

Sustainable Innovation For **BEAUTY & MORE**

Kolmar Korea 2022
Sustainability Report

ABOUT THIS REPORT

Report Overview

Kolmar Korea Co., Ltd. (hereinafter referred to as Kolmar Korea) has published its inaugural Sustainability Report for the year 2022, aiming to transparently disclose its direction and performance in sustainable management. In this year, we established an ESG (Environmental, Social, and Governance) management strategy and laid the foundation for an ESG management system. This report focuses on key areas based on Kolmar Korea's management philosophy, including ESG Vision and strategic direction. By consistently presenting the Sustainability Report annually, we pledge to disclose our ESG performance transparently and actively communicate with our esteemed stakeholders.

Reporting Period

The report covers the economic, social, and environmental performance and activities from January 1, 2022, to December 31, 2022, with some performances up to May 2023. Quantitative performance includes data from the past three years to enable analysis.

Reporting Scope

This report covers the performance of all business units under separate legal entities (R&D Complex, Sejong Factory, Bucheon Factory, Jeonui Factory, and Jeondong Factory). For financial performance, this report covers overseas subsidiaries and affiliates.

Reporting Standards

The financial information in this report complies with the Korean International Financial Reporting Standards (K-IFRS). For non-financial information, it complies with the Global Reporting Initiative (GRI) Standards 2021, incorporating the principles of the United Nations Global Compact (UNGC) Communication on Progress (CoP). Furthermore, it adheres to the Sustainability Accounting Standards Board (SASB), which is an industry-specific guidelines that considers the characteristics of each industry sector.

External Verification

To ensure the reliability of the reporting process and the information disclosed, the BSI(The British Standards Institution), the independent verification institution, has conducted a third-party verification following the internationally recognized AA1000AS assurance standard.

Inquiries about the Report

ESG Management Team of Kolmar Korea(ESG@kolmar.co.kr)



2022 Awards and Recognition

- Acquired the WPO (World Packaging Organization) World Star Awards - Paper Tube Division
- Acquired the Best Workplace Award at the Ministry of Culture, Sports and Tourism's Reading Management Award
- Acquired Green Technology Certification
- ESG Evaluation: Kolmar Korea received a B+ rating from the Korea ESG Standards Institute

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Interactive User Guide


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 Additional Information



ABOUT OUR COMPANY

SECTION 01



05_ Letter to Stakeholders

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LETTER TO STAKEHOLDERS



June 2023

CEO of Kolmar Korea **Hyun-kyu Choi**

Greetings to all stakeholders of Kolmar Korea

In 2022, following climate change and the pandemic, we faced increased uncertainty in the global supply chain collapse and economic crises, which is the 'Age of Hyperuncertainty.' Following these societal trends, Kolmar Korea, as a pioneer in the ODM business of the cosmetics industry in South Korea, has once again reflected on the needs of achieving 'sustainable growth.' In 2023, Kolmar Korea is boldly pursuing innovation to overcome challenges and lay the foundation for sustainable growth with the spirit of a 'Well-established Scheme.' We set 2022 as the year for beginning sustainable management, and established a solid foundation for sustainable management. In 2022, we established ESG Management Department under the CEO directly. To accelerate ESG management through the governance system, we established ESG Committee under the board of directors in 2023. In the long-term, we will integrate ESG management throughout our business to contribute to solve social issues and to increase company value.

We will achieve innovation in fulfilling business responsibilities.

Kolmar Korea has committed voluntarily to sustainable management and social responsibility by joining the UN Global Compact (UNGC) and supporting its 10 principles such as human rights, labor, environment, and anti-corruption. Additionally, as part of our ethical responsibility, we became the first company in the cosmetics industry to obtain integrated certification for anti-corruption and compliance management. We have further strengthened our legal and ethical management systems to address related risks proactively. Moreover, we are actively responding to the climate crisis by transitioning rapidly to a low-carbon and decarbonized business, such as joining K-RE100 and investing in factory process improvement.

We will enhance competitiveness through product innovation.

The ultimate goal of Kolmar Korea's sustainable management is to take responsibility for the health and beauty of humanity while creating value for our customers. We strive to bring happiness to our products. We also try to make customers contribute to solving environmental and social problems by consuming our products. We have obtained certifications for organic and vegan cosmetics and have developed and launched packaging materials with low negative environmental impact. By acquiring Yonwoo, a cosmetic packaging company, we aim to implement a differentiated circular economy through environmentally efficient packaging businesses.

We will achieve symbiotic growth through innovative value creation.

Kolmar Korea places emphasis on inclusion and diversity in our organizational culture to enable our employees, as the foundation and competitiveness of our business, to exert our capabilities regardless of age, gender, or other factors. We will continue to grow as a company where our employees can grow together with the company, feel proud, and contribute to the sustainable industrial ecosystem. In 2022, as the first ODM company in the cosmetic industry, we supported our partner companies to implement ESG management activities. We have also established a continuous cooperative system for the betterment of local communities and actively engaged in social contribution activities that reflect the characteristics of our industry. Moving forward, we will consistently generate opportunities for various stakeholders such as employees, customers, partners, and local communities to contribute to the environment and society, building trust and obtaining our support.

We will transparently share and communicate Kolmar Korea's journey with all of you, and as a partner who presents a healthy vision to customers who dream of a beautiful future, we will continue to lead the way in delivering healthy beauty to people around the world.

Kolmar Korea PROFILE

Kolmar Korea is a research and development (R&D) specialist company that focus on people. We strive to be a company that takes responsibility for the health and beauty of humanity, ultimately contributing to a valuable life. With industry-leading R&D capabilities, we develop environmentally friendly materials and packaging, establish sustainable environmental management systems, and actively engage in social responsibility management. We are committed to genuine ESG management with sincerity. Based on human management, technology management, value management, and responsibility management, Kolmar Korea will continue to grow by delivering healthy beauty to people worldwide through unparalleled research and development, and innovation in cosmetic manufacturing technology.

Company Information

Name	Kolmar Korea Co., Ltd.
CEO	Hyun-kyu Choi
Date of Establishment	October 2 nd , 2012 (Kolmar Korea split off from Kolmar Korea Holdings)
Address	12-11 Deokgogae-gil, Jeonui-myeon, Sejong Special Self-Governing City
Credit rating	A

Corporate Philosophy



Human Management Human

In principle, Kolmar Korea pursues organic management that enhances the autonomy of our employees. Kolmar Korea provides active support to allow individual employees to do what suits them best and what we do best.



Technology Management Technology

Kolmar Korea continuously challenges to develop new technologies to become a 'world-first-class R&D manufacturing company'.



Value Management Value

Kolmar Korea leads by creating customer values. Because Kolmar Korea provides ODM total services, our customers' success is Kolmar Korea's success.



Responsibility Management Responsibility

Kolmar Korea creates a management environment that allows all to participate in management activities with a sense of responsibility in each diversified business sector and have self-control in our performances.

Key Management Performance (Unit: billion KRW)

Category	2020	2021	2022
Revenue	1,322.1	1,586.3	1,865.7
Operating profit	121.7	84.3	73.3
Net profit	160.6	43.5	-4.1

Core Values

4 Virtues

Creativity

Rationality

Initiative

Independency

5 Practices

Reading

Being simple

Modesty

Sharing

Slow&Steady



Company History

Kolmar Korea's 30 years of history have been a series of continuous challenges. Kolmar Korea is passionate about making progress, and this includes the following: the first ODM service in the cosmetics industry in Korea, continuous investments in R&D, and approaches to the Chinese and US markets. We provide new values to our customers and continue to grow together.



1990-2007

Creating the values of beauty and health

- 2007. 05. 28** Established HK Kolmar Cosmetics (Beijing) Co., Ltd. in China
- 2004. 01. 07** Established first public/private corporation SunBioTech Co., Ltd.(Current Kolmar BNH) with Korea Atomic Energy Research Institute
- 2003. 01. 15** Established the first life sciences research center in the cosmetics industry
- 2002. 04. 09** Listed on Korea Stock Exchange
- 2002. 03. 15** Entered the pharmaceutical industry and completed its pharmaceutical plant
- 2000. 10. 25** Constructed and opened Central R&D Center
- 1991. 04. 12** Constructed Jeonui cosmetics factory
- 1990. 05. 15** Established Kolmar Korea

2011-2017

Journey to a 100-year company of sustainable growth

- 2017. 08. 16** Constructed Yeosu academy
- 2016. 11. 30** Acquired Canadian cosmetics OEM/ODM company CSR Cosmetic Solutions
- 2016. 09. 19** Acquired American cosmetics ODM company PTP (Process Technologies and Packaging)
- 2016. 06. 28** Established Kolmask, a mask pack manufacturing specialized subsidiary
- 2014. 06. 20** Constructed Asia's largest single cosmetic manufacturing factory
- 2012. 10. 01** Transformed into a holding company structure and has divided itself into a holding company and a cosmetic business subsidiary
- 2012. 04. 29** Selected as one of the 300 world-class supported companies (Ministry of Knowledge Economy)
- 2011. 08. 26** Kolmar Korea color cosmetics factory, designated as the No. 2 CGMP compliant business in Korea (Korea Food & Drug Administration)
- 2011. 07. 18** Kolmar Korea skincare cosmetics factory, designated as the No. 1 CGMP compliant business in Korea (Korea Food & Drug Administration)
- 2011. 01. 28** Korea's first to acquire ISO22716(CGMP)

2018-2023

Kolmar Korea, Korea's leading platform company

- 2023. 05. 12** Held the 1st Compliance Day
- 2023. 01. 01** Kolmar Korea became an intermediate holding company
- 2022. 09. 19** Established Kolmar Mugunghwa History and Culture Center
- 2022. 06. 28** Acquired global cosmetics packaging company 'Yonwoo'
- 2022. 05. 17** Acquired the global trademark of "Kolmar"
- 2021. 09. 06** Won the best award of the 4th Korea Accounting Awards
- 2021. 05. 15** Presented a new corporate identity(CI)
- 2020. 12. 28** Sold Kolmar Korea Pharmaceutical Business Division
- 2020. 12. 18** Newly established health & beauty production platform 'PLANIT147'
- 2019. 07. 31** Jul. 31st: Launched the 'Kolmar Korea R&D Complex', the first research center in Korea converging cosmetics, pharmaceuticals, and health supplements.
- 2019. 07. 30** Acquired JayJun cosmetic mask pack factory of Kolmask.
- 2019. 07. 29** Acquired TKM(current HK Bio Innovation)
- 2018. 10. 11** Constructed HK Kolmar Cosmetic(Wuxi) Co., Ltd. In China
- 2018. 04. 18** Acquired CJ HealthCare(current HK inno.N)
- 2018. 01. 30** Kolmar Korea/Kolmar Korea Holdings/Kolmar B&H, selected to be included in KRX300

Global Network

Kolmar Korea has expanded its global production network by entering the world's largest cosmetics markets, North America and China, and supports the global expansion of customers worldwide. In order to further expand into the global market, Kolmar Korea acquired 100% ownership of the Kolmar Global trademark in 2022 and became the first domestic cosmetics company to develop and supply customized PB (Private Brand) products in the United Arab Emirates market.

Domestic and international business composition

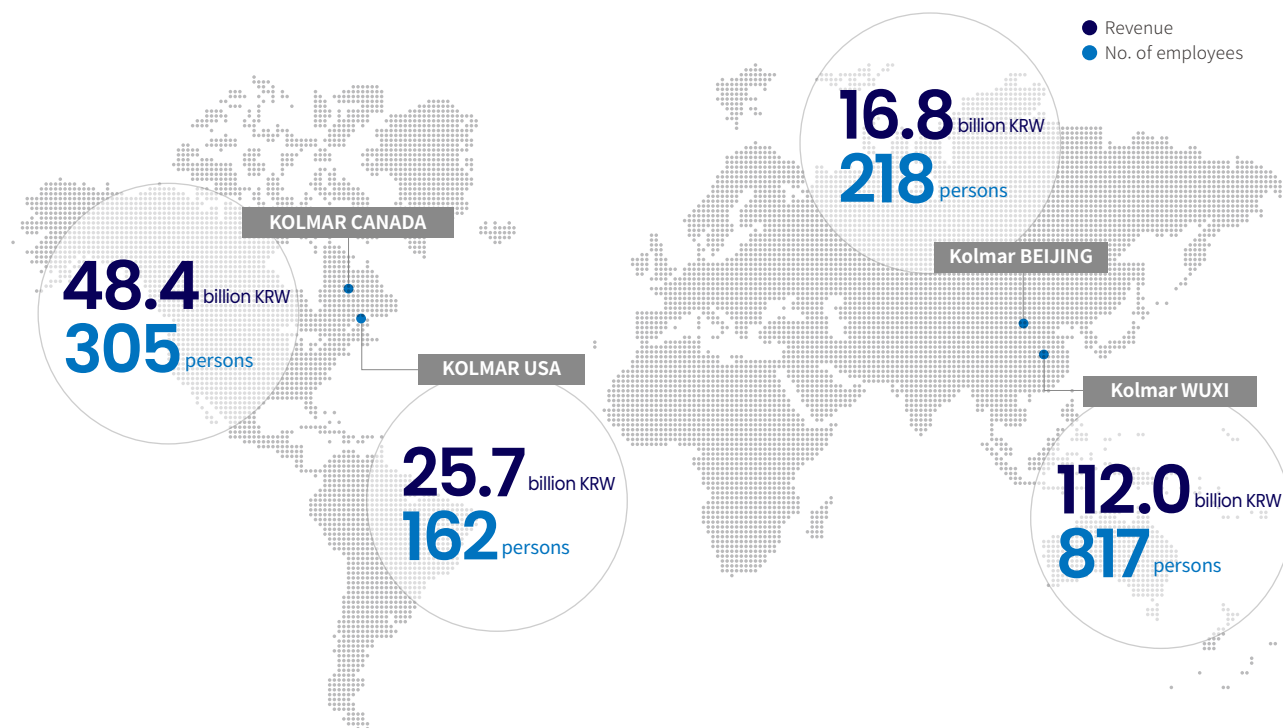
Category	Korea	Overseas	Total
Business Ratio	89%(5)	11%(7)	100%(12)
Revenue \'(2022)	1,667.3 billion KRW	198.5 billion KRW	1,865.7 billion KRW

* Domestic: Kolmar Korea, HK inno.N, MOD Materials Co.,Ltd, Yonwoo (including revenue from Yonwoo HUZHOU), COWAY B&H

* Overseas: Kolmar Beijing, Kolmar WUXI, HK Kolmar Canada, HK Kolmar USA (including revenue from HK Kolmar Lab.)

* Excluded from revenue calculation: Seokoh Canada (profit and loss not calculated since it was included at the end of 2022)

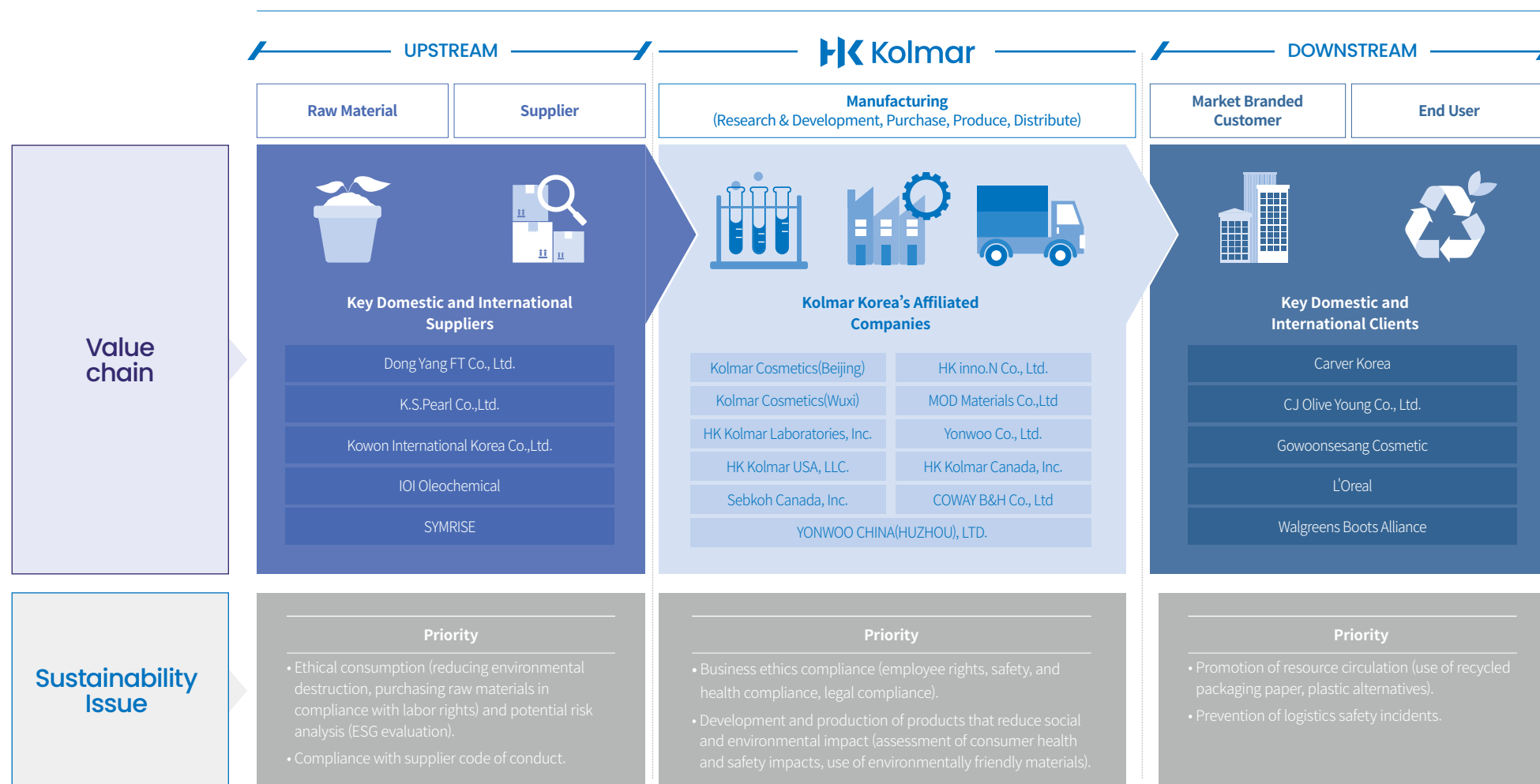
Ownership structure	Location
Kolmar Cosmetics (Beijing) Co.,Ltd	Beijing, China
Kolmar Cosmetics (Wuxi) Co.,Ltd	Wuxi, China
HK Kolmar Laboratories, Inc	Delaware, USA
HK Kolmar USA, LLC.	Pennsylvania, USA
HK Kolmar Canada, Inc	Ontario, Canada
HK inno.N Co.,Ltd	Jung-gu, Seoul
MOD Materials Co.,Ltd	Jeonui-myeon, Sejong Special Self-Governing City
Yonwoo Co.,Ltd	Seo-gu, Incheon
Yonwoo CHINA(HUZHOU),LTD	Huxhou, China
COWAY B&H Co.,Ltd	Jeondong-myeon, Sejong Special Self-Governing City
Seokoh Canada, Inc	Nova Scotia,Canada





Sustainable Value Chain

Kolmar Korea is committed to sustainable business practices throughout the lifecycle of its products, including procurement, research and development, manufacturing, and distribution. We prioritize sustainability management activities at each stage of the value chain. Although we do not directly participate in the downstream area, considering the impact of our products during the product in-use stage, as a manufacturing and sales company, we strive to produce sustainable cosmetics.





Business Portfolio

Kolmar Korea's business portfolio involves the insight-driven planning, development, and production of products in line with market trends. The various departments, including the sales headquarters and research laboratories, collaborate extensively to fulfill customer needs, from product requests to development, manufacturing, and shipment.

Key Products

Representative eye cream

with an unprecedented record in the home shopping channel

No. 1 skin care set

in terms of sales by the largest network company in Korea

Multi-Balm Stick

the first of its kind launched on home shopping channels

Korea's representative ointment cream

ingredients to give a functional effect on the skin

Blemish Cream

customized to sensitive skin

Leading the domestic derma cosmetics

market with ceramide cosmetics



Business Portfolio

Key Products

No. 1 brand shop's representative sunscreen

in Korea



Contouring Palette

capturing the hearts of Asian
consumers



Square Pad

the leader of the peeling pad craze



Biggest sales record

for a skincare category on the
Chinese Singles' Day



Face Compact

a global bestseller



Color Lip Oil

of a global makeup brand





R&D Highlight

Our world-class researchers use the best endeavors to bring about technological innovation as well as to develop creative products. The Kolmar Korea R&D Complex is the world's first R&D cluster integrating cosmetics, pharmaceuticals, and research laboratories. It supports all R&D processes required for product development, ranging from formulation and material research to fragrance and packaging research.

Kolmar R&D Complex

Skin Care R&D Lab.

Kolmar Korea's technical prowess serving as the basis for various home/overseas cosmetic brands starts from our Skin Care R&D Lab. Our best research team studies the fundamentals of beauty and constructs a rigid base for skin health.

Color Research Center

Based on the creative power and planning capacity accumulated through previous makeup trend research, Color Research Center conducts intensive studies on colors and plans and proposes trend colors.

Kolmar Schofield Research Center

As a central hub of future promising growth drivers, the Kolmar Schofield Research Center researches future core technologies that can be applied to developing cosmetics, healthy functional food, and pharmaceuticals within the group. It focuses on the exploration of innovative biomaterials, including microbiomes, and builds platform technologies.

Perfumery Lab.

This is a sensitive research center that enhances the value of products by breathing spirit and life into products with charming fragrance. Our best Perfumery Lab. researchers with a delicate sense develop and research fragrances applicable to cosmetics, Pharmaceutical and Bio-Pharma and health supplements in a way providing customers with satisfaction.

Make-up Lab.

In our Make-up Lab. reaching around the world, researchers with expertise in skin texture and tone are gathered to develop cosmetic products of excellent quality such as base makeup, point makeup and sun care products.

Personal Care Lab.

Our researchers with expertise develop personal care products, ranging from hair to body, to upgrade our consumers' lifestyles.

Convergence Technology Lab.

Our researchers with excellent creativity and expertise in each field promote technological innovation through diverse technological synergy effects. We create the new values of a new era through creative fusion and creative thinking that surpass the pre-existing framework.

Package Studio

We provide a total package solution; our experts in various fields, such as design, container development, packaging material consulting, etc., ensure the healthy beauty of our consumers.

UV TECH Innovation Lab.

UV Tech Innovation Lab. develops UV protection materials based on our technologies which has led to the growth of sun care products. We will continue to promote technological innovation to lead the Korean sun care market.

Health Food Lab.

Our Health Food Lab. holds high-level formulation technologies and packaging technologies as source technologies, and develops customized products for customers. It leads technical innovation with its passion for the research and development of new functional formulations.

Skin & Natural Products Lab.

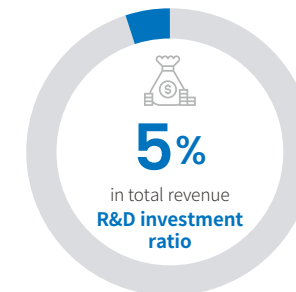
We research core technologies that add value to precious living resources provided by nature. We develop higher value-added materials based on the natural-product-driven ingredients and efficacy researches and secure product safety through skin clinical trials and various tests to provide reliable products to consumers.

Analysis Center

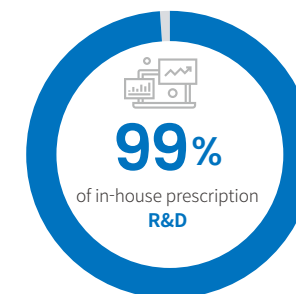
The Analysis Center is a research organization specializing in verifying and analyzing quality factors for products with the best technological expertise. We pursue the best product quality by overcoming regulatory requirements, managing potential hazards, and conducting product validation research demanded by the industry.

R&D intensity and Human capital

The top company in the domestic cosmetics industry



The proportion of R&D of in-house prescription



Patents, Utility Models, and Design

Global Top Level in patents per researcher in the ODM industry

(Unit: Cases)

	Patents	Applied	782
		Registered	459
	실용신안	Applied	66
		Registered	49
	Designs	Applied	619
		Registered	550

GOVERNANCE

Board of Directors

Composition of the Board of Directors

In accordance with Article 29 of the Articles of Incorporation, Kolmar Korea's Board of Directors (BOD) consists of at least three directors, and non-executive directors account for at least a quarter of the total number of directors. Directors are selected and recommended by the Nomination Committee in consideration of their independence, diversity, and expertise and appointed at the general shareholders' meeting. At the general shareholders' meeting in March 2023, three non-executive directors were appointed and the BOD consisted of four executive and three non-executive directors as of the end of May 2023.

Category	Name (Gender)	Assigned Task	Committee	Key Career
Executive directors	Sang-keun Han* (Male)	Technological Innovation	Nominating Committee	Vice director of Kolmar Korea R&D Complex
	Hyun-kyu Choi (Male)	Management	ESG Committee	Current) CEO of Kolmar Korea Chairman of board of directors of Wuxi Kolmar
	Sang-hyun Yoon (Male)	Management	-	Vice-president of Kolmar Korea Holdings
	Hyun-haeng Huh (Male)	Finance, Accounting	-	Head of Kolmar Korea Management Planning Division
Non-executive directors	Youn-koog Bae** (Male)	Management, Public	Nominating Committee, Compensation Committee	Chairman of the National Development Policy Institute's Advisory Committee/ Head of Small Happiness Academy
	Thomas Shin** (Male)	Management	Nominating Committee, ESG Committee, Compensation Committee	Partner at Bain & Company Advisory
	Hyun-jung Kim** (Female)	Management, Technological Innovation	ESG Committee, Compensation Committee	IBM Managing Partner

* Chairman of the Board of Directors

** Newly/Appointed directors from the Shareholders' Meeting in 2023 (March)

Independence, Expertise, and Diversity of the Board

Kolmar Korea strives to establish the principles of independence, expertise, and diversity in the board's composition to ensure strategic decision-making. By separating the roles of the CEO and the chairman of the board, the independence of the board is enhanced. Board members possess expertise in various fields, such as business relationships, management, and finance. Kolmar Korea does not discriminate based on gender, race, nationality, region, education, age, religion, or other factors

Advancement of Corporate Governance

Board Committees

Nominating Committee

The Nominating Committee plays a role in verifying and recommending non-executive director candidates based on criteria such as independence, diversity, etc. To ensure fairness and independence in appointing non-executive directors and the committee's operation, it comprises two non-executive directors and one executive director, constituting a majority of the committee members. On March 10, 2022, Kolmar Korea held the Non-Executive Director Candidate Recommendation Committee meeting to discuss the deliberation of non-executive director candidates.

Board Meeting (2022)

Category	Number of Meetings	Attendance Rate	Agenda	Revision/Against	Key Decisions in 2022
Board of Directors	10 cases	98%	22 cases	0 case	The 11th Resolution of Convocation of the general meeting of Shareholders
Nominating Committee	1 case	100%	1 case	0 case	Deliberation of Non-Executive Director Candidates

BOD Activities



CASE / Establishment of Kolmar Korea ESG Committee and Compensation Committee

To strengthen the board's role in sustainable management, Kolmar Korea established the ESG Committee and Compensation Committee under the board of directors in May 2023. The ESG Committee is intended to deliberate on non-financial risks and opportunities that impact the business, while the Compensation Committee is expected to enhance the objectivity and transparency of the compensation determination process.

ESG Governance

GOVERNANCE

Operation of Audit Committee

Composition of Audit Committee

Kolmar Korea ensures independence by appointing one full-time auditor and one part-time auditor to oversee the internal control system and risk management with independent and objective supervision and enhance accounting transparency. The auditors, who are accounting and finance professionals with diverse management experience, contribute to improving internal controls and accounting transparency. Additionally, through a separate internal audit department, important improvement issues related to internal controls are discussed with the management, including the CEO, to effectively manage risks.

Category	Name	Key Career
Full-time Auditor	Jin-soo Hong	Current) Auditor at Kolmar Korea CEO of Hanwha General Chemical, CFO of Samsung Petrochemica
Part-time Auditor	Sang-heon Chang*	Current) Executive Director of Pureun law firm Vice President of the Industrial Bank of Korea

* Newly appointed Auditor at the 2023 Shareholders' Meeting (March)



Internal Audit Evaluation

Kolmar Korea's auditors receive reports on the operation status of the internal accounting management system from the company in accordance with relevant laws such as the External Audit Act and independently evaluate and report to the Board of Directors. We enhance accounting transparency by communicating with external auditors regarding accounting information and the internal accounting management system on a quarterly basis. In addition, for the purpose of expressing the audit opinion, there were 10 Board of Directors meetings held in 2022, Jin-soo Hong attended nine meetings and Hui-beom Lee attended five meetings.

Audit Committee Education

In 2022, Kolmar Korea's full-time auditors have participated in professional education programs such as the ACF Audit Committee Forum and external organizations, including legal firms, attending 13 sessions. The internal audit department also strives to enhance necessary capabilities in response to changes in the external environment by receiving internal accounting education and attending key seminars in the cosmetics industry.

Shareholder Rights Protection

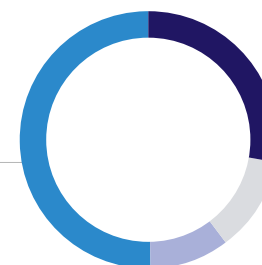
Shareholder and Stock Status

The largest shareholder of Kolmar Korea is Kolmar Korea Holdings (27.14%). The largest shareholder of Korea Kolmar Holdings, Yoon Sang-hyun (no ownership stock), and related parties have a 27.80% stake. Other major shareholders are Nihon Kolmar (12.14%), National Pension Service (10.01%), and other institutions and individuals (50.05%). The number of outstanding shares is 50,000,000, and the total number of outstanding shares is 22,881,180 (common shares). Currently, there are no treasury stocks held. Shareholders of Kolmar Korea are granted equal rights according to the principle of one share, one vote.

Shareholder Status

(Unit: %) (As of May 2023)

Individuals and others
50.05



Kolmar Korea Holdings and
related parties 27.80

Nihon Kolmar 12.14

National Pension Fund 10.01

Shareholder Return Policy

Kolmar Korea has steadily increased its dividend for 11 consecutive years since 2012 through its continuous shareholder return policy. The dividend per share for 2022 was KRW 500 (dividend yield: 1.08%). Kolmar Korea minimizes the impact of industry conditions on shareholder return policies by pre-depositing expected dividends out of monthly cash flow.

[Dividend Status and Dividend Policy](#)

IR Activities and Shareholder Communication

We strive to provide objective and transparent corporate management information to shareholders and investors. To this end, Kolmar Korea has appointed an executive in charge of IR and is expanding communication with investors. Quarterly, we announce our performance through our homepage, and executives, including the CEO, directly participate in domestic and international IR conferences.

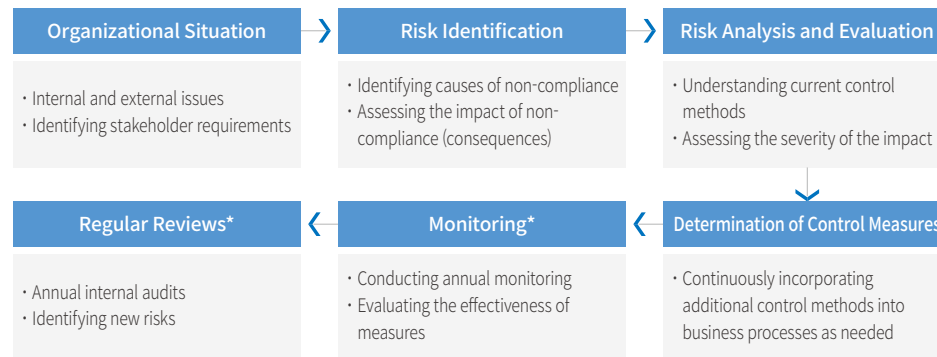
RISK AND OPPORTUNITIES

Integrated Risk Management

Integrated Risk Management System

Kolmar Korea identifies and minimizes various risks that may arise in business operations by monitoring risks across the organization. We establish risk management and crisis response measures for key areas such as business risks, environmental safety, quality, and information security and also define organizational situations, detailed work content, and stakeholder requirements to identify and manage risks systematically. In the key stages of risk management, we have established a corporate-level risk management system that requires approval from the Compliance Manager.

