



2020 Dongwon Group Sustainability Report



About This Report

Dongwon Group has prepared this Sustainability Report 2020 (hereinafter this “Report”) in order to examine its sustainability activities and performance, and provide its stakeholders with clear information.

Reporting Status and Cycle

Since the publication of the first Sustainability Report 2015, this Report is the third sustainability report (biennially) released by Dongwon Group.

Reporting Standards and Period

This Report has been prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards. The ISO 26000 and the principles of the UN Global Compact have been also considered. The reporting standards and definitions regarding the company's financial information have been used in accordance with the International Financial Reporting Standards (IFRS).

All information included in this Report is based on the years 2018 to 2019. All financial and non-financial information is provided based on fiscal years in accordance with the company's public disclosure system. Any information not in conformity with the aforementioned standards has been marked separately in the form of footnotes. However, qualitative activities regarding material issues cover activities performed up to September 2020.

Reporting Boundary

This report covers the sustainability management activities and performance of all domestic and overseas subsidiaries of Dongwon Group. However, quantitative data on social and environmental activities have been limited to the company's domestic business sites in order to ensure the accuracy of data reporting, while data from overseas business sites included in this Report have been marked separately.

We noted as “Dongwon Group,” if the scope of certain performance is pursued jointly by all subsidiaries of Dongwon.

Dongwon Creates New Value for your Life

Sustainability Key Performance



Sustainability



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CEO Message



**Dongwon Group will fulfill its social responsibilities and
generate a wide range of values pursuant to the vision of becoming a
“An Integral Part of Society Creating New Value”.**

Dear valued stakeholders,

I would like to take this opportunity to convey my deepest gratitude for your unwavering caring and support for Dongwon Group.

Since its establishment in 1969 as a fisheries company, Dongwon Group has implemented integrity management throughout its history based on the founding principle of “realizing social justice through industrious corporate activities”. Over the past 50 years, Dongwon Group has grown as a global company by expanding its business areas to marine products, foods, packaging materials and logistics.

Taking the past 50 years as a stepping stone for further development, Dongwon Group is in ready for another half-century of growth. In this Sustainability Report 2020, you will find Dongwon Group's achievements in generating new values through a wide range of businesses at home and abroad despite countless challenges that exist in today's corporate environment, as well as our plans and preparations for the next 50 years.

In today's global economy, there are numerous risk factors such as rising protectionism due to trade tensions between the United States and China, rising oil prices placing burdens on companies in purchasing raw materials, and a slowdown of growth in emerging markets. Against all these odds, Dongwon Group has turned risks into opportunities, making bold investments and taking up challenges. Through the following measures, we will continue our endeavors with a view toward achieving corporate growth as well as contributing to the growth of our country and society.

First, we will establish and execute suitable strategies for each business for sustainable growth.

Second, we will create performance by establishing and executing effective strategies proper for each business area, in order for the corporate's sustainable growth.

Finally, in pursuit of integrity management, we will share and expand our values through various sustainability management activities, including mutual growth with stakeholders such as customers, employees and suppliers and social contribution activities such as 「Life Academy」 in order to cultivate future leaders.

I sincerely hope that this Report will provide a valuable opportunity through which we can share with our stakeholders Dongwon Group's endeavors toward sustainable growth and development. I ask for your continued interest and support for our work.

Thank you.

December 2020

Moon Su Park CEO, Dongwon Enterprise Co., Ltd.

Group Introduction

An Integral Part of Society Creating New Value

Dongwon Group creates and shares sustainable values in various parts of our customers' lives through general foods, trading of marine products, logistics, new materials in the high-tech industry, construction and social contribution.

As an integral part of our society, Dongwon Group will continue to create new values.



Overview

Company Name	- Dongwon Enterprise Co., Ltd.
Date of Establishment	- April 16, 2001
Headquarters	- 68, Mabang-ro, Seocho-gu, Seoul
CEO	- Moon Su Park
Major Business Areas	- Marine /Logistics, Food Processing/Distribution, Living Services, etc

Asset KRW 5,694 billion

Sales KRW 6,671 billion

Profits KRW 398 billion

Net Income KRW 165 billion

(As of December 2019; On a consolidated basis)



Holding Company

Dongwon Enterprise is the holding company that leads the businesses of Dongwon Group.

Dongwon Enterprise

Marine/Logistics Businesses

Since 1969, Dongwon has made great efforts to secure marine resources from the deep sea. At the same time, it has engaged in providing advanced logistics services through its logistics centers and cold storages nationwide.

Dongwon Industries
Dongwon LOEX
Dongwon LOEX Cold Storage
BIDC

Food Processing/ Distribution Businesses

Dongwon provides healthy values in a variety of areas such as food manufacturing, distribution of food ingredients, meal service, dining and animal feed with a strong sense of duty to contribute to public health.

Dongwon F&B
Dongwon Home Food
Dongwon Farms



Living Service Businesses

Dongwon provides services in new materials in high-tech industries, construction and various other areas closely related with everyday life.

Dongwon Systems
Techpack Solutions
Dongwon Construction Industry
Dongwon CNS

Global Company

Dongwon reaches out to global customers through its global affiliates including the U.S. canned tuna brand StarKist, a packaging company in Vietnam and a seafood cannery in Senegal.

StarKist
SCASA
Talofa Systems
TTP
MVP
CAPSEN

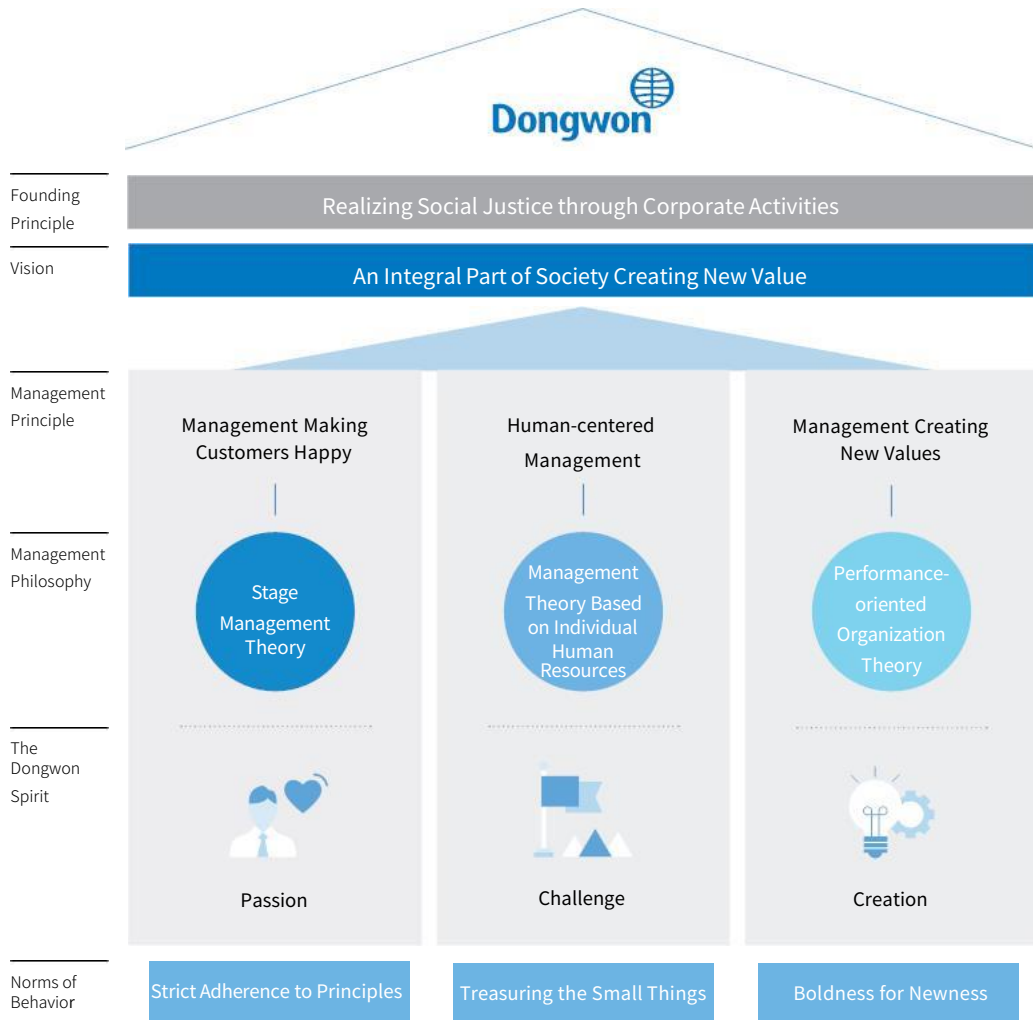
Talent Development/ Social Contribution

Dongwon supports the development of future talent through educational institutions and its scholarship foundation.

Dongwon Education Foundation
Dongwon Leaders Academy

Group Value System

In order to achieve sustainable development, Dongwon Group carries out its management activities based on a clear value system.

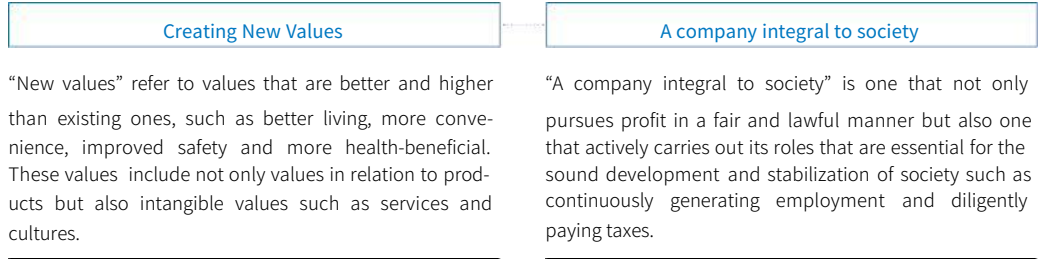


Founding Philosophy

“Diligence” means a sincere heart and humble attitude in rigorously and fervently fulfilling one’s duties and responsibilities without giving up. To “realize social justice” as a company means to empower and develop itself in accordance with the principles of market economy, while creating employment and paying taxes in a diligent manner.

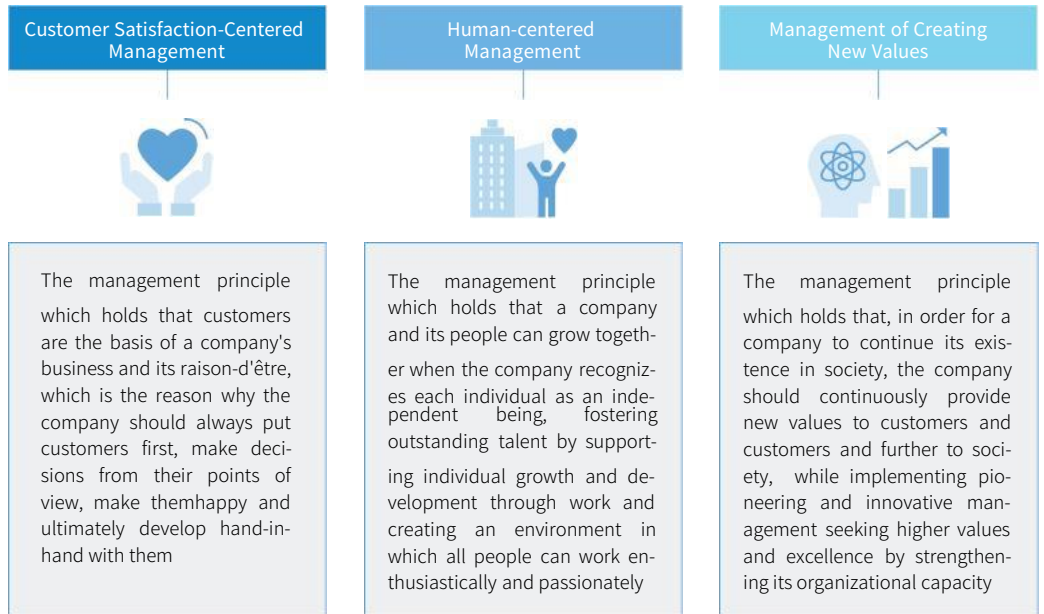


Vision

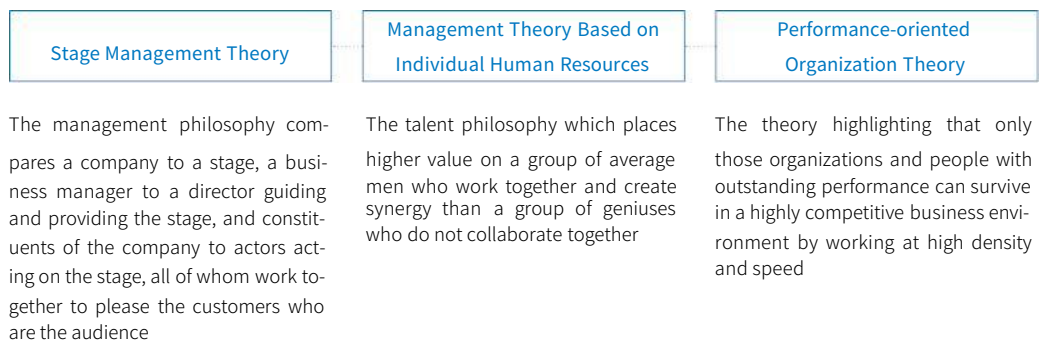


Corporate Philosophy

By casting new light on its founding principle, Dongwon Group re-established its management philosophy and norms of behavior on July 1, 1993. Its management philosophy provides an indicator for the basic values and attitudes and also applies as the standards of one's belief, decision-making and actions in all management activities. Bridging the company's norms of behavior and the founding principle, Dongwon Group's management philosophy sets forth its core values in pushing toward its corporate vision.



Management Philosophy



Group Highlights & Subsidiary Introduction

In 1969, Dongwon Group saw the future of Korea in the wide oceans. If no one were to go out on the waters, the doors to a new future would remain closed. To open those doors, Dongwon headed out to sea. Now, it has grown into a company necessary to society generating new values by operating over 20 subsidiaries specializing in a wide range of business areas including fisheries, foods, construction and packaging materials.

1969-1979

Establishment Period

Established a business base in fishing industry (a primary industry) and explored business diversification measures



1969

- Established Dongwon Industries with start-up capital of KRW 10 million
- Introduced Dongwon Vessel No. 31, Korea's first 500-ton mothership-type tuna long liner

1975

- Constructed a 5,000-ton factory ship "Dongsan", building a new reputation for the company

1979

- Established the Dongwon Education Foundation



1980-1989

Growth Period

Established a foundation for Dongwon Group by expanding to food business and entering financial services

1982

- Launched canned Dongwon Tuna for the first time in the domestic market
- Acquired Hanshin Securities (Currently, Korea Investment and Securities)

1986

- Completed construction of the Seongnam Plant and produced crab sticks, fish cake and seasoned laver
- Launched Yangban Dried Seaweed

1987

- Established Dongil Frozen Food

1989

- Dongwon Industries' initial public offering



1990-2007

Maturity Stage

Diversified businesses to first, second and third industries

- 1993** Established new headquarters (Yangjae-dong)
- 1995** Acquired Seongmi Electronics
- 1996** Officially launched Dongwon Group
- 2000** Established Dongwon F&B as a spin-off from the Food Division
- 2001** Acquired and merged with 63 City FS Business Division
Established Dongwon Enterprise, Co., Ltd., the holding company of Dongwon Group
- 2003** Spun off Dongwon Financial Holdings Co., Ltd. as a financial holding company
Established Dongwon Wineplus
- 2005** Incorporated DM Food Co., Ltd. as a subsidiary of Dongwon Group
- 2006** Incorporated Haitai Dairy Co., Ltd. as a subsidiary of Dongwon Group
- 2007** Incorporated Samjo Celltech Co., Ltd. and TSQ Co., Ltd. as subsidiaries of Dongwon Group

2008-2017

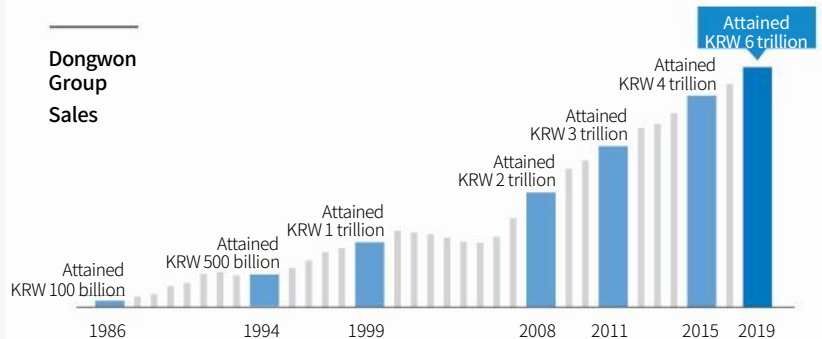
Take-off Stage

Achieved dramatic growth through M&A and other bold investments

- 2008**
 - Acquired StarKist, America's largest tuna brand
- 2009**
 - Introduced new CI of Dongwon Group
- 2011**
 - Acquired the Senegalese tuna cannery SNCDS (currently, SCASA)
- 2012**
 - Acquired Daihan Eunpakgy
 - Spin-off and launch of Dongwon CS Co., Ltd at Dongyoung Cold Plaza
- 2014**
 - Dongwon Systems acquired Hanjin P&C
 - Dongwon Systems acquired Techpack Solutions
 - Dongwon Systems acquired American packaging company Ardagh Metal Packaging (currently Talofa Systems)
- 2015**
 - Dongwon Home Food merged with online livestock product distribution company "Keumcheon"
 - Dongwon Systems acquired Vietnamese packaging materials company TTP/MVP
- 2016**
 - Dongwon Group held the 2,000th Thursday Seminar
 - Dongwon Industries completed building the purse seine Hanara
 - Dongwon Home Food acquired HMR company "The Banchan"
- 2017**
 - Dongwon Home Food acquired Doosan Feed (currently, Dongwon Farms)
 - Dongwon Industries acquired Dongbu Express
 - Dongwon Education Foundation launched Life Academy
 - Dongwon F&B purchased Trust Tower (currently Dongwon F&B Building)
- 2018**
 - Acquired Busan New Port's biggest logistics company BIDC
- 2019**
 - Dongwon Group's 50th anniversary



Dongwon Group Sales



Marine/Logistics
Businesses

Dongwon Industries

The world's best fishing company



Dongwon Industries was established in April 1969 to pioneer the sea, a repository of food resources. Since its establishment, Dongwon Industries has led the fishery industry of the Republic of Korea traversing the five seas and improving the dietary lives of Korean people with a variety of processed marine food products. Dongwon Industries delivers the true taste and impression of the seas to its customers' tables.

Mid- to Long-term Strategies



Obtained the MSC (Marine Stewardship Council) certification



Dongwon Industries has obtained the MSC certification, which is one of the world's most prestigious fisheries certification, based on the belief that it is necessary to provide and pass down healthy fishery resources to the future generations and children. The MSC certification evaluates various items such as sustainability, traceability, transparency of seafood, encouraging meaningful activities for healthy management of oceans and resources.

Dongwon Industries has become the first in Korea to obtain the MSC certification in 2019 and one of the first in the world to be MSC-certified for multiple fishing methods and fisheries in 2020.

FISHERY PROGRESS.ORG

Implemented the FIP (Fishery Improvement Project)

The FIP is a preliminary step toward MSC certification to improve fisheries that do not meet the MSC Standards. Dongwon Industries is currently carrying out 3 FIPs to obtain MSC certification for fisheries/fishing methods that were not certified and is expected to complete them soon for MSC certification.

Reducing plastic

As marine plastic debris causes various environmental problems worldwide and puts our oceans and ecosystems at risk, Dongwon Industries is actively carrying out activities to reduce plastic. The goal is to reduce 53.94% of marine plastic and 36% of packaging materials by 2022. The company has designated a TPO (Total Plastic Officer) for each related business to constantly manage the amount of plastic used and reduced and plans to make continuous efforts.

Improving the rights of crew members

With the growing interest in the crew's rights, treatment, and work environment worldwide, various countries and international organizations are continuously discussing these matters. Dongwon Industries has made constant efforts to improve the crew's welfare, treatment, and work environment. It has conducted a wage survey on the crew on board and implemented a system to listen to the voices on site in order to improve the consciousness of human rights for foreign crew. In addition, the company offers a hotline for crew members to contact the person in charge whenever they have a problem. Dongwon Industries is striving to find and resolve issues by having regular talks with crew members and discussing with various stakeholders such as government departments, international organizations, and civic groups.

Marine and Trade Division

The sun never sets on Dongwon's seas. Even at this very moment, the world's largest fleet under Dongwon's direction is pioneering through the sea farms of the Pacific, the Indian and the Antarctic oceans. Fresh tuna caught in these oceans are frozen immediately so that freshness is delivered right onto the customers' tables. Dongwon stands at the forefront of the Korean fisheries industry by exporting high-quality tuna to Japan, the United States and Europe.



Dongwon Industries Acquires HACCP Certification, a Global Standard in Food Hygiene Management

The production plants of Dongwon Industries have been certified by HACCP (Hazard Analysis Critical Control Point), confirming its status as a trusted professional marine product company with the highest standards in food hygiene management.



Compliance with the Regulations of the Regional Fisheries Management Organization (RFMO)

As Korea's largest and most well-known fishing company, Dongwon Industries complies with the regulations of all international organizations including the WCPFC, ICCAT, IATTC, CCAMLR and CCSBT, and endorses environmental management policies for the sustainable development of the fisheries industry.

Dongwon Industries's Signature Brand & Products



The premium seafood HMR brand Fisheries Myunga is a brand that is proud of Dongwon that has provided safe food to customers as a Korean fisheries company since 1969. With the know-how of Dongwon Industries, which has been leading the domestic fisheries industry, it presents a variety of HMR products that can be eaten instantaneously, such as Δ 2 kinds of on the go seafoods(octopus, conch), Δ Thick-cut Salmon sashimi, Δ 2 kinds of smoked salmon steaks (grill, pepper), Δ Premium pollack roe.

Cold Chain Division



Dongwon Industries has a nationwide logistics network and cold chain system and provides operating processes based on a smart system and customer-oriented logistics services with expertise in cold chain.

Marine/Logistics
Businesses

Dongwon LOEX

A comprehensive logistics company covering
all areas of logistics



Since commencing business in 1971, Dongwon LOEX has grown into a comprehensive logistics company that encompasses all areas of logistics for about 50 years, such as ground transportation, stevedoring, warehousing, international freight forwarding, overseas logistics, distribution logistics, and logistics consulting. The name has been changed in October 2019 from Dongbu Express to Dongwon LOEX to promote the group's identity. It has secured major ports throughout the nation such as Busan, Incheon, Ulsan, Dangjin, and Donghae, as well as railway and transportation bases in each zone while building a global logistics network all over the world. Dongwon LOEX strives to create ultimate customer values by responding proactively to the rapidly changing global logistics market.

Mid- to Long-term Strategies

Strategies	Strengthen the Capacity of Existing Projects	Expand Networks by Reinforcing Infrastructure	Enter New Business Areas
Strategic Tasks	<p>Perform differentiated logistics</p> <ul style="list-style-type: none"> - Renewable energy, hazardous chemical storage <p>Inter-business services</p> <ul style="list-style-type: none"> - Strengthen inland transportation, port unloading, container storage, forwarding services 	<p>Secure container terminals</p> <ul style="list-style-type: none"> - Respond to increasing container supply by securing Busan New Port container pier <p>Expand infrastructure for storage business</p> <ul style="list-style-type: none"> - Strengthening the connection with stevedoring and ground transportation businesses with the entry of major harbor hinterlands - Strengthening the connection with forwarding business with the new entry of the Incheon International Airport hinterland 	<p>Diversify business by tapping into marine transportation</p> <ul style="list-style-type: none"> - Strengthen association with existing businesses through bulk chartering

Transportation Business Dongwon LOEX provides fast and safe transportation service by connecting logistical bases in major regions nationwide. By operating transportation services with approximately 2,000 vehicles and the railway network throughout the country, it provides real-time tracking services to customers. The company is also equipped with infrastructure that can satisfy the varying needs of customers from container transportation to bulk cargo, liquid cargo, dangerous goods, and refrigerated food.

Storage Business Dongwon LOEX offers storage services through 14 storage facilities in nine bases nationwide for the storage of ordinary cargo, refrigerated cargo and frozen cargo in ports and inland areas.

Cargo Handling Business Dongwon LOEX provides loading and unloading services for various types of cargoes, from containers to bulk and heavy cargoes, by securing infrastructure in major ports around the nation including Busan, Incheon, Ulsan, Dangjin, Pyeongtaek, and Donghae.

Forwarding and Overseas Business Dongwon LOEX provides worldwide total logistics service with 129 partners around the world. It is the best partner both in name and reality for domestic and international companies by providing customs clearance/warehousing/domestic transportation services for products imported into the U.S. through the base in the U.S.

Marine/Logistics
Businesses

Dongwon LOEX Cold Storage

Landmark of Cold-Storage Logistics in Northeast Asia



Dongwon LOEX is the world's largest cold storage provider with a total area of 16,172 pyeong, capable of storing a maximum of 61,000 tons and handling a maximum of 3,000 tons of logistics per day. It was selected as a tenant in the Ungdong Logistics Distripark in Busan New Port in 2015.

Since launching business in October 2017, Dongwon LOEX has delivered agricultural, livestock, marine and processed products from all parts of the world in their best and the freshest state to its customers. Based on its optimal locational conditions and the latest facilities, Dongwon LOEX will establish itself as the landmark of cold storage logistics in the Busan-Jinhae Free Economic Zone to become the center of the world's best logistics business.

