

# Movement That Never Stops



# About This Report

## Report Overview

Changshin published its first sustainability report in 2021 in response to the demands and expectations of various stakeholders. With the report, the company hopes to transparently disclose its economic, social, and environmental efforts, along with its performance in those areas. Changshin also hopes to identify key issues using a materiality test, and outline related response activities with this report. Going forward, Changshin will publish sustainability reports every other year.

## Reporting Period and Scope

This report contains key performance figures and achievements from January 1 to December 31, 2020. As for the quantitative measurement of performance and achievements, three-year data from 2018 to 2020 was included in this report to help gain a better understanding of recent trends. For some qualitative measurements of performance and achievements, activities for 2021 were included in this report as well. The scope of the report covers Changshin's head office in Korea and its offshore factories (total places of business: five).

## Reporting Standards

This report has been prepared in compliance with the "Core Option" of the Global Reporting Initiative (GRI) Standards, which is an internationally recognized standard system for reporting on sustainability issues. Meanwhile, reporting standards and definitions pertaining to financial information comply with the Korean International Financial Reporting Standards (K-IFRS).

## Report Verification

In order to ensure the reliability of the data presented in this report, the Korean Foundation for Quality, a verification agency, applied the four principles (inclusivity, materiality, responsiveness, and impact) of v3 for verification purposes.

## Inquiries

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### Interactive User Guide

This Changshin Sustainability Report 2021 was published in the form of an interactive PDF that includes functions such as a navigation function to specific pages within the report and shortcuts to related websites.

### Navigation guide function

-  Go to cover page
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# Chairman Message



**“A world-class shoe manufacturer with the highest level of corporate culture”**

1) Corporate Responsibility

## To our dear stakeholders.

Last year, when the government began enforcing social distancing guidelines due to COVID-19, we all thought we would be able to resume our normal lives within weeks or months. More than a year later, we still have to wear face masks wherever we go. COVID-19 was a crisis that all of us had never experienced before, and in 2020, our staff both in Korea and abroad have struggled to overcome it. In 2020, despite the sharp decline in orders due to the global economic downturn induced by the pandemic, Changshin announced a “NO LAY OFF” policy to alleviate any fears of job insecurity, and it used the entire year to look back on the importance of sustainable management.

We now live in an era with “new normals” beset by the depletion of resources and natural disasters that are making it increasingly difficult for companies to stay in business. In order to respond to these new conditions, Changshin created the CR team<sup>1)</sup> back in the 1990s. The CR team monitors environmental, safety, and sanitation issues occurring at the workplace, executes various improvement activities, and communicates with the local community for mutual growth. Changshin also focuses its time and resources in promoting human rights, employing people with disabilities, and spreading a culture of mutual trust and respect. As a result of these efforts, Changshin became the only supplier for Nike in the world that has received the “Silver” rating in all sustainability assessment categories. More recently, Changshin announced “Changshin 2.0,” which it expects to help the company elevate itself as the world’s leading shoe manufacturer driven by scientific manufacturing methods and systems backed by data collected from each place of business.

This sustainability report, published this year, also celebrates the 40th anniversary of Changshin’s foundation. It will convey the company’s new commitment and efforts toward innovation to its stakeholders, and serve as an important window through which Changshin can look back on its activities and achievements to date.

Thank you for always supporting Changshin, and we ask for your continued interest in Changshin’s future endeavors.

Thank you.

August 2021  
**Whanil Jeong**  
Chairman, Changshin Inc.



# CEO Message

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## Greetings!

### My name is Choongil Nam from Changshin Inc.

December 10, 2021 marks the 40th anniversary of Changshin's foundation as a company. Originally born as Daeshin Trade Inc., a logistics company, in 1981, the company opened the Changshin Product Creation Center and relocated to its new headquarters in 2003. Also, in the 1990s, Changshin expanded its business to China, Vietnam, and Indonesia.

To this very day, more than 70,000 employees at Changshin manufacture shoes for Nike, and true to its name (Changshin means getting better every day), the company finds ways to get better every day. Although Changshin has endured its fair share of hardships over the past four decades, it continues to thrive to this day thanks to not only Changshin's employees doing their jobs to the best of their abilities, but also Changshin's customer and local communities who have trusted and supported the company's business.

At the moment, Changshin is looking beyond its 40th anniversary, and has its eyes set on the horizon of celebrating its centennial birthday someday in the future. The company sincerely thanks its stakeholders who have always encouraged and supported Changshin through the years.

Changshin has maintained the "Silver" rating for a total of 28 quarters (seven years) since 2014 in sustainability assessments completed by its clients. To this day, Changshin remains the only supplier of Nike in the world to have accomplished such a feat. However, rather than basking in its past success, Changshin continues to renew its commitment towards sustainability and excellence. And it aspires to become a company that grows together with its stakeholders rather than a company that grows at the expense of others.

Changshin strictly complies with the environmental laws and regulations enforced in each country. In the late 1990s, the company created an environmental team to help sort and collect waste from the production lines. Changshin has also set annual targets for waste reduction, and has used its 3-step principle<sup>2)</sup> to identify and manage root causes of waste-related issues. From 2017, the company stopped using the landfill option for all solid waste, replacing it with the energy recovery<sup>3)</sup> method. Furthermore, Changshin is trying to find "down cycling" companies in each country that can help reduce waste.

2) 3-step principle: Perform on-site inspections, inspect actual waste, identify the problem

3) Energy recovery: Management method applies to material that is sent to an Energy Recovery facility for the process of converting non-recyclable materials from waste into heat, electricity or fuel through a variety of processes, including combustion, gasification, pyrolyzation, anaerobic digestion, and cement kiln co-processing.



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Meanwhile, using a closed loop program, Changshin is returning reinforcing materials and other materials used for the upper, cut plates, thread spools, etc. to the material supplier so that they can be recycled in manufacturing new products. Countries around the world are discussing with suppliers ways to find more opportunities to recycle waste that had been thrown away in the past (e.g. recycling of packaging materials).

Changshin's offshore factories are operating their own water conservation campaigns and wastewater treatment plants along with regular monitoring to manage water quality as thoroughly as possible.

Since the late 2000s, the energy team at Changshin has been saving energy with various improvement activities, such as insulation of leaking energy and installation of inverters, by identifying the energy rate of consumption for each building and each production line. Also, some buildings are now using renewable energy generated from solar PV installed on their rooftops.

From 2017 to 2019, Changshin installed a Factory Energy Management System (FEMS)<sup>4)</sup> at its production plants in Vietnam and Indonesia to establish an energy management system driven by accurate data. Moreover, Changshin has been preparing to join the Carbon Disclosure Program (CDP) from 2020 to reduce greenhouse gas emissions (GHG). To do so, the company has devised a plan that runs through 2030. Going forward, Changshin will continue to take responsibility for reducing its carbon footprint by maximizing its use of renewable energy and by expanding its solar PV installations.

2020 proved to be a difficult year for Changshin due to the ongoing effects of COVID-19. With more people around the world electing to stay indoors, the global economy plummeted while unemployment figures skyrocketed. Naturally, Changshin saw a sharp drop off in orders received from clients. Despite these economic difficulties, Changshin announced a "No Lay Off" policy to eliminate any uncertainty over job security for employees not only in Korea, but also abroad. This ultimately helped customer gain more trust in the quality of Changshin's products.

Setting COVID-19 as a priority issue to tackle, Changshin strengthened its in-house quarantine

measures and supplied personal hygiene products and emergency supplies to its employees and local communities in an effort to ensure the health and safety of people in and around the company. Thanks to these efforts, Changshin was selected as an exemplary company in quarantine measures by local governments overseas. Changshin promises to further develop and continue its social contribution activities, which local communities are sorely in need of.

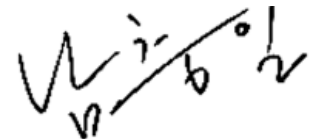
Changshin is a footwear manufacturer, which is a labor-intensive industry. Every day, more than 70,000 employees commute to Changshin's factories to produce each and every pair of shoes the company sells. I believe that "respect for people" and "safety," which are the foundation of the footwear industry, are the most important values for Changshin if it hopes to reach its centennial anniversary in the future. To that end, Changshin promises to mature into a company that respects every individual without having to worry about discrimination based on their nationality, skin color, disability, gender, etc., and a company that helps everyone realize their full potential.

At Changshin, safety is non-negotiable. The company will strive to create a more pleasant and safer working environment moving forward.

Please continue to support Changshin to help it grow together with all stakeholders. Changshin is taking new steps every day to turn crisis into opportunity.

Thank you.

August 2021  
CEO, Changshin Inc., **Choongil Nam**



4) FEMS: Factory Energy Management System (energy management system for production plants)



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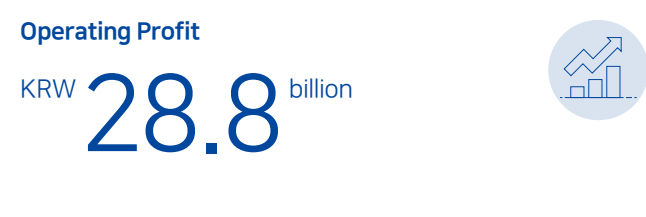
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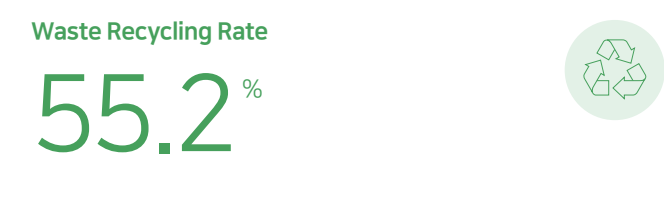
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# Sustainability Highlights

## Economy



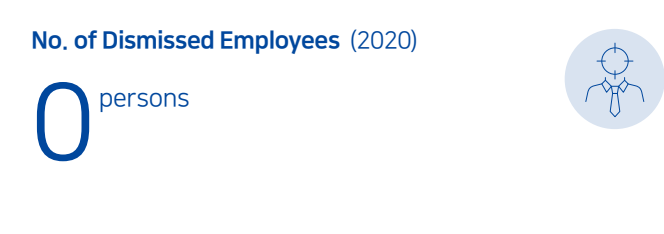
## Environment



## Community



## People



## Rating



# Company Profile

Since its foundation in 1981, Changshin has continued its growth thanks to sound business management and a stable foundation for its business activities.

The company is well on its way to establishing itself as a true global company with nine production plants in three countries (Vietnam, China, Indonesia).

Based on continued innovation and the pursuit of world-class products, Changshin is growing into a world-class company that grows together with its customer.

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# Company Information

Established in 1981, Changshin specializes in manufacturing footwear for Nike. Although the company was originally created as a logistics company (Daeshin Trade) on December 10, 1981, it managed to transform itself into a shoe manufacturer in 1987 when it produced its first shoe model. Based on 34 years of experience in manufacturing and innovating footwear, Changshin has been offering a whole new level of customer satisfaction. The company has two affiliates, four offshore factories, and five satellite factories to strengthen its production capacity, and is growing into a global company with a sustainable growth engine supported by its production network that stretches across Korea, Vietnam, China, and Indonesia. Changshin has the ability to develop products in nine shoe categories and can satisfy consumer needs in each category. Furthermore, by introducing LEAN production methods to its management practices, the company has matured into a world-class manufacturing corporation. Overall, Changshin has established itself not only as a national player, but also a global player in the footwear industry. The company will do its best to offer vision and value for its customer by producing excellent products backed by innovative ideas and efficient manufacturing systems.

## Key Status

(as of the end of December 2020)

Company Name	Changshin Inc.
Business Areas	Manufacturing, sales, importing, and exporting of footwear components and finished products
Established Date	December 10, 1981
CEO	Choongil Nam
No. of Persons	73,803 persons
Total Assets	KRW 914.0 billion
Sales Revenue	KRW 1.5031 trillion
Headquarters Address	242, Jangpyeong-ro, Saha-gu, Busan, Republic of Korea
Places of Business	Korea: Headquarters Overseas: Changshin Vietnam, Changshin China, Changshin Indonesia, Changshin Reksa Jaya

## Changshin Way

Driven by its vision of becoming a "world-class manufacturer," Changshin aspires to mature into a "top-flight company that grows together with its customer." The company will do its best to become a world-class manufacturer that offers vision and value for its customer by producing excellent products backed by innovative ideas and efficient manufacturing systems.



## Core values

Changshin's core values are fundamental values that all of its executives and employees must continue to pursue and practice, and they are also factors that form the foundation of a unique corporate culture.

### ● Challenge

Once it seems to be the right way, make a decision and challenge without giving it up on realistic obstacles with an attitude of 'Kaizen yourself every day and kaizen again.'

### ● Grit

Be confident in your competence and capability based on a strong mentality that doesn't miss any moves and continual endurance.

### ● Cooperation

Draw cooperation and devotion from relevant departments based on mutual trust and sympathy within the organization.

### ● Innovation

Make a revolution constructively if the traditional way of working seems questionable and unproductive.

### ● Mutual Trust and Respect (MTR)

Decide based on an agreement on mutual respect of reciprocal positions and values among ChangShin members.





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# Company History



**1981**  
Established Daeshin Trade Inc.  
Began logistics business for Nike.

**1983**  
Opened a shoe manufacturing plant.

**1987**  
Began production of Nike's  
"OUTBREAK" model.

**1994**  
Opened the first offshore factory  
(Vietnam).

**1995**  
Opened the second offshore factory  
(China).

**1998**  
Introduced the Toyota Production  
System (TPS) for the first time in the  
footwear manufacturing industry.



**2000**  
Renamed the company to Changshin Inc.

**2002**  
Opened the new headquarters building.  
Opened the Product Creation Center  
(PCC) at the company's head office.

**2005**  
Received a commendation from the  
Minister of Labor for its excellence in  
vocational capacity building.  
Opened the Nike Innovation Training  
Center in Vietnam (LEAN)



**2006**  
Received a commendation from the  
Minister of Labor for its excellence in  
equal gender employment.

**2007**  
Reached top-3 status in global shoe  
production for Nike.

**2010**  
Established Changshin Indonesia (JJ).  
Opened a PCC at Changshin Vietnam.  
Opened a satellite factory in China (ZZR).

**2011**  
Reached USD 580 million in sales  
revenue (total for Changshin Group).  
Became a top-500 company in Korea  
based on sales revenue.  
Changshin China selected as a Best  
Practice Business at the Korea-China  
CSR Forum  
Won the Grand Prize of CSR at the event  
for the 20th anniversary for diplomatic  
ties between Korea and Vietnam



**2012**  
Changshin Vietnam won the Presidential  
Medal of Labor (first foreign-invested  
company to win the Medal).

**2014**  
Opened a satellite factory under the  
Changshin Vietnam (VJ2).

**2015**  
Opened a Modernization Center (MC) at  
Changshin China  
Opened a satellite factory under the  
Changshin Indonesia (JJS).  
Won the Presidential Award as a  
Top-100 Job Creation Company.  
Won the Outstanding Enterprise award  
from the Busan Metropolitan  
Government.



2019~  
2020

**2019**  
Vietnam offshore factory (VJ) became  
the first Nike factory to achieve the Gold  
grade in Nike's Manufacturing Index.

**2020**  
Changshin Vietnam won the Class-2  
labor medal in Vietnam by the Prime  
Minister of Vietnam  
Changshin Vietnam won the Outstanding  
Workplace Environment award by the  
Vietnam Chamber of Commerce and  
Industry.  
Opened an offshore factory in Indonesia  
(RJ plant)  
Opened a second satellite factory under  
the Changshin Vietnam (VJ3).



2016~  
2018

**2016**  
Reached KRW 1 trillion in sales revenue.  
Won the youth-friendly small and  
medium-sized enterprise award from  
the Ministry of Employment and Labor  
Won the Outstanding Employer award  
from the Busan Metropolitan  
Government.  
Changshin Vietnam won the  
Outstanding CSR Company in  
Korea-Vietnam award

**2017**  
Achieved the Silver grade in Nike's  
Sustainability Management Evaluation  
(S&MSI) for the first time among all  
Nike suppliers.  
Installed solar power generation  
equipment at Changshin Vietnam.

**2018**  
Ranked 6th in sales revenue among all  
companies in Busan.  
Won the Presidential award for Top  
100 job creation company

1981~  
1998

2000~  
2005

2006~  
2011

2012~  
2015



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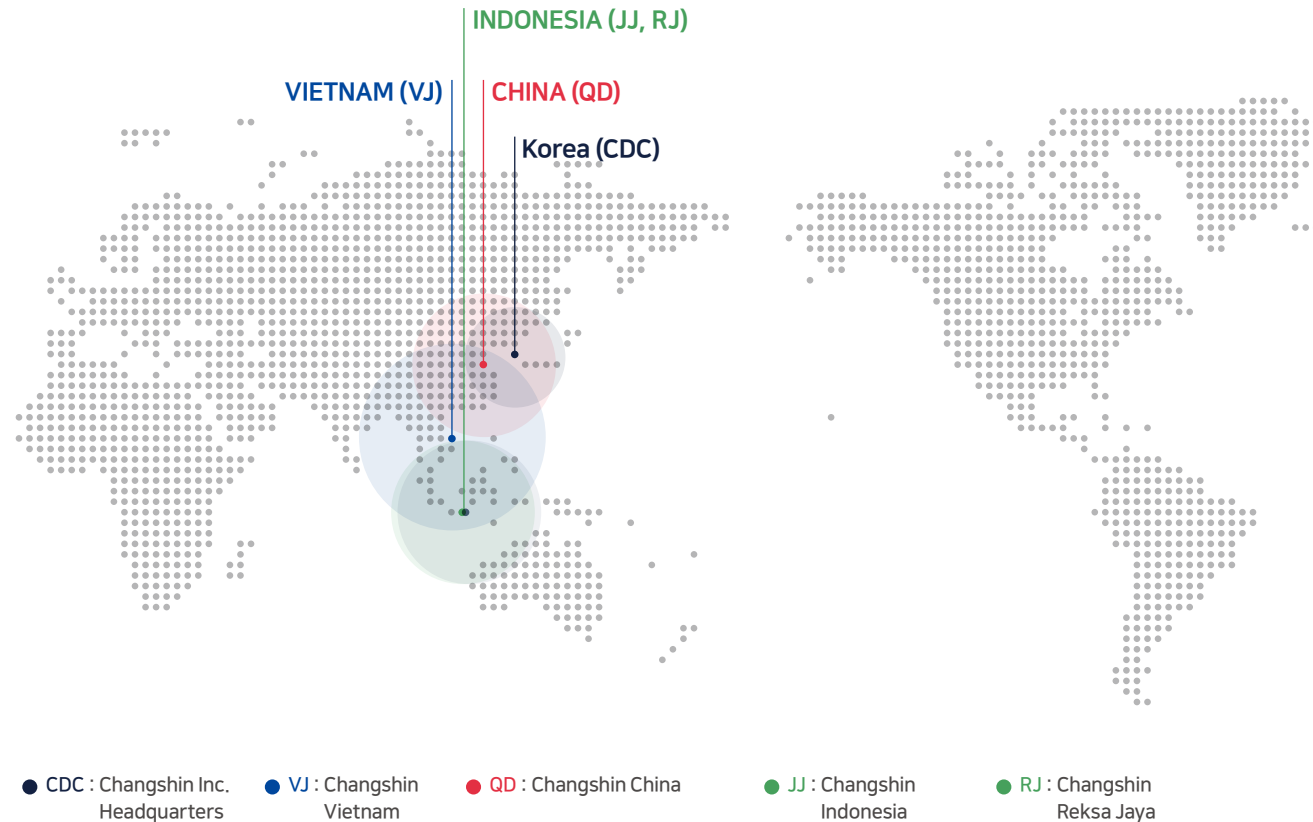
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# Global Network



## Changshin Inc. (Headquarters)

Established Date	March 2001
Location	242, Jangpyeong-ro, Saha-gu, Busan, Republic of Korea
No. of Employees	1,119 persons



## Changshin Vietnam

Established Date	July 1994
Location	Thanh Phu Village, Vinh Cuu District, Dong Nai Province, Vietnam
No. of Employees	39,812 persons



## Changshin China

Established Date	March 1995
Location	No. 6, Quan Zhou Road, Jiao Zhou City, Qingdao, China
No. of Employees	5,531 persons



## Changshin Indonesia

Established Date	November 2010
Location	Jl Dusun Gintungkolot Rt 16/04, Gintungkerta, Karawang, Indonesia
No. of Employees	17,788 persons



## Changshin Reksa Jaya (Indonesia)

Established Date	February 2020
Location	Jl. Raya Leles No.134 Ciburial, Kec. Leles, kabupaten Garut, Jawa Barat, Indonesia
No. of Employees	9,553 persons



# Innovation

Since the early 2000s, Changshin has set digital transformation as a future strategy, and has restructured itself as a digital innovation company with efficient production and management capabilities by combining artificial intelligence (AI), big data, and smart energy technologies.

