

The background of the entire page is a close-up photograph of a light-colored wood surface, showing distinct concentric growth rings and a vertical grain pattern. The wood has a warm, natural tone with subtle variations in color from light tan to a slightly darker brown in the grain.

2022 MSS GROUP SUSTAINABILITY REPORT

mss^o

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About This Report

MSS Group published its first sustainability report this year to disclose its ESG activities and performance transparently to stakeholders.

Going forward, MSS Group will continue to maintain open communication with stakeholders by regularly publishing sustainability reports to share updates on its ESG performance.

Contact

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E-Mail: esg@mssgroup.co.kr

Overview

The 2022 MSS Group Sustainability Report was published for the purpose of transparently communicating its ESG performance with stakeholders.

Principles

This report has been written based on the Global Reporting Initiative (GRI) Standards 2021 and the indicators mandated by the Sustainability Accounting Standards Board (SASB). Financial performances have been prepared using the Korean International Financial Reporting Standards (K-IFRS) consolidated financial statements, unless stated otherwise.

Period

This report encompasses the economic, environmental, and social performance for the period spanning January 1, 2022, to December 31, 2022. Certain performance data extend up to June 2023. To facilitate the identification of annual trends, quantitative performance incorporates data from the past three years.

Scope

The scope of this report includes MSS Group, which comprises MONALISA, SsangYong C&B, MSS Global, MSS Pulp, MSS Logistics, and MSS HRM. If the reporting scope of certain data varies, the scope of the information is indicated in the comments.

Verification

In order to ensure the objectivity, fairness, and reliability of the contents of this report, MSS Group has gone through a verification process by the Korea Management Registrar (KMR). The verification statement can be found on page 109.

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CEO Message



CEO Kwang-Ok Joo (MONALISA) | Chang-Seok Jeong (SsangYong C&B)

Dear all,

MSS Group, the leading lifestyle and hygiene professional group in Korea, extends its sincere gratitude for your unwavering interest and support.

As a lifestyle and hygiene professional group, MSS Group has taken the decision to publish the first sustainability report. Through this report, MSS Group aims to provide comprehensive insights into the ongoing efforts MSS Group has been making for the environment, society, and all its stakeholders.

The year 2022 marked the beginning of a new era post-COVID-19. Despite the challenges faced by MSS Group, such as the soaring prices of pulp and energy due to global inflation and the impact of an unstable international situation and energy crisis, MSS Group actively undertook initiatives to enhance the capabilities and competitiveness to become a sustainable business. This involved expanding the online business, establishing new production facilities, and investing in various infrastructures to improve product quality.

MSS Group strives to be the leading lifestyle and hygiene professional group in Korea. MSS Group is dedicated to supplying safe and high-quality products, aiming to be a reliable companion in promoting daily well-being and a healthy lifestyle. Since our inception in 1977, starting with the production of toilet paper, beauty tissue, and paper towels, MSS Group has expanded the product range to include wet wipes, masks, and diapers. Alongside its direct production and supply capabilities, MSS Group obtained certifications such as ISO 9001 and ISO 22716, which reinforce its dedication to upholding rigorous standards of quality management.

Our aspiration is to grow in harmony with the environment. Each year, MSS Group manufactures 50,000 tons of toilet paper using recycled paper, a practice that saves one million trees annually. Furthermore, all our boxed products utilize paper certified by the Forest Stewardship Council (FSC), and MSS Group consistently expands the range of eco-friendly offerings. Through ongoing efforts to reduce greenhouse gas emissions, MSS Group has achieved a noteworthy milestone of 6.4% carbon emission reduction (equivalent to 7,152 tCO₂e) from 2015 to 2022, playing a significant role in environmental preservation.

MSS Group firmly believes that the journey toward becoming a healthy company is rooted in ESG management activities. To enhance the ESG practices, MSS Group has made the decision to consolidate ESG management initiatives at the organizational level, which were previously carried out independently by different departments. As part of this endeavor, MSS Group has established the ESG Committee to drive the advancement and internalization of ESG management. Moreover, MSS Group has formed a cross-functional ESG Task Force with participation from various departments, ensuring effective implementation of ESG management throughout the organization. MSS Group will also prioritize internal management by reinforcing the existing audit committee's functions while continuing to engage in charitable donations to support and strengthen the local communities.

MSS Group expresses the deep appreciation for your continued support as we embark on these challenges and strive for long-term sustainable growth.

Thank you.

June 2023

CEO Kwang-Ok Joo

Chang-Seok Jeong



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Company Overview

About Us

MSS Group is a renowned household hygiene products provider that holds a leading position in the Korean market. MSS Group specializes in offering a wide range of essential household and hygiene products, with the goal of becoming the brand that customers perceive as their closest, most friendly, and most reliable daily companion.

The foundation of MSS Group lies in the production of toilet paper. With strong brands like CODI and MONALISA, MSS Group has maintained the reputation and market dominance as the number one local toilet paper brand in Korea for the past 46 years. Our core business involves direct engagement in the manufacturing, production, and sales of various household paper products, including tissues, kitchen towels, and jumbo rolls.

Since 2016, MSS Group has expanded the product portfolio beyond toilet paper, diversifying the offerings to provide customers with a wide range of personal care products, such as wet wipes, sanitary napkins, and diapers. In 2020, MSS Group made significant investments and ventured into the Personal Protective Equipment (PPE) business, launching products like masks and hand sanitizers.

As customer interest in enhancing the quality of life and prioritizing hygiene-related needs continues to grow, MSS Group aims to be at the forefront of the market by providing all the essential products necessary for people's daily lives, hygiene, and disease prevention.

Overview

| | |
|---------------|---|
| Name | MSS Group |
| CEO | Kwang-Ok Joo (MONALISA) & Chang-Seok Jeong (SsangYong C&B) |
| Credit rating | A- (SsangYong C&B, MONALISA, MSS Global) |
| Main business | Manufacture of hygiene products |
| Headquarters | 15, Boramae-ro 5-gil, Dongjak-gu, Seoul |
| Website | http://www.msshldings.co.kr/ |

Group Vision



HYGIENE PROFESSIONAL GROUP

Vision

A reliable life companion dedicated to promoting daily well-being and a healthy lifestyle

2025 Direction

Achieve stable growth

15% growth per year

Create value for customers

- Solutions for all areas of personal care and hygiene
- The best quality in the industry
- The brand that customers trust

Growth strategy



Core competencies

- Production capability and quality
- Brand position
- Digital mindset
- Effective partnerships with the nation's top retailers
- Close access to the best sales channels in Korea



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Time line



| | | | | | |
|---|---|---|--|--|--|
| <p>'79 Established a joint venture between SsangYong Paper and Scottie U.S. called SsangYong Scottie Paper</p> <p>'77 Established Kyungma Paper (later renamed to MONALISA)</p> <p>1970</p> | <p>'82 SsangYong Paper merged with SsangYong Scottie Paper</p> <p>'84 MONALISA completed the construction of the Banwol Factory</p> <p>'88 MONALISA was listed on KOSPI</p> <p>1980</p> | <p>'98 P&G Korea merged with SsangYong Paper</p> <p>'97 SsangYong Paper launched the CODI brand and achieved first place in the market</p> <p>'95 MONALISA sold the Banwol Factory</p> <p>'90 MONALISA completed the construction of the Jeonju Factory</p> <p>1990</p> | <p>'05 The Tissue Division spun-off and changed the name to SsangYong C&B</p> <p>'06 Established Pumyang Logistics and HRM</p> <p>'06 MONALISA established an affiliated paper research institute</p> <p>'07 SsangYong C&B acquired Korea P&G's Cutie diaper business</p> <p>'07 MONALISA won the Labor-Management Peace Prize in Jeonju</p> <p>2000</p> | <p>'18 SsangYong C&B established an energy storage system (ESS)</p> <p>'15 MONALISA relocated the Daejeon Factory to Nonsan and changed the name to MSS Global</p> <p>'13 The name of Pumyang Logistics changed to MSS Logistics and HRM, then changed to MSS HRM.</p> <p>'13 Established MSS Pulp</p> <p>'13 MSS Holdings became the largest shareholder of MONALISA and SsangYong C&B</p> <p>'11 SsangYong C&B built solid recovered fuel (SRF) boiler</p> <p>2010</p> | <p>'20 MSS Group acquired JOONGWON Corp.</p> <p>'20 MONALISA installed the mask production facility at Jeonju Factory</p> <p>'20 SsangYong C&B awarded as an excellent company for national sustainability management by the Minister of Food and Drug Safety</p> <p>'22 MSS Global began operation of wet wipes production facility</p> <p>'22 MONALISA ranked first in the Korean Brand Reputation Index for the household goods category for the second consecutive year</p> <p>'22 SsangYong C&B ranked first in the toilet paper category of the Korea Consumer Satisfaction Index for the ninth consecutive year</p> <p>2020 ~</p> |
|---|---|---|--|--|--|



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Value Chain

MSS Group operates its business using a value chain structure that encompasses multiple stages, starting with research and development, followed by purchasing, fabric production, product processing, logistics and consumption. At each stage of the value chain, MSS Group engages in various ESG management activities to ensure sustainable practices and contribute to the sustainable consumption of its products by customers.

Fabric production

MSS Group makes continuous investments in SRF boilers and an ESS to reduce energy consumption and greenhouse gas emissions, and strive to minimize water usage and waste generation in its operations.

Purchase

MSS Group actively purchases eco-friendly raw and subsidiary materials while giving importance to environmental certifications, resource recycling, and practicing transparent transactions with its suppliers.

Research and development

MSS Group conducts eco-friendly research and development in various fields, including fabrics, subsidiary materials, products, and packaging materials, to fulfill the environmental responsibility and cater to the convenience of its customers.

Product processing

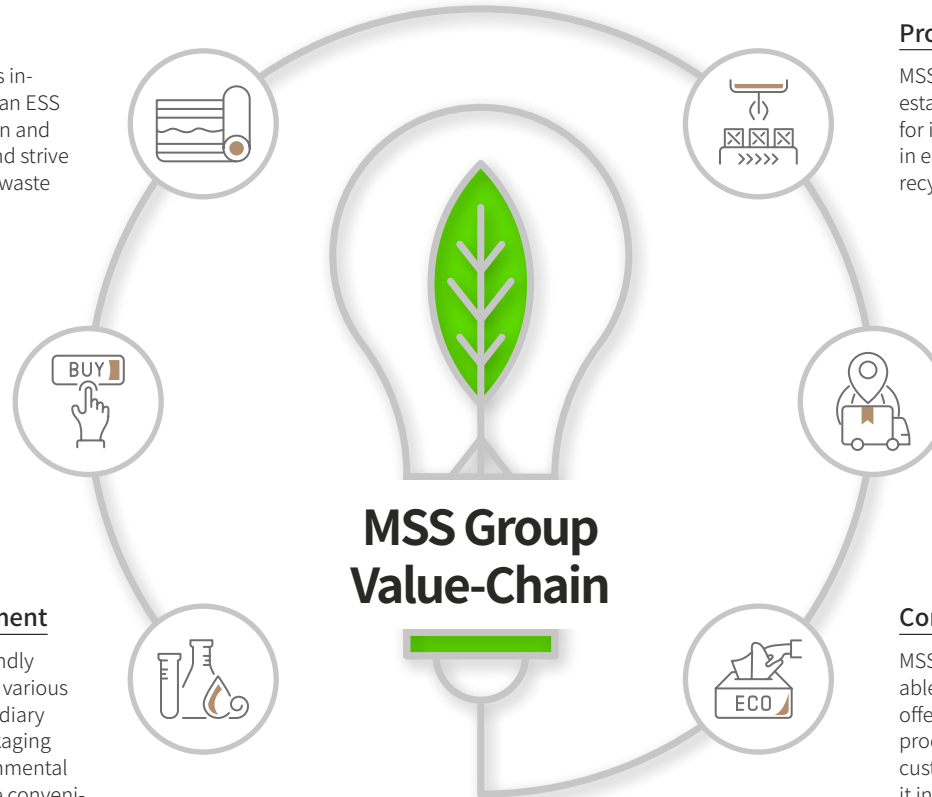
MSS Group invests in facilities to establish a safe working environment for its employees, while also engaging in eco-friendly activities such as waste recycling and reducing plastic usage.

Logistics

To minimize greenhouse gas emissions, MSS Group has transitioned 70% of the forklifts to electric vehicles, and MSS Group is establishing and operating an online direct transaction network to minimize logistics flow.

Consumption

MSS Group contributes to the sustainable consumption of its customers by offering a wide range of eco-friendly products. MSS Group actively listen to customer feedback and incorporate it into the quality improvement and product development processes.





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Affiliates



As the holding company of MSS Group, MSS Holdings takes pride in presenting household hygiene products that prioritize the highest levels of safety and quality.

- **Founded in:** 2013
- **CEO:** Hoe-Hoon Jung
- **Headquarters:** 16, Beonamgongdan 1-gil, Jochiwon-eup, Sejong-si
- **Main business:** Holding company
- **Number of employees:** 4



MONALISA is dedicated to developing hygiene products and daily necessities by utilizing clean and carefully selected raw materials along with cutting-edge technology.

- **Founded in:** 1977
- **CEO:** Kwang-Ok Joo
- **Headquarters:** 15, Boramae-ro 5-gil, Dongjak-gu, Seoul
- **Main business:** Manufacture of paper hygiene products
- **Number of employees:** 198



SsangYong C&B is a company that provides various hygiene products of the highest quality, utilizing the best tissue production facilities and technology in Korea.

- **Founded in:** 1979
- **CEO:** Chang-Seok Jeong
- **Headquarters:** 16, Beonamgongdan 1-gil, Jochiwon-eup, Sejong-si
- **Main business:** Manufacture of paper hygiene products
- **Number of employees:** 272



MSS Global is a hygiene product manufacturer specializing in the production of tissue fabrics, products, baby diapers, and wet wipes. Our manufacturing processes are driven by our own technology and trademark.

- **Founded in:** 1976
- **CEO:** Kwang-Ok Joo
- **Headquarters:** 101-11 Dongsan Industrial Park, Yeonmu-eup, Nonsan-si, Chungcheongnam-do
- **Main business:** Manufacture of hygiene products, wholesale/retail, and rental
- **Number of employees:** 40



MSS Pulp provides raw and subsidiary material brokerage services to offer hygiene products to consumers at a more reasonable price.

- **Founded in:** 2013
- **CEO:** Kwang-Ok Joo
- **Headquarters:** 15, Boramae-ro 5-gil, Dongjak-gu, Seoul
- **Main business:** Pulp wholesale and brokerage
- **Number of employees:** 15



MSS Logistics is committed to providing the best and cost-effective services on behalf of the affiliates, MONALISA and SsangYong C&B with the belief in "placing customer value first."

- **Founded in:** 2006
- **CEO:** Young-Chan Yoo
- **Headquarters:** 16, Beonamgongdan 1-gil, Jochiwon-eup, Sejong-si
- **Main business:** Freight transport brokerage, agency and other supporting transport services
- **Number of employees:** 56



MSS HRM supplies and manages manpower to large distribution discount stores and other distribution channels to facilitate the sale of MONALISA and SsangYong C&B products.

- **Founded in:** 2006
- **CEO:** Chang-Seok Jeong
- **Headquarters:** 7, Boramae-ro 5ga-gil, Dongjak-gu, Seoul
- **Main business:** Manpower service
- **Number of employees:** 132



JOONGWON Corps. is a company specializing in household goods, offering brands such as Secret Day, Super Daddy, Sense, and Jeongsung, tailored for women, toddlers, and seniors.

- **Founded in:** 2003
- **CEO:** Sung-Hoon Kim
- **Headquarters:** 722, Nonhyeon-ro, Gangnam-gu, Seoul
- **Main business:** Manufacture of feminine products, wet wipes
- **Number of employees:** 90

* The number of employees in each company includes full-time employees.



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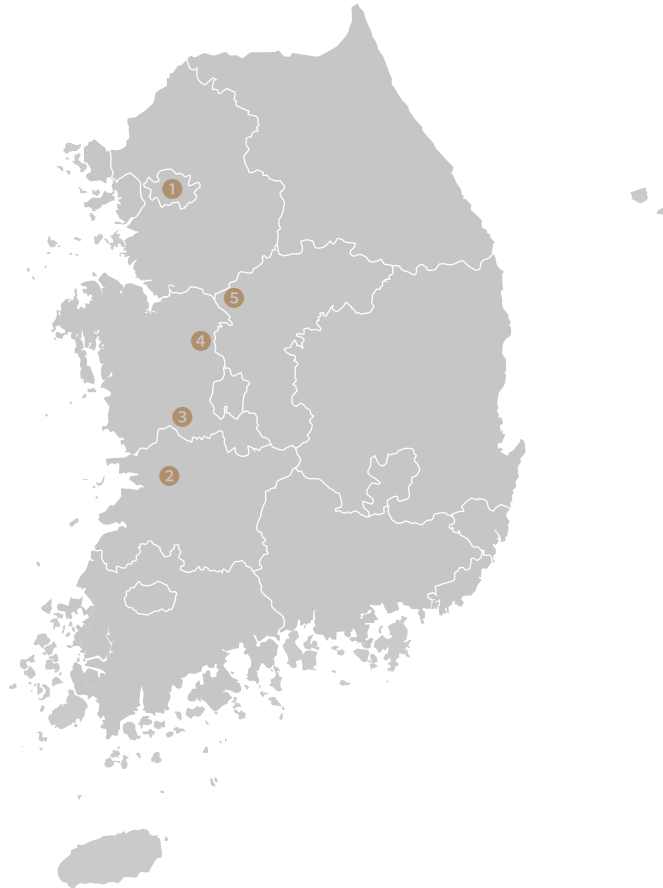
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Locations

MSS Group is headquartered in Seoul and operates five factories nationwide. Each of our factories is equipped with excellent production facilities and cutting-edge technology, enabling us to produce toilet paper, wet wipes, diapers, and masks of the highest quality and safety standards. With our advanced technology and reliable production capacity, MSS Group is dedicated to leading the Korean paper hygiene product market and providing its customers with exceptional value.



• **Headquarters**
Located in Seoul, oversees the planning and management of MSS Group's operations.



• **The Jeonju Factory**
Located in North Jeolla Province, is responsible for the production of toilet paper and masks for MONALISA.



• **The Nonsan Factory**
Located in South Chungcheong Province, is responsible for the production of toilet paper and diapers for MSS Global.



• **The Jochiwon Factory**
Located in Sejong City, is responsible for the production of toilet paper for SsangYong C&B.



• **The Eumseong Factory**
Produces hygiene products for the brands supplied by JOONGWON Corp.



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Products

Toilet Paper

Nature Is Good

'Nature Is Good', soft fabric toilet paper, made of 100% natural pulp that is non-fluorescent, dye-free, and fragrance-free. It is also thick, with three-layer embossing and a wide width of 106mm.



CODI Well-Being Ochre

'CODI Well-Being Ochre' is crafted from ochre sourced from Gochang, a UNESCO Biosphere Reserve, utilizing a distinctive manufacturing technique (Patent No. 10-0821355). It is a premium product that has received an Excellent rating from Dermatest, a German dermatological Institute. The toilet paper features a thick three-layer embossed design, made exclusively from natural pulp and free of fluorescent substances.



CODI Bidet & Clean

'CODI Bidet & Clean' contains moisturizing lotion, making it extra soft, and it has obtained an Excellent rating from Dermatest. It is made entirely of natural pulp and features three layers of embossing, providing thickness and durability.



CODI Forest Phytoncide

'CODI Forest Phytoncide' provides a refreshing scent of phytoncide when gently rubbed. It is manufactured using distinctive technology (Patent No. 10-1848544) that utilizes encapsulation to prolong the lasting effect of the phytoncide fragrance. We have also prioritized safety by using cellulose raw materials without microplastics. The toilet paper is enriched with moisturizing lotion and has received an Excellent rating from Dermatest. It features a thick three-layer embossed design, made entirely from natural pulp and free of fluorescent substances.



Facial Tissue

MONALISA FT

'MONALISA FT' is a soft facial tissue made of 100% pure natural pulp. It is non-fluorescent, dye-free, and fragrance-free. The amount used can be easily tracked through the transparent window on the box.



CODI Cica Lotion Tissue

'CODI Cica Lotion Tissue' is luxuriously soft and enriched with cica lotion sourced from the vibrant lands of Madagascar. With a moisturizing lotion content of 21.5% and hypoallergenic ingredients at pH 5.5, it offers exceptional skincare benefits. It has earned a prestigious 5-star seal from Dermatest. It is also thoughtfully packaged in non-fluorescent cases made of natural pulp, prioritizing both the environment and your well-being.



Jumbo Roll

MONALISA Jumbo Roll

Product made using recycled paper

'MONALISA Jumbo Roll' is designed to dissolve rapidly in water and offers strong absorbency. It is a cost-effective option suitable for use in public facilities. It is free from dye and fragrance, ensuring a pleasant user experience.



Paper Towel

MONALISA Anshim 3-Layer Paper Towel

'MONALISA Anshim 3-Layer Paper Towel' is a 100% natural pulp paper towel that is safe for use with food. It demonstrates strong absorption abilities with high-quality double-sided embossing and it does not contain any fluorescent whitening agents or formaldehyde.



CODI Super Strong 3-Layer Paper Towel

'CODI Super Strong 3-Layer Paper Towel' is crafted with a high basis weight fabric and features the DESL embossing technique, showcasing its exceptional absorption capabilities. It is a non-fluorescent kitchen towel that is 70% thicker than our other paper towels and made of 100% natural pulp.



CODI Oil-Absorbing UKP Paper Towel

'CODI Oil-Absorbing UKP Paper Towel' is made using Unbleached Kraft Pulp (UKP) fabric, known for its natural brown color. It offers quick and efficient absorption of oil and is safe for use with food due to high-temperature steam treatment. This premium product is made of 100% natural pulp, free from fluorescent substances, and features a three-layer thickness, making it ideal for use with greasy foods.





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Mask

Botanic Premium Light Mask

'Botanic Premium Light Mask', certified by the Ministry of Food and Drug Safety, is 100% domestically produced, using domestic filters and subsidiary materials. It also incorporates a lining that has received an Excellent rating from Dermatest. It provides over 97.4% UV protection and its 2D bird's beak-shaped structure allows for comfortable breathing.



CODI Light Comfort Fit Mask

'CODI Light Comfort Fit Mask', three-dimensional mask, features an ergonomic design that allows for comfortable breathing and enhances the face shape. It is approved by the Ministry of Food and Drug Safety. The three-layer structure provides a light and comfortable wearing experience, and the flat elastic band ensures comfort around the ears. Each mask is individually packaged to ensure hygiene.



Feminine Product

Ornic Organic Cotton Cover

'Ornic Organic Cotton Cover' is one of our popular products, specifically designed for sensitive skin. It features a soft organic cotton cover made from high-quality Texas cotton, ensuring both quality and comfort. The product has obtained OCS certification, the natural cotton mark, and an Excellent rating from Dermatest. Say goodbye to worries about leakage, as this diaper provides ample absorption without the need for chemical absorbers.



Ornic Soft & Fresh

'Ornic Soft & Fresh' is made using 1,500 soft hole covers to ensure a comfortable fit. It features a soft cotton cover that has obtained an Excellent rating from Dermatest, and it provides generous absorption without the need for chemical absorbers. Moreover, it is designed with a leak prevention system that is specifically tailored to the natural curves of the human body.



Wet Wipe

DayDay Bijou Aquacoral Wet Wipes

'DayDay Bijou Aquacoral Wet Wipes' is enriched with deep ocean water, which closely resembles the mineral content ratio found in the mother's amniotic fluid, and Centella Asiatica extract, known for its soothing properties. The wet wipe is made of thick embossed fabric and undergoes a rigorous six-step water purification process and UV sterilization process. It also has received an Excellent rating from Dermatest.



CODI Bidet & Clean Wet Wipes

'CODI Bidet & Clean Wet Wipes' is crafted using a fabric infused with clean deep ocean water, shea butter, and six types of natural aromatic oils. It is also safe to flush down the toilet and has obtained an Excellent rating from Dermatest.



BEFFYS Gentle Soft

'BEFFYS Gentle Soft' has obtained an Italian vegan certification as well as an Excellent rating from Dermatest. It is made with anti-mony-free fabric and soft embossed fabric, and it contains Centella Asiatica extract to minimize skin irritation. The wipes are manufactured under strict quality control in an ISO 22716-certified factory. The packaging is also eco-friendly, featuring caps made of corn-starch and FSC-certified boxes.



Baby Diaper

DayDay Bijou Lightmotion Pants

'DayDay Bijou Lightmotion Pants' features the triple quick & soft dry system, enabling it to rapidly absorb a large amount of urine. It is crafted with a breathable air hole embossed sheet that received an Excellent rating from Dermatest, which minimizes skin irritation. Its dual-speed absorption line ensures even urine absorption. It is free of fluorescent whitening agents.



BEFFYS Gentle On

'BEFFYS Gentle On' is a panty-type diaper that provides a soft and comfortable fit, gently wrapping your baby's body. With a 3D embossed cover, it offers a 15% improvement in absorption. It has received an Excellent rating from Dermatest, ensuring comfort with its soft and fluffy fabric.



Adult Diaper

Greencare Wide Magic Belt

'Greencare Wide Magic Belt' features wide magic tape with excellent adhesion, allowing for multiple reattachments. Its double leakage prevention system effectively prevents urine from leaking to the sides. The convenient urine indicator line helps you determine when it's time for a replacement. It is designed to accommodate different body shapes, as indicated by the four-size indication line.



Keepers Wide Pad

'Keepers Wide Pad' offers a worry-free daily experience. With its wide pad, it delivers strong absorption power, covering a wider area for enhanced protection. It also features a double leakage prevention system to ensure maximum security.





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Business Performance

Financial Overview

For the past four decades, MSS Group has strived to achieve customer satisfaction through continuous improvement in quality and stability. We will continue our journey of growth by producing and supplying high-quality hygiene products that prioritize customer satisfaction and minimize social and environmental impacts. Furthermore, MSS Group is committed to sharing the economic value generated from the continuous growth with its stakeholders.

Economic Value Generated

| Sales |
|--|
|  120,870 KRW million |
|  200,636 KRW million |
|  34,804 KRW million |

Economic Value Distributed

Unit: KRW million

| Employees | Suppliers | Communities | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------|-------------|---------------|--------|------------|-------|------------------|--|---|----------|--------|---------------|--------|------------|-------|--|--|--|----------|-------|---------------|--------|------------|-------|-----------------|--|
| <table border="1"> <tr><td>MONALISA</td><td>14,217</td></tr> <tr><td>SsangYong C&B</td><td>20,406</td></tr> <tr><td>MSS Global</td><td>2,543</td></tr> <tr><td colspan="2">Employee salary</td></tr> </table> | MONALISA | 14,217 | SsangYong C&B | 20,406 | MSS Global | 2,543 | Employee salary | | <table border="1"> <tr><td>MONALISA</td><td>55,899</td></tr> <tr><td>SsangYong C&B</td><td>90,512</td></tr> <tr><td>MSS Global</td><td>1,955</td></tr> <tr><td colspan="2">Purchase cost and outsourced service cost</td></tr> </table> | MONALISA | 55,899 | SsangYong C&B | 90,512 | MSS Global | 1,955 | Purchase cost and outsourced service cost | | <table border="1"> <tr><td>MONALISA</td><td>138</td></tr> <tr><td>SsangYong C&B</td><td>218</td></tr> <tr><td colspan="2">Donation</td></tr> </table> | MONALISA | 138 | SsangYong C&B | 218 | Donation | | | |
| MONALISA | 14,217 | | | | | | | | | | | | | | | | | | | | | | | | | |
| SsangYong C&B | 20,406 | | | | | | | | | | | | | | | | | | | | | | | | | |
| MSS Global | 2,543 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employee salary | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MONALISA | 55,899 | | | | | | | | | | | | | | | | | | | | | | | | | |
| SsangYong C&B | 90,512 | | | | | | | | | | | | | | | | | | | | | | | | | |
| MSS Global | 1,955 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase cost and outsourced service cost | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MONALISA | 138 | | | | | | | | | | | | | | | | | | | | | | | | | |
| SsangYong C&B | 218 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Donation | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Shareholders and Investors | The Government | Companies | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <tr><td>MONALISA</td><td>196</td></tr> <tr><td>SsangYong C&B</td><td>1,013</td></tr> <tr><td>MSS Global</td><td>467</td></tr> <tr><td colspan="2">Interest expense</td></tr> </table> | MONALISA | 196 | SsangYong C&B | 1,013 | MSS Global | 467 | Interest expense | | <table border="1"> <tr><td>MONALISA</td><td>1,337</td></tr> <tr><td>SsangYong C&B</td><td>1,229</td></tr> <tr><td>MSS Global</td><td>69</td></tr> <tr><td colspan="2">Taxes, utilities, and corporate tax expenses</td></tr> </table> | MONALISA | 1,337 | SsangYong C&B | 1,229 | MSS Global | 69 | Taxes, utilities, and corporate tax expenses | | <table border="1"> <tr><td>MONALISA</td><td>3,045</td></tr> <tr><td>SsangYong C&B</td><td>12,139</td></tr> <tr><td>MSS Global</td><td>1,350</td></tr> <tr><td colspan="2">Tangible assets</td></tr> </table> | MONALISA | 3,045 | SsangYong C&B | 12,139 | MSS Global | 1,350 | Tangible assets | |
| MONALISA | 196 | | | | | | | | | | | | | | | | | | | | | | | | | |
| SsangYong C&B | 1,013 | | | | | | | | | | | | | | | | | | | | | | | | | |
| MSS Global | 467 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest expense | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MONALISA | 1,337 | | | | | | | | | | | | | | | | | | | | | | | | | |
| SsangYong C&B | 1,229 | | | | | | | | | | | | | | | | | | | | | | | | | |
| MSS Global | 69 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Taxes, utilities, and corporate tax expenses | | | | | | | | | | | | | | | | | | | | | | | | | | |
| MONALISA | 3,045 | | | | | | | | | | | | | | | | | | | | | | | | | |
| SsangYong C&B | 12,139 | | | | | | | | | | | | | | | | | | | | | | | | | |
| MSS Global | 1,350 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tangible assets | | | | | | | | | | | | | | | | | | | | | | | | | | |

* Based on the annual report



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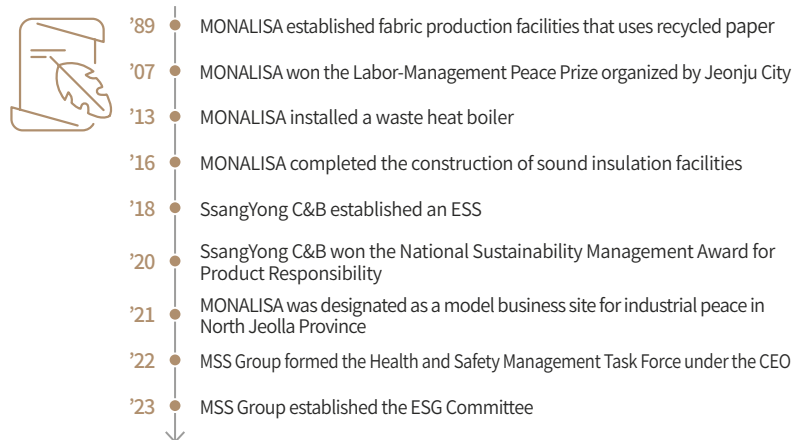
Approach

MSS Group's ESG management began in 1989 when MONALISA established fabric production facilities that use recycled paper. Since then, MSS Group has implemented diverse environmental investment activities, such as the installation of a waste heat boiler in 2013 and the establishment of an energy storage system (ESS) in 2018.

