

A MORE  
BEAUTIFUL  
WORLD

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# We Make A MORE Beautiful World

Dear valued stakeholders,

The Amorepacific Group has been devoted to achieve its mission—“We make A MORE beautiful world”—for the past 77 years. Even when the cosmetics industry was considered an industry in decline, we never once veered from our path of determination. Instead, we embraced every development going on throughout the years as an opportunity to transform K-beauty culture into something that everyone across the world aspired to be a part of.

Today, we are all regathering our courage and seeking the wisdom needed to get by as we adapt to many of the changes that have been accelerated by the COVID-19 pandemic. As we look back on our founding philosophy of contributing to humanity through beauty and health, Amorepacific Group announced five sustainability management goals as part of “2030 A MORE Beautiful Promise.” This is precisely when we started to embark on new initiatives with a great sense of responsibility. At the same time, this revealed our determination to support The Ten Principles of the UN Global Compact (UNGC) and further hasten the execution of the UN’s Sustainable Development Goals for the entire world.

With a clear sense of purpose to deliver prosperity internationally, Amorepacific Group will promote sustainable consumption by providing products and services that are friendly to customers, society, and nature. While seeking harmonious growth with all our stakeholders, we will help bring about a better society for everyone. At the same time, we will do our part to address the climate crisis issue together with others and seek to coexist in harmony with the natural world around us. This journey began in 2021, and we have clearly documented our efforts and achievements in this report.

We at Amorepacific Group are working tirelessly and with a sense of tremendous responsibility to create fundamental and lasting progress for the health and wellbeing of the corporate ecosystem. We inspire New Beauty in every individual so that they can find their own beauty and live a healthy, fulfilling life. I would like to kindly ask for your continued interest in and support of Amorepacific Group as we move forward in the future.

July 2022

Chairman & CEO of Amorepacific Group



# Brand Portfolio

Sulwhasoo

LANEIGE

*innisfree*

AMORE PACIFIC

Mamonde

IOPE

primera

한올

ΔESTURA

HERA

*espoir*

ETUDE

뽀뽀 RYO

mise  
scène  
미장센

LABO·H  
[SCALP SKIN LAB]

amos  
PROFESSIONAL

ILLIYOON

HAPPY  
BATH

메디안

GOUTAL  
PARIS

VITALBEAUTIE

cubeme

오설록  
OSULLOC

*make*ON

BRO&TIPS

# Sulwhasoo

## Timeless Wisdom, Ageless Beauty

Sulwhasoo formulates innovative skin science by infusing wisdom with modern science for ageless beauty with healthy radiance.

[www.sulwhasoo.com](http://www.sulwhasoo.com)



# LANEIGE

## New Wave of Beauty

Global beauty brand that provides healthy, glowing skin and delivers a new beauty experience.

[www.laneige.com](http://www.laneige.com)



# innisfree

## SKIN-LOVING, EARTH-CARING

innisfree is an eco-conscious beauty brand. We are committed to highly effective, clean, skin-conscious beauty and we seek to take action to reduce any environmental impact.

[www.innisfree.com](http://www.innisfree.com)



# AMORE PACIFIC

The Artisanship of Beauty  
www.amorepacific.com



# 한울

Experience Goodness of Korean Nature Everyday  
www.hanyul.com



# Mamonde

Make it Simple and Clear,  
the most beautiful thing that's like me  
www.mamonde.com



# AESTURA

Medi Becomes Beauty  
www.aestura.com



# IOPE

A Bio Science Based, Highly Functional Skincare Brand  
www.iope.com



# HERA

Contemporary Seoul Beauty  
www.hera.com



# primera

A Mindful Clean Beauty Brand Bringing Goodness  
to Your Skin and Nature  
www.primera beauty.com



# espoir

espoir, a unique and casual makeup brand that inspires  
creativity in daily life and enjoys taking on new changes  
www.espoir.com





PLAY PINK, PLAY ETUDE

www.etude.com



Healthy Scalp & Hair from Asian Wisdom

www.ryo.com



CHANGE YOUR HAIR, CHANGE YOUR LIFE

www.miseenscene.com



Scalp Skin Care Ultra Expert LABO'H

www.laboh.co.kr



Fashion inspired, Professional Touched

www.amosprofessional.com



A gentle, yet effective solution for your sensitive skin, ILLIYOON

www.illyoon.com



Happy Moment from Pleasant Fragrance

www.happybath.com



Customized Optimal Dental Solution



# GOUTAL

PARIS

Author of Perfume since 1981  
[www.goutalparis.com](http://www.goutalparis.com)



# VITALBEAUTIE

Inner Beauty Solution  
[www.vitalbeautie.com](http://www.vitalbeautie.com)



# cubeme

Wellness Life is Beauty



Meaningful Relaxation Delivered by Tea from Jeju  
[www.osulloc.com](http://www.osulloc.com)



# makeON

Everyday Life Beauty Device



# BRO&T!PS

Real Tips for BRO  
[www.brontips.com](http://www.brontips.com)



# Chapter 1

## Firm and Flexible Change Led by New Beauty

# Our Vision

Amorepacific Group's New Beauty is a new paradigm of beauty that values the innate beauty of every being and pays attention to its potential. We pursue beauty that is inspired by the lives of our customers and seek new ways to realize the beauty of mind and body. We deliver the best personalized and customized solutions based on digital technology. And we empathize with a wider reach of stakeholders across the world.

## Live Your New Beauty

Amorepacific Group is dedicated to helping each and every customer discover their innate beauty inspired by New Beauty and live healthy, fulfilling lives.

### New Beauty Inspired by Life

Transcending the meaning of beauty in the narrow sense, Amorepacific Group expands the realm of beauty to the entire lifecycle of customers, pursuing wellness care for healthy and balanced inner & outer beauty.

### New Beauty Created with Digital

By leveraging digital technologies and customer data, we provide hyper-personalized solutions, including customized cosmetics, across all touchpoints.

### New Beauty Resonating with Empathy

Amorepacific Group 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.



# Our Value System

## Mission

# We make A MORE beautiful world

Amorepacific Group has the mission to make a more beautiful world, and has 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. To realize this dream, we promise to follow five principles at work.

## ABC Spirit

With the founding philosophy of contributing to humanity through beauty and health, Amorepacific Group is taking steps in the journey of beauty to make a more beautiful world. Each brand, distribution channel and country has different roles, so everyone keeps the Group's promise with the world by sharing our mission and the 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 with 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.

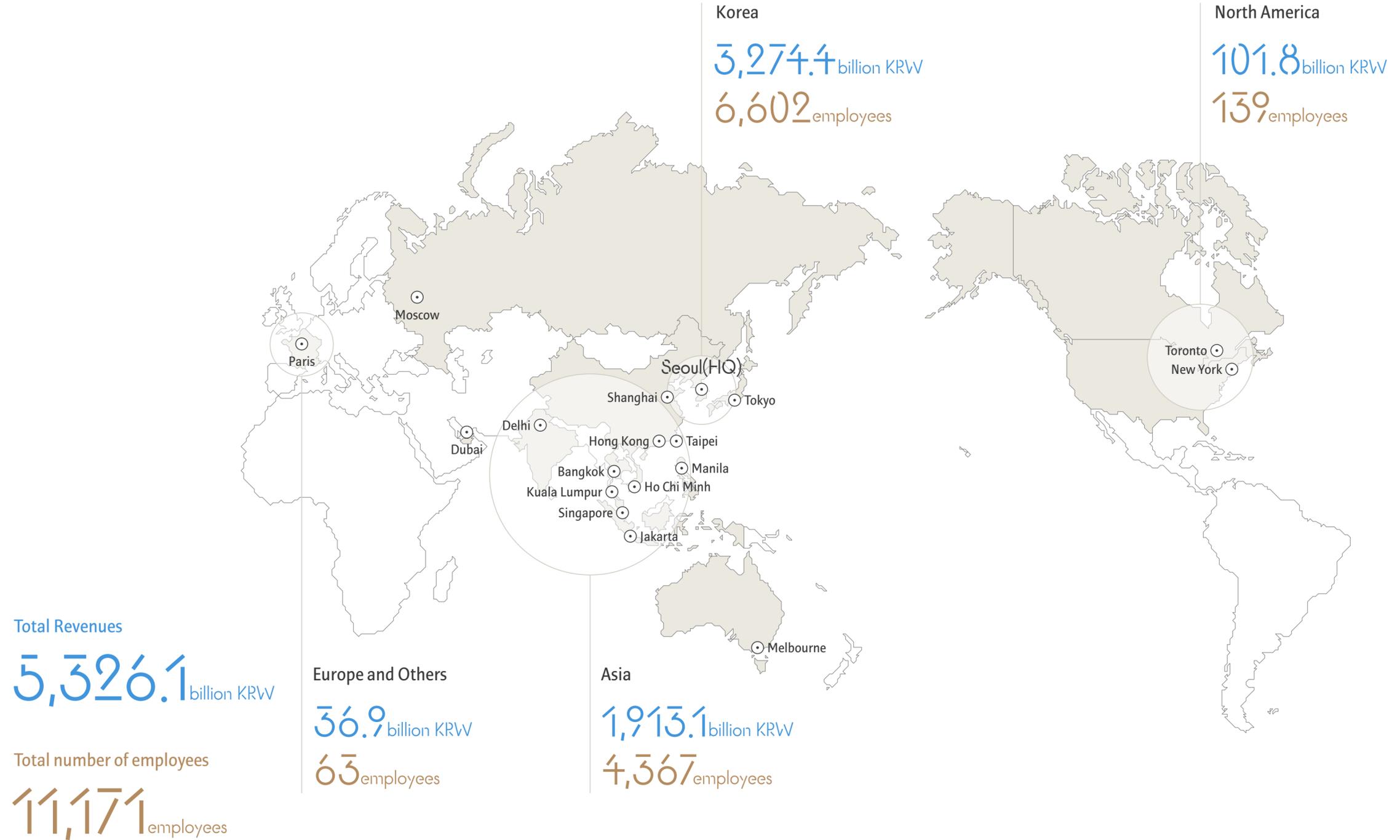


### Act with integrity

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

# Global Network

- ⊙ Major Holding Companies and Subsidiaries
- Revenue
- Number of employees



\* Revenue figures are based on the 2021 consolidated financial statement of Amorepacific Group

Key Achievements

# Strengthening the Brand's Growth Engine

## House of Sulwhasoo: Space Permeated with Tradition and Modern Aesthetics

In November 2021, Sulwhasoo opened the brand's flagship store, the House of Sulwhasoo, in Bukchon, an area of central Seoul where the value of tradition has been passed down for centuries, and the past and present have been harmonized. The House of Sulwhasoo, which radiantly captures Korean values and a sense of beauty interpreted from a contemporary perspective, is open to everyone who wants to experience Sulwhasoo's long history and distinguished heritage, as well as its aesthetics and value.

The House of Sulwhasoo is a hybrid between a *hanok* (traditional Korean house) from the 1930s and a *yangok* (Western-style house) from the 1960s. This intercontinental design combination helps customers feel the architectural beauty which connects different periods in history and experience the brand's odyssey towards beauty.

With Hanok, visitors can viscerally feel how Sulwhasoo's legacy and aesthetics are reinterpreted for modern times, while Yangok allows people to take part in and fully enjoy the retail experience of exclusive services and carefully selected high-end products as they bask in Sulwhasoo's fashionably chic aura.

Each part of the House of Sulwhasoo features conspicuously meaningful elements such as books, music, spatial design, and foods, all of which were meticulously chosen by reflecting on Sulwhasoo's unique taste. That is how we have been able to increase the familiarity of the Sulwhasoo brand to a new generation of customers who want to embrace a variety of cultures. Today, the House of Sulwhasoo is laying the foundation for win-win growth in the future through a multi-faceted collaboration with local merchants near Bukchon. At the same time, it is preparing cultural classes to communicate and interact with residents in the community.



House of Sulwhasoo in Bukchon

**Limited Edition of LANEIGE Neo Cushion:  
Made in Collaboration with Maison Kitsuné**

LANEIGE, a functional beauty brand that delivers a new beauty experience, collaborated with Maison Kitsuné, a French fashion brand, to release the limited edition Maison Kitsuné × Neo Cushion Matte in September 2021. The concept of the product stems from “Hey NEO! Let’s CHILLAX!” This encapsulates the lifestyle of millennials and Gen Zers, both of whom pursue freedom in their leisure time even amid the hectic pace of day-to-day life. This one-of-a-kind product that is difficult to come by consists of a limited edition Neo Cushion Matte (two types), an eco-bag, a pouch, and a PopSockets grip, all of which were specially produced for this collaboration.

LANEIGE Neo Cushion is a high-adhesion cushion product that enables natural and matte skin expression. By applying a 360-degree borderless design without front or back borders—and with containers of attractive colors at your disposal—its innovative design has become a hot topic of conversation lately. The thin-layered makeup strongly adheres to the skin and has quickly been gaining popularity as a long-lasting product that hardly smears, even when wearing a face covering or mask.



The limited edition Maison Kitsuné × Neo Cushion Matte



MY VITAL BEAUTIE, a personalized health functional food service

**Launch of MY VITAL BEAUTIE:  
A Personalized Health Functional Food Service**

In May 2021, the inner beauty solution brand VITAL BEAUTIE launched MY VITAL BEAUTIE, a customized health functional food (HFF) recommendation & sales service. MY VITAL BEAUTIE calculates scientific and objective data based on an individual’s own health condition and lifestyle, identifies nutrients for supplementation, and recommends health functional food in small portions. Through this service, customers can receive customized HFF solutions such as a one-bag-a-day portion designed specifically for each individual.

MY VITAL BEAUTIE offers a wide range of services along with products containing functional substances that solve major health concerns for people today, as well as vitamins and minerals that supplement basic nutrients. If you are concerned about body fat, we recommend not just our unique green tea extract that helps reduce body fat, but also the vitamins and minerals you need the most. We offer these products, which contain all the necessary substances your body needs, in one small bag a day. Customers are currently served through a reservation system at the company’s Business Center in Seoul.

**Published in Global Academic Journal:  
Research on Improving Your Skin Barrier through  
Stress Hormone Control**

A joint research team made up of professionals from the Amorepacific R&I Center and Yonsei University Wonju College of Medicine conducted a long-term study to reveal the adverse effects of stress on the skin and to develop an effective remedy to improve skin barrier function that is damaged due to stress. The joint research results were published in the June 2021 issue of *Scientific Reports*, an international open access journal published by *Nature*.

The joint research team paid close attention to the effectiveness of hydroxydaidzein, an isoflavone which is released when beans are fermented under specific conditions. As a result of the research, the team found that hydroxydaidzein helps maintain healthy skin by restoring the skin barrier function to a normal level—even in stressful situations—and inducing pH normalization.

The R&I Center is developing new cosmetics by utilizing the significant results and solutions realized from the research.

**Summary of the Research Results Published in  
*Scientific Reports* (2021)**

	Stress	Stress + Hydroxydaidzein
Skin barrier function’s resilience	↓	↑
Level of cortisol on keratin layer	↑	↓
Firmness of keratin layer	↓	↑
Skin pH	↑	↓
Lipid level on keratin layer	↓	↑

Key Achievements

# Customized Digital Innovation

## Winners of the Innovation Award at the CES 2022, Mind-linked Bathbot and Myskin Recovery Platform

Mind-linked Bathbot and Myskin Recovery Platform, both of which are customized technologies developed by Amorepacific Group, won the Innovation Award at the world's largest consumer electronics and technology show, the CES 2022.

The Mind-linked Bathbot is a solution which analyzes the feelings of a person using brain waves and then creates a bath bomb of colors and fragrances reflecting the results of the analysis by a robot. This is accomplished by having a user wear a headset equipped with eight sensors as the program measures the person's brain waves in real-time, analyzes the data, and finds the perfectly customized fragrance and color for the person. Amorepacific Group's Mind-linked Bathbot was unveiled to customers for a sneak peek in May and June 2021 at Amore Store Gwanggyo and The Hyundai Seoul in Yeouido.



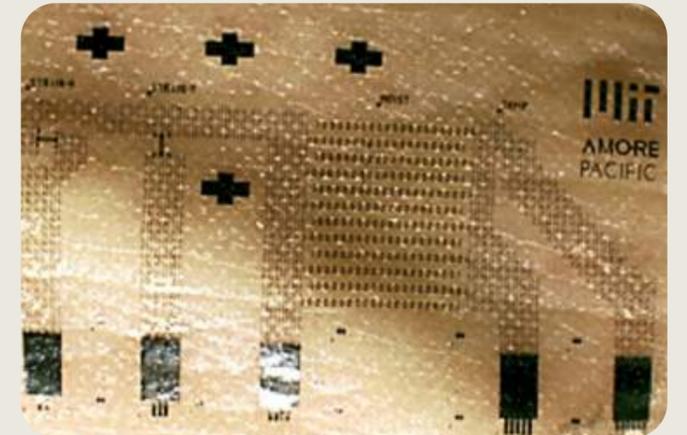
Mind-linked Bathbot

The Myskin Recovery Platform is an integrative platform where customers can easily measure daily skin conditions and monitor any improvement based on the customized solution provided.

When customers use their smartphone cameras and LED mirrors together to diagnose changes of skin surface condition and measure moisture levels and firmness using a small sensor, AI subsequently analyzes the skin data and provides cosmetic solutions based on the results to offer customized solutions for further skin improvement. In addition, Amorepacific Group is currently preparing to link its Myskin Recovery Platform with other customized beauty solution-producing devices. Eventually, the Group's beauty devices will be expanded to diverse areas based on fusion beauty solutions.



Myskin Recovery Platform



Ultra-slim Wearable Skin Measuring Device

## Published in Global Academic Journal: Development of an Ultra-slim Wearable Skin Measuring Device

Through a joint study with a Massachusetts Institute of Technology (MIT) research team, the Amorepacific R&I Center developed an ultra-slim wearable electronic skin device which can stably measure one's skin condition over a long period of time, even when the external environment changes. The ultra-slim wearable skin measuring patch feels like one's own skin due to the perforation patterns that are similar to pores, so skin conditions can be measured and analyzed in various external environments to secure customized data. Based on this, cosmetics fit for special environments or particular skin conditions can be developed. Amorepacific published an article about this achievement in *Science Advances*, a renowned international journal, in June 2021.

R&I Center will continue to develop a variety of functional, customized products through research on electronic skin technology.

## Key Achievements

# A Leader in Eco-friendly Business

### The First Korean Beauty Company to Join RE100

Amorepacific joined the global RE100 (Renewable Energy 100) initiative on March 10, 2021, becoming the first Korean beauty company to do so. RE100 is an international campaign for companies to voluntarily declare that they will supply 100% of the electricity from renewable energy.

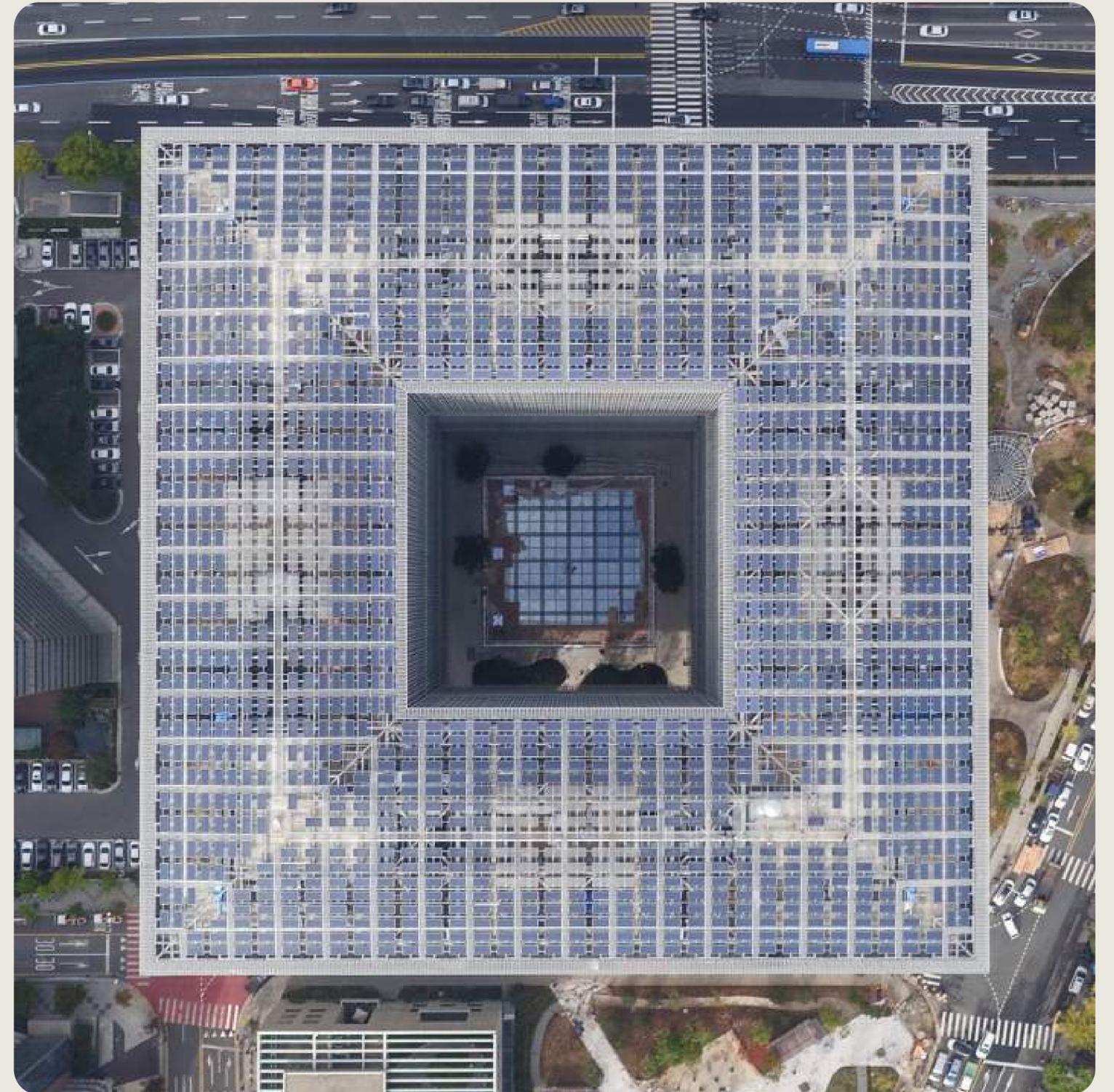
The campaign was launched by the international non-profit organization The Climate Group, in partnership with CDP, in 2014. Today, hundreds of companies have joined the initiative around the world, and Amorepacific is the only beauty company in Korea to have joined. RE100 reporting requires information from every worksite both in Korea and abroad, including Amorepacific's headquarters, R&I centers, logistics, and production sites.

Amorepacific has been changing to renewable energy through various methods to accomplish RE100, such as direct power purchase agreements\* and green pricing by the Korean government. As a result, Amorepacific was able to replace 18.5% of all the worksites' energy use with renewable energy in 2021.

Amorepacific will develop more low-carbon footprint products using ingredients and packaging materials with reduced GHG emissions based on life cycle assessment (LCA) results. Amorepacific will continue to work hard to respond to climate change and reduce its carbon emissions.

#### \* Power Purchase Agreement (PPA)

A contractual agreement between energy buyers and sellers (developers, private generators, investors) to buy and sell a certain amount of energy



Solar panels on the roof of Amorepacific global headquarters

### VITAL BEAUTIE and CUBE ME Obtained Green Technology and Product Certification

Inner beauty solution brand VITAL BEAUTIE and wellness life brand CUBE ME obtained the Korea Institute for Advancement of Technology's Green Technology and Product Certification for three of their products that use ultra-high pressure ginseng processing technology (Cheonsamhwa) in May 2021. Green Certification is given to potential technologies or projects in accordance with the Framework Act on Low Carbon Green Growth declared in 2010. Certifications are given after the Green Certification Review Board thoroughly examines cases it receives from the Korea Institute for Advancement of Technology.

The green-certified products—VITAL BEAUTIE Berries and Red Ginseng for You, CUBE ME Red Ginseng Plus, and Red Ginseng Stick Cube—utilized ultra-high pressure ginseng processing technology that had also obtained Green Technology Certification in 2020. The technology reduces ginseng processing procedures compared to existing methods. In addition, it is meaningful in terms of environmental protection because it cuts down on energy consumption by more than 10% and effectively removes soil microorganisms left on ginseng roots without using heat or chemical substances.



CUBE ME Red Ginseng Plus



VITAL BEAUTIE Berries and Red Ginseng for You

### primera, Winner of the Korean Green Product of the Year 2021 Award

primera Skin Relief UV Protector EX was selected as one of Korea's Green Products of the Year 2021 by the Korean Green Purchasing Network. The sunscreen is packaged in a plastic-reducing paper tube, reducing the use of plastic by about 70% compared to previous tubes. Its box is made with Earth Pact paper, a 100% sugarcane byproduct-based paper packaging solution that avoids deforestation. Furthermore, this product does not use any substance that disrupts the endocrine system of coral reefs for the preservation of the Earth's ecosystems.

All of Korea's Green Product of the Year Award winners are selected through a vote that includes civic groups, members of academia, industry experts, and consumers. Amorepacific received one of these prestigious awards in the first year the company had ever applied for it. We will continue to expand our product lineup using sustainable packaging in order to reduce the use of plastics.



primera Skin Relief UV Protector EX

### innisfree's Planet-First Frequency Campaign: Empty Bottle Frequency

In June 2021, innisfree launched a new empty bottle frequency campaign. This positive, planet-first frequency campaign encourages people to collect empty bottles for recycling. When customers return innisfree empty bottles after use to an innisfree store, they can earn empty bottle frequency stickers (for discounts and freebies) along with Amorepacific Beauty Points. You can always check how many frequency points you have on the innisfree mobile app or website.

In addition, innisfree motivated people to take part in the brand's eco-friendly campaign by providing actively participating customers with a number of benefits, including different rewards according to the accumulated number of empty bottles they collect per year and special rewards for first-time participants.

innisfree collected 1,105 tonnes of plastics and glass from 2011 to 2021. This had the effect of reducing 1,418 tonnes of CO2. innisfree will continue to conduct small but important activities for the Earth together with customers.



innisfree Empty Bottle Frequency Campaign

### Launch of New Refillstation: innisfree Gangnam Flagship Store's Refill Station

innisfree has been a leader in sustainable activities such as collecting empty bottles. Recently, it opened a refill station to offer a more eco-friendly consumption for customers in line with the demands of the times, an era when environmental issues must be properly addressed.

innisfree Gangnam Flagship Store's Refill Station sells the contents in 10 gram-units. Customers can take desired amount of content in their own refillable container. This enables innisfree to help people live naturally with less plastic as the brand continues to do its utmost to reduce plastics.

The Refill Station sells three products from innisfree's premium lifestyle re-stay lineup: Calming Shampoo, Comforting Body Cleanser, and Embracing Handwash.



innisfree Gangnam Flagship Store's Refill Station

# Business Review

In 2021, Amorepacific Group’s revenue reached 5,326.1 billion KRW, an increase of 8.0% from the previous year, while its operating profit stood at 356.2 billion KRW, an increase of 136.4%. Faced with challenging business conditions due to COVID-19 and internal and external uncertainties, Amorepacific Group sought to strengthen its business competitiveness through winning brands, digital transformation, and profit-driven restructuring based on its management principle of “Winning Together.”

## Amorepacific Group’s Financial Performance

(billion KRW)

Category	2019	2020	2021
Revenue	6,284.3	4,930.1	5,326.1
Operating profit	498.2	150.7	356.2
Net profit	282.4	22.0	292.0

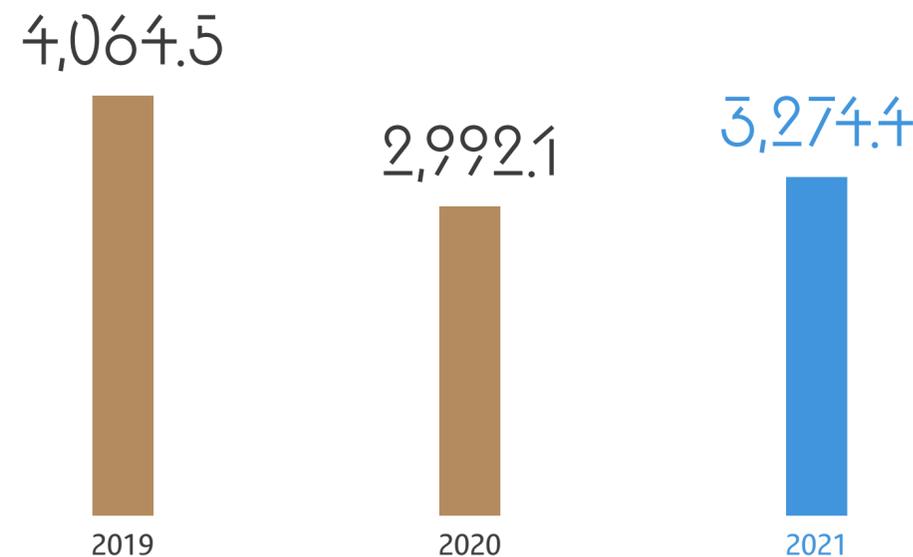
## Amorepacific’s Financial Performance

(billion KRW)

Category	2019	2020	2021
Revenue	5,580.1	4,432.2	4,863.1
Operating profit	427.8	143.0	343.4
Net profit	223.8	21.9	180.9

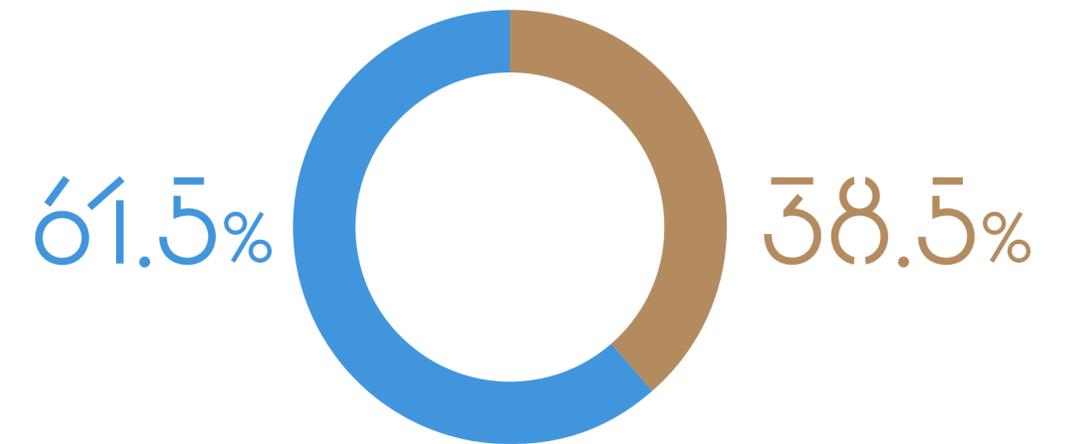
## Amorepacific Group’s Revenue from Domestic Business

(billion KRW)



## Amorepacific Group’s Revenue Ratio

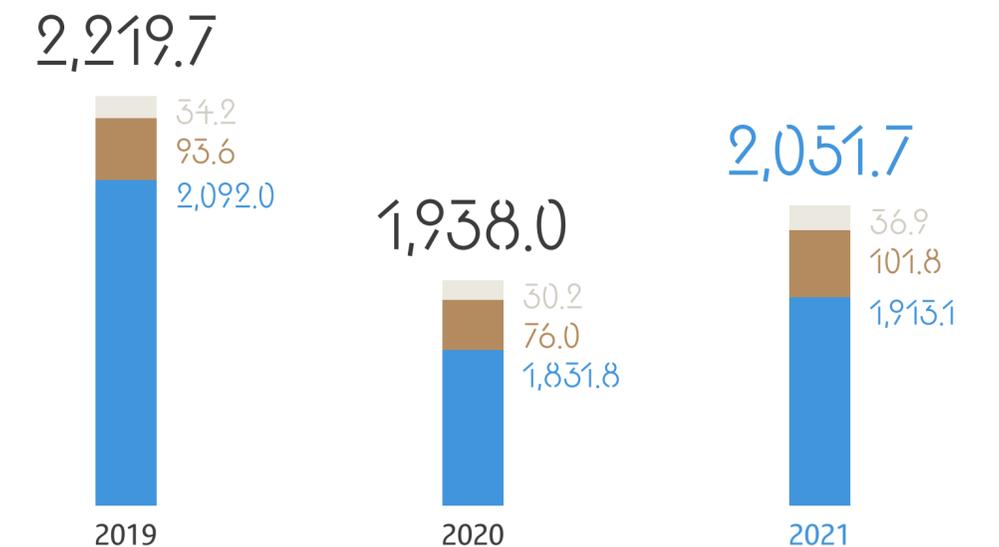
■ Domestic ■ Overseas



## Amorepacific Group’s Revenue from Overseas Business

(billion KRW)

■ Asia ■ North America ■ Europe and Others



## Amorepacific Group's Business Performance

### Amorepacific

In 2021, revenue at Amorepacific, the Group's major subsidiary, went up by 9.7% from the previous year to 4,863.1 billion KRW, while its operating profit increased by 140.1% to 343.4 billion KRW. Responding to changes in the cosmetics market, Amorepacific sought to improve its business structure with a focus on strengthening the growth of online channels along with the qualitative improvement of offline stores. In Korea, the company operates two experiential stores, Amore Seongsu and Amore Gwanggyo, where customers can experience Amorepacific brands and products firsthand to their heart's content. In the online business, the company provides an omni-channel customer experience by running digital pop-up stores and social media channels to strengthen communication with customers. In addition, Amorepacific has continued to improve brand attractiveness by fostering key products and launching innovative items at the same time.



Amore Seongsu beauty library



Neo Cushion Phantom Violet in collaboration with Samsung Galaxy Buds Pro

### Domestic Cosmetics Business

In 2021, revenue from the domestic cosmetics business reached 2,593.2 billion KRW, an increase of 17.3% from the previous year. Online channels led domestic sales growth in total through a reinforced collaboration with digital platforms and enhanced digital marketing. Alternatively, traditional offline sales decreased due to social distancing measures and the company's reorganization of offline channels.

In 2021, Amorepacific worked relentlessly to improve its brand competitiveness by introducing innovative and differentiated products in key categories and renewing key items. For example, Sulwhasoo renewed its Essential Comfort and Concentrated Ginseng Renewing product lines; HANYUL renewed its Geuk Jin line; and LANEIGE expanded its key product lineup by releasing Neo Foundation and Neo Powder. For its part, IOPE solidified its leadership in the functional category by expanding its anti-aging lineup with the launch of Super Vital Cream Bio Potential; Mamonde secured its future growth momentum by expanding its product portfolio in the functional category through the launch of its Retinol Ampoule Toner and Bakuchiol Retinol Cream.

Furthermore, Amorepacific introduced a number of collaboration products by brand to boost product attractiveness. HERA came out with Black Cushion Couture in collaboration with a high-end designer brand called JAYBAEK COUTURE, while LANEIGE released limited edition products such as Maison Kitsune x Neo Cushion Matte jointly with a French fashion brand and Neo Cushion Phantom Violet in collaboration with Samsung Galaxy Buds Pro.