Advanced automated warehouse

01 Automatic location management with easy first-in, first-out of a variety of small cargo

02 Cargo storage in various temperature

03 Quick and accurate entering, release management

According to the temperature and characteristics of cargo **72 rooms for custom storage and advanced automated warehouse**



Location Advantage

01 Simplified import and export procedures by being located in Free Trade Zone

02 Fast on-load and off-load system with large workplace and 51 container booths

03 Saving of container logistics cost due to being adjacent to Busan Newport



Food Processing/
Distribution Businesses

Dongwon F&B

Comprehensive health food company that contributes
to customers' health






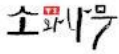




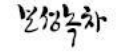











Dongwon F&B is a food company established as a spin-off of the food sector of Dongwon Industries in November 2000. F&B represents the spirit in which the company aims to become the “First” and the “Best” food culture company that contributes to its customers' health. By reflecting its corporate philosophy – good food is the best medicine – upon various food products, Dongwon F&B fills its customers' tables with healthier foods and their lives with culinary delights. Furthermore, the company is making its name synonymous with “safe and reliable food” by maintaining the freshness and quality of its products at perfect level through its safety management system and the Dongwon Food Science Research Institute. At the same time, Dongwon F&B is strengthening the competitiveness of existing businesses and expanding business areas in order to become a global food company. It is also tapping into overseas markets actively and is aiming to be the first and the best. Dongwon F&B will continue to contribute to the national health as a general food company representing a healthy food culture.

Mid- to Long-term Strategies

Vision	The First and the Best Food Culture Company Contributing to Consumer Health		
Goals	Manage Changes toward Performance Generation / Strengthen the Competitiveness of Human Resources for Future Growth / Improve Organizational Culture		
Strategic Tasks	<p>1 Selection and concentration strategy for existing businesses</p> <ul style="list-style-type: none"> - Making dairy food business to a 1 trillion business - Continuously developing it into a key strategic business - Finding new businesses and making strategic investments - Expand businesses by investing in high-potential businesses 	<p>2 Promote “First and New” businesses</p> <ul style="list-style-type: none"> - Food division: Expanding HMR business - Dairy food division: Securing new growth such as CMR development - Health functional food division: Seeking diversification in krill oil business and new category in various business 	<p>3 Innovation in infrastructure: Sales, online, global “Channel shift and infrastructure innovation”</p> <ul style="list-style-type: none"> - Innovate distribution structure in sales (Promote local commercial areas) - Become No. 1 in online food manufacturing and distribution - Overseas business: Continuously expanding the markets for locals and developing strategic K-food business

Dongwon F&B's Signature Brand

 <p>Basis for healthy dietary life</p>	 <p>Traditional taste and beauty reinterpreted in a modern sense</p>	 <p>Megamart, Costco, etc. 10,000 items at once!</p>
 <p>Premium canned precooked meat product</p>	 <p>The world's top class dairy products</p>	 <p>Milk containing happiness of nature</p>
 <p>Minerals for my body</p>	 <p>Tasty and hearty Dongwon Gaeseong Dumplings</p>	 <p>Better taste with real crab meat!</p>
 <p>Hot blasted in the oven Oven&Grilled</p>	 <p>Premium Western style HMR</p>	 <p>Prepared with carefully selected green tea leaves from Bosung</p>
 <p>Steamed under Extra-high Pressure, Ssen Cook</p>	 <p>Chewy rice cake and secret sauce</p>	 <p>Daily oil change Barun Fish Cake</p>
 <p>Healthy solutions for my animal companion</p>	 <p>Products with the highest quality and softness</p>	 <p>Real tasty healthy snack Dongwon JUST series</p>
 <p>GNC for Health of the World</p>	 <p>Cheonjiin Red Ginseng, properly prepared by Dongwon</p>	 <p>Good nutrition habits to make a healthy day</p>

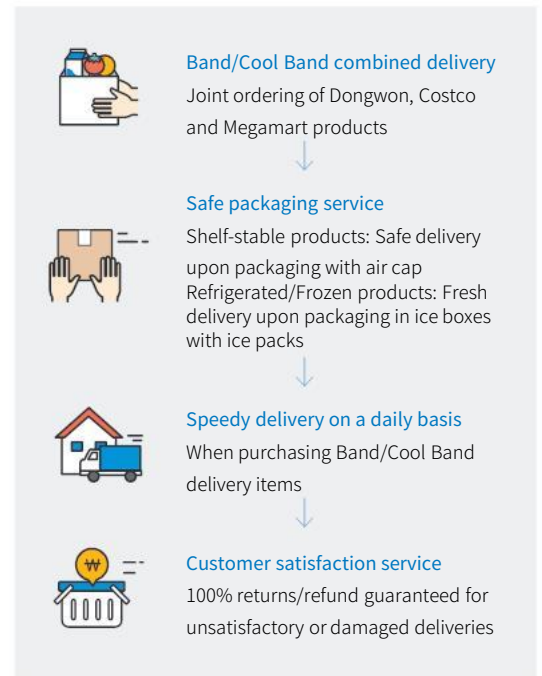
Major Performance in 2019

Promoting Online Channels

Today, an increasing number of consumers purchase products online in order to spend their time more efficiently. In line with these changes, Dongwon F&B's Dongwon Mall offer online distribution services, ensuring consumer satisfaction by delivering reliable products at the time of their choice.

To communicate better with consumers, Dongwon Mall has also introduced a new chatbot service "Foody", an AI-based service which promptly recognizes the information customers are looking for and provides optimal answers.

"Band Delivery", a Smart Delivery Service for Improved Online Delivery



Food Processing/
Distribution Businesses

Dongwon Home Food

Outsourced Meal Provider, Food Material Distributor
and Catering Service Provider



Dongwon Home Food, which started the group food service business in 1993, has a management policy of "Good food and good health come from the same root". As a B2B comprehensive food company, Dongwon Home Food is expanding its business areas to food services, distribution of food ingredients and dining franchise, creating a healthy and flavorful food culture with a firm commitment to delivering the best-tasting food to its customers.

Mid- to Long-term Strategies

Vision	Food Culture Distribution Company Offering New Values and Experiences				
Goals	<ul style="list-style-type: none"> Establish competitiveness in the food ingredient business by advancing sales 	<ul style="list-style-type: none"> Secure competitiveness in online businesses by expanding platforms 	<ul style="list-style-type: none"> Solidify No. 1 position in the seasoning industry by reinforcing core capacities 	<ul style="list-style-type: none"> Innovate the profit-and-loss structure and secure future growth engines 	<ul style="list-style-type: none"> Strengthen consumer communication and expand shopping mall platforms
Strategic Tasks	<p>1 Pursue growth of existing businesses and strengthen the profit base</p> <ul style="list-style-type: none"> - Develop into a business area of KRW 1 trillion in revenue: Food ingredients, livestock meat - Lead the seasoned food business by being the unrivaled No. 1 in the industry - Strengthen the profit structure by focusing on high-margin channels for each business - Strengthen competitiveness by creating more synergy among businesses 	<p>2 Expand business areas and establish the basis for sustainable growth through new businesses</p> <ul style="list-style-type: none"> - Expand to B2C distribution business - Advance platform-based online businesses - Expand into raw material business by increasing competitiveness in purchasing raw materials for manufacturing - Expand businesses by considering future consumption patterns 	<p>3 Strengthen core competency by advancing support infrastructure</p> <ul style="list-style-type: none"> - Establish business competitiveness by building a manufacturing base - Strengthen product competitiveness by reinforcing purchasing, R&D and marketing - Advance the support system by strengthening IT the logistics services - Foster professionals in each field through systematic human resources management 		

Food Distribution Division Dongwon Home Food secures high-quality food materials at reasonable prices through direct marketing with rural producers and supplies these food materials promptly and precisely to over 7,000 client companies including restaurants, large franchise restaurants and caterers. Built exclusively for the Food Distribution Division, the Sihwa Distribution Center is fully equipped with an advanced refrigeration and freezing system, making it the largest distribution center in Korea.

Livestock Product Distribution Since acquiring "Kumchon Meat," a company specializing in online livestock product distribution in 2015, Dongwon Home Food has provided highest-quality livestock products including Korean beef, beef cattle, Korean pork, imported meat, processed products and ground meat. The company provides prompt delivery services to approximately 50,000 client companies by establishing a "CCS next-day delivery system" using its nationwide transportation network.

Food Service Division The Food Service Division of Dongwon Home Food is becoming a trusted partner in the food service industry by preparing each and every meal with fresh and safe ingredients like a mother who only wishes good things for her children, providing 130,000 meal servings every day to over 240 clients including public offices, companies and hospitals.

Seasoned Food Division (Samjo Celltech) Samjo Celltech is the Seasoned Food Division of Dongwon Home Food specializing in the production and supply of ingredients such as sauces, dressings, seasonings, premixes and spices to food companies. Using over 3,000 ingredients and 30,000 recipes, food researchers offer customized products to each client by providing total solutions from product planning to production and delivery. With a professional mind of creating a new food culture and extensive technological know-how, Samjo Celltech will lead the future food culture of Korea.

HMR Division "The Banchan" is an exclusive home meal replacement (HMR) brand of Dongwon Home Food representing the sincerity of homemade meals. "Charim" is a ready-to-eat food brand focusing on providing simple, yet nutritionally balanced meals to people living in a busy modern society. The company manufactures healthy and simple HMR products every day at the "DSCK Center", a large-scale modern HMR plant recently opened in downtown Seoul.

Dining Division Dongwon Home Food launched cafe "Sandpresso" that provides homemade sandwiches and fresh coffee and "Crispy Fresh" that offers salads made with "Cheongmichae", aquaponics-grown vegetable, establishing itself as a specialty dining company.

Food Processing/
Distribution Businesses

Dongwon Wine Plus

Imported Wine Distributor



Dongwon Wineplus is a wine distributor importing the world's top wine brands to Korea, adding a refined taste to customers' lives with an extensive selection of wines: such as premium champagne Laurent Perrier, Michel Lynch line from the prestigious Chateau Lynch Bages, Felsina from Chianti in Italy with a 1,000-year history, Volver from Jumilla in Spain which earned raves from Robert Parker; from the U.S., premium Pahlmeyer and Girard from Napa Valley in U.S., Chalone Vineyard that was ranked No.1 in the Judgment of Paris, California's wine forerunner Michael Mondavi, Napa Valley's queen Heidi Barrett's Paradigm, Bogle, Lodi's biggest wine group, Washington's new wine Intrinsic; from Chile, cult wine Domus Aurea, Pyros, which won Trophy Red in the Korea Wine Challenge, and Chile's rising brand MontGras. Dongwon Wineplus will improve the quality of life by continuously expanding the horizons of the wine market.

Mid- to Long-term Strategies

Vision	A Leader in Rich Food Culture				
Strategic Tasks	<p>Achieve high-efficiency-management</p> <ul style="list-style-type: none"> - Efficiently executing SG&A expenses and maximizing operating profits - No. 1 productivity per capita in the industry - Fulfilling social responsibility for sustainable management 	<p>Expand strategic channels and large-scale distribution</p> <ul style="list-style-type: none"> - Expanding wholesale & stores, roadside shops/MD activities, beverage tasting events - Expanding operations into discount warehouses and convenience stores - Expanding sales channels to Department stores and directly-operated wine shops - Expanding exclusive products and operating high-margin products 	<p>Promote and introduce Key brands</p> <ul style="list-style-type: none"> - Continuously growing cost-effective brands - Adding French & Italian premium wines - Actively developing customized PBs and products for each channel - Promoting storytelling and contents of major brands 	<p>Logistics infrastructure</p> <ul style="list-style-type: none"> - Strengthen first-party logistics and delivery services - Consider wine logistics and delivery business 	<p>New business expansion and diversification</p> <ul style="list-style-type: none"> - Import accessories such as wine glasses - Operate wine shops/bars, casual dining restaurants directly managed by the company

Food Processing/
Distribution Businesses

Dongwon Farms

High-Quality Feed Manufacturer



Dongwon Farms is a general formula feed maker and distributor supplying quality feed to livestock farmers. It is gaining absolute trust from livestock farmers with nutritional plans optimized to the characteristics of livestock, feeding programs adjusted to the breeding environment and high-quality feed. Through continuous research, Dongwon Farms will lead the market by placing the highest priority on the profit of breeding farmers in the development of feeds.

Mid- to Long-term Strategies

Vision	Livestock Company Placing the Highest Priority on Its Customers		
Strategic Tasks	<p>Build the basis for growth</p> <ul style="list-style-type: none"> - Establish a nationwide sales network - Seize a gap in the market - Tap into the niche market 	<p>Identify new growth engines</p> <ul style="list-style-type: none"> - Use automation facilities to expand new sales - Tap into the consignment business to establish systematization 	<p>Strengthen internal capacity</p> <ul style="list-style-type: none"> - Attract and develop experts - Enhance cost competitiveness - Secure technological competency through advanced overseas companies

Living Service
Businesses

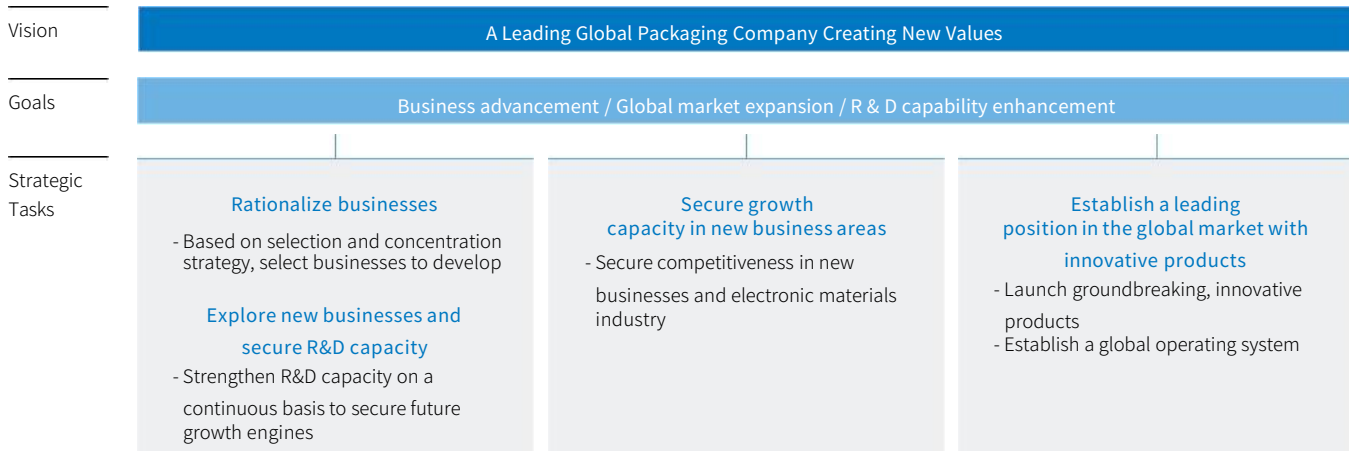
Dongwon Systems

High-tech Industrial Material Specialist



Since its establishment in 1977, Dongwon Systems has developed and concentrated on the competence of its organization based on its fearless spirit and a sincere heart that cares about customers in order to provide the best products that are highly functional and convenient. Through bold investments in R&D, development of new and differentiated items, promotion of full-scale overseas operations, and environment-friendly efforts, Dongwon Systems has become a total packaging manufacturing company with global competitiveness capable of covering a wide range of items from raw materials to finished products.

Mid- to Long-term Strategies



Business Overview

As a long-standing partner of leading companies at home and abroad, Dongwon Systems contributes to the growth of its customers with extensive expertise in all packaging materials including flexible packaging, bottles, cans, industrial film, and aluminum foil. It is growing into a global packaging manufacturing company for customers who seek out Dongwon Systems in the U.S., South and Central Americas, the Middle East, and Asia.

Aluminum Division

The Aluminum Division of Dongwon Systems achieves customer satisfaction by providing the best products and services with the latest facilities and know-how accumulated over 40 years. It provides total material solutions in various industrial fields such as aluminum for flexible packaging materials, FIN materials for heat exchanger used in air conditioners and automobiles, secondary batteries and electric/electronic devices, aluminum for industrial and construction use, and aluminum for wire and optical cables.

Resin/Printing Division

The Resin/Printing Division of Dongwon Systems manufactures films for sanitary articles, food packaging and for industrial use. It continuously improves quality through printing technologies and know-how accumulated over 40 years.



Aseptic Division

Aseptic beverage filling business is a new and advanced concept of beverage OEM business established with Dongwon's own system by adopting cutting-edge facilities from Japan (Shibuya) and Germany (KHS, Krones) in 2019. Unlike the conventional way of beverage manufacturing, aseptic filling is a process by which a sterilized product is filled and sealed into a sterilized container in an aseptic environment, thereby producing safer and more eco-friendly products. Dongwon has built an infrastructure to provide a one-stop supply of various products that meet customer needs from development to end products. The company is expanding this business by supplying various products of major beverage companies such as Coca-Cola, HITEJINRO, and Korea Yakult.



Flexible Packaging Division

The flexible packaging plants (in Jincheon, Cheonan and Asan) of Dongwon Systems supply approximately 3,000 different kinds of flexible packaging materials to domestic and foreign customers with the latest production facilities and a perfect inspection system. It has acquired various certifications applied to packaging materials such as the ISO9001, ISO14001, ISO22000, KOSHA18001 and FDA/IMS, while its professional researchers at the Packaging Research Institute develop and supply a variety of innovative packaging materials to major companies including Nestle and MARS.



Can Division

Dongwon Systems leads the two-piece can industry with a strict on-site management system equipped with the latest high-speed press facilities. It introduced the distortion printing method for food cans for the first time in Korea and also developed DRD¹⁾ cans enabling the printing of images on cans, which contributed to securing quality for food companies. Dongwon Systems also started local production for EOE²⁾ which had previously relied entirely on imports. This change has led to reduced costs and increased competitiveness to meet deadlines, while continuously receiving favorable feedback from both domestic and overseas markets.

1) DRD (Drawn and Dedrawn)

2) EOE (Easy Open End)

Living Service
Businesses

Techpack Solutions

Techpacksolution



Techpack Solutions has firmly established its position as a leader in the industry by localizing the production of aluminum bottle cans – a new type of metal packaging container which formerly had depend on imports – for the first time in Korea, as well as making bold investments in can lines and glass bottle melting facilities.



Glass Bottle Division

As a leader in the industry supplying 40% of glass bottles consumed in Korea, Techpack Solutions is a long-time partner of global and domestic companies, contributing to the growth of its clients through technological capacity and quality of the highest standard covering various sizes and colors.



**Techpack Solutions
succeeds in manufacturing
lightweight one-way bottles
for the first time in Korea**

*Technological cooperation with Toyo Glass

*Narrow Neck Press Blow (NNPB) method



Can & Bottle Can Division

The Can and Bottle Can Division of Techpack Solutions is responsible for meeting 25% of the domestic can demand as a trusted partner of global companies (AB InBev, Coca-Cola, etc.) and large corporations of Korea, providing customer satisfaction by succeeding in the production of two-piece aluminum cans for the first time in Korea and leading the changes and expansion of the can market through the introduction of bottle can facilities as well as other technological developments.



PET Bottle Division

Techpack Solutions plays a leading role in the domestic packaging materials industry, introducing PET bottles to Coca-Cola Korea and launching one-piece bottles for carbonated beverages through technological developments.

Living Service
Businesses

Dongwon Construction Industries

Comprehensive construction company



Dongwon Construction Industries achieves its vision of generating consumer-oriented values and delivering maximum happiness by building a new housing culture that serves as the basis of customer happiness and designing eco-friendly cities in harmony with nature.

Construction Division

In pursuit of the vision of realizing the human technology which advocates a balanced coexistence of man and space with the primary goal of attaining sustainable management, Dongwon is constructing a variety of buildings such as apartments, hotels, offices, schools, hospitals, and cold storages in key areas of Korea based on its “customer-first” principle. The company extends the lifespan of old buildings and enhances their value by reconstructing and optimizing functions and spaces through remodeling. Furthermore, Dongwon contributes to establishing national infrastructure by actively participating in indirect social capital facility business such as roads, harbors, railways, and bridges and environment/energy business.

PM Division

The PM (Productive Maintenance) Division of Dongwon Construction Industries enhances real estate values through environment/energy and remodeling businesses based on the PM services which increases the value and utility of assets through creative facilities management and the FM service which focuses on technology and know-how.

Living Service
Businesses

Dongwon CNS

Recruiting Service Provider



Dongwon CNS provides outsourcing services in a variety of fields. In the food industry, in particular, the company is recognized as a provider of the high-quality outsourcing services based on an outstanding level of expertise and know-how accumulated over the years.

Business Solutions

Dongwon CNS only recommends professional manpower with proven job performance in their respective fields. Particularly in the food industry, Dongwon CNS supports marketing activities that intensify the client's core competencies based on years of know-how. Dongwon CNS provides services of the highest quality by building long-term, strategic relationships with its clients through differentiation and professional competence rather than simply providing outsourcing services for their cost reduction.

Global Network

Following its acquisition of StarKist, the largest canned tuna brand in the United States, in 2008, Dongwon Group has been strengthening its efforts to expand its influence in the global market by targeting Senegal, China and Japan. While it continues to provide value in various areas in the global market such as foods, packaging materials and logistics, Dongwon will grow as a worldwide recognized company by pioneering new markets throughout the globe.

Performance of Overseas Businesses (As of the end of 2019)

Overseas Revenue

KRW **1,269** billion

Overseas Operating Profit

KRW **129** billion

Overseas Employees

6,192 persons
(Expatriates: 35, local staff: 6,008)



Long-term Strategies for Overseas Businesses



Convenient Healthy Food Company

With 77 years of history, global tuna brand StarKist has the largest market share in the processed tuna market in the United States. With plans to respond to the growth of its e-commerce and strengthen our ready meal product line, Dongwon will communicate with customers and reinforce market leadership through IT technologies.



Global Top Tier Cannery

As a global tuna cannery, SCASA seeks to grow into a top-tier cannery in the global market. Based on its profit turnaround in the first quarter of 2018 after the acquisition, SCASA will work toward the goal of €130 million in annual revenue by 2023 by processing 40,000 tons of tuna annually.



Top Tier Packaging Material Companies

TTP and MVP are packaging production companies in Vietnam, manufacturing and selling flexible packaging materials, PET and CPA. Based on a strict localization strategy, TTP and MVP will focus on flexible packaging and PET bottle business, respectively, growing into leading companies in each area by strengthening their expertise.

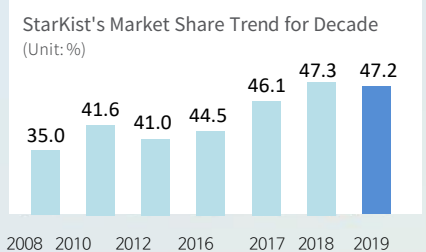
Dongwon's world map is upside down.
 When you flip over the world map, the Korean Peninsula points toward the Pacific Ocean, and Eurasia is positioned like a stepping-stone.



BUSINESS CASE

StarKist, the Cornerstone of Dongwon's Expansion into the Global Market

Dongwon Group first set its foot in the global market in 2008 by acquiring StarKist, the largest tuna brand in the world. It took only six months after acquisition for the brand to achieve a profit turnaround, showing continued growth in market share from 35% in 2008 to 47.2% in 2019. Through innovation in pouch products, which are the brand's core products, with strengthened marketing, StarKist provides high-quality healthy foods and has gained a stronger market influence. Dongwon Group will continue to devise new strategies and provide support for the growth of StarKist.



Sustainability Management Value System

Dongwon Group defines sustainability management as a growth of its organizations and people in a healthy and transparent manner as well as a creation of new opportunities by thorough preparation for the future accompanied by its stakeholders. Based on its three major management principles, Dongwon Group has implemented sustainability management since 2016 in seven areas:

Sustainability Management System



Long-term Tasks and Action Plan for Each Area of Implementation

Dongwon Group has set clear directions in implementing sustainability management by establishing precise long-term implementation tasks and action plans. Dongwon undertakes strategic long-term activities in seven areas of implementation to strengthen its business competitiveness and achieve stakeholder satisfaction.

Seven Areas of Implementation

Areas of Implementation	Directions	Long-term Tasks	Action Plan	Activities and Performance
01 Providing sustainable production, products and services	<ul style="list-style-type: none"> Strengthen quality competitiveness at the company level from selection of raw materials to production processes Enhance customer values and contribute to generating social and environmental values through products and services 	<ul style="list-style-type: none"> Establish a sustainable sourcing system 	<ul style="list-style-type: none"> Comply with all relevant laws and regulations from the selection of raw materials to production Establish a compliance monitoring system for sourcing 	Pages. 29~33
02 Strengthening Customer Communication	<ul style="list-style-type: none"> Undertake various communication activities Advance the management system and indicators to improve customer service and satisfaction 	<ul style="list-style-type: none"> Establish a sustainable assessment response system 	<ul style="list-style-type: none"> Establish and manage a customer audit response process Collect feedback regarding sustainability management reports and make improvements 	Pages. 57~60
03 Social Contribution Activities	<ul style="list-style-type: none"> Undertake social contribution activities in each business area in consideration of business characteristics and customer needs Participate actively in social issues as a corporate citizen 	<ul style="list-style-type: none"> Develop strategic social contribution programs 	<ul style="list-style-type: none"> Establish and develop major ideas for Dongwon Group's signature social contribution program (Jayang Life Academy) 	Pages. 40~42
04 Enhancing the Sustainability of Human Resources	<ul style="list-style-type: none"> Strengthen human resource development to secure and maintain talented employees in the future Undertake value-enhancing activities for each employee, including the good workplace program 	<ul style="list-style-type: none"> Establish employee friendly corporate culture Strengthen in-house communication 	<ul style="list-style-type: none"> Conduct activities to increase employee satisfaction Strengthen in-house communication 	Pages. 35~38
05 Advancing Ethical and Compliance Management	<ul style="list-style-type: none"> Advance the management system to promote the spirit of ethics and compliance Block potential risks in advance that may arise in the course of business transactions with suppliers, and lead a fair trade culture 	<ul style="list-style-type: none"> Strengthen integrity management monitoring 	<ul style="list-style-type: none"> Establish a culture of integrity management and achieve zero accidents Operate Compliance Committees in subsidiaries Conduct customized education for integrity management and write pledges of compliance 	Pages. 73~74
06 Establishing a Sustainable Supply Chain	<ul style="list-style-type: none"> Select, foster and maintain mutual relationships with suppliers with high-quality competitiveness Block potential risks in advance that may arise in the course of business transactions with suppliers, and lead a fair trade culture 	<ul style="list-style-type: none"> Strengthen win-win growth and mutual management activities 	<ul style="list-style-type: none"> Expand supplier communication channels Identify tasks to improve win-win growth assessments and achieve higher grades within this index 	Pages. 69~70
07 Reinforcing the Environmental Safety Management System	<ul style="list-style-type: none"> Establish a company-wide environmental safety management system and strategies in each subsidiary Respond proactively to risks related to environmental safety and carry out activities to respond to such risks 	<ul style="list-style-type: none"> Establish an environmental health and safety management system Secure the capacity to respond to GHG (Greenhouse Gas) regulations 	<ul style="list-style-type: none"> Undertake activities to improve energy efficiency Establish an EHS (Environmental Health Services) system and achieve zero safety accidents 	Pages. 32~33 Pages. 62~64

Sustainability Key Performance

Dongwon Group pursues sustainable growth as a “company vital to society by generating new values.”