In 2022, MSS Group established a health and safety management Task Force directly under the supervision of the CEO to create a safer working environment for its employees, and in 2023, MSS Group formed the ESG Committee within the Board to enhance the effectiveness of the ESG management.

MSS Group also has plans to undertake various initiatives to reduce greenhouse gas emissions, aiming for a minimum reduction of 10% by 2030. Moreover, MSS Group will continue the commitment to providing safe products and minimizing both internal and external environmental risks, ensuring that all its stakeholders can lead healthy and prosperous lives. As MSS Group continues to grow, MSS Group strives to become a sustainable company by establishing a fair and reliable management system that caters to the diverse needs of its stakeholders, including shareholders.

ESG Management Timeline



Three Pillars of ESG Management



MSS Group strives to produce and supply eco-friendly products that contribute to environmental preservation so that customers can lead an environmentally conscious lifestyle. We will continue to research and develop eco-friendly technologies and expand the range of eco-friendly products, including tissues and paper towels, to establish itself as a leading provider of eco-friendly products.



MSS Group is making continuous efforts to foster a healthier and safer environment for all its stakeholders. We take the lead in safeguarding the natural environment of local communities through proactive investment and diligent monitoring of large-scale water treatment and air purification facilities. Moving forward, we plan to play a more significant role by participating in major environmental initiatives.



MSS Group has implemented a board-centered management system to ensure transparency and fairness in the decision-making process, while also considering the interests of its shareholders. This system emphasizes reporting on ESG issues and important management matters to the Board, taking into account the perspectives of its stakeholders. With this approach, MSS Group strives to set an exemplary model of board-centered management by actively adhering to various guidelines and regulations.



ESG Governance

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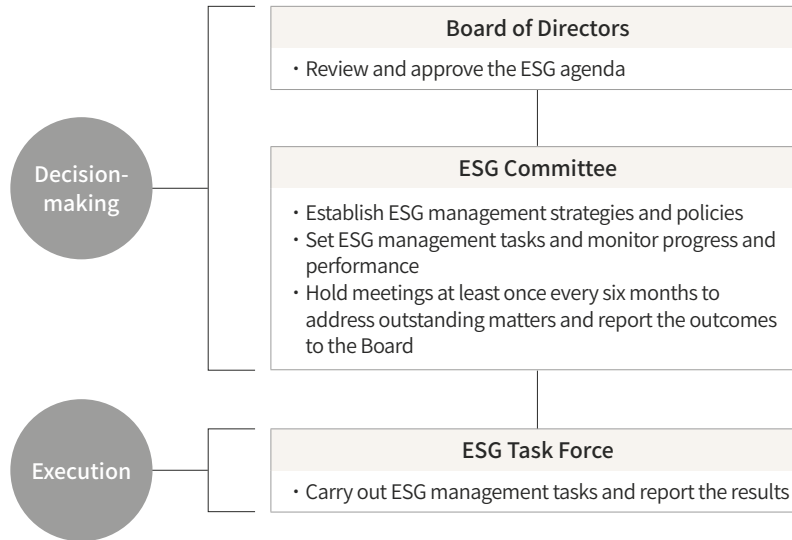
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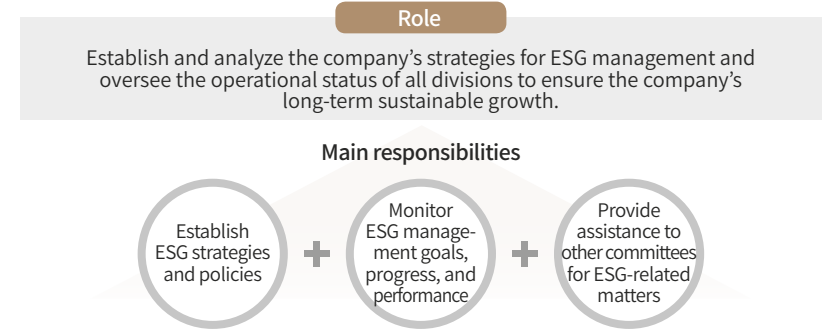
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MSS Group has established the ESG Committee for both MONALISA and SsangYong C&B with the aim of effectively promoting ESG management in a rapidly changing business environment and achieving sustainable growth. The ESG Committee not only sets the direction for ESG management but also functions as a practical management organization for ESG initiatives. It formulates related strategies and plans and monitors activities and performance. Furthermore, MSS Group has created the ESG Task Force, a cross-functional organization responsible for setting major policies, identifying tasks, and executing them in collaboration with the ESG Committee. Key executives of the Group actively participate in the ESG Committee, where they present tasks related to the environment, society, and governance in their respective fields. These tasks are then promptly promoted through discussions with the Board and the ESG Task Force. The ESG initiatives include various issues such as implementing green management practices, creating a safe work environment, continuing research and development of sustainable products, and ensuring product quality and safety.

Organizational Structure



ESG Committee's Roles and Responsibilities



Board Meeting ESG Agenda and Details

| Date | Agenda | Details |
|--------------|---|--|
| 01. 20. 2023 | ESG Committee's operational regulations | Reporting the ESG operational plan following the establishment of the ESG Committee |
| | Formation of the ESG Committee | Reporting ESG Committee Chairman and the composition of the committee |
| 03. 10. 2023 | Activity Performance of the ESG Committee | Reporting the plan for publication of the sustainability report and the progress of the materiality assessment |
| 06. 07. 2023 | Preparation of Board Regulations and approval of its disclosure | Approving the regulations on the disclosure items of sustainable management |
| | Approval to disclose the conduct of the Board Evaluation Survey | Approving a plan to conduct an evaluation of the board of directors and individual board of directors and disclosure of its results |
| | Establishment of policies for sustainable management and approval of its disclosure | Reporting and approving Environmental Management Policy, Health and Safety Management Policy, Community Participation and Contribution Policy, Consumer Protection Policy and Fair Competition Policy |
| | Approval of disclosure of the results of the materiality assessment | Reporting and approving the result of the materiality assessment and its action plans |
| | Report on climate change and environmental management activities | Reporting the results of climate change response activities in 2022 (e.g., greenhouse gas reduction results compared to quotas, etc.) Reporting the results of environmental management (waste, water pollution, hazardous chemicals) activities in 2022 (facilities, education, management activities, etc.) |



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Environmental

Responding to climate change

- Achieved a 6.4% reduction in carbon emissions (equivalent to 7,152 tCO₂e) through ongoing reduction activities between 2015 and 2022
- Installed a SRF boiler to reduce greenhouse gas emissions from the process

Special 1 Expanding the range of eco-friendly products

- Increased the utilization of raw materials certified as circular resources in our production process
- Applied Forest Stewardship Council (FSC)-certified boxes for all items

Reducing environmental impact

- Established environmental pollution management goals and incorporated in the executives' KPIs
- Annually produced 50,000 tons of toilet paper using waste paper, which is equivalent to saving 1 million trees by industry standards
- Carried out pollution reduction investments, such as installing devices to block leachate generation and to monitor wastewater treatment plant operations.



Social

Special 2 Enhancing product quality

- Introduced a robotic process automation (RPA) to detect delivery delays in advance and ensure the purchase rights of our customers
- Promptly handled 100% of customer claims through effective customer service

Special 3 Strengthening health and safety

- Established the goal of achieving zero safety accidents and legal violations and included them in the executives' KPIs
- Established the Health and Safety Management Task Force under the CEO to build a safe work environment, conducting monthly meetings and implementing improvement activities
- Conducted safety risk assessments to address related risks across the company

Special 4 Contributing to the community

- Donated a total of 1.06 billion won to vulnerable groups in the last three years



Governance

Reinforcing ESG management activities

- Established the ESG Committee in March 2023
- Established ESG Task Force to initiate and oversee ESG activities in March 2023

Disclosing ESG Performance

- Published the first sustainability report

Managing and improving ESG risks

- Conducted an ESG materiality assessment to evaluate positive and negative risks
- Strengthened ESG risk management



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Special 1



Expanding the range of eco-friendly products

Introduction of FSC labeled packaging materials

MSS Group has introduced FSC-certified packaging materials for all wet wipes products, such as BEFFYS Gentle Soft, CODI Mild Touch Wat Wipes, and MONALISA Natural Forest. This initiative aims to contribute to the preservation of forest resources by utilizing FSC-labeled packaging materials. In addition, MSS Group plans to extend the use of these materials to all product lines that utilize box packaging materials in the future.

Launch of CODI Bidet & Clean: Featuring eco-friendly fabric

MSS Group has expanded its range of functional eco-friendly fabric wet wipes by introducing 'CODI Bidet & Clean'. These wipes are not only flushable but also biodegradable, showcasing our dedication to addressing marine pollution concerns. By offering it, MSS Group aims to tackle sewage clogging problems caused by traditional tissues, contributing to the preservation of the water systems and marine environments.



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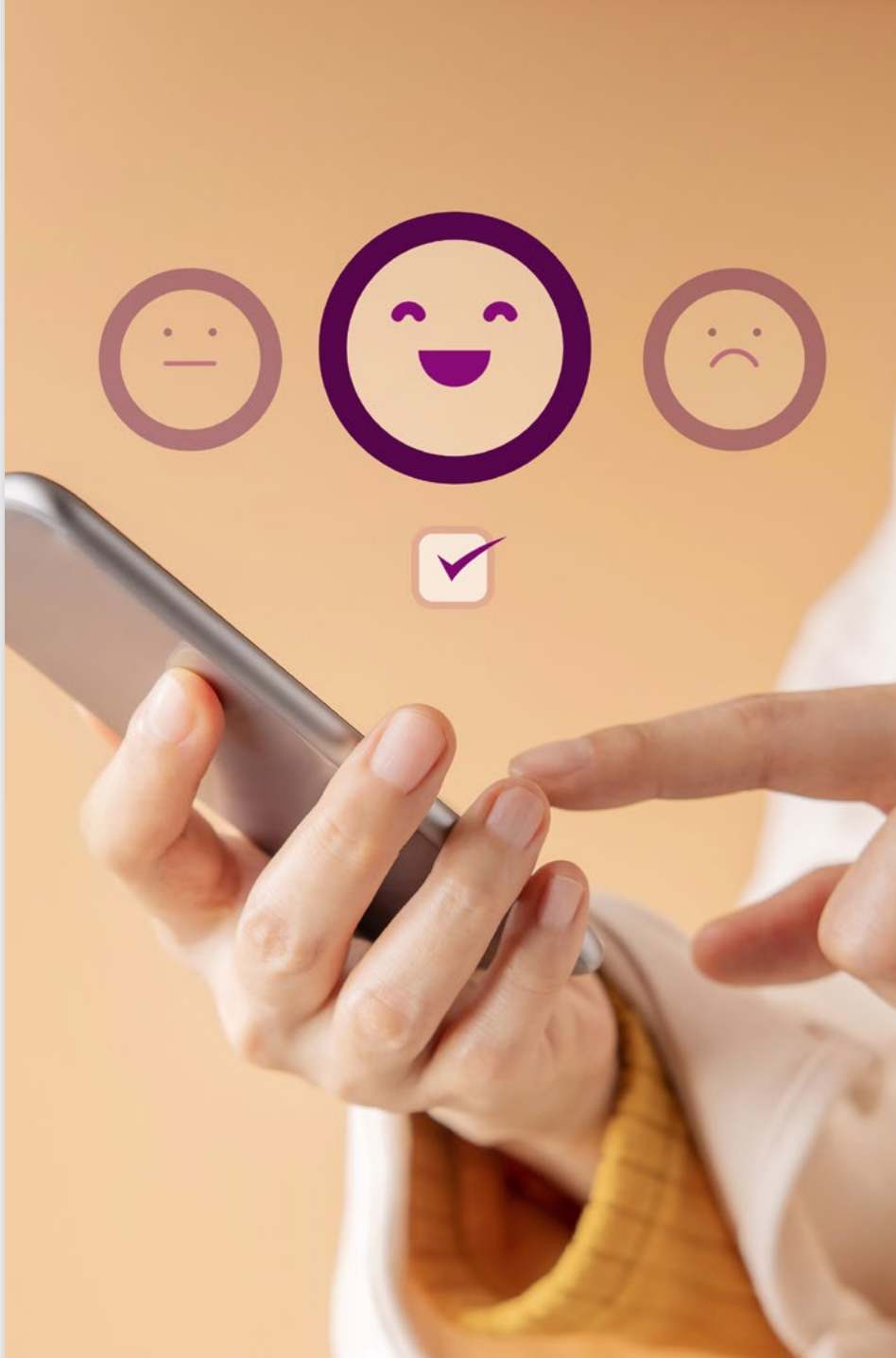
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Special 2



Enhancing product quality

No. 1 toilet paper brand in Korea for 2nd consecutive year

MONALISA has ranked first in the Korean Brand Reputation Index in the toilet paper category for the second year in a row. This accomplishment comes as a result of our brand renewal efforts, which emphasize design, practicality, and quality. MONALISA remains committed to offering consumers a convenient and smart lifestyle through the continuous development of high-quality products.

Achieving 9 Consecutive Years as No. 1 in the Toilet Paper Category

SsangYong C&B makes ongoing efforts to develop eco-friendly products and packages that prioritize consumer safety. As a testament to our efforts, the 'CODI Bidet & Clean' product secured first place in the Korea Satisfaction Consumer Index (KSCI) for 2023. SsangYong C&B continuously strives to meet consumer expectations and enhance their quality of life, under the management philosophy of delivering sanitary products of the highest quality and value.

Acquisition of ISO 22716 certification

MSS Group has successfully obtained ISO 22716 certification, a globally recognized standard for quality management systems. This certification reinforces the commitment to maintaining high-quality standards and strengthens the ability to deliver trusted wet wipes products to consumers.

Introduction of robotic process automation (RPA)

To enhance corporate competitiveness and improve customer satisfaction, MSS Group has implemented RPA within the operations. Through this initiative, MSS Group effectively identifies information about the online market and build a database, detect delivery delays in advance, and send delivery delay notification texts. This ultimately leads to enhanced customer satisfaction.



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Special 3



Strengthening health and safety

Implementation of workplace safety campaign

MSS Group carried out a workplace safety campaign with the active participation of all employees to raise safety awareness and improve risk factors. To achieve these objectives, MSS Group conducted regular safety training, organized joint safety drills with the local fire station, and established a health and safety monitoring system.

Implementation of working environment improvement project

In 2022, MSS Group implemented a project aimed at creating a pleasant working environment for its employees and enhancing safety facilities. As part of this project, MSS Group renovated the rest facilities and sanitation facilities for its employees, installed forklift collision prevention devices, and implemented the separation of pedestrian and vehicle passages at the factory.





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Special 4



Community Participation and Contribution

Donation to the Chungnam Community Chest of Korea

MONALISA donated hygiene products worth **160** million won to the Chungnam Community Chest to improve hygiene standards in the community. These items, including wipes, masks, and antibacterial spray, were delivered to 44 elderly welfare facilities in South Chungcheong Province, promoting the welfare of vulnerable elderly individuals.

Donation of wet wipes to Nonsan City Hall

MSS Group donated wet wipes worth **50** million won to Nonsan City Hall in South Chungcheong Province to support the neighbors affected by natural disasters such as heavy rain and heat waves. The donated wipes were distributed to those in need through various welfare organizations, including the Nonsan Elderly Welfare Facility.

Appreciation Plaque from Community Chest of Korea

SsangYong C&B received an appreciation plaque from the Community Chest of Korea for its continuous donation activities to the local community. These activities include donating hygiene products

worth **200** million won to Sejong Community Chest in 2022.



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Materiality Assessment

Materiality Assessment Process

MSS Group conducted a materiality assessment to identify and report on ESG issues that require intensive management. This assessment considered both the social and environmental impact of these issues and the top five issues that have a significant impact on the company were selected as material issues. These material issues were thoroughly reviewed by the Board and integrated into the overall ESG management strategy. MSS Group will continue to identify and effectively manage the impact of the business activities on the environment and society as part of the ongoing ESG management efforts.



Material Issues

⊕ Positive ⊖ Negative ●●● High ●●○ Medium ●○○ Low

| Material Issue | Key Impacts (Potential/Actual) | Impact Characteristic | Environmental and social impact level |
|--------------------------------|---|-----------------------|---------------------------------------|
| Responding to climate change | Minimize negative impacts on the environment through activities to mitigate climate change | ⊕ | ●●● |
| | Raise stakeholders' awareness of climate change through initiatives addressing climate change | ⊕ | ●●○ |
| | Damage to the corporate reputation and the brand image among environmentally conscious stakeholders can result from insufficient mitigation activities | ⊖ | ●●○ |
| Waste reduction and recycling | Minimize negative environmental impacts through active waste reduction activities | ⊕ | ●●○ |
| R&D of sustainable products | Contribute to the preservation of the ecosystem by increasing the utilization of eco-friendly raw materials and introducing eco-friendly certified products | ⊕ | ●●● |
| Occupational health and safety | Create a healthy and safe work environment and enhance stakeholders' satisfaction through health and safety improvement activities | ⊕ | ●●● |
| | Cause damage to nearby areas in the event of a fire accident and leakage of hazardous chemicals | ⊖ | ●●● |
| | Pose a potential risk of disruptions to production and damage to the company's image in the event of a health and safety accident | ⊖ | ●●○ |
| | Cause harm to the health of stakeholders and give rise to legal disputes in the event of a health and safety accident | ⊖ | ●●● |
| Product quality and safety | Secure stakeholder trust and promote health by supplying high-quality and safe products | ⊕ | ●●● |
| | Prevent recalls and lawsuits by supplying high-quality and safe products | ⊕ | ●●○ |
| | Damage to the company's competitiveness and reputation in the event of a product quality issue | ⊖ | ●●○ |



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For each of the five material issues identified through the materiality assessment, MSS Group analyzed risk factors and formulated management approach to ensure their effective implementation.

| Material issue | Definition | Risk and opportunity factors | Responses and plans | GRI* | SDGs** | Page |
|--|--|---|--|-------------------------|--------|----------|
| Responding to climate change | Activities to effectively address climate change, such as establishing mitigation strategies based on climate risk analysis and reducing greenhouse gas emissions through improvements in energy efficiency and transitioning to renewable energy | <ul style="list-style-type: none"> • Rising global urgency regarding greenhouse gases • Strengthening regulations to reduce greenhouse gas emissions • Growing demand from various stakeholders such as governments, financial institutions, and customers for systems and strategies to address climate change • Strengthening stakeholders' need to respond to climate change | <ul style="list-style-type: none"> • Establish environmental goals and incorporate them into executive key performance indicators (KPIs) • Install SRF boilers to reduce greenhouse gas emissions generated from processes • Improve energy efficiency and reduce usage through measures such as waste heat recovery, installation of screw presses and hybrid transformers, and the introduction of high-efficiency air compressors and energy storage systems (ESS) | 201-2, 302-1~5, 305-1~5 | | p. 30~32 |
| Waste reduction and recycling | Activities that promote the establishment of a circular economy by reducing workplace waste generation and increasing recycling rates | <ul style="list-style-type: none"> • Growing interest in society regarding the reduction of waste generation • Strengthening regulation on resource circulation • Increasing demand from both the government and civic groups for waste reduction strategies and practical tasks | <ul style="list-style-type: none"> • Establish waste management goals and incorporate them into the executive's KPIs • Set raw material reduction targets | 306-1~5 | | p. 37~39 |
| Research and development of sustainable products | Activities to enhance the eco-friendliness of products, which include minimizing the use of raw materials throughout the entire process, maximizing the recycling of by-products, and obtaining eco-friendly product certifications | <ul style="list-style-type: none"> • Increasing necessity to secure market competitiveness due to the expansion of the eco-friendly products market • Growing necessity to meet stakeholder needs for eco-friendly products | <ul style="list-style-type: none"> • Increase the use of circular resource-certified raw materials and FSC-certified subsidiary materials | 301-1~3 | | p. 42~46 |
| Occupational health and safety | Activities to establish a health and safety management system, aiming to create a safe and pleasant work environment and enhance the safety awareness of employees, in response to the increasing stringency of industrial safety-related laws and regulations | <ul style="list-style-type: none"> • Increasing health and safety responsibility of companies with the implementation of the Serious Accident Punishment Act • Increasing interest in health and safety among employees and suppliers • Potential jamming of equipment and falling accidents during the papermaking process | <ul style="list-style-type: none"> • Strengthen the monitoring of occupational health and safety through the operation of the Health and Safety Management Task Force • Strengthen health and safety risk management through safety risk assessment • Regularize safety training for employees, carriers, and contractors | 403-1~10 | | p. 48~53 |
| Product quality and safety | Activities to plan, produce, and sell products with excellent quality and safety, aiming to secure business competitiveness as a leading paper hygiene products provider | <ul style="list-style-type: none"> • Maintaining customer trust • Enhancing market competitiveness • Responding to quality-related risks | <ul style="list-style-type: none"> • Introduce High Performance Liquid Chromatography (HPLC) for testing hazardous chemicals and microorganisms to ensure product safety • Adopt Robotic Process Automation (RPA) to ensure customer satisfaction and trust • Acquire workplace quality certification, such as ISO 9001 and ISO 22716 | 416-1~2 | | p. 70~75 |

* GRI(Global Reporting Initiative) : an international organization that provides reporting guidelines for sustainability reports

** SDGs (Sustainable Development Goals): a set of 17 goals adopted by the United Nations in 2015 to be promoted by all countries from 2016 to 2030.



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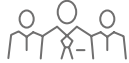





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Stakeholder Communication

MSS Group defines the key stakeholders as employees, customers, suppliers, communities, shareholders and investors, and the government. Through the operation of various communication channels, MSS Group identifies the interests of all stakeholders and manage major communication issues. Furthermore, MSS Group provides differentiated value to its stakeholders by actively considering their opinions when developing the mid to long-term strategy.

| |  Employees |  Customers |  Suppliers |  Communities |  Shareholders and Investors |  The Government |
|------------------------|---|--|--|---|--|--|
| Key interests | <ul style="list-style-type: none"> • Work-life balance • Benefits • Employee communication • Competency development support • Grievance handling • Diversity and non-discrimination | <ul style="list-style-type: none"> • Product quality and safety • Customer satisfaction • Privacy • Eco-Friendly Products | <ul style="list-style-type: none"> • Fair trade • Health and safety • Supplier selection criteria | <ul style="list-style-type: none"> • Environmental protection in the local communities • Community health and safety • Community development | <ul style="list-style-type: none"> • Financial performance • Governance transparency • Business management and prospects • ESG risk management | <ul style="list-style-type: none"> • Tax payment • Compliance • Environmental protection • Responding to climate change |
| Communication channels | <ul style="list-style-type: none"> • Labor Relations Council's grievance handling channel and Health and Safety Task Force • Quality Task Force • Workshop | <ul style="list-style-type: none"> • Social media • Sustainability report • Media press release • Customer service center • Website • Online store (smart store) | <ul style="list-style-type: none"> • Mutual Cooperation Council • Work picnic • Fire drills • Health and safety | <ul style="list-style-type: none"> • Community communication through councils • Capital expenditures (CAPEX) • Community outreach activities | <ul style="list-style-type: none"> • General meeting of shareholders • Business report • IR report | <ul style="list-style-type: none"> • Ministry of Environment • Ministry of Economy and Finance • Forest Stewardship Council (FSC) • International Organization for Standardization (ISO) |
| Responses | <ul style="list-style-type: none"> • Promote mutual understanding through active communication • Protect employees' rights • Provide fair assessment and compensation • Develop employee competency through training • Create a sound organizational culture | <ul style="list-style-type: none"> • Listen to customer feedback and handle complaints • Respond to customer suggestions and inquiries • Supply responsible products and services | <ul style="list-style-type: none"> • Practice sustainable supply chain management • Create a fair trade culture • Establish mutual values for shared growth | <ul style="list-style-type: none"> • Community Outreach • Produce eco-friendly products for the mutual growth of communities • Reduce waste generation • Recycle • Support community development | <ul style="list-style-type: none"> • Practice ethical management and integrated risk management • Maximize management performance and shareholder value • Disclose management information and improve financial soundness | <ul style="list-style-type: none"> • Comply with regulations • Responding to climate change • Tax payment |

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Environmental Management

Policy

Under the vision of becoming 'a reliable life companion dedicated to promoting daily well-being and a healthy lifestyle,' MSS Group has established an environmental management policy consisting of four key elements. With these elements as the core foundation, MSS Group is committed to fulfilling the environmental responsibilities through eco-friendly activities and minimizing any environmental impacts that may arise throughout the business operations.

Environmental Management Policy

1

We fulfill our corporate social responsibility by practicing environmental management with a focus on carbon neutrality, green consumption, the environmental industry, and the circular economy. We fulfill our corporate social responsibility by practicing environmental management with a focus on carbon neutrality, green consumption, the environmental industry, and the circular economy.

2

We strive to minimize environmental pollution by strictly complying with environmental laws and standards.

3

We prioritize the production of sustainable hygiene products by purchasing ecolabel, recycled, and energy-saving, waste-reducing products.

4

We make every effort to minimize potential environmental impacts and prevent environmental accidents by thoroughly managing environmentally hazardous substances and related facilities.



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MSS Group's ESG Committee takes responsibility for major environmental management issues and reports the company's ESG status and related activities to the Board at least twice a year.

The CEO of MSS Group has the final decision-making authority regarding environment-related corporate activities. Our primary goal is to successfully practice ESG management while simultaneously enhancing our financial corporate value. Through monthly company meetings, MSS Group efficiently assesses the current status and effectively address ongoing issues.

MSS Group has established an ESG Task Force to facilitate effective environmental management. This task force formulates management strategies and policies, monitors the performance of environmental management, and provides regular reports on related matters to the CEO through monthly meetings.

The ESG Task Force defines the scope of environmental management and assigns specific roles to each relevant department. Under the guidance of the ESG Task Force, each department carries out detailed tasks such as compliance with environmental laws and regulations and reduction of environmental impact.

Performance Management

Each year, MSS Group establishes targets for greenhouse gas emissions, energy consumption, waste management, and water usage, and closely monitor the progress in achieving these goals. To ensure effective performance management, MSS Group evaluates non-financial factors for all executives above the general manager level, including C-level executives. MSS Group set specific objectives in areas such as compliance with environmental regulations, energy efficiency improvement, and reduction of greenhouse gas emissions. The outcomes of these evaluations are taken into account in the annual performance assessments and bonus allocations for C-level executives, reinforcing our commitment to environmental leadership.

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Environmental Management

Environmental and Hazardous Chemicals Training

To enhance the practical skills of environmental management professionals, MSS Group provides training for technicians and managers in accordance with environmental laws such as the Clean Air Conservation Act, Clean Water Conservation Act, and Chemical Substances Control Act. In addition, MSS Group maintains a dedicated bulletin board for environmental health and safety, where we share updates on environmental laws, fostering increased awareness and knowledge of environmental management among its employees.

MSS Group conducts training programs for its employees to prevent accidents related to hazardous chemicals and minimize potential damage. These training sessions aim to strengthen employees' response capabilities in hazardous substance incidents and promote a safe working environment. The training covers various topics, including the identification of harmful risk factors in the workplace, compliance with legal standards for handling hazardous chemicals, and first aid measures.

2022 Environmental Training Status

| Name | Education completions (person) | | | Recipients |
|---|--------------------------------|---------------|------------|---|
| | MONALISA | SsangYong C&B | MSS Global | |
| Air quality training | - | 1 | 1 | Legal administrators |
| Water quality training | 1 | - | - | |
| Waste disposal training | - | 1 | - | |
| Hazardous chemical substances handling training | 9 | 12 | - | |
| Hazardous Chemicals Training | 146 | 263 | - | |
| Material safety data sheet (MSDS) training | 89 | - | 1 | Employees in hazardous chemical processes |
| Medical waste disposal training | - | - | 1 | Medical waste officers |
| Environmental technician training workshop | 1 | - | - | Environmental technicians |
| Environmental technician job training | - | 1 | - | |

Environmental Investments

In response to strengthening regulations and societal demands for the environment, MSS Group acknowledges that environmental investment is crucial for the future of the company. Therefore, MSS Group annually engages in investment activities to adopt eco-friendly process technology and develop sustainable products. MSS Group is committed to fostering sustainable corporate value through the expansion of eco-friendly investments, thus contributing to the transition towards an eco-friendly industrial structure.

Investing in Eco-Friendly Facilities

MONALISA and SsangYong C&B have implemented SRF boilers and made consistent investments in boiler maintenance and performance enhancement to reduce the reliance on LNG fuel and minimize greenhouse gas emissions. MONALISA and SsangYong C&B are also actively investing in initiatives to improve water pollution and establish a sustainable water management cycle. This includes the installation of dedicated purification collectors to prevent pollutant outflow during rainfall. MONALISA also invests in consulting services for integrated environmental licensing and greenhouse gas emission verification, which enables effective environmental management.