Risk Assessment Process

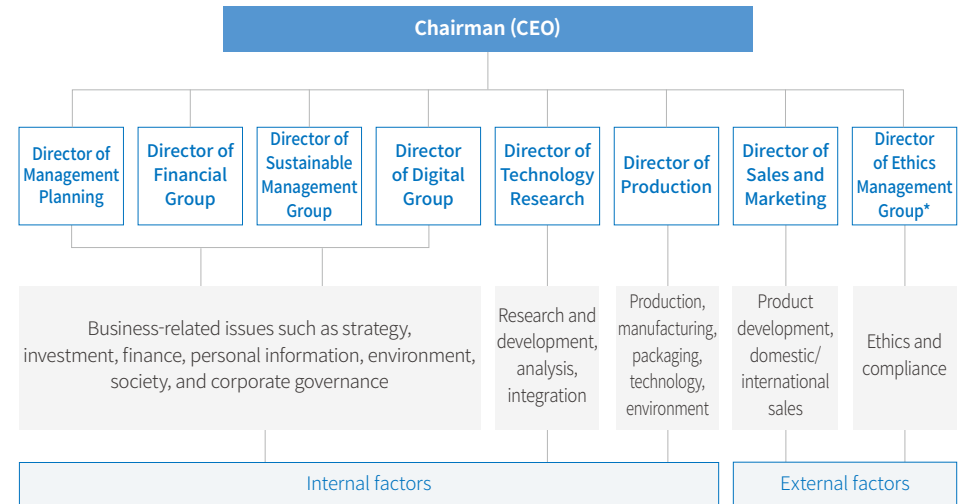


* Approved by the Compliance Manager

Risk Management Governance

In order to effectively respond to domestic and international risks arising from uncertainties in the political and economic environment, as well as increasing demands from various stakeholders, Kolmar Korea established the CP Committee in April 2023. The CP Committee discusses key issues and current concerns related to compliance risks and deliberates on the direction of improvement activities. It also shares information on legal and social regulatory trends relevant to the issues at hand. The CP Committee of Kolmar Korea convenes quarterly or as needed, participated by the Chief Compliance Manager, Director of Management Planning, and Director of the Financial Group and the CEO as the Chairman. This committee facilitates timely decision-making, minimizing the impact of operational disruptions resulting from risk occurrences across the organization.

Risk Management Organizational Chart



* Compliance Manager

Risk Assessment and Diagnosis

Kolmar Korea operates a risk assessment system with a focus on risk identification, control, and prevention activities. Based on internal and external environmental analysis, key risks are identified by prioritizing them according to their impact and likelihood. Then, we identify root causes of risks, set objectives for proactive response, along with the establishment of control measures to achieve these objectives. The relevant departments conduct monitoring of risk controls within their areas. Internal auditors, who have passed training and examinations, conduct internal audits of departments to diagnose the risk assessment process. In the future, Kolmar Korea plans to enhance the risk management system of overseas subsidiaries in a sequential manner to establish a foundation for sustainable growth.



RISK AND OPPORTUNITIES

Risk Management by Type

Business Risk Management

Internal business risks are monitored by the Business Management Team, Sustainable Growth Team, and Finance Team and reported to the Board of Directors. The Business Management Team monitors risks during the execution of business strategies and investments. The Sustainable Growth Team monitors risks associated with new business investments and has formalized the ESG risks assessment through the Internal Investment Review Committee for certain investments. The Finance Team is responsible for financial risks such as exchange rates, credit, and funding. The monitoring results from each team, such as industry and financial market trends, changes in business conditions in global expansion regions, and customer demands, are reported regularly to the Board of Directors and management.

Operational Risk Management

Kolmar Korea conducts internal audits to manage operational risks and assess and diagnose the level of the company's overall business processes. Through management reviews, we continuously manage on improvement items to ensure that the system adequately guarantees ongoing compliance and effectiveness. Additionally, to swiftly respond to various risk factors, such as changing customer demands and market dynamics, Kolmar Korea defines general practices and documentation systems for planning, documenting, implementing, maintaining, and continuously improving.

Kolmar Korea validates and improves product design and development, purchasing and material management, production, and services through step-by-step quality activities to prevent quality risks. To detect technology and customer information leakage risks, we also review new security solutions to enhance the blocking features of Data Loss Prevention (DLP) systems and evidence functions for data leakage audits.

In terms of operations, Kolmar Korea conducts regular and irregular environmental impact assessments to manage significant environmental impacts based on the possibility of occurrence and control measures. We also conduct enterprise-wide risk assessments to review activities for compliance with policies, regulations, and potential violation risks.

Workplace Risk Management

To prevent risks related to the safety and health of Kolmar Korea employees, we have implemented a pre-work permit system for outsourced construction projects to eliminate harmful and hazardous factors within the workplace. We constantly broadcast safety campaign videos to enhance employees' safety awareness and have introduced a system to actively gather and consider employees' opinions through the Employee Opinion Listening Program, aiming to identify and improve potential risk factors within the workplace. Additionally, we regularly conduct department-specific tailored evacuation drills for disaster incidents, fires, and emergencies to reduce the occurrence rate of safety risks within the workplace and consistently carry out activities to prevent occupational accidents.

ESG and Other Non-Business Risk Management

We identify environmental, social, and governance (ESG) risks through business strategy and performance analysis to pursue future direction and sustainable management. We proactively respond to risks by identifying crisis and opportunity factors related to our operations. Furthermore, in managing non-business risks such as ethics, human rights, and other ESG factors during the entire process of business operations, we review environmental policies, pollution issues, employee health and safety, and human rights within the Investment Review Committee's pre-evaluation criteria to align them with investment performance evaluation. We plan to further refine pre-evaluation criteria by categorizing key ESG review factors for each industry in the future.

Internal Control Risk Management

The internal accounting control system refers to a series of procedures designed to ensure financial statement reliability through continuous control activities. In addition to the traditional audit of financial statements, an audit of the financial statement preparation process helps reduce potential distortions of financial statements and enhance the transparency of corporate accounting. Kolmar Korea, as a publicly traded company under the 'Act on External Audit of Stock Companies,' is obligated to implement an internal accounting control system. Following this, we operate in accordance with Kolmar Korea's internal accounting management regulations, the best practices of internal accounting control systems, and guidelines. The auditor also evaluates the state of operation of the internal accounting control system independently and objectively. We also regularly report on the effective design and normal operation of the company's internal accounting control system to shareholders, the board of directors, and auditors. External auditors have expressed an appropriate opinion on this matter. From 2023, we plan to introduce the SAP GRC solution, which is used by advanced global companies for internal accounting control system operations, to enhance the level of internal control operation and strengthen our own capabilities.



SUSTAINABILITY FRAMEWORK

SECTION 02



18_ ESG Management

21_ Materiality Assessment

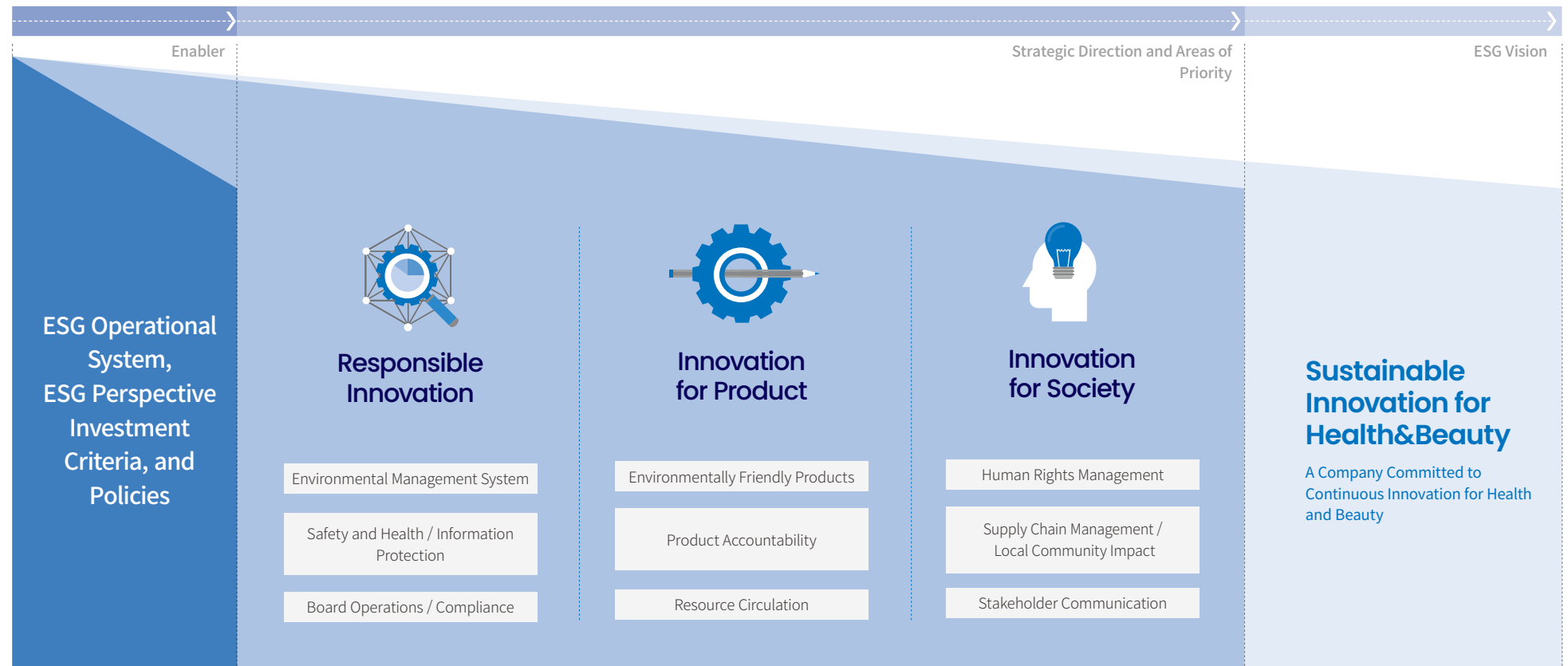
26_ Sustainable Value Creation



ESG MANAGEMENT

ESG Strategy

Kolmar Korea has established a long-term ESG management strategy based on a corporate philosophy that pursues the values of human beauty and health to pursue sustainable business. Kolmar Korea's ESG strategy integrates with the overall business strategy and takes into account the demands of stakeholders, setting ESG vision and priority areas. Moving forward, Kolmar Korea will strive to transform into a sustainable global beauty and healthcare company by fulfilling business responsibilities through innovation, both in terms of business practices and product development and by creating shared value. Our aim is to establish a virtuous cycle structure that leads to social contributions.





ESG Commitment and Progress

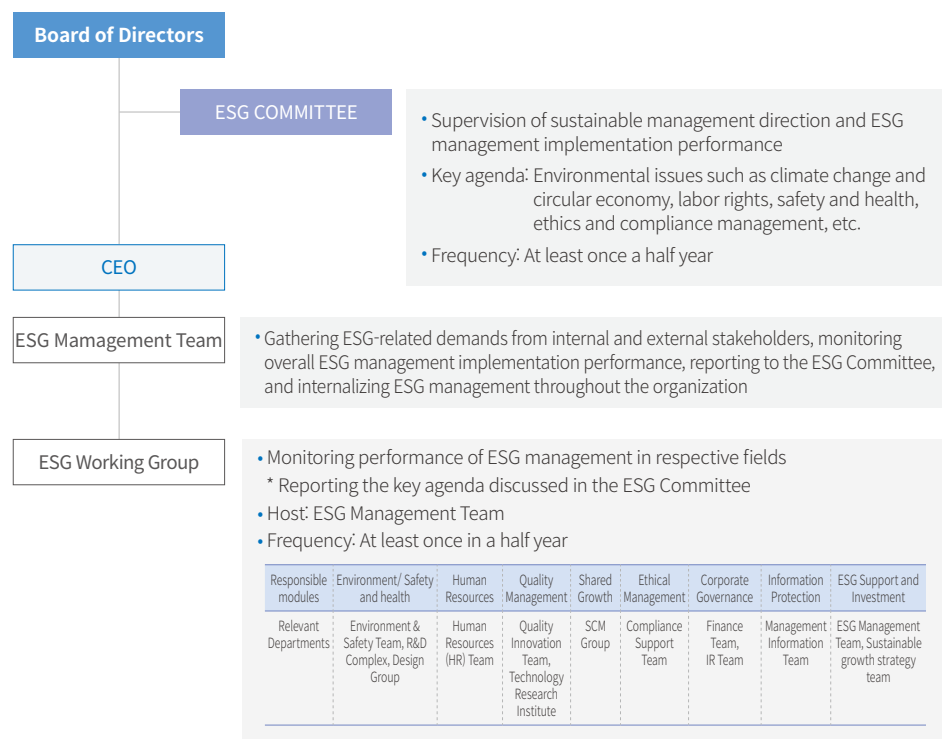
Kolmar Korea steadfastly advances by formulating a long-term strategic direction in ESG to provide enduring value to internal and external stakeholders. Moving forward, we will consistently establish novel and audacious objectives while openly disclosing the processes and endeavors undertaken to achieve these goals.

Strategic Direction	Strategic Task	2022 Key Achievements	2030 Goals(Base line:2022)	Report Page
Responsible Innovation	Environmental Management System	<ul style="list-style-type: none"> Integrated management of corporate environmental management system Development and implementation of strategies to reduce environmental impacts such as greenhouse gases, waste, water resources, and biodiversity 	<ul style="list-style-type: none"> Greenhouse gas emissions intensity decreased by approximately 8.7% compared to the previous year Achieved a waste recycling rate of 83.9% Sejong Factory achieved an annual water consumption reduction of about 4% 	<ul style="list-style-type: none"> Continue implementing K-RE100 Achieve a greenhouse gas emissions intensity of 8.5 tCO₂-eq/billion KRW Achieve an energy usage intensity of 170.8 GJ/billion KRW <p>p. 28-36</p>
	Safety and health	<ul style="list-style-type: none"> Enhancement of safety and health management systems 	<ul style="list-style-type: none"> 100% improvement in identifying safety inspection hazards at workplaces and suppliers. Maintained a 0% industrial accident rate for employees, with a 0.02% decrease for partner companies 	<ul style="list-style-type: none"> Identify and improve 500 potential risk factors Enhance IT-integrated safety and health management system (establish web/mobile system, install AI sensors and cameras) <p>p. 37-40</p>
	Information Protection	<ul style="list-style-type: none"> Strengthening of information protection systems 	<ul style="list-style-type: none"> Established three major guidelines for information security 	<ul style="list-style-type: none"> Conduct information security assessments and obtain international certifications for information protection <p>p. 41-42</p>
	Board Operations	<ul style="list-style-type: none"> Enhancement of board and committee functions 	<ul style="list-style-type: none"> Established goals for independence, expertise, diversity, and efficiency Conducted two programs to enhance the expertise of non-executive directors Introduced performance evaluations for board members and non-executive directors 	<ul style="list-style-type: none"> Expand diversity among non-executive directors Conduct annual performance evaluations for the board of directors and non-executive directors <p>p. 46-47</p>
	Compliance	<ul style="list-style-type: none"> Establishment of an integrated ESG risk management system 	<ul style="list-style-type: none"> Integrated certification of ISO 37001 Anti-Bribery Management System and ISO 37301 Compliance Management System 	<ul style="list-style-type: none"> Conduct ESG management risk assessments annually Issue compliance letters four times a year <p>p. 16, 45</p>
Innovation for Product	Environmentally Friendly Products	<ul style="list-style-type: none"> Procurement and utilization of upcycled materials Development of prescription based on environmentally friendly raw materials 	<ul style="list-style-type: none"> Obtained green technology certification for carbon emission reduction through natural material extraction methods Achieved certification for 987 vegan, natural, and organic products (accumulated) 	<ul style="list-style-type: none"> Develop and expand environmentally friendly materials and products <p>p. 53-54</p>
	Product Accountability	<ul style="list-style-type: none"> Product safety and quality responsibility Product environmental impact assessment and management system Enhancement of chemical substance management system 	<ul style="list-style-type: none"> Conducted health and safety impact assessments for 100% of product groups and services Reduced the aggregated use of hazardous chemicals by approximately 7.1% compared to the previous year 	<ul style="list-style-type: none"> Conduct regular environmental impact assessments Achieve an aggregated use of hazardous chemicals of 5.86 kg/billion KRW (reduce by 3% annually) <p>p. 49-52</p>
	Resource Circulation	<ul style="list-style-type: none"> Expansion of products using packaging rated 'Excellent' or higher in recyclability Expansion of products using biodegradable plastic packaging 	<ul style="list-style-type: none"> Established the 3R Green policy Expanded the application of paper tubes in product categories 	<ul style="list-style-type: none"> Replace 50% of cosmetic tubes with eco-friendly materials <p>p. 55-57</p>
Innovation for Society	Human Rights Management	<ul style="list-style-type: none"> Establishment of human rights management assessment system Expansion of employee diversity and inclusion initiatives Operation of education programs to promote women's leadership 	<ul style="list-style-type: none"> Established a human rights risk management system Increased the ratio of female executives by 5% compared to the previous year 	<ul style="list-style-type: none"> Conduct annual human rights impact assessments and improve human rights risks Achieve a ratio of 28% for female managers <p>p. 59-60</p>
	Supply Chain Management	<ul style="list-style-type: none"> Expansion of sustainable raw material procurement from suppliers Enhancement of suppliers' ESG capabilities Expansion and support of programs for shared growth 	<ul style="list-style-type: none"> Purchased 1,512 tons of RSPO-certified products Provided 15.6 billion KRW for shared growth support expenses 	<ul style="list-style-type: none"> Reach 50% of RSPO raw material purchases (by ~2025) Conduct ESG management assessments for new/major suppliers <p>p. 64-67</p>
	Impact on Local Community	<ul style="list-style-type: none"> Expansion of impact programs to address local community issues 	<ul style="list-style-type: none"> Donated 226 million KRW and employees participated in 528 hours of volunteering 	<ul style="list-style-type: none"> Measure the social value and impact of each corporate social responsibility program <p>p. 68-72</p>
	Stakeholder Communication	<ul style="list-style-type: none"> Expansion of ESG management communication efforts 	<ul style="list-style-type: none"> Published the first sustainability report 	<ul style="list-style-type: none"> Publish the sustainability report annually Hold monthly ESG Management Council meetings and biennial ESG Committee meetings <p>p. 21, 73</p>

ESG Governance

Kolmar Korea has diligently established a comprehensive framework for ESG management, encompassing the board of directors and business units, to earnestly embrace and implement authentic ESG practices. This endeavor has resulted in the completion of a well-structured foundation. In 2022, under the direct supervision of the CEO, we established the ESG Management Team, a specialized department solely dedicated to ESG matters. Furthermore, in March 2023, the esteemed board of directors established the ESG Committee as the preeminent decision-making body responsible for deliberating and approving ESG strategies and policies. Additionally, through the coordination of the ESG Working Group, sector-specific practitioners shared pertinent issues and conducted assessments of the ESG direction. To ensure the integration of ESG considerations across all facets of business operations, we have deliberate plans to incorporate sustainability-related aspects into the performance evaluation system for organizational executives.

ESG Management Organizational Structure



CASE / Kolmar Korea's First ESG Committee

Kolmar Korea's ESG Committee comprises CEO Hyun-kyu Choi and two non-executive directors. Its role is to deliberate on the direction and performance of key ESG areas such as climate change, safety and health, and human rights. Additionally, it oversees communication with stakeholders regarding ESG matters. The ESG Committee meeting held in 2023, focused on discussing Kolmar Korea's overall ESG management strategy and addressing significant issues. Through the establishment of the ESG Committee, we aim to continuously expand discussions on ESG-related topics to enhance long-term corporate value.

ESG Committee Operations (2023)

Date of Meeting	Agenda	Attendance Rate
May 31, 2023	ESG management strategy and significant issues	100%

Statement from the Ethical Management Group (ESG Management Team)

"We aim to establish a foundation for practicing authentic ESG management. "

In pursuit of sustainable management at Kolmar Korea, the ESG Management Team actively promotes sincere ESG management through organic collaboration with internal and external stakeholders, including the operation of the ESG Committee and working groups.

Moving forward, we will continue to transparently share Kolmar Korea's journey as a company dedicated to continuous innovation for health and beauty through various channels.










Yeong-ho Kim Director



Materiality Assessment

Stakeholder Engagement

Kolmar Korea defines stakeholders as organizations, both internal and external that directly or indirectly influence its business activities. It identifies seven key stakeholders: customers, shareholders/investors, local communities, NGOs, government agencies, business partners, and employees. The company recognizes the importance of understanding the key concerns and issues of each stakeholder group and strives to incorporate them into its business activities. By actively engaging and communicating with stakeholders regarding significant issues, Kolmar Korea aims to enhance management transparency, efficiency and establish trustworthy relationships.

Stakeholders	Key Concerns	Key Activities	Communication Channel	Frequency
Clients 	<ul style="list-style-type: none"> Product and service quality Product safety Product information accuracy 	<ul style="list-style-type: none"> Addressing customer issues Providing tailored product design and development services Operating multiple channels (blogs, YouTube, etc.) and strengthening communication Enhancing convenience for eco-friendly consumption (providing eco-labeling information, etc.) 	Website Customer Center	Frequently
Shareholders & Investors 	<ul style="list-style-type: none"> Economic outcomes Enhanced operational transparency and communication Risk management Sustainability agenda (environmental, social, governance, etc.) 	<ul style="list-style-type: none"> Communicating with shareholders and investors and sharing performance updates Disclosing financial performance through business reports Transparent reporting of performance and governance through corporate governance reports 	Annual General Meeting of Shareholders IR Meetings Conference Calls with Investors/Analysts	Once a year Frequently
Local Communities 	<ul style="list-style-type: none"> Local employment, economic activation, etc. Environmental conservation for local community Community outreach through donations, volunteer work, etc. 	<ul style="list-style-type: none"> Activating the local economy Engaging in community-focused problem-solving activities 	Community Council Corporate Social Responsibility Projects and Initiatives	Twice a year Frequently
NGO 	<ul style="list-style-type: none"> Social responsibility towards the local community and environment Support for global initiatives and compliance Transparent and prompt information disclosure 	<ul style="list-style-type: none"> Collaborating with specialized NGOs for volunteer activities (corporate social contributions) 	NGO Meetings	Frequently
Government Agencies 	<ul style="list-style-type: none"> Compliance Fair transactions Occupational health and safety 	<ul style="list-style-type: none"> Strengthening internal control systems Establishing fair transactions practices and transparent corporate information disclosure 	Fair Trade Committee, Committee for Shared Growth	Frequently
Suppliers 	<ul style="list-style-type: none"> Fair transactions Shared growth Labor and human rights of workers 	<ul style="list-style-type: none"> Regular communication and collaboration opportunities through meetings Ongoing communication through the company's portal Providing consulting and education support on ESG, safety, and the environment 	Business Meetings with Suppliers K-SCM Portal	Monthly Frequently
Employees 	<ul style="list-style-type: none"> A safe and healthy working environment Training and career development Employment security and welfare Labor relations 	<ul style="list-style-type: none"> Enhancing and diversifying performance compensation systems Improving the work environment and providing opportunities for communication between management and employees Offering additional training and education and capacity-building programs 	Labor-management Council Internal Online Channels for Communication	More than four times a year Frequently



Materiality Assessment

Double Materiality Assessment

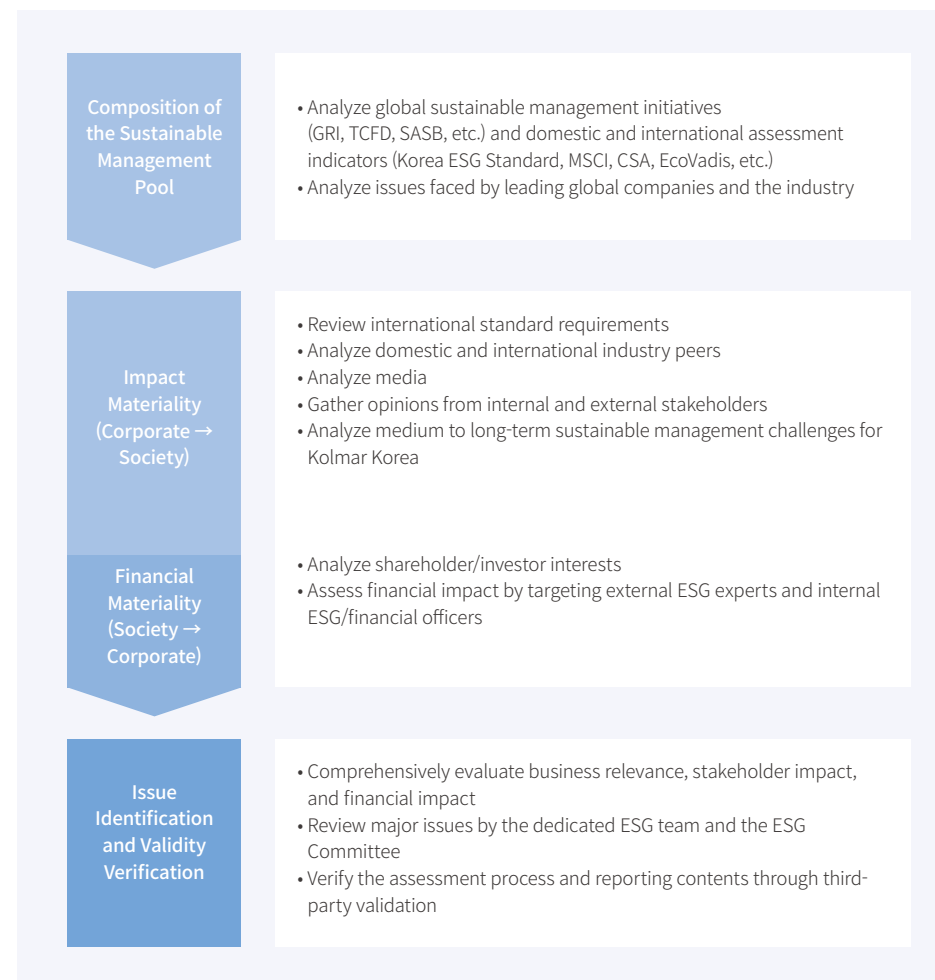
Kolmar Korea has conducted a comprehensive materiality assessment to identify key concerns of stakeholders and issues that have a substantial impact on its business operations. This assessment aims to ensure alignment between the company's sustainable management strategy and the priorities of its stakeholders. Through this process, Kolmar Korea endeavors to enhance transparency and facilitate effective communication regarding its major achievements during the reporting period.

The double materiality assessment, as prescribed by the EU Corporate Sustainability Reporting Directive (CSRD) and incorporated in internationally recognized frameworks such as the Global Reporting Initiative (GRI), strengthens reporting standards by encompassing both the societal and environmental impacts, as well as the financial implications.

In adherence to international standards, Kolmar Korea adopted the revised GRI Universal Standards 2021 guidelines in 2022 to establish a comprehensive sustainability pool. We have identified and prioritized significant issues by synthesizing the measured outcomes of social, environmental, and financial impacts.

Furthermore, following the recommendations set forth by the International Integrated Reporting Committee (IIRC), the materiality assessment process considered five crucial aspects: 1) topics that exert continuous influence on Kolmar Korea's value creation, 2) subjects linked to strategies, governance, and performance, 3) areas of significance to key stakeholders, 4) matters forming the bedrock of the board's decision-making processes, and 5) topics that, if not adequately addressed, may result in potential future opportunity loss or risks.

Assessment Process

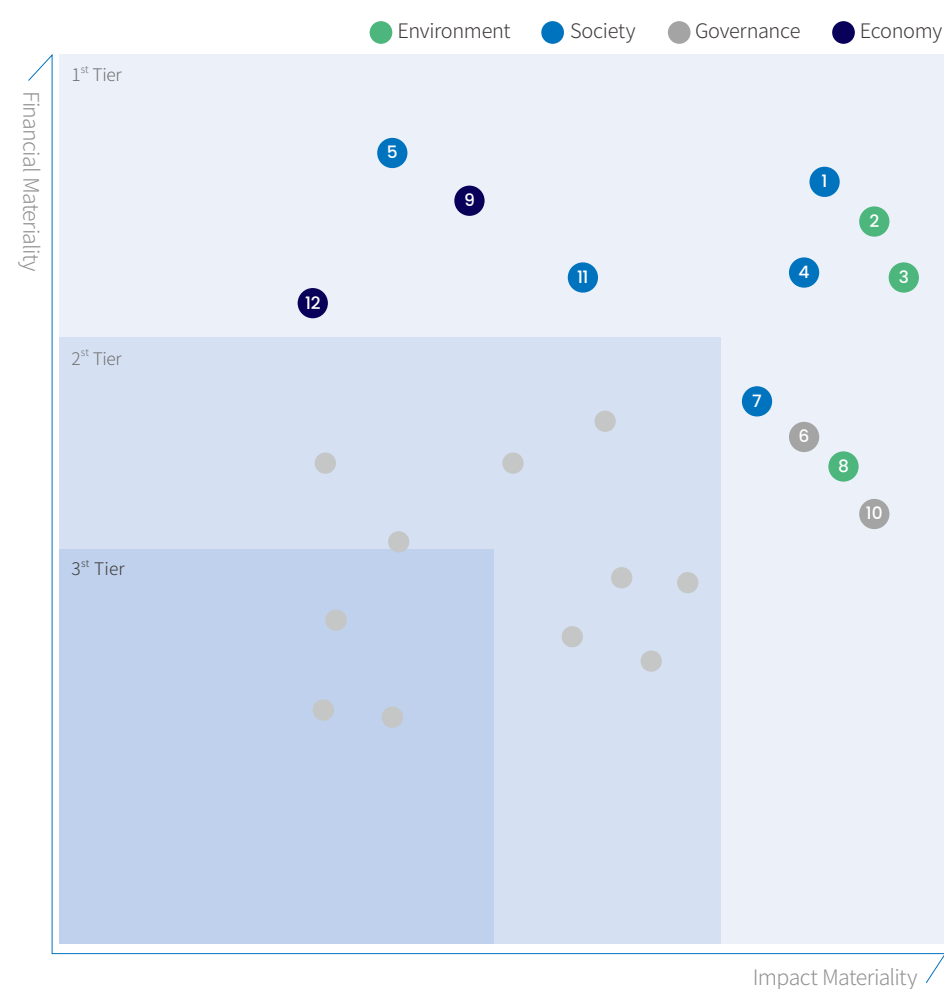




Materiality Assessment

Materiality Assessment Results

Kolmar Korea has identified 12 significant issues, including the development of products contributing to environmental and social problem-solving, waste management and circular economy, climate change risk mitigation, and sustainable procurement of raw materials. This report provides detailed information on the impact of the selected issues and highlights key achievements and objectives related to them.



