 2021 / 1 report on mid-term business strategy

The 4th ordinary meetings of the Board of Directors :

Jul 29, 2021 / 6 reports and 11 resolution including cumulative first-half performance and annual R/F

The 5th ordinary meetings of the Board of Directors :

Oct 28, 2021 / 7 reports and 11 resolutions including overseas expansion strategic direction

The 6th ordinary meetings of the Board of Directors :

Nov 25, 2021 / 2 reports and 11 resolutions including establishment of bio-based next-generation authentication system, etc.

Shareholder recommendation system

Pulmuone provides the shareholder proposal process on its website in order to reflect the opinions of minority shareholders in the selection and appointment process of director candidates. Upon receipt of a request for a shareholder proposal, after confirming whether he/she is a shareholder, going through legal review of the proposal, a notification of receipt confirmation will be provided in the form of a written or electronic document to the shareholder who has made the shareholder proposal. There have been no shareholder proposals for at least 3 years.

Independent directors' attendance and agenda pros & cons

Category	Board tenure	Attendance (%)				Pros (%)			
		Average of the last 3 years	At least 3 years			Average of the last 3 years	At least 3 years		
			2021	2020	2019		2021	2020	2019
Lee Hyo-Yul	Executive director Present	13.03 ~ the present	100	100	100	100	100	100	100
Lee Sang-Boos Director	Director	18.03 ~ the present	100	100	100	100	100	100	100
Lee Woo-Bong		18.03 ~ 21.03	100	100	100	100	100	100	100
Nam Seung-Woo	Non-executive director	18.03 ~ the present	100	100	100	100	100	100	100
Lee Kyung-Mi		19.03 ~ the present	95	86	100	100	100	100	100
Kim Young-Hwan		20.03 ~ the present	94	100	88	100	100	100	-
Shim Soo-Ok		20.03 ~ the present	94	100	88	100	100	100	-
Won Hye-Young		21.03 ~ the present	83	83	-	100	100	-	-
Kim Deok-Gyun		22.03 ~ the present	-	-	-	-	-	-	-
Han Chan-Sik		22.03 ~ the present	-	-	-	-	-	-	-
Kim Woo-Jin	Independent director	22.03 ~ the present	-	-	-	-	-	-	-
Lee Ji-Yoon		22.03 ~ the present	-	-	-	-	-	-	-
Kim Young-Joon		17.03 ~ 22.03	81	86	67	100	100	100	100
Choi Jong-Hak		17.03 ~ 22.03	93	100	78	100	100	100	100
Jo Hwa-Joon		17.03 ~ 22.03	100	100	100	100	100	100	100
Won Cheol-woo		11.03 ~ 20.03	100	100	100	100	100	100	100
Yoon Jang-Bae		11.03 ~ 20.03	100	100	100	100	100	100	100
Jang Jae-Sung		18.03 ~ 21.02	85	100	67	100	100	100	100

Audit Committee

Pulmuone approved the performance of internal audit activities in 2020, plans for 2021, and the 2020 audit report through the 2021 audit committee, and submitted and approved agendas such as internal audit activities and recommendations from external auditors in 2021.

Duties : Review and approval of the auditing plan by the Internal Audit Department / Pre-review and approval of non-audit service contract by external auditor

No. of meetings : 6 sessions

Attendance of independent directors and their pros & cons : 100% / Pros and cons not disclosed, Auditing training conducted

Auditing training

Date	Institution	Attendant (member of Audit Committee)	Training course
21.04.06	Shin & Kim LLC	Cho Hwa-Jun	ESG Investment, Financing Seminar
21.06.24	Audit Committee Center	Cho Hwa-Jun	Internal accounting management system, future strategy seminar
21.07.22	Audit Committee Support Center	Cho Hwa-Jun	Case study of Audit Committee activities using video
21.10.14	3-yr road map for new accounting system	Kim Young-Hwan	Changes in Audit Committee roles and challenges

ESG Committee

To increase the soundness of the company based on a transparent governance structure and to derive a positive impact by analyzing the company's impact on the environment and society, so that the company can achieve sustainable growth, Pulmuone has established the ESG Committee under the Board of Directors, the top decision-making body, to strategically and systematically manage non-financial performance (ESG) such as the environment, society, and governance of the company. The 2021 ESG Committee proposed and reviewed agendas such as reporting on domestic ESG trends in the first half of the year / ESG activities and performance / non-financial measure improvement plans and the status of responses to domestic and foreign evaluations.

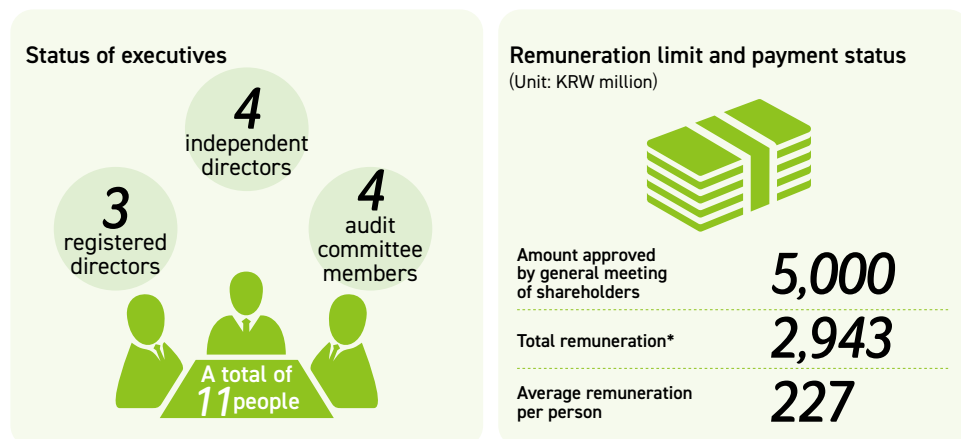


Performance evaluation of BOD and executive management

Performance evaluation of BOD and executive management

In accordance with Article 37-2 of the Articles of Incorporation, Article 12 of the Regulations of the Board of Directors, and the provisions of the Compensation Committee, in principle, Pulmuone conducts pre-deliberation through the Compensation Committee on executive remuneration and severance pay, grant and revocation of stock options, and compensation guidelines and payment options according to performance of performance goals, and then passes a board resolution. The Compensation Committee confirms whether registered executives receive appropriate compensation through internally fair and externally competitive compensation options under the Commercial Act.

The total amount of directors' remuneration limit in 2021 (approved by the general shareholders' meeting in March 2021) and the status of remuneration



*Severance pay made in accordance with the Regulations of Executive Severance Pay (Chapter 7 of the Regulations on the Personnel Management) approved by the general meeting of shareholders in the previous year

BOD evaluation

From 2020, Pulmuone conducts a comprehensive evaluation on the operation and activities of the independent directors and the board of directors once a year through the Independent Director Evaluation Committee. The Independent Director Evaluation Committee is composed of 3 independent directors, and the board evaluation is conducted with a total of 21 questions in 4 areas, and the results are transparently disclosed on the website. The evaluation results are used to further enhance the strengths of Pulmuone's BOD operation, contributing to improving its weaknesses and determining the limit of remuneration.

BOD evaluation results

(Unit: points)/ (5-point scale)

Category	2020	2021
BOD composition and duties	4.81	4.56
BOD independence	4.64	4.59
BOD efficiency	4.59	4.50
Committees under BOD	4.68	4.78

CEO compensation indicators

The CEO's incentives were divided into non-financial indicators, such as strategic indicators and financial indicators, and were calculated by evaluating the achievement for each specific goal, respectively, and were paid in 2021 for their performances in 2020. The financial indicators include revenue and operating profit, and the strategic indicators are composed of specific items such as strengthening market competitiveness, digital transformation-based (DX) business development, new business and product innovation, contribution to achieving company-wide vision, and proof of excellence in Pulmuone's ESG responsible management by obtaining significant results from the DJSI assessment.

BOD-centered executive management

Shareholder return

The basic principle of Pulmuone's shareholder return policy is to continuously increase shareholder value through steady dividend payout, performance improvement, and enhanced corporate value based on continuous growth. Dividends may be paid in accordance with the Articles of Incorporation and Article 165-12 of the Financial Investment Services Act, and dividends are paid quarterly by the resolution of the board of directors, however it is stipulated that the resolution shall be made within 45 days after the base date. In particular, dividends are paid out in cash annually, minimizing volatility by paying out steady dividends within the profit available for dividend regardless of performance. In fiscal year 2021, despite the difficult business conditions, we paid out regular dividends at the same amount as the existing dividends. It is informed that dividends will be paid out within one month from the date of approval of the general meeting of shareholders in accordance with Article 464-2 of the Commercial Act.

Status of shareholder return for at least 3 years

Business year	Settlement month	Type of shares	Stock dividends	Cash dividends			
				Dividends per share ¹⁾	Total dividends	Dividend yield ²⁾	Dividend payout ratio ³⁾
							Consolidated ⁴⁾ Separate
2021	12	Common stock	-	102	3,750,625,884	0.58	1,694
		Preferred stock	-	347	1,399,999,260	1.99	
2020	12	Common stock	-	102	3,801,625,578	0.60	32
		Preferred stock	-	347	1,399,999,260	2.05	
2019	12	Common stock	-	102	3,798,607,500	0.92	-
		Preferred stock	-	347	1,399,999,260	3.14	

1) Total amount paid by business year

2) The ratio of dividend per share to the arithmetic average of the final price formed in the exchange market for the last 1 week from the two trading days before the closing date of the shareholder list

3) Total dividends / consolidated or separate net income 4) Consolidated dividend payout ratio is the ratio of total cash dividends to net income

General meeting of shareholders

Pulmuone has provided shareholders with sufficient information about the date, place, and agenda of the general meeting of shareholders two weeks prior to the date of the meeting. We have adopted and implemented an electronic voting system to allow shareholders who are unable to attend the meeting to exercise their voting rights. In 2021 and 2022, the general meeting was broadcast live to provide convenience for shareholders who were unable to attend the meeting in person due to COVID-19. In particular, by adopting a real-time comment feature, we actively provided an opportunity for shareholders to exercise their rights to speak.

The 38th Annual General Meeting of Shareholders(March 29, 2022)

Venue: Suseo Office Building (Seoul) & Live Broadcast

Category	content	percentage		Result
		in favor	against	
Agenda 1	Approval of the financial statements for the 38th fiscal period	99.80	0.20	Approved
Agenda 2	Partial amendment to the Articles of Incorporation	99.97	0.03	Approved
Agenda 3	Appointment of directors (separate proposal for each candidate for the appointment of directors)	-	-	-
Agenda 3-1	Executive director Lee Hyo-Yul	99.94	0.06	Approved
Agenda 3-2	Independent director Lee Kyung-Mi	99.94	0.06	Approved
Agenda 3-3	Independent director Lee Ji-Yoon	92.24	7.76	Approved
Agenda 3-4	Independent director Han Chan-Sik	99.94	0.06	Approved
Agenda 4	Appointment of independent director Kim Woo-Jin as a member of the Audit Committee	99.76	0.24	Approved
Agenda 5	Appointment of a member of Audit Committee	-	-	-
Agenda 5-1	Member of Audit Committee Lee Kyung-Mi	99.76	0.24	Approved
Agenda 5-2	Member of Audit Committee Han Chan-Sik	99.76	0.24	Approved
Agenda 6	Approval of the limit of director remuneration	92.57	7.43	Approved
Agenda 7	Revision of the Regulations of the Executive Severance Pay	92.57	7.43	Approved

Status of voting rights (as of December 31, 2021)

Type of shares	Stock Type	
	Common stock	Preferred stock
Total issued shares	38,120,542	4,034,580
Number of shares with no voting rights*	1,349,700	-
Number of shares with voting rights	36,770,842	4,034,580

* Number of treasury stocks

(no other stocks restrict voting rights, such as golden stocks, and guarantee one voting right per share)

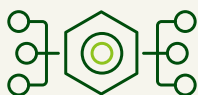
Risk and opportunity

The business management environment surrounding Pulmuone is rapidly changing with the continuing impact of COVID-19. With growing uncertainty, it is crucial to manage potential risks in business management in a systematic way and ensure crisis management capacity to create value for stakeholders including shareholders. Pulmuone has an enterprise risk management (ERM) in operation, 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 governance

For effective risk monitoring and management, Pulmuone operates its Risk Management Committee for each business unit and at the enterprise level, and conducts pre- and post-management activities for company-wide risks that may undermine its sustainability. The Enterprise Risk Management Committee is comprised of the company's top management, including the general CEO, and supervises the process of establishing risk management policies and strategies, regularly checking the status of risk management, and preventing risks in advance and conducting follow-up activities. The Business-unit Risk Management Committee selects the risk pool subject to management at the business unit level, and establishes response strategies, and manages the operation status.

Risk management organization and operating system



1) Business-unit Risk management

The RM (Risk Manager) for each business unit identifies and evaluates risks from the perspective of business environment and internal operation, and confirms the risk pool after the representative's approval. We conduct monthly or quarterly monitoring and evaluation of the level of risks (Attention, Caution, Alert, Danger) according to the preset cycle, and report the results to the Risk Management Committee of the relevant business unit and implement measures according to the level of risk.



2) Enterprise risk management

The business-unit RM (Risk Manager) shares the monitoring results of risks with "High" rating among risks that are regularly monitored with the enterprise RM (Risk Manager). The enterprise RM collects the monitoring results of "High" rating shared by business unit, organizes issues, etc. and reports them to the Enterprise Risk Management Committee. In addition, the Enterprise Risk Management Committee conducts regular reports on risk factors that require constant management from a company-wide perspective, as well as reports on monitoring results for "High" rating, and provides reports on risk factors that require discussion and management by each business unit to fulfill its roles and responsibilities as the top decision-making body for risk management.

Emerging risk

Pulmuone has established mid- to long-term response strategies by identifying emerging risks that may have a significant impact on future business and analyzing economic, environmental and social impacts and major opportunities/threats. By doing this, we strive to develop our ability to proactively respond to risks that may arise in the future and to turn crisis into opportunity.

Category	Definition and impact	Organization	Management policy
Litigation risks	Risk of financial or non-financial losses due to legal disputes with stakeholders	Legal Dept., TISO Office	1) Identifying major domestic and global risks 2) Strategic response for appropriate dispute resolution_ factual and legal analysis 3) Minimizing risks in collaboration with experts if necessary
Workplace environmental safety management	Reinforcement of punishment for an employer regarding safety accidents and enhancement of internal and external corporate image	EHS Dept. (Safety Planning Team) Integrated Manufacturing Headquarter (Each business site)	1) Self-assessment of business sites using the checklist (laws and company guidelines) 2) Raising awareness on safety management by implementing ADUIT for each corporation/business site 3) Untimely safety inspection and guidance inspection with an external companies
Stabilization of supply and demand of raw materials due to rising raw material costs	The stabilization of supply and demand of raw materials due to rising major raw materials affects essential profit and loss.	Strategic Purchasing Office, Business-unit Purchasing Department	1) Monitoring the status of agricultural production areas and securing additional agricultural production areas with rising raw material prices, 2) Checking the expected timing of inventory depletion through performance management compared to the raw material usage plan, and planning 3) Flexible response such as diversification of agricultural production areas and companies in consideration of the timing of inventory depletion
Food safety control	As the continuously worsening humid and hot weather trend in summer and the transition to a subtropical climate is a risk for our key strategy, "Fresh Ready Meal," proactive measures for food safety are required. Ensuring safety as a food company is an essential part of risk management for sustainability, and abnormal climate conditions and environmental changes require proactive approaches involving continuous improvement and new technology.	Food Safety Office	1) Pulmuone manages food hygiene and safety across the company as led by the Food Safety Department of Pumuone Corporate Technology Office, the control tower of the company for food safety management 2) A real-time-based control system, a general management system, a permanent inspection system, or a change management system is selected depending on the type of the food and is implemented to exercise food safety control for food production processes. 3) Real-time temperature control is in place for logistics centers, transport vehicles, delivery vehicles, and affiliated store vehicles so that temperature deviation that may occur during distribution and transportation can be managed in advance.
Climate risks	Management is required to maintain business environment and continuity along with the increase in the possibility of natural disasters due to climate change. Legal/business risks that may arise in the process of response activities may have financial impact.	ESH Dept. (Environmental Engineering Team), Integrated Production Headquarter (each business site)	1) Management of domestic GHG emissions 2) WATER RISK evaluation 3) Product Carbon Footprint (PCF) management, etc.

Compliance

Fairness and transparency

For Pulmuone, fair management means building a fair and just collaborative relationship with its suppliers based on its corporate principles and applicable laws, upholding consumer rights and interests, and establishing a trading environment that guarantees a level playing field and trustworthy trade practices. Pulmuone will continue to promote healthy choices to consumers and advocate for their rights by providing TISO along with accurate information. We will champion mutual interests and balanced growth, giving our suppliers equal footing. We will also respect the market economy's practices by engaging in good-will competition and lead fair trade practices.

TISO 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 covers 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.

Compliance Officer system

Pulmuone has the compliance officer system* since July 2020. The head of TISO Management Office was appointed as a compliance officer after approval from the Board of Directors. *The appointment of a compliance officer is mandatory for companies with a total capital exceeding KRW 500 billion in accordance with the Commercial Act.

* Under the Commercial Act, companies with a total capital of more than 500 billion won are obligated to appoint compliance support

Code of Practice for TISO Management

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.

Major compliance support activities in 2021

Inspection item	Date	Description	Result
Compliance support	Frequent	Providing legal advice such as contracts to prevent legal risks in advance	-
	Frequent	Enactment-amendment of standard contract and provision of various compliance guides	
Compliance inspection	2021.04	Monitoring E-commerce law	Overall good
	2021.02 / 10	Inspecting compliance with the Affiliate's Franchise Business Act and Subcontracting Act	
	2021.03	Legal risk assessment by Dept., regular compliance inspection and inspection of the theme of win-win cooperation law	
	2021.05	the Act on the Regulation of Terms and Conditions	
	2021.06	the Personal Information Protection Act, the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small-Medium Enterprises, the Subcontracting Act, the Franchising Act	
	2021.07	the Subcontracting Act	
	2021.07	the Act on Fair Labeling and Advertising	
Compliance education	2021.09	Education for Employment Promotion and Vocational Rehabilitation of Disabled Persons (to increase awareness of persons with disabilities in the workplace)	-
	2021.01	Education for the Act on Fair Labeling and Advertising (for franchisees)	
	2021.11	the Equal Employment Act (to prevent sexual harassment), the Subcontracting Act & the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small-Medium Enterprises, the Franchising Act, the Act on Fair Labeling and Advertising	
	2021.12	the Copyright Act, the Franchising Act	

TISO management operating system

Pulmuone designates the TISO Manager as the Chief Compliance Officer (CCO) in charge of the overall TISO management business management of the company. The CCO is supported by the Management Consulting Office, the TISO Management Office, the Legal Dept. in handling relevant tasks.

TISO management organization



Operating system

Whistle-blowing system

Pulmuone operates a system related to reporting and protecting whistleblowers on violations of fair management, which is a means of practicing TISO management. 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.

Regular and frequent audit

All our business sites must undergo regular/frequent audits based on the plan reported to and approved by the executive management. 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 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.

Capacity building

Employee ethical training programs

Pulmuone defines the “6 Don’ts Policy”^{*} as the key elements to be managed among the regulations of the TISO management. The 6 Don’ts Policy is classified into 6 types, including false reporting, embezzlement, unfair transaction, entertainment, sexual harassment, and verbal violence, which are systematized and managed into three categories of organization, supplier, and individual. We receive reports on the 6 Don’t Policy at all times, conducts internal investigations, and takes light or severe disciplinary measures such as dismissal. In 2021, in addition to the statutory education, we conducted education for the eradication and prevention of bullying in the workplace. The training program was conducted for 3 weeks and was designed to make learning easy and fun for all employees online from a mobile devices with a 5-minute short video.

^{*} 6 Don’ts Policy (false reporting/accounting fraud, embezzlement/misuse, entertainment/service, unfair trade, sexual harassment/assault, verbal violence/bullying)

Compliance training

Pulmuone pursues win-win and mutual growth based on fairness and ethics with various business partners including employees and suppliers. We have a wide variety of compliance training programs to create a culture that respects people and social values based on fair and transparent business management. We have conducted education regarding the Franchising Act, e-commerce, the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small-Medium Enterprises, the Act on Fair Labeling and Advertising, and the Copyright Act, as well as education on the Subcontracting Act for mutual growth with suppliers. In addition, we will further increase employee awareness on compliance, ethics, and anti-corruption through training course on the Subcontract Act and unfair joint behavior prevention. In 2021, we conducted a total of 22 online and offline compliance training programs on the Subcontract Act, the Franchising Act, e-commerce, ethics, anti-corruption, compliance, and human rights.

Compliance achievements

All our business sites must undergo regular/frequent audits based on the plan reported to and approved by the executive management. 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 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.

The number and types of anti-corruption cases in 2021 and the results of actions

Category	Reported cases (Unit:no. of cases)	No. of proven violations	Penalized cases (Unit:no. of cases)	Description
Embezzlement	2	2	1	Dismissal 1
Unfair transactions	1	1	1	Dismissal 1
Sexual harassment	-	-	-	-
Violence	1	1	1	Suspension 1, Reduction of salary 1
Verbal abuse	1	1	-	-
Others	14	-	-	-
Total	19	5	-	-

Result of the regular/frequent audit in 2021

Category	No. of audits/requests for vindication (Company card monitoring)	Actions taken (Unit:no. of cases)	
		Process improvement/correction/ addition	Internal control (accounting) improvement/correction/addition
Routine audit*	1	9	-
Risk-based audit**	3	20	-
Internal control (accounting) audit***	23	-	19
Total	27	29	19
Company card monitoring****	1057	748	-

* 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

*** Internal control (accounting) audit: An audit to review the completeness and effectiveness of the operation of the internal accounting management system

**** Company card monitoring: An audit to monitor the validity of expenses on company cards, targeting all employees at all times, and take proper actions for issues

Direct or indirect political/charitable donations

Pulmuone strictly complies with Article 31 of the Political Funds Act, which prohibits corporations or organizations from donating political funds. However, we provide support to Associations where political neutrality is guaranteed, the amount donated to the Association in 2021 is approximately KRW 118 million. We mainly support Associations related to the food industry, such as the Korea Food Industry Association. In addition, based on its mission of "Creating a sustainable world where people and people, people and nature coexist," Pulmuone Foundation is carrying out social contribution projects with the aim of promoting a healthy lifestyle, preserving a healthy environment and achieving a healthy society. In 2021, Pulmuone donated 1.147 billion won for social contribution projects through Pulmuone Foundation.