Eco-Friendly Investment Performance

Unit: KRW million

| | Category | Details | Performance | |
|---|---------------------------|---|---|-------|
| 2022 | Greenhouse gas management | MONALISA Maintenance of SRF boiler* | 484.5 | |
| | Contaminant management | MONALISA Integrated environmental permit consulting | 104.5 | |
| | Water management | SsangYong C&B | Maintenance of wastewater sludge dryers | 47.9 |
| | | | Installation of purification collectors | 253.8 |
| | | | Installation of water treatment and purification facilities | 60 |
| | | Installation of TOC (Total Organic Carbon) analyzers for a tele-monitoring system (TMS) | 35 | |
| 2023 | Greenhouse gas management | MONALISA Maintenance of SRF boiler* | 95.1 | |
| | | SsangYong C&B | 298 | |
| | Water management | MONALISA Installation of a flocculant solution dissolution system | 19.8 | |
| SsangYong C&B Maintenance of wastewater treatment plant | | 46 | | |

* When producing 1 ton of steam with an SRF boiler, greenhouse gas emissions are reduced by approximately 0.036 tCO₂ compared to a regular boiler

Investing in Eco-Friendly Products

MSS Group are actively increasing the utilization of eco-friendly raw and subsidiary materials to expand the range of sustainable products. Each year, MSS Group purchases over 50,000 tons of recycled paper to produce eco-friendly fabrics. Furthermore, MSS Group procures FSC-certified boxes and apply them to all the product.



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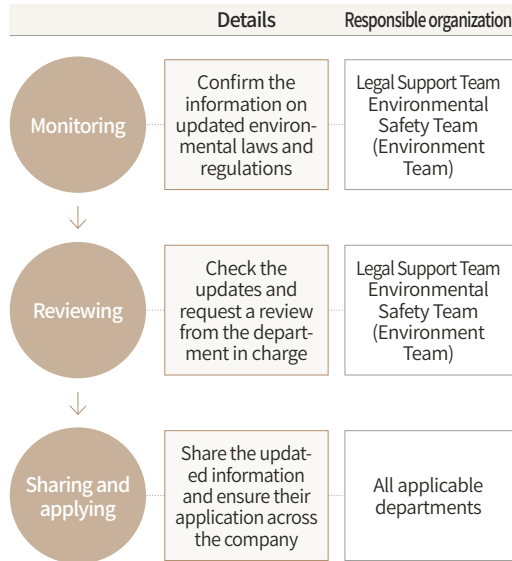
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Environmental Management

Environmental Compliance

To mitigate compliance risks, MSS Group has implemented a robust monitoring system to stay updated on the laws and regulations that apply to the operations. MSS Group develops specific response measures for each law and actively engage in relevant activities. In 2022, MONALISA had a clean record with no violations of environmental laws. On the other hand, SsangYong C&B had two violations. However, MSS Group promptly took corrective actions by preparing manuals and conducting training on emission allowance standards as per the Clean Air Conservation Act, and reviewing the greenhouse gas emissions reporting process.

Environmental Compliance System



Environmental Compliance Status

| Company | 2020 | 2021 | 2022 |
|---------------|---------------|---------------|---------------|
| MONALISA | 1 case | No violations | No violations |
| SsangYong C&B | No violations | 1 case | 2 case |

Environmental Compliance Activities

| Environmental law | Response strategies and environmental management activities |
|---|---|
| Framework Act on Carbon Neutrality and Green Growth | To ensure compliance with greenhouse gas emission regulations, MSS Group actively engages in carbon neutrality projects. We closely monitor the trends in greenhouse gas reduction regulations, conduct energy diagnostics for each process, and make strategic investments in facility improvements based on the findings. |
| Wastes Control Act | MSS Group prioritizes waste reduction by identifying waste sources, separating generated waste, and maximizing recycling efforts. MSS Group also prioritizes raising employee awareness about proper waste disposal and recycling methods. Additionally, MSS Group tracks and manages the amount of waste generated from each source, analyze the data, and implement targeted measures for waste |
| Framework Act on Resource Circulation | To establish a circular economy and expand the eco-friendly product line, MSS Group implements facility improvements and quality control measures on recycled raw materials. MSS Group also strives to minimize waste generation and promote recycling through activities such as eco-friendly purchasing and increasing the utilization of waste paper. |
| Chemical Substances Control Act | To minimize the potential health risks associated with chemicals used in the production sites and products, MSS Group provides comprehensive training on handling chemicals to its employees and consistently explore alternative substances to replace hazardous chemicals. |
| Clean Air Conservation Act | Acknowledging the severity of the fine dust issue, MSS Group actively complies with government policies aimed at reducing emissions of fine dust-causing substances, such as nitrogen oxide, sulfur oxide, and dust. Additionally, MSS Group makes significant investments in various pollutant emission reduction facilities, including low NOx burners and SRF boilers. |
| Clean Water Conservation Act | Recognizing the importance of water resource management, MSS Group prioritizes effective water management by identifying potential water risks. MSS Group actively engages in activities aimed at reducing wastewater generation and implementing water-saving measures for efficient water usage. |



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Climate Change

Strategy and Objective

To effectively address climate change, MSS Group identified climate risk and opportunity factors, analyzing their potential financial and non-financial impact on the operations. Based on the findings, MSS Group established response strategies for each risk and opportunity factor. Furthermore, MSS Group set a mid to long-term goal of reducing greenhouse gas emissions by 15% compared to 2015, and developed strategies and plans to achieve the goal.

Key Climate Risk Factors

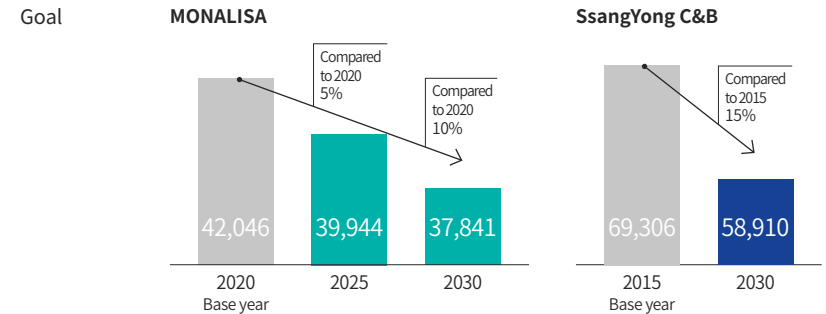
| | Category | Risk factor | Potential risk | Response strategy |
|-----------------|------------------|--|---|---|
| Transition Risk | Policy and legal | Strengthening greenhouse gas emissions trading system | Increase in operating costs due to the purchase of credits for regulatory compliance | <ul style="list-style-type: none"> Establish carbon reduction goals Reduce emissions by changing energy sources and improving facilities |
| | Reputation | Increasing demand from stakeholders to address climate change | Decline in stock prices, withdrawal of investments, and loss of customers due to lack of mitigation efforts | <ul style="list-style-type: none"> Establish carbon reduction goals and implement related tasks Establish an environmental compliance system |
| Physical Risk | Acute | Increasing weather anomalies such as cold waves, heavy rains, heavy snowfalls, typhoons, earthquakes, and heat waves | <ul style="list-style-type: none"> Factory shutdown due to damaged facilities Production disruption due to interruption of raw material supply Lack of available resources such as water, energy, etc. | <ul style="list-style-type: none"> Establish natural disaster emergency response manual Enhance facility stability Obtain disaster insurance |

Key Climate Opportunity Factors

| | Category | Opportunity factor | Potential opportunity | Response strategy |
|-------------|-----------------------|--|---|--|
| Opportunity | Energy sources | Emission credit surplus due to greenhouse gas reduction activities | <ul style="list-style-type: none"> Generation of revenue through the sale of surplus credits Securement of offset credits through carbon absorption | <ul style="list-style-type: none"> Manage emissions and establish reduction goals and strategies Increase the use of renewable energy and introduce low-emission logistics equipment |
| | Products and services | Strengthening stakeholder communication | Increase in stock prices, secured investments, and enhanced brand image through the active performance of carbon reduction activities | Disclose climate action status annually, starting with the publication of the 2023 Sustainability Report |
| | Resource efficiency | Increasing efficiency and reducing usage by recycling key raw materials | Decrease in operating costs by improving resource efficiency | Conduct research on resource recycling and reuse technologies |
| | Resilience | Improving the operating environment through natural disaster prevention measures | Increase in market share through stable product supply compared to competitors | <ul style="list-style-type: none"> Establish a real-time inventory management system Increase investment in natural disaster prevention and recovery facilities |

Mid to Long-Term Greenhouse Gas Reduction Goals and Strategies

Unit: tCO₂e



Strategy

- Increase renewable energy use through the installation of solar power generation facilities
- Reduce energy consumption through the application of high-efficiency inverters
- Reduce energy consumption by using LED lights
- Reduce greenhouse gas emissions through the transition to eco-friendly vehicles
- Reduce energy consumption through the introduction of high-efficiency dryers



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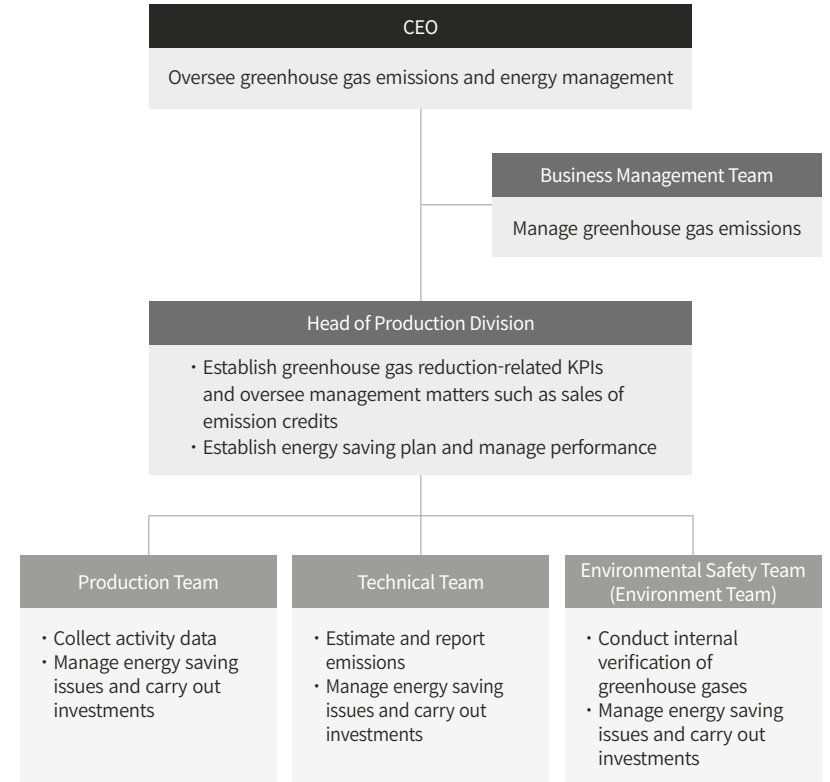
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In order to address climate change, MONALISA and SsangYong C&B have implemented greenhouse gas emissions reduction and energy-saving initiatives within their production, technical, and environmental safety teams. These activities are led by the respective heads of the production divisions in each company. The departments report their climate-related performance to the CEO, who then determines performance management and sets future directions in relation to climate-related goals.

Organizational Structure





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Managing Energy Use

Introduction of Energy-Saving Facilities

MONALISA is reducing energy consumption by installing magna couplings for blowers in drying facilities and applying inverters to pumps, and optimizing the energy use of pulpers through flexible operation during peak power consumption hours by introducing a screw press. The company plans to further invest in energy reduction by introducing high-efficiency inverters and exhaust gas waste heat recovery systems.

SsangYong C&B is also reducing energy consumption by applying high-efficiency inverters to air compressors. They optimize energy use through flexible operation during peak power consumption hours by introducing an energy storage system (ESS). Furthermore, the company plans to expand investments in facilities such as high-efficiency inverters, LED lights, replacing existing vehicles with electric vehicles, and solar power generation facilities.

Power Factor Improvement for Power Capacitors

By increasing the capacity of the power capacitor, MSS Global successfully reduced power consumption by raising the power factor value from 86% to 93%.

2022 MONALISA's Climate-Related Activities

| Category | Details | Performance |
|--------------------|--------------------------------|--------------------------|
| Energy efficiency | Installation of magna coupling | 652,694 KWh |
| | Application of pump inverter | 114,014 KWh |
| | Introduction of screw press | 632,317 KWh |
| Emission reduction | Introduction of SRF Boiler | 8,903.8 tCO ₂ |

Greenhouse Gas Emissions Management

Introduction of Solid Recovered Fuel (SRF) Boilers

Both MONALISA and SsangYong C&B have implemented SRF Boilers to effectively reduce greenhouse gas emissions generated during their processes. The introduction of SRF boilers allows them to replace liquefied natural gas (LNG), which is the primary source of greenhouse gas emissions for MONALISA, with SRF, resulting in a significant reduction in emissions.

Introduction of Low-Emission Logistics Equipment

MSS Group is actively taking steps to convert the current diesel forklifts into electric forklifts. With a fleet of 32 electric forklifts, MSS Group has achieved a conversion rate of approximately 70%. MSS Group plans to continue this transition in the future.

2022 SsangYong C&B's Climate-Related Activities

| Category | Details | Performance |
|-------------------|---|-------------|
| Energy efficiency | Improvement of PM#3 DDR capacity | 705,066 KWh |
| | Management of power peak | 359,353 KWh |
| | Replacement of SRF#2 bag filter conveyor to manual damper | 20,202 KWh |



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Environmental Impact_Air Pollution

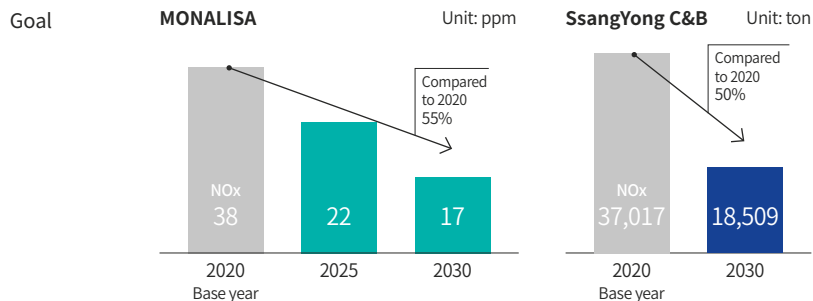
Strategy and Objective

MSS Group establishes reduction targets and strategies for each company to minimize air emissions during production activities.

MONALISA, designated as a total air pollution load management site, plans to achieve a 42% reduction in nitrogen oxides (NOx) by 2025 and a 55% reduction by 2030 compared to 2020 levels, in compliance with relevant laws and regulations. SsangYong C&B has also set a goal to reduce NOx by 50% by 2030, compared to 2020 levels. MSS Global currently adheres to a total permitted emission standard of 90mg/sm³, but MSS Group has successfully managed emissions well below this level at 15mg/sm³ and aims to maintain this performance. To achieve our emission reduction goals, each company operates air emissions management facilities suited to their specific sites and conducts regular monitoring to ensure emissions remain below the established standards.

MSS Group is committed to continuously reducing the total amount of air emissions by adhering to the internal emission standards, which are even stricter than the legal standards. In addition, MSS Group is actively expanding investments in De-Nox facilities and new prevention facilities to further reduce air pollutants.

Mid to Long-Term Air Emission Reduction Goals and Strategies



Strategy

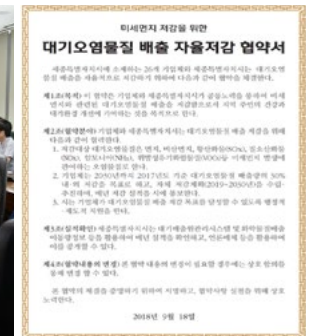
- Increase investment in De-NOx system
- Install additional prevention facilities
- Manage emissions through regular monitoring

Entering a Voluntary Agreement on Fine Dust

MONALISA has developed a dedicated plan for reducing fine dust, ensuring prompt implementation of reduction measures when emergency fine dust reduction measures are mandated. Furthermore, MONALISA has proactively signed a voluntary agreement with the Jeonbuk Provincial Government to implement preemptive mitigation measures for fine dust reduction.

SsangYong C&B has entered into an agreement with Sejong City as part of its own efforts to mitigate fine dust. Under these agreements, SsangYong C&B increases the input of urea solutions and deploy cleaning trucks when emergency measures to reduce fine dust are enforced. These emergency mitigation measures were carried out twice in 2022 and four times from January to June 2023 for both companies.

Air Pollutant Emissions Reduction Agreement





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Environmental Impact_Air Pollution

Emission Reduction Activities

To minimize the environmental impact of air pollutants, MONALISA regularly inspects and repairs emission facilities and prevention facilities. MONALISA also installs a real-time telemonitoring system (TMS) for emission facilities. Since 2020, MONALISA has been converting ordinary burners of LNG boilers into low-NOx burners to reduce air pollutant emissions and fuel consumption.

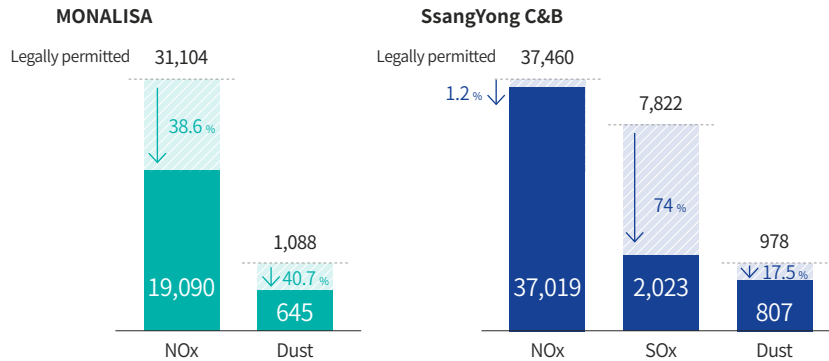
Additionally, MONALISA operates the SRF facilities at optimal efficiency during low load conditions and perform regular maintenance, such as replacing washing water in wet scrubbers and cleaning the bag filter of the dust collection system. MONALISA further reduces NOx emissions by increasing the input of urea solution to the Selective Non-Catalytic Reduction (SNCR) system in the SRF combustion process. As a result, in 2022, MONALISA achieved a 38.6% reduction in NOx and a 40.7% reduction in dust emissions compared to the legally permitted levels.

SsangYong C&B has taken proactive measures to monitor air emissions from its SRF combustion furnaces 1 and 2 by installing a TMS. In December 2022, an additional TMS was installed to enhance the management of air emissions. SsangYong C&B conducts biweekly measurements of emissions from the SRF combustion furnaces to ensure compliance. Moreover, SsangYong C&B goes beyond the legal emission allowances by enforcing stricter emission standards to achieve further reductions.

While its wet wipes and baby diaper products do not emit air pollutants during the production process, we prioritize dust reduction. SsangYong C&B engages an external company to conduct measurements using an automatic sampling machine for exhaust gas particles twice a year. Based on the facility's operational days in 2022, approximately 40kg of dust was generated. SsangYong C&B remains committed to reducing dust emissions by expanding the monitoring and management efforts.

2022 Air Emissions Reduction Performance

Unit: kg



SRF





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Environmental Impact_Water Pollution

Strategy and Objective

With increasing global water shortages, the importance of water management and resource conservation has grown significantly. In response to this, MSS Group has set specific targets for water resource recycling and water pollution reduction across each of the companies. In 2022, MONALISA set a water consumption target of 100,000 tons and implemented various initiatives to minimize water usage. As a result, the company successfully utilized 98,091 tons of water, which is 1,909 tons below the targeted consumption of 100,000 tons.

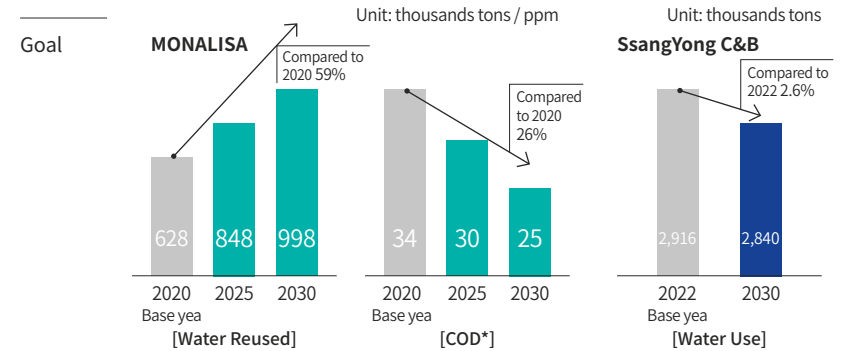
To achieve the established targets, we ensure that the water discharged during production processes adheres to legal requirements and have established nonpoint pollutant treatment facilities to minimize pollutant discharge. We also strategically manage water pollutants through the implementation of internal management standards that are more stringent than legal requirements. While the factories in Jochiwon, Nonsan, and Jeonju are not located in areas with extremely high water stress, water withdrawal and pollution levels are regularly monitored to effectively manage water resource risks.

Water Conservation Activities

MONALISA actively participates in purification activities, collaborating with the Jeonbuk Regional Environment Office, to enhance the water quality of the Samcheon Stream. These activities include environmental purification and the removal of plants that disrupt the ecosystem. To ensure the continuous restoration of the river, MONALISA has established the Jeonju Stream Conservation Network.

Similarly, SsangYong C&B entered into a voluntary agreement with the Geumgang Basin Environmental Office in 2011 to improve the water quality of the Miho Stream. Through initiatives such as garbage collection and tree planting, SsangYong C&B actively contributes to the preservation of the stream. The establishment of the Miho Stream Conservation Network further ensures ongoing efforts to protect and restore the ecosystem of the stream.

Mid to Long-Term Water Pollution Reduction Goals and Strategies

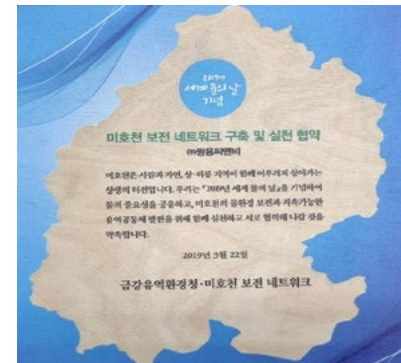


Strategy

- Increase the reuse of water
- Improve shower nozzles
- Improve pumps
- Continue river cleanup activities near factories

* Chemical oxygen demand

Voluntary Agreement to Improve the Water Quality of Miho Stream



Miho Stream Cleanup Activity





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Environmental Impact_Water Pollution

Wastewater and Water Pollution Management

MONALISA employs a method of enhancing water reuse by introducing complex microorganisms into the wastewater treatment process to remove contaminants such as surfactants, organic/inorganic compounds, and oil. Moreover, MONALISA strives to improve water quality by decomposing organic matter in wastewater to reduce sludge. Nonpoint pollutant treatment facilities undergo annual maintenance and inspection to enhance pollutant treatment efficiency and minimize water pollution. MONALISA also conducts regular monitoring of water pollutants in raw water and discharged water, focusing on specific substances such as benzene to manage pollution levels effectively.

SsangYong C&B has transitioned from using chemical oxygen demand (COD) to total organic carbon (TOC) as the measurement index for the organic matter at the wastewater treatment plant. SsangYong C&B has installed a TOC measuring device to precisely monitor water pollutants and accurately assess pollution levels in discharged water. Furthermore, SsangYong C&B regularly measures raw water and final discharge water to monitor the discharge of polluting substances. Monthly measurements are conducted for specific water-polluting substances, while measurements for other substances are performed on an annual basis. To maintain the quality of inflow river water, SsangYong C&B conducts yearly dredging of intake wells. In June 2022, SsangYong C&B obtained the necessary licensing for reduction facilities to prevent the discharge of nonpoint pollutants, and the installation process is currently underway.

Since 2022, MSS Global has restricted water usage to the wet tissue production line. Water used in facility operations is purified and discharged in compliance with the standards set by public wastewater treatment facilities in industrial complexes. Process wastewater generated during production is safely treated by an external company. Furthermore, by extending the interval for sewage discharge from once every 3 days (10 tons) to once every 7 days, MSS Global has achieved a monthly emissions reduction of approximately 60 tons.

High-speed condensation precipitation tank





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Environmental Impact_Waste Management

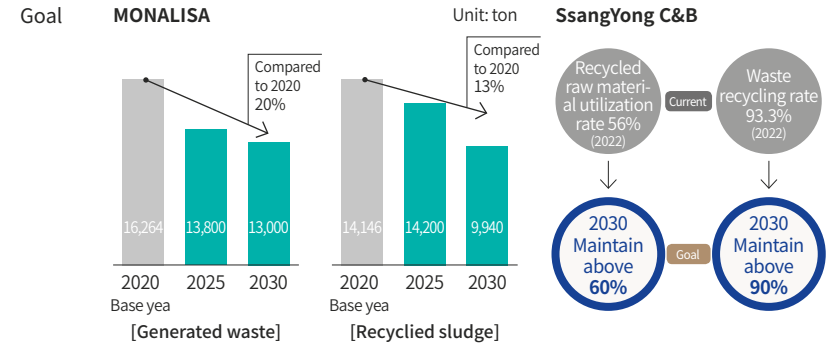
Strategy and Objective

To effectively manage waste generated during production activities and minimize its environmental impact, MSS Group has implemented waste reduction goals and management systems across its companies. Non-recyclable waste is disposed of in accordance with legal requirements through reputable external waste treatment companies, with detailed disposal records maintained by each company.

MSS Group strives to increase the recycling rate of by-products and waste paper to contribute to the development of a circular economy. MSS Group has made investments in recycling technologies and methods to safely recycle sterilized and gable top cartons, utilizing them as raw materials for toilet paper production.

As a leading Korean company that produces toilet paper using waste paper, MSS Group is committed to expanding the range of eco-friendly products by utilizing environmentally friendly recycled materials and developing innovative recycling technologies.

Mid to Long-Term Waste Reduction Goals and Strategies



Strategy

- Increase investment in recycling technology
- Promote conversion of recycling methods
- Install sludge drying facility
- Improve fuel quality



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Environmental Impact_Waste Management

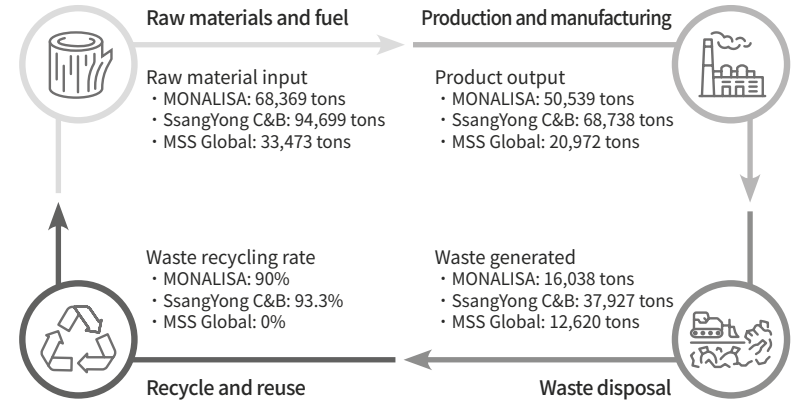
Waste Reduction Activities

MONALISA and SsangYong C&B both prioritize waste management and strive to adhere to legal requirements while actively reducing waste generation and increasing recycling rates. MONALISA implemented a new method for recovering processed scrap paper, resulting in the recovery of over 20 tons of raw materials per month on average.

At SsangYong C&B, waste is managed in compliance with the procedures outlined in the Wastes Control Act, and efforts are made to minimize waste generation and discharge waste below the legally permitted levels. Both companies prioritize on-site waste recycling, operate sludge drying facilities, and effectively reuse processed scraps. In 2022, SsangYong C&B successfully reduced general waste discharge to 37,481 tons, a 25% decrease compared to the target amount stated in the general waste discharge certificate (50,271 tons). Similarly, designated waste decreased by 79% to 446 tons compared to the previous amount of 2,082 tons.

MSS Global ensures the safe disposal of waste generated at all its business sites, following the regulations specified in the Wastes Control Act. Designated waste, business waste, and medical waste are appropriately disposed of in accordance with legal standards. Fabric waste undergoes full processing through SsangYong C&B to ensure proper waste management.

2022 Waste and Recycling Performance





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Environmental Impact_Waste Management

Promoting the Adoption of Recycled Raw Materials

MONALISA has set an internal target for the utilization rate of recycled resources, which exceeds the requirements of the Framework Act on Resource Circulation. In 2022, the company achieved a utilization rate of 59.3%. To promote resource circulation, MONALISA recycles green soil, steel slag depressant, and SRFs through external companies in an environmentally friendly manner. SRFs are retrieved and used as fuel, contributing to resource conservation.

SsangYong C&B has made a significant investment of 2.8 billion won since 2013 to recycle general cartons, which are challenging to recycle due to laminated vinyl. By 2022, the company had successfully recycled 3,340 tons of general cartons. Anticipating a 51% increase in the production of sterilized cartons by 2025, SsangYong C&B has developed a plan to utilize recycled sterilized cartons as raw materials. However, the recycling process for sterilized cartons faced challenges due to mixed vinyl and aluminum coating layers, as well as contamination issues in recovered sterilized cartons. To overcome these obstacles, SsangYong C&B has improved the fiber characteristics, process yield, and waste treatment methods to safely recycle sterilized cartons into raw materials.

Since October 2022, SsangYong C&B has been recycling approximately 15 tons of sterilized cartons per month. Moreover, SsangYong C&B incorporates around 5% of sterilized carton fibers into one of its eco-friendly certified products, CODI Eco Green. Moving forward, SsangYong C&B plans to utilize over 180 tons of recycled sterilized cartons per year as raw materials and apply them across various product lines.

Stages of Resource Circulation for Recycled Raw Materials



* As a company that produces over 10,000 tons of paper annually, MONALISA is obligated to utilize a minimum of 10% of waste paper recognized as a recycled resource, as stated in Article 29 of the Framework Act on Resource Circulation and the Guidelines for Promoting the Use of Circulated Resources by Circular Utilization Business Operators.