The renewed version of the Illiyoon Ceramide Ato line

### Domestic Daily Beauty Business

In 2021, revenue from the daily beauty business stood at 482.5 billion KRW, a decrease of 2.7% compared to the previous year. Although online sales increased due to enhanced digital marketing, total revenue fell as a result of a revenue decline in offline channels and global e-commerce.

Amorepacific focused on nurturing its premium functional lines by releasing new products and renewing products of major brands such as Ryo, mise-en-scene, HAPPY BATH, and Illiyoon. Looking at these brands more in-depth, mise-en-scene's Skincare Perfume shampoo and treatment, which reinforces scalp care and can help better maintain one's hair fragrance, was very popular with customers; HAPPY BATH expanded its Skin U line, which includes skincare ingredients; and Illiyoon renewed its key product line, Ceramide Ato, making every effort to actively respond to segmented customer needs.

On top of that, Amorepacific has been running Amore Store Hair & Body at the E-mart Jayang store since April 2021 so that customers can experience various daily beauty items such as shampoo and bodywash. At the same time, customers can buy as much or as little shampoo and body wash products as they want by using a refill container.

**Overseas Business**

Amorepacific’s overseas revenue was 1,802.3 billion KRW in 2021, an increase of 3.3% from the previous year, while its operating profit stood at 51.8 billion KRW, an increase of 190.4% over 2020. Overseas sales as a whole also grew, with sales growth from luxury brands mainly in Asia.

Revenue in Asia went up by 2% year on year thanks to sales growth in China, where Sulwhasoo especially focused on fostering the Concentrated Ginseng Renewing line mainly via e-commerce as well as elevated brand image by participating in Chinese intangible cultural heritage events, all of which led to positive sales results. In addition, the Timetreasure Honorstige line was launched to strengthen Amorepacific’s luxury brand image. In the ASEAN region, with strengthened social distancing measures as the result of a resurgence of COVID-19 and a decrease in customer movement to offline stores, Amorepacific streamlined its department store channel and other offline stores to improve the efficiency of business operations by focusing on profitability. Moreover, the company strengthened collaboration efforts with e-commerce platforms and focused on digital marketing, which in turn heightened customer responses with respect to online channels.

In North America, there was an overall year-on-year revenue increase of 29% due to the rise in sales of e-commerce and multi-brand shop channels. innisfree streamlined its offline stores in 2020 and expanded its presence at Sephora, an American beauty multi-brand shop, in 2021. E-commerce revenue grew through brand launches on Amazon and growth in existing channels. At LANEIGE, it expanded its customer range by releasing BTS | Amorepacific Lip Sleeping Mask, a collaboration product with the world-famous boyband BTS.

And with Sulwhasoo, it showed solid growth at Sephora, mainly driven by First Care Activating Serum, as it diversified its online channels by entering new e-commerce platforms.

In Europe, revenue grew by 16% year on year thanks to sales growth in e-commerce from the LANEIGE brand. LANEIGE strengthened its collaboration with the Sephora channel and concentrated on its key category, lip products, while diversifying business channels by entering a British e-commerce channel, Cult Beauty, for the first time. innisfree was also launched through Sephora to expand customer touchpoints. In addition, Goutal Paris augmented its brand attractiveness through brand renewal and reinforced marketing activities.

In Asia, Amorepacific’s operating profit improved over the previous year due to the improvement of its luxury brand mix and streamlined offline stores. In North America and Europe, the company’s operating profit also improved due to sales growth from e-commerce and enhanced cost-saving measures.

**Performance of Subsidiaries**

(billion KRW)

Category		2020	2021
innisfree	Revenue	348.6	307.2
	Operating profit	7.0	-1.0
ETUDE	Revenue	111.3	105.6
	Operating profit	-18.0	-9.6
espoir	Revenue	42.5	46.7
	Operating profit	-2.3	-0.7

**innisfree**

innisfree’s offline revenue decreased due to the reduced number of offline stores, but functional products such as Black Tea Youth Enhancing Ampoule and Retinol Cica Repair Ampoule saw growth by expanding their customer base. Additionally, revenue from innisfree’s online business went up by strengthening strategic collaboration with digital platforms.

**ETUDE**

Although ETUDE’s revenue from online and multi-brand shops grew, the brand’s total revenue decreased due to the streamlining of offline business. While there were also operating losses, the amount of these losses was reduced, as the company’s online channel mix was improved and fixed costs were reduced. In addition, ETUDE reinforced its product competitiveness by launching a variety of new products in collaboration with other companies, including Hershey’s Play Color Eyes Mini, Etude House Contouring Shadow Shading, Fixing Tint.

**espoir**

espoir’s revenue increased by focusing on the online channel and strengthening its face makeup product portfolio. The level of operating loss was reduced compared to the previous year through an improved channel mix and a reduction of fixed costs through store closures. On the other hand, espoir reinforced its leadership in the face makeup category by releasing new cushion items that included Pro Tailor Be Powder Cushion and Water Splash Tone Up Cushion.

**AMOS Professional**

The company reduced its duty-free channel presence to focus on its business with beauty salons. However, AMOS Professional strengthened its highly regarded capabilities, with It’s Glow (a hair coloring product line) and Repair Cica (a product line for extreme damage care in connection with clinical treatments) respectively releasing new products. In addition, this subsidiary’s brand, AYUNCHE bolstered its attractiveness as a brand for beauty salons and for millennial designers through brand reframing. Its operating profit decreased over the previous year due to a revenue decline and expanded marketing investment in the renewal of AYUNCHE.

**OSULLOC**

Driven by strong online sales of gift sets, OSULLOC’s overall revenue increased. Operating profit increased year-on-year due to revenue growth and improvement in its channel mix. Furthermore, its flagship store, OSULLOC Teahouse Bukchon, was opened and subsequently strengthened the customer experience and enhanced brand attractiveness.

Category		2020	2021
AMOS Professional	Revenue	67.9	61.9
	Operating profit	14.3	11.2
OSULLOC	Revenue	47.7	65.0
	Operating profit	0.1	3.2

# Chapter 2

## Achieving Beautiful Growth Together

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# 2030 A MORE Beautiful Promise 2021 Key Achievements

## Move Forward Together with Customers and Society

### 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.

#### 2030 Goals



Realizing sustainability in 100% of our new products every year



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



Build a more diverse and inclusive work environment with employee programs that shine a light on different cultures and perspectives



Invest 50 billion KRW to support the financial independence of socially vulnerable groups



Invest 50 billion KRW to support a healthy lives and culture initiative for citizens

#### 2021 Key Achievements

• Realizing sustainability for 88% of our new products (e.g. using recycled plastics and FSC-certified paper for forest management)

- Receiving Product Water Footprint certification for the LANEIGE Water Bank line (9 items) and Product Carbon Footprint certification for the Sulwhasoo Essential Comfort line (2 items) from the Carbon Trust
- The first Korean beauty company to join the EcoBeautyScore Consortium, a global initiative that 37 global companies formed to develop an environmental impact assessment and scoring system.

• Obtained Green Technology Certification for the development of ultra-high pressure ginseng processing technology for cosmetics ingredient

• Conducted an environmental habit challenge that allows customers to easily practice reducing their water footprint in their daily life: #BYEWaterFootprint!

- Established a robust diversity and inclusion policy
- Developed educational programs and conducted pilot programs for employees

• Invested 3.23 billion KRW through Beautiful Life, Hope Store, BETTER SHE programs, and MEET YOUR DREAM program for teenagers

• Invested 3.03 billion KRW through the online/offline integrated campaign Pink Run Plus, Pink Tour, and Makeup Your Life

# Coexist Responsibly with Nature

## Promise 3

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

### 2030 Goals



Use 100% renewable energy at all our production sites globally



Convert all distribution vehicles used in Korea into eco-friendly vehicles



Reduce landfill waste at production sites to zero



Design all plastic packaging materials to be 100% recyclable, reusable, or compostable



Use recycled or bio-based plastics for 30% of all plastic packaging



Provide more refillable products and services



Invest KRW 10 billion into biodiversity conservation efforts and climate change adaptation technologies



Convert our palm oil use into more than 90% of RSPO-certified palm oil by 2023

### 2021 Key Achievements

- Prepared an RE100 Roadmap to replace electricity at all our business sites with 100% renewable energy
- Converted 18.5% of electricity used at all our business sites to renewable electricity through efficient energy management and the introduction of green pricing

- Purchased five electric vehicles for our Incheon Logistics Center

- Partially changed the method to handle dust waste at Amore Beauty Park from landfill to recycling, and conducted an in-depth analysis of Amorepacific's waste management status

- Designed packaging structures that can recycle, reuse, and compost 49.5% of plastic packaging materials by improving the structures which hinder the recyclability of packaging materials, as well as changing the materials and colors.

- Applied recycled plastics or bioplastics to 3.9% of our plastic packaging

- Opened a refill station at the Amore Store Hair & Body inside E-mart Jayang

- Signed an MOU with the Korea Arboreta and Gardens Institute for biodiversity conservation and restoration through joint research
- Invested 1.08 billion KRW for biodiversity conservation and its sustainable utilization

- Achieved an RSPO-certified palm oil use rate of 41.7%
- Received the highest score (14.5) among Korean companies in the 2021 edition of the WWF Palm Oil Buyers Scorecard
- Revised our supplier sustainability guidelines in a joint effort to prevent deforestation globally

## 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.



## Promise 1

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

### Move Forward Together with Customers and Society

# Realizing Sustainability in New Products

### primera and Illiyoon Release Vegan-certified Products

Amorepacific has developed vegan-certified products to bring about inner beauty with value consumption in an effort to safeguard animals. In 2021, we practiced animal protection by releasing products that do not use animal-derived ingredients and are not tested on animals in the primera Free & Free line and Illiyoon Ceramide line. Amorepacific will continue to expand responsible consumption by developing products that realize sustainability.



primera Free & Free: A vegan-certified product

Move Forward Together with Customers and Society

# Reducing the Environmental Footprint of All Our New Products



Carbon Footprint-certified Sulwhasoo Essential Comfort Balancing Water and Balancing Emulsion

## Carbon Footprint-certified Sulwhasoo Essential Comfort line

Amorepacific's leading luxury brand, Sulwhasoo, has reduced its packaging materials and improved its recyclability in a bid to fulfill its responsibility for the environment. As a result, Sulwhasoo Essential Comfort Balancing Water lowered its annual carbon dioxide emissions by 0.6 tonnes, and Sulwhasoo Essential Comfort Balancing Emulsion by 17.8 tonnes throughout the whole procedure of processing, manufacturing, distributing, and disposing the products based on 2021 sales performance results. The two products also obtained Product Carbon Footprint certification from the Carbon Trust in the U.K. This has the effect of 78 thirty-year-old pine trees absorbing carbon dioxide for Essential Comfort Balancing Water and 2,196 thirty-year-old pine trees absorbing carbon dioxide for Essential Comfort Balancing Emulsion.



LANEIGE Water Bank Blue Hyaluronic Cream

## Water Footprint-certified LANEIGE Water Bank Line

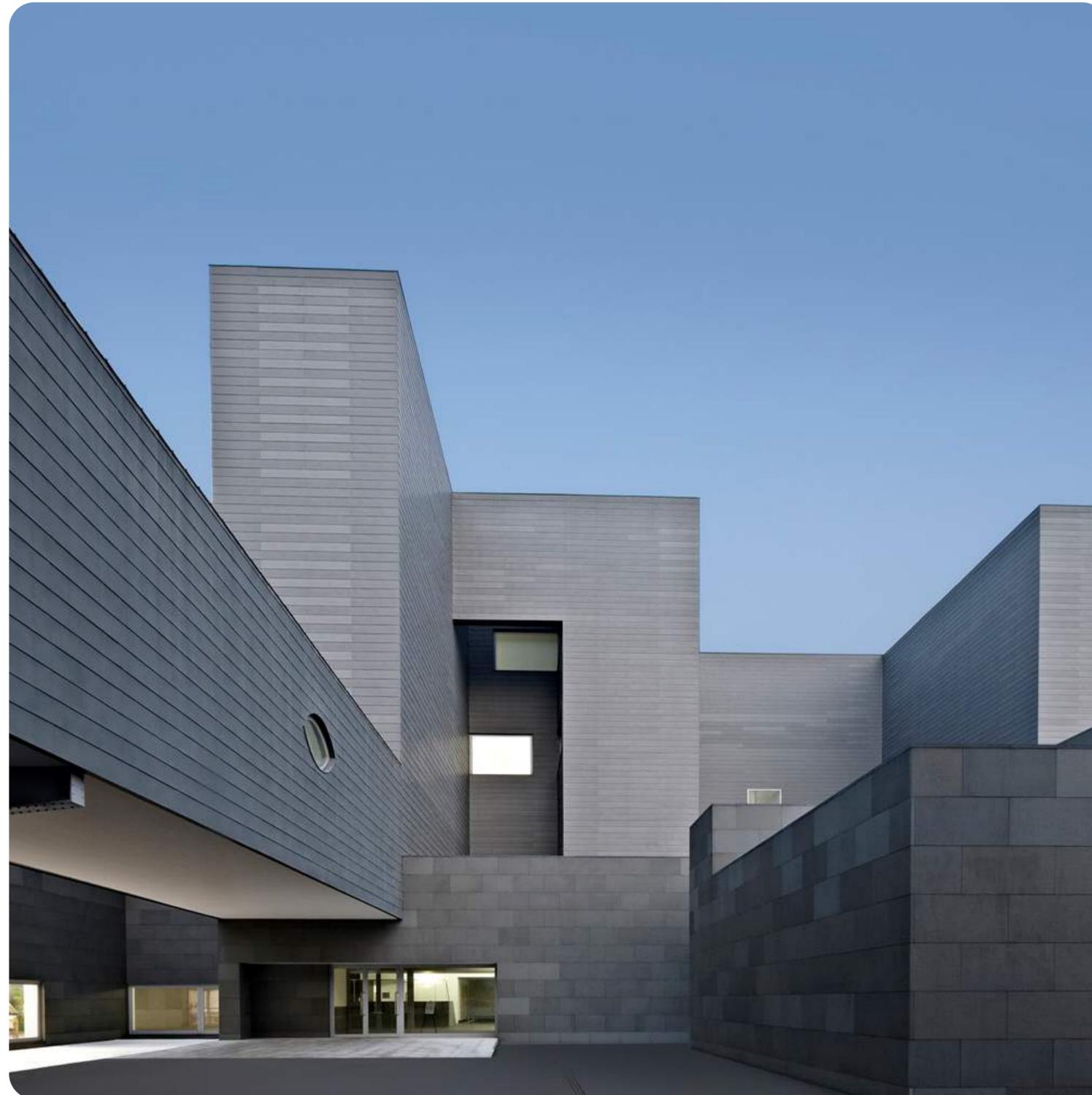
LANEIGE's newly launched Water Bank Blue Hyaluronic line precisely embodies sustainability principles. LANEIGE has obtained Carbon Trust Product Water Footprint certification for the entire Water Bank product line. It has also reduced its water use by 3.05L for each unit of cream and by 0.25L for each unit of serum in its effort to bring down water use and increase efficient water resource management throughout the product lifecycle. In addition, the products have been improved to lessen their impact on the aquatic environment and have an increased amount of biodegradable ingredients while concentrating on desirable ingredients for the skin. On top of this, FSC-certified paper was used for packaging boxes in order to realize sustainable forests.



LANEIGE Water Bank Blue Hyaluronic Cream featuring Product Water Footprint certification

Move Forward Together with Customers and Society

# Innovations in Green Chemistry



Amorepacific R&I Center

## Reinforcing Eco-friendliness with Ginseng Processing Technology for Cosmetics

In 2021, the Amorepacific R&I Center obtained Green Technology Certification for cosmetics ingredient processing technology that uses ultra-high pressure ginseng processing technology.

The R&I Center has carried out research on ginseng for many years, extending the superiority and eco-friendliness of the company's unique ultra-high pressure ginseng processing technology in many areas, from health functional foods to cosmetics.

As technology simplifies the detailed steps of processing red ginseng from extraction to concentration, the annual electricity consumption has been reduced by 19.2%, with annual LPG consumption down by 40%, thereby diminishing any environmental impact that may occur during the manufacturing process.

This technology was applied to six haircare products from the Ryo Cheonsamhwa line, which achieved revenue of almost 2 billion KRW in 2021. The Amorepacific R&I Center will continue to develop product technology that can ensure superiority and marketability while taking any environmental impact into account at the same time.

Move Forward Together with Customers and Society

# Promoting Responsible Consumption through Brand Campaigns

## LANEIGE

LANEIGE, which provides optimal solutions to various skin problems that occur in the daily lives of people, is loved for its innovative and new beauty experiences. As the core of bestselling products such as Water Bank and Water Sleeping Mask is hydration, LANEIGE appreciates the value of water and thrives to preserve water resources first and foremost. LANEIGE reduces water consumption in the production process, donates part of sales profit to water protection activities, and participates in promoting value-driven consumption to customers.

### Blue Movement Campaign: Habits to Reduce Our Water Footprint in Our Daily Lives

LANEIGE actively improves the impact of its products on water and the environment for everyone’s sustainable future, and preserves pure, clean water by encouraging people to make small changes to their everyday habits. To this end—and as part of the Blue Movement Campaign which brings the brand and customers together—LANEIGE first introduced the #ByeWaterFootprint! challenge and prepared an eco-friendly kit to go along with it in 2021. The challenge promotes easy and valuable environmental tips on habits that can reduce a person’s water footprint in their daily life. The kit also consists of a gargling cup, bamboo toothbrush, eco-friendly handkerchief, and a tumbler bag. Daily use of the gargling cup included in the kit has the effect of reducing one person’s water footprint by approximately 34L per day.



LANEIGE Blue Movement Campaign’s eco-friendly kit

### Sustainable Product Development with Customers

LANEIGE is acutely aware of the fact that there is a need to address the concerns of millennial and Gen Z customers who want eco-friendly elements incorporated into products as well as packaging materials. We have achieved this through our “Everyone’s Marketers” program, a development process that customers are free to take part in. Accordingly, LANEIGE has applied sustainable elements such as recycled plastics and paper to some of its items, whose development some customers directly participated in, thereby increasing eco-friendliness. We are particularly proud of LANEIGE Phyto-Alexin Ampoule, as 70% recycled plastics are applied to the ampoule container and 30% recycled paper is applied to the product box.



LANEIGE Phyto-Alexin Ampoule

primera

primera pursues “mindful clean beauty.” This is working actively to coexist with nature. The brand has developed a new identity of containers and packaging materials to minimize resource losses and secure recycling possibilities throughout the production process, and to make it easier for customers to participate in recycling. It has also continued to propose a virtuous cycle in which customer consumption leads to donations for society and the environment through the “Love the Earth” campaign over the years.

### Love the Earth Campaign to Protect Ecological Wetlands

primera has been running its Love the Earth Campaign with the aim of protecting ecological wetlands, which serve as the origin of life and one of the most diverse ecosystems on Earth.

Celebrating the 10th anniversary of the campaign in 2021, primera released a unique item in collaboration with Nukak, an upcycling brand that imparts new value on abandoned objects. The limited edition beauty product consists of a large-size Alpine Berry Watery Cream that restores skin to a healthier state and a DIY kit with which you can make your own card holder using the same waste banners found in outdoor advertisements and museums. Eco-friendly paper made from biodegradable sugar cane by product was used for packaging. Through this campaign, 450kg of waste banners were upcycled—rather than incinerated—which had the same effect as reducing carbon emissions by about 1.2 tonnes. In addition, part of the product sales profit from the Love the Earth Campaign is being donated to the protection of ecological wetlands, as they greatly contribute to the prevention of global warming.



primera x Nukak collaboration for the 10th anniversary of the Love the Earth Campaign



Promise 2

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

Move Forward Together with Customers and Society

# Building A More Diverse and Inclusive Work Environment

Diversity and inclusion have emerged as important concerns around the world. This includes what consumers value most and has come to increase their demand for how companies act and what role they adopt in public. To this end, Amorepacific is internally building an organizational culture with a high level of diversity and inclusion, while externally conducting activities such as inclusive marketing through its products and heightened customer communication.

Spreading the Value of Diversity and Inclusion

Amorepacific established a diversity & inclusion policy and conducted an educational program in which employees directly participated. As a result of this program, employees realized unconscious biases and shared in-depth discussions on the meaning of respecting distinction and how to move toward in a fully accepting organizational culture. Amorepacific will conduct a number of different types of employee participatory programs on a regular basis by 2030. This will include workshops, small meetings, and e-learning for all Amorepacific employees, regardless of whether they work in Korea or at an overseas subsidiary.

### Amorepacific Diversity & Inclusion Policy

1. Respecting Employee Diversity

Every unique characteristic of an Amorepacific employee deserves to be respected, and these individual differences will 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, and promotion, as well as any discriminatory behavior against legally protected minorities.

3. Providing Employees with Opportunities to Participate

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

4. Inclusive Marketing

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

Move Forward Together with Customers and Society

# Beauty Product Development and Win-Win Cooperation for Diversity and Inclusion

## Amore Mall Collaborates with Disabled Artists

Amorepacific collaborates with Bloomwork, a social enterprise that contributes to diversity and improves public awareness about people with disabilities. Through a collaboration initiative between Amore Mall and artists with disabilities at Bloomwork, we have designed two types of multi-purpose tin cases with “Bloomwork Friends” animal characters, as we believe they capture the essence of improving people’s awareness about disabilities. These products are sold on the basis of Amore Mall matching every donation with the exact same amount of money.



Collaborating with disabled artists at Bloomwork



Two types of Amore Mall x Bloomwork tin cases



OSULLOC Jeju Green Tea Cleansing Bar produced with Donggubat



innisfree Green Tea Fresh Shampoo Bar produced with Donggubat

## Win-Win Cooperation with Donggubat

Amorepacific signed an agreement for win-win cooperation with Donggubat, a social enterprise where more than 50% of its employees are people with developmental disabilities. Accordingly, Amorepacific has provided financial aid and training for building a new science lab customized for Donggubat; support for establishing a wireless management system to control product quality for the purposes of quality certification; and assistance in preparing a quality management system for the entire production process. In 2021, Amorepacific’s innisfree and OSULLOC brands collaborated with Donggubat to release a shampoo bar and cleansing bar, respectively. Going forward, Amorepacific will continue to expand its cooperation efforts with a wide range of social enterprises, including Donggubat, in terms of diversity and inclusion.

Move Forward Together with Customers and Society

# Economic Empowerment of Socially Vulnerable Groups

## MEET YOUR DREAM to Support the Dreams of Teenagers

As one of Amorepacific Group's key pro bono activities since 2013, MEET YOUR DREAM is a mentoring program for women and teenagers. A group of job experts consisting of Amorepacific employees conduct career mentoring to pass on professional skills to young adults and students. In July 2021, Amorepacific signed an MOU with the Gyeonggi-do Office of Education to assume responsibility for a new Gyeonggi-do career fair program. Starting in 2022, Amorepacific will support career experience education in the field of cosmetics research for middle school students in Gyeonggi-do, and expand this kind of cooperation to provide educational opportunities to students in educationally vulnerable areas such as farming and fishing villages. From 2013 to 2021, 289 employees participated in the MEET YOUR DREAM program as mentors, with 4,194 teenagers receiving support as mentees. Since 2017, a total of 48 students have been given scholarships for the purpose of fostering future makeup and hair professionals, of which 40 students went on to acquire a professional license in their specific field.



MOU signing ceremony for the Gyeonggi-do career fair program



The Beautiful Life program supports customized job education and mentoring for future employment

## Beautiful Life Program for the Economic Independence of Women

From 2002 to the present, Amorepacific has made donations to financially vulnerable women through the Community Chest of Korea. Since 2008, it has also continued supporting them through a designated donation channel as part of the Beautiful Life program. Beautiful Life is a program to assist in the economic independence of vulnerable groups of women through employment-based customized job education & training as well as mentoring. In addition, we understand the difficulties women face in preparing for employment and want to help in their achieving independence from the integrated perspective of employment and welfare services, such as family

care services and psychological counseling. Amorepacific donated 1 billion KRW for Beautiful Life through the Community Chest of Korea in January 2021. A total of 325 women participated in the program that year. Throughout 2021, continuous networking and case sharing were conducted with select organizations through the Beautiful Life program to establish and spread a female employment support model. Amorepacific will continue to contribute to the economic empowerment of those groups that require economic assistance in order to realize full independence.

Move Forward Together with Customers and Society

# Expanding Our Campaigns for Healthier Lives

## Makeup Your Life: A Life-affirming Makeup Training Program

Makeup Your Life is a makeup training program for cancer patients who suffer from changes in their physical appearance, such as changes to their skin or hair loss during cancer treatment. Since this program kicked off in 2008, Amorepacific has delivered knowhow to over 20,000 female cancer patients on how to beautify themselves, helping their transition back to everyday lives. To confirm this, follow-up observations of participants who took part in the program were conducted by a research team from the Cancer Education Center and the Center for Clinical Epidemiology at Samsung Medical Center Seoul. According to their research, self-image of young breast cancer patients was improved through this program.



Makeup Your Life: Helping female cancer patients get back to their everyday lives

In 2021, Makeup Your Life was conducted in a non-contact livestreaming way with more than 800 cancer patients—plus family members—in the first half of the year, and nearly 1,200 participants in the second half. At the same time, the program has also been carried out overseas. In 2021, Amorepacific Taiwan and Hong Kong had 126 and 63 cancer patients, respectively, in this program. Amorepacific will continue to support cancer patients so that they can return to their everyday lives and regain inner and outer confidence.



Pink Run Plus: A run carried out with physical distancing measures in place

## Pink Run Plus: A Leading Pink Ribbon Campaign Program

Amorepacific runs a jogging festival called Pink Run as part of a leading program in the Pink Ribbon campaign to improve public awareness about breast health. Since 2020, Amorepacific has held a run carried out with physical distancing measures in place called Pink Run Plus to promote the importance of exercise for breast health, even under the strain of COVID-19. Along with this, we launched Pink Run Plus Challenge, which was later expanded into a global Pink Ribbon event where over 48,000 people in 164 countries ran together. 100% of the participation fee from the event is donated to the Korea Breast Cancer Foundation for breast cancer surgery or examinations for low-income patients.

In 2021, a total of 66,531 people participated in the Pink Ribbon campaign, with 2.8 billion KRW spent on Pink Ribbon Campaign to help female cancer patients get back on their feet with their everyday lives.



Promise 3

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

Coexist Responsibly with Nature

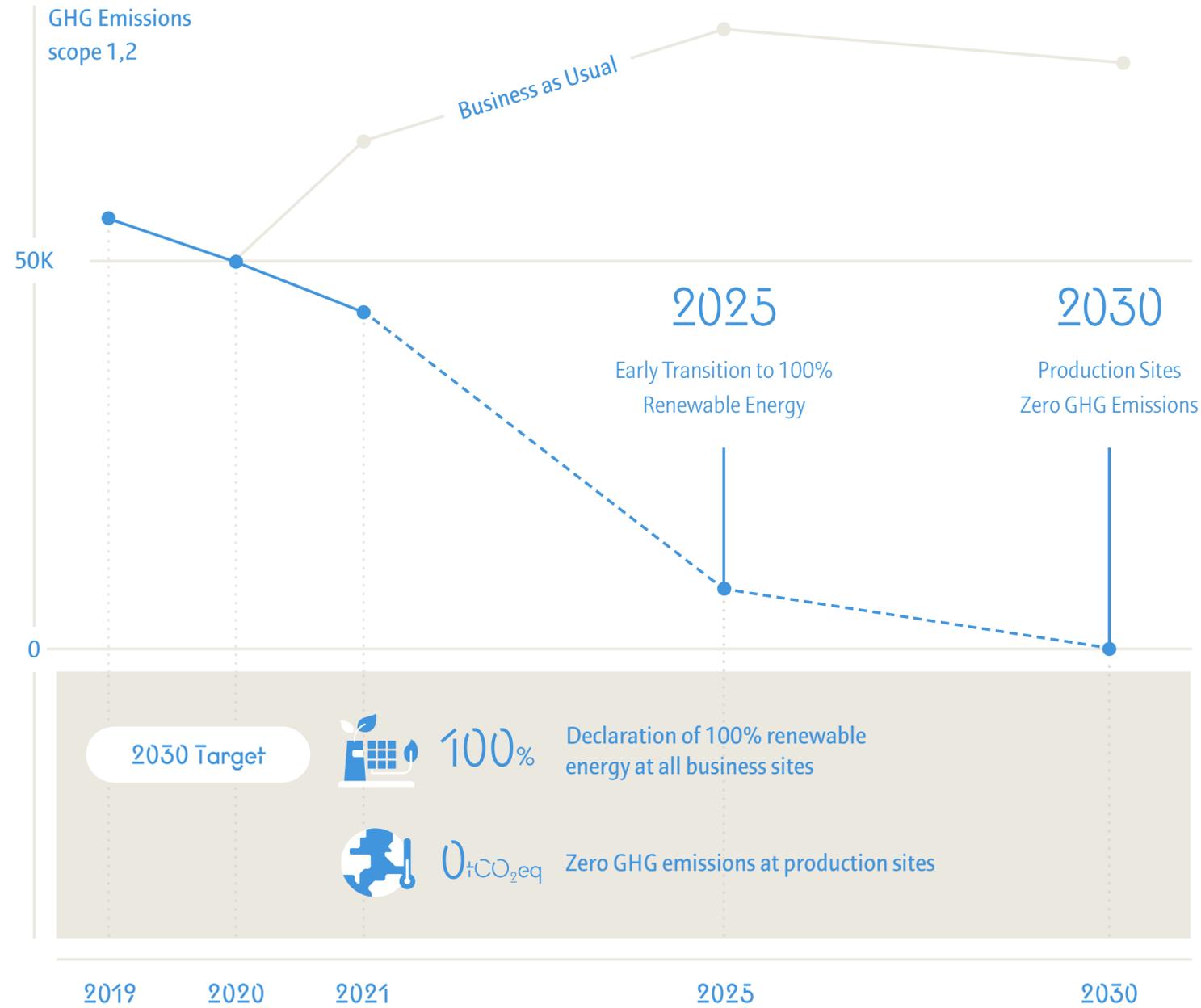
# Carbon Neutrality for a Better Tomorrow

## 2030 Carbon Neutrality Roadmap

Amorepacific recognizes the seriousness of climate change and, as a responsible global corporate citizen, has worked hard to reduce GHG emissions stemming from corporate activities. Of particular note, we launched a Carbon Neutrality Commission in 2021 that consists of experts from industry, academia, and top management, all of whom collectively contributed to establishing our 2030 Carbon Neutrality Roadmap to provide specific ways to achieve the Group’s carbon-related goals.

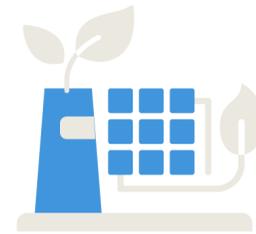
With the aim of achieving the overarching RE100 (Renewable Energy 100) goal in 2025—earlier than the initiative’s original date—Amorepacific has been actively joining many movements to address climate change. Furthermore, considering the guidelines set forth by the Task Force on Climate-Related Financial Disclosures (TCFD), standards of the Sustainability Accounting Standards Board (SASB), and UN Sustainable Development Goals, Amorepacific recognizes the climate change risks and opportunities we face and continues taking action accordingly.

# Roadmap to Carbon Neutrality



## 2021 Amorepacific Key Achievements

Efforts to use renewable energy at all business sites



18.5%

Renewable electricity consumption

Expansion of energy efficiency at production sites



22.9%

GHG emissions reduction (Compared to 2018)

Converting distribution vehicles used in Korea into eco-friendly vehicles



5 units

Switching from fossil fuel vehicles to electric vehicles at the Incheon Logistics Center

Coexist Responsibly with Nature

# Using Renewable Energy at All Business Sites

RE100 is a global campaign for companies to voluntarily declare that they will supply 100% of the electricity they need using renewable energy. Amorepacific joined the global RE100 initiative on March 10, 2021, becoming the first Korean beauty company to do so. To faithfully take part in this campaign, Amorepacific will replace 100% of the electricity used at all production sites, R&I center, logistics centers, and local business units with renewable energy by 2025, earlier than the previously announced target year of 2030.

## Replacing 18.5% of Electricity Consumption with Renewable Electricity

Amorepacific recognizes the seriousness of climate change and is doing its utmost to immediately respond to this crisis with the aim of reaching the RE100 goal by 2025, which would be earlier than the initiative's original goal.

To achieve this challenging goal, Amorepacific built additional 230kW-level micro hydropower and solar photovoltaic power generation facilities at the R&I Center and Amore Beauty Park, and adopted green pricing.

As a result, 18.5% of the electricity used at Amorepacific as a whole was replaced with renewable electricity, and Amore Beauty Park is prepared to replace all electricity to be used at the business site with renewable energy in 2022. In March 2022, Amorepacific signed a direct power purchase agreement (PPA) for renewable energy, the first time this had ever been done in Korea. Through this PPA, Daejeon Daily Beauty production site will be supplied with 5MW of renewable energy for 20 years from the fourth quarter of 2022, and expects to reach a reduction of approximately 2,700 tonnes of GHGs annually.



Signing a direct PPA with SK E&S for renewable energy



Amore Beauty Park's solar panels

Coexist Responsibly with Nature

# Achieving Carbon Neutrality at Production Sites

In 2021, Amorepacific declared carbon neutrality, with the aim of reaching zero carbon emissions at all production sites by 2030. For efficient use of energy, we were actively introducing low energy use processes and waste heat steam.

## Efficient Energy Management in the Manufacturing Process

As a result of implementing GHG emission reduction activities at each production site, GHG emissions were reduced by 22.9% compared to 2018.

For its part, Amore Beauty Park converted dehumidifying freezers in its manufacturing and packaging rooms into non-powered devices in 2021 to reduce the load on the dehumidifying freezers while maintaining consistent room temperatures to ensure product quality. The existing freezers were used for cooling when necessary. In addition, to prevent temperature differences due to the nature of the spacious packaging room, additional fans were installed to improve cooling efficiency. Meanwhile, Daejeon Daily Beauty production site converted its air compressors, which supply compressed air necessary for production, into high-efficiency devices. It also installed shut-off valves in each area to prevent leakage of compressed air, thereby saving energy. And AESTURA replaced aged devices that automatically controls utilities with new devices, while also expanding facilities to be automatically monitored.

Coexist Responsibly with Nature

# Converting All Distribution Vehicles Used in Korea into Eco-friendly Vehicles

## Starting to Use Electric Vehicles at Our Logistics Centers

In 2021, five internal combustion vehicles at the Incheon Logistics Center were converted into electric vehicles, with two rapid chargers also being installed at the center. This has the effect of reducing 22 tonnes of GHG emissions a year. In the first half of 2022, ten electric vehicles were purchased and three additional rapid chargers were installed, while three more electric vehicles will be introduced in the second half of 2022. Amorepacific will continue to convert vehicles at its logistics centers into eco-friendly vehicles.



Electric vehicles at the Incheon Logistics Center



### Promise 4

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

#### Coexist Responsibly with Nature

## Efforts to Reduce the Unnecessary Use of Plastics

We are accustomed to the linear consumption of using finite resources once and then disposing of them. That is precisely why Amorepacific strives to move away from linear resource consumption and to instead achieve circular consumption. We are achieving this by reducing the use of new petroleum-derived plastics in product packaging, and by designing plastic packaging to be 100% recyclable, reusable, and compostable.

