



WOONGJIN COWAY SUSTAINABILITY REPORT 2011



We at Woongjin Coway, are committed towards a healthier tomorrow in various ways. We create sustained outcomes through relentless efforts, develop technology that seeks co-existence with Mother Nature rather than destroying it, and take action to earn trust from customers rather than merely talking the talk. We nurture growth engines with the help of our corporate culture and promote shared growth within the community where we are based.

We endeavor to help our community grow as a responsible member of society. Woongjin Coway is determined to become 'The 1st Green Global Leader' who seeks joint growth with its customers, the society and the environment.

ABOUT THIS REPORT

Profile of This Report

Since the emergence of our first sustainability report in 2005, we have been disclosing our sustainability management activities every year. The 7th Sustainability Report of Woongjin Coway will enable us to outline our efforts to make our business more sustainable in a transparent manner and serve as a channel to fully incorporate stakeholder opinions into our operations.

Reporting Period and Scope

This report spans from January 1st to December 31, 2011. To help readers compare trends, data from 2009 and 2010 are included, in addition to some activities and accomplishments in 2012, wherever deemed necessary. This report describes our performance at the Seoul Office, the Environment Technology Institute, the Environment Quality Institute, the Production Factories and our overseas operations. The environmental performance, however, is primarily confined to the Production Factories, which are our major business sites. In the upcoming years, we will expand the scope of social and environmental data from our overseas operations.

The Latest Reporting Year and Reporting Guidelines

This report was prepared in accordance with the GRI (Global Reporting Initiative) G3.1 Guidelines, the internationally-renowned standard on sustainability reporting. Our top priority in producing this report was to identify material issues and provide detailed data on those issues. We at Woongjin Coway issue our sustainability report annually.

Assurance

This report was assured by an independent third-party assurance provider. Please refer to pages 80~81 for detailed information.

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MESSAGE FROM THE CEO

With the clear vision of becoming 'The 1st Green Global Leader', employees at Woongjin Coway were united in 2011 to achieve the greatest-ever business outcomes in our corporate history.

Dear Stakeholders,

Since the last global financial crisis, the sustained recession and slowdown of the world economy has urged us to reflect on conventional management paradigms and to explore alternatives simultaneously. With the vision to become 'The 1st Green Global Leader', our employees united in 2011 to achieve the greatest-ever business outcomes in our corporate history. We owe our accomplishments to the combination of stable growth in our traditional operations and the successful entry into the emerging markets of cosmetics and the mattress rental/care business.

In order for our company to ensure sustained development, we endeavor to recognize our roles and responsibilities as a global corporate citizen and to integrate existing sustainability management systems. In 2011, we used the materiality test to process an in-depth review of the potential opportunities and risks of the entire business activities. This was in a bid to ensure optimized management of core issues and to identify improvement tasks so that we may further consolidate our strategy in responding to emerging issues.

Dear Stakeholders,

We believe that a company's sustainable competitive edge comes from its ability to maximize social values based on its trustworthy relationship with wide-ranging stakeholders and to constantly generate non-financial outcomes as well as financial ones. As today's business environment is rife with diversifying expectations and requirements from stakeholders, we are determined to fine-tune our methods even further to deliver satisfaction to our various stakeholders. Included in these efforts is our commitment to disclose our sustainability management initiatives and their outcomes in a way that is both objective and transparent. We will provide this valuable information continuously.

The 7th Sustainability Report of Woongjin Coway outlines our commitment towards sustainability management and our continued efforts to restructure ourselves across the board to meet sustainability goals. Moreover, this report paints an honest picture of how Woongjin Coway is striving effectively to secure sustainability commitments through integrated and systemized sustainability management initiatives. We believe that this report will serve in assisting our stakeholders to exercise their right to information and to mitigate concerns that may arise due to uncertain business conditions. Furthermore, it should serve as a way to reassure stakeholders of our potential and our growth opportunities as a corporation.

We at Woongjin Coway aim to move beyond static growth towards ambitious advancement. It is our hope that the benefits of our success reach beyond our operations to the entire society. We aim for excellence in enhancing our reputation and value as a corporation and in bringing about positive changes to society by becoming a sustainability leader in the business world. Your continued encouragement and support in our boundless journey towards sustainability is greatly appreciated.

Thank you.

CEO, Woongjin Coway
Joon-Kee Hong



STAKEHOLDER ENGAGEMENT

We solicit wide-ranging views and advice from our stakeholders in order to make ourselves more sustainable and generate both tangible and intangible values for stakeholders continuously. In addition, we disclose information transparently for shared growth with stakeholders based on mutual trust. To this end, we proactively gather various opinions on management issues through regular communication in respective fields.

MAJOR AGENDA

- Expectations of Woongjin Coway regarding the development of sustainability management
- Review of sustainability reports/carbon management reports and suggestion of possible improvements
- Improvement of information disclosure regarding Woongjin Coway's sustainability management strategies and initiatives

WOONGJIN COWAY'S COMMITMENTS

- To strengthen the integrated sustainability management system infrastructure
- To build stronger alignments between sustainability management and environmental management
- To manage operational policies and accomplishments in respective areas in a more systemized and strategic manner
- To expand channels to facilitate communication with internal/external stakeholders
- To enhance accessibility and readability of disclosed information

DIALOGUE WITH STAKEHOLDERS

* Date: September 5, 2011
* Participants: Jong-O Lee, Director at the Korea Sustainability Investing Forum (moderator), and 9 other stakeholders



We at Woongjin Coway, operate wide-ranging channels to ensure extensive communication with stakeholders. These channels provide the foundation for us to strategically respond to the expectations and requirements of our stakeholders and to ultimately deliver the greatest values and satisfaction to them. In 2011, we held a dialogue with relevant experts in a bid to transparently disclose general information regarding our corporate management and to explore concrete ways to promote our sustainable growth and environmental management. The feedback from these stakeholders will be reviewed by our top executives and be fully reflected in setting future management strategies and taking sustainability initiatives in respective areas.

Shin-Il Kang, Director at Sustinvest
The report mentioned recovery of waste products and sales of refurbished products and I want this report to elaborate on Woongjin Coway's strategies and policy plans in relation with recovery rates, recycling rates and sales of refurbished products in addition to its performance strategy and implementation to increase recovery and recycling rates of rental products.

So-Hyun Kim, Analyst at Sustinvest
The report needs to explain the reasons behind any increase or decline in data and how the company is to meet the set targets.

Yun-Hee Lee, Team Manager at Ecoeye
My suggestion is that Woongjin Coway put such certificates as carbon labeling and eco-friendly product labeling on its products. Such labeling is the most distinctive indicator of green products. Through labeling, Woongjin Coway customers will easily gain awareness of the eco-friendly products that represent Woongjin Coway's own differentiated product strategy.

Dong-Kyu Kim, Consultant at Ecoeye
Generally, it is only numerical outcomes of carbon labeling that are displayed on a product but I suggest that reductions in power consumption are also displayed in an easy-to-understand manner so that customers can use them as criteria in making purchasing decisions.

Tae-Han Kim, Researcher at the Korea Sustainability Investing Forum
The phrase 'climate change' is not such a familiar term and it is hard to see how the disclosed numbers actually affect the environment. There is not sufficient information available in the report that clearly demonstrates the extent of Woongjin Coway's achievements as measured against the national total or the level of its competitive edge in relation to its competitors.

Ae-Jung Choi, Project Coordinator at the Korea Sustainability Investing Forum
I hope that the data contained in sustainability reports are prepared with clear criteria from the perspective of readers, not from the perspective of report writers.

Ju-Mi Park, Researcher at the Korea Productivity Center
I recommend that the company conduct more in-depth reviews of those GRI 3.1 indicators that were "not available or not/partially reported" in its 2011 report to enhance the quality of the report content.

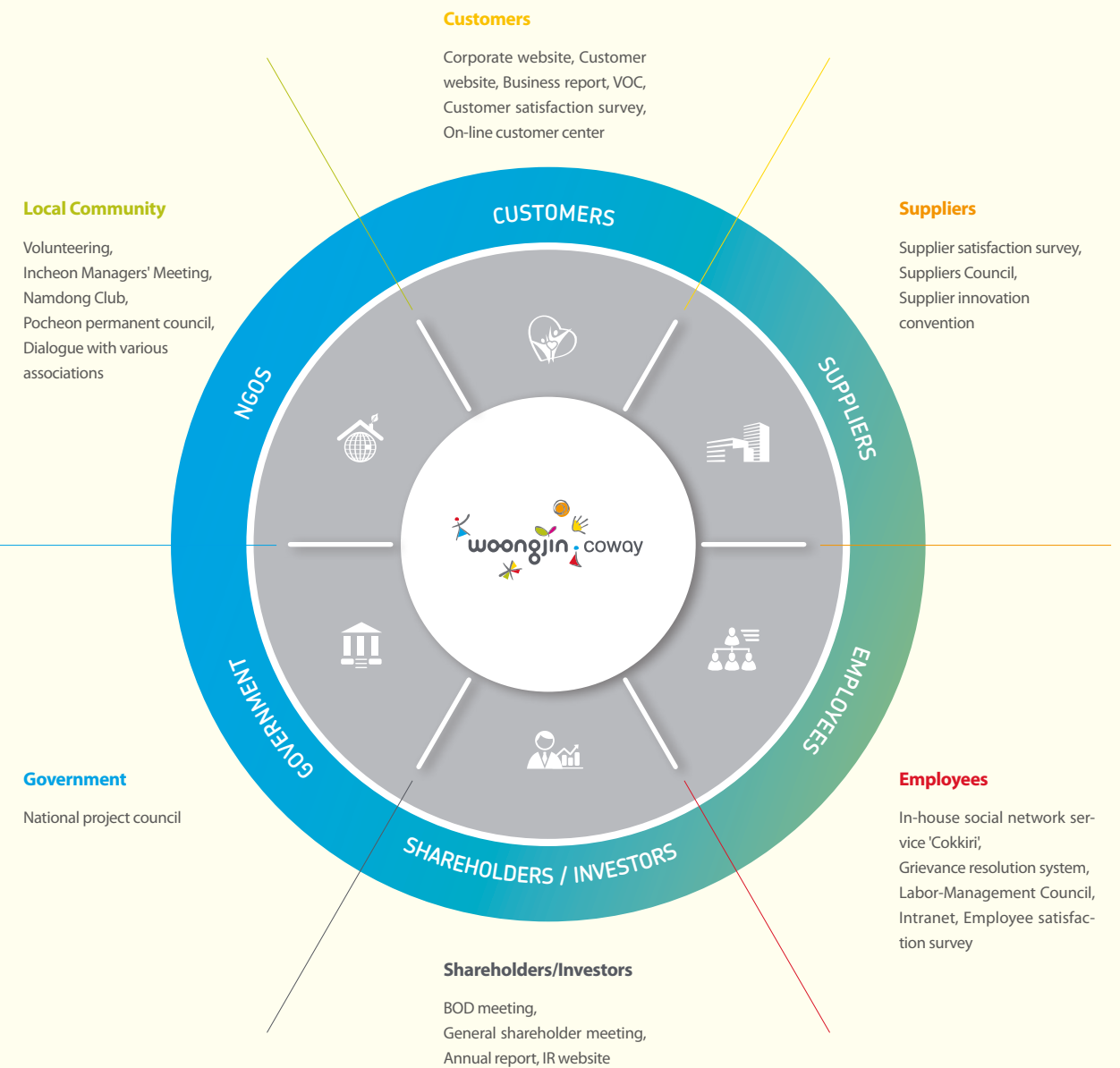
Jeong-Seok Seo, Researcher at the Korea Productivity Center
For me, one of the reasons why I can't come to any comprehensive conclusion regarding the sustainability management of Woongjin Coway is that the company lacks integrated management systems for sustainability management. It would be better to set comprehensive and phased-in goals when establishing business plans.

Sung-Hee Shin, Manager at Deloitte
I think that the company has a rather weak alignment between its environmental management and its practical business operations. The connection between manufacturing & production of eco-friendly products and the value delivered to customers through such green products could also use some strengthening.

Young-Sam Kim, Team Manager at Woongjin Coway
It is internally mentioned that we need integrated strategic responses to sustainability management. We are aware that we are in need of integrated management and communication but by the same token, our response to stakeholders is not our sole intention in establishing the sustainability management team.



COMMUNICATION CHANNELS



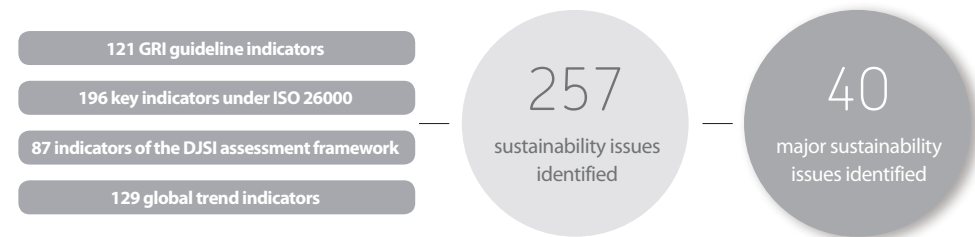
MANAGEMENT OF KEY ISSUES

Our integrated sustainability management framework is built in a systemized and strategic manner to actively respond to the expectations and requirements of stakeholders. The framework is closely aligned with, and applied to, our core business in order to generate sustained corporate values and outcomes. Moreover, our materiality test process allows us to enhance our corporate reputation. In 2011, we selected 40 top priority issues, out of the 257 present, in order to create the pool of major sustainability issues. Subsequently, we devoted ourselves, on a company-wide level, to investing our management resources in working on those urgent concerns. This report outlines these key issues along with relevant data and achievements.

STEP.1

Selecting Sustainability Issues

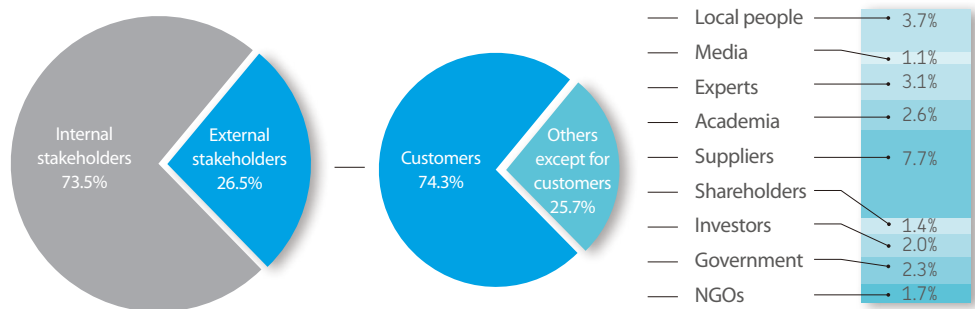
As the first step in selecting sustainability issues, we drew up a list of issues related with sustainability. We analyzed internal mid/long-term strategies, industry peers/leaders, global companies and regulations, in addition to the questions raised by external stakeholders.



STEP.2

Identifying Major Issues to be Reported

In order to select major issues to be reported that may impact our sustainability management, we evaluated the level of shareholder interest and analyzed business impact in addition to analyzing issue-specific opportunity and risk cost.

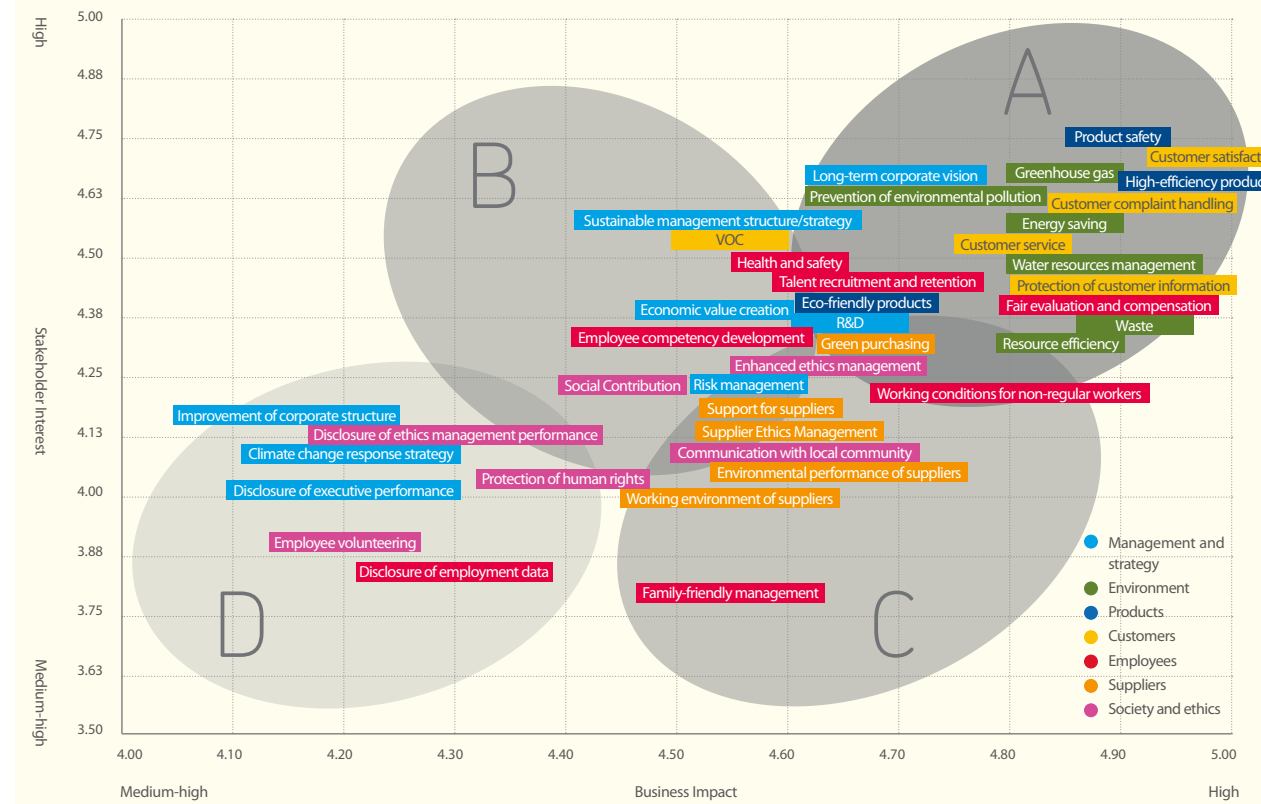


STEP.3

Conclusions of Materiality Test

To finalize key issues in accordance with the outcomes of the materiality test, we categorized identified sustainability issues based on their level of impact into: major sustainability issues, issues with high stakeholder interest, material issues in terms of business impact and issues that were relatively less material. This formed the basis for the preparation of this report.

MATERIALITY ANALYSES MATRIX



Group	Issue	Page(s)
A GROUP	Product safety	42p
	High-efficiency product	36p
	Customer satisfaction	45p
	Customer complaint handling	45p
	Customer service	44p
	Protection of customer information	46p
	Greenhouse gas	26p
	Prevention of environmental pollution	30p
	Energy saving	28p
	Waste	32, 37p
B GROUP	Long-term corporate vision	02p
	Fair evaluation and compensation	57p
	Sustainable management structure/strategy	each DMA
	Economic value creation	16p
	R&D	18, 19p
	Risk management	09p
	VOC	45p
	Support for suppliers	50p
	Health and safety	62p
	Talent recruitment and retention	58p
C GROUP	Working conditions for non-regular workers	55p
	Green purchasing	35p
	Supplier Ethics Management	49p
	Environmental performance of suppliers	26, 51p
	Working environment of suppliers	76p
	Communication with local community	72p
	Family-friendly management	61p
	Improvement of corporate structure	08p
	Climate change response strategy	25p
	Disclosure of executive performance	12p
D GROUP	Disclosure of employment data	56p
	Employee volunteering	67p
	Disclosure of ethics management performance	10, 11p
	Protection of human rights	55p
	Enhanced ethics management	10, 11p
	Social Contribution	68~71p
	Employee competency development	59p
	Eco-friendly products	36p
	Water resources management	30p
	Resource efficiency	37p

RESPONSIBLE CORPORATE STRUCTURE

Woongjin Coway is a future-oriented company that operates in a transparent and responsible manner, based on its healthy corporate structure, where the board of directors plays a central role. Our board of directors holds professional managers in check, in addition to extending its full support. This enhances both shareholder and corporate values, improves our competitiveness and helps build trust-based relationships with stakeholders.

Composition of Shareholders

As of the end of 2011, the total number of shares outstanding was 77,124,796 (common stock) and the current composition of our shareholders is shown in the table to the right.

Composition and Roles of BOD

In a bid to ensure transparent decision-making and independence, our board of directors (BOD) is made up of 5 inside directors and 2 outside directors, along with one standing auditor who is selected at the general shareholder meeting. The BOD appoints professional executives with abundant expertise and experiences in accordance with the Articles of Incorporation. The board makes decisions on important management issues, prevents major imminent business threats, and assesses the performance of top executives. Thus, it serves not only as a watchdog, but also a supervisor in ensuring fairness in our business conduct. The operation of the BOD and the activities of each committee are subject to regular evaluations. Our directors are compensated in a fair and appropriate manner within the remuneration ceiling approved at the annual general shareholder meeting.

Communication with Employees

Our open communication initiatives enable us to gather opinions from employees and incorporate them into the decision-making process of top management. Our employees may use the 'BOD Agenda' channel within the group ware to propose issues that deserve BOD deliberation, which are then discussed at BOD meetings.

Audit

We have no separate established audit committee, but at the general shareholder meeting, one auditor is appointed (Se-Won Heo) to be in charge of audit work. The auditor can take part in BOD meetings to serve as an independent supervisor of directors and request relevant accounts and documents of concerned departments if deemed necessary in performing his/her duties. In addition, the auditor can be briefed on issues regarding company operation and access management information appropriately when such needs arise. Major audit items in 2011 included: reporting of mid/long-term business plans, reporting of current conditions of internal accounting management by internal accounting managers, reporting of the progress of voluntary fair trade compliance programs, and reporting of auditing compliance with internal accounting management regulations.

* For disclosure documents, financial information, stock information and corporate structure, please visit our IR website(www.cowayir.com).

< Composition of Shareholders > (as of December 31, 2011)

Shareholders	Type of Shares	No. of Shares	Percentage (%)
Overseas Investors	Common Stock	38,770,635	50.3
Woongjin Holdings Co., Ltd.	Common Stock	21,879,304	28.4
Institutional and Individual Investors	Common Stock	11,377,267	14.6
Treasury Stock	Common Stock	2,990,000	3.9
Related Parties	Common Stock	2,061,710	2.7
Employee Stock Ownership Association	Common Stock	45,880	0.1
Total		77,124,796	100

< Dividends >

Dividend Payout Ratio	44%
Dividend per Share	KRW 1,050
Total Dividends	KRW 77.8 Billion
Dividend Yield	2.82%

< Interest Expenses > (unit: KRW 100 Million)

Interest Expenses	252
Interest Income	17
Net Interest Expenses	235

< BOD Composition >

Directors	Name	Position	Note
Inside	Ju-Seok Yi	Vice Chairman, Woongjin Group	BOD Chairman
Directors	Seok-Keum Yoon	Chairman, Woongjin Group	
	Joon-Kee Hong	CEO, Woongjin Coway	
	Gwang-Su Sin	CEO, Holdings segment at Woongjin Holdings	
	Jong-Bae Kim	General Manager, CL Business Division	
Outside	Seon-Hoi Ju	Representative lawyer at Ju Seon Hoi Law Firm	
Directors	Tae-Mun Tak	Bio Materials Engineering Professor at Seoul National University	
	Auditor	Se-Won Heo	Standing auditor

< Director Compensation > (unit: KRW 1,000)

Classification	No. of Directors	Total Compensation		Total Fair Value of Stock Options
		Paid	Paid on Average per Person	
Inside Directors	5	1,185,110	296,278	2,906,905
Outside Directors	2	41,400	41,400	-
Auditor	1	116,613	116,613	-
Total	8	1,343,123	223,854	2,906,905

* One inside director (Gwang-Su Sin) is not paid for his work at the BOD by Woongjin Coway as he is an employee of Woongjin Holdings Co., Ltd.

* One outside director is not compensated for his work at the BOD.

< Major BOD Activities >

Classification	
Regular BOD Meetings	4
Ad-hoc BOD Meetings	6
Attendance of Outside Directors	90%
No. of Major Agendas and Deliberation Topics (mid/long-term business plans, quarterly earnings report, establishment, modification and closing of branches, public bond issuance, internal accounting management)	23

RISK MANAGEMENT FRAMEWORK

Recently, the external business environment has grown increasingly volatile and uncertain. This prompted us to improve our risk management framework, with an emphasis on risk prevention, in order to effectively respond to possible management risks and to turn risks into new business opportunities. Risks that may arise in respective business divisions and individual employee positions are classified based on their importance and risk levels. Employees in charge of risk management are given clear roles and responsibilities so that each and every employee is better prepared to cope with risks.

Market Risk Management

Recent surge in material prices, instability of oil prices and adjustments in economic growth rates brought about enormous fluctuations in both purchasing prices and product selling prices. This is why we at Woongjin Coway, are focusing on managing market risks caused by such price fluctuations and all our employees are keeping a close eye on economic changes taking place in our business markets. Our overseas business makes up about 5% of total sales (5.7% as of the end of December 2011), which means that our exposure to exchange risks is not so significant. We are also relatively free from risks associated with unexpected foreign exchange fluctuations, as our export earnings in foreign currency and material expenditures in foreign currency offset each other almost simultaneously. Nevertheless, not just risk management departments, but the entire company is working constantly to ensure appropriate response to unpredictable emergencies.

< Safety Risk Management System >

Transforming into the Year-round Management System
 • Prevention check-up
 • Case study

Collecting and Classifying Risk Information
 • Collection and classification by area

Analyzing and Evaluating Risks
 • Assignment of risk management responsibilities
 • Evaluation of risk levels

Recovering from Risk Situations
 • Response outcomes
 • Post evaluations
 • Analysis of losses

Responding to Risk Situations
 • Strategic and systemized response

Convening the Risk Management Committee
 • Issuance of risk warnings
 • Convening the Risk Management Committee



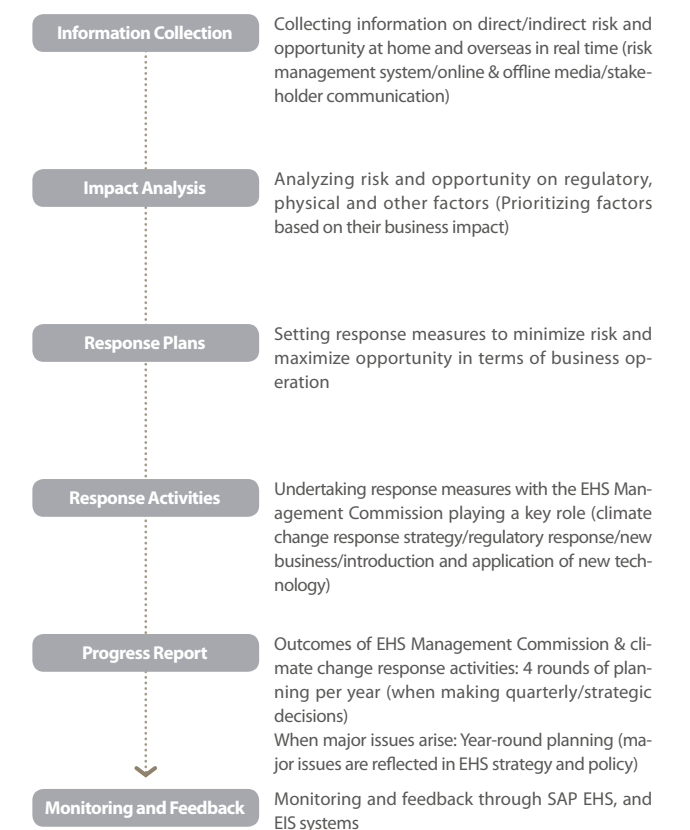
Safety and Risk Management

Our safety and risk management is classified into 3 categories: natural disasters, fires and large-scale accidents. Possible risk issues are identified and response measures are set up in each category to minimize their impact on our operation. Our employees are trained regularly to build their risk response capacity.

Climate Change Risk Management

Major climate change issues are reported to the company CEO and to the BOD to ensure that they are integrated into our climate change business strategies/policies and so that proper environment and climate change response activities are undertaken. Our climate change response activities and their outcomes are supervised by the Environment Management Team and monitored through our EHS and EIS systems. Major issues are shared across the board through such on-line publications as 'Eco-way Lesson' and 'Eco-way Issue'.

< Climate Change Risk Management >



* EHS: Environment, Health, and Safety

* SAP EHS: Service Access Point Environment, Health, and Safety

* EIS: Executive Information System

TRANSPARENCY AND ETHICS MANAGEMENT

We have been committed to ethics management since we made the public pledge in 2003 for the entire Woongjin Coway employees to put transparency and ethics into action to ensure that we behave in a way that is proper and honest. We are determined to fulfill our responsibility to maintain our reputation and the trust of our stakeholders as a respectable corporate citizen.

Operational Guidelines

At Woongjin Coway, ethics management is not just confined to accounting transparency. Ethics management is being built into the entire business operation, from product planning and purchasing to marketing, after sales services and product liabilities. Our three ethics management principles aim to integrate ethics management into our cultural DNA and our ethics management systems enable us to do our utmost to prevent ethical risks before they ever arise.

Organizational Structure

In 2003, we declared the 'ethics management' initiatives to build a healthy and transparent corporate culture. Our employees are voluntarily putting ethics management into action and the Talent Development Team is conducting constant monitoring, in addition to offering regular ethics management training to minimize possible ethical risks that may arise in daily business conduct.

Major Activities to Build Ethics Awareness

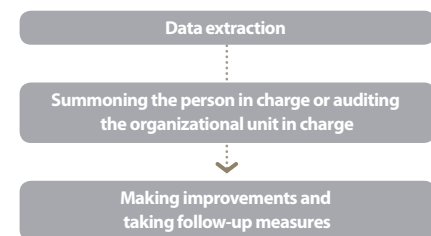
Promoting Transparency and Ethics Training Our ethics awareness promotion programs and wide-ranging promotional activities for all Woongjin Coway employees and suppliers intend to expand our own 'Clean Coway' culture. In particular, we offer manuals and share information through newsletters in order to identify and prevent possible ethical risks by job level and category, in addition to assisting employees make the right decisions upon facing ethical dilemmas.

Trainees	Woongjin Coway and supplier employees
Training Methodology	On/offline training and manuals
Training Content	Trends and news regarding ethics management at home and overseas, Sharing unethical practices occurring in daily operations, Methods for green business practice implementation, Prevention of sexual harassment

< Woongjin Coway Ethics Management 3C >



< Regular and Year-round Monitoring Process >



Voluntary compliance pledge for fair trade with suppliers

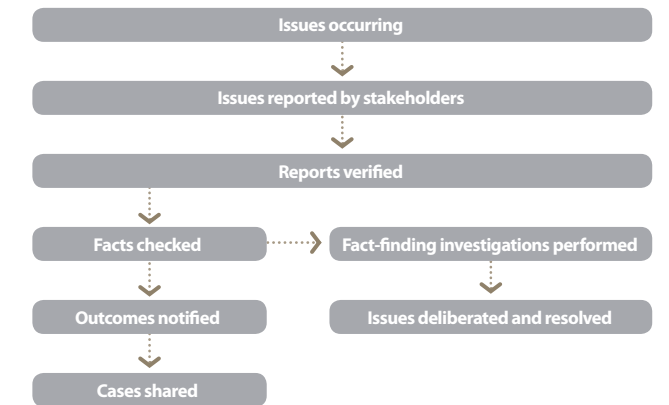
Ethics management practice manuals, 'Ethics Management Love Letter'

Anti-bribery campaign

Employee pledge for compliance with the code of ethics

Operating the Reporting Channel 'With Coway' Our on-line reporting channel, 'With Coway', ensures that unethical employee behaviors including acceptance of bribes, unfair business practices and corruptions are reported properly. The identity of those whistleblowers is strictly protected and the reported issues are promptly processed in accordance with the internal ethics reporting process. The individuals who report the complaints are notified of the outcome and the situation is shared internally to help enhance ethics awareness and prevent recurrence of such unwanted practices.

< Ethics Reporting Process >



< In-house HR Committee Activities >

No. of Employees Submitted to Disciplinary Actions	Reasons for Disciplinary Actions	Disciplinary Actions Taken
101 in total	<ul style="list-style-type: none"> Unhealthy sales activities Supervisory and managerial negligence Irregular operation activities Dishonest execution of in-house club subsidies Arbitrary registration of sales representatives Outstanding contracts 	<ul style="list-style-type: none"> Paid suspension Reprimand Pay cut (Determined by the HR Committee depending on violation severity)



Ethics management campaign poster

CORPORATE PROFILE

Established in 1989, Woongjin Coway has grown into Korea's largest home-wellness appliance company, manufacturing water filtration appliances, air purifiers and bidets. We have continued to develop and grow steadily to take the lead in delivering more popularized, specialized and sophisticated home-wellness appliance. In particular, we have accumulated innovative technology capacity throughout the entire brand portfolio from 'Coway', the representative brand for the highest-quality water, 'CAIRS', a symbol of clean air, to 'LooLoo' an advocacy of a pleasant bathroom culture and 'Clive', a food waste treatment system, which helped us post the highest-ever sales in 2011. Our recent entry into the water treatment business, based on differentiated technology, proved to be a success and we are rapidly emerging as a leader in the field. In 2010, we launched a new premium cosmetics brand: 'Re:NK', which has been met with positive response from customers. We also aspire to become 'The 1st Green Global Leader', to design a healthier tomorrow. As a responsible global corporate citizen, we make people and the environment our top priority and are fully devoted to delivering increased values for our stakeholders.



R&D Center

< Corporate Profile >

Name of Company	Woongjin Coway Co., Ltd.
Address	658 Yugu-ri, Yugu-eup, Gongju City, South Chungcheong Province
Date of Establishment	May 2, 1989
CEO	Joon-Kee Hong
Business Area	Manufacturing and sales
Major Products	Water filtration appliances, air purifiers, bidets, water softeners, food waste treatment systems, water treatment business, cosmetics etc.

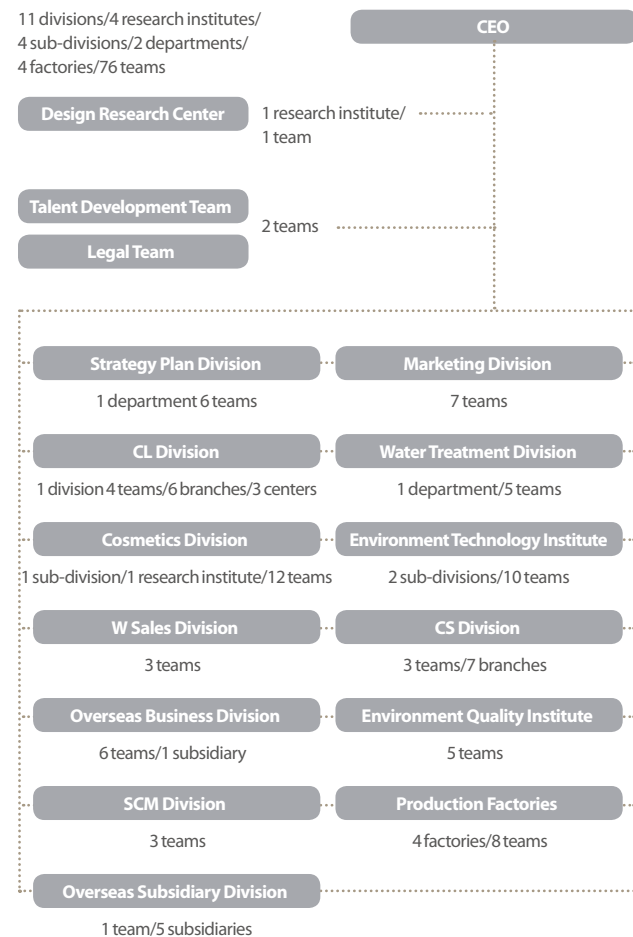
< Financial Profile >

(unit: KRW 1 Million)

Category	2009(K-GAAP)	2010(K-IFRS)	2011(K-IFRS)
Total assets	1,270,680	1,358,254	1,576,459
Total liabilities	590,001	631,097	828,057
Total shareholders' equity	680,679	727,157	748,402
Sales	1,411,922	1,501,812	1,709,868
Operating profit	204,257	253,504	242,472
Recurring profit	202,724	243,257	225,352
Net income	153,280	183,273	177,106

< Organizational Chart >

(as of March 2012)



MISSION AND VISION

MISSION

For a healthier environment,
for happier people,
we are opening the Eco-way

MISSION 1



Differentiated Products and Services

We contribute towards an increased quality of life by improving the life and convenience of customers through wide-ranging corporate philanthropic initiatives.

MISSION 2



Path Jointly Blazed by Nature and People

The path for mutual satisfaction is embodied in the Eco-way, which represents the corporate spirit of Woongjin Coway. We strive to create a new environmental industry for shared growth between customers and business.

VISION

Designing a Healthier
Tomorrow



Healthier Tomorrow

We offer eco-friendly products and services to help customers pave the way to the future, with healthy body and mind, thereby enabling individuals and society to enjoy a better life.

Design

We create supply before demand while meeting the needs of our customers to help improve their lives.

The 1st

We aim to be a company that customers think of first, a company that cares the most, and a company that comes first to help customers when they need our service, living up to its corporate image founded on green industry values.

Green

We pursue environmental management that puts nature and people first, in newly expanding business areas, as well as in conventional products and services. Additionally, we earn trust from customers and society as a whole through wide-ranging philanthropic initiatives. We continually search for new ways of thinking, strive to become a passionate participant in the 'Green' revolution and intend to stay young as a company. We hope to set a new standard and be remembered for our pioneering, optimistic spirit, regardless of the passage of time.

Global

We aim to build globally recognized "brand power" through forming strategic alliances with leading overseas companies and establishing a global presence in the world.

CORE VALUE

Customer Confidence Earning trust through customer satisfaction initiatives is central to the operations at Woongjin Coway. Our entire employees are dedicated to creating a sustainable and pleasant lifestyle for customers through quality products and professional service. When our customers are satisfied, we earn their trust and support.

Respect We care for nature and put love into action. Such respect is an underlying element of our corporate mindset at Woongjin Coway. Our respect for nature trickles down to each employee and is evident in his/her daily actions for the preservation of the environment and in respect for one another. The values created through our management philosophy which essentially means, 'when we share our love with society, we create a happier world', are values we live by.

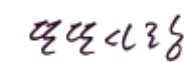
Passion Passion fuels value and is another major pillar for shaping our future at Woongjin Coway. All our employees relentlessly take up challenges to create new values with creative passion, challenging attitudes and a sense of responsibility.

Integrity Honesty, which is critical to building a transparent world and a clear conscience, is one of the key elements that help us fulfill our social responsibility at Woongjin Coway. All our employees draw a clear line between public and private matters, use their fair judgment in making moral decisions, and put ethics management into practice, thereby staying faithful to their commitments to shareholders, customers and society.

Speed & Action Speed, accuracy and promptness is embedded in the way we perform our duties at Woongjin Coway. While we see mistakes as opportunities to improve, we do our utmost to meet goals through expedient/accurate decision-making and prompt solution execution.

Cooperation Cooperation based on compassion for one another and open-mindedness is a critical factor that drives our corporate culture. All Woongjin Coway employees take great pride in being part of Woongjin Coway. Employees can often be found complimenting and encouraging one another as they strive together towards fulfilling mutual goals.

