

Hansae Yes24 Holdings ESG Report 2022

HANSAE YES24
HOLDINGS

About This Report

About the Report

Hansae Yes24 Holdings is engaged in social responsibility activities in the areas of the economy, the environment, and society, and has published its first ESG Report this year to present its activities and performances on sustainability management over the past year and transparently provide such information to its stakeholders. We conducted the materiality assessment based on business impact and social interest and identified key issues which are thoroughly covered in this report. Hansae Yes24 Holdings plans to publish the ESG Report every year as a channel of communication with its stakeholders and further enhance sustainable management.

Reporting Period and Scope

The reporting period of this report is from January 1st to December 31st, 2021 while some important data includes performances through May, 2022. In this report, the term, "Hansae Yes24 Group," refers to Hansae Yes24 Holdings Co., Ltd, Hansae Co., Ltd., Hansae MK Co., Ltd., and Hansae Dreams Co., Ltd. altogether as a group, while individual companies are referred to by their names, such as Hansae Yes24 Holdings Co., Ltd., Hansae Co., Ltd., Hansae MK Co., Ltd., Yes24 Co., Ltd., Dong-A publishing Co., Ltd (from the following pages Hansae Yes24 Holdings, Hansae, Hansae MK, Hansae Dreams, Yes24, and Dong-A Publishing). Quantitative data presents performances over the past three years from 2019 to 2021 for year-to-year comparison.

This report covers the environmental performances of the domestic/overseas business sites of Hansae, and the domestic business sites of Hansae MK and Hansae Dreams, as well as the social performances of the domestic business sites of Hansae Yes24 Holdings, and the domestic/overseas business sites of Hansae, Hansae MK, and Hansae Dreams.

Reporting Standards

This report was prepared in line with the Global Reporting Initiative(GRI) Standards: Core Options, which set forth guidelines to publish a ESG report, and its content relating to our sustainable management was assured following the four principles emphasized by AA1000AP (inclusivity, materiality, responsiveness, and impact. The Sustainable Development Goals(SDGs) and ISO 26000 are also incorporated as key global indexes on social responsibility. Financial data was presented on a consolidated basis in line with K-IFRS, and non-financial data was prepared following our disclosure procedures for the fiscal year.

Assurance

The content of this report was verified by an independent assurance agency, Han Consulting Group, to ensure its internal and external credibility and the assurance statement is presented in Appendix.

Inquiries about the Report

If you have any inquiries or need further information about this report, please contact us as follows;

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Introduction



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ESG Report 2022

HANSAE
fashion worldwide

 HANSAE
DREAMS

 HANSAE MK

 YES 24.COM

Introduction

- CEO Message
- Overview
- Global Operations & Offices
- Business Areas

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CEO Message



Dear Shareholders,

I would like to convey my deepest gratitude to you for the support and expectations you have extended to us at a time the world is saddled with the challenges posed by the COVID-19 pandemic.

The birth of Hansae Yes24 Holdings dates back to a small garment company, Hansae founded in 1982 and we have since continued steady growth into a leading global garment exporter, whose manufactured clothes are worn by one out of three Americans today. Over the past four decades, our business has expanded to include the cultural content business with the acquisition of Yes24, an online bookstore, and Dong-A Publishing, and the fashion business by adding Hansae MK and Hansae Dreams.

Even before ESG emerged as a major issue Hansae Yes24 Group acknowledged the grave threat of environmental pollution resulting in climate change and has made earnest efforts to promote environmentally friendly business management to date. A case in point is the 3D design technology developed by Hansae in 2017, which enables us to introduce virtual sampling and, in turn, cut back on wastes, packaging, and transportation fuel associated with the use and delivery of physical samples. Moving forward, Hansae is planning to replace over 80% of physical samples with virtual sampling through 2025.

As good corporate citizens, all members of Hansae Yes24 Group—its holding company, subsidiaries, and domestic and overseas corporations—strive to fulfill social responsibility with the spirit of diversity and inclusiveness by carrying out a variety of CSR programs. One such example of particular significance was the “Project for Future Hope” whereby Hansae MK and Hansae Dreams have donated garments to child soldiers in South Sudan in exchange for military uniforms, to enhance mutual growth with local communities. Moving forward, we will further expand these CSR activities so as to reach out to local communities and promote win-win growth.

Hansae Yes24 Group abides by norms to improve its corporate governance. We also form a consensus on the Code of Ethics which serves as the standards for decision-making and behaviors across the Group and embed it in our corporate culture to promote transparency and efficiency in business management. We strive to achieve mutual growth with our business partners under the principles of trust and integrity and, as a sound member of society, make utmost efforts to win confidence through management activities satisfying social norms and ethical standards.

Hansae Yes24 Group is committed to turning itself into a global distributor of cultural content and excellent culture portal in Korea, while faithfully providing comprehensive services from raw materials supply, to design, manufacturing, transportation, and sales through Hansae. We will play a role in the promotion of social prosperity with our steadfast dedication to integrity management ever since our foundation and, further make our best effort as a global company taking responsibility for the future of humanity. We look forward to and appreciate your unwavering support and interest in Hansae Yes24 Group.

Thank you.

Hansae Yes24 Holdings
Chairman Dong-Nyung Kim

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Overview

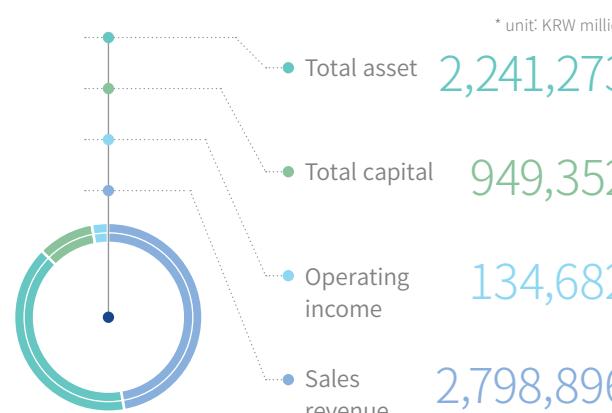
Group Overview

Hansae Yes24 Holdings was established as a corporate spin-off from Hansae in 2009 for the purpose of reinforcing the business expertise and competitiveness of Hansae Yes24 Group, and is dedicated to business investments for the Group. As a holding company, we suggest future directions and provide advice to the Group's subsidiaries on their business operations. Moving forward, Hansae Yes24 Holdings will continue to look for future growth engines, and promote the business growth of the Group enhancing the interest of its customers and shareholders, and become a responsible global company making endeavors to create a better future for humanity.

Corporate Profile

Name	Hansae Yes24 Holdings Co. LTD.
Foundation date	<ul style="list-style-type: none"> Established Hansae in November 1982 Separated Hansae Yes24 Holdings (surviving corporation) from Hansae (new corporation) as a corporate spin-off in January 2009
CEO	Dong-Nyung Kim, Suk-Hwan Kim
Employees	27
Address	6F, Korea Federation of SMEs, 30, Eunhaeng-ro, Yeongdeungpo-gu, Seoul, ROK
Subsidiaries	Hansae, Hansae MK, Hansae Dreams, Yes24, Dong-A Publishing

Financial Performance in 2021



Business Areas

Hansae Yes24 Holdings strives to ensure the subsidiaries can run business operations with greater autonomy and responsibility, by efficiently managing them based on transparent corporate governance. Helping the subsidiaries enhance expertise and growth potential contributes to maximizing corporate value and establishing sustainable business.

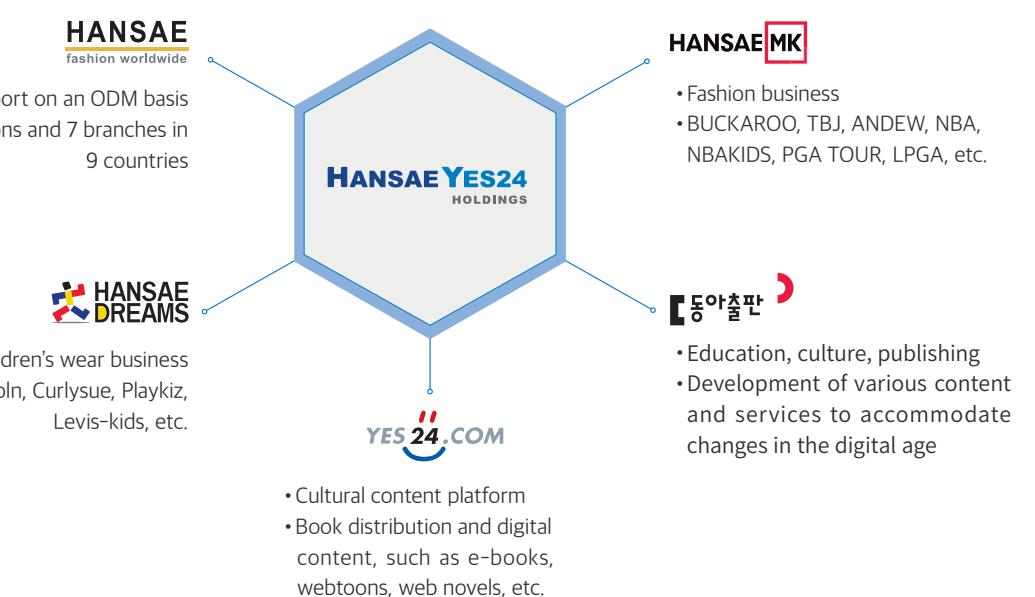


Group Governance

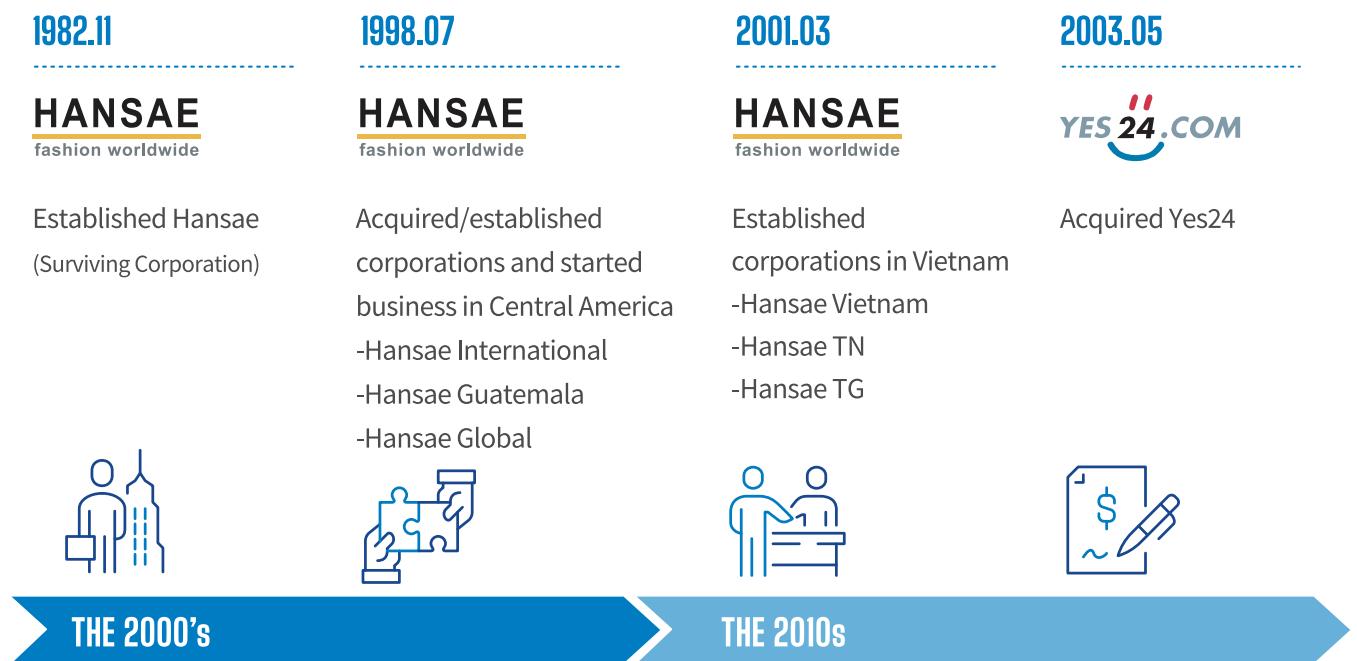
Headed by Hansae Yes24 Holdings, Hansae Yes24 Group has five subsidiaries; Hansae is an ODM-based garment exporter, Hansae MK is a fashion company with seven garment brands-PGA TOUR&LPGA GOLFWEAR, NBA&NBA KIDS, Hansae Dreams manufacturers children's wear with brands such as Curlysue and Moimoln, Yes24 is a leading internet bookstore and entertainment company, and Dong-A Publishing is a publisher developing educational content.

Mission

- 01 Identify and create new values to maximize customer satisfaction
- 02 Establish a sound financial structure and continue profit generation to enhance shareholder value
- 03 Project a coveted corporate image by fostering a healthy organizational culture and enhancing employee satisfaction
- 04 Establish a transparent and fair system to promote mutual growth with partners
- 05 Project a corporate image appreciating society and pursuing happiness in harmony with society



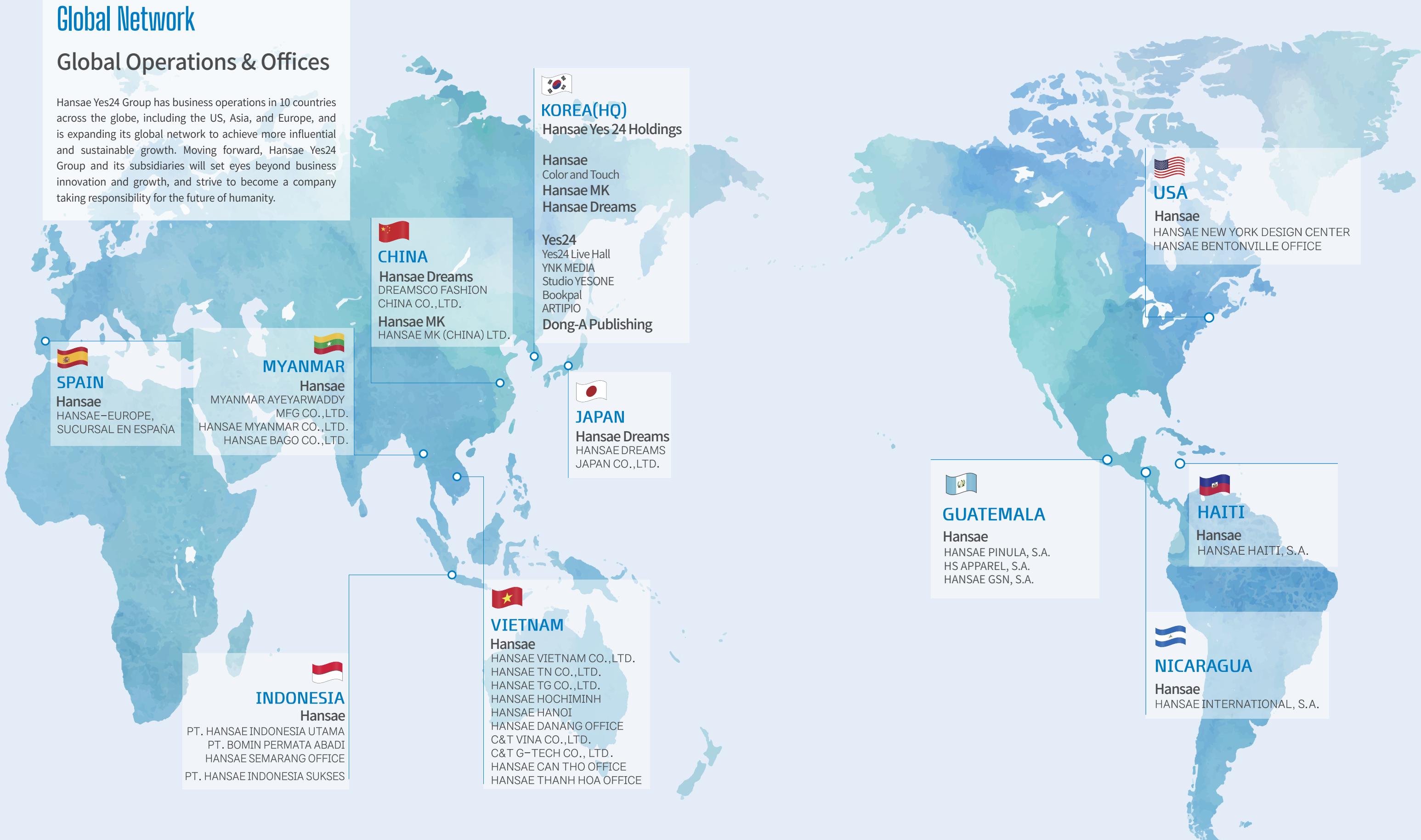
Group Milestones



Global Network

Global Operations & Offices

Hansae Yes24 Group has business operations in 10 countries across the globe, including the US, Asia, and Europe, and is expanding its global network to achieve more influential and sustainable growth. Moving forward, Hansae Yes24 Group and its subsidiaries will set eyes beyond business innovation and growth, and strive to become a company taking responsibility for the future of humanity.



Business Areas

Under the leadership of Hansae Yes24 Holdings, Hansae Yes24 Group is making proactive efforts to explore and create greater values for its stakeholders in the fashion business, particularly garment export on an ODM basis, the brand retail business, and the cultural content and publishing business.

HANSAE YES24 HOLDINGS



Global Fashion, Culture, and Distribution Company

Hansae Yes24 Holdings was founded in 2009 as a corporate spin-off from Hansae and is dedicated to the investment business of the Group to enhance its business expertise and competitiveness. Among its subsidiaries are Hansae in the garment business, Hansae MK and Hansae Dreams in the brand retail business, and Yes24 and Dong-A Publishing in the cultural content and publishing business. Hansae Yes24 Holdings is consolidating its position as a leader in the markets for fashion and cultural content. We also take the lead in CSR activities and green business management through our subsidiaries and Hansae Yes24 Cultural Foundation, which was established in 2014 to promote cultural exchanges among Asian countries.

HANSAE fashion worldwide



Leading Fashion Exporter to Bridge Korea and the World

Hansae is a leading fashion company in Korea, manufacturing and exporting garments on an original design manufacturing(ODM) basis in strategic partnership with global garment brands. Hansae exports approximately 400 million items of garments a year. It engages in partnership with well-known global brands such as Gap Inc., H&M, American Eagle Outfitters, and also manufactures PB products of Walmart and Target. Hansae is transforming itself from an OEM & ODM-based supplier into a “global fashion company” armed with creativity.

HANSAE MK



K-fashion Company Leading the Global Fashion Market

Hansae MK has seven brands, including global sports brands (PGA TOUR & LPGA GOLFWEAR, NBA, NBAKIDS) and basic trendy casual brands (BUCKAROO, TBJ, ANDEW), setting the trend of K-fashion at home and abroad. It recognizes the critical importance of changing employees' awareness and way of work when it comes to promoting sustainable management and has increased investments in ESG-related education. Furthermore, it has preemptively introduced the RFID system ahead of other domestic fashion companies to enhance work efficiency, and has aggressively increased the production of eco-friendly garments, making earnest efforts to win greater confidence from consumers.

한세드림(주)



Create Culture, Wear Design

Hansae Dreams is a leading fashion company in the children's wear market in Korea and has such brands as Curly sue Soo, Moimoln, Play Kiz Pro, and Levis-kids. It has continued to grow into a global manufacturer of children's wear by expanding its business operation into China, Japan, and the US, and at the same time has reinforced efforts to fulfill its corporate social responsibility. Hansae Dreams is expanding eco-friendly garment lines across all brands to protect the environment and continues to carry out CSR activities, donating garments to children in need. Its efforts to promote sustainable management also include regular job training to expedite employees' growth and overseas training for exemplary employees and long-term service employees.

YES24.COM



Korea's leading online bookstore and cultural contents provider in constant evolution

Having started as Korea's first online bookstore, Yes24 has pioneered the online book market by introducing a customized, super-fast delivery service enabled by its logistics center, the largest in the country, and has maintained its leading position in the market since 1999. Yes24 is expanding offline access to customers by opening its first offline bookstore, “Gangseo NC”, in Gangseo-gu, Seoul in 2021, in addition to the six offline secondhand bookstores in Seoul, Busan, Daegu, etc. It is also making proactive efforts to keep pace with the ever-evolving digital content market, such as upgrading the “Yes24 Book Club”, its personalized book curation service offering over 12,000 e-books. Furthermore, Yes24 is putting all efforts in developing new growth engines, such as the entertainment business encompassing performances, albums, DVDs, and gifts, and the establishment of Studio YESONE, a venture company to produce webtoons and web novels and secure intellectual property (IP).

동아출판



Growing Together, Leading Tomorrow No. 1 education and cultural content provider creating a better future and growing together

Dong-A Publishing always looks into “What’s important and how to get it done” and strives to create a future for the growth of students, parents, and teachers altogether. Its business operations are centered on four core values; growth together with colleagues, development of content reflecting the right values, development of brands loved by customers, and creation of an ideal corporate culture inspired by employees. Dong-A Publishing has developed various content including Dong-A workbook drawing on its knowhow accumulated over the past 77 years and is putting all of its capabilities into the development of various forms of content and services based on its quality education content to keep up with changes in the digital age.