In particular, it contributes to the sound development of society by providing safe and healthy products and services, building an employee-friendly corporate culture and creating values to mutually grow with society.



Material Topic — 1

PUTTING SAFETY FIRST

28p

Material Topic — 2

**BUILDING AN
EMPLOYEE-FRIENDLY
CORPORATE CULTURE**

34p

Material Topic — 3

**CREATING SHARED VALUE
WITH SOCIETY**

39p

1

material topic

Putting Safety First

Dongwon Group implements thorough quality and safety management for all of its products throughout their entire life cycle from the selection of raw ingredients to production. Furthermore, by expanding the scope of management from within the company to the supply chain, Dongwon Group ensures that its safety management system is strengthened and a safety culture is firmly established.

→ Management Approach

Throughout society, there is an increasing consumer awareness of product quality and hygiene. Accordingly, companies are required to have a high level of safety awareness throughout the entire production process in order to guarantee the health of customers and the safety of their employees and on-site workers. Recognizing such demands as an important opportunity, Dongwon Group enhances its corporate competitiveness by strengthening product safety in order to reduce safety-related risk factors and reinforcing the safety management systems regarding its employees, production workers and suppliers in each stage of sorting raw materials and manufacturing its products.

→ Backgrounds

- Increase of consumer awareness on healthy foods and product quality/ safety, stronger laws and regulations on product safety
- Stronger enforcement of product safety rules and regulations
- Reputational damage and monetary loss due to safety and/or health accidents on business sites

→ Our Activities

<p>Advance of safety management system in product manufacturing</p>	<p>Securement of safe raw ingredients and OEM¹⁾ products by improving the quality management system of supply chains</p>	<p>Create safe business sites by strengthening safety accident prevention programs</p>
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1) OEM: Original Equipment Manufacturing
2) VOC: Voice of Customer

→ Performance in 2019



Reduction rate of VOC²⁾ on suppliers' quality issues
(Pertaining to Dongwon F&B)

9.2% decrease



Certification of food safety management system
(Pertaining to Dongwon Systems)

FSSC22000



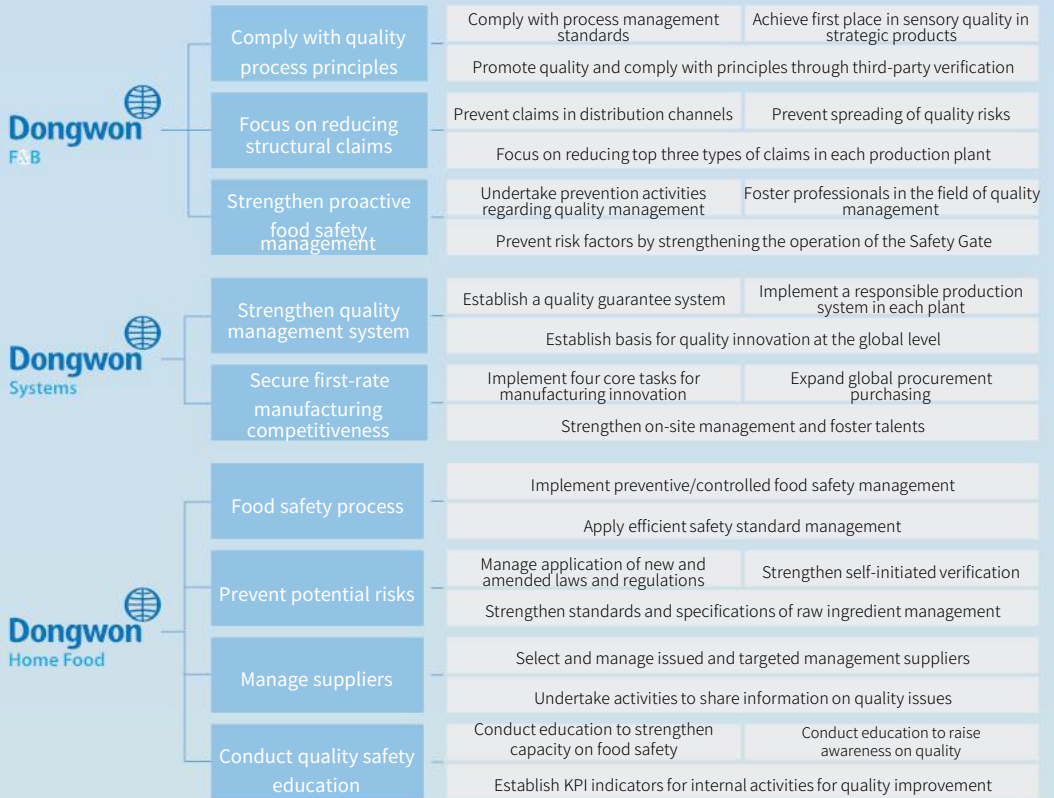
Accident rate
(Pertaining to Dongwon Group)

0.43%

Implementation of Quality Management

Quality Management Strategies

All subsidiaries under Dongwon Group establish strategies for the management of the product's quality and work to successfully undertake implementation tasks.

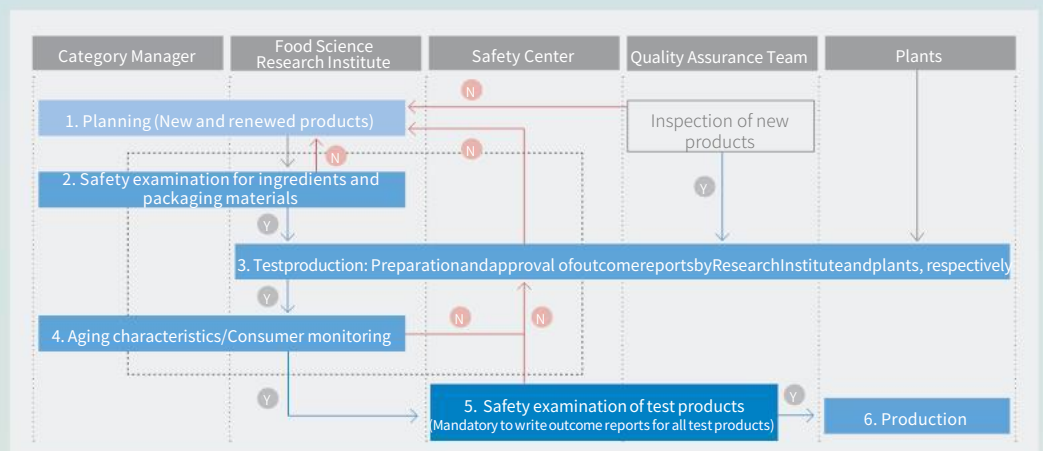


Strengthening Product Safety

Strengthening the Product Safety Gate

Operation of Product Safety Gate

Dongwon F&B has established and is operating a safety management system throughout the entire production process from development, production, distribution to consumption for all products. In particular, it operates a product safety verification system named the "Product Safety Gate" in order to verify all chemical and biological risk factors that may arise in each stage of production, including raw ingredient selection, manufacturing processes and production of finished products. Only those products that have passed the Safety Gate proceed to the next stage of production. The Safety Gate consists of five stages and strictly applies not only to products manufactured by the company but also to all OEM and imported products of Dongwon F&B.



Product History Management System

Dongwon F&B notifies all employees and suppliers of newly enacted or amended food-related laws via email. In the case of product labelling, product labels undergo strict management under the label statement inspection system as they are checked and re-checked by Marketing, the Research Institute, Quality Management, production plants and Design. The company also prevents false and excessive advertisements by adopting the advertisement examination system under which relevant departments examine advertisements in advance.

Obtaining a Certification of Quality and Food Safety Management System

Dongwon Systems is constantly seeking advancement of the quality assurance system to achieve zero customer complaints. The company upgrades the level of its quality assurance system by meeting the required quality standards from the customers' perspective, thereby improving their satisfaction. Even as a packaging materials company, it has obtained the food safety standard certification FSSC22000 for the Jincheon Plant in 2013, followed by the Haman Plant and Asan Plant in 2017. Upon entering the rechargeable battery components market, the company also obtained the car quality management system IATF16949 in 2019 for the Asan Plant, a challenge for the company.

Preventing Product Quality Risks

Dongwon Home Food manages risk factors that may be present in each stage of production from selection of raw ingredients to manufacturing, processing, storage, distribution, cooking to consumption by consumers. Prior to launching new B2B cooked food products, the company undertakes rigorous safety tests and quality assurance followed by test production and launches only those products that have passed all tests.

Securing Safe and Healthy Raw Ingredients

Dongwon Home Food undertakes regular examinations of agricultural, livestock and marine products in order to produce healthy products that customers can purchase without having to worry about any safety issues. By conducting close examination of numerous items such as residual pesticides, heavy metal, mycotoxins, PCBs, VBN and radioactive materials, the company secures raw ingredients of outstanding quality. Furthermore, it plans to expand the production of products made with organic, pesticide-free and antibiotic-free ingredients.

Quality Certification Status of Dongwon F&B Business Sites

Type of Certification	HACCP	ISO 9001	Defense Quality Management System	Traditional Food Quality Certification	LOHAS	Processed Organic Foods	Halal Certification
Changwon	o						o Canned tuna (4 types)
Jincheon	o		o	o Kimchi products	o Kimchi products	o Kimchi products	
Seongnam	o	o	o				
Asan	o		o			o Organic Black Rice	o Dolgim and others
Cheongju	o						
Gwangju	o	o					
Yeoncheon	N/A	o					
Cheonan	o						o Hong Sam Jeong
Suwon	o					o Bellflower & Pear Extract Liquid	
Jeongeup	o						
Gangjin	o					o Denmark Organic Cheese and 2 other products	

* Other Certification: GMP (Suwon, Cheonan) / Manufacture, processing and handling of non-antibiotic livestock products (Suwon, Jeongeup)

BUSINESS CASE

Developing Smart Packaging for Food Safety

Dongwon Systems has developed smart packaging for food safety by applying color-changing sensors that detect fermentation products. The smart packaging was developed as a result of a government project jointly undertaken by academic-industry institutions from October to December 2017 for the purpose of promoting public health and safety. Through the application of this new technology, the utility of food packaging materials as well as the safety and hygiene of food are expected to increase. Dongwon Systems is also expected to generate new sources of profit by developing new markets for packaging materials.



Before discoloration Discoloring Discoloration complete

Supporting Supplier Quality Management

Supplier Quality Management

Supplier Quality and Safety Management

Dongwon Home Food implements quality and safety management by segmenting suppliers by business areas and conducting regular audits on the products they supply. It also shares information and know-how on managing outstanding suppliers when conducting audits on new OEM suppliers, while enabling the production of high-quality products through regular audits on international OEM suppliers and the implementation of quality and safety management.



Supplier Quality Improvement System

“Top and Top” CEO Meeting

Dongwon F&B invites the CEOs of its subcontractors and holds meetings on a regular basis for reviewing quality-related VOC and discussing policies to improve product quality. CEOs from a total of 36 subcontractors attended in three meetings each held in March, June, and November 2019. Companies that met the target were awarded, and improvement plans were suggested for those that did not meet the target, thereby encouraging subcontractors to improve quality. Furthermore, the company helps its subcontractors implement quality management and respond to rapid changes in the business environment by providing education on relevant laws and regulations on food safety management as well as global trends and prospects following changes in external environments. As a result of these efforts, the quality-related VOC of the subcontractors that participated in Top & Top Meetings was successfully reduced by 10.7% from 11.28ppm (part per million) to 10.07ppm in 2019 compared to 2018.

Supporting External Audits on Food Hygiene and Quality

Dongwon F&B selects three suppliers supplying their products to foreign companies and provides support for undergoing external audits on the quality and safety of export products.

Supplier	Auditor & Date of Audit	Description of Support	Outcome
Semchorong	FSSC22000 (9 May)	· Take measures to improve before the main evaluation after pre-inspection	Pass
Yuwon Food	Costco (20 Aug)	· Complete improvement after pre-inspection of Costco checklist	Pass
Joyfood	HACCP (16 Sep)	· Intensively inspect items for HACCP prerequisites and safety management certification criteria	Pass

Food Hygiene and Quality Education for Suppliers

Twice a year, Dongwon F&B conducts educational sessions for its suppliers on food and on claim reduction. By holding tests, the company ensures that participants fully understand the contents delivered during the sessions.

Classification	First Half (23-24, May)	Second Half (17-18, October)
Participants	Total of 32 persons [29 persons attending from 26 subcontractors]	Total of 39 persons [32 persons attending from 25 subcontractors]
Content	HACCP hazards and calibration management process (FM Korea, Korea Management Association)	Management of complaints about foreign substances and factory smartization (FM Korea, Korea Food Information Institute)

Operating Safe Business Sites

Safety Management System for Business Sites

Dongwon Group designates a department in each subsidiary dedicated to safety and health issues and has them voluntarily implement safety management systems attuned to the characteristics of their business areas. Dongwon Group also implements safety management for hazardous work and the handling of hazardous substances, while operating the safety and health management system (OHSAS 18001) in order to prevent severe industrial accidents and reduce occupational illnesses. By conducting on-site inspections and convening the Safety and Health Committee on a regular basis, the company collects opinions from its employees and reflects them in its management activities.

Spreading a Safety Culture

1) TMS:
Tele-monitoring system

	Classification	Description
Dongwon Industries	Implementing the daily inspection system	- Prepare a checklist of safety/compliance items and distribute to the fleet - Check each ship's completion of safety inspection on a daily basis and eliminate risks regarding safety accidents in advance
	Compiling and announcing standing order regulations	- Regulate safe sailing, illegal fishing and human rights of foreign crew (in Korean and English) - Announce compliance with entry/departure regulations and customs laws
	Conducting boarding inspections	- Inspect the implementation status regarding safety and compliance and conduct customized on-site education
	Sending maritime information and safety messages	- Prevent safety accidents and raise safety awareness by sending maritime information and safety messages on a regular basis
Dongwon Systems	Managing chemical substances and air pollution	- Conduct emergency drills every month in preparation for potential chemical leakage conditions - Conduct an in-depth examination of environmental facilities and rectify any unsuitable conditions - Report hazardous chemical substances under the revised Toxic Chemicals Control Act - Conduct an in-depth inspection of atmosphere TMS ¹⁾ facilities and maintain/manage performance
	Undertaking industrial safety and prevention activities	- Conduct risk assessments and improve hazardous/risk factors - Lamination process using tandem methanol - Divide safety channels inside and outside plants and install safety guides

Safety Education Programs

Dongwon Group conducts safety and health education on a regular basis to promote safety consciousness of its employees. Dongwon F&B has developed a safety manual on accidents and diseases related to industrial safety and health, management of hazardous or work environment, and the industrial accident compensation insurance system, in order to ensure that its employees have a full understanding of such matters. Dongwon Systems has strengthened its safety education programs for all employees to alert them to negligent accidents and help them promptly handle accidents. The company also plans to identify and improve risk factors through a third-party assessment from a specialized institute. Dongwon LOEX is sharing safety rules for loading and unloading with drivers, employees, and subcontractors, and making it mandatory to wear protective equipment.



Preventing and Responding to Safety Accidents

In order to prepare for various kinds of accidents that may occur unexpectedly and to minimize damage, Dongwon Group operates emergency response systems in each of its subsidiaries which identify and prevent risk factors that may arise during work processes. To this end, it conducts emergency response drills on a regular basis and makes constant improvements in areas for development. It also conducts emergency response education and provides training support for in-house suppliers, enabling them to respond to all kinds of emergency situations that may occur on their business sites.

Dongwon Industries implements a safety pledge system whereby captains and chief engineers are required to sign the safety pledge prior to boarding. Before signing the pledge, they are provided with education on safe sailing and dangers at sea to ensure their full understanding. Only those who are able to implement conservation measures and have completed mandatory trainings are permitted to board once they have signed the safety pledge. In preparation for fire, sinking or any such safety accidents that may occur on board, the company conducts mandatory fire-fighting and abandon ship drills as well as safety training on a monthly basis.

Dongwon LOEX is paying extra attention to safety since negligent accidents are more likely to lead to major incidents in the logistics business. The company is holding annual campaigns to reduce negligent accidents by 50% year on year and is constantly carrying out theme-based safety inspections, 5S activities, and facility safety inspections. It defines key risk factors for each working process and equipment through risk assessment and inspects safety with a daily safety checklist. The company prepared a safety management manual that sets guidelines for prevention, safety management of facilities and equipment, and emergency responses to provide employees with full knowledge. Moreover, it has established a firefighting plan to prevent fire at logistics centers, setting guidelines for fire service organization, inspection, and measures, while also providing fire drills in cooperation with fire stations in the neighborhood. In particular, the company plans to take its safety management to the next level by obtaining the international safety management standard ISO 45001 certification.



Dongwon Industries
'Safety Management Manual'



Dongwon Systems
'Examining Thermal Imaging Equipment'

Dongwon Systems conducts inspections to detect faulty equipment through thermal imaging of electrical equipment and cables. By closely examining parts vulnerable to fire such as high-pressure compressors and the interface of high-voltage vacuum circuit breakers, the company takes measures to prevent fire and equipment accidents. In 2018, Dongwon LOEX has set the target of reducing safety accidents in half compared to the previous year. In doing so, the company has undertaken various initiatives, including thematic safety inspections, 5S²⁾ activities and safety inspections of business sites.

Safety Education Programs at Dongwon Industries

1. Seafarer Safety Regulations

- Safety regulations on entry/departure, sailing, operations and anchor
- Safety regulations on marine accidents and fire-fighting/abandon ship drills
- Maritime accidents and prevention training
- On-board first aid training (collaborating with the marine telemedicine center for prompt first aid through remote medical advice)



2. Coastal State Regulations and Prevention of IUU Fishing

- VMS³⁾, VBSS on open waters
- Coastal state reporting, DCR⁴⁾ preparation
- Cases and prevention of IUU⁵⁾ fishing



3. Preventing Marine Pollution

- Operating oil separator, incinerator, wastewater treatment facilities
- Regulations on waste treatment on board ships
- Pollutant management training related to prevention of marine pollution
- Plastic reduction and management training



4. Human Rights and Prevention of Sexual Harassment at Workplace (On Board Ships)

- Laws regarding and procedures for handling sexual harassment
- Preventing sexual harassment at workplace (on board ships)
- Education for respect of human rights on board (managing the rights of foreign crew)
- Crew stress management and mental healing education



2) 5S: Seiri (Sort), Seiton (Set), Seiso (Shine), Seiketsu (Standardisation), Shitsuke (Sustain)
 3) VMS: Vessel Monitoring System
 4) DCR: Department of Commercial Registration
 5) IUU: Illegal, Unregulated, Unreported

Spreading a Safety Culture

As companies are demanded to take on more responsibilities regarding safety management and are punished equally for legal violations committed by their suppliers, the importance of supplier management is increasingly highlighted. In this regard, Dongwon Group convenes the Safety and Health Consultation Meeting for in-house suppliers each month to prevent industrial accidents and enhance their level of safety management. At these meetings, participants are provided with information on any amendments to relevant laws and regulations, while discussing important issues on safety and health. The meetings also serve as an opportunity for Dongwon Group to make sure that suppliers are actually handling the safety issues identified at periodic joint inspections and to eliminate risk factors within its business sites. Other efforts to implement safety management of its business sites in general include working with suppliers by participating in the mutual growth and cooperation program hosted by the Ministry of Employment and Labor and sponsored by the



Inspection activities by the Safety Assurance Team at Dongwon Industries

2 material topic

Building an Employee-friendly Corporate Culture

Dongwon Group seeks to implement “management with a respect for people”. To this end, each employee is recognized and respected as an independent individual that makes up the company, while creating a sound organizational culture in which employees can find a balance between work and life.

→ Management Approach

As companies face fierce competition on the global stage, it is becoming increasingly important for them to build a corporate culture complying with communication and cooperation. Corporate culture is the psychological foundation of a company, providing the basis where members' value, mindset, and behavior are decided. Therefore, it is there own core strength unique to each company. At the same time, a company's growth is in direct correlation with enhancing the capacity and values of its employees. In this regard, Dongwon Group undertakes various activities to promote an “employee-friendly corporate culture” with a view to creating a synergy of unity and innovation with its employees.

→ Backgrounds

- Spreading of the “work smart” culture emphasizing efficiency and creativity
- Changes in labor environment such as an increase in minimum wage and reduction of work hours
- Raised awareness of diversity and anti-discrimination as a result of human rights management

→ Our Activities

<p>Achieving work-life balance by creating a sound organizational culture</p>	<p>Promoting employee communication</p>	<p>Establishing a culture for the respect of gender equality and diversity</p>
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→ Performance in 2019



Communication channel response rate

100%



Rate of participation in education to prevent workplace bullying

100%



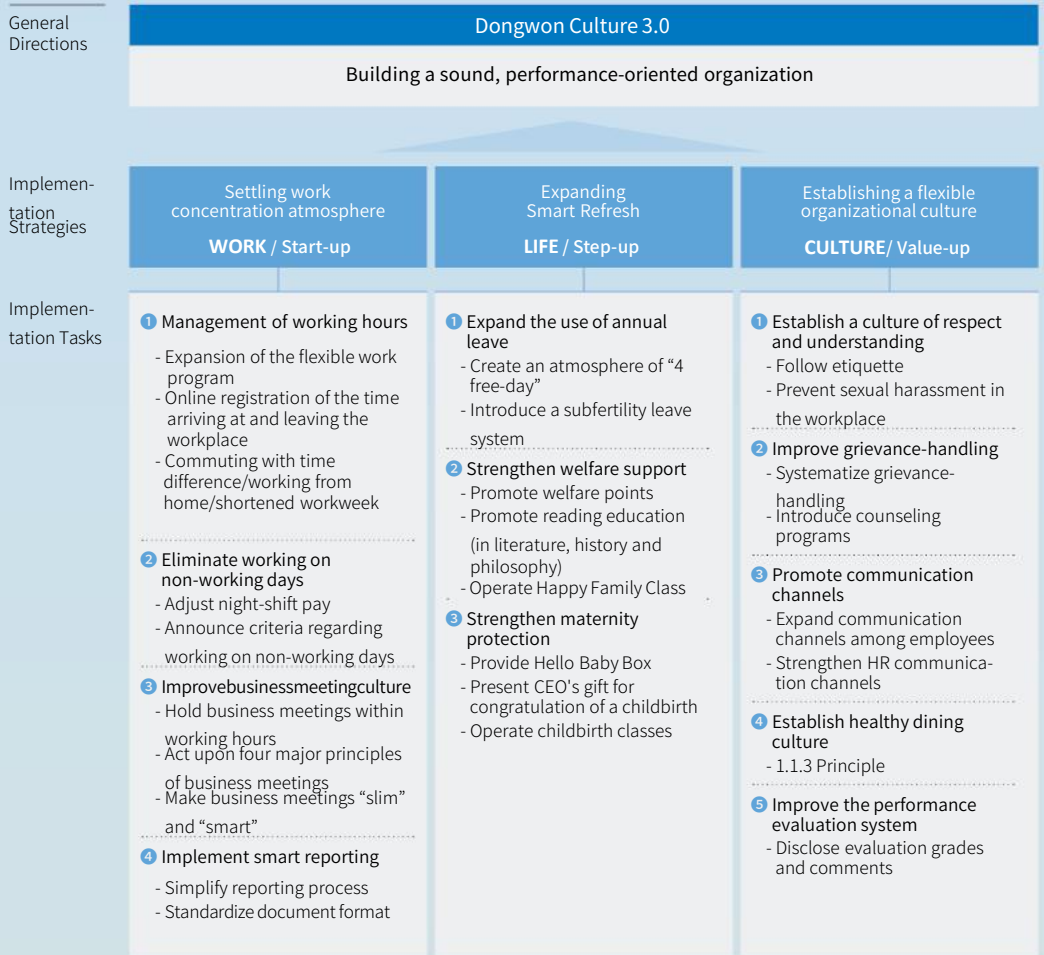
Rate of participation in education to improve consciousness about the disabled

100%

Creating a Sound Organizational Culture

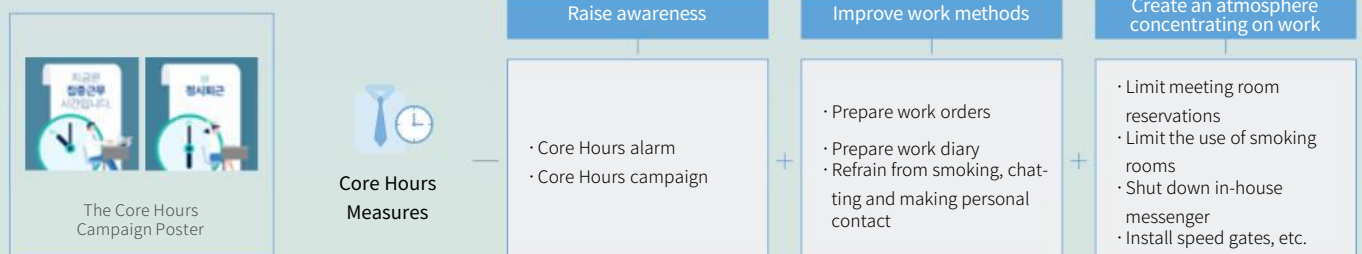
Dongwon Culture 3.0

Under the broad goal of “building a sound, performance-oriented organization,” Dongwon Group has established three major strategies by (i) settling work concentration atmosphere, (ii) expanding Smart Refresh and (iii) establishing a flexible organizational culture, undertaking a variety of initiatives.