PHILOSOPHY



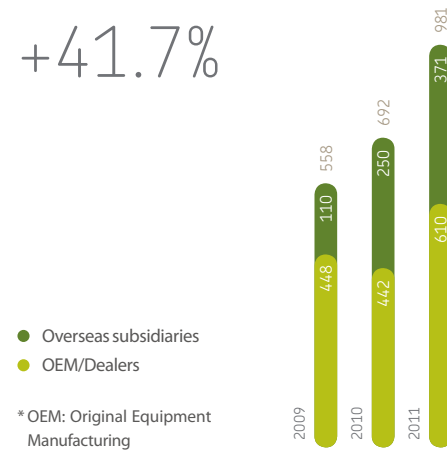
We love more and more 'Tto Tto Sarang', our key management philosophy at Woongjin Coway, aspires for 'clean water, clean world, clean people'. It embodies love for individual employees who comprise our organization on the most basic level and love for stakeholders, the customers and the earth on the highest level.

GLOBAL NETWORK

We started a rental business for the first time in the industry and introduced the concept of 'before service(B/S)' through the promotion of service specialists whom we call 'CODY (Coway Lady)', which led to significant improvements in customer satisfaction and market share as well as brand awareness. Thanks to these endeavors, our sales grew by 13.9% in 2011 from the previous year. This growth momentum boosted our overseas business and as of 2011, we have 6 subsidiaries and 1 logistics center up and running in Asia, North America and Europe. Our overseas subsidiaries are in charge of developing localized products that consider local culture/life patterns along with securing price competitiveness, in further strengthening our status in the global market.

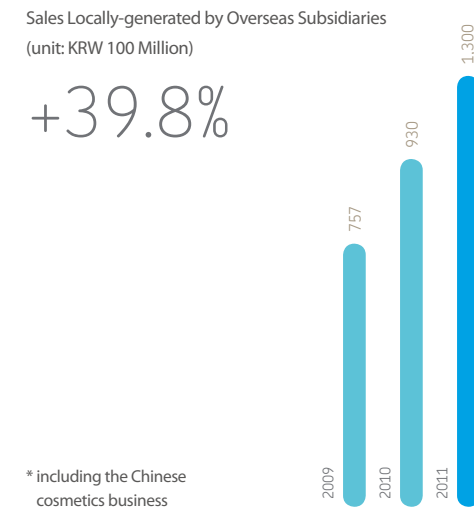
Sales of Overseas Business
(unit: KRW 100 Million)

+41.7%

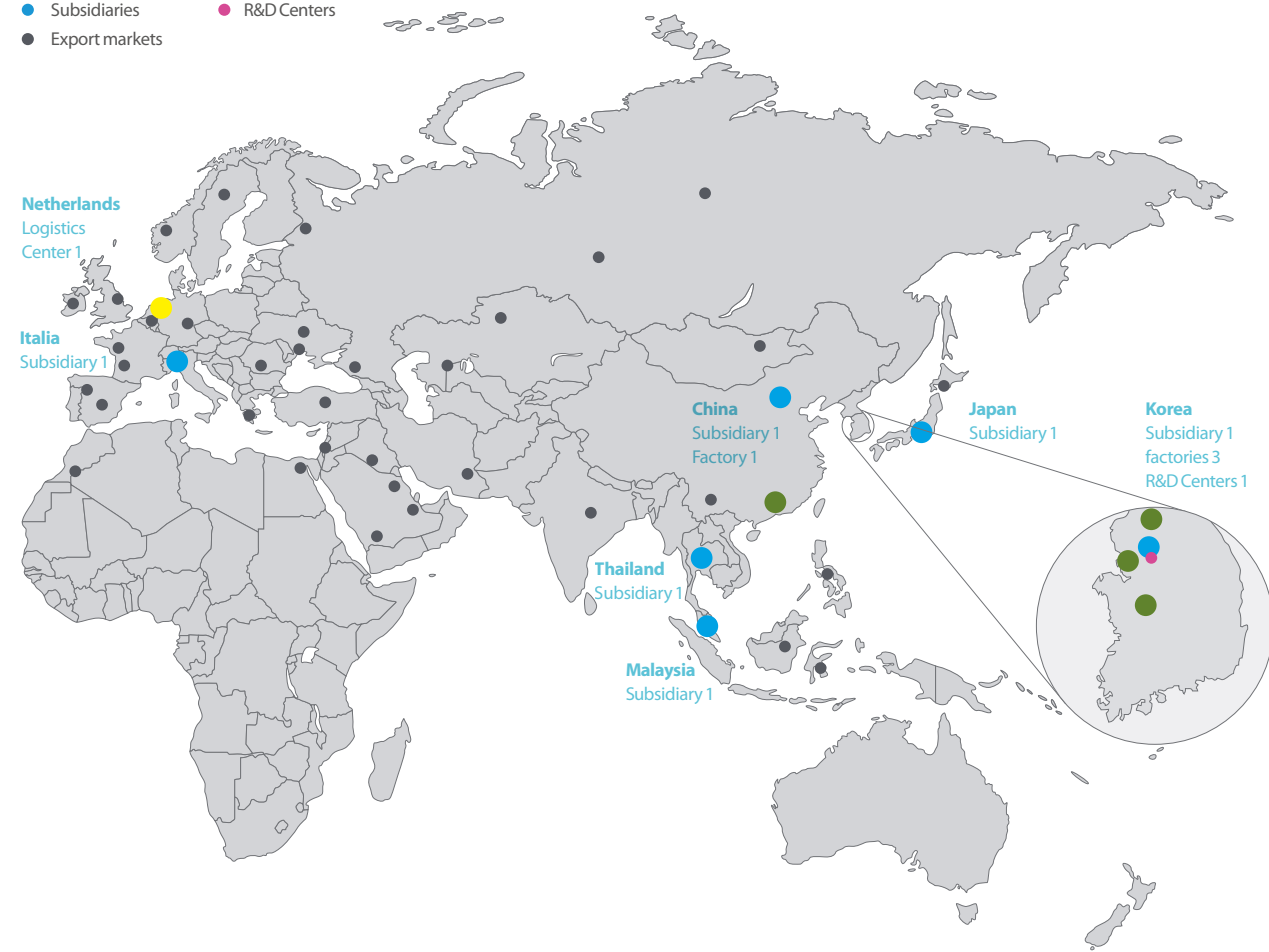


Sales Locally-generated by Overseas Subsidiaries
(unit: KRW 100 Million)

+39.8%



- Logistics center
- Subsidiaries
- Export markets
- Production factories
- R&D Centers



Local Network

Seoul Office/Design Research Center
11-17F, Jungang Daily News Bldg.,
7 Sunhwa-dong, Jung-gu, Seoul
Tel: 82-2-2172-1007

**R&D Center
(Environment Technology Institute)**
Woongjin Coway R&D Center, Seoul
National University Research Park,
Sn 4-1 Nakseongdae-dong,
Gwanak-gu, Seoul
Tel: 82-2-870-5000

Cosmetics Research Institute
1103-1104 JEI-Platz, 459-11
Gasan-dong, Geumcheon-gu, Seoul
Tel: 82-2-6711-3222

Pocheon Factory
965-1 Giji-ri, Sinbuk-myeon, Pocheon
City, Gyeonggi-do
Tel: 82-31-531-0040

**Yugu Factory(Head Office)/
Environment Quality Institute**
658 Yugu-ri, Yugu-eup, Gongju City,
South Chungcheong Province
Tel: 82-41-850-7805

Incheon Factory
85B-14L Namdong Industrial Complex
676-16 Gojan-dong, Namdong-gu
Incheon Metropolitan City
Tel: 82-32-820-7019

Global Network

Subsidiary

China
**Woongjin Coway(China) Living
Goods Co.,Ltd.**
• Cosmetics Division: Room 1301,
HongYuan Bldg. No. 4 Jiuxianqiaolu,
Chaoyang District, Beijing, P.R.China,
100015
Tel: 86-10-5752-7300
www.xiongjin.net
• Home-Wellness Appliance Division:
GuangHua SOHO, Room 1005,
GuangHua Road, Chaoyang District,
Beijing, 100020, China
Tel: 86-10-5900-6760

Japan

Coway(Japan) Co., Ltd.
8F, Sibanikeyuraku Bldg. 1-10-13, Siba
Minato-ku, Tokyo, Japan
Tel: 81-3-6436-5810
www.coway.co.jp

Thailand

Woongjin Coway(Thailand) Co.,Ltd.
571,R.S.U Tower 4~5F, TH FL, Sukhumvit
31 Klongton Nua, Wattana Bangkok,
Thailand
Tel: 66-2-661-8640
www.coway.co.th

Malaysia

**Woongjin Coway(Malaysia) S dn.
Bhd.**
Suite 6-1 & 6-2 level 6, Wisma UOA#
NO.21 Jalan Pinang 50450. Kuala
Lumpur, Malaysia
Tel: 60-3-2059-0000
www.coway.com.my

United States

Woongjin Coway USA, Inc.
695 S Vermont Ave. #110, Los Angeles,
CA, 90005, USA
Tel: 1-213-480-1600
www.coway-usa.com

Italia

Coway Italia S.r.l
Via Rivoltana No.35, Linate Business
Park 2F, Pioltello, MI, Italia
Tel: 39-02-87233610
www.cowayitalia.it

Netherlands Logistics Center

Tupolevlaan 48, 111 NZ
Schiphol-Rijk, Netherland
Tel: 31-20-65-0105

Guangzhou factory (China)

Raymond, TangKang Industrial Estate,
Nansha Economic and Technology
Development Zone, Nansha District,
Gunagzhou, Guangdong, China
Tel: 86-158-1718-360

ECONOMIC VALUE CREATION

We created the new business model of 'rental marketing' for the first time in Korea and have been a leader in popularizing home-wellness appliance through our excellent prices and top-notch services. The year 2011 presented a particularly difficult business environment due to surging material costs both domestically and overseas in addition to unstable oil prices and the sustained economic recession in the U.S. and Europe. We responded to these difficulties by installing a proactive risk management infrastructure and developing outstanding products and technology. To this end, we were able to extend our business scope and launch products in such new business areas as cosmetics and mattress rental & care. We will utilize this growth momentum to expand our product line-up in respective brand categories and create social and economic values continuously.

< Rental and Membership by Product Category > (unit: No. of product units)

	2009	2010	2011
Water filtration appliances	2,652,180	2,772,718	2,910,787
Bidets	992,854	1,105,569	1,227,694
Air purifiers	688,922	790,652	884,408
Water softeners	375,644	381,961	387,195
Others (food waste treatment systems and others)	26,787	31,847	41,925
Total	4,736,387	5,082,747	5,452,009

* These numbers represent accumulated numbers of members, which is characteristic of the rental business

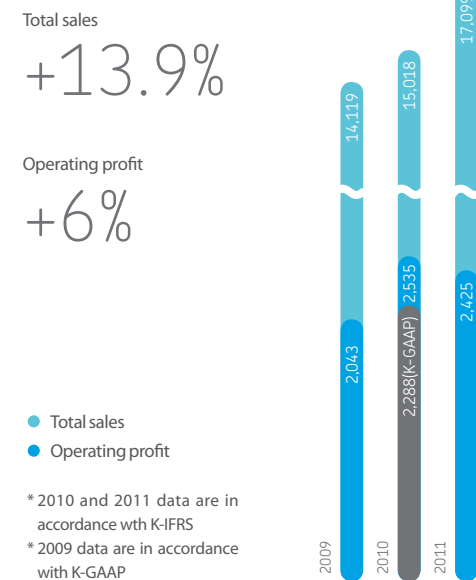
< Direct Values Distributed by Stakeholder Group >

Shareholders/Investors: KRW 1.7099 Trillion in Sales
Employees: 4,537 employees at home and overseas
Suppliers: 53 Green Partnership-certified suppliers, KRW 2 Billion of interest-free loans offered to 6 suppliers
Local community/NGO: KRW 235.68 Million spent on social-giving activities/KRW 1.3827 Billion donated
Government: Taxes(KRW 126.7 Billion in national taxes, KRW 37.7 Billion in corporate taxes, KRW 60.4 Billion in VAT, KRW 24.6 Billion in withholding taxes)
Customers: 23 new products launched, 5,452,009 rental and membership accounts

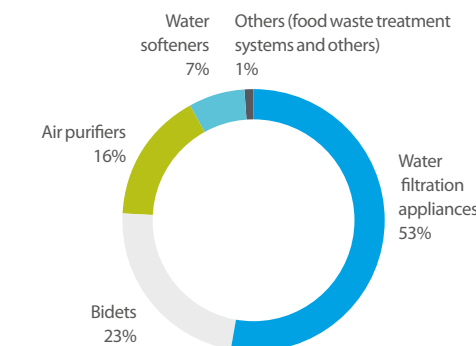
Creation of Indirect Economic Values

Our newly launched rental business led to the creation of 'CODY'. Having been created when women workers faced extremely high barriers in the labor market, our CODY system contributed greatly to offering more jobs and capacity development opportunities to women. In fact, more than 90% of these CODYs were women. The CODY system continued to grow through sustained support and training and as of the end of December 2011, we have about 13,500 female CODYs employed. We also ensure that we hire local people to help local communities create jobs. Moreover, we support their communities in creating indirect economic values through wide-ranging initiatives that include: clean-up activities near the Yugu Stream which is located next to our Yugu Factory, planting water-purifying plants and purchasing locally-produced rice. We also continue to offer products free of charge and make donations to low-income populations.

< Sales and Operating Profit > (unit: KRW 100 Million)



< Rental and Sales Ratios by Product Category >



BRAND VALUE CREATION

We have 7 conventional brands in the home-wellness appliance and cosmetics business and are working to establish new presence in the water treatment and mattress rental & care business. Our top priority in 2011 was to ensure that we did not remain complacent about our already-successful brands. Focus on those products that were already favored and respected by both global and domestic customers was crucial to aim. In 2012, we will commit ourselves to elevating our brand status as 'The 1st Global Green Leader' by developing products that suit the needs of our varied stakeholders, securing price competitiveness and offering differentiated values through strategic brand marketing.

Coway Water Filtration Appliances

'Coway', the compound word formed from the words 'Co' and 'Way', means 'a joint way forward'. It embodies our hope at Woongjin Coway that everyone unites to ensure that any increase in water pollution is prevented and that clean and healthy water is always available. It also represents our strong commitment to our shared growth with customers, shareholders, employees and the society.

CAIRS Air Purifiers

'CAIRS' is an acronym, which combines 'Clean Air System' and 'Care Air System'. 'CAIRS' represents our anticipation in providing ever-cleaner air and satisfactory maintenance services to customers.

LooLoo Bidets/Water Softeners

With its easy-to-pronounce and interesting brand name, 'LooLoo' took a more friendly approach to Koreans who were not used to bidets before. This contributed towards developing a deluxe bathroom culture. The brand name came from the English word 'LuLu' which means outstanding people and it also represents 'looloolala', the funny onomatopoeic word used to express pleasant feelings.

CLIVÉ Food Waste Treatment Systems

'CLIVÉ' is created from the combination of 'Clean' and 'Live' to mean 'clean life'. The brand was created to provide a clean and convenient kitchen environment. The product targets our female customers and embodies our vision to become a partner in creating a convenient kitchen and a comfortable lifestyle.

Re: NK

'Re: NK' is our cosmetic brand created through cutting-edge bioengineering technology. The brand name means both 'Rebirth New Skin' and 'Revolution of New Knowledge'. Re: NK is dedicated to becoming a leader in state-of-the-art skin research through 'smart beauty technology'.

'allvit' is our oriental herb cosmetics brand and its name translates to 'made in the right manner'. Our modern reinterpretation of the oriental herbal cosmetics tradition gave rise to this new brand and it embodies our 'right' philosophy to create contemporary relevant values.

NATURANCE fromn

Our natural cosmetics brand 'NATURANCE Fromn' denotes that its products were made from natural ingredients gathered from the five seas and six continents. It represents our philosophy to pursue beauty that is in harmony with nature.

* For further product information, please visit our official website(www.coway.co.kr)



R&D INVESTMENT AND INNOVATION

We believe that our 'R&D-focused management' that produces products that satisfy customer needs is the key driving force behind our growth, not to mention our unique value that is not easily imitated by anyone else. We are committed to further strengthening our R&D infrastructure and expanding investments to ensure that we provide best-in-class products and services to customers and enable talented researchers to concentrate on their work, free from any restraints.

R&D Innovation

Our R&D Innovation is focused on improving overall management efficiency through its compliance with management strategy and through making our products easier-to-use and more efficient from the perspective of customers. We believe that these endeavors will help us fulfill our mission in developing products that clearly understand the needs and requirements of customers in the mid/long-term perspective and to ultimately create new values for our customers and society at large. To this end, we will stay committed to sustained technology development and innovation initiatives so that we may pioneer and lead the global market.

< R&D Patent Application and Model Utility > (unit: No. of cases)

	2009	2010	2011
Patent application	313	368	284
Model utility	15	13	8

* Patent application: An individual who made novel industrial inventions applied for a patent from the government

* Model utility: New technological inventions regarding a product's shape, structure and various factors made to enhance utility convenience

< Researchers at R&D Center > (unit: No. of researchers)

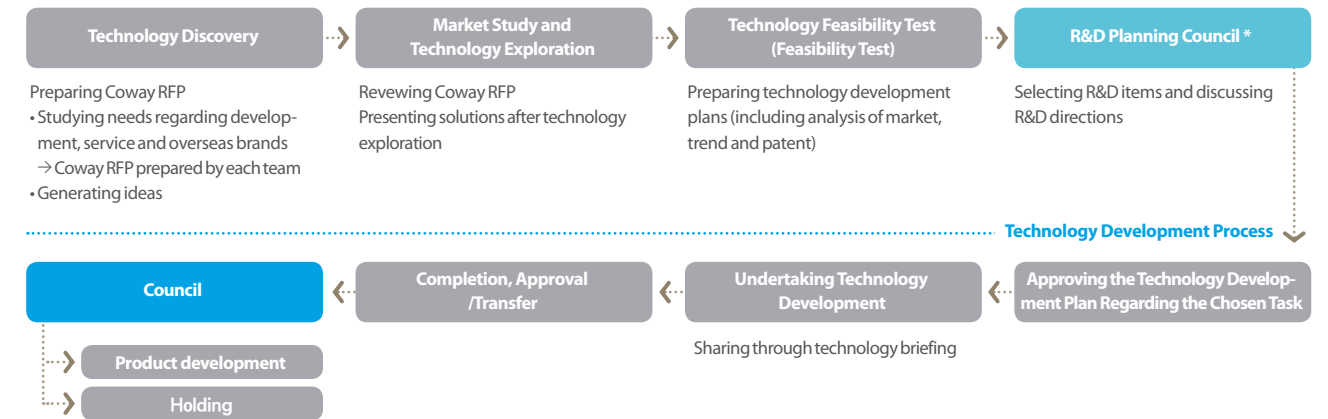
	2009	2010	2011
Ph.Ds	10	17	23
Masters	90	115	156
Researchers	95	183	216
Total	195	315	395

< R&D Expenses > (unit: KRW 1 Million)

	2009	2010	2011
Material costs	7,353	6,319	8,265
Labor costs	14,340	15,719	19,121
Depreciation costs	-	-	-
Outsourcing costs	-	-	-
Others	-	-	-
Total R&D Expenses	21,693	22,038	27,746
Ratio of R&D Expenses Measured against Sales	1.54%	1.45%	1.62%

<Technology Development Process >

R&D Item Discovery and Planning Process



* Makeup of the Council (head of research institutes, head of research sub-divisions, head of development sub-divisions, each team leader and person in charge)

* Operational cycle (on a half-yearly basis)

* RFP: Request for Proposal

Thanks to Woongjin Coway, we are no longer afraid of radioactive material or foot-and-mouth disease.

The nuclear plant disaster in Fukushima, Japan in 2011 led to the large-scale leakage of radioactive material to the atmosphere, ocean and soil. This urged the whole world, including Japan, to undertake initiatives to minimize damages from radioactive material. Korea faced further challenges in ensuring a safe living environment that same year due to the odor and leachate caused by the burial sites for livestock culled due to foot-and-mouth disease. To respond to these environmental crises, we at Woongjin Coway, along with a Japanese research institute, conducted the industry's first-ever experiments to purify water containing radioactive substances. We confirmed that our RO (reverse osmosis) membrane filter successfully screened radioactive material, removing 95% of cesium-134 and cesium-137 and 99.4% of iodine-131. Our continued R&D innovation will surely guarantee a healthier life and happier society.

R&D MISSION & STRATEGY

Improving the Competitive Edge of Conventional Business and Laying the Foundation for Future Growth

Increasing the share of new products in total sales to 30% and in overseas sales to 50% by 2013

Improving the Competitive Edge of Conventional Business

1. Improving competitiveness by targeting markets (Korea) Securing competitive edge in performance and quality (Overseas) Developing products that suit local installation/use conditions
2. Improving future competitiveness of conventional business
 - Developing 'next generation' products to move towards innovative products
 - Diversifying products (function, performance)
3. Improving supplier competitiveness and optimizing the supply chain
 - Eliminating inefficiencies of suppliers
 - Supporting and nurturing top-performing suppliers

Laying the Foundation for Future Growth

1. Identifying future promising items
 - Identifying promising items through product/technology roadmap analysis (kitchen appliances, health care, beauty)
2. Focusing on innovative products that will lead changes in future life patterns
 - Strengthening planning of new products
 - Expanding overseas outsourcing of new products

Building World-class Research Institutes

1. Recruiting world-class researchers
 - Focusing on recruiting key talent
 - Nurturing key talent
2. Securing world's No. 1 technology capacity
 - Developing world's first products
 - Increasing sales driven by research outcomes
 - Improving efficiency of R&D process
3. Acquiring world-class organizational capacity
 - Facilitating R&D
 - Strengthening R&D intelligence capacity

Radioactive Pollutants

< Results of Experiment to Remove Cesium and Iodine in Rain Water in Fukushima > (April 2011)

Category	Raw Water(Bq/L)	Purified Water(Bq/L)	Removal Rate
Iodine-131	930	5.8	99.4%
Cesium-134	110	5.4	95.1%
Cesium-137	130	6.6	94.9%
Cesium(Total)			95.0%

* Source: Japanese Environment Research Corporation. Ltd

* Minimum values of analyzer, detailed analysis underway

* Bq(Becquerel): the activity of a quantity of radioactive material in which one nucleus decays per second

< Results of Experiment to Remove Uranium and Radium >

(2009, source: Korea Atomic Energy Research Institute)

Purifying System	Type of Experiment	Removal Rate: Uranium-238	Removal Rate: Radium-226
RO(reverse osmosis) System	New filter	100%	100%
System	Used filter	100%	100%
UF(ultra filtration) System	New filter	56%	15%
System	Used filter	43%	9%

Leachate from Foot-and-Mouth Disease Landfills

< Pollutants >

Pollutants in Leachate from Livestock Culled due to FMD	
• Ammonia nitrogen/nitrate nitrogen	
• Chloride ion, antibiotics	
• Pathogenic virus	

< Pollutant Removal Performance by Purification Technique >

Pollutant in Leachate	Technique	Reverse Osmosis Membrane		
		Active Carbon	Ultra Filtration	
Hazardous Chemical Pollutant	Ammonia nitrogen	Not removed	Not removed	Removed
	Nitrate nitrogen	Not removed	Not removed	Removed
	Chloride ion	Not removed	Not removed	Removed
Microorganism Contaminant	Antibiotics	Partially removed	Partially removed	Removed
	Total coliforms	Not removed	Not removed	Removed
	Virus	Not removed	Not removed	Removed

In 2011, we worked towards environmental management to develop products to assist our customers in staying healthy, while carefully preserving the environment. Additionally, we undertook activities across-the-board to stimulate co-prosperity with the marginalized and with stakeholders. This, in turn, further solidified our foundation for sustainable growth. We are committed to becoming a healthy company that contributes towards social development while enhancing stakeholder values in business conduct.

01 Launching the Mattress Rental & Care Business

The idea of our mattress rental & care business originated from the observation that mattress hygiene is more difficult to maintain than in other bedding items. The highest-quality hygiene maintenance, outstanding product quality and reasonable prices led to positive customer response. The entire 4,000 units were sold out in just 2 weeks after we started accepting reservations.

02 Awarded with the Grand Prize at the 19th Environmental Awards by the Chosun Daily

At the '19th Chosun Daily Environmental Awards', hosted jointly with the Ministry of Environment and the newspaper, we were honored with the Grand Prize. We were especially recognized for our efforts in transforming the once-polluted Yugu Stream near our business site, into an ecological stream, in addition to our endeavors in collecting used home appliances for recycling.

03 Launching Self-sterilizing Water Filtration Appliances

Our differentiated technology capacity was once again demonstrated with the launching of Korea's first-ever, self-sterilizing water filtration appliances(model code: CHP-270). The model utilizes sterilizing water generated through electrochemical reactions to remove various hazardous substances while delivering outstanding sterilizing effects that pose no harmful impacts on the human body.

04 Opening CS Dr. Mobile Learning

CS Dr.(Customer Satisfaction Doctor) s are our representative product and service specialists and play an instrumental role in enhancing customer satisfaction. Previously, they often had insufficient opportunities for self-development, as they were busy supervising and conducting several external activities. To fill this gap, we created e-learning systems based on mobile platforms. Today, all CS Dr.s have the opportunity to focus on self-development whenever and wherever they are. Thanks to these e-learning systems, our CS Dr.s are provided with extensive information covering cutting-edge technology and market trend data. These platforms also assist CS Dr.s in strengthening their competency and offering superior services.

05 Korea's First Bidet(BA14-A) to be Certified with the Carbon Labeling

For the first time ever in the Korean bidet industry, our'LooLoo' bidet was awarded with the carbon-labeling certificate, which is sponsored by the Korea Environmental Industry & Technology Institute under the Ministry of Environment. The label displays the amount of GHG emissions converted in CO₂ emissions generated throughout the entire process of production and services. This helps consumers opt for eco-friendly products.

06 Awarded with the Grand Prize at the Product Safety Management Awards 2011

We became the first Korean home appliances company to be honored with the Grand Prize at the 'Product Safety Management Awards 2011', hosted by the Korean Agency for Technology and Standards under the Ministry of Knowledge and Economy and the Korean Product Safety Society. This prize recognized and confirmed our efforts in producing and selling safe products, in addition to the operation of our in-house, international safety certification-training center, the 400 products certified for excellent safety and the 13 testing laboratories that we operate as a recognized testing partner.

07 Recognized as a Top Performer in Seeking Shared Growth in 2011

In 2011, we were chosen as a 'top performer in seeking shared growth in 2011' under the program jointly sponsored by the Chosun Daily and the Ministry of Knowledge and Economy. This was attributed to our commitment and accomplishment in creating forward-looking cooperative relationships with suppliers and in pursuing co-existence beyond growth. We, at Woongjin Coway, are building mutual strategic partnerships with suppliers rather than merely seeking unilateral joint growth strategies. We encourage our suppliers to participate actively and work together in improving product quality from the initial stages of product development.

08 Promoting Internationally-recognized CWSs

We have 12 certified water specialists(CWS), recognized by the U. S. Water Quality Association at our Environment Technology Institute. Being certified water specialists, these researchers are internationally recognized water experts. Thanks to these 12 individuals, Woongjin Coway was able to achieve ranking in the global top 10 water companies.

*There are 10 global companies in possession of more than 10 CWSs.

09 650 Wells Completed in Cambodia

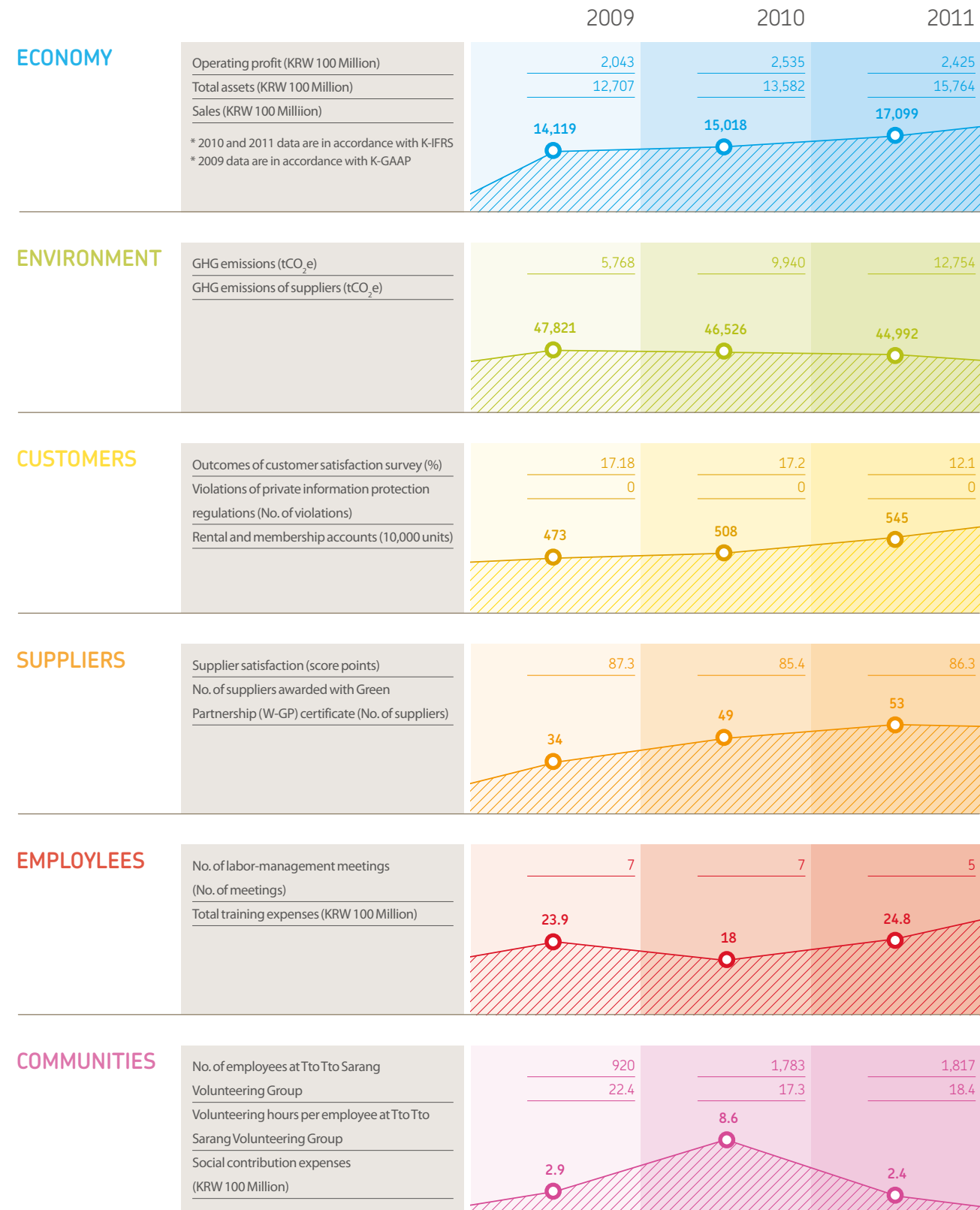
Our representative overseas philanthropic initiative 'Love for Water, Well-Digging in Cambodia' marked its 6th anniversary this year. We have been working to address shortages in drinking water caused by serious water pollution and to improve the quality of water in Cambodia. As of 2011, a total of 650 wells were completed nationally.

10 Taking over Samyang Water Systems

After the acquisition of Green Entec, a water treatment engineering and facility provider, we took over Samyang Water Systems in 2011, which boasts top-notch technology capacities and performance in industrial water intake facilities, pure water facilities and wastewater facilities. This further advanced our technology portfolio throughout the entire water business, covering both public water/sewage systems and industrial sewage/wastewater treatment. This merger laid the foundation for us to extend our business scope.



KEY PERFORMANCE INDICATORS



01 OUR ENVIRONMENT



TECHNOLOGY & ENVIRONMENT FOR COEXISTENCE WITH NATURE

Woongjin Coway pursues eco-friendly technology that enables the co-existence between people and nature.

We, at Woongjin Coway, practice low-carbon green management and pursue eco-friendly management to preserve the environment within the basis of the integrated environmental management framework. We put the 'Eco-way' into action so that the environment is paramount throughout the entire value chain- from product development, production/sales, to disposal and recycling.



DISCLOSURE ON MANAGEMENT APPROACH

01 OUR ENVIRONMENT

OUR ENVIRONMENT POLICY Woongjin Coway declared its 'Environment Management Guidelines' and 'Environment Management Code of Practice' with the awareness that eco-friendly management forms the core element of its operations. All employees, including top executives, signed the 'environmental management pledge', committing themselves to sustained eco-friendly management. We are faithfully fulfilling our roles and responsibilities as a corporate citizen by developing low-carbon technology and eco-friendly products, sharing information with stakeholders in an honest and transparent manner and facilitating open lines of communication.

OUR ENVIRONMENT STRATEGY We have strengthened environmental management throughout the entire business operation including: product design, manufacturing, use, service and recovery & recycling. In 2009, the 'Woongjin Eco-way Launching Ceremony' was held. EHS commissioners were appointed in each division and directions and systems were fine-tuned to support initiatives to preserve the natural environment. Our environmental management vision to become 'The 1st Green Global Leader' will be realized through our focus on eco-friendly products and services that focus not on simple quantifiable surface growth, but on enhancing the future values of humankind.

Green Management Strategy
Advancing Green Business Infrastructure (strategy/structure/system/education)
 Advancing environmental performance evaluation systems, Advancing environmental education systems, Enhancing compliance with environmental laws and regulations
Creating Green Business Values
 Developing/launching market-leading green products, Boosting support for eco-friendly sales and marketing activities, Advancing resource recovery and treatment systems
Green Business Communication
 Advancing the environmental data disclosure process, Holding stakeholder dialogues on a company-wide level, Promoting green win-win management

* For more information on green management strategy, please see Appendix p77.

OUR FOCUS ISSUES At Woongjin Coway, '3 core green business strategies' are up and running, across the board, in order to preserve the environment and design a healthier and more satisfying lifestyle. We are determined to expand our environmental preservation initiatives in the mid/long-term perspectives, in the fields of 'water' and 'biodiversity', which are closely intertwined with people's daily life.

OUR ORGANIZATION Our 'EHS Management Commission', under direct control of the company CEO, was newly established in 2006 to achieve our environmental management vision and meet our mid/long-term goals. The EHS Management Commission sets up company-wide climate change response strategies and eco-friendly management policies in addition to wide-ranging initiatives to transform each business site into low carbon green site. Our 'Environment Management Team' is fully dedicated to the operation of EHS and serves as the EHS management secretariat. Moreover, we have 'Eco-way Council' up-and-running to ensure that EHS strategies and policies can be instituted effectively in respective areas. The Eco-way Council was created to assist in our transition towards a working-level EHS operation and management system, after the completion of an in-house process for environmental management and response to climate change. Major issues identified at the Eco-way Council are proposed to the EHS Management Commission and are addressed through strategic response activities.

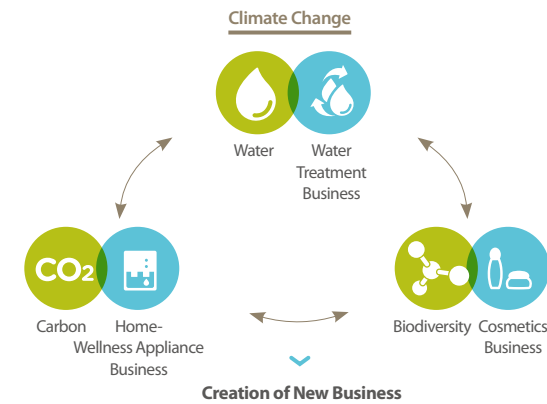


BUILDING A LOW CARBON CORPORATE CULTURE



Resolution of the climate change issues that our society is faced with today is central to Woongjin Coway's eco-friendly management strategy. Our employees are fully committed to minimizing CO₂ emissions that are the main culprit of climate change, in the entire spectrum of our business operations. These include the sites of: product design, manufacturing, offices and all business sites. We are improving our modus operandi in an innovative manner and undertaking voluntary initiatives to save energy.

< 3 Key Themes in Climate Change >



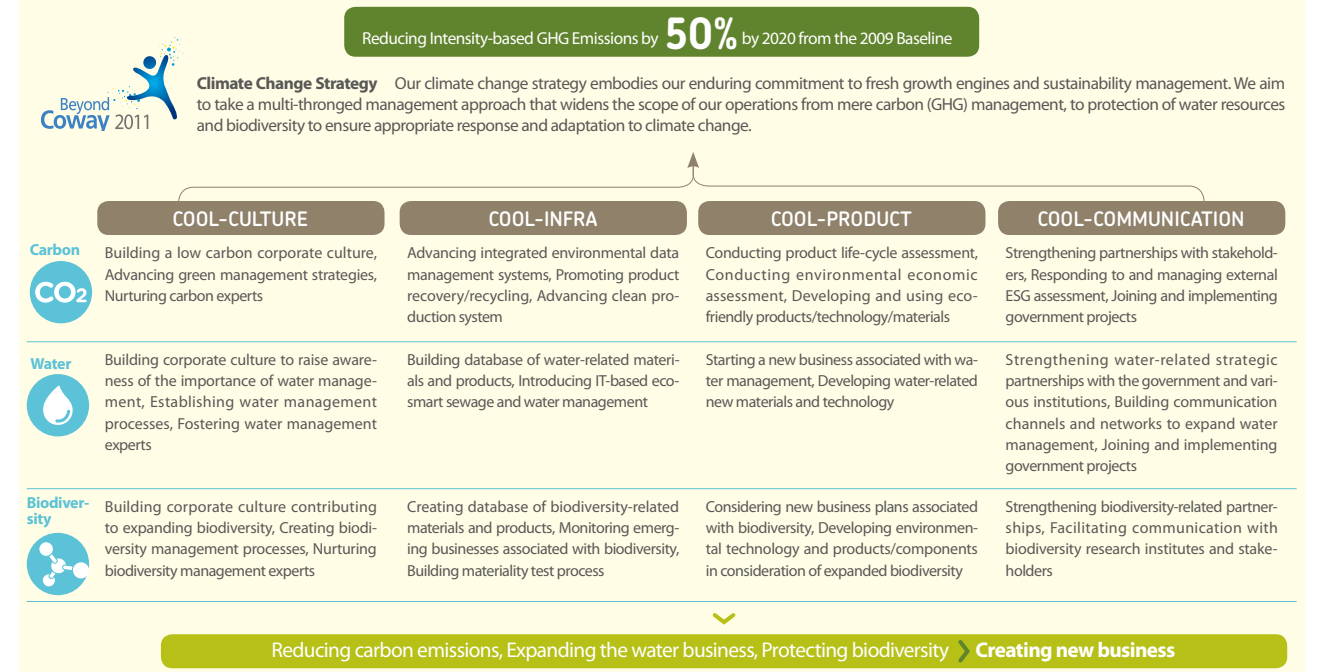
Climate Change Response Strategy
 To discover new growth business and secure the sustainability of our operations, we at Woongjin Coway ensure that our environmental management undertakes a multi-faceted approach. We move beyond mere reductions of carbon emissions, into the preservation of water resources and biodiversity. The threats posed by climate change in particular, are closely related with our core business and prompt us to widen the scope of our operations with a heavy sense of responsibility. The 3 key themes of carbon, water, and biodiversity, form the basis upon which we operate responsibly. In so doing, we are fully dedicated and increasingly prepared to address environmental issues caused by climate change.