ESG Strategy



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ESG Strategy

- Overview
- Stakeholder Engagement
- Materiality Assessment

Overview

ESG Strategy

Hansae Yes24 Group envisions becoming a global company appreciated by customers and local communities as its mid to long-term mission and strives to create sustainable results by implementing strategies for sustainable management; sustainable activities for the environment, responsible management for society, and transparent corporate governance.

ESG Mission

Global Company appreciated by Customers and Local Communities

Goal

Creation of sustainable performances through environmental protection, contribution to local communities and transparent corporate governance

Direction

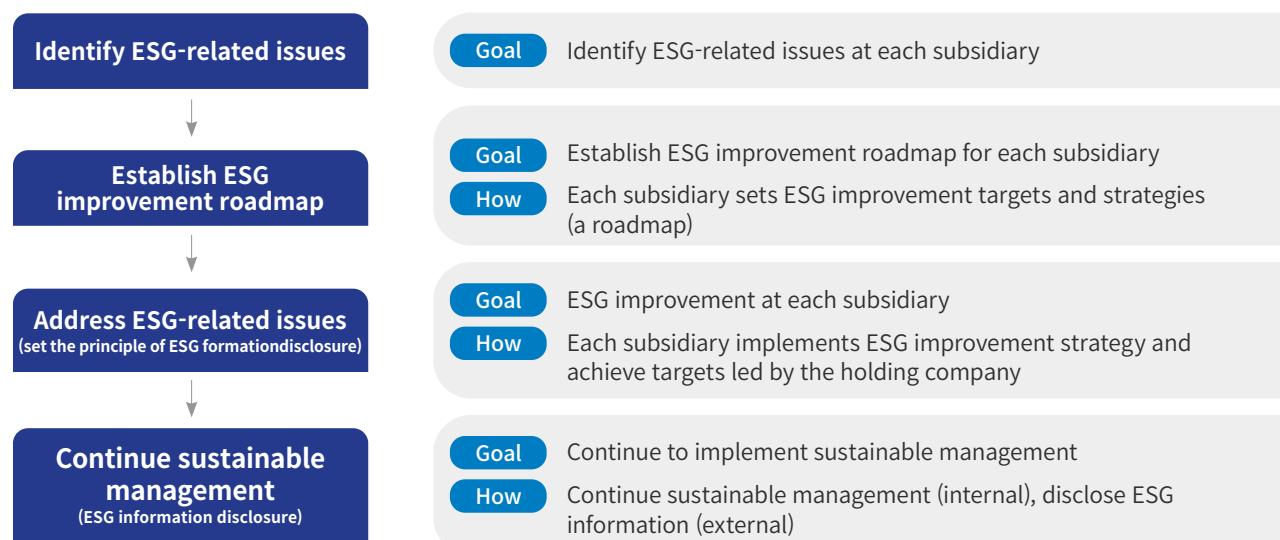
Environment	Social Responsibility	Corporate Governance
Sustainable activities to protect the environment	Responsible management for society	Transparent corporate governance

Tasks

Environment	Social Responsibility	Corporate Governance
<ul style="list-style-type: none"> Expansion of eco-products development Reduction of energy and water consumption Increase in green investment 	<ul style="list-style-type: none"> Increase in CSR activities for local communities Respect human rights and diversity Achievement of win-win growth and co-prosperity 	<ul style="list-style-type: none"> Enhancement of transparency in corporate governance Reinforcement in the Code of Ethics Establishment of a comprehensive assessment system

Implementation Plan

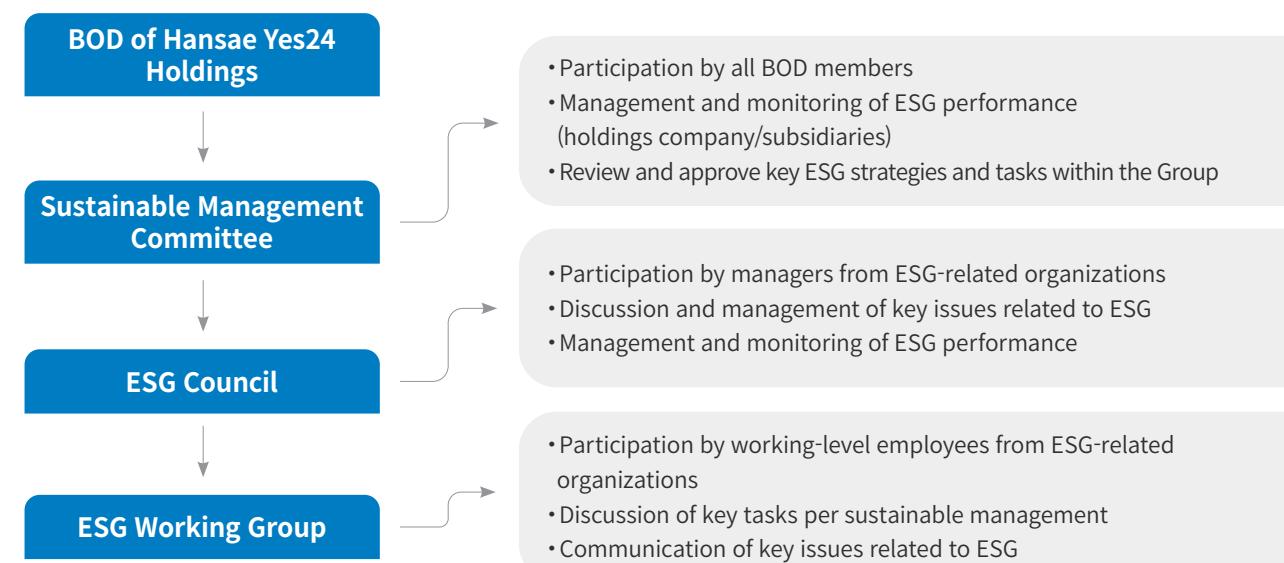
Hansae Yes24 Group has identified ESG-related issues specific to each subsidiary and seeks to establish a roadmap to improve sustainable management from a mid to long-term perspective. Specific goals and tasks will be developed based on this roadmap to address ESG-related issues at each subsidiary to ensure continuous improvement of sustainable management and, further, we plan to establish channels to share information and communicate with stakeholders and create a virtuous circle of sustainable management.



*Hansae Yes24 Group is currently taking consulting services from outside experts to put in place an sustainable management system across the Group, and we expect to release our ESG management strategies by the end of 2022.

Organization

Hansae Yes24 Group operates the Sustainable Management Committee within the Board of Directors for the purpose of managing ESG performances at the group level. Key executives within the Group and employees who are responsible of ESG at each subsidiary take part in ESG Council and ESG Working Group. Major issues arising in the course of implementing sustainable management strategies at each subsidiary are discussed at the Sustainable Management Committee. Through this reporting system aligned across the Group, Hansae Yes24 Holdings and all subsidiaries are making collective efforts to achieve our mid to long-term missions for sustainable management.

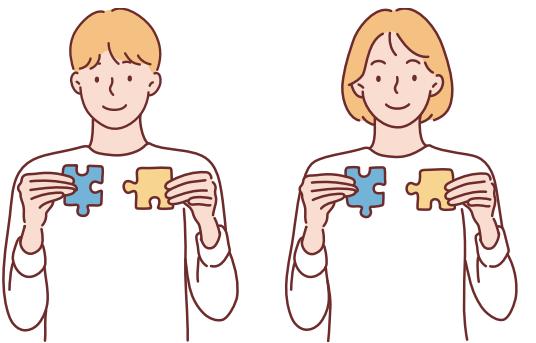


Stakeholder Engagement

Stakeholder Communication

Hansae Yes24 Group classifies its stakeholders into seven groups; consumers, shareholders and investors, subsidiaries, employees, communities, governments, and non-profit organizations and associations, and is operating communication channels for each group. Smooth communication with our stakeholders enables us to better respond to key issues and changes, and improve management activities, thereby promoting sustainable management. We will make continuous efforts to understand the key issues and interests of each stakeholder group and reflect them in our activities for sustainable management.

Key interest of stakeholders	Customers	Shareholders and Investors	Subsidiaries	Employees	Local communities	Governments	Non-profit orgs and associations
	<ul style="list-style-type: none"> Customer relationship management Customer information protection Product and service quality management 	<ul style="list-style-type: none"> Maximization of shareholder value Transparent corporate governance ESG risk management Business outlook Business portfolio diversification 	<ul style="list-style-type: none"> Exploration of the direction of business operation Information sharing Fair trade 	<ul style="list-style-type: none"> Fair performance evaluation and compensation Welfare Support for competence development Grievance handling Job security 	<ul style="list-style-type: none"> Communication with local communities CSR activities (e.g. revitalization of the local economy) Minimization of the environmental impact at business sites 	<ul style="list-style-type: none"> Fulfilling legal responsibility Sincere tax payment Job creation 	<ul style="list-style-type: none"> Transparent corporate governance Expansion of investment for eco-friendly management Fulfilling social responsibility
	Communication channel	Communication channel	Communication channel	Communication channel	Communication channel	Communication channel	Communication channel
Major activities	<ul style="list-style-type: none"> Sales activities, including marketing Handling customer complaints 	<ul style="list-style-type: none"> Transparent disclosure of financial performance Transparent decision-making through regular general meeting of shareholders Sharing performance through corporate briefing sessions 	<ul style="list-style-type: none"> Regular meetings with working-level employees in charge of ESG issues 	<ul style="list-style-type: none"> Education for employees' growth Fair evaluation and compensation Operation of various welfare systems 	<ul style="list-style-type: none"> Investment and collaboration for the development of local communities 	<ul style="list-style-type: none"> Sincere tax payment Contribution to employment by creating quality jobs 	<ul style="list-style-type: none"> Disclosure of corporate governance report Participation in meetings of non-profit organizations and associations

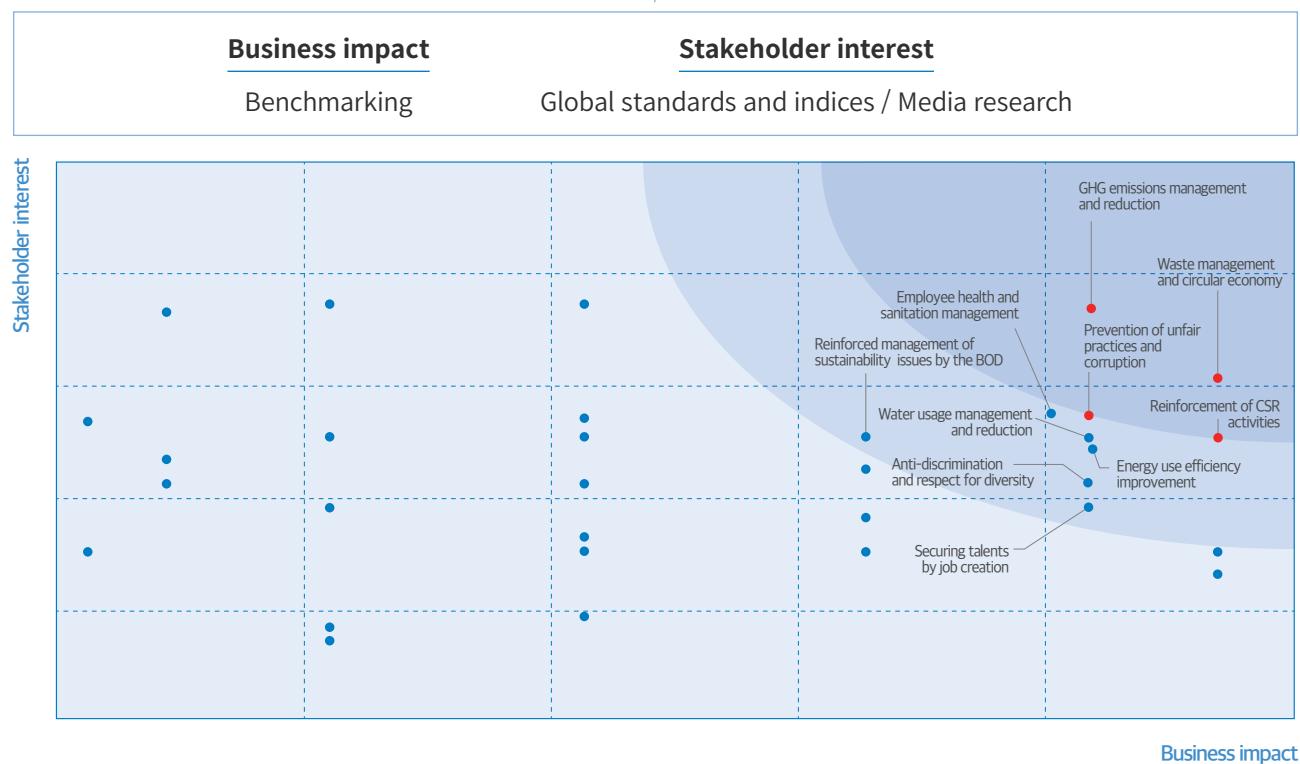


Materiality Assessment

Hansae Yes24 Group identified issues related to sustainable management with a focus on their actual/potential and positive/negative impacts and, based on the result, conducted the materiality assessment on their business impact and social interest. The materiality assessment was carried out in line with the reporting principles and requirements of GRI Standards, and issues identified through this assessment are thoroughly covered in our ESG report, whereby our activities and performances on sustainable management are transparently shared.

Materiality Assessment Process

Step 1 Pool of issues creation Hansae Yes24 Group created a pool of 49 issues related to sustainable management in the areas of the environment, economy, society, standards and initiatives(GRI, DJSI, ISO26000, UN SDGs, TCFD) and the issues of the industry(SASB).	Step 2 Analysis of media coverage /other reports We analyzed 193 news articles published during the period from January to December 2021 concerning the sustainable management of Hansae Yes24 Group and benchmarked domestic and overseas companies with leading performances on sustainable management. We also evaluated our performance on sustainable management in line with the GRI reporting principles and identified additional issues by considering internal issues.	Step 3 Prioritization of issues Through these steps, we conducted a quantitative evaluation and prioritized the issues within the pool by business impact and stakeholder interest. A total of 37 issues within the pool of issues were selected as key issues and a total of 10 issues, including these 4 key issues, were covered as the main contents of this report to satisfy the expectations of our stakeholders.
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Materiality Assessment Result

NO	Issue	GRI Standards	Topic	Page
1	GHG emissions management and reduction	305-5	Response to climate change	28-29
2	Waste management and circular economy	306-1 ~ 306-5	Contribution to circular economy	31-33
3	Reinforcement in CSR activities	413-1	Reinforcement in CSR activities	34-37
4	Prevention of unfair practices and corruption	419-1	Reinforcement in compliance	38-39
5	Employee health and sanitation management	403-1 ~ 403-10	Sound labor management culture	49
6	Water usage management and reduction	303-5	Response to climate change	29-30
7	Energy use efficiency improvement	302-1 ~ 302-5	Response to climate change	29-30
8	Anti-discrimination and respect for diversity	406-1	Respect for employees	47
9	Reinforced management of sustainability issues by the BOD	102-32	Board of Directors	57, 60
10	Securing talents by job creation	401-1	Respect for employees	47

Four core issues and business relevance

NO	Core issues	Business relevance
1	GHG emissions management and reduction	<p>Hansae Yes24 Group pursues to reduce greenhouse gas emissions by embracing the movement of the global community to mitigate climate change. Furthermore, we forecast and analyze the overall impact climate change will have on our business operations going forward and accordingly take preemptive measures to cope with them. Furthermore, Hansae is taking part in the Carbon Disclosure Project (CDP) monitoring what impact our production activities have on climate change. Hansae Yes24 Holdings established the Sustainable Management Committee in 2022 to identify environmental issues and take strategic response measures.</p>
2	Waste management and circular economy	<p>In addition to activities to reduce GHG emissions and energy consumption, Hansae Yes24 Group is spearheading efforts to create a circular economy promoting sustainability through saving and reusing resources. Hansae increases the purchase of green fabrics and focuses on the manufacturing of sustainable products by ensuring that plants and suppliers are OCS and RCS-certified. Hansae MK and Hansae Dreams actively use recycled materials in product manufacturing, and Hansae MK offers consumers reusable bags and is planning to use only FSC-certified boxes for product packaging. As such, Hansae Yes24 Group is striving to minimize its environmental footprint transforming the existing cycle of production, consumption, and disposal into a circular cycle.</p>
3	Reinforcement in CSR activities	<p>CSR activities to enhance co-existence with local communities, rather than simply going after profit, are gaining more importance. Hansae Yes24 Group is carrying out a variety of CSR activities under the directions set for CSR across the Group. The overseas corporations of Hansae are actively engaged with local communities by donating books and medical supplies. Hansae MK and Hansae Dreams carry out CSR activities relating to their business, donating garments to the underprivileged and child soldiers in war-ravaged areas. Moving forward, Hansae Yes24 Group will continue to share its business results with society contributing to the development of local communities.</p>
4	Prevention of unfair practices and corruption	<p>Prevention of unfair practices and corruption is an integral step to establishing sound corporate governance, and operating systems to report such irregularities is one good way to do so. Hansae Yes24 Holdings and its subsidiaries are taking the lead in ethics management by demanding executives, employees and suppliers abide by guidelines on the Code of Ethics. Hansae Yes24 Group provides ethics training with all executives and employees every year to enhance their integrity. Hansae puts in place the Code of Ethics which is applied to all executives and employees at its headquarters, plants, and outsourced plants. It also introduced the Code of Conduct reflecting the laws of host countries it is doing business with and the regulations of its client companies, which are followed by all of its plants and outsourced plants.</p>

ESG Issues

HANSAE YES24 HOLDINGS
ESG Report 2022

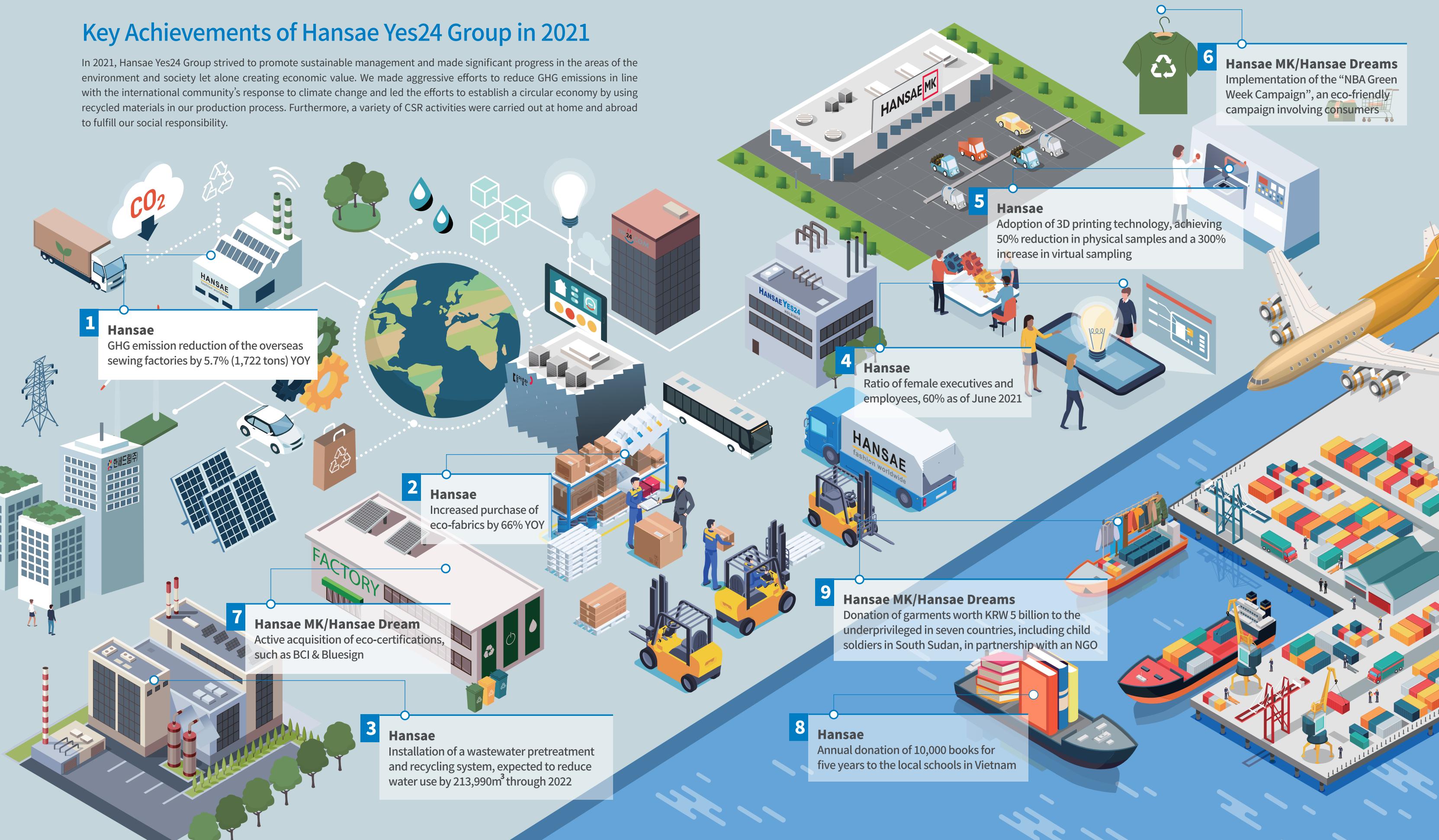
ESG Issues

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Key Achievements of Hansae Yes24 Group in 2021

In 2021, Hansae Yes24 Group strived to promote sustainable management and made significant progress in the areas of the environment and society let alone creating economic value. We made aggressive efforts to reduce GHG emissions in line with the international community's response to climate change and led the efforts to establish a circular economy by using recycled materials in our production process. Furthermore, a variety of CSR activities were carried out at home and abroad to fulfill our social responsibility.