		High ●●●			Medium ●●○		Low ●○○	
No.	Key Issues	Impact Materiality	Financial Materiality	Double Materiality	GRI Index	Where to report		
1	Development of products contributing to environmental and social problem-solving	●●●	●●●	●●●	Non-GRI	p. 53-57		
2	Waste Management and circular economy	●●●	●●●	●●●	306	p. 34, 55-57		
3	Climate change risk mitigation	●●●	●●●	●●●	302, 305	p. 31-33		
4	Sustainable procurement of raw materials	●●●	●●●	●●●	204 308,414	p. 64-67		
5	Product safety and quality responsibility	●○○	●●●	●●●	416	p. 49-50		
6	Strengthening compliance and ethical management	●●●	●●○	●●●	205, 206	p. 43-45		
7	Enhanced safety and health management at the workplace	●●●	●●○	●●●	403	p. 37-40		
8	Water resource management	●●●	●●○	●●●	303	p. 35		
9	Business innovation	●●○	●●●	●●●	Non-GRI	p. 10-12		
10	Enhanced ESG performance disclosure and communication	●●●	●●○	●●●	Non-GRI	p. 21, 73		
11	Information and technology security	●●○	●●●	●●●	418	p. 41-42		
12	Enhancing global competitiveness	●○○	●●●	●●●	Non-GRI	p. 8		



Materiality Assessment

Management Approaches for Key Issues

→ Inside-out: The impact of a company on the environment/society

← Outside-in: The impact of environmental/social factors on the company

12 Key Issues		Impacts	Actual/ Potential	Positive/ Negative	Impacted Stakeholders	Scope of Impact	Approach		Performance Management		
							Policy & Commitment	Actions	Aligned with GRI	Key Performance Indicators (KPI)	Progress in 2022
Development of products contributing to environmental and social problem-solving	→	Contributing to minimizing environmental impact and resolving social issues by implementing environmentally/socially conscious products	Actual	Positive	Internal	Product	• Expand development of environmentally/socially conscious products	P. 53-57	Non-GRI	• Number of environmentally-friendly certified products	• 987 certified products in vegan, natural, and organic categories (cumulative) • 1 green technology certification (product)
	←	Enhancing reputation and increasing sales in response to growing customer demand for environmentally and socially conscious products	Potential	Positive	Internal	Product					
Waste Management and circular economy	←	Reducing waste management costs and long-term waste reduction, leading to increased sales through a preference for waste-conscious products	Potential	Positive	Internal and external	Product	• Reduce waste and increase recycling	P. 34, 55-57	GRI 306	• Waste recycling rate	• 15.4% improvement in the waste recycling rate
	→	Waste generation during product production and use	Actual	Negative	External	Operations					
Climate change risk mitigation	←	Incurring costs for responding to tightening greenhouse gas emission regulations	Actual	Negative	Internal and external	Operations	• Expand renewable energy usage	P. 31-33	GRI 302, 305	• Reduction in greenhouse gas emissions • Usage of renewable energy	• 179.3 tCO ₂ e reduction in greenhouse gas emissions
	→	Generating direct and indirect greenhouse gas emissions from the production activities	Actual	Negative	External	Operations					
Sustainable procurement of raw materials	→	Enhancing export competitiveness in response to export sanctions resulting from international supply chain inspections, such as the EU Supply Chain Due Diligence Law.	Potential	Positive	External	Supply channel	• Achieve 50% RSPO purchase rate by 2025	P. 64-67	GRI 204, 308, 414	• Green purchasing rate • Number of suppliers evaluated on ESG criteria	• 1,512T of RSPO purchases
	←	Minimizing negative environmental impact for the mutual growth with suppliers and local communities	Actual	Positive	External	Supply channel					
Product safety and quality responsibility	←	Increased revenue through the production of vegan cosmetics, minimizing harmful substances in cosmetics, and meeting consumer needs for safe products	Potential	Positive	External	Product	• Ensure product quality and safety	P. 49-50	GRI 416	• Number/ratio of product safety and health evaluations conducted • Number/ratio of risk improvements	• 100% ratio of product safety and health evaluations
	←	Enhancing corporate brand value and reputation through the development of socially responsible products	Potential	Positive	External	Operations					
Strengthening compliance and ethical management	→	Contributing to the establishment of a transparent society through the integration of ethics management, such as equal opportunities and fair competition	Potential	Positive	External	Operations	• Integrate a compliance management system	P. 43-45	GRI 205, 206	• Number of ethical and compliance audits conducted • Compliance violations • Number of ethics/fair trade training sessions	• Integrated certification for ISO 37001 and 37301
	←	Preventing costs resulting from violations of corruption and bribery-related regulations and associated reputation risks	Actual	Positive	External	Operations					



Materiality Assessment

Management Approaches for Key Issues

→ Inside-out: The impact of a company on the environment/society

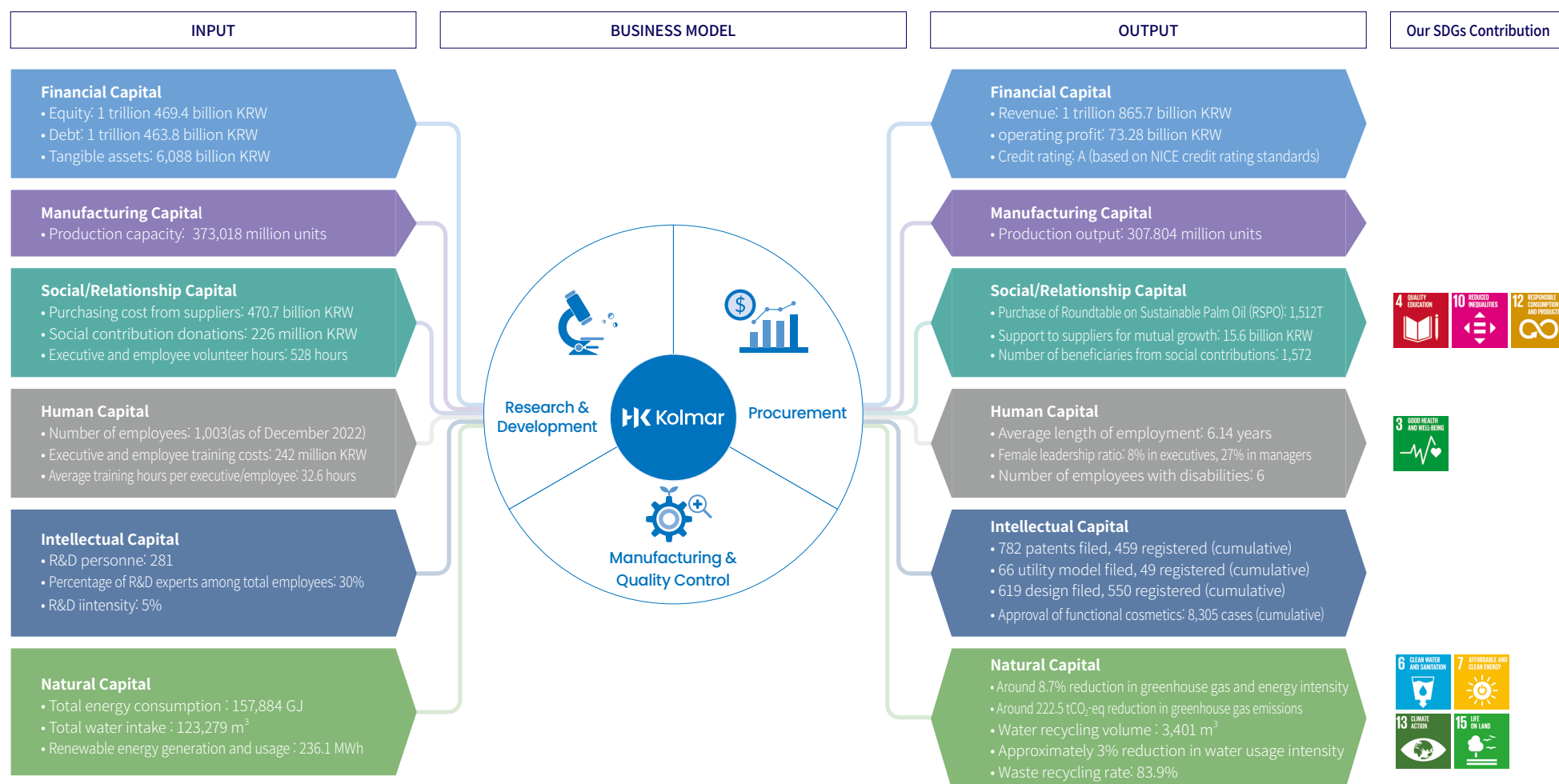
← Outside-in: The impact of environmental/social factors on the company

12 Key Issues		Impacts	Actual/ Potential	Positive/ Negative	Impacted Stakeholders	Scope of Impact	Approach		Performance Management		
							Policy & Commitment	Actions	Aligned with GRI	Key Performance Indicators (KPI)	Progress in 2022
Enhanced safety and health management at the workplace	←	Costs incurred due to violations of laws such as the Serious Accidents Punishment Act and Occupational Safety and Health Act and preventing a decline in corporate reputation	Actual	Positive	Internal and external	Operations	• Enhance the safety management system	P. 37-40	GRI 403	<ul style="list-style-type: none"> Lost-time injury rate Occupational disease incidence rate 	<ul style="list-style-type: none"> 100% improvement in identified risk factors during workplace safety inspections 35 joint safety and health inspections conducted with 100% improvement
	→	Preventing safety accidents that can impact not only employees but also suppliers and the local community	Actual	Positive	Internal and external	Operations	• Strengthen the safety management of suppliers	P. 35			
Water resource management	←	Incurring costs due to law violations such as sewage treatment and water pollution management	Actual	Negative	Internal	Operations	• Reduce wastewater discharge intensity to 8.8m ³ /Revenue by 2030	P. 10-12	GRI 303	<ul style="list-style-type: none"> Amount of water saving 	<ul style="list-style-type: none"> 2.55% of the water reuse rate was achieved through process improvement
	→	Water saving through the establishment of wastewater reuse systems and process improvements	Potential	Negative	Internal	Operations					
Business innovation	←	Opportunity costs incurred from R&D investments, new product development, and new business/market exploration	Actual	Negative	External	Product	• Develop innovative cosmetic products	P. 21, 73	Non-GRI	<ul style="list-style-type: none"> R&D investment rate Number of patents granted 	<ul style="list-style-type: none"> 5% of R&D intensity 30% of R&D experts to the total workforce 76 new patents registered
	→	Contributing to promoting human well-being by providing a healthy and beautiful life	Potential	Positive	External	Product					
Enhanced ESG performance disclosure and communication	←	Increasing business confidence among stakeholders, including investors, and reducing financial procurement costs	Potential	Positive	External	Operations	• Expand ESG communication and participate in domestic and international initiatives	P. 21, 73	Non-GRI	<ul style="list-style-type: none"> Number of Corporate ESG Management Council meetings held Number of ESG letters issued 	<ul style="list-style-type: none"> First publication of sustainability report
	→	Empathy and trustworthy communication in response to stakeholders' demands	Actual	Positive	Internal and external	Operations					
Information and technology security	←	Costs incurred from information security management system certification, strengthening technology and information security systems	Potential	Negative	External	Operations	• Establish a security system infrastructure and operate an Information Protection Committee	P. 41-42	GRI 418	<ul style="list-style-type: none"> Number of customers information and security breaches 	<ul style="list-style-type: none"> Conducted one information protection training session
	→	Preventing crimes resulting from customer information or technology leaks	Potential	Positive	Internal	Operations					
Enhancing global competitiveness	←	Increasing sales through expansion abroad	Potential	Positive	Internal	Supply channel	• Establish a global production network	P. 8	Non-GRI	<ul style="list-style-type: none"> Overseas revenue 	<ul style="list-style-type: none"> 100% acquisition of Kolmar Global trademark, development of customized cosmetics and supply in the Middle East(UAE), and compliance with global regulations
	→	Fulfilling corporate social responsibility as a global company and establishing cooperative relationships with global customers	Potential	Positive	External	Supply channel					



Sustainable Value Creation

Kolmar Korea is committed to practicing sustainable management by distributing the economic, environmental, and social value generated throughout the Value Chain to stakeholders through the capital invested in its business activities. Kolmar Korea has adopted the Integrated Reporting Framework of the International Integrated Reporting Committee (IIRC) to effectively communicate the tangible and intangible value created through its business activities to stakeholders. Following this framework, the six capitals (financial capital, manufactured capital, social and relationship capital, human capital, intellectual capital, and natural capital) that are invested are channeled through Kolmar Korea's business divisions and ESG activities to minimize negative impacts on the environment and society and generate shared value. Kolmar Korea is dedicated to making its best efforts to achieve this goal.





RESPONSIBLE INNOVATION

Kolmar Korea places great importance on corporate responsibility to create a virtuous cycle where business activities lead to social contributions. We are committed to fulfilling our responsibility to deliver the happiness of healthy beauty throughout our business operations.

- 28_ Environmental Management System
- 37_ Safety and Health
- 41_ Information Protection
- 43_ Compliance and Ethical Management
- 46_ Governance

SECTION 03



Key Performance



The amount of greenhouse
gas emission reduction
(tCO₂-eq)

222.5



Recycling processing
improvement rate(%)

15.4



Improvement rate of risk
identification factors in
workplace safety inspections(%)

100



Number of information
protection incident

ZERO



First-ever integrated certification
in the cosmetics industry

ISO 37301,
ISO 37001



Environmental Management System

Environmental Management

STRATEGY Integrated Environmental Management System

Kolmar Korea is operating mid- to long-term environmental management strategies and action plans based on the global standard environmental management system (ISO14001)*. We have established goals, strategies, and implementation tasks for each major environmental sector (climate action, waste/water resource/pollutant management, biodiversity, etc.) to efficiently reduce environmental impact across the entire business process, including purchase, product development, manufacturing, and recycling. Implementation performance is monitored through the company-wide consultative body, and training is provided to raise employees' awareness of environmental management.

*ISO 14001 certified facilities as of 2022: Sejong Factory, Bucheon Factory, R&D Complex

Key Environmental Impact Goals Roadmap

Category	Unit	2021	2022	Goals for 2023	Goals for 2030
Renewable energy generation and usage	Kwh	25,395	236,101	280,000	-
Greenhouse gas intensity	tCO ₂ eq/billion KRW	11.19	10.8	10.5	8.5
Energy intensity	GJ/billion KRW	238.6	217.9	211.3	170.8
Water usage intensity	m ³ / billion KRW	204.0	184.3	178.8	144.4
Wastewater discharge intensity	m ³ / billion KRW	116.2	102.3	99.2	80.2
Water pollution substance intensity	kg/billion KRW	8.96	8.86	8.59	6.94
Air pollution substance intensity	kg/billion KRW	2.93	3.05	2.96	2.39
Hazardous chemical substance intensity	kg/billion KRW	8.05	7.48	7.25	5.86
Waste recycling rate	%	68.5	83.9	85	90
Environmental investment	100 million KRW	0.7	4.3	2023 Investment Plans 1. Expand and improve treatment processes to reduce water pollutants emissions 2. Enhance prevention facilities to reduce air pollutants emissions 3. Improve manufacturing process to reduce the discharge of hazardous chemical substances	
Environmental operating expenses	100 million KRW	4.3	3.7		

POLICY Environmental Management Policy

Kolmar Korea, as a research and development and manufacturing specialized company in the cosmetics and non-prescription drug industry, aims to be "World-First-Class" and pursues environmental management. We have established the following policy, which serves as the foundation for goal setting, and operate an environmental management system.

Principles of Environmental Management



- 01 We recognize the environmental impacts and risks associated with our activities, products, and services and strive for environmental accident prevention and continuous innovation throughout our management activities.
- 02 We comply with relevant domestic and international environmental regulations, international agreements, and local ordinances and establish and operate related regulations.
- 03 We minimize water and air pollutants emission, establish and operate waste management systems for raw materials, auxiliary materials, and products, contribute to the establishment of a resource circulation practice platform, and fulfill our corporate social responsibilities.
- 04 We create an organizational culture where all employees understand and practice the environmental management policy.
- 05 We continuously carry out activities to reduce greenhouse gas emissions to respond to the climate change crisis actively.
- 06 We disclose this policy to stakeholders and encourage and guide our affiliates and business partners to pursue green management.



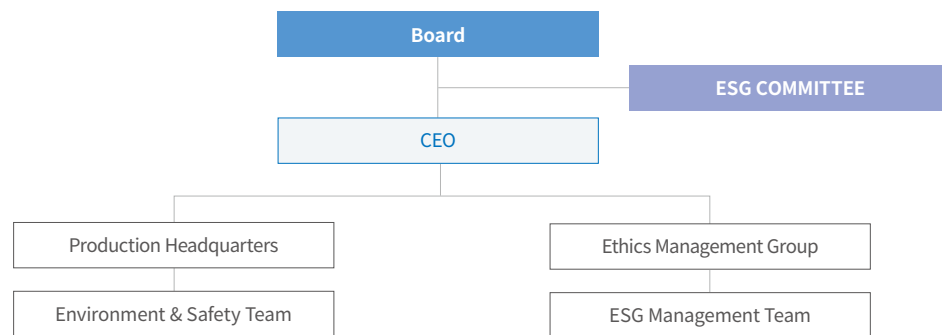
Environmental Management System

GOVERNANCE Environmental Management Governance

Kolmar Korea has identified key environmental issues such as climate change, water resources, and waste as significant factors that directly impact on the business operation and financial performance. In line with this, we have organized an ESG Committee under the highest decision-making body, the Board of Directors, to report and manage key performance indicators to the executives and CEO.

Each Environment & Safety Team of business units monitors environmental performance and reports company-wide environmental management strategies and implementation tasks to dedicated executives and the CEO. The ESG Management Team is responsible for strengthening awareness of environmental management for executives and employees, conducting employee education, and operating company-wide Environmental Council to internalize corporate-wide environmental management.

Corporate-wide Environmental Management Committee



Environmental Management Monitoring and Management System

After obtaining ISO14001 in 2010 the international Environmental Management System certification Kolmar Korea undergoes annual post-inspection and recertification audits every three years. Based on the Environmental Management System, we identify and assess environmental impacts across all business activities and make efforts to minimize the environmental footprint of our operations through activities for improvement.

POLICY Compliance with Environmental Regulations

Kolmar Korea proactively complies with strict internal standards in accordance with the Water Environment Conservation Act, Clean Air Conservation Act, Wastes Control Act, and Chemical Substances Control Act. To ensure compliance with regulations strengthened increasingly, we continuously monitor regulatory updates and information, identify related risks, implement necessary measures, and maintain ongoing monitoring activities.

Records of environmental regulatory violations

Category	Unit	2020	2021	2022
Fines		0	0	0
Penalties	Cases	0	0	0
Environmental accidents		0	0	0

Environmental Education

Kolmar Korea conducts regular environmental education programs for all employees to enhance their awareness of environmental management, environmental risk management, and accident prevention. Our environmental education are provided in various methods, including online and offline channels, and are tailored to specific topics and targeted at different units or entire business locations.

2022 Environmental Education Performance

Category	Unit	2021	2022
Water and air pollution education		876	924
Waste discharge education	Persons	951	976
Chemical substance safety education		674	703

SPECIAL Environmental Management Activities at Each Value Chain Stage

Kolmar Korea is committed to minimizing its ecological footprint throughout the product lifecycle, including product development, procurement, manufacturing, and recycling. We actively engage in a range of activities at each stage of the value chain to promote climate action, resource circulation, and biodiversity conservation.





Environmental Management System

Climate Action

STRATEGY Climate Change Mitigation

Kolmar Korea recognizes the importance of addressing the climate change crisis and joined K-RE100 in April 2022 to reduce greenhouse gas emissions throughout its business activities. We will actively embrace disclosure requirements based on recommendations, such as TCFD (Taskforce on Climate-related Financial Disclosures), SASB (Sustainability Accounting Standards Board), and UN SDGs (Sustainable Development Goals), by identifying climate change risks and opportunities. We are progressing in implementing tasks to reduce fossil fuel consumption and gradually increase the use of environmentally friendly energy to achieve our goals.

Greenhouse gas emissions performance and Goals for 2030

Category	Unit	2021	2022	Goals for 2023	Goals for 2030
GHG intensity	tCO ₂ -e/billion KRW	11.9	10.8	10.5	8.5
Energy intensity	GJ/billion KRW	238.6	217.9	211.3	170.8

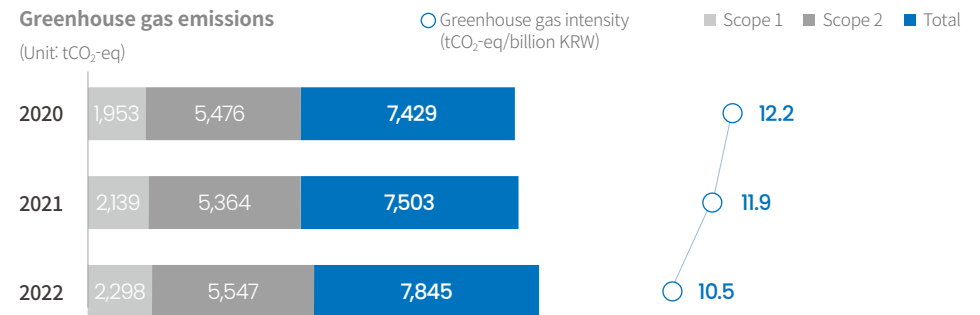
* Annual improvement of 3% in intensity

Greenhouse Gas Management System

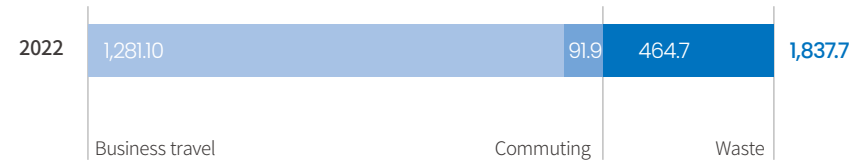
Kolmar Korea endeavors to establish an inventory of greenhouse gases for both direct (Scope 1) and indirect (Scope 2) emission ensuring the reliability and precision of emission quantities through external third-party verification. In May 2023, we diligently calculated Scope 3 emissions, which is other indirect greenhouse gases, and we plan to broaden the scope of categorization and operational sites for Scope 3 calculations. This approach enables us to accurately assess and disclose the source and amount of greenhouse gas emissions across our comprehensive business operations. Moreover, we voluntarily engage in the Carbon Disclosure Project (CDP) in the areas of Climate Change. Through this activity, we try to disclose climate change-related information and respond to climate change.

Greenhouse gas emissions

(Unit: tCO₂-eq)



Scope 3 emissions (2022) (Unit: tCO₂-eq)





Environmental Management System

RISK MANAGEMENT Opportunities through Climate Change Risks

The potential impacts of climate change risks, such as the increasing frequency of extreme climate events, not only affect Kolmar Korea but also businesses worldwide. While climate change risks may not seem to have an immediate significant impact on operational activities, considering their long-term implications for society, businesses, and the global community, proactive measures need to be taken. Particularly, with regard to products, services, and physical hazards, various efforts are required to mitigate associated risks, including anticipated constraints on the supply of raw materials and limitations on water usage due to climate change. Kolmar Korea will use the risk as a new opportunity through climate change risk assessment, establish a mid- to long-term strategy to promote business activities and changes.

Category	Climate Change Risks	Climate Change Opportunities	Potential Financial Impact	Strategies
Regulations	<ul style="list-style-type: none"> Increased risk of product export and compliance costs due to intensified global regulations on raw materials Inclusion in regulatory frameworks such as Emissions Trading Systems (ETS) and Greenhouse Gas Target Management Systems due to increasing greenhouse gas emissions 	<ul style="list-style-type: none"> Research and development for compliance and adaptation to raw material regulations, leading to increased demand and sales growth Enhancing internal and external image through the use of renewable energy and process improvements to reduce greenhouse gas emissions 	<ul style="list-style-type: none"> Increase research and development costs for regulatory compliance Increase costs for the use of renewable energy and process improvements 	<ul style="list-style-type: none"> MOUs for the development of raw materials related to regulatory compliance Engaging in continuous research and development activities for raw materials Introducing renewable energy and continuously improve processes
Technology	<ul style="list-style-type: none"> Need for technological research on the development of low-carbon and energy-saving products Increase in environmental pollution, greenhouse gas emissions, and energy consumption due to product technology and quality advancement 	<ul style="list-style-type: none"> Minimizing negative environmental impacts during technology development and quality enhancement stages through eco-friendly design Securing competitive advantage in the clean beauty cosmetics market by meeting consumer demand for eco-friendly products 	<ul style="list-style-type: none"> Increase in customers and sales due to the development of eco-friendly technologies and products Cost savings in pollution treatment and energy expenses Need for investment in facilities (factories, research labs) for energy conservation and water reuse 	<ul style="list-style-type: none"> Developing eco-friendly technology and expanding its product line
Products and services	<ul style="list-style-type: none"> Changes in demand and sales due to increasing consumer interest in eco-friendly products and trend changes 	<ul style="list-style-type: none"> Anticipating market demand and changes in sales to diversify business and drive revenue growth 	<ul style="list-style-type: none"> Increased cost of raw materials for eco-friendly products Increased costs for facility investment and process improvements 	<ul style="list-style-type: none"> Conducting research and development activities for products reducing environmental impact MOUs for the development of eco-friendly raw materials
Reputation	<ul style="list-style-type: none"> Negative evaluations from stakeholders (NGOs, investors, and customers) 	<ul style="list-style-type: none"> Authentic response to the climate change crisis 	<ul style="list-style-type: none"> Decreased sales due to decreased trust from customers, investors, etc. Increase in sales through enhanced corporate image through proactive measures 	<ul style="list-style-type: none"> Maintaining continuous disclosure of ESG information and engage in product research, development, and production activities
Physical hazards	<ul style="list-style-type: none"> Changes in the quality of raw materials and product quality due to abnormal heat phenomena Disruptions in production facilities (flooding, transportation issues, worker impact, etc.) due to abnormal weather phenomena (typhoons, floods) 	<ul style="list-style-type: none"> Strengthening facility safety inspections and product handling standards based on seasonal characteristics to establish proactive measures for damage prevention 	<ul style="list-style-type: none"> Financial losses due to production disruptions Increased facility investment and improvement costs due to enhanced facility safety and product handling standards 	<ul style="list-style-type: none"> Obtaining insurance related to natural disasters Allocating and executing dedicated budgets for risk mitigation in response to abnormal weather conditions



Environmental Management System

ACTION Kolmar Korea is actively responding to the challenges posed by climate change by formulating comprehensive plans and implementing sustained investments and management activities aimed at reducing energy consumption. We strive to enhance the efficiency of our manufacturing processes and monitor every month and manage performances toward achieving its energy reduction to reduce energy consumption. In addition, we have undertaken various initiatives, including the adoption of high-efficiency equipment, the improvement of energy management systems, and the introduction of solar energy generation facilities, and continue our energy use management activities.

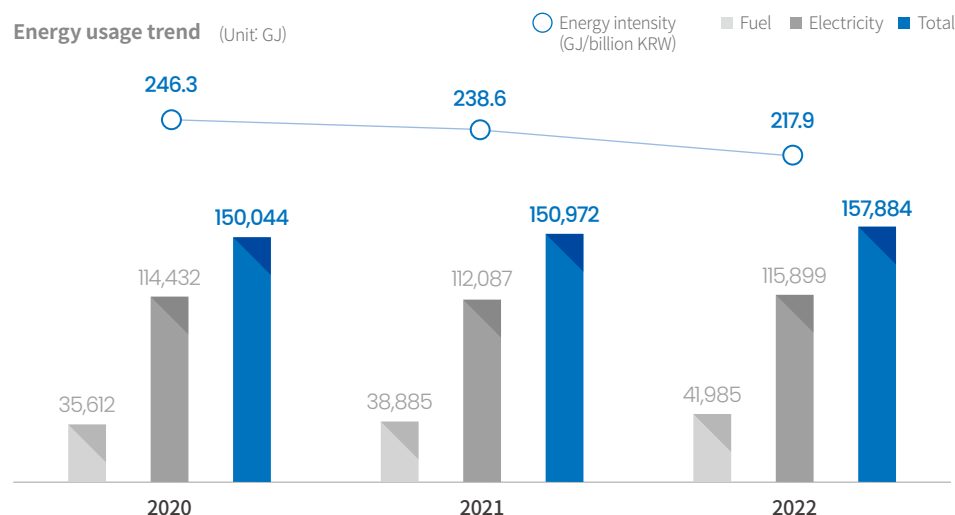
Transition to High-Efficiency Energy Devices

Kolmar Korea has established detailed targets for the first half of 2023 as part of its ESG management goals. To reduce energy consumption and greenhouse gas emissions, the company plans to promote the transition and adoption of high-efficiency devices, such as LED lights, at each workplace. In 2022, approximately 60% of fluorescent lights at the Sejong Factory were replaced with LED lights, resulting in an annual energy savings of about 240 MWh and a reduction of approximately 114 tCO₂-eq in greenhouse gas emissions. We plan to continue replacing devices annually to achieve energy savings and reduction of greenhouse gas emissions. In particular, We set our goal to achieve a 100% replacement in all business locations in the future.

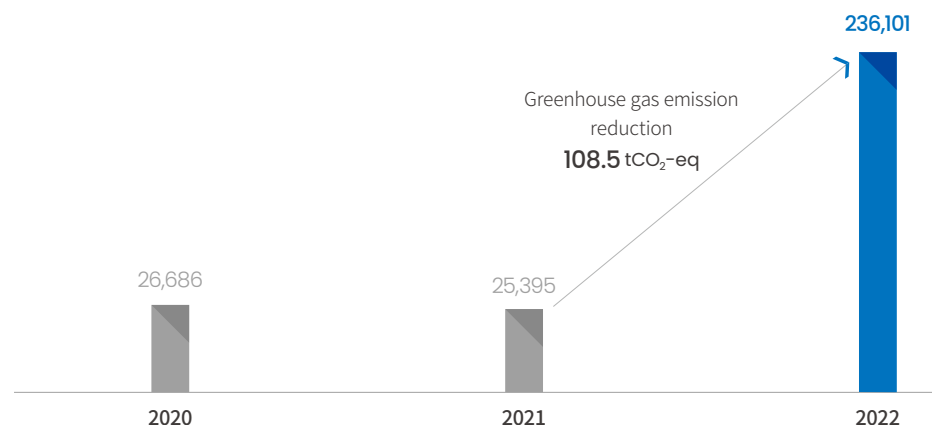
Introduction and Expansion of Renewable Energy Facilities

Kolmar Korea joined K-RE100 in 2022 and is gradually increasing the use of renewable energy. Solar energy generation facilities have been installed at the Sejong Factory, and utilized for internal facility operations. It is expected to reduce greenhouse gas emissions annually by approximately 130 tCO₂-eq, and plan to consider additional use of renewable energy.

Energy usage trend (Unit: GJ)



Renewable energy generation status (Sejong Factory) (KWh/year)



* Operational periods: October 2014, April 2022



Environmental Management System

Waste Management

STRATEGY Waste Treatment Processes and Efforts for Reduction

Regarding cosmetic ingredients, Kolmar Korea complies with chemical regulations and ensures proper disposal in accordance with the law. We meticulously manage waste by types and categories to minimize environmental impact. For waste materials, by-products, and sub-materials generated during the production process, we make efforts for recycling in most cases to contribute to a circular society. Waste is entrusted and processed by specialized waste management companies, and regular inspections are conducted to monitor the waste management status. To minimize incineration and landfilling of waste generated during business operations and to continuously expand the recycling rate, Kolmar Korea focuses on process improvements, research and development of alternative materials to reduce waste and plastic usage, and waste recycling activities.