Moreover, the company is helping to build a sustainable society by developing eco-friendly materials that minimize environmental impact, and by maximizing the quality and durability of its products.



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# Product Innovation

Changshin develops new products and prototypes out of its Product Creation Center (opened in 2002) and its Product Creation Center in Vietnam (opened in 2010).

## Changshin Product Creation Center

The Product Creation Center (HQ PCC), established in 2002, features six working departments under the Lifestyle and Performance Division, and develops specialized footwear designed to serve different applications and purposes. In particular, the PCC plays a role in developing efficient prototypes and processes prior to mass-production at Changshin's offshore factories. More specifically, it applies designs requested by customer with its engineering technology, and it also modifies or supplements samples through workshops at Changshin's headquarters before proceeding to the mass-production stage.

## Changshin Vietnam Product Creation Center

Since its establishment in 2010, the Vietnam PCC is engaged in five footwear categories (lifestyle, running, fitness, kids, and Jordan shoes), which account for 40% of footwear models currently in the development pipeline. The Vietnam PCC currently employs 228 people, and it also employs 148 people in the field supporting PCC operations (e.g. developing various jigs/tools (tooling) to physically create footwear models being develop).

Focusing on the development of new shoes, the Vietnam PCC transmits feedback between production sites and development departments at Changshin's headquarters. It is also tasked with supporting models transferred from other corporations to Changshin.



## Innovation & Automation

Changshin researches the characteristics of eco-friendly materials for potential applications in footwear and manufacturing processes. At the same time, it helps smart factory operations and maintains the company's excellence in production by collecting big data and using AI-driven technology.



To operate smart factories with Industry 4.0 technologies, Changshin collects real-time data via IoT devices, converts the information into big data, and analyzes it using data science techniques. Moreover, the company improves production processes using AI, and upgrades its smart factory operations with "digital twin" technology.

In order to meet the needs of various consumers, Changshin proposes new ideas, and engages in joint technology research projects with clients to turn new ideas into reality. The company freely shares its opinions to make sure even the smallest ideas can get a chance to make it into production, and it discovers new ideas from feedback given by athletes and real-world testers. Changshin looks to improve its performance, while being sustainable, and it proposes innovative shoe manufacturing methods and platforms.

Changshin pursues excellence in manufacturing by developing new shoe production technology, by continuing to improve product quality and price competitiveness, and by playing an active role in expanding its business with customer. Various engineers at Changshin work together to verify the effectiveness and suitability of technology with customer at each phase of a project launched to develop a new piece of technology.

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## Development

Changshin develops prototypes and processes for efficient production by producing samples that meet design concepts requested by clients, and by modifying/supplementing samples based on its communication and testing with clients.

### Project Management

By coordinating the client's design concept with engineers assigned to each category and relevant departments, Changshin plays the role of an important communicator that produces samples that meet client needs and prepares products for mass-production. The company communicates closely with clients, relays feedback from each department of the PCC and offshore factories to clients, manages required items during the development process, and facilitates fabrication as well as mass-production.

### Pattern Engineering

By designing the upper of shoe products using Dimension CAD S/W, by engaging in continued quality improvement activities, and by establishing new processes as the first step in the overall development process for shoes until the 2D design reflecting the client's design concept is realized as an actual product, Changshin is contributing to customer satisfaction

### Tooling Engineering

Changshin designs prototypes using 3D scanning, modeling, and printing equipment for 2D and 3D designs according to the client's design concept. The company plays a crucial role in improving production efficiency by addressing problems found through testing and verification at each stage of development, by enhancing quality, by maximizing the production of high-quality molds and productivity, and by minimizing defects.

### Chemical Engineering

By developing new materials, Changshin manufactures functional shoes that meet client requirements, and it helps reduce price by devising new construction methods. Moreover, Changshin strives to produce the highest quality shoes with strict process controls and quality testing.

## Shop Floor

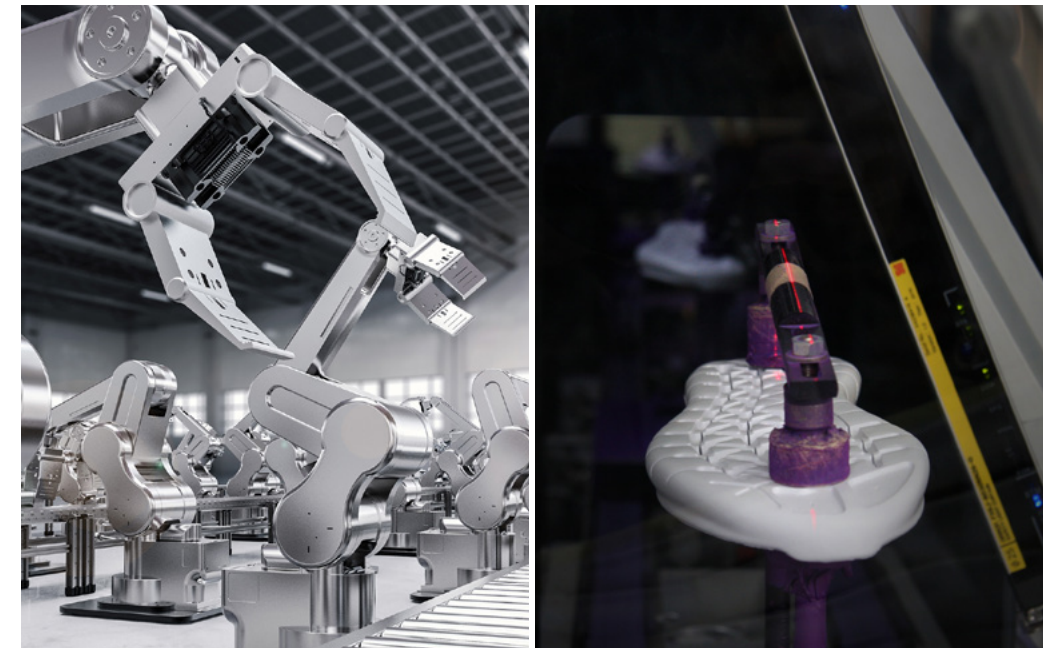
Changshin delivers the highest quality samples in a timely manner to build customer trust and improve customer satisfaction. It develops products that fit the concept and characteristics of each shoe using its quality control measures, improvement measures, and dedicated craftsmanship. Changshin boosts the efficiency of the sampling process with digital-based sample processing, efficient planned production, and activities aimed at removing waste, and it also contributes to productivity improvements by making sure samples and processes are of the best quality possible.

## Production

Changshin improves productivity and assures quality using standardized processes and innovative technologies centered on its global production bases, and it delivers the products clients want at the very time they want to boost customer satisfaction.

### Production

Using its production bases in Vietnam, China, and Indonesia, Changshin continues to improve its productivity and assure quality with standardized processes and enterprise-wide ERP systems under a LEAN production system. The company also delivers products to the desired location at the time desired by the client, which helps maximize customer satisfaction.



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# Digital Innovation

Since adopting the Toyota Production System for the first time in the industry in 1997, Changshin has developed its production management capabilities to achieve optimal efficiency by relentlessly reducing redundancy and waste in the production process. Changshin is preparing to become a leader who can lead the industry in the Industry 4.0 era by establishing a data-driven business management system using the C2.0 system based on Lean Manufacturing principles by 2023.

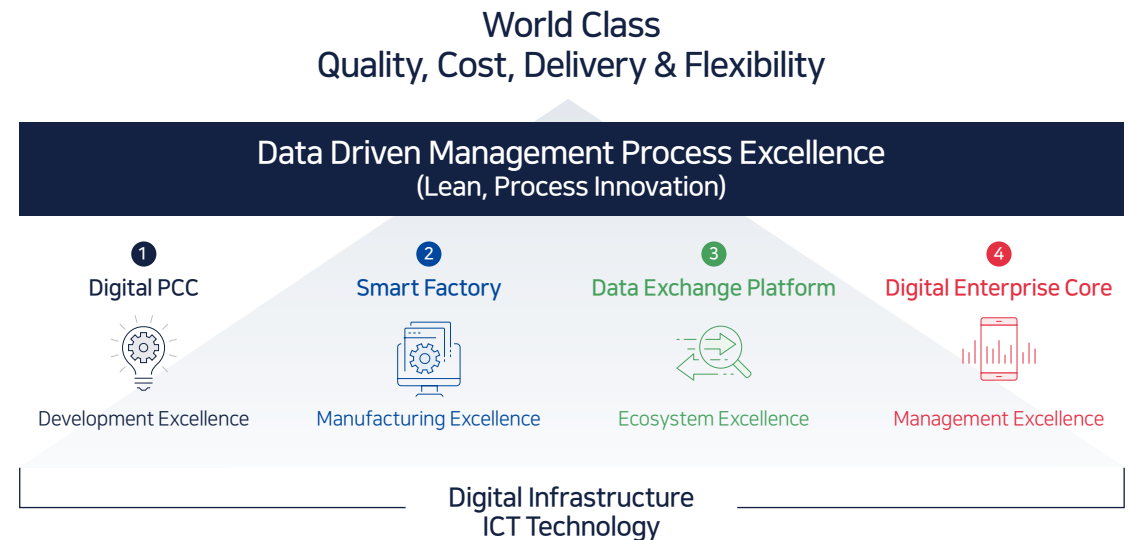
## C2.0

Changshin wants to improve or fundamentally change existing processes using new digital technologies or digital tools in the production or development process. Digital transformation discovers, develops, and applies technologies that can support Changshin's employees, clients, and business partners.

### Vision

Changshin aspires to achieve "World Class Quality, Cost, Delivery and Flexibility" with data-driven management measures using a digital infrastructure.

- C2.0 Vision: Helps Changshin achieve "World Class Quality, Cost, Delivery and Flexibility" with data-driven management measures using a digital infrastructure.



① Digital PCC - Changshin offers industry-leading development lead times thanks to its digital technology, and it guarantees reliable product quality with efficient development processes.

② Smart Factory - Changshin guarantees the best quality, cost, and delivery of products in the industry using digitalized facility management methods as well as production planning and operation management backed by data analysis.

③ Data Exchange Platform - Changshin is looking to propose a new value chain and customer service paradigm that can grow together with customer and partners by sharing solutions and data generated during the material supply-production-shipment process going forward.

④ Digital Enterprise Core - Changshin will help maximize business performance by establishing an organizational structure that continues to seek improvements with system upgrades and data-driven management of decisions.



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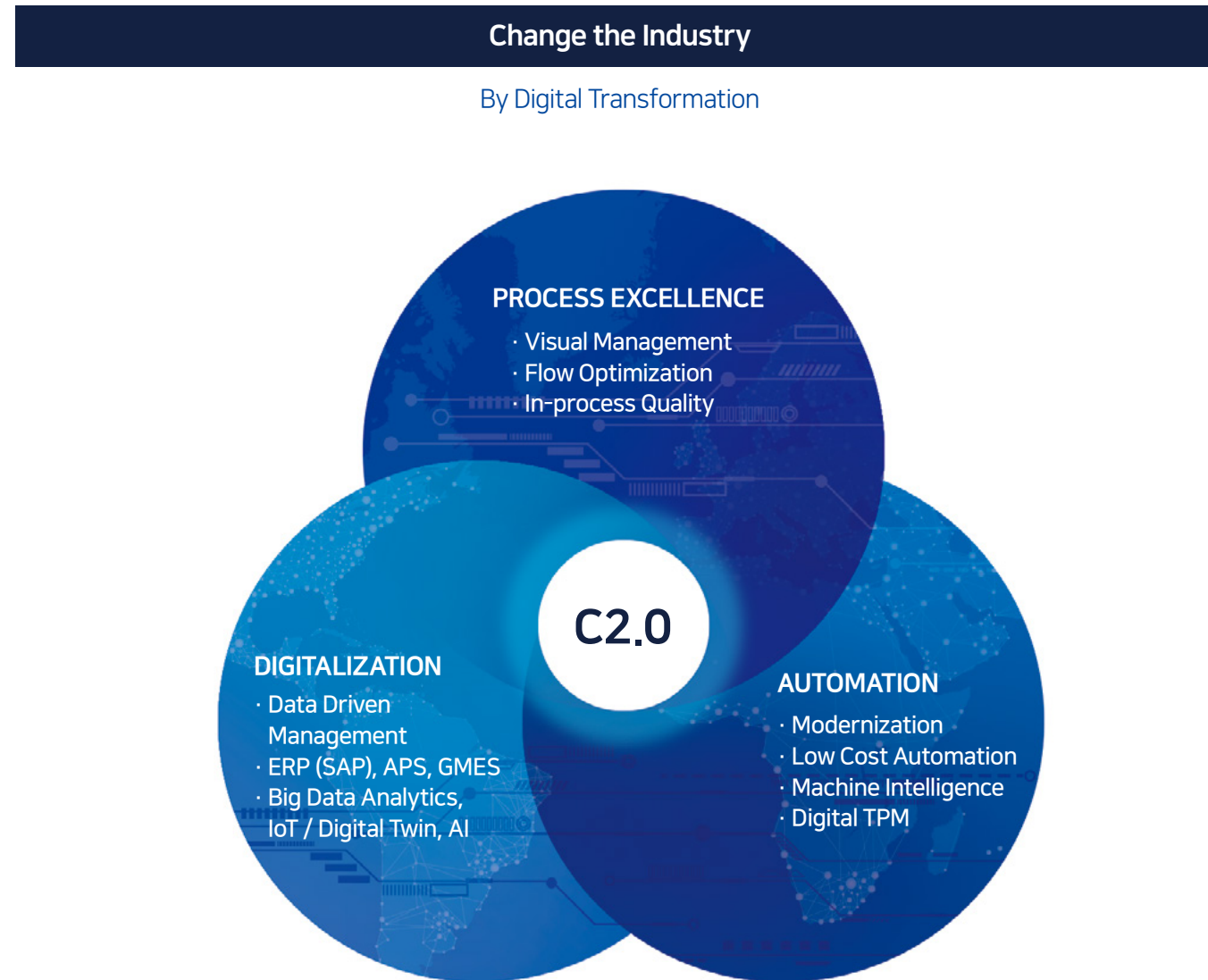
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## Super Tri-circle

Changshin will pursue three basic strategies to facilitate its digital transformation.



### ● Process Excellence

Changshin will implement processes to minimize waste by making it easier to optimize the logistics flow, maximize quality, and address problems via a consolidated platform.

- \* Visualize management
- \* Optimize flow
- \* Enhance quality within processes

### ● Automation

Changshin will establish efficient production systems by applying cost-effective automation technology at its business sites.

- \* Data-driven management
- \* ERP, APS, MES
- \* Big data analysis, IoT / digital twin, artificial intelligence

### ● Digitization

Data-driven production management system, Changshin will check production status in real-time and resolve issues immediately.

- \* Modernization
- \* Cost-effective automation
- \* Smartization of equipment
- \* Digitization of production, maintenance, and management

By eliminating waste factors via process optimization and standardization efforts, and by establishing an information system that delivers cost-effective automation functions and accurate information, Changshin is building a management system that can improve quality, cost, and delivery time of products, and respond flexibly to changes in client orders.

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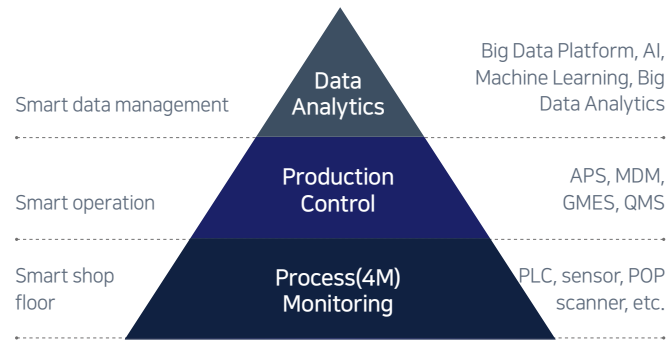
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## >> Key Activities

# Smart factory

### Smart factory structure

Changshin is building digitalized production systems by building smart factories and making manufacturing processes more optimized. The company pursues data-driven excellence in production management using optimized decision-making processes developed based on insight from sensing, data acquisition, and data analysis connected with production activities at its production plants.



- \* AI: Artificial Intelligence
- \* APS: Advanced Planning & Scheduling
- \* MDM: Master Data Management
- \* GMES: Global Manufacturing Execution System
- \* QMS: Quality Management System
- \* PLC: Programmable Logic Controller

#### ● Smart data management

(Big Data Platform & Data Analysis) – Data analysis-driven decision making can be supported by storing various data generated from production activities, analyzing stored data according to the required purpose, and visualizing the results. Furthermore, by converting the management performance report done mostly manually to a system-based data service system, reports can be accessed at anytime and anywhere to gain insight.

#### ● Smart operation

(GMES) – Allows monitoring production performance hourly and compares against the plan, the production status can be managed accurately, and production information can be shared, taking immediate actions against problematic processes immediately. By checking issues through the system and taking action, it is possible to stabilize quality and boost productivity, thereby improving work efficiency.

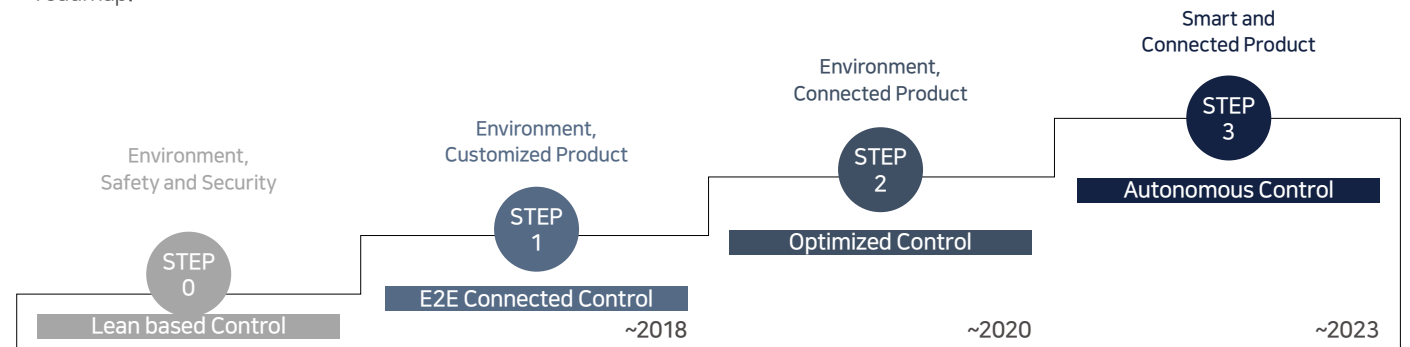
#### ● Smart shop floor

(Device) – Various smart devices (PLCs, sensors, scanners, etc.) has been installed for production, logistics, and equipment across a factory to collect various data extracted from the host.

Since Changshin Vietnam became the first to adopt a smart factory system, it has made continued improvements to its productivity and quality. Moreover, Changshin has standardized the digital-driven production management system at Changshin Vietnam, and it is installing the system across all of its offshore factories.

### Smart factory roadmap

To build a smart factory, Changshin plans to follow a four-step roadmap.



**Step 0** – Establish lean production method based on the Changshin Production System (CPS) to reduce waste.

**Step 1** – Monitor the production status by building a C2.0 system (featuring APS, GMES, ERP, etc.). Moreover, add smart devices to on-site machines and facilities to collect and analyze machine data such as temperature, pressure, and time for data analysis-driven decision making. (Data-driven Decision Making)

**Step 2** – Gain insights by analyzing big data, and develop and apply simulators by developing relevant algorithms. This will help enforce data-driven management. (Data-driven Management)

**Step 3** – By adopting an AI-based production system, create a data-driven organization capable of operating processes that maximize quality, cost, delivery time, and flexibility. (Data-driven Organization)

When Changshin succeeds in building a smart factory featuring Industry 4.0 technologies by 2023, the company will be able to introduce a production system that synchronizes the flow of information and products and optimizes automation using standardized processes spanning from production planning all the way to product shipment.