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Environmental Impact_Hazardous Chemicals

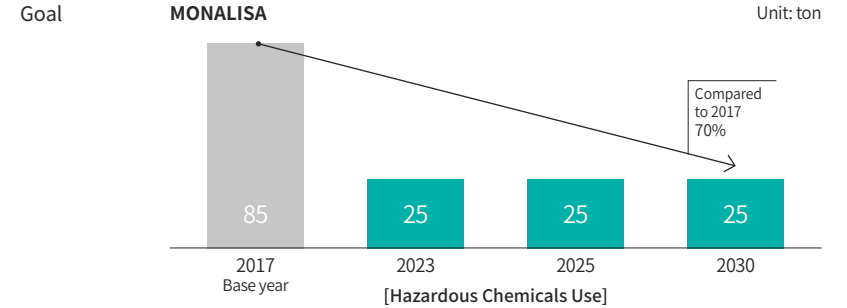
Strategy and Objective

MSS Group has established internal regulations for the management of hazardous chemicals to ensure safe handling practices and prevent environmental risks. According to these regulations, hazardous chemicals are stored in designated locations, and their disposal follows the legal standards for hazardous chemical handling. In addition, MSS Group further reinforces safety by conducting regular inspections, safety diagnoses, and self-inspections of hazardous chemical handling facilities.

MSS Group also mandates all employees and suppliers who have access to hazardous chemical handling facilities receive more than 16 hours of safety training every two years.

MSS Group actively pursues initiatives to minimize the use of hazardous chemicals and replace them with safer alternatives. Since 2016, SsangYong C&B has adopted non-hazardous chemicals and improved the bleaching mechanism in manufacturing new products, resulting in a significant decrease in hazardous chemical usage. MSS Group has plans to expand these efforts across the entire MSS Group, ensuring a safer workplace while maintaining strict compliance with all laws and regulations.

Mid to Long-Term Hazardous Chemical Use Reduction Goals and Strategies



Strategy

- ⦿ Develop drugs and technology to replace hazardous chemicals
- ⦿ Increase the use of non-hazardous chemicals



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Environmental Impact_Hazardous Chemicals

Accident Prevention Activities

MONALISA is committed to reducing the use of hazardous chemicals by actively seeking alternative substances.

To prevent leakage accidents and damage, MONALISA has implemented various safety measures such as the installation of CCTVs, leak detectors, and explosion-proof pumps. Moreover, MONALISA has constructed large-capacity dikes, provided protective equipment and showers, and developed checklists for regular risk assessments of hazardous chemical handling facilities.

MONALISA also conducts leak response training for personnel involved in chemical handling to ensure effective safety management. Furthermore, to minimize the impact on local residents, MONALISA has established a control organization within the Jeonju Business Environment Council. This collaboration involves 14 companies with production plants in Jeonju, and MONALISA has designated emergency support, recovery, and prevention teams to swiftly respond to any leaks or emergencies. In addition, MONALISA actively cooperates with small and medium-sized companies in the Jeonju area through a cooperative network.

SsangYong C&B conducts weekly safety walks at hazardous chemical handling facilities to detect and address any abnormalities, and SsangYong C&B conducts annual safety inspections to maintain a high level of safety. Real-time monitoring of leaks is facilitated through the installation of leak detectors and CCTVs.

Regular safety training is provided to all employees and suppliers, and specific emergency leak response training is conducted for employees working with hazardous chemicals. In addition, SsangYong C&B has established its own control organization to collaborate with neighboring companies and minimize the potential impact on local residents. This organization comprises a headquarters team, a control team, and a relief and protection team, ensuring an efficient and coordinated response to any incidents.

MONALISA's Control Organization Within the Business Environment Council





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Eco-Friendly Products

Strategy

MSS Group is actively developing environmentally friendly products and technologies in line with the vision of “achieving customer satisfaction by developing safe products that meet high-quality standards.” To fulfill this vision, MSS Group is focusing on the development of products that utilize recycled waste paper and increasing the use of packaging materials certified by the Forest Stewardship Council (FSC).

In addition, MSS Group is working on the development of natural preservatives and starch-based lamination glue to ensure that the raw materials are eco-friendly. MSS Group also plans to incorporate biodegradable fabrics into all the products and promote water bonding as an alternative to chemical use. MSS Group has established internal eco-friendly purchasing and sales criteria to comply with EL321, the environmental certification standard for toilet paper set by the Ministry of Environment. This ensures that MSS Group procures and utilizes only raw materials that meet the internal purchasing criteria.

Eco-Friendly Product Strategy

Vision

Achieve customer satisfaction by developing safe products that meet high-quality standards

Goal

Develop competitive eco-friendly products and technologies

Activity

Expand the range of eco-friendly products

- Develop products that utilizes water paper

Expand the use of eco-friendly packaging materials

- Increase the use of FSC-certified packaging materials
- Apply biodegradable packaging for all products

Eco-Friendly Purchase and Sales Criteria

| | | | |
|---|---|---|---|
| More than 50% utilization rate of recycled waste paper (excluding cosmetic and facial tissue) | No chlorine-based bleach, such as hypochlorite, chlorine dioxide, used during the manufacturing process | No fluorescent brightener used during the manufacturing process | More than 70% utilization rate of waste paper for primary packaging materials and paper tubes |
| 1 | 2 | 3 | 4 |



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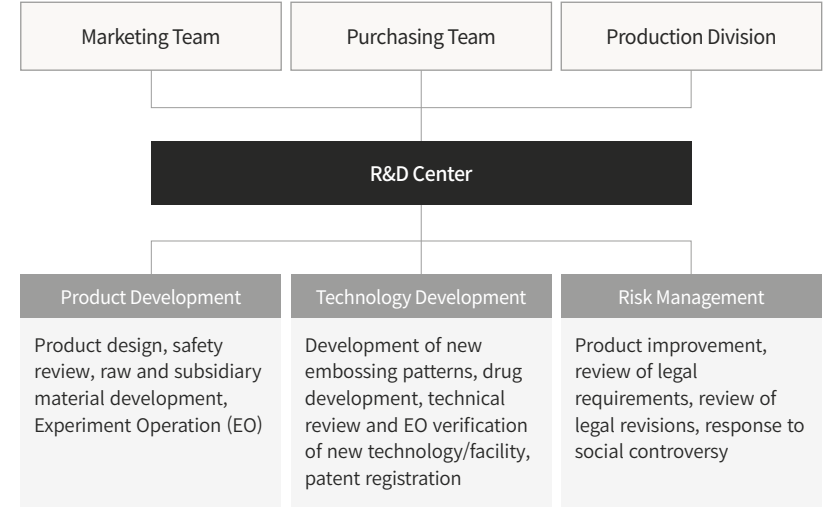
Eco-Friendly Products

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MSS Group's R&D Center plays a crucial role in the development and management of its eco-friendly products. They are responsible for assessing the eco-friendliness and safety of its products, as well as promoting the adoption of new technologies and facilities for the production of eco-friendly items. In addition, they handle the management of patents and certifications related to our eco-friendly products. By consistently monitoring social trends and legislative developments, they ensure that our eco-friendly product portfolio complies with legal standards and aligns with societal demands.

Going forward, MSS Group will further expand the range of eco-friendly products by leveraging the expertise and capabilities of its R&D Center.

Eco-Friendly Products Development Organization





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Eco-Friendly Products

Eco-Friendly Product Certifications

MONALISA has been acknowledged for its efforts in improving resource circulation and reducing harmful substances by recycling waste paper and incorporating non-printing film. As a result, MONALISA has successfully obtained ecolabels from the Ministry of Environment for four of its products, including Namuiyagi Deco and Jumbo Roll. MONALISA proudly displays these ecolabels on its products, which instill confidence and trust in its customers.

Similarly, SsangYong C&B has been actively involved in recycling waste paper to produce eco-friendly products and has been receiving ecolabels since 2007. Currently, SsangYong C&B has obtained ecolabels for 11 products. Among them, CODI Eco Green, which is manufactured using Old Corrugated Containers (OCC), has been particularly recognized for its sustainability.

Eco-Labeled Products

| No. | Product | Date obtained |
|-----|---|---------------|
| 1 | Easy Fine Jumbo Roll 300 m | 01-27-2022 |
| 2 | CODI Easy Fine Jumbo Roll 500 m | 01-27-2022 |
| 3 | CODI Jumbo Roll Tissue 500 Embossing | 01-27-2022 |
| 4 | CODI Jumbo Roll Tissue 600 | 01-27-2022 |
| 5 | CODI Eco Green Jumbo Roll 300 | 01-27-2022 |
| 6 | CODI Eco Green 30m (3 layers) | 05-23-2019 |
| 7 | CODI Eco Green Bath Tissue 30m (3 layers) | 05-23-2019 |
| 8 | The Green Bath Tissue 27m (3 layers) | 05-23-2019 |
| 9 | CODI Eco Green 35m (3 layers) | 05-23-2019 |
| 10 | CODI 45m (2 layers) | 08-17-2021 |
| 11 | CODI Hand Towel 100 pieces (New) | 01-27-2022 |
| 12 | Namuiyagi Deco 27 m | 04-16-2018 |
| 13 | Namuiyagi Deco 30 m | 04-16-2018 |
| 14 | Jumbo Roll 300 m | 02-19-2018 |
| 15 | Jumbo Roll 500 m | 02-19-2018 |





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Eco-Friendly Products

Developing Eco-Friendly Products

Despite the difficulties in utilizing OCC as a raw material for toilet paper due to their rigid fibers, MSS Group has successfully developed a technology that specializes in the raw material selection process. This technology was patented in 2010 and has been recognized as an eco-friendly process as it does not involve bleaching during processing. MSS Group produces CODI Eco Green using OCC through this technology and maintain ecolabel, which acknowledges the sustainability of its production process.

Furthermore, by developing fabrics that biodegrade by over 90% within 6 months under aerobic conditions, MSS Group has produced Eco Challenge Wet Wipes. Additionally, CODI Bidet & Clean Wet Wipes are distinguished as eco-friendly products that consider consumer convenience, as they are designed to decompose within two minutes when discarded in toilets or drains.

Eco-Friendly Products



[CODI Eco Green Toilet Paper]



[CODI Eco Challenger Wet Wipes]



[CODI Bidet & Clean Wet Wipes]



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Eco-Friendly Products

Eco-Friendly Packaging

MSS Group is expanding the use of Forest Stewardship Council (FSC)-certified packaging materials to minimize the environmental impact of its products. FSC is an international non-governmental organization (NGO) that promotes forest resource preservation and has established a certification system for sustainable forest management. This certification is awarded to wood and paper products produced in accordance with ten principles for sustainable forest management. MSS Group plans to initially apply FSC-certified packaging materials to wet wipes and eventually expand their usage to all its product groups.

MONALISA utilizes biodegradable film wrapping paper, developed with Polylactic acid (PLA), cellulose, and Poly-Butylene Adipate Terephthalate (PBAT), for Chakan Facial Tissue and Chakan Paper Towels. This wrapping paper is 100% biodegradable within 180 days and is recognized for its eco-friendliness.

Similarly, SsangYong C&B has developed a biodegradable film packaging material using PLA and applied it to its Eco Challenge product line. This biodegradable film has obtained EL724 certification (biodegradable resin product) from the Ministry of Environment. In addition, MONALISA is collaborating with Hansol Paper to develop paper packaging technology as an alternative to plastic packaging.

**FSC
Certification
Criteria**



1. Comply with all applicable laws
2. Maintain or improve the social and economic well-being of workers
3. Uphold the rights of Indigenous peoples
4. Maintain or improve the social and economic well-being of local communities
5. Manage their products and services in a way that maintains or improves their long-term economic viability, social benefits, and environmental benefits
6. Maintain, conserve, and/or restore the ecosystem services and environmental values of managed forests; and also avoid, repair, or mitigate negative environmental impacts
7. Establish a management plan that outlines their economic, environmental, and social policies and objectives
8. Demonstrate progress toward meeting these objectives
9. Maintain or improve high conservation values
10. Ensure that all management activities comply with FSC principles and criteria.

Products With FSC-Certified Packaging



MONALISA Products With Biodegradable Packaging



[Chakan Facial Tissue]

- Wrapped using biodegradable plastic
- Reduced unnecessary ink use through single-tone printing
- Made of 100% natural pulp
- Free of fluorescent and formaldehyde



[Chakan Paper Towel]

- Wrapped using biodegradable plastic
- Reduced unnecessary ink use through single-tone printing
- Made of 100% natural pulp
- Made with unbleached kraft pulp fabric
- Free of fluorescent and formaldehyde

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Occupational Health and Safety

Policy

MSS Group prioritizes Occupational safety and health in the management activities. To create a workplace with zero serious accidents and ensure the safety of all stakeholders, MSS Group has established a comprehensive Health and Safety Management Policy. This policy applies to all stakeholders involved in our business relations and requires their compliance with our safety and health standards. To ensure the internalization of the policy, each company within our group displays it prominently on the company's network and bulletin board, making it easily accessible to all employees.

Furthermore, MSS Group has set mid to long-term safety and health goals with specific tasks assigned to each stage. By 2027, our objective is to reduce the lost time injury rate (LTIR) and total recordable incident rate (TRIR) of both our organization and our suppliers by 10% compared to the average of the past five years.

It is worth noting that MSS Global, which has consistently maintained zero LTIR and TRIR, will continue to uphold its exemplary status through effective safety and health management practices.

Health and Safety Management Policy

- 1 We strictly comply with safety and health laws and regulations and actively communicate with stakeholders to improve corporate reliability.
- 2 We are committed to creating a clean and healthy workplace environment that prioritizes the well-being of our employees and suppliers.
- 3 We strive to establish a culture of safety where we voluntarily identify and improve harmful risk factors.

MONALISA [Health and Safety Management Policy](#)

SsangYong C&B [Health and Safety Management Policy](#)

Mid to Long-Term Goals for Occupational Health and Safety

| Category | | Five-year average | 2023 | 2025 | 2027 | |
|---------------|------|-------------------|------|------|------|------|
| MONALISA | LTIR | Company | 0.76 | 0.69 | 0.57 | 0.47 |
| | | Supplier | 0.23 | 0.21 | 0.17 | 0.14 |
| | TRIR | Company | 1.87 | 1.7 | 1.41 | 1.16 |
| | | Supplier | 0.82 | 0.75 | 0.62 | 0.51 |
| SsangYong C&B | LTIR | Company | 1.01 | 0.92 | 0.76 | 0.63 |
| | | Supplier | 0.85 | 0.77 | 0.64 | 0.52 |
| | TRIR | Company | 2.23 | 2.03 | 1.68 | 1.38 |
| | | Supplier | 1.71 | 1.56 | 1.29 | 1.06 |



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With the implementation of the Serious Accident Punishment Act, MSS Group has appointed the CEO of each company as the general manager of safety and health and established a Health and Safety Management Task Force. The task force convenes monthly to discuss the safety and health management system and inspection items, and provides recommendations to the CEO for areas that require improvement.

In compliance with Article 15 of the Occupational Safety and Health Act, each company has designated a safety and health manager who is responsible for workplace improvement, occupational accident prevention activities, safety and health training, and health management programs. The safety and health manager regularly reports to the CEO on the progress of safety and health management activities, including proposed improvements and policy suggestions.

Organizational Structure





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Occupational Health and Safety

Occupational Safety Inspection and Monitoring

MSS Group conducts regular and occasional risk assessments to proactively identify and prevent accidents and disasters in the production activities. Regular risk assessments are performed annually to evaluate the risks associated with production processes, activities, and hazardous facilities. Occasional risk assessments are conducted when new machinery is installed or when safety hazards arise. In addition, MONALISA conducts semiannual risk assessments for all its factories using a checklist to improve identified risks.

MSS Group conducts regular job safety analyses to effectively analyze production risks and proactively manage operational issues. The Health and Safety Management Task Force conducts semiannual site inspections to assess risks related to the worksite, machinery, and hazardous work. MSS Group addresses risks by calculating a score based on the probability (frequency) and materiality (intensity) of the risk, which helps establish appropriate risk management standards.



Types of Risk Assessment

| Name | Details |
|----------------------------|---|
| Regular risk assessment | <ul style="list-style-type: none"> Yearly Conducted for each category of processes: production processes, activities, and hazardous facilities |
| Occasional risk assessment | <ul style="list-style-type: none"> Upon the introduction and installation of new machinery, equipment, and facilities When there are changes in new machinery, equipment, and facilities When additional risk factors arise from changes in the working environment In case of modifications to harmful factors and chemicals In the event of an occupational accident |
| Job safety analysis (JSA) | <ul style="list-style-type: none"> Before work, in case of an accident, when a process or working method is changed, and when new material is used |

Risk Assessment and Management Standards

| Risk level | Details |
|-----------------------------|--|
| Negligible (1-3 points) | Maintain current safety measures |
| Minor (4-6 points) | Require safety guidance and regular standard occupational safety training |
| Considerable (8-12 points) | Require risk improvement measures within the scheduled maintenance period |
| Significant (12-15 points) | Require emergency temporary safety measures within scheduled maintenance period |
| Unacceptable (16-20 points) | Enforce immediate work stoppage and implement immediate improvement measures to continue the operation |



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Occupational Health and Safety

Supplier Safety Inspections

MSS Group conducts regular safety and health meetings and joint inspections with suppliers to examine suppliers' risks, identify risk factors, and address them in advance. Representatives from suppliers participate in the meetings to share previous accident cases and check the status of high-risk worksites and worker health issues. Furthermore, through joint inspections, MSS Group assesses the safety facilities, hazardous machinery, and ensure that safety training is provided to employees to proactively mitigate risks.

Supplier Safety Inspection Items

| Name | Item |
|---------------------------------------|---|
| General | <ul style="list-style-type: none"> Clean workplace Safe work floors and walkways Proper brightness on-site and staircase Appropriate attire |
| Personal protective equipment (PPE) | <ul style="list-style-type: none"> PPE wearing status PPE management status |
| Safety facilities | <ul style="list-style-type: none"> Management of safety signs Installation of safety railings and opening covers Display of the safety guide Scaffolding status Display of the Material Safety Data Sheet (MSDS) |
| Electricity | <ul style="list-style-type: none"> Safety of electrical contact parts Cleaning status inside the distribution board Wire sheath damage Display of electrical hazard and warning signs |
| Hazardous equipment | <ul style="list-style-type: none"> Display of access prohibition and safety and health signs for crane and hoist operations Protective cover for rotating body hardware Protective device for sharp equipment |
| Firefighting and hazardous substances | <ul style="list-style-type: none"> Firefighting facility management status Chemical storage and handling status |
| Safety & Health Training | <ul style="list-style-type: none"> Legal safety training status Employee health checkup status |

Supplier Safety Assessment

In 2023, MSS Group has updated the safety evaluation standards for its suppliers to enhance their safety measures. The evaluation is based on a 100-point scale and consists of four criteria: safety and health management system, execution level, operation management, and accident occurrence level. Suppliers scoring 85 or higher (S grade) will be exempted from safety evaluation for the following year, while those scoring below 50 (D grade) may face penalties such as contract termination or non-renewal. The updated safety evaluation will be implemented starting with the safety and health management system inspection in early 2023.

Supplier Safety Evaluation Criteria

| Item | Evaluation criteria | Point |
|-------------------------------------|---|-------|
| Health and safety management system | Appropriate safety and health policy of contractors | 5 |
| | Appropriate implementation plan for occupational accident prevention activities | 10 |
| | Division of roles of members to promote the implementation plan | 5 |
| Execution level | Understanding of risk assessment results and assessment of hazards and risk factors | 5 |
| | Safety inspection and monitoring (including PPE status) | 10 |
| | Implementation of safety measures | 10 |
| | Health and safety training plan and record management | 10 |
| Operation management | Implementation of safety work permits for hazardous and dangerous work | 5 |
| | Signal/communication system between contractors | 5 |
| | Safety of machinery and equipment that handles hazardous substances | 10 |
| Accident occurrence level | Evacuation and damage minimization measures in case of emergency | 5 |
| | Occupational accidents in the last 3 years | 20 |



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Occupational Health and Safety

Serious Accident Prevention Activities

In order to proactively respond to the implementation of the Serious Accident Punishment Act and enhance safety measures, MONALISA has implemented Four Serious Accident Prevention Activities. In addition, MONALISA is conducting employee-centered activities to foster a workplace free from accidents. Our employees actively engage in identifying and addressing hazardous risk factors within the factory on a monthly basis, reporting the outcomes of these activities to the CEO, and conducting on-site safety patrols accordingly. Furthermore, MONALISA has established the Safety Golden Rules, which all employees must adhere to in order to eliminate serious accidents.

MONALISA's Four Serious Accident Prevention Activities

Participation
Actively participation in safety activities by labor and management

- Health and safety suggestion system
- Risk assessment
- Identify near-miss
- Education and training
- Tool box meeting (TBM)

Mutual Cooperation
Pursuing safety with our suppliers

- Active support for accident prevention activities
- Improvement of risk factors through joint inspection
- Ensuring safety and health through a safety council

Culture
Promoting voluntary compliance with safety rules

- Participation in safety, health, firefighting, and environmental management culture
- Early identification and improvement of risk factors
- Standardization of work procedures and regulations
- Immediate reporting and analysis after an accident and establishment of countermeasures
- Maintaining cleanliness of the workplace

System
Effective safety and health activities

- Effective monitoring of safety and health management system manuals
- Semi-annual serious accident prevention inspection
- Health and Safety Management Task Force Activities
- Suggested safety and health activities

MONALISA Safety Golden Rule

Safety Golden Rule

- Do not proceed with work if there are unsafe circumstances.
- Conduct safety inspections before work and clean up after completion.
- Safety work permits are issued with strict responsibility and authority.
- Whenever there are changes in processes, conduct thorough inspections to improve any safety risks.
- Adhere to strict procedures and timelines to manage supplier safety.
- Wear appropriate protective equipment for each work task.
- Work under the supervision and guidance of the supervisor during loading work.




To prevent serious accidents, SsangYong C&B proactively identifies and eliminates risk factors in equipment and workplaces within the factory. For instance, SsangYong C&B addressed the risk of fire caused by sparks from the grinder used for cutting plumbing equipment by improving the working methods to reduce accidents. SsangYong C&B also mitigated the risk of falling paper tubes stored in the factory by securely fastening them with cables.

Similarly, MSS Global aligns with the government's Serious Accident Reduction Roadmap announced on November 30, 2022, and has established safety and health response plans centered around risk assessment. MSS Global conducts regular risk assessments of its factory facilities and workplaces to mitigate the risk of serious accidents. We also analyze industry-related accident cases on a regular basis to prevent similar incidents from occurring within our company. In addition, the Daejeon Chungcheong Safety Headquarters conducts routine visits to inspect and guide our safety management system.

Employee-Centered Serious Accident Prevention Activities

- Safety consulting**
Identify harmful risk factors in the factories and take improvement measures once a month
- Contractor Health and Safety Council Meeting**
Discuss safety issues with suppliers and listen to their concerns once a month
- Health and Safety Management Task Force meeting & safety patrol Inspection**
Conduct on-site safety patrol based on the inspection results of safety and health prevention activities disclosed by the CEO once a month
- Occupational Safety and Health Committee**
Convene quarterly Occupational Safety and Health Committee between labor and management to discuss and respond to major workplace safety issues



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Health and Safety Training

MONALISA conducts monthly safety and health training sessions lasting 2 hours for all employees. Health and safety supervisors receive 16 hours of management training annually. Semi-annual fire drills and joint fire drills with the fire department are conducted to ensure employees are prepared to respond to fire incidents. Confined space training is conducted twice a year, focusing on the proper use of respirators, gas concentration meters, and automatic defibrillators. Additionally, at least one chemical leakage response drill is conducted annually.

MSS Global has developed and distributed the Emergency Response Manual to all employees, providing detailed instructions and contact information for different types of natural disasters. Regular safety training sessions lasting 2 hours are conducted monthly, covering various topics such as occupational accidents, fire safety, hazardous substance leakage, job stress, and workplace bullying.

Health and Safety Training Status

| Training Program | Recipient | Training hours |
|---|-------------|----------------|
| Health and safety training | Employees | 2 hours/month |
| Health and safety management training | Supervisors | 16 hours/year |
| Confined space work training | Employees | 2 times/year |
| Chemical leak response training | Employees | 1 time/year |
| Internal fire drills | Employees | 2 times/year |
| Joint fire drill with the fire department | Employees | Regular |
| Emergency response manual | Employees | Distributed |

Employee Healthcare

MONALISA focuses on improving the working environment and promoting employee health by investigating musculoskeletal system hazards and providing guidance on health management. Monthly health checkups are conducted through an external healthcare provider, with follow-up management for employees diagnosed with illnesses. Comprehensive health check-up costs are reimbursed every two years.

In compliance with the Occupational Safety and Health Act, SsangYong C&B offers regular special medical examinations for employees exposed to hazardous factors. Employees are supported in assessing their risk of developing cerebral cardiovascular disease, and measures are taken to reduce physical fatigue and mental stress through periodic job stress assessments.

MSS Global assesses the health management system and on-site health management through Eulji Medical Center, providing monthly health consultations for employees. In 2022, a cerebral cardiovascular risk assessment was conducted, and lifestyle improvement guidance was provided to individuals exhibiting symptoms. The company also covers partial costs for general and special health check-ups for all employees, aiming to enhance employee health.

Employee Healthcare



Health Consultation
Comprehensive health consultations with a doctor



Basic Checkup
Checking blood pressure, blood sugar, and cholesterol levels within 5 minutes



PPE Training
Ensuring proper fit factors for personal protective equipment



Pain Management
Managing neck, lower back, and shoulder pains through stretching sessions



Stress Management
Individual and group counseling regarding work stress



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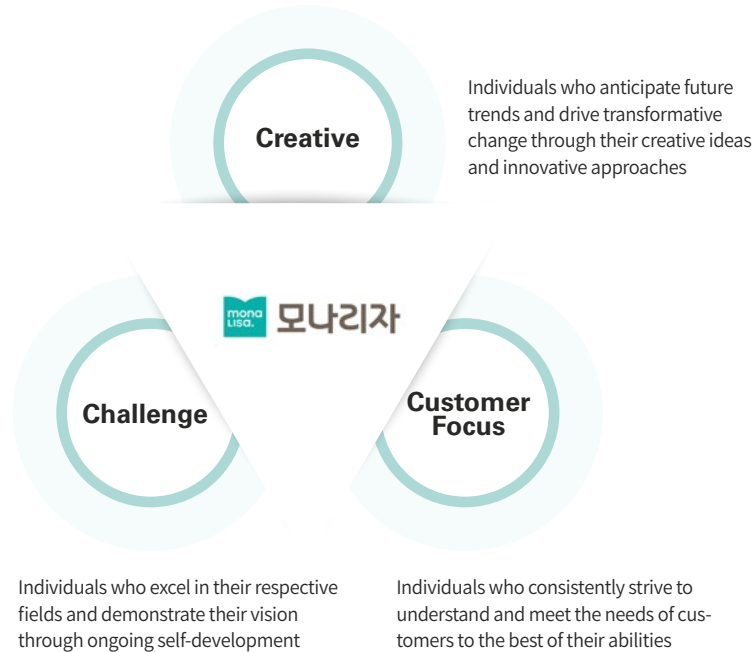
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Policy

MSS Group is enhancing the talent management infrastructure to attract and develop a diverse range of individuals. MONALISA and SsangYong C&B have defined their desired talent profiles aligned with the company's values to ensure the recruitment of individuals who embody these qualities. In addition, MSS Group has implemented human resource systems and policies that align with the company's desired talent profiles.

MONALISA's Desired Talent



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The management support team is responsible for overseeing human resource management and promoting diversity within the organization. They report to the CEO and provide updates on talent management strategies and key issues. Ultimately, the CEO holds the final decision-making authority regarding human resource management matters.

SsangYong C&B's Desired Talent





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Recruitment

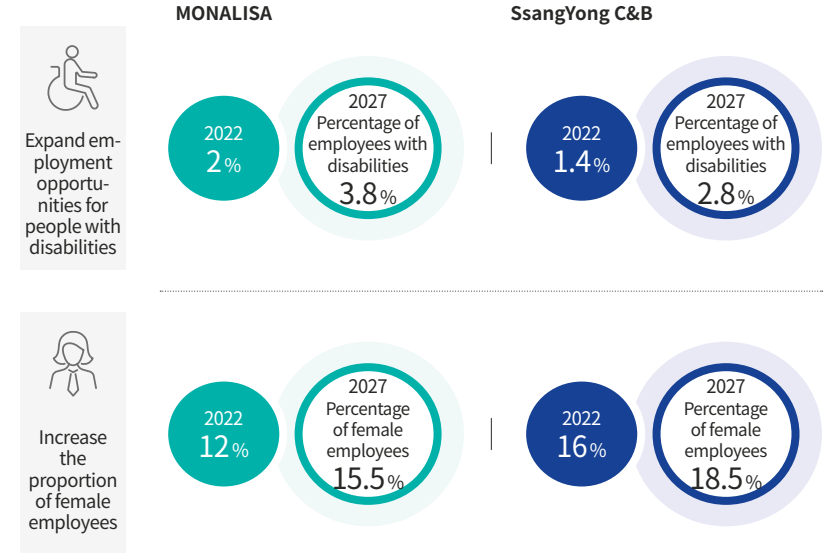
MSS Group does not discriminate in hiring, placement, promotion, salary, or training based on gender, religion, political opinion, social status, nationality, or race. We continuously monitor and comply with relevant laws and International Labor Organization (ILO) conventions. To attract exceptional talent, MSS Group maintains an ongoing recruitment process for both new and experienced employees, emphasizing job competencies and individual talent traits.

For factory workers, the management team at each site takes charge of the recruitment process to maximize talent acquisition capabilities and improve operational efficiency.

Fostering Diversity

MONALISA and SsangYong C&B have established five-year goals to enhance diversity by increasing the employment of individuals with disabilities and the proportion of female employees. By 2027, both companies aim to raise the proportion of employees with disabilities by 1.4%p compared to 2022. In addition, MONALISA aims to increase the proportion of female employees by 3.5 %p, while SsangYong C&B aims for a 2.5 %p increase. To achieve these goals, MONALISA and SsangYong C&B will develop implementation tasks and strategies aligned with their goals. MSS Group will continue to promote diversity within the organizations and aspire to cultivate a corporate culture that embraces individuals from various backgrounds, providing equitable opportunities.