Anti-competitive behaviors

Fair trade policy

Pulmuone's fair trade policy is the strategy for promoting the TISO management for suppliers. Pulmuone discovers business management improvements and voluntarily improves them for fair and transparent corporate activities under the Fair Trade Act, thereby preventing violations of fair trade laws in advance and establishing an organizational culture that adheres to competition law requirements.

Unfair trade practices

In accordance with Article 13 (Payment, etc. of Subcontract Consideration) of Fair Transactions in Subcontracting Act ① that specifies, "Where a prime contractor entrusts a subcontractor with manufacturing, etc., they 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 in consideration of subcontracts for its suppliers. In addition, we are committed to preventing violation of unfair practices in advance by regularly holding a fair transaction deliberation meeting. We also visit partner companies and inspect them if there are any unfair transactions or corrupt practices.

Programs for creating a fair trade culture

Target	Category	Detailed 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.

Pay taxes

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.

Policy and principles

1) Pulmuone's Tax Policy

Pulmuone strives 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.

2) Tax risk management

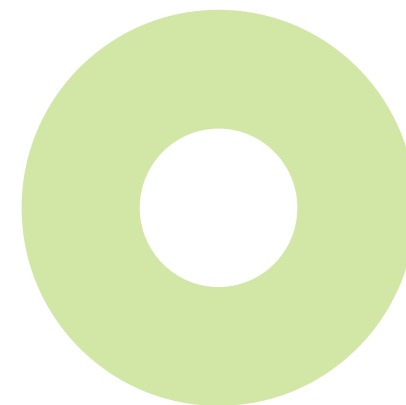
Pulmuone will minimize unexpected tax risks across all business operations. Pulmuone will make company-wide efforts constantly to build the external compliance inspection system, provide internal education, and set consistent business management standards. We will receive consulting from external experts and cooperate with them to identify tax risks and upgrade our tax policy. 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.

3) 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 will not turn into a tax haven.

Transfer price

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 US, China, and Japan. As of 2020, our overseas subsidiaries are located in the US, China, and Japan. We comply with the tax laws, principles, and standards in each of these countries.



Environment

Environmental management

Pulmuone minimizes its impact on the environment across all business activities. 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. We also clean up nearby areas on a regular basis.

Environmental management strategies

In order to implement the mission of a "company that makes a healthy tomorrow for people and the planet with wholesome foods," Pulmuone is pursuing strategies that contain the unique values to respond to climate change, such as expansion of products to respond to climate change, reducing energy and water consumption, reducing greenhouse gas emissions, and recycling. Pulmuone has expanded the use of renewable energy, invested in highly efficient facilities, implemented a water use reduction project, and recycled waste as resources with the goal of achieving its mid-term goal for reducing energy consumption, GHG, water use and waste on a unit basis. Pulmuone will rebuild its mid-term and long-term goals for the future and expand the implementation of reduction strategies by product, logistics, and packaging to the whole company.

Environmental strategies

Meat Alternative	Expansion of products to respond to climate change
Plant Based Protein	
Animal welfare	
Renewable energy expansion	50% reduction in water, 35% reduction in GHG emissions, 60% reduction in wastes
Increasing energy efficiency	
Improving efficiency of water use	
Reducing emissions of pollutants	100% recyclable packaging
Eco-friendly packaging development and application	
Reduce, Recycle, Remove	

Environmental management goal

Pulmuone establishes mid- to long-term initiatives, sets and inspects environmental management goals through the Session E meeting attended by the general CEO and executive management, and the quarterly meeting held by the Environment and Safety Committee. Environmental management establishes tasks for each field, such as ingredients, production processes, packaging, and logistics, and identifies short-term, mid-to-long-term detailed tasks and implement them.

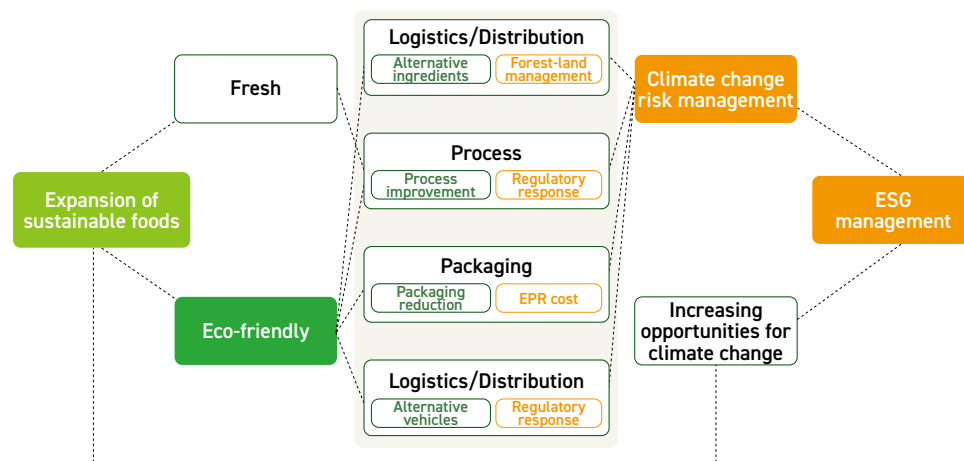
Pulmuone environmental initiatives

Category	2021 key achievements	2022 key initiatives	Cost of risk
Ingredients	<ul style="list-style-type: none"> Calculating GHG reduction in sustainable foods Carbon footprint certification (Danone yogurt cup, etc.) 	<ul style="list-style-type: none"> Expansion of carbon emission calculation for sustainable foods Expansion of product lines with carbon footprint certification Origin management 	Cost increase for raw materials
Process	<ul style="list-style-type: none"> EMS deployment for PPEC Eumsung Fresh Noodle Co., Ltd. Establishment of a digital conversion platform for Eumseong Tofu Plant Sale of emission credits for an external wooden pellet business Registration for the solar energy self-consumption project as an external business Expanding solar-energy-based power generation facilities for Danone Pulmuone Co., Ltd. 	<ul style="list-style-type: none"> Increasing the number of EMS-established business sites Expanding renewable energy Process development and implementation 	Increased initial investment costs
Packaging	<ul style="list-style-type: none"> Packaging recycling with an "Excellent" grade Applying label-free to Danone Pulmuone and Pulmuone Waters PET Tray for fresh noodles → Paper 	<ul style="list-style-type: none"> Improving packaging materials and carbon reduction calculation Expanding the application of the packaging recyclability grade Increasing environment-friendly packaging (Bio PP/PE, rPET) Expanding the transition from PET Tray to paper Increasing the number of EVs Pursuing the introduction of hydrogen charging infrastructure 	Increased packaging costs
Logistics	<ul style="list-style-type: none"> Adoption of EVs for EXO Logistics Pilot introduction of EVs to Green Juice franchisees 		-

Road map for environmental management

Pulmuone calculates and manages the environmental impacts of sustainable foods, and implements countermeasures to spread and internalize ESG management, and to respond to risks.

Road map for environmental management initiatives



Environmental management operation and reporting system

Pulmuone runs a council consisting of top management, plant leaders, and working-level employees to respond to a range of issues concerning environment and safety in a systematic way. The 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.

Environmental management policy and system

Pulmuone has established company-wide environmental policies to minimize environmental impacts in the process of facility operation, product manufacturing, and production, and reflects them in all business activities.

Policy/guidelines	Details
ESH Management System Manual	It is in place to define rules needed to manage environment safety issues at all Pulmuone business sites with consistency and efficiency and to ensure compliance.
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	With the goal of purchasing raw materials in a sustainable and responsible manner, the guidelines serve as a standard and principle for selecting and purchasing raw materials such as soybeans, flour, and GAP-certified (Good Agricultural Practices) agricultural products that are used to produce Pulmuone products.
Sustainable Packaging Policy / Guidelines	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.

Pulmuone Environment & Safety (ES) Committee

Category	Objective and function	Top decision-maker
Board of Directors	Report investment plans and performance for environment and safety management	Board of Directors
Session E	Share the performance of environment and safety management in each business division and review plans	General CEO
Environment and Safety Committee	Discuss the company's environment and safety strategies and key implementation plans	General CEO
Plant leader workshop	Environmental and safety-related issues arising from business sites and countermeasures	ESH Dept.
Working-level ES committee of the manufacturing/logistics division	Creating ESH action plans, building a safety-oriented culture, discussing the details of compliance work	ESH Dept.
Working-level ES committee of the non-manufacturing division	Working-level discussion for building a safety-oriented culture in each business unit	ESH Dept.

Enhancing environmental capabilities

Environmental performance monitoring and feedback

Pulmuone holds an Environmental Safety Committee meeting once a quarter with working-level staffs from relevant departments in attendance to discuss environmental safety-related performance, major issues and countermeasures, goals for each major task, current status and performance, etc.

Certification of eco-friendly products and services

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 those 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 its production and logistics companies in Korea and the Pulmuone Institute of Technology and has maintained them to date.

Reducing energy and water use

Pulmuone's main goal in 2021 is to reduce energy and water per unit. To achieve this goal, the target was set for 1.0% reduction for energy and 1.25% for water compared to the preceding year, and facility replacement for energy reduction and energy monitoring system installation were implemented. In addition, the processes at vegetable and kimchi plants with heavy water use were improved. With the establishment and operation of a fresh noodle plant in 2021, energy consumption increased by 13.3% and water usage decreased by 0.4% in comparison to the target. The main improvements include replacing

degraded boiler facilities with highly efficient low NOx boilers, changing the motors of conditioning equipment to high efficiency units, exercising energy facility efficiency control through establishment and operation of EMS for energy use optimization, improving vegetable cultivation and soaking processes, and building a collection system for salted napa cabbage washing water. KRW 16.2 billion was budgeted for environmental investment and KRW 14.1 billion has been spent out of the budget. The investments were for additionally building a wastewater processing facility for Danone Pulmuone Co., Ltd., adding a sump for PPEC Uiryeong Co., Ltd., creating EMS for energy use optimization for the third plant at PPEC Eumsung Fresh Noodle Co., Ltd., and establishing a DSF (Digital Smart Factory) system for the Eumseong Tofu Plant for Pulmuone Foods Co., Ltd.

Energy and water usage for the recent 3 years

Category (per unit)	2021	2020	2019	Increase and decrease (compared to 2019)	Key issue
Energy consumption (GJ/Ton)	1.31	1.169	1.19	10.08% increase	The third plant for PPEC Eumsung Fresh Noodle additionally established in 2021
Water consumption (Ton/ton)	6.376	6.482	6.128	4.04% increase	

* As Pulmuone Waters became a subsidiary of Pulmuone Co., Ltd. as of February 1, 2021, the performance of Pulmuone Waters for a three-year period from 2019 to 2021 is included in the disclosure.

Major environmental performance in 2021 (Unit: KRW 100 million)

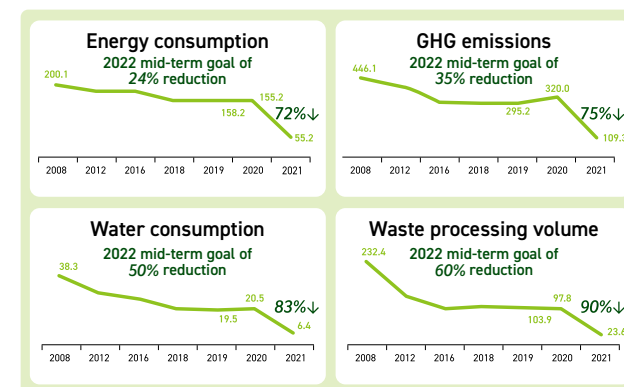
Goal indicator	Plan	Performance	Key issue
Energy, GHG emissions and air pollutant reduction	122.49	94.16	·Establishing a digital smart factory platform (DSF) ·Introducing EMS for energy use optimization
Reduction of water and wastewater discharge	35.19	39.61	
Reduction of hazardous chemical substances from wastes	4.43	6.82	
Total environmental investment	162.11	140.59	

* There is a difference from the actual environmental investment performance since a single environmental investment may have multiple impacts on the environment.

Waste reduction policy and strategies

Pulmuone creates and implement projects for reducing plastic use and achieving zero waste with the goal of cutting back on the environmental impact of various waste created from business operations. Especially recycling tofu and noodle residue and byproducts created from tofu and noodle production processes as feed after having them recognized as recyclable resources, the company was able to dramatically reduce the volume of waste from business sites. In addition, we enact efforts to reduce environmental impact through recycling activities involving waste that is processed through landfill or incineration.

Mid-term goals and performance for 2022



*2022 achievement rate, compared to 2008

*As Pulmuone Waters Co., Ltd. became a subsidiary of Pulmuone Co., Ltd., the holding company, as of February 1, 2021, its data is included from the year onward.

Eco-friendly management

Countermeasures against climate change

It has been scientifically proven that the increasing frequency of disasters, such as abnormally high temperatures, cold wave, typhoon, drought, and flood, is attributed to climate change. Pulmuone sets scenarios as countermeasures against climate change and analyzes opportunities and risk factors to minimize the impact of climate change on its business. We also try to reduce the consumption of fossil fuel and increase the use of renewable energy to reduce GHG emissions that accelerate climate change. For the assessment of climate change risks and strategy development, we cooperate with the Korea Environment Institute in a customized project for private companies to adapt to climate change by using CRAS (Climate Change Risk Assessment System). In this project, we assess the level and impact of climate change risks on our business and suppliers and consider them as long-term risks to establish and manage countermeasures.

Governance

Pulmuone's Board of Directors and executive management manage and evaluate issues to manage climate change impacts on stakeholders as well as business activities, and implement the resulting business. To build stronger leadership for managing climate-related risks, opportunities and activities, responsibility for climate change risk management is assigned to the ESG committee. The head of the secretarial department of the ESG committee and the executive management in the environment division report to the Committee. The ESG Committee convened once in 2021 via a contactless meeting due to COVID-19, and the committee discussed changes in external stakeholders' needs for responding to climate change and plans for implementation.

Pulmuone produces strategies for dealing with climate changes and creates GHG reduction projects by making decisions through Session E under Environment and Safety Committee. At the meeting, the management regularly monitors climate change issues, such as the current status of GHG emissions and reduction measures, at least once a quarter. In addition, we added a new target for climate change response to the 2022 company-wide goals and reflected the climate change response performance in the management performance evaluation, and renewed the system to ensure that the executive management's management of issues related to climate change response can be linked to business performance.



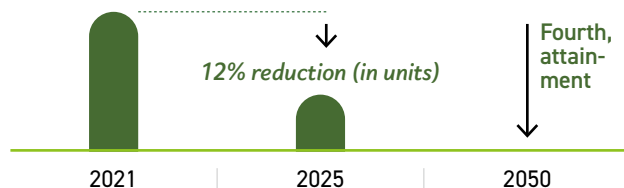
Strategy

Climate change risks and opportunities

Risk type		Financial impact	Pulmuone's responses	Short-term	Mid- to long-term
Response (Transition risk)	Policy/law	(Threat) Violations of laws on climate change and litigation costs (Threat) Investing in financial resources for Scope 3 GHG assessment	<ul style="list-style-type: none"> Management of multiple emission facilities even though the company is not subject to GHG emission management Expansion of GHG emission management at all business sites Preparing guidelines for advanced management of Scope 3 emissions 	✓	✓
	Technology	(Threat) Increase in short-run production costs due to investment in power facilities	<ul style="list-style-type: none"> Monitoring of renewable power generation costs Adoption of electric carts 	✓	
	Market	(Opportunity) Growth of the market for LCA-based low-emission products (Threat) Rising raw material costs due to increased demand for high efficiency and eco-friendliness	<ul style="list-style-type: none"> Securing low-emissions technology at all stages of the process (e.g., plant-forward foods, vegan foods, etc.) Carbon reduction management of sustainable foods 	✓	✓
Adaptation (Physical risk)	Reputation	(Threat) Negative impact on corporate credit rating and overseas exports due to climate change response and environmental impact	<ul style="list-style-type: none"> Disclosure of information on climate change responses according to the TCFD framework CDP participation 	✓	
	Acute	(Threat) Physical damage at business sites or production facilities caused by abnormal weather (Threat) Rapid change in raw material prices due to climate change	<ul style="list-style-type: none"> Diversification of raw material supply and demand Regularly checking supply plan Establishing and monitoring price prediction model scenarios 	✓	
	Chronic	(Threat) Increased operating costs of business sites such as cooling and heating systems (Threat) Change of origin due to temperature increase (Threat) Change in precipitation patterns	<ul style="list-style-type: none"> Improvement in utility facilities at business sites Implementation of emergency scenarios for climate emergencies 	✓	✓

Carbon neutral action

After setting a carbon neutral goal to deal with the global climate crisis and refining key strategies for 2022, Pulmuone selected “Eco-Caring” as its core strategy. With the goal of reducing GHG per unit by 12% by 2025 in comparison to 2021, Pulmuone prepares GHG reduction projects and action plans within Scopes 1, 2, and 3. To achieve this goal, we are proactively resetting our business boundaries, recalculating GHG emissions for business sites including overseas sites, and refining the Scope 3 emission calculation. In addition, we are preparing specific action plans such as switching to renewable energy for businesses with a high proportion of fuel-based power generation, improving energy equipment efficiency, and reducing sludge from wastewater treatment.



Energy management

Pulmuone is striving to improve energy efficiency and expand the use of renewable energy, and is contemplating how to improve energy use, such as expanding renewable energy, to save energy throughout the company in the mid and long term. In 2021, energy consumption (per unit) increased by 12.2% from the previous year.

Contribution to reducing GHG emissions

Although Pulmuone is not a company subject to regulations on greenhouse gas and energy target management and greenhouse gas emissions trading as of 2021, 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. The company 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.

Category		Renewable energy in(GJ)			Note	reduction volume Renewable energy(tCO ₂ -eq)		
		2021	2020	2019		2021	2020	2019
Power generation with solar energy	Pulmuone Foods (Eumsung Tofu Plant)	219	218	216	When purchasing power is applied	28	28	28
	PPEC Uiryeong	229	238	50		29	30	7
	PPEC Eumsung Fresh Noodle	186	209	208		24	27	27
	Sinseon Natto	227	243	213		29	31	28
	Pulmuone Kibun	264	259	74		34	33	9
	Pulmuone Health & Living	304	339	438		39	43	57
	Pulmuone Green Juice	397	395	467		51	50	60
	PPEC Global Kimchi	500	62	-		64	8	-
	Danone Pulmuone	80	-	-		10	-	-
	Exofresh Logistics	409	157	-		52	20	-
Heat collection with solar energy	PPEC Eumsung Sprout	947	586	-	When liquefied petroleum gas (LPG) is applied	48	26	-
	PPEC Uiryeong	64	-	-		4	-	-
	PPEC Chuncheon	386	410	217	When liquefied petroleum gas (LPG) is applied	22	24	13
	PPEC Chuncheon (Ice)	562	562	352		33	33	20
Wood pellets	Pulmuone Foods (Eumsung Tofu Plant)	44,373	-	93,994	When liquefied natural gas (LPG) is applied	2,101	-	3,806
	Sinseon Natto	-	-	3,892	When liquefied petroleum gas (LPG) is applied	-	-	181

Energy consumption

Classification by type	Type	Unit	2019	2020	2021	Classification by type	Type	Unit	2019	2020	2021
Total energy consumption	-		804	739	725	Direct energy consumption	LPG	TJ	84	81	78
Direct energy consumption	Subtotal	TJ	381	349	348		LNG		250	265	170
	Gasoline		0	0	0		Others		48	3	100
	Diesel		0	-	0		Subtotal		423	390	377
Indirect energy consumption	Kerosene		0	0	-	Indirect energy consumption	Power		420	388	375
							Others		3	2	2

Air control

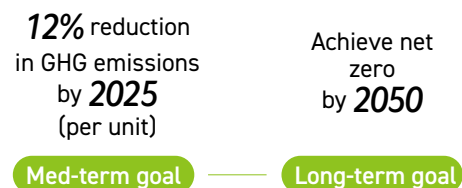
Pulmuone strives to minimize greenhouse gas emissions in response to climate change and address related problems. We regularly measures and analyzes air pollutant emissions and concentrations to use it as data for planning and conducting air management activities. We have established and are operating 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. We introduced a solar power water heating system and are increasing investment for solar power generation facilities to reduce GHG emissions. In 2021, although GHG emissions (unit basis) decreased due to the operation of wood pellet boilers, the total volume increased by 7.9% from the previous year due to the addition of the new plant.

Risk management

Pulmuone constantly monitors climate risks that occur at business sites, as well as climate change risks, in accordance with the risk management process and manual. The person in charge of each business reports relevant issues to the ESH Department. Risks are divided into response and adaptation, and priorities are evaluated according to their importance, taking into account the impact and likelihood of each risk, to reflect them in decision-making.

Stage	Description
Identifying climate change risk	(Company-wide) Based on environmental or safety management systems such as ISO14001 and ISO45001, relevant departments such as ESH Department, ESG Management Team, and Purchasing Department constantly monitor climate change risks in consideration of business operation and product planning. (Business-unit) Each business sector constantly monitors climate change risks considering the characteristics of each business.
Risk and opportunity management	Identifying risks that may affect the business / Opportunities: Discussing with each business department / Risks: Reporting to ESH Department
Risk assessment	The company-wide integrated risk manager for each business sector evaluates the impact of risks and probability of occurrence. Reporting the financial impact for each risk
BOD/Management monitoring	The ESG committee under the BOD and the Environmental Safety Committee, the top management consultative body, monitors GHG emissions and the status of renewable energy generation. When reviewing new project to seize opportunities, it is discussed by the Strategic Committee under the BOD.
Reflecting in the company-wide risk management process	Considering that climate change may have a direct or indirect impact on the food industry, it is integrated into the company-wide risk management system.

Climate change index and goal management



Managing Climate Change Indicators and Objectives

Pulmuone currently calculates and discloses direct or indirect GHG emissions (Scope 1 and 2) as well as the Scope 3 GHG emissions, based on some facilities that emit large amounts of greenhouse gases. The calculation of greenhouse gas emissions complies with the UNFCCC (the United Nations Framework Convention on Climate Change) and the methodology presented by the Ministry of Environment, and secures objectivity through third-party verification. However, we have selected and disclosed some significant items of GHG emissions at all stages of the process, and we will complete the development of guidelines to expand reporting issues by the end of 2022. In addition, we are preparing to improve the quality of backup data by including data sharing for calculating Scope 3 emissions in our Code of Conduct for Suppliers.