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## >> Key Activities

### Data-driven management

#### Data platform

With Industry 4.0 progressing at an accelerated rate, establishing a data-driven management system that collects, processes, stores, analyzes, and utilizes data is becoming increasingly important. Building a big data platform can help store and visualize collected and processed data, identify problems based on data, analyze root causes of problems, and compile reports.

Furthermore, extracting and analyzing different types of data from various systems can support the decision-making process with more detailed and insightful analysis, or help create new value.

#### Data type

No	Data	Purpose	Data source
1	Structured data (process/IT data)	Task process data (order, inventory, production, finance, cost, quality, personnel, etc.)	Systems such as ERP, GMES, APS, Hubic, PCC-ERP, PMX, etc.
2	Semi-structured data (machine data)	Machine and equipment data such as temperature, pressure, speed, and system log data	Equipment and system log information such as SCADA and Bottom IoT
3	Unstructured data (multimedia data)	Outputs such as drawings, images, photos, documents, and videos	PMX outputs or files stored on file servers, etc.

- \* ERP: Enterprise Resource Planning
- \* GMES: Global Manufacturing Execution System
- \* APS: Advanced Planning & Scheduling
- \* Hubic: Changshin HR System
- \* PCC-ERP: Product Creation Center ERP
- \* PMX: Product Management Excellence
- \* SCADA: Supervisory Control And Data Acquisition
- \* IoT: Internet of Things
- \* IT: Information Technology

● **Structured data** – Refers to IT system-based structured data. Supports the decision-making process by collecting, processing, storing, and analyzing data based on management information provided by various systems built for each task/field of work.

● **Semi-structured data** – Minimizes downtime caused by quality issues or malfunctions by collecting, processing, and storing machine data provided by various machines and equipment at the production site to determine whether an abnormality has occurred.

● **Unstructured data** – Moving forward, Changshin plans to collect, process, and store multimedia-based data such as various images and drawings to use them as a tool to support the determination of defects occurring in the process.

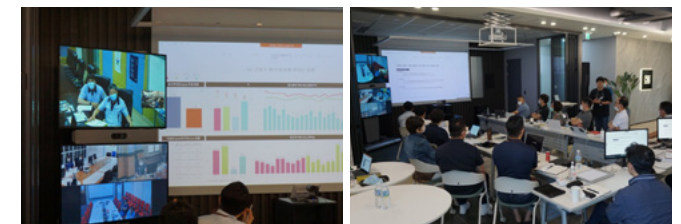
By upgrading and advancing the big data platform it has managed to establish so far, Changshin has collected structured, semi-structured, and unstructured data generated by all subsidiaries within the group, including offshore factories, and has visualized the data depending on the required purpose. Moreover, Changshin continues to execute activities aimed at creating value based on a series of big data analyses by applying advanced analytics such as machine learning and deep learning. Going forward, Changshin plan to maximize production efficiency by developing and applying AI technology to intelligent factory operations. To that end, the company will look to strengthen its data analysis capabilities using its big data platform.

#### Data analysis activities

Leveraging the working industry-university relationship, Changshin has invited data analysis experts to provide training programs to help its employees learn the significance of big data and data analysis techniques. Through these training programs, Changshin employees can learn the different types of data, and also study various statistical analysis techniques as well as practical application cases for each data type.

Furthermore, Changshin has been offering activities that can support decision-making processes using data analysis results that are applicable in practice by inviting employees to engage in tasks with specific parameters. By synchronizing with relevant systems and configuring screens so that these analysis results can be visualized, all relevant organizations at Changshin are learning how to execute given tasks and manage their operations using data analysis results.

Gleaning insights through data analysis can be very effective when making business decisions. Changshin hosted a data analysis contest to showcase important data analysis cases and share information throughout the group. Changshin is helping its employees recognize the importance of data analysis by selecting, presenting, and sharing best practices based on expert evaluations on data analysis and visualization cases from the field at each company, and it is helping improve work efficiency by standardizing work processes and distributing best practices.



▲ Data analysis contest

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## >> Key Activities

### Lean innovation culture

#### Innovation strategy

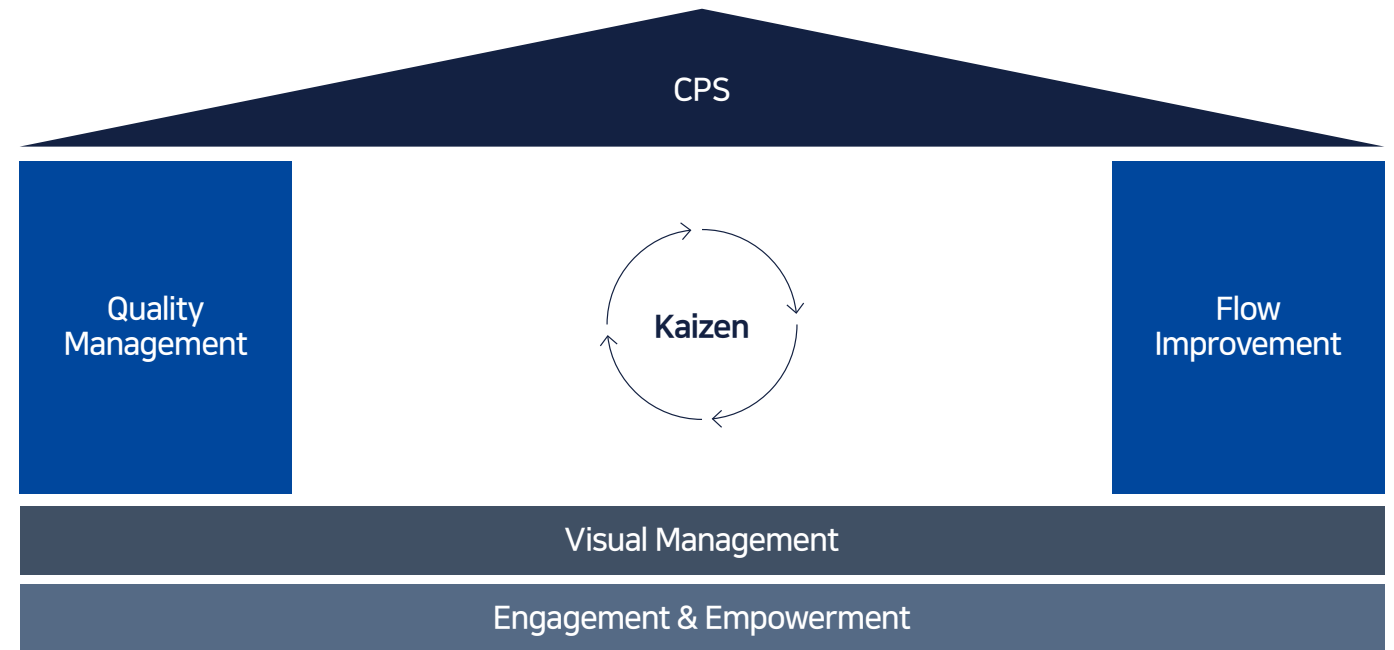
For more than 24 years (since 1997), Changshin has used Lean management and innovation activities, which have now become a foundation upon which the company has established a culture that prioritizes reducing waste and a mindset that values innovation across the entire group. This has helped Changshin establish its unique “Lean Vision” - known as the “ChangShin Production System (CPS)” - and build up the company’s organizational capacities that enable sustainable improvements using CPS-based Lean strategies and tools.

- **Quality Management (QM)** – For development-mass production-market quality assurance activities, Changshin introduces new products, standardizes work process, and manages the 4Ms (Man, Machine, Material, Method) to stabilize mass-production during its early stages. It also strives to prevent problems from recurring by reflecting results from quality assurance activities in production processes and results from analyzing market quality issues into product development or mass-production.

- **Flow Improvement (FI)** – By creating a Lean Layout that takes into account the optimal logistics flow, Changshin has created a “One Pair” production system, and complies with Tack Time. Using this production system, Changshin leaves zero inventory in the process and meets the customer’s desired delivery schedule.

- **Visual Management (VM)** – Changshin established a site where problems are detected through a “3R5S” system (Right location, Right product, Right quantity, and Sorting, Setting in order, Sweeping, Standardizing, Sustaining the practice), manages information across production lines (including equipment information) in a manner that can be confirmed visually.

## Changshin Production System



- **Engagement & Empowerment (E&E)** – Changshin enforces KPI management and strives to address problems with communication and policy deployment to achieve its strategic directions and goals. By standardizing the tasks entrusted to managers, Changshin is holding leaders at every level responsible, and provides regular training to help leaders comply with relevant rules.

- **Kaizen** – By identifying problems and gaining insight using data analysis, Changshin specifies points that require improvements, and it uses PDCA to continue improving problems.

Through CPS-based Lean management innovation activities, Changshin secures quality, delivery, cost reduction, and is securing flexibility in production capacity across the company.



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**Sustained innovation activities**

Through on-site improvement proposals and improvement activities, Changshin has continued its business thanks to the participation of all team members as well as leaders. By using this improvement proposal system, Changshin collects suggestions from the field and responds quickly to suggestions to induce more engagement from employees so that ideas can actually lead to improvement.

Once Changshin receives suggestions from its employees, they are passed on to field managers through a committee within seven days. Furthermore, suggestions that are difficult to offer feedback to within seven days go through a PDCA-based process at a dedicated team to find solutions pertaining to each suggestion. Changshin selects the best cases and applies them throughout the company, which leads to standardization.

Internal benchmarking is a Lean improvement activity that symbolizes a culture of continuous improvement. By sharing and disseminating small and large improvement activities at each site, the entire company can expect an upgrade.

This process is conducted on a weekly basis, and each production line has time to prepare and share best practices. When local and Korean leaders, including general manager, gather at a production line, the local leaders of the production line share improvement cases and ideas. Best practices selected through internal benchmarking are standardized and spread throughout all production sites.



▲ On-site improvement activities

**Stakeholder Interviews**

Young-ryang Wi  
Head of Business Division (Executive Director),  
C2.0 Business Division,  
Changshin Inc. Korea Headquarters



The shoe manufacturing industry is facing the need to develop from a labor-intensive industry to a technology-intensive industry, from a manual industry to an automated industry, and from a human-driven decision-making structure to an industry with a data-driven decision-making structure.

Changshin C2.0 provides the means to put the support requests required by ESG in real work cases through processes, systems, and data. In other words this is the innovation tool of Changshin that seeks to mature the company into a world-class manufacturing company as part of its Digital Transformation.

Based on digital technology, data on sustainability management factors such as environment, safety, and carbon emissions are collected from the front lines and visualized to identify and analyze problems and also to help Changshin develop a dashboard-like tool to manage KPIs.

This shortens the time it takes for smoother communication with offshore factories and understanding the current situation. Moreover, it provides various analysis data to help make decisions faster than the existing system. Changshin will continue to work hard to establish a data-driven digital work environment and create innovations that can help take on new challenges and promote further innovations.

# Sustainability Management

Good products are made with the passion and effort from countless people in an environment where health, safety, and human rights are properly respected.

Changshin will work together with its customer, who wish for a better society, consider its harmony with nature, and establish a relationship with the local community that encourages mutual growth.

Furthermore, driven by its objectives in regards to sustainability management, Changshin promises to sustain its commitment towards creating new standards so that the company can help society continue to grow.

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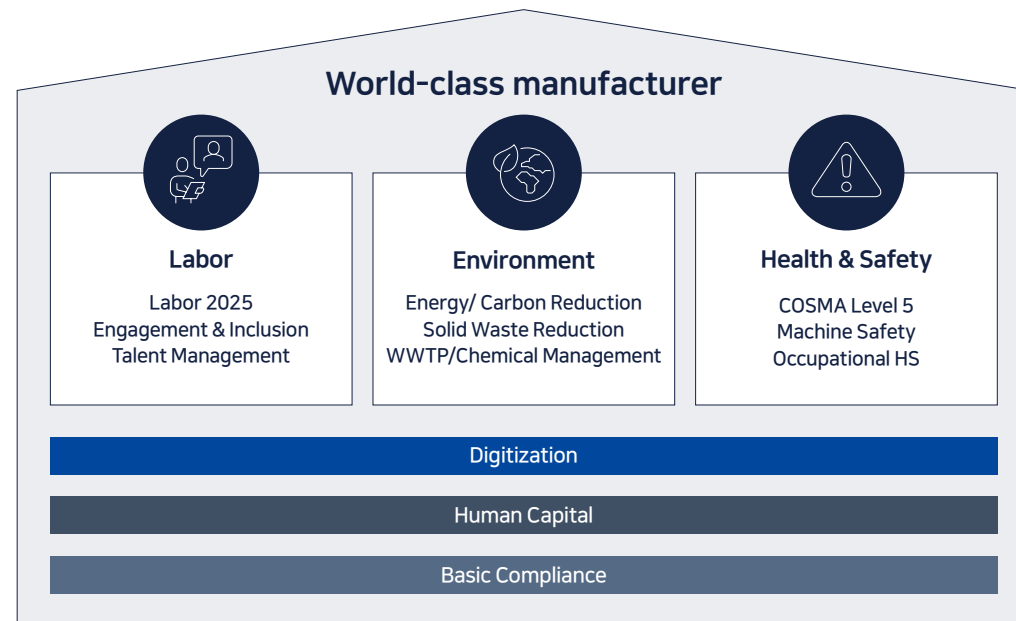
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# Sustainability Management

## Sustainability management strategy

Changshin established a business strategy in connection with the UN’s Sustainable Development Goals (SDGs) to achieve its goal of ensuring “sustainable growth through innovation and value creation.” Changshin’s business strategy specifically aims to create environmental and social values that take into account not only the economic performance of the company, but also universal values in the countries it operates in and humanity as a whole. To this end, Changshin will look to internalize its sustainability management activities and strengthen its communication with stakeholders.



The SDGs are a global call to action established to promote prosperity while protecting the planet. They are a common set of goals for humankind that can help realize the ideals of sustainable development. Changshin selected SDGs that are highly relevant to its sustainability management efforts, and specified them in relevant sections of this report.

## Stakeholder engagement

Changshin communicates through the following communication channels to identify key interests and needs of each stakeholder. In April 2020, Changshin broadened the scope of its understanding and interest in stakeholders by providing education on sustainability management (ESG management) and trends related to the subject of sustainability for its employees.

Stakeholder channels		
Stakeholder	Communication Channel	Key interests
Clients	E-mail, website, customer center	Quality, price, delivery
Executives and Staff	Groupware, labor-management council (quarterly), safety and health council (monthly)	Welfare, education/training, work-life balance
Partners	Supplier conferences	Fair trade, work safety
Local Communities	Corporate social responsibility activities (regularly for each program), visits to related organizations	Social responsibility, community investment
Central Government and Local Governments	System briefing sessions (upon government request), public-private cooperation programs	Legal and regulatory compliance, partnerships

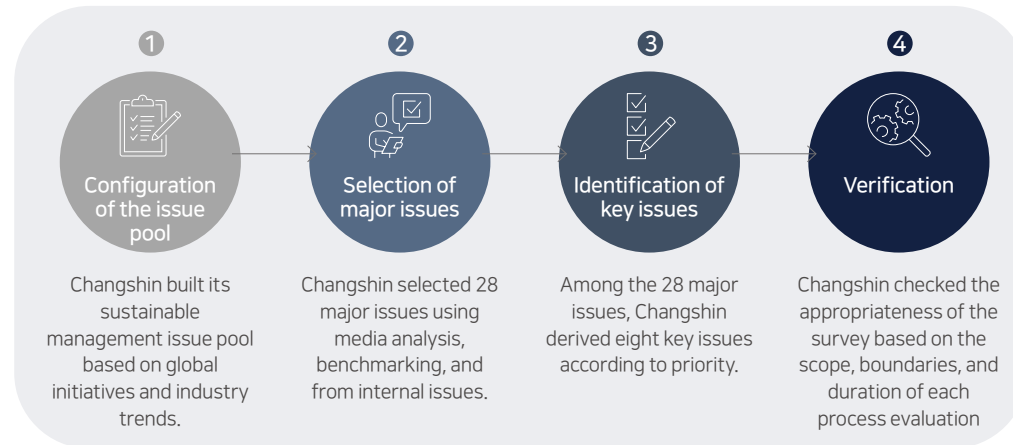
# Materiality Assessment

A materiality test provides an opportunity to examine the purpose and direction of a company's sustainable management by analyzing internal and external environmental factors, industry trends, and issues identified via stakeholder engagement. Changshin conducted a materiality test to identify business opportunities, risk factors, and key issues.

## Materiality assessment

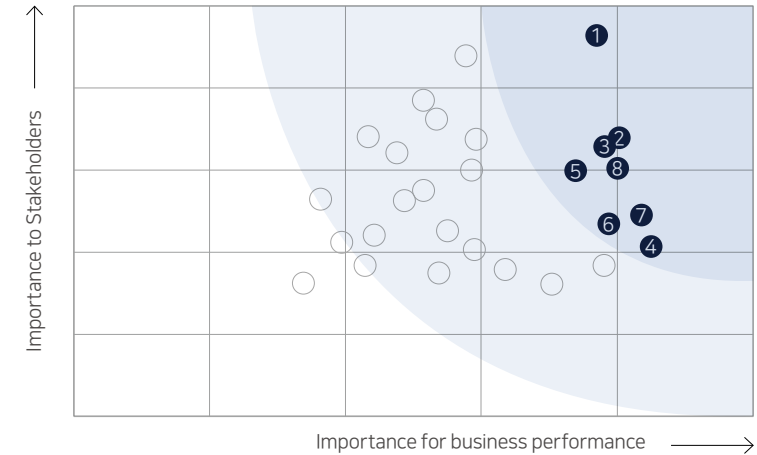
The materiality test was conducted in compliance with in-house policies, stakeholder surveys, media and industry analysis, etc. Results were sorted according to the importance to the company's business and its stakeholders. Changshin carried out a stakeholder survey from May 6 to 14, 2021, for both internal and external stakeholders to select the importance of each sustainable management issue, and also to collect feedback from stakeholders. Changshin selected eight key issues from a pool of 28 issues. These 28 issues were either considered important by Changshin's employees, benchmarked from other companies within the industry, or considered important by stakeholders outside the company.

### Materiality assessment



## Identification of key issues

A materiality matrix was drawn up for all 28 issues related to sustainable management. Changshin compiled a report and included content with reference to the eight issues selected as key issues. These key issues included ethical management, resource recycling and reuse, use of eco-friendly raw materials, etc.



### List of key issues

Key issue	Subject of the Report	Key Stakeholders	Page
1. Ethical management (anti-corruption, anti-bribery)	Ethical Management	Central government/local governments	50, 51
2. Resource reuse and recycling	Green Management	Central government/local governments, local communities	29, 56~58
3. Consumption of eco-friendly raw materials	Green Management	Local communities, partner companies	29
4. Human rights and labor protection across the supply chain	Respect for Employees	Partner companies, employees	35, 36
5. Workplace safety and health	Safety and Health	Employees, central government/local governments	38~42
6. Product safety and quality	Customer Satisfaction Management	Customer, employees	48, 49
7. Human rights protection and diversity	Respect for Employees	Employees	35, 36
8. Energy efficiency and greenhouse gas reduction	Green Management	Central government/local governments	28, 56

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# Corporate Governance

Sound corporate governance is the foundation of stable corporate management, and it helps a company move in the right direction. Changshin Inc. formed its first Board of Directors in 2021. Going forward, the company will strive to earn the trust of all stakeholders by internalizing the basic principles for transparency, fairness, and ethical values.

## Composition and role of the Board of Directors

Changshin Inc.'s Board of Directors (BOD) is the company's highest decision-making body, and it features mostly non-executive (outside) directors so that the BOD can function independently from management. As of the end of March 2021, four out of seven BOD members are non-executive directors, accounting for approximately 57% of the total BOD. The chairperson of the BOD is appointed by the BOD in compliance with the company's articles of incorporation.

Changshin Inc. appoints non-executive directors via a transparent and independent procedure in accordance with the BOD's articles of incorporation. The tenure of all BOD members is three years, and the composition of non-executive directors cannot be biased toward a specific field. Non-executive directors must have the requisite knowledge and experience in fields such as management, law, finance, and accounting, thereby adding expertise and diversity to the BOD. Changshin plans to deliberate on important matters related to the company's baseline management policies and the execution of company business, determine the composition and operating methods of professional committees under the BOD, and decide on other important agenda items.

