



YOUNGONE CORPORATION

**United Nations Global Compact (UNGC)
Communication on Progress (CoP)**

April 2022



TABLE OF CONTENTS

COMPANY PROFILE

- 01 CEO Statement
- 02 Company Overview

UNGC COMMUNICATION ON PROGRESS

- 01 Human Rights & Labor
- 02 Environment
- 03 Anti-corruption

MEASUREMENTS

- 01 Scope of Measurement
- 02 Human Rights and Labor
- 03 Environment



CEO STATEMENT

Dear stakeholders:

I am pleased to confirm that Youngone Corporation reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption, through its established Code of Conduct which upholds national and international regulations.

This annual Communication on Progress describes our actions to improve the integration of the Global Compact and its principles into our business strategy, culture and daily operation. Youngone Corporation prioritizes its social responsibility to solve societal challenges through innovation and collaboration. Improving and complying with the Ten Principles by developing responsible, sustainable strategies will make us achieve the ultimate goal for a resilient future. It doesn't only apply to Youngone Corporation, but also guide us to build trust with society and brighten the future we all share.

Thank you.

Kihak Sung
Chairman & CEO



COMPANY OVERVIEW

Youngone Corporation began its journey in 1974 manufacturing sportswear and down jackets. Over the last 48 years, we have grown to become the premier global manufacturer of outdoor apparel, footwear and gear. As a partner trusted by some of the world’s most respected brands, we are committed to contributing to the local economies and communities across 10 countries we operate in, through OEM export, retail distribution and regional developments.

Youngone Corporation is guided by its principal mission of “Expanding Employment through Sustainable Growth, Improving Quality of Life by Environmentally Responsible and Focused Management, and Contributing to Society by Giving Back”. This promise is supported by our core values – “**H**onesty and integrity”, “**E**xcellence”, “**A**gility and accountability”, and “**caR**e for socie**I**y” – which all of our management and employees take to their HEART every day.

Youngone Corporation strives for close and open partnerships with our customers, shareholders and other business partners. We make business decisions based on three simple principles: long-term growth, sustainable profits, and responsibility to environment and society.

Company Information

Company Name: Youngone Corporation
Founded: 1974
Chairman & CEO: Kihak Sung

Business Sectors

Apparel
Footwear
Gear
Materials

Capacity Overview

Number of production sites: 10+
Number of production lines: 1100+
Number of employees: 80000+

Youngone Code of Conduct

Legal compliance

Youngone complies with all local laws relating to employment, health and safety, and the environment.

Anti-Corruption

Youngone does not take part in acts of corruption.

Child Labor

Youngone does not hire workers under the age of 18. Legally permissible exceptions between the age of 16 and 18 will be strictly protected by the laws of the related jurisdiction.

Forced Labor

Youngone does not use involuntary or forced labor and all employees have the right to decline overtime.

Abuse

No Youngone employee should be subject to any physical, sexual, psychological or verbal abuse.

Discrimination

Youngone does not discriminate on the basis of race, ethnicity, nationality, religion, color, gender, pregnancy, medical conditions, age, sexual orientation, disability, marital status, caste, socio-economic status, political opinion, or union affiliation.

Freedom of association

Youngone respects the right of employees to freedom of association and collective bargaining.

Grievance

All employees must have access to Youngone's confidential grievance system available through multiple channels.

Wages and benefits

Youngone employees must be compensated with wages and benefits that comply with local law, and each employee provided with a written account of each pay period. Youngone does not make disciplinary deductions from pay.

Hours of work

The regular work week will not exceed 48 hours and 12 hours overtime, except in jurisdictions where the legal hours are lower. Employees are entitled to at least 24 consecutive hours of rest after a maximum of a six-day work period. Youngone employees must be fully compensated for overtime according to local law.

Health and safety

Youngone will provide a safe and healthy workplace and take a proactive approach to implementing health and safety policies, systems and training.

Environment

Youngone will work to minimize the impact of its energy and natural resource usage, emissions, discharges and waste disposal on the environment.

This code applies to permanent and temporary employees alike.



HUMAN RIGHTS & LABOR

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2 Businesses should make sure that they are not complicit in human rights abuses.

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labor

Principle 5 Businesses should uphold the effective abolition of child labor; and

Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation

Governance Structure

Youngone Corporation has activated dedicated teams within operating units to form and retain governance and provide support to enhance our capacity in the areas of human rights and labor. These teams report to the corporate structure, which includes a Corporate CSR Team, a Human Rights Council, Top Management and Board of Directors.

Workers' Rights Training

Our training program on workers' rights was designed based on the Youngone Code of Conduct, and 100% of our workers have been trained. Continuous refresher sessions have been given on a daily basis through one-on-one surveys with our workers.