#### Applying Paper Packaging to Tube-type Products

Amorepacific is developing the necessary technology for the customers to recycle cosmetics containers more easily. In 2021, Amorepacific developed technology to apply paper packaging to tube-type product containers and completed developing a mass-production system.

The technology enabled Amorepacific to reduce about 70% of plastics use compared to previous containers, improving the impact of these containers on the environment.

In addition, Amorepacific signed an MOU with new eco-friendly material developers in 2021, including Hansol Paper, to develop eco-friendly technologies. Consequently, we plan to develop eco-friendly containers in the future that will be biodegradable. We are also planning to develop a structure that enables customers to use all of the remaining cosmetics in the tube by improving the characteristics of the tube structure. At the same time, we are developing raw material technology to compost 100% of the plastics used in paper tubes. On top of that, we will develop the necessary technology for packaging that can be separately discharged as paper while still meeting the highest standards of quality and expanding the technology to various product lines.



An MOU ceremony with Hansol Paper to develop eco-friendly packaging and raw material technology

### Enhancing the Recyclability of Containers with Metal-free Pumps

Amorepacific is gradually increasing the number of containers that apply metal-free pumps and labels, and which are smoothly removable so that customers can effortlessly separate and discharge used cosmetics containers. Without a metal spring in a pump that has been used to help dispense the product content, it becomes easier to separate the elements of a container for recycling. The metal-free pump was applied to skincare products in 2021, including LANEIGE Water Bank Essence, HANYUL Powerful Firming Serum, and HANYUL Yuja VITA-C™ Serum. Amorepacific will continue to increase the application of its metal-free pump to new products in the future.



HANYUL Yuja VITA-C™ Serum



Ryo Hair Strengthen & Volume Conditioner

### Plastic Packaging Weight Reduction

Amorepacific uses a two-stage blow method to produce packaging. This reduces the amount of plastics used in existing products while maintaining the highest product quality.

In 2021, Amorepacific reduced the weight of plastics used in containers for Ryo Hair Strengthen & Volume Conditioner by 19.2%. mise-en-scene produced 4.12 million containers for Perfect Serum Original after applying a reduced amount of plastics to them. As a result, a total of 110.1 tonnes of plastics consumption was reduced by decreasing the weight of plastic containers for a total of 29 items.

In addition, Amorepacific is researching the structures of refill containers by analyzing customers' usage behavior, and is already increasing the development of containers. In 2021, we reduced the amount of plastics used at Amorepacific by 21.3 tonnes compared to the production of original products by replacing the existing containers of some products with refill containers.

### Systematic Recycling of Empty Plastic Containers

Amorepacific is hiking up the rate of "materials recycling" by collecting empty cosmetics bottles and turning them into other cosmetics containers, or upcycling them into plant pots, benches, or artworks instead of incinerating them. Every year, about 200 tonnes of cosmetics containers are collected through the GREENCYCLE campaign, and we are planning to recycle at least 100 tonnes of plastic containers with TerraCycle, a global environmental company, and GS Caltex, an oil refiner with whom we have recently signed an MOU. In 2021, the material recycling rate of plastic bottles used in our products and appliances reached 20% (including figures from innisfree), and we will take this rate up to 50% by 2025.

To be more specific, from the second half of 2021 Amorepacific has been working on a Bottle-to-Bottle project to convert used plastic cosmetic containers back into containers.

Amorepacific will do its best as a corporate citizen that contributes to responsible consumption and production through active collaboration efforts with other companies and customers.



A bench made through the GREENCYCLE campaign

Coexist Responsibly with Nature

# Expanding the Use of Sustainable Plastics

## Increasing the Application of Recycled Plastics or Bioplastics to Packaging

Amorepacific is reducing its environmental impact by applying recycled plastics or bioplastics to plastic packaging to minimize unnecessary consumption of plastics. As a result, we reduced the use of virgin plastics by using 124.1 tonnes of bioplastics and 340.7 tonnes of recycled plastics in 2021.

Amorepacific signed an MOU with Eastman, a global specialty materials company in the U.S., to supply chemically recycled plastics.



MOU with Eastman to supply recycled plastics

## Reduced Use of Virgin Plastics in Packaging (tonnes)

Type	Reduction
Use of bioplastics	340.7
Use of recycled plastics	124.1
Container weight reduction and structure renewal	110.1
Use of refill containers	21.3
<b>Total</b>	<b>596.2</b>



Mamonde Rose Water Toner applied with bioplastics

Coexist Responsibly with Nature

# Expanding Eco-friendly Customer Services

## Expanding Refill Products and Services

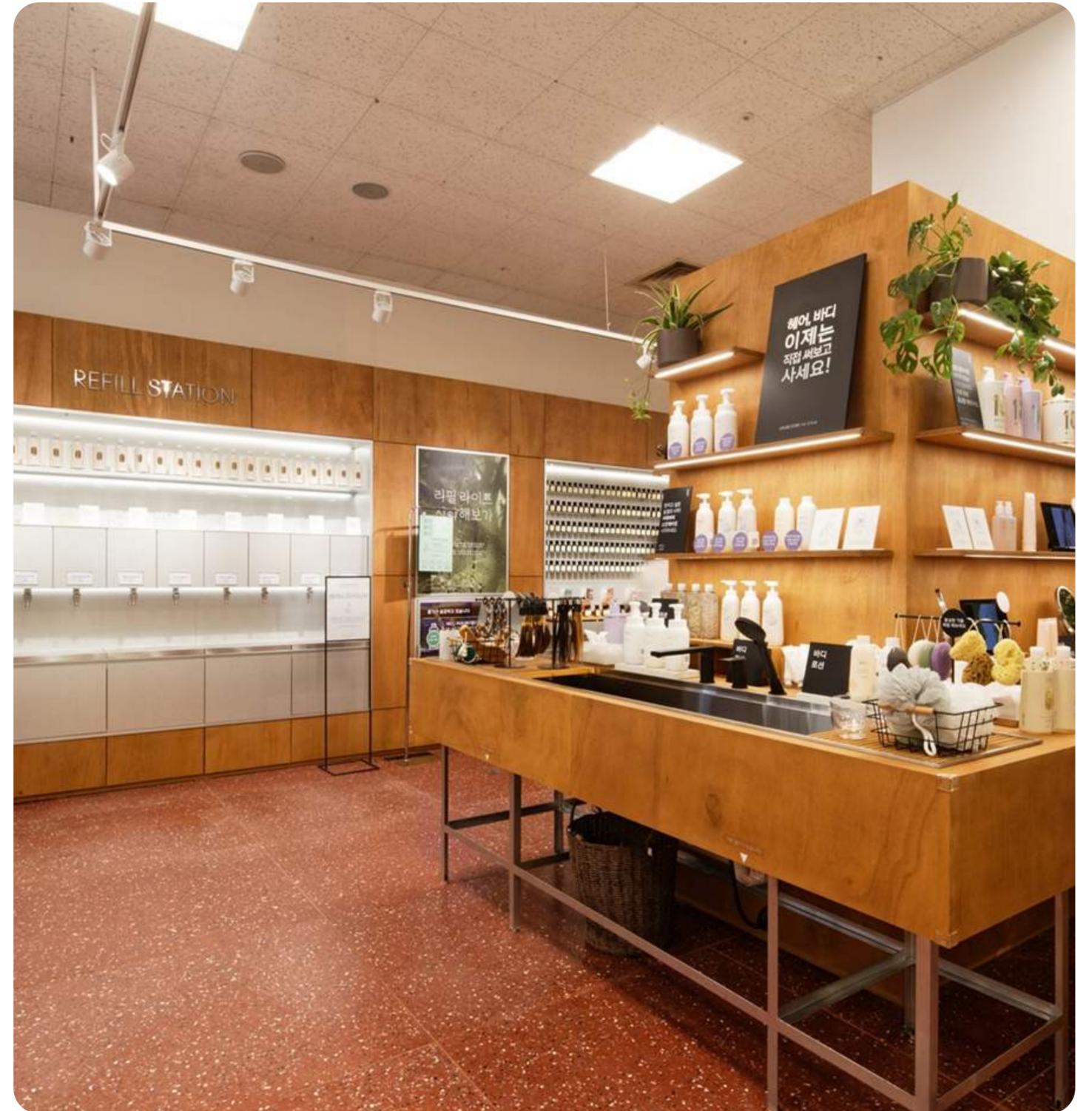
Amorepacific opened a refill station at the Amore Store in Gwanggyo, the first such store in the domestic cosmetics industry. At the refill station, customers can purchase the shampoo and body wash products they want in custom-made refill containers. In 2021, a custom-made refill container made of 100% recycled plastic was adopted so as to offer greater choice on top of existing containers that use coconut byproducts.

Due to the wide recognition of its eco-friendly services and economic feasibility with its refill station, Amore Store Gwanggyo was named the Best Corporate Case in August 2021 for “revitalizing the use of zero-waste shops and multi-use containers” by Democratic Party’s Carbon Neutral Special Committee Resource Circulation Division.

Furthermore, Amorepacific started running a refill station at Amore Store Hair & Body inside E-mart Jayang that same year. Moving forward, Amorepacific will actively respond to the needs of customers who give high priority to eco-friendliness.



Refilling content in a custom-made refill container



Refill station at the Amore store Hair & Body inside E-mart Jayang



## Promise 5

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

### Coexist Responsibly with Nature

# Technologies for the Conservation of Biological Resources and Climate Change Adaptation

### Coexist Responsibly with Nature

# Supporting Palm Oil Farms through Partnerships with NGOs and Suppliers

### MOU on ESG Management with the Korea Arboreta and Gardens Institute

Amorepacific strives to find cooperative partners and build friendly relations for biodiversity conservation and the utilization of biological resources. Recently, Amorepacific signed a memorandum of understanding on ESG management with the Korea Arboreta and Gardens Institute, which specializes in biodiversity research as a public institution under the Korea Forest Service. The Korea Arboreta and Gardens Institute is now Amorepacific's cooperative partner for the utilization of biological genetic resources. In the future, Amorepacific will also work alongside the Baekdudaegan National Arboretum under the Korea Arboreta and Gardens Institute to discover and preserve plant genetic resources that can be used as cosmetic ingredients.

### Increasing the Rate of Purchasing RSPO-certified Ingredients

In 2021, Amorepacific used over 26,000 tonnes of palm-derived ingredients, of which 41.7% was certified by the Roundtable on Sustainable Palm Oil (RSPO), a group which had been established to prevent environmental destruction caused by palm oil production. In addition, we recommended our suppliers make a concerted effort to prevent deforestation, respect the human rights of indigenous peoples, and comply with land rights laws through our Supplier Sustainability Guidelines. Furthermore, Amorepacific secured 100% RSPO through the purchase of RPSO certified palm oil and the certification of the Book&Claim. In recognition of these achievements, Amorepacific scored the highest points (14.5) among any Korean company in an evaluation by the World Wide Fund for Nature (WWF) with its annual *Palm Oil Buyers Scorecard* in 2021. Amorepacific will continue to carry out practical activities regarding this issue, such as increasing the sourcing rate of RSPO-certified palm-derived ingredients.

# Chapter 3

## Sustainability Management Performance

# Materiality Analysis

Amorepacific Group carried out a materiality analysis in order to capture a comprehensive understanding of the importance to stakeholders and impact on the business in the 2021 Amorepacific Group Sustainability Report. In compliance with the reporting topics recommended by GRI Standards, the analysis comprehensively included the perspectives of external stakeholders and media, domestic and global social and economic issues, and key issues regarding our business.

## Materiality Analysis Process

### Issue List Selection

We organized an issue list that focused on the latest sustainable management global initiatives, open information required by ESG evaluation agencies both at home and abroad, UN SDGs, and the DJSI, as well as issues within the cosmetics industry as a whole. The 49 selected issues were grouped into nine categories: economy, governance, stakeholders, environment, labor, fair operational practices, customers, human rights, and community engagement. A total of 34 issues were then singled out from these categories, specifically those which were closely related to Amorepacific Group and global business issues that reflect the characteristics of the cosmetics industry.

## Issue Analysis

Stakeholder Interests	Impact on the Business	Issue Priority Decision-Making
<p><b>Media Research</b></p> <p>Analysis of major media articles related to Amorepacific Group</p> <hr/> <p><b>Survey with ESG Experts</b></p> <p>Survey on issue materiality done with ESG strategy consultants at leading companies in Korea</p> <hr/> <p><b>Survey with External Stakeholders</b></p> <p>Selection of material issues related to sustainability for customers, institutional investors, local communities, NGOs, suppliers, and media agencies</p> <hr/>	<p><b>Review of Past Sustainability Reports</b></p> <p>Analysis of issues reported on and content in reports published over the past three years (2018-2020)</p> <hr/> <p><b>Industry Benchmarking</b></p> <p>Review completed of the latest sustainability activities of seven cosmetics companies in six countries</p> <hr/> <p><b>Survey with Employees</b></p> <p>Selection of material issues related to sustainability management for employees</p> <hr/> <p><b>Identification of Internal Issues</b></p> <p>Analysis of ESG Committee and Sustainability Management Committee agenda, management directives, and implemented tasks for one year</p> <hr/>	<p>Analysis of each issue according to Importance to Stakeholders and Impact on the Business was comprehensively carried out to prioritize material issues. The material issues derived from said analysis were established as key management strategies in consideration of business importance and impact on the business, while also being linked to compensation for executives.</p> <hr/>

### Pool of 34 Material Sustainability Issues

#### Governance

- Ensuring the integrity of the corporate governance structure
- Preventing unfair practices and corruption
- Integrated risk management
- Strengthening the BOD's management of sustainability issues
- Ethical management and compliance
- Strengthening our response to global initiatives
- [Product innovation and digitalization](#)

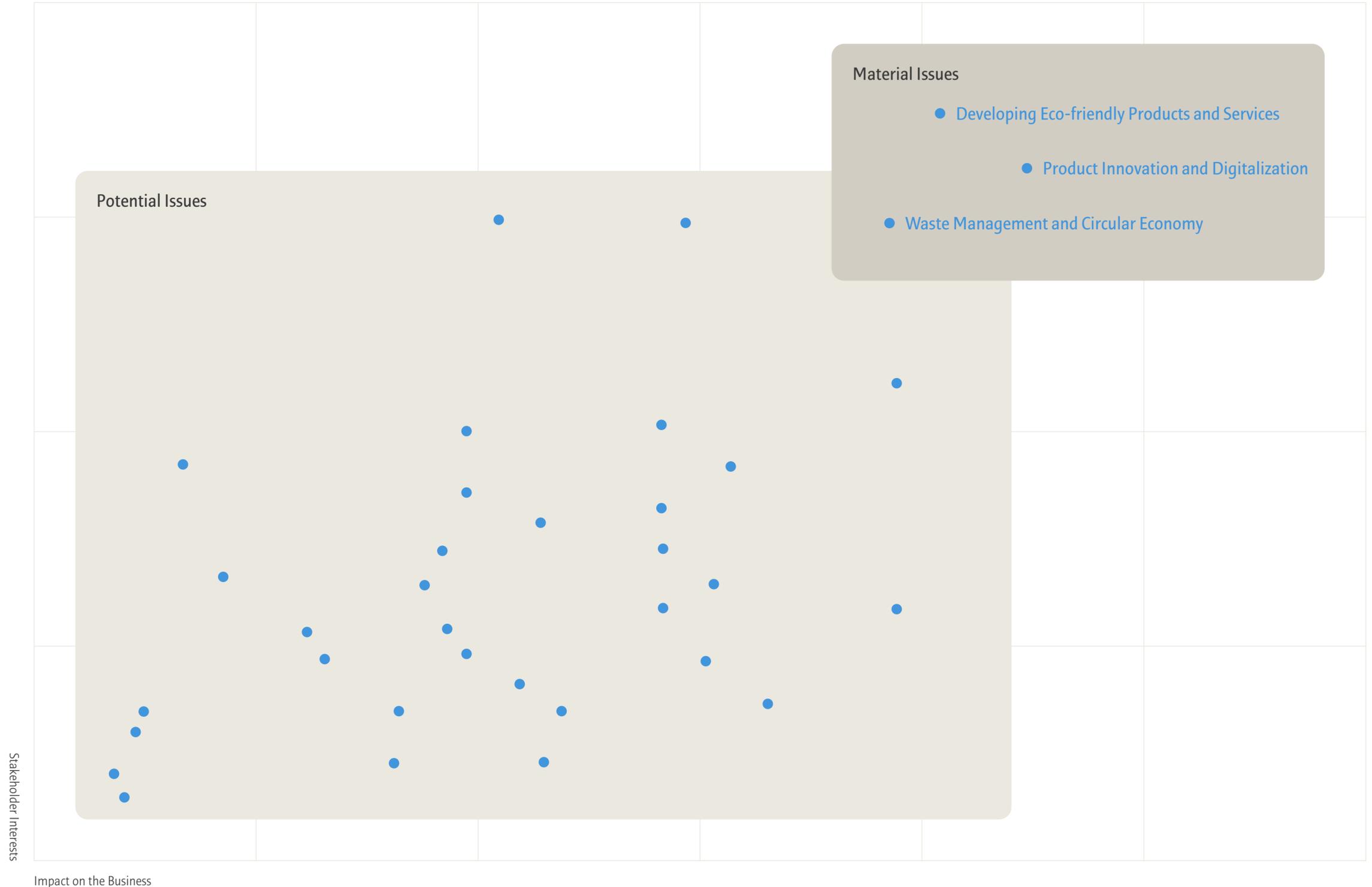
#### Society

- Securing human resources through job creation
- Safety risk management at business sites
- Developing employee competencies and maintenance/improvement of working conditions
- Heightening labor-management communication
- Securing a healthy work-life balance
- Employee health and healthcare
- Supply chain sustainability management
- Responsible sourcing of raw materials
- Fair trade practices and legal compliance
- Win-win growth policy
- Information and technology security
- Responsible marketing and value consumption campaigns
- Zero tolerance for discrimination and respect for diversity
- Strengthening human rights policies
- Contributing to community development
- Greater CSR activities
- Strengthening customer safety

#### Environment

- GHG emissions management and reduction
- Increasing energy efficiency
- Managing water use and minimizing wastewater disposal
- [Waste management and the circular economy](#)
- [Developing eco-friendly products and services](#)
- Managing and responding to climate change risks
- Reinforcing the handling/management of hazardous chemicals
- Enhancing environmental management strategies, policies, and systems
- Compliance with environmental regulations and responding to controls
- Biodiversity protection

### 2021 Materiality Analysis Results



Material Issue Management

Material Issue	Importance to Business	Business Impact <sup>1)</sup>	Key Performance Results	Major Management Strategies	Target Year	Related Indicators <sup>2)</sup>
Product innovation and digitalization	As customer lifestyles become more diversified and value consumption spreads, expectations for products and services that take into account personal health, taste, and interests are rising. Personalized products and services have a positive impact on product purchase decisions because they reflect the diverse needs of consumers while emphasizing each customer's distinction from others. Amorepacific Group is working hard to understand and embrace the unique lifestyles of customers and adapt to the ever-changing business environment. At the same time, we are increasing our competitiveness in establishing lifestyle businesses by actively utilizing digital technology to develop personalized products and provide various experiences at customer contact points. This increases the Group's overall revenue and has a significant impact on profit when it comes to business performance.	Cost <b>Revenue</b> Risk	<ul style="list-style-type: none"> <li>· Myskin Recovery Platform was developed to easily measure a customer's skin condition for a customized solution. (Winner of an Innovation Award at the CES 2022)</li> <li>· Mind-linked Bathbot was developed as a robot solution to analyze the feelings of a person and then create products on the spot. (Winner of an Innovation Award at the CES 2022)</li> <li>· We launched MY VITAL BEAUTIE, which immediately became a leader in the recommendation &amp; sales service of personalized health functional foods.</li> </ul>	<p><b>Three Major Management Strategies in 2021</b></p> <ul style="list-style-type: none"> <li>· Great Digital Conversion</li> <li>· Business Innovation</li> <li>· Powerful Brands</li> </ul> <p><b>Live Your New Beauty</b> <a href="#">🔗</a></p> <p>While expanding the realm of beauty to the entire lifecycle of customers, we seek new ways to capture the beauty of the mind and body so that each customer is inspired by New Beauty to discover their own beauty and realize a healthy and enjoyable life. Based on advanced digital technology, we propose the best solutions for each individual, work alongside more stakeholders in our line of work, and have created a corporate ecosystem where Amorepacific's vision is everyone's future.</p>	2025	GRI 201-1 DJSI 1.9.3

1) Business impact: Classified from the perspective of risks based on direct, indirect, and potential corporate cost generation, revenue generation in the market, response to controls, and whether or not they meet stakeholder expectations.

2) Indicators or initiatives of the ESG evaluation agencies that deal with each specific issue

Material Issue Management

Material Issue	Importance to Business	Business Impact <sup>1)</sup>	Key Performance Results	Major Management Strategies	Target Year	Related Indicators <sup>2)</sup>
Developing eco-friendly products and services	The consumption patterns of millennials and Gen Z customers are changing as they have a clear awareness of environmental issues. This can also be seen through the increase in zero-waste shops and the current plogging (picking up trash while jogging) trend. Millennials and Gen Zers have emerged as key players in the consumer market and have a strong influence on corporate behavior. As a result, implementing marketing strategies that meet the high environmental consciousness of millennials and Gen Zers is critical to securing our business competitiveness. To this end, each brand’s sustainability strategy must be established first, and eco-friendliness then needs to be improved throughout the product lifestyle, from raw materials and product manufacturing to purchase, product use, and disposal. At the same time, reliable communication with customers should be continuously carried out by transparently disclosing product environmental information to customers and conducting campaigns for them to participate in.	Cost <b>Revenue</b> Risk	<ul style="list-style-type: none"> <li>We operate refill stations at Amore Gwanggyo and at the innisfree flagship store so that customers can purchase the desired amount of a product in their own refillable container.</li> <li>LANEIGE conducted an environmental habit challenge that allows customers to easily practice reducing their water footprint in their daily life: #BYEWaterFootprint.</li> <li>Several products, including CUBE ME Red Ginseng Plus, utilize technology which cuts down on energy consumption by more than 10% in the production process and have obtained Green Technology Certification.</li> <li>primera Skin Relief UV Protector EX was selected as one of Korea’s Green Products of the Year 2021 as it is packaged in a plastic-reducing paper tube and a box made with a 100% sugarcane byproduct-based paper.</li> </ul>	<p><b>A MORE Beautiful Promise 1</b> <a href="#">↗</a></p> <p>Instill the values of environmental and social friendliness into 100% of our new products and pursue endeavors that encourage sustainable living.</p>	2030	UN SDGs 12 GRI 302-5 DJSI 3.10.2 KCGS 42, 45 FTSE SCR58 / SCR60

1) Business impact: Classified from the perspective of risks based on direct, indirect, and potential corporate cost generation, revenue generation in the market, response to controls, and whether or not they meet stakeholder expectations.

2) Indicators or initiatives of the ESG evaluation agencies that deal with each specific issue

Material Issue	Importance to Business	Business Impact <sup>1)</sup>	Key Performance Results	Major Management Strategies	Target Year	Related Indicators <sup>2)</sup>
Waste Management and Circular Economy	Used cosmetic containers are not easy to recycle due to the residue inside them, as well as the structure of composite materials that are difficult to separately discharge and recycle. Stakeholders, including NGOs, are strongly demanding that cosmetics companies fulfill their environmental responsibility related to plastic waste. Amorepacific Group deeply understands the needs of external stakeholders on the issue of recycling cosmetic containers and is working tirelessly on various solutions.	Cost Revenue <b>Risk</b>	<ul style="list-style-type: none"> <li>The GREENCYCLE project we run is a systematic recycling campaign to collect used cosmetic bottles and use them for bench production instead of incinerating them.</li> <li>We have increased the recyclability of containers by using metal-free pumps so that customers can effortlessly separate and discharge used cosmetic containers.</li> <li>We reduced the usage rate of new petroleum-based plastics by using bioplastics and recycled plastics.</li> </ul>	<p><b>A MORE Beautiful Promise 4</b> <a href="#">↗</a></p> <p>Reduce the use of plastics in product packaging and create 100% reusable, recyclable or compostable plastic packaging materials.</p>	2030	GRI 301-3, 306-1 UN SDGs 12 KCGS E14, E16 DJSI 2.8.3 SASB CG-HP-410a.1, CG-HP-410a.2

1) Business impact: Classified from the perspective of risks based on direct, indirect, and potential corporate cost generation, revenue generation in the market, response to controls, and whether or not they meet stakeholder expectations.

2) Indicators or initiatives of the ESG evaluation agencies that deal with each specific issue

# Stakeholder Engagement

For active communication across all business activities, Amorepacific Group defines six major stakeholders: customers, employees, shareholders/investors, local communities, business partners, and the government/public agencies/associations, all of whom directly and indirectly influence or are influenced by the company's business activities. For each stakeholder group, we identify and reflect key issues in our business activities. We also gather their opinions and do our utmost to meet their expectations through a number of highly accessible communication channels available for all the different stakeholders on a permanent or regular basis.

## Stakeholder Engagement

Stakeholders	Communication Channels	Frequency	Key Issues	Key Response Activities
Customers	<ul style="list-style-type: none"> <li>· Corporate website <a href="#">☞</a></li> <li>· Brand website</li> <li>· SNS (Facebook, LinkedIn, etc.)</li> <li>· Beauty points app</li> <li>· Amore Mall <a href="#">☞</a>, ARITAUM Mall <a href="#">☞</a></li> <li>· Customer service center</li> </ul>	On demand	<ul style="list-style-type: none"> <li>· Timely response to customers</li> <li>· High-performance, high-safety products</li> </ul>	<ul style="list-style-type: none"> <li>· VOC sharing meetings for each brand/business unit</li> <li>· Conducted the Tiki Taka program to deliver VOC to different brand staff members</li> </ul>
Employees	<ul style="list-style-type: none"> <li>· Employee engagement survey</li> <li>· Labor-Management Council</li> <li>· In-house online communities</li> <li>· Business communication platform - Workplace</li> <li>· Ethics Hotline</li> <li>· Town Hall meetings at overseas subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Once a year (regular), once or twice a year (simple)</li> <li>Once per quarter</li> <li>On demand</li> </ul>	<ul style="list-style-type: none"> <li>· Communication between organizations</li> <li>· Expanding opportunities for new insights</li> <li>· Safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>· Conducted a program to reinforce employee abilities with content in an AP Sikgam (Amorepacific Knowledge and Sense)</li> <li>· Diversification of performance reward systems</li> </ul>
Shareholders/ Investors	<ul style="list-style-type: none"> <li>· Annual General Shareholders' Meeting</li> <li>· Quarterly performance announcement conference calls</li> <li>· Domestic/Overseas investor conferences and NDR (Non Deal Roadshow)</li> <li>· Business reports</li> <li>· Face-to-face meetings and conference calls for investors</li> <li>· IR website and IR main email account</li> <li>· e-Disclosure system</li> </ul>	<ul style="list-style-type: none"> <li>Once a year</li> <li>Once per quarter</li> <li>Two or three times per quarter</li> <li>Once a year</li> <li>On demand</li> </ul>	<ul style="list-style-type: none"> <li>· Pursuing new businesses to secure future growth engines</li> </ul>	<ul style="list-style-type: none"> <li>· Disclosure of financial performance results through business reports and annual reports.</li> <li>· Transparent disclosure of governance system through a corporate governance report</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>· Local consultative meetings</li> <li>· BOD meetings of foundations</li> <li>· CSR portal site</li> <li>· Yongsan Dragons activities</li> </ul>	<ul style="list-style-type: none"> <li>On demand</li> <li>Once a year</li> <li>On demand</li> <li>Once per quarter</li> </ul>	<ul style="list-style-type: none"> <li>· Mutual growth with local communities</li> </ul>	<ul style="list-style-type: none"> <li>· Community based problem-solving activities (including environment improvement projects and spatial culture improvement projects)</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>· Mutual growth general meetings (for each sales channel)</li> <li>· Win-win practice seminar and general meeting</li> <li>· Supplier survey</li> <li>· Innovation Day</li> </ul>	<ul style="list-style-type: none"> <li>Once a year</li> <li>Once a year</li> <li>Once a year</li> <li>Semi-annual</li> </ul>	<ul style="list-style-type: none"> <li>· Support for suppliers</li> </ul>	<ul style="list-style-type: none"> <li>· Customized support for suppliers (including SHE consulting and joint research)</li> </ul>
Related agencies and associations	<ul style="list-style-type: none"> <li>· Stakeholder dialogues</li> <li>· Collaboration and support</li> <li>· Korea Cosmetic Association meetings</li> </ul>	On demand	<ul style="list-style-type: none"> <li>· Changes in government policies</li> <li>· Joint sustainability actions</li> </ul>	<ul style="list-style-type: none"> <li>· Participating in decision-making processes related to government policies.</li> <li>· Joining associations and declaring support for important initiatives (including UNGC)</li> </ul>

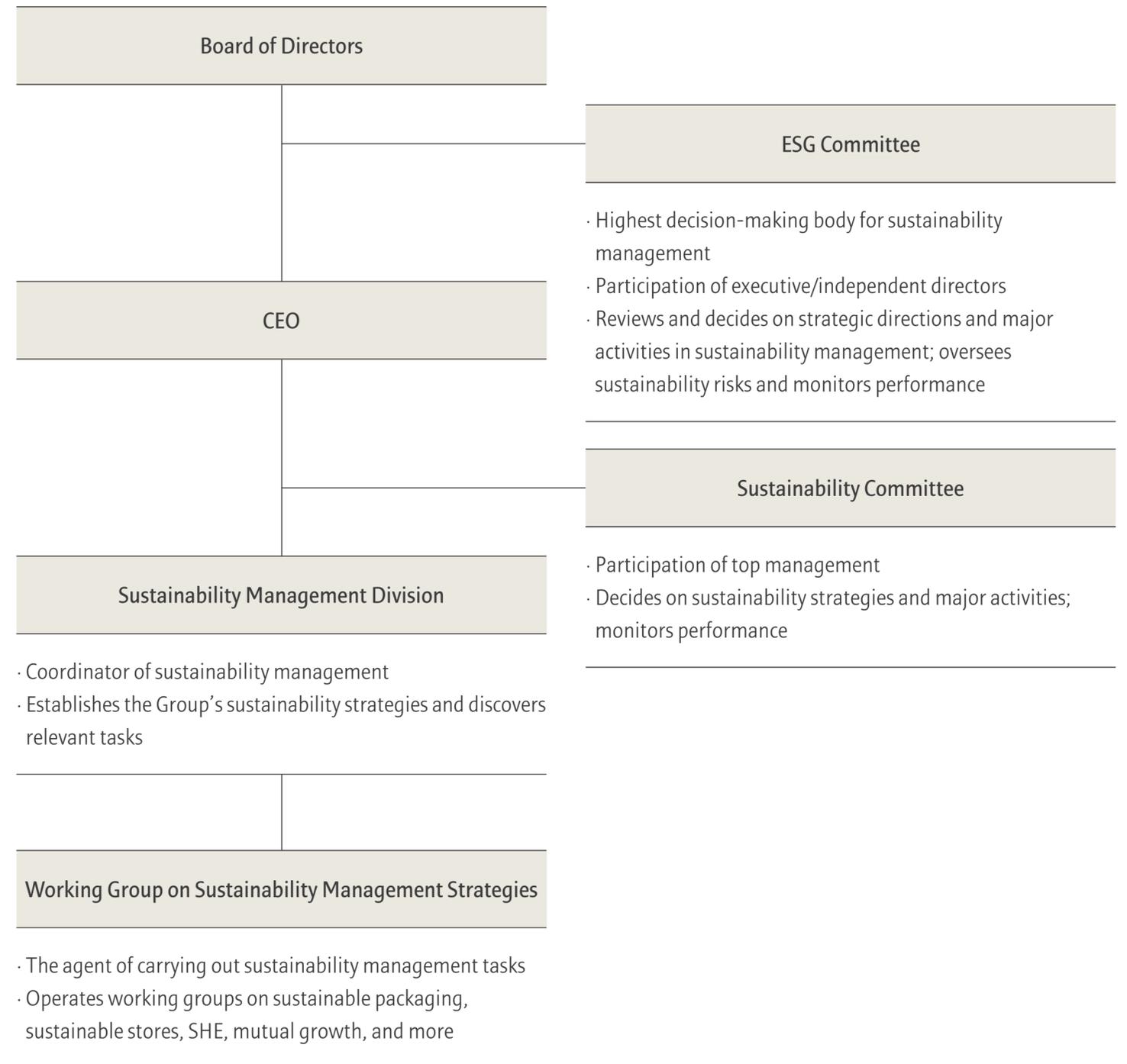
# Sustainability System

Amorepacific Group is establishing sustainability strategies and examining directions for the Group to move forward in the areas of the environment, society, and governance. As the highest decision-making body that reviews/approves performance, improvements, and selection of material issues related to sustainability management, as well as the publication of sustainability reports, the ESG Committee, which falls under the Board of Directors, actively carries out sustainability management along with its affiliated organizations.

## Sustainability Governance

Amorepacific Group has firmly established a sustainability system to oversee all matters related to sustainability management. After newly creating the Sustainability Management Division in 2018, the Group built more systematic strategies and strengthened working group activities with employees. By candidly making the outcome of sustainability management accessible to stakeholders in a transparent way, Amorepacific Group shares the value of sustainability that the Group pursues. In 2021, the Sustainability Committee was convened once, enhancing the execution of sustainability management by reflecting key indicators on remuneration for the performance of executives.

In April 2021, the ESG Committee was launched inside the Board of Directors as the highest decision-making body on sustainability. Through this mechanism, we supervised and responded to ESG risks that included external regulations, responded to communication with ESG-related stakeholders, established ESG strategies and detailed action plans, and monitored ESG-related implementation and responded with improvements. As of the end of 2021, the ESG Committee had met on two separate occasions. The main results of these meetings were that an ESG Committee chairperson was appointed and operation plans were established. Furthermore, its agenda dealt with reports concerning sustainability strategies and detailed goals for 2030, as well as ESG performance management measures and the Group’s response status to sustainable palm oil. The ESG Committee makes strategic decisions on sustainability and monitors the implementation of core tasks in cooperation with the Sustainability Committee, a management-oriented consultative body made up of top executives.



# Ethical Management

Amorepacific Group continuously reinforces policies and behavioral principles related to ethical management in an effort to spread its healthy corporate culture built on “Act with Integrity,” one of the principles under the ABC Spirit. In addition, the Group also conducts diverse campaigns, education, and surveys to instill ethical awareness and carry out its Code of Ethics for employees, all of which intend to realize its social and ethical responsibility as a corporate citizen.

## Policies and Regulations for Ethical Management

Amorepacific Group updates its business ethics and compliance guides to respond to changes in internal and external policies and regulations, while also preventing possible risks and regularly providing guides on them for employees. As such, the Group is preventing possible unethical and compliance risks by presenting specific behaviors that should be followed according to situations and jobs.

## Code of Ethics

The Code of Ethics is a set of practical guidelines that all of our employees are encouraged to follow in order for Amorepacific Group to enhance corporate transparency and fulfill its social and ethical responsibility as a corporate citizen. The Amorepacific Code of Ethics consists of content on caring about customers, respect for employees, management with integrity, harmonious growth, protection of company assets, and responsibilities as a corporate citizen. It presents a clear outline to all employees on the principles of judging right from wrong in work-related decisions and the standards of ethical behavior that they should observe in their private lives.