GHG emission volume and changes in volume during the past three years

Classification (per unit)	2021	2020	2019	Increase and decrease (compared to 2019)	Key issue
GHG emissions (tCO ₂ -eq/ton)	0.1093	0.1013	0.0936	16.84% increase	PPEC Eumsung Fresh Noodle 3 Plant additionally established in 2021

* As of February 1, 2021, Pulmuone Saemmul Co., Ltd. was incorporated as a subsidiary of Pulmuone Holding Company, a three-year Sammul Co., Ltd. from 2019 to 2021 Performance included.

Resource recycling

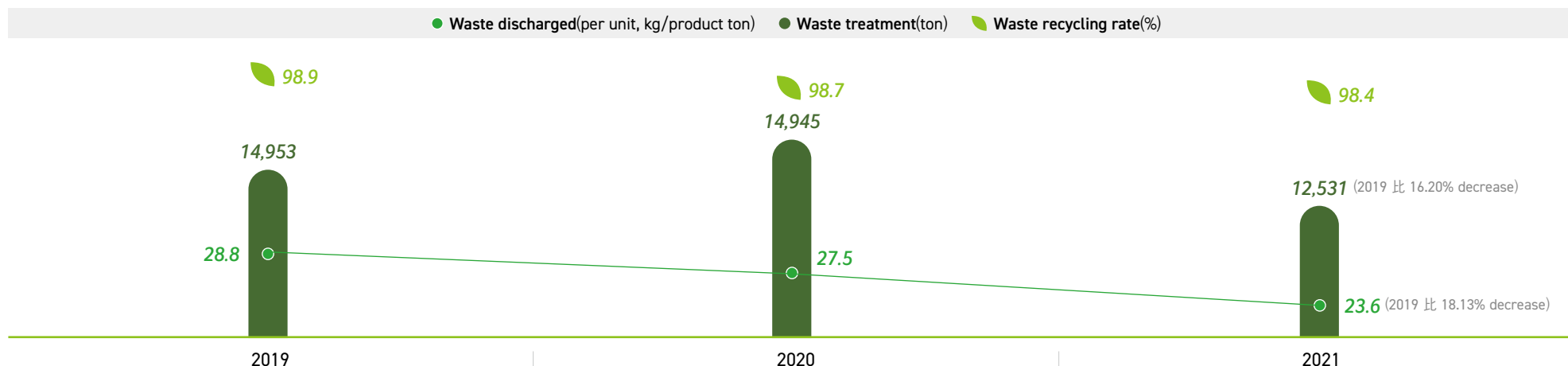
Waste and recycling

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.

Reducing food waste

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 by reusing tofu and noodle residue as a resource, once it was recognized as a recycling resource. In 2021, we reduced 2,600 tons of waste by reusing tofu and noodle residues as feed.

Waste discharged, treatment and recycling rate for the recent 3 years



* * As Pulmuone Waters became a subsidiary of Pulmuone Co., Ltd. as of 1 February 2021, the performance of Pulmuone Waters for a three-year period from 2019 to 2021 is included in the disclosure.

Water reduction strategies and goals

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.

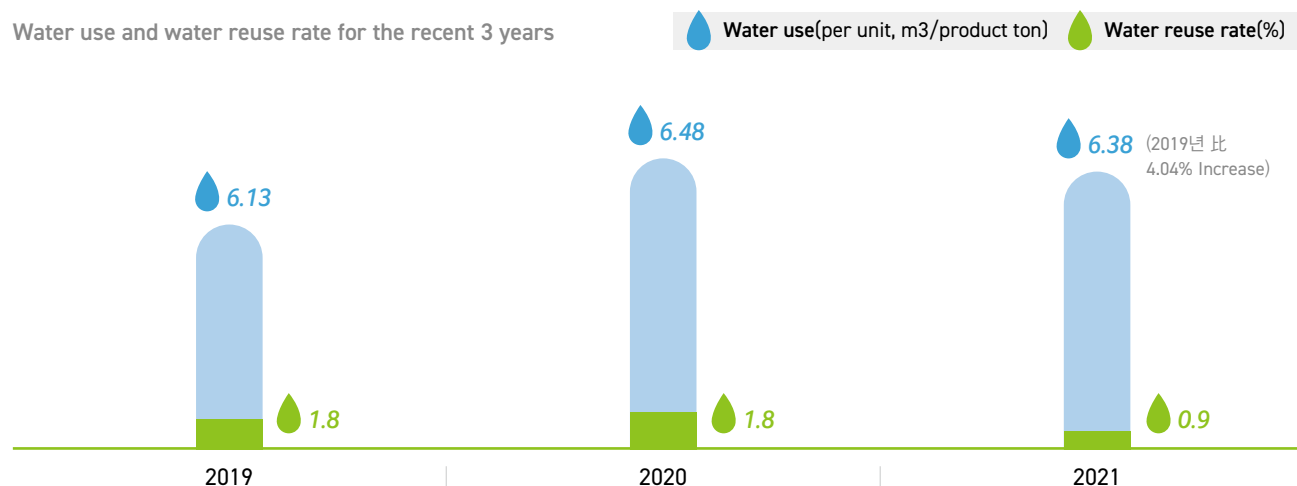
Category		2021	2020	2019	Increase and decrease (compared to 2019)
Water consumption subtotal(km³)		3,470	3,614	3,244	6.95% increase
By corporation (km³)	Pulmuone Foods	2,764	2,973	2,660	3.92% increase
	Danone Pulmuone	257	172	132	94.78% increase
	Pulmuone Waters	406	424	406	0.07% decrease
	Pulmuone Health & Living	44	44	47	6.96% decrease

* As Pulmuone Waters became a subsidiary of Pulmuone Co., Ltd. as of February 1, 2021, the performance of Pulmuone Waters for a three-year period from 2019 to 2021 is included in the disclosure.

Recycling and reusing water

Considering the characteristics of a food company, it is impossible to directly reuse water resources in manufacturing products. Instead, we strive to increase the rate of indirect reuse of water for utility, cleaning, and lavatory. 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, evacons***, and toilets. For PPEC Namul in 2021, we saved 170,000 tons of water from the previous year through effective management in consideration of the flexible vegetable cultivation method and changed method for taking orders for mung bean sprout (sukju namul)

Water use and water reuse rate for the recent 3 years



*Unit cooler: Water from the defrost process

**RO backwash water: RO (Reverse Osmosis: a membrane that separates a solvent and a solute using reverse osmosis) backwash water (Discharged water containing foreign substances discharged from the filter bed when backwashing in tap water filter paper)

***Evacon: Evaporative condenser

* As of February 1, 2021, Pulmuone Saemmul Co., Ltd. was incorporated as a subsidiary of Pulmuone Holding Company, and it was disclosed including the performance of Saemmul for three years from 2019 to 2021.

Chemical management

Pulmuone is making every effort to manage chemicals that may be handled in the process of manufacturing, producing, and selling wholesome 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.



Chemical substance management system

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 chemical substances used in our business sites are strictly managed in accordance with relevant regulations regarding their storage, use, and disposal.

ities for minimizing chemical substances by corporation

Corporation	Major activities
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
Exofresh Logistics	Install 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	<ul style="list-style-type: none"> - 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

Biodiversity

Environmental education for the coexistence between human and nature

Based on the mission of a “company that makes a healthy tomorrow for people and the planet with wholesome food,” Pulmuone has carried out several activities to respect biodiversity and spread its value. The Pulmuone Foundation is continuously implementing environmental education projects such as the “Blue Sea Class” and the “Cleanup Campaign” for children from preschoolers to elementary school students. Pulmuone will continue to actively support the creation of impact through education so that future generations can take the lead in creating a sustainable environment through the coexistence between human and nature.

Blue Sea Class Online/offline learning to encourage children to take part in marine environmental protection by raising awareness about the importance of the coexistence with the sea and the severity of maritime pollution (Online learning started due to COVID-19 in 2021)

Cleanup Campaign Online/offline learning to contribute to spreading the culture of environmentally friendly practice through voluntary environmental clean-up activities



Forest conservation activities

Pulmuone participated in the “Peace Forest Work” project in October 2021 to ensure the sustainable coexistence between human and nature. The Peace Forest Work” is a project that plans and operates various activities to create a terrestrial ecosystem on the Korean Peninsula, such as the Peace Forest Initiative (PFI), the inter-Korean forestry cooperation project, and the restoration of the ecosystem in border region. Peace Forest Work: Our employees who participated in the forest project planted 1,000 trees, including cypress, the Korea’s native plant, which is disappearing due to climate change, in an area of 2,400 pyeong near the border in Paju. In particular, this project was even more meaningful as it was conducted with donations raised from the “Walking Challenge,” a social volunteer activity for employees to share the meaning of carbon neutrality in 2020.



Left) Children who participated in the “Blue Sea Cleanup” campaign organized by the Pulmuone Foundation working with Fairfield by Marriott Busan Songdo Beach were picking up trash at Songdo Beach in Amnam-dong, Seo-gu, Busan .

Top) ‘ Our employees who participated in the “Peace Forest Work” project were planting trees. / For the “Peace Forest Work” project, employees are examining seedlings in nursery .

Eco-friendly operation

Eco-friendly building

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.



Eco-friendly process management

Pulmuone has implemented EMS (Energy Management System) in 2021 to reduce greenhouse gas emissions generated in the process and added solar power facilities. In the mid- to long-term, we aim to expand business sites with EMS, collect relevant big data and use it to build eco-friendly processes, and also reduce GHG emissions generated in the process by expanding renewable energy, developing processes, and applying new technologies. In addition, our major tasks include improving efficiency of facilities such as refrigeration, boilers, and HVAC, facility maintenance, managing thermal images of pipes and wires, recovering and reusing waste heat, and EMS operations and management.

Key performance of eco-friendly process in 2021

EMS deployment



Business sites
Eumsung Logistics, Fresh Noodle

New renewable energy



New solar power installation
Global Kimchi (99kw), Eumsung Logistics (80kw),
Danone (49kw)

External program for GHG reduction



Sale of emission credits for wooden pellets
for an external business

Society

Safety and health

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. To this end, we carry out a range of programs such as education, campaigns, and regular inspections under the lead of the Safety Planning Team in charge of supervision of all safety and industrial safety/health affairs. Our Industrial Safety and Health Committee handles major agendas regarding the detection of harmful and dangerous factors, improvement of the work environment, and various safety and healthy activities on a quarterly basis.

Industrial safety and health management system

Industrial safety and health policy and system

Pulmuone seeks to build a safe and healthy business environment by responding to changes in the regulation of industrial safety such as the Serious Accidents Punishment Act and reducing the accident rate. To this end, we have strengthened internal industrial safety governance, reflected safety management standards in automotive facilities, enhanced our own safety and health audits, improved the operation of the Safety Committee for each site, and strengthened the safety management process during construction.

Safety management performance in 2021

- Application of governance in response to the Serious Accidents Punishment Act
- Facility risk assessment
- Application of robot and laser equipment specifications
- Enhancement of contract and construction safety management
- Appointment of safety and health managers and establishment of health management room

Industrial safety and health management system

Pulmuone has acquired and maintained the occupational health and safety management system (ISO45001) certification, the internationally recognized standard for safety and health, and has met the occupational health and safety management system requirements by acquiring certifications for 16 domestic production and logistics sites, including the headquarters. The ESH Department is in charge of environmental safety and health management at all business sites. Discussion on environmental safety and health is regularly reviewed through the Session E meeting, where the CEO and executive management establish and check company-wide environmental safety and health strategies, and the Industrial Safety and Health Committee. With the Industrial Safety Working Group and the Factory Safety Committee in business units, we check and discuss safety and health risks that occur or may occur at the site at all times. The main activities for the implementation of occupational safety initiatives, achievement of goals, and risk management include safety management activities and audit activities.

Audit performance in 2021

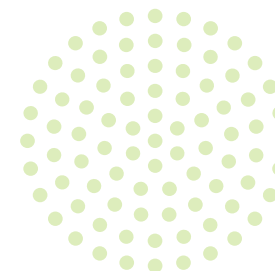
- Implementation of environmental safety and health audits for 18 business sites (12 manufacturing, 3 logistics, Pulmuone Institute of Technology, IN, ORGA)
- Application of audit rating system, management by grade, advancement of operation strategies

Assessment of health and safety risks at business sites

Pulmuone prevents environmental, safety and health risks in advance by reducing the gap between domestic environmental safety and health regulations and Pulmuone's business site operation level. We also conduct ESH Audits twice a year regularly to implement stable environmental safety management. In addition, in accordance with our own safety management guidelines, environmental safety regulations, and ISO 14001/45001, we are strengthening and complying with safety management standards for employees, suppliers, and construction companies.



ISO 14001
Certificate



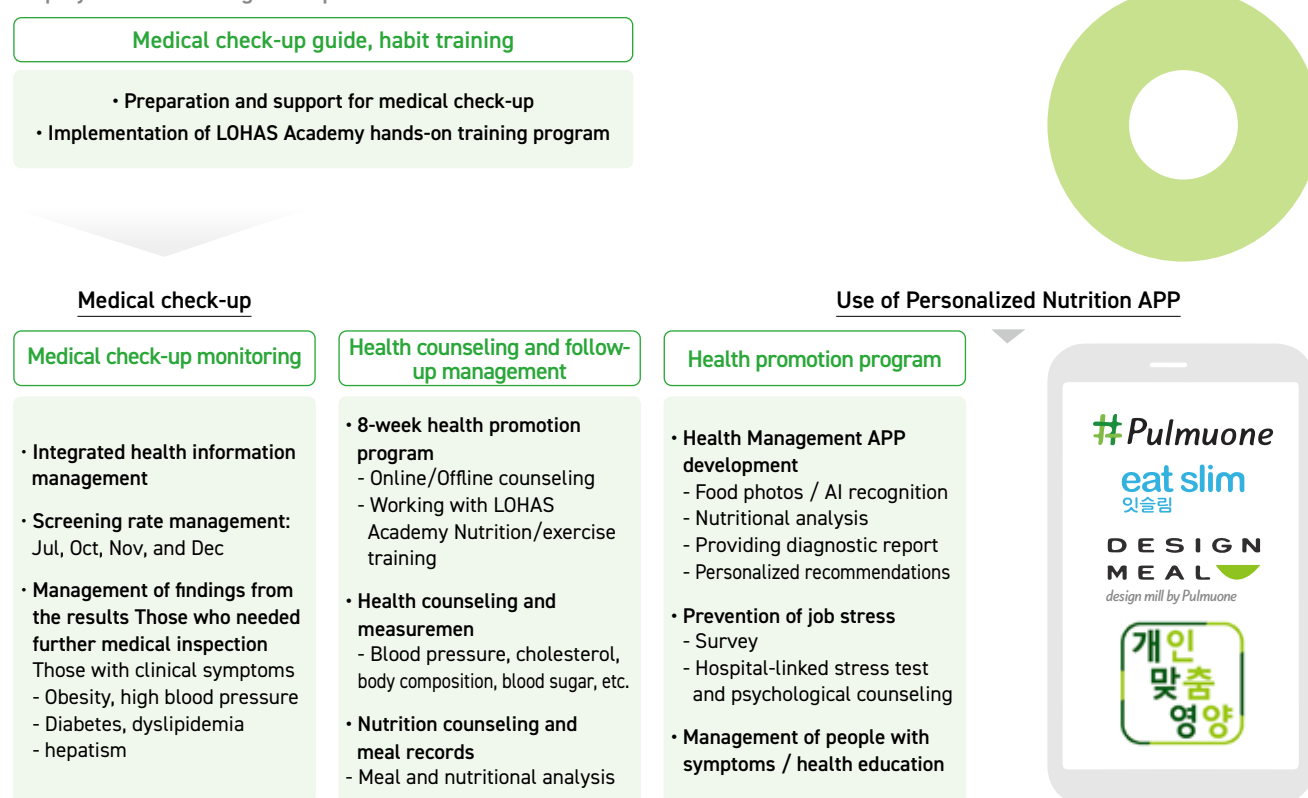
Enhanced safety management application standards and prevention process

Criteria		2021 key issues	Enhanced audit operation plan	Business sites
In-house	Pulmuone safety management guidelines	<ul style="list-style-type: none"> • Operation of the Safety Committee for factory once a month and disclosure of internal community results • Disaster prevention and management: Evaluation and management of risk factors for each task 	<ul style="list-style-type: none"> • Classification of grades by business site - Rating twice in the first/second half of the year - Highest rating: Award points, Lowest rating: Re-inspection • Regular update of audit checklist due to enhanced laws • Strengthening Pulmuone Safety Management Guidelines 	<ul style="list-style-type: none"> • Manufacturing, Logistics, Pulmuone Institute of Technology • Global business sites
	Laws	<ul style="list-style-type: none"> • Detecting inappropriate cases at the site regarding laws such as the Serious Accidents Punishment Act, the Occupational Safety and Health Act, and the Environment Act and reflecting the rating 		<ul style="list-style-type: none"> • All corporations: 13 manufacturing, 3 logistics, and 3 non-manufacturing sites, 5 Suseo offices
	ISO14001/45001	<ul style="list-style-type: none"> • Identifying omissions for major risks/environmental impact management and risk management status • Classification of major risks and enhanced management 		
Out-sourcing	Supplier management	<ul style="list-style-type: none"> • Evaluating the level of safety management when selecting suppliers and performing regular evaluations (10% reflected) • Feedback on the evaluation results of suppliers 	<ul style="list-style-type: none"> • Expansion of evaluation scope (Manufacturing -> Manufacturing/Logistics) • Adding suppliers to regular management 	<ul style="list-style-type: none"> • Manufacturing, Logistics, Pulmuone Institute of Technology
	Construction company	<ul style="list-style-type: none"> • Mandatory reflection of the quotation for industrial safety and health management costs • Establishment of work permit process during construction and on-site inspection • Confirmation of safety measures such as working at height (installation of safety guards) and working in confined spaces (oxygen measurement in advance) 	<ul style="list-style-type: none"> • Evaluating construction companies and limiting a bid (3 strike out) • Strengthening construction safety management audits • Building visitor management system in manufacturing/logistics 	<ul style="list-style-type: none"> • Manufacturing, Logistics, Pulmuone Institute of Technology • FNC, Suseo

Medical services

Pulmuone has established a medical check-up process where relevant departments engage in to ensure safe and healthy working environment for employees, and is striving to minimize health risks. By clarifying the roles of each department, we manage the entire process from preparation for medical check-up to monitoring and follow-up management. We provide the results through a web-based system and Health Management App to manage the health of our employees.

Employee health management process



Operation of Industrial Safety and Health Committee and worker participation

Pulmuone holds the Industrial Safety and Health Committee meeting on a quarterly basis to discuss agenda items including the status of compliance with major safety measures and disaster prevention measures, and the training plan and status due to the enhanced laws and guidelines. Labor and management representatives, such as the chairman and members of the Committee, worker representatives and union members, attend the Industrial Safety and Health Committee meeting, and members of the Industrial Safety and Health Association also attend the meeting. In 2021, the Industrial Safety and Health Committee put disaster prevention as top priority, and discussed additional risk assessments for disaster-prone areas at the sites, measures to strengthen safety education, and implementation plans.

Industrial health/safety training for workers

To raise the awareness of industrial safety and health among employees, Pulmuone conducts various accident prevention trainings that may occur at sites, such as safety training for handling heavy objects at work sites, preventing accidents during electrical work, preventing forklift accidents, and safety standards for workplaces and pathways and PPE (personal protective equipment) guide. In addition, we provide education on health management from fine dust and behavioral and communication skills for safe work, carrying out various education for not only disasters but also safety and health of our employees.

Pulmuone's TISO Management Charter

Passion_{with}TISO

Based on the above core company values, we pledge to practice the TISO management as follows.



Trust to keep promises and comply with regulations

**Customers,
the starting point of
our business**

1. We put the healthy life of customers as a top priority in our business management.
2. We provide the best value to our customers through innovation in our products and services.



Integrity to perform the right job

**Community,
the place of
our business**

1. We spread the LOHAS value to realize the spirit of love for neighbors and respect for life
2. We contribute to the sustainable development of the community by actively participating in social contribution and environmental conservation activities.



Solidarity to link individual tasks to the company's value system and goals

**Business partner,
a collaborator
of our business**

1. We make fair trade in an equal position with our business partners.
2. We promote cooperative development with business partners.



Willingness to cooperate with an **open mind**

**Organization,
an organizer
of our business**

1. We respect human rights and oppose corruption in all its forms, including exploitation and bribery.
2. We transparently disclose our management status under a governance that enables rational decision-making.