Strengthening the Low Carbon Green Management Framework
 The on-going destruction of the earth's eco-system, precipitated by climate change, presents a serious threat to the livelihood of humankind. Our in-house Eco-way Council and proactive response initiatives act to ensure that we do our part in addressing environmental issues raised by climate change and forge proactive preparations against environmental regulations, both domestically and abroad. Not only do we endeavor to reduce carbon emissions, we also protect water and biodiversity, which form the fundamental basis for our livelihood. These efforts contribute to our strategy to maximize business values. In addition, we are fully aware that we need to operate hand-in-hand with suppliers in the mid/long-term perspective to guarantee success in green management. To this end, we support all our suppliers in setting relevant policies, diagnosing their execution capabilities, receiving consulting advice and nurturing experts in order to assist them in building low-carbon, green management frameworks. These supportive measures will be further expanded in the upcoming years.

< Climate Change Response Work Process >



< Our Activities Guided by 4 'Beyond Carbon' Strategies >

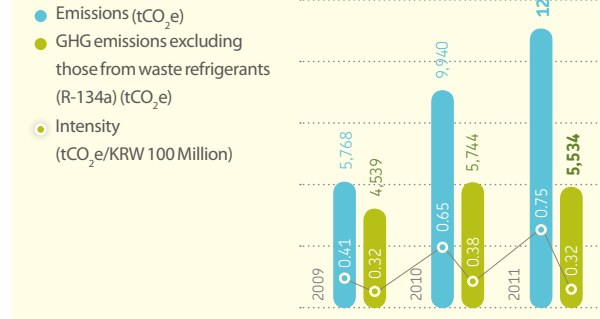


GHG Management Plans and Emissions

Building and Managing GHG Inventories We at Woongjin Coway, have been proactive in responding to climate change. In 2008, we set up operational systems to identify GHG emissions from direct and indirect business activities. Since then, we have recorded, managed and reported this emissions data, which enables us to check statistics and the trajectory of GHG emissions, at business sites in real time. This allowed us to lie down a foundation to promptly support our CEO in making decisions regarding climate change. In 2009, we computerized the entire management process to create accurate databases and ensure year-round monitoring. In May of 2011, we verified our GHG emissions through a group of third-party experts. (verification is conducted every two years). These endeavors guarantee that the calculation of GHG emissions and emission reduction activities at Woongjin Coway are undertaken in a reliable manner. Our GHG emissions for 2011 are set for verification in May of 2012.

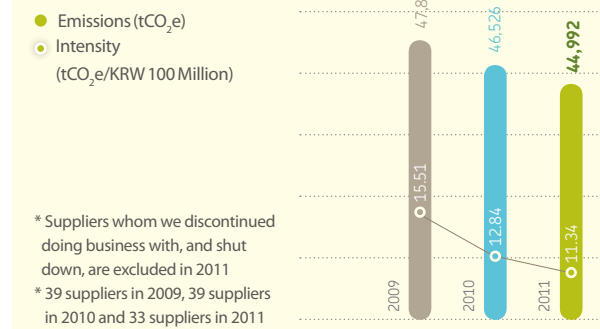
Current Status of GHG Emissions Our total GHG emissions for 2011 were estimated at 12,754tCO₂e, up by 28.3% from 2010 (before external verification). Actual GHG emissions, however, declined when emissions from refrigerants were excluded. In 2009, we concluded carbon partnership agreements with suppliers to build Woongjin Coway-supplier GHG inventories and undertake GHG emission reduction activities effectively. Out of these suppliers, 33 posted 44,992tCO₂e in GHG emissions, in total, in 2011. This is down by 3.3% from 46,526tCO₂e in 2010, which is indicative of enhanced carbon competitiveness. This efficiency is greatly due to the improvements made by suppliers regarding GHG emission reduction/intensity, following our adaptation to governmental carbon partnership projects that were undertaken together with those suppliers. In order to achieve our target of cutting intensity-based GHG emissions by 50% by 2020 from the 2009 baseline, we vow to work with our suppliers more extensively and continue with sweeping initiatives, including the upgrade of aging facilities and the introduction of high-efficiency facilities.

< Total GHG Emissions >



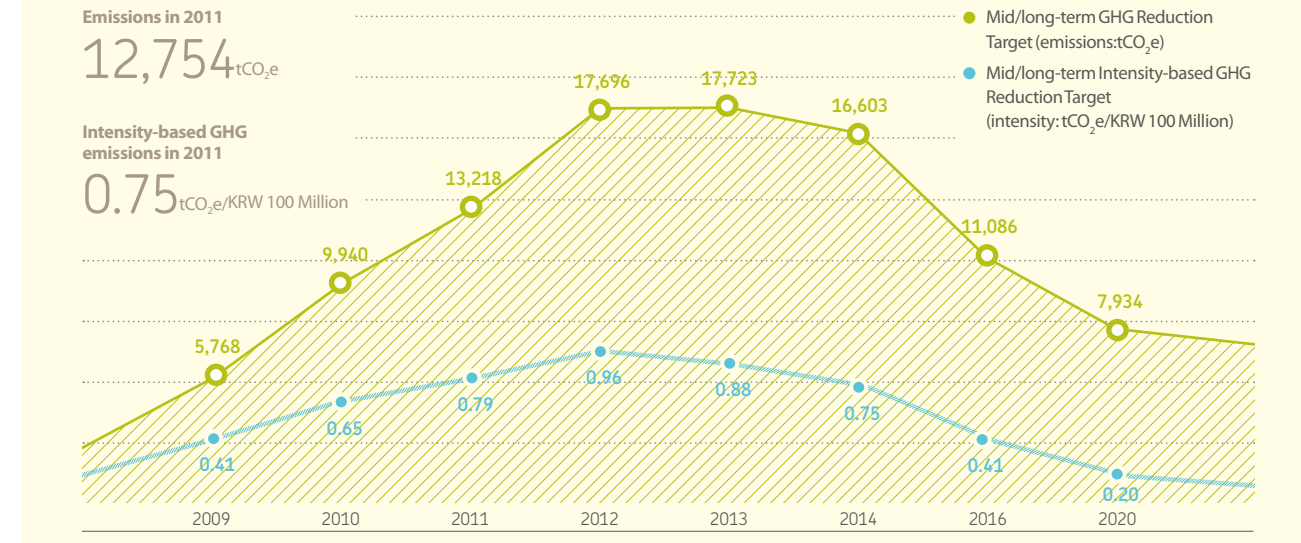
* Based on net emissions (Scope1+Scope2)
 * 2011 emissions were estimated using the same criteria as 2010 (refrigerant emissions are included in Scope1)
 * Data between 2009~2010 was verified by external experts and the 2011 data is yet to be verified by external experts

< Total GHG Emissions of 33 Carbon Partnership Suppliers >



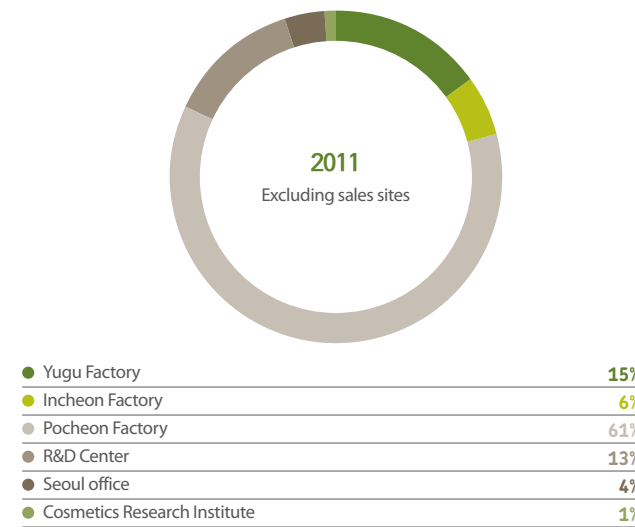
* Suppliers whom we discontinued doing business with, and shut down, are excluded in 2011
 * 39 suppliers in 2009, 39 suppliers in 2010 and 33 suppliers in 2011

< 2020 GHG Emissions Reduction Target >



* Mid/long-term GHG emissions reduction target (based on net emissions): Taking into account our y-o-y growth rate from 2009, GHG emissions reduction initiatives and technology development (5% intensity/year reduction target)
 * GHG emissions(net emissions): Including emissions in Scope1 and Scope2 (subject to third-party verification) and emissions from refrigerants(R-134a)
 * Excluding our Yugu Logistics Center, newly built dormitory and heating-related data in existing dormitory

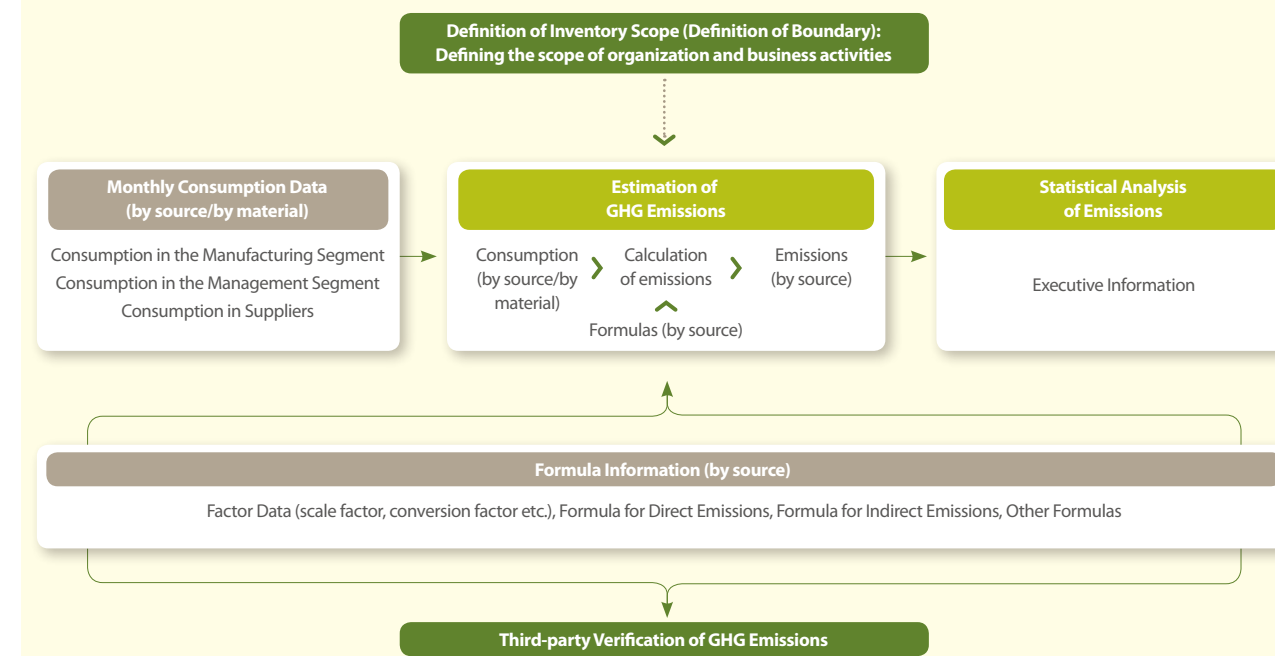
< Share of Respective Business Sites in GHG Emissions >



< Life Cycle GHG Emissions of Hot/Cold Water Filtration Appliances > (unit: kgCO₂e)



< Computerized Management and Work Process of GHG Inventories >



< Estimation Scope and Assessment of GHG Emissions >

Category	Detail	Data	Degree of Characteristics	Uncertainty
Scope1	Stationary Combustion Emissions	Fuel	Measured	Low
	Mobile Combustion	Woongjin Coway vehicles	Estimated	High
	Process Emissions	Not applicable	-	-
	Fugitive Emissions	Air conditioner refrigerants	Designed	Average
Scope2		Fire suppression materials	Designed	Average
		Refrigerants for hot & cold water filtration appliances	Designed	Average
Scope3		Electricity purchased	Measured	Low
		Leased vehicles	Estimated	High
Optional Info		Refrigerants for hot & cold water filtration appliances	Designed	Average
		Air conditioner refrigerants	Designed	Average
		Fire suppression materials	Designed	Average
	Refrigerants for hot & cold water filtration appliances	Designed	Average	

< Data Characteristics >

Measured Value: Emissions directly measured such as TMS and CEM
 Calculated Value: Emissions estimated based on formulas
 Designed Value: Emissions estimated based on assumptions
 Estimated Value: Emissions estimated based on previous activity data

< Degree of Uncertainty >
 High: Activity data and emission factors are either designed or estimated values
 Average: Measurement devices are not calibrated or degree of uncertainty is above 5%
 Low: Measurements are made with measurement devices with degree of uncertainty below 5%

* Scope: The word 'scope' is used to categorize emission sources for effective GHG emissions management and the sources fall into the three categories as below.
 - Scope 1: GHG emissions from assets directly owned by the entity
 - Scope 2: GHG emissions from the production activities using energy purchased by the entity such as electricity
 - Scope 3: GHG emissions generated from sources not directly owned by the entity but associated with the entity's production and management activities
 * In building inventories, Scope 1 and Scope 2 GHG emissions should be estimated and Scope 3 emissions are optional.

Major Activities to Reduce GHG Emissions Our efforts to build low carbon management into the overall corporate culture include the establishment of GHG emission inventories for all Korean business sites and an in-house carbon footprint assessment of products from 2010. We also set up '4 strategic tasks and 6 execution campaigns for low carbon management', to launch GHG emission reduction activities internally and externally. On top of this, we utilized the ESCO(Energy Service Company) project to ensure cost-effective reductions of GHG emissions and higher efficiency in energy consumption. We are determined to undertake sustained activities for GHG emission reduction and higher energy efficiency.

< Major Achievements of GHG Emissions Reduction Initiatives >

In-house Reduction Initiatives	Reductions in Quantities (tCO ₂ e)	Reductions in Value (KRW 1 Million)	Facility Investments (KRW 1 Million)
Installing refrigerant recovery facilities in Pocheon Factory	26,486	172	1,133
Recycling waste plastic ¹⁾	7,581	49	370
Improving efficiency of manufacturing process and introducing the energy peak system	107	0.7	935
Installing distributed cooling & heating systems for laboratory	152	0.99	150
External GHG missions reduction initiatives			
Developing technology to reduce carbon emissions from products ²⁾	1,230	8	1,133
Supplier carbon partnership ³⁾	1,534	10	650

* Reductions converted in value: Estimated at KRW 6,500 per 1tCO₂e (Referring to the European Carbon Exchange)

* Excluding depreciation expenses in facility investments

- Using emission factors in accordance with carbon labeling guidelines of the Ministry of Environment
Based on 6,434 tons of waste plastic recycled in 2011
Investments in waste plastic recycling facilities include investments made by 2011
- Emissions reductions made from CHP-210L, our hot & cold water filtration appliances model with heat-retaining technology embedded=72kgCO₂e(one unit/year)
No. of units installed for one year during 2011 = 17,081 units
Annual reductions made = 72x17,081 units = 1,230tCO₂e
- Some 1,534tCO₂e were cut in 2011 from 2010 thanks to our efforts in operating and supporting the carbon partnership with suppliers

Current Status of Energy Consumption Our track record of continuous growth has led to increased production every year. As we are heavily dependent on electricity in the manufacturing process, our electricity consumption inevitably rose. Various aims were made, however, to cut electricity consumption as our R&D Center introduced and distributed cooling & heating systems to reduce the operation of centralized air-conditioning systems. Additionally, the Yugu Factory upgraded its carbonline-manufacturing process.

6 Execution Campaign for Low Carbon Management We devised the detailed code of action '4 strategic tasks and 6 execution campaigns for low carbon management', in order to meet the target of 'reducing intensity-based CO₂ emissions by 50% by 2020 from the 2009 baseline'. Currently, we are working to initiate the tasks, together with our suppliers, customers and employees. Our low carbon campaign checklists allow us to regularly monitor the progress in a bid to ensure that these efforts are not just merely confined to campaigns for the campaigns's own sake, but encourage all to remain committed and establish a culture of voluntary participation in their daily lifestyle.



In-house Green Office Campaign

< Energy Consumption >

Energy consumption (direct/indirect energy)
(unit: converted joules (GJ))

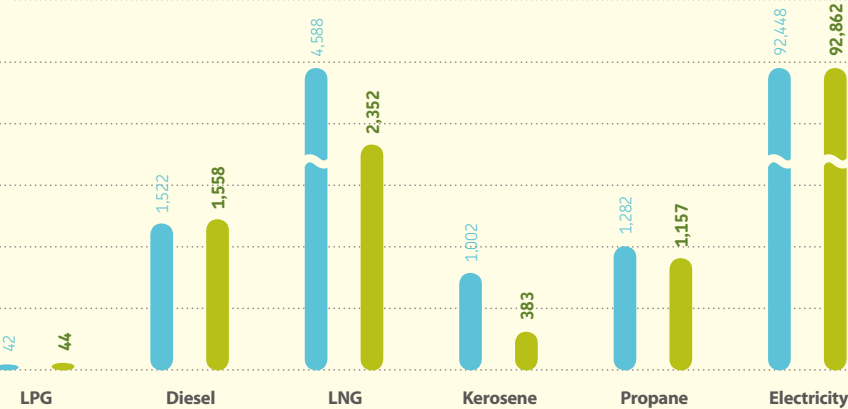
- 2010
- 2011

Total consumption in 2011

98,356

Total consumption in 2010

100,884



* Including Headquarters, R&D Center, Cosmetics Research Institute (Yugu, Incheon, Pocheon)

* Excluding overseas subsidiaries

* 2012 Goal: Consumption is expected to be at the 2011 level

* Consumption in 2009 was excluded in our criteria to estimate the energy consumption that was modified due to the acquisition of Woongjin Cuchen

STRENGTHENING THE INTEGRATED ENVIRONMENTAL MANAGEMENT FRAMEWORK



All Woongjin Coway employees are integrating environmental management into their daily operations in a way that is consistent and integrated, based on the environmental management strategy and policy guidelines set on a group-wide level. Our EHS Management Commission meets quarterly to report achievements made by the entire employees and major issues regarding environmental management, in order to ensure sustained execution of environmental management, to the CEO. The EHS Management Commission also established a transparent and open decision-making process to fully incorporate key environmental issues, identified through stakeholder communication, into our corporate policy.

Establishing the Integrated Environmental Management System

We established the SAP EHS system, the industry's first-ever integrated environmental management system in Korea in 2009. This system allows us to build a carbon inventory system that complies with global standards and manage wide-ranging management systems regarding energy, hazardous material & waste and health & safety, in a more systemized and efficient way. We progressed further to build an integrated carbon data management system that includes the data of our supplier operations. This assists us in further preventing risks associated with climate change. Additionally, it helps us to effectively respond to region-specific regulations.

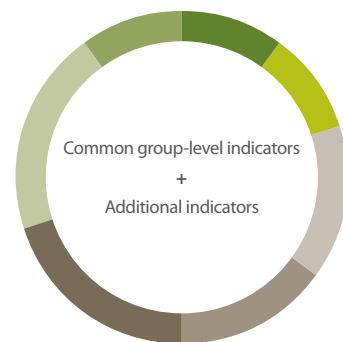
< Major Management Issues of the SAP EHS System >

1 (Executive Information System)	2 Health & Safety Management System	3 Environmental Management & Quality Management System
Supporting prompt decision making on the provision of GHG emissions data and ensuring systemized management of emissions under the built IT system	OHSAS18001 Efficient response ensured by the health & safety management system	Obtaining ISO14001 (environmental management system) and ISO9001 (quality management system) certificates and building readiness voluntarily
4 Hazardous Material Management System	5 Safety Risk Management System	6 Supplier Environmental Management
IECQ HSPM QC 080000 (on the hazardous material management system) Building readiness for certification	Analyzing various types of risk scenarios associated with safety accidents and effectively coping with risk situations, Making pre/post-risk measures and recovery measures	Quantifying performance indicators through the establishment of the environmental management system and user-friendly IT system (environment, health & safety, carbon and hazardous material)
	<p>Transforming into the Year-round Management System (Prevention check-up/Case study)</p> <p>Collecting and Classifying Risk Information (Collection and classification by area)</p> <p>Analyzing and Evaluating Risks (Assignment of risk management responsibilities/ Evaluation of risk levels)</p> <p>Convening the Risk Management Committee (Issuance of risk warnings/ Convening the Risk Management Committee)</p> <p>Responding to Risk Situations (Strategic and systemized response)</p> <p>Recovering from Risk Situations (Response outcomes/Post evaluations/Analysis of losses)</p>	

Improving Regular Environmental Audits and Monitoring

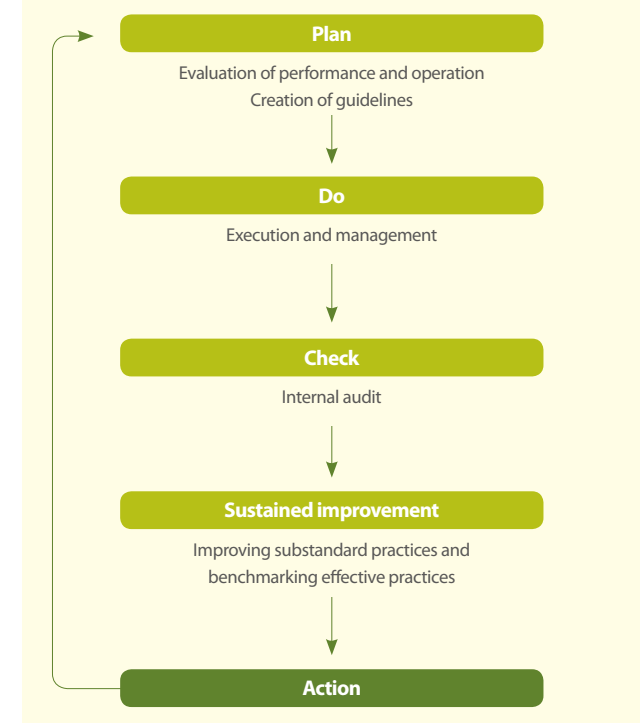
Our environmental audit system is up and running, covering in-house organizations and suppliers, in order to ensure flexible response to climate change risks and further solidify the company-wide integrated environmental management framework. On top of this, environmental management activities and achievements in respective divisions are monitored on a regular and year-round basis to enhance the effectiveness of audits. Audit items include common group-level environmental evaluation indicators as well as additional environmental evaluation indicators that were created in consideration of characteristics inherent to the industry. Common indicators for 2011 were: GHG emission reduction activities, energy reduction activities, promotion of green purchasing and eco-friendly training. In addition, such key management indicators as development of new eco-friendly products/technology and the increase of recycled waste plastic were chosen as focus items. We are doing our utmost to manage these indicators.

< Environmental Audit Items >



● Environmental structure and awareness	10%
● Operation of the environmental system	10%
● Management of environmental material	15%
● Response to climate change	15%
● Resource recycling	20%
● Eco-friendly design/marketing	20%
● Eco-friendly communication	10%

< Environmental Audit Process >



Water Management Strategy and Water Resources Consumption

Climate change is posing an enormous threat to water resources that form the basic foundation for human survival. We, at Woongjin Coway, have become the first Korean company in the industry to join the 'CEO Water Mandate' under the UN Global Compact in 2010, thereby fully concurring with the vision of the UN Global Compact to address the water crisis. Since then, we have been voluntarily participating in water resource management initiatives. We also established the 'Eco-way Council', an in-house working-level council in charge of responding to environmental issues and climate change, to perform in-depth analyses of risk and opportunity factors associated with greenhouse gases and water resources, in order to reflect them in our management strategy and major corporate policies. This allows us to continuously create new business opportunities in the water treatment industry based on our accumulated technology capability, as well as to improve efficiency of water management.

* For more information on our water treatment business areas and performance, please visit our main website(www.coway.co.kr)

Wastewater Reprocessing System Installed at the Incheon Factory

Due to extenuating circumstances, our Incheon Factory has been forced to use household water rather than industrial water in testing its products. The wastewater reprocessing system installed in July 2011, however, enabled the facility to reduce its consumption of household water through a reprocessing and recycling process, generated in the production line (No. 1) and the bidet testing lines. The installation led to reductions of 1,160 tons of household water annually (98tons on average monthly).

World's First Waterless Testing System for Water Filtration Appliances

Our Yugu Factory uses water to test the quality and functionality of the water filtration appliances that it produces. We have been intensively striving to develop techniques to reduce water consumption for testing purposes. This, in turn, led to the development of the world's first waterless system that uses nitrogen and vacuums instead of water, to test water filtration appliances. This translates into 1,320 tons of water saved annually.

Water Quality Inspection at the Yugu Stream

Under the 'One Company One Stream program', we have been inspecting the water quality of the Yugu Stream since 2004. Various actions performed under the 'Save the Yugu Stream' program improved the water quality of the stream from grade III (based on BOD values) in 2005 to grade I a (based on BOD values) on average at its 17 total tributaries in 2011. (For further information, please see p70).

< Results of Water Quality Inspection at the Yugu Stream >

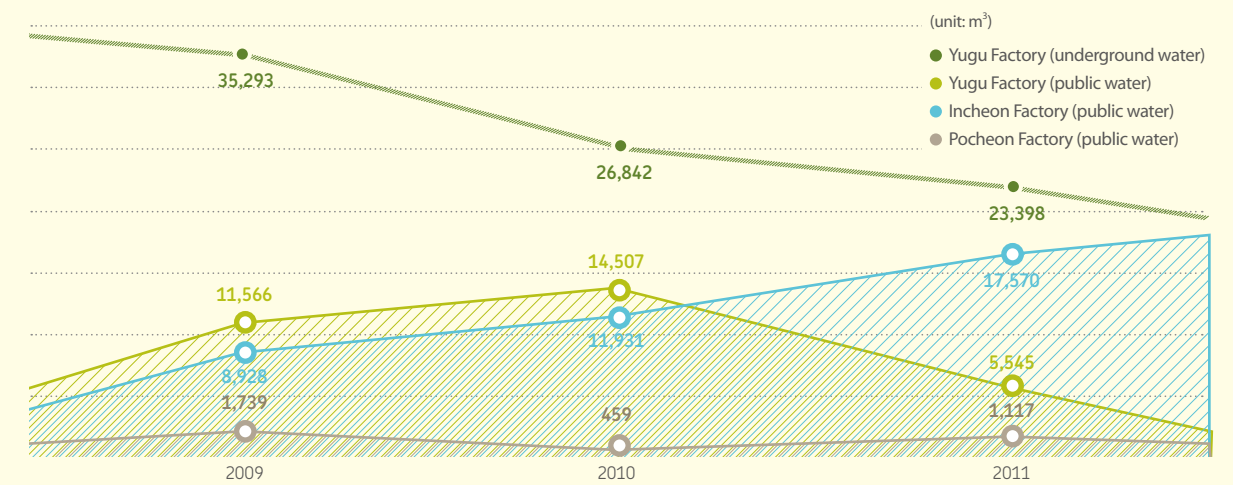
Inspection Period June 28, 2011
Inspection Agency Daedeok Research Institute, Joongang Institute of Life Science (External research institute performed the inspection under the supervision of Gongju City to ensure the objectivity of inspection results)
Inspection Venues 17 tributaries of the Yugu Stream (junctions of the main stream and tributaries were mainly chosen for they suffer lower water quality)
Results 17 tributaries were grade I a on average (based on BOD values)
 • They were grade III in 2005 but have been grade I b between 2006 when the Save the Yugu Stream program began and 2010
 • They produced the noteworthy outcome of the first-ever 'grade I a' since the 'Save the Yugu Stream program' began in 2006 (continued inspections covering seasonal changes are required)

< Results of Inspection by Water Quality Standard >

Category	Ph (Hydrogen Ion Concentration)	BOD (Biochemical Oxygen Demand)	SS (Suspended Solid)	DO (Dissolved Oxygen)
Yugu Stream	7.0	0.9	1.9	9.1
Very Good (I a)	6.5~8.5	Under 1	Under 25	Above 7.5
Good (I b)	6.5~8.5	Under 2	Under 25	Above 5.0
Fairly Good (II)	6.5~8.5	Under 3	Under 25	Above 5.0

* Stream Water Environment Grade: 7 grades
 Very Good (I a)>Good (I b)>Fairly Good (II)>Average (III)>Slightly Bad (IV)>Bad (V)>Very Bad (VI)
 * Grade I a: The ecosystem is abundant with dissolved oxygen, free from pollutants and can be used for household purposes after a simple filtration process.

< Total Water Consumption >



* Recycled and reused water is not currently used, aside from a fraction of the Incheon Factory.
 * Pocheon Factory: Due to heavy regulations to protect underground water in Pocheon, only public water is used
 * Incheon Factory: It is impossible to use underground water, as the Namdong Industrial Complex was built on a reclaimed wetland.

Protection and Management of Biodiversity

Biodiversity is the source of various social and economic values that enrich our life, in addition to protecting the ecosystem. In short, biodiversity not only affects human life directly and indirectly, it also has enormous rippling effects on the sustainable growth of a company. We, at Woongjin Coway, are fully aware of the significance of biodiversity and are ardently reflecting the principle of water management and biodiversity protection into our management strategies/policies, in order to minimize the loss of biodiversity and the occurrence of an array of possible disasters, infectious diseases and other diseases.

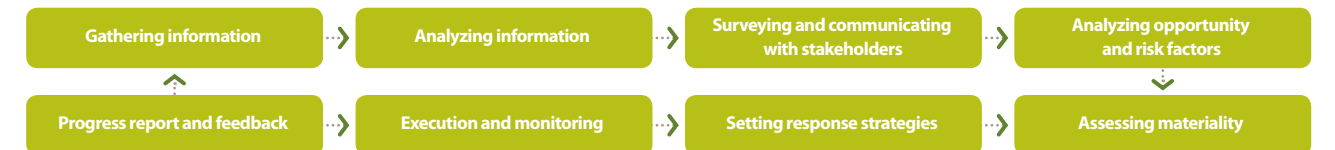
Resultss of MOU with Cheongyang County in Developing Eco-friendly Cosmetic Ingredients

We signed the MOU (memorandum of understanding) with Cheongyang County to 'nurture the organic Chinese matrimony vine cultivation business and develop cosmetics with eco-friendly medicinal herbs' in November of 2011 at the County Office in South Chungcheong Provice. Eco-friendly medicinal herbs, including domestically-grown, organic Chinese matrimony vines, will be purchased by Woongjin Coway, according to the agreement that they be used as ingredients for 'allvit', our oriental herb cosmetic brand. Chinese matrimony vine is garnering attention as a cosmetic ingredient that is effective in the prevention of skin aging and for its superb anti-oxidizing benefits. In particular, Chinese matrimony vine produced in Cheongyang, accounting for 75% of total production volume in Korea, is widely recognized for its outstanding efficacy and quality. The MOU will also benefit Cheongyang County by increasing the household incomes of farmers and enhancing economic vitality in rural areas.

< Response System for Water Management and Biodiversity Expansion >



< Water Management and Biodiversity Protection Process >



< Comparison of 1st and 2nd Ecosystem Inspection of the Yugu Stream >

Category	1st Inspection	2nd Inspection	Note
Inspection Period	April 2004~December 2004	July 2009~June 2010	
Inspection Purpose	Setting comprehensive measures to restore the ecosystem of the Yugu Stream and suggesting effective management measures	Inspecting changes in the ecosystem brought by the 1st phase <Save the Yugu Stream> program and presenting future ways for the 2nd phase of the program	
Freshwater Fish	6 families and 20 species	5 families, 22 species and 993 individuals	
Birds	12 orders, 26 families, 47 species and 759 individuals	12 orders, 30 families, 65 species and 3, 194 individuals	increase
Amphibians and Reptiles	6 families, 6 genera and 14 species	8 families, 11 genera and 17 species	increase
Rare Plants	77 families and 234 taxa	88 families and 329 taxa	increase
Land Insects	10 orders, 35 families, and 93 species	13 orders, 56 families and 156 species	increase
Aquatic Invertebrates	3 divisions, 4 classes, 21 families and 35 species	5 divisions, 7 classes, 19 orders, 50 families and 79 species	increase

* Inspection agency: Korean Association for Conservation of Nature
 * Data are from 2010 and ecosystem inspections of the Yugu Stream were not conducted in 2011.

Minimizing Environmental Impact Our Hazard Substance Process Management (HSPM) is up and running to ensure that hazardous materials are not secreted from any products we manufacture or sell. In a bid to guarantee every material and business site is eco-friendly, we examine prohibited or restricted hazardous materials under the RoHS issued by the European Union and utilize our HSPM to apply even stricter standards than the international guidelines prescribe. We also initiated the 'Green Partnership (W-GP) certification system' to encourage our suppliers to fully meet the standards regarding common system requirements suggested by the 'green partner self-assessment' and the material management & use of hazardous material. We are working to develop water filtration appliances that use eco-friendly refrigerants, or are refrigerant-free, to prevent environmental pollution caused by refrigerants. Moreover, we plan to continue our investments into technology development to ensure that existing water filtration appliances are collected and their refrigerants are efficiently disposed of.

< Management Items of Hazardous Material >

2008	6 hazardous substances Pb, Hg, Cr6+, Cd, PBBs, PBDEs
2009	16 hazardous substances 6 hazardous substances in 2008 + Antimony, Beryllium, Selenium, Barium, Nickel, Arsenic Compound, Dimethylfumarat(DMF), Perfluorooctane, Sulfonates(PFOS), Perfluorooctyle Acid(PFOA)
2010	16 hazardous substances in 2009 + SVHC substances(REACH) + customer requirements
2011	Hazardous substances in 2010 + voluntary prohibition of brominated flame retardants (BFR) and PVC (some air purifier models)

< Number of Green Partnership(W-GP)-certified Suppliers >

2011	53 SUPPLIERS
2010	49 SUPPLIERS
2009	34 SUPPLIERS

< Raw/Subsidiary Use >

	2011	2010	2009
Plastics	10,794	10,139	9,903
Metal	6,229	6,162	6,408
Packaging materials (paper box, vinyl, EPS)	2,325	2,015	2,015

(unit: ton)

* Consumption of plastic raw and subsidiary: No. of products shipped x weight of plastics in each product (Shipped products include filters, water filtration appliances, air purifiers, bidets, water softeners and food waste treatment devices)

* Consumption of packaging raw and subsidiary: No. of products shipped x average weight (Shipments: 1.3 million units in 2010, 1.5 million units in 2011)

* Product shipments for 2010 were modified, which led to data discrepancies from our Sustainability Report 2010

< Amount of Waste >

Category	2010	2011
Product	9,676,092	11,130,820
General Industrial Waste	630,756	742,801
Specified Industrial Waste	29,800	28,600
Service	7,507,877	7,894,769

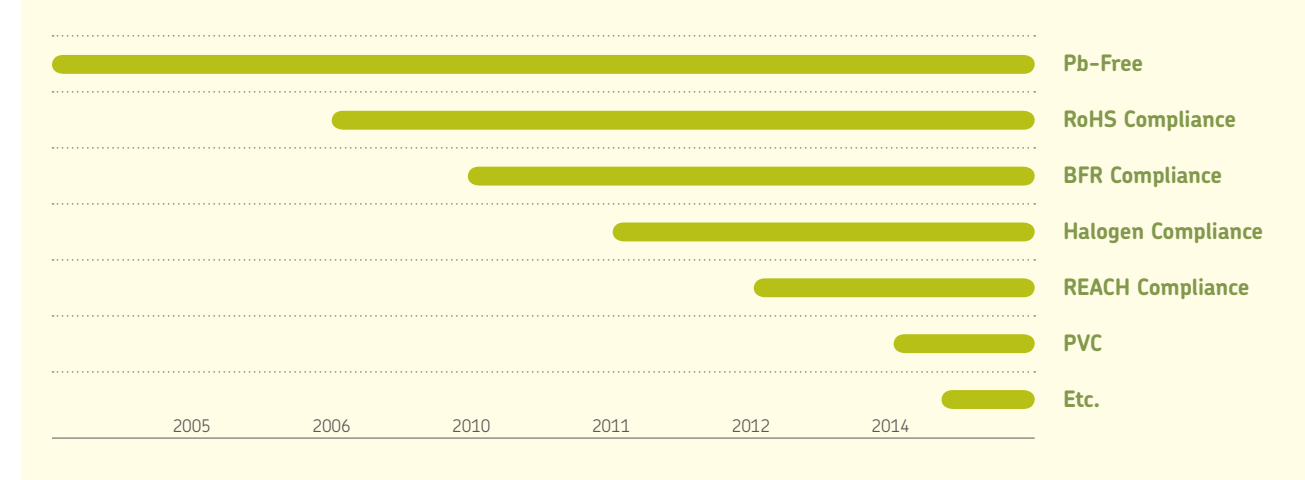
(unit: kg)

* Product wastes refer to scrap metal and plastics generated (including spent filters)

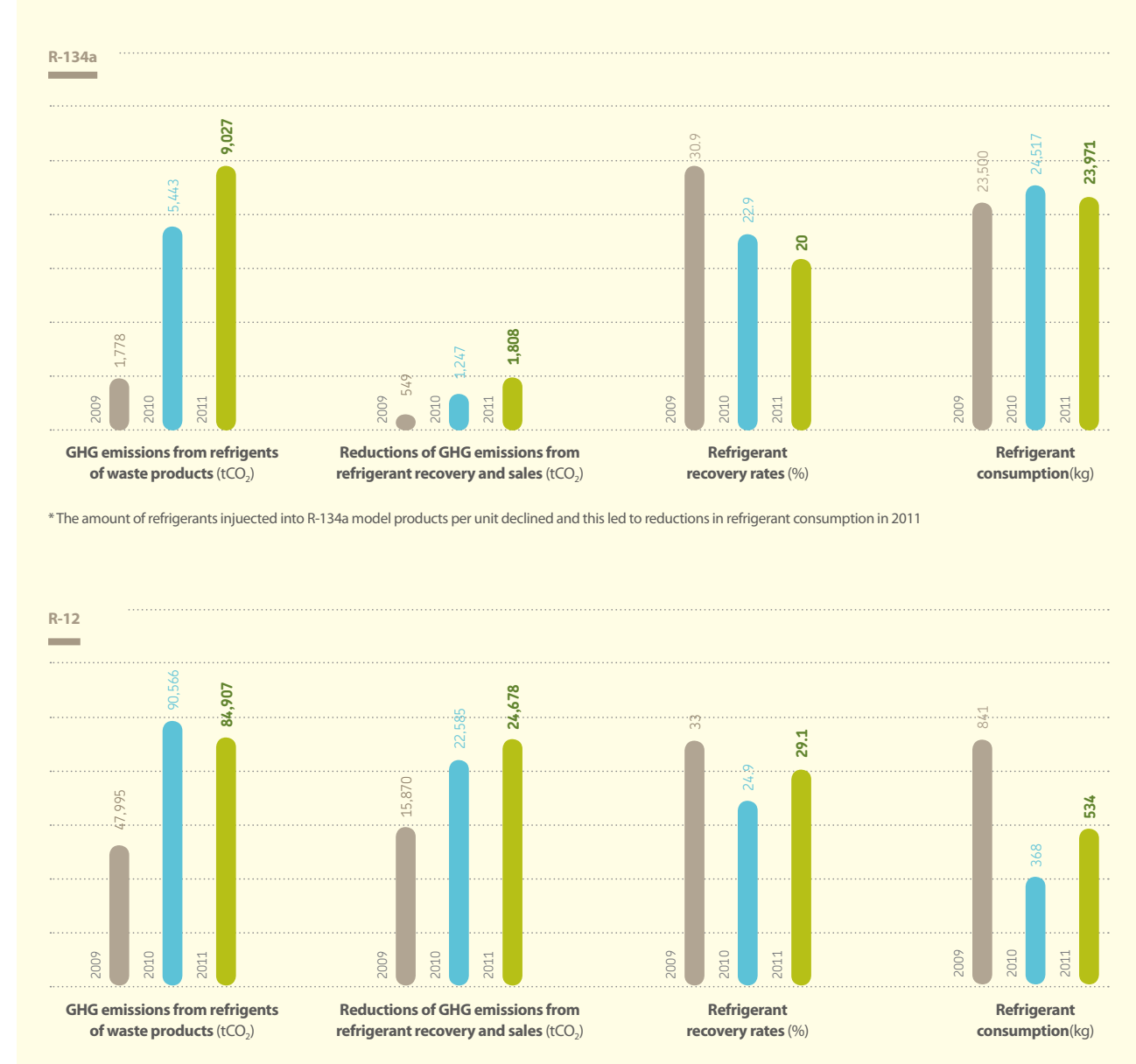
* Service waste refers to waste generated by branches

* Data was collected from 2010, after the acquisition of Woongjin Cuchen in 2009

<Environmental Regulation Response Strategy Roadmap>



< Reduction of GHG Emissions from Refrigerant Recovery and Sales & Refrigerant Recovery Rate >



< Refrigerant's Global Warming Potentials >

Refrigerant	Global Warming Potential (GWP)
R134a	10,900
R-12	1,430

* Global Warming Potentials (GWP): A measure of contributions to global warming, expressed as a factor of carbon dioxide whose GWP is standardized to 1

Emissions of Atmospheric Pollutants

Our operation primarily focuses on the assembly of products, which is an inherent characteristic of the industry where we operate. There is no substance generated at our business sites that is regulated under the Clean Air Preservation Act.