Development of packaging materials for resource circulation

Waste Management Procedures



Waste Management Intensity Status and Goals

Category	Unit	2020	2021	2022	Goals for 2023	Goals for 2030
Waste management intensity	ton/ billion KRW	1.84	2.36	1.72	1.67	1.35

* Starting from 2022, The scope of calculation is only Kolmar Korea by applying the allocation based on the subsidiaries within the R&D Complex. The goal is to improve waste management intensity by 3% annually.

ACTION Zero Waste Landfill through Recycling

Kolmar Korea categorizes discharged waste and monitors at each facility according to its characteristics and types, ensuring appropriate disposal methods for each waste category. By assessing the waste generation status, we have identified recyclable waste materials and made a significant improvement in recycling rate by transition from landfill to recycling in 2022, resulting in increase of 15.4%. Additionally, we have successfully transitioned sewage sludge generated in our operations into a recycled cement production material instead of landfill. Moving forward, we will continue to explore recycling options for landfill waste, actively collaborating with recycling specialists and persistently striving to recycle landfill waste.

Waste Recycling Status

Category	Unit	Total Disposal Volume (General + Designated)	Recycling Volume	Recycling Rate (%)
Sejong Factory	Ton	828.0	733.6	88.6
Jeonui Factory		69.8	56.5	81.0
Jeondong Factory		70.6	50.9	72.2
Bucheon Factory		203.4	163.2	80.2
R&D Complex		74.5	40.8	54.7
Comprehensive*		1,246.3	1,045.0	83.9

* The scope of calculation is only Kolmar Korea, starting from 2022 with the allocation of subsidiaries within the R&D Complex.



Environmental Management System

Water Resources Management

STRATEGY Water Resources Risk Analysis and Management

Due to the significant water usage in the cosmetics manufacturing process, Kolmar Korea analyzes water stress levels by region to establish response strategies and medium- to long-term goals. According to the Water Stress Analysis by the World Resources Institute (WRI), although located in regions with low to medium-high water stress, Kolmar Korea conducts analyses and evaluations of current and future water resource risks and strives to maximize water usage efficiency. As part of activities to reduce water resource risks and identify and manage current and future water stress, we will continue our efforts in various water usage reduction initiatives.

Reduction of Water Usage via Process Improvement

To produce high-quality products, Kolmar Korea utilizes purified water obtained through various methods such as reverse osmosis (RO), Electro Deionization (EDI), Ultraviolet Oxidation (UV), activated carbon, and other purification techniques. Although water usage increased in 2022 due to an expansion in production volume, we achieved our goal of reducing water intensity through various process improvement activities. In particular, by investing in process improvements that increase the reuse of RO (Reverse Osmosis) Reject Water, Sejong Factory was able to save approximately 4% of annual tap water usage. It is expected that Bucheon Factory can achieve a reduction of approximately 8% in annual tap water usage by improving the vacuum pump process. We will continue our efforts in continuous process improvement and product research and development to reduce water usage.

Water Usage Status and Goals

Category	Unit	2020	2021	2022	Goals for 2023	Goals for 2030
Water usage	m ³	124,723	125,771	123,279	-	-
Water intensity	m ³ /billion KRW	204.7	204.0	184.3	178.8	144.4
Water reuse	m ³	-	2,031	3,401	-	-

* Tap water usage for all facilities, excluding Jeondong Factory in 2021-2022, calculated based on the allocation of subsidiaries within the R&D Complex. Annual goal: 3% improvement in water intensity

Wastewater Discharge and Treatment

Kolmar Korea ensures the proper treatment of wastewater generated from in-house production activities, which is subsequently discharged to public wastewater treatment facilities for secondary treatment before being released. Following the revised regulations of the Water Environment Conservation Act, we measure Total Organic Carbon (TOC), an indicator of organic pollutants in wastewater. Kolmar Korea applies internal standards that are more stringent than the legal standards (within 20% of the legal standards) for TOC levels. To mitigate the impact of water pollution on water bodies, we will continue to invest in process improvements and facilities to enhance the efficiency of water pollution treatment and minimize the environmental impact of our operations.

Wastewater Discharge and Water Pollution Status

Category	Unit	2020	2021	2022	Goals for 2023	Goals for 2030
Wastewater discharge volume	m ³	70,221	73,563	74,137	-	-
Wastewater discharge intensity	m ³ /billion KRW	115.3	116.2	102.3	99.2	80.2
Water pollution substance quantity	Kg	4,788	5,671	6,416	-	-
Water pollutant discharge intensity	kg/billion KRW	7.86	8.96	8.86	8.59	6.94

* Annual goal: 3% improvement in discharge intensity

Environmental Management System

Pollutant Management

STRATEGY Air Pollutant Management

To systematically manage air pollutant emissions, Kolmar Korea conducts regular inspections and monitoring of facilities to analyze data on emissions for each pollutant. In particular, to reduce Nitrogen Oxide (NOx) emissions, plans are underway to install low NOx burners at all facilities. Some facilities have already installed low NOx burners, resulting in a reduction of approximately 40-50% in Nitrogen Oxide (NOx) emissions compared to previous levels. Additionally, preventive facilities such as filters are operated with improved efficiency by optimizing cleaning and replacement cycles. Kolmar Korea is committed to managing air pollutants rigorously, surpassing legal standards (within 70% of legal standards) through ongoing improvement activities and investments.

Air Pollutant Management Status and Goals

Category	Unit	2020	2021	2022	Goals for 2023	Goals for 2030
Air pollutant emissions	kg	1,908	1,853	2,211	-	-
Air pollutant emission intensity	kg/billion KRW	3.13	2.93	3.05	2.96	2.39

* Annual goal: 3% reduction in emission intensity

ACTION Soil Pollutant Management

To prevent soil pollution caused by waste generated in manufacture and protect the ecosystems surrounding the facilities, Kolmar Korea conducts regular soil pollution inspections at each facility. While some facilities previously conducted soil pollution inspections every two years according to legal requirements, Kolmar Korea will conduct annual inspections starting from 2021 on the soil pollution level regardless of the legal cycle to manage soil pollutants.

Biodiversity

ACTION Development of Products in Compliance with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

To protect endangered species of wild fauna and flora, Kolmar Korea operates a process that complies with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) when developing products. The raw materials are selected after reviewing the scope of application of CITES regulations in the previous stage of selecting new raw materials. Through continuous monitoring of CITES regulations and policies, Kolmar Korea identifies endangered species and makes ongoing efforts to conserve ecosystems.

Afforestation Activities with Employees

Since 2017, Kolmar Korea has been engaged in the 'Forest Management' project to contribute to the beautiful and healthy lives of nearby residents through ecosystem restoration. As part of this initiative, We have planted trees in a reforestation area in Gangcheon-myeon, Yeosu-si, Gyeonggi-do, where approximately 16,000 trees have been planted. We will continue to contribute to biodiversity conservation through projects such as establishing economic forests and donating seedlings in mountainous areas.



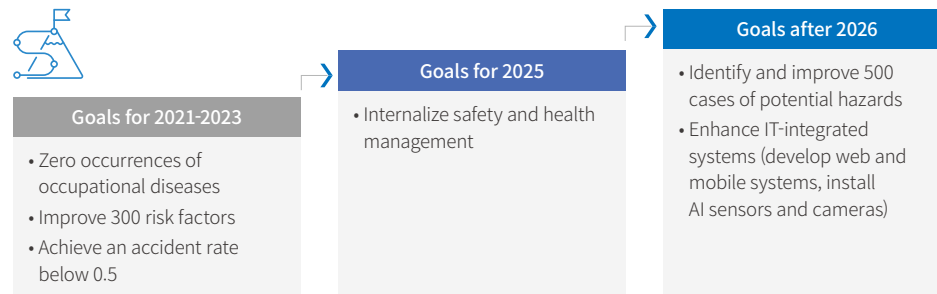
Improvement of the Environment in the Vicinity of the Facilities

Our employees voluntarily participate in environmental cleanup activities near the facilities, considering themselves responsible members of the local community. Executives and employees from Sejong Factory participate in environmental cleanup activities on hiking trails near Jeonui Station while those from the R&D Complex conduct regular environmental cleanup activities in the Seocho-gu area of Seoul on a monthly basis.

Safety and health

STRATEGY Safety and Health Management Strategy

At Kolmar Korea, all employees strive for zero occurrences of serious accidents and the reduction of industrial accidents through various efforts. Since 2021, annual plans regarding safety and health have been established in compliance with the revised Occupational Safety and Health Act. In 2022, specific goals were set to promote the corporate image of accident-free, identify and improve potential hazards, and promote health of employees. We plan to establish Safety Management System to prevent safety and serious accidents through these plans eventually. Additionally, we plan to establish a system to promote mid- to long-term business strategies.



POLICY Policy for Safety and Health Management

Kolmar Korea operates the Safety and Health Management System (ISO 45001) to enable employees and contractors to work in a safe and healthy environment, ensuring prompt and accurate decision-making. Policy for Safety and Health Management System is applicable to Kolmar Korea and its partner companies and employees. It is implemented throughout the organization by integrating ISO 45001 and risk assessment systems.

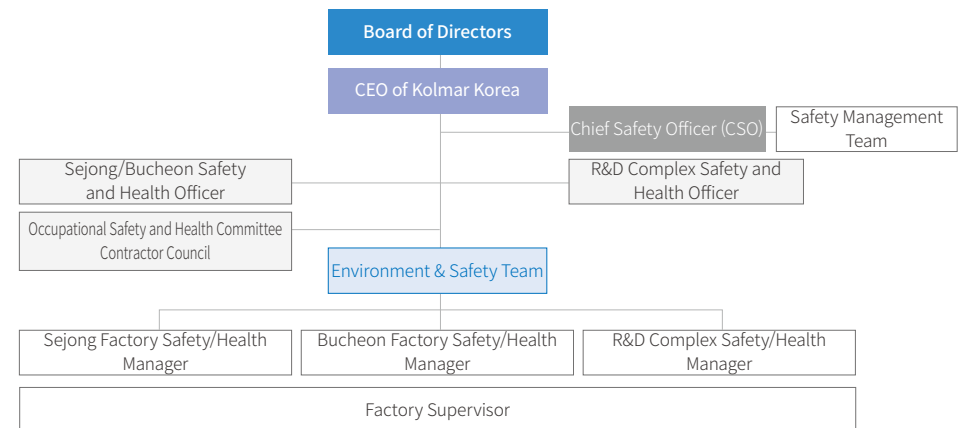


ISO 45001 Certified Facilities	Year of Acquisition	Validity Period
Sejong Factory		
Bucheon Factory	2020*	2023.06.15~2026.06.16
R&D Complex		

* Renewal completed in 2023.

GOVERNANCE Safety and Health Decision-Making Structure

Kolmar Korea establishes Safety and Health plans annually and related performances and plans gets approval from the BOD to strengthen governance activities. In addition, against the Serious Accidents Punishment Act, a dedicated organization was established in January 2022 to ensure compliance with the legal requirements. Regular internal inspections are conducted, and the results are reported to the management level on a semi-annual basis, focusing on preventing occupational hazards.



Operation of the Occupational Safety and Health Committee

The Occupational Safety and Health Committee consists of an equal number of labor and management representatives. The committee collects opinions on the risk factors in each process and reviews and deliberates them every quarter to identify potential risks in advance and present improvement measures. Potential risk factors and improvement tasks identified through this process are reported to the management every quarter, and the meeting results are posted on the internal bulletin board to share transparently with all employees.



Occupational Safety and Health Committee



Safety and health

RISK MANAGEMENT Accident Investigation and Prevention

Kolmar Korea has established procedures for reporting accidents and investigates the root causes when accidents occur. By installing CCTV cameras throughout the entire process, we can identify the direct causes of accidents and establish measure to prevent recurrences. In order to prevent similar accidents, we review manners of risk mitigations in the order of effectiveness, which includes elimination (removing the risk factors), substitution (replacing the risk factors), engineering controls (installing protective devices), administrative controls (changing work methods), and the use of personal protective equipment.

Identification and Improvement of Risk Factors during a safety inspection at business sites

Category	Unit	2020	2021	2022
Number of identified risk factors	Cases	216	231	312
The number of risk factors improved	Cases	216	231	312
Improvement ratio	%	100	100	100

Prevention of Similar Accidents

Kolmar Korea implements Task Force (TF) activities targeting the processes where accidents have occurred to prevent similar accidents by improving the risk factors. The TF activities, consisting of the Environmental Safety Department, Work Department, and Facility Management Department, aim to address the root causes of risk factors for the safety of workers.

Enhancement of Safety Management System for Outsourcing Work and Research Facilities

Kolmar Korea has strengthened the management of outsourcing work by providing safety education and reinforcing safety management systems for contractors. The research facilities have established an enhanced safety management system, conducting precise safety assessments at a higher standard (once every two years) compared to the legal standard (every year). This enables thorough management of risk factors occurring in research facilities.

Training and Certification of Risk Assessment Factory Supervisors

Kolmar Korea has established internal standards for risk assessment in the workplace and makes significant effort into training supervisors reducing hazardous risk factors within the workplace. Safety management factory supervisors and risk assessment managers are trained through external safety education institutions. The training for factory supervisors complies with the 16-hour legal requirement of the Occupational Safety and Health Act for the duties of a safety management factory supervisors. In 2022, 46 risk assessment factory supervisors were trained, representing a 21% increase compared to the previous year. After completing the factory supervisor training, Kolmar Korea plans to enhance the capabilities of factory supervisors through initiatives such as operating the Factory Supervisors Council and advancing risk assessment.

Evaluation of Safety and Health Performance of Partners

Kolmar Korea evaluates safety and health status of partner companies to improve their safety and health levels. The evaluation includes safety and health management systems, level of risk assessments and safety education, and ability to respond to emergencies. Partners are selected based on these evaluation results. A semi-annual evaluation is conducted for existing partner companies to assess their status, and any identified risk factors are promptly improved.

We operate Symbiotic Cooperation Program which includes support for identification and improvement of hazards and risk factors, safety and health regulation system, risk assessment certification, and establishment and implementation of safety and health management system and jointly implement these activities. The performance is evaluated and certified through the program. In 2022, This program was operated for five partner companies and achieved an A-grade rating in 2022.

Safety and Health Management Performance of Partners in 2022

Category	Sejong Factory	Bucheon Factory
Symbiotic Cooperation Program	Grade A	Grade A
Evaluation of Safety and Health Level	Twice (1st half and 2nd half)	Twice (1st half and 2nd half)
Joint Safety and Health Inspection of Cooperative Safety and Health	22 issues identified (100% improvement)	13 issues identified (100% improvement)

Safety and health

ACTION Emergency Response Training

Kolmar Korea is prepared for emergencies with emergency scenario and a network of emergency contacts of relevant agencies. Each workplace conducts annual fire training and develops emergency response training plans by selecting topics specific to each workplace responding to chemical spills and other incidents. The performance of the training is monitored. Employees actively participate in the training to raise awareness of accidents, and new employees receive training in cardiopulmonary resuscitation (CPR) and fire prevention against emergencies.



Training for Chemical Spills



Fire Training

Activities to Promote Employees Safety and Health Awareness

Kolmar Korea conducts safety and health education and special safety education for employees, including hazardous and high-risk workers and new employees, to promote their awareness and protect themselves from accidents. In addition to the legally required training, education on everyday life skills such as CPR and emergency patient care is provided. Specialized training is also provided to outsourced workers for high-risk tasks such as high place work, electrical, and enclosed space. Factory supervisors have regular meetings and education session to reinforce safety consciousness. Safety campaigns and educational videos are continuously provided in resting spaces, and we also introduce a QR code system to gather employee feedback. We make ready to design and run safety culture campaigns to enhance safety awareness in the future.

Safety Improvement for Forklift and Cargo Truck

Kolmar Korea has strengthened safety management efficiency by enhancing the record of work plans and daily safety checklists for forklift and cargo truck operators, considering the high-risk potential for serious accidents. We have made efforts to reduce safety hazards through various activities, such as equipping forklifts with rear sound alarms, rearview cameras, and night line beams, as well as wearing safety helmets for forklift drivers. Starting in 2023, a work plan and daily safety checklist system will be introduced and implemented to prevent serious accidents caused by cargo trucks entering and exiting the workplace.



Forklift Safety Education



Employees Health Checkups and Post-Examination Care

Kolmar Korea supports the health management of employees by providing special health examinations for chemical factors, noise, dust, and other physical factors in addition to regular health checkups for all employees. Specialized examinations and comprehensive checkups are provided according to employees' age and life cycle, along with follow-up observations and post-examination care.

Category	Unit	2020	2021	2022
Number of employees with health abnormalities	Persons	182	251	448
Number of counseling sessions for those subject to care	Cases	182	251	448

Safety and health

Health Promotion Programs and Healthcare Rooms

Kolmar Korea strives to minimize the risk of disease and promote the health of employees by preventing musculoskeletal disorders related to ergonomic factors, managing job-related stress caused by social and psychological factors, and assessing and managing the risk of brain and cardiovascular diseases to reduce the risk of metabolic diseases. A healthcare room is operated at the Sejong Factory, where a health manager, a nurse, provides services such as health checkups, health counseling, emergency treatment, and workplace environment measurements to promote the health of employees.

Category	Unit	2020	2021	2022
Health counseling	Cases	117	386	471
Medical treatment in the healthcare room*		81	172	378
Providing medications in the healthcare room		139	453	446
Job stress assessment		32	341	489
Brain and cardiovascular disease management		33	411	447
Workplace environment measurements**		14	14	14

* Medical procedures: Minor medical treatments, etc.

** Workplace environment measurement results: Below the company's exposure standards

Safety and Health Proposal System

Kolmar Korea operates a Safety and Health Proposal System, allowing employees to identify and improve potential near-miss accidents, hazardous cases, and factors that may arise during work. This system is open to all Kolmar Korea employees and contracted workers. When an online proposal is submitted through the Safety and Health Proposal Board, it is evaluated by head of department and relevant personnel to determine its rating. Each year, outstanding and multiple proposals are rewarded with cash prizes, and in 2022, 601 proposals were registered.



Production Headquarters Statement



Production Headquarters
Young-Joo, Lee Executive Director

Protecting the Earth's environment, which serves as the foundation of our lives, is a cornerstone in building a sustainable future. Kolmar Korea is committed to minimizing the impact of its business activities on the global environment. Through its membership in K-RE100, we expand the use of renewable energy and actively engage in energy-saving and efficiency enhancement initiatives. Furthermore, as water resources are vital in the cosmetics industry, Kolmar Korea diligently manages water resources. By improving production processes to reduce water consumption and managing wastewater quality, we strive to preserve the ecosystem near business sites.

Creating a safe and healthy work environment for our employees is also fundamental to our corporate management. Kolmar Korea places a strong emphasis on strengthening the Safety and Health system to achieve 'Zero Accidents' and reduce industrial accident. We continuously enhance these efforts and make enhancing safety awareness among employees a top priority, and also reinforce safety education. With the utmost priority given to safety, we will continue our efforts to create a happy workplace for everyone.

Lastly, Kolmar Korea is committed to practicing ESG (Environmental, Social, and Governance) management sincerely. In addition to spreading ESG management to our partners and small and medium-sized enterprises in our value chain, we internalize ESG management by managing financial and non-financial factors. We aspire to become the leading domestic cosmetics Original Development Manufacturing (ODM) company that contributes to a sustainable society by embodying ESG management and making a positive impact on our community.



Information Protection

POLICY Information Security Policy

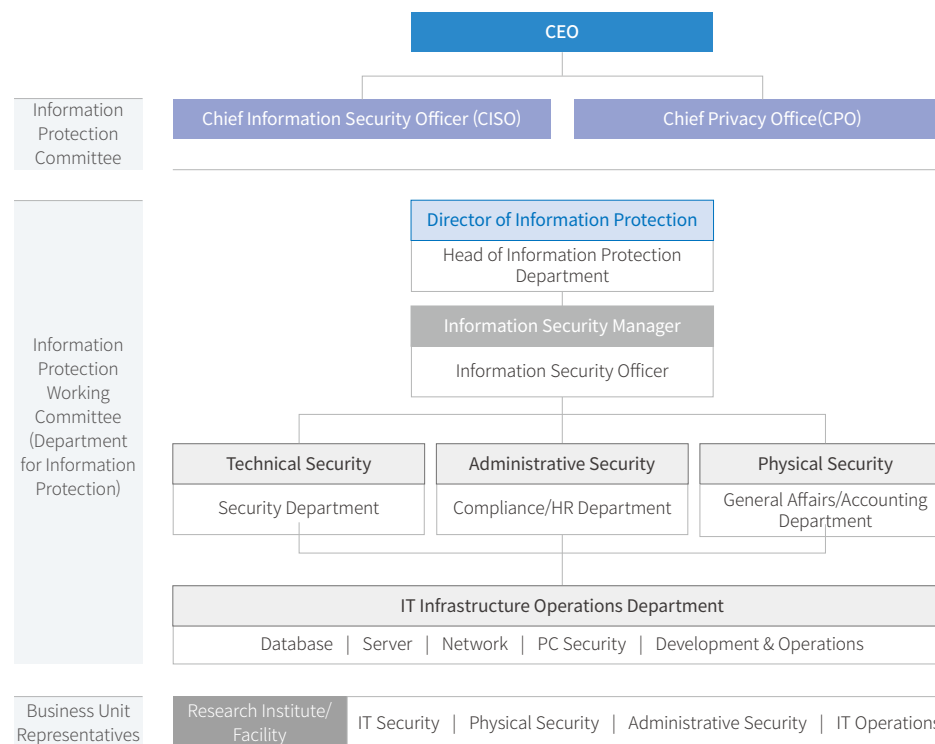
Kolmar Korea has built a security system to prevent the leakage of critical company information and improve security vulnerabilities. We have introduced solutions such as Enterprise Content Management (ECM), document security, and blocking harmful websites. We have made three key guidelines for information security (administrative, technical, and physical guidelines). We regularly update the 'Privacy Policy' to protect customer information and the legal team reviews related matters. Furthermore, we plan to establish and implement a medium-and long-term security system through external Information Protection consulting.

Key Information Security Policies	
Output Security	<ul style="list-style-type: none"> Watermarks/overlays (company logo), printer's default information, and barcodes are printed on output documents using our printers for ERP, VGMP, and personal PC documents
ERP Security	<ul style="list-style-type: none"> Access to ERP is controlled by the department and menu, and all information access is logged
VGMP Security	<ul style="list-style-type: none"> Contents access is restricted based on security levels Document-specific and user-specific permissions are set and controlled when utilizing electronic document information Large attachments are not allowed when sending external emails through VGMP
Internet and Mail Security	<ul style="list-style-type: none"> External mail through internet portals is controlled NateOn MS Messenger is not allowed for internal use Non-work-related internet sites (obscene, gaming, gambling, movies, stocks, etc.) are blocked
Integrated PC Security	<ul style="list-style-type: none"> User activity and program usage on PCs are logged and managed Agents (security software) installed on PCs automatically collect and manage software and hardware information, allowing for management and deployment based on the collected data
Storage Device Control	<ul style="list-style-type: none"> Moving/copying to all media, including USB, external HDD, CD/DVD RW, etc., is prohibited and controlled from PC information
PC Folder Sharing	<ul style="list-style-type: none"> All document sharing is centralized through VGMP's enterprise document management system, controlling individual folder sharing and disabling folder sharing
Windows Account Password	<ul style="list-style-type: none"> Windows account passwords are required for all PCs, and screen savers are activated
Security Vulnerability Warning	<ul style="list-style-type: none"> Security vulnerabilities, such as the absence of a booting password or lack of vaccine installation/update, are warned and PC usage is prohibited in case of violation of security policies

GOVERNANCE Information Protection Committee

Kolmar Korea operates an Information Protection Committee composed of the Chief Information Security Officer (CISO) Chief Privacy Officer (CPO) to efficiently perform information protection tasks. The Information Protection Committee establishes Information Protection strategies and plans, reviews and approves related activities, conducts incident reviews and decision-making, and discusses measures to prevent reoccurrence. The committee also reviews and approves revision requirements for Information Protection Guidelines. Information Protection Committee annually reviews and supports for regular information protection activities.

Information Protection Organizational Structure



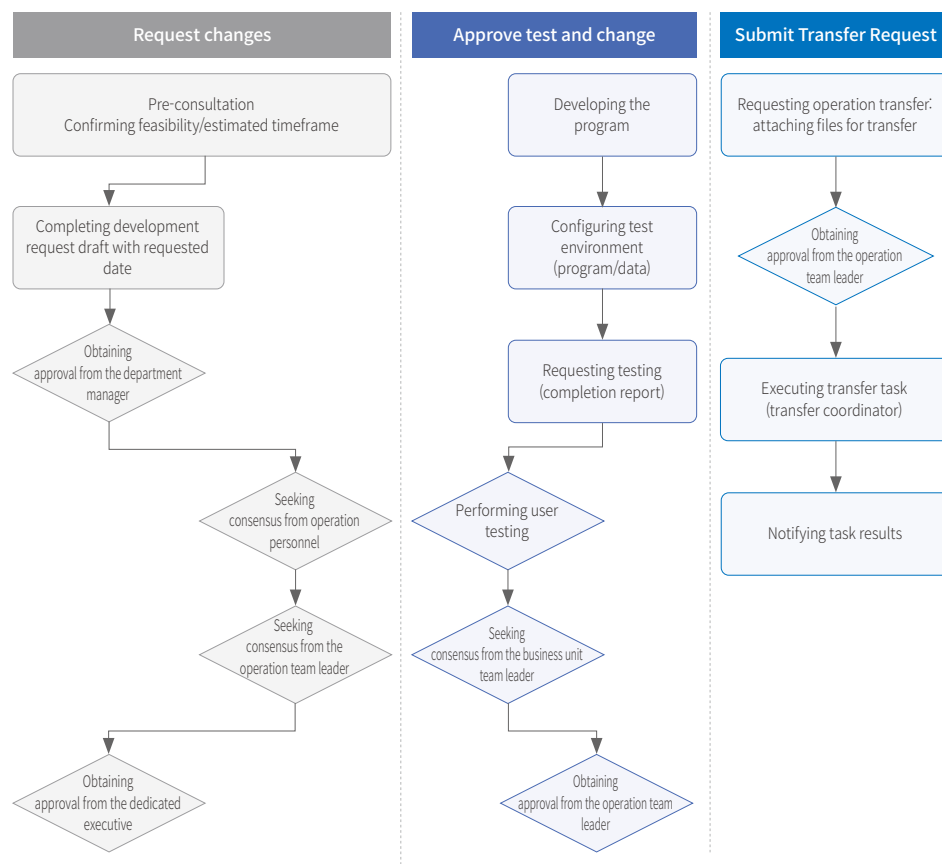


Information Protection

RISK MANAGEMENT Information Protection Management System

In preparation for information leakage, Kolmar Korea stipulates operating procedures for modification and change of business systems and software updates. If a policy change is necessary, it must be requested to the person in charge of information protection and approved by the general manager before registration, change, or deletion of the policy can be applied. The information protection officer reviews the adequacy of the system policy once a year to confirm its effectiveness.

Procedure for System Policy Changes



ACTION Security Program

To prevent data leaks, Kolmar Korea installs security programs on all employees' PCs to ensure the security and confidentiality of data as a general practice. Additionally, server security operations to protect customer information are managed through four distinct categories. We have addressed several areas of concern, including Well-known remote ports, OS passwords, administrator account changes, enforcing password complexity, and eliminating duplicates. Furthermore, to handle the Log4j issue, we have deleted relevant configuration files on unused servers and implemented Enterprise Resource Planning (ERP) measures. Additionally, we have introduced an Intrusion Prevention System (IPS) to protect the Sejong Server Farm.

Security Inspection Criteria

Category	Compliance Requirements	Inspection Criteria
Personal PC	Setting PC passwords.	Verification of unset PC passwords
	Prohibition of exposing storage media on the desk	Exposed storage media (USB, external hard drives, tablet PCs, etc.)
Private space	Keeping the desk organized	Abandoned work-related documents and materials on the desk
	Prohibition of attaching system login information to the desk	Notations on memos, sticky notes, or exposed diaries
Shared space	Setting passwords for shared PCs	Unset PC passwords
	Prohibition of leaving documents unattended in shared spaces	Exposed work documents in meeting rooms, printers, copiers, and surrounding areas

Security Inspection Campaign

Kolmar Korea designates Clean Office Day to conduct regular random inspections of office spaces. Through this initiative, we diagnose the security level and address any complacency toward safety among employees. This campaign helps strengthen security awareness, emphasizes the importance of integrating security into daily routines, and contributes to preventing security incidents. Additionally, through notifications, we recommend security updates for employees' MS Office, Adobe products, and other software to carry out security vulnerability improvement activities.



Compliance and Ethical Management

Ethical Management

POLICY Ethics Code

Kolmar Korea has established an Ethics Code to enhance corporate transparency and fulfill social responsibilities. By doing so, we aim to earn the trust of stakeholders, including customers, partners, shareholders, and the local community, and to grow and develop together. The Ethics Code provides a set of practical norms that all employees of Kolmar Korea are expected to behave in situations when ethical conflicts arise in relation to their job responsibilities. Every member bears the responsibility to understand and comply with the Ethics Code, and failure to comply with its provisions or cooperate with investigations may result in disciplinary procedures.



Practice Article in Ethics Code

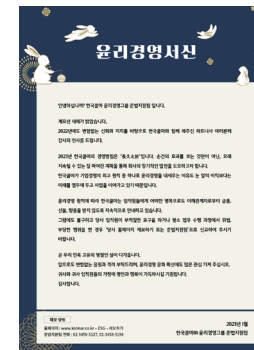
	Customer Trust	<ul style="list-style-type: none"> Provision of Reliable Products Fair Competition and Marketing 	<ul style="list-style-type: none"> Protection of Customer Information
	Trust between Employees	<ul style="list-style-type: none"> Impartial and Fair Job Performance Mutual Respect between Employees Gender Equality and Prohibition of Sexual Harassment 	<ul style="list-style-type: none"> Safe and Healthy workplace Protection of Asset and Intellectual Property Rights Prevention of Information Leakage
	Partner Trust	<ul style="list-style-type: none"> Strict Compliance with Fair Trade Act Pursuit of Fair Free Competition 	<ul style="list-style-type: none"> Prohibition of Corruption and Improper Request Legitimate and Fair Information Collection
	Shareholder Trust	<ul style="list-style-type: none"> Enhancement of Mid-/Long-term Shareholder Value Prevention of Conflict of Interest 	<ul style="list-style-type: none"> Enhancement of Transparency of Accounting Information Prohibition of Illegal Use of Internal Information
	Social Trust	<ul style="list-style-type: none"> Joint Environmental Production Continuation of Socially Contributing Activities 	<ul style="list-style-type: none"> Respect for Human Rights and Cultural Diversity Maintenance of Political Neutrality

GOVERNANCE Ethical Management Decision-Making System

At Kolmar Korea, the Ethics Management Group's Compliance Support Team is in charge of designing and operating the compliance system. The team plays a role in preventing ethical risks at the business site in advance and actively supporting employees' voluntary practice of ethical management. The CP Committee, which is held semiannually, deliberates and decides on major issues related to compliance and checks compliance. An ad-hoc committee is held at the request of the chairperson or two or more members. The main role of the CP Committee is to review and decide on the enactment and revision of internal regulations related to voluntary compliance, review the results of compliance checks to prevent violations of laws in advance, recommend necessary measures in the event of violations of laws and provide advice to prevent recurrence.

ACTION Disseminating Internal and External Ethical Management Messages

Kolmar Korea shares compliance letters to employees and ethical management letters to partner companies to practice comprehensive Ethical Management. Starting in January 2023, by sharing internal and external ethical management messages, Kolmar Korea has expressed its commitment to ethical management to external partner companies and promoted compliance consciousness internally and spreading compliance culture.



