

CLASSYS

ESG Report 2022

About This Report

CLASSYS 2022 Sustainability Report

Reporting Scope

The scope of this report includes the ESG management performance of Classsys' entire business sites.

Report Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, which are the reporting standards for sustainable management. Financial information has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period

The main reporting period covers from Jan. 1, 2022 to Dec. 31, 2022, including some data from the first half of 2023. In addition, the performance of the most recent 3 years, from 2020 to 2022, has been included for comparative purposes.

Report Verification

The data and content have been verified for reliability and accuracy through an independent third-party verification agency, Korea Management Registrar (KMR). The independent third-party assurance report is included in the Appendix.

Report-related Inquiries

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VISION

“A Global Aesthetics
Business Leader”

MISSION

**Delivering Customer-oriented and
Innovative Products & Solutions**



Overview

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CEO Message

Dear stakeholders, I am the CEO of Classys, Baek Seung-han.

I would like to extend my sincere appreciation for your unwavering support in ensuring the continuous growth of our company. Thanks to your trust and encouragement, we have achieved the highest performance for two consecutive years since our establishment. Not only that, but we have also made efforts to create non-financial value such as environmental protection and enhancing corporate governance transparency. As a result, we have received a B+ rating by the Korea Institute of Corporate Governance and Sustainability, and our ratings have increased by one level in each respective area. In particular, we have obtained an A rating in the corporate governance sector and have been recognized as an excellent corporate governance company.

As a leading player in the aesthetic medical device industry, Classys is committed to exploring and implementing ways for the company and society to coexist and thrive together. We are dedicated to shaping a sustainable future where everyone can pursue a beautiful and happy life

We are building a transparent corporate governance foundation based on ethics management and risk management systems. In particular, we have further enhanced governance transparency through the establishment of a Nomination Committee and a Pay Committee. Furthermore, we are committed to fostering continuous mutual growth with our employees by enhancing their capabilities and improving various systems. We also recognize the importance of the accelerating energy transition and are pursuing various strategies to address this.

We firmly believe that ESG values will help shaping Classys' sustainable future, and we are dedicated to aligning these values with the interests of our stakeholders. We promise to continuously strengthen our ESG capabilities through cross-functional collaboration and transparent reporting. We will also foster a culture where all employees wholeheartedly embody ESG values.

Moving forward, Classys will always listen and learn with an open mind, striving to be a company that creates a better tomorrow. Thank you once again for your ongoing support and partnership on our journey.

Sincerely,
Baek Seung-han
CEO, CLASSYS Inc.




About CLASSYS

Classys sells medical devices and aesthetic devices in over 70 countries based on advanced technological development. To provide differentiated value and maintain a competitive edge, Classys conducts in-house development through our research and development institute. We prioritize stable product manufacturing by utilizing state-of-the-art facilities and implementing rigorous quality control systems.

Overview

Company name	CLASSYS Inc.
CEO	Baek Seung-han
Founded	Jan. 10, 2007
Listed KOSDAQ	Dec. 28, 2017
Capital	KRW 6.477 billion (As of 2022)
Employees	350 (As of Dec 31, 2022)
Business areas	Aesthetics medical devices and cosmetics manufacturing
Brands	 CLASSYS  Cluederm  SKEDERM
Subsidiaries	Skederm Inc. (USA) Skederm Shanghai Co., Ltd. (China)
Headquarters	208 Teheran-ro, Gangnam-gu, Seoul, Republic of Korea
Website	http://classys.co.kr
Contact	+82-1544-3481

Sales

KRW **141.803** billion

Net income

KRW **75.379** billion

Total assets

KRW **331.411** billion

(2022, based on consolidated financial statements)



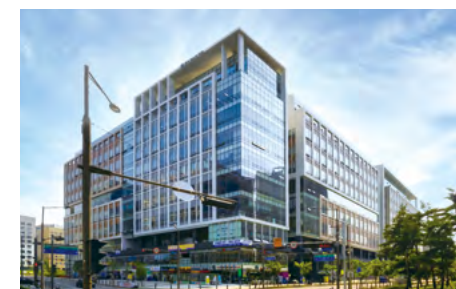
Headquarters

- Sales/Marketing/R&D/Management facilities
- 208 Teheran-ro, Gangnam-gu, Seoul



Munjeong-dong Plant 1

- Production of HIFU and RF products
- Part of B3, 8F, and 15F of Building A, and 7F of Building B, H-Business Park, Munjeong-dong, Seoul



Misa Plant 2

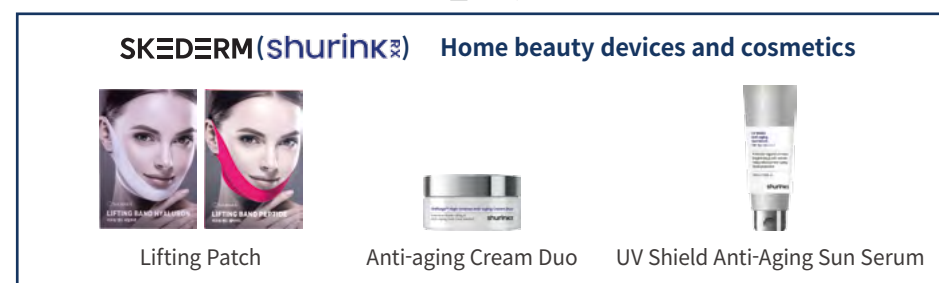
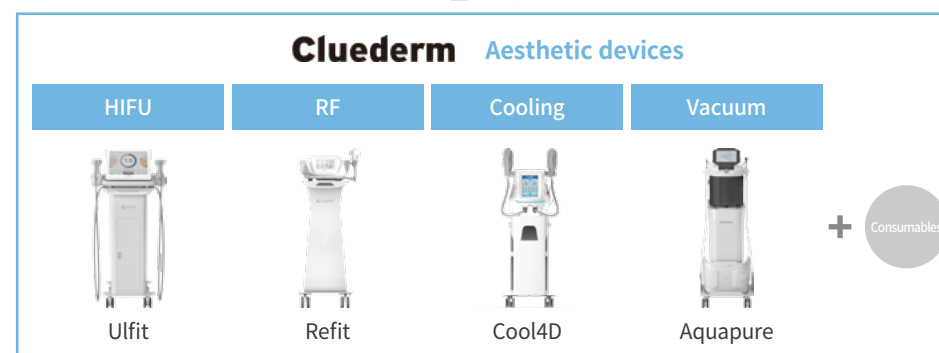
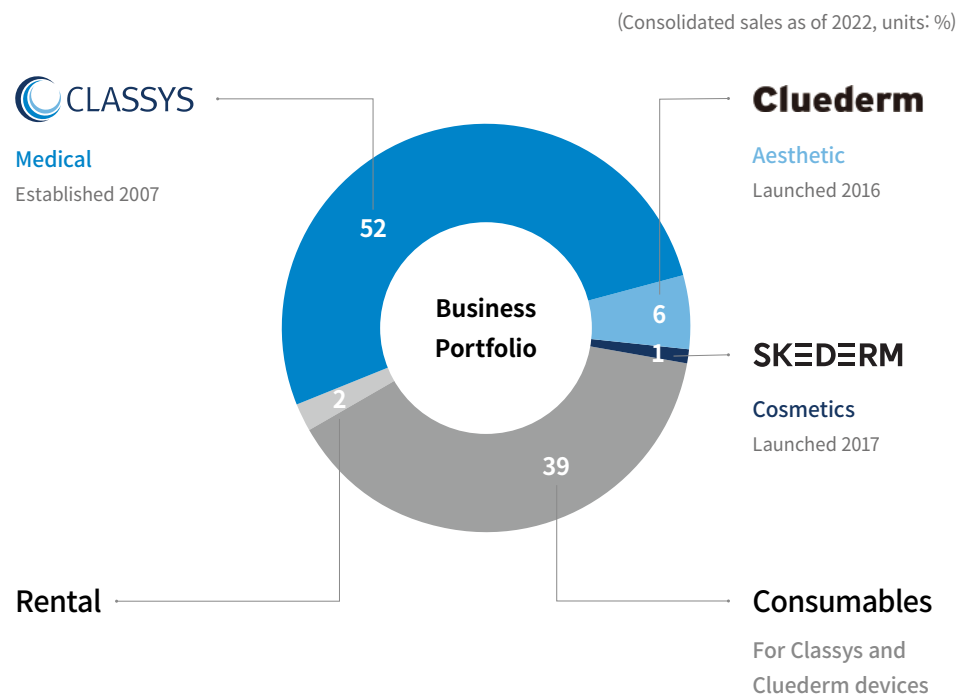
- Materials warehouse and production of Cooling devices
- Part of 7F, Testa Tower, Misa Riverside District

History



Business Portfolio

We operate with three distinct brands: Classys, specializing in medical devices for aesthetic medical purposes, Cluederm, focused on aesthetic beauty devices, and Skederm, operating in the home beauty device and cosmetics market. Classys and Cluederm products are composed of devices and essential consumables for treatments. As positive reviews continue for the devices, the number of treatments is gradually increasing, leading to simultaneous growth in consumable sales.



Business Portfolio

Main Products

ULTRAFORMER MPT



Two modes available without cartridge replacement: MP & Normal (Dot)

Procedure speed improved through bidirectional scanning method

7 exclusive cartridges for ULTRA F

3 exclusive cartridges for ULTRA Booster

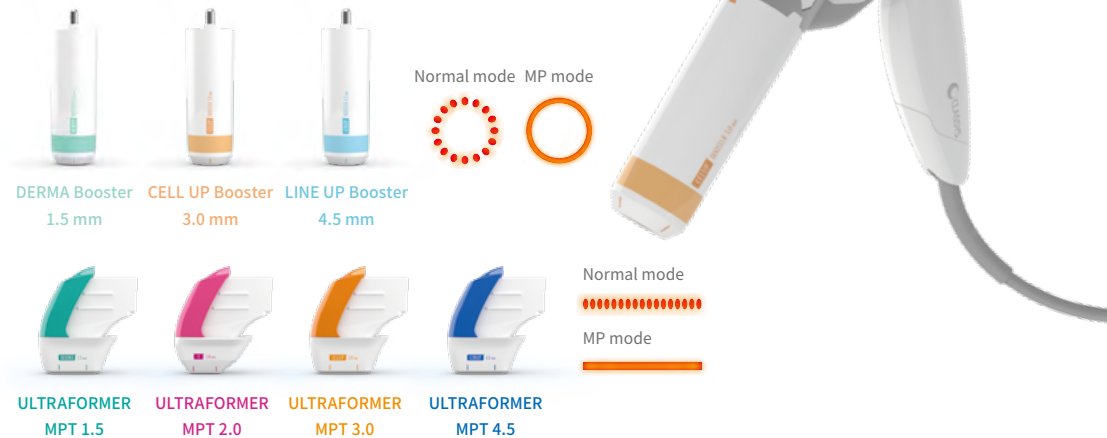
User-centered ergonomic design

ULTRAFOREMR MPT | Focused Ultrasound Therapeutic Equipment

ULTRAFORMER MPT is indicated for non-invasive treatment of skin lifting and tightening.

Equipped with Micro-Pulsed Technology (MPT)

Two modes: MP & Normal (Dot)



MP & Normal (Dot) mode selectable without cartridge replacement

ULTRA F Cartridge

MP mode & Dot mode selectable within the same cartridge

ULTRA BOOSTER Cartridge

Circular MP mode & Circular Dot mode selectable from the same cartridge

Items	Description
Energy Type	HIFU(High Intensity Focused Ultrasound)
Cartridge types	ULTRA F Type ULTRAFORMER MPT 1.5, ULTRAFORMER MPT 2.0, ULTRAFORMER MPT 3.0, ULTRAFORMER MPT 4.5, ULTRAFORMER MPT 6.0, ULTRAFORMER MPT 9.0, ULTRAFORMER MPT 13.0 ULTRA BOOSTER Type DERMA Booster 1.5mm, CELLUP Booster 3.0mm, LINEUP Booster 4.5mm
Power	Normal (Dot) Mode 0.1 ~ 2.0J *Indicate the minimum and maximum values for each cartridges.
Length	5 ~ 25mm
Electrical Requirements	100-240 V~, 50/60 Hz
Dimensions	570(L) x 620(W) x 1330(H)mm
Weight	37kg



ULTRAFORMER MPT

ULTRAFORMER MPT is indicated for non-invasive treatment of skin lifting and tightening.

Focused ultrasound therapeutic equipment

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Business Portfolio

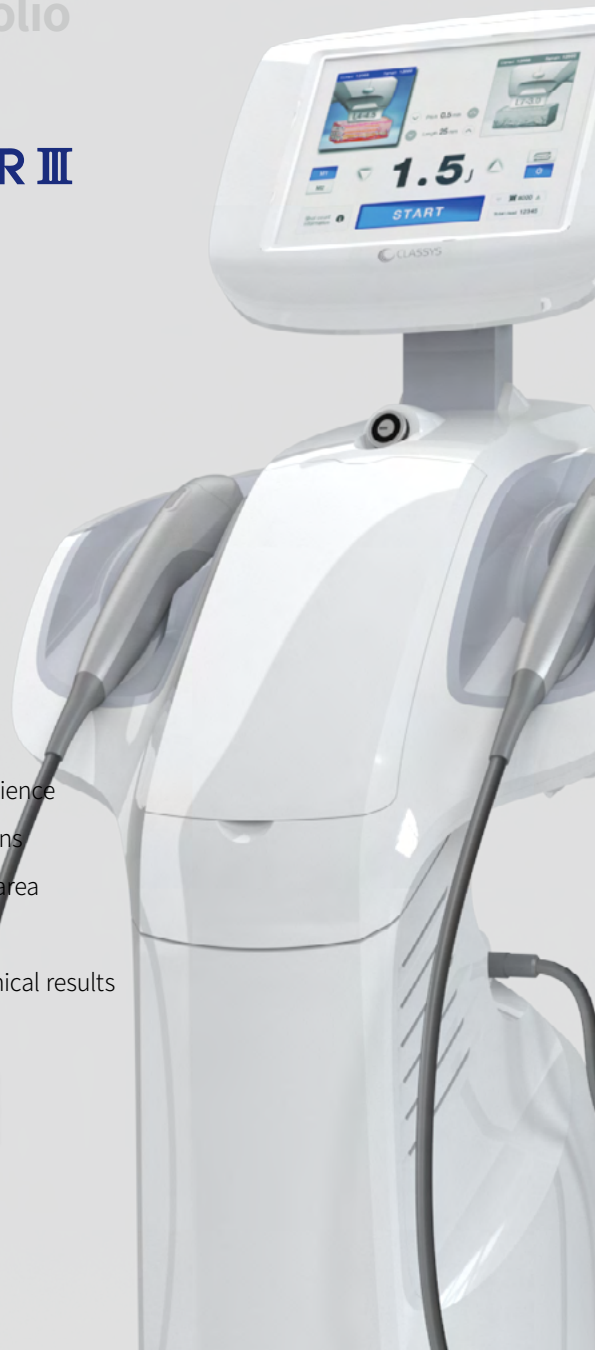
Main Products

ULTRAFORMER III

Dual hand-piece for user convenience
7 cartridges for various indications
Designed based on the applied area
Fast speed and uniform output
Stable technology proven by clinical results

Proven efficacy through clinical research

B.J.Kim et al. Efficacy and safety of non-invasive body tightening with high-intensity focused ultrasound (HIFU). [Skin Research and Technology 2017; 1-5]



ULTRAFORMER III | Focused Ultrasound Therapeutic Equipment

The ULTRAFORMER III is a non-invasive therapeutic device for skin lifting and tightening.

7 cartridges

Customized usage is possible with the diversified ULTRAFORMER III cartridges, depending on the depth of each skin layer and skin condition



It is a procedure based on the non-invasively delivering HIFU(High Intensity Focused Ultrasound) to specific depths within the skin. Various ULTRAFORMER cartridges are applied considering the individual skin thickness and condition.

Items	Description
Energy Type	HIFU(High Intensity Focused Ultrasound)
Catridge types	L4-4.5, L7-3.0, L7-1.5, MF2, MF6, MF9, MF13
Power	Max. 3J
Length	5 - 25mm
Electrical Requirements	100-240 V~, 50/60 Hz
Dimensions	500(W) x 515(D) x 1310(H)mm
Weight	35kg

ULTRAFORMER III

ULTRAFORMER III (UF3-M300) is an assembly of devices designed to produce and control the delivery of high heat to the body using ultrasonic energy for the intracorporeal treatment of skin lifting and tightening.

Focused ultrasound therapeutic equipment
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Business Portfolio

Main Products



- 4 types of tips available in different sizes that can be used according to the treatment area
- Tilting and cushion tip design that effectively delivers energy output
- Continuous cooling with 6 cooling levels and 5 vibration levels that help alleviate pain
- Automatic impedance detection for safe energy delivery
- Dual hand-piece for user convenience

VOLNEWMER | Monopolar Radiofrequency Therapeutic Equipment

VOLNEWMER is non-invasive treatment of periorbital wrinkles and rhytids including upper and lower eyelids with electrocoagulation that uses monopolar radio-frequency energy.

4 color-coded tips for 6.78 MHz monopolar RF VOLNEWMER

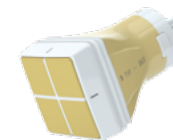
VOLNEWMER provides 4 different sizes of tips that can be used according to the treatment area.