## Guidelines on Anti-Corruption and No Briberies [↗](#)

The Amorepacific anti-corruption policy aims to strengthen trust with stakeholders and continue to grow the company by maintaining the value of the very same integrity that has been upheld since its foundation. Implementation guidelines include prohibition of bribery, prohibition of receiving gifts and entertainment, prohibition of off-the-books payments for expediting the business process, and prevention of any conflict of interest. To prevent corruption and bribery, Amorepacific Group conducts regular education and campaigns, while also managing a bribery reporting system and an approval process for gift certificate purchase and use. At the same time, it operates an Ethics Hotline so that employees and stakeholders can consult and report on related matters. Finally, the Group continuously keeps a sharp eye on suspicious activity connected to corruption through internal audit activities.

### Work Ethics Guide

As a sub-regulation of the Code of Ethics, the Work Ethics Guide aims to create a sound corporate culture and establish ethical management by highlighting ethical behavior examples and work standards that employees of Amorepacific Group should comply with in all basic job areas. This includes creating a sound work culture, complying with laws and social norms, and the prohibition of corruption and devious conduct carried out in self-interest.

### Conduct Guide

This guide describes specific actions to implement the Code of Ethics and work ethics in detail, and serves as a promise that all employees should voluntarily uphold.

#### Sexual Harassment Prevention Guide

This conduct guide is related to the prohibition of sexual harassment, one of the most important ethical issues to observe as a member of Amorepacific Group.

#### Workplace Harassment Prevention Guide

These guidelines are meant to be followed in order to create a sound organizational culture in which members respect one another while complying with all laws and regulations at the same time.

#### Social Media Activities Guide

A guide to the essential legal and ethical standards of conduct that members of Amorepacific Group should be aware of in their work and personal areas with respect to the increase in social media activities for individuals and businesses.

### Live Broadcasting Guide

This set of guidelines for basic compliance and ethical marketing activities is directly connected to sales activities of products using digital media.

#### Conflict of Interest Prevention Guide

When selecting business partners, personal interests should be disclosed and related tasks should be fairly performed by avoiding any conflict between the company's interests and individual interests.

#### Corporate Secrets Protection Guide

In an effort to protect and manage critical internal information to help keep the company competitive, this guide contains all the necessary business procedures for employees to ensure they keep corporate secrets safe.

#### Guide for After-work Dinner Culture

These guidelines help to clearly establish values that distinguish work from one's private life by creating a healthy culture of after-work dinners and to prevent unethical problems that may arise from excessive drinking.

#### Gentle AP Guide (against Power Trips)

There are several key basic business manners which should be followed when collaborating with business partners, including suppliers and clients.

### Reinforcement of Ethical Awareness

#### Education

To enhance employees' ethical awareness, Group-wide online education has been implemented based on the Amorepacific Code of Ethics. In 2021, the Group reinforced online education in three sessions: basic ethics, work ethics, and compliance practices. Furthermore, education sessions on ethics were conducted for new employees and expats, while ethics education based on our social media activities guide was given for those in charge of in-house video content and YouTube content.

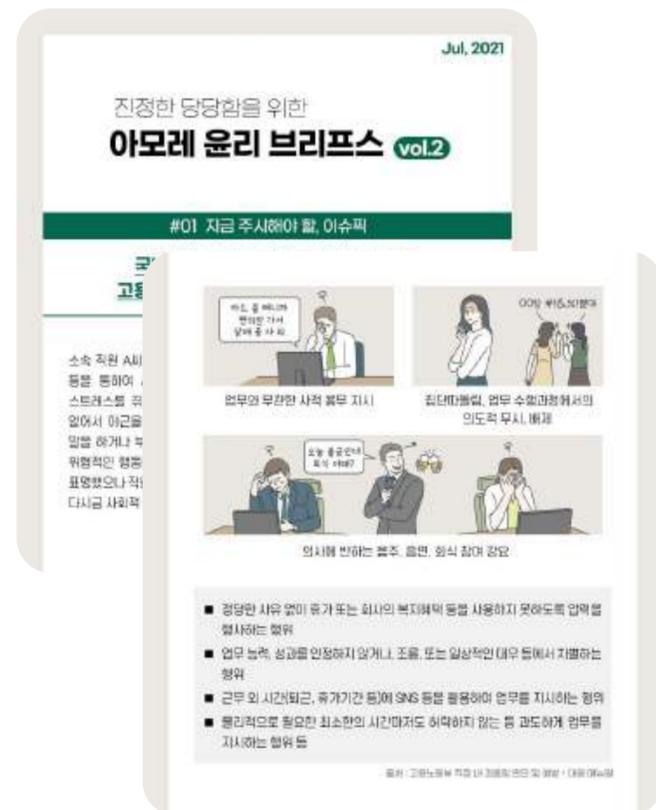
- Completion Rate of Online Ethics Education 92%
- Participation Rate of Pledge for Business Ethics 100%

#### Campaign Activities

In order to continuously inform and communicate the direction of ethical management and ethical conduct, we carry out business ethics campaigns on a constant basis. Leading examples include our no gift sharing campaign to eradicate the reception of unnecessary gifts, a guide for an appropriate culture of after-work dinners, and guides to prevent sexual harassment at work and to enable mutual respect among employees.

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 Workplace, an in-house communication channel. In 2021, we shared content based on internal and external trends and actual cases by dealing with personal information protection, sexual harassment at work, and workplace harassment, raising the ethical awareness of our employees and preventing unethical behavior from happening again or at all.



Amore Ethics Briefs: Our corporate ethics newsletter

Communication with Overseas Subsidiaries

As part of our initiative to improve the ethics of overseas subsidiaries and prevent external risks globally, we conduct corporate ethics programs at home and abroad. We have a firm three-year plan in place to establish a three-step process of recognizing, spreading, and firmly establishing corporate ethics from 2021 to 2024. In 2021, we selected subsidiaries in Singapore, Malaysia, Thailand, Indonesia, Vietnam, Australia, the Philippines, India, the Middle East, and China, and then began carrying out this program for recognizing the Code of Ethics to prepare a global ethics management system. To this end, we shared the progress we made with corporate ethics in 2021 and encouraged employee participation through our Corporate Ethics Letter, which was sent directly to every employee in each specific country by the head of each subsidiary. In addition, through an online ethics pledge, each employee directly confirmed their adherence to the Code of Ethics and pledged to implement the Code of Ethics. We also conducted various programs to further this initiative, such as corporate ethics campaigns dealing with major agenda and customized training for overseas subsidiaries.

Completion Rate of Online/Offline Education and Participation Rate of Pledges for Ethical Management at Amorepacific China

90%

Reporting Process for Unethical Management

Amorepacific Group has an Ethics Hotline, an official website for stakeholders to request ethical management consultation and report unethical incidents, and operates a systematic reporting and handling procedure through contacts for different issues, such as sexual harassment at work and workplace harassment and through emails from related departments. In addition, we share our content with employees to prevent similar cases that have already been reported from recurring.

In 2021, we set out to investigate 100% of the 33 reports received, including sexual harassment at work and workplace harassment, private use of company assets, and violation of work processes. As a result, heavy punishment or light disciplinary actions were meted out in a total of 13 cases.

Reporting of Unethical Conducts by Stakeholder Group

(cases)

Clients	Suppliers	Employees	Customers	Others	Total
2	2	15	2	12	33

Measures about Reported Unethical Conduct

(cases)

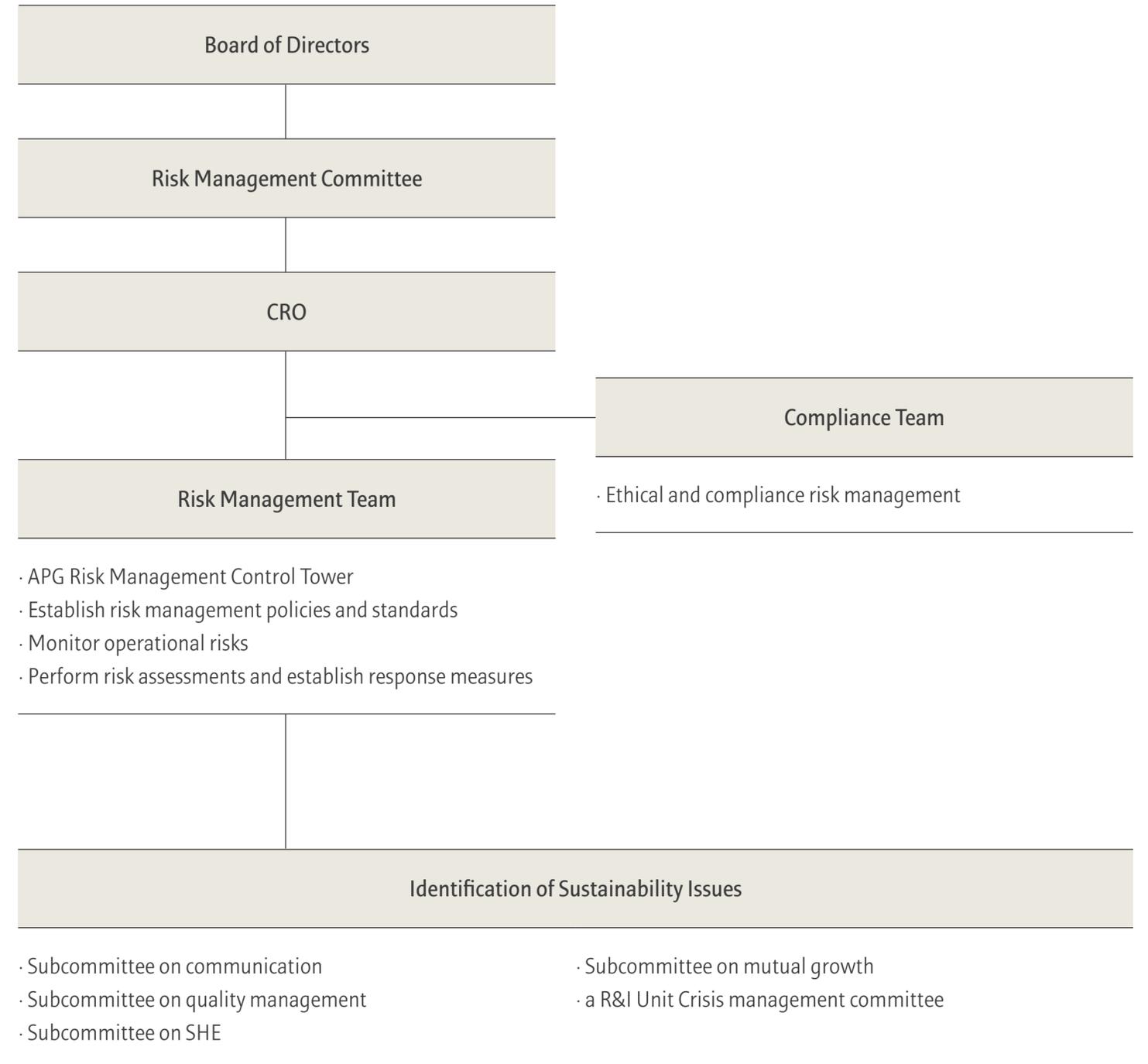
Category	Reported Cases	Results of Measures		
		No violation	Light disciplinary action	Heavy punishment
Sexual harassment/Workplace harassment	8	5	1	2
Private use of company assets	7	1	5	1
Violation of work processes	7	5	1	1
Unfair transactions with suppliers/Reception of gifts	4	3	-	1
Abnormal distribution and copyright violations	3	3	-	-
Violation of outside work/Absenteeism and tardiness rules	3	2	-	1
Other failures to comply with ethical standards	1	1	-	-
<b>Total</b>	<b>33</b>	<b>20</b>	<b>7</b>	<b>6</b>

# Risk Management

## Risk Management Organizations

Amorepacific Group has an effective risk management system to respond to various risks, such as fast-changing domestic and global political and economic conditions, fluctuating business environments, increased influence of social media that includes social networking services and blogs, and heightened expectations of stakeholder demands. The Risk Management Team communicates with subcommittees on each issue, undertakes potential risk prevention activities, and carries out early response measures to actual risks. To allow prompt decision-making and maintain stable business operations, we formed a Group-wide Risk Management Committee that consists of executives. Since the possibilities and impact of global risks continue to increase, Amorepacific Group established an advanced risk management system at its overseas subsidiaries. In the future, Amorepacific Group will build a solid foundation for sustainable growth by gradually upgrading the risk response systems of overseas subsidiaries.

Upon identifying the financial and non-financial risks that may arise from its management activities and defining the potential risks that are expected to have a significant impact on its business, Amorepacific Group then responds as necessary. We identify possible risks at all business sites and respond closely through management organizations to minimize their impact on our business.



**Risk Management Process**

The risk management system of Amorepacific Group is operated based on the following keywords: precaution, response and recurrence prevention.

**Risk Detection and Prevention**

Based on an analysis of internal and external environments, we prioritize high-impact, high-potential risks and establish a detection system by which we can proactively respond to key risks by identifying their causes.

**Risk Response**

Risk managers in each division monitor and report risks pertaining to their division. A unified system enables prompt decision-making and an immediate response in the case of risks.

**Risk Diagnosis and Prevention of Recurrence**

By following all risk scenarios and risk management policies, we minimize the impact of risks. We also prevent recurrence of those risks by analyzing their causes. The Risk Management Team provides training on the risk management system on a regular basis and carries out various campaigns to establish a healthy and effective risk management culture throughout the company.

**Risk Response Activities**

To effectively manage risks, Amorepacific Group categorizes risks identified through its risk management process into the following six categories, and separately manages factors that may potentially have a significant impact on the company’s reputation as well as ethical and legal matters.

**Market Risks**

- Increased global regulations on safety and environment
- Diversification of customer needs
- Increased possibility of major disasters and natural calamities

**Product Risks**

- Increased importance of managing product safety and harmful materials
- Measures to prevent any recurrence of a customer complaint

**Supply Chain Risks**

- Increased importance of demand prediction and timely supply management in accordance with changes in the market environment
- Fluctuations in the supply environment of raw materials due to external influences
- Risk of safety accidents

**Sales & Distribution Risks**

- Increased need for efficient management tailored specifically to each country
- Responses to changes in the regulatory environment of each sales and distribution channel
- Higher distribution costs due to inflation

**Privacy Protection Risks**

- Further digitalization of Amorepacific’s customer services
- Strengthened laws and regulations related to privacy

**Reputational Risks**

- Risks that can have a hugely detrimental impact on the company’s reputation

**Managing Major Emerging Risks**

Amorepacific Group is aware of the various potential risks that may arise in the course of running a cosmetics business and is committed to proactively responding to these risks.

**Increased Export Costs Due to the Adoption of Carbon Border Tax by Country**

**Emerging Risks** The new environmental economic systems to overcome the climate crisis is increasingly being adopted worldwide. Among these systems, the carbon border tax is one that requires products from countries with low carbon emission regulations to purchase carbon emission rights for carbon emissions generated during the production process, as well as pay with other taxes. 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, Korea is expected to have an additional \$1 billion or more a year of this tax imposed on it. As of 2021, Amorepacific Group exports products to numerous countries in Asia, Europe, and North America, and there is concern that price competitiveness may worsen due to increased production and export costs when this carbon border tax is applied.

**Mitigating Actions** In order to preemptively respond to climate crisis-related regulations in areas such as the EU, Amorepacific Group intends to strengthen its environmental assessment of its products. In 2021, Amorepacific Group was the the first Korean company to participate in the EcoBeautyScore Consortium, a group made up of global cosmetics companies and professional associations, and is jointly developing environmental assessment methods and scoring systems for cosmetics. As we move forward, we will adopt methodologies developed through the consortium to measure the environmental footprint of products and develop and apply technologies that reduce the environmental impact of each product.

**Customer Changes According to Changes in the Population Structure**

**Emerging Risks** Korea is experiencing rapid demographic changes with the acceleration of its low birthrate and aging population. These demographic changes have led to a decrease in the natural population and the working population, and are likely to cause a low growth trend in the overall population in the future. In the case of the Japanese market, which is already dealing with an aging society, both the overall sales volume and amount of shampoo have been gradually decreasing over the past decade. In response to changes in the population structure (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 ways to change its business model and respond prudently to the issues.

**Mitigating Actions** Amorepacific Group is working on ways to strengthen its business competitiveness in markets where low birthrates, aging populations, and population decline will 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 which take into account individual skin and health conditions as well as a person’s own preferences.

**Global Supply Chain Disruptions Due to Conflicts between Countries**

**Emerging Risks** Global supply chains are intertwined in a very complex structure which can significantly impact corporate management if conflicts between countries disrupt certain supply chains. Customs clearance may be delayed if the import of raw materials is disrupted due to conflicts between countries, and have an especially big impact on our company in situations where we highly depend on the import of raw materials from a certain country. Amorepacific Group imports raw materials and packaging materials from a wide variety of supply chains and expects a significant negative impact on its profits and losses if the production and distribution of those supply chains are disrupted.

**Mitigating Actions** To resolve issues caused by 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 raising the level of our reserve inventory of raw materials. In addition, we are seeking to diversify our supply chain by raw materials while adapting to the global situation at the same time. Whatever the case may be, we minimize and manage potential risks related to the supply chain of raw materials by identifying items with potential regulations and the degree of their risk by manufacturer as well as current trends associated with these factors among countries.

# Tax Payments

Amorepacific Group complies with the tax laws and systems of each country in which it enters and honors all payments required of it. We recognize that compliance with tax laws and tax risk management are important elements of our contribution to national finance and corporate ethics management, not to mention essential conditions for sustainability. Amorepacific Group is fulfilling its taxpayer obligations in response to the taxation principles of each overseas subsidiary and building a cooperative relationship of mutual trust with taxation authorities.

## Tax Payments

Amorepacific Group pays its fair share of taxes transparently by complying with the Commercial Act and all laws and regulations concerned with taxes in Korea as well as all other jurisdictions in which it operates. Furthermore, we are committed to fulfilling all our tax-related obligations. In particular, we have adopted a reasonable transfer policy in global transactions with foreign companies that is in line with all domestic tax laws and OECD Guidelines. Also, we do not utilize tax structures for tax avoidance and do not transfer value created to low tax jurisdictions. What is more, pursuant to the Base Erosion and Profit Shifting (BEPS) Action Plans for the prevention of tax evasion of multinational companies, we submit an annual BEPS report (Master file, Local file and Country by country report). Through these activities, the headquarters and overseas subsidiaries are committed to fulfilling their obligations to pay their taxes in full compliance with the relevant laws and regulations. For important tax reporting affairs or any ambiguity in interpreting tax laws, the company receives consultation from external professionals, such as accounting firms, for best response measures and how best to minimize tax-related risks in advance.

We neither employ a tax structure that has no commercial practicality nor abuse the differences and loopholes in the tax systems between different countries to unreasonably reduce our tax liabilities. We legally allocate taxable income depending on values generated in each country where we operate our business. Specifically, we prohibit the transfer of values, including intangible or financial assets, to any region with a questionable tax jurisdiction, such as those with low effective tax rates. We also stringently restrict the use of tax havens. Finally, we examine these rules through the Board of Directors and closely monitor the status of all tax payments associated with the company.

## Amorepacific Tax Payment Status<sup>1)</sup> (million KRW)

Category	2020	2021
Earnings before Tax <sup>2)</sup>	25,293	297,877
Reported Taxes	3,424	117,020
Cash Taxes Paid	104,118	17,546

1) The difference between reported taxes and cash taxes paid has to do with specific matters such as M&A or requests for correction. In the Audit Report's Consolidated Statements of Financial Position, see the Consolidated Statements of Comprehensive Income and the Consolidated Cash Flow Statement.

2) Net income before tax expense

## Tax Payment Status by Tax Jurisdiction<sup>3)</sup> (million KRW)

Category	Income Taxes Paid
Korea	35,087
China (Mainland)	9,069
Vietnam	749
Malaysia	587
Japan	552
Thailand	464
USA	410
India	3

3) Excerpts from the Country-by-Country Report (CbCR) is mandatory to submit once a year to the National Tax Service in accordance with the Adjustment of International Taxes Act (as submitted in 2021). There were no unpaid corporate taxes, except for corporations whose tax payment date had not arrived yet.

# Sustainable Products and Value-oriented Consumption

In order to expand the development of sustainable products, Amorepacific Group revised its Sustainable Product Development Guidelines in 2019 and defined a total of 21 sustainable product types. Based on this, research and development, marketing, design, and packaging development sectors discuss ways to ensure product sustainability, right from the early stages of product development planning, and apply them to new products.

## Sustainable Product Management

### Product Lifecycle Assessment

Amorepacific Group measures the environmental impact throughout the entire process, from the extraction of raw materials and processing through to the product's manufacture, distribution, and use all the way to its recycling or final disposal. Based on the results, we are working hard to expand the management of the entire product lifecycle to improve our products in a direction of reducing the environmental impact. Sulwhasoo Essential Comfort Balancing Water and Sulwhasoo Essential Comfort Balancing Emulsion obtained Product Carbon Footprint(PCF) certification, which verifies that the product's carbon footprint has been measured and that the brand is working to reduce carbon emissions, while LANEIGE's Water Bank product line obtained Carbon Trust Product Water Footprint (PWF) certification from the Carbon Trust in the U.K.

### Goals and Achievements in the Sustainability of New Products

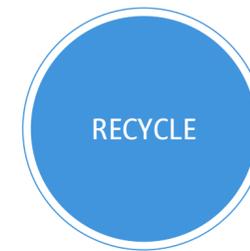
As a consumer goods company, Amorepacific Group works hard to fulfill its responsibility in minimizing the negative environmental impact of product consumption, increase the positive social impact, and help customers contribute to solving environmental and social problems through consumption. Amorepacific set a goal of implementing at least one aspect of sustainability for 100% of its new products by 2030. In 2021, 88.0% of Amorepacific brands' new products and 73.8% of Amorepacific Group brands' new products realized one or more sustainability attributes.

## Environmental Improvement of Packaging Materials

Amorepacific Group makes every effort to build a virtuous circle system of packaging by minimizing unnecessary plastic consumption and promoting the recycling and reuse of plastic packaging.



- Replace plastics with other materials
- Remove unnecessary plastics
- Use lightweight plastics
- Develop new types of packaging
- Expand the application of reuse models for containers



- Design packaging materials with a higher recyclability rate
- Expand recycling and the use of bio-plastics
- Improve quality competitiveness of recycled plastics through cooperation in and between industries
- Qualitative and quantitative growth of reverse collection of containers through the GreenCycle campaign

## Products with Less Environmental Impact

### Sustainable Paper Packaging

Amorepacific Group uses FSC-certified paper and paper made from plant by-products to produce paper boxes used in the secondary packaging of products. Our brands, including Sulwhasoo, LANEIGE, Mamonde, HERA, primera, IOPE, and HANYUL, use FSC-certified paper in more than 338 products. primera actually uses boxes made from sugar cane bagasse for the brand's new product, Prime Recovery Double Capsule Serum, while innisfree uses boxes made from green tea by-products and recycled pulp for its new products, including Black Tea Youth Enhancing Skin.

### Improving the Resource Efficiency of Packaging Materials

Amorepacific Group is now using recyclable, plant-based plastic or plastic materials that include recycled raw materials for the production of plastic packaging. In 2021, the Group used plant-based plastic in a total of 11 new products for brands such as mise-en-scene, Mamonde, and ETUDE. In addition, we improved resource efficiency by applying recycled plastic to over 25 products for brands including HAPPY BATH, IOPE, primera, and innisfree.

### Products Applied with a Low-energy Emulsification Method

When manufacturing emulsified products, Amorepacific Group defines products that reduce energy use in the heating and cooling process of water and oil parts by more than 20% compared to the general process as products applied with a *low-energy emulsification method*. In 2021, 26 new products were manufactured with a low-energy emulsification method.

### Sustainable Palm Oil

Amorepacific Group is deeply aware of the environmental issues caused by the reckless cultivation of palm plantations. Through compliance with the RSPO certification system, we support the use of sustainable palm oil and continue to purchase more sustainable palm oil without damaging forests. In 2021, about 41.7% of the palm-derived raw materials used by Amorepacific Group were purchased as RSPO-certified raw materials. Also, we are planning to have 90% of our primary commodities be RSPO-certified raw materials by 2023.

### Declaration to Ban Animal Hair Brushes

On January 1, 2022, Amorepacific Group established a policy to ban the use of natural animal hair brushes and stopped all new production and orders for the products. This is a policy to reduce animal pain and abuse caused by the development of products that utilize natural animal hair, and it has been applied to all our products, such as embedded brushes and promotional brushes, as well as brush-only products.

### VITAL BEAUTIE's FSC Certification Mark and Eco-friendly Perforated Lines

VITAL BEAUTIE, an inner beauty brand, attached FSC certification marks to packages of some items using FSC-certified paper, and always strives to extend the certification to all its products. At the same time, it has reduced plastic usage by changing the container size of its core product, Meta Green, to a smaller size than previously used. On top of reducing the size of the container, eco-friendly perforated lines were applied to the product packaging to enhance the ease of separation and discharge.

### OSULLOC's Refill Service and Eco-Friendly Products

The tea brand OSULLOC provides refill services in small quantities for its loose leaf tea products at OSULLOC Teahouse Bukchon in order to reduce plastic usage. Furthermore, in collaboration with Hansol Paper, the brand's materials for loose leaf tea pouches have been changed from conventional aluminum to paper and biodegradable resin. OSULLOC is working hard to fulfill its responsibility in coping with climate change by converting disposable materials used in stores from plastic to paper, and using recycled plastics in product containers.

### Vegan-certified Products Released through CUBE ME

The inner beauty brand CUBE ME has launched vegan-certified products to prevent the reckless use of animal ingredients and animal testing. CUBE ME Diet line products gained vegan certification by using 100% plant-based ingredients and excluding any animal testing. CUBE ME will also go through the vegan certification process for its Waterplus line and make efforts to invigorate vegan-oriented marketing.



HANYUL Eco Pouch Set

### HANYUL Releases an Eco Pouch and Beneficial Container

HANYUL, a brand that conveys the benefits of nature to skin and one's daily life, launched an Eco Pouch set in collaboration with the travel wear brand RAWROW. Instead of a box, we put the products in a pouch made of recycled yarn so that customers can continue to use the pouch when traveling. Moreover, HANYUL is continuing with its sustainability activities by releasing a "beneficial container" that has reduced plastic usage by 93.5% and donating some of the profits from the sale of this product to the World Wide Fund for Nature (WWF) Korea headquarters.

### Improved HAPPY BATH Containers and Pumps

The total body care brand HAPPY BATH strives to reduce its environmental burden by using easy peel shrink film, making it easy to sort and discharge product containers, and applying plant-based plastics. Specifically, zero-metal pumps and recycled plastic containers were applied to all five bestselling Essence Body Wash line products so that customers can participate in eco-friendly consumption just by using the products. HAPPY BATH will continue to apply recycled plastics and vegan certification procedures to new products released in the future.



HANYUL's Beneficial Container

**Products with a Greater Social Impact**

**Using Raw Materials from Beautiful Fair Trade Agreements**

Amorepacific Group pursues mutual growth with local communities by using raw materials purchased through “Beautiful Fair Trade” agreements and creates products with locally produced ingredients. In 2021, a number of Amorepacific Group’s brands, including Sulwhasoo, Amorepacific, IOPE, HANYUL, and Mamonde, used ingredients purchased through the Beautiful Fair Trade program for 26 new products. By using trustworthy ingredients, Amorepacific Group has clearly demonstrated to customers not only the range of its high-quality products but also how it contributes to local communities through fair and proper trade.

**BeREADY: Save the Heroes**

BeREADY, Amorepacific’s makeup brand for men, has continued with its Save the Heroes campaign to look for hidden heroes in society who face uniquely challenging difficulties, donating 5% of the brand’s sales profit. In 2021, we donated special rescue equipment to the Gangwon Fire Headquarters’ mountain rescue team, as Gangwon-do has higher mountains than other provinces in the country and has a higher number of rescue operations every year. In addition, BeREADY is working with STROL (a select shop for men) to promote a positive perception of the brand by releasing campaign merchandise inspired by mountain rescue equipment. BeREADY will strengthen its identity as a makeup brand by enhancing the relationship between campaign activities and makeup in the future.



BE READY merchandise vending machine

**Spreading Value-oriented Consumption by Brand**

**LABO-H and Olive Young Beauty Cycle Campaign**

The scalp skincare brand LABO-H is committed to building a sustainable relationship between customers and brands through brand activities that take into account both the environment and ethics. In 2021, LABO-H participated in the health and beauty store Olive Young’s empty bottle collection campaign as a pilot brand project. LABO-H strengthened its brand awareness as a clean beauty brand by collecting empty bottles at Olive Young’s 29 major stores nationwide.

**AESTURA’s Support for Medical Staff Related to COVID-19 and a Communication Platform**

Dermacosmetics brand AESTURA donated 10,000 units of its ATOBARRIER cream and lotion to care for skin barrier damage caused by the long-term wearing of masks by medical staff working at COVID-19 screening clinics. Based on 3,000 clinic and hospital clients that serve as precious partners for the brand, AESTURA also provided a digital platform where dermatologists and customers can communicate, providing a communication experience to consult on and solve their skin health concerns. AESTURA will continue to expand interactive communication opportunities between customers and doctors to secure AESTURA’s differentiated brand identity.

**innisfree Upcycling Store Renewal and Empty Bottle Collection Campaign**

The eco-conscious beauty brand innisfree has been conducting an empty bottle collection campaign to gather used cosmetic containers, recycle them, and provide beauty points to customers who participate in the activity. Over the past 11 years, approximately 33 million bottles

have been amassed through the campaign, totaling 1,105 tonnes of plastic and glass materials. This is equivalent to planting 10,157 pine trees and reducing carbon dioxide by 1,418 tonnes. What is more is that the campaign was reorganized by introducing an “empty bottle frequency” program to the campaign in 2021. For its part, innisfree renewed its “upcycling store,” which provides customers with a variety of sustainable experiences. In fact, the brand allows customers to watch the entire process of upcycling production and conducts classes on the subject of sustainability in which they can directly participate.

**primera’s Campaign to Contribute to a Virtuous Circle**

The clean beauty brand primera is running a Love the Earth campaign designed to protect ecological wetlands. Celebrating the 10th anniversary of the campaign in 2021, primera released a limited edition item in collaboration with Nukak, an upcycling brand. The item includes a DIY kit with which you can make your own card holder using the waste banners included in the kit. The campaign saved approximately 1.2 tonnes of carbon emissions and donated part of the product sales profit to protect ecological wetlands. Furthermore, primera has run its Let’s Love campaign since 2013 to support the dreams of girls who live in less advantageous conditions in India’s Jamui district. Using part of the profits from the sales of primera’s Mango line products, mango saplings are donated to families with girls for their income generation. primera strives to exert a positive influence right from the stage of purchasing raw materials.

# Implementing a Great Workplace

Amorepacific Group provides a wide range of education and improves organizational culture in line with the changing times in order to support the development of employees' competencies and enhance their work engagement. We always aim to do our utmost in creating a sustainable working environment with efficient working methods, fair performance assessments, and customized support mechanisms for employee's well-being.

## Employee Education and Training Status

To enhance the competencies of all employees, Amorepacific Group offers a variety of educational programs. We will continue to carry out various programs to strengthen leadership, secure global competitiveness, promote our corporate culture, and reinforce professional job competency.

### Strengthening Leadership

Amorepacific Group offers training programs to help all employees better understand the Group's business and value while gaining leadership experience at the same time. Specifically, we provide information on internal and external trends and business insights through our AP Sikgam (Amorepacific Knowledge and Sense) program by inviting speakers to deliver lectures. As such, we have laid the foundation for every employee to grow into a professional leader. What is more is that we conduct leadership reinforcement programs for employees with numerous roles, including new employees and new team leaders, to create a culture in which in-house members can cultivate their own competencies and continue to grow.

### Training Cost and Hours per Person (Domestic)

Category	Amorepacific Group			Amorepacific		
	2019	2020	2021 <sup>1)</sup>	2019	2020	2021 <sup>1)</sup>
Training Cost per Person (10,000 KRW)	67.5	60.1	36.2	71.4	68.5	38.0
Training Hours per Person (Hours)	53.6	65.5	30.0	56.7	71.4	33.7

1) Due to the transition to non-face-to-face education because of COVID, education investment costs decreased while actual education hours also decreased under the influence of modularized curriculums.

## Strengthening Professional Job Competency

Based on the principle of working around the needs and wants of customers, Amorepacific Group supports all employees so that they work based on a clear understanding of customers.

In particular, we operate training programs to strengthen the capabilities of employees in marketing, sales, and beauty jobs that are directly related to the face-to-face customer experience. In 2021, the Group carried out a Customer Data Analysis for Marketers course and a Creating Customer Value through Sales Storytelling course, allowing employees to choose which—or both—of the courses they wanted to take and learn from autonomously.

Amorepacific Group will continue to expand training programs that enable its members to become experts in their respective jobs and create new business value in the process.

### AP Beauty Academy

Amorepacific Group provides practical beauty professional training tailored to the needs of its employees and helps improve their beauty capabilities. Thus, the AP Beauty Academy provides new beauty education for Amorepacific employees based solely on the meaning of beauty and education as pursued by Amorepacific as well as business area analysis. This training provides all the beauty-related content and practical knowledge and skills that can be applied directly to work. AP Beauty Academy members are provided with customized courses by beauty professionals inside and outside the company and can experience myriad learning processes through online/offline learning units and Course Kit classes.

## Strengthening Digital Competency

In an effort to strengthen its employees' digital competency to respond to the rapidly changing online market, Amorepacific Group is equipped with rigorous training courses. By offering basic courses that can be applied to concepts and work practices successively, we have increased learning effectiveness. In addition, courses in different areas, such as SNS advertising, search engine strategy establishment, and UX/UI, are opened every month for a wider choice of subjects. Moving forward, Amorepacific Group will adopt a content provider (CP) that reflects learners' needs and trends in the future to provide more diverse learning content.

### AP+ Digital Academy Overview

Amorepacific Group operates an annual AP+ Digital Academy to enhance the digital capabilities of all its employees, including digital workers, and offers different kinds of courses that directly help them at work.

Level	Target	Program	Course Title		
Leading	Digital workers	BIZ +	Online/Offline Study Groups for Strengthening the Digital Business		
		Work +	GA utilization	Excel utilization	
Digital service planning	R utilization				
Advertising on Facebook & Instagram	Understanding R				
Planning/Producing video content	Python utilization				
Applying	All employees	Capability +	Almost 550 online courses, including IT programming, UX, UI, digital marketing, work process automation (Inflearn.com)		
			Marketing Capability +	Sales Capability +	Data Analysis Capability +
			Customer-oriented strategies	e-Retail	Data analysis to verify effectiveness
			Content optimization	Influencers	Data analysis to forecast the future
Understanding	All employees	Capability +	Omni-channels	e-Commerce	Basic data concepts
			⋮		

### Organizational Culture

Since the re-announcement of corporate values being focused on implementation in June 2020, the Group has tried various internalization activities to establish the ABC Spirit as Amorepacific’s signature way of working. In a bid to strengthen employees’ awareness of the ABC Spirit and have them put it into practice voluntarily, we focused on everyday experience and practical changes through the ABC spirit to enable step-by-step understanding and expand each employee’s experience related to this very same spirit.