Promoting Smart Work

Dongwon Group maximizes employees' work concentration and productivity by eliminating unnecessary work during working hours and minimizing overtime work. In particular, it helps employees concentrate better and work more productively by setting core hours regarding their work. The company also prevents seniors from giving work orders via SNS by introducing the “SNS log-off system” and holds in-house campaigns to raise awareness among employees that personal contact regarding work beyond working hours is prohibited. Furthermore, it helps employees to focus on their core work by eliminating unnecessary work through simplification of reporting/approval processes and standardization of document formats.



Achieving Work-Life Balance

- 2) 4 Free-Day:
- I'm Free (4 days of refresh vacation + 1 day of annual leave)
 - Leader Free (Encouraging the use of annual leave for 2 consecutive days each half; team leaders or higher)
 - Biz Free (Use of annual leave for 3 or more consecutive days twice a year)
 - Half Free (Use of half-days)



— Dongwon Daycare Center

Promoting Employee Communication

Employee Satisfaction Survey

Dongwon Group undertakes an employee satisfaction survey (self-report) during its annual performance evaluation for the purpose of identifying their level of job satisfaction, commitment to organizational culture, organizational atmosphere and grievances. In particular, the survey is aimed to understand how much employees understand Dongwon Group's core values and norms of behavior (evaluation of internal values), what their opinions are on their team leader's leadership as well as the strengths and weaknesses of their organization, and whether they have any personal grievances or requests for a transfer of job position. In the event of such request, the requesting employee is transferred to a new position in consideration of his/her satisfaction survey. The company aims to transfer at least 30% of the requesting employees within the first quarter. Through the satisfaction survey, Dongwon Group not only gathers the opinions of its employees on an individual level but identifies the characteristics and overall trends at the organizational level, proactively dealing with matters of inconvenience. The survey is also used to track changes in the level of employees' understanding of the Group's core values, which are applied during talent development. The survey results are analyzed and reported to the CEO and heads of organizations in the form of an anonymous report for utilization in organizational management.

Family-friendly Policies

Dongwon is encouraging the use of vacation days and expanding the scope to allow taking off half-day and half-half-day, thus improving the "employee refresh" system for childcare and family care. The culture of donating annual paid holidays to coworkers through the annual leave sharing campaign is also being established.

Maternity Protection System

Encouraging Pregnancy and Childbirth

- Hello Baby Box: Congratulates expectant mothers and fathers and creates an atmosphere of care and consideration at the workplace
- Love Mom Box: Pays baby bonus after childbirth and delivers congratulatory card signed by the CEO



Expanding the Use of Annual Leaves

- Promoting 4 Free-Day²: Encourage employees to utilize the system, especially to celebrate special events or anniversaries.
- Subfertility Leave: Encourage employees requiring subfertility treatment to take three days off per year for treatment.



Dongwon Daycare Center

In November 2016, Dongwon Group opened "Dongwon Daycare Center" to help its employees find a balance between work and life, and help relieve the burden of childcare. Dongwon Daycare Center, the largest of the newly-built daycare center in Gangnam-gu, puts "children's safety" first by paying close attention to detail such as installing safety doors between stairs and corner protectors, as well as using child-safe rubber finishing for playground floors. Toys and educational tools used in the daycare center have been made with safe ingredients certified with eco-friendly labels. Through the daycare center, Dongwon Group will continue to relieve its employees' burden of childcare and retain its outstanding female talent.

Dongwon Junior Board




Since 2014, Dongwon Industries has operated the Junior Board to deliver young voices to management and create a corporate culture through communication. Members of the Junior Board suggest creative and constructive ideas, while thinking of ways in which the company and its employees can grow together. The 7th Junior Board currently operated in 2020 is carrying out various activities under the theme of improvement and innovation, such as laying the foundation for promoting smart work, experiencing office automation/discovering tasks, regularly conducting environmental cleanups, running small groups, and hosting "hop day" events. In the future, it will carry out various activities to establish a sound and healthy organizational culture.

Gender Equality and Respect for Diversity

To protect the dignity and human rights of employees, Dongwon Group fully complies with the Labor Standards Act and other labor-related laws and regulations, while fundamentally prohibiting child and forced labor.


Improving the Grievance Handling System

Dongwon Group opens its ears to employees' concerns and difficulties and makes various efforts to solve them. In particular, it provides counseling and actively handles complaints or difficulties regarding human rights violations, labor practices or sexual harassment at work sites, and discloses the procedures and results of handling such matters in a transparent manner.

 <p>Expanding Mobile Communication Channels</p>	<ul style="list-style-type: none"> Request counseling via e-HR, email, phone or by contacting the person-in-charge Operate a "grievance channel" on Mobile Direct
 <p>Operating an Exclusive Grievance Handling Channel</p>	<ul style="list-style-type: none"> Principles of Operation: Counseling is conducted by certified counselors who shall fully protect the confidentiality of their clients. Other principles include ensuring transparent grievance handling procedures, placing a strict responsibility upon and punishing the wrongdoers and swift handling of the procedures involved. Topics: Any HR-related grievances within the workplace Exclusive Channel: Request counseling via phone or e-HR
 <p>Operating a counseling program for emotional laborers</p>	<ul style="list-style-type: none"> Who: General positions (Administration/Marketing/Sales) How: Select a specialized institution and have employees visit counseling offices nationwide (up to 8 times per person/ters) (At least twice a month) What: Children's education, psychotherapy, financial consulting, etc.

Following Etiquette Rules at the Workplace

Dongwon Group shares basic etiquettes to be kept as members of Dongwon Group by holding etiquette campaigns across the company.

	Developing a Guide Book	Preventing Sexual Harassment in the Workplace	Spreading Education Across the Company
 <p>Manual for Preventing and Responding to Sexual Harassment in the Workplace</p>	<ul style="list-style-type: none"> Developing a guide book ("Living as a Member of Dongwon Group") and sharing basic etiquette to be kept in the workplace Delivering contents in the form of webtoons to facilitate employees' understanding 	<ul style="list-style-type: none"> Developed and distributed a manual for preventing and responding to sexual harassment in the workplace (June 2018) Developing and operating educational programs for job categories (Regular sessions at Thursday seminars, change-of-perception training, etc.) Participation in sexual harassment prevention training in 2017: Once a year for one hour for all employees of Dongwon Group 	<ul style="list-style-type: none"> Spreading education to each company and organization Holding educational sessions and seminars on the importance of basic etiquette, how to follow etiquette rules, personal commitment, etc.



Promoting Employee Health

Seeking Labor-Management Cooperation

Dongwon Group builds a labor-management culture in which both parties recognize each other as partners whom they can rely on and communicate with. In this regard, the company fully guarantees freedom of association and collective bargaining. The Labor Union communicates with management on major managerial and labor-related issues through regular consultations and wage/collective bargaining, while the Labor-Management Consultative Body meets regularly to report, discuss or resolve major changes in the management and human resources status. At Dongwon Group, labor and management communicate and compromise on a consistent and regular basis, working together to discuss and share important changes or issues in the company.

Classification	Labor Union
Company	Dongwon F&B, Dongwon Systems, Techpak Solutions, Dongwon Farms and Dongwon LOEX
Function	Maintaining/improving working conditions and improving the economic and social status of workers
Main Activities	Wage bargaining once a year, Collective bargaining once every two years

Employee Health Promotion Programs

Dongwon Group operates various employee health promotion programs, tracking the health status of its employees on a regular basis to enable early treatment and prevent the occurrence of occupational diseases.

Health Education

Once a month, the Logistics Center of Dongwon Industries offers safety and health management education mainly to its safety managers as well as health managers. It also offers education on preventing and responding to issues that may threaten the health of its employees such as musculoskeletal system disorders and frostbite.

Expansion of Cardiovascular Examinations

Dongwon LOEX offers medical exams for its employees every year, while providing support to employees aged 45 or older, an age group at risk of cardiovascular health issues, to undergo comprehensive medical exams. It also offers additional tests for on-site workers in consideration of the characteristics of their job duties.

Musculoskeletal System Disease Prevention Programs

Dongwon F&B endeavors to prevent musculoskeletal system diseases in its employees by identifying and improving risk factors that may place a burden on the musculoskeletal system such as the amount of work in each process, the speed and intensity of work, and working posture. The company undertakes an evaluation of risk factors every three years on a regular basis, as well as additional evaluations each time a musculoskeletal disease is found in an employee and when new a work process or equipment is introduced.

Infirmary

The Changwon Plant of Dongwon F&B operates an infirmary where employees in need of care can receive health management and consultation from nurses. Employees with diseases detected through periodic medical exams can also receive treatment counseling, while all employees on the business site can protect, maintain and promote their health by using various medical appliances installed by the company.

Industrial Safety and Health Committee

Dongwon Group operates the Industrial Safety and Health Committee to improve its safety and health environment through the participation of employees in safety- and health-related activities. The Committee consists of an equal number of representatives from labor and management, including head representatives from each side. The Committee deliberates and decides on important matters regarding safety and health to prevent potential danger or health risks to employees, while discussing the establishment of accident response systems and safety management plans for each business site as measures to improve the safety and health of its employees. Dongwon LOEX operates the Committee for each business site, while Dongwon Systems includes the participation of suppliers in operating its Industrial Safety and Health Committee. Dongwon Industries convenes the Committee each quarter to conduct risk assessments and discuss safety and health prevention measures.



Dongwon LOEX 'The Industrial Safety and Health Committee'

3 material topic

Creating Shared Value with Society

For a company to continue to exist and thrive in a society, it must explore ways in which it can achieve mutual development with that society. Pursuant to its founding principle of “realizing social justice through industrious corporate activities”, Dongwon Group undertakes a variety of activities for social contribution and mutual growth with its suppliers.

➔ Management Approach

Dongwon Group believes that a prerequisite to becoming a company needed by society is to actively communicate with society and contribute to its growth. Given that Dongwon Group is engaged in businesses such as fisheries, food and packaging which are closely related to the workings of society, the group strives to give back what it has gained from society by building a sound ecosystem. In this perspective, social contribution and mutual growth management are Dongwon Group's channels for communicating and coexisting with society.

➔ Backgrounds

- Increasing demand from stakeholders such as customers and NGOs for companies to be socially responsible
- Criticism of certain companies for carrying out social contribution activities only to be seen or as one-time events
- Strengthening of laws and regulations regarding fair trade and win-win growth
- Expansion of the scope of corporate influence and management to their supply chains
- Prevention of economic, social and environmental risks to supply chains

➔ Our Activities

Undertaking core social contribution projects such as Jayang Life Academy	Promoting employee loyalty and satisfaction by carrying out social contribution activities in each subsidiary	Promoting financial support for the financial soundness of suppliers	Strengthening technical and educational support to increase suppliers' product quality
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➔ Performance in 2019



Social Contribution Expenditure

KRW **6.8** Billion



Participation in Social Contribution Activities by Employees compared to previous year

182hr increase



Participation in Education by Employees of Suppliers compared to previous year
(Pertaining to Dongwon F&B)

107% increase

Dongwon Education Foundation

In July 1979, the Dongwon Group established the Dongwon Education Foundation with the aim of contributing to the development of Korean society by fostering future talents and supporting academic-industry and other research activities. Over the past four decades, the Foundation has undertaken various initiatives to cultivate future talents, including scholarship programs for elementary, middle, high school and university students, youth football programs, writing contests, children's book donation projects, overseas programs for university students and whole-person education programs. It has contributed to enhancing the level of national education by providing support to leading universities and research institutes nationwide such as Seoul National University, Korea University, Yonsei University, Chonnam University, the National Institute of Fisheries Science and the Gwangju Institute of Science and Technology.

I have always believed, and acted upon that belief, that there are three things required of an entrepreneur: Fostering future talent, creating jobs and paying taxes. I also believe, very strongly, that my country's wealth and development always come first. Otherwise, there is no "me" and there is no "us".
- Jayang Kim Jae Chul, Founder of the Dongwon Education Foundation -

Value System

The Dongwon Education Foundation undertakes various social contribution activities in pursuit of its vision of "fostering true talent that will lead Korea's future".



1) SDGs announced in September 2015, are the goals to be jointly pursued by all countries. SDGs are comprised of 17 goals and detailed tasks to alleviate the factors threatening sustainable development, such as economic and social polarization and destruction of the environment that are taking place across the world.

History

The Dongwon Education Foundation undertakes various initiatives including scholarship and educational support programs. Its historical footsteps are as follows.



Major Social Contribution Projects

Whole-Person Program “Life Academy”

In March 2017, the Dongwon Education Foundation established a whole-person program named “Life Academy” for university students. Contrary to educational programs focused on acquiring superficial knowledge, the Life Academy program is aimed at cultivating well-rounded talents accomplished in both knowledge and character. All students in their sophomore, junior or senior year enrolling in Korean or Overseas universities can apply for the program, currently ongoing at nine universities across the nation including Seoul National University of Education, Yonsei University and Korea University.

SDGs Goal 4. Ensure Quality Education and Promote Lifelong Learning Opportunities



Vision and Ideal Talent

Foster future talent accomplished both in knowledge and character through whole-person education, providing an alternative to existing education

Mission

Foster talent with a strong sense of duty and responsibility, devoting his/her life to becoming well-balanced in their character, knowledge, and health



Sound Mindset and World View

A talent who makes decisions based on his/her character, extends kindness to others and takes the lead

Self-initiated Actions

A talent who actively faces and responds to changes based on a positive frame of mind and acts upon his/her knowledge

Integrated Thinking

A talent of integrated thinking who can be critical, creative and discerning based on his/her expertise



2nd Jayang Life Academy



3rd Jayang Life Academy

Main Features

Jayang Life Academy helps participants achieve personal growth and play a valuable part in the world by providing opportunities to read, debate, listen to lectures by prominent figures in numerous fields and gain a variety of first-hand experiences, strengthening their communication and problem-solving skills.

- Life Academy is also operated by 12 institutions nationwide.
- Opened in 3 universities in 2017 : Yonsei Univ., Chosun Univ., Pukyong National Univ.
- Opened in 6 universities in 2018 : Sogang Univ., Hankuk Univ. of Foreign Studies, Sookmyung Women’s Univ., Korea Univ., Inha Univ., Seoul National Univ. of Education
- Opened in 3 universities in 2019 : Yeungnam Univ., Cheongju Univ., Seoul National Univ.

VOICE OF STAKEHOLDERS

“ Previously, I only thought about what kind of job I should go to. ”

I was able to think deeply about my whole life, such as what values I wanted to live with.

I can be confident that the Saturday of the last nine months was the hardest working Saturday of my life. Life Academy was a time to break me trapped in a small egg and find a new me. I expanded my narrow perspective, which was limited to the department of business, by listening to stories and success cases from unknown fields through lecturers who work in various fields such as finance, start-up, advertising, and media. One book and two essays each week taught us the fun of reading and writing. I was able to experience the joy of accumulating real knowledge, not short-term knowledge.

It was also a precious learning time to reflect on myself and share thoughts with my colleagues. Through my colleagues, I was encouraged by how to think from a new perspective and by listening to every word.



Excerpt from an essay written by Yu-Jin Oh, participant in the 3rd Jayang Life Academy

Dongwon Chaekggureogi: Childrearing through Books

Dongwon Chaekggureogi is a book-reading promotion campaign for parents and children, donating picture books to children aged six or younger, which is a critical time in the character formation of children. Since May 2007, over 1.38 million books have been provided. The company also opened “Dongwon Book Kids Café” in October 2019. Dongwon Book Kids Café delivers childcare knowledge and information about picture books, while also serving as an online communication channel through which any parent can freely share their parenting stories and information. As of late December 2019, over 6,000 members have joined the platform, actively communicating with over 5,000 posts on books and parenting and 90,000 comments.

※ Achieved Special Prize in Educational Contents at the 13th Parent-voted Educational Brand Award in 2018

Goals of Dongwon Chaekggureogi

Develop IQ, EQ, CQ, SQ	Build Good Reading Habits	Experience a Bigger World
Develop emotional stability and good character by reading with parents	Develop a habit of reading in adulthood through enjoyable reading	Experience a bigger world by reading, playing and beyond



NDHS Scholarship Award Ceremony (2019)



Implementation of Social Contribution Activities by Subsidiaries

Scholarship Projects for Fostering Serving Leaders

Through its scholarship programs, Dongwon Education Foundation endeavors to foster true leaders of Korea's future who can lead by example and who are willing to self-sacrifice by putting their society and country first over themselves. Between 1977 before the establishment of the Foundation and 2019, Dongwon Group has contributed to fostering talent by granting scholarships to 7,275 recipients.


Reaching out to People in Need

As part of the Eunpyeong-gu Volunteer Center, Dongwon F&B's volunteer corps carries out volunteer activities on a regular basis in welfare facilities affiliated with the Center. For the past five years since December 2014, the company has donated daily necessities to neighbors in need living in Seocho-gu and Eunpyeong-gu through a program named "Living Together in the Happy World of Sharing." In January 2018, it donated "Box of Sharing Love," which are gift sets including canned tuna and ham to facilities for socially vulnerable groups and single-parent families in Seocho-gu.

SDGs Goal 2. End hunger, achieve food security and promote sustainable agriculture 

Providing Support to Trainees from Overseas

Dongwon Industries offers training opportunities in Korea to qualifying Kiribatians for the purpose of supporting the development of the fishing industry and economic growth of coastal states. In 2018, seven trainees visited and received training at Dongwon F&B's Changwon plant and Dongwon Industries' Busan plant. The trainees learned about tuna processing on weekdays and enjoyed experiencing Korean culture on weekends.

SDGs Goal 10. Reduce inequality within and among nations 

Implementing Win-win Growth Strategies

Suppliers are Dongwon Group's major stakeholders, whose capacity is directly reflected in Dongwon Group's own competitiveness. In this regard, Dongwon Group fully complies with the Win-win growth guidelines of the Fair Trade Commission. Specifically, it maintains fair business relationships with suppliers based on its Win-win growth strategies, expands the performance-sharing model, and establishes relationships of mutual cooperation by reinforcing the competitiveness of its suppliers.



* Meeting co-organized by Production, Sales and Purchasing for discussing supply and demand of raw ingredients and establishing production plans according to sales plans

Win-win Growth Programs

Financial Support

Financial Support System

Through an agreement with a commercial bank, Dongwon F&B funds its subcontractors at a low interest rate. The company is also implementing and expanding its win-win payment system so that even second- to fourth-tier subcontractors can receive payment under the same conditions as first-tier subcontractors of large companies. This system imposes no right of recourse against SMEs, thereby freeing them from the burden of establishing security or any risk of chain reaction bankruptcies, while also enabling automatic payments to second- to fourth-tier subcontractors from payments made by large companies. Furthermore, second- to fourth-tier subcontractors can also receive discounts on interest rates based on Dongwon F&B's credit, thereby reducing financial costs. In 2019, KRW 49.5 billion was paid to first-tier subcontractors through the win-win payment system.

Improving Payment Conditions for Subcontractors

Dongwon F&B has improved its payment conditions for transactions with subcontractors to help improve their financial operations. Also, by adjusting the subcontractor payment schedule during national holidays or in times of economic recession, the company lessens the burden of SMEs so that they have no financing difficulties.

Quality Promotion

Consulting
(Pertaining to Dongwon F&B)



Hygiene Support
19 Companies
171 Cases

Supporting Suppliers' Capacity-Building

Technical Support for Quality Improvement

Dongwon F&B seconds its in-house professionals to subcontractors to share know-how and help with quality improvement. These experts are professionals in the fields of HACCP certification and FDA plant inspections, areas which many subcontractors experience difficulty in handling, while also helping subcontractors respond to third-party external audits. Moreover, the company supports stabilization of pilot production and actual production of new products.

Supporting Suppliers for Product Safety

Dongwon F&B offers numerous programs to enhance the quality and sanitation of its subcontractors' products. It prevents quality-related issues by applying quality risk items to its subcontractor product inspections and supports pest control to ensure food safety of the manufactured goods. For more specialized quality management competencies of subcontractors, Dongwon F&B also sent out quality-related professionals 171 times to assist 19 subcontractors in 2019. Moreover, the company regularly delivers updates or changes in quality-related laws through a mailing service, thereby supporting its subcontractors' compliance with laws and regulations.



Dongwon Systems 'Technology Exchange Meetings'

Holding Technical Meetings

Dongwon Systems holds technology exchange meetings with buyers to discuss issues such as developing printing ink and selecting glass cullet quality management technology, as part of its efforts to improve the quality competitiveness of its subcontractors. Moreover, it also rewards subcontractors for outstanding performance and grants right of first negotiation. It also holds meetings with subcontractors to strengthen partnerships and share relevant information. It plans to expand programs for strengthening quality and technical exchange so that its subcontractors can further enhance their competitiveness and achieve win-win growth in a practical sense.

Education for Employees of Suppliers
(Pertaining to Dongwon F&B)



168 people from
89 companies

Conducting Training for Suppliers' Employees

Dongwon F&B conducts competency-building training for the employees of its subcontractors. In 2019, a total of 389 employees from 143 subcontractors participated in the training program. The company is also conducting free regular training sessions for quality managers twice a year to discuss ways to improve their quality management competencies.

The marine and fisheries unit of Dongwon Industries introduced the 3-Standard (Standard Product, Standard Amount, Standard Position) and 5S (Sort, Set in Order, Shine, Standardize, and Sustain) systems benchmarked from its visits to outstanding Japanese companies and has since annually hosted meetings with subcontractors about ethical and righteous management to identify the on-site challenges. The company has also provided education for safety management of workers, compliance, improvement of productivity and quality, and win-win growth.

BuSINESS CASE

Supplier Education for Improving Ship Repair Capacity

Dongwon Industries offers education and training on a regular basis to ship repair companies among their suppliers to help strengthen their ship repair capacity and raise safety awareness. Persons in charge of ship repair undergo thorough ship management training prior to commencing their work in an effort to strengthen their job capacity, while automation tools and the latest equipment are introduced so that ships in need of repair are handled immediately. Employees of these ship repair companies receive maritime safety training and managers carry out frequent on-site inspections, preventing accidents by taking corrective actions immediately upon detecting any risk factors. Dongwon Industries will continue to communicate with its suppliers on a regular basis to improve the environment on board.



Conducting Supply Process Training

Dongwon Home Food offers education to its suppliers on the company's general status, supply process, supplier system and situation-handling processes by visiting its suppliers and receiving trainees at its supply centers. Through these efforts, the company prevents suppliers from experiencing any difficulties in supplying their product and helps to reduce their operational burdens.

Supporting Suppliers' Market Expansion

In association with the Foundation for Cooperation of Large-, Medium- and Small-sized Companies, Dongwon F&B helps its suppliers to expand their market reach by selling the products of outstanding suppliers on the Dongwon F&B online mall (Dongwon mall) and holding special win-win growth events. The company also sponsors its suppliers' participation in overseas exhibitions in support of their efforts to explore new markets beyond Korea.

Strengthening Communication

Win-win Growth Committee

Dongwon F&B operates the Win-win Growth Review Committee to examine and decide on the effectiveness of its win-win growth issues, thereby resolving and promptly responding to various issues on purchasing, production, research and legal matters. It also establishes standards on supply cost adjustment for reasonable adjustment of subcontractors' supply costs and selects new subcontractors as well as those to discontinue business with. The meetings of the Committee are convened at least once a month. In 2019, the Committee held 13 meetings to discuss various issues, including the approval of new subcontractor evaluation results and post-monitoring of subcontractors with terminated business relationships.

Dispute Resolution Committee

Dongwon F&B operates the Dispute Resolution Committee in order to resolve and prevent any disputes that may arise in the course of its transactions with suppliers. It also operates the Unfair Trade Shinmungo, receiving reports and promptly responding to any grievances experienced by suppliers regarding unfair trade.





Dongwon Industries Supplier Meetings



Special Event for Win-win Growth of Suppliers at Dongwon Mall



Dongwon Industries Supplier Meetings

<p>1. Ethical-Management Meetings</p> <ul style="list-style-type: none"> · Creating a consensus about building fair and transparent trade relations 	<p>2. Supplier Meetings</p> <ul style="list-style-type: none"> · Discussing and seeking shared growth in order to respond promptly to market circumstances and improve the competitiveness of both Dongwon Industries and its suppliers 
<p>3. Tuna Store Meetings</p> <ul style="list-style-type: none"> · Engaging in strategic cooperation and increasing sales through better communication with stores 	<p>4. Emergency Management Meeting</p> <ul style="list-style-type: none"> · Sharing an awareness of the crisis in the fishing industry brought about by a drop in tuna prices; the strengthening of various international regulations 



Dongwon F&B, 'Top & Top Meetings'



Dongwon Industries, Overseas Training for Employees of Outstanding Suppliers (2017)

Supplier Communication Channels

Dongwon F&B operates a variety of communication channels to facilitate exchange and mutual growth with its subcontractors. It holds the Win-win Growth CEO Meeting once a year with major subcontractors as well as the quarterly Top & Top Meeting where the CEO visits the subcontractors that have received customer complaints and encourages improvements, ultimately contributing to quality enhancement.