V Tip
4.0 cm²



I Tip
0.25 cm²



S Tip
16.0 cm²



F Tip
3.0 cm²



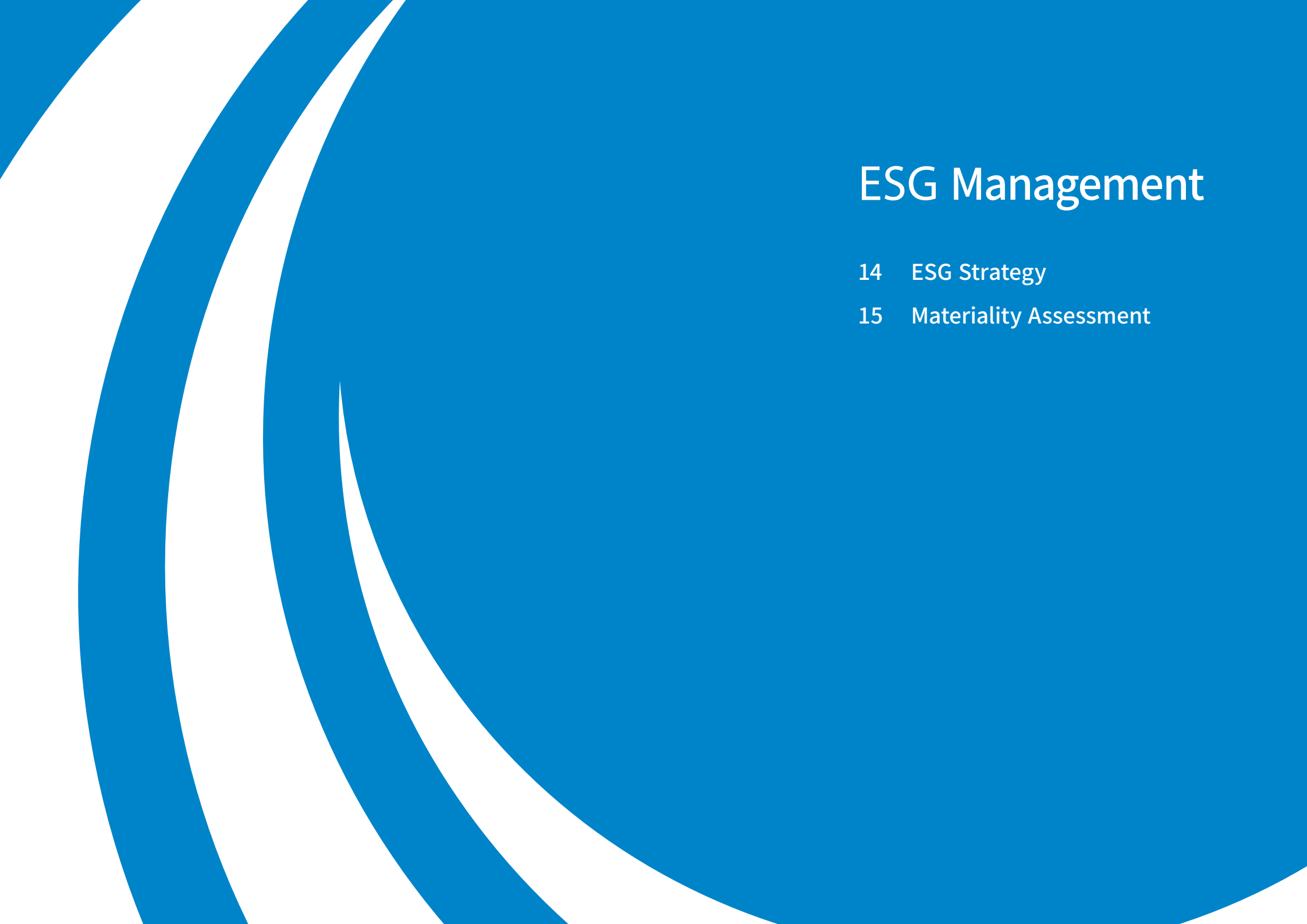
VOLNEWMER offers various functions such as continuous cooling with 6 cooling levels, 5 vibration levels, and automatic impedance detection, allowing for personalized treatments tailored to the patient.

Performance	SPECIFICATION
RF Frequency	6.78Mhz
Treatment Range	Max, 16cm2
Display	10.1 Inch LCD touch screen
Voltage, Frequency	220~240V, 50/60Hz
Power Consumption a Maximum Output	1,200VA

VOLNEWMER

VOLNEWMER is non-invasive treatment of periorbital wrinkles and rhytids including upper and lower eyelids with electrocoagulation that uses monopolar radio-frequency energy.

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ESG Management

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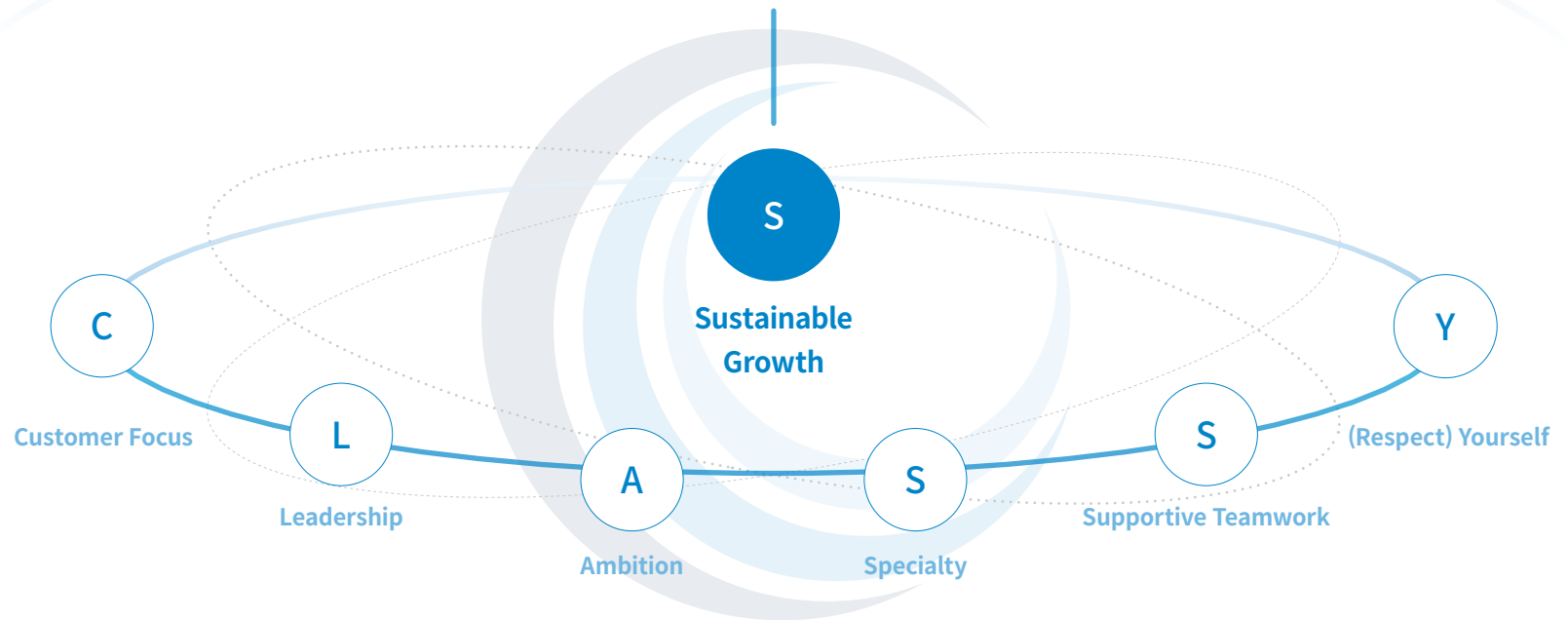
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ESG Strategy

MISSION

We are dedicated to delivering customer-oriented and innovative products and solutions, enabling beauty and happiness for all.

values



ESG strategy and initiatives



ENVIRONMENTAL

- Enhancing a carbon neutrality framework



SOCIAL

- Respecting human rights and diversity
- Fostering inclusive growth
- Leading in health and safety management
- Continuously improving of product quality



GOVERNANCE

- Implementing of ESG governance
- Strengthening ethics and compliance

Materiality Assessment

Classys has selected 6 important issues based on the GRI Standards' principles for determining topic relevance, which consider stakeholder importance and business impact. These issues are related to sustainable management. The selected topics for important issues in sustainable management include activities related to product quality, internal processes related to product quality, responsible marketing, strengthening board expertise/independence, implementation of employee education programs, and efforts to attract diverse talent. Through media analysis, expert evaluations, stakeholder surveys (in May 2023), and analysis of GRI Standards, we have identified the issues that stakeholders consider important. In addition, through internal data analysis, benchmarking with similar industries, and employee interviews, we have identified issues that have high business impact.

Assessment Process

STEP 1

Comprehensive Analysis of Actual and Potential Impacts

- Analysis of ESG global guidelines
- Analysis of benchmarking in peer industries
- Media analysis
- Stakeholder survey



STEP 2

Assessment of the Materiality of Actual and Potential Impacts

- Assessment of the materiality of financial impacts (inward)
- Assessment of the materiality of environmental and social impacts (outward)



STEP 3

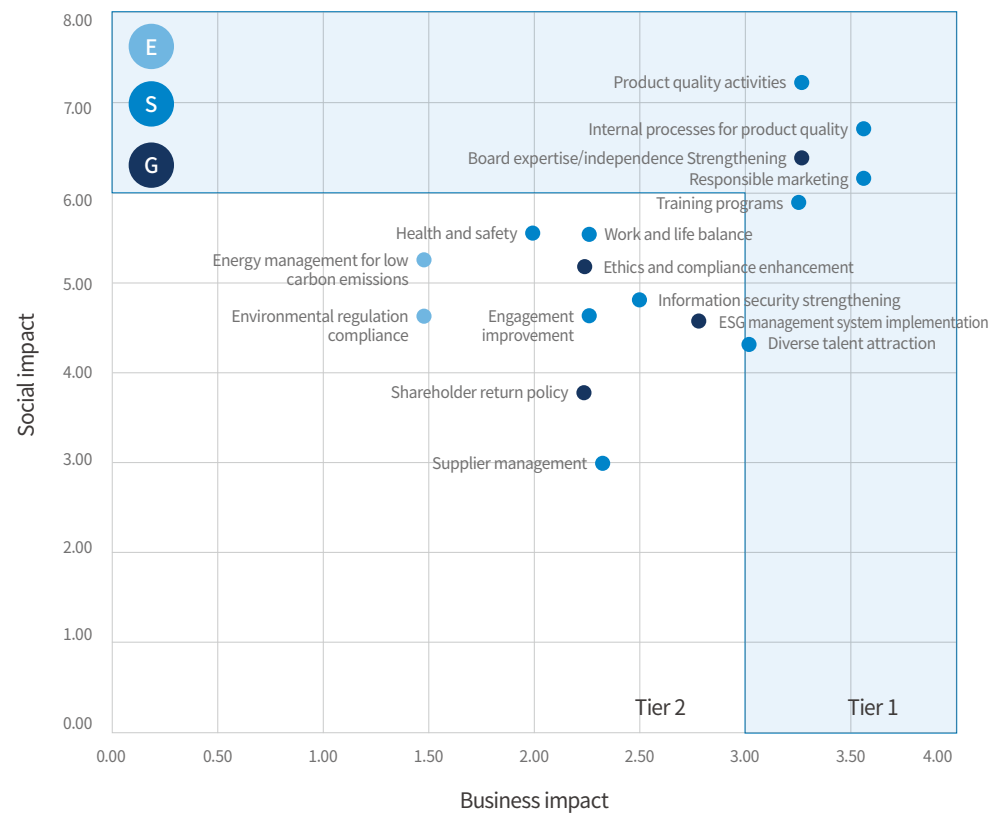
Selection and Prioritization of Material Topics

- Selection of 6 Tier 1 topics based on the materiality assessment
- Management and board reporting



Materiality Assessment

Materiality Assessment Matrix



Materiality	Material topics	Category	GRI
Tier 1	Product quality activities	Social	GRI 416
	Internal processes for product quality	Social	GRI 416
	Responsible marketing	Social	GRI 417
	Board expertise/independence strengthening	Governance	
	Training programs	Social	GRI 401, 403, 405, 406
	Diverse talent attraction	Social	GRI 401, 403, 405, 406
Tier 2	ESG management system implementation	Governance	
	Information security strengthening	Governance	
	Work and life balance	Social	
	Ethics and compliance enhancement	Governance	
	Health and safety	Social	
	Engagement improvement	Social	
	Shareholder return policy	Governance	
	Energy management for low carbon emissions	Environmental	
	Environmental regulation compliance	Environmental	
	Supplier management	Social	

Materiality Assessment

Definition of and Communication with Stakeholders

Classys defines stakeholders and classifies them into key stakeholder groups, including shareholders and investors, business partners, employees, customers, and local communities, taking into account their business impact during business activities. Classys recognizes the importance of communication with stakeholders and operates various communication channels to gather their opinions and address concerns. Our strategies involve identifying stakeholders' key concerns through communication channels to create value.

Stakeholders	 Shareholder and investor	 Business partners	 Employees	 Customers	 Local communities
Key Concerns of Stakeholders	• Sustainable growth of business value • ESG risk management • Transparency in corporate governance • Stable financial performance	• Criteria for selecting business partners • Mutual growth with business partners • Fair trade and fair competition	• Fair performance evaluation and compensation • Safe and pleasant working environment • Welfare benefits • Support for employee capacity building	• Product quality • Product safety management • Customer satisfaction	• Social responsibility towards local communities and the environment • Industry-academia collaboration
Communication Channels	• General shareholders' meeting • Investor relations and disclosure materials • Investor relations events	• Visiting business partners • Activities to support mutual growth	• Labor-Management Council • Grievance handling system • Organizational health surveys	• Customer service center • Website • Social media	• Media • Press releases • Website inquiries



Environmental

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E Climate Change Response and Action on Climate

The threats of energy scarcity and resource depletion caused by climate change are looming over humanity. At Classys, we recognize that corporate awareness and response to climate change are of paramount importance. We are committed to actively participating in climate change mitigation efforts.

Governance to Respond to Climate Change

We have established a response strategy centered around our BOD to effectively manage climate change risks. We are also conducting a review of the materiality of ESG factors and assessing our environmental management performance.

The BOD is responsible for ensuring that climate change-related issues are integrated into the company's business strategy, overseeing their management and implementation. Furthermore, the BOD is responsible for making decisions regarding climate change matters and works collaboratively with senior management and staff to strive for the achievement of enterprise-wide goals.

Response to Climate Change

Classys deeply empathizes with the global climate change risks and is committed to overcoming the climate change crisis. In this light, We have reevaluated its business strategy to better address the risks posed by climate change. We will approach climate change response with a strong sense of social responsibility and develop creative and innovative solutions. The process of setting carbon emission targets, monitoring policy implementation, and analyzing performance will involve both internal and external personnel. Our dedicated Environmental, Health, and Safety (EHS) Team will take the lead in addressing climate change risks.

Climate Action

Energy management and greenhouse gas emissions management

Management of targets and indicators

Classys has implemented and operates a system to measure and manage greenhouse gas emissions in order to reduce them effectively.

In the short term, in 2023, we have set a goal to reduce greenhouse gas emissions by 2% compared to the previous year by reducing electricity, gas, and mobile combustion usage, and we are actively implementing this goal. Based on the baseline greenhouse gas emissions of 606 tons in 2022, Classys has developed a medium to long-term roadmap to manage and achieve the following targets: a total reduction of 15% (91 tons)

in greenhouse gas (carbon) emissions by 2030, a 50% reduction by 2040, and ultimately achieving carbon neutrality by 2050.

We have set consistent reduction goals compared to 2020 and have been actively implementing energy-saving measures and monitoring performance from 2021 to 2022. In 2021, we actively implemented remote working throughout the organization to prevent the spread of COVID-19. As a result, there was a significant decrease in energy consumption and greenhouse gas emissions. From 2022, we have gradually increased office work, resulting in a slight increase compared to 2021. However, overall, there is a decreasing trend in energy consumption and greenhouse gas emissions when compared to 2020. Based on past performance monitoring, we have re-established our medium to long-term plans based on the 2022 baseline. Moving forward, we will continue to implement company-wide energy-saving campaigns and other initiatives to further reduce greenhouse gas emissions. Our commitment to reducing emissions will remain ongoing.

GHG emissions from the HQ and business facilities in the last 3 years

SCOPE	Category	(Unit)	2020	2021	2022
	Sales	(KRW 100 million)	765	1,006	1,418
SCOPE1	Mobile combustion	(kL)	72	67	76
		(tCO ₂ eq/KRW 100 million)	0.20	0.14	0.11
	LNG	(1,000 m ³)	-	-	13
		(tCO ₂ eq/KRW 100 million)	-	-	0.02
SCOPE2	Electricity	(MWh)	568	680	908
		(tCO ₂ eq/KRW 100 million)	0.35	0.27	0.29
SCOPE1+2	GHG emissions	(tCO ₂ eq)	416	413	606
		(tCO ₂ eq/KRW 100 million)	0.54	0.41	0.43
	Intensity reduction target	Annual -1%	Baseline	0.54	0.53

* The sales figures are based on the consolidated audit report.