Passion to immerse in innovation as a knowledge worker

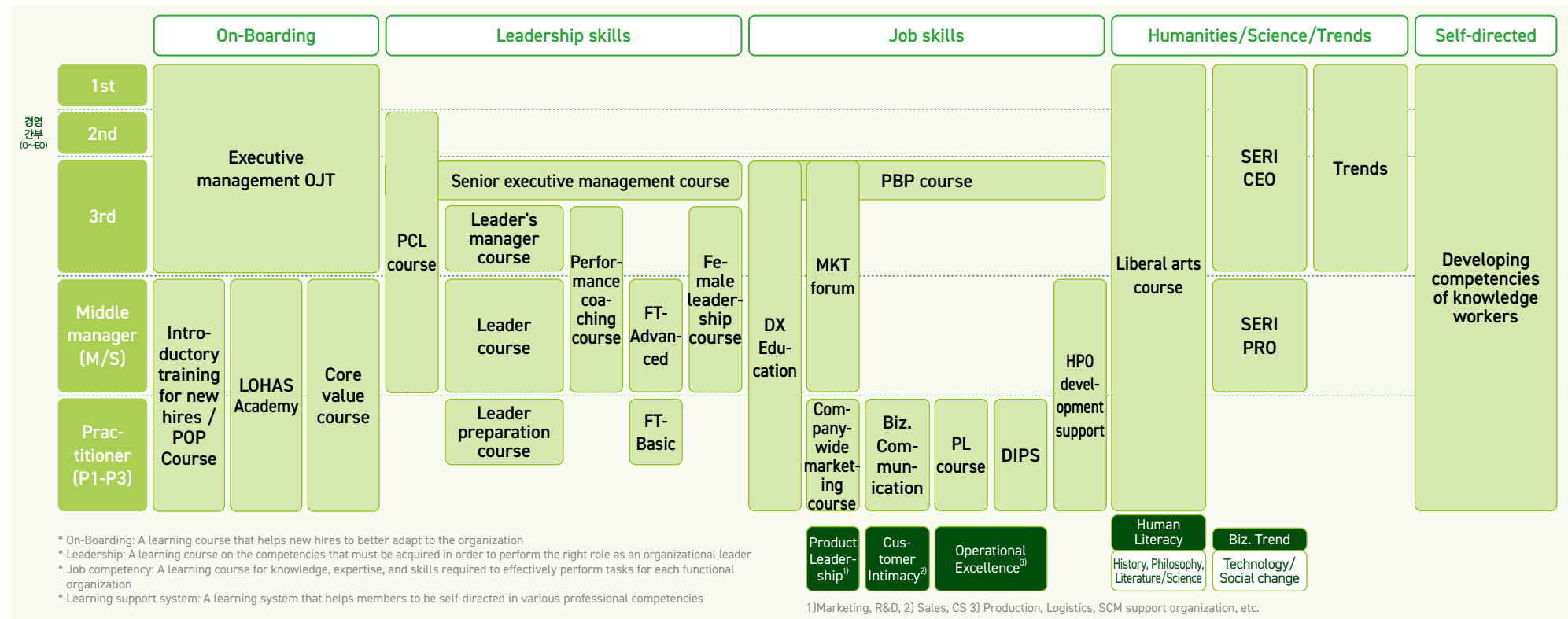
**The attitude
of Pulmuone people,
a member
of the organization**

1. We serve with a sincere heart.
2. We always aim for the top.
3. We become a healthier person.

Human resource development

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

Company-wide learning system



Capacity building

Capacity building policy

Pulmuone supports the growth of its employees through the establishment of a learning culture and various specialized competency training. The self-development and growth of organizational members will lead to organizational performance and create a virtuous cycle of mutual growth. In addition, we are promoting a wide variety of education for each target and educational program, such as training by position, including leaders and team members, female leadership courses to respect diversity, and liberal arts courses for humanities, science, and trends.

Human resource development performance and goals



No. of employees
who participated
in training courses
for job competency
enhancement such as
job and leadership
Total **2,467** People



Total training hours
28,101 hours



Total training cost
KRW **266** million

Training hours per person
22 hours



Training cost per person
KRW **213,752**

Capacity building programs

Capacity building for employees

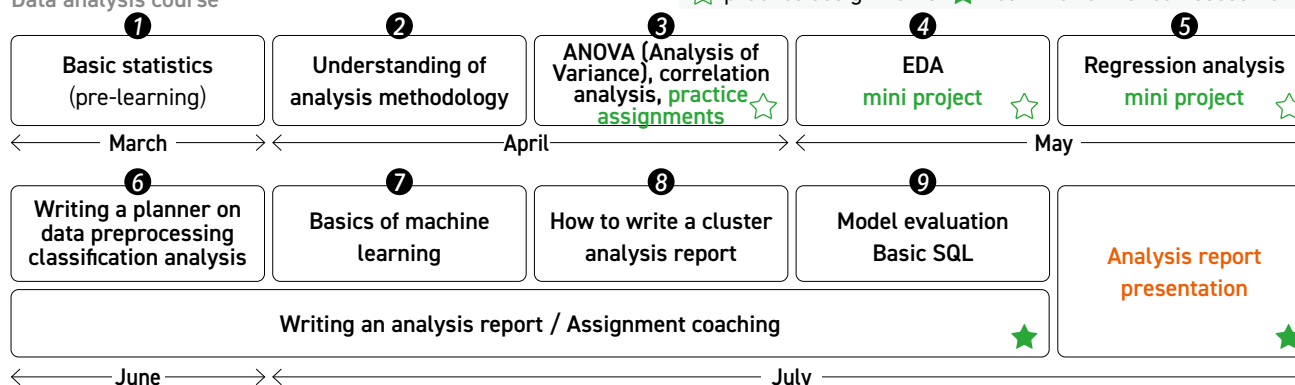
Pulmuone provides training expenses of KRW 1.2 million per person per year to strengthen their competencies and promote self-development. Employees can take knowledge workshops (e-learning), online and offline learning, or purchase textbooks and books.

Digital Transformation training program

As the stage of DX awareness to strengthen company-wide digital capabilities, we are developing and operating training for leader's change management and data analysis, which is one of the common competencies. We conducted the course data analysis for 5 months as a project-type course that selects DSF (Digital Smart Factory) construction workers, acquires data analysis methodology, and discovers and performs on-site tasks. It has been evaluated as a course with high potential for practical application by combining theory and practice. Since it is a course for improving data analysis capabilities and has proven to be highly effective, we will expand it to all employees.

Data analysis course

☆ practice assignments ★ Team Performance Assessment



The digital leadership training was conducted online for company-wide leaders (with positions) to strengthen the digital leadership capabilities of leaders. We conducted a total of two courses: the "DX Trend Catch up" course to cultivate digital trends and basic knowledge, and the "Understanding of Pulmuone DX" course to understand Pulmuone's digital strategy. The "DX Trend Catch up" course is based on external content (SERICEO) and composed of digital strategies, trends, core technologies and cases, and the "Understanding of Pulmuone DX" course was conducted with the contents of Pulmuone's digital strategy and innovation cases (based on big data and AI). Pulmuone will continue to provide training courses on internal and external digital trends to strengthen digital leadership capabilities, which will become more important in the future.

Great Work Place

Employee benefits

Policies / goals / performance for work-life balance

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. In addition, in line with the domestic and international trends in which gender equality is emphasized, we have established goals for fostering female executives and managers, and are striving to nurture 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

Employee engagement survey

Category	Detailed Category	2021	2020	2019
Gender	ALL	3.37	3.36	3.38
	male	3.44	3.41	3.50
	Female	3.28	3.29	3.23
Position	Manager	3.34	3.54	3.50
	Non-Manager	3.58	3.33	3.36

※ Pulmuone Co., Ltd. / Out of 5 points

Family friendly policy

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

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) 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. However, considering workers who would not like to notify pregnancy, the workers can decide whether to use online/offline pregnancy sign.

Other employee benefits programs

Operation of the in-house daycare center We operate a 495m2 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.

Child admission care leave We allow employees 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.

Insurance and pension system We follow 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 in 2021

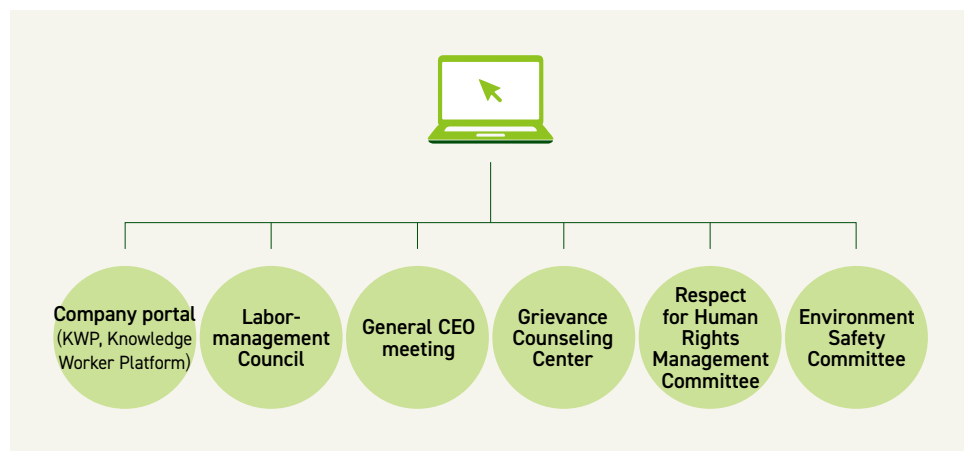
Type	Scale	Direction of operation
Defined Benefit (DB)	KRW 159.1 billion	Stability-based

※ *14 affiliates including Pulmuone Co., Ltd.

Communication with employees

The members of Pulmuone are key stakeholders who work together with the aim of achieving the company's mission and vision. Employees' understanding and cooperation are essential 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.

Main communication channels



Transparent and free communication and feedback

All employees freely suggest ideas, express their opinions, and share news through "Green Table," the company's integrated online communication channel. Any employee who has access to the company-wide portal KWP can check the contents and leave a comment via Green Table. In particular, "Idea Popcorn" that enables employees to freely suggest ideas from product to business management, and "Feather Talk" where employees can freely share their opinions without specific topics guarantee the anonymity of members, which promotes free communication, such as praising or criticizing internal policies or inconveniences at work. In addition, as site administrators or other employees can give feedback on other opinions, free communication is available in various fields, and feedback and opinions are transparently disclosed.

Pulmuone's online communication channel "Green Table"

Feather Talk **GREEN TABLE**



Auto mute available on ZOOM!



[Feedback completed]

When to give feedback?

Idea Popcorn **GREEN TABLE**



[Feedback completed]

Please provide a small size for sparkling water!



Insert QR code into product packaging.

Win-win labor-management relations

Pulmuone guarantees its employees freedom of association and the right to collective bargaining in accordance with Article 20 of the Universal Declaration of Human Rights and the ILO* Fundamental Conventions (Freedom of Association and Protection of the Right to Organize Convention). 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.

labor union

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. 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	2019	2020	2021
Labor union membership rate	%	79.0	83.2	88.4

*Member range: Production staff in the domestic factory

Freedom of association and collective bargaining

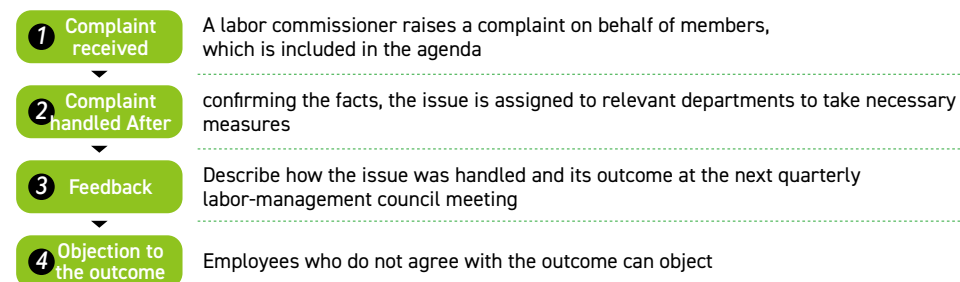
Collective bargaining takes place when renewing the collective agreement and determining a wage increase. Wage and collective agreements are determined in even-numbered years; odd-numbered years have wage agreements only. Every union member is subject to the collective bargaining agreements made by each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

Category	content	
Ration of application of collective agreements	86.1% (all production staffs including management staffs / production staffs)	
Production staffs including management staffs	829 people (as of December 31, 2021)	
	714 people	
All production staffs	636 regular employees	78 temporary employees

Open Labor-management Committee

Pulmuone holds the Open Committee every quarter to deal with employees' grievances, listen to their complaints about labor practices that management did not understand and share solutions for resolving them. The Open Labor-management Committee means a labor-management council defined by the Act on the Promotion of Worker Participation and Cooperation. In addition, in order to prevent safety and health issues at the business sites, Pulmuone has organized the Industrial Safety and Health Committee at legally-targeted sites and held quarterly meetings. We also have the Factory Safety Committee and Industrial Safety Working Group for domestic manufacturing and logistics business sites, including other business sites.

Grievance handling process



Resolution rate of the Open Committee agendas in 2021

Category	Agenda (no. of cases)	Resolved agend (no. of cases)	Resolution rate(%)
Performance	213	183	85.9

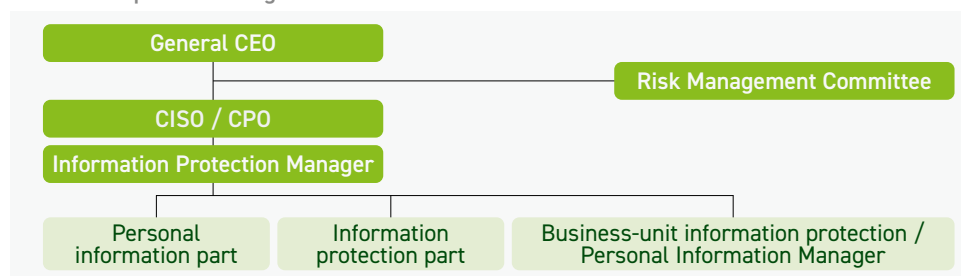
Information security

With growing cyber security threats due to the rapid advancement of IT, Pulmuone operates Information Security Team under IT Office to comprehensively protect the personal information of customers. 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. We invested over KRW 260 million in 2021 with the aim of achieving zero information security risk.

Information security system

Pulmuone is taking proper security measures to protect customer personal information, company assets and trade secrets including recipes for major products with the growing risk of cyber-security threats, and is strengthening the information protection organization that can manage and operate it. We are taking administrative, technical, and physical protection measures in domestic and overseas business units by appointing a Chief Information Security Officer (CISO) who supervises information protection work with specialized knowledge and a Chief Privacy Officer (CPO) who supervises personal information work. We also set up a Risk Management Committee attended by executives from each business unit to deliberate and decide on major information protection issues.

Information protection organization



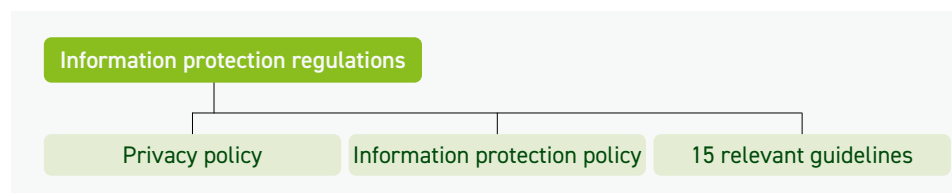
Risk management system for information security

Preventive management				Post-management	
Access blocking	Intrusion control	Vulnerability management	Internal leakage management	Response to external infringement	Response to information leakage

Customer information protection policy

In order to manage customer information and information assets more systematically and efficiently, Pulmuone has established the information protection regulations, policies and guidelines. The regulations include the highest standards of good behavior that employees must follow for personal information protection and information security, and the personal information protection policy and information protection policy allow employees to work more safely by further specifying the details.

Information protection organization



Key information protection activities

Customer privacy policy and goals

Pulmuone continues its personal information protection activities complying with the standards for technical and administrative protection of personal information under the Personal Information Protection Act, with the aim of achieving "zero risk" related to information security and personal information. In addition, we have an organization dedicated to protecting customers' personal information that is collected online/offline according to the life cycle of personal information to conduct regular inspection and monitoring.

Chosen as an excellent website for privacy protection

In recognition of Pulmuone's excellence in privacy information protection, Pulmuone's website was selected as an outstanding website by OPA in December 2020, and Pulmuone has obtained, managed, and maintained an ePRIVACY certificate through annual renewal.

Increase the awareness of information protection among employees

We strive to increase awareness about information security and personal information protection by providing education programs for each position and conduct campaigns.

Advancement of information security

Pulmuone conducted a personal information system due diligence on the company-wide systems. We have established a data security reinforcement system to block cyber-security risks such as ransomware and DDoS attacks, by establishing and applying encryption policies that are more stringent than such regulation.

New system and regular security review

We are committed to securing the safety of newly constructed systems and 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. In addition, we strive to establish our own customized information security model through regular security reviews, internalize it, and implement mid- to long-term information protection development plans by enhancing the level of information protection.

Improve capacity to respond to cyber invasion

Based on systematic due diligence, we identify all security threats at offices and production sites through potential risk analysis, and establish an optimized operating environment for security solutions through preemptive countermeasures and trend analysis to increase our capacity in dealing with cyber invasion.

Supply chain

ESG-oriented supply chain management

Pulmuone's all business activities, such as product manufacturing and service creation, are closely linked to various supply chains. All stakeholders affected in this process should be respected as human beings, and should not be treated mentally or physically in an inhuman way. The management of environmental and social impacts and risks that may occur in all processes of product and service production, such as procurement, transport, manufacturing, and logistics of raw and subsidiary materials is essential not only for Pulmuone, but also for all suppliers and stakeholders. Pulmuone is making various efforts to build a sustainable supply chain.

Pulmuone's suppliers in 2021

Total number of suppliers		Total number of Critical suppliers	No. of new registrations in 2021
Supplier status(number)	879	58	100
Total supplier purchases		Total purchases by major suppliers	Purchases from SMEs (Other than purchases by large companies)
Supplier purchase volume (KRW 1 million)	917,326	390,334	506,930

Code of Conduct for suppliers

Pulmuone established a "Code of Conduct for Suppliers" to help our suppliers to fulfill their corporate social responsibility. The Code of Conduct for Suppliers specifies Pulmuone's requirement for our suppliers 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 suppliers and visit the supplier's operations to check if they abide by the Code of Conduct.

Seven Codes of Conduct for Suppliers

1. Prohibition of discrimination | 2. Wages and Job Benefits | 3. Freedom of Association Consumer trust | 5. Labor | 6. Safety and health | 7. Respect for People & Grievance Procedures

Four key points for fair trade

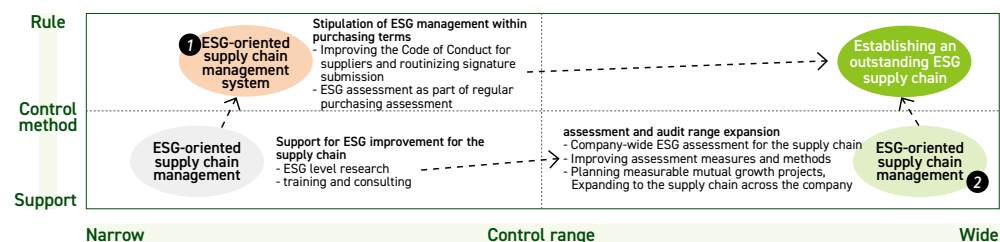
With the aim of ensuring fair subcontracting with partners, Pulmuone has launched and operated four key points for mutual cooperation among large companies and SMEs (guideline) stated by the Fair Trade Commission.

Category	Description
Practices to conclude desirable contracts for mutual cooperation between large companies and SMEs	<ul style="list-style-type: none"> 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 suppliers	<ul style="list-style-type: none"> Fairness in the standards and procedures for selecting a supplier Standards for canceling a supplier and fairness in procedures
Practices to install and operate internal subcontracting review committee	<ul style="list-style-type: none"> Organize an internal subcontracting review committee Conduct pre-review for selecting a supplier, contracting and determining price Conduct pre-review for the standards and procedures for termination of contract with suppliers
Practices to correctly issue and conserve documents in subcontracts	<ul style="list-style-type: none"> Issue various documents in the process of subcontracting Conserve issued documents Establish the practice of issuing and conserving documents

Supply chain ESG management

Pulmuone conducted a supply chain ESG evaluation for 24 suppliers of Pulmuone Foods from the second half of 2021 to March 2022. This evaluation was conducted with the aim of strengthening management capacity for the supply chain ESG advancement by identifying the ESG status of suppliers, assessing their level, and deriving major ESG risks. Among major suppliers, we evaluated 68 detailed questions in 4 areas through self-assessment and evidence for companies that desire to participate. Going forward, we will advance the supply chain ESG management by expanding the target and regularizing it.

Supply chain ESG management



Assessment of social impact of suppliers

ESG, which represents the sustainability of companies such as the Environment (E), Social (S), and Governance (G), is an important management agenda not only for Pulmuone but also for its suppliers. Pulmuone conducted a diagnosis "Sustainable Management Level of Suppliers" in 2018 to identify the ESG level of its suppliers, and in 2019 it selected new suppliers and reflected the ESG level of existing suppliers 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.

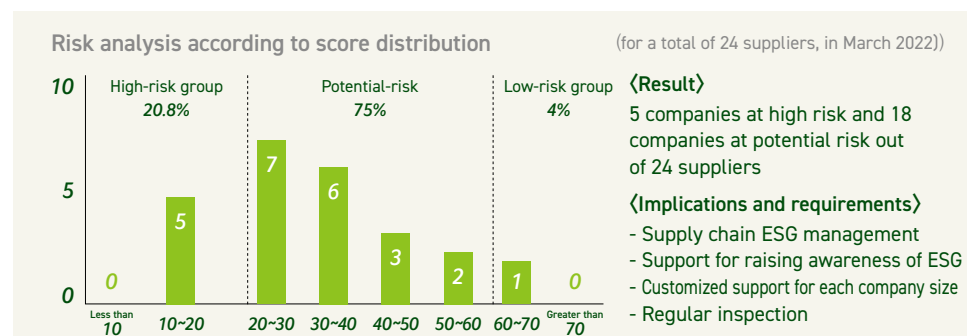
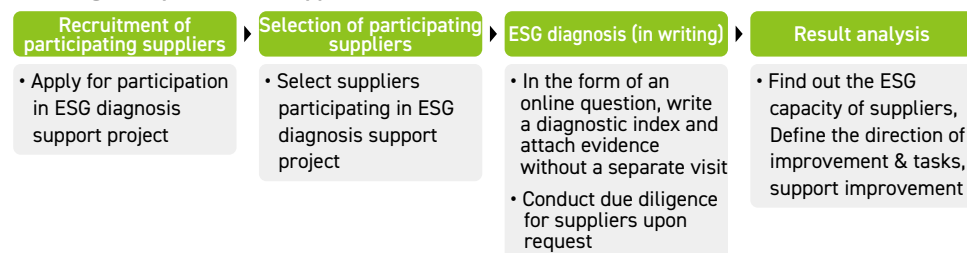
Criteria for reflecting ESG factors for supplier evaluation

Category	Method	Evaluation factors
Reflecting ESG factors when evaluating suppliers (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)

Supply ESG evaluation

Pulmuone planned and implemented a project for ESG (Environmental, Social and Governance) diagnosis support targeting its suppliers from the second half of 2021, in order to pass on its experience and know-how to suppliers in pursuit of ESG. The ESG diagnosis project designed to promote the sustainable growth and development of the company's suppliers 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 suppliers



Mutual growth

Policies and strategies for mutual growth

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 suppliers' opinions proactively and operates and supports various programs for mutual growth.

Win-win growth index

"Excellent" rating in 2021

Rating in the win-win growth index evaluation: Best > **Excellent** > Good > Average > Poor

Win-win growth goals and major programs

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.