Communication Channels

Workers management communication is a critical focus area within our operation. Youngone Corporation has developed multiple communication channels such as suggestion boxes, hotlines, employee satisfactory surveys and counseling systems. Employees are encouraged to report any violation of our Code of Conduct in good faith through any of the available communication channels without concerns under the strictly observed non-retaliation policy.



HUMAN RIGHTS & LABOR

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2 Businesses should make sure that they are not complicit in human rights abuses.

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labor

Principle 5 Businesses should uphold the effective abolition of child labor; and

Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation

Measures for Employee Safety and Wellbeing Against COVID-19

Youngone Corporation prioritizes the well-being of our workers and has taken various measures to ensure the safety of all of our employees during the COVID-19 by having full-time medical staff and relaxing the policy for sick leave. We have heightened the hygiene measures to safeguard the working environment and widely communicated the company's efforts through daily announcements and on-site display of reminders on notice boards.

Worker and Community Engagement Programs

Youngone Corporation has collaborated with external service provider to develop and conduct periodical employee satisfaction survey which covers the main aspects of the workers' experience at their workplace, including happiness and satisfaction, wages and benefits, hours and leave, health and safety, pressure to meet targets, grievance mechanisms, treatment, progression, and job security. We also partnered with other organizations to identify and provide for workers' and community's needs in and outside of the workplace to impact various areas of healthcare, hygiene management and education. Healthcare services are provided not only to workers but also to their family members and the community. Apart from healthcare services, different donations and sanitary awareness programs have been implemented throughout the year.

Diversity and Inclusion Efforts

Gender Equality programs have been introduced in our operation in order to address the gender imbalance within the company and throughout the industry. Female workers have been trained to become line supervisors, supporting female opportunities and women empowerment.



ENVIRONMENT

Principle 7 Businesses should support a precautionary approach to environmental challenges;

Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility; and

Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

Governance Structure

Youngone Corporation has established a structure in governing and supporting the environmental sustainability area with dedicated teams in each of the operating units. The teams in the operating units report to the corporate structure which includes a Corporate CSR Team, Environmental Sustainability Council, Top Management and Board of Directors. With the environmental sustainability policy formalized at the beginning of 2019, Youngone Corporation has set a clear strategy and policy toward environmental sustainability development in four major impact areas: Energy and Carbon, Chemical, Water, and Waste Management. We have been an active member of the Sustainable Apparel Coalition (SAC) and began implementation of the Higg Index Facility Environmental Module (FEM) for measuring the maturity of its Environmental Management System since 2016.

Energy & Carbon

Most of our sewing machines are now equipped with servo motor technology to reduce energy consumption. In addition, we have installed rooftop solar systems totaled 19MWp across selected operating units in Bangladesh and Vietnam as of January 2022.

Chemical Management

We apply the principle of “Zero Discharge of Hazardous Chemical” (ZDHC) in establishing our chemical management system to cope with chemicals use and hazardous substance control.

Water Recycle & Reuse

Our textile and dyeing process accounts for the majority share of our use of industrial water use and most of our annual water footprint. Recycling technology and reuse management have been introduced to optimize the use of fresh water in our manufacturing processes.

Waste

We have implemented the 3R (Reduce, Reuse, Recycle) as the principle in waste across all of our factories and have developed a new approach with a structured classification methodology to define and collect waste data from our manufacturing sites.



ANTI-CORRUPTION

Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery

Governance Structure

Youngone Corporation has formed and empowered a structure in governing and supporting the anti-corruption agenda. With the effective communication channels in place, employees are encouraged to report any corruption concerns. Youngone Corporation has also introduced and strictly followed a non-retaliation policy to protect the employees who report violations of our Code of Conduct in good faith. All reported cases are investigated either through the factory team or the corporate team, as appropriate. At the corporate level, cases are reviewed by Head of Internal Audit, Investigation Committee, and the Corporate Compliance Committee. Regular updates are provided to the Board of Directors through Top Management.

Youngone Anti-bribery & Anti-corruption Policy

Youngone Corporation has an anti-bribery and anti-corruption policy to ensure all of our business activities are conducted in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption. We uphold all laws relevant to counter bribery and corruption in all the jurisdictions in which we operate. All employees, agents, representatives, consultants, independent contractors, joint venture partners, licensees, distributors, vendors, suppliers and any other third parties acting on behalf of Youngone Corporation are:

- 1) Prohibited from accepting money or money in kind, gifts, services, rebates, refunds, kickbacks, discounts, business opportunities, entertainments, travel trips, compensation or anything of value, directly or indirectly from, including but not limited to, a current or prospective supplier, customer, vendor, distributor or competitor, that could influence business relationship or secure any improper advantage of the benefit.
- 2) Prohibited from giving or offering money or money in kind, services, rebates, refunds, kickbacks, discounts, business/employment opportunities, compensation or anything of value, to any third parties.
- 3) Required to record and report any proposal of bribes to senior manager and Internal Audit Team.