Ethical management letters



Compliance Letter



Compliance and Ethical Management

Ethics Pledge

As part of Kolmar Korea's efforts to establish a culture of ethical management, we conduct "Ethics Pledge" for all employees. Through the 'Ethics pledge', all employees commit to complying with ethical norms, including anti-corruption regulations prohibiting inappropriate behaviors such as bribery and practicing Ethical Management. Partner companies that have business relations with Kolmar Korea also create their own 'Ethics pledge' to demonstrate their commitment to ethical management and fair trade compliance.

Whistleblowing Channel and Protection of Whistleblowers

Kolmar Korea operates a 'Whistleblowing' corner where all stakeholders can report unethical conduct and unfair practices. The 'Whistleblowing' corner is protected by a secure system, and designated personnel handle the investigation while maintaining the security of the information. Kolmar Korea protects the identity and the content of the report provided by whistleblowers. No information is disclosed that reveals the whistleblower's identity or the information that can imply it without their consent. In the case of anonymous reports, if the information is not specific or the facts are unclear, an investigation will not proceed. Any acts of retaliation or providing disadvantages to whistleblowers are strictly punished in accordance with internal regulations such as employment rules. In 2022, a total of six reports were received including sexual harassment and workplace bullying, and private use of company assets. Kolmar Korea initiated investigations for all six reports and implemented disciplinary measures.

Reported Cases of Ethical Violations and Disciplinary Actions

Category	Number of reports	Action results	
		Disciplinary measures	Warnings
Sexual harassment and workplace bullying	5	4	1
Private use of company assets	1	1	-

Compliance Management

STRATEGY Internalizing a Compliance Management System

To manage major legal risks resulting from internal and external policy changes and reinforcement of regulations, Kolmar Korea's Compliance Support Team, as the respective department, develops biannual compliance inspection plans and conducts regular inspections. These inspections aim to proactively prevent and manage risks that may arise throughout the management. In 2022, checklists were distributed to departments regarding the Serious Accidents Punishment Act and subcontracting laws. Subsequently, continuous inspections and management efforts were carried out through risk assessment and the improvement plans. Activities are also conducted to promote a culture of compliance within the company and enhance employees' awareness of compliance norms.

POLICY Anti-Corruption Policy

Kolmar Korea complies with domestic and international anti-corruption laws and has established an anti-corruption policy to prevent bribery and mitigate corruption risks. The anti-corruption policy applies to all employees of Kolmar Korea. Employees are expected to adhere to the anti-corruption policy during business transactions and encourage all stakeholders to respect and comply with it.

Anti-Corruption and Compliance Policy

부패방지정책

제1호 목적

- ① 본 정책을 수립하여 '합법적'인 관행은 확립하고 부패방지 관련 법령을 준수함으로써 부패방지 활동을 제고하고 부패위험을 완화하기 위해 부패방지정책에 '합법'이란 원칙을 수립한다.
- ② 회사가 임직원은 '합법', '윤리적' 관행을 통해 관련 '법률', '국제기준'에 있어서 국내 공헌에 대한 '신뢰'를 얻고, '부패방지' 및 '윤리'를 중시하는 문화에 대한 '영향'을 줄 수 있도록 한다.

제2호 범위

- ① '부패방지'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ② '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ③ '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ④ '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ⑤ '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ⑥ '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ⑦ '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ⑧ '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ⑨ '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.
- ⑩ '부패'란 '부패'를 방지하기 위한 '합법'인 관행에 대한 '정책'을 수립하는 것을 의미한다.

제3호 적용 범위

- ① 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ② 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ③ 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ④ 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ⑤ 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ⑥ 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ⑦ 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ⑧ 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ⑨ 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.
- ⑩ 본 정책은 회사 내 모든 임직원을 대상으로 적용된다.

제4호 관련 법령

- ① 회사는 '부패방지' 관련 법령을 준수한다.
- ② 회사는 '부패방지' 관련 법령을 준수한다.
- ③ 회사는 '부패방지' 관련 법령을 준수한다.
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- ⑧ 회사는 '부패방지' 관련 법령을 준수한다.
- ⑨ 회사는 '부패방지' 관련 법령을 준수한다.
- ⑩ 회사는 '부패방지' 관련 법령을 준수한다.

제5호 관련 법령

- ① 회사는 '부패방지' 관련 법령을 준수한다.
- ② 회사는 '부패방지' 관련 법령을 준수한다.
- ③ 회사는 '부패방지' 관련 법령을 준수한다.
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- ⑩ 회사는 '부패방지' 관련 법령을 준수한다.

부패방지 및 규범준수 방침

사람이 중심이 되는 기업 문화는 투명하고 윤리적으로 운영되는 기업으로서, 인간관계, 기술관계, 고객관계 및 책임관계에 대한 기업적 책임을 실현하고 규범 준수를 선도하기 위해 부패방지 및 규범준수 방침을 제정하고 이를 선언한다.

하나

회사가 임직원은 국내외에 부패방지 관련 법령을 포함하여 적용 가능한 모든 규범준수 의무사항에 대해 규범 준수를 준수하고, 이에 위반되거나 미흡한 것으로 판단될 수 있는 행위에 관여하지 않는다.

둘

회사는 임직원은 업무상 필요에 있어 이해관계자에게 어떠한 금품, 향품 그리고 사물을 제공하거나 받지 않으며, 어떠한 이해관계자 및 상대방에게 관여하지 않는다.

셋

회사는 부패방지 및 규범준수 관련 법령을 준수할 수 있는 부패방지 및 규범준수 정책시스템을 구축하여 지속적으로 관리하고 개선한다.

넷

회사는 임직원은 부패방지 및 규범준수 관련 법령을 준수할 수 있는 부패방지 및 규범준수 정책시스템을 통해 관리하고 개선한다.

다섯

회사는 임직원은 부패방지 및 규범준수 관련 법령을 준수할 수 있는 부패방지 및 규범준수 정책시스템을 통해 관리하고 개선한다.

여섯

회사는 임직원은 부패방지 및 규범준수 관련 법령을 준수할 수 있는 부패방지 및 규범준수 정책시스템을 통해 관리하고 개선한다.

일곱

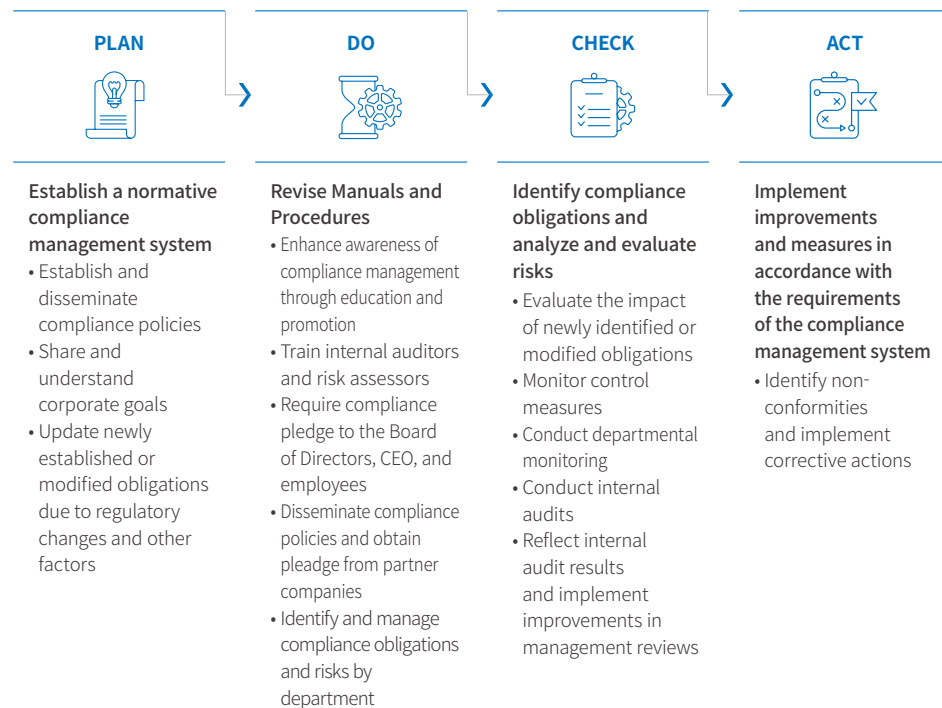
회사는 임직원은 부패방지 및 규범준수 관련 법령을 준수할 수 있는 부패방지 및 규범준수 정책시스템을 통해 관리하고 개선한다.



Compliance and Ethical Management

Regulatory Compliance Management System based on PDCA (Plan-Do-Check-Act) Cycle

Kolmar Korea has obtained integrated certifications of ISO 37001 Anti-Bribery Management System and ISO 37301 Compliance Management System, making it the first company in the cosmetics industry to achieve this in 2022. We strive to establish a comprehensive risk management system at the corporate level, defining and managing risks to minimize negative impacts caused by risks. In this regard, the Compliance Manager takes the lead in reviewing and continuously managing risks related to finance, compliance, ethics, environment, and human rights, among other aspects of corporate management. The respective departments set compliance goals and plan activities to achieve them. Furthermore, we implement control measures according to risk types, continuously monitor risks, and report monitoring and internal audit results and improvement measures to the Board of Directors, depending on the cases.



ACTION Fair Trade Self-Compliance Program

Kolmar Korea has implemented the Fair Trade Self-Compliance Program to internalize and promote a culture of compliance with fair trade laws and procedures. The program is overseen by the Compliance Manager appointed by the Board of Directors, who is responsible for planning and operating the Fair Trade Self-Compliance Program. Kolmar Korea has declared its commitment to compliance through the dissemination of messages by the Compliance Manager internally and externally. Additionally, Kolmar Korea conducts ongoing and systematic training on fair trade self-compliance, including subcontracting law education, new experienced employee compliance education, trade secret training, company-wide compliance education, and education on the Anti-Graft Act.

[Self-Compliance Newsletter](#)

Production and Distribution of Compliance Program (CP) Guidelines

Kolmar Korea revises the Compliance Program (CP) Guidelines every six months reflecting the latest laws and corresponding guides. Through the revised CP Guidelines, members familiarize themselves with fair trade regulations and proactively prevent fair trade/subcontracting violations in their work processes. Appendices, including guidelines for gifts, donations, and advertising activities, are added to the CP Guidelines to prevent potential violations by employees.

[Fair Trade Compliance Program \(CP\) Guidelines](#)

Compliance Training

Kolmar Korea has conducted online compliance training for all employees and formalized company-wide compliance training in 2022. The completion rate of online compliance training for all Kolmar Korea employees is 81%.



Advancement of Governance

STRATEGY Board Operation Policy and Objectives

Kolmar Korea aims to become a more trustworthy company by disclosing the gap between the corporate governance best practices of the Korea Corporate Governance Service (KCGS) and the current status of Kolmar Korea's corporate governance on its website. In 2022, we set goals to establish independence, expertise, diversity, and efficiency in the board for efficient and systematic operation.

Differences from Corporate Governance Best Practices

Category	Description
Independence	<ul style="list-style-type: none"> • Separating the Chairman of the Board and the CEO • Appointing non-executive directors without special relationships with the management • Limiting the voting rights for directors with significant conflicts of interest regarding board resolutions • Strengthening monitoring functions by establishing an audit support organization
Diversity	<ul style="list-style-type: none"> • Pursuing diversity in board composition to help various stakeholders continue to grow with the company • Appointing female non-executive directors by 2023
Expertise	<ul style="list-style-type: none"> • Recommending and appointing director candidates who possess qualities and capabilities that contribute to the company's long-term growth and development • Enhancing expertise through seminars and educational opportunities provided by external experts
Efficiency	<ul style="list-style-type: none"> • Implementing performance evaluations for the board and non-executive directors • Enabling the holding of ad hoc board meetings as needed and ensuring board participation by utilizing communication tools that allow simultaneous audio transmission and reception without physical attendance • Conducting preliminary reviews of major issues in relevant committees before the board meeting and providing further explanations to directors' queries or requests raised in the committees by relevant departments until the board meeting takes place

POLICY Determination of Transparent Compensation

Directors' compensation is determined within the approved limits at the General Shareholders' Meeting and consists of a base salary and performance-based bonuses based on the business performance. Outside directors' and auditors' compensation are executed within the director's compensation limits and subject to approval by the Board of Directors. The compensation structure for inside directors is divided into base salary and variable compensation, which is based on the performance. Performance-based incentives are paid based on target and performance incentives, while outside directors are only paid a base salary. Target incentives are paid annually if business objectives are achieved based on the company's revenue and operating profit for the fiscal year during the first quarter of the following fiscal year. All employees are paid differentially based on achievement rates using 200% of the monthly base salary as the reference. The CEO determines business leadership incentives, using 10% of the excess profit over the standard criteria for the company's consolidated basis profit as the funding source. They are paid quarterly and differentially based on contributions for executives overseeing the company and business sectors.

ACTION Enhancement of Board Independence and Diversity

Kolmar Korea is committed to enhancing the independence and diversity of its board of directors to ensure transparency and accountability. Mr. Sang-Geun Han, an executive director, serves as the chairman of the board, separate from the position of CEO, to enhance the board's independence. We have established the Nominating Committee which verifies and recommends candidates of outside directors based on various criteria such as independence and diversity. To ensure fairness and independence in appointing non-executive directors and the committee's operation, the committee comprises three members, including two non-executive directors and one executive director, representing a majority of non-executive directors. In March 2023, a female business leader was appointed as a non-executive director, further enhancing the diversity of the board of directors.



Advancement of Governance

Strengthening the Director's Expertise

Kolmar Korea strives to provide accurate and sufficient management information to the non-executive directors, composed of experts in various fields, to enable effective decision-making by the Board of Directors. Thomas Shin, a non-executive director, is a management consulting expert who has represented A.T. Kearney and Bain & Company Korea, bringing objective judgment and a fresh perspective to board operations. He was reappointed as a non-executive director in 2023. Yeon-kuk Bae, a non-executive director, currently serves as chairman of the National Development Policy Institute's advisory committee and has held the position of the head of the editorial room of Segye Ilbo. Additionally, Hyun-jeong Kim, a non-executive director, is currently a representative of IBM Korea Consulting, contributing to the company's efficient management development based on her extensive experience in digital transformation. As a female non-executive director, she strengthens diversity on the board.

Board Skills Matrix

Directors	Affiliation	Competency Indicators				
		Industry and Economy	Corporate Management	Finance and Accounting	Technological Innovation	Law and Public Policy
Sang-geun Han*	Nominating Committee	●			●	
Hyun-kyu Choi	ESG Committee	●	●			
Sang-hyun Yun	-	●	●			
Hyun-haeng Heo	-	●		●		
Yeon-kuk Bae	Nominating Committee, Compensation Committee	●				●
Thomas Shin	Nominating Committee, ESG Committee, Compensation Committee	●				
Hyun-jeong Kim	ESG Committee, Compensation Committee	●			●	

* BOD Chairman

Board Education

We provide trainings to non-executive directors to enhance risk management capabilities, such as strengthening the expertise and risk and regulatory trends to the industrial environment. In 2022, we conducted a total of two expertise enhancement programs for non-executive directors. Furthermore, in 2023, during March, we conducted an educational curriculum that encompassed an introduction to the industry and the organization for newly appointed directors. Moreover, as part of our ongoing commitment to enhance the board's capabilities, we have plans to provide education sessions for non-executive directors on climate change and sustainability within the current year.

Date	Responsible entity	Target	Educational contents
August 31, 2022	Korea Listed Companies Association	Seong-ho Lee, non-executive director*	The regulatory system for unfair trade practices

*Seong-ho Lee shall conclude his tenure as a non-executive director on March 29, 2023, citing the expiration of his term

Board Performance Evaluation

Since 2022, Kolmar Korea has been conducting an annual self-evaluation of its board activities, including board composition and operations, as well as the activities of non-executive directors. The evaluation factors includes board composition, roles, responsibilities, operations, and committee composition, roles, and operations. The evaluation of non-executive directors' activities focuses on evaluating their roles concerning board composition. Based on the evaluation results, specific improvements regarding board operations have been derived, and the evaluation scores have been disclosed in the annual report.

Results of the 2022 Board and Non-Executive Directors Performance Evaluation

Board						Non-executive directors
Board composition	Board roles	Board Responsibilities	Board operations	Committee composition, roles, and operations	Overall score	Overall score
4.63	4.67	4.58	4.93	4.87	4.74	4.75

* Out of 5 points



INNOVATION FOR PRODUCT

SECTION 04



The ultimate goal of Kolmar Korea's sustainable management is to provide customers with sustainable products that connect to a more prosperous future. Kolmar Korea continues to pursue product innovation to address societal and environmental issues, aiming to use our product itself as a step towards a sustainable future.

49_ Product Responsibility

53_ Environmentally Friendly Materials

55_ Resource Circulation

Key Performance



Development
of upcycled
materials



Safety assessment
product ratio (%)

100



Vegan, natural, organic,
certified products (units)

987 (cumulative)



Recycling
packaging
materials

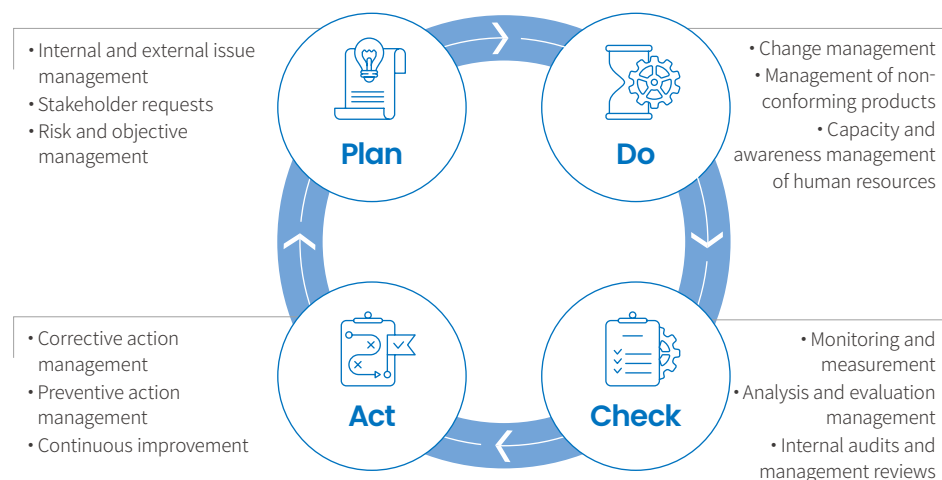


Product Responsibility

Quality Management

STRATEGY Quality Management System Operations

Kolmar Korea aims to provide the highest quality products to customers. To supply high-quality products, Kolmar Korea validates and enhances by engaging in step-by-step quality improvement activities, including product design and development, procurement and materials management, production, and service. Kolmar Korea maintains and manages its management system based on quality management principles, such as customer focus, leadership, employee engagement, process approach, improvement, evidence-based decision-making, and relationship management. In operating the management system processes, Kolmar Korea utilizes a risk-based approach and the PDCA (Plan-Do-Check-Act) cycle aligned with the organization's quality policy and strategy. Additionally, Kolmar Korea continuously monitors and incorporates emerging consumer safety standards and environmental protection regulations. All currently used ingredients comply with internationally recognized regulatory requirements.



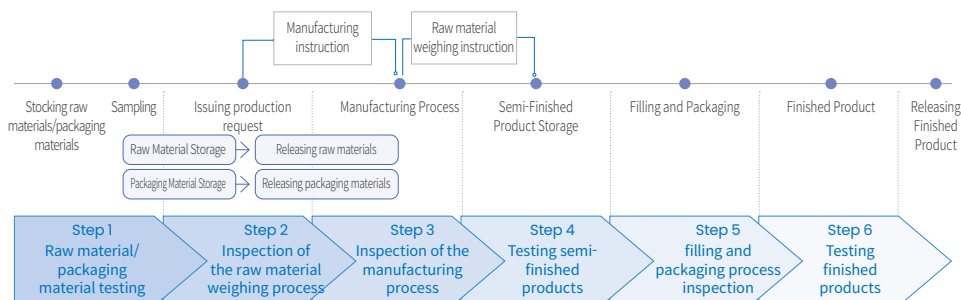
Quality Management Process

Based on Current Good Manufacturing Practice (CGMP), Kolmar Korea conducts quality control in the process of selecting suppliers of raw materials and packaging materials, warehousing, storage, manufacturing, measurement, testing, and shipping. In addition, data-based systematic tracking and management of manufacturing history, establishment of a rapid monitoring system for process anomalies, and real-time quality information collection and analysis management processes are operated. Customer satisfaction is realized through thorough quality control, including handling complaints about products and services.

Category	Unit	2020	2021	2022
Ratio of product categories and services subject to health and safety impact assessment	%	100	100	100
Number of violations of voluntary health and safety regulations for products and services	Case	0	0	0
Number of violations of health and safety-related regulations for products and services	Case	0	0	0

6-Step Quality Management

Kolmar Korea's quality management process consists of six stages. Strict criteria must be met from raw materials to finished products, and only products that pass all evaluations are released to the market. Raw and packaging materials are sampled in accordance with internal regulations, and their suitability is determined through testing based on standards and test methods. To ensure product quality in the manufacturing process, we are managing and systemizing by implementing a smart factory, including weighing, production, filling, and packaging. The recently adopted Line Monitoring System (LMS) by Kolmar Korea contributes to quality maintenance and reduction in defect rates by allowing real-time monitoring of process progress.



Product Responsibility

ACTION Q.C.C. (Quality Control Circles) Activities

Kolmar Korea continuously operates its own Quality Control Circles (Q.C.C.) activities to improve production and quality performance. We hold an internal department competition annually to reward outstanding Q.C.C. teams and encourage employee engagement. Kolmar Korea's best Q.C.C. teams have consistently participated in regional and national Q.C.C. competitions and achieved excellent results, such as the Presidential Award Gold Medal for two consecutive years (2021-2022).

Preservative System Minimizing Skin Irritation

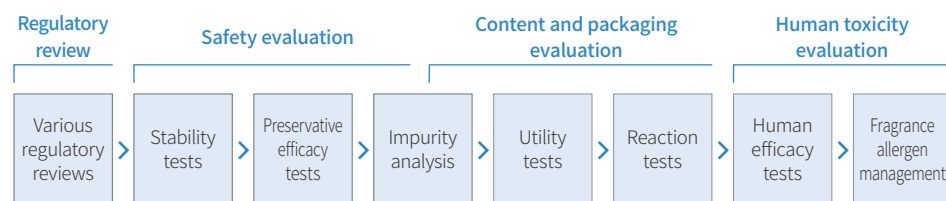
Kolmar Korea has developed its own preservative system to maintain product safety while minimizing skin irritation by determining the usage amount of preservatives. When implementing a new preservative system, the safety of raw materials is prioritized. We apply strict criteria and tests, such as preservative efficacy test and stability testing, during the conservation period. And the preservatives must be passed this test to be used. Furthermore, Kolmar Korea has expanded the application of preservative efficacy tests to all our products following the international cosmetic preservative ISO11930 standard, instead of conducting based on internal specifications. In 2022, approximately 3,000 out of 8,000 tested products (37.5% of the total) were transitioned to ISO standards.

Prescriptions complying with National Regulations, Client Standards, and International Standards

To comply with diverse regulatory information on cosmetic ingredients in different countries, Kolmar Korea reviews various global regulations and guidelines, including those from regulatory authorities such as the Cosmetic Ingredient Review (CIR) in the United States and the Scientific Committee on Consumer Safety (SCCS) under the European Union's executive commission. Kolmar Korea monitors regulatory and policy changes by selecting those hazardous substances that could be strictly managed. We provide guidance in advance about anticipated non-compliant products affected by changes in regulations and policies.

Safety Checks During Product Development

Kolmar Korea conducts safety checks during product development to ensure product safety and compliance with various country-specific regulatory requirements. During the product development stage, we evaluate through stability tests, preservative efficacy tests, impurity analysis, formula-packaging material reaction tests, formula-packaging material compatibility tests, skin irritation tests (Single Application Patch Test), human efficacy tests, and fragrance allergen management. We also continue efforts to enhance the retrospective effectiveness and reliability of testing through microbial limit tests, which verify the presence of microorganisms in products or raw materials.



Quality Management Certifications

Quality Management Certifications			
Certification Name	Certification Authority	Description	Certified Branches
CGMP	MFDS	Excellent Cosmetic Manufacturing and Quality Management Standards	Korea (Sejong, Bucheon)
ISO 22716	SGS	International Excellent Cosmetic Manufacturing and Quality Management Standards	Korea, Beijing, Wuxi, United States, Canada
ISO 9001	Bureau Veritas	Quality Management System Certification	Korea (Sejong, Bucheon), Beijing
FDA OTC	U.S. FDA	OTC Product and Cosmetic Certification	Korea (Sejong, Bucheon), United States, Canada
Health Canada OTC	Health Canada	OTC Product and Cosmetic Certification	Korea (Sejong)

Product Responsibility

Compliance with the Ethics of Experiment

STRATEGY Clinical Research Strategy

Kolmar Korea strives to ensure ethical conduct and safety by preventing any harm or infringement upon human dignity and value during research involving humans and human-derived materials in accordance with the 'Bioethics and Safety Act.' These efforts contribute to maintaining bioethics, safety and improving the public's health and quality of life.



CASE / Institutional Review Board (IRB) Registration (No. 1-70094319-abh-N-01)

Korea Laboratory Accreditation Scheme(KOLAS) Accreditation (TESTING NO. KT-1025)



KOLAS(Korea Laboratory Accreditation Scheme): Established as a government organization to establish a national standard system. It is based on ISO/IEC 17025 (Requirements for the Competence of Testing and Calibration Laboratories) and provides internationally recognized accreditation for institutions that pass verification for items/equipment, personnel, and test environment (valid for 4 years)

ACTION Ethical Compliance of Clinical Trials

Kolmar Korea protects the rights, safety, welfare, and vulnerable research subjects through the Institutional Review Board (IRB). An operational department for the Institutional Review Board (IRB) has been established, and research plans are reviewed and deliberated by the Institutional Review Board (IRB) during clinical research. Through scientific and ethical review of clinical research, research subjects are protected. Kolmar Korea continues to manage and operate this system to conduct safe and transparent clinical research.

Product Environmental Impact Management

STRATEGY Environmental Impact Management Strategy

Kolmar Korea conducts regular environmental impact assessments for all elements involved in production and research activities based on ISO 14001 at its facilities and laboratories to minimize environmental impact from business operations. Efforts are made to reduce the use of hazardous chemicals in products and carbon emissions through technological development, process improvement, and various other initiatives. The goal is to achieve a 3% annual reduction in the intensity of hazardous chemical use, limited to substances subjected to law, by 2030.

ACTION Chemical Substance Management Process

Kolmar Korea strives to minimize the negative effects of chemicals used in manufacturing and potentially included in products on the health of customers and all employees. All chemicals handled throughout business operations are managed using an internal system, and Material Safety Data Sheets (MSDS) for these substances are transparently managed to ensure accessibility for all members. Local Exhaust Ventilation (LEV) devices, which capture gases and dust generated when handling hazardous chemicals, undergo control speed measurements over the standards at least once a month. We are equipped with CCTV at chemical storage areas and monitoring 24/7 to ensure constant management in preparation for contingencies.

Product Responsibility

Enhanced Compliance with Overseas Chemical Regulations

Chemical regulations are becoming more stringent in the world, and each country has its own regulatory targets and standards. Kolmar Korea develops products in compliance with the chemical management standards of export countries. We verify the registration status with EU REACH, Australia AICIS, and identify if the substances are classified as CMR, SVHC, California Proposition 65. The hazardous and harmful properties of each chemical are identified in advance and monitored step by step to ensure safe handling on-site.

Process Improvements for Hazardous Substances Reduction

Kolmar Korea manages hazardous chemicals and dangerous goods through regular regulatory compliance and periodic inspections. MSDSs are provided in each handling area, and safety equipment and disaster prevention devices are equipped accordingly. We have plans for process improvements and strive for continuous improvement, such as utilizing soy ink for certain products. Through continuous monitoring of hazardous chemicals and process improvements, we will continue to make efforts to reduce the use of hazardous substances.

Chemical Safety Training

Kolmar Korea conducts online and offline training to provide handling instructions, accident response measures, and information on the substances for each chemical handler to ensure safe handling. Regular mock drills are also conducted to prepare for emergencies. Kolmar Korea will continue to monitor, educate, train, and invest in facilities to prepare for chemical management, emergencies, and reduction of hazardous substance use.



Chemical Management Training



Environmentally Friendly Products

STRATEGY Strategy to Develop Products with Environmentally Friendly Raw Materials

Kolmar Korea is expanding research and development to use environmentally friendly raw materials by verifying the suitability of natural and organic ingredients for cosmetics. Based on the international standard ISO 16128 for natural and organic cosmetic ingredients and cosmetics, we analyze the Natural Index, Natural Origin Index, Organic Index, and Organic Origin Index of the ingredients used in the products. We aim to expand the use of natural ingredients in our products. In addition, Kolmar Korea strictly adheres to the domestic cosmetic laws which prohibits animal testing for cosmetics manufacturing and continues research and development for alternative methods to animal testing. Moving forward, we plan to expand the development and application of environmentally friendly formulation technologies such as COSMOS Organic & Natural, MFDS Organic & Natural, and Vegan.

ACTION Vegan Certification through Using Upcycled Tulip

Kolmar Korea has developed sustainable clean beauty ingredients using over 10 tons of discarded tulips annually after the Taeon Tulip Festival. The discarded tulips are thoroughly washed and processed to be upcycled as antioxidant beauty ingredients by Kolmar Korea. Lots of Kolmar Korea's clients who pursue sustainable consumption are using these ingredients in their products.

Development of Sustainable Bio-collagen Material as an Animal Substitute

Kolmar Korea is developing bio-conversion technology for animal substitute materials. We are researching to convert collagen from pork skin and fish into fermented collagen using microorganisms.

In 2022, Kolmar Korea signed MOU agreement with Sungkyunkwan University Bio Foundry to secure the optimal production strain for sustainable collagen. The Bio Foundry is a high-speed and mass-proportion technology that uses an AI robot-based automated platform technology to confirm metabolic processes in synthetic microbiology quickly. Through this platform, Kolmar Korea has secured the optimal production strain for collagen and confirmed its sustainable production capability and plans to expand research on innovative materials for animal substitute development using the Bio Foundry.

Product Development for Carbon Emission Reduction

Kolmar Korea has received green technology certification for natural plant-derived materials used in cosmetics. The certified technology, 'High Pressure & Subcritical water extraction,' is an energy-efficient extraction method that minimizes ingredient loss due to heat and pressure and uses water as a solvent, which leaves no residual solvent while extracting effective ingredients. From an energy-saving perspective, it reduces carbon emissions by 83% through decreased power consumption. From the perspective of skincare efficacy, it increases the extraction efficiency of active ingredients by approximately 800% improvement in antioxidant effects and about 30% improvement in anti-aging effects. The developed materials will be applied to products to expand environmentally friendly products.

Carbon Emission Reduction in Products

Since Kolmar Korea has a cosmetics ODM/OEM business globally, we monitor and manage carbon emissions by classifying them into domestic and overseas clients. Kolmar Korea plans to measure and monitor carbon emissions by product category and client. We will utilize the results for product R&D and process improvements to reduce carbon emissions.

Carbon Emissions by Product (2022)

Category		Unit	Domestic brands	International brands
Skin Care Cosmetics	Direct emissions	tCO ₂ -eq	1,728.4	4.8
	Indirect emissions		2,555.3	179.7
Color Cosmetics	Direct emissions		146	3.3
	Indirect emissions		1,217.9	334.1
Total			5,647.6	521.9

Environmentally Friendly Products

» Special case

Launching of Vegan, Natural, and Organic Certified Products

Kolmar Korea strives to respect and protect animal ethics. We have implemented a separate management system for animal-derived raw materials, managed to prevent cross-contamination, and obtained various vegan certifications. We are expanding our animal-free product by gaining various vegan certifications, including EVE VEGAN, Vegan Society, Korean Vegan, V-label, and others. The cumulative number of Kolmar Korea's vegan-certified products is 984; we anticipate further expansion. Additionally, we have secured natural and organic products, leading the way in environmentally friendly product development to meet consumers' values. Kolmar Korea's COSMOS organic products are Ettoi Organic Serum and Ettoi Organic Top to Toe wash and MFDS natural product is Leahue Madhuca Natural Shampoo.