### Strengthening ABC Spirit Awareness

We have spread our understanding of the ABC Spirit by position—from individual employees to team leaders right through to executives—and established the principles of working for each unit. To be more specific, through our unit culture session, we have strengthened the relationship between our business and the ABC Spirit, while also creating an environment for everyone to put the ABC Spirit into practice. The ABC Spirit Practice Guidebook, titled Connection, was produced for employees to use at any time, and through a session led by a team leader (88% participation), members’ understanding of the ABC Spirit was enhanced and team-unit principles of working were firmly established. Amorepacific will continue to expand ABC Spirit education and experience programs to help discuss ways to develop its organizational culture.

### Expanding Daily Experiences Related to the ABC Spirit

We have developed several participatory programs to spread the ABC Spirit culture. Designed to provide a venue for communication, the ABC Spirit Journey is a series of campaigns that provides opportunities for employees to easily participate in through their daily activities and to share the principles of the ABC Spirit with others. We also run AP Pride, a praise system between employees to constantly recognize leading ABC Spirit practitioners, and have launched a program called HAY (How About You?), which is a meeting of employees to communicate their thoughts and experiences as they practice the ABC Spirit. At the meeting in 2021, participants took part in a discourse on the theme of “Accepting and Respecting Differences.” Later, in December, we held an ABC Spirit Awards ceremony and selected the winner of the Best Empathy Award for the year.

**Engagement Survey**

Amorepacific Group is focused on enhancing value-based engagement by regularly assessing employees' work engagement status. The existing engagement survey has been revised into a Culture Survey to assess not only work engagement of employees but also the internalization level of the ABC Spirit practice. Based on these results, each unit develops and operates its own organizational culture improvement program.

**Engagement Survey Process**

Category	Description
<a href="#">Survey Model Revision</a>	Focused on key factors that are influential in engagement and can be improved by leaders in the workplace  Changed the survey target from "company" to "employees" to directly assess the emotional state of employees
<a href="#">Culture Survey Implementation</a>	Strengthened the link between engagement and organizational culture by assessing the level of internalization of the ABC Spirit practice  Survey on full-time employees who have worked for more than two months at any of the Group's global subsidiaries  Implementing a culture session for leaders to discuss feedback and improvement issues based on survey results by unit  Providing improvement solution guides and organizational development programs
<a href="#">Pulse Check Implementation</a>	Rapid detection of changes in employees' awareness with key indicators and issue areas of a regular survey  Monitoring and feedback on the effectiveness of organizational culture improvement activities

**2021 Engagement Survey Results**

As a result of the Engagement Survey in 2021, the response rate of employees increased by 5% over the previous year, to 79.4%, and the engagement rate increased by 2.4% over 2020, to 45.5%. The percentage increased both at home and abroad. A careful analysis revealed that the company's strengthening of communication with and care for employees during the COVID-19 pandemic played a positive role in the increase.

**Engagement Survey Results**

Category	2019	2020	2021
<a href="#">Amorepacific Group</a>	45.5	43.1	45.5
Women		40.4	43.1
Men		48.2	49.7
<a href="#">Amorepacific</a>	41.5	37.5	39.0
Women		34.1	35.3
Men		43.7	44.7

**Fair Performance Assessment**

Amorepacific Group set the direction of change and adopted a new personnel system in 2021 to support its employees with working methods based on the ABC Spirit. For performance management, we broke away from the traditional result-oriented personnel system, making it more flexible and practical to focus on improving performance and developing competencies based on feedback from other employees.

**Support for Health and Well-being**

Category	Key Programs
<a href="#">Stress Management</a>	<ul style="list-style-type: none"> <li>· AP-Severance Clinic: Autonomic nervous system testing (stress test) and mental health clinic</li> <li>· Happy Life Consulting: Psychological counseling services operated both through meetings and calls</li> </ul>
<a href="#">Healthy Working Environment</a>	<ul style="list-style-type: none"> <li>· Management of lighting, noise, air quality, humidity, and temperature to create an ergonomic working environment</li> </ul>
<a href="#">Physical Health Training</a>	<ul style="list-style-type: none"> <li>· In-house fitness centers and healing facilities</li> </ul>
<a href="#">Supporting the Health of Employees</a>	<ul style="list-style-type: none"> <li>· <b>AP-Severance Clinic</b></li> <li>· General practice, gynecology, and otolaryngology</li> <li>· Vaccination, nutrition counseling, and physiotherapy and manipulative therapy facilities for musculoskeletal treatments</li> <li>· <b>Post-examination care service for employees with potential health risks</b></li> <li>· Follow-up healthcare through the AP-Severance Clinic and local healthcare institutions</li> <li>· Participation rate of employees with potential health risks in the post-examination care service: 30.8%</li> </ul>
<a href="#">Flexible Work</a>	<ul style="list-style-type: none"> <li>· A system in which working hours are allocated by individual employees autonomously within an average of eight hours a day on a monthly basis</li> </ul>
<a href="#">Remote Work</a>	<ul style="list-style-type: none"> <li>· A system whereby each unit freely designs remote work standards after considering different work characteristics and working environments to ensure the safety of its members as a result of the pandemic brought on by COVID-19</li> </ul>
<a href="#">Part-time Work</a>	<ul style="list-style-type: none"> <li>· Working hours can be reduced for family care, self-health, retirement preparation, and study (15-30 hours per week)</li> </ul>
<a href="#">Lactation Spaces</a>	<ul style="list-style-type: none"> <li>· Installation of a lactation space inside the women's lounge at each business site</li> </ul>

**Types of Individual Performance Assessments for Amorepacific Employees (%)**

Category	Rate
Rate of Goal Setting	99.5
Rate of Multi-source Assessment	75.2
Comparative Analysis between Same-level Positions	47.1

**Support for Pregnant Women and Parents**

Amorepacific Group operates a Care for Expectant Moms program to create a working environment better suited for pregnant women. The program promotes shortened working hours, prenatal testing during working hours, and compliance with avoiding excessive working hours. The program also provides ergonomic chairs, footrests, and radiation shielding blankets to help relieve any physical discomfort pregnant women may be feeling, as well as stretch mark creams and supplements for pregnant women to stay healthy. Furthermore, we encourage the parents of newborns to take advantage of parental leave. At the same time, we operate on-site daycare centers at Amorepacific headquarters, Amore Future Park, Amore Beauty Park, and our R&I Center. The Group also offers flexible working hours, enabling employees to freely set commuting hours within a 40-hour workweek (standards working hours), as well as shortened working hours during the early years of parenting. On top of that, the Group implements maternity and parental leaves and pay systems according to the laws and regulations of each respective country we operate in.

**Parental Leave Status (Domestic)**

Category	Amorepacific Group			Amorepacific		
	2019	2020	2021	2019	2020	2021
Number of Employees Using Parental Leave (persons)	321	455	425	273	383	357
Return-to-work Rate After Parental Leave (%)	96.4	93.1	97.9	97.3	92.5	97.5
One-year Retention Rate After Returning to Work (%)	81.4	91.4	93.5	80.2	91.2	81.1

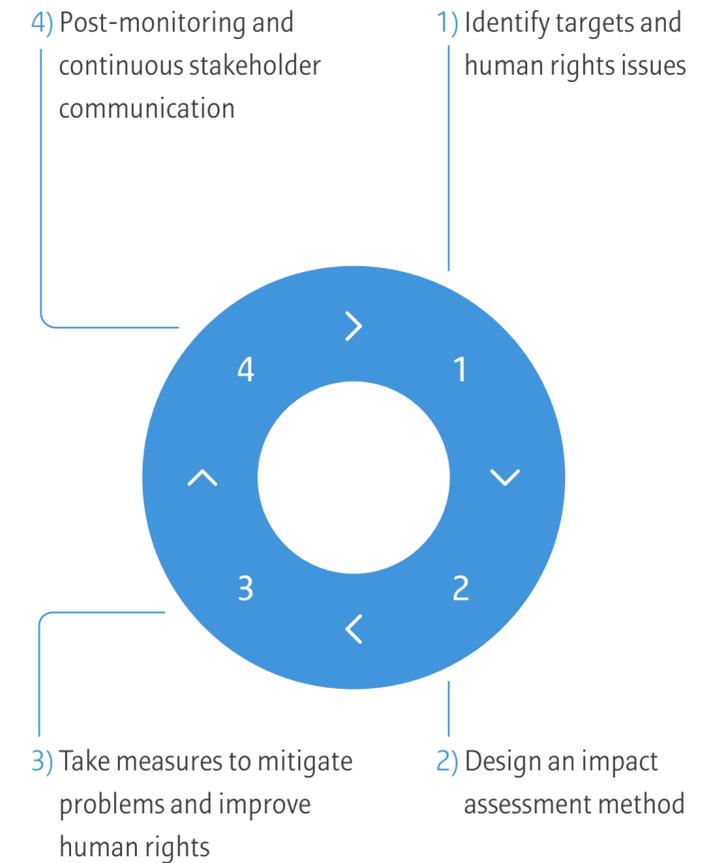
# Human Rights Management

Amorepacific Group endorsed the UN Global Compact in 2007 and fully respects the Universal Declaration of Human Rights and the recommendations of the National Human Rights Commission of Korea. Additionally, we have established and publicly announced our own human rights policies, which reflect our commitment toward respect for human rights, while promoting the implementation of human rights management not only in our subsidiaries but also in the overall value chain.

**Human Rights Inspection Process**

The process of the human rights inspection conducted in 2021 included our employees as well as not only women, children, and local residents living near each business site but also the supply chains themselves. Human rights impact assessments were conducted through written surveys (Korean and English) and pre-planned on-site inspections. As a result of the assessments, there were no issues that were considered high-risk to target stakeholders connected to Amorepacific Group. For major issues that we believe are potentially dangerous, we have established tasks that fit the content of the issues and delivered them to the business sites where each task should be implemented.

Amorepacific Group also considers human rights issues when identifying risks in business operations and forming new business relationships. We examine whether human rights related to 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 in the community, are guaranteed, and then deploy our employees in charge of each field, including outside experts, to implement relief measures when necessary. Moreover, our Ethics Hotline [☎](#), an ethics complaint handling channel, is operated in Korean, English, and Chinese. Amorepacific Group faithfully fulfills its human rights inspection obligations as well as prevents potential human rights violations by monitoring the human rights inspection process for stakeholders related to the Group once a year and constantly communicating with stakeholders.



Human Rights Risk Assessment Results by Stakeholder

Target	Key Concerns in the Area of Human Rights	Task	Issue Description	Corrective Measures Taken	Number of Business Sites That Implemented Tasks
Employees	Forced labor	Human rights self-inspection	Comprehensive examination of labor and human rights issues, including the Labor Standards Act, pay, and non-discrimination principles	· Provided labor-related education and training; derived improvement measures on freedom of association	11 subsidiaries, including Amorepacific
	Mental/Musculoskeletal health	We Care Health program	Increased risk of mental health of employees caused by depression due to COVID-19 and job stress, and the possibility of musculoskeletal diseases due to activity constraints	· Provided real-time, live health & wellness programs that can be participated in without workplace (space) constraints · Prevented related diseases through the Musculoskeletal Management Center that opened via industry-academic cooperation with Yonsei University	All business sites
	Freedom of association/collective bargaining	Collective bargaining	Collective agreement required when a labor union is formed in accordance with labor-related laws	· Concluded collective agreements every two years in accordance with labor-related laws and trade union agreements; implemented agreements in accordance with the collective agreements	All business sites
	Discrimination, equal pay	Need to improve employee awareness about diversity and inclusion	Need to improve employee awareness about diversity and inclusion	· Declared diversity and inclusion policies at Amorepacific Group	All business sites
Children	Child labor, human trafficking	Identifying the current status of child labor at home and abroad	Identifying the current status of child labor	· [Domestic] Minimum age of employment (15 years old) as stipulated by the Labor Standards Act; no such employment by the Group (currently no jobs or positions for minors) · [Overseas] Confirmation of no children employed in a single job category	All business sites
Customers	Protecting consumers/human rights	Resolving consumer disputes	Responses related to any incurred damage to customers	· Conducted real-time consultation and Q&A on customer quality VOC integrated response service (about side effects, inconvenience in use, etc.); VOC system and DB management, customer claim analysis; collection & inspection of problematic items	All business sites
Local Communities	Obligation to protect environmental rights	Osancheon Ecological Stream Creation Project	Protecting the environment in Osan (home of our production site)	· Carried out the Osancheon Ecological Stream improvement project	Amore Beauty Park
Supply Chain	Responsible supply chain management	Supplier Sustainability Assessment	Identifying the current status of labor at suppliers	· Requesting suppliers to establish improvement plans for workers' grievance handling systems	18 suppliers

### Sexual Harassment Prevention Education

Amorepacific Group conducts sexual harassment prevention education to prevent sexual harassment in the workplace. In May 2021, the Group ran its regular online education on sexual harassment prevention. In December, additional courses were held for new employees and those who did not complete their previous courses.

### Education to Improve Disability Awareness

To broaden the value of living together and improve the perception of employees with disabilities, Amorepacific Group conducts education on the improvement of disability awareness. In June 2021, the first regular online education session was held. For new employees and those who did not complete the session, an additional session was held in December 2021.

### Establishing a Trustworthy Labor-Management Relationship

For the past 29 years, Amorepacific has maintained a dispute-free labor-management relationship by building mutual trust and communication. Amorepacific and every subsidiary carry out self-inspections of work conditions at least once a year. Amorepacific's Labor-management Cooperation Team and HR Team provide active support to areas that need improvement from inspection results. As of the end of 2021, the Amorepacific Labor Union consisted of 2,176 members, which accounts for 68.4% of the 3,181 employees eligible for union membership. Employees are entitled to freely join or withdraw from the union, with the biennial collective agreement applying to all employees. The Amorepacific Labor-Management Council holds meetings each quarter, and this serves as a forum to discuss employee welfare, handle grievances, examine safety management, and look into other ways to achieve mutual growth. On top of that, labor and management are constantly in communication with one another through various non-regular communication channels, such as management briefing sessions, business plan sharing, and union member meetings.

# Safety and Health

To establish a safe working environment, Amorepacific Group conducts a number of activities to preemptively derive the source of and correct harmful or dangerous factors at its business sites. In order to respond to global SHE (Safety, Health, Environment) risks and regulations, we adopted the Group’s common advanced management standards and established SHE standards and a SHE compliance audit system to monitor, evaluate, and continuously improve SHE conditions.

## Safety and Health Goals and Performance Measurement

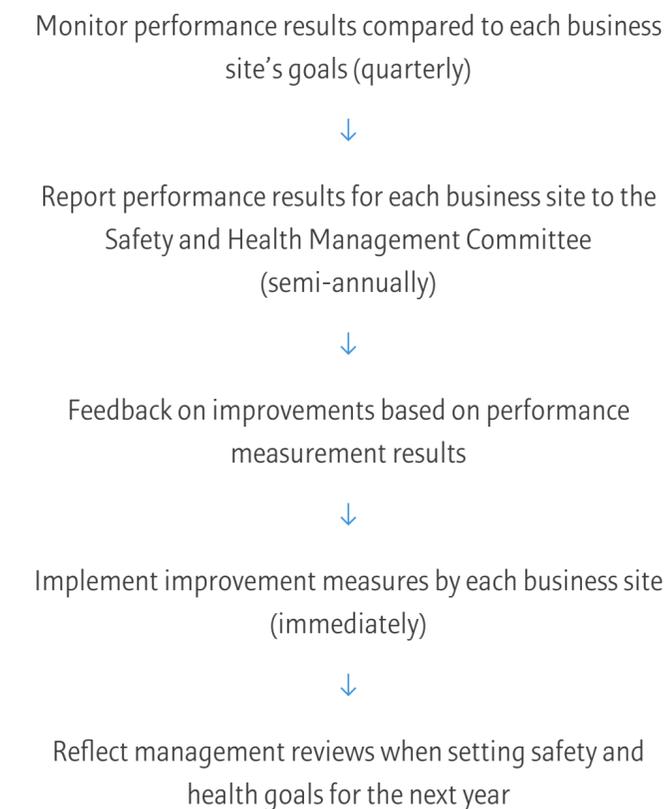
Amorepacific Group works tirelessly to ensure the safety and health of its employees by creating a safe working environment. In February 2022, a new safety and health management policy was established that all Amorepacific workers must comply with. We have established and now operate quantitative goals to achieve zero serious accidents and identify/improve risk factors.

### Amorepacific Safety and Health Goals

- 1) Zero occurrence of serious industrial accidents and serious civil accidents (public facilities)
- 2) Zero violations of Amorepacific Safety Rules<sup>1)</sup>
- 3) Achieving 100 points for the workplace safety and health operation index

1) Amorepacific’s internal safety standards reflect the characteristics of the unit (industry and type of work) for the purpose of preventing safety accidents.

### Safety and Health Performance Measurement Process



### Amorepacific Safety and Health Management Policy<sup>2)</sup>

- 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.

2) The Amorepacific Safety and Health Management Policy has been approved by the CEO

### Reinforcing the Organization for Corporate Safety and Health

Amorepacific has promoted various organizational reinforcement activities to achieve its 2030 goal of having zero accidents and to create a safe and healthy working environment for employees and stakeholders.

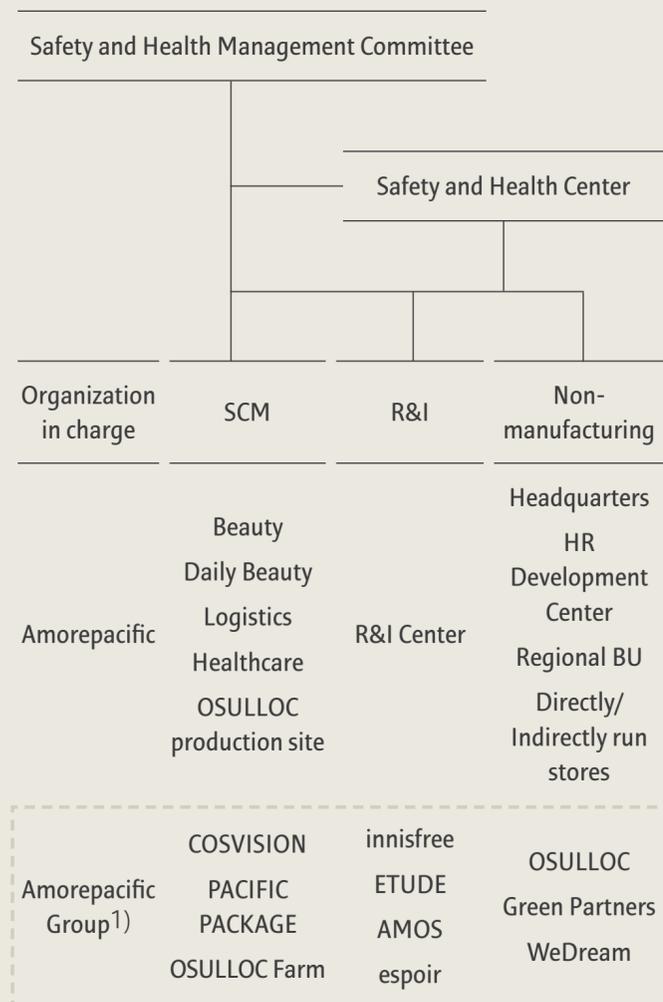
To this end, our Safety and Health Center, which oversees company-wide safety and health affairs, was recently established and a Safety and Health Secretariat was set up as an affiliated organization. The Safety and Health Secretariat is dedicated to non-manufacturing sites to maintain a healthy and safe working environment for the Amorepacific headquarters, stores, and workers in special employment. In addition, dedicated organizations were formed to improve the level of safety management. This included establishing a safety environment support team at Amore Beauty Park, the Daily Beauty production site, logistics centers, and healthcare production sites.

Besides all of this, the Safety and Health Management Committee controlled by the CEO of Amorepacific was established as the highest decision-making body for safety and health. Through the committee's regular meetings, which are scheduled to be held at least once every six months, the status of safety management at all our business sites is monitored and improved on a continuous basis. Further to that, it is operated by the CEO and safety and health executives in this field by reviewing Amorepacific's safety and health performance, inspecting/correcting harmful or dangerous factors, and examining the implementation of safety and health-related laws.

#### Operation of the Safety and Health Management Committee

The Safety and Health Management Committee is operated as a decision-making body to prevent company-wide safety accidents.

#### Organization Chart of the Committee



1) The Group operates its Industrial Safety and Health Committee and consultative bodies for safety in accordance with all relevant laws.

### Strategic Tasks for Preventing Serious Accidents

Amorepacific Group responds to any potential problems by establishing strategic tasks to protect its employees and diverse stakeholders from serious accidents.

Our new safety and health management policy, which must be followed by all employees at Amorepacific, allows us to manage quantitative goals to achieve zero serious accidents and identify/improve risk factors. Not just that, we have established a new work evaluation process for safety and health person in charge of management/supervisors, and we strive to strengthen the safety management of our suppliers by regularly carrying out safety and health assessments for contacting, outsourcing, and entrustment. In order to fully comply with safety and health laws, we have also developed a checklist consisting of 713 items that were all drawn from 32 related laws already applied to Amorepacific, and are working hard to secure top safety and health standards at all workplaces by conducting inspections more than once every six months.

### AP-SHE Portal: A Safety and Health IT System

Amorepacific Group established an AP-SHE portal that can be used by linking computers with mobile devices to make digital transition of safety and health management possible.

Staff in charge of safety and health from all of Amorepacific Group's business sites participated in the development of the AP-SHE portal as task force members. The portal site consists of a total of 13 safety and health tabs, including safety work permission, safety inspection & improvement, council on safety and health, accident reporting & investigation, working environment measurement, and health examination. The newly developed AP-SHE portal has started to manage safety and health data that until then had been scattered around different parts of the company's intranet. On top of that, we established a system to automatically aggregate and analyze the safety and health performance of different business sites by linking them with Amorepacific's existing systems. In particular, we established a mobile safety work permission process and a safety inspection system to strengthen field-oriented safety management. Through this, an effective management system was established to check and improve the safety management status of business sites in real time.



Mobile screen captures of the AP-SHE portal

### Safety Activities at Amorepacific Business Sites

#### Uncovering Harmful or Dangerous Factors and Reinforcing Improvement Activities

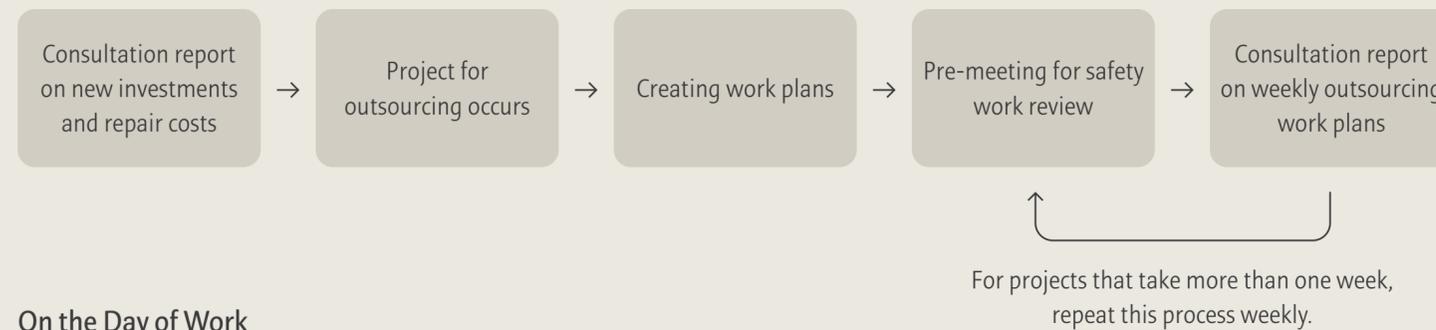
Amorepacific carries out a wide range of activities to uncover and correct harmful or dangerous factors inside business sites. In fact, we adopted a mobile safety work permission system to strengthen safety management of outsourced construction projects, and discover potential harmful factors to the workplace by conducting pre-meetings for work plan review and risk assessments. In order to solve and eliminate harmful or dangerous factors discovered in this way, action priorities are clearly designated, with subsequent action plans then established and implemented.

Also, a new safety training center has been set up at Amore Beauty Park to intensify safety education before people start work at their new jobs, while routine inspections organized by safety people in charge of management and supervisors continue through monthly Safety Day events. To strengthen the safety management of forklifts with a high risk of accidents, we adopted a line beam, a body recognition rear camera, and an approach detection beacon system. At the same time, we operate additional surveillance cameras to enhance safety monitoring in areas for process safety management (PSM).

#### Strengthened Process Safety Management for Outsourced Construction

Coverage: All outsourced projects (general, high risk)

##### Precautionary Measures



##### On the Day of Work



#### Adoption of forklift safety equipment (line beam, automatic control rear camera, approach detection beacon)



#### Strengthening the Safety Management of Contractors

Amorepacific is continuing its efforts to build healthy and safe business sites not only for its employees but also for its contractors. In 2021, Amore Beauty Park operated collaboration programs<sup>1)</sup> for 13 internal and external contractors. As a result, it achieved Level A certification, something only the top 10% of applicants in safety management receive. In addition, we are doing our utmost to address and improve supplier safety management issues through our monthly meetings of consultative bodies for the safety and health of internal contractors and for outsourced construction projects.

#### Safety and Health Assessments for Contracting, Outsourcing, and Entrustment

Amorepacific came up with its own procedures and standards for regularly evaluating the level of safety and health measures now implemented by companies that conduct businesses in the form of contracting, outsourcing, and entrustment. Contracting, outsourcing, entrustment are divided into four types (office work business, low-risk business, general risk & high-risk businesses, and construction companies) for management. When a contract is signed with Amorepacific, the contractor's safety and health level is classified and managed according to the evaluation score based on the contractor's safety and health level assessment report and evidence materials at the time. After such safety evaluations, qualified companies for contracting, outsourcing, and entrustment are carefully selected and, when necessary, we ask them to improve their conditions according to the evaluation results to secure the safety and health of workers at these companies.

1) A program hosted by the Ministry of Employment and Labor

### SHE Audits & Compliance to Laws and Regulations Assessments

In order to manage global SHE risks as well as laws and regulations, Amorepacific Group has introduced Group-wide advanced management standards and established a SHE standard and SHE audit system. As a result, the Group constantly monitors, assesses, and improves related issues and risks. Also, the Group has an advance inspection system from a SHE perspective when taking over new business sites. SHE performance results are constantly managed and improved through various means, ranging from self-audits at business sites and cross-audits between different sites to third-party audits by professional external institutions. In particular, we have developed a checklist consisting of 713 items for 32 laws related to safety and health in order to respond to the Serious Accident Punishment Act, which entered into enforcement in 2022, and conduct compliance checks for all our business sites semi-annually to ensure improved compliance.

### Investigating Accidents and Preventing Recurrences

Amorepacific is working hard to prevent the recurrence of similar accidents and serious accidents by establishing procedures for reporting and investigating all incidents and accidents at its business sites as well as investigating the immediate/root causes and establishing/implementing measures to prevent any recurrences. Safety and health officer at each workplace have completed training in RCA (Root Casual Analysis) investigation course through external specialized institutions, and in the event of an accident, an accident investigation team is formed to reconfigure the accident situation and take follow-up measures to prevent similar accidents.

### Emergency Preparedness and Response Training

Amorepacific has established response and relief plans in cases of accidents and any risk of future accidents. By conducting emergency response training, we are making every effort to minimize damage to workers and ensure their safety and health. Furthermore, we manage an emergency contact network of related organizations and have more than 10 emergency scenarios, including fires, chemical leaks, gas accidents, and power outages. In accordance with the emergency scenarios, each business site sets an emergency response training plan at the beginning of the year, and workers actively take part in creating safe workplaces with an awareness of all these potential accidents.



Emergency preparedness and response training

### Education Related to Safety and Health

Amorepacific endeavors to prevent serious accidents at workplaces and improve workers' awareness of safety and health by providing legal education as well as safety and health education on work with harmful or dangerous factors, all of which is mandatorily carried out by safety and health officer at each business site in accordance with related laws. What is more, numerous training courses have been established to foster safety and health professionals at our business sites since 2022, including courses for obtaining national safety and health certificates.

### Activities to Strengthen Safety Culture

Amorepacific oversees diverse activities to improve the safety culture of its business sites. In order to strengthen safety awareness and mutual communication among all workers, we make use of the Industrial Safety and Health Committee, the council on safety and health, as well as our Safety Shinmungo reporting system as communication channels. We also publish a Safety and Health Newsletter every month to continuously provide information for a safe and healthy working environment. Furthermore, Amore Beauty Park holds an official Safety Week campaign once a year with "Safety is Beauty" as its main slogan, providing time for employees to truly recognize the importance of safety through the dispatch of Safety Letters, an exhibition highlighting accident cases and safety protective device, a safety slogan contest, and fire emergency evacuation training. The virtual reality (VR) safety education, which had been conducted as a pilot program in 2020, was actually provided for workers with effectiveness. Using this as momentum, VR safety education content will be continuously developed and applied at our business sites.

A total of 10 Safety Golden Rules were also established to prevent safety accidents that may occur at Amorepacific business sites. We are making every effort to firmly establish a top safety culture and become a safe workplace by establishing principles that all employees must follow.



Amore Beauty Park Safety Week



Amorepacific's 10 Safety Golden Rules

**Employee Health Promotion**

Amorepacific runs a number of different activities to prevent musculoskeletal disorders and promote good health for its employees. For the physical health of employees, we expanded the Musculoskeletal Management Center, which opened after signing an industry-academic cooperation agreement with Yonsei University in 2020. We regularly conduct investigations into musculoskeletal hazards through professional personnel. Based on these results, we conduct intensive management programs and thorough evaluations of musculoskeletal diseases for those who complain of pain, as we wholeheartedly support healthy working conditions. In terms of employees' mental health, an in-house mental health care program is operated to manage any mental health risks to employees due to depression caused by COVID-19 and/or job stress. The program consists of live real-time wellness programs that employees can join without any distance/regional constraints. We also set up a wellness room at Amorepacific headquarters for the first time in 2021. This is actually a separate designated space where you can focus on mental and physical stability and mindfulness.

Through this wellness room, we continue our support of the We Care Mental program, which consists of programs such as meditation, mindfulness yoga, and the strengthening of resilience.



Employee health promotion

# Customer Satisfaction

Amorepacific Group aims to provide customers with the best products and service experiences. Based on offline stores, experience spaces, and online malls by region, we offer various products and services so that customers can experience New Beauty with pleasure and convenience. We also place top priority on communicating with customers transparently through ethical marketing and product promotion activities.

**Customer Satisfaction**

Amorepacific Group is committed to identifying elements of customer dissatisfaction and maximizing customer satisfaction. Up until 2020, the CGAP (Customer Gift for AmorePacific) exhibition was held annually, but since 2021 small group customer VOC sharing sessions have been held for brands and sales organizations every month.

Tiki Taka Day, which delivers the voice of customers (VOC) directly to executives, was introduced as a pilot program in 2020 and has been operated regularly since 2021. Through this initiative, our VOC is being quickly managed for better services, and ultimately we want to use this to increase the value of the customer experience of all Amorepacific brands and services.

Since February 2021, we have analyzed customer characteristics, major inquiries, complaints for each product to identify brand customer needs, and carried out quality-oriented improvement & management activities with existing products for a total of 9 brands (Sulwhasoo, HERA, VITAL BEAUTIE, IOPE, LANEIGE, mise-en-scene, Ryo, HAPPY BATH, Illiyoon) as well as e-commerce channels (Amore Mall, Aritaum Mall, external malls). Moreover, we expanded quality improvement & management activities not only in products but also in purchasing experiences by sharing VOC gathered across customer experiences at online and offline customer contact points.

**Satisfaction Management Performance<sup>1)</sup>**

Category	2019	2020	2021
Percentage of Resolved Customer Complaints (%)	99.7	99.6	99.0
Satisfaction Measurement Results (scores)	70.7	75.3	83.2

1) Calculation scope based on domestic Amorepacific businesses

**Product Recall<sup>2)</sup>**

Category	2019	2020	2021
Product Recall (cases)	0	0	0

2) Calculation scope based on domestic Amorepacific businesses

### Expanded Non-face-to-face Services for Customer Satisfaction

Amore Mall, an online shopping mall operated directly by Amorepacific, has adopted various simple payment systems that are being applied in Korea. It identifies payment trends preferred by customers to provide safer and faster services, and quickly provides essential information for shopping, such as order and delivery notifications, through a notification service. In addition, the mall is making efforts to strengthen non-face-to-face customer service by operating a counseling service and chatbot program for AI-based counseling.

### Partnering with Yogiyo for Delivery Services

ARITAUM signed an MOU with Yogiyo, a delivery food ordering platform, to provide a convenient ordering experience for customers. The delivery service operates through the Yogiyo delivery app to deliver products immediately when a customer orders one or more products from a nearby ARITAUM store. As part of this effort, we want to increase customer convenience and satisfaction by reducing the time it takes for customers to receive the products they order. ARITAUM plans to expand this service to ARITAUM stores nationwide and strengthen the connection between customers and stores even in non-face-to-face situations caused by the spread of COVID-19.



Amore Mall has adopted simple payment systems

### Amorepacific “Gotta Try It to Believe It” Home Testing Kits Cumulative Orders 600,000 Units

Amorepacific Group launched a home testing kit called “Gotta Try It to Believe It” to help customers purchase products that best suit them after pre-trying product samples. Customers can receive 12 samples out of 180 products from Amorepacific brands by paying only for the delivery charge, and decide whether to purchase them after conveniently trying them firsthand at home. On top of that, we provide reasonable shopping opportunities to those who use this testing kit. If customers purchase actual products on official channels such as Amore Mall or ARITAUM Mall, they can receive a refund on the delivery charge through accrued beauty points. In addition to beauty products, this service is also applied to a variety of products related to lifestyles and is expanding customer experience opportunities with multiple brands.

### CUBE ME’s Online Diet Coaching with “Diet with Challenge” and Protein Cube

Upon CUBE ME launching Protein Cube, a protein meal substitute, it began operating an online diet coaching service called “Diet with Challenge” to improve the health of customers who aim to lose weight. Diet with Challenge is a group-level service conducted by communicating with customers through online messaging services. In previous trials, customers who were provided with diet and exercise coaching by experts for four weeks showed a healthy achievement of their target weight without excessive diet control and exercise.

### The Guidebook for “Public Notice of Environmental Quality Labeling and Advertising Management Systems” and Ethical Marketing

Amorepacific Group strives to provide customers with accurate and balanced information about its products and services. In order not to exaggerate the environmental impact of products and services or provide information that consumers may misunderstand, we produced a separate *Guidebook for Public Notice of Environmental Quality Labeling and Advertising Management Systems* in 2021, distributed it, and then held a briefing session on it for all employees. This was done to ensure that all employees of Amorepacific Group easily understand the Ministry of Environment’s “Public Notice of Environmental Quality Labeling and Advertising Management Systems” so they can provide customers with accurate information.

In addition, Amorepacific Group carefully conducts marketing activities to avoid disinforming customers on competitors’ work/products.



Part of the *Guidebook for Public Notice of Environmental Quality Labeling and Advertising Management Systems*, which was produced for easier understanding of the Ministry of Environment’s public notice.