Diversity Goals





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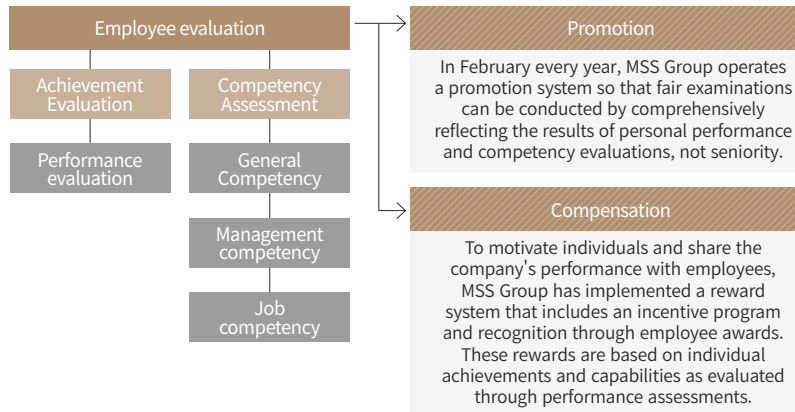
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Fair Performance Evaluation and Compensation

MSS Group implements an employee evaluation system to develop employees' competencies and drive performance. The evaluation consists of two components: performance evaluation and competency evaluation. Leadership skills are assessed for managerial roles, while job competencies are evaluated for non-managerial roles. The results of the employee evaluation inform decisions regarding promotions, compensation, and salary increases. The employee evaluation at MSS Group involves consultation between the first and second evaluators, and the final result is confirmed during management meetings, which include the participation of the management support team, ensuring the fairness and transparency of the employee evaluation process.

Performance Evaluation System



Strengthening the Employee Competency

MSS Group has successfully completed mandatory job training in areas such as product quality, environment, occupational safety and health, among others. In addition, MSS Group also operates a personalized job training program. Moving forward, MSS Group intends to expand the job training program with the aim of assisting employees in developing and enhancing their job competencies. This initiative seeks to support their professional growth and ultimately contribute to the overall competencies of the company.

2022 Personal Job Training Operation Status

| Name | Trained employees (completion rate) | Training hours |
|---|-------------------------------------|----------------|
| Training on on-site response strategy in the Fourth Industrial Revolution era | 2 (100%) | 16 hours |
| Labor Law Training | 1 (100%) | 8 hours |
| Paper technician training | 1 (100%) | 24 hours |
| Year-end settlement training | 1 (100%) | 8 hours |



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Supporting Work-Life Balance

Employee Welfare

MSS Group operates a variety of welfare programs to help employees concentrate on their work during working hours and achieve a work-life balance. Through this, MSS Group is contributing to the improvement of the quality of life of its employees by promoting satisfaction with the organization.

Family-Friendly Workplace

MSS Group strives to create a family-friendly working environment by operating various systems and programs for pregnant and maternity employees, and family members who are raising children.

MSS Group offers maternity leave for up to 3 months and is actively working to encourage its use through campaigns. In addition, for the health and convenience of pregnant employees, MSS Group has shortened the work hours by 2 hours 5 times a week, and we are operating a system to support childbirth, such as encouraging employees to work from home during pregnancy.

MSS Group provides maternity supplies to employees, and MSS Group provides up to 12 months of parental leave and reduced working hours. In addition, MSS Group has implemented a family care leave system for employees who need family care, such as family illness, accident, old-age care, and childbirth, to support the compatibility between work and family.

Flexible Working Environment

To enhance work efficiency and productivity, MSS Group actively promotes remote work among its employees. Furthermore, MSS Group has implemented a PC-OFF System, which limits PC usage outside of working hours, to support a healthy work-life balance in the evenings.

Employee Welfare

| Program | Details |
|---|--|
| Congratulations and condolences allowance | Allowances and vacations are provided in various occasions such as marriage and death |
| Health checkup and medical expenses support | Financial assistance is provided for employees and their families to cover the costs of health checkups and medical expenses |
| Commuter benefits | Vehicle fuel expenses are provided to employees |
| Tuition reimbursement for children | Tuition for the high school and college education of employees' children is reimbursed based on the number of years worked |
| Meal and snack benefits | Employee cafeteria and meals and snacks are provided for employees |
| Housing loans | Funding for housing arrangements is provided to support the stabilization of employees' housing |
| Employee development | Operational expenses of employee clubs and social gatherings are provided |
| Recreational facilities | Recreational facilities, including condominiums and summer resorts, are provided to employees |
| Professional Development Support | Expenses for language studies, professional certifications, and other training necessary for the job are reimbursed |



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Human Resources & Diversity

Creating a Healthy Organizational Culture

MSS Group strives to strengthen cohesion among its members for the long-term development and stability of the company. MSS Group listens to and collects the grievances of its employees and actively reflect them in the management activities to build and enable a desirable organizational culture.

In order to build a healthy organizational culture, MSS Group has identified major risk factors related to labor practices such as employment and labor relations. The deterioration of cohesion due to COVID-19, the decrease in work efficiency due to lack of communication, the outflow of talented personnel, and the decrease in morale are expected to have a significant impact on the organizational operations of MSS Group.

In order to respond to these major risk factors, MSS Group is promoting a company-wide organizational culture improvement campaign with the goal of maximizing work efficiency through free communication, improving employees' work capabilities, maximizing creativity, and enhancing employee morale.

Direction of Organizational Culture Campaign

The workplace that promotes work-life balance

Strict adherence to work hours

- Start and leave work on time
- Minimize unnecessary overtime
- No work-related requests after work hours
- No personal computers
- Increased concentration during working hours

Improved meeting culture

- Avoid unnecessary meetings
- Meeting time within 1 hour
- No meetings on Friday afternoons or within one hour before the end of the workday
- Clear work instructions

Unrestricted use of vacation time

- The use of leave encouraged by managerial-level positions
- No questions asked regarding the reason for leave
- Foster a culture where vacations can be freely utilized
- Instill the belief that vacations are a means to recharge and increase productivity, rather than a loss of work

The workplace that cultivates harmony among all employees

Personnel award for organizational revitalization

- Award personnel for fostering a stable organizational culture through recommendations and voting
- Contributors and violators of organizational revitalization, vacation utilization rate, compliance with working hours, and other relevant factors are taken into account during the performance evaluations of managers

Company communication events

- Resume group events, such as workshops and factory tours, that were previously suspended due to COVID-19.
- Organize gatherings for new employees, with snacks and dinner expenses covered
- Promote a sense of belonging and loyalty

Employee clubs

- Strengthen the bond between employees who share the same hobbies
- Promote community engagement by providing monthly support for club fees
- Activate clubs with clear purpose



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Labor-Management Relations

Labor Union

Members of labor unions at MONALISA, SsangYong C&B, and MSS Global have the freedom to join or leave the labor union based on their own will. Wage negotiations with the labor union are conducted annually, and collective agreements are held every two years to address various personnel matters, working conditions, benefits improvement, training, safety and health management, and more. The terms of the agreement apply to all employees across the entire company.

Labor-Management Council

MONALISA, SsangYong C&B, and MSS Global have established labor-management councils with the aim of fostering worker welfare and ensuring the healthy development of the company through active participation and cooperation between employees and employers. These councils are convened on a quarterly basis and as needed. Each council consists of five employee representatives and five management representatives, who engage in discussions regarding the improvement of working conditions, health and safety matters, and other relevant issues.

Labor-Management Safety Meeting

Labor-management safety meetings, conducted on a monthly basis, are held to enhance safety awareness, propose improvements in the work environment, and reach a consensus on safety practices. These communication channels aim to foster trust and cooperation between the companies and the unions.

Declaration of Labor-Management Peace

In 2022, MONALISA made a significant commitment to labor-management relations by signing the Declaration of Labor-Management Peace. This declaration aims to suspend any conflicts between labor and management, and instead, focuses on establishing a safe workplace and creating a conducive environment for the stable integration of new workers. Additionally, it emphasizes the improvement of product quality and productivity. Building upon the principles outlined in the Declaration of Peace, MONALISA is dedicated to conducting ongoing activities that foster positive labor-management relations. These efforts are designed to facilitate mutual development between employees and the company.

MONALISA's Labor-Management Peace Declaration Ceremony





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Strategy and Objective

MSS Group has set management indicators to strengthen the human rights management system. MSS Group has defined five indicators: workplace sexual harassment, workplace harassment, fair and transparent employment contracts and consideration for understanding, creation of a pleasant working environment and health considerations, and the prohibition of involuntary forced labor. For each indicator, MSS Group has set short-term goals until 2024 and developed strategies to achieve these goals. This approach allows us to monitor and improve our performance in these key areas of human rights management.

Five Goals for Human Rights Management

| Goal | Indicator | Goal |
|------|---|---|
| | Sexual harassment | Maintain zero incidents |
| | Workplace bullying | Maintain zero incidents |
| | Fair employment contracts | The positive response rate for related human rights impact assessment items increased by 5% for the same survey subjects. |
| | A pleasant working environment that prioritizes employee health | |
| | No forced labor | |

Strategy

- Establishment and operation of a human rights-related grievance consultation office
- Operate a robust organizational culture campaign
- Conduct online training for human rights protection
- Declaration of Human Rights on Child Labor and Forced Labor



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Human Rights

Policy

MSS Group values the rights of its members and all stakeholders involved in its business operations. MSS Group upholds and supports global human rights principles, including the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) Declaration. Furthermore, MSS Group complies with domestic laws and regulations that align with these principles. To ensure the protection of human rights, MSS Group has established a comprehensive human rights policy. This policy extends its commitment to respecting the human rights of employees, customers, and suppliers. MSS Group strictly prohibits any form of discrimination and places a strong emphasis on developing a value management system that prioritizes human rights and places people at the forefront.

Human Rights Policy_Basic Principles

- 1 We ensure that all members are treated fairly without discrimination based on race, nationality, gender, religion, or age.
- 2 We do not force employees to perform labor against their free will.
- 3 We prohibit child labor and do not employ young children or pregnant women in dangerous work environments.
- 4 We establish a system for the safety of all our members, conduct education, and comply with relevant laws and internal regulations.
- 5 We strive to practice eco-friendly activities and contribute to the improvement and maintenance of the environment.
- 6 We comply with all regulations related to the provision of personal information and information to third parties in accordance with laws and regulations.
- 7 We ensure that the company's management activities do not infringe upon the human rights of local residents, including their rights to a safe and healthy environment, freedom of residence, and general well-being. Furthermore, we comply with relevant laws and regulations to collect opinions from the community and respect the autonomy and traditional values of the local community.
- 8 To safeguard the life, health, and safety of our customers, we provide products and services while adhering to the standards set forth by laws and regulations.
- 9 We require all major suppliers to comply with their obligations to protect human rights, and strive to prevent human rights violations.



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Human Rights Risk Assessment Process

MSS Group has implemented a company-wide human rights risk assessment process to strengthen the human rights of its stakeholders. The Human Rights Risk Review encompasses all stakeholders of MSS Group, including employees, suppliers, and local residents who may be exposed to human rights risks.

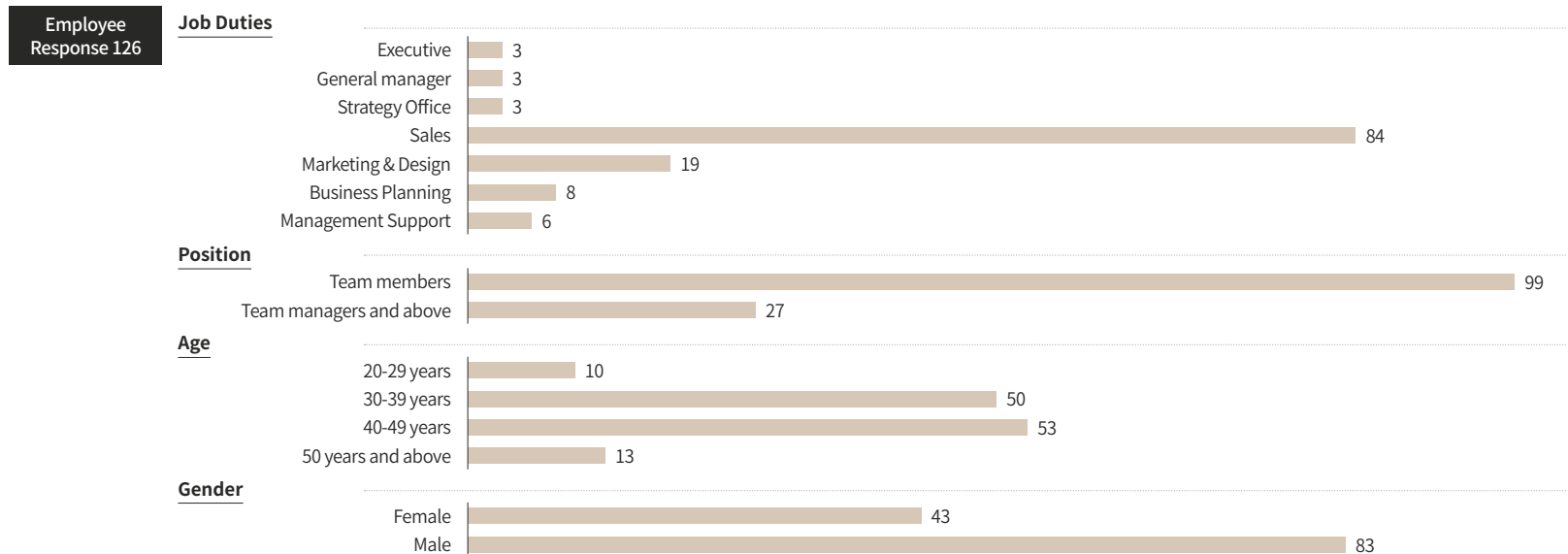
In 2022, MSS Group conducted a comprehensive investigation of external factors such as global human rights guidelines and significant trends associated with human rights to identify major human rights issues. Additionally, MSS Group conducted a human rights impact assessment internally, involving executives and employees, to examine internal factors. As a result, MSS Group successfully identified its primary human rights concerns and determined the potential human rights risks associated with each issue.

Human Rights Survey

In order to understand the status of human rights management and to derive potential human rights risks, MSS Group conducted a human rights survey in 2023 for employees in management positions at MONALISA and SsangYong C&B. Questionnaires were conducted in six areas: non-discrimination in employment and wages, forced labor/child labor, working conditions, grievance channels, occupational safety and health, and human rights impacts in work, and weak points were identified in each area. In the future, we plan to conduct a human rights impact assessment every year and report to the Board semi-annually on the results of the impact assessment, improvement activities, and activities to strengthen human rights management.

Participation Status of Human Rights Impact Assessment

Unit: person





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Human Rights Risk Identification and Management

MSS Group has identified major human rights risks through the results of external surveys and human rights impact assessments. MSS Group established a management plan for the identified human rights risks and carried out activities to improve them. In the future, MSS Group plans to evaluate the effectiveness of risk management activities carried out by MSS Group and upgrade the human rights management system.

Human Rights Risk factors and Response Measures

| Issue | Risk factors | Response measures and activities |
|---|---|---|
| Discrimination in employment and salary | <ul style="list-style-type: none"> Equal pay and gender equality in education and promotion | <ul style="list-style-type: none"> Implemented online training related to human rights (to be conducted from July to December 2023) |
| Workplace bullying and sexual harassment | <ul style="list-style-type: none"> Workplace bullying and sexual harassment occurrence and provision of appropriate measures | <ul style="list-style-type: none"> Opened and operated a human rights-related grievance consultation room Promoted a campaign for a robust organizational culture |
| Working conditions, grievance channels and mechanisms | <ul style="list-style-type: none"> Provision of the rest time and vacation hours Implementation of appropriate remedies and consultations for employees' grievances, etc. | |
| Forced Labor | <ul style="list-style-type: none"> Issues related to working conditions, such as work hours and work-life balance | <ul style="list-style-type: none"> Promoted a campaign for a robust organizational culture Posted the Declaration of Human Rights on Child and Forced Labor (to be implemented in between July and December 2023) |
| Workplace safety and health | <ul style="list-style-type: none"> Establishment of a healthy work environment for employees | <ul style="list-style-type: none"> Expanded insurance coverage for group accidents and increased the number of health checkup items |
| Human rights in supply chain | <ul style="list-style-type: none"> Human rights management of suppliers Incidents related to unfair treatment of suppliers, such as setting contractor service fees in violation of the Minimum Wage Act or failure to comply with payment deadline | <ul style="list-style-type: none"> Implemented online training related to human rights (to be conducted from July to December 2023) Conducted subcontracting transactions evaluation for major suppliers |



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Grievance Handling System

MSS Group has established an internal grievance committee to resolve grievances for executives and employees and to take action against human rights violations such as workplace harassment and sexual harassment. Reports received through the grievance box provided by each company are handled promptly and anonymously so that there is no adverse treatment of the reporter or the victim.

Employee Human Rights Grievance Handling Process





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Human Rights Training

Sexual Harassment Prevention Training

In order to prevent sexual harassment in the workplace, MSS Group conducts Sexual Harassment Prevention Education for all employees. In 2022, online and in person training was conducted for a total of 726 employees.

Disability Awareness Training

In order to cultivate employees' sensitivity to disabilities and contribute to the creation of a culture of disability awareness, MSS Group conducts disability awareness training in the workplace for all employees. In 2022, online and in person training was conducted for 726 employees.

Human Rights Campaign

MSS Group is implementing a campaign to build a healthy organization for all employees to work for, and is striving to eradicate all human rights violations. In order to build a healthy organization, MSS Group defines the prohibition of harassment in the workplace, the prevention of sexual harassment in the workplace, and the activation of grievance reporting as the main activities that need to be implemented, and MSS Group establishes and implements strategies for the direction of each activity. Through this, MSS Group plans to expand the campaign so that all employees can improve their perception that they are valuable members of this organization and colleagues who are valuable to us.

Direction of the Human Rights Campaign

| No workplace bullying | No sexual harassment | Effective grievance reporting system |
|---|--|---|
| <ul style="list-style-type: none">• Prohibit the use of profanity, emotional outbursts, or insulting language• Prohibit any encouragement of bullying among employees• Prohibit the withholding of work-related information and exclusion from decision-making without justifiable reasons• Display basic courtesy among employees | <ul style="list-style-type: none">• No derogatory or disrespectful language• No unnecessary physical contact• Prohibit all forms of sexual behavior (physical, verbal, visual, etc.)• Improve the work dinner culture | <ul style="list-style-type: none">• Allow for reporting of workplace bullying or grievances related to sexual harassment by anyone• Guarantee of anonymity of the complainants• Make additional improvements on grievances reporting channels and process |



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Operation of Shared Growth Program

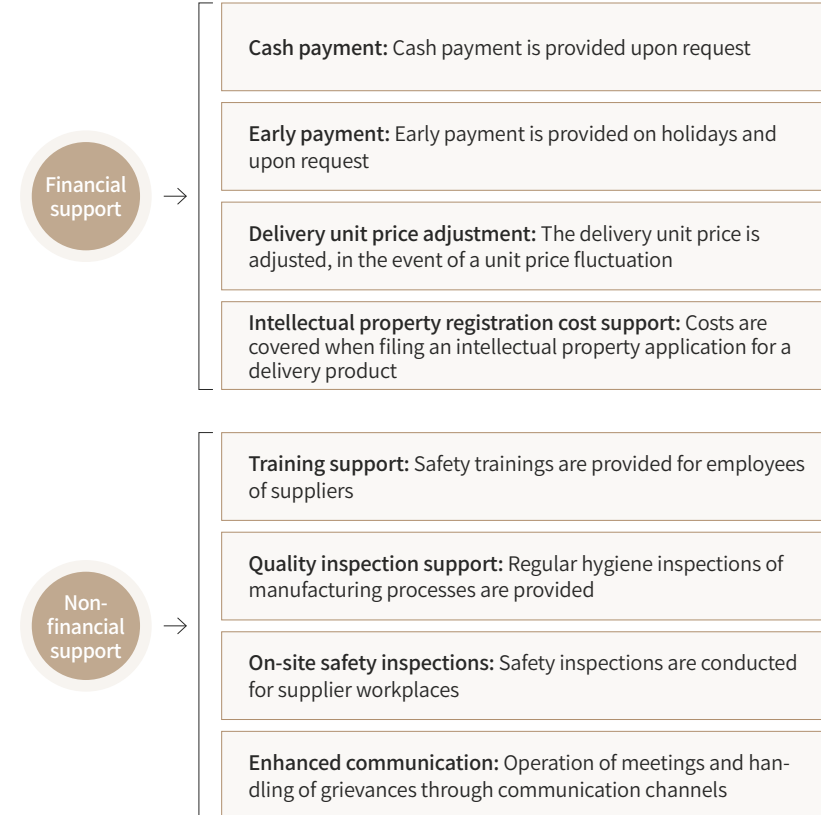
As part of shared growth with suppliers, MSS Group shares profits based on financial performance, year-end dues, and holiday gift expenses to boost the morale of our suppliers. In accordance with our commitment to share profits with our suppliers, MSS Group shared profits with nine companies.

In order to strengthen the foundation for shared growth by expanding such support activities for suppliers, MSS Group has introduced a shared growth program divided into financial and non-financial support, which will be operated starting June 2023. In addition to cash payments, MSS Group plans to provide financial support such as early payment, adjustment of delivery costs, and support for intellectual property registration costs, as well as non-financial support such as training, quality inspections, on-site safety inspections, and enhanced communication.

Supplier Support Activities

| Support Activity | Number of partners supported |
|--|------------------------------|
| Sharing profit based on performance | 9 companies from 2021 |
| Supporting company outings expenses (2 times/year) | 5 companies from 2023 |
| Covering year-end party costs (1 time/year) | 5 companies from 2022 |
| Providing holiday bonus to employees | 69 companies from 2020 |

Shared Growth Program





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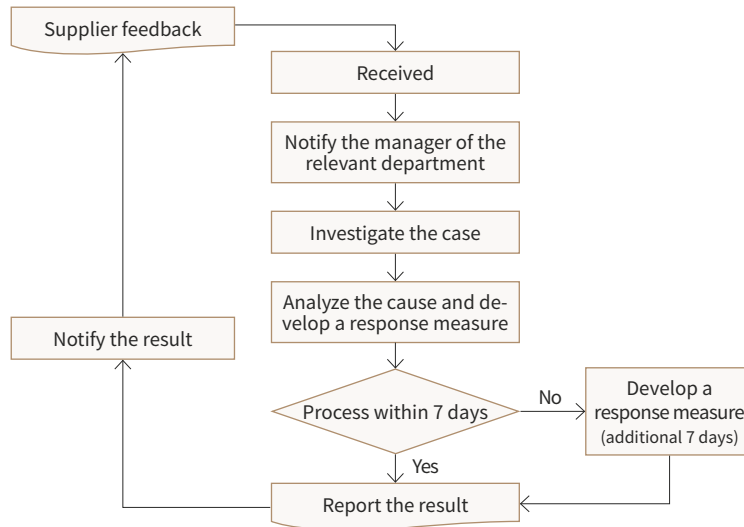
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Handling Supplier Complaints

MSS Group has a grievance box on site for employees as well as suppliers to immediately identify and respond to complaints. Suppliers anonymously write complaints that arise during transactions with us and file them in the grievance box. MSS Group reviews the complaints and take remedial measures to address them.

In 2023, MSS Group has established a communication channel on each company's website so that suppliers can freely submit complaints, unfair trade practices, and safety and health improvement issues that may arise in the process of concluding, maintaining, and resolving contracts. Complaints received will be investigated by an investigation committee consisting of the head of the legal team and the head of the supplier's department and resolved within a maximum of 14 days. The confidentiality of the complainant is not only protected, but also treated in a non-public manner.

Supplier Complaint Handling Process



Supplier Communication

MONALISA holds meetings at least once a month to listen to the difficulties of suppliers and actively improve them. Through meetings, MONALISA checks fair trade compliance with suppliers, and identify and respond to supplier requirements. At the 2022 meeting, safety and health issues were the focus, and consulting was provided to strengthen the safety and health of suppliers and support workplace improvements.

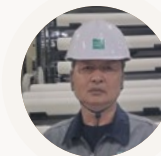
Since July 2022, MSS Global has been holding supplier meetings every two months. MSS Global listens to the difficulties of its suppliers, and MSS Global understands the current status of safety and health and provide necessary support for prevention.

INTERVIEW



Junggyeon Co., Ltd.
Han Jun-Ho(CEO)

As part of MONALISA's cooperation, Junggyeon was able to boost the morale of our employees by sharing profits according to the results and supporting outing dues, year-end dues, and holiday gift expenses, and through this we were able to feel what shared growth through true cooperation is. The support for suppliers implemented by MONALISA has been able to inspire long-term employment of employees, and true cooperation has provided an opportunity to enhance employees' sense of community and safety awareness. I believe this is the biggest advantage of MONALISA's ESG management.



Hyemin Co., Ltd.
Hwang In-Young (CEO)

Hyemin is employed by MONALISA and actively participates in the Shared Growth Program. We are actively participating in the goal of achieving accident-free workplace established by MONALISA, and we are conducting activities to discover and improve hazardous risks through safety consulting. In addition, we hold a safety and health council meeting between MONALISA and contractors once a month to actively participate in safety and health prevention activities. We believe that ESG is the most important environment. We will further collaborate and participate in the safety field to become a hygiene product company without environmental pollution or disasters.



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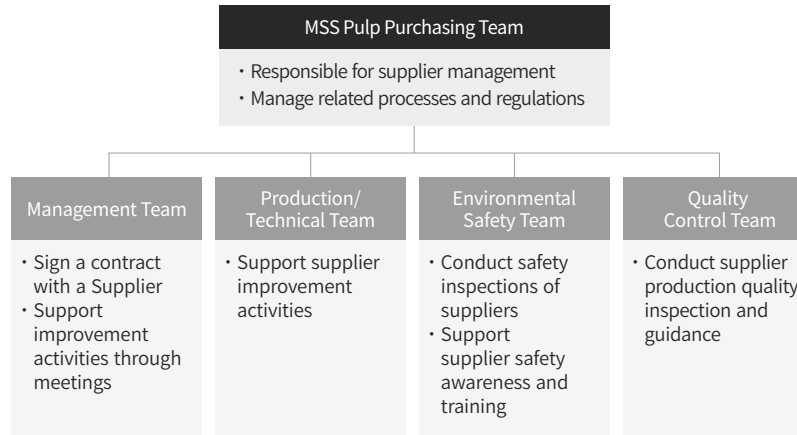
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MSS Group manages all its suppliers through the MSS Pulp Purchasing Team. This team is responsible for establishing supplier selection processes and evaluation criteria. They work in collaboration with the management team, quality control team, and environmental safety team of each company within the group to ensure fair transactions with suppliers. Regular meetings are held between the management team of each company and the suppliers to collect feedback, address any concerns or complaints, and explore opportunities for improvement. These communication activities aim to foster a cooperative relationship and find ways to coexist with suppliers.

Organizational Structure



Supplier Evaluation

MSS Group conducts semiannual evaluations for mutual growth with its suppliers. The evaluation criteria comprise health and safety management, quality management, production capacity, and fulfillment of contractual obligations. If the evaluation results indicate repeated insufficiencies, the supplier's contract is terminated.

The environmental management risk standard consists of 10 criteria, including environmental management policy, environmental organization, training, environmental pollution emission management, violation of laws and regulations, and occurrence of environmental accidents, and is evaluated on a 100-point scale. In 2022, MONALISA conducted an environmental management risk assessment for five suppliers and SsangYong C&B for eight suppliers. As a result, the environmental management score of the supplier was confirmed to be above 75 points on average. Based on the evaluation, MSS Group plans to improve the environmental management of its suppliers.

Supplier Evaluation Criteria

| | | |
|------------------------|---|---|
| Reliability | → | <ul style="list-style-type: none"> • Fulfillment of the contract • Compliance with the Labor Standards Act • Compliance with ethical management • Awareness of safety and quality regulations |
| Productivity | → | <ul style="list-style-type: none"> • Ability to respond to changes in production plans • Achievement of the production plan |
| Quality | → | <ul style="list-style-type: none"> • Ability to perform quality control follow-up |
| Cost | → | <ul style="list-style-type: none"> • Cost reduction planning and implementation capability |
| Safety | → | <ul style="list-style-type: none"> • Number of safety accidents (including property accidents) • Number of fire accidents • Safety training participation rate |
| Environment management | → | <ul style="list-style-type: none"> • Effectiveness of the environmental management policy • Environmental training status • Efforts to reduce pollutant emissions • Proper management of hazardous chemicals • Penalties for violations of environmental law |

- Environmental organizations
- Air/water emission management
- Proper waste management and disposal
- Resource recycling activities
- Environmental accidents occurrences



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Supplier Contract

In November 2022, MSS Group revised its contracting contract to enhance suppliers' compliance with laws and social responsibilities and promote shared growth. According to the revised contract, suppliers must comply with relevant laws and regulations, such as the Occupational Safety and Health Act and the Labor Standards Act, and provide guidance and training to workers. If a supplier fails to comply with relevant laws and regulations, and two or more violations occur, the contract with the supplier will not be renewed. In addition, suppliers must implement various measures to prevent industrial accidents, including enhanced worker training. Additionally, MSS Group guarantees fair trade by stipulating the prohibition of unfair returns of delivered goods and the protection of intellectual property rights for mutual growth with its suppliers.