### Members of the Board of Directors

Sort	Name (Gender)	Career Highlights	Specialty	Appointed Date
Executive director	Whanil Jeong (Male)	Current) Chairperson of Changshin Inc., Chairperson of the BOD	Business management	2021. 3. 23
	Choongil Nam (Male)	Current) CEO of Changshin Inc.	Business management	2021. 5. 24
	Dong-heon Jeong (Male)	Current) Managing Director of Changshin Inc.	Business management	2021. 5. 24
Non-executive director	Chae-min Im (Male)	Current) Advisor at Law Firm Lee&Ko, Former) Minister of Welfare	Law	2021. 3. 23
	Yeong-hoon Lee (Male)	Current) Senior advisor for POSCO E&C, Former) CEO of POSCO E&C	Business management	2021. 3. 23
	Ok-bong Park (Male)	Current) Attorney at Law Firm Samduck, legal advisor for Sungwoo Hitech	Law	2021. 3. 23
	Sang-wan Lee (Male)	C) Professor of Business Administration at Dong-A University, Chief editor of the Korean Accounting Association	Accounting	2021. 3. 23

## Committees within the Board of Directors

Changshin created a variety of committees to help with efficient management and supervision. It also formed an audit committee to ensure the independence and transparency of the audit system.

All members of the audit committee are non-executive directors who can audit Changshin's accounts and business operations transparently and objectively from a position of independence. Moreover, with the importance of the non-financial value of a company increasing, Changshin plans on forming an ESG committee tasked with making decisions on ESG-related issues, which can help the company fulfill its corporate social responsibility and role as a corporate citizen.

Sort	Members
Audit Committee	3 non-executive directors (Sang-wan Lee, Ok-bong Park, Yeong-hoon Lee)
ESG Committee	3 non-executive directors, 1 executive director

## BOD Evaluation and Remuneration

Remuneration for internal directors is determined upon approval by the BOD, which performs a comprehensive review on the nature of the work and work performance. Remuneration, however, must be within the remuneration limit approved at the general shareholders' meeting. Meanwhile, remuneration for non-executive directors is fixed, rather than being based on performance, to ensure the independence of non-executive directors.



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# Risk Management

## Risk management system

Changshin identifies legal and financial risks from its domestic and overseas business activities, and has a risk management process designed to prevent and effectively manage these risks. Furthermore, thanks to a dedicated risk management team, Changshin responds to a broad range of management risks such as quality, environment, and safety. Going forward, Changshin plans to minimize the impact of risks by analyzing risk-specific response scenarios and reviewing ex post facto responses.

## Key risk factors

Changshin categorizes and manages key risk factors that can affect the company's operations.

Changshin conducts regular inspections with relevant departments to minimize risks that may occur in business operations such as management of production capacity and order planning, supply of raw materials, maintenance of production facilities, and leakage of product information.

In addition, Changshin is making efforts to prepare for the next generation of manpower and promote mid-to long-term growth by predicting the labor market and unstable factors in the producing country in advance. It is carefully managing the safety and hygiene of its employees to prevent accidents caused by a lack of safety awareness or negligence in the workplace.

Uncontrollable variables such as exchange rates and interest rates are regularly checked as factors that can worsen financial liquidity, and financial risks are assessed by establishing a systematic decision-making system for investment plans for production facilities and evaluating opportunity values and loss costs.

In addition, to minimize uncertain risks such as political and economic problems, diplomatic disputes, and adverse market conditions occurring worldwide, Changshin is prepared for omnidirectional and swift responses, and data integrity despite emerging digital threats.

## Risk management process

### Step 1. Explore issues

Risk management personnel check the contents of meetings that occur during management decision-making through weekly/monthly meetings. Identify valid or potential issues. In addition, in this process, the person in charge of risk management organizes the meeting if necessary. Or you can take the role of an active observer.

### Step 2. Risk Assessment

Risks are identified through consultations with relevant stakeholders based on the issues detected in Step 1. At this point, a decision is made on whether to monitor in the future by determining whether it is a risk or a simple issue. The identified risks are analyzed based on the internal risk management standards for the likelihood and frequency of occurrence of the risk and the degree of influence or ripple effect as a result, and the related risks are verified. In addition, the severity and priority of the risk are given based on the likelihood and impact level measured based on the above internal criteria. In terms of company-wide monitoring, risk factors are managed together, so risks outside the priority are not excluded from management, but may be affected by future monitoring cycle and frequency settings.

### Step 3. Risk Handling

This is the stage to establish the handling direction between the person in charge assigned to the risk and the stakeholders and departments and implement the solution strategy. In this process, risk management personnel can act as advisors or guides for resolving risks, but cannot be direct solvers. Participate as an active observer in the risk resolution process to document the implementation of the strategy and prepare for the next step.





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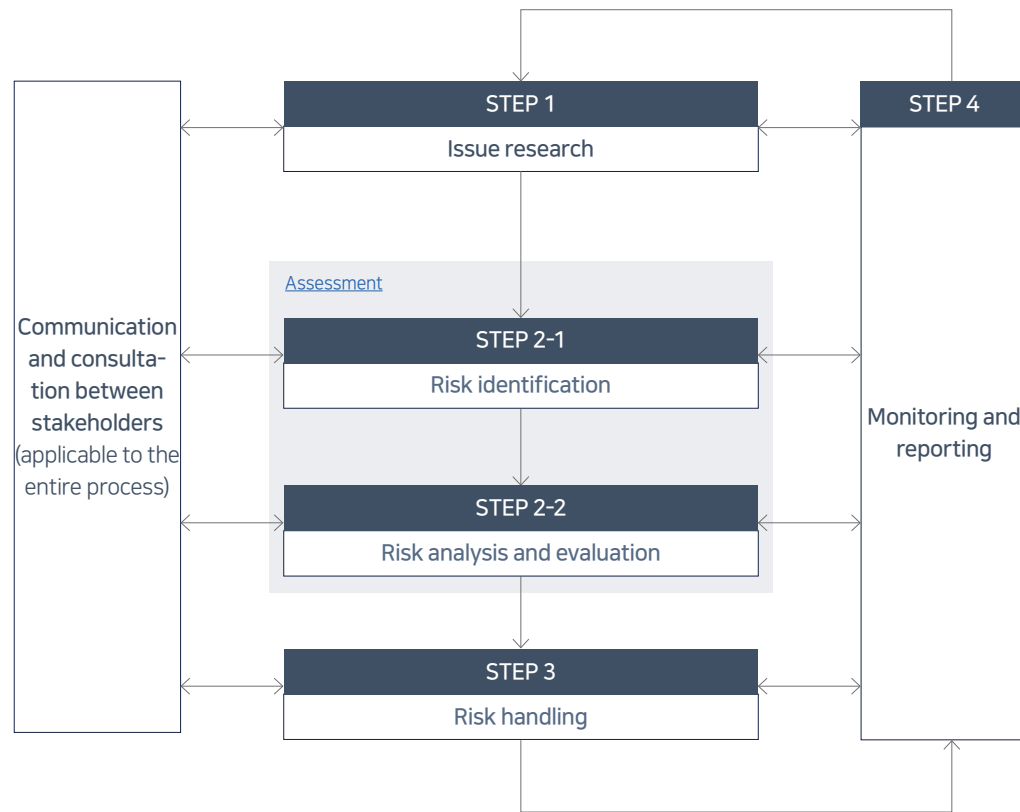
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### Step 4. Monitoring and reporting

Finally, Changshin periodically monitors and checks whether risks are well managed. At this time, risk management personnel need to detect risk factors that are emerging at the time, report them to management, and inform them of their severity. Afterwards, a cyclical process is built up by repeating the process of exploring issues focusing on agendas and issues that are created when management makes decisions. In addition, Changshin promotes advanced risk management through active communication and consultation between risk managers and stakeholders at all stages.

#### Risk management process



### Current status and plan of risk management

Recently, Changshin established a dedicated organization (team) for risk management to expand the scope of risks and to strengthen the crisis response manual and system accordingly. As an independent organization that is not affiliated with the headquarters, the risk management team explores potential risk factors in all directions and secures the objectivity of risk assessment accordingly.

Changshin classifies risks that may occur in the company into various categories, defines and evaluates detailed risks corresponding to them, and selects priorities, i.e., core risks. Through this, a treatment plan and response strategy for each risk are secured and managed, and a key risk indicator (KRI) is established by utilizing key performance indicators. In the future, the risk management team is preparing to present and promote more effective insights to the management by computerizing this KRI.

# Environment

As the Paris Agreement on Climate Change came into effect in January 2021, stakeholder interest in climate change around the world is growing. As the interest and influence of customer, consumers, and local communities increases, the role and responsibility that a company has with regard to its own internal environment and the impact it has on the wider environment is becoming more important than anything else.

In order to respond to climate change, Changshin is practicing energy efficiency improvement and expansion of new and renewable energy use. In addition, while making high-quality, long-wearing shoes, Changshin is practicing a resource recycling economy and maximizing resource efficiency.



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## Material Topic

# 01 Green Management



### SDGs



### Our Approach

Changshin strictly complies with customer compliance and environmental laws of each country, and promotes activities to minimize environmental impacts that may occur throughout its business. Based on the Green Vision, Changshin is minimizing its impact on the environment by implementing strategic tasks for each sector.

### Key Performances

- Establishment of a public-private response council for chemical accidents (19 years)
- Investment in air pollution prevention facilities (19 years)
- Environmental law registration and compliance evaluation
- Waste generated in 2020: 67.3 g/pair  
(About 8% reduction compared to 73.4g in 2019)

### Our Goals

- Prevention of chemical accidents
- Minimization of air pollutant emissions
- Eliminate the risk of legal violations
- Waste generation in 2025: 62.9 g/pair  
(Aim to reduce about 6.5% compared to 2020)
- Participation in the Carbon Disclosure Project (CDP)



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# Green Management

## Green Management Promotion System

### Green management vision and strategy

Changshin has established a “Green Vision” that outlines its aim to establish eco-friendly workplaces. To this end, Changshin has selected strategic tasks in five areas, and is monitoring the entire process through which air, water, waste, energy, and chemical resources pass through at the company. Changshin uses resources more efficiently by improving its processes and equipment, and it continues to practice eco-friendly management measures by increasing the portion of reused/recycled resources, and by expanding the use of new and renewable energy.



5) RSM: Responsible Sourcing & Manufacturing  
6) CTM (Chong Tien Machine): The name of a machine that molds a shoe midsole (phylon) using a multi-layer mold press  
7) IP (Injection Phylon): A machine that molds a shoe midsole by injecting the midsole material Phylon transformed into granular form into the machine.

## Response to climate change

### Greenhouse gas and energy management

Changshin is carrying out various activities to reduce energy consumption and increase energy efficiency with the goal of achieving low-carbon green growth, and is practicing eco-friendly energy management by introducing new and renewable energy. Centered on the RSM<sup>5)</sup> team at the headquarters, Changshin is continuously monitoring global and regional climate change trends and impacts on companies with the environmental team at offshore factories. Currently, each business site uses a variety of energies, including electricity, diesel, LNG, and CNG, as well as solar power and solar heat. These facilities are inspected and reported on a regular basis. Changshin INC’s total greenhouse gas emission in 2020 was 158,917 tCO<sub>2</sub>eq, a decrease of about 1% compared to the previous year, and this was due to the reduction in power consumption as a result of the improvement of production equipment at Changshin Indonesia.

In 2020, the Changshin Vietnam carried out a project to improve the heat loss of production facilities through ‘CTM<sup>6)</sup> Insulation’, and Changshin Indonesia conducted a ‘No cost project’ for power management of production facilities to reduce company-wide GHG emissions. In addition, by forming an energy task force team for each business site, Changshin is discovering its own projects to reduce greenhouse gases or actively participating in customer-led projects.

**25%** reduction in greenhouse gas emissions  
(Goal for 2025 compared to 2020 emissions, unit: kgCO<sub>2</sub>/pair)

**1,688**tCO<sub>2</sub>eq **GHG reduction** (2020)

GHG Emission Reduction Goals by Business Site (Unit: kgCO<sub>2</sub>/pair)

Places of Business	Year					
	2020	2021	2022	2023	2024	2025
Changshin Vietnam	1.97	2.45	2.16	1.90	1.67	1.45
Changshin China	2.81	3.37	3.03	2.73	2.45	2.06
Changshin Indonesia	3.15	2.88	2.73	2.56	2.39	2.26
Changshin Group	2.43	2.65	2.42	2.18	1.98	1.80

### Renewable energy supply

Changshin is making efforts to supply new and renewable energy in line with customer’ energy policies. As of 2020, Changshin Vietnam is operating 129MWh/year solar power generation facilities to supply power to the development center, and 1,960MWh/year solar power generation facilities are operated to supply hot water for IP<sup>7)</sup> washing machines. In addition, Changshin China has been operating 942MWh/year solar power generation facilities, and it is being used to supply power to process facilities and management building. Changshin plans to increase the supply system of new and renewable energy to enhance environmental and economic performance.



▲ Solar power facility at Changshin Vietnam ▲ Solar power facility at Changshin China

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## Environmental Impact Management

### Eco-friendly process

During the product production process, a gel press, which is a padless press, has been tested, and it was applied with regard to the Changshin Indonesia in 2020, and plans are in place to gradually extend it to all offshore factories. This is a new compression method that can be used in manufacturing preparation and manufacturing processes without using the outer pad for each model and shoe size to improve the existing compressibility. The benefits of not using pads are reduced pad costs, pad development time, energy use, and waste pad disposal costs.

### Environmental pollutant management

Changshin manages air and water pollutants in accordance with the laws and regulations of each country where the business site belongs, as well as in-house management regulations and procedures. Although all of its business sites are not subject to the designated management of air and water pollutants, Changshin is making efforts to discharge pollutants below the legal limit and minimize them by investing in various environmental facilities. In addition, Changshin has its own wastewater treatment plant and internal laboratory, strictly complies with each country's environmental laws, and conducts the ZDHC (Zero Discharge of Hazardous Chemicals) test, which is an international standard, twice a year to prevent the emission of environmentally harmful elements in advance.

#### Investment cost for air pollution prevention facilities at offshore factories (Unit: USD)

Places of Business	2019	2020
Changshin Vietnam	18,260	24,050
Changshin China	539,913	197,388
Changshin Indonesia	N/A	65,000
Total	558,173	286,438

### Water reuse and recycling

Changshin reduces water consumption by introducing a system for recycling and reusing wastewater within its business sites. In order to increase the recycling rate of water, recycling of reusable effluent is implemented through recycling facilities, and contaminants contained in the water are completely removed through physical filtration. Through the wastewater recycling system, Changshin achieved a water reuse/recycling rate of 55.1% in 2019 and 63.9% in 2020.

To inform employees of the importance of water conservation and encourage active participation, Changshin conducts annual water conservation mindset training, and attaches banners and posters to encourage water conservation as part of everyone's daily lives. In addition, wastewater purified through the in-house heavy water treatment facility is recycled as garden water or toilet water to continuously reduce the amount of water consumed at the source.



▲ Vietnam Plant 3 (Tan Phu) wastewater treatment plant

### Waste management

Changshin strives to minimize its environmental impact by minimizing the amount of waste generated throughout its business and by maximizing the use of reusable and recyclable waste. In the pre-production stage, Changshin analyzes the amount of waste generated by each product model and conducts an environmental impact review. During the production process, Changshin identifies the exact cause of generation and derives improvement plans through data management and analysis.

In particular, the midsole waste reduction project, which accounts for a high percentage of the total waste generation, started in earnest in early 2019, and the defect rate in 2019 was improved by monitoring the defect data by model, generation type, shift, and size, and analyzing the cause of its occurrence. Compared to the present, it has been reduced by about 50%. In addition, for safe waste management, Changshin separates wastes by item from the point of generation of general and designated wastes, and entrusts them to a specialized disposal company for treatment and recycling. In the future, Changshin plans to additionally build a data monitoring system for the outsole.

Changshin strives to produce eco-friendly and high-quality products by recycling waste generated in the manufacturing process to produce new products. In 2020, Changshin achieved a recycling rate of 55.2%.

**55.2%** waste recycling rate (2020)

**6.5%** reduction in waste generation

(Goal for 2025 compared to the amount generated in 2020, unit: g/pair.)



▲ Vietnam Plant 3 (Tan Phu) Waste Separation Storage



▲ Model Environmental Sustainability Review (MER)

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## Biodiversity Conservation

All of Changshin's business sites are located in urban areas or designated industrial and commercial areas, so there is no negative impact on conservation areas or endangered species of flora and fauna. Nevertheless, Changshin is making efforts to minimize its environmental impact as they affect the ecosystem through greenhouse gas emissions, air pollution, resource consumption, and other environmental factors.

## Environmental campaign

Following the marine clean-up activities conducted with the aim of participating in the minimization of marine debris caused by typhoons in 2019, on the occasion of World Environment Day on June 5, 2020, to protect the environment of the ocean where plastic waste is a serious problem, marine environment purification activities were conducted at a nearby beach.

In addition, to encourage in-house employees to use tumblers, Changshin partnered with cafes around the company and held an event to give discounts when using tumblers. A tumbler use verification shot event was held for two weeks, and 20 teams and 60 employees participated. Even after the Tumbler Certification Shot event, Changshin plans to encourage the use of tumblers through continuous partnership activities with eco-partner cafes.



## Stakeholder Interviews

Ida Nurhaida, Team Leader,  
Indonesia RSM Team



Amid growing social interest in corporate environmental responsibility, companies must play a role in meeting the expectations of local communities and customer. Businesses and their employees must be prepared to face environmental and social changes that occur very rapidly.

For Changshin's environmental sustainability, it is necessary to strengthen practical activities to contribute to the expectations of local communities and customer, that is, to protect the environment. If Changshin continues organic cooperation between the head office and each business site, Changshin will be able to produce good products while minimizing the impact on the environment and global warming.

## Stakeholder Interviews

Deni Triana, Energy Manager,  
Indonesia RSM Energy & Carbon Team



Changshin has set annual targets for carbon emission reduction and is conducting various activities. By raising the level of energy data management at each business site, detailed analysis and control of energy use can be facilitated, and energy reduction can be estimated according to the shoe model to be produced.

For Changshin's sustainable management, it is necessary to improve the efficiency of the production process through R&D in all fields (materials, processes, energy, etc.) and develop the 4R (Reduce, Reuse, Recycle & Recovery) program. Therefore, above all, when introducing new equipment, Changshin implements a procurement policy that considers safety and energy efficiency.

# Society

Changshin protects the health, safety, and human rights of its employees in various countries and regions where it operates.

By nurturing human resources and respecting the diversity of its employees, Changshin aims to create an environment where each person can work and grow vigorously.

In addition, Changshin is strengthening the link with the local community and practicing practical help and sharing. In the future, Changshin will ensure the health, safety, and human rights of its employees and achieve common prosperity through generous investment and support for society.

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## Material Topic

# 01 Respect for employees



### SDGs



### Our Approach

Changshin strives to create an optimal working environment where all employees can show their potential. Changshin respects the culture and values of employees of various nationalities according to the global business environment, selects and nurtures talented people with excellent competencies, and creates a corporate culture of trust through reasonable compensation according to performance.

### Key Performances

#### [HRM]

- Selected as an excellent employment company by Busan Metropolitan City (2019)
- Introduced the personality test system for job applicants (2019)
- Opened a sewing school linked to the recruitment of high school graduates in Busan, 9 full-time employees selected (2020)
- Established a competency evaluation system for production workers (2020)
- Launched the Myanmar International Student Internship program (2021)
- Executed an AI personality test (2021)

#### [HR]

- Established an Academy for nurturing footwear experts (2018)
- Established an education system for leadership development and operation of programs (2019)
- Re-established group core values and internalization program (2020-2021)

### Our Goals

#### [HRM]

- Support tuition/residence expenses for international students from offshore factories (2022-2024, Vietnam Ho Chi Minh City/Catholic Sangji International Exchange Center)
- Improve the executive evaluation/reward system

#### [HR]

- Secure footwear specialists
- Foster the next generation of leadership
- Internalize core values



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# Respect for Employees

## Talent Recruitment

Changshin recruits talented individuals according to a fair and transparent recruitment process, and strives to prevent any unfairness and discrimination in the selection process. Changshin operates a separate online recruitment website, provides various information such as with regard to organizational culture and job introduction, and helps job applicants better understand through the use of e-mail regarding recruitment inquiries. In addition, as the number of new hires increases every year, it contributes to job creation in the local community.