Continuous & Ongoing Re-enforcement

Employees are required to acknowledge their understanding of the policy and confirm their adherence to the policy on an annual basis.



MEASUREMENTS

Youngone Corporation uses the Higg Index developed by the Sustainable Apparel Coalition (SAC) for measuring the maturity of its related management systems in the environmental and the social and labor areas.

The SAC is a global, multi-stakeholder non-profit alliance for the fashion industry, making up of over 250 leading apparel, footwear and textile brands, retailers, suppliers, service providers, trade associations, non-profits, NGOs, and academic institutions working to reduce environmental impact and promote social justice throughout the global value chain <https://apparelcoalition.org/the-sac/>.

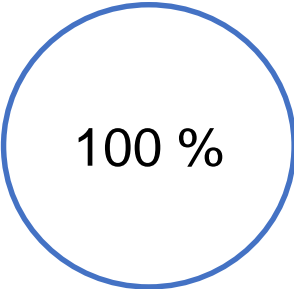
The Higg Index is a suite of tools for the standardized measurement of value chain sustainability, and it is central to the SAC's mission to transform businesses for exponential impact <https://apparelcoalition.org/the-higg-index/>. To support the accurate measurement of environmental and social impacts using the Higg Index, the SAC is also creating verification programs for each Higg tool. Verifications are done through SAC-approved verifiers.

In all the global manufacturing facilities, Youngone Corporation uses the Higg Index Facility Tools which included the Higg Facility Environmental Module (FEM) and the Higg Facility Social & Labor Module (FSLM). Improvement areas can be identified through each of these self-assessments. Youngone also chooses a representable subset of those self-assessments to undergo the verification process, making sure that the information and data collected can fairly represent where we are. The high level results of the **verified FEM 2020 (vFEM 2020)** and the **verified FSLM 2020/2021 (vFSLM 2020/2021)** will be reported in this update. The difference in the reporting year of vFEM and vFSLM is mainly due to the differences in the self-assessment and verification cycle between them.

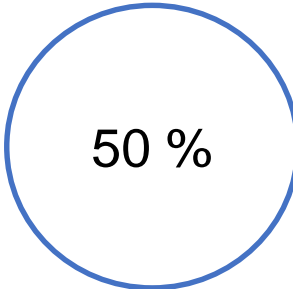


SCOPE OF MEASUREMENT

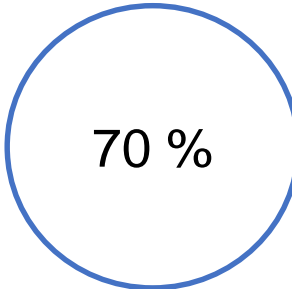
Higg Facility
Environmental Module
2020 (Higg FEM 2020)



Youngone Corporation
Business Revenue
(50% OEM 50% Retail and Distribution)

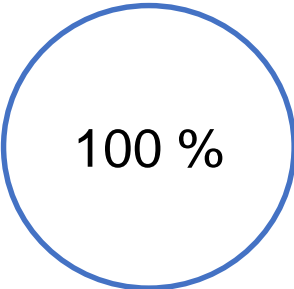


Business Revenue % share of
OEM Business

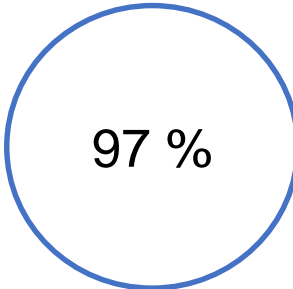


Business Revenue % share of
OEM Business with verified FEM

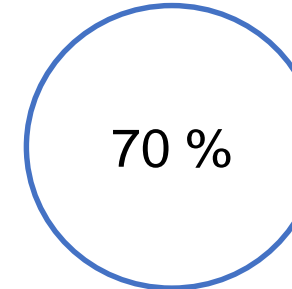
Higg Facility Social and
Labour Module 2020
(Higg FSLM 2020)



Youngone Corporation
Manpower



Manpower % share of
OEM Business



Manpower % share of
OEM Business with verified FSLM



HUMAN RIGHTS AND LABOR – HIGG vFSLM 2020/2021 YOUNGONE RESULTS

Step 3 (Advanced 20%)