Products with Vegan Certification

Certification Organizations	Unit	2020	2021	2022
Vegan Society	Units	4	28	48
EVE Vegan		3	84	180
Vegan Korea		20	85	169
V-Label		-	21	76
Vegan Standard Certification Authority		-	-	22
Biorius		-	-	2



R&D Complex Statement



R&D Complex
Sang-keun Han Executive Director

The R&D Complex aims to drive Kolmar Korea's sustainable growth and to pursue innovative solutions that generate value in the realms of health and beauty. With this perspective, we engage in relentless research on innovative technologies that interconnect people, technology, and quality. Our commitment lies in conducting research endeavors that uncover customer needs and values. We have also secured our research capabilities with exceptional talent to rival global cosmetics enterprises. By reinforcing our research strategies and planning functions, we establish a robust product development management system fostering innovation. Concurrently, we are deepening and advancing Kolmar Korea's platform technologies to fortify our technological prowess. We are active in joint research initiatives with external partners to secure our competitive edge while enthusiastically pursuing R&D activities in emerging technologies and products.

Kolmar Korea is actively developing Bio Conversion technologies, which employ microorganisms and enzymes to create environmentally friendly materials, distinct from the traditional chemical synthesis of raw materials. Furthermore, we have implemented a Digitalization (DT) system and established a comprehensive framework for screening raw materials with reduced toxic substances and filtering out conflict minerals from raw material sourcing stage. Through these activities, we are reinforcing our commitment to social responsibility. With these concerted efforts, we aim to actively contribute to addressing environmental and social challenges by developing and launching products that promote a beautiful and sustainable world.

Finally, we aspire to excel in product development by adhering to regulations in export markets and leveraging the fusion of cosmetics to create next-generation offerings meeting customer satisfaction.

Resource Circulation

STRATEGY 3R GREEN

Cosmetic packaging often consists not only of plastic but also various non-plastic materials such as glass, metal, and rubber, making it challenging to recycle. Kolmar Korea has established the 3R GREEN policy for packaging materials, aiming to minimize the environmental impact of cosmetic packaging from product planning and production to disposal and enhance resource circulation efficiency. The 3R GREEN policy expands sustainable packaging and reduces environmental impact by offering to reduce plastic usage (REDUCE), incorporate recyclable or renewable materials (RECYCLE), and substitute petroleum-based plastics with alternative materials (REPLACE). Based on the 3R GREEN policy, Kolmar Korea is dedicated to developing new products and improving existing ones to gradually create a sustainable circular economy.

3R Green Policy

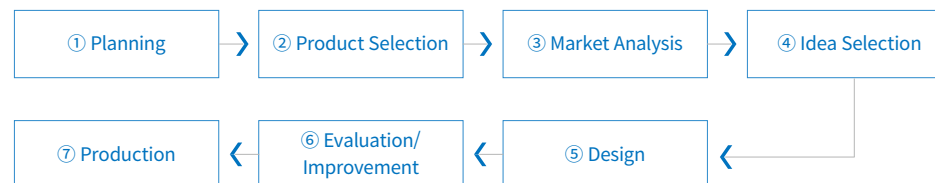
3R GREEN	Core values	Implementation measures	
 REDUCE	Reducing the use of raw materials	<ul style="list-style-type: none"> • Reduce plastic usage • Rationalize packaging materials • Minimize packaging usage 	<ul style="list-style-type: none"> • Propose packaging with lightweight plastic • Propose adherence to space ratio standards for packaging materials • Conduct appropriate design to reduce usage and minimize packaging materials
 RECYCLE	Enhancing recyclability	<ul style="list-style-type: none"> • Use easily recyclable packaging • Utilize containers with materials that are easily separated 	<ul style="list-style-type: none"> • Promote the use of single-material packages for containers and caps • Apply Alkali/water soluble adhesive label to containers to easily separated for recycling and introduce tear lines to easily separated for shrink films
 REPLACE	Using sustainable materials	<ul style="list-style-type: none"> • Use materials that are easily disposed • Use materials without any hazardous substances 	<ul style="list-style-type: none"> • Develop materials that are easily decomposable (photodissociation, biodegradable, natural ingredients) • Utilize materials derived from PLA, PCR, corn, or pellets • Prioritize the use of environmentally friendly certified packaging materials* • Propose the selective application of materials that are free from fluorescent whitening agents, which are harmful substances, to ensure product safety

*Environmentally friendly certified packaging materials: FSC (Forest Stewardship Council), GRS (Global Recycle Standard), USDA (United States Department of Agriculture)

Development Process for Sustainable Packaging Materials

Kolmar Korea has established and implemented a development process for sustainable packaging materials. Consumer demands are identified in the initial planning stage, and relevant policies are monitored to guide product planning. After that, we set sustainable priorities and select suitable packaging materials followed by verification of their compatibility with mass production and stability with products. Based on the results, we implement market analysis and improvement strategies and lead to the design phase with appropriate considerations.

Process for Developing Sustainable Packaging Materials



Introducing Resource Circulation System

Under the 'Act on the Promotion of Saving and Recycling of Resources,' cosmetics must have separation and disposal labels based on the packaging material and undergo an evaluation of their recyclability. Kolmar Korea reviews environmental improvements and feasibility through an internal checklist for packaging material development during the design stage. When sustainable packaging materials are developed, we assess their quality. After that, we evaluate those materials in accordance with the guidelines of the Korea Environment Corporation which considers recyclability and material reduction criteria. Kolmar Korea is dedicated to develop sustainable packaging materials that meet its standards.

Resource Circulation

ACTION Kolmar Korea continuously researches to achieve a reduction in plastic usage by expanding the supply of sustainable packaging materials. Through ongoing development and improvement of environmentally friendly materials such as paper and recycled plastics, Kolmar Korea enhances sustainability.

Launch of Paper Tubes

In May 2021, Kolmar Korea signed a business agreement with Dongwon Systems to develop eco-friendly cosmetic packaging materials. The developed paper material called 'HK Eco-Sobre' consists of a paper layer and a waterproof layer that consists of excellent oxygen and moisture barrier properties while being recyclable. Kolmar Korea applied this material to paper tubes to ensure stability. Excluding the necessary plastic caps, the 'paper tubes' achieved an 80% reduction in plastic usage for the main body, and they are designed to be easily separated for recycling along the perforation line. Kolmar Korea applied the 'paper tube' to a total of 11 products (2 in 2021, 9 in 2022), contributing to a reduction of 339 kg (0.34 tons) in petroleum-based material usage.

Development of Neo CCP R30 Mono Cartons¹⁾

In July 2021, Kolmar Korea signed a business agreement with MOORIM P&P to develop eco-friendly paper packaging materials and resources. Through this research, Kolmar Korea developed products using FSC-certified³ paper, which includes 30% post-industrial wasted (PIW²) materials, an industrially recyclable resource. Kolmar Korea developed and supplied mono cartons using 'Neo CCP R30' for LAONE and ATOMY products by implementing a resource circulation business model. This was applied to 125 product items, which resulted in a reduction of 72.65 tons in paper usage.

1 Mono cartons refer to single-layered boxes made of paper. They are commonly used for small-sized and lightweight products and can also be interpreted as 'small boxes' due to their size and lightweight properties.

2 PIW stands for Post Industrial Wasted, which refers to leftover materials and substances generated during production.

3 FSC (Forest Stewardship Council) certification is bestowed upon forests, wood, and paper products that meet sustainable management standards, ensuring compliance with forest management regulations, respect for the rights of local people, and consideration of environmental impacts.

Company H's Sunscreen



Company N's Derma Cream



Company M's Hand Cream



Company L's Cleansing Water



Company A's Mask Pack

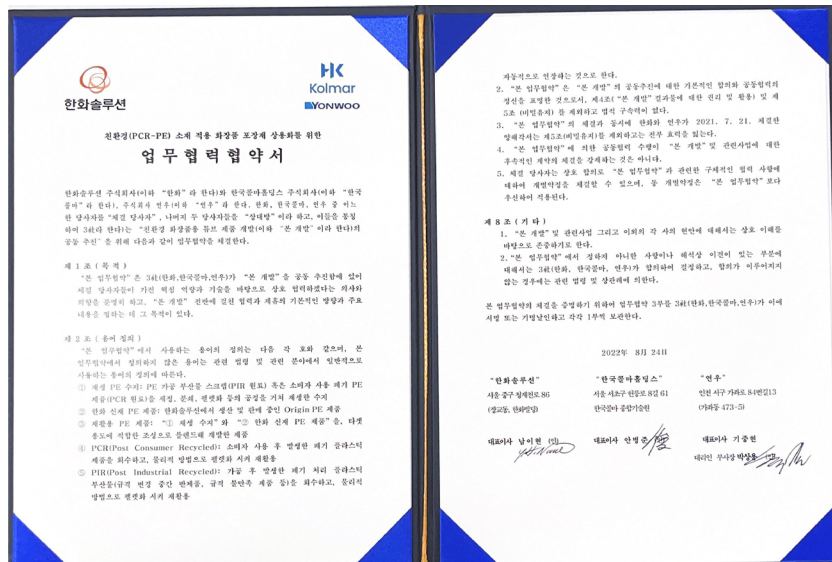


Resource Circulation

Development of PCR*-PE Cosmetic Packaging Materials

Kolmar Korea is advancing the commercialization of eco-friendly cosmetic containers by utilizing post-consumer recycled (PCR) plastics. In August 2022, Kolmar Korea signed a formal business agreement for the purpose of commercializing eco-friendly packaging materials for cosmetics. This agreement entails collaborative efforts among Kolmar Korea Holdings, Yonwoo, and Hanwha Solutions to jointly drive the development, production, and distribution processes of eco-friendly cosmetic containers. The ultimate objective is to replace 50% of the cosmetic tubes produced by Kolmar Korea to eco-friendly materials by 2030.

* PCR (Post Consumer Recycled): Materials and substances derived from plastic waste collected from end consumers, which undergo processes such as grinding and washing, and are then processed to be reused or recycled



Business Agreement for Commercialization of Environmentally Friendly (PCR-PE) Packaging Material in Cosmetics

Research on Eco-Friendly Paper Plastic

In May 2021, Kolmar Korea signed a strategic business agreement with HDC HYUNDAI ENGINEERING PLASTICS for the research and development of cosmetic packaging materials that incorporate eco-friendly paper plastic. The research primarily focuses on cellulose-containing plastic as a material that effectively reduces plastic consumption. The aim is to apply eco-friendly materials to a wide range of packaging solutions. Furthermore, Kolmar Korea actively proposes to apply transparent PET or PCR materials that facilitate easy recycling, pump mechanisms that enhance recyclability, for existing product lines. These initiatives contribute significantly to reduce plastic usage and promote the adoption of recyclable materials.



Signing Ceremony for the Business Agreement on the development of eco-friendly cosmetic materials



INNOVATION FOR SOCIETY

SECTION 05



Based on a culture of respect for people and society, Kolmar Korea strives to gain trust through efforts to create sustainable value from the perspectives of various stakeholders.

- 59_ Human Rights Management
- 60_ Human Capital
- 64_ Supply Chain Management
- 68_ Impact on Local Community
- 73_ Stakeholder Communication

Key Performance



Increase in female executives
in 2022(%)

8



RSPO-certified raw
material usage (tons)

1,512



"The first" Cosmetic ODM company

Supporting
Partner Company's
ESG management



Number of beneficiaries from
social contributions (persons)

1,742

Human Rights Management

POLICY Human Rights Management

Kolmar Korea respects the human rights of all stakeholders, including employees, and practices human rights management throughout its business activities. Kolmar Korea has established the 'Kolmar Korea Human Rights Policy' to prevent risks and implement human rights management. As a global corporate citizen, Kolmar Korea supports and implements international human rights standards and guidelines such as the 'Universal Declaration of Human Rights,' 'UN Guiding Principles on Business and Human Rights,' 'The International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work,' 'UN Global Compact Ten Principles,' and 'OECD Due Diligence Guidance.'

The Kolmar Korea Human Rights Policy consists of 11 detailed operational guidelines, which include general principles and systems related to human rights, as well as non-discrimination, compliance with labor conditions, humanitarian treatment, freedom of association, prohibition of forced labor and child labor, industrial safety, and protection of the rights of residents and customers.

 [Human Rights Policy](#)

RISK MANAGEMENT Managing Human Rights Risk

Kolmar Korea strives to mitigate human rights risks for employees and stakeholders across all business operations. To prevent and address human rights risks, Kolmar Korea operates internal and external reporting channels to handle the grievances of employees and stakeholders. Additionally, when entering into contracts with new partners, Kolmar Korea explicitly states the code of conduct for partners through the 'Pledge of Ethics' and considers human rights risks in new business investments. Moving forward, Kolmar Korea aims to establish a human rights issue pool including all stakeholders, to mitigate and manage a wider range of human rights risks associated with business operations.

ACTION Human Rights Training for Employees

To prevent workplace harassment and create a harmonious organizational culture, Kolmar Korea conducts 'Workplace Harassment Prevention Education' for all employees, which covers relevant laws and regulations, procedures and standards for handling incidents, and necessary preventive measures. In October 2022, regular online education was conducted for all employees, and additional education was provided to new employees and employees returning to work in December.

Education on the Prevention of Sexual Harassment and Human Rights

Category	Unit	2020	2021	2022
Prevention of Sexual Harassment	Hours	1,264	978	1,019
	Persons	1,264	978	1,019
Human Rights	Hours	2,528	1,956	2,038
	Persons	1,264	978	1,019

*Improving awareness of people with disabilities / Preventing harassment, etc.

Education for Improving Awareness of Workers with Disabilities

Kolmar Korea strives to create a harmonious workplace and foster a culture of respect for employees with disabilities. To achieve this, Kolmar Korea conducts 'Education for Improving Awareness of Workers with Disabilities' for all employees, which covers the definition of disabilities, understanding of different types of disabilities, laws, and regulations related to promoting employment for people with disabilities, and vocational rehabilitation. Regular online education was conducted in October 2022, and additional education was provided to new employees and employees returning to work in December.

Establishment of Trust-Based Labor-Management Culture

Since its founding, Kolmar Korea has maintained a tradition of harmonious labor relations based on trust. To foster mutual growth and coexistence between labor and management, Kolmar Korea operates the Kolmar Korea Open Council, composed of executives and employee representatives, which operates quarterly. In the four Open Council meetings held in 2022, agreements were reached on improving working conditions, enhancing welfare benefits, and ensuring safety management. The key agreements reached are applied to all employees.

Human Capital

Talent Acquisition and Development

STRATEGY Recruitment of Future Talent

Kolmar Korea places great emphasis on recruiting competent future talents as a key driver of growth in its pursuit of becoming a world-first-class R&D manufacturing and specialty company while maintaining sustainable business. With a strong focus on securing R&D personnel based on its differentiated technological capabilities, Kolmar Korea strives to lead the K-beauty industry. Currently, we maintain a research personnel ratio of 30% among our overall workforce. Furthermore, Kolmar Korea seeks to expand workforce with professionals specializing in new business ventures and investments closely related to overseas operations to facilitate global business expansion. We have achieved notable successes in product development and revenue growth by directly recruiting outstanding local talents in its overseas subsidiaries. Going forward, Kolmar Korea plans to actively utilize job fairs for international students and university career support centers to identify and nurture global talents.

Promotion of Exceptional Female Talents

Kolmar Korea actively recruits experts who can quickly identify industry trends and possess a deep understanding of consumers in alignment with the characteristics of the industry. As of the end of 2022, female employees accounted for 42.3% of Kolmar Korea's total workforce. We are committed to maintaining and nurturing female talents by actively implementing family-friendly policies such as flexible working hours, split leave systems, and childcare support programs. Moreover, we prioritize appointing diverse experts with outstanding performance and expertise to executive positions. In 2023, we plan to appoint new female non-executive directors, further emphasizing the advancement and importance of exceptional experts.

Female Managers by Position

In order to foster a diverse and inclusive culture, Kolmar Korea has expanded the ratio of female executives from 3% of the total in 2021 to 8% in 2022. The proportion of female managers has consistently maintained over 20% in the past three years.

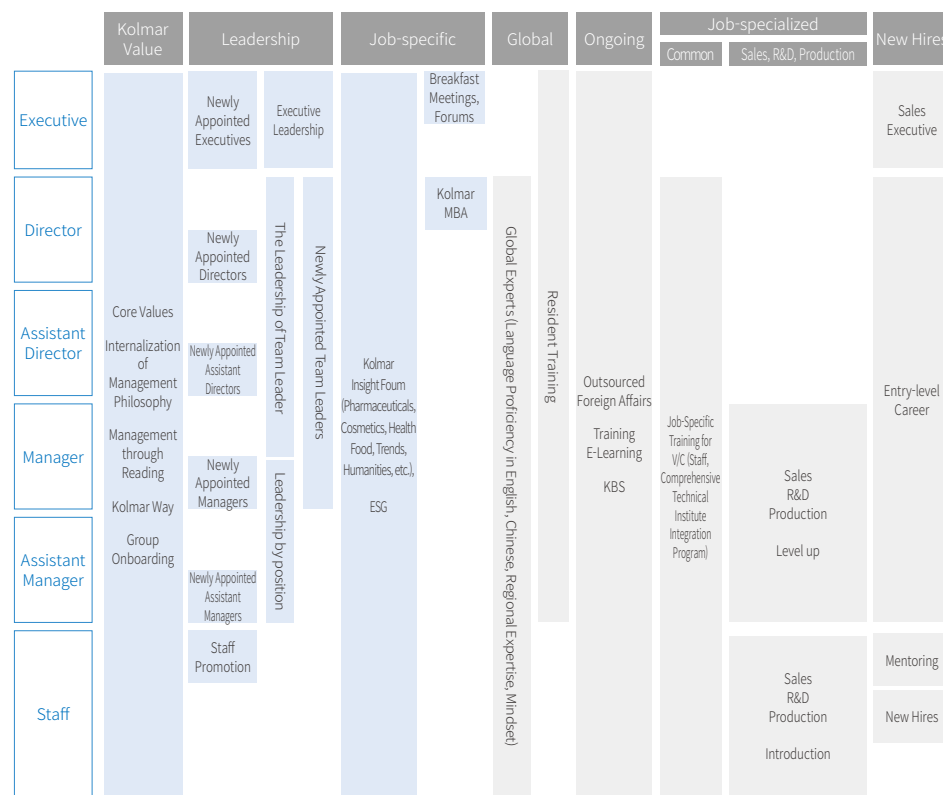
The ratio of female employees by position

Category	Unit	2020	2021	2022
The ratio of female executives	%	5	3	8
The ratio of female managers		29	27	27

Job-Oriented Workforce Management System

Kolmar Korea implements a job-oriented workforce management system, which includes recruitment, organizational operations, competency assessments, and development based on job systems. Additionally, through a career development system, we strive to satisfy the aspiration of employees to develop their careers and foster specialized professionals within the organization. The performance management system strengthens the link between organizational and individual performance, expands feedback, and establishes and operates a system that promotes employee performance and adaptability.

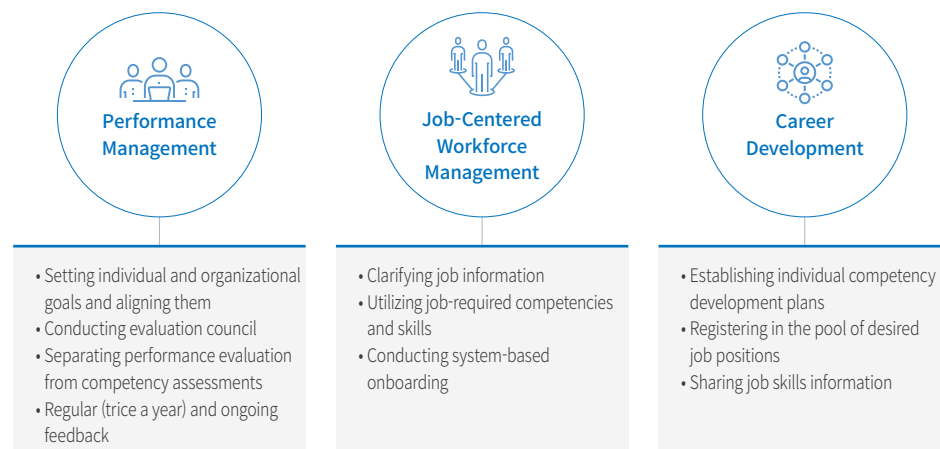
Executive/Employee Development System



Human Capital

ACTION Performance Management - Evaluation System

Kolmar Korea is committed to enhancing the capabilities and satisfaction of all employees by driving extensive improvements to its HR system in 2023. We operate a system where individual goals are set for each employee, aligning them with organizational Key Performance Indicators (KPIs) and applying qualitative and quantitative evaluation based on actual job performance. Moving beyond a personnel system focused solely on results, Kolmar Korea seeks to foster a culture of feedback among its members and transform the performance management system to not only emphasize employee performance but also focus on competency development. The performance management system has been break down to include a job-centered workforce management system, a career development system, and a performance management system. Additionally, we manage the development of our members through common and job-specific competency evaluations, utilizing peer feedback mechanisms when collaborating with relevant departments as indicators for fostering a healthy organizational culture and collaboration. Kolmar Korea will continue to make strides in building a performance management system suitable for enhancing employee capabilities and satisfaction.



Executive/Employee Training

Under the management philosophy of 'Organic Management,' which enhances the self-sustaining power of all employees, Kolmar Korea creates an environment where individuals' strengths can be utilized and operate diverse training programs to enable everyone to grow as a talent. We will continue providing various training opportunities to ensure all members develop as leaders with expertise and global competencies.

Average training cost and time per employee in Korea

Category	Unit	2020	2021	2022
Average training time per employee per year	Hours	11.76	28.71	32.47
Average training cost per employee	10,000 KRW	4.27	17.82	24.10

Strengthening Leadership Competencies

Leadership training programs are provided to employees to motivate their performance creation and career development. Through programs such as promotion courses, senior leadership courses, newly appointed team leader education, and team leader leadership courses, we progressively enhance leadership within the organization and support effective leadership tailored to situations and roles. Kolmar Korea implements proactive and systematic development programs to foster outstanding talents with future growth potential as next-generation leaders.

Enhancing Job Competencies

Kolmar Korea operates with a customer-centered approach, serving as a partner in presenting a healthy vision to customers who dream of a beautiful future. Every employee performs their tasks based on a customer-centric and customer-oriented perspective. Specifically, to enhance customer service (CS) competencies, employees of departments that actually contact customers, such as sales, marketing, and CSM, take sales education programs. In 2022, sales, marketing, and CSM personnel strengthened their customer relationships through the sales education program, which cultivated a customer-centric service mindset and acquired sales skills to connect with customers. Kolmar Korea will continue to plan and execute educational programs to enable all members to lead successful outcomes in their respective positions.

HK E-Academy

Kolmar Korea introduces and operates various online and offline education programs to activate the potential and enhance the capabilities of its members. The online education platform, HK E-Academy, provides high-quality knowledge and information content through smart learning, incorporating online and mobile connectivity in job-related skills, leadership, foreign languages, humanities, and general knowledge. Members can freely access and learn from these educational resources. In addition, members can track their learning history and credit status and upload internal educational materials to share knowledge and skills. Kolmar Korea will continue to provide learning content through HK E-Academy that reflects the demands and trends of its members.

Human Capital

Customized Talent Development through Industry-Academia Collaboration

Kolmar Korea nurtures talents with expertise through collaboration with domestic universities. In 2016, in pursuit of fostering cosmetics industry professionals and mutual growth, we signed an industry-academia collaboration agreement with Incheon Jaeneung University. Through this partnership, the university revamped its education process by establishing industry-oriented talent profiles in the cosmetics industry and enhancing adaptability to the industrial environment. Kolmar Korea, on the other hand, proactively recruits and selects outstanding talents to cultivate them into customized cosmetics experts. We provide industry-related internships and job exploration opportunities to students majoring in cosmetics-related fields, supporting their growth as future talents.

Special Case



KBS(Kolmar Book School) Reading Incentive Program

Kolmar Korea operates various reading programs, such as reading education and group meetings, as part of fostering the humanistic capabilities and self-development of our all employees and the organization's growth. All employees across Kolmar Korea's affiliated companies, from CEO to recruits employees, participate in the 'Read One Book per Month' program, which requires them to write at least six book reviews per year. As of October 2022, 126,231 book reviews have been submitted. We link employees reading abilities to their performance evaluations through a credit system based on book reviews. Recognized for our systematic approach to promoting a culture of reading, we received the "Excellent Workplace for Reading Management" award hosted by the Ministry of Culture, Sports, and Tourism in 2022.



Management Planning Headquarters Statement



Management Planning Headquarters
Hyun-haeng Heo Executive Director

A recent expansion of ESG investments and shareholder activism has led global institutional investors to scrutinize non-financial indicators of companies and engage in their management practices. Kolmar Korea strives to establish a corporate culture where the company and all employees grow together in response to the demands of stakeholders and in pursuit of sustainable growth.

Kolmar Korea has devoted considerable effort to fostering a culture where all members work joyfully together based on autonomy and responsibility. Furthermore, we take a proactive stance in creating a sustainable workplace that achieves a balance between work and life. We have established fair compensation systems and implemented various policies and programs, such as the 'Executive/Employee Work-Life Balance System,' to promote the happiness of our employees and create a sustainable work environment.

In addition, Kolmar Korea supports and adheres to universal human rights principles as presented by the United Nations (UN) and the Organization for Economic Co-operation and Development (OECD) in its management activities. We promote employment diversity and establish a culture of equality to ensure the continuous growth of our employees. We believe that business growth and innovation can be achieved in an inclusive corporate culture that values and harnesses the diversity of each individual. We will continue our efforts to realize this belief.



Human Capital

Healthy Organizational Culture





ACTION Work-Life Balance System

Kolmar Korea implements various Work-Life Balance systems to promote a balance between work and personal life for employees. We offer flexible working hours and optional work-from-home arrangements through a flextime system. We encourage minimizing overtime work through the PC OFF policy. Additionally, we implement a system to promote the utilization of annual leave, which contributes to improving work efficiency and fostering a pleasant family life. As of 2022, the average annual leave utilization rate for all employees was 91%.

Family-Friendly Management System

As a certified Family-Friendly company in 2021, Kolmar Korea maintains and strengthens a comprehensive Family-Friendly management system to contribute to a balance between work and family life throughout the organization. Depending on the department's situation, we utilize flexible working hours, such as staggered commuting, and implement various measures, such as shortened working hours for pregnant employees, maternity and parental leave, and corresponding salary systems based on the regulations of each country. We comply with laws related to gender equality in employment and work-family balance. Moving forward, we will continue to strive to create diverse and inclusive corporate culture, where business growth and innovation can be achieved, by recognizing and promoting the value of diversity that each individual possesses.

Employee Welfare Programs

Category	Details	
Health Promotion 	Health check-ups	Comprehensive health check-up support for managers and above, once a year
	Support for family events	Support for marriage, 70th birthday, and congratulations and condolences, including time off
Family Welfare Programs 	Educational assistance	Support for preschool child education expenses, high school/college child education expenses
	Encouragement for childbirth	Support of 1 million KRW for the first child, 2 million KRW for the second child, and 10 million KRW for the third child
	Support for pregnant employees at risk	Shortened working hours for pregnant employees (within 12 weeks, more than 35 weeks)
	Paid leave for prenatal examinations	Differentiated support based on pregnancy weeks
Housing 	Housing funds for employees on relocation	Housing funds for employees on international assignments
Leisure Support 	Welfare point support	Welfare point support for birthdays
Other Welfare Support 	Long-term service rewards	Recognition for long-service employees
	Work environment	PC OFF system, in-house fitness center



Sustainable Supply Chain Management

STRATEGY Sustainable Supply Chain Management Strategy

As global regulations on supply chain management strengthen, addressing issues related to human rights, environmental concerns, and sustainability across the value chain, Kolmar Korea is committed to fostering co-prosperity with our partner companies based on a sustainable procurement policy. We demand that our partner companies adhere to sustainable procurement policies aligned with global norms and share the principles of sustainability. Through ESG evaluations and support for partner companies, Kolmar Korea strives to enhance Supply Chain Management.

Supply Chain, Environmental Management Strategy

In collaboration with Kolmar Korea's partner companies, we practice environmental protection in raw material procurement as part of our efforts to minimize environmental impact. When sourcing raw materials, we adhere to sustainable palm oil practices through the Roundtable on Sustainable Palm Oil (RSPO) to avoid deforestation and aim to expand the use of certified environmental-friendly palm oil. Furthermore, we continuously operate and improve activities to reduce waste generation and air pollutant emissions during raw material manufacturing and transportation.

Key Objectives and Achievements for Green Purchasing from Partners Companies



KPI: RSPO Purchases

2022 Achievement

1,512tons

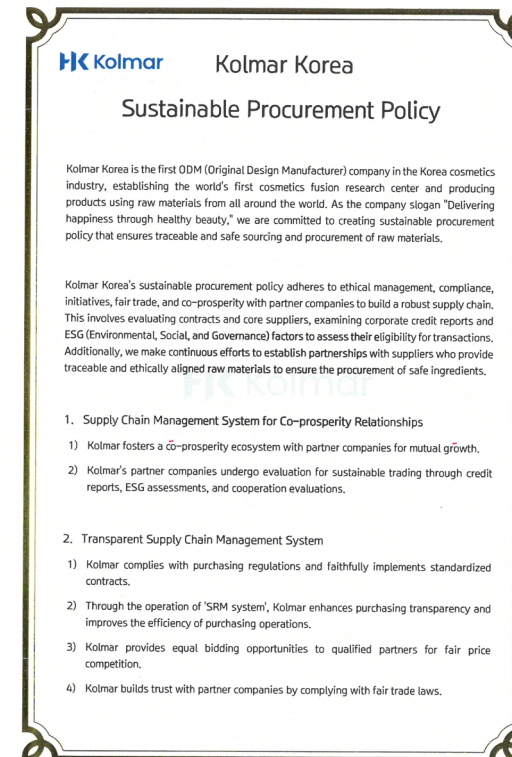
Goals for 2025

50%

(In terms of RSPO raw material purchase amount)

POLICY Sustainable Procurement Policy

Under the vision of "Delivering Happiness with Healthy Beauty," Kolmar Korea has developed a sustainable procurement policy to source and procure traceable and safe ingredients and materials. The sustainable procurement policy of Kolmar Korea adheres to ethical management compliance, initiatives for building trust with partner companies, fair trade practices, and co-prosperity. It aims to enhance the integrity of the supply chain by ensuring compliance with contractual obligations, managing key suppliers, and evaluating ESG factors to determine the suitability of transactions. Kolmar Korea continuously strives to establish partnerships with traceable suppliers that align with human rights and environmental standards for the sustainable sourcing of safe raw materials.



Sustainable Supply Chain Management

RISK MANAGEMENT Kolmar Korea enhances the integrity of supply chain and establishes transparent and fair transactions based on the evaluation and assessment of partner companies. In pursuit of this goal, Kolmar Korea implements three-step supply chain management process consisting of a new partner company review, performance evaluation, and rewards and penalties.