Dongwon Systems holds information exchange meetings frequently where it explores management strategies with its suppliers. In addition to a variety of communication channels, technical exchange and meetings with suppliers help identify and discuss measures to improve their capacity.

Dongwon Industries communicates with its suppliers via the intranet, organizational meetings, satisfaction surveys, voice of suppliers, email and phone, through which suppliers are strongly encouraged to voice their opinions. The Logistics Headquarters, for instance, received a complaint from a supplier of its regional centers regarding night-time operations. In an effort to resolve this problem, the company is running a test operation of combined package picking at the metropolitan center for select client companies, which has resulted in reducing approximately one hour of overtime work for night-time workers than before. Furthermore, the company includes the word “service” in the job titles of its suppliers' employees to emphasize that they are at the frontline of moments of truth (MOT) with customers, and at the same time contribute to enhancing job satisfaction by creating a culture of mutual respect among employees. At present, Dongwon Industries holds meetings as needed to communicate and share information with agencies but the company plans to develop a regular consultative body in the near future to discuss measures to increase sales, develop new items and seek cooperation for mutual growth.

Channels of Communication Between the Logistics Division and Suppliers

Classification	Purpose
Direct Contact	Free participation in discussions: MMS, email, phone calls and Intranet
Satisfaction Surveys	Communication through regular satisfaction surveys
Voice of the Field	Gathering ideas about how to improve service by visiting business site
Meetings with Loading/Unloading Corporations	Gathering opinions and improving service at business sites
Meeting with Delivery Employees Mutual Aid Societies	Collecting opinions directly through hierarchy-free communication

Beginning in November 2018, Dongwon Home Food will hold meetings with suppliers undergoing regular assessments. By doing so, the company will discuss purchasing strategies and directions, share the assessment outcomes regarding the suppliers' operational policies and reward outstanding suppliers. Furthermore, the company will listen to any difficulties experienced by its suppliers throughout the year to improve its win-win growth programs for the future.

BUSINESS CASE

Cooperation Meetings for Mutual Growth with Suppliers

Dongwon F&B hosts “Top & Top Subcontractor Meetings” to promote on-site communication with its subcontractors. Since the first on-site meeting in 2013, the meetings have been held at least 3 times a year, which include lectures on quality policies and directions, sharing of best practices by subcontractors, and specialized lectures on food safety policies. In the Top & Top Meetings for 2019, experts were invited to talk about “quality-related best practices of subcontractors” and “implementation strategies for site-oriented smart factory” and discuss ways to achieve win-win growth in a better direction. Dongwon F&B will continue to actively enhance win-win growth by creating communication channels with subcontractors in addition to these meetings.



Sustainability Management Report

Dongwon Group pursues sustainable development, which is why it places great importance on its relationships with customers, employees, local communities and suppliers. The company will continue to work relentlessly to communicate better with its stakeholders and offer them new values.



Creating
Economic Value

49p

Customer
Satisfaction
Management

57p

Environmental
Management

61p

Talent
Management

65p

Supply chain
Management

69p



Creating Economic Values

Dongwon Group endeavors to create new values in its customers' lives. It helps them enjoy a happier and better living culture by generating outstanding products and services beyond expectation and offering new values by engaging in business areas such as marine, and food products and packaging. It will continue to make various efforts to become a global leader in the 21st century.

Market Trends

Marine Business

Fishing of tuna, salmon and other marine products

The ocean industry is more highly influenced by the economic conditions of developed countries such as the United States and Japan than domestic circumstances. In particular, it is most affected by production amount, exchange rates and consumption in developed countries. Companies are faced with an increasingly harsh fishing environment with coastal states nationalizing their marine resources and international fishery organizations implementing more stringent policies and regulations for conservation of resources. Despite such difficulties, the ocean industry is actively negotiating with coastal states to expand fishing grounds. Moreover, with the increasing global awareness about sustainability and resource management, sustainability of fish has become a major issue. Dongwon Industries has obtained MSC certification and is cooperating with various organizations, councils, and the government to keep pace with the changing market.

Food Business

Manufacturing and sale of canned goods, refrigerated foods, ham and dairy products

As interest in food safety and health is growing, there are also increasing needs for differentiated premium food ingredients. People consume food not just for taste but as a food culture or a lifestyle, showing increasing demands for healthy foods. In addition, the recent increase in single-person households and acceleration of population aging resulted in remarkable growth of the premium HMR market as well as the online market, which are expected to grow even further.

Logistics Business

3PL¹⁾ business, etc.

Following the enlargement and specialization of logistics companies, the 3PL market has expanded and the scope of the logistics market in general has grown as well. Against this backdrop, the 3PL and the logistics markets have been expanding hand-in-hand. In particular, as more companies become interested in logistics outsourcing, there is a positive outlook on the growth prospects of logistics companies centering on 3PL.

Seasoning and Distribution Business

Seasoned food manufacturing, operation of institutional food service, food wholesale/retail

Following the rise of national income level and diversification of consumers' dietary lifestyles, the seasoning industry is becoming more highly segmented while food companies are facing fierce competition as the overall market enters a stage of maturity. The meal service industry has the characteristics of a stable market but is currently going through a sluggish period due to government policies of placing school meals under the direct control of schools. Accordingly, there is fierce competition within the market to secure companies, universities and other organizations to which meal services are provided. Meanwhile, the scope of the food ingredient distribution industry is continuously growing, in addition to rising consumer demands for high-quality products, making satisfaction with product quality more important than cost competitiveness.

Construction Business

Providing services in civil engineering and construction

Despite strong government measures in recent years to invigorate the real estate market, the housing and construction markets are still experiencing slow growth. Rising demands for high-quality products and the formation of demand-oriented markets have made customer satisfaction, including pricing, quality and customer service, more important than ever. At the same time, the influx of foreign competition into the domestic market has made construction technology and construction management capabilities the core factors of competitiveness. In addition, following the insolvency of numerous construction companies in the aftermath of the global financial crisis, financial stability has also become a fundamental factor of corporate competitiveness.

Packaging Business

Manufacturing and sale of packaging materials and glass containers

The role of packaging as an essential part of production, distribution and consumption is becoming increasingly important. The packaging industry has developed alongside the growth of the food industry, not as finished

1) 3PL: Third Party Logistics;
Outsourcing of logistics, in part or in whole, to logistics service providers

products but as parts of food products. In recent years, the utility of packaging materials has become much more diverse as they are applied to household items, medical supplies and industrial goods. The glass bottle, can and PET industries are B2B industries whose major clients are manufacturers of liquor, food & beverages and pharmaceuticals. Annual consumption in the Korean market is estimated at 654,000 tons of glass bottles, 6.5 billion cans and 5.3 billion PETs.

Generating Economic Performance

Marine Business

As of the end of September 2020, Dongwon Industries operates a total of 40 vessels, including 20 tuna purse seiners (15 Korea-flag vessels, 1 joint venture vessel, and 4 vessels of overseas affiliates), 14 tuna long liners, 4 reefer carriers, 1 trawler, and 1 Pole & liner. In addition, the company also has tuna-processing plants that have HACCP certification and registered with the EU, while showcasing high-quality products in the fast-growing salmon market by establishing a salmon-processing line within its Busan Plant in 2017. It has also tapped into the RTE²⁾ market, focusing on diversifying its product line.

Food Business

The advent of the Fourth Industrial Revolution, an increase in the number of single- or two-person households, and COVID-19 have brought about significant changes in consumption patterns (non-contact, online, etc.) of major consumer groups, making health, HMR, cost-effectiveness, and companion animals some of the highest needs in the market. Thus, the food business division of Dongwon F&B strives to further develop its existing businesses and provide better products for consumers by M&A of natural water company and investing in new facilities, including production lines for rice porridge, cold ham, pet food, and seasoned laver. Furthermore, in line with recent consumer trends, it is launching a series of healthy/safe products (Bareun Eomuk, Healthy Cooking Oil) and HMR products (Guk/Tang/Jjigae (Soup/Stew), Premium Porridge, Midnight Restaurant, Cuisine, Open Grill Thin-skinned Dumplings). At the same time, it is quickly becoming a leader in the pet market with its pet food products that are made using 28 years of know-how, and the export of 500 million cans worldwide.

Logistics Business

Dongwon Group engages in business that encompass all areas of logistics, such as 3PL, ground transportation, stevedoring, warehousing, international freight forwarding, distribution logistics, and overseas logistics. Third-party logistics (3PL) is a major business area whereby Dongwon Group acts as a logistics agency of its clients, creating a synergy based on partnership and know-how. In ground transportation, cargo requested by clients is transported quickly and safely with approximately 2,000 vehicles, thereby meeting their needs.

For stevedoring in which Dongwon boasts the world's best productivity, the company provides not only quick and accurate harbor affairs through harbor terminals with the latest equipment and hinterlands but also a one-stop service linked to warehousing and ground transportation. The forwarding business has been showing continued growth with globalization, through international marine and air export/import logistics and customs brokerage. For the cold storage business, the company is operating the biggest automated cold storage warehouse in Korea, storing various items such as imported processed goods, marine and livestock products in excellent quality. Dongwon Group's logistics business provides a one-stop logistics service to customers through connection of multiple business sectors, thereby continuously maximizing profits by expanding the external form and creating a synergy.

Seasoning and Distribution Business

The seasoning and distribution division of Dongwon Home Food is a reliable partner for a variety of dining companies including pizza/chicken franchises, family restaurants and meal service companies. Its top priority is to provide sauces, dressings, seasonings and ready-to-eat food products in a prompt and accurate manner. Its meal service business, for instance, involves providing 13,000 meals per day on average to approximately 240 stores nationwide. It also engages in food ingredient distribution business by developing a customized system for direct business transactions with restaurants and applying advanced purchasing methods. Finally, it operates 12 branches of the coffee and sandwich store "Sandpresso" nationwide, while expanding the dining business by launching new-concept restaurants. Dongwon Home Food is expanding the dining business by launching a salad café named "Crispy Fresh" using pesticide-free, aquaponics-grown "Cheongmichae".

Construction Business

With its brand "BENEST", conveying the will to build the "BEST NEST", the company creates spaces that reflect the resident's class, taste and style, supplying townhouses, apartments, commercial and residential complex buildings, officetels and hotels to a wide range of clients. As a first-class construction company, it actively participates in building social infrastructure such as roads, ports and railways. Furthermore, it demonstrates its outstanding competitiveness by participating in BTL³⁾, BTO⁴⁾ and other civil investment projects, while providing comprehensive construction services by offering facility management and asset management services.

Packaging Material Business

The company produces a variety of packaging materials, covering flexible packaging materials, aluminum foil, CAN for food and beverages, EOE, PET and glass bottles. Based on the continuing growth of the flexible packaging material market, the company concentrates its efforts on market diversification and value innovation. Aluminum, on the other hand, is a widely-applied material from the electric, electronic and automobile industries to the packaging material industry for foods, baked goods and tobacco, due to its thermal conductivity, machinability and damp-proof quality. It is used for a variety of purposes, such as air conditioner and heat exchanger fins, communication cable coatings, silver foil for tobacco, confectionery packaging and pharmaceutical packaging materials.

2) RTE : Ready to Eat

3) BTL: Build-Transfer-Lease;

Under BTL, a private entity builds a public facility and transfers ownership to the state or local governments and is repaid construction costs and profits in the form of a lease.

4) BTO: Build Transfer Operate-adjusted; Under BTO, a private entity builds a facility and operates it for a certain period of time after transferring ownership to the government, thereby recovering its investment in the form of concessions from users.

Summary of Performance in 2019

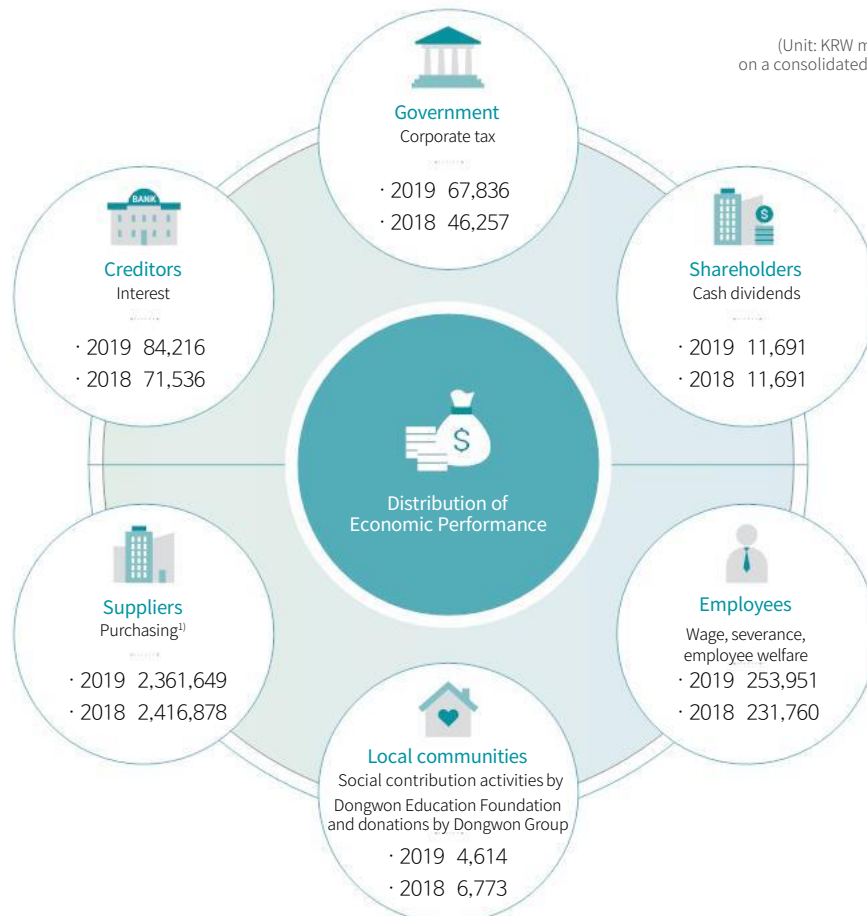
(Unit: KRW million)

Classification	Fishery	General Foods	Logistics	Seasoning& Distribution	Construction	Packaging Materials	Others	SubTotal	Consolidation Adjustment, etc.	Total
Revenue	485,943	2,943,611	1,009,012	1,271,414	387,060	1,080,561	470,185	7,647,786	(976,831)	6,670,955
Inter-sector Revenue	(130,444)	(59,445)	(212,032)	(170,308)	(51,330)	(231,060)	(122,212)	(976,831)	976,831	-
Unaffiliated Revenue	355,500	2,884,166	796,979	1,101,106	335,730	849,501	347,973	6,670,955	-	6,670,955
Operating Revenue	7,893	158,039	58,898	27,296	25,237	78,226	75,519	431,109	(33,349)	397,759

Distribution of Economic Performance

Dongwon Group distributes its economic performance to shareholders, customers, employees, suppliers and other stakeholders through a variety of means including divi-

dends, tax payments, CSR expenses and supplier purchasing. In 2019, the company distributed KRW 2,783,957 million to its stakeholders.



1) Reporting scope: Dongwon Industries, Dongwon F&B, Dongwon Home Food, Dongwon Systems, Techpack Solutions, Dongwon LOEX

Promoting R&D



Dongwon F&B Food Science Research Institute

R&D Strategy and System

By strengthening R&D, Dongwon Group seeks to maintain its market leadership and secure its future growth engines.



Dongwon
F&B

Food Science Research Institute

Under the vision of becoming “Korea’s No. 1 food research institute creating new values”, Dongwon F&B makes extensive R&D efforts to become the first and the best company contributing to its customers’ health. By analyzing internal and external environments and identifying the latest trends and technologies, the company applies its R&D outcomes to develop products that will lead food culture, as well as base technologies and new materials for its future growth.



Dongwon
Home Food

Food Science Research Institute

In pursuit of the goal of “providing total solutions through customized product development”, Dongwon Home Food prioritizes product development and performance generation. The company also studies market trends to analyze their social and environmental impact, which is reflected upon its mid- to long-term R&D strategies.



Dongwon
Systems

Technology Research Institute

Centering on its Technology Research Institute, Dongwon Systems works in close cooperation with its Flexible Packaging Research Institute, Aluminum Research Institute and Resin Research Institute to develop next-generation items by converging each institute’s areas of research and technologies.

Strengthening Research and Development

In July 2018, Dongwon F&B relocated and expanded the Dongwon F&B Food Science Research Institute, previously situated in Seongnam, to its headquarters in Seocho-gu, Seoul. By moving R&D, the core part of the company, to its headquarters, Dongwon F&B has established an infrastructure which enables effective research and development by encouraging active communication with marketing and sales divisions which require close cooperation with the Institute and improving the efficiency of work. The company has further strengthened its R&D competencies by expanding the size of the Institute by over 50% and adding optimized small-scale production facilities and analysis equipment for quality safety.

Research Areas of Dongwon F&B Food Science Research Institute

General Foods

- Research on securing quality competitiveness: Establishing/amending quality documents and carrying out activities to improve product quality
- Technologies for manufacturing canned foods, frozen foods, processed meat and seasoned food
- Research and development of beverages
- Research on processing oils and fats and technologies for processing traditional foods

R&D performance

249 types

(Based on products launched as of the end of 2019)

Dongwon Home Food, Food Science Research Institute: Research Areas

Seasoned Food Sector

- Technological development for manufacturing sauces, instant foods, snack seasonings and seasoned powder premixes, etc.
- Microorganism analysis and research, composition analysis
- Research of new materials and related fields, etc.

R&D performance

803 types

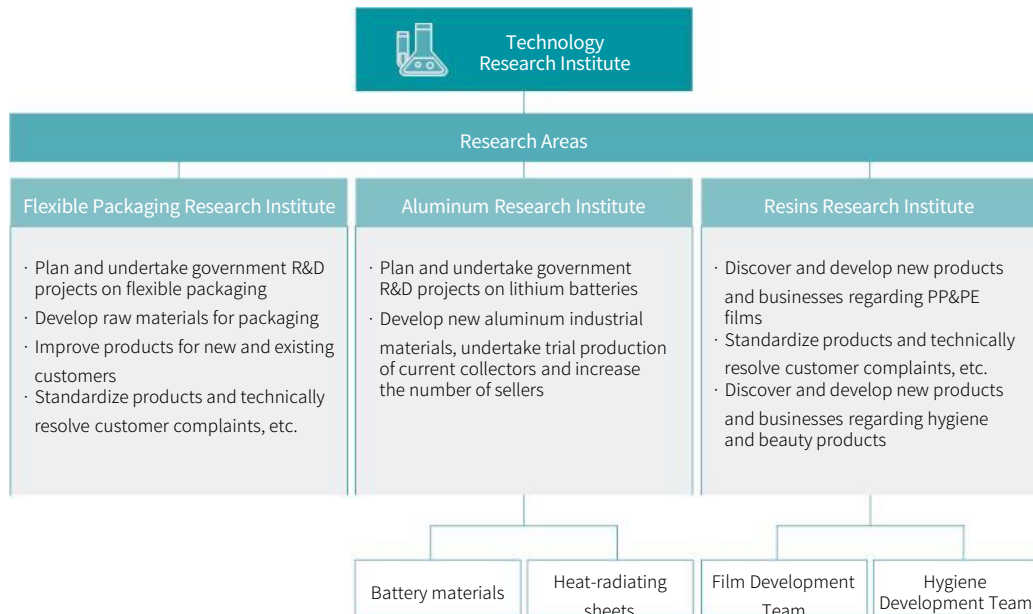
(Based on products launched as of the end of 2019)

In 2015, Dongwon Systems established the Technology Research Institute in Seoul to create synergy among three research institutes each located in Jincheon, Asan and Gongju. In 2018, the company established the R&D Support Team and the Material Analysis Center under the Institute to undertake research projects. Major projects carried out at the Institute are product development projects that will secure the company's core strength in the future food industry by developing core and analysis technologies for next-generation items such as secondary battery, electronic materials and highly functional films.

In 2018, Dongwon Systems organized the next-generation materials research institute, packaging research institute, metal research institute, and film research institute under the Technology Research Institute.

In 2020, the company reformed the institutes into the rechargeable battery business unit, next-generation materials research institute and film research institute under the Technology Research Institute, making constant investments in R&D to transform into a specialized company for advanced materials such as rechargeable battery materials, industrial materials, eco-friendly materials, and functional films.

Dongwon Systems R&D Organizational Chart and Research Areas



R&D Talent Development

Dongwon Group makes continued investments and supports talent development in R&D.

Dongwon F&B has established standards on R&D personnel specializing in food products and health supplements, while operating the Packaging Development Team to develop functional packaging and the Food Safety Team to ensure food safety. Through cooperation among R&D organizations and personnel, the company continues R&D to secure its future growth engines.

Dongwon Home Food is increasing its resources to support R&D personnel, each specializing in areas such as sauces for B2B seasoned food products, seasoning and

materials. The company also operates a menu development organization providing total solutions for menu development, while discovering new business areas with high growth potential based on its professional research capacity.

Dongwon Systems is strengthening its business basis as an advanced materials company by providing extensive support to its R&D personnel and investing in measures to strengthen its R&D capacity. In particular, it secures independently developed technologies and acquires intellectual property rights to develop new items through its R&D personnel specializing in various business areas.

Strengthening New Product Competitiveness

Continuously Developing New Products

Dongwon Home Food secures its product competitiveness by continuously developing new products. Based on its "Proposal Innovation New Product Development Process", consisting of seven steps for large-scale new product development from concept development to production, the company develops and supplies the right products at the right time for its customers. It also explores new business models by analyzing the latest trends in domestic and global food markets and developing new products based on the outcomes.

Development Process of Newly Proposed Innovative Products

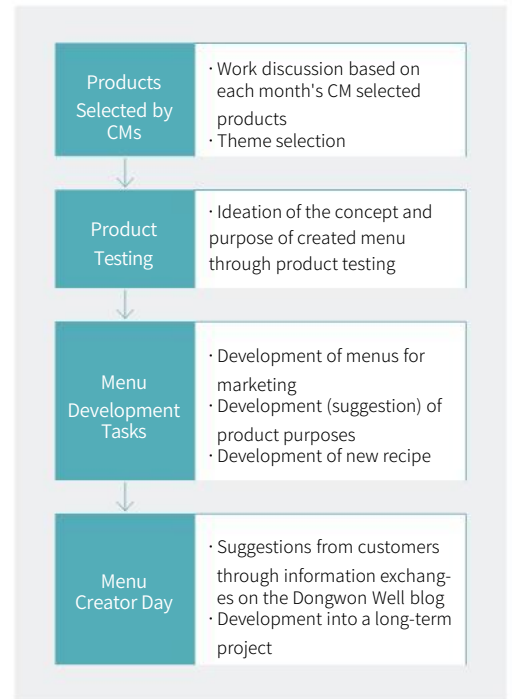


Dongwon Systems Technology Research Institute holds eco-friendly product development meetings once a month with the sales team. Through these meetings, the Institute reviews plans to apply eco-friendly materials to each field and establishes eco-friendly product development plans based on market analyses and trends in advanced technologies. Each stage of the development process undergoes review by the sales, production and quality teams, contributing to the enhancement of product stability and customer satisfaction. Furthermore, the Institute endeavors to maximize product quality by undertaking reliability assessments until submission of the final samples.

Operating the Menu Strategy Center

Dongwon F&B operates the Menu Strategy Center to constantly develop trendy products and keep up with the changes in consumers' tastes. Menu creators chosen within the center select a product and theme in each category and develop new menus that reflect the opinions of the CMs (category managers). The center suggests ideas for strengthening product competitiveness and product-derived ideas at least once a month and creates new recipes and sizzle reels for each cooking process. New products developed through this process are evaluated by the Dongwon Homemakers' Monitoring Mission on the Menu Creator Day and are used in Homemaker Ambassador Cooking Classes.

Work Process of Menu Creators



BUSINESS CASE

Targeting the Korean food HMR market with the natural tastes of ingredients

With the increasing number of people consuming HMRs and the growing expectations for HMR products, a greater variety of products are released along with market growth. In particular, sales of Korean food HMR products are constantly increasing with the preference for a well-made meal, such as *guk/tang/jjigae* and rice porridge. Dongwon F&B has reduced more than 20% of heat treatment time than before with the newly introduced advanced facility, developing *Yangban Guk/Tang/Jjigae* that retain the natural taste, flavor and texture of the ingredients while meeting consumer expectations. Thus far, *guk/tang/jjigae* had been exposed to heat for much too long in the production process, causing the ingredients to become mushy and the soup to taste bitter or stale, which caused customers to avoid the product. However, Dongwon F&B was able to overcome these limitations based on new facilities and an endless commitment to R&D. The company released a series of *guk/tang/jjigae* comprised of 14 items including "Chadol Yukgaejang" that contains beef brisket and large green onions and "Wang Galbitang" with prime ribs. In the latter half of the year, Dongwon F&B will release 7 new products including "Sura Chadol Yukgaejang", a premium *guk/tang/jjigae* with maximized ingredients. Dongwon F&B is devoted to becoming Korea's No.1 Korean food HMR brand through constant R&D.



DONGWON GROUP PRODUCTS R&D PERFORMANCE



Dongwon Group understands the value of health in its customers' lives, which is why it endeavors to provide safe and eco-friendly products. It also helps its customers lead better and fuller lives by making meaningful changes in small parts of their lives. Through continuous R&D and product innovation, Dongwon Group will offer its customers new values and an advanced living culture.