## Outstanding Employment and Welfare Companies

Changshin INC was selected as the best employment company in Korea in 2018 and as an excellent employment company in Busan in 2019. The award for excellent employment is awarded to companies that provide sustainable jobs to the local community and achieve stable employment management. The Korea headquarters and offshore factories also received excellent evaluations for corporate social responsibility and stable employment management by the Ministry of Labor of the country where they are located, and were awarded the 2020 Welfare and Employment Excellent Company Awards.

In particular, the Changshin Indonesia was selected as a model company for the creation of social value and consideration for the socially disadvantaged by winning the award for excellent employment of the disabled. Changshin will continue to do its best to create a good workplace for its employees and fulfill its corporate social responsibility.

Sort	Award name	Host	Date
Korea Headquarters	Korea's best job creation	Ministry of Employment and Labor	2018.06
	Busan Employment Excellent Company	Busan-si	2019.06
Changshin Vietnam	Vietnam Welfare Excellent Company	Ministry of Labor	2018.12
	Vietnam Welfare Excellent Company	Ministry of Labor	2019.12
	Vietnam Class 2 Labor Medal	Ministry of Labor	2020.10
Changshin China	Excellent company in employment management in Jiaozhou	Jiaozhou City Human Resources Social Security Bureau	2021.02
Changshin Indonesia	Excellent company for employment of the disabled	Indonesia Disability Management Corporation	2020.12

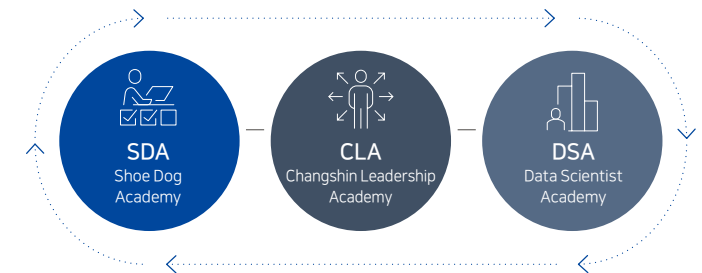


## Talent development

### Three Sector Strategies

Changshin's talent development is centered on nurturing job experts, nurturing leadership, and acquiring global core competencies based on understanding the core values of the organization. The talent development program is conducted through three academies.

#### Strategies in 3 areas of human resource development



#### ● SDA (Shoe Dog Academy)

It is a job training academy for nurturing footwear experts, and consists of Basic-Advanced-Expert stages. The Basic course consists of basic training for 13 jobs in footwear, and the Advanced course deals with the in-depth contents of each job function. The Expert course consists of senior developers' seminars and exchanges.

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● **CLA (Changshin Leadership Academy)**

This is a training course that fosters innovative leaders. The core leader training course is a strategic leadership course that fosters leaders. Leadership refresher training is leadership competency-enhancing training, and promotion training is for training leaders suitable for each position and role.

● **DSA (Data Scientist Academy)**

It is an education program that fosters data utilization experts, and consists of Basic-Advanced-Expert stages. The Basic course is a course to analyze business data through a data platform, and the Advanced course is a course for statistics and analysis using manufacturing big data. The Expert course is a course that nurtures data experts who support business decision-making by analyzing and modeling manufacturing big data.

**After-work education program**

Changshin contributes to the self-development and health promotion of its employees by providing various special activities and training programs after work for offshore factories that lack educational infrastructure. Various sports activities, Korean and English classes, as well as night schools are operated for workers who have not received an education due to difficult conditions. The case of a local worker graduating from night school working as a manager provides motivation and positive stimulation to other employees.



**Changshin Vietnam HRD center operation**

Established in 2011, the HRD Center of the Changshin Vietnam is making generous investments in human resources under the belief that “one good talent can produce good products.” The HRD Center is composed of 7 classrooms that can accommodate more than 300 people at a time and 144 in-house instructors who are in charge of 96% of in-house training. There are representative programs including multi-function training programs, career development programs, and self-development support programs. Representative programs include multi-function training programs, career development programs, and self-development support programs.



The Multi-Functional Skills Training Program is a program that allows one employee to possess two or more skills in order to improve their professional capacity. Changshin identifies the skillset current employees have and the capacities they require for each production process to offer additional training for functional and professional knowledge.

**5,569** persons

(Employees who completed the multi-skilled training course, as of 2020)

The career development program includes the process of developing common competencies for the job, such as forming a culture of mutual respect, enhancing employee immersion, and nurturing new leaders, and operating the Lean Academy, and training in-house instructors to spread the LEAN culture of innovation. It operates regularly and takes the lead in nurturing talents unique to Changshin. For self-development, Changshin provides night school, foreign language (Korean, English) classrooms, financial and computer courses, etc. to help its employees improve their competencies.

**2.28** hours

(Average training hours per person per month, Vietnam HRD Center)

**Average training time per month**

(Unit: Hours/person)

Course name	Year			Average hours
	2018	2019	2020	
Team member training	2.26	2.44	1.97	2.23
Middle manager education	2.34	3.74	1.73	2.60
Group leader training	3.34	1.78	3.78	2.96
Leadership training	3.15	3.18	2.31	2.88
Korean language education	2.41	3.18	1.60	2.40
Average hours	2.33	2.45	2.05	2.28



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## Fair evaluation and remuneration

Changshin believes that fair evaluation and compensation is the foundation of the company's continuous development, and is striving to improve the overall system of personnel evaluation and its compensation system. Changshin has a position system to nurture excellent talents into managers, and the company is intensively selecting, rewarding, and nurturing creative talents.

### Evaluation system

Utilized in the promotion system through various evaluations such as individual MBO, personality evaluation, multiple evaluation, and AC (ASSESSMENT CENTER).

### Promotion system

By operating a promotion point system for each position, promotion is based on performance rather than continuous service, and through this, Changshin provides an open opportunity for employees to encourage enthusiasm and promote equitable growth.

### High Potentials and Succession Plan system

The High Potentials system is a program designed to select assistant managers~deputy team managers with outstanding performance and competencies to provide differentiated compensation and training opportunities, and to develop them as creative future leaders. The Succession Plan is a system that selects, nurtures, and manages talented individuals who can become assets at key positions in the company (minimum Group Head level manager). It is a strategic talent management plan to help Changshin achieve its business goals.

## Employee Sharing and Communication Project

The growth of employees is the growth of innovation, and the happiness of employees is the happiness of innovation. Changshin is continuing its efforts to promote mutual growth and bonds with its employees by improving the living standards of employees who are in financial difficulties and through in-house cultural events.

### From Heart to Heart\_Building a house of love

Changshin is creating a warm culture for employees with difficult family environments. Since 2002, Changshin Vietnam has been carrying out the 'Building a House of Love' project to provide comfortable homes every year. Through this event, ten houses built every year are donated to Changshin's family and local community, and Changshin is creating a culture of sharing by holding regular daily necessities delivery events to employees living in dilapidated housing.

In addition, by operating a 'No Margin supermarket' that is operated on a non-profit basis, Changshin supports its employees to purchase daily necessities at low prices.



### Helping employees with financial difficulties

In 2020, the Changshin Vietnam selected 357 employees in economically difficult circumstances and held an event to donate daily necessities, and Changshin China also delivered New Year's donations and gifts to the employees in 2021.

## Parent-Child Accompanying Corporate Culture Event

In August 2020, Changshin China held an in-house parent-child cultural event to raise the morale of employees exhausted from COVID-19 and create a happy and vibrant company. The event consisted of a cultural performance and an awards ceremony, which was set up as a stage for fun and to strengthen family bonds. This activity provided an opportunity to strengthen the corporate culture and increase the sense of belonging and morale of employees, and Changshin plans to continue supporting related events in the future.

## Respect for human rights and pursuit of diversity

Changshin is a multinational global company with headquarters in Korea and bases in China, Vietnam, and Indonesia. The company prohibits any discrimination based on gender, disability, race, religion, nationality, etc., and creates a work environment of mutual respect and consideration. Changshin also complies with all labor principles recommended by the International Labor Organization and ratified by the state. To date, there have been no violations related to such matters. Changshin recognizes cultural diversity and operates various support programs for mutual respect and consideration.

### Inspiration Line

The Changshin Indonesia established and is operating a production line called the 'Inspiration line' to expand the employment and self-sufficiency of employees with disabilities. Most of the 'Inspiration line' employees are people with disabilities who are hired through special schools linked with local governments, and are positioned within a unique program of Changshin that embraces respect, consideration, and diversity.

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## Education and support for employees with disabilities

In October 2020, the Changshin Indonesia held a motivational education and gift-giving ceremony for 20 disabled employees jointly hosted by the Indonesian Ministry of Labor. The motivational lecture was conducted as a program to increase employee morale and adaptability to work. In cooperation with the Ministry of Labor, a fund was raised, and eight hearing aids and 12 bicycles were each awarded at the request of the 20 participating employees. In the future, Changshin will expand related training and events so that more employees with disabilities can adapt to the company.



## Support for religious and cultural events

In order to understand and respect the coexistence of various cultures and religions in each country, various events are held to commemorate national holidays and religious days of each country.

In July 2020, the Changshin Indonesia held an event to commemorate 'Eid Al Adha (Sacrifice Festival),' one of Indonesia's representative Islamic festivals, and to encourage local employees. It applauded employees for their efforts to normalize their work despite COVID-19, and awarded prizes to employees selected as the best employees. In addition,



17 goats were donated to the local community, providing an opportunity to share the joy of the festival with the local people.

In the case of Changshin Vietnam, the company visits Ninh Thuan, an autonomous province of the Cham ethnic minority in Vietnam, which accounts for the majority of its employees, every year to express gratitude to the family members of the employees and participate in the Cham cultural event. Changshin supports events to celebrate Kate festivals and more. In addition, Tet (Vietnamese Lunar New Year) is a representative local holiday. Changshin is holding a celebration event to commemorate the Korean Lunar New Year and to comfort employees who cannot visit their hometown during the holidays.

Changshin China holds a tug-of-war event every March to commemorate International Women's Day to strengthen teamwork and promote harmony.

### ▶ Changshin China selected as 2020 employment management excellent company

In February 2021, Changshin China was selected as the 2020 Jiaozhou Employment Management Excellent Company and was awarded the Director of Human Resources and Social Security in Jiaozhou City and a prize of KRW 50 million. The Employment Management Excellence Company Award is given to encourage companies that have received excellent evaluations in stable employment management and corporate social responsibility.

## Horizontal and creative organizational culture

### Communication & Collaboration

Innovators collaborate and solve problems through continuous communication. Various channels (Voice of employee, grievance counseling, team building activities, sports competitions, etc.) are provided online and offline so that colleagues, seniors, and juniors can freely exchange opinions, move forward in a better direction, and communicate freely.

### Teamwork

The success of introducing a lean production method for the first time in the footwear industry was possible because of the spirit of 'Vector Power,' where everyone puts their heads together and solves problems like they are their own. When Changshin works as a team, it creates results that go beyond what an individual can do, thus helping the company play a bigger role in history.

### Innovation Mindset

Changshin's innovation culture is about continuously improving and growing with bold execution power, rather than settling on what is familiar. In order to make an innovation mindset a habit, employees try to improve even the smallest things through improvement proposals. Changshin is constantly improving and finding ways to work more efficiently and to create a differentiated experience for its customer.

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## Various welfare and welfare programs

It is important to create a healthy and happy workplace so that employees can use their full potential. Changshin implements various welfare programs to provide global work opportunities, promote respect and communication, and ensure the health of employees.

### Providing global business opportunities

All employees who meet certain qualifications are given the opportunity to work abroad as an expatriate worker, training at Nike headquarters, and can participate in programs to strengthen global competency, such as language training, through EF (Global Language Education Institution)-linked education.

### Creative smart office

In order to increase creativity and work productivity, Changshin not only measures the work environment on a regular basis, but also improves the work environment through the HSE committee. The company is striving to reflect workers' opinions on improvement in the field, and it is helping to provide a balance between life and work through the flexible working system. In addition, the Korean head office conducts a summer shorts day and implements a uniform dress code for all employees.

### Health promotion program operation

Changshin operates in-house health programs and sports facilities, and encourages employees to train their minds and bodies. At the gym, exercise programs such as CrossFit and Pilates are operated by professional trainers, and basketball courts and table tennis courts are open. If employees apply for an outside exercise program, Changshin offers subsidies for the registration fee.

### Hobbies and cultural life support

Changshin provides selective welfare points that can be used for self-development and cultural life. Discounted prices for shopping, cultural life, transportation, books, etc. can be availed of online and offline according to the preferences of various employees.

### Open in-house library

In October 2020, Changshin China set up a small in-house library for employees who have difficulty visiting the library due to COVID-19. Through this, Changshin encourages employees who are physically and mentally exhausted to read and seeks to support them in spending their leisure time. In the future, Changshin plans to prepare and decorate books of various genres that reflect individual tastes to create a space that serves as a resting place for the mind.

## Win-win labor-management relationship

Changshin guarantees freedom of union activities, and as of the end of 2020, 64,790 people (93% of the total workforce, including the head office and factories in three overseas countries) have joined as union members. The company signs wage bargaining and collective agreements based on labor-management laws of each country. Changshin shares management status through a quarterly labor-management consultative body and seeks cooperation between labor and management to improve working conditions and resolve other grievances. In addition, to promote a win-win labor-management culture, Changshin conducts labor-management harmonization activities such as sports competitions and unison events every year.

### Stakeholder Interviews



Le Do Giao Tien,  
Changshin Vietnam HRD

In order to create a sustainable organizational culture, Changshin declared Credo and regularly conducts various training programs. To create a better organizational culture, domestic and foreign employee training programs on organizational culture must be consistent, and all employees must understand and empathize with one another.

For Changshin's sustainable management, it is necessary to review the current sustainability program for core principles and goals along with setting a long-term vision. It will also need to integrate leadership and invest in a variety of areas such as equity, fair pay, carbon footprint, and community engagement.

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## Material Topic

# 02 Safety and Health

### SDGs



### Our Approach

Changshin recognizes that providing a safe working environment and supporting workers to lead a healthy life is the basis for enhancing employee satisfaction and the basis of corporate competitiveness. To this end, regular risk assessments and safety inspections are conducted to improve problems.

### Key Performances

- 2020 NIKE SLCP<sup>11)</sup> PASS
- COVID-19 prevention activities
- Project to secure facility safety
- Safety awareness mindset training

### Our Goals

- Respond to customer HSE policies
- Comply with domestic safety and health laws
- Prevent industrial accidents
- Promote worker health
- Achieve 100% machine safety by 2025
- At least one CMSE<sup>12)</sup> person for each corporation

11) SLCP: Social & Labor Convergence Program (Common audit of footwear and apparel industry on labor & environment, safety and health, conducted once/year)  
12) CMSE: Certified Machine Safety Expert (machine safety expert training)



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## Safety management system

Changshin checks and improves safety and health issues at worksites through quarterly safety inspections by the HSE committee. In addition, Changshin conducts weekly self-inspections at production sites to prevent accidents and raise workers' safety awareness through frequent safety training. Offshore factories conduct on-site safety patrols every week to identify unsafe factors in each department's environment, safety and health status, and notify the relevant teams to prevent accidents in advance. In addition, Changshin is striving to foster a safe culture through monthly awards.

### Safe machine project

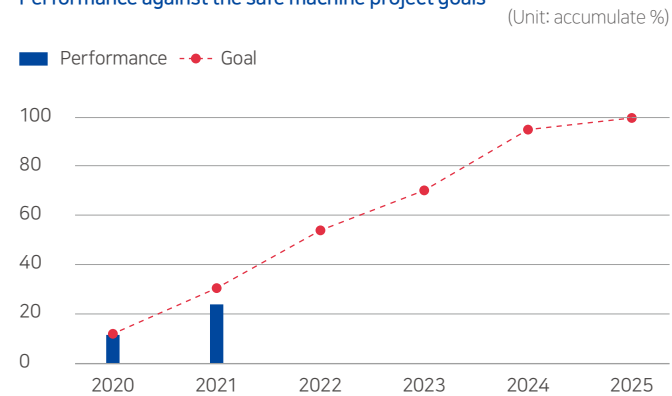
Changshin has more than 2,000 types of machines needed to make shoes, including sewing, which is the main process. A pair of shoes is the result of the exquisite harmony of process workers and machines. Occasionally, workers are injured unexpectedly due to an inconsistency. As a result of analyzing the causes of accidents since 2017, about 90% of injuries were caused by machines. Since 2018, before applying a new machine to production, Changshin has used a third-party safety inspection and certification agency to evaluate the risk of the machine to see if it meets international standards, removing the inherently unsafe factors. In addition, machines previously used in production completed the machine safety risk assessment in 2019, and as a result of the evaluation, each offshore factories set an annual goal by 2025 for machines in the medium and high-risk groups, and completed the 100% 'safe machine verification' project. It is in progress.

#### 5 steps to validate the safety of machines

- 1) International standard safety inspection through 3rd party (Machine is certified against international Standards by 3rd party)
- 2) Risk Assessment and Performance Levels defined
- 3) Process Hazard Analysis
- 4) Safety Standard Work Procedures developed
- 5) Safety training for workers using the machine (In-Job Safety Instruction Training Completed)

In addition, in order to nurture the corporation's own CMSE, in 2021, at least one CMSE qualified person for each corporation is focused on and given education at related educational institutions.

#### Performance against the safe machine project goals



\* 2021 results are reflected by the second quarter

### Machine Safety Specialist

In addition to the safe machine project, Changshin trains certified machine safety experts in line with international standards related to machine safety through machine safety training institutions at the headquarters and each production plant, so that it is not a one-time project, but continuous improvement of unsafe machines. Changshin aims for zero safety accidents by focusing on fostering self-reliance in machine safety management at each business site through machine safety expert training.

#### Status of Machine Safety Experts by Business Site

(Unit: persons)

Places of Business	Machine Safety Expert Status
Headquarters	2
Changshin Vietnam	2
Changshin China	1
Changshin Indonesia	2
Total	7

**100%** safe machine project target for 2025)

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## Workplace Safety Facilitator (WSF) Program

Fire accidents are the most common among many safety accidents. The footwear manufacturing industry is a labor-intensive industry, and as many people work together in the workplace, Changshin has no choice but to put more effort into securing fire safety compared to other types of workplace. In such a work environment, Changshin is operating a small group training program on overall fire prevention and response, such as the need for fire safety, notification in case of fire, and evacuation tips.

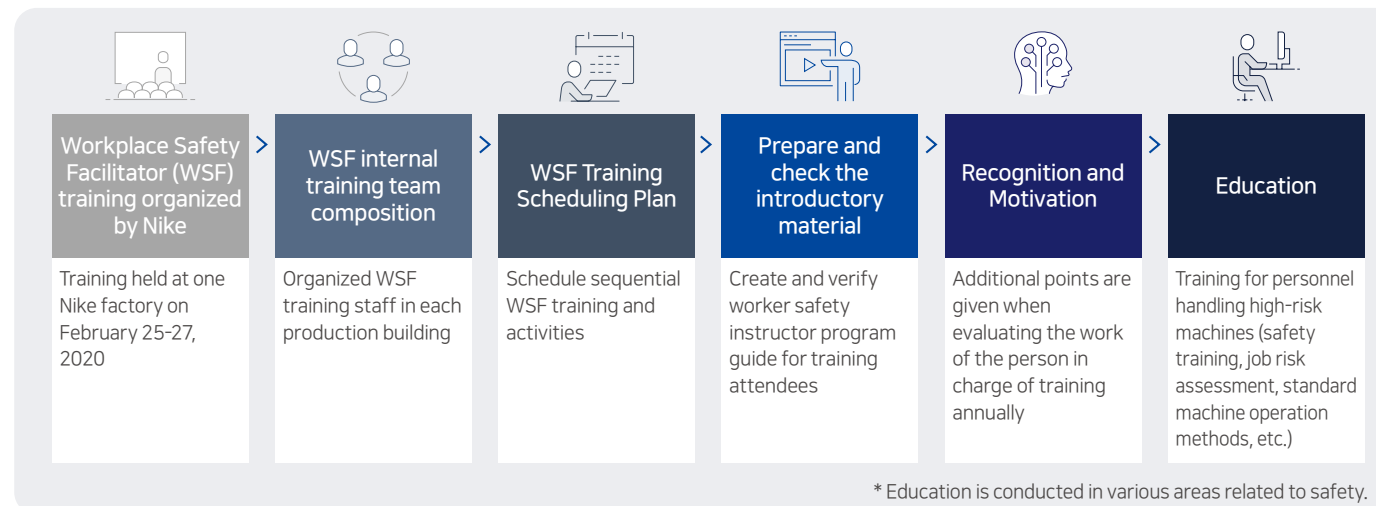
This program is conducted in a way that the Fair Labor Association (NGO) trains trainers through Train the Trainer and delivers training to fellow workers through the trainer.