### Amorepacific Group Customer Satisfaction Index

-  **Korean Customer Satisfaction Index (KCSI)**  
No. 1 in the category of basic female cosmetics Amorepacific (2021)
-  **Brand Reputation Index (BRI 2021)**  
No. 1 in the category of listed cosmetic company brands Amorepacific (May, June, July)
-  **Korea Brand Power Index (K-BPI)**  
No. 1 in the categories of male cosmetics, body care, female cosmetics, hair dye and hair care Amorepacific (2021)
-  **Korean Net Promoter Score (KNPS)**  
No. 1 in the category of skin care products Amorepacific (2021)
-  **Premium Brand Index (KS-PBI)**  
No. 1 in the category of female cosmetics Sulwhasoo (2021)
-  **National Brand Competitiveness Index (NBCI)**  
No. 2 in the category of female cosmetics Sulwhasoo (2021)

# Information Security

Amorepacific Group strives to thoroughly protect customers' valuable personal information and guarantee their rights. To that end, we are committed to activities to prevent the risk of personal information leakage and to protect the company's long-standing know-how and trade secrets. We operate an information security center that oversees domestic and overseas security, and we always respond quickly and professionally to security risks.

## Customer Privacy Protection Activities

Amorepacific Group examined the management status of each lifecycle, from the moment personal information is collected to the moment it is destroyed, in order to prevent customers' personal information from being distributed or unnecessarily exposed during the process of signing up for a membership, making a purchase, or participating in any event. As for matters to improve upon after being discovered in this way, we make plans transparently with the Audit Committee and carry out the resolved actions quickly.

With further digitalization of Amorepacific's customer services, we have also reinforced the process of preventing potential information leakage in the process of newly building sites and improving the existing systems. What is more is that we have strengthened our procedures so that we can implement our digital business based on security principles from the planning and design stages, and hired more professionals for that purpose. In order to continue providing smooth services to customers, customized security training was conducted for the departments that handle personal information. Furthermore, we are managing information security awareness by checking the computers of all our employees in charge of such information and deleting personal information that has fulfilled its purpose. To better serve our customers, we will safely manage the personal information of customers through pseudonymization whenever possible so that individuals cannot be identified even when analyzing customer data behind the scenes.

The scope of such privacy protection includes not only customers but also suppliers and the Group's employees. Further to that, we disclose personal information handling policies on the Amorepacific Group website in detail. The guide describes the roles of the chief privacy officer (CPO) and the Information Security Center, which is the department in charge, and the Group receives complaints related to customer privacy at one fixed email address: [privacy@amorepacific.com](mailto:privacy@amorepacific.com) on a constant basis.

For thorough privacy protection, we check for any risks concerning personal information protection and then report the results as part of the company-wide risk management system. We also communicate with our employees through our corporate ethics newsletter, Amore Ethics Briefs, making it clear that there are serious consequences (penalties) for any privacy violations. Every year, we ensure that our privacy protection policy is properly maintained and operated through a third-party institution, and conduct annual activities to internally check compliance with the policy. In 2021, there were no violations of any laws related to privacy within the Group.

## Strengthening Activities to Prevent Information Leakage from Overseas Subsidiaries

Countries such as the U.S., China, and Vietnam are newly enacting or strengthening privacy laws to secure data sovereignty and protect people's rights. Amorepacific Group is expanding its existing information leakage monitoring activities centered around the headquarters to overseas subsidiaries to prevent the leakage of personal information from overseas customers and the Group's business secrets. In 2021, an integrated control system was established to monitor overseas subsidiaries, and control personnel were assigned to be in charge of overseas subsidiaries. After taking into account the fact that the working environment varies from country to country, we started using the monitoring and control system at some subsidiaries on a trial basis, and are gradually strengthening this measure. If employees at our overseas subsidiaries accidentally leak information or intentionally attempt to leak information, the pre-established automation system detects anomalies like these and staff in charge will work closely with each subsidiary to rectify the situation. This can help prevent important business secrets such as marketing and R&D data, as well as customers' personal information, from being leaked. When planning overseas digital businesses, Amorepacific Group operates security review procedures just as it does in Korea. Today, we are in the process of expanding the number of countries in which we carry out this kind of monitoring so that we can prevent the violation of privacy protection laws and possible security leakages.

# CSR

Amorepacific Group strives to closely take to heart the needs of the community and fulfill its social responsibilities so that it can spread the value of diversity and inclusion, while achieving harmonious growth with all stakeholders at the same time. To this end, the Group runs various CSR programs that have a positive impact on society, focusing on three major initiatives: women, nature & ecology, and culture.

## Hope Stores

Each Hope Store reflects Amorepacific Group’s long-standing CSR philosophy of “Returning the love received from women to women,” and provides single mothers—as well as female householders—with start-up loans for their economic independence. The first Hope Store was opened in 2004. Since then, the Group has supported the independent growth of the women who run them, with an idea that they are in fact confident CEOs of their own small businesses, not merely beneficiaries of financial support. Thus, this program shows that a company can grow sustainably with society.

As part of 2030 A MORE Beautiful Promise (our five major sustainability goals to achieve by 2030), all Hope Stores aim to raise the average monthly income of their business owners, build a social support system, provide emotional support, and strengthen family relationships. In 2021, 36 new stores were opened, similar to the level of the past three years—even during COVID—and the 500th store is opening in 2022.

In addition, as part of our effort to increase sales at each Hope Store, we are actively utilizing our business capabilities. For example, we carry out total consulting on live commerce, visual merchandisers (VMD), and food businesses for revenue growth to pioneer new markets. As a result, the average monthly income of Hope Store owners rose slightly to 2,113,536 KRW in 2021 compared to 1,818,888 KRW in 2020.

In short, through numerous online events and platforms, we contribute to smooth communication between Hope Store owners and increase their sense of belonging. We also help early detection of serious diseases, such as cancer, by supporting health checkups. From 2017 to 2020, a total of 365 people were supported for checkups, with emergency treatment expenses also provided to some children of store owners.

Amorepacific will continue to make strenuous efforts to assist with Hope Store operations, help increase revenue, and improve the individual health and well-being of all store founders.

## Amorepacific Foundation

The Amorepacific Foundation was established in 1973 following the express intentions of Jangwon Seo Sunghwan (Jangwon being his pen name), the founder of Amorepacific Group, who emphasized the need for support of basic academic studies, talent development, and cultural projects. The foundation gathers information for two research projects, each with their own theme, one being Asian Beauty and the other being Women and Culture. At the same time, the Amorepacific Foundation runs a support project titled Jangwon Humanities Scholars to discover and foster emerging researchers in the field of the humanities. In addition, it contributes to vitalizing domestic and foreign networks by translating excellent research to be published overseas.

In 2021, the foundation conducted a research contest for the Asian Beauty project. For half the month of June, two out of the accepted 32 papers were selected as finalists through an online application. Then, out of the two research papers, “The Aesthetics of ‘Parasite’ from Seven Points of View” (July 2021) was published. The Women and Culture research contest and support project were also conducted in the same way, with 24 out of 282 research projects selected as finalists. In the end, over 30 research papers were published in 2021. The Jangwon Humanities Scholars support project selected two emerging researchers in 2020 and two different researchers in 2022 to lay the groundwork for a balanced research environment so that they could establish their own solid foundational research platform.



Books published by the Amorepacific Foundation

### Amorepacific Welfare Foundation

The Amorepacific Welfare Foundation was established in 1982 to promote women’s welfare and improve their quality of life. A social welfare corporation in the “new normal” era, the foundation strengthens its own expertise and reinforces its influence through public-private cooperation. What’s more is that it is attempting to bring about a new approach based on spaces for women in the community. In 2021, it supported the improvement of spaces at women’s facilities and non-profit women’s organizations in consideration of the vulnerabilities of those facilities and organizations. Eight facilities with substandard indoor environments due to their age were selected for the improvement of their interior design, while three facilities that had difficulty in providing online services and installing digital infrastructure were selected to receive online device support.

On top of that, 18 facilities that needed to be better organized and improved environmentally were selected, with the foundation supporting them through organizational and storage consulting. A total of 123 women whose careers had been interrupted were invited to participate in this endeavor.

With this new approach to support women and small businesses in the community, the Amorepacific Retail Creative Team, Yongsan-gu Office, POSCO, and Daelim Bath all got together and launched a Beautiful Powder Room project by improving public restroom facilities in Itaewon, Seoul to make them safer and more pleasant. Also, the Amorepacific Design Center and its Interior Team operated a Design Project for Local Stores program with college student volunteers, transforming poor stores at the outset of COVID-19 into truly unique establishments, which soon contributed to an increase in revenue.



Graceful Shelter: Before renovations



Graceful Shelter: After renovations

### innisfree Moeum Foundation

The innisfree Moeum Foundation is a non-profit foundation that was established on Jeju Island in 2015. The foundation is funded entirely by innisfree, with a donation contract of 10 billion KRW serving as its base. Since it got off the ground, it has been running public interest projects for preserving Jeju’s natural ecology, fostering future talents, and promoting Jeju’s unique cultural value.

#### Ecological Restoration of Biyangdo and Biodiversity Preservation

Biyangdo Island, an islet off the west coast of Jeju Island, is a beautiful little island whose original form is preserved without any modern, overt development. Although there used to be a fair number of trees on the island, some of them were destroyed by fire in the past. The innisfree Moeum Foundation established a tree nursery on Biyangdo Island for the purpose of not only restoring the island’s natural ecosystem but also preserving its biodiversity.

The nursery is a 33m<sup>2</sup> glass greenhouse and was installed in an area where yellow rosemallows were planted after the foundation signed an MOU with the Biyangri Village Association in 2020. The tree nursery will be used for observing various plants that grow naturally on Biyangdo and to plant trees suitable for the growing environment there. Besides that, more than 70 trees, including raspberry and cypress trees—both of which have excellent carbon absorption rates—were planted on International Day for Biological Diversity on state-owned land that used to be full of weeds. The foundation will continue to carry out a wide range of activities to foster native plant seeds suitable for Biyangdo’s environment so that the island can be transformed into an ecological garden.



Unveiling ceremony for the signboard at Biyangdo nursery



Junior inniclass

### Junior inniclass

The innisfree Moeum Foundation runs a Junior “inniclass” with the aim of cultivating awareness of environmental conservation for children who will one day lead the future of Jeju. The Junior inniclass is an ecological environment education program that uses digital devices to have kids learn about the conservation of natural ecology, environmental protection, and resource circulation. Amorepacific employees, who put their special talents on full display as volunteers, participate in it as instructors. Lipstick upcycle crayons and coloring books featuring 12 native plants to Jeju Island were used as teaching materials.

A total of 11 elementary schools on Jeju Island took part in the Junior inniclass, which was conducted as a remote class because of social distancing rules at the time. Through the Junior inniclass, participating students had time to learn about Jeju’s natural ecological environment and think about how to live more responsibly for the world’s environment in the future.

### A Study on Jeju Oreum through a Multidisciplinary Approach

The innisfree Moeum Foundation started a research survey to discover the value of oreum (volcanic cones) on Jeju Island in a multidisciplinary approach. This included studying the island’s topography, vegetation, animals, and human environment. For the purpose of publishing a liberal arts book through research and demonstration, experts in each field were appointed as contributing members, with Eoseungsaeng Oreum, which is located in Hallasan National Park, being named the subject of the study. Eoseungsaeng Oreum is a volcanic cone that was formed by a great deal of volcanic activity, and is noteworthy in terms of its topography and geology as well as its many different plants and animals that coexist there.

In addition, from the creation of Eoseungsaeng Reservoir to the establishment of Hallasan National Park, it has an important influence on the lives of the residents, so the volcanic cone itself has a significant amount of research value. The contributors conducted quarterly field trips and research activities, and will publish their book after determining the age in which the volcanic cone was formed, analyzing soil components, and holding expert workshops. The innisfree Moeum Foundation aims to help create a sustainable and clean Jeju where people and nature coexist by publishing relevant books that resonate with people in the future.



A volcanic cone on Jeju

### Cultural Value Promotion through a Win-Win Partnership with a Local Village

Sinheung 2-ri Dongbaek Village is a natural habitat for camellia, a glossy-leaved shrub native to Asia and Jeju Island's 27th designated provincial monument, and was the first village that Amorepacific signed a Beautiful Fair Trade agreement with. The village of Dongbaek, which means camellia (also called japonica) in English, and Amorepacific have been in a win-win relationship for more than 10 years, as Dongbaek Village has supplied ingredients used for 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.

The innisfree Moeum Foundation was able to promote the cultural value of the village by supporting documentary video production to promote the excellence of camellia on Jeju and the value of Dongbaek Village, which has a history going back 300 years. The foundation will continue to work towards achieving two important values: win-win growth with local communities and cultural value promotion.



Part of a documentary video on Dongbaek Village

### Fostering Talents with the Tangerine Scholarship Program

The innisfree Moeum Foundation operates the Tangerine Scholarship Program to discover and support outstanding talents to lead the tangerine industry, a business that represents Jeju Island. Since 2018, the program has awarded 86 million KRW in scholarships to 58 high school and college students on four occasions.



Tangerine scholarship award ceremony



Amorepacific China's Makeup Your Life project

### Two-cancer Screening

As part of the Makeup Your Life project, Amorepacific China is supporting women's health to prevent breast cancer and cervical cancer, two prominent female cancers, jointly with the China Women's Development Foundation. In 2021, the project was carried out in eight prefectures in China, including Heilongjiang, Guizhou, and Yunnan, and the eligible areas were expanded from rural areas to cities, removing residential restrictions for beneficiaries. To address the trend of the onset of these cancers affecting women at younger and younger ages, the age range for screening was expanded from 35 to 60 years old to 20 to 60 years old. Additional training was also provided to medical staff to improve testing skills and provide better services to women. As a result, the project provided free screening for 15,285 women in 2021 and was also able to provide more practical medical services to economically disadvantaged women.



Mori run

### Mori Run

The Mori Run is a public interest project that Amorepacific China and the China Women’s Development Foundation have jointly held for six consecutive years. It aims to provide a greater number of healthy opportunities for more women through fun running experiences and to raise public awareness about the prevention and treatment of two prominent female cancers. The 2021 Mori Run reflected the characteristics of each city on its offline running route. The first destination was Guangzhou, the flower city of China, where two lively morning runs were held on April 24 and 25.

The second destination was Wuhan, where two routes were set, including East Lake Greenway, a popular running area in the region. Participants who completed the Mori Run heard about the extraordinary journey of Amorepacific’s Makeup Your Life project over the past five years, and learned how to protect themselves and the health of those around them by accessing prevention and treatment manuals related to the two cancers.

### BETTER SHE

In 2020, Amorepacific China started the BETTER SHE program in collaboration with the China Women’s Development Foundation. This project aims to train women in rural areas as caregiving professionals and support employment to help them become economically independent and strengthen self-development. In 2021, 710 women took part in training to become caregiving professionals, of which 621 were successfully employed. As a result, the ratio of employed people to the total number of participants in 2021 was over 88%, exceeding the employment rate of 85% in 2020. Through visits to their new work locations and interviews with these women, we learned that participants experienced positive changes in their attitudes, mindsets, and social relationships. On top of that, their overall life satisfaction improved significantly. Amorepacific China will continue to support women through this program in 2022.



BETTER SHE

### AMORE YOUTH

Amorepacific China launched its first public service for psychological treatment called AMORE YOUTH in response to the many social demands at the beginning of the 2020 COVID-19 pandemic. With the aim of popularizing mental health knowledge and supporting intensive care through psychotherapy activities, Amorepacific China established the Amorepacific Care Special Fund in 2021 with a focus on issues such as student care, women care, and community care in collaboration with the Shanghai Charity Foundation (SCF). In 2021, Amorepacific China worked with the foundation and professional psychology consultants on the theme of self-awareness, conducting 12 flexible forms of activities, such as theme-specific roadshows, workshops, and open classes in eight schools. In the second half of the year, an online course targeting two topics—interpersonal relationships and coping with stress—was offered so that college students could gain greater understanding and knowledge about mental health more conveniently.



AMORE YOUTH

# Mutual Growth with Suppliers

In the global business environment, coexistence and mutual growth with business partners is not only the competitiveness of companies but also a corporate citizen's responsibility and driver of sustainable growth. Accordingly, Amorepacific Group is building trustworthy business partnerships and improving its fundamental competitiveness for continuous growth by supporting the advancement and innovation of our suppliers in terms of finance, technology, and infrastructure.

## Mutual Growth Strategy

<b>Mission</b>	Enhancement of our fundamental competitiveness by supporting growth and innovation		
<b>Strategic Directions</b>	Fair business relations based on trust	Supporting growth and innovation	Enhancing the sustainability of our partners
<b>Key Activities</b>	<b>Financial Support</b> <ul style="list-style-type: none"> <li>· 21.5 billion KRW of low interest rate loan funds</li> <li>· 1.79 billion KRW for the Mutual Growth Investment Fund</li> <li>· Mutual Growth Agreements - 100% cash payment within ten days of receiving an invoice</li> </ul>	<b>Technical Innovation Support</b> <ul style="list-style-type: none"> <li>· 35 collaborative research projects with suppliers</li> <li>· 48% improvement rate of returned goods due to contamination; 77% improvement rate of returned goods due to impurities</li> <li>· 52 employees dispatched to suppliers to lead support efforts</li> </ul>	<b>Growth Infrastructure Support</b> <ul style="list-style-type: none"> <li>· Provided education support for 971 employees of suppliers</li> <li>· Supported 16 suppliers on environmental regulation responses</li> <li>· Assessed 18 suppliers on the implementation of environmental regulation responses</li> </ul>

## Financial Support

### Low Interest Rate Loan Funds

Amorepacific Group provides direct assistance to suppliers through the 3.4 billion KRW Win-Win Partnership Fund. The Group also runs a Mutual Growth Fund to support low interest loans in collaboration with IBK. In 2021, the Group expanded its financial support for suppliers through its Mutual Growth Fund of 18.1 billion KRW, an increase of 1.6 billion KRW from 16.5 billion KRW in 2020. As of 2021, the Group is also operating a 1.79 billion KRW Mutual Growth Investment Fund to strengthen suppliers' capabilities.

## Mutual Growth Payment System

As of 2021, the Group was providing a total of 120 SMEs with 100 percent cash payments within 10 days of receiving an invoice. Since September 2019, the Group has applied a mutual growth payment system for a total of 116 primary suppliers to enhance the payment flow, which resulted in a better payment process for secondary suppliers. As of 2021, 398.78 billion KRW was paid through the mutual growth payment system, transparently and stably managing cash flow throughout the supply chain.

## Technological Innovation Support

### Private and Public Joint R&D Projects

In 2019, Amorepacific Group signed an MOU with the Korean Ministry of SMEs and Startups to participate in the Private and Public Joint R&D Project. As a result, the Group provided a total of 4.29 billion KRW for a span of three years up to 2021, with the money being used to support the development of new technology and new products from SMEs. In 2020, the Group took part in joint R&D projects to develop eco-friendly packaging for reducing plastic waste and circulating resources, while also creating devices for the digital transformation of businesses. In 2021, the Group additionally ran a project to develop a functional packaging material that featured an oxygen removal function, another project to develop a smart wireless complex sensor module for small injection molds, as well as a project to enhance the integrated mold management system.

### Establishment of a Manufacturing Execution System (MES)

The Group supported two suppliers in 2020 and one supplier in 2021 to develop a smart manufacturing execution system (MES). As a result, real-time manufacturing and operation systems, supply plans in sync with Amorepacific's system, and a data-based inventory management system were equipped to enhance the speed of suppliers' work process. We will further expand support related to productivity for improving the overall efficiency of business activities of our suppliers in long-term cooperation with the Group.

### Improvement of Contamination and Impurity Issues through Consultations

In order to upgrade the quality capabilities and process technology of its suppliers, the Group provided consulting for 6 suppliers to improve issues with contamination and impurities. This resulted in the rate of returned products due to contamination improving by 48% over the previous year, while the rate of returned products due to impurities improved by 77% compared to the previous year.

### Research Results Sharing Program

The research results sharing program allows for the Group and suppliers to share technical and economic results when achieving goals through joint innovation projects. In 2021, 12 projects were carried out, with the Group providing 142 million KRW from its R&D Fund to suppliers.

### Growth Infrastructure Support

Since 2015, Amorepacific Group has provided suppliers with both manpower and financial support for participating in trade exhibitions held overseas. In 2020 and 2021, it was difficult for suppliers to participate in trade exhibitions because of COVID-19, but Amorepacific Group and SMEs took part in an online purchase consultation meeting hosted by the Korea Foundation for the Cooperation of Large & Small Businesses, Rural Affairs, and made inquiries about the possibility of new business transactions with SMEs.

Although an HRD Consortium—an education program for employees of small and medium suppliers—was completed at the end of 2018, the Group has continued to provide education programs for suppliers to enhance employee capabilities and stabilize human resources. In 2021, the Group launched 32 training courses regarding job duties, new employees, and managers. The focus was on key professional tasks in the cosmetics industry as well as the improvement of practical issues at workplaces, such as quality and process management. Training was provided to 971 employees from 69 suppliers, all of whom were then subject to on-site training. At the same time, those who received training were encouraged to actively communicate with the Group if issues came up when returning to their companies for work.

# Sustainable Supply Chain Management

Recently, laws and regulations on safety and environmental accidents have been strengthened as a result of increased interest in non-ethical issues, including forced labor and child labor within the corporate supply chain. Furthermore, stakeholders' demand for greater accountability is growing with respect to these issues. In order to manage business risks and fulfill its social responsibilities across the value chain, Amorepacific Group is working hard to establish a healthy corporate ecosystem by enhancing the sustainability of its supply chain.

### Supplier Management Status

Amorepacific Group designates and manages its critical suppliers by comprehensively considering the scale and importance of business transactions and supply capacity. As of the end of 2021, the Group categorized 49 suppliers as critical suppliers out of its 339 suppliers. Among them, 22 supply packaging materials, 16 supply raw materials, and 11 provide ODM products. Amorepacific Group purchased a total of 796.5 billion KRW from its suppliers that same year. In addition, the Group consistently explores paths of mutual growth as it shares business performance results with local communities and equally distributes the value of sustainability with suppliers by promoting the purchase of local products.

**Amorepacific Group Supplier Status**

(unit)

Category	2019	2020	2021
Total Number of Suppliers	450	379	339
Number of Critical Suppliers	52	49	49
Number of Secondary Critical Suppliers	-	16	16
Total Purchasing Amount (100 million KRW)	9,690	7,733	7,965
Purchasing Amount from Critical Suppliers (100 million KRW)	4,065	3,212	5,011
Rate of Local Purchasing at Overseas Business Sites (%)	75.5	75.4	75.3

**Main Target and Performance of Supplier Sustainability Management<sup>1)</sup>**

Category	KPI	2021	2025 Goal
Number of suppliers' employees participating in the training program up to 2025	Number of suppliers' employees participating in the training program (persons/cumulative)	971	5,000
Ratio of strategic suppliers <sup>2)</sup> to be rated in the sustainability assessment up to 2025	Ratio of strategic suppliers rated in the assessment (%/cumulative)	67	100
Number of suppliers supported with consulting services for sustainability improvement up to 2025	Number of suppliers supported with consulting services (number/cumulative)	16	100

1) Target years: 2021-2025

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

**Supplier Selection Policy**

Amorepacific Group conducts business transactions with those companies that satisfy the minimum sustainability requirements at the point of signing a business contract. The Group carries out sustainability assessments of all new suppliers, and reviews compliance with legal requirements regarding quality, product safety, labor standards, safety and health, and the environment. The result is a standard by which the Group decides whether to go ahead with the contract or not. When signing contracts, Amorepacific Group requires all suppliers to comply with the Amorepacific Group Code of Ethics and Supplier Sustainability Guidelines.

**Supplier Sustainability Assessment**

Amorepacific Group has established, and requires all suppliers to comply with, Supplier Sustainability Guidelines (Korean [☞](#) · English [☞](#) · Chinese), which set out 35 items on human rights and labor, safety and health, environmental protection, ethical management, and other areas that need to be considered in order for companies to fulfill their social responsibilities. What's more is that the Group has also prepared a manual on how to translate the guidelines into action and published this manual for suppliers.

Amorepacific Group conducts an annual sustainability assessment by selecting strategic suppliers with a certain transaction size or larger, including critical suppliers, and reflects the results in its comprehensive assessment of suppliers. Based on the results, the Group offers incentives, such as giving priority to receiving support for mutual growth programs or in allocating the quantity of goods supplied.

Over the past three years, a total of 115 suppliers, including all strategic suppliers and new suppliers, have received a sustainability assessment, and in 2021 a total of 48 suppliers received on-site inspections by an independent third party. In addition, as the need to manage environmental data in the supply chain has increased, we have been conducting third-party verification of key environmental data, including energy/water consumption and waste disposal, for 16 critical suppliers, which has subsequently strengthened the overall data reliability. Suppliers that have been found to have significant social or environmental risks are required to take action to handle the risks and follow up with measures to confirm that such risks have been dealt with.

At the same time, the Group manages financial risks through separate credit ratings for all suppliers, and identifies risks in transactions with strategic secondary suppliers through surveys.

**Supplier Sustainability Assessment Status**

Category		2019-2021
Ratio of new suppliers that have received a sustainability assessment in the past three years		100%
Ratio of strategic suppliers that have received a sustainability assessment in the past three years	Primary suppliers	100% / 115 units
	Secondary suppliers	100% / 16 units

**Supplier Sustainability Assessment and Improvements**

Through our supplier sustainability assessments, Amorepacific Group identifies potential risks and requires suppliers to take corrective measures. As a result of the 2021 sustainability assessment, all suppliers showed at least some potential risks. In cases where suppliers did not meet our standards or had critical violations, the Group requires those suppliers to take corrective action and verify their corrective plans. With critical suppliers, we also check the completion of all plans. We provide support programs for suppliers in need of building a greater sustainability capacity, and will apply follow-up measures, such as reducing our business with a particular supplier, if they continue to fall short in meeting a certain standard in our sustainability assessment.

**Corrective Action Requests for High-risk Critical Suppliers**

(%)

Category	Corrective Action Request Rate	Corrective Action Plan Establishment Rate	Completion Rate
One High-risk Supplier	100	100	100

**Corrective Action Requests by Area for Strategic Suppliers**

(%)

Category	Issue	Risk Level	Inappropriate Supplier Rate	Corrective Action Request Rate	Corrective Action Plan Establishment Rate
Labor	Insufficient policy mandate to specify protective measures when hiring minors	High	50.0	100	100
	Insufficient operation of the grievance handling system	High	37.5	100	100
Safety & Health	Insufficient management of records on industrial accidents and near-miss accidents	High	45.2	100	100
Environment	Lack of an organization dedicated to environmental management	Medium	64.9	100	100
Business Ethics	Insufficient privacy management	Low	77.1	100	100

# Environmental Sustainability

Amorepacific Group is working hard to reduce the environmental impact of its business activities and expanding the positive impact it has on society and the planet by actively responding to environmental issues facing the world, including climate change, water shortages, and increasing waste.

## Environmental Sustainability Governance

Amorepacific Group operates the Sustainability Committee chaired by the CEO and the ESG Committee under the Board of Directors. In major environmental issue cases, including climate change, chemical substances, resource circulation, and environmental pollution, executives as well as the Board of Directors receive reports on them, while those cases are monitored so that they are managed based on the Group's environmental policy. Through Group-wide approaches and collaborations, Amorepacific Group continues responding to risks and finding potential opportunities for change. In addition, according to the many revised environmental regulations, we respond to major issues by reporting annual performance and plans once a year to the Board of Directors, where we obtain approval for final decisions.

In terms of climate change, the Carbon Neutrality Committee, which includes the CEO and various outside experts, meets more than twice a year, and the Plastics Committee, which aims to reduce plastic usage and circulate resources, also meets more than twice a year.

The Environmental Strategy Team under the Sustainability Division establishes strategic tasks regarding climate change, water and resource circulation, and generally manages organizations dedicated to environmental operations at different subsidiaries. Each subsidiary's organization implements strategic tasks for environment management, periodically monitors major performances, and uncovers tasks to improve the overall safe environmental levels under the supervision of each business site's manager through the Subcommittee on Safety and Environment, which consists of managers in charge of environment and energy. On top of that, we disclose information with consistency and transparency based on diverse international standards, such as recommendations by the Task force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB), as well as the CDP, DJSI, and FTSE4Good Index.

## Environmental Investment and Education

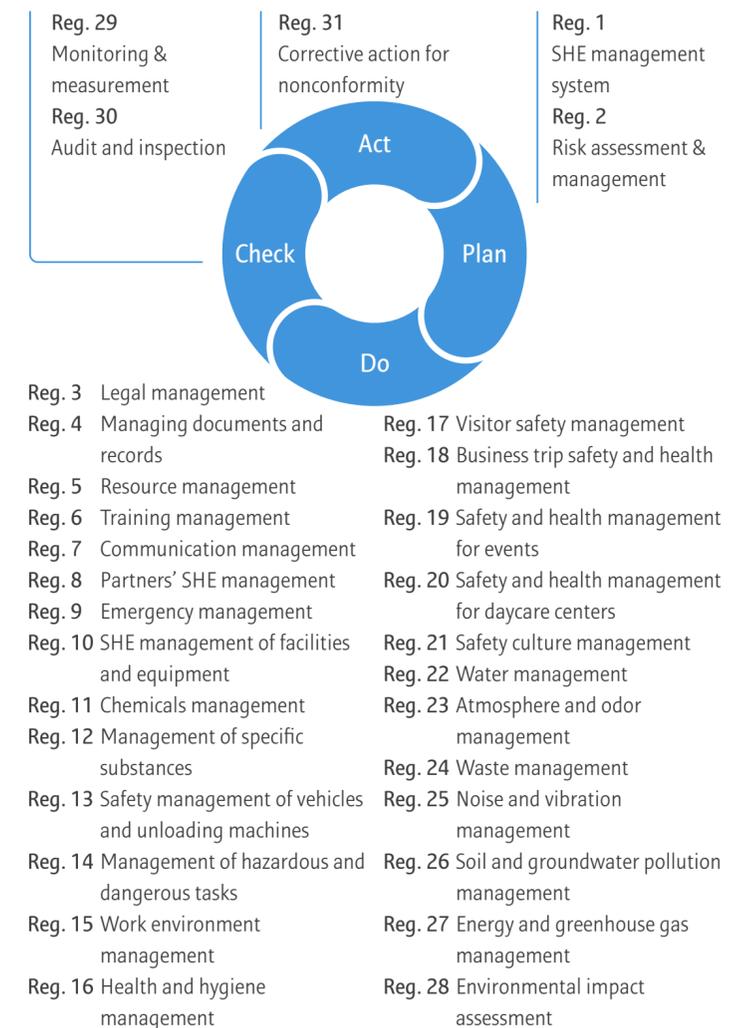
Amorepacific Group has continued to make managerial efforts and investments into environmental protection by developing a number of eco-friendly processing technologies and products. In 2021, the Group invested a total of 3.73 billion KRW in environmental operations and investments. There have been no significant violations of environmental regulations and no fines and penalties over this time. Furthermore, the Group provides education on plastics, environmental labeling, advertisements, climate change, and chemicals to enhance understanding of eco-friendly management and promote participation in related activities. In 2021, a total of 3,516 employees completed 3,086 hours of training. In particular, the Subcommittee on Safety and Environment provides environmental education other than compulsory legal education, such as environmental/energy policies and trends, management of pollution prevention facilities, and building energy saving & management to strengthen the environmental capabilities of working-level employees in the field.

## Environmental Management System

Recognizing that the entire production process affects the environment, Amorepacific Group established an environmental management policy, applied the environmental management system (ISO 14001) to all business sites, and obtained the first integrated environmental permission certificate (No. 0294-01) in the cosmetics industry from the Korean government. What's more, 31 management regulations based on SHE group guidelines are derived to operate environmental management group standards. Moreover, we operate a risk-oriented audit system and quantify risk factors to correct them with priority on high-risk problems. Besides that, we have a response system to environmental energy

accidents and conduct regular training. Of particular note, emergency response training is carried out every year, and in 2021 Amore Beauty Park prepared a total of 17 emergency response manuals for environmental accidents, including transportation and storage of waste, transportation of content and semi-finished products, weighing and transportation of raw materials, as well as storing raw materials and handling of laboratory reagents. In the event of an environmental accident, it is mandatory to respond and report in accordance with environmental accident prevention and response guidelines.

## SHE Management Standards



# 2030 Zero Greenhouse Gases

Amorepacific Group recognizes the seriousness of climate change and aims to achieve zero GHG emissions as a responsible global corporate citizen. We will reduce GHG emissions generated in production processes and business activities through the adoption of renewable energy and the efficient use of energy, offsetting as much in GHG emissions as necessary to realize carbon neutrality.

Since announcing the Total Commitment Initiative campaign for the environment in 1993, Amorepacific Group has continued to strengthen eco-friendly beauty leadership for almost 30 years with a focus on social values.

Today, our society faces a huge and complex challenge that individual companies cannot solve alone: climate crisis. We need to act on the issue of climate change more rapidly than ever. To join the ongoing efforts to save the Earth—the planet where we all live—for all of tomorrow’s generations, Amorepacific will minimize GHG emissions caused by our activities.

We think that making a concerted effort to convert electricity used throughout the entire process of production and disposal of products into renewable energy is the first thing Amorepacific can do.

By 2025, 100% renewable energy will be used everywhere at Amorepacific, including production sites, Amorepacific headquarters, the R&I Center, as well as stores and sales offices, to minimize the first phase of climate impact connected to production. Also, we will develop products with a reduced environmental footprint to reduce GHG emissions throughout the entire process, from the purchase of raw materials to product use and disposal. We will continue to work with diverse stakeholders, including the government, businesses, suppliers, civic groups, and customers, to solve the climate crisis facing all humankind together and make the planet we live on healthier and more beautiful.