Eco-friendly/functional packaging materials

▶ Dongwon Systems

Developing eco-friendly products

- Developing biodegradable paper pouches → Applying and selling beauty product packaging materials

Developing functional products

- Developing super water-repellent yogurt seals → Developing the first super water-repellent seals with domestic technology, applying and selling to yogurt manufacturers

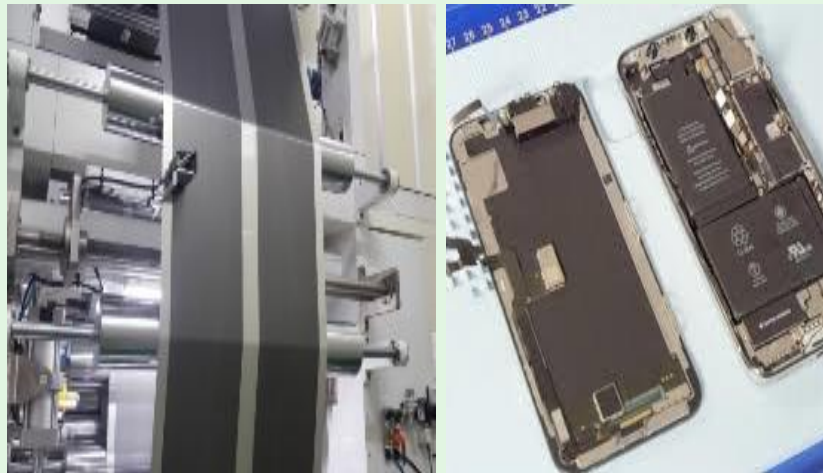
Rechargeable battery /coating materials

Developing rechargeable battery foil materials

- Developing rechargeable battery aluminum foil and carbon coated foil → Under review for approval of battery companies in Korea

Developing coating materials for electric and electronic equipments

- Developing coating products to improve heat dissipation function of smartphones
- Developing optical module films



Products Made with New Technologies

▶ Dongwon Home Food

BBQ (barbeque) Taste Extract

- Spice reacting to Maillard reaction using amino acids and sugars: Differentiates and secures competitiveness through independently-developed raw ingredients

Powder Seasoning for Chicken

- Seasoning oil coating technology: Controls melting of seasoning due to steam by coating powder surface with oil → Prevents hydration and loss of smell

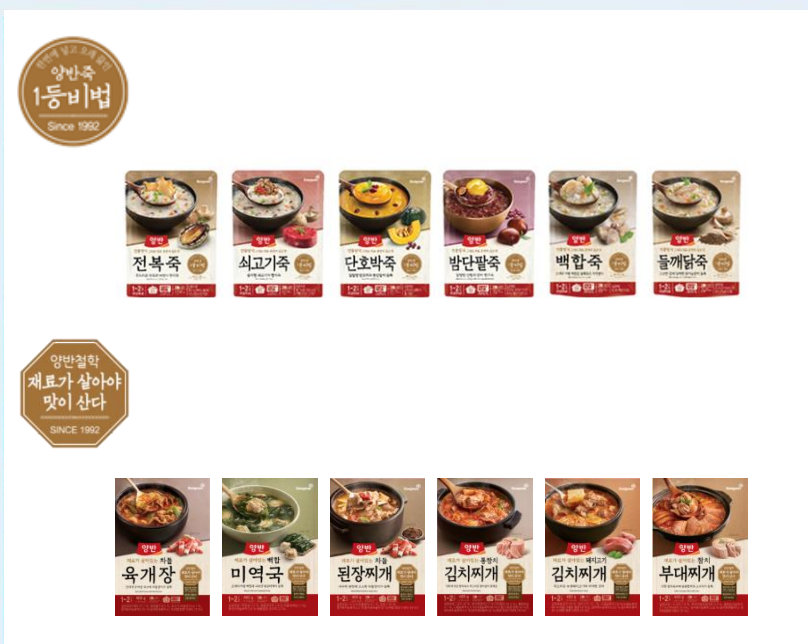
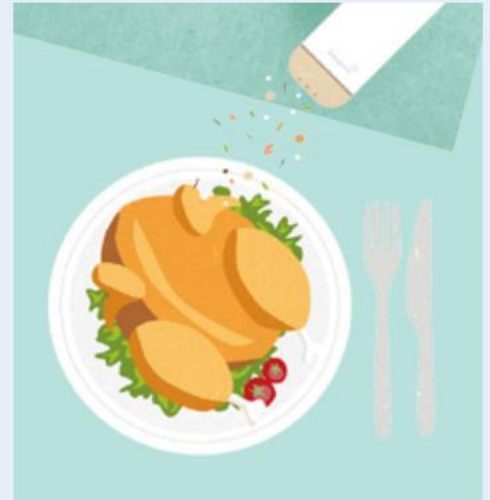
Gluten-free Chicken Powder

- Rice power pre-dust process: Creates wheat-like texture

▶ Dongwon f & B

Porridge Pouches

- Applied preprocessing and sterilization technology to retain the rice particles and characteristics of the original ingredients



Products in New Markets

▶ Dongwon f & B

Yangban Rice Porridge / Guk/Tang/Jjigae

- Sterilization technology with minimized heat treatment: First to apply the technology that minimizes heat treatment for guk/tang by adopting the advanced sterilization technique compared to before. Special preprocessing technology that retains the original characteristics of the ingredients: Retaining the unique flavor and texture of the original materials by implementing the preprocessing technology suitable for each characteristic of meat and vegetables.



Customer Satisfaction Management

Dongwon Group undertakes customer satisfaction management activities in an effort to respond to rapidly changing customer needs and market environment in a timely manner. It communicates with customers through diverse channels to win their trust and confidence, while communication outcomes are immediately reflected in the company's management activities. With the widespread use of online and mobile technologies in recent years, the company enhances customer satisfaction by offering a variety of Cutting-edge technology-based services such as artificial intelligence chatbots.

Strengthening the Customer Satisfaction System

Managing Customer Claims

For Dongwon Group, the feedback of customers is the most important asset in enhancing customer satisfaction. Dongwon F&B operates the customer complaint-handling process to minimize inconvenience for customers and handle any complaints in an accurate and prompt manner. The Customer Satisfaction Team at its headquarters aims to complete handling complaints within 48 hours of receiving them. The company has diversified its methods to promote customer satisfaction, such as customer visits, parcel delivery and refund.

Dongwon Construction Industry recognizes that the level of customer satisfaction can vary greatly depending on how the company responds to customer complaints particularly in the initial stages and how they are handled. Accordingly, it discerns quality-related reports from false or malicious complaints, while managing customer complaints in a systematic and fair manner based on its customer response manual.

Daily Customer Response Rate



84%
(Dongwon Home Food, As of the 2019)

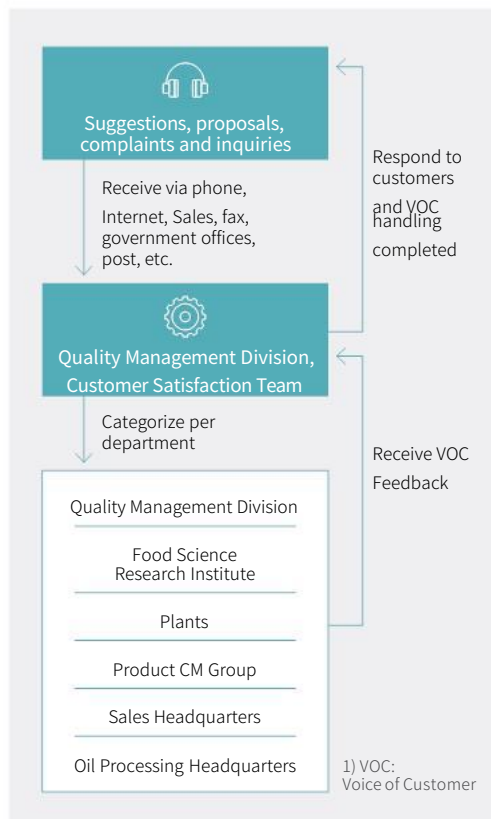
Enhancing Customer Service through DB Management of VOC Customer Information

Dongwon Home Food minimizes waiting time at the Customer Center through flexible assignment of VOC consulting personnel and professional consultants. It enhances customer satisfaction by managing and sharing records of customers' characteristics and VOC history. As a result of these efforts, the average daily response rate in 2019 was 84%, and Dongwon Home Food continues to make efforts in improving customer satisfaction.

Operating the VOC Forecast System

Dongwon Home Food proactively responds to customer claims by analyzing repeated complaints. It compares major issues and VOC of an upcoming month with the same month of the previous year to notify each team and part in advance. Accordingly, such issues are reflected upon relevant work processes and the company is able to manage and make improvements to the entire process from development to distribution.

Customer VOC¹⁾ Handling Process



Major Activities

- Establish VOC forecast notification plans for the upcoming month (Every first Thursday of each month)

Major Performance

- Reduced the number of reports on the same complaints by sharing major issues
- devising preparation measures and focusing on improving the identified issues

Future Plans

- Manage claim reduction targets by improving identified tasks and sharing outcomes; Form a database of relevant materials, and establish relevance and identify improvement tasks

Strengthen Customer Satisfaction Activities

Fostering CS Professionals

Providing customized consulting for each customer's complaints of Dongwon Group's products or services not only resolves customers' dissatisfaction but also becomes the driving force for securing lifelong clients. In this regard, Dongwon F&B holds regular CS training and helps its employees become certified "Consumer Adviser" or acquire other job-related certifications. At the same time, it analyzes and shares different types of claims arising in its plants and suppliers, followed by visiting the manufacturing plants concerned to hold on-site education on the types and causes of claims as well as awareness-raising on quality control to prevent recurrence.

Offering a Variety of Customer Services

Improving Customer Communication Channels

Dongwon F&B improved the caller-ID system used in customer service dept. so that the service center's number appears on the display.

This improvement enhanced convenience on the customers' end by enabling customers to immediately identify that the caller isn't a spam call or return the call if necessary. Furthermore, in consideration of customers who have blocked or do not answer calls from numbers beginning with an area code 080, the company has adopted the dual use of 080 numbers and general land-line numbers, thereby increasing the rate of successful calls.

Expanding Online Services

Following the widespread use of online and mobile services and an increase in the number of customers looking to use their time efficiently, product purchasing through online channels has increased in recent years. Accordingly, Dongwon F&B and Dongwon Home Food provide online distribution services through Dongwon Mall²⁾ and The Banchan³⁾/Kumchon Meat⁴⁾, respectively, delivering reliable products to customers when and where they want.

- 2) Korea's Representative Food Mall
'Dongwon Mall'
www.dongwonmall.com
- 3) No.1 Online Side Dish Mall
'The Banchan'
www.thebanchan.co.kr
- 4) Livestock Wholesale No.1
'Kumchon Meat'

Dongwon Online Tour



BUSINESS CASE

Providing Digital Technology-based Services

In May 2017, Dongwon F&B launched an artificial intelligence (AI) food chatbot named "Foody". As a chatbot ("chatting robot") service built based on IBM Watson, one of the world's leading cognitive computing systems, Foody is able to accurately analyze the user's question and intention in order to provide the optimal answer based on AI technology. A combination of words "Food" and "Buddy", the name Foody signifies that Dongwon F&B will provide to its customers a variety of unique and differentiated services through its chatbot.

Customers can ask Foody all kinds of questions regarding their orders such as payment, delivery and exchange, as well as membership services including points and coupons, using the chatbot consultation service on the company website. Upon analyzing and interpreting customers' questions, Foody will provide the best answers. Through Foody, Dongwon F&B will continue to provide customer services on a 24/7 basis.



AI Consultation Service 'Foody'

Promoting online communication with customers

Dongwon Group is actively communicating with customers through the integrated communication platform “Media Dongwon”, YouTube channel “Dongwon TV”, and Facebook page. To provide useful information that customers of all ages can relate to, the company produces various contents such as videos, texts, and images.

With these efforts, Dongwon Group received the grand prize in the group category of the 12th Korea Internet Communication Award and the silver prize at the IBA Award for websites in 2019. Dongwon will continue to communicate with customers by promptly responding to changes in the online communication environment.

Media Dongwon

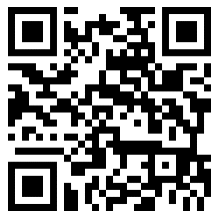
In 2019, Dongwon Group opened the corporate media channel “Media Dongwon” (www.dongwon.com), an integration of its blog and website. Media Dongwon provides various contents for internal and external communication including official press releases to promote communication with stakeholders. It also sends newsletters with various contents of Dongwon Group every month to subscribers.

Dongwon YouTube Channel

As the preference in content consumption has shifted to videos, Dongwon Group presents various videos on its YouTube channel “Dongwon TV”. The company vividly captures the dynamic scenes of business and employees working hard in their positions. Dongwon actively communicates with Generation MZ through interesting and fun videos that provide information beyond just promotional contents.



Media Dongwon



Dongwon TV

Media Dongwon



Dongwon TV video contents



Brand Social Media

Dongwon Group runs social media channels of various B2C brands. Dongwon’s signature brand Dongwon Tuna, as well as Richam, Denmark, Dongwon Mall, Nutriplan, The Banchan, and Crispy Fresh are communicating with customers on Instagram or Facebook.

Strengthening Customer Information Protection Management

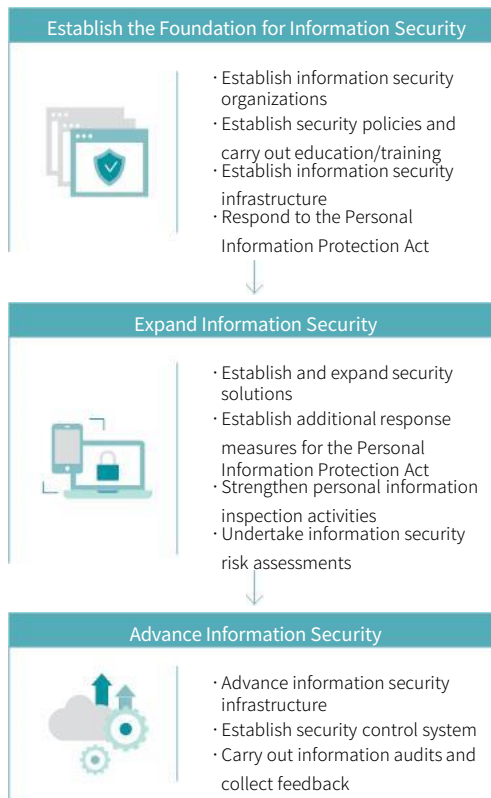
Information Security System

Customer data breach not only causes material and emotional damage to customers but economic loss for companies in the form of reputational damage and a decrease in revenue. In this regard, Dongwon Group has established an information security roadmap and implements various measures to safeguard its customers' personal information. Such measures include encryption of database as well as SSL¹⁾, DLP²⁾ and DRM³⁾ for leakage prevention. The company will further strengthen information security through self-initiated assessment and training on personal information protection in cooperation with relevant divisions in its subsidiaries.

To safely protect customer information, Dongwon F&B has organized and operates the Information Protection Team, responsible for personal information protection. It also underwent information security management system (ISMS⁴⁾) certified by the government. As of September 2018, it has completed the certification audit and is pending approval. After obtaining approval, the company will operate the system in a way that enables renewal of certification on a regular basis.

- 1) SSL (Secure Sockets Layer):
The standard security technology for establishing an encrypted link between a web server and a browser
- 2) DLP (Data Loss Prevention)
A set of tools and processes used to ensure that sensitive data is not lost, misused, or accessed by unauthorized users
- 3) DRM (Digital Rights Management):
A set of access control technologies for restricting the use of proprietary hardware and copyrighted works
- 4) ISMS (Information Security Management System certification):
A set of frameworks that contain policies and procedures for tackling security risks in an organization

Information Security Roadmap



Improving Information Protection

Dongwon Group undertakes various activities on an ongoing basis to spread a culture of information security. Dongwon F&B improves information protection through information protection consulting, security training, sharing of the latest security issues and other security-related activities. In terms of its internal system, the company enforces stronger security by allowing the use of only one ID per employee and blocking access from terminals other than those of designated persons in charge. In addition, the company offers information security education to organizations in charge of information protection, while undertaking security inspections each month ("Clean Desk") to strengthen information security.

Information Security Training Program

Basic Training (Perception and Awareness)

- General information and knowledge on information security
- Major policies, laws and regulations on information security
- Guidelines on information security, etc.

Job Training

- (Security Manager in each company, as needed throughout the year) Information security training according to different job characteristics of each subsidiary
- (IT Security Officers, as needed throughout the year) Education on establishing and operating information security systems, preventing hacking and technology leakage, etc.
- (Personal Information Handlers, twice per year) Regular training for personal information handlers in each company



Guidelines on information security



Environmental Management

Global warming is causing an increase in temperatures around the world and no single country is unaffected by this global phenomenon. In this regard, business operations without consideration for sustainability may have a significant impact on the global ecosystem. In an effort to reduce the environmental impact of its operations, Dongwon Group implements strict environmental management throughout the entire lifecycle of its products by reducing greenhouse gas (GHG) emissions and water consumption and effectively managing the use of water resources. It also seeks to fulfill its corporate responsibilities regarding environmental impact.

Establishment of Environmental Management Strategy

Each subsidiary of Dongwon Group has established its own environmental management targets, according to which implementation tasks are selected and undertaken. For each business division, a department is selected to manage environmental risks, identify areas for development and make improvements, so that each company can effectively implement environmental management on an ongoing basis.

Environmental Management Execution Tasks



Responding to Climate Change

As consumers experience abnormal weather and rising temperatures caused by climate change, they are becoming increasingly aware of the seriousness of climate change as a global problem. Against this backdrop, Dongwon Group reduces its energy consumption and GHG emissions by establishing GHG reduction plans for each business site, increasing the energy efficiency of existing facilities and introducing GHG reduction facilities.

At the same time, Dongwon Group manages its energy use in accordance with the Administrative Guidelines for the Greenhouse Gas Target Management System. It will gradually increase investments in measures to improve energy efficiency by, for instance, improving the facilities installed in the plants and replacing outdated equipment.

GHG Emission Reduction throughout the Entire Life Cycle

Reducing GHG Emissions in the Production Process

Hot water used in Dongwon F&B's Jeongeup Plant is mostly water and steam. Due to an increase in the amount of production, the use of hot water also increased, leading to an increase in LPG consumption. Thus, the company has installed a waste heat recovery and recycling system in air compressors to reduce energy consumption and greenhouse gas emissions. The waste heat recovery apparatus in air compressors can produce hot water up to certain temperatures by recovering high-temperature air and oil waste heat generated during compression while air compressors are operated.

The hot water made with waste heat is used to supplement boiler water and supplied to parts of the plant where hot water is needed, e.g. cleaning water for production processes [30 tons/day], thereby reducing LPG consumption. Currently, the waste heat recovery apparatus has been installed in two 100HP air compressors, supplying water to hot water storage tanks, using it in the plant through pressure pumps. As a result, the company has been able to reduce not only energy consumption but also carbon dioxide (CO₂) emissions by 144 tCO₂ eq.

Reducing GHG in the Transportation Process

Dongwon LOEX minimizes greenhouse gas emissions by improving the efficiency of transportation through route optimization, delivery in metropolitan areas and joint transportation-delivery system. It also encourages replacement of old diesel vehicles with new ones by providing financial support, in an effort to help reduce the emission of exhaust gases from old diesel vehicles which has been a serious social issue in recent years. The company also pursues eco-friendly logistics through diverse energy reduction activities such as installing air spoilers, using cool storage vehicles and two-post lift cars, and introducing eco-friendly car washes.

Steam and water flow meters have also been installed and are monitored in each process and equipment, enabling the estimation of steam and water consumption to realize optimized electricity and water control in process operations.

Green Logistics Implementation Tasks

Improving the Transportation System

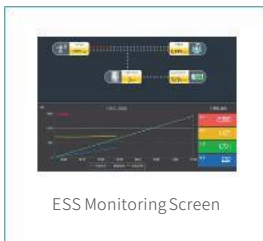
- Reduce movement distance through delivery in metropolitan areas
- Perform transportation and delivery simultaneously
- Introduce transportation affiliation business
- Establish a new logistics hub (Gangneung)
- Advance the GHG system
- Encourage efficient operation by introducing picking equipment
- Encourage eco-driving in cooperating companies

Replacing and Improving Old Facilities

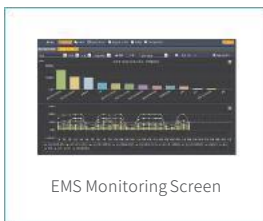
- Replace three wave-length lights with LED
- Install solar panels on the rooftop of the Logistics Center
- Replace and dismantle old cars
- Introduce low-temperature coolcontainers
- Expand car wash facilities

Energy Storage System–Energy Management System (ESS-EMS)

Dongwon F&B's Asan Plant has established the ESS-EMS (Energy Storage System–Energy Management System) for efficient use of electricity and optimization of process operations. This system is capable of real-time monitoring of the charging state and errors in energy storage equipment, linking them to the amount of energy consumption in process operations to reduce electricity consumption and reduce/share peak energy load.



ESS Monitoring Screen



EMS Monitoring Screen

Environmental Safety Management System Certification Status (As of 2019)

Classification	KOSHA18801	OHSAS18001	ISO14001	ISO/FSSC22000
Dongwon F&B		Changwon, Seongnam, Gwangju, Jincheon, Yeoncheon, Jungbu, Asan, Cheongju, Suwon, Jeongeup, Gangjin		Jincheon, Cheongju
Dongwon Home Food				Asan, Chungju
Dongwon Systems	Jincheon, Haman	Asan	Jincheon, Hanam, Asan, Gongju (Bomul-ri), Gongju (Sahyun-ri)	Jincheon, Haman, Asan, Hoengseong
Techpack Solutions			Gunsan, Icheon	Gunsan, Icheon, Hanam, Eumseong
Dongwon LOEX	Busan, Incheon, Jungbu, Seonam, Yeongnam, DPCT			

Increasing Energy Efficiency

Dongwon F&B responds to climate change by continuously investing in measures to improve energy efficiency. Such measures include improving facilities in its business sites and replacing old equipment.

1) Heats water using residual heat of exhaust fumes from boilers

Energy Reduction Cases	Before Improvement	After Improvement	Expected Energy Production
Replacement of old Eva-Con for cooling refrigerants in freezers (Implemented in November 2018)	Reduction of heating power of existing (4) Eva-Con by 70%	· Reduce energy consumption and operating time by replacing existing (2) Eva-Con with high-efficiency Eva-Con	32,381,000 KRW won/year
System construction for recovery and recycling of waste heat in air compressors (Implemented in October 2018)	Increased LNG consumption following an increase in the need for hot water	· Supply hot water made with waste heat to hot water storage tank and use in production process	2,076 GJ/year
Energy Reduction Cases	Before Improvement	After Improvement	Energy Reduction Performance
Recovery and recycling of waste heat from freezers (Implemented in December 2016)	Increased fuel consumption due to supply of steam heating to LNG boilers	· Waste heat recovery apparatus installed in (2) freezers · Increase water temperature through pre-heaters and supply to boilers	45,786,000 KRW won/year
Recovery and recycling of waste heat by installing economizers ¹⁾ in (2) 5-ton boilers (Implemented in December 2014)	Need to supply water separately to reduce the temperature of exhaust fumes	· Recover exhaust fumes in high-temperature and use in producing hot water, then directly supply to water for boilers	22,157,000 KRW won/year

Developing Eco-friendly Packaging

There are rising demands for eco-friendly packaging as more consumers recognize environmental pollution from reckless use of packaging materials as a serious problem and stronger regulations on related matters are implemented. In this regard, Dongwon Group will develop and apply eco-friendly packaging that considers energy consumption and environmental pollution throughout the entire life cycle of products from development to production and distribution to consumption and disposal.



Eco-friendly Packaging Development Process

Yangban Seasoned Laver Eco-Friendly Package removed previously-used the inside plastic container used to protect the content from external impact, which reduced the volume of the package and total use of plastic film and paper used for the product packaging. Yangban Seasoned Laver Eco-Friendly Package is the first Korean seasoned laver package to implement the “laser cutting film”, thereby resolving the issue of breaking the delicate food contents in the process of opening the product. This film is a packaging material made to be ripped easily by creating a dotted line with small dots on the outside of the film using high-temperature laser. It is developed based on 2 years of research by Dongwon Systems, the group’s total packaging materials company. Yangban Seasoned Laver Eco-Friendly Package can be cut along the dotted line easily with both hands so that there is no damage to the seasoned laver. According to Nielsen Korea, the annual sales volume of seasoned laver in Korea last year was over 650 million units. The plastic that comes from this amount weighs approximately 3,055 ton. Dongwon F&B will continue to gradually apply the eco-friendly package to other Yangban seasoned laver products.

Eco-friendly Packaging of Dongwon F&B



To improve plastic packaging materials that are recently becoming a social issue, Dongwon Systems has developed and released Korea’s first functional biodegradable packaging material in August 2019 based on constant R&D for the “Eco-friendly Packaging” project. This accomplishment led the company to receive the Presidential award at the 16th Korea New Growth Management Awards. The company is making continuous efforts to carry out the eco-friendly packaging project as a social enterprise.