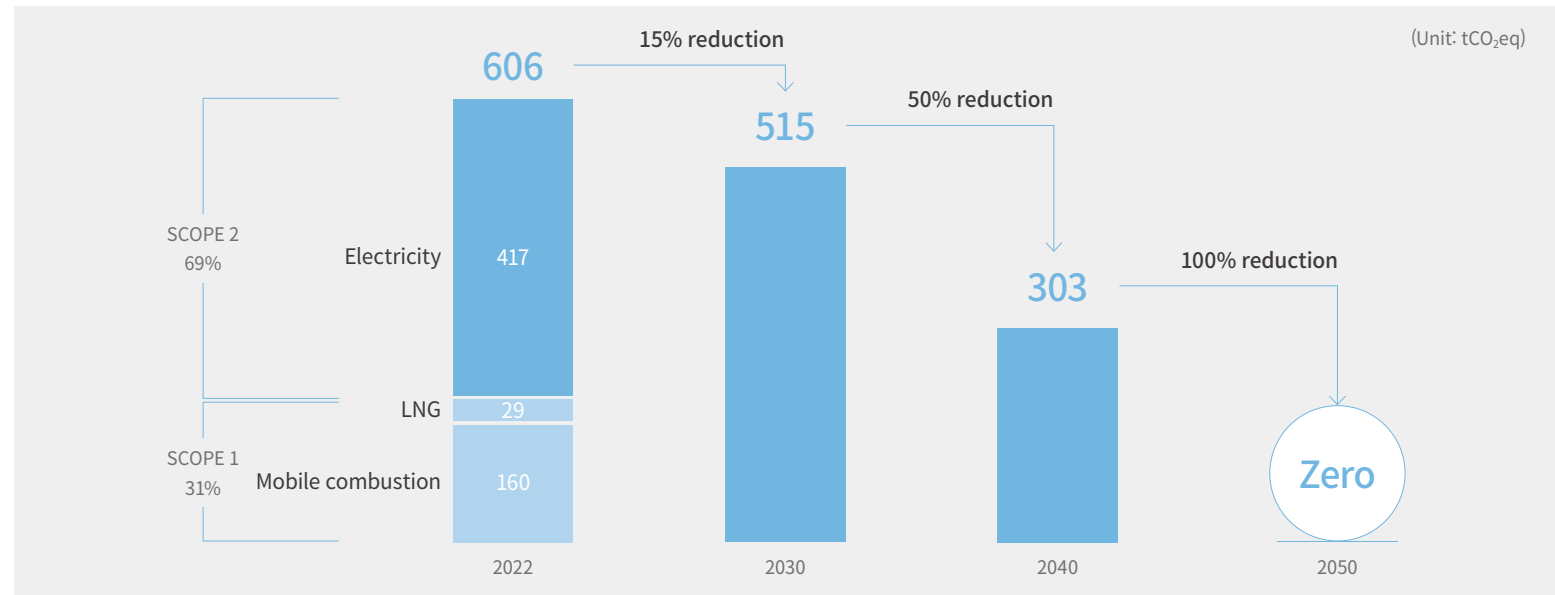
** The usage of LNG began in 2022 due to the purchase of the HQ building.

*** The intensity reduction target is an internal reduction target, and it will be compared to the baseline year 2020, with an annual reduction goal of 1%.

**** Mobile combustion usage is estimated based on the total amount of payment and the average price per unit of fuel consumed.

E Climate Change Response and Action on Climate

Carbon Neutrality Roadmap



2022

Enhancing carbon neutrality governance

- Establishment of dedicated EHS team and development of roles and responsibilities (R&R)
- Inventory establishment and monitoring for electricity, LNG, mobile combustion, etc.
- Incorporation of performance evaluation and reward system for designated teams
- Supervision at the top management level

Direct reduction activities

- Production facilities revamp
- Process efficiency and optimization
- LED replacement in selected facilities
- Implementation of energy saving campaign
- Implementation of environmental protection campaign

2023

Enhancing carbon neutrality governance

- Establishment of a board oversight system
- Regular performance reviews at the top management level
- Incorporation of company-wide performance evaluation and reward system
- Setting reduction targets and establishing implementation plans
- Monitoring of implementation progress

Direct reduction activities

- Integration of Plant 1 and Plant 2 in progress
- Transition to environmentally friendly packaging materials
- Strengthening energy-saving campaign
- Strengthening environmental protection campaign

2024~2025

- Internalization of carbon neutrality governance
- Monitoring and continuous improvement of the achievement of direct reduction activity goals



Long-term

- Management of Scope 3 emissions and development of reduction methodologies
- Establishment of a renewable energy procurement portfolio
- Review of membership in global initiatives



E Climate Change Response and Action on Climate

Activities for Greenhouse Gas and Energy Reduction

Classys is engaging in voluntary greenhouse gas and energy reduction activities to mitigate climate change risks.

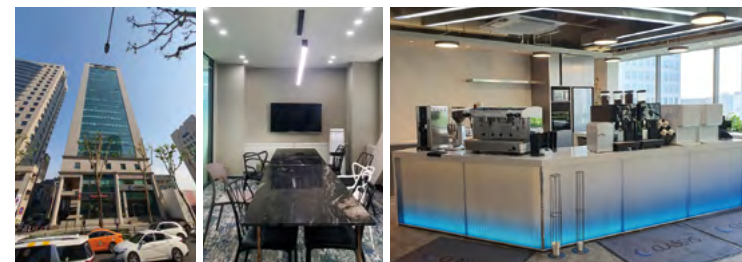
Activity 1

We have improved energy efficiency by partially integrating production facilities from two locations into Plant 1, allowing for more compact use of space and workflow. The process improvement and integration will continue in 2023, and the Plant 2 has been reorganized for effective management of inventory assets.



Activity 2

We have integrated the offices for sales, marketing, R&D, and management tasks that were previously operated in two separate locations into one place. We have reconfigured the office and conference room layout in a way that efficiently reduces the actual area while creating a pleasant working environment.



Activity 3

We have conducted energy-saving activities by replacing some of the general lighting in the headquarters and factories with LED lights that have high luminous efficiency and low power consumption.



E Climate Change Response and Action on Climate

Activity 4

As part of an internal campaign to promote sustainability and reduce the use of disposable paper cups, we have provided tumblers to employees working in the factory facilities, encouraging them to use personal tumblers instead. We are making efforts to minimize disposable items, including paper cups, as part of an environmental conservation movement.



Activity 5

We have planned and implemented an energy-saving campaign in response to the issue of energy scarcity, enabling employees to participate in environmental conservation efforts. We are making efforts to reduce greenhouse gas emissions and save energy in our daily lives through improvements in lifestyle habits and consciousness, such as refraining from using disposable items, conserving energy, and separating waste for recycling.



E Climate Change Response and Action on Climate

Waste Management

In 2021, we were able to reduce our hazardous waste emissions to 0.1 tons, and in 2022, we disposed of 3.7 tons of general waste. We are managing our business waste within 10 tons and striving towards zero waste, aiming for waste elimination. As we proceed with process optimization to enhance intensive and efficient production capacity, there has been an increase in general waste generation. However, we have selected companies that can recycle the waste or convert it into reusable energy to handle the waste disposal.

In addition, we are making efforts to reduce waste generation by improving product packaging materials and reducing production process defects. We will continue our waste reduction efforts through product and process improvement activities, actively considering resource recovery through recycling or reuse.

(Unit: KRW 100 million, tons)

Category		2020	2021	2022
Sales		765	1,006	1,418
Waste	Target	-	-	10.0
	General	Not aggregated	-	3.7
	Hazardous	Not aggregated	0.1	-
	Construction	Not aggregated	-	-
Recycling	General	Not aggregated	-	3.7

Conservation of Biodiversity

Classys is striving to protect biodiversity and minimize the disruption of natural habitats. The company's headquarters and facilities are operated at a distance of more than 10 km from Key Biodiversity Areas (KBA), and there are no plans to establish any facilities in protected areas or their immediate vicinity for biodiversity conservation. There is currently no discharge of polluted water or hazardous substances within the workplace. To maintain the current level, any occurrence of polluted water or hazardous substances will undergo a purification process before being discharged.

Water Management

The water usage of our facilities is as follows, with the majority being domestic water for essential human needs within the workplace. In 2021, there was a decrease in water usage compared to 2020 due to the active implementation of telecommuting. However, in 2022, the domestic water usage increased compared to 2021 due to the activation of office work and an increase in the number of employees, although there was a slight decrease compared to 2020. Classys is making efforts to reduce per capita water usage by 1% in 2023 compared to 2022 through campaigns promoting water conservation and other lifestyle habit improvements.

(Unit: KRW 100 million, tons)

Category		2020	2021	2022	Remarks
Sales		765	1,006	1,418	
Water usage by workplace	Headquarters	1,717	1,789	3,214	Clean water
	Plant 1	126	142	48	Clean water
	Plant 2	52	56	63	Clean water
Total	Total	1,895	1,987	3,326	
	Intensity	2.5	2.0	2.3	
	Intensity reduction target	Baseline	2.5	2.4	

* The sales figures are based on the consolidated audit report.

** The intensity reduction target is an internal reduction target, and it will be compared to the baseline year 2020, with an annual reduction goal of 1%.

No Cases of Violation of Environmental Regulations or Fines Imposed

Classys has no records of environmental regulation violations or incidents related to the environment. No legal cases have arisen as a result of any such cases. We will continue to make efforts in complying with environmental regulations and managing risks in the future.

Number of environmental accidents and regulatory violations in the last 3 years

(2020-2022)

Occurrences of environmental accidents

0 cases

Non-compliance with environmental laws and regulations

0 cases

E Environmental Management

Environmental Management

In line with the increasing interest in environmentally friendly management, Classys aims to contribute to environmental protection and climate crisis management through sustainable management and environmental practices. We are undertaking activities to minimize the environmental impact generated by our entire operations from our facilities and engage in carbon reduction efforts.

 Environmental Management Policy

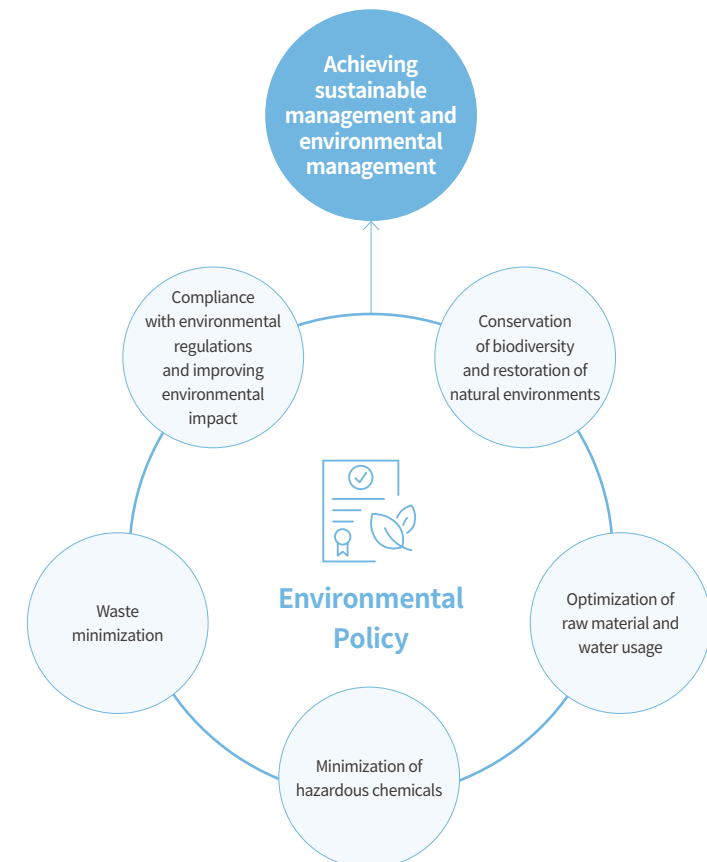
Environmental Management System

Classys has established an environmental management system related to our business activities and continuously strives to achieve set goals by setting specific performance targets. We aim to review and proactively address climate risks that may impact our business operations. We are conducting education and training sessions to foster awareness among our employees about environmental management. During the process of reviewing new business ventures or investments, we perform environmental management planning and environmental impact assessments to minimize the environmental risks associated with new projects. We will continue to make consistent efforts to manage the impacts of our corporate operations on the environment. Classys aims to establish a sustainable management and environmental management system, strengthen our capacity to respond to environmental risks, and contribute to environmental protection and addressing the climate crisis. Classys applies environmental policies to our employees and encourages its business partners to adhere to environmental management policies as well.

Dedicated Organization for Environmental Management Implementation

Classys reviews and approves ESG plans and implementation results at the board level. The dedicated organization, the EHS Team, is responsible for tasks such as setting goals for environmental management, managing progress towards those goals, and implementing environmental campaigns.

The EHS Team collaborates with the compliance organization to proactively review environmental regulations, both existing and upcoming, and develop preemptive measures in response. In order to achieve the established goals, all departments collaborate, and the EHS Team conducts status checks and provides guidance on these activities, reporting to the CEO.



E Environmental Management

Green management is no longer a choice but a necessity. Classys is committed to complying with environmental policies, recognizing the importance and responsibility of green management.

Environmental Management Training

Classys plans to conduct various training programs to enhance employees' environmental awareness, cultivate knowledge and skills related to environmental management, and perform their tasks considering environmental management policies. In addition, the EHS Team conducts advanced training to enable proficient implementation of environmental management practices. Furthermore, we plan to enhance awareness training by not only providing ESG training to all employees but also sending ESG newsletters and providing ESG educational materials. These measures aim to encourage employees to voluntarily participate in environmental management.

In 2022, we conducted training for some responsible personnel and staff members to establish the foundation for environmental management and establish new teams. From 2023 onwards, we plan to expand the scope and frequency of training.

Period	Topic	Organizer	Total no. of trainees	Total training time
2022.05.	2022 ESG Specialized Training	KOSDAQ Listed Companies Association	2	14.0
2022.10.	Key Issues in the ESG's Social Field	The Federation of Korean Industries	1	2.0
2022.12.	Utilization Plan for the 2022 ESG Self-assessment Guidelines	KOSDAQ Listed Companies Association	1	2.5

Linking Employee Compensation to Environmental Performance

Classys has incorporated ESG goals such as sustainable management and environmental management into our employee performance-based compensation system.

ESG value enhancement indicators are utilized as key performance indicators (KPI) in the overall employee performance evaluation at Classys. Additionally, department-specific KPIs are established, including energy conservation and campaign strengthening. We incentivize voluntary participation in environmental management by linking environmental performance to employee performance evaluation and rewards.





Social

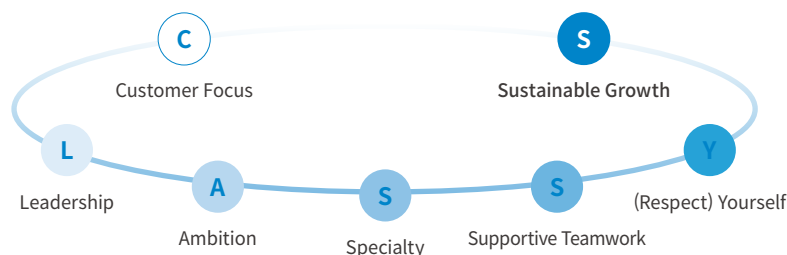
- 27 Talent Management
- 31 Human Rights Management
- 33 Information Security
- 35 Health and Safety Management
- 37 Supply Chain Management
- 38 Quality Management

S Talent Management

Classys recognizes the importance of human resources for sustainable growth and is actively practicing talent management to attract and nurture exceptional talent.

Who We Want

Classys aims to achieve sustainable growth by working with talented individuals who possess customer focus as their foundation, as well as leadership, ambition, specialty, supportive teamwork, and self-respect. Classys values candidates who can cherish and practice our core values.



Classys Core Values

C	Our business focuses on the customer, ensuring all tasks start with addressing customer needs and end with ensuring customer satisfaction.
L	Our business pursues leadership that takes initiative with a positive attitude.
A	Our ambition for excellence sparks continuous innovation.
S	Our special expertise propels us to grow into a leading global company.
S	Our employees realize the most valuable customer value through the supportive teamwork.
Y	Our employees respect others and themselves, and they embrace them with understanding.
S	Our employees' ambition and specialties aim for the sustainable growth of the company, employees, and shareholders.

Fair Recruitment

Classys ensures the recruitment of competent talents who can practice our core values through transparent and fair procedures. We prohibit discrimination based on gender, race, religion, or any other factors during the recruitment process, and have established HR policies to promote diversity and eliminate unethical practices and corruption in recruitment. We strive to secure excellent talents by establishing a recruitment system that respects applicants and promotes sincere communication.

Fair Performance Evaluation System

Classys operates an evaluation and compensation system that provides reasonable rewards based on fair assessments. We evaluate employee performance fairly by setting KPIs that reflect sustainable management goals, and incentives are provided based on the achievement of these KPIs. Additionally, we integrate performance evaluation and competency assessment results to determine salary increases and regular promotions for individual employees.

We categorize KPIs into different job categories such as administrative positions and functional positions, and set evaluation criteria accordingly. We ensure that there is a strong alignment between business plan achievements and individual goal accomplishments. In the detailed evaluation criteria, we incorporate quantitative evaluations linked to detailed performance indicators such as sales, as well as qualitative evaluations that assess the timeliness and accuracy of task execution. By appropriately



Onboarding training for new hires

Classys provides onboarding education for new hires, which includes topics such as the company's history, current state, and future direction, conversations with the CEO, ethics training, orientation to organizational culture and company life, as well as product education.

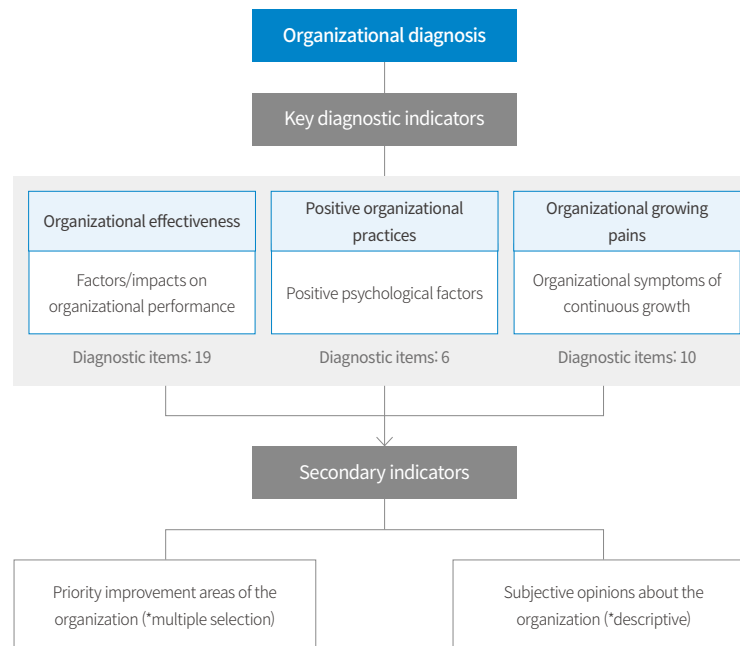
integrating these criteria, we aim to enhance the accuracy of evaluations. Classys motivates employees by providing them with confidence and fairness in the performance evaluation system through activities such as explanation sessions. We also promote continuous growth by providing individual feedback on evaluation results to each employee.