Training for domestic green bean producers

- From 2010 : Conducting cultivation technology and quality education in major domestic green bean farming for 13 years Conducting Pulmuone education for domestic green bean products in 2022 at **Hagwi Agricultural Cooperative (89 persons)**, **Gimnyeong Agricultural Cooperative (127 persons)**, **Jecheon Baegun Agricultural Cooperative (30 persons)**
- Education agenda :
 - ① Status of crisis in the domestic bean sprouts market
 - ② Sharing production issues due to decline in quality in 2021
 - ③ Stable production technology for high-quality bean sprouts
- Results of education satisfaction survey 3.9 points (5-point scale, increased **0.2%p** YoY)

Achievements of supporting win-win growth with suppliers in 2021

Classification	Description
Establishment of digital cluster system	6 companies, support of KRW 300 million
Support for "tomorrow's fill deduction"	Support for 3 persons for 2 companies
FSSC22000 certification	3 companies
AQS certification	1 company
Kosher certification	2 companies
Response to FSVP/HARPC	3 companies
Direct support	KRW 300 million for digital cluster, Mixed support: KRW 3.5 billion in Win-win Growth Fund, Indirect support: KRW 14.6 billion in loan guarantee
Technical data deposit agreement	1 case
Expansion of the payment made through the win-win payment system	KRW 234.3 billion
Financial support for suppliers	KRW 300 million in direct support, KRW 3.5 billion in mixed support, KRW 14.6 billion in indirect support

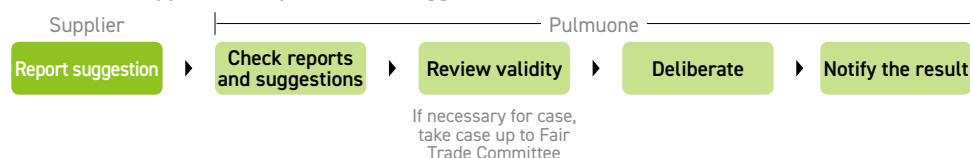
Win-win growth performance monitoring and feedback

The Pulmuone Strategic Purchase Office conducts registration screening (registration of new suppliers) and regular evaluation (performance evaluation of existing suppliers) through the PSRM system (company-wide supplier management system). The evaluation is used to assess if the supplier is suitable for Pulmuone and also to select recipients for Pulmuone's mutual growth program and participants for "Best Partners Day," etc.

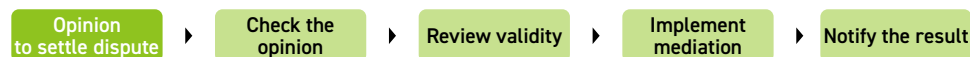
Monitoring of negative social impacts in the supply chain and actions taken Pulmuone communicates with suppliers with a sense of sincerity

We listen to the voices of our suppliers with an open mind and fully consider their positions. For any situations or cases where it is difficult for suppliers to talk directly, we operate an online window for receiving reports/suggestions and dispute resolution, and regularly promote the channel to suppliers. In principle, we take immediate action on received cases. In 2021, we had no reports or requests for dispute mediation received from suppliers.

Process for suppliers to report a case/suggestion



Process for suppliers to receive and handle a dispute case



Result of submission of reports/suggestions and dispute settlement to supplier in 2021

Category(case)	2018	2019	2020
Report/suggestion	0	0	0
Dispute settlement	0	0	0

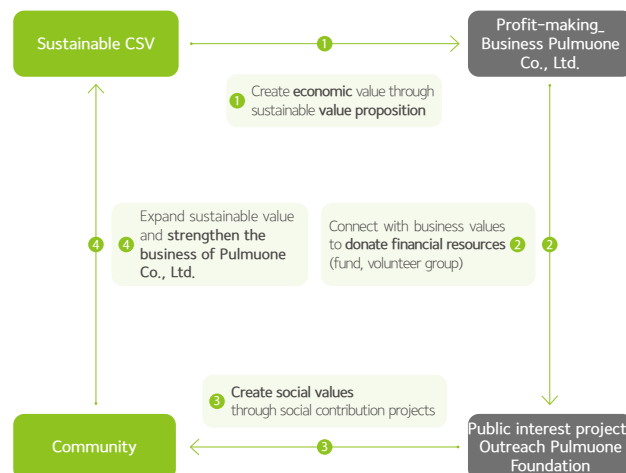
Social contribution

We set and implement CSV strategies for Pulmuone and Pulmuone Foundation to create economic values and even meaningful social values through our intrinsic business. Pulmuone 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 Pulmuone and Pulmuone 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.

Pulmuone CSR policy

Pulmuone 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.

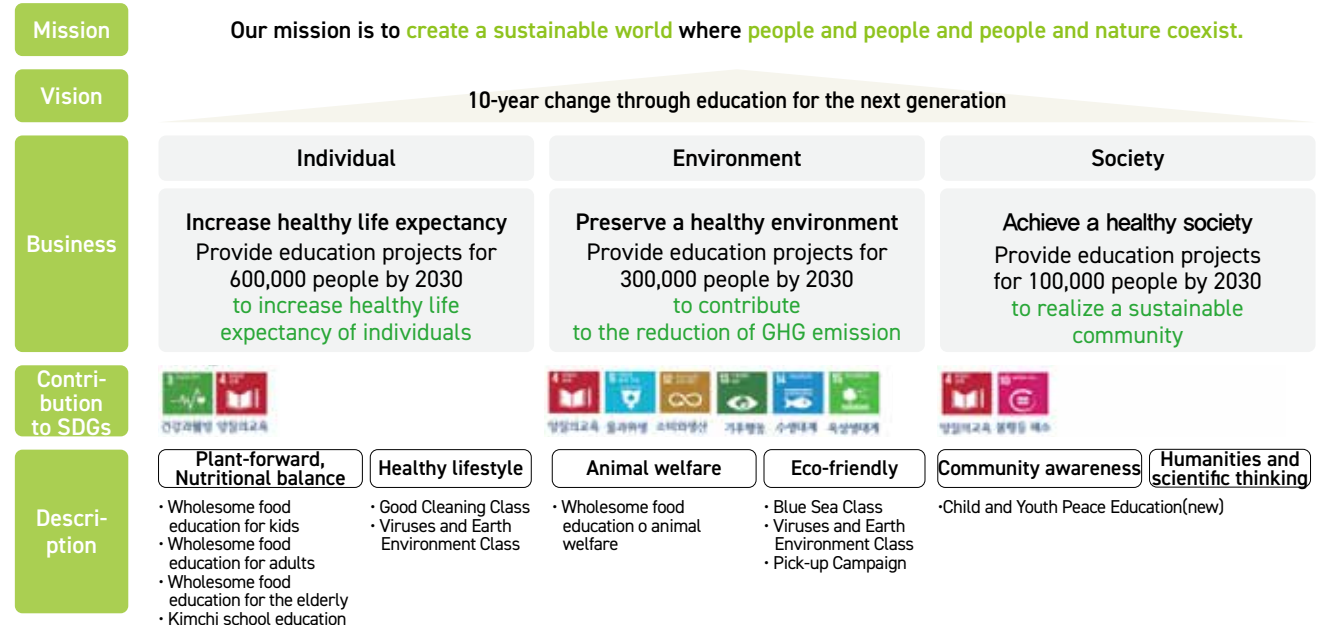
Flow of Pulmuone's CSV values



Pulmuone CSR operating system

Based on its mission of "Creating a sustainable world where people and people, people and nature coexist," the Pulmuone Foundation is carrying out social contribution projects with the aim of promoting a healthy lifestyle, preserving a healthy environment and achieving a healthy society in the individual, environmental and social areas.

Pulmuone Foundation's value system



Pulmuone CSR programs

The Pulmuone Foundation is taking the lead in raising awareness of the right social value creation through education projects. Representative programs include wholesome food education, environmental education, and kimchi school and museum.

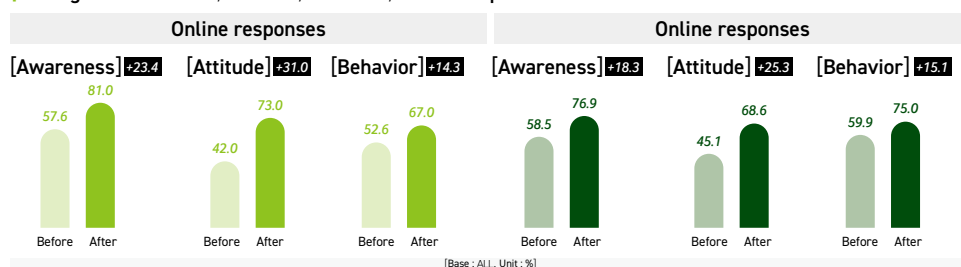
Wholesome food education project

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 children, adults and seniors.

Program	Wholesome food education for kids	Wholesome food education for adults (parents, teachers)	Wholesome food education for seniors
Target	Preschool children (6~7 years old) Elementary school children (8~13 years old) Elementary school children (9~11 years old) and their parents	Adults (20~50 years old)	Seniors (65 years old or above)
Objective	Understand wholesome food and form good dietary habits early in childhood	Parents', teachers', and university students' healthy dietary habits as good food guides	Develop a good lifestyle (diet, sleeping, and exercise) for the elderly to improve their health
Description	- One or two sessions for target - Four programs for taste, nutritional balance, food labeling, animal welfare, parent/child programs - Education on wholesome dietary habits, cooking practice	- One session - Dietary habits to lower sugar intake - Education on GL diet theory - 211 diet, cooking practice	- Healthy lifestyle education - 1:1 personalized nutrition counseling - Integrated dietary habit improvement program (e.g., provision of essential health functional foods, etc.)

The result of 2021 wholesome food education project evaluation

Change in Awareness/Attitude/Behavior/Offline responses



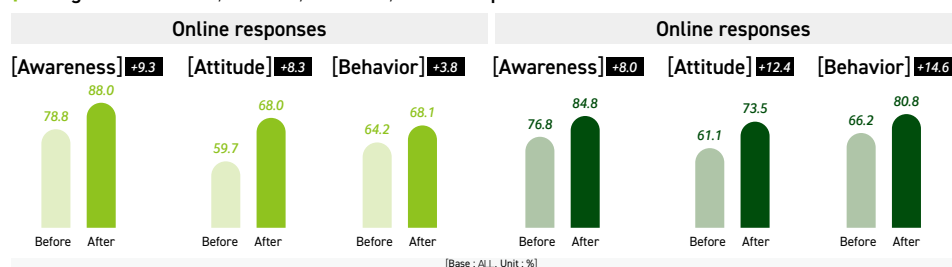
* Awareness: Percentage of correct answers by questions / Attitude: Percentage of positive answers by questions / Behavior: No. of respondents with positive answers / *However, Wholesome foods' parent-child education is only conducted online, and is not included.

Environmental education project Starting with the only domestic cleaning habit training in Korea and the representative education project "Good Cleaning Class" since 2015, Pulmuone Foundation has implemented "Blue Sea Class" and "Cleanup Campaign". The education program covers preschool to elementary school children.

Program	Good Cleaning Class	Blue Sea Class	Viruses and Earth Environment Class	Cleanup Campaign
Target	Preschool children (6~7 years old) Elementary school children (8~13 years old)	Elementary school children (11~13 years old)	Elementary school children (11~13 years old)	Preschool children (6~7 years old)
Objective	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	Prevent viral infectious disease by educating the causes of virus infection and preventive measures based on scientific grounds and environmental perspectives	Spread the culture of environmentally friendly practice through voluntary environmental clean-up activities
Description	- One session for target - Cleaning habit education for helping children to enjoy the daily clean-up - 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	- One session for target - Causes of viral infections and prevention of COVID-19 infection - Causes and prevention of zoonoses	- School clean-up: Cleaning activity around the school - Pulmuone waste pickup: Environmental clean-up activities for me and the earth to practice in daily life based on online platform

The result of 2021 environmental education evaluation

Change in Awareness/Attitude/Behavior/Offline responses



Kimchi School

The Museum Kimchikan, 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 stopped the operation of Kimchi School, we planned an untact online interactive education program using a Zoom app. To conduct the online Kimchi school, we developed a Kimchi Edu Kit with the World Institute of Kimchi to distribute to applicants for the program in advance.



Kimchi museum to publicize Korean food culture

Pulmuone acquired the Museum Kimchikan 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(間)," 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. In addition, in 2022, it was selected as one of the "12 Best Museums in Seoul" along with the National Museum of Modern and Contemporary Art, by BollyInside, an online news media outlet in India.

MUSEUM KIMCHIKAN 뮤지엄
김치간

Social contribution activities and performance

Based on the core values of "Trust, Passion, and Excellence," Pulmuone promotes TISO management that embraces stakeholders in corporate management. We set out to attain fairness, transparency, respect for people, and implementation of social contribution and carries out strategies with a particular emphasis on suppliers, employees, and the local community. In particular, Pulmuone contributes to the sustainable development of local communities by promoting social contribution based on the spirit of love for neighbors and respect for life for the community, the place of our business.

Philanthropy and Contribution in 2021

Type	Category	Details	Unit	Donation
Investment for local communities	Pulmuone Foundation Donation	Donations from the company (including the Earth Love Fund)		1,147,000,000
		Donations from employees (including the Love for Neighbor Fund)		141,340,633
	Subtotal			1,288,340,633
Donation	Water Donation Project for Senior Citizens Who Live Alone	62,660 bottles of Pulmuone Waters donated		17,000,000
	Seoul YWCA	Pulmuone product donation		1,245,200
	Building Pulmuone's Peace Forest Project	Salaries and wages for employees*		2,650,880
		Planning and operation project costs	KRW	3,941,734
	Subtotal			24,837,814
Initiative	Association and organization costs	Korea Food Industry Association		47,000,000
		Korea Enterprises Federation		13,000,000
		Korea Listed Companies Association		8,000,000
		Korea International Society of Life Sciences		7,000,000
		Korea Chamber of Commerce and Industry		5,000,000
		Others		37,996,670
	Subtotal			117,996,670
Total				1,431,175,117

*Voluntary activity time total x 2021 minimum wage

Part 04 Appendix

ESG Fact Book

Verification

Core values

Trust

Keeping promises
to customers as
our top priority

Excellence

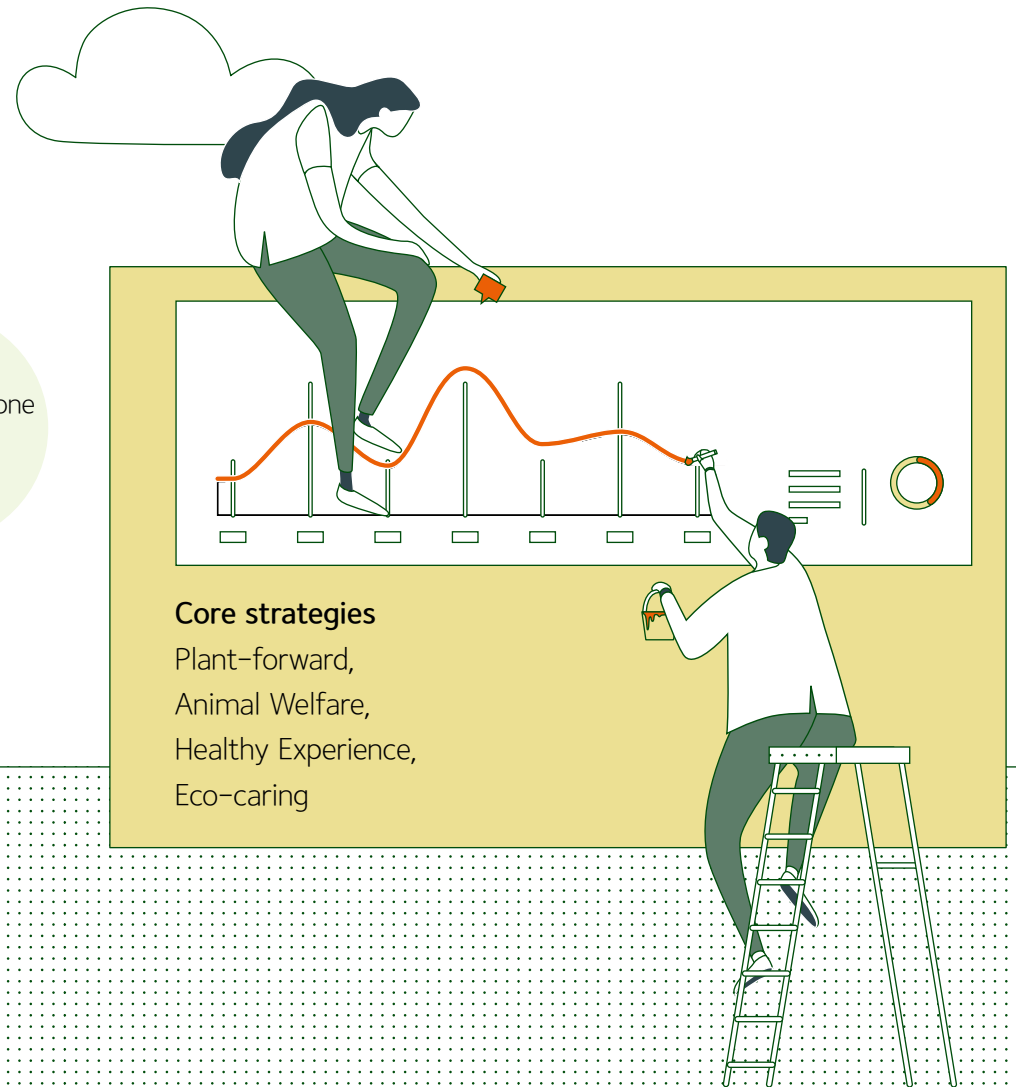
Leading Pulmuone
towards a
sustainable
future

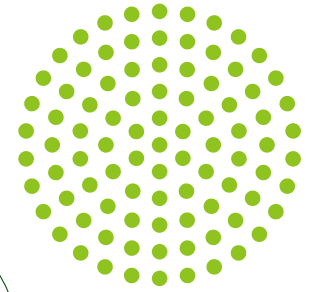
Passion

Continuing
challenge and
innovation

Core strategies

Plant-forward,
Animal Welfare,
Healthy Experience,
Eco-caring





ESG Fact Book

Materiality test

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

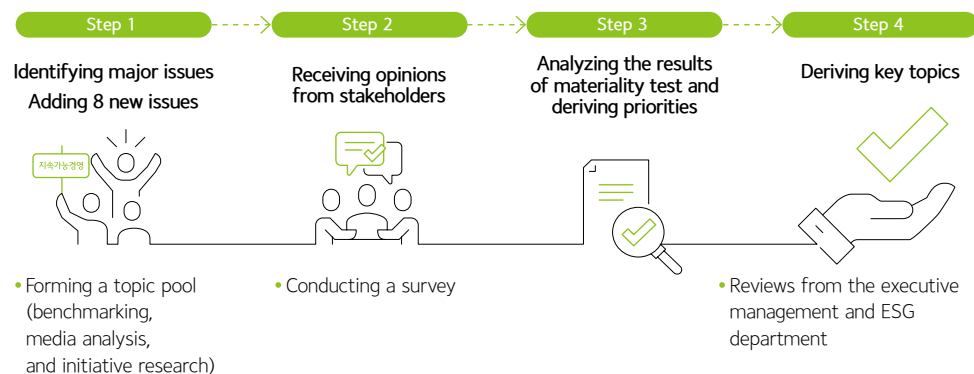
Issue pool

We carried out the survey, benchmarking, and media analysis to derive a pool of 23 topics. Among them, we selected five major topics through analysis of the materiality test results: Sustainable products and services, Customer health and safety, Digital transformation (DX), Respect for human rights management and Eco-friendly packaging.