Discharge of Sewage and Wastewater

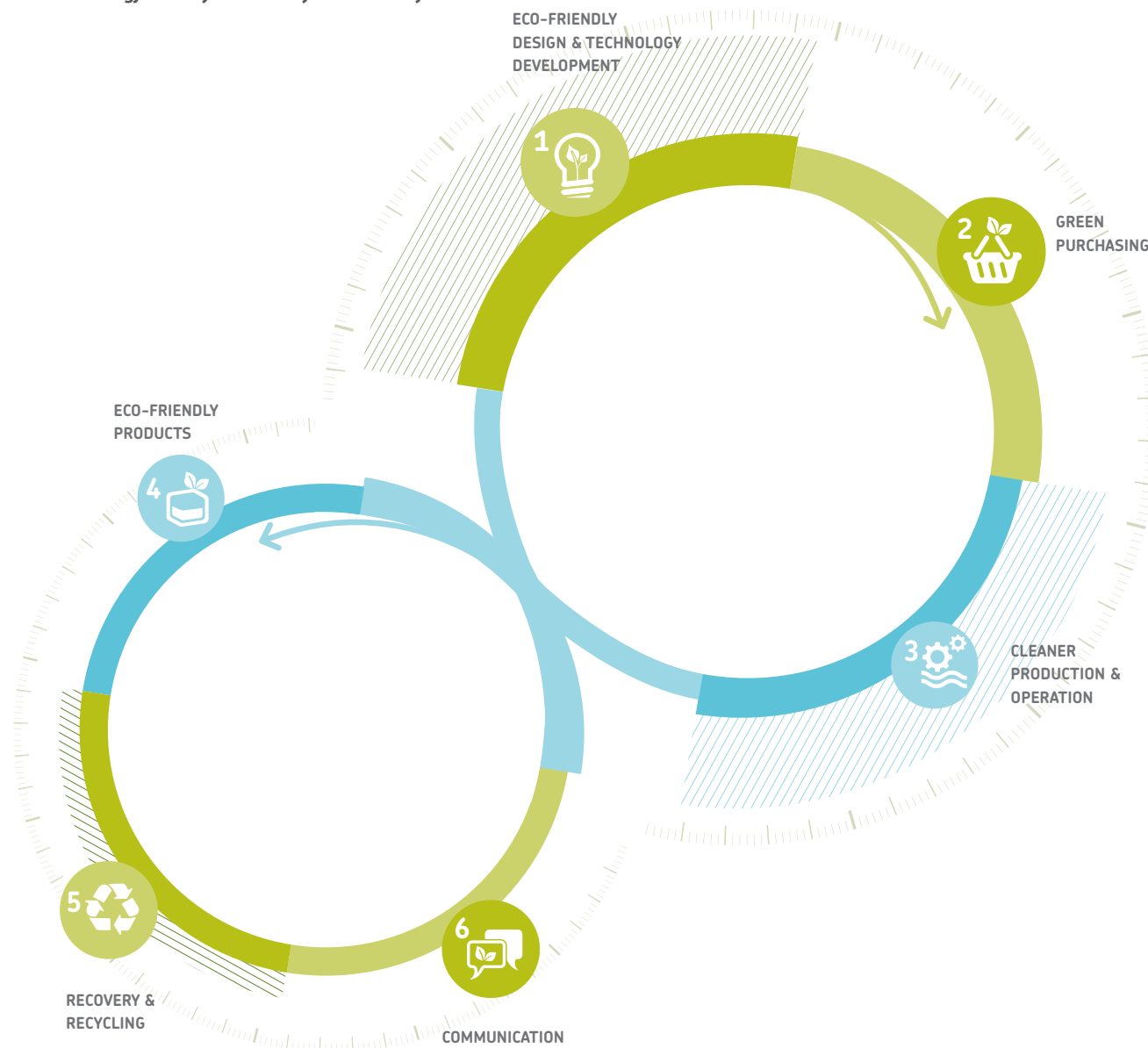
Sewage is processed at terminal disposal plants and wastewater is disposed of by Woongjin Chemical.

EXPANSION OF DEVELOPMENT OF LOW CARBON TECHNOLOGY AND PRODUCTS



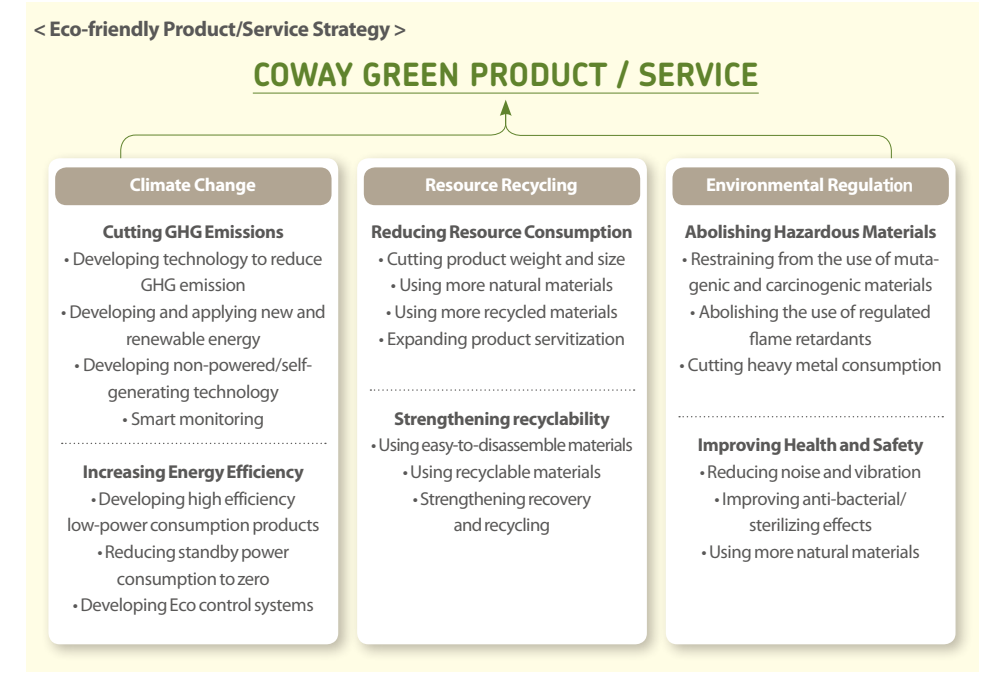
We at Woongjin Coway, incorporate eco-friendly thinking into the entire business activity spectrum-from product design and sales to waste management and recycling. We call this the 'eco-friendly life-cycle' and it is applied to the respective products we manufacture to become the 'Woongjin Coway Eco-friendly Product Story'. This story will be completed through the joint efforts of wide-ranging stakeholders, as well as our employees, who inspire us to offer eco-friendly products and services with minimum impact on the environment.

< Woongjin Coway Eco-friendly Product Story >



How Do We Define Eco-friendly Design and Technology Development?

We aim to apply eco-friendly considerations starting from the early stages of product development in order to minimize environmental loads from the entire product life-cycle and to develop technology to enhance the efficiency of energy and resources, while simultaneously reducing hazardous substances. This allows us to create broad achievements in improving the eco-friendliness in respective fields.



How Do we Expand Green Purchasing?

The voluntary green purchasing agreement with suppliers and the Green Partnership certification system enables us to expand the culture of green consumption. These green purchasing initiatives help us not only reduce hazardous substances in our products and components, but also help us enjoy such positive benefits as strengthened partnerships with our suppliers.



< Green Purchasing Rates >

2011	80.5%
2010	84.7%
2009	74.7%

* Data for 2009 and 2010 only includes the Yugu Factory whereas the 2011 data counts both the Yugu Factory and the Incheon Factory.
* Changes in calculation time points led to data discrepancies in our 2010 Sustainability Report.

- < Woongjin Coway's Green Purchasing Guidelines >**
- 1 We consider the purchasing of eco-friendly components as one of our top priorities in our purchasing strategy.
 - 2 We identify, support and nurture suppliers with outstanding environmental performance and commit ourselves to purchasing eco-friendly products by fully incorporating environmental performance in our evaluations of suppliers.
 - 3 We clearly demonstrate to our suppliers the necessity in minimizing environmental impact in their management activities, manufacturing and provision of services.
 - 4 We make sustained, joint efforts with suppliers to improve the environment through proactive environmental protection initiatives.
 - 5 We provide guidance and support to encourage suppliers to undertake environmental activities.
 - 6 We actively support suppliers with outstanding environmental performance and strive for mutual growth with our suppliers.

3
CLEANER
PRODUCTION &
OPERATION

How Do We Define Cleaner Production and Operation?

Our definition of cleaner production and operation refers to activities that enable the manufacturing process to be cleaner, through sustained reductions of air and water pollutants from the manufacturing process. Through these endeavors, we are improving unreasonable practices and inefficiencies and adopting an innovative manufacturing process that puts green management into action.

<Achievements of Cleaner Production Initiatives>

Our manufacturing process for carbon filters used in water filtration appliances became more efficient and this led to the reduction of 230Mwh in electric consumption, which translated to reductions 107Tco₂e annually.

The formula for calculating reductions is:

dryer electricity consumption x operating hours(per day) x operating days (22 days) x 12 month x emission factor



4
ECO-FRIENDLY
PRODUCTS

How Do We Define Eco-friendly Products?

We use the Carbon Labeling and Eco Label systems to label our products with eco-friendly product certificates in order to proactively participate together with consumers in addressing climate change. GHG emissions and environmental impacts from product manufacturing, distribution and consumption are clearly displayed on our products. Woongjin Coway's eco-friendly products also include non-powered water filtration appliances, water softeners and bidets that do not require electricity, in addition to those products that are certified with the Carbon Labeling and Eco Label.

<Eco-friendly Products in 2011>

Systems	Main Features	Certified Models
Carbon Labeling 	<ul style="list-style-type: none"> Certified products should meet carbon emissions standards Our bidets were certified with the Carbon Labeling for the first time in Korea 	Bidet (BA14-A)
Eco Label 	<ul style="list-style-type: none"> Certified products should meet requirements regarding power consumption, noise, and waste generation 	Food waste treatment device (WM07, WM05-A/B, WM03-A/B)
Low Carbon Product Certification 	<ul style="list-style-type: none"> Initiated for the first time as the 2nd phase of the Carbon Labeling Our water filtration appliances become Korea's first to be certified under the system 	Water filtration appliance (CHP-06DL)
Energy Winner Awards 	30% standby power reduction compared to existing products	Bidet for businesses (BA14-B)

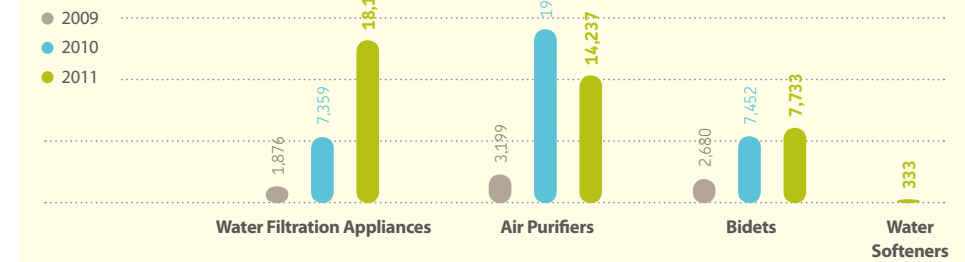
* For more information on our certified products in 2010, please refer to 'Beyond Carbon 2010', our carbon management report, or our official website (www.coway.co.kr).

5
RECOVERY &
RECYCLING

How Do We Define Recovery and Recycling?

We, at Woongjin Coway, are concerned not just about the sales of our products, but also about recovery and recycling of waste products. This is why our strategic waste management measures are operating to minimize any environmental hazards our products possibly produce. The refurbished goods initiative began in February of 2009 as our representative recycling system and is efficient on two fronts. It minimizes environmental problems through the recycling of resources, while satisfying customers who pursue reasonable and economical consumption.

< Sales of Refurbished Goods >

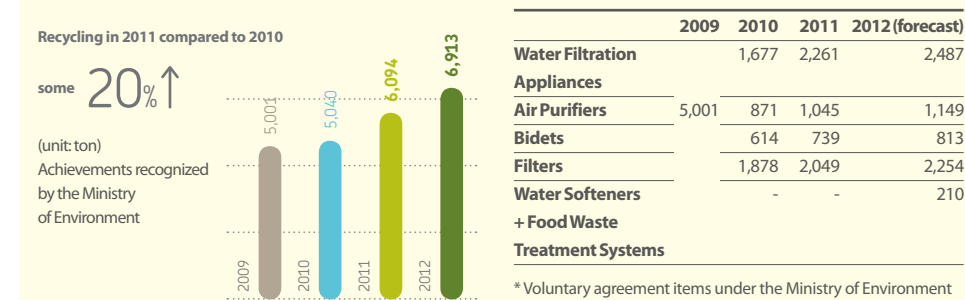


* Some products were omitted in collecting data for the 2010 Sustainability Report, which led to data discrepancies with the 2011 Sustainability Report.

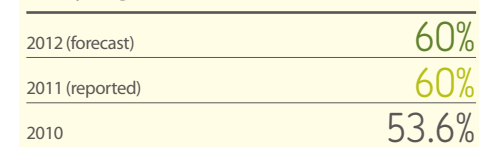
< Reprocessing Process of Refurbished Goods >



< Recovery and Recycling of Waste Plastics >



< Recycling Rates of Waste Plastics >



* Recycling criteria: Including voluntary agreement items under the Ministry of Environment (water filtration appliances, air purifiers, bidets and filters)
* Recycling rate: (recycled plastics out of recovered products/ plastics out of shipped products) x100

* Voluntary agreement items under the Ministry of Environment are recognized from achievements from 2010 and on (filter, water filtration appliances, air purifiers and bidets)
* The 2011 achievements were calculated for the purpose of reporting to the Ministry of Environment and the recycled amount will be finalized in May 2012
* Achievements in water softeners and food waste treatment systems will be recognized starting from 2012.
* 2012 records are expected to be about 10% higher than 2011 (210 tons of water softeners and food waste treatment systems are expected to be recycled)

6
COMMUNICATION

What Are We Doing to Communicate?

Waste Appliances Disposal Services

We are committed to disposing of used and unwanted home appliances to protect the environment and we encourage our customers to join in these efforts. For those customers who purchase a new product at Woongjin Coway and want to have the old one disposed of, we can collect the old product when delivering the new product free of charge. For those customers who want to dispose of their old product without buying a new one, they can call for help at the dong (town) office in their neighborhood or we can provide disassembly services at a cost for their conveniences.

(Customer Center: 82-2-1588-5100)

GREEN COMMUNICATION



To ensure sustainable growth, a company needs to cooperate and harmonize with surrounding social and environmental factors. This perspective forms the foundation upon which we at Woongjin Coway, undertake varied green communication initiatives in order to recognize our responsibility in addressing the state of environmental issues that our society faces today as well as to induce voluntary changes in operation to cope with them, together with our core stakeholders.

Securing Communication Channels for Environmental Preservation
Our Carbon Management Report: 'Beyond Carbon' We have issued 'Beyond Carbon', our carbon management report, every year since 2009 as part of our commitment to the Carbon Disclosure Project (CDP). Being the first Korean home appliance company to issue such a report shows that we transparently disclose our low carbon management strategies/progress, information help for the implementation of green management and eco-friendly management activities of major suppliers to our internal/external stakeholders through both online and offline channels. Thanks to these endeavors, we were chosen as a 'carbon management industry leader in ' by the CDP Korea for 3 consecutive years since 2009 in addition to being able to join the Carbon Management Global Leaders Club in 2011. Our 'Beyond Carbon 2011' will be issued in May of 2012.



Carbon management report



Magazine 'ecoway' No. 7 and No. 8



Presentation of pilot project results regarding reduction and recycling of food waste



Environmental Day campaign joined by Green Makers

Our Eco-friendly Lifestyle Magazine, 'ecoway' In 2010, we issued 'ecoway', our bimonthly eco-friendly lifestyle magazine, to help more stakeholders in realizing the importance of the environment and to put eco-friendly daily habits into action. Considering the fact that it is rare to see such a magazine in Korea, 'ecoway' delivers rich content to encourage subscribers to experience eco-life easily in their everyday lives which include the three categories of clothing, food and housing. In 2011, special features on eco-friendly cleaning and eco-friendly furniture-making were newly featured along with advice from relevant experts to offer even more substantial information.

Food Waste Reduction Campaign We launched the food waste reduction campaign under the agreement for the 'pilot project to reduce and recycle food waste' signed with the Korean Federation for the Environmental Movement in June of 2011. We developed efficient ways to process food waste (through the analysis of food waste discharge data), presented master plans on food waste disposal jointly with local governments and provided regular environmental training for local people. We will forge closer ties with local community and environmental organizations to proactively cope with emerging social issues regarding environmental degradation in addition to expanding our investments to offer solutions for these environmental issues.

Nurturing Eco-friendly Talent, Launching the 4th Class of Woongjin Coway 'Green Maker' 'Green Maker' is our in-house program for nurturing eco-friendly talent and has been up and running for the past 4 years since 2008. Open to every university student in Korea, 'Green Maker' is our 'No. 1 experience-based Eco-way' program that pursues public good initiatives as well as green initiatives. Green Makers are given an opportunity to gain working-level project experience to undertake eco-friendly activities and nurture their global leadership skills. In 2011, the 4th class 'Green Makers', consisting of 50 students, conducted regular environmental campaigns for 6 months (starting from May that year) and took part in setting social participation and eco-marketing strategies. Woongjin Coway will continue to expand its support for 'Green Makers' to encourage young university students, the very future growth engine of our society, to grow into eco-friendly talent.

* For more information on our communication activities with varied stakeholders, please visit our official website (www.coway.co.kr).

A member of the 4th
Class Green Maker
Do-Joong Kim

Students my age are busy filling up their resumes with spectacular and striking accomplishments to get a good job. But I wanted to do something more meaningful and valuable before I graduated. I wanted to become a member of our society rather than simply jumping on the bandwagon to accumulate such resume-padding accomplishments like others. I came across the Green Maker program at Woongjin Coway and was lucky enough to become a member of the 4th Class. This program gave me such invaluable experience. It helped me properly recognize the environmental challenges we are faced with today and, with all the good people of my class, helped me think hard about solutions.



Green Maker Do-Joong Kim-with his Green Maker colleagues



02 OUR CUSTOMERS



ACTION & HEART FOR TRUST WITH CUSTOMERS

We reward ourselves
from making the life of our
customers healthier and richer.

With best-in-class quality, product safety and extraordinary services, we help your body as well as your mind stay healthy. We listen to even the smallest from our customers and continue with R&D to create new values for them. We are committed to true customer satisfaction and confidence through top-notch product quality and services.



DISCLOSURE ON MANAGEMENT APPROACH

02 OUR CUSTOMERS

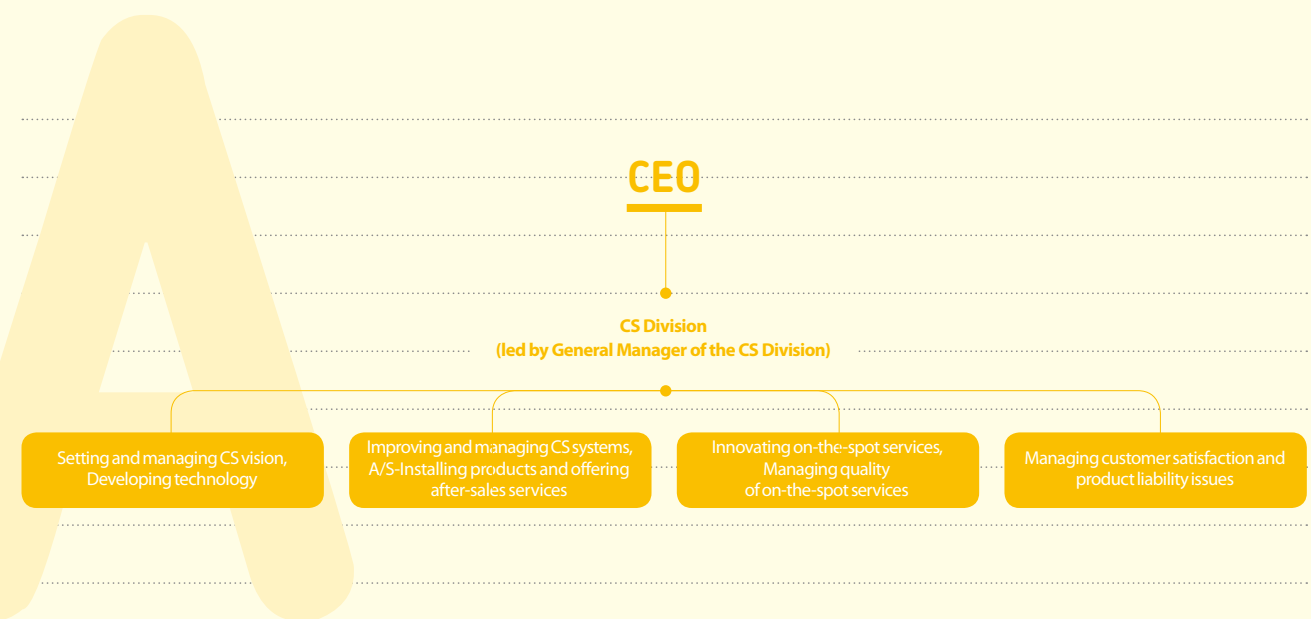
OUR CUSTOMER POLICY The 1st Chapter of Woongjin Coway Ethics Regulation on duties and responsibilities for our customers, clearly stipulates that "We constantly create useful values for customers and thereby earn their deep-rooted confidence by recognizing that they are the genuine foundation for our business conduct. We always respect the opinions of every customer and provide services and benefits from the perspective of customers". This represents our basic philosophy regarding customer respect at Woongjin Coway.

OUR CUSTOMER STRATEGY We have been committed to delivering customer satisfaction and creating sustained values under the vision to become 'the best home wellness appliance company that offers a healthier and happier life for customers' since our inception. The rental service system and the Cody system that we introduced for the first time in Korea, represent our endeavors to enhance customer values through differentiated and customer-centered services. We at Woongjin Coway, will identify and satisfy the demands and requirements of our customers before they arise and remain committed to creating customer values to help them lead healthier and happier lives.

OUR FOCUS ISSUES We have been delivering growing customer satisfaction through product development and technology innovation that cares our customers and the environment, innovative services and responsible marketing to make our customers and the society healthier and happier.

Your are the customer of Woongjin Coway We classify our customers into private and corporate customers. Our private customers are supported by 13,500 professional Codys through their HEART service and corporate customers by 6 corporate customer centers and 32 dedicated units at corporate customer branches, and our efforts to deliver even more values continue at this very moment.

OUR ORGANIZATION Our Customer Satisfaction (CS) Division is under the direct control of the CEO and up and running to deliver satisfaction and value to customers. It is based on our management strategy that places customers as our top priority. The CS Division is responsible for setting and managing visions to support customer satisfaction and create value. It supports on-the-spot services through technology development and innovation, on top of improving and managing the customer satisfaction process and encouraging proactive communication at customer contact points. These duties are performed through collaboration with the relevant departments.



WHAT WE'RE THINKING

01 WHAT WE'RE DOING

CREATION OF CUSTOMER VALUES



We at Woongjin Coway, have never held back our efforts in meeting the diversified needs of our ever-increasing customers through our distinctive, internally-developed technology and outstanding product safety. Our 'Emotion Research Lab' is a representative example of how we are working to satisfy customer need. The 'Emotion Research Lab' assumes a customer-focused approach in conducting R&D to create products that serve as a must in our customer's life. Its technology capability is widely recognized both in Korea and overseas. Moreover, Woongjin Coway has delivered customer satisfaction and strengthened confidence in the market through differentiated service strategies. We will stay committed to creating values that make our customer's living environment more convenient and superior in quality, through proactive R&D efforts and product quality improvement.

< No. of Rental and Membership Accounts >

(unit: No. of products)

2011	5,452,009	
2010	5,082,747	
2009	4,736,387	

* Baseline: No. of rental and sold products

< Development Strategy to Ensure Customer Satisfaction >

- 1 Customer health is our top priority!**
Our top priority in developing home wellness appliances is to take responsibility for our customer's health and create pleasant interior/exterior environments.
- 2 Focus on customer behaviors!**
Customer behaviors are scientifically studied and analyzed in simulated customer living environments in order to meet their emotional needs before they arise to help them use our products in a way that is more aesthetically-pleasing and convenient.
- 3 Deliver the products that customers demand!**
The 'Woongjin Coway R&D Center' is up and running to deliver the products that our customers actually demand and we are expanding investments in the facility to foster the core R&D workforce and enable the development of home wellness appliances and design innovation.



Woongjin Coway Human Sensibility Emotion Research Lab analyzes the behaviors of our customers while using our products

< Management Process for Customer Satisfaction >



Technology Innovation and Product Development for a Healthier Tomorrow

As we endeavor to boost our corporate competitive edge through the development of the 'highest-quality' products and service innovation, we aim for 'Dinnovation (which combines Design and Innovation) Management', a user-centric approach to move beyond product quality satisfaction, from the technical point of view, into emotional quality that appeals to customer emotion. This gave rise to multi-faceted product innovations in our air purifier brand 'CAIRS', as well as 'Coway', our representative brand. It also led to striking accomplishments in developing superior high-end products that improved the lives of our customers in an innovative manner. We will stay committed to our promise to the continuous development of wide-ranging products and services. Thereby the life of our customers will be enriched through 'Dinnovation', which is based on our professional human resources in respective areas and the close cooperative relationship with our customers.

Securing Top-notch Product Quality and Safety

We at Woongjin Coway, are working constantly to secure top-notch product quality as the foundation for our sustained creation of customer values. In particular, the Environmental Quality Institute focuses on improving our working environment for quality assurance and quality improvement, as well as product quality planning and management. Additionally, a company-wide separate preventive management system is in operation to prevent quality failures. A variety of other proactive efforts are also being made to deliver close-to-perfect products through enhanced productivity/product quality and strengthened product safety. Ongoing diversified support activities including quality-consulting services to help our suppliers independently improve their R&D capabilities and build more efficient operation systems to ultimately bring about breakthrough quality improvements continue to enhance product quality.

The Vision for Woongjin Coway Product Quality As Korea's best-in-class home wellness appliance company, we fully comply with the safety standards from the early stages of product development in order to deliver guaranteed product safety and strive to obtain the highest-possible quality competitiveness in terms of eco-friendliness, by building environmental management into our entire operation. Our 'WIMS Management Guidelines' aim to continually attract customers and fully deliver the level of product quality expected by our customers in the global market. Thanks to these efforts, we were chosen as a 'company with an outstanding quality competitive edge' by the Korean Agency for Technology & Standards under the Ministry of Knowledge and Economy in November of 2011. We are determined to grow into a global 'No. 1 company' that delivers best-in-class quality products.

*WIMS: Woongjin Integrated Management System

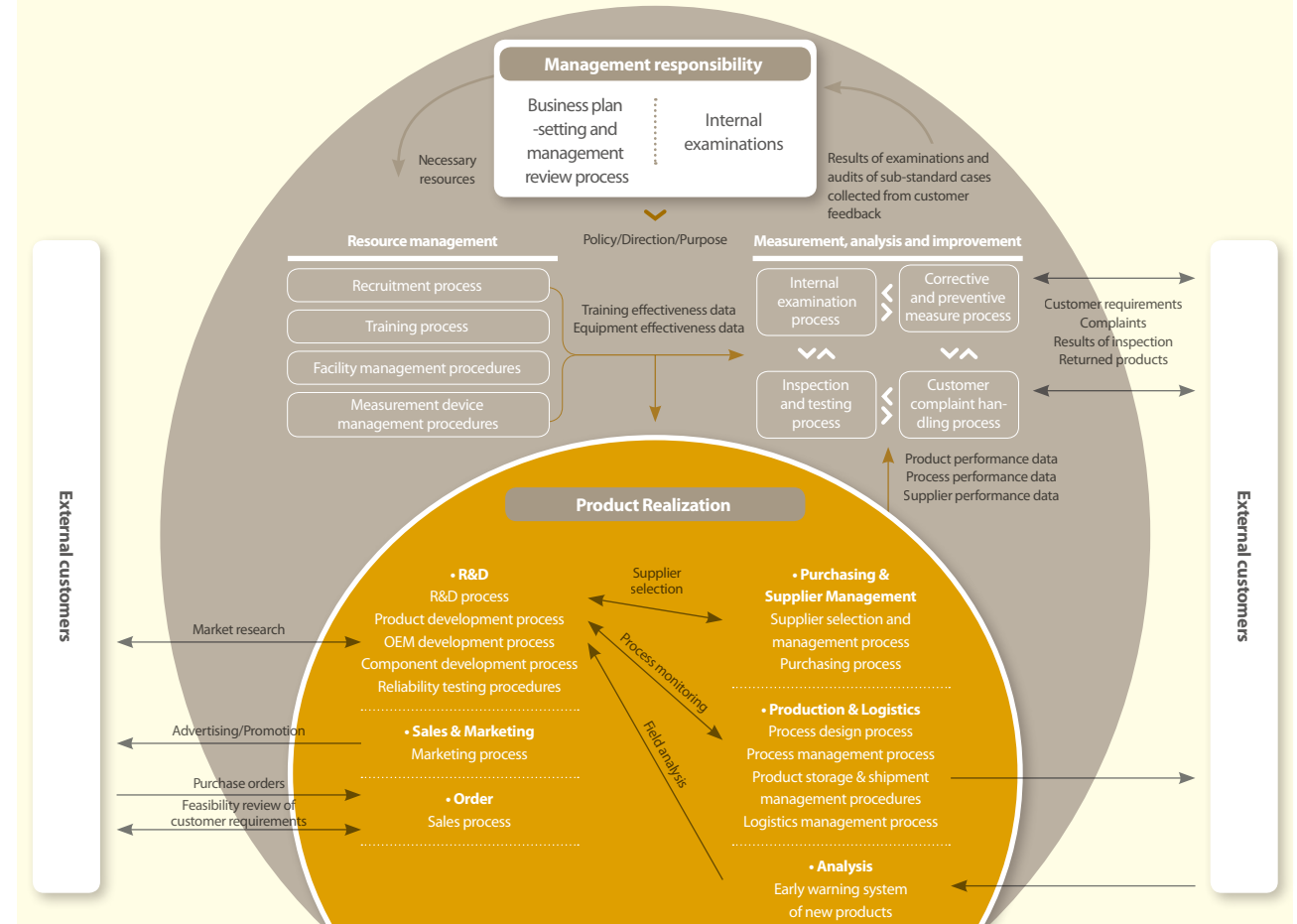
< WIMS Management Guidelines >

- 1 Every product that we produce contributes to customer satisfaction and public good, through superior quality.
- 2 Every product we produce delivers perfection through compliance with international standards and reliability. This makes Woongjin Coway a manufacturer of 'No. 1' quality products.
- 3 We strive to enhance our global brand image by addressing fundamental causes of quality defects.
- 4 We aim to become an eco-friendly company through the integration of green management in our entire operation.
- 5 We deliver eco-friendly products through the management of both non-hazardous and hazardous materials in every product that we produce.
- 6 We create a safe and happy workplace as a responsible corporate citizen through our health & safety management.

Expert Training to Prevent Product Liabilities We provide expert training to those in charge of product liability(PL) issues that may arise due to product defects, to ensure that our customers are free from any injury or inconvenience. This has allowed us to secure professional capabilities in addressing PL issues promptly and in building the foundation to prevent PL issues, by recognizing the significance of such issues and strengthening product safety to ultimately ensure customer safety.

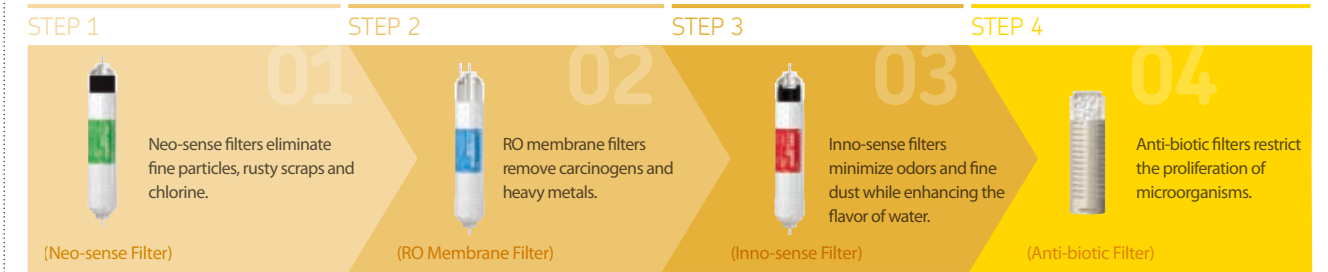
Training Purpose	To prevent product liability issues and learn professional methods in addressing them in order to minimize customer harm
Training Schedule	8 rounds of training in total (February, April, June, August and September in 2011)
Trainee	62 employees in total (nation-wide service team leaders and region-specific PL experts)

< Quality Management System >



Coway's Technology Competitive Edge by Product Category

< Coway Water Filtration Appliance' Highest-quality 4-Step Filtering System >



< CAIRS Air Purifier's Effective 4-Step Filtering System >



*VOC: Volatile Organic Compounds

< LooLoo Bidet's Sensitive Technology Capability >



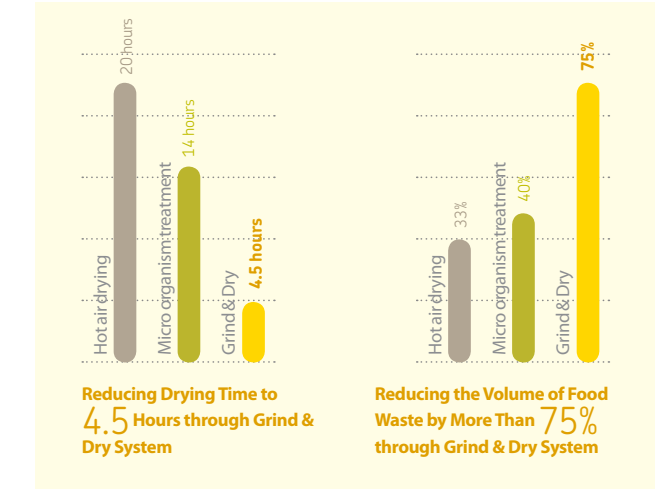
< LooLoo Water Softener's Skin Protection Know-how >

LooLoo water softeners eliminate metal substances in the water and enhance skin hydration by 69.1%, keeping your skin moisturized all day long.

When public water not processed by water softeners is used
Metal substances in water and soap residue, including surfactants, destroy skin barriers.

When water softeners are used
The elimination of metal substances in water minimizes the destruction of skin barriers and strengthens the skin barrier's resilience, which in turn, leads to minimal loss of skin moisture.

< CLIVE Food Waste Treatment Device's Recognized Technology Capability >



CUSTOMER SATISFACTION INITIATIVES



We were re-certified with the Customer Centered Management (CCM) by the Korea Consumer Agency, a program sponsored by the Fair Trade Commission, in 2011. This certification aims to analyze whether a company continuously improves its operations from a customer's perspective. We at Woongjin Coway, consider customer satisfaction as our top priority in business conduct and provide voluntary CS management training and company-wide processes to prevent customer complaints and address these issues proactively. We will undertake sustained innovation activities and offer specialized services at customer contact points, thereby further improving customer values.

HEART Service Especially for You

Our 'HEART service', with its top priority on customers, ensures that we offer differentiated services by major product category in order to keep our promise to our customers and help them lead healthy lives. Our after-sales services and call center, which is in operation throughout the year, enable customers to use our products in optimum conditions during the rental service period. Our call center is equipped with professional consultants in respective product categories who directly respond to customer inquiries and do their utmost to ensure customer satisfaction. We solicit feedback from our customers and professional Codys regarding our HEART service, so that we may reflect it in improving our services.

Coway's HEART Service Professional Codys call on customers every two months to clean their water tanks and the pipes of their water filtration appliances with sterilizing detergents specially developed for these devices in order to ensure that our customers always have access to clean and reliable drinking water through such systemized maintenance services. The sterilizing cleaning reaches even those areas within the pipes that are not visible and prevents slime from forming while the appliances are in use. This special care service ensures that the water filtration appliances remain in perfect condition. The special detergents that our Codys use were tested by professional testing organizations and university research institutes for their drinking water safety, skin safety, oral toxicity and operator safety.

CAIRS's HEART Service We replace filters regularly to keep indoor quality constantly fresh and clean. This is a unique maintenance service available for CAIRS products only. The detergents we use for CAIRS products proved to have excellent sterilizing effects. According to test results, they kill 99.9% of coliform bacillus and Staphylococcus aureus. In addition to such professional services through regular visits and maintenance provided by Codys, we also distribute 'self-management manuals' to help customers maintain clean air in their living environment on their own.

LooLoo Bidet's HEART Service We provide exclusive delicate and specialized maintenance services for LooLoo bidet customers to help them maintain a pleasant and clean life. The nozzle tip is replaced with new tips every two months and the ware cleaning ensures that even germs in invisible gaps are completely removed through the replacement of filters and steam services. This guarantees that bidets remain in the cleanest-possible condition.

LooLoo Water Softener's HEART Service The HEART service that we offer for LooLoo water softener customers aims to maintain the monthly general hygiene of water softeners to guarantee their optimal performance so that our customers can use them in perfect condition and stay healthy. Moreover, the annual upgraded regeneration service eliminates heavy metal substances accumulated in ion exchange resin to ensure peak performance of these water softeners in removing metal ions contained in public water, thereby helping our customers continuously enjoy soft water.

CLIVE HEART Service CLIVE, Korea's representative food waste treatment device, comes with systemized and intensive maintenance services to ensure ever-clean kitchen environments through its HEART service. The phytoncide detergents provided by Woongjin Coway boast their strong cleaning effects, eliminating hazardous germs and odors as well as cleaning the device.