Radio wave education is conducted in a format that can be easily understood in detail regarding fire safety, such as how to use a fire extinguisher training held for 5 to 10 minutes before starting work, how to notify when smoke is detected, and where to meet after evacuation. The contents are regularly repeated training. It started with the goal of achieving radio waves to at least 1% of all workers, and by 2020, the main factories of production subsidiaries in three countries have already achieved 1.16%.

The Changshin China was the first to introduce the WSF program within the group in 2015, followed by the Changshin Indonesia and the Changshin Vietnam in 2019. Currently, not only fire safety but also various other safety-related topics such as fall safety, chemical safety, and traffic safety are combined to raise overall worker safety awareness.

### Trainer developing at Changshin Indonesia



## Culture of Safety Maturity Assessment (COSMA)

Since the mid-2000s, Changshin has been contemplating whether it is not possible to systematically identify accidents that occur in the field in advance and prepare preventive measures, rather than a one-time response to accidents occurring inside and outside the workplace. To establish an overall safety awareness culture, Changshin operates a regular safety training program for all employees, and the HS team frequently checks the production site, then shares the problems found with the site managers to improve in a bottom-up fashion and resolve them (managed by the PDCA system). Not satisfied with this, in 2018 and 2019, a third-party evaluation of the safety culture maturity (COSMA) of major offshore factories was conducted.

The safety culture maturity evaluation consists of four main areas: 1) Satisfying legal safety standards (Critical Enablers), 2) Safety vision and detailed policies (Leadership), 3) Safety management system and risk factor evaluation (Process), 4) Safety training (People Development). It was a good opportunity to see the safety system of each corporation from various angles as it was organized as a safety talent training program (People development).

All three offshore factories were evaluated to be at Level 3, which is the level required by customer, and two branch factories in Indonesia are currently conducting internal safety system inspections and training to obtain Level 3 safety levels by 2023 and 2024.



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## COVID-19 response

Due to the COVID-19 pandemic, safety and health around the world are being threatened, and it also poses a great risk to business activities. Accordingly, Changshin is actively responding to COVID-19 through various preventive activities.

Changshin measures the body temperature of all people entering and exiting the business site, including executives and employees and outside visitors, and prohibits the entry of those suspected of being infected with COVID-19. In addition, regular disinfection is carried out, an antibacterial film is attached to door handles and fingerprint readers subject to frequent contact, and regular disinfection is performed to block viruses.

In particular, in a situation where it was difficult to secure quarantine supplies at the beginning of the spread of COVID-19, masks and mask filters were provided to all head office employees. For offshore factories that have difficulty in supplying quarantine products, Changshin has continuously provided masks, PPE for quarantine, and rapid antigen/antibody diagnostic kits in Korea to quickly respond to quarantine in areas where COVID-19 is spreading.

Changshin complies with the government's quarantine rules and actively participates in social distancing, making in-house rules in accordance with the upgrade and adjustment of social distancing, and creating an internal atmosphere in which employees can actively participate. Changshin has adjusted commuting hours to avoid rush hour traffic and is implementing a four-part mealtime system. Employees are wearing masks for quarantine at work, and all non-face-to-face activities are recommended except in unavoidable cases such as education and meetings.

### ▶ Changshin Indonesia's COVID-19 Management Excellence Award

The Changshin Indonesia was selected as an excellent company for COVID-19 prevention in Karawang-gun, Indonesia, and received the 2020 Karawang-gun Award, followed by the Indonesian Ministry of Labor's Excellence in COVID-19 Management Company Award in 2021. This award is given to companies that have established clear in-house regulations and established and operated appropriate preventive procedures to respond to COVID-19, thereby providing appropriate response and management in the event of an outbreak. Changshin Indonesia will do its best to protect the health and safety of its employees, their families, and stakeholders in the local community in accordance with the local government's quarantine rules and its own infectious disease response policy until COVID-19 is over.



## Safety improvement activities

Changshin identifies and improves safety risk factors through annual risk assessment and joint safety inspection by the Safety and Health Committee. As for the improvement activities in the field of equipment and facilities in 2020, Changshin evaluated the risks of new equipment and installed safety covers for facilities and emergency external defibrillators (AED). In addition, hazardous facilities are regularly inspected and evaluated by an external professional organization.

## Safety education and training

Changshin carries out continuous and regular safety and health education and safety campaigns. It provides monthly customized group training for office workers and field workers, and also provides frequent safety training for new hires, job changes, special safety training, and workers from outsourced construction companies. In addition, emergency response drills are conducted on a regular basis. Changshin conducts training based on its own scenario every quarter and cooperates with the fire department or public office having jurisdiction over each business site. It carries out fire and evacuation drills in preparation for flammable material fires and explosions, hazardous chemical leaks, and building fires.



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### In-house cardiopulmonary resuscitation (CPR) training

Changshin supports first aid training for in-house employees every year and creates a safe workplace.

In July 2020, Changshin conducted in-house CPR training hosted by the Korean Red Cross. The CPR training, attended by 30 in-house employees, consisted of four hours of theoretical and practical training with a professional instructor from the Korean Red Cross, allowing all participants to practice correct posture and use of the AED during CPR.



▶ **Changshin Vietnam won the Vice Minister of Labor Award (Excellent company in health, safety, and environment fields)**

In September 2020, the Changshin Vietnam was evaluated as an excellent company in the fields of health, safety, and environment, and was awarded the Vice Minister of Labor Award. Since its establishment, Changshin has been promoting prevention and management activities to create a safe workplace by complying with Vietnamese laws and regulations of customer, and Changshin has made an excellent workplace for quarantine with excellent performance in 2020 COVID-19 management as well as environmental laws and safety policy compliance (the company received an appreciation letter from the Ministry of Labor).

### Promoting employee health

Changshin operates programs to promote a healthy working life and health of its employees. In order to prevent on-site musculoskeletal diseases, the company is improving the working environment and managing stretching exercises. Changshin also conducts general and special check-ups to manage the health status of its employees. In addition, through psychological counseling services, the company manages not only the physical but also the mental health of its employees.

Each offshore factory has its own infirmary and medical staff on duty 24 hours a day to respond immediately to the health needs of workers and accidents that occur during work. In the case of Changshin Vietnam, Changshin provides continuous medical consulting through an intensive management program for those revealed to have abnormal hypertension after annual health check-ups for workers. The in-house infirmary in Vietnam has been recognized as a primary medical institution by the Vietnamese government, and workers are free to visit even during working hours to receive medical help and various national medical benefits.

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# Material Topic **Development Center**

## 03 Global Social Contribution

无偿献血 用爱心为生命加油  
青岛昌新鞋业有限公司

无偿献血 用爱心为生命加油

无偿献血 爱心企业

### SDGs

- 1 NO POVERTY
- 3 GOOD HEALTH AND WELL-BEING
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 14 LIFE BELOW WATER

### Our Approach

Just as healthy trees and fruits grow on healthy land, a prosperous community is an important factor that makes sustainable management of a company possible. By contributing to the creation of social values through active communication with the local community and social contribution activities, Changshin is raising positive perceptions of the company and establishing various channels of cooperation in the course of its business activities.

### Key Performances

- Emergency disaster support (COVID-19, natural disaster)
- Support for the medically vulnerable

### Our Goals

- Win-win with the local community
- Develop sustainable support programs



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## Corporate social responsibility vision and strategy

The local community is an important stakeholder that directly or indirectly influences the company. Changshin is leading a win-win relationship with the local community by acting together with customer and consumers who want a better society and strengthening ties with the local community. Changshin is conducting a variety of global social contribution activities by setting four major categories (support for the vulnerable, revitalization of local communities, eco-friendly social contribution, and emergency disaster support).



## Support for the vulnerable

### Free Cataract Surgery Support

Changshin's Changshin Vietnam provides free cataract surgery every year for local residents and employees' families. In cooperation with the local Dong Nai Hospital (general hospital), the Changshin Vietnam provided free surgery to about 370 people from 2001 to 2019, and continues to conduct regular check-ups for follow-up care after surgery.

**370** persons beneficiaries of free Cataract surgery  
(2001~2019)



### Medical expenses support

Since its establishment in 1995, Changshin China has been operating support programs such as visits to low-income families, medical expenses, and community education activities on an annual and monthly basis. In January 2020, Changshin conducted a donation activity to select employees suffering from the burden of medical expenses and directly deliver medical expenses.

### Volunteer group 'Nanum'

Founded in May 2008, 'Nanum,' a volunteer group at the Changshin headquarters, conducts various volunteer activities for the low-income and underprivileged in the local community. Changshin is practicing small but meaningful sharing initiatives through visits to orphanages and nursing homes, volunteer activities in rural areas, environmental clean-up activities, cultural events for the disabled, briquette delivery, and making kimchi.

\* Nanum: The meaning of sharing in Korean

## Donation event to help underprivileged children in the local community

In 2020, the Changshin Vietnam held a ceremony to deliver consolation items such as snacks and daily necessities worth \$8,700 for children in social welfare facilities. Changshin will continue to provide continuous support so that the children who will lead the future grow and realize the importance of sharing in the local community.



## Blood donation event

Every year, Changshin holds a blood donation event of love to deliver a message of hope to neighbors suffering from blood shortages. In 2020, an in-house blood donation event was held to support the difficult situation in blood supply due to the prolonged COVID-19, and it was concluded with the active participation of employees.



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## Revitalize the local economy

### Building community infrastructure

Changshin participates in environmental improvement activities to create a livable village and to build a sustainable local community. It supports local residents to live in a better environment by renovating old buildings and maintaining roads and public facilities. Changshin Vietnam participated in solving local community problems by contributing to the 2019 New Rural Construction Fund fundraising, and Changshin Indonesia donated a small pavilion that will serve as a local shelter and provided bridge repair support in the Karawang area in 2020.



### You buy, We donate

Changshin headquarters holds an in-house event called 'You buy, We donate' to sell finished shoe samples to employees and donate all of the profits to local foundations. In addition, offshore factories regularly visit nearby schools and orphanages every year to provide education and scholarships, and practice warm sharing.



## Eco-friendly social contribution

### 'Green Sunday' environmental clean-up activity

The Changshin Vietnam is taking the lead in environmental beautification of the local community by carrying out the 'Green Sunday' environmental clean-up activity, which started with the purpose of 'Let's clean around my workplace' from the beginning of its establishment.



### River environment purification activities

In May 2020, the Changshin Indonesia carried out waste storage maintenance activities and environmental purification activities near the Citarum River to prevent waste from flowing into the Citarum River. In September, 25 oil paints were donated to support the clean-up of the Citarum River and the creation of nearby parks.



## Emergency Disaster Support

### COVID-19 medical supplies support

Changshin Indonesia donated protective clothing for the use of local medical staff to the Indonesian government twice in April 2020 to help the Indonesian authorities cope with a rapidly increasing number of COVID-19 cases.



### Donation event to help flood victims

Every year, Changshin offshore factories donate relief goods and support funds to areas affected by natural disasters such as typhoons and floods. In January 2020, the Changshin Indonesia delivered donations and relief supplies to local residents affected by typhoons and floods, and also donated transportation to the Indonesian military's natural disaster response team for relief support. In December of the same year, the Changshin Vietnam donated USD 100,000 to 2,500 households to help victims of flooding in central Vietnam.



# Responsible Business

Changshin strives to create a better everyday life and society through good products. Providing environmentally friendly products while maintaining quality that exceeds customer expectations is one of its important social responsibilities.

In addition, Changshin is striving to keep its business activities responsible by practicing its ethical management and disseminating its sustainable management philosophy throughout the business supply chain.

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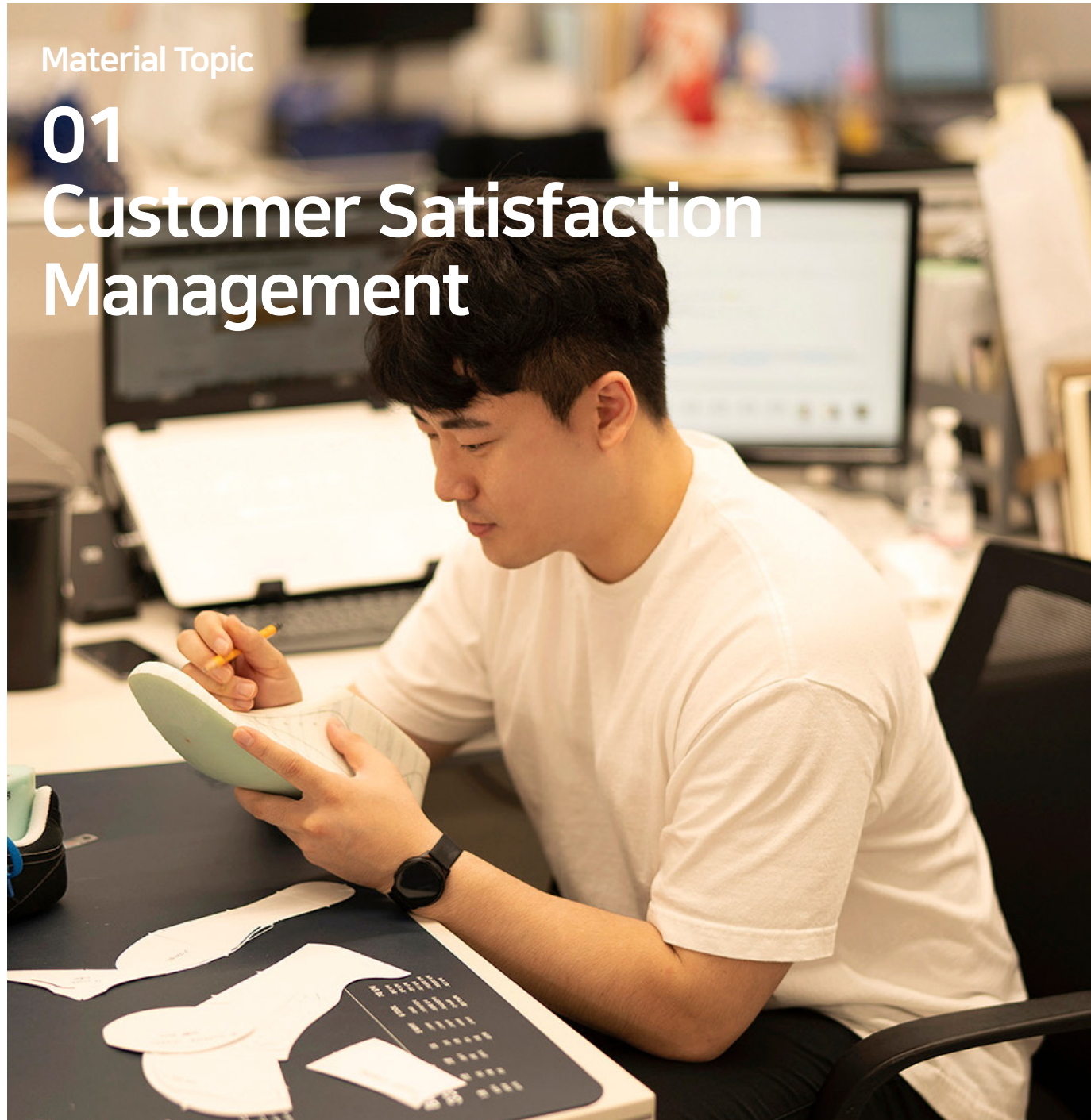
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## Material Topic

# 01 Customer Satisfaction Management

## Our Approach

Changshin maintains quality management to produce the best products beyond the quality required by customer. To strengthen company-wide quality, Changshin established a PQM (Proactive Quality Management) process to ensure quality through quality issue inspection in connection with preventive activities from the development stage, and Changshin is building an infrastructure for quality analysis based on statistical data. In the future, Changshin will further solidify customer trust through close communication with customer. In order to bring the same level of quality to the quality assurance personnel of off-shore factories as well as the head office, Changshin is enhancing quality management through continuous training through the Gauge R&R program. Going further, Changshin will eliminate defects and minimize cost.

## Key Performances

- Developed a sample factory digital system
- Established the Global Quality Management System (GMES)
- Developed a quality data platform
- Attained the Gold Level in three countries for FY20 Q3 under the Nike Quality Management Index (Quality MI)
- Developed a 365 inspection process and implemented gauge R&R

## Our Goals

- Selection and tracking of 7 items for mass production
- Real-time quality management system (QMS) establishment
- Zero cost of quality failure

\* GMES: Global Manufacturing Excellence System

\* MI: Manufacturing Index

\* Gauge R&R: Gauge Repeatability & Reproducibility (measurement system analysis)

\* QMS: Quality Management System

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## Quality control Promotion System

Changshin is increasing customer trust through sustainable manufacturing and sales. The company is implementing quality management throughout the entire process, from technological innovation to product sales, so that customer can receive more stable products and consumers can use them.

## Quality management system

Changshin has established and operates a quality management system for more systematic manufacturing and production by identifying and improving problems before mass production and by strengthening R&D. It is boosting product competitiveness and customer satisfaction through standardized management through raw material warehousing, manufacturing and shipment inspection and process monitoring. In particular, Changshin has maximized production and management efficiency by introducing a lean system, and it is building a system for a smart factory.

## Quality Innovation Activities

### Quality Target Management

Efficiency and productivity are being improved by stabilizing process quality through process improvement and checking quality through complete inspection for each production line and thorough shipment inspection. Every year, in order to ensure product quality that satisfies customer, Changshin sets goals for the cost of quality failures, monitors them, and improves them.

### Nike Quality Manufacturing Index

Changshin is evaluated on a quarterly basis through the Nike Manufacturing Index (MI) to evaluate the quality management index of nine factories. It is continuously improving the areas lacking according to evaluating the quality management in-

dex, and improving items with low evaluations by establishing detailed goals.

Sort	2018	2019	2020
Nike Quality Management Index	90/100	90/100	92/100
(Rating)	(Silver)	(Silver)	(Silver)

\* Based on Nike fiscal year and Q4 score  
Bronze Rating: 70-84 points / Silver grade: 85-94 points / Gold rating: 95~100 points

## Customer communication

To promote customer communication and strengthen customer service capabilities, Changshin is responding to quality issues that arise in the market by visiting the Korea Return Center twice a year and conducting market trips. In addition, Changshin is making efforts to promptly respond to sustainable management evaluations of Nike and to improve the level of sustainable management.

### Nike Partner Performance Index (MI: Manufacturing Index)

Changshin receives quarterly reports from Nike for performance in three areas: quality, delivery, and sustainability. In particular, in the quality area, the results of regular evaluation of the customer's overall compliance with quality requirements, including safety issues that may arise due to quality, such as the presence of metallic materials, were reflected. This is called the Manufacturing Index score, and the evaluation grade is divided into five grades: Gold, Silver, Bronze, Red, and Zero Tolerance Red (RED).

Changshin is the only single company in the world to receive the silver grade among Nike production plants worldwide, since Changshin China acquired the silver grade in 2013, followed by Changshin Vietnam & Indonesia in 2018. By maintaining the silver rating to this day, it has consistently stood out in the field of sustainable management.

Along with sustainable management evaluation, quality and delivery are also recognized by customer for uncompromising quality and accurate delivery across gold and silver.

## Silver Nike MI rating

## Information protection

### Information Security Management System

Changshin has established a dedicated organization to protect customer and personal information and is responding preemptively through thorough management. In addition, Changshin has established a personal information processing policy in accordance with laws such as the Personal Information Protection Act and the Information and Communications Network Act, and is thoroughly complying with them.

Changshin provides regular monthly security education and unplanned inspections to make all employees aware of the importance of information security and cyber security. In addition, Changshin thoroughly manages and operates information access rights and violations of information security regulations.