2021 material issues

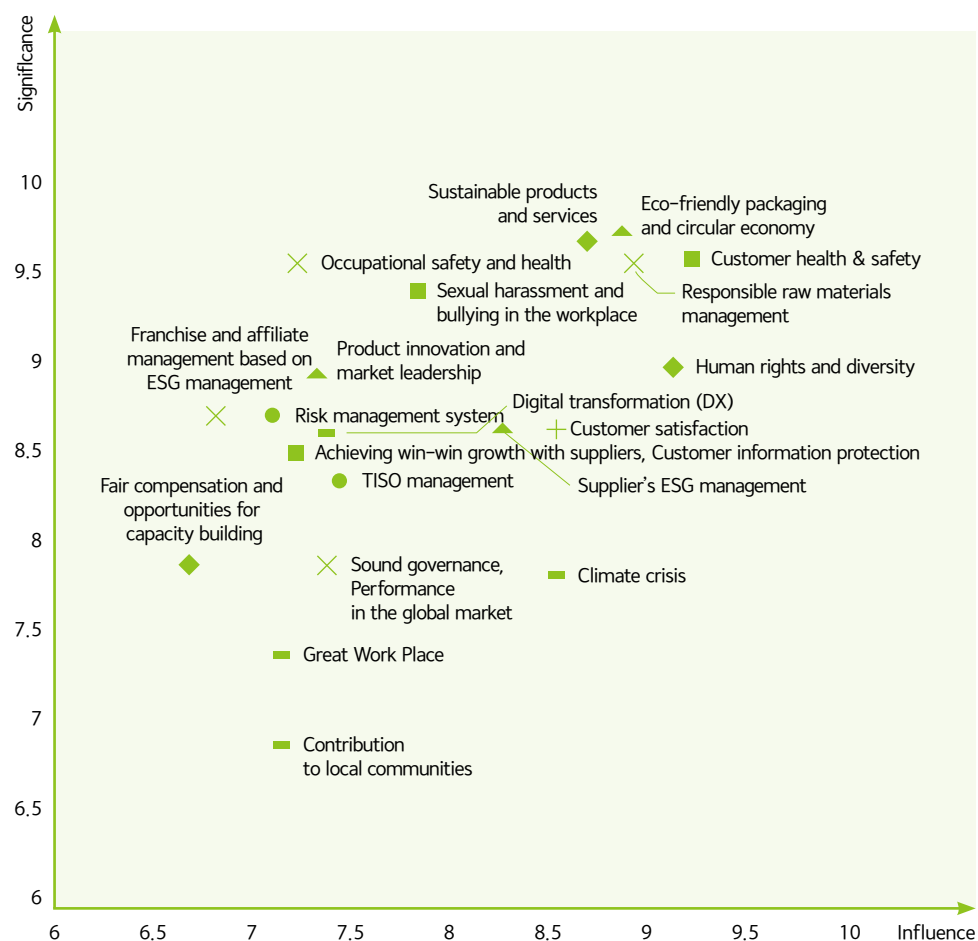
2021 issues	Category	Reporting boundary	Page
1. Sustainable products and services	Common	Internal	022
2. Customer health & safety	Society	Internal/external	028
3. Product innovation and market leadership	Economy	Internal/external	024
4. Performance in the global market	Economy	Internal/external	016
5. Strengthening ESG capacity	Society	Internal/external	045
6. Customer information protection	Society	Internal	086
7. Customer satisfaction	Economy	Internal	035
8. Digital transformation (DX)	Society	Internal	032
9. Great Work Place	Society	Internal	083
10. Fair compensation and opportunities for capacity building	Society	Internal	081
11. Achieving win-win growth with suppliers	Society	Internal/external	089
12. Supplier's ESG management	Common	Internal/external	088

Materiality test process



2021 issues	Category	Reporting boundary	Page
13. Franchise and affiliate management based on ESG management	Common	Internal/external	087
14. Risk management system	Common	Internal/external	058
15. TISO management	Society	Internal	061
16. Occupational safety and health	Society	Internal/external	077
17. Contribution to local communities	Society	Internal/external	091
18. Climate crisis	Environment	Internal/external	069
19. Human rights and diversity	Society	Internal/external	036
20. Sexual harassment and bullying in the workplace	Society	Internal	036
21. Responsible raw materials management	Environment	Internal/external	024
22. Eco-friendly packaging and circular economy	Environment	Internal/external	039
23. Sound governance	Economy	Internal	049

Materiality test frame



ESG Performance

Financial performances

Creation of economic values for stakeholders

Stakeholders	Details	Unit	2021	2020	2019
Customers	Sales (dividends excluded)		2,518,896	2,311,200	2,381,451
Employees	Employee salaries	KRW million	335,749	336,373	289,014
	Other employee benefits		52,701	48,087	49,319
	Retirement allowance		28,392	30,020	25,060
Shareholders	Total cash dividends		5,151	5,202	5,199
Investors	Interest cost		29,052	27,204	25,693
Government	Corporate tax		13,205	6,122	14,422
Local communities	Donation		2,144	1,883	1,777

* Local community donation (based on the business report)



Financial performance (K-IFRS, consolidated basis)

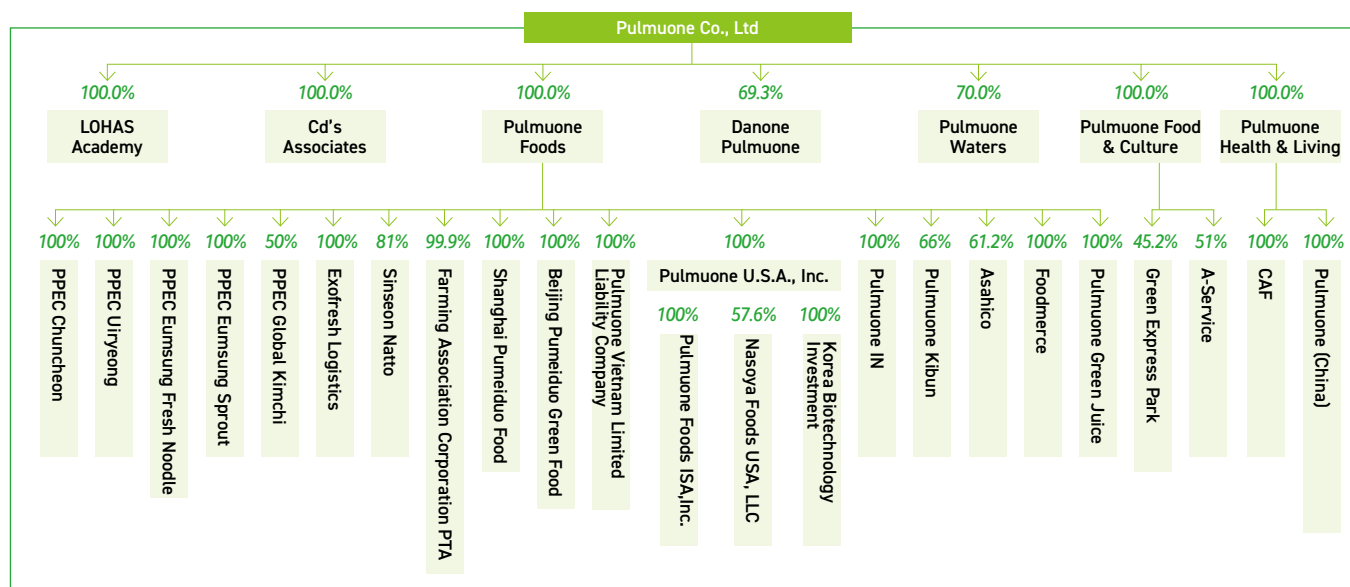
Financial statements

Category	Unit	2021	2020	2019
Current assets	KRW million	710,996	630,383	467,836
Non-current assets		1,258,376	1,063,190	1,016,720
Total assets		1,969,373	1,693,573	1,484,556
Current liabilities		803,842	776,833	621,186
Non-current liabilities		575,740	403,801	400,269
Total liabilities		1,379,582	1,180,635	1,021,454
Controlling company interests		466,587	450,085	397,030
Non-controlling interests		123,204	62,853	66,072
Total equity		589,791	512,939	463,102

Income statement

Category	Unit	2021	2020	2019
Sales	KRW million	2,518,896	2,311,200	2,381,451
Operating profit		38,514	45,970	30,571
Net profit (loss) for the year		304	11,834	(7,535)
Total comprehensive profit (loss)		22,889	17,163	2,499
EBITDA		166,917	167,115	141,331

Subsidiaries and affiliates included in the consolidated financial statements



Stock information

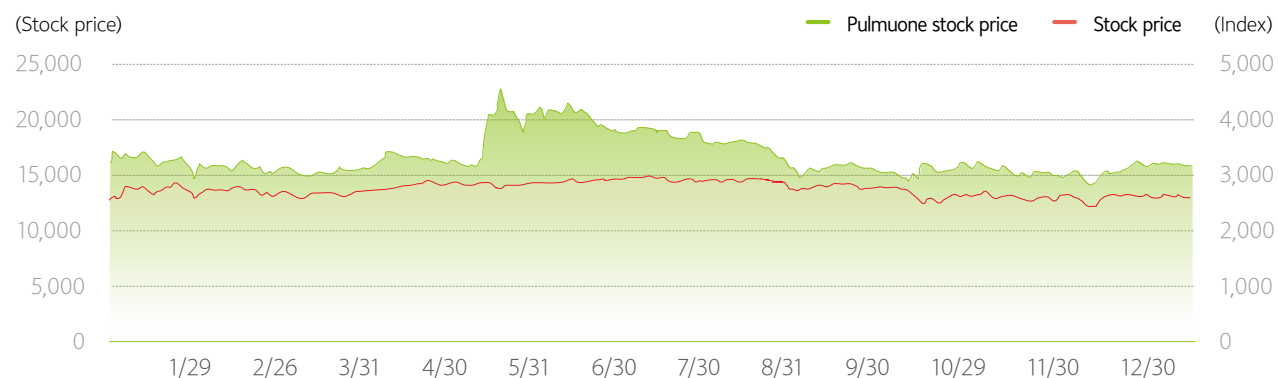
Category	Unit	2021	2020	2019
Par value	KRW	500	500	500
Total shares issued	Share	42,155,122	42,155,119	42,125,530
Stock price				
Highest price	KRW	23,000	21,100	13,700
Lowest price		15,750	7,300	8,650
Closing price		17,300	16,550	11,250

R&D cost

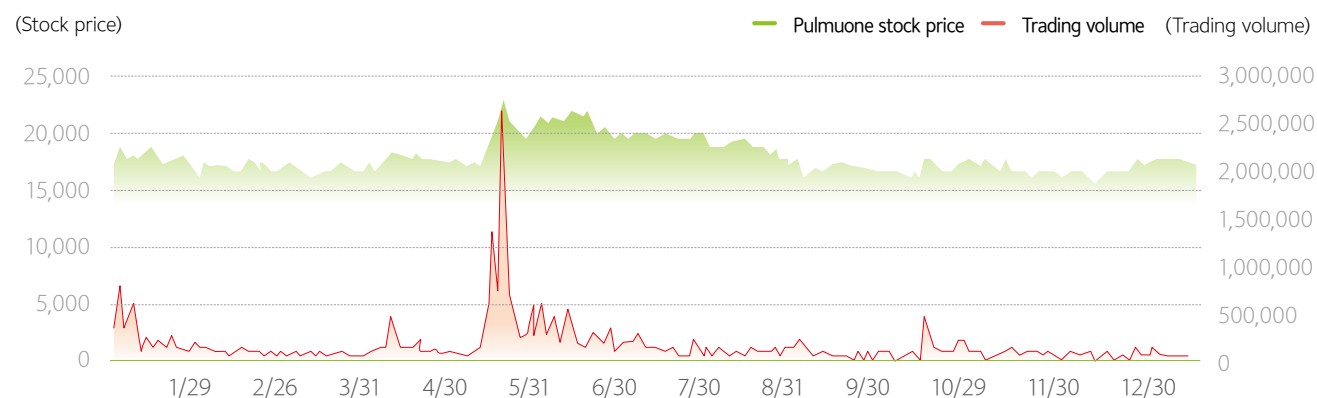
Category	Unit	2021	2020	2019
Subtotal of R&D cost		28,476,133	33,083,435	26,832,249
Government subsidy		187,046	156,081	42,775
R&D cost/sales	KRW 1,000			
[R&D cost ÷ sales in the current quarter × 100]		1.13%	1.43%	1.13%

Credit rating — Korea Investors Service **BBB+** / NICE Investors Service **BBB+** (Regular evaluation in May 2022)

2021 Pulmuone stock's volatility rate vs. KOSPI



2021 Pulmuone trading volume vs. closing price



Non-financial Performance

Standards and principles

Pulmuone's indicators for non-financial performance were selected using the GRI Standards, which are the reporting standards of Global Reporting Initiative (GRI), an organization that provides guidelines for global companies. GRI provides the standards for report topics and disclosure to help stakeholders understand the performance of an organization from the economic (including governance), social, and environmental perspectives recognized by the international community.

1. Environment

Environmental Data Reporting Scope

The report discloses the environmental performance of 14 corporations including domestic manufacturing and logistics corporations. The 14 corporations are as follows: Pulmuone Foods, Eumsung Tofu Plant, PPEC Uiryeong, PPEC Chuncheon, PPEC Eumsung Fresh Noodle, PPEC Eumsung Sprout, Sinseon Natto, Pulmuone Kibun, Pulmuone Green Juice, PPEC Global Kimchi, Exofresh Logistics, Foodmerce, Pulmuone Health & Living, Danone Pulmuone and Pulmuone Waters. As for the per unit figures, since the report is based on the production volume, the performances of Exofresh Logistics and Foodmerce were excluded in the disclosure. As Pulmuone Waters became a subsidiary of Pulmuone Co., Ltd. as of 1 February 2021, the performance of Pulmuone Waters for a three-year period from 2019 to 2021 is included in the disclosure.

GHG emissions

Category	Unit	2021	2020	2019
GHG emissions**(Scope1 + 2, per unit)	tCO ₂ -eq/ton	0.1093	0.1013	0.0936
GHG emissions(Scope1 + 2 + 3)		106,332	102,136	96,434
GHG emissions(Scope1 + 2)		71,793	68,199	62,397
Scope1	tCO ₂ -eq	18,196	18,735	13,774
Scope2		53,597	49,464	48,622
Scope3***		34,539	33,937	34,037
GHG reductions****		9,076	-	-

* Unit used in the GHG emissions changed according to the 2021 Integrated Report (kgCO₂-eq → tCO₂-eq)

** Based on domestic manufacturing

*** Only downstream transportation & distribution, business waste (mixed waste plastics only) performances are included.

**** Other reductions occurred due to the approval of the external project for emission permits at Pulmuone Foods Eumsung Tofu Plant.

Energy consumption

Category	Unit	2021	2020	2019
Energy consumption** (per unit)	GJ/Ton	1.310	1.169	1.190
Total energy consumption	TJ	804	739	725

* Unit used in the emissions per unit changed according to the 2021 Integrated Report (kgCO₂e → GJ)

** Based on domestic manufacturing

Consumption by type of energy such as electricity, steam, LNG, and petroleum

Category	Unit	2021	2020	2019
Total energy consumption		804	739	725
Direct energy consumption	Subtotal	TJ	349	348
	LPG	TJ	81	78
	LNG	TJ	265	170
	Others	TJ	3	100
Indirect energy consumption	Subtotal	TJ	390	377
	Power	TJ	388	375
	Others	TJ	2	2

* Total heat generation, mobile combustion excluded

Renewable energy

Category 1	Category 2	Unit	2021	2020	2019
Renewable energy consumption	Subtotal	TJ	49	4	100
Ratio of renewable energy consumption	-	%	6	0	14
Renewable energy generation	Subtotal		13,652	1,022	27,811
	Solar power generation		782	589	463
	Biopower generation	MWh	12,326	-	27,190
	Other generation		544	433	158
CO ₂ emission reduction effect	-	tCO ₂ -eq	2,567	353	4,236

* Note: Renewable energy production sites: Total 12 plants (Pulmuone Foods, PPEC Uiryeong, PPEC Chuncheon, PPEC Eumsung Fresh Noodle, PPEC Eumsung Sprout, Sinseon Natto, Pulmuone Kibun, Pulmuone Health & Living, Pulmuone Green Juice, PPEC Global Kimchi, Danone Pulmuone, Exofresh Logistics)

Note: * Source of GHG reduction data emission factors

In 2019 _Implementation of guidelines on greenhouse gas and energy target management, etc.(as of Oct 10,2014)

[Attachment 22] Country-specific calorific value and emission factor by fuel_1 Country-specific calorific value by fuel (Enforcement Rule of the

Energy Act attached)

[Attachment 20] The 2006 IPCC Guidelines for National Greenhouse Gas Inventories (under Article 91 (1))

2020_ (the Ministry of Environment) Implementation of guidelines on emission reporting and certification of GHG emission permits (as of Jan 1, 2020)

[Attachment 12] Country-specific calorific value and emission factor by fuel (under Article 15 (2))

[Attachment 10] The 2006 IPCC Guidelines for National Greenhouse Gas Inventories (under Article 15 (1))

** Calorific value of wood pellets : According to IPCC, the net calorific value of wood pellets (biomass) is 15.6MJ/kg, and the gross calorific value is net calorific value/0.97 (solid phase), which is 16.08 (16.0825 or up to two decimal places) MJ/kg.

Pollutant emissions

Category		Unit	2021	2020	2019
Air pollutants*	SOx (Sulfur Oxides)	Ton	2	0	0
	NOx (Nitrogen Oxide)		17	20	20
	Dust		1	1	1
Water pollutant emissions**	BOD (Biochemical Oxygen Demand)	Ton	363	324	270
	COD (Chemical Oxygen Demand)		136	143	113
	SS (Suspended Solids)		180	198	158
	T-N (Total Nitrogen)		22	22	19
	T-P (Total Phosphorus)		2	3	2

*Four to five types of air emission facilities include emissions from the second half of 2020, and business sites exempted from installing air prevention facilities include emissions from 2021

Water use and water reuse rate

Category	Unit	2021	2020	2019
Water use (per unit, compared to the production volume)	Ton/ton	6.38	6.48	6.13
Water use		3,470	3,614	3,244
Water withdrawal	1,000 tons	3,556	3,717	3,350
Recycled water		31	66	57
Water reuse rate	%	0.88	1.84	1.76

Water-stressed areas

Category	Unit	2021	2020	2019
The volume of water withdrawal in areas with "High" and "Extremely High" among the total volume of water withdrawal	1,000 tons	285	302	270
The proportion of water withdrawal in areas with "High" and "Extremely High" rating among the total proportion of water withdrawn	%	8.02	8.11	8.05
The volume of water consumed in areas with "High" and "Extremely High" rating among the total volume of water consumed	1,000 tons	228	233	189
The proportion of water consumed in areas with "High" and "Extremely High" rating among the total proportion of water consumed	%	6.56	6.46	5.84

* Based on 2020 WRI BWS (Baseline water stress): Extremely High (Peking in China, Fullerton in the U.S.) and High (PPEC Chuncheon, PPEC Global Kimchi) rating, but it is written based on domestic manufacturing standards since overseas manufacturing performance is not counted.

Wastewater discharge and recycling

Category	Unit	2021	2020	2019
Wastewater discharged	1,000 tons	2,759	2,926	2,606
Wastewater recycled		-	-	-
Wastewater recycling rate	%	0.0	0.0	0.0

Waste

Category	By corporation	Unit	2021	2020	2019
Waste disposed(per unit)	Subtotal	kg/Ton	23.58	27.47	28.81
Waste disposed(ton)	Subtotal		13,016	15,292	15,279
	Pulmuone Foods		10,069	13,002	13,789
	Danone Pulmuone	Ton	2,476	1,749	883
	Pulmuone Waters		182	182	159
	Pulmuone Health & Living		289	358	448
Waste recycling rate	-	%	98.4	98.7	98.9
Food waste generated	-	Ton	4,619	7,868	9,620
Food waste recycling rate	-	%	99.3	99.5	99.6

Waste data details

Category			Unit	2021	2020	2019
Treatment methods	General	Recycling	Ton	12,735	15,089	15,065
		Landfill		0	1	0
		Incineration		214	187	173
	Designated	Others		0	0	0
		Recycling		66	11	39
		Landfill		0	0	0
		Incineration		1	3	2
		Others		0	0	0
		Others		0	0	0
By properties	General + Designated	Solid phase		12,908	15,251	15,192
		Liquid phase		104	38	73
		Others		2	2	14

Mid-term goals and performance by Environmental indicator

Indicator (per unit)	Category	Unit	2008	2012	2016	2018	2019	2020	2021	2022	2022 reduction rate goals (compared to 2008)
Energy	2022 Med-term goal	kgOE/ton	200	-	-	-	-	-	-	152	-24
	Energy per unit		200	186	184	157	158	155	55.2	-	-
	Cumulative reduction rate	%	-	-7	-8	-21	-21	-22	-72	-	-
	Annual reduction rate		-	-1	-2	-1	0	-2	-64	-	-
GHG	2022 Med-term goal	kgCO ₂ -eq/ton	446	-	-	-	-	-	-	290	-35
	GHG per unit		446	392	317	305	295	320	109	-	-
	Cumulative reduction rate	%	-	-12	-29	-32	-34	-28	-75	-	-
	Annual reduction rate		-	-5	-6	6	-3	8	-66	-	-
Water	2022 Med-term goal	ton/ton	38.3	-	-	-	-	-	-	19.1	-50
	Water per unit		38.3	29.3	25.7	19.7	19.5	20.5	6.38	-	-
	Cumulative reduction rate	%	-	-24	-33	-49	-49	-46	-83	-	-
	Annual reduction rate		-	-9	-4	-4	-1	5	-69	-	-
Waste	2022 Med-term goal	kg/ton	232	-	-	-	-	-	-	93	-60
	Waste per unit		232	136	106	108	104	98	24	-	-
	Cumulative reduction rate	%	-	-42	-55	-54	-55	-58	-90	-	-
	Annual reduction rate		-	-11	-10	-1	-3	-6	-76	-	1

* 2022 achievement rate, compared to 2008

* As Pulmuone Waters Co., Ltd. became a subsidiary of Pulmuone Co., Ltd., the holding company, as of February 1 in 2021, its data is included from the year onwards.

Eco-friendly purchase

Category	Unit	2021	2020	2019
Eco-friendly purchase	KRW 100 million	79.5	41.3	35.7

* Estimated the cost of purchasing eco-friendly raw materials such as organic and non-GMO and bio-energy raw materials such as wood pellets.

2. Society

Employment status

※ For the employment status in the 2021 Integrated Report, the data was subdivided and the scope of disclosure was expanded. This was done to improve the level of disclosure and responsiveness compared to the previous reports.

Category	Subcategory-1	Subcategory-2	Unit	2021
Total no. of employees	-	Total	Person(s)	5,816
	By gender	Male		2,481
		Male	%	50.1
		Female	Person(s)	2,470
		Female	%	49.9
	By region	Domestic		4,951
		Overseas		865
		Total	Person(s)	6,930
		Regular		5,816
		Temporary		1,114
Total no. of employees	By employment type**	Ratio of regular employees	%	83.9
		Ratio of temporary employees		16.1
		Total		4,951
		Below 30		512
	By age**	30s	Person(s)	1,684
		40s		1,428
		50s		1,144
		Over 50		183
	By age***			
Average length of service	-	-	YEAR	7.1
By title	No. of executives	Total		47
		Male		42
		Female		5
		Total		521
	Managers****	Male	Person(s)	497
		Female		24
		Total		1,114
		Male		153
	Temporary	Female		961

* Business report: Executives and temporary employees excluded

**Based on the business report: employees + temporary employees

***865 employees from overseas corporations excluded

****Manager: executives excluded / part leader and above

* The current status of total employees is based on the business report, but some of the scope is indicated separately.