HEART service mark



CCM certification mark



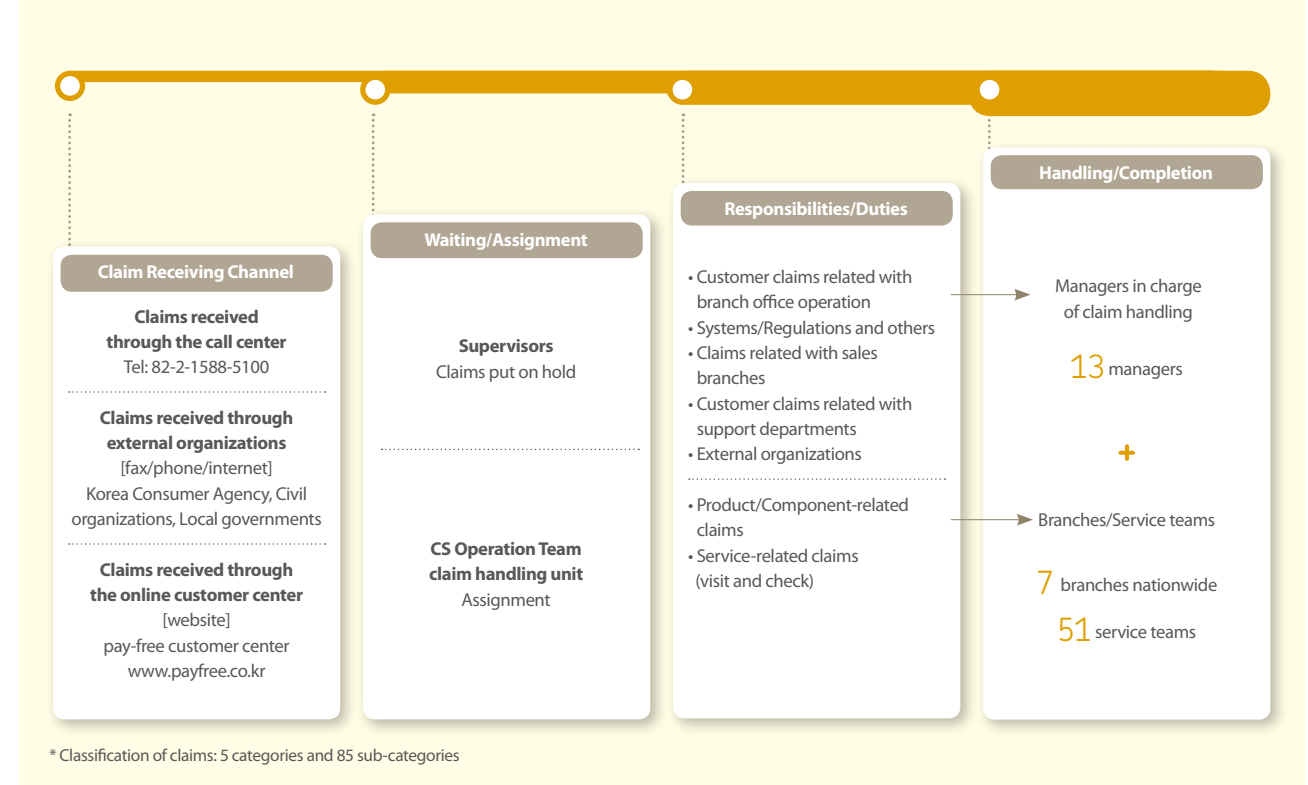
< Major CCM Activities to Protect Consumer Rights >

Name of Programs	Participants
CCM experiential education	50 students from Ewha Womans University and school for university students
	15 other universities nationwide
CS work experience program for business	30 students from Konkuk University and 12 other universities
Tour program for university students	280 students from Keimyung University and 7 other universities
Tour program for civil organizations	80 people from the Green Consumer Network in Korea and 2 other organizations
CCM itinerant training for universities nationwide	400 students from the Catholic University of Korea and 7 other universities
CCM training support for business	100 employees from Tongyang Magic and 3 other companies



CCM experiential education school for university students

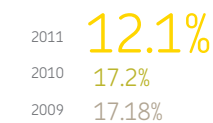
< Customer Claim Handling Process >



Strategic VOC Management

We are shifting from the old VOC (Voice of Customer) management system where a small number of relevant departments played a central role to a more strategic VOC management system which focuses on building a company-wide structure to facilitate substantial improvements and meet customer needs in so doing. To ensure that these endeavors are undertaken more quickly and effectively, relevant job processes were improved and employees who are working at customer contact points were empowered with more responsibilities. In the case when real-time problem solving is not viable, the 'response within 24 hours' service ensures that customer issues are properly addressed. Some 550 call center consultants are trained systematically to provide customized consulting services in their respective specialty areas (after-sales, product, systems/regulations, W_class, product return, "happy calls" and others). Customer inquiries received through on/off-line channels are met with appropriate solutions depending on their frequency and urgency and are disclosed in our monthly 'VOC Report' to be shared among on-the-spot employees. Such high-quality services that minimize customer dissatisfaction led to the prompt resolution of 400,000 customer inquiries per month in 2011 and the 97.9% response rate at the call center.

< Customer Satisfaction Survey Results >



* Survey Method: NPS survey was conducted on a quarterly basis
* NPS (Net Promoter Score) is the customer loyalty indicator that measures how many loyal customers a company has and is used as a measure of corporate competitive edge.
• Calculation Formula: NPS(unit:%) = % of customer recommendation - % of customer non-recommendation
* The NPS index declined from the previous year in 2011, due to negative media coverage of water filtration appliances in November of that year

< Building Stronger Competency of Professional Workforce >

Category	Cody (Coway Lady)	CS Dr. (Customer Satisfaction Doctor)
Main Responsibility	Well-being life consultants who deliver cutting-edge technology & products and a clean & fresh lifestyle	Service professionals in respective product categories who provide total services from the product installation to after-sales services, thereby maintaining customer satisfaction
Competency Building Support Programs	<ul style="list-style-type: none"> Providing on/off-line training to enhance services, products, customer response and capability Building mobile training systems – Supporting real-time information search and self-learning 	



Total on-line training material archives to provide top-notch services

Korea Service Quality Top Performer Certification



The Korea Service Quality Top Performer Certificate is awarded to those companies who provide high quality products and services to customers through the establishment of outstanding product quality innovation systems, by the Ministry of Knowledge and Economy, in accordance with Article 6 of the Quality Management and Industrial Product Safety Management Act. We were honored with the certificate by the MKE in September of 2011, which recognized our endeavors to put customers as our top priority.

CUSTOMER COMMUNICATION



Our proactive and interactive customer communication aims to find potential customers in wider areas of our business scope, while maintaining friendly relationships with our existing customers. In particular, field experts and managers in charge of customer issues, who directly interact with customers at contact points, are fully committed to enhancing customer values by offering services that suit different positions and preferences of customers. We at Woongjin Coway are striving at this very moment for more effective customer communication through diversified communication channels that take changing communication environments, such as the rise of social networks, into account.

Securing Differentiated Communication Channels

We have wide-ranging communication channels in place to ensure lively communication with both private and corporate customers. We are also endeavoring to facilitate interactive communication with our overseas customers, by improving our consultation services offered in foreign languages and expanding online communication channels. Moreover, our W_class premium customers are entitled to differentiated services and special benefits designed for their specific needs to pursue even closer customer communication.

Comments from the W_class Participant in the Wetland Experience Program

I never really seriously thought about how all these wetlands were created, what kind of impact they had on us and all those creatures that lived in the wetlands, that I never recognized before....My 5-year-old was very keen to listen to the employees at Woongjin explain about the wetlands and was excited to run freely about. It was such a precious experience to learn about wetlands.

Pay-free website ID: msloves



Wetland experience program for W_class member families

Responsible Communication Initiatives

Protection of Customer's Personal Information To ensure the strongest protection of our customer's invaluable personal information, our existing personal information security regulations and management processes were upgraded and relevant organizations were given increased responsibilities and duties. We also restricted the access our employees had to the personal information of our customers in the query system to the minimum. Thanks to such initiatives, no regulatory violations regarding our customers' personal information occurred in 2011. Our all-out efforts for sustained management and monitoring systems will ensure the personal information of our customers will remain confidential.

Compliance with Marketing Regulations We are in full compliance with region-specific laws and regulations associated with our advertising, promotional and all other marketing communication activities taking place at Woongjin Coway. Moreover, we are working at the forefront as a compliance leader by establishing and operating voluntary in-house checklist testing criteria in order to build a culture of ethical and responsible communication. To this end, we are able to provide accurate and objective information to customers. As a result, no single regulatory violation regarding marketing activities took place in 2011.

In-house Clean Coway Campaign at Woongjin Coway

- 1 We are fully aware that the inappropriate use of our customer's personal information through identity theft is an explicit form of criminal activity.
- 2 We comply with the general systems and regulations to build a healthy sales culture.
- 3 We will become even stricter in conducting on-the-spot audits and monitoring to prevent the customer identity theft.

Woongjin Coway Code of Ethics Chapter 1

Responsibilities and Duties for Customers

- 1 **Respect for Customers** We always listen to our customers, believe in the righteousness of their requests and base all our judgments and actions on the goal of customer satisfaction regarding their opinions and requests.
- 2 **Provision of Values for Customers** We tell only the truth to our customers and never fail to keep our promises to them. We deliver only the best-in-class products and services and respond to legitimate customer requests promptly and correctly.
- 3 **Protection of Customer Information** We prevent the unauthorized use of information and assets regarding customers unless their prior consent is obtained.

< Communication Channel >

Representative	www.coway.co.kr _ Official website(Korea)
Channels	www.coway.com _ Official website(Overseas)
Investor	www.cowayir.co.kr _ IR website (Korea)
Relations	www.cowayir.com _ IR website(Overseas)
Customer Service	www.payfree.co.kr _ Including toll-free services, W_class lounge and communities in operation
	help.coway.co.kr _ Online customer center
	www.enviana.com _ Environmental Analysis Center
Cody	recruit.cody.co.kr _ Cody recruitment website
Cosmetic Brands	www.re-nk.co.kr _ Re:NK's official website
	www.allvit.co.kr _ allvit's official website
	www.naturancefromn.com _ Naturance fromn's official website
Social Network	blog.coway.co.kr _ Official blog
	twitter.com/cowaystory _ Official twitter account
	www.facebook.com/cowaystory _ Official facebook account



COMPANY & COMPANY FOR WIN-WIN PARTNERSHIP

We believe that our suppliers
are our crucial partners in pursuing
co-existence and shared growth.

We at Woongjin Coway believe that our suppliers are our partners in pursuing a mutually beneficial existence. This is why we strive to seek shared growth by conducting business in a transparent and fair manner that is based on mutual trust. We encourage our suppliers to grow more competitive through varied support systems in the areas of technology, funding, and education, as well as taking joint action to meet social responsibilities.



DISCLOSURE ON MANAGEMENT APPROACH

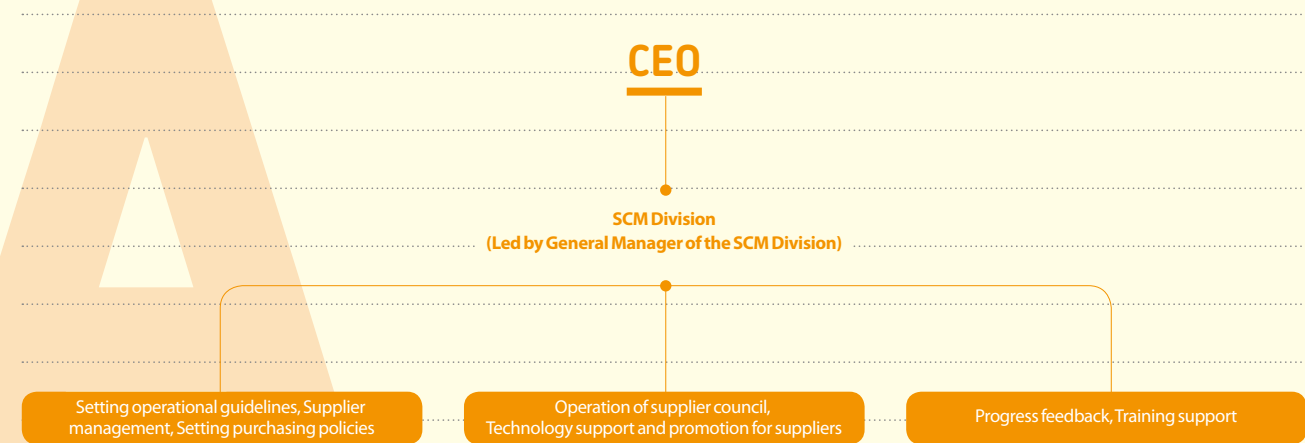
03 OUR SUPPLIERS

OUR SUPPLIER POLICY We seek mutually-beneficial management, supported by healthy business relationships with our suppliers. We believe that for us to ensure lasting development as a company, we need to create transparent and fair business relationships with our suppliers and further develop these relationships as a source of value creation in order to establish true partnerships for a mutually beneficial existence. It is this firm belief that guides our efforts to widen the scope of our activities to strengthen our partnership with suppliers. Therefore, we select suppliers fairly, build equitable business relationships and make payments transparently.

OUR SUPPLIER STRATEGY We guarantee equal opportunities in the selection process of our suppliers and evaluate suppliers fairly and transparently, in accordance with the principles of fair trade and autonomous competition. We promote mutually beneficial cooperation with chosen suppliers to maintain business relationships that are productive and cooperative. In addition to proactive and interactive communication with and sustained support for suppliers, we also encourage our suppliers to become more sustainable in their business conduct through our eco-friendly green purchasing policies. These endeavors allow us to pursue shared growth based on mutual trust and cooperation from the long-term perspective.

OUR FOCUS ISSUES As a company that promotes mutually beneficial cooperation with suppliers, Woongjin Coway is undertaking initiatives on the 5 core management issues. These include: supporting funding for suppliers, subcontract/integrated purchasing of raw materials, building bilateral cooperation channels, improving supplier evaluation systems & operating a supplier rating system and supporting our suppliers' innovation activities. These efforts all aim to support our suppliers through business conduct, support in helping them build stronger professional capabilities and enhancement in their ability to practice sustainability management.

OUR ORGANIZATION Our SCM (Supply Chain Management) Division is responsible for managing major pending issues regarding general supplier relations on a company-wide level in order to build fairness, transparency and efficiency throughout the entire spectrum, spanning from the selection of suppliers to actual business transactions. The SCM Division is in charge of clearly defining roles and responsibilities of respective divisions at Woongjin Coway regarding supplier relations, setting operational policies for supplier management and monitoring their implementation process and progress.



SUPPLIER MANAGEMENT AND SUPPLIER RELATIONSHIP POLICY



We at Woongjin Coway, aim for mutually beneficial cooperation with suppliers based on fair business relationships and are focused on constantly improving and operating supplier assessment systems as part of our win-win cooperation program for suppliers. The assessments are made in a way that is objective and transparent and the outcomes form the basis for us to rate these suppliers and guide them in enhancing product quality and making proper improvements.

Improving Supplier Assessment and Supplier Rating System

Our supplier assessment system was revamped in the 2nd half of 2011 in order to continuously identify and promote top-performing suppliers from the long-term perspective. This led to the supplier rating system which offers differentiated programs to seek mutual cooperation. In particular, the system reflects the progress made by our suppliers in meeting their social responsibility covering ethics management, management safety, environmental management and the human rights protection of their employees. It has become part of the assessment criteria in order to encourage suppliers to be committed to sustainability management. The assessment items will be further upgraded and fine-tuned in 2012. Those suppliers that were found to belong to the core group based on such assessments are given precedence in receiving support regarding facilities, funding and technology, as well as benefits regarding the allocation of new component volumes.

< Supplier Rating Category >



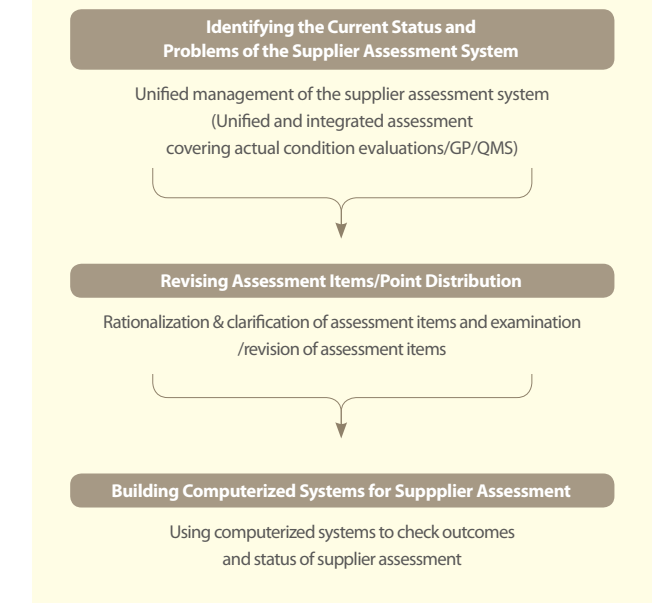
● Core Group 18 core group suppliers with whom we seek mid/long-term partnerships	25%
● Cooperative Group 20 cooperative suppliers with whom we seek partnerships through cooperation	28%
● General Group 34 suppliers with whom we aim to maintain basic-level business relationships with or to whom are subject to the in-out system	47%

< Improving Supplier Assessment and Supplier Rating System >

Category	Before Improvement	After Improvement
Criteria in Selecting New Component Suppliers	Bidding Estimate-based Bidding	Top-performing suppliers are entitled to preferential treatment regarding the allocation of component volume based on assessment outcomes
Supplier Assessment Items	Assessment of actual conditions/GP/QMS	Supplier's capability, credibility and others

* GP: Green Partnership
* QMS: Quality Management System

< Likely Improvements in Supplier Assessment in 2012 >



< Woongjin Code of Conduct Chapter 3. Fair Trade >

We at Woongjin Coway, guarantee suppliers an equal opportunity in participating in business transactions in accordance with the principle of autonomous competition. We also build relationships of mutual trust and cooperation through transparent and fair transactions that seek shared growth in the long-term perspective.

1 Equal Opportunity

- We provide an equal opportunity to all qualified suppliers to be selected and registered as dealers.
- Our suppliers are selected and registered as dealers in a reasonable way in conformance with objective and fair evaluation criteria.

2 Fair Transaction Procedures

- All transactions are made in a fair manner through which all participating parties stand on an equal footing and relevant conditions and procedures are subject to sufficient consultation in advance.
- No forms of unfair practices that take advantage of dominant positions are tolerated.
- Related parties covering family members, relatives and friends of Woongjin employees, those related through school or regional ties and former Woongjin employees are not selected as dealers, unless they go through objective verification of their qualifications, such as bidding or comparative estimates.

3 Pursuit of Mutual Development

- We proactively support dealers in raising their competitiveness and share profits created through innovations.

SUPPLIER WIN-WIN PARTNERSHIP PROGRAM



We believe that the enhanced competitive edge of our suppliers is central to the shared growth we have with them. To this end, we run varied win-win partnership programs to increase their independence and strengthen their corporate fitness. In addition to seeking greater synergy through joint innovation initiatives, we support funding to enable our suppliers to conduct their business amicably and put issue-specific cooperation channels in place. Moreover, we established the COP (Coway Open Plaza) Academy to train supplier employees.

Intensive Innovation Initiatives with Suppliers

The creative and intensive innovation initiatives we undertook with our suppliers in 2011 helped them build an innovation mind-set into their corporate culture and secure a differentiated competitive edge. We ensured constant interactive communication with them to identify their needs, provide necessary support and help address inconveniences. In so doing, their innovation activities took deeper root gradually as an inherent part of their management process. We will expand our support for our Korean suppliers so that their successful innovation practices are further spread across the board.

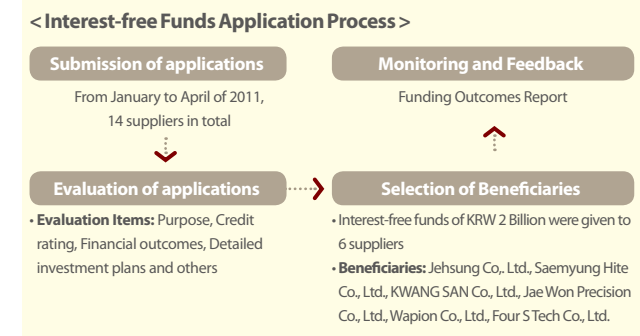
Accomplishments of Joint Innovation Initiatives

We supported innovation initiatives of our suppliers in various ways and this led to astonishing accomplishments in 2011. These joint activities, taken separately in the 1st and 2nd half of that year, allowed suppliers to take their own initiative in building their innovation competency. Woongjin Coway played supportive roles in field inspections, guidance, training and consulting. In 2011, 70 innovation tasks and 197 tasks were implemented in the 1st and 2nd half respectively and these generated economic benefits worth KRW 1.66 Billion and KRW 3.2 Billion respectively, adding up to KRW 4.86 Billion in total. We held an event for suppliers to present their innovation outcomes in December of 2011 to enable them to share each other's innovation accomplishments. We also strengthened our technology support for suppliers, which led to a great success in reducing their process defects by 21%, defects of their products supplied to Woongjin Coway by 61% and their long-term inventory by 79%.

Funding Support for Suppliers

Our 'Co-prosperity Fund for shared growth with suppliers' aims to facilitate R&D investments of suppliers and to provide low-interest loans and interest-free funds to achieve substantial joint growth with our suppliers based on our corporate philosophy. The fund will help suppliers improve their funding conditions and continuously enhance their funding operation capabilities, thus, building an environment where suppliers can ultimately practice sustainability management independently. The fund enables us to forge even closer ties based on mutual benefits and cooperation with our suppliers.

Providing Interest-free Funds We offer interest-free funds to suppliers for a predetermined period of time, depending on their financial situation and business results, in order to prevent top-performing suppliers from suffering due to temporary financial difficulties. In 2011, 6 of our suppliers were provided with KRW 2 Billion, bearing no interest burden.



Co-prosperity Fund Our 'Coway Co-prosperity Fund' has been up and running since 2011, to support our suppliers in making their operations more proactively sustainable. This fund, operated in conjunction with local Korean banks, provides low-interest funds to suppliers to not only deal with their lack of capital, but to also build their internal capabilities for sustainability management in the mid/long-term perspective, thereby strengthening their corporate competitive edge.



Co-prosperity Fund signing ceremony

< Status of the Co-prosperity Fund Operation >

Purpose	To enhance supplier's fund operational capability
Source	KRW 10 Billion: KRW 4 Billion no-interest deposit from Woongjin Coway and KRW 6 Billion from the Industrial Bank of Korea
Eligibility	Suppliers with transaction amount of over KRW 100 Million a year
Benefits	Interest rates lower by upto 2.32% than banking loans available in the market

Strengthened Integrated Purchasing of Raw Materials

Our distinctive integrated purchasing process, founded upon the group-level integrated purchasing policy, is utilized in purchasing major raw materials in an integrated manner. It contributes to reducing hazardous substances in respective components and strengthens our green partnership with suppliers. Thanks to this process, we were able to enjoy more than KRW 1.17 Billion in cost savings in 2011, increased opportunities to identify eco-friendly materials and build on our W-GP (Woongjin Green Partner) certification system for suppliers. Our green purchasing initiatives will continue to fully establish the eco-friendly purchasing system that appropriately responds to the RoHS (Restriction of Hazardous Substances Directive) in accordance with the 'green business' policy, both at our Korean and overseas business sites.

Supplier Cooperation Channels

SME Win-Win Suggestion Contest The '1st Woongjin Coway SME Win-Win Suggestion Contest' was held to promote small and medium-sized businesses and mutually beneficial management. Taking into account the difficulties that Korean SMEs face in marketing and distribution, this contest aimed to promote sourcing of outstanding products, development of advanced technology and support for pioneering new markets. The event was attended by 150 SMEs, which demonstrated their vigorous interest. The top 10 SMEs and 13 products and technologies selected by the judges were gathered together for an exhibition. The CEOs of these companies were then given the opportunity to present and pitch their products and technology themselves. We will continue to expand our interest in and support for the contest to help strengthen the competitive edge of SME.



SME Win-Win Suggestion Contest

< No. of Suppliers Awarded with the W-GP Certificate >

2011	53 SUPPLIERS
2010	49 SUPPLIERS
2009	49 SUPPLIERS

W-GP (Woongjin Green Partner) Certification Our 'W-GP Certification' system has been up and running since 2007. The certificate is awarded to those suppliers who meet the standards defined by Woongjin Coway in the following areas of common system indicators: material management and environmentally hazardous substances stipulated under the 'Green Partner Self-evaluation Indicators'. This system aims to prohibit hazardous substances from being contained in or used for all the components, raw materials, packaging materials and subsidiary materials that we purchase. In 2011, 53 suppliers were certified.

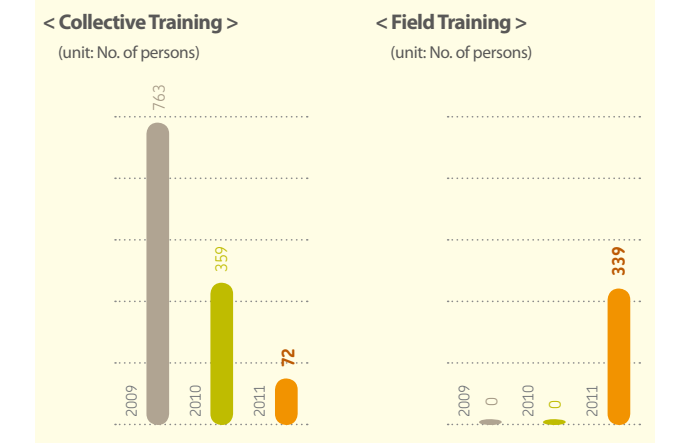
COP (Coway Open Plaza) Academy

Our COP (Coway Open Plaza) Academy was established in 2007 to promote and develop top-performing and competitive SME suppliers. It has been serving as a practical window of support for our suppliers, offering varied support projects, training and total consulting services. In 2011, we also added a new element of field training to address any inconveniences supplier employees may encounter in their field and to improve their labor conditions. This led to the improvement of the work process optimized for the actual conditions of suppliers, as well as an enhanced HR competitive edge of major suppliers. This contributed to increasing their organizational competitive strength. At Woongjin Coway we believe that our supplier's competitive edge is the very source of our competitive edge. With this firm belief, we will build a systemized framework that integrates wide-ranging, government-led support projects and our own company-led support projects to further complement our support for suppliers more effectively.

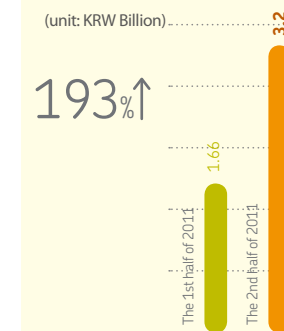
< Achievements of COP Academy Training Programs >

Collective Training	2011	2010	2009
No. of Session	7th	24th	48th
No. of Trainees	72 people	359 people	763 people

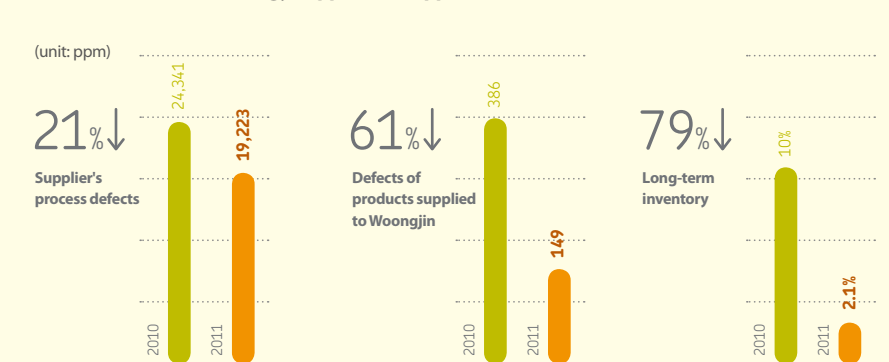
Field Training	2011	2010	2009
Period	Oct. ~ Dec. 2011	Not	Not
No. of Trainees	339 people from 16 companies	implemented	implemented



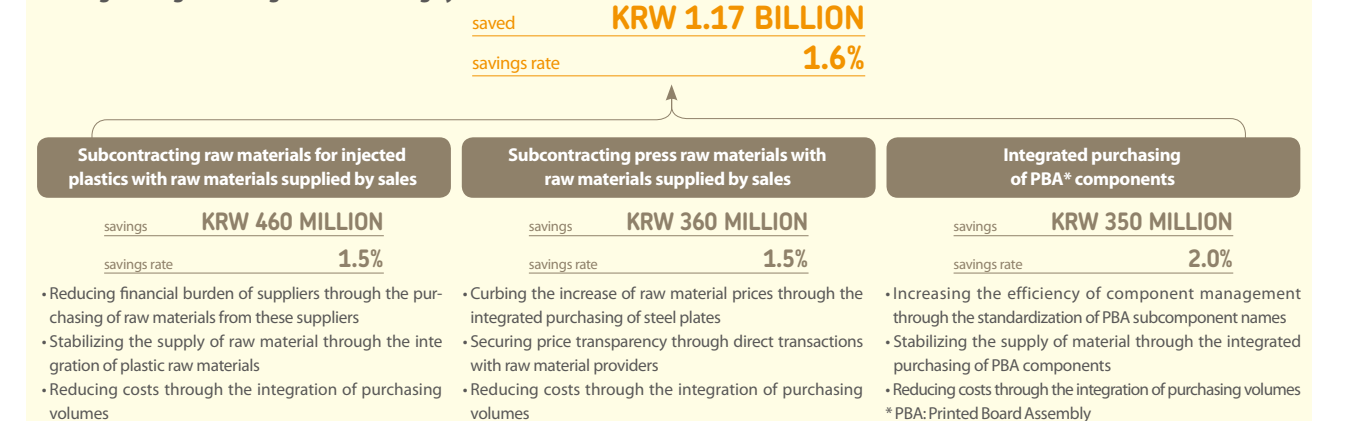
< Achievements of Supplier's Innovation Initiatives >



< Achievements of Technology Support for Suppliers >



< Savings through the Integrated Purchasing System >



SUPPLIER COMMUNICATION



Our 'Open Purchasing System', created exclusively for suppliers, aims to ensure year-round communication with our suppliers, on top of helping us understand one another and increase work efficiency. This system allows us to check Woongjin Coway's purchasing policy and current production/order data, make purchasing consultations and present ideas for system improvements. In 2011, we held 8 rounds of discussions with suppliers regularly and conducted routine supplier satisfaction/inconvenience surveys. These wide-ranging communication channels enable us to further improve information sharing and cooperation with our suppliers. Thanks to such endeavors, we were chosen as the 'top performer in seeking shared growth in 2011' on October 27, 2011, under the program jointly sponsored by the Chosun Daily and the Ministry of Knowledge and Economy.

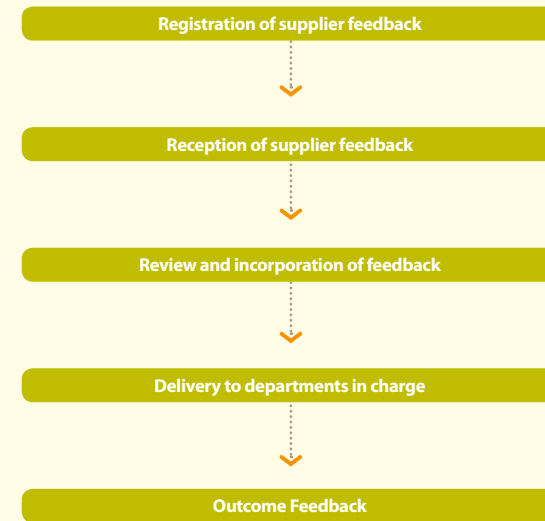
Launching Woongbihoe, the Supplier Council

Our supplier council 'Woongbihoe', (which means soaring up into the world with Woongjin Coway), was launched in December of 2011, with 20 suppliers taking part in the welcoming ceremony. Made up of suppliers working with Woongjin Coway, Woongbihoe serves as a critical channel to ensure extensive communication between Woongjin Coway and its suppliers. Three subcommittees were set up within Woongbihoe in order to strengthen independent communication among suppliers and to proactively respond to various difficulties on the shop floor and in the area of customer concerns. To demonstrate its commitment to sustained cooperation, Woongjin Coway delivered signboards to respective member suppliers of Woongbihoe, in time with the welcoming ceremony.

Supplier Satisfaction Survey

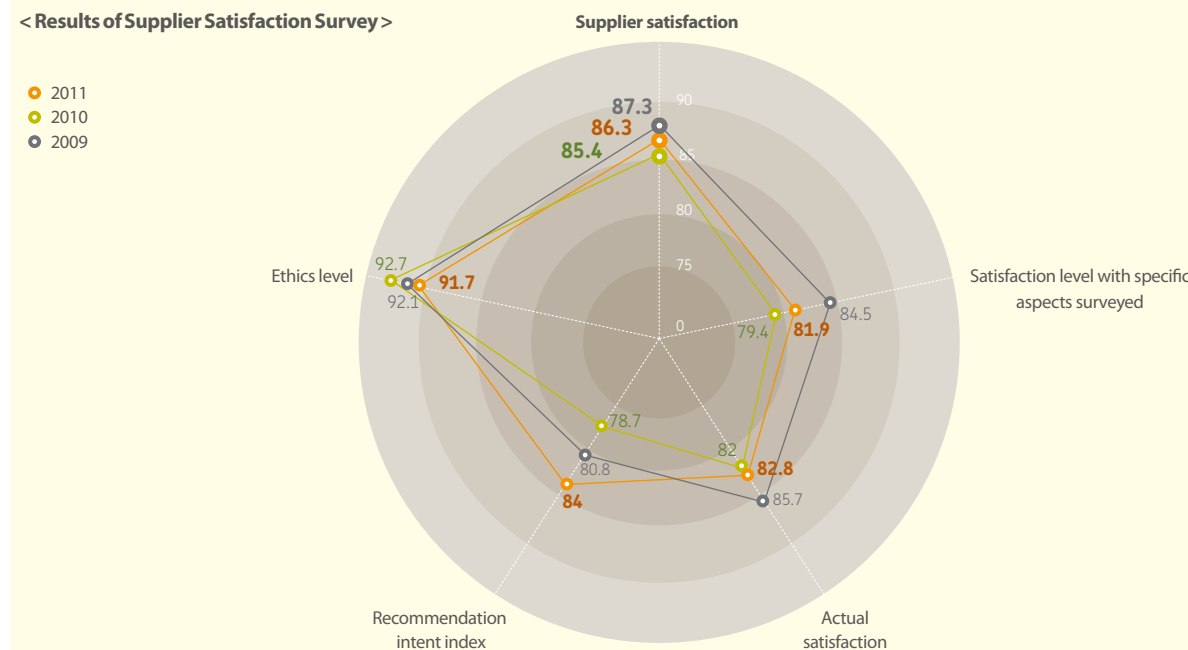
Our 'supplier satisfaction survey' is conducted every year to forge closer ties with our suppliers and to improve our purchasing process. According to the 2011 survey, the supplier satisfaction scored at 86.3 points, slightly up from 2010. We will continue to enhance supplier satisfaction through differentiated support schemes that take into account the different management conditions of suppliers in the areas of purchasing, innovation and education.

< Year-round Feedback Collection Process >



Woongbihoe welcoming ceremony

< Results of Supplier Satisfaction Survey >



04 OUR EMPLOYEES



COMPETENCY & CULTURE FOR CREATING THE DRIVING FORCE

We extend our support to enhance the values for our employees and help them achieve their individual visions.

We at Woongjin Coway, run differentiated talent promotion programs to help employees develop their competency and increase their values. We also strive to build a corporate culture of 'Singi (magical energy)' to deliver a safe, healthy and exciting work environment. We are committed to the enhanced value of our employees, which is the engine of growth for our future.



DISCLOSURE ON MANAGEMENT APPROACH

04 OUR EMPLOYEES

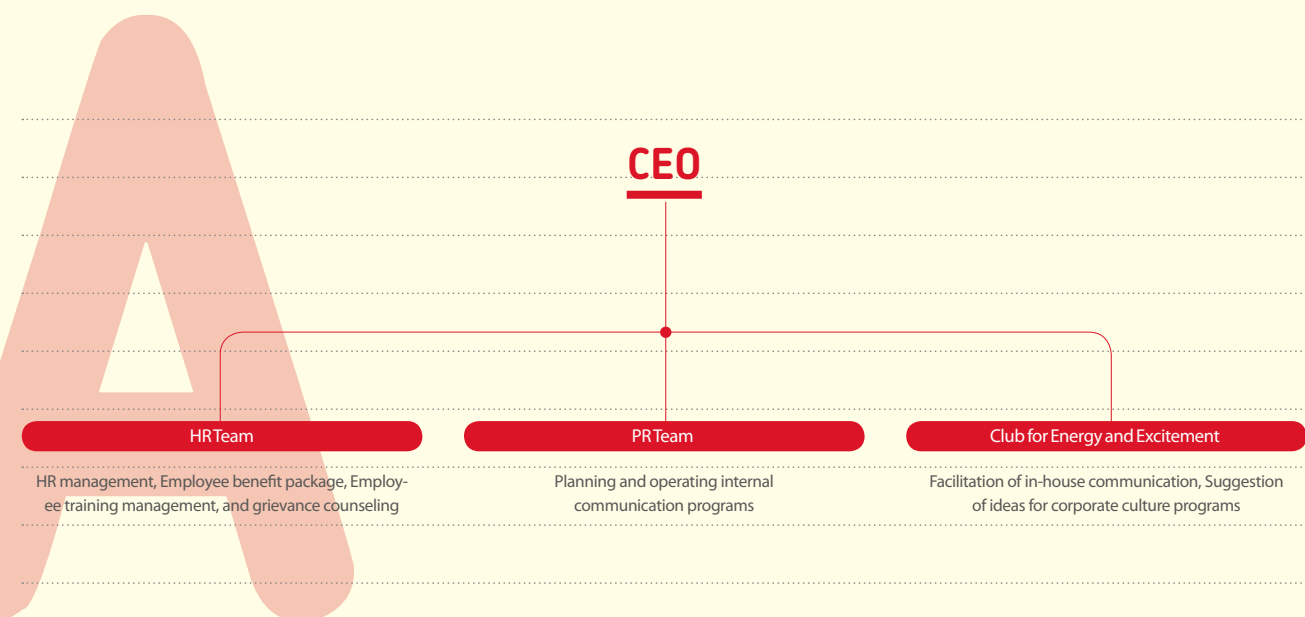
OUR EMPLOYEE POLICY The objective of talent management at Woongjin Coway is to let our employees take the initiative in pursuing the joint growth of the company and its individual employees. We are fully committed to a healthy and happy workplace, in addition to a corporate culture of mutual trust and a family-like atmosphere.

OUR EMPLOYEE STRATEGY Our talent-driven management puts its top priority on 'people', based on the basic management philosophy of Woongjin Group that pursues 'To Tto Sarang(we love more and love more)'. We are fully aware that sustained growth and development of a company is only ensured on the foundation of top-notch human resources. Therefore, we run performance management systems, where employees are evaluated fairly for their capacity and performance and compensated properly. Moreover, child labor and forced labor is strictly prohibited at Woongjin Coway and we will continue to comply with ILO regulations and other relevant Korean regulations.

Woongjin's core values and HR management philosophy
www.woongjin.com/recruit/system_5.aspx

OUR FOCUS ISSUES Our talent management policies are based on the firm trust that we have for our employees. We aim to build an environment where everyone at Woongjin Coway is highly satisfied with his/her work life and where each employee is appreciated as an invaluable human resource. Particularly under the goal of making it to the 'Global Top 3 Great Work Place', we continue our endeavors to enhance employee values as well as giving employees a chance to work happily under their own vision.

