

A MORE
BEAUTIFUL
WORLD

About This Report

Purpose of the Report

Amorepacific Group publishes a sustainability report every year in order to present the results of its sustainability management activities. Through this report, we aim to transparently disclose the company's environmental, social, and governance achievements to all stakeholders, collect various opinions, and reflect them in our future management activities.

Reporting Standards

The 2022 Amorepacific Group Sustainability Report was prepared in accordance with 2021 GRI (Global Reporting Initiative) Standards and SASB(Sustainability Accounting Standards Board)'s standards for the Household & Personal Products industry, and financial performance was prepared based on K-IFRS consolidation unless otherwise stated.

Reporting Scope

The scope of financial performance reporting was prepared on a consolidated basis and non-financial performance covers all of the company's consolidated subsidiaries (Amorepacific Group, Amorepacific, Innisfree, ETUDE, Amos Professional, Espoir, OSULLOC, OSULLOC Farm, COSVISION, WeDream, Green Partners, and overseas subsidiaries¹⁾). In the case of Amorepacific, the major subsidiary, the reporting covers domestic operations (Headquarters, R&I Center, HR Development Center, Regional Offices, Amore Beauty Park, Daily Beauty production site, OSULLOC production site, and Healthcare production site) and some of its activities from overseas subsidiaries. For detailed reporting scope by indicator, please refer to the Reporting Methodology (p.102-105) in Chapter 4. ESG Factbook of this Report.

Reporting Period

The reporting period is from January 1, 2022 to December 31, 2022. Depending on the importance and timeliness of the information, the Report presents some information pertaining to performances before 2022 or in the first half of 2023, and this is indicated separately in the Report. For quantitative performances, some items provide data for the last three years (2020-2022) or four years (2019-2022) to compare the trends by year.

Reporting Assurance

To increase the accuracy and reliability of this Report, the content was verified by an external assurance, BSI, a verification expert agency. The detailed assurance statement is included in Chapter 5. Appendix.

Inquiries on the Report

If you have any questions about the Report, please email us at Sustainable Innovation Team, Amorepacific
E-mail: csr@amorepacific.com

1) See 2022 Amorepacific Group Business Report p.365-366 'Current Status of Subsidiaries Subject to Consolidation'



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Chapter 1

Our Company

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CEO Message

We Make
A MORE
Beautiful World

Dear Valued Stakeholders

Since the foundation in 1945, Amorepacific Group has led the Korean beauty industry under the mission, “We make A MORE beautiful world.” With our unrivaled sincerity and philosophy of beauty, the Group has been loved widely by global customers, and has created and developed K-beauty trends worldwide.

Our long-standing sustainability management efforts were initiated from a sense of responsibility to the world and our customers who have supported the Group through the decades. The history started from the 1993’s declaration on ‘Total Commitment Initiative’ on product quality, service, and the environment, and continues to the recent five sustainability management goals as part of ‘2030 A MORE Beautiful Promise’. Facing a rapidly changing world in the aftermath of the pandemic, last year we focused on promoting value consumption culture among customers, leading the industry’s response to climate crisis and resource circulation, as well as spreading the value of diversity and inclusion.

Now Amorepacific Group faces another challenge. We will deep dive into and introduce the concept of future-oriented “New Beauty”, that allows all beings in the world, including customers, to discover and realize their own beauty to their heart’s content. In the process, we will examine the environmental and social impact of our corporate activities at close quarters to accelerate the implementation of the five sustainability management goals as part of ‘2030 A MORE Beautiful Promise’ which will actively support the realization of the Ten Principles

of the UN Global Compact (UNGC) and the UN’s 2030 Sustainable Development Goals.

All employees of Amorepacific Group, who have inherited the founding philosophy of “contributing to humanity with beauty and health,” will work with a clear sense of purpose to convey benefits to the world. Sometimes through trial and error, we will join hands with everyone in the corporate ecosystem to find the best way to create a more beautiful world. I ask for your continued interest and support in this journey.

June 2023

Chairman and CEO of Amorepacific Group



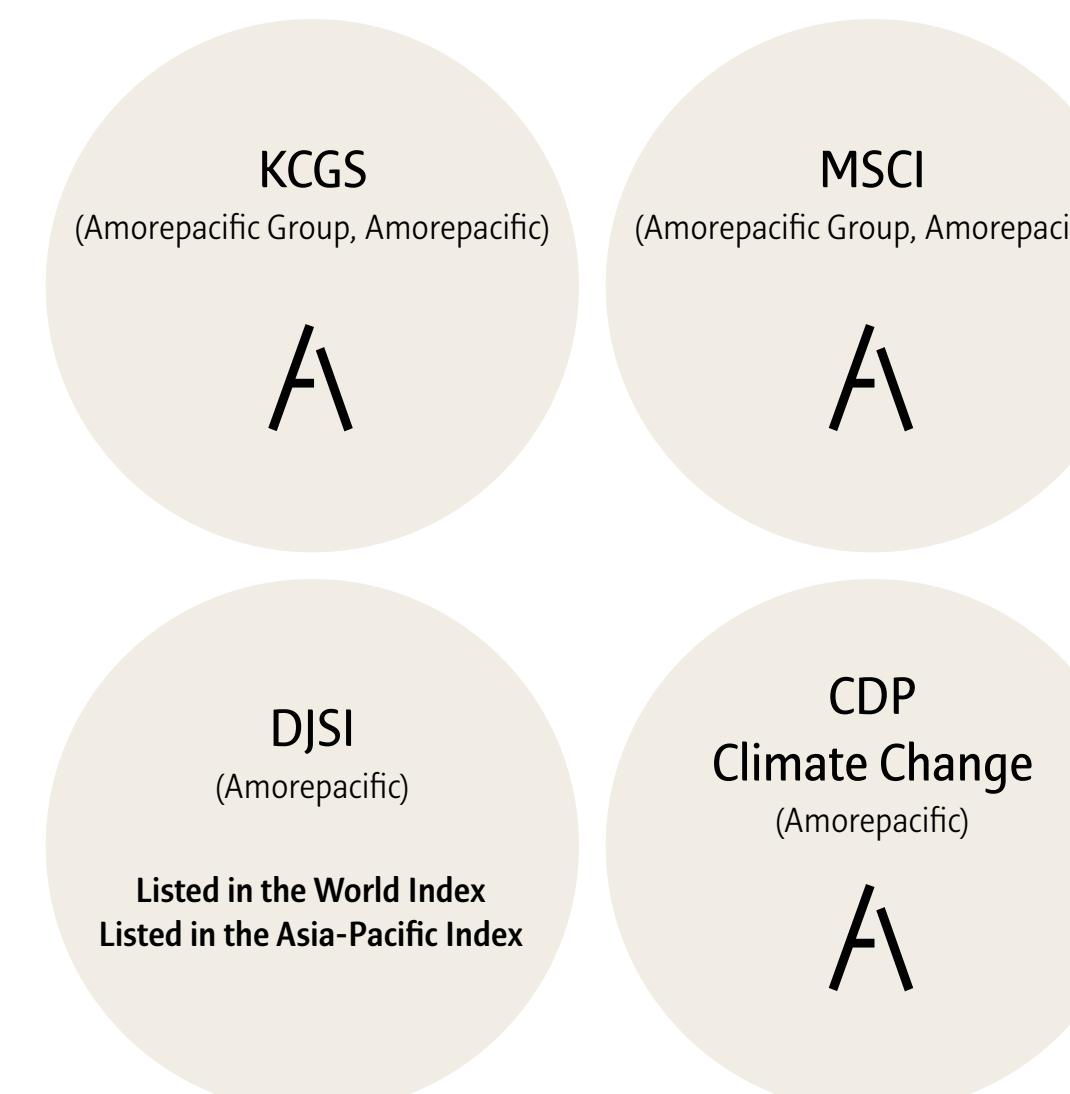
Corporate Overview

Company Information

| | |
|-----------------------------------|--|
| Company Name | Amorepacific Group Co., Ltd |
| CEO | Suh Kyung-bae, Lee Sang-mok |
| Head Office Address | 100, Hangang-daero, Yongsan-gu, Seoul (Hangang-ro 2-ga) |
| Revenues ¹⁾ | 4,495 billion KRW |
| Number of Employees ¹⁾ | 10,010 employees |

1) Revenues and number of employees as of December 2022

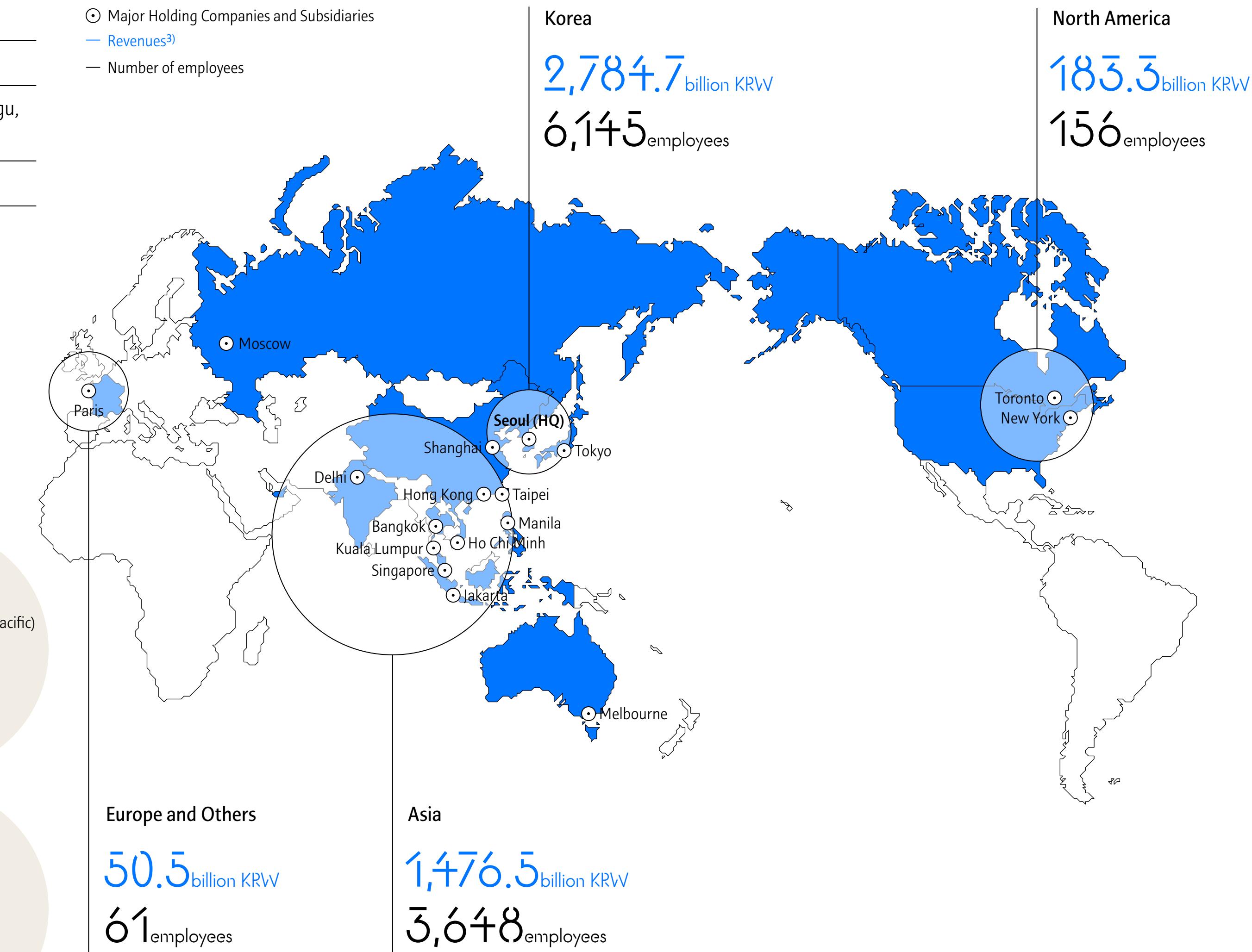
Sustainability management External Performance²⁾



2) As of 2022

Global Network

- Major Holding Companies and Subsidiaries
- Revenues³⁾
- Number of employees



3) Revenues figures are based on the 2022 consolidated financial statement of Amorepacific Group

Our Value System

Mission

**WE MAKE
A MORE
BEAUTIFUL WORLD**

The Amorepacific Group has the mission to make a more beautiful world, and holds a firm belief that the world becomes more beautiful when each and every person shines with their own unique beauty. This is why we take this path.

Embracing the founding philosophy of “contributing to humanity with beauty and health,” Amorepacific Group is taking steps in the journey of beauty as “We make A MORE beautiful world”. Each brand, distribution channel and country plays different roles in the Group, but through sharing the “mission”-our reason of being, the “vision”-our direction forward, and “ABC spirits”-our way of working, we hope to keep our promises with the world.

Vision

**Live Your
New Beauty**

Inspires “New Beauty” in every individual customer to discover, live and enjoy a healthy, fulfilling life.

New Beauty inspired by life

Transcending the meaning of beauty in the narrow sense, Amorepacific expands the realm of beauty to the entire lifecycle of customers and their daily lives. We deliver Wellness care for healthy and balanced inner & outer beauty and provide next-generation beauty products with enhanced efficacy.

New Beauty created with Digital

By leveraging digital technologies and customer data, we provide hyper-personalized solutions, including customized cosmetics, across all touchpoints. We deliver the optimal customer experience by building a closely knitted channel of communication with our customers.

New Beauty resonating with Empathy

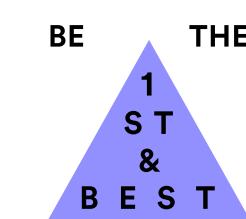
Amorepacific respects the beliefs of individuals, diversity, and have a deep love for our planet. With strong compassion for humanity, we take care of and resonate with the entire corporate ecosystem. We communicate with key stakeholders and bring light to the beautiful values of coexisting and moving forward together.

ABC Spirit



Customers first

We analyze situations and issues from the perspective of our customers and prioritize customer satisfaction in decision making to ensure prompt actions.



Be the first and the best

We continue taking bold initiatives without fear of failure to make innovations based on new ideas and methods as well as to achieve the highest quality.



Collaborate with an open mind

To achieve common goals, we actively share information and constructively communicate with others beyond the boundaries of business divisions.



Respect differences

We respect differences, discover strengths in diversity, and act politely with one another.



Act with integrity

We connect our mission with our work, observe our principles, and complete our work with a responsible attitude.

Brand Portfolio

Sulwhasoo

LANEIGE

INNISFREE

AMORE PACIFIC

HERA

pmr

IOPE

Mamonde

한율

AESTURA

espoir

ETUDE

RYO

mise
scène
미쟝센

LABO·H
[SCALP SKIN LAB]

AMOS
PROFESSIONAL

ILLIYOON



메디안

GOUTAL
PARIS

VITALBEAUTIE



makeon

B. READY

HOLITUAL
Holistic Rituals for Skin Wellness



Sulwhasoo

Building a World of Beauty, Powered by Art and Heritage

Sulwhasoo is the innovative artist in the field of beauty creating a work of art that transcends time and generations

www.sulwhasoo.com

LANEIGE

Feel The Glow

Radiance on my skin, Confidence in my life

www.laneige.com



Innisfree

Effective, Nature-Powered Skincare Discovered from the Island

Innisfree, a high-efficiency naturalist brand that explores the infinite energy from nature to deliver healthy beauty

www.innisfree.com



AMORE PACIFIC

The Artisanship of Beauty

www.amorepacific.com



HERA

Contemporary Seoul beauty brand that defines and creates the latest vision of beauty

www.hera.com



pmr

All about skin barrier by SEED TECH™

www.primerabeauty.com



IOPE

A skin bio-science based, highly functional skincare brand

www.iope.com



Mamonde

Make it simple and clear, the most beautiful thing that's like me

www.mamonde.com



한율

Balanced beauty delivered through the benefits of Korea

www.hanyul.com



AESTURA

A derma cosmetic brand that offers real skin concern-specific specialized solutions based on skin specialized research for medicines, medical devices, and cosmetics

www.aestura.com



espoir

Espoir, a makeup creation brand that inspires you to find your own look

www.espoir.com





ETUDE

MAKE YOUR PLAYLIST

www.etude.com



RYO

Root Your Own beauty

www.ryo.com



AMOS PROFESSIONAL

AMOS Professional, a professional solution brand that serves as the standard for salon work

www.amosprofessional.com



ILLIYOON

A gentle, yet effective solution for sensitive skin, ILLIYOON

www.illiyoon.com



A total hair cosmetics brand that leads the hair and style trend

www.miseenscene.com



LABO·H [SCALP SKIN LAB]

Based on Amorepacific's skincare know-how, the Scalp Skincare Research Institute takes care of scalp problems and restores health.

www.laboh.co.kr



메디안

Customized optimal dental solution



Daily body care brand with healthy ingredients and scents that add happiness to everyday life

www.happybath.com



GOUTAL
PARIS

Scents of your life

www.goutalparis.com**VITALBEAUTIE**

The beginning of healthy beauty

www.vitalbeautie.com

Meaningful relaxation delivered by tea from Jeju

www.osulloc.com**makeON**

Life-beauty device that promises better skin with new habits

**B. READY**

Friendly but with a unique taste, free and sensible, but not too much. A total styling brand for men who want to freely express their individuality

www.brady-official.com**HOLITUAL**

Holistic Rituals for Skin Wellness

www.holitual.com

Key Business Performance

The Amorepacific Group is engaged in diverse brand-oriented business activities. In 2022, we strengthened our position in the domestic and global markets through various sales activities such as strengthening luxury brands, expanding the e-commerce channels, launching customized products for Millennials and Gen Z(MZ) customers, and launching collaborative products.

Domestic Cosmetics Business

Amorepacific has strengthened its brand competitiveness and position through renewal of major products and activities to enhance brand value. Sulwhasoo strengthened brand attractiveness by executing a rebranding campaign, while Primera enhanced brand competitiveness by restructuring its brand and launching a new functional line "AG. VCNTM." Laneige released nine products in "Water Bank Blue Hyaluronic" line, with innovative designs, and IOPE nurtured the functional category by releasing "PDRN Caffeine Shot" ampoule products. Hanyul strengthened customer responsiveness by launching its first renewed edition of its steady-selling product "Yuja Vita-C Sleeping Mask".

We also focused on the inner beauty category based on our innovative products and fostered future growth categories such as personalized cosmetics and men's makeup. Vital Beautie diversified its "Super Collagen" lineup and won "2022 Monde Selection" and "Korea's Green Product of the Year," proving its superior product competitiveness. Laneige launched "Bespoke Neo," a personalized cushion and foundation manufacturing service, and Be Ready launched a renewed edition of "Blue Cushion" and executed a brand campaign to lay the foundations for the growth in new categories.



Sulwhasoo "First Care Activating Serum Limited Edition"

Domestic Daily Beauty Business

Amorepacific focused on increasing sales mix of high margin products by launching new brand and nurturing premium product categories. Mise-en-scène enhanced brand attractiveness by expanding the product line up in the "Salon 10" category. Premium lifestyle brand, Longtake has seen strong sales in the market since its launch, while HAPPY BATH drove sales growth for its high-moisturizing line "Skin U" containing hyaluronic acid and panthenol.

We also made efforts to increase the sales of multi-brand shop channels by strengthening our marketing campaigns targeting the MZ customers. LABO-H strengthened its position in the category by conducting marketing campaigns centered around the keywords "Young Hair Loss," "Clean," and "ESG". ILLIYOON enhanced the customer brand experience by hosting a pop-up event "Hotel Sensitive" in connection with the multi-brand shop channels.



Mise-en-scène "Salon 10"

Overseas Business

In China, the sales mix of key products by brand, such as "Sulwhasoo Concentrated Ginseng Renewing Line" and "Innisfree Retinol Cica Repair Ampoule" has expanded due to strengthened marketing. Furthermore, we reinforced the foundations for future qualitative growth by reorganizing products and channels of major brands. In other Asian regions, revenue increased with solid growth in ASEAN countries. Major brands such as Sulwhasoo, Laneige, and Innisfree have grown significantly in the ASEAN market, and in Japan, we have diversified our sales network with brand launches, including Laneige entering new retail channels.

In North America, the strong performance of major brands such as Laneige, Sulwhasoo, and Innisfree contributed to a significant year-on-year increase in revenue. We have secured growth momentum by increasing brand presence in growth channel such as Amazon and Sephora, and reinforcing marketing activities. We also secured a clean beauty portfolio through the acquisition of the "Tata Harper" brand, laying the foundations for the competitiveness of our mid- to long-term North American business.

In the European region, Laneige drove growth, with overall revenue significantly increased year-on-year. Laneige posted solid sales growth in online and multi-brand shop channels. Goutal laid the foundations for growth through brand renewal based on its heritage.



Renewal Launch of the Laneige Water Bank Line (Global)

Performance of Key Subsidiaries

INNISFREE

Innisfree

Innisfree's revenue in online increased strengthening brand competitiveness and enhancing sustainability leadership, with the focus on key functional products such as "Black Tea Youth Enhancing Ampoule," "Retinol Cica Repair Ampoule," and "Collagen Peptide Firming Ampoule Cream".

ETUDE

ETUDE

ETUDE launched its flagship eyeshadow palette, Play Color Eyes "Nudifull Espresso," and its multi-brand shop and online sales grew due to strong performance of influencer-collaborative products.

AMOS PROFESSIONAL

AMOS Professional

AMOS Professional's revenue grew by expanding its hair treatment product portfolio and strengthening educational content for designers. Ayunche enhanced awareness by expanding new salons operated by MZ designers and offering diversified customer experiences such as hair dye and perm seminars.

espoir

Espoir

Espoir's sales in key category increased by strengthening its glow and matte face makeup product lines with the launch of "Be Glow New Class" and the performance of the "Be Glow" line.

OSULLOC

OSULLOC

OSULLOC's revenue and operating profit increased based on the strong sales of premium tea sets. OSULLOC reinforced its brand attractiveness with strengthened customer experience by providing 'Tea class' and 'Tea Cocktail' in Tea House and a flagship store in Bukchon.

Chapter 2

Our Approach to Sustainability

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Sustainability Management Implementation System

Amorepacific Group and Amorepacific have established a transparent sustainability management implementation system by instituting the ESG Committee within the Board of Directors and the Sustainability Committee under the CEO. Through responsible management centered on the top decision-making body, we have established sustainability management strategies and directions for the Group and the subsidiaries. We are continuously monitoring the implementation performances.

Sustainability Management Governance

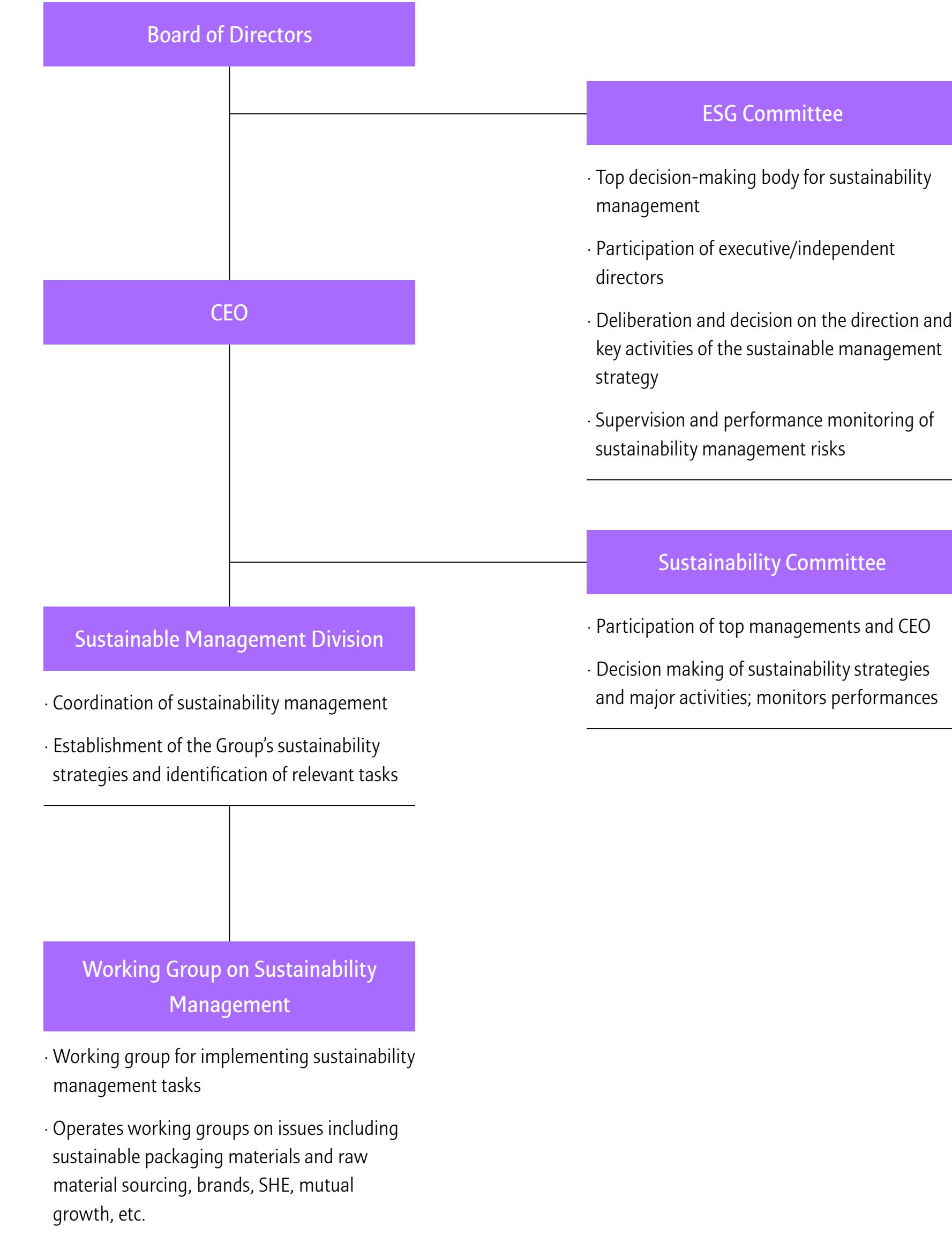
Amorepacific Group and Amorepacific have established a system to effectively implement sustainability management and are operating the ESG Committee under the Board of Directors as the top decision-making body. The ESG Committee manages and oversees ESG risks associated with the company, including issues related to climate change, resource circulation, supply chain sustainability, local community co-prosperity, consumer rights and interests, and ethical management. Furthermore, the committee establishes sustainability management strategies for the Group and regularly monitors related performances. In 2022, each ESG committee for Amorepacific Group and Amorepacific gathered for four sessions, where the Committee reported on sustainability management-related issues. It included measures to strengthen ESG governance, performance review and implementation plans for the 2030 sustainability management strategy, execution plans for brand ESG activities, achievement status and plans towards RE100, and introduction of ESG performance as a part of executive performance assessment criteria¹⁾.

The Sustainability Committee is a top executive consultative body where the CEO and top executives regularly hold meetings to discuss sustainability management issues and monitor progresses on core tasks. In 2022, a total of two Sustainability Committee meetings were held, and reporting and discussions were conducted on the 2030 sustainability management strategy performance review and implementation plan as well as the stakeholder engagement program.

Sustainability Management Division serves as a coordinator for the implementation of sustainability management. It identifies specific sustainability management strategy tasks and transparently communicates the company's sustainability management performances with external stakeholders through the publication of sustainability reports. In the case of sustainability management strategy tasks, close cooperation between various departments is particularly essential, and therefore the implementation of the tasks is facilitated through working groups.

1) Reported comprehensive evaluation results needed for publishing the 2022 sustainability report to the Board in the first half of 2023

Sustainability Management Organization Chart



2030 A MORE Beautiful Promise

Strategies to Drive Sustainability Management in Amorepacific

A MORE Beautiful Promise

Two Pillars

Move Forward Together with Customers and Society

Coexist Responsibly with Nature

Five Promises

Promise 1

Instill the values of environmental and social friendliness into 100% of our new products and pursue endeavors that encourage sustainable living.

Promise 2

Promote diversity and inclusion across all our global workplaces and beyond, while seeking harmonious growth with all our stakeholders.

Promise 3

Achieve carbon neutrality and zero-waste-to-landfill across our production sites worldwide.

Promise 4

Reduce the use of plastics in product packaging and create 100% reusable, recyclable or compostable plastic packaging materials.

Promise 5

Invest KRW 10 billion into the conservation and sustainable use of biodiversity and increase the use of RSPO-certified palm oil to 90% or more by 2023.

2030 Goals

- Instill the values of environmental and social friendliness into 100% of our new products.
- Conduct life cycle assessments to help reduce the environmental footprint of all our new products.
- Seek technological innovations in Green Chemistry.
- Conduct brand campaigns that promote responsible consumption.

- Operate education and awareness improvement programs on diversity & inclusion for all employees.
- Invest KRW 100 billion to support the financial independence of socially vulnerable groups and promote the healthy lives of citizens.

- Achieve carbon neutrality in global production sites.
- Use 100% renewable energy at all our production sites globally.
- Convert all distribution vehicles used in South Korea into eco-friendly vehicles.
- Achieve zero-waste-to-landfill at global production sites.

- Design all plastic packaging materials to be 100% recyclable, reusable, or compostable.
- Use recycled or bio-based plastics for 30% of all plastic packaging.

- Invest KRW 10 billion into biodiversity conservation efforts and climate change adaptation technologies.
- Increase the use of RSPO Roundtable on Sustainable Palm Oil 1) certified palm oil to 90% or more by 2023.

Amorepacific has declared its sustainability management goal under the title "2030 A MORE Beautiful Promise," to fulfill its calling to make people and the world beautiful. Based on two pillars, "Move Forward Together with Customers and Society," and "Coexist Responsibly with Nature," we will contribute to the creation of a sustainable society by fulfilling our five promises.

1) Sustainable palm oil certification group established to prevent environmental destruction from palm oil production



2022 Progress – Move Forward Together with Customers and Society

| 5 Promises | 2030 Goals | 2022 Key Achievements | Achievement rate compared to the 2030 targets |
|---|--|--|--|
| Promise 1 Instill the values of environmental and social friendliness into 100% of our new products and pursue endeavors that encourage sustainable living. | <ul style="list-style-type: none">Instill the values of environmental and social friendliness into 100% of our new productsConduct life cycle assessments to help reduce the environmental footprint of all our new productsSeek technological innovations in Green ChemistryConducted brand campaigns that promote responsible consumption | <ul style="list-style-type: none">90.5% of the new products launched in 2022 have environmentally-socially friendly attributesThe proportion of new products using recycled and bio-based plastics more than doubled compared to 2021The proportion of new products that reflect value-based consumption trends, such as vegan-certified products, has increased more than sevenfold compared to 2021Built the foundation for environmental foot printing and scoring methodologyDeveloped the primary model for measuring cosmetic product environmental footprint based on the EU Product Environment FootprintLANEIGE Water Bank Blue Hyaluronic line received Water Footprint reduction certification from UK Carbon TrustDeveloped various innovative technologies, such as surfactant-free collision emulsification, materialization of white ginseng power waste residue, and photo-mediated protein cross-linkageCarried out #SaveTHEWATER Challenge, where consumers uploaded their daily life water conservation activities on their social media, and formed a consensus with the customers on practicing eco-friendly lifestyleImplemented regular coastal clean-up projects through a partnership with WWFWorld Wildlife Fund Korea to adopt Cheongpodae Beach in Taean Coastal National Park | <div><div style="width: 90.5%;">90.5%</div></div> <div><div style="width: 100%;">100%</div></div> |
| Promise 2 Promote diversity and inclusion across all our global workplaces and beyond, while seeking harmonious growth with all our stakeholders. | <ul style="list-style-type: none">Operate education and awareness improvement programs on diversity & inclusion for all employeesInvest KRW 70 billion to support the financial independence of socially vulnerable groupsInvest KRW 30 billion to promote healthy lives and cultural initiatives among citizens | <ul style="list-style-type: none">11.6% of all employees have completed diversity & inclusion education and awareness improvement programsProvided diversity workshops and training sessions, newsletters, and sensitivity tests, etc.Invested KRW 7.9 billion to support financial independence (Cumulative total of KRW 11.13 billion)Provided technical education to strengthen employment capabilities, operated Hope Store, project for providing financial support (loan) to single mothers to achieve financial independence, and expanded the scale of strategic product donation, etc.Invested KRW 770 million to promote the citizens' healthy living and cultural dissemination (Cumulative total of KRW 3.8 billion)Hosted "makeup your Life", a beauty therapy program targeting cancer patients, a new form of "2022 Pink Festival" that incorporated a fitness program, and discovered innovative business ideas through 'A MORE Beautiful Challenge' | <div><div style="width: 11.6%;">11.6%</div></div> <div><div style="width: 100%;">100%</div></div> |
| | | | <div><div style="width: 100%;">KRW 11.13 billion</div></div> <div><div style="width: 100%;">KRW 70 billion</div></div> |
| | | | <div><div style="width: 100%;">KRW 3.8 billion</div></div> <div><div style="width: 100%;">KRW 30 billion</div></div> |

2022 Progress – Coexist Responsibly with Nature

| 5 Promises | 2030 Goals | 2022 Key Achievements | Achievement rate compared to the 2030 targets |
|---|---|---|---|
| Promise 3 Achieve carbon neutrality and zero-waste-to-landfill across our production sites worldwide. | <ul style="list-style-type: none"> Achieve carbon neutrality in global production sites Use 100% renewable energy at all our production sites globally Convert all distribution vehicles used in South Korea into eco-friendly vehicles Achieve zero-waste-to-landfill at global production sites | <ul style="list-style-type: none"> Shanghai production plant reached carbon neutrality (2021-2022) Converted 34.1% of AMOREPACIFIC's electricity consumption to renewable energy through the introduction of solar self-generation, PPA contracts, green premium plans and purchase of renewable energy certificates Converted eight electric vehicles in Incheon Logistics Center Reached zero landfill disposal of waste at global production sites Amore Beauty Park obtained UL Solutions' Silver designation for Zero Waste Classification, for the first time in the cosmetics industry (Landfill waste diversion rate of more than 94%) Daily Beauty Plant and COSVISION Plant acquired UL Solutions' Platinum designation for Zero Waste Classification (Landfill waste diversion rate of 100%, Highest Rating) in the first half of 2023 | 20.0% 100% |
| Promise 4 Reduce the use of plastics in product packaging and create 100% reusable, recyclable or compostable plastic packaging materials. | <ul style="list-style-type: none"> Design all plastic packaging materials to be 100% recyclable, reusable, or compostable. Use recycled or bio-based plastics for 30% of all plastic packaging | <ul style="list-style-type: none"> The evaluation results on the ease of recycling of packaging materials demonstrated that 47.1%¹⁾ of plastic packaging materials obtained grades above "normal" 7.2% of total plastic used consisted of recycled or bio-based plastic¹⁾ (830.5 tons of recycled plastic and 81.9 tons of bio-based plastic within a total of 12,644 tons of plastic used) | 47.1% 100% |
| Promise 5 Invest KRW 10 billion into the conservation and sustainable use of biodiversity and increase the use of RSPO-certified palm oil to 90% or more by 2023. | <ul style="list-style-type: none"> Invest KRW 10 billion into biodiversity conservation efforts and climate change adaptation technologies. Increase the use of RSPO-certified palm oil to 90% or more by 2023. | <ul style="list-style-type: none"> Invested KRW 2.32 billion to preserve biodiversity and secure their sustainable use Carried out a joint study with National Institute of Biological Resources and National Baekdudaegan National Arboretum to discover the hidden values of indigenous plant resources on the Korean Peninsula Development of new varieties (rose, centella asiatica) to contribute to the expansion of plant genetic resource diversity and to provide excellent effective raw materials to customers Out of the total 20,145 tons of palm-derived ingredients used in 2022, 53.6% was RSPO-certified palm oil | KRW 2.32 billion KRW 10 billion |
| | | | 53.6% 2023 Goals 90% |

¹⁾ Aggregated data based on the Extended Producer Responsibility (EPR) for 2022



Stakeholder Engagement

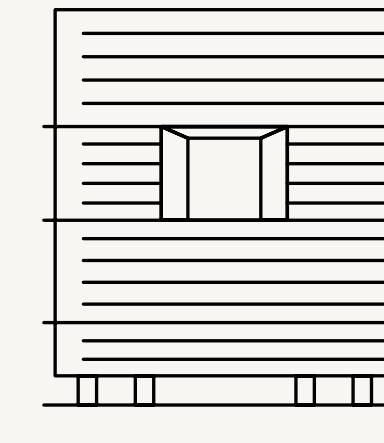
Amorepacific Group defines customers, employees, shareholders/investors, local communities, business partners, and relevant institutions and associations as its six stakeholders, and operates communication channels tailored to each stakeholder's characteristics at all times. Through transparent communication, the major issues and needs of each stakeholder are identified and reflected in management activities, and a consensus on sustainability management is formed.

| Stakeholders | Communication Channels | Frequency | Key Issues | Key Response Activities | |
|--|---|---|--|---|--|
| Customers | Corporate website, Brand website | On demand | · Accurate and rapid delivery of corporate information · Safe product usage and accurate product information delivery | · Advancement of corporate communication platform operations (reorganization of News Square and corporate social media channel contents, expansion of MZ customer targeted contents) · Resolving VOCs | |
| | Corporate contents platform – News Square | On demand | | | |
| | Social media channels (YouTube, Facebook, Instagram, etc.) | On demand | | | |
| | Amore Mall, ARITAUM Mall | On demand | | | |
| | Customer service centers of each brand | On demand | | | |
| | Employee engagement survey | Once a year (regular), once or twice a year (-ad hoc) | | · Diversifying in-house communication programs · Conducting management town hall meetings (incorporating organizational development programs and in-house communication programs) | |
| | Labor-Management Council, Labor Union | Once per quarter | | | |
| | Management town hall meetings | On demand | | | |
| | All employee session – Team Amore Conference | Once a year (regular) | | | |
| | In-house online broadcasting - Amore Blooming | Once a month | | | |
| Employees | In-house content platform - AP members | On demand | · Disseminating a culture of trust and respect · Enhancing the propagation and communication of corporate value · Forming harmonious labor-management relations · Creating a healthy and ethical work environment | | |
| | Business communication platform – Workplace | On demand | | | |
| | Ethics Hotline | On demand | | | |
| | Annual General Shareholders' Meeting | Once a year | | | |
| | Quarterly earnings release conference calls | Once per quarter | | | |
| | Domestic/overseas investor conferences and NDR ^{Non Deal Roadshow} | Two or three times per quarter | | | |
| | Investor/Analyst Day | Once a year | | | |
| | Business reports | Once a year | | | |
| | Face-to-face meetings and conference calls for investors | On demand | | | |
| | IR website and IR official email account | On demand | | | |
| Local communities | e-Disclosure system | On demand | · Mutual growth with local communities | · Implementing community-based problem-solving initiatives (employee volunteer activities related to community issues, revitalization of traditional markets, operation of youth mental health care programs, etc.) | |
| | Local consultative meetings | On demand | | | |
| | BOD meetings of foundations | Once a year | | | |
| | CSR portal site | On demand | | | |
| Business partners | Yongsan Dragons activities | Once per quarter | · Strengthening and supporting the competitiveness of business partners | · Establishing a participatory strategy for store managers · Strengthening communication at all times | |
| | Seminar on door-to-door sales business practices | Once a year | | | |
| | Aritaum business practice seminars | Once a year | | | |
| | Innovation committee | Semi-annual | | | |
| Relevant institutions and associations | Dialogues with stakeholders | On demand | · Responding to changes in government policies · Participating in achieving 2030 AMBP | · Participating in decision-making processes related to government policies · Joining associations and declaring support for important initiatives (including UNGC) | |
| | Collaboration and support | On demand | | | |
| | Korea Cosmetic Association member company | On demand | | | |

Materiality Analysis

Materiality Assessment Process

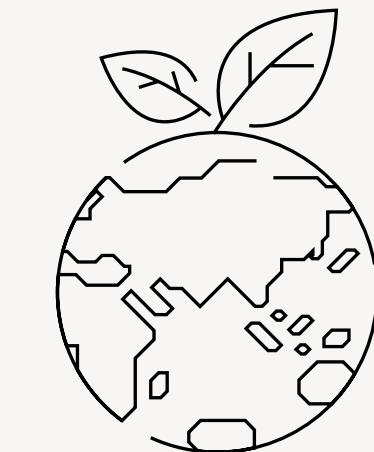
The 2022 Sustainability Report contains material topics derived, based on the prioritizing principle of GRI^{Global Reporting Initiative}, an international standard for sustainability reporting. Among the various impacts of Amorepacific Group's business activities on the external environment, including the economy, environment, and society, specific high-impact issues were selected as material topics, and a three-step process was introduced to evaluate the level of impact in depth.



Amorepacific Group



Evaluation of the level of impact
the corporate has on the external
environment



Economy-Environment-Society

Step 1

ESG Issues Derivation

Derive ESG issues associated with the business

- List issues related to sustainability management
- Reflect global sustainability reporting standards(GRI, SASB, etc.), and evaluation criteria (MSCI, DJSI, etc.) that include cosmetic industry-specific issues, and the focus areas of Amorepacific 2030 A MORE Beautiful Promise
- Derive a total of 11 ESG issues

Amorepacific Group conducts an annual materiality assessment to identify issues that require prioritized responses among various ESG issues related to our business. The identified material topics from the assessment are reported as key issues in the sustainability report and related response activities and performances are transparently disclosed to stakeholders.