Security principle	<ul style="list-style-type: none"> <li>• Three Principles: Intrusion prevention, leak prevention, useless in case of leaks</li> <li>• Changshin prevents information leakage through technical and administrative protective measures after identifying the infringing factors in order to protect the customer's trade secret information.</li> </ul>
Corporate social responsibility promotion strategy	<ul style="list-style-type: none"> <li>• Changshin has established a systematic information security policy and management system for the head office and offshore factories, and conducts information security education and security inspections</li> <li>• Inspect information security every month through the company-wide Clean Day, and take measures to prevent leakage of shoe samples due to unplanned inspections by the RED team*</li> </ul>

\* Red Team: Task Force team is conducting security checks at random to prevent leaking of sample shoes by insiders



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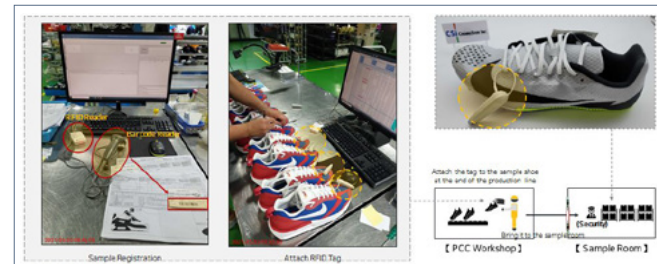
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## Managing the risk of information leaks

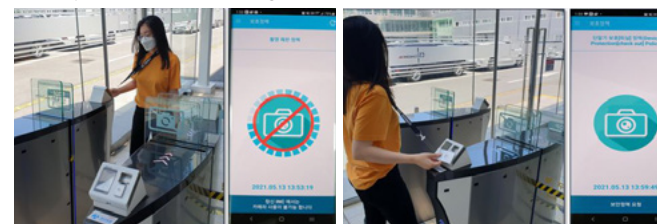
Changshin handles product design, components, CAD, etc. information. In order to protect such information, in 2020, it introduced a new security system covering administrative, physical, and technical security aspects of the company that could be applied to its information protection management system used both domestically and abroad. Above all, to prepare itself against leaked sales-related information, such as product sample information, Changshin introduced an RFID system designed to track and manage samples as well as a Mobile Device Security System (MDSS) system designed to prevent leaked images for the first time in the industry. Furthermore, Changshin now has a safe and easy-to-use security network featuring a Data Loss Protection (DLP) system and a security system for printouts that prevents leaked digital information.

Administrative safety measures	Technical safety measures
Information security policy	Mobile Equipment Security System (MDSS)
Information security education	Print security system
RED team operation	Data Loss Protection (DLP) System
CLEAN DAY	Document encryption system

### RFID-based sample management system



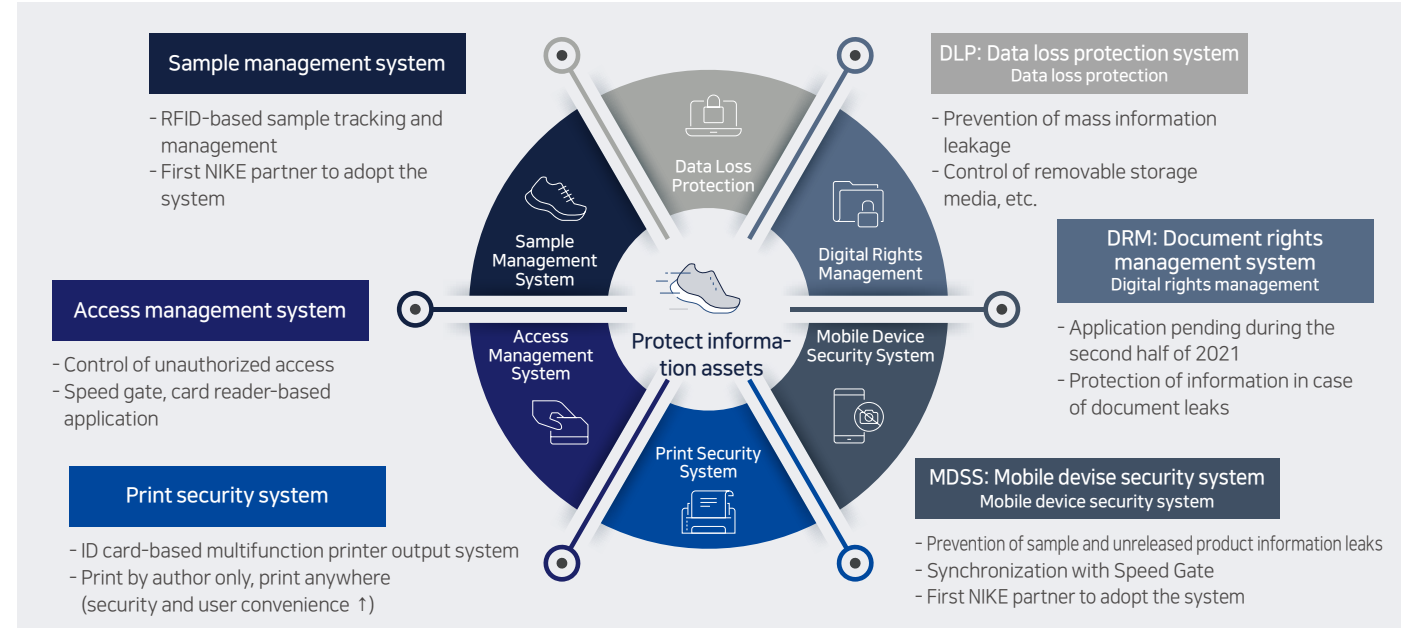
### MDSS System\_Prevent leaked images



▲ No photos permitted

▲ Photos permitted

## Key security systems\_Prevent leaked digital information



## Stakeholder Interviews



Changshin's sustainability management is progressing very well, and I believe the company is meeting Nike's requirements. Changshin has been investing in the areas of talent development and leadership, which I believe is a clear indication of the company's commitment toward achieving its sustainability goals and adopting ESG as part of its corporate culture. In particular, Changshin has done a good job managing its waste. In order to mature as a responsible company in terms of ESG, I suggest that Changshin should be more proactive in identifying opportunities and setting ESG-related goals for itself, rather than responding passively to what Nike wants or the goals set by Nike.

## Stakeholder Interviews



We expect Changshin to exceed its reduction target set for solid wastes by 2025. Moreover, Changshin has produced great results in the field of safety and health thanks to its use of machinery certified for safety, and with investments to improve safety. To ensure sustainability, it is important to monitor whether necessary resources and systems are being run effectively under strong leadership with clear goals and strategies. Efforts to accelerate the development of talented individuals and promote diversity and inclusion across the organization will help lay the groundwork for future sustainability initiatives at Changshin. At the same time, Changshin will need to regularly review its long-term strategies on using renewable energy and improving energy efficiency.



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Material Topic

# 02 Ethical Management

## Our Approach

Changshin strives not only to determine what is right and wrong, but also to protect its principles and fundamental values by establishing an organizational culture that practices its ideals and handles tasks both transparently and rationally. The company strengthens the ethical standards of the company among its employees, affiliates, and business partners to establish the right corporate culture it desires.

## Key Performances

- Establishment of a Code of Ethics
- Establishment of internal reporting channels
- Compliance monitoring

## Our Goals

- Forming of a healthy organizational culture
- Fair and transparent management based on mutual trust
- Sustainable growth

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## Ethical Management System

Changshin promotes the establishment of a sound ethical culture of innovation by enforcing its Code of Ethics, and by presenting guidelines so that all executives and employees can follow rules pertaining to ethical managements. By doing so, the company ensures that its executives and employees can make the right decisions and take the right actions in performing their duties.

Changshin strives to raise the ethical standards of the company, earn the trust of its stakeholders, and achieve sustainable growth together with local communities. For ethical management activities, the company has laid the foundation for the relevant organizations and systems, and it is conducting regular monitoring and training programs.



**Establishing an ethical management system**

**Enacting and amending the Code of Ethics**  
Perform business and duties in a transparent and fair manner.

**Operating reporting channels**  
Operate reporting channels, including an open ethical management system (publicly accessible), outsider reporting system, etc.



**Compliance monitoring**

**Monitoring**  
Check whether ethical management practices are being implemented.

**Operating reporting channels**  
Diagnose the level of ethical management practices, collect and check feedback on necessary matters.



**Education, training, and evaluation**

**Universal education/training**  
Group education, virtual (online) education

**Self-inspection on compliance with ethical management practices**  
Improve understanding of rules related to employee checklists (survey format), and seek improvements.

## Ethical management activities

### Strengthening the system

Under the active support of the top management, Changshin is investing its time and resources to help ethical management take root in all decision-making and business processes. In line with the revision made to the “Act on External Audit of Stick Companies” in 2019, Changshin’s internal accounting management system has been upgraded. In 2020, Changshin continued to improve its internal accounting management system with a comprehensive overhaul of its Code of Ethics, its ten core principles, and other relevant internal regulations. Moreover, in May 2021, Changshin created an Audit Committee to strengthen internal control measures and improve fairness.

### Reporting channels

In order to eradicate fraudulent acts obstructing fair and transparent management, Changshin operates reporting channels (direct e-mails to the person-in-charge). Changshin guarantees the anonymity of the informant and the content of the report. Once the company receives a report, its process is also kept strictly confidential.

Status of received and processed reports

Sort	2019	2020
No. of cases reported/processed	-/-	3 / 3

### > <Changshin Code of Ethics: 10 Core Principles>

1. Provide equal opportunities.
2. Protect health and safety.
3. Respect stakeholders such as customer and competitors.
4. Protect privacy.
5. Protect the environment and save energy.
6. Prevent inappropriate work conditions.
7. Prohibit inappropriate financial transactions with stakeholders, such as employees, customer, and competitors.
8. Do not divulge confidential information of data.
9. Do not use the company and its information for personal gains.
10. Be responsible for the country and society.

## Compliance

Changshin complies with its Code of Ethics, and receives reports regarding violations, such as giving or receiving money or entertainment, exerting undue pressure, and leaking information, in real-time. In case of a breach, the company carries out an investigation in accordance with relevant internal regulations.

## Education of ethical management practices

Changshin is establishing a culture of ethical management by requiring new employees to take an “ethics pledge.”

Every year, the company provides training on the basics of ethical management to veteran employees. Moving forward, Changshin plans to organize regular training programs on the topic of ethical management (in addition to statutory training programs) for all employees.

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# Financial Information

## Summary Consolidated Statement of Financial Position

(Unit: KRW '000)

Sort	End of December 2018	End of December 2019	End of December 2020
Current assets	337,548,818	331,240,537	304,704,110
Non-current assets	492,327,681	593,160,012	609,315,553
<b>Total assets</b>	<b>829,876,499</b>	<b>924,400,549</b>	<b>914,019,663</b>
Current Liabilities	548,725,340	572,716,532	604,981,337
Non-current liabilities	51,668,967	83,312,401	48,483,396
<b>Total debt</b>	<b>600,394,306</b>	<b>656,028,933</b>	<b>653,464,733</b>
Capital	2,200,000	2,200,000	2,200,000
Accumulated other comprehensive income	862,824	3,972,313	(170,837)
Retained earnings	229,664,672	265,658,827	254,783,676
Non-controlling interest	(3,245,302)	(3,459,525)	3,742,092
<b>Total equity</b>	<b>229,482,193</b>	<b>268,371,616</b>	<b>260,554,930</b>

## Summary Consolidated Statement of Comprehensive Income

(Unit: KRW '000)

Sort	2018	2019	2020
Sales Revenue	1,307,657,795	1,548,895,377	1,503,091,706
Cost of goods sold	1,108,276,584	1,301,201,836	1,292,591,620
<b>Gross profit</b>	<b>199,381,211</b>	<b>247,693,541</b>	<b>210,500,086</b>
Sales and administrative expenses	155,644,928	175,431,469	181,701,970
<b>Operating profit</b>	<b>43,736,283</b>	<b>72,262,073</b>	<b>28,798,116</b>
Other income	26,752,035	27,915,958	46,836,150
Other costs	35,973,291	30,521,324	73,706,600
Financial income	4,880,269	22,436,749	38,250,191
Financial cost	21,471,629	30,383,513	55,671,791
<b>Net income (loss) before corporate tax</b>	<b>17,923,668</b>	<b>61,709,943</b>	<b>(15,493,934)</b>
Corporate tax	14,635,631	19,322,335	7,143,083
<b>Net income (loss)</b>	<b>3,288,037</b>	<b>42,387,608</b>	<b>(22,637,018)</b>
Other comprehensive income	(471,844)	(3,588,568)	5,239,627
<b>Total comprehensive income (loss)</b>	<b>2,816,193</b>	<b>38,799,041</b>	<b>(17,397,391)</b>

## Consolidated Subsidiaries

Subsidiary	Stake (%)	Location	Business Areas
Changshin Vietnam	100.00	Vietnam	Manufacturing and sales of shoes
Changshin Dong Nai	100.00	Vietnam	Manufacturing and sales of shoes
Changshin China	100.00	China	Manufacturing and sales of shoes
Changshin Indonesia	66.67	Indonesia	Manufacturing and sales of shoes
Changshin Reksa Jaya	95.00	Indonesia	Manufacturing and sales of shoes
Changshin Technology	100.00	Busan, South Korea	Manufacturing and sales of shoe molds
Changshin Technology Vietnam	100.00	Vietnam	Manufacturing and sales of shoe molds
Changshin Technology Indonesia	99.00	Indonesia	Manufacturing and sales of shoe molds

## Shareholder Status (as of the end of June 2021)

Shareholder Name	No. of Shares Owned (shares)	Holdings (%)
Whanil Jeong and 5 other shareholders	330,000	100

## Creation and Distribution of Economic Value

(Unit: KRW '000,000)

Sort	Content	2020
Executives and Staff	Salaries, welfare expenses	60,985
Partners	Cost of purchasing goods and services	1,292,592
Local Communities	Social contribution activity expenses, donations	124
Government	Corporate tax, other taxes, and public charges	10,353
Etc.	Other expenses (depreciation, etc.)	161,675
Internal Reserves	Increase/decrease in internal reserves	(22,637)
<b>Total Revenue (Total)</b>	<b>Sales, other income, etc.</b>	<b>1,503,092</b>

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# Social/Environmental Performance Data

## Executives and Staff

Sort			Unit	2018	2019	2020
Employee Status	Total No. of Employees	All	Persons	66,566	71,959	73,803
	By Region	Korea		1,020	1,073	1,119
		China		6,893	6,360	5,531
		Vietnam		32,384	35,844	39,812
		Indonesia		26,269	28,682	27,341
	By Employment Type (overseas)	Executive		6	9	14
		Full-time		65,540	70,877	72,670
	Percentage of Full-time Workers (overseas)	All	%	100	100	100
	Gender (overseas)	Male	Persons	10,844	11,683	11,988
		Female		54,702	59,203	60,696
	By Age (overseas)	~29		31,114	34,322	33,603
		30~49		32,084	33,611	35,783
		50~		2,348	2,953	3,298
	By Employment Type (Korea)	Executive	Persons	75	80	92
		Full-time		1,001	1,061	1,093
Part-time			19	12	26	
Percentage of Full-time Workers (Korea)	All		98%	99%	98%	
Gender (Korea)	Male		690	730	759	
	Female		330	343	360	
By Age (Korea)	~29		93	134	161	
	30~49		645	666	700	
	50~		282	273	258	
Manager	Korea	Male	Persons	553	588	605
		Female		173	183	189
	Overseas	Male	Persons	2,079	2,042	1,979
		Female		2,697	2,582	2,496
Disabled Employee Status	Korea	No. of Recruited Employees	Persons	-	1	1
		Recruitment Rate	%	0%	5%	5%
	Overseas	All	Persons	21	21	22
War Veteran	Korea	No. of Recruited Employees	Persons	1	3	3
		Total No. of Employees	Persons	17	15	14

## Recruitment Status

Places of Business	Sort		Unit	2018	2019	2020
Korea	Gender	Male	Persons	33	68	64
		Female		23	34	24
	By Age	~29		34	50	36
		30~49		22	49	46
		50~		-	3	6
	<b>Total</b>			<b>56</b>	<b>102</b>	<b>88</b>
Vietnam	Gender	Male	Persons	1,480	1,648	1,589
		Female		5,302	5,218	6,952
	By Age	~29		4,952	4,744	5,423
		30~49		1,828	2,121	3,112
		50~		2	1	6
	<b>Total</b>			<b>6,782</b>	<b>6,866</b>	<b>8,541</b>
China	Gender	Male	Persons	65	19	6
		Female		263	128	42
	By Age	~29		51	32	4
		30~49		264	114	19
		50~		13	1	25
	<b>Total</b>			<b>328</b>	<b>147</b>	<b>48</b>
Indonesia	Gender	Male	Persons	213	102	31
		Female		6,143	4,785	846
	By Age	~29		5,856	4,615	772
		30~49		496	272	102
		50~		4	-	3
	<b>Total</b>			<b>6,356</b>	<b>4,887</b>	<b>877</b>
<b>Total</b>			Persons	<b>13,522</b>	<b>12,002</b>	<b>9,554</b>



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### Turnover Status (voluntary)

Places of Business	Sort	Unit	2018	2019	2020	
Korea	Gender	Male	Persons	41	44	53
		Female		19	22	18
	By Age	~29		6	8	13
		30~49		31	38	32
		50~		23	20	26
	<b>Total</b>			<b>60</b>	<b>66</b>	<b>71</b>
Vietnam	Gender	Male	Persons	480	705	1,134
		Female		2,174	2,710	3,663
	By Age	~29		1,639	2,231	2,884
		30~49		926	1,093	1,747
		50~		89	91	166
	<b>Total</b>			<b>2,654</b>	<b>3,415</b>	<b>4,797</b>
China	Gender	Male	Persons	118	77	71
		Female		722	612	808
	By Age	~29		108	40	93
		30~49		550	533	546
		50~		182	116	240
	<b>Total</b>			<b>840</b>	<b>689</b>	<b>879</b>
Indonesia	Gender	Male	Persons	165	152	158
		Female		1,869	2,314	2,061
	By Age	~29		1,327	1,731	1,537
		30~49		691	729	649
		50~		16	6	33
	<b>Total</b>			<b>2,034</b>	<b>2,466</b>	<b>2,219</b>
<b>Total</b>		Persons	<b>5,588</b>	<b>6,636</b>	<b>7,966</b>	

### Average Tenure and Turnover Rate

Places of Business	Sort	Unit	2018	2019	2020
Korea	Average Tenure	Year	6.4	5.4	5.7
	Overseas	%	6.0	6.0	6.0
Overseas	Average Tenure	Year	8.0	8.0	7.0
	Turnover Rate	%	8.4	9.3	10.9

### Maternity and Parental Leave Status

Sort	Unit	2018			2019			2020		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
No. of employees on maternity leave <sup>1)</sup>	Persons	9	10	19	19	8	27	23	3	26
Ratio of employees using maternity leave	%	-	100	-	-	100	-	-	100	-
No. of employees on parental leave	Persons	2	10	12	8	8	16	10	3	13
Ratio of employees using parental leave	%	-	100	-	-	100	-	-	100	-
No. of employees returning to work after parental leave	Persons	2	5	7	1	6	7	6	4	10
No. of employees who have worked for a minimum 1 year (A) <sup>2)</sup>		0	1	1	0	0	0	2	2	4
No. of employees who have worked for less than 1 year (B) <sup>3)</sup>										
Percentage of employees who have worked for a minimum 1 year (A)/(A)+(B)	%	100	83	88	100	100	100	75	67	71

1) In the case of male employees, the number of spouses using maternity leave

2) The number of current employees among the total number of employees who have worked at least 1 year as of the date of their return from parental leave

3) The number of employees dismissed within 1 year of working at the company among the total number of employees who have worked at least 1 year as of the date of their return from parental leave

\* Based on data from the Korea Headquarters



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## Education/Training Status

Sort		Unit	2018	2019	2020
Total trained employees	All	Persons	1,521	3,747	3,301
Education/training hours	Total education/training hours	Hour	29,150	30,691	26,131
	Education/training hours per person	Hour/person	52.7	51.2	39.5
Education/training cost	Total education/training cost	KRW '000)	183,737	434,229	258,210
	Education/training cost per person	KRW 1,000/ person	332	723	350

\* Based on data from the Korea Headquarters

## Labor Union Membership Status

Sort		Unit	2018	2019	2020
Total No. of Employees (including contract workers)	Korea	Persons	1,020	1,073	1,119
	Vietnam		32,384	35,844	39,812
	China		6,893	6,360	5,531
	Indonesia		26,269	28,682	27,341
	No. of Union Members				
Sign-up Rate	Korea	Persons	295	303	326
	Vietnam		31,737	35,486	39,016
	China		6,893	6,360	5,531
	Indonesia		16,370	16,583	19,917
		%			
	Korea		29	28	29
	Vietnam		98	99	98
	China		100	100	100
	Indonesia		62	58	73

\* The labor union is composed of production line workers. In Korea, the ratio of production line workers is low. As such, the union membership rate is relatively low. Compensation equivalent to the items of the collective bargaining agreement can be applied by selectively expanding to non-union members (non-production line workers) for matters addressed in the collective bargaining agreement.