OUR ORGANIZATION Our HR Team is central to our 'strategic HR management'. It intends to implement HR strategies aligned with business strategies, as well as manage organizational and HR infrastructure in order to not only improve employee satisfaction, but also create a corporate culture where our employees are able to work in a pleasant and happy environment. Moreover, wide-ranging internal communication programs are up and running to help each employee share the corporate goals and values and build stronger mutual trust.



TALENT MANAGEMENT



Respect for people is central to Woongjin Coway's corporate philosophy. We believe that when our employees are given an opportunity to work to their full potential in an environment where people love each other as human beings, the power of Singi (magical energy) can work miracles. This is not just confined to an individual employee's competitive edge. It also translates into greater company-wide competitive strength. This philosophy will guide our endeavors to enhance employee value and satisfaction.

Ideal Woongjin Coway Employee

We define the ideal Woongjin Coway employee as a person who possesses expert knowledge in his/her specialty area, who has a creative thinking process and who is perseverant in the way they work. Such an ideal employee seeks their own growth in harmony with the rest of the others. Such an individual is capable of putting our corporate philosophy into practice and we at Woongjin Coway, are more than willing to offer these talented individuals fair opportunities to achieve their full potential and create an environment where they can independently set their goals and achieve them.

Employee Composition

We hire both regular and non-regular workers, depending on the characteristics of the respective duties in question. As of December 2011, we employed 4,537 employees in Korea, including non-regular workers. This was an 8.3% increase from the previous year. We are doing our utmost to ensure that our non-regular workers are entitled to fair treatment and improved labor conditions in accordance with the Nonregular Workers Protection Act of Korea. Female workers constitute 2,357 of the total regular workers, accounting for 68.6% of total. There are 38 physically-challenged workers, which makes up for 0.1% of the total. We ensure that these physically-challenged workers are given jobs they are capable of doing and will continue to strive to comply with regulations associated with the employment of the physically-challenged and provide better labor conditions for them. We are building on our success in the Korean

market and have been working more quickly than ever to establish a global reach. Today, we have overseas subsidiaries in six countries: China, Japan, Thailand, Malaysia and Italy, United States including one logistics center in the Netherlands. We employ 49 Korean expatriate employees and 883 locally hired employees at our overseas business sites. We will continue to hire more local people in the upcoming years to help our major establishments create jobs in the local communities where they operate, domestically and internationally.

Respect for Human Rights and Support for Diversity

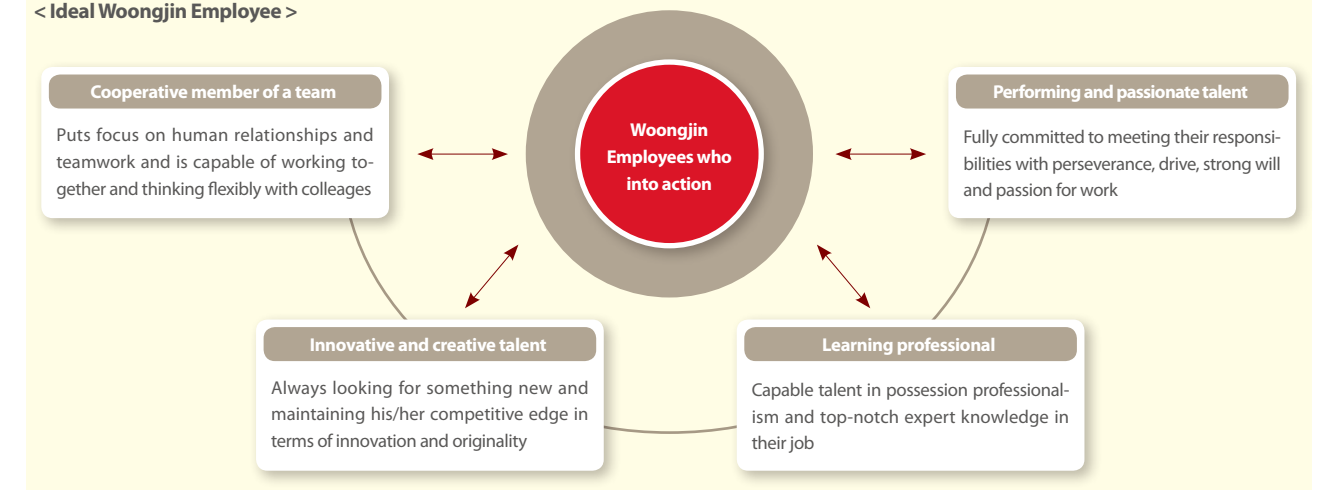
Our diversity management policy aims to encourage talented employees who come with their own varied qualifications and characteristics, to be passionately engaged with their job. Relevant systems are being constantly improved. We at Woongjin Coway are establishing systems to protect minorities from any type of unreasonable discrimination on the grounds of: gender, race, religion and region orientation. We are striving to provide an environment where anyone can have the equal opportunity to realize his/her full potential. Moreover, forced labor, as well as child labor, is strictly prohibited at Woongjin Coway. In particular, we are highly thorough in abiding by the relevant Korean laws and regulations ratified by the ILO. Thanks to such efforts, there was no single violation of these regulations in 2011. We will strengthen training and promotional programs for all our employees to fully establish a corporate culture that respects human rights and recognizes diversity.

< Woongjin coway Code of Ethics >

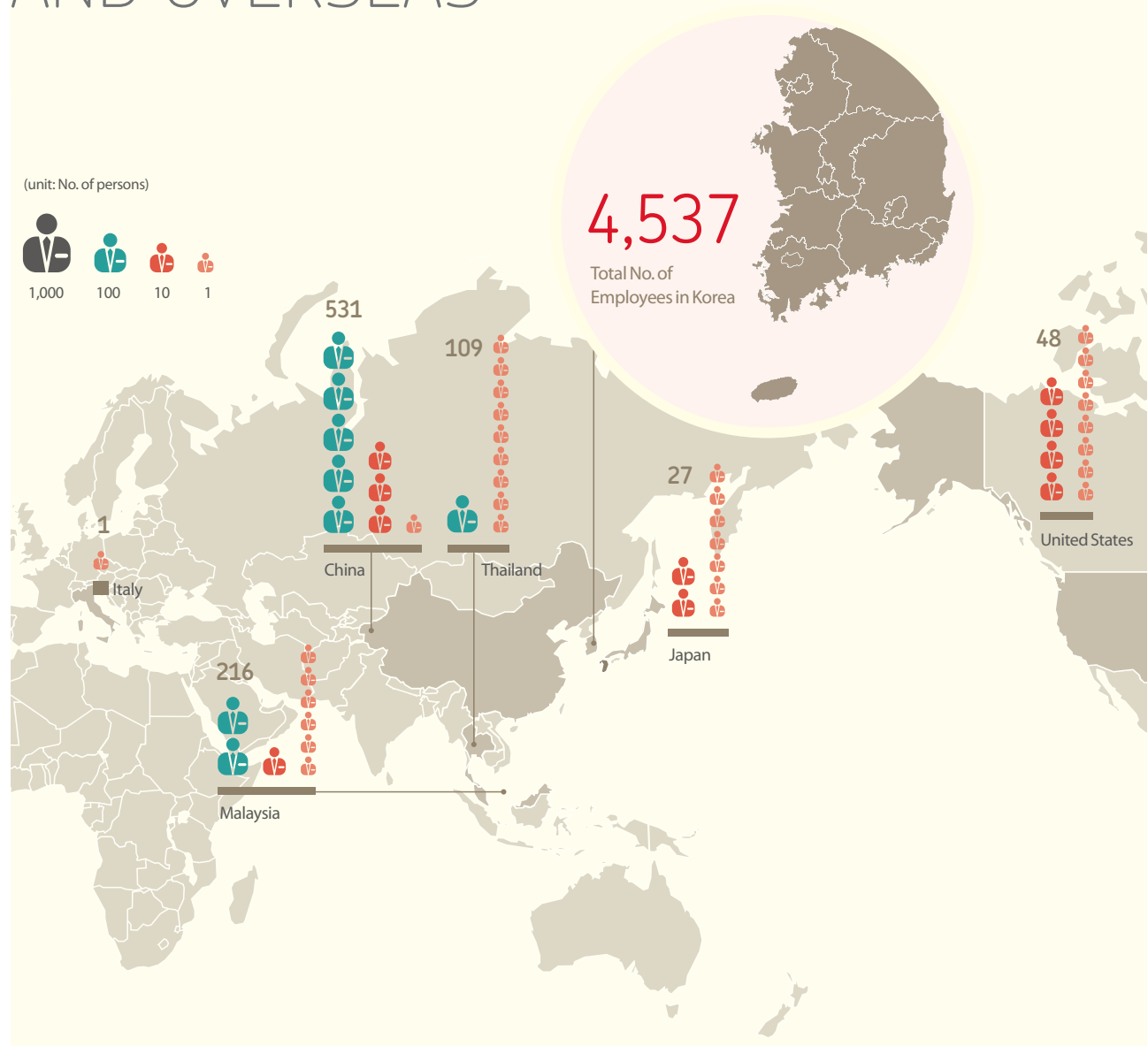
Chapter 5 Responsibility for Woongjin Employees Woongjin respects each and every employee as a human being. With its corporate philosophy, it offers fair treatment, in accordance with an individual's capacity and performance, and ensures that their creativity is achieved to its fullest.

- 1 Respecting Every Woongjin Employee as a Human Being**
 - Woongjin respects and loves each individual employee as an independent human being, in line with its corporate philosophy.
 - Woongjin does its utmost to ensure that its employees are awarded with proud and rewarding experiences through their work and feel a sense of ownership.
- 2 Fostering Talent**
 - Woongjin provides necessary systems and full support to nurture the creative talent of its employees.
 - At Woongjin, bosses are responsible for offering necessary guidance and advice to foster outstanding successors, taking into account their aptitudes and talents.
- 3 Fair Treatment**
 - Woongjin provides equal opportunity in accordance with employee capability and qualifications.
 - Woongjin ensures that its employees are evaluated under fair criteria and compensated properly, according to their capabilities and performance.
- 4 Promoting Creativity**
 - Woongjin utilizes suggestion schemes that come with appropriate compensations to encourage creative thinking and autonomous participation, thereby creating a corporate culture of creativity.

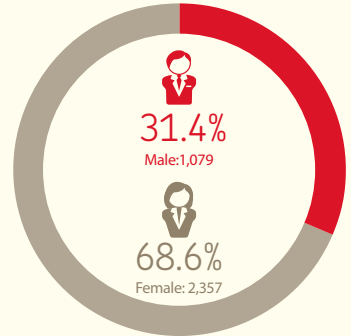
< Ideal Woongjin Employee >



EMPLOYEE COMPOSITION AT HOME AND OVERSEAS



< Gender Ratio of Regular Workers >



< No. of Employees in Korea >

	2009	2010	2011
Total No. of Employees in Korea (including non-regular employees)	4,068	4,188	4,537
Non-regular Workers	949	1,104	1,101
Regular Workers	3,119	3,084	3,436
Executives	18	27	28
Expatriate Workers	42	47	49

* Codys are classified as freelancers
* Those who worked for more than 2 years (no-time-limit contract workers) are counted as regular workers.

< No. of Overseas Employees >

	Total No. of Overseas Employees		
	Expatriate Workers	Locally-hired Workers	Total
	49 (expatriate workers)	883 (locally-hired workers)	
Malaysia	6	210	216
China	23	508	531
Japan	6	21	27
Thailand	6	103	109
U.S.	7	41	48
Italy	1	0	1

Fair and Transparent Performance Assessment

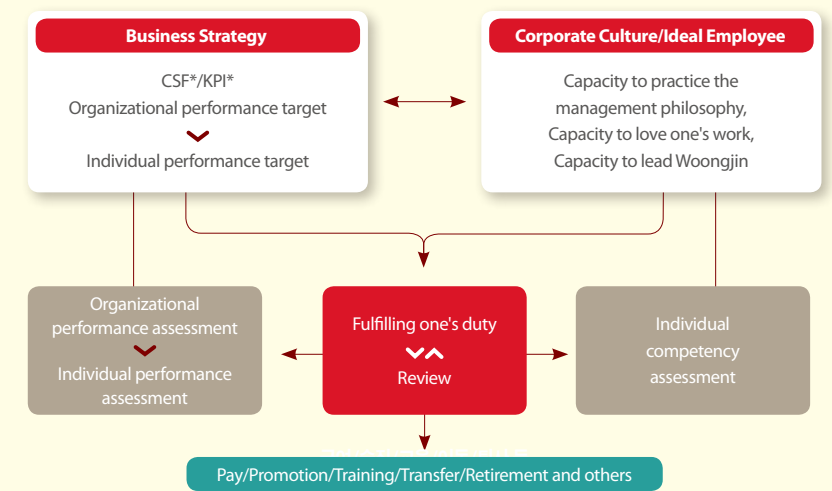
Our employee assessment system is operated in a fair and transparent manner to enable employees to turn their dreams and ideals into reality through their work. Their competency, as well as their performance, is subject to assessment in order to help individual employees grow and develop in the long-term perspective. To this end, we set up the following 3 HR principles: the principle of job/responsibility, the principle of performance and the principle of promotion. These principles are part of our employee assessment systems. We also endeavor to make these assessment systems fairer and more transparent, as their credibility is crucial to encourage employees to be fully engaged with their work and to upgrade our organizational competency.

Assessment Framework

Under our employee assessment framework, individual employees are subject to absolute performance assessments. They are then rated relatively, in accordance with the performance level of the organizational level they belong to. For example, if a team (team leader) is rated S for its performance and the team is made up of 10 team members, 3 of them are given 'As', 6 are given 'Bs' and 1 is given a C. This indicates that the higher the rating of an organization (head of organization) is, the more likely that team members will be awarded with higher ratings. We aim to strike the right balance between organizational and individual performance and boost both teamwork and individual competency simultaneously.

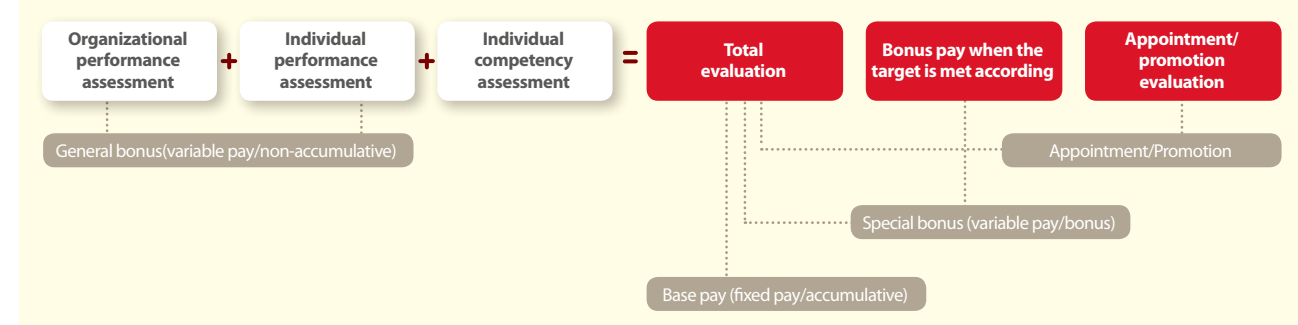
< Overview of the Assessment System >

- 1 Organizational/individual performance assessments are made in alignment with overall business strategy
- 2 Competency assessments are made to promote organizational/individual development
- 3 Assessment process is based on open communication
- 4 Assessment outcomes are utilized to strengthen employee motivation



* CSF: Critical Success Factor
* KPI: Key Performance Indicator
* Assessee: All Woongjin Coway employees (including non-regular workers)

< Compensation System Overview >



EMPLOYEE VALUE ENHANCEMENT



We developed customized training courses that take job-specific and level-specific characteristics into consideration and these learner-centered programs are up and running in order to help individual employees build their competency. We will use these programs as an engine of growth to generate even better business outcomes through the enhancement of individual employee values and through upgrades in our organizational core capacity.

Talent Promotion Strategy

We are fostering talented people who are relentlessly committed to achieving the organizational mission and vision with their co-workers, in addition to generating individual achievements with brilliant capacity and strong passion. We established the 3 principles that guide our talent promotion strategy. These principles form the foundation of our endeavors to foster talent so that we may ensure the sustained growth of such talented employees. Our ultimate goal is to build the 'culture of Singi (magical energy)' into every aspect of our business operations.

1 Ideal Woongjin Coway Employee Promotion Strategy

We ensure that our own distinctive corporate philosophy and core values are shared across the board by nurturing internal job experts and providing advanced training courses continuously. These efforts enable us to encourage all our employees to grow into the ideal Woongjin Coway employee.

2 Prospective Leader Promotion Strategy

We believe that nurturing talent is critical to securing our future competitive edge as a company. As such, we are running systemized level-specific and position-specific training programs in the long-term perspective to equip our talented employees with wide-ranging core capacities. These capacities cover insight to look into the future, leadership skills and the development of a strategic mind-set.

3 Job Expert Promotion Strategy

We created a job expert promotion system to help all employees grow into best-in-class experts who possess the necessary competency in their respective fields. To achieve this aim, we are operating a job school to enhance their job capacity.

Major Achievements of Talent Promotion Initiatives

WAA(Woongjin Advanced Abroad) Our WAA(Woongjin Advanced Abroad) program aims to benchmark overseas leading companies with our employees who take the initiative. A team comprised of 3~4 employees submits a proposal that includes the benchmarking theme, objective, target company and project period. Both on/off-line evaluations and issues of interest among employees are reflected in determining the one team that will perform the benchmarking project. We provide all necessary financial and service support to help the selected team successfully complete the benchmarking program. The 'alternative energy(photovoltaics) project', which was carried out under the WAA program in 2007, led to the creation of our solar energy business, which is now emerging as one of Woongjin Group's future growth engines. In 2011, one team was chosen to work with the theme of 'how to turn Woongjin medical resort town into a business success'. The WAA program has been fully established as our unique talent promotion program with high interest among all employees. It serves as a driving force to pursue shared growth between the company and its employees through the integration of benchmarking outcomes into our business conduct. We will continue to offer proactive support for the WAA program in the upcoming years.

< Summary of WAA Program Achievements >

Participating Team (No. of team members)	Benchmarking Theme	Benchmarking Region
Dreaming of Paradise (4 team members)	How to turn 'Woongjin medical resort town' into a business success to become a first-mover in the medical tourism industry	Thailand, Singapore, India

Comments on Her Experiences of the WAA Program

Our 'Dreaming of Paradise' team visited Thailand, Singapore and India to benchmark health centers there in order to propose our own model of a health care center. Especially, I will never forget what I experienced at India's Ananda Center. The center was full of diversified therapies. In addition to meditational healing and yoga classes, they had life wisdom lectures and massage. They even had a healing class that worked by playing traditional Indian instruments. I tried out every therapy there and felt completely physically and mentally rejuvenated by the time I left. On our way home, our team members were very confident that if a health care center like Ananda were ever introduced in Korea, it would attract plenty of people despite its rather high cost. It would be really great if the theme that we studied in our benchmarking project become a reality.

Overseas Business Team: Jong-Hye Lee



Cafeteria-style e-Learning & Collective Training At Woongjin Coway, more than 100 cafeteria-style e-learning programs are up and running. These programs serve to evaluate individual employee capacity and provide appropriate learning courses depending on job level and capacity. The e-learning program allows employees to take the initiative in choosing the right training programs customized to suit their needs. When taken in conjunction with our collective training program, these e-learning programs contribute greatly to the achievement of our corporate vision while building the competency of talented employees. We will further expand this program to improve the efficiency of our training programs.

< Total Training Expenses >

(unit: KRW Billion)	2011	2010	2009
	2.48	1.8	2.39

< e-Learning/Collective Training Hours >

	2009		2010		2011	
	e-Learning Training	Collective Training	e-Learning Training	Collective Training	e-Learning Training	Collective Training
Total Training Hours	129,434	60,636	73,939	19,252	104,893	43,699
Training Hours per Employee*	129.4	60.6	73.9	19.2	104.89	43.7

* Training hours per employee: Re-calculated on the basis of 1,000 employees as redundancy occurred due to employees who took multiple courses

< STEP: Self Teaching & Education Plan >

Category	Common Compulsory Courses	No. of Trainees	Total Training Hours	Training Hours per Employee
Online Training	Preventing sexual harassment in the workplace	1,031	1,031	1
	Creativity and innovation that flourishes through positive attitude and love	1,171	5,855	5
Collective Training	Training on new products	969	4,360.5	4.5
	Environmental Training	1,551	3,219	2
	Beyond Coway 2.0	1,001	20,020	20

Coway CoP Our CoP(Community of Practice) is a learning community where employees who share common interests get together and take time out of their work schedules to learn on their own and develop individual job competency. This aims to create Woongjin Coway's unique culture of learning and to ultimately enhance values. The CoP initiative was first taken in August of 2011 and a total of 49 teams consisting of 325 employees applied to open their own CoPs, showing their high interest in the program. The company supports a variety of conveniences that cover: outside lecturers, job training materials, and offline meetings and awards for top-performing CoPs. We also came up with varied support measures that included nurturing CoP leaders with outstanding job ex-

perience, into job experts or in-house faculty members. On every first and third Wednesday from 4pm, two hours are designated as 'Coway CoP Day'. This monthly event enables employees to participate in their CoP conveniently. Applications for opening a CoP are accepted year-round.

< Coway CoP Overview >

Learning Theme	Job-related themes
Application Process	Theme chosen - CoP members recruited - Learning objectives and plans set - Application made
Activity Support	Purchasing learning-related books and inviting outside lecturers
CoP Day	Offline CoP meetings between p.m. 4:00-6:00 on every 1st and 3rd Wednesday every month
Nurturing Job Experts	Selecting experts in each CoP and fostering them into in-house job experts or faculty members
Awarding Top-performing CoP	Awarding top-performing CoPs half-yearly and sharing their success across the board, Offering opportunities to benchmark leading companies and develop competency

Sang-sang Ocean Our 'Sang-sang Ocean' program aims to build an innovation mind-set into our daily operations. This new training program allows employees to have fun while playing games in a virtual ocean. This helps them access their creativity to produce innovative ideas. The creative ideas that are suggested through the 'Sang-sang Ocean' are evaluated in six categories: work, society, change, organization, challenge and customer service. They are then integrated into practical business operations. For the employees whose original ideas were chosen under the program, such benefits as promotions and overseas training are offered. In 2011, 82,569 ideas were generated in total, which translated into 11,796 ideas per month and 7.2 per employee. To establish a culture of innovation that is both fun and employee-friendly, we will continue to strengthen our Sang-sang Ocean program. This will include increased compensation for creative ideas and expanded interactive communication.

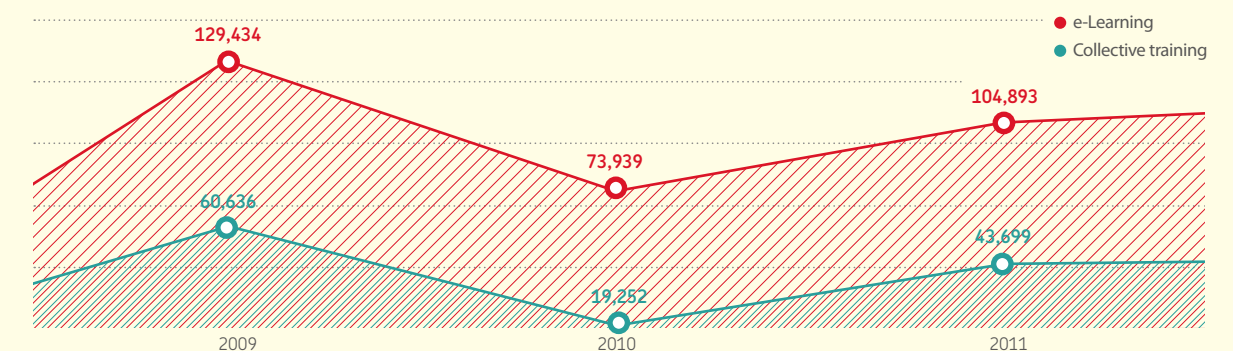
< 5 Features of 'Sang-sang Ocean' >

- Fun
- Easy Access
- Big Compensation
- Interactive Communication
- Continuous Evolution



Sang-sang Ocean ceremony to award the 'King of Sang-sang'

< Total Training Hours >



* Our collective training in 2009 and 2011 covered more participants than usual because of the vision-sharing workshop held at the Seoul Office, Production Factories and research institutes.

GREAT WORK PLACE FILLED WITH HAPPY WORKERS



We at Woongjin Coway are fully committed to creating a differentiated corporate culture filled with 'trust', 'pride' and 'happiness'. Upon this foundation, we strive to enhance the value and job satisfaction of every employee. Both employees and management are determined to make Woongjin Coway 'the most desired company' and their 'dream company', where all employees enjoy a higher quality of life through the right work/life balance and where they may follow their dreams freely with a deep sense of community with the company.

Differentiated Corporate Culture

We define our corporate culture as 'a culture of Singi (magical energy)'. This reflects our corporate philosophy that 'only those who work with excitement can engage themselves with what they do with creative and challenging attitudes and produce outstanding outcomes'. This culture of Singi (magical energy), which has been established as Woongjin Coway's unique corporate culture has four characteristics. First, employees take the initiative to grow together with the company. Second, top-notch talent is secured and promoted to facilitate the growth of both the company and individual employees. Third, employees trust one another as they do their own family members. Fourth, customers are central to the corporate culture so that we may deliver outstanding customer service. The culture of Singi (magical energy) helps us create an environment where all employees speak with, and persuade each other, on equal footing and spread positive energy. This serves as a driving force behind innovative changes generated by all employees who find happiness while working together. Due to such endeavors, we were honored with the top prize in the manufacturing sector of the '2011 Korea 100 GWP (Great Work Place) Awards, supervised by the GWP Korea in 2011. This also led to the highest-ever revenues and operating profits posted in 1989 since the establishment of the company. We will continue to communicate with our employees based on our human-centered management philosophy. This will encourage all our employees to have rewarding experiences at work and to voluntarily take part in building the culture of Singi (magical energy) into our corporate structure.

< Culture of Singi (magical energy) >

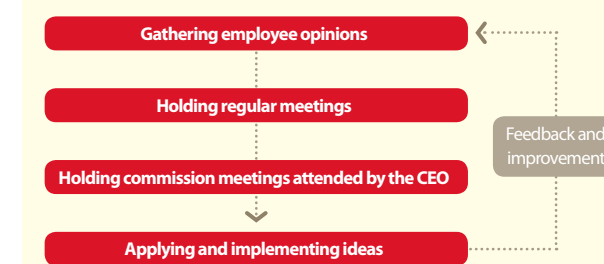
<p>Culture of Engaging Improvement</p> <p>Employees voluntarily engage themselves and grow together with the company</p>	<p>Culture of Talent Promotion</p> <p>Secure top-notch talent and invest in them continuously to contribute to the development of both the organization and individuals</p>
<p>Family-like Culture</p> <p>Enhance job satisfaction and create warm affection and family-like trust</p>	<p>Culture of Customer Orientation</p> <p>Deliver impressive experiences to internal/external customers</p>

Major Activities and Achievements to Establish a Culture of Singi (magical energy)

Launching the 2nd Club Team for Energy and Excitement The Club for Energy and Excitement launched its 2nd class this year. The club celebrated its 2nd anniversary since it was first created. The celebration allowed us to apply new ideas generated by the fresh minds of new recruits, to the corporate cultural activities, while making our workplace more exciting. Under the direct control of the company CEO, the Club for Energy and Excitement is made up of 10 newly hired employees, each with 1-2 years of work experience at Woongjin Coway, to solicit ideas from these young people who have a relatively freer and more innovative mindset. Due to added responsibilities, club members must drop out of the club when they are promoted to assistant managerial levels. Club members are responsible for identifying a 'new corporate culture' that allows employees to work happily and with excitement, while taking part in monthly commission meetings with the CEO to present creative ideas to improve the corporate culture. They are provided with financial support for wide-ranging activities in addition to benefits to align club achievements with their job performance.

Establishing a Culture of Work Smart Reporting Our 'Work Smart Program' aims to enable all employees to create more valuable outcomes through efficient work processes. In 2011, the 'Work Smart reporting culture' was introduced as part of the Work Smart program, to greatly improve our reporting practices. In particular, the '1-page report' initiative was taken to reduce daily paper waste and minimize time-consuming reporting practices. We will continue to identify factors that hamper our Work Smart initiative and continue to make on-going improvements.

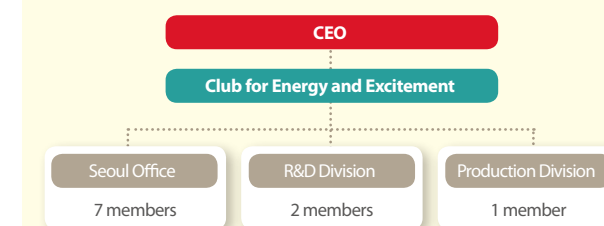
< Application Process for Applying to the Culture of Energy and Excitement >



< Summary of Activities in the Club for Energy and Excitement >

Roles and Responsibilities	<ul style="list-style-type: none"> Enhancing employee satisfaction through the creation and facilitation of the interactive culture of Singi (magical energy) Undertaking innovative initiatives to improve corporate culture and job efficiency
No. of Meetings Held	<ul style="list-style-type: none"> Held on a monthly basis (8 meetings in total in 2011)
Major Achievements	<ul style="list-style-type: none"> Promotion of Family Day, Planning the Coway Musical Festival

< Organizational Chart of the Club for Energy and Excitement >



Hanggarae 2.0 Every morning at Woongjin Coway begins with a 'Hanggarae', a meeting with the jolly sound of music. Hanggarae, one of our innovative corporate cultural activities, aims to help our employees set clear goals and focus on the core activities needed to meet these goals. In 2011, Hanggarae was further upgraded from the previous year and fully established as a practice to correctly define goals and look for most appropriate ways to achieve them.

< Operation of Hanggarae >

Goals	Meeting innovation goals through stimulus goals and visualization of task management
Operation	<ul style="list-style-type: none"> 1) Visualizing task management <ul style="list-style-type: none"> Indicator management: Core indicators, visualized goals Process management: Progress, achievement, visualization of outcomes measured against plans Outcomes management: Visualizing performance maintenance and management 2) Expressing a culture of Singi (magical energy) <ul style="list-style-type: none"> Positive stimuli from leaders: Leaders (team leaders) stimulate individual employee goals and offer proactive feedback and management regarding job issues Fun factor: Starting the day vigorously chanting team slogans
Operation	Team members understand each other's job and discuss efficient ways to move forward
Outcomes	Job is managed in an organic way that aligns with the goals of the company, the team and the individuals

< 5 Principles of Hanggarae 2.0 >

- Expose All Your Job**
Accurate sharing of individual employee work within departments reduces unnecessary meetings and speeds up the work process. When sufficient information is shared across the board, each team member is able to find their own best ways.
- Quantify the Process to Meet the Set Goals**
When the work process is quantified, it helps to understand the current status more directly and accurately. This then motivates employees to move onto the next level of the work process.
- Drive the Team-level Development**
Let team members recognize that sustained and repeated Hanggarae leads to the enhanced competitive edge of individual team members. This forms the foundation for synergy to strengthen the team-level competitive edge.
- Keep Records Detailed and Accurate**
Put detailed goals and progress on the Hanggarae board to enable team members in charge and employees from other departments to identify the job and progress of the concerned department.
- Align with Assessment**
Fair and transparent assessments enhance employees morale and job satisfaction. Hanggarae should be used as a more accurate and fair database of evidence in making employee assessments.

Building Integrated UC Communication Systems We built integrated UC communication systems to enhance employee job efficiency. The systems are classified into messenger and video conferencing. The UC messenger supports texting, voice conversations and content functionality. It can be aligned with other communication systems such as group ware, e-mail and telephone to ensure effective communication. Video conferencing enables long-distance meetings through such multimedia transmissions as video, voice, text, picture, document sharing and electronic boards. These systems come with a general meeting functionality that accommodates up to 64 people, as well as a seminar functionality that accommodates up to 150 people. Integrated UC communication systems allow us to not only speed up work process, but to also reduce carbon emissions and energy consumption that arise with the requirements of the physical presence of employees in meetings or the use of meeting rooms.

Coway Day 'Coway Day' started in 2007 and has taken firm root as our representative corporate cultural program that offers employees and their family members a chance to take an overnight trip to tour our company. This is a voluntary program and employees make applications to take part in it. Every April, we also celebrate the 'New Recruit's Coway Day' to congratulate new employees on joining Woongjin Coway and to express our gratitude to those family members who entrust us with their sons and daughters who bring such valuable talent to Woongjin Coway. In 2011, some 160 family members of new employees attended the 'New Recruits of Coway Day', in addition to all the division general managers, including our CEO, Joon-Keel Hong. New recruits and their family members were comprehensively briefed about their jobs and toured around the Seoul Office and research institutes to gain an overall understanding of our business conditions and products. New employees also got a chance to show off their performances they had prepared for before their own family members. Through this meaningful event, both the company and employee families were united.

< Coway Day Overview >

Purpose	To promote understanding of Woongjin Coway and unity of families
Event Schedule	5 rounds in total (Jan. Apr. Jun. Aug. Nov. 2011)
No. of Participants	331 people in total
Major Activities	Touring the R&D Center and production factories, family trip programs (waterside excursions, ceramic hand prints and others)

Coway Music Festival 2011 As part of our efforts to deliver a happy and rewarding workplace in 2011, we dramatically revamped the format of our year-end ceremony. We celebrated the 'Coway Music Festival 2011' instead of the previous formal year-end ceremony. This allowed all employees to truly enjoy the event and feel a sense of togetherness and unity. A total of 20 teams, who were screened through an in-house competition, showcased their talent with their impressive singing and dancing performances. The other employees also had fun together as the audience. The No. 1 winning team was awarded with overseas travel certificates and the 2nd and 3rd best teams were given KRW 2 Million and KRW 1 Million respectively. All the other participating teams received financial support for their get-togethers, which further deepened the meaning of the event.

Benefits Package Diversified employee benefits programs are in place at Woongjin Coway to improve the quality of life for all our employees. All employees are provided with financial support for both congratulatory and condolence purposes. These include: childbirth, scholarships, interest expense support with housing financing and discounts on Woongjin Group products. Regular workers are given gifts on their wedding anniversaries and those in deputy general managerial positions and above, are provided with car maintenance expense funds.

* For detailed benefits package information, please see p76.



Coway Day in August, King of Baking Kim Tak Goo (Korean soap opera), Bread baking experience



Coway Music Festival 2011

SAFE AND HEALTHY WORKPLACE



Our 'EHS(Environment, Health and Safety) management' strategies and policies guide our efforts to fully comply with the Occupational Safety & Health Act of Korea and other relevant regulations. This enables our employees to work in a safe and pleasant environment and maintain their work/life balance. In particular, we strive to adhere to our corporate philosophy in pursuing sustained growth, while fulfilling our social responsibilities and creating a virtuous cycle of increased quality of labor conditions and enhanced trust in and loyalty to the company. We make sure that plans are set and systemized and that accident prevention initiatives are taken at respective business sites, in a bid to spread a safety-centered culture.

Boosting Support for the Industrial Health & Safety Committee

Our 'Industrial Health & Safety Committee' is in full swing at respective business sites to build constant readiness for all types of potential risks. The committee enables employees and management to deliberate and decide on issues together. These issues are important to occupational health and safety and serve to prevent likely risks and health disorders that may affect our employees at business sites. In addition to incorporating employee feedback into our operations, this committee is in charge of boosting employee understanding of, and cooperation with, the prevention of industrial accidents. Woongjin Coway was awarded with the ISO 14001, which aims to build a safe and healthy work environment. The Incheon Factory and Yugu Factory, obtained the health and safety management system certificate KOSHA 18001 and OHSAS 18001 respectively. Each business site at Woongjin Coway is obliged to offer continued training to raise employees' awareness of health and safety issues and are fully devoted to overall promotional activities and necessary support initiatives in improving labor conditions. This is reciprocated by Woongjin Coway with regular company-wide level diagnoses of such health & safety initiatives to ensure their effectiveness. Additionally, we are also strengthening group-level monitoring activities through evaluations made by outside experts. As a result, there has been no single occurrence of critical industrial accidents at Woongjin Coway over the last 6 years.

< Current Status of the Coway Happy Mind Program >

(Jun. 2011~Dec. 2011)

Category	Institute fur Parr-und Familientherapie	Se Eun Counseling Center	Pure Spring Counseling Center
No. of Employees who were counseled	11 (including spouses)	6	3
No. of Counseling Sessions	34 counseling sessions and 22 tests (4 sessions on average per person)	18 sessions and 6 tests (3 sessions on average per person)	6 sessions and 3 tests (2 sessions on average per person)
Counseling Cost	KRW 3,550,000	KRW 2,220,000	KRW 735,000
Counseling Topics	<ul style="list-style-type: none"> Individual inner conflicts/family trouble/husband-wife trouble/personal relationship problems at work/social life(job stress, conflict with bosses)/child-raising and other family-related issues All participants were able to understand their own propensities and take a fresh look at themselves through personal psychological tests. 		
Employee Feedback	<ul style="list-style-type: none"> I was able to talk about my lingering questions, my own counseling needs and simplify my problems. I felt greatly relieved in the end. I could be honest and talk about everything that I always wanted to talk about, which eased my stress and helped me find solutions. I could feel that the counselors were different in terms of their counseling capabilities-The counselors who received high ratings will be more actively used 		

< Injury Rates in Korean Business Sites >

	2011	0.11%	
	2010	0.096%	
Woongjin Coway	2009	0.05%	

	2011	0.97%	
	2010	1.07%	
Average injury rates in the manufacturing industry	2009	1.23%	

	2011	0.65%	
	2010	0.69%	
Average injury rates in the Korean economy	2009	0.70%	

* Woongjin Coway's injury rates: No. of injured employees/No. of employees X 100 (5 out of 4,537)

* Source of the average injury rates of the manufacturing industry /overall Korean economy: Ministry of Labor statistics on industrial injuries (as of December 2011)

< Industrial Accident Data >

Category	2009	2010	2011
Not work-related	2 accidents	4 accidents	No accident
Work-related	No accident	No accident	5 accidents*
No. of Lost Working Days	498 days	381 days	645 days

* The work-related industrial accidents in 2011 were minor injuries that occurred while transporting products at sales sites.

Promoting Employee Health

The promotion of employee health is the top priority of our employee benefits package at Woongjin Coway. To this end, we continued to make improvements in 2011, as well as including enhanced health management programs. One outstanding example is the expansion of major diseases to be included in the employee accident assurance and annual health checkups. Our childbirth support policies were also strengthened in order to help address one of the emerging social issues of low birth rates: the financial support given to women workers giving birth to a baby significantly increased (from KRW 200,000 to KRW 300,000 for the 1st born, from KRW 300,000 to KRW 500,000 for the 2nd born, and KRW 400,000 to KRW 1 Million for the 3rd born) and support is given to help purchase childbirth-related products. We will continue to communicate with our employees to encourage them to be fully engaged with their work in a healthier and more energetic environment.

Happy Growth Coway Happy Mind Our 'Coway Happy Mind' program started in June 2011, under the cooperative relationship forged with psychology therapy institutes, to ensure that our employees can lead a healthy and happy life psychologically as well as staying healthy physically. Under this program, our employees can go to professional counselors to talk about their personal troubles/conflicts as well as job stress in order to gain peace of mind and address relevant symptoms. This ultimately increases their happiness index. We firmly believe that an increased happiness index leads to greater and more intense engagement with work, thereby achieving happy growth.