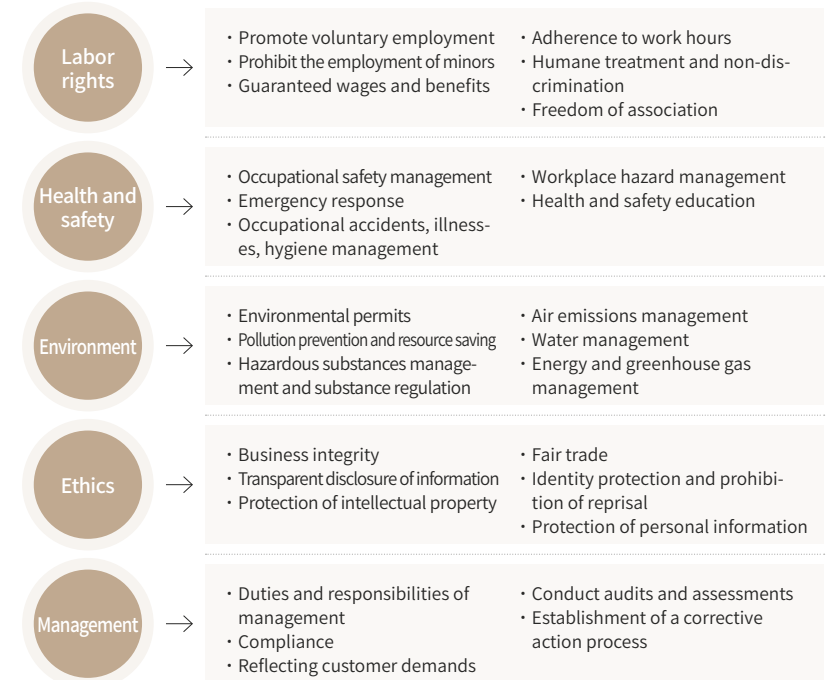
Supplier Compliance Enforcement Provisions in MSS Group Contract

| Program | Details |
|---|--|
| Compliance with laws and regulations | Compliance with laws and regulations related to contracting work, such as the Occupational Safety and Health Act and the Labor Standards Act |
| | Management and training for compliance with labor laws |
| Safety Accident Prevention | Worker safety training at least once a month |
| | Coverage of workers compensation insurance |
| | Compliance of worker safety by management and supervision |
| Prevention of serious industrial accidents | Establishment of safety and health management system |
| | Implementation of all measures to prevent serious industrial accidents |
| | Serious Industrial Accident Prevention Education and Management |
| Prohibition of unreasonable termination of contracts or returns | Prohibition of the unreasonable termination of contracts when there are no issues with the supplier |
| | Prohibition of unfair returns |
| Protection of intellectual property rights | Prohibition unauthorized use of patents, utility models, design rights, trademarks, copyrights, and various technologies |
| Anti-corruption | Strictly comply with all anti-corruption laws and regulations |
| Compliance with the Code of Conduct | Compliance with labor rights, safety and health, environment, ethics, and management system code of conduct |

Supplier Code of Conduct

MSS Group has established a Partners Code of Conduct to encourage all suppliers who do business with us to fulfill their social and environmental responsibilities. Our Supplier Code of Conduct refers to the norms set forth by the Responsible Business Alliance (RBA) and consists of items such as labor rights, safety and health, environment, ethics, and management systems. The Code of Conduct is defined in our contracts, and all suppliers doing business with us must abide by the Code of Conduct.

Supplier Code of Conduct





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Product Quality Policy

Providing customers with high-quality products with high durability is an essential element of the company's survival and sustainable growth. Accordingly, MSS Group produces products that satisfy customers, complies with the laws related to production, and strives to produce the best products by continuing product development. To this end, MSS Group has established a product quality policy and product quality objectives for quality improvement, compliance with laws and regulations, and quality certification. We will do our best to ensure that only reliable products are supplied to customers through the implementation of product quality policies and the achievement of goals.

Product Quality Policy

- 1 We are the face of quality, and uphold the fundamentals and principles with a sense of pride.
- 2 To ensure that our products carry a name we can be proud of, we are committed to taking responsibility for them until the very end.
- 3 In the supply of products, we strictly refrain from using any trade terms or methods that could potentially infringe upon the rational choices or interests of consumers.
- 4 We comply with the Hygiene Products Management Act and produce and supply products that meet the standards specified by law.

Product Quality Objectives



Quality Control Governance

Each company of MSS Group has a quality team under their organization dedicated to product quality management. The quality team conducts quality analysis for each production process, including quality improvement activities, to prevent risks before the product is distributed. In addition, MSS Group is doing the best to improve and stabilize the quality of the entire process from product development by cooperating with quality-related departments to comply with laws and regulations for quality indicators and safety reviews for materials used in production.

Each company's marketing team identifies and responds to consumer complaints about its products. Consumer complaint issues raised through various channels such as customer supporters and consumer consultation offices, are reviewed at a quality meeting held monthly by the CEO and are regularly reported to the Board.

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Quality Management System

MSS Group has introduced and maintained international quality management systems such as ISO 9001, ISO 22716, and Food and Drug Administration (FDA) certification. In addition to ISO 9001, certification for the diaper business, MSS Group has obtained ISO 22716, certification for the wet wipes business. MONALISA has obtained FDA certification and maintain a high quality control system.

Product Quality Certification Items

| Certification | Affiliate | Scope of certification | Expiration date | Certification Authority |
|-----------------------------------|------------|------------------------|-----------------------|--|
| ISO 9001 | MSS Global | Diaper | 11.23.2017-11.22.2023 | International Organization for Standardization |
| ISO 22716 | MSS Global | Wipes | 5.23.2022-5.22.2025 | International Organization for Standardization |
| Certification of FDA Registration | MONALISA | Mask | 2021 | U.S. Food and Drug Administration |

Product Quality Certifications



[ISO 9001]



[ISO 22716]



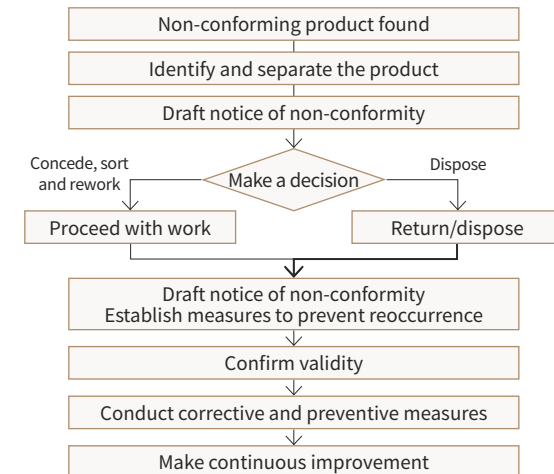
[FDA]

Adopting Quality Improving Technology

During the product development process, MSS Group prioritizes the introduction of raw and subsidiary materials that comply with product safety standards and incorporate them into product design. MSS Group conducts regular internal quality inspections to ensure product safety, as well as collect samples for inspections to ensure the safety of products in circulation. Our implementation of High Performance Liquid Chromatography (HPLC) testing equipment enables us to continuously monitor and improve the safety of product quality by detecting controversial substances.

To ensure product stability and maintain a comprehensive history, MSS Group conducts inspections from the receipt of raw materials, subsidiary materials, semi-finished products, to the shipment of finished products. Throughout this entire process, MSS Group performs preliminary management by adhering to stipulated appearance and property management requirements. Furthermore, MSS Group conducts inspections on products produced by Original Equipment Manufacturer (OEM) companies to maintain quality standards. In cases where products are found to be non-conforming, MSS Group follows up by identifying the cause and establishing measures to prevent recurrence through the non-conformity management procedure.

Non-conforming Products Management Process





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Product Quality Meetings

MSS Group conducts monthly product quality meetings under the direction of the CEO for the purpose of improving product quality. Quality meetings include a review of quality indicators, and the effectiveness of improved practices.

Additionally, in order to improve the quality, MSS Group is auditing not only its own systems but also its suppliers' systems, and are conducting quality evaluations to promote the quality mind-set of not only its employees but also its suppliers.

Quality Meeting Agenda and Improvement Measures

| Agenda | Improvement measures |
|--|---|
| 1 Appearance of foreign substances, such as slime, oil, etc. | → Strengthened foreign substance inflow management |
| 2 Incomplete perforations on the wrapping paper | → Adhered to a strict replacement cycle for perforations knives |
| 3 Smell of wrapping paper ink | → Set the delivery date considering the aging time |
| 4 Defective mask straps | → Improved the strength of adhesion of straps |
| 5 Non-adhesion of subsidiary material connection tape | → Inspected the material connection reject system |
| 6 Product loss due to strong adhesion of wrapping paper | → Improved adhesive strength |

CASE

MONALISA introduced High Performance Liquid Chromatography (HPLC) in 2022 to continue providing consumers with high-quality, safe and environmentally friendly products. The introduction of HPLC analysis equipment enabled real-time testing of preservatives and harmful components before production, enhancing the quality and hygiene management of MONALISA products. In recent years, as the controversy surrounding wet wipes has escalated, consumers have become more cautious in evaluating and purchasing products; Assessing all ingredients to make informed decisions. This has prompted us to prioritize consumer needs and respond to their concerns.





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Consumer Protection Policy

MSS Group has established and implemented consumer rights protection policies to contribute toward the development of the national economy by promoting the rights and interests of consumers. Our consumer rights protection policy covers quality enhancement, fair trade, information delivery, privacy protection, and dispute resolution that affect the improvement of consumer rights. MSS Group requires all employees as well as its suppliers to be familiar with the guidelines and apply them to their work.

Consumer Protection Policy

- 1 Necessary measures shall be taken to ensure that the product does not cause harm to the consumer.
- 2 In supplying products, no trade terms or methods shall be used that may infringe on the rational choice or interests of consumers.
- 3 Consumers shall be provided with information about the product in good and accurate faith.
- 4 Consumers' personal information must be handled in good faith so that it is not lost, stolen, leaked, altered or damaged.
- 5 We are committed to resolving consumer complaints and compensating for damages caused by product defects.

Customer Compensation

MSS Group guarantees product replacement and compensation to consumers in accordance with the Consumer Dispute Resolution Standards under the Framework Act on Consumers. MSS Group provides relevant information in the package so that consumers can exercise their rights through exchanges and compensation. Consumers can easily find information related to consumer rights through the Customer Satisfaction Center on our website. Additionally, in order to ensure the rights and interests of consumers, MSS Group purchases Product Liability insurance to provide reasonable compensation in the event of product defects.

Customer Compensation Criteria

| Damage type | Resolution criteria |
|---|--|
| Incorporation of foreign substances | Product exchange or purchase price refund |
| Quality, performance, and functional defect | |
| Damage caused by defective packages | Reimbursement for medical expenses, operating costs, and lost income |
| Side effect | |
| Quantity deficiency | Provision of the quantity deficiency |



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Customer Communication Process

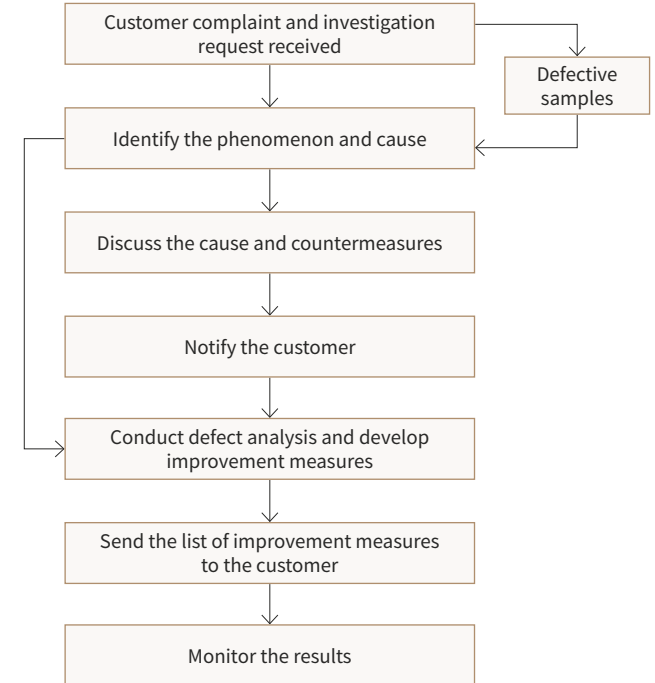
MSS Group has established a communication channel on each company's website to handle customer complaints quickly and accurately. Consumers are free to raise quality issues, including issues that occur in the process of consuming our products; all reports are handled privately.

When a consumer complaint is filed, an investigation committee composed of the team leader and the head of the department in charge will analyze the cause and devise a solution according to the customer complaint process. Complaints filed will be dealt with within a maximum of 14 days and forwarded to the consumer.

Customer Complaint Reporting System



Customer Communication Process





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Customer Satisfaction Enhancement Activities

MONALISA communicates with customers through various channels to provide high quality and service. MONALISA operates the DayDay Bijou Supporters Program, which is a customer experience group activity, to receive product feedback from customers through social media and reflect it in quality improvement. In 2022, 445 complaints were received through the Consumer Counseling Office, and 100% of complaints were handled through immediate feedback and packaging improvements.

MSS Group has introduced a Robotic Process Automation (RPA) system to improve customer satisfaction. When there is a delay in the delivery of goods, MSS Group responds by automatically sending a text message to the customer through the RPA system to increase customer satisfaction.

Through these continuous customer satisfaction enhancement activities, MONALISA has been recognized for its customer satisfaction and high reliability, and also won first place in the 2022 Korea Brand Evaluation. Additionally, SsangYong C&B has maintained the No. 1 position in the toilet paper section of the Korean Consumer Satisfaction Index for seven consecutive years.

CASE

In 2022, MSS Group received a customer complaint regarding foreign objects and bugs found in certain toilet paper products. Upon investigation, MSS Group identified that the accumulation of raw materials in the bends of the water pipes during the cleaning process resulted in some residue mixing into the raw materials. However, it was determined that the bugs found in the product were not a result of our manufacturing process but were introduced externally.

To address these issues, we have taken several corrective actions. MSS Group has strengthened the internal cleaning of the raw material equipment line and implemented improved inspection procedures during fabric production. Quality training has been provided to workers to enhance foreign substance management, and MSS Group has intensified the pest control activities. Specifically, from April to November, when pest activity is high, MSS Group conducts regular quarantine and facility inspections 1-2 times a month.

MSS Group has also communicated these improvements to its customers and implemented ongoing monitoring measures to prevent the recurrence of such issues.



Special Quality Training for Employees



Pest Control



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As the importance of corporate information security increases worldwide, MSS Group has been creating an environment to strengthen the security system every year since 2020. MSS Group complies with various security-related laws and regulations, such as the Trade Secret, the Industrial Secret, and the Personal Information Protection Act.

Information Security Policy

MSS Group establishes and operates an information security policy for each department, which controls the export of file attachments such as storage media and external emails to prevent leakage of critical company information.

Privacy Policy

MONALISA and SsangYong C&B manage customers' personal information based on the privacy policy, which is posted on each company's website so that customers can quickly handle complaints related to personal information. Additionally, MONALISA and SsangYong C&B continuously monitor the latest information protection trends and reflect them in the privacy policy.

Privacy Policy of Our Affiliates

MONALISA [🌐 Privacy Policy](#) **SsangYong C&B** [🌐 Privacy Policy](#)



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Information Security & Privacy

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MONALISA and SsangYong C&B appoint their CEO's within each company as the Chief Information Security Officer (CISO) for an effective information security management. The CISO is in charge of deliberating and deciding on major information protection matters within the company, and fulfills its obligations and responsibilities for information protection.

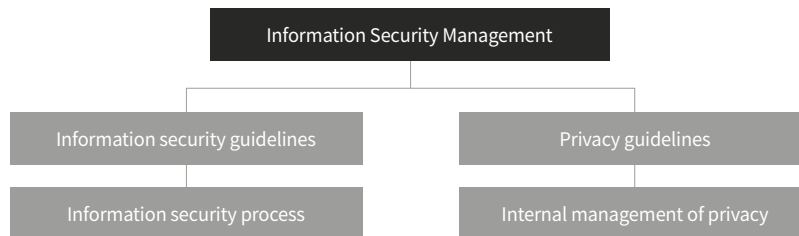
Information Security Management System

MSS Group operates a management system to prevent failure and accidents based on information protection guidelines. We conduct regular information security diagnoses, such as monthly inspections of major servers and backup systems, in order to check information security vulnerabilities and eliminate risk factors.

Additionally, MSS Group monitors and manages anomalies in real time through the spam prevention solution, and store and operate the main operating server system in Internet Data Center (IDC) to defend against external cyber attacks, such as ransomware and DDOS. The backup management system backs up data every day to prevent data loss due to external cyber attacks.

To manage security threats at the five business sites, MSS Group has introduced a security control service and a PC security management system to prevent unauthorized leakage of the company's critical information and customer information.

Information Security Management System



Promoting Awareness About Privacy

MSS Group conducts an information security pledge for all employees to strengthen their security awareness. In the event of an issue related to information security, MSS Group provides information protection through intranet bulletin board notices and e-mails, so that all executives and employees can stay updated on information protection and security. Furthermore, MSS Group provides personal information protection training for all employees to ensure the safe handling of personal information.

Investments in Information Security

MSS Group is strengthening the security system by maintaining and managing existing information security systems while introducing new ones. As of 2022, MSS Group has invested 11.7% of the information technology expenses in the information security sector.

Information Security Investment Status

| Category | Information technology cost (Unit: KRW million) | Information security cost (Unit: KRW million) | Percentage of information security investment (Unit: %) |
|-------------|--|--|--|
| Investments | 1,213 | 142 | 11.7% |



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Community Participation and Contribution

Policy

In order to fulfill the social responsibilities and obligations, MSS Group has established the community outreach policy and is conducting management activities based on it. Aligned with our vision to ‘fulfill corporate responsibility and generate social value through community outreach initiatives’ MSS Group has developed a activity plan that extends until 2030.

Community Participation and Contribution Policy

- 1 As a group specializing in hygiene products, we aim to grow into a sustainable company that creates positive synergy in the local community and brings together all members of society.
- 2 We aim to grow into a sustainable company by creating social value and building brand trust through the establishment and practice of various community outreach activities.
- 3 All of our affiliates shall do their best to achieve the established community outreach goals. Furthermore, we provide support for the community outreach activities carried out by our suppliers.

MONALISA [Community Outreach Policy](#)

SsangYong C&B [Community Outreach Policy](#)

Vision and Activity Plan

Vision

Fulfill corporate responsibility and generate social value through community outreach initiatives

Activity Plan

| | 2021~2025 | 2026~2030 |
|--|--|---|
| | Make donations to the community through public organizations | Conduct environmental preservation activities for local communities |
| | Support vulnerable groups with basic necessities | Promote the development of eco-friendly products |
| | Provide scholarships assistance for students | Carry out volunteer activities for local communities on a regular basis |
| | Provide education for local communities | Support for culture and arts for underprivileged groups, local children's centers, etc. |



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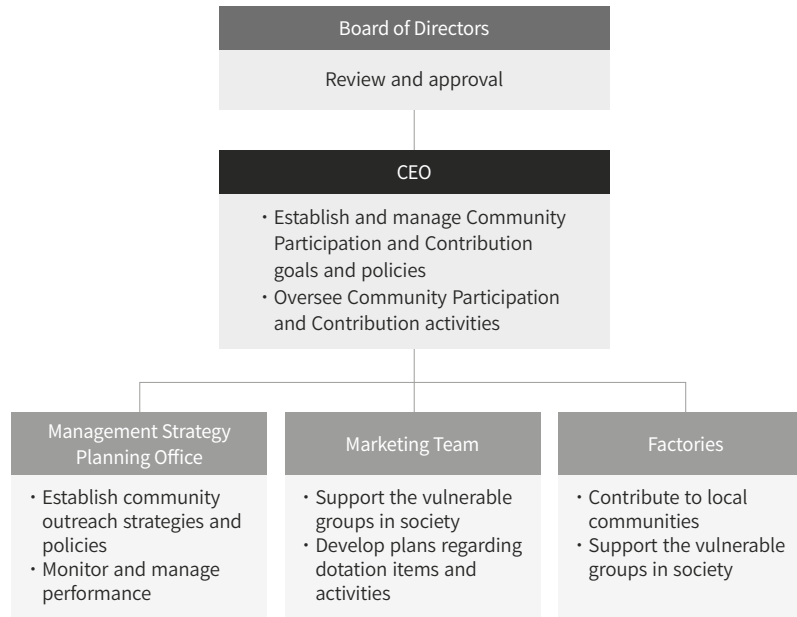
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Community Participation and Contribution

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MSS Group is engaged in community outreach activities such as supporting public institutions and vulnerable groups in the local community. The ESG Promotion Team and the head office select donations from public institutions and vulnerable groups in the community, and establish detailed schedules such as donation volumes and support activity plans related to donated items. In accordance with the established schedule, each production facility carries out community outreach activities by securing and delivering donated items. MSS Group is practicing management activities that all members of society can participate in through continuous communication.

Organizational Structure



Reducing Negative Impacts on Local Communities and Promoting Eco-Friendly Activities

MSS Group regularly reviews the negative environmental impacts of the production activities around the factories and implement mitigation activities.

In the 2022 impact review, MONALISA discovered that the solid refuse fuel (SRF) boiler in the factories generated approximately 140 dB of noise, propagating 81 dB of noise to residential areas within a 600-meter radius. To address this issue, MONALISA installed a silencer at the noise-generating safety valve outlet of the SRF boiler and implemented sound-absorbing materials to mitigate noise generation. Additionally, our impact study revealed that the FT blower room in our Nonsan factory emitted noise that reached residential areas within an 800-meter radius. To address this concern, MONALISA installed a soundproof wall in the FT blower room. As a result of subsequent noise measurements, the noise generation was successfully reduced to a range of 38-42 dB, complying with the standard living noise regulations.

Moving forward, MSS Group will continue to review the negative impacts on the communities in which MSS Group operates and proactively responds to address any concerns.

Installation of Silencer to Reduce Noise Level





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Community Participation and Contribution

Supporting Vulnerable People

MONALISA donated hygiene products worth 130 million won to promote the hygiene and welfare of vulnerable elderly people in South Chungcheong Province. The donated items consisted of wipes, masks, and antibacterial deodorants necessary for daily hygiene management, and were delivered to 44 elderly welfare facilities through a social welfare joint fundraiser.

MONALISA and SsangYong C&B donated 2,330 boxes of wet wipes to Nonsan City to support the hygiene management of vulnerable groups such as the elderly and low-income groups. SsangYong C&B donated hygiene products worth about 200 million won to the Sejong Community Chest as part of its community outreach activities for the local community.

The donated items consisted of essential items for epidemic prevention, such as hand sanitizer, hand wash, and masks, as well as hygiene products such as baby diapers. These donated items were distributed to a total of 35 necessary facilities, including children's centers, elderly welfare centers, and shelters for the disabled, contributing to the promotion of hygiene management for vulnerable people.

Donation History

Unit: KRW million

| Company | 2020 | 2021 | 2022 |
|---------------|------|------|------|
| MONALISA | 143 | 38 | 138 |
| SsangYong C&B | 143 | 384 | 218 |
| Total | 286 | 422 | 356 |

CASE

SsangYong C&B received a plaque of appreciation from Community Chest of Korea in 2022 for its continuous donations to the local community.

To fulfill the social corporate responsibility, SsangYong C&B continues to donate every year for the local community in Sejong City, where the factory is located, and have donated hygiene products worth 200 million won to the Sejong Community Chest in 2022. SsangYong C&B plans to continue expanding the donation activities to support community development and vulnerable groups.



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Board of Directors

Board Operations

The board of directors of each company is dedicated to establishing and enhancing a management system that reflects the fundamental ideology and core values of MSS Group. This aims to enhance the company's value and advance shareholder interests. Our board of directors operates in accordance with Korean commercial law, making decisions on matters related to business operations as specified in laws, articles of incorporation, resolutions from shareholders' meetings, and company management policies. Additionally, the board provides oversight and supervision of management's duties and responsibilities.

MSS Group operates the Board of Directors in accordance with the articles of incorporation to ensure efficient operation and grant clear authority to the Board. Regular board meetings are held quarterly in accordance with regulations, and occasional meetings are held as required. The board shall notify each director of the location, date, and agenda of the meeting at least five days prior to convening. Outside directors may receive support or advice from external experts if necessary in connection with their work, at the companies' expense. Furthermore, MSS Group purchases liability insurance for directors to actively support the management activities of the Board.

In 2022, the Board convened a total of 38 times based on the six companies of MSS Group, and a total of 51 items were deliberated and voted on, including changes to the articles of incorporation, appointment of a CEO, operational status, and approval of revised business plans. The attendance rate was 86%, including inside and outside directors.

Operational Status of the Board of Directors

| | Category | 2020 | 2021 | 2022 |
|--------------------------|---------------|------|------|------|
| Number of board meetings | MONALISA | 11 | 7 | 8 |
| | SsangYong C&B | 10 | 13 | 13 |
| | MSS Global | 8 | 7 | 8 |
| | MSS Pulp | 2 | 5 | 6 |
| | MSS Logistics | 1 | 1 | 1 |
| | MSS HRM | 1 | 2 | 2 |
| Number of agenda | | 42 | 43 | 51 |
| Attendance rate | | 81% | 81% | 86% |

MONALISA Regulations of the Board of Directors

SsangYong C&B Regulations of the Board of Directors

Board Remuneration

The payment of inside directors and outside directors of MSS Group will be paid within the limits of the directors' payment approved by the General Shareholders Meeting. In addition, non-financial performance, such as the achievement of environmental management goals, is reflected in the director's KPIs and earnings are paid.

Board Assessment

To enhance the efficiency of the Board, improve the governance structure, and foster the continuous growth of the company, MSS Group regularly conducts evaluations of the Board as well as individual assessments of each member. These evaluations are carried out annually through a self-evaluation questionnaire. The questionnaire encompasses 35 questions related to the board's role, responsibility, structure, and operation. In addition, the evaluation of directors comprises 11 questions covering aspects such as attendance, experience, knowledge, and contributions to the Board.

The 2022 Board Assessment was conducted in June 2023, evaluating the performance of the board of directors. The assessment resulted in a score of 4.3 out of 5 for the operation of the board, while the directors themselves received a confirmed score of 4.5. Building on these evaluation results, MSS Group intends to establish a follow-up process to review the outcomes and address any concerns raised, including the development and implementation of a regular training system for directors.

Board Evaluation Items

| | Evaluation item | Details |
|--------------------------------|-------------------------------|---|
| Evaluation of board operations | Roles and responsibilities | Understanding of the job, industry, and company |
| | Composition | Adequacy of the board composition and the level of independence |
| | Operation | Operating procedures, prior discussion of agendas, activities of outside directors, and board committee assessments |
| | Evaluation and improvement | Transparency in board evaluations and improvements |
| Director Evaluation | Engagement | Preparation and attendance |
| | Experience and knowledge | Management-related expertise and experience |
| | Contribution to the operation | Contribution to the operation of the board |
| | Board accountability | Decision-making in consideration of shareholder interests and social responsibility |



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Board of Directors

Composition

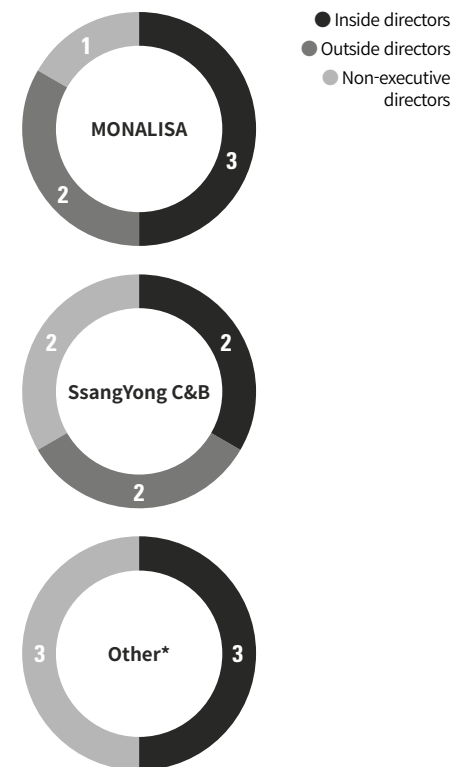
MSS Group's Board of Directors operates transparently by appointing all directors at the shareholders' meeting in accordance with the Commercial Act of Korea and the articles of incorporation. MSS Group goes beyond the legal minimum standards to ensure independence by retaining a higher number of outside directors. As of March 2023, the composition of the board is as follows.

Board Skill Matrix

As of March 2023

| Name | Types of director | | | | Major career | Date of appointment (term of office)** | Expertise | | | |
|------------------|--------------------------------|---|--------------------------------------|---|---|--|------------------------|-------------------------|-----------|-------|
| | CEO | Inside | Outside | Non-executive | | | Finance and accounting | Business administration | Marketing | Labor |
| Kwang-Ok Joo | MONALISA, MSS Global, MSS Pulp | SsangYong C&B | | | CEO of MONALISA CFO of MSS Group | 3.28.2022 (2 years) | ● | | | |
| Chang-Seok Jeong | SsangYong C&B, MSS HRM | MONALISA | | | CEO of SsangYong C&B Former Head of MONALISA Sales & Marketing Division | 3.28.2022 (2 years) | | ● | ● | |
| Dong-Wook Seo | | MONALISA (Chair of the Audit Committee) | | SsangYong C&B, MSS Global, MSS Pulp, MSS Logistics, MSS HRM | Vice President of Morgan Stanley Private Equity (MSPE) | 3.29.2022 (2 years) | | ● | | |
| Jeong-Sik Kim | | | MONALISA (Member of Audit Committee) | | CEO of Alpha Investment Partners | 3.29.2022 (2 years) | ● | | | |
| Ho-Chul Yang | | | MONALISA (Member of Audit Committee) | | Outside Director of Shinhan Investment Bank | 3.29.2022 (2 years) | ● | ● | | |
| Hoehoon Jung | | | | MONALISA, SsangYong C&B, MSS Global, MSS Pulp, MSS Logistics, MSS HRM | CEO of Morgan Stanley Private Equity (MSPE) Korea | 5.16.2022 (2 years) | | ● | | |
| Young-han Yoo | MSS Logistics | | | | CEO of MSS Logistics Director of the MONALISA Management Division | 12.31.2022 (2 years) | ● | | | |
| Jaehyun Lee | | | SsangYong C&B | | CEO of JHL Capital | 3.28.2023 (1 year) | | ● | | |
| Jongheon Kim | | | SsangYong C&B | | CEO of Goodlabor Corporation | 3.28.2023 (1 year) | | | | ● |
| Geunwoo Choi | | | | MSS Global | Auditor at SsangYong C&B Works for Morgan Stanley Private Equity (MSPE) Korea | 3.25.2021 (3 years) | | ● | | |

Board Composition of Each Company



* MSS Global, MSS Pulp, MSS Logistics, and MSS HRM

**Based on the date of first appointment among the appointed affiliates



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Board of Directors

Board Leadership

Board Expertise

MSS Group ensures the expertise of the board by appointing directors with diverse backgrounds and expertise in fields such as finance, management, and law. This enables us to make informed and rational decisions regarding our management activities. To further enhance the expertise of the board, MSS Group has planned training sessions that will focus on updates in the external economic environment, risk management, and new business development.