Step 2

Impact Identification

Identify the impact of Amorepacific Group's activities on the environment and society

- Identify the positive-negative, or actual-potential impacts of Amorepacific Group's activities related to the issues, on the environment and society
- Basis for identification
 - Policy and regulatory status, industrial status, stakeholders' opinions, investors' suggestions, board of directors' agenda
- Identify a total of 17 impact areas

Step 3

Impact Assessment

Assess each level of impact and select material topic

- Assessment conducted by internal ESG personnel and external ESG experts
- Evaluation criteria
 - Scale, scope, calibration potential (for negative impact assessment), occurrence potential (for potential impact assessment)

Materiality Assessment Results

As a result of the analysis, from the total of 11 ESG issues, three of the most influential (environmental impact of packaging materials, sustainable products and services, and energy usage) were selected as material topics.¹⁾



1) Compared to the previous year, "energy usage" has been added as a material topic, and "developing eco-friendly products and services" has been expanded to "sustainable products and services". In addition, "waste management and circulation economy" has been incorporated into the "environmental impact of packaging materials".

| Topics | Major Impact | Impact Type | Level of Impact |
|--|---|-------------|-----------------|
| Environmental Impact of Packaging Materials | <ul style="list-style-type: none"> Cutting down on carbon emissions by reducing the use of plastic packaging materials and converting to recycled/bio-materials Improving the domestic waste recycling rate by enhancing the product packages' ease of recycling and developing reusable containers | Positive | ●●● |
| Sustainable Products and Services | <ul style="list-style-type: none"> Disseminating sustainable lifestyles among consumers by providing products that reflect environment and social values Improving the product environmental impact through the use of sustainable resources and measuring the carbon emissions and water usage of product's entire lifecycle | Positive | ●●● |
| Energy Usage | <ul style="list-style-type: none"> Reduction of carbon emissions through the increased use of renewable energy | Positive | ●●● |
| Hazardous Chemicals | <ul style="list-style-type: none"> Increasing consumers' sense of security and protecting the environment by reducing substances of high-concern when developing products | Positive | ●●○ |
| Industrial Safety | <ul style="list-style-type: none"> Ensuring a safe working environment through accident and disaster prevention measures Increasing accident rates due to the failure to reinforce safety culture within the local community where the business is located | Negative | ●●○ |
| Supply chain greenhouse gas | <ul style="list-style-type: none"> Minimizing environmental impacts by reducing carbon emissions across the supply chain Increasing the burden on suppliers with the strengthened of demands for their carbon emission reduction | Positive | ●●○ |
| Supplier ESG | <ul style="list-style-type: none"> Empowering ESG capabilities within the supply chain Increasing environmental and social impacts due to the negligence of supplier ESG management | Negative | ●●○ |
| Waste Recycling | <ul style="list-style-type: none"> Establishing a circular economy through waste recycling and achieving zero-waste-to-landfill | Positive | ●●○ |
| Anti-Corruption Prevention | <ul style="list-style-type: none"> Creating an unethical trading order and undermining shareholder values | Negative | ●○○ |
| Organization and Operation of the Board of Directors | <ul style="list-style-type: none"> Promoting shareholders' trust by securing the expertise of the board Decreasing social utility, due to prioritization of opinions from a minority of stakeholders, as a result of failing to ensure board diversity | Negative | ●○○ |
| Water Usage | <ul style="list-style-type: none"> Escalation of water stress and exacerbation of water scarcity in the local community | Negative | ●○○ |

Material Topic Management

Amorepacific Group has established a management system to reduce the environmental and social impact of company's activities related to material topics. We have strengthened the management of material topics through continuous monitoring, and transparently communicated the performance outcomes the stakeholders.

Definition of the Top Three Material Topics of 2022

- 1 Environmental impact of packaging materials**
Amorepacific Group is engaged in activities to improve resource circulation by reducing the environmental impact of packaging materials through lightweighting, utilizing recyclable/bio based materials, and enhancing recyclability, as well as by reducing waste disposal during the production and usage stages of Amorepacific Group's products
- 2 Sustainable products and services**
Amorepacific Group is actively contributing to the promotion of sustainable production and consumption by supplying products and services that have minimal environmental impact. This includes products produced with sustainably sourced raw materials, vegan products, and products that have obtained carbon and water footprint certifications
- 3 Energy Usage**
Amorepacific Group regularly measures and monitors energy consumption at its headquarters and production facilities. It establishes management goals such as energy consumption reduction target and increased use of renewable energy, and closely monitors the progress and performance of these goals

| Material topic | Related business scope | | | Area of impact |
|---|------------------------|-----------------------|--------------|--------------------------|
| | Business operation | Products and services | Supply chain | |
| Environmental impact of packaging materials | | ● | ● | Environmental |
| Sustainable products and services | | ● | | Environmental and Social |
| Energy usage | ● | ● | ● | Environmental |

Material Topic Management Scheme¹⁾

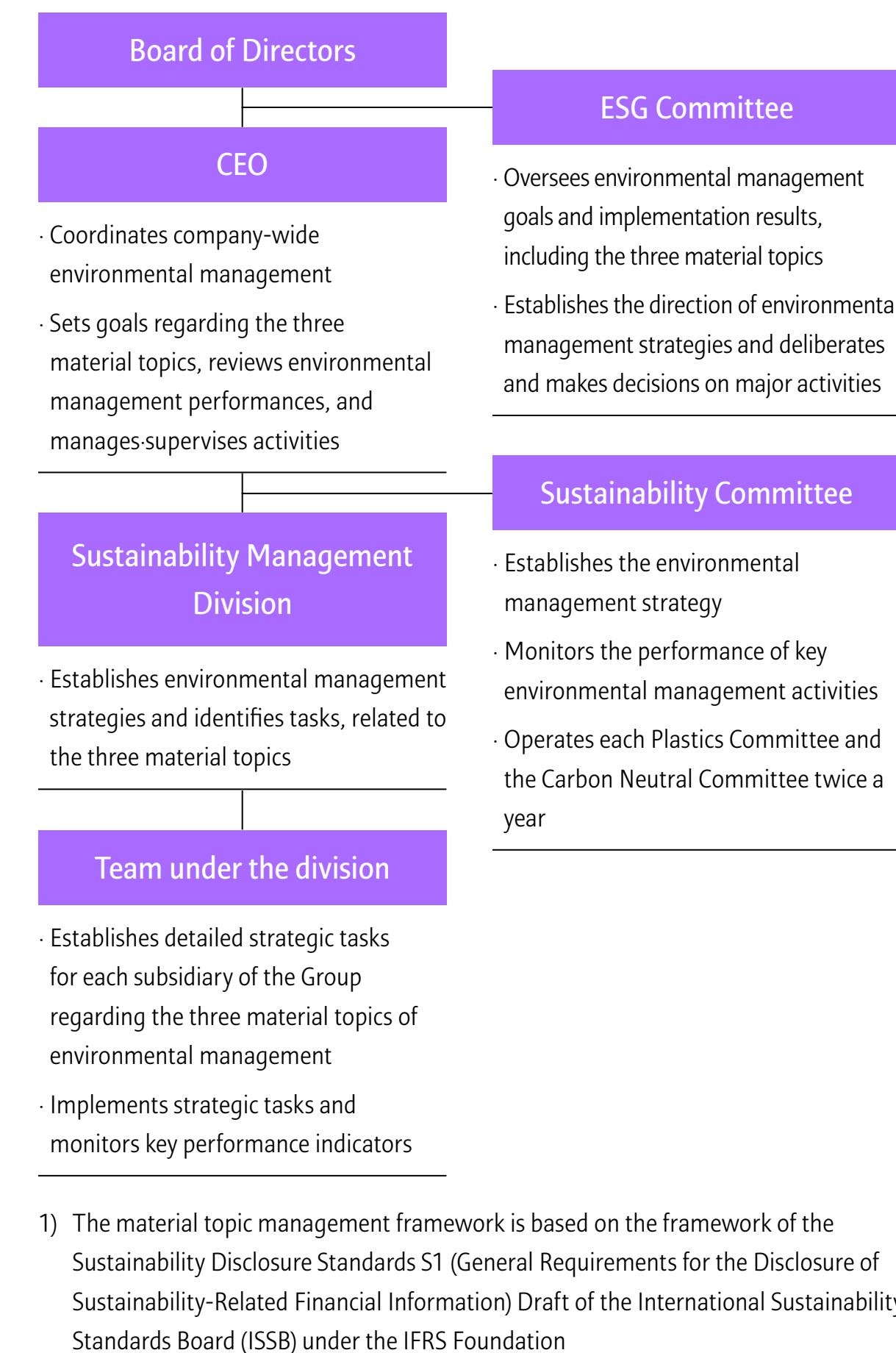
Governance

Under the environmental management promotion system, material topics are managed as key agendas. The Board of Directors, the top decision-making body, oversees related goals and implementation results. The Group reports relevant performances and plans to the Board of Directors annually, in accordance with environmental safety regulations, and the Board makes final decisions. In particular, the Plastic Committee and Carbon Neutrality Committee convene more than twice a year to discuss specific issues related to plastic, resource circulation and energy usage. In addition, the ESG Committee under the Board regularly sets the overall strategic directions for environmental management, including material topics, and deliberates and decides on key activities.

The CEO, who has a responsibility of the overall environmental management of the company, sets management goals for the three material topics, and manages and supervises activities to implement them. Sustainability Committee, also led by the CEO, establishes relevant strategies and periodically monitors the progress on the implementation of the strategy. Specifically, the financial impact on Amorepacific Group, of regulations and policies related to packaging materials, products and services, and energy usage are assessed, and incorporated into the overall management strategy.

Specific strategic tasks related to material topics are identified by teams under Sustainability Management Division, and the identified tasks are implemented by dedicated environmental operations organizations in each subsidiary of the Group. In particular, working groups for each agenda, such as sustainable packaging materials and raw material sourcing, support the implementation of strategic tasks. Additionally, the Environment/Energy Subcommittee, composed of

company-wide environmental and energy representatives, monitors key performance indicators related to energy usage at each business sites and identifies additional challenges for improvement.



¹⁾ The material topic management framework is based on the framework of the Sustainability Disclosure Standards S1 (General Requirements for the Disclosure of Sustainability-Related Financial Information) Draft of the International Sustainability Standards Board (ISSB) under the IFRS Foundation

Strategy 1

Environmental impact of packaging materials

Related 2030 A MORE Beautiful Promise

Promise 4

Reduce the use of plastics in product packaging and create 100% reusable, recyclable or compostable plastic packaging materials.

Detailed Strategies

Operating the 4R (Reduce, Recycle, Reuse, Return) Strategy

Amorepacific Group has established a 4R strategy for packaging materials to reduce unnecessary use of plastic, improve recyclability, and recycle and reclaim containers, to build a plastic circular economy model.

Based on the 4R strategy, we will encourage the use of reusable or recyclable packaging materials through various program operations to gradually reduce virgin plastic packaging. We will also continue to invest resources in research and development of environmentally friendly packaging materials. To improve the efficiency of managing raw materials for plastic packages, we have established a detailed KPI for related objectives at the brand level and we plan on actively managing the environmental impact of the packaging materials.

Strategy Implementation Status

REDUCE

Reduce the Use of Virgin Plastics

In 2022, Amorepacific reduced the use of virgin plastic by 1,080 tons, through efforts such as the expanded use of recycled plastic and packaging lightweighting.

RECYCLE

Improve Packaging Recyclability

Mamonde launched a limited edition Rosewater Toner-Clean Version, with “excellent” grade for recyclability, categorized by the Ministry of Environment. The Rosewater Toner Clean Version is bottled in an easily recyclable colorless container, and has an easy-peel, water-separable label¹⁾ to improve recyclability.



LABO'H launched a paper-type refill pouch that can be recycled at on-site separation recycling program. Notably, the paper material used for the product is recyclable, and refill product(daughter pack) has the effect of reducing plastic usage by 90% compared to the refillable product(mother pack). Additionally, they launched a ‘hair-loss relieving functional solid shampoo bar,’ also reducing the use of plastic packaging.

REUSE

Expand the Reuse of Plastic Packages

Innisfree Collagen Peptide Firming Ampoule Cream is a refillable cream, which enables the outer glass jar to be reused as the inner container is replaced with its refill after use. In addition, refill product is composed of 97% recycled plastic and the outer glass jar is made with 60% recycled glass instead of plastic, further reducing the use of plastic.



HANYUL Yuja Sleeping Mask utilizes lightweight glass container with enhanced reusability. After the customer uses up the mask content, a refill capsule can be inserted and the external jar may be reused again.

Hera Skin Radiant Glow Cushion is the first cushion product in Amorepacific to use 50% recycled plastic in the product packaging(excluding refill container), and bio-based plastic in the puff applicator.

1) Label with adhesive that dissolves well in water and separates easily during the process of washing the PET for recycling

RETURN

Active Collection of Cosmetic Empties through GREENCYCLE

Amorepacific Group is conducting GREENCYCLE campaign to collect and recycle empty cosmetic plastic bottles. Approximately 120 tons of empty bottles were collected in 2022, and a cumulative total of 2,473 tons of empty bottles have been collected since 2009. Especially, the brand Innisfree conducted “Empties Frequency Season 2” campaign in August 2022 to collect and recycle empty bottles. When customers return the empty cosmetic bottles to the store, they received stickers, and depending on the number of stickers accumulated, they were rewarded with additional Beauty Points and products made with 50% recycled plastic from empty bottles. Innisfree collected 68 tons of empty bottles in 2022 through its active packaging collecting program. From 2011 to 2022, Innisfree recycled a cumulative total of approximately 1,174 tons of plastic and glass and thereby reduced greenhouse gas emission by about 1,507 tons.

Strategy 2

Sustainable Products and Services

Related 2030 A MORE Beautiful Promise

Promise 1

Instill the values of environmental and social friendliness into 100% of our new products and pursue endeavors that encourage sustainable living.

Detailed Strategies

Reducing Environmental Impact throughout the Product Lifecycle

Amorepacific Group aims to reduce environmental impacts, such as carbon emissions and water usage, generated in its entire product lifecycle - from raw material sourcing, to production, transportation, use, and disposal of the product. Based on the data measured, we will improve our products in a manner that reduces our environmental impact.

Expanding the Use of Sustainably Sourced Raw Materials

We are purchasing raw materials with the objectives of expanding the use of environmentally friendly raw materials and contributing to local community development. In particular, we are prioritizing our efforts in using sustainable palm oil in our products to minimize the negative impacts such as environmental pollutions and human rights violations that may occur in the production process of palm oil, one of the main raw materials for cosmetics. In addition, we prohibit deforestation, and recommend to make joint efforts in preventing deforestation and respecting the rights of indigenous people in the sustainability guidelines for supplier. Furthermore, through our Beautiful Purchases Agreement, we use eco-friendly raw materials grown by local farmers to help customers select our products with confidence.

Expanding Vegan Products that Exclude the Use of Animal-Derived Raw Materials and Animal Testing

We aspire to practice the value of animal protection by expanding our range of vegan products that exclude the use of animal-derived raw materials and animal testing. In particular, we have obtained vegan product certifications from trusted third-party organizations in South Korea and abroad, to help customers choose products more reliably. Also, we established an internal policy to ban the use of brushes made of natural animal hair and stopped all new production and orders for such products. This policy, which aims to reduce the pain and abuse of animals caused by the development of products that utilize natural animal hair, has been applied to all our products.

Strategy Implementation Status

Reduce Environmental Impact throughout the Production Lifecycle

LANEIGE has actively reduced water usage and carbon emissions throughout its product lifecycle, as verified by water footprint and carbon footprint certifications. Starting with Water Bank product line and Water Sleeping Mask, the brand expanded water footprint measurements to Cream Skin Toner & Moisturizer, to improve their products' environmental impact. LANEIGE saved a total of 3,390,351 liters of water throughout its products' lifecycle, calculated based on the brand's annual sales volume in 2022.

IOPE's Stem III Cream reduced its environmental impact by implementing a green chemistry process that reduces energy consumption in the manufacturing process by 40% compared to the previous method. To further minimize the use of packaging materials, the brand introduced refillable containers, and used FSC-certified paper for secondary packaging, incorporating various eco-friendly elements.



Expand the Use of Sustainably Sourced Raw Materials

Amorepacific Group is expanding the use of sustainable palm oil to minimize its environmental impact caused by the production of the raw material, such as the destruction of rainforests. In 2022, brands including Sulwhasoo, Mise en scène, HERA and ETUDE used sustainable palm oil in a total of 428 new products.

In 2022, raw materials purchased through Beautiful Purchases Agreement were used in five new products from brands including Sulwhasoo and Mamonde. To this end, we purchased 30 raw materials, made with 23 agricultural produce, worth KRW 3.3 billion from the Beautiful Purchases Agreement regions.

Expand Vegan Products

HAPPY BATH is working to expand vegan products, free from animal-derived raw materials and animal testing. All of the 13 products in HAPPY BATH Original Collection Body Wash and Lotion obtained vegan certification through the Korea agency of Vegan Certification and Services.

Launched in 2022, ETUDE Soonjung Director's Sun Cream was certified by EVE VEGAN, a French Vegan certifying body, as a vegan product, and was formulated to be reef-friendly, so it would not cause the whitening of coral reefs, often caused by sunscreens.

AMOS Professional Green Flair is a premium hair dye certified vegan by the Korea agency of Vegan Certification and Services. It is a vegan hair dye formulated with plant-derived ingredients that allows customers to dye their hair with peace of mind, as it is free from 10 problematic ingredients such as ammonia, sulfate surfactant, and silicone oil.



Strategy 3

Energy Usage

Related 2030 A MORE Beautiful Promise

Promise 3

Achieve carbon neutrality and zero-waste-to-landfill across our production sites worldwide.

Detailed Strategies

100% Renewable Energy Procurement

Amorepacific became the first South Korean company in the beauty industry to join the global RE100. RE100 is a global initiative to procure 100% of the electricity used, from renewable energy. Amorepacific is actively promoting the transition to renewable energy through various available means in South Korea, aiming to achieve RE100 in 2025. In particular, we are carrying out activities that reduce our energy usage while increasing energy efficiency, such as expanding the application of low-energy process technology, manufacturing products at low temperatures.

Also, we aim to expand our on-site self-generation facilities within our business premises to produce and utilize renewable energy. As a means of implementation

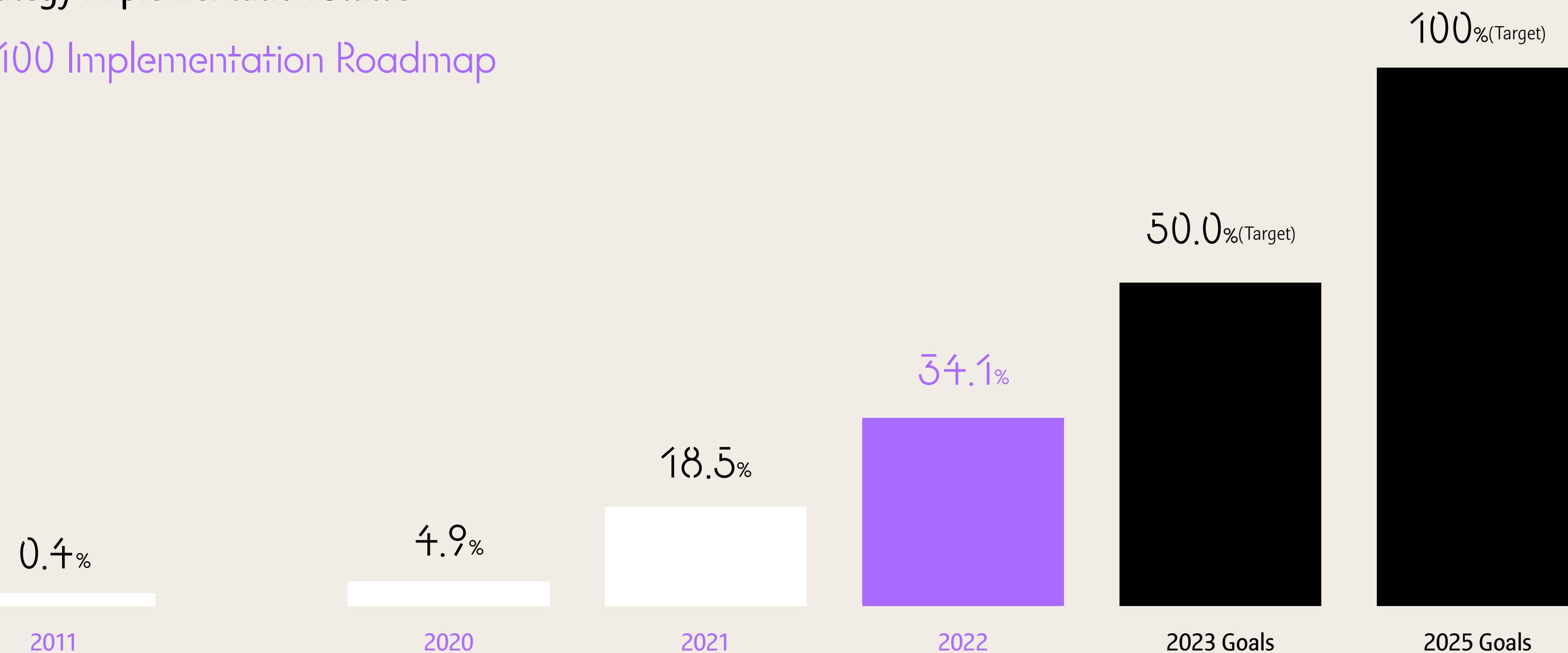
through external procurement, we intend to secure renewable energy through various means such as direct and indirect PPAs¹⁾, VPPAs²⁾, green premium plans, and certificate purchases. We have established energy saving plans customized according to the characteristics of the workplace and continue to invest in renewable energy. In addition, each business site manages energy use and related indicators as important KPIs.

1) PPA (Power Purchase Agreement)

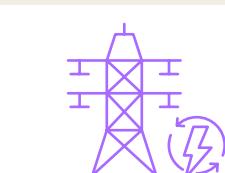
2) VPPA (Virtual Power Purchase Agreement)

Strategy Implementation Status

RE100 Implementation Roadmap



Approach to Achieve RE100



Energy savings and efficiency



Expansion of self-generated solar power



Supply of renewable energy to workplaces through direct and indirect renewable energy purchase agreements



Utilizing the Green Premium Plan



Purchasing renewable energy certificates

Risk Management

Amorepacific Group operates a company-wide integrated risk management system that identifies potential risks throughout the business, and prevents and manages identified risks. We evaluate the extent of the impact of the potential risk according to the risk management process from “limited impact” to “very significant impact” in both financial and non-financial terms. The three material topics identified by the severity assessment are managed separately. By clarifying the responsibilities and authority according to the corporate-wide integrated risk management process, we are systematically and proactively implementing ongoing management activities pertinent to the material topics.

1

Environmental Impact of Packaging Materials

Amorepacific Group, which produces and sells cosmetics consumer goods, prioritizes the management of issues related to the environmental impact of our packaging materials. There is a risk that costs related to regulatory compliance may rise, especially as regulations on packaging materials and waste management become stricter worldwide. Accordingly, Amorepacific Group seeks to increase the proportion of environmentally friendly packaging materials and enhance the recyclability of plastic packaging.

2

Sustainable Products and Services

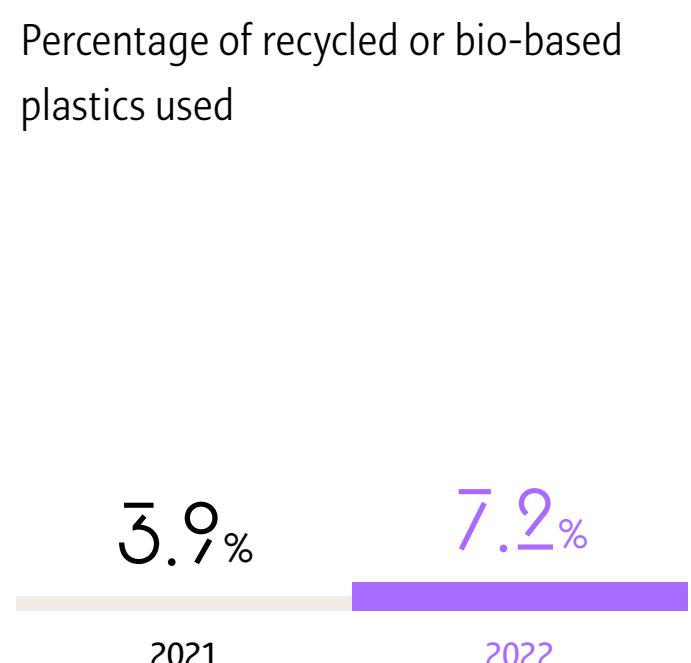
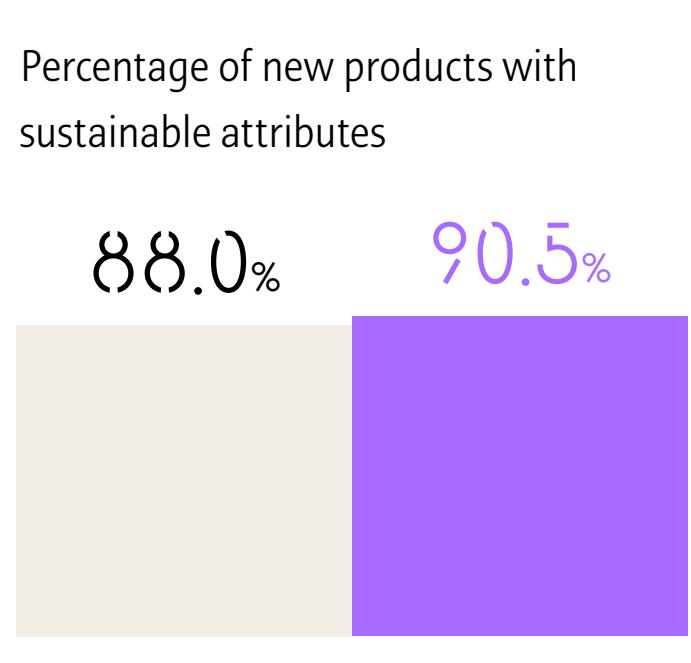
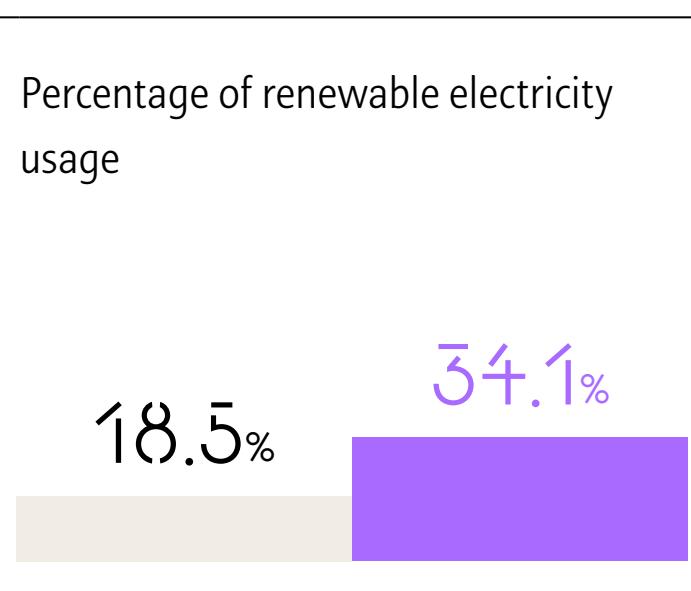
Amorepacific Group manages changes in market demand in accordance with consumer preference shifts. As consumers' demand for sustainable products and services increases, we shall respond by improving the environmental impact of our products. We will minimize risks in the domestic and international markets by securing advantages in technology and quality competition, in response to changing consumer preferences.

3

Energy Usage

Climate risk is the most urgent challenge globally. At the national level, greenhouse gas emission management standards are being strengthened, and accordingly, Amorepacific Group manages energy usage as a material issue. We have declared our commitment to achieving carbon neutrality at global production sites by 2030 and we are actively endeavoring to increase our renewable energy usage.

Metrics & Targets

| Topic | Goals | Indicator | Performance ¹⁾ |
|---|---|---|--|
| Environmental Impact of Packaging Materials | <ul style="list-style-type: none"> Design all plastic packaging materials to be 100% recyclable, reusable, or compostable by 2030 Use recycled or bio-based plastics for 30% of all plastic packaging by 2030 | <ul style="list-style-type: none"> Percentage of recycled or bio-based plastic used out of total plastic consumption Percentage of recyclable or reusable packaging materials |  3.9% 7.2% <small>2021 2022</small> |
| Sustainable Products and Services | <ul style="list-style-type: none"> Implement environmental and social-friendly attributes in 100% of new products by 2030 | <ul style="list-style-type: none"> Percentage of new products with environmental and social-friendly attributes |  88.0% 90.5% <small>2021 2022</small> |
| Energy Usage | <ul style="list-style-type: none"> Achieve carbon neutrality at global production sites by 2030 Use 100% renewable energy at global production sites by 2030 | <ul style="list-style-type: none"> Energy consumption Percentage of renewable electricity usage |  18.5% 34.1% <small>2021 2022</small> |

1) Results of Amorepacific

2022 Highlight 1

Expanding Eco-Friendly Packaging and Sustainable Products

Amorepacific Group is committed to reducing the use of plastic and increasing recyclability at all stages of our product's lifecycle, including planning, development, production and usage. In addition, we are introducing various sustainable products to improve our product's environmental impact based on the technology accumulated through research activities.

Amorepacific Joins the EcoBeautyScore Consortium

Amorepacific became the first South Korean company in the beauty industry to join the EcoBeautyScore consortium in February 2022. The EcoBeautyScore consortium is a consultative body established by global cosmetics and personal care companies, and professional associations with the aim of developing a scoring system that evaluates and measures the environmental impact of cosmetics. Amorepacific established the foundation for environmental footprinting and scoring methodologies through participation in the consortium and developed the primary model for measuring cosmetics environmental footprints. In the future, we will continue to measure the environmental footprint of our products based on advanced methodologies and provide accurate and transparent results to our customers.

Published the Research Results on Environmentally-friendly Hair Strengthening and Curling Technology Using Visible Light in an International Journal

Amorepacific R&I Center and a joint research team at Gachon University College of Engineering conducted a research to replace hair perming ingredients that are harmful to the environment and to the hair and scalp. As a result, we have successfully developed hair care and hair perming technology harmless to the environment, and the human body while not damaging the hair. The joint research team noted that a combination of vitamin B and visible light along with other formulation ingredients, can induce a crosslinking reaction of hair proteins. It has been confirmed that this combination is harmless to the human body and can enhance the mechanical strength and curling effect of the hair. The findings were published on June 2022 in the prestigious international journal «Journal of Cleaner Production» (IF (Impact factor) 10.956). The R&I Center plans to develop new products using the results and solutions found through this research project.

VITAL BEAUTIE Super Collagen Essence Biotin was Selected as Korea's Green Product of the Year in 2022, for the First Time as a Health Functional Food Product

VITAL BEAUTIE Super Collagen Essence Biotin was selected as Korea's Green Product of the Year in 2022. The "Korea Green Product of the Year" award was established in 2008 by the Korea Green Purchasing Network, a non-profit civic group, and is sponsored by the Ministry of Environment to encourage consumers to use more environmentally friendly products and induce companies to make more green products. Super Collagen Essence Biotin, which was the first health functional food product to be selected for this award, was highly appraised for reducing plastic packaging and not utilizing preservatives and artificial pigments. The existing method of drinking one bottle a day was improved by the use of a large container containing collagen to be drunk over 10 days, reducing plastic usage by 64.2%. This resulted in an annual reduction of 17.6 tons in plastic usage.



VITAL BEAUTIE Red Ginseng Extract and Deer Velvet Ampoule Obtains Green Technology Product Certification

VITAL BEAUTIE Red Ginseng Extract and Deer Velvet Ampoule, which uses Cheonsamhwa technology for ultra-

high-pressure ginseng processing, was certified as a green technology product in August 2022. Green technology product certification is a system that certifies promising technologies or projects under the Framework Act on Low Carbon, Green Growth, promulgated in 2010. The certifications are given after the evaluation from Green Certification Committee, of the products and technologies submitted by Korea Institute for Advancement of Technology. Cheonsamhwa technology applied to Red Ginseng Extract and Deer Velvet Ampoule is an eco-friendly technology that has obtained Green Technology Certification by reducing energy usage by more than 10% compared to the existing method, through simplifying the red ginseng processing process.



Mono-material High Barrier Polypropylene Pouch Technology Wins the Korea Star Awards

Amorepacific won the Bucheon City Mayor Prize at the Korea Star Awards with the development of mono-material packaging technology with excellent recyclability. The high barrier PP mono-material pouch is highly recyclable, as it is made with mono-material, and has high barrier properties against contents leakage and inflow of foreign substances. This technology enables us to replace the existing multilayer aluminum film pouch, which is difficult to recycle, with a PP mono-material pouch using transparent inorganic oxide(SiOx) nano film deposition technology. Amorepacific plans to avoid using composite materials for the packages as they are difficult to recycle, and expand products with excellent recyclability by developing mono-material packages.

2022 Highlight 2

Various Efforts to Expand Renewable Energy

Amorepacific Group continues to invest in renewable energy to reduce the environmental impact of management activities and expand its positive impacts on the planet and society by actively responding to environmental problems faced by the world. As part of our efforts, we are continuously working towards achieving RE100, such as entering into the first-ever direct renewable energy supply contract domestically.

South Korea's First-Ever Direct Renewable Energy PPA (Power Purchase Agreement) Contract Signed

Amorepacific became the first South Korean company in the beauty industry to join RE100 on March 10, 2021, and plans to replace all electricity used at all its production sites, the R&I Center, the logistics and regional offices, with renewable energy by 2025.

To that end, in 2022, Amorepacific signed a PPA with SK E&S, a private power generation operator, becoming the first in Korea to purchase renewable energy directly. Amorepacific Daejeon Daily Beauty production site will receive renewable energy power generated electricity from a 5MW solar power plant through direct PPA, for 20 years. This is expected to reduce greenhouse gases by about 2,700 tons per year. Amorepacific is leading the way in implementing RE100 by becoming the first-ever to sign a direct contract for renewable energy.



Yeonggwang Jungang Solar Supplies Renewable Energy to Amore Beauty Park

Manufacturing of Products through 100% Renewable Energy

Amorepacific has signed a third-party PPA¹⁾ with Korea Electric Power Corporation and EcoNetwork to receive renewable energy for 20 years. Through this agreement, Amore Beauty Park in Osan has been receiving renewable energy produced from a 2MW solar power plant since February 2023. This will reduce greenhouse gases emission of the plant by more than 1,100 tons per year.

Amore Beauty Park has already established its own 2.6MW solar power infrastructure, and has been recognized by Korea Electric Power Corporation for its green premium use of renewable energy to redress the periodical lack of solar power or the lack of power generation. As a result, Amore Beauty Park has been reborn as a production site that uses 100% renewable power to manufacture products by securing additional renewable energy through third-party PPA.

1) Third-party PPA: A system in which Korea Electric Power Corporation enters into a purchase contract with a power generation operator and a sales contract with a company, to trade renewable energy power between three parties

Signs South Korea's First-Ever Virtual Power Purchase Agreement with Jeju Village Wind Power

In November 2022, Amorepacific signed the nation's first-ever virtual power purchase agreement²⁾ with Bukchon Seomo Wind Power Co., Ltd., a wind power plant in Bukchon-ri Village, Jeju. This was the first achievement of the "Public-Private Cooperative Jeju-style RE100 Trading Market System Establishment Agreement" conducted by Jeju Provincial Government. Through this we will lay the foundation for effective use of renewable energy and play a leading role in promoting carbon neutrality.

This virtual power purchase agreement enables us to secure 3MW of wind power renewable energy for about 17 years, until 2040. The renewable energy certificate obtained through this agreement enables the conversion of renewable energy to Amorepacific buildings and workplaces, contributing greatly to the achievement of RE100. Furthermore, we plan to ensure the fixed income of residents in need of financial independence, by settling the difference between the fixed price and the wholesale market price of electricity on a monthly basis. Amorepacific will co-prosper with local communities and work together with them to transform to renewable energy in the era of the climate crisis.

2) Virtual Power Purchase Agreement: A type of transaction in which a company assumes the market risks associated with the sale of electricity at a plant and receives an energy certificate

2022 Highlight 3

Developing Customized Products through Digital Transformation

As customers' lifestyles become more diverse, expectations are growing for customized products and services tailored to their individual interests and needs. Through digital innovation, Amorepacific Group provides products and services optimized for individual characteristics such as skin type and sleep patterns to provide differentiated experiences and increase customer satisfaction.



COSMECHIP, customized skincare cosmetics manufacturing device

COSMECHIP, a Customized Cosmetics Manufacturing Device, Wins the CES Innovation Award

COSMECHIP, which won the CES 2023 Home Appliance Innovation Award, is a device that offers customized skincare cosmetics through the insertion of ACTIVECHIP, which contains active ingredients. The ACTIVECHIP can respond immediately to the short-cycled changing needs of customers, by manufacturing two weeks' worth of cosmetics according to their skin concerns. The microfluidic channel technology developed by Amorepacific has been applied, to uniformly combine small amounts of water and active ingredients. In addition to providing a choice of active ingredients for product efficacy, it provides adjustability in product oiliness and texture according to the customer's preference. The active ingredients stored in the ACTIVECHIP do not contain moisture, and therefore they can be stored stably for a long time, preserving their efficacy in the best condition until delivery to the customer. Authentic Color Master by TONEWORK, which won the Innovation Award in Robotics, is a customized smart makeup manufacturing system solution based on AI and robot arms. Artificial intelligence algorithms with facial recognition technology and color theory approach accurately assess customer' skin tones and recommend optimal makeup colors. High-precision robotic arms can manufacture a variety of makeup products in a short time, such as bespoke foundations, cushion foundations, and liquid lipsticks.

Development of Personalized Sleep Solutions through Research Collaboration

Amorepacific signed a business agreement with Asleep to strengthen cooperation in sleep research. Asleep is a SleepTech startup that possesses a solution for diagnosing various sleep conditions by collecting breathing sound data during sleep in a non-contact manner and analyzing the data using AI technology. Unlike other sleep analysis technologies, Asleep's technology has the advantage of being easy to use, as only a smartphone is needed to measure the sleep states without any direct contact with equipment. It also enables more precise sleep analysis than traditional wearables (smartwatches etc.) and assistants (pads, pressure sensors, etc.).

Amorepacific will collaborate with Asleep to develop a next-generation sleep solution to expand the share in the sleep market. With the goal of further strengthening our global competitiveness in the "Sleeping Beauty" category, we will scientifically verify cosmetics and health functional foods through ultra-personalized advanced sleep diagnostics. We will secure our competitiveness in the sleep market through various initiatives. Furthermore, we plan to improve the quality of our customers' lives by introducing Amorepacific's unique, personalized sleep-related products.



Agreement between Amorepacific and Asleep on Sleep Research Cooperation

Providing Customized Cosmetics using AI-based Skin Diagnosis Technology

Dr. Amore® is a skin image diagnosis AI technology developed by Amorepacific, based on over 60 years of our skin research,

and AI technology. The AI technology utilizes the learnings of more than 20,000 skin photos analyzed by clinical experts. It allows us to accurately measure various skin conditions such as wrinkles, pores, pigmentation, and erythema based on one single photo without expensive skin measuring equipment. Hence, it has become our standard skin diagnosis platform, as it is suitable for large-scale customer skin research and contactless personalized customer services.

In addition, CUSTOM.ME, a brand that offers products and solutions tailored to customers' skin types, launched CUSTOM.ME Bespoke Essence, an ultra-personalized cosmetic product, in early February 2023. When customers upload their facial photo on to the CUSTOM.ME+ phone application, AI technology diagnoses skin conditions and provides personalized skin analysis reports. After analyzing the survey on skin concerns and lifestyle, the optimal product is manufactured by combining two active ingredients customized to skin conditions and a formulation suitable for specific skin types.

Development of the World's First Electronic Skin with MIT Research Team

Amorepacific developed the world's first "chip-less and wireless electronic skin" in collaboration with a research team at MIT (Massachusetts Institute of Technology). Using a chip-free, epitaxial freestanding compound semiconductors, the sensor is highly sensitive and can be attached to curved skin, allowing customers to wirelessly measure their individual skin condition anytime, anywhere, without cumbersome equipment. Skin diagnosis for people who work in special environments and need to withstand extreme cold, heat, and dryness has become easier, and with this technology it has enabled us to develop customized functional cosmetics for them as well. The transmitted skin diagnosis results will be used as data necessary for the development of customized cosmetics and various functional cosmetics in the future.

Chapter 3

Our Performance

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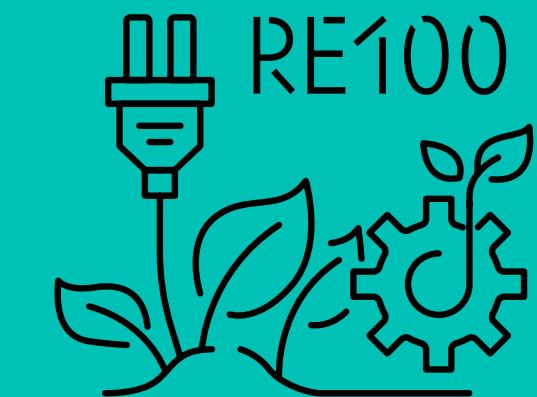
Environmental

2022 Performance

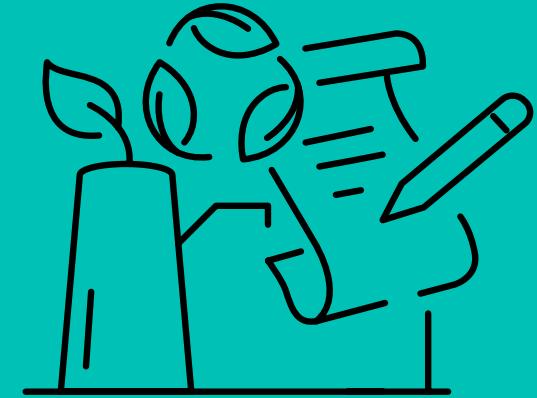
Expansion of conversion into renewable energy

Proportion of Renewable Electricity Use
34.1%¹⁾

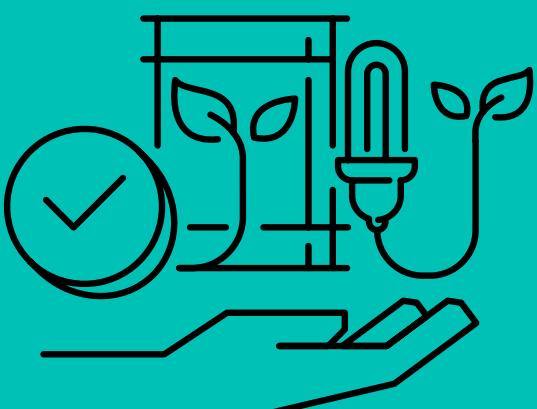
1) Based on data for Amorepacific



Daejeon Daily Beauty production site, first-ever in South Korea
Signed Renewable Energy Direct Power Purchase Agreement^{PPA}



Osan Amore Beauty Park, first in South Korean beauty industry
Obtained Zero-Waste-to-Landfill^{ZWTL} Verification



Environmental Management System

Amorepacific Group established an environmental policy to minimize environmental impact from the perspective of the entire business activities and processes, and established an environmental management system covering all workplaces.

Environmental Management Implementation System

Environmental Policy

Amorepacific Group aims to minimize the environmental impact generated by its business activities and fulfill its social responsibility for environmental conservation. This sense of responsibility and willingness are well contained in the Group's environmental policy. All our employees recognize the value of the environment, strive to comply with environmental policies, and fulfill their responsibilities and obligations toward the circular economy in all areas of work. In addition, Amorepacific Group's responsibility towards the environment is considered throughout the process of its business activities. We have established a Group-wide environmental management system to minimize our environmental impact through continuous evaluation and improvement. In order to manage the environmental impact generated by the supply chain as well as the activities of Amorepacific Group, we consider environmental risks at the stage of supplier selection and continue to communicate with suppliers on major environmental issues.

Environmental Policy

Management System for Environmental Management

Amorepacific Group has applied the environmental management systems verified through an international standards, ISO 14001 to all production sites to promote sustainable environmental management. For the first time in the beauty industry, Amorepacific Group obtained the integrated environmental permission (No. 0294-01) in line with its aim to minimize its negative impact over the course of the entire production cycle, through operating environmental management systems that meet international standards.

In addition, business sites within Amorepacific Group comply with SHE (Safety, Health, Environment) management standards, designed as a four-step Plan-Do-Check-Act process. We operate Group-wide standards for environmental management by deriving 31 management items based on SHE Group guidelines. We have

SHE Management Standards

| Plan | Do | Do |
|--|---|--|
| Reg. 1 SHE management system | Reg. 14 Management of hazardous and dangerous tasks | Reg. 27 Energy and greenhouse gas management |
| Reg. 2 Risk assessment and management | Reg. 15 Management of the work environment | Reg. 28 Environmental impact assessment |
| Do | Check | Act |
| Reg. 3 Legal management | Reg. 16 Health and hygiene management | Reg. 29 Monitoring & measurement |
| Reg. 4 Managing documents and records | Reg. 17 Management of visitors' safety | Reg. 30 Audit and inspection |
| Reg. 5 Resource management | Reg. 18 Management of safety and health during business trips | Reg. 31 Corrective action for nonconformity |
| Reg. 6 Training management | Reg. 19 Safety and health management for events | |
| Reg. 7 Communication management | Reg. 20 Safety and health management for daycare centers | |
| Reg. 8 SHE management for partners | Reg. 21 Management of safety culture | |
| Reg. 9 Emergency management | Reg. 22 Water management | |
| Reg. 10 Management of facilities and equipment | Reg. 23 Atmosphere and odor management | |
| Reg. 11 Management of chemicals | Reg. 24 Waste management | |
| Reg. 12 Management of specific substances | Reg. 25 Noise and vibration management | |
| Reg. 13 Safety management of vehicles and unloading machines | Reg. 26 Soil and groundwater pollution management | |



Management of Environmental Performance

Amorepacific has established mid- to long-term environmental goals for important environmental issues such as packaging and energy in accordance with the five sustainable management goals specified in '2030 A More Beautiful Promise,' and is carrying out management activities to reach the goals. The annual performance towards the goals is linked to the compensation system for executives to encourage their active participation in the efforts to achieve them. Furthermore, every year, production sites set targets for the 'Environmental Operations Index' and monitor their performance every month. This performance has been linked to the KPIs of related executives and employees to further strengthen the execution of environmental performance management.

Environmental Investment and Education

Amorepacific Group conducts environmental investments to operate a smooth environmental management system and achieve environmental goals. In 2022, environmental investment and operation costs totaled 4.55 billion KRW for the Amorepacific Group and 4.5 billion KRW for Amorepacific. In addition, prior to making new investments, environmental risks are reviewed in advance based on the safety and environmental checklist. Matters related to environmental regulations compliance, and safety and health are checked alongside the checklist, and new investments are made only for cases verified by the teams in charge of safety and environment.

Amorepacific Group provides in-house environmental education on plastics, environmental labeling/advertisements, climate change, and chemical substances to raise the level of awareness regarding eco-friendly management among all employees. In particular, the Subcommittee on Environment and Energy is conducting training for environmental practitioners in addition to the compulsory legal education. We strive to enhance the capabilities of the working-level staff in charge of environmental management, through education on policies and trends related to the environment & energy, management of pollution prevention facilities, and practical training on building energy conservation. In 2022, we reviewed legal operations through on-site visits to all domestic production sites and conducted training on environmental policy trends and legal implementation. As a result, there were no significant environmental violations and no fines for environmental violations in 2022.

Number of Participants in
Environmental Education
(Based on data for
Amorepacific Group)

Total **2,967** employees

Environmental Education Hours
(Based on data for
Amorepacific Group)

Total **7,469** hours

Response to Climate Change

Amorepacific aims to realize Carbon Neutrality and fulfill its responsibilities regarding climate change as a global corporate citizen, by reducing GHG emissions and offsetting emissions generated by production processes and corporate activities. In particular, we will respond actively to climate change by expanding the use of renewable energy in product manufacturing processes and reducing GHG emissions from the entire process of corporate activities, including supply chains.

Measures for Responding to Climate Change

Amorepacific has established a climate change strategy to realize carbon neutrality based on its eco-friendly beauty leadership spanning over 30 years. The two pillars of Amorepacific's climate change strategy for achieving carbon neutrality are process innovation, and product innovation.

Through process innovation, Amorepacific seeks to minimize climate impact across all the processes of the company, production, logistics, and suppliers. First of all, we will primarily focus on the production part of the entire product lifecycle from production to disposal, to convert the electricity used into renewable energy. By 2025, Amorepacific's headquarters, R&I Center, stores, and sales offices will use 100% renewable energy to minimize the climate impact of the entire process.

Through product innovation, we will reduce GHG emissions at the product level and lay the foundations for various stakeholders to work together on climate crisis. We will reduce our products' environmental footprint by reducing GHG emissions throughout the entire process, from raw material production, product usage, to product disposal. Furthermore, we will join forces with various stakeholders, including the government, companies, suppliers, and civic groups to overcome the climate crisis.

Amorepacific's Climate Change Strategy for Carbon Neutrality

PROCESS INNOVATION

Company-wide

Global production sites, Amorepacific headquarters, R&I Center, regional offices, etc.

Use **100%** renewable electricity

Production

Global production sites

Achieve carbon neutrality at **5** production sites

Logistics

Domestic logistics

Convert to **100%** eco-friendly vehicles

Suppliers

Assess suppliers' sustainability and work together to reduce GHG emissions

PRODUCT INNOVATION

Products

Development of products with reduced environmental footprint

Expand the range of products with reduced water/carbon usage

Reinforce R&D on green chemistry

Reduce the use of virgin plastics

Improve packaging materials and structures

Consumers

Improvement of awareness

Provide firsthand eco-friendly experiences and expand education

2030 Carbon Neutrality

2030 Carbon Neutrality Roadmap

Amorepacific recognizes the seriousness of climate change and, as a responsible global corporate citizen, is working hard to reduce GHG emissions stemming from corporate activities. To this end, we have established a 2030 Carbon Neutrality Roadmap in consultation with the industry, academic experts and top management. Amorepacific will reduce 100% of Scope 1 and 2 emissions by 2030 compared to 2018 emissions. In 2022, Amorepacific increased the share of renewable electricity used at all workplaces up to 34.1% and increased energy efficiency at production sites, reducing GHG emissions by 42.7% compared to 2018. By 2022, eight of the domestic vehicles were converted to electric vehicles, and five rapid chargers have been installed to continue the eco-friendly, carbon neutral transition.

Conversion to Renewable Energy

Amorepacific was the first in the South Korean beauty industry to have joined RE100, a global renewable energy campaign. Recognizing the importance of expanding renewable energy to overcome the climate change crisis, we are making various attempts to utilize the newly revised domestic renewable energy policy with the aim of achieving RE100 early, in 2025. In 2022, we were the first in South Korea to sign a direct PPA for renewable energy, with SK E&S. Through this, it is expected that Daejeon Daily Beauty production site will receive 5MW of renewable energy for 20 years from the first half of 2023, reducing GHG emissions by about 2,700 tons per year. Additionally, in 2022, Amorepacific signed a third-party PPA with Korea Electric Power Corp. and Eco-Network. Amore Beauty Park, which produces major Amorepacific products such as Sulwhasoo and LANEIGE, has already secured its own 2.6MW solar power infrastructure, and it has been able to produce products using 100% renewable power from 2022 due to the supply of renewable power through green premium and third-party PPA. Furthermore, in 2022, Amorepacific signed South Korea's first-ever renewable energy virtual power purchase agreement (VPPA) with SK E&S and Bukchon Seomo Wind Power, and will receive 3MW of renewable energy for about 20 years.

In addition, Amorepacific's business sites are making various efforts to independently produce renewable energy. Since 2021, 100% of the electricity used in Shanghai Beauty production site is from renewable energy. Also, solar power generation facilities the size of 1.6MW have been installed in Amore Beauty Park in Osan, Daily Beauty production site in Daejeon, and Beauty production site in Shanghai. Currently, Amorepacific generates and uses its own renewable energy from the 4.3MW solar power plant installed. Along with the additional renewable energy secured through VPPA, we were able to convert 34.1% of the company's electricity used in 2022 into renewable electricity.

Ensuring Energy Efficiency in Production Sites

Osan Amore Beauty Park has been carrying out various activities to reduce energy consumption and increase the proportion of renewable energy usage. First, we reduced our total energy use through enhancement of energy efficiency and conservation activities. Also, we are expanding in-house power generation facilities to produce our own renewable energy as much as possible, even though this requires cost investment and maintenance efforts. In 2022, 4% of the total electricity used at production sites was obtained from solar power generation, and we plan to expand our own power generation facilities in the future. In addition, Osan Amore Beauty Park achieved RE100 in 2022 through the purchase of green premium plan and the signing of PPA.

Furthermore, we have combined innovation in the facility operation process and electricity conservation activities in our daily work life to reduce overall energy consumption. We established a system to control the ventilator, which operated 24 hours a day, regardless of facility operation. Additionally, we improved our facilities to reduce power consumption while bettermenting funtions to prevent air pollutants being released into the air, and these measures were selected as a best practice by the Ministry of Environment. Electricity consumption was reduced by changing the thermal or heating system of the production facility, and activities for continuous energy savings were identified and implemented through electricity conservation initiatives and energy task force (TF) activities. Representatively, Osan Amore Beauty Park reduced the annual gas (Scope 1) usage by 72,519m³, and electric (Scope 2) usage by 812,276kW by applying motor inverters, controlling temperatures for heating and cooling systems, improving lighting control efficiency, and upgrading facility functions.

Transition to Low Carbon Logistics

Amorepacific also aims to minimize GHG emissions in areas of direct and indirect activities involved in product delivery. To this end, we have now adopted eight electric vehicles and operate five rapid chargers. We are continually converting logistics center vehicles into eco-friendly vehicles, and plan to convert all related distribution vehicles into eco-friendly vehicles by 2030.

Percentage of eco-friendly vehicles owned
(Based on separate data for Amorepacific)

7.9 %

Eco-friendly Building Design

Amorepacific Group is constructing environmentally friendly buildings to achieve energy efficiency in its operations.

Amorepacific headquarters is an eco-friendly building verified with 'First Grade G-SEED (Green Standard for Energy and Environmental Design) Certification,' 'First Grade Energy Efficiency,' and 'Gold Grade LEED (Leadership in Energy and Environmental Design)'. The building is designed to consume 37.6% less energy than the projected energy demand.

In addition, Amorepacific is expanding the use of renewable energy, including solar power generation facilities installation in idle spaces at its headquarters and production sites to increase renewable energy generation following the RE100 declaration. Solar panels are installed and operating in Amorepacific headquarters, Osan Amore Beauty Park, and Innisfree Jeju House. In the case of Amorepacific headquarters building, about 4.2 TJ of renewable energy, including solar and geothermal energy, is produced and used in-house. China's Shanghai Beauty production plant installed solar power generation facilities to achieve carbon neutrality with 100% renewable energy in 2021, and also remained carbon neutral in 2022. Until now, we have installed solar power generation facilities with 4.3MW capacity by utilizing idle spaces at various domestic and international workplaces.

In particular, Osan Amore Beauty Park is a space that receives attention for its eco-friendly design. Osan Amore Beauty Park has already secured its own power generation infrastructure of about 2.6MW by installing solar modules on the roof of the logistics building, and is designed to use energy efficiently to curb GHG emissions. It is equipped with a heat shrink system using late-night electricity to store cold water late at night and then use it for cooling during the day. It is also designed to maximize natural lighting and reduce electricity usage through AI lighting. Rainwater storage and purification facilities are installed to reuse more than 6,000 tons of rainwater annually for landscaping and washing work clothes, and further the amount that accounts for 30% of the total water required for the entire production process is recycled.



Solar Power Generators Installed on the Roof of Osan Amore Beauty Park

Management of Climate Risks and Opportunities

Amorepacific Group recognizes the seriousness of climate change and considers it an important factor to consider in business operations. We evaluate climate risks and opportunities systematically, reflect factors that have a large impact on the company in our management strategy, and strive to respond proactively to risks by establishing appropriate countermeasures.

Climate Risk and Opportunity Management System

Climate Governance

Climate risks and opportunities are managed and supervised by the ESG Committee under the Board of Directors. Specifically, reports and decisions on climate strategies, action plans, and implementation performance are made by the ESG Committee every quarter. In 2022, internal and external trends related to climate change, and investment plans and outcomes for reducing GHG and driving RE100 were discussed at the ESG Committee meetings. The Sustainability Committee, composed of top management, works with the ESG Committee to make strategic decisions on climate agendas and monitor the implementation of tasks to address key challenges.

Climate Risk and Opportunity Management Process

Amorepacific Group periodically identifies risks and opportunities that are highly associated with the company's business, and evaluates the level of impact of the identified factors to select significant risks and opportunities. We also use climate-related scenarios to analyze the impact of climate risks and opportunities over time and reflect the findings in our business strategy.

This climate risk management process is integrated into the Enterprise Risk Management process. The ESG Committee manages climate risks regularly, and a company-wide Risk Management Committee comprised of top management discusses solutions and prepares countermeasures in the event of significant climate risks.

Step 1

Identify climate risks and opportunities

Step 2

Assess climate risks and opportunities

Step 3

Analyze climate scenarios

STEP 1: Identify Climate-related Risks and Opportunities

Amorepacific Group aims to minimize negative impacts through preemptive responses by identifying climate risk factors. We also want to identify opportunity factors, reflect them in management strategies and activities, and thereby realize new growth engines. According to the TCFD recommendations, climate risks were divided into transition risks and physical risks, and risks and opportunities that are highly relevant to the company's business were identified.

Key Climate-related Risks and Opportunities Factors

| Category | Climate-related Risks | Climate-related Opportunities | Emerging Financial Impact |
|-----------------------|--|--|--|
| Transition Risk | <ul style="list-style-type: none"> Regulations · Strengthened reporting obligations for GHG emissions Increased product export risks and compliance costs due to stricter regulations on packaging materials and waste management globally | <ul style="list-style-type: none"> The Group's exclusion from GHG management regulations in accordance with the 2030 carbon neutrality goals for production sites. Decreased cost exposure associated with the rising fossil fuel prices, through the expansion of renewable energy generation. Reduced EPR costs through the development of recyclable products. | <ul style="list-style-type: none"> Increased costs for responding to climate-related regulations Minimized variable fossil fuel costs through 100% conversion to renewable energy Reduction of mid-to-long term production costs through efficient energy facilities |
| Technology | <ul style="list-style-type: none"> Increase in water and energy usage at business sites due to the advancement of product quality levels (such as acquiring facilities) Increased strain to research on low carbon and water-saving products and technologies | <ul style="list-style-type: none"> Securing competitive advantage in technology and quality based on changing consumer preferences Establishing a low carbon production process | <ul style="list-style-type: none"> Increased energy costs due to new investments, research, and equipment purchases Reduced costs by reusing water and rainwater |
| Products and Services | <ul style="list-style-type: none"> Changes in market demand and revenue due to changes in consumer behavior Increased uncertainty in the supply of raw/subsidiary materials due to extreme weather conditions Restrictions on the use of water-intensive products (including shampoo and body wash) in countries with water stress | <ul style="list-style-type: none"> Increased consumption of low carbon and water-saving products Creating new market value by adapting to climate change | <ul style="list-style-type: none"> Cost increases due to rising costs of raw materials caused by extreme weather Increased demand and sales of low carbon and water-saving products Reduced operating costs through the transition to eco-friendly logistics, transportation, and sales methods |
| Reputation | <ul style="list-style-type: none"> Negative views and evaluations by stakeholders (including NGOs) | <ul style="list-style-type: none"> Sincere communication and building trust with customers by expanding eco-friendly activities | <ul style="list-style-type: none"> Decrease in sales due to a decline in customer trust Sales growth achieved by strengthening the eco-friendly image |
| Physical Risks | <ul style="list-style-type: none"> Reduced quality of raw/subsidiary materials and products due to sudden temperature changes Production disruption (transportation, supply chain disruption, safety and health issues, absenteeism, etc.) due to increased incidence of extreme weather conditions (e.g. typhoons, floods) Increased repair costs due to facility damage | <ul style="list-style-type: none"> Establishment of measures for adapting to climate change, leading to reinforcement of facility safety, employees' health management, and product quality management. | <ul style="list-style-type: none"> Financial losses due to discontinuation of production Avoiding emerging risks by establishing a preventive climate adaptation management strategy |

STEP 2: Assess Climate-related Risks and Opportunities

The identified factors are classified into four categories based on the enterprise risk management process: market, product, supply chain, and sales and distribution networks to assess the extent of impact. Through the evaluation, potential factors that have a significant impact on the overall business are selected among various risk and opportunity factors, and measures are established and implemented by the relevant departments to respond effectively to the factors.

The assessment found that the most significant of the physical risks were power outages due to extreme weather conditions and facility outages due to disruptions in the heating and cooling systems. Damage to the facility is expected to increase the cost of repair. It is also expected that among the transition risks, we have a high chance of facing risks related to the carbon border tax. In particular, Amorepacific Group exports its products to various overseas countries in Asia, Europe, and North America, so price competitiveness may deteriorate due to increased production and export costs when the carbon border tax is applied.

According to the analysis, the significant opportunity factors were the creation of new market value through the development of eco-friendly products and services, and the reduction of mid- to long-term production costs due to the efficient use of energy/water. Amorepacific Group may gain market leadership by providing customers with sustainable consumption opportunities in line with changes in consumers' eco-friendly preferences, and implementing differentiation strategies. Furthermore, expanding the use of renewable energy offers an opportunity to minimize the cost exposure from increasing fossil fuel prices and carbon taxes.

STEP 3: Analyze Climate-related Scenarios

Through climate-related scenario analysis, Amorepacific Group identified the future climate risk level in detail. IPCC RCP Representative Concentration Pathways(RCP) 4.5 and RCP 8.5 scenarios were used to assess physical risks, and IEA SDS scenarios were used to assess transition risk and opportunity factors.

Scenario analysis confirmed that for physical risks, the risk of plant closures due to large-scale flooding, water resource risks, and increased precipitation will be the most significant factors. Based on the evaluation results, a response strategy was established to minimize their impact throughout the entire business process. Specifically, we are expanding the use of rainwater in our workplaces, conducting regular facility safety inspections with regards to weather changes, and increasing the efficiency of energy use by expanding the use of renewable energy.

Since the cosmetics industry has less energy consumption and carbon dioxide emissions than other industries, the possibilities of transition risks such as carbon taxes and energy costs are less compared to other industrial sectors. However, if carbon dioxide is released at the current rate, operations of the Amorepacific Group are expected to cause much more carbon dioxide emissions by 2030. Since carbon dioxide reduction activities are essential to achieve the carbon reduction target set by Amorepacific Group for 2030, we have established a response strategy to achieve the reduction targets. We will actively pursue the development of new technologies to reduce Scope 1 emissions and expand the installation of renewable power facilities and purchase of renewable electricity to reduce Scope 2 emissions.

Minimize Environmental Impact

Amorepacific Group is responding to various issues around the workplace, including matters related to water resources, wastewater, air pollutants, chemicals, wastes, and biodiversity, to minimize the environmental impact of the production site operations. We strive to become a safer and cleaner company in the production sites and surrounding ecosystem through proactive measures, such as managing with enhanced standards beyond legal requirements and reusing rainwater within the production facility.

Reducing the Environmental Impact of Production Sites

Integrated Management of Chemical Substances

Amorepacific Group has established AP-CHEMS, an integrated chemical substance management system, to safely manage all chemicals used in our production processes. Material Safety Data Sheets (MSDS) for chemicals are managed in an integrated manner through the AP-CHEMS system. We established a database of all the different types of materials (raw materials, reagents, MRO, etc.) with the information on substances subject to work analysis, controlled substances, hazardous substances, and substances subject to special inspections, with regards to occupational safety and health. Through this database, we conduct systematic health management activities. In addition, we are conducting regulatory review and establishing a database for new chemicals.

Management of Air and Soil Pollutants

Amorepacific Group monitors the emission status and conducts regular facility inspections to manage and reduce air pollutants efficiently. Amore Beauty Park, in particular, obtained the Ministry of Environment's integrated environmental permit for the first time in the beauty industry in 2021, and manages facilities for each category of environmental pollutant emission such as air, soil, and water by integrating the permits. Air pollutant discharge is prevented by automatically controlling the damper of the local exhaust system within the air emission facility through the control of the fan inverter in the air pollution prevention facility. Also, a system for monitoring the operation of the air pollution prevention facility is established to control the operation status of the facility in real-time. As a result, air pollutants are discharged at a level that is about 20% lower than the legal emission allowance. In addition, to preserve soil environment, soil contamination near the workplace is

periodically measured in consultation with external experts. Measurement results are reported to the Subcommittee of Environment, which is attended by company-wide environmental personnel, and monitored regularly.

Water Resource Management

Amorepacific Group has established the 3R principles of 'Reduce' to improve the efficiency of water use, 'Recycle' to expand water recycling, and 'Reuse' to expand water reuse, for efficient management of water resources. In particular, the in-house standards for the management of water pollutants are managed at a level that is about 30% stricter than legal acceptance standards. Wastewater treatment is managed based on strengthened internal standards, which includes measuring not only specific water hazardous substances such as copper, lead, and mercury, but also other potential substances of concern. Rainwater is collected and used as recycled water through 3,000-ton storage facility, and in 2022, the use of recycled water was expanded to include landscaping, car wash services, cooling water for refrigeration units, and air conditioning. We also established an infrastructure to reuse the final treated water as landscaping water, reducing water usage and finding its additional uses. We have established a system to monitor water withdrawal automatically in Amore Beauty Park, and installed a groundwater pump inverter to reduce groundwater usage in OSULLOC Farm, so that groundwater could be withdrawn efficiently according to the weather forecast. Also, we are in the process of designing and constructing a rainwater usage system (Siphonic roof drainage) in the new OSULLOC farm in Jeju.

Wastewater Management

Amorepacific Group has implemented a monitoring system that allows centralized control of all processes for thorough management of wastewater. Real-time measurements of Total Organic Carbon (TOC) are being monitored. In addition, the underwater stirring method was changed from the existing air

blowing method to the horizontal vortex generation stirring method to implement efficient treatment of pollutants. We manage the wastewater discharge processes that are subject to environmental impact assessment, by registering them in the major environmental impact registration system.

Conservation of Biodiversity

Preserving biodiversity is closely tied to the company's business, as a significant portion of Amorepacific's raw materials comes from plant resources. We established a separate strategy to use biological resources and preserve biodiversity in a more sustainable way, and in 2022, invested about 2.32 billion KRW in biodiversity conservation and their sustainable use. Amorepacific reviews and reflects international standards such as those set by the International Union for Conservation of Nature (IUCN) in its raw material management system to examine whether the new raw materials violate the standards, before selecting them to be used. We are also actively building a biodiversity research network. We are conducting joint research with National Institute of Biological Resources and Baekdudaegan National Arboretum to find the hidden value of indigenous plant resources on the Korean Peninsula. Furthermore, we are continuously carrying out biodiversity preservation activities to protect the environment in the vicinity of the production sites. A leading example is our participation in the improvement of Osancheon Ecological Stream in Osan, Gyeonggi-do, where Amore Beauty Park is located, since 2016. As a result of environmental recovery activities, such as creation of a wetland ecological garden, and installation of ecological education facilities, the water quality of Osancheon Stream, which had deteriorated to level 5 (very bad), was improved to level 2 (good), and even otters, a first-class endangered wildlife, have been discovered in Osancheon Stream.

Compliance with Environmental Regulations

Amorepacific strives to prevent environmental regulations violation throughout its business activities and conducts environmental regulation compliance diagnoses production sites. All facilities, such as Amore Beauty Park and Daily Beauty production site, are diagnosing compliance with environmental regulations in all areas including air, water quality, waste, and chemical substances. The responsible department periodically checks major environmental law and regulatory amendments, including domestic law, international law, international agreements, and regulations, for management and shares them with related departments. In addition, we review licenses and standards according to the revision of the law and make changes if necessary.

Waste Management

Amorepacific Group is carrying out more efficient recycling for each business site by dividing the waste generated in a detailed manner, into different substances and types. We developed our own environmental operation index in order to manage our targets set for reducing waste emissions and managing recycling rates. To increase the actual recycling rate, we continue to identify excellent recycling companies and conduct on-site inspections of our waste disposal companies. In addition, through the production and transmission of various campaign videos, we are educating employees on proper separation, discharge, and waste reduction activities. Regular training is conducted not only for employees but also for related suppliers to raise awareness on how to classify waste properly and manage waste warehouses.

Achieved Zero Waste-to-Landfill from Production Sites

As part of Amorepacific's third promise in '2030 A MORE Beautiful Promise,' the company achieved its mid- to long-term

goal of 'Zero-Waste-to-landfill generated at global production sites by 2030' ahead of time in the first half of 2023. In 2021, about 97% out of a total of 3,096 tons of waste generated from Osan Beauty Park was recycled, and the remainder was disposed of by incineration and direct reclamation. In 2021, we found a way to successfully recycle 3.5 tons of dust from dust collectors, which was one type of waste sent off to landfill, and so from 2022, we managed to achieve zero-waste-to-landfill at all our production sites at home and abroad.

Furthermore, following Osan Amore Beauty Park, both Daejeon Daily Beauty production site and COSVISON production site have obtained an international verification of Zero-Waste-to-Landfill (ZWTL). The Zero-Waste-to-Landfill Verification evaluates the recycling level of waste generated at a business site and grades it according to the rate of recycling.

Amore Beauty Park achieved over 94% circular resource utilization, becoming the first in the beauty industry to obtain the silver level certification from ZWTL international verification, in March 2022. Waste generated at Amore Beauty Park is transferred to a 543m³ waste recycling center, classified into 21 types, and recycled by 12 resource circulation methods. Since 2021, more than half of the dust waste, which was previously sent off to the landfill, has been recycled as a material for basic construction of road works such as asphalt. In addition, in the first half of 2023, Daejeon Daily Beauty production site and COSVISON production site received the Platinum rating, the highest rating available, in recognition for 100% recycling rate without incinerating or reclaiming the generated waste. As we achieved our goal of direct reclamation ahead of time, we are developing plans to further advance waste management, and are implementing the recycling of previously non-recycled, reclaimed waste.



Amore Beauty Park Acquires the Zero-Waste-to-Landfill International Verification

GREENCYCLE Campaign with Customers and Employees

Through GREENCYCLE campaign, Amorepacific Group collects used, empty cosmetic bottles from stores to recycle them, as well as upcycle them into building materials, benches, and artworks. In particular, Amore Store, located in Amorepacific headquarters, operates empty bottle collection program on an ongoing basis to raise employees' environmental awareness and encourage voluntary participation in environmental management. About 120 tons of empty bottles were collected in 2022, and a cumulative 2,473 tons of empty bottles have been collected as a result of the empty bottle collection activities since 2009. Amorepacific Group promises to take the lead in solving the plastic problem through systematic recycling of plastic bottles.

Usage of Plastic Packaging¹⁾

| Category | Unit | Plastic packaging materials |
|---|---|-----------------------------|
| Percentage of recycled content within plastic packaging ²⁾ | Percentage out of total plastic packaging by weight | % 6.6 |
| 2022 Goal | % | 5.0 |
| Total weight of plastic packaging | Total weight | Ton 12,640 |
| 2022 Goal | Ton | 12,000 |

1) The weight of packaging materials is aggregated based on the Extended Producer Responsibility (EPR) for 2022

2) The percentage of recycled content within plastic packaging materials is calculated including the recycled plastic purchased from outside

[Case] GREENCYCLE Campaign

Signing of an Agreement on the Use of Recycled Materials from Empty Cosmetic Bottles

In April 2022, we signed an MOU with Hyundai Engineering & Construction for the use of materials generated from recycling empty plastic cosmetic bottles. Accordingly, Amorepacific will provide active cooperation to recycle our empty cosmetic bottles and use the recycled materials for construction materials and design development. The empty plastic bottles will be shredded and combined with ultra-high performance concrete (UHPC), to be reborn into construction terrazzo tiles, to be used in apartment compounds and landscaping facilities.



Upcycled Tea House

Recreated Empty Bottles – Upcycled Objet

The Creative Partners (CP) program is run by Amorepacific's Creative Center for its members. The program lets the members propose and implement a variety of new business-related ideas for collaboration. In 2022, a member's idea of 'Upcycled Objet' was embodied and developed into a real project. Amorepacific worked on this project with artist Park Sun-min, a glass craft artist, to solve the one-off empty glass bottle resources that have been used. We thought up of ways

to stay longer with consumers by creating infinite use of our products. We converted our used, and thrown away glass cosmetic containers, which were previously utilized as a plastic substitute, into objects with infinite purpose. Amorepacific places high emphasis on zero waste solutions that increase product recyclability, and promote reuse, not only during production process but also during disposal through methods such as recreating waste glass bottles into works of art. As a result, we aim to convey the essence and new value of environmental packaging materials to society.



Upcycled Objet

Environmental Campaigns with the Participation of Employees

Carbon Empathy Campaign

Through an idea contest, we received suggestions from our employees on how to save energy and resources in our daily life. As one of the suggested campaigns, we carried out 'Digital Carbon Diet' campaign, which involved measures such as turning off unused digital devices, and we encouraged voluntary actions from employees to protect the environment.

Zero-Food Waste Campaign

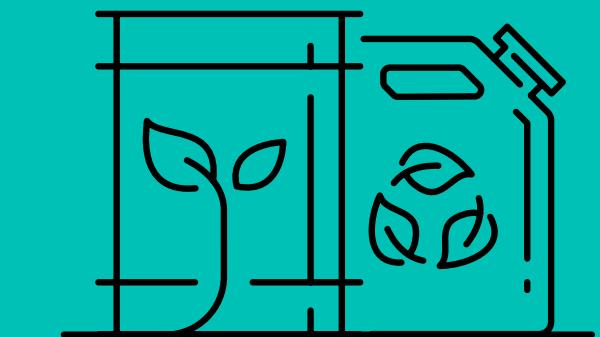
We conducted a campaign to reduce food waste at each of our business site. Specifically, we motivated employees not to leave food waste through the Zero-Food Waste Campaign, where we presented stickers to the employee when they showed up with clean food tray at the exit after eating at the canteen. As a result, COSVISION and Daily Beauty production sites reduced the generation of food waste by 35% on average compared to the same month from the year before.

Social

2022 Performance

Utilization of Sustainably Sourced Palm Oil
(RSPO Certified Palm Oil)

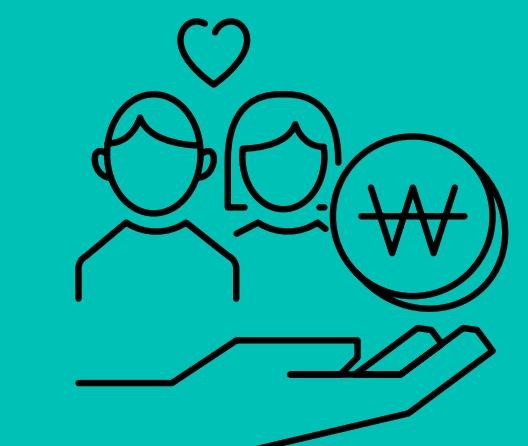
Achieved 53.6%



Operation of 'Low-interest Loan Funds' for Suppliers
25.3 Billion KRW



Total Expenditure for CSR Activities
17.4 Billion KRW



Creating a Positive Work Environment

Amorepacific Group strives to provide its members with a happy working environment based on trust and respect in the workplace. We hire talented people with various backgrounds from different countries without discrimination, and provide customized education according to the position system to help develop members' capabilities. We take measures to provide fair evaluation and compensation based on performance and increase members' satisfaction through customized welfare support for work-life balance.

Supporting Employees' Growth

Training to Strengthen Employees' Job Competency

We operate a job academy that reflects the needs of markets, organizations, and learners at all times so that all employees of Amorepacific Group can perform their tasks and make decisions based on sound expertise. In the case of marketing, we provided support for strengthening customized branding capabilities, and it included contents to develop brand identity and story, to foster marketers who lead brand-oriented management. In the case of sales, we focused on strengthening platform sales capabilities taking into account the increased proportion and importance of e-commerce channel sales. With regard to the concept of beauty, through education on the knowledge and skills in each area necessary for employees' performance, we help to cultivate the value of beauty as members of a beauty company and deliver it to customers. Through this, we have enhanced our expertise in beauty and strengthened our capabilities in product development and research.

Operating Diverse Learning Platforms

In addition to job-specific training, we provided diverse learning platforms to enhance employees' ability to expand their experiences and critical thinking through interactions with peers. Examples include 'KNO.C.K (Knowledge for Coworkers)' program, 'Study Group' a group learning activity conducted through cooperative interaction between employees, and 'Jiphyeondang' and 'Book Club,' book culture program to promote expanded thinking. Amorepacific Group plans to continue providing support with various learning styles and methods so that our employees can gain their own competitiveness in the market as well as in the business.

The effectiveness of the curriculum is measured periodically based on indicators such as member satisfaction and content comprehension, and the effectiveness of the training courses in

[Case] Job Competency Enhancement Training

Beauty Academy

We operate specialized beauty learning courses tailored to different business areas in product research, development, and sales to equip our beauty company's members with the necessary knowledge and skills. The Academy provides basic courses on subjects such as fragrance, skin care, and makeup, and also provides courses for beauty-related professional licenses. Through these programs, we can cultivate the value of beauty among our beauty company's members from a business perspective, and gain the advantage of fostering beauty experts in each business area. We can also expect sales to increase through specialized beauty knowledge and skill-based customer response.

Number of Beauty License Holders (Compared to 2021)

Increased by 154%

Employee Participation Rate (Based on all employees, as of 2022)

14%

practical application within the company is verified based on their relevance to work.

Leader Competency Enhancement Training

Amorepacific Group has established a leadership competency system to strengthen the competencies of the leaders. We run various programs in relation to job roles and leadership perspectives for leader candidates and existing leaders based on the leadership pipelines. For leaders ranging from team leaders to executives, we are focusing on providing content-centered education programs [AP Sikam (Amorepacific Knowledge and Sense), Leaders Forum, etc.] that enable them to develop job insights, and on leadership coaching courses where they receive support on providing coaching and feedback as a leader.

We also conduct leadership diagnostics once a year for company leaders. We diagnose leadership capabilities through a leadership coaching center with the help of in-house coaches and then run feedback sessions with the leaders. In particular, new leader candidates are provided with separate organizational feedback for onboarding, discussing ways to create synergy between subordinate leaders and their individual leadership styles, and providing 1:1 coaching and in-house mentoring if necessary. For more than 200 leader candidates at home and abroad, we run a process to enable them to understand and develop leadership proactively.

Furthermore, a discussion-style curriculum is run to help leaders understand customer-centric perspectives and brand-centric management, to enhance their understanding of the scheme and strategy and to discuss effective ways to achieve the goals. Semiannual discussion programs are operated to strengthen discussion skills between managers and C-Levels. In addition, we focus on enhancing leaders' job expertise by identifying the competencies essential to achieving the strategy every year and running the 'The School' course. In 2022, we shared in-depth concerns about brand-specific growth and rebranding strategies through the 'Marketing School'.

Digital Capability Enhancement Training

In the context of the company's digital transformation, recognizing the need for digital competencies across all job functions, we are continuously providing learning opportunities on digital-related topics, tools, and methodologies.

Especially in the marketing function, we developed and implemented a creative evaluation and content marketing program to enhance digital competencies, focusing on digital content planning and utilization. In the sales department, we expanded e-commerce-specific education to include understanding of domestic and international e-commerce platforms, and enhancement of platform merchandising negotiation skills.

As digital communication with customers continues to rise, the need for development and creation of various digital forms of content is growing. Accordingly, in addition to strengthening digital capabilities of all our employees, we developed and operated a training course so that our members could switch to digital-related jobs regardless of their previous roles. During this process, we provided support for practical competencies related to digital content creation, leading to 89% of learners being able to perform digital job tasks. Amorepacific Group plans to continue expanding education for transitioning into digital roles in the future.

From the perspective of enhancing overall digital capabilities within the organization, we are providing support to establish the direction for digital learning through fundamental education, including IT basics and digital literacy training. Additionally, we continually update various topics such as Google Analytics, YouTube, AI, and more to ensure our overall digital capabilities.

We added 'digital insights' to leadership empowerment training in order to raise awareness and strengthen capabilities in digital utilization and data literacy. Additionally, we conducted digital sessions targeting all executives, to provide understanding and hands-on experience in areas like metaverse, collaboration tools, e-commerce, and social media platforms.

[Case] Digital Capability Enhancement Training

AP+ E-Commerce Academy

AP+ e-commerce academy was designed to enhance the expertise of Amorepacific Group's e-commerce professionals and enable all employees to develop insights into e-commerce markets and platforms. In 2022, 10% of the entire employees participated in the academy. The training program covers a variety of e-commerce-related topics, including e-commerce sales management, negotiation, the establishment of product strategy, data services, and the use of external mall dashboards. We expect that this training will help to increase sales and profits by upgrading activities for each e-commerce platform, fostering online platform sales experts, and diversifying global e-commerce platforms from a business perspective. As e-commerce sales for 2022 increased by about 30% YoY, the AP+ e-commerce academy has proven its effectiveness.

Operating a Fair Performance Appraisal System

Amorepacific Group adopted a new personnel system to create a culture that can help improve performance and focus on capability development based on feedback. Accordingly, the Group conducts regular performance appraisals once a year and conducts ongoing task evaluations. In 2022, we managed the system in a variety of ways to ensure that it was established successfully. The results for the first year of the system operation and employee surveys were analyzed to derive improvement points, and they were made into videos and shared with employees to increase interest in the effect of continuous feedback. In addition, we generated high-quality feedback compared to the past by sharing company-wide posts and separate letters containing review highlights for each position (leaders, employees). After selecting the best organization for continuous performance management, we introduce it to the entire company as a best practice so that the feedback culture can be embodied naturally.

Types of Individual Performance Appraisals for Amorepacific Employees (%)

| Category | Rate ¹⁾ |
|---|--------------------|
| Rate of Goal Setting | 99.5 |
| Rate of Multi-Source Assessment | 72.1 |
| Comparative Analysis between Same-level Positions | 45.6 |

1) Calculated based on separate domestic data for Amorepacific

Creating a Culture of Mutual Trust and Respect among Employees

Expanding Daily Work Experiences Related to ABC Spirit

In order to internalize ABC Spirit, Amorepacific Group's way of working, we provide various experience opportunities to our employees. We run a series of campaigns that embrace company value regularly and repeatedly in our work routines, creating a personalized principle experience for our employees. In addition, we launched a community under 32 themes enabling employees to form diverse and new networks. This has created opportunities for employees to gather freely, communicate and empathize with each other, expanding the foundation for collaboration. Moreover, through the implementation of a system to encourage employees to praise colleagues who put the principles into practice, we are creating a culture of finding and sharing the practice cases of ABC Spirit at all times. The ABC Spirit internalization program is being developed through an employee-driven approach, where employees voluntarily participate and take the lead in its implementation.

Strengthening Global Consensus on ABC Spirit

To support the practice of ABC Spirit among Amorepacific Group employees around the world, we seek and apply appropriate methods for each country. In 2022, three Culture Sessions were held, providing a regular communication platform to share the current status of organizational cultures across global subsidiaries and to discuss ways to implement change management. Global subsidiaries are strengthening consensus on ABC Spirit by operating their own local organizational culture programs or selecting and operating contents and methods suitable for their subsidiary among the headquarters programs, according to the situation of each

subsidiary. In the future, we plan to take additional measures, such as hosting organizational culture forums led by the head of subsidiaries, so that members of global subsidiaries can practice our ways of working more intensively.

Redesigning Engagement Survey

In order to build a culture where employees are engaged and work in a positive environment, the Engagement Survey model has been redesigned. The revised survey model reflects the work values and engagement trends of the MZ generation, who accounts for nearly 80% of Amorepacific employees. The Engagement Survey is conducted for employees who have worked for more than two months in any of Amorepacific's global subsidiaries. This year, we achieved a response rate of 78.9% for the survey. The survey results are utilized with a data-driven approach to understand and make decisions about the organization's state, aiming to create a great workplace. Alongside the company-wide report, we issue detailed reports for each department, encouraging comprehensive efforts to improve engagement. Additionally, we plan to conduct Culture Session for leaders to deeply understand the results and contemplate changes in our working methods. This year, we are strengthening the analysis of the diagnostic results to provide valuable insights and additional organizational culture development programs that will aid in improving the overall culture.

Results of the 2019-2022 Regular Engagement Survey

(%)

| Category | 2019 | 2020 | 2021 | 2022 ¹⁾ |
|--------------------|------|------|------|--------------------|
| Amorepacific Group | 45.5 | 43.1 | 45.5 | 45.3 |
| Amorepacific | 41.5 | 37.5 | 39.0 | 40.6 |

1) Due to the change in internal management cycle, the assessment took place in the first half of 2023

[Case] Employee Communication Channel

Amorepacific Group is expanding mutual communication in various ways to create a culture of trust and respect regardless of ranks or organizational levels.

Amore Blooming

'Amore Blooming' is an in-house online live broadcast aired every month with a report from employees, contributing to smooth communication between the organization and employees. Employees select the executives they want to meet in the following month's broadcast, conduct real-time Q&A through reply participation, or conduct an instant survey to incorporate employees' opinions regarding company management. By expanding the opportunities for employees to participate, Amore Blooming has established itself as a representative in-house interactive communication channel.

NewsSquare

Amorepacific Group's main content platform 'NewsSquare' presents planned contents throughout the year, such as the 'A! PEOPLE' series, which presents the philosophy and leadership of each organization's management, and the 'AP LOG IN&OUT' series, which introduces employees who excel in various roles. On this platform, noteworthy company news is constantly shared. Through this, we are fostering a culture of mutual respect and understanding across ranks, roles, and departments.

Town Hall Meeting

During the annual all-employee participatory session, 'Team Amore Conference' in July 2022, the first town hall meeting was held to create a culture of free and transparent communication. With all employees participating online or offline, the management responded directly to the employees' questions and it received a great response. Since then, workshops were conducted sequentially for each brand, sales and other organizational units. By regularizing town hall meetings to share business status and plans and provide quick feedback on employees' opinions, we are strengthening the vision of common objectives and sense of belonging with the organization.



Establishing a Win-Win Labor-Management Relationship

For the past 30 years, Amorepacific has maintained a dispute-free workplace, and developed stable labor-management relations. Amorepacific and all of its subsidiaries comply with labor laws and conduct voluntary self-inspection of working conditions at least once a year. As of the end of 2022, there were 2,006 Amorepacific labor union members, with 67.5% of eligible employees (2,974 employees) actively participating in the labor union.

Employees of Amorepacific are free to join and leave the labor union at their own will. Collective agreements that apply to all employees are signed every other year. The Labor Council holds meetings each quarter, and this serves as a forum to discuss employee welfare enhancement, grievance handling, and safety management, among other significant labor-related issues. In addition, various ad-hoc communication channels such as management briefings, business plan sharing, and union member meetings are operated to facilitate communication and engagement. Amorepacific's labor-management cooperation team and human resources team are checking and supporting the establishment of a win-win and cooperative labor-management relationship.

Employee Wellbeing

Strengthening Support for Maternal Protection

Amorepacific ensure the health and safety of pregnant female employees by complying with legal requirements such as shortening working hours, adjusting commute times, allowing time for prenatal check-ups, and prohibiting overtime work to create a conducive and safe working environment. Furthermore, we operate a system that guarantees a reasonable level of monthly salary when employees do not work due to maternity leave and parental leave. If the subsidy provided by public agency is less than the monthly salary for the last 30 days of maternity leave, which is an unpaid period under the law, the monthly salary is compensated by paying the difference. In addition, 60% of the normal wage is provided for the subsequent 90-day parental leave taken right after maternity leave, and the same is provided for up to 90 days even if parental leave is used during pregnancy. We enable employees who are on miscarriage or stillbirth leave to obtain enough rest and return to work by allowing them to take up to 10 days of leave, even if the pregnancy period up to miscarriage was less than 11 weeks. Furthermore, we encourage parents of newborns to take advantage of parental leave and operate on-site daycare centers at Amorepacific headquarters, Amore Beauty Park, and R&I Center.

Health and Welfare Promotion System

Category

Contents

Workplace Stress Management

- AP-Severance Clinic: Stress assessment through autonomous nervous system examination and mental health-care clinic

Healthy Working Environment

- Management of lighting, noise, air quality, humidity, and temperature to create an ergonomic working environment

Sport & Health Initiatives

- Operation of in-house fitness centers and healing facilities

Supporting Employees' Health

- AP-Severance Clinic
- General medical consultations, obstetrics and gynecology consultations, and otolaryngology (ENT) consultations
- Vaccination, nutrition counseling, and physiotherapy and manipulative therapy facilities for musculoskeletal treatments
- Post-examination care service for employees with potential health risks, through AP-Severance Clinic and local healthcare institutions (participation rate of employees with potential health risks in the post-examination care service: 30.8%)

Flexible Working Hours

- A system in which working hours are selected autonomously by individual employees within an average of eight hours a day on a monthly basis

Working-from-home arrangements

- To ensure the safety of our employees during the COVID-19 pandemic, remote work was introduced as part of our smart work initiative. This new work system is implemented considering the specific work characteristics and work environment of each department

Part-time Working Options

- Part-time working options provided for family care, personal health issues, preparation for retirement, and studies (15-30 hours per week)

Lactation Spaces

- Installation of a lactation space inside the women's lounge at each business site

Human Rights Management

As a company committed to global citizenship, Amorepacific Group respects the fundamental rights of all stakeholders. By issuing a human rights policy statement, we indicated Amorepacific Group's commitment to human rights management. Accordingly, we strive to minimize human rights risks in business operations through human rights due diligence every year.

Human Rights Management

Human Rights Policy

As a global corporate citizen, Amorepacific Group supports and complies with the human rights requirements specified in the United Nations Global Compact(UNGC), Universal Declaration of Human Rights, and the recommendations of the National Human Rights Commission. Through human rights policies, we ensure that the human rights of various stakeholders, such as employees, customers, local communities and suppliers, are respected throughout the Group's management activities, and strive to prevent acts of collusion or facilitation of human rights abuses. In addition, Supplier Sustainability Guidelines specify what suppliers must comply with in order to prevent human rights violations.

[Statement of Human Rights Policy](#) ↗

Human Rights Training for Employees

We internally train all of our employees on preventing sexual harassment at workplace and improving understanding of disabilities. Through such human rights trainings, we thrive to prevent sexual harassment at the workplace, spread the value of coexistence, and improve perceptions regarding disabled co-workers. Regular online trainings were conducted in 2022, and additional trainings were provided for the new employees and those who did not receive training.

Human Rights Grievance Channel

Amorepacific Group operates an Ethics Hotline channel in Korean, English, and Chinese, where any unethical behaviors or violation of human rights can be reported. Informants may report confidentially or anonymously, and are protected from unjustified retaliation. External stakeholders also have access to the grievance channels, and the information is also

provided in the Supplier Sustainability Guidelines in order to increase awareness. The reports received are handled with transparency and are continuously monitored to prevent recurrence of human rights violations.

Human Rights Due Diligence

Amorepacific Group has established a systematic human rights management system to prevent possible human rights violations during the business process. We conduct a regular human rights due diligence process once a year to identify human rights risks in business operations and prevent potential violations. In order to identify the human rights issues that may arise throughout the value chain, such as forced labor, human trafficking, child labor, freedom of association, qualification for collective bargaining, equal pay, discrimination, and consumers' human rights, as well as environmental rights of the local community, we take into consideration of the past human rights issues, their occurrence frequency, severity, and other relevant factors comprehensively. In addition, through the human rights due diligence process, we check vulnerable areas intensively for each stakeholder category such as employees, customers, local communities, and suppliers, considering the business characteristics and local laws for each subsidiary. The identified vulnerable areas are improved through specific corrective actions, and relevant personnel in the field and external experts are deployed to support the implementation of remedial actions. The human rights due diligence in 2022 was conducted through written surveys (in Korean and English) and pre-planned on-site due diligence. As a result of the due diligence, one issue related to sexual/work harassment at workplace was identified through the reporting channel, so corrective action was taken. For other major issues that were considered to have potential risks, a risk management task list tailored to the topic of the issue had been established and delivered to the business site.

Amorepacific Group Human Rights due diligence Process

Identify Human Rights Risks

- Produce a checklist based on the Universal Declaration of Human Rights, International Labor Organization ILO Standards, labor-related laws, the Group's human rights policies, and Supplier Sustainability Guidelines.
- Taking into consideration of business characteristics and local laws for each subsidiary



Assess Human Rights Risks

- Conduct evaluation targeting employees, suppliers, and customers, etc.
- Check compliance with Sustainability Guidelines and assess vulnerabilities



Conduct Human Rights due diligence

- Self-inspection and on-site inspection



Corrective Actions and Management

- Request and monitor corrective actions
- Provide the support of collaborators and external experts



Human Rights Risk Assessment Results by Stakeholder

| Target | Key Concerns in the Area of Human Rights Tasks | Task | Description of Issue | Corrective Measures Taken | Number of Business Sites that Implemented Tasks |
|-------------------|--|---|--|--|---|
| Employees | Forced Labor | Self-inspection of human rights | Comprehensive examination of labor and human rights issues, including compliance to the Labor Standards Act, wage, and non-discrimination principles | <ul style="list-style-type: none">Provided labor-related education and training | 11 subsidiaries, including Amorepacific |
| | Employee health management | Promotion of employees' health | Management of Employees' Stress and Mental Health | <ul style="list-style-type: none">Operated the 'Employee Wellness Program' to support continuous healthcare through step-by-step exercise/meditation programsImplemented EAP (Employee Assistance Program) 'Happy Life Consulting' to address and provide support for psychological issues related to individual stress (support for personal/family counseling)Operated 'Mindfulness Program' aimed at changing perception through awareness of one's inner selfOperated 'ME-UP Program' to enhance intrinsic motivation, understanding strengths, and resilience capabilities | All business sites |
| | Freedom of Association/Collective Bargaining | Collective bargaining | Collective agreement to be reached when a labor union is formed, in accordance with labor-related laws | <ul style="list-style-type: none">Concluded collective agreements and implemented the agreements biennially in accordance with labor-related laws and labor union agreements | All business sites |
| | Employee protection from workplace harassments | Prevention of sexual harassments or bullying at workplace | Prevention of any unethical treatments on the employees, including physical/verbal/sexual harassment or abuse at workplace | <ul style="list-style-type: none">Provided trainings on prevention of sexual harassments, improving understanding of disabilities.Operated hotline for reporting workplace harassments (one case closed) | All business sites |
| | Elimination of Discrimination in Employment and Work | Need to improve employee awareness on diversity and inclusion | Need to improve employee awareness on diversity and inclusion | <ul style="list-style-type: none">Operated an in-house program for the improvement of awareness on diversity&inclusion (a total of 825 employees participated) | Amorepacific |
| Customers | Protecting Consumers/Human Rights | Resolving consumer disputes | Consumer complaint handling | <ul style="list-style-type: none">Conducted real-time consultation and Q&A for consumers through integrated quality VOC response service (about product side effects, inconvenience in use, etc.); managed the VOC system and DB, analysed customer complains; collected and inspected the problematic items | All business sites |
| | | Customer privacy protection | Prevention of customer harms | <ul style="list-style-type: none">Conducted 98 sessions of security reviews when building the new information systemCarried out security diagnosis and improvement of 115 personal information outsourcing partner companiesCompleted regulatory compliance check and safety inspection of 61 personal information processing systemsConducted 156 mock hacking and improvement tests | All business sites |
| Local Communities | Obligation to Protect Environmental Rights | Osancheon Ecological Stream Development Project | Protecting the environment in Osan city, where our production site is located | <ul style="list-style-type: none">Carried out a project to improve Osancheon Ecological Stream | Amore Beauty Park |
| Suppliers | Palm Oil Production and Supply | Procurement of sustainable palm oil (RSPO) | Prevention of damage to communities and indigenous groups within the supply chain due to uncontrolled palm oil harvesting | <ul style="list-style-type: none">Expanded the conversion regular palm oil into RSPO-certified palm oil | Amorepacific |
| | Responsible Supply Chain Management | Assessment of suppliers' sustainability | Assessment of the labor status of suppliers | <ul style="list-style-type: none">Requested suppliers to establish improvement plans for employee grievance handling systems | 16 suppliers |

Enhancing Diversity and Inclusion

Diversity and Inclusion Policy

Amorepacific Group respects the value of diversity and inclusion, and aims to nurture a culture in which employees from different backgrounds can exchange thoughts and grow in a free environment. To this end, we have established a diversity and inclusion policy, internally building an organizational culture with a high level of diversity and inclusion, while externally conducting communication activities such as inclusive marketing taking diversity into consideration.

Amorepacific Group's Diversity and Inclusion Policy

1. Respecting Employee Diversity

Every unique characteristic of Amorepacific employee deserves to be respected, and these individual differences must be mutually recognized and respected.

2. Zero Tolerance for Discrimination

We prohibit discrimination of any kind on the grounds of gender (including pregnancy), nationality, regional background, race, religion, disability, academic background, sexual orientation, gender identity or expression, with respect to a person's employment, work performance, or promotion, as well as any discriminatory behavior against legally protected minorities.

3. Providing Employees with Opportunities for Participation

Our employees can freely voice their opinions on diversity and inclusion, and we encourage them to collaborate in diverse and inclusive ways.

4. Inclusive Marketing

We promote the value of diverse and inclusive beauty in product development and marketing communication.

Activities for Internalization of Diversity and Inclusion

Amorepacific Group conducts various programs to promote the value of diversity and inclusion. Amorepacific plans to implement participation programs for domestic and international employees and stakeholders by 2030 to fulfill Promise 2 of '2030 A MORE Beautiful Promise,' "Promote diversity and inclusion across all our global workplaces and beyond, while looking for harmonious growth with our stakeholders".

Diversity Education and Programs for Employees

Under the diversity and inclusion policy, Amorepacific Group conducted a test to measure employees' diversity sensitivity, and created in-house newsletters and educational programs to increase their sensitivity. A total 11.6% of all employees of Amorepacific Group participated in the program. Through this process, employees realized the meaning of unconscious prejudice and respect for diversity, and shared in-depth discussions to move toward an inclusive organizational culture. Amorepacific Group plans to continually conduct various types of employee participation programs related to diversity and inclusion, such as in-house employee awareness assessment, insightful lectures, and workshops, for all employees of Amorepacific Group, including overseas subsidiaries.



Amorepacific Group's Diversity&Inclusion In-House Newsletter – Diversity

Win-Win Collaboration with 'KIMU STUDIO,' a Social Venture for People with Developmental Disabilities

Amorepacific has formed a partnership on employment opportunities for the disabled with 'KIMU STUDIO,' a social venture that fosters designers with developmental disabilities and presents their works to society. This partnership strives to find talented designers with developmental disabilities, and support their social integration, demonstrating its commitment to empathizing with and supporting socially vulnerable individuals. In 2022, we collaborated with designers with developmental disabilities to launch picnic mats featuring their illustrations as part of our packaging.



Amorepacific × KIMU STUDIO Collaboration Picnic Mat

Safety and Health

To achieve the company's disaster-free goals by 2030, AmorePacific conducts a number of activities to proactively derive the source of risk and address harmful or dangerous factors at its business sites. In order to respond to SHE^{Safety, Health, Environment} risks and regulations, we adopted cutting-edge management standards and established an audit system to monitor and evaluate performance continuously. Additionally, we are strengthening our safety and health capabilities and safety management system by fostering in-house safety and health experts and establishing a dedicated safety and health organization at each workplace.

Safety and Health Management System

Compliance with Safety and Health Management Policy

The Safety and Health Management Policy was established as the top priority to secure safety and health for all stakeholders, including employees and contractors, under AmorePacific's management and supervision. A safety and health management system has been established to put the policy into practice.

Safety and Health Management Policy

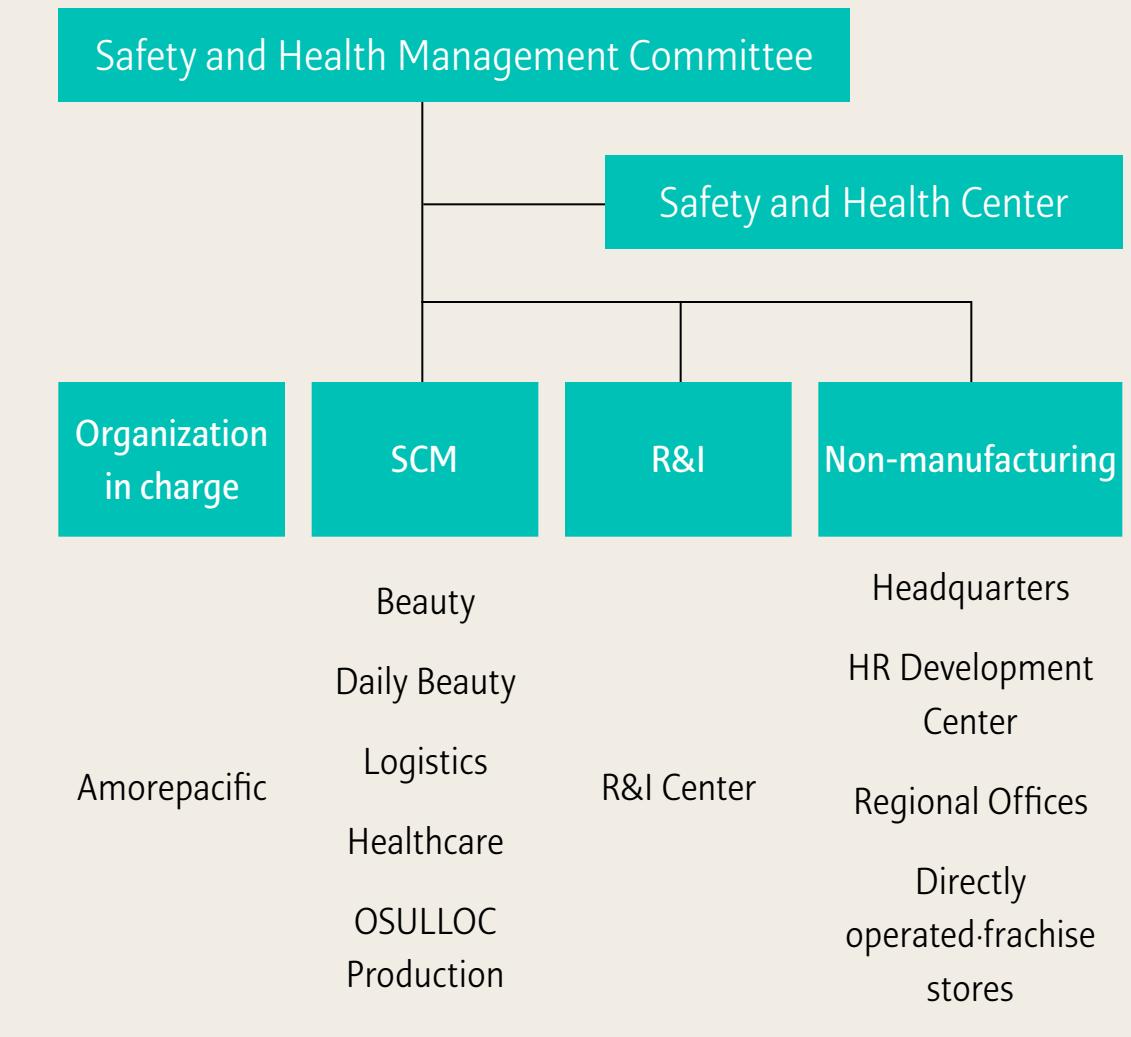
- Ensuring safety is the number one principle we are committed to protect in all our business activities.
- AmorePacific is dedicated to creating a safe work environment to ensure the health and safety of all members.
- AmorePacific complies with all relevant occupational health and safety laws as well as internal safety policies.
- AmorePacific provides continued training and education on safety and health and all AmorePacific members shall actively participate in activities ensuring a culture that prioritizes safety.
- AmorePacific shall regularly establish objectives and goals to make continued improvement as well as implement reviews and improvement measures.

Operation of the Safety and Health Implementation Organization

The safety and health management policy is approved by the Board of Directors, the chief decision-making body, and policies and plans related to safety and health are also reviewed and approved annually by the Board. The Safety and Health Management Committee operates as a decision-making body to prevent company-wide safety accidents. This Committee, composed of President and Persons in general charge of health and safety, reviews major internal and external health and safety issues and verifies compliance with safety and health laws and regulations semi-annually.

The Safety and Health Center, which oversees the company's safety and health affairs, establishes a plan for safety and health and operates a monthly meeting to share safety and health updates. The monthly safety and health sharing meeting serves as a platform to discuss safety and health issues, including the explanation of planned projects for each workplace and listening to the workplace's requests. It is attended by the Safety and Health team leaders and officers from each business site. Additionally, Occupational Safety and Health Committee, council on safety and health, and online 'Safety Shinmungo' reporting system are operated at each workplace so that employees can submit safety and health-related complaints and request improvements directly. The implementation of the improvements is transparently shared.

Organization Chart of AmorePacific Safety and Health Management Committee



Safety and Health Management System Certification

AmorePacific's workplace operates a Safety and Health Management System in order to ensure a safe working environment. Osan Amore Beauty Park, Daejeon Daily Beauty production site, Shanghai Beauty production site, and COSVISION have completed ISO45001 certification, a global standard. Based on the Safety and Health Management System, we establish periodic safety and health goals, measure performance, and implement improvement activities.

Safety and Health Goals and Performance Measurement

Amorepacific has established '2030 Disaster-Free' as a mid-to long-term goal for safety and health management. Every year, we set detailed implementation goals to achieve 'zero occurrence of major industrial accidents, major civil disasters (public facilities),' and 'achieving 100 points for Workplace Safety and Health Operation Index.' We have achieved Detailed action plans have been developed to achieve the established goals and to protect employees and stakeholders from serious accidents. Furthermore, we are conducting various activities such as education training, and campaigns to identify potential dangerous factors for high-risk work that may occur in the workplace and establish a safety culture.

Process for Measuring Safety and Health Performance

Monitor performance results compared to each business site's goals
(Quarterly)



Report performance results for each business site to the Safety and Health Management Committee (Semi-annually)



Provide feedback on improvements based on the results of performance measurement



Implement improvement measures by each business site
(immediately)



Reflect management's review items when setting safety and health goals for the next year

Safety and Health Activities

SHE Audits and Compliance Diagnosis with Regulations

In order to respond effectively to SHE-related regulations and risks in the expanding global market, Amorepacific has established an advanced common management system at the Group level. We continue to monitor, evaluate, and improve SHE performance through self-audit of the business sites using SHE Standard, cross-audit of the business sites, and third-party audits through external specialized institutions.

In particular, in order to respond to the Serious Accident Punishment Act, which took effect in 2022, we developed a checklist consisting of 713 items for 32 laws related to safety and health. Based on this, we conduct legal compliance inspections once every six months for all workplaces and make necessary improvements. Additionally, we are striving to create a safe workplace by conducting field-oriented third-party diagnosis through external specialized institutions, including precise diagnosis of rules on industrial safety and health standards and inspection of fire prevention and firefighting facilities.

Deriving Harmful or Dangerous Factors at Workplaces and Strengthening Improvement Activities

Amorepacific conducts on-site risk diagnosis in consultation with external experts every year. In addition to document-based safety management, we carry out various activities to eliminate risk factors in the field.

In 2022, we conducted a full investigation of pinch and constriction hazards at our workplaces and strengthened workplace safety management by completing 100% installation of interlock, protective covers, and safety sensors where improvement is needed. In addition, we have strengthened infrastructure and operational capabilities for vulnerable areas

of fire protection facilities. Sprinklers were added to supplement in vulnerable areas, and to prevent fires, a 'Cleaning Day' was designated and implemented to remove combustibles underground and indoors for all workplaces. Moreover, we have established improvement measures by identifying risk factors for collision at each section when operating forklifts in the workplace and implementing improvement tasks.

Investigating Accidents and Preventing Recurrences

Amorepacific is investigating the direct and fundamental causes of incidents and accidents at workplaces to prevent serious accidents, and has established and implemented measures for preventing recurrence. In addition, in the event of an accident, an accident investigation team is formed to reconstruct the accident scenario and take follow-up measures to prevent similar accidents. To this end, Safety and Health officers at each workplace have completed training in RCA (Root Casual Analysis) investigation course through external specialized institutions.

Process for Accident Investigation and Recurrence Prevention

Accident Occurrence



Classification of accident type, reporting:
Department of accident occurrence → Safety department → Headquarters



Accident Investigation

Formation of an accident investigation team and identification of the cause of accident



Prevention of Recurrence

Establishment of recurrence prevention measures and completion of actions

Safety and Health IT Systems Advancement (AP-SHE Portal)

Amorepacific operates the 'AP SHE Portal (Amorepacific Safety and Health Environment Portal System,' which facilitates digitalization of workplace safety and health management with cross-platform compatibility for PCs and mobile devices. In 2022, we completed the first phase of system advancement to include management of appointed legal representatives, real-time statistics and analysis of accident trends, customized dashboards for each workplace, and an automated notification system for training and inspection dates. In the future, we will continue to upgrade, maintain, and repair health management systems and safety work permission systems. Additionally, through mobile app optimization, we aim to establish an effective management system that allows real-time monitoring and improvement of workplace safety status on-site.

Safety and Health Assessment for Contracting, Outsourcing, and Entrustment

Amorepacific came up with its own procedures and standards for regularly evaluating the level of safety and health measures that are currently implemented by companies with whom Amorepacific conducts businesses in the form of contracting, outsourcing, and entrustment. Contracting, outsourcing, and entrustment are divided into four types (office work business, low-risk business, general risk and high-risk businesses, and construction companies) for management, and the company's safety and health level is evaluated at the contract stage. Safety and health level grades are assigned according to the evaluation score to select a suitable company with a certain grade or higher, and we do not sign a contract with a company that does not meet the criteria.

Supporting Contractors with Safety Management

Amorepacific continually makes efforts to establish healthy and safe workplaces for its employees as well as its contractors. Accordingly, safety and health diagnosis was conducted for internal contractors, and guidance, advice, and education were provided to ensure 100% improvements based on the findings from the diagnosis.

Conducting Safety and Health Education

Amorepacific is committed to preventing serious accidents at workplaces and improving employees' awareness of safety and health by providing mandatory legal education as well as safety and health education related to hazardous and risky tasks, as required by safety and health regulations.

In 2022, various training courses were established to train safety and health professionals in the workplace, including courses for obtaining national safety and health certificates. Furthermore, we provide customized training for Amorepacific Group's supervisors, considering the specific characteristics of the cosmetic industry. Starting from the supervisor education in 2023, cardiopulmonary resuscitation (CPR) training will be designated as a compulsory program to support all supervisors in strengthen their emergency response capabilities in the event of an accident.

Efforts to Create a Safety Culture

Amorepacific is conducting various activities to foster a safety culture within its business sites. In order to enhance safety awareness and communication among all employees, we operate Occupational Safety and Health Committee, Council on Safety and Health, as well as our Safety Shinmungo reporting system as communication channels. Additionally, we facilitate a platform for regular sharing of safety and health issues with safety officers, allowing them to propose improvement ideas.

We actively encourage the implementation of Safety Moment (3-minute safety) before starting executive meetings and works, and we produce and distribute safety and health videos. Fifteen kinds of videos on various topics, including constriction, emergency evacuation, ladder fall, forklift collision, and fire prevention, have been produced and are broadcasted in all workplace resting areas to heighten employees' awareness of safety. A total of 10 Safety Golden Rules have also been established to prevent safety accidents that may occur at Amorepacific business sites. We are making every effort to promote a high order safety culture and firmly establish a safe workplace by stipulating principles that all employees must adhere to.

Emergency Preparedness and Response Training

Amorepacific has established response measures and relief action plans for potential accidents and safety risks, and conducts the necessary emergency response training. During the emergency response training, joint training was conducted with local fire stations, and in the case of regional offices, all tenants in the building participated in the training. In addition, to ensure that employees are equipped with emergency response capabilities. We plan to train at least one trained person per team and store as a certified First Aider, and we will conduct hands-on CPR training for all employees.

Development of Employee Health Promotion

Since 2020, Amorepacific has been conducting an industry-academic cooperation initiative with Yonsei University to prevent musculoskeletal diseases and improve employees' health, and continues to operate the musculoskeletal management center. Through this, we investigate musculoskeletal hazards regularly and conduct intensive management programs and thorough evaluations of musculoskeletal diseases for those who experience pain, wholeheartedly supporting a healthy working environment.

In the future, to prevent musculoskeletal diseases, we plan to carry out a project to improve musculoskeletal burden in cooperation with external experts. Furthermore, we strive to identify harmful or dangerous factors at work that can burden the musculoskeletal system, such as measuring and handling raw materials, and create an environment that prioritizes employees' health. To achieve this we will derive ergonomic workplace management methods and implement measures for prevention of occupational diseases.

Sustainable Supply Chain

Amorepacific Group is committed to managing business risks and fulfilling its social responsibilities across the value chain. We strive to fulfill our environmental and social responsibilities to enhance sustainability of the supply chain, by supporting our suppliers through ESG capacity enhancement and risk reduction consulting.

Enhance Sustainability of the Supply Chain

Selection and Management of Suppliers

Amorepacific Group selects significant suppliers considering factors such as the size of the transaction with us, the development and supply of essential packaging materials, influence on its business, irreplaceability, and capabilities. As of 2022, out of the total 347 suppliers, there are 45 significant suppliers, including 21 packaging-related suppliers, 15 raw material-related suppliers, and 9 ODM Original Development Manufacturing suppliers. Amorepacific Group made purchases worth about 586 billion KRW from its entire suppliers in 2022.

Requirements for Compliance with the Suppliers' Code of Conduct

Amorepacific Group has prepared a code of conduct for our suppliers, 'Guidelines for Sustainable Management of Partners,' and has announced it on the Amorepacific Group website in three languages (Korean, English, and Chinese). Through the Supplier Sustainability Guidelines, we encourage suppliers to comply with their social responsibilities and reduce their environmental and social impact on the value chain before the business. A total of 35 compliance items, including human rights and labor (7), safety and health (8), environmental protection (11), and ethical management (9), are presented, and detailed practices are described as manuals and shared with suppliers. Additionally, when signing a contract, all suppliers are required to adhere to Amorepacific Group's Code of Ethics and Supplier Sustainability Guidelines.

[Guidelines for Sustainable Management of Partners](#)

Supplier Status

| Category | 2020 | 2021 | 2022 |
|--|-------|-------|-------|
| Number of primary suppliers | 379 | 339 | 347 |
| Number of primary significant suppliers | 49 | 49 | 45 |
| Number of secondary significant suppliers | 16 | 16 | 16 |
| Total purchasing amount (100 million KRW) | 7,733 | 7,965 | 5,860 |
| Purchasing amount from significant suppliers (100 million KRW) | 3,212 | 5,011 | 4,087 |
| Rate of local purchasing at overseas business sites (%) | 75.4 | 75.3 | 70.2 |

Main Targets and Performance of Supplier Sustainability Management

| Category | KPI | 2021 | 2022 | 2025 Goals |
|---|---|------|-------|------------|
| Number of suppliers' employees participating in the training program by 2025 | Number of suppliers' employees participating in the training program (Persons/Cumulative) | 971 | 2,018 | 5,000 |
| Ratio of strategic suppliers ¹⁾ to be rated in the sustainability assessment by 2025 | Ratio of strategic suppliers rated in the assessment (%/Cumulative) | 67 | 73.5 | 100 |
| Number of suppliers supported with consulting services for sustainability improvement by 2025 | Number of suppliers supported with consulting services (Number/Cumulative) | 16 | 40 | 100 |

1) Suppliers from which the Group purchases over 1 billion KRW a year

Supporting Suppliers to Strengthen Sustainability

Amorepacific Group is practicing shared growth by supporting our suppliers to strengthen sustainability. We continue to conduct on-site consulting to ensure that our suppliers have the capability to respond proactively to ESG risks.

Through consulting on environmental law, which began in 2019, we continue to diagnose environmental risks of strategic suppliers, derive improvements, and train them to strengthen their capabilities. Some of the suppliers conducted customized consulting to raise the level of environmental management. We evaluated the implementation of improvement measures for all suppliers who were assessed to have improvement points, and selected and awarded suppliers with excellent performance. In addition, we conducted safety and health consulting to identify our suppliers' safety and health management system and the risk factors of the workplace and suggested improvements. We plan to gradually expand related activities. We also helped suppliers obtain certification for packaging material with environmental improvement traits, and provided how-to trainings to strategic suppliers that wish to receive certification for environmental improvement packaging materials.

Operation of Supplier Complaint Handling Channel

Smooth communication with suppliers is essential for maintaining sustainable relations between Amorepacific Group and its suppliers. Amorepacific Group operates a complaint handling channel for our suppliers within the integrated purchasing portal in order to enable more effective communication with them. Suppliers can share complaints in all areas, including human rights, safety and health, and the environment. There were zero complaints received through the channel in 2022.

Sustainability Assessment for Suppliers

Amorepacific Group is committed to creating a healthy corporate ecosystem by enhancing the sustainability of our supply chain. In order to assess and manage potential ESG risks for our suppliers, we are conducting business with suppliers who meet the minimum sustainability requirements when signing contracts. We evaluate new and existing suppliers on sustainable management indicators such as quality, product safety, human rights, safety and health, and environment, and carefully identify risks and determine contractual relationships based on the results.

Additionally, regular annual sustainability assessments are conducted for suppliers of a certain size or larger, including significant suppliers, and the results are reflected in the comprehensive evaluation of suppliers with a weightage of 10%. The five areas, human rights, safety and health, environment, business ethics, and management system are evaluated using checklists that apply international standards such as the RBA¹⁾ Code of Conduct, and OECD²⁾ Guidelines for Corporate Due Diligence. Based on the results of the comprehensive evaluation, excellent suppliers are provided with incentives such as priority support for shared growth programs, priority allocation of transactions, and awards.

In the last three years, a total of 119 suppliers received sustainability assessments from a third-party independent organization, and the 2022 sustainability assessment showed areas of improvement for all target suppliers. We expect all suppliers who received a certain level of rating or have been found with serious violations, to adopt plans and measures for improvement. In particular, we check whether the improvement action has been taken for significant suppliers. We also plan to provide support programs when suppliers need to improve ESG capabilities,

and will adopt follow-up measures such as reducing and limiting transactions if ratings below a certain level persist. Meanwhile, financial risks are managed by conducting separate credit ratings for all suppliers, and for secondary significant suppliers, we carry out surveys to identify potential risks in transactions.

Supplier Sustainability Assessment Process

Preparation for Assessment

- Update assessment indicators
- Selection of suppliers to be evaluated



Desk Assessment

- Utilizing online platform (self-assessment)



Status Check

- Conducting on-site assessment for high-risk suppliers
(Performed by specialized third-party organization)



Derive Results

- Identifying risks and deriving improvement tasks for each supplier



Follow-up Measures

- Request for corrective actions and confirmation of corrective plans
- Distributing results reports

Results of Supplier Sustainability Assessment

| Category | 2020 | 2021 | 2022 |
|----------|------|------|------|
|----------|------|------|------|

| | | | |
|--|-----|-----|-----|
| Ratio of new suppliers that received sustainability assessment in the past three years (%) | 100 | 100 | 100 |
|--|-----|-----|-----|

| | | | |
|--|-----|-----|-----|
| Ratio of significant suppliers that received sustainability assessment in the past three years (%) | 100 | 100 | 100 |
|--|-----|-----|-----|

Status of Corrective Action Taken for High-risk Significant Suppliers

| Category | 2020 | 2021 | 2022 |
|----------|------|------|------|
|----------|------|------|------|

| | | | |
|---|---|---|---|
| Number of high-risk significant suppliers | 3 | 1 | 0 |
|---|---|---|---|

| | | | |
|--|-----|-----|---|
| Rate of requests for corrective action (%) | 100 | 100 | - |
|--|-----|-----|---|

| | | | |
|--|-----|-----|---|
| Rate of established corrective action plan (%) | 100 | 100 | - |
|--|-----|-----|---|

| | | | |
|---|-----|-----|---|
| Rate of completion of corrective action (%) | 100 | 100 | - |
|---|-----|-----|---|

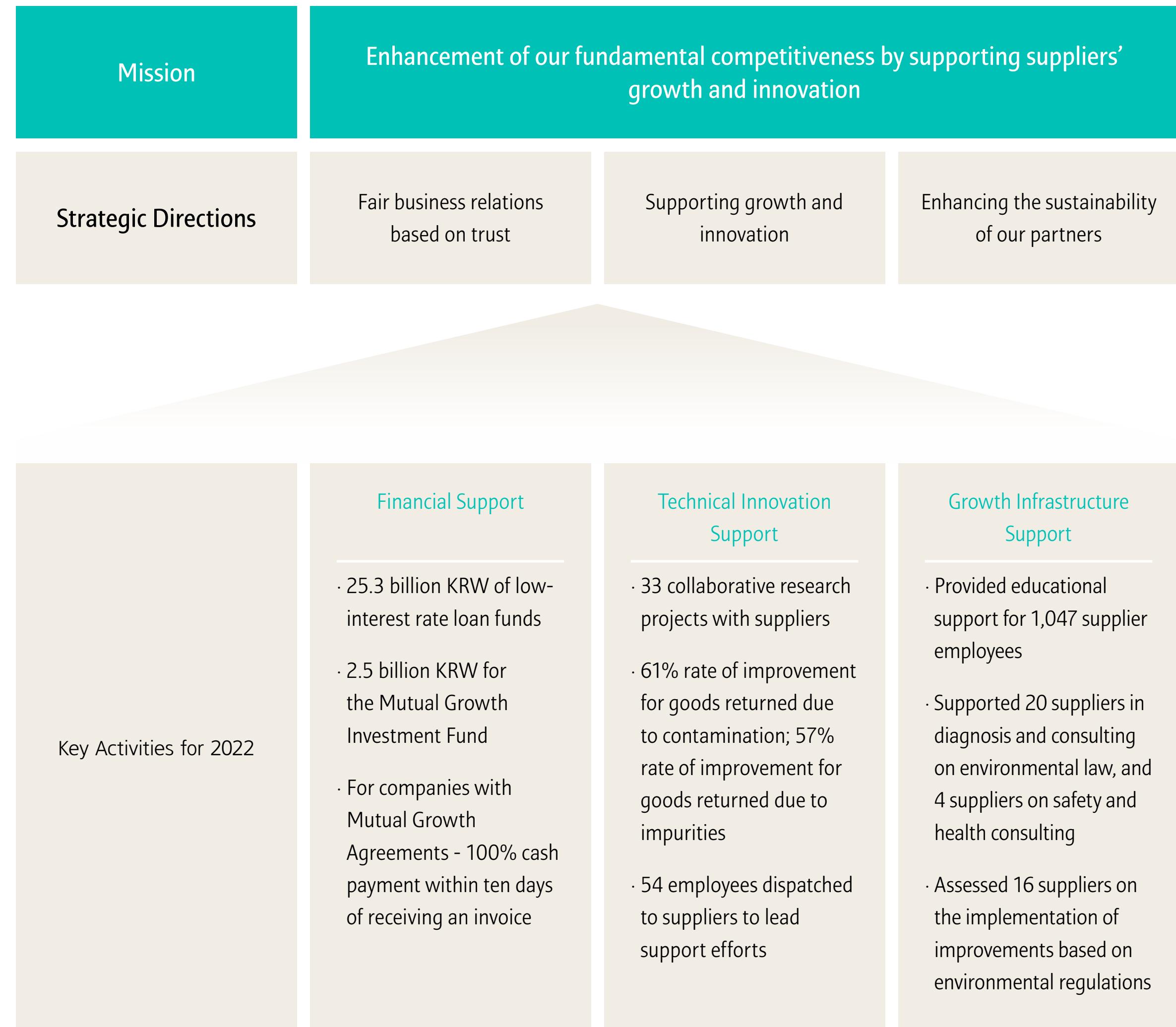
1) RBA(Responsible Business Alliance)

2) OECD(Organisation for Economic Co-operation and Development)

Mutual Growth

Amorepacific Group is committed to fulfilling its corporate citizenship responsibilities and continues its efforts to support the growth and innovation of our suppliers. Recognizing the importance of mutual growth, we provide support in areas such as finance, technological innovation, and growth infrastructure, based on a strong and vigilant business partnerships. Through this approach, we aim to enhance the sustainable competitiveness of our suppliers, fostering continuous and prosperity for both parties.

Mutual Growth Strategy



Financial Support

Strengthening Support with Low Interest Rate Loan Funds

Amorepacific Group operates various financial support programs and funds to strengthen management stability of our suppliers and pave the way for innovative growth. In order to create a stable business environment for suppliers, we provide 900 million KRW worth of 'Win-Win Fund Programs' through direct support. In cooperation with the Industrial Bank of Korea, the size of the 'Mutual Growth Fund Programs,' a low-interest rate loan support, was expanded to 21.4 billion KRW. This is the result of strengthening operational support for suppliers with an increase of 6.3 billion KRW compared to the previous year. In addition, we are operating an additional Door-to-door sales Agency Support Fund worth 3 billion KRW in cooperation with Woori Bank. Moreover, as of 2022 'Mutual Growth Investment Fund,' worth 2.544 billion KRW, was operated to strengthen the capabilities of our suppliers.

Operating Mutual Growth Payment System

Since Amorepacific Group implemented a mutual growth payment system in 2019, the Group has been operating a '100% Cash Payment within 10 Days' system for 110 small and medium-sized enterprises as of 2022. Additionally, in 2022, the foundation was strengthened to ensure the flow of payments to secondary suppliers linked to 105 primary suppliers. Payment through the mutual growth payment system in 2022 was KRW 303.82 billion, contributing to the transparent and stable flow of funds throughout the supply chain.

Technological Innovation Support

Participation in Purchase Condition-Based New Product Development Project

Amorepacific Group has been participating in the 'Purchase Terms for a New Product Development Project' through an agreement with the Ministry of SMEs and Startups since 2019. For four years until 2022, we supported the small and medium-sized enterprises with the development of new technologies and new products through total funding of KRW 4.29 billion. In 2022, through this project, we developed a dual mixing functional cosmetic container, that could hold an oxygen cartridge and functional raw materials, in 2022.

Support for the Establishment of a Manufacturing Execution System (MES)

Amorepacific Group is supporting the establishment of a 'MES Manufacturing Execution System for Smart factory implementation for Suppliers.' A total of six suppliers (2 in 2020, 1 in 2021, and 3 in 2022) were the beneficiaries over the three-year period. Through this, we were able to speed up our supplier's work by establishing systems such as real-time production operations, delivery plan management linked to Amorepacific systems, and data-based inventory management. In the future, Amorepacific Group plans to further expand support related to productivity improvement so that our suppliers, who have continued to cooperate for a long time, can continue to strengthen the efficiency of overall management activities.

Improvement of Contamination and Impurity Issues through Consultations

In 2022, in order to upgrade the quality capabilities and production technology of its suppliers, the Group provided consulting for six suppliers to improve issues such as contamination and impurities. This resulted in the rate of products returned due to contamination, to improve by 61% compared to the previous year, while the rate of products returned due to impurities improved by 57% compared to the previous year.

Operation of Performance Sharing Program

The performance sharing program allows for mutual growth of the Group and suppliers by sharing technical and financial results when achieving goals through joint innovation projects. In 2022, we provided about KRW 163 million for R&D expenses to our suppliers through the operation of seven projects.

Support for Growth Infrastructure

Securing Sales Channels for SMEs

Amorepacific Group has been supporting SMEs with costs and manpower to participate in overseas exhibitions every year since 2015 to enable them to secure a sales channel in the global market. In 2022, we provided a total of KRW 50 million for the costs of booth installation to five suppliers at the Cosmoprof Asia Singapore 2022 event, one of the world's top three beauty exhibitions, held offline in Singapore for the first time in three years.

Operation of Mutual Growth Academy

Amorepacific Group operates its own training programs to improve the capabilities of the suppliers' employees and to supply stable manpower. In 2022, the training focused on improving practical issues such as essential tasks in the cosmetic industry, product quality, production processes, and other on-site operations. Through this effort, a total of 35 new courses were launched, including training for specific jobs, new employees, and manager positions. We provided training to 1,047 employees of 79 suppliers who are eligible for on-site training, and we continue to encourage them to actively communicate in the event of issues in their job.

Product Safety

Amorepacific Group considers providing safe products as the most important value and manages everything from product development to product use based on stringent processes. In addition to compliance with domestic and international regulations, we thoroughly ensure safety from raw materials to the final products through our own global leading quality standards.

Product Safety Management System

Product Safety Management Standard

Amorepacific complies with laws and regulations around the world, where 23 overseas subsidiaries have entered the market including US, EU, Japan, China, and ASEAN. We are also continuously monitoring trends in global chemical substance standards, and safety evaluations trends in closely connected sectors such as drinking water, foods and the environment, and establish and implement strict self-quality standards. Representative global regulations covered by Amorepacific Group's own quality standards include EU REACH and CLP (Classification, Labelling and Packaging Regulations), laws governing pharmaceuticals and food additives. At the same time, evaluation results from internationally trusted organizations such as SCCS, CIR, EFSA, and IARC are also monitored actively for internal quality control. In addition, even if it is legally permitted, the use of certain ingredients such as parabens, triclosan, benzophenones, some colorants and some UV filters are prohibited according to Amorepacific's own internal standards, based on comprehensive consideration of customer concerns and safety research results.

Product Safety Management System

Amorepacific Group operates various expert organizations systematically to thoroughly manage the safety and quality of its products. We ensure customer safety when using our products through experts on domestic and international cosmetic regulations and experts on analysis, safety, stability, and efficacy regarding quality management of cosmetic ingredients and products.

Product Safety Enhancement Activities

Product Safety Assessment

Amorepacific Group operates a product safety assessment process to ensure that ingredients and products are thoroughly validated for safety and efficacy based on its own global standards. We carefully select ingredients and raw materials based on various scientific evidences, and develop products that are safe for both people and the environment based on meticulous safety evaluations not only for the final products but also for the raw materials.

Product Safety Assessment Process



- Exclusion of harmful ingredients and establishment of strict standards for mixing of each ingredient
- Ingredient research skills accumulated over decades and over 50,000 databases secured

- Meticulous safety tests conducted at higher concentrations than actual use
(Animal testing alternatives, skin irritation test, hypoallergenic test, etc.)

- Ensuring compliance with global quality standards and conducting multiple safety assessments from production process to finished products
(Skin and scalp irritation tested on sensitive skin, skin and eye irritation tests, dermatology tests, non-comedogenic tests, etc.)

- Adverse reactions and complaints after product use are monitored and collected/analyzed.
- Systematic customer response via our system for managing complaints regarding undesired effects, and reflection of VOCs in our product development/improvement

Technology for Environmental Impact Assessments

As environmental concerns are increasing, more and more customers are looking for products with minimal environmental impact. In 2015, Amorepacific Group implemented a test method to assess toxicity in the aquatic environment for the first time in the Korean cosmetics industry, and began researching the products' impact on the environment to realize customer values. Amorepacific Group evaluates the environmental impact of products by identifying Persistence (Biodegradation) Score, Bioaccumulation Score, and (Aquatic) Toxicity Score of each of the ingredients and the raw materials used, and reflects the results in developing products with lower environmental impact.

Environmental Impact Scoring Algorithm

Persistence (Biodegradation)

The degree to which an organic substance released into the environment is decomposed by microorganisms

Bioaccumulation

The degree to which a specific substance in the environment accumulates and builds up in an organism through food chain

Aquatic Toxicity

The degree to which certain type of chemicals have adverse effect on organisms in the ecosystem

Scoring/Total by Ingredient

Product Score

[Case] Product Safety Enhancement

Biodegradable ingredient content increased in HAPPY BATH Original Collection Body Wash

HAPPY BATH has launched a body wash product with 99% biodegradable ingredients that can reduce harmful effects on water and reduce negative environmental impacts.

Excluding Certain Ingredients

Amorepacific Group has been continuously advancing formulation technologies to exclude specific ingredients that customers do not prefer. These technologies maintain product quality without using preservatives, prevent unpleasant odors without the need for fragrances, and ensure effective cleansing without surfactants. To ensure the customers are provided with the confidence that certain undesired ingredients are excluded, internal processes such as analysis of trace materials and cross-contamination prevention are operated to obtain scientific evidences

In order to indicate that products are made through this process, we provide information with 'free' marking so that customers can easily make the choice they want. Of course, it is not allowed to display 'free' if the ingredient cannot be used because it is a prohibited material by the regulations. We do not exaggerate the obvious to suggest significant or meaningful implications.

Non-Preservatives Technology

- Water activity control technology
- Rapid microorganism identification technology
- Antimicrobial technology using natural/fermented/naturally derived ingredients
- Microbiome-friendly technology
- AI-based preservation efficacy prediction technology, etc.

Non-fragrance Technology

- Analysis of off-odor or residual scent using GC-MS(Gas Chromatography-Mass Spectrometer), GC-IMS(Gas Chromatography-Ion Mobility Spectrometer)
- Aroma sensory evaluation measurement technology
- Product/raw material odor evaluation and management technology

Trace-level Analysis Technology

- Substance Qualitative/quantitative analysis technology using NMR(Nuclear Magnetic Resonance), LC-MS(Liquid Chromatography Mass Spectrometry)
- Trace contamination detection technology using LC-MSMS/GC-MSMS(Tandem Mass Spectrometry)

Non Animal Methodologies (MAMs) for Cosmetics Testing

Amorepacific Group has been actively participating in the research and utilization of animal alternatives since 1994, which is approximately 23 years ahead of the 2017 legal ban on cosmetics animal testing in South Korea. Since 2008, Amorepacific Group has completely discontinued conducting animal testing on its own, and since 2013, it has implemented a total ban on animal testing, including all its partner companies.

In order to evaluate cosmetics raw materials and products accurately, Amorepacific Group utilizes credible testing methods such as OECD guidelines and certified tests from the European Centre for the Validation of Alternative Methods (ECVAM) and in-house methods developed based on scientific theory.

In particular, the research and development capabilities behind our own animal replacement test method have resulted in 59 domestic and international research papers, 15 patents¹⁾. Additionally we actively engage in many international joint studies and consistently present academic achievements at global toxicology conferences in the United States, Europe, and other regions. Recently, we initiated research into next-generation animal replacement testing methods such as microdevice-based 3D hybrid artificial tissue, which mimics human organs and blood vessels, allowing us to assess the impact on skin tissue and organs based on material flow, skin penetration prediction program and comprehensive construction of database.

Research on Sensitive Skin

Amorepacific Group has been steadily studying the characteristics of sensitive skin since the launch of the brand Soonjung, a brand specializing in sensitive skin, in 1988. We have established the base for research on sensitive skin through collaboration with outstanding hospitals in Korea. We further strengthened Amorepacific's proprietary sensitive skin evaluation system through research on skin characteristics in Korea, China, the US, EU and South East Asia, the characteristics of the microbiome of sensitive skin, and diagnosing sensitive skin based on gene polymorphism. Moreover, to better understand and address customer concerns related to specific area like the scalp, eyes, and lips as well as skin, we are expanding the scope of our research. We are providing customers with more in-depth and personalized solutions for sensitive skin, striving to offer the best possible outcomes.

Strengthening Production Quality

The cosmetics manufacturing process requires extreme precision, as even the slightest differences can have a tremendous impact on the quality of the final product. To minimize variability in results and maximize product quality, we have developed the technology to predict the direction and speed of formula movement. Since 2012, we have analyzed countless flow patterns and made modifications to the production processes and structures of our facilities. We have gone a step further by using this data to build facilities with layouts and structures customized to particular cosmetics formulations - a manufacturing innovation unique to Amorepacific.

With the goal of standardizing quality across our production facilities, we have integrated IT and manufacturing technologies to create the Recipe Control System (RCS) that regulates the entire cosmetics manufacturing process. Our RCS has enabled us to eliminate human error from the manufacturing process, thereby minimizing deviations in quality and enabling us to continue delivering the healthiest, safest, and the most effective products to our customers.

In addition, we strengthened the safe production system by establishing a bulk tracking system. IoT (Internet of Things) infrastructure has been integrated to the bulk storage container, a tool for storing manufactured bulk to be transported to the storage and then to the packaging line, to enable automatic cleaning and management of the storage container. Moreover, we established cleaning expiration dates based on microbiological tests and introduced a Fool Proof function, ensuring that storage containers beyond the cleaning date are rendered unusable.

Customer Satisfaction

Amorepacific Group considers customer satisfaction as our top priority and strives relentlessly to improve product and service quality. We also aim to enhance customer satisfaction by gathering and incorporating customer feedback to identify areas for improvement.

Enhancing Customer Communication

Improving Customer Consultation Process

Amorepacific Group is dedicating company-wide efforts to ensure that customers have a positive experience across various online and offline sales channels. In particular, we focus on identifying dissatisfaction factors felt by customers and strive to maximize customer satisfaction by implementing the process of ‘Monitoring - On-Site Sharing - Improvement Activities’ to Voice of Customer (VOC) response process for each e-commerce platform.

Starting from 2021, Tiki Taka VOC, previously operated as a regular program, has been transformed into a weekly NEWS format, enabling rapid sharing of VOC findings with the field departments. This allows us to swiftly address and improve various aspects, including brand, sales, and logistics, according to customer feedback. From June to December 2022, a total of 61 VOCs were shared with the workplace via Weekly NEWS. Additionally, we continue to manage quality by incorporating customer opinions related to product and service quality. As part of our efforts to address customer concerns, we have published a total of 19 Customer Gifts for Amorepacific (CGAP) and conducted 53 product analyses.

Since the COVID-19 pandemic, customer VOCs have been changing, and we responded by organizing the CGAP exhibition, which we held in an on-off hybrid format, where we shared these changes with all executives and employees (Headquarters, Osan Amore Beauty Part, Daejeon business office). Through the exhibition, we shared the importance of customer experience value for products and services with all of the Group’s brands, and pledged to actively pursue continuous improvement. Considering the evolving distribution environment, we will continue to monitor VOCs from global e-commerce customers, sharing the feedback with field departments to enhance customers’ purchasing experience and expand our quality management efforts.

Procedure for Reception and Processing of VOC

Voice of Customer

- Phone calls
- Chats
- Official website
- E-mail

Understanding the Status Quo

- Professional consultation (Phone call or visit)

Analysis of Status Quo and Resolution

- Analysis of the cause and establishment of countermeasures by the department in charge of quality

Response to Customer

- Analysis results notification
- Consumer dispute resolution
- Handling based on criteria

[Case] Products Development Reflecting Customer VOC

Amorepacific Group listens to its customers and is committed to addressing their complaints. We analyze the received feedback and actively incorporate improvement measures into product development and enhancement. Moreover, we prioritize reflecting customer needs in our product development to maximize customer satisfaction when using Amorepacific Group products.

LABO-H Launched ‘Perfume Edition’ Product, Developed Based on CS

LABO-H, a brand specializing in scalp skincare, launched two new perfume editions that add fragrance to their existing scalp-enhanced shampoo. This product development was in response to continuous customer feedback requesting the addition of a fragrance line. In particular, by actively reflecting the opinions of the MZ generation consumers, who seek sensuous scents as well as functions to improve early hair loss, we added trendy and unique fragrances beyond the popular scents of the existing scalp-enhancing shampoos.

LABO-H will continue to listen to customers' voices and make efforts to help customers take care of their scalp more pleasantly.



LABO-H, Perfume Edition



HERA, Sensual Fitting Glow Tint

HERA Developed High-Color ‘Sensual Fitting Glow Tint’

In July 2022, HERA launched ‘Sensual Fitting Glow Tint,’ a product that reflects 100% of the needs of its customers. Throughout the product development process, HERA actively sought customer feedback by conducting surveys and third-party comparison tests involving more than 1,000 participants. Early on, the brand communicated with customers about the development process through its social communication account, and the main color was chosen based on the customers' votes.

Through the development of these products with customer participation, HERA has strengthened the sense of self-association, allowing customers to a personal connection with the brand. Even after the launch, HERA plans to continue improving formulations and expanding the color range based on customer communication.

Management of Customer Satisfaction

In order to provide customers with the best products and service experience, Amorepacific has been carrying out various customer satisfaction management activities, including conducting satisfaction survey on all customers who have completed customer consultations, since 2019. In 2022, out of the 715 consumer complaints received by Amorepacific, 714 were successfully resolved, resulting in an impressive 99.9% complaint resolution rate¹⁾, which is approximately 1% higher than the previous year. Additionally, Amorepacific achieved a customer service satisfaction score of 82.9 points in 2022.

AMORE Brand Image Perception Survey

Amorepacific Group conducts an annual Brand Image Perception Survey for 5,000 women living in major Korean cities. In 2022, ESG items were added to the metrics used to measure brand health at the awareness, considering, and purchasing stages, ensuring that the products have a brand image that meets the changing market environment and customer needs. Specifically, we measured agreement regarding major brands’ ‘Effort to Create a Better World,’ expressed in terms such as ‘Brand to be a Better Person,’ ‘Steadily Practicing Social Contribution Activities,’ and ‘Excellence in Membership and Customer Management.’ This indicator confirmed whether the brands’ efforts to create a better society reached the customer and used it as a foundation for developing a strategy for ESG activities by brand. In the survey conducted in 2023, we tried to respond actively to the rapidly changing market and customer situations by applying changed expressions such as ‘Brand that Realizes Social Values,’ ‘Brand that Respects Individual Diversity,’ ‘Clean Beauty Brand,’ and ‘Brand that Cares about the Environment.’ We also expanded our measurement to include Chinese and U.S. customers.

1) Domestic records of Amorepacific

Ethical Marketing Development

Amorepacific Group strives to provide customers with accurate and balanced information about products and services. In 2022, we supported members in internalizing the ‘Guidelines for Notification on the Environmental Marketing and Advertising Management System’ which was established in 2021. This initiative aims to prevent the provision of exaggerated or misleading information about the environmental impact of our products and services, ensuring consumers’ right to be well-informed. Additionally, Amorepacific Group is committed to providing information that will not lead to any unnecessary misunderstandings about our competitors’ products and services among our customers. Moreover, we are dedicated to avoiding expressions that promote excessive consumption or negatively impact emotions, among teenagers.

[Case] Customer-specific Product and Service

Amorepacific Group listens to customers' opinions and incorporates their feedback into the development of products and services. We strive to enhance customer satisfaction by identifying the diverse customers' requests and needs, and developing personalized products to cater to each individual customer.

ETUDE

ETUDE is providing 'Foundation Factory' service at their Sinchon roadshop in Seoul, where they create customized foundations for customers. They diagnose personal colors by measuring customers' skin color and tone using 'Skin Tone Finder' developed in collaboration with Color Studies Class at the Korea Advanced Institute of Science and Technology(KAIST). They are working hard to ensure customer satisfaction by providing 'My Own Foundation' based on personal color through consultations with makeup experts.



ETUDE, Foundation Factory

LANEIGE

LANEIGE has introduced a customer-tailored service called 'Bespoke Neo'. This service, available at the LANEIGE showroom in Myeongdong, allows customers to create customized cushions and foundations. After measuring the customer's skin tone, personalized color consulting is provided to suggest the most suitable cushion or foundation for their skin. The finished products are labeled with the customer's name and the manufacturing date, emphasizing the unique nature of the custom-made products.



LANEIGE, Bespoke Neo

HERA

In April 2023, HERA launched Silky Stay Custom Match (custom foundation service) at Amore Seongsu and on online Global Amore Mall. Based on Amorepacific's expert color research, they offered 125 customized shades that precisely match skin tone and brightness, allowing customers to choose the perfect shade tailored to their individual skin tone. At Amore Seongsu, professional consulting services were provided through 1:1 touch-up service by makeup artists, and upon selecting their preferred shade, a personalized foundation was prepared immediately and provided on the spot. HERA will continue its skin research for diverse races and nationalities to strengthen customer satisfaction in our global consumers.



HERA, Custom Match

Launch of Customized Products for Global Customer Needs

In 2022, Amorepacific Shanghai D&I Center developed locally exclusive products tailored to customer needs in the Chinese market. We conducted research on the foundation preferences for Chinese customers and developed 'Mamonde Nudy Fit Foundation' product based on these results. We customized moisturization, application, and adhesion using coating pigment raw materials preferred by local customers in China, and applied powder milling process technology for an optimized finish.

Furthermore, we applied the trend of the hair product market in China to develop high moisturizing and high-efficacy hair products using fragrances that combine flowers and tea, which are preferred by local consumers. Different flowers and tea were used for each of the three products, and varying degrees of efficacy were implemented to reflect customer needs. 'Ryo Peach Oolong Tea Shampoo & Conditioner' is designed for moisturization and hair smoothness; 'Ryo Yuzu Black Tea Shampoo & Conditioner' is designed for oil control and hair volume; and 'Ryo Jasmine White Tea Shampoo & Conditioner' is designed for moisturization and anti-dandruff properties.

ARITAUM Launches Instant Delivery Service through Baemin Store

Following Yogiyo, ARITAUM signed a partnership agreement with the ‘Baemin’ and introduced a real-time product delivery service. It offers an advantage for customers in that they can receive ARITAUM’s products conveniently at their desired location within an hour through the smartphone application ‘Baemin Store.’ When customers order ARITAUM’s products from ‘Baemin Store’ application, the products are delivered immediately through a delivery agency. Since its launch in December 2021 in Seoul area, the service has expanded to include ARITAUM stores in Gyeonggi-do, Incheon and other regions of the Seoul metropolitan area.

LANEIGE Launched Limited Edition Product in Collaboration with Maison Kitsune

In 2022, LANEIGE launched its second limited-edition collaboration product with the French fashion brand Maison Kitsune, following the success of their first collaboration in 2021. The new limited edition, NEO CUSHION X MAISON KITSUNE LIMITED EDITION2 was made based on the concept of “HEY NEO, WHY SO GRAY?”

We wanted to convey a message of hope by adding orange as a point color to the gray shade, inspired by the rising sun against the dark skies at dawn. The edition consists of two Neo cushion products and three goods including a padded eco bag, a phone holder cross bag, and a key ring specially made for this collaboration. The product was released in 10 countries including Korea, Thailand, and Japan, and received love and support from global customers.



LANEIGE, NEO CUSHION × MAISON KITSUNE

HERA Promotes Cultural Diversity through Cultural Collaboration Projects

Through Cultural Collaboration Project, HERA has been offering its customers contemporary aesthetic experience and cultural diversity, partnering with brands or artists who are trailblazing independent careers based in Seoul.

In April 2022, the ‘SCENE #000000 Scene Number Black’ campaign was held with Aufglet, a multi-dimensional cultural space that proposes new ways within familiar zones, centered around the theme of space in Seoul. Through this collaboration, customers were able to experience moments of pioneering ‘being me’ from a fresh perspective within a familiar surrounding. In June, with three illustrators working in Seoul, HERA expressed the daily life of summer through the unique eyes of the artists, capturing the daily lives of Seoullistas who enjoy summer with their own colors. In September, HEAR partnered with the MVP dance crew, a leading force in the domestic dance scene, to showcase their distinctive black performances and share stories that resonate with MZs about what makes them true MVPs. In addition, HERA is collaborating on more than 100 contents with 30 crews from ‘C.CREW,’ HERA’s creator crew, to explore various themes such as Seoul’s colors, festivals, and people.

HERA will continue to engage in collaborations with unique artists and creators in various creative activities, and will hold events where customers can participate and experience Hera’s stories of diversity.



HERA, Black Cushion×AUFGLLET

Information Security

Amorepacific Group has established a comprehensive information security management system to respond to cyber attacks and various threats targeting valuable information and assets. Through information security declarations and education, we are raising the level of information security awareness among our employees and suppliers. Additionally, we are strengthening our ability to respond to information security threats by assessing security vulnerabilities regularly and establishing recovery systems.

Information Security System

Information Security Declaration

Amorepacific Group communicates its dedication, objectives, and action policy regarding information protection to employees through the Information Security Declaration. Furthermore, detailed security guidelines are designated as company rules to ensure that employees comply with them. We are doing our best to protect personal information and strengthen information security. In the event of any accidental or intentional violation that causes damage to the company or compromises customer rights, appropriate disciplinary measures are taken.

Information Security Management System

Amorepacific Group considers privacy protection as a critical company-wide risk and manages it accordingly. Through the Risk Management Committee, we report privacy protection risks and our security strategies to key executives on a regular basis. Policies are established and operated to meet legal requirements, and close coordination is implemented for each subsidiary by designating the Chief Information Safety Officer (CISO), and Chief Privacy Officer (CPO). The head of the Information Security Center is responsible for information protection and privacy protection, and is in charge of protecting corporate information, customer data, and employees' personal information from cyber attacks. Furthermore, we have developed a comprehensive Information Security Management System in accordance with the certification standards set by national authorities. We undergo annual assessments to obtain and maintain the certification. In particular, the headquarters, Amazon Web Service(AWS), Songdo Computer Center, and Jukjeon Disaster Recovery (DR) Center are reviewed comprehensively for manpower, computer resources, and physical environment, with improvements made to address any identified deficiencies.

Customer Personal Information Protection Activities

Amorepacific Group prioritizes customer privacy protection from the planning stage of all businesses activities related to our customers, and provides services only when they meet our established standards. As an essential procedure, consent is sought when collecting personal information, and various technologies are applied to keep the collected information safe. We use personal information only for the purposes specified and agreed upon with the customers. In addition, guidance on our personal information processing policy is provided to consumers through the website for easy access.

In order for the personal information processing system to comply with the law and the company's security standards, a group of internal and external experts conduct a full inspection and implement necessary improvements on an annual basis. Furthermore, to prevent any personal information leakage through website hacking, we conduct annual simulated hacking tests using the same techniques employed by hackers, and improve the vulnerabilities found. Moreover, we have introduced a robust malware defense system to prevent the leaking of customer personal information from targeted attacks on our employees. This multi-layered defense system extends even to our IT service employees. In 2022, there was only one complaint received from outside related to personal information infringement, and the report was made to the relevant authorities and follow-up measures were completed.

Information Security Training for Employees

Amorepacific Group conducts mandatory training once a year to raise employees' awareness of information security. In 2022, over 95% of employees of Amorepacific Group and some subsidiaries¹⁾ completed the compulsory education under the themes of 'Rules to Follow while Working,' 'Compliance with Privacy Regulations,' and 'Ways to Consider Security in Digital Business'. Furthermore, both online and offline education sessions were conducted for all store and door-to-door sales beauty partners who directly interact with customers, focusing on the importance of 'Preventing the Misuse of Customers' Personal Information'.

1) Amorepacific, ETUDE, innisfree, Espoir, AESTURA, AMOS Professional, OSULLOC

Protection of Supplier Privacy

We disclose the list of companies on the website, when personal information is entrusted to a supplier to ensure seamless customer service. In 2022, we conducted tailored education for 260 suppliers to enable them to securely manage personal information based on the nature of their tasks. Additionally, based on a total of 25 items, we conducted four diagnoses on the privacy level of our suppliers. The diagnosis results were categorized into five levels, and suppliers scoring below a certain level were provided with support to implement necessary improvements. If a supplier's business contract expires, the company manages the immediate deletion of Amorepacific Group's customers' information, and in 2022, we received a total of 24 confirmations regarding destruction of customer data.

New Digital Environment Security

Even with the increasing use of cloud services, following the growing trend of digitalization, it is important to maintain the consistent level of security. We have implemented a configuration management monitoring system that automatically detects any incidents, to prevent any mishandling of the cloud service, resulting in the exposure of sensitive information or unauthorized access. Additionally, in the DevOps development environment, which allows rapid responsiveness to customer service improvements, we conduct automatic checks to ensure that the source code remains secure and resilient against hacking attempts, guaranteeing a safe digital environment for our customers.

Conducting BCP Tests for System Disruptions

Amorepacific Group conducts regular Business Continuity Plan (BCP) tests to ensure that critical customer services are not interrupted by natural, artificial or internal factors. For disaster recovery planning, we have established a disaster classification, defined and declared the emergency organization, and specified the detailed recovery procedures. Our key systems such as online shopping platforms and point-of-sale systems are replicated to the Disaster Recovery (DR) Center in order to mobilize prompt action in case of a disaster. Additionally, simulated recovery tests are conducted once a year to verify the accuracy of our disaster recovery plan, and ensure that all responsible personnel are well-versed in their roles, enabling swift system restoration in the event of an emergency.



CSR

Amorepacific Group believes in the positive effects that beauty can have on people and the world. We operate various CSR programs to help our stakeholders achieve sustainable and harmonious growth.

Implementation of CSR

Direction of CSR Implementation

Amorepacific Group strives to contribute to the community and fulfill CSR. Through this, we aim to pursue mutual growth with all stakeholder groups and spread the value of diversity and inclusion. Under the vision of '2030 A MORE Beautiful Promise' to strengthen economic capabilities for those in need of economic independence and invest 100 billion KRW to enable citizens lead healthy lives, various CSR programs are being promoted to spread positive effects across society.

Amorepacific Foundation

The Amorepacific Foundation conducts research on two specific themes, one being 'Asian Beauty' and the other being 'Women and Culture.' Furthermore, the Foundation runs 'Jangwon Humanities Scholars' support project to discover and nurture emerging researchers in the field of the humanities. Additionally, the Foundation contributes to the vitalization of domestic and international research networks by supporting the translation and overseas publication of outstanding research.

In 2022, the Foundation held a research contest for the 'Asian Beauty' project. Out of the 44 papers received over the two-week online application period in June, three were selected as finalists, and four domestic and overseas editions of the Asian Beauty book series were published. The 'Women and Culture' research contest and support project were also conducted similarly, with 30 out of 286 research projects selected as finalists. In the end, 30 research papers were published in 2022. The 'Jangwon Humanities Scholars' support project selected two emerging researchers in 2022 providing them with a stable research environment to build their own solid foundational research platform.

Amorepacific Sympathy Foundation (Formerly Amorepacific Welfare Foundation)

Amorepacific Welfare Foundation was established to support the socially vulnerable pursue healthy and beautiful lives. It contributes to the development of the community through various public-private cooperation projects, and transforms outdated and abandoned spaces to create new cultural spaces for local residents. Meanwhile, in November 2022, Amorepacific Welfare Foundation changed its name to Amorepacific Sympathy Foundation, and from 2023, it will take the lead in expanding opportunities for more young people to participate in society by focusing on improving their mental well-being and supporting economic independence.

In 2022, the Spatial Culture Improvement Project, previously limited to existing women's facilities and non-profit women's organizations, was expanded to include non-profit facilities nationwide dedicated to addressing social issues. A total of 219 proposals were received through the public offering project, and 7 non-profit facilities were selected to improve the poor education centers, lounges, and offices with brighter and pleasant interiors. The improvement of the spaces has helped enhance user convenience, stability, concentration, motivation, and overall satisfaction by more than 70% compared to before.

We also actively conducted community development programs based on employees' talents. A total of three unique stores in Seoul, including Namyeong-dong and Hangangro-dong, have been renovated through 'Designer Dedicated to our Store.' Furthermore, 'Bukchon Middle House,' created through 'My Neighborhood Idle Center,' converted an abandoned hanok into a cultural center for Bukchon locals and enhanced space use by integrating Bukchon residents' tour programs.

Additionally, 'Yongsan Dragons,' a civil, government, and academic association in Yongsan-gu, Seoul, contributed to the development of the Yongsan-gu community by supporting underprivileged residents, organizing probono youth job mentoring activities,

promoting child abuse prevention campaigns, and hosting Christmas events involving Amorepacific employees.

Employee Volunteer Activities and Donation of Goods

Amorepacific Group encourages volunteer activities for employees by team or organization. However, as the prolonged COVID-19 made it more challenging to organize volunteer activities for teams, organizational units, and individuals, the number of participants and time of participation in volunteer activities have decreased. In response to the post-COVID era, Amorepacific Group is shifting our employee volunteer activities from time and participation-oriented activities to activities based on individual autonomy and expertise. We are actively conducting various employee volunteer activities accordingly, including participation in brand and channel CSR campaigns and probono work.

Additionally, Amorepacific will increase our annual donation of goods to a maximum of KRW 5 billion, equivalent to approximately KRW 25 billion in consumer value, to support the livelihoods of 100,000 vulnerable individuals. Since the second half of 2022, a total of KRW 2.9 billion worth of goods, three times larger than the previous year, has been donated to a total of 96,000 beneficiaries.

Status of 2022 Employee Volunteer Activities

| Category | Unit | Amorepacific Group | Amorepacific Group |
|---|--------|--------------------|--------------------|
| Number of participants | Person | 243 | 221 |
| Participation time | Hour | 2,294 | 2,154 |
| Average participation time per person ¹⁾ | Hour | 9 | 10 |

1) The average participation time per person was calculated by dividing the total participation time by the number of participants, and the calculation method has been changed from the previous year.

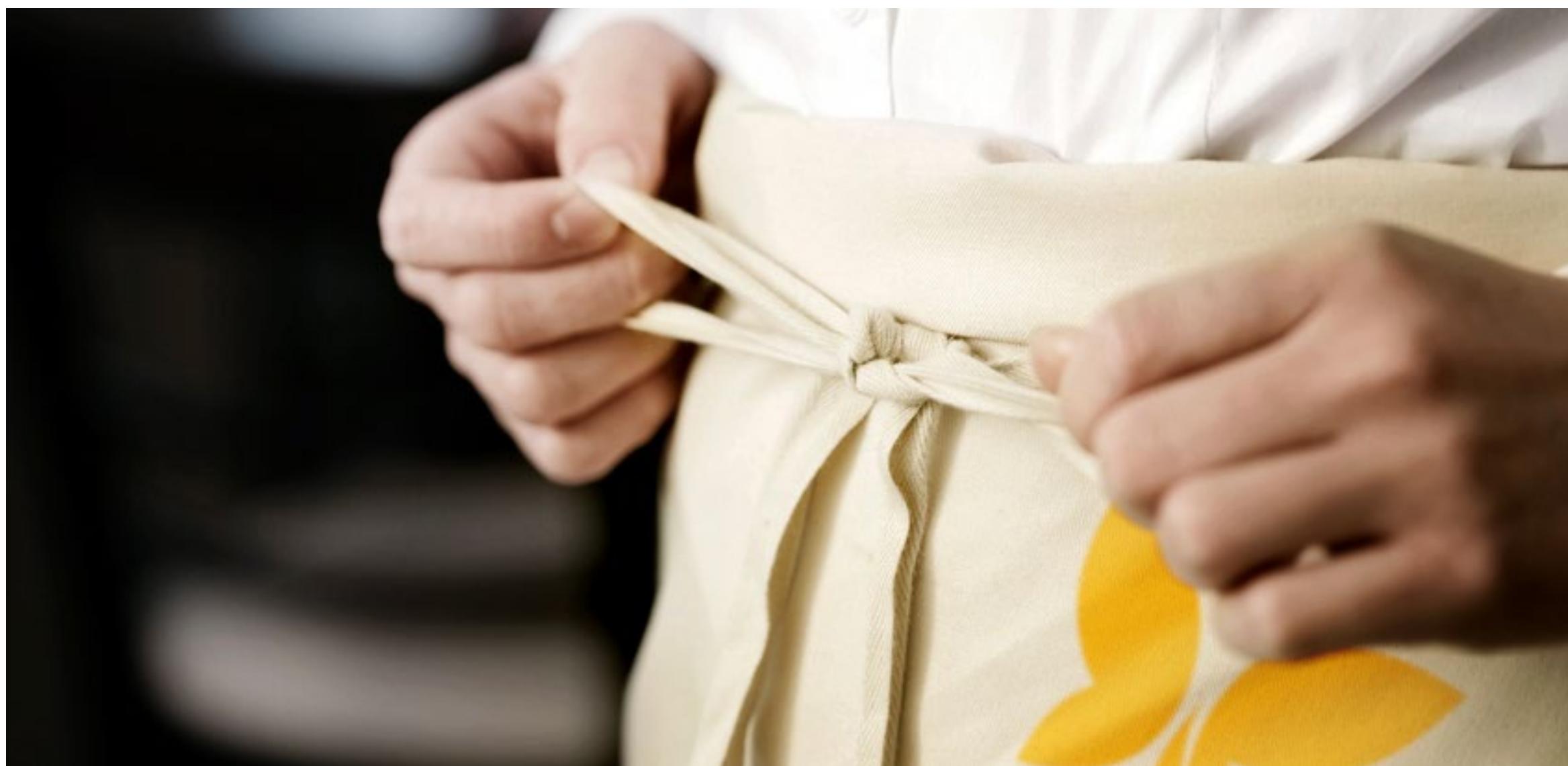
Empowering Single Mothers through ‘Hope Store’

Amorepacific is realizing its long-standing CSR philosophy of ‘Returning the love received from women to women’ through the ‘Hope Store’ initiative, which supports single mothers with start-up loans to achieve economic independence. Through Hope Stores, we aim to increase the average monthly income of female entrepreneurs, establish a social support system, promote stabilize emotions, and strengthen family relationships.

In 2022, as the government’s social distancing regulations eased, the Hope Store business resumed face-to-face regular events in a phased manner. We continue to make efforts to restructure the business network through gradual exchanges including overnight face-to-face orientation programs, special lectures, small meetings, and national conferences for working-level officials. In 2022, Hope Stores boosted store sales and stabilized management through various resource links. In particular, five stores overcame

management crisis by receiving comprehensive management consulting under the newly introduced ‘Management Improvement Consulting’ initiative.

Additionally, a total of three online business briefing sessions were held for prospective applicants who had difficulty applying for business and preparing business plans, and a total of 147 founders participated in the sessions. As a result of the support, the average monthly income of the founders increased slightly to about KRW 2.32 million in 2022, compared to approximately KRW 2.11 million in 2021. Considering the nature of the Hope Store founders, who operate small one-person businesses and bear sole responsibility for their family’s economy, economic hardships may arise if they are unable to work due to diseases or accidents. In view of the situation, total 67 founders were provided with comprehensive health examination expenses through the Health Rights Support Project, and additional examinations and surgery expenses were provided to a total of 6 founders who were found with medical issues.



Hope Stores

‘A MORE Beautiful Challenge,’ Nurturing Social Ventures in the Environmental Field

‘A MORE Beautiful Challenge’ is a program that identifies and supports social ventures with the potential to create impact and foster growth. Organized by Amorepacific and operate by Merry year Social Company (MYSC), a startup fostering and impact investment company, the program provides opportunities for open innovation connections and investment opportunities.

The first ‘A MORE Beautiful Challenge’ held in 2022, selected five outstanding environmental startups capable of creating synergy in the eco-friendly field. Through the program, we supported capacity building training on ESG management, B Corp, RE100, etc., while providing an opportunity to explore open innovation with relevant departments within Amorepacific through 1:1 meetings.



2022 A MORE Beautiful Day (ESG Forum)

In September, during the Demo Day, two outstanding companies were selected based on the results of open innovation conducted as a part of the program. And in October, these two companies presented their ideas for collaboration with Amorepacific, in front of all the employees at the ‘2022 A MORE Beautiful Day (ESG Forum for A MORE Beautiful Future)’ event held at Amorepacific headquarters. Subsequently, Investments were made in three finalist companies, and through this, we aim to contribute to their growth and the expansion of the social venture ecosystem.

Moving forward, Amorepacific plans to further refine environmental and social issues that can be tackled through open innovation, continuously enhancing our collaboration framework.

'MEET YOUR DREAM,' Youth Job Mentoring Program

Since 2013, Amorepacific has been carrying out 'MEET YOUR DREAM' pro bono activity, where a group of job experts composed of employees provide career mentoring to women and teenagers, transferring their professional skills. In 2022, we worked hard to systematize the program, including for online mentoring. We developed a new career mentoring curriculum for researchers (big data, customized cosmetics), and also introduced a marketer career mentoring program, which gained high satisfaction from participants.

Amorepacific signed a business agreement with Gyeonggi-do Province and the Gyeonggi-do Office of Education in 2021, to promote 'Gyeonggi-do Career Experience where Students and Companies Meet,' and provided support for career experience education for middle school students in Gyeonggi-do Province from 2022. From 2013 to 2022, 302 employees participated in 'MEET YOUR DREAM' program as mentors and 4,829 teenagers were selected as mentees. Moreover, a total of 48 scholarship students were selected from 2017 to 2022 to nurture experts in the future makeup and hair fields, with 40 of them obtained expert certificates. This created a cumulative amount of KRW 780 million in monetized social value for stakeholders from 2017 to 2022.



Training teenagers to nurture makeup and hair experts

'makeup your Life,' Empowering Cancer Patients to Resume Daily Life

Since 2008, Amorepacific has been conducting a makeup education initiative called 'makeup your Life' for cancer patients who experience appearance changes like skin alterations and hair loss during cancer treatment. By 2022, the program has benefited a cumulative total of 20,817 cancer patients, helping female cancer patients return to their daily lives.

In 2022, a beauty therapy program was additionally introduced in Korea for medical staff who worked tirelessly to overcome and prevent the spread of COVID-19. Talent donations from beauty creators and makeup artists increased the program's effectiveness and participant satisfaction. Moreover, Amorepacific extended 'makeup your Life' program overseas, and in 2022, 150 and 151 cancer patients participated in the program respectively through our Taiwanese and Malaysian subsidiaries.



makeup your Life in Malaysia

'Beautiful Life,' Creating Economic Independence for Vulnerable Women

Since 2008, Amorepacific has been donating to 'Beautiful Life' project, which integrates basic employment education (self-management, communication skills, service mindset, economic/financial management, etc.), job-based customized education and training, and mentoring, to support the economic independence of vulnerable women.

In January 2022, Amorepacific donated KRW 1 billion to the Community Chest of Korea through the 'Beautiful Life' program. Starting from 2022, the target of support has been expanded to women and young people in need of economic independence, and a total of 217 people participated in the 'Beautiful Life' program throughout the year. In 2022, we introduced specialized beauty industry job training courses to nurture hair designers and makeup artists. Our Amorepacific employees actively participated as instructors and conducted field training courses at our makeup professional team's offices and partnering hair and makeup shops. As a result, 4 out of 8 hair designer trainees succeeded in getting employed. Amorepacific is committed to continually contributing to strengthening the economic capabilities of those in need of financial independence.

'Pink Ribbon Campaign,' Enhancing Breast Health Awareness

Amorepacific holds 'Pink Ribbon Campaign' every year to promote breast health awareness. In 2022, the first face-to-face event since the outbreak of COVID-19 took place, and the Pink Festival was held at the designated area in Yongsan Park. Participants' satisfaction was enhanced by expanding the program from the existing running only, to various exercise programs such as pilates, dance fit, Latin fit, and pound fit.

Out of approximately 1,000 participants, over 95% responded positively to the survey on improving participants' awareness and health motivation after the event, and more than 98% expressed their intention to participate again. The entire participation fee was donated to the Korea Breast Health Foundation to support the costs of surgical treatments and preventive screenings for low-income breast cancer patients. In 2022, around KRW 500 million was spent on the 'Pink Ribbon Campaign,' with a cumulative total of 227,000 persons participating until 2022.

A Win-Win Partnership with Local Community | China

Mori run

'Mori Run' is a collaborative public interest project organized by Amorepacific China and the China Women's Development Foundation for seven consecutive years. Mori Run aims to raise awareness of cancer prevention and treatment among women.

The 'Mori Run' event held in 2022 broke the limitations of space and introduced new activities to participate through online platforms. During the program, participants watched videos related to public welfare, gaining valuable insights into cancer prevention and treatment. In addition, social media platforms such as Weibo, WeChat, and Xiaohongshu (Chinese version of Instagram) were integrated and managed to increase its social impact. Collaborating with Key Opinion Leaders (KOL) 1) in sports and lifestyle areas aimed to amplify interest in women's health.

Two-cancer Screening

Amorepacific China, in collaboration with the China Women's Development Foundation, is dedicated to providing free checkups for women aged 20 to 64 with the goal of preventing breast and cervical cancers. About 120,000 women benefited from the project from 2016 to 2022.

In 2022, offline activities were conducted mainly in rural areas such as Guizhou and Yunnan provinces. More than 9,000 women in these regions received support through the program. Moreover, additional training to improve their testing capabilities, was provided to medical professionals to enhance the quality of medical services and raise awareness about the prevention of breast and cervical cancers.

BETTER SHE

To further promote China's 'Rural Revitalization' policy, Amorepacific China started the BETTER SHE program in collaboration with the China Women's Development Foundation in 2020. This project aims to educate women in rural areas, empowering them to become caregiving professionals and achieve economic independence and personal development.

In 2022, 800 women took part in training from four cities in Guizhou Province and four cities in Heilongjiang Province, with employment rates exceeding 80%. Accordingly, various lectures such as housekeeping service, elderly care, and childcare care were added to enhance the quality of the program, and more than 20 community lectures were conducted in Heilongjiang Province to share housekeeping skills with local residents. In addition, project videos have been posted on social media platforms like WeChat and Weibo to maximize the social impact of the program and collect feedback on the related programs.



BETTER SHE Program Training

AMORE YOUTH

AMORE YOUTH is the first ever psychological support initiative for youths, launched by Amorepacific China in 2020. In 2022, we provided online platform lectures along with offline events, aiming to relieve the stress and anxiety that college students experience regarding their studies, lives, and employment and help them overcome difficulties with a positive mindset. During the offline events, we conducted a total of 21 road shows, lectures, and workshops benefiting 3,000 students.

Starting from 2022, the program expanded its reach through a 21-day online psychotherapy course, consisting of six different themes, and <Handbook for Infectious Diseases and Psychological Health of College Students> was given out to college students who had difficulties going to school. As a result, 7,500 students participated through the online platform in 2022.

Amorepacific is committed to further expanding its mental health program for young people, with plans to extend the initiative globally, including its headquarters in Korea.



AMORE YOUTH Workshop

1) Influencers who can help expose brands on social media or influence the sales of products and services

[Case] CSR

Innisfree Moeum Foundation

Collecting and Climbing

As the number of visitors to Jeju increases, so does the issue of indiscriminate garbage disposal. To address this problem, Innisfree Moeum Foundation conducted an eco-friendly activity called 'Collecting and Climbing' to solve the garbage problem in Jeju's Oreums and rivers. The Korean name for this initiative is a combination of 'Collecting(garbage)' and 'Climbing(oreum),' with 'plogging(walking and picking up trash).' Through this initiative, more than 50 volunteers, accompanied by plant commentators, collected 450 liters of garbage in the areas of Namsongak Oreum, Sol Oreum, and Gungsancheon Stream in 2022. Innisfree Moeum Foundation will continue to share the value of Jeju's precious natural heritage through eco-friendly activities and encourage the practice of environmental conservation in daily life.



Collecting and Climbing

Innisfree Moeum Foundation is a non-profit organization established on Jeju Island in 2015 through innisfree's donation commitment of KRW 10 billion. The Foundation operates public interest projects dedicated to preserving Jeju's natural ecology, fostering future talents, and promoting Jeju's unique cultural values.

Junior inniclass

'Junior inniclass' is an ecological environment education program with themes focused on nature conservation, environmental protection, and resource circulation. With the purpose of cultivating environmental conservation awareness among children who will lead the future of Jeju, lipstick upcycled crayons and coloring books featuring 12 indigenous plants of Jeju Island are used as teaching materials. From 2019 to 2022, 960 students from 31 elementary schools in various towns and villages on Jeju Island participated, leaning to understand Jeju's natural ecological environment and live wisely to contribute to global environmental conservation.



Junior inniclass

Tangerine Scholarship

Innisfree Moeum Foundation operates the Tangerine Scholarship Program to find and support outstanding talents in the tangerine agriculture sector, thereby enhancing the competitiveness of Jeju tangerines. Since 2018, the program has awarded a total of KRW 98 million in scholarships to 64 high school and college students over five sessions.

Improving the Villages' Economic Independence

Sinheung 2-ri Dongbaek Village, home to the 27th designated Jeju provincial monument, the camellia tree colony, is the first village to establish a fair trade agreement with Amorepacific, known as 'Beautiful purchases agreement'. Dongbaek village and Amorepacific have been pursuing a win-win relationship for more than 10 years. Dongbaek Village has been supplying ingredients used in Amorepacific cosmetics, and Amorepacific has designed the village logo and packages of edible camellia oil, a product from the village, through talent donations from its employees. In 2022, Innisfree Moeum Foundation helped Dongbaek Village's entry into the world of live commerce through employee talent donations. Through the operation of live commerce, the Foundation pioneered the online market for edible camellia oil, the representative product of the village, and further contributed to the village's economic independence.

ILLIYOON

Donation to the Corporation Aggregate Korea Atopy Asscoiation

In 2022, ILLIYOON donated 1,000 units of 'ILLIYOON MD Red-itch care cream' worth KRW 26 million to the Corporation Aggregate Korea Atopy Asscoiation to support underprivileged children. By providing functional cosmetics approved by pediatric dermatologists to alleviate itching, we sought to make a tangible difference in the lives of atopic patients. In addition, the brand conducted sponsorship activities for underprivileged children who are unable to purchase body moisturizers due to economic difficulties despite skin concerns that damage their daily lives.

Collaboration with Social Enterprise a'dren

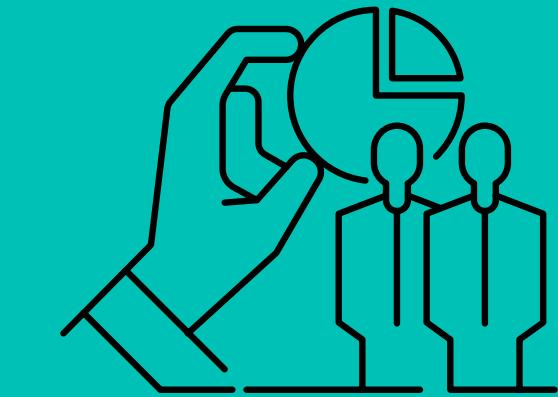
In 2022, ILLIYOON conducted a collaboration project with a'dren to deliver children's stories through design, and to donate a portion of the proceeds from the sales of designed objets to underprivileged children. a'dren is a social design brand that sells patterned design products inspired by children's stories and artwork. Using the proceeds, ILLIYOON continue to provide art education opportunities to underprivileged children, extending continuous emotional support to children in child care facilities.

ILLIYOON hosted an art class with a'dren under the theme of 'Things That Warm Me.' They developed patterns that incorporated children's original artwork and stories and created a bag with the collaborative pattern. This bag was presented as gifts to ILLIYOON customers who made purchases. A portion of the profits generated from the sales will be donated to support underprivileged children in the first half of 2023.

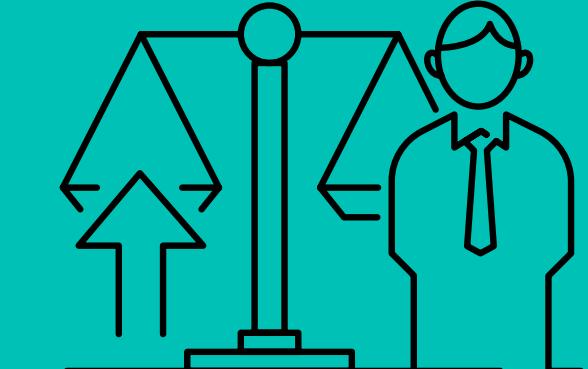
Governance

2022 Performance

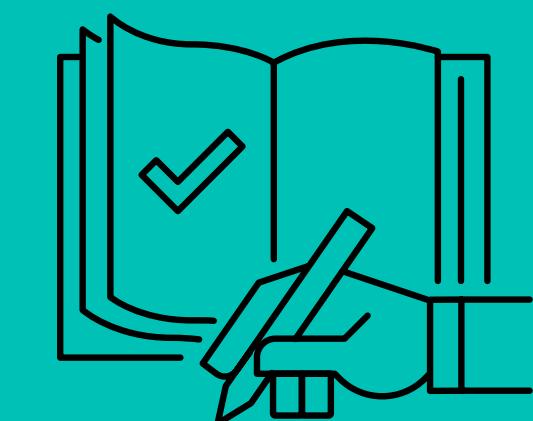
Average attendance rate at Board of Directors meetings
97%



Expansion of stock dividend payout ratio
34.9%



Rate of completing company-wide ethics education program
86.6%



Corporate Governance

Amorepacific Group and Amorepacific have established sound governance structures through transparent and efficient Board operations, and pursue sustainable growth of the company and increased shareholder value.

Board of Directors and Committees

Composition and Operational Status of the BODs

Amorepacific Group and Amorepacific have formed the Board of Directors to have a sound governance structure, and pursue the company's sustainable growth and stakeholder value creation through the BOD operations. The BOD consists of a majority of independent directors, performing functions independently of management and controlling shareholders. Independent directors are recommended by the Independent Director Nomination Committee in consideration of the candidates' independence, diversity, and expertise, and are individually appointed by a general shareholders' meeting. The term of the BODs is determined by a resolution at the general shareholders' meeting, within the range of three years for internal directors and between one to three years for independent directors according to the company's articles of incorporation. The minimum attendance in the Board meetings required by the BODs is 50%, and the average attendance in meetings held by the Board of Directors in 2022 was 97%.

Corporate Governance, Articles of Incorporation, and Rules (in Korean)

Securing Independence, Expertise, and Diversity of the BODs

Amorepacific Group and Amorepacific have adopted various measures to secure independence, expertise, and diversity of the BODs. To enhance independence, the BOD is composed of a majority of independent directors. The appointment of independent directors is made through the process of verification and recommendation of candidates by the Independent Director Nomination Committee, which consists entirely of independent directors. The director appointment process follows the 'Guidelines for the Independence of Directors,' and at the same time meets the qualification requirements for directors

as prescribed by related laws such as the Commercial Act. In addition, we appoint directors with practical experience and expertise without discrimination based on gender, region, academic background, disability, nationality, race, or cultural background in accordance with our 'BOD Diversity Guidelines.' In particular, we appoint external experts with independence and broad expertise in various fields such as accounting, management strategy, foreign affairs, marketing, fair trade, and ESG as independent directors to enhance the expertise of the Board and the Committees under the BOD.

BOD Evaluation and Remuneration

All directors, including independent directors, conduct an annual evaluation of the BOD's activities to strengthen accountability of the BOD and improve its efficiency. To ensure fairness, the evaluation items are organized according to BOD evaluation guidelines stipulated by the Korea Institute of Corporate Governance and Sustainability. The Board's remuneration is determined after considering the size of the company and the level of remuneration in the same industry. Amorepacific Group and Amorepacific are planning to review whether they will reevaluate independent directors based on their individual performance and consider these reevaluation results when deciding on their potential reappointment and possible remuneration.

Guidelines for the Independence and Diversity of the (Board of) Directors

Committees under the BOD

There are seven committees under the BOD. They are the Audit Committee, Independent Director Nomination Committee, Internal Transaction Review Committee, Compensation Committee, Management Committee, Risk Management Committee, and ESG Committee. To operate the BODs and its Committees efficiently and reasonably, each committee consists of members with backgrounds and expertise appropriate to their key functions.

| Committees | Role |
|---|---|
| Audit Committee | Monitoring of the company's accounting and operations, approval of financial statements and business reports, evaluation of internal accounting management systems, appointment of external auditors, etc. |
| Independent Director Nomination Committee | Nomination of candidates for independent directors to be appointed at the general shareholders' meeting, etc. |
| Internal Transaction Review Committee | Deliberation and resolution on internal transactions, as prescribed by the Monopoly Regulation and Fair Trade Act and the Commercial Act as matters to be approved by the BODs |
| Compensation Committee | Evaluation and deliberation on the adequacy of the remuneration limit for registered directors, which is to be submitted by the BODs to the general shareholders' meeting |
| Management Committee | General management matters delegated by the BODs |
| Risk Management Committee | Prevention of emerging risks, response upon the occurrence of risks, implementation of measures to prevent recurrence after the risk is contained |
| ESG Committee | Supervise and respond to ESG risks, such as external regulations, respond to ESG stakeholder communications, develop ESG strategies and review detailed action plans, and monitor implementation of ESG-related plans, etc. |



Composition of Amorepacific Group BOD

As of April 2023, ●: Chairman, ○: Member)

| Category | Name | Position | Gender | Date of the First Appointment | Committees under the BOD | | | | | | |
|-----------------------|---------------|--|--------|-------------------------------|--------------------------|---|---------------------------------------|------------------------|----------------------|---------------------------|---------------|
| | | | | | Audit Committee | Independent Director Nomination Committee | Internal Transaction Review Committee | Compensation Committee | Management Committee | Risk Management Committee | ESG Committee |
| Internal Directors | Suh Kyung-bae | CEO, Amorepacific Group | M | 1994.03 | | | | | ○ | ○ | |
| | Lee Sang-mok | President, Amorepacific Group | M | 2023.03 | | | ○ | ○ | ● | ● | ○ |
| Independent Directors | Choe Jong-hak | Professor, College of Business Administration, Seoul National University | M | 2019.03 | ● | ○ | ● | ○ | | | |
| | Kim Eon-soo | Professor, Department of Business Administration, Korea University | M | 2020.03 | ○ | ○ | ○ | | | | ● |
| | Lee Eun-jung | CEO, LINE Plus | F | 2023.03 | | ○ | | | | | ○ |
| | Chae Kyu-ha | Advisor, Law Firm Bae, Kim & Lee (PKL) | M | 2023.03 | ○ | ○ | ○ | ○ | | | |

Composition of Amorepacific BOD

(As of April 2023, ●: Chairman, ○: Member)

| Category | Name | Position | Gender | Date of the First Appointment | Committees under the BOD | | | | | | |
|-----------------------|----------------|---|--------|-------------------------------|--------------------------|---|---------------------------------------|------------------------|----------------------|---------------------------|---------------|
| | | | | | Audit Committee | Independent Director Nomination Committee | Internal Transaction Review Committee | Compensation Committee | Management Committee | Risk Management Committee | ESG Committee |
| Internal Directors | Suh Kyung-bae | CEO, Amorepacific | M | 2006.06 | | | | | ○ | ○ | |
| | Kim Seung-hwan | CEO, Amorepacific | M | 2023.03 | | ○ | | ● | ● | | ○ |
| | Lee Dong-soon | CEO, Amorepacific | M | 2021.03 | | | ○ | ○ | ○ | ○ | ○ |
| | Park Jong-man | Vice President, Digital Strategy Unit, Amorepacific | M | 2023.03 | | | | | ○ | ○ | |
| Independent Directors | Lee Hwi-seong | Senior Advisor, Innovative Company Shall We | M | 2019.03 | ○ | ○ | ● | | | | ○ |
| | Jo Seong-jin | Professor, College of Economy, Seoul National University | M | 2021.03 | ○ | ○ | ○ | | | | |
| | Kim Jong-dae | Professor, Department of Business Administration, Inha University | M | 2022.03 | | | | ○ | | | ● |
| | Ahn Hee-joon | Professor, Department of Business Administration, Sungkyunkwan University | M | 2022.03 | ● | | | ○ | | | |
| | Choe In-a | CEO, Choi Ina Books | F | 2022.03 | | ○ | | | | | ○ |
| | Lee Jae-yeon | Executive, Marketing and Retail Sales, ROYAL CANIN | F | 2023.03 | | | | ○ | | | ○ |

Board Skills Matrix of the Amorepacific Group's BOD

(As of April 2023)

| Experience and Expertise | Suh Kyung-bae | Lee Sang-mok | Choe Jong-hak | Kim Eon-soo | Lee Eun-jung | Chae Kyu-ha |
|----------------------------------|---------------|--------------|---------------|-------------|--------------|-------------|
| Accounting·Finance | | ○ | ○ | | | |
| Business Management·Strategy | ○ | ○ | | ○ | | |
| Marketing·Consumer | | | | | ○ | |
| Fair Trade·Regulation·Compliance | | | | | | ○ |

Board Skills Matrix of Amorepacific's BOD

(As of April 2023)

| Experience and Expertise | Suh Kyung-bae | Kim Seung-hwan | Lee Dong-soon | Park Jong-man | Lee Hwi-seong | Jo Seong-jin | Kim Jong-dae | Ahn Hee-joon | Choe In-a | Lee Jae-yeon |
|------------------------------|---------------|----------------|---------------|---------------|---------------|--------------|--------------|--------------|-----------|--------------|
| Accounting·Finance | | | | | | | | | ○ | |
| Business Management·Strategy | ○ | ○ | ○ | | | | | | | |
| Marketing·Consumer | | | | | | | | | ○ | ○ |
| Economy | | | | | | ○ | | | | |
| IT·Digital | | | | ○ | ○ | | | | | |
| ESG | | | | | | | ○ | | | |

Enhancing Shareholder Value

Stock and Capital Structure

Amorepacific Group and Amorepacific adhere to the principle of one vote per share, ensuring fair treatment for shareholders. As of December 31, 2022, the total number of ordinary shares with voting rights is 58,443,694, and the number of ordinary shares without voting rights (treasury shares) is 49,065. Based on the same date, the major shareholders of Amorepacific's common stocks are Amorepacific Group 38.0%, Suh Kyung-bae 10.6%, National Pension Service 7.4%, and others 44.0%.

Amorepacific Group Shareholders (As of Dec. 31, 2022, %)

| Category | Proportion |
|--------------------------|------------|
| Suh Kyung-bae | 53.8 |
| National Pension Service | 7.2 |
| Others | 39.0 |

Amorepacific Shareholders (As of Dec. 31, 2022, %)

| Category | Proportion |
|--------------------------|------------|
| Amorepacific Group | 38.0 |
| Suh Kyung-bae | 10.6 |
| National Pension Service | 7.4 |
| Others | 44.0 |

Shareholder Return Policy

Amorepacific Group and Amorepacific have established a shareholder return policy and communicate regularly with shareholders to enhance shareholder value. Amorepacific disclosed its mid- to long-term dividend policy in January 2020, stating its plans to expand its consolidated dividend payout ratio to 30% within three years, while staying within the 40% limit of its annual Free Cash Flow and ensure stable dividends. Following this policy, dividends have been paid every year, and as of 2022, Amorepacific's dividend payout ratio reached its strategic target of 34.9%.

Moreover, we are striving to enhance shareholders' value by acquiring treasury stocks. Amorepacific purchased treasury stocks worth KRW 100 billion in 2019 to stabilize stock prices, and acquired an additional KRW 20 billion worth of treasury stocks in 2021 for employee compensation program.

Additionally, we are reinvesting cash generated from domestic and international business activities to concentrate on core operations, and to secure future growth potential through M&A etc. As part of the strategy, Amorepacific acquired the North American clean beauty brand 'Tata Harper' in 2022, creating a foundation to strengthen its brand portfolio and business competitiveness. In the long run, we aim to increase profit available for dividend and enhance shareholder value by improving investment efficiency and achieve sustainable growth with our aforementioned strategy.

Protection of Shareholders' Rights and Interests and Strengthening Communication

Amorepacific Group and Amorepacific are providing sufficient information regarding Annual General Shareholders' Meeting, including the shareholder proposal process, through our website. To encourage active shareholder participation, we have introduced electronic voting and actively promote proxy voting to support shareholders in exercising their voting rights.

Furthermore, we pursue active communication with domestic and international shareholders and investors through diverse channels. The earnings release are prepared and disclosed every quarter to communicate provisional business results, and online and offline IR meetings are held on a regular basis for domestic and international investors. In 2022, Amorepacific attended a total of 28 Non-Deal Roadshow (NDR) and investor conferences hosted by domestic and international securities firms, to communicate transparently and clearly about our performance, future plans, and outlook. We also held Investor Day to provide opportunities for communication between investors and the CEO and present our business strategy direction. Additionally, we hosted Analyst Day to conduct discussions with management in the strategy division and researchers, aiming to increase investors' understanding and build trust.

Risk Management

Amorepacific Group operates an effective risk management organization to minimize the impact of potential risks that may arise in its business operations. We continuously identify financial and non-financial risks through ongoing risk identification activities, and respond to these identified risks through thorough proactive management activities.

Strengthening Risk Management

Risk Management System

Amorepacific Group has established a system to identify and effectively respond to domestic and international risks that may have an impact on our financial and non-financial performance. We operate a Group-wide Risk Management Committee, consisting of top executives to allow prompt decision-making related to risk management and response activities. The Group Planning Team serves as the risk management control center for Amorepacific Group. The Team communicates with subcommittees in each issue area to monitor operational risks and devise response strategies. Furthermore, the risk management system of overseas subsidiaries has been enhanced to establish a robust foundation for global risk response management.

Risk Governance



Risk Management Process

Detection and Prevention of Risk

Identification of Key Risks

- Analysis of internal and external business environments
- Prioritizing risks based on their impact and likelihood of occurrence

Establishing a Preventive System

- Identifying the root causes of each risk
- Preparing proactive risk response



Risk Response

Establishment of a Unified Risk Response System

- Designation of a risk management officers for each business division
- Monitoring risks related to each division
- Immediate reporting and response to risk



Risk Diagnosis and Recurrence Prevention

Minimizing the Ripple Effects of Risks

- Implementing responses based on risk scenarios and management regulations for each risk type

Establishing Measures to Prevent Risk Recurrence

- Conducting cause analysis for occurred risks

Fostering an Effective Risk Management Organizational Culture

- Publishing a risk casebook
- Conducting regular risk management education for external directors (at least once a year)

Major Risk Management

Amorepacific Group categorizes risks identified through its risk management process into six categories and manages them accordingly. Particularly, factors that can significantly impact the company's reputation and ethical and legal matters are handled separately. Sensitivity tests are conducted to analyze potential risk types for key risk factors.

| Risk | Risk Type |
|------------------------------|--|
| Market Risks | <ul style="list-style-type: none"> · Strengthened global regulations on safety and environment · Diversification of customer needs · Increased risk of natural disasters and major incidents |
| Product Risks | <ul style="list-style-type: none"> · Increased importance of product safety verification and hazardous substance management · Establishment of measures to prevent recurrence of customer complaints |
| Supply Chain Risks | <ul style="list-style-type: none"> · Increased importance of demand forecasting and timely supply management due to market environmental changes · Fluctuations in the supply environment pertaining to raw materials due to external influences · Risk of safety accidents |
| Sales and Distribution Risks | <ul style="list-style-type: none"> · Increased need for operational efficiency considering country-specific characteristics · Response to changes in the regulatory environment for different sales and distribution channels · Rising distribution costs due to inflation |
| Privacy Protection Risks | <ul style="list-style-type: none"> · Increased digitalization of customer services · Strengthened regulations on personal data protection |
| Reputational Risks | <ul style="list-style-type: none"> · Risks that can have a hugely detrimental impact on the company's reputation |



Managing Major Emerging Risks

Amorepacific Group strives to identify various potential risks that may arise in the course of running a cosmetics business. A total of four major potential risks were identified in 2022, and these potential risks are being addressed through proactive management activities.

| Risk | Type | Definition of Emerging Risks | Mitigating Actions |
|--|-------------|---|--|
| Incidents- Accidents Caused by Unpredictable Disasters and Natural Disasters | Environment | The term incidents and accidents caused by unpredictable disasters and natural disasters' refers to sudden natural events or accidents caused by human actions that cannot be predicted or prevented in advance. In other words, they are unpredictable and can cause significant human and material damage and loss when they occurs. | Amorepacific Group has established plans and processes to prepare for incidents and accidents caused by such unpredictable disasters and natural disasters. Additionally, safety regulations have been put in place to prevent such incidents, and relevant training is provided to employees. To minimize physical and human damages and respond quickly in the event of unpredictable incidents and accidents, an organization dedicated to safety integration (Safety and Health Center) has been designated and the role of each department has been reestablished. In this way, we plan to improve and expand measures for the safety of our members. |
| Increased Export Costs Due to the Adoption of Carbon Border Tax by Country | Environment | The EU countries are in the process of adopting carbon border tax system that requires the purchase of carbon emission rights, similar to taxes, for carbon emissions generated during the production process. According to the Korea Institute for International Economic Policy, if the EU imposes a carbon border tax of about \$36 per ton of carbon dioxide, it is expected that Korea will incur an additional tax burden of \$1 billion or more annually. As of 2022, Amorepacific Group exports products to numerous countries in Asia, Europe, and North America, raising concerns about deterioration in price competitiveness due to increased production and export costs when this carbon border tax is applied. that price competitiveness may worsen due to increased costs of production and export when this carbon border tax is applied. | In order to proactively address climate crisis-related regulations in areas like the EU, Amorepacific Group has strengthened its environmental assessment for its products. Furthermore, we measure the environmental footprint of each product and have developed and adopted low-carbon technologies to reduce the environmental impact of each product. Amorepacific Group was the first Korean company to participate in the EcoBeautyScore Consortium since 2021, a group made up of global cosmetics companies and professional associations, jointly working on developing environmental assessment methods and scoring systems for cosmetics. |
| Disruptions in the Global Supply Chain Due to Conflicts between Countries | Social | The global supply chains are intricately intertwined, and any disruptions in specific supply chains due to conflicts between countries can significantly impact corporate management. Delays in customs clearance may occur if the import of raw materials is affected by inter-country conflicts, particularly when a high proportion of raw materials are imported from a specific country. Amorepacific Group imports raw materials and packaging materials from diverse supply chains, and it anticipates a considerable negative impact on its profits and losses if production and distribution within these supply chains face disruptions. | To resolve issues arising from conflicts between countries, Amorepacific Group monitors quantitative market indicators at all times. In doing so, we are securing our price competitiveness as we respond to changes in supply and demand by increasing our reserve inventory levels for raw materials. In addition, we are seeking to diversify our supply chain for raw materials by adapting to the global situation. To minimize potential risks related to raw material supply chains, we manage and identify items that could be subject to regulations and their associated risks by manufacturer, as well as monitor trends among countries. |
| Changes in the population structure leading to shifts in market customers | Social | Korea is experiencing rapid demographic changes due to the acceleration of low birth rates and an aging population. These demographic changes may lead to a decrease in the natural population and the working-age population, posing a potential risk of low growth in the future. In the case of Japanese market, which has already entered an aging society, both the overall sales volume and amount of shampoo sales have been decreasing gradually over the past decade. In response to these demographic changes, such as a decrease in the economically active population and an aging population, and customer changes such as an increase in single-person households and active seniors, Amorepacific Group needs to come up with new business models and respond proactively to the issues. | Amorepacific Group is making efforts to enhance its business competitiveness in markets where low birth rates, aging populations, and population decline are expected to intensify. We are also developing highly functional innovative products for active senior consumers and accelerating research on the development of customized cosmetics and health functional foods that take into account individual skin and health conditions as well as individual preferences. |

Tax Risk Management Strategy

Amorepacific Group complies with the Commercial Act and all laws and regulations concerned with taxes in Korea as well as jurisdictions in which it operates, and we are committed to fulfilling all our tax-related obligations. Amorepacific Group strives to contribute to the local communities through paying its fair share of taxes in a transparent manner.

In our transactions with overseas subsidiaries, we have established and implemented a transfer pricing policy in accordance with domestic tax laws and OECD Transfer Price Guidelines, ensuring adherence to the arm's length principle. We actively utilize the Advance Pricing Arrangement to effectively address potential risks of double taxation.

Moreover, as part of the Base Erosion and Profit Shifting (BEPS) project aimed at preventing tax avoidance by multinational companies, we annually submit the "International Transaction Integrated Report" to relevant authorities. We refrain from exploiting differences in tax structures or rates between countries to evade tax burdens and instead ensure that taxable income is allocated appropriately based on the value generated in each country where we operate. Furthermore, we strictly limit any income transfer or use of tax havens with questionable tax jurisdiction. These principles are carefully examined by the Board of Directors, and we conduct annual monitoring to ensure full compliance with tax regulations and payments in each country of operation.

Amorepacific Tax Payment Status¹⁾ (Million KRW)

| Category | 2021 | 2022 |
|-----------------------------------|---------|---------|
| Earnings before tax ²⁾ | 297,877 | 224,494 |
| Corporate tax expenses | 117,020 | 95,230 |
| Cash taxes paid | 17,546 | 124,916 |

Tax Payment Status by Tax Jurisdiction³⁾ (Million KRW)

| Category | Current Reported Taxes |
|------------------|------------------------|
| Korea | 85,867 |
| China (Mainland) | 5,432 |
| Thailand | 810 |
| Malaysia | 731 |
| Singapore | 470 |
| Vietnam | 332 |
| India | 3 |

1) The difference between reported taxes and cash taxes paid is caused by specific matters such as M&A and adjustments requested. For more information, see the Consolidated Statements of Comprehensive Income and the Consolidated Cash Flow Statement in the Audit Report's Consolidated Financial Statements.

2) Net income before deducting tax expense

3) Excerpts from the Country-by-Country Report (CbCR), submitted annually to the National Tax Service in accordance with the International Tax Adjustment Act (based on the 2022 submission), show that there are no outstanding corporate taxes except for those corporations for which the tax payment period has not yet arrived.

Ethical Management

Amorepacific Group is promoting a healthy corporate culture built on 'Act with Integrity,' one of the principles within the 'ABC Spirit'. As a corporate citizen, we fulfill our social and ethical responsibilities by establishing and reviewing policies and guidelines related to ethical management, conducting behavioral guides, education, and awareness improvement activities for executives and employees.

Ethical Management System

Policies and Regulations for Ethical Management

Amorepacific Group has established corporate ethics and compliance guidelines to respond to changes in ethical policies and laws. Regular training is provided to employees to guide them on compliance matters. This prevents unethical or illegal behavior and eliminates possible risks.

Code of Ethics and Business Conduct Guidelines

Amorepacific Group's Code of Ethics is a set of behavioral guidelines that all our employees must comply with in order for us to enhance corporate transparency and fulfill social and ethical responsibilities as a corporate citizen. Through the Code of Ethics, Amorepacific Group provides clear guidance to all employees on the principles for making morally sound work-related decisions and sets standards for ethical behavior that should be followed in their private lives.

Code of Ethics

Anti-Corruption Policy

Amorepacific operates anti-corruption policies to strengthen trust with stakeholders and to continue sustainable growth. The anti-corruption policy consists of five commitments, including Amorepacific's commitment to fostering a healthy corporate ecosystem in collaboration with stakeholders and fulfilling its social role and responsibilities. In the first half of 2023, Amorepacific obtained the ISO 37001 certification for its anti-corruption management system. With this certification, Amorepacific aims to solidify its commitment to anti-corruption and ethical management culture, further increasing the company's credibility. Regular education and campaigns are conducted with a view to preventing corruption, and an ethics management Hotline¹⁾ is available for employees and stakeholders to report any concerns. Furthermore, we conduct regular anti-corruption audits through internal audit activities. The strict ban on corruption also applies to suppliers. Amorepacific ensures that ethical pledges are signed by suppliers during contract agreements. Moreover we comply with the company's principles regarding gifts, entertainment, and other related matters in dealings with stakeholders. This includes adhering to ethical guidelines, business conduct guidelines, the guide on not giving or receiving gifts, procedures for reporting the receipt of money and valuables, and other relevant policies.



Amorepacific's Anti-Corruption Policy

1) <https://ethics.amorepacific.com>

Ethical Management Activities

Employee Code of Conduct

The Code of Conduct represents a detailed illustration of how to practice the Code of Ethics and business conduct guidelines, and serves as a voluntary commitment that all employees should adhere to.

Workplace Sexual Harassment and Harassment Prevention Guide

As a member of Amorepacific Group, the most important ethical issue that must be prioritized is the prevention of sexual harassment and the promotion of a healthy corporate culture. This guide provides instructions on how to prevent workplace harassment and is essential for maintaining a positive work environment.

Wholesome Get-together Culture Campaign (119 Principle)

In order to create a proper and healthy after-work dinner culture, we have established a 119 dinner culture guide that requires providing a notice one week before the day of dining out, and concluding the first round by 9p.m.

Trade Secret Protection Guide

This guide provides employees with necessary business procedures to protect and manage crucial internal information vital to the company's competitiveness, ensuring the maintenance of our competitive edge.

Live Broadcasting and Online Advertisement Guide

This guide provides information on fundamental principles that should be adhered to in cosmetic marketing, including compliance with legal requirements and ethical considerations for responsible marketing activities.

No Gift Giving and Taking Campaign

To promote a healthy corporate culture, Amorepacific Group members are instructed to return any gifts received to the sender. In cases where returning the gifts is not feasible, members are advised to submit a Money and Valuables Report to the Ethics Office.

Copyright Infringement Prevention Guide

To ensure proper use of copyrighted materials and prevent unauthorized use of others' works in the workplace, we provide a guide on preventing copyright infringement.

Conflict of Interest Prevention Practice Guide

This preventive guide promotes a culture of fair work performance by providing strict guidelines for making sound judgments and avoiding conflicts between the company's interests and individual interests in situations where they may clash.

Social Media Utilization Guide

As social media activities continue to grow for both individuals and businesses, this guide provides members of Amorepacific Group with essential legal and ethical standards of conduct that they should adhere to in their work and personal spheres.

Gentle AP (Power-tripping Prevention) Guide

The Gentle AP Guide provides instructions on the essential business manners that should be practiced when collaborating with business partners, including suppliers and clients, to prevent any abuse of power.

Ethical Management Education

To enhance employees' ethical awareness and prevent unethical behaviors, Amorepacific Group conducts an annual online ethics education based on the Amorepacific Code of Ethics. The curriculum covers important topics such as ethical management concepts, business conduct guidelines, and compliance practices, aiming to internalize ethical awareness among employees. In 2022, we conducted online training courses on conflicts of interest, protection of company assets, and fair trading relationships. In particular, to enhance compliance awareness, we conducted monthly education on the key aspects of fair trade laws, such as the Fair Trade Act, Subcontracting Act, and Distribution Act, for all employees.

All members of Amorepacific Group and Amorepacific (Executives, general employees, office staffs, technicians, and contract employees) are required to undergo training. In addition, we provide specialized ethics training for new employees, new executives, and employees dispatched overseas, encouraging them to practice ethical management according to their specific roles in the workplace.

Completion Rate of Online Ethics Education

Amorepacific Group
86.6%

Amorepacific
86.1%

Rate of Participation for Pledge of Business Ethics¹⁾

Amorepacific Group
91.2%

Amorepacific
91.1%

1) Amorepacific Group's members are required to sign ethics pledges in employment contracts when they join the company. The above rate of ethical pledge is the percentage of employees who voluntarily re-signed the pledge as part of the annual campaign to strengthen their ethical awareness.

Global Spread of Ethical Consciousness

Campaign Activities

In order to continuously educate and communicate with employees on ethical conduct, we carry out business ethics campaigns at all times. Leading examples include our 'No Gift Sharing campaign,' the '119 Principle' for an appropriate culture of after-work dinners, and the 'Gentle AP (Power-tripping Prevention) Campaign.'

Amore Ethics Briefs

To make it easy for employees to experience the importance of ethical management in their daily lives, a corporate ethics newsletter called 'Amore Ethics Briefs' is published through the workplaces. By sharing content based on internal and external trends and actual cases, we raise the ethical awareness of our employees and prevent unethical behaviors from happening again or at all. In 2022, we covered embezzlement and inappropriate practices, and what to follow when developing advertising campaigns.

Expansion of Global Ethics Management

As part of our initiative to improve ethical practice of overseas subsidiaries and prevent external risks globally, we conduct corporate ethics programs at home and abroad. The head of each subsidiary regularly shares corporate ethics messages with employees, and employees commit to implementing them through ethics pledges. Additionally, we conduct campaigns on specific corporate ethics issues by season according to the guidelines provided by the headquarters, and conduct an 'Ethics Awareness Survey' to objectively evaluate members' perceptions of ethical management for all domestic and overseas subsidiaries. Based on the survey results, additional education and campaigns are conducted to prevent risks of unethical conduct.

In 2022, based on the results of the ethics survey, we strengthened our ethical awareness by conducting a campaign on respect for employees and a culture of transparency in subsidiaries across 11 countries located in APAC and North America.

Report on Unethical Behavior

Amorepacific Group operates 'Ethics Hotline,' an official website for stakeholders to seek consultation on ethical management and report incidents involving unethical conduct. The informant can report anonymously, and the information is kept strictly private. In addition, the informant is not required to disclose his or her identity without his or her consent, and he or she is not subjected to any disadvantages or discriminatory actions for reporting. Amorepacific Group will take all necessary measures to prevent any negative consequences for the informants.

We are conducting fact-finding investigations on reports received through the 'Ethics Hotline,' and taking disciplinary measures and improving work processes and systems for cases where unethical behavior has been confirmed. Furthermore, major unethical practices are shared with employees every year to prevent recurrence. In 2022, we completed action on all 12 reports of unethical conduct that were confirmed as a result of the investigation, including sexual harassment at work and workplace harassment, private use of company assets, and violation of work processes.



아모레퍼시픽은 윤리경영과 건전한 기업문화를 정착시키기 위해
'선물 안주고 안받기' 캠페인을 지속적으로 전개하고 있습니다.

다가오는 설 명절을 앞두고, 사외 이해관계자로부터
선물 명목으로 각종 물품을 수령하는 경우가 발생할 수 있습니다.

아모레퍼시픽 윤리사무국에서는 그룹 내 모든 계열사의 임직원이
반드시 지켜야 할 행동수칙을 다시 한 번 안내드립니다.

No Gift Giving and Taking Campaign



Chapter 4

ESG Factbook

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Financial Performance

Consolidated Statements of Financial Position

(KRW)

| Category | | Amorepacific Group | | Amorepacific | |
|-------------|--|--------------------|-------------------|-------------------|-------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Assets | Current assets | 2,566,383,546,972 | 3,015,471,536,393 | 1,735,019,347,862 | 2,018,526,858,100 |
| | Cash and cash equivalents | 650,066,004,916 | 870,595,030,191 | 449,597,948,392 | 537,693,630,647 |
| | Financial deposits | 206,069,238,000 | 316,825,500,000 | 74,669,238,000 | 101,825,500,000 |
| | Financial assets at fair value through profit or loss | 754,007,356,956 | 863,824,272,415 | 362,939,892,414 | 490,839,332,272 |
| | Financial assets at amortized cost | 59,534,958,905 | 0 | 30,000,000,000 | 0 |
| | Trade receivables | 300,982,900,966 | 311,950,819,896 | 285,104,514,893 | 295,769,466,239 |
| | Other receivables | 65,948,981,162 | 38,438,533,784 | 62,646,902,451 | 41,647,242,846 |
| | Current tax assets | 3,140,637,840 | 8,430,944,691 | 1,589,648,122 | 3,330,887,323 |
| | Other current assets | 46,721,996,367 | 58,525,168,234 | 39,587,746,609 | 50,130,929,669 |
| | Inventories | 459,962,411,412 | 542,815,041,075 | 408,934,396,533 | 493,223,642,997 |
| | Non-current assets as held for sale | 19,949,060,448 | 4,066,226,107 | 19,949,060,448 | 4,066,226,107 |
| | Non-current assets | 5,084,620,254,482 | 5,022,671,395,732 | 4,066,763,830,297 | 4,098,187,074,812 |
| | Financial deposits | 27,176,341,368 | 24,032,306,500 | 21,989,149,194 | 19,512,730,100 |
| | Other receivables | 70,579,095,189 | 126,171,027,335 | 66,737,893,651 | 115,162,575,008 |
| | Financial assets at fair value through profit or loss | 32,195,524,841 | 226,132,645,101 | 8,017,318,251 | 104,256,383,649 |
| | Financial assets at amortized cost | 430,315,000 | 1,965,804,982 | 430,315,000 | 811,274,982 |
| | Financial assets measured at fair value through other comprehensive income | 224,477,932,645 | 5,410,059,694 | 6,216,765,880 | 4,672,325,200 |
| | Property, plant, and equipment | 2,820,687,110,864 | 2,919,950,211,189 | 2,475,276,690,492 | 2,541,362,150,975 |
| | Intangible assets | 856,377,167,180 | 703,436,882,751 | 357,750,954,252 | 201,680,029,794 |
| | Investment property | 314,918,090,772 | 344,130,029,556 | 503,268,138,559 | 534,228,580,408 |
| | Right-of-use assets | 115,856,189,029 | 164,554,887,994 | 128,492,275,394 | 146,465,714,306 |
| | Investments in associates | 329,967,791,735 | 282,307,314,107 | 247,279,224,799 | 238,445,368,790 |
| | The net defined benefit assets | 209,903,459,545 | 109,592,951,296 | 181,406,890,326 | 94,729,521,034 |
| | Deferred tax assets | 69,558,739,123 | 101,017,034,504 | 57,853,971,328 | 84,608,399,877 |
| | Other non-current assets | 12,492,497,191 | 13,970,240,723 | 12,044,243,171 | 12,252,020,689 |
| | Total assets | 7,651,003,801,454 | 8,038,142,932,125 | 5,801,783,178,159 | 6,116,713,932,912 |
| Liabilities | Current liabilities | 851,901,945,315 | 1,273,284,869,946 | 831,116,935,949 | 1,157,485,393,842 |
| | Non-current liabilities | 265,598,515,176 | 289,233,283,898 | 191,391,138,151 | 214,928,661,448 |
| | Total liabilities | 1,117,500,460,491 | 1,562,518,153,844 | 1,022,508,074,100 | 1,372,414,055,290 |
| Equity | Controlling invest equity | 3,356,370,904,773 | 3,306,537,801,345 | 4,798,613,296,098 | 4,761,008,405,615 |
| | Share capital | 47,997,075,000 | 47,997,075,000 | 34,525,294,500 | 34,525,294,500 |
| | Share premium | 903,820,398,139 | 903,711,140,730 | 720,480,827,092 | 720,480,827,092 |
| | Capital surplus | (213,214,348,245) | (209,370,231,412) | 71,118,560,015 | 75,352,826,661 |
| | Other components of equity | (195,095,986,788) | (195,102,638,526) | (18,139,434,036) | (19,004,134,338) |
| | Accumulated other comprehensive income | 31,088,989,500 | (2,561,687,886) | (19,458,512,997) | 11,879,036,721 |
| | Retained earnings | 2,781,774,777,167 | 2,761,864,143,439 | 4,010,086,561,524 | 3,937,774,554,979 |
| | Non-controlling interests | 3,177,132,436,190 | 3,169,086,976,936 | (19,338,192,039) | (16,708,527,993) |
| | Total equity | 6,533,503,340,963 | 6,475,624,778,281 | 4,779,275,104,059 | 4,744,299,877,622 |



Consolidated Statements of Comprehensive Income

(KRW)

| Category | Amorepacific Group | | Amorepacific | |
|---|--------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Revenue | 4,494,956,806,652 | 5,326,080,007,289 | 4,134,932,512,111 | 4,863,128,496,699 |
| Cost of sales | 1,347,786,580,983 | 1,461,565,391,981 | 1,337,512,406,849 | 1,362,639,202,428 |
| Gross profit | 3,147,170,225,669 | 3,864,514,615,308 | 2,797,420,105,262 | 3,500,489,294,271 |
| Selling and administrative expenses | 2,875,269,513,268 | 3,508,343,341,758 | 2,583,186,849,501 | 3,157,131,485,221 |
| Operating profit | 271,900,712,401 | 356,171,273,550 | 214,233,255,761 | 343,357,809,050 |
| Finance income | 52,512,453,332 | 21,061,314,624 | 22,771,702,594 | 10,499,109,599 |
| Financial costs | 57,934,533,676 | 14,322,950,770 | 34,413,883,142 | 11,410,260,207 |
| Other non-operating losses, net | 10,097,992,018 | 61,004,430,682 | 13,044,673,857 | (45,496,828,367) |
| Share of net profit of associates | 11,801,765,440 | 5,660,108,316 | 8,858,020,099 | 927,626,457 |
| Profit before income tax | 288,378,389,515 | 429,574,176,402 | 224,493,769,169 | 297,877,456,532 |
| Income tax expense | 139,155,976,754 | 137,595,329,986 | 95,229,524,211 | 117,019,762,555 |
| Profit for the year | 149,222,412,761 | 291,978,846,416 | 129,264,244,958 | 180,857,693,977 |
| Profit attributable to | | | | |
| Owners of the parent company | 62,237,028,846 | 179,995,030,205 | 134,474,812,450 | 193,680,578,727 |
| Non-controlling interests | 86,985,383,915 | 111,983,816,211 | (5,210,567,492) | (12,822,884,750) |
| Post-tax other comprehensive income (loss) | | | | |
| Items that will not reclassified to profit or loss | | | | |
| Actuarial loss on postemployment benefit obligations | 6,369,293,492 | (57,633,335,747) | 5,482,640,916 | (47,369,483,250) |
| Financial assets at fair value through other comprehensive income | 42,649,600,239 | 307,763,192 | (31,630,608) | 109,285,659 |
| Items that may be reclassified to profit or loss | | | | |
| Share of other comprehensive income of associates | (265,529,263) | 227,434,393 | (606,664,733) | 260,637,659 |
| Gain or loss on currency translation of foreign operations | (31,919,926,666) | 31,359,475,764 | (31,891,807,328) | 31,358,419,049 |
| Other comprehensive income (loss) for the period, net of tax | 16,833,437,802 | (25,738,662,398) | (27,047,461,753) | (15,641,140,883) |
| Total comprehensive income for the year | 166,055,850,563 | 266,240,184,018 | 102,216,783,205 | 165,216,553,094 |
| Attributable to | | | | |
| Owners of the parent company | 95,507,472,449 | 165,405,660,706 | 108,599,005,752 | 178,468,780,329 |
| Non-controlling interests | 70,548,378,114 | 100,834,523,312 | (6,382,222,547) | (13,252,227,235) |
| Earnings per share attributable to owners of the parent company | | | | |
| Basic earnings per ordinary share | 657 | 1,989 | 1,949 | 2,820 |
| Basic earnings per preferred share | 662 | 1,994 | 1,954 | 2,821 |

ESG Data

Environmental Performance

GHG Emissions^{1), 2)} - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|---------------------------------|---|-----------------------------------|---------|---------|---------|
| Total emissions (Scope 1, 2, 3) | | tCO ₂ e | 665,723 | 583,115 | 555,039 |
| Scope 1 Emissions | Subtotal | tCO ₂ e | 13,174 | 12,981 | 12,421 |
| | Emissions by business site | | | | |
| | Amorepacific (Domestic) | tCO ₂ e | 8,978 | 8,380 | 7,825 |
| | Amorepacific (Shanghai) ^{3), 4)} | tCO ₂ e | 703 | 1,608 | 1,652 |
| | COSVISION | tCO ₂ e | 658 | 768 | 739 |
| | OSULLOC Farm | tCO ₂ e | 2,416 | 1,896 | 1,928 |
| | innisfree ⁵⁾ | tCO ₂ e | n/a | n/a | 81 |
| | Amorepacific Group others ⁶⁾ | tCO ₂ e | 420 | 328 | 196 |
| Scope 2 Emissions | Subtotal | tCO ₂ e | 46,749 | 40,106 | 32,344 |
| | Emissions by business site | | | | |
| | Amorepacific (Domestic) | tCO ₂ e | 34,120 | 33,603 | 24,151 |
| | Amorepacific (Shanghai) | tCO ₂ e | 6,620 | 0 | 929 |
| | COSVISION | tCO ₂ e | 2,785 | 3,306 | 3,325 |
| | OSULLOC Farm | tCO ₂ e | 1,187 | 1,187 | 1,211 |
| | innisfree | tCO ₂ e | n/a | n/a | 1,251 |
| | Amorepacific Group other | tCO ₂ e | 2,037 | 2,010 | 1,476 |
| Scope 3 Emissions | Subtotal | tCO ₂ e | 605,801 | 530,027 | 510,274 |
| | Emissions by category | | | | |
| | 1. Purchased goods & services | tCO ₂ e | 250,413 | 262,258 | 184,793 |
| | 2. Capital goods | tCO ₂ e | 570 | 420 | 7,168 |
| | 3. Fuel- and energy-related activities | tCO ₂ e | 1,008 | 994 | 932 |
| | 4. Upstream transportation and distribution | tCO ₂ e | 3,427 | 3,682 | 2,638 |
| | 5. Waste generated in operations | tCO ₂ e | 2,890 | 2,381 | 1,798 |
| | 6. Business travel | tCO ₂ e | 787 | 417 | 799 |
| | 7. Employee commuting | tCO ₂ e | 3,143 | 2,472 | 2,491 |
| | 9. Downstream transportation and distribution | tCO ₂ e | 4,063 | 7,013 | 5,247 |
| | 11. Use of sold products | tCO ₂ e | 303,038 | 217,525 | 284,720 |
| | 12. End-of-life treatment of sold products | tCO ₂ e | 30,945 | 27,243 | 13,386 |
| | 13. Downstream leased assets | tCO ₂ e | 5,517 | 5,623 | 6,301 |
| GHG Emission intensity | Emission intensity (Scope 1 and 2) | tCO ₂ e/ton of product | 0.59 | 0.49 | 0.58 |

1) The above GHG emissions were rounded to the nearest decimal place and calculated retrospectively based on the scope of subsidiary companies for the year 2022

2) Data in parentheses indicate emissions reflecting offset performance from the purchase of Certified Emission Reduction (CER)

3) In the case of Scope 1 emissions from Amorepacific Shanghai production site in 2021 and 2022, we offset the emissions by purchasing offset emission rights (CER), achieving carbon neutrality at Amorepacific Shanghai production site

4) Amorepacific(Shanghai)'s 2020-2021 data collection range was limited to production plants (1,2,3), and from 2022, headquarters, R&I Center, and logistics will be included

5) The GHG emissions data for innisfree has been collected from 2022

6) 'Amorepacific Group others' include AMOS Professional, Amorepacific Empathy Foundation, Amorepacific Foundation, OSULLOC, BBDO Korea, Suh Kyung-bae Science Foundation, ETUDE, espoir

GHG Emissions^{1), 2)} - Amorepacific

| Category | | Unit | 2020 | 2021 | 2022 |
|---------------------------------|---|---|--------------------|-----------|-----------|
| Total emissions (Scope 1, 2, 3) | | tCO ₂ e | 662,120 | 580,031 | 550,276 |
| | | | | (578,423) | (548,718) |
| Scope 1 Emissions | Subtotal | tCO ₂ e | 10,339 | 10,756 | 10,216 |
| | | | | (9,148) | (8,658) |
| | Emissions by business site | tCO ₂ e | 8,978 | 8,380 | 7,825 |
| | Amorepacific (Domestic) | tCO ₂ e | 703 | 1,608 | 1,652 |
| | Amorepacific (Shanghai) ^{3), 4)} | tCO ₂ e | | (0) | (94) |
| | COSVISION | tCO ₂ e | 658 | 768 | 739 |
| | 2022 Goal | tCO ₂ e | | | 8,764 |
| Scope 2 Emissions | Subtotal | tCO ₂ e | 43,525 | 36,909 | 28,405 |
| | | | | | |
| | Emissions by business site | tCO ₂ e | 34,120 | 33,603 | 24,151 |
| | Amorepacific (Domestic) | tCO ₂ e | 6,620 | 0 | 929 |
| | Amorepacific (Shanghai) | tCO ₂ e | | | |
| | COSVISION | tCO ₂ e | 2,785 | 3,306 | 3,325 |
| | 2022 Goal | tCO ₂ e | | | 35,359 |
| Scope 3 Emissions | Subtotal | tCO ₂ e | 608,257 | 532,366 | 511,655 |
| | | | | | |
| | Emissions by category | 1. Purchased goods & services | tCO ₂ e | 250,413 | 262,258 |
| | | 2. Capital goods | tCO ₂ e | 570 | 420 |
| | | 3. Fuel- and energy-related activities | tCO ₂ e | 1,008 | 994 |
| | | 4. Upstream transportation and distribution | tCO ₂ e | 3,427 | 3,682 |
| | | 5. Waste generated in operations | tCO ₂ e | 2,890 | 2,381 |
| | | 6. Business travel | tCO ₂ e | 787 | 417 |
| | | 7. Employee commuting | tCO ₂ e | 3,143 | 2,472 |
| | | 9. Downstream transportation and distribution | tCO ₂ e | 4,063 | 7,013 |
| | | 11. Use of sold products | tCO ₂ e | 303,038 | 217,525 |
| | | 12. End-of-life treatment of sold products | tCO ₂ e | 30,945 | 27,243 |
| | | 13. Downstream leased assets | tCO ₂ e | 7,973 | 7,961 |
| GHG emission intensity | Emission intensity (Scope 1 and 2) | tCO ₂ e/ton of product | 0.54 | 0.44 | 0.51 |

1) The above GHG emissions were rounded to the nearest decimal place and calculated retrospectively based on the scope of subsidiary companies for the year 2022

2) Data in parentheses indicate emissions reflecting offset performance from the purchase of Certified Emission Reduction (CER)

3) In the case of Scope 1 emissions from Amorepacific Shanghai production site in 2021 and 2022, we offset the emissions by purchasing offset emission rights (CER), achieving carbon neutrality at Amorepacific Shanghai production site

4) Amorepacific(Shanghai)'s 2020-2021 data collection range was limited to production plants (1,2,3) and from 2022, headquarters, R&I Center, and logistics will be included

Energy Consumption¹⁾ - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|------------------------------|---|---------------------------|-------|-------|-------|
| Energy consumption | Total energy consumption | TJ | 608 | 617 | 595 |
| Consumption by business site | Amorepacific (Domestic) | TJ | 456 | 458 | 431 |
| | Amorepacific (Shanghai) ²⁾ | TJ | 48 | 57 | 57 |
| | COSVISION | TJ | 34 | 41 | 41 |
| | innisfree ³⁾ | TJ | n/a | n/a | 11 |
| | OSULLOC Farm | TJ | 46 | 38 | 39 |
| | Amorepacific Group others ⁴⁾ | TJ | 24 | 23 | 15 |
| Type | Fuel | Subtotal | 249 | 235 | 222 |
| | | Amorepacific (Domestic) | 175 | 164 | 153 |
| | | Amorepacific (Shanghai) | 16 | 20 | 19 |
| | | COSVISION | 13 | 15 | 15 |
| | | innisfree | n/a | n/a | 2 |
| | | OSULLOC Farm | 37 | 29 | 29 |
| | | Amorepacific Group others | 8 | 7 | 4 |
| | Electric power | Subtotal | 343 | 314 | 254 |
| | | Amorepacific (Domestic) | 265 | 264 | 189 |
| | | Amorepacific (Shanghai) | 32 | 0 | 8 |
| | | COSVISION | 22 | 26 | 26 |
| | | innisfree | n/a | n/a | 10 |
| | | OSULLOC Farm | 9 | 9 | 9 |
| | | Amorepacific Group others | 16 | 15 | 12 |
| | Renewable energy ⁵⁾ | Subtotal | 16 | 67 | 119 |
| | | Amorepacific (Domestic) | 16 | 30 | 89 |
| | | Amorepacific (Shanghai) | 0.2 | 37 | 30 |
| | | COSVISION | 0 | 0 | 0 |
| | | innisfree | n/a | n/a | 0 |
| | | OSULLOC Farm | 0 | 0 | 0 |
| | | Amorepacific Group others | 0 | 0 | 0 |
| Energy intensity | | TJ/ton of product | 0.006 | 0.006 | 0.008 |

Energy Consumption¹⁾ - Amorepacific

| Category | | Unit | 2020 | 2021 | 2022 |
|------------------------------|---------------------------------------|-------------------------|-------|-------|-------|
| Energy consumption | Total energy consumption | TJ | 538 | 556 | 529 |
| Consumption by business site | Amorepacific (Domestic) | TJ | 456 | 458 | 431 |
| | Amorepacific (Shanghai) ²⁾ | TJ | 48 | 57 | 57 |
| | COSVISION | TJ | 34 | 41 | 41 |
| Type | Fuel | Subtotal | 204 | 199 | 187 |
| | | Amorepacific (Domestic) | 175 | 164 | 153 |
| | | Amorepacific (Shanghai) | 16 | 20 | 19 |
| | | COSVISION | 13 | 15 | 15 |
| | Electric power | Subtotal | 318 | 290 | 223 |
| | | Amorepacific (Domestic) | 265 | 264 | 189 |
| | | Amorepacific (Shanghai) | 32 | 0 | 8 |
| | | COSVISION | 22 | 26 | 26 |
| | Renewable energy ⁵⁾ | Subtotal | 16 | 67 | 119 |
| | | Amorepacific (Domestic) | 16 | 30 | 89 |
| | | Amorepacific (Shanghai) | 0.2 | 37 | 30 |
| | | COSVISION | 0 | 0 | 0 |
| | 2022 Goal | TJ | | | 533 |
| Energy intensity | | TJ/ton of product | 0.005 | 0.005 | 0.007 |

1) The above GHG emissions were rounded to the nearest decimal place and calculated retrospectively based on the scope of subsidiary companies for the year 2022

2) In the case of Scope 1 emissions from Amorepacific Shanghai production site in 2021 and 2022, we offset the emissions by purchasing offset emission rights (CER), achieving carbon neutrality at Amorepacific Shanghai production site

3) The GHG emissions data for innisfree has been collected from 2022

4) 'Amorepacific Group others' include AMOS Professional, Amorepacific Empathy Foundation, Amorepacific Foundation, OSULLOC, BBDO Korea, Suh Kyung-bae Science Foundation, ETUDE, espoir

5) Includes energy generated through hydropower, solar power, solar thermal power, wind power, geothermal power, and bioenergy



Water Resource Management - Amorepacific Group Production Sites

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|--------------------|-------------------------------|--------------------|-----------|---------|---------|---------|
| Water withdrawal | Total water withdrawal | ton | 1,113,792 | 901,673 | 797,271 | 762,865 |
| by source of water | Water withdrawal | ton | 658,430 | 585,914 | 499,500 | 408,747 |
| | Municipal water (tap water) | ton | 34,892 | 39,133 | 30,322 | 25,223 |
| | Industrial water | ton | 381,971 | 243,024 | 230,393 | 294,374 |
| | Ground water | ton | 38,499 | 33,602 | 37,056 | 34,521 |
| | Rainwater | ton | 425,897 | 382,770 | 408,507 | 350,518 |
| by production site | Water withdrawal | ton | 91,379 | 92,883 | 79,541 | 58,816 |
| | Amorepacific (Domestic) | ton | 71,772 | 57,780 | 68,406 | 64,012 |
| | Amorepacific (Shanghai) | ton | 373,353 | 238,852 | 226,733 | 289,519 |
| | COSVISION | ton | 151,391 | 129,388 | 14,083 | n/a |
| | OSULLOC Farm | ton | 8.1 | 7.4 | 7.0 | 10.0 |
| | Others ¹⁾ | ton | 33,169 | 16,028 | 35,820 | 49,914 |
| | Intensity of water withdrawal | ton/ton of product | 5.2 | 3.2 | 7.7 | 10.4 |
| Water recycling | Total water recycling | ton | 469,969 | 395,818 | 333,639 | 280,702 |
| | Water recycling rate | % | 643,823 | 505,855 | 463,632 | 482,163 |
| Water discharge | | ton | | | | |
| Water consumption | | ton | | | | |

Water Resource Management - Amorepacific Production Sites

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|--------------------|---------------------------------|--------------------|---------------------------------|---------|---------|---------|
| Water withdrawal | Total water withdrawal | ton | 517,276 | 475,653 | 556,455 | 473,346 |
| by source of water | Water withdrawal | ton | 437,323 | 401,243 | 487,016 | 408,587 |
| | Municipal water (tap water) | ton | 34,892 | 39,133 | 30,322 | 25,223 |
| | Industrial water | ton | 6,562 | 1,675 | 2,061 | 5,015 |
| | Ground water | ton | 38,499 | 33,602 | 37,056 | 34,521 |
| | Rainwater | ton | 425,897 | 382,770 | 408,507 | 350,518 |
| by production site | Water withdrawal | ton | 91,379 | 92,883 | 79,541 | 58,816 |
| | Amorepacific (Domestic) | ton | n/a | n/a | 68,406 | 64,012 |
| | Amorepacific (Shanghai) | ton | 71,772 | 57,780 | 68,406 | 64,012 |
| | COSVISION ²⁾ | ton | 5.0 | 5.2 | 5.2 | 6.3 |
| | Intensity of water withdrawal | ton/ton of product | 2022 Goal (Rain water excluded) | ton | | 497,584 |
| | 2022 Goal (Rain water excluded) | ton | | | | |
| Water recycling | Total water recycling | ton | 31,322 | 13,815 | 35,820 | 49,914 |
| | Water recycling rate | % | 14.2 | 6.7 | 16.1 | 25.9 |
| Water discharge | | ton | 296,566 | 270,517 | 333,484 | 280,702 |
| Water consumption | | ton | 220,710 | 205,136 | 222,971 | 192,644 |

1) Data before the sales of PACIFICPACKAGE(current Autajon Packaging Pacific) in 2022, and AESTURA's data before the Amorepacific absorption-type merger in 2021 are classified as 'others'

2) Reflected as Amorepacific consolidated basis since its acquisition by Amorepacific in 2021



Waste Disposal - Amorepacific Group Production Sites

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------|-----------------------------|----------|--------|--------|-------|-------|
| Total waste disposal | | ton | 13,162 | 10,126 | 9,036 | 6,868 |
| Waste treatment by type | General waste ¹⁾ | Subtotal | ton | 11,274 | 8,400 | 7,434 |
| | Recycling | ton | 9,704 | 7,045 | 6,512 | 5,201 |
| | Incineration | ton | 1,488 | 1,348 | 917 | 551 |
| | Landfill | ton | 82 | 7 | 5 | 0 |
| Designated waste ¹⁾ | Subtotal | ton | 1,889 | 1,726 | 1,602 | 1,115 |
| | Recycling | ton | 1,351 | 1,284 | 1,316 | 1,002 |
| | Incineration | ton | 513 | 417 | 286 | 112 |
| | Landfill | ton | 25 | 25 | 0 | 0 |
| | Others(neutralization) | ton | 0 | 0 | 0.2 | 0.3 |
| Recycling rate | | % | 84.0 | 82.3 | 86.6 | 90.3 |
| Waste disposal by production site | Amorepacific (Domestic) | ton | 9,622 | 6,948 | 7,518 | 5,842 |
| | Amorepacific (Shanghai) | ton | 627 | 826 | 742 | 589 |
| | COSVISION | ton | 610 | 528 | 557 | 435 |
| | OSULLOC Farm | ton | 2 | 2 | 1 | 2 |
| Others ²⁾ | | ton | 2,302 | 1,822 | 217 | n/a |

Waste Disposal - Amorepacific Production Sites

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|-----------------------------------|-----------------------------|----------|--------|-------|-------|-------|
| Total waste disposal | | ton | 10,249 | 7,774 | 8,817 | 6,866 |
| Waste treatment by type | General waste ¹⁾ | Subtotal | ton | 9,012 | 6,602 | 7,358 |
| | Recycling | ton | 7,957 | 5,636 | 6,512 | 5,201 |
| | Incineration | ton | 974 | 961 | 843 | 550 |
| | Landfill | ton | 80 | 5 | 4 | 0 |
| Designated waste ¹⁾ | Subtotal | ton | 1,237 | 1,172 | 1,459 | 1,115 |
| | Recycling | ton | 1,124 | 1,082 | 1,316 | 1,002 |
| | Incineration | ton | 114 | 90 | 143 | 112 |
| | Landfill | ton | 0 | 0 | 0 | 0 |
| | Others(neutralization) | ton | 0 | 0 | 0.2 | 0.3 |
| Recycling rate | | % | 88.6 | 86.4 | 88.8 | 90.4 |
| Waste disposal by production site | Amorepacific (Domestic) | ton | 9,622 | 6,948 | 7,518 | 5,842 |
| | Amorepacific (Shanghai) | ton | 627 | 826 | 742 | 589 |
| | COSVISION ³⁾ | ton | n/a | n/a | 557 | 435 |
| Total waste disposal (2022 goal) | | ton | | | | 948.6 |

1) The entire waste is consigned

2) Data before the sales of PACIFICPACKAGE(current Autajon Packaging Pacific) in 2022, PACIFICGLAS's data before its sales in 2021 (current VERSCENCE PACIFIC), and AESTURA's data before the Amorepacific absorption-type merger in 2021 are classified as 'others'

3) Reflected as Amorepacific consolidated basis since its acquisition by Amorepacific in 2021



Pollutant Generation - Amorepacific Group Production Sites

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|------------------|-------------------|------|------|------|------|------|
| Air pollutants | Dust | ton | 2.2 | 1.5 | 1.4 | 1.0 |
| | SOx | ton | 19.3 | 17.5 | 0 | 0 |
| | NOx | ton | 22.7 | 20.0 | 9.1 | 4.4 |
| Water pollutants | TOC ¹⁾ | ton | n/a | n/a | 4.7 | 4.3 |

Pollutant Generation - Amorepacific Production Sites

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|------------------|-------------------|------|------|------|------|------|
| Air pollutants | Dust | ton | 1.5 | 0.8 | 1.2 | 0.9 |
| | SOx | ton | 0 | 0 | 0 | 0 |
| | NOx | ton | 10.3 | 9.6 | 9.1 | 4.4 |
| Water pollutants | TOC ¹⁾ | ton | n/a | n/a | 4.7 | 4.3 |

Sustainable Product Development - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|--|--|------|------|------|------|
| Percentage of new sustainable products | Percentage of new products implementing environmentally and socially friendly attributes | % | 61.1 | 73.9 | 77.0 |

Sustainable Product Development - Amorepacific

| Category | | Unit | 2020 | 2021 | 2022 |
|--|--|------|------|------|------|
| Percentage of new sustainable products | Percentage of new products implementing environmentally and socially friendly attributes | % | 71.7 | 88.0 | 90.5 |

1) For water pollutants, changed from COD to TOC to calculate emissions since 2021



Environmental Management Implementation - Amorepacific Group

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|--|--|-----------------|-----------------|------|------|------|
| Environmental operations and investments | Total | 100 million KRW | 49.3 | 39.5 | 43.9 | 45.5 |
| | Type | Operations | 100 million KRW | 40.0 | 35.3 | 32.9 |
| | | Investments | 100 million KRW | 9.3 | 4.2 | 8.4 |
| Environmental compliance ¹⁾ | Number of significant violation of environment related legal obligations/regulations cases | Case | 0 | 0 | 0 | 0 |
| | Amount of significant violation of environmental fines/penalties | 100 million KRW | 0 | 0 | 0 | 0 |

Environmental Management Implementation - Amorepacific

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|--|--|-----------------|------|------|------|------|
| Environmental operations and investments | Total | 100 million KRW | 33.1 | 25.3 | 40.9 | 45.0 |
| | Type | Operations | 24.1 | 22.9 | 32.6 | 32.6 |
| | | Investments | 8.9 | 2.5 | 8.3 | 12.4 |
| Environmental compliance ¹⁾ | Number of significant violation of environment related legal obligations/regulations cases | Case | 0 | 0 | 0 | 0 |
| | Amount of significant violation of environmental fines/penalties | 100 million KRW | 0 | 0 | 0 | 0 |
| Eco-friendly purchases and sales ²⁾ | Percentage of eco-friendly purchases | % | n/a | 4.8 | 2.8 | 2.9 |
| | Percentage of eco-friendly sales | % | n/a | 20.5 | 42.8 | 64.1 |

1) Calculated on a basis of fines and penalties of \$10,000 or more for significant environmental violations

2) Calculated based on a separate basis for the domestic corporation of Amorepacific



Social Performance

Domestic and Overseas Employment - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|-----------------------------|-----------------------------|----------|--------|--------|--------|
| Total number of employees | | Person | 12,387 | 11,171 | 10,010 |
| Employees by region | Domestic | Person | 7,288 | 6,602 | 6,145 |
| | Overseas | Subtotal | 5,099 | 4,569 | 3,865 |
| | Asia | Person | 4,874 | 4,367 | 3,648 |
| | North America | Person | 156 | 139 | 156 |
| | Europe & Others | Person | 69 | 63 | 61 |
| | Ratio of domestic employees | % | 58.8 | 59.1 | 61.4 |
| Ratio of overseas employees | Asia | % | 39.3 | 39.1 | 36.4 |
| | North America | % | 1.3 | 1.2 | 1.6 |
| | Europe & Others | % | 0.6 | 0.6 | 0.6 |
| Employees by gender | Male | Person | 3,496 | 3,213 | 2,930 |
| | Female | Person | 8,891 | 7,958 | 7,080 |
| | Ratio of males | % | 28.2 | 28.8 | 29.3 |
| | Ratio of females | % | 71.8 | 71.2 | 70.7 |
| Managers | Total | Person | 1,466 | 1,792 | 1,722 |
| | Region | Domestic | Person | 1,244 | 1,482 |
| | Overseas | Subtotal | Person | 222 | 310 |
| | Asia | Person | 196 | 269 | 268 |
| | North America | Person | 19 | 30 | 33 |
| | Europe & Others | Person | 7 | 11 | 13 |
| | Ratio of domestic employees | % | 17.1 | 22.4 | 22.9 |
| | Ratio of overseas employees | Asia | % | 4.0 | 6.2 |
| | North America | % | 12.2 | 21.6 | 21.2 |
| | Europe & Others | % | 10.1 | 17.5 | 21.3 |
| Gender | Male | Person | 949 | 1,078 | 1,013 |
| | Female | Person | 517 | 714 | 709 |
| | Ratio of males | % | 64.7 | 60.2 | 58.8 |
| | Ratio of females | % | 35.3 | 39.8 | 41.2 |

Domestic and Overseas Employment - Amorepacific

| Category | | Unit | 2020 | 2021 | 2022 |
|-----------------------------|-----------------------------|----------|--------|--------|-------|
| Total number of employees | | Person | 10,945 | 10,106 | 9,091 |
| Employees by region | Domestic | Person | 5,846 | 5,537 | 5,226 |
| | Overseas | Subtotal | 5,099 | 4,569 | 3,865 |
| | Asia | Person | 4,874 | 4,367 | 3,648 |
| | North America | Person | 156 | 139 | 156 |
| | Europe & Others | Person | 69 | 63 | 61 |
| | Ratio of domestic employees | % | 53.4 | 54.8 | 57.5 |
| Ratio of overseas employees | Asia | % | 44.5 | 43.2 | 40.1 |
| | North America | % | 1.4 | 1.4 | 1.7 |
| | Europe & Others | % | 0.6 | 0.6 | 0.7 |
| Employees by gender | Male | Person | 2,774 | 2,783 | 2,561 |
| | Female | Person | 8,171 | 7,323 | 6,530 |
| | Ratio of males | % | 25.3 | 27.5 | 28.2 |
| | Ratio of females | % | 74.7 | 72.5 | 71.8 |
| Managers | Total | Person | 1,167 | 1,537 | 1,493 |
| | Region | Domestic | Person | 945 | 1,227 |
| | Overseas | Subtotal | Person | 222 | 310 |
| | Asia | Person | 196 | 269 | 268 |
| | North America | Person | 19 | 30 | 33 |
| | Europe & Others | Person | 7 | 11 | 13 |
| | Ratio of domestic employees | % | 16.2 | 22.2 | 22.6 |
| | Ratio of overseas employees | Asia | % | 4.0 | 6.2 |
| | North America | % | 12.2 | 21.6 | 21.2 |
| | Europe & Others | % | 10.1 | 17.5 | 21.3 |
| Gender | Male | Person | 728 | 927 | 872 |
| | Female | Person | 439 | 610 | 621 |
| | Ratio of males | % | 62.4 | 60.3 | 58.4 |
| | Ratio of females | % | 37.6 | 39.7 | 41.6 |



Domestic Employment - Amorepacific Group

| Category | Unit | 2020 | 2021 | 2022 |
|------------------------------------|-------------------------|-------|-------|-------|
| Total number of domestic employees | Person | 7,288 | 6,602 | 6,145 |
| Employment status | Permanent ¹⁾ | 6,970 | 6,203 | 5,774 |
| | Temporary ²⁾ | 318 | 399 | 371 |
| Gender | Male | 2,607 | 2,417 | 2,228 |
| | Female | 4,681 | 4,185 | 3,917 |
| Age group | < 30 years old | 1,743 | 1,289 | 1,016 |
| | 30-50 years old | 5,248 | 5,041 | 4,835 |
| | > 50 years old | 297 | 272 | 294 |
| Employees with disabilities | Person | 109 | 104 | 128 |

Domestic Employment - Amorepacific

| Category | Unit | 2020 | 2021 | 2022 |
|------------------------------------|-------------------------|-------|-------|-------|
| Total number of domestic employees | Person | 5,846 | 5,537 | 5,226 |
| Employment status | Permanent ¹⁾ | 5,606 | 5,228 | 4,940 |
| | Temporary ²⁾ | 240 | 309 | 286 |
| Gender | Male | 1,885 | 1,987 | 1,859 |
| | Female | 3,961 | 3,550 | 3,367 |
| Age group | < 30 years old | 1,399 | 1,027 | 805 |
| | 30-50 years old | 4,216 | 4,268 | 4,153 |
| | > 50 years old | 231 | 242 | 268 |
| Employees with disabilities | Person | 109 | 102 | 121 |

1) Executives included

2) Contract workers and interns included, but dispatched workers not included



Overseas Local Employment - Amorepacific Group, Amorepacific¹⁾

| Category | | Unit | 2020 | 2021 | 2022 |
|------------------|---|--------|-------|-------|-------|
| Local employment | Number of local employees | Person | 4,939 | 4,434 | 3,739 |
| | Local employment ratio among overseas employees | % | 96.9 | 97.0 | 96.7 |
| Region | Asia | Person | 4,737 | 4,244 | 3,532 |
| | North America | Person | 141 | 133 | 150 |
| | Europe & Others | Person | 61 | 57 | 57 |
| Gender | Male | Person | 751 | 680 | 596 |
| | Female | Person | 4,188 | 3,754 | 3,143 |
| Local managers | Number of local managers | Person | 130 | 207 | 215 |
| | Local employment ratio among overseas managers | % | 58.6 | 66.8 | 68.5 |
| Gender | Male | Person | 31 | 46 | 53 |
| | Female | Person | 99 | 161 | 162 |

Diversity - Amorepacific

| Category | | Unit | 2020 | 2021 | 2022 |
|--|--|----------|------|------|------|
| Ratio of female by job group ²⁾ | Revenue-generating positions | % | 79.1 | 80.1 | 80.1 |
| | STEM-related positions | % | 50.1 | 51.4 | 52.3 |
| Ratio of female managers ²⁾ | Total number of managers | % | 37.7 | 39.9 | 41.9 |
| | Top managers | % | 23.9 | 22.8 | 24.6 |
| | Junior-level managers | % | 43.2 | 42.2 | 39.4 |
| | Managers with revenue-generating positions ³⁾ | % | n/a | 39.4 | 42.0 |
| Equal pay ⁴⁾ (Ratio of wage for female compared to male) | Executive position | Base pay | % | 90.2 | 89.2 |
| | | Total | % | 88.7 | 92.0 |
| | Managerial position | Base pay | % | 98.3 | 96.8 |
| | | Total | % | 98.3 | 94.1 |
| | Non-managerial position | Total | % | 95.8 | 96.7 |
| | | | | | 88.1 |

1) In the case of overseas local employment status, dispatched personnel were excluded. As all overseas subsidiaries are included within the Amorepacific consolidation scope, the number of employees for Amorepacific Group and Amorepacific are identical

2) In the case of the proportion of women by job group and the proportion of women in managerial positions, it is calculated based on a separate basis for the domestic corporation of Amorepacific and on a consolidated basis for the overseas corporation

3) The number of female managers with revenue-generating positions calculated since 2021

4) In the case of current status of equal pay, Amorepacific is calculated based on a separate basis for the domestic corporation of Amorepacific



Employee Hiring and Turnover - Amorepacific Group

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|--|--|--------|------|------|------|------|
| New Hiring status ¹⁾ | Total | Person | 744 | 415 | 583 | 538 |
| Gender | Male | Person | 182 | 112 | 162 | 138 |
| | Female | Person | 562 | 303 | 421 | 400 |
| | Ratio of males | % | 21.8 | 27.0 | 27.8 | 25.7 |
| | Ratio of females | % | 78.2 | 73.0 | 72.2 | 74.3 |
| Age group | < 30 years old | Person | 535 | 264 | 409 | 360 |
| | 30-50 years old | Person | 197 | 142 | 165 | 172 |
| | > 50 years old | Person | 12 | 9 | 9 | 6 |
| | Ratio of < 30 years old | % | 71.9 | 63.6 | 70.2 | 66.9 |
| | Ratio of 30-50 years old | % | 26.5 | 34.2 | 28.3 | 32.0 |
| | Ratio of > 50 years old | % | 1.6 | 2.2 | 1.5 | 1.1 |
| Employee Turnover status ²⁾ | Total Employee Turnover rate | % | 6.8 | 13.6 | 6.2 | 8.5 |
| | Voluntary Employee Turnover rate ³⁾ | % | 5.4 | 4.9 | 4.4 | 7.1 |

Employee Hiring and Turnover - Amorepacific

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|--|---|------------|------|------|------|------|
| New Hiring status ¹⁾ | Total | Person | 490 | 305 | 426 | 392 |
| Gender | Male | Person | 126 | 89 | 127 | 88 |
| | Female | Person | 364 | 216 | 299 | 304 |
| | Ratio of males | % | 25.7 | 29.2 | 29.8 | 22.4 |
| | Ratio of females | % | 74.3 | 70.8 | 70.2 | 77.6 |
| Age group | < 30 years old | Person | 346 | 192 | 290 | 258 |
| | 30-50 years old | Person | 132 | 105 | 132 | 129 |
| | > 50 years old | Person | 12 | 8 | 4 | 5 |
| | Ratio of < 30 years old | % | 70.6 | 63.0 | 68.1 | 65.8 |
| | Ratio of 30-50 years old | % | 26.9 | 34.4 | 31.0 | 32.9 |
| | Ratio of > 50 years old | % | 2.4 | 2.6 | 0.9 | 1.3 |
| | Internal hiring rate for open positions ²⁾ | % | 12.9 | 32.6 | 41.8 | 58.2 |
| | Average hiring cost per employee ²⁾ | 10,000 KRW | n/a | 745 | 565 | 543 |
| Employee Turnover status ²⁾ | Total Employee Turnover rate | % | 5.9 | 14.8 | 6.1 | 7.4 |
| | Voluntary Employee Turnover rate ³⁾ | % | 4.7 | 4.4 | 4.1 | 6.1 |

1) Calculated including both permanent and temporary employees

2) Calculated on the basis of permanent employees

3) Voluntary Employee Turnover occurs when an employee voluntarily resigns regardless of the company's intentions; it includes company transfer and resignation.



Employee Training and Development - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---------------------------|-----------------|---------|---------|---------|
| Total number of employees eligible for the training ¹⁾ | | Person | 6,970 | 6,203 | 5,774 |
| Total training hours | | Hour | 456,351 | 185,758 | 244,230 |
| Average training hours | Training hours per person | Hour/Person | 65.5 | 29.9 | 42.3 |
| | Gender ²⁾ | Male | n/a | n/a | 44.8 |
| | | Female | n/a | n/a | 40.8 |
| | Age group ²⁾ | < 30 years old | n/a | n/a | 40.8 |
| | | 30-50 years old | n/a | n/a | 43.5 |
| | | > 50 years old | n/a | n/a | 26.3 |
| Average training cost per person | | 10,000 KRW | 600,894 | 361,902 | 298,048 |

Employee Training and Development - Amorepacific

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---------------------------|-----------------|---------|---------|---------|
| Total number of employees eligible for the training ¹⁾ | | Person | 5,606 | 5,228 | 4,940 |
| Total training hours | | Hour | 394,254 | 171,598 | 207,669 |
| Average training hours | Training hours per person | Hour/Person | 70.3 | 32.8 | 42.0 |
| | Gender ²⁾ | Male | n/a | n/a | 45.2 |
| | | Female | n/a | n/a | 41.9 |
| | Age group ²⁾ | < 30 years old | n/a | n/a | 42.0 |
| | | 30-50 years old | n/a | n/a | 43.0 |
| | | > 50 years old | n/a | n/a | 27.1 |
| Average training cost per person | | 10,000 KRW | 674,958 | 367,533 | 304,524 |

1) Calculated in the basis of permanent employees

2) Average training hours by gender and age group calculated since 2022



Parental Leave - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|--|--------|--------|------|-------|------|
| Number of employees using parental leave | Total | Person | 455 | 425 | 461 |
| | Gender | Male | 24 | 11 | 29 |
| | | Female | 431 | 414 | 432 |
| Number of return-to-work after parental leave | Total | Person | 322 | 416 | 435 |
| | Gender | Male | 20 | 11 | 26 |
| | | Female | 302 | 405 | 409 |
| Return-to-work rate after parental leave ¹⁾ | Total | % | 93.1 | 97.9 | 94.4 |
| | Gender | Male | 87.0 | 100.0 | 89.7 |
| | | Female | 93.5 | 97.8 | 94.7 |
| Retention rate after returning to work ²⁾ | Total | % | 86.1 | 90.4 | 84.1 |
| | Gender | Male | 55.6 | 75.0 | 63.6 |
| | | Female | 87.1 | 91.4 | 84.7 |

Parental Leave - Amorepacific

| Category | | Unit | 2020 | 2021 | 2022 |
|--|--------|--------|------|-------|------|
| Number of employees using parental leave | Total | Person | 383 | 363 | 401 |
| | Gender | Male | 18 | 10 | 24 |
| | | Female | 365 | 353 | 377 |
| Number of return-to-work after parental leave | Total | Person | 271 | 354 | 379 |
| | Gender | Male | 15 | 10 | 22 |
| | | Female | 256 | 344 | 357 |
| Return-to-work rate after parental leave ¹⁾ | Total | % | 92.5 | 97.5 | 94.5 |
| | Gender | Male | 88.2 | 100.0 | 91.7 |
| | | Female | 92.8 | 97.5 | 94.7 |
| Retention rate after returning to work ²⁾ | Total | % | 86.5 | 95.2 | 83.6 |
| | Gender | Male | 50.0 | 86.7 | 70.0 |
| | | Female | 86.7 | 95.7 | 84.0 |

1) Return rate = (the number of people who have returned after parental leave) / (the number of people who are scheduled to return after parental leave) × 100

2) Retention rate after returning = (the number of people who have retained employment for 12 months after returning from parental leave) / (the number of people who have returned from parental leave during the previous reporting period) × 100



Occupational Safety and Health - Amorepacific Group

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|---------------|---------------------------------|--------|-------|-------|-------|-------|
| Employees | Fatalities | Case | 0 | 0 | 0 | 0 |
| Accident rate | Rate ¹⁾ | % | 0.051 | 0.065 | 0.145 | 0.089 |
| | Number of accident victims | Person | 5 | 6 | 12 | 7 |
| LTIFR | Rate ²⁾ | % | 0.268 | 0.336 | 0.755 | 0.465 |
| | Number of industrial accidents | Case | 5 | 6 | 12 | 7 |
| OIFR | Rate ³⁾ | % | 0 | 0 | 0 | 0 |
| | Number of occupational diseases | Case | 0 | 0 | 0 | 0 |
| Contractors | Fatalities | Case | 0 | 0 | 0 | 0 |
| Accident rate | Rate ¹⁾ | % | 0.049 | 0.043 | 0.155 | 0.074 |
| | Number of accident victims | Person | 7 | 5 | 14 | 5 |
| LTIFR | Rate ²⁾ | % | 0.254 | 0.223 | 0.807 | 0.386 |
| | Number of industrial accidents | Case | 7 | 5 | 14 | 5 |
| OIFR | Rate ³⁾ | % | 0 | 0 | 0 | 0 |
| | Number of occupational diseases | Case | 0 | 0 | 0 | 0 |

Occupational Safety and Health - Amorepacific

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|---------------|---------------------------------|--------|-------|-------|-------|-------|
| Employees | Fatalities | Case | 0 | 0 | 0 | 0 |
| Accident rate | Rate ¹⁾ | % | 0.050 | 0.064 | 0.139 | 0.102 |
| | Number of accident victims | Person | 4 | 5 | 10 | 7 |
| LTIFR | Rate ²⁾ | % | 0.258 | 0.334 | 0.725 | 0.532 |
| | Number of industrial accidents | Case | 4 | 5 | 10 | 7 |
| OIFR | Rate ³⁾ | % | 0 | 0 | 0 | 0 |
| | Number of occupational diseases | Case | 0 | 0 | 0 | 0 |
| Contractors | Fatalities | Case | 0 | 0 | 0 | 0 |
| Accident rate | Rate ¹⁾ | % | 0.040 | 0.049 | 0.140 | 0.078 |
| | Number of accident victims | Person | 5 | 5 | 12 | 5 |
| LTIFR | Rate ²⁾ | % | 0.206 | 0.253 | 0.728 | 0.406 |
| | Number of industrial accidents | Case | 5 | 5 | 12 | 5 |
| OIFR | Rate ³⁾ | % | 0 | 0 | 0 | 0 |
| | Number of occupational diseases | Case | 0 | 0 | 0 | 0 |

1) Accident rate = (number of casualties) / (average number of workers per year) × 100

2) Lost Time Injuries Frequency Rate (LTIFR) = (total case of accidents) / (annual working hours) × 1,000,000

3) Occupational Illness Frequency Rate (OIFR) = (total case of occupational diseases) / (annual working hours) × 200,000



CSR - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|---|---|-------------|--------|--------|--------|
| Expenditures on CSR activities | Amount of expenditure | Million KRW | 18,602 | 17,219 | 17,405 |
| | Ratio compared to sales | % | 0.38 | 0.32 | 0.39 |
| Disbursement of funds from public foundations | Amorepacific Foundation | Million KRW | 1,002 | 915 | 1,572 |
| | Amorepacific Welfare Foundation | Million KRW | 692 | 628 | 805 |
| | Korea Breast Cancer Foundation | Million KRW | 708 | 1,769 | 546 |
| CSR - Amorepacific | | | | | |
| Category | | Unit | 2020 | 2021 | 2022 |
| Expenditures on CSR activities | Amount of expenditure | Million KRW | 16,566 | 16,027 | 15,330 |
| | Ratio compared to sales | % | 0.37 | 0.33 | 0.37 |
| Customer Satisfaction Measurement - Amorepacific | | | | | |
| Category | | Unit | 2019 | 2020 | 2021 |
| Customer satisfaction ¹⁾ | Percentage of resolved customer complaints | % | 99.7 | 99.6 | 99.0 |
| | Customer service satisfaction measurement results | % | 70.7 | 75.3 | 83.2 |
| Product recall ¹⁾ | Number of recall | Case | 0 | 0 | 0 |

Product Development and Innovation - Amorepacific

| Category | | Unit | 2019 | 2020 | 2021 | 2022 |
|--|---|--|---------|---------|---------|---------|
| R&D spending ²⁾ | R&D spending ratio compared to sales | % | 2.2 | 2.5 | 2.6 | 2.9 |
| | Total R&D spending | Million KRW | 120,268 | 112,265 | 128,321 | 121,146 |
| Category | | Unit | | | | 2022 |
| Current status of employees in R&D positions ¹⁾ | Total | Person | | | | 460 |
| | Position | Executive | | | | 8 |
| | | Team leader | | | | 24 |
| | | Researcher | | | | 359 |
| | | Technician | | | | 69 |
| Product innovation ¹⁾ | Ratio of product innovation to revenue | New products commercialized within the reporting year | % | | | 12.4 |
| | | Improved products within the reporting year | % | | | 11.2 |
| | | Products unchanged or with limited improvement | % | | | 76.4 |
| | Ratio of product innovation to gross profit | Ratio of commercialized new and improved products to products unchanged or with limited improvements | % | | | 29.9 |

1) Calculated based on a separate basis for the domestic corporation of Amorepacific

2) Calculated based on domestic and foreign consolidated basis of Amorepacific; see page 26 of the 2022 Amorepacific Business Report, '(2) R&D Costs'



Governance Performance

Ethical Management Implementation - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|---|--|--------|-------|-------|-------|
| Ethics education | Completion rate of the education | % | 91.8 | 92.2 | 86.6 |
| | Number of employees eligible for the education | Person | 6,818 | 6,319 | 6,063 |
| | Number of employees who have completed the education | Person | 6,260 | 5,825 | 5,253 |
| Pledge for business ethics ¹⁾ | Participation rate | % | 100 | 100 | 91.2 |
| | Number of employees eligible for the pledge | Person | 5,550 | 4,989 | 5,046 |
| | Number of employees who have participated the pledge | Person | 5,550 | 4,989 | 4,601 |
| Ethical Management Implementation - Amorepacific | | | | | |
| Category | | Unit | 2020 | 2021 | 2022 |
| Ethics education | Completion rate of the education | % | 91.2 | 92.0 | 86.1 |
| | Number of employees eligible for the education | Person | 5,415 | 5,283 | 5,122 |
| | Number of employees who have completed the education | Person | 4,937 | 4,861 | 4,410 |
| Pledge for business ethics ²⁾ | Participation rate | % | 100 | 100 | 91.1 |
| | Number of employees eligible for the pledge | Person | 5,464 | 4,909 | 4,959 |
| | Number of employees who have participated the pledge | Person | 5,464 | 4,909 | 4,517 |

1) Calculated based on Amorepacific Group and the domestic corporation of Amorepacific on a separate basis

2) Calculated based on a separate basis for the domestic corporation of Amorepacific

Policy-related Expenditure - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|---|--|-------------|-------|-------|-------|
| Political donations and lobbying efforts | | Million KRW | 0 | 0 | 0 |
| Ballot measures, referendums | | Million KRW | 0 | 0 | 0 |
| Major related association membership fees | | Million KRW | 1,604 | 1,635 | 1,273 |

Major Related Association Membership Fees - Amorepacific Group

| Category | | Unit | Business impact | Unit | 2022 |
|--|--|--------|-----------------|-------------|-------|
| Korea Door-to-door Sales Development Association | | Member | High | Million KRW | 1,003 |
| Korea Cosmetic Association | | Member | High | Million KRW | 198 |
| Korea Direct Selling Industry Association | | Member | High | Million KRW | 44 |
| UN Global Compact Network Korea | | Member | High | Million KRW | 17 |
| Korea Health Functional Food Association | | Member | High | Million KRW | 12 |



Ethics and Anti-Corruption Violation - Amorepacific Group

| Category | | Unit | 2020 | 2021 | 2022 |
|---|-------------------------------|---------------------------|------------------|------|------|
| Total number of ethics and anti-corruption violations ¹⁾ | | Case | 15 | 16 | 12 |
| Number of reports by stakeholder | Clients | Case | 0 | 0 | 0 |
| | Suppliers | Case | 0 | 0 | 2 |
| | Employees | Case | 10 | 7 | 3 |
| | Customers | Case | 0 | 0 | 0 |
| | Others | Case | 5 | 9 | 7 |
| Measures by violation type ²⁾ | Sexual harassment/ | Total | Case | 1 | 3 |
| | Workplace harassment | Types of measures | Heavy punishment | Case | 1 |
| | | Light disciplinary action | Case | 0 | 1 |
| | | Others | Case | 0 | 0 |
| | Private use of company assets | Total | Case | 3 | 3 |
| | | Types of measures | Heavy punishment | Case | 2 |
| | | Light disciplinary action | Case | 0 | 2 |
| | | Others | Case | 1 | 0 |
| | Violation of work processes | Total | Case | 2 | 3 |
| | | Types of measures | Heavy punishment | Case | 0 |
| | | Light disciplinary action | Case | 1 | 1 |
| | | Others | Case | 1 | 2 |

1) The aggregated data includes cases where the results of the investigation were confirmed after receiving reports on ethics and anti-corruption, through the ethical management hotline, regular audits, and ad hoc audits

2) Other types of measures include personnel actions, verbal warnings, and reoccurrence prevention pledges

| Category | | Unit | 2020 | 2021 | 2022 |
|--|--|---------------------------|------|------|------|
| Measures by violation type ²⁾ | Unfair transactions with suppliers/ Reception of gifts | Total | Case | 1 | 1 |
| Abnormal distribution and copyright violations | Types of measures | Heavy punishment | Case | 0 | 0 |
| | | Light disciplinary action | Case | 0 | 0 |
| | | Others | Case | 1 | 1 |
| Violation of outside work/ Absenteeism and tardiness rules | Types of measures | Total | Case | 0 | 2 |
| | | Heavy punishment | Case | 0 | 1 |
| | | Light disciplinary action | Case | 0 | 0 |
| Leakage of business secrets | Types of measures | Others | Case | 0 | 0 |
| | | Total | Case | 5 | 2 |
| | | Heavy punishment | Case | 3 | 2 |
| Other failures to comply with ethical standards | Types of measures | Light disciplinary action | Case | 2 | 0 |
| | | Others | Case | 0 | 0 |
| | | Total | Case | 2 | 1 |
| Other failures to comply with ethical standards | Types of measures | Heavy punishment | Case | 0 | 0 |
| | | Light disciplinary action | Case | 1 | 0 |
| | | Others | Case | 1 | 1 |

1) The aggregated data includes cases where the results of the investigation were confirmed after receiving reports on ethics and anti-corruption, through the ethical management hotline, regular audits, and ad hoc audits

2) Other types of measures include personnel actions, verbal warnings, and reoccurrence prevention pledges



Ethics and Anti-Corruption Violation - Amorepacific

| Category | | Unit | 2020 | 2021 | 2022 |
|---|-------------------------------|---------------------------|---------------------------|------|------|
| Total number of ethics and anti-corruption violations ¹⁾ | | Case | 12 | 14 | 9 |
| Number of reports by stakeholder | Clients | Case | 0 | 0 | 0 |
| | Suppliers | Case | 0 | 0 | 1 |
| | Employees | Case | 8 | 6 | 2 |
| | Customers | Case | 0 | 0 | 0 |
| | Others | Case | 4 | 8 | 6 |
| Measures by violation type ²⁾ | Sexual harassment/ | Total | Case | 0 | 2 |
| | Workplace harassment | Types of measures | Heavy punishment | Case | 0 |
| | | | Light disciplinary action | Case | 0 |
| | | | Others | Case | 0 |
| | Private use of company assets | Total | Case | 3 | 3 |
| Violation of work processes | Types of measures | Heavy punishment | Case | 2 | 1 |
| | | Light disciplinary action | Case | 0 | 2 |
| | | Others | Case | 1 | 0 |
| | Total | Case | 1 | 3 | 4 |
| | Types of measures | Heavy punishment | Case | 0 | 0 |

| Category | | Unit | 2020 | 2021 | 2022 |
|--|--|-------|------|------|------|
| Measures by violation type ²⁾ | Unfair transactions with suppliers/ Reception of gifts | Total | Case | 1 | 0 |
| Abnormal distribution and copyright violations | Heavy punishment | Case | 0 | 0 | 0 |
| | Light disciplinary action | Case | 0 | 0 | 0 |
| | Others | Case | 1 | 0 | 0 |
| Violation of outside work/ Absenteeism and tardiness rules | Total | Case | 0 | 2 | 1 |
| | Heavy punishment | Case | 0 | 1 | 0 |
| | Light disciplinary action | Case | 0 | 0 | 0 |
| Leakage of business secrets | Others | Case | 0 | 0 | 0 |
| | Total | Case | 4 | 2 | 0 |
| | Heavy punishment | Case | 3 | 2 | 0 |
| Other failures to comply with ethical standards | Light disciplinary action | Case | 1 | 0 | 0 |
| | Others | Case | 1 | 1 | 0 |
| | Total | Case | 2 | 1 | 0 |
| Types of measures | Heavy punishment | Case | 0 | 0 | 0 |
| | Light disciplinary action | Case | 1 | 0 | 0 |
| | Others | Case | 1 | 1 | 0 |

1) The aggregated data includes cases where the results of the investigation were confirmed after receiving reports on ethics and anti-corruption, through the ethical management hotline, regular audits, and ad hoc audits

2) Other types of measures include personnel actions, verbal warnings, and reoccurrence prevention pledges

Reporting Methodology

Reporting Period

The information contained in the report represents the performance during the period from January 1, 2022, to December 31, 2022. Some information prior to 2022 or the first half of 2023 is included, and explicitly indicated within the report. For quantitative performance, we provide data for the latest three years (2020-2022) or four years (2019-2022) to enable annual trend analysis.

Reporting Scope

The scope of financial performance reporting was prepared in accordance with K-IFRS consolidation criteria¹⁾ unless otherwise stated. The scope of non-financial performance reporting covers the entire domestic and overseas consolidated subsidiaries of the company (Amorepacific Group, AmorePacific, Innisfree, ETUDE, Amos Professional, Espoir, OSULLOC, OSULLOC Farm, COSVISION, WeDream, Green Partners, and overseas subsidiaries included in the financial performance, and the performance of the subsidiary is indicated separately in the text. In the case of Amorepacific, the major subsidiary, the reporting covers domestic business sites (Headquarters, R&I Center, HR Development Center, Regional Offices, Amore Beauty Park, Daily Beauty production site, OSULLOC production site, and Healthcare production site) and some of its activities from overseas subsidiaries.

If the scope of a consolidated subsidiary changes due to its sale, acquisition, or merger, the performance was calculated by reflecting the scope of consolidation based on the year in which the sale, acquisition, or merger occurred, and the major changes in the scope of consolidation that occurred within 2020–2022 are as follows.

- PACIFICGLAS (current Verescence Pacific): As of 2021, excluded from the Amorepacific Group's consolidation after Amorepacific Group sold its stake

- COSVISION: As of 2021, changed to the Amorepacific's consolidation after Amorepacific bought Amorepacific Group's stake

- AESTURA: As of 2021, AESTURA, a subsidiary of Amorepacific Group, has been included within the separate scope of Amorepacific due to its absorption merger.

- PACIFICPACKAGE (current Autajon Packaging Pacific): From 2022, it is excluded from Amorepacific Group's consolidation after Amorepacific Group sold its stake

Modification and Restatement of Information

Among the information contained in this report, there are some information changed from the report published in the previous reporting year due to modifications and restatement, as follows.

- In the case of GHG emissions and energy usage of [Amorepacific Group] and [Amorepacific] reported on p.84-86 of this report, the information from the previous reporting year is restated, to reflect the retroactive application of the consolidated basis for the scope of subsidiary companies as of 2022, as per the reassessment of assets.

- The water resource usage, waste disposal, pollutant emissions, employee status, domestic employment status, new recruitment status, turnover status, employee training status, and industrial safety and health status of [Amorepacific], as reported on p.84-89, and p.91-97, have been restated from the previous reporting year to reflect the consolidated basis for the reassessment of assets.

- The Environmental operation and investment cost for [Amorepacific Group] and [Amorepacific] in 2021, as reported on p.90, have been restated to reflect the consolidated reassessment of assets to include the performance of the headquarters and R&I Center.

- [Amorepacific] restated the information on the average employment cost per person reported on p.94 of this report, to correct the information from the previous reporting year to, include recruitment promotional costs and fees

Calculation Criteria for Quantitative Performance

Quantitative performance in this report, p.84-101, is reported in Amorepacific Group's consolidation to enhance stakeholders' understanding of the company's ESG activities and performance, and is also reported in Amorepacific's consolidation, its major subsidiary. Some performance calculated on a separate basis is stated in the notes. The criteria for calculating detailed performance by indicator are as follows.

1) For consolidated companies, see '1. Status of Consolidated Subsidiaries' in Amorepacific Group's 2022 Business Report p.365-366



Calculation Criteria for Environmental Quantitative Performance

| Name of Index | Performance Calculation Methodology |
|-----------------------------|---|
| · GHG Emissions | Scope of the Report <ul style="list-style-type: none">· Among domestic and overseas consolidated subsidiaries, it includes Amorepacific (domestic), Amorepacific (Shanghai), COSVISION, OSULLOC Farm, and other Amorepacific Group subsidiaries. See the p.111-113 Verification Statement GHG Inventory in this report for details· In accordance with GHG protocol, 2020-2021 organization boundary is retrospectively applied to the scope of 2022 consolidated subsidiaries· For Amorepacific (Shanghai), only the data from its production site was compiled in 2020-2021, and data from its production site, R&I Center, logistics and headquarters was used from 2022. |
| · Energy Consumption | Calculation Criteria <ul style="list-style-type: none">· Intensity of GHG emissions = (Scope 1 and 2 emissions)/(the number of products on a consolidated basis)· Energy intensity = (Total energy usage)/(the number of products based on a consolidated basis) |
| · Water Resource Management | Scope of the Report <ul style="list-style-type: none">· Corporations that have production sites, among domestic and overseas consolidated subsidiaries, such as Amorepacific (domestic), Amorepacific (Shanghai), COSVISION, OSULLOC Farm |
| · Waste Disposal | <ul style="list-style-type: none">· Amorepacific (domestic) data includes Amore Beauty Park, Daily Beauty production site, OSULLOC production site, Healthcare production site as the scope of aggregation. |
| · Pollutant Generation | Calculation Criteria <ul style="list-style-type: none">· Intensity of water withdrawal = (Total water withdrawal)/(the number of products on a consolidated basis)· Water usage = (Total water withdrawal)-(total water discharge)· Waste recycling rate = ((Amount of general waste recycled) + (the amount of designated waste recycled))/(total waste generated) |

| Name of Index | Performance Calculation Methodology |
|---|--|
| · Sustainable Product Development | Scope of the Report <ul style="list-style-type: none">· Domestic consolidated subsidiaries Calculation Criteria <ul style="list-style-type: none">· Percentage of new products with environmentally/socially friendly attributes = (Number of sustainable products among new products)/(number of new products) × 100· Sustainable products are calculated as products that meet the criteria defined in the 'Sustainable Product Development Rules' within the company rules |
| · Environmental Management Implementation | Scope of the Report <ul style="list-style-type: none">· Corporations that have production sites among domestic and overseas consolidated subsidiaries, such as Amorepacific (Korea), Amorepacific (Shanghai), COSVISION, OSULLOC Farm· Amorepacific (domestic) data includes the headquarters, R&I Center, Amore Beauty Park, Daily Beauty business site, OSULLOC production site, Healthcare production site· However, for eco-friendly purchases and sales indicator, the scope of data collection covers Amorepacific (domestic) on a separate basis Calculation Criteria <ul style="list-style-type: none">· Significant environmental violations are calculated by cases with a fine/penalty of USD 10,000 or more· The purchase amount of eco-friendly products and services is calculated based on whether finished products and raw materials are certified as eco-friendly· Percentage of eco-friendly purchases = (The purchase amount of eco-friendly products and service)/(total purchase amount) × 100· Sales of new eco-friendly products are calculated based on the products with environmental impact improvement and vegan-certified products, as defined in the company's Sustainable Product Development Rules· Percentage of eco-friendly sales = (New eco-friendly product sales in the reporting year)/(total new product sales in the reporting year) |



Calculation Criteria for Social Quantitative Performance

| Name of Index | Performance Calculation Methodology |
|------------------------------------|--|
| · Domestic and Overseas Employment | <p>Scope of the Report</p> <ul style="list-style-type: none">· Domestic and overseas consolidated subsidiaries <p>Calculation Criteria</p> <ul style="list-style-type: none">· Calculated by the number of employees as of December 31st by year· The number of domestic employees includes permanent and temporary employees but does not include dispatched workers· The number of overseas employees includes permanent and dispatched employees |
| · Domestic Employment | <p>Scope of Report</p> <ul style="list-style-type: none">· Domestic subsidiaries in a consolidated basis <p>Calculation Criteria</p> <ul style="list-style-type: none">· Calculated by the number of employees as of December 31st by year· Total number of permanent employees includes executives· The number of temporary employees includes contract workers and interns |
| · Overseas Local Employment | <p>Scope of the Report</p> <ul style="list-style-type: none">· Overseas consolidated subsidiaries <p>Calculation Criteria</p> <ul style="list-style-type: none">· Calculated by the number of employees as of December 31st by year· Excludes dispatched employees· As all overseas subsidiaries are included in the subsidiary subject to Amorepacific's consolidation, the current status of Amorepacific Group and Amorepacific employment is the same |
| · Diversity | <p>Scope of the Report</p> <ul style="list-style-type: none">· Amorepacific domestic subsidiaries on a separate basis and overseas subsidiaries on a consolidated basis· However, in the case of equivalent wage indicators, it is calculated based on a separate domestic corporation of Amorepacific <p>Calculation Criteria</p> <ul style="list-style-type: none">· Calculated by the number of employees as of December 31st by year· The number of employees with revenue-generating positions is calculated as the number of employees in business departments such as sales and brands· The number of employees in Science, Technology, Engineering, Mathematics (STEM) work is calculated as the number of employees in STEM-related support departments such as R&D and digital strategy |

| Name of Index | Performance Calculation Methodology |
|-------------------------------------|--|
| · New Employment | <p>Scope of the Report</p> <ul style="list-style-type: none">· Domestic consolidated subsidiaries· However, internal employment rate for open positions and average employment cost are calculated on a separate basis for Amorepacific <p>Calculation Criteria</p> <ul style="list-style-type: none">· Includes both permanent and temporary employees· However, internal employment rate for open positions and average employment cost are calculated on the basis of permanent employees |
| · Turnover | <p>Scope of the Report</p> <ul style="list-style-type: none">· Domestic subsidiaries in a consolidated basis <p>Calculation Criteria</p> <ul style="list-style-type: none">· Calculated on the basis of permanent employees, and records between subsidiaries are excluded· Voluntary turnover occurs when an employee voluntarily resigns regardless of the company's intentions; it includes company transfer and resignation.· Turnover rate = (The number of turnovers in the reporting year)/(the number of employees in the previous year) |
| · Employee Training and Development | <p>Scope of the Report</p> <ul style="list-style-type: none">· Domestic consolidated subsidiaries <p>Calculation Criteria</p> <ul style="list-style-type: none">· The number of employees eligible for the training is calculated based on the number of permanent employees by year· Average training hours by type = (Total training hours by type)/(the number of employees eligible for the training, by type)· Average training cost per person = (Total training cost)/(the number of employees eligible for the training) |
| · Parental Leave | <p>Scope of the Report</p> <ul style="list-style-type: none">· Domestic consolidated subsidiaries <p>Calculation Criteria</p> <ul style="list-style-type: none">· Return rate = (The number of people who have returned after parental leave) / (the number of people who are scheduled to return after parental leave) × 100· Retention rate after returning = (The number of people who have retained employment for 12 months after returning from parental leave) / (the number of people who have returned from parental leave during the previous reporting period) × 100 |



| | | Calculation Criteria for Governance Quantitative Performance | |
|-------------------------------------|---|--|--|
| Name of Index | Performance Calculation Methodology | Name of Index | Performance Calculation Methodology |
| · Occupational Safety and Health | <p>Scope of the Report</p> <ul style="list-style-type: none">Domestic consolidated subsidiaries, and Shanghai subsidiary, among overseas consolidated subsidiaries <p>Calculation Criteria</p> <ul style="list-style-type: none">Calculated based on the reporting of industrial accidents and the criteria recognized by the competent Ministry of Employment and LaborAccident rate = (Number of casualties)/(average number of workers per year) × 100Lost Time Injuries Frequency Rate (LTIFR) = (Total cases of accidents)/(annual working hours) × 1,000,000Occupational Illness Frequency Rate (OIFR) = (Total cases of occupational diseases)/(annual working hours) × 200,000 | · Ethical Management Implementation | <p>Scope of the Report</p> <ul style="list-style-type: none">In the case of ethics education indicators, they are calculated based on Amorepacific domestic consolidated subsidiariesIn the case of business ethics pledge indicators, they are calculated based on Amorepacific Group's subsidiaries and Amorepacific domestic separate corporation <p>Calculation Criteria</p> <ul style="list-style-type: none">In the case of the number of employees eligible for ethics education, all executives, general employees, office staffs, technicians, and contract employees of all subsidiaries of Amorepacific Group are counted as of the time of training, and employees on leave of absence are excluded |
| · Customer Satisfaction Measurement | <p>Scope of the Report</p> <ul style="list-style-type: none">Amorepacific domestic separate corporation <p>Calculation Criteria</p> <ul style="list-style-type: none">Percentage of resolved customer complaints = (The number of resolved customer complaints)/(the number of customer complaints) × 100Customer service satisfaction measurement results are calculated based on the recommendation index in the satisfaction survey sent to the customer after the customer consultation is completed | · Policy-related Expenditure Status | <p>Scope of the Report</p> <ul style="list-style-type: none">Domestic consolidated subsidiaries <p>Calculation Criteria</p> <ul style="list-style-type: none">Amorepacific Group complies with the ban on corporate political donations (political funds, voting-related campaign funds, political organization lobbying funds, etc.) under Article 31 of the Domestic Political Fund Act, and sponsors some public interest associations and industrial associations that guarantee political neutrality |
| · CSR | <p>Scope of the Report</p> <ul style="list-style-type: none">Domestic and overseas consolidated subsidiaries <p>Calculation Criteria</p> <ul style="list-style-type: none">In the case of the expenditures on CSR activities, it is calculated as the sum of costs, including cash donations, in-kind donations, and management overhead expensesIn the case of disbursement of funds from public foundations, it is reported based on Amorepacific's consolidated standards | · Number of Unethical Reports | <p>Scope of the Report</p> <ul style="list-style-type: none">Domestic and overseas consolidated subsidiaries <p>Calculation Criteria</p> <ul style="list-style-type: none">The number of cases for ethics and anti-corruption violation is an aggregate of cases where the results of the investigation were confirmed after receiving reports related to ethics and anti-corruption, through the ethical management hotline, regular audits, and ad hoc audits, etc. |
| · Product Innovation | <p>Scope of the Report</p> <ul style="list-style-type: none">In the case of R&D cost indicators, it is calculated based on Amorepacific's domestic and overseas consolidated subsidiariesProduct innovation indicators and current status of employees in R&D positions are calculated based on Amorepacific domestic separate corporation <p>Calculation Criteria</p> <ul style="list-style-type: none">In the case of R&D cost indicators, it is calculated based on '(2) R&D Costs,' standard in page 26 of the 2022 Amorepacific Business Report. | | |

Chapter 5

Appendix

107 GRI Content Index

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110 TCFD Index

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114 Independent Assurance Statement



GRI

Content Index

Statement of Use

The ‘2022 Amorepacific Group Sustainability Report,’ which covers the ESG performance from January 1, 2022 to December 31, 2022, is reported in accordance with the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standards

As of June 2023, when Amorepacific Group publishes its report, no applicable GRI Sector Standards were announced by GRI. Therefore, Amorepacific Group reviewed various external data to identify material topics specific to the HOUSEHOLD & PERSONAL PRODUCTS industry, based on GICS® standards. The selected material topics were reported along with the corresponding results. For a more detailed explanation, please refer to pages 21-27 of the report.

| Topic | Disclosure | Report pages | Comments |
|---------------------------------|---|--|---|
| General Disclosures | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details 2-2 Entities included in the organization's sustainability reporting 2-3 Reporting period, frequency and contact point 2-4 Restatements of information 2-5 External assurance 2-6 Activities, value chain and other business relationships 2-7 Employees 2-8 Workers who are not employees 2-9 Governance structure and composition 2-10 Nomination and selection of the highest governance body 2-11 Chair of the highest governance body 2-12 Role of the highest governance body in overseeing the management of impacts 2-13 Delegation of responsibility for managing impacts | 6, 75 2, 102-105 2 102 114 6, 8-12, 13-14, 54-55, 56-57 91-93, 104 92, 104 16, 73-75 - - 16, 23 16, 23 | 2022 Amorepacific Group Business Report p.14-66 2022 Amorepacific Group Business Report p.331, 2022 Amorepacific Business Report p.294 2022 Amorepacific Group Business Governance Report p.34-45 2022 Amorepacific Group Business Governance Report p.64 2022 Amorepacific Group Business Governance Report p.38 |

| Topic | Disclosure | Report pages | Comments |
|---------------------------------|--|--|--|
| General Disclosures | | | |
| GRI 2: General Disclosures 2021 | 2-14 Role of the highest governance body in sustainability reporting 2-15 Conflicts of interest 2-16 Communication of critical concerns 2-17 Collective knowledge of the highest governance body 2-18 Evaluation of the performance of the highest governance body 2-19 Remuneration policies 2-20 Process to determine remuneration 2-21 Annual total compensation ratio 2-22 Statement on sustainable development strategy 2-23 Policy commitments 2-24 Embedding policy commitments 2-25 Processes to remediate negative impacts | 16, 23 - 76 - 73 - - - - 5 33, 48, 50, 54, 78-79 48-50, 54-55, 56-57, 78-80 48, 76, 80 | 2022 Amorepacific Business Report p.316-318, 2022 Amorepacific Group Business Governance Report p.46-48 2022 Amorepacific Group Business Report p.314-316 2022 Amorepacific Group Business Report p.318 2022 Amorepacific Group Business Governance Report p.52-53 2022 Amorepacific Group Business Report p.332-336, 2022 Amorepacific Group Business Governance Report p.52-53 2022 Amorepacific Group Business Report p.316, 332-336, 2022 Amorepacific Group Business Governance Report p.52-53, 65, 69-70 2022 Amorepacific Group Business Report p.331, 333-334 2022 Amorepacific Group Business Report p.331 2022 Amorepacific Group Business Governance Report p.52-53 |



GRI

Content Index

| Topic | Disclosure | Report pages | Comments | Topic | Disclosure | Report pages | Comments |
|--|--|-----------------------------------|--|-----------------------------|--|--|----------|
| General Disclosures | | | | | | | |
| GRI 2: General Disclosures 2021 | 2-26 Mechanisms for seeking advice and raising concerns 2-27 Compliance with laws and regulations 2-28 Membership associations 2-29 Approach to stakeholder engagement 2-30 Collective bargaining agreements | 80 - 20, 99 20 47 | 2022 Amorepacific Group Business Report p.351-355 | GRI 3: Material Topics 2021 | 3-1 Process to determine material topics 3-2 List of material topics | 21-27 21-27 | |
| Packaging environmental impact | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 19, 20, 22, 23, 24, 27, 28, 41 | | GRI 301: Materials | 301-1 Materials used by weight or volume ¹⁾ 301-3 Reclaimed products and their packaging materials ¹⁾ | 42 19, 42 | |
| Sustainable Products and Services | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 18, 20, 22, 23, 25, 27, 28 | No GRI Topic Standards associated with this critical topic | | | | |
| Energy Use | | | | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 19, 20, 22, 23, 26, 27, 29, 35-37 | | GRI 302: Energy | 302-1 Energy consumption within the organization 302-3 Energy intensity 302-4 Reduction of energy consumption | 19, 26, 27, 35-37, 84-85, 86, 104 84-85, 86, 104 19, 26, 27, 29, 35-37 | |

1) Reported on packaging material which is a material topic

SASB Index

Activity Indicators

| Topic | Code | Accounting Metric | Description |
|---------------------|-------------|---|---|
| Activity Indicators | CG-HP-000.A | Units of products sold, total weight of products sold | As Amorepacific Group has a wide variety of product portfolio, information about the unit and total weight of products sold is not disclosed. |
| | CG-HP-000.B | Number of manufacturing facilities | 5 (Amore Beauty Park, Daily Beauty production site, OSULLOC production site, Healthcare production site, Shanghai production plant) |

Sustainability Disclosure Topics & Accounting Metrics

| Topic | Code | Accounting Metric | Description |
|---|--------------|---|--|
| Water Management | CG-HP-140a.1 | (1) Total water withdrawn | Amorepacific Group: 762,865 tonnes, Amorepacific: 473,346 tonnes |
| | | (2) Total water consumption | Amorepacific Group: 482,163 tonnes, Amorepacific: 192,644 tonnes |
| | | (3) Percentage of (1) and (2) in regions with high or extremely high baseline water stress | The Group has no production site in regions with high water stress, based on the World Resources Institute(WRI) standards. |
| Product Environmental, Health, and Safety Performance | CG-HP-140a.2 | Description of water management risks and discussion of strategies and practices to mitigate those risks | The Group has low risks in water usage as it has no production site in regions with high water stress. We have established 3R principles: Reduce to improve water usage efficiency; Recycle to expand water recycling; and Reuse to expand water reuse, in order to effectively manage water risk and ensure efficient water management. |
| | | Revenue from products that contain REACH substances of very high concern (SVHC) | Amorepacific Group's quality standards encompass the SVHC (Substances of Very High Concern) list of REACH (EU New Chemicals Control System). All raw materials are utilized only when they meet the internal standards specific to their application. We strictly avoid using substances other than cyclosiloxane (D5, D6), and even for D5 and D6, proper management measures are in place prior to regulatory requirements. Meanwhile, alternative raw materials and formulations are being developed. |
| | | Revenue from products that contain substances on the California DTSC Candidate Chemicals List | Only substances and raw materials that meet the criteria for safe cosmetics are selectively chosen and used, adhering to domestic regulations, such as the 'Chemical Registration and Evaluation Act' and 'Chemical Control Act'. These regulations are equivalent to DTSC's Candidate Chemical List. ¹⁾ |
| Packaging Lifecycle Management | CG-HP-250a.3 | Discussion of process to identify and manage emerging materials and chemicals of concern | Amorepacific Group adheres to EU REACH and CLP regulations, as well as global regulations specific to each country, including pharmaceutical and food additive regulations, to ensure the exclusion of harmful ingredients. Furthermore, we continue to monitor the results of evaluations by internationally trusted institutions such as CCS, CIR, EFSA, and IARC. The Group operates a process to discern the safe of products by evaluating human and environmental impacts when introducing new substances. Also, the MSDS (Material Safety Data Sheet) of all chemicals used by the Group is managed through the Amorepacific Group Chemicals Integrated Management System (AP-CHEMS). |
| | | Revenue from products designed with green chemistry principles | Amorepacific Group continuously develops sustainable products manufactured with technologies such as a low energy emulsification process, waste reduction technology (green technology certification), and an eco-friendly solvent application process according to our internal sustainable product standards. |
| | | (1) Total weight of packaging | The total weight of plastic packaging materials is 12,640 tonnes. |
| Environmental & Social Impacts of Palm Oil Supply Chain | CG-HP-410a.1 | (2) Percentage made from recycled and/or renewable materials | 6.6% |
| | | (3) Percentage that is recyclable, reusable, and/or compostable | 47.1% |
| | | Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle | The 4R (Reduce, Recycle, Reuse, Return) strategies were established for packaging materials to create a plastic circulation model by reducing the use of unnecessary plastic packaging materials, improving recyclability, reusing and returning containers throughout the product's lifecycle. To implement the strategy, the goal of designing 100% plastic packaging materials to be recyclable, reusable or compostable by 2030, and applying recycled or bioplastics to 30% of plastic packaging materials, was included in the fourth promise of 2030 A MORE Beautiful Promise. Furthermore, brand-level Key Performance Indicators (KPIs) have been established to track the progress, and the environmental impact of packaging materials is closely managed to ensure efficient use of packaging raw materials. |
| | CG-HP-430a.1 | Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim | Approximately 20,145 tonnes of palm-derived raw materials were sourced in 2022, with a 53.6% ratio of RSPO MB (Mass Balance) certified palm oil. |

1) The purpose of regulations such as DTSC's Candidate Chemical List, EU REACH/CLP regulations, and domestic chemical evaluation laws like the Chemical Substance Registration and Evaluation Act, and Chemical Substance Control Act, is the same. They aim to assess and manage chemical substances based on similar risk criteria. Given that the domestic chemical evaluation laws in Korea have benchmarked EU REACH, one of the key standards for DTSC's Candidate Chemical List, we consider the domestic regulations to be equivalent to the DTSC's Candidate Chemical List.



TCFD Index

TCFD Disclosure

| TCFD Recommendations | Report Pages |
|----------------------|--|
| Governance | a) The board's oversight of climate-related risks and opportunities 16, 23, 38 |
| | b) Management's role in assessing and managing climate-related risks and opportunities 16, 23, 38 |
| Strategy | a) The climate-related risks and opportunities the organization has identified over the short, medium, and long term 38, 39 |
| | b) The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning 26, 39 |
| | c) The resilience of the organization's strategy, taking into consideration different climate-related scenarios 39 |
| Risk Management | a) The organization's processes for identifying and assessing climate-related risks 27, 38, 39 |
| | b) The organization's processes for managing climate-related risks 27, 38, 39 |
| | c) How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management 27, 38, 39 |
| Metrics and Targets | a) The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process 27, 39 |
| | b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks 84, 85 |
| | c) The targets used by the organization to manage climate-related risks and opportunities and performance against targets 17, 19, 26, 27, 36 |

Verification Statement GHG Inventory

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by AMOREPACIFIC Group to verify its Greenhouse Gas Inventory Report for the calendar year 2020-2022 ("the report") based upon a limited level of assurance. AMOREPACIFIC Group is responsible for the preparation of the GHG emissions data on the basis set out within the WRI/WBCSD GHG protocol: 2004 and 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the principles set out in ISO 14064-1:2018. Our responsibility in performing this work is to the management of AMOREPACIFIC Group only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1 emissions), Energy indirect emissions (Scope 2 emissions) and Other indirect emissions (Scope 3 emissions) from following organizational boundaries:

- Organizational Boundary Setting: Operational control approach (Consolidated accounting based)
- AMOREPACIFIC: HQ, Sale offices, Manufacturing Sites (Beauty 1&3 in Osan, Daejeon, Ansung and Jincheon), Distribution centers (Gangbuk, Gwangju, Gimcheon, Daejeon, Gimhae, Osan, Incheon, and Jincheon), R&I/HRD, Local Business unit (Gwangju, Daegu, Daejwon, Busan, and Jeju)
- Innisfree: Head office, Sales stores, Laboratory
- COSVISION: Daejeon
- OSULLOC Farm: Seokwang factory, Dolsongi factory, Dongilli warehouse, Wolchulsan factory, and Kwanghaewon factory

- AMOREPACIFIC Shanghai: Headquarters, 1,2,3 Factories, Research institutes, Logistics
- AMOREPACIFIC Shanghai: Plant #1,2,3, D&I center, Office, Distribution center
- Others in AMOREPACIFIC Group: ETUDE, AMOS PROFESSIONAL, ESPOIR, OSULLOC, Amorepacific Foundation, Amorepacific Empathy Foundation, Suh Kyungbae Foundation, BBDO KOREA

Verification Approach

The verification has been conducted by DNV from 20th February through 8th May 2023 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2019. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO₂ equivalent. As part of the verification process;

- We have reviewed and verified the Greenhouse Gas Inventory Report of AMOREPACIFIC Group (including activity data, GHG emission calculation results, emission factors, and other parameters)
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification of core elements, it is the DNV's opinion that nothing comes to our attention to suggest that GHG emissions are not properly calculated, and a significant uncertainty and error are included in the GHG Emissions from domestic sites of AMOREPACIFIC Group for 2020-2022 below;

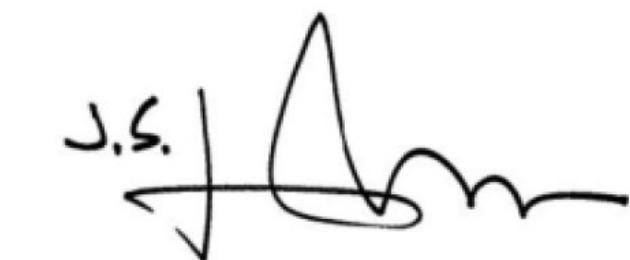
Greenhouse Gas Emissions of AMOREPACIFIC Group

2020-2022

| | | |
|---|---------------------|------------------------------|
| GHG Emissions (tCO ₂ -eq) | Scope 1 | Refer to the attachment #1,2 |
| | Scope 2 | |
| | Scope3 | |
| | Total (Scope 1,2) | |
| | Total (Scope 1,2,3) | |
| Energy Consumption (GJ) | Fuel | |
| | Electricity | |
| | Renewable Energy | |
| | Total | |

8th May 2023

DNV Business Assurance Korea
Country Representative Lee, Jang Sup





APPENDIX I. GHG & Energy information by sites (Cert. No.: AS_PRJN-515340_APG)

| Year | Organizational Boundary | GHG Emissions (tCO ₂ -eq) | | | | Energy Consumption (GJ) | | | |
|-------|--|--------------------------------------|---------|---------|-------------------|-------------------------|---------|-------------|--------------------------------|
| | | Scope 1 | Scope 2 | Scope 3 | Total (Scope 1,2) | Total (Scope 1,2,3) | Fuel | Electricity | Renewable Energy ¹⁾ |
| 2020 | AMOREPACIFIC | 8,978 | 34,120 | 587,616 | 43,098 | 630,715 | 175,253 | 265,046 | 15,881 |
| | COSVISION | 658 | 2,785 | 18,184 | 3,443 | 21,626 | 12,903 | 21,503 | - |
| | Innisfree | - | - | - | - | - | - | - | - |
| | OSULLOC Farm | 2,416 | 1,187 | - | 3,603 | 3,603 | 36,574 | 9,165 | - |
| | AMOREPACIFIC Shanghai ²⁾ | 703 | 6,620 | - | 7,323 | 7,323 | 15,758 | 31,874 | 221 |
| | Others in AMOREPACIFIC Group ⁴⁾ | 420 | 2,037 | - | 2,456 | 2,456 | 8,271 | 15,724 | - |
| Total | | 13,174 | 46,749 | 605,800 | 59,923 | 665,723 | 248,758 | 343,313 | 16,102 |
| | | | | | | | | | 608,173 |
| 2021 | AMOREPACIFIC | 8,380 | 33,603 | 502,788 | 41,984 | 544,772 | 163,695 | 264,392 | 30,149 |
| | COSVISION | 768 | 3,306 | 27,239 | 4,074 | 31,313 | 15,113 | 25,906 | - |
| | Innisfree | - | - | - | - | - | - | - | - |
| | OSULLOC Farm | 1,896 | 1,187 | - | 3,084 | 3,084 | 28,820 | 8,736 | - |
| | AMOREPACIFIC Shanghai ²⁾ | 1,608 | - | - | 1,608 | 1,608 | 19,806 | - | 37,317 |
| | Others in AMOREPACIFIC Group ⁴⁾ | 328 | 2,010 | - | 2,338 | 2,338 | 7,241 | 15,444 | - |
| Total | | 12,981 | 40,106 | 530,027 | 53,087 | 583,115 | 234,676 | 314,478 | 67,465 |
| | | | | | | | | | 616,619 |
| 2022 | AMOREPACIFIC | 7,825 | 24,151 | 490,106 | 31,977 | 522,082 | 153,040 | 189,251 | 88,791 |
| | COSVISION | 739 | 3,325 | 19,745 | 4,064 | 23,808 | 14,542 | 26,055 | - |
| | Innisfree | 81 | 1,251 | 423 | 1,333 | 1,756 | 1,554 | 9,806 | - |
| | OSULLOC Farm | 1,928 | 1,211 | - | 3,139 | 3,139 | 29,405 | 9,489 | - |
| | AMOREPACIFIC Shanghai ³⁾ | 1,652 | 929 | - | 2,581 | 2,581 | 19,447 | 7,964 | 29,907 |
| | Others in AMOREPACIFIC Group ⁴⁾ | 196 | 1,476 | - | 1,672 | 1,672 | 3,849 | 11,568 | - |
| Total | | 12,421 | 32,344 | 510,274 | 44,765 | 555,039 | 221,836 | 254,133 | 118,697 |
| | | | | | | | | | 594,667 |

* The emission figure is rounded up.

1) Renewable Energy: Energy generated from Hydroelectricity, Solar photovoltaic & thermal power, Geothermal power, Wind Power, Bio Energy

2) AMOREPACIFIC Shanghai (2020-2021): Plant #1,2,3,

3) AMOREPACIFIC Shanghai (2022): Head Office, Plant #1,2,3, R&I, Distribution center

4) Others in Amorepacific Group: ETUDE, Amos Professional, Espoir, OSULLOC, Amorepacific Foundation, Amorepacific Empathy Foundation, Suh Kyungbae Foundation, BBDO KOREA



APPENDIX II. Scope 3 emission information (Cert. No.: AS_PRJN-515340_APG)

| Category | Scope 3 (Other Indirect Emissions) | 2020 | | | 2021 | | | 2022 | | | |
|----------|--|--------------|-----------|---------|--------------|-----------|---------|--------------|-----------|-----------|---------|
| | | AMOREPACIFIC | COSVISION | Total | AMOREPACIFIC | COSVISION | Total | AMOREPACIFIC | COSVISION | Innisfree | Total |
| 1 | Purchased goods & services | 239,464 | 10,949 | 250,413 | 247,378 | 14,879 | 262,258 | 171,630 | 12,782 | 381 | 184,793 |
| 2 | Capital goods | 570 | - | 570 | 420 | - | 420 | 7,168 | - | - | 7,168 |
| 3 | Fuel-and energy-related activities | 944 | 64 | 1,008 | 917 | 77 | 994 | 858 | 74 | - | 932 |
| 4 | Upstream transportation and distribution | 3,307 | 121 | 3,427 | 3,495 | 188 | 3,682 | 2,463 | 175 | - | 2,638 |
| 5 | Waste generated in operations | 2,874 | 17 | 2,890 | 2,362 | 19 | 2,381 | 1,772 | 26 | - | 1,798 |
| 6 | Business travel | 775 | 11 | 787 | 411 | 6 | 417 | 793 | 6 | - | 799 |
| 7 | Employee commuting | 3,110 | 33 | 3,143 | 2,439 | 34 | 2,472 | 2,458 | 33 | - | 2,491 |
| 9 | Downstream transportation and distribution | 4,063 | - | 4,063 | 7,013 | - | 7,013 | 5,247 | - | - | 5,247 |
| 11 | Use of sold products | 296,207 | 6,831 | 303,038 | 205,663 | 11,862 | 217,525 | 278,145 | 6,575 | - | 284,720 |
| 12 | End-of-life treatment of sold products | 30,786 | 158 | 30,945 | 27,068 | 175 | 27,243 | 13,271 | 73 | 42 | 13,386 |
| 13 | Downstream leased assets | 5,517 | - | 5,517 | 5,623 | - | 5,623 | 6,301 | - | - | 6,301 |
| Total | | 587,616 | 18,184 | 605,801 | 502,788 | 27,239 | 530,027 | 490,106 | 19,745 | 423 | 510,274 |

This Assurance Statement is valid as of the date of the issuance (8th May 2023). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of AMOREPACIFIC Group is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

Independent Assurance Statement

Introduction and Objectives of Work

BSI Group Korea (hereinafter “the Assurer”) was requested to verify 2022 Amorepacific Group Sustainability Report (hereinafter “the Report”). This assurance statement applies only to the relevant information included in the scope of the assurance. Amorepacific Group is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide Amorepacific Group Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of Amorepacific Group.

Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018 and the Type 2 assurance that verified the quality and reliability of the information disclosed in the report. Type 2 was limitedly verified against the topic standards below, based on the data and information provided by the reporting organization.

· GRI Topic standards: 301-1, 301-3, 302-1, 302-3, 302-4

Scope

The scope of assurance applied to the Report is as follows;

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023
- Major assertion included in the report, such as sustainability management policies and strategies, goals, projects, and performance, and the report contents related to material issues determined as a result of materiality assessment
- Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

- Financial information in Appendix
- Index items related to other international standards and initiatives other than the GRI
- Other related additional information such as the website, business annual report

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

Limitation

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion

AmorePacific Group defined customers, employees, shareholders/investors, local communities, business partners and relevant institutions/associations as key stakeholders groups, and operated communication channels for each stakeholder group for engagement. AmorePacific Group reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.

Materiality: Identification and reporting of material sustainability topics

AmorePacific Group established the strategy related to sustainability management and established the process to derive reporting issues. AmorePacific Group identified financial and social/environmental impacts and derived 3 material topics based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

Responsiveness: Responding to material sustainability topics and related impacts

AmorePacific Group established the management process for material topics determined by the materiality assessment, implemented a response plan for each topic to appropriately respond to the derived material topics that reflects the expectations of stakeholders. AmorePacific Group disclosed the process including policy, indicator, activity and response performance on material topics in the Report.

Key areas for ongoing development

AmorePacific Group has established mid- to long-term strategies and plans for sustainability, specifies sustainability goals in each area, such as the environment and society, and disclosed the degree and achievement of each goal. In future reporting, it may be helpful to derive underperforming sustainability issues and disclosing the direction and plans for revising related sustainability mid- to long-term strategies to ensure the balance of reporting.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with AmorePacific Group. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by AmorePacific Group, the sector standard was not applied.

[Universal Standards]

- 2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

- 301-1, 301-3, 302-1, 302-3, 302-4



25 May 2023

S. H. Lim

BSI Group Korea, Managing Director



| | |
|-------------------------|---|
| Date of Publication | June 2023 |
| Publisher | Suh Kyung-bae |
| Publishing Organization | Amorepacific Group |
| Production | Sustainable Innovation Team, Amorepacific |
| Design Planning | Creative Strategy Team, Amorepacific |
| Design | cement |

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