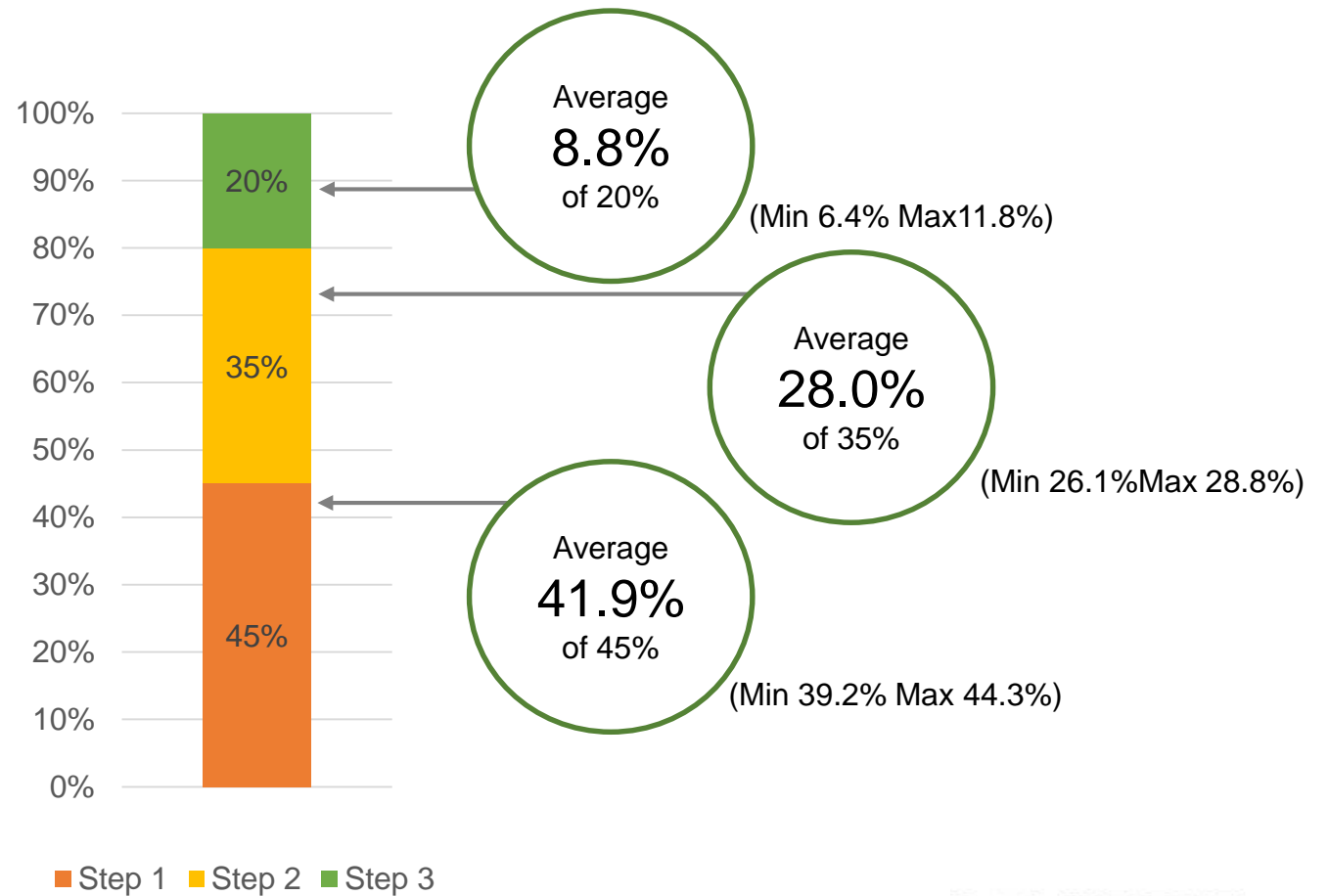
Includes Steps 1 and 2. Questions that go above and beyond social responsibility industry standards, are not required by national or international law, and seek to elevate workplace well-being and community impact.

Step 2 (Progressive 35%)

Includes Step 1. Focuses on management systems and questions that are additional/ supportive to social & labor compliance questions. These questions are often found in social industry and certification standards.

Step 1 (Essentials 45%)

Key social & labor compliance questions, mostly connected to International Labor Standards and National Labor Law.





ENVIRONMENT – HIGG vFEM 2020 YOUNGONE RESULTS

Level 3 (score 75% and above)

Refers to a site taking leadership projects and innovation practices. This is also referred to “aspirational level”.

A FEM score above 75% means a factory is within the “leadership” group.

Level 2 (score above 25% but less than 75%)

Beyond compliance with implementation of environmental reduction measure/projects to reduce impacts.

It also largely involves goal and target setting process.

Level 1 (score less than or equal to 25%)

Meeting the FEM expectation in terms of environmental compliance and managing risk/environmental data.

25% is the baseline to be compliant to the local laws measuring environmental impacts.