EMPLOYEE COMMUNICATION



Internal communication with employees is central to a company's core competitive edge to grow further. Its importance can't be over-emphasized. Without sufficient internal communication, a company can't expect its employees to voluntarily be engaged, regardless of how great its vision or management strategy is. Internal communication guarantees that the company forges close ties with its employees. Consequently, it creates the values the company naturally pursues. Active internal communication is one of our core management tasks at Woongjin Coway and we are devoted to transparent, prompt and interactive communication, not just between the company and employees, but also among the employees themselves. To this end, we help employees build their communication skills, while sharing our corporate values across the board and providing relevant campaigns and programs while securing necessary communication channels.

Building a Trust-based Labor-Management Culture

We guarantee our employees the freedom of association regarding labor unions and related employee organizations. (We have no labor union established as of 2011) We hold regular Labor-Management Council meetings, which are attended by employee representatives who are our core partners. These sustained communication activities form the foundation for both employees and management to establish a mutually beneficial and trust-based labor-management culture together. The Labor-Management Council plays a central role in enhancing employee satisfaction and achieving the corporate vision simultaneously. The Labor Management Council is notified in advance of any major changes in business conduct and ad-hoc council meetings are held if deemed necessary in order to come to satisfactory conclusions of matters with the consent of both employees and management. The council is comprised of 14 members, including the chairman. Seven of the members are employer representatives and the other 7 represent employees. In 2011, 5 regular council meetings were held to address all 8 agenda items, including bonus payments and annual leaves.

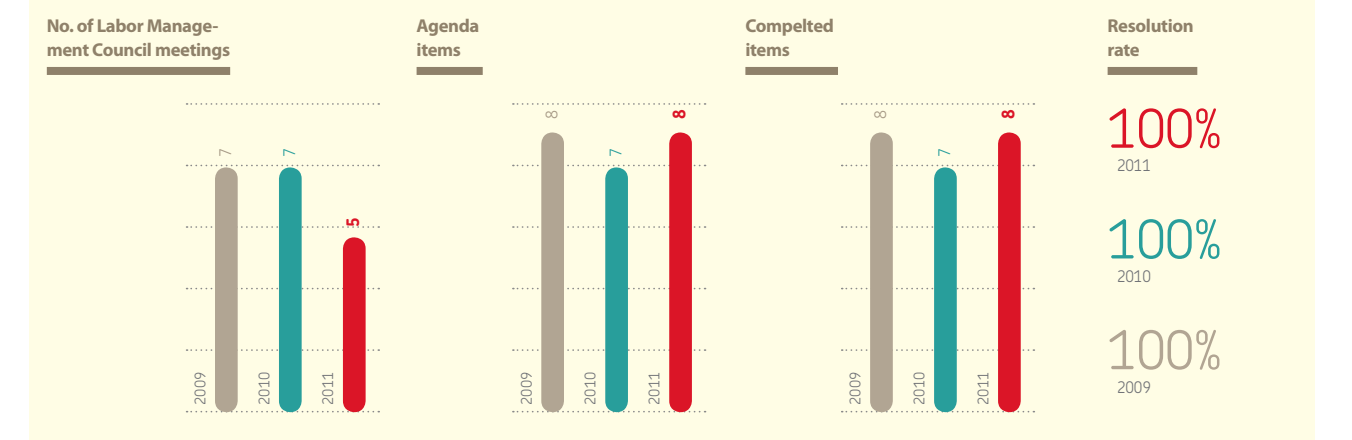
ER(Employee Relation) Culture-Lab 'ER Culture-Lab' is our in-house, intranet communication channel set up to receive and address the varied grievances of individual employees. It aims to create an ambitious corporate culture and enhance the rewarding and satisfactory experiences of our employees at work. Employees can present any grievances (personal matters, conflicts with their bosses, issues related with job promotions, systems, labor conditions and organizational issues) and suggestions. Their identity is strictly protected under the principle of anonymity and the ER Culture-Lab deals with all information appropriately. Employees can seek legal advice from lawyers, on both job-related and personal matters, such as attachment, contract, surety and debt. In 2011, it addressed a total of 140 grievances and the average handling time was 1.2 days.

< Submitted Grievances Data >

Category	No. of Submitted Grievances	No. of Resolved Grievances
HR	70	70
Sales	48	48
Job	14	14
Personal Matters	8	8

< Labor Management Council >

(unit: No. of cases)



Facilitating Communication

Goodmorning Woongjin Goodmorning Woongjin is our monthly presentation program to brief all employees on the current status of our business conduct. This allows all employees to share in the overall view of the company's business outcomes, major upcoming initiatives and future vision. Such continued sharing of management information helps every employee develop an understanding and sympathy for the corporate management philosophy and policy directions. This in turn, enhances their trust in the company as well as their engagement with their work. In 2011, Goodmorning Woongjin was held 12 times, once per month. Goodmorning Woongjin will continue in helping us boost proactive communication between management and employees. In so doing, we can build a corporate culture of mutual trust where our corporate objectives and values are shared.

In-house Social Network Service Cokkiri We launched 'Cokkiri', our own in-house social network service, to facilitate internal communication. The word Cokkiri is the combination of 'Co' which is from Coway and 'kkiri' which means things alike. This interactive communication channel was created to facilitate free communication and closer relationships among employees, while creating a culture of exciting communication. Cokkiri connects our employees to the in-house messenger program via online or smartphones whenever and wherever they may be. It also supports group activities and discussions. We will expand our Cokkiri services to allow employees to share sales data in respective regions and to apply them to actual business activities.

High-Ting Together with Top Executives Our endeavors for communication-driven management are highlighted in the 'High Ting' program. This is a communication-oriented event where some 20 employees and the company CEO, or the general managers of each division, spend the day together outside their work place with various interesting programs focused on one specific theme. It first started in 2006 to boost horizontal communication between top executives and working-level employees and has since been in full operation. High Ting proved to have tremendous synergistic effects on collaboration, as free communication activities led to a deeper sense of community. In 2011, 24 High Ting events took place and attracted some 400 employees to this communication-driven program.

LooLooLaLa 'LooLooLaLa' is our online community that allows all employees to communicate with one another freely and share the latest news about the company. This is a venue for proactive and voluntary communication among employees supported by various online events. Both big and small Woongjin Coway events and important employee information are shared across the board.

< Online Community >

Coway News	Coway Story (Updating news on Woongjin Coway) Coway People (Introducing notable employees)
Story with a Theme	Sharing employees' opinions, thoughts and recommendations on one chosen theme and presenting gifts to winners
In-house Journalists	In-house reporters presenting news on the Seoul Office on behalf of the headquarters
Family Event News	Reporting employee family events
In-house Clubs	Sharing news & activities on in-house clubs
Humor-Hilarity beyond Your Imagination	Sharing humorous stories donated by employees



Promotion of Cokkiri, our in-house social network service



High Ting in the development division of the Environment Technology Institute



First page of LooLooLaLa



**COMPANY
& COMMUNITY
FOR
SHARED
VALUES**

Woongjin Coway pursues co-existence with its neighbors as a member of the community where it operates.


To contribute to the co-prosperity of the local community to which we belong to and the wider human society as a whole, we at Woongjin Coway are currently undertaking volunteer initiatives that include the 'Save the Yugu Stream' campaign in Korea and the well-digging campaign in Cambodia in addition to extending our assistance anywhere our capacity is demanded. We put our social contribution initiatives into action by practically realizing the spirit of 'sharing' as a member of the earth community.



OUR COMMUNITY POLICY The 'love for society' constitutes our management philosophy as a critical virtue at Woongjin Coway. We will make the best use of the capabilities and varied resources that we have at Woongjin Coway so that we may devote ourselves to developing the local community, deliver healthy values to those who are in need of warm affection and become a helping hand that fulfills its responsibilities as an involved member of society.

OUR COMMUNITY STRATEGY To further commit ourselves to the 'love for society', we define the vision of our social contribution initiatives as the 'improved quality of life for a healthier tomorrow of our children'. Under this vision, the 4 initiative directions were set to cover: the preservation of the environment, dietary improvements for the less privileged, consideration and responsibility for the new/next generation, assistance for less-developed countries and the establishment of diversified social contribution programs. We are fully committed to the fulfillment of our roles and responsibilities as a corporate citizen and to the proactive communication with wide-ranging stakeholders necessary in order to become a more respectable and trustworthy company in the upcoming years.

SOCIAL CONTRIBUTION SLOGAN



The blue water embodies our commitment towards a greener world at Woongjin Coway as a company that is engaged in campaign activities to clean up streams and protect clean water with deep-rooted affection. The heart shape, transmuted from the fish to emphasize our management philosophy, represents the future that we aspire to create through our social-giving initiatives. The leaf is an expression of our commitment to preserve a healthy environment for a healthier future.

OUR FOCUS ISSUES We continue to develop and practice social contribution programs that are highly relevant with our core operations to ensure their effectiveness. Such endeavors help us in identifying and addressing realistic issues in the community in which we operate.

OUR ORGANIZATION Our social contribution initiatives at Woongjin Coway, that aim to put the 'love for society' into action, are centered around the PR Team, which is in charge of the overall social contribution activities. We also ensure that these programs incorporate distinctive characteristics of the respective business sites and needs of the concerned local community. Moreover, we are building and improving on the related infrastructure to solicit the voluntary engagement of our employees in these activities. As of 2011, a total of 1,817 Woongjin Coway employees joined the 'Tto Tto Sarang Volunteering Group'.

DISCLOSURE ON MANAGEMENT APPROACH

05

OUR COMMUNITIES



STRENGTHENING THE SOCIAL CONTRIBUTION FRAMEWORK



To ensure that varied social contribution initiatives are being undertaken at Woongjin Coway that produce substantial benefits to both society and the company from the mid/long-term perspective, we focused on building our social contribution infrastructure. This included the integration of relevant systems and expanding overall conducive conditions. We will fully incorporate our corporate vision and the core values and major concerns of our stakeholders in our social-giving programs. This aims to not only improve the quality of our social contribution programs but to also fully establish a culture of voluntary employee engagement within the entire organization. To this end, we will conduct an in-depth review of the company-wide social contribution framework and upgrade our communication with employees and members of the local community where we are based.

Directions of Our Social Contribution Initiatives to Create Value for Local Community

We work hand-in-hand with employees and customers alike to put our corporate philosophy into action to create even greater value for the local community through our social contribution programs. This management philosophy will be put into practice at our overseas sites as well as at our Korean sites in a way that is systemized and strategic so that it may contribute to the sustainable development of society.

< Local Community Value Creation Strategy >

1 Strengthen and Expand Alignment with Core Business

We chose 'water' as the core theme of our social contribution activities as it is highly relevant with our representative business of water filtration appliances and bidets. To this end, we initiated the 'Save the Yugu Stream (located in Gongju City, South Chungcheong Province)' and the Well-digging Campaign in Cambodia'. These initiatives have become our representative social contribution programs. We will make sure that such programs are expanded into the wider areas of society and assist in solving pending issues of local communities.

2 Build Cooperative Relationships with the Governmental and Civil Organizations

To work together with the local community in identifying pending issues affecting the community and finding workable solutions, we forged extensive, cooperative relationships with the government, local governments and civil organizations. We will strive even harder to make sure that such partnerships form the foundation for social contribution initiatives that address problems in local communities and assist us in fulfilling our social responsibility as a corporate citizen.

3 Establish a Culture of Voluntary Engagement

An employee's vigorous interest in social contribution and a culture of voluntary engagement are fundamental success factors for our social contribution initiatives at Woongjin Coway. To build a culture where all employees are voluntarily engaged in social contribution programs, we set regulations on annual employee volunteering hours and provided relevant systems to enable them to undertake volunteering activities whenever they wanted to at their convenience.

4 Offer Customers More Opportunities to Participate

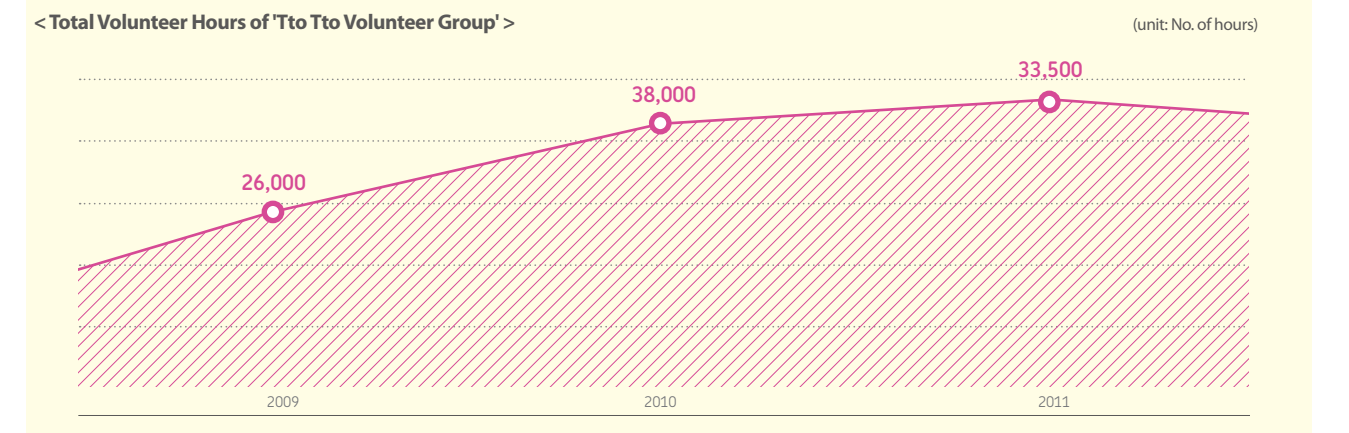
Soliciting customer engagement in our business conduct is a positive contributor to our culture of energy and excitement at Woongjin Coway, in terms of corporate culture, as well as in business outcomes. We will continue to encourage customers to take part in wider areas of our social contribution programs, including the representative initiatives such as the 'Save the Yugu Stream' and 'Well-digging in Cambodia' campaigns.

Establishing a Culture of Voluntary Engagement

We have been working on multiple fronts to spread a culture of sharing in order to fulfill our roles and responsibilities as a corporate citizen since our establishment in 1989. Over the years, we created and improved on 'engaging' programs for sharing-oriented volunteer initiatives to move our social contribution programs beyond a mere one-time event or simple donation into a more sustainable program. In particular, our 'Tto Tto Sarang Volunteering Group' was launched in 2005 to encourage all employees to engage in volunteer activities for more than 16 hours per year. These sharing-oriented programs attended by employees not only help us deal with local community issues in a substantial manner, they also strengthen comradeship and belonging between the company and employees and among employees themselves, building the basis for a healthier corporate culture. We will further extend our support for these programs to ensure that this voluntary and dynamic culture of engagement spreads beyond Korea into overseas areas and reaches those in need of our warm spirit of sharing.

< Details of 'Tto Tto Sarang Volunteer Group' Activities >

Category	2009	2010	2011
No. of Volunteers	920	1,783	1,817
Volunteering Hours per Employee	22.4 hours	17.3 hours	18.4 hours



COMMUNITY INVOLVEMENT & DEVELOPMENT



To achieve our social contribution vision of 'improved quality of life for the healthier future of our children', we reach out to and share our love with anyone who is in need of our helping hand regardless of where they are or what their region, race, gender or religion is. We believe that a culture of sharing does not require a grandiose scheme or extensive labor but rather is spread through attention to details and a genuine willingness to practice it. In 2011, our support and investments were geared toward diverse initiatives including the 'Save the Yugu Stream' and 'Well-digging in Cambodia' campaigns, in order to address local community issues and assist their development both in Korea and overseas.

Major Achievements of Our Social Contribution Initiatives

Simply jumping on the bandwagon of social fads or showcasing superficial social-giving activities is never an aim of our social contribution initiatives at Woongjin Coway. The true meaning of 'sharing' guides our endeavors to undertake activities that generate substantial benefits for the local community. These benefits are generated from the long-term perspective and promote shared growth between local communities as well as the company. Such future-oriented programs are an enabler for us to gain trust and respect from our internal/external stakeholders. To this end, we at Woongjin Coway develop our own differentiated social contribution programs and incorporate them into our mid/long-term social contribution action plan. This allowed us to be on the right track in 2011 to improve the environment of the local community and enhance the quality of life for our children who will lead our future.

< Summary of Financial Support for Social Contribution Initiatives >

(unit: KRW Million)

Year	Expenses on Social Contribution Programs
2011	240
2010	860
2009	290

Year	Donations
2011	1,380
2010	1,130
2009	560

* The surge in social contribution expenses in 2010 is due to the 'Grand Festival for Saving the Yugu Stream' and the 2010 FIFA World Cup in South Africa where our employees and members of the soccer club at the 'Boy's Home in Busan', a Catholic charity organization for boys without homes, got together to cheer for the Korean team and perform volunteer work in the Africa.

Restoring the Traditional Culture and Inheriting Cherished Values

< Restoration of Royal Palace Wells > Our royal palace well restoration project was initiated through our agreement made in 2010 with the Cultural Heritage Administration of Korea and the National Trust for Cultural Heritage, which assigned each participating company to be in charge of one cultural heritage. Our aim is to restore our forgotten history and cultural heritage and promote the value of these precious cultural locations throughout the world. We investigated the conditions of palace wells and conducted water quality examinations and cleaning in accordance with the agreement. On March 27, 2011, we held the 'Experience the King's Well' event in front of the well near Gangnyeongjeon, the King's living quarters, at Gyeongbokgung Palace to give Korean and overseas tourists an opportunity to experience the flavor of purified water from the palace well and appreciate the cultural value of palace wells through various events. We will continue to work on other royal palace wells in Seoul to improve their water quality and restore the relevant traditional culture.

< Research Support for the Late Dr. Byeong-Seon Park > The Late Dr. Byeong-Seon Park was the first to discover the world's first-ever metal type print of 'Jikji' and '297 Eui-gwe (ritual protocol manuals of the Chosun Dynasty)' at the Bibliotheque National de France while she was working at the national library between 1967 and 1980, after completing her study in France. She was fully dedicated to reclaiming our invaluable cultural heritage that included the above metal type print that was plundered by the French during the Korea-France War in 1866. Our support for her work in her living years continued in 2011 as it had in 2010 to ensure she could fully concentrate on her research on our history and cultural heritage.



Experience the King's Well event



Late Dr. Byeong-Seon Park who visited Korea to attend the celebration of the reclamation of Eui-gwe

'Warm Heart, Happy Change' Sharing Events

< Tto Tto Sarang, Donation of Briquettes > We have been donating 10,000~20,000 pieces of coal briquettes every year to help the less privileged in Busan stay warm during the cold winter season. In 2011, Incheon was added to our donation list and we donated 20,000 pieces to Busan and 12,000 pieces to Incheon respectively that year. These briquettes were purchased with the money coming from the piggy banks of our Codys, whose voluntary participation contributed to assisting their poor neighbors in getting through winter. We also provide organic rice and kimchi to under-nourished children to continuously improve their diet.

< Sponsor for Nasom Community > We are an active sponsor for Mongol School and Nasom Preschool established for children from Mongolian immigrant workers in Korea. We donated KRW 27 Million to sponsor such school events as the Sponsorship Day, graduation ceremonies, summer/winter camp, bazaar events and school closing events in 2011. Woongjin employees volunteer to visit Mongol School every Monday to clean premises and dormitory facilities through their own initiative.

< Relay Volunteering for Flood Recovery > In 2011, we volunteered to help areas near Dongducheon City recover from the flood damage caused by the torrential downpours in August. A total of 128 employees took part in the volunteer program that lasted for 3 days from August 10th to clean up the soil and sand in flooded areas and houses.



Donation of briquettes



Children at Nasom Preschool experiencing the Woongjin Play Docu resort



Volunteering to recover flood damages at Dongducheon City

'Clean Air, CAIRS Cleaning' Sharing Event

< CAIRS Zone for Children > Increasing threats from germs, viruses, yellow dust and the worrisome spread of radioactive material from the earthquake that hit Japan in 2011 gave rise to growing concerns over the quality of air. With an increasing number of people staying indoors for most of the day due to these risks, we at Woongjin Coway are fully committed to improving indoor air quality and expanding clean zones to guarantee safe and clean air to more people. In particular, we are assisting multi-purpose facilities that usually accommodate children who have weaker immune systems in dealing with fine dust particles and air contamination in closed areas through the free-of-charge installation of our CAIRS air purifiers and the creation of 'CAIRS Zone' where indoor air quality is maintained through regular services. The 1st CAIRS Zone was created at the 'Chiro and Friends' kidscafé in Gayang, Seoul, in April of 2011. As of the end of 2011, a total of 146 CAIRS Zones have been established in educational institutions, public offices, hospitals, childcare facilities, kids cafes and department stores. We also signed the 'multi-use facility indoor air quality consulting project' agreement with the Ministry of Environment of Korea and provided training on the 'prevention and management of environmental hazardous factors' for 80 institutions. This included educational institutions that are more vulnerable in terms of hygiene management. With our outstanding technological capabilities, we will expand the scope of our cleaning initiatives beyond water to air, thereby further assisting in creating a healthy living environment



CAIRS Zone created at the 'Chiro and Friends' kids cafe in Gayang

< Achievements of the 'Save the Yugu Stream' Campaign in 2011 >

Total No. of participants	452 employees
No. of volunteering sessions/hours	8 sessions / 3,616 hours

Achievements

- Improved water quality thanks to the cleaning activities:
Grade 3 → Grade 1 (please see p30 for more detail)
- Biodiversity secured: Enhanced biodiversity in birds : 47 species, 759 individuals → 65 species, 3,194 individuals (please see p31 for more detail)
- Developing and supporting the organic rice 'Yugu Rice' * (all 36,000 sacks (10 kg per sack) were purchased by 11 Woongjin affiliates)
- Providing matching support for collecting waste resources:
370,361kg were collected in total → KRW 48,975,000 was supported in a matching grant

* The numbers are based on 2010 inspections-the Yugu Stream ecosystem was not subject to investigations in 2011.
* To promote the eco-friendly cultivation of rice in Yugu, the organic rice produced by the eco-friendly method of using freshwater snails was purchased in full by 11 Woongjin Group affiliates, including Woongjin Coway.



Yugu Rice

'Precious Water, Highest Quality Water'
Sharing Event

< Save the Yugu Stream Campaign > The 'Save the Yugu Stream' campaign, our representative social contribution program at Woongjin Coway, was initiated in 2003 in an aim to 'create clean water environments where children could freely run about' in Yugu-eup, Gongju City and South Chungcheong Province, where our production factory is located. Through our partnership with the Ministry of Environment, Gongju City and the Korea Green Foundation (a civil environmental organization), we have been encouraging our employees to volunteer to clean up the stream. These clean-ups take place more than once every month. Employees also participate in diverse programs that train local people about the environment and have been purchasing organic agricultural products for the last 8 years. As a result, the water quality of the Yugu Stream was dramatically enhanced from Grade 3 at the start of the program to Grade 1 in 2009. Woongjin Coway is making sustained efforts to manage and clean the stream to maintain its pristine state and prevent environmental pollution in the surrounding areas. The campaign brought about a sea of change in the way local people thought about the environment. Increasing numbers of these local people are aware of the importance of environmental preservation and by their own initiative, participate in environmental protection activities to protect the Yugu Stream, their foundation of life. We are determined to provide sustained support and attention to this representative program to promote the local economy so that it may be established as a benchmarking practice for other environmental protection initiatives.



Woongjin Coway employees cleaning up the Yugu Stream

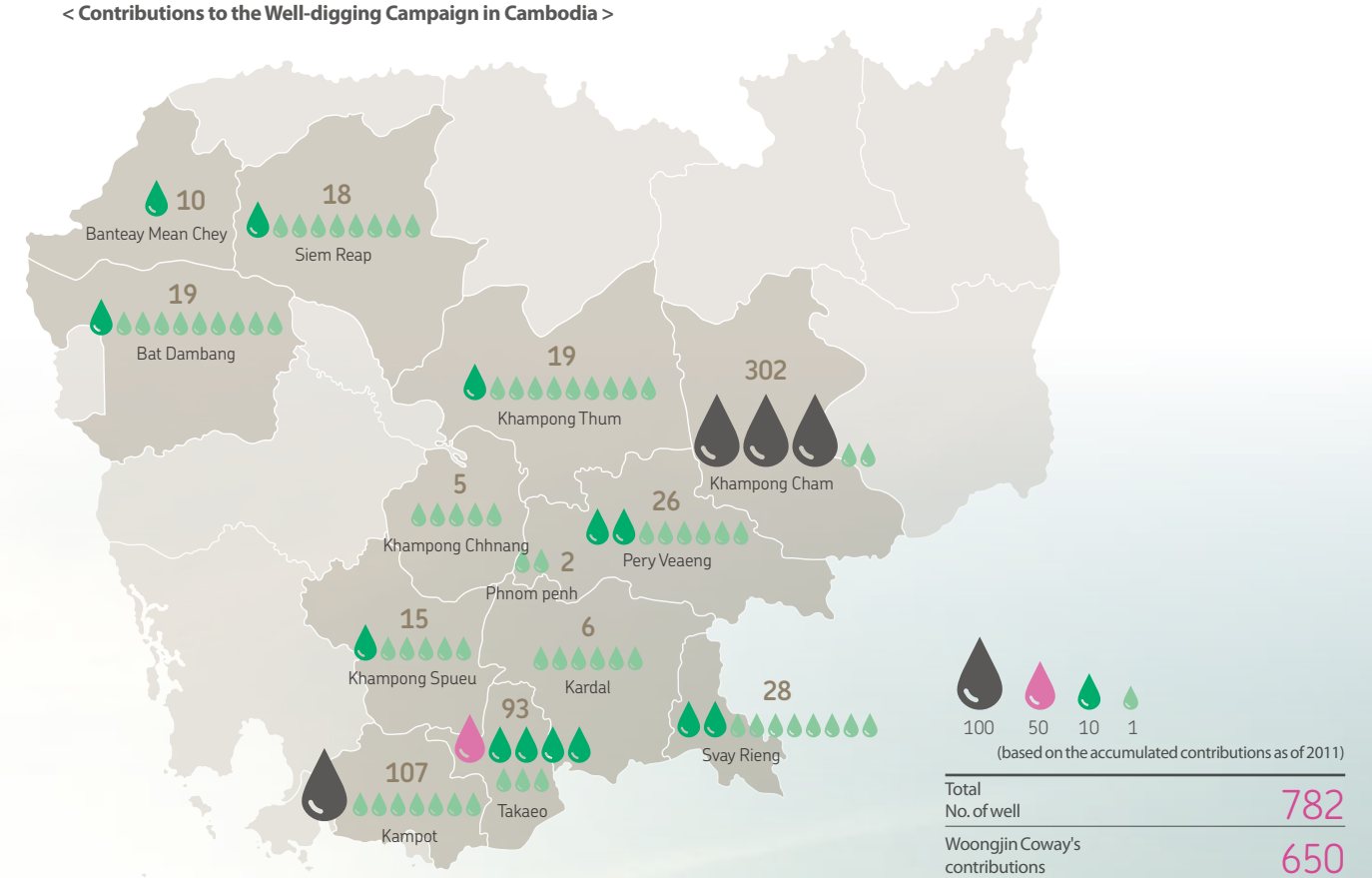


Yugu Stream reborn as an eco-friendly ecological park



Planting sites near the Yugu Stream

< Contributions to the Well-digging Campaign in Cambodia >



< Well-digging in Cambodia > Our well-digging campaign in Cambodia started in 2006 under the slogan of 'the protection of the environment and the enhancement of children's welfare'. This allowed us to create 1,000 wells across the nation in order to build an environment where local people who suffered from poor water quality, had access to safe drinking water. In 2011, our focus shifted from the mere contribution of wells to the provision of fundamental solutions to water contamination through the installation of rest rooms and post-management of established wells. We partnered with 'Cambodia Neighbor', a local NGO, to set up a management organization and offer relevant training. These endeavors helped local Cambodian people enjoy clean drinking water in addition to a steady decline in skin diseases and other disease associated with poor water quality. In November 2011, 17 Woongjin Coway employees volunteered to help dig wells and paint murals on the restroom walls in Cambodia. We will continue taking the lead in improving the quality of drinking water and building a bright and positive future in Cambodia until our vision of '1,000 wells, 1,000 hopes' is realized.



The local Cambodian site where well-digging volunteering took place

LOCAL COMMUNITY COMMUNICATION

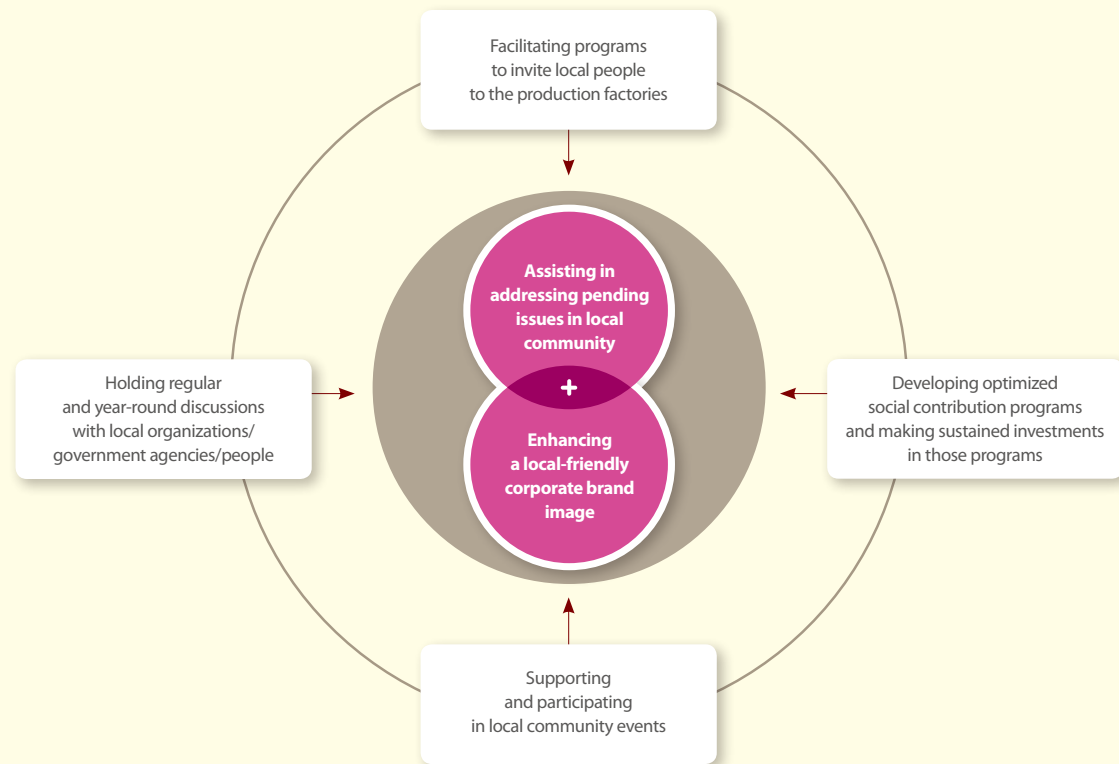


At Woongjin Coway, regularized channels are set to exchange and communicate with local governments, administrative agencies and local people in order to undertake more proactive community involvement and development initiatives. These channels boost our efforts in enhancing a relationship based on mutual trust and cooperation. We also laid down a variety of year-round communication channels to accurately identify varied pending issues in the local community and find their solutions, together with local community. We are determined to build an even stronger network with the local community so that we may move toward sustained and shared development between our company and the community where we are based.

Stronger Communication with the Local Community

Our communication activities in the local community in which our production factories are located, are geared toward an accurate understanding of pending issues affecting the community. In particular, Plant Management Team at the factory site makes use of various channels to hear feedback from local government agencies and people. Our Yugu Factory appointed a locally hired employee as the communication officer to fully reflect the voice of local people. This facilitated communication between the company and the local community. Moreover, our employees volunteered to assist in the operation of local festivals and events as well as providing sponsorship for these occasions in Yugu. Our Incheon Factory, given its geographical location within the Korean Industrial Complex, joined forces with other resident companies in the complex to set up business councils such as the Namdong Club. When there are issues to address, these councils assist businesses in sharing information and preventing these issues from recurring. Our Pocheon Factory is also running a year-round council with local people and taking the initiative in dealing with local issues. This includes the provision of flood damage repair equipment for local people in Pocheon who were severely hit by the flood of 2011.

< Securing Channels for Community Involvement and Development >



APPENDIX

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ECONOMIC DATA

Summary Balance Sheet

(unit: KRW)

Category	2011 (K-IFRS)	2010 (K-IFRS)	2009(K-GAAP)
Current assets	511,499,151,364	441,169,455,659	509,455,179,008
Non-current assets	1,064,959,877,824	917,084,808,782	761,224,486,961
Total assets	1,576,459,029,188	1,358,254,264,441	1,270,679,665,969
Current liabilities	534,279,560,755	384,530,070,012	541,770,439,248
Non-current liabilities	293,777,106,176	246,566,890,154	48,230,468,529
Total liabilities	828,056,666,931	631,096,960,166	590,000,907,777
Paid-in capital	40,662,398,000	40,662,398,000	40,662,398,000
Premium on capital stock	97,773,449,148	97,773,449,148	97,276,687,896
Retained earnings	677,684,182,975	582,918,759,202	529,587,679,450
Other capital items	(67,717,667,866)	5,802,697,925	13,151,992,846
Total Shareholder's equity	748,402,362,257	727,157,304,275	680,678,758,192
Total liabilities and shareholder equity	1,576,459,029,188	1,358,254,264,441	1,270,679,665,969

Summary Income Statement

(unit: KRW)

Category	2011 (K-IFRS)	2010 (K-IFRS)	2009 (K-GAAP)
Sales	1,709,867,512,884	1,501,812,040,147	1,411,922,316,352
Cost of goods sold	552,005,591,884	490,590,059,135	406,172,220,895
Gross profit	1,157,861,921,000	1,011,221,981,012	951,750,095,457
SG&A expenses	869,174,104,865	704,350,706,164	747,492,690,615
Operating income	242,472,226,836	253,503,738,501	204,257,404,842
Non-operating income	21,593,197,007	14,033,806,235	27,224,570,202
Non-operating expenses	38,713,756,791	24,280,571,160	28,757,587,130
Net income before income tax	225,351,667,052	243,256,973,576	202,724,387,914
Income tax expenses	48,246,024,186	59,984,105,088	49,444,874,217
Net income	177,105,642,866	183,272,868,488	153,279,513,697

ADDITIONAL DATA

Summary Employee Data

All employees at Woongjin Coway are paid in accordance with the principle of equality regardless of their gender. Our entry-level pay constantly remains above 304% of the legal minimum wage. In addition to pay, our employees are not discriminated against on grounds of their gender in regards to other relevant policies and benefit packages and we are determined to stay free from any type of discrimination in the upcoming year.

< Pay and Benefits Expenses >

(unit: KRW 100 Million)

	Pay	Benefits expenses
2009	1,508	263
2010	1,515	287
2011	1,984	366

We introduced our own retirement pension system in May of 2010. The 'defined benefit(DB) system' was chosen as our most suitable option after a multi-faceted analysis of our employees and the company's short/long-term conditions. This system covers all Woongjin Coway employees. When the 'DB system' is fully established, we will enable employees to choose between the 'DB' and 'DC (defined contribution)' systems. We are also considering the introduction of retirement programs for prospective retirees as another favorable option.