Diversity

Category	Subcategory	Unit	2021	Objective
Female employees*	Total	Person(s)	2,470	Achieved 30% of female executives
	Ratio of female employees out of total employees	%	49.9	
	Female executives	Person(s)	5	
	Ratio of female executives in executive positions	%	10.6	
	Female managers (executives excluded, team leader and above)	Person(s)	133	
	Ratio of female managers in management positions	%	25.6	

***Overseas corporations excluded

New hires

Category	Unit	2021	2020	2019
Total no. of new hires	-	106	47	113
By gender	Subtotal	106	47	113
	Female	51	19	54
	Male	55	28	59
By employment type	Subtotal	106	47	113
	New regular employees	6	9	7
	New experienced employees in regular positions	82	33	88
	Temporary employees (dispatched employees excluded)	18	5	18
	Subtotal	106	47	113
By age	Below 30	15	9	9
	30s	64	18	71
	40s	23	17	32
	50s	3	1	1
	Over 50	1	2	-

※ Limited to Pulmuone, an operational holding company

Turnover and retirement

Category	Unit	2021	2020	2019
No. of employees moved to other companies and retired	Total	96	42	60
Reasons for turnover and retirement	Subtotal	96	42	60
	Involuntary turnover	6	6	8
	Voluntary turnover	90	36	52
By gender	Subtotal	96	42	60
	Male	56	21	27
	Female	40	21	33
By age	Subtotal	96	42	60
	Below 30	5	4	3
	30s	54	14	42
	40s	29	19	13
	50s	8	4	2
	Over 50	0	1	-
Turnover rate	Subtotal	20.4	9.2	13.9
	Involuntary turnover rate	1.3	1.3	1.9
	Voluntary turnover rate	19.1	7.9	12

※ Limited to Pulmuone, an operational holding company / ※ Employees moving to another subsidiary excluded

Maternity leave and parental leave

Category			Unit	2021	2020	2019
Maternity leave	Employees on maternity leave	-	Person(s)	9	8	15
	No. of employees who returned to work from maternity leave	-		9	8	15
	Ratio of return-to-work from maternity leave	-	%	100	100	100
Parental leave	Employees on parental leave	Total	Person(s)	18	32	31
		Male		3	4	5
		Female		15	28	26
	Employees subject to parental leave	Total	Person(s)	18	32	31
		Male		3	4	5
		Female		15	28	26
	Employees who returned to work after parental leave	Total	Person(s)	14	24	29
		Male		1	3	4
		Female		13	21	25
	Employees subject to return-to-work from parental leave	Total	Person(s)	18	32	31
		Male		3	4	5
		Female		15	28	26
	Ratio of return-to-work from parental leave	Total	%	77.8	75.0	93.5
		Male		33.3	75.0	80.0
		Female		86.7	75.0	96.2
	Employees who are still in service over 12 months after their return to work from parental leave	Total	Person(s)	14	24	29
		Male		1	3	4
		Female		13	21	25
	Employees who will be still in service over 12 months after their return to work from parental leave	Total	Person(s)	14	24	29
		Male		1	3	4
		Female		13	21	25
	Ratio of employees who are still in service over 12 months after their return to work from parental leave	Total	%	100	100	100
		Male		100	100	100
		Female		100	100	100

※ Limited to Pulmuone, an operational holding company

Flexible working hours and childcare service

Category		Unit	2021	2020	2019
Employees with flexible working hours (company-wide)	—	Person(s)	490	473	458
Corporate daycare service (daycare center)	No. of daycare children		14	18	18

※ Limited to Pulmuone, an operational holding company

Employee compensation

Category			Unit	2021	2020	2019
Average base salary by gender	Average female employee base salary	-	KRW	3,399,191	3,244,342	2,924,200
	Average male employee base salary	-		4,748,520	4,708,337	4,773,600
	Ratio of employee compensation	-	%	71.6	68.9	61.3
Average base salary of employees	Executives	Male	KRW	11,474,814	10,521,275	8,988,046
		Female		8,602,552	8,087,486	6,079,505
	Managers	Male		5,496,448	5,493,709	5,184,241
		Female		5,647,989	5,459,442	4,742,126
	Non-managers	Male		3,729,272	3,650,401	3,574,658
		Female		3,065,259	2,904,962	2,643,024
Average employee compensation (Base salary + incentive)	Executives	Male	KRW	27,921,752	34,728,790	19,378,586
		Female		22,586,852	24,692,310	16,533,875
	Managers	Male		13,708,119	17,409,478	12,370,504
		Female		13,932,289	17,206,110	11,863,572
	Non-managers	Male		8,618,313	11,157,004	7,963,701
		Female		7,056,978	8,908,750	5,958,533

※ Limited to Pulmuone, an operational holding company

Performance evaluation

Category		Unit	2021	2020	2019
Employees who received the performance evaluation	Ratio of employees who received the regular performance evaluation	%	92.6	96.1	90.5
	No. of employees subject to the performance evaluation	Person(s)	471	458	432
	No. of employees who received the official performance evaluation		436	440	391

※ Limited to Pulmuone, an operational holding company

Training status

Category		Unit	2021
Training cost	Total cost	KRW thousand	266,173
	Education cost per person		214
Training hours	Total training hours	Hour(s)	28,101
	Training hours per person		22
No. of trainees	Total	Person(s)	2,467
	Male		1,552
	Female		915

※ Limited to Pulmuone, an operational holding company

Compliance training

Category		Unit	2021	2020	2019
The Subcontract Act	Training hours	Hour(s)	4	8	-
	Average no. of participating employees	Person(s)	29	200	-
The Franchise Business Act (non-statutory)	Training hours	Hour(s)	36	72	200
	Average no. of participating employees	Person(s)	20	20	30
E-commerce	Training hours	Hour(s)	2	2	-
	Average no. of participating employees	Person(s)	12	30	-
	Ethics / Anti-Corruption / Compliance / Human Rights*	Hour(s)	10	-	-
Ethics / Anti-Corruption / Compliance / Human Rights**	Average no. of participating employees	Person(s)	480	-	-

* Education on Labeling and Advertising Act, Copyright Act, Win-win Cooperation Act, including education on intellectual property rights, prevention of unfair joint action, etc.

Intellectual property rights

Category	Unit	2021	2020	2019
No. of trademark applications	Case	99	143	88
No. of patent applications		1	13	5

Industrial safety

① No. of injuries* (global business sites, suppliers excluded)

Category	Unit	2021	2020	2019
No. of cases	no. of injuries	38	29	32
Injury rate	%	0.59	0.45	0.46
No. of deaths from injuries	no. of injuries	0	0	0

※ Business sites that include the injury rate: Domestic food manufacturing facilities, domestic logistics centers (Eumseong, Yongin, Yangji), Pulmuone IN, FNC, Pulmuone Institute of Technology, ORGA

1) Based on the company's reported injuries: The number of industrial accidents, including the lost work days that are less than 1 day or more than 1 day

2) Based on the externally reported injuries: Failing to go to work for more than 3 days due to industrial injuries within the reporting deadline of the Ministry of Employment and Labor

② Accident rate** (global business sites, suppliers excluded)

Category	Unit	2021	2020	2019
Lost work days	no. of injuries	1,243	2,150	2,351
Accident rate	%	0.10	0.17	0.18
LTIR***		0.61	0.47	0.48

* Note: Occupational injury rate - Injury rate according to the Occupational Safety and Health Act

** Note: Accident rate - ratio of lost work days per 1,000 working hours

*** Note: LTIR - LostTime Injury Rate per 200,000 hours

Supply chain status

Category		Unit	2021	2020	2019
Total no. of suppliers	-	Company(s)	879	896	949
Total no of new suppliers registered	-		100	100	141
Total purchases	by suppliers	KRW million	917,326	832,546	857,767
	Total SME purchases		506,930	465,309	430,710
	Total purchases by major suppliers		390,334	351,704	310,652

Product and service safety

Category	Unit	2021	2020	2019
Safety and health impact assessment for product and service lines	Case(s)	22,017	23,834	16,756

※ Based on the number of samples requested and processed by the Laboratory Information Management System (LIMS) of the Food Safety Center

Violation of laws and regulations in 2021

Details	Unit	No. of violations
Violation of laws and regulations related to the health and safety impacts of products and services	Case(s)	0
Violation of laws and regulations related to product and service information and labeling		0
Violation of laws and regulations related to marketing communication		0
Violation of laws and regulations in the social and economic areas		0
Legal actions for anti-competitive behavior, oligopoly and monopoly practices		1*
Violation of environmental laws and regulations		0

* 1 case related to fair trade: 2111230 Corrective order for violation of the Franchise Business Act of Pulmuone Foods

Information security data

Category		Unit	2021	2020	2019
Information protection training	Training hours	Hour(s)	1	1	-
	No. of training sessions	Case(s)	2	1	-
	No. of participants	Person(s)	97	22	-
No. of mock training sessions responding to malicious mails	—	Case(s)	2	2	-
Personal information protection training	Training hours	Hour(s)	1	2	-
	No. of training sessions	Case(s)	1	2	-
	No. of participants	Person(s)	72	133	-
Information security operation and investment	Operational performances	KRW 100 million	1.09	0.89	-
	Investment performances	million	1.52	1.69	-
	No. of participants	Person(s)	3	2	-
Personal information leakage*	—	Case(s)	1	-	-

* Personal information leaked in September 2021: Completed reporting to the investigation authorities and conducting follow-up measures due to partial leakage of customer information prior to December 7, 2009

Social contribution

Category	Unit	2021	2020	2019
Total donations		2,144	1,883	1,777
Donations from the company (including the Earth Love Fund)	KRW million	1,147	1,073	1,096
Donations from employees (including the Love for Neighbor Fund)		141	182	183

3. Governance

Composition of the BOD*

Category	Subcategory	Unit	2021	2020	2019
No. of sessions	-	Session(s)	7	9	9
Average attendance rate	-		90.3	89.5	98.2
Attendance of executive directors / other non-executive directors	Average	%	100	100	100
Attendance of independent directors	Average		86.0	84.8	97.2
Composition of executive directors	No. of executive directors	Person(s)	2	3	3
	Female executive directors		-	-	-
	Foreign executive directors		-	-	-
Composition of independent directors	No. of independent directors	Person(s)	8	7	7
	Female independent directors		3	3	2
	Ratio of female independent directors	%	27.3	27.3	18.1
	Ratio of independent directors		72.7	63.6	63.6
	No. of other non-executive directors	Person(s)	1	1	1
Average approval rate for BOD agenda	-	%	90**	100	100

*Based on the business report

**1 vote in favor of amendment: Partial amendment to the Articles of Incorporation / 1 withholding case: Plant-forward market report



Operating status of committees under the BOD

Committee	Category	Unit	2021	2020	2019
Audit Committee	No. of sessions:	Session(s)	6	8	7
	Ratio of independent directors	%	100	100	100
	Attendance rate		100	93	97
Independent Director Recommendation Committee:	No. of sessions:	Session(s)	1	1	1
	Ratio of independent directors	%	100	100	100
	Attendance rate		100	100	100
Compensation Committee	No. of sessions:	Session(s)	1	2	2
	Ratio of independent directors	%	100	100	100
	Attendance rate		100	100	100
Independent Director Evaluation Committee:	No. of sessions:	Session(s)	1	1	1
	Ratio of independent directors	%	100	100	100
	Attendance rate		75	100	100
Business Management Committee	No. of sessions:	Session(s)	-	16	11
	Ratio of independent directors	%	-	-	-
	Attendance rate		100	100	100
Strategy Committee	No. of sessions:	Session(s)	4	4	4
	Ratio of independent directors	%	63	57	57
	Attendance rate		96.3	100.0	95.2
Pulmuone General CEO Recommendation Committee:	No. of sessions:	Session(s)	-	-	-
	Ratio of independent directors	%	67	67	67
	Attendance rate		-	-	-
ESG Committee	No. of sessions:	Session(s)	1	2	1
	Ratio of independent directors	%	80	100	100
	Attendance rate		80	100	100

Remuneration of directors

By director	Category	Unit	2021	2020	2019
Registered directors (executive directors and other non-executive directors included)	No of persons	Person(s)	4	4	4
	Total remuneration		2,604	1,759	1,503
	Average remuneration per person	KRW million	651	440	376
Independent directors	No of persons	Person(s)	4	3	3
	Total remuneration		137	137	62
	Average remuneration per person	KRW million	34	46	21
Members of the Audit Committee	No of persons	Person(s)	5	4	4
	Total remuneration		203	152	202
	Average remuneration per person	KRW million	41	38	51

Separation between CEO and Chairperson of BOD and operation of an independent senior director system

by year	Independent directors
2021	Kim Young-Joon, independent director
2022	Lee Ji-Yoon, independent director

ESG rating_ESG rating by Korea Corporate Governance Service (KCGS)

Category	Unit	2021	2020	2019
Overall		A+	A+	A+
Environment (E)	Grade	A	A	A
Society (S)		A+	A+	A+
Governance (G)		A+	A+	A+

GRI INDEX

Classification	NO	Name of the indicator	Page	Note
Universal Standards (GRI 100) - GRI 102: General disclosure				
Organizational profile	102-1	Name of the organization	10, 11	-
	102-2	Activities, brands, products, and services	12~19	-
	102-3	Location of headquarters	10	-
	102-4	Location of operations	15~17	-
	102-5	Ownership and legal form	49	-
	102-6	Markets served	15~17	-
	102-7	Scale of the organization	10, 14	-
	102-8	Information on employees and other workers	102~106	-
	102-9	Supply chain	87~90	-
	102-10	Significant changes to the organization and its supply chains	Disclosed in the business report	-
	102-11	Precautionary principles or approaches	58~60	-
	102-12	External initiatives	48, 65, 71, 85, 118	-
	102-13	Membership of associations	118	-
Strategies	102-14	Statement from a senior decision-maker	8, 9	-
Ethics and integrity	102-16	Values, principles, standards, and codes of conduct	11, 12, 13	-
		Mechanisms for advice request and concerns report about ethics	61~63	-
Governance	102-18	Governance	49, 50	-
Stakeholder engagement	102-40	List of relevant stakeholder groups	47	-
	102-41	Freedom of association and collective bargaining	85	-
	102-42	Identifying and selecting stakeholders	47	-
	102-43	Approaches to stakeholder engagement	47	-
	102-44	Key topics and concerns raised from stakeholders	47, 96, 97	-

Classification	NO	Name of the indicator	Page	Note
Universal Standards (GRI 100) - GRI 102: General disclosure				
Reporting practice	102-45	Defining report content and topic boundaries	98	-
	102-46	Defining report content and topic boundaries	2, 96, 97	-
	102-47	List of all identified material topics during the decision-making process	96, 97	-
	102-48	Restatements of information	"100~107 (Fill in the information for corrections.)"	-
	102-49	Changes in reporting	2	-
	102-50	Reporting period	2	-
	102-51	Date of the most recent report	2	-
	102-52	Reporting cycle	2	-
	102-53	Contact point for questions regarding the report	2	-
	102-54	Claims of reporting in accordance with the GRI Standards	2	-
	102-55	GRI index	108~110	-
	102-56	External assurance	111~117	-
GRI 103: Disclosure of the management approach				
	103-1	Explanation of the material topic and its boundary	22, 28, 32, 36, 39, 96, 97	-
	103-2	Management approach for the material topic and its components	22, 28, 32, 36, 39, 96, 97	-
	103-3	Evaluation of the management approach for the material topic	22, 28, 32, 36, 39, 96, 97	-
Economic(GRI 200)				
Economic performances	201-1	Direct economic value created and distributed	97~99	-
	201-2	Financial implications and other risks and opportunities due to climate change	69~71	-
	201-3	Defined benefit plan obligations and other retirement plans	83	-

Classification	NO	Name of the indicator	Page	Note
Universal Standards (GRI 100) - GRI 102: General disclosure				
Indirect economic impacts	203-1	Infrastructure investments and services for public interest supported	99, 105, 106	-
Anti-corruption	205-1	Operations assessed for risks related to corruption in business sites	62,63	-
	205-2	Communication and training regarding anti-corruption policies and procedures	61~64	-
	205-3	Confirmed cases of corruption and actions taken	63	-
Anti-competitive behaviors	206-1	Legal actions for anti-competitive behavior, oligopoly and monopoly practices	106	-
Tax	207-1	Approaches to tax	65	-
Environmental(GRI 300)				
Energy	302-1	Energy consumption within the organization	68, 100, 101	-
	302-2	Energy consumption outside of the organization	68, 100, 101	-
	302-3	Energy intensity	100~102	-
	302-4	Reduction of energy consumption	100~102	-
Water	303-1	Interactions with water as a shared resource	73, 101	-
	303-3	Water withdrawal	73, 101	-
	303-5	Water consumption	73, 101	-
	305-1	Direct (Scope 1) GHG emissions	100	-
Emissions	305-2	Indirect (Scope 2) GHG emissions	100	-
	305-3	Other indirect (Scope 3) GHG emissions	100	-
	305-4	GHG emissions intensity	100	-
	305-5	Reduction of GHG emissions	100	-
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	101	-
Effluents and waste	306-1	Waste generation and critical waste-related impacts	101	-
	306-2	Management of significant waste-related impacts	101	-
	306-3	Waste generated	101	-
	306-4	Waste diverted from disposal	101	-
	306-5	Waste diverted to disposal	101	-
Environmental compliance	307-1	Violation of environmental laws and regulations	106	-

Classification	NO	Name of the indicator	Page	Note
Universal Standards (GRI 100) - GRI 102: General disclosure				
Social(GRI 400)				
Employment	401-1	New hires and employee turnover	102~104	-
	401-2	Benefits provided to regular employees that are not provided to temporary or part-time employees	83	-
	401-3	Parental leave	104	-
	403-1	Occupational safety and health management system	77~79	-
	403-2	Hazard identification, risk assessment, and incident investigation	78	-
Occupational safety and health	403-3	Occupational health services	79	-
	403-4	Worker participation, consultation, and communication on occupational safety and health	78~79	-
	403-5	Worker training on occupational health and safety	79	-
	403-6	Promotion of workers' health	79	-
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	78	-
	403-8	Workers covered by the occupational health and safety management system	78	-
	403-9	Work-related injuries	105	-
	403-10	Work-related health	105	-
	404-1	Average hours of training per employee	105	-
	404-2	Employee capacity building and transition assistance programs	81, 82	-
Training and education	404-3	Ratio of employees who received regular performance and career development reviews	104	-
	405-1	Diversity of governance bodies and employees	52, 106~107	-
	405-2	Ratio of base salary and remuneration of female to male employees	104	-
Human rights assessment	412-1	Business sites that have been subject to human rights reviews or impact assessments	37	1 site
	412-2	Employee training on human rights policies or procedures in business	38	-

Classification	NO	Name of the indicator	Page	Note
Universal Standards (GRI 100) - GRI 102: General disclosure				
Local communities	413-1	Ratio of local community engagement, impact assessments and development program operation	91~93	-
Public policy	415-1	Political contributions	63	-
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service lines	106	-
	416-2	Violation of regulations related to the health and safety impacts of products and services	106	-
Marketing and labeling	417-1	Product and service information and labeling	25	-
	417-2	Violation of laws and self-regulations related to product and service information and labeling	106	-
	417-3	Violation of regulations related to marketing communication	106	-
Customer information protection	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer information	106	-
Compliance	419-1	Violation of laws and regulations in the social and economic areas	106	-

TCFD INDEX

Classification	TCFD indicators	Page	Note
Governance	Discloses the organization's governance around climate-related risks and opportunities.	-	-
	a) Describes the board's oversight of climate-related risks and opportunities.	69~71	-
	b) Describes management's role in assessing and managing climate-related risks and opportunities.	69	-
Strategies	Discloses the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning where such information is material.	-	-
	a) Describes the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	66, 69~71	-
	b) Describes the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	69~71	-
	c) Describes the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	69~71	-
Risk management	Discloses how the organization identifies, assesses and manages climate-related risks.	-	-

Classification	TCFD indicators	Page	Note
Risk management	a) Describes the organization's processes for identifying and assessing climate-related risks.	69~71	-
	b) Describes the organization's processes for managing climate-related risks.	69~71	-
	c) Describes how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	69~71	-
Metrics and targets	Discloses the metrics and targets used to assess and manage climate-related risks and opportunities where such information is material.	-	-
	a) Discloses the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	69~71	-
	b) Discloses Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, and the related risks	69~71, 100	-
	c) Describes the targets used by the organization to manage climate-related risks and opportunities and performances against targets.	69~71, 102	-

SASB INDEX

Classification	SASB code	Name of the indicator	Page	Note
Energy management	FB-PF-130a.1	(1) Total energy consumed, (2) electrical grid power ratio, (3) renewable ratio	69~71, 100, 102	-
	FB-PF-140a.1	(1) Total water withdrawn, (2) total water consumed, ratio of each in regions with high or extremely high Baseline Water Stress	73, 101	-
Water management	FB-PF-140a.2	No. of violations with water quantity and/or quality permits, standards and regulations	101, 106	-
	FB-PF-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	59, 60, 73	-
Product (food) safety	FB-PF-250a.3	(1) food safety violation rate and (2) associated corrective action rate	106	0 case
Health & nutrition	FB-PF-260a.1	Revenue from products labeled and/or marketed to promote health and nutrition attributes	24, 25	-
	FB-PF-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	25, 28~31	-
Product labeling & marketing	FB-PF-270a.3	No. of violations with industry or regulatory labeling and/or marketing codes	106	0 case
	FB-PF-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its life cycle	39~41	-
Environmental & social impacts of raw material supply chain	FB-PF-430a.2	Audit of suppliers' social and environmental responsibility (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	87~90	-
Activity index	FB-PF-000.B	No. of manufacturing facilities	15	Production sites: 12 sites

Verification

Independent auditor's report

March 22, 2022

Pulmuone Co., Ltd. / To Shareholders and the BOD

Opinion on Audit

We have audited the accompanying financial statements of Pulmuone Co., Ltd. (hereinafter referred to as the "Company"), which comprise the statement of financial position as of December 31, 2021 and 2020, and the statements of comprehensive income, the statements of changes in stockholders' equity, the 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and December 31, 2020, as well as its financial performance and its cash flows for the years that have since ended in accordance with Korean International Financial Reporting Standards. In accordance with the Korean Standards on Auditing, we also audited the Company's internal accounting management system as of December 31, 2021 based on the "Conceptual Framework for Design and Operation of Internal Accounting Control System," and expressed an appropriate opinion in the report dated March 22, 2022.

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 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.

Our Key Audit Matters

We have decided that there are no key audit matters to report in our report.

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

The management is responsible for the preparation of the accompanying 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of the 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 Company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 for the circumstances.

- 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. 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.

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 Il-Sang Jo.

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

To Shareholders, the BOD 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, 2021.

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 "Conceptual Framework for Design and Operation of Internal Accounting Control 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, 2021, our internal accounting management system is effectively designed and operated in terms of importance based on the "Conceptual Framework for Design and Operation of Internal Accounting Control 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 16, 2022 CEO Lee Hyo-Yul

Audit Committee's Internal Accounting Management System Evaluation Report

To Shareholders and the BOD 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 on December 31, 2021.

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 "Conceptual Framework for Design and Operation of Internal Accounting Control 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, 2021, the Company's internal accounting management system is effectively designed and operated in terms of importance based on the "Conceptual Framework for Design and Operation of Internal Accounting Control System." February 16, 2022 Choi Jong-Hak, Chairman of the Audit Committee

Third-party assurance statement

Third-party Assurance Statement

Dear Management and Stakeholders of Pulmuone,

The Korean Standards Association ("KSA") was commissioned Pulmuone to perform a third-party Assurance Engagement of "2021 Pulmuone Integrated Report" (the "Report"). KSA presents independent opinions as follows as a result of feasibility of the data contained in this Report. Pulmuone has sole responsibility for content and performance contained in this Report.