## Amorepacific’s Climate Change Strategy for Carbon Neutrality



# Production with 100% Renewable Energy

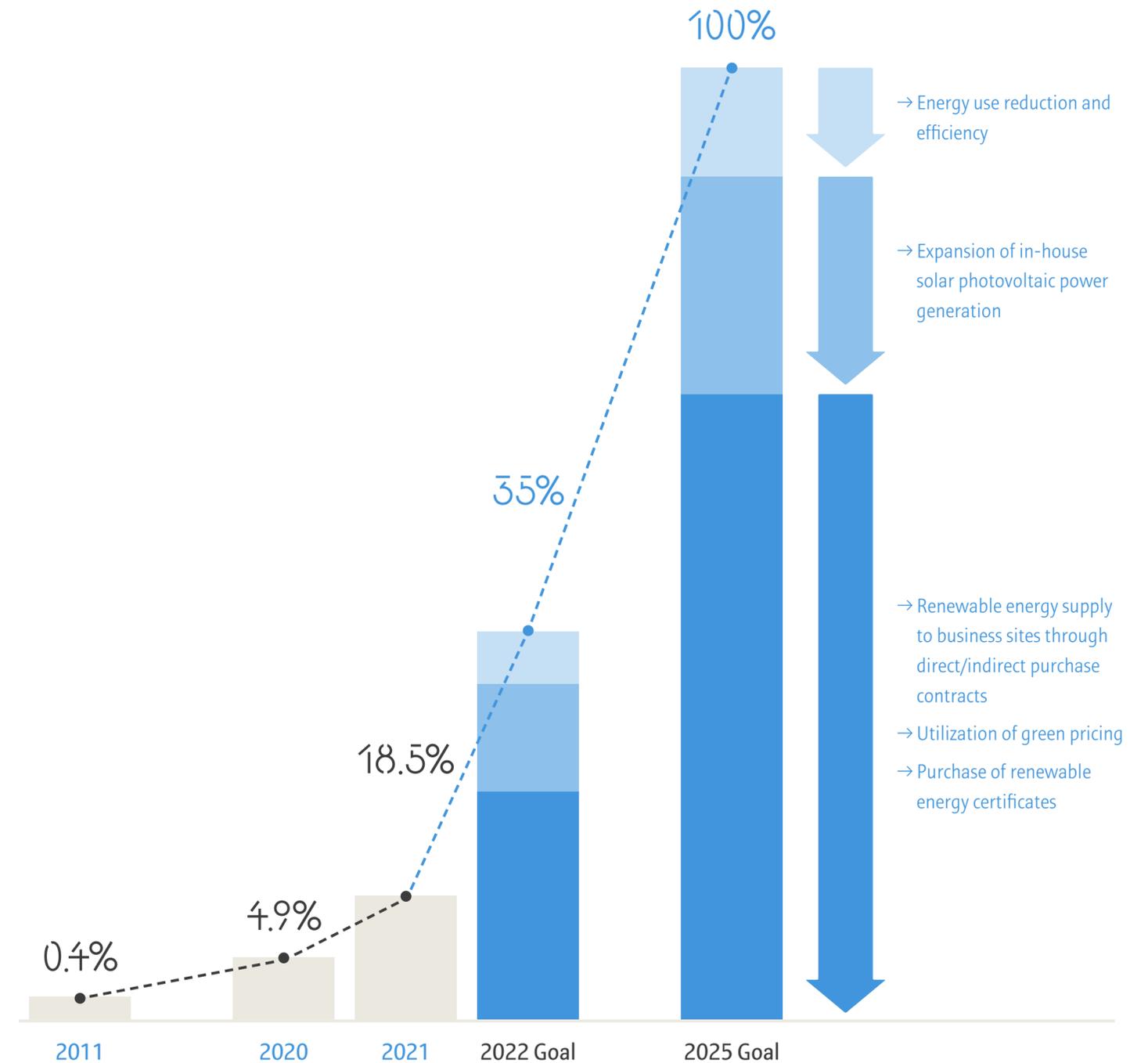
Amorepacific recognized the importance of renewable energy more than a decade ago and first adopted solar photovoltaic (PV) electricity-generating facilities at our past production site in Suwon in 2011. At that time, a solar module was installed on the roof of the logistics building to generate 200 kW of electricity per hour, and the electricity produced here was supplied to the headquarters building and daycare center, contributing to 89 tonnes of GHG reduction annually. Since then, our efforts to expand renewable energy have continued every year. As a result of these efforts, Amorepacific's own renewable energy generation capacity now reaches approximately 6MW across the Group, with the Shanghai Beauty Campus achieving 100% renewable energy in 2021.

In 2021, the Group declared 2030 A MORE Beautiful Promise. This represents our five major sustainability goals to achieve by that year. As part of the goals, and in order to coexist with nature, we participated in Global RE100 in March 2021 to further implement and achieve carbon neutrality at global production sites. Recently, with the aim of achieving 100% renewable energy by 2025, which would be earlier than scheduled, various attempts have been made to utilize the newly revised domestic renewable energy policies. Specifically, the Group participated in green pricing by the Korean government in 2020 and has steadily adopted it for our business up until now. At the same time, we have signed a contract with SK E&S for the direct supply of renewable energy—a first in Korea—in March 2022.

Amorepacific's ambitious aim to achieve our goal at our many domestic business sites by 2025, which would be earlier than originally scheduled, can definitely be seen as a risk amid a rapidly changing market situation that features a wide range of new policies. However, we know that the climate crisis is a challenge for all of us, one that requires an immediate response and one that we need to be proactive about to address. The transition to renewable energy is clearly the direction of the times, and is the top priority that we must fulfill in moving toward our goal of carbon neutrality throughout the work process.

Amorepacific Group is planning to replace all the electricity used at every one of its production sites, its R&I Center, logistics, and regional business organizations with renewable energy by 2030. To this end, we are taking the lead in actively investing and utilizing policies to expand renewable energy generation, and producing products with energy from solar and renewable energy sources.

AMOREPACIFIC RE100 Roadmap



# Opportunities through Climate Change Risks

The potential impact of climate risks will affect all supply chains around the world, including Amorepacific Group. In 2021, Amorepacific conducted an analysis of climate change risks and opportunities. We then collected opinions from all employees on climate change to confirm the relevance of our strategy for mitigation and adaptation to our business operations.

Depending on the long-term nature of the risks and the numerous supply chain configurations, immediate action is needed when considering the potential and long-term impact on people and the planet, even if some risks do not appear to have a significant impact on a short-term basis.

In particular, physical risks and transition risks have been reviewed throughout the process, and excessive water use and limited supply due to climate change are both expected, so more efforts are needed to reduce water resource risks caused by product use.

The myriad risks identified in the climate risk assessment have been linked with opportunities for transition. Through this, Amorepacific Group developed mid- to long-term strategies and is preparing detailed business activities to promote change.

Amorepacific Group is focusing on preemptive risk identification and response in order to turn the risks of climate change into opportunities. We classified emerging risks and the financial impact associated with climate change into regulations, technology, products and services, reputation, and physical risks before developing a detailed strategy to link each risk to opportunity.

## Key Emerging Risks and Opportunity Factors<sup>1)</sup>

Category	Climate Change Risks	Climate Change Opportunities	Emerging Financial Impact
Regulations	<ul style="list-style-type: none"> <li>Enhanced reporting obligations for GHG emissions</li> <li>Increased product export risks and compliance costs due to stricter regulations on packaging materials and waste management</li> </ul>	<ul style="list-style-type: none"> <li>The Group was excluded from GHG management regulations in accordance with the carbon neutrality goal of production sites in 2030.</li> <li>Expanded renewable energy generation reduces cost exposure to rising fossil fuel prices.</li> <li>The production of recyclable products reduces EPR costs.</li> </ul>	<ul style="list-style-type: none"> <li>Cost increase for responding to climate-related regulations</li> <li>Minimized variable fossil fuel costs through 100% conversion to renewable energy.</li> <li>Reduction of mid-to-long term production costs through efficient energy facilities.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Increase in water and energy usage at business sites due to the advancement of product quality levels (such as the adoption of facilities)</li> <li>Research on low carbon and water-saving products and technologies is needed.</li> </ul>	<ul style="list-style-type: none"> <li>Securing a competitive advantage in technology and quality based on changing consumer preferences</li> <li>Establishing a low carbon production process</li> </ul>	<ul style="list-style-type: none"> <li>Energy costs due to new investments, research, and equipment purchases</li> <li>Reduced costs by reusing water and rainwater</li> </ul>
Products and Services	<ul style="list-style-type: none"> <li>Changes in market demand and revenue due to consumer behavior changes</li> <li>Increased uncertainty in the supply of raw/subsidiary materials due to extreme weather</li> <li>Restrictions on the use of water-intensive products (including shampoo and body wash) in countries with water stress</li> </ul>	<ul style="list-style-type: none"> <li>Increased consumption of low carbon and water-saving products</li> <li>Reduced operating costs through the transition to eco-friendly logistics, transportation, and sales methods</li> <li>Creating new market value by adapting to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Cost increase due to increased cost of raw materials caused by extreme weather</li> <li>Increased demand and sales of low carbon and water-saving products</li> <li>Cost reduction through efficient logistics and distribution</li> </ul>
Reputation	<ul style="list-style-type: none"> <li>Negative views and evaluations of stakeholders (including NGOs)</li> </ul>	<ul style="list-style-type: none"> <li>Sincere communication with customers by expanding eco-friendly activities</li> </ul>	<ul style="list-style-type: none"> <li>Revenue decrease due to a lower level of customer trust</li> <li>Revenue increase due to the improved image of the Group as preemptively responding to the climate crisis</li> </ul>
Physical Risks	<ul style="list-style-type: none"> <li>Reduced quality of raw/subsidiary materials and products due to sudden temperature changes</li> <li>Production disruption (transportation, supply chain disruption, safety and health issues, absenteeism, etc.) due to increased extreme weather conditions (e.g. typhoons, floods)</li> <li>Increased repair costs due to facility damage</li> </ul>	<ul style="list-style-type: none"> <li>Establishing climate change adaptation measures such as reinforcement of facility safety inspections according to seasonal changes, and the strengthening of health management of employees as well as product handling management to prevent related damages</li> </ul>	<ul style="list-style-type: none"> <li>Financial loss due to discontinuation of production</li> <li>Avoiding emerging risks by establishing a preventive climate adaptation management strategy</li> </ul>

1) See p. 23 for key activities in 2021.

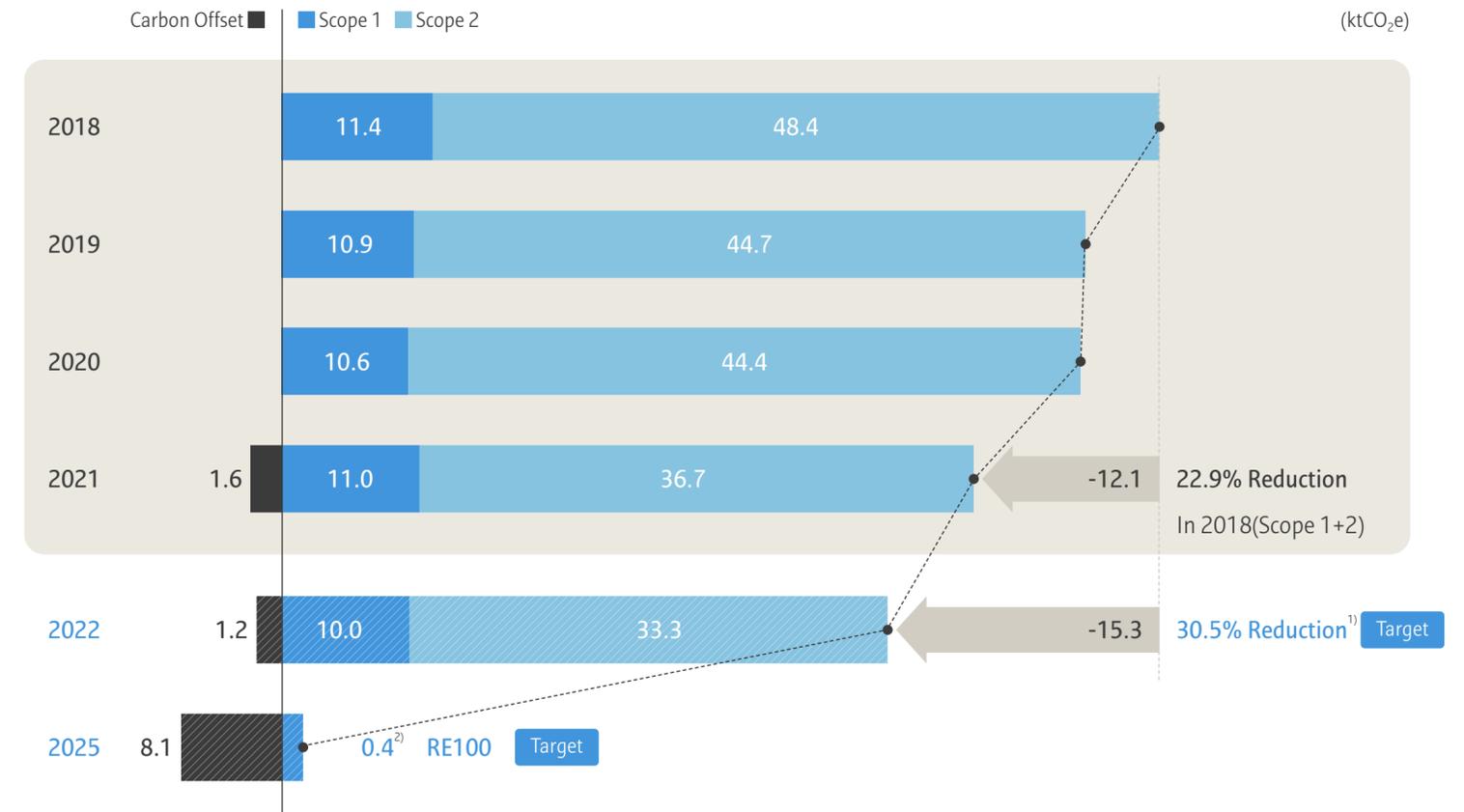
# Amorepacific's Key GHG Achievements

In 2021, Amorepacific achieved about 22.9% GHG reduction compared to 2018. Various sectors within the Group, such as production, logistics, and building management have tried to use less energy. Especially in 2021, a roadmap for 100% conversion to renewable energy was established and implemented immediately.

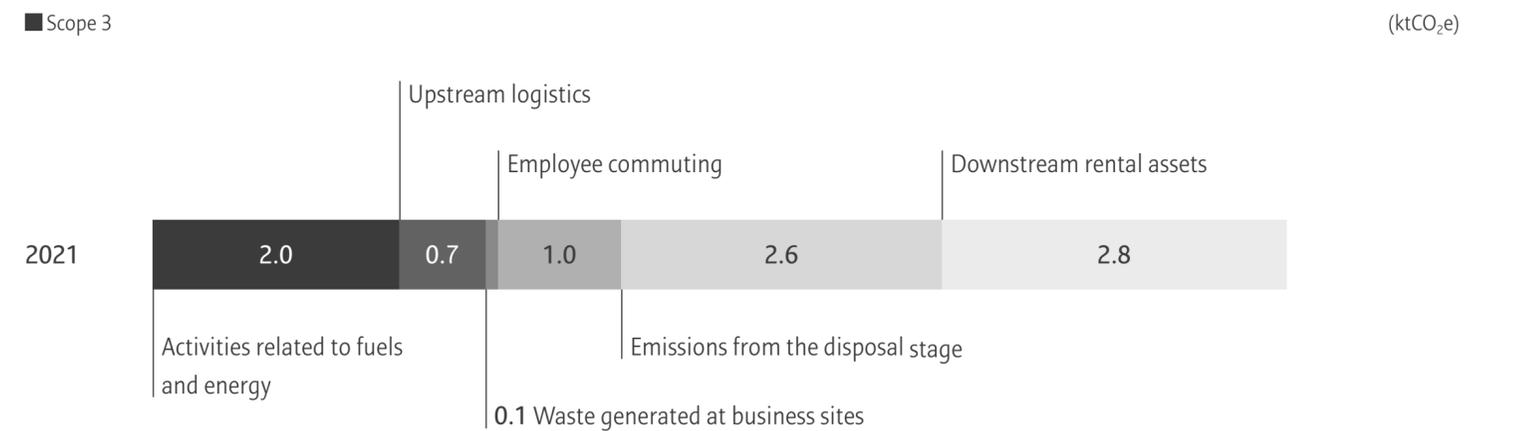
As a result of efforts to reduce emissions at all business sites, direct and indirect emissions in 2021 totaled 47,703 tonnes. That represents a 22.9% reduction compared to 2018 baseline emissions. Despite a 7% increase in production, the Group achieved decoupling of GHG emissions from the production process. As of 2021, Shanghai Beauty Campus had achieved carbon neutrality by using 100% renewable energy and GHG offset credits equivalent to Scope 1 emissions. In 2022, the Group aims to reduce GHG emissions by 30.5% compared to 2018 baseline emissions.

At all of Amorepacific Group's business sites, the Group continues to find/execute tasks to reduce GHG emissions. Based on the performance results of 2021, we are planning to carry out more active GHG reduction activities to achieve our goal of carbon neutrality.

## GHG emissions



1) Includes offset credits  
2) Residual Scope 1 emissions from buildings and sales offices



**Launch of the Carbon Neutrality Committee**

In order to achieve Amorepacific’s goal of 2030 carbon neutrality, it is necessary to quickly understand all relevant trends in the global market, establish optimal countermeasures after careful consideration, and sincerely promote them. To that end, Amorepacific launched a Carbon Neutrality Committee consisting of industry and academic experts and Amorepacific’s top management in 2021. This has allowed it to come up with concrete action plans to achieve a Carbon Neutrality Roadmap by 2030. Today, the Carbon Neutrality Committee meets more than twice a year. At its first meeting in 2021, it confirmed energy reduction efforts across the Group, including Amorepacific headquarters, Amore Beauty Park, and the R&I Center. At the same time, it confirmed the installation of solar photovoltaic facilities, green pricing contracts, the signing of a supply contract for renewable energy with SK E&S, and its transition to electric vehicles at the Incheon Logistics Center. The Group also finalized a specific roadmap for achieving carbon neutrality at its global production sites and 100% conversion to renewable energy at all its business sites to achieve its goal by 2025, which is earlier than originally planned.

**Improving Energy Efficiency for Production**

In 2021, heat pipes at Amore Beauty Park were applied to reduce GHG emissions by 35MWh and about 16tCO<sub>2e</sub>. On top of that, it saved more than 160 million KRW in energy costs through various reduction activities, such as decreasing GHG emissions of about 26tCO<sub>2e</sub> through the expansion of solar photovoltaic systems, piloting a small hydropower system, and reducing the operating load of thermostats. For its part, the Daily Beauty production site is working hard to improve energy use efficiency by reducing 158MWh of energy through air compressor efficiency and peak power management.

**Transition to Low Carbon Logistics**

Since 2021, a total of 15 internal combustion engine vehicles contracted with vehicle owners at the Incheon Logistics Center have been converted into electric vehicles, with five rapid chargers having already been installed. This reduced Scope 3 GHG emissions by about 22 tonnes. What’s more, Amorepacific is striving to minimize GHG emissions in areas of direct and indirect activities to deliver the products it produces, and plans to convert all related distribution vehicles into eco-friendly vehicles by 2030.

**Eco-friendly Energy Building**

The 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 percent less energy than its energy demand projection. This is accomplished by saving energy through the utilization of high-efficiency transformers and motors, power factor correction capacitors, and a DALI (Digital Addressable Lighting Interface) system that senses the natural level of light and automatically adjusts the brightness of the interior of the building.

# Minimizing Environmental Pollution

Amorepacific Group is constantly pursuing activities to minimize the use of water resources, such as municipal water and ground water, and to increase rainwater as it continuously adopts wastewater discharge and recycling technologies. We have established an integrated chemical management system (AP-CHEMS) to safely manage our production sites, while focusing on air pollutant reduction activities and efforts toward zero waste landfill.

**Improving Water Resource Efficiency**

Amorepacific Group is deeply aware of the need to make efficient use of all water resources, optimizing its water withdrawal under the principle of 3R—Reduce, Recycle, and Reuse. In 2021, Amorepacific reduced its water withdrawal intensity by 4.4% percent and Amorepacific Group did the same by 5.7% compared to the previous year.

In 2021, Amore Beauty Park established an automatic water usage monitoring system for each place of use to manage water in real time. Besides that, 100% of the laundry water has been replaced with rainwater, and recycled water was additionally expanded for the toilet supply. As such, we continuously identified tasks to reduce water usage. The Group is also reducing water consumption by strengthening regular inspections, such as expanding inspection frequency and points, at all production sites, including COSVISION.

With the Daily Beauty production site, it plans to install a flowmeter for each subdivided place of use in 2022 to upgrade the management level.

Amorepacific Group will continue to minimize the use of water resources, including municipal water and ground water, and expand water recycling at its production sites. One way it will accomplish this is by increasing the use of rainwater.

**Wastewater Discharge and Recycling**

In accordance with the revision of the Enforcement Rule of the Water Environment Conservation Act, the measurement indicator of organic pollutants in wastewater was converted from COD (chemical oxygen demand) to TOC (total organic carbon). Accordingly, Amore Beauty Park adopted a device that analyzes TOC and always monitors it to ensure thorough compliance with regulations. At the same time, an automatic bar screen was installed to filter out large foreign substances during the wastewater pretreatment process to treat wastewater more efficiently.

The Daily Beauty production site also plans to expand diffusers that supply oxygen to wastewater purifying facilities using microorganisms to reduce power use and strengthen microbial activity, thereby maintaining a high quality of discharged water.

**Return of Endangered Otters Thanks to the Osancheon Ecological Stream Restoration**

Amorepacific defines biodiversity reduction in the aquatic ecosystem as one of the major risks associated with water. This is because major biodiversity losses and an ecosystem collapse can have irreversible consequences for the environment, leading to severe resource depletion.

To protect the aquatic ecosystem, Amorepacific has participated in the restoration of the Osancheon Ecological Stream in Osan, Gyeonggi-do, where Amore Beauty Park is located. The Osancheon Stream is a 15-kilometer-long stream that starts in Yongin, Gyeonggi-do, passes through Osan, and ultimately drains into the West Sea.

Amorepacific signed an agreement with the City of Osan in 2016, and has actively conducted environmental improvement projects for Osancheon by donating 6.3 billion KRW up to 2021 in an effort to create a wetland ecological garden and install ecological education facilities.

As a result, the water quality level of the Osancheon Stream, which had fallen to level 5 (very bad), was purified to level 2 (good). More recently, otters, a first-class endangered wildlife found only in clean waters, have been spotted, confirming that the ecological environment of the Osancheon Stream has been greatly improved.

**Reduction of Air Pollutants**

In order to reduce the emissions of air pollutants, Amorepacific Group regularly inspects facilities through SHE Audit sessions. Furthermore, the Group regularly monitors the emission of air pollutants at each production site in order to minimize the impact on local communities. In addition, the standard environmental impact assessment process enforces investigation, projection, and assessment of the environmental impact of new business sites, eliminating or reducing any harmful impact on the environment. Environmental impact assessments are performed and audited in accordance with the Group’s standard process. Based on a plan for integrated environmental control, Amore Beauty Park installed an ultra-low NOx burner to reduce NOx emissions in 2021, and actually reduced NOx emissions by more than 27% compared to 2020. Amore Beauty Park will continue to strictly manage NOx emissions in accordance with internal emission standards that were established at a level more than 70% lower than legal standards.

**Integrated Chemicals Management**

Amorepacific operates its AP-CHEMS (Amorepacific integrated chemicals management system) for all chemicals the company uses. To be more specific, it regularly monitors regulations and risks related to the environment, safety, and health of all chemicals purchased at its business sites. In the process of receiving, using, storing, and disposing of chemicals, they are managed according to legal standards at all Amorepacific business sites. Moreover, chemicals management is strengthened by conducting inspections at least twice a year, including an internal audit and cross-checking by different business managers. In addition, employees at all business sites owned or operated by Amorepacific, as well as all stakeholders entering the business sites, are trained to implement each business site’s chemicals management rules.

**Efforts for Zero Waste-to-Landfill**

Amorepacific Group works hard to contribute to establishing a circular economy by minimizing waste and activating recycling at business sites. Waste generated at each production site is categorized by types and characteristics, with the Group implementing optimized measures to recycle each category of waste. Many Amorepacific production sites were designated as Ministry of Environment target sites for the Resource Circulation Performance Management Program, so some production sites were already given resource circulation goals and some will soon be given goals by the ministry.

In particular, Amore Beauty Park and the Daily Beauty production site exceeded the resource circulation goal by continuously improving their waste recycling rates. To achieve zero waste-to-landfill, these business sites converted dust, which was previously landfill, into waste for recycling in 2021. The Daily Beauty production site has become highly reliable by adopting its own waste meter to accurately manage emissions. We also converted some of the organic solvents that had been incinerated to be recycled as raw materials for cement. Moving forward, we will make every effort to increase the actual recycling efficiency rate by partnering with a recycling company that boasts a strong track record of high recycling efficiency and circular utilization of landfill waste.

# Environmental Education

Amorepacific Group aims to fulfill its corporate responsibility for the environment by fostering environmentally sensible youth based on the Group’s 1993 declaration of its Total Commitment Initiative. We share our sustainable management vision and provide diverse programs for young eco-creators to think flexibly about plastic problems.

## Protecting the Environment Together: Love the Earth Eco-creators

Amorepacific Group has been running its Love the Earth Environmental Camp—an annual eco-based camp for children who represent our future—since 2019 to encourage young people to think about the environment and help foster eco-creators. In recognition of these efforts, Amorepacific’s Environmental Camp, Love the Earth was selected as the 2021 Outstanding Environmental Education Program<sup>1)</sup> by the Ministry of Environment.

Children who participated in this camp used a video conferencing system to discuss upcycling and climate change by topic with an environmental education expert and college student mentors. They also learned how to make a video from a video expert and became AP Eco-creators. In fact, in 2021, and under the theme of “Zero Waste,” participants thought about this with college student mentors and selected missions to carry out, such as visiting refill stations, upcycling, and plogging to add meaning to their activities. These same youth filmed the process of performing the selected mission and what they felt by doing this, produced an environmental movie, and had a preview at the camp’s graduation ceremony to share with friends and family.

In the second half of 2021, we launched a Love the Earth Eco-influencer Course to inspire elementary school students to think about environmental issues and inform them of the concept of systematic resource circulation. As part of this, Amorepacific also developed its own workbook, *Environmental Education for A MORE Beautiful Earth, Love the Earth Eco-influencer Course*, together with the Korea Environmental Education Center and a group of elementary school teachers. Based on this textbook, Amorepacific helped a total of 902 elementary school students from



Love the Earth Eco-influencer Course

nine schools learn how to reduce their use and purchase of disposable goods and return them to resources just by playing with each other, and how to be Eco-influencers who can promote their practices to others around them, including friends and family.

In 2021, college student supporters participated in the entire process as Eco-influencers. After completing education programs on environmental issues, video production, and leader ethics, college student supporters communicated with elementary students as mentors so that they could enjoy online classes together. They also led offline classes at schools as teachers for resource circulation to let children know the importance of the environment.

1) Outstanding Environmental Education Program: Outstanding environmental education designated by the Minister of Environment after examining the eco-friendliness, excellence, and stability of programs pursuant to Article 13 of the Environmental Education Promotion Act

Cumulative number of children who have participated in Love the Earth Eco-creator Course

1,033 children

Education hours for participating children in the Eco-creator Course in 2021

2,404 hours

# Appendix

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Ten Principles of the UNGC-TCFD-SASB p.110 | Verification Statement p.113 | Major Awards and Recognitions p.117

# About This Report

## Purpose of the Report

This report was created to disclose Amorepacific Group's sustainability management activities to stakeholders transparently and collect various opinions to reflect them in management. The scope of the Amorepacific Sustainability Report, which has been issued annually since 2009, was expanded in 2015 to be issued as Amorepacific Group Sustainability Report with the aim of expanding communication with stakeholders.

## Scope of the Report and Reporting Period

The scope of this report covers Amorepacific Group and all its subsidiaries (Amorepacific, innisfree, ETUDE, etc.). In the case of Amorepacific, the domestic business sites (Amorepacific headquarters in Seoul, R&I Center in Yongin, HR Development Center, Regional BU, and Amore Beauty Park, Daily Beauty production site and OSULLOC production site) were mainly under review, and, in some cases, includes performances of overseas subsidiaries. A separate addendum was made when the reporting scope standard was revised differently from the past standard. The reporting period is from January 1 to December 31, 2021, with data from the past three years included for comparative purposes in some parts of the report. Based on the importance and timeliness of information, some data included information from 2022.

## Third Party Assurance

In order to enhance the accuracy and reliability of this report, the content was verified by an independent verification institution, DNV GL Business Assurance Korea Ltd. The content was verified based on VeriSustain™, an internationally recognized assurance standard.

## Reporting Standards

This report was prepared in accordance with the sustainability reporting guideline standards 2021 of the Global Reporting Initiative (GRI) and is based on indicators, including major agenda of the Sustainable Development Goals (SDGs) and Amorepacific Group's internal reporting guidelines.

# Consolidated Statements of Financial Position

## Summary

(million KRW)

Category	Amorepacific		Amorepacific Group	
	2021	2020	2021	2020
<b>Current assets</b>	<b>2,018,527</b>	<b>1,825,732</b>	<b>3,015,472</b>	<b>2,853,057</b>
Cash and cash equivalents	537,694	793,728	870,595	1,190,926
Financial deposits	101,826	57,882	316,826	221,282
Financial assets at fair value through profit or loss	490,839	166,463	863,824	411,154
Trade receivables	295,769	283,770	311,951	306,676
Other receivables	41,647	24,724	38,439	32,584
Current tax assets	3,331	19,236	8,431	22,045
Other current assets	50,131	65,446	58,525	74,271
Inventories	493,224	414,483	542,815	478,448
Non-current assets as held for sale	4,066	-	4,066	115,669
<b>Non-current assets</b>	<b>4,098,187</b>	<b>3,876,186</b>	<b>5,022,671</b>	<b>4,935,687</b>
Financial deposits	19,513	17,557	24,032	21,682
Other receivables	115,163	100,547	126,171	136,561
Financial assets at fair value through net income	104,256	1,129	226,133	49,548
Financial assets at amortized cost	811	2,125	1,966	3,280
Financial assets at fair value through other comprehensive income	4,672	706	5,410	4,390
Property, plant, and equipment	2,541,362	2,566,328	2,919,950	3,081,089
Investment Property	534,229	488,815	344,130	323,293
Right-of-use assets	146,466	227,453	164,555	288,383
Intangible assets	201,680	208,774	703,437	719,633
Investments in associates	238,445	52,514	282,307	60,621
The net defined benefit assets	94,730	110,633	101,017	93,254
Deferred tax assets	84,608	82,890	109,593	134,878
Other non-current assets	12,252	16,714	13,970	19,076
<b>Total assets</b>	<b>6,116,714</b>	<b>5,701,918</b>	<b>8,038,143</b>	<b>7,788,744</b>
<b>Current liabilities</b>	<b>1,157,485</b>	<b>965,947</b>	<b>1,273,285</b>	<b>1,170,156</b>
<b>Non-current liabilities</b>	<b>214,929</b>	<b>271,574</b>	<b>289,233</b>	<b>346,545</b>
<b>Total liabilities</b>	<b>1,372,414</b>	<b>1,237,520</b>	<b>1,562,518</b>	<b>1,516,701</b>
Share capital	34,525	34,508	47,997	47,997
Share premium	720,481	712,702	903,711	903,711
Capital surplus	75,353	10,807	(209,370)	(124,392)
Other components of equity	(19,004)	(117,632)	(195,103)	(196,032)
Accumulated other comprehensive income	11,879	(20,279)	(2,562)	(13,647)
Retained earnings	3,937,775	3,847,747	2,761,864	2,631,907
Non-controlling interests	(16,709)	(3,456)	3,169,087	3,022,499
<b>Total equity</b>	<b>4,744,300</b>	<b>4,464,398</b>	<b>6,475,625</b>	<b>6,272,043</b>

# Consolidated Statements of Comprehensive Income

## Consolidated Statements of Comprehensive Income

(KRW)

Category	Amorepacific		Amorepacific Group	
	2021	2020	2021	2020
Revenue	4,863,128,496,699	4,432,179,039,394	5,326,080,007,289	4,930,083,149,864
Cost of sales	1,362,639,202,428	1,265,398,064,748	1,461,565,391,981	1,371,125,560,674
Gross profit	3,500,489,294,271	3,166,780,974,646	3,864,514,615,308	3,558,957,589,190
Selling and administrative expenses	3,157,131,485,221	3,023,771,855,339	3,508,343,341,758	3,408,296,540,695
Operating profit	343,357,809,050	143,009,119,307	356,171,273,550	150,661,048,495
Finance income	10,499,109,599	11,882,548,495	21,061,314,624	23,224,981,543
Finance costs	11,410,260,207	17,026,833,385	14,322,950,770	22,912,945,354
Other non-operating losses, net	(45,496,828,367)	(113,231,972,208)	61,004,430,682	(121,065,325,539)
Share of net profit of associates	927,626,457	660,159,537	5,660,108,316	1,376,674,276
Profit before income tax	297,877,456,532	25,293,021,746	429,574,176,402	31,284,433,421
Income tax expense	117,019,762,555	3,424,010,057	137,595,329,986	9,236,751,263
Profit for the year	180,857,693,977	21,869,011,689	291,978,846,416	22,047,682,158
Profit attributable to				
Owners of the Parent Company	193,680,578,727	35,132,159,662	179,995,030,205	10,381,313,997
Non-controlling interests	(12,822,884,750)	(13,263,147,973)	111,983,816,211	11,666,368,161
Post-tax other comprehensive income (loss)	(15,641,140,883)	12,241,704,451	-	-
Items that will not be reclassified to profit or loss				
Actuarial loss on postemployment benefit obligations	(47,369,483,250)	7,379,173,991	(57,633,335,747)	10,075,519,263
Financial assets at fair value through other comprehensive income	109,285,659	(306,779,895)	307,763,192	(429,427,513)
Items that may be reclassified to profit or loss				
Share of other comprehensive income of associates	260,637,659	141,746,006	227,434,393	141,746,006
Gain or loss on on currency translation of foreign operations	31,358,419,049	5,027,564,349	31,359,475,764	5,355,904,949
Other comprehensive income (loss) for the period, net of tax	-	-	(25,738,662,398)	15,143,742,705
Total comprehensive income for the year	165,216,553,094	34,110,716,140	266,240,184,018	37,191,424,863
Attributable to				
Owners of the Parent Company	178,468,780,329	46,911,291,120	165,405,660,706	16,686,864,287
Non-controlling interests	(13,252,227,235)	(12,800,574,980)	100,834,523,312	20,504,560,576
Earnings per share attributable to owners of the Parent Company				
Basic earnings per ordinary share	2,820	512	1,989	74
Basic earnings per preferred share	2,821	517	1,994	79

# Board of Directors

## Current Status of the Boards of Directors

The Amorepacific Group Board of Directors and the Amorepacific Board of Directors are both committed to sound governance structures for the company’s development, sustainable growth, and value creation for stakeholders. In this process, a BOD centered on independent directors is formed so that the board can perform independent functions from management and controlling shareholders. Directors are appointed at the general shareholders’ meeting in consideration of independence, diversity, and expertise. Further to that, according to the company’s articles of incorporation, internal directors are appointed for terms of three years, while an independent director’s term in office is determined by a resolution at a general shareholders’ meeting, and ranges from one to three years.

[Amorepacific Group Corporate Governance Articles of Incorporation and Rules \(in Korean\)](#)

[Amorepacific Corporate Governance Articles of Incorporation and Rules \(in Korean\)](#)

## Independence and Diversity of BODs

Amorepacific Group and Amorepacific organize their own respective board of directors, with a majority of members serving as independent directors to strengthen the independence of the BODs. The Independent Director Nomination Committee, which consists entirely of independent directors, verifies and recommends candidates. The process of appointing directors follows the Guidelines for the Independence of Directors, and directors who do not meet the requirements of those guidelines meet the qualification requirements for directors as stipulated in relevant laws such as the Commercial Act. In addition, we appoint directors with working experience and knowledge from various backgrounds in accordance with our BOD Diversity Guidelines, which states that discrimination cannot be carried out due to gender, region, academic background, disability, nationality, or race. Moreover, independent directors are not limited to specific areas, while external experts in accounting, management strategy, foreign affairs, marketing, and ESG participate in the BOD to enhance the expertise of the board and the committees under the BOD.

[Amorepacific Group \(Board of\) Directors’ Independence & Diversity Guidelines](#)

[Amorepacific \(Board of\) Directors’ Independence & Diversity Guidelines](#)

## 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. Their responsibilities are as follows: the Audit Committee monitors the company’s accounting and operations; the Independent Director Nomination Committee is responsible for verifying and recommending outside director candidates; the Management Committee and the Risk Management Committee are responsible for enhancing the expertise and efficiency of overall management as well as preemptively managing and responding to risks; the Internal Transaction Review Committee and Compensation Committee keep management in check; and the ESG Committee strengthens ESG management. Each committee contributes to the effective and careful discussion and decision-making of the BOD by organizing its members in consideration of the respective committee director’s expertise, related experience of individual members, and key role(s) of the committee.