Issue #1. Response to Climate Change

Importance of Issue

Climate change and eco-friendly factors are drawing growing interest from stakeholders and accordingly, the international community continues to tighten regulations and policies to mitigate climate change, such as the Paris Agreement on Climate Change. In this context, eco-friendly management has emerged as a critical imperative, and companies are exploring various ways to respond to climate change, the crisis affecting the whole planet, by trying to cut GHG emissions and waste discharges and use renewable energy.

Hansae Yes24 Holdings donated KRW 10 million to the Gotjawal Preservation Fund to help preserve the ecosystem of Jeju Island. In addition, Hansae cut down the GHG emissions of its overseas sewing factories by 5.7% compared to the previous year and is operating effective environmental management systems to minimize the environmental impact of its business operations. Various strategies to promote green management have been implemented to reduce GHG emissions and energy use, including setting carbon reduction targets for 2029 and disclosure through CDP, modifying machines to cut water consumption, and operating a rainwater harvesting and treatment system and a wastewater recycling system.



- (Hansae) Reduced GHG emissions and energy consumption
- (Hansae) Explored strategies to achieve GHG and energy reduction targets
- (Hansae Yes24 Holdings) Actively participated in eco-friendly campaigns
- (Hansae) Upgrade systems to reduce water consumption and recycling



- (Hansae Yes24 Holdings) Donated KRW 10 million to the Gotjawal Preservation Fund(Hansae) Reduced GHG emissions of overseas sewing factories by 5.7% (1,722 tons) YOY
- (Hansae) Set up carbon reduction targets for 2029 (GHG 25%, oil 50%, water 20%, power purchase 5%)
- (Hansae) Made disclosures through CDP over the past 10 years



- (Hansae) Expand solar PV panel installation in new plants (Myanmar, Nicaragua)
- (Hansae) Bomin plant in Indonesia to contract REC (Renewable EnergyCertificate)
- (Hansae) Reduce water consumption 213,900m³ by using the wastewater recycling system
- (Hansae) Continue disclosure through CDP

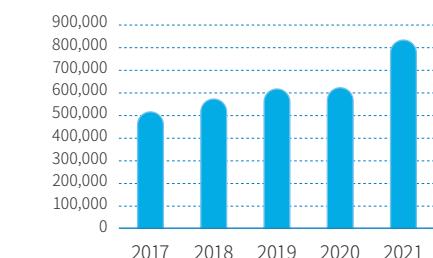
Reduction of GHG Emissions and Energy Consumption

Hansae sets reduction targets of GHG emissions and energy use to keep up with the global movement responding to climate change. While the pandemic put a heavy constraint on these efforts in 2021, Hansae managed to cut GHG emissions at its overseas sewing factories by 5.7% (1,722 tons) year on year and decreased electric power purchase from the grid and water consumption by about 4 million kilowatts (kWh) and 140,000 tons, respectively. Hansae set ambitious targets to expedite the reduction of GHG emissions and energy use through 2029 and plans to continue exploring ways to create a sustainable future.

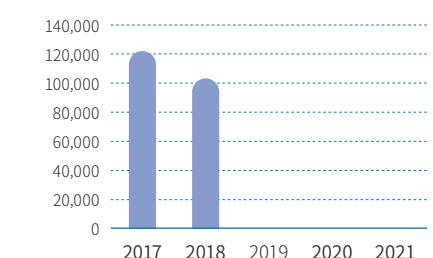
Electric power (Kwh)



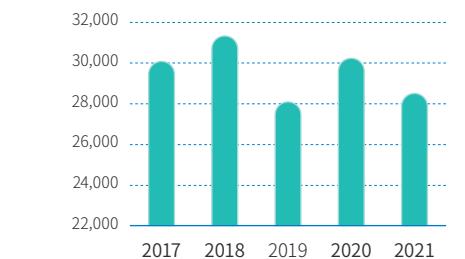
Oil (L)



Coal (Kg)



GHG emission (MT)



※ Overseas sewing plants of Hansae

Water (m³)



Reduction Targets for 2029

Hansae implements environmental management policies as a key pillar of sustainable management, and accordingly sets quantitative targets to reduce the use of electricity, oil, coal, and water, and GHG emissions and adopts specific strategies to meet them. We are planning to decrease GHG emissions by 25%, oil consumption by 50%, water use by 20% and electric power purchase by 5% through 2029 compared to the levels seen in 2019, and are constantly monitoring our performances. Furthermore, Hansae makes efforts to reduce electricity use and minimize GHG emissions. For instance, it replaced the existing lighting within its production facilities with LEDs, installed servo motors to sewing machines, and is operating water cooling systems in buildings. Operating a rainwater harvesting system also helps to reduce water consumption. The company communicates its progress on the reduction of GHG emissions and energy use vs. targets through its corporate website to deliver stakeholders' expectations and demands in a responsible manner.

Global Initiative

CDP(Carbon Disclosure Project)

International community is making collective efforts to mitigate climate change by adopting the Paris Agreement on Climate Change in November 2016 and invigorating international cooperation to make a transition to a low-carbon and, further, carbon-neutral society. Hansae is likewise making preparations to adapt to a low-carbon economy by monitoring the environmental impact of its business operations and participating in Carbon Disclosure Project(CDP) since 2011, and will continue to share its performances through CDP going forward.



Business Case. KRW 10 million Donation to the Gotjawal Preservation Fund

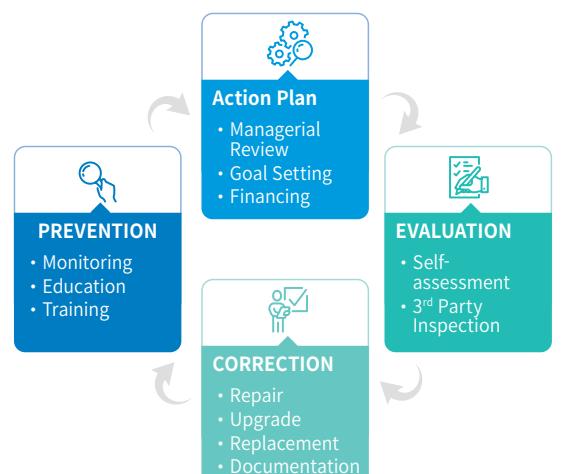
Hansae Yes24 Holdings donated KRW 10 million to the Gotjawal Preservation Foundation. Gotjawal Forest preserves the unique ecosystem of Jeju Island, where creepers and bushes grow in rough rocky areas formed by lava eruption during volcanic activities. The name, Gotjawal, was coined by combining two words in Jeju's dialect: "got (forest)" and "jawal (thorny bushes)". The Gotjawal Preservation Foundation is a civic group organized to promote the sustainability of Gotjawal and carries out activities to protect Gotjawal called the lung of Jeju's ecosystem from reckless development. Hansae Yes24 Holdings will participate in various projects to preserve natural capital for biodiversity protection, beyond simply responding to climate change and will remain a staunch supporter of these environmental protection activities.



▲ Gotjawal, Jeju Island

Operation of Environmental Management System

Hansae reinforces environmental management systems of its overseas business sites and strives to minimize their negative impact on the environment. Hansae is making strenuous efforts to improve environmental performance and promote sustainable management, by establishing green management strategies, conducting regular facilities inspections and taking improvement measures. It has put in place an environmental management system to minimize environmental impacts by cutting energy and water consumption as a global garment manufacturer. The environmental management system works in four stages: monitoring and education on environmental impact, setting sustainable operation targets and control methods, self-evaluation and third-party verification, and improvement to follow up on evaluation results. This circular system enables the company to recognize, examine and manage risk factors to the environment including but not limited to wastes and hazardous materials, and to establish and implement customized systems to timely address problems as necessary.



Water Management

Hansae acquired C&T Vina, a fabric dyeing and printing firm, in 2013 and has since carried out aggressive activities to protect the environment. During 2019 and 2020, C&T Vina pushed ahead with three water-saving projects: structural modification of dyeing machines to reduce water consumption, installation of a rainwater storage and purification system, and introduction of a wastewater recycling system. First, the Company optimized the structure of dyeing machines to raise water efficiency in the fabric production process and, as a result, saved 232,029m³ of water from January 2019 to the end of 2020. It also installed a rainwater storage and purification system and a wastewater recycling system to minimize water consumption. The rainwater storage system was installed at the end of 2018 and purified rainwater is currently reused in the manufacturing process. Water saving amounted to a total of 115,469 m³ in 2019 and 2020. The wastewater pretreatment and recycling system is expected to help reduce water consumption by 213,990m³ through 2022. Moving forward, Hansae will double up efforts to raise the water recycling rate through system improvement and development of standard rainwater storage facilities.



Dyeing Machine Water Ratio Upgrade



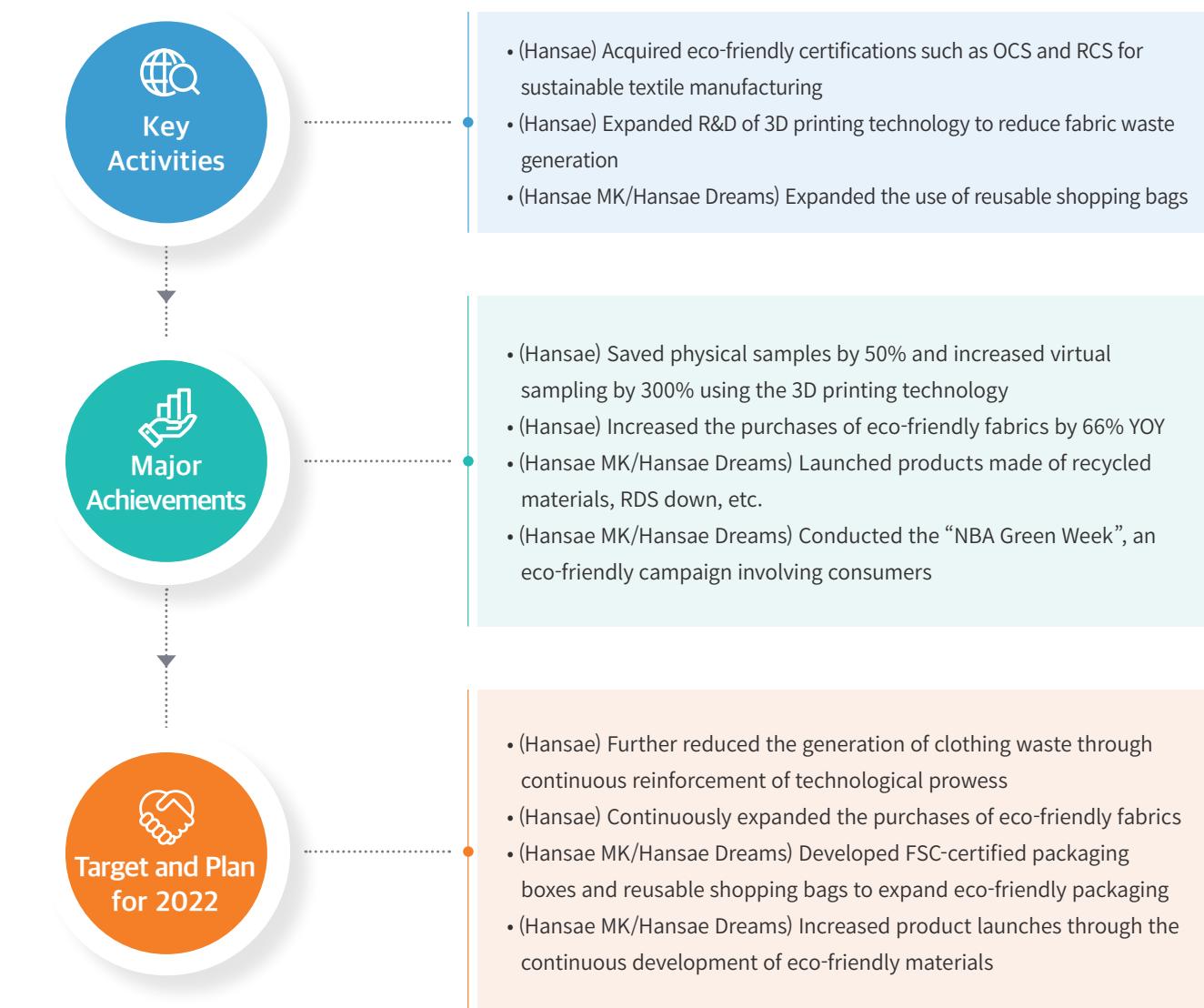
Rainwater Harvesting System

Wastewater Recycling System

Issue #2. Contribution to Circular Economy

Importance of Issue

After the industrial revolution, the advent of the capitalist economy ushered in a linear economic structure in which the circulation of resources is segmented. This linear economic model represented by the flow from mass production to mass consumption and mass disposal resulted in the reckless exploitation, excessive use, and non-circular disposal of resources, eroding environmental and economic sustainability. In a bid to address these issues, advanced countries, including the EU, have introduced a series of measures, such as mandating the reuse of all plastic packaging materials by 2030 and creating platforms financially supporting a circular economy, to encourage the participation of various economic entities, including companies. Korea has likewise adopted policies to promote the circulation of resources, such as the "Framework Act on Resources Circulation" enacted in 2018 as the legal foundation of a circular economy. Hansae Yes24 Group is collaborating on these efforts. For instance, Hansae acquired sustainable material certifications such as OCS and RCS, and Hansae MK and Hansae Dreams are taking the lead in manufacturing FSC-certified products and sustainable garments made of recycled materials. They even went beyond green manufacturing and implemented eco-campaigns involving consumers, such as the NBA Green Week.



Sustainable Material Certifications

OCS (Organic Content Standard) & RCS (Recycled Claim Standard)

We are making aggressive efforts to acquire eco-friendly certifications to cope with the growing demand for sustainable textile products recently. Hansae's manufacturing plants and some of its suppliers are certified with OCS (products with 5% or more organic raw materials) and RCS (products with 5% or more recycled fiber). These plants certified with OCS or RCS are allowed to directly import and process textiles made from organic or recycled raw materials, and produce, store and export OCS and RCS-certified products.

Facilities	(unit: facility)		
	OCS/RCS	OCS	RCS
Owned	5	0	3
Subcontractors	14	2	4
Total	19	2	7

*As of April 11, 2022

FSC-certified Products Sourcing and Recycling

FSC is a forest management certification established by the Forest Stewardship Council (FSC), an international NGO organized to protect forest resources and promote sustainable forest management. FSC certifies forest operators who pursue sustainable development and puts labels on wood and products manufactured in these forests to encourage eco-friendly consumption. Hansae MK and Hansae Dreams have used various recycled materials in their production processes, developed reusable shopping bags made from 100% recycled materials, and are planning to use only FSC-certified boxes for product packaging.



Reusable Shopping Bags (TBJ, BUCKAROO)

BCI & Bluesign

The "Better Cotton Initiative (BCI)" pursues to minimize the environmental impact of cotton cultivation and promote sustainable cotton production. The BCI aims to keep pesticide use to a minimum and prevent unfair labor. Furthermore, the "Bluesign" certifies textiles manufactured with materials and by processes safe for human health and the environment after analyzing all substances released throughout the entire production process. In 2021, Hansae Dreams manufactured garments with eco-friendly materials and recycled fibers certified by BCI and Bluesign, and is further exploring various ways to produce eco-friendly garments.



Jeans Made of Recycled Denim (Levis)

Eco-friendly Product Line Made of GRS-certified Fibers

GRS is an international standard that sets requirements for third-party certification of recycled content, social and environmental practices, etc. across the product cycle from raw materials (recycling textiles) to yarns, fabrics and final products. The purpose of GRS is to define the requirements to minimize harmful environmental and chemical effects, and GRS-certified products are assured of consistency and transparency in manufacturing and management methods. Hansae MK's main brand, NBA KIDS, and Hansae Dreams Curlysoo and Moimoln, manufacture T-shirts with GRS-certified textiles made of recycled PET bottles as part of their efforts to create a sustainable environment. Further, Hansae MK strives to protect animals by sourcing RDS-certified down and eco-furs and will expand eco-friendly product lines by increasing the use of recycled materials in garment manufacturing.



RDS and Jeanologia Washing

Reduction of Garment Waste by Eco-friendly 3D Printing Technology

Hansae is rapidly implementing its own designs and various ideas related to suppliers, such as fabrics and washing techniques, in 3D design in the non-face-to-face era in the wake of the COVID-19 pandemic. Instead of adjusting opinions with clients over physical samples, this 3D technology has shortened the time taken for design change and confirmation and consequently raised efficiency in garment manufacturing. Also, the company can protect the environment as well as save cost, by decreasing the waste of physical textile samples and the use of packaging materials and transportation fuel for sample delivery. Physical samples Hansae used in 2021 decreased by 50% while virtual sampling increased by 300% in 2021, compared with those of 2019. The company is planning to replace at least 80% of physical samples with 3D sampling by 2025. Its expertise in virtual design was already recognized in the garment industry and Hansae will continue to draw on such technological prowess to usher in sustainable fashion, cutting back on manufacturing time and cost.



Business Case. Sustainable Practice and Culture with Consumers

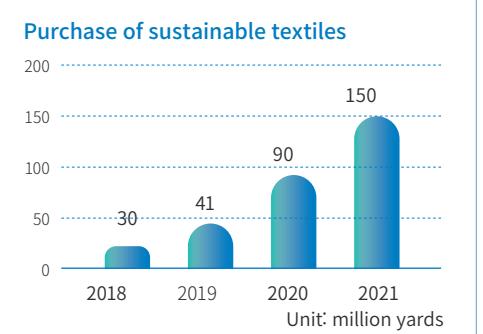
The Finest Day of the World: the NBA Green Week

On the occasion of Earth Day in April, Hansae MK kicked off the NBA Green Week Campaign to encourage its customers to think about the value of sustainability and easily participate in activities for the environment. This campaign was designed to foster a right-minded culture of consuming products made from eco-friendly materials and to share its value system caring about the environment with people who pursue value-based consumption. Moving forward, Hansae MK will continue its efforts to nurture the culture of right-minded consumption through eco-friendly campaigns and events and launch sustainable products.



▲ NBA Green Week campaign poster

Increased Purchase of Sustainable Textiles
By utilizing recycled fibers and sustainable materials, Hansae is actively partnering with its corporate customers, supporting them to provide the most innovative garments to consumers around the world. Its purchase of sustainable fabrics has been on a steady increase since 2018 and reached approximately 150 million yards last year. At a time when more and more companies adopt ESG-centered management and consumers conscious of the environment have a growing need for sustainable garments, Hansae is striving to manufacture sustainable products by expanding the use of sustainable fabrics.