S Talent Management

Organizational Health Survey

Classys conducts an annual organizational health survey through external experts to specifically assess the organizational characteristics and performance factors related to the company, such as organizational performance, culture, and systems. Based on the findings, we explore directions and measures for improvement and development. 92.5% of all employees participated in the July 2022 Organizational Health Survey. Based on the responses, priorities were determined, and a seminar was conducted to address the areas that required improvement, particularly the promotion system and performance rewards system. The purpose of the seminar was to enhance and refine these systems based on the feedback received. We conduct the organizational health survey once a year. In addition to assessing the organizational health, we also strive to gauge employee satisfaction regarding improvement requests. We use this information to incorporate into our long-term HR agenda, aiming to create an even better working environment and company.

Organizational health diagnosis composition system



* Utilizing the Organizational Health Diagnostics (OHD) model

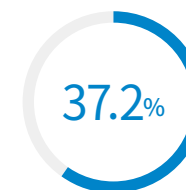
Respect for Diversity Among Members

Classys strives to cultivate a culture that respects and promotes mutual understanding of diversity among all members. We are actively cultivating a culture that respects and embraces diversity within our organization, with the aim of attracting and retaining a diverse range of talents. Through the promotion of diversity, we seek to enhance teamwork, foster innovation, and contribute to continuous growth by leveraging the collaboration of individuals with various backgrounds and perspectives. To prevent possible discrimination based on gender, age, race, disability, religion, political orientation, and other factors in areas such as hiring, firing, performance evaluation, and the provision of educational opportunities, we regularly conduct mandatory human rights education for all employees. This includes prevention of sexual harassment, improving awareness of disabilities, and preventing workplace harassment. We strive to internalize and practice a culture of diversity through employee training and related activities. Furthermore, we do not discriminate in the recruitment and opportunities for socially disadvantaged individuals. We strive to ensure that there is no difference in treatment between majority and minority individuals under equal conditions.

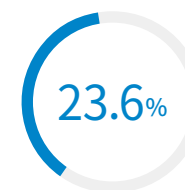
Status of Classys members

Category			Gender		Nationality		Employment type		Employees with disabilities
Date	Type	Employees	Male	Female	Korean nationals	Non-Korean nationals	Full-time	Contractual	
12.	Executives	8	7	1	8	0	0	8	0
31.	Team leader	40	29	11	39	1	40	0	0
22	Team member	302	183	119	296	6	299	3	2
	Total	350	219	131	343	7	339	11	2
04.	Executives	10	7	3	10	0	0	10	0
30.	Team leader	45	35	10	44	1	45	0	0
23	Team member	292	176	116	288	4	290	2	4
	Total	347	218	129	342	5	335	12	4

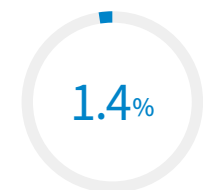
* Excluding BOD



Female employees



Female managers
(team leader or higher)



Non-Korean nationals

S Talent Management

Work and Life Balance

Classys supports its members to work in a healthy and stable environment, and operates various welfare systems to promote work-life balance. We have implemented flexible work arrangements, autonomous leave, health check-up support, and club activities to foster a more flexible and autonomous work environment.

Welfares

Category	Main contents of support	Remarks
Operation of in-house cafeteria and recreational facilities	Operation of employee-exclusive cafeteria and recreational facilities	-
Incentives for long-term employees	Reward vacations and bonuses are provided to employees who have been with the company for more than 10 years.	-
Vacation allowance/holiday bonuses	Support for holiday bonuses and vacation allowances	-
Support for recreational facilities	Support for the use of large major condominiums	-
Support for in-house clubs	Support up to KRW 320,000 per year for in-house club activities	-
Health checkup subsidy	Support up to KRW 300,000 per year for specialized health examination	New
Support for personal development expenses	Support up to KRW 1,000,000 per year for self-development, including academic and skill enhancement	New
Provision of lunch/dinner	Provision of lunch and dinner	-
Support for congratulatory and condolence events	Support for congratulatory goods, condolence money, vacations, and other forms of support for congratulatory and condolence events	-
Support in 2022	Total of KRW 1.38 billion	-

Improvement of working conditions through Labor-Management Council discussions

The Classys Labor-Management Council is operated to encourage employees to collaborate in pursuing mutual interests and facilitate effective communication. The Classys Labor-Management Council primarily focuses on resolving labor-management issues, improving working conditions, and developing welfare systems. In 2022, a total of 4 council meetings were held, discussing a total of 6 agenda items. The Classys Labor-Management Council contributes to improving the efficiency and productivity of Classys by protecting and enhancing the rights and interests of employees, while considering the organization's management objectives and achieving reasonable agreements.

03.25.22	06.10.22	09.02.22	12.09.22
- Improvement of in-house cafeteria by providing snacks for employees - Improvement of position-specific vacancies and workload overload	- Efficient cooling plans for summer season to save energy - Discussion on conducting town hall meetings for effective communication among employees	Discussion on providing Chuseok (Korean Thanksgiving) gifts to boost employee morale	Discussion on the details of year-end party to be held in December

Flextime system

We are currently implementing a flextime system based on a survey of preferences for the staggered commuting system. This is to alleviate the inconvenience caused by traffic congestion during commuting hours.

Parental leave, shortened work hours, pre and postnatal leave, etc.

There are no specific restrictions when applying for parental leave and shortened work hours during childcare, and they are all approved. In 2022, there were a total of 11 instances of usage.

Company clubs

We encourage teamwork and communication among employees while supporting enjoyable and enriching cultural activities to refresh and rejuvenate. Additionally, we promote participation in various clubs and societies where individuals can showcase their diverse interests and talents.

Status of company club activities

(As of Mar. 31, 2023, Unit: Persons)

Category		Employees
Physical fitness	Futsal	25
	Billiards	16
	Golf	33
	Climbing	12
	Tennis	10
	Hiking	25
Liberal arts	Smart Work	30
Total		151



S Talent Management

Specialized Job Training and Development

Classys is committed to nurturing experts who will lead the future of the company and ensuring the competitiveness to grow together with its members and the company. We strive to foster talent through various methods to secure competitiveness. We provide education courses for employees on various topics such as job duties and leadership. We also support self-development expenses for obtaining degrees and certifications. We will actively promote the utilization of various educational opportunities and provide feedback for improvement to ensure the growth of our employees in the future.

Probation programs

Classys operates probation programs for all job positions. During the 3-month probationary period, employees receive training on both the culture of Classys and job expertise. After the probationary period ends, they continue with Classys and engage in career development together.

Sharing core values and training to foster leadership skills

We conduct onboarding training to establish the identity as a Classys employee and cultivate fundamental skills. Additionally, we regularly organize company-wide town hall programs and other activities to promote the sharing of core values. Furthermore, we operate customized programs for executive/team leader/mid-level manager development, to enable them to learn and grow in leadership skills that are required of them.

Status of leadership training in 2022

Onboarding and leadership training for sharing Classys vision, mission, and core values

2,926hours



Expert training

We are operating programs to enhance the capabilities and expertise of employees who perform various roles.

Status of job training in 2022

Topic	Participating departments								Total no. of trainees	Total training hours
	①	②	③	④	⑤	⑥	⑦	⑧		
ESG - Environmental protection, social issues education, etc.	●								4	32.5
Marketing - Marketing policies and compliance, etc.		●	●				●		115	187.0
Finance - Accounting, taxation, internal accounting, External Audit Act, etc.	●	●		●	●	●	●	●	121	339.0
Product/Quality - Medical Devices Act, clinical practices, quality management, ISO standards, etc.	●			●	●	●			247	2,116.2
Compliance - Audit, capital market regulations, etc. (excl. ethics education).	●								5	33.5

① Business Management ② Domestic Business ③ Marketing ④ Production ⑤ R&D
⑥ Quality Assurance ⑦ Overseas Business ⑧ Home Care

Industry-Academia Collaboration

To foster talent and create job opportunities, we have entered into industry-academia collaboration agreements with local higher education institutions. We establish a demand-driven educational system to support the development of diverse talents. Furthermore, we develop specialized education programs focused on small and medium-sized enterprises, provide support for tailored job-oriented training programs, and offer assistance to students in securing employment opportunities that align with their skills and abilities. We engage in various activities aimed at supporting the needs of businesses and promoting a symbiotic relationship with the local economy.

Status of industry-academia collaboration in 2022

Category	Institutions	Main contents	No. of participants	Remarks
Industry-academia collaboration	High schools	Industry-academia collaboration and recruitment for attracting outstanding talents in the local schools	4	Hiring three individuals through job placement programs
Industry-academia collaboration	Universities	Talent recruitment and educational collaboration for customized talent development, as well as technology development, etc.	15	
Industry-academia collaboration competition	Universities	Holding a design competition for university students through industry-academia collaboration and creating opportunities for youth employment	13	

S Human Rights Management

Classys respects human rights. To minimize human rights risks that may arise in business activities, we are implementing company-wide comprehensive human rights management.

Human Rights Management Policy

Classys respects human rights and builds positive relationships with stakeholders to create a foundation for the protection and promotion of human rights.

We recognize our responsibility for human rights protection and has established policies that include seven fundamental principles. We aim to respect and protect human rights and fulfill our social responsibilities and roles in all areas of our business activities.

Furthermore, we will make efforts to prevent human rights violations proactively and minimize negative human rights impacts, based on the following key principles.

 Human Rights Policy



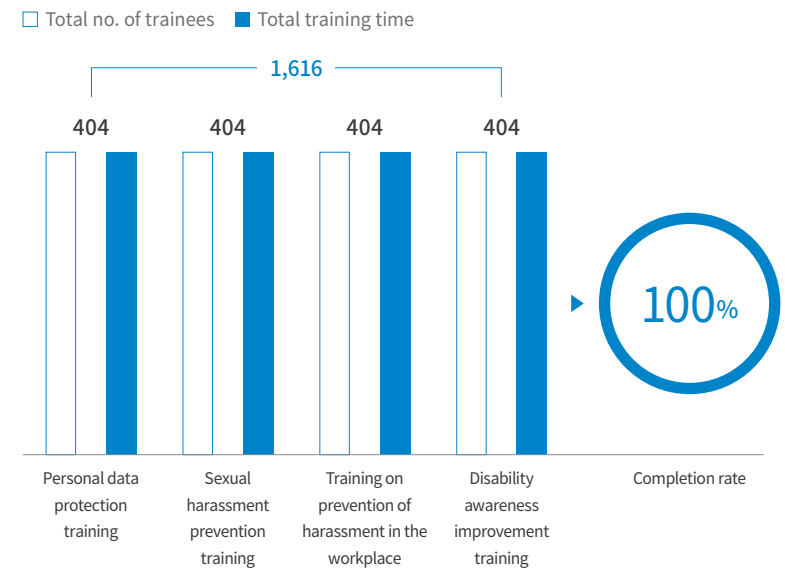
Enhancement of Human Rights Training

We provide annual human rights training to all employees, including "Sexual Harassment Prevention Training" and "Disability Awareness Improvement Training." In addition, we conduct various basic competency and ethics education to protect the human rights of employees and prevent discrimination.

We strive to promote the human rights of employees through anti-discrimination and workplace harassment prevention education, as well as gender equality education. We have ongoing plans to implement continuous employee rights training and management to prevent unfair practices such as sexual harassment and workplace bullying, as well as forced labor, child labor, and rights violations in the work environment.

Human rights education

(Unit: Hours)



※ The completion rate includes regular and contract employees, excluding those on leave.

S Human Rights Management

Grievance Handling

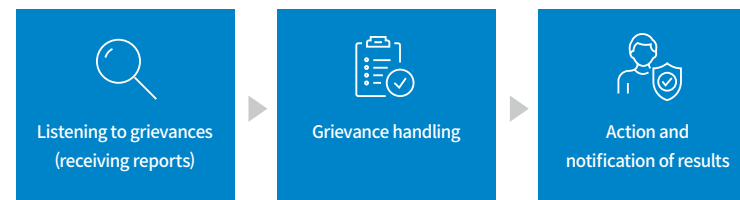
We operate a permanent grievance handling system to promptly address various human rights violations such as workplace sexual harassment and bullying. Anyone can anonymously report through online or offline channels, and we strictly protect the identity of the whistleblower and all related information regarding the report according to the "Whistleblower Policy." If an employee engages in activities to obtain information related to reporting, he or she will be strictly disciplined. The identity of the reporter and the content of the report will be treated confidentially. The reporting system is managed with a safe security system, and the identity of the reporter and the content of the report are strictly managed by a limited number of personnel who have pledged to maintain confidentiality.

The person in charge of handling grievances promptly verifies the details and facts related to the received grievance records, and takes appropriate measures accordingly. In addition, he or she reports the measures taken to address grievances and other outcomes to senior management, including the CEO.

Operation of various channels for grievance handling

External website	• Operated at all times • Address : https://classys.co.kr/cs-center/ethical-inquiry/ • Email address : compliance@classys.com • Contact : +82-2-1544-3481
Internal mailbox	• Operated at all times
Operation of grievance handling system	• Operated at all times • Appointment of internal grievance handling officers, investigation and resolution of grievances, counseling
Organizational health survey	• Once a year

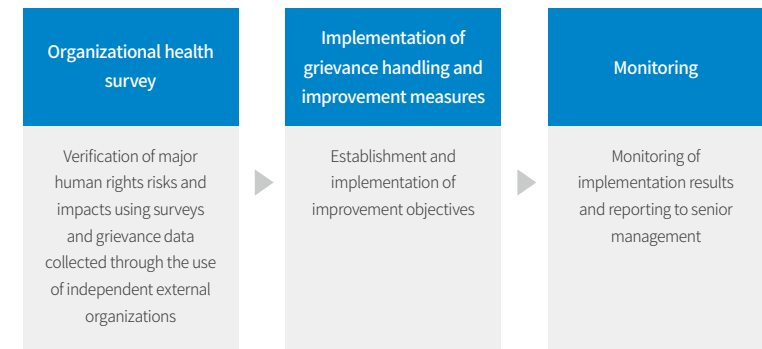
Grievance handling process



Human Rights Risk Management and Monitoring

Classys operates a dedicated organization to reduce human rights risks and implement human rights management practices. The dedicated organization regularly conducts organizational health surveys, including human rights risks, and reports improvement measures and action results to senior management.

Process for identifying and resolving human rights risks



Human rights management performance and future plans

	Human rights management performance and future plans	Remarks
2022	• Identifying and implementing preventive measures through organizational health surveys including human rights-related questions to identify risks • 4 cases received through the complaint handling system (100% resolution rate)	
2023	• Conducting risk identification and preventive measures through organizational health surveys once a year • Gradually expanding the frequency of human rights-related compliance training and raising awareness among members • Enhancing the grievance handling system	Common Plan
2024	• Implementation of the Common Plan • Strengthening human rights education content and conducting specialized training • Enhancing the procedure for remedying human rights violations	
2025	• Implementation of the Common Plan • Enhancement of organizational health survey • Strengthening the system for preventing and monitoring human rights violations	

S Information Security

Classys is committed to building a systematic security system to protect the information that is the source of corporate competitiveness. We are making every effort to establish an information protection infrastructure.

Information Security Policy

Classys strictly adheres to domestic privacy laws such as the "Act on Promotion of Information and Communications Network Utilization and Information Protection" and the "Personal Information Protection Act." We have established the "Information Security and Privacy Policy" and "Privacy Policy" to ensure compliance. These policies are publicly available on the Classys website (classys.co.kr) for anyone, including stakeholders, to access. They contain information regarding the collection, retention, use, and disposal of personal information, allowing individuals to check the status of their personal information at any time.

 Information Security and Privacy Policy

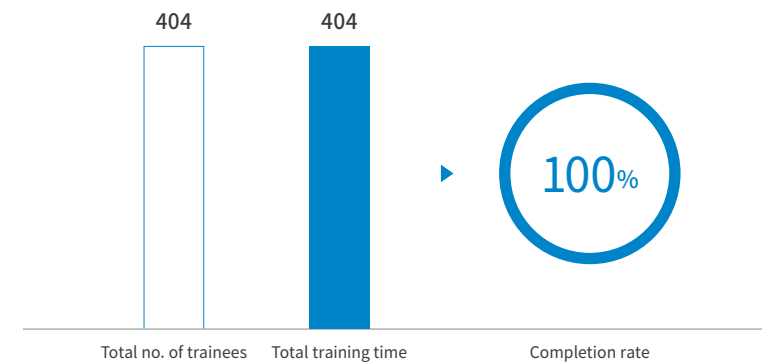
Information Security Management System

To protect customer personal information and enhance business stability, Classys has established a dedicated information security department and deployed specialized personnel. We have developed information security policies and procedures, which are disseminated throughout the organization to ensure that all members recognize and comply with their responsibilities regarding security. This initiative aims to strengthen information security and safeguard customer privacy. Classys identifies and assesses information security risks in order to derive appropriate security measures and implement them. In addition, Classys verifies the effectiveness of security measures and adopts a flexible security approach that can respond to evolving threats. Lastly, we comply with relevant laws and regulations and adhere to regulations such as personal data protection to maintain customer trust and prevent potential issues.