■ Assurance Standards and Level

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Moderate Level & Type 2 engagement, which means that the assurance assessed the accuracy and reliability of the company's statements and performance data provided in the Report.

■ Assurance Type and Limitation

KSA's assurance engagement is limited to the operation and activities of domestic businesses of Pulmuone for the period from January 1, 2021 to December 31, 2021, and some issues of subsidiaries and overseas businesses are also included in its assurance activities. For assurance, KSA is based on the data provided by Pulmuone, considering the following requirements:

- Evaluating adherence to the AA1000 AccountAbility Principles (AA1000AP (2018)) of Inclusivity, Materiality, Responsiveness and Impact
- Confirming that the report is accordance with GRI Standards (Core Option)
- Evaluating the accuracy and reliability of data and information for the selected indicators below:
 - GRI Standards (Universal Standards): 102-1~102-13, 102-14, 102-16~102-17, 102-18, 102-40~102-44, 102-45~102-56, 103-1~103-3
 - GRI Standards (Topic-specific Standards): 201-1, 201-2, 201-3, 302-1, 302-2, 302-3, 302-4, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-3, 306-4, 306-5, 405-1, 412-2, 416-2, 417-2, 417-3
 - SASB Index: FB-PF-130a.1, FB-PF-140a.1, FB-PF-250a.3, FB-PF-260a.1, FB-PF-260a.2, FB-PF-270a.3, FB-PF-410a.2, FB-PF-430a.2, FB-PF-000.B

KSA reviewed the company's environmental and social data as well as financial data, and limited depth of evidence gathering and sampling at lower levels in the organization were applied. The scope of review concerning stakeholder engagement was limited to the materiality test process.

■ Assurance Methodology

We used the following methods to gather information, documents and evidence with respect to the assurance scope.

- Site-visit of headquarter Interview with employees in charge of sustainable management and managers of respective issues

- Review of management system and process used in improving the performance of sustainability management and preparing the Report
- Review of the consistency between the financial performance data and the company's audit report/publicly announced data
- Examination of internal documents and basic materials

■ Assurance Results

KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the Report content if deemed necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, we present our opinions of the 2021 Pulmuone Integrated Report as follows.

Inclusivity

- Has Pulmuone engaged its stakeholders in strategically responding to sustainability?

We believe Pulmuone is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. Pulmuone has selected stakeholders including employees, shareholders and investors, customers, partner companies, local communities and related organizations to receive diverse feedbacks and opinions.

Materiality

- Has Pulmuone included material information in the Report to help stakeholders make informed decisions?

We are not aware of any significant omissions or exclusions of data that is material to stakeholders. We verified that Pulmuone conducted materiality test with issues identified from analyses of internal and external environments and reported according to the result.

Responsiveness

- Has Pulmuone appropriately responded to stakeholder requirements and interest in this Report?

We verified that Pulmuone responded stakeholders' needs and interests through reflecting stakeholders' opinions in the Report. We are not aware of any evidence that Pulmuone's response to significant issues of stakeholders was reported inappropriately.

Impact

- Has PULMUONE appropriately monitored its impact on the stakeholders?

We verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

■ Opinions and Recommendations

We present the following recommendations to help Pulmuone establish a company-wide sustainability management strategy and respond to continuous issues of sustainability.

• Economic

Even under the higher economic uncertainties due to the COVID-19 pandemic, Pulmuone has maintained outstanding performance based on its unrivaled business competitiveness in the fresh foods sector, disclosing the highest operating profits in the second quarter since 2018 — driven by strong group catering orders in Korea and sales growth following its reopening. In addition, Pulmuone shares its economic activities and performance with stakeholders by publishing an Integrated Report which contains its ESG management activities and performance every year, being recognized for its excellent performance by ESG (Environmental, Social, and Governance) evaluation agencies and leading ESG management in Korea. We recommend that Pulmuone not only realizes the LOHAS value as a “Company that cares for humanity and nature,” but also maintains its transparent management based on continued management innovation and reliable accounting information.

• Environment

Pulmuone, as a global enterprise, seems to lead in taking environmentally responsible actions such as waste and water management, with the recognition that it is at the forefront of responding to the climate change crisis. Pulmuone strives to reduce carbon emission to respond to the global climate change and manage related risks, and is actively participating in the trend of reinforcing packaging waste management. We recommend that going forward, as a leading eco-friendly company, Pulmuone will expand its ecofriendly efforts to the entire food and beverage value chain (both upstream and downstream) based on the life cycle evaluation result and manage relevant indicators and set goals to achieve strategic goals

• Social

Based on its founding spirit of ‘respecting neighbors’ and ‘showing respect for life,’ Pulmuone has been constantly striving to provide wholesome food that can be consumed with confidence, contributing to the spread of its value for people’s health and social sustainability. We confirmed that Pulmuone has been engaged in diverse activities for ESG management, such as developing strategies for sustainable food, expanding education on wholesome food that can be consumed safely and with confidence — and strengthening the diversity of the board of directors based on its four ESG core strategies of “Plant-Forward Foods,” “Animal Welfare Foods,” “Healthy Experience,” and “Eco-Friendly Care.” Meanwhile, since Pulmuone has a total of 30 consolidated subsidiaries, including the affiliates, it has spent a lot of time and effort in collecting and managing ESG activity and performance data at a consistent level. We recommended that Pulmuone improve its ESG data management system more systematically through digital innovation, etc., to more efficiently collect, analyze and manage ESG data by field.

■ Independence

As an independent assurance agency, KSA does not have any kinds of commercial interest in businesses of Pulmuone apart from undertaking a third-party assurance on the Report. We have no other contract with Pulmuone that may undermine credibility and integrity as an independent assurance agency.

September 2022


Myung Soo Kang
KSA Chairman & CEO



Myung Soo Kang

The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, and UN CDM DOE (development operational entity), and as an assurance provider of the Korean government’s greenhouse gas energy target management system.

GHG emissions verification statement



DNV BUSINESS ASSURANCE

GREENHOUSE GAS ASSURANCE STATEMENT

No.: AS_PRJN-360004-2022-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 2021 ("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 'ISO 14064-1:2018 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals), WRI/WBCSD GHG Protocol 2004', 'Corporate Value Chain (Scope 3) Accounting Standard Accounting and Reporting Standard' and '2006 IPCC Guidelines for National Greenhouse Gas Inventories'. 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), Energy indirect emissions (Scope 2) and Other indirect emissions (Scope 3) from following sites:

- Reporting Boundary: Pulmuone Foods Eumseong Tofu, PPEC Uiryeong, PPEC Chuncheon, PPEC Chuncheon-Ice, PPEC Eumseong Saengmyeon, PPEC Eumseong Namul, Shinsunnatto, Pulmuone Kibua, Pulmuone Health&Living, Pulmuone Green Juice, PPEC Global Kimchi, Pulmuone Danone, Pulmuone water, Exofresh Logistics, Foodmerce
- Operational Boundary: Direct Emission(Scope1: Stationary and Mobile emission, other GHG emissions), Indirect Emission(Scope2: Emissions from consumption of electricity), Other Indirect Emission(Emissions from Waste treatment, Emissions from downstream transportation)

Verification Approach

The verification has been conducted by DNV from 4th April through 4th May 2022 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 CO₂ 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 2021 below:

Greenhouse Gas Emissions of PULMUONE from Yr 2021


2021	Greenhouse Gas emissions (tCO ₂ -eq)					Energy consumption (GJ)				
	Scope 1	Scope 2 (Location-based)	Scope 3	Total (Scope 1,2)	Total (Scope 1,2,3)	Fuel	Electricity	Renewable Energy		Total
								Solar Photovoltaic energy	Solar Thermal energy	
PULMUONE	18,196	53,597	34,539	71,793	106,332	386,114	419,994	2,815	1,959	810,881

* In order to report the GHG emissions as an integer, the value on the statement might be different from the actual number with ± 1 tCO₂-eq.

9th May 2022


 Lee, Jang Sup
 Country Representative
 DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance (9th May 2022). 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 precedence.




APPENDIX 1. GHG & Energy information by sites (Cert. No.: AS_PRJN-360004-2022-AST-KOR)

2021	Greenhouse Gas emissions (tCO ₂ -eq)					Energy consumption (GJ)				
	Scope 1	Scope 2 (Location-based)	Scope 3	Total (Scope 1,2)	Total (Scope 1,2,3)	Fuel	Electricity	Renewable Energy		Total
								Solar Photovoltaic energy	Solar Thermal energy	
Pulmuone Foods Eumseong Tofu	3,699	4,445	2	8,144	8,146	115,500	34,834	219	-	150,553
PPEC Uiryeong	2,234	1,895	1	4,129	4,130	38,481	14,848	229	64	53,623
PPEC Chuncheon	895	1,577	1	2,472	2,472	15,429	12,354	-	386	28,168
PPEC Chuncheon-Ice	248	2,846	1	3,095	3,096	4,254	22,305	-	562	27,121
PPEC Eumseong Saengmyeon	6,647	7,327	6	13,974	13,981	130,117	57,414	186	-	187,718
PPEC Eumseong Namul	746	2,672	0	3,418	3,419	13,317	20,939	-	947	35,203
Shinsunnatto	160	897	108	1,057	1,166	2,758	7,028	227	-	10,813
Pulmuone Kibua	119	726	0	844	845	2,050	5,685	264	-	7,999
Pulmuone Health&Living	909	1,725	2	2,634	2,636	15,665	13,517	304	-	29,486
Pulmuone Green Juice	272	2,322	3	2,594	2,597	4,686	18,194	397	-	23,277
PPEC Global Kimchi	172	1,280	383	1,452	1,835	3,375	10,027	500	-	13,902
Pulmuone Danone	1,874	5,766	18	7,640	7,658	36,981	45,182	80	-	82,243
Pulmuone water	182	6,463	3	6,644	6,647	2,875	50,642	-	-	53,517
Exofresh Logistics	30	10,230	34,008	10,260	44,269	515	80,163	409	-	81,087
Foodmerce	6	3,428	2	3,434	3,436	110	26,861	-	-	26,971
PULMUONE	18,196	53,597	34,539	71,793	106,332	386,114	419,994	2,815	1,959	810,881

* In order to report the GHG emissions as an integer, the value on the statement might be different from the actual number with ± 1 tCO₂-eq.

This Assurance Statement is valid as of the date of the issuance (9th May 2022). 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 precedence.



DNV BUSINESS ASSURANCE

GREENHOUSE GAS ASSURANCE STATEMENT

No.: AS_PRJN-360004-2022-AST-KOR

PULMUONE WATER

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by PULMUONE WATER to verify its Greenhouse Gas Inventory Report for the calendar year 2021 ("the report") based upon a limited level of assurance. PULMUONE WATER is responsible for the preparation of the GHG emissions data on the basis set out within the 'ISO 14064-1:2018 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals), WRI/ WBCSD GHG Protocol:2004', 'Corporate Value Chain (Scope 3) Accounting Standard Accounting and Reporting Standard' and '2006 IPCC Guidelines for National Greenhouse Gas Inventories'. Our responsibility in performing this work is to the management of PULMUONE WATER 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), Energy indirect emissions (Scope 2) and Other indirect emissions (Scope 3) from following sites;

- Reporting Boundary: Pulmuone water- Pocheon Factory
- Operational Boundary: Direct Emission(Scope1: Stationary and Mobile emission, other GHG emissions), Indirect Emission(Scope2: Emissions from consumption of electricity), Other Indirect Emission(Emissions from Waste treatment)

Verification Approach

The verification has been conducted by DNV from 4th April through 4th May 2022 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 CO₂ equivalent. As part of the verification process;

- We have reviewed and verified the Greenhouse Gas Inventory Report of PULMUONE WATER (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

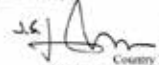
Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the GHG Emissions from domestic sites of PULMUONE WATER for the year 2019-2021 below;

Greenhouse Gas Emissions of PULMUONE WATER from Yr 2019-2021

	Greenhouse Gas emissions (tCO ₂ -eq)					Energy consumption (GJ)				
	Scope 1	Scope 2 (Location-based)	Scope 3	Total (Scope 1,2)	Total (Scope 1,2,3)	Fuel	Electricity	Renewable Energy		Total
								Solar Photovoltaic energy	Solar Thermal energy	
2019	186	6,368	3	6,554	6,556	2,975	49,167	-	-	52,142
2020	227	6,569	3	6,796	6,799	3,549	51,474	-	-	55,023
2021	182	6,463	3	6,644	6,647	2,875	50,642	-	-	53,517

* In order to report the GHG emissions as an integer, the value on the statement might be different from the actual number with ± 1 tCO₂-eq

9th May 2022



Lee, Jung Sup
Country Representative
DNV Business Assurance Korea Ltd

This Assurance Statement is valid as of the date of the issuance (9th May 2022). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of PULMUONE WATER 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 precedence.

Global initiatives & memberships

Global initiatives

Pulmuone has joined various global initiatives and carried out its management activities for sustainable planet and people.

UN SDGs (Sustainable Development Goals)

The Sustainable Development Goals (SDGs) are the common human goals established at the 70th UN General Assembly in 2015 to realize the ideology of a sustainable development, which also called the “2030 Agendas for Sustainable Development” with the aim of achieving goals by 2030. Based on the slogan of “Leave no one behind,” it presents a common direction for mankind through 17 goals and 169 detailed goals in five areas: human, planet, prosperity, peace, and partnership.

OECD : Organisation for Economic Co-operation and Development

The OECD is an intergovernmental policy research cooperation organization for economic growth of member countries and the promotion of human welfare, with the basic values of market economy, pluralistic democracy, and respect for human rights. The organization is composed of 38 member countries around the world, and Korea joined the OECD as the 29th member country in December 1996.

UNFCCC (United Nations Framework Convention on Climate Change)

The convention was adopted at the UN Conference on Environment and Development held in Rio de Janeiro, Brazil in 1992 and entered into force in 1994. It presents different kinds of obligations to respond to climate change for developed and developing countries, in accordance with the principles of equity, common but differentiated responsibilities, and respective capabilities. The UNFCCC was ratified by 195 countries and the EU, and Korea joined the convention in 1993.

UDHR (Universal Declaration of Human Rights)

The UDHR, adopted at the 3rd UN General Assembly in December 1948, is a declaration prepared by the United Nations Commission on Human Rights, reflecting the purpose of the Charter of the United Nations that the basic rights of all human beings should be respected in an effort to reflect on the barbaric crimes of mankind after World War II. It emphasized the universality of human rights and fundamental freedoms and played a monumental role in the birth of global human rights norms.

ILO (International Labour Organization)

The ILO was established in 1919 under the League of Nations to rationally resolve the contradictions between capitalism and labor problems that occurred during industrialization. It has adopted 190 conventions and 206 recommendations, and operates various committees to supervise member countries' ratification and implementation of the conventions. Korea joined it as its 152nd member country in 1991 and has ratified a total of 32 conventions.

Major membership

Korea Chamber of Commerce and Industry, Korea Food Industry Association, Korea Fair Competition Federation, Korean Society of Food Science and Technology, Korea Employers Federation, the Korean Museum Association, Korea Industrial Technology Association, the Korean Society of Food Science and Nutrition, Korea Soybean Society, Environmental Compulsory Education, Korea Exchange, Korea Listed Companies Association

Awards, Certifications and Business Contracts

Sustainable food certification acquisition

Certification type	Category	Number (ea)	Note
ASC-MSC Seaweed Standard /ASC-CoC Certification	ASC Certification	3	Pulmu-noeul & Pulmu-haesim
FSSC22000	Global food safety	3	Dried noodles
HALAL	Halal	2	Dried noodles, Nasoya Kimchi (Spicy/Mild)
ISO14001	Environmental Management System	1	Dried noodles
ISO45001	Occupational Health and Safety Management System	1	Dried noodles
KOSHER	Kosher (Jewish)	2	Nasoya Kimchi (Spicy/Mild), Vegan Kimchi
Vegan	Vegan	4	Dried noodles_Jung Noodle / Jung Bibim Noodle, Neatly Sliced Vegan Kimchi, Vegan Kimchi, Napa Kimchi, Nasoya Kimchi (Spicy/Mild)
Animal welfare	Farm, slaughterhouse, vehicle	3	Sunjin Pork farm / contracted slaughterhouse / contracted transport vehicle
Animal welfare	certification	4	4 farms (Animal Welfare Pasture-raised Eggs, Animal Welfare Fertilized Eggs, Animal Welfare Fresh Fertilized Eggs)
Antibiotic-free	Antibiotic-free	3	3 branches (Suwon National Livestock Cooperative Federation, Maniker Dongducheon branch, Jungdawoon branch)
Antibiotic-free livestock products	Antibiotic-free	15	15 farms (B2B Pasture-raised Eggs, Pasture-raised Eggs, Fresh Eggs, First Laid Eggs, Chubby Fresh Eggs, Animal Welfare Fresh Fertilized Eggs, Pull's Fresh Eggs, One Egg a Day, Animal Welfare Fertilized Eggs, Animal Welfare Pasture-raised Eggs)
Children's favorite food certification	Children's favorite food quality certification	4	4 companies (Pull's Kitchen Shine Muscat Coco/Squeezed Apple/Honey Citron Stick)
Organic processed food	-	8	Tofu, acorn jelly, Pull's Kids Organic Cheese Slices for Kids
Organic processing certification	-	3	Pull's Kitchen Organic Grape Juice / Organic Orange Juice
Organic	-	1	livestock products
Traditional food quality certification	Traditional food certification	1	B2B Domestic Soybean Firm Tofu, Soft Tofu, Silken Tofu

Awards and certifications



date	Awards and certifications
Jan 2021	Pulmuone Green Juice, awarded the "Packstar Prize" at the 29th Korea Package Design Award hosted by the Korea Package Design Association
Jan 2021	Danone Pulmuone's "Activia," won the Grand Prize in the fermented milk category at the Korea First Brand Awards for 2 consecutive years
Jan 2021	Pulmuone's ramen brand "Nature is delicious (Jung Baek Hong)," won the Silver Prize at the Korea Package Design Award
Jan 2021	Pulmuone "Your Lock," won the "Packstar Prize" at the 29th Korea Package Design Award
Feb 2021	Pulmuone ORGA Whole Foods, awarded the Ministerial Citation from the Ministry of Agriculture, Food and Rural Affairs in recognition of the development of eco-friendly agriculture

date	Awards and certifications
Mar 2018	Pulmuone Foods, the first food company to receive CCM certification for 14 consecutive years
Aug 2021	Pulmuone Premium Seaweed "Pulmu-noeul & Pulmu-haesim," the first seaweed to acquire ASC-MSC Seaweed Standard and ASC-CoC Certification
Oct 2021	Pulmuone's "Bada Seomgim," awarded from the Minister of Culture, Sports and Tourism for the most "beautiful trademark" on Hangeul Day
Nov 2021	Pulmuone, won the "Green Umbrella Award" for the best company that helped promote children's rights
Dec 2021	Pulmuone, received the Ministerial Citation from the Ministry of Agriculture, Food and Rural Affairs in recognition of promoting and spreading kimchi around the world
Dec 2021	Awarded the "ESG Grand Prize" at the Best ESG Company Awards hosted by KCGS
Dec 2021	Won the Excellence Prize in Green Development Sector at the 2021 Corporate Social Responsibility (CSR) Contest hosted by the Korean Embassy in China
Dec 2021	Pulmuone, received the Ministerial Citation from the Ministry of Agriculture, Food and Rural Affairs in recognition of developing the agriculture, forestry, and livestock food industries through activation of GAP system
Dec 2021	Received the "Korea's ESG Innovation Leader" at the 2021 Korea Management Awards ceremony hosted by Korea Management Association Consulting (KMAC)
Dec 2021	Pulmuone Food & Culture, acquired the Consumer-Centered Management (CCM) certification for 6 consecutive years
Jan 2022	Selected as "2021 CDP Water Management Excellent Company" at the 2021 CDP Korea Climate Change & Water Management Awards
Jan 2022	The Korea's first eco-friendly salad containers made of Bio-PET obtained eco-label certification
Mar 2022	Selected as one the "most admired companies" in Korea by the KMAC (Korea Management Association Consulting) for 16 consecutive years

MOU

date	Awards and certifications
Feb 2021	Pulmuone Waters, signed an MOU with the Ministry of Environment to launch label-free transparent plastic bottles
Apr 2021	Signed an MOU to successfully hold the 2021 P4G Seoul Summit and ensure mutual cooperation in implementing the goal of carbon neutrality
Aug 2021	Pulmuone, signed an MOU with the Food Safety Management Certification Institute for building an innovation cluster to cope with the challenges of digital manufacturing in the food industry
Sep 2021	Pulmuone Institute of Technology, signed an MOU with the National Institute of Horticultural & Herbal Science to strengthen the commerciality of fresh agricultural products
Nov 2021	Pulmuone Food & Culture, signed an MOU on Smart Kitchen with KT
Dec 2021	Pulmuone Institute of Technology, signed an MOU with Ingredion Korea for implementation and improvement of the quality of the textured vegetable protein (TVP)
Dec 2021	Pulmuone Foods, signed a JBP with SSG.com to lead the online food market
Jan 2022	Pulmuone Foodmerce, signed an MOU with Gyeonggi-do government to expand the use of excellent agricultural products

Eco-friendly certification

Certification type	Category	EA	Products/institutes
LEED GOLD/BEMS 	Recognized for its high energy efficiency and minimization of GHG emissions	1	Pulmuone Corporate Technology Office
The Carbon Trust (the UK) 	Acquired Global Carbon Footprint Certification (first time in Korea's food industry)	10	Domestic Soybean Tofu

Team/Department/Divisions participating in the publication of the Report (on the last page)

Management Planning Team
Management Consulting Department
Purchasing Innovation Department
Internal Control Evaluation Team
Mutual Growth Office
Digital Strategy Team
Legal Department
Brand Team
Food Safety Team
Safety Planning Team
Consolidated Accounting Team
R&D Planning Center
Respect for Human Rights Management Team
HR
Planning Team
HR Development Team
Funding Department
Information Security Team
Compliance Support Team
Eco-friendly Agriculture and Fisheries Team
Packaging Research Team
Overseas Corporation
PR Team
Environmental Engineering Team
Biz HR Team
Bio Safety Team
CS Planning Team
CS Communication Team
FI Business Department
H&S Research Team
MIT
P&P Development Department 1

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