< No. of Resignees and Turnover Rates >

(unit: No. of persons)

No. of Resignees	2009		2010		2011	
	Male	Female	Male	Female	Male	Female
	409		493		497	
Entry-level	3.1%	11.6%	7.1%	13.8%	5.30%	10.30%
Assistant Manager	1.3%	0.8%	3.6%	2.8%	1.30%	1.90%
Manager	1.1%	0.1%	3.0%	0.1%	0.80%	0.10%
Deputy General Manager	0.4%	-	0.7%	-	0.40%	0%
General Manager	0.2%	-	0.3%	-	0.40%	0.10%
Executive	-	-	0.3%	-	0.50%	0%

* Turnover rate=(Total monthly No. of resignations/Total monthly No. of employees)x100

(unit: No. of persons)

	No. of Physically-challenged Employees	Average Years of Service	Female Workers in General Manager Positions and Above Levels (Regular Workers)	Applicants for Child Care Leave	Employees Who Returned to Work After Child Care Leave
2009	15	3.9 years	0	6	1
2010	45	4.3 years	1	7	4
2011	38	4.6 years	2	14	13

Government Subsidies

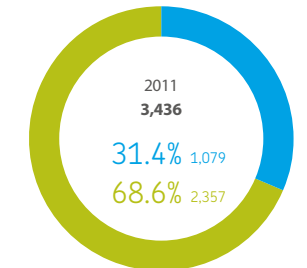
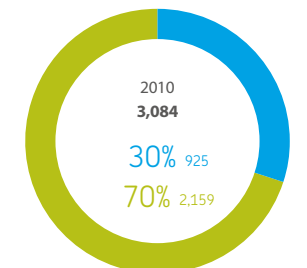
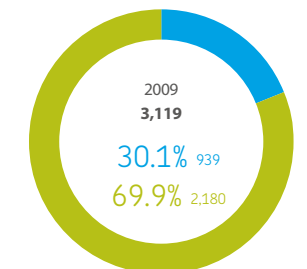
(unit: KRW)

Project	Research Period	Subsidies in Value
Development of highly-integrated low-energy water regeneration plant technology	2010.07.01 ~ 2013.04.30	535,750,000
Low-cost high-efficiency motorized compressor modules for home appliances	2010.06.01 ~ 2012.05.31	84,000,000
Development of biomimetic dehumidification systems	2010.12 ~ 2015.11	203,000,000
Development of CDI system	2009.06.01 ~ 2011.05.31	60,000,000
Government project to build SCCM with suppliers	2009.06.01 ~ 2011.05.31	30,000,000
Development of membrane-based advanced water filtration and treatment systems	2009.06.01 ~ 2011.05.31	218,000,000
Development of highly-integrated low-energy water regenerative plant technology	2010.07.01 ~ 2013.04.30	216,250,000
Building infrastructure for SMEs to develop low carbon green materials and components through the use of Woongjin Coway's supply chain	2011.11.01 ~ 2013.10.31	252,000,000
Total Value		1,599,000,000

< Gender Ratio of Regular Workers >

(unit: No. of persons)

● Male ● Female



ADDITIONAL DATA

Employee Benefits

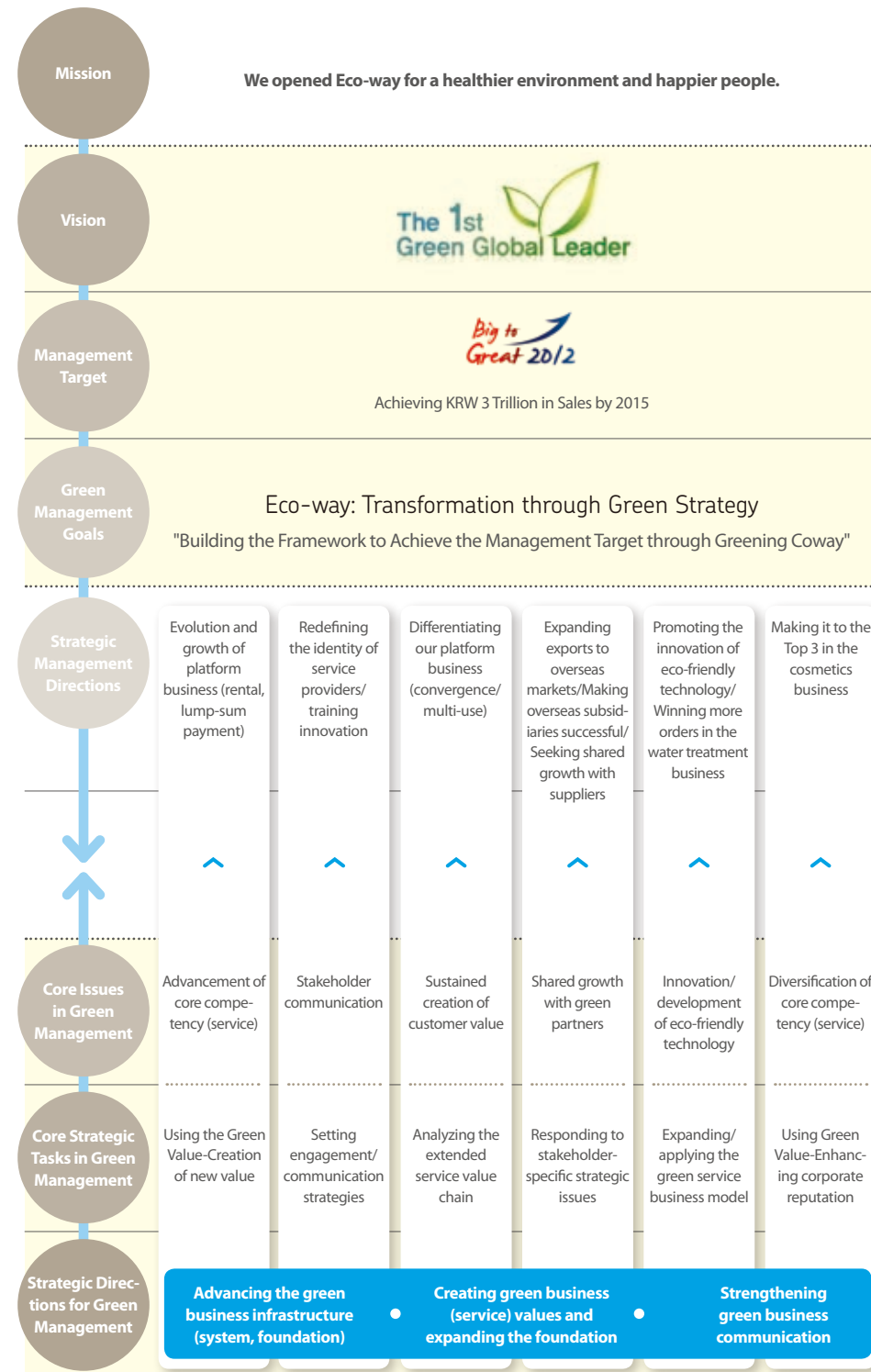
Category		Detail
All Employees	Financial support for congratulatory and consolation purposes	Special leaves and allowances are given on occasions of congratulatory and consolation events. These cover: the wedding ceremonies of employees and their family members, in addition to the 70th birthday of our employee's parents
	Discounts on Woongjin Group products	Discounts are given to employees who purchase the products of Woongjin Group affiliates
	Tuition fee support	Those with more than 3 years of work experience are eligible to KRW 600,000 per year for their children in pre-school and high-school in addition to KRW 2.7 Million for children attending university
	Housing loans and interest support	Financial support for loans and interest payments when employees purchase or rent their housing
	TtoTto Sarang leave	To motivate our long-time employees, refreshment leaves are given to those working for more than 7 and 12 years respectively including financial support for leave and relevant expenses
	Childbirth grants	A monetary gift is given to employees or their spouse upon the birth of a child
	Birthday gifts	Gift certificates are given to employees on their birthday
	Anniversary gifts	Individual employees are given gifts on national holidays (New Year, Korean Thanksgiving) and the company's anniversaries
	Challenge! High-School!	Support for attending cyber universities
	Support for funeral suppliers	Funeral suppliers are supported on the funeral occasions of employees and their family members
	Medical check-up	Health check-up expenses are supported once a year
	Benefits card	To support the leisure activities of employees, differentiated points are given depending on their years of service
	Employee accident insurance	Accident-related death/disabilities: KRW 50 Million, Disease-related death: KRW 20 Million
	Ocean Suites	Leisure-oriented hotel on Jeju Island: up to 3 nights stay available per employee per year
	Others	Giving books recommended by CEO, Adopting the 5 day work week system, Supporting in-house club activities
	Regular Employees	Love Flower
Car maintenance expenses		Available for those in Deputy General Managerial levels and beyond

Guidelines on Human Rights Inspections as Part of Supplier Sustainability Management Assessments

The protection of the human rights of our employees constitutes part of our supplier sustainability management assessment criteria. This is to ensure that any child or forced labor is strictly prohibited in accordance with the Labor Standards Act of Korea. This serves to protect human rights and enhance labor rights through the equalization policy that respects diversity.

8.2	Code of Ethics on Labor Management and Ethical Behaviors
8.2.1	Compliance with the legal minimum age rule set by the government
8.2.2	Management of overtime and holiday work for all employees
8.2.3	Establishment of prevention policies and procedures to prevent discriminations regarding employment and recruitment policies on the grounds of religion, race, gender, pregnancy or disabilities

Green Management Strategy



MAJOR AWARDS AND CERTIFICATES

< International Design Awards >

Name of Awards	Awards Category
2011 iF Design Award	① P-150R, C-100, H-100
	② P-220
	③ CHP-530C
	④ CHPI-610R/L
	⑤ CJP-01
	⑥ AS-0101GI
2011 Reddot Design Award	① AP-0511AH / AP-1011CH, EH
	② CJP-01
	③ Dental Care System
	④ Bubble
2011 Reddot Design Award (Communication)	① allvit (Best of the Best)
	② Naturance Fromn
2011 IDEA Design Award	① P-150R, C-100, H-100
	② P-220
	③ AP-1010MH
	④ Cave
2011 Good Design	① CHP-270
	② AC4012, AC4014
	③ CJP-01
	④ BB10
2011 Plus X Award	① CHP-210
	② P-220
	③ CHP-530C
	④ AP-1010MH
	⑤ CJP-01
	⑥ APM-1010DH



< Awards >

Awards	Details	Host
National Brand Competitiveness Index (NBICI)	① LooLoo bidet (for 5 consecutive years from 2007 to 2011)	Korea Productivity Center
	② Coway water filtration appliances (for 3 consecutive years from 2009 to 2011)	
Ergonomics Design Awards	Air purifier APM-1011YH	Ergonomics Society of Korea
International Public Design Awards	Grand Prix Award (air purifier APM-1010DH)	GPD (Good Public Design) Foundation
19th Chosun Daily Environmental Awards	Grand Prix for Environmental Management	Chosun Daily
2011 CDP (Carbon Disclosure Project) KOREA	① Carbon Management Leaders Club	CDP Korea
	② Carbon Management Industry leader (for 3 consecutive years)	
Sustainability Management Awards 2011	Awards of Excellence in the Private Business sector	Ministry of Knowledge and Economy
Korea Shared Growth Awards 2011	Awards in the Large Business sector	Commission on Shared Growth for Large and Small Companies, Digital Chosun Daily, Chosun Daily
Product Safety Management Awards 2011	Grand Prix Awards	Korean Product Safety Society, Ministry of Knowledge and Economy, Korean Agency for Technology and Standards
16th Consumer's Day	Fair Trade Commission Chairman Award in the Individual sector	Fair Trade Commission
100 Great Work Place Korea	Grand Prix in the Manufacturing sector	GWP Korea
11th Korea IR Awards	Excellence Award in the Securities Market sector	Korea IR Service
Patent Technology Awards	Jeong Yak-Yong Award in the Design sector (water filtration appliances, smart hot/cold water filtration appliances)	Korean Intellectual Property Office
Korea PR Awards 2011	Excellence Awards in the Marketing PR sector	Korea Public Relations Association
UNGC Value Awards	Environmental Management Award	UNGC Korea Network
New Technology Product Frontier Awards 2011	① Grand Prix in the Large Business sector (water filtration appliance CHP-270R/L)	Korean Standards Association
	② Grand Prix in the Large Business sector (air purifier APM-0511JH)	
Korea-Brand Power Index (K-BPI)	Water filtration appliances	Korea Management Association Consultants
Quality Competitiveness Awards 2011	Quality Competitiveness Excellence Award	Ministry of Knowledge and Economy
Green Ranking No. 1 Awards	Prime Minister's Award	Jungang Daily
Korea IT Innovation Awards	Special Award	Donga Daily
15th Energy Winner Awards	Award in the Green Device sector (Bidet BA14-B)	Consumers Korea
IBA (International Business Awards)	Woongjin Coway's eco-friendly magazine ecoway	Stevie Awards
	① Communications or PR Campaign of the Year - Community Relations ② Communications or PR Campaign of the Year - Multicultural	

< Certification >

Certification	Category	Period	Host
Excellent Service Quality	Home appliances repair	2011.09.23 ~ 2014.09.22	Ministry of Knowledge and Economy
New Excellent Technology (NET)	Technology to make cool water using double-walled tanks for compact water filtration appliances	2010.12.28 ~ 2012.12.27	Ministry of Knowledge and Economy
New Excellent Technology (NET)	Chemistry/Bio Technology: Development of skin wrinkle remover containing Bis-retinamido compounds	2011.12.21 ~ 2013.12.20	Ministry of Knowledge and Economy
New Excellent Technology (NET)	Advanced MF-NF membrane water filtration technology using optimal blending automation technique based on water quality data	2011.11.08 ~ 2013.11.07	Ministry of Environment
ISO quality management system (ISO 9001:2008)	Yugu Factory, Seoul Office, Incheon Factory, Pocheon Factory	2011.06.24 ~ 2014.06.23	TÜV SUD
ISO environmental management system (ISO 14001:2004)	Yugu Factory, Seoul Office, Incheon Factory, Pocheon Factory	2011.06.24 ~ 2014.06.23	TÜV SUD
NEP	Electrolysis-enabled ware/nozzle sterilizing bidet (bidet BA14)	2011.04.29 ~ 2014.04.28	Ministry of Knowledge and Economy
Excellent CCMS Business (re-certified)	1st re-evaluation of the already certified companies	2009.07.01 ~ 2011.06.30	Fair Trade Commission
ISTA Certified Laboratory	Certification of distribution environment laboratories	~2011.10	ISTA
Certificate of origin, Exporter's certificate	Certificate of origin and exporter's certificate obtained by Woongjin Coway Co., Ltd.	2011.06.10 ~ 2014.06.09	
TR/S Mark certificate	Sterilizing water filtration appliances' drinking water test	2011.11.09 ~ 2012.11.08	Korea Testing & Research Institute
HALAL (muslim food) certificate	Water filtration and filter systems of Woongjin Coway	-	JAKIM
OHSAS 18001:2007	Yugu Factory	2008.07.24 ~ 2011.07.23	TÜV SUD
IECQ HSPM (QC 080000)	Design and manufacturing of water filtration appliances and air purifiers	2009.09.14 ~ 2012.09.13	Korea Testing Laboratory
Hazardous substances management system	air purifiers		
KOSHA 18001	Incheon Factory	2010.05.25 ~ 2013.05.24	Korea Occupational Safety & Health Agency
Carbon emissions certificate	Bidet (model code: BAS14-A)	2011.02.23 ~ 2014.02.22	Korea Environmental Industry & Technology Institute
Low carbon product certificate	Water filtration appliances (model code: CHP-06DL)	2011.11.25 ~ 2014.11.24	Korea Environmental Industry & Technology Institute
Eco labeling certificate	EL767, food waste treatment devices (model code: WM05-A/B)	2011.10.30 ~ 2013.10.29	Korea Environmental Industry & Technology Institute
Eco labeling certificate	EL767, food waste treatment devices (model code: WM07)	2011.09.28 ~ 2013.09.27	Korea Environmental Industry & Technology Institute
Eco labeling certificate	EL767, food waste treatment devices (model code: WM03-A/B)	2011.09.08 ~ 2013.09.07	Korea Environmental Industry & Technology Institute

< Association >

Association	Umbrella Organization	Association	Umbrella Organization
UNGC (UN Global Compact)	UNGC	Green Product CEO Forum	Korea Environmental Industry & Technology Institute
Korea Direct Selling Association	Fair Trade Commission	Korea International Trade Association	Ministry of Knowledge and Economy
Korean Standards Association	Korean Standards Association	KOTRA	Ministry of Knowledge and Economy
Korea Fair Competition Federation	Korea Fair Competition Association	Korea Electrical Products Safety Association	Korean Agency for Technology & Standards under the Ministry of Knowledge and Economy
Organization of Consumer Affairs	Fair Trade Commission	Korea Institute of Industrial Design Promotion	Ministry of Knowledge and Economy
Professionals in Business		KAID	Korean Association of Industrial Designer
Korean Society of Consumer Policy and Education	Fair Trade Commission	Korea Electrical Products Safety Association	Korean Agency for Technology & Standards under the Ministry of Knowledge and Economy
Korean Consumption Culture Association	Fair Trade Commission		
Korean Association of Consumer Professional	Fair Trade Commission		
ISTA (International Safe Transit Association)	ISTA		
Korea Sustainability Investing Forum	KOSIF		

Dear Stakeholders of Woongjin Coway

Korea Productivity Center (the 'assurance provider' hereafter) was commissioned by Woongjin Coway to perform an independent assurance engagement of the 'Woongjin Coway Sustainability Report 2011 (the 'report' hereafter)' and presents its assurance statement as follows.

Responsibility and Independence

The responsibility for the information and opinions contained in this report lies solely with Woongjin Coway. The assurance provider is responsible for the assurance statement of the report. As an independent assurer, the assurance provider did not participate in the preparation of the report and does not have any interest in Woongjin Coway that may hamper its professional independence.

Assurance Standards

The assurance engagement followed the AA1000AS (2008) standard to provide Type 1, moderate assurance and checked whether the report satisfied the principles of inclusivity, materiality and responsiveness in accordance with the AA1000APS(2008). It was also confirmed whether the report content complied with the GRI G3.1 guidelines.

Limitations

The assurance was conducted on the company's 2011 performance in conformity with the above standards. Some data, including financial performance, greenhouse gas and other environmental data and website-aligned information were not examined for its reliability in this assurance engagement. Physical inspections were performed at the Seoul Office to examine the company's economic and social aspects. Its environmental aspect was partially covered through interviews with environmental officers and investigations of relevant documents at the Yugu Factory. As the physical inspections did not cover the R&D Center and other business sites in Korea and overseas, the outcome of this assurance engagement is subject to change if additional assurance is performed afterwards.

Assurance Methods

To verify this report, the assurance engagement followed the methods described below

- 1 The coverage and description methods were examined of respective indicators under the GRI G3.1 guidelines to verify that this report complied with the GRI Application Level A requirements.
- 2 The GRI G3.1 guidelines were utilized to verify if the report content and quality satisfied the stipulated principles.
- 3 Outcomes of media research and benchmarking analysis were used to verify the relevance of the major issues chosen and their descriptions.
- 4 The appropriateness of the content and errors due to descriptive failures were examined through the comparative analysis of other data sources.
- 5 Physical inspections were made at the Seoul Office and interviews were conducted with the environmental officer at the Yugu Factory to verify the source of major data and information in addition to the internal processes and systems.

Results

The assurer believes that the report reflects Woongjin Coway's sustainability management activities and achievements in a sincere and fair manner. The assurer also confirmed that the report satisfied the GRI Application Level A requirements, as self-declared by Woongjin Coway.

1 Inclusivity: Stakeholder Engagement

The assurer found that Woongjin Coway clearly categorized its stakeholders and used diverse communication channels and methods to gather their opinions on major issues of interest. The company listens to employee grievances through its in-house intranet ER Culture-Lab for constant communication and manages it through appropriate communication channels. The company also uses off-line programs to communicate with its employees regarding various issues. Woongjin Coway introduced strategic VOC management systems to strengthen its communication with its customers through a systemized, segmented and specialized customer communication process and is boosting its support for mutually-beneficial cooperation by proactively reflecting supplier opinions through its suppliers' council Woongbiho and regular discussions and surveys. Moreover, Woongjin Coway is highly recognized for its CCM initiatives to protect consumer rights that encourage wide-ranging stakeholders. These include: businesses, university students and civil organizations that are directly engaged. The company is recommended to further solidify its stakeholder engagement channels and build systemized communication performance management systems to ensure constant management and reporting of stakeholder engagement processes and outcomes.

2 Materiality: Selecting and Reporting Material Issues

The assurer verified that Woongjin Coway classified its stakeholders, chose material sustainability issues and performed its own materiality test to produce this report. While the previous report in 2010 covered material issues on a comprehensive level through group-level stakeholder surveys, this report succeeded in generating detailed issues relevant with its business operation as well as sustainability management issues as defined by GRI, ISO 26000 and DJSI. This demonstrates Woongjin Coway's commitment to proactively respond to constantly changing environments depending on the systemic/industrial characteristics associated with sustainability management issues. The varied issues identified to be material were subject to the materiality test in terms of business impact and stakeholder interest to finalize material issues to be reported. Out of these material issues, those related with customer management, product and the environment including customer satisfaction, product safety, GHG emissions were found to be material to both internal and external stakeholders and they were addressed as top priority issues in the report. The assurer recommends that the company reflect its mid/long-term issues of ethics management and environmental management in the list of material issues to create an issue pool which does not exclude internal core strategies including biodiversity strategy and that the company set up a systemized monitoring system to ensure constant management of material issues.

3 Responsiveness: Organization's Response to Issues

The assurance provider believes that Woongjin Coway is undertaking diverse activities to respond to core issues of sustainability management. It was verified that the company appropriately responded to core issues identified to be material such as customer management and GHG emissions through a variety of sustainability management initiatives outlined in this report. The company was highly proactive in addressing issues of grave concern to customers regarding the radioactive material from the Japanese nuclear plants heavily hit by the earthquake in 2011, which was demonstrated through the industry's first-ever experiment to purify water containing radioactive material. In particular, Woongjin Coway chose the 3 key themes of carbon, water and biodiversity as part of its mid/long-term climate change response strategy and took the more detailed climate change strategy of Cool-Culture, Infrastructure, Product and Communication and incorporated biodiversity into its management strategy as a critical sustainability issue. This demonstrates that Woongjin Coway is serious enough about sustainability management to report in detail on even those issues that are rarely met with proactive measures by other Korean companies. The assurer recommends that the company set up mid/long-term response strategies and plans not just on environmental issues but also on social issues to fully establish its sustainability management framework and disclose relevant progress in future reports.

Recommendations

The assurance provider highly appreciates the diverse endeavors and achievements made by Woongjin Coway to improve its sustainability and presents the following recommendations to further enhance the company's sustainability reporting and sustainability management.

- 1 Woongjin is advised to operate a meeting or a BOD committee to report policies, accomplishments and goals regarding sustainability management to top executives in order to address sustainability management issues more responsibly. The company will also benefit from evaluating the effectiveness of stakeholder engagement channels and developing them in alignment with sustainability management.
- 2 Woongjin Coway is recommended to build a company-wide sustainability management framework that covers its overseas subsidiaries and describe their activities and achievements in its future sustainability reports.
- 3 Woongjin Coway would benefit from building a system to integrate and manage performance data in respective fields of economy, environment and society and establishing/managing mid and long-term plans and goals to practice sustainability management.
- 4 Woongjin Coway is advised to develop diversified indicators to measure its sustainability management outcomes and align them with financial performance to further enhance its sustainability management.

The sustainability Management Center(SMC) of the Korean Productivity Center is an official assurance provider certified by AccountAbility, an international standards-setting organization in charge of the AA1000 standards on stakeholder engagement and sustainability reporting assurance. As such, SMC is equipped with the necessary qualifications to perform assurance engagements independently. SMC assurance providers come with their fair share of experience in sustainability management consultation, assurance and expert training in the field.



March 2011
Korea Productivity Center
Chairman and CEO,
Hong Jin

진홍

Head of Center,
Dong-Soo Kim

D.S. Kim

Senior Fellow,
Ju-Mi Park

Jummi

Researcher,
Beom-Taek Oh

Beom-Taek Oh

Researcher,
Kwang-Woong Choi

kwangwoong

GRI G3.1/ISO26000 INDEX

●: Fully reported ○: Partially reported ○: Not reported N/A: Not applicable

Indicators	GRI G3.1	ISO 26000 Subjects and Themes	Page	Reporting Level	Note
1. Strategy and Analysis					
1.1	Statement from most senior decision-maker in organization	6.2 Organizational Governance	2,3	●	
1.2	Description of key impacts, risks, and opportunities		2,3	●	
2. Organizational Profile					
2.1	Name of organization	-	12	●	
2.2	Primary brands, products, and/or services	-	17	●	
2.3	Operational structure	6.2 Organizational Governance	12	●	
2.4	Location of organization's headquarters	-	12	●	
2.5	Location of overseas branch offices and sites	-	14, 15	●	
2.6	Nature of ownership and legal form	-	8	●	
2.7	Markets served	-	14, 15	●	
2.8	Scale of the reporting organization	-	12	●	
2.9	Significant changes during reporting period regarding size, structure, or ownership	-	8	●	
2.10	Awards received in reporting period	-	78, 79	●	
3. Report Parameters					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	-	about this report	●	
3.2	Date of most recent previous report (if any)	-	about this report	●	
3.3	Reporting cycle (annual, biennial, etc.)	-	about this report	●	
3.4	Contact point for questions regarding the report or its contents	-	87	●	
3.5	Process for defining report content	-	6, 7	●	
3.6	Boundaries of report	-	about this report	●	
3.7	State any specific limitations on the scope or boundary of report	-	about this report	●	
3.8	Basis for reporting on comparability from period to period and/or between organizations	-	N/A		
3.9	Data measurement techniques and bases of calculations for data, including performance index	-	about this report	●	
3.10	Explanation of the effects of & reasons for any re-statements of information provided in earlier reports	-	26, 35, 37	●	
3.11	Significant changes from previous reporting periods applied in the report	-	about this report	●	
3.12	Table identifying the location of the Standard Disclosures in the report	-	82-84	●	
3.13	Policy and current practices with regard to seeking external assurances for the report	7.5.3 Verification	80, 81	●	
4. Governance					
4.1	Governance structure of organization	6.2 Organizational Governance	8	●	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer		8	●	
4.3	Number of members of highest governance body that are independent and/or non-executive members		8	●	
4.4	Mechanisms for shareholders and employees to provide recommendations or directions to highest governance body		8	●	
4.5	Compensation for members of highest governance body, senior managers, and executives		8	●	
4.6	Processes in place for highest governance body to ensure conflicts of interest are avoided		8	○	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body		8	○	
4.8	Internally developed statements of mission or values, codes of conduct, and principles		10, 13	●	
4.9	Procedures of highest governance body for management of economic, environmental, and social performances		8	●	
4.10	Processes for evaluating highest governance body's own performance		8	○	
4.11	Whether and how the precautionary approach or principle is addressed by the organization		9	○	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives		85	●	
4.13	Membership in associations and/or national/international advocacy organizations		79, 85	●	
4.14	List of stakeholder groups engaged by the organization		4, 5	●	
4.15	Basis for identification and selection of stakeholders with whom to engage		4, 5	●	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and stakeholder group		4, 5	●	
4.17	Key topics and concerns raised through stakeholder engagement, and responses to them		4, 6, 7	●	
Economic Performance Indicators					
EC1	Direct economic value generated and distributed	6.2 Organizational Governance 6.8 Community involvement and development	16, 22	●	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	6.8 Community involvement and development 6.8.3 Community involvement 6.8.7 Wealth and income creation 6.8.9 Social investment	9, 25-28	○	
EC3	Coverage of the organization's defined benefit plan obligations	6.5.5 Climate change mitigation and action	75	●	
EC4	Significant financial assistance received from government	-	75	●	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	6.4.4 Conditions of work and social protection 6.8 Community involvement and development	75	●	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	6.6.6 Promoting social responsibility in the value chain 6.8 Community involvement and development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation	70	○	
EC7	Procedures for local hiring and proportion of senior management hired from the local community	6.8 Community involvement and development 6.8.5 Employment creation and skills development 6.8.7 Wealth and income creation	55, 56	○	
EC8	Infrastructure investments and services provided primarily for public benefit	6.3.9 Economic, social and cultural rights/6.8 Community involvement and development/6.8.3 Community involvement/6.8.4 Education and culture/6.8.5 Employment creation and skills development/6.8.6 Technology development and access/6.8.7 Wealth and income creation/6.8.9 Social investment	67-68	●	
EC9	Understanding and describing significant indirect economic impacts	6.3.9 Economic, social and cultural rights/6.6.6 Promoting social responsibility in the value chain/6.6.7 Respect for property rights/6.7.8 Access to essential services/6.8 Community involvement and development/6.8.5 Employment creation and skills development/6.8.6 Technology development and access/6.8.7 Wealth and income creation/6.8.9 Social investment	16	●	

●: Fully reported ○: Partially reported ○: Not reported N/A: Not applicable

Indicators	GRI G3.1	ISO 26000 Subjects and Themes	Page	Reporting Level	Note
Environmental performance indicators					
EN1	Materials used by weight or volume	6.5 The environment	32	●	
EN2	Percentage of materials used that are recycled input materials	6.5.4 Sustainable resource use		N/A	Recycled materials are not used due to consumer's repulsion caused by inherent characteristics of the products, performance data regarding refurbished products are disclosed
EN3	Direct energy consumption by primary energy source		28	●	
EN4	Indirect energy consumption by primary source		28	●	
EN5	Energy saved due to conservation and efficiency improvements		28, 36	●	
EN6	Reductions in energy requirements as a result of energy-efficient or renewable energy-based products and services		36	●	
EN7	Indirect energy conservation businesses and achievements		28	○	
EN8	Total water withdrawal by source		31	●	
EN9	Water sources significantly affected by withdrawal of water			N/A	Not applicable
EN10	Percentage and total volume of water recycled and reused			N/A	No records of water recycled and reused
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity	6.5 The environment 6.5.6 Protection of the environment & biodiversity, and restoration of natural habitat		○	Refer to page 88-89 of the Woongjin Environmental Report(downloadable at www.woongjin.com)
EN12	Description of significant impacts of activities, products, and services on biodiversity		30-31	●	Refer to page 88-89 of the Woongjin Environmental Report
EN13	Habitats protected or restored			●	Refer to pages 88-89 of the Woongjin Environmental Report (1st, 2nd restoration of Yugu Stream and the 2nd-phase plan)
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		31	●	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		31	○	Refer to pages 88-89, 94 of the Woongjin Environmental Report
EN16	Total direct and indirect greenhouse gas emissions by weight	6.5 The environment	26-27	●	
EN17	Other relevant indirect greenhouse gas emissions by weight	6.5.5 Climate change mitigation and action	33	●	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved		28	●	
EN19	Emissions of ozone-depleting substances by weight	6.5 The environment	32-33	●	
EN20	NOx, SOx, and other significant air emissions by type and weight	6.5.3 Prevention of pollution	32-33	●	
EN21	Total water discharge by quality and destination		33	●	
EN22	Total weight of waste by type and disposal method		32, 37	●	
EN23	Total number and volume of significant spills			N/A	No records of significant hazardous materials discharged
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII			N/A	Not applicable
EN25	Name of water bodies significantly affected by the reporting organization's discharges of water and runoff	6.5 The environment/6.5.4 Sustainable resource use 6.5.6 Protection of the environment & biodiversity, and restoration of natural habitat	30-31	○	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	6.5 The environment/6.5.4 Sustainable resource use/6.6.6 Promoting social responsibility in the value chain/6.7.5 Sustainable consumption	36	●	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	6.5 The environment/6.5.4 Sustainable resource use /6.7.5 Sustainable consumption	37	●	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	6.5 The environment		N/A	Non-compliance cases did not occur in 2011
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	6.5 The environment/6.5.4 Sustainable resource use/6.6.6 Promoting social responsibility in the value chain	61	○	
EN30	Total environmental protection expenditures and investments by type	6.5 The environment	28	○	
Labor practices and decent work performance indicators					
LA1	Total workforce by employment type, employment contract, and region	6.4 Labour practices	56	●	
LA2	Total number and rate of employee turnover by age group, gender, and region	6.4.3 Employment and employment relationships	75	●	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	6.4 Labour practices/6.4.3 Employment and employment relationships/6.4.4 Conditions of work and social protection	61, 76	●	
LA4	Percentage of employees covered by collective bargaining agreements	6.4 Labour practices/6.4.3 Employment and employment relationships/6.4.4 Conditions of work and social protection/6.4.5 Social dialogue/ 6.3.10 Fundamental principles and rights at work	63	○	
LA5	Minimum notice period(s) regarding operational changes	6.4 Labour practices/6.4.3 Employment and employment relationships/6.4.4 Conditions of work and social protection/6.4.5 Social dialogue	63	○	
LA6	Percentage of total workforce represented in formal joint management worker-health and safety committees	6.4 Labour practices 6.4.6 Health and safety at work	62, 63	●	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		62	●	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members	6.4 Labour practices/6.4.6 Health and safety at work/6.8 Community involvement and development/6.8.3 Community involvement/6.8.4 Education and culture/6.8.8 Health	62	●	
LA9	Health and safety topics covered in formal agreements with trade unions	6.4 Labour practices/6.4.6 Health and safety at work	62	●	
LA10	Average hours of training per year per employee	6.4 Labour practices/6.4.7 Human development and training in the workplace	59	●	
LA11	Programs for skills management and lifelong learning and assistance in managing career endings	6.4 Labour practices/6.4.7 Human development and training in the workplace/6.8.5 Employment creation and skills development	75	○	
LA12	Percentage of employees receiving regular performance and career development reviews	6.4 Labour practices/6.4.7 Human development and training in the workplace	56, 57	●	

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Indicators	GRI G3.1	ISO 26000 Subjects and Themes	Page	Reporting Level	Note
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	6.3.7 Discrimination and vulnerable groups/6.3.10 Fundamental principles and rights at work/6.4 Labour practices/6.4.3 Employment and employment relationships	8	●	
LA14	Ratio of basic salary of men to women by employee category	6.3.7 Discrimination and vulnerable groups/6.3.10 Fundamental principles and rights at work/6.4 Labour practices/6.4.3 Employment and employment relationships/6.4.4 Conditions of work and social protection	55, 75	○	
LA15	Return to work and retention rates after parental leave, by gender	6.3.7 Discrimination and vulnerable groups/6.3.10 Fundamental principles and rights at work/6.4.4 Conditions of work and social protection	75	●	
Human Rights Performance Indicators					
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	6.3 Human rights/6.3.3 Due diligence/6.3.5 Avoidance of complicity/6.6.6 Promoting social responsibility in the value chain	49, 76	●	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights	6.3 Human rights/6.3.3 Due diligence/6.3.5 Avoidance of complicity/6.4.3 Employment and employment relationships/6.6.6 Promoting social responsibility in the value chain	49, 76	●	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including percentage of employees trained	6.3 Human rights/6.3.5 Avoidance of complicity	10, 59	○	
HR4	Total number of incidents of discrimination and actions taken	6.3 Human rights/6.3.6 Resolving grievances/6.3.7 Discrimination and vulnerable groups/6.3.10 Fundamental principles and rights at work/6.4.3 Employment and employment relationships	55, 75	○	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	6.3 Human rights/6.3.3 Due diligence/6.3.4 Human rights risk situations/6.3.5 Avoidance of complicity/6.3.8 Civil and political rights/6.3.10 Fundamental principles and rights at work/6.4.3 Employment and employment relationships/6.4.5 Social dialogue	63	○	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken	6.3 Human rights/6.3.3 Due diligence/6.3.4 Human rights risk situations/6.3.5 Avoidance of complicity/6.3.7 Discrimination and vulnerable groups	55, 76, 85	●	
HR7	Operations identified as having significant risk for incidents of forced or labor, and measures taken	6.3.10 Fundamental principles and rights at work	55, 76, 85	●	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning human rights relevant to operations	6.3 Human rights/6.3.5 Avoidance of complicity/6.4.3 Employment and employment relationships/6.6.6 Promoting social responsibility in the value chain	10, 59	○	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	6.3 Human rights/6.3.6 Resolving grievances/6.3.7 Discrimination and vulnerable groups/6.3.8 Civil and political rights/6.6.7 Respect for property rights	72	○	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessment	6.3.6 Resolving grievances/6.3.9 Economic, social and cultural rights/6.3.10 Fundamental principles and rights at work	63	○	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms		63	○	
Society Performance Indicators					
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	6.3.9 Economic, social and cultural rights/6.8 Community involvement and development/6.8.5 Employment creation and skills development/6.8.7 Wealth and income creation/6.6.7 Respect for property rights	67~71	○	
SO2	Percentage and total number of business units analyzed for risks related to corruption	6.6 Fair operating practices/6.6.3 Anti-corruption	10~11	○	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		10~11, 59	●	
SO4	Actions taken in response to incidents of corruption		10~11, 59	●	
SO5	Public policy positions and participation in public policy development and lobbying	6.6 Fair operating practices/6.6.4 Responsible political involvement	67	○	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	6.8.3 Community involvement		N/A	Not applicable
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices, and outcomes	6.6 Fair operating practices/6.6.5 Fair competitor/6.6.7 Respect for property rights		N/A	Not applicable
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	6.6 Fair operating practices/6.6.7 Respect for property rights/6.8.7 Wealth and income creation		N/A	Not applicable
SO9	Operations with significant potential or actual negative impacts on local communities	6.3.9 Economic, social and cultural rights/6.8 Community involvement and development/6.8.5 Employment creation and skills development/6.8.7 Wealth and income creation/6.6.7 Respect for property rights	30	○	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	6.3.8 Civil and political rights	50, 51, 70	○	
Responsibility Performance Indicators					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed, and percentage of significant products and services categories subject to such procedures	6.3.9 Economic, social and cultural rights/6.6.6 Promoting social responsibility in the value chain/6.7 Consumer issues/6.7.4 Protecting consumers' health & safety	41~43	●	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	6.7.5 Sustainable consumption	42	●	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	6.7 Consumer issues/6.7.3 Fair marketing, factual and unbiased information and fair contractual practices/6.7.4 Protecting consumers' health & safety/6.7.5 Sustainable consumption/6.7.6 Consumer service, support and complaint and dispute resolution	17~19, 43	●	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	6.7.9 Education and awareness	46	●	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	6.7 Consumer issues/6.7.4 Protecting consumers' health & safety/6.7.5 Sustainable consumption/6.7.6 Consumer service, support and complaint and dispute resolution/6.7.8 Access to essential services/6.7.9 Education and awareness	45	●	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	6.7 Consumer issues/6.7.3 Fair marketing, factual and unbiased information and fair contractual practices/6.7.6 Consumer service, support and complaint and dispute resolution	46	●	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	6.7.9 Education and awareness	46	●	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	6.7 Consumer issues/6.7.7 Consumer data protection and privacy	46	○	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	6.7 Consumer issues/6.7.6 Consumer service, support and complaint and dispute resolution	46	○	

UNGC/MDGs

UNGC

We joined the United Nations Global Compact (UNGC) in June of 2006 to comply with the 10 principles in the areas of human rights, labour, environment and anti-corruption in addition to fulfilling our social responsibility as a corporate citizen and seek growth. Through this sustainability report, we assess status independent from all other factors and commit ourselves to a better future.



Category	Principle
Human Rights	01. Businesses should support and respect the protection of internationally proclaimed human rights.
	02. Businesses make sure that they are not complicit in human rights abuses.
Labour	03. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	04. Businesses should uphold the elimination of all forms of forced and compulsory labour.
	05. Businesses should uphold the effective abolition of child labour.
	06. Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment	07. Businesses should support a precautionary approach to environmental challenges.
	08. Businesses should undertake initiatives to promote greater environmental responsibility.
	09. Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.



MDGs

We are fully committed to achieving the 8 Millennium Development Goal (MDGs). The MDGs, took as their agenda at the UN conference in 2000, a global commitment to halving poverty by 2015. These goals include ① eradicate extreme poverty and hunger ② achieve universal primary education, ③ promote gender equality and empower women, ④ reduce child mortality rates, ⑤ improve maternal health, ⑥ combat HIV/AIDS, malaria and other diseases, ⑦ ensure environmental sustainability, ⑧ develop a global partnership for development.



CORPORATE HISTORY

1989~2000

Founding of Woongjin Coway and its Taking off

- 1989 • Woongjin Coway established
- 1990 • Entered the water filtration appliances market
- 1993 • Woongjin Coway Environment Technology Institute created
- 1998 • Water filtration appliances rental business started
- 2000 • Bidet rental business started

2001~2004

Emerging as a leader in the home wellness appliances market

- 2001 • Listed in the Korea Stock Exchange
• Air purifier rental business started
- 2003 • Certified with ISO 9001/14001
• Japanese subsidiary established
- 2004 • System kitchen business started

2005~2008

Growing into a global home wellness appliances maker

- 2005 • Took over Coway Development Co., Ltd.
• Thailand subsidiary established
• Rental House opened
• Food waste treatment devices launched
- 2006 • Woongjin Energy founded
• Malaysian subsidiary established
• Chinese subsidiary established
- 2007 • Designated as an official RoHS testing institute
• U. S. subsidiary established
- 2008 • Grand slam achieved winning all representative international design awards
• Water treatment business started
- 2008 • New Woongjin Group CI declared
• Woongjin Coway Research & Development Center completed within the Seoul National University Research Park
• Agreement for the filter and water treatment business transfer and acquisition signed with Woongjin Chemical Co., Ltd.
• Environment Technology Institute's being designated as a recognized testing laboratory (RTL) by the Water Quality Association (WQA)
• payFree members service started

2009~2010

Building the basis for green management and launching new business

- 2009 • 'Woongjin Eco-way One-Heart Welcoming Ceremony' held to practice low carbon green management
• Woongjin Coway's acquiring Woongjin Cuchen's bidet business
• The service innovation declaration ceremony and the HEART service declaration ceremony held to celebrate the company's 20th anniversary
- 2010 • Woongjin Group's 30th anniversary celebrated
• Taking over 'Green Entec', a professional water treatment engineering company
• Re:NK, a cosmetics brand, launched
• Included in the DJSI (Dow Jones Sustainability Index) Asia Pacific index
- 2011 • Awarded with the Grand Prix Award at the 19th Chosun Daily Environmental Awards 2011
• Mattress rental & care program started
• Awarded with the Grand Prize at the Great Work Place Awards 2011
• allvit and Naturance Fromn, cosmetics brands, launched
• Self-sterilizing water filtration appliances launched
• Acquired 'Samyang Water Systems', a professional water treatment company



Woongjin Coway's Sustainability Report 2011 was printed on MUNKEN POLAR paper manufactured by Doosung Paper. MUNKEN POLAR is an eco-friendly paper brand that was certified by the Forest Stewardship Council (FSC); the paper was produced from wood timbers that were grown in a forest developed and managed in an eco-friendly manner. This report was also printed in soy ink that generates far less air pollutants in a printing house that is FSC-certified.

Communication Channel



www.coway.com
Representative Woongjin Coway Websites



www.cowayir.com
IR Website



blog.coway.co.kr
Official Blog



twitter.com/cowaystory
Official Twitter

Contact Information

Woongjin Coway is fully dedicated to providing accurate and reliable information on its sustainability management initiatives to stakeholders. This report was prepared with the HR Team playing a central role along with the cooperation of the Production Factories, the Environment Technology Institute, the Environment Quality Institute, Marketing Division, CS Division and other relevant departments. We will make sure that our sustainability management activities are disclosed more accurately through such reports. Your valuable opinion will be greatly appreciated.

Woongjin Coway PR Team, 16F, Jungang Daily News Bldg., 7 Sunhwa-dong, Jung-gu, Seoul, Korea
Tel: 82-2-2172-1288 / **Fax:** 82-2-773-2911
E-mail: cowaycsr@coway.co.kr