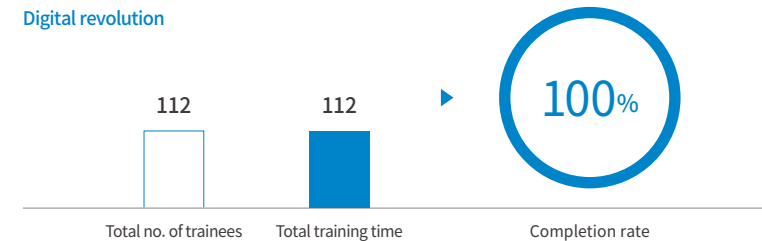
Information Security Education and Training

We provide information security training to all employees annually to promote compliance with security policies and procedures, raise security awareness, and enhance our ability to respond to cyber threats. Furthermore, we provide additional training to certain employees who hold significant management responsibilities. Through this, we aim to minimize security incidents and data breaches caused by internal issues or human errors, and establish security as a core value within our organizational culture. We impose disciplinary actions according to internal regulations in the event of employees violating information security policies. Since the start of our business, we have not experienced any incidents related to customer information breaches.

Protection of personal information



Digital revolution



* Total number of regular and temporary employees, excluding employees on leave

S Information Security

Information Security Risk Assessment and Improvement Results

Based on the self-conducted risk assessment, Classys found vulnerabilities to external network intrusion, information asset theft, and damage. In order to mitigate these risks, the following improvement measures were implemented.

Strengthening of network security	Detection and prevention of network external intrusion through vulnerability analysis
Network segmentation	Data access control through the separation of business operations network and guest/convenience support services network
Strengthening of data protection infrastructure	Enhancement of physical environment for major data protection, particularly through transitioning the storage and utilization of key data to cloud systems, aiming to increase data usability and strengthen security

2023 Data Protection Plan

Reinforcement and expansion of network security	Strengthening of network infrastructure across all business locations and establishment of dedicated network lines between the locations to prevent external intrusions
Establishment of a security platform	Enhancement of information security for endpoint user devices, implementation of centralized integrated monitoring for prevention of personal data leakage, identification and remediation of security vulnerabilities, and proactive threat detection
Development and revision of information security policies/guidelines	Operation of the information security cycle, covering prevention, operation, and post-incident review, including information security training, PC security, development security, document and media security, incident response, and security audit



S Health and Safety Management

Classys provides a safe working environment for employees and workers of partner businesses, prioritizing industrial accident prevention as a key objective. We actively implement occupational safety and health management practices to ensure the well-being of our workforce.

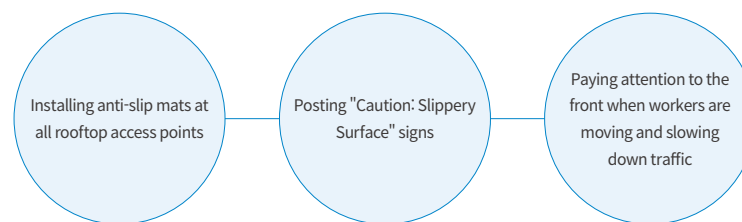
Health and Safety

Classys establishes an Industrial Health and Safety Policy for the health of employees and workplace safety, and implements health and safety management based on this policy. We strive to assess hazardous and risky factors related to health and safety, establish a health and safety management system to address them, set specific performance goals, and continuously work towards improvement. The management actively makes important decisions regarding the establishment and implementation of the health and safety management system. Regular training sessions are conducted to ensure that employees understand the importance of health and safety and can effectively implement the health and safety management system.

In 2021, one case of occupational accident occurred due to slipping, and Classys established and implemented the following measures to minimize occupational accidents. No further industrial accidents have occurred since then.

 Industrial Health and Safety Policy

Preventative measures against accidents



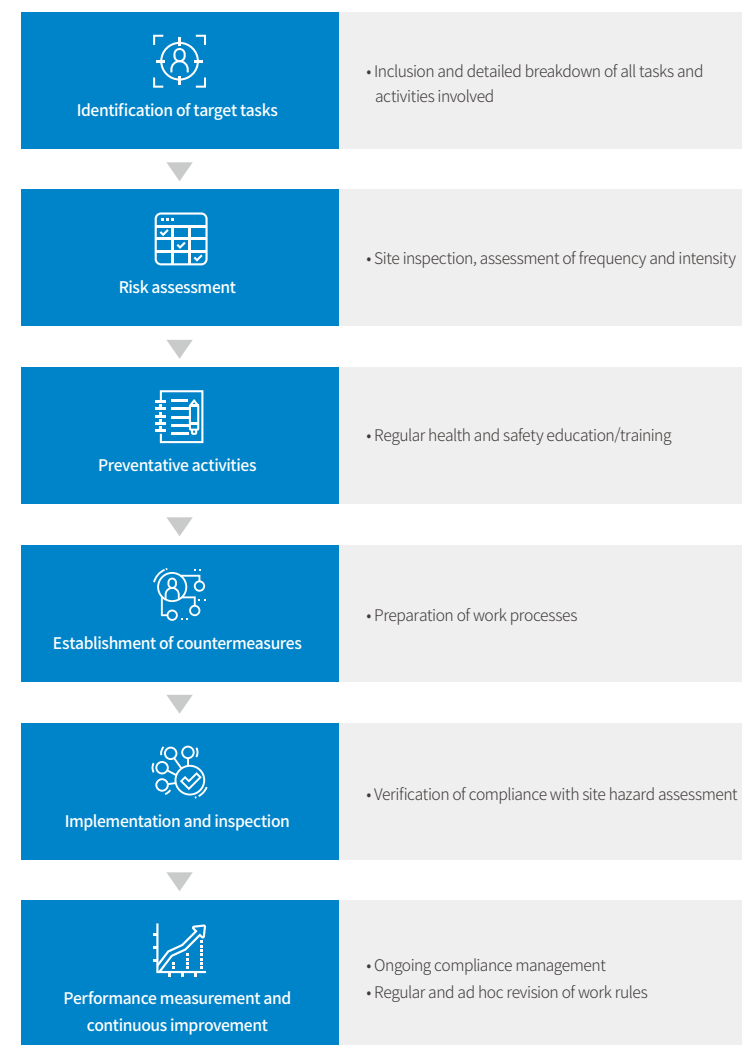
Occupational accident rate

(Unit: cases, %)

	Number of occupational accidents	Ratio of occupational accidents (*)
2020	0	0.0
2021	1	0.4
2022	0	0.0

* Accident rate per 100 workers

Health and safety risk management process



S Health and Safety Management

Health and Safety Risk Management Process

Risk assessment

We establish a plan for conducting risk assessments for hazardous factors and carry out risk assessments through worker participation. We establish and implement improvement action plans for risk factors that exceed the permissible limits. We also document and maintain the contents of risk assessments and the results of corrective actions.

Health and safety activities

Classys regularly conducts health check-ups for employees, focusing on their health and safety. We also implement post-examination management based on the results of these health check-ups. The EHS Team provides guidance and advice on various safety and health-related matters. The team carries out regular safety inspections and emergency response management to prevent risk factors and implement continuous improvement measures. Furthermore, the EHS Team collaborates with the compliance organization to conduct a pre-assessment of relevant laws and regulations, including amendments, in order to minimize potential risks.

Health and safety training

Classys conducts regular health and safety training for all employees throughout the company, with a total of 7,734 hours completed as of 2022 with a 100% completion rate. In particular, additional health and safety education is provided to manufacturing personnel upon hiring or job position changes. Health and safety managers receive separate training, and education for product quality and safety is conducted separately according to job categories.

Operation of Emergency Response System

We have established emergency response plans to handle operational emergencies such as fires and power outages, as well as natural disasters such as floods or typhoons. We operate an emergency response system that includes creating scenarios and conducting drills for preparedness. Furthermore, we strengthen our ability to respond to emergencies by conducting evacuation drills to minimize loss of life and property. In the event of a disaster, we have developed and operate damage recovery manuals for each business location and situation to facilitate prompt recovery efforts.

Health and safety management performance and future plans

	Health and safety management performance and future plans	Remarks
2022	• Health and safety culture campaign • Conducting health and safety training • Zero incidents of major accidents and occupational accidents • Prevention of major accidents and occupational accidents through hazard assessment and establishment of improvement measures	
2023	• Revision of health and safety regulations and culture campaign • Strengthening the frequency of health and safety training • Establishment of PPE wearing standards by process • Establishment of 5S standards and checklists by workspaces • Prevention of major accidents and occupational accidents through hazard assessment and establishment of improvement measures • Accident prevention management through near miss program	Common Plan
2024	• Implementation of the Common Plan • Enhancing the content of health and safety training	
2025	• Implementation of the Common Plan • Continuous monitoring and improvement activities related to health and safety	

S Supply Chain Management

Classys is working towards promoting a transparent and healthy industrial ecosystem based on mutual trust with our business partners. We are fostering a culture of mutual growth through fair trade, enhancing our technological capabilities, and promoting cooperation.

Supply Chain Management

Classys maintains a network of multiple suppliers and expects them to share our values. We regularly provide our suppliers with our ethical policy, supplier management policy, quality management manual, specifications, and manufacturing and testing records to clearly communicate our expectations. We have developed a quality management agreement and are committed to ensuring compliance and continuous improvement in quality management standards. In addition, we select key suppliers who require strategic partnership and integrated medium to long-term business planning and management. We have established systematic approaches for their management and oversight.

Supply Chain Policy

Classys establishes internal standards for fair and transparent transactions and engages in various collaborations and management practices with our business partners to promote mutual growth. We strive to establish a fair trade order based on mutual trust with our supply chain partners. By building a sustainable supply chain, we aim to create a healthy corporate ecosystem where stakeholders can coexist and achieve mutual growth.

Supply Chain Evaluation

Classys periodically assesses and manages the financial and non-financial quality levels of suppliers based on their risk levels, following the procedures outlined in the supplier management standards. We evaluate suppliers on various criteria such as financial stability, factory management, quality management, and material/product control. Based on their risk levels and compliance with standards, we conduct regular evaluations and reevaluations at least once a year to effectively manage them.

Suppliers that do not meet the evaluation criteria are required to take corrective actions to implement improvement measures. The action plan may include activities to ensure quality and reliability, such as establishing a quality plan, maintaining and operating a measurement system, implementing statistical process control, retaining inspection and test results, and developing quality improvement measures. We provide support to improve the performance of suppliers, including establishing processes, providing quality guidance, and offering technical assistance. We also collaborate with suppliers to identify improvement directions through discussions and provide additional support such as training and education.

Training and Education

All purchasing managers at Classys are required to complete annual training on ethical management, human rights, and fair trade practices, among other related topics. In addition, Classys informs suppliers in the supply chain about its policies and quality standards. If any suppliers fall short of these standards, separate training programs are conducted to address the gaps. In 2022, a total of 2 support activities were provided for supplier improvement. Classys plans to expand pre-training activities to ensure the continuous improvement of supplier quality levels.

S Quality Management

Classys implements quality management to produce high-quality products and enhance performance based on stability, with a focus on continuous improvement.

Quality Control

Classys prioritizes customer satisfaction as its top core value and considers providing customers with stable and high-quality products as essential for the company's existence and sustainable growth. To achieve this value, Classys has established a quality management system and processes to effectively manage the quality and stability of its products.

Certification and Permits

To enhance reliability in product manufacturing processes and quality, Classys has obtained various international quality certifications for all its production facilities, including ISO 13485 certification for medical device quality management systems, GMP certification for medical device manufacturing and quality management, MDASP, and CE certification. Classys utilizes its quality management system to produce products with high quality and stability.

 Good Manufacturing Practice (GMP) certification for medical device manufacturing and quality management	 ISO 13485 certification for medical device quality management system	 Approval from the Ministry of Food and Drug Safety and international quality certifications such as CE
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Quality Inspection Process

Classys produces high-quality products through optimized operating systems and processes, conducting internal quality assessments in accordance with international standards requirements such as ISO, GMP, MDSAP, CE, etc. The dedicated Quality Control Team oversees the compliance of raw materials, in-process goods, finished products, packaging materials, serial labels, and other items with quality management standards. The team also monitors the quality of all devices and consumables.

The Quality Control Team establishes the quality management standards and reviews all specifications, standard operating procedures, quality control processes, and manufacturing records according to the standards. It also conducts regular inspections of products and facilities. In addition, the team conducts regular training to ensure sufficient expertise in performing their duties. It conducts periodic internal audits and addresses any non-conformities to enhance the reliability of the in-house quality management system.

We perform product-specific quality evaluations that encompass the entire production process, from input materials to manufacturing processes, all the way to the final finished products.



S Quality Management

To enhance product safety and quality, we perform stress tests that exceed legal standards and identify internal improvement goals. We then establish a Task Force to carry out quality improvement activities. The Quality Control Team, the Domestic Customer Service Team, the Overseas Customer Service Team, the Production Teams, the Production Technology Team, the Procurement Team, the Materials Team, the research institute, and other relevant departments collaborate with each other to achieve the goals of major model stabilization and quality improvement. The task force team for quality improvement held a total of 6 meetings in 2022 and accomplished a total of 47 improvement activities.

We are conducting discussions on the development of plans for supplier inspections and methodologies for selecting suppliers for quality improvement. We are also performing activities to improve process defect rates and actively working on enhancing customer satisfaction and understanding of quality through the sharing of customer service cases.

We are making efforts to improve quality based on customer feedback.

We are monitoring defect rates at each stage of the quality inspection process and efficiently managing them using a dashboard. When significant defects occur, we undertake specific quality inspections and take corrective and improvement measures.

We then monitor the results of these actions.

Suggestion System

All teams have the opportunity to make suggestions for improvement regarding the company's products, manufacturing processes, and other aspects. In particular, through regular reporting and sharing of improvement achievements and methods, we foster mutual development and progress. We continue to motivate process improvement and collaboration by publicly recognizing excellence and providing rewards to teams providing outstanding suggestions.

Unique Device Identifier (UDI) and Serial Number Management

We manage UDIs and serial numbers to efficiently record and organize medical device-related information. This information is managed according to a standardized system to ensure consistency and efficiency. In particular, through UDI management, we can trace the production and distribution process of individual devices. This enables effective quality management and facilitates problem-solving efforts.

Quality Management Training

We provide quality management training for all employees to help them become quality management experts. Quality management training is included in the orientation program for new employees and is also part of the basic annual training. In addition, we provide quality training for specific roles such as manufacturing staffs, materials staffs, and design and risk management staffs, based on the quality standards. We have plans to expand quality management training to all employees starting from 2023.

Quality management training

Topic	Participating departments	Total no. of trainees	Total training time
Medical Devices Act, Clinical Trials, Quality, ISO, Product Safety, Quality Policy, etc.	Management, Production, R&D, Quality Assurance	247	2,116.2

Zero Recall Actions Initiated by Regulatory Authorities

Thanks to our focus on high quality and safety, we have maintained a record of zero recall actions initiated by regulatory authorities such as the Ministry of Food and Drug Safety and CE. We will strive to maintain a high level of quality and achieve manufacturing excellence as we build a smart factory to lead the global market.

S Quality Management

Responsible Marketing

Classys implements a responsible marketing policy to enhance product quality reliability and prevent damages. Such marketing policy is applicable to all products and business activities of Classys. All marketing materials undergo review and approval in accordance with internal policies and legal requirements. We ensure compliance with regulations and strive to include only accurate information about our products, minimizing misuse or misunderstandings. Furthermore, we prioritize customer well-being and provide reliable information about our products and services to customers and the public without causing confusion. Classys conducts regular training on marketing policies. We provide training on the Code of Ethics, the Responsible Marketing Policy and marketing planning primarily to the Marketing and Sales teams. This helps them understand that the potential direct or indirect impact of our products on human health. We conduct training to promote the dissemination of objective and accurate information to users and end consumers in their selection and use of our products. We have plans to expand education on the Responsible Marketing Policy and its importance to the entire company starting from 2023.

Classys also provides training on fair competition to all employees in order to ensure ethical sales practices, in addition to responsible marketing.

 Responsible Marketing Policy

Marketing compliance training

Topic	Participating departments	Total no. of trainees	Total training time
Marketing Policy and Compliance	Marketing, Domestic Business, Overseas Business	115	187

Responsible Communication with Healthcare Professionals

Classys demands compliance with all laws and regulations that govern the education and commercial relationships with healthcare professionals, not only in promotional activities. Furthermore, all employees of Classys are required to adhere to our Code of Ethics and Responsible Marketing Policy when engaging in communication with healthcare professionals. Employees of Classys who communicate with healthcare professionals undergo regular training on ethics and marketing policies to ensure they are well-informed and compliant. We also recommend that our key customers and distributors comply with our Code of Ethics. In 2022, we complied with the Code of Ethics and marketing policies and actively engaged in responsible communication with healthcare professionals by participating in over 60 international events, including the Dubai Derma.

Ethical Research and Development

Classys is committed to conducting clinical and development activities in an ethical and humanitarian manner. Classys aims to enhance awareness of bioethics, promote ethical research, and strive to protect the rights of patients and medical professionals.

Classys adheres to the principles of animal experimentation ethics and conducts non-clinical trials. We also follow research ethics based on the Nuremberg Code and the World Medical Association Declaration of Helsinki, while ensuring the dignity of human beings as the fundamental principle of planning and conducting clinical trials. Furthermore, Classys complies with the regulations of ICH GCP and KGCP.

Classys protects the sensitive information of all research participants, including researchers, in accordance with the Personal Information Protection Act and Article 15 of the Enforcement Rule of Bioethics and Safety Act. This includes the proper management and safeguarding of all information obtained during the research process. Classys ensures that all documents, information, and data obtained during the research process are stored and managed in accordance with Medical Devices Act. This is done to prevent improper use or leakage of such materials.

Moreover, we provide regular specialized training to our members to equip them with the necessary knowledge and procedures for their duties. This ensures that they are well-prepared to carry out their responsibilities effectively. Classys is continuously striving to provide medical devices that are safe and beneficial to a wide range of people. We are committed to ongoing efforts in achieving this goal.