Assess and Review Raw Materials, Ensure Compliance

Kolmar Korea complies with all regulations and laws regarding suitability when using raw materials. If a supplier does not submit required documents or is inappropriate when reviewing data, the use of the raw material is prohibited. In addition, to procure eco-friendly raw materials, we verify whether raw materials have non-GMO, non-animal testing, and non-nano certifications.

Review and Evaluation Process for Suppliers



Quality Management of Partner Companies

Through efficient management of our partner companies, we induce them to improve their quality and competitiveness and maintain a relationship of trust. Partner companies are selected and reviewed based on new product development, customer requirements, production capacity, technical capabilities, and quality standards. The final selection is made through information gathering, examination of supporting documentation, and evaluation of the partner's performance. Selected partners are registered and managed on Kolmar Korea's partner list, and they are regularly evaluated in terms of quality, delivery, environment, and social responsibility under Kolmar Korea's annual plans. When evaluating partner companies, relevant departments such as purchasing, development, and quality participate extensively to ensure a fair and objective assessment.

ESG Management Evaluation and Corrective Measures for Partner Companies

In 2022, Kolmar Korea established an ESG evaluation system that enables continuous implementation and monitoring of ESG management by our partner companies. We conducted evaluations for 23 key partner companies, and based on the evaluation results, rewards and penalties were assigned accordingly. Outstanding partner companies were granted bidding opportunities, priority allocation of quantities, and accelerated payment terms. Underperforming partner companies specific tasks for continuous improvement in various areas were presented. Moving forward, Kolmar Korea plans to progressively expand the scope of partner evaluations to strive for sustainable mutual growth with partner companies.

ESG Management Evaluation of Partner Companies

Category	Unit	2022	Goals for 2025
New Partner Companies	%	0	100
Key Partner Companies	Case	23	100

ESG Management Evaluation of Partner Companies

Evaluation Targets	Evaluation Areas
<ul style="list-style-type: none"> • Suppliers with high ranking in Kolmar purchase amount and high dependency on Kolmar 	<ul style="list-style-type: none"> • Environment (12 items): Greenhouse gas emissions, water management, waste management • Social (12 items): Human rights, labor safety, major accidents • Governance (10 items): Ethics, compliance, board indicators



Sustainable Supply Chain Management

Sustainable Procurement of Raw Materials

Expansion of RSPO Certification and Sustainable Palm Oil Procurement

Kolmar Korea aims to continually expand the use of environmentally friendly palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO), which was established to prevent environmental destruction caused by palm oil production. In pursuit of this goal, Kolmar Korea officially became a member of RSPO in the first half of 2023.¹⁾ Furthermore, Kolmar Korea is actively pursuing RSPO certification (MB grade). The total amount of RSPO-certified²⁾ raw materials used by Kolmar Korea in 2022 was 1,512 tons, and our aim is to achieve 100% utilization of RSPO-certified raw materials by 2030. Kolmar Korea will consistently expand the procurement of RSPO-certified palm oil to ensure compliance with environmental, human rights, social, and ethical standards.



1) License number: 4- 1490- 23- 100- 00

2) RSPO-certified raw materials: Procurement materials with RSPO certification documents

Responsible Minerals Management

Kolmar Korea acknowledges the seriousness of social issues arising from child labor exploitation, environmental destruction, and Influx of conflict groups into society in mineral extraction. When manufacturing cosmetics, Kolmar Korea does not use conflict minerals (3TGs), which include tin, tantalum, and tungsten. For gold usage, we only purchase from refineries that have obtained Responsible Minerals Assurance Process (RMAP) certification from the Responsible Minerals Initiative (RMI), an alliance dedicated to responsible mineral sourcing and supply chain management, ensuring responsible mineral procurement (100%) and maintaining rigorous traceability through meticulous record-keeping. Kolmar Korea immediately discontinues transactions with partner companies upon discovering the supply of minerals from RMAP-unaccredited refineries related to 3TG.

Metal	ID	Refinery Location	RMAP certification
Gold	CID001078	Korea	RMI

ACTION Strengthening ESG Management in Supply Chain

Development of ESG Management Evaluation Indicators for Partner Companies

In 2021, Kolmar Korea entered into a business agreement with NICE Investors Service Co.,Ltd. to establish sustainable business ecosystem, ensuring reliability and management improvements in partner companies ESG management. We conduct ESG competency assessments, consulting, and training, supporting related costs. In 2022, we commenced the joint development of ESG evaluation indicators for partner companies. In the first half of 2023, we conducted ESG evaluation consulting programs targeting 13 companies and carried out third-party ESG evaluation audits. As the first cosmetics original design manufacturer (ODM) to support partner companies' ESG management activities, Kolmar Korea expects to enhance understanding and become a foundation for mutual growth. We plan to expand and strengthen ESG education and consulting programs for our partner companies.

Operation of ESG Education Programs for Partner Companies

Kolmar Korea provides partner companies ESG education and consulting programs as a collaboration with NICE Information Service Co.,Ltd. In 2022, 20 companies participated in the ESG education program, and in the first half of 2023, 30 companies have participated. ESG management education is conducted by Kolmar Korea's ESG management experts and external specialists, with the production and provision of educational materials that can be applied in practical work.

Education Programs for Partner Companies



Achievements for 2022

20 companies

Goals for 2025

50 companies

Sustainable Supply Chain Management

A Shared Growth Supply Chain

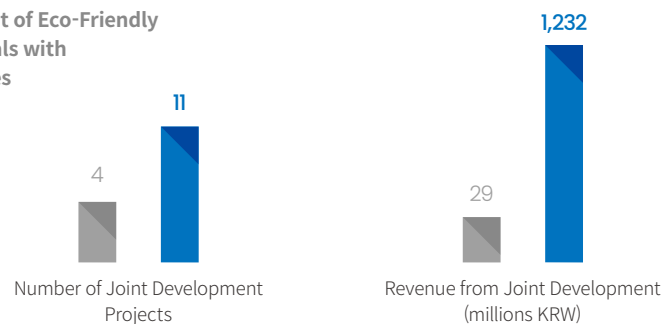
Strengthening Partnership Joint Development of Eco-Friendly Packaging

In 2020, Kolmar Korea entered into a business agreement with HDC (Hyundai Engineering Plastics) to research and develop eco-friendly cosmetic packaging materials utilizing environmentally friendly paper and plastics. In 2021, we signed a business agreement with DAEJIN to develop paper tubes and with ILLUPACK to produce clear cushions. In 2022, we collaborated with ATEC to develop all-PP pad materials and with Il Chang Industrial to develop square pad containers. The sales performance of these jointly developed eco-friendly packaging solutions amounted to approximately 30 million KRW in 2021 and 1.2 billion KRW in 2022. Kolmar Korea anticipates an accelerated development of environmentally friendly containers and further growth with partner companies by utilizing nature-friendly packaging materials.



Joint Development of Eco-Friendly Packaging Materials with Partner Companies

■ 2021 ■ 2022



Financial Support from Mutual Growth Fair Trade Agreement

Kolmar Korea provides stable financial support and investments to fair trade agreement suppliers, as a partner moving towards shared goals. In 2022, we entered into Shared Growth Fair Trade Agreements with 11 partner companies and made cash payments totaling 14.4 billion KRW to the companies involved. Furthermore, we reduced the payment term under the Shared Growth Fair Trade Agreement from 60 days to 45 days, contributing to our partners' financial stability and fund management. Kolmar Korea aims to contribute to our partners' financial stability and sustainable transactions through financial support activities.

Financial Support for Partners



2022

144.3 billion KRW

Financial and ESG Consulting Support for Partner Companies

In 2022, Kolmar Korea provided financial assessment consulting services for partner companies. We also conducted ESG management evaluation consulting, providing improvement tasks for each aspect of ESG management to support our partners in implementing ESG practices. Our partner companies receive basic financial education to enhance their understanding of financial matters and benefit from tailored solutions through financial assessment and consulting. Kolmar Korea supports partners in becoming financially sound enterprises.

ESG Support for Partner Companies



2022

5 million KRW



Impact on Local Community

STRATEGY Social Contribution Promotion System

Under the vision of 'Connect for Better Future,' Kolmar Korea pursues social contribution activities based on three pillars: 'Dream Connect,' which aims to empower socially vulnerable individuals and foster healthy future talents, 'Social Connect,' which utilizes Kolmar Korea's business capabilities to create social value and promote community collaboration, and 'Winning Connect,' which strengthens support for partners and spreads a culture of shared growth. In particular, we focus on supporting children, youth, women, and local communities. We enhance our support system through partnerships with institutions with a deep understanding and expertise in the focusing targets. We strive to lead social contribution activities and change for a healthier life, connecting people and technology, and for a better future.

Category	Unit	2020	2021	2022
Monetary Donations	100 million KRW	1.16	6.96	1.81
In-kind Donations	100 million KRW	3.02	0.12	0.46
Total Donation	100 million KRW	4.19	7.08	2.26
Executive/Employee Participation	Hours	402	635.5	528

VISION

"Connect for Better Future"

In the process of pursuing a 'better future' together, we aim to restore healthy beauty and self-esteem and also strive for genuine social change.

MISSION



Contributing to creating social and environmental value through utilizing business capabilities and actively practicing 'shared growth' with the community.



Contributing to the empowerment of socially vulnerable individuals and fostering healthy future talents, expanding opportunities for future success by sharing knowledge and experiences.



Contributing to establishing and strengthening a system to support partner companies, promoting communication, cooperation, shared growth, and a culture of collaboration.

Kolmar Korea's mission is to create continuous and meaningful connections beyond healthy beauty. We support connections to a better future through shared growth, innovation, communication, and empathy.

UN SDGs



Impact on Local Community

ACTION Dream Connect

Promoting the Healthy Development of Sheltered Youth

Since 2021, Kolmar Korea has been supporting vocational training classes, specifically the Skin Beauty Class and Art Dress Class, at Jeongsim Girls' Middle and High School (Anyang Boys' Home) and Mipyeong Girls' School (Cheongju Youth Center), specialized educational institutions for women and sheltered youth under the Ministry of Justice. We continuously provide the necessary cosmetics, makeup tools, and expenses related to certification courses. Additionally, we are collaborating with Korea Volunteer Culture, a non-profit organization specializing in private volunteer services, to develop a new social contribution model in the beauty industry for adolescents. In 2022, we initiated the 'Youth Beauty Mentoring Program with Kolmar Korea,' which involves beauty creators and our researchers, aiming to contribute to the social advancement of the beauty field, an area of interest for young people. Through various experiences and educational support, Kolmar Korea actively participates in fostering positive changes and healthy growth among sheltered youth.



Details of Sheltered Youth Development in 2022



Donated Products for Enhanced Experiences (quantity) **696**
(Donation Amount: 10,709,750 KRW)

Youth Beauty Mentoring Program with Kolmar Korea (sessions) **2**

Number of students participating in Beauty Mentoring (students) **118**

Supporting Children Who Have Been Discharged from Orphanages

Kolmar Korea, in collaboration with the social enterprise SOYF Studio, supports the healthy self-reliance of children who have been discharged from orphanages. This initiative, initiated to cultivate healthy future talents in line with our vision of 'Connect for Better Future,' aims to provide diverse support systems and assistance to young people entering society, enabling them to access more opportunities. We work closely with SOYF Studio, which possesses authenticity and expertise, to provide specific and practical assistance tailored to the needs of young people, such as enhancing employment capabilities, covering living expenses, and offering design education. We particularly focus on supporting individuals majoring in cosmetics or those preparing for employment, striving to enhance their connectivity with the industry. We are committed to continuously improving and developing systematic support to ensure the stable self-reliance of children discharged from orphanage.



Details of Children Discharged from Orphanage Support in 2022



Support for living expenses and job preparation (students) **14**

Students who completed Design Academy (students) **4**

Completed Design Academy (hours) **72**

Impact on Local Community

Dream Start Support

Kolmar Korea actively participates in the Dream Start program, which aims to promote the healthy growth and development of underprivileged children in the region where our main office is located, ensuring equal opportunities for a fair start in life. Since 2021, in collaboration with Bucheon City Hall and Sejong City Hall, we have supported children's academy tuition fees, learning environment improvement (desks and chairs), and dental treatment expenses for three consecutive years. Through integrated case management focused on children and families, we strive to help beneficiaries grow into happy and well-adjusted members of society. In recognition of our achievements, we received a plaque of appreciation for 'Outstanding Neighborhood Donation' from Bucheon City Hall in 2022 for our local community sponsorship and contributions.

Details of Dream Start Support in 2022



Number of Beneficiaries (children) **36** (91 cumulative)

Helping the less fortunate by Bucheon City Hall in 2022 **Outstanding Sponsor**

Support for Single-Parent Families

Kolmar Korea collaborates with Holt Children's Services to provide customized psychological support for single-parent families' safety and independent living. We selected single-parent families and provided counseling therapy with a combination of play, art, and language therapy and guidance and education on parenting, actively contributing to establishing healthy families.



Details of Support for Single-Parent Families in 2022



Number of Beneficiary Families (number of families) **19**
(59 cumulative)

Social Connect

Operation of Local Community Communication Forum and Social Contribution Feedback Channel

Since 2021, Kolmar Korea has operated a local community communication forum in collaboration with relevant stakeholders in the Sejong business area where our main manufacturing plant is located. The forum takes place twice a year, in the first and second half of each year. It brings together key leaders and practitioners from various organizations in the community, as well as Kolmar Korea's employees, to discuss diverse issues affecting the local community. Through this forum, we strive to foster communication between the company and the community, contributing to the resolution of various community issues. Additionally, we operate a feedback channel for social contributions on our website, actively incorporating diverse opinions from the local community into planning new social contribution projects and allocating donation budgets.

Details of Local Community Communication Forum and Social Contribution Feedback in 2022



Number of Local Community Communication Forum Sessions (times) **2**
(4 cumulative)

Number of Participants in Local Community Communication Forum (participants) **33**

Number of implemented agenda (cases) **4**



Impact on Local Community

Local Community Contribution Activities

Kolmar Korea actively engages in community contribution activities as a responsible corporate citizen within the local community surrounding our business premises. We collaborate closely with various local community organizations such as the residents' center, senior welfare centers, the Korean Disabled Veteran's Association by Agent-Orange in Vietnam War (KAOVA), and welfare facilities to support vulnerable populations.

In particular, in 2022, in response to the national disaster of the COVID-19 pandemic, we donated over 14,000 units of personal protective equipment (masks) to the local community and provided sanitation support to 10 local childcare centers. Additionally, we contributed to the comfort and healing of flood victims by donating beverages for volunteers at the Seoripul Concert Bazaar organized by Seocho-gu, Seoul, and we were recognized for our contributions to the local community development and received a commendation from Seocho-gu Office.

Results of 2022 Local Community Contribution Activities



Collaborating
Organizations
(number)

8

from Seocho-gu Office
Commendation

Number of
Beneficiaries
(persons)

1,572

Value of products and cash used for social
contributions (KRW)

26,036,720



Employee Volunteer Activities

Kolmar Korea actively promotes employee volunteer activities to contribute to solving community issues and fulfill social responsibilities. Employees from the R&D Complex and Sejong Factory participate in environmental cleanup volunteer activities by collecting trash and separating recyclables near the business premises twice a month.

Furthermore, we support the 'Na-num (Sharing) Crew,' where employees form volunteer teams and plan and operate volunteer activities themselves, encouraging internal volunteer activities. In 2022, four crews were formed, engaging in various volunteer activities such as delivering meals to the elderly living alone, providing cosmetics-making experiences for children at local child centers, and participating in activities to protect stray animals.

Results of Employee Volunteer Activities in 2022



Cumulative hours of employee
volunteer activities (hours)

528

Na-num Crew, employee volunteer club (number of
organizations)

4



Impact on Local Community

WINNING CONNECT

Woo-bo-Cheon-Li Win-Win Dream Academy

Since 2018, Kolmar Korea has carried out the Woo-bo-Cheon-Li Win-Win Dream Academy, a talent development program for small and medium-sized enterprises (SMEs). The 'Woo-bo-Cheon-Li Win-Win Dream Academy,' which was temporarily suspended in 2020 due to the spread of COVID-19 but recently resumed, is an education program that provides SME employees who may have difficulty investing in employee education with Kolmar Korea's expertise in talent development.

The program offers customized educational courses to enhance job competencies, including the virtues and job skills that employees should possess. Kolmar Korea is welcomed by SMEs because they can learn from Kolmar Korea's accumulated expertise in talent development. Moving forward, Kolmar Korea plans to create meaningful programs to achieve the ultimate goal of 'a learning platform for mutual growth and collaboration.'

Promoting a Culture of Shared Growth

Kolmar Korea contributes to spreading a culture of shared growth by establishing and strengthening support systems for partner companies. We commit to complying with fair trade-related laws and regulations through fair trade agreements and provide support for mutual growth and cooperation, including shortening payment terms and conducting bi-monthly settlements. We actively participate in implementing and promoting fair trade agreements and evaluation systems in response to win-win index assessment. Additionally, we support the Win-Win Growth Research Institute and strive for a society with equal opportunities, fair competition, and flexible disparities.



Woo-bo-Cheon-Li Win-Win Dream Academy

Stakeholder Communication

Kolmar Korea strives to build understanding and empathy with stakeholders and make efforts to listen to and reflect on their key concerns regarding sustainable management issues.

ACTION ESG Week and Publication of ESG Letter

To foster internal consensus on ESG management, Kolmar Korea designated the 2nd week of July in 2022 as ESG Week. During ESG Week, we implemented activities such as Zero Waste (reducing disposable items, paper usage, and food waste) and Save Energy (using stairs, maintaining appropriate indoor temperature, and turning off lights during lunchtime). Starting in 2023, ESG letters will be published quarterly to enhance employees' awareness of ESG management and strengthen communication on ESG management.

ESG Week



Zero Waste & Save Energy Activities

ESG Letter



ESG operation and environmental activities status

Participation in UNGC (UN Global Compact)

In August 2021, Kolmar Korea joined the UN Global Compact (UNGC) to demonstrate voluntary commitment to sustainable management and fulfill our social responsibilities. Kolmar Korea supports the ten principles of UNGC in human rights, labor, environment, and anti-corruption and aims to expand cooperation with global stakeholders such as the United Nations.

Kolmar Korea publicly announces its intention to apply the UNGC principles to corporate culture and overall management and submits an annual UNGC Communication on Progress (COP) report. Additionally, we participate in mentoring programs and the Climate Ambition Accelerator (CAA) to share information on greenhouse gas reduction efforts. Moving forward, we will continue to engage in various programs to strengthen our commitment to sustainability, the ten principles of UNGC, and the Sustainable Development Goals (SDGs) while striving for effective communication with diverse stakeholders.





FACTS & FIGURES

SECTION 06



75_ Economy

76_ Environment

79_ Society

82_ Governance





Economy

Key Financial Performance

Classification	Unit	2020	2021	2022
Sales (seperate)	KRW	609,200,623,115	632,823,513,300	724,645,671,224
Sales (consolidated)	KRW	1,322,081,317,656	1,586,332,710,248	1,865,731,523,035
Equity	KRW	999,242,017,494	1,359,559,768,916	1,469,473,099,590
Liabilities	KRW	1,490,357,399,614	1,246,477,583,481	1,463,836,379,752

Distribution of Economic Value

Classification		Unit	2020	2021	2022
Operating expense		KRW 100 mil.	8,957	11,581	13,968
Employees	Wage	KRW 100 mil.	6,652	5,183	5,931
	Welfare benefits	KRW 100 mil.	99.41	76.73	85.48
	Training costs	KRW 100 mil.	0.38	1.76	2.42
Shareholders and creditors	Dividends	KRW 100 mil.	75	78	148
Government	Corporate tax	KRW 100 mil.	292	837	331
Suppliers	Purchasing costs	KRW 100 mil.	4,050	4,666	5,124
	Shared growth costs	KRW 100 mil.	-	4.70	156
Local communities	Social contribution costs	KRW 100 mil.	4.13	6.99	2.08

Financial Support by Government

Classification	Unit	2020	2021	2022
Total amount of financial support by government	KRW	474,145,798	1,082,199,391	1,331,180,719
Tax relief and deduction	KRW	737,262,945	1,043,296,613	754,238,949
Investment subsidy, R&D subsidy and other subsidies	KRW	474,145,798	1,082,199,391	1,331,180,719

Wage (Domestic)

Classification		Unit	2020	2021	2022
Minimum wage		KRW/month	1,795,310	1,822,480	1,914,440
Starting wage for male employees		KRW/month	3,458,338	3,583,338	3,683,333
Starting wage for female employees		KRW/month	3,458,338	3,583,338	3,683,333
Wage compared to legal minimum wage ¹⁾	Male	%	193	197	192
	Female	%	193	197	192
Local senior management (domestic) ²⁾	Total number of senior management	Persons	37	33	36
	Senior management in Korea	Persons	24	24	27

1) Annual wage for new college graduates (grade 4, office jobs), not including incentives

2) Senior management: 2 levels under the CEO (excluding the CEO)

Share Ownership of Government

Classification	Unit	2020	2021	2022
Shares owned by government ¹⁾	Shares	2,018,572	1,875,951	2,242,424
Total number of shares ²⁾	Shares	22,881,180	22,881,180	22,881,180
Shares ownership of government	%	8.82	8.20	9.80

1) Shares owned by government agencies such as NPS, Korea Post, Ministry of Land, Infrastructure and Transport, and Ministry of Strategy and Finance based on year-end shareholder list

2) Based on the number of outstanding shares (total number of issued shares - number of treasury shares)



Environment

Greenhouse Gas Management

Classification		Unit	2020	2021	2022	
Total GHG emissions (Scope 1+2)		tCO ₂ -eq	7,429.2	7,503.9	7,844.2	
GHG emission intensity ¹⁾		tCO ₂ -eq/KRW bil.	12.2	11.9	10.8	
Scope 1	Total	tCO ₂ -eq	1,953	2,140	2,299	
	Sejong Factory	tCO ₂ -eq	1,197.6	1,375.2	1,500.2	
	Bucheon Factory	tCO ₂ -eq	189.3	175.4	186.2	
	R&D Complex	tCO ₂ -eq	246.8	240.1	261.3	
	Jeonui Factory	tCO ₂ -eq	259.4	249.3	270.2	
	Jeondong Factory ²⁾	tCO ₂ -eq	59.9	99.9	79.9	
	Total	tCO ₂ -eq	5,476	5,364	5,546	
Scope 2	Sejong Factory	tCO ₂ -eq	2,422.3	2,634.4	2,572.3	
	Bucheon Factory	tCO ₂ -eq	1,264.5	1,334.8	1,551.6	
	R&D Complex	tCO ₂ -eq	1,635.9	1,230.5	1,259.5	
	Jeonui Factory	tCO ₂ -eq	153.4	164.2	162.9	
	Total	tCO ₂ -eq	-	-	1,837.7	
Scope 3 emissions ³⁾	Waste	tCO ₂ -eq	-	-	464.7	
	Upstream	Commuting	tCO ₂ -eq	-	-	91.9
		Business trip	tCO ₂ -eq	-	-	1,281.1

1) Calculated intensity based on total sales (KRW billion) in the reporting year

2) Excluding subsidiaries in case of some environmental performance

3) No carbon emissions from biogenic (emissions from burning and decomposition of biomass) sources

Energy Management

Classification		Unit	2020	2021	2022
Total energy consumption		GJ	150,044	150,972	157,884
Energy intensity ¹⁾		GJ/KRW bil.	246.3	238.6	217.9
Consumption by energy source	Total	GJ	35,612	38,885	41,986
	Fuel ²⁾	GJ	7,905	8,960	8,958
	LNG	GJ	26,799	28,696	31,561
	LPG	GJ	908	1,229	1,467
	Electricity (total)	MWh	11,946.7	11,701.2	12,308.9
	Electricity (renewable)	MWh	26.7	25.4	236.1
	Electricity (non-renewable)	MWh	11,920.0	11,675.8	12,072.8
Renewable energy generation ³⁾	Solar energy	GJ	256.2	243.8	2,266.6

1) Calculated by total internal energy consumption and total sales (KRW in billions) for the reporting year

2) Gasoline, diesel, kerosene

3) Amount of power generation in the monitoring system at Sejong Factory

Waste Management

Classification		Unit	2020	2021	2022
Total waste generated		ton	1,120.4	1,493.5	1,246.3
Waste intensity		ton/KRW bil.	1.84	2.36	1.72
General waste ¹⁾	Total	ton	1,071.8	1,458.3	1,222.5
	Recycling	ton	758.1	1,022.9	1,045.0
	Incineration ²⁾	ton	136.4	254.1	149.1
	Landfill	ton	177.3	181.4	28.4
Designated waste ¹⁾	Total	ton	40.8	25.7	15.5
	Incineration ²⁾	ton	40.8	25.7	15.5
Medical waste ¹⁾	Total	ton	7.8	9.5	8.3
	Incineration ²⁾	ton	7.8	9.5	8.3
Total amount of waste recycled ²⁾		ton	758.1	1,022.9	1,045.0

1) Treatment of all waste is consigned to a third party.

2) Not including energy recovery



Environment

Water Resource Management

Classification	Unit	2020	2021	2022
Total water consumption ¹⁾	m ³	121,743	125,772	123,279
Total waste discharge ²⁾	m ³	70,221	73,563	74,137
Sejong Factory	Consumption	87,142	86,922	85,549
	Discharge	58,383	60,384	61,671
Bucheon Factory	Consumption	6,478	9,983	16,055
	Discharge	1,470	2,390	1,954
R&D Complex	Consumption	20,773	20,068	13,478
	Discharge	4,890	4,162	2,774
Jeonui Factory	Consumption	7,350	8,798	8,197
	Discharge	5,478	6,627	6,270
Reused and recycled water ³⁾	m ³	0	2,031	3,401
Water recirculation/recycling rate	%	0	1.6	2.7

1) All business sites use waterworks and equally manage water usage and water withdrawals

2) At all business sites, wastewater is first treated through in-house facilities and then discharged to public sewage and wastewater treatment facilities.

3) At Sejong Factory, RO concentrated water is reused (used as indirect cooling water in the process)

Environmental Management System

Classification	Unit	2020	2021	2022
Acquisition of environmental management system certification	%	60	60	60
Major violation of environmental laws*	Cases	0	0	0
Fines due to violation of environmental laws	KRW	0	0	0

* Number of detections during inspections by public offices

Environmental Investment

Classification	Unit	2020	2021	2022
Environmental investment	KRW 100 mil.	0.3	0.7	4.3
Environmental operation cost	KRW 100 mil.	6.0	4.3	3.7

Environmental Training

Classification	Unit	2020	2021	2022
Time spent on environmental education	Hours	2,288	3,175	3,306
Employees participants in environmental training	Persons	572	951	976



Environment

Pollutant Management - Total

Classification	Index	Unit	2020	2021	2022
Water pollutants	BOD	kg	598	497.6	675.2
	COD	kg	2,778.2	3,992.0	4,032.4
	SS	kg	1,048.0	953.9	1,536.7
	Total	kg	4,424.2	5,443.5	6,244.3
Air pollutants	NOx	kg	1,341.8	1,552.8	1,700.5
	PM	kg	566.7	274.5	510.9
	SOx ¹⁾	kg	-	26.2	0
	Total	kg	1,908.5	1,853.5	2,211.4

1) SOx data was not calculated in 2020.

Pollutant Management - by Worksite

Classification	Index	Unit	2020	2021	2022
Sejong Factory	COD	kg	2422.9	3592.9	3629.3
	TOC ¹⁾	kg	-	1932.3	2488.4
	BOD	kg	426.2	428.7	567.4
	SS	kg	715.2	591.8	1113.2
	NOx	kg	591.9	715.8	796.0
	PM	kg	57.5	92.9	144.8
	SOx	kg	-	0	0
Bucheon Factory	COD	kg	45.6	72.5	81.5
	TOC ¹⁾	kg	-	-	34.5
	BOD	kg	61.4	26.5	10
	SS	kg	7.7	121.3	108.4
	NOx	kg	376.1	90.7	115.6
	PM	kg	383.9	79.1	227.5
	SOx	kg	-	0	0

Pollutant Management - by Worksite

Classification	Index	Unit	2020	2021	2022
R&D Complex	COD	kg	115.2	43.3	48.8
	TOC ¹⁾	kg	-	21.9	25.4
	BOD	kg	84.1	5.6	21.6
	SS	kg	112.5	46.6	91.6
	NOx	kg	112.8	34.6	22.2
	PM	kg	-	1.8	2.8
Jeonui Factory	SOx	kg	-	0	0
	COD	kg	194.5	283.3	272.8
	TOC ¹⁾	kg	-	194.5	200.3
	BOD	kg	26.3	36.8	76.2
	SS	kg	212.6	194.2	223.5
	NOx	kg	261	421.9	356.2
Jeondong Factory ²⁾	PM	kg	0.02	25.85	2717
	SOx	kg	-	19.7	0
	NOx	kg	-	289.8	410.5
	PM	kg	125.2	74.8	108.6
	SOx	kg	-	6.47	0

※ Some data have been calculated from 2021 due to the expansion of regulatory targets (non-calculated data are marked with -)

1) Reflection of amendments to the enforcement regulations of the Water Conservation Act (conversion of organic pollutant measurement indicators from COD to TOC in wastewater)

2) Jeongdong Factory does not operate wastewater discharge facilities

Hazardous Chemicals

Classification	Unit	2020	2021	2022	2023 Goal	2030 Goal
Hazardous chemicals	kg	5,146.90	5,093.90	5,416.80	-	-
Hazardous chemicals intensity	kg/KRW bil.	8.45	8.05	7.48	7.25	5.86

※ Used at Sejong Factory, Bucheon Factory, and R&D Complex



Society

Domestic Employees

Classification			Unit	2020	2021	2022	
Total number of employees			Persons	832	987	1003	
Employment type	Regular		Persons	797	957	967	
	Non-regular		Persons	35	30	36	
Gender	Male		Persons	517	590	595	
	Female		Persons	315	397	408	
Age	Under 30		%	25.60	27.05	24.03	
	30~50		%	70.31	69.81	71.59	
	Over 50		%	4.09	3.14	4.38	
Position		Total	Persons	35	30	36	
		Executives	Male	Persons	35	29	33
			Female	Persons	2	1	3
	Senior managers ¹⁾	Total	Persons	28	34	33	
		Male	Persons	39	53	59	
		Female	Persons	15	20	22	
	Middle managers ²⁾	Total	Persons	183	228	272	
		Male	Persons	113	135	156	
		Female	Persons	44	54	68	
	Staff ³⁾	Total	Persons	586	695	662	
	Average length of service for employees			Years	5.53	5.86	6.14

1) Team leaders 2) Manager or higher (office job), positionless employees with responsible engineer or higher (production job)

3) Assistant manager/employee (office job), senior/technician (production job)

Overseas Employees

Classification		Unit	2020	2021	2022
Total number of employees ¹⁾		Persons	36	35	39
China ²⁾	Regular	Persons	22	23	20
	Non-regular	Persons	12	10	7
U.S.	Regular	Persons	0	0	9
	Non-regular	Persons	1	1	2
Canada	Regular	Persons	1	1	1
	Non-regular	Persons	0	0	0

1) Excluding local hires and executives 2) Based on expatriate employee (office job)

New Recruitment

Classification		Unit	2020	2021	2022
New employees ¹⁾		Persons	88	292	204
Gender	Male	Persons	42	145	91
	Female	Persons	46	147	113
Age	Under 30	Persons	61	213	133
	30~50	Persons	25	79	68
	Over 50	Persons	2	0	3

1) Excluding those who entered the pharmaceutical sector in 2020 (20.12 business transfer)

Turnover

Classification		Unit	2020	2021	2022
Total number of employee turnover		Persons	128	112	164
Voluntary turnover rate		%	88	81	91
Gender	Male	Persons	76	71	81
	Female	Persons	52	41	83
Age	Under 30	Persons	68	67	78
	30~50	Persons	57	40	81
	Over 50	Persons	3	5	5

Highest Compensation Compared to Average Wage of Employees

Classification		Unit	2020	2021	2022
Amount of the highest compensation		KRW mil.	752	1,008	1,111
Average annual wage per employee ¹⁾		KRW mil.	49.2	49.5	51.2
Ratio of highest paid to average employee wage ²⁾		Multiple	15.3	20.4	21.7

1) Excluding the highest paid (CEO)

2) Total annual compensation for the highest paid / median value of annual compensation of all employees (head office)



Society

Diversity and Inclusion

Classification			Unit	2020	2021	2022
Female employees	Percentage of female employees		%	37.86	40.22	40.67
	Percentage of female employees from STEM ¹⁾ departments		%	65	72	71
	Percentage of female employees from profit-generating ²⁾ departments		%	56	57	51
Female leadership	Percentage of female executives		%	5	3	8
	Percentage of female managers		%	29	27	27
Parental leave	Parental leave users ³⁾	Total	Persons	9	11	18
		Male	Persons	0	1	2
		Female	Persons	9	10	16
	At-least 1-year retention rate after return to work ⁴⁾	Total	Persons	10	7	7
		Male	Persons	1	0	1
		Female	Persons	9	7	6
Equal salary ⁵⁾	Average basic wage for male employees		KRW 1,000	2,457	2,520	2,563
	Average basic wage for female employees		KRW 1,000	2,457	2,520	2,563
	Ratio of female basic wage to male		%	100	100	100
Disabled	Employees with disabilities		Persons	6	6	6

1) Female employees working at R&D Complex (R&D job)

2) Female employees working at sales and marketing departments

3) Employees who returned from parental leave for the year (excluding turnover in pharmaceutical sector in 2020)

4) Employees who worked for more than 12 months in the following year among those who returned in the previous year

5) Average value of annual wage by position for all workplaces and jobs (production/office job) (excluding interns)

Human Resource Development

Classification		Unit	2020	2021	2022
Training hours	Total	Hours	10,733	28,429	32,733
	Average per person	Hours	11.76	28.71	32.47
Annual average training hours per person	Executives	Hours	11.75	30.07	25.14
	Senior managers ¹⁾	Hours	11.10	42.36	50.83
	Middle managers ²⁾	Hours	17.08	44.75	41.62
	Staff ³⁾	Hours	10.17	22.93	27.98
Training costs	Total	KRW mil.	38.99	176.44	242.86
	Training cost per person	KRW 10,000	4.27	17.82	24.10

1) Team leaders

2) Manager or higher (office job), positionless employees with responsible engineer or higher (production job)

3) Assistant manager/employee (office job), senior/technician (production job)

Employee Performance Evaluation

Classification	Unit	2020	2021	2022
Employees subject to performance evaluation	Persons	832	987	1,003
Employees who received performance evaluation ¹⁾	Persons	815	969	980
Percentage of employees who receive regular performance evaluation	%	98	98	98

1) All employees are subject to PMS evaluation except those who joined the company for less than 3 months.

