



Zinus, Transition to ESG Management

Zinus ESG Communication Package

About Zinus

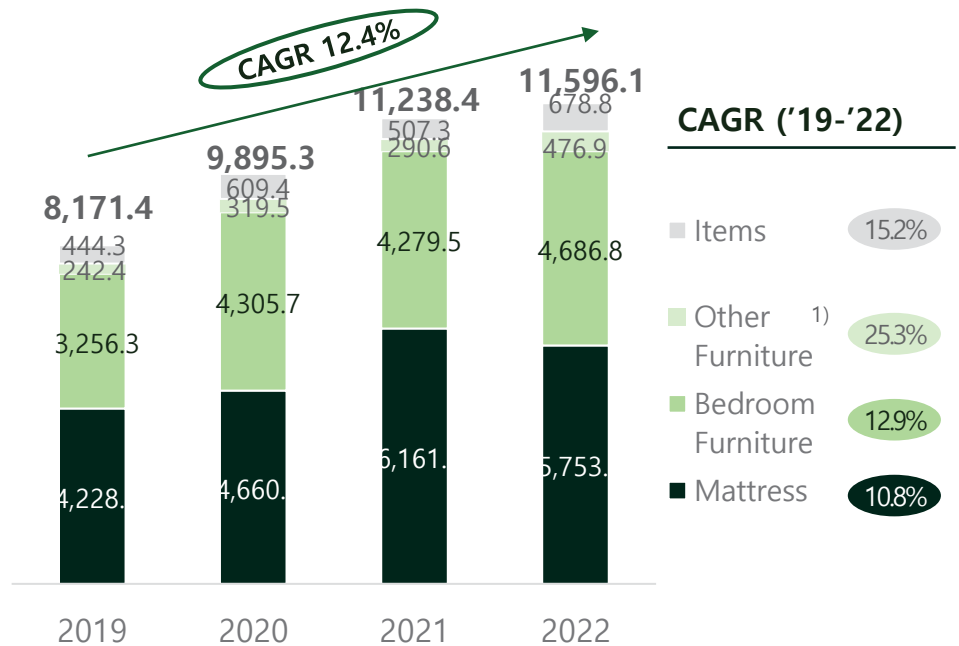
Established in 1979, Zinus manufactures and sells mattresses/furniture and has achieved annual sales growth of 12.4% from 2019 to 2022

ZINUS Company Profile

Co-CEO	Jae Hyung Shim, David Jensen
Established	March 1979 (Listed on 30 Oct 2019)
Address	8 Flr 10, Yatap-ro 81beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
Main Biz.	Mattress/Furniture Manufacturing and Sales
Employees	4,388 as of Dec 2022 (Incl. 4,282 employees overseas)
Board	7 Executive Directors, 3 Nonexecutive Directors

Sales by Business Unit

(Unit: 100M KRW)



87% of total sales are made in North America

- 2022 sales breakdown by region are as follows: South Korea (4%), USA (84%), Canada(3%), Other(9%)

Note: 1) Other furniture refer to items used in the lounge, kitchen, outdoor, etc.,
Source: Audit Report, Press Search, KPMG Analysis



Zinus Business Units

Zinus achieved exponential annual sales increase in mattress (10.8%), bedroom furniture(12.9%), and other furniture (25.3%) business units over 2019~2022

Business Units			
	Mattress	Bedroom Furniture	Other Furniture
			
Sales ¹⁾	<ul style="list-style-type: none"> ▪ Approx. KRW 631 bil ▪ 54.5% of Total Sales 	<ul style="list-style-type: none"> ▪ Approx. KRW 477 bil ▪ 41.2% of Total Sales 	<ul style="list-style-type: none"> ▪ Approx. KRW 50 bil ▪ 4.3% of Total Sales
Product Category	<ul style="list-style-type: none"> ▪ Foam mattress ▪ Spring mattress ▪ Topper 	<ul style="list-style-type: none"> ▪ Mattress frame ▪ Smart Base (Foldable metal frame) ▪ Box spring ▪ Platform Bed, Pillow 	<ul style="list-style-type: none"> ▪ Lounge furniture <ul style="list-style-type: none"> - Sofa, Table, Shelf ▪ Outdoor <ul style="list-style-type: none"> - Outdoor Sofa, Table
Growth Rate	<ul style="list-style-type: none"> ▪ CAGR 10.8% ('19-'22) 	<ul style="list-style-type: none"> ▪ CAGR 12.9% ('19-'22) 	<ul style="list-style-type: none"> ▪ CAGR 25.3% ('19-'22)

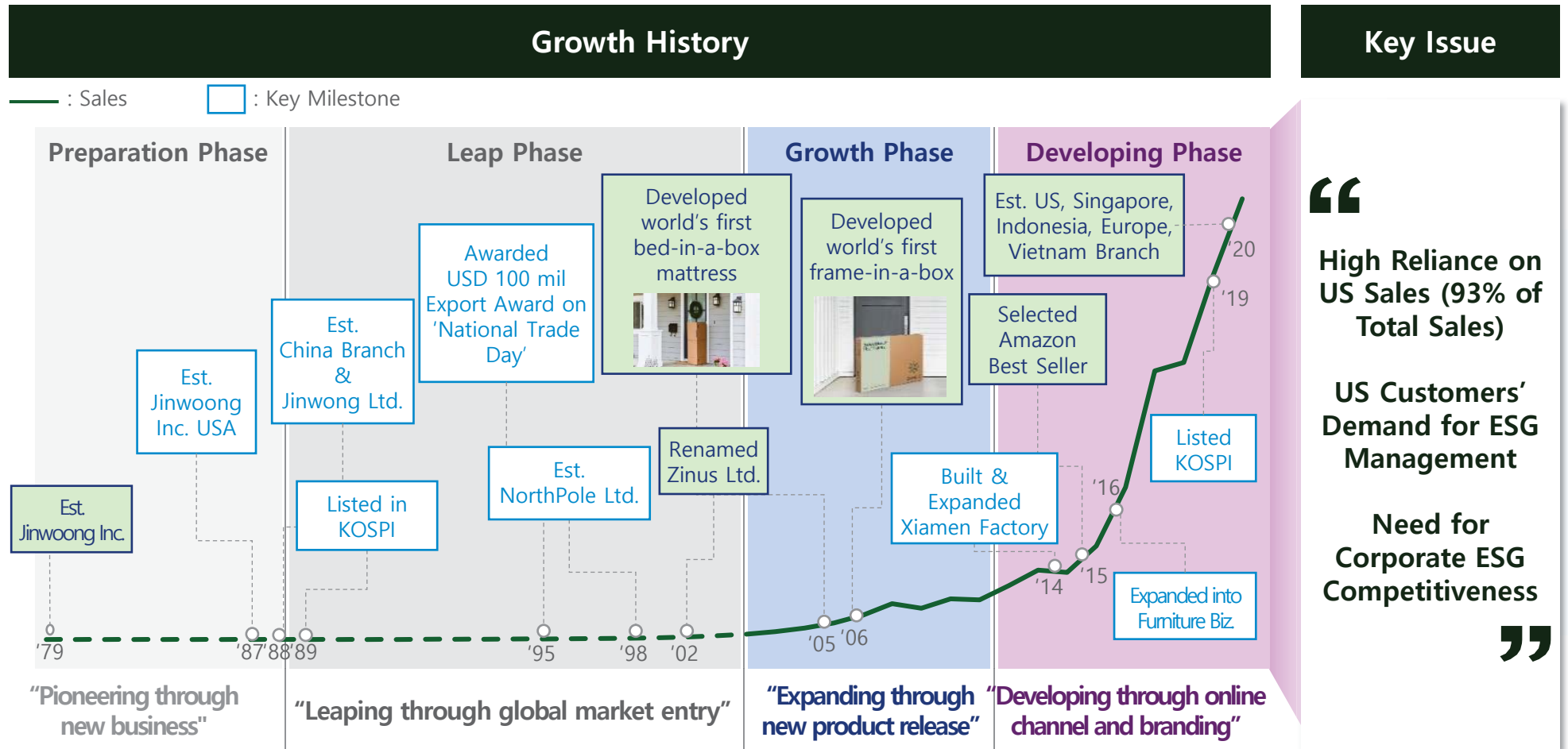
Business achieved high sales growth in all areas through new product release and online sales channel

Note: 1) Above sales is as of 2022
 Source: Zinus Business Report, KPMG Analysis



Zinus' History and Corporate ESG Competitiveness

Zinus achieved exponential growth over the decade and has embarked on improving corporate ESG competitiveness to respond to global ESG trend

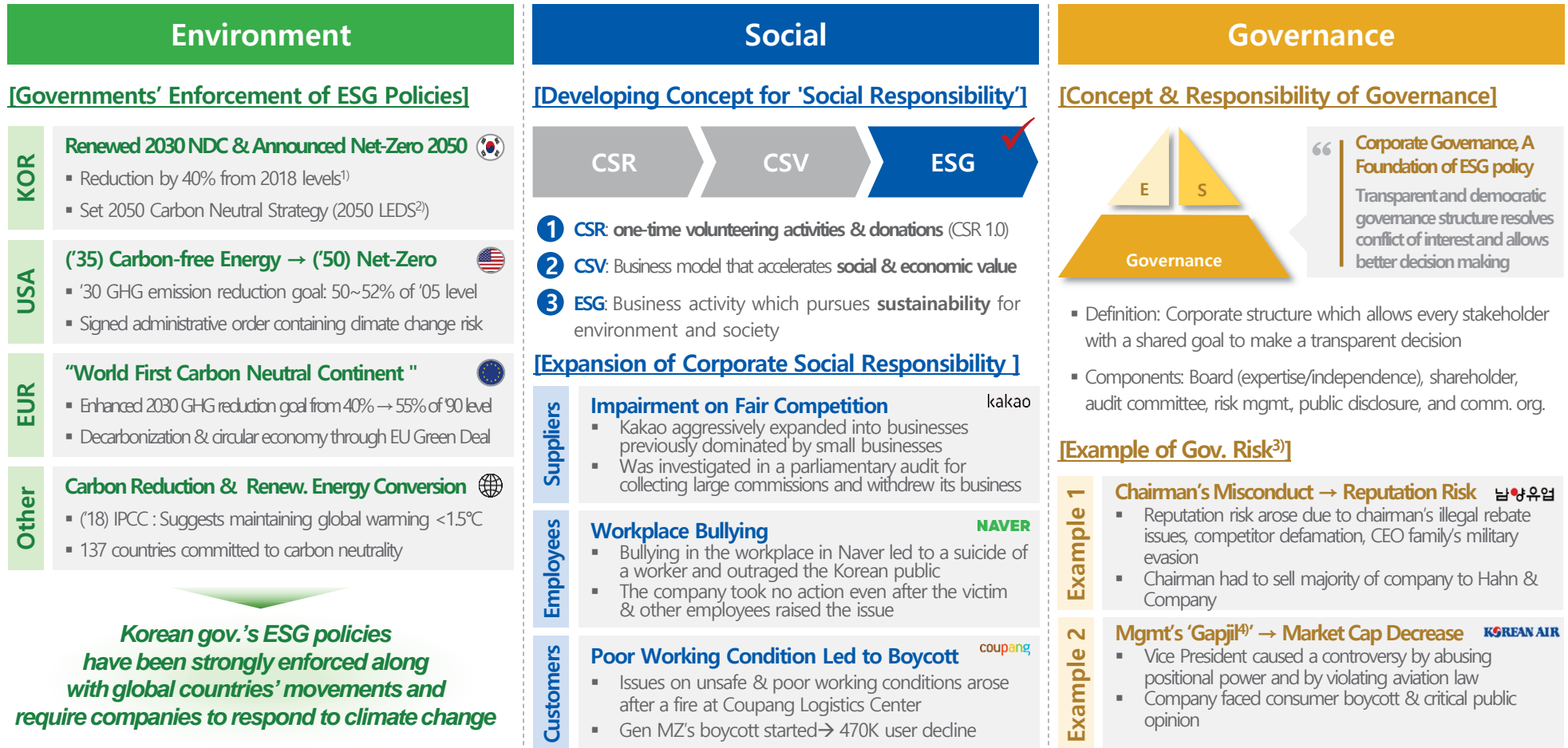


Source: Company Release, Press Search, KPMG Analysis



Background to Rising Corporate ESG Management

As non-financial factors have become core corporate evaluation criteria, Zinus will actively respond and manage environmental, social, and governance factors



Korean gov.'s ESG policies have been strongly enforced along with global countries' movements and require companies to respond to climate change

Note: 1) Submitted in Oct. 2021, 2) 2050 LEDS: 2050 Long-term low GHG Emission Development Strategies, 3) Includes owner risk, 4) Abusing employees, subcontractors
 Source: Press Search, KPMG Analysis

Zinus ESG Management Vision

Zinus aims to be the first choice for green furniture for customers around the world



Note: Green furniture: Furniture that use materials from sustainable forests, have low toxic material levels, are locally manufactured, easy to recycle, Within the Zinus ESG management system, the scope of the Sustainability Goals (UN SDGs) for each improvement task is indicated

Source: KPMG Analysis





Key ESG Performance Highlights (2022)

Environment

GHG Emission Intensity¹⁾

15.2

Waste Recycling

7,694 ton

Energy Usage Intensity²⁾

24.2

Transition to Eco-Friendly Packaging

119 ton

Governance

Business Ethics Related Controversies in Last 3 Years

0 controversies

Social

Labor Union Participation

100% China jurisdictions only

Average Industrial Accident Rate

1.0%

Labor Standard Violations

0 violations

Accounting/Audit Related Controversies in Last 3 Years

0 controversies

1) GHG Emission intensity is GHG emissions as a percentage of sales (metric tons CO2e / USD million sales), it is used as a baseline indicator for GHG emission performance comparing with same Industry peers, 2) Energy usage intensity is energy usage as a percentage of sales (energy in mwh / USD million sales)

ESG Performance Highlights

Key ESG Performance Highlights (2019-2022)

Environment



GHG Emission Intensity¹⁾

11.02

(Lowest in Household Group)

Waste Recycling

27,057 ton

Water Usage Intensity²⁾

-16 % ('18~'21)

Transition to Eco-Friendly Packing (Biodegradation)

120 ton

Social



Labor Union Participation

100 %

Social Contribution³⁾

KRW **530** mil/pa

Average Industrial Accident Rate

0.81 %

Labor Standard Violations

0 violations

Governance



Business Ethics Related Controversies in Last 3 Years

0 controversies

Accounting/Audit Related Controversies in Last 3 Years

0 controversies

- Note:
- 1) GHG Emission intensity is GHG emissions as a percentage of sales (metric tons CO2e / USD million sales), it is used as a baseline indicator for GHG emission performance comparing with same Industry peers,
 - 2) Water usage intensity is Water usage as a percentage of sales (metric tons water/ USD million sales),
 - 3) Annualized social contribution in monetary value (Includes contributions made in China, Indonesia, USA, Korea)
 - 4) Labor Union Participation 100% is based on China entity labor union (Labor union does not exist in Korea, Indonesia, USA and other global entities).

ESG Improvement Tasks Analysis Approach

Zinus' ESG improvement tasks were derived by conducting external ESG environment analysis, Zinus' ESG evaluation, and global ESG benchmarking

Zinus internal & external analysis summary

External ESG Env. Analysis	P Political	1 US	2 Asia	3 EU	4 Korea			
	S Stakeholders	1 Inv. Firm	2 Rating Agencies	3 NGOs	4 Top Players	5 Customers	6 Peers	
	T Technology	1 Renewable Energy & Efficiency	2 Biotech & Circularity	3 Carbon Capture Utilization, Storage				
Zinus ESG Analysis & Evaluation	M ESG Mgmt.	1-1 ESG Mgmt. System	1-2 ESG Comm.	1-3 ESG Expansion				
	E Environment	2-1 Climate Change Response	2-2 Circular Economy	2-3 Env. Opportunity				
	S Social	3-1 Employee Mgmt.	3-2 Safe Work Environment	3-3 Social Cont. & Mutual Growth				
	G Governance	4-1 Corporate Governance	4-2 Corporate Behavior					
Global ESG Benchmarks	1 Peers	A IKEA	B NITORI	C Coway	D ACE BED	E Tempur+Sealy	F ASHLEY	G Serta Simmons
	2 Customers	A Amazon	B Walmart	C Costco	D Wayfair			
	3 Leading Companies	A BASF	B SONY	C Kingfisher				

Implication & Improvement tasks

Implications		
External Analysis	P	
	S	
	T	
Internal Diagnosis	Mgmt	
	E	
	S	
	G	
Bench-marking	Mgmt	
	E	
	S	
	G	

Improvement Task Long List

ESG Improvement Task Prioritization

As a result of the evaluation of strategic importance and urgency of execution, 20 core tasks were selected and these were categorized into 7 major tasks

Long-list Task Evaluation

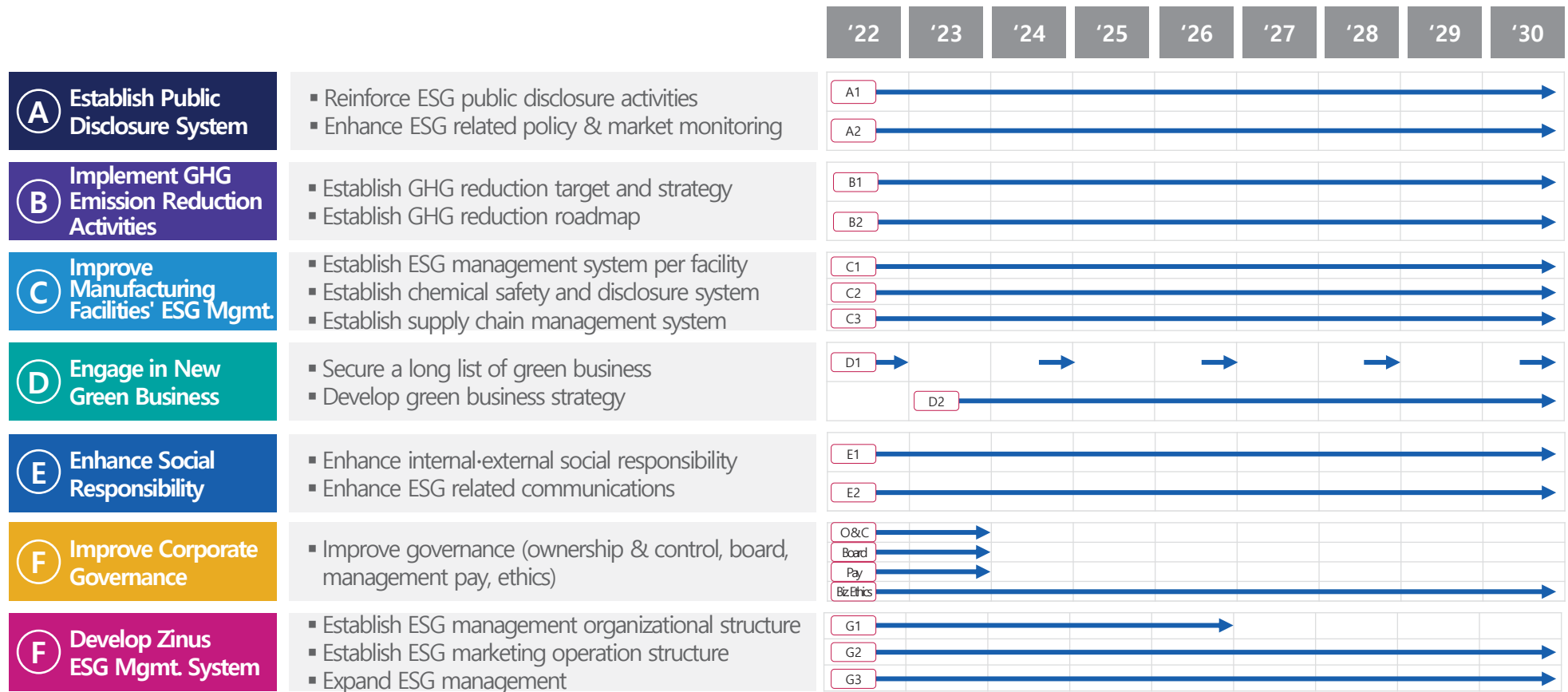


Core	A Establish Public Disclosure System	A1 Reinforce ESG public disclosure activities	A2 Enhance ESG related policy & market monitoring
	B Implement GHG Emission Reduction Activities	B1 Establish GHG reduction target and strategy	B2 Establish GHG reduction roadmap
	C Improve Mfg. Facilities' ESG Mgmt.	C1 Establish ESG management system per facility	C2 Establish chemical safety and disclosure system
			C3 Establish supply chain management system
	D Engage in New Green Business	D1 Secure a long list of green business	D2 Develop green business strategy
	E Enhance Social Responsibility	E1 Enhance internal-external social responsibility	E2 Enhance ESG related communications
	F Improve Corporate Governance	F1 Improve governance (ownership & control, board, management pay, ethics)	
	G Develop Zinus ESG Management System	G1 Establish ESG management organizational structure	G2 Establish ESG marketing operation structure
		G3 Expand ESG management	
Priority	H1 Settle ESG culture (internal)	H2 Flagship volunteer work	
Supplementary	I1 Supply-chain ESG monitoring	I2 Support suppliers	
Selective	J1 No-emission product R&D		

Mid-Long Term ESG Improvement Task Roadmap

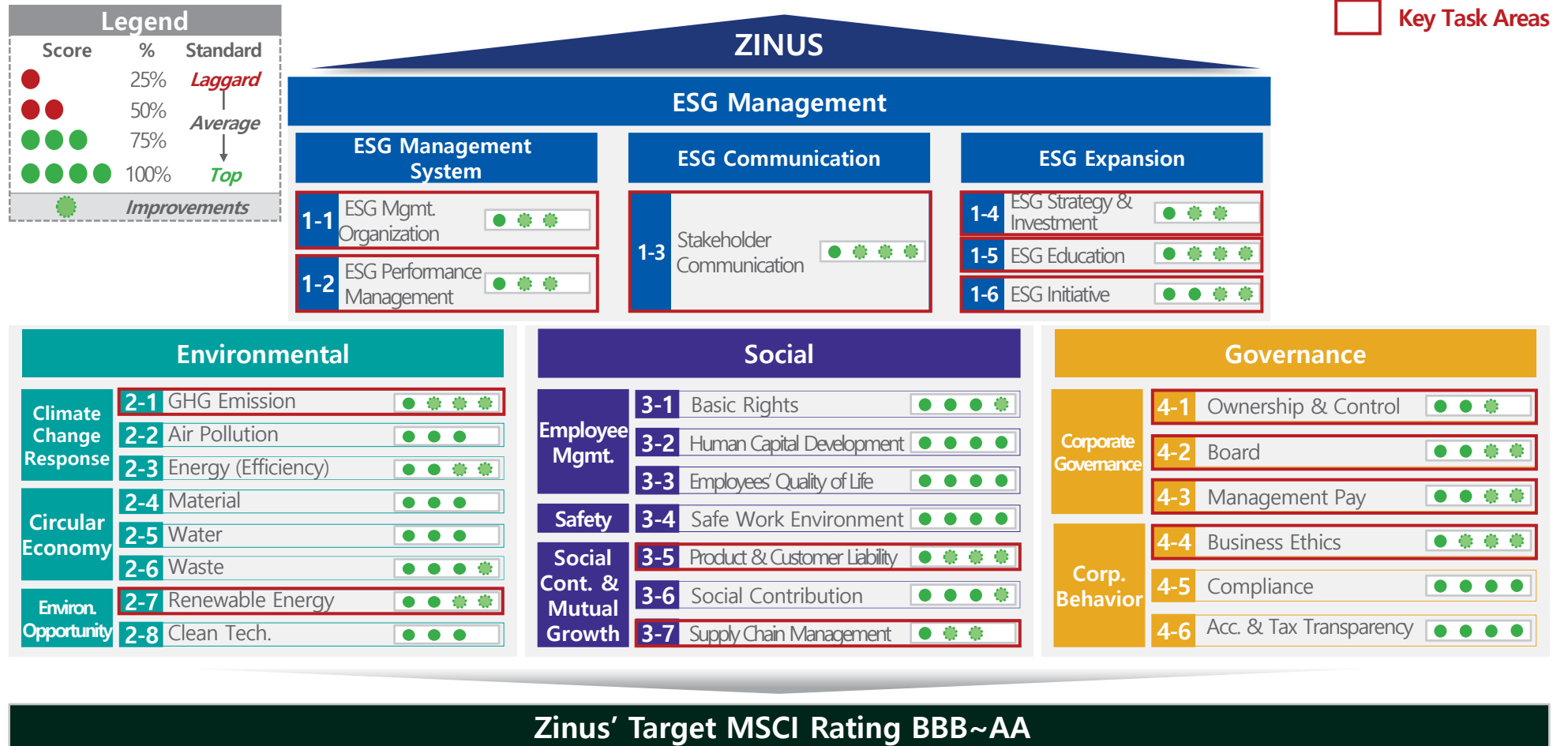
Zinus' seven improvement tasks and their suggested roadmap is as shown below

Improvement Tasks and Roadmap



Zinus 2030 ESG Target

Zinus' 2030 ESG management target for each areas under the three pillars are as shown below



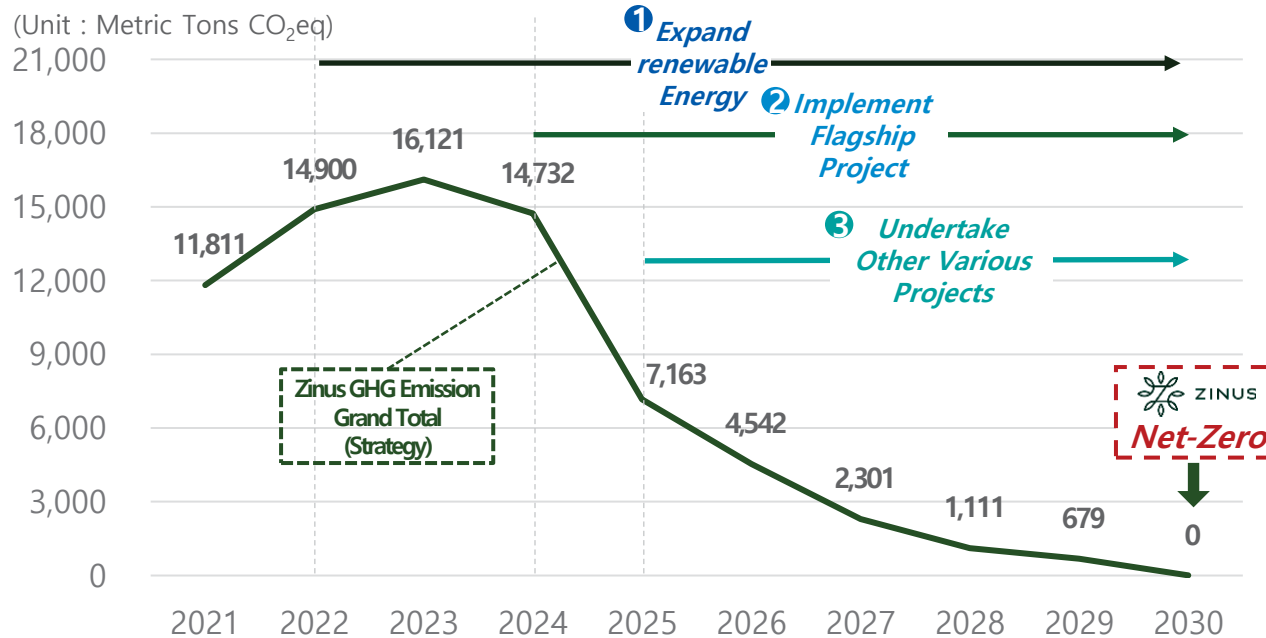
Source: MSCI, KCGS, K-ESG, Sustainvest, KPMG Analysis



Zinus Net-Zero 2030 Roadmap

By initiating Zinus ESG management 2030, we will achieve net-zero by 2030 by implementing various ESG tasks

Zinus GHG Emission Reduction Roadmap and Net-Zero Declaration



Zinus 2030 Net-Zero Pledge/Declaration

- A pledge to achieve net-zero by 2030 by expanding renewable energy usage and by implementing various carbon offsetting activities



Zinus Net-Zero Declaration

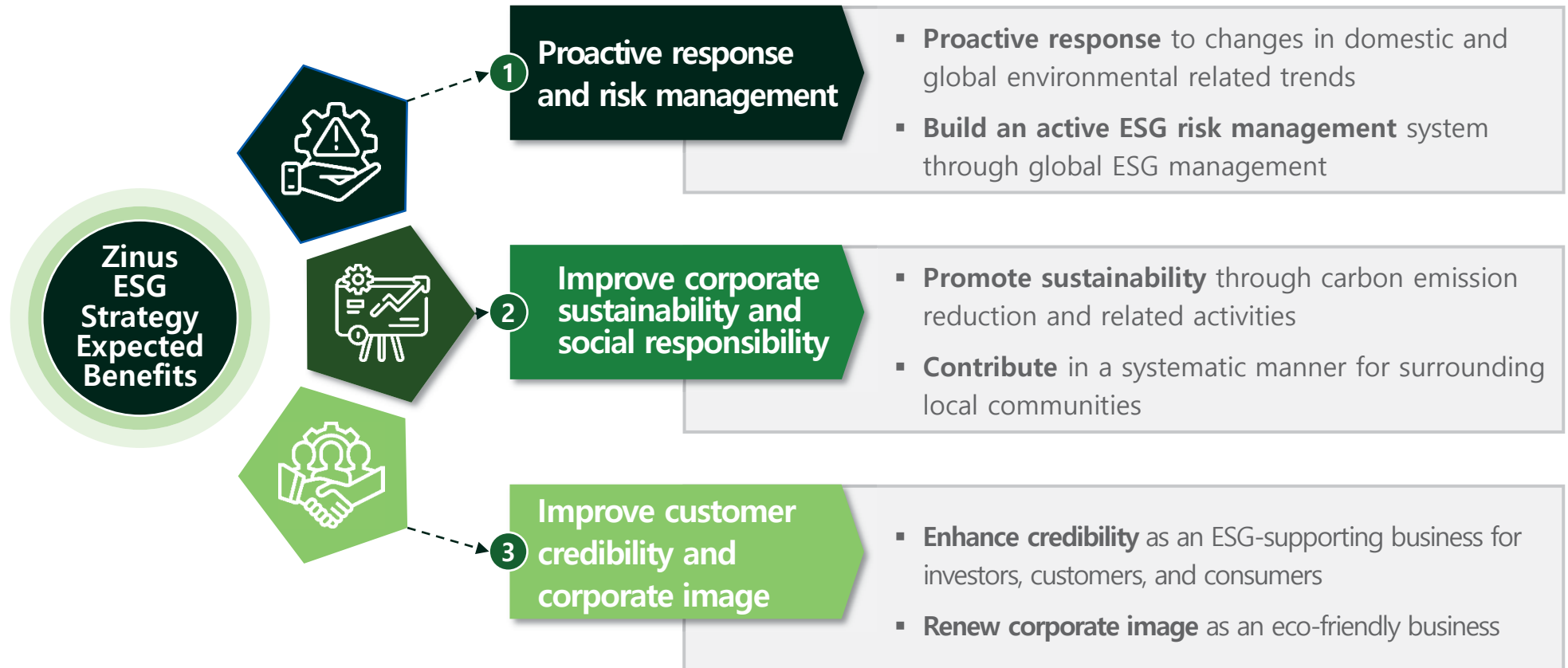
We, Zinus, acknowledge that responding to climate change through reducing greenhouse gas emissions is a shared responsibility globally. Therefore, we declare that we will achieve net-zero by 2030.

1. We shall adopt more renewable energy, electric cars, and eco-friendly technologies by 2030 to reduce our GHG emissions.
2. We shall assign ESG-focused employee to effectively and systematically manage our net-zero tasks.
3. We shall establish detailed net-zero plan and disclose all our efforts and performance results.
4. We shall cooperate with our stakeholders, such as suppliers, customers, and investors, to achieve our net-zero target.

May 2022

Zinus' Expected Effect from ESG management

By enforcing ESG strategies, Zinus can actively respond to external changes, improve sustainability, customer credibility, and corporate image





Thank You