S Quality Management

Monitoring Responsible Marketing and Interactions

Classys not only strives to comply with the regulations and laws of the countries it directly enters, but also makes efforts to adhere to the regulations and laws of the countries where its products are indirectly distributed through distribution channels. We monitor whether our advertisements, papers, clinical data, and other materials are being reused appropriately. In addition, we monitor whether hospitals or distributors are modifying or creating new advertisements that align with our policies and comply with laws and regulations. We engage in pre-communication with distributors and other parties before distribution to ensure effective collaboration. We also monitor whether the resulting materials are being distributed and utilized as intended. If there is a potential for misuse or misunderstanding, we encourage voluntary corrections of such advertisements. If partners or others discover materials that differ from Classys' intentions, they notify the responsible person at Classys accordingly. In addition, we operate a reporting channel through an external website, allowing anyone to report such notifications and complaints.

Classys regularly screens not only marketing-related laws but also certification and trade sanctions to ensure compliance with laws and regulations, making efforts to avoid any violations. Furthermore, Classys conducts annual compliance reviews of policies and regulations for the entire business premises on a regular basis.

SHURINK UNIVERSE

내가 원하는 스맛
점부터 선
다양한 차원으로

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원하는대로 리프팅
슈링크 유니버스

SHURINK UNIVERSE

슈링크 유니버스
지금 가까운 병의원
원장님과 상담하세요

다양한
7개 카트리지 구성

나에게 맞는 카트리지를 선택하세요.

울트라 부스터
ULTRA BOOSTER 핸드피스 전용 3개의 핸디캡 카트리지

마이크로 카트리지 1.5mm
메딕 카트리지 3.0mm
리미팅 카트리지 4.5mm

울트라 F
ULTRA F 핸드피스 전용 4개의 카트리지

마이크로 카트리지 1.5mm
미디움 카트리지 2.0mm
메딕 카트리지 3.0mm
리미팅 카트리지 4.5mm

2가지 강한 초음파
MP와 Normal(Dot)

2가지 모드가 있어서
개별적인 피부상태와 부위에 따라서 선택이 가능합니다.

Normal Mode MP Mode

속도는 빨라지고
통증은 감소

시술 시간이 짧아져서 통증이 감소되어
시술에 대한 부담감이 적습니다.

Normal Mode MP Mode

"식약처 허가를 받은
안전한 의료기기 슈링크 유니버스"

Images and videos included in marketing materials that have been reviewed by the Pre-Advertisement Review Committee for Medical Devices.



Governance

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G Governance

Classys establishes and operates policies with the aim of protecting shareholder value and ensuring transparency, stability, and integrity in corporate governance, which forms the foundation of corporate management.

Appointment of Inside and Outside Directors in Accordance with the Commercial Act

Directors are appointed in accordance with the Commercial Act. Among the eight directors appointed, three are outside directors and four are non-executive directors. Outside directors are appointed from individuals who meet the qualification requirements stipulated by laws and the Articles of Incorporation. They are individuals who do not have significant conflicts of interest with Classys.

When appointing directors, Classys considers a combination of factors such as diversity and expertise among board members, as well as the company's direction. According to Article 363 of the Commercial Act and Article 21 of Classys' Articles of Incorporation, the company provides written or electronic notices to shareholders, including the date, time, place, and agenda items of the general meeting, at least two weeks prior to the meeting. When the agenda item pertains to the appointment of directors, the company notifies shareholders about the candidate's name, background, and other relevant information.

Main career details of board members

Name	Position	Gender	Committee	Main career	
Baek Seung-han	CEO Chairperson	Male	Nomination Committee	1991-1999 B.A., Health Science, Yonsei University 2007-2009 MBA, Helsinki School of Economics 2017-2022 CEO, Beckman Coulter Korea	2017-2022 Director of Danaher Korea 2019-2021 Chairman of In Vitro Diagnostic Products Committee of Korea Medical Devices Industry Association
Lee Jung-woo	Non-Executive Director	Male		2003, Bachelor of Science in Industrial Engineering, Seoul National University 2008-2010 The Wharton School at University of Pennsylvania, USA MBA	2015-2022 Managing Director, Bain Capital Private Equity (Asia), LLC (Hong Kong) 2023-Present Partner, Bain Capital Private Equity (Asia), LLC (Hong Kong)
Kim Dong-wook	Non-Executive Director	Male	Pay Committee	1999, Bachelor of Science in Electrical Engineering, Seoul National University 2003-2005 Columbia Business School MBA	2006-2020 General manager, Citigroup Global Market Security 2020-2022 Senior executive director, Bain Capital Private Equity 2023-Present Partner, Bain Capital Private Equity
Kim Hyun-seung	Non-Executive Director	Male	Nomination Committee	2006, Bachelor of Science in Industrial Engineering, Seoul National University 2014-2018, Director at Unison Capital	2018-2022 Executive director, Bain Capital Private Equity 2013-Present Senior executive director, Bain Capital Private Equity
Park Wan-jin	Non-Executive Director	Male	Pay Committee	2014 Stanford University, BA of Economics, MS of Management Science & Engineering	2016-2022 Director, Bain Capital Private Equity 2023-Present Executive director, Bain Capital Private Equity
Park Jun-hong	Outside Director	Male	Audit Committee Leading outside director	1998, Bachelor of Science in Business Administration, Finance and Marketing, Seoul National University 1989, Graduate School of Business Administration, Seoul National University 1991 University of Michigan, Ann Arbor MBA	2017-2020, Vice President/Managing Director at Johnson & Johnson Vietnam 2021-Present, Outside Director at Ildong Holdings
Kwon Hyuk-jin	Outside Director	Male	Chair of the Audit Committee Chair of the Pay Committee	1989, College of Social Sciences, B.A in Economics, Seoul National University 1991, Graduate School of Business Administration, M.A. in Finance management, Seoul National University 2017, Graduate School of Business Administration, Ph.D in Finance & Accounting, Dongguk University	2015-2019, Representative of Consulting Division at Namucorp Co., Ltd. 2020-2021, Director (Vice President) at Jungin Account Corp. 2021-Present, Standing Auditor at Kolon Life Science Co., Ltd. Present, Adjunct Professor Department of Accounting, Dongguk University
Kim Dong-ju	Outside Director	Female	Audit Committee Chair of the Nomination Committee	1997 Bachelor of Arts in Psychology, Yonsei University 2002 University of Pennsylvania, Wharton MBA 2017-2018, General Manager, Fragrance & Beauty at Chanel Korea	2018-2021, Country General Manager at Sephora Korea 2021-Present, Founder and CEO of Lavoir

Responsible Governance of the BOD Considering Expertise and Independence

The BOD performs the role of promoting fairness and exercising oversight over the management. In particular, outside directors comprise experts in various fields such as management and accounting, medical devices, healthcare, sales and marketing. They provide guidance and supervision in all areas of the company's operations. To ensure the independence of outside directors, we strictly exclude individuals who may have difficulty performing their duties faithfully or may have an undue influence on management. We also appoint inside directors who are experts in the medical devices and healthcare industry, considering the changes in the industry and business. These directors possess the expertise to make quick and accurate decisions and are responsible for value creation within the company.

Board Skills Matrix

Experience, expertise, qualifications, etc. of board members	Baek Seung-han	Lee Jung-woo	Kim Dong-wook	Kim Hyun-seung	Park Wan-jin	Park Jun-hong	Kwon Hyuk-jin	Kim Dong-ju
Medical device industry	●	●	●	●	●	●		
Beauty & healthcare industry	●	●	●	●	●	●		●
Accounting and finance		●	●	●	●		●*	
Sales and marketing	●					●		●
Diversity								●**
M&A		●	●	●	●			

* Certified public accountant

** Female

G Governance

Status of the BOD

We establish and adhere to Articles of Incorporation and Board Operating Policies to clearly define the efficient operation, authority, and responsibilities of the BOD. Regular board meetings are held once per quarter in accordance with the board policies, and special board meetings are held as needed when circumstances arise.

The BOD is convened by the chairperson of the board in accordance with the Articles of Incorporation, and notice of the meeting date, time, venue, and agenda is given at least seven days prior to the meeting. According to the Articles of Incorporation, directors have the right to participate in resolutions using a means of communication that allows all directors to simultaneously transmit and receive voice communication, and directors with a particular conflict of interest regarding an agenda item may have their voting rights restricted.

Board Evaluation

The Audit Committee evaluates its own independence and activities, and reports to the BOD, making efforts to ensure integrity, protect shareholder rights, and enhance social trust. In addition, we are planning to conduct evaluations of outside directors based on criteria such as meeting attendance, contribution, expertise, and independence, in order to promote the company's long-term growth, development, and improvement of the governance.

2022 Board performance



Board Performance Compensation

For inside directors, performance is evaluated and compensation is provided based on the executive compensation policy. Compensation for directors is paid within the total director compensation cap approved by the shareholders' meeting in accordance with the Commercial Act and the Articles of Incorporation.

The compensation is paid on a monthly fixed basis, and additional expenses necessary for business purposes are also provided. In addition, in March 2023, as a motivation to drive long-term growth and maximum development, a total of 685,000 stock options were granted to the CEO and 10 capable leaders. The stock options were granted as a motivation for talented leaders, in regards to their retention and aligned growth. By sharing direct benefits from the growth of the company, it is intended to encourage these leaders to work harder for the company's growth, improve management performance, and as a result, increase corporate value. These stock options can be exercised only after a period of two years from the grant date, provided that the full conditions are met.

Current composition of the BOD

(Unit: KRW 1 million)

Category	Approved compensation cap by the shareholders' meeting	Actual payment amount
2022	3,000	584

Status of stock option grants

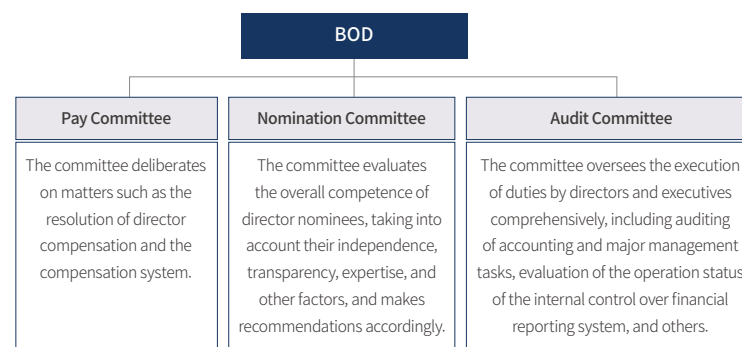
(Unit: 10,000 shares, %)

Category	No. of granted stock options	Ratio on issued shares
CEO	27.0	0.4
10 executives	41.5	0.6

G Governance

Status of Operation of Committees within the BOD

Classys has established the Nomination Committee and Pay Committee from 2023 onwards to enhance governance transparency. The Nomination Committee recommends candidates through discussions considering diversity, expertise, and suitability to the company among individuals who meet the qualification requirements for directors. We strive to identify fair and suitable directors by considering risks in the process of selecting director candidates.



Outside Directors Council

The BOD has established and operates an Outside Directors Council, in which all outside directors participate, to enhance the management oversight and support functions of outside directors starting from May 2023. In accordance with the agreement among the outside directors, Mr. Park Jun-hong, who has served as the country manager for a global pharmaceutical and healthcare company, has been appointed as a leading outside director and is currently leading the operations of the Outside Directors Council. The Outside Directors Council is able to gather the opinions of outside directors and communicate them to the BOD or management. In addition, Classys provides support for matters necessary for the operation of the Outside Directors Council. If needed, the company supports the engagement of experts at the company's expense.

Audit Committee

Audit Committee members are finally appointed at the shareholders' meeting after undergoing scrutiny by the BOD, taking into consideration legal requirements, independence, and other factors. The Audit Committee conducts audits of major management tasks, including accounting, evaluates the operation of the internal control

over financial reporting system, reviews the status of internal monitoring mechanisms, and deliberates on matters specified in the Articles of Incorporation. The committee functions to audit the execution of duties to enable the directors and executives to make informed decisions. In 2022, the Audit Committee held a total of seven meetings, in which they deliberated and resolved on matters such as the appointment of the Audit Committee chairperson and the status of internal control over financial reporting system and audit progress.

Classys provides management information to ensure that the necessary content for performing tasks is thoroughly reviewed. In addition, it provides timely information on internal and major issues. The Audit Committee Support Team supports the performance of the Audit Committee's duties. In 2022, they conducted two internal audits and two special audits and made improvement recommendations.

Moreover, in order to enhance management understanding and expertise in auditing, two internal training sessions were conducted in 2022.

Status of Audit Committee Support Team

No. of employees (persons)	Position (years of service)	Major activities
2	Deputy general manager (5 years) General manager (3 years)	Support for the execution of duties in the Audit Committee

2022 Audit Committee performance



Current status of training the Audit Committee

Training date	Training implementing body	Audit Committee members in attendance	Main training contents
2022.04.	Business Planning Team	Kwon Hyuk-jin, Park Jun-hong, Kim Dong-ju	Company introduction and financial control inspection
2022.08.	Training Development Team	Kwon Hyuk-jin, Park Jun-hong, Kim Dong-ju	Product lineup and features of Volnewmer and Ultraformer MPT

G Governance

Shareholder-friendly Policy

Classsys announces the date of the shareholders' meeting and explanatory materials for agenda items through a public notice two weeks before the meeting on the Financial Supervisory Service's electronic disclosure system (DART) and the exchange disclosure system (KIND), thus assisting shareholders in making decisions. In addition, in order to provide sufficient corporate information to foreign shareholders, we also publish audit reports, business reports, and IR materials in English on our website.

Starting from the 8th Regular Shareholders' Meeting held on Mar. 30, 2023, we have adopted and implemented an electronic voting system in accordance with Article 368-4 of the Commercial Act (Exercise of Voting Rights by Electronic Means) to improve the environment for shareholders' exercise of voting rights and enhance shareholder participation in the shareholders' meetings.

Shareholder Return Policy

Classsys determines its shareholder return policy by considering its financial performance as the primary basis for dividend distribution, in order to meet the expectations of investors. According to the Articles of Incorporation, the BOD proposes dividends, and ultimately, dividends are distributed through approval by the shareholders' meeting. The dividend amount is determined by comprehensively considering factors such as business performance, future investment plans, financial stability, and distributable profits under the Commercial Act.

In the past 3 years, the annual dividend per share (consolidated cash dividend payout ratio) was KRW 60 (10.2%) in 2020, KRW 66 (9.8%) in 2021, and KRW 116 (9.9%) in 2022. The dividend per share has increased in line with the increase in net income. The average dividend payout ratio over the past 3 years (2020-2022) is 10.0%.

In addition, we have implemented various policies for shareholder return, such as repurchasing treasury stocks totaling 367,636 shares as of the end of 2022 through a share buyback trust.

Information on dividends over the past five years

(Unit: KRW, %)

	Cash dividend per share	Total cash dividend amount	Dividend payout ratio (consolidated)	Dividend yield
2018	14	867,623,078	5.8	0.3
2019	46	2,960,761,480	8.9	0.3
2020	60	3,882,550,080	10.2	0.4
2021	66	4,271,313,024	9.8	0.3
2022	116	7,471,451,656	9.9	0.6

Voting rights and agenda of the 8th regular shareholders' meeting

At the 8th regular shareholders' meeting held on Mar. 30, 2023, all 3 reported agenda items and 4 agenda proposed items were approved as originally proposed. Out of the total issued shares excluding treasury stocks and other shares without voting rights, 67.5% participated in the regular shareholders' meeting and exercised their voting rights.

Voting rights at the 8th regular shareholders' meeting

Category	No. of shares	Remarks
Total issued shares	64,776,702	
No. of shares without voting rights	367,636	No. of Treasury stock
No. of shares with voting rights	64,409,066	

Agenda and approval status of the 8th regular shareholders' meeting

Category	Approval status	Percentage in relation to the total no. of issued shares with voting rights		
		Attendance rate	Approval rate	Opposition/abstention rate
1 Approval of the separate and consolidated financial statements for the 8th fiscal year, including the dividend of KRW 116 per share	Approved	67.5	67.2	0.3
2 Proposal to amend the Articles of Incorporation	Approved	67.5	67.4	0.1
3 Approval of the director's remuneration limit	Approved	67.5	67.4	0.1
4 Proposal to grant stock options	Approved	67.5	67.0	0.5

Materials posted in English on the website



* Source: Classsys website IR | Classsys (classsys.co.kr)

G Ethics Management

Classys establishes trust and fulfills corporate social responsibility by practicing ethics/compliance management as well as fair trade compliance. We will continue to make even greater efforts to practice ethics management.

Implementation of Ethics/Compliance Management

As a trusted company, Classys not only fulfills its economic and social responsibilities but also complies with laws and regulations, and understands and practices ethical responsibilities. We are committed to building trust with various stakeholders such as customers, shareholders, and business partners, and fulfilling our social responsibilities. We are also making efforts to establish a culture of ethical management. Classys has established various policies for ethical management and transparently discloses them. We have designated a dedicated compliance organization to conduct regular reminders and monitoring to ensure compliance.

 Code of Ethics

Classys Code of Ethics

The Classys Code of Ethics is composed of Chapters 1 to 6 (Articles 1 to 22), providing guidelines for the proper conduct and values that Classys employees should adhere to. Classys not only encourages employees but also all stakeholders of the company to understand and practice the Code of Ethics.