Eco-friendly method of Dongwon Systems

Dongwon Systems’ eco-friendly packaging materials (Eco-Sobre)



Functional biodegradable packaging materials

Comprised of paper and film, decomposing more than 90% within 2 years



Eco-friendly process

Using water-soluble ink that does not use solvents harmful to human body

Eco-friendly Development Measures by Dongwon Systems

Classification	Major Implementation Plans
Reduction and Removal	<ul style="list-style-type: none"> · Reduce the thickness of and remove films unnecessary for pouches · Reduce the consumption of raw/subsidiary materials (reducing the weight of PET and glass containers, etc.) · Comply with the legal product-packaging ratio for paper boxes · Simplify the manufacturing process
Recycling and Reuse	<ul style="list-style-type: none"> · Develop recyclable packaging materials to replace plastics · Develop packaging materials that can be easily sorted for waste disposal · Develop recycling measures for PET, CAN and glass containers · Develop packaging materials that can extend expiration date of products · Develop packaging making it easier for consumers to handle leftover food
Eco-friendly Packaging for landfill	<ul style="list-style-type: none"> · Develop biodegradable, biomass packaging film
Eco-friendly Methods	<ul style="list-style-type: none"> · Use the natural adhesiveness of raw ingredients by applying production methods free of hazardous solvents · Use eco-friendly (alcohol, water soluble) materials

Minimize Environmental Impact

Managing the Entire Process of Water usage

Establishing the Water Resource Reuse and Analysis System

Dongwon F&B's Suwon plant measures and monitors in real time the amount of water used or discarded throughout the cleaning, sterilizing and pasteurizing process of beverages manufactured. This allows the company to control water consumption throughout the processes and increase its water reuse rate.

Managing Wastewater Discharge

Dongwon F&B makes continuous investments in wastewater treatment facilities in order to safely treat wastewater generated in its product manufacturing process and reduce the generation of pollutants. Through a pilot operation of wastewater treatment in its Suwon Plant, the company confirmed the reduction of pollution as well as a decrease in chemical consumption, contributing to wastewater treatment by increasing the efficiency of water content due to improvements in relevant facilities. Furthermore, the company analyzes water consumption in each production process unit, the fundamental cause for increase in wastewater, thereby exploring and implementing measures to reduce water usage and wastewater discharge at the same time.

Reducing Odors from Wastewater

The Changwon Plant of Dongwon F&B has made continuous investments to reduce odors caused by its wastewater treatment facility, in an effort to minimize complaints from local residents. All wastewater treatment processes are undertaken in a completely closed setting to prevent odor leakage, while odor reduction equipment has been installed and resulted in reducing over 80% of odor concentration from pre-installation.

Generating Resources Out of Waste

Dongwon F&B plays a leading role in making resources out of waste by recycling over 98% of the waste generated in its

production processes. One hundred percent of tuna fish waste (red meat, skin, intestines, etc.) generated in the tuna can processing process is recycled as raw materials for fish feed. Waste oil disposed of after being used as operating oil in freezer rooms is also recycled after undergoing a refining process. At the same time, the company installed dry fermentation to reduce the amount of sludge generated in waste water treatment process, and as a result, sludge was reduced by over 70% and recycled as raw materials for compost and the amount of waste water was also reduced. Dongwon F&B will continue generating resources out of waste.

Managing Environmental Impact on the Ecosystem

In an effort to reduce the environmental impact caused by its operations, Dongwon Industries complies with both domestic and international regulations, and endeavors to maintain a sustainable ecosystem by establishing internal guidelines.

Preserving Biodiversity

Most notably, the company seeks to preserve biodiversity by complying with the Guidelines on Bycatch Handling of its Oceans and Marine Business Unit, while having its purse seiners operating in the Indian and Atlantic Oceans south of 25 degrees latitude, where many seabirds are found, attach weights weighing at least 45g within 1m of hooks as a measure to reduce seabird bycatch. Since April 2018, the company has ensured that devices that may threaten the marine ecosystem as defined under the ISSF Guide for Non-Entangling FADs (2013) are neither loaded nor used on its vessels, while complying with the Guide when manufacturing new devices.

Preventing Marine Pollution

The company ensures strict management of waste that may impact the marine ecosystem and adherence to waste treatment processes so that no waste of any kind is discarded into the sea in the waters where it operates. By installing incinerators on each vessel, the company incinerates all waste that can be burned. It also prevents environmental accidents by managing the supply and demand for oil and establishing response procedures in case of oil leakage.

BUSINESS CASE

SeaBOS, Efforts for the sustainable fishing industry

Dongwon Industries was selected as a Keystone Actor, one of the 10 most influential global seafood companies of the world and became a founding member of SeaBOS (Seafood Business for Ocean Stewardship) to pursue sustainable and healthy oceans in 2016. SeaBOS has established task forces in total six areas, striving to bring about change led by private enterprises. The six areas include eradicating illegal fishing and forced labor, improving traceability of global fisheries, collaborating with the government to improve the fishing industry, governance, managing use of plastic, and responding to climate change. Dongwon Industries will continue to make efforts in leading the industry toward the right direction while setting an example as a global standard.





Talent Management

For a company to achieve growth while responding adequately to rapidly changing external environments, it must continuously hire talented people and let its constituents develop their personal capacity at the same time. In this regard, Dongwon Group has established an organizational culture in which its constituents work relentlessly to strengthen their competitiveness, while enhancing their job satisfaction through fair assessment of performance and compensation.

Fair Employment

Employing Talent Based on Job Competency

Based on the fundamental values of diversity, human dignity, gender equality and equal opportunity of employment, Dongwon Group implements open employment through transparent and fair means. The company hires employees based strictly on its idea of talent and the candidates' job competency by excluding factors for judging qualifications or credentials in document screening and interviews. Furthermore, it creates jobs through various forms of employment by hiring part-time and telecommuting workers, while developing work that requires the expertise and know-how of senior workers. At the same time, the company operates an internship system, offering interns the opportunities to carry out tasks and gain firsthand experience. Upon completion of the internship program, the company decides whether to offer employment after a fair assessment process.

1) DWBS (Dongwon Bio-data Survey)

Recruitment Procedure



Fostering Professional Talent

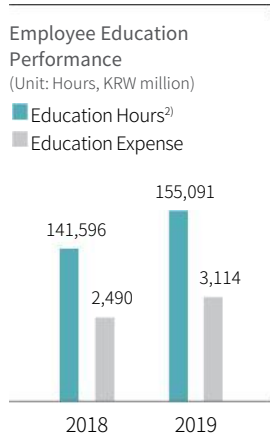
Talent Fostering Strategies

Dongwon Group seeks to become a sustainable company by fostering professional, entrepreneurial talent and strengthening its organizational strength. To this end, it focuses on reinforcing the competencies of its employees based on the following talent-fostering strategies.



Talent-Fostering Process

In order to foster “Dongwon Employee” equipped with professional and diverse qualities, Dongwon Group has established a stage-by-stage educational program focusing on foundation, job skills, leadership, core talent and global competency. In particular, its programs deliver the company’s core values and organizational culture to facilitate the continued growth of individuals and the company. It also offers job training programs in the areas of planning, sales, production and research, helping employees develop job skills.



2) Based on Offline Education

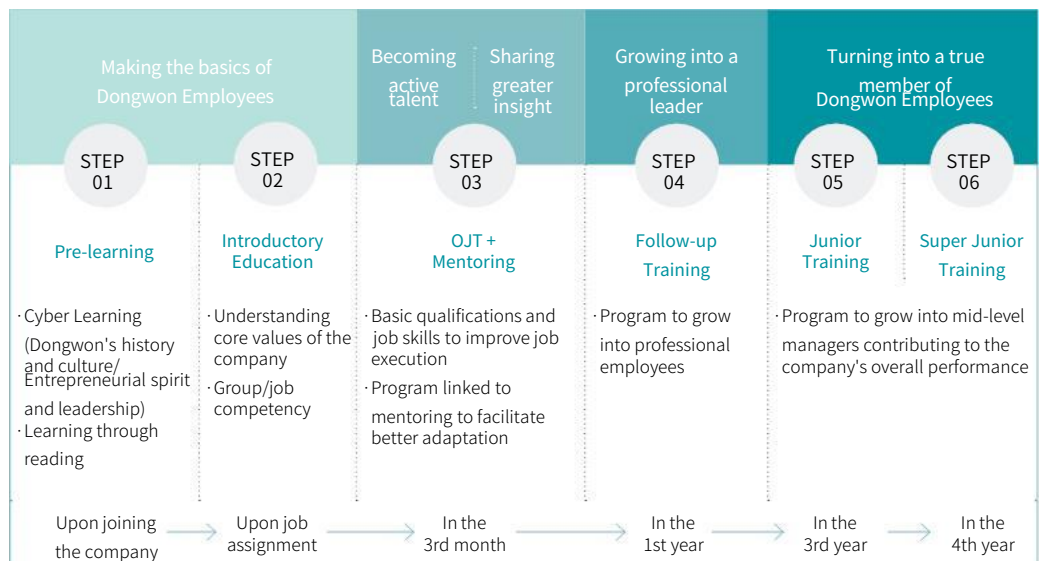
Talent Development Steps



New Employee Caring Program

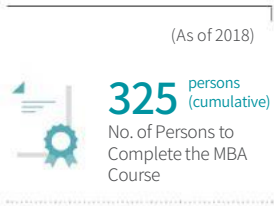
Dongwon Group operates an on-boarding system for new employees to help them settle down after joining the company and pursue self-development based on Dongwon's idea of talent. Through this program, the company supports new employees' adaptation to the organizational culture to grow into the company's core talent.

On-boarding Program for New Employees



Core Talent Program

Dongwon Group offers systematic and efficient HR development programs to foster core talent who will lead the future of Dongwon.



Dongwon MBA Program

Purpose
 Fostering global entrepreneurial leaders that can apply the latest technological trends to practical business and make future accomplishments (cultivating the "Pi(π) talent" equipped with well-balanced practical skills and global competencies)

Composition of the Program
 Providing education that applies key digital technologies such as AI, big data, and platform business to practical corporate management affairs in addition to the current MBA program, such as global management, marketing, finance, corporate social responsibility (CSR), etc.

Performance in 2017
 The MBA program was offered to assistant manager- and manager-level employees as an intensive one-year course. In 2017, 25 employees completed the program.

Global Talent Development Program

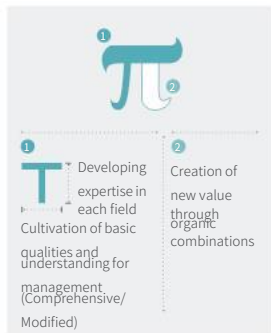
Purpose
 Foster talent equipped with global strength and competitiveness in line with the Group's rapid expansion of overseas businesses

Eligibility
 A two-month program for employees verified as top professionals in each field

Composition of the Program
 Global business manners, understanding other cultures, business conversation skills and other academic programs

Performance in 2019
 Programs on understanding different cultures, business conversational skills and job expertise 10 persons completed in 2019

1) The 'Pi (π)' Talent



Junior Dream Academy

Purpose
 Foster entrepreneurial global leaders create future result by incorporating the latest technology trends in to the working level business ("pi (π)" talent with a balance of qualities)

Composition of the Program
 Provide education that combines core digital technologies such as AI, big data, and platform business with corporate management practices to existing MBA degree courses such as global management, marketing, finance, and corporate social responsibility (CSR).

Performance in 2019
 5 participants are currently participating in the U.S. CAL-IMT MBA program as of 2019

Dongwon Specialization Program

Since 2014, Dongwon Group has offered a specialization program for employees to acquire the knowledge and qualities (Dongwon "DNA") required of Dongwon Employee. The program consists of the following areas: "D (Dongwonism; the Dongwon spirit and code of conduct)", "N (Newspapers; development of comprehensive thinking and judgment abilities through acquisition of balanced information)" and "A (Accounting; the ability to quantify performance by acquiring knowledge on finance and accounting)".

their own fields and comprehensive knowledge in a wide range of areas ("pi (π)" talent with a balance of qualities)

VOICE OF STAKEHOLDERS

“ Through Dongwon Group's Global Talent Development Program, I have acquired global competitiveness and become an “All-round Player” on the global stage.

I work in New Jersey where people of all backgrounds and countries live together, forming an extremely competitive food market both in wholesale and retail. My responsibilities here include introducing and distributing Dongwon F&B's products, conducting local market surveys and developing new products. Working in an overseas branch requires being an “all-round player”, needing to achieve performance in a limited setting and using limited resources compared to headquarters. From this perspective, learning about business manners and foreign cultures through the Global Talent Development Program prior to being assigned to my current position has been practically helpful for me in working with people from diverse cultural backgrounds. I hope that the Global Talent Development Program will be expanded in the future, benefitting more future leaders of Global Dongwon.



Dongwon F&B DW Global, United States
 Yoon-Pyo Hong, Manager

Fostering In-house Lecturers

Dongwon Group secures highly-qualified in-house lecturers through the Dongwon In-house Lecturer Program for employees with extensive professional knowledge and experience. In-house lecturers provide other employees with field-oriented education having direct association with performance, thereby helping individuals and the company as a whole to strengthen capacity and initiate growth. In particular, they participate in new employee training, job training, job open training and other major training programs as lecturers.

Purpose of Operation of In-house Lecturers



Fair Performance Assessment and Compensation

Dongwon Group conducts annual performance evaluation and provides compensation accordingly. It ensures fairness of wage increase and allocation of incentive resources by operating an organizational evaluation system, while strengthening the performance-based compensation system. More specifically, the scope of evaluation of performance and competency is divided in terms of compensation and development. The Group conducts an organizational evaluation according to the size of each company to determine the final scope of compensation. In particular, performance evaluation is reflected on basic salary adjustment and incentives, while comprehensive evaluation including competency evaluation is reflected on promotion.

Compensation including salary increase and incentives is paid differentially according to a fair distribution ratio reflecting company evaluation, organizational evaluation and individual evaluation in an overall and transparent manner. In order to minimize conflicts of interest, the company has introduced an interim interview system through which employees can agree on the goals for the following year, examine the current status, and share opinions and provide feedback on the final evaluation.

Performance Evaluation Ratio
(Dongwon Group,
Based on Office Workers)

100 %



BUSINESS CASE

Learning and Growing Together through the 'Thursday Seminar'

Since 1974, Dongwon Group has held the Thursday Seminar with the purpose of laying the "foundation for learning and growing together". A part of Dongwon's proud corporate culture and a symbol of its corporate philosophy, the Thursday Seminar was born out of the belief that it is more important for a group of average people to work together in harmony than for a single genius to shine. In a complex society, cooperating and achieving harmony is the way to creating performance and attaining organizational goals.

Since the launch of the Thursday Seminar, 564 prominent figures from various fields have been invited to speak on a wide range of topics from innovation, strategies, challenges, the humanities, communication and creativity. A total of 149,760 minutes have been spent, inspiring Dongwon's employees to grow further and take steps forward. The Thursday Seminar will continue to help employees respond promptly to fast-changing business environments and provide a platform for information-sharing and communication.



Number of Seminars Held

2,214



Total Time

149,760minutes



Number of Speakers Invited

564 people

(As of October2020)



Supply Chain Management

The relationship between a company and its suppliers is changing from a supplier-purchaser relationship to a partnership seeking mutual growth. Cooperation with suppliers can be a major strategy for a company to increase its cost and quality competitiveness. On the other hand, companies are perceived to be responsible for negative issues associated with their suppliers, such as faulty products produced by suppliers or human rights violations, which may affect the company value negatively. As such, Dongwon Group builds the basis for strong cooperation with its supply chain by selecting and evaluating suppliers through a fair process.

Supplier Assessment System

In order to select and manage its supply chain in a fair manner, Dongwon Group establishes and implements different strategies in each subsidiary, and the company conducts regular assessments and provides customized management to facilitate the overall growth of its suppliers.

Evaluation of Supplier CSR

Evaluation Targets

Beginning in 2018, Dongwon Home Food has conducted an annual evaluation of all suppliers which have business transactions with the company.

Dongwon Systems uses a self-developed evaluation tool to select suppliers of raw materials such as aluminum and glass, flexible packaging materials and printing materials, irrespective of the purchase amount. It also undertakes comprehensive evaluations to decide whether to continue business with existing suppliers.

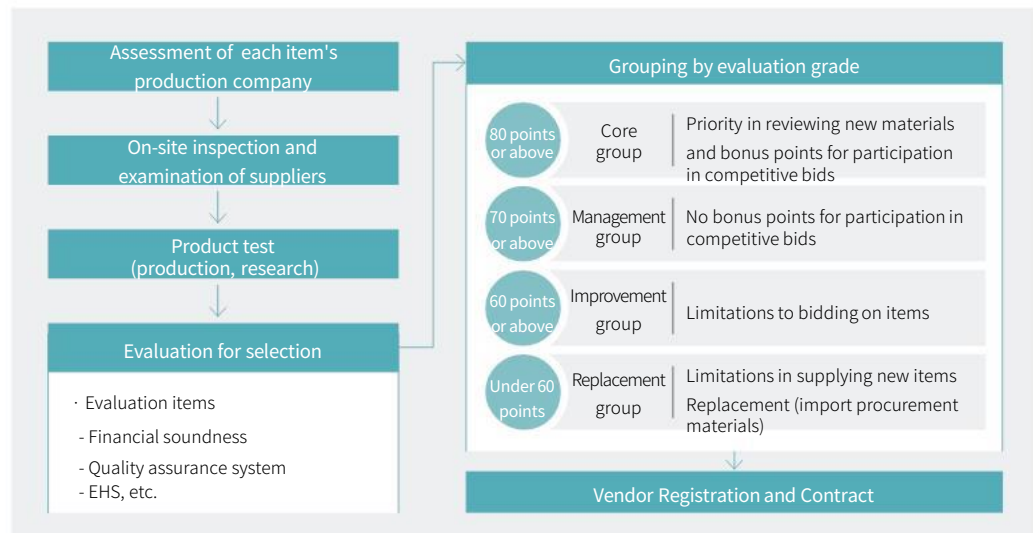
Evaluation Standards

Evaluation of Quality, Production and Product Safety

At Dongwon Home Food, evaluation items include quality, on-time delivery and transparent management. For suppliers of raw ingredients, in particular, the company includes food safety evaluation results in the evaluation items.

In evaluating new suppliers, Dongwon Systems examines quality-related items such as product differentiation and quality. Existing suppliers are evaluated on their credit rating, technological assessment and quality assurance system. The company suspends business transactions with suppliers that receive less than 60 points in the evaluation, while providing incentives in competitive bids for those suppliers that receive 80 or more points. Furthermore, the company requests suppliers to conduct a self-assessment of facilities and environmental management in ten areas, including the current status on industrial safety management, fire prevention facilities, discharge of hazardous substances and waste management.

Dongwon Systems Regular Assessment Process



Dongwon Industries evaluates its suppliers through a comprehensive examination of product quality, technologies, response ability and delivery. When selecting new suppliers, the Distribution Headquarters sets the selection criteria with Marketing and Quality Control (QC), focusing most on the candidate's quality and production management capacity. In doing so, the Logistics Headquarters considers not only price-related factors but the candidate's proposals, scope and business experience through multi-dimensional evaluation. Evaluation items for existing suppliers include surveys answered by employees in charge of supplier management and by supplier's employees, mispick rate and picking productivity. For outstanding suppliers selected, the company provides financial reward and medals.

Social and Environmental Impact Assessment of

Suppliers

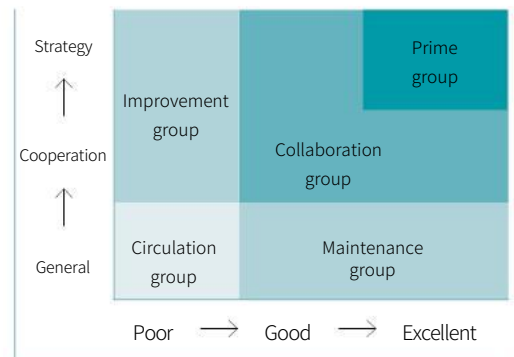
Dongwon Systems provides the Safety, Health, and Environment Self Evaluation List to its suppliers in order to help them prevent environmental and safety risks and voluntarily strengthen SHE management. The checklist is categorized into ten areas including industrial safety, emergencies, firefighting facilities, industrial health, hazardous substances and environmental facility management, and consists of 21 additional items.

Dongwon Industries considers the status of transparent management in selecting its suppliers. In particular, it ensures the soundness of its supply chain by strictly prohibiting unfair practices that hinder free competition in bidding, such as bid-rigging or price-fixing.

Evaluation and Follow-up Measures

In order to reduce potential risks in the supply chain, regular assessments of suppliers are carried out and reflected in their comprehensive evaluation. Based on the evaluation results and analysis thereof, suppliers are granted different ratings, according to which they receive either incentives or penalties. When an improvement is needed in particular area, the company recommends to take appropriate measures and continuously follow up by monitoring improvement activities, after which the company determines whether or not to renew the contract with the supplier concerned. Dongwon F&B categorizes its suppliers by business type and applies different evaluation items according to the characteristics of the type of business. The company evaluates its suppliers' performance in connection with its own business strategies, based on which it analyzes each supplier's level of importance and manages them according to their characteristics. Such customized supplier management system can enhance the suppliers' competitiveness, which ultimately leads to a stronger supply chain and higher-quality products.

Dongwon Home Food's Supplier Differentiation Strategy



Sustainability manAgeMent Governance



Sound Corporate Governance	72p
Integrity Management	73p
Risk Management	75p

Sound Corporate Governance

Operation of the Board of Directors

In 2001, Dongwon Group transitioned to a holding company system by establishing Dongwon Enterprise Co., Ltd. in an effort to strengthen the efficiency of management and independence of its subsidiaries, as well as to solidify responsible management in each of their business divisions. The Board of Directors (BOD) of Dongwon Enterprise is the highest decision-making body of the company with a high level of expertise and independence. The BOD consists of three executive directors and one outside director, the CEO is the Chair of the Board.

BOD Status

(As of the end of September 2018)

Classification	Name	Job Position	Area of Specialty	Term in Office	Major Career Experience
Executive Director (BOD Chair)	Park, Moon Su	President	CEO	16 years and 6 months	<ul style="list-style-type: none"> · Sungkyunkwan University (B.A. in Business Administration) · Chung-Ang University · Head of Finance, Dongwon Industries
Executive Director	Kim, Nam Jung	Vice Chairman	Business Management	9 years and 9 months	<ul style="list-style-type: none"> · Korea University (B.A. in Sociology) · University of Michigan (M.B.A.) · Head of Management Support, Dongwon Industries
Executive Director	Park, In Gu	Vice Chairman	CEO	13 years and 9 months	<ul style="list-style-type: none"> · Chosun University (B.A. in Law) · USC (M.A. in Public Administration) · Vice Commissioner, Ministry of Trade, Industry and Energy · CEO, Dongwon F&B
Outside Director	Yun, Jong Rok	Outside Director	Outside Director	2 months	<ul style="list-style-type: none"> · Yonsei University (M.A. in Electronic Engineering) · President, National IT Industry Promotion Agency
Auditor	Shin, Jong Min	Auditor	Auditor	4 months	<ul style="list-style-type: none"> · Korea Aerospace University (B.A. in Management) · Homeplus Audit division

Activities of the BOD

The BOD of Dongwon Enterprise convenes regular meetings and provisional meetings when needed. In 2019, a total of 38 BOD meetings were held, with 100% attendance rate, to discuss various agenda items including resolutions to convene regular general shareholders' meetings. Directors are required to obtain prior approval from the Board to utilize any business opportunities that may benefit the company now or in the future. The Board also manages and supervises conflicts of interest in accordance with Articles 397 and 398 of the Commercial Act and other relevant laws and regulations.

Directors' remuneration is determined by the resolution of the general meeting of shareholders in accordance with the Articles of Incorporation, and their payment upon retirement is arranged according to the executive retirement allowance regulations passed by the general shareholders meeting. In 2019, the average remuneration per director was KRW 409million.

Independence of the Auditor

Dongwon Enterprise does not operate a separate Audit Committee but one auditor appointed by the resolution of the general shareholders meeting performs audits. The auditor may independently supervise the directors' work by attending BOD meetings and books and related documents are required to be submitted by relevant departments in relation to the company's overall business affairs. In addition, the auditor may receive reports from the company regarding its businesses and access management information through appropriate means.

In addition, the auditor may supervise the directors' execution of duties, attend BOD meetings and provide statements, and request provisional meetings to be convened by submitting a written statement with the purpose and reasons for such meetings to the BOD. In performing such matters, the auditor may, as required, request the directors to report on the company's businesses or investigate the company's state of affairs and financial status.



38 times
Board Meetings
Held (2019)



100 %
Directors'
Attendance Rate

Integrity Management

Integrity Management System

Dongwon Group operates an integrity management system consisting of the Ethics Charter, Code of Ethics and its Enforcement Regulations, in order to establish a corporate culture based on strong business ethics and integrity. The “Dongwon Ethics Charter” and the “Dongwon Code of Ethics” are provided on the official company website to be shared among stakeholders and taken as the standard of value judgment in business activities. Dongwon Group also operates the Group Compliance Team and Management Diagnosis Offices in each subsidiary, which are responsible for approving ethical management policies, deciding on regulations on ethical management, formulating plans to promote ethical management, designing educational programs, organizing events and performing diagnoses on the status of ethical management at suppliers.




1),2) The Ethics Charter and the Code of Ethics provided at:
<http://www.dongwon.com/content/07010100>



Integrity Management Communication

Dongwon Group undertakes various activities to establish an upright corporate culture built on values of integrity. In particular, in January 2018, ‘Group Integrity Management Report Center’ was opened. In addition, it operates Compliance Committee and other meetings on a regular basis, helping its employees internalize and implement integrity management.

3) Reporting scope:
 Dongwon Industries, Dongwon F&B, Dongwon Home Food, Dongwon Systems, Techpack Solutions (We operated ‘Dongwon Group Complaint Reporting Center’ since January 2018)

Integrity Management Report Center						
Purpose	Internalize the whistleblowing system and receive reports on and improve ethics-related issues					 100% Report Handling Rate (2019)
Process	File a report via email, post, phone or the ‘Integrity Management Report Center’ on company website → Investigation by Compliance Team/Management Diagnosis Office → View results (Reporter protection system ensures complete anonymity throughout the entire process)					
	Number of Reports			Handling Rate (%)		
Classification	2017	2018	2019	2017	2018	2019
Report Center Status ³⁾	5	8	17	100	100	100
Global Compliance Committee						
Purpose	Dongwon Industries convenes the Global Compliance Committee once every quarter to enable prompt decision-making by top management and impose heavier responsibilities as it becomes increasingly important to comply with laws and regulations in the global market.					 Held 7 times (2018~2019)
Major Activities and Deliberations	Management of and response to existing risks, risks relating to domestic and international treaties and agreements, monitoring of other compliance issues, etc.					
Ethical Management Meetings						
Purpose	Dongwon Industries holds Ethical Management meetings to reinforce sound and transparent business relationships with its suppliers.					
Major Activities	Holds ethical management commitment events to promote an understanding of and build consensus on ethical management, provides education on ethical management, etc.					