## Greenhouse gas and energy management

Sort	Places of Business	Unit	2018		2019		2020		
			Scope1	Scope2	Scope1	Scope2	Scope1	Scope2	
Green-house gas (GHG)	GHG emission volume	Korea	tCO <sub>2</sub> eq	30	2,421	31	2,624	32	2,808
		Vietnam		4,531	55,034	4,742	64,562	4,793	70,863
		China		1,150	18,984	3,699	17,370	2,162	14,957
		Indonesia		2,582	49,081	3,696	63,879	4,145	59,158
		Sub-total		8,292	125,521	12,169	148,436	11,132	147,785
	<b>Total</b>			<b>133,813</b>		<b>160,605</b>		<b>158,917</b>	
	Emissions per product by scope	kgCO <sub>2</sub> eq /pair	0.1	2.0	0.2	2.3	0.2	2.5	
	Total emissions per product			2.2		2.5		2.7	
	GHG reduction performance	tCO <sub>2</sub> eq		500		499		2,031	

Sort	Places of Business	Unit	2018		2019		2020		
			Fuel	Electricity	Fuel	Electricity	Fuel	Electricity	
Energy	Energy consumption volume	Korea	MWh	148	4,429	153	4,800	158	5,136
		Vietnam		17,741	152,276	18,768	178,550	18,944	195,915
		China		5,297	31,414	12,942	28,103	8,145	23,892
		Indonesia		12,733	58,487	17,994	76,121	20,468	70,495
		Sub-total		35,919	246,606	49,858	287,573	47,716	295,438
		<b>Total</b>			<b>282,525</b>		<b>337,431</b>		<b>343,154</b>
	Consumption per product by scope	kWh /pair	0.6	4.0	0.8	4.5	0.8	5.0	
	Consumption per product based on total			4.6		5.3		5.8	
	Energy consumption reduction performance	MWh		1,163		1,159		3,147	

\* Data is based on the calendar year, and the emission figures may vary depending on the applied standards.

\* Emissions were calculated using the Nike Green House Gas (GHG) Inventory Tool, which is based on data from the IPCC and USEPA.



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## Water Management

Places of Business	Sort	Unit	2018	2019	2020	
Korea Headquarters	Water intake	Water supply	m <sup>3</sup>	22,199	24,344	25,138
	Effluent discharge volume	-		22,199	24,344	25,138
	Water consumption	Water consumption volume		22,199	24,344	25,138
Vietnam	Water intake	Water supply	m <sup>3</sup>	696,992	709,336	680,679
	Effluent discharge volume	-		245,925	232,600	251,122
	Water consumption	Water consumption volume		451,067	476,736	429,557
China	Water intake	Water supply	m <sup>3</sup>	184,473	170,399	130,877
	Effluent discharge volume	-		129,131	119,279	98,723
	Water consumption	Water consumption volume		55,342	51,120	32,154
Indonesia	Water intake	Underground water	m <sup>3</sup>	107,556	113,991	104,622
	Effluent discharge volume	-		80,119	98,997	60,212
	Water consumption	Water consumption volume		27,437	14,994	44,410
		Water recycling volume		59,827	28,588	72,359

\* Compiled based on discharged substances managed in-house.

\*\* For the Korea Headquarters, the water intake and effluent discharge appear the same in the water supply and sewage invoice.

\*\*\* For offshore factories, data was collected from the main plants only (satellite plants were excluded).

## Air and Water Pollutants

Places of Business	Sort	Unit	2018	2019	2020	
Korea Headquarters	Air pollutants	PM (dust)	mg/m <sup>3</sup>	18.6	2.3	8
		VOCs		0.087	0.072	0.066
	Water pollutants	BOD	mg/ℓ	11.3	4.6	2.5
		COD		18.2	3.6	4.8
		T-N		2.05	3.869	3.76
Vietnam	Air pollutants	SS		4.6	0.6	2
		PM (dust)	mg/m <sup>3</sup>	380	1,069	1,259
		NOx		421	509	474
		SOx		410	240	59
	Water pollutants	VOCs		244	N/A	N/A
China	Water pollutants	BOD	mg/ℓ	51	55	43
		COD		96	96	96
		T-N		64	66	73
		SS		44	65	66
		Air pollutants	NOx	mg/m <sup>3</sup>	56	86
Indonesia	Water pollutants	SOx		51	0	N/A
		VOCs		5.87	7.8	1.89
		BOD	mg/ℓ	6.6	5.8	11
	Air pollutants	COD		23.5	42	56.5
		SS		19	9	14
Indonesia	Air pollutants	PM (dust)	mg/m <sup>3</sup>	92	47	59
		NOx		909	653	673
		SOx		128	111	13
	Water pollutants	BOD	mg/ℓ	16	15	6
		COD		59	60	28
		T-N		46	33	14
	F		0.22	<0.01	<0.01	
	SS		47	16	6	

\* Compiled based on discharged substances managed in-house.



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## Waste Management

Place of business	Sort	Unit	2018	2019	2020
Korea Headquarters	General waste	kg	152,440	239,270	390,890
	In-house recycling		33,410	41,630	41,140
	<b>Closed loop recycling</b>		<b>185,850</b>	<b>280,900</b>	<b>432,030</b>
Vietnam	General waste	In-house recycling	671,727	617,925	787,035
		Closed loop recycling	398,523	457,686	541,171
		Nike-sponsored recycling program	370,324	453,720	416,739
		Downcycling	2,031,939	2,071,365	2,227,172
		Energy recovery	2,533,731	2,651,185	2,190,174
		Landfill and incineration	-	-	-
		<b>Total</b>	<b>6,006,244</b>	<b>6,251,881</b>	<b>6,162,291</b>
	Designated waste	780,370	844,762	784,169	
	<b>Total</b>	<b>6,786,614</b>	<b>7,096,643</b>	<b>6,946,460</b>	
China	General waste	In-house recycling	59,599	8,270	-
		Closed loop recycling	100,104	75,268	43,047
		Nike-sponsored recycling program	88,052	-	-
		Downcycling	580,418	506,706	367,781
		Energy recovery	169,169	268,773	178,890
		Landfill and incineration	-	-	-
		<b>Total</b>	<b>997,342</b>	<b>859,017</b>	<b>589,718</b>
	Designated waste	104,189	90,155	63,611	
	<b>Total</b>	<b>1,101,531</b>	<b>949,172</b>	<b>653,329</b>	
Indonesia	General waste	In-house recycling	125,745	89,536	59,590
		Closed loop recycling	103,767	148,023	105,982
		Nike-sponsored recycling program	18,200	37,507	12,490
		Downcycling	2,008,599	1,992,690	1,145,130
		Energy recovery	1,671,115	2,083,133	2,261,541
		Landfill and incineration	-	-	-
		<b>Total</b>	<b>3,927,426</b>	<b>4,350,889</b>	<b>3,584,733</b>
	Designated waste	362,430	375,429	343,161	
	<b>Total</b>	<b>4,289,856</b>	<b>4,726,318</b>	<b>3,927,894</b>	

\* Data compiled based on in-house managed emissions

## Waste Recycling

Place of business	Unit	2018	2019	2020
Korea Headquarters	kg	41,910	40,530	48,560
Vietnam		3,472,514	3,600,696	3,972,117
China		828,173	590,244	410,828
Indonesia		2,256,311	2,267,756	1,323,191
<b>Total</b>		<b>6,598,908</b>	<b>6,499,226</b>	<b>5,754,696</b>

## Raw Material Consumption

Place of business	Unit	Unit	2018	2019	2020
Korea Headquarters	Solid materials (textiles, leather, airbags, etc.)	USD	426,364	693,636	752,727
	Chemical materials (adhesives, cleaning agents, treatment agents, etc.)		38,996	51,530	52,473
Overseas subsidiary	Solid materials (textiles, leather sponges, etc.)	USD	74,321,325	86,563,007	66,850,575
	Chemical materials (adhesives, cleaning agents, treatment agents, etc.)		25,825,579	25,237,256	17,372,090

\* Changshin receives only high-quality materials that have passed strict material inspections at its affiliate Seoheung to use in manufacturing shoes.

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## Safety Management

Place of business	Sort		Unit	2018	2019	2020	
Korea Headquarters	Industrial accident rate	Industrial accident rate	%	0.13	0	0	
		Full-time workers	Persons	792	860	892	
		No. of casualties	Persons	1	0	0	
	Safety education/training	Education/training hours	Hour	12,960	13,848	7,152	
		No. of trained workers	Persons	792	860	298	
		Education/training hours per person	Hour/person	16.36	16.10	24.00	
	Vietnam	Industrial accident rate	Industrial accident rate	%	0.13	0.10	0.05
			Full-time workers	Persons	30,129	33,466	36,515
No. of casualties			Persons	38	32	17	
Safety education/training		Education/training hours	Hour	438,377	291,154	722,997	
		No. of trained workers	Persons	30,129	33,466	36,515	
		Education/training hours per person	Hour/person	15	9	20	
China		Industrial accident rate	Industrial accident rate	%	0.16	0.15	0.03
			Full-time workers	Persons	4,583	4,264	3,791
	No. of casualties		Persons	8	7	1	
	Safety education/training	Education/training hours	Hour	11,512	9,264	7,854	
		No. of trained workers	Persons	5,894	5,405	5,094	
		Education/training hours per person	Hour/person	1.95	1.71	1.54	
	Indonesia	Industrial accident rate	Industrial accident rate	%	0.38	0.35	0.21
			Full-time workers	Persons	24,220	25,798	27,297
No. of casualties			Persons	93	91	58	
Safety education/training		Education/training hours	Hour	5,328	11,790	9,224	
		No. of trained workers	Persons	16,447	21,782	13,412	
		Education/training hours per person	Hour/person	0.3	0.6	0.7	

## Social Contribution

Sort		Unit	2018	2019	2020
Volunteer activity	No. of participants	Persons	384	1,037	1,159
	Participation hours	Hour	1,417	3,286	4,124
	Participation hours per person	Hour/person	4	4	8
Donations for social contribution purposes	Cash	USD	108,125	82,695	420,199
	In-kind contribution		4,883	14,879	15,457
	<b>Total amount</b>		<b>113,008</b>	<b>97,574</b>	<b>435,656</b>

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Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	No applicable places of business
Forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No applicable places of business
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	45
Public policy	415-1	Political contributions	No political contributions
Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	48
Marketing and labeling	417-1	Requirements for product and service information and labeling	48
	417-3	Incidents of non-compliance concerning marketing communications	No violations
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No applicable cases

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# UN-SDGs

Changshin supports the UN Sustainable Development Goals (SDGs). Established at the 70th UN General Assembly in 2015, SDGs are 17 universal goals shared by humankind in order to realize the idea of sustainable development to be achieved by 2030. The 17 goals and 169 targets are presented in five areas: people, earth, prosperity, peace, and partnership. Content pertaining to SDGs are specified in the relevant sections of this report.



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# Third Party Verification Report

## Dear Stakeholders of Changshin INC.

KFQ has been requested by Changshin INC. to conduct an independent assurance on the CHANG-SHIN Sustainability Report 2021 (further 'the Report'). KFQ has responsibility to provide an opinion of independent assurance in accordance with scope of assurance, based on standard, methodology and limitations stated in this Assurance Statement. KFQ was not involved in the process of preparing the Report and the information and presentation of data within the Report is the responsibility of Changshin INC.

## Standard and Scope of Assurance

The assurance was planned and carried out to verify the activities and performance of the organization disclosed in the report in accordance with following criteria based on international standard, AA1000AS v3, AA1000APS(2018) and GRI standards :

- Compliance with AA1000AS
  - Application of Type 1 (Adherence to Principles of Inclusivity, Materiality, Responsiveness and Impact) with Moderate Level
- Compliance with GRI standards according to the criteria of "Core Option"
  - GRI Standard reporting principles
  - GRI Universal Standards
  - Topic Specific Standards
  - Management Approach for Topic-specific Standard
  - Economic Performance: 201-1
  - Indirect Economic Impacts: 203-1
  - Anti-Corruption: 205-3
  - Materials: 301-1
  - Energy: 302-1, 302-3, 302-4
  - Water and Effluents: 303-2, 303-3, 303-4, 303-5
  - Biodiversity: 304-2
  - Emissions: 305-1, 305-2, 305-4, 305-5, 305-6, 305-7
  - Waste: 306-1, 306-3, 306-4, 306-5
  - Environmental Compliance: 307-1
  - Employment: 401-1, 401-2, 401-3
  - Occupational Health and Safety: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9

- Training and Education: 404-1, 404-2
- Diversity and Equal Opportunity: 405-1
- Non-discrimination: 406-1
- Freedom of Association and Collective Bargaining: 407-1
- Child Labor: 408-1
- Forced or Compulsory Labor: 409-1
- Local Communities: 413-1
- Public Policy: 415-1
- Customer Health and Safety: 416-1
- Marketing and Labeling: 417-1, 417-3
- Customer Privacy: 418-1

## Methodology

In order to assess credibility of sustainability performance of the Report, we reviewed the process and system for preparation of the Report, as well as available data and information. Non-financial information was reviewed based on internal data of Changshin INC., and compared with information from media and internet.

Financial information was investigated whether data in the Report are correctly reported from DART (Data Analysis, Retrieval and Transfer System), an Electronic Disclosure System managed by Financial Supervisory Service. The assurance was solely assessed on document review and on-site visit was not conducted during this assessment. Validity of report descriptions, processes for materiality assessment, data collection and management, and report preparation are assessed through interview during on-site verification. It was confirmed that the findings from above steps such as error, inappropriate information and ambiguous expressions are properly complemented by Changshin INC.

## Competency and independence

The assurance team was organized in accordance with KFQ's internal regulations. KFQ has no conflict of interest which could threaten the independence and impartiality of verification, other than providing third-party audit services in Changshin INC. business.

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## Limitations

The completeness and responsiveness of sustainability performance in the Report has inherent limitations due to its nature and the methodology used to determine, calculate and estimate its performance. In accordance with the terms of the contract, assessment is conducted based on provided data and information without verification for original data of specified performance information which is out of assurance scope.

## Findings and Conclusions

As a result of the above assessment, we confirm that the content of this report fulfills the requirements of the 'Core option' of GRI Standards and secured reasonable basis to assurance level of Type 1 in accordance with AA1000AS v3. Within the scope of the assurance activities above, we could not find further significant error or inappropriate information from the final Report against the following principles:

- **Inclusivity:** Whether Changshin INC. is actively identifying stakeholders and enabling their participation in establishing an organization's material sustainability topics, and the developing strategic countermeasures.
  - Changshin INC. is collecting opinions from various stakeholders including clients, employees, Suppliers, local communities, governments through communication channels such as Labor-management Council, Meeting with supplier, Public-private partnership programs. Omission of major stakeholders was not found.
- **Materiality:** Whether each topic is considered in overall sustainability management activities by identifying and prioritizing the most relevant sustainability topics in consideration of impact on the organization and stakeholders.
  - Changshin INC. conducted a materiality assessment in terms of stakeholders' interest and business impact. They identified important issues, derived priorities, and reported sustainable management activities and performance without omission of major issues.
- **Responsiveness:** Whether Changshin INC. has established a communication process with stakeholders to respond to the needs, interests, and expectations of stakeholders that affect sustainability performance.
  - Changshin INC. has been reporting activities and performance that addresses needs and concerns of stakeholders which were identified from materiality assessment process and responds to their opinion by taking into consideration for its overall management.

- **Impact:** Whether Changshin INC. has considered sufficient aspects of the impact of material topics based on its understanding of related stakeholders' concerns.
  - KFQ confirms that Changshin INC. is identifying and monitoring for impact of material topics of stakeholders such as distribution of economic value and human right and reporting them to the extent possible.

## Recommendation for improvement

KFQ recommends following developmental approaches in order to systematize sustainability management in the future and to disclose results of the report effectively.

- Changshin INC., one of the world's leading producers of footwear, is making an effort to promote coexistence with local communities and reinforce respectful work culture. In the future, considering its global presence, we hope Changshin INC. will actively participate in the initiatives to respond to the global climate change such as CDP(The Carbon Disclosure Project) and the related results will be made publicly available transparently.
- We hope to see improvement in its performance management system so that the disclosure of environmental data (e.g., greenhouse gas emission and raw material consumption) will correspond to global guidelines such as GRI index.



September 23, 2021

Seoul, Korea

Ji Young Song, CEO

Korean Foundation for Quality (KFQ)



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# Awards & Certifications

## Awards (2018-June 2021)

Sort	Award	Governing Body	Date
Korea Headquarters	Presidential award for Top 100 job creation company (Presidential award)	Ministry of Employment and Labor	2018.06.25
	Best employment award (Busan Mayor award)	Busan-si Metropolitan Government	2019.06.03
Changshin Vietnam	Outstanding foreign direct investment company award for 30 years of business in Vietnam (Ministerial commendation)	Ministry of Planning and Investment	2018.12.14
	Outstanding welfare company in Vietnam (Ministerial commendation)	Ministry of Labor Invalids and Social Affairs (MOLISA)	2018.12.14
	Outstanding welfare company in Vietnam (Ministerial commendation)	Ministry of Labor	2019.12.12
	Class-2 labor medal in Vietnam (Government medal)	Ministry of Labor	2020.10.30
Changshin China	Safety standardization level-3 company	Qingdao Safety Production Department	2018.12.14
	Outstanding blood donor company	Qingdao Central Blood Bank	2018.12.14
	Outstanding blood donor company	Qingdao Central Blood Bank & Red Cross	2019.12.12
	Outstanding employment management company (Director of Social Security award)	Jiaozhou Human Resources and Social Security Administration	2020.10.30
Changshin Indonesia	Outstanding industrial security company	Industrial Safety Corporation (Karawang Social Security Administration)	2018.05.02
	Outstanding AIDS preventing company in Karawang	Karawang County AIDS Committee	2018.12.13
	Excellence award in the Environmental Management Competition	Karawang Environment and Sanitation Office	2019.07.02
	Outstanding energy management award	Ministry of Energy and Mineral Resources	2019.09.23
	Selected as an excellent CSR company in Karawang	Karawang Regency	2019.11.09
	Outstanding employer of persons with disabilities	Indonesia Business and Disability Network	2020.12.14
	2020 outstanding eco-friendly company	Ministry of Environment and Forestry	2020.01.05
	Outstanding company in quarantining against COVID-19	Karawang Regency	2020.06.02
	Exemplary medical insurance payer company	West Java State Social Security Administration	2020.07.16
	Exemplary medical insurance payer company	Karawang Regency Social Security Administration	2020.08.26
2020 outstanding private company	Karawang Regency	2020.09.16	
2021 outstanding employer of persons with disabilities	Regional Council	2021.04.20	

## Certifications

Certification Details	Governing Body	Place of Business	Date
ISO14001	BSI	Vietnam main factory	2021.05.04
ISO45001	BSI	Vietnam main factory	2021.05.04
ISO14001	BSI	Vietnam satellite factory (VJ3)	2021.05.04
ISO45001	BSI	Vietnam satellite factory (VJ3)	2021.05.04

# Association Memberships

Busan Chamber of Commerce and Industry
Busan Branch of the Korea Environmental Preservation Association
Sinpyeong Janglim Industrial Complex Management Corporation
Korea Management Association
Korea International Trade Association
Korea Productivity Center
Korea Fire Safety Institute
Korean Footwear Industries Association
Korean Personnel Improvement Association
Korea Electric Engineers Association
Korean Business Association in Vietnam (Korcham)
Vietnam Leather, Footwear and Handbag Association (LEFASO)



**CSG** **CHANGSHIN**