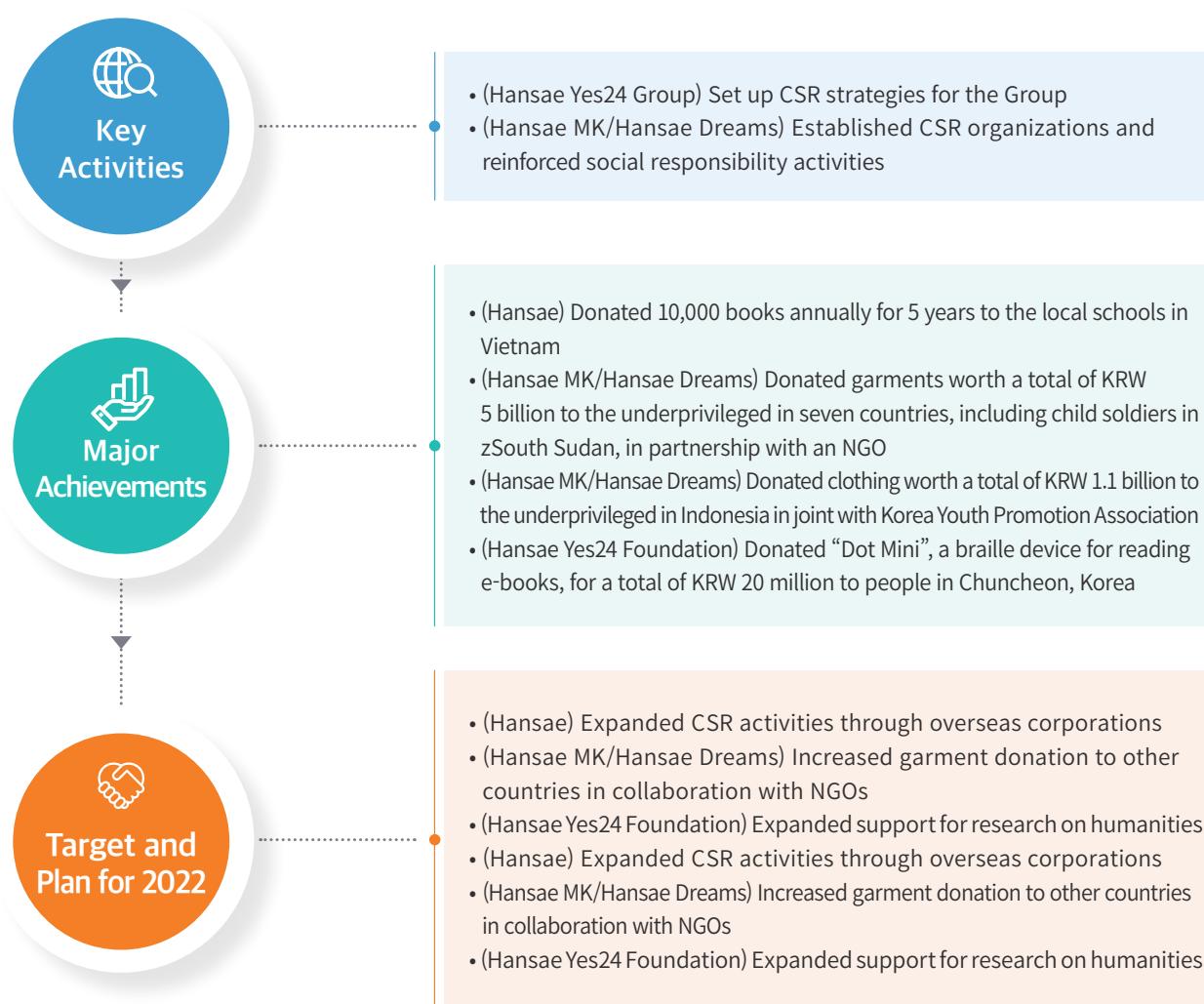


Issue #3. Reinforcement in CSR activities

Importance of Issue

There is a growing demand worldwide that companies should fulfill their social responsibility through communication with stakeholders and contribution to society. Companies are required to go beyond creating economic value and fulfill their corporate social responsibility (CSR) for major stakeholders, such as employees, suppliers, consumers and local communities. CSR activities for communities may include partnership, education, cultural preservation, job creation, and social investment, and it is important businesses align CSR activities with their long-term corporate visions or goals and implement them with continuity and consistency. In particular, CSR programs reflecting one's unique corporate culture as well as values important to society can help companies to form a positive corporate image different from competitors.

Led by Hansae Yes24 Holdings, Hansae Yes24 Foundation and the subsidiaries of Hansae Yes24 Group are carrying out a variety of CSR activities drawn on their business characteristics and expertise including but not limited to supporting academic research and garments donation for future generations. For instance, Hansae Yes24 Foundation focuses on scholarships and academic research, such as scholarships for foreign students studying in Korea, and scholarships and academic research support by the Uidang Scholarship Foundation. Hansae donates books and medical supplies through its overseas corporations. Hansae MK and Hansae Dreams contribute garments to the underprivileged in other countries. As such, Hansae Yes24 Group is leading CSR activities for local communities by tapping into the business expertise of each subsidiary.



Reinforcement in CSR activities

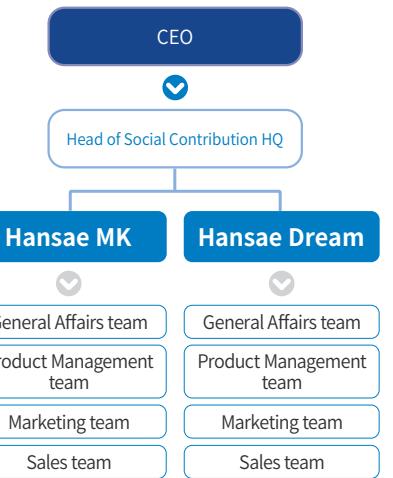
Local communities are key stakeholders with influence on businesses, and the non-financial value of a company created through CSR activities can bring about positive impacts not only on people in local communities but also on the competitiveness of the company itself. Led by Hansae Yes24 Holdings, Hansae Yes24 Foundation and the subsidiaries of Hansae Yes24 Group identify various needs of local communities regarding entertainment, education, and welfare, and carry out a range of CSR activities drawing on their business expertise and characteristics, including but not limited to scholarship, academic research support, and garment donation.

CSR Strategies



CSR Organization

Hansae MK and Hansae Dreams have set up CSR organizations following the goals of CSR activities set by Hansae Yes24 Group. Under the leadership of the CEO, the head of the Social Contribution HQ supervises General Affairs Team, Product Management Team, Marketing Team and Sales Team. actively implement social contribution activities and among the major beneficiaries of Hansae MK are Friends of National Museum of Korea, Seoul Children's Welfare Committee, Korea National Contemporary Dance Company, World Wildlife Fund Korea, Good Neighbors, National Council of Youth Organizations in Korea, and Korea Youth Association. Hansae is carrying out various CSR programs reflecting the culture and specific needs or circumstances of the countries where it has overseas production facilities, such as Vietnam and Guatemala. In 2021, it donated books, scholarships, as well as masks and medical supplies to help people recover from the COVID-19 pandemic.



CSR Organizational chart of Hansae MK & Hansae Dreams

Social Contribution Activities

Various Contribution Activities for Future Generations

Hansae Yes24 Foundation and the subsidiaries of Hansae Yes24 Group are carrying out a variety of CSR activities drawn on their business characteristics and expertise such as supporting academic research and garments donation for future generations.

Donation of Garments and Goods

Hansae MK and Hansae Dreams made a joint donation of garments worth KRW 5 billion for child soldiers in South Sudan. They held a donation ceremony at Hi Seoul Youth Hostel in Yeongdeungpo-gu, Seoul and promised to contribute garments so that those young soldiers in the war-ravaged region can wear clean clothes and dream about their future. The garments donated at this ceremony were delivered through Korea Youth Association and National Council of Youth Organizations in Korea.

In addition to this donation, we also ran a meaningful campaign to exchange the military uniform brought by child soldiers with sportswear and sneakers. Hansae MK and Hansae Dreams have initiated this donation program to deliver warm hope to the child soldiers who have grown up in military uniforms, and the clothes of Nike, Converse, and Air Jordan under Hansae Dreams Playkiz Pro and Hansae MK's popular sports brands such as NBA KIDS were donated. Hansae MK and Hansae Dreams will continue garment donations together with Korea Youth Association and National Council of Youth Organizations in Korea, to support people in need around the world.

Hansae MK and Hansae Dreams jointly contributed garments and fashion accessories to the underprivileged in seven countries. Donated items were the products of main brands such as Hansae Dream's "Moimoln" and "Playkiz Pro" and Hansae MK's "TBJ" and "Andu". In particular, Hansae Dreams chose to contribute items essential to babies and children, including clothes, nursing items, bedding and infants' toys, which were delivered through Good Neighbors, a global NGO dedicated to protecting children's rights, to the underprivileged in seven countries; Nicaragua, Tajikistan, Mongolia, El Salvador, Laos, Jordan and Kyrgyzstan.

Hansae Dreams donated over 42,000 items of clothing and accessories worth KRW 1.1 billion to the underprivileged in Jakarta, Indonesia, by partnering with Korea Youth Promotion Association. The donated goods were Moimoln-branded products, one of its main brands, and were delivered through "Yayasan Harapan Kepompong Kecil", an Indonesian NGO, to infants and children in schools and orphanages in Jakarta. Hansae Dreams has continued global donation activities for seven years since 2015, and continues to explore various ways to fulfill its social responsibility.



Donation of Garments (worth KRW 5 billion) to Child Soldiers in South Susan



Joint Donation of Garments and Accessories to the Needy in 7 Countries



Donation of Goods (worth KRW 1.1 billion) to Indonesia

Hansae held a book donation ceremony, "10K Books – Millions of Love" in Da Nang, Vietnam. In partnership with Hansae Yes24 Foundation, Hansae Vietnam donates 10,000 copies of 100 books to local elementary schools every year. These books are carefully selected by a committee made up of local writers and publishers for children's book. It's been five years since this book donation began in 2017 and a total of 50,000 books have been contributed to over 500 local schools thus far.

This donation ceremony was organized by Hansae as a token of partnership to tide over challenges together with Da Nang, which suffered serious damages due to the COVID-19 pandemic and floods. Going forward, Hansae will implement various CSR activities to further promote cooperation in pursuit of continuous growth with the local community.



Donated over 10,000 Books to Elementary Schools in Vietnam for 5 Years



Hansae Donated 14,016 Masks for Kids in Guatemala.



Hansae Haiti Donated Medical Supplies to Local Community.



Donation of "Dot Mini", a Braille Device for the Visually Impaired

Scholarships and Academic Research Support

Hansae Yes24 Group is carrying out various CSR activities such as scholarship and academic research support through Hansae Yes24 Foundation; scholarship for foreign graduate students studying in Korea, and "Uidang Scholarship" awarded to outstanding students in Eumbong-myeon, Asan-si, South Chungcheong province, "Uidang Academic Award" for medical scientists dedicated to research for the advancement of medicine. In the field of culture and arts, the Company is also implementing various donation programs, including the contribution of "Dot Mini", a braille device helping the visually impaired with reading books. In 2022, it began a donation program supporting researchers on humanities.

Issue #4. Reinforcement of compliance

Importance of Issue

Amid growing expectations on the role and responsibility of companies, the international community is adopting more tightened regulations and standards. At the same time, key stakeholders of companies such as employees and investors are required to have greater accountability, all of which boils down to strong demand for compliance by global companies. Hansae Yes24 Group has embedded ethical management among all employees to achieve substantial and effective compliance and is operating anti-corruption reporting channels for employees. Furthermore, we provide proactive support to all employees so they can better understand and abide by the guidelines for the Code of Ethics and perform their duties with greater transparency and responsibility.



- (Hansae Yes24 Group) Reviewed establishment of the Code of Conduct for the Group
- (Hansae Yes24 Group) Reviewed establishment of the Code of Ethics for the Group
- (Hansae Yes24 Group) Reinforced internal control by expanding anti-corruption reporting channels

- (Hansae Yes24 Group) Established guidelines on ethical management
- (Hansae Yes24 Group) Operated the Audit Committee to promote transparent corporate governance
- (Hansae MK/Hansae Dreams) Established a reporting system on ethical management violations and increased education for employees

- (Hansae Yes24 Group) Reinforce education on compliance and ethical management
- (Hansae Yes24 Group) Establish “Independent Directors Candidate Recommendation Committee”, “Sustainable Management Committee”, “Management Committee”

Ethical Management and Prevention of Unfair Practices

The guidelines for the Code of Ethics set forth standards to be followed by all members when they make decisions and perform duties. The Code of Ethics consists of three parts; “attitude of employees”, “attitude of suppliers” and “compliance with laws, regulations, and corporate management rules”. All members of Hansae Yes24 Group strive to internalize ethical management and fulfill their social responsibility. Further, we are operating whistleblower channels to collect reports on employees’ unfair behaviors and legal violations: unfair demand or provision of cash, valuables, and entertainment, unfair transactions involving stakeholders, lack of transparency in supplier selection, unauthorized use of corporate assets, document manipulation and false report, and other unethical behaviors. Whistleblowers’ identities and the content of reports they make are kept strictly confidential and cannot be disclosed without their prior consent. Once corruption is confirmed as per reports, responsible persons are placed under disciplinary measures according to our internal regulations.

Guidelines on Ethics Regulations

Definition	Key content
Attitude of employees	Specific guidelines to be followed by employees performing duties, which reflect the characteristics of each subsidiary's business <ul style="list-style-type: none"> - Reporting violations and protection of whistleblowers - Compliance and pledge
Attitude to suppliers	Standards to promote mutual respect and win-win growth with suppliers <ul style="list-style-type: none"> - Fair transaction - Mutual respect and win-win growth
Compliance with laws, regulations, and company policies	Perform duties in compliance with relevant laws (domestic/overseas), and the policies and regulations of the Company based on a thorough understanding <ul style="list-style-type: none"> - Customer satisfaction and privacy protection - Preparation and disclosure of information on business management - Fair trade and competition - Prohibition of unfair solicitation and bribe-taking - Responsibility for safety, health and environment

Establishment of the Code of Ethics/Conduct

Code of Ethics

The Code of Ethics stipulates standards for the right behaviors and judgment that should be followed by all employees, and the business activities of the company are reviewed based on this code. The Code of Ethics also states the pledge of Hansae to comply with the Anti-Corruption Act and applies to all members at our owned production facilities and subcontractors.

Code of Conduct

Hansae Yes24 Group discloses the Code of Conduct which serves as the standard for employees’ behaviors through its corporate website to communicate specific matters and standards relating to the Code of Ethics. The Code of Conduct reflects the laws of countries of production, such as labor law and environmental law, and the regulations of our corporate customers, and applies to all members at our owned production facilities and subcontractors.

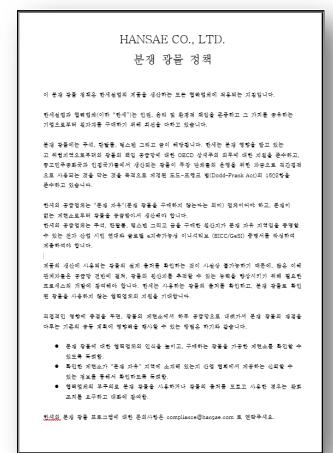
Ethical Management Activities

Hansae Yes24 Group implements ethical management to offer greater value to key stakeholders: customer satisfaction, shareholder value creation, contribution to local community development, accompanied growth with suppliers, respect for employees through corporate culture improvement. Furthermore, all employees sign written pledges every year to practice ethics. We disclose the guidelines for the Code of Ethics in detail through our corporate website to help all employees better understand and abide by them, and thus encourage their voluntary compliance.

Conflict Minerals Management Policy

Hansae has a conflict minerals management policy to comply with laws and fulfill its social responsibilities. Conflict minerals refer to minerals, including tin, tantalum, tungsten and gold, that are mined in conflict zones, such as the Democratic Republic of Congo and its neighboring countries. Hansae makes sure not to allow conflict minerals associated with armed forces in conflict zones in our supply chain by requiring all suppliers to establish policies and procedures on conflict minerals, examine any use of conflict minerals, and set up procedures and plans on response measures.

Its conflict minerals management policy applies to all suppliers manufacturing products for Hansae. All members of Hansae and the suppliers respect human rights, ethics, and environmental responsibility and strive to source raw materials only from partners who share the same value as ours.



ESG PERFORMANCE



HANSAE YES24 HOLDINGS
ESG Report 2022

ESG Performance

Environmental
Social
Governance

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Environment

ESG
PERFORMANCE

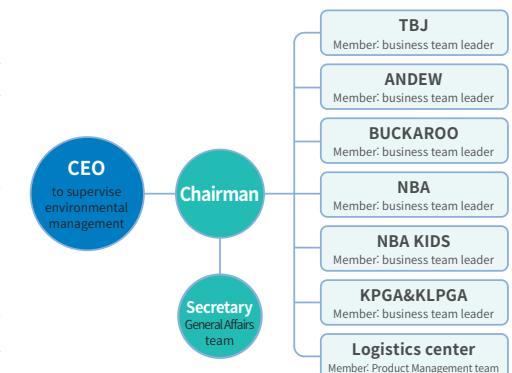


Green Management

Environmental Management Promotion System

Environmental Management Committee

Hansae MK has established the Environmental Management Committee under the direct control of the CEO to make sure the efficient operation of its environmental management system. The CEO supervises overall matters of environmental management, and the Chairman leads the committee with support from the secretary. Taking charge of the actual operation of the committee are the heads of business departments and products management teams of major brands, TBJ, ANDEW, BUCKAROO, NBA, NBA KIDS, and KPGA & KLPGA. The Environmental Management Committee is the highest decision-making body to determine environmental management strategies and policies and takes charge of planning eco-friendly product development and eco-friendly campaigns involving consumers. Hansae MK is planning to explore various ways to implement eco-friendly management in and outside the Company, such as combining it with its main businesses led by the Environmental Management Committee and providing environmental education to employees.



Hansae MK's Environmental Management Committee



◀ Environmental Impact Assessment at Hansae Vietnam

Environmental Impact Assessment

All overseas corporations and facilities of Hansae conduct the environmental impact assessment to examine what impact its facilities may have on the environment and take active measures to minimize negative impact in advance. This assessment focuses on general waste (e.g. water, fiber patches) and hazardous waste (e.g. plastic, steel, oil, battery), and is conducted on a quarterly basis or at other intervals as required by the laws of the host countries. Violations found during the assessment are immediately fixed. According to its assessment report, the production facilities of Hansae efficiently managed wastewater, pollutants and wastes in 2021, and the water and air quality control systems showed positive performances. As such, Hansae strives to minimize the negative environmental impact of its production activities through systematic environmental management processes.

Self-assessment (Unit: facility)			
Facility type	FEM 2019	FEM 2020	FEM 2021
Owned	12	12	13
Subcontracted	62	62	76
Total	74	74	89

Third Party Verification (Unit: facility)	
Facility type	FEM 2021
Owned	13
Subcontracted	51
Total	64

as of April 13, 2022
as of June 15, 2022 / Including the number of facilities that have the plan to get the FEM verification in 2022

Environmental Education Programs

Hansae provided the employees at its overseas facilities with environmental education, such as environmental protection policies and energy-saving methods. Hansae MK conducted environmental education for its employees four times in 2021, and the main topics of the courses include coffee recycling (development of functional fabrics by utilizing odor-removing coffee ground), the Responsible Down Standard (RDS) certifying products made by down collected in more ethical ways than live plucking, eco-friendly denim made of recycled polyester yarn extracted from plastic bottles, and eco-friendly subsidiary materials such as pulp hangers, wooden hangers, low-carbon hangers, and hangers made of recycled plastic. Moving forward, Hansae MK is planning to provide various education courses on product planning and the use of eco-friendly materials.

Eco-Business Model



10% For GOOD

Hansae has been implementing the “10% for Good” initiative to promote sustainable management by following the international movement.

Through this campaign, the company has donated or invested since 2019 10% of its net income generated from eco-friendly product sales to various NGOs and technology firms which serve to promote sustainability in the fields of the environment, fashion, and resources.

Going forward, Hansae is planning to further expand this sustainability campaign to provide even greater value to stakeholders across its value chain and markets and create a sustainable future.

OUR PLEDGE

01

The 10% for Good campaign is Hansae’s unique initiative to promote sustainable management in line with the international trends of embracing sustainable management.

02

The pursuit of sustainability has become a norm in the fashion industry. Both buyers and consumers are demanding “sustainability” across all sectors, from raw materials (yarn and fabric) to garments, production sites, and working environments.

03

Hansae is planning to further expand this campaign to provide greater value to all members across the market.



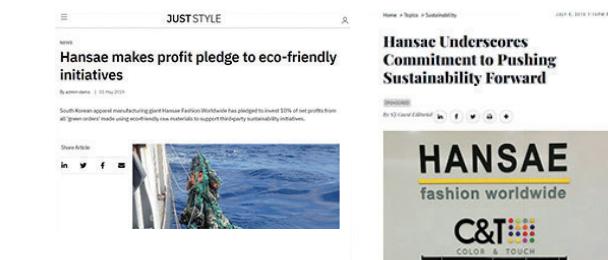
Initiation of Eco-Business 2019

The first donation under the 10% for Good campaign

NGO collecting plastic wastes from the sea (the Netherlands)

Coverage by foreign media (two times)

The 10% for Good campaign is the first eco-friendly donation initiative launched in the garment industry of Korea. For the first donation under the campaign, Hansae chose “fostering a sustainable environment” as a key task and specifically picked the issue of marine plastic waste, which is regarded as one of the gravest environmental threats facing the planet in the 21st century. In 2019, Hansae supported an NGO based in the Netherlands whose main activity was collecting marine plastic waste, and contributed to creating a cleaner and safer sea for future generations.



Investments to secure sustainability technology 2021

First investment activity

Investment in two tech companies related to textile upcycling

Investment in 'Evrnu' a chemical upcycling startup in the US

Investment in 'Recover,' a Spanish mechanically regenerated fiber

Gaining growing importance in Hansae, the 10% for Good campaign has become a key initiative for its innovative future vision. In 2020, Hansae decided to make bold investments to apply plastic upcycling technology to the fashion business, and aimed to create a virtuous circle of ‘garment to garment upcycling’ whereby garments are recycled into yarns and fabrics. The company invested in two startups, preoccupied the status of a major investor, and secured technologies necessary for upcycling. Drawing on its capabilities as a garment manufacturer, Hansae will make efforts to lead the transformation of business models across the garment industry.



2020 Earnest expansion of CSR activities

The second donation under the 10% for Good campaign

Donation to two NGOs related to upcycling marine plastic

Plastic Bank, a Canada-based upcycling NGO

Waste Free Ocean, a Belgium-based upcycling NGO

As the 10% for Good campaign has entered its full-fledged stage, Hansae has pondered on key tasks it needs to focus on over the next decade. By looking back on the initial donations made under the campaign and their results, the company has learned a lesson that collecting waste had only a limited impact on sustainability. Accordingly in 2020, the Company shifted the focus of donation to ‘upcycling’ and created new products out of marine plastic waste, thereby contributing to enhancing ‘sustainability’ true to its meaning.