Chapter 1 General Rules • Purpose • Scope of Application • Definitions of Terms • Management Organization for Code of Ethics	Chapter 2 Basic Ethics of Officers/ Employees • Basic Rules • Creation and Control of Important information • Valid Use of Company Assets • Attitude towards competitors and business partners	Chapter 3 Responsibilities to Customers, Shareholders, and Employees • Responsibility to Customers • Responsibility to Stakeholders and Investors • Responsibility to Employees
Chapter 4 Ethical Management Organizational Culture • Classification of public and private • Creating a Healthy Organizational Culture • Political Engagement and Activities	Chapter 5 Corporate Social Responsibility • Contribution to the Country and Society • Responsibilities as a Global Company • Environmental Protection • Emphasis on Health and Safety	Chapter 6 Compliance with the Code of Ethics • Basic Principles • Duty to Report • Whistleblower Protection • Actions in case of Violation of Code of Ethics

Anti-Corruption Compliance Policy

All members of Classys are required to adhere to the Code of Ethics and Anti-Corruption Compliance Policy. In addition, all actions that exert inappropriate influence on decision-making, regardless of whether they are explicitly prohibited by Classys policies or laws, are strictly prohibited. Acts of solicitation, bribery, inducement, entertainment, or providing convenience to stakeholders are strictly prohibited.

All employees are required to undergo regular ethics training, make an ethics pledge, and report any unethical behavior to the compliance manager or through the reporting channel. The compliance manager ensures the anonymity of whistleblowers and conducts investigations into the reported matters, as well as implements corrective measures.

The Audit Committee Support Team performs audits and monitoring activities at all business locations at least once a year and reports the results to the Audit Committee. The scope of the audit is determined based on previous corrective actions, reported matters, and internal and external data-driven risk assessments, with approval from the Audit Committee.

 Anti-Corruption Compliance Policy

Anti-Money Laundering and Counter-Terrorist Financing Policy and Trade Sanctions Policy

Classys and all its subsidiaries actively adopt and comply with the Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) policies to prevent funds from being used for money laundering or financing terrorism, in accordance with applicable laws and regulations.

Classys fully adheres to trade sanction policies and all relevant trade sanction laws in order to prevent any violations of trade sanction laws in all business operations. All employees must comply with trade sanction policies and are required to report any facts or suspicions of policy violations.

G Ethics Management

Fair Competition Policy

Classys practices ethical management by establishing standards and procedures that employees must adhere to in order to ensure fair dealings with business partners and prevent monopolistic practices in the performance of business activities. Classys encourages not only its employees but also the employees of business partners to adhere to our fair competition policy or policies that align with the same standards as ours.

All employees are required to comply with relevant fair trade laws and regulations, as well as internal rules, in the performance of their duties. They also participate in compliance training related to these matters.

In addition, if any employee discovers or becomes aware of any violation of fair trade laws and regulations or internal rules, they are required to report it immediately to ensure prompt action is taken.

 Fair Competition Policy



Compliance Organization

The Classys Audit Committee fulfills the role of a compliance organization. The Audit Committee Support Team conducts regular internal audits, operates a compliance program tailored to the company's characteristics, and reports to the Audit Committee. The Audit Committee and its supporting team enhance their expertise through regular training and education programs. Internal audits are conducted at least once a year on important issues such as ethics and compliance. The results of these audits are reported to the audit committee, and an evaluation of the internal control over financial report system is performed to report on the effectiveness of the designing and operating internal controls. The audit recommendations are monitored, including the implementation status of improvement plans. Furthermore, internal reports are received and appropriately addressed after providing protection measures for the whistleblower. Surveys on employee ethics are conducted to implement improvement measures for identified issues.

Ethics/compliance management activities	Cycle	Content
Ethics training	At least once a year	Training on the content of the Code of Ethics and policies for all employees
Compliance training	At least once a year	Regular specialized training on current laws, regulatory trends, and job-specific topics, with expansion to the entire company from 2023
Contract review and legal consultation	At all time	Contract review and legal consultation through the internal legal support process
Periodic audits	At least once a year	Auditing and reporting in accordance with the audit plan of the Audit Committee
Hotline operation	At all time	Protection of whistleblowers and remediation of reported issues in accordance with the Whistleblower Policy.

G Ethics Management

Ethics Training Programs for Employees

Classsys conducts regular ethics training for all employees to establish an ethical management culture and promote ethical awareness and commitment. Ethics training is conducted at least once a year, and the training schedule is announced through internal email communication. Classsys also performs tracking completion status for the training.

In addition to regular ethics and compliance management, Classsys plans to send periodic compliance letters and conduct advanced training on key policies such as environmental measures, anti-corruption, trade sanctions, anti-money laundering, and fair competition.

(Unit: persons, hours)

Training content	Total no. of trainees	Total training time
Ethics Training	659	329.5
Unfair Trade Practices Training	618	463.5

※ Including regular and contract employees, excluding employees on leave of absence.

※ The total number of trainees is the sum of the number of individuals participating in education, which may include duplicate individuals.



* Source: Excerpt from the Classsys Ethics Training video

Ethics and Internal Auditing

Classsys conducts internal audits at least once a year to assess the appropriateness of implementing ethics training, the compliance with ethical commitments and others across all business locations. The audit results are reported to the Audit Committee and top management, and if necessary, they can be reported to the BOD for discussion.

Internal audit items

Category	Main contents
Compliance with ethics	Review of employee ethics training status, compliance with ethical commitments, internal and external disclosure status, and violations, etc.
Review of procedures	Review of compliance with internal procedures for major contracts (capital increase, borrowing, investment, etc.), and scrutinizing for any unfair transactions
Review of legality	Checking the procedures of BOD and shareholders' meetings, quorum, recording of dissenting opinions, legal obligations, etc.
Risk assessment	Corruption risk: Checking for violation of accounting standards and employee misconduct Legal compliance risk: Checking for risks related to the Medical Devices Act, Framework Act on Small and Medium Enterprises, and venture companies Litigation and legal risk: Checking for the existence of lawsuits or legal cases and assessing their potential impact, both internally and externally Health and safety risk: Checking for health and safety risk, as well as the occurrence of industrial accidents
Evaluation of internal control over financial report system	Evaluation of effectiveness in designing and operating internal controls

Internal audit performance and future plans

	Performance and plans
2022	- Regular internal audits conducted twice a year and special audits conducted twice a year - Evaluation of the effectiveness in designing and operating the internal control over financial report system - Compliance health check and identification of improvement tasks conducted by an independent organization
2023	- Regular internal audits conducted at least once - Evaluation of the effectiveness in designing and operating the internal control over financial report system - Strengthening compliance: Policies implementation reinforcement - Strengthening compliance training: Increasing the frequency and enhancing the content of compliance training - Strengthening the "tone at the top" to promote compliance awareness
2024~2025	- Regular internal audits conducted at least once - Evaluation of the effectiveness in designing and operating the internal control over financial report system - Internalization of compliance systems and enhancement of internal and external awareness

G Risk Management

Classys manages risks to ensure stable operations. We practice department-level risk management and enterprise-wide integrated risk management.

Risk Management System

Classys has established a continuous monitoring and response system to strengthen risk response and control. We respond to financial and non-financial risks through the operation of a risk management system that reflects the characteristics and strategies of the business.

For risk management, we have organizations such as the BOD and Audit Committee, with the Chief Risk Officer (CRO) playing a central role in addressing non-financial and financial risks that may occur across various departments.

 BOD	• Comprehensive risk management • Review, supervision, and establishment of policies for potential risks
 Audit Committee	• Comprehensive monitoring of risks, including financial and compliance risks
 Managing Department	• Department-specific risk management, including checking the status, response, control, policy establishment, and implementation verification of risk management

Organizational Risk Management Culture

Classys prevents and manages potential risks that may impact the business by reflecting the characteristics and strategies of the business.

Classys classifies its risks into financial risks (financial, business) and non-financial risks (operational) and manages and monitors each risk within the respective responsible departments.

The CFO also acts as the CRO, and together with the risk management departments, regularly monitors and systematically manages the risks.

In particular, the Audit Committee periodically conducts checks on ethical, misconduct, and compliance risks, and may also conduct special audits on high-risk items that are identified. The Audit Committee provides recommendations based on regular reviews and audit findings and monitors the implementation of corrective actions. Furthermore, the CRO and the Audit Committee have the authority to present risks to the BOD if necessary.

The BOD and the Audit Committee members, who have the capability and expertise to manage and supervise risks, and who have no affiliation with the company, are appointed. To ensure transparency and independence in their duties, the Audit Committee consists entirely of outside directors. For financial risks, Kwon Hyuk-jin, an expert in finance and accounting, serves as the Chairperson of the Audit Committee. For non-financial risks, Park Jun-hong, a pharmaceutical and healthcare specialist, and Kim Dong-ju, a beauty and healthcare specialist, contribute their expertise in risk management.

G Risk Management

Risk Management by Sector

Classys divides its risk management into three categories: financial, business, and operational, to effectively manage risks that may arise in each department.

Financial Risks

We analyze financial risks, both internal and external, such as exchange rates, interest rates, credit, and liquidity. We are also formulating financial strategies that are appropriate for the situation in order to respond to financial risks. In addition, we have entered into contracts with external experts for tax risk management and tax advisory services, in order to address potential tax risks that may arise during corporate tax reporting and payments.

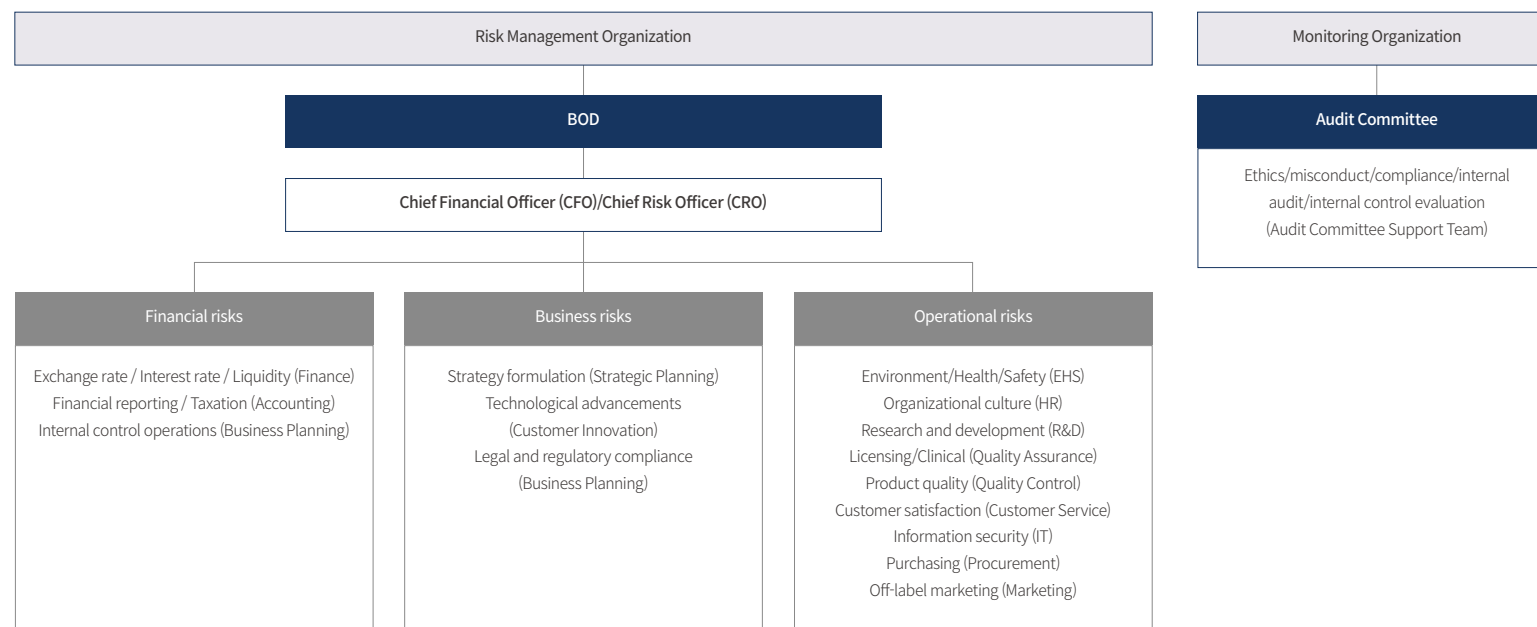
Business Risks

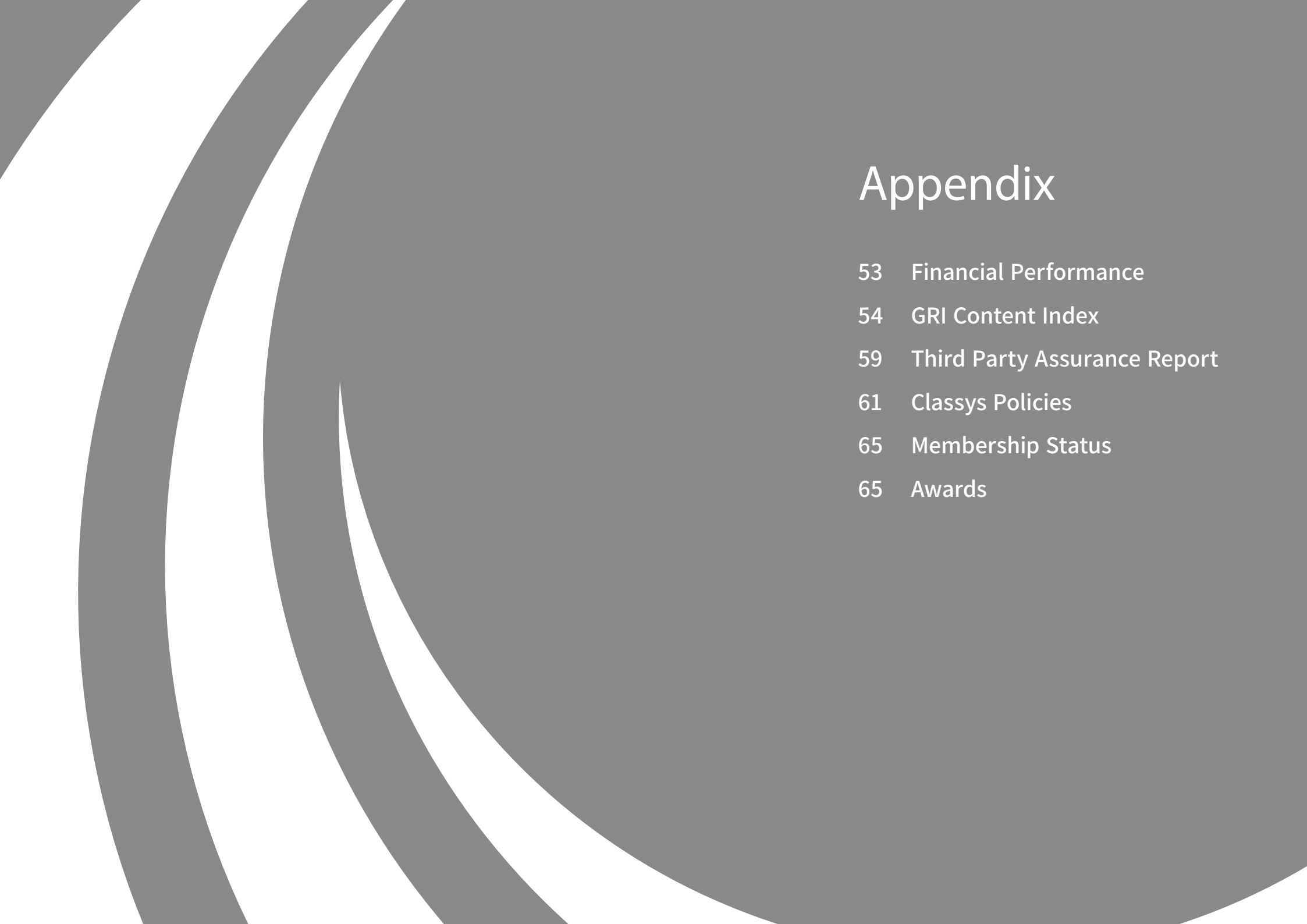
We continuously monitor regulatory changes, laws, and system dynamics related to medical devices in order to respond to business risks that may hinder our business operations.

Operational Risks

We minimize operational risks that can occur within the company through talent management, human rights management, and other management practices. We also strengthen pre-emptive monitoring for crises and accidents that may arise during the quality and research stages. In addition, we are conducting on-site monitoring based on environmental regulations and international regulations. We are reducing operational risks by providing regular training for preventing environmental accidents and renewing various certifications.