Human Rights Training

Classification	Unit	2020	2021	2022
Time spent on human rights training ¹⁾	Hours	1,174	2,038	1,904
Completion of training on human rights policy and procedure	Persons	587	1,221	952
Completion rate of training on human rights policy and procedure	%	100	100	100
Percentage of security personnel ²⁾ with human rights training	%	100	100	100

1) Training to improve awareness of the disabled and prevent bullying in the workplace

2) Employee of security companies hired by each business site (Sejong Factory, Bucheon Factory, R&D Complex). Each business site makes human rights training compulsory when selecting a security company.



Society

Safety and Health Management System

Classification	Unit	2020	2021	2022
Ratio of employees applied for occupational safety and health management system	%	100	100	100
Ratio of suppliers applied for occupational safety and health management system	%	100	100	100
Worksites with ISO 45001 certification	Sites	3	3	3
Ratio of worksites with ISO 45001 certification	%	60	60	60

※ Employees and suppliers of workplaces that have not obtained ISO 45001 certification are applied and managed by the occupational safety and health management system that conducts internal audits.

Safety Management at Worksite

Classification	Unit	2020	2021	2022
Employees	Fatal accidents	Cases	0	0
	Occupational accident rate ¹⁾	%	0.11	0
	Labor loss rate ²⁾	%	0.47	0
Suppliers	Fatal accidents	Cases	0	0
	Occupational accident rate ¹⁾	%	0	0.22
	Labor loss rate ²⁾	%	0	0.98

※ None of occupational disease cases during the reporting period

1) Occupational accident rate: (Number of injured people/number of workers)* 100

2) Labor Loss Injury Rate (LTIR): Number of labor loss cases * 1,000,000/total working hours

Social Contribution Activities

Classification	Unit	2020	2021	2022
Beneficiaries of social contribution activities ¹⁾	Persons	-	-	1,855
Donation	Total	KRW 100 mil.	4.19	7.08
	Cash	KRW 100 mil.	1.16	6.96
	In-kind	KRW 100 mil.	3.02	0.12
Employee participation	Volunteering works	Hours	402	635.5

1) The number of beneficiaries of social contribution activities was calculated from 2022.

Suppliers

Classification	Unit	2020	2021	2022
Number of suppliers	Total	Companies	919	930
	Ingredients	Companies	322	328
	Materials	Companies	597	602
	New suppliers registered	Companies	106	177
Purchasing costs	Total	KRW 100 mil.	3,339	4,067
	Ingredients	KRW 100 mil.	1,393	1,849
	Materials	KRW 100 mil.	1,946	2,217
Pledge on ethics	Ratio of pledge on ethics ¹⁾	%	63	73
Supplier ESG assessment	Suppliers that completed assessment	Companies	-	-
Co-prosperity	Financial support ²⁾	KRW 10,000	-	-
	Technical support ³⁾	KRW 10,000	-	47,014
	Support for ESG training	KRW 10,000	-	-

1) Pledge on ethics will be mandatory when signing contracts (new or renewal) from 2023 in line with the digitization of the partner management system.

2) Improvement of payment to 10 companies that signed a fair trade agreement from November 2021

3) Amount of technical support and joint development of eco-friendly packages for suppliers included in the 2021 Mutual Growth Committee evaluation

Client Information Protection

Classification	Unit	2020	2021	2022
Leakage, theft, and loss of client data ¹⁾	Cases	0	0	0
Number of complaints that confirmed violation of client privacy protection and loss of client information	Cases	0	0	0
Number of complaints on client privacy violation presented by regulators	Cases	0	0	0

1) Clients' raw material mixing technology (recipe) data, etc.



Governance

Board of Directors

Classification	Unit	2020	2021	2022
BOD composition	Executive directors	Persons	3	4
	Non-executive directors	Persons	2	2
	Ratio of non-executive directors	%	40.0	33.3
	Average tenure of directors	Years	2	2
BOD expertise	Number of directors with industry experience	Persons	3	4
	Ratio of directors with industry experience	%	60	80
BOD efficiency	Average number of concurrent positions of directors	Jobs	1.0	1.3
	Number of the BOD meetings held	Times	10	10
	Attendance rate of directors	%	100	90
	Agenda with dissenting opinions presented by non-executive directors	Cases	0	0
	Number of the BOD evaluations	Times	0	0

BOD Compensation

Classification	Unit	2020	2021	2022
Fixed wage¹⁾	KRW	23,592,700	29,283,650	26,165,680
Variable wage²⁾	KRW	10,000,000	67,289,110	191,308,500
Retirement benefits³⁾	KRW	505,700,760	611,369,800	529,573,180

1) Average wage of executive and non-executive directors (including fixed wages)

2) Including incentive, stock-based remuneration, bonuses, deferred or vested shares

3) Calculation of the accumulated amount of retirement benefits for executive directors by reflecting the executive payment ratio

Inspection on Internal Ethical Management

Classification	Unit	2020	2021	2022
Number of internal ethics and compliance checks	Cases	0	0	1
Whistleblowings	Corruptions ¹⁾ reported	Cases	0	1
	Discrimination ²⁾ reported	Cases	2	5
	Number of disciplinary cases	Cases	2	6
Anti-corruption policies and procedures	Percentage of employees notified	%	100	100

1) Private use of company assets, collusion with suppliers, etc.

2) Sexual harassment, workplace bullying, etc.

Violation of Laws

Classification	Unit	2020	2021	2022
Number of violations	Cases	1 ¹⁾	0	0
Amount of fine	KRW	0	0	0
Number of violations of laws and regulations resulting in non-monetary sanctions	Cases	0	0	0

1) Sanctions in 2020 are penalty, not fine.

Ethics and Compliance Training

Classification	Unit	2020	2021	2022
Online training¹⁾	Number of trainings	Times	-	1
	Participants	Persons	-	823
Offline training²⁾	Number of trainings	Times	-	2
	Participants	Persons	-	147

1) Conducting e-Academy education on Anti-corruption

2) Employee training by inviting a lecturer of the Korean Anti-Corruption and Civil Rights Commission



APPENDIX

SECTION 07



- 84_ GRI Index
- 87_ SASB Index
- 88_ UN SDGs Commitment
- 89_ UNGC Commitment
- 90_ Independent Assurance Statement
- 92_ Greenhouse Gas and Energy Verification Statement
- 93_ Awards and Association Membership



GRI Index

Statement of Use	Kolmar Korea reports sustainability management contents during the period from January 1, 2022 to December 31, 2022 in accordance with GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	As of June 2023, when the report is published, there are no applicable GRI Sector Standards. To determine material issues applicable to Household & Personal Products in accordance with the Global Industry Classification Standard, various data were reviewed, material issues were selected, and related performance was reported.

Reason for omission - Ⓐ Not applicable Ⓑ Legal prohibition Ⓒ Confidentiality Ⓓ Incomplete information

GRI Standard	Disclosure	Page	Remark
Universal Standards			
GRI 2: General Disclosures 2021	2-1 Organizational details	6, 8, 14	
	2-2 Entities included in the organization's sustainability reporting	2	2-2-c Annual Report
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	-	Ⓐ First report on GRI Index
	2-5 External assurance	90-91	
	2-6 Activities, value chain and other business relationships	8, 9, 26	
	2-7 Employees	79	
	2-8 Workers who are not employees	-	Ⓓ
	2-9 Governance structure and composition	13, 46-47	
	2-10 Nomination and selection of the highest governance body	13, 46-47	
	2-11 Chair of the highest governance body	13, 46-47	
	2-12 Role of the highest governance body in overseeing the management of impacts	13, 18-20	
	2-13 Delegation of responsibility for managing impacts	20, 29, 37	
	2-14 Role of the highest governance body in sustainability reporting	20	
	2-15 Conflicts of interest	13, 46	

GRI Standard	Disclosure	Page	Remark
Universal Standards			
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	13, 15	
	2-17 Collective knowledge of the highest governance body	47	
	2-18 Evaluation of the performance of the highest governance body	47	
	2-19 Remuneration policies	46, 82	
	2-20 Process to determine remuneration	13, 46	
	2-21 Annual total compensation ratio	79	
	2-22 Statement on sustainable development strategy	5, 40, 54, 62	
	2-23 Policy commitments	59	
	2-24 Embedding policy commitments	59	
	2-25 Processes to remediate negative impacts	15, 59	
	2-26 Mechanisms for seeking advice and raising concerns	44	
	2-27 Compliance with laws and regulations	29, 77, 82, Annual Report	
	2-28 Membership associations	93	
	2-29 Approach to stakeholder engagement	21	
	2-30 Collective bargaining agreements	59	Working conditions are determined based on employment rules despite the absence of labor union



GRI Index

Reason for omission - ① Not applicable ② Legal prohibition ③ Confidentiality ④ Incomplete information

GRI Standard	Disclosure	Page	Remark
Material Topic			
GRI 3:	3-1 Process to determine material topics	22	
Material Topics 2021	3-2 List of material topics	23-25	
Waste Management and Circular Economy			
GRI 3: Material Topics 2021	3-3 Management of material topics	24	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	34, 55	
	306-2 Management of significant waste-related impacts	34, 55-57	
	306-3 Waste generated	76	
	306-4 Waste diverted from disposal	76	
	306-5 Waste directed to disposal	76	
Response to Climate Change Risk			
GRI 3: Material Topics 2021	3-3 Management of material topics	24	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	76, 92	
	302-3 Energy intensity	31, 33, 76	
	302-4 Reduction of energy consumption	31, 33, 76	
GRI 305: Emissions 2016	305-1 Direct(Scope 1) GHG emissions	31, 76, 92	
	305-2 Energy indirect(Scope 2) GHG emissions	31, 76, 92	
	305-3 Other indirect (Scope 3) GHG emissions	31, 76, 92	
	305-4 GHG emissions intensity	31, 76	
	305-5 Reduction of GHG emissions	31, 33, 76	
	305-7 Nitrogen oxides(NOx), sulfur oxides(SOx), and other significant emissions	36, 78	

GRI Standard	Disclosure	Page	Remark
Sustainable Purchasing of Raw Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	24	
GRI 204: Procurement Practice 2016	204-1 Percentage of purchases from local suppliers in major business regions	64, 81	
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	65	
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	65	
Product Safety and Quality Responsibility			
GRI 3: Material Topics 2021	3-3 Management of material topics	24	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of health and safety impacts of product and service categories	49-50	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	49	
Enhancement of Compliance and Ethical Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	24	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	44, 82	
	205-2 Communication and training about anti-corruption policies and procedures	82	
	205-3 Confirmed incidents of corruption and actions taken	44, 82	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	①



GRI Index

Reason for omission - (A) Not applicable (B) Legal prohibition (C) Confidentiality (D) Incomplete information

GRI Standard	Disclosure	Page	Remark
Enhancement of Workplace Safety and Health Management			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	25	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	37	
	403-2 Hazard identification, risk assessment, and incident investigation	38	
	403-3 Occupational health services	39-40	
	403-4 Worker participation, consultation, and communication on occupational health and safety	37, 40	
	403-5 Worker training on occupational health and safety	38-39	
	403-6 Promotion of worker health	39-40	
	403-7 Prevention and mitigation of occupational health and safety impact directly linked by business relationships	38	
	403-8 Workers covered by an occupational health and safety management system	81	
	403-9 Work-related injuries	81	
	403-10 Work-related ill health	81	
Water Resource Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	25	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	35, 77	
	303-2 Management of water discharge-related impacts	35	
	303-3 Water withdrawal	77	No workplaces in the water shortage area based on WRI standards
	303-4 Water discharge	77	
	303-5 Water consumption	77	
Information and Technology Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	25	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	81	

GRI Standard	Disclosure	Page	Remark
Specific Topics			
Economic			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	6, 26, 75	
	201-2 Financial implications and other risks and opportunities due to climate change	32	
	201-4 Government's financial support	14, 75	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	75	
	202-2 Proportion of senior management hired from the local community	75	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	68-72	
Social			
GRI 401: Employment 2016	401-1 New hires and employee turnover	79	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	63	
	401-3 Parental leave	80	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	61, 80	
	404-2 Programs for upgrading employee skills and transition assistance programs	60-62	
	404-3 Percentage of employees receiving regular performance and career development reviews	80	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	60, 79, 80	
	405-2 Ratio of basic salary and remuneration of women to men	80	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	44, 82	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	59, 66	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	59, 66	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	59, 66	
GRI 410: Security Practice 2016	410-1 Security personnel trained in human rights policies or procedures	80	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	70	



SASB Index

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrix	Page and Response
Water Management	CG-HP-140a.1	(1) Total water withdrawn	p.77
	CG-HP-140a.1	(2) Total water consumed	p.77
	CG-HP-140a.1	Percentage of each in regions with High or Extremely High Baseline Water Stress	There are no production sites located in areas with high water stress, as all sites are located on Medium High according to World Resources Institute (WRI) standards.
	CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	p.35 We will continue research and development on process and improvement to maximize the efficiency of using water resource. In 2022, 3,401m ³ (approximately 4% of annual water consumption at the Sejong Factory) was saved through process improvement.
Product Environmental, Health, and Safety Performance	CG-HP-250a.1	Revenue from products that contain REACH substances of very high concern (SVHC)	p.51-52
	CG-HP-250a.2	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	p.51-52
	CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	p.51-52
	CG-HP-250a.4	Revenue from products designed with green chemistry principles	p.51-52
Packaging Lifecycle Management	CG-HP-410a.1	(1) Total weight of packaging	Kolmar Korea mostly uses packaging materials designated or developed by clients. Considering the nature of our business, it is difficult to disclose data on packaging materials, which is related to clients' information.
	CG-HP-410a.1	(2) Percentage made from recycled and/or renewable materials	
	CG-HP-410a.1	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	p.55
Environmental & Social Impacts of Palm Oil Supply Chain	CG-HP-430a.1	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance or (d) Book & Claim	p.64, 66
Activity Metrics			
	CG-HP-000.A	Units of products sold, total weight of products sold	69,218 ton
	CG-HP-000.B	Number of manufacturing facilities	1,392

UN SDGs Commitment

Kolmar Korea is promoting ESG activities in connection with the direction of sustainable management and the detailed goals of the SDGs. We join the wave to achieve the SDGs (Sustainable Development Goals), which are common goals for mankind, aimed at solving environmental, social, and economic problems in an integrated way.

UN SDGs		Detailed Activities	Page
	Good Health and Well-Being	<ul style="list-style-type: none"> • Support for general and special health checkup for employees, implementation of specialized checkup and follow-up management by life cycle, prevention and management of other diseases • Operation of maternity protection systems such as working hour reduction system for pregnant women, maternity leave, and parental leave, systems to promote work-life balance 	39-40, 63
	Quality Education	<ul style="list-style-type: none"> • Nurturing talents with cosmetic job competency and beauty mentoring at domestic universities and educational institutions specializing in sheltered children • Strengthening employment capacity and providing design education for young people preparing for self-reliance in cooperation with social enterprise Soif Studio • Support for private academy tuition and creation of a learning environment for children from underprivileged families in cooperation with Sejong City Hall 	69-70
	Clean Water and Sanitation	<ul style="list-style-type: none"> • Establishment of mid- to long-term goals by analyzing water stress by region • Reduction of around 4% of annual water use at Sejong Factory by improving the process of reusing RO concentrated water • Management of water pollutant discharge by applying in-house standards that are stronger than legal standards 	35
	Affordable and Clean Energy	<ul style="list-style-type: none"> • Reduction of energy consumption and GHG emissions by replacing fluorescent lamps with LEDs at Sejong Factory • Reduction of GHG emissions through photovoltaic power generation facility expansion at Sejong Factory 	33
	Reduced Inequalities	<ul style="list-style-type: none"> • Establishment and compliance with human rights policies to respect the human rights of all stakeholders, including executives and employees • Implementation of sexual harassment prevention training in the workplace and training to improve awareness of the disabled 	59
	Responsible Consumption and Production	<ul style="list-style-type: none"> • Transparent management of chemical substances to minimize negative impact on the health of customers and employees • Minimization of environmental impact through the 3R Green policy: reducing the use of packaging materials (REDUCE), using renewable materials (RECYCLE), and using eco-friendly raw materials (REPLACE) • Use of palm oil certified by the Sustainable Palm Oil Council (RSPO) when procurement of raw materials 	51-52 , 55-57, 64-66
	Climate Action	<ul style="list-style-type: none"> • Monitoring of GHG emissions and management of climate change risk by joining K-RE100 	31-33
	Life On Land	<ul style="list-style-type: none"> • Plantation of about 16,000 trees in Gamcheon-myeon, Yeosu-si through employees' volunteering works for tree planting since 2017 	36
	Peace, Justice and Strong Institutions	<ul style="list-style-type: none"> • Operation of unfair behavior reporting channels and acquirement of the integrated certification for ISO 37001 (anti-corruption management system) and ISO 37301 (compliance management system) • Establishment of anti-corruption policies, online compliance training for all employees, and sending of ethical management letters • Operation of an integrated risk management system related to compliance • Introduction of Compliance Program and distribution of the Compliance Program handbook in 2021 	43-45



UNGC Commitment

	Classification	Major Activities of Kolmar Korea	Page
 Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	As a global corporate citizen, Kolmar Korea supports and practices the "Universal Declaration of Human Rights," "United Nations Guiding Principles on Business and Human Rights," "International Labor Organization (ILO) Charter," "United Nations Global Compact Ten Principles," and "OECD Due Diligence Guidelines."	44, 59
	Principle 2 Businesses should make sure that they are not complicit in human rights abuses.	Kolmar Korea establishes and complies with human rights policies to respect the human rights of all stakeholders, including employees, and operates internal and external reporting channels to prevent and take action against human rights risks.	
	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Kolmar Korea operates an open council consisting of the management and employee representatives once a quarter for the development and coexistence between labor and management.	59
 Labor	Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour.	Recognizing the problems of child labor and forced labor that occur during the mineral mining process, Kolmar Korea prohibits the use of conflict minerals such as tin, tantalum, and tungsten when manufacturing cosmetics, and only purchases minerals produced in smelters that have obtained RAMP certification from RMI.	59, 66
	Principle 5 Businesses should uphold the effective abolition of child labour.		
	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.	To eliminate discrimination in employment and work, Kolmar Korea conducts trainings for sexual harassment prevention and improvement of awareness of the disabled. Moreover, we are working hard to nurture female talents by appointing female employees with expertise as executives and newly appointing female non-executive directors in 2023.	59, 60
 Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges.	Kolmar Korea is proactive in reducing environmental impacts by joining K-RE100, using electricity generated from renewable energy, responding to the CDP, and strictly managing water resource, waste, and pollutants.	28-36
	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.	Kolmar Korea implements the 3 GREEN policies for packaging materials to minimize the environmental impact of products and to increase the efficiency of resource use: reduction of packaging material usage (REDUCE), use of renewable materials (RECYCLE), and use of eco-friendly raw materials (REPLACE).	55-57
	Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.	Kolmar Korea is actively conducting research to develop clean beauty raw materials, launch certified organic products, and develop animal alternative materials based on its strategy for developing environmentally friendly products.	53-54
 Anti-corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	Kolmar Korea has established a policy to prevent corruption and mitigate corruption risks and applies it to all employees. Furthermore, online compliance training is conducted for all employees to raise awareness among employees to eliminate corruption.	43-45



Independent Assurance Statement

To: The Stakeholders of KOLMAR KOREA CO., LTD.

Introduction and Objectives of Work

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

Standards and Levels

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

- GRI Topic standards: 204-1, 205-1~3, 206-1, 302-1, 302-3~4, 303-1~5, 306-1~5, 305-1~5, 305-7, 308-2, 403-1~10, 414-2, 416-1~2, 418-1

Scope

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

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

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

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

Methodology

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

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

Limitation

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

Assurance Opinion

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

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

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion

KOLMAR KOREA defined clients, shareholders/investors, local communities, NGO, government agencies, suppliers and employees as key stakeholders groups, and operated communication channels for each stakeholder group for engagement. KOLMAR KOREA reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.

Independent Assurance Statement

Materiality: Identification and reporting of material sustainability topics

KOLMAR KOREA established the strategy related to sustainability management and established the process to derive reporting issues. KOLMAR KOREA identified financial and social/environmental impacts and derived 12 key issues based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

Responsiveness: Responding to material sustainability topics and related impacts

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

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

KOLMAR KOREA established the process to identify and evaluate the impact on organizations and stakeholders related to key issues. KOLMAR KOREA used impacts, risk and opportunity factor analysis results for key issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.

Key areas for ongoing development

KOLMAR KOREA has published the first sustainability report, specifying its mid- to long-term sustainability strategy, and setting goals for sustainability issues such as environmental and social/people, according to the established mid- to long-term strategy. In future reporting, as a major ODM company in the global cosmetics industry, it may be helpful to advance sustainability management system by disclosing performance evaluation criteria and achievement of the reporting organization's sustainability goals, such as achieving a circular economy and 3R Green policy.

Statement of independence and competence

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

Evaluation against GRI 'In Accordance' Criteria

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

[Universal Standards]

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

[Topic Standards]

201-1~2, 201-4, 202-1~2, 203-1, 204-1, 205-1~3, 206-1, 302-1, 302-3~4, 303-1~5, 306-1~5, 305-1~5, 305-7, 308-2, 401-1~3, 405-1~2, 403-1~10, 406-1, 407-1, 408-1, 409-1, 410-1, 413-1, 414-2, 416-1~2, 418-1

27 June 2023

S. H. Lim / BSI Group Korea, Managing Director



By Royal Charter

bsi.



Greenhouse Gas and Energy Verification Statement

Introduction

Korea Management Registrar has been requested by Korea Kolmar to verify its greenhouse gas emissions and energy usage amount for the year of 2022. The verification was conducted on the organization & operation boundary and the results are as specified as below. This verification statement is valid from the day of publication.

Scope

- Organization and operation boundary
 - Greenhouse gas emissions: 5 Sites and emission facilities under Korea Kolmar operational control
 - Energy usage: 5 Sites and emission facilities under Korea Kolmar operational control
- Verification period: 01/01/2022 ~ 12/31/2022
- Types of Greenhouse Gases: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆
- Verification scope: Scope 1, Scope 2, Scope 3
- Performed verification work:
 - Interviewing with site manager responsible for data collection of greenhouse gas emissions
 - Reviewing the MRV system and process, the data gathering method for greenhouse gas emission and energy usage amount
 - Examination on raw data including information system, bills and payment statements related to verification scope
 - Due diligence on a part of emission factors in Sejong Factory
 - Comparative examination through on-desk review, risk analysis, observation and inspection, etc.
- Level of assurance: Limited Assurance

Standard & Guidance

ISO 14064-1 Greenhouse gases -- Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals (2006),

ISO 14064-3 Greenhouse gases -- Part 3: Specification with guidance for the validation and verification of GHG assertiveness(2006), WRI/WBCSD GHG Protocol (2004),

Verification guidelines for operation of Greenhouse Gas Emission trading system, KMR GHG TM01 - GHG & energy verification manual and procedure,

IPCC Guidelines for National Greenhouse Gas Inventories (2006),

International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'

Results

1. Greenhouse Gas Emissions

(Unit: t CO₂eq)

Operational boundaries	Organizational boundaries	Sejong Factory	Jeon ui Factory	Jeon dong Factory	Bucheon Factory	R&D Complex	Total
SCOPE 1	Fixed Combustion	1,191.774	254.98	79.883	184.708	222.212	1,934
	Moving Combustion	308.439	15.222	0	1.499	39.134	364
SCOPE 2	Consume Electricity	2,572.288	162.926	0	1,551.613	1,259.542	5,546
SCOPE 1+2		4,073	433	80	1,738	1,521	7,844
SCOPE 3	Waste Generated in Operations	297.972	17.76	60.979	38.09	49.909	465
	Business	58.665			1.216	32.052	92
	Employee Commuting	832.663	47.733	8.82	53.83	443.999	1,387
SCOPE 1+2+3		5,262	499	150	1,831	2,047	9,788

2. Energy Consumption

(Unit: TJ)

Operational boundaries	Organizational boundaries	Sejong Factory	Jeon ui Factory	Jeon dong Factory	Bucheon Factory	R&D Complex	Total
SCOPE 1	Fixed Combustion	23.516	3.79	1.187	3.645	4.385	36.523
	Moving Combustion	4.588	0.257	0	0.021	0.582	5.448
SCOPE 2	Consume Electricity	53.751	3.405	0	32.423	26.32	115.899
SCOPE 1+2		81.855	7.452	1.187	36.089	31.287	157.870

Conclusions

KMR verified the greenhouse gas emissions and energy usage amount for the year 2022 of Korea Kolmar. Based on the procedures performed, nothing has come to the attention of the practitioner that causes the practitioner to believe that the subject matter information is not prepared, in all material respects, in accordance with the verification purpose and the applicable criteria.

May 18, 2023
Korea Management Registrar

CEO E. J. Hwang





Awards and Association Membership

Awards

Award	Awarded by	Date
Selected as a next-generation world-class product (anti-aging cosmetics)	Ministry of Trade, Industry and Energy	2022
Grand Prize at the 2022 Book Management Outstanding Workplace	Ministry of Culture, Sports and Tourism	2022
Gold Award in the environment category	Minister of Trade, Industry and Energy	2022
Commendation in the environment sector	Sejong Special Self-Governing City	2022
Round Square Pad Container, IF Design Award Winner	International Forum Design	2022
Green paper package, IF Design Award Winner	International Forum Design	2022
Presidential Award for National Quality Innovation	Minister of Public Administration and Security	2021
King Sejong Award for Patent Technology (Peptide design technology specialized for binding to skin cell receptors)	Korean Intellectual Property Office	2021
World's top 3 design awards (Korea's first eco-friendly cosmetic paper tube)	International Design Excellence Awards, Red Dot Design Award, iF Design Award	2021
Gold Prize for National Quality Organization	Minister of Trade, Industry and Energy	2021
Paper tube, IDEA Design Award Finalist	Industrial Designers Society of America	2021
One day one pill, Reddot Design Award Winner	Design Zentrum Nordrhein Westfalen	2021
IR52 Jang Yeong-sil Award (highly effective anti-aging basic cosmetics)	Korea Industrial Technology Association	2020
Commendation for World-class Products (Peptide design technology specialized for binding to skin cell receptors)	Ministry of Trade, Industry and Energy	2020
iF Design Award for 2 years in a row (6 skincare sets)	International Forum Design	2020
Bronze Prize for National Quality Organization	Minister of Trade, Industry and Energy	2020
Pax Star Award at the Korea Package Design Contest (Newteen)	Korea Package Design Association	2020
BEST 100 in Pin-up Design Award (Clederma Alex Barrier Reveal Soothing Lotion & Cream)	Korea Industrial Designers Association	2020

Association Membership

Association	
World Class Enterprise Association	Korea Industrial Technology Association
Korea Industrial Technology Association	Korea Cosmetic Industry Institute
Korea Industrial Safety Association	UN Global Compact Network Korea
Korean Association of Occupational Health Nurses	Chungbuk, Sejong Environment Preservation Association
Korea Cosmetic Association	Federation of Market Enterprises of Korea



Awards and Association Membership

Certifications

Category	Certification Institute	Certification Name	Expiration
Manufacturing	Bureau Veritas	ISO9001 Quality Management System	~ 2025.05.11
	Bureau Veritas	ISO14001 Environmental Management System	~ 2025.08.16
	Bureau Veritas	ISO45001 Health and Safety Management System	~ 2026.06.16
	SGS	ISO22716 International Good Cosmetics Manufacturing and Quality Control Standards	~ 2023.12.24
	Ministry of Food and Drug Safety	CGMP Excellent Cosmetics Manufacturing and Quality Control Standards	Sejong Factory: 2016.01.04, Bucheon Factory: Maintained since 2011.08.26
Laboratory	KOLAS	ISO17025 Recognized as KOLAS accredited testing agency	22.04.21~26.04.20 (Renewal: every 4 years)
Green technology	Ministry of Agriculture, Food and Rural Affairs	Green Technology Certificate	2022.12.15~2025.12.14
Natural/Organic Cosmetics	KTR	COSMOS – Natural organic certification	Certification by product
	Ministry of Food and Drug Safety	Natural cosmetics certification	
Vegan cosmetics	Vegan Society	Vegan cosmetics certification	
	EVE Vegan	Vegan cosmetics certification	
	Korea Agency of Vegan Certification and Services	Vegan cosmetics certification	
Halal cosmetics	KMF	Halal cosmetics certification (for Malaysia, Singapore, etc.)	-
	KHA(Korea Halal Association)	Halal cosmetics certification (for Malaysia and Thailand)	
	MUI	Halal cosmetics certification (for Indonesia)	
Organizational culture	Ministry of Gender Equality and Family	Family-friendly company certification	-



The cover of this report was made with sugarcane residue and printed with soybean ink.