Ethical Education

Establishing an Integrity Management Culture

Dongwon Group establishes a fair and transparent organizational culture based on its founding principle of “realizing social justice through industrious corporate activities.”

Ethical Education for Employees

Dongwon Group offers education on ethical management to its employees to promote a sense of ethics and establish a corporate culture of integrity. The Diagnosis Office in each subsidiary provides education not only on each company's Code of Ethics and regulations but also case studies of ethical violations and unfair trade practices as well as the need for ethical management.

Spreading the Culture of Integrity Management

Dongwon Industries signs an ethics contract with its suppliers in which stipulates that both parties shall comply with the Code of Ethics in all business transactions. As of August 2018, the company received the Statement of Commitment to Participate in Ethical Management from 143 suppliers and plans to expand the system to all suppliers in the future. When entering into a contract with its suppliers, Dongwon LOEX will require that they sign the pledge of compliance once a year, thereby ensuring that they fully understand the need for ethical management for building a transparent corporate culture and are committed to complying with ethical norms in all business transactions.

Ethical Management Diagnosis

Dongwon F&B identifies areas for improvement in ethical management and checks the implementation status by conducting regular inspections and diagnosis of work processes. The company also investigates corruption cases reported or found in the course of ethical management diagnosis. In 2017, the company held regular or special diagnosis on four occasions, resulting in improvements of work processes and reinforcement of internal control. In 2018, Dongwon F&B will conduct diagnosis of liquidation inventory and consigned inventory.

Dongwon Systems conducts both periodic and irregular diagnoses each year to establish fair trade and eliminate unnecessary customary practices. In 2019, the company made it mandatory to sign contracts with suppliers and stipulated the same in its internal regulations, while sharing and providing materials in a transparent manner by introducing metrology and instrumentation management equipment.

Risk Management

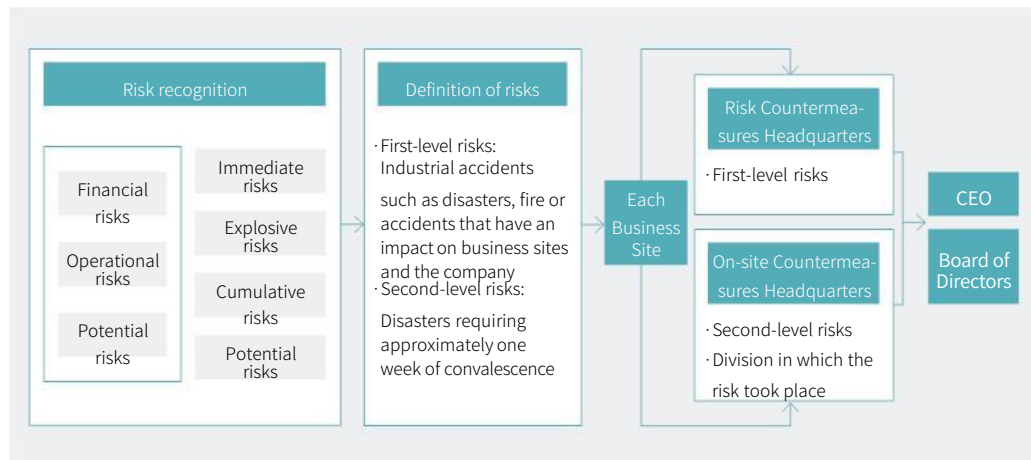
Risk Management System

As risks, both internal and external, become more diverse and difficult to forecast, it is increasingly important for companies to be able to accurately identify them and have a proactive risk management system. Dongwon Group defines risks as all kinds of incidents, situations or accidents that may have a significant impact on its business management activities, while establishing and implementing regulations on accident reporting and a separate risk management manual for each subsidiary. Through these measures, Dongwon Group is able to resolve risks immediately as they occur, thereby minimizing any negative effect caused by such risks and protecting the company and its shareholders from any consequent damage.

Risk Management Process

Dongwon Home Food responds immediately to risks through its reporting system and risk management organization according to the category of the risks. Through the process, the company responds promptly to unexpected risks and effectively prevents foreseeable risks by identifying them in advance.

Dongwon Home Food Risk Response Process



Quality Risk Management

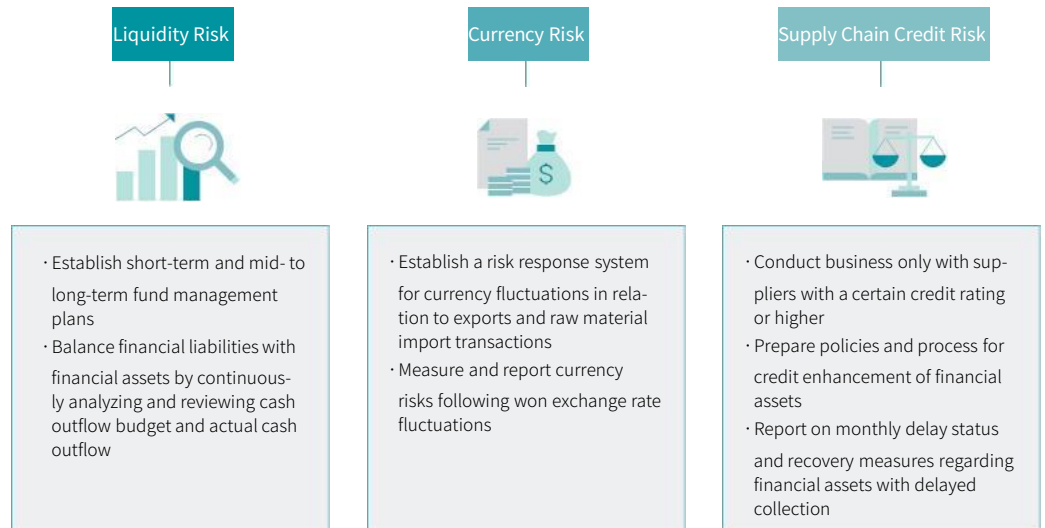
A company faces both economic loss and long-term damage such as tarnished corporate image when its products fail to meet the standard criteria defined by the laws and regulations governing product quality and publicized through media reports and undergo product recalls.

In order to prevent such quality risks, Dongwon F&B has established the Food Safety Center and places its products under regular inspections performed by internal and external nationally certified agencies. In the event a quality risk surfaces, its Production Division and Risk Management Team respond immediately by conducting a thorough fact-finding investigation, solving the risk, identifying the fundamental causes and establishing measures to prevent recurrence of the same risk.

Dongwon Home Food operates the Quality Management Team directly under the CMS Division immediate response to quality risks. It is responsible for quality management in the overall production processes, including in-process sampling, calibrating measuring instruments, conducting quality safety education, inspecting packaging/transportation/storage measures, analyzing claims and complaints, and providing manuals that minimize errors during customer use.

Financial Risk Management

The purpose of Dongwon Group's risk management is to first identify potential risks that may have an impact on its financial performance, then to reduce them to a permissible level or completely eliminate or sidestep them. In this regard, Dongwon Group has management policies and processes on a company-wide level, while overseeing risk management in financial affairs.



Non-financial Risk Management

unfair Trade Risk

Given that unfair trade risks may potentially cause significant damage to a company's reputation or image, Dongwon Group has established a risk prevention and response system to minimize any such negative impact.

Dongwon F&B categorizes the types of unfair trade risks into production-related and sales-related risks and two teams – the Planning Team and the Risk Management Team – respond to production-related and sales-related unfair trade risks, respectively. Each team conducts fair trade education for employees on a regular basis to prevent unfair trade risks, while undertaking self-inspections by developing and distributing the Fair Trade Checklist to ensure that unfair trade risks are prevented in the course of business transactions. In 2018, each team will work to prevent risks by distributing the Subcontracting Act Checklist and providing training on the same Act.

Personal Information Leakage Risk

Dongwon Group continuously strengthens its personal information security system in order to prevent the risk of personal information leakage regarding its shareholders such as employees, customers and suppliers. In 2019, Dongwon Group will carry out self-assessments and education activities on personal information protection in cooperation with relevant departments in all of its subsidiaries

Since Dongwon F&B achieved KRW 10 billion in revenue in 2017, it has been subject to obtaining the Information Security Management System (ISMS) certification. Accordingly, it received consulting for ISMS certification in 2017 and has completed the certification audit and is pending approval in 2018. The company plans to continuously reinforce effective management by strengthening its information security inspection system.

Definition of Stakeholder

Dongwon Group define stakeholders as all entities having influence on or influenced by the Group's management activities either directly or indirectly. Stakeholders are categorized into customers, employees, shareholders and investors, the government and NGOs, suppliers and local communities.

Bolstering the Stakeholder Communication

Dongwon Group operates a variety of stakeholder communication channels in order to establish a strong relationship based on trust and promote active communication. Through these channels, Dongwon Group listens to the voices of its stakeholders and reflects them in its business activities. In particular, the company discloses its management strategies, activities and performance in a transparent manner through companies' websites, of its subsidiaries, company newsletters, various kinds of official documents and the Sustainability Report 2018. In addition, the company strengthens integrity and credibility in carrying out its corporate activities.

Stakeholders	Major Issues	Communication Channels
 Customers	<ul style="list-style-type: none"> · Responsible production and product safety · Customer satisfaction activities · Reducing waste and promoting recycling · Strategic brand management 	<ul style="list-style-type: none"> · Media reports and interviews · Dongwon Group's SNS channels · Customer satisfaction survey · Subsidiary websites · Sustainability Report, etc.
 Employees	<ul style="list-style-type: none"> · Guaranteeing work-life balance · Strategic brand management · Sustainable use and management of resources · Securing new growth engines and diversifying businesses 	<ul style="list-style-type: none"> · In-house portal · Grievance/Complaint handling system · Thursday Seminar · Labor-Management Consultation Group/ Employment Security Committee · Employee satisfaction survey · Group newsletter, Sustainability Report, etc.
 Shareholders and Investors	<ul style="list-style-type: none"> · Securing new growth engines and diversifying businesses · Responsible production and product safety · Customer satisfaction activities · Education and training for capacity building 	<ul style="list-style-type: none"> · Corporate meetings · General Shareholders' Meeting · IR meetings/Company visits · Sustainability Report, etc.
 Government and NGOs	<ul style="list-style-type: none"> · Legal compliance · Ecosystem conservation and resource management 	<ul style="list-style-type: none"> · Membership of international associations · Obtaining international certifications · Sustainability Report, etc.
 Suppliers	<ul style="list-style-type: none"> · Mutual relationship and win-win growth with suppliers · Securing new growth engines and diversifying businesses · Strategic brand management · Improving product functions by strengthening R&D 	<ul style="list-style-type: none"> · Mutual growth and win-win cooperation agreements · Technology exchange and meetings with suppliers · Sustainability Report, etc.
 Local Communities	<ul style="list-style-type: none"> · Ethical management/Creating a culture of fair trade · Guaranteeing work-life balance · Responsible production and product safety · Mutual relationship and win-win growth with suppliers 	<ul style="list-style-type: none"> · Meetings with sponsoring organizations · Dongwon Education Foundation website · Sustainability Report, etc.

Appendix



Economic/Social/Environmental Performance	79p
GRI Content Index	83p

Reporting Scope of Sustainability Data



Economic Performance

Financial Status

Despite challenging corporate environments, Dongwon Group continues to generate new values by engaging in a variety of businesses both in Korea and abroad. Dongwon Industries, Dongwon F&B and Dongwon Systems, which boast particularly outstanding business performances and market positions, maintain excellent sales records based on their stable business bases.

(Unit: KRW million)

Classification	17th Term (End of December 2017)	18th Term (End of December 2018)	19th Term (End of December 2019)
Current assets	2,150,116	2,357,408	2,376,980
Quick assets	1,199,086	1,214,449	1,088,068
Inventory assets	848,308	1,011,447	1,015,489
Other current assets	102,722	131,512	273,423
Non-current assets	2,977,436	3,068,358	3,317,091
Investment assets	575,581	594,212	536,826
Tangible assets	1,817,383	1,881,188	2,285,844
Intangible assets	532,449	530,229	430,687
Other non-current assets	52,023	62,729	63,734
Total assets	5,127,552	5,425,766	5,694,070
Current liabilities	1,796,528	1,774,179	1,800,645
Trade payables and other payables	836,041	718,803	784,987
Short-term borrowings	389,939	534,077	360,899
Other current liabilities	570,548	521,299	654,759
Non-current liabilities	1,571,833	1,777,255	1,898,807
Bonds	518,785	713,062	1,022,569
Long-term trade payables and other payables	19,707	4,666	89,614
Long-term borrowings	825,795	848,806	597,954
Financial guarantee liabilities	5	44	-
Defined benefit liability	32,175	36,605	20,439
Other non-current liabilities	175,366	174,072	168,231
Total liabilities	3,368,361	3,551,433	3,699,452
Capital stock	58,457	58,457	58,457
Other reserves	28,787	21,716	(20,007)
Reserve	565,831	617,707	665,886
Retained earnings	528,725	546,118	600,081
Total equity attributable to owners parent	1,181,800	1,243,998	1,304,418
Non-controlling interest	577,391	630,336	690,200
Stockholders' equity	1,759,191	1,874,333	1,994,618
Total liabilities and stockholders' equity	5,127,552	5,425,766	5,694,070
Revenue	5,774,430	6,262,029	6,670,995
Operating profit	413,937	336,318	397,759
Net income for the year	288,054	148,590	165,402
Equity attributable to owners of parent	207,578	90,247	113,834
Non-controlling interest equity	80,476	58,344	51,568
Earnings per share (KRW)	17,755	7,719	9,736
No. of companies included in consolidation	45	41	41

Social Performance

Dongwon Group fully complies with the Labor Standards Act of the Republic of Korea and the regulations of the International Labour Organization (ILO) including the “Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour” and the “Convention Concerning Forced or Compulsory Labour”. It strictly prohibits all forms of discrimination based on gender, race, age or social status, and no cases of violations were found in 2017.

At Dongwon Group and all its subsidiaries, both women and men receive the same basic salary which exceeds the statutory minimum wage in Korea. Employees are also entitled to retirement pension plans to ensure stability of life after retirement. The pension system places priority on stability, soundness and profitability by selecting providers with good credit ratings and solvency.

Employee Status¹⁾

- 1) Based on domestic companies
- 2) Team leaders or higher
- 3) Managers or higher and under-executive positions
- 4) Excluding sojourning employees
- 5) Based on new recruits and career employees
- 6) Based on permanent employees (including employee turnover)
- 7) Based on male and female employees
- 8) Employees who have returned to work/ Employees on parental leave
- 9) Employees with consecutive service of 12 months or more/ Employees who have returned to work

		Classification	Unit	2018	2019
		Total	Persons	9,338	10,752
By Employment		Permanent	Persons	7,697	8,693
		Temporary	Persons	1,691	2,059
Type ²⁾		Men	Persons	5,335	6,650
		Women	Persons	4,003	4,102
By Job Position		Executives (Women)	Persons	92	79
		Managers (Women) ²⁾	Persons	370(38)	376(41)
		Sub-managers (Women) ³⁾	Persons	965(42)	982(50)
New Employment ⁵⁾		Permanent	Persons	1,251	1,819
		Temporary	Persons	1,027	1,138
Socially Vulnerable Groups		Persons with disability	Persons	86	100
		Foreigners	Persons	11	11
		Patriots and veterans	Persons	24	24
Retirement ⁶⁾		Persons	1,171	962	
Maternity Protection ⁷⁾		Persons eligible for parental leave	Persons	139	179
		Persons on maternity leave	Persons	67	57
		Persons on parental leave	Persons	69	75
		Persons returning from parental leave (return-to-work rate) ⁸⁾	Persons (%)	39(57)	57(76)
		One or more years of service after returning to work from parental leave ⁹⁾	%	87	81

Labor union Status

		Classification	Subsidiary	Unit	2018	2019
Membership of Labor Union			Dongwon F&B		58	62
			Dongwon Home Food		98	97
			Dongwon Farms	%	100	100
			Dongwon Systems		56	86
			Techpack SOLUTIONS		97	95
			Dongwon LOEX		20	59

Education Status

Employee Education Status

	Classification	Unit	2018	2019
General Education Performance	Average education hours per employee	Hours	57.2	68.5
	Average education expense per employee	KRW	726,021	950,223
	Total education hours (offline)	Hours	141,543	154,887
	Total education hours (online)	Hours	41,870	63,462
	Total education expense	KRW million	2,490	3,114

Ethical Management Education Status

	Classification	Unit	2018	2019
Education hours per employee		Hours	3,852	3,762
Total education expense		KRW	11,750,000	9,650,000

Supply Chain Status¹⁾

	Classification	Unit	2018	2019
Number of Suppliers		Companies	9,155	11,685
Purchasing Amount		KRW million	2,439,106	2,532,828

1) Reporting scope:
Dongwon Industries,
Dongwon F&B, Dongwon Home
Food, Dongwon Systems,
Techpack Solutions,
Dongwon LOEX

Industrial Accident Status

	Classification	Subsidiary	Unit	2018	2019
Industrial Accident Rate		Dongwon Industries	%	0.000	0.111
		Dongwon F&B	%	0.000	0.000
		Dongwon Home Food	%	0.200	0.406
		Dongwon Systems	%	0.153	0.940
		Techpack Solutions	%	0.289	0.527
		Dongwon LOEX	%	0.780	0.254
Number of Injuries or Deaths		Dongwon Industries	Persons	0	1
		Dongwon F&B	Persons	0	0
		Dongwon Home Food	Persons	1	2
		Dongwon Systems	Persons	1	6
		Techpack Solutions	Persons	2	4
		Dongwon LOEX	Persons	5	4

Environmental Performance

2) In accordance with the Korean greenhouse gas target management system and the emissions trading scheme

Energy Consumption and GHG Emission Status ²⁾

Energy Consumption

Classification	Subsidiary	Unit	2018	2019
Fuel Consumption	Dongwon Industries	TJ	3,675	3,394
	Dongwon Home Food	TJ	721	852
	Techpack Solutions	TJ	1,782	1,757
	Dongwon LOEX	TJ	630	588
Power Consumption	Dongwon Industries	TJ	181	180
	Dongwon Home Food	TJ	1,398	1,327
	Techpack Solutions	TJ	2,135	2,130
	Dongwon LOEX	TJ	85	86
Steam Consumption	Dongwon Home Food	TJ	40	35

GHG Emissions

Classification	Subsidiary	Unit	2018	2019
Direct Emissions (Scope 1)	Dongwon Industries	tCO ₂ e	253,759	234,517
	Techpack Solutions	tCO ₂ e	128,204	130,016
	Dongwon LOEX	tCO ₂ e	44,415	41,440
Indirect Emissions (Scope 2)	Techpack Solutions	tCO ₂ e	103,666	103,457
	Dongwon LOEX	tCO ₂ e	4,110	4,153

Water Resource Management Status

Classification	Subsidiary	Unit	2018	2019
Water Consumption	Dongwon Industries	ton	103,196	106,448
	Dongwon Home Food	ton	181,894	178,508
	Dongwon Systems	ton	54,533	50,597
	Techpack Solutions	ton	508,283	531,778
	Dongwon LOEX	ton	1,613	1,643
Discharge of Wastewater	Dongwon Industries	ton	41,458	37,571
	Dongwon Home Food	ton	169,624	157,511
	Dongwon Systems	ton	10,532	13,850
	Techpack Solutions	ton	206,159	210,753

Hazardous Substance Management

Classification	Subsidiary	Unit	2018	2019
Consumption of Hazardous Substance	Dongwon Industries	ton	16	16
	Dongwon Systems	ton	5,063	6,322
	Techpack Solutions	ton	772	778
Emission of Hazardous Chemical Substances	Dongwon Systems	ton	27	28
	Techpack Solutions	ton	9	9

Waste Management

3) Based on general waste

Classification	Subsidiary	Unit	2018	2019
Discharge of Waste ³⁾	Dongwon Industries	ton	73,473	70,273
	Dongwon Home Food	ton	2,825	2,300
	Dongwon Systems	ton	1,995	5,277
	Dongwon LOEX	ton	6	10
	Dongwon LOEX Cold Storage	ton	120	120

GRI Content Index

Material Topic

Classification	Disclosure	Indicators	Page	Note
GRI 102: Organizational Profile	102-1	Name of the organization	4	
	102-2	Activities, brands, products, and services	10-21	
	102-3	Location of headquarters	4	
	102-4	Location of operations Domestic	Domestic, 22, 23	
	102-5	Ownership and legal form	4	
	102-6	Markets served Domestic	Domestic, 22, 23	
	102-7	Scale of the organization	4	
	102-8	Information on employees and other workers	79	Data by form of employment or region not aggregated by gender but will be in the future
	102-9	Supply chain	80	
	102-10	Significant changes to the organization and its supply chain	-	Dongwon Enterprise Business Report 3-4 pages
	102-11	Precautionary Principle or approach	75, 76	
	102-12	External initiatives	40	UN SDGs
	102-13	Membership of associations	-	
GRI 102: Strategy	102-14	Statement from senior decision-maker	2, 3	
GRI 102: Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	73, 74	
	102-17	Mechanisms for advice and concerns about ethics	73	
GRI 102: Governance	102-18	Governance structure	72	Decision-making on economic, environmental and social agenda is discussed through the BOD
	102-22	Governance structure of the organization, including committees of the highest governance body	-	
	102-23	Chairman of highest governance body	72	
	102-25	Conflicts of interest are avoided and managed	72	
	102-27	Group knowledge of the highest governance body	72	
	102-35	Remuneration policies	72	
	102-40	List of stakeholder groups	76	
GRI 102: Stakeholder Engagement	102-41	Collective bargaining agreements	80	
	102-42	Identifying and selecting stakeholders		
	102-43	Approach to stakeholder engagement	77	
	102-44	Key topics and concerns raised		
GRI 102: Reporting Practice	102-45	Entities included in the consolidated financial statements	-	Dongwon Enterprise Business Report, 3-4 pages
	102-46	Defining report content and topic Boundaries	-	
	102-47	List of material topics	-	
	102-48	Restatements of information	-	
	102-49	Changes in reporting		
	102-50	Reporting period		
	102-51	Date of most recent report		
	102-52	Reporting cycle	1	
	102-53	Contact point for questions regarding the report		
	102-54	Claims of reporting in accordance with the GRI Standards		
	102-55	GRI content index	83, 84	
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GRI 103: Management Approach	103-1	Material Topic and its boundary	-	
	103-2	Management Approach and its Components	-	
	103-3	Evaluation of management method	83, 84	
Economic Performance				
GRI 203: Indirect Economic Impacts	103-1,2,3	Management Approach	39	
	203-1	Infrastructure investments and services supported	40-42	Operated in the form of pro bono programs for public good
	203-2	Significant indirect economic impacts	43-46	
	103-1,2,3	Management Approach 18	73	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	73, 74, 81	
Environmental Performance				
GRI 302: Energy	103-1,2,3	Management Approach	61	
	302-1	Energy consumption within the organization		Renewable energy not currently used; Power, coolant not currently sold
	302-2	Energy consumption outside of the organization	82	
	302-4	Reduction of energy consumption	62	

Classification	Disclosure	Indicators	Page	Note
Environmental Performance				
GRI 305: Emission	103-1,2,3	Management Approach	61	
	305-1	Direct (Scope 1) GHG emissions	82	
	305-2	Indirect (Scope 2) GHG emissions	61, 62	
	305-5	Reduction of greenhouse gas (GHG) emissions	61, 62	
Social Performance				
GRI 401: Employment	103-1,2,3	Management Approach	28	
	401-3	Parental leave	80	Data not aggregated by gender but will be in the future
GRI 402: Labor/Management Relations	103-1,2,3	Management Approach	34	
	402-1	Minimum notice periods regarding operational changes	-	30 days (specified in our personnel policies.)
GRI 403: Occupational Health and Safety	103-1,2,3	Management Approach	28	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	81	Data not aggregated by gender and region but will be in the future
GRI 413: Local Community	103-1,2,3	Management Approach	39	
	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	40-42	Program operation ratio not currently tracked but will be in the future
GRI 416: Customer Health and Safety	103-1,2,3	Management Approach	28	
	416-1	Safety and Health Impact Assessment of Products and Services	29, 30	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	

General Topic

Classification	Disclosure	Indicators	Page	Note
Economic Performance				
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	51	
	201-2	Financial implications and other risks and opportunities due to climate change	61, 62	
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	73, 74	
	205-3	Confirmed incidents of corruption and actions taken	73, 74	
GRI 206: Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	
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GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	82	
	306-2	Waste by type and disposal method	82	
	306-3	Significant spills	-	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	-	
Social Performance				
GRI 401: Employment	401-1	New employee hires and employee turnover	80	Data not aggregated by gender and region but will be in the future.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	36	
	403-1	Workers representation in formal joint management-worker health and safety committees	38	
GRI 403: Occupational Health and Safety	403-3	Workers with high incidence or high risk of diseases related to their occupation	32	
	403-4	Health and safety topics covered in formal agreements with trade unions	38	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	81	
	404-2	Programs for upgrading employee skills and transition assistance programs	66, 67	
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GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	30	
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	
	417-3	Incidents of non-compliance concerning marketing communications	-	
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-	

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