Risk Management Organization





Appendix

53	Financial Performance
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65	Awards

Financial Performance

Summary of the Consolidated Statements of Financial Position

(Unit: KRW one million)

		2020	2021	2022
Assets	Current Assets		73,140	147,789
	Non-current Assets	54,514	143,239	183,622
	Total Assets		216,379	331,411
Liabilities	Current Liabilities		16,793	36,225
	Non-current liabilities		35,842	65,632
	Total Liabilities		52,635	101,857
Equity	Equity Holders of the Company	123,756	163,744	229,554
	Non-controlling Interests	0	0	0
	Total Equity	123,756	163,744	229,554

Summary of the Consolidated Statements of Comprehensive Income

(Unit: KRW one million)

	2020	2021	2022
Sales	76,461	100,597	141,803
Cost of Sales	15,502	22,744	33,636
Gross Margin	60,959	77,853	108,167
Operating Profit	40,609	51,713	68,876
Net Profit Before Tax	39,293	55,625	96,758
Net Profit	38,165	43,805	75,379
Total Comprehensive Income	38,174	43,856	75,394

GRI CONTENT INDEX

Disclosure indicators		Reporting location	Remarks
Organizational and reporting practices			
2-1	Organizational details	7	
2-2	Entities included in the organization's sustainability reporting	2	
2-3	Reporting period, frequency and contact point	2	
2-4	Restatements of information	N/A	No previous comparable reports due to the initial publication of the sustainability report
2-5	External assurance	59~60	
Activities and employees			
2-6	Activities, value chain and other business relationships	7~12	
2-7	Employees	27~32	
2-8	Workers who are not employees	27~32	
Governance			
2-9	Governance structure and composition	43~45	
2-10	Nomination and selection of the highest governance body	43~45	
2-11	Chair of the highest governance body	43~45	
2-12	Role of the highest governance body in overseeing the management of impacts	43~45	
2-13	Delegation of responsibility for managing impacts	43~45	
2-14	Role of the highest governance body in sustainability reporting	N/A	Not applicable
2-15	Conflicts of interest	44~46	
2-16	Communication of critical concerns	44~46	
2-17	Collective knowledge of the highest governance body	43	
2-18	Evaluation of the performance of the highest governance body	44	
2-19	Remuneration policies	44	
2-20	Process to determine remuneration	44	
2-21	Annual total compensation ratio	44	No information available regarding the ratio of the annual total compensation increase for the individual receiving the highest salary compared to the median increase in total compensation for all employees (excluding the highest earner) in the organization

GRI CONTENT INDEX

Disclosure indicators		Reporting location	Remarks
Strategies, policies, and practices			
2-22	Statement on sustainable development strategy	6	
2-23	Policy commitments	24, 31, 33, 35, 40, 47, 48, 61~64	
2-24	Embedding policy commitments	24, 31, 33, 35, 40, 47, 48, 61~64	
2-25	Processes to remediate negative impacts	28, 29, 32, 35, 50	
2-26	Mechanisms for seeking advice and raising concerns	28, 29, 32, 35, 50	
2-27	Compliance with laws and regulations	24, 31, 33, 35, 40, 47, 48, 61~64	
2-28	Membership associations	65	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	28, 29, 30, 32, 46	
2-30	Collective bargaining agreements	29	
GRI 3: Material Topics			
3-1	Process to determine material topics	15~17	
3-2	List of material topics		
3-3	Management of material topics		

GRI CONTENT INDEX

Major Issues

Disclosure indicators		Reporting location	Remarks
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	25, 31, 33, 36, 39, 40	
404-2	Programs for upgrading employee skills and transition assistance program	30	
404-3	Percentage of employees receiving regular performance and career development reviews	30	
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	28, 43	
405-2	Ratio of basic salary and remuneration of women to men	28	
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	N/A	Not applicable
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of products and service categories	38, 39	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	38, 39	
GRI 417: Marketing and Labeling			
417-1	Requirements for product and service information and labeling	40, 41	
417-2	Incidents of non-compliance concerning product and service information and labeling	40, 41	
417-3	Incidents of non-compliance concerning marketing communications	40, 41	

GRI CONTENT INDEX

Potential Issues

Disclosure indicators		Reporting location	Remarks
GRI 205: Anti-corruption			
205-1	Operations assessed for risks related to corruption	N/A	No information available
205-2	Communication and training about anti-corruption policies and procedures	47	
205-3	Confirmed incidents of corruption and actions taken	N/A	Not applicable
GRI 302: Energy			
302-1	Energy consumption within the organization	20	
302-2	Energy consumption outside the organization	N/A	Not applicable
302-3	Energy intensity	N/A	Not applicable
302-4	Reduction of energy consumption	20	
302-5	Reductions in energy requirements of products and services	N/A	No information available
GRI 303: Water and Effluents			
303-1	Interactions with water as a shared resource	N/A	No information available
303-2	Management of water discharge-related impacts	N/A	No information available
303-3	Water withdrawal	N/A	No information available
303-4	Water discharge	N/A	No information available
303-5	Water consumption	23	
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	20	
305-2	Energy indirect (Scope 2) GHG emissions	20	
305-3	Other indirect (Scope 3) GHG emissions	N/A	No information available
305-4	GHG emissions intensity	N/A	No information available
305-5	Reduction of GHG emissions	N/A	Not applicable
305-6	Emissions of ozone-depleting substances (ODS)	N/A	No information available
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A	No information available

GRI CONTENT INDEX

Disclosure indicators		Reporting location	Remarks
GRI 306: Waste			
306-1	Waste generation and significant waste-related impacts	N/A	No information available
306-2	Management of significant waste-related impacts	N/A	No information available
306-3	Waste generated	23	
306-4	Waste diverted from disposal	N/A	No information available
306-5	Waste directed to disposal	23	No information available
GRI 401: Employment			
401-1	New employee hires and employee turnover	27	New hires: 27 - Talent management / Fair hiring and job transition: No information available
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A	Not applicable
401-3	Parental leave	29	
GRI 403: Occupational Health and Safety			
403-1	Occupational health and safety management system	35, 36	
403-2	Hazard identification, risk assessment, and incident investigation	35, 36	
403-3	Occupational health services	29	
403-4	Worker participation, consultation, and communication on occupational health and safety	35, 36	
403-5	Worker training on occupational health and safety	35, 36	
403-6	Promotion of worker health	29	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29, 35	
403-8	Workers covered by an occupational health and safety management system	29, 35, 36	
403-9	Work-related injuries	29, 35, 36	
403-10	Work-related diseases	29, 35, 36	

Independent Assurance Statement

To readers of CLASSYS 2022 Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by CLASSYS to conduct an independent assurance of its Sustainability Report 2022 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of CLASSYS. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with CLASSYS and issue an assurance statement.

Scope and Standards

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

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

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
 - GRI 401 : Employment
 - GRI 403 : Occupational Health and Safety
 - GRI 405 : Diversity and Equal Opportunity
 - GRI 406 : Non-discrimination
 - GRI 416 : Customer Health and Safety
 - GRI 417 : Marketing and Labeling

As for the reporting boundary, the engagement excludes the data and information of CLASSYS’ partners, suppliers and any third parties.

KMR's Approach

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

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

Limitations and Recommendations

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

Conclusion and Opinion

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

Independent Assurance Statement

Inclusivity

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

Materiality

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

Responsiveness

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

Impact

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

Reliability of Specific Sustainability Performance Information

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

Competence and Independence

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

June 2023 Seoul, Korea



SRV1000
Sustainability Committee Assurance



AA1000
Licensed Report
000-129/V3-763JP

CEO *E. J. Hwang*

Classys Policies

Human Rights Policy

Purpose

Classys has established this policy to comply with the Universal Declaration of Human Rights, as proclaimed by the UN, and to implement human rights management.

Scope of Application

This policy applies to all Classys employees. Classys shall encourage its business partners and their employees to comply with this policy or a similar level of policy.

Code of Conduct

We shall manage human rights risks that may occur in the following areas of human rights at the company-wide level and fulfill its responsibility to respect human rights.

- ① Anti-discrimination and Prevention of Workplace Harassment: We shall not discriminate or harass anyone on the ground of gender, race, ethnicity, nationality, religion, disability, age, marital status, pregnancy, or any other unjustifiable reason in our personnel systems, including job assignments, recruitment, and promotions.
- ② Prohibition of human trafficking: We support all laws aimed at preventing and eradicating slavery and human trafficking in global supply chains. We shall not allow human trafficking by all means of contracts, bonded labor, etc.
- ③ Prohibition of forced labor: We shall not engage in any unreasonable restriction of mental or physical liberties, such as assault, intimidation, or confinement and shall not force employees to work against their free will.
- ④ Prohibition of child labor: We shall comply with the minimum working age set by national and local regulations and do not expose children to hazardous working conditions under any circumstances.
- ⑤ Protection of vulnerable workers: We shall respect and protect the human rights of vulnerable individuals based on the principles of the Universal Declaration of Human Rights adopted by the United Nations.
- ⑥ Guarantee of minimum wage: We shall contribute to the stability of workers' livelihoods and the improvement of working conditions by ensuring that their wages meet the minimum level set by the laws of each country. Wages shall be paid regularly on the designated date, and a detailed statement of earnings is provided along with it.
- ⑦ Guarantee of other rights: We shall ensure industrial health and safety, information security, and the protection of consumer rights.

Action Plans

- ① We shall operate a grievance mechanism so that grievances can be promptly and reasonably discussed and addressed. We shall not penalize those who file a complaint, victims, and cooperators on the ground that they apply for counseling or investigation and provide cooperation.

- ② We shall conduct human rights management education to improve awareness of human rights management among employees.
- ③ We shall take necessary measures for monitoring human rights risks and addressing the results through an annual organizational satisfaction survey.

Industrial Health and Safety Policy

Purpose

Classys has established this policy to create a safe working environment that is optimized for the physical and mental well-being and stability of industrial safety and health workers.

Scope of Application

This policy applies to all Classys employees. Classys shall encourage its business partners and their employees to comply with this policy or a similar level of policy.

Code of Conduct

- ① We shall endeavor to provide a safe and comfortable environment for all employees and stakeholders to prevent accidents and health hazards.
- ② We shall faithfully comply with applicable laws and requirements on the health and safety.
- ③ We shall assess the impact of safety and health, establish and implement objectives and action plans, and continuously monitor in order to reduce ongoing risk factors and risks.
- ④ We shall provide adequate resources for health and safety improvement and enhance employee awareness through education and training.

Action Plans

- ① The executive management shall actively participate in important decision-making, management, and supervision related to the establishment and implementation of the health and safety management system.
- ② We shall identify the risk factors related to industrial health and safety, set specific performance goals, continuously monitor risks, and strive for continuous improvement.
- ③ We shall provide appropriate education and training to ensure that employees recognize the importance of maintaining and enhancing health and safety and understand the safety and health management system.
- ④ We shall prepare plans to anticipate and respond to emergency situations.

Classys Policies

Information Security and Privacy Policy

Purpose

Classys has established this policy to protect information assets securely and effectively, as well as to protect the personal data of customers, employees, and business partners who utilize Classys' products and services.

Scope of Application

This policy applies to Classys and its employees. Classys shall encourage its business partners and their employees to comply with this policy or a similar level of policy.

Code of Conduct

- ① Employees shall be aware that they are the main agents of information security and continuously participate in information security education and training to improve the level of data protection.
- ② Employees shall internalize information security and institutionalize information security activities as part of the corporate culture.
- ③ The purpose of collecting personal data shall be clearly specified at the time of collection, and the personal data controller shall only process personal data within the necessary scope directly required to achieve the specified purpose.
- ④ Personal data shall be used within the scope of the purpose and choose methods that minimize invasion of the information subject's privacy.

Action Plans

- ① We shall establish and operate control procedures to manage security risks and conduct monitoring and review of data protection activities.
- ② We shall establish methods and criteria for identifying and evaluating risks to key information assets, and regularly conduct risk assessments.
- ③ In general, personal data processing matters such as the "Personal Data Processing Policy" shall be publicly disclosed, and reasonable procedures should be established to ensure the rights of information subjects, such as the right to access.
- ④ We shall conduct privacy protection education to enhance awareness among employees, including personal data handlers, and prevent the misuse and leakage of personal data.

Environmental Management Policy

Purpose

Classys has established this policy to build a sustainable management and environmental management system, strengthen the capacity to respond to environmental risks, and contribute to environmental protection and addressing the climate crisis.

Scope of Application

This policy applies to all Classys employees. Classys shall encourage its business partners and their employees to comply with this policy or a similar level of policy.

Code of Conducts

- ① All employees shall endeavor to environmentally friendly manage for environmental and energy conservation.
- ② We shall fulfill our social responsibility as a sustainable company by faithfully complying with environmental regulations.
- ③ We shall establish environmental goals and evaluate performance to ensure continuous improvement.
- ④ We shall strive to efficiently manage resources and energy throughout the entire process from product development, production, sale, use, to disposal, minimizing waste and pollutants.
- ⑤ We shall make efforts to protect biodiversity and minimize damage to the natural environment.
- ⑥ We shall maintain a symbiotic relationship by sharing policies to enable business partners to participate in environmentally friendly management.

Action Plans

- ① The executive management shall participate continuously in important decision-making, management, and supervision related to the implementation of environmental management in business activities.
- ② We shall assess environmental risks and establish specific performance goals.
- ③ We shall provide resources for environmental management to all employees and conduct regular environmental education.
- ④ We shall regularly collect and monitor data on greenhouse gas emissions, water usage, and waste generation in order to continuously improve them.

Classys Policies

Responsible Marketing Policy

Purpose

Classys has established this policy to comply with relevant regulations for marketing, advertising, and promotional activities and prioritize the well-being of society, patients, and healthcare professionals. Our marketing strategy and actions shall be designed to take into account social responsibility and benefit the community.

Scope of Application

This policy applies to marketing activities related to product development, production, sales, and service provision by Classys employees. It also applies when sales agencies, marketing agencies, or other business partners modify and use Classys' marketing content and materials.

This policy applies when we do major offline advertising and promotional activities, including publications, advertising installations, exhibitions, and events. It also applies when we do online platforms and content, such as websites, social media, email marketing, and digital advertising.

Code of Conduct

① Compliance with domestic and international regulations

We shall strictly comply with applicable laws and regulations on advertising and promotion for its products and services. We shall establish a sound marketing order to ensure responsible marketing activities in accordance with regulations in various countries, including overseas. We shall not engage in advertising and marketing practices that undermine ethical sentiment. We shall establish marketing strategies that align with social benefits.

② Responsible information provision

We shall ensure that marketing activities deliver accurate and clear information, minimizing the possibility of consumer misunderstanding about its products and services. We shall avoid advertising and marketing practices that deceive patients, healthcare professionals, and consumers about the efficacy of its products. We take social responsibility by enabling informed and rational choices. We shall establish trust among stakeholders and conveys a positive image by maintaining transparent communication about its products and services.

③ Employee responsibility

Employees and collaborating business partners responsible for marketing, advertising, and promotional tasks shall be required to familiarize themselves with and comply with this responsible marketing policy.

We shall conduct regular educational activities on this responsible marketing policy for employees to ensure its proper implementation. We shall endeavor to improve the overall level of marketing ethics by conducting transparent marketing ethics education and disclosing performance.

All employees shall be required to report any marketing-related violations they discover directly to the responsible person in the Classys marketing department through immediate and direct means. The responsible manager shall promptly address the reported matter and take appropriate corrective actions if necessary, including modifications, deletions, or reissuing of advertising and promotional materials. Employees who violate this policy may face personnel consequences, and partnerships shall be reassessed or terminated.

④ Control procedures

We shall establish internal control procedures for marketing, advertising, and promotional activities in order to prevent issues proactively. We shall undergo a review and approval process by the responsible manager in the marketing department prior to the implementation of the major marketing activities. We shall also conduct self-checks or regular monitoring to prevent potential violations or similar cases.

Classsys Policies

Supply Chain Policy

Purpose

Classsys has established this policy for a fair trade order based on mutual trust with suppliers and partners ("partners") and a sustainable supply chain in order to build a robust corporate ecosystem where stakeholders can coexist and grow together.

Scope of Application

This policy applies to Classsys. Classsys shall encourage its business partners and their employees to comply with this policy or a similar level of policy.

Code of Conduct for Business Partners

- ① Partners shall respect human rights.
- ② Partners shall establish a comprehensive health and safety policy.
- ③ Partners shall comply with environmental laws and regulations.
- ④ Partners shall comply with anti-corruption laws, laws related to anti-money laundering and prevention of terrorist financing, laws related to global trade sanctions, and laws related to fair competition.
- ⑤ Partners shall not disclose or improperly use confidential information obtained through transactions with the company, and shall comply with laws related to the protection of personal data.
- ⑥ Partners shall be responsible for product marketing and quality and safety.

Action Plans

- ① When selecting partners, we shall verify whether the partner is complying with the Code of Conduct for Business Partners of this policy.
- ② During the supply chain risk management process, if negative impacts on human rights, environment, and product safety are identified and it is deemed necessary to prevent or mitigate them, supplier audits can be conducted within the legal limits.
- ③ We shall respect the rights of our partners (intellectual property rights, physical rights), and endeavor to ensure that transactions with partners are conducted fairly in a relationship of mutual respect and equality.
- ④ We shall pursue mutual benefits with our partners and facilitate smooth communication and collaboration to enable them to provide products of excellent quality and top-notch services.

Membership Status

Member organization	Related team	Year joined
Seoul Chamber of Commerce and Industry	Overseas Trading Team	2013
Korea International Trade Association	Overseas Trading Team	2013
Korea Medical Devices Industry Association	Human Resources Team	2022
Korea Medical Devices Association	Marketing Team	2012
Korea Electric Engineers Association	Human Resources Team	2022
Korea Fire Safety Institute	Human Resources Team	2022
Korea Exchange	Business Planning Team	2017
KOSDAQ Listed Companies Association	Business Planning Team	2018
Korea Investor Relations Service	Business Planning Team	2018

Awards

Award	Year of award	Awarding organization
Ultraformer III(Shurink) selected as a Korean World-class Product Award 2018	2018	KOTRA
Awarded the Prime Minister's Award on the 54th Invention Day	2019	Prime Minister's Commendation
Selected as a KOSDAQ Rising Star in 2019	2019	Korea Exchange
Selected as an Excellent Company in the 2020 Korea IR Awards	2020	Korea Investor Relations Service
Won 30 Million Dollar Export Tower Award	2020	Ministry of Trade, Industry, and Energy
Selected as a KOSDAQ Rising Star in 2020	2020	Korea Exchange
Selected as a Global IP Star Company	2021	Korea Invention Promotion Association
Selected as a Global Small Giant Company of Korea	2021	Ministry of SMEs and Startups
Won 50 Million Dollar Export Tower Award	2021	Ministry of Trade, Industry, and Energy
Selected as a KOSDAQ Rising Star in 2021	2021	Korea Exchange
Selected as an Excellent Disclosure Company in the KOSDAQ Market	2022	Korea Exchange
Selected as a KOSDAQ Rising Star in 2022	2022	Korea Exchange
Received the Top Prize in the Beauty Category at the Money Today IR Awards	2022	Money Today
Awarded the 14th Financial Supervisory Service Chairman's Award for KOSDAQ-listed Companies	2022	KOSDAQ Listed Companies Association
Received the Excellent Corporate Governance Award in the 2022 Korea Institute of Corporate Governance and Sustainability (KCGS) Awards	2022	Korea Institute of Corporate Governance and Sustainability
Ultraformer MPT(Shurink Universe) selected as the #1 Consumer Recommended Brand in 2023	2023	Ministry of Trade, Industry, and Energy