Board Independence and Diversity

The Board of MSS Group holds the highest decision-making authority on major management matters and strives to make effective decisions. To enhance the Board's independence, MSS Group conducts thorough assessments of the expertise of potential directors, recommend them as candidates, and appoint them through a fair and transparent procedure. The proportion of outside directors exceeds the legal requirement to promote independent and efficient management operations.

Furthermore, MSS Group ensures that factors such as nationality, race, gender, and age have no influence on the director appointment process, thereby fostering diversity among the board members..

Board Committees

Audit Committee

To enhance the effectiveness and independence of the audit function, MONALISA has established an audit committee within the Board, in accordance with the Articles of incorporation and regulations. The audit committee comprises one inside director (chairman) and two outside directors, all of whom possess expertise in finance, accounting, and commercial law. This composition enables the committee to carry out their audit responsibilities in a professional and transparent manner.

In 2022, the Audit Committee convened three times, and all resolutions were duly reported to the Board.

MONALISA's Board Committees



2022 Audit Committee Operational Status

| Date | Agenda | Number of directors in attendance | | Attendance rate |
|-----------|---|-----------------------------------|---------|-----------------|
| | | Inside | Outside | |
| 1.25.2022 | • Design and operation of internal accounting management system | 1(1) | 1(2) | 66% |
| 1.25.2022 | • Review of 2021 financial statements • 2021 company business audit | 1(1) | 1(2) | 66% |
| 8.12.2022 | • Preparation and submission of semi-annual review report • Review of semi-annual financial statements • The business audit in H1 2022 • Self-audit plan for H2 2022 | 1(1) | 2(2) | 100% |



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Increasing Shareholder Value

Equity and Capital Structure

MONALISA ensures that voting rights are fair and proportionate based on the type and number of shares held. Each share is granted one vote, except for equity shares which do not carry voting rights. According to the articles of incorporation, a maximum of 200,000,000 shares can be issued, with each share priced at 500 won. As of December 31, 2022, MONALISA has 36,571,255 common shares and 10,480 treasury shares outstanding, and 36,560,775 shares, which account for 99.9% of the outstanding shares, are eligible for voting rights.

MONALISA's Stock Issuance Status and Stock Composition Unit: share

| Category | Type | Number of shares | Note |
|------------------------------------|-----------|------------------|----------------|
| Total number of outstanding shares | Common | 36,571,255 | - |
| | Preferred | - | - |
| Number of non-voting shares | Common | 10,480 | Treasury share |
| | Preferred | - | - |
| Number of voting shares | Common | 36,560,775 | - |
| | Preferred | - | - |

MONALISA's Consolidated Cash Dividend Payout Ratio and Dividend Yield

| | 2020 | 2021 | 2022 |
|---------------------------|---------------|-------|---------------|
| Total dividends (KRW) | 2,742,058,125 | - | 1,828,038,750 |
| Dividends per share (KRW) | 75 | - | 50 |
| Dividend payout ratio | 34.63% | 0.00% | 75.20% |
| Dividend yield | 1.50% | 0.00% | 1.65% |

Protecting Shareholders' Rights and Interests

MONALISA prioritizes open and transparent communication with shareholders and investors through various activities and channels. Our sustainability reports and general management activities serve as important means to disclose our commitment to ESG management and performance to stakeholders.

MONALISA also prioritizes enhancing shareholder value through dividend payments. The determination of dividends takes into account the prevailing business conditions. Once a dividend decision is made, it is announced and communicated to shareholders. In 2022, our dividend payout ratio increased from 34.6% in 2020 to 75.2%, demonstrating our commitment to enhancing the return on shareholders' investments. To safeguard shareholders' rights, MONALISA actively participates in disseminated shareholders meeting and support the shareholder autonomy program. MONALISA ensures that shareholders can exercise their voting rights indirectly through proxy voting. Furthermore, MONALISA has introduced a centralized voting system in the articles of incorporation, which guarantees the voting rights of minority shareholders in the appointment of directors.

Transparent Management Information Disclosure

To establish a robust governance structure that serves as the foundation for sustainable growth, MONALISA prioritizes transparency as the core value in corporate management. MONALISA is committed to providing stakeholders with timely and comprehensive information regarding the overall management activities. To this end, MONALISA promptly discloses information as required by laws and regulations, and if necessary, disclose matters that have or may have a significant impact on the decision-making of shareholders and stakeholders in addition to legal requirements. Such disclosure does not give preferential treatment or discrimination to any particular information user.

MONALISA's Management Information Disclosure Channels

| No | Communication channel | Details |
|----|---|--|
| 1 | Website (http://www.monalisa.co.kr) | Financial information, IR data, and electronic announcements |
| 2 | Data Analysis, Retrieval and Transfer System (DART) | Business reports, audit reports, etc. |
| 3 | Sustainability Report | Economic, environmental, social, and governance performance |



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Compliance & Ethical Management

Policy

Code of Ethics

MSS Group has established the Code of Ethics, which encompasses the ethical management philosophy and sets standards for conduct that apply to all employees. It serves as a guide for fulfilling the responsibilities and obligations to customers, outlines the ethical expectations for employees, and prohibits bribery and corruption.

Code of Ethics

We comply with ethical principles and laws and regulations so that we can be trusted by society and grow and develop together. This Code of Ethics serves as a standard for ethical judgment and behavior for the executives and employees of MSS Group, and all executives and employees will strive to protect their honor and dignity by complying with the Code of Ethics.

| | | |
|--|---|--|
| <p>1. Basic ethics</p> <ul style="list-style-type: none"> - Basic Ethics of Employees - Fulfillment of duty - Formation of a robust organizational culture - Avoidance of conflicts of interest - Protection of company assets - Transparent information operation and accounting management - Prohibition of bribery acts | <p>2. Customers</p> <ul style="list-style-type: none"> - Respecting customers - Keeping promises to customers - Customer protection | <p>3. Shareholders</p> <ul style="list-style-type: none"> - Responsibilities to shareholders - Protection of shareholder interests |
| <p>4. Suppliers and competitors</p> <ul style="list-style-type: none"> - Pursuit of free competition - Compliance with trade laws - Fairtrade | <p>5. Nation and society</p> <ul style="list-style-type: none"> - Contribution to national and social development - Prohibition of improper political practices - Safety accident and risk prevention - Environmental protection | <p>6. Employees</p> <ul style="list-style-type: none"> - Respect for employees - Improving the quality of life - Fair treatment - Supporting self-development |

Fair Competition Policy

MSS Group has established a fair competition policy to promote sound and sustainable development by complying with laws and regulations related to fair trade and pursuing fair profits through fair competition. All executives and employees must comply with the fair competition policy, and the suppliers who do business with us are also advised to comply with the fair competition policy.

Fair Competition Policy

No workplace bullying

1

- We shall not engage in unfair competition with other businesses through contracts, agreements, resolutions, or any other means, nor will we encourage other businesses to do so.

Prohibition of unfair trade practices

2

- We shall refrain from engaging in any activities that could undermine fair trade, such as refusing transactions, discriminatory treatment, or excluding competitors, nor will we permit our affiliates or other businesses to engage in such activities.

Compliance with fair competition in subcontracting

3

- We shall refrain from participating in unethical practices, including payment compliance violations, unfair special agreements, and unfair subcontracting decisions, to ensure the fair execution of subcontracting transactions.



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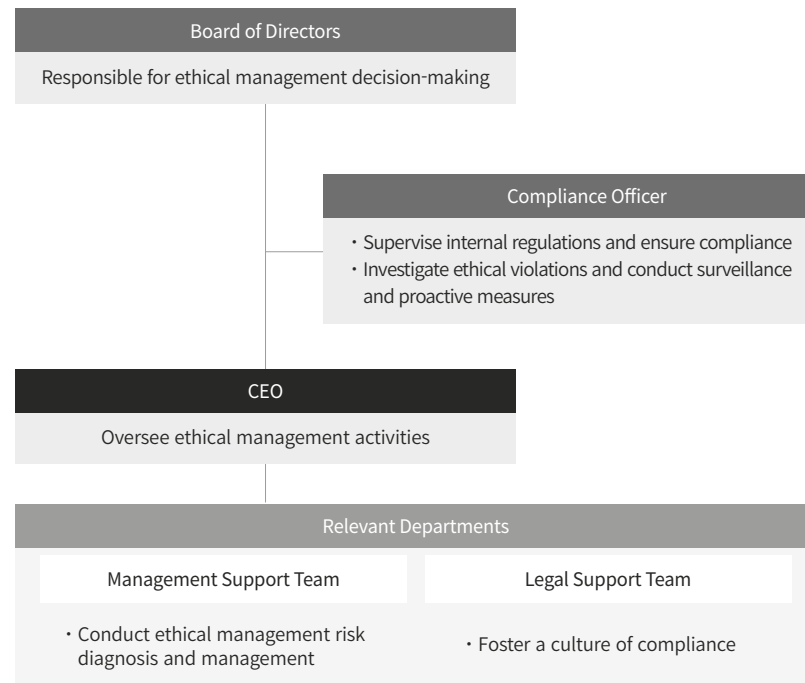
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Compliance & Ethical Management

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In order to strengthen the compliance system, MSS Group has assigned the compliance and ethical management departments of each company under the CEO. In order to regularly promote ethical management, a compliance officer is appointed, who will regularly conduct compliance inspections and reports the results to the Board.

Organizational Structure





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Compliance and Ethics Risk Management

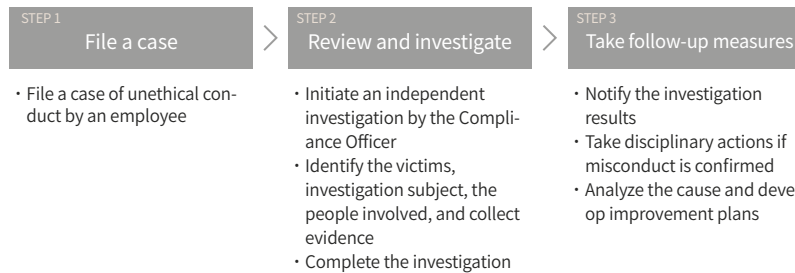
Compliance Inspections

MSS Group conducts compliance inspections for all organizations within the company by compliance officer reports where the results of the inspections are reported to the Board to prevent compliance and ethics-related risks.

Misconduct Handling System

In the event of misconduct by employees, the compliance officer conducts an independent investigation; if the investigation reveals misconduct, disciplinary action is taken in accordance with internal regulations. Furthermore, MSS Group actively prevents future occurrences by developing improvement plans, such as system enhancements.

Procedures for Handling Misconduct



Third-Party Fair Trade Compliance Inspection

MONALISA and SsangYong C&B conducted a supplier inspection in April 2023 to assess the company's and its employees' compliance with fair trade practices and identify risks in the best interest of all stakeholders. The survey revealed no reported cases of corruption or bribery among suppliers involved in fair subcontracting transactions as regulated by the law. However, three instances of delayed payment were identified during the investigation of the suppliers' payment status.

Based on the inspection results, MONALISA and SsangYong C&B plan to enhance compliance and ethical management by developing improvement plans and evaluating the effectiveness of implemented measures.

Subcontracting Inspection Results

| | Subject (Survey Response Rate) | Survey results | | Payment status survey results | | |
|---------------|-----------------------------------|------------------------|------------------------|-------------------------------|--------------|-------------------------|
| | | Corruption and bribery | Unfair trade practices | Unpaid | Late payment | Non-payment of interest |
| MONALISA | 25 companies (56%) | 0 cases | 0 cases | 0 cases | 3 cases | 0 cases |
| SsangYong C&B | 30 companies (53.3%) | 0 cases | 0 cases | 0 cases | 0 cases | 0 cases |
| Total | 55 companies (54.6%) | 0 cases | 0 cases | 0 cases | 3 cases | 0 cases |



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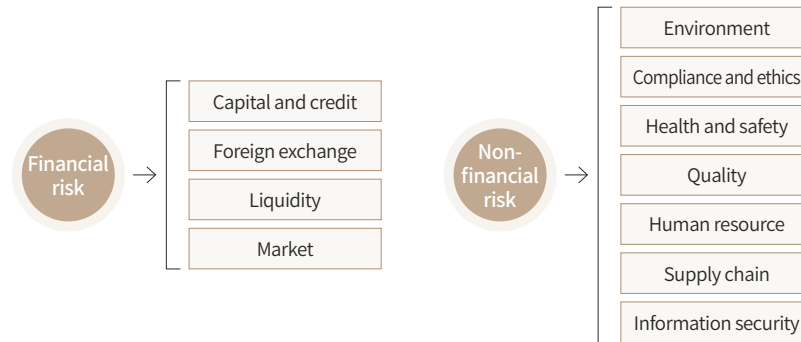
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Integrated Risk

Strategy

Internal and external risk factors, such as market uncertainty and climate change, can significantly impact business activities. Therefore, MSS Group has divided the risk management into 11 areas, including finance, environment, compliance and ethics, health and safety, and information security. For each of these areas, MSS Group has established specific management standards. To prioritize risk management at the management level, MSS Group has linked the management standards for each business department and task force to executive KPIs.

11 Risk Management Areas



Risk Management Process

To objectively identify potential risks in the business operations, MSS Group has implemented a process that involves reviewing major risks within each department and reporting them to the management. The related departments proactively identify and anticipate risks, taking necessary measures to prevent their occurrence in accordance with established management standards. The risk prevention efforts by each department are reported through the management hierarchy, ultimately reaching the Board, enabling prompt and effective risk response.

Risk Management Process





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To ensure timely and objective identification and response to business risks, MSS Group conducts risk identification and prevention activities across relevant departments. The departments associated with the identified management areas proactively prevent risks through ongoing risk identification, forecasting, and continuous monitoring. Our risk management activities are subject to regular management reviews, with the outcomes reported to the Board, strengthening the risk reporting system and enabling proactive risk prevention. In addition, MSS Group has established a dedicated task force under the Board of Directors to specifically address safety, health, and product quality, thereby intensively managing risk in these areas.

Organizational Structure





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Risk Management Status

Despite the potential occurrence of financial and non-financial events, MSS Group maintains uninterrupted operations and strategically undertakes response activities in the 11 risk management areas. Our aim is to minimize the environmental and social impacts that may arise from these events.

Financial Risks

| Risk | Description | Potential impact on MSS Group | | Response Activities |
|--------------------|---|--|---|---|
| | | Positive | Negative | |
| Capital and credit | <ul style="list-style-type: none"> Capital risk, credit rating, instability of interest rates and taxes, and risk of rapid fluctuations | <ul style="list-style-type: none"> Maintaining a stable capital structure and enhancing corporate valuation through capital risk management Being acknowledged as a reliable investment choice | <ul style="list-style-type: none"> Decreasing competitiveness in capital markets due to increasing debt ratios Fluctuating interest income and expenses due to interest rate volatility | <ul style="list-style-type: none"> Ensure an appropriate asset-to-liability ratio Manage tax risk through legal compliance |
| Foreign exchange | <ul style="list-style-type: none"> Foreign exchange risk due to the business structure involving the importation of raw materials | <ul style="list-style-type: none"> Securing cost competitiveness through stable foreign exchange management | <ul style="list-style-type: none"> Fluctuating profit and loss due to changes in the value of foreign currencies | <ul style="list-style-type: none"> Establish a exchanging hedging strategy to avoid risks Establish a dedicated department for foreign exchange management and implement ongoing monitoring |
| Liquidity | <ul style="list-style-type: none"> Liquidity risks due to investment in new facilities and purchases of raw materials | <ul style="list-style-type: none"> Securing opportunities to purchase cost-competitive raw materials Strengthening investment capabilities through liquidity management Gaining a competitive edge through investment in new facilities | <ul style="list-style-type: none"> Loss of opportunity of purchasing raw materials Default due to lack of funds | <ul style="list-style-type: none"> Constantly manage funds through balance forecast and cash flow analysis to maintain an appropriate level of liquidity Set and control risk management items for each detailed process, including investment approval, financing, acquisition, operation, and sales |
| Market | <ul style="list-style-type: none"> Deterioration of profit structure due to fluctuations in raw/subsidiary material prices Reduced market due to population decline Deterioration in profitability by increased supplier competition | <ul style="list-style-type: none"> Securing new clients Expanding new business opportunities Strengthening purchasing and research capabilities to secure alternative materials | <ul style="list-style-type: none"> Arising cost risks due to fluctuations in raw/subsidiary material prices Decline in sales due to reduced market size | <ul style="list-style-type: none"> Monitor raw/subsidiary materials market and diversify supply channels Establish an online shop-only warehouse and direct delivery system |



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● Integrated Risk

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Integrated Risk

Risk Management Status

Non-Financial Risks

| Risk | Description | Potential impact on MSS Group | | Response Activities |
|-----------------------|---|--|--|---|
| | | Positive | Negative | |
| Environmental | <ul style="list-style-type: none"> Environmental risks in the region due to production activities Risk of tighter greenhouse gas regulations and increased corporate costs from emission trading Risk of non-compliance with national climate change and waste management policies | <ul style="list-style-type: none"> Reinforcing incentives for sustainable management Creating a coexisting environment with the local community Eco-friendly management in accordance with laws and regulations | <ul style="list-style-type: none"> Negative public perception due to local residents' complaints Damage to corporate image Increasing costs due to reduced allowances and facility investments for greenhouse gas emission reduction Increasing environmental management costs, such as fines and facility investments | <ul style="list-style-type: none"> Reduce waste through optimization of raw material usage Recycle waste such as scrap paper Operate wastewater recycling facilities Install nonpoint pollutant treatment facilities Manage greenhouse gas emissions Reduce the number of corporate vehicles Third-party verification of greenhouse gases Internally respond to the emissions trading system Establish internal management standards Receive integrated environmental regulatory consulting |
| Compliance and ethics | <ul style="list-style-type: none"> Risk of non-compliance with diversity and inclusion practices for people with disabilities, foreigners, and minorities Risk of unfair trade and corruption | <ul style="list-style-type: none"> Establishing a corporate culture of equality and diversity Securing corporate trust through fair and transparent management | <ul style="list-style-type: none"> Difficulties in securing human resources and establishing a desirable work environment Deterioration of corporate reputation | <ul style="list-style-type: none"> Enforce all employees to pledge to comply with the Code of Ethics Present a contract that includes anti-corruption statements and guarantees upon subcontracting to prevent issues from occurring in advance |
| Health and safety | <ul style="list-style-type: none"> Risk of accidents due to failure of carrying out prevention activities | <ul style="list-style-type: none"> Providing a safe working environment for employees and partners | <ul style="list-style-type: none"> Human, material, and follow-up management costs associated with accidents Decline in corporate image | <ul style="list-style-type: none"> Operate a health and safety management Task Force and focus on safety risk management every month under the supervision of the CEO to manage safety in all areas that can affect workers and communities Monitor near-miss accidents and potential risks every month to implement immediate improvements and corrections and manage the health of workers with non-visible symptoms such as cardiovascular diseases |
| Quality | <ul style="list-style-type: none"> Risk of consumer dissatisfaction and purchase avoidance due to poor quality control measures | <ul style="list-style-type: none"> Maintaining revenue through continuous purchase Establishing the image of being a reliable product manufacturer | <ul style="list-style-type: none"> Incurring administrative costs such as exchanges and refunds due to the increase in consumer claims Incurring marketing expenses to improve the brand image | <ul style="list-style-type: none"> Operate a separate quality task force and conduct a monthly quality meeting led by the CEO. Prevent potential risks and maintain our international-level quality management capabilities by renewing our quality management system certifications, such as ISO9001 and ISO22716, annually. |
| Human resource | <ul style="list-style-type: none"> Risk of talent leakage and inability to secure talented individuals | <ul style="list-style-type: none"> Strengthening cohesion and bonding among members Increasing competitiveness through talent development | <ul style="list-style-type: none"> Loss of future growth engine | <ul style="list-style-type: none"> Conduct a campaign to build a robust organizational culture |
| Supply chain | <ul style="list-style-type: none"> Risk of supply and demand instability and unfair trade issues | <ul style="list-style-type: none"> Establishing a long-term mutual cooperative relationship with suppliers Contributing to the growth of suppliers | <ul style="list-style-type: none"> Disruptions in production and supply Violating fair trade | <ul style="list-style-type: none"> Manage supplier risks and conduct training Secure supplier communication channels include anti-corruption statements and guarantees in the contract |
| Information security | <ul style="list-style-type: none"> Risk of internal information leakage through spam emails Risk of leakage of consumer information | <ul style="list-style-type: none"> Gaining customer trust | <ul style="list-style-type: none"> Incurring social costs due to information leakage Damage to corporate image | <ul style="list-style-type: none"> Disclose a full notice regarding personal information Introduce Data Loss Prevention (DLP) and spam prevention solution |



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Financial Performance

| Item | Unit | 2020 | 2021 | 2022 | | | |
|-------------------------------------|-------------|---------|---------|----------|---------|----------|---------|
| | | | | Subtotal | MO | SS | Other |
| Sales | | 447,428 | 415,088 | 486,831 | 120,870 | 200,636 | 165,325 |
| Gross profit | | 88,453 | 71,450 | 67,070 | 25,732 | 31,015 | 10,322 |
| Selling and administrative expenses | | (6,757) | (9,078) | (8,078) | 22,837 | (29,497) | (1,417) |
| Operating profit | | 34,795 | 17,590 | 11,394 | 2,895 | 1,518 | 6,980 |
| Income before income tax expense | KRW million | 36,871 | 13,647 | 8,480 | 2,892 | 582 | 5,007 |
| Corporate tax expense | | (2,843) | (1,103) | 999 | 557 | 405 | 37 |
| Net income | | 29,139 | 10,996 | 7,460 | 2,335 | 987 | 4,138 |
| Total comprehensive profit | | 29,139 | 39,097 | 7,836 | 2,383 | 1,299 | 4,153 |

* MO : MONALISA, SS : SsangYong C&B, The same as above



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Non-financial Performance_ Environmental¹⁾

Greenhouse Gases

| | Item | Unit | 2020 | 2021 | 2022 | | |
|--|--|-------------------------------------|---------|---------|----------|---------|--------|
| | | | | | Subtotal | MO | SS |
| Greenhouse gas emissions | Total emissions | | 107,513 | 104,095 | 104,823 | 41,008 | 63,815 |
| | Scope 1 emissions | tCO ₂ eq | 39,505 | 36,461 | 35,928 | 13,560 | 22,368 |
| | Scope 2 emissions | | 68,010 | 67,636 | 68,898 | 27,450 | 41,448 |
| Greenhouse gas intensity | Scope 1,2 emission Intensity ⁴⁾ | tCO ₂ eq/ KRW million | 0.35 | 0.36 | 0.33 | 0.34 | 0.32 |
| Greenhouse gas emission targets | Total target | | 125,930 | 109,604 | 107,961 | 39,418 | 68,543 |
| Greenhouse gas reduction ⁵⁾ | Total target | tCO ₂ eq | 1,846 | 3,417 | (728) | (1,000) | 272 |
| | Scope 1 reduction | | 978 | 3,044 | 533 | (242) | 775 |
| | Scope 2 reduction | | 868 | 373 | (1,261) | (758) | (503) |
| | Emission intensity reduction | tCO ₂ eq/ KRW million | (0.10) | (0.02) | 0.06 | 0.04 | 0.03 |

Energy²⁾

| | Item | Unit | 2020 | 2021 | 2022 | | |
|--------------------------------|-------------------------------|---------------------|--------|--------|----------|---------|--------|
| | | | | | Subtotal | MO | SS |
| Energy use | Total | | 59,285 | 57,875 | 58,085 | 23,677 | 34,408 |
| | Direct energy | TOE | 25,854 | 23,882 | 22,692 | 10,031 | 13,751 |
| | Indirect energy ³⁾ | | 33,431 | 33,993 | 35,393 | 13,646 | 20,657 |
| Energy Intensity ⁴⁾ | | TOE/ KRW million | 0.19 | 0.20 | 0.18 | 0.20 | 0.17 |
| Energy use targets | Total target | TOE | 59,210 | 59,355 | 56,389 | 23,204 | 33,185 |
| Energy reduction ⁵⁾ | Total reductions | | 1,628 | 1,410 | (210) | (1,105) | 895 |
| | Use intensity reduction | TOE/ KRW million | 0.02 | (0.02) | 0.03 | 0.02 | 0.02 |

1) Calculated based on the Jochiwon and Jeonju factories

2) Based on the Energy Consumption Report

3) Only included energy purchases (no energy production and sales)

4) Intensity = emissions or use ÷ consolidated sales for each company

5) Reduction = emissions or use of the current year - emissions or use in the previous year



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Water and Wastewater

| | Item | Unit | 2020 | 2021 | 2022 | | | |
|-----------------------------------|---|---|----------------|-----------|-----------|----------|-----------|-----|
| | | | | | Subtotal | MO | SS | |
| Water with-drawn | Total water withdrawn | | 3,898,698 | 3,994,976 | 3,854,466 | 938,244 | 2,916,222 | |
| | Surface water | | 2,951,423 | 3,026,573 | 2,865,407 | 0 | 2,865,407 | |
| | Groundwater | | 0 | 0 | 0 | 0 | 0 | |
| | Seawater | | 0 | 0 | 0 | 0 | 0 | |
| | Produced water | m ³ | 0 | 0 | 0 | 0 | 0 | |
| | Third-party water | | 947,275 | 968,403 | 989,059 | 938,244 | 50,815 | |
| | Water stressed areas | Total water withdrawn from water stress areas | | 898,274 | 910,879 | 938,244 | 938,244 | 0 |
| | Percentage of water withdrawn from water-stressed areas | % | 23 | 23 | 24 | 100 | 0 | |
| Water use and reuse | Total water use ²⁾ | m ³ | 686,125 | 740,280 | 341,685 | 98,091 | 243,594 | |
| | Total water reuse | | 1,202,477 | 1,201,363 | 1,230,877 | 803,783 | 427,094 | |
| | Water reuse rate | % | 64 | 62 | 78 | 89 | 64 | |
| | Water stressed areas | Total water use from water stress areas | m ³ | 93,237 | 98,960 | 98,091 | 98,091 | 0 |
| | | Percentage of water use from water-stressed areas | % | 14 | 13 | 29 | 100 | 0 |
| | Water use targets | Total target | | 900,000 | 900,000 | 900,000 | 900,000 | N/A |
| Water use reduction ³⁾ | Total reductions | m ³ | 112,298 | (54,155) | 398,595 | 869 | 397,726 | |
| Waste-water | Total wastewater | | 3,212,573 | 3,254,696 | 3,512,782 | 840,153 | 2,672,629 | |
| | Wastewater reduction ³⁾ | Total reductions | 73,280 | (42,123) | (258,085) | (28,234) | (229,851) | |

Air Quality

| | Item | Unit | 2020 | 2021 | 2022 | | |
|--------------------------------------|-----------------------|----------------|--------|--------|----------|--------|--------|
| | | | | | Subtotal | MO | SS |
| Air emissions | Nitrogen oxides (NOx) | | 61,231 | 55,925 | 56,109 | 19,090 | 37,019 |
| | Sulfur oxides (SOx) | kg | 3,690 | 2,191 | 2,023 | 0 | 2,023 |
| | Dust (PM) | | 1,440 | 1,972 | 1,452 | 645 | 807 |
| Air emission intensity ⁴⁾ | | kg/KRW million | 0.10 | 0.10 | 0.09 | 0.16 | 0.20 |

Water Quality

| | Item | Unit | 2020 | 2021 | 2022 | | |
|---------------------------|---------------|------|--------|--------|----------|--------|--------|
| | | | | | Subtotal | MO | SS |
| Water pollutant emissions | COD emissions | | 45,938 | 60,907 | 47,649 | 17,392 | 30,257 |
| | BOD emissions | kg | 5,921 | 7,153 | 6,846 | 1,932 | 4,914 |
| | SS emissions | | 8,782 | 12,137 | 15,544 | 8,486 | 7,058 |

Hazardous Chemicals

| | Item | Unit | 2020 | 2021 | 2022 | | |
|---------------------------|------|------|------|------|----------|----|----|
| | | | | | Subtotal | MO | SS |
| Hazardous chemicals use | | ton | 68 | 65 | 70 | 10 | 60 |
| Hazardous chemical spills | | | 0 | 0 | 0 | 0 | 0 |

1) Calculated based on the Jochiwon and Jeonju factories

2) Total usage = total water withdrawn - total discharge

3) Reduction = use or discharge of the current year - use or discharge of the previous year

4) Intensity = emissions or use ÷ consolidated sales for each company



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Non-financial Performance_ Environmental¹⁾

Waste

| | | | 2022 | | | | | | |
|-----------------|---|------------------------------------|-----------------|--------|--------|----------|--------|--------|-------|
| Item | | | Unit | 2020 | 2021 | Subtotal | MO | SS | |
| Waste generated | Total generated | | | 53,249 | 53,975 | 53,965 | 16,038 | 37,927 | |
| | By type | Hazardous waste (Designated waste) | ton | 1,028 | 855 | 710 | 264 | 446 | |
| | | Non-hazardous waste ²⁾ | | 52,221 | 53,120 | 53,255 | 15,774 | 37,481 | |
| | Waste intensity ³⁾ | | ton/KRW million | 0.17 | 0.18 | 0.17 | 0.13 | 0.19 | |
| Waste expense | | KRW million | 43 | 32 | 37 | 13 | 24 | | |
| Waste treated | Total treated | | | 5,338 | 3,822 | 4,006 | 1,491 | 2,514 | |
| | Hazardous waste (Designated waste) ⁵⁾ | Total | | 793 | 674 | 514 | 254 | 260 | |
| | | By type | Landfill | | 787 | 663 | 510 | 254 | 256 |
| | | | Incineration | ton | 6 | 10 | 5 | 0 | 5 |
| | Non-hazardous waste (general waste) ⁵⁾ | | Total | | 4,544 | 3,149 | 3,491 | 1,237 | 2,254 |
| | By type | Landfill | | 3,989 | 3,080 | 3,433 | 1,181 | 2,252 | |
| | | Incineration | | 556 | 69 | 59 | 57 | 2 | |

| | | | 2022 | | | | | |
|---|------------------------------------|--|--------|--------|--------|----------|--------|--------|
| Item | | | Unit | 2020 | 2021 | Subtotal | MO | SS |
| Waste recycled | Total waste recycled | | ton | 47,960 | 50,281 | 49,893 | 14,510 | 35,383 |
| | Percentage of total waste recycled | | % | 90 | 93 | 92 | 90 | 93.3 |
| | By type | Hazardous waste (Designated waste) ⁵⁾ | | 229 | 208 | 184 | 10 | 174 |
| Non-hazardous waste (general waste) ⁵⁾ | | ton | 47,731 | 50,073 | 49,709 | 14,500 | 35,209 | |
| Waste target | Total reduction target | | | 518 | 488 | 486 | 486 | - |
| Waste reduction | Total reduction ⁴⁾ | | | 2,779 | (726) | 10 | 150 | (139) |