OUR FUTURE Steps to sustainable future

Hansae will take steps forward as a responsible company to build a sustainable future, based on its active donation activities and technology investments thus far. To this end, the company will work together with its customers and suppliers in pursuit of sustainable goals and make continuous efforts to create positive influence across all sectors, beyond the fashion industry.

Social

ESG
PERFORMANCE



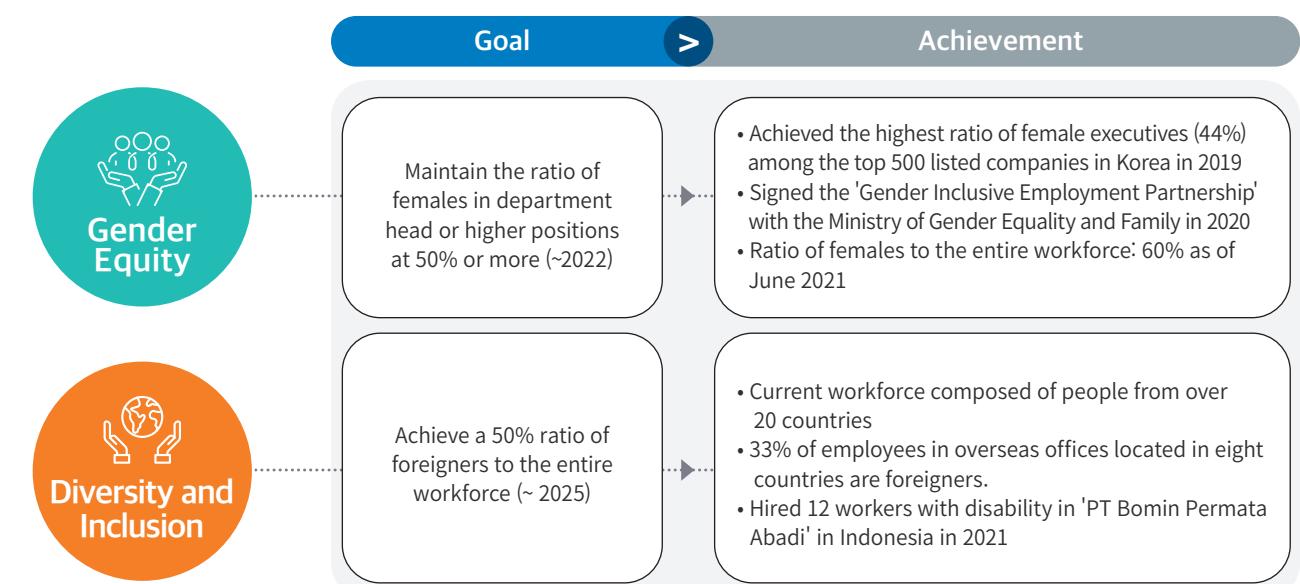
Respect for Employees

Hansae Yes24 Group has a human rights management system to protect the dignity and value of employees, one of its major stakeholders, and fulfill its social responsibility. The company ensures strict compliance with labor and human rights laws across the board, and strives to promote the human rights of all members through various efforts, such as operating the grievance handling system, welfare programs, and fostering a safe work environment.

Approach to Diversity, Equity and Inclusion

Hansae strives to foster an organizational culture for equal opportunity and fair evaluation, to make sure all employees with different backgrounds, experiences and ideas can smoothly communicate and cooperate within its global network. From the perspective that equal opportunities and an inclusive environment are the best ways to enable sustainable management, the company has employed a strategy focusing on diversity, equity, and inclusion, called the DE&I strategy, providing various opportunities to its members and creating a culture of respect based on a fair evaluation. Furthermore, Hansae is planning to establish a charter of human rights so that the human rights of all stakeholders, including employees, suppliers, customers and local communities, can be respected.

DE&I Strategy: Goals and Achievement



Business Case. Gradual Increase in the Ratio of Female Employees at Hansae

Hansae ranked first in the ratio of female employees in the 'Female Employees Statistics of Top 500 Companies in Korea' surveyed by the Ministry of Gender Equality and Family in 2019. In June 2020, the company entered into the 'Partnership for Gender Equality and Inclusive Growth' with the Ministry of Gender Equality and Family, and agreed to maintain the ratio of females in team leader positions and above at 53% for the next two years (2020 as the baseline). As of May 2022, the ratio of females in managerial positions has exceeded the agreed ratio by 3% (including the headquarters in Korea and overseas subsidiaries). While the COVID-19 pandemic has dampened job markets, Hansae has shown a steady increase in female employees, including managers, and will continue to strive to build a corporate culture based on gender equality.



Desirable Labor Culture

Fostering Sound Labor Culture

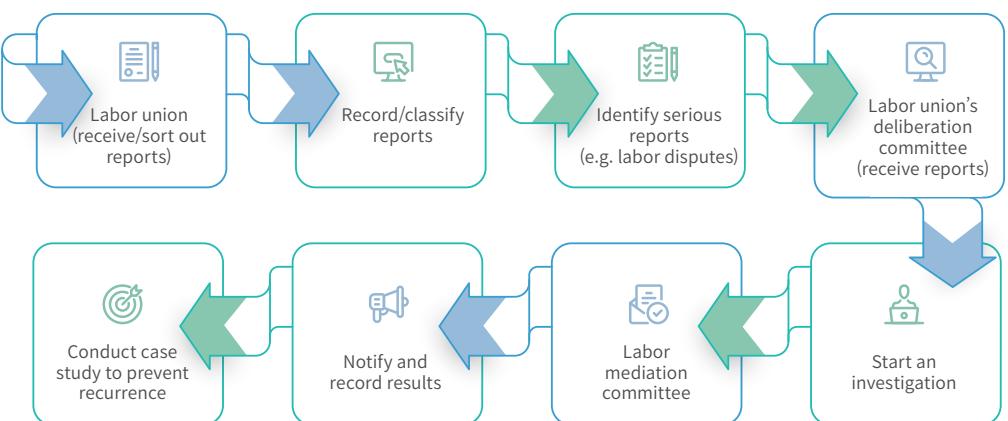
Hansae, Hansae MK, and Hansae Dreams strive to nourish a labor culture of trust and cooperation based on communication and respect. The management informs the employees of matters requiring consultation between labor and management in advance, such as major changes in business management, and both parties discuss various issues such as salary, working conditions, welfare, and personnel management systems for improvement. The labor-management council is made up of six members (three members each representing labor or management) and meets every quarter. The council mainly discusses productivity improvement, distribution of result, handling grievances, and enhancement of the HR/labor management systems. Decisions made by the council are applied to all employees. In 2019, Hansae established People & Culture (P&C) Team to manage in-house campaigns and education on grievance handling as part of its efforts to improve employees' welfare and working environment. In 2021, P&C Team carried out a series of activities aimed at corporate culture improvement, such as putting up posters, sending out articles, conducting employee surveys relating to organizational culture, and holding events giving away snacks. It also provided in-depth job training, onboard training for new employees, and special lectures by external instructors. Hansae strives to promote employees' engagement and job satisfaction through continuous analyses of corporate culture and exploring ways of improvement.

Labor-Management Communication and Grievance Handling Mechanism

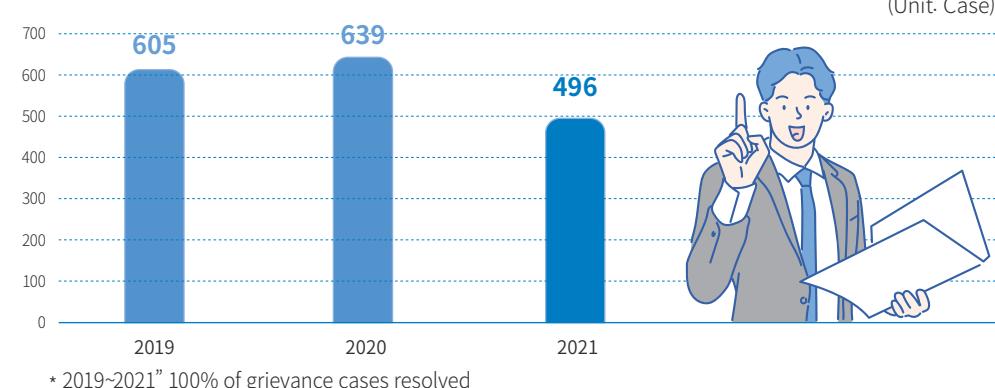
Hansae's overseas subsidiaries seek to address employees' grievances by operating bulletin boards where people can make anonymous reports. Reports submitted to the boards are transparently registered with the ERP system and shared with the headquarters in Korea. After investigations, corrective measures are taken following relevant rules and standards. In 2021, a total of 496 reports were submitted across the overseas subsidiaries, which were about human rights violations and discrimination, and all of these reported issues were resolved through the grievance mechanism of the company.

Grievance Handling

Process



Number of Grievance Cases



Business Case.

Hansae Vietnam Named as Best Practice of Labor Relations

Hansae's subsidiary in Vietnam was introduced as an exemplary case in the "HR Management Responses and Best Practices of Korean Companies Investing in Vietnam" section of the second issue of the Korea Labor Review in 2020. Hansae Vietnam is making investments to enhance intimacy with its employees, such as education to improve their work competence and mobile phone app development to promote labor-management communication. It also carries out activities promoting employees' loyalty and pride, offering gifts on national holidays and scholarships, and holding special lectures by famous instructors. Furthermore, the company has applied the Hansae Advanced Manufacturing System (HAMS), its developed smart manufacturing system, to overseas facilities to save cost and increase productivity, and strives to improve the working environment such as welfare facilities for employees. Hansae started doing business in Vietnam in 2001 and currently employs about 16,000 workers, including Koreans. Among them, 95% or more are local residents and even the entire members of some families work for Hansae Vietnam, which demonstrates its meaningful contribution to the local economy. Over the past 20 years or so, Hansae Vietnam has sought to foster a family-like atmosphere by putting in place necessary facilities and fostering favorable corporate culture. Moving forward, it will further expand policies for employees under the motto of the "Happy Workplace for Employees".

HR Management Responses and Best Practices of Korean Companies Investing in Vietnam
베트남 진출기업의 노무관리 대응과 우수사례



KLR 2020 (2nd edition)

Hansae Introduced as Leader of Sustainable Management

On September 8, 2021, Hansae was introduced as a leader of sustainable management by Korea Herald, one of the major English newspapers in Korea. In an interview with Korea Herald, Lee Song-hee, Head of compliance HQ, shared the company's efforts and performances to protect the employees' human rights, improve the working environment, reduce energy use and GHG emissions, and also mentioned positive changes at the headquarters, such as an increase in the ratio of female managers. The main responsibility of compliance HQ headed by Lee is to monitor domestic/overseas production facilities and manage and supervise them to protect workers' human rights and improve working environment in compliance with the labor and environment laws of the host countries. Furthermore, it identifies social and environmental risk factors at the production facilities, comes up with solutions and improvement measures, and hence fosters a good working environment for employees. Hansae will continue to reinforce sustainable management by responding to climate change, promoting employees' human rights, providing a safe working environment and reinforcing corporate governance.

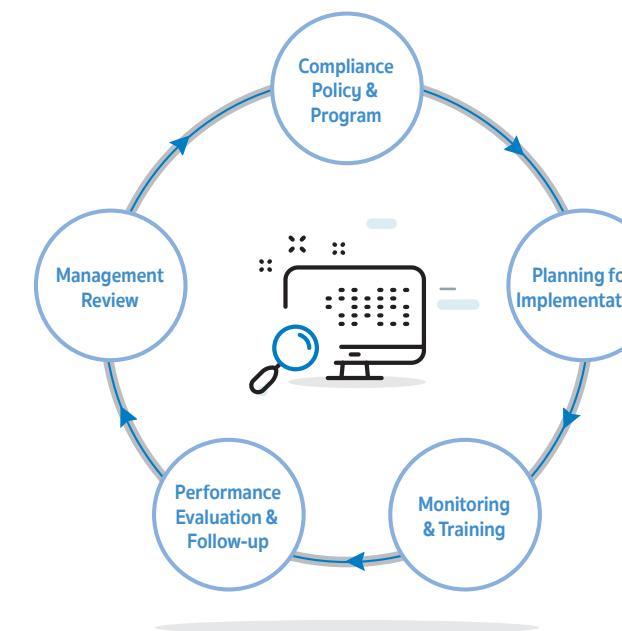
"Saving an Employee Collapsed in Overseas Plant by Flying Air Ambulance for KRW 100 million"

Hansae brought back to Korea an employee of its production facility in Vietnam, who collapsed due to cerebral hemorrhage, and paid the full cost of flying an air ambulance, amounting to KRW 100 million. On the day of the accident, a Korean employee collapsed and was found by his colleague in the dormitory of Hansae's production facility in Vietnam. He was immediately transferred to a nearby hospital and diagnosed with severe cerebral hemorrhage. However, there were challenges in getting him medical care due to local circumstances and hence the company contacted the Korean Consulate and the association of Korean nationals in Vietnam, asking for support to get him emergency surgery. Finally, the employee received surgery at 9 p.m. on the same day. The surgery went successful and the company made a decision at an emergency executive meeting to bring the employee to Korea for recovery and rehabilitation. The company took charge of the entire process from booking an air ambulance to the patient's departure procedures, and the employee safely arrived in Korea and recovered. Hansae will continue to reinforce safety and health systems for its employees and put the first priority on their safety.

Safe Working Environment

Compliance Monitoring Program

At Hansae, Compliance Team identifies social and environmental risks through internal/external audits on all production facilities. It looks for practical solutions to make sustainable improvements in collaboration with overseas partner companies and other Compliance Teams at the Company's overseas subsidiaries and monitors related policies and procedures. For monitoring, Compliance Teams in other countries conduct internal audits on production facilities with the global compliance checklist. Then, data collected through the audits are shared through the ERP system and e-mails with the headquarters. Furthermore, Hansae encourages each production facility to implement the most efficient solutions, focus on continuous improvement, manage predictable risks, and provide a better working environment to employees. Hansae MK and Hansae Dreams have hired safety and health management agencies to prevent occupational accidents and enhance employees' safety and health, thereby fostering systematic and efficient safety management.



Risk Assessment at Workplace

Hansae conducts workplace risk assessments every year for systematic safety management across the Company. It measures, examines and monitors specific factors, such as climate change and physical/chemical/biological risks, and evaluates risks and prepares countermeasures. The company also closely checks on all necessary matters for safety management, including safety management plans. Based on the risk assessment results, it identifies vulnerable areas and develops appropriate improvement measures, and also provides training to related employees to strengthen safety management capabilities.

Life and Building Safety (LABS) and Fire, Building and Electrical Safety (FB&ES)

Hansae operates the Life and Building Safety (LABS) system launched by IDH to foster a safe working environment for its employees. Production facilities in areas where the LABS program is not available are subject to FB&ES inspection, as an alternative, managing structural safety against electricity accidents and fire. Hansae signed up for the LABS program in 2019, and six main facilities of Hansae and six subcontracted facilities have received assessment by external auditors until 2021. This program involves multi-phase assessments including plant visits by an external auditor and is used for continuous improvement rather than one-off assessment. The purpose of adopting this systematic process is to prevent the loss of life as well as damage to production facilities and products caused by unsafe working environments, and the company provides guidelines on occupational health and safety with a focus on electric accidents and fire.



Working Environment Inspection at
Hansae's Production Facility

Welfare Programs

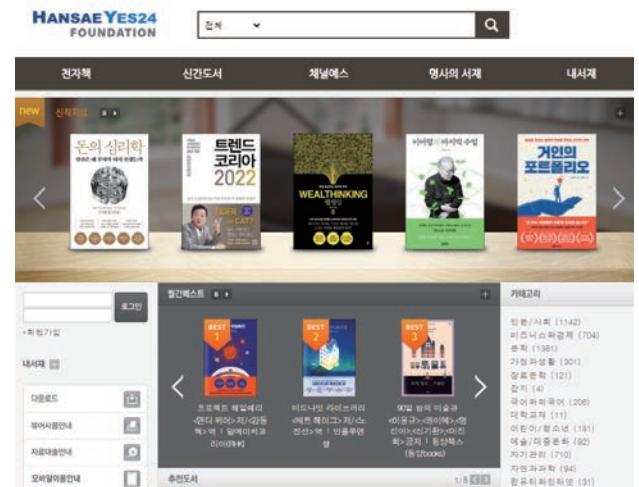
Hansae, Hansae MK, and Hansae Dreams operate a wide range of welfare programs for their employees, such as employee clubs, health checkups, congratulatory/condolence money, gifts on national holidays/birthdays, and overseas training for long-term employees/high-performing employees. In particular, Hansae provides one-day classes to encourage employees to maintain a work-life balance by enjoying hobbies. During the first half of 2021, for instance, the Company opened one-day classes, such as "rattan lamps making" and "flower box making to keep pocket money" on the occasions of Children's Day and Parents' Day in May. Going forward, these one-day classes will cover various themes, such as perfume/scented candle making, cooking/baking, leather craft, drawing, and wood craft, following the opinions of employees.



Hansae MK: Golf Club



Hansae: One-day class



E-library of Hansae Yes24 Foundation

Hansae Yes24 Foundation operates an overseas volunteering group and carries out a variety of academic and educational programs, including scholarships for foreign students in Korea, and supporting academic research. It also lets members of the overseas volunteering group and foreign students in Korea access an electronic library to help them improve academic competence. Every year, it collects employees' requests of book purchase by running surveys during the first half. Currently, the e-library offers a total of 7,095 books; 2,073 books in foreign languages, 1,142 books on arts and humanities/social issues, 704 books on business and economy, and 181 books for children/teens. Hansae Yes24 Foundation will continue to beef up its book collection spanning across various topics and fields, to support the competence development of all members, including employees, overseas volunteers and foreign students.



Hansae Yes24 Daycare Center



Hansae MK: Meal Kits Event

At Hansae Yes24 Group, the ratio of female employees is higher than those of industry peers due to the characteristics of our business. Accordingly, the company is operating the "Hansae Yes24 Daycare Center" at the headquarters in Yeouido, Seoul, to support our employees with raising kids. Hansae MK and Hansae Dreams set the 'Family Day' for every month and encourage the employees to leave for home early and spend quality time with their families. A paid leave and a gift are offered on birthdays. They also invited employees' families to the year-end ceremonies and provided meal kits as a special event.

Human Resources Development

Companywide Lectures and Various Job Training

At Hansae Yes24 Group, lectures are provided every month so that any employees can come to pick up the latest business trend and information on topics they are interested in. In 2021, for instance, the theme of the lecture series was sustainable management. Various topics such as marketing/trend, media (OTT), economic outlook, culture, and communication are covered in the lectures taking place at 8:00 a.m. for 90 minutes on the second Thursday of every month. These offline lectures are also broadcast live through our YouTube channel considering the COVID-19 pandemic. Both Hansae MK and Hansae Dreams provide on/offline job training for two or more subjects every year, such as marketing, design, trends, disclosure, prevention of sexual harassment, and occupational safety and health (legal requirement). They also encourage employees to actively take education programs available at Korea Fashion Industry Association and Korea Productivity Center. At Hansae MK, in particular, training courses on the latest trend relating to the environment are provided by the Environmental Management Committee. Hansae Yes 24 Group will continue to provide education courses on diverse topics to enhance the expertise of its employees.

Major program	Description
Leadership Program	business academy and leadership coaching for leaders
Job training	sales, production, R&D and other job-related courses
Foreign language	English and other foreign languages for global communication
Post-promotion training	employees promoted to new positions
Orientation for expats	basic knowledge and cultural understanding before dispatch to overseas subsidiaries
Orientation for new hires	basic knowledge and mindset as new employees

Job Training and HRD Courses

Hansae provides education courses available online and on mobile devices to let its employees learn and develop competency free from time and space constraints. A wide spectrum of courses is available, from job training to global competency training such as foreign languages. Besides, small group coaching sessions and the 9-week MBA courses are also provided. The company manages its employees' learning progress based on the annual training plans by job grade and is expanding support for their competency development.

Education on Human Rights and Information Protection

Hansae provides all employees with education to enhance their ethical awareness in the workplace (e.g. sexual harassment prevention, improved perception of the disabled, workplace harassment prevention, ethical management) and personal information protection. Last year, the total training hours related to jobs was 30,227 hours, which has shown a steady increase since 2019. Last year, 528 employees took training courses on information protection. These education courses cover various topics to reinforce the Code of Conduct that all employees are required to comply with, such as sexual harassment prevention, improved perception of the disabled, workplace harassment prevention, and ethical management. In 2021, 2,494 employees took these courses. Going forward, Hansae will provide diverse educational programs to foster a sound labor culture, and expects the active participation of its employees.

Education of Overseas Employees

Hansae provides training courses also to the employees at its overseas subsidiaries to let them pick up the skills and knowledge they need at work. A variety of topics are covered, such as labor, health and safety, security, brand protection, and employee engagement, so the employees can deepen their understanding of the company's operational guidelines and apply them to daily business operations.

Number of Trainees	Training Hours per Course (Unit: hour)	
	COO	2021
Vietnam	156,253	
Indonesia	50,337	
Nicaragua	3,951	
Guatemala	13,479	
Haiti	6,333	
Myanmar	7,571	
Vietnam	65.75	
Indonesia	17.58	
Nicaragua	43.02	
Guatemala	19.03	
Haiti	59.30	
Myanmar	25.23	

Average training hours per person (total training hours/headcount)	Training Hours per COO (Unit: hour)	
	COO	2021
	Total training hours	1,428,330
Vietnam	Labor	1,064,475
Indonesia	Health and Safety	310,708
Nicaragua	Security	15,692
Guatemala	Brand Protection	8,409
Haiti	Employee engagement	29,046
	Total training hours	1,428,330
Vietnam	Vietnam	935,766
Indonesia	Indonesia	59,273
Nicaragua	Nicaragua	184,949
Guatemala	Guatemala	28,849
Haiti	Haiti	189,167
Myanmar	Myanmar	30,326



Gifts to New Employees

Welcoming Ceremony of New Employees

Hansae provides systematic education courses for its newly hired employees as part of its earnest efforts to nurture talents. After a 6-month internship program, the interns are invited to a welcoming ceremony, which marks they have officially set out as full-time employees. Then, they take further training courses and take part in various team-building activities. Meetings with top management are arranged to help them easily adapt to the corporate culture and understand their roles and responsibilities. Hansae will spare no effort and investment in helping new employees quickly get on board and improve work skills, providing effective training programs.

Seoul Work Design Week 2021

The Seoul Work Design Week (SWDW) is a forum where business leaders representing industries gather to share their values and visions about the future of different industries and the way people work. Hansae became an official sponsor of this forum in 2018, and Vice Chairman Daymond Ik-Whan Kim of Hansae has served as a moderator for four years now. The main theme of the SWDW 2021 was the "Way People Work in the Era of the Pandemic". Vice Chairman Kim led the first panel discussion as a moderator to discuss ways companies can quickly cope with the current environment where people have to live with the coronavirus and the non-face-to-face contact is becoming a norm, and shared successful examples of non-face-to-face business. Hansae expects to reinforce its business strategy through this forum, quickly adapting itself as a global fashion company to the modern society full of uncertainties.



Hansae Seoul Work Design Week 2021 Poster



Vice Chairman Daymond Ik-Whan Kim at the SWDW2021

Accompanied Growth

Quality Improvement Support for Suppliers

Hansae makes utmost efforts to develop the competence of its suppliers, by supporting them to improve quality. Most buyers in business with Hansae have their own quality management systems and hence pick production factories satisfying their requirements. Accordingly, Hansae inspects the quality management system of new factories before registration, and those of existing factories 1~2 times a year, depending on their grade. Every quarter, the QA managers of our overseas subsidiaries and those of the headquarters work together to make sure the quality management of the factories satisfies the requirements of buyers. Overseas suppliers without a quality management organization often face difficulties in meeting the quality control standards of buyers. Hansae works with the QA staff of each subsidiary to conduct quarterly inspections on the quality management systems of their factories, shares inspection reports, and provides education on areas to improve. When necessary, we invite suppliers' managers to overseas factories, providing opportunities for them to see and benchmark the quality management systems. As such, Hansae pursues to grow hand in hand with its suppliers, one of the key stakeholders, by throwing full support.

Business Partners Evaluation

Hansae has put in place a business partners evaluation system aimed at the efficient management and performance improvement of suppliers. Under this system, Hansae evaluates the suppliers from various angles, enhances efficiency in their management, and improves performance. Among the evaluation criteria are compliance, quality, timely delivery, claims, and business satisfaction. Through the strategic operation of this system, the company strengthens partnerships with its suppliers, raises performance standards, and eventually enhances management efficiency.

Consumer Protection

Consumer Protection System

Hansae, Hansae MK, and Hansae Dreams are insured by product liability insurance and protect consumers from damages caused by product defects. Further, Hansae Dreams has set forth basic guidelines to manufacture safe products for children and prevent accidents when using its products. Our products go through three steps of safety certification, safety confirmation and supplier conformity, and obtain safety certifications to help improve children's health.



► Safety confirmation by the manufacturer or the importer

Governance

ESG
PERFORMANCE

HANSAE YES24 HOLDINGS

Board of Directors

Hansae Yes24 Holdings strives to ensure the transparent and sound operation of the Board of Directors, thereby protecting the interest of shareholders and other stakeholders and maximizing corporate value. The Board of Directors is made up of seven members (four inside directors and three independent directors) as of December 2021. The BOD is the highest decision-making body of the Company and all directors are elected at the general meeting of shareholders following related laws and the articles of association. Independent directors are elected among candidates who are recommended by the BOD considering legal qualifications outlined in related laws such as the Commercial Act, expertise, sincerity, etc. The Company is insured by the directors and officers liability insurance to strengthen the BOD's accountability.

Composition of the BOD

Category	Name	Gender	Position	Career	Date of election
Inside director	Dong-Nyung Kim	Male	CEO BOD Chairman	CEO of Hansae Yes24 Holdings CEO of Hansae MK	2022.03.28
Inside director	Suk-Hwan Kim	Male	CEO	CEO of Hansae Yes24 Holdings CEO of Yes24	2022.03.28
Inside director	Daymond Ik-Whan Kim	Male	Director	CEO of Hansae	2022.03.28
Inside director	Ji-Won Kim	Female	Director	CEO of Hansae MK CEO of Hansae Dreams	2022.03.28
Independent director	Chan-Keun Lee	Male	Audit Committee Chairman	Independent director of SK Co.	2020.03.30
Independent director	Chong-Jae Lee	Male	Audit Committee Member	Independent director of Korea Information Certificate Authority Co. CEO of Public Sector Social Responsibility Institute (PSR, non-profit corporation)	2020.03.30
Independent director	Ki-Hwa Lee	Female	Audit Committee Member	Certified Public Accountant Partner of Dasan Accounting Corporation (former CEO, director)	2020.03.30

Operation of the BOD

The Board of Directors approves management strategies and policies and supervises and monitors their implementation, thus supporting the Company with responsible management. It also examines whether the standards, procedures, and methods used in management activities are appropriate, to help ensure reasonable judgment in management.

One of the key agenda items of the BOD is the succession policy of the chief executive officer. According to Article 20 and Clause 2, Article 33 of the articles of association, the duty of the chief executive officer shall be delegated to other executives in a set order, minimizing risks associated with the absence of the top leadership. The BOD is convened by the BOD Chairman on a regular and ad-hoc basis, and decisions are made by the consent of a majority of the directors except for situations stipulated otherwise in related laws.

BOD Operation Status

Category	Unit	2019	2020	2021
Number of BOD meetings	Meeting	8	6	4
Number of agenda items	Case	19	15	13
Inside directors' attendance rate	%	77.75	83.25	87.5
Independent directors' attendance rate	%	100	100	100

Expertise and Diversity of the BOD

Hansae Yes24 Holdings focuses on the stable and efficient make-up of the BOD to pursue the continued growth of the Company and protect the interest of stakeholders such as shareholders. Independent director candidates are recommended from across all backgrounds, disregarding gender, age, nationality, race, etc. and we make up the BOD with directors who have expertise in various fields, rather than concentrating on a particular background or vocational group. We hold regular and ad-hoc meetings among the BOD members to make sure their expertise can fully blend in and complement one another, which helps to efficiently resolve various issues and challenges facing the Company.

Remuneration of Directors

The remunerations of the inside and independent directors are determined by the economic, social, and environmental performances of the Company, the annual operation results of the BOD committees, and each director's performance evaluation result. The gross amount of remuneration shall not exceed the ceiling set at the general meeting of shareholders every year and is disclosed on the business report of the Company. As of 2021, the average remuneration was KRW 217 million per registered director and KRW 48 million per auditor.

Category	Unit	2019	2020	2021
Number of directors	Person	7	7	7
Total remuneration	KRW million	829	852	1,012
Average remuneration per person	KRW million	118	122	145
Registered directors (excluding independent directors, Audit Committee members)	Number of directors person	4	4	4
Total remuneration	KRW million	685	708	868
Average remuneration per person	KRW million	171	177	217
Independent directors (excluding Audit Committee members)	Number of directors person	-	-	-
Total remuneration	KRW million	-	-	-
Average remuneration per person	KRW million	-	-	-
Audit Committee members	Number of directors person	3	3	3
Total remuneration	KRW million	144	144	144
Average remuneration per person	KRW million	48	48	48

BOD Committees

Hansae Yes24 Holdings operate four committees under the BOD to ensure its efficient and professional performance; the Independent Director Candidates Recommendation Committee, the Management Committee, the Sustainable Management Committee, and the Audit Committee. According to the internal regulations of the Company, the Independent Director Candidates Recommendation Committee recommends persons who satisfy the qualifications stipulated in related laws, takes full consideration of their independence from the Company and the largest shareholder, and expertise needed in the Company, and recommends those conducive to the interest of shareholders and the Company.

Independent Directors Recommendation Committee

Category	Name	Gender	Position	End of Term	Career
Independent director	Ki-Hwa Lee	Female	Chairwoman	2023.03.30	Certified Public Accountant Partner of Dasan Accounting Corporation (former CEO, director)
Independent director	Chan-Keun Lee	Male	Member	2023.03.30	Independent director of SK Co.
Independent director	Chong-Jae Lee	Male	Member	2023.03.30	Independent director of Korea Information Certificate Authority Co. CEO of Public Sector Social Responsibility Institute (PSR, non-profit corporation)
Inside director	Daymond Ik-Whan Kim	Male	Member	2025.03.28	CEO of Hansae
Inside director	Ji-Won Kim	Female	Member	2025.03.28	CEO of Hansae MK CEO of Hansae Dreams

Management Committee

The Management Committee handles matters related to business management, finance, etc. delegated by the BOD, and discusses matters which need preliminary review before tabling to the BOD and other, ordinary matters of management.

Category	Name	Gender	Position	End of Term	Career
Inside director	Suk-Hwan Kim	Male	Chairman	2025.03.28	CEO of Hansae Yes24 Holdings CEO of Yes24
Inside director	Daymond Ik-Whan Kim	Male	Member	2025.03.28	CEO of Hansae
Inside director	Ji-Won Kim	Female	Member	2025.03.28	CEO of Hansae MK CEO of Hansae Dreams

Sustainable Management Committee

The Sustainable Management Committee reviews issues relating to ESG and sustainable management and establish mid to long-term strategies. It also looks into and continuously manages major risk factors facing the Company.

Category	Name	Gender	Position	End of Term	Career
Independent director	Chong-Jae Lee	Male	Chairman	2023.03.30	Independent director of Korea Information Certificate Authority Co. CEO of Public Sector Social Responsibility Institute (PSR, non-profit corporation)
Independent director	Ki-Hwa Lee	Female	Member	2023.03.30	Certified Public Accountant Partner of Dasan Accounting Corporation (former CEO, director)
Independent director	Chan-Keun Lee	Male	Member	2023.03.30	Independent director of SK Co.
Inside director	Suk-Hwan Kim	Male	Member	2025.03.28	CEO of Hansae Yes24 Holdings CEO of Yes24
Inside director	Daymond Ik-Whan Kim	Male	Member	2025.03.28	CEO of Hansae
Inside director	Ji-Won Kim	Female	Member	2025.03.28	CEO of Hansae MK CEO of Hansae Dreams

Audit Committee

The Audit Committee is made up of three directors, all of whom are independent directors to make sure the independence of the Audit Committee and satisfy the requirement of the domestic law. Two out of the three members are experts in accounting or finance, and the Committee is chaired by an independent director. As such, the Audit Committee is operated in compliance with related laws, the articles of association, and the regulations of the BOD and the Audit Committee.

Category	Name	Gender	Position	End of Term	Career	Remark
Independent director	Chan-Keun Lee	Male	Chairman	2023.03.30	Independent director of SK Co.	Expert in accounting and finance (work experiences at financial institution, government, securities firm, etc.)
Independent director	Chong-Jae Lee	Male	Member	2023.03.30	Independent director of Korea Information Certificate Authority Co. CEO of Public Sector Social Responsibility Institute (PSR, non-profit corporation)	
Independent director	Ki-Hwa Lee	Femal	Member	2023.03.30	Certified Public Accountant Partner of Dasan Accounting Corporation (former CEO, director)	Expert in accounting and finance (CPA)



Board of Directors

The Board of Directors is a major decision-making body at Hansae, which makes resolutions on the matters outlined in related laws and the articles of association and the business operations of the Company, and supervises the directors and the management on their performance of duties. The members of the BOD, both inside and independent, are elected at the general meeting of shareholders. Independent director candidates are recommended by the BOD, among people who satisfy the qualifications stipulated in related laws, such as the Commercial Act, and other selection criteria, such as expertise and sincerity. As of December 2021, the BOD of Hansae is made up of four inside directors and three independent directors. The representative director of the Company also serves as the Chairperson of the BOD, and all members of the BOD make their best efforts by drawing on their expertise, work experience, etc. helping the BOD serve as a key decision-making body for the Company. Hansae is insured by the directors and officers liability insurance to strengthen the BOD's accountability.

Composition of the BOD

Category	Name	Gender	Position	Date of election	Career
Inside director	Daymond Ik-Whan Kim	Male	CEO BOD Chairman	2015.03.26	CEO of Hansae Director of Hansae Yes24 Holdings
Inside director	Jenny Hee-Sun Cho	Female	CEO	2020.03.30	CEO of Hansae (former) CEO of Yakjin Corporation
Inside director	K.Kim	Male	Vice President	2020.03.30	Vice President of Hansae (former)Shinsung Tongsang
Inside director	Dong-Nyung Kim	Male	Director	2009.01.06	CEO of Hansae Yes24 Holdings CEO of Hansae MK
Independent director	Young-Sun Hwang	Male	Audit Committee Chairman	2020.03.30	CPA Director of Dongnam Accounting Firm
Independent director	Hae-Woon Lee	Male	Audit Committee Member	2022.03.29	(former) CEO/Vice President of Kolon Material
Independent director	Jayanne Jin	Female	Audit Committee Member	2022.03.29	CEO of MadeforYou (former) Korean representative of Beauty Streams

Operation of the BOD

The Board of Directors approves the management strategies and policies of the Company and supervises their implementation, thus supporting the Company with responsible management. It also examines whether the standards, procedures, and methods of management activities are appropriate, ensuring reasonable judgment in business management. Furthermore, the Company is planning to establish a succession policy for the chief executive officer, to promote the stability and continuity of management in the long term and minimize any implications of the absence of the top leadership on business management. Hansae is putting in place systems and environments for risk management conducive to the management strategies of the Company and its subsidiaries. The BOD is convened by the BOD Chairperson on a regular and ad-hoc basis and makes resolutions with the consent of a majority except for situations otherwise stipulated in the laws.

BOD Operation Status

Category	Unit	2019	2020	2021
Number of BOD meetings	Meeting	6	12	9
Number of agenda items	Case	29	43	36
Inside directors' attendance rate	%	44.4	60.0	72.2
Independent directors' attendance rate	%	100	100	100

Independence and Expertise of the BOD

Hansae makes efforts to promote stability and efficiency in the composition of the BOD to ensure the continued growth of the Company and protect the interest of its stakeholders, such as shareholders. The Company has set a foundation to establish the Independent Director Candidates Recommendation Committee, which is scheduled to kick off operation in the second half of 2022. Following related laws, such as the Commercial Act, the independent directors are guaranteed an independent status from management and serve to monitor management activities and mediate opinions within the BOD. The Company elects independent directors among people who have expert knowledge and work experience in various fields to ensure the professionalism of the BOD, and these independent directors contribute to the stability of corporate management by monitoring management activities in their respective fields of expertise.

Remuneration of Directors

The remunerations of the inside and independent directors are determined by the economic, social, and environmental performances of the Company, the annual operation results of the BOD committees, and each director's performance evaluation result. The gross amount of remuneration shall not exceed the ceiling set at the general meeting of shareholders every year and is disclosed on the business report of the Company. As of 2021, the average remuneration was KRW 441 million per registered director and KRW 47 million per auditor.

	Number of directors	Unit	2019	2020	2021
	Total remuneration	person	7	8	7
	Average remuneration per person	KRW million	550	1,778	1,904
	Number of directors	KRW million	79	222	272
Registered directors (excluding independent directors, Audit Committee members)	Number of directors	person	3	5	4
	Total remuneration	KRW million	404	1,634	1,764
	Average remuneration per person	KRW million	135	327	441
Independent directors (excluding Audit Committee members)	Number of directors	person	-	-	-
	Total remuneration	KRW million	-	-	-
	Average remuneration per person	KRW million	-	-	-
Audit Committee members	Number of directors	person	4	3	3
	Total remuneration	KRW million	146	145	140
	Average remuneration per person	KRW million	37	48	47

BOD Committees

Hansae has no obligation to establish committees under the BOD according to Clause 8 and 11, Article 542 of the Commercial Act, but has already been operating the Audit Committee to supervise the directors and management based on a more transparent corporate governance. Furthermore, the Company has put in place a foundation to establish the "Independent Director Candidates Recommendation Committee", the "Sustainable Management Committee" and the "Management Committee" by revising the articles of association at the 13th general meeting of shareholders, and these committees are slated to be established in the second of 2022.

Audit Committee

Following the requirement of the Commercial Act, the Audit Committee is composed of three directors, all of whom are independent directors to make sure the independence of the Audit Committee. Two out of the three members are experts in accounting and finance respectively, satisfying the requirement of related laws, the articles of association, and the regulations of the BOD and the Audit Committee.

Category	Name	Gender	Position	End of term	Career	Remark
Independent director	Young-Sun Hwang	Male	Chairman	2023.03.30	CPA Director of Dongnam Accounting Firm	Expert in accounting and finance (CPA)
Independent director	Hae-Woon Lee	Male	Member	2025.03.29	(former) CEO/Vice President of Kolon Material	
Independent director	Jayanne Jin	Female	Member	2025.03.29	CEO of MadeforYou (former) Korean representative of Beauty Streams	

Board of Directors



All directors are elected at the general meeting of shareholders, and independent director candidates are recommended by the Independent Director Candidate Recommendation Committee in consideration of the qualifications outlined in related laws, expertise, sincerity, etc. The Board of Directors is made up of six directors (three inside directors and three independent directors) as of December 2021. As the highest decision-making body, the BOD makes resolutions on matters which are stipulated in related laws and the articles of association, delegated through the general meeting of shareholders, and related to the basic management direction and key business operations, and supervises the management on their performance of duties.

Category	Name	Gender	Position	Career	Date of election
Inside director	Dong-Nyung Kim	Male	CEO	CEO of Hansae Yes24 Holdings CEO of Hansae MK	2022.03.29
Inside director	Ji-Won Kim	Female	CEO, BOD Chairwoman	CEO of Hansae Yes24 Holdings CEO of Yes24	2020.03.30
Inside director	Daymond Ik-Whan Kim	Male	Inside director	CEO of Hansae	2022.03.29
Independent director	Seok-Joon Yoo	Male	Audit Committee Chairman	former) Managing Director of Samsung CNT former) Chief Auditor of Samsung Card	2020.03.30
Independent director	Ho-Sung Park	Male	Audit Committee Member	former) Head of VIC Market HQ, Lotte Mart former) Head of Merchandizing HQ, Lotte Department Store	2020.03.30
Independent director	Kyung Choi	Male	Audit Committee Member	former) Head of GFR HQ, Lotte former) Head of Women's Fashion Division, Merchandizing HQ, Lotte Department Store	2022.03.29

Operation of the BOD

In 2021, the Audit Committee and the Board of Directors of Hansae MK reviewed non-financial risks related to the reinforced regulation on the external auditor's assurance of the internal accounting management system and the establishment of a sustainable management committee. In 2021, the BOD met six times and handled 20 resolution or reporting items. The average attendance rate was 83% for inside directors and 93% for independent directors. Agenda items were provided to the directors well ahead of the BOD meetings, allowing for sufficient time to review the items. As ESG gained greater importance within the industry in 2021, the BOD had active discussions about sustainable management activities, such as the establishment of the ESG Committee.

BOD Operation Status

BOD Review of non-financial risks

Category	Unit	2019	2020	2021	Date of meeting	Classification	Review of non-financial risks
Number of BOD meetings	Meeting	10	10	6	2021.02.05	Audit Committee	Appointment of auditors -Evaluation of external auditor candidates: audit hours, auditing personnel, fees, audit plan, etc.) - Appointment of the auditors
Number of agenda items	Case	16	26	20			Response to the tightened regulation on certification of the internal accounting management system -Comparison of the review vs. audit of the internal accounting management system
Inside directors' attendance rate	%	64.3	81.8	83.3	2021.05.12	BOD	-Roles and responsibilities of the Audit Committee amid regulatory changes regarding the internal accounting management system -Accounting firm to perform the upgrade of the internal accounting management system
Independent directors' attendance rate	%	100	100	93.3	2021.11.11	BOD	Establishment of the ESG Committee - Background - ESG Committee's activity plan

Remuneration of Directors

The remunerations of the inside and independent directors are determined by the economic, social, and environmental performances of the Company, the annual operation results of the BOD committees, and each director's performance evaluation result. The gross amount of remuneration shall not exceed the ceiling set at the general meeting of shareholders every year and is disclosed on the business report of the Company. As of 2021, the average remuneration was KRW 35 million per registered director and KRW 36 million per auditor.

Category	Unit	2019	2020	2021
Total remuneration	person	7	6	6
Average remuneration per person	KRW million	676	270	214
Number of directors	KRW million	97	45	36
Registered directors (excluding independent directors, Audit Committee members)	Number of directors	4	3	3
	Total remuneration	KRW million	566	162
	Average remuneration per person	KRW million	141	54
Independent directors (excluding Audit Committee members)	Number of directors	person	-	-
	Total remuneration	KRW million	-	-
	Average remuneration per person	KRW million	-	-
Audit Committee members	Number of directors	person	3	3
	Total remuneration	KRW million	110	108
	Average remuneration per person	KRW million	37	36

BOD Committees

Hansae MK operates five committees under the BOD to ensure its efficient and professional performance; the Independent Director Candidates Recommendation Committee, the Director Candidates Recommendation Committee, the Internal Transaction Committee, the Management Committee, the Audit Committee, and the Sustainable Management Committee.

Independent Directors Recommendation Committee

The Independent Director Candidates Recommendation Committee was established to ensure transparency, soundness, and independence in the recommendation of independent directors. Once the Committee recommends candidates after stringent evaluation, independent directors are elected with resolutions at the general meeting of shareholders.

Category	Name	Gender	Position	End of term	Career
Independent director	Seok-Joon Yoo	Male	Chairman	2023. 03. 30	former) Managing Director of Samsung CNT former) Chief Auditor of Samsung Card
Inside director	Ji-Won Kim	Female	Member	2023. 03. 30	CEO of Hansae Yes24 Holdings CEO of Yes24

Directors Recommendation Committee

The Director Candidates Recommendation Committee guarantees independence and fairness in the recommendation and election of inside directors.

Category	Name	Gender	Position	End of term	Career
Independent director	Seok-Joon Yoo	Male	Chairman	2023. 03. 30	former) Managing Director of Samsung CNT former) Chief Auditor of Samsung Card
Inside director	Ji-Won Kim	Female	Member	2023. 03. 30	CEO of Hansae Yes24 Holdings CEO of Yes24

Internal Transactions Committee

Hansae MK strives to promote transparency in corporate management by strengthening control of internal transactions and monitoring unfair favoritism.

Category	Name	Gender	Position	End of term	Career
Independent director	Seok-Joon Yoo	Male	Chairman	2023. 03. 30	former) Managing Director of Samsung CNT former) Chief Auditor of Samsung Card
Inside director	Ji-Won Kim	Female	Member	2023. 03. 30	CEO of Hansae Yes24 Holdings CEO of Yes24

Audit Committee

The Audit Committee is made up of three directors, all of whom are independent directors to ensure the independence of the Committee, and at least one out of the three members is an expert in accounting or finance. That way, the Audit Committee satisfies the requirements of related laws, the articles of association, and the regulations of the BOD and the Audit Committee. Furthermore, Hansae MK reviews the non-audit services performed by outside auditors and independence, to ensure the independence of outside auditors.

Category	Name	Gender	Position	End of term	Career	Remark
Independent director	Seok-Joon Yoo	Male	Chairman	2023. 03. 30	former) Managing Director of Samsung CNT former) Chief Auditor of Samsung Card	Expert in accounting/finance (degree in accounting/finance, experience in accounting/finance orgs. in listed companies)
Independent director	Ho-Sung Park	Male	Member	2023. 03. 30	former) Head of VIC Market HQ, Lotte Mart former) Head of Merchandizing HQ, Lotte Department Store	former) Head of GFR HQ, Lotte
Independent director	Kyung Choi	Male	Member	2025. 03. 29	former) Head of Women's Fashion Division, Merchandizing HQ, Lotte Department Store	former) Head of Women's Fashion Division, Merchandizing HQ, Lotte Department Store

Sustainable Management Committee

Hansae MK operates the Sustainable Management Committee under the Board of Directors. As the practical supervisor of all ESG-related activities, the Committee sets directions and strategies for sustainable management, and deliberates and determines policies.

Category	Name	Gender	Position	End of term	Career
Inside director	Ji-Won Kim	Female	Chairwoman	2023. 03. 30	CEO of Hansae Yes24 Holdings CEO of Yes24
Independent director	Seok-Joon Yoo	Male	Chairman	2023. 03. 30	former) Managing Director of Samsung CNT former) Chief Auditor of Samsung Card
Independent director	Ho-Sung Park	Male	Member	2023. 03. 30	former) Head of VIC Market HQ, Lotte Mart former) Head of Merchandizing HQ, Lotte Department Store
Independent director	Kyung Choi	Male	Member	2025. 03. 29	former) Head of GFR HQ, Lotte former) Head of Women's Fashion Division, Merchandizing HQ, Lotte Department Store

Shareholder-friendly Management

Hansae Yes24 Holdings

Hansae Yes24 Holdings specifies in its articles of association that its shareholders are granted one voting right for every share, meaning all shareholders have equal voting rights according to the type and number of shares they hold. As of the end of December 2021, the number of outstanding shares of Hansae Yes24 Holdings is 40,000,000 common shares, and the number of shares with voting right is 39,261,787 shares, or 98.15% of the outstanding shares. The Company transparently discloses information on corporate management, including business reports, to stakeholders including shareholders via Financial Supervisory Service and Korea Exchange by fulfilling its legal obligation of disclosure.

Outstanding Shares

(unit: Share)

Category	Type	Number of shares	Remark
Total number of shares issued	Common share	40,000,000	Treasury stock as defined by the Commercial Act
	Preferred share	-	
Number of shares without voting right	Common share	738,213	Treasury stock as defined by the Commercial Act
	Preferred share	-	
Number of shares with voting right	Common share	39,261,787	

* as of Dec. 31, 2021

Hansae

At Hansae, shareholders are granted one voting right per common share according to the articles of association, while no voting right for preferred shares. As of December 31, 2021, the number of outstanding shares of Hansae is 40,000,000 common shares, 98.10% of which, or 39,239,470 shares, come with voting right, and no preferred shares have been issued yet. The Company transparently discloses information on its corporate management, including business reports, to stakeholders including shareholders via Financial Supervisory Service and Korea Exchange by fulfilling its legal obligation of disclosure.

Outstanding Shares

(unit: Share)

Category	Type	Number of shares	Remark
Total number of shares issued	Common share	40,000,000	Treasury stock as defined by the Commercial Act
	Preferred share	-	
Number of shares without voting right	Common share	760,530	Treasury stock as defined by the Commercial Act
	Preferred share	-	
Number of shares with voting right	Common share	39,239,470	

* as of Dec. 31, 2021

Hansae MK

According to the articles of association, Hansae MK grants one voting right per share, and all shareholders have equal voting rights pursuant to the type and number of shares they hold. As of the end of December 2021, the number of outstanding shares of Hansae MK is 12,909,322 common shares, and 10,927,665 shares of them, or 84.65%, come with voting rights. The Company transparently discloses information on its corporate management, including business reports, to stakeholders including shareholders via the Financial Supervisory Service and the Korea Exchange by fulfilling its legal obligation of disclosure.

Outstanding Shares

(unit: Share)

Category	Type	Number of shares	Remark
Total number of shares issued	Common share	12,909,322	Treasury stock as defined by the Commercial Act
	Preferred share	-	
Number of shares without voting right	Common share	1,981,657	Treasury stock as defined by the Commercial Act
	Preferred share	-	
Number of shares with	Common share	10,927,665	

* as of Dec. 31, 2021

Protection of Shareholders' Rights

Hansae Yes24 Holdings, Hansae and Hansae MK send the notice of the general meeting of shareholders, specifying the date, place, and purpose, at least two weeks before the date of general meeting of shareholders, so the shareholders can have sufficient time to review agenda items and exercise their voting rights. In addition to satisfying the legal requirements for shareholders' proposal, Hansae Yes24 Holdings, Hansae and Hansae MK will continue to make utmost efforts for the shareholders and corporate development by reflecting various opinions. Furthermore, Hansae and Hansae MK have adopted the electronic voting system from the 13th and the 27th general meeting of shareholders to let shareholders exercise their voting rights with more convenience. They also actively utilize or encourage the electronic power of attorney and the proxy voting system, to make sure those who cannot attend the general meeting of shareholders in person can also feel a sense of unity with the Companies and try to promote corporate value.

Policy on Shareholder Returns

Hansae Yes24 Holdings, Hansae and Hansae MK pursue a stable dividend policy based on their business performances and make efforts to increase corporate value resulting in shareholder value maximization in the long run. Under the principle of shareholder value enhancement, Hansae Yes24 Holdings and Hansae MK determine the amount of dividend within earnings available for dividend payment and in consideration of investments to continue corporate growth, financial structure, and business environment. Hansae determines the amount of dividend taking into account investments to continue corporate growth, business performance, and business environment, and aims to maintain the dividend payout ratio at 30% or higher (separate profit and loss basis).

Communication with Shareholders

Hansae Yes24 Holdings and Hansae MK disclose business information through their corporate websites, the electronic disclosure system (DART), and the disclosure system of the Korea Exchange (KIND), providing all shareholders with equal access to sufficient information on our business management in a timely manner. In addition, we are engaged in frequent IR activities, such as investor meetings with the analysts of security firms.

Hansae also provides sufficient information on its business management in a timely manner by making disclosures through its website, the electronic disclosure system (DART), and the disclosure system of Korea Exchange (KIND). After earnings release, the Company carries out frequent IR activities, including non-deal roadshow (NDR) and IR meetings.

Appendix



HANSAE YES24 HOLDINGS
ESG Report 2022

Appendix

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GRI Standards Index

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Organization Profile	102-1	Name of the organization		2
	102-2	Activities, brands, products, and services		8-9
	102-3	Location of headquarters		8
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	102-5	Ownership and legal form	6.3.10, 6.4.1, 6.4.2, 6.4.3, 6.4.4, 6.4.5, 6.8.5, 6.4.3, 6.4.4, 6.4.5, 6.8.5, 7.8	8
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	102-7	Scale of the organization		8, 12
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Ethics and Integrity	102-13	Membership of associations		77
	102-14	Statement from senior decision-maker	4.7, 6.2, 7.4.2	6-7
	102-15	Key impacts, risks, and opportunities		49-50
	102-16	Values, principles, standards, and norms of behavior	4.4, 6.6.3	39
	102-17	Mechanisms for advice and concerns about ethics		39, 48
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	102-21	Consulting stakeholders on economic, environmental and social topics		54-63
	102-22	Composition of the highest governance body and its committees		55, 58, 60
Governance	102-23	Chair of the highest governance body		55, 58, 60
	102-24	Nominating and selecting the highest governance body		55, 58, 60
	102-26	Role of highest governance body in setting purpose, values and strategy	6.2, 7.4.3, 7.7.5	54-61
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	102-43	Approach to stakeholder engagement		20-21
Reporting Practice	102-44	Key topics and concerns raised		20-23
	102-45	Entities included in the consolidated financial statements		9
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	102-47	List of material topics		22-23
	102-48	Restatements of information		not applicable
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	102-50	Reporting period		2
	102-51	Date of most recent report		2
	102-52	Reporting cycle		2
	102-53	Contact point for questions regarding the report		2
Management Approach	102-54	Claims of reporting in accordance with GRI Standards		2
	102-55	GRI Standards Index		66-67
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	103-1	Explanation of the material topic and its boundary		22-23
Management Approach	103-2	The management approach and its components	7.5.3, 7.6.2	28, 31, 34
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Economic Performance (GRI 200)				
Category	Disclosure	Description	ISO 26000	Page
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Economic Performance	201-1	Direct economic value generated and distributed	6.8.1-6.8.2/6.8.3/6.8.7/6.8.9	80
	201-2	Financial implications and other risks and opportunities due to climate change	6.5.5	28-29
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	6.3.9, 6.8.1-6.8.2, 6.8.7/6.8.9	34-37
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	205-2	Communication and training about anti-corruption policies and procedures		38-39
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Environmental Performance (GRI 300)				
Category	Disclosure	Description	ISO 26000	Page
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Raw Material	301-3	Reclaimed products and their packaging materials	-	32-33
Energy	302-1	Energy consumption within the organization	6.5.4	71
	302-3	Energy intensity		71
	302-4	Reduction of energy consumption	6.5.4-6.5.5	29
Water and Effluents	303-5	Water consumption	-	29
Emission	305-1	Direct (Scope 1) GHG emissions	-	71
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	305-4	GHG emissions intensity	6.5.5	71
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Waste	306-3	Waste generated		30, 71
	306-4	Waste diverted from disposal	6.5.3	30
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Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	4.6	71
Social Performance (GRI 400)				
Category	Disclosure	Description	ISO 26000	Page
Society				
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	403-1	Occupational health and safety management system	6.4.6	49
	403-2	Hazard identification, risk assessment, and incident investigation	6.4.6, 6.8.8	49
Occupational Health and Safety	403-4	Worker participation, consultation, and communication on occupational health and safety	6.4.6, 6.8.8	49
	403-5	Worker training on occupational health and safety		52
	403-6	Promotion of worker health		51
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.4.6	49
Training and Education	404-1	Average hours of training per year per employee	6.2.3, 6.3.7, 6.3.10, 6.4.3, 6.4.7	75
	404-2	Programs for upgrading employee skills and transition assistance programs	6.3.6-6.3.7, 6.3.10, 6.4.3-6.4.4, 6.4.4, 6.4.7, 6.8.5	52-53
	404-3	Percentage of employees receiving regular performance and career development reviews	6.4, 6.4.6	77
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	6.3.6-6.3.7, 6.3.10, 6.4.3	47, 74
	405-2	Ratio of basic salary and remuneration of women to men	6.3.7, 6.3.10, 6.4.3-6.4.4	74
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessment	6.3.3, 6.3.10	48
	412-2	Employee training on human rights or procedures	-	52
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	6.3.9, 6.5.1-6.5.3, 6.8	34-35
Compliance	419-1	Non-compliance with laws and regulations in the social and economic areas	4.6, 6.7.1-6.7.2, 6.7.6	79

Sustainable Management Factbook

Financial Performance

Hansae Yes24 Holdings Consolidated Financial Statement

(Unit: KRW million)

Category	2019	2020	2021
Assets			
Current assets	994,303	1,046,492	1,122,516
Cash or cash equivalents	102,989	152,581	92,174
Short term financial instrument	6,693	9,154	10,154
Receivables from sales and other activities	286,123	283,685	370,345
Profit/(loss) for the current term - financial assets at fair value	160,009	78,465	49,230
Current other comprehensive profit/(loss) – financial assets at fair value		80,705	
Current investment in affiliated companies		10,167	10,762
Inventory	407,616	390,336	553,331
Income tax assets	18	1,296	1,828
Other current assets	30,854	40,104	34,690
Non-current assets	737,127	793,520	1,118,757
Long term financial instrument	3	3	3
Long term receivables and other non-current receivables	21,460	18,745	17,174
Long term receivables and other non-current receivables	24,164	65,800	96,722
Other comprehensive income – financial assets at fair value	170,957	208,034	473,200
Investment in affiliated companies		1,959	25,388
Tangible assets	311,560	305,032	326,310
Property	21,389	23,912	17,946
Right of use assets	73,766	68,412	61,952
Intangible assets	76,147	66,310	74,458
Deferred income tax assets	28,989	29,354	21,925
Other non-current assets	8,691	5,958	3,680
Total assets	1,731,430	1,840,013	2,241,273

Category	2019	2020	2021
Liabilities			
Current liabilities	946,918	880,103	1,026,634
Purchase payables and other current payables	227,109	189,007	223,563
Short-term loans	576,646	542,820	636,910
Current lease liabilities	21,117	21,154	15,174
Other current financial liabilities	23	24	24
Income tax liabilities	21,335	13,327	32,899
Current contract liabilities	49,801	55,843	60,403
Other current payables	50,887	57,929	57,661
Non-current liabilities	188,606	214,125	265,286
Long-term payables and other non-current payables	8,951	6,965	7,642
Long-term loans	82,381	113,632	115,020
Long-term lease liabilities	30,484	21,277	22,139
Net defined benefit liabilities	59,802	61,535	55,848
Deferred tax liabilities	5,063	9,938	63,419
Other current liabilities	1,927	778	1,218
Total liabilities	1,135,524	1,094,228	1,291,920
Equity			
Equity held by holding company	271,460	368,335	473,738
Capital	20,000	20,000	20,000
Other paid-in capital	2,656	2,916	10,641
Other capital composition (deficiencies)	(4,847)	33,927	106,183
Retained earnings	253,650	311,492	336,913
Non-controlling interest	324,446	377,450	475,614
Total equity	595,906	745,785	949,352
Total Liabilities and Equity	1,731,430	1,840,013	2,241,273

Hansae Yes24 Holdings Consolidated Financial Statement

(Unit: KRW million)

Category	2019	2020	2021
Sales	2,736,673	2,797,947	2,798,896
Cost of sales	2,058,540	2,205,129	2,151,638
Gross profit from sales	678,133	592,818	647,258
Selling and administrative expenses	580,135	511,167	512,576
Operating profit	97,998	81,651	134,682
Other profit	47,354	86,151	90,536
Other loss	107,916	85,914	88,157
Financial profit	8,962	6,141	7,302
Financial cost	25,572	19,675	13,953
Profit/(loss) before income tax	20,827	68,354	130,410
Income tax expense	17,373	(3,124)	54,009
Net income (loss) from continuing operations	3,454	71,478	76,401
Income (loss) from suspended operations	(306)	(994)	(531)
Net profit/(loss)	3,148	70,484	75,870

Environmental Performance

Eco-friendly Management Activities

HANSAE
fashion worldwide

Domestic	Indicator	Category	Unit	2019	2020	2021
				3.99	3.87	3.67
Overseas	Energy	Consumption	TJ	3.99	3.87	3.67
		Intensity ¹⁾	TJ/KRW 100 billion	0.24	0.23	0.23
	GHG	Total emission	tCO2eq	61,564	54,185	77,514
		Direct emission (Scope1)	tCO2eq	14,243	15,970	15,367
		Indirect emission (Scope2)	tCO2eq	47,321	38,215	62,147
		Intensity ¹⁾	tCO2eq/ KRW 100 million	3.68	3.19	4.80
	Energy	Consumption	TJ	345	375	403
		Intensity	TJ/ KRW 100 billion	20.85	22.30	25.21
	Water	Consumption	ton	2,487,718	2,756,205	2,955,270
		Reuse	ton	-	90,538	90,153
	Waste	Discharge	ton	15,110	18,156	21,598
		Recycling	ton	291	188	222

¹⁾Total energy consumption by year ÷ sales on a consolidated basis

HANSAE MK

Domestic	Indicator	Category	Unit	2019	2020	2021
				4.55	4.9	4.87
	Energy	Consumption	TJ	2.19	2.23	1.58
		Intensity ¹⁾	TJ/ KRW 100 billion	2.19	2.23	1.58
	Water	Consumption	ton	5,544	5,407	4,043
		Discharge	ton	22	27	28

¹⁾Total energy consumption by year ÷ sales on a consolidated basis

 **한세드림(주)**

Domestic	Indicator	Category	Unit	2019	2020	2021
				2.74	2.64	2.63
	Energy	Consumption	TJ	1.46	1.65	1.58
		Intensity ¹⁾	TJ/ KRW 100 billion	1.46	1.65	1.58
	Water	Consumption	ton	2,219	1,881	1,909
		Discharge	ton	1.04	3.39	14.38
	Waste	Recycling	ton	1.04	3.39	14.38

¹⁾Total energy consumption by year ÷ sales on a consolidated basis

*not applicable to Hansae Yes24 Holdings

Environmental Management of Business Sites

Violation of Environmental Law	Unit	2019	2020	2021
Hansae Yes24 Holdings	Case	0	0	0
Hansae	Case	0	0	0
Hansae MK	Case	0	0	0
Hansae Dreams	Case	0	0	0

Social Performance

Employees

HANSAE YES24 HOLDINGS

	Indicator	Category	Unit	2019	2020	2021
	Headcount	Total number of employees	person	29	27	27
Domestic	Gender	Male	person	13	10	11
		Female	person	16	17	16
	Age	Below 30	person	5	2	3
		30~50	person	23	22	22
		Above 50	person	1	3	2
	Employment status	Regular	person	26	24	27
		Contract	person	3	3	0

HANSAE fashion worldwide

	Indicator	Category	Unit	2019	2020	2021
	Headcount	Total number of employees	person	669	591	588
Domestic	Gender	Male	person	263	241	238
		Female	person	406	350	350
	Age	Below 30	person	221	145	153
		30~50	person	416	419	411
		Above 50	person	32	27	24
	Employment status	Regular	person	663	584	576
		Contract	person	6	7	12
	Overseas	Headcount	Total number of employees	28,851	30,742	30,191
		Gender	Male	7,880	8,964	9,193
			Female	20,971	21,778	20,998
		Age	Below 30	12,503	13,243	12,593
			30~50	16,059	17,162	17,194
			Above 50	289	337	404
		Employment status	Regular	27,377	28,582	27,684
			Contract	1,474	2,160	2,507

HANSAE MK

	Indicator	Category	Unit	2019	2020	2021
	Headcount	Total number of employees	person	210	168	174
Domestic	Gender	Male	person	90	75	80
		Female	person	120	93	94
	Age	Below 30	person	22	16	28
		30~50	person	169	137	133
		Above 50	person	19	15	13
	Employment status	Regular	person	209	165	165
		Contract	person	1	3	9
	Overseas	Headcount	Total number of employees	49	56	68
		Gender	Male	15	17	19
			Female	34	39	49
		Age	Below 30	18	20	21
			30~50	31	36	47
			Above 50	0	0	0
		Employment status	Regular	49	56	66
			Contract	0	0	2

한세드림(주)

	Indicator	Category	Unit	2019	2020	2021
	Headcount	Total number of employees	person	140	130	133
Domestic	Gender	Male	person	48	45	46
		Female	person	92	85	87
	Age	Below 30	person	10	9	17
		30~50	person	107	102	97
		Above 50	person	23	19	19
	Employment status	Regular	person	138	128	130
		Contract	person	2	2	3
	Overseas	Headcount	Total number of employees	33	31	25
		Gender	Male	3	4	4
			Female	30	27	21
		Age	Below 30	13	10	6
			30~50	19	20	18
			Above 50	1	1	1
		Employment status	Regular	33	30	24
			Contract	0	1	1

Diversity of Employees

HANSAE YES24
Holdings

	Indicator	Category	Unit	2019	2020	2021
Domestic	Employees with disabilities	Number of employees with disabilities	person	0	0	0
	Female employees	Number of females in managerial positions ¹⁾	person	4	4	3
		Ratio of females in managerial positions ²⁾	%	40	36	33
		Base salary and compensation ratio of females vs. males	%	100	100	100

HANSAE
fashion worldwide

	Indicator	Category	Unit	2019	2020	2021
Domestic	Employees with disabilities	Number of employees with disabilities	person	2	1	1
	Female employees	Number of females in managerial positions ¹⁾	person	58	58	56
		Ratio of females in managerial positions ²⁾	%	46	51	51
Overseas	Employees with disabilities	Number of employees with disabilities	person	34	37	37
		Number of females in managerial positions ¹⁾	person	741	823	863
		Ratio of females in managerial positions ²⁾	%	46	46	46
		Base salary and compensation ratio of females vs. males	%	100	100	100

HANSAE MK

	Indicator	Category	Unit	2019	2020	2021
Domestic	Employees with disabilities	Number of employees with disabilities	person	0	0	0
	Female employees	Number of females in managerial positions ¹⁾	person	20	21	18
		Ratio of females in managerial positions ²⁾	%	42	43	38
Overseas	Employees with disabilities	Number of employees with disabilities	person	0	0	0
		Number of females in managerial positions ¹⁾	person	1	1	3
		Ratio of females in managerial positions ²⁾	%	2	2	4
		Base salary and compensation ratio of females vs. males	%	100	100	100

 **한세드림(주)**

	Indicator	Category	Unit	2019	2020	2021
Domestic	Employees with disabilities	Number of employees with disabilities	person	0	0	0
	Female employees	Number of females in managerial positions ¹⁾	person	18	18	17
		Ratio of females in managerial positions ²⁾	%	53	56	53
Overseas	Employees with disabilities	Number of employees with disabilities	person	0	0	0
		Number of females in managerial positions ¹⁾	person	3	3	1
		Ratio of females in managerial positions ²⁾	%	9	9	3
		Base salary and compensation ratio of females vs. males	%	100	100	100

¹⁾team leader and above

²⁾ratio of female team leaders and above

Education and Training

HANSAE YES24
Holdings

	Indicator	Category	Unit	2019	2020	2021
Domestic	Training courses	Number of courses	person	21	70	108
		Number of trainees	person	19	23	24
		Average training hours per employees	hour	15	22	26
Training types	Job-related courses	hour	288	359	495	
		Code of Conduct/Ethics ¹⁾	hour	-	4	4
		Information protection/security ¹⁾	hour	-	2	2

¹⁾3 training hours recognized for employees who take all of five courses: personal information protection, sexual harassment prevention, guidelines on ethical management, improved awareness of people with disabilities, workplace harassment prevention (0.6 hours per course)

HANSAE
fashion worldwide

	Indicator	Category	Unit	2019	2020	2021
Domestic	Training courses	Number of courses	course	196	558	645
		Number of trainees	person	816	891	917
		Average training hours per employees	hour	24	23	37
Training types	Job-related courses	hour	16,662	16,686	30,227	
		Code of Conduct/Ethics	hour	3	4	4
		Information protection/security	hour	2	2	2
Overseas	Training courses	Number of courses	course	1,078	1,068	638
		Number of trainees	person	259,757	289,225	237,924
		Average training hours per employees	hour	86	80	38
Training types	Job-related courses	hour	2,819,589	1,530,571	921,434	
		Code of Conduct/Ethics	hour	564,695	905,250	482,795
		Information protection/security	hour	33,546	23,407	24,101

HANSAE MK

	Indicator	Category	Unit	2019	2020	2021
Domestic	Training courses	Number of courses	course	17	30	33
		Number of trainees	person	210	163	176
		Average training hours per employees	hour	44	26	43
Training types	Job-related courses	hour	82	63	204	
		Code of Conduct/Ethics	hour	7	7	7
		Information protection/security	hour	1	1	1
Overseas	Training courses	Number of courses	course	2	2	3
		Number of trainees	person	132	101	112
		Average training hours per employees	hour	4	4	4
Training types	Job-related courses	hour	4	4	4	
		Code of Conduct/Ethics	hour	-	-	-
		Information protection/security	hour	0.5	0.5	0.5

 **한세드림(주)**

	Indicator	Category	단위	2019	2020	2021
Domestic	Training courses	Number of courses	course	5	59	39
		Number of trainees	person	140	130	133
		Average training hours per employees	hour	7	27	20
Training types	Job-related courses	hour	-	115	25	25
		Code of Conduct/Ethics	hour	6	6	6
		Information protection/security	hour	1	1	1

Recruitment

HANSAE YES24 HOLDINGS

Domestic	Indicator	Category	Unit	2019	2020	2021
	New hires	Number of newly hired employees	person	6	3	6
		Male	person	5	1	3
		Female	person	1	2	3

HANSAE

Domestic	Indicator	Category	Unit	2019	2020	2021
	New hires	Number of newly hired employees	person	173	26	110
		Male	person	66	8	51
		Female	person	107	18	59

Overseas	Indicator	Category	Unit	2019	2020	2021
	New hires	Number of newly hired employees	person	12,117	11,148	9,344
		Male	person	4,706	4,248	3,851
		Female	person	7,411	6,914	5,503

HANSAE MK

Domestic	Indicator	Category	Unit	2019	2020	2021
	New hires	Number of newly hired employees	person	55	23	78
		Male	person	27	12	38
		Female	person	28	11	40

Overseas	Indicator	Category	Unit	2019	2020	2021
	New hires	Number of newly hired employees	person	4	7	27
		Male	person	1	2	7
		Female	person	3	5	20

한세드림(주)

Domestic	Indicator	Category	Unit	2019	2020	2021
	New hires	Number of newly hired employees	person	28	9	20
		Male	person	10	4	6
		Female	person	18	5	14

Overseas	Indicator	Category	Unit	2019	2020	2021
	New hires	Number of newly hired employees	person	2	2	3
		Male	person	0	0	0
		Female	person	2	2	3

Ratio of Employees Who Received Performance Evaluation

HANSAE YES24 HOLDINGS

Domestic	Indicator	Category	Unit	2019	2020	2021
	Performance evaluation	Male	%	100	100	100
		Female	%	100	100	100
		Office worker	%	100	100	100
		Technical/Production worker	%	-	-	-

HANSAE

Domestic	Indicator	Category	Unit	2019	2020	2021
	Performance evaluation	Male	%	100	100	100
		Female	%	100	100	100
		Office worker	%	100	100	100
		Technical/Production worker	%	100	100	100

Overseas	Indicator	Category	Unit	2019	2020	2021
	Performance evaluation	Male	%	100	100	100
		Female	%	100	100	100
		Office worker	%	100	100	100
		Technical/Production worker	%	100	100	100

HANSAE MK

Domestic	Indicator	Category	Unit	2019	2020	2021
	Performance evaluation	Male	%	100	100	100
		Female	%	100	100	100
		Office worker	%	100	100	100
		Technical/Production worker	%	100	100	100

한세드림(주)

Domestic	Indicator	Category	Unit	2019	2020	2021
	Performance evaluation	Male	%	100	100	100
		Female	%	100	100	100
		Office worker	%	100	100	100
		Technical/Production worker	%	100	100	100

Accompanied Growth with Suppliers

HANSAE YES24 HOLDINGS

Domestic	Indicator	Unit	2019	2020	2021
	Purchase/Sales Partnership	KRW billion	16	13	19

HANSAE

Domestic	Indicator	Unit	2019	2020	2021
	Purchase/Sales Partnership	KRW billion	10,099	10,988	11,142
Overseas	Purchase/Sales Partnership	KRW billion	3,341	4,211	2,607

HANSAE MK

Domestic	Indicator	Unit	2019	2020	2021
	Purchase/Sales Partnership	KRW billion	2,219	1,500	1,324
Overseas	Purchase/Sales Partnership	KRW billion	674	452	596

한세드림(주)

Domestic	Indicator	Unit	2019	2020	2021
	Purchase/Sales Partnership	KRW billion	734	541	463
Overseas	Purchase/Sales Partnership	KRW billion	13	0.2	2

Violation of Laws

HANSAE YES24 HOLDINGS

Domestic	Indicator	Unit	2019	2020	2021
	Disciplinary actions	Case	0	0	0
	Number of reports to the anti-corruption center	Case	0	0	0
Overseas	Disciplinary actions	Case	-	-	-
	Number of reports to the anti-corruption center	Case	-	-	-

HANSAE

Domestic	Indicator	Unit	2019	2020	2021
	Disciplinary actions	Case	1	1	2
	Number of reports to the anti-corruption center	Case	0	1	0
Overseas	Disciplinary actions	Case	0	0	0
	Number of reports to the anti-corruption center	Case	0	0	0

HANSAE MK

Domestic	Indicator	Unit	2019	2020	2021
	Disciplinary actions	Case	0	0	0
	Number of reports to the anti-corruption center	Case	0	0	1
Overseas	Disciplinary actions	Case	0	0	0
	Number of reports to the anti-corruption center	Case	0	0	0

한세드림(주)

Domestic	Indicator	Unit	2019	2020	2021
	Disciplinary actions	Case	0	0	0
	Number of reports to the anti-corruption center	Case	0	0	0
Overseas	Disciplinary actions	Case	0	0	0
	Number of reports to the anti-corruption center	Case	0	0	0

Awards and Memberships

Distribution of Economic Outcome with Stakeholders

HANSAE YES24 HOLDINGS

Category	Sub-category	Unit	2019	2020	2021
Employees	Salary, severance pay, welfare	KRW	3,548,500,614	3,835,881,439	3,901,851,263
Communities	Donation	KRW	100,240,000	90,000,000	124,000,000
Governments	Corporate tax	KRW	1,013,266,079	1,005,459,343	-773,713,816
Shareholders	Dividend	KRW	9,815,446,750	9,815,446,750	9,815,446,750
Investors	Interest on bonds, bank loans, etc.	KRW	1,678,655,943	1,580,141,095	1,879,824,461

HANSAE fashion worldwide

Category	Sub-category	Unit	2019	2020	2021
Employees	Salary, severance pay, welfare	KRW	169,466,095,883	198,963,409,858	194,959,904,117
Communities	Donation	KRW	82,352,929	127,649,416	118,827,933
Governments	Corporate tax	KRW	31,024,160,713	7,576,857,857	16,859,423,454
Shareholders	Dividend	KRW	19,619,735,000	19,619,735,000	19,619,735,000
Investors	Interest on bonds, bank loans, etc.	KRW	10,063,501,897	15,751,102,535	24,315,730,830

HANSAE MK

Category	Sub-category	Unit	2019	2020	2021
Employees	Salary, severance pay, welfare	KRW	14,960,951,694	13,815,979,954	13,169,475,399
Communities	Donation	KRW	53,945,075	27,582,976	323,289,593
Governments	Corporate tax	KRW	-1,525,988,697	-1,711,550,313	7,236,065,040
Shareholders	Dividend	KRW	-	-	-
Investors	Interest on bonds, bank loans, etc.	KRW	1,667,513,651	1,574,902,740	1,438,555,703

한세드림(주)

Category	Sub-category	Unit	2019	2020	2021
Employees	Salary, severance pay, welfare	KRW	7,871,771,358	8,790,024,433	10,014,581,988
Communities	Donation	KRW	1,484,514,778	524,622,311	46,354,339
Governments	Corporate tax	KRW	1,670,354,336	336,995,243	2,207,974,934
Shareholders	Dividend	KRW	-	-	-
Investors	Interest on bonds, bank loans, etc.	KRW	1,891,105,327	2,777,985,367	2,174,687,168

Awards

Date	Awards	Host
2019.04.26	Global Leader Awards	APEC Studies Association of Korea
2019.06.24	Top 100 CEOs of Korea	Maekyeong Economy
2020.11.11	2020 Korea Sports Promotion Awards / Grand Prize	Sports DongA
2021.12.20	2021 Business Awards / Grand Prize for CEO in ESG category	Lawmaker Joo-young Kim Office & Thanks Sharing Institute

Memberships



Third-party Assurance Statement

Dear Hansae Yes24 Holdings Co., Ltd. Stakeholders

Han Consulting Group Co., Ltd. (hereinafter the 'verifier') was requested to verify Hansae Yes24 Holdings 2022 ESG Report (the 'report'). This assurance report is the first report and is applied only to information prepared based on the fiscal year 2021 and information up to May 2022. Hansae Yes24 Holdings is responsible for the information and data contained in this report, and this verifier applies the assurance methodology to the specified scope and provides an independent assurance opinion containing professional opinions to the management of Hansae Yes24 Holdings. , the Assurer is not responsible for the results of the verification and the conclusions made through the verification report to anyone other than Hansae Yes24 Holdings.

Verification standard and level of verification

Hansae Yes24 Holdings describes the organization's performance and activities related to sustainability in the report. AA1000AS v3 was applied for this assurance, and it was confirmed that this report applied GRI Standards, the international standard guideline for ESG reports.

As for the level of verification, compliance with the four principles of the AA1000AP(2018) was confirmed, and the Type 1 verification type and Moderate verification level were conducted.

Verification scope

The scope of assurance applied to the assurance of the report is as follows, and we do not provide assurance on the goals or future feasibility of Hansae Yes24 Holdings.

- Report contents from January 1, 2021 to December 31, 2021 included in the report
- Sustainability management policies and strategies, and business-related performance
- Matters included in material issues as a result of materiality assessment related to the company and stakeholders
- Reasonability and adequacy of the ESG report preparation process and system
- Among the reporting boundaries of the report, data and information outside the organization were excluded from the scope of assurance, and the following items were not included in the assurance.
- Financial information presented in this report
- Website contents and related information presented in this report

The verification of whether the GRI Standards' Core Option reporting requirements are satisfied is included in the scope of assurance, and the Assurer has reviewed the following items to confirm this.

- GRI 200 (Economy): 201-1, 201-2, 203-1, 203-2, 205-1, 205-2, 205-3,
- GRI 300 (Environment): 301-1, 302-1, 302-3, 302-4, 303-5, 305-1, 305-2, 305-4, 305-5, 306-3, 306-4, 306-5, 307-1
- GRI 400 (Society): 401-1, 403-1, 403-2, 403-4, 403-5, 403-6 403-7, 404-1, 404-2, 404-3, 405-1, 405-2, 412-1, 412-2, 413-1, 419-1

Verification method

The verifier complies with the assurance standards and performed the assurance work by collecting and confirming relevant evidence for the presented report.

- Review of materiality issue analysis process and check suitability to determine verification priorities
- Review the ESG strategy implementation process and system for implementation
- In relation to material issues, review the suitability of evidence supporting the issues discussed through interviews with senior managers in departments with management responsibility
- Check the process of creating, collecting and reporting data for each performance area

Limitations

The verification was conducted on the assumption that the data provided by Hansae Yes24 Holdings is sufficient and accurate. The data and information provided by Hansae Yes24 Holdings were verified in a limited depth, including inquiry, analysis, and sampling.

Verification results and opinions

The verifier went through several discussions to revise the report and reviewed the final data to see if the revision and improvement recommendations were well reflected. As a result of the verification, in terms of materiality, we could not find any matters that could be judged to be inappropriately described in the information and data contained in the report of Hansae Yes24 Holdings. It is judged that the report was properly prepared in accordance with the GRI Standards, the international standard guideline, and the verification opinion on the four principles presented in AA1000AP(2018) is as follows.

1) Inclusiveness: stakeholder engagement and communication

Hansae Yes24 Holdings identifies customers, shareholders and investors, subsidiaries, employees, local communities, government, non-profit organizations and associations as major stakeholders, draws interests for stakeholder engagement, operates communication channels for each group, and Through this, major issues for each key stakeholder are identified and reflected in decision-making.

2) Materiality: Identification and reporting of material sustainability topics

In order to derive key reporting issues, Hansae Yes24 Holdings formed 37 issue pools by examining government policies, global information disclosure standards, cases of the same industry, and the status of internal and external press releases of Hansae Yes 24 Holdings. After conducting company-wide interviews with relevant departments and the management's final review process, a total of four core issues were finally selected by reflecting the company's business impact and stakeholder interest.

3) Responsiveness: Responding to sustainability reporting issues

Hansae Yes24 Holdings established an ESG working group to enhance the efficiency of company-wide sustainability management with the ESG TF as the main department and roles are clarified.

4) Impact: The impact of important sustainability topics on the organization and stakeholders

Hansae Yes24 Holdings identifies direct and indirect impacts on major topics identified through the materiality test, and presents management plans for performance and impact by four ESG key performance and ESG sections in ESG issue items.

Eligibility and Independence

Hans Consulting Group has a documented policy and quality assurance system, and as a sustainability expert, the verifier has any interest for profit in the business activities of Hansae Yes24 Holdings other than the task of providing third-party verification services. It does not exist, so it maintains its independence

August 18, 2022

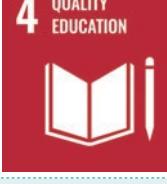
Han Consulting Group

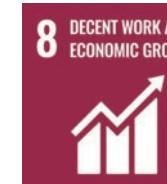
CEO Lee Seung-yong

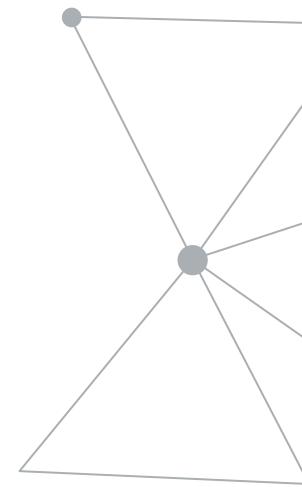


UN SDGs

Hansae Yes24 Group strives to meet the Sustainable Development Goals (SDGs) which are composed of 17 goals and 169 specific targets aimed at addressing economic, environmental, and social issues facing the planet and achieving sustainable development. Hansae Yes24 Group have aligned its corporate goals and activities with 10 out of 17 SDGs and created tangible social value and, moving forward, we will further expand our activities to make more contribution to achievement of SDGs.

Classification	Principle	Main activities of Hansae Yes24 Group	Page
Goal 01 	Eradication of poverty	<ul style="list-style-type: none"> Overseas subsidiaries donated medical supplies to local communities for recovery from the COVID-19 pandemic. Donated garments and other supplies to the underprivileged in Indonesia Donated garments to child soldiers in war-ravaged South Sudan 	36
Goal 03 	Good health and well-being	<ul style="list-style-type: none"> Provided medical checkup to employees Operated the Hansae Yes24 daycare center to help employees raising kids 	51
Goal 04 	Guarantee of quality education and promotion of life-long learning opportunity	<ul style="list-style-type: none"> Increased professional job training and opportunities to develop competence Provide overseas training to long-term service employees and high-performers 	51-52
Goal 05 	Gender equality and promotion of women's rights	<ul style="list-style-type: none"> Recruited employees under the DE&I principle Increased the ratio of females to workforce 	47
Goal 06 	Sustainable water resource and sanitation management	<ul style="list-style-type: none"> Operated water saving systems and conducted the environmental impact assessment 	30, 43

Classification	Principle	Main activities of Hansae Yes24 Group	Page
Goal 08 	Inclusive economic growth and quality jobs	<ul style="list-style-type: none"> Steadily increased the ratio of female employees and managers despite the COVID-19 pandemic 	47
Goal 10 	Reduction of inequalities in and outside of the country	<ul style="list-style-type: none"> Actively hired foreign workers 	47
Goal 12 	Building a culture of sustainable production and consumption	<ul style="list-style-type: none"> Conducted eco-friendly campaigns involving consumers 	33
Goal 13 	Response to climate change	<ul style="list-style-type: none"> Conducted activities to reduce GHG emissions and energy use Increased eco-friendly production using recycled materials 	29, 32-33
Goal 16 	Peace, Justice and institutional improvement	<ul style="list-style-type: none"> Implemented ethical management Complied with conflict mineral regulations 	38-39



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