## BOD Evaluation and Remuneration

In order to strengthen accountability of the BOD and improve its efficiency, all directors, including independent directors, conduct an annual evaluation of the BOD’s activities. In order to ensure fairness, the evaluation items are organized according to BOD evaluation guidelines as submitted by the Korea Corporate Governance Service. 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 reconsider whether they will reevaluate independent directors based on their individual performance and reflect these reevaluation results when deciding on their potential reappointment and possible remuneration.

## Amorepacific Group Shareholders (As of Dec. 31, 2021, %)

Category	Proportion
Major shareholder and affiliated parties	62.9
Foreign institutional investors	15.8
Individual investors	7.7
Treasury stock	7.5
Domestic institutional investors	6.1

## Amorepacific Shareholders (As of Dec. 31, 2021, %)

Category	Proportion
Amorepacific Group	38.0
Foreign institutional investors	29.1
Major shareholder and affiliated parties	14.1
Individual investors	9.6
Domestic institutional investors	9.0
Treasury stock	0.2

Amorepacific Group BOD

(As of May 2022, ●: Chairperson, ○: Member)

Category	Name	Position	Area of Expertise	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	Business Administration	M	March 1997					○	○	
	Kim Seung-hwan	CEO, Amorepacific Group	Business Administration	M	March 2013			○	○	●	●	○
Independent Directors	Choe Jong-hak	Professor, College of Business Administration, Seoul National University	Accounting	M	March 2019	●	○	●	○			
	Kim Eon-soo	Professor, Department of Business Administration, Korea University	Business Strategy	M	March 2020	○	○	○				●
	Kim Young-sun	Visiting Researcher, Seoul National University Asia Center	Foreign Affairs	M	March 2020	○	●		●			○
	Lee Kyoung-mi	Professor, Department of Business Administration, Seoul National University	Marketing	F	March 2020		○					○

Amorepacific BOD

(As of May 2022, ●: Chairperson, ○: Member)

Category	Name	Position	Area of Expertise	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	Business Administration	M	June 2006					○	○	
	Ahn Sae-hong	CEO, Amorepacific	Business Administration	M	March 2018				○	●	●	○
	Lee Dong Soon	Executive Vice President, SCM Unit, Amorepacific	SCM	M	March 2021					○	○	○
	Lee Sang-mok	Head of Business Support Unit, Amorepacific	Business Administration	M	March 2013			○			○	
Independent Directors	Lee Hwi-seong	Senior Advisor, Innovative Company Sellwe	IT	M	March 2019	○	○	●				○
	Cha Sang-kyun	Dean and Professor, Graduate School of Data Science, Seoul National University	ICT	M	March 2020				●			
	Cho Seong Jin	Professor, College of Economy, Seoul National University	Economy	M	March 2021	○	○	○				
	Kim Jong-dae	Professor, Department of Business Administration; Department Chair, Green Finance Graduate Program at Inha University	ESG	M	March 2022				○			●
	Ahn Hee-joon	Professor and Dean, College of Business Administration and Business School at Sungkyunkwan University	Finance	M	March 2022	●		○				
	Choe In-a	Visiting Editorial Writer, The Dong-a Ilbo; CEO, Choi Ina Books	Marketing	F	March 2022		○					○

# Employment Status

## Employment Status

### Amorepacific Group Employment Status (persons)

Category	2019	2020	2021
Total	13,257	12,387	11,171
Domestic	7,603	7,288	6,602
Overseas	5,654	5,099	4,569

### Amorepacific Employment Status

Category		2019	2020	2021
No. of employees (persons)	Korea	5,976	5,747	5,318
	Asia	5,381	4,874	4,367
	North America	195	156	139
	Europe & Others	78	69	63
	<b>Total</b>	<b>11,630</b>	<b>10,846</b>	<b>9,887</b>
Employee ratio (%)	Korea	51.4	53.0	53.8
	Asia	46.3	44.9	44.2
	North America	1.7	1.4	1.4
	Europe & Others	0.7	0.6	0.6
No. of managers (persons)	Korea	882	944	1,212
	Asia	181	196	269
	North America	23	19	30
	Europe & Others	9	7	11
	<b>Total</b>	<b>1,095</b>	<b>1,166</b>	<b>1,522</b>
Ratio of managerial positions within each region (%)	Korea	14.8	16.4	22.8
	Asia	3.4	4.0	6.2
	North America	11.8	12.2	21.6
	Europe & Others	11.5	10.1	17.5
	<b>Average</b>	<b>10.4</b>	<b>10.7</b>	<b>17.0</b>

Domestic Employment Status

(persons)

Category		Amorepacific Group			Amorepacific		
		2019	2020	2021	2019	2020	2021
Employment Status	Permanent <sup>1)</sup>	7,215	6,970	6,203	5,700	5,521	5,020
	Temporary <sup>2)</sup>	388	318	399	276	226	298
Gender	Men	2,689	2,607	2,417	1,898	1,840	1,853
	Women	4,914	4,681	4,185	4,078	3,907	3,465
Age Group	< 30 years old	2,288	1,743	1,289	1,788	1,364	954
	30-50 years old	5,047	5,248	5,041	3,992	4,168	4,145
	> 50 years old	268	297	272	196	215	219
Employees with Disabilities <sup>3)</sup>		96	109	104	87	109	102

Employment Status in Overseas Offices

Category		2019	2020	2021
Number of Local Employees (persons)	Total	5,493	4,939	4,434
	Asia	5,242	4,737	4,244
	Europe & Others	69	61	57
	North America	182	141	133
Local Employment Ratio (%)		97.2	96.9	97.0
Ratio of Local Female Employees (%)		85.5	84.8	84.7
Ratio of Local Managers (%)		59.6	58.6	66.8
Ratio of Local Female Managers (%)		75.6	76.2	77.8

1) Managers included

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

3) Including the number of employees with disabilities hired by the Amorepacific subsidiary WeDream

Amorepacific Group Employment and Turnover (Domestic)

Category	2019	2020	2021
New Employees (persons)	744	431	486
Voluntary Turnover Rate (%)	5.9	13.3	13.8

Amorepacific Employment and Turnover (Domestic)

Category		2019	2020	2021
Employment	New employees (persons)	459	286	318
	Internal employment rate for open positions (%) <sup>1)</sup>	12.9	32.6	41.8
	Average employment cost (10,000 KRW)	49.8	114.3	187.4
Turnover Rate	Total turnover rate (%)	6.0	14.9	14.8
	Voluntary turnover rate (%)	5.2	14.5	14.5

1) Internal employment rate for open positions and average employment cost calculated on the basis of permanent employees

# Employment Diversity

## Securing Female Leadership

Amorepacific Group is committed to securing female leadership, as the majority of consumers in the cosmetics industry are women. As a result, it maintains a high proportion of female employees as a private company.

To secure women leadership, the Group is focusing on creating a corporate culture where employees in all genders work with other employees with consideration. The Group also introduced flexible working hours as a policy to ensure the maximum efficiency of work and find a balance between work and life.

## Amorepacific Group Female Leadership

Category		2019	2020	2021
Female Employees	Ratio of female employees (%)	72.5	71.8	71.2
	Employees (persons)	13,257	12,387	11,171
	Female employees (persons)	9,613	8,891	7,958
Female Managers	Ratio of female managers (%)	33.6	35.3	39.8
	Total number of managers (persons)	1,361	1,466	1,792
	Total number of female managers (persons)	457	517	714

Amorepacific Female Leadership

Category		2019	2020	2021
Female Employees	Ratio of female employees (%)	75.5	74.8	73.2
	Employees (persons)	11,630	10,846	9,887
	Female employees (persons)	8,777	8,117	7,238
	Ratio of women with revenue-generating positions (%)	-	79.1	80.1
	Ratio of women with STEM-related positions (%)	-	50.1	51.4
Female Managers	Ratio of female managers (%)	35.5	37.7	39.9
	Total number of managers (persons)	1,095	1,166	1,522
	Total number of female managers (persons)	389	439	608
	Ratio of top female managers (%)	-	23.9	22.8
	Ratio of junior-level female managers (%)	-	43.2	42.2
Equal Pay (Ratio of wage for female compared to male)	Ratio of female managers with revenue-generating positions (%)	-	-	39.4
	Executive position (Base pay)	-	90.2	89.2
	Executive position (Total)	-	88.7	92.0
	Managerial position (Base Pay)	-	98.3	96.8
	Managerial position (Total)	-	98.3	94.1
Non-managerial position	-	95.8	96.7	

CSR

Donation and Membership Fee Expenditures

Employee volunteer activities are mainly recommended on a team or organization basis. The number of participants and total time of participation in volunteer activities have significantly decreased recently, as team and organization-based activities became difficult to carry out due to the prolonged COVID-19 regulations. In line with the post-COVID-19 era, Amorepacific Group has shifted from volunteer activities centered on time and participation rates to other types of ways employees can help, such as pro bono activities as well as brand and channel CSR campaigns based on their expertise and willingness to carry out initiatives of their own volition.

Amorepacific’s cash donation ratio is higher than its in-kind donation ratio, but that is not intentional. Rather, it reflects the needs of the company’s sponsored organizations, which prefer cash donations to in-kind donations. In 2020, in-kind donations were more than three times higher than in 2019. That was due to the spread of COVID-19, which subsequently led to the interest in the hygiene of local communities and welfare facilities increasing in 2020. Along with this, Amorepacific continues to provide daily supplies for local communities through its “Beautiful Goods Sharing” campaign. [↗](#)

Amorepacific Group CSR Activities

(million KRW)

Category		2019	2020	2021
Expenditures on CSR activities	Amount of Expenditure	23,610	18,601	17,219
	Ratio Compared to Sales (%)	0.38	0.38	0.33
Employee Volunteer Activities	Participation Rate (%)	64.8	39.9	28.8
	Average Hours of Volunteering	6.9	4.3	2.8
Disbursement of Funds from Public Foundations	Amorepacific Foundation	1,086	1,002	915
	Amorepacific Welfare Foundation	816	692	628
	Korea Breast Cancer Foundation	3,042	708	1,769
	innisfree Moeum Foundation	602	75	202
Policy-related Expenditures	Political Donations and Lobbying Efforts	0	0	0
	Major related Association Membership Fees	2,656	1,604	1,635
	Ballot Measures, Referendums	0	0	0

Value of CSR Activities

(million KRW)

Category	2019	2020	2021
Cash Donation	15,132	10,480	11,591
In-kind Donation	899	3,089	1,332
Management Overhead	4,594	2,994	3,101

Major Related Association Membership Fees in 2021

(million KRW)

Name of Association	Status	Amount	Business Impact
Korea Door-to-door Sales Development Association	Member	1,380	High
Korea Cosmetic Association	Member	179	High
Korea Direct Selling Industry Association	Member	47.5	High
UN Global Compact Network Korea	Member	16.5	High
Korea Health Supplements Association	Member	12	High

# Occupational Safety and Health

## Amorepacific Group Occupational Safety and Health (%)

Category	2019	2020	2021
Fatal accidents (cases)	0	0	0
Accident rate	0.051	0.065	0.145

## Amorepacific Occupational Safety and Health (%)

Category	2019	2020	2021
Amorepacific (total)	Fatal accidents (cases)	0	0
	Accident rate <sup>1)</sup>	0.050	0.065
	LTIFR <sup>2)</sup>	0.261	0.338
	Occupational disease rate	0.000	0.000
Amorepacific (Domestic)	Accident rate	0.065	0.068
	LTIFR	0.340	0.353
	Occupational disease rate	0.000	0.000
Amorepacific (Mainland China)	Accident rate	0.000	0.055
	LTIFR	0.000	0.289
	Occupational disease rate	0.000	0.000

## Amorepacific In-house Contractors' Occupational Safety and Health (%)

Category	2019	2020	2021
Amorepacific (total)	Fatal accidents (cases)	0	0
	Accident rate <sup>1)</sup>	0.040	0.049
	LTIFR <sup>2)</sup>	0.206	0.253
	Occupational disease rate	0.000	0.000
Amorepacific (Domestic)	Accident rate	0.033	0.038
	LTIFR	0.172	0.198
	Occupational disease rate	0.000	0.000
Amorepacific (Mainland China)	Accident rate	0.042	0.052
	LTIFR	0.217	0.272
	Occupational disease rate	0.000	0.000

1) Accident rate: The rate of accident victims per 100 workers (accident victims/average number of workers per year×100)

2) Lost Time Injuries Frequency Rate (LTIFR): The number of lost time injuries occurring in a workplace per 1 million hours worked (Total cases of accidents/annual hours worked×1,000,000)

# Environmental Data

## Amorepacific Group Energy Consumption (TJ)

Category		2019	2020	2021
Amorepacific (Domestic)	Diesel	1.6	1.3	1.1
	LNG	164.5	178.9	177.8
	Gasoline	5.1	4.1	3.8
	Electric power (Non-renewable)	786.6	741.9	770.6
	Electric power (Renewable)	48.5	42.3	75.2
	<b>Total</b>	<b>1,006.3</b>	<b>968.5</b>	<b>1,028.5</b>
Amorepacific (Shanghai) <sup>1)</sup>	Diesel	0.0	0.0	0.0
	LNG	17.4	14.0	17.7
	Gasoline	0.4	0.3	0.2
	Electric power (Non-renewable)	86.9	63.3	0
	Electric power (Renewable)	0.6	0.6	99.5
	<b>Total</b>	<b>105.3</b>	<b>78.2</b>	<b>117.4</b>
Amorepacific Group <sup>2)</sup>	Diesel	4.5	4.1	3.9
	LNG	244.9	217.4	210.5
	LPG	10.7	9.4	8.8
	Gasoline	5.3	4.4	4.3
	Kerosene	26.4	27.9	20.6
	Electric power (Non-renewable)	1,058.9	1,009.6	932.2
	Electric power (Renewable)	48.5	42.3	174.7
	<b>Total</b>	<b>1,399.2</b>	<b>1,315.2</b>	<b>1,355.1</b>

1) Scope 1 emissions offset by purchasing CER

2) Amorepacific (Domestic, Shanghai), PACIFICPACKAGE, COSVISION, and OSULLOC Farm included

## Amorepacific Group GHG Emissions (Scope 1, 2) (tCO<sub>2</sub>e)

Category		2019	2020	2021
Amorepacific (Domestic)	Scope 1	10,279	9,301	9,353
	Scope 2	37,817	35,702	36,740
	<b>Total</b>	<b>48,096</b>	<b>45,003</b>	<b>46,093</b>
Amorepacific (Shanghai)	Scope 1	884	703	1,610(0) <sup>1)</sup>
	Scope 2	4,917	6,620	0
	<b>Total</b>	<b>5,801</b>	<b>7,323</b>	<b>1,610(0)<sup>1)</sup></b>
COSVISION	Scope 1	889	658	768
	Scope 2	3,445	2,785	3,306
	<b>Total</b>	<b>4,334</b>	<b>3,443</b>	<b>4,074</b>
PACIFICPACKAGE	Scope 1	323	225	215
	Scope 2	3,672	3,116	3,314
	<b>Total</b>	<b>3,995</b>	<b>3,341</b>	<b>3,529</b>
OSULLOC Farm	Scope 1	2,296	2,416	1,901
	Scope 2	1,162	1,187	1,115
	<b>Total</b>	<b>3,458</b>	<b>3,603</b>	<b>3,016</b>
Amorepacific Group	Scope 1	14,671	13,303	13,846(12,236)
	Scope 2	51,013	49,410	44,474
	<b>Total</b>	<b>65,684</b>	<b>62,713</b>	<b>58,322(56,712)</b>

**Amorepacific GHG Emissions (Scope3)** (tCO<sub>2</sub>e)

Category	2021
Upstream	
Activities related to fuel and energy	1,999
Upstream transportation and logistics	687
Wastes from operation processes	150
Employees' commuting	985
Downstream	
Disposal of products sold	2,605
Downstream rental properties	2,894
<b>Total</b>	<b>9,320</b>

**Water Resource Management at Amorepacific Group Production Sites** (ton)

Category	2019	2020	2021 <sup>1)</sup>
Amorepacific			
Water Withdrawal by Source of Water			
Total	517,276	475,653	488,048
Municipal water (tap water)	437,323	401,243	418,609
Industrial water	34,892	39,133	30,322
Ground water	6,562	1,675	2,061
Rainwater	38,499	33,602	37,056
Recycling	31,322	13,815	35,820
Water Discharge	296,566	270,517	287,785
Intensity of Water Withdrawal (tonne/tonnes of production)	5.021	5.204	4.977
			4.996 (2021 Goal)
Amorepacific Group			
Water Withdrawal by Business Site			
Total	1,113,792	901,673	797,271
Amorepacific	517,276	475,653	488,048
AESTURA	27,526	24,656	-
PACIFICPACKAGE	18,940	15,831	14,083
COSVISION	71,772	57,780	68,406
OSULLOC Farm	373,353	238,852	226,733
PACIFICGLAS	104,925	88,901	-
Water Withdrawal by Source of Water			
Municipal water (tap water)	658,430	585,914	499,500
Industrial water	34,892	39,133	30,322
Ground water	381,971	243,024	230,393
Rainwater	38,499	33,602	37,056
Water Recycling	33,169	16,028	35,820
Water Discharge	469,969	395,818	333,855
Intensity of Water Withdrawal (tonne/tonnes of production)	8.059	7.444	7.023
			7.146 (2021 Goal)

1) In 2021, the changed business scope was applied as a result of the merger and sale. (Amorepacific merged AESTURA, a subsidiary of Amorepacific Group, and Amorepacific Group sold its stake in PACIFICGLAS.)

### Amorepacific Group Waste Generation and Recycling at Production Sites

(ton)

Waste Generation by Production Site	2019	2020	2021 <sup>1)</sup>
Amorepacific	10,249	7,774	8,260
AESTURA	175	146	-
COSVISION	610	528	558
PACIFICPACKAGE	368	318	217
OSULLOC Farm	2	2	1
PACIFICGLAS	1,758	1,358	-
<b>Amorepacific Group</b>	<b>13,164</b>	<b>10,126</b>	<b>9,036</b>

1) In 2021, the changed business scope was applied as a result of the merger and sale.  
(Amorepacific merged AESTURA, a subsidiary of Amorepacific Group, and Amorepacific Group sold its stake in PACIFICGLAS.)

(ton)

Waste Amount by Disposal Method		2019	2020	2021 <sup>1)</sup>
Amorepacific Group	General Waste	9,012	6,602	7,023
	Recycling	7,957	5,636	6,177
	Incineration	974	961	843
	Landfill	80	5	4
	Designated Waste	1,237	1,172	1,237
	Recycling	1,124	1,082	1,102
	Incineration	114	90	135
	Landfill	-	-	-
	Recycling Rate (%)	89	86	88
	General Waste	11,274	8,400	7,434
Recycling	9,704	7,045	6,512	
Incineration	1,488	1,348	917	
Landfill	82	7	5	
Designated Waste	1,889	1,726	1,603	
Recycling	1,351	1,284	1,317	
Incineration	513	417	286	
Landfill	25	25	-	
Recycling Rate (%)	84	82	87	

1) In 2021, the changed business scope was applied as a result of the merger and sale.  
(Amorepacific merged AESTURA, a subsidiary of Amorepacific Group, and Amorepacific Group sold its stake in PACIFICGLAS.)

Amorepacific Group Pollutant Management at Production Sites

(ton)

Category		2019	2020	2021 <sup>1)</sup>
Amorepacific	Dust	1.5	0.8	1.0
	SOx	-	-	-
	NOx	10.3	9.6	8.0
	COD	11.3	10.1	9.3
AESTURA	Dust	0.1	0.1	-
	SOx	-	-	-
	NOx	-	-	-
	COD	0.5	-	-
COSVISION	Dust	0.3	0.1	0.2
	SOx	-	-	-
	NOx	-	1.4	1.1
	COD	2.3	1.8	2.2
PACIFICPACKAGE	Dust	-	-	-
	SOx	-	-	-
	NOx	-	-	-
	COD	-	-	-
OSULLOC Farm	Dust	-	0.1	0.1
	SOx	-	-	-
	NOx	-	-	-
	COD	-	-	-
PACIFICGLAS	Dust	0.3	0.2	-
	SOx	19.3	17.5	-
	NOx	12.4	9.0	-
	COD	1.5	0.8	-
Amorepacific Group	Dust	2.2	1.5	1.4
	SOx	19.3	17.5	-
	NOx	22.7	20.0	9.1
	COD	15.2	13.0	11.6

1) In 2021, the changed business scope was applied as a result of the merger and sale.  
(Amorepacific merged AESTURA, a subsidiary of Amorepacific Group, and Amorepacific Group sold its stake in PACIFICGLAS.)

Amorepacific Group Environmental Operations and Investments

(100 million KRW)

Category	2019	2020	2021 <sup>1)</sup>
Amorepacific	33.1	25.3	35.0
Amorepacific Group	49.3	39.5	37.3

Significant Violations of Environmental Regulations and Fines/Penalties

(cases, KRW)

Category		2019	2020	2021
Number of Significant Violation Cases	Amorepacific	0	0	0
	Amorepacific Group	0	0	0
Amount of fines/penalties	Amorepacific	0	0	0
	Amorepacific Group	0	0	0

Amorepacific Environmental Education

(person, hour)

Category	2020	2021
Number of Participants	165	3,516
Education Time	1,090	3,086

1) In 2021, the changed business scope was applied as a result of the merger and sale.  
(Amorepacific merged AESTURA, a subsidiary of Amorepacific Group, and Amorepacific Group sold its stake in PACIFICGLAS.)

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Amorepacific Group has reported in accordance with the GRI Standards for the period from 1 January 2021 to 31 December 2021.

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Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There was no serious case

# Ten Principles of the UNGC

## Ten Principles of the UNGC and Amorepacific Group's Activities

Category			Amorepacific Group's Principles and Activities	Reporting Pages and Related Info
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Amorepacific Group supports the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights; Ruggie Framework.	64-66
	Principle 2	make sure that they are not complicit in human rights abuses.		
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Amorepacific Group supports the employees' right to join and leave the labor union and build trust between the management and the employees through communication.	65-66
	Principle 4	the elimination of all forms of forced and compulsory labour;	Amorepacific Group strictly prohibits any form of child labor, involuntary or forced labor and discrimination throughout its entire business process, and conducts annual on-site reviews of the company and its suppliers.	30, 65-66, 80-82
	Principle 5	the effective abolition of child labour; and		
	Principle 6	the elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	Amorepacific Group contributes to solving environmental problems and achieving a circular economy by making efforts such as introducing renewable energy to realize carbon neutrality at the Group's global production sites by 2030, reducing waste with the development of sustainable packages, and expanding the use of RSPO-certified palm oil to preserve biodiversity.	16-18, 25-29, 34-42, 58-60, 83-90, 106
	Principle 8	undertake initiatives to promote greater environmental responsibility; and		
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.		
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Amorepacific Group conducts ethical management based on its code of ethics to promote ethical practice and raise awareness throughout the corporate ecosystem.	51-53 <a href="#">↗</a>



TCFD Checklist

TCFD Recommendations			CDP Index
Governance	a)	The organization’s governance around climate-related risks and opportunities.	50, 83, 88
	b)	Management’s role in assessing and managing climate-related risks and opportunities.	50, 83, 88
Strategy	a)	The climate-related risks and opportunities the organization has identified over the short, medium, and long term.	84-86
	b)	The impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	84-86
	c)	The resilience of the organization’s strategy, taking into consideration different climate-related scenarios.	84-86
Risk Management	a)	The organization’s processes for identifying and assessing climate-related risks.	44-48, 54-56, 86
	b)	The organization’s processes for managing climate-related risks.	44-48, 54-56, 86
	c)	How processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	44-48, 54-56, 86
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.	87, 103
	b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	87, 103
	c)	The targets used by the organization to manage climate-related risks and opportunities and performance against targets.	87, 103



Sustainability Disclosure Topics & Accounting Metrics

Code	Topic	Accounting Metric	Pages and Description
CG-HP-140a.1	Water Management	(1) Total water withdrawn	104
		(2) Total water consumption	104
		(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 baseline water stress, based on the WRI's standards.
CG-HP-140a.2		Description of water management risks and discussion of strategies and practices to mitigate those risks	88, The Group has low risks in water use (located in regions with low baseline water stress), but will reinforce water management—e.g. by assessing risks in water use on a mid-and long-term basis.
CG-HP-250a.1	Product EHS Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	Substances other than cyclosiloxane (D5, D6) are not used, and D5 and D6 are also managed before being regulated, while alternative raw materials and prescriptions are being developed.
CG-HP-250a.2		Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Only substances and raw materials of the quality suitable for safe cosmetics are partly selected and used according to the standards. ↗
CG-HP-250a.3		Discussion of process to identify and manage emerging materials and chemicals of concern	89 ↗, In-house safety standards that are stricter than legal or academic safety standards are prepared and thoroughly operated. Substances on the lists such as on CA pro.65 list and WA CHCC are generally not used, and are more strictly limited than national regulations in the EU, U.S., and Korea. The Group operates a process of reviewing and determining the suitability of human and environmental impacts when introducing new substances. In order to strengthen customer safety, details related to safe quality integration processes are disclosed.
CG-HP-250a.4		Revenue from products designed with green chemistry principles	27, Products applied with a low energy emulsification process, waste reduction technology (green technology certification), and eco-friendly solvent application process are continuously being developed according to sustainable product standards.
CG-HP-410a.1	Packaging Lifecycle Management	(1) Total weight of packaging	24, 39-40
		(2) Percentage made from recycled and/or renewable materials	38, 58-59 ↗
		(3) Percentage that is recyclable, reusable, and/or compostable	
CG-HP-410a.2		Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	
CG-HP-430a.1	Environmental & Social Impacts of Palm Oil Supply Chain	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	24 ↗

# Independent Assurance Statement

## Introduction

Amorepacific Group, Inc. (“the Company” or “APG”) commissioned DNV Business Assurance Korea, Ltd. (“DNV”, “we” or “us”), part of DNV Group, to undertake independent assurance of its 2021 Amorepacific Sustainability Report, ‘A More Beautiful World’ (the “Report”).

## Our Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe APG’s adherence to the Assurance Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. APG complied with nine requirements of GRI Standards 2021, and DNV believes that the Report has been prepared in accordance with the GRI Standards.

Based on non-financial data, sustainability activities and performance data of 2021 generated from the Company, DNV has assessed the requirements of GRI Standards 2021 including the Sustainability Reporting Principles and the quality of sustainability performance information. DNV has found that the material topics which are identified by the Company’s materiality assessment process are linked to relevant topic-specific disclosures of GRI Standards as follows:

No.	Material Topic	Topic Standard
1	Product Innovation and Digitalization	GRI 202-1
2	Developing Eco-friendly Products and Services	GRI 302-5
3	Waste Management and Circular Economy	GRI 301-3, 306-1

Without affecting our assurance opinion, we also provide the following observations:

## Sustainability Context

APG declared the “A MORE Beautiful Promise” (“AMBP”), the five commitments for 2030 sustainable management goals under the group mission of “We make A MORE beautiful world” and “ABC Spirit” consisting of five principles. AMBP is classified into “Move Forward Together with Customers and Society” and “Coexist Responsibly with Nature.” Through the Report, the company discloses 2030 goals and key performances in 2021 of each AMBP strategy. In addition, related activities and its environmental impacts are disclosed in detail, and each report content is consistent with the core tasks of the AMBP strategy.

## Completeness

APG provides stakeholders with information on activities and performance on material topics in terms of sustainability management during the reporting period. Reporting boundaries were set to include total of eight subsidiaries in APG, including Amorepacific, innisfree, and ETUDE. Amorepacific, a major subsidiary, includes not only domestic business sites (Global headquarters, R&I Center, HR Development Center, Regional BU, Amore Beauty Park, Daily Beauty production site and OSULLOC production site) but also some performances of overseas subsidiaries. The company reports positive trend data as well as negative trend data in a transparent and balanced manner. The assurance team confirm that the material topics selected through the materiality assessment were fully reflected to the Report, based on the physical and periodic reporting boundaries.

**Accuracy, Balance, Clarity, Comparability, Timeliness and Verifiability**

The assurance team has sampled data and reviewed the sustainability performance data of the Company. In particular, we have reviewed the reliability of the disclosure data below with reasonable level of assurance;

- Water consumption
- NOx emission
- Equal payment
- Accident rate and Fatal accidents

The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of the Company and interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. The Company reports the sustainability performance of the last three years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report.

**Scope and Approach**

We performed our work using DNV’s assurance methodology VeriSustain™ which is based on our professional experience, international assurance best practices including the International Standard on Assurance Engagements 3000 (“ISAE 3000”), and the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”).

We evaluated the Report for adherence to the principles of sustainability context, completeness. And we used the principles (Accuracy, Balance, Clarity, Comparability, Timeliness and Verifiability) stipulated in GRI Standards 2021 as criteria for evaluating performance information, together with APG’s data protocols for how the data are measured, recorded and reported. The engagement excludes the sustainability management, performance and reporting practices of APG’s subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as APG’s website ([www.apgroup.com](http://www.apgroup.com)). The review of financial data taken from these sources is not within the scope of our work.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a ‘limited level’ of assurance. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the company were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification.

**Basis of Our Opinion**

The assurance was carried out from February to June 2022. We undertook the following activities as part of the assurance process:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Site visits to APG headquarter in Seoul, Amore Beauty Park, and Daily Beauty production site in Daejeon to review process and system for preparing sustainability data and implementation of sustainability strategy.
- Conducted interviews with representatives from the various departments;
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- Reviewed the process and the result of materiality assessment.

**Responsibilities of the Directors of APG and DNV**

The Directors of APG have sole responsibility for the preparation of the Report. Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

**Competence and Independence**

DNV’s established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This engagement work was carried out by an independent team of sustainability assurance professionals.

July 8, 2022  
 Seoul, Korea  
 DNV Business Assurance Korea Ltd.  
 Jang Sup Lee, Country Representative



# Verification Statement GHG Inventory (Domestic)

## Introduction

DNV Business Assurance Korea Ltd. (“DNV”) was commissioned by AMOREPACIFIC Group to verify its Greenhouse Gas Inventory Report for the calendar year 2021 (“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:

- AMOREPACIFIC: Head office (Yongsan), Sale offices, Manufacturing Sites (Beauty 1&3 in Osan, Daejeon, Ansong, Jincheon), Distribution centers (Gangbuk, Gwangju, Gimcheon, Daejeon, Gimhae, Osan, Incheon, Jincheon and Songtan), R&I Center/HRD, Local Business unit (Gwangju, Daegu, Daejwon and Busan), Delivery and transportation by centers (Other indirect emissions)
- PACIFICPACKAGE: Cheonan
- COSVISION: Daejeon
- OSULLOC: Hannam, Premium factory, Seokwang, Dolsongi, Wolchulsan, and Kwnaghyewon

This Assurance Statement is valid as of the date of the issuance (19th April 2022). 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.

## Verification Approach

The verification has been conducted by DNV from 8th February through 19th April 2022 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 CO<sub>2</sub> 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 the year 2021 below;

## Amorepacific Group’s GHG Emissions in 2021<sup>1)</sup> (tCO<sub>2</sub>e)

Category	Emissions
Direct Emissions	12,237
Indirect Emissions	44,475
Other Indirect Emissions	9,320
Total (Direct + Indirect emissions)	56,712
Total (Direct + Indirect + Other emissions)	66,032

## Amorepacific Group Energy Consumption in 2021<sup>2)</sup> (GJ)

Category	Consumption
Fuel	230,283
Electric Power	932,181
Renewable Energy	81,038
Total	1,243,502

April 19, 2022  
 Country Representative, DNV Business Assurance Korea  
 Jang Sup Lee



1) In order to report the GHG emissions as an integer, the value on the statement might be different from the actual number with ± 1 tCO<sub>2</sub>-eq.  
 2) Renewable Energy: Electricity generated from Hydroelectricity, Solar photovoltaic power, Wind Power, Bio Energy

# Verification Statement GHG Inventory (Shanghai)

## Objective

The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Determine the extent of conformity of AMORE Cosmetics (Shanghai) Co.,Ltd.'s GHG emission inventory with the applicable verification criteria;
- Assess completeness of the organization's GHG inventory of GHG emissions and removals;
- Evaluate organization's GHG information system and its controls/management in preparing emission inventory;
- Confirm the GHG assertion is without material discrepancy, and whether the verification activities provide the level of assurance agreed to at the beginning of the verification process.

## Verification Criteria

The verification was performed on the basis ISO 14064-03:2019 Greenhouse gases – Specification with guidance for the verification and validation of greenhouse gas statements.

## Verification statement

TÜV SÜD has conducted verification on 2022-05-20 - 2022-05-23 with regard to the GHG assertion of AMORE Cosmetics (Shanghai) Co.,Ltd. which included assessment of GHG information system, monitoring and reporting. This assessment included the collection of evidences supporting the reported data, and the evaluation of the consistency and appropriateness of those evidences.

In TÜV SÜD's opinion, the GHG statement within a period from 2021-01-01 to 2021-12-31,

- Is materially correct and fairly representation of the GHG data and information,
- has been prepared in accordance with the related International Standard on GHG quantification, monitoring and reporting, or to relevant national standards or practices.

## Level of Assurance

At a limited - but not absolute-level of assurance, we verify that there's no evidence that the GHG statement is not materially correct, is not a fair representation of GHG data and information, has not been prepared in accordance with related international standard on GHG quantification, monitoring and reporting or to relevant national standards or practices.

## Greenhouse Gas Emissions of Amore Cosmetics (Shanghai) Co., Ltd (tonnes CO<sub>2</sub>e)

Category	Emissions
<b>Total GHG Emissions</b>	<b>1,610</b>
<b>Scope 1 (Category 1 direct emissions)</b>	<b>1,610</b>
Direct emissions from stationary combustion	996
Direct emissions from mobile combustion	14
Direct fugitive emissions from the release of GHG in anthropogenic systems	600
<b>Scope 2 (Category 2 indirect emissions from imported energy)</b>	<b>0</b>

- Covered Period: 2021-01-01 to 2021-12-31
- Level of Assurance: Limited
- Materiality threshold: 5% of the total GHG emissions
- Verification Report No.: 0302220501

Shanghai, 2022-05-24  
 ZHANG Cuiyun



This Statement is issued, on behalf of the client, by TÜV SÜD under its general conditions for Greenhouse Gas Verification Service Description. The findings recorded hereon are based upon an audit performed by TÜV SÜD. A full copy of this statement, the findings and the supporting GHG Assertion may be consulted at the organization. To check the validity of this statement please call (+86 21 6141 0182). This Statement does not relieve client from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on TÜV SÜD and TÜV SÜD shall have no responsibility vis-à-vis parties other than its client.

# Major Awards and Recognitions



DJSI Korea Index for 12 consecutive years (Amorepacific)



### FTSE4Good

FTSE4Good Index for 11 consecutive years (Amorepacific)  
FTSE4Good Index for 10 consecutive years (Amorepacific Group)



MSCI ESG Rating Class A (Amorepacific)



MSCI ESG Rating Class AA (Amorepacific Group)

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