1) Calculated based on the Jochiwon and Jeonju factories

2) Waste generated from the business site (no general waste generated)

3) Intensity = emissions or use ÷ consolidated sales for each company

4) Reduction = use or discharge of the current year - use or discharge of the previous year

5) Waste treatment and recycling are handled entirely by external companies



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Non-financial Performance_ Environmental¹⁾

Raw and Subsidiary Materials

| Item | Unit | 2020 | 2021 | 2022 | | | | |
|----------------------------------|---|---|---------|----------|--------|--------|-------|-------|
| | | | | Subtotal | MO | SS | | |
| Total use | | 156,481 | 156,381 | 163,038 | 68,369 | 94,669 | | |
| Raw and subsidiary materials use | Pulp | 75,861 | 72,464 | 76,850 | 34,902 | 41,948 | | |
| | Domestic and Imported waste paper | 74,652 | 77,939 | 80,299 | 30,835 | 49,464 | | |
| | Other | 5,969 | 5,978 | 5,889 | 2,632 | 3,257 | | |
| Recycled material use | Recycled raw and subsidiary materials use | 80,620 | 83,917 | 86,189 | 33,468 | 52,721 | | |
| | Percentage of recycled raw and auxiliary materials used | % | 52 | 54 | 53 | 49 | 56 | |
| Packaging | Packaging materials purchased | Total packaging materials purchased | ton | 6,311 | 6,101 | 6,104 | 4,939 | 1,164 |
| | Packaging made from recyclable raw materials | Percentage of packaging made from recyclable raw materials | % | 70 | 76 | 74 | 89 | 11 |
| | | Total amount of packaging made from recyclable raw materials | ton | 4,434 | 4,641 | 4,517 | 4,387 | 130 |
| | Recyclable, reusable, and biodegradable packaging | Percentage of recyclable, reusable, and biodegradable packaging | % | 0 | 0.01 | 0.08 | 0.10 | 0 |
| | | Total recyclable, reusable, and biodegradable packaging | ton | 0 | 0.5 | 5 | 5 | 0 |

Eco-Friendly Business

| Item | Unit | 2020 | 2021 | 2022 | | |
|---|-------------|--------|--------|----------|--------|--------|
| | | | | Subtotal | MO | SS |
| Sales of eco-friendly products and services ²⁾ | KRW million | 78,767 | 82,997 | 88,094 | 34,142 | 53,953 |
| Percentage of sales of eco-friendly products and services | % | 25 | 28 | 27 | 28 | 27 |

Eco-Friendly Purchase

| Item | Unit | 2020 | 2021 | 2022 | | |
|---|-------------|--------|--------|----------|--------|--------|
| | | | | Subtotal | MO | SS |
| Purchases of eco-friendly products and services ³⁾ | KRW million | 28,980 | 34,810 | 45,249 | 11,220 | 34,029 |
| Percentage of purchases of eco-friendly products and services | % | 31 | 37 | 32 | 22 | 38 |

1) Calculated based on the Jochiwon and Jeonju factories

2) Sales of products with more than 50% utilization rate of recycled waste paper (excluding cosmetic and facial tissue), More than 70% utilization rate of waste paper for primary packaging materials and paper tubes, and no use of chlorine-based bleach or fluorescent brightener used during the manufacturing process

3) Purchase among of eco-friendly raw materials (wastepaper) and FSC-certified boxes



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Non-financial Performance_ Social

Employees

| Item | Unit | 2020 | 2021 | 2022 | | | | | |
|-------------------------------------|---------------------------------------|----------------|----------|----------|-----|-----|-------|-----|-----|
| | | | | Subtotal | MO | SS | Other | | |
| Total number of employees | | 898 | 896 | 876 | 209 | 290 | 377 | | |
| Registered executives ¹⁾ | Total number of registered executives | 20 | 21 | 20 | 3 | 5 | 12 | | |
| | Gender | Male | 20 | 21 | 20 | 3 | 5 | 12 | |
| | | Female | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | person | | | | | | | |
| Total number of employees | | 878 | 875 | 856 | 206 | 285 | 365 | | |
| Permanent | Total | 715 | 709 | 710 | 198 | 272 | 240 | | |
| | Ratio | % | 81 | 81 | 83 | 96 | 95 | 66 | |
| | By gender | Male | 487 | 498 | 500 | 173 | 232 | 95 | |
| | | Female | 228 | 211 | 210 | 25 | 40 | 145 | |
| | By region | Seoul | 205 | 190 | 190 | 65 | 73 | 52 | |
| | | Jochiwon | 234 | 242 | 243 | 0 | 199 | 44 | |
| | | Jeonju | 105 | 106 | 103 | 103 | 0 | 0 | |
| | | Other | 158 | 162 | 160 | 30 | 0 | 130 | |
| | By age | Under 30 years | 72 | 73 | 70 | 22 | 37 | 11 | |
| | | 30-49 years | 429 | 407 | 410 | 126 | 165 | 119 | |
| | | Over 50 years | 209 | 234 | 227 | 50 | 70 | 107 | |
| | Employee ²⁾ | Total | 163 | 166 | 146 | 8 | 13 | 125 | |
| | | Ratio | % | 19 | 19 | 17 | 4 | 5 | 34 |
| By gender | | Male | 14 | 20 | 19 | 7 | 9 | 3 | |
| | | Female | 149 | 146 | 127 | 1 | 4 | 122 | |
| Temporary ³⁾ | | By region | Seoul | 24 | 25 | 16 | 1 | 2 | 13 |
| | | | Jochiwon | 11 | 14 | 14 | 0 | 11 | 3 |
| | | | Jeonju | 1 | 1 | 0 | 0 | 0 | 0 |
| | | | Other | 127 | 126 | 116 | 7 | 0 | 109 |
| Total | | | 156 | 135 | 149 | 89 | 1 | 59 | |
| Non-affiliated | | By region | Seoul | 2 | 3 | 2 | 1 | 1 | 0 |
| | Jochiwon | | 16 | 18 | 14 | 0 | 0 | 14 | |
| | Jeonju | | 62 | 37 | 54 | 54 | 0 | 0 | |
| | Other | | 76 | 77 | 79 | 34 | 0 | 45 | |

Diversity

| Item | Unit | 2020 | 2021 | 2022 | | | | |
|---|-----------|--------|------|----------|-----|-----|-------|-----|
| | | | | Subtotal | MO | SS | Other | |
| Executives | Total | 22 | 23 | 22 | 3 | 5 | 14 | |
| | By gender | Female | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Male | 22 | 23 | 22 | 3 | 5 | 14 |
| Managerial | Total | 55 | 48 | 55 | 22 | 22 | 11 | |
| | By gender | Female | 4 | 3 | 3 | 1 | 2 | 0 |
| | | Male | 51 | 45 | 52 | 21 | 20 | 11 |
| Non-managerial | Total | person | 821 | 825 | 799 | 184 | 263 | 352 |
| | By gender | Female | 373 | 354 | 334 | 25 | 42 | 267 |
| | | Male | 448 | 471 | 465 | 159 | 221 | 85 |
| Number of employees with disabilities ⁴⁾ | | 14 | 14 | 12 | 4 | 4 | 4 | |
| Number of foreign employees | | 10 | 8 | 8 | 1 | 6 | 1 | |
| Number of foreign employees | | 0 | 1 | 0 | 0 | 0 | 0 | |

1) All registered executives work in Seoul

2) Excludes registered executives

3) Includes contract and daily employees, not fixed-term employees.

4) Differs from the reporting standards of the Ministry of Employment and Labor. According to the Persons with Disabilities Act, the employment of persons with severe disabilities is calculated to be twice the actual number



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Recruitment

| Item | Unit | 2020 | 2021 | 2022 | | | | |
|---------------------------|----------------------|--------|------|----------|----|----|-------|----|
| | | | | Subtotal | MO | SS | Other | |
| Total number of new hires | person | 109 | 121 | 134 | 36 | 36 | 62 | |
| By gender | Female | 48 | 40 | 37 | 3 | 6 | 28 | |
| | Percentage of female | % | 44 | 33 | 28 | 8 | 17 | 45 |
| | Male | person | 61 | 81 | 97 | 33 | 30 | 34 |
| | Percentage of male | % | 56 | 67 | 72 | 92 | 83 | 55 |

Turnovers

| Item | Unit | 2020 | 2021 | 2022 | | | |
|-----------------------------------|--------|------|------|----------|----|----|-------|
| | | | | Subtotal | MO | SS | Other |
| Voluntary turnovers ¹⁾ | % | 9 | 12 | 11 | 15 | 7 | 11 |
| Number of voluntary turnovers | person | 85 | 106 | 92 | 31 | 19 | 42 |

1) Voluntary turnover rate = number of voluntary turnover in the current year ÷ total number of employees in the previous year

2) Indicators of occupational accidents and illnesses are calculated for Jochiwon, Jeonju, and Nonsan factories

3) No cases of occupational illness

4) Sum of fatality (FAT) and loss time incidents (LTI)

Occupational Accidents²⁾³⁾

| Item | Unit | 2020 | 2021 | 2022 | | | | |
|--|------------------------------|------------------------------|-----------|-----------|---------|---------|---------|--------|
| | | | | Subtotal | MO | SS | Other | |
| Total number of business sites | number | 5 | 5 | 5 | 2 | 1 | 2 | |
| Occupational accidents | Number of business sites | 3 | 3 | 3 | 2 | 1 | 0 | |
| | Percentage of business sites | % | 60 | 60 | 60 | 100 | 100 | 0 |
| Work hours | All | 1,341,339 | 1,376,028 | 1,441,984 | 603,748 | 723,144 | 115,092 | |
| | Employees | hour | 796,913 | 870,535 | 927,862 | 348,070 | 490,584 | 89,208 |
| | Suppliers | | 544,426 | 505,494 | 514,122 | 255,678 | 232,560 | 25,884 |
| Number of lost time incidents (LTIs) ⁴⁾ | All | 6 | 3 | 9 | 2 | 7 | 0 | |
| | Employees | 4 | 3 | 6 | 2 | 4 | 0 | |
| | Suppliers | case | 2 | 0 | 3 | 0 | 3 | 0 |
| Medical treatment cases (MTCs) | All | 4 | 3 | 9 | 1 | 8 | 0 | |
| | Employees | 4 | 3 | 5 | 1 | 4 | 0 | |
| | Suppliers | 0 | 0 | 4 | 0 | 4 | 0 | |
| Occupational accident rate | All | 2 | 1 | 3 | 1 | 5 | 0 | |
| | Employees | % | 2 | 2 | 3 | 2 | 4 | 0 |
| | Suppliers | 1 | 0 | 4 | 0 | 8 | 0 | |
| Injury frequency rate | All | 4.47 | 2.18 | 6.24 | 3.31 | 9.68 | 0 | |
| | Employees | 5.02 | 3.45 | 6.47 | 5.75 | 8.15 | 0 | |
| | Suppliers | case/ 1 million man-hours | 3.67 | 0 | 5.84 | 0 | 12.90 | 0 |
| Total recordable incident rate (TRIR) | All | 7.46 | 4.36 | 12.48 | 4.97 | 20.74 | 0 | |
| | Employees | 10.04 | 6.89 | 11.86 | 8.62 | 16.31 | 0 | |
| | Suppliers | 3.67 | 0 | 13.62 | 0 | 30.10 | 0 | |



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Non-financial Performance_ Social

Human Rights

| Item | Unit | 2020 | 2021 | 2022 | | | | |
|-----------------------|--|--------|-------|----------|-------|-----|-------|-----|
| | | | | Subtotal | MO | SS | Other | |
| Human rights training | Total human rights training hours | hour | 2,921 | 3,009 | 2,904 | 824 | 1,132 | 948 |
| | Number of employees subject to training | person | 723 | 752 | 726 | 206 | 283 | 237 |
| | Human rights training hours per employee | hour | 4 | 4 | 4 | 4 | 4 | 4 |

Community Participation and Contribution

| Item | Unit | 2020 | 2021 | 2022 | | | | |
|---|---|-------------|------|----------|-----|-----|-------|---|
| | | | | Subtotal | MO | SS | Other | |
| Community Participation and Contribution expenses | Total Community Participation and Contribution expenses | KRW million | 286 | 422 | 356 | 138 | 218 | 0 |
| | Cash donations | million | 0 | 5 | 0 | 0 | 0 | 0 |
| | Item donations ¹⁾ | | 286 | 417 | 356 | 138 | 218 | 0 |

1) Based on purchasing price

Product health and safety

| Item | Unit | 2020 | 2021 | 2022 | | | | |
|---|--|---|------|----------|-----|-----|-------|-----|
| | | | | Subtotal | MO | SS | Other | |
| Product health and safety impacts | Product health and safety impacts assessment | Product lines number | 21 | 21 | 21 | 10 | 11 | 0 |
| | | Number of product lines that have been assessed | 21 | 21 | 21 | 10 | 11 | 0 |
| | | Percentage of product lines that have been assessed | % | 100 | 100 | 100 | 100 | 100 |
| | Number of product recalls | | 0 | 1 | 0 | 0 | 0 | 0 |
| Violation of product health and safety laws | Total | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Number of law violation fines imposed | case | 0 | 0 | 0 | 0 | 0 | 0 |
| | Number of law violation warnings issued | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Number of internal regulation violations | | 0 | 0 | 0 | 0 | 0 | 0 |

Mutual Cooperation

| Item | Unit | 2020 | 2021 | 2022 | | | | | |
|------------------------------|----------------------|------------------------------|----------------------|----------|--------|--------|-------|---|---|
| | | | | Subtotal | MO | SS | Other | | |
| Total expenses for suppliers | KRW million | 95,797 | 95,024 | 142,390 | 51,545 | 88,890 | 1,955 | | |
| Shared growth with suppliers | Financial assistance | Number of assisted suppliers | 29 | 49 | 42 | 27 | 10 | 5 | |
| | | Total financial assistance | KRW million | 14 | 31 | 18 | 12 | 6 | 1 |
| | | Non-financial assistance | Number of assistance | 7 | 7 | 12 | 10 | 2 | 0 |



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Non-financial Performance_ Governance

Board of Directors and Committees

| | | | | 2022 | | | | | | |
|-------------------------------|---|--|---|--------|------|----------|------|------|-------|-----|
| | | Item | Unit | 2020 | 2021 | Subtotal | MO | SS | Other | |
| Com- posi- tion | All | | | 21 | 22 | 21 | 5 | 4 | 12 | |
| | Inside director ¹⁾ | person | | 18 | 19 | 18 | 3 | 3 | 12 | |
| | Outside director | Number of directors | | 3 | 3 | 3 | 2 | 1 | 0 | |
| | (Non-executive) | Percentage of directors | % | 14.3 | 13.6 | 14.3 | 40 | 25 | 0 | |
| | Female directors | Number of directors | person | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | Percentage of directors | % | 0 | 0 | 0 | 0 | 0 | 0 | |
| Number of meetings | | | number | 33 | 35 | 38 | 8 | 13 | 17 | |
| Reported and resolved agendas | | | case | 42 | 43 | 51 | 10 | 18 | 23 | |
| Board of direc- tors | Attendance rate | | | 81 | 81 | 86 | 74.0 | 77.2 | 100 | |
| | Board remuneration | Total annual remuneration compared to the annual employee salary | | N/A | N/A | N/A | 210 | 276 | N/A | |
| | | rate | The highest increase in remuneration compared to the annual increase in employee salary | % | N/A | N/A | N/A | 96 | 94 | N/A |
| Board com- mittees | Audit Com- mit- tee ²⁾ | Com- posi- tion | All | person | 3 | 3 | 3 | 3 | N/A | N/A |
| | | | Outside Director | | 2 | 2 | 2 | 2 | N/A | N/A |
| | | Number of meetings | number | 3 | 4 | 3 | 3 | N/A | N/A | |
| | | Outsider director attendance rate | % | 50 | 75 | 67 | 67 | N/A | N/A | |
| | | Number of objections by outside directors | case | 0 | 0 | 0 | 0 | N/A | N/A | |

Compliance and Ethical Management

| | | | | 2022 | | | | | |
|---|--|--------|------|------|------|----------|-----|-----|-------|
| | | Item | Unit | 2020 | 2021 | Subtotal | MO | SS | Other |
| Anti-corrup- tion policy (Code of ethics) | Number of employ- ees who signed the anti-corrup- tion policy (Code of ethics) | person | | 598 | 610 | 619 | 207 | 286 | 126 |
| Violation of laws and regulations ³⁾ | Number of compli- ance violations | | | 1 | 1 | 2 | 0 | 2 | 0 |
| | Monetary sanctions | case | | 0 | 1 | 1 | 0 | 1 | 0 |
| | Non-monetary sanctions | | | 1 | 0 | 1 | 0 | 1 | 0 |
| | Total monetary losses due to vio- lations of laws and regulations ⁴⁾ | % | | 0 | 1 | 1 | 0 | 1 | 0 |

1) Includes non-executive directors

2) The operation of the audit committee is carried out by MONALISA

3) Legal actions related to violation of environmental laws such as anti-corrup-
tion, fair trade, unfair competition, etc.

4) Represents the cases that occurred during the current reporting period (no cases occurred during the previous reporting period)



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| Material issue | Indicator | Description | Page | Note |
|----------------|---|--|---------------------|------|
| | | 2-1 Organizational details | 6, 8, 9, 10 | |
| | | 2-2 Entities included in the organization's sustainability reporting | 3 | |
| | | 2-3 Reporting period, frequency and contact point | 3 | |
| | | 2-4 Restatements of information | Initial publication | |
| | | 2-5 External assurance | 109-110 | |
| | | 2-6 Activities, value chain and other business relationships | 8, 10 | |
| | | 2-7 Employees | 99 | |
| | | 2-8 Workers who are not employees | 99 | |
| | | 2-9 Governance structure and composition | 83 | |
| | | 2-10 Nomination and selection of the highest governance body | 82, 83 | |
| | | 2-11 Chair of the highest governance body | 83 | |
| | | 2-12 Role of the highest governance body in overseeing the management of impacts | 82-84 | |
| | | 2-13 Delegation of responsibility for managing impacts | 82 | |
| | | 2-14 Role of the highest governance body in sustainability reporting | 82, 84 | |
| | GRI 2: General Disclosures 2021 | 2-15 Conflicts of interest | 84 | |
| | | 2-16 Communication of critical concerns | 82 | |
| | | 2-17 Collective knowledge of the highest governance body | 84 | |
| | | 2-18 Evaluation of the performance of the highest governance body | 82 | |
| | | 2-19 Remuneration policies | 82 | |
| | | 2-20 Process to determine remuneration | 82 | |
| | | 2-21 Annual total compensation ratio | 82, 102 | |
| | | 2-22 Statement on sustainable development strategy | 5 | |
| | | 2-23 Policy commitments | 86 | |
| | | 2-24 Embedding policy commitments | 87, 88 | |
| | | 2-25 Processes to remediate negative impacts | 89, 91, 92 | |
| | | 2-26 Mechanisms for seeking advice and raising concerns | 88 | |
| | | 2-27 Compliance with laws and regulations | 86, 87, 88 | |
| | | 2-28 Membership associations | | N/A |
| | 2-29 Approach to stakeholder engagement | 24 | | |
| | 2-30 Collective bargaining agreements | 59 | | |
| | GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 22 | |
| | | 3-2 List of material topics | 22 | |



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| Material issue | Indicator | | Description | Page | Note | |
|--------------------------------|--|---|---|---|-------------|--|
| Responding to climate change | GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 23 | | |
| | GRI 201 : Economic Performance 2016 | 201-2 | Financial implications and other risks and opportunities due to climate change | 106 | | |
| | | 302-1 | Energy consumption within the organization | 95 | | |
| | | 302-2 | Energy consumption outside of the organization | | N/A | |
| | | 302-3 | Energy intensity | 95 | | |
| | | 302-4 | Reduction of energy consumption | 95 | | |
| | | 302-5 | Reductions in energy requirements of products and services | | N/A | |
| | | 305-1 | Direct (Scope 1) GHG emissions | 95 | | |
| | GRI 305 : Emissions 2016 | 305-2 | Energy indirect (Scope 2) GHG emissions | 95 | | |
| | | 305-3 | Other indirect (Scope 3) GHG emissions | | N/A | |
| | | 305-4 | Emissions intensity | 95 | | |
| | | 305-5 | Reduction of GHG emissions | 95 | | |
| | | 305-6 | Emissions of ozone-depleting substances (ODS) | | N/A | |
| | | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 96 | | |
| Waste reduction and recycling | | GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 23 | |
| | GRI 306 : Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | 23, 37 | | |
| | | 306-2 | Management of significant waste- related impacts | 38, 39 | | |
| | | 306-3 | Waste generated | 97 | | |
| | | 306-4 | Waste diverted from disposal | 97 | | |
| | | 306-5 | Waste directed to disposal | 97 | | |
| Occupational health and safety | GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 23 | | |
| | GRI 403 : Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 48 | | |
| | | 403-2 | Hazard identification, risk assessment, and incident investigation | 50, 51 | | |
| | | 403-3 | Occupational health services | 53 | | |
| | | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 52 | | |
| | | 403-5 | Worker training on occupational health and safety | 53 | | |
| | | 403-6 | Promotion of worker health | 53 | | |
| | | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 50, 51, 52, 53 | | |
| | Research and development of sustainable products | GRI 3: Material Topics 2021 | 3-3 | Management of material topics | 23 | |
| | | GRI 301 : Materials 2016 | 301-1 | Materials used by weight or volume | 38, 98 | |
| 301-2 | | | Recycled input materials used | 38, 98 | | |
| Product quality and safety | GRI 3: Material Topics 2021 | 301-3 | Reclaimed products and their packaging materials | 39, 98 | | |
| | | 3-3 | Management of material topics | 23 | | |
| | | GRI 416 : Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories | 71, 72, 101 | |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 101 | | | |



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Sustainability Disclosure Topics & Accounting Metrics

Sector : Household & Personal Products

| Topic | Code | Unit | Accounting metric | Page and description |
|---|--------------|--------|---|--|
| Water management | CG-HP-140a.1 | m3, % | (1) Total water withdrawn | 96p |
| | | | (2) Total water consumed | 96p |
| | | | (3) Percentage of each in regions with High or Extremely High Baseline Water Stress | 96p |
| | CG-HP-140a.2 | | Number of incidents of non-compliance associated with water quality permits, standards, and regulations | 35-36p While the our operations are located in areas with low water stress, MSS Group is committed to mitigating and managing the risks related to water use. |
| Product environmental, health, and safety performance | CG-HP-250a.1 | KRW | Revenue from products that contain REACH substances of very high concern (SVHC) (SEK) | MSS Group does not use substances of high concern that are on the REACH list. |
| | CG-HP-250a.2 | KRW | Revenue from products that contain substances on the California DTSC Candidate Chemicals List (SEK) | MSS Group not uses hazardous substances that are on the California DTSC Candidate Chemicals List. |
| | CG-HP-250a.3 | | Discussion of process to identify and manage emerging materials and chemicals of concern | 40-41p |
| | CG-HP-250a.4 | KRW | Revenue from products designed with green chemistry principles | 98p, MSS Group uses safe compounds in accordance with sustainable product standards and continue to develop products that utilizes waste papers. |
| Packaging Packaging lifecycle management | CG-HP-410a.1 | ton, % | (1) Total weight of packaging | 98p |
| | | | (2) Percentage made from recycled and/or renewable materials | 98p |
| | | | (3) percentage that is recyclable, reusable, and/or compostable | 98p |
| | CG-HP-410a.2 | | Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle | 42, 45-46p |
| Environmental & social impacts of palm oil supply chain | CG-HP-430a.1 | ton, % | Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim | MSS Group does not use palm oil in the products. |



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Task Force on Climate-Related Financial Disclosures

| TCFD Recommendation | Details | Page |
|--|---|-------------|
| Governance: Disclose the organization's governance around climate-related risks and opportunities. | | |
| A. Describe the board's oversight of climate-related risks and opportunities. | MSS Group's ESG Committee provides oversight on climate change-related risks and opportunities. It supervises climate change strategies and investment plans through biannual meetings. | 27p |
| B. Describe management's role in assessing and managing climate-related risks and opportunities. | The CEO of MSS Group has the ultimate responsibility for making decisions regarding the company's activities, including climate change issues. MSS Group conducts monthly meetings led by the CEO to discuss the current status, address any issues, and review achievements related to climate change. | 31p |
| Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material. | | |
| A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term | MSS Group has identified several risks and opportunities related to climate change. The physical risks include increased energy costs due to rising temperatures and the potential for business shutdowns caused by extreme weather events like typhoons, floods, and heavy snowfall. Transitional risks involve potential price increases in electricity and LNG due to stricter energy regulations and reduced emission credits. On the other hand, MSS Group has also identified opportunities, such as the growing demand for eco-friendly products driven by increased consumer awareness of climate change, improving resource efficiency through climate change mitigation activities, and generating revenue through the sale of emission credits. Based on the analysis, MSS Group is actively developing response activities to address these risks and capitalize on the opportunities, including initiatives to reduce energy consumption and greenhouse gas emissions. | 30p |
| B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | | |
| C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | | |
| Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks. | | |
| A. Describe the organization's processes for identifying and assessing climate-related risks. | MSS Group has implemented a risk management system to proactively respond to strengthened environmental laws, regulations, and environmental changes, which can significantly impact the company. Risks and opportunities identified by each department are reported to the Board and incorporated into the company's strategy and policy direction. | 29-31p, 92p |
| B. Describe the organization's processes for managing climate-related risks. | | |
| C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | | |
| Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | | |
| A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | In order to manage risks and opportunities related to climate change, MSS Group has established greenhouse gas emission reductions and emission intensity reduction as key management indicators. | 30p |
| B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | | |
| C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | | |



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Greenhouse Gas Assurance Statement

Monalisa Co., Ltd.

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 1, 2) of Monalisa Co., Ltd. (hereinafter “the Company”) from 2020 to 2022.

SCOPE

Verification of all places of business and emission facilities under the control of the Company

STANDARDS

- ISO 14064-1:2006, ISO 14064-3:2006
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Schem

LIMITATIONS

The verification has inherent limitations that may arise in the process of applying standards and methods.

Opinion

- GHG verification has been performed to meet the reasonable assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “qualified” opinion.
- Criticality: meets the criterion, which is less than 5%

| GHGs Emission | Direct emission (Scope1) | Indirect emission (Scope2) | Total (tCO ₂ -eq) | |
|---------------|--------------------------|----------------------------|------------------------------|--|
| 2022 | 13,559.713 | 27,449.644 | 41,008 | |

| Energy Consumption | Fuel | Electricity | Steam | Total (TJ) |
|--------------------|---------|-------------|--------|------------|
| 2022 | 163.543 | 573.597 | 45.629 | 782 |

※ Scope1&2 emissions are value of GHG submitted to the Ministry of Environment.

June 19th, 2023 Seoul, Korea

CEO *E J Hwang*





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Greenhouse Gas Assurance Statement

SsangYong C&B Co., Ltd.

The Korea Management Registrar Inc. (hereinafter “KMR”) has conducted the verification on the greenhouse gas (hereinafter “GHG”) emission (Scope 1, 2) of SsangYong C&B Co., Ltd. (hereinafter “the Company”) from 2020 to 2022.

SCOPE

Verification of all places of business and emission facilities under the control of the Company

STANDARDS

- ISO 14064-1:2006, ISO 14064-3:2006
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Schem

LIMITATIONS

The verification has inherent limitations that may arise in the process of applying standards and methods.

Opinion

- GHG verification has been performed to meet the reasonable assurance level according to the verification standards.
- We express that no significant errors were found in the calculation of emissions during the verification process, and that relevant activity data and evidence were appropriately managed and calculated. As a result, we express an “qualified” opinion.
- Criticality: meets the criterion, which is less than 5%

| GHGs Emission | Direct emission (Scope1) | Indirect emission (Scope2) | Total (tCO ₂ -eq) | |
|---------------|--------------------------|----------------------------|------------------------------|--|
| 2022 | 22,368.450 | 41,448.469 | 63,815 | |

| Energy Consumption | Fuel | Electricity | Steam | Total (TJ) |
|--------------------|--------|-------------|-------|------------|
| 2022 | 351.78 | 866.121 | 0 | 1,217 |

※ Scope1&2 emissions are value of GHG submitted to the Ministry of Environment.

June 19th, 2023 Seoul, Korea

CEO *E J Hwang*





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To readers of 2022 MSS GROUP SUSTAINABILITY REPORT

Introduction

Korea Management Registrar (KMR) was commissioned by MSS holdings to conduct an independent assurance of its 2022 SUSTAINABILITY REPORT (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of MSS holdings. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with MSS holdings and issue an assurance statement.

Scope and Standards

MSS holdings described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
 - GRI 301: Materials
 - GRI 302: Energy
 - GRI 305: Emissions
 - GRI 306: Effluents and Waste
 - GRI 403: Occupational Health and Safety
 - GRI 416: Customer Health and Safety

As for the reporting boundary, the engagement excludes the data and information of MSS holdings' partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by MSS holdings to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.



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Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with MSS holdings on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

MSS holdings has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

MSS holdings has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

MSS holdings prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of MSS holdings actions.

Impact

MSS holdings identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with MSS holdings and did not provide any services to MSS holdings that could compromise the independence of our work.

June 2023 Seoul, Korea

CEO *E. J